BIANNUAL BALANCE OF RESULT CORRESPONDING TO:

SEMESTER: SECOND **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	103.162	105.577	297.314	276.821
Vegetable	0	0	75.049	70.263
Energy	2.625	2.058	2.625	2.058
Other	3.762	8.222	-296	76
TOTAL	**109.549**	**115.857**	**374.692**	**349.218**

III- AVERAGE NUMBER OF EMPLOYEES IN THIS PERIOD

	INDIVIDUAL		CONSOLIDATED	
	PRESENT	PREVIOUS	PRESENT	PREVIOUS
AVERAGE NUMBER OF EMPLOYEES	**568**	**576**	**3.346**	**2.921**

IV- BUSINESS PERFORMANCE

The results for financial year 2005 showed improvements on the initial budget presented at the beginning of the year in sales and net results and showed a recovery from the bad first quarter. This improvement was achieved in spite of the costs incurred in acquisition new businesses and the subsequent restructuring operations which are now in progress.

These results which have gradually improved over the financial year have been helped by higher demand for the group's main products in the second half of the year. On the down side, the large increases in energy prices especially in the second half of the year have had a negative impact on results.

The following comparisons are made with the results for 2004. These results have been adapted to the IFRS (International Financial Reporting Standards), in accordance with current legislation, so as to enable us to compare the two sets of figures on a level basis.

Group sales for the year came to 374.69 million euros, up 7.3% on the figure for 2004. Sales of meat casings rose by 7.42% and sales of preserved foods were up by 6.81%.

The EBITDA came to 57.41 million euros, a rise of 25.5% compared to 2004. The margin on casings rose to 27.6% and on preserved foods to 2.6%.

As a percentage of the sales figure, the EBITDA margin was 15.32% (13.10% in 2004).

The net financial result was –2.34 million euros. In 2004 this figure was –4.23 million.

The pre-tax profit was 24.4 million euros, 95.2% more than in 2004. This was due especially to the improvement made in the second half of the year.

The after-tax profit came to 19.7 million euros, up 42.7% on 2004. We should reiterate that these comparisons with the 2004 results are being made after these results had been adapted to the IFRS standards so as to ensure a level basis for comparison.

The net debt increased over the financial year by 1.2 million euros to 78.1 million, and the financial leverage figure was 31 % at the year-end close.

2005 has been a year of consolidation for the artificial casings sector, the company's core business, and Viscofan has played an important role in this process.

In the first half of the year, Viscofan bought out the business of the Swedish company Tripasin, which ceased production in the last quarter of the year. The purchase of this company included the machinery, which was transferred to Serbia, the client portfolio and the industrial property.

In the second half of the year the company launched a public takeover bid for 100% of the share capital of the Serbian company Koteksprodukt A.D, which cost 3.9 million euros.

Finally, at the end of the year an agreement was reached for the purchase of the business of Teepak Norteamérica, which has sales of 112 million dollars and plants in the United States and Mexico.

The price paid for the share capital of this company was 3.9 million dollars and liabilities of 73 million dollars were taken on.

The effective date of the Teepak deal and the control of Teepak is the 3rd January 2006, which means that it does not appear in the balance sheet we are presenting now, except in the part that refers to the finance prepared for the purchase.

These purchases are part of the strategic approach announced publicly in the past by Viscofan to improve the group's financial situation so as to be able to consider any consolidation opportunities that arise in our key business and take advantage of those that appear attractive.

At year-end the group's position has clearly strengthened as it has acquired:

- A low-cost production base in Serbia, on which it can build.
- Manufacturing assets in the dollar area which make Viscofan less vulnerable to future changes in exchange rates and allow it to benefit from the regionalisation of production and markets and the savings this brings.
- A technology and a market for fibrous casings, which makes Viscofan not only the leading producer of artificial casings but also the only producer of all kinds of artificial casings.

The prospects for 2006, from the point of view of the market, are for a gradual improvement in the competitive environment. Internally, it will be a year of rationalisation and consolidation in which we aim to make the units acquired efficient and carry out the restructuring operations that are required.

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. SHARES IN THE COMPANY HELD BY THE COMPANY
On 26th January 2005 a figure of 1% was reached for the purchase of the Company's own shares since the last announcement was made on this matter. The CNMV (Spanish Stock Exchange Commission) was informed.

4. INCREASES OR REDUCTIONS IN SHARE CAPITAL
On 27th June 2005 the General Shareholders Meeting of Viscofan SA agreed and approved a reduction in share capital of 116,031.90 euros by amortisation of 386,773 shares owned by the company itself. This reduction was carried out and registered at the Company Register of Navarra on 29th September 2005.

7. MODIFICATION OF ARTICLES OF ASSOCIATION

Modification of Article 5 of the Articles of Association to modify the figure for the share capital of the company as a result of the reduction by amortisation of shares owned by the company itself. The total share capital after said reduction is 14,387,941.80 euros (fourteen million three hundred and eighty-seven thousand nine hundred and forty-one euros eighty cents) represented by 47,959,806 shares (forty-seven million nine hundred and fifty-nine thousand eight hundred and six shares) each with a face value of 0.30 euros (30 cents).

This modification was registered with the Company Register of Navarra on 29th September 2005 and the CNMV was informed on 27th June 2005.

14. OTHER SIGNIFICANT EVENTS.

1. Last June, Viscofan SA presented a public bid for 100% of the share capital of the Serbian company Koteksprodukt AD based in Novi Sad, subject to the approval of at least 67% of its share capital (the CNMV was informed of this "relevant event" on 10th June 2005). The public bid presented by Viscofan for all the share capital of the Serbian company Koteksprodukt AD was successful and Viscofan currently owns 100% of the share capital.

2. In April 2005, Viscofan reached an agreement with the majority shareholders of the company Tripasin for the purchase of its artificial casings business as announced in a public letter to the CNMV on 14th April 2005.

3. On 5th July 2005 a payment of 0.102 euros per share was made as a share issue premium.

4. In December 2005, Viscofan reached an agreement to acquire the business of Teepak Norteamérica, which has sales of 112 million dollars, plants in the USA and Mexico and fibrous casings technology, this agreement has realized in 2006 as announced in a letter to the CNMV on 2nd January 2006.

VII. VISCOFAN GROUP CONSOLIDATED PROFIT AND LOSS

(Thousands of Euros)

		CURRENT		PREVIOUS	
		Amount	%	Amount	%
		2005		**2004**	
Net Turnover +	**4500**	374,692	100%	349,218	100%
Other Operating Income +	**4510**	4,281	1.14%	1,253	0.36%
Variation in stocks of Finished Products and Work-in-Progress +/-	**4520**	4,900	1.31%	-4,376	-1.25%
Net purchases -	**4530**	-131,132	-35.00%	-112,200	-32.13%
Personnel expenses -	**4540**	-104,703	-27.94%	-104,225	-29.85%
Depreciation-	**4550**	-30,703	-8.19%	-29,036	-8.31%
Other Expenses-	**4560**	-90,629	-24.19%	-83,920	-24.03%
OPERATING RESULT =	**4570**	**26.706**	**7.13%**	**16.714**	**4.79%**
Financial Income +	**4580**	1.077	0.29%	812	0.23%
Financial Expenses -	**4590**	-4.883	-1.30%	-4.677	-1.34%
Net Exchange Rate Differences +/-	**4600**	1.817	0.48%	-91	-0.03%
Result due to variation of the financial instruments at fair value (net) +/-	**4610**	-346	-0.09%	-273	-0.08%
CONTINUOUS OPERATING RESULT BEFORE TAXES=	**4680**	**24.371**	**6.50%**	**12.485**	**3.58%**
Earning tax -	**4690**	-4,676	-1.25%	1,315	0.38%
CONSOLIDATED RESULT =	**4700**	**19.695**	**5.26%**	**13.800**	**3.95%**
Result Attributable to Minority Interests +/-	**4730**	0	0	0	0
RESULT ATTRIBUTABLE TO THE PARENT COMPANY =	**4740**	**19.695**	**5.26%**	**13.800**	**3.95%**

VIII. VISCOFAN GROUP CONSOLIDATED BALANCE SHEET

(Expressed in thousands of Euro)

ASSETS		Year 2005 CURRENT YEAR	Year 2004 PREVIOUS YEAR
I. Tangible Assets	**4000**	237,239	217,161
II. Investments in buildings	**4010**	0	0
III. Goodwill	**4020**	2,301	0
IV. Other Intangible assets	4030	6,748	2,909
V. Non-current Financial Assets	4040	1,533	2,406
VI. Investment in Associates accounted for using the equity method	**4050**	0	5,348
VIII. Deferred tax assets	**4070**	8,211	13,316
IX. Other non-current assets.	**4080**	0	0
A) NON CURRENT ASSETS	**4090**	**256,032**	**241,140**
II. Stocks	**4110**	112,959	105,157
III. Commercial Debts and other receivables	**4120**	83,218	77,829
IV. Other financial current assets	**4140**	41,787	42
VI. Other current assets	**4160**	0	0
VII. Cash and cash equivalents	**4170**	13,906	10,380
B) CURRENT ASSETS	**4195**	**251,870**	**193,408**
TOTAL ASSETS (A+B)	**4200**	**507,902**	**434,548**

TOTAL EQUITY AND LIABILITIES

		CURRENT YEAR	PREVIOUS YEAR
		Year 2005	Year 2004
I. Share Capital	4210	14,388	14,504
II. Other Reserves	4220	57,936	62,828
III. Retained earnings	4230	184,463	171,344
V. Own shares	4240	-706	-250
VI. Exchange Rate Differences	4250	-4,310	-13,522
EQUITY	4280	**251,771**	**234,904**
X. Minority interest	4290	0	0
A) NET EQUITY	4300	**251,771**	**234,904**
I. Bonds and Other Marketable Securities	4310	0	0
II. Loans	4320	80,301	40,667
III. Financial liabilities	4330	4,675	4,329
IV. Deferred income tax liabilities	4340	18,346	20,326
V. Provisions	4350	31,654	28,564
VI. Other non-current liabilities	4360	0	0
F) NON-CURRENT LIABILITIES	4370	**134,976**	**93,886**
I. Bonds and Other Marketable Securities	4380	0	0
II. Loans	4390	53,472	46,653
III. Trade Creditors	4400	58,581	47,678
IV. Other financial liabilities	4410	0	0
V. Provisions	4420	9,102	11,427
VI. Income tax for current liabilities	4430	0	0
VII. Other current liabilities	4440	0	0
C) CURRENT LIABILITIES	4470	**121,155**	**105,758**
TOTAL EQUITY AND LIABILITIES (A+B+C)	4480	**207,902**	**434,548**

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.,209	3,521
VI. Non-current Financial Assets	5050	21,070	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	**244,345**	**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	**437,753**	**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	220,650	213,348
Adjustment for IFRS	5210	*-5,827*	
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	**234,904**	**249,795**
B) Minority interest	5270	**0**	**0**
NET EQUITY IFRS APPLICATION (A+B)	**5280**	**234,904**	
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**	24,655	12,429
E) NON-CURRENT LIABILITIES/ LONG TERM DEBT	**5350**	**93,886**	**76,378**
I. Bonds and Other Marketable Securities	**5360**	0	0
II. Loans	**5370**	46,653	46,592
III. Trade Creditors	**5380**	47,677	47,754
IV. Provisions	**5390**	11,428	11,399
V. Other current liabilities	**5400**	0	0
F) CURRENT LIABILITIES/ SHORT TERM LIABILITIES	**5425**	**105,758**	**105,745**
TOTAL EQUITY AND LIABILITIES (A+B+C+D+E+F)	**5430**	**537,753**	**435,412**

VII. VISCOFAN S.A. PROFIT AND LOSS ACCOUNT

(Thousands of Euros)

		CURRENT		PREVIOUS	
		Amount	%	Amount	%
		2005		2004	
Net Turnover +	0800	109.549	100.00%	115.857	100.00%
Other Operating Income +	0810	535	0.49%	412	0.36%
Variation in stocks of Finished Products and Work-in-Progress +/-	0820	347	0.32%	-1.864	-1.61%
TOTAL PRODUCTION VALUE =	0830	**110.431**	**100.81%**	**114.405**	**98.75%**
Net purchases -	0840	-51.422	-46.94%	-51.080	-44.09%
Variation in Stocks of Stock in Trade, Raw Materials and Other Consumables +/-	0850	152	0.14%	-1.106	-0.95%
Consumptions From Other Companies and Other Operating Charges -	0860	-19.554	-17.85%	-19.183	-16.56%
ADJUSTED ADDED VALUE =	0870	**39.607**	**36.15%**	**43.036**	**37.15%**
Other Expenses and Income +/-	0880	0	0.00%	0	0.00%
Personnel expenses -	0890	-26.421	-24.12%	-25.140	-21.70%
GROSS OPERATING RESULT =	0900	**13.186**	**12.04%**	**17.896**	**15.45%**
Depreciation of Fixed Assets and Amortisation of Intangible Assets -	0910	-10.245	-9.35%	-11.448	-9.88%
Provisioning to Reversion Fund -	0915	0	0.00%	0	0.00%
Changes in Trade Provisions -	0920	52	0.05%	732	0.63%
NET OPERATING RESULT =	0930	**2.993**	**2.73%**	**7.180**	**6.20%**
Financial Income +	0940	4.868	4.44%	7.137	6.16%
Financial Expenses -	0950	-1.092	-1.00%	-1.171	-1.01%
Capitalized Exchange Rate Differences and Interests +	0960	1.138	1.04%	1.355	1.17%
Funds for Depreciation and Financial Forecast -	0970	-1.283	-1.17%	-1.601	-1.38%
ORDINARY ACTIVITIES RESULT =	1020	**6.624**	**6.05%**	**12.900**	**11.13%**
Results on Intangible, Tangible and Investments assets +/-	1021	-765	-0.70%	14	0.01%
Changes in Intangible, Tangible and Investments assets Provisions -	1023	32.871	30.01%	-8.481	-7.32%
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	115	0.10%	150	0.13%
RESULT BEFORE TAXES =	1040	**38.845**	**35.46%**	**4.584**	**3.96%**
Income Tax +/-	1042	-4.536	-4.14%	3.868	3.34%
FINAL RESULT =	1044	**34.309**	**31.32%**	**8.451**	**7.29%**

VIII. VISCOFAN S.A. BALANCE SHEET

(Expressed in thousands of Euro)

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**	1,571	1,832
II.1 Rights over leased assets	***0221***	*0*	*0*
II.2 Other Intangible assets	***0222***	*1,571*	*1,832*
III. Tangible Assets	**0230**	45,950	50,176
IV. Investments	**0240**	202,142	164,190
V. Long-term Shares of the Parent Company	**0250**	0	0
VI. Long-term Trade Debtors	**0255**	0	0
B) FIXED ASSETS	**0260**	**249,664**	**216,197**
C) DEFERRED EXPENSES	**0280**	**0**	**0**
I. Subscribed Capital called but not paid	**0290**	0	0
II. Stocks	**0300**	14,267	13,218
III. Debtors	**0310**	31,295	33,694
IV. Short-term Investments	**0320**	12	12
V. Short-term Own Shares	**0330**	367	250
VI. Cash in Hand and Banks	**0340**	507	70
VII. Prepayments	**0350**	137	105
D) CURRENT ASSETS	**0360**	**46,585**	**47,349**
TOTAL ASSETS (A+B+C+D)	**0370**	**296,251**	**263,546**

LIABILITIES AND STOCKHOLDERS´ EQUITY		CURRENT YEAR	PREVIOUS YEAR
		2005	2004
I. Share Capital	0500	14,388	14,504
II. Reserves	0510	181,986	185,337
III. Previous year profit	0520	0	0
IV. Profit for the year	0530	34,309	8,451
V. Interim Dividends	0550	0	0
A) SHAREHOLDERS´ EQUITY	0560	**230,683**	**208,293**
B) DEFERRED INCOME	0590	**129**	**189**
C) PROVISIONS FOR CHARGES AND LIABILITIES	0600	**0**	**0**
I. Bonds and Other Marketable Securities	0610	0	0
II. Loans	0615	13,165	17,157
III. long-term Trade Creditors	0625	0	0
IV. Other long-term Creditors	0630	4,881	4,503
D) LONG-TERM DEBT	0640	**18,046**	**21,660**
I. Bonds and Other Marketable Securities	0650	0	0
II. Loans	0655	25,966	15,067
III. Group companies	0660	6,051	7,557
IV. Trade creditors	0665	7,744	7,166
V. Other short-term Creditors	0670	7,607	3,571
VI. Accruals	0680	0	0
E) CURRENT LIABILITIES	0690	**47,369**	**33,360**
F) PROVISIONS FOR SHORT-TERM CHARGES AND LIABILITIES	0695	**25**	**45**
TOTAL LIABILITIES AND STOCKHOLDERS´ EQUITY (A+B+C+D+E+F)	0700	**296,251**	**263,546**