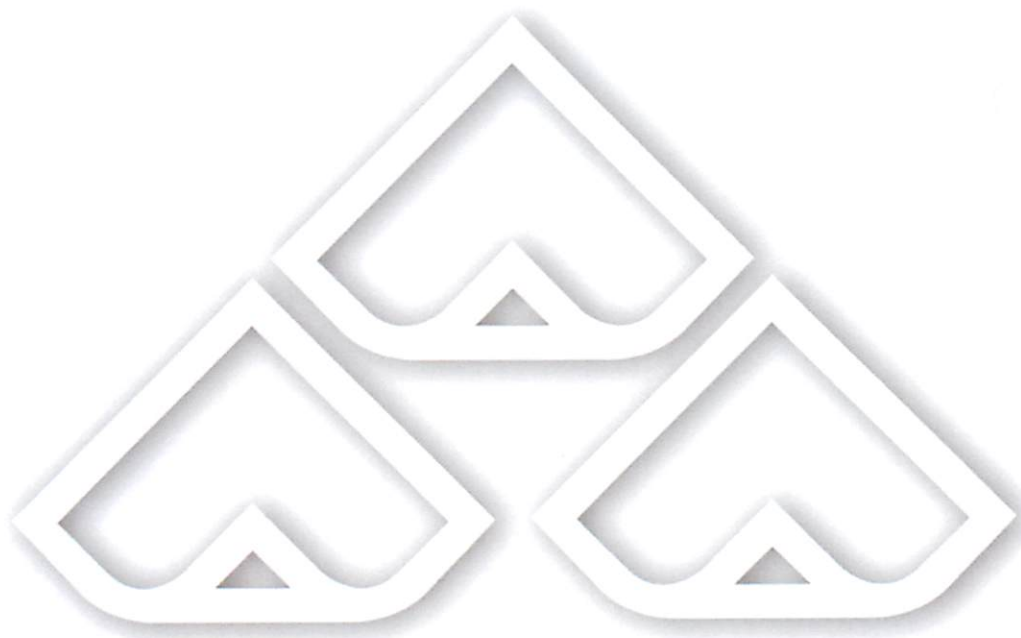


# NOTES TO THE INTERIM FINANCIAL STATEMENTS

31 March 2012



## **BUSINESS TRENDS**

### **(Report at 31/03/2012)**

In a very difficult economic situation, during the first quarter of 2012 Iberpapel Group obtained a net profit of € 5,346 thousand, reaching an Ebidta margin of more than 17%. During the quarter, the paper market showed an increase of pulp prices, not yet fully priced into paper, and a weak demand. After the important closures of capacity that took place in 2011, the paper sector in Europe seems to have reached an equilibrium level between supply and demand.

#### **CONSOLIDATED RESULTS AT 31 MARCH 2012**

**Net revenues totaled €58,477 thousand** that represents a **6.40%** decrease compared with last year (IQ2011: €62,475). The Group's **total revenues reached €60,010 thousand** (IQ2011: €64,100).

**EBITDA totaled €10,057 thousand** (IQ2011: €11,375 thousand) and **fell by 11.59%**. The gross operating margin on revenues was **17.20%** (IQ2011: 18.21%).

**EBIT at 31 March 2012 stood at €6,804 thousand** (IQ2011: €11,306 thousand)

**Net profit during the first three months of 2012 was €5,346 thousand** (IQ2011: €8,189 thousand).

Comparative income statement in thousand euros

	31/03/2012	31/03/2011	Variance %
Net revenues	58,477	62,475	-6.40
Other revenues	1,533	1,625	-5.66
<b>Revenues</b>	<b>60,010</b>	<b>64,100</b>	<b>-6.38</b>
Change in in inventories of finished products and work in progress	-4,925	-6,236	-21.02
Supplies	-20,085	-21,179	-5.17
Personnel expenses	-4,540	-4,609	-1.50
Other expenses	-20,403	-20,701	-1.44
<b>EBITDA</b>	<b>10,057</b>	<b>11,375</b>	<b>-11.59</b>
Depreciation/amortization	-3,253	-3,233	0.62
Result from the disposal of assets		3,164	-
<b>EBIT</b>	<b>6,804</b>	<b>11,306</b>	<b>-39.82</b>
Financial income/expense	63	-252	-
<b>Profit before taxes</b>	<b>6,867</b>	<b>11,054</b>	<b>-37.88</b>
Taxes	-1,521	-2,865	-46.91
<b>NET PROFIT</b>	<b>5,346</b>	<b>8,189</b>	<b>-34.72</b>

a) Operating revenues and profits

Accumulated net revenues recorded by Iberpapel Group at 31 March 2012 amounted €58,477 thousand (1Q2011: €62,475 thousand), a 6.40% decrease. The most significant components were as follows:

Thousand euro	31/03/2012	31/03/2011	Variance %
Sale of paper	44,581	51,175	-12.89%
Sale of Electricity	13,033	11,162	16.76%
Sale of timber	863	138	525.36%

Paper sales decreased by 12.89% due both to decreases in the number of physical units sold and in the average selling price.

The Group's EBITDA was €10,057 thousand (1Q2011: €11,375 thousand), which is a 11.59% decrease.

**Consolidated balance sheet at 31/03/2012 and 31/12/2011 (Thousand euro)**

<b>ASSETS</b>		<b>Date 31/03/2012</b>	<b>Date 31/12/2011</b>
I.	Property, plant and equipment	161,697	161,996
IV.	Other intangible assets	7,078	7,081
V.	Non-current financial assets	35	102
VII.	Biological assets	17,504	16,187
VIII	Deferred tax assets	6,852	7,502
<b>A) NON-CURRENT ASSETS</b>		<b>193,166</b>	<b>192,868</b>
II.	Inventories	20,603	25,922
III	Trade and other receivables	49,352	41,328
VII.	Cash and other cash equivalents	14,002	14,084
<b>B) CURRENT ASSETS</b>		<b>83,957</b>	<b>81,334</b>
<b>TOTAL ASSETS (A+B)</b>		<b>277,123</b>	<b>274,202</b>

LIABILITIES		Date	Date
		31/03/2012	31/12/2011
I.	Share capital	6,748	6,748
II.	Retained earnings and other reserves	178,735	155,916
III.	Profit for year	5,346	22,866
IV.	Less: Treasury shares	-218	-218
V.	Exchange differences	-32	-283
VI.	Share premium account	20,933	20,933
VII.	Dividend	-3,369	
<b>A) EQUITY</b>		<b>208,143</b>	<b>205,962</b>
I.	Bank loans		332
II.	Deferred tax liabilities	2,672	2,929
IV.	Other non-current liabilities	16,848	17,517
<b>B) NON-CURRENT LIABILITIES</b>		<b>19,520</b>	<b>20,778</b>
I.	Bank loans	2,829	2,257
II.	Trade and other payables	42,822	41,018
III.	Provisions for other current liabilities	3,181	3,559
IV.	Other current liabilities	628	628
<b>C) CURRENT LIABILITIES</b>		<b>49,460</b>	<b>47,462</b>
<b>TOTAL LIABILITIES AND EQUITY (A+B+C)</b>		<b>277,123</b>	<b>274,202</b>

a) Biological assets

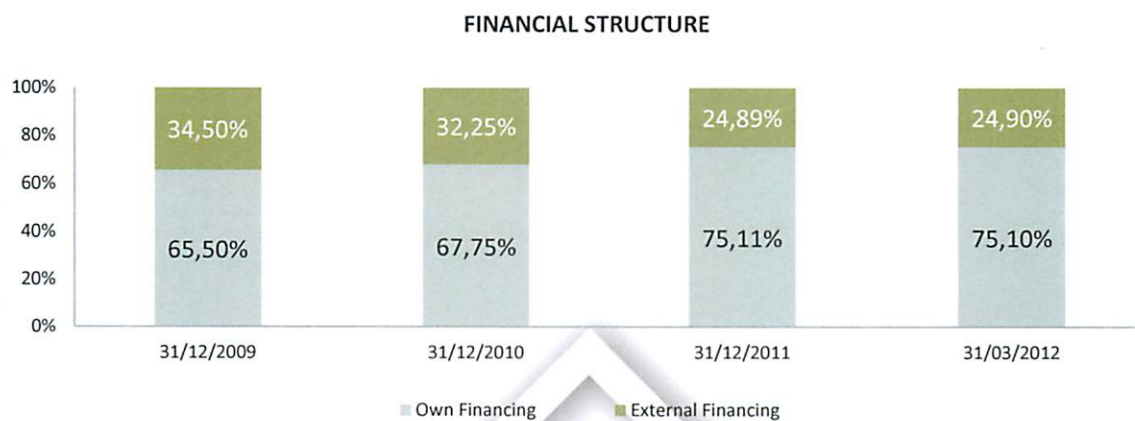
The measurement of biological assets is done on an annual basis by the independent expert "GALTIER FRANCO IBERICA, S.A."

b) Bank loans

As of March 31<sup>st</sup>, 2012, Iberpapel Group has a net positive cash of €11,173 thousand (December 31<sup>st</sup>, 2011: €11,495 thousand)

Thousand euro	31/03/2012	31/03/2011	31/12/2010
Short and long-term bank borrowings	2,829	2,589	29,292
Less: Cash and cash equivalents	-14,002	-14,084	-14,750
<b>Net debt</b>	<b>-11,173</b>	<b>-11,495</b>	<b>14,542</b>
Equity	208,143	205,962	190,799
<b>Leveraging index in %</b>	<b>-5.37%</b>	<b>-5.58%</b>	<b>7.62%</b>

The following figure shows the Group's solid financial structure.



## RELEVANT EVENTS

03/02/2012.- The Board of Directors adopted a resolution to distribute an interim dividend against 2011 profits of €0.30 (gross) per share.

## EVOLUTION OF THE COMPANY'S SHARES

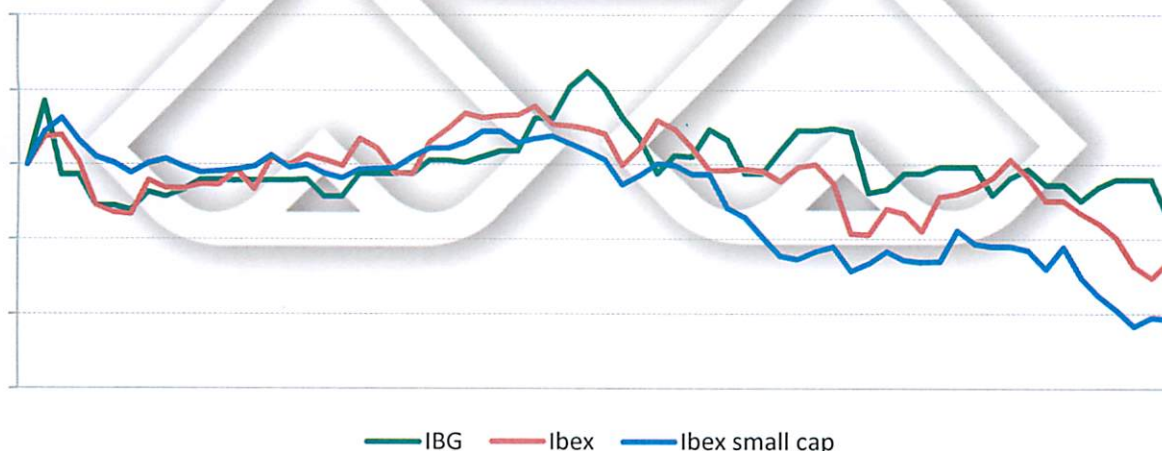
In the Spanish Stock Exchange, the first quarter of 2012 finished with a very negative result. The important fall in the market is a consequence of the uncertainties about the possibilities that the Spanish economy would not meet the deficit target set up in 2012 Budget as well as the doubts about the real situation of the Spanish financial sector.

Iberpapel release of record 2011 results backed the outperformance of Iberpapel shares against the indexes. In particular, Iberpapel shares felt by -3.59% compared to the -6.52% of the Ibex 35 and 10.32% of the Ibex Small and Medium Caps.

Main information relating to the shares

	1T2012	2011	2010	2009
Authorised capital (Million €)	6.75	6.75	6.98	6.98
No. of shares (* 1000)	11,247	11,247	11,633	11,633
Capitalisation (Million €)	141.83	147.12	11.63	119.59
Trading volume (thousand euro)	258	1,610	2,105	1,281
Cash traded (thousand euro)	3.42	23.03	25.03	13.18
Ending price for the period	12.61	13.08	14.47	10.28
High price during the period (€)	14.30	17.00	14.66	11.94
Low price during the period (€)	12.36	12.05	9.7	7.82

As of 31 March the company's market capitalisation was €141.83 million.



### Relations with shareholders and investors

Iberpapel Group maintains transparent relationships with shareholders and investors, sustaining adequate channels for the flow of information on a permanent basis and accessible to everyone.

The website ([www.iberpapel.es](http://www.iberpapel.es)) is kept up-to-date with respect to all information regarding the company and its quarterly and half-yearly results, relevant events and any other information of interest.

The Investor Relations Department is open to any consultation through the website, telephone number 91 564 07 20 or via e-mail ([atención.al.accionista@iberpapel.es](mailto:atención.al.accionista@iberpapel.es)).