## January-June 2007 results highlights

- Net profit for the period totalled €22.6 million. This was 47.9% above that obtained in 1H06, or 134.1% excluding the effect of 1H06's non-recurrent results.

- The 20.3% EBITDA margin was driven mainly by improved production efficiency in casings, particularly in the plants acquired in the US and Mexico, as well as the recovery in the plastics' business profitability.

- There was 57.2% consolidated recurrent EBITDA growth, to above €51.7 million, with strong expansions recorded in both casings and canned vegetables.

- Consolidated revenue totalled €254.7 million, some 3.4% more than last year.

- After the strong results achieved in 1H07, despite the weakness of certain currencies against the euro -particularly the US dollar-, the Company has decided to upgrade the guidance for 2007, especially in terms of profitability.

    - Revenues are expected to be between €507MM and €515MM with an expected growth between 2% and 4% (between +5% and +8% in the previous guidance), as a consequence of the worsening of the US$ Exchange rate compared to that budgeted previously.
    - Expected EBITDA will arise to €99MM-€103MM, i.e. more than €4MM above the high-end of the expected EBITDA in previous guidance. Thus, EBITDA growth will be between +18% and +23% (between +9% and +14% in the previous guidance).
    - Expected EBIT will be between €62MM and €66MM, with a 33%-42% y-o-y growth (between +16% and +24% in the previous guidance).
    - Expected net profit will be between €40MM and €42MM, with a 28%-34% y-o-y growth (between +15% and +21% in the previous guidance).
    - Expected capex remains below €36MM.

## Change in scope of consolidation

- The Group included the same companies in the scope of consolidation in 2007 and 2006.

## Significant events

- In January 2007, Viscofan's Board of Directors adopted the distribution of an interim dividend from 2006's results, in a gross amount of €0.14 per share. This represented a 79.5% increase compared with the interim dividend from 2005's results, distributed last year. The abovementioned dividend was paid on 30 January 2007.

- The General Meeting of Shareholders of 18 June 2007 adopted the distribution of a €0.16 per share redemption premium. Added to the dividend per share and the Meeting attendance premium, this gives €0.305 remuneration per share, or a 58.0% increase on the previous year.

- Among other resolutions, the abovementioned Meeting also adopted the cancellation of 662,964 treasury shares the Company held, equal to 1.4% of share capital. The Company shall thus have allocated more than €8.0 million to this item as shareholder remuneration.

## 1H07 Consolidated Group Results

### Viscofan Group Profit and loss account ('000 €)

| | Jan-Jun' 07 | Jan-Jun' 06 | % Change | Apr-Jun' 07 | Apr-Jun' 06 | % Change |
|---|---|---|---|---|---|---|
| **Revenues** | **254,748** | **246,330** | **3.4%** | **130,467** | **126,044** | **3.5%** |
| Other operating income | 1,792 | 1,653 | 8.4% | 985 | 452 | 117.9% |
| Variation in stocks of finished products and work-in-progress | 5,768 | -327 | c.s | 2,209 | 432 | 411.3% |
| Net purchases | -76,413 | -75,510 | 1.2% | -39,614 | -38,284 | 3.5% |
| Personnel expenses | -65,824 | -59,981 | 9.7% | -32,491 | -35,402 | -8.2% |
| Other operating expenses | -68,360 | -69,073 | -1.0% | -34,891 | -33,964 | 2.7% |
| **EBITDA** | **51,711** | **43,092** | **20.0%** | **26,665** | **19,278** | **38.3%** |
| Depreciation and amortisation | -18,643 | -15,940 | 17.0% | -9,346 | -7,963 | 17.4% |
| **EBIT** | **33,068** | **27,152** | **21.8%** | **17,319** | **11,315** | **53.1%** |
| Gain (Loss) after impairment test | 0 | 0 | n.s. | 0 | 0 | n.s. |
| **EBIT adjusted by impairment test** | **33,068** | **27,152** | **21.8%** | **17,319** | **11,315** | **53.1%** |
| Financial result | -3,366 | -4,300 | -21.7% | -1,255 | -2,243 | -44.0% |
| **Profit before taxes** | **29,702** | **22,852** | **30.0%** | **16,064** | **9,072** | **77.1%** |
| Income tax | -7,113 | -7,579 | -6.1% | -3,063 | -1,746 | 75.4% |
| **Profit after taxes** | **22,589** | **15,273** | **47.9%** | **13,001** | **7,326** | **77.5%** |
| Minority interests | 0 | 0 | n.s. | 0 | 0 | n.s. |
| **Net profit** | **22,589** | **15,273** | **47.9%** | **13,001** | **7,326** | **77.5%** |

Unaudited data

Consolidated revenues in 1H07 equalled €254.7million, or 3.4% more than in the same period the previous year, despite the strong depreciation of certain currencies against the euro and particularly the US dollar (8.1% in 1H07 vs. 1H06). Excluding the effect of exchange rates in consolidation, consolidated Group revenue growth would have totalled 6.1%.

In the second quarter, consolidated revenues expanded by 3.5% against 2Q06, to €130.5 million. During this period, has continued the stability in casing business growth (+2.4% vs. 2Q06), and the large expansion in preserved vegetables (+8.8%).

For yet another quarter, the Group benefited from large savings in raw material use thanks to production efficiency improvements in the casing business and the containment on expenses in preserved vegetables. For the half-year, therefore, the savings in 2Q07 plus those achieved in 1Q07 meant that the cost of supplies[1] used equalled €70.6 million, some 6.8% less than that of the previous year.

It is worth highlighting a significant productivity improvement at the Viscofan Group. This was helped by restructuring plans implemented in 2006-2007 and the optimisation of employee numbers, resulting in a net reduction of 78 staff in the final workforce figure since December 2006.

In cumulative terms the personnel expenses equalled €65.8 million. This was 9.7% more than in 1H06 due to the €11.8 million reduction in this item in 1Q06, on cancellation of post-retirement benefits at Teepak USA. Excluding non-recurrent effects, the cumulative personnel expenses in June 2007 would have declined by 6.2% against the same period in 2006. In 2Q07, the figure equalled €32.5 million, 8.2% less than that in 2Q06.

In the second quarter of 2007, all the brands within the Viscofan Group brands were unified to Viscofan. This was combined with a corporate-image makeover, including the launch of a new logo with a more

[1] Cost of supplies = Variation in stocks + Net purchases

direct, innovative, fresh, dynamic and modern image that is in turn contributing to strengthening integration and collaboration between the various Group companies.

With a firm grip on costs and growth in revenues from both casings and canned vegetables, the cumulative EBITDA in the first six months expanded by 20% year-on-year to €51.7million, of which €26.7 million was recorded in 2Q07 (+38.3% vs. 2Q06). On constant exchange rates in consolidation, EBITDA would have advanced by 22.0%.

Excluding non-recurrent results, furthermore, 1H07 EBITDA growth equalled 57.2% year-on-year.

Meanwhile, cumulative depreciation and amortisation increased by 17.0% against last year, to €18.6 million. This increase was due to the depreciation and amortisation of Teepak assets that were revalued at end-2006.

Accordingly, 1H07 EBIT came to €33.1 million, a difference of 21.8% against last year or 95.1% excluding non-recurrent results. The €17.3million 2Q07 EBIT exceeded 2006's figure by 53.1%.

Net debt has remained stable for 2Q07, compare with that obtained in March 2007, to €116.0MM, 3.7% larger than in December 2006. This resulted from the strong increase in shareholder remuneration with both the share premium redemption in 2Q07 and the dividend distributed in January 2007. Compared with June 2006, however, net debt fell by 10.0%.

There was continued control of the Group's financial gearing, which equalled 41.7% in 1H07 vs. 50.5% in 1H06.

Smaller average debt levels against 1H06, together with the US dollar's depreciation as well as the foreign exchange gains, enabled the Company to compensate for increased borrowing costs and obtain a 1H07 Net financial negative result of €3.4million, or 21.7% less than in 2006.

Profit for the period before tax for 1H07 expanded by 30% to €29.7 million. In 2Q07 the figure equalled €16.1 million (+77.1% vs. 2Q06).

Cumulative taxes in 1H07 totalled €7.1 million. This represented a 6.1% decrease against the same period the previous year thanks to the use of tax credits arising mainly in North America, implying a 23.9% tax rate.

Net profit for the period reflected the strength of these results both in 2Q07 and cumulatively in 1H07, which at €13.0 million and €22.6 million respectively exceeded figures posted the previous year by 77.5% and 47.9%. Recurrent profit for the period in 1H07 expanded by 134.1% compared with the same period in 2006.

## 1H07 results: casings

Data in thousand €

| | Jan-Jun' 07 | Jan-Jun' 06 | % Change | Apr-Jun' 07 | Apr-Jun' 06 | % Change |
|---|---|---|---|---|---|---|
| Revenues | 211,990 | 207,691 | 2.1% | 107,309 | 104,757 | 2.4% |
| EBITDA | 48,493 | 40,832 | 18.8% | 24,892 | 17,863 | 39.3% |
| *Margin EBITDA* | *22.9%* | *19.7%* | 3.2 p.p. | *23.2%* | *17.1%* | 6.1 p.p. |
| EBIT | 31,104 | 26,028 | 19.5% | 16,252 | 10,536 | 54.3% |
| Net profit | 21,662 | 14,941 | 45.0% | 12,471 | 7,028 | 77.4% |

Unaudited data

For yet another quarter in 2Q07, Viscofan continued to focus on increasing its share of market value via sales strategies intended to boost average prices in almost all casing families.

Cumulative revenue up to June 2007 of €212.0 million was therefore 2.1% more than that obtained in 1H06, despite the depreciation of certain currencies against the euro and particularly the US dollar. Excluding the effects of exchange rates in consolidation, revenue would have expanded by 5.3% against 1H06.

Turning to 2Q07, revenues totalled €107.3 million, or 2.4% against 2Q06, so accelerating slightly from the 1.7% growth obtained in 1Q07 vs. 1Q06.

It is also worth highlighting the positive results obtained from the continuous search to improve production efficiency, supported by suitable technology transfers, mainly at the Teepak cellulose plants.

These advances, together with cost controls in raw materials for both cellulose and collagen, plus the positive impact of plastic production being transferred to the Czech Republic and Brazil as from July 2006 -with more competitive production costs- allowed a 14.0% reduction in the cost of supplies[2] vs. 1H06, to €44.7 million. This was despite larger metre volumes of casings sold.

On a quarterly basis, costs of supplies in 2Q07 decreased by 6.2% against the 2Q06 figure, to €23.3 million.

Meanwhile, the personnel expenses expanded by 9.8% against 1H06, due to the abovementioned influence of post-retirement benefits at Teepak. Excluding non-recurrent effects, the personnel expenses would have decreased by 7.1%. In 2Q07 the figure was 9.4% less than in 2Q06.

The slight increase in revenues combined with production cost savings at the Group's main plants — particularly the recently acquired Teepak facilities — and smaller plastic production cost in the Czech Republic compared with those in Germany, fed through into strong improvements in casings' EBITDA in 1H07. This totalled €48.5 million and so a 18.8% improvement on 1H06 (20.9% assuming constant exchange rates in consolidation).

Excluding 1H06's €10.2 million non-recurrent results, the casing business's EBITDA would have expanded by 58.5% in 1H07 vs. 1H06.

The healthy quarterly results were reflected in a large 39.3% year-on-year EBITDA expansion vs. 2Q06, to €24.9 million.

Casings thus generated a 22.9% cumulative EBITDA margin in 1H07 (+3.2 p.p. vs. 1H06 and +8.1 p.p. vs. 1H06's recurrent EBITDA margin) and 23.2% in 2Q07 (+6.1 p.p. vs. 2Q06).

Positive 1H07 EBITDA developments were also reflected in EBIT, which totalled €31.1 million, having expanded by 19.5% against 1H06's €26.0 million. Compared with that of 1H06, the recurrent EBIT doubled. This was despite increased depreciation and amortisation for the larger valuations of Teepak assets acquired, as booked in the last quarter of 2006.

On a quarterly basis, EBIT totalled €16.3 million, or 54.3% more than 2Q06's figure.

Net profit for the period from casings equalled €21.7 million, or 45.0% more than in 1H06, (131.6% excluding non-recurrent results), of which €12.5 million was recognised in 2Q07 (+77.4% vs. 2Q06).

[2] See note 1

## 1H07 results: Preserved vegetables

Data in thousand €

| | Jan-Jun' 07 | Jan-Jun' 06 | % Change | Apr-Jun' 07 | Apr-Jun' 06 | % Change |
|---|---|---|---|---|---|---|
| Revenues | 42,758 | 38,639 | 10.7% | 23,158 | 21,287 | 8.8% |
| EBITDA | 3,218 | 2,260 | 42.4% | 1,773 | 1,415 | 25.3% |
| *Margin EBITDA* | *7.5%* | *5.8%* | 1.7 p.p. | *7.7%* | *6.6%* | 1.0 p.p. |
| EBIT | 1,964 | 1,124 | 74.7% | 1,067 | 779 | 37.0% |
| Net profit | 927 | 332 | 179.2% | 530 | 298 | 77.9% |

Unaudited data

The canned vegetables business continues to post double-digit revenue growth (+10.7% in 1H07 vs. 1H06), driven mainly by asparagus and olives. There was driven by the asparagus and the olives, with a solid expansion in both volumes and -in particular- value, thanks to the sale price rises needed to pass on raw material cost increases.

In asparagus, Carretilla maintains clear market leadership and not just in market share of volumes -in which the market contracted by 6.7% while Carretilla's tonnage volume sales were stable- but above all in that of value, with 12.9% growth by Carretilla asparagus against 6.9% for the market.

The second quarter of this year also saw the continuation of an asparagus market trend characterised by scarcity and sharp rises in sale prices, which are being driven up by raw material cost increases. This is already generating a reduction in market sale volumes and margins that is set to worsen in the months ahead. The preserved vegetables business continued to post solid performance in this setting, generating revenue of €23.2 million, or 8.8% based on year-on-year comparisons.

The cumulative EBITDA margin in 1H07 equalled 7.5%, or 1.7 p.p. above that obtained in 1H06. This was thanks to the sharp increase in sales of products with the greatest value added (Carretilla brand white asparagus) and the lower advertising effort than last year linked to the launch of ready meals. Cumulative EBITDA in 1H07 therefore totalled €3.2 million, while in 2Q07 the EBITDA margin equalled 7.7% (+1.0 p.p. vs. 2Q06), with €1.8million EBITDA (+25.3% vs. 2Q06).

Despite the 10.4% increase in depreciation and amortisation, operating profitability strength fed through into 74.7% EBIT growth (37.0% in 2Q07 vs. 2Q06), to €2.0 million. This was also reflected in an expansion of net profit for the period, which at €0.9 million was almost triple the amount booked in 1H06.

# Appendix

## Balance Sheets ('000 €)

| | Jun '06 | Dec '06 | %Change |
|---|---|---|---|
| Tangible assets | 281,025 | 285,990 | -1.7% |
| Goodwill | 0 | 0 | n.s. |
| Other intangible assets | 9,984 | 11,373 | -12.2% |
| Non-Current Financial Assets | 367 | 1,587 | -76.9% |
| Investment in Associates accounted for using the equity method | 0 | 0 | n.s. |
| Deferred tax assets | 9,963 | 13,696 | -27.3% |
| Othen non-current assets | 1,055 | 0 | n.s. |
| **NON CURRENT ASSETS** | **302,394** | **312,646** | **-3.3%** |
| Stocks | 132,964 | 132,968 | 0.0% |
| Commercial debts and other receivables | 114,846 | 101,109 | 13.6% |
| Other financial current assets | 557 | 152 | 266.4% |
| Assets corresponding to tax on current earning | 240 | 0 | n.s. |
| Other current assets | 1,180 | 0 | n.s. |
| Cash and cash equivalents | 9,675 | 12,233 | -20.9% |
| Non current assets held for sale | 0 | 0 | n.s. |
| **CURRENT ASSETS** | **259,462** | **246,462** | **5.3%** |
| **TOTAL ASSETS= EQUITY AND LIABILITIES** | **561,856** | **559,108** | **0.5%** |
| Share capital | 14,388 | 14,388 | 0.0% |
| Other Reserves | 45,124 | 52,686 | -14.4% |
| Retained earnings | 229,626 | 208,354 | 10.2% |
| Own shares | -8,499 | -3,004 | 182.9% |
| Exchange rate differences | -2,609 | -4,293 | -39.2% |
| Interim dividend | 0 | 0 | n.s. |
| **EQUITY** | **278,030** | **268,131** | **3.7%** |
| Minority interest | 0 | 0 | n.s. |
| **NET EQUITY** | **278,030** | **268,131** | **3.7%** |
| | 0 | 0 | 0.0% |
| Loans | 60,019 | 61,165 | -1.9% |
| Financial liabilities | 5,732 | 5,501 | 4.2% |
| Deferred income tax liabilities | 29,448 | 34,783 | -15.3% |
| Provisions | 40,769 | 41,951 | -2.8% |
| Other non-cureent liabilities | 2,701 | 3,064 | -11.8% |
| **NON CURRENT LIABILITIES** | **138,669** | **146,464** | **-5.3%** |
| Loans | 66,197 | 63,026 | 5.0% |
| Trade creditors | 66,280 | 71,682 | -7.5% |
| Other financial liabilities | 0 | 1,342 | n.s. |
| Provisions | 9,715 | 6,676 | 45.5% |
| Income tax for current liabilities | 2,667 | 1,787 | 49.2% |
| Other current liabilities | 298 | 0 | n.s. |
| Liabilities linked to non-current assets held for sale | 0 | 0 | n.s. |
| **CURRENT LIABILITIES** | **145,157** | **144,513** | **0.4%** |
| **NET DEBT** | **115,984** | **111,806** | **3.7%** |

Unaudited data

Average exchange rates

| | 1H06 | 1H07 | % Change |
|---|---|---|---|
| Euro | 1.000 | 1.000 | 0.0% |
| US Dollar | 1.229 | 1.329 | 8.1% |
| Canadian Dollar | 1.403 | 1.508 | 7.5% |
| Mexican Peso | 13.388 | 14.552 | 8.7% |
| Brazilian real | 2.695 | 2.713 | 0.6% |
| Czech crown | 28.462 | 28.161 | -1.1% |
| British Pound | 0.684 | 0.675 | -1.4% |
| Polish Zloty | 3.890 | 3.905 | 0.4% |
| Serbian Dinar | 86.998 | 79.907 | -8.2% |

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