QUARTERLY REPORT 4Q09

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"Make the forest grow and grow along with it"

DEVELOPMENT OF THE BUSINESS AND OUTLOOK

The performance over the quarter can be summarised as follows:

- **Recovery in net sales**

  Quarterly sales amounted to €173.9Mn in 4Q09, 6.7% above the figure for 4Q08. This was possible thanks to the confirmation **of market recovery, shown** in the higher volume of pulp sales in the isolated fourth quarter **(+15% vs. 4Q08 to 315.5 k tons and +20% vs. 3Q09) and in a 16% recovery in pulp prices in euros against 3Q09**, which has had a marked positive impact on pulp sale revenues (€119.8Mn), which **are 4.9% up on those of 4Q08 (€114.2**Mn)**.**

  Net sales in 2009 amounted to €535.6Mn, 18.4% lower than the figure recorded in 2008, with pulp sale revenues standing at €361Mn in 2009, 25% down on the 2008 figures as a result of the negative evolution of the average sale price in 2009 (25% below the average price recorded in 2008), given that sales in number of tons remained at similar levels.

- **Solid energy sales**

  Energy sales increased to €36.7Mn in 4Q09, a 10.3% rise against the same quarter of the previous year, thanks to the optimisation of electrical schemes in the plants and the higher weight of biomass-fuelled generation, two factors which offset the lower capacity of the Navia plant during the start-up period for production and equipment adjustments.

  In cumulative terms, electricity revenues rose 7.7% to €126.9Mn.

- **Sustained efforts in cost cutting**

  A tight management of supplies, wood inventories and supply chain, drove a **reduction of operating expenses by 8.7% in 4Q09 against 4Q08**, thus bringing the aggregate reduction in operating expenses to 7.4% against 2008**. Consequently, the cash-cost (cost of production) amounted to 304 euros per ton in 4Q09, in line with the target of €300/ton set for the last quarter of the year and 30% below the €435/ton corresponding to 1Q09.**

- **Consolidation of margins improvement**

  Full year results supported the change in trend in the company's gross operating profit started in 3Q09. EBITDA was brought to +€17.5Mn in 4Q09, thanks to cost cutting and the recovery in pulp prices. **Adjusted EBITDA (net of hedging and extraordinary items) amounted to +€20.9Mn**.

- **Decreasing financial leverage**

  Through the active management of working capital, particularly the reduction in wood and finished product stocks, and the fall in the average collection period by means of factoring, **the company has been able to reduce working capital by €118Mn over the year (adjusting**

for the divestment in Uruguay). By virtue of this effort, and the sale of Uruguay, it has been possible to reduce net debt to €338Mn, 25.6% below the figure for the end of 2008

- ✓ **Non operating impact of Uruguay sale**

  Net losses accounted in 2009 have come to €154.6Mn. This result was affected by the accounting of a **loss after tax of €77Mn** owing to the lower value of the assets sold in Uruguay. Because of these negative results, the company has generated a **tax credit of €51.7Mn (negative tax bases of €172.4Mn) which will reduce tax payments occurring in future years.**

- ✓ **Positive prospects for the market pulp for 2010**

  The market pulp strength has continued to be supported during the first two months of 2010 thanks to two consecutive pulp price increases (US$30/tonne per month) already implemented reaching US$760/tonne (+15% compared to average price in 4T09) what gives a clear support for the perspectives that we manage for 2010, with inventories at very low levels and demand recovering in Europe; strength that will impact positively Ence 2010 results. Furthermore, the cancellation of new projects seen in 2009 lead to feel confident in terms of lack of new capacity coming into the market at least until 2013. Last but not least, the recovery of the European economies will support Ence's earning growth as around 74% of Ence sales are placed in Europe (ex-Spain).

HIGHLIGHTS OF 4Q09

ACCOUNTING OF CORPORATE TRANSACTIONS

On 17 May, the company reached an agreement with the paper groups Stora Enso Oyj and Celulosa Arauco y Constitución S.A. for the cash sale of 100% of the shares and stakes which ENCE had in the Uruguayan companies EUFORES, S.A., CELULOSA Y ENERGÍA PUNTA PEREIRA, S.A. and ZONA FRANCA PUNTA PEREIRA, S.A**.** for the sum of $US340Mn**.**

The agreement included the transfer by ENCE of around 140,000 hectares of forest in Uruguay, and the sale of the whole of the industrial project for the construction of a pulp production plant in Punta Pereira.

The company has kept ownership of approximately 30,000 hectares of Eucalyptus plantations in the Atlantic region of Uruguay, and the wood chipping and export plant in Peñarol (Montevideo).

Following the agreement for the sale of the Uruguayan companies, ENCE allocated a loss for the lower value of assets of €77Mn after tax on 30 September 2009, registered within the item *“Result of the valuation of non-current activities classed as available for sale and not included in interrupted activities”*; this amount did not involve a cash payment.

With this operation, closed on 16 October 2009, the company earned a sum of €229Mn, which has been used to strengthen the company's financial situation, reducing the existing syndicated loan from €350Mn to €163Mn.

MARKET DEVELOPMENT

PULP

The pulp market has shown considerable recovery in the final quarter of 2009. The sharp fall in demand seen in the first months of the year has been partly offset by the increased imports from Asia, especially in China, and the **sharp adjustment in the pulp market supply**, especially in factories in Northern Europe, in Scandinavian countries, in Canada and in the United States.

Therefore, in December 2009, **stocks** of market pulp manufacturers stood at 28 days supply, **far below the standard supply range in this sector (in days)** and at the lowest level reached for the last 10 years, 20 days shorter than the level at December 2008, when it stood at 48 days**.**

Global pulp demand closed 2009 1.8% up on 2008 (source: PPPC); this growth was underpinned by extraordinary imports by China and contracting volume showing recovery from the end of 2009 in the rest of markets, which had fallen sharply in the final months of 2008. This situation, together with the seasonal rise in demand in the last months of 2009, have prompted **gradual recovery in pulp prices**.

In this context, pulp prices have seen **widespread increases in all markets;** the eucalyptus pulp price **in Europe reached $US700/t in December 2009, with an increase being announced to US$730/t from 1 January 2010 onwards,** tantamount to recovery of 52% from the floor of $US480/t reached in April 2009. Fiber prices in other international markets have seen similar degrees of recovery.

The market pulp strength has continued to be supported during **the first two months of 2010** thanks to **a new pulp price increase** (US$30/tonne per month) already implemented reaching US$760/tonne (+15% compared to average price in 4T09) what gives a clear support for the perspectives that we manage for 2010, with **inventories at very low levels and demand recovering in Europe**; strength that will impact positively Ence 2010 results. Furthermore, the cancellation of new projects seen in 2009 lead to feel confident in terms of **lack of new capacity coming into the market at least until 2013**. Last but not least, the recovery of the European economies will support Ence's earning growth as around 74% of Ence sales are placed in Europe (ex-Spain).

Furthermore, the trend towards strengthening the €/$ exchange rate should increase the impact of the price rises in dollars.

WOOD

The **increased consumption of wood for pulp deriving from capacity increases in Portugal and Spain**, recovery in the pulp market, together with the adverse weather conditions in 4Q09, as well as the sluggish situation in the Iberian market after the gradual cutting of prices until 3Q09, were the main factors accounting for the **rise in imports** to offset the wood deficit in the Iberian Peninsula.

In this context, **ENCE is actively managing its supply chain**, and this has enabled it to **reduce wood stocks by 511,000 m^3** since December 2008.

Furthermore, the company follows a long-term investments policy in order to maximise self-supply through the expansion of its forest assets in the Iberian Peninsula, by reinforcing **R&D&I programs and by applying advanced silviculture techniques**. During 2009, the company has invested €36.2Mn in managing its forest assets. This investment has meant **planting 7,467 ha, contracting 3,600 ha, acquiring 51 ha and converting 3,001 ha of plantations into clonal masses**, with increases of around 15% in productivity.

In 2009, the company also **planted approximately 672 ha, and has contracted a further 846 ha, approximately, to be used for the production of energy crops** for the company's biomass energy generation plants, as part of the strategy for assuring volumes with competitive and sustainable costs.

In this regard, ENCE maintains a **cooperation agreement signed with the Autonomous Government of Andalusia (*Junta de Andalucía*)** for fostering a series of institutional and business initiatives in the fields of forest management, wood and biomass production and promotion of renewable energies.

This agreement will help to consolidate and increase the local production of wood as a base for the pulp sector, and the **increase in the local supply of wood and biomass** for electricity production, thus reducing the dependency on wood imports and also assuring **biomass supply for potential future energy** projects.

COMMENTS 4Q09

KEY FIGURES IN THE BALANCE SHEET AND RESULTS OF THE ENCE GROUP ACCORDING TO I.F.R.S.

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

(Data in thousands of euros) (Quarterly figures not audited)	4Q 2008	4Q 2009	VAR in % 4Q09 / 4Q 08	AC. 4Q 2008	AC. 4Q 2009	VAR in % AC 4Q09 / 4Q 08
SALES	162,898	173,851	6.7%	656,617	535,551	(18.4%)
EBITDA sg IAS	412	17,543	n.s.	86,877	(14,844)	n.s.
EBIT sg IAS	(8,973)	(2,324)	(74.1%)	47,528	(72,501)	n.s.
% of sales	(5.5%)	(1.3%)		7.2%	(13.5%)	
% of net assets	(2.8%)	(0.9%)		4.9%	(9.5%)	
Exchange rate differences	1,794	227	(87.4%)	3,534	456	(87.1%)
Other financial results	(34,055)	(23,409)	(31.3%)	(51,363)	(44,789)	(12.8%)
FINANCIAL RESULT	(32,261)	(23,182)	(28.1%)	(47,829)	(44,333)	(7.3%)
Income from non-current assets kept for sale	0	0		6,429	0	n.s.
Income from discontinued activities net of taxes	3,894	0	n.s.	(3,560)	(77,020)	n.s.
TAX	13,063	10,078	(22.8%)	2,174	39,283	n.s.
NET PROFIT/LOSS AFTER TAX	(24,277)	(15,428)	(36.5%)	4,742	(154,571)	n.s.
% of Shareholder´s Equity	(13.3%)	(10.7%)		0.6%	(26.8%)	
RESULTS PER SHARE (in euros)**	(0.14)	(0.09)	(36.5%)	0.03	(0.88)	n.s.
Dividend paid per share (in euros)**						
INVESTMENT	91,339	37,211	(59.3%)	300,669	157,867	(47.5%)

(Data in thousands of euros) (Quarterly figures not audited)	4Q 2008	4Q 2009	VAR in % 4Q09 / 4Q 08
FIX ASSETS	1,133,590	980,155	(13.5%)
AVAILABLE CASH	12,030	13,045	8.4%
NET ASSETS AVAILABLE FOR SALE	1,554	0	n.s.
OTHER CURRENT ASSETS	138,317	28,359	(79.5%)
NET ASSETS	1,285,492	1,021,558	(20.5%)
SHAREHOLDERS´ EQUITY	729,564	576,897	(20.9%)
Nº of shares end of period (in thousands)*	174,900	174,900	0.0%
SUBSIDIES	3,160	7,076	123.9%
% Shareholders' Equity+Subsidies on fixed assets	64.6%	59.6%	
DEFERRED TAX LIABILITIES	26,215	23,467	(10.5%)
PROVISIONS	22,061	20,381	(7.6%)
LONG TERM DEBT	250,610	164,546	(34.3%)
SHORT TERM DEBT	215,140	186,759	(13.2%)
Net financial debt	453,720	338,260	(25.4%)
% Net financial debt/Shareholder's Equity	62.2%	58.6%	

Sales by Business Lines

(Data in thousands of euros) (Quarterly figures not audited)	4Q 2008	4Q 2009	VAR in % 4Q09/08	AC 4Q 2008	AC 4Q 2009	VAR in % AC 4Q09/08
Pulp sales	114,190	119,798	4.9%	484,727	361,035	(25.5%)
Electricity sales	33,296	36,737	10.3%	117,796	126,901	7.7%
Forest sales and others	15,413	17,317	12.4%	54,094	47,615	(12.0%)
SALES	162,898	173,851	6.7%	656,617	535,551	(18.4%)
% pulp / total	70.1%	68.9%		73.8%	67.4%	

Total sales by quarters showed sharp recovery until reaching €174Mn in 4Q09, 50% higher than the quarterly average accounted for 9M09 and 6.7% above those reached in 4Q08, thanks to the rise in prices and pulp production (+33% against the average for 9M09). This growth has had a positive impact on both pulp sales and on electricity production and sale.

After the Navia plant was started up in March, it **reached an average monthly production of 85% of its nominal design capacity over the quarter, and it is expected to reach its peak daily production level immediately after the technical shutdown to be carried out in April.** This installation has a nominal production capacity of 500,000 annual tons of pulp at a cost of less than €280/t, together with the generation of 550,000 MWh of renewable energy with biomass, an amount equivalent to **double the plant's energy capacity** prior to the expansion works.

Total net sales of ENCE during 2009 amounted to €535.6Mn, 18% lower than the figure reported the previous year, due largely to the lower pulp prices in an adverse market setting, where the average gross price has fallen by almost 29% against 2008 ($US789/t in 2008 vs. $US561/t in 2009).

Pulp sales in 4Q09 came to €119.8Mn, 5% above those reached in 4Q08. The 27% rise in the volume of pulp sales (against the average for 9M09) to 315k tons and the gradual improvement in prices from the floor seen in April, are the two main factors behind this **recovery. The company has thus been able to reduce the fall in revenues in the pulp business by 11 percentage points vs. 2008, from -37% in 1Q09**. Price increases were not fully reflected in the quarter as shipments were already agreed at prices lower than the market reference.

In aggregate terms, pulp sales revenues have accounted for 67% of the consolidated total sales and **amounted to €361Mn**, **25% down** on 2008 due almost entirely to the low prices and the dollar weakness against the euro. The company reacted by reducing production volumes (-8.4% over the year) in order to adjust to the lower market demand, and also by reducing its stock levels, helped by the shutdown of the Navia plant while it was being expanded. The company also decided to gradually bring forward the technical shutdowns of plants for maintenance in the first half of the year in order to reduce wood consumption, within the framework of active management of prices and reduction of stocks. Lastly, the Huelva plant was maintained at 50% up to September in order to maximise the percentage of local wood supplied and to make operations more profitable.

Electricity sales amounted to €36.7Mn in 4Q09, a 10.3% rise against the same quarter of the previous year, thanks to the optimisation of electrical schemes in the plants and the higher weight of biomass-fuelled generation, factors which offset the lower capacity utilization of the

Navia plant and the fall in pool prices. Since September, the Huelva plant's capacity to sell electricity to the grid has been increased by 18% to 816,000 MWh equivalent per annum, given that the company has been granted authorisation to sell to the market the electricity generated with the new turbines installed over the year. In this regard, **the three plants together have sold in the region of 263,500MWh of renewable energy (not including gas) in 4Q09, 47% above** the levels reached in 2008.

In aggregate terms, electricity sales amounted to €126.9Mn in 2009, 7.7% above the figure for 2008, despite the lower electrical generation as a result of the extraordinary shutdowns for plant expansion and maintenance compared with their nominal capacity. The company sold 1,215,700 MWh of energy in 2009, 15.7% above the equivalent figure for 2008, thus recovering after the lower production and sales seen in 1Q09, 5.3% and 5.7% lower than the first quarter of 2008, respectively. The volume of renewable energy over the year amounted to around 867,400MWh, 23% above the levels reached in 2008.

Revenues from the sale of forest products and services amounted to €17.3Mn in 4Q09, 12.4% above the same quarter of the previous year, thanks to higher forest consulting sales. The yearly total came to **€47.6M**, a 12% fall against 2008, as a result of the lower shipments of wood chips from Uruguay and the deterioration in forest consulting in the first quarters of 2009 owing to the current economic setting.

As far as the structure of operating expenditure is concerned, operating expenses (procurement, personnel and other operating expenses) **came to €161Mn in 4Q09, a 8.7% fall in year-on-year terms.** Over the year, operating expenses reached **€576Mn,** a **year-on-year fall of 7.4%.** Part of this fall is due to the Group's lower activity as a result of the shutdowns carried out in plants, and to the improved energy efficiency.

The company also established a series of measures for the management of its wood supply chain; this enabled it to reverse the trend of rising wood costs, which showed an imbalance against the rate of the fall in pulp prices. In fact, wood costs per ton of pulp have fallen by around 30% since the highs seen in the first quarter of 2009, and **will offset the increase which could occur in the average cost due to the higher volume of imported wood supplied.**
Lastly, and in conjunction with the efforts made in cost management, **there has been a 3% fall in other operating expenses** over the isolated quarter against the same period of 2008 (accumulated fall of 11% in the annual comparison), a reduction caused by the optimisation programs applied.

Due to these improvements in costs, **the company managed to successfully reduce cash-cost levels to levels of €304/ton over the last quarter of the year**. There has been a notable reduction from the highest levels of €435/ton reached in 1Q09, helping the company to reach its target of €300/ton as a basis for its current and future competitiveness.

In 4Q09, the company consolidated the recovery in margins which commenced in 3Q09 due to the improvement in prices and the positive result of the cost containing policies, bringing EBITDA in 4Q09 to +€17.5M. By this means, the company has been able to reduce operating losses over the year to -€14.8Mn, down from the -€32.4Mn accumulated over the first nine months, caused by lower pulp activity, low market prices and less pulp and electricity production in plants due to the technical expansion and maintenance shutdowns; together these factors reduced the margin per ton of pulp produced. Excluding hedging and extraordinary items, **adjusted EBITDA for isolated 4Q09 amounted to +€20.9Mn**. This improvement enabled the company to reduce the -€38.6Mn of adjusted EBITDA accumulated in the first half of the year (including reversals of inventory provisions), taking adjusted EBITDA for 2009 to -€15.4Mn.

Discounting depreciation, provisions, financial income and tax, the company reported **net losses of €15.4Mn in 4Q09 due to the allocation of €14Mn of lower value of the interest rate derivative and €9.8Mn of provisions on non-current assets that were replaced due the capacity increase in Navia; neither of these involved a cash payment.** Net losses for the year amounted to €154.6Mn. Without taking into account the impact of the Uruguay sale agreement, the net result would have been -€77.6Mn.

Investments in 2009 amounted to €157.9Mn, 47% lower than those reported in the same quarter of 2008. **77%** of expenditure refers to **industrial investments** as a result of the Navia plant extension and modernisation project. Meanwhile, **investments in forests amounted to €36.2Mn** from the planting, acquisition and/or contracting of new hectares of forest and the **conversion of 3,001 ha of plantations into clonal masses**, leading to increases of around 15% in productivity.

Through the active management of working capital, particularly the reduction in wood and finished product stocks (around 511,000 m3 of wood and 64,500 tons of pulp, respectively), and the fall in the average collection period by means of factoring, **the company has been able to reduce working capital by €118Mn over the year (adjusting for the sale of assets in Uruguay).**

In terms of debt, at 31/12/09, and after the Uruguay asset sale transaction was closed, **net financial debt stood at €338Mn.**

COMMENTS BY LINES OF BUSINESS

Activities Data

(Data in thousands of euros)	4Q 2008	4Q 2009	VAR in % 4Q09/4Q08	AC 4Q 2008	AC 4Q 2009	VAR in % AC 4Q09/4Q08
PULP SOLD (000 t.)	274.31	315.53	15.0%	1,066.59	1,061.49	(0.5%)
PULP PRODUCED (000 t.)	282.47	307	8.5%	1,088.98	998.01	(8.4%)
ELECTRICITY PRODUC. (000 Mwh)	329.52	364.43	10.6%	1,280.6	1,364.9	6.6%
ELECTRICIDAD VENDIDA (000 Mwh)	269.51	358.40	33.0%	1,050.9	1,215.7	15.7%
% sales / production	81.8%	98.3%		82.1%	89.1%	
INDUSTRIAL INVESTMENT	80,440	30,843	(61.7%)	233,150	121,661	(47.8%)
- Uruguay	13,141	0	n.s.	31,242	10,298	(67.0%)
- Other	67,299	30,843	(54.2%)	201,908	111,363	(44.8%)
INDUSTRIAL EMPLOYEES (YEAR END)	842	798	(5.2%)	842	798	(5.2%)
WOOD SALES (000 m^3)	890.30	808.43	(9.2%)	3,561.6	3,005.1	(15.6%)
% by Latin American subsidiaries	25.1%	25.1%		24.7%	17.4%	
BIOMASS SALES (000 t)	32.7	79.30	142.5%	100.1	282.5	182.2%
FORESTED HECTARES (ha)						
- For pulp	10,515	1,749	(83.4%)	27,370	7,467	(72.7%)
% by Latin American subsidiaries	48.4%	0%		73.0%	59.8%	
- For energy crops	772	84	(89.1%)	3,332	672	(79.8%)
FOREST INVESTMENT	48,306	6,367	(86.8%)	67,519	36,206	(46.4%)
- Uruguay	35,010	465	(98.7%)	43,356	11,645	(73.1%)
- Other	13,296	5,903	(55.6%)	24,163	25,314	4.8%
FOREST EMPLOYEES (YEAR END)	963	694	(27.9%)	963	694	(27.9%)

As far as **pulp production and commercialisation is concerned**, 2009 sales were 5,096 tons lower than those carried out in 2008. Production amounted to **998,009 tons** of pulp, a 8.4% fall against 2008 due to the shutdowns for maintenance and production adjustment in the Pontevedra and Huelva plants (particularly the latter), the expansion of the Navia plant and the execution of its learning curve in order to stabilise production. Stocks of finished product fell by 64,487 tons against the aggregate yearly figure, thus enabling the company to keep sale volumes virtually stable over the last 12 months:

- ✓ In the **Huelva plant, production came to 319,580 tons**, 18% lower than 2008, due to the maintenance shutdown and the adjustment of production levels to market demand (from May). The plant returned to its customary levels of activity in 4Q09, with production of 95,793 tons, 5% down on the 4Q08 figure.
- ✓ The **Pontevedra plant produced 407,669 tons**, a 1.4% rise; this is because the maintenance shutdown in March 2008 lasted longer than usual because of the improvements implemented in the installations.

- ✓ In the **Navia plant, production came to 270,757 tons**, 9.2% down on the 2008 production figure; this lower production is due to the shutdown and start-up following the expansion. There has been a sustained improvement in the execution of the plant's learning curve and the plant is currently producing **close to its nominal design capacity**. Production in 4Q09 amounted to 106,213 tons, 24% higher than the tonnage produced in 3Q09.

With regard to **energy activity**, the company has produced 1,364,900 MWh in 2009, a rise of 6.6% against the previous year. There was a 15.6% increase in electricity sales, amounting to 1,215,700 MWh with the percentage of electricity sold to the grid rising to 89% from 82% in 2008 due to the improvement in electrical schemes in Huelva.

Turning now to **forest activity**, during the first nine months of 2009 the company commercialised 3,005,100 m^3 of wood, around 98% of this amount being supplied to pulp plants. Over the same period it has **planted 7,467 ha**, **contracted 3,600 ha, acquired 51 ha and converted 3,001 ha of plantations into clonal masses**.

Furthermore, with **regard to energy crops,** in 2009 the company planted around **672 ha** and contracted in the region of a further **846 ha** to be used for **producing the aforesaid energy crops**. It has also commercialised **282,500 tons of forest biomass** most of it to supply the group's own energy production.

ANNEXE 1

CONSOLIDATED FINANCIAL STATEMENTS ACCORDING TO I.F.R.S.

BALANCE SHEETS AND PROFIT AND LOSS ACCOUNTS

ASSETS (thousands of euros)	31/12/2009	30/12/2008
I Tangible Fixed Assets	**737,807**	**834,643**
Land and Buildings	301,825	421,669
Plant and Machinery	940,470	692,141
Other Fixed Assets	26,821	28,554
Advances and Tangible Fixed Assets in Progress	98,407	299,916
Provisions and Depreciation	(629,716)	(607,637)
II Property Investments	**3,413**	**3,525**
III Issue Rights	**1,053**	**0**
IV Intangible Assets	**3,919**	**21,110**
Intangible Rights and Goods	25,274	42,064
Provisions and Amortizations	(21,355)	(20,954)
V Non-current Financial Assets	**5,494**	**1,559**
Long-Term Portfolio	1,036	1,022
Other Long-Term Credits	5,091	1,177
Provisions	(633)	(639)
Derivative Financial Instruments	0	0
Long-Term Hedging	0	0
VI Biological Assets	**155,238**	**255,481**
Forest Cover	227,412	347,632
Forest Reserve Depletion	(72,173)	(92,151)
VII Deferred Tax Assets	**73,230**	**17,272**
VIII Other Non-Current Assets	**0**	**0**
NON-CURRENT ASSETS	**980,155**	**1,133,590**
I Stocks	**88,844**	**158,504**
II Trade Debtors and other Accounts Receivable	**102,805**	**120,287**
Clients by Sales and Services	81,289	103,942
Other Debtors	24,355	19,404
Provisions	(2,839)	(3,059)
III Financial Investments by Short-Term Hedging	**0**	**4,949**
IV Assets from Tax on Current Earnings	**0**	**28,334**
V Other Current Assets	**1,377**	**2,644**
VI Temporary Financial Investments	**1,913**	**6,768**
VII Cash and Banks	**49,132**	**5,262**
Sub-total Current Assets	**244,071**	**326,748**
Non-Current Assets Classified as Kept for Sale and Discontinued Activities	**0**	**1,554**
CURRENT ASSETS	**244,071**	**328,302**
T O T A L A S S E T S	**1,224,226**	**1,461,892**

LIABILITIES (thousands of euros)	31/12/2009	30/12/2008
I Subscribed Capital	157,410	157,410
II Share Premium	199,058	199,058
III Other Reserves	230,070	229,740
Distributable Reserves	152,352	152,180
Non-distributable Reserves	30,270	31,482
Adjustments to net worth by valuation (hedging and floors)	47,448	46,078
IV Reserves Calculated by Global or Proportional Method	149,131	138,794
V Results of Previous Years Pending Distribution	(3,766)	560
VI Consolidated Profit and Losses	(154,571)	4,742
VII Interim Dividend	0	0
VIII Conversion Differences	0	(740)
IX Own Shares	(435)	0
NET WORTH ALLOCATED TO PARENT COMPANY NET WORTH INSTRUMENT SHAREHOLDERS	**576,897**	**729,564**
X Minority Interest	0	0
NET WORTH	**576,897**	**729,564**
I Bond and Other Issues	0	0
II Debts to Credit Entities	155,755	250,610
III Financial Instruments for Long-Term Hedging	42,952	27,427
IV Other Financial Liabilities	8,791	11,314
V Deferred Tax Liabilities	23,467	26,215
VI Provisions for risks and expenses	20,381	22,061
VII Income to be distributed over several years	7,076	3,160
VIII Other non-Current Liabilities	0	0
NON-CURRENT LIABILITIES	**258,421**	**340,788**
I Bond and other Issues	0	0
II Debts to Credit Entities	186,240	215,140
III Trade Creditors	168,535	126,130
IV Other non-Trade Debts	26,431	41,857
V Financial Instruments for Short-Term Hedging	(0)	1,380
VI Short-Term Provisions	4,468	(0)
VII Liabilities for Taxes on Current Earnings	2,809	6,598
VIII Other Current Liabilities	424	434
Subtotal Current Liabilities	**388,908**	**391,540**
IX Liabilities classed as kept for sale and discontinued activities	**0**	**0**
CURRENT LIABILITIES	**388,908**	**391,540**
TOTAL LIABILITIES	**1,224,226**	**1,461,892**

PROFIT AND LOSS STATEMENT (Thousands of euros)	**31/12/2009**	**31/12/2008**
REVENUE		
Total Net Turnover	535,551	656,617
Increase in Stocks of Finished Products	(17,422)	7,124
Works Performed by the Group on Fixed Assets	34,438	32,377
Other Operating Revenue	3,006	15,138
Earnings from Hedge Transactions	3,808	(14,550)
Capital Subsidies Transf. To Result for the Year	474	4,691
Capital Subsidies Transf. To Result for the Year - Emission Rights	7,764	15,133
GASTOS		
Supplies	(348,163)	(382,812)
Payroll Costs	(88,730)	(82,756)
Depreciation of Fixed Assets	(46,812)	(36,313)
Change in Trading Provisions	(763)	715
Other Operating Expenses	(138,614)	(155,701)
Other Operating Expenses - Emissions Rights	(6,194)	(9,099)
Change in Provisions for Fixed Assets	(10,845)	(3,037)
I. OPERATING RESULT	**(72,501)**	**47,528**
Revenue from Equity Interest	0	83
Other Financial Revenue	3,875	6,759
Financial Expenses	(48,664)	(58,205)
Exchange Rate Differences (net)	456	3,534
II. FINANCIAL RESULTS	**(44,333)**	**(47,829)**
Income from non-current assets kept for sale		6,429
III. PRE-TAX RESULTS FROM CONTINUING ACTIVITIES	**(116,834)**	**6,128**
Corporation Tax	39,283	2,174
IV. RESULT FOR THE FINANCIAL YEAR FROM CONTINUING ACTIVITIES	**(77,551)**	**8,302**
Result of Valuation of non-Current Assets Classified as kept for Sale not included in Discontinued Activities (net)	(77,020)	(3,560)
V. RESULT FOR THE YEAR	**(154,571)**	**4,742**
Result Attributable to External Partners		
VI. RESULT ALLOCATED TO SHAREHOLDERS OF THE PARENT COMPANY OF THE CONTINUED ACTIVITIES	**(154,571)**	**4,742**

ANNEXE 2

MAIN REGULATORY ANNOUNCEMENTS OVER THE YEAR

16/10/2009

✓ The Company announced that it had closed the transaction consisting of the cash sale of 100% of the shares and shareholdings held by ENCE in the Uruguayan companies Eufores, S.A., Celulosa y Energía Punta Pereira, S.A. and Zona Franca Punta Pereira, S.A., to the paper groups Stora Enso Oij and Celulosa Arauco y Constitución S.A..

15/10/2009

✓ The Company submitted a statement regarding a new industrial project to build a biomass-powered electrical generation plant with 50MW installed power in its Huelva Industrial Complex.

18/05/2009

✓ The Company submitted an announcement regarding the agreement reached with Stora Enso Oij and Celulosa Arauco y Constitución S.A. for the sale in cash of 100% of the shares and shareholdings held by ENCE in Eufores, S.A., Celulosa y Energía Punta Pereira, S.A. and Zona Franca Punta Pereira, S.A..

5/02/2009

✓ The Group signed an agreement for the novation of the corporate financing contracts signed on 2 April 2008, creating a corporate financing structure of €350Mn to be used for the execution of industrial investments in Spain and the Company's working capital requirements.

20/01/2009

✓ The company announced its decision to analyse the different strategic options for the execution of its project in Uruguay.

End of ENCE 4T09 Quarterly Report