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GROUPE DANONE

Condensed Interim Consolidated Financial Statements
For the six-month period ended June 30, 2008

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INTERIM FINANCIAL REPORT

Net sales

The Group's consolidated net sales grew by 18.2%, from €6,508 million in the first six months of 2007 to €7,691 million in the first six months of 2008. This increase is the result of growth of 9.6% at a constant scope of consolidation and constant currency exchange rates, a positive impact of 13.2% from changes in the scope of consolidation and a negative impact of 4.6% from the change in currency exchange rates.

About 2.5% of the internal growth of 9.6% achieved in the first six months of 2008 results from an increase in volumes sold; 7.1% results from a positive value effect.

Changes in the consolidation scope primarily relate to (i) taking into account the net sales generated in the course of the first six months of 2008 by the Baby Nutrition and Medical Nutrition divisions, which have been consolidated since the acquisition of Numico on October 31, 2007, and (ii) the accounting for Wahaha under the equity method as of July 1, 2007.

Business Lines and Geographic Areas (at constant scope of consolidation and currency exchange rates)

The Fresh Dairy Products division continued to show sales growth, with an increase in its net sales of 9.6% compared to the first six months of 2007.

The Waters division grew by 2.6% compared to the first six months of 2007.

The Baby Nutrition division showed strong growth in sales, up by 17.4% compared to the first six months of 2007.

The Medical Nutrition division showed an increase of 13.5% compared to the first six months of 2007.

By geography, the growth achieved in the first six months of 2008 was led by Asia and the Rest of the World, which grew by 16.6% and 15.0%, respectively. Growth in Europe came to 6.4%.

Trading operating income

Trading operating income increased by 32.2%, from €890 million in the first six months of 2007 to €1,177 million for the first six months of 2008, primarily due to the change in consolidation scope described above.

Trading operating margin increased from 13.67% in the first six months of 2007 to 15.30% in the first six months of 2008, i.e. an improvement of 35 basis points at a constant scope of consolidation and constant currency exchange rates.

Cost of net debt

The cost of net debt increased from €33 million in the first six months of 2007 to €178 million in the first six months of 2008. The interest expense grew from €109 million to €319 million during this same period, mainly due to the acquisition of Numico.

Net income

The net income attributable to the Group came to €879 million in the first six months of 2008 compared to €656 million in the first six months of 2007.

The reconciliation from net income attributable to the Group to current net income attributable to the Group is presented in the table below:

(In millions of euros)	**Six months ended June 30, 2008**	**Six months ended June 30, 2007**
Net income attributable to the Group	**879**	**656**
- Non-current net income attributable to the Group	178	(7)
Current net income attributable to the Group	**701**	**663**

The current net income attributable to the Group has increased by 5.7%, at €701 million for the first six months of 2008, compared to €663 million for the first six months of 2007.

In the first six months of 2008, the non-current net income attributable to the Group mainly included (i) additional income (including interest) of €255 million recorded for the sale of the Group's stake in the joint venture Generale Biscuit Glico France (in the context of the sale of the Biscuits and Cereal Products division) and (ii) the integration costs incurred following the acquisition of Numico.

Net earnings per share

The underlying fully diluted earnings per share increased by 6.5%, from €1.38 for the first six months of 2007 to €1.47 for the first six months of 2008.

Compared to the "pro forma" underlying fully diluted earnings per share (defined in chapter 20, paragraph 20.1 of Note 2.2 on the notes to the consolidated financial statements of the 2007 *Document de Référence*), growth in the underlying fully diluted earnings per share comes to 16.6%. As indicated in Note 2.2, a pro forma statement of income was presented as if the Group had acquired Numico at January 1, 2007 and as if the net financing cost of this acquisition had been estimated on the basis of (i) the financing necessary for this acquisition, less the sale price of the Biscuits and Cereal Products division and (ii) a receipt of its full amount at January 1, 2007 (instead of November 30, 2007, date of the sale of this division).

Financing

Free cash flow (or cash flows provided by operating activities less capital expenditures, net of disposals) totaled €550 million in the first six months of 2008 (compared to €571 million in the first six months of 2007). This decrease primarily resulted from a 2.4% reduction in the cash flows provided by operating activities (which decreased from €841 million in the first six months of 2007 to €821 million in the first six months of 2008). This reduction in cash flows provided by operating activities is attributable to an increase in the cost of net debt, offset in part by the business generated in the first six months of 2008.

Furthermore, the cash flows provided by investing activities of the first six months of 2008 mainly include transaction costs (incurred in 2007) disbursed in the context of the Numico buyout, as well as the acquisition of stakes in consolidated companies (see Note 2.1 of the interim condensed consolidated financial statements).

The Group's net debt (corresponding to the financial liabilities less cash, cash equivalents and marketable securities) came to €11,021 million at June 30, 2008 (€8,305 million excluding the put options granted to minority shareholders) compared to €11,261 million at December 31, 2007 (€8,561 million excluding the put options granted to minority shareholders).

In the first six months of 2008, the Group issued bonds on the Euro, Japanese and Swiss markets for a total amount of €2.3 billion with maturities ranging from 3 to 8 years.

Furthermore, the Group reimbursed almost all of Numico's external debt for an amount of about €680 million comprised of (i) US Private Placements ("USPP") including the related hedging instruments which were unwind, and (ii) commercial paper from the Belgian *Billet de Trésorerie* program. In the first six months of 2008, the bridge loan of an initial nominal amount of €11 billion which had been entered into in July 2007 to refinance the Numico acquisition was fully repaid and cancelled.

In the first six months of 2008, the Group paid €677 million (compared to €617 million in the first six months of 2007) of dividends for the 2007 fiscal year and received €76 million (compared to €94 million in the first six months of 2007) following the exercise of stock options by employees and the share capital increase reserved for employees. In 2008, the Group repurchased none of its own shares (the share buybacks amounted to €508 million in the first six months of 2007).

Balance sheet

Net debt decreased from €11,261 million at December 31, 2007 to €11,021 million at June 30, 2008. This development is attributable to the items set out in the "Financing" section above.

Groupe Danone's parent company statutory financial information

In the first six months of 2008, Groupe Danone's parent company net sales and current income before tax amounted to €206 million and €715 million, respectively, compared to €215 million and €774 million, respectively, in the first six months of 2007.

Major related party transactions

Major related party transactions are disclosed in Note 10 of the interim condensed consolidated financial statements.

Significant events having occurred in the first six months of the fiscal year and their impact on the interim financial statements

In the first six months of 2008, the Group issued bonds for a total amount of €2.3 billion, the terms of which appear in the "Financing" section above.

Furthermore, the Group acquired and sold interests described in Note 2.1 of the interim condensed consolidated financial statements.

2008 Outlook

Based on the inherent strengths of its business model and the strong long-term potential of the markets in which it operates, the Group confirms that sales will grow between +8% and +10% on a like-for-like basis and that its underlying fully diluted earnings per share will grow by at least 15% in 2008 vs the 2007 pro forma underlying fully diluted earnings per share (defined in chapter 20, paragraph 20.1 of Note 2.2 on the notes to the consolidated financial statements of the 2007 *Document de Référence*).

Based on the strong trading operating margin performance in the first half of 2008, the group increases its operating margin target for 2008, now set to a range of +40 bps and +50 bps on a like-for-like basis.

This information represents objectives and prospects that the Group considers are based on reasonable assumptions. They should not be used for the purpose of establishing earnings estimates. In addition, they are subject to numerous risks and uncertainties: the actual results of the Group could therefore differ from those objectives and prospects. For a further description of the risks and uncertainties, refer to chapter 4 of the 2007 *Document de Référence*.

Subsequent events

Subsequent events are disclosed in Note 14 of the interim condensed consolidated financial statements.

Major risks and uncertainties

The major risks and uncertainties to which the Group may be exposed in the second half of 2008 are those specified in chapter 4 of the 2007 *Document de Référence* and, more specifically, a significant increase in the price of raw materials liable to have an impact on consumer behavior in many geographical areas.

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GROUPE DANONE

CONSOLIDATED STATEMENTS OF INCOME

		Six-month period ended June 30		Fiscal year ended December 31
(In millions of euros)	Notes	**2008**	**2007**	**2007**
Net sales	12	**7,691**	**6,508**	**12,776**
Cost of goods sold		(3,623)	(3,247)	(6,380)
Selling expenses		(2,176)	(1,799)	(3,498)
General and administrative expenses		(603)	(451)	(943)
Research and development expenses		(101)	(51)	(121)
Other (expense) income		(11)	(70)	(138)
Trading operating income	12	**1,177**	**890**	**1,696**
Other operating (expense) income	8	(57)	1	(150)
Operating income		**1,120**	**891**	**1,546**
Interest income		*141*	*76*	*132*
Interest expense		*(319)*	*(109)*	*(307)*
Cost of net debt		(178)	(33)	(175)
Other financial (expense) income		(24)	3	(2)
Income before tax		**918**	**861**	**1,369**
Income tax		(241)	(260)	(410)
Income from consolidated companies		**677**	**601**	**959**
Net income from equity-accounted affiliates		26	29	87
Net income from continuing operations		**703**	**630**	**1,046**
Net income from discontinued operations	3	255	117	3,292
Net income		**958**	**747**	**4,338**
- Attributable to the Group		**879**	**656**	**4,180**
- Attributable to minority interests		**79**	**91**	**158**

PER SHARE INFORMATION (Note 9)

	Six-month period ended June 30		Fiscal year ended December 31
(In euros, except for number of shares)	**2008**	**2007**	**2007**
Number of shares used for calculating			
- earnings per share	476,572,270	477,748,483	476,355,811
- diluted earnings per share	478,625,638	482,166,302	479,863,143
Earnings per share attributable to the Group	1.85	1.37	8.77
Diluted earnings per share attributable to the Group	1.84	1.36	8.71

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GROUPE DANONE

CONSOLIDATED BALANCE SHEETS

(In millions of euros)	Notes	**At June 30 2008**	**At December 31 2007**
ASSETS			
Brand names		3,926	3,961
Other intangible assets, net		395	401
Goodwill, net		12,913	12,869
Intangible assets, net	4	17,234	17,231
Property, plant and equipment, net		3,030	3,035
Investments accounted for under the equity method	4	1,277	1,263
Investments in non-consolidated companies	5	608	772
Long-term loans		70	67
Other long-term assets		123	205
Deferred taxes		584	609
Non-current assets		**22,926**	**23,182**
Inventories		913	861
Trade accounts and notes receivable		1,805	1,548
Other accounts receivable and prepaid expenses		846	763
Short-term loans		29	30
Marketable securities		535	493
Cash and cash equivalents		647	548
Assets held for sale	3	93	151
Current assets		4,868	4,394
TOTAL ASSETS		**27,794**	**27,576**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Capital stock		128	128
Additional paid-in capital		297	255
Retained earnings		9,959	9,594
Cumulative translation adjustments		(328)	(190)
Treasury shares		(1,236)	(1,270)
Net income recognized directly in equity		392	501
Shareholders'equity attributable to the Group		9,212	9,018
Minority interests		67	82
Shareholders' equity		9,279	9,100
Non-current financial liabilities	11	11,740	9,855
Pension liabilities		189	190
Deferred taxes		1,176	1,157
Other non-current liabilities		500	461
Non-current liabilities		13,605	11,663
Trade accounts and notes payable		2,328	2,306
Accrued expenses and other current liabilities		2,119	2,047
Current financial liabilities	11	463	2,447
Liabilities held for sale	3	0	13
Current liabilities		4,910	6,813
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**27,794**	27,576

GROUPE DANONE

CONSOLIDATED CASH FLOW STATEMENTS

		Six-month period ended June 30		Fiscal year ended December 31
(In millions of euros)	Notes	**2008**	**2007**	**2007**
Net income attributable to the Group		879	656	4,180
Net income attributable to minority interests		79	91	158
Net income from discontinued operations		(255)	(117)	,(3,292)
Net income (loss) of equity-accounted affiliates		(26)	(29)	(87)
Depreciation and amortization	12	243	210	420
Dividends received from equity-accounted affiliates		12	9	30
Other cash items	11	(109)	-	-
Other non-cash items		(2)	21	21
Cash flows provided by operating activities, excluding changes in net working capital	12	**821**	**841**	**1,430**
Variation in inventories		(68)	(55)	(51)
Variation in trade accounts receivable		(264)	(377)	(39)
Variation in trade accounts payable		97	307	244
Changes in other working capital items		149	108	27
Net change in current working capital		(86)	(17)	181
Cash flows from operations	11	**735**	**824**	**1,611**
Capital expenditures	12	(281)	(280)	(726)
Business acquisitions and other investments, net of cash and cash equivalents acquired		(55)	(366)	(12,100)
Proceeds from the sale of businesses and other investments, net of cash disposed of		258	233	4,699
(Increase) decrease in long-term and other long-term assets		68	(7)	(142)
Changes in cash and cash equivalents of discontinued operations		-	60	171
Cash flows used in investing activities and disposals	11	**(10)**	**(360)**	(8,098)
Increase in capital and additional paid-in capital		43	59	66
Purchase of treasury stocks (net of disposals)		34	(467)	(439)
Dividends paid to shareholders of GROUPE DANONE and to the minority shareholders of consolidated companies		(677)	(617)	(622)
Debenture borrowings		1,740	-	-
Net variation in non-current financial liabilities		55	24	3,069
Net variation in current financial liabilities		(1,765)	(82)	2,614
Variation in marketable securities		(52)	613	1,708
Cash flow used in financing activities		**(622)**	**(470)**	,6,396
Effect of changes in the exchange rate		(4)	3	(16)
Increase (decrease) in cash and cash equivalents		**99**	**(3)**	**(107)**
Cash and cash equivalents at the beginning of the year		548	655	655
Cash and cash equivalents at the end of period		647	652	548

GROUPE DANONE

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Number of shares [1]		In millions of euros								
	Issued	Excluding treasury stock	Capital stock	Additional paid-in capital	Retained earnings	Cumulative translation adjustments	Treasury shares	Net income recognized directly in equity	Stockholders' equity-Group	Minority interest	Stockholders' equity
As of December 31, 2006	**521,729,492**	**480,819,150**	**130,,**	**203**	**6,460**	**34**	**(1,414)**	**410**	**5,823**	**246**	**6,069**
Translation adjustments						(9)			(9)	(2)	(11)
Unrealized gain (loss) on available-for-sale securities								77	77		77
Cash flow hedge								4	4		4
Stock options					5				5		5
Net income recognized directly in equity					*5*	*(9)*		*81*	*77*	*(2)*	*75*
Net income for the six months ended June 30, 2007					656				656	91	747
Total recognized income and expense for the six months ended June 30, 2007					*661*	*(9)*		*81*	*733*	*89*	*822*
Issuance of shares	1,121,968	1,121,968	1	52					53	6	59
Reduction of shares											
Changes in treasury shares		(7,347,978)					(467)		(467)		(467)
Dividends paid					(480)				(480)	(137)	(617)
Changes in the scope of consolidation										(11)	(11)
Put options granted to minority shareholders										82	82
As of June 30, 2007	**522,851,460**	**474,593,140**	**131**	**255**	**6,641**	**25**	**(1,881)**	**491**	**5,662**	**275**	**5,937**
As of December 31, 2007	**512,851,460**	**475,455,901**	**128**	**255**	**9,594**	**(190)**	**(1,270)**	**501**	**9,018**	**82**	**9,100**
Translation adjustments						(137)			(137)	(5)	(142)
Unrealized gain (loss) on available-for-sale securities								*(133)*	*(133)*		*(133)*
Cash flow hedge								24	24		24
Stock options					12				12		12
Net income recognized directly in equity					12	(137)		(109)	(234)	(5)	(239)
Net income for the six months ended June 30, 2008					879				879	79	958
Total recognized income and expense for the six months ended June 30, 2008					891	(137)		(109)	645)	74	719
Issuance of shares	950,684	950,684		42					42	1	43
Reduction of shares											
Changes in treasury shares		1,076,197					34		34		34
Dividends paid					(527)				(527)	(150)	(677)
Changes in the scope of consolidation										(4)	(4)
Put options granted to minority shareholders										64	64
As of June 30, 2008	**513,802,144**	**477,482,782**	**128**	**297**	**9,958**	**(327)**	**(1,236)**	**392**	**9,212**	**67**	**9,279**

[1] *Adjusted to reflect the two-for-one stock split effected on June 1, 2007.*

GROUPE DANONE

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Accounting principles

The consolidated annual financial statements of the Groupe Danone and of its subsidiaries ("the Group") are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, which are available on the European Commission's website (http://ec.europa.eu/itnernal_market/accounting/ias_fr.htm).

The Group's consolidated condensed financial statements for the six months ended June 30, 2008 are presented and were prepared in accordance with IAS 34 – Interim Financial Reporting, the IFRS standard as adopted by the European Union regarding interim financial reporting information. This standard requires that, since these interim consolidated financial statements are condensed, they may not include all the information required under IFRS for the preparation of the annual consolidated financial statements. Therefore, these interim condensed consolidated financial statements must be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 2007.

The accounting principles used to prepare these interim financial statements are identical to those used to prepare the consolidated financial statements for the year ended December 31, 2007 (See Note 1 in the notes to the consolidated financial statements for the year ended December 31, 2007).

No standard and/ or interpretation with a significant impact on the financial statements became mandatory on January 1, 2008. The Group did not early adopt IFRS 8 – *Operating Segments* as of June 30, 2008, and does not expect that standards and interpretations adopted by the IASB and the IFRIC during the first half of 2008 will have a significant impact on its results and its financial situation.

Note 2. Changes in the scope of consolidation

1. SUMMARY

Acquisitions

The principal acquisitions during the first half of 2008 were:

- the acquisition of all of the shares of Icoara (Waters – Brazil). This company is fully consolidated;
- the takeover of Mayo (Fresh Dairy Products – South Africa) following the acquisition of a 70% stake. The company, Mayo Dairy (Proprietary) Ltd., is fully consolidated;
- the acquisition of an additional stake in Salus (Waters – Uruguay), increasing the Group's holding percentage from 58.61% to 93.95%. The company, Salus S.A., is fully consolidated.

The principal acquisitions during the first half of 2007 were related to the acquisition of all of the shares of the Calpis Ajinomoto joint venture, renamed Danone Japan (Fresh Dairy Products – Japan), as well as to additional stakes acquired, which increased the percentage of the Group's holdings to 85% in Danone Industria (Fresh Dairy Products – Russia) and to 23.32% in Hui Yuan Juice Holdings Co (Waters – China).

Disposals

The principal disposals during the first half of 2007 involved:

- the 100% stakes in Sources du Mont-Dore in Auvergne, called SMDA (Waters – France), disposed of in January 2008;
- the 100% stakes in Milupa Nutricia SAS and SD France SAS (Baby Nutrition – France) disposed of at the request of the competition authorities as part of the purchase of Numico. The disposal, which took place in June 2008, had no impact on the Group's consolidated income, since the assets and liabilities were remeasured at their fair value in Numico's opening balance sheet against goodwill.

The major disposals in the first half of 2007 were related to the disposal of the Group's stake in Danone Clover Beverages (Fresh Dairy Products – South Africa) and in Griesson – de Beukelaer (Biscuits – Germany).

2. NUMICO ACQUISITION

The identification of the assets and liabilities and the allocation of the purchase price continued during the first half of 2008 and should be completed no later than October 31, 2008. The impact of the changes made to the Numico goodwill recorded during the first half of 2008 is not significant.

At June 30, 2008, the Group conducted a review of the impairment indicators with regards to goodwill and the brand names with an indefinite useful life. See Note 4.

As of June 30, 2008, the identification of the cash generating units and the allocation of the accounting value of goodwill and of the brand names with an indefinite useful life is in progress.

3. DEVELOPMENTS IN THE RELATION WITH A PARTNER OF THE GROUP'S WAHAHA SUBSIDIARY IN CHINA

Wahaha (Waters – China) is comprised of a group of legal entities (the "Subsidiaries"). The Group holds 51% of the capital of the Subsidiaries, and a group of minority shareholders holds the remaining 49%. As of July 1, 2007, the shares held by the Group in the Subsidiaries, fully consolidated until that date, are now accounted for under the equity method.

The Group believes that the minority shareholders, along with other persons related to them, have illegally established many companies that produce and market products similar or identical to those marketed by the Subsidiaries, and are making illegal use of the brands, distributors and suppliers of these Subsidiaries. In this context, the Group initiated during the first half of 2007 multiple legal actions against the minority shareholders and against third parties.

Legal proceedings

In accordance with the different partnership agreements and with a services contract, all of which contain an arbitration clause in the event of a conflict, the Group initiated on May 9, 2007, various arbitration proceedings based on multiple violations of partnership agreements, as well as an arbitration proceeding before the Arbitration Court of the Chamber of Commerce in Stockholm against Mr. Zong Qinghou (Executive Director of the Subsidiaries), based on multiple cases of non performance of his services agreement.

In addition, on June 4, 2007, the Group sued Ever Maple Trading Limited and Hangzhou Hongsheng Beverage Co. Ltd., as well as their legal representatives and/or shareholders, before the Superior Court of the State of California in Los Angeles (United States) for activities carried out in the United States, seeking to have them held liable on multiple grounds, as well as for illegal and unfair competition.

The Chairman of the Board of Directors of each of the Subsidiaries, Mr. Zong Qinghou, resigned from his positions on June 6, 2007.

On June 13, 2007, one of the minority shareholders initiated an arbitration proceeding before the Arbitration Commission of Hangzhou, requesting the invalidation and/or cancellation of the trademark transfer agreement that transferred ownership of all of the Wahaha trademarks to the first of the Subsidiaries (organized in 1996).

During the month of July 2007, a number of minority shareholders of the Subsidiaries initiated, in the name of these Subsidiaries, several legal proceedings against the directors appointed by the Group in several Subsidiaries, on the grounds of alleged violations of the law of the People's Republic of China.

The second half of 2007 was impacted primarily by the progress of the legal proceedings (action brought by organizations representing the employees against the Group and actions brought by the Group against Mr. Zong Qinghou in his capacity as authorized agent ("*mandataire social*") of the Subsidiaries). On December 8, 2007, the arbitration commission of Hangzhou held that the trademark transfer agreement had become null and void and the Group decided to file an appeal of this decision. The Group also decided to file an appeal of two unfavorable decisions rendered by the Chinese Courts in Guilin and Xianyang.

On December 21, 2007, under the aegis of the French and Chinese governments, the Group and the minority shareholders announced their decision to suspend temporarily all of the on-going legal proceedings and to cease further publications of hostile statements in order to create an environment favorable to an out-of-court settlement of the dispute.

Recent developments

Following two successive extensions, the suspension period ended on April 11, 2008 with no agreement having been reached, and the legal proceedings thus were resumed. The parties have not, however, terminated their discussions seeking to find an out-of-court settlement of their dispute.

On June 25, 2008, a new trial court ruling was rendered in China (Shenyang Court) against the Group. The Group intends to file an appeal. Several other decisions are expected to be rendered in China in the coming weeks and months.

On July 11, 2008, the Arbitration Court of the Chamber of Commerce in Stockholm accepted several provisional petitions filed by the Group and rejected others primarily on the grounds that the latter petitions could not be accepted without resolving the basis of the dispute, which will be examined during the hearings on the merits scheduled for January 2009.

Accounting treatment

The shares in Wahaha have been accounted for under the equity method since July 1, 2007. Since no new significant element occurred during the first half of 2008, the Group continues to consolidate Wahaha under the equity method.

As of June 30, 2008, the carrying value of the shares in Wahaha amounted to €351 million.

In the current state of negotiations and proceedings, the Group is unable to assess the outcome of this dispute and the date when it may be resolved.

Note 3. Discontinued operations, assets and liabilities held for sale

Discontinued operations

The discontinued operations involve the business segment “Biscuits and Cereal Products”, except for the Group’s stakes in Latin America (Bagley Latino America – accounted for under the equity method) and in India (Britannia Industries Limited – non consolidated).

In November 2007, the Group finalized its disposal of the business segment “Biscuits and Cereal Products” by selling these activities to Kraft Foods, realizing a net gain recorded as “Net income from discontinued operations” of €3,105 million at December 31, 2007. This amount did not take into account a possible additional income of €257 million for the disposal of the Group’s stake in the Generale Biscuit Glico France joint venture.

During the first half of 2008, since the Glico partner had not exercised its right to cancel the joint-venture agreement, an additional income of €257 million was received in June 2008. This income, plus accrued interest of €6 million, was recorded as “Net income from discontinued operations”, for a total net amount of €255 million as of June 30, 2008.

In consideration of the selling costs paid, and the taxes incurred in 2007 and paid in 2008, the net impact on the cash flow statement for the first half of 2008 amounts to €173 million.

Other assets and liabilities held for sale

As of June 30, 2008, the assets and liabilities held for sale include its shareholding in Britannia Industries Limited (Biscuits – India) for a value corresponding to the estimated future cash flows. The Group continues to be involved in a disposal process with its partner involving the Group’s indirect stake in that company.

As of December 31, 2007, apart from the shareholding in Britannia Industries Limited, the line item “Assets held for sale” primarily included the securities held by the Group in Sources du Mont-Dore in Auvergne, called SMDA (Waters – France), and in Milupa Nutricia SAS and SD France SAS (Baby Nutrition - France), the disposals of which were finalized in January and in June 2008, respectively.

Note 4. Follow-up on the value of intangible assets and securities and equity-accounted affiliates

The net book value of goodwill, brand names, intangible assets and equity-accounted affiliates is reviewed at least once a year and whenever events or circumstances indicate that a reduction in value has likely occurred. Such events or circumstances are tied to significant unfavorable changes that are durable in nature and that affect both the economic environment and assumptions or objectives retained on the date of acquisition. An impairment loss is recognized when the recoverable value of the assets tested becomes durably lower than their net book value.

At June 2008, the Group proceeded with a review of the triggering events that could potentially indicate that the net book value of goodwill and brand names recorded, notably after the acquisition of Numico, is impaired. The analysis of external and internal indicators did not reveal the existence of impairment indicators.

Note 5. Investments in non consolidated companies

At June 30, 2008, the decrease in the value of non consolidated investments primarily relates to the revaluation of shares at fair market value, notably the shares in Wimm Bill Dann.

Note 6. Main evolutions in the portfolio of interest rates financial derivatives

The Group uses interest rate instruments to reduce its exposure to variations in short-term interest rates. These financial instruments are interest rate swaps, caps and plain vanilla tunnels. Modifications made to the portfolio since December 31, 2007 mainly involve (i) the reduction of outstanding fixed-rate borrower swaps, replaced by fixed rate bonds issued in May 2008 and (ii) the implementation of tunnels and fixed-rate lender swaps. As of June 30, hedge accounting was applied to the entire portfolio, with the exception of caps and short-term swaps.

Sensitivity analysis to variations in value of interest rates financial derivatives

For interest rate financial instruments, a variation of 100 basis points in the short-term interest rates on the fiscal year end date, applied to ongoing transactions as of June 30, 2008, would result in a change in the balance sheet value, the consequence of which would be an increase (decrease) in stockholders' equity and in the financial results of up to the amounts below (at a constant exchange rate and volatility):

	Shareholders' equity		Gains and losses	
(In millions of euros)	**Increase of 100 bp**	**Decrease of 100 pb**	**Increase of 100 bp**	**Decrease of 100 pb**
At June 30, 2008				
Interest rate options [(1)]	9	(9)	41	(20)
Interest rate swaps	44	(46)	2	(2)
Sensitivity to cash flows – net	**53**	**(55)**	**43**	**(22)**

[(1)] *Caps and tunnels*

Sensitivity analysis to the cost of net debt

A variation of 100 basis points of short-term interest rates on the fiscal year end date (i) applied to ongoing transactions as of June 30, 2008 and (ii) calculated over the next six months in 2008 would result in a change in the cost of the net debt via an increase (decrease) in the financial results of up to the amounts below (at a constant exchange rate and volatility):

	Gains and losses	
(In millions of euros)	**Increase of 100 bp**	**Decrease of 100 pb**
At June 30, 2008		
Net debt[1] at the variable rate[2]	(4)	21
Sensitivity to net debt	**(4)**	**21**

[1] The net debt used to measure sensitivity to variations in interest rates corresponds to the net debt of marketable securities and available cash flows. It excludes debt related to put options granted to minority shareholders since these bear no interest.
[2] After taking derivative financial instruments into account.

Note 7. Commitments relating to the Group's financial investments

The Group is committed to acquire the shareholdings owned by third parties in some of the less than 100% owned subsidiaries and affiliates, should these third parties wish to exercise their put options. The acquisition price is generally based on the subsidiary or affiliate's annual profitability. At June 30, 2008, the total commitment related to these options represented €2,716 million (€2, 700 million at December 31, 2007), all of which are recorded under financial liabilities, corresponding to options related to consolidated shares. There was no significant new commitment during the six months ended June 30, 2008.

Note 8. Other operating (expenses) and income

At June 30, 2008, other operating (expenses) and income for an amount of €57 million, correspond, notably, to integration costs incurred in the context of the acquisition of Numico.

Note 9. Earnings per share

The following table shows the reconciliation between basic earnings per share attributable to the Group and diluted earnings per share attributable to the Group:

	Current net income attributable to the Group (in millions of euros)	**Non-current net income attributable to the Group (in millions of euros)**	**Average number of shares in circulation**	**Earnings per share attributable to the Group** *(in euro)*	**Underlying earnings per share attributable to the Group** *(in euro)*	**Non-current earnings / (loss) per share attributable to the Group** *(in euro)*
Six months ended June 30, 2008						
Before dilution	701	178	476,572,270	1.85	1.48	0.37
Stock options			2,053,368	(0.01)	(0.01)	-
After dilution	**701**	**178**	**478,625,638**	**1.84**	**1.47**	**0.37**
Six months ended June 30, 2007						
Before dilution	663	(7)	477,748,483	1.37	1.39	(0.02)
Stock options			4,417,819	(0.01)	(0.01)	-
After dilution	**663**	**(7)**	**482,166,302**	**1.36**	**1.38**	**(0.02)**

Note 10. Related party transactions

During the first half of 2008, there was no significant change in the nature of related party transactions as compared to December 31, 2007 (see Note 24 of the notes to the consolidated financial statements for the fiscal year ended December 31, 2007).

During the first half of 2008, the number of stock options granted to members of the Executive Committee of the Group was 863,500.

Note 11. Information on the cash flows statement

Cash flows provided by operating activities

In the first half of 2008, the line item "Other cash items affecting cash flows" includes interest accrued for 2007 and paid during the first half of 2008, related to the financing and acquisition of Numico.

Cash flows used in investing activities

During the first half of 2008, cash flows used in investing activities mainly consisted of transaction costs disbursed in the context of the Numico buyout, as well as the acquisitions described in Note 2.1 to the interim consolidated financial statements. Cash flows resulted from disposals for an amount of €171 million mainly correspond to the disposal of the Group's stake in the Generale Biscuit Glico France joint venture, and disposals of assets of up to €95 million.

During the first half of 2007, cash flows used in investing activities included additional equity investments in Danone Industria (Fresh Dairy Products – Russia) and China Hui Yuan Juice (Waters – China), as well as the acquisition of all the shares in the joint venture Danone Japan (Fresh Dairy Products – Japan). Cash flows from disposals mainly corresponded to the disposal of the Group's stake in Danone Clover Beverages (Fresh Dairy Products – South Africa) and in Griesson - de Beukelaer (Biscuits – Germany).

Change in net debt

The following table shows the change in the net debt of the Group:

(In millions of euros)	At December 31, 2007	Change during the period	Foreign currency translation impact	Other	At June 30, 2008
Cash and cash equivalents	548	101	(4)	2	647
Marketable securities	493	52	(2)	(8)	535
Total cash and cash equivalents and marketable securities	***1,041***	***153***	***(6)***	***(6)***	***1,182***
Current financial liabilities	2,447	(1,996)	(8)	20	463
Long-term financial liabilities	9,855	1,754	(2)	133	11,740
Total financial debt	***12,302***	***(242)***	***(10)***	***153***	***12,207***
Net debt	**11,261**	**(395)**	**(4)**	**159**	**11,021**

During the first half of 2008, the variation in net debt structure mainly related to the finalization of the refinancing of the Numico acquisition:

- the decrease in current financial liabilities can be explained by the reimbursement of the bridge loan (originally for the nominal amount of € 11 billion, concluded in July 2007) and the commercial paper of Numico's Belgian *Billet de Trésorerie* program;
- the increase in non-current financial liabilities is due to bond issues, net of the early repayment of private placements issued in the United States (US Private Placements, "USPP").

During the first half of 2008, marketable securities are mainly composed of short-term investments, underwritten by first rate counterparties.

The other changes mainly relate to the revaluation of the put options granted to minority shareholders and to changes in the scope of consolidation.

Note 12. Segment information

12.1. By activity

At June 30, 2008, the Baby Nutrition and Medical Nutrition segments include six months of activity of Numico, acquired by the Group on October 31, 2007. Comparative information from previous period was restated in order to integrate the business activities under the *Blédina* brand into the Baby Nutrition segment. Furthermore, at June 30, 2008, the Waters segment does not include the activities of Wahaha, consolidated under the equity method since July 1, 2007 (See Note 2.3).

June 30, 2008

(in millions of euros)	**Fresh Dairy Products**	**Waters**	**Baby Nutrition**	**Medical Nutrition**	**Total Segments**	**Other items**	**Group Total**
Net sales outside the Group	4,358	1,514	1,400	419	**7,691**	**-**	**7,691**
Trading operating income	604	220	254	99	**1,177**	**-**	**1,177**
Depreciation and amortization	119	62	37	17	**235**	8	**243**
Net income (loss) from affiliates	2	21	-	-	**24**	2	**26**
Capital expenditures	135	79	44	16	**274**	7	**281**
Cash flows provided by operations	469	223	195	89	**976**	(155)	**821**

June 30, 2007

(in millions of euros)	**Fresh Dairy Products**	**Waters**	**Baby Nutrition**	**Medical Nutrition**	**Total Segments**	**Other Elements**	**Group Total**
Net sales outside the Group	4,124	2,139	245	**-**	**6,508**	-	**6,508**
Trading operating income	552	289	48	-	**889**	1	**890**
Depreciation and amortization	112	81	8	-	**201**	9	**210**
Net income (loss) from affiliates	21	15	-	-	**36**	(7)	**29**
Capital expenditures	157	108	6	-	**271**	9	**280**
Cash flows provided by operations	496	300	40	-	**836**	5	**841**

12.2 By geographic area

June 30, 2008

(in millions of euros)	**Europe**	**Asia**	**Rest of the World**	**Total**
Net sales outside the Group	4,911	906	1,874	**7,691**
Trading operating income	814	157	206	**1,177**
Net income (loss) from affiliates	-	14	10	**24**
Capital expenditures	151	47	76	**274**
Cash flows provided by operations	654	151	171	**976**

June 30, 2007

(in millions of euros)	**Europe**	**Asia**	**Rest of the World**	**Total**
Net sales outside the Group	3,757	1,049	1,702	**6,508**
Trading operating income	574	114	201	**889**
Net income (loss) from affiliates	10	13	13	**36**
Capital expenditures	105	41	125	**271**
Cash flows provided by operations	539	117	180	**836**

Note 13. Legal and Arbitration Proceedings

In January 2008, two class actions were filed in the United States in the United States District Court of the State of California and in the United States District Court of the State of Ohio against The Dannon Company Inc., an American subsidiary of the Company. The plaintiffs brought forth allegations with respect to false advertising on the health benefits of the *Activia* and *DanActive* ("*Actimel*") products. These two class actions were regrouped in the United States District Court of the State of California. At June 30, 2008, these actions are pending. The American subsidiary, The Dannon Company Inc., contests this claim vigorously as it considers that it has strong arguments in these actions, the health benefits communicated on the products concerned being based in particular on clinical studies that legitimize such benefits.

Note 14. Subsequent events

No significant events occurred subsequent to June 30, 2008.

English translation for informational purposes only.
Original in French.

STATEMENT BY THE PERSON RESPONSIBLE FOR THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

This is a free translation into English of the Chief Executive Officer's statement issued in French, and is provided solely for the convenience of English-speaking readers.

"We certify that, to our knowledge, the condensed financial statements for the ending semester are prepared in accordance with applicable accounting standards and provide a faithful representation of the assets, liabilities, financial position and results of the Company and all companies within its scope of consolidation, and that the interim management report presents a faithful representation of the significant events occurred during the first six months of the fiscal year, their impact on the interim financial statements, and the related party transactions, as well as the major risks and uncertainties for the remaining six months of the fiscal year."

Paris, July 25, 2008

The Chief Executive Officer,
Franck RIBOUD

English translation for informational purposes only.
Original in French.

STATUTORY AUDITORS' REVIEW REPORT ON THE 2008 INTERIM FINANCIAL INFORMATION

To the Shareholders of GROUPE DANONE,

In compliance with the assignment entrusted to us by your General Meeting and in accordance with the requirements of articles L. 232-7 of the French Commercial Code (*Code de commerce*) and L. 451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed interim consolidated financial statements of GROUPE DANONE, for the financial period from January 1, 2008 through June 30, 2008, such as they are attached to this report;
- the verification of the information contained in the interim management report.

These condensed interim consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I. CONCLUSIONS ON THE FINANCIAL STATEMENTS

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - the standard of IFRS as adopted by the European Union applicable to interim financial information.

II. SPECIFIC VERIFICATION

We have also verified the information given in the interim management report on the condensed interim consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed interim consolidated financial statements.

Neuilly-sur-Seine and Courbevoie, July 25, 2008

The Statutory Auditors

PricewaterhouseCoopers Audit	**Mazars & Guérard**	
Olivier Lotz	Thierry Colin	Dominique Muller