BIANNUAL BALANCE OF RESULT CORRESPONDING TO:

SEMESTER: First **YEAR:** 2001

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	8.548	8.266	24.041	25.363
Vegetable	0	0	7.706	7.378
Energy	194	226	194	226
Other	130	503	69	0
TOTAL	**8.872**	**8.995**	**32.010**	**32.967**

III- AVERAGE NUMBER OF EMPLOYEES IN THIS PERIOD

	INDIVIDUAL		CONSOLIDATED	
	PRESENT	**PREVIOUS**	**PRESENT**	**PREVIOUS**
AVERAGE NUMBER OF EMPLOYEES	**582**	**637**	**3.239**	**3.611**

IV- BUSINESS PERFORMANCE

On 4 July 2001, a final dividend of 8 pesetas per share was paid on the basis of the earnings for the 2000 financial year.

The net turnover in the second quarter of the year climbed to 17,009 million pesetas, totalling 32,010 million pesetas for the six-month period, showing a slight drop of 2.9% from the sales of the first half of 2000 and a 13.39% increase from the sales of the first quarter of this financial year.

The sales of casings by the group of companies experienced a slight drop during the six-month period, which was only partially compensated by the increase in sales of tinned vegetables.

By company, the parent company has made second quarter sales of 4,812 million pesetas, surpassing the 4,335 million pesetas earned in the second quarter of the 2000 financial year. The accumulation in the six-month period shows sales of 8,873 million pesetas, which is almost equal to the 8,856 millions in sales earned by the parent company in the first six months of 2000.

In the evolution of sales by this company, we must note the increase in sales of collagen, whose improvements in quality and efficiency have obtained growing market acceptance for this product line.

Sales of cellulose casings are slowly but progressively recovering, although the company is attempting to base this market recovery on quality and service, rather than on prices, in an effort to avoid reducing the margin in this area of operation.

The second-quarter earnings of the parent company have climbed to 334 million pesetas, which is still a 19.8% decrease from the 416 millions earned in the second quarter of the 2000 financial year. However, this figure does represent a significant improvement when compared to first-quarter profits.

The prices of some of the raw materials cited in the report on the results of the first quarter – with the exception of cellulose – have continued to decline; this should progressively improve the company's margins.

Due to changes in consumer habits brought on by Bovine Spongiform Encephalopathy (BSE), Naturin has seen a drop in sales on its domestic market, although the impact of this problem is gradually decreasing. Its exports through the rest of the companies of the group, as well as its own direct exports, have increased, although not enough to counteract the drop in domestic sales.

The main raw materials that increased significantly in the first half of the year are now dropping thanks to better supply policies and the diversification of suppliers.

Viscofan of Brazil maintains a good level of activity and sales, in terms of its own products as well as in terms of its sales of the products of the rest of the group. It is suffering from the consequences of the crisis in Argentina, pertaining to the reduction of this market and its impact on the value of local currency against the US dollar. This factor of currency exchange variation will condition the short-term earnings of this branch until the situation stabilises.

Viscofan USA has continued the improvement announced in the last quarterly report, and has begun to show positive, though modest, results in the second quarter of this year. Its sales have continued to grow despite a tough market; its manufacturing situation seems to be firmly established, and will be a basis for later improvements.

The tinned vegetables division has suffered from a particularly difficult first quarter as a result of the increase in the value of the US dollar, since its main area of sales – asparagus – carries costs in that currency.

The trading account shows increased costs derived from an increase in the prices of cellulose, collagen, etc., with a higher net purchase amount and greater variation of the existence of raw materials.

Due to the fact that the increase in the cost of raw materials cannot be transferred to prices, the group's policy for containing costs is demonstrated by the 5% reduction in external operating expenditures and the 2.6% reduction in personnel expenditures, as compared to the two first quarters of the years 2000 and 2001.

Second-quarter gross earnings (EBITDA) reached 2,700 million pesetas. This figure is a 7.9% improvement over the first quarter, but the accumulation of the six-month period – which is 5,202 million pesetas – is even 13.7% less than that of the first six months of 2000.

Second-quarter net earnings (EBIT) reached 1,258 million pesetas. This figure is a 30.8% improvement over the first quarter, but the accumulation of the six-month period – which is 2,220 million pesetas – is even 32.7% less than that of the first six months of 2000.

The financial earnings are affected by higher interest, as the debt is practically the same.

The consolidated before-tax earnings for the second quarter reach 607 million pesetas, which is an improvement over the 271 million of the first quarter, but still far from the earnings of the year 2000. The accumulation of the six-month period is 878 million pesetas, which is 54.4% less than the first six months of 2000.

The second-quarter earnings by the acquiring company are 536 million pesetas, as compared to 213 in the first quarter, with an accumulation of 749 million in the six-month period, which is 51% lower than in the first six months of 2000.

Financial Perspective.

The price of raw materials, which hurt our accounts in the first six months, seems to be falling, with the exception of cellulose.

The price remain stable, and attempts to transfer cost increases to the prices are clashing with the operations of our competitors.

The impact of BSE seems residual, except as regards sales in Germany; however, slow recovery in that country does continue.

The second-quarter earnings confirm the idea that was stated in the previous quarterly report, that there is a positive quarterly evolution of earnings. We should remember, however, that we and our clients do less business in the third quarter of the financial year.

V-DISTRIBUTION OF DIVIDENDS DURING THE PERIOD

	% par Value	Pesetas per share	Amount MILION/PTS
1. ORDINARY SHARES	16,00	8,00	387,02
2. PREFERENCE SHARES			
3. NON-VOTING SHARES			

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

In January 29th , a dividend of 8 ptas per share was paid, against 2000 profits, this was followed on 4th July by payment of 8 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

The significant events that occurred during the first quarter of the year 2001 were reported in writing to the CNMV (National Securities Market Commission) on 30 June 2001. That document included the agreements adopted by the General Meeting of Company Shareholders, signed on 25 June 2001.

VII. VISCOFAN GROUP CONSOLIDATED PROFIT AND LOSS

		CURREN		PREVIOUS	
		Amount	%	Amount	%
Net Turnover +	1800	32,010	100,00%	32,967	100,00%
Other Operating Income +	1810	123	0.38%	191	0.58%
Variation in stocks of Finished Products and Work-in-Progress +/-	1820	315	0,98%	1,223	3.71%
TOTAL PRODUCTION VALUE =	**1830**	**32,448**	**101.37%**	**34,381**	**104.29%**
Net purchases -	1840	-12,582	-39,31%	-11,725	-35.57%
Variation in Stocks of Stock in Trade, Raw Materials and Other Consumables +/-	1850	747	2.33%	-619	-1.88%
Consumptions From Other Companies and Other Operating Charges -	1860	-7.115	-22.23%	-7,491	-22,72%
ADJUSTED ADDED VALUE =	**1870**	**13,498**	**42.17%**	**14,546**	**44.12%**
Other Expenses and Income +/-	1880	0	0.00%	0	0.00%
Personnel expenses -	1890	-8,296	-25.92%	-8,518	-25.84%
GROSS OPERATING RESULT =	**1900**	**5,202**	**16.25%**	**6,028**	**18.28%**
Depreciation of Fixed Assets and Amortisation of Intangible Assets -	1910	-2,927	-9.14%	-2,661	-8.07%
Provisioning to Reversion Fund -	1915	0	0.00%	0	0.00%
Changes in Trade Provisions -	1920	-55	-0.17%	-68	-0.21%
NET OPERATING RESULT =	**1930**	**2,220**	**6.94%**	**3,299**	**10.01%**
Financial Income +	1940	45	0.14%	54	0.16%
Financial Expenses -	1950	-1,086	-3.39%	-938	-2.85%
Capitalized Exchange Rate Differences and Interests +	1960	190	0.59%	238	0.72%
Funds for Depreciation and Financial Forecast -	1970	-644	-2.01%	-605	-1.84%
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	-16	-0.05%	-27	-0.08%
Reversal of Adverse Consolidation Differences +	2010	0	0.00%	0	0.00%
ORDINARY ACTIVITIES RESULT =	**2020**	**709**	**2.21%**	**2,021**	**6.13%**
Results on Intangible, Tangible and Investments assets +/-	2021	67	0,21%	-124	-0.38%
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	102	0.32%	27	0.08%
CONSOLIDATED RESULT BEFORE TAXES =	**2040**	**878**	**2.74%**	**1,924**	**5.84%**
Income Tax +/-	2042	-128	-0.40%	-391	-1.19%
CONSOLIDATED RESULT =	**2044**	**750**	**2.34%**	**1,533**	**4.65%**
Result Attributable to Minority Interests +/-	2050	-1	0.00%	-1	0.00%
RESULT ATTRIBUTABLE TO THE PARENT COMPANY =	**2060**	**749**	**2.34%**	**1,532**	**4.65%**

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**	329	477
II. Intangible Assets	**1220**	926	1,012
II.1 Rights over leased assets	***1221***	*15*	*10*
II.2 Other Intangible assets	***1222***	*911*	*1,002*
III. Tangible Assets	**1230**	40,176	43,178
IV. Investments	**1240**	169	154
V. Long-term Shares of the Parent Company	**1250**	0	0
VI. Long-term Trade Debtors	**1255**	981	0
B) FIXED ASSETS	**1260**	**42,581**	**44,821**
C) GOODWILL ON CONSOLIDATION	**1270**	**56**	**98**
D) DEFERRED EXPENSES	**1280**	**0**	**8**
I. Subscribed Capital Called but not Paid	**1290**	0	0
II. Stocks	**1300**	21,585	21,462
III. Debtors	**1310**	14,783	14,857
IV. Short-term Investments	**1320**	14	11
V. Short-term Own Shares	**1330**	357	0
VI. Cash in Hand and Banks	**1340**	1,442	780
VII. Prepayments	**1350**	691	672
E) CURRENT ASSETS	**1360**	**38,872**	**37,782**
TOTAL ASSETS (A+B+C+D+E)	**1370**	**81,509**	**82,709**

LIABILITIES AND STOCKHOLDERS´ EQUITY		CURRENT YEAR	PREVIOUS YEAR
I. Share Capital	1500	2,438	2,438
II. Parent Company Reserves	1510	27,347	27,300
III. Reserves in Fully Consolidated Companies	1520	2,111	442
IV. Conversion Differences	1530	1,728	3,407
V. Results attributable to the Parent Company	1540	749	1,532
VI. Interim Dividends	1550	0	0
A) SHAREHOLDERS´ EQUITY	1560	**34,373**	**35,119**
B) MINORITY INTEREST	1570	**17**	**16**
C) ADVERSE CONSOLIDATION BALANCE	1580	**0**	**0**
D) DEFERRED INCOME	1590	**873**	**723**
E) PROVISIONS FOR CHARGES AND LIABILITIES	1600	**3,794**	**3,557**
I. Bonds and Other Marketable Securities	1610	0	0
II. Loans	1615	18,575	14,727
III. Long-Term Trade Creditors	1625	0	0
IV. Other Long-Term Creditors	1630	1,466	337
F) LONG-TERM DEBT	1640	**20,041**	**15,064**
I. Bonds and Other Marketable Securities	1650	0	0
II. Loans	1655	11,708	15,111
III. Trade Creditors	1665	5,597	6,179
IV. Other Short-Term Creditors	1670	3,217	4,852
V. Accruals	1680	362	357
G) CURRENT LIABILITIES	1690	**20,884**	**26,499**
H) PROVISIONS FOR SHORT-TERM CHARGES AND LIABILITIES	1695	**1,527**	**1,731**
TOTAL LIABILITIES AND STOCKHOLDERS´ EQUITY(A+B+C+D+E+F+G)	1700	**81,509**	**82,709**