BIANNUAL BALANCE OF RESULT CORRESPONDING TO:

SEMESTER: FIRST **YEAR:** 2005

I-GENERAL INFORMATION

COMPANY NAME

VISCOFAN SA,

MAIN OFFICE

C/ITURRAMA 23, ENTREPLANTA 31007 PAMPLONA NAVARRA

NIF:A-3106550-1

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 2005	PREVIOUS 2004	PRESENT 2005	PREVIOUS 2004
ACTIVITY				
Artificial casing	51.352	55.560	140.351	139.354
Vegetable	0	0	35.526	33.951
Energy	1.176	1.026	1.176	1.026
Other	2.182	7.220	-227	29
TOTAL	**54.710**	**63.806**	**176.826**	**174.360**

III- AVERAGE NUMBER OF EMPLOYEES IN THIS PERIOD

	INDIVIDUAL		CONSOLIDATED	
	PRESENT	PREVIOUS	PRESENT	PREVIOUS
AVERAGE NUMBER OF EMPLOYEES	**570**	**569**	**2.993**	**2.880**

IV- BUSINESS PERFORMANCE

Summary:

The results of the second quarter show a significant improvement compared to the same period in 2004. The tendency towards increased turnover and profits has been confirmed, despite the expenses due to overlap in the rationalisation projects and transfer of production capacity that is currently underway.

During second quarter sales of artificial casing continue to grow in physical numbers although the deterioration in the dollar exchange rate with respect to the Euro (the latter has appreciated 4.6% in this quarter, compared to the Dollar) continues to push profits down. At the end of this quarter we can appreciate an improvement in the dollar exchange rate.

The preserves division has behaved well in its traditional lines of business during second quarter. The launch of the line of refrigerated food products continues its progress, but still suffers from the publicity costs associated with its launch, which are still not generating the full potential sales volume of this part of the business.

The principle indicators for the Viscofan Group corresponding to the first half of 2005 are:

- Accumulated sales in June reached 176.83 million Euros, 1.4% greater than in the same period in 2004. During the second quarter, the increase was 4.4%.
- During this quarter, the EBITDA has grown by 9.4% compared to the second quarter of 2004, but has not managed to compensate the drop in the first quarter, and the accumulated figure is 9.7% lower.
- The accumulated financial results have improved by 89% during this quarter, and 76% in the accumulated half-year results.
- The net profits for this quarter are 8.27 million Euros, an improvement of 21.5% compared to the same period last year.
- The accumulated profit is 9.35 million, lower than the accumulated profit for the first half of 2004, due to the poor results of the first quarter of this year.
- The net debt has been reduced during the last quarter by 0.5 million Euros, and was 80.84 million Euros at the end of this period.

The consolidated results for 2005 are presented according to international accounting standards (NIIF). The comparative data shown for last year is also presented according to the same criteria, to guarantee that the figures for the two years can be properly compared.

Comments on this year's trading.

During the second quarter of this year, the trend to increased demand that we commented on when presenting the results for the first quarter has continued, and this can be seen in the results for the second quarter.

The cost of certain basic raw materials, such as caustic soda and cellulose, are still high, and the Group is attempting to resolve this difficulty by seeking alternative materials and suppliers.

The perspectives for the rest of the year are for continued improvement in our results, although we shall not see the full benefits of the restructuring that has been undertaken until this is complete. The level of demand seems likely to allow sales to continue to grow in the main families of casing products.

We hope that this improvement will be further stimulated by the increased strength of the dollar that was especially apparent in June. Although this has had scant effect on the results for this quarter, it should, if it is maintained, help to achieve a more noticeable improvement in the results for the second half of the year compared with last year.

In consequence, we maintain the Group's objective for this year at the level presented as the base scenario for the whole of 2005.

The parent company has successfully presented a public offer for the acquisition of all of the shares that constitute the capital of Koteksprodukt A.D., a Serbian company dedicated to the production of big calibre collagen for the markets in the East-European countries. The acceptance during the period of the public offer was 94.58% of the capital, and as this report is issued, purchases from the remaining minority shareholders has increased our participation to 95.91%, although our intention is to buy up 100% of the shares if possible.

The company capital is to be increased in order to improve processes and production machinery and increase the production capacity.

The company has also proceeded to amortise 0.8% of the capital held in its own shares at the time of the last General Shareholders' Meeting.

V-DISTRIBUTION OF DIVIDENDS DURING THE PERIOD

	% per Value	Euro per share	Amount Thousands of Euro
1. ORDINARY SHARES	26%	0.078	3.762
2. PREFERENCE SHARES			
3. NON-VOTING SHARES			

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

In January 29th 2005 a dividend of 0,078 Euro per share was paid, against 2004 profits.
In July 5th a refund of the issue premium of 0,102 euros per share was paid. During this month we paid 0,005 euros per share for the attendance to the Shareholders General Meeting.

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 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,- Between the time of the last report and the 26th of January 2005, acquisition of the company's own shares reached 1%. The final total of own shares held on the same date was 0.23%. This data was communicated to the CNMV (Spanish Stock-exchange Commission) on the 31st of January 2005.

4,- On the 27thth of June 2005, in the Viscofan SA General Meeting, a reduction of capital of 116,031.90 Euros was approved to amortise 386.773 of the company's own shares held by the company. This operation will be carried out in August.

VII. VISCOFAN GROUP CONSOLIDATED PROFIT AND LOSS

January to June

(Thousands of Euros)

		CURRENT		PREVIOUS	
		Amount	%	Amount	%
		2005		**2004**	
Net Turnover +	**4500**	176.826	100%	174.360	100%
Other Operating Income +	**4510**	1.138	0.64%	822	0.47%
Variation in stocks of Finished Products and Work-in-Progress +/-	**4520**	2.253	1.27%	1.200	0.69%
Net purchases -	**4530**	-58.712	-33.20%	-54.384	-31.19%
Personnel expenses -	**4540**	-50.032	-28.29%	-49.178	-28.20%
Depreciation-	**4550**	-15.223	-8.61%	-14.879	-8.53%
Other Expenses-	**4560**	-44.601	-25.22%	-43.063	-24.70%
OPERATING RESULT =	**4570**	**11.649**	**6.59%**	**14.878**	**8.53%**
Financial Income +	**4580**	338	0.19%	394	0.23%
Financial Expenses -	**4590**	-1.835	-1.04%	-2.564	-1.47%
Net Exchange Rate Differences +/-	**4600**	1.575	0.89%	175	0.10%
Result due to variation of the financial instruments at fair value (net) +/-	**4610**	-664	-0.38%	-451	-0.26%
CONTINUOUS OPERATING RESULT BEFORE TAXES=	**4680**	**11.063**	**6.26%**	**12.432**	**7.13%**
Earning tax -	**4690**	-1.714	-0.97%	-764	-0.44%
CONSOLIDATED RESULT =	**4700**	**9.349**	**5.29%**	**11.668**	**6.69%**
Result Attributable to Minority Interests +/-	**4730**	0	0	0	0
RESULT ATTRIBUTABLE TO THE PARENT COMPANY =	**4740**	**9.349**	**5.29%**	**11.668**	**6.69%**

VIII. VISCOFAN GROUP CONSOLIDATED BALANCE SHEET

(Expressed in thousands of Euro)
January to June
ASSETS

		Year 2005 CURRENT YEAR	Year 2004 PREVIOUS YEAR
I. Tangible Assets	**4000**	226.935	218.373
II. Investments in buildings	**4010**	0	0
III. Goodwill	**4020**	0	0
IV. Other Intangible assets	4030	3.051	3.993
V. Non-current Financial Assets	4040	5.047	10.396
VI. Investment in Associates accounted for using the equity method	**4050**	2.301	0
VIII. Deferred tax assets	**4070**	10.162	13.251
IX. Other non-current assets.	**4080**	0	0
A) NON CURRENT ASSETS	**4090**	**247.496**	**246.013**
II. Stocks	**4110**	106.057	100.486
III. Commercial Debts and other receivables	**4120**	92.371	89.968
IV. Other financial current assets	**4140**	42	42
VI. Other current assets	**4160**	0	0
VII. Cash and cash equivalents	**4170**	7.100	5.841
B) CURRENT ASSETS	**4195**	**205.570**	**196.337**
TOTAL ASSETS (A+B)	**4200**	**453.066**	**442.350**

TOTAL EQUITY AND LIABILITIES

		CURRENT YEAR	PREVIOUS YEAR
		Year 2005	Year 2004
I. Share Capital	4210	14.504	14.650
II. Other Reserves	4220	68.061	72.987
III. Retained earnings	4230	148.466	170.856
V. Own shares	4240	-3.056	-3.023
VI. Exchange Rate Differences	4250	-304	-6.565
EQUITY	4280	**257.671**	**248.905**
X. Minority interest	4290	0	0
A) NET EQUITY	4300	**257.671**	**248.905**
I. Bonds and Other Marketable Securities	4310	0	0
II. Loans	4320	38.746	41.394
III. Financial liabilities	4330	5.584	5.143
IV. Deferred income tax liabilities	4340	8.004	7.778
V. Provisions	4350	29.233	26.921
VI. Other non-current liabilities	4360	0	0
F) NON-CURRENT LIABILITIES	4370	**81.567**	**81.236**
I. Bonds and Other Marketable Securities	4380	0	0
II. Loans	4390	49.237	52.736
III. Trade Creditors	4400	49.580	48.285
IV. Other financial liabilities	4410	0	0
V. Provisions	4420	15.011	11.188
VI. Income tax for current liabilities	4430	0	0
VII. Other current liabilities	4440	0	0
C) CURRENT LIABILITIES	4470	**113.828**	**112.209**
TOTAL EQUITY AND LIABILITIES (A+B+C)	4480	**453.066**	**442.350**

VIII. VISCOFAN GROUP CONSOLIDATED BALANCE SHEET

(Expressed in thousands of Euro)

ASSETS		Year 2005 OPENING CURRENT YEAR (NIIF)	Year 2004 CLOSING YEAR
I. Start-Up Costs	5000		2
II. Tangible Assets	5010	220.066	218.600
III. Investments in buildings	5020	0	
IV. Goodwill	5030	0	0
V. Other Intangible assets	5040	3.476	3.521
VI. Non-current Financial Assets	5050	21.551	20.009
VII. Long-Term Shares of the Parent Company	5060		0
VIII. Other non-current assets	5070	0	0
A) NON CURRENT ASSETS / LONG TERM ASSETS	**5080**	**245.093**	**242.132**
B) DEFERRED EXPENSES	**5090**		**171**
I. Stocks	5100	105.157	105.811
II. commercial debts and other receivables	5110	77.829	76.626
III. Other financial current assets	5120	42	42
IV. Short terms shares of the Parent Company	5130		250
V. Other current assets	5140	0	0
VI. Cash and cash equivalents	5150	10.380	10.380
B) CURRENT ASSETS/ WORKING ASSETS	**5175**	**193.408**	**193.109**
TOTAL ASSETS (A+B+C)	**5180**	**438.501**	**435.412**

TOTAL EQUITY AND LIABILITIES

		OPENING CURRENT YEAR (NIIF)	CLOSING YEAR
		Year 2005	Year 2004
I. Share Capital	5190	14.504	14.504
II. Reserves	5200	233.164	213.348
Adjustment for IFRS	5210	-476	
IV. Own shares	5220	-250	0
V. Value adjustments	5230	0	
VI. Result of the year attributable to parent company	5240		21.943
VII. Interim Dividends	5250	0	0
A) EQUITY	5260	**247.418**	**249.795**
B) Minority interest	5270	**0**	**0**
NET EQUITY IFRS APPLICATION (A+B)	**5280**	**247.418**	
C) ADVERSE CONSOLIDATION BALANCE	5290		0
D) DEFERRED INCOME	5300	**3.205**	**3.494**
I. Bonds and Other Marketable Securities	**5310**	0	0
II. Loans	**5320**	40.667	39.692
III. Provisions	**5330**	28.564	24.257
VI. Other non-current liabilities	**5340**	12.888	12.429
E) NON-CURRENT LIABILITIES/ LONG TERM DEBT	**5350**	**82.119**	**76.378**
I. Bonds and Other Marketable Securities	**5360**	0	0
II. Loans	**5370**	46.653	46.592
III. Trade Creditors	**5380**	47.678	47.754
IV. Provisions	**5390**	11.428	11.399
V. Other current liabilities	**5400**	0	0
F) CURRENT LIABILITIES/ SHORT TERM LIABILITIES	**5425**	**105.759**	**105.745**
TOTAL EQUITY AND LIABILITIES (A+B+C+D+E+F)	**5430**	**438.501**	**435.412**

VII. VISCOFAN S.A. PROFIT AND LOSS ACCOUNT

(Thousands of Euros)
January to June

		CURRENT		PREVIOUS	
		Amount	%	Amount	%
		2005		2004	
Net Turnover +	0800	54.710	100.00%	63.806	100.00%
Other Operating Income +	0810	419	0.77%	220	0.34%
Variation in stocks of Finished Products and Work-in-Progress +/-	0820	963	1.76%	-1.626	-2.55%
TOTAL PRODUCTION VALUE =	0830	**56.092**	**102.53%**	**62.400**	**97.80%**
Net purchases -	0840	-25.691	-46.96%	-27.978	-43.85%
Variation in Stocks of Stock in Trade, Raw Materials and Other Consumables +/-	0850	-220	-0.40%	-1.149	-1.80%
Consumptions From Other Companies and Other Operating Charges -	0860	-9.744	-17.81%	-9.917	-15.54%
ADJUSTED ADDED VALUE =	0870	**20.437**	**37.36%**	**23.356**	**36.60%**
Other Expenses and Income +/-	0880	0	0.00%	0	0.00%
Personnel expenses -	0890	-12.846	-23.48%	-12.503	-19.60%
GROSS OPERATING RESULT =	0900	**7.591**	**13.87%**	**10.853**	**17.01%**
Depreciation of Fixed Assets and Amortisation of Intangible Assets -	0910	-5.264	-9.62%	-5.883	-9.22%
Provisioning to Reversion Fund -	0915	0	0.00%	0	0.00%
Changes in Trade Provisions -	0920	-893	-1.63%	-827	-1.30%
NET OPERATING RESULT =	0930	**1.434**	**2.62%**	**4.143**	**6.49%**
Financial Income +	0940	1.582	2.89%	1.408	2.21%
Financial Expenses -	0950	-570	-1.04%	-642	-1.01%
Capitalized Exchange Rate Differences and Interests +	0960	553	1.01%	796	1.25%
Funds for Depreciation and Financial Forecast -	0970	-558	-1.02%	-755	-1.18%
ORDINARY ACTIVITIES RESULT =	1020	**2.441**	**4.46%**	**4.950**	**7.76%**
Results on Intangible, Tangible and Investments assets +/-	1021	2	0.00%	30	0.05%
Changes in Intangible, Tangible and Investments assets Provisions -	1023	16.745	30.61%	1.953	3.06%
Results on operations with Parent Company shares +/-	1025	0	0.00%	0	0.00%
Previous year results +/-	1026	0	0.00%	0	0.00%
Other extraordinary results +/-	1030	78	0.14%	83	0.13%
RESULT BEFORE TAXES =	1040	**19.266**	**35.21%**	**7.016**	**11.00%**
Income Tax +/-	1042	-3.470	-6.34%	-561	-0.88%
FINAL RESULT =	1044	**15.796**	**28.87%**	**6.455**	**10.12%**

VIII. VISCOFAN S.A. BALANCE SHEET

(Expressed in thousands of Euro)

January to June

ASSETS

		Year 2005 CURRENT YEAR	Year 2004 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**	1.569	1.871
II.1 Rights over leased assets	***0221***	*0*	*0*
II.2 Other Intangible assets	***0222***	*1.569*	*1.871*
III. Tangible Assets	**0230**	47.716	52.547
IV. Investments	**0240**	177.815	169.918
V. Long-term Shares of the Parent Company	**0250**	0	0
VI. Long-term Trade Debtors	**0255**	0	0
B) FIXED ASSETS	**0260**	**227.100**	**224.336**
C) DEFERRED EXPENSES	**0280**	**0**	**0**
I. Subscribed Capital called but not paid	**0290**	0	0
II. Stocks	**0300**	14.087	12.925
III. Debtors	**0310**	33.192	37.947
IV. Short-term Investments	**0320**	12	12
V. Short-term Own Shares	**0330**	3.056	3.023
VI. Cash in Hand and Banks	**0340**	127	160
VII. Prepayments	**0350**	631	563
D) CURRENT ASSETS	**0360**	**51.105**	**54.630**
TOTAL ASSETS (A+B+C+D)	**0370**	**278.205**	**278.966**

LIABILITIES AND STOCKHOLDERS´ EQUITY

January to June		CURRENT YEAR 2004	PREVIOUS YEAR 2003
I. Share Capital	0500	14,504	14.650
II. Reserves	0510	190.205	193.325
III. Previous year profit	0520	0	0
IV. Profit for the year	0530	15.796	6.455
V. Interim Dividends	0550	0	0
A) SHAREHOLDERS´ EQUITY	0560	**220.505**	**214.430**
B) DEFERRED INCOME	0590	**158**	**228**
C) PROVISIONS FOR CHARGES AND LIABILITIES	0600	**0**	**0**
I. Bonds and Other Marketable Securities	0610	0	0
II. Loans	0615	16.431	25.299
III. long-term Trade Creditors	0625	0	0
IV. Other long-term Creditors	0630	5.116	4.765
D) LONG-TERM DEBT	0640	**21.547**	**30.064**
I. Bonds and Other Marketable Securities	0650	0	0
II. Loans	0655	16.003	11.072
III. Group companies	0660	6.013	9.083
IV. Trade creditors	0665	8.063	7.796
V. Other short-term Creditors	0670	4.818	5.388
VI. Accruals	0680	124	-44
E) CURRENT LIABILITIES	0690	**35.021**	**33.295**
F) PROVISIONS FOR SHORT-TERM CHARGES AND LIABILITIES	0695	**974**	**949**
TOTAL LIABILITIES AND STOCKHOLDERS´ EQUITY (A+B+C+D+E+F)	0700	**278.205**	**278.966**