BIANNUAL BALANCE OF RESULT CORRESPONDING TO:

SEMESTER: SECOND **YEAR:** 2003

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 (Thousands of Euros)

	INDIVIDUAL		CONSOLIDATED	
	PRESENT 2003	PREVIOUS 2002	PRESENT 2003	PREVIOUS 2002
ACTIVITY				
Artificial casing	108.586	113.825	282.669	310.731
Vegetable	0	0	85.608	96.513
Energy	2.456	3.238	2.456	3.238
Other	1.300	2.051	575	285
TOTAL	**112.342**	**119.114**	**371.308**	**410.767**

III- AVERAGE NUMBER OF EMPLOYEES IN THIS PERIOD

	INDIVIDUAL		CONSOLIDATED	
	PRESENT	PREVIOUS	PRESENT	PREVIOUS
AVERAGE NUMBER OF EMPLOYEES	**594**	**596**	**3.027**	**3.573**

IV- BUSINESS PERFORMANCE

1. Introduction and summary.

Viscofan Group profits for financial year 2003 exceeded the optimistic profit targets set at the beginning of the year. This was due to three important factors which in their different ways helped to shape these results.

Firstly, the gradual strengthening of the euro against other currencies led to a slight reduction in sales and profit margins. Secondly financial results have been improved by improvements in the balance sheet, interest rates and the positive effects of the foreign exchange risk management policy and lastly, the restructuring of the vegetable conserve division, which has had extremely positive results.

The most relevant aspects of the results for financial year 2003 are:

- Sales fell by 9.6% as a result of changes in exchange rates, pressure on prices and the sale of the jams business.
- The EBITDA on sales was 16.42% for the reasons referred to above.
- Financial results improved by 45.23% as a result of the reduction of bank debt and the application of the group's foreign exchange risk management policy.
- Extraordinary profits of 7 million euros which appeared as the overall total produced by the restructuring of the vegetable conserve business an important part of which was the sale of the jams business.
- Net profits came to 30.73 million euros, up 2.10%.
- Bank debt was reduced by 24.93 million euros during the financial year and net debt fell by 23.8.million euros.

We would like to point out that the improvements introduced this year in the production process have made up to some extent for the rise of the euro against other currencies, in particular the American dollar. If we compare the average euro/dollar rates for 2002 with those for 2003, we get a rise of 19.81%, which gives us some idea of the importance of the recovery achieved in these results.

2. Comments on the results.

As far as individual group companies are concerned, we would like to highlight the effects of the application of financial reserves on the results of the parent company. These reserves were built up in previous years because of the reduction in the equity value of subsidiary companies, in particular in Brazil, due to exchange rate fluctuations, which meant that the figures for 2002 were very high. In the consolidated accounts these financial reserves are displayed in consolidated equity.

We would like to stress this factor because of the important role it played in financial year 2002 . The results of the parent company show how it recovered to a large extent from the negative effects of currency variations.

Naturin's individual accounts have suffered from the effects the strong euro had on sales and profits. This damage was repaired to some extent by increases in sales volumes. The different business operations being transferred to the Czech Republic have led to an improvement with regard to 2002 in the contribution to company profits made by subsidiary companies located there.

Local results in Brazil have improved significantly. Viscofan USA has maintained good turnover levels and has had better results than in 2002. Naturin Canada has also made advances in market penetration. The results of all these companies have suffered when converted into euros due to the changes in exchange rates.

IAN group sales have fallen as a direct consequence of the sale of the jams business. Its pre-tax profits were much higher than in 2002, but these figures are not directly comparable because of the extraordinary profits obtained in the restructuring of its business.

The fourth quarter showed a positive tax figure. The main reason for this is the final assessment of the tax on the profits from the sale of the jams business. We now plan to take advantage of tax exemptions for reinvestment which make the figure considered for corporation tax when the results for the third quarter were published too high. This figure will therefore be reduced.

3. The Balance Sheet

The balance sheet as of 31st December 2003 shows a further reduction in both total and net debt. Compared to the figures for 31st December 2002, total debt fell by 24.93 million euros and net debt by 23.8 million euros over the same period.

4. Investment

In order to mitigate exchange rate problems, the Company's Board of Directors has decided to increase production in the countries that work in dollars or dollar-linked currencies, and to increase operations in centres with lower production costs.

For this reason during 2003 investments were approved above and beyond the investment plan announced at the beginning of the year. The most significant investments were in a pleating plant in San Luis Potosí in Mexico, which will come into operation in the middle of this year, and in the increase in the cellulose casing production capacity of Viscofan Brazil, which will become operative in the last quarter of this year.

This increased production capacity in Brazil will allow us to supply the South American cellulose casing markets in a favourable cost position and will enable us to compete with other producers in the area without the disadvantages caused by exchange rate variations.

The investment figures approved for these two projects were 6 million euros for Viscofan Mexico and 15 million euros for Viscofan Brazil. In both cases the impact of these investments will be higher in financial year 2004.

With this investment in Brazil, the Group aims to create spare capacity which will enable us to supply our markets more flexibly on the basis of the relative cost and exchange rate situation.

This will mean that within the group as a whole there may be idle excess capacity at certain times.

As a whole in 2003, investments were approved for 34.9 million euros which were spent, in addition to the projects mentioned above, on improving the efficiency of our production plants, increasing the production capacity of the plants with the greatest demand, Research and Development, and a number of maintenance projects that were considered necessary.

5. Events following financial year-end.

On 29th January 2004, the Board of Directors agreed to pay a dividend on the profits for the year 2003 for a gross amount of 0.078 euros per share, the same amount that was paid in January 2003.

6. Perspectives for 2004.

After these results in which operational improvements, reduced financial costs and above all extraordinary profits have enabled us to compensate for the negative effects of price pressures and the rise of the euro against other currencies, we can approach financial year 2004 from a solid starting-point, both in terms of the consolidated balance sheet and from a commercial and manufacturing point of view in the group's two divisions, although we will have to deal with the consequences of the strong euro.

The initial approved investment plan and the profit forecasts, subject as always to the effect of exchange rates envisage a slight reduction in group debt in 2004. The investment plan for the financial year 2004, which includes the part of the Viscofan Mexico and Viscofan Brazil projects to be carried out in 2004, totals 37 million euros.

We will continue to invest in improvement plans in order to minimise the effects that the strength of the euro against other currencies is bound to have on our group which is a net exporter and has its main production centres in countries in and around the euro zone.

Finally, we do not expect to repeat the figure for extraordinary profits obtained in 2003 from the restructuring of the vegetable conserve business.

V-DISTRIBUTION OF DIVIDENDS DURING THE PERIOD

	% per Value	Euro per share	Amount Thousands of Euro
1. ORDINARY SHARES	26%	0.078	3.782
2. PREFERENCE SHARES			
3. NON-VOTING SHARES			

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

In January 29th 2003 a dividend of 0,078 Euro per share was paid, against 2002 profits,
This was followed on 4th June by payment of 0,102 Euros per share as a refund of the share issue premium.

In January 29th 2004 a dividend of 0.078 Euros per share was paid against 2003 profits.

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 articles of the company (statutes)	X	
8. Transformations, fusions or break-ups.		X
9. Changes in the institutional regulation of the sector with significant 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	

7.

It was approved at the General shareholders´ meeting held in Pamplona on 5th may 2003 the modification of the article 30 of the article of the company in order to adapt them to article 47 of the "measures for the modification act 44/2002 of the financial system act" (Ley de Medidas de Reforma del Sistema Financiero) with the incorporation of an auditing committee (comité o comisión de auditoria).

This agreement was notified to the CNMV as a key event on 5th May 2003.

14.

a) On 23rd July 2003 de National Stock Exchange Commision was informed about the signing of a deed of sale relating to the commitment made by Industrias Alimentarias de Navarra SA (100% owned by Viscofan SA) to sell the fruit conserve manufacturing business to Iberfrutas SA.

b) Viscofan´s Governing Board has decided to set up a plant in San Luis Potosi (Mexico) for the converting of industrial casing. The objectives of this plant are both industrial and commercial. The total estimated cost of this first phase of the project is some 6 million euros and it is calculated that the plant will be ready by mid 2004. The National Stock Exchange Commission was notified of this decision on 1st September 2003.

VII. VISCOFAN GROUP CONSOLIDATED PROFIT AND LOSS

(Thousands of Euros)

		CURRENT		PREVIOUS	
		Amount	%	Amount	%
		2003		2002	
Net Turnover +	1800	371.308	100.00%	410.767	100.00%
Other Operating Income +	1810	1.757	0.47%	1.279	0.31%
Variation in stocks of Finished Products and Work-in-Progress +/-	1820	-8.962	-2.41%	-8.739	-2.13%
TOTAL PRODUCTION VALUE =	**1830**	**364.103**	**98.06%**	**403.307**	**98.18%**
Net purchases -	1840	-120.862	-32.55%	-132.039	-32.14%
Variation in Stocks of Stock in Trade, Raw Materials and Other Consumables +/-	1850	3.966	1.07%	1.216	0.30%
Consumptions From Other Companies and Other Operating Charges -	1860	-86.344	-23.25%	-91.076	-22.17%
ADJUSTED ADDED VALUE =	**1870**	**160.863**	**43.32%**	**181.408**	**44.16%**
Other Expenses and Income +/-	1880	0	0.00%	0	0.00%
Personnel expenses -	1890	-99.882	-26.90%	-102.350	-24.92%
GROSS OPERATING RESULT =	**1900**	**60.981**	**16.42%**	**79.058**	**19.25%**
Depreciation of Fixed Assets and Amortisation of Intangible Assets -	1910	-29.610	-7.97%	-35.218	-8.57%
Provisioning to Reversion Fund -	1915	0	0.00%	0	0.00%
Changes in Trade Provisions -	1920	281	0.08%	-1.402	-0.34%
NET OPERATING RESULT =	**1930**	**31.652**	**8.52%**	**42.438**	**10.33%**
Financial Income +	1940	1.228	0.33%	1.050	0.26%
Financial Expenses -	1950	-5.476	-1.47%	-8.316	-2.02%
Capitalized Exchange Rate Differences and Interests +	1960	3.340	0.90%	4.624	1.13%
Funds for Depreciation and Financial Forecast -	1970	-4.853	-1.31%	-7.882	-1.92%
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	-8	0.00%	-8	0.00%
Reversal of Adverse Consolidation Differences +	2010	0	0.00%	0	0.00%
ORDINARY ACTIVITIES RESULT =	**2020**	**25.883**	**6.97%**	**31.906**	**7.77%**
Results on Intangible, Tangible and Investments assets +/-	2021	7.291	1.96%	1.481	0.36%
Changes in Intangible, Tangible and Investments assets Provisions -	2023	345	0.09%	346	0.08%
Results on operations with Parent Company shares +/-	2025	0	0.00%	819	0.20%
Previous year results +/-	2026	0	0.00%	0	0.00%
Other extraordinary results +/-	2030	716	0.19%	-1.484	-0.36%
CONSOLIDATED RESULT BEFORE TAXES =	**2040**	**34.235**	**9.22%**	**33.068**	**8.05%**
Income Tax +/-	2042	-3.502	-0.94%	-2.966	-0.72%
CONSOLIDATED RESULT =	**2044**	**30.733**	**8.28%**	**30.102**	**7.33%**
Result Attributable to Minority Interests +/-	2050	0	0.00%	0	0.00%
RESULT ATTRIBUTABLE TO THE PARENT COMPANY =	**2060**	**30.733**	**8.28%**	**30.102**	**7.33%**

VIII. VISCOFAN GROUP CONSOLIDATED BALANCE SHEET

(Expressed in thousands of Euro)

ASSETS		Year 2003 CURRENT YEAR	Year 2002 PREVIOUS YEAR
A) SUSCRIBED CAPITAL CALLED BUT NOT PAID AND NOT DUE	**1200**	**0**	**0**
I. Start-Up Costs	**1210**	328	752
II. Intangible Assets	**1220**	4.431	4.546
II.1 Rights over leased assets	***1221***	*62*	*62*
II.2 Other Intangible assets	***1222***	*4.369*	*4.484*
III. Tangible Assets	**1230**	213.439	218.992
IV. Investments	**1240**	987	959
V. Long-term Shares of the Parent Company	**1250**	0	0
VI. Long-term Trade Debtors	**1255**	13.301	5.068
B) FIXED ASSETS	**1260**	**232.486**	**230.317**
C) GOODWILL ON CONSOLIDATION	**1270**	**0**	**7**
D) DEFERRED EXPENSES	**1280**	**12**	**2**
I. Subscribed Capital called but not paid	**1290**	0	0
II. Stocks	**1300**	102.540	114.233
III. Debtors	**1310**	75.629	74.861
IV. Short-term Investments	**1320**	54	64
V. Short-term Own Shares	**1330**	2.616	2.180
VI. Cash in Hand and Banks	**1340**	5.970	7.450
VII. Prepayments	**1350**	903	1.484
E) CURRENT ASSETS	**1360**	**187.712**	**200.272**
TOTAL ASSETS (A+B+C+D+E)	**1370**	**420.210**	**430.598**

LIABILITIES AND STOCKHOLDERS´ EQUITY		CURRENT YEAR	PREVIOUS YEAR
		Year 2003	Year 2002
I. Share Capital	1500	14,650	14.650
II. Parent Company Reserves	1510	176,042	172.129
III. Reserves in Fully Consolidated Companies	1520	31,188	13.724
IV. Conversion Differences	1530	-12.234	-10.346
V. Results attributable to the Parent Company	1540	30.733	30.102
VI. Interim Dividends	1550	0	0
A) SHAREHOLDERS´ EQUITY	1560	**240.379**	**220.259**
B) MINORITY INTEREST	1570	**0**	**0**
C) ADVERSE CONSOLIDATION BALANCE	1580	**0**	**0**
D) DEFERRED INCOME	1590	**2.307**	**1.871**
E) PROVISIONS FOR CHARGES AND LIABILITIES	1600	**23.284**	**22.893**
I. Bonds and Other Marketable Securities	1610	0	0
II. Loans	1615	42.660	47.352
III. Long-Term Trade Creditors	1625	0	0
IV. Other Long-Term Creditors	1630	10.924	9.243
F) LONG-TERM DEBT	1640	**53.584**	**56.595**
I. Bonds and Other Marketable Securities	1650	0	0
II. Loans	1655	44.782	64.978
III. Trade Creditors	1665	31.167	38.653
IV. Other Short-Term Creditors	1670	17.467	18.640
V. Accruals	1680	-36	120
G) CURRENT LIABILITIES	1690	**93.380**	**122.391**
H) PROVISIONS FOR SHORT-TERM CHARGES AND LIABILITIES	1695	**7.276**	**6.589**
TOTAL LIABILITIES AND STOCKHOLDERS´ EQUITY (A+B+C+D+E+F+G+H)	1700	**420.210**	**430.598**

VII. VISCOFAN S.A. PROFIT AND LOSS ACCOUNT

(Thousands of Euros)

		CURRENT		PREVIOUS	
		Amount	%	Amount	%
		2003		2002	
Net Turnover +	0800	112.342	100.00%	119.114	100.00%
Other Operating Income +	0810	1.083	0.96%	390	0.33%
Variation in stocks of Finished Products and Work-in-Progress +/-	0820	-853	-0.76%	606	0.51%
TOTAL PRODUCTION VALUE =	0830	**112.572**	**100.20%**	**120.110**	**100.84%**
Net purchases -	0840	-45.658	-40.64%	-45.754	-38.41%
Variation in Stocks of Stock in Trade, Raw Materials and Other Consumables +/-	0850	1.583	1.41%	-242	-0.20%
Consumptions From Other Companies and Other Operating Charges -	0860	-20.418	-18.17%	-19.190	-16.11%
ADJUSTED ADDED VALUE =	0870	**48.079**	**42.80%**	**54.924**	**46.11%**
Other Expenses and Income +/-	0880	0	0.00%	0	0.00%
Personnel expenses -	0890	-24.632	-21.93%	-25.746	-21.61%
GROSS OPERATING RESULT =	0900	**23.447**	**20.87%**	**29.178**	**24.50%**
Depreciation of Fixed Assets and Amortisation of Intangible Assets -	0910	-11.961	-10.65%	-13.669	-11.48%
Provisioning to Reversion Fund -	0915	0	0.00%	0	0.00%
Changes in Trade Provisions -	0920	-617	-0.55%	215	0.18%
NET OPERATING RESULT =	0930	**10.869**	**9.67%**	**15.724**	**13.20%**
Financial Income +	0940	8.016	7.14%	19.282	16.19%
Financial Expenses -	0950	-1.503	-1.34%	-2.699	-2.27%
Capitalized Exchange Rate Differences and Interests +	0960	-336	-0.30%	1.940	1.63%
Funds for Depreciation and Financial Forecast -	0970	0	0.00%	-2.941	-2.47%
ORDINARY ACTIVITIES RESULT =	1020	**17.046**	**15.17%**	**31.306**	**26.28%**
Results on Intangible, Tangible and Investments assets +/-	1021	1	0.00%	164	0.14%
Changes in Intangible, Tangible and Investments assets Provisions -	1023	3.766	3.35%	-20.205	-16.96%
Results on operations with Parent Company shares +/-	1025	0	0.00%	819	0.69%
Previous year results +/-	1026	0	0.00%	0	0.00%
Other extraordinary results +/-	1030	246	0.22%	554	0.47%
RESULT BEFORE TAXES =	1040	**21.059**	**18.75%**	**12.638**	**10.61%**
Income Tax +/-	1042	0	-0.00%	0	0.00%
FINAL RESULT =	1044	**21.059**	**18.75%**	**12.638**	**10.61%**

VIII. VISCOFAN S.A. BALANCE SHEET

(Expressed in thousands of Euro)

ASSETS

		Year 2003 CURRENT YEAR	Year 2002 PREVIOUS YEAR
A) SUSCRIBED CAPITAL CALLED BUT NOT PAID AND NOT DUE	**0200**	**0**	**0**
I. Start-Up Costs	**0210**	0	0
II. Intangible Assets	**0220**	2.137	2.162
II.1 Rights over leased assets	***0221***	*0*	*0*
II.2 Other Intangible assets	***0222***	*2.137*	*2.162*
III. Tangible Assets	**0230**	55.227	57.830
IV. Investments	**0240**	165.340	153.700
V. Long-term Shares of the Parent Company	**0250**	0	0
VI. Long-term Trade Debtors	**0255**	0	0
B) FIXED ASSETS	**0260**	**222.704**	**213.692**
C) DEFERRED EXPENSES	**0280**	**0**	**2**
I. Subscribed Capital called but not paid	**0290**	0	0
II. Stocks	**0300**	15.627	15.786
III. Debtors	**0310**	33.228	34.763
IV. Short-term Investments	**0320**	25	134
V. Short-term Own Shares	**0330**	2.616	2.180
VI. Cash in Hand and Banks	**0340**	723	1.509
VII. Prepayments	**0350**	73	108
D) CURRENT ASSETS	**0360**	**52.292**	**54.480**
TOTAL ASSETS (A+B+C+D)	**0370**	**274.996**	**268.174**

LIABILITIES AND STOCKHOLDERS´ EQUITY		CURRENT YEAR	PREVIOUS YEAR
		2003	2002
I. Share Capital	0500	14,650	14.650
II. Reserves	0510	176.042	172.130
III. Previous year profit	0520	0	0
IV. Profit for the year	0530	21.059	12.638
V. Interim Dividends	0550	0	0
A) SHAREHOLDERS´ EQUITY	0560	**211.751**	**199.418**
B) DEFERRED INCOME	0590	**262**	**158**
C) PROVISIONS FOR CHARGES AND LIABILITIES	0600	**0**	**0**
I. Bonds and Other Marketable Securities	0610	0	0
II. Loans	0615	28.797	27.134
III. long-term Trade Creditors	0625	0	0
IV. Other long-term Creditors	0630	4.537	2.987
D) LONG-TERM DEBT	0640	**33.334**	**30.121**
I. Bonds and Other Marketable Securities	0650	0	0
II. Loans	0655	9.457	18.183
III. Group companies	0660	8.206	7.384
IV. Trade creditors	0665	7.116	7.838
V. Other short-term Creditors	0670	4.569	5.059
VI. Accruals	0680	274	0
E) CURRENT LIABILITIES	0690	**29.622**	**38.464**
F) PROVISIONS FOR SHORT-TERM CHARGES AND LIABILITIES	0695	**27**	**13**
TOTAL LIABILITIES AND STOCKHOLDERS´ EQUITY (A+B+C+D+E+F)	0700	**274.996**	**268.174**