QUARTELY ADVANCE OF RESULTS CORRESPONDING TO:

QUARTER: **THIRD** YEAR: **2006**

1-) GENERAL INFORMATION

COMPANY NAME

VISCOFAN SA,

MAIN OFFICE:

C/ITURRAMA 23, ENTREPLANTA 31007 PAMPLONA NAVARRA

NIF : A-31065501

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

D. JOSÉ ANTONIO CANALES GARCIA (CHIEF EXECUTIVE OFFICER)

2-)QUATERLY BALANCE OF RESULTS

Thousand Euros

	INDIVIDUAL		CONSOLIDATED (IAS ADOPTED)	
	PRESENT BUSINESS YEAR	PREVIOUS BUSINESS YEAR	PRESENT BUSINESS YEAR	PREVIOUS BUSINESS YEAR
NET TURNOVER	**96.321**	**80.586**	**370.084**	**274.449**
RESULT BEFORE TAX/ RESULT BEFORE TAX OF CONTINUOUS ACTIVITIES	**14.530**	**26.472**	**30.068**	**15.715**
RESULT OF CONTINUOUS ACTIVITIES			**21.197**	**12.760**
RESULT AFTER TAX	**13.604**	**22.638**	**21.097**	**12.760**
Result attributable to Minority Interests			**0**	**10**
RESULT ATTRIBUTABLE TO THE PARENT COMPANY			**21.197**	**12.770**

SHARE CAPITAL	**14.388**	**14.388**		

AVERAGE NUMBER OF EMPLOYEES	**577**	**567**	**4.453**	**3.029**

Main conclusions on results January-September 2006

- Maximum consolidated turnover in 9 months of over €370MM thanks to the good performance of demand, the improvements in prices, and the incorporation of assets from Teepak and Koteks.

- 50% increase in year-on-year accumulated EBITDA to €60.3MM, with an improvement in operating margins as a consequence, in casings, of greater scale and efficiency in production and certain recovery in prices.

- The EBIT was twice as high as the previous year at €36.0MM, as a consequence of the solid progress of the EBITDA and the maintenance of depreciation levels.

- The net accumulated profit came to €21.2MM (+66.0% vs. 9M05), surpassing in just nine months the net profit obtained for the whole 12 months of 2005.

- The results achieved in 9M06 by the Viscofan Group have widely surpassed the expectations published in 1H06 results, thanks to the ongoing improvement in the operating efficiency, solid demand performance, and a better integration of Teepak assets, which have increased its contribution to consolidated results and reduced the expected non recurrent cost due to reestructuration.

  Therefore, the Company has decided to upgrade the 2006 results forecasts, publishing new targets for 2006:

  - Expected Turnover is maintained in €495MM, in line with the last 2006 upgrade made in 1H06, and reflecting a 32% y-o-y growth.

  - Expected EBITDA is increased to €76MM, i.e. €6.5MM above the last 2006 upgrade made in 1H06, and reflecting a 32% y-o-y growth.

  - Expected EBIT is increased to €42MM, i.e. €6.6MM above the last 2006 upgrade made in 1H06, and reflecting a 57% y-o-y growth.

  - Expected Net Profit will surpass €28MM, i.e. €2,2MM above the last 2006 upgrade made in 1H06, and reflecting a 42% y-o-y growth.

  - Expected capex for 2006 is established in €30MM.

Changes to consolidation perimeter

- On 31st December 2005 the companies Teepak LLC (USA), Teepak Inc. (Canada) and Teepak Holding de México S. de R.L. de C.V. were acquired. They were added to the consolidation perimeter of the Viscofan Group under the global integration system with effects as of 1st January 2006.

Important events

- In July 2005 the company Koteksprodukt was added to the consolidation perimeter of the Viscofan Group using the global integration method; which means that year-on-year comparisons are affected among other things by the fact that Koteksprodukt only contributed to results for 2 months (over the same period) in 2005 while it contributed for all 9 months in 2006.

- In the first quarter of 2006 various agreements were reached with the Trades Unions at the plant in Danville in the United States, enabling the company among other things to reduce liabilities for post-retirement benefits, extend the collective agreement to March 2010 with an annual increase in the hourly cost of 0.25USD (lower than the annual inflation rate for 2006); and the possibility of reducing staff numbers by up to 25% in line with improvements in efficiency and productivity.

- In the first half of 2006 the process of transferring production of plastic casings from the Weinheim plant in Germany to the Ceske Budejovice in the Czech Republic and the Itú plant in Brazil was completed. The aim of this move was to improve efficiency in plastics production.

Results 3rd Quarter 2006 Consolidated Group

In thousand €

	Jan-Sep' 06	Jan-Sep' 05	% Change	Jun-Sep' 06	Jun-Sep' 05	% Change
Net Turnover	**370,084**	**274,449**	**34.8%**	**123,754**	**97,623**	**26.8%**
Other operating income	2,435	1,390	75.2%	782	252	210.3%
Variation in stocks of finished products and work-i	-4,358	3,374	-229.2%	-4,031	1,121	-459.6%
Net purchases	-112,770	-96,306	17.1%	-37,260	-37,594	-0.9%
Personnel expenses	-94,509	-76,216	24.0%	-34,528	-26,184	31.9%
Other operating expenses	-100,614	-66,519	51.3%	-31,541	-21,918	43.9%
EBITDA	**60,268**	**40,172**	**50.0%**	**17,176**	**13,300**	**29.1%**
Depreciation and amortisation	-24,315	-23,365	4.1%	-8,375	-8,142	2.9%
EBIT	**35,953**	**16,807**	**113.9%**	**8,801**	**5,158**	**70.6%**
Financial result	-5,885	-1,092	438.9%	-1,585	-506	213.2%
Profit before taxes	**30,068**	**15,715**	**91.3%**	**7,216**	**4,652**	**55.1%**
Income tax	-8,871	-2,955	200.2%	-1,292	-1,241	4.1%
Profit after taxes	**21,197**	**12,760**	**66.1%**	**5,924**	**3,411**	**73.7%**
Minority interests	0	-10	n.s.	0	-10	n.s.
Net profit	**21,197**	**12,770**	**66.0%**	**5,924**	**3,421**	**73.2%**

During the third quarter of 2006, the Viscofan Group has continued consolidating its position as the leader in the markets in which it operates, with solid growth performances as happened in previous quarters.

Thus, accumulated to September 2006, consolidated revenues were up 34.8% y-o-y to €370.1MM. In this quarter, in spite of lower commercial activity for seasonal reasons, a turnover of €123.8MM was achieved (+26.8% higher than the same period in 2005),

slightly lower than the turnover obtained in the second quarter of 2006 (€126.0MM), and slightly higher than that obtained in the first quarter of 2006 (€120.3MM).

As far as organic growth[1] is concerned, the Group continues to show double-figure growth rates (+12.9% 9M06 vs. 9M05), due to the positive performance of the casings business and, to a lesser extent, of the tinned foods business.

The consolidated EBITDA for the Viscofan Group was €17.2MM in 3Q06, (+29.1% higher than in 3Q05), and €60.3MM in accumulated terms (+50% higher than the previous year), with better margins being achieved in both casings and tinned foods.

The accumulated EBITDA as of September 2006 includes one-off positive results for a total of €9.7MM as follows:

- Reductions in personnel costs[2] of €13.9MM, as a result of the agreement reached in March 2006 to reduce commitments on post-retirement benefits for employees at the Danville plant in the United States.
- Increases in operating costs of €4.2MM as a result of the restructuring processes carried out in various Group companies, particularly in Teepak and Koteks to adapt the staff structure to the new dimensions of the company, together with other one-off costs arising from the transfer of fibrous and plastic pleating operations from the plant in North Kansas City (that had belonged to Teepak USA) to Montgomery (Viscofan USA).

Organic growth of the EBITDA[1] for 9M06 compared to the previous year was up +29.4%.

The greater scale of the Viscofan Group has enabled us to make new investments in production capacity, so reducing new depreciation associated with new assets. The Group's most significant investment was that made in bringing the production plants belonging to the companies acquired in 2005 and 2006 into line with Viscofan production standards.

In this way, depreciation levels have remained practically unchanged compared to the previous year at €24MM in consolidated Group results. The favourable performance of depreciation is even more significant if we consider that financial year 2006 included 9 months worth of depreciation on the assets obtained in the purchase of Teepak and Koteks.

The substantial improvements in the Group's accumulated EBITDA together with stable levels of depreciation have led to an extraordinary increase in the Group's EBIT which reached €36.0MM, more than double the amount obtained in 9M05.

Losses on financial results were €5.9MM, compared to €1.1MM of negative financial results in 9M05. This is a result firstly of increased debt produced by the acquisition of

[1] Organic growth views companies under the same consolidation perimeter and over the same time periods. In this way, to calculate the organic growth as of 9M06 we included the consolidated results for all the Viscofan companies, except for Teepak and the contribution made by Koteks from January to July 2006. The contribution made by Koteks to results for August and September 2006 was included, as this company began contributing to group results in August 2005.

[2] As a result of the application of NIC 37 "Provisions, contingent assets and contingent liabilities" in September 2006 the positive impact of the reduction of liabilities with employees of Teepak USA was reclassified as lower "Personnel costs" instead of as "Other income from operations" where it had hitherto been recorded. This reclassification has been carried out with retroactive effect as of March 2006.

Teepak at year-end 2005, and secondly to worse exchange rate results caused by unfavourable trends in the US$ against the € in 2006, as compared to the more favourable performance of the dollar in 2005.

The solid production of cash enables the Group to continue reducing consolidated net debt, which at the close of September 2006 was €114.1MM, a reduction of €14.8MM compared to June 2006. When compared to December 2005, net debt has increased by 46% due to the acquisition of Teepak (January 2006) and the payment of the dividend (January and June 2006). However, from January 2006 net debt has been reduced by 7%, i.e. by €8.7MM. The figure for financial leverage at September 2006 was 43.8%.

Accumulated profit before taxes at September 2006 came to €30.1MM, compared to €15.7MM for the same period of the previous year (year-on-year increase of +91.3%). Accumulated taxes came to €8.9MM mainly due to the tax impact of the non-recurring results of Teepak.

The accumulated net profit at September 2006 came to €21.2MM (+66.0% up on 9M05) which was already higher than the amount obtained at December 2005, and allowing that the target published in 1H06 will be surpassed by a new target with more than €28MM for 2006. Especially noteworthy is the rise of 73% in net profit for 3Q06 compared to 3Q05, which for the quarter came to €5.9MM (€3.4MM in 3Q05).

In organic terms[3] accumulated net profit at September 2006 was up 50.9% on the previous year.

Results 3Q06: Meat Casings

In thousand €

	Jan-Sep' 06	Jan-Sep' 05	% Change	Jun-Sep' 06	Jun-Sep' 05	% Change
Net turnover	**310,195**	**218,359**	**42.1%**	**102,504**	**77,059**	**33.0%**
EBITDA	**56,251**	**36,712**	**53.2%**	**15,419**	**11,815**	**30.5%**
Margin EBITDA	***18.1%***	***16.8%***	**1.3 p.p.**	***15.0%***	***15.3%***	**-0.3 p.p.**
EBIT	**34,010**	**15,490**	**119.6%**	**7,982**	**4,584**	**74.1%**
NET PROFIT	**20,259**	**12,400**	**63.4%**	**5,318**	**3,270**	**62.6%**

Over this last quarter the casings market has shown an excellent performance with growth in volume and a recovery in prices, as a result of the improvement in the competitive environment, which have enabled Viscofan to increase turnover in all its operational areas.

In this way, income benefited not only from a positive increase in sales volumes, as a consequence of higher demand, but also from an improvement in average prices, especially in cellulose products, which were in line with the objectives set by Viscofan to increase its cellulose prices, and so regain some of the ground lost in the price falls suffered by the sector over the last ten years.

This strategy has led to an increase in revenues, which was up 42.1% on the previous year and 14.5% in organic terms[3].

[3] See note[1]

The consolidated EBITDA for the casings business was up 30.5% on 3Q05 to €15.4MM for 3Q06. Particularly worth noting in this quarter were the gains in efficiency of production at the plants in the new companies Viscofan acquired, the completion of the transfer of the plastics business to the Czech Republic and Brazil, and lower recurring costs due to the adaptation of personnel resources to the new size of the company.

In accumulated terms, the consolidated EBITDA on casings grew by 53.2% compared to 9M05, (an organic growth rate of 30.7%[4]), with strong growth in the EBITDA margin (+1.3 percentage points higher than that achieved in 9M05) which reached 18.1%.

The big growth in the EBITDA margin in organic terms[4] must also be highlighted. Excluding the impact of the incorporation of Teepak and of the non-recurring results, the EBITDA margin came to 19.2%, 2.4 percentage points higher than the accumulated figure at September 2005. This improvement in the margin was mainly due to the combined effect of an improvement in revenues and the containing of operating costs which enabled us to more than make up for the big increases in energy costs.

Another important factor has been the rapid integration of Teepak USA and Teepak Mexico into the Viscofan Group, as the restructuring process is being carried out a lot more quickly than initially envisaged. So, by September 2006 almost all of the fibrous and plastic shirring operations had been transferred to Viscofan USA's converting plant in Montgomery, thereby reducing Teepak personnel numbers in North Kansas City by 63. This rapid integration has reduced the restructuring and management costs inherent in any absorption process. Restructuring in Mexico is also ahead of schedule with final staff levels being cut by 191 to 492.

Accumulated depreciation as at September 2006 was €22.2MM compared to €21.2MM in the previous year, so enabling a rapid acceleration of the growth of the EBIT, which at €34.0MM was 2.2 times higher than the accumulated EBIT at 9M05.

In this way, the net profit on the casings business came to €20.3MM in the accumulated results for the year, compared to the €12.4MM obtained in the same period of the previous year, a year-on-year rise of 63.4%. There was a solid performance in 3Q06, which with a net profit of over €5.3MM, was 62.6% higher than that achieved in 3Q05. In organic terms[4] net profit was up 47.9% as at 9M06 compared to 9M05.

Results 3Q06: Tinned vegetables

Thousand €

	Jan-Sep' 06	Jan-Sep' 05	% Change	Jun-Sep' 06	Jun-Sep' 05	% Change
Net turnover	59,889	56,090	6.8%	21,250	20,564	3.3%
EBITDA	4,017	3,460	16.1%	1,757	1,485	18.3%
Margin EBITDA	*6.7%*	*6.2%*	0.5 p.p.	*8.3%*	*7.2%*	1.0 p.p.
EBIT	1,943	1,317	47.5%	819	574	42.7%
NET PROFIT	938	370	153.5%	606	151	301.3%

[4] See note [1].

The accumulated income from the tinned vegetables business rose by 6.8% compared to 9M05, to €59.9MM (€21.3MM in 3Q06) mainly as a result of the positive trend in the demand for asparagus.

This increase in income, together with a reduction in advertising costs, has led to an improvement of 1.0 percentage points in the quarterly EBITDA margin to 8.3%, (continuing the trend followed in 2Q06), and of 0.5 percentage points in the accumulated margin as at September 2006 (6.7%) compared to September 2005.

In this way, the quarterly EBITDA came to €1.8MM (+18.3% up on 3Q05) and the accumulated figure came to €4.0MM, up 16.1% on the figure for 9M05.

The figure for accumulated depreciation this year is €2.1MM, 3.2% less than the figure for last year.

The improvement in operating profits, together with the fall in depreciation levels has enabled us to achieve an accumulated EBIT of €1.9MM, 47.5% up on the figure obtained in 9M05, and a quarterly EBIT of €0.8MM (+42.7% higher than in 3Q05).

The significant advances made in operating results and a reduced tax burden resulting from the use of tax deductions on R&D work registered in this quarter, have led to an important improvement in net profits, which in quarterly terms were 4 times higher than those obtained in 3Q05 at over €0.6MM, and represented 65% of the accumulated results as at 9M06. Considering this context, the accumulated net profit came to €0.9MM, 2.5 times the net profit obtained as at 9M05.

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4-)DISTRIBUTION OF DIVIDENDS DURING THE PERIOD

	% Par Value	euros per Share	Amount Thousand Euros
1. ORDINARY SHARES	26	0.078	3.732
2. PREFERENCE SHARES	0	0	0
3.NON-VOTING SHARES	0	0	0

In January 27th 2006 a dividend of 0,078 Euro per share was paid, against 2005 profits.

In June 15 a refund of the issue premium of 0,11 euros per share was paid. During this month we paid 0,005 euros per share for the attendance to the Shareholders General Meeting.

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 articles of the company (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	

2,- On 31st May 2006, 1% was reached on acquisition of equity since the last notification. This event was communicated to the CNMV (Spanish equivalent of SIB) on 16th June 2006.

3,- In December 2005, Viscofan reached an agreement to purchase the business Teepak Norteamérica, which materialised in 2006, as per the public announcement made to the CNMV on 2nd January 2006. As a result the consolidation perimeter includes the companies: Teepak LLC (USA), Teepak Inc. (Canada), Teepak Holding de México S. de R.L. de C.V.

(Mexico), Teepak de México S. de Rl.L. de C.V., Zapacu Power S. de S.L. de C.V., and Teepak Servicios de México S. de R.L. de C.V.

6,- The Company Board of Directors at their meeting held on 4th May 2006 agreed to dismiss the company Managing Director, Mr. Juan Ignacio Villegas Diaz. They likewise agreed his dismissal as Board Secretary.

The reason for dismissal as Managing Director lies with the interested party's wish to terminate the Top Management contract as per the letter addressed to the Company Chairman, dated 24th April this year. Dismissal as Secretary, was the Company's own decision, as it is a post of confidence. This decision was notified to the CNMV as a relevant event dated 8th May 2006.

Furthermore, the General Shareholders' Meeting held on 22nd May 2006 approved the appointment of Mr. Alejandro Legarda Zaragüeta proposed by the Board of Directors as a Company Board Member as from that date for a period of 6 years. This decision was notified to the CNMV as a relevant event dated 22nd May 2006.

7,- At the General Shareholders' Meeting held on 22nd May 2006 the Board of Directors proposed amending Business Articles: 18 – related to the validity of the Ordinary General Shareholders' Meeting and the calling thereof; and 27 – in relation to the duration of the Company administrator post, for its adaptation to the legislative reform applicable to Public Limited Companies introduced by the first final order of Law 19/2005. The General Shareholders' Meeting approved said amendment. This decision was notified to the CNMV as a relevant event dated 22nd May 2006.

14,- On 15th June 0.11 euros was paid per share charged to the "share issuance premium" account. Furthermore, a premium was paid this same month for attendance of the General Shareholders' Meeting held on 22nd May 2006 of 0.005 euros per share.