BIANNUAL BALANCE OF RESULT CORRESPONDING TO:

SEMESTER: FIRST **YEAR:** 2006

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. JOSE ANTONIO CANALES (CHIEF EXECUTIVE OFICER)

II- NET TURNOVER - DISTRIBUTION BY ACTIVITIES (Thousands of Euros)

	INDIVIDUAL		CONSOLIDATED	
	PRESENT 2006	PREVIOUS 2005	PRESENT 2006	PREVIOUS 2005
ACTIVITY				
Artificial casing	59.071	51.352	203.340	140.351
Vegetable	0	0	38.639	35.526
Energy	2.159	1.176	3.612	1.176
Other	1.836	2.182	739	-227
TOTAL	**63.066**	**54.710**	**246.330**	**176.826**

III- AVERAGE NUMBER OF EMPLOYEES IN THIS PERIOD

	INDIVIDUAL		CONSOLIDATED	
	PRESENT	PREVIOUS	PRESENT	PREVIOUS
AVERAGE NUMBER OF EMPLOYEES	**568**	**570**	**4.491**	**2.993**

IV- BUSINESS PERFORMANCE

It is worth highlighting the consolidation perimeter increase in the information we present for the first half of 2006 in comparison with the same period in 2005. In fact, the Teepak Nortamérica business and the Serbian company Koteksproduckt have also been included in 2006.

Total Group sales were 246.33 million euros, implying 39.3% more than in the first half of 2005. This growth is due both to the incorporation of new companies (43.76 million euros) and increase in the business figure of the old perimeter, with a growth of 14.6%, from 176.83 to 205.57 million euros.

Regarding divisions, casing sales have grown 47%, reaching 207.69 million euros (with the same perimeter as 2005, growth is 16%, the sales being 163.9 million euros). Likewise, tinned food sales are 38.64 million euros, 8.8% more than the 35.53 million euros last year.

Market conditions have favoured the Group sales increase in both volume and price. Dollar evolution for the entire half year has been positive, although the second quarter was worse than in 2005, al clearly worse than first quarter 2006.

EBITDA increased 60.4%, reaching 43.09 million euros. Considering the companies forming the 2005 perimeter, EBITDA is 33.89 million euros, 26.1% more than last year.

EBITDA over sales represents 17.5% (15.2% in the first half of 2005). It implies 16.7% for the same consolidation perimeter.

Profit before tax has improved 106.6% reaching 22.85 million euros. With the same consolidation perimeter, the increase is 39%, reaching 15.38 million euros.

Profit after tax is 15.27 million euros, 63.4% more than last year when it reached 9.35 million euros. For the 2005 perimeter, growth is 30.6%, with 12.21 million euros.

These results include the following relevant aspects:

- In the first months of the half year, the new companies incorporated in the Group generated losses as expected. The made profits in the last month of the half year.

- The agreement reached on the Danville plant whereby the number of commitments with employees from said plant; due to post retirement benefits, were reduced to a single payment in this exercise. Furthermore, this agreement releases the company from annual expenditure generated due to this concept, and which exceeded one million dollars a year on average, as from April 2007. The effect during the first half of 2006 was 11.76 million euros at EBITDA level and 7.08 million euros at result level after taxation, once the tax effect had been considered.

- Restructuring expenses of the US and Mexican plants amount to 1 million euros in both EBITDA and result after taxation.

As a result of purchasing Teepak Norteamérica, bank debt has been resorted to, to a greater extent to pay their previous owners, disposing of additional credit policies. During this half year, dividends on account were paid at 0.078 euros/share, furthermore 0.11 euros/share corresponding to share issuance premium was reimbursed and a premium was paid for attending the General Shareholders' Meeting of 0.005 euros/share. All these payments amount to a total of 9.1 million euros.

This has meant a net debt increase of 50.8 million euros from 78.08 to 128.86 million euros, i.e. a financial leverage of 50.5% of own funds.

Interest rate increase together with greater indebtedness has affected net financial expenses, reaching 3.02 million euros in 2006 against 1.5 million euros in 2005.

The most noteworthy events of the half year are as follows:

- Restructuring of the US and Mexico production centres, including agreed closure of the North Kansas City which will take place at the beginning of the second half of 2006. Efficiency and productivity are improving as the old Viscofan and Teepak Norteamérica structures are integrated.

- The different social welfare agreements reached with the Danville plant unions in the US. On the one hand, said agreement to reduce liabilities due to post retirement benefits. On the other hand, the extension of their collective agreement until March 2010 with an agreement to increase the hourly rate of pay by 0.25US$ each, which is below annual inflation, together with the possibility of reducing up to 25% of the staff as per efficiency and productivity improvements.

- Installation of the majority of the machinery from Tripasin in Koteksprodukts (Serbia). The gradual increase in production quality and quantity is noteworthy, since the Novi Sad plant has increased production by 18% in the second quarter in relation to the first.

- Completion of the plastic casing production transfer from the Weinheim plant in Germany to that of Ceske Budejovice in the Czech Republic and the Itu plant in Brazil. With these actions another step forward has been taken in improving the Group competitiveness in the manufacture of casings of this kind.

In view of the Group results for the first half year, despite the impact of the increase in energy costs, the company maintains the expectation of improving the base budget presented at the beginning of the year, which considered a result after tax of 22,43 million euros, defining the optimistic budget (25.8 million euros profit) as the reference point for this exercise, which will be translated into a shareholder remuneration improvement.

V-DISTRIBUTION OF DIVIDENDS DURING THE PERIOD

	% per Value	Euro per share	Amount Thousands of Euro
1. ORDINARY SHARES	26%	0.078	3.732
2. PREFERENCE SHARES			
3. NON-VOTING SHARES			

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

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.		
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,- 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.

VII. VISCOFAN GROUP CONSOLIDATED PROFIT AND LOSS

January to June

(Thousands of Euros)

		CURRENT		PREVIOUS	
		Amount	%	Amount	%
		2006		**2005**	
Net Turnover +	**4500**	246.330	100%	176.826	100%
Other Operating Income +	**4510**	15.558	6.32%	1.138	0.64%
Variation in stocks of Finished Products and Work-in-Progress +/-	**4520**	-327	-0.13%	2.253	1.27 %
Net purchases -	**4530**	-75.510	-30.65%	-58.712	-33.20%
Personnel expenses -	**4540**	-73.886	-29.99%	-50.032	-28.29%
Depreciation-	**4550**	-15.940	-6.47%	-15.223	-8.61%
Other Expenses-	**4560**	-69.073	-28.04%	-44.601	-25.22%
OPERATING RESULT =	**4570**	**27.152**	**11.02%**	**11.649**	**6.59%**
Financial Income +	**4580**	344	0.14%	338	0.19%
Financial Expenses -	**4590**	-3.361	-1.36%	-1.835	-1.04%
Net Exchange Rate Differences +/-	**4600**	-1.677	-0.68%	1.575	0.89%
Result due to variation of the financial instruments at fair value (net) +/-	**4610**	394	0.16%	-664	-0.38%
CONTINUOUS OPERATING RESULT BEFORE TAXES=	**4680**	**22.852**	**9.28%**	**11.063**	**6.26%**
Earning tax -	**4690**	-7.579	-3.08%	-1.714	-0.97%
CONSOLIDATED RESULT =	**4700**	**15.273**	**6.20%**	**9.349**	**5.29%**
Result Attributable to Minority Interests +/-	**4730**	0	0	0	0
RESULT ATTRIBUTABLE TO THE PARENT COMPANY =	**4740**	**15.273**	**6.20%**	**9.349**	**5.29%**

VIII. VISCOFAN GROUP CONSOLIDATED BALANCE SHEET

(Expressed in thousands of Euro)

January to June

ASSETS

		Year 2006 CURRENT YEAR	Year 2005 PREVIOUS YEAR
I. Tangible Assets	**4000**	277.457	226.935
II. Investments in buildings	**4010**	0	0
III. Goodwill	**4020**	4.295	0
IV. Other Intangible assets	4030	5.833	2.784
V. Non-current Financial Assets	4040	442	5.004
VI. Investment in Associates accounted for using the equity method	**4050**	0	2.344
VIII. Deferred tax assets	**4070**	8.505	9.541
IX. Other non-current assets.	**4080**	0	0
A) NON CURRENT ASSETS	**4090**	**296.532**	**246.608**
II. Stocks	**4110**	130.881	106.057
III. Commercial Debts and other receivables	**4120**	114.675	92.371
IV. Other financial current assets	**4140**	17	42
V. Assets corresponding to tax on current earning	**4150**	669	0
VI. Other current assets	**4160**	166	0
VII. Cash and cash equivalents	**4170**	8.861	7.100
B) CURRENT ASSETS	**4195**	**255.269**	**205.570**
TOTAL ASSETS (A+B)	**4200**	**551.801**	**452.178**

TOTAL EQUITY AND LIABILITIES

		CURRENT YEAR	PREVIOUS YEAR
		Year 2006	Year 2005
I. Share Capital	4210	14.388	14.504
II. Other Reserves	4220	52.687	62.835
III. Retained earnings	4230	196.014	177.056
V. Own shares	4240	-3.268	-3.056
VI. Exchange Rate Differences	4250	-4.668	-6.025
EQUITY	**4280**	**255.153**	**245.314**
X. Minority interest	4290	0	0
A) NET EQUITY	**4300**	**255.153**	**245.314**
I. Bonds and Other Marketable Securities	**4310**	0	0
II. Loans	**4320**	71.177	38.746
III. Financial liabilities	**4330**	5.612	6.957
IV. Deferred income tax liabilities	**4340**	18.549	18.100
V. Provisions	**4350**	48.600	29.233
VI. Other non-current liabilities	**4360**	0	0
F) NON-CURRENT LIABILITIES	**4370**	**143.938**	**93.036**
I. Bonds and Other Marketable Securities	**4380**	0	0
II. Loans	**4390**	66.562	49.237
III. Trade Creditors	**4400**	71.958	49.580
IV. Other financial liabilities	**4410**	0	0
V. Provisions	**4420**	13.572	15.011
VI. Income tax for current liabilities	**4430**	618	0
VII. Other current liabilities	**4440**	0	0
C) CURRENT LIABILITIES	**4470**	**152.710**	**113.828**
TOTAL EQUITY AND LIABILITIES (A+B+C)	**4480**	**551.801**	**452.178**

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**	**437.753**	**435.412**

VII. VISCOFAN S.A. PROFIT AND LOSS ACCOUNT

(Thousands of Euros)
January to June

		CURRENT		PREVIOUS	
		Amount	%	Amount	%
		2006		2005	
Net Turnover +	0800	63.066	100,00%	54.710	100,00%
Other Operating Income +	0810	92	0.15%	419	0.77%
Variation in stocks of Finished Products and Work-in-Progress +/-	0820	282	0.45%	963	1.76%
TOTAL PRODUCTION VALUE =	0830	**63.440**	**100.59%**	**56.092**	**102.53%**
Net purchases -	0840	-31.957	-50.67%	-25.691	-46.96%
Variation in Stocks of Stock in Trade, Raw Materials and Other Consumables +/-	0850	2.309	3.66%	-220	-0.40%
Consumptions From Other Companies and Other Operating Charges -	0860	-10.223	-16.21%	-9.744	-17.81%
ADJUSTED ADDED VALUE =	0870	**23.569**	**37.37%**	**20.437**	**37.36%**
Other Expenses and Income +/-	0880	0	0.00%	0	0.00%
Personnel expenses -	0890	-14.282	-22.65%	-12.846	-23.48%
GROSS OPERATING RESULT =	0900	**9.287**	**14.73%**	**7.591**	**13.87%**
Depreciation of Fixed Assets and Amortisation of Intangible Assets -	0910	-4.412	-7.00%	-5.264	-9.62%
Provisioning to Reversion Fund -	0915	0	0.00%	0	0.00%
Changes in Trade Provisions -	0920	-892	-1.41%	-893	-1.63%
NET OPERATING RESULT =	0930	**3.983**	**6.32%**	**1.434**	**2.62%**
Financial Income +	0940	1.603	2.54%	1.582	2.89%
Financial Expenses -	0950	-630	-1.00%	-570	-1.04%
Capitalized Exchange Rate Differences and Interests +	0960	283	0.45%	553	1.01%
Funds for Depreciation and Financial Forecast -	0970	-555	-0.88%	-558	-1.02%
ORDINARY ACTIVITIES RESULT =	1020	**4.684**	**7.43%**	**2.441**	**4.46%**
Results on Intangible, Tangible and Investments assets +/-	1021	1.646	2.61%	2	0.00%
Changes in Intangible, Tangible and Investments assets Provisions -	1023	2.430	3.85%	16.745	30.61%
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	19	0.03%	78	0.14%
RESULT BEFORE TAXES =	1040	**8.779**	**13.92%**	**19.266**	**35.21%**
Income Tax +/-	1042	-579	-0.92%	-3.470	-6.34%
FINAL RESULT =	1044	**8.200**	**13.00%**	**15.796**	**28.87%**

VIII. VISCOFAN S.A. BALANCE SHEET

(Expressed in thousands of Euro)

January to June

ASSETS

		Year 2006 CURRENT YEAR	Year 2005 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**	2.719	1.569
II.1 Rights over leased assets	***0221***	*0*	*0*
II.2 Other Intangible assets	***0222***	*2.719*	*1.569*
III. Tangible Assets	**0230**	43.744	47.716
IV. Investments	**0240**	204.563	177.816
V. Long-term Shares of the Parent Company	**0250**	0	0
VI. Long-term Trade Debtors	**0255**	0	0
B) FIXED ASSETS	**0260**	**251.026**	**227.101**
C) DEFERRED EXPENSES	**0280**	**5**	**0**
I. Subscribed Capital called but not paid	**0290**	0	0
II. Stocks	**0300**	16.444	14.087
III. Debtors	**0310**	40.492	33.192
IV. Short-term Investments	**0320**	12	12
V. Short-term Own Shares	**0330**	3.268	3.056
VI. Cash in Hand and Banks	**0340**	346	127
VII. Prepayments	**0350**	606	631
D) CURRENT ASSETS	**0360**	**61.168**	**51.105**
TOTAL ASSETS (A+B+C+D)	**0370**	**312.199**	**278.206**

LIABILITIES AND STOCKHOLDERS´ EQUITY		CURRENT YEAR	PREVIOUS YEAR
January to June		2006	2005
I. Share Capital	0500	14.388	14.504
II. Reserves	0510	207.652	190.205
III. Previous year profit	0520	0	0
IV. Profit for the year	0530	8.201	15.796
V. Interim Dividends	0550	0	0
A) SHAREHOLDERS´ EQUITY	0560	**230.241**	**220.505**
B) DEFERRED INCOME	0590	**1.523**	**158**
C) PROVISIONS FOR CHARGES AND LIABILITIES	0600	**0**	**0**
I. Bonds and Other Marketable Securities	0610	0	0
II. Loans	0615	12.039	16.432
III. long-term Trade Creditors	0625	0	0
IV. Other long-term Creditors	0630	5.863	5.116
D) LONG-TERM DEBT	0640	**17.902**	**21.548**
I. Bonds and Other Marketable Securities	0650	0	0
II. Loans	0655	37.387	16.003
III. Group companies	0660	6.688	6.013
IV. Trade creditors	0665	8.851	8.063
V. Other short-term Creditors	0670	8.505	4.818
VI. Accruals	0680	170	124
E) CURRENT LIABILITIES	0690	**61.601**	**35.021**
F) PROVISIONS FOR SHORT-TERM CHARGES AND LIABILITIES	0695	**932**	**974**
TOTAL LIABILITIES AND STOCKHOLDERS´ EQUITY (A+B+C+D+E+F)	0700	**312.199**	**278.206**