BIANNUAL BALANCE OF RESULT CORRESPONDING TO:

SEMESTER: SECOND **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. JUAN IGNACIO VILLEGAS DIAZ (CHIEF EXECUTIVE OFICER)

II- NET TURNOVER - DISTRIBUTION BY ACTIVITIES

	INDIVIDUAL		CONSOLIDATED	
	PRESENT	**PREVIOUS**	**PRESENT**	**PREVIOUS**
ACTIVITY				
Artificial casing	16.082	15.202	50.105	46.115
Vegetable	0	0	15.632	16.000
Energy	444	506	444	506
Other	636	1.450	194	0
TOTAL	**17.162**	**17.158**	**66.375**	**62.621**

III- AVERAGE NUMBER OF EMPLOYEES IN THIS PERIOD

	INDIVIDUAL		CONSOLIDATED	
	PRESENT	**PREVIOUS**	**PRESENT**	**PREVIOUS**
AVERAGE NUMBER OF EMPLOYEES	**620**	**607**	**3.740**	**3.820**

IV- BUSINESS PERFORMANCE

Returns.
The global business volume totalled 66,375 million pesetas with an increase of 5.99% on the consolidated sales for the financial year of 1999.

The sales of cellulose casings increased by 9% compared to the financial year of ’99, a percentage that we consider to be over the increase in market demand, which means the market share of the group in this line of activity, has increased.

The sales of collagen, particularly those of edible collagen, are increasing significantly, thus increasing the market share of our company and affiliates in this range of products.

Although the turnover of tinned vegetables dropped by 2% over the previous financial year, these sales totalled 15.632 million pesetas, which consolidates the company as a leading producer in its line of activity.

The sales of electric energy dropped, totalling 444 million compared to the sales of the preceding year (506 million). This drop was due to the decision taken by the company to produce less in the light of the margins of this activity

Costs
An important factor contributing to the costs incurred in the financial year 2000 was the increase in the price of natural gas needed both for the production of electric energy and for the activities involved in transforming the company, and in consequence of the increase in oil prices.

Likewise, the price of cellulose rose during the financial year 2000.

Results
Consolidated profit totalled 2,035 million pesetas as a result of the financial year of the dominant company, with a fall of 31.22% compared to the 2,959 million pesetas obtained in the financial year of 1999.

These losses were primarily due to the factors involved in the move of the Chesterfield factory in Michigan to Montgomery, Alabama. Personnel substitution costs, training costs in Alabama, start up costs, low productivity and an increase in the transport setbacks and inefficiency arising from this operation all had a considerable negative effect on both the results of this subsidiary and the group as a whole. Likewise this subsidiary had a lack of margins in some of the products purchased from third parties in the past. These difficulties are being solved and we expect that the subsidiary will significantly improve on these results over the financial year in progress as indeed will the entire group.

It should also be noted that the parent company contributed less to these consolidated results due to the transfer of part of its activity to the Brazil plant, which plant increased its contribution to the results by 42%. The recovery of the results of the German subsidiary GmbH & Co, was confirmed reflecting an increase of over 200%. Thus, as just mentioned, the negative data is due to the results of the American operation which more than doubled the losses of the preceding financial year.

For the reasons outlined, the parent company obtained net results of 826 million pesetas which were over a 50% reduction on those obtained in the preceding financial year. These results were the consequence of both the above-mentioned effects, and the impact of the obligatory provision for financial investments depreciation due to the losses of the US subsidiary, Viscofan USA. A recovery is expected as the subsidiary company begins to make profits and recover the investment capital.

The result of the parent company was likewise influenced, to a considerable extent, by the negative impact of the exchange risk insurance at interest rates, which at the time seemed attractive but the subsequent progression of the dollar rate exceeded expectations.

For the financial year in progress our company has assured its sales in dollars at an average exchange rate of 175 pesetas per dollar.

Circumstances affecting the company.
The collective concern about the bovine spongiform encephalopathy (BSE) is having a negative impact on the consumption of meat products in general and consequently on the consumption of sausages. This impact has been noted principally in the countries of central Europe, albeit, at the moment of writing this report, it would appear that its effects are beginning to diminish.

The high cost of primary energy, which adversely affected both the production of electric energy and production in the different factories, seemed to reach a peak last January. The prices of gas in February seem to have dropped although at this moment it is impossible to predict what is going to happen to these prices. Consequently our company has adapted the levels of electric energy production to its own needs and to the prices per hour of kilowatts to minimise these costs and thus maximise returns.

The prices of cellulose casings continue to suffer the effects of overproduction, which forced certain competitors to close down some plants, and in another case to temporary receivership. This occurred as the market was being restructured and nevertheless, our Group adapted, and since then has continued to grow. Thus, we can confidently continue to develop this phase of restructuring while maintaining our leading position.

Forecast for the year in progress.
We believe that the affiliates should obtain significantly improved results during the financial year in progress. However, this improvement will not be equally obtained in all the quarters because at the beginning of the year we will probably suffer more from the impact of the BSE than what we expect for the second half of the year.

With regard to tinned vegetables, we expect a recovery of the results, as a consequence of lower production costs especially in asparagus.

We expect the investments needed to carry out our objectives for 2001 to be considerably lower than the cash flow.

Dividends
On 29 January 2001, a dividend of 8 pesetas per share from the results of the financial year 2000 was paid, the same as the amount paid in January, 2000

V-DISTRIBUTION OF DIVIDENDS DURING THE PERIOD

	% par Value	Pesetas per share	Amount MILION/PTS
1. ORDINARY SHARES	34,00	17,00	830,19
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, this was followed on 5th July by payment of 9 ptas per share.

VI- 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	

2- Acquisition of treasury stock.
The Board of Directors of the company, on the authorisation of the last General Shareholders Meeting, decided to purchase shares in the market on the understanding that the quotation had fallen to a price which does not correspond to the real value of the securities and their foreseeable quotation. At the close of the financial year, we had a portfolio of 186,997 securities, at an effective cost of 147,345,397 pesetas. At the date of writing this report, the

number of securities in portfolio is 456,866 at an effective price of 396,089,134 pesetas. Its value yesterday 27 February at close price deals for a value of 437,092,611 pesetas.

14 - Other important items

Mr. Juan Ignacio Villegas Díaz has been appointed as Director General maintaining his position as Secretary to the Board of Directors.

VII. VISCOFAN GROUP CONSOLIDATED PROFIT AND LOSS

		CURREN		PREVIOUS	
		Amount	%	Amount	%
Net Turnover +	1800	66.375	100,00%	62.621	100,00%
Other Operating Income +	1810	655	0.99%	994	1.59%
Variation in stocks of Finished Products and Work-in-Progress +/-	1820	1.741	2.62%	489	0.78%
TOTAL PRODUCTION VALUE =	**1830**	**68.771**	**103.61%**	**64.104**	**102.37%**
Net purchases -	1840	-24.557	-37.00%	-22.044	-35.20%
Variation in Stocks of Stock in Trade, Raw Materials and Other Consumables +/-	1850	823	1.24%	-121	-0.19%
Consumptions From Other Companies and Other Operating Charges -	1860	-15.457	-23.29%	-14.848	-23.71%
ADJUSTED ADDED VALUE =	**1870**	**29.580**	**44.56%**	**27.091**	**43.26%**
Other Expenses and Income +/-	1880	0	0.00%	0	0,00%
Personnel expenses -	1890	-17.018	-25.64%	-16.414	-26.21%
GROSS OPERATING RESULT =	**1900**	**12.562**	**18.93%**	**10.677**	**17.05%**
Depreciation of Fixed Assets and Amortisation of Intangible Assets -	1910	-5.608	-8.45%	-5.035	-8.04%
Provisioning to Reversion Fund -	1915	0	0.00%	0	0,00%
Changes in Trade Provisions -	1920	-1.124	-1.69%	-110	-0.18%
NET OPERATING RESULT =	**1930**	**5.830**	**8.78%**	**5.532**	**8.83%**
Financial Income +	1940	152	0.23%	260	0.42%
Financial Expenses -	1950	-2.101	-3.17%	-1.719	-2.75%
Capitalized Exchange Rate Differences and Interests +	1960	629	0.95%	976	1.56%
Funds for Depreciation and Financial Forecast -	1970	-1.845	-2.78%	-1.253	-2.00%
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	-54	-0.08%	-54	-0.09%
Reversal of Adverse Consolidation Differences +	2010	0	0.00%	0	0,00%
ORDINARY ACTIVITIES RESULT =	**2020**	**2.611**	**3.93%**	**3.742**	**5.98%**
Results on Intangible, Tangible and Investments assets +/-	2021	-265	-0.40%	-63	-0.10%
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	5	0.01%	-104	-0.17%
CONSOLIDATED RESULT BEFORE TAXES =	**2040**	**2.351**	**3.54%**	**3.575**	**5.71%**
Income Tax +/-	2042	-317	-0.48%	-614	-0.98%
CONSOLIDATED RESULT =	**2044**	**2.034**	**3.06%**	**2.961**	**4.73%**
Result AttrIbutable to Minority Interests +/-	2050	1	0.00%	-2	-0,00%
RESULT ATTRIBUTABLE TO THE PARENT COMPANY =	**2060**	**2.035**	**3.07%**	**2.959**	**4.73%**

VIII. 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**	391	534
II. Intangible Assets	**1220**	970	1.044
II.1 Rights over leased assets	***1221***	*14*	*1*
II.2 Other Intangible assets	***1222***	*956*	*1.043*
III. Tangible Assets	**1230**	42.168	42.329
IV. Investments	**1240**	165	186
V. Long-term Shares of the Parent Company	**1250**	0	0
VI. Long-term Trade Debtors	**1255**	981	0
B) FIXED ASSETS	**1260**	**44.675**	**44.093**
C) GOODWILL ON CONSOLIDATION	**1270**	**72**	**131**
D) DEFERRED EXPENSES	**1280**	**1**	**16**
I. Subscribed Capital Called but not Paid	**1290**	0	0
II. Stocks	**1300**	22.160	20.066
III. Debtors	**1310**	13.480	13.885
IV. Short-term Investments	**1320**	15	48
V. Short-term Own Shares	**1330**	142	0
VI. Cash in Hand and Banks	**1340**	790	1.226
VII. Prepayments	**1350**	266	127
E) CURRENT ASSETS	**1360**	**36.853**	**35.352**
TOTAL ASSETS (A+B+C+D+E)	**1370**	**81.601**	**79.592**

LIABILITIES AND STOCKHOLDERS´ EQUITY		CURRENT YEAR	PREVIOUS YEAR
I. Share Capital	1500	2.437	2,437
II. Parent Company Reserves	1510	27,299	26,310
III. Reserves in Fully Consolidated Companies	1520	443	-696
IV. Conversion Differences	1530	2,877	3,085
V. Results attributable to the Parent Company	1540	2,035	2,959
VI. Interim Dividends	1550	0	0
A) SHAREHOLDERS´ EQUITY	1560	**35,091**	**34,095**
B) MINORITY INTEREST	1570	**14**	**32**
C) ADVERSE CONSOLIDATION BALANCE	1580	**0**	**0**
D) DEFERRED INCOME	1590	**694**	**792**
E) PROVISIONS FOR CHARGES AND LIABILITIES	1600	**3,605**	**3,522**
I. Bonds and Other Marketable Securities	1610	0	0
II. Loans	1615	16,412	16,355
III. Long-Term Trade Creditors	1625	0	0
IV. Other Long-Term Creditors	1630	1,354	343
F) LONG-TERM DEBT	1640	**17,766**	**16,698**
I. Bonds and Other Marketable Securities	1650	0	0
II. Loans	1655	12,473	13,166
III. Trade Creditors	1665	7,691	6,437
IV. Other Short-Term Creditors	1670	3,417	3,451
V. Accruals	1680	32	46
G) CURRENT LIABILITIES	1690	**23,613**	**23,100**
H) PROVISIONS FOR SHORT-TERM CHARGES AND LIABILITIES	1695	**818**	**1,353**
TOTAL LIABILITIES AND STOCKHOLDERS´ EQUITY(A+B+C+D+E+F+G)	1700	**81,601**	**79,592**