BIANNUAL BALANCE OF RESULT CORRESPONDING TO:

SEMESTER: FIRST **YEAR:** 2000

I-GENERAL INFORMATION

COMPANY NAME

VISCOFAN SA,

MAIN OFFICE

C/ITURRAMA 23, ENTREPLANTA 31007 PAMPLONA NAVARRA

NIF:A-31/06550-1

Those persons who assume responsibility, for this information and their respective positions

D. SIXTO JIMENEZ MUNIAIN (CHIEF EXECUTIVE OFICER)

IV- NET TURNOVER - DISTRIBUTION BY ACTIVITIES

	INDIVIDUAL		CONSOLIDATED	
	PRESENT	**PREVIOUS**	**PRESENT**	**PREVIOUS**
ACTIVITY				
Artificial casing	8.266	8.157	25.363	22.249
Vegetable	0	0	7.378	7.462
Energy	226	246	226	246
Other	503	1.164	0	0
TOTAL	**8.995**	**9.567**	**32.967**	**29.957**

V- AVERAGE NUMBER OF EMPLOYEES IN THIS PERIOD

	INDIVIDUAL		CONSOLIDATED	
	PRESENT	**PREVIOUS**	**PRESENT**	**PREVIOUS**
AVERAGE NUMBER OF EMPLOYEES	**637**	**609**	**3.611**	**3.546**

VI- BUSINESS PERFORMANCE

In the first half of the year 2000, consolidated sales for the Viscofán Group were 32,967 million pesetas, 10.05 per cent up on sales of 29,957 million pesetas for the same period last year. Tinned foods remained steady, while sales of casings increased by 14 per cent (10 per cent without the exchange rate effect), in spite of the falls in prices of cellulose and plastic casing.

Gross results on operations (EBITDA) have improved by 15.10 per cent to a figure of 6,028 million pesetas, which is a margin of 18.28 per cent on sales, as compared to 17.48 per cent in the same period last year. Also the net results on operations (EBIT) reached 3,299 million pesetas, up by 23.23 per cent which means a margin of 10 per cent on sales, as compared to 8.94 per cent on the first half of 1999.

There was a particularly significant increase in sales of cellulose casings and edible collagen, with increases in sales volume of 15 per cent compared with the same period in 1999. The increase in sales of cellulose casings has notably improved our market share. The main forces behind this growth were firstly, improved demand performance over the year and secondly, improvements to quality and service. As for the growth in sales of edible collagen, commercial, productive and technological progress has been excellent both in Naturin and in Viscofán, and this has enabled us to be number two in the world in terms of sales volume.

The increase in gross and net operating results does not correspond with consolidated pre-tax results, as the 1,924 million pesetas obtained between January 2000 and June 2000 must be contrasted with the 2,244 million pesetas for the same period in 1999. This is mainly due to the fact that there were virtually no extraordinary profits in the first half of 2000 (the figure for the period up to June 1999 was 201 million pesetas), and also to the exchange differences arising from insurance policies taken out at 160 pesetas, together with the restructuring of fixed assets in Naturin arising from the inventory which is carried out every four years.

Tax levels in the first six months of this financial year have increased from 14.5 per cent to 20.3 per cent. No significant increases to this latter level are expected in the medium term. This led to net profits of 1,532 million pesetas, as opposed to 1,916 million pesetas in the first half of 1999.
The second quarter of 2000 was better than the same period in 1999 and was also better than the first quarter of this year. It was the fourth consecutive quarter of improved results, which in conjunction with the good performance of our sales business, reinforces confidence in our progress and in our future at a time of historic restructuring in this business sector.

The Shareholders General Meeting, held on the 22nd June, approved the payment of a complementary dividend of 9 pesetas per share, which together with the dividend of 8 pesetas per share paid in January this year, makes a total of 17 pesetas per share paid in dividends based on the results of the last financial year.

Sales of cellulose casings which increased by around 15 per cent in volume, have however suffered in price terms as a result of the nerves shown by competitors whose survival is at risk. The popularity of our product with clients allows us to make up for falls in prices with larger sales volumes, until the product returns to price levels more in tune with its value.

Parent company sales were 8,995 million pesetas compared to 9,567 million pesetas in the first half of last year, a fall of 6 per cent, due to the transfer of production and markets to the subsidiary company Viscofán do Brasil, and the increase in shirring of cellulose casing in Viscofan USA.

The net result of the parent company was 1,402. million pesetas in the first half of 2000, as compared to 1,333 million between January 1999 and June 1999, thanks to a receipt of dividends from subsidiaries which was much higher than the figure for last year.

The contribution of the parent company to profits has fallen because of the transfer of the business mentioned above although this is compensated for by an increase in the results in Brazil caused by a productive and commercial expansion. The performance of the cellulose casings business has been similar, with greater sales and a greater share of production from Brazil, which compensates for the falls in price levels and the increase in energy bills.

As for non-edible collagen, sales of this product remained stable both in terms of volume and prices, and the sales volume of plastic casing has remained steady while prices have fallen in those varieties with lower technological input.

The American subsidiary continues to improve its organisation and capacity of service in its new plant in Alabama. This plant took over 100 per cent of the finished product business for USA and Canada as of January 2000, after the closure of the factory in Detroit. This progress suggests that totally normal service will be achieved during this year.

Naturin has achieved better results and continues to reduce its costs, which together with the increase in production levels is making it more and more competitive. Modernisation plans have been started which allow us to expect continuing improvements in costs during this year and over the next two years.

The excellent performance of sales has enabled us to improve the results in successive quarters progressively, and allows us to look confidently at our future progress and position in this sector, once the phase of extensive restructuring in which it is currently embroiled has passed.

VII-DISTRIBUTION OF DIVIDENDS DURING THE PERIOD

	% par Value	Pesetas per Share	Amount MILION/PTS
1. ORDINARY SHARES	16,00	8,00	391
2. PREFERENCE SHARES			
3. NON-VOTING SHARES			

Additional information on the distribution of dividends(on account, complementary..)

In January 31, a dividend of 8 ptas per share was paid, against 1999 profits.

VIII- KEY EVENTS

	YES	NO
1. Acquisitions or transmissions of investments in the capital of companies quotes on the stock-exchange determine the obligation of communication dealt with art. 53 of the LMV.		X
2.Acquisition of treasury stock determine the obligation of communication according to 1st additional provision of the L.S.A.		X
3. Other significant increases or decreases of fixed and other non current asset (holdings greater than 10% in unquoted companies, relevant material investments or disinvestments, etc...)		X
4. Increases or reductions of capital stock or of security value.		X
5. Emissions, reimbursements or cancellations of debet securities.		X
6. Changes of Administrators or of the Administration Council		X
7. Modification to the carters (statutes)		X
8. Transformations, fusions or break-ups.		X
9. Changes in the institutional regulation of the sector with signifi-cant incidence with regards the economic or financial situation.		X
10. Lawsuits, litigations or contentiouses which may significantly affect the hereditary situation of the Association or the Group		X
11.Competitive situations, temporary recieverships.		X
12. Special limitation agreements, cession or reliquisment, total or partial, of the political and economic rights of the shares.		X
13. Strategic agreements with national or international groups (interchange of share packets, etc.)		X
14. Other key events		X

X. VISCOFAN GROUP CONSOLIDATED PROFIT AND LOSS

		CURREN		PREVIOUS	
		Amount	%	Amount	%
Net Turnover +	1800	32.967	100.00%	29.957	100.00%
Other Operating Income +	1810	191	0.58%	225	0.75%
Variation in stocks of Finished Products and Work-in-Progress +/-	1820	1.223	3.71%	193	0.64%
TOTAL PRODUCTION VALUE =	**1830**	**34.381**	**104.29%**	**30.375**	**101.4%**
Net purchases -	1840	-11.725	-35.57%	-10.259	-34.25%
Variation in Stocks of Stock in Trade, Raw Materials and Other Consumables +/-	1850	-619	-1.88%	382	1.28%
Consumptions From Other Companies and Other Operating Charges -	1860	-7.491	-22.72%	-7.216	-24.09%
ADJUSTED ADDED VALUE =	**1870**	**14.546**	**44.12%**	**13.282**	**44.34%**
Other Expenses and Income +/-	1880	0	0.00%	0	0.00%
Personnel expenses -	1890	-8.518	-25.84%	-8.045	-26.86%
GROSS OPERATING RESULT =	**1900**	**6.028**	**18.28%**	**5.237**	**17.48%**
Depreciation of Fixed Assets and Amortisation of Intangible Assets -	1910	-2.661	-8.07%	-2.421	-8.08%
Provisioning to Reversion Fund -	1915	0	0.00%	0	0.00%
Changes in Trade Provisions -	1920	-68	-0.21%	-139	-0.46%
NET OPERATING RESULT =	**1930**	**3.299**	**10.01%**	**2.677**	**8.94%**
Financial Income +	1940	54	0.16%	191	0.64%
Financial Expenses -	1950	-938	-2.85%	-839	-2.8%
Capitalized Exchange Rate Differences and Interests +	1960	238	0.72%	349	1.17%
Funds for Depreciation and Financial Forecast -	1970	-605	-1.84%	-274	-0.91%
Conversion Result +/-	1980	0	0.00%	0	0.00%
Participation in Results of Equity Method Companies +/-	1990	0	0.00%	0	0.00%
Depreciation of Goodwill on Consolidation -	2000	-27	-0.08%	-27	-0.09%
Reversal of Adverse Consolidation Differences +	2010	0	0.00%	0	0.00%
ORDINARY ACTIVITIES RESULT =	**2020**	**2.021**	**6.13%**	**2.077**	**6.93%**
Results on Intangible, Tangible and Investments assets +/-	2021	-124	-0.38%	-34	-0.11%
Changes in Intangible, Tangible and Investments assets Provisions -	2023	0	0.00%	0	0.00%
Results on operations with Parent Company shares +/-	2025	0	0.00%	0	0.00%
Previous year results +/-	2026	0	0.00%	0	0.00%
Other extraordinary results +/-	2030	27	0.08%	201	0.67%
CONSOLIDATED RESULT BEFORE TAXES =	**2040**	**1.924**	**5.84%**	**2.244**	**7.49%**
Income Tax +/-	2042	-391	-1.19%	-325	-1.08%
CONSOLIDATED RESULT =	**2044**	**1.533**	**4.65%**	**1.919**	**6.41%**
Result Attributable to Minority Interests +/-	2050	-1	0.00%	-3	-0.01%
RESULT ATTRIBUTABLE TO THE PARENT COMPANY =	**2060**	**1.532**	**4.65%**	**1.916**	**6.4%**

XI. VISCOFAN GROUP CONSOLIDATED BALANCE SHEET

(Expressed in millions of pesetas)

ASSETS		CURRENT YEAR	PREVIOUS YEAR
A) SUSCRIBED CAPITAL CALLED BUT NOT PAID AND NOT DUE	**1200**	**0**	**0**
I. Start-Up Costs	**1210**	477	473
II. Intangible Assets	**1220**	1,012	955
II.1 Rights over leased assets	***1221***	*10*	*0*
II.2 Other Intangible assets	***1222***	*1,002*	*955*
III. Tangible Assets	**1230**	43,178	42,495
IV. Investments	**1240**	154	185
V. Long-term Shares of the Parent Company	**1250**	0	0
VI. Long-term Trade Debtors	**1255**	0	0
B) FIXED ASSETS	**1260**	**44,821**	**44,108**
C) GOODWILL ON CONSOLIDATION	**1270**	**98**	**159**
D) DEFERRED EXPENSES	**1280**	**8**	**9**
I. Subscribed Capital Called but not Paid	**1290**	0	0
II. Stocks	**1300**	21,462	20,508
III. Debtors	**1310**	14,857	12,578
IV. Short-term Investments	**1320**	11	147
V. Short-term Own Shares	**1330**	0	0
VI. Cash in Hand and Banks	**1340**	780	1,396
VII. Prepayments	**1350**	672	856
E) CURRENT ASSETS	**1360**	**37,782**	**35,485**
TOTAL ASSETS (A+B+C+D+E)	**1370**	**82,709**	**79,761**

LIABILITIES AND STOCKHOLDERS´ EQUITY		CURRENT YEAR	PREVIOUS YEAR
I. Share Capital	1500	2,438	2,438
II. Parent Company Reserves	1510	27,300	26,749
III. Reserves in Fully Consolidated Companies	1520	442	-706
IV. Conversion Differences	1530	3,407	4,840
V. Results attributable to the Parent Company	1540	1,532	1,916
VI. Interim Dividends	1550	0	0
A) SHAREHOLDERS´ EQUITY	**1560**	**35,119**	**35,237**
B) MINORITY INTEREST	**1570**	**16**	**34**
C) ADVERSE CONSOLIDATION BALANCE	**1580**	**0**	**0**
D) DEFERRED INCOME	**1590**	**723**	**587**
E) PROVISIONS FOR CHARGES AND LIABILITIES	**1600**	**3,557**	**3,267**
I. Bonds and Other Marketable Securities	1610	0	0
II. Loans	1615	14,727	14,360
III. Long-Term Trade Creditors	1625	0	0
IV. Other Long-Term Creditors	1630	337	469
F) LONG-TERM DEBT	**1640**	**15,064**	**14,829**
I. Bonds and Other Marketable Securities	1650	0	0
II. Loans	1655	15,111	14,251
III. Trade Creditors	1665	6,179	6,539
IV. Other Short-Term Creditors	1670	4,852	3,195
V. Accruals	1680	357	162
G) CURRENT LIABILITIES	**1690**	**26,499**	**24,147**
H) PROVISIONS FOR SHORT-TERM CHARGES AND LIABILITIES	**1695**	**1,731**	**1,660**
TOTAL LIABILITIES AND STOCKHOLDERS´ EQUITY(A+B+C+D+E+F+G)	**1700**	**82,709**	**79,761**