QUARTERLY REPORT 4Q10

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"Growing from our roots"

BUSINESS GROWTH AND MARKET OUTLOOK

The quarterly performance can be summarised with the following main figures:

- ✓ **The strength of the profit supports the proposal for a €0.1 per share dividend**
  The good results in 2010, along with improved financial structure and the positive outlook for 2011, set the conditions to resume dividend payments suspended in 2008 and 2009 in the aim of providing an adequate return to shareholders. The board of directors has decided to propose to the Annual General Meeting to be held on April 29, payment of a dividend of 0.1 Euros per share.

- ✓ **Recurrent operating figures for the year amount to over €200Mn**
  EBITDA amounted to +€28.6Mn in 4Q10 vs. €17.5Mn reached in 4Q09, fuelled by the strength in pulp prices and containing of costs. The result shows a fall against 3Q10, which is due to a lower average price in the quarter, the impact of the weak dollar and non recurrent items. Accumulated EBITDA for 2010 stands at €178.3Mn and net profit for the period at €64.7Mn. **Adjusted EBITDA (net of hedging and extraordinary items) amounted to +€43.3Mn for the quarter and €200Mn for the whole year.**

- ✓ **Stability in pulp prices, which remain at high levels**
  The pulp price has remained stable at $850/tn at year end (in line with the average for market prices over the year) after a $20/tn fall in December. Despite the expected correction in prices, prices have been kept at historically high level due to the recovery in demand in China, the discipline shown by manufacturers, and the fall in inventory levels. The stability in prices over the first months of 2011 has **brightened outlook for the second half of the year**, in which economic recovery is set to fuel higher recovery in demand.

- ✓ **Solid pulp sales, in terms of both prices and volumes**
  Sales in 4Q10 came to €223Mn, 28% higher than in 4Q09. This performance is the result of a **43% recovery in pulp market prices in Euros against 4Q09 (having reached an average pulp sale price of €543/tn)** and despite the lower volume of pulp sales (-7.4% against 4Q09) due to the recovery in inventories at year end. **This improvement led to pulp sales income of €159Mn,** which is **+32%** up on the 4Q09 figure (€120Mn).

- ✓ **Growth in energy sales continues**
  Energy sales amounted to €39Mn in 4Q10, +6% above the same quarter of the previous year, due to the combined effect of the stronger pool prices vs. 4Q09 and the stabilisation of the total generation capacity due to the optimisation of electrical systems being concluded in 3Q09.

✓ **Focus on controlling wood costs**

Cash-cost for the year moved above the €360/tn incurred in 2009 to €377/tn in 2010, affected by higher wood costs; this rise, however, was much lower than the rise in pulp price. **The company has successfully continued with its policy of avoiding wood price increases which could compromise the company's mid term results, by means of stepping up imports, largely from its activity in Uruguay, and the adjustment of the mix of the species used in the production process.**

✓ **Leading net financial debt level for the sector**

The constant improvement in its operations has enabled the company to continue reducing net debt based on the positive cash generated over the quarter. **At the end of September, net debt stood at €173Mn, -15% down on September 2010 levels** and -68% from the highs reached in June 2009. After this reduction, **the net financial debt EBITDA ratio was 0.97x,** showing the company's financial strength and its commitment towards financial discipline.

✓ **Improved financial structure, with a longer term and reduction of maturities**

On 14 October, Ence agreed on a new financing agreement which replaces the syndicated loan and available short term lines. With the new conditions, all debt tranches are extended to 3.25 years, with an 18-month grace period, while future quarterly maturities are reduced to 6 million Euros. **By virtue of this agreement, Ence is able to reinforce its financial stability, eliminating debt renewals until 2014 and increasing flexibility in order to address the biomass investment plan by reducing repayment commitments during the life of the new syndicated loans.** Furthermore**,** it includes two revolving tranches amounting to a total of 60Mn Euros for financing biomass projects and covering potential increases in working capital associated with recurrent operating activity.

KEY CORPORATE ASPECTS IN 2010

Negotiation of a new debt structure

On 14 October 2010, Ence concluded an agreement for a new debt structure with a view to reducing its short term commitments and improving its flexibility to comply with its business plan. The previous structure was replaced with two syndicated loans maturing in January 2014, with an 18-month grace period and the subsequent maturities being reduced to €6Mn a quarter. The syndicated loans include credit lines for financing biomass plants and the plants' operating requirements. Financial expenses were negotiated at 300bp over Euribor, with less restrictive covenants than those of the previous syndicated loan.

Capital increase

On 4 March, the company announced the Board's approval of a capital increase with a par value of €74,801,601, through the issue and circulation of 83,112,890 new common shares each with a par value of €0.9 and an issue premium of €0.665 per new share. The aim of the capital increase was to reduce indebtedness and strengthen the Company's equity and financial structure, and also to carry out various investment projects.

The increase was subscribed in full with an actual amount of €130,071,672.85, and the shares admitted for listing as of 1 April 2010. The leading shareholders represented on the Board subscribed to 52.66% in line with their stake in the company.

Expansion of biomass-based generation plants

For the capital increase, Ence showed the market the projects that are being developed for the company's diversification towards biomass-fuelled generation plants and mainly into energy crops. The aforesaid projects will enable the construction of plants up to a total of 210 MW and with self-supply levels above 50%, taking advantage of the company's enviable position in the management of forestry resources and reducing the cyclical nature of profits in the future.

Entry into Ibex Medium Cap and RSC index

On 11 June, the Ibex technical committee decided to admit Ence into the Ibex Medium Cap and remove it from the Ibex Small Cap, following the increased market cap and greater liquidity shown by the company in recent months.

Furthermore, from 22 March, Ence shares have formed part of the FTSE 4Good Ibex Index, an environmental and social responsibility index created by the FTSE Group and BME (Bolsas y Mercado Españoles), as the company complies with all the requirements established for this purpose.

MARKET PERFORMANCE

PULP

The pulp market has shown signs of being in exceptionally good shape in 4Q10. Global demand recovered sharply over the last months of the year due to continued growth in the markets in general (Europe +8.1%, Eastern Europe +0.8%, North America +5.9%, Japan +9.9% and Latin America +11.5%) and the recovery in the Chinese market, who by year end had cut back the -24.8% recorded to September in accumulated terms to finish up at -12.9%. This growth meant the year was closed with global growth of +1.7% vs. -0.3% accumulated up to the end of September (source PPPC).

Meanwhile, there have been no important changes in market pulp offer, the only significant development being the reopening of capacity shut down in 2008/2009 thanks to recovery in pulp prices, with most of the Chilean production stopped because of February's earthquake having started up in 3Q10. Although new offer is expected in the first months of 2011 due to the reactivation of capacity shut down in Chile and Indonesia, it is estimated that there will be no new capacity entering the market until 2013/2014.

As a result of these two factors, global inventories were corrected from the level of 33 days, reached in October, to 29 days at year end (source PPPC), most of the reduction being seen in short fibre. This figure lies within the low end of the sector's standard range, while consumers' inventories remain at levels of around 21 days (source PPPC).

In this setting, pulp prices have remained at maximum levels, with a correction of $20/tn for short fibre (eucalyptus) in December, which would mean finishing the year in Europe with list prices of $850/tn, in line with the average reached for the year and 50% above the average for 2009. The weakness in the US$ over the quarter would have been conducive to prices being maintained in a setting of recovery in paper prices.

In the first months of the year, pulp prices for short fibre are remaining stable, and are reporting slight increases for long fibre - the gap between the two at all time highs ($130/tn), thus also helping to maintain eucalyptus pulp prices. Although we cannot rule out some weakness arising from new offer in the first half of the year, the expected recovery in demand in the second half of the year - from higher growth in the global economy - should ensure prices remain attractive for 2011.

WOOD

In 2010, wood prices were affected by the gradual recovery in the pulp market, continuing with the trend started at the end of 2009, and heightened by the increased capacity in the Iberian Peninsula plants of Navia and Celbi (of around half a million). Wood prices were also subject to occasional tensions arising from delayed felling due to the weather and forest fires in Portugal.

A wood price containing policy has been implemented in order to control costs, in a scenario of increasing pulp prices; by this means the company has managed to mobilise more raw materials without distorting the market. In fact, through this policy it mobilised a further 675,000 m^3 in the north of the Iberian Peninsula, 44% more than in 2009.

Ence has made an effort to improve wood certification ratios in order to boost its activities in the Iberian market. This process has been particularly intense in the Northern Area, where it has secured an agreement with PROMAGAL (Federación de Asociaciones de Productores de Madera de Galicia). By means of this agreement, and other Forest Certification promotion initiatives, the company has obtained an extra 245,000 m^3 of certified wood in Northern Spain in 2010. It is also working hard on promoting groups of proprietors which might take part in the certification process in the North (Galicia and Asturias), and also in Huelva.

The result of the group's commitment towards Forest Certification and Sustainable Forest Management has been the FSC Certification of 3,699 hectares of surface area managed by Ence in Galicia and Asturias, on top of the first phase of FSC auditing in the south, carried out in December, for a surface area of around 20,500 hectares. Meanwhile, PEFC certifications have been maintained for all the surface area managed, together with the FSC certification for all assets in Uruguay.

Ence has maintained its long-term investment policy in 2010 in order to maximise self-supply, increasing its proprietary woodland in the Iberian Peninsula, and applying advanced silvicultural techniques. Accumulated investment in the company’s forest asset management to December amounted to €23Mn. The company's investment consisted of planting 4,412 ha for pulp and 1,360 ha to be used for energy crops.

COMMENTS 4Q10

MAIN BALANCE SHEET FIGURES AND RESULTS FOR ENCE GROUP ACCORDING TO IFRS.

Main items of Balance sheet and Results of ENCE Group (000eur)

(Data in thousands of euros) (Quarterly figures not audited)	1Q 2009	2Q 2009	3Q 2009	4Q 2009	1Q 2010	2Q 2010	3Q 2010	4Q 2010	Change % 4Q10/09	AC 4Q 2009	AC 4Q 2010	Change % 2010/09
SALES	109,816	116,989	134,895	173,851	170,155	207,903	229,721	222,979	28.3%	535,551	830,758	55.1%
EBITDA sg IAS	(19,292)	(10,287)	(2,809)	17,543	33,678	54,479	61,511	28,592	63.0%	(14,844)	178,260	n.s.
EBIT sg IAS	(28,481)	(23,449)	(18,247)	(2,324)	20,137	36,472	45,943	14,724	n.s.	(72,501)	117,276	n.s.
% of sales	-25.9%	-20.0%	-13.5%	-1.3%	11.8%	17.5%	20.0%	6.6%		-13.5%	14.1%	
% of net assets	-9.1%	-7.6%	-7.0%	-0.9%	6.8%	12.3%	15.0%	5.3%		-9.5%	14.0%	
Exchange rate differences	(14)	(365)	608	227	(104)	1,704	(3,259)	1,722	659.5%	456	62	-86.3%
Other financial results	(12,386)	(5,701)	(3,293)	(23,409)	(8,997)	(8,347)	(5,202)	(4,458)	-81.0%	(44,789)	(27,003)	-39.7%
FINANCIAL RESULT	(12,400)	(6,066)	(2,684)	(23,182)	(9,102)	(6,643)	(8,460)	(2,736)	-88.2%	(44,333)	(26,941)	-39.2%
Income from discontinued activities net of taxes	(65,533)	(9,146)	(2,341)	0	0	0	0	0	n.s.	(77,020)	0	n.s.
TAX	12,546	8,868	7,791	10,078	(4,325)	(9,996)	(9,561)	(1,743)	n.s.	39,283	(25,624)	n.s.
NET PROFIT/LOSS AFTER TAX	(93,869)	(29,793)	(15,481)	(15,428)	6,711	19,833	27,922	10,245	n.s.	(154,571)	64,711	n.s.
% of Shareholder´s Equity	-59.5%	-19.8%	-10.6%	-10.7%	3.8%	11.0%	14.7%	5.3%		-26.8%	11.3%	
RESULTS PER SHARE (in euros)**	(0.54)	(0.17)	(0.09)	(0.09)	0.04	0.08	0.11	0.03	n.s.	(0.88)	0.25	n.s.
INVESTMENT	47,417	54,327	18,912	37,211	9,035	32,125	14,545	25,738	-30.8%	157,867	81,442	-48.4%

(Data in thousands of euros) (Quarterly figures not audited)	1Q 2009	2Q 2009	3Q 2009	4Q 2009	1Q 2010	2Q 2010	3Q 2010	4Q 2010	Change % 4Q10/09	AC 4Q 2009	AC 4Q 2010	Change % 2010/09
FIX ASSETS	882,626	906,023	957,347	980,155	981,993	986,155	979,348	977,832	-0.2%	980,155	977,832	-0.2%
AVAILABLE CASH	2,897	6,889	9,197	13,045	144,222	140,930	159,769	84,057	544.4%	13,045	84,057	544.4%
NET ASSETS AVAILABLE FOR SALE	238,219	231,994	32,310	0	0	0	0	0	n.s.	0	0	n.s.
OTHER CURRENT ASSETS	126,977	93,331	49,898	28,359	54,113	57,602	88,682	56,737	100.1%	28,359	56,737	100.1%
NET ASSETS	1,250,718	1,238,236	1,048,753	1,021,558	1,180,327	1,184,686	1,227,798	1,118,626	9.5%	1,021,558	1,118,626	9.5%
SHAREHOLDERS´ EQUITY	630,822	601,116	583,283	576,897	710,166	723,680	761,962	766,356	32.8%	576,897	766,356	32.8%
Nº of shares end of period (in thousands)*	174,900	174,900	174,900	174,900	258,013	258,013	258,013	258,013	47.5%	174,900	258,013	47.5%
SUBSIDIES	10,643	8,491	6,675	7,076	15,255	13,516	11,792	9,960	40.8%	7,076	9,960	40.8%
% Shareholders' Equity+Subsidies on fixed assets	72.7%	67.3%	61.6%	59.6%	73.9%	74.8%	79.0%	79.4%		59.6%	79.4%	
DEFERRED TAX LIABILITIES	24,999	24,980	29,678	23,467	23,823	24,250	29,654	23,649	0.8%	23,467	23,649	0.8%
PROVISIONS	23,185	16,699	19,041	20,381	22,389	17,481	19,380	23,833	16.9%	20,381	23,833	16.9%
LONG TERM DEBT	396,936	377,482	169,901	164,546	160,083	149,353	143,595	251,283	52.7%	164,546	251,283	52.7%
SHORT TERM DEBT	120,788	165,162	198,113	186,759	204,902	212,711	220,523	6,981	-96.3%	186,759	6,981	-96.3%
Net financial debt	514,827	535,756	358,816	338,260	220,762	221,135	204,349	174,207	-48.5%	338,260	174,207	-48.5%
% Net financial debt/Shareholder's Equity	81.6%	89.1%	61.5%	58.6%	31.1%	30.6%	26.8%	22.7%		58.6%	22.7%	

Sales by Business Lines

(Data in thousands of euros) (Quarterly figures not audited)	1Q 2009	2Q 2009	3Q 2009	4Q 2009	1Q 2010	2Q 2010	3Q 2010	4Q 2010	Change % 4Q10/09	AC 4Q 2009	AC 4Q 2010	Change % 2010/09
Pulp sales	77,607	76,759	86,871	119,798	122,218	161,221	184,559	158,524	32.3%	361,035	626,521	73.5%
Electricity sales	27,242	27,399	35,523	36,737	33,597	32,205	35,527	38,866	0.0%	126,901	140,194	10.5%
Forest sales and others	4,967	12,831	12,500	17,317	14,341	14,477	9,635	25,590	-22.9%	47,615	64,043	34.5%
SALES	109,816	116,989	134,895	173,851	170,155	207,903	229,721	222,979	70.3%	535,551	830,758	55.1%
% pulp / total	70.7%	65.6%	64.4%	68.9%	71.8%	77.5%	80.3%	71.1%		67.4%	75.4%	

Total 4Q10 sales amounted to €223Mn, +28.3% and -3% compared with 4Q09 and 3Q10 respectively, due to increased prices and pulp production (+43% and +1.5% respectively compared with 4Q09). This growth has had a positive impact on sales of both pulp and the energy from the industrial process.

Pulp sales in 4Q10 amounted to €159Mn, +32% higher than the figure for 4Q09. Sales volumes fell -7% against the same period of 2009 to guarantee the recovery of inventories at normalised levels. Sales prices rose +42% due to the increase in market prices, while sales discounts remained stable at around 14.5% throughout the year.

Energy sales amounted to €39Mn in 4Q10, +6% above the same quarter of 2009. In 4Q10, **the three plants have sold a total of 363,897MWh of energy (259,578MWh with renewable energy),** in line with those obtained in 4Q09.

Revenues from the sale of forest products and services rose to €26Mn in 4Q10, +48% above the same quarter of the previous year, due to higher wood sales to third parties.

Operating expenses (supplies, personnel, and other running costs) **amounted to €206Mn in 4Q10, a +29% year-on-year increase,** due largely to the increase in wood costs and, to a lesser degree, to higher production.

As a result, **the cash-cost level stood at about $377/tn over the year, +5% up against the €360/tn high reached in 2009.** The company has successfully continued with its policy of avoiding wood price increases which could compromise the company's mid term results, by means of stepping up imports, largely from its activity in Uruguay, and through adjusting the mix of the species used in the production process.

Consequently, **EBITDA for 4Q10 came to +€29Mn, which is +63% higher than the figure recorded in 4Q09**, reduced in large part by provisions related to payments pending government contracts and work in progress. Excluding hedging and extraordinary items, **adjusted EBITDA for 4Q10 amounted to +€43Mn**; this reflects the high pulp prices and the efficiency improvements carried out last year.

Without including depreciation, provisions, financial results and taxes, the company reported **net profit of €10Mn in 4Q10, which compares with losses of €15Mn in 4Q09.**

In 4Q10, industrial investments amounted to €18Mn, -67% below those recorded in the same period of 2009, given that by 2010 investments to increase pulp and electricity capacity had been completed. Forest investments amounted to €8Mn, corresponding to the planting of 2,741 ha.

There was a slight increase of €17Mn in working capital compared with 3Q10, largely due to increases in both wood and pulp to normalised operational levels in a setting in which the company has already stabilised its production capacity after the start-up of Navia; these increases guarantee adequate supply to clients.

Turning to debt, at year gross financial debt stood at €258Mn, with available cash of €85Mn at year end, to which we can add €60Mn available in credit lines. Consequently, **net financial debt amounted to €173Mn,** in line with the financial discipline target and thanks to the positive cash generation over the period. In addition to the positive operating cash flow, we also have to consider the tax credit of €53Mn existing at 2009 year end, which means that corporation tax generated in 2010 does not lead to an important outflow of cash. At December 2010, €28Mn of the tax credit remained.

COMMENTS ON BUSINESS ACTIVITIES

Activities Data

(Data in thousands of euros)	1Q 2009	2Q 2009	3Q 2009	4Q 2009	1Q 2010	2Q 2010	3Q 2010	4Q 2010	Change % 4Q10/09	AC 4Q 2009	AC 4Q 2010	Change % 2010/09
PULP PRODUCED (000 t.)	191.6	236.6	263.3	307.0	254.9	288.3	301.6	311.6	1.5%	998.0	1,156.5	15.9%
PULP SOLD (000 t.)	235.4	246.8	263.8	315.5	263.4	278.6	312.8	292.3	-7.4%	1,061.5	1,147.0	8.1%
ELECTRICITY PRODUC. (000 Mwh)	298.6	349.9	351.9	364.4	344.9	314.9	330.9	363.9	-0.1%	1,364.9	1,354.6	-0.8%
ELECTRICITY SOLD (000 Mwh)	241.0	294.7	321.5	358.4	332.5	314.7	328.9	356.2	-0.6%	1,215.7	1,332.3	9.6%
% sales / production	80.7%	84.2%	91.4%	98.3%	96.4%	100.0%	99.4%	97.9%		89.1%	98.4%	
INDUSTRIAL INVESTMENT	35,787	41,831	13,200	30,843	5,012	25,583	9,748	18,140	-41.2%	121,661	58,483	-51.9%
INDUSTRIAL EMPLOYEES (YEAR END)	848	848	837	798	805	825	766	735	-7.9%	798	735	-7.9%
WOOD SALES (000 m^3)	729.5	677.7	789.5	808.4	905.4	1,165.9	864.5	1,047.1	29.5%	3,005.1	3,982.9	32.5%
% by Latin American subsidiaries	17.1%	14.9%	11.9%	25.1%	36.1%	18.3%	22.6%	34.2%		17.42%	30.6%	
BIOMASS SALES (000 t)	48.3	65.9	89.0	79.3	99.5	79.5	58.7	116.3	46.7%	282.5	354.0	25.3%
FORESTED HECTARES (ha)												
- For pulp	3,297	1,306	1,115	1,749	681	650	696	2,385	36.4%	7,467	4,412	-40.9%
% by Latin American subsidiaries	83.6%	68.5%	73.0%	0.0%	0.0%	0.0%	0.0%	0.0%		59.8%	0.0%	
- For energy crops	257	240	345	84	97	410	497	356	44.1%	672	1,360	19.2%
FOREST INVESTMENT	11,630	12,496	5,713	6,367	4,023	6,541	4,797	7,598	19.3%	36,206	22,959	-36.6%
FOREST EMPLOYEES (YEAR END)	983	882	862	694	767	741	721	676	-2.6%	694	676	-2.6%

As far as **pulp production and marketing** are concerned, sales reported in 4Q10 were 23,227 tons lower than those of the same period of 2009. Production amounted to **311,641** tons of pulp, tantamount to a 2% increase vs. 2009 thanks to the improved utilisation levels at Navia. As a result, finished product stocks rose by 19,337 tons during the quarter:

- ✓ In the **Huelva plant, production reached 87,769 tons**, -8% down on 4Q09 due to changes in the wood mix and lower stability in production.
- ✓ Production in the **Pontevedra plant amounted to 101,039 tons**, 3% down on 4Q09 due to the impact which the change in the wood mix had on production.
- ✓ Production at the **Navia plant came to 122,833 tons**, +16% up on the production figure for 4Q09, reflecting the improved utilisation levels at the plant following the capacity increase.

In relation to the energy business, 363,897 MWh were produced in 4Q10, in line with production for 4Q09. Growth in energy sales amounted to -0.6%, to 365,207 MWh, given that 4Q09 was the first quarter of last year in which total capacity was operational, pursuant to RD 661/2007.

In relation to the forestry business, 1,047,065 m^3 of wood was marketed in 4Q10, most of it being supplied to pulp plants. During the same period, 2,385 ha were planted and 220 ha were procured for the pulp business. In 2010, 1,360 ha of were planted and an additional 3,137 ha were procured, for the production of energy crops. Furthermore, 79,300 tons of forest biomass were marketed mostly for the supply of the group's energy production.

ANNEX 1

CONSOLIDATED FINANCIAL STATEMENTS ACCORDING TO IFRS

BALANCE SHEETS AND PROFIT AND LOSS ACCOUNTS

ASSETS (thousands of euros)	31/12/2010	31/12/2009
I Tangible Fixed Assets	**747,140**	**737,807**
Land and Buildings	306,195	301,825
Plant and Machinery	1,001,898	940,470
Other Fixed Assets	28,989	26,821
Advances and Tangible Fixed Assets in Progress	80,321	98,407
Provisions and Depreciation	(670,262)	(629,716)
II Property Investments	**2,302**	**3,413**
III Issue Rights	**2,544**	**1,053**
IV Intangible Assets	**3,990**	**3,919**
Intangible Rights and Goods	26,196	25,274
Provisions and Amortizations	(22,206)	(21,355)
V Non-current Financial Assets	**5,788**	**5,494**
Long-Term Portfolio	1,016	1,036
Other Long-Term Credits	5,406	5,091
Provisions	(633)	(633)
Derivative Financial Instruments	0	0
Long-Term Hedging	0	0
VI Biological Assets	**166,187**	**155,238**
Forest Cover	249,652	227,412
Forest Reserve Depletion	(83,465)	(72,173)
VII Deferred Tax Assets	**49,881**	**73,230**
VIII Other Non-Current Assets	**0**	**0**
NON-CURRENT ASSETS	**977,832**	**980,155**
I Stocks	**105,911**	**88,844**
II Trade Debtors and other Accounts Receivable	**160,072**	**102,806**
Clients by Sales and Services	141,337	81,290
Other Debtors	3,714	24,355
Public Administrations	20,119	0
Provisions	(5,098)	(2,839)
III Financial Investments by Short-Term Hedging	**786**	**0**
IV Assets from Tax on Current Earnings	**0**	**0**
V Other Current Assets	**1,534**	**1,377**
VI Temporary Financial Investments	**14,588**	**1,913**
VII Cash and Banks	**70,983**	**49,132**
Sub-total Current Assets	**353,874**	**244,072**
Non-Current Assets Classified as Kept for Sale and Discontinued Activities	**0**	**0**
CURRENT ASSETS	**353,875**	**244,071**
T O T A L A S S E T S	**1,331,706**	**1,224,226**

LIABILITIES (thousands of euros)	31/12/2010	31/12/2009
I Subscribed Capital	232,212	157,410
II Share Premium	254,328	199,058
III Other Reserves	227,158	230,069
Distributable Reserves	148,817	152,352
Non-distributable Reserves	30,808	30,270
Adjustments to net worth by valuation (hedging and floors)	47,533	47,448
IV Reserves Calculated by Global or Proportional Method	121,536	149,131
V Results of Previous Years Pending Distribution	(131,155)	(3,766)
VI Consolidated Profit and Losses	64,711	(154,571)
VII Interim Dividend	0	0
VIII Conversion Differences	0	0
IX Own Shares	(2,434)	(435)
NET WORTH ALLOCATED TO PARENT COMPANY NET WORTH INSTRUMENT SHAREHOLDERS	766,356	576,895
X Minority Interest	0	0
NET WORTH	766,356	576,895
I Bond and Other Issues	0	0
II Debts to Credit Entities	242,962	155,755
III Financial Instruments for Long-Term Hedging	36,562	42,952
IV Other Financial Liabilities	8,321	8,791
V Deferred Tax Liabilities	23,649	23,467
VI Provisions for risks and expenses	23,833	20,381
VII Income to be distributed over several years	9,960	7,076
VIII Other non-Current Liabilities	0	0
NON-CURRENT LIABILITIES	345,287	258,421
I Bond and other Issues	0	0
II Debts to Credit Entities	6,981	186,760
III Trade Creditors	180,694	168,535
IV Other non-Trade Debts	12,224	25,913
V Financial Instruments for Short-Term Hedging	4,591	(0)
VI Short-Term Provisions	8,145	4,468
VII Liabilities for Taxes on Current Earnings	2,188	2,809
VIII Other Current Liabilities	346	424
IX Public Administrations	4,893	0
Subtotal Current Liabilities	220,062	388,909
X Liabilities classed as kept for sale and discontinued activities	0	0
CURRENT LIABILITIES	220,062	388,909
TOTAL LIABILITIES	1,331,706	1,224,226

PROFIT AND LOSS STATEMENT (thousands of euros)	31/12/2010	31/12/2009
REVENUE		
Total Net Turnover	830,758	535,551
Increase in Stocks of Finished Products	4,840	(17,422)
Works Performed by the Group on Fixed Assets	27,814	34,438
Other Operating Revenue	3,548	3,006
Earnings from Hedge Transactions	(4,852)	3,808
Capital Subsidies Transf. To Result for the Year	887	474
Capital Subsidies Transf. To Result for the Year - Emission Rights	6,361	7,764
GASTOS		
Supplies	(367,034)	(348,163)
Payroll Costs	(84,317)	(88,730)
Depreciation of Fixed Assets	(61,206)	(46,812)
Change in Trading Provisions	(8,851)	(763)
Other Operating Expenses	(223,981)	(138,614)
Other Operating Expenses - Emissions Rights	(6,912)	(6,194)
Change in Provisions for Fixed Assets	222	(10,845)
I. OPERATING RESULT	**117,276**	**(72,501)**
Revenue from Equity Interest	6	0
Other Financial Revenue	2,010	3,875
Financial Expenses	(29,019)	(48,664)
Exchange Rate Differences (net)	62	456
II. FINANCIAL RESULTS	**(26,941)**	**(44,333)**
Income from non-current assets kept for sale		
III. PRE-TAX RESULTS FROM CONTINUING ACTIVITIES	**90,335**	**(116,834)**
Corporation Tax	(25,624)	39,283
IV. RESULT FOR THE FINANCIAL YEAR FROM CONTINUING ACTIVITIES	**64,711**	**(77,551)**
Result of Valuation of non-Current Assets Classified as kept for Sale net of taxes	0	(77,020)
V. RESULT FOR THE YEAR	**64,711**	**(154,571)**
Result Attributable to External Partners		
VI. RESULT ALLOCATED TO SHAREHOLDERS OF THE PARENT COMPANY OF THE CONTINUED ACTIVITIES	**64,711**	**(154,571)**

ANNEX 2

MAIN RELEVANT FACTS FROM THE FINANCIAL YEAR

22/12/2010

- ✓ Appointment of Ignacio de Colmenares y Brunet as the new Chief Executive Officer and member of the Board of Directors of Grupo Empresarial ENCE S. A.
- ✓

15/10/2010

- ✓ Ence concluded a €298Mn financing agreement with 21 banks.

22/06/2010

- ✓ Ence estimated EBITDA of over 50 million euros in the second quarter.

22/06/2010

- ✓ The Company submitted the resolutions adopted in the Shareholders' Meeting of 2010.

30/03/2010

- ✓ New shares issued for capital increase admitted for trading.

18/03/2010

- ✓ The Company announced that the leading shareholders had issued an instruction to subscribe to the new shares at 52.66% of the amount of the capital increase, as part of the capital increase.

05/03/2010

- ✓ The Company submitted its presentation on the capital increase.

04/03/2010

- ✓ The Company announced that the Board of Directors had agreed to increase the share capital by 74,801,601 euros through the issue of 83,112,890 new shares.

End of ENCE 4Q10 Quarterly Report