QUARTELY ADVANCE OF RESULTS CORRESPONDING TO:

QUARTER: **FIRST** YEAR: **2004**

1-) GENERAL INFORMATION

COMPANY NAME

VISCOFAN SA,

MAIN OFFICE:

C/ITURRAMA 23, ENTREPLANTA 31007 PAMPLONA NAVARRA

NIF : A-31/06550-1

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

D. JUAN IGNACIO VILLEGAS DIAZ (CHIEF EXECUTIVE OFFICER)

2-)QUATERLY BALANCE OF RESULTS

Thousand Euros

	INDIVIDUAL		CONSOLIDATED	
	PRESENT BUSINESS YEAR	PREVIOUS BUSINESS YEAR	PRESENT BUSINESS YEAR	PREVIOUS BUSINESS YEAR
NET TURNOVER	29.902	30.278	83.153	91.031
RESULT BEFORE TAX	5.591	6.419	6.536	6.853
RESULT AFTER TAX	4.752	6.227	4.551	5.476
Result attributable to Minority Interests			0	0
RESULT ATTRIBUTABLE TO THE PARENT COMPANY			4.551	5.476
SHARE CAPITAL	14.650	14.650		
AVERAGE NUMBER OF EMPLOYEES	572	614	2.856	3.005

3-) BUSINESS PERFORMANCE

1.- Introduction and Summary

The Viscofan Group presents quarterly results of 4.55 millions of euros, in a climate of fierce competition and unfavourable exchange rates. These results show the Group's ability to compensate for most of the negative effects of both factors with an increase in volumes.

2.- Analysis of Results

In the area of casings, there was moderate growth in volume (higher in collagen) during the quarter, and irregular behaviour of prices (in local currency) depending on products and geographical areas.

The Group's sales totalled €83.1 million, which is 8.7% less than the first quarter of 2003. This drop was due to the strong appreciation of the euro against the US dollar in both periods (15.9% in quarterly averages) and the sale of the tinned fruit business. A foreign exchange scenario like that of the first quarter of 2003 and with the same group perimeter would have resulted in a 2.7% up in total sales, with an estimated 3% growth in casings and a 1.5% growth in tinned products.

Given that the fall of the US dollar in 2003 intensified over the course of the year, it is likely that in the coming quarters the differences between quarterly exchange rate averages will be smaller than those of the same period last year.

Analysis of the Group's activities in the different geographical areas shows that the subsidiaries operating in the US dollar area were the ones that suffered most acutely from the effects of foreign exchange rates when converting their sales into euros. Nevertheless, the operations of the subsidiaries in Canada, the USA and South America showed a very positive evolution, with continued growth and improved profitability. The subsidiaries operating in Europe suffered from the effect of foreign exchange rates on their exports in US dollars.

The Group's EBITDA margin improved, going from 18% in the first quarter of 2003 to 18.2% in the first quarter of 2004. In absolute terms, the EBITDA dropped by 7.8% (a drop which was not as sharp as the drop in sales). In a foreign exchange scenario similar to that of the first quarter of 2003, the Group's EBITDA would have been 11.1% higher that the same period last year.

The 43% improvement in the financial results was due to the reduction in net financial expenses (-23%) as well as the positive results generated by differences in foreign exchange rates (some 80.000 euros).

The IAN group saw a drop in its sales earnings due to the transfer of the tinned fruit business. The profitability of its activities has yet to reflect the effects of the restructuring implemented in 2003.

The Group's ordinary profits were 4.6% higher than the first quarter of 2003. Nevertheless, due to the lower contribution of extraordinary earnings and the high tax rate of the quarter (30%, due to the favourable effect of the financial provisions of the parent company), net profit was €4.55 million, which is 16.9% lower than the same period in 2003. It is likely that the effective tax rate will tend to decrease throughout the business year.

3.- Balance Sheet

As a result of investments made during the period (which tended to be concentrated on the first part of the year) and payment of dividends (gross €0.078 per share on 29 January 2004), net debt rose by €4 million in the last quarter, totalling €82.85 million. In the last 12 months, net debt was reduced by €20 million.

The financial leverage was 34%, which is slightly higher than the fourth quarter of 2003. Net working capital grew by 4%, thanks to the corresponding growth in the casings business.

4.- Investments

The Group continued in its plans to make the productive structure more flexible in order to adjust it to the distribution of income according to foreign exchange. The planned timeline for the implementation of the new production units remains in force (Mexico in the middle of the business year and Brazil in the fourth quarter of 2004).

5.- Facts Subsequent to the End of the Period

The Board of Directors approved the change to the legal status of the Group's operations in Costa Rica, from a representation and sales office to a commercial subsidiary (Viscofan Centro América Comercial). It is hoped that this will encourage growth and development of the business in that area.

4-)DISTRIBUTION OF DIVIDENDS DURING THE PERIOD

	% Par Value	euros per Share	Amount Thousand Euros
1. ORDINARY SHARES	26	0.078	3.773
2. PREFERENCE SHARES	0	0	0
3.NON-VOTING SHARES	0	0	0

In January 29th, a dividend of 0,078 euros per share was paid, against 2003 profits.

5-) KEY EVENTS

		YES	NO
1. Acquisitions or transmissions of investments in the capital of companis quotes on the stock-exchange determine the obligation of communication dealt with art. 53 of the LMV.	3200		X
2.Acquisition of treasury stock determine the obligation of communication according to 1st additional provision of the L.S.A.	3210		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...)	3220		X
4. Increases or reductions of capital stock or of security value.	3230		X
5. Emissions, reimbursements or cancellations of debet securities.	3240		X
6. Changes of Administrators or of the Administration Council	3250		X
7. Modification to the carters (statutes)	3260		X
8. Transformations, fusions or brek-ups.	3270		X
9. Changes in the institutional regulation of the sector with signifi-cant incidence with regards the economic or financial situation.	3280		X
10. Lawsuits, litgations or contentiouses which may significantly affect the hereditary situation of the Association or the Group	3290		X
11.Competitive situatins, temporary recieverships.	3310		X
12. Special limitation agreements, cession or reliquisment, total or patial, of the political and economic rights of the shares.	3320		X
13. Strategic agreements with national or international groups (interchange of share packets, etc.)	3330		X
14. Other key events	3340	X	

On 10 March 2004, the investment portfolio management company Nmas1 informed Spain's National Securities Market Commission (*Comisión Nacional del Mercado de Valores* – CNMV) that the company QMC had reached a level of shareholder participation in Viscofan SA of 2,450,637 shares – equivalent to 5.018% of total share capital.