



SONAE INDÚSTRIA, SGPS, SA
Publicly traded company
Report and Consolidated Accounts 2002

Lugar do Espido, Via Norte, Maia
Registered at Maia Commercial Registering Office under no. 1067
Share Capital: EUR 500 000 000
VAT no. 500 204 128

February, 28th 2003

CONTENTS

MAIN EVENTS	2
ECONOMIC AND FINANCIAL INDICATORS	4
GROUP STRUCTURE AND STATUTORY BODIES	7
STATUTORY BODIES	7
BOARD OF DIRECTORS' REPORT	9
1. BUSINESS AND ECONOMIC ENVIRONMENT	9
2. OPERATIONAL REVIEW	15
2.1. Portugal	16
2.2. Spain	17
2.3. France	18
2.4. Germany	20
2.5. United Kingdom	21
2.6. Canada	21
2.7. Brazil	22
2.8. South Africa	23
3. GESCARTÃO	24
3.1. Operational Review	24
3.2. Gescartão – Reprivatisation	24
4. HUMAN RESOURCES	25
5. ECO-EFFICIENCY	25
6. INFORMATION SYSTEMS AND E-BUSINESS	27
7. CONSOLIDATED ACCOUNTS ASSESSMENT	28
7.1 Profit and Loss Account	28
7.2 Balance Sheet	29
8. FINANCIAL STRUCTURE AND CHANGES IN SONAE INDÚSTRIA'S STRUCTURE	31
9. ONGOING INVESTMENTS	32
10. OWN SHARES	32
11. DIVIDENDS OFFER	32
12. OUTLOOK	33
13. FINAL COMMENTS	34



MAIN EVENTS

February

- Tafisa Canada capital increase to 33 million CAD fully subscribed and realised by Euromegantic, now holding 67.23% of Tafisa Canada's share capital.

March

- Closure of the industrial plants Saint Pierre-sur-Dives in France and Göttingen in Germany.

April

- Closure of the raw chipboard line in Pontevedra.

May

- Closure of the *post-forming* line in Maia (Portugal).

June

- Capital increases carried out in the following French companies:
 - Tafisa France: from EUR 14 974 152 to EUR 49 112 000, Tafisa's shareholding in Tafisa France increased to 99.99%;
 - Société de Panneaux Isoroy SAS: from EUR 56 348 968 to EUR 76 512 375, Isoroy SAS's shareholding increased to 96.47%;
 - Isoroy SAS: from EUR 44 987 500 to EUR 101 480 000, Tafisa France's shareholding increased to 99.93%;
 - Isoroy Le Creusot SAS: from EUR 4 260 951 to EUR 15 428 400, Isoroy SAS's shareholding increased to 99.99%.

September

- Plysorol SAS's capital increase from EUR 3 782 642 to EUR 20 842 500, keeping the shareholdings percentages of Isoroy SAS and Société de Panneaux Isoroy SAS.

November

- Sonae Indústria SGPS, SA draws back from Ifloma's share capital.
- IMOCAPITAL made an agreement with the Minister of the State and Finance, the Minister of the Economy and PORTUCEL - Empresa de Celulose e Papel de Portugal, SGPS, SA., on the alteration of GESCARTÃO's Shares Acquisition and Sale Contract and the replacement of the obligations foreseen under articles 26th and 27th of the Memorandum attached to the Government Law nº 364/99.



December

- Change on both Leroy Gabon's share capital from FCFA 2 000 000 000 to FCFA 960 000 000 and POGAB's from FCFA 25 000 000 to FCFA 810 000 000.
- The Sonae Tafibra's affiliate, Promodeco, had a capital increase from EUR 750 000 to EUR 1 300 000. Sonae Tafibra's shareholding was kept at 27.6% (the percentages of the remaining partners were also maintained).
- Poliface North America, fully hold by companies within Sonae Indústria SGPS SA's portfolio, suffered a capital increase from USD 390 000 to USD 5 855 532,43.



ECONOMIC AND FINANCIAL INDICATORS

ECONOMIC INDICATORS		2001	2002	02/01
Turnover	EURO x 10 ⁶	1502.1	1479.5	-1.5%
Operational Cash Flow	EURO x 10 ⁶	152.9	173.4	13.4%
Operational profit	EURO x 10 ⁶	24.4	25.9	6.0%
Financial profit	EURO x 10 ⁶	-76.2	-99.2	30.2%
Profit on ordinary activities	EURO x 10 ⁶	-51.8	-73.3	41.5%
Extraordinary profit	EURO x 10 ⁶	-35.0	8.6	n.m.
Associated Undertakings	EURO x 10 ⁶	-0,7	-1.6	150.4%
Profit before taxes	EURO x 10 ⁶	-87.5	-66.4	-24.1%
Net profit before Minority Interests ¹	EURO x 10 ⁶	- 61.3	-74.7	22.0%
Net profit after minority interests	EURO x 10 ⁶	- 70.7	- 81.8	15.8%

n.m. – not meaningful.

FINANCIAL INDICATORS		2001	2002	02/01
Total of Net Assets	EURO x 10 ⁶	2584.5	2338.8	-9.1%
Capital employed	EURO x 10 ⁶	1712.5	1593.6	-6.9%
Shareholders' Funds ¹ + Minority Interests	EURO x 10 ⁶	532.4	403.3	-24.2%
Operational Working Capital on Dec, 31 st	EURO x 10 ⁶	307.8	282,2	-8.3%

The formulas applied to calculate the above mentioned indicators are stated below:

Capital Employed = Shareholders' Funds + Minority Interests + Loans through MLT and ST bonds + MLT and ST debts to credit institutions + Associated undertakings MLT and ST loans + other MLT and ST loans – Negotiable Bonds – Bank Deposits and Cash money - MLT and ST loans to associated undertakings.

Net Borrowing = Loans contracted through MLT and ST bonds + MLT and ST debts to credit institutions + Other MLT and ST loans – Negotiable bonds – Bank deposits and cash money.

Interest Cover Ratio = EBITDA / Interests paid = (Operational Profit + depreciation + provisions) / Interests paid.

Operational Working Capital = Stocks + Trade debtors + Trade debtors-Bills receivable + Doubtful debtors – Trade creditors – Trade creditors-Invoices under analysis – Trade creditors-Bills payable

¹ As in 2001, the Goodwill was written off against reserves. If this write-off had not been performed by December 31st 2002 the intangible fixed assets and the shareholder's funds would be EUR 213 383 386 higher and the depreciations of the year EUR 13 002 420 higher.



Evolution of Financial Indicators

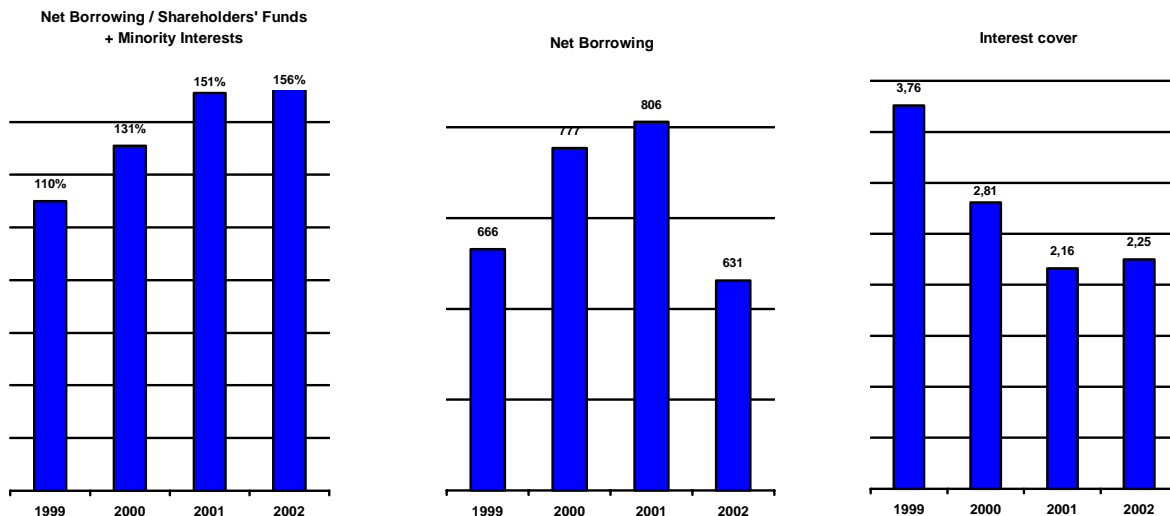


Figure: EUR 10⁶

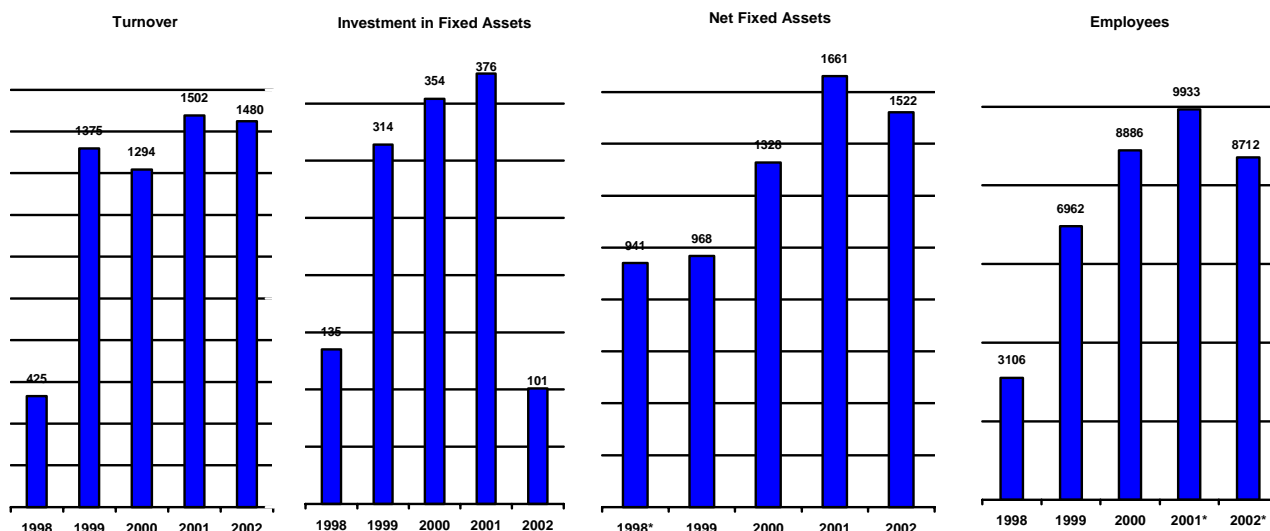


Figure: EUR 10⁶

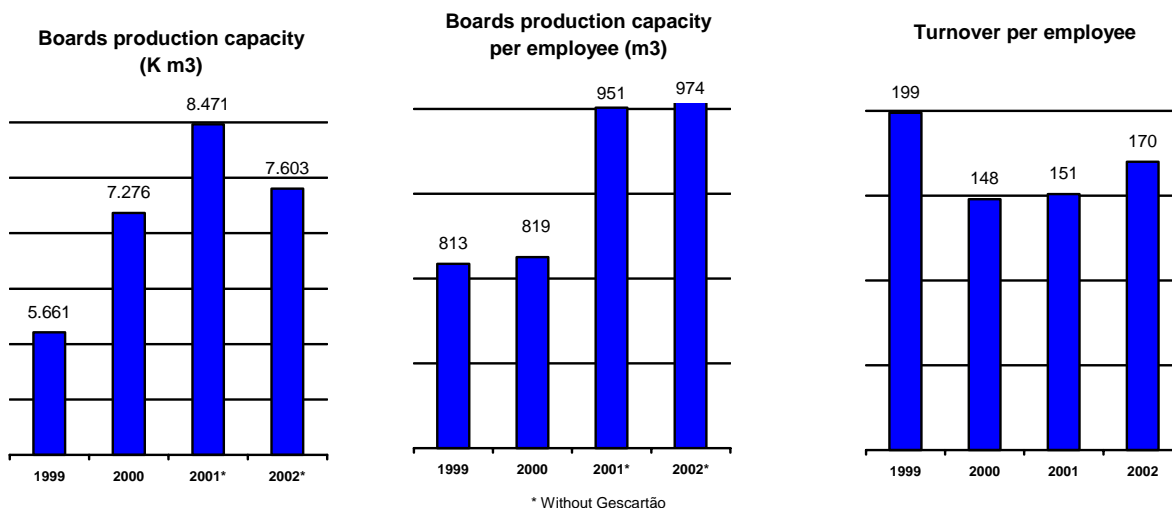
Figure: EUR 10⁶

Figure: EUR 10⁶

* With Gescartão,
year's end figures

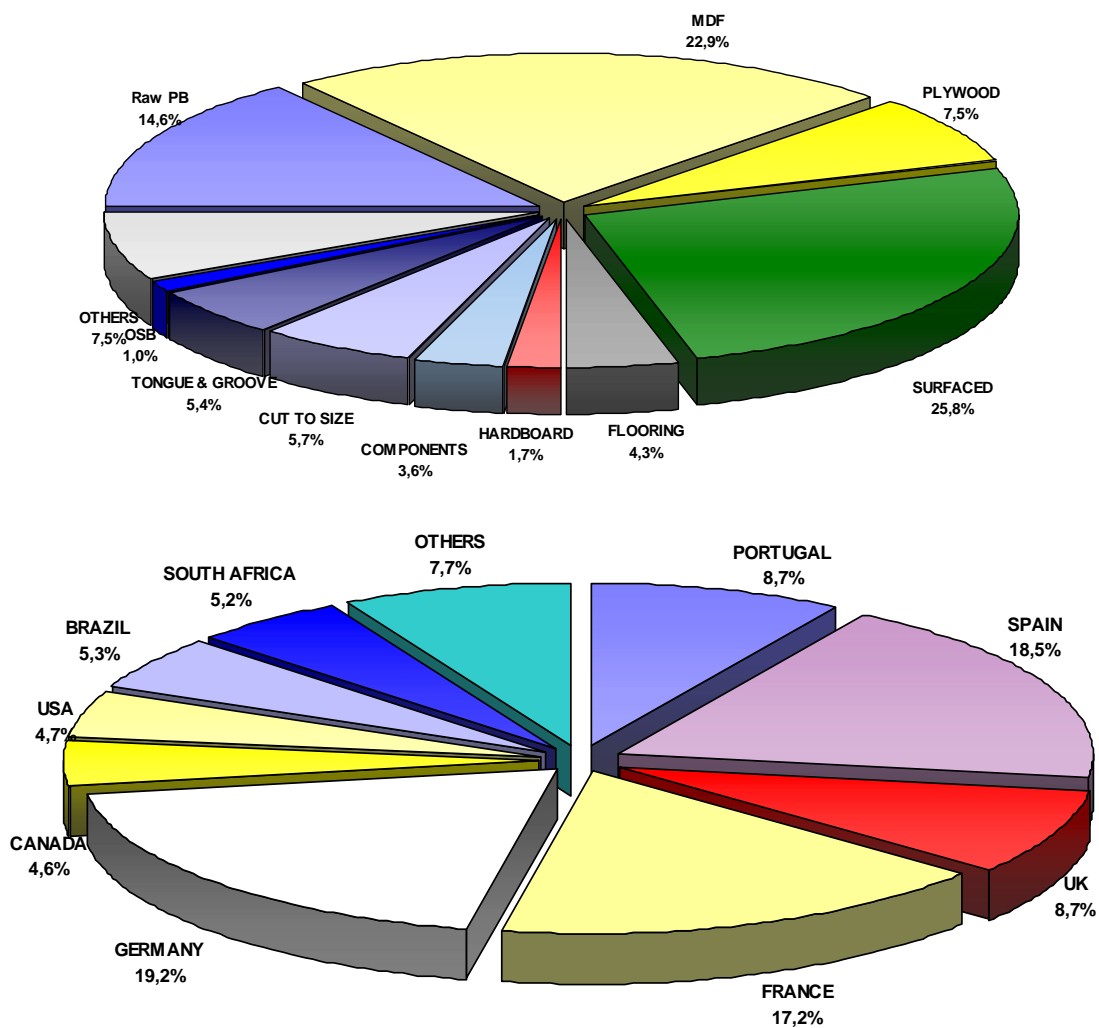
(*) – Consolidated figures,
including Glunz as of 1998.

Evolution of Operational Indicators



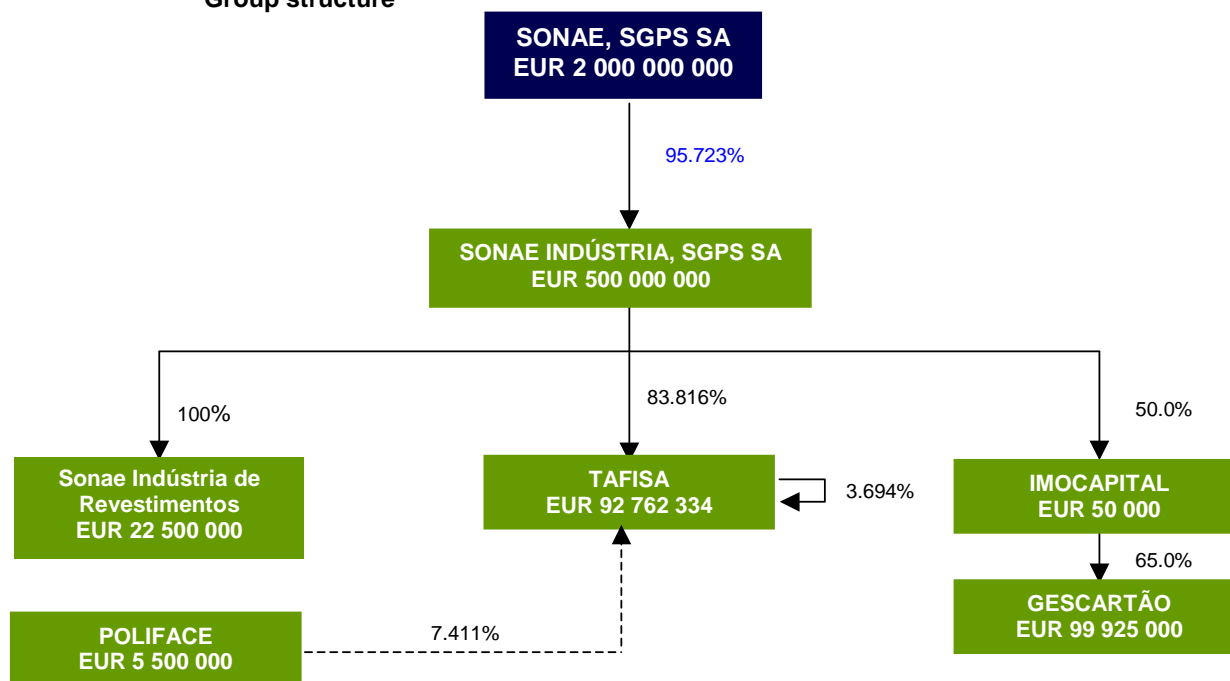
Sales per product and per destination market of wood based panels

2002 sales per product (in value)



GROUP STRUCTURE AND STATUTORY BODIES

Group structure



STATUTORY BODIES

BOARD OF THE SHAREHOLDERS GENERAL MEETING

Luzia Gomes Ferreira - Chairman

Júlia Maria Moreira da Silva - Vice-Chairman

Anabela Nogueira Matos - Secretary

BOARD OF DIRECTORS

Belmiro Mendes de Azevedo - President

Duarte Paulo Teixeira de Azevedo

Nuno Miguel Teixeira de Azevedo

José Antonio Comesaña Portela

Carlos Francisco de Miranda Guedes Bianchi de Aguiar

Ângelo Gabriel Ribeirinho dos Santos Paupério

SINGLE STATUTORY AUDITOR

Effective:

Magalhães, Neves e Associados, SROC

Represented by: Jorge Manuel Araújo de Beja Neves

Substitute:

António Dias & Associados, SROC

Represented by: António Marques Dias



Members of the Board of Directors:

Belmiro Mendes de Azevedo
Age 65
Degree in Industrial-Chemical Engineering (Oporto University)
With Sonae since 1965
President of Sonae, SGPS, SA
Member of Clube México-Europa 2000
Member of the European Union Hong-Kong Business Cooperation Committee
Member of the World Business Council for Sustainable Development
Member of the International Advisory Board of Allianz AG
Member of the Advisory Board of London

Duarte Paulo Teixeira de Azevedo
Age 37
Degree in Chemical Engineering – EPF Lausanne
MBA – EGP (former-ISEE /Oporto University)
With Sonae since 1988
Board Member of Sonae SGPS, SA
CEO of Sonae.com
Headed the Planning and Control Department of Sonae Investimentos
Board Member of Modelo Continente, responsible for Sales, Marketing and IT
CEO of Optimus

Nuno Miguel Teixeira de Azevedo
Age 38
Degree in Political Science and International Affairs - Université Catholique de Louvain, Belgium
With Sonae since 1990.
Board member of Efanor Investimentos SGPS, SA
He was Board member of Sonae Imobiliária SGPS, SA and Sonae Retalho Especializado, SGPS, SA

Ângelo Gabriel Ribeirinho dos Santos Paupério
Age 42
Degree in Civil Engineering (Oporto University)
MBA – EGP (former-ISEE /Oporto University)
With Sonae since 1989
Board member of Sonae SGPS, SA., Sonae Imobiliária SGPS, SA, Modelo Continente, SGPS, SA and Sonae Capital SGPS SA.
Chairman of the Finance Commission of the Sonae Group.

Carlos Francisco de Miranda Guedes Bianchi de Aguiar
Age 47
Degree in Economics - (Oporto University)
With Sonae since 1986
Board Member of several Sonae Indústria's affiliates

José Antonio Comesaña Portela
Age 56
Degree in Mechanical Engineering (Industrial Engineering School - Barcelona, Spain)
With Tafisa since 1974
With Sonae Indústria since 1993
Board Member of several Sonae Indústria's affiliates



BOARD OF DIRECTORS' REPORT

To the Shareholders:

In accordance with legal and statutory obligations, we submit the report and consolidated accounts for the fiscal year ended 31 December 2001.

1. Business and Economic Environment

Economic Environment

Contrary to what was expected by the end of 2001, in general terms, 2002 did not show a steady economic recovery. In fact, during 2002, there was a global reduction in the industrial production and its capacity use, together with the unemployment growth and a weak trust led to a demand and wealth reduction against the initial expectations. In 2002, the OECD economies might have grown by 1.5% compared with 0.7% in 2001; it must be recalled that 2001 was adversely affected by the September, 11th events, mainly in the USA.

Again in 2002 the North-american economy recorded a slower growth than its medium long term trend. Investors and consumers confidence was negatively affected by several financial scandals, for instance the Enron bankruptcy that left corporate governance fundamentals at issue. Furthermore, the 2001 economic slowdown was felt during 2002 with more than one million jobs erased, and the unemployment rate in the USA growing to 5.8% in December 2002 (the highest figure over the last eight years). Consequently, families saw their available income affected and also decreased by the stock markets fall. Notwithstanding, the expense was still supported by the decrease of long term interest rates - in November, the Federal Reserve cut the interest rates by 50 basis points to 1.25%, the lowest level of the last 48 years -, allowing mortgages refinancing. In 2002, the North-american economy is estimated to have grown by 2.4% compared with 0.3% in 2001.

Although closely influenced by the North-american economy, in 2002 the Canadian economy might have achieved a 3.3% growth, above the 1.5% registered in 2001. Driven by an employment growth, domestic demand increased significantly fostering the investment. However in the short-term, the monetary expanding conditions are expected to stop, since the economy is almost close to its long term growth trend.

In the European Union, several different factors conditioned the capacity of the Eurozone economy to become the leading world growth alternative. Besides the unfavourable international status, reducing the foreign demand contribution to the economic growth, the Euro introduction increased the inflation expectations, and consequently spread the feeling of less available income. A lower economic activity within the three main Eurozone countries



(Germany, France and Italy), although also related to the existing budget imbalances, further determined the 2002 developments. Within limits, the unemployment rise aggravated the impact on private consumption that the ECB tried to lessen by cutting 50 basis points in interest rates to 2.75% in December 2002. In 2002 the German GDP is expected to have risen 0.2%, the lowest growth in the last nine years. The budget deficit may have reached 3.7%, one of the highest in Europe, due to the weak economic growth and structural imbalances in public expenditure. In 2002, France and Italy also reported a budget deficit considered by the European Commission as “excessive”: 2.8% in France and 2.4% in Italy. In 2002, the Eurozone GDP is estimated to have grown by 0.8% (1.5% in 2001), with a 8.3% unemployment rate and around a 2% inflation rate.

In 2002 the consumers confidence index in Portugal fell to historical minimum figures. Confidence was mainly affected by the prevailing economic environment and by a gradual increase in the unemployment rate, achieving 6.2% on the fourth quarter of 2002 against 4.2% in the same period of the previous year. The budget deficit reduction was enabled by obtaining the equivalent to 0.5% GDP on extraordinary revenues, as a result of the sale of the public fixed telephone network to Portugal Telecom, the toll reintroduction at CREL (one of the intercity roads at Lisbon surroundings), the sale of state assets, and tax pardon, whose revenues overcame the most optimistic expectations. 2003-2006 Stability and Growth Programme defines that the budget deficit will be progressively reduced from 2.8% in 2002 to 0.5% in 2006. Within the scope of taxes, a special reference should be made to the reduction proposal of companies’ income tax from 30% in 2004 to 20% in 2006.

2002 average inflation was around 3.6%, a 0.8 percentage points reduction regarding 2001, despite the VAT increase to 19%. During 2003 the inflation rate slowdown is expected to be kept: a 2.4% raise for the minimum wages has been approved by the Government, the restraint effort on public office wages and the expected unemployment increase, all together will contribute to keep wages under control. In 2002 the Portuguese economy might have recorded a growth of almost 0.5%, reflecting the domestic demand weakness (either in private consumption or in investment), only partially offset by the contribution of the net foreign balance to the overall growth.

The Brazilian economy was affected by the severe Real devaluation against the strongest currencies, and consequently the withdraw of foreign capital investments, together with the presidential elections. As a mean to protect the currency and stop the inflation, the Banco do Brasil (Bank of Brazil) increased several times its refinancing rate fixing it at 22% on November 2002. In 2002 the Brazilian economy is estimated to have grown by 1.5% as in 2001. The unemployment rate might have increased 7% (against 6.2% in 2001) and the inflation rate grew from 7.7% in 2001 to 12.5% in 2002.

With regard to the South-African economy, in 2002 there were two outstanding events: on the one hand, the surprising Rand recovery in the main cross exchanges, related to the



international strong demand for gold as a “safe heaven” investment, and on the other hand, the 400 basis points increase in reference interest rates, as a way to stop a growing inflation. The South-african economy might have grown at a rate between 2.5% and 3%.

By the end of 2002, there is evidence that the adjustments carried out by the major economic zones are almost concluded.

Already at the beginning of 2003, the USA President presented a plan to stimulate the economy, aiming at relaunching private consumption and investment by cutting on taxes. To spur mobility and job creation, some changes to unemployment subsidies were also announced. Within the Eurozone, private consumption is also expected to lead the 2003 recovery. The inflation slowdown and interest rates maintained at low levels should contribute to restore the purchase power; in a near future, budget deficits restraining efforts might also stimulate the economic growth. However, within the Eurozone countries the economic recovery will come up in two different time periods. Germany and Italy, representing almost 50% of the European GDP, are the most delayed countries in the economic cycle and are expected to have a later recovery.

The major uncertainty for 2003 has to do with the geo-political uncertainty. A military intervention in Iraq is almost certain, hindering the possibility of a faster economic recovery, either by the impact on the oil prices evolution, or by affecting the stakeholders confidence, and, therefore, postpone investment decisions. Business and consumer's confidence recovery is the key point to a greater economic activity. If no relevant external events occur, the interest rates will fall to their minimum levels along the 2003 first half, and will start moving upward during the second half.

For 2003, the Portuguese government still aims at achieving a budget deficit of 2.4%, despite the reduction in the economic growth estimates: 1.25% according to the Banco de Portugal (Bank of Portugal) and 1.5% according to OECD.

Business Environment

The worldwide wood-based panel industry must be analysed under two different viewpoints: offer and demand.

From the offer perspective, the unfavourable economic environment felt in almost all industrialised countries accelerated the consolidation process within the wood-based products industry. Therefore, during 2002, companies focused on their core businesses, divesting of non-relevant areas by selling to competitors or by management buy-outs. Some examples involving the main companies:

- Take over of Willamette Industries Inc. by Weyerhaeuser Co.;
- The International Paper Co. (USA) sold the OSB division to Nexfor (Canada) and the decorative papers division to a branch of Kohlberg & Co. LLC;
- Bankruptcy and shut down of the Hornitex group (Germany);



- The Louisiana-Pacific Corp. group carried out several divestments in North America;
- The Forestal Terranova S.A. group acquired a major shareholding of the Chilean multinational Maderas y Sintéticos S.A. (Masisa);
- The Groupe Lefèbvre, one of the largest furniture manufacturer in France, announced the “dépôt de bilan” (bankruptcy statement);
- Assets exchange between Louisiana-Pacific Corp. and Georgia-Pacific Corp.: the first one transferred four chipboard plants and a MDF plant to the second and acquired an OSB plant from the second;
- Weyerhäuser announced the closure of a chipboard plant located in Lillie/Louisiana (USA);
- Announcement of the merger between Pergo AB (Sweden) and Witex AG (Germany), both laminate flooring producers.

In general terms, this acceleration within the sector consolidation process due to an international unfavourable economic environment led to a pressure on sales prices, mainly those of the chipboard products range. At an European level, MDF and OSB products ranges recorded interesting demand levels, although not specifically reflecting on a recovery of sale prices.

From the demand viewpoint, we cannot speak of a global market of wood-based panels, due to several different reasons, such as: transport costs, wood raw material availability and variety, evolution of the existing industry or even environmental education differences within each market. Any analysis on the wood-based panels market behaviour should be addressed by geographical area.

Therefore in 2002 and at an European level, the wood-based panels demand by product might have maintained the 2001 trend, according to the following table:

2001 wood-based panels industry indicators within UE – 15, variations against 2000

	PB	MDF	OSB
Production	-2.5%	6.7%	28.0%
Import	0.2%	not available	not available
Export	-2.6%	not available	not available
Consumption	-2.7%	12%	not available
Production capacity	-1.5%	3.9%	67.5%

Source: EPF - European Panel Federation, Annual Report, 2001 – 2002.

Along 2002, MDF and OSB kept recording production and consumption growth rates, whereas chipboard, a mature product, registered a demand decrease also due to a general weak economic performance within the European Union countries.



The above referred sector consolidation process, the less favourable international economic situation and the increase in the MDF and OSB production capacity have been hindering an actual progression of sale prices in different markets. During 2002, the market players carried out an extremely aggressive strategy in an attempt to sell their production and stocks by maximising the use of the installed production capacity and gaining customer loyalty.

2001 production and consumption variation rates, whose trend is expected to have been kept during 2002, show a growing trend to replace chipboard by MDF and OSB for some applications, due to the advantages of these two products: the steady OSB growth is based on its environmental advantages against chipboard and other non-wood-based products.

A deeper analysis of the European markets where Sonae Indústria operates shows that in 2002:

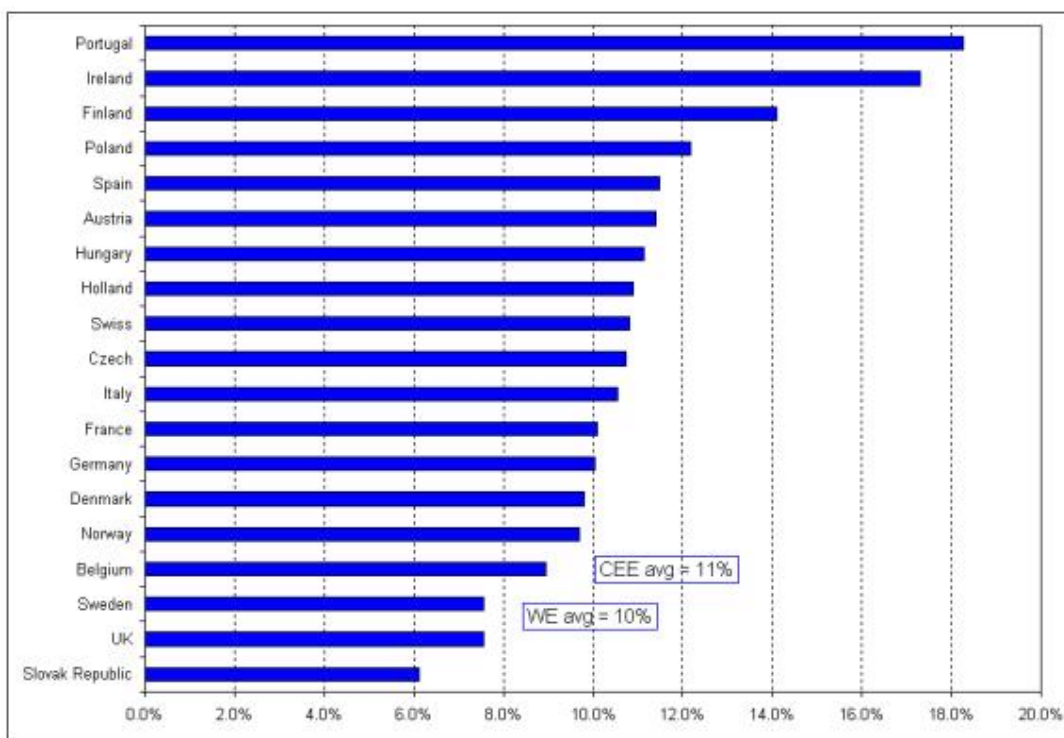
- in the Iberian Peninsula, there was a strong competitive environment, mainly in the raw chipboard market;
- In Central Europe, mostly in France and Germany, the wood-based panels demand decreased, due to a general fall on the activity of civil construction, public works and furniture sectors; this fall was more deeply felt in the French market. According to the French Institute IPEA (*Institut de Promotion et d'Études de l'Ameublement*) located in Paris, furniture sales are estimated to have decreased almost 6 per cent in 2002 when compared with the previous year. In Germany, from January to September 2002, furniture industry sales fell 9.8 per cent when compared with the previous year.

Wood-based products demand is closely related to the performance of the construction and furniture sectors.

Within the EU countries and according to the Euroconstruct statistics below, the construction sector represented 11 per cent of their GDP on average. Portugal is the EU country where this sector has the most relevant role in the domestic economy, representing 18.3 % in 2001.



Construction sector (in % of GDP) (EU-19)



Source: Euroconstruct.

In 2002, this sector at an European level suffered the effects of the weak economic performance felt in most European economies, particularly worse in Germany.

In Portugal, the construction sector recorded a trust deterioration almost through 2002, and the indicator achieved another historical minimum figure in December 2002 (source: INE - National Institute of Statistics). According to AECOPS (Portuguese Business Association for Construction), the production in the construction sector decreased 1.5% in 2002, the first fall in the last nine years. According to INE, in the last 12 months, new buildings had a -4.8% variation on average, a trend also followed by housing with a -1.5% variation. From the sector viewpoint, the main reason is the demand reduction, due to a standstill in the housing niche and a freeze in large public works, as a consequence of the public expenditure reduction effort.

The wood-based panels demand had distinct behaviours in North America and Canada.

In the USA during 2001, chipboard production and consumption decreased 11.1% and 16.7%, respectively. Still in 2001, the MDF production decreased 4.6% and demand 17%. Along 2002, wood-based panels demand is not expected to record a positive performance, although better than in the previous year, since 2001 data was negatively influenced by the September, 11th events. There is still no evidence of a steady economic recovery in the USA, and only after returning to higher growth levels can significant demand increases be expected.



In Canada, a higher economic growth than expected was a positive contribution to the wood-based panels demand. Therefore, during 2002, the already ongoing positive trend might have been maintained or even strengthened: in 2001, the chipboard production grew 19.3% and consumption 33.1%, whereas MDF production increased to 2.2% and consumption decreased 4.5%.

Another year went by without solving the “Softwood Lumber Agreement” issue, opposing the USA and Canada and with negative effects on wood raw material. The intervention of the World Trade Organisation was requested in 2002, but still without any practical effects.

The Brazilian wood-based panels market is expected to have kept the 2001 trends:

- chipboard production increased 4% and consumption 6,2%;
- MDF production increased 20,2% and consumption 22,9%.

In 2002, the Brazilian market had a positive evolution. Despite the political and currency instability during 2002, after the presidential elections the uncertainty decreased and, in general terms, the stakeholders trust increased.

2003 is expected to have a better economic performance and the wood-based panels demand to be stronger.

During 2002, the environment of the South African business was kept favourable. This market is still favoured by the distance of other producers and custom's duties. Sonae Indústria's market share is higher than 40%. The wood-based products demand was better than expected, due to a macroeconomic performance higher than foreseen by the end of 2001.

In 2003, a slight increase in the wood-based products demand is expected, mainly from furniture and construction sectors, due to the economic recovery estimated for the second half of 2003 within the relevant economic areas where Sonae Indústria operates, particularly in Central Europe. A growing MDF and flooring demand may be kept, due to the European Union enlargement to East European countries.

2. Operational Review

After the deep restructuring process began in 1999 and concluded by 2001 with the start-up of seven production lines (five brand new and two replacing obsolete ones), a total investment of EUR 1 000 million, 2002 was a year of industrial assets consolidation. Optimise the use of the installed capacity by conquering market share and offering both a better service to customers and a larger range of products in most markets was the main goal.

2002 was determined by an ongoing consolidation process within the sector and an extremely competitive market, where wood-based panels demand was adverse and any positive period did not reflect on prices increase. Therefore, pursuing its medium and long term strategy, Sonae Indústria focused on key points of the business value chain, mainly on intangible



assets management: procurement management, interconnectivity and complementary services within the information systems, technical and human resources rationalisation, in order to optimise the operational capacity and logistics.

Conditioned by the local markets trend and demand, Sonae Indústria tried to optimise the installed production capacity throughout 2002, by gradually increasing its use.

In operational terms, there was a strong demand to optimise specific consumptions, on the one hand, aiming at increasing the price of some raw materials (mainly chemical products) during the second half, and, on the other hand, at rising the operational margins, despite the pressure exerted by competition.

Additionally, Sonae Indústria proceeded and deepened its industrial assets critical review, closing down plants that were neither competitive nor generated economic value. Therefore, in 2002, the industrial companies of Saint Pierre-sur-Dives (France) and Göttingen (Germany) were shut down, and the production lines of raw chipboard in Pontevedra (Spain) and of post-forming in Maia (Portugal) were stopped.

Sonae Indústria's affiliates recorded different operational profitability levels, according to the investments carried out in each geographical area, to the specific conditionings of each market and their own industrial competitiveness level.

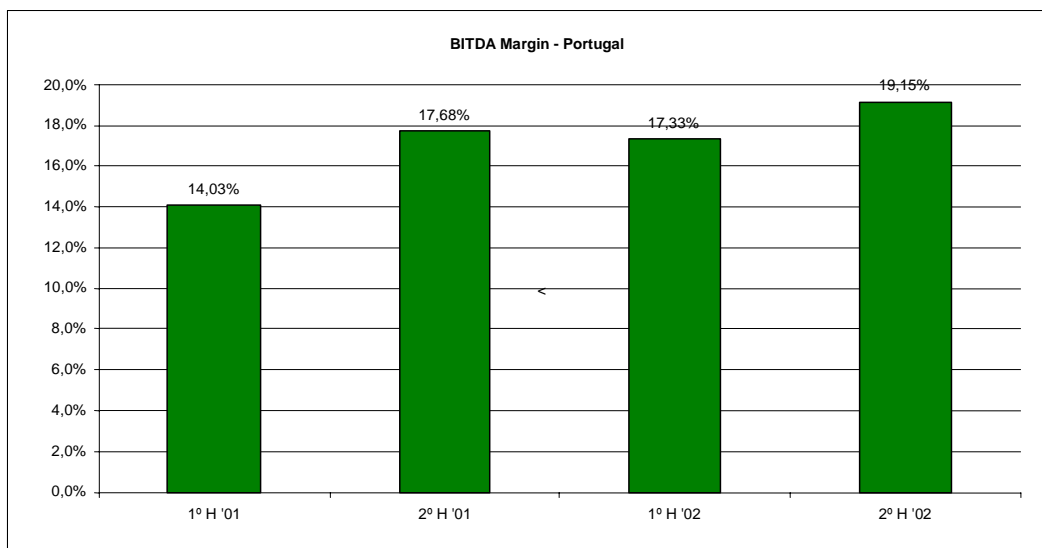
2.1. Portugal

Sonae Indústria's turnover in Portugal was similar to the previous year: a slight decrease in MDF sales was more than offset by the MFC's increase. The recent melamine surfacing line that started up in June 2001 in Oliveira do Hospital registered the first year of full speed, enabling a larger range of surfaced products. In what prices are concerned, MDF proceeded with a positive trend, whereas the remaining products recorded less positive evolutions.

Despite a turnover identical to 2001, the profitability levels were higher, mainly in the second half of the year.

The EBITDA margin growth was captured with a more competitive variable costs structure, by reducing the raw material costs and specific consumption of wood and chemical products. A special reference to the key role played by EuroResinas as chemicals supplier of the Iberian Peninsula industrial plants at competitive prices.





Source: management accounts from an assets location viewpoint.

EBITDA Margin = (Operational Profit + Depreciations + Provisions) / (Sales – Sales direct expenses)*100.

During the first half, the post-forming line at Maia was closed down. Several small-sized orders and the international producers strong competition in the marketplace led to the closure decision.

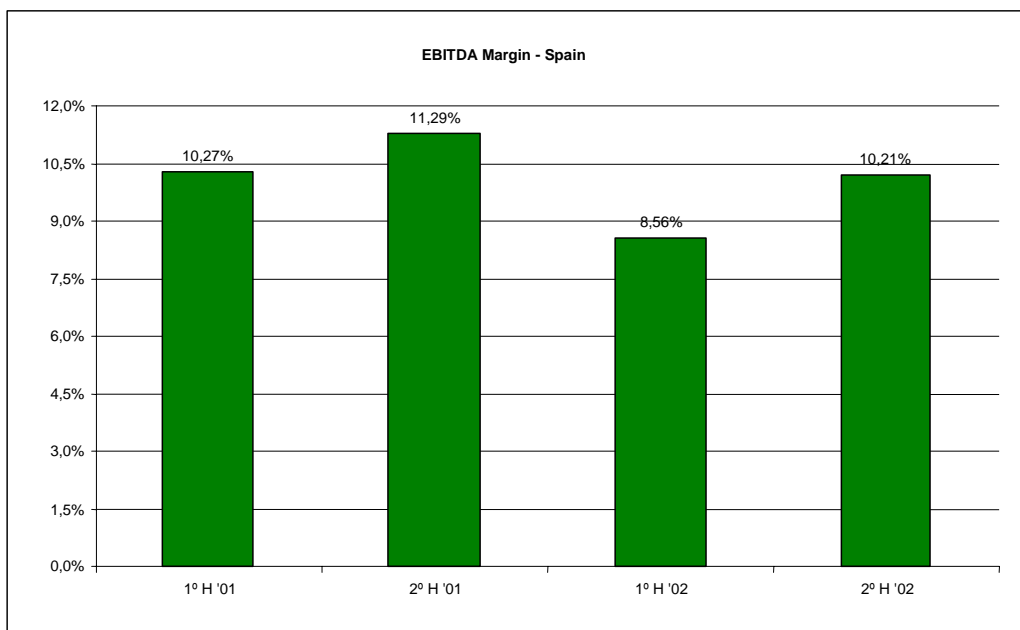
2.2. Spain

Despite a turnover higher than in the previous year, the net fixed assets profitability was lower, mainly due to a negative effect on the raw chipboard price, as a result of an aggressive competitive environment.

Additionally, the less dynamic moment for the wood-based panels market during the first half hindered the expected market share conquest by the new Linares plant that started up in July 2001.

The strong pressure on sale prices was partially written off through a better operational efficiency, due to either lower specific consumption of wood and chemical products or lower unitary costs with chemical products and wood. Again here the key role played by EuroResinas as chemicals supplier, and the Linares plant is equipped for the use of a wood mix with a larger content of sawmill by-products and recycled wood.





Source: management accounts from an assets location viewpoint

EBITDA Margin = (Operational Profit + Depreciations + Provisions) / (Sales – Sales direct expenses)*100.

During the first half of 2001, it was decided to shut down the raw chipboard production line at Pontevedra. This plant had no competitive levels both in production and industrial costs, made even more evident after the start-up of the plant at Linares.

2.3. France

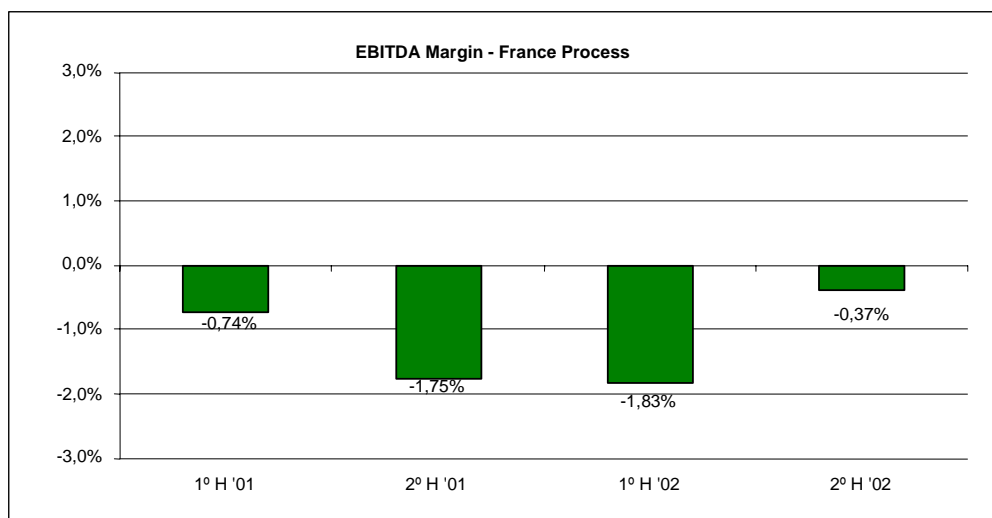
2.3.1. France: Wood-Based Panels

During 2002, the French market recorded an adverse trend within the wood-based panels (hereinafter called France Process), affecting mostly the chipboard segment.

The weak domestic demand affected sale prices of several products. The negative price effect was softened by a sales volume increase, enabled by a larger offer to the market, coming from the new production lines that started up in 2001.

During 2002 the Process Unit operational activity improved significantly, but the adverse market conditions almost deleted its effect. Despite a lower turnover when compared with the previous year, the Process Unit EBITDA, compared with 2001, improved on value and percentage, due to more competitive costs structures enabled by the new production plants, and also due to an ongoing fixed costs rationalisation effort. Costs with personnel, specific consumption of wood and chemical products, energy consumption and maintenance costs, all these inputs recorded better performances when compared with 2001.





Source: management accounts from an assets location viewpoint

EBITDA Margin = (Operational Profit + Depreciations + Provisions) / (Sales – Sales direct expenses)*100.

2.3.2. France: plywood, softboard and wood veneer

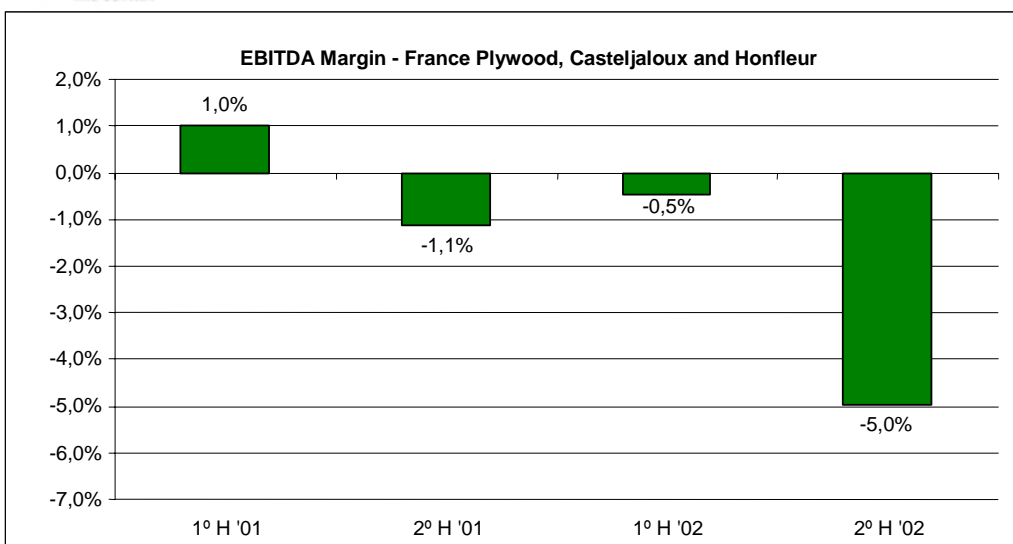
The plywood market suffered a quite negative evolution, as a consequence of its growing replacement by other wood-based products.

Casteljaloux (softboard) and Honfleur (wood veneer) plants, despite the positive EBITDA margin of the first, could not cope with the wood-veneer production, since this subsector activity is under a restructuring process, facing difficulties in placing products in the marketplace.

In 2002, the plywood unit (hereinafter called France Plywood) recorded a turnover lower than in the previous year. All this together with the Gabon problematic situation spoiled the contribution margin of this segment. The fixed costs reduction and costs rationalisation effort carried out along the year did not suffice to avoid a poor joint EBITDA margin.

France Plywood EBITDA margin led to the implementation of an aggressive restructuring plan in Casteljaloux and Honfleur plants, already underway.





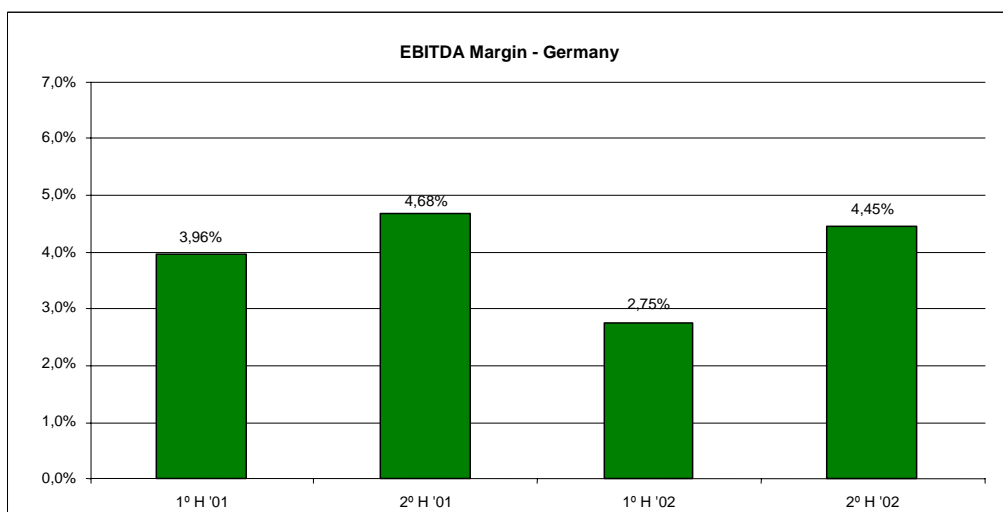
Source: management accounts from an assets location viewpoint

EBITDA Margin = (Operational Profit + Depreciations + Provisions) / (Sales – Sales direct expenses)*100.

2.4. Germany

In Germany, the operational activity recorded an increase in turnover compared with 2001, despite the poor economic environment during 2002 with a weak demand and an extremely competitive market. The main drivers responsible for this turnover growth were a quite dynamic MDF demand and the decisive contribution to the consolidated sales of the new industrial plant in Nettgau that started up in August 2001. Besides allowing a larger productivity, this plant offers OSB, a product with a steady increasingly potential.

A more efficient variable costs structure enabled higher contribution margins than in 2001, however, the increase in other fixed costs hindered the growth of the operational cash flow.



Source: management accounts from an assets location viewpoint

EBITDA Margin = (Operational Profit + Depreciations + Provisions) / (Sales – Sales direct expenses)*100.



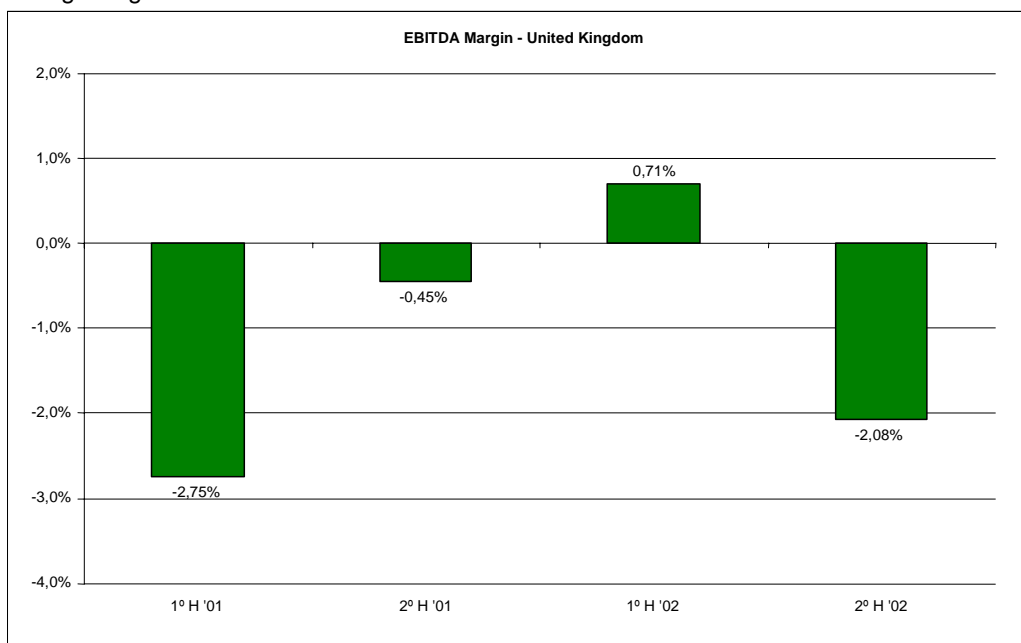
In March 2002, the chipboard plant in Göttingen was closed down. After the start-up in August 2001, the installed capacity of the new plant in Nettgau more than compensated Göttingen's and at a more competitive costs structure.

2.5. United Kingdom

Turnover in the United Kingdom improved significantly when compared with the previous year. The sales increase more than offset the prices retraction. Additionally, there was a progressively trend from raw products sale to value-added products's.

Compared with 2001, despite the 3.7% GBP devaluation against the Euro between both year's ends of 2001 and 2002, the operation in the United Kingdom registered a significant earnings growth either in Sterling pounds or in Euros.

However, an accident occurred in June jeopardised the production of June, July and August, with a negative impact on the business profitability in the second half of 2002, compromising the steady evolution and productivity growth running in the United Kingdom operations since the beginning of 2001.



Source: management accounts from an assets location viewpoint

EBITDA Margin = (Operational Profit + Depreciations + Provisions) / (Sales – Sales direct expenses)*100.

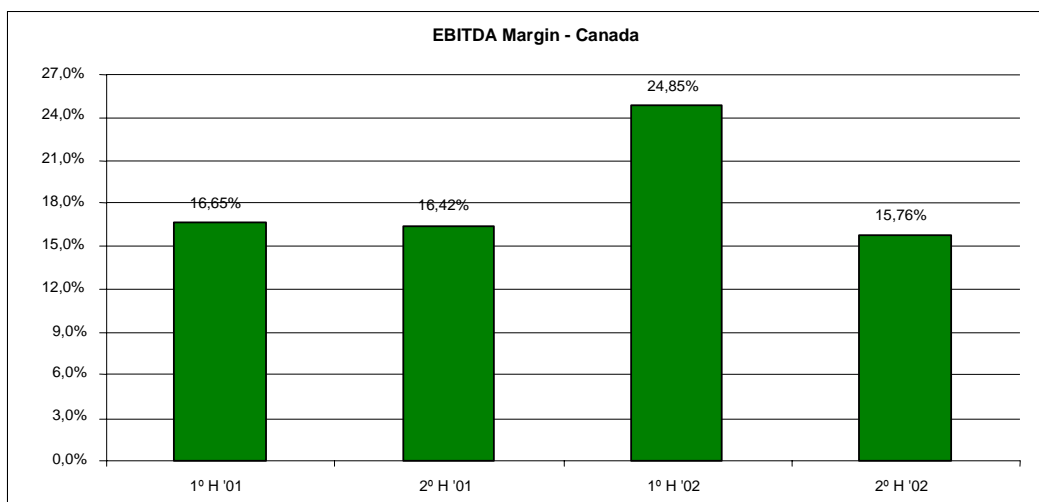
2.6. Canada

During the first half of 2002, Tafisa Canada suffered a lock-out situation, that was responsible for reducing the turnover when compared with 2001, further than other drivers, such as offer surplus in the North-American market leading to a pressure on sale prices. The joint effect of



these drivers on the turnover on local currency was almost offset by a strong sales mix of melamine-faced chipboard. However, between both year's end of 2001 and 2002 the CAD 12.8 per cent devaluation against the EUR decreased the Canada's operation contribution to the Group turnover.

Nevertheless, when compared with 2001 the contribution margin and EBITDA increased both in percentage and value, either in local currency or Euro. The main reasons for this favourable evolution were the reduction on fixed costs (above all on chemical products) and a more efficient operational costs structure.



Source: management accounts from an assets location viewpoint

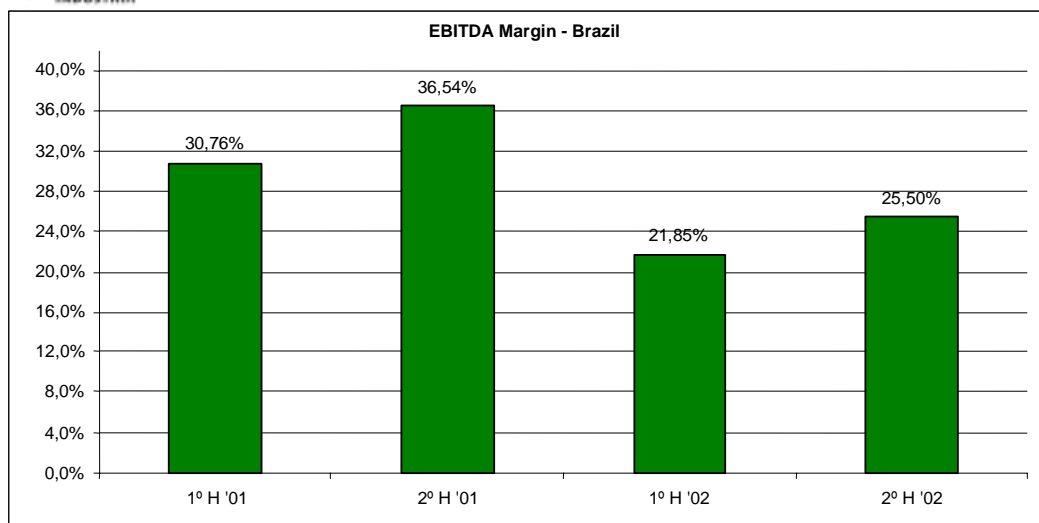
EBITDA Margin = (Operational Profit + Depreciations + Provisions) / (Sales – Sales direct expenses)*100.

2.7. Brazil

In 2002, the key issue on the Brazilian economy was the political and economic instability environment, responsible for the severe REAL devaluation against the Euro: the Brazilian currency suffered on average a 21,3 per cent devaluation against the Euro. A significant growth on Tafisa Brasil turnover resulting from an increase on sales, due to a strong effort on export and a larger offer capacity, enabled a strong increase in MDF sales. But the extremely adverse currency evolution of the Brazilian Real wrote off the income obtained on local currency, and, therefore, the Brazilian operation contribution to the Group's consolidation kept pace with the 2001's.

The variable costs structure is still quite competitive, but was affected by the Brazilian currency devaluation, since the purchase price of some production inputs (such as, chemical products) is settled on a strong currency, together with the energy costs that had a significant increase when compared with 2001.





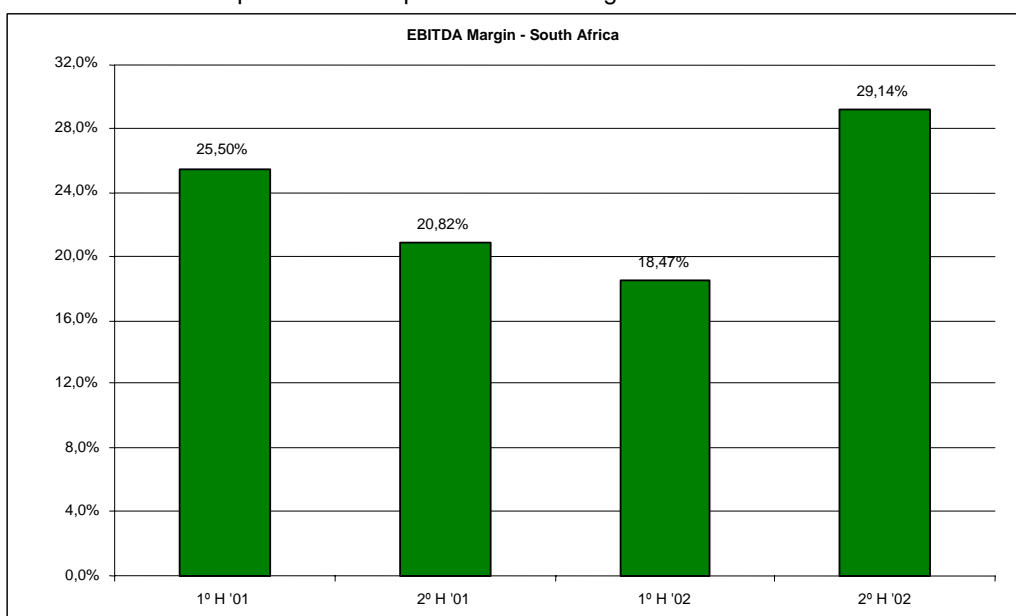
Source: management accounts from an assets location viewpoint

EBITDA Margin = (Operational Profit + Depreciations + Provisions) / (Sales – Sales direct expenses)*100.

2.8. South Africa

The South African market recorded a quite favourable performance, registering a turnover growth, mainly due to a sales volume increase. During 2002, the South African industrial plants saw their installed capacity almost fully used. Along 2002, the strong currency fluctuations with the EUR/ZAR cross wrote off some of the obtained additional income. Nevertheless, the South African operations business activity in Euros increased when compared with 2001.

The South African contribution to the Group's operational cash flow also increased, mainly due to a reduction in specific consumptions and a strong reduction on fixed costs.



Source: management accounts from an assets location viewpoint

EBITDA Margin = (Operational Profit + Depreciations + Provisions) / (Sales – Sales direct expenses)*100.



3. Gescartão

3.1. Operational Review

The packaging paper and corrugated sector followed the globalisation and industrial concentration trend observed across the industry. The Iberian market is increasingly more integrated, more global, more open, inside the scope of worldwide producers, either as a potential marketplace for their paper products or as a location to install or modernise corrugated paper mills.

Despite the 2002 difficult situation, the corrugated paper market kept the 2001 levels, in volume and in value, with a continuing demand in most markets.

Within the packaging paper, kraftliner suffered a slight reduction in consumption. The replacing trend by testliners proceeded, as a result of the price difference, and of the introduction of new recycled papers. Recycled papers offer was still higher than demand, and that situation is expected to be maintained in 2003.

During the first half of 2002, there was a price erosion, reverted by the middle of the year with a price increase. In the last two months of the year there were again, signals of some instability. Recycled papers had a higher price increase than virgin fibre. However, by the end of the year that increase faded away, causing a price difference in favour of recycled papers.

Market conditions in the Iberian Peninsula were somehow different from the rest of Europe, due to its specific conditionings: the agricultural situation and the controlling position of the main recycled paper supplier, having not followed the fluctuations felt in the rest of Europe.

Despite consumption reduction, kraftliner stocks were kept reasonably stable throughout the year, with offer aligned with demand. The decreasing trend on kraftliner export from North America to Europe was reverted by the year's end, due to the USD exchange rate evolution, and the demand slowdown in the USA.

During 2002, there was an increase in swap operations of paper supplies among major companies, hindering the sales of packaging paper, from non-integrated suppliers.

3.2. Gescartão – Reprivatisation

On November, 26th 2002 after a long negotiation period, IMOCAPITAL concluded an agreement with the Minister of the State and Finance, the Minister of the Economy and Portucel - Empresa de Celulose e Papel de Portugal, SGPS, SA., to review the terms of the contract that ruled the acquisition of the Gescartão share capital, and also to replace the obligations under articles 26th and 27th of the Memorandum attached to the Government Law no. 364/99. These alterations are stated on Government Law no. 19/2003 dated February, 3rd.



4. Human Resources

Restructuring initiatives, re-deployment and people productivity were the key drives of the human resources strategy pursued by Sonae Indústria throughout 2002. As a consequence several companies reduced the number of employees and increased productivity.

In December 2002, the group employed 8 712 people, less 12.3 per cent (1 221 employees) than the previous year. This decrease resulted from the divestment in Mozambique and the plants closure of S. Pierre-sur-Dives in France, Göttingen in Germany, Carbono and the raw chipboard line in Pontevedra both in Spain, and the post-forming line in Portugal. In the remaining countries, the decrease was achieved through a deep review of working processes, supported by training programs and social measures such as employability aids and anticipated retirements.

This progressive reduction in the number of employees decreased by 3.6 per cent the personnel costs. The accumulated personnel costs in December 2002 were EUR 268 512 582 compared with EUR 278 627 771 in 2001 (a reduction of EUR 10 115 189).

Besides the restructuring effort, several other actions were accomplished, aiming at strengthening the teams and assure the future development of the companies. Among them, the following should be highlighted:

- the enhancement of a corporate human resources process including performance appraisals and human resources planning. This process helps companies to assess skills needs, internal talents and career development opportunities, as well as draw proactive action plans.
- the enhancement of a corporate compensation policy addressed to Managers, aiming to improve internal equity and enhance companies' external competitiveness in the labour markets where they operate;
- the investment in training amounted to 64 038 hours: 5 493 with Gescartão and affiliates and 58 545 hours split by the remaining Sonae Indústria affiliates.

Investment in training and development for all employees will proceed as a major priority, in order to provide the teams with appropriate skills and competences to face the growing business demands.

5. Eco-efficiency

During 2002 the environmental management systems implementation proceeded within Sonae Indústria's affiliates.



The ISO 14001 certification processes of another three companies were concluded: Nettgau in Germany, George in South Africa and Lac-Mégantic in Canada, already in January 2003. Currently, Sonae Indústria has seven certified plants.

Furthermore, the Panbult plant in South Africa has already carried out a preliminary audit for the certification of its environmental management system.

Besides the Keurhout certificates for the Gabon forest assets management, during 2002, the ISO 14001 certification process for the forest assets management in Huelva (Spain) was concluded.

In addition, the affiliates of George in South Africa, of Knowsley in the United Kingdom, of Lisieux, Epernay, Fontenay-Le-Comte and Ussel in France have already chain-of-custody certificates, an evidence of the commitment to the sustainable use of forest resources.

At the White River plant in South Africa the outcome of the CAP - Common Audit Process, including ISO 9001, ISO 14001 and OSHAS 18000 standards, was a 90 % global performance, exceeding by 15 percentage points the previous assessment. Within the scope of these audits, it was one of the best scores ever in the country.

The Lac-Mégantic plant in Canada concluded successfully the EPP - Environmentally Preferable Product certification process by January 2003. The low formaldehyde content of the final product and the use of 100 % of sawmill by-products as raw material was crucial for this outcome.

In the remaining plants, priority was given to perform environmental diagnosis, enabling, thus, to define implementation plans for certifiable environmental management systems.

In the Iberian Peninsula, a special reference should be made to the process conclusion of the environmental licencing at the formaldehyde and resins plant in Sines, according to the European Directive on Integrated Pollution Prevention and Control (IPPC). This licence is a challenge to the continuous eco-efficiency improvement of the plant, that will now be monitored and annually reported to stakeholders.

With regard to sustainable forest management, the international scene records some concentration of national and/or regional schemes around the two largest certification umbrellas: PEFC (Pan-European Forest Certification) and FSC (Forest Stewardship Council). There is a significant growth in forest area certified under PEFC, today with more than 46.6 million certified hectares, whereas FSC accounts for almost 29.6 million certified hectares (source: FSC website).

In what the forest products chain-of-custody is concerned, a reference should be made to the start-up of the international initiative to create a common rules platform. Worldwide representatives of the forestry industries will join this initiative from the woodworking and pulp and paper European confederations.

The outcome of this effort is expected to be the establishment of a common terminology and approach for the accountability of wood material flows in the forestry industries, and



respective economies through a common procedures framework for companies operating globally under several sustainable forest management labels.

This will also be an important step towards showing the key role played by wood recycling within the sustainable use of forest resources.

6. Information Systems and E-Business

Along 2002, the implementation of a new information system architecture proceeded, mainly in Central Europe, pursuing the renewal, unification and consolidation strategy of SONAE INDÚSTRIA's worldwide information systems. The most relevant events were:

- Conclusion of the SAP technology implementation at the commercial companies in Spain, United Kingdom, France (Isoroy), Germany and Iberian Export; with these implementations, the whole commercial activity within Europe is supported by a common information system on a consolidated basis;
- Glunz migration into the new information system architecture: accountancy system, commercial and logistics areas at the plant level. The applicational and processing unification necessary to the working process of the Shared Service Centre (SSC) was, therefore, concluded;
- Build up of an European Datawarehouse for sales and production, allowing detailed and consolidated information on sales and profitability by customer and product;
- Reinforcement and modernisation of the processing capacity of the Data Centre, to adapt it to the roll-out of the new information system architecture in all countries;
- Build up of an applicational infrastructure to support contracts and purchases of raw materials, co-products and other assets subject to a global negotiation; pilot implementation in some plants of the Iberian Peninsula;
- Conclusion of the business website (E-business project), where customers have an easy and quick access to information on their orders position and can place orders online. The project was implemented in Spain and in the United Kingdom; in the remaining European countries the implementation process is underway.

During 2002, several E-Business initiatives were further implemented, aiming at adapting the current business to a new competitive environment and reinforcing the relationship with customers, either through system to system e-connectivity solutions, or by the launching of a business website where information on orders will be available and online orders can be placed, already ongoing in Spain and the United Kingdom. This website will also be implemented in other countries where Sonae Indústria operates. Furthermore, the development of e-procurement solutions, specially designed for the industrial organisation proceeded.



7. Consolidated accounts assessment

7.1 Profit and Loss Account

Profit and Loss Account	2001	2002	Variation %
	10 ⁶ EURO	10 ⁶ EURO	
Turnover	1 502,1	1 479,5	-1.5%
Operational Cash Flow	152,9	173,4	13.4%
Operational Profit	24,4	25,8	6.0%
Net financial charges	(76,2)	(99,2)	30.2%
Profit on Ordinary Activities	(51,8)	(73,3)	41.5%
Extraordinary Profit	(35,0)	8,6	n.m.
Associated undertakings	(0,7)	(1,6)	150.4%
Profit before tax	(87,5)	(66,4)	-24.1%
Income tax	(26,2)	8,3	n.m.
Net Profit with Minority Interests ¹	(61,3)	(74,7)	22.0%
Minority Interests	9,4	7,1	-24.2%
Net Profit after minority interests	(70,7)	(81,8)	15.8%

n.m. – not meaningful.

2002 consolidated turnover amounted to EUR 1 479,5 million, a 1.5% decrease compared with the previous year. The turnover was negatively influenced by the Canadian dollar, Sterling pound and Brazilian real devaluation against the Euro, by the adverse economic environment, and by the existing pressure on sales prices within most markets, as well. Nevertheless, 2002 turnover kept pace with 2001's, due to a sales volume growth, resulting from the invoicing increase of several production lines that started up in the middle of 2001. Considering the exchange rates constant at December, 31st 2001 levels, the consolidated turnover would amount to EUR 1 525.7 million, representing a 1.5 per cent increase compared with 2001.

Consolidated operational cash flow amounted to EUR 173.4 million by the year's end, 13.4% higher than in the previous year. The EBITDA margin increased from 10.2% to 11.7% over the turnover, a positive trend considering the generally adverse economic environment, enabled by the considerable sum of investments concluded by 2001 and by improvements on operational efficiency at several levels. Considering the exchange rates constant at December 31st 2001 levels, the operational cash flow would amount to EUR 182.5 million, representing a 19.3% increase compared with 2001.

2002 consolidated operational profit amounted to EUR 25.9 million (EUR 24.4 million in 2001, a 6.0% increase), and profit on ordinary activities was negative in EUR 73.3 million (EUR 51.8



million in 2001). The negative trend of profit on ordinary activities, despite a positive evolution of the operational profit, is a consequence of the unfavourable net financial results: in 2001, the financial profit was EUR -76.2 million, whereas in 2002, it amounted to EUR -99.2 million, because the strong investment effort concluded by 2001 was felt throughout 2002. Within the financial profit, the following trends should be highlighted:

- Balance between obtained and paid interests: this balance grew from EUR -65.4 million in 2001 to EUR -73.5 million in 2002, 12.4 % higher;
- Balance between favourable and unfavourable exchange differences: this balance increased from EUR - 3.9 million in 2001 to EUR -10.4 million in 2002, 169 % higher.

Considering the exchange rates constant at December 31st 2001 levels, the financial profit would amount to EUR - 104.3 million, representing a 36.9 % increase compared with 2001.

Extraordinary profit was positive EUR 8.6 million, compared with EUR -35 million in 2001. The investment grants received (mainly those related to the Nettgau project in Germany) and the tax income recovery in Brazil were the main drivers of the extraordinary profit.

Net profit before taxation amounted to EUR -66.4 million, compared with EUR -87.5 million in 2001.

2002 net profit after minority interests was EUR -81,8 million, against a EUR -70.7 million in 2001. Improvements on operational efficiency at several levels were not enough to surpass the strong competitive environment and the adverse economic status, negatively influencing sale prices. Compared with 2001, the 23 EUR million increase in financial charges (EUR 6.5 million due to unfavourable exchange rate differences), the evolution of the extraordinary profit (a positive effect of EUR 43.6 million) and income taxes (negative effect of EUR 34.5 million) together explain the less favourable evolution of net profit, above all when compared with the operational profit evolution.

7.2 Balance Sheet

Consolidated Balance	2001	2002	Variation %
	10 ⁶ EURO	10 ⁶ EURO	
Net fixed assets ¹	1.744,2	1.584,3	-9,2%
Stocks	244,7	220,6	-9,8%
Debtors	419,4	351,6	-16,1%
Cash	91,7	91,1	-0,6%
Accrued Income and Prepayments	84,6	91,1	7,7%

¹ As in 2001, the Goodwill was written off against reserves. If this write-off had not been performed by December 31st 2002 the intangible fixed assets and the shareholder's funds would be EUR 213 383 386 higher and the depreciations of the year EUR 13 002 420 higher.



Total Assets	2.584,5	2.338,8	-9,5%
Shareholders' Funds ¹	353,2	243,5	-31,1%
Minority Interests	179,2	159,7	-10,8%
Provisions for liabilities and charges	75,5	68,7	-9,1%
MLT Interest bearing debt	975,7	1.036,6	6,2%
Other MLT creditors	108,4	98,0	-9,6%
ST Interest bearing debt	268,8	137,2	-49,0%
Other ST debtors	457,6	415,3	-9,2%
Accruals and deferred income	166,0	179,8	8,3%
Total Liabilities	2.052,1	1.935,5	-5,7%
Total Liabilities, Shareholders' Capital and Minority Interests	2.584,5	2.338,8	-9,5%

Sonae Indústria consolidated net assets decreased from EUR 2 584,5 million in 2001 to EUR 2 338,8 million by the end of 2002, EUR 245,7 million less. This reduction was leveraged by the exchange rate effect: considering the exchange rates constant at December 31st 2001 levels, the consolidated net assets would amount to EUR 2 462,4 million, a EUR 122,1 million over decrease.

Compared with 2001, two reductions should be highlighted in what assets items are concerned: 9.8 % in stocks, aimed at reducing the current assets capital and 16.1 % debtors, due to a collection effort carried out throughout the year.

Liabilities decreased from EUR 2 052,1 million in 2001 to EUR 1 935,5 million in 2002 (a 5.7 % reduction). Other items to be highlighted here are: the 5.7 % reduction in the total amount of interest bearing debts (ST and MLT), EUR 70,8 million lower, as a consequence of the following drives:

- working capital optimisation: EUR 307,8 million in 2001; EUR 282,2 million by the end of 2002;
- cash flow created by the operation;
- the exchange rate effect of the Euro valuation against the Sterling pound, Brazilian real and Canadian dollar helped to decrease debts contracted in those currencies when expressed in Euros.

¹ As in 2001, the Goodwill was written off against reserves. If this write-off had not been performed by December 31st 2002 the intangible fixed assets and the shareholder's funds would be EUR 213 383 386 higher and the depreciations of the year EUR 13 002 420 higher.



The total debts amount (either interest bearing or not) suffered a 6.8 % reduction (EUR 123,5 million lower), from EUR 1 810,6 million in 2001 decreased to EUR 1 687,1 million in 2002.

The total amount of interest bearing debts (including ST and MLT) was reduced from EUR 1 244,6 million to EUR 1 173,8 million (EUR 70,8 million lower), a -5.7 % percentage variation. The other debts (ST and MLT included) were reduced from EUR 566 million to EUR 513,3 million, a -9.3 % percentage variation (EUR 52,7 million).

By the end of the fiscal year, the assets cover over the shareholders' capital and minority interests was 5.8 times; the net borrowing ratio over the shareholders' capital and minority interests was 156.4 %.

8. Financial structure and changes in SONAE INDÚSTRIA's structure

During 2002 through a global financial management policy, Sonae Indústria carried out several management practices to reduce ST and MLT financial debts.

Pursuing the restructuring process began after the Glunz AG takeover, Sonae Indústria proceeded with the restructuring effort materialised in the following events:

- February 2002: Tafisa Canada capital increase to CAD 33 million fully subscribed and realised by Euromégantic, now holding 67.23 per cent of Tafisa Canada's share capital;
- Still in the first quarter of 2002, Tafisa acquired shares from Glunz AG, holding now 98.12% of Glunz AG share capital;
- In May 2002, Portucel Viana sold 95% of Portucel Viana Energia to Sonae Capital (TP - Sociedade Térmica SA);
- In June 2002, AGEPAN liquidation was carried out. This company was fully hold by Glunz AG and was already closed down;
- Still in June 2002, the following French companies had a capital increase:
 - Tafisa France: from EUR 14 974 152 to EUR 49 112 000, increasing Tafisa's shareholding in Tafisa France to 99.99%;
 - Société de Panneaux Isoroy SAS: from EUR 56 348 968 to EUR 76 512 375, increasing Isoroy SAS's shareholding to 96.47%;
 - Isoroy SAS: from EUR 44 987 500 to EUR 101 480 000, increasing Tafisa France's shareholding to 99.93%;
 - Isoroy Le Creusot SAS: from EUR 4 260 951 to EUR 15 428 400.
- June 2002: dissolution of Resoflex II, Lda, an affiliate of both Resoflex SA (55%) and Poliface (45%);
- September 2002: capital increase of Plysorol SAS from EUR 3 782 642 to EUR 20 842 500, maintaining the percentages of both Isoroy SAS and Société de Panneaux Isoroy SAS's shareholdings;



- December 2002: change in both Leroy Gabon's share capital from 2 000 000 000 FCFA to 960 000 000 FCFA and POGAB's from 25 000 000 FCFA to 810 000 000 FCFA. Still in December 2002, Sonae Tafibra's affiliate, Promodeco, had a capital increase from EUR 750 000 to EUR 1 300 000. Sonae Tafibra's shareholding was kept at 27.6 per cent (the percentages of the remaining partners were also maintained).

During 2002, Tafisa acquired own shares, the larger number hold now corresponds to 3.694% of Tafisa total shares.

Pursuant to the Mozambiquean State official communication (declaring as null and void the award of the Ifloma assets to Sonae Indústria), on November 2002, Sonae Indústria SGPS delivered to the Mozambiquean State all shares hold from Ifloma (an 80 % shareholding). This event had no impact on the 2002 accounts.

Along 2002, Sonae Indústria increased its shareholding from 94.57 % (in 2001) to 94.726 % in Tafisa's share capital. This shareholding is hold by:

- Sonae Indústria SGPS SA: 87.031%;
- Poliface SA: 7.695%.

In 2002, Poliface North America, fully hold by companies within Sonae Indústria SGPS SA's portfolio, suffered a capital increase from USD 390 000 to USD 5 855 532,43.

Also in 2002, a reduction plan for the number of legal entities in all countries where Sonae Indústria operates was implemented, in order to simplify Sonae Indústria's structure and the business management.

9. Ongoing Investments

Within the Sonae Indústria's affiliates there are no significant investments underway. The only ones foreseen for 2003 are an optimisation of the investments already concluded.

10. Own Shares

During 2002, SONAE INDÚSTRIA did not transact any own shares. In December, 31st 2002, SONAE INDÚSTRIA hold no own shares.

11. Dividends offer

SONAE INDÚSTRIA SGPS SA's Board of Directors proposes to the Shareholders General Meeting not to distribute any kind of dividend, either by cash, or by conferring shares to shareholders of SONAE INDÚSTRIA SGPS SA's share capital.



12. Outlook

In 2003, according to the OECD statistics, the country-member economies are expected to grow on average at a 2.2% rate, against a growth estimate of 1.5% for 2002. The economic growth is expected to be levered by the United States of America (2.6% growth estimate for 2003 against 2.3% in 2002), the European Union (1.9% growth estimate for 2003 against 0.9% in 2002), the United Kingdom (2.2% growth estimate for 2003 against 1.5% in 2002) and Japan (0.8% growth estimate for 2003 against -0.7% in 2002).

However, the major uncertainty for the international economic evolution relies on the geo-political uncertainty. A military intervention in Iraq is almost certain, hindering the possibility of a faster economic recovery, either by the impact on the oil prices evolution, or by affecting the stakeholders trust, and, therefore, postponing investment decisions.

Therefore in general terms, an economic recovery may only be expected for the second half of 2003.

The wood-based panels market will still draw back, possibly during the first half of 2003, negatively influenced by the poor international economic status. By products, the chipboard will still record a less favourable performance, mainly due to the surplus on the installed capacity. With regard to MDF and OSB, a dynamic demand will be maintained, enabling the progressive commercialisation of some surplus on installed production capacity, mainly on what OSB is concerned.

Considering the above, during 2003, Sonae Indústria's affiliates will proceed with their industrial consolidation strategy and presence on the several different markets, by:

- Conquering market share on potential markets, through customer service and a competitive products range availability;
- Strengthen the sales mix with higher percentage of value-added products, enabling the optimisation of the installed production capacity;
- Efficient management of intangible assets at different levels: logistics, procurement, sales and commercial workforce and management information systems in general;
- Focus the business according to the key drivers throughout the value chain, rationalising the available resources and reducing the non-operational assets;
- Increasing growth of Sonae Indústria's operational profitability, optimising the installed production capacity, strictly abiding by the internationally accepted environmental standards and strengthening a sustainable forest management;
- Optimisation of the available financial resources through an efficient global financial management.



13. Final Comments

The Board of Directors is obliged to all customers for preferring SONAE INDÚSTRIA's range of products, and is also grateful to all suppliers, financial institutions and official authorities for their trust and support.

A word of recognition to the Statutory Auditor for the cooperation in reviewing the SONAE INDÚSTRIA activity.

Finally, the Board of Directors acknowledges all the effort and commitment to the restructuring process and business consolidation performed by SONAE INDÚSTRIA's employees.

Maia, February, 28th 2003

The Board of Directors,

Belmiro Mendes de Azevedo

Duarte Paulo Teixeira de Azevedo

Nuno Miguel Teixeira de Azevedo

Ângelo Gabriel Ribeirinho dos Santos Paupério

Carlos Francisco de Miranda Guedes Bianchi de Aguiar

José Antonio Comesaña Portela





SONAE INDÚSTRIA, SGPS, SA
Publicly traded company
Corporate Governance

Lugar do Espido, Via Norte, Maia
Registered at Maia Commercial Registering Office under no. 1067
Share Capital: EUR 500 000 000
VAT no. 500 204 128

February, 28th 2003

CONTENTS

1. INFORMATION RELEASE	2
2. VOTING RIGHT EXERCISE AND SHAREHOLDERS REPRESENTATION	5
3. CORPORATE RULES	6
4. MANAGEMENT BOARD	7



1. Information Release

As a rule, SONAE INDÚSTRIA announces immediately any material event to the shareholders and to the stock market, in order to avoid time gaps between knowledge and release of those facts. SONAE INDÚSTRIA's behaviour along the years has been of respecting this commitment with the market.

Material events and other relevant information, for instance annual reports, are released to shareholders and to the stock market by the usual communication means, and are made available at SONAE INDÚSTRIA's internet site www.sonaeindustria.com.

Direct information to investors is rendered by the representative for the market relations, Carlos Francisco de Miranda Guedes Bianchi de Aguiar. Considering the stability of the shareholding structure, as well as the number of appointments and meetings requested, SONAE INDÚSTRIA considers that the technical and human resources currently dealing with the investors support guarantee an equal treatment with a rapid and effective enlightenment of the shareholders.

The members of the Board of Directors have coordinating functions in the affiliated companies and of sovereignty functions management (functional directions), acting collectively.

Lately, SONAE INDÚSTRIA has been adopting a policy of non-distribution of dividends, because of the intense restructuring process underway.

The SONAE INDÚSTRIA articles of association do not include restriction rules to the acquisition access of SONAE INDÚSTRIA's shares. No plans of shares awards and/or options of shares acquisition were conferred to employees and/or to any member of the Board of Directors.

On December, 31st 2002, Sonae Indústria's Board members and the members of the Board of Directors of SONAE SGPS SA, the company with a major controlling position, hold the following shares of Sonae Indústria and the following transactions were performed along 2002:



Belmiro Mendes de Azevedo

	Date	Aquisitions		Alienations		Balance in
		Quantity	Value m.€	Quantity	Value m.€	31.12.2002
						Quantity
Efanor Investimentos, SGPS, SA (1)						49.999.997
Imparfin, SGPS, SA (2)						112.500
Sonae, SGPS, SA						14.901
Sonae.com, SGPS, SA						
Share capital increase subscription	23.07.02	15.107	2,25			75.537

	Date	Aquisitions		Alienations		Balance in
		Quantity	Value m.€	Quantity	Value m.€	31.12.2002
						Quantity
(1) Efanor Investimentos, SGPS, SA						
Sonae, SGPS, SA						948.101.424
Pareuro, BV (3)						20.000
(3) Pareuro, BV						
Sonae, SGPS, SA						108.820.695
(2) Imparfin, SGPS, SA						
Sonae, SGPS, SA						5.193.798

Duarte Paulo Tebeira de Azevedo

	Date	Aquisitions		Alienations		Balance in
		Quantity	Value m.€	Quantity	Value m.€	31.12.2002
						Quantity
Efanor Investimentos, SGPS, SA (1)						1
Imparfin, SGPS, SA (2)						112.500
Sonae, SGPS, SA						277.486
Modelo Continente, SGPS, SA						
Sell	09.05.02			31.667	1,85	0
Sonae.com, SGPS, SA						
Share capital increase subscription	23.07.02	52.975	2,25			264.875
Bonds Sonae Indústria / 98						2.013.647
Bonds Modelo Continente / 95						598.558

	Date	Aquisitions		Alienations		Balance in
		Quantity	Value m.€	Quantity	Value m.€	31.12.2002
						Quantity
(1) Efanor Investimentos, SGPS, SA						
Sonae, SGPS, SA						948.101.424
Pareuro, BV (3)						20.000
(3) Pareuro, BV						
Sonae, SGPS, SA						108.820.695
(2) Imparfin, SGPS, SA						
Sonae, SGPS, SA						5.193.798



Nuno Miguel Teóseira de Azevedo

	Date	Aquisitions		Alienations		Balance in 31.12.2002
		Quantity	Value m.€	Quantity	Value m.€	Quantity
Efanor Investimentos, SGPS, SA (1)						1
Imparfin, SGPS, SA (2)						112.500
Sonae, SGPS, SA						277.486
Sell	24.05.02			37.000	0,8	808.086
Sonae.com, SGPS, SA						29.900

Ângelo Gabriel Ribeiro dos Santos Paupério

	Date	Aquisitions		Alienations		Balance in 31.12.2002
		Quantity	Value m.€	Quantity	Value m.€	Quantity
Sonae, SGPS, SA						4.564
Sonae.com, SGPS, SA						59.800
Modelo Continente, SGPS, SA - Bonds						
Sell	08.01.02			1.995.191	0,0099	0

Carlos Francisco de Miranda Guedes Bianchi de Aguiar

	Date	Aquisitions		Alienations		Balance in 31.12.2002
		Quantity	Value m.€	Quantity	Value m.€	Quantity
Sonae, SGPS, SA						10.620

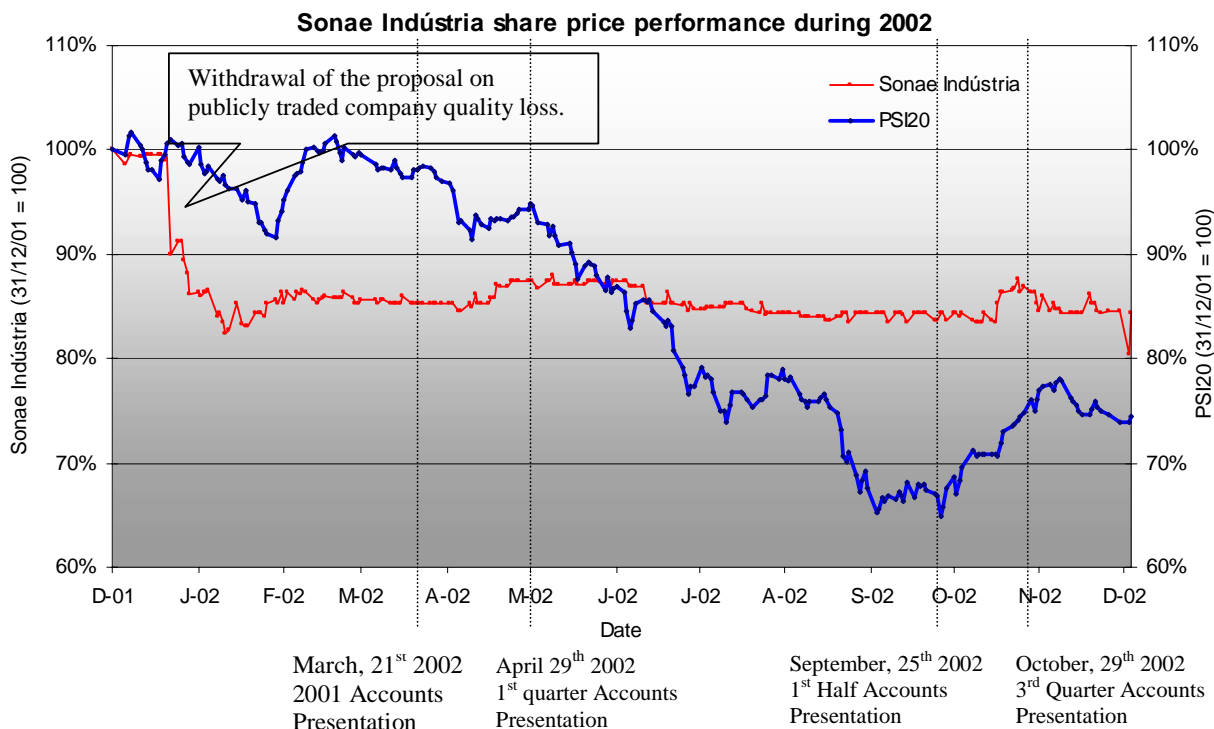
Jose Antonio Comesaña Portela

	Date	Aquisitions		Alienations		Balance in 31.12.2002
		Quantity	Value m.€	Quantity	Value m.€	Quantity
Sonae.com, SGPS, SA						29.900
Tableros de Fibras, S.A.						1.216

SONAE SGPS SA holds 95.723% of SONAE INDÚSTRIA's share capital, the remainder part is spread in the Euronext Lisboa.

In 2002, SONAE INDÚSTRIA's behaviour in the stock exchange surpassed the stock market performance when measured by the PSI-20 index. This index ended up 2002 with an homologous negative variation of 25.6%, whereas SONAE INDÚSTRIA recorded an homologous negative variation lower than -15.7%.





2. Voting right exercise and shareholders representation

The Shareholders General Meeting is only composed by shareholders with voting right and holding shares or subscription bonds who, until eight days before the meeting, prove their holder quality to SONAE INDÚSTRIA according to the terms established by the law.

Proposals to be submitted by the Board of Directors to the General Meeting are made available to the shareholders on the legal terms at the SONAE INDÚSTRIA headoffices, together with reports, documents and further legally mandatory information. Furthermore, annual reports are available on the internet site www.sonaeindustria.com as from the same date.

The presence in General Meetings of shareholders with preferred shares without voting right and their participation in the discussion of the agenda points depend on the authorisation of the Chairman of the Board of the Shareholders General Meeting, this decision can be revoked by the Shareholders General Meeting.

Each set of one hundred shares has the right to one vote, shareholders are entitled to a number of votes corresponding to the entire part of their number of shares divided by one hundred. Exception made if the law demands otherwise, deliberations are taken by simple majority in the Shareholders General Meetings.



Individual shareholders can be represented in the Shareholders General Meetings by their spouse, parents or children, director or any other shareholder, through a letter addressed to the Chairman of the Board of the Shareholders General Meeting stating the representative's name, residence and date of the meeting.

Collective shareholders can be represented by a person appointed by them in a letter whose authenticity will be acknowledged by the Chairman of the Board of the Shareholders General Meeting.

While the company is considered "publicly traded company", shareholders can vote by post, exclusively in what changes of articles of association and statutory bodies appointments are concerned.

Votes by post can only be considered when received at the headoffices by a registered with receipt note letter addressed to the Chairman of the Shareholders General Meeting, at least three days before the date of the Shareholders General Meeting, without prejudice of the mandatory evidence of the shareholder quality.

Shareholders who send vote declarations by post will be understood as abstaining in the voting of proposals other than those stated on the declaration.

In Shareholders General Meetings the shareholder can condition its vote of a certain proposal to the approval or rejection of other proposal, within the scope of the same point of the agenda.

3. Corporate Rules

The SONAE INDÚSTRIA object is the management of social participations as an indirect way of performing economic activities.

SONAE INDÚSTRIA can acquire and sell social participations in companies of domestic or foreign law with similar object to the stated on article third, in companies governed by special laws, in unlimited liability companies, as well as to associate with other entities to, namely, form new companies, groups of companies, economic interests European groups, consortiums and participation associations.

SONAE's principles and values are well disseminated and are deeply rooted in its employees culture, including among others the confidentiality duty regarding third parties, safeguarding the company's position in cases of interests conflicts.



SONAE INDÚSTRIA's strategic and current management adopts risk management policies, either exchange risk, or operational risk. These current practices of risk covering and management are supervised by an internal audit department that ensures the abidance by current management practices and risk covering.

No measures were adopted to hinder the success of Public Offerings of Acquisition.

There are no Shareholders Agreements known to SONAE INDÚSTRIA.

4. Management Board

SONAE INDÚSTRIA is managed by a Board of Directors, currently with seven members appointed by the Shareholders General Meeting for a four-year term.

All directors perform their assignment as individuals, being all appointed nominally for that assignment.

In SONAE INDÚSTRIA there are no directors appointed by minority rules, according to the terms and to the stipulated on Article 392nd of the Code of Commercial Companies.

The members of the Board of Directors are also directors in other companies:

Belmiro Mendes de Azevedo:

- Efanor Investimentos, SGPS, S.A. (President)
- Imocapital – Sociedade Gestora de Participações Sociais, S.A. (President)
- Modelo Continente, SGPS, S.A. (President)
- Sonae – SGPS, S.A. (President)
- Sonae Capital – SGPS, S.A.
- Sonae Imobiliária – SGPS, S.A. (Chairman)
- Sonae.Com – SGPS, S.A. (President)
- Spred – SGPS, S.A. (President)
- Tableros de Fibras, S.A. (President)
- Setimanale – SGPS, S.A. (President)
- Praça Foz – Sociedade Imobiliária, S.A. (President)

Duarte Paulo Teixeira de Azevedo:

- Celdata Informática, S.A. (President)
- Clixgest – Internet e Conteúdos, S.A. (President)
- Efanor Investimentos, SGPS, S.A.
- Imparfin – SGPS, S.A.



- Migracom, SGPS, S.A.
- Modelo Continente, SGPS, S.A.
- Move On, SGPS, S.A. (President)
- Novis Telecom, S.A. (President)
- Optimus – Telecomunicações, S.A. (President)
- Portais Verticais. Com, SGPS, S.A. (President)
- Praça Foz – Sociedade Imobiliária, S.A.
- Público - Comunicação Social, S.A.
- Público.Pt – Serviços Digitais Multimédia, S.A. (President)
- Sonae – SGPS, S.A.
- Sonae Matrix Multimédia, SGPS, S.A. (President)
- Sonae Telecom, SGPS, S.A. (President)
- Sonae.Com Ventures, SGPS, S.A. (President)
- Sonae.Com, SGPS, S.A.
- We Do Consulting – Sistemas De Informação, S.A. (President)

Nuno Miguel Teixeira de Azevedo

- Efanor Investimentos - SGPS, S.A.
- Efanor – Serviços de Apoio à Gestão, S.A.
- Glunz AG
- Imparfin – SGPS, S.A.
- Isoroy SAS
- Praça Foz – Sociedade Imobiliária, S.A.
- Sonae Indústria - Consultadoria e Gestão, S.A.
- Sonae Tafibra - Gestão Comercial, S.A.
- Sonae Tafibra UK, Ltd.
- Sonae U.K., Ltd.
- Spanboard Products, Ltd.
- Tableros de Fibras, S.A.
- Tafibra - Tableros Aglomerados y de Fibras, A.I.E.
- Tafisa France SA
- Tafisa UK, Ltd.
- Total Share – SGPS, S.A.

José Antonio Comesaña Portela:

- Agloma – Sociedade Industrial de Madeira Aglomerada, S.A.
- Casca – Sociedade de Revestimentos, S.A.
- Comfloresta – Companhia Catarinense de Empreendimentos Florestais, S.A.
- EuroResinas – Indústrias Químicas, S.A.
- Imoplamac – Gestão de Imóveis, S.A.



- Industrias Químicas del Carbono, S.A.
- Maichave – Consultadoria e Gestão, S.A.
- Movelpartes – Componentes para a Indústria do Mobiliário, S.A.
- Nab – Sociedade Imobiliária, S.A.
- Poliface – Componentes e Sistemas para Mobiliário e Construção, S.A.
- Poliface – Componentes y Sistemas para Mobiliario y Construcción, S.L.
- Resoflex – Mobiliário e Equipamentos de Gestão, S.A.
- Scs Beheer, B.V.
- Siaf – Imobiliária, S.A.
- Socelpac, SGPS, S.A.
- Sociedade de Iniciativa e Aproveitamentos Florestais – Energia, S.A.
- Somit – Imobiliária, S.A.
- Sonae – Indústria de Revestimentos, S.A.
- Sonae – Serviços de Gestão, S.A.
- Sonae Indústria – Consultadoria e Gestão, S.A.
- Sonae Indústria Brasil, Lda
- Sonae Tafibra – Gestão Comercial, S.A.
- Tableros de Fibras, S.A.
- Tableros Tradema, S.L.
- Tafiber, Tableros de Fibras Ibéricos, S.L.
- Tafibra, Tableros Aglomerados y de Fibras, A.I.E.
- Tafibrás Participações, S.A.
- Tafisa Brasil, S.A.
- Taiber, Tableros Aglomerados Ibéricos, S.L.

Carlos Francisco de Miranda Guedes Bianchi de Aguiar:

- 173509 Canada, Inc.
- Agloma – Sociedade Industrial de Madeira Aglomerada, SA
- Eiweiler Sperrhilz GmbH
- Euro Decorative Boards, Ltd.
- Euromegantic
- EuroResinas - Indústrias Químicas, S.A.
- Glunz AG
- Glunz Service GmbH
- Glunz UK Holdings, Ltd
- Glunz UKA GmbH
- Imoplamac – Gestão de Imóveis, S.A.
- Industrias Quimicas del Carbono S.A.
- Isoroy SAS



- Maichave – Consultadoria e Gestão, S.A.
- Movelpartes – Componentes para a Indústria do Mobiliário, S.A.
- NAB – Sociedade Imobiliária, S.A.
- Novobord (PTY) Ltd
- Poliface – Componentes e Sistemas para Mobiliário e Construção, S.A.
- Poliface – Componentes y Sistemas para Mobiliário y Construcción, SL
- Resoflex – Mobiliário e Equipamentos de Gestão, S.A.
- SIAF - Imobiliária, S.A.
- Somit - Imobiliária, S.A.
- Sonae – Indústria de Revestimentos, S.A.
- Sonae – Serviços de Gestão, S.A.
- Sonae Indústria - Consultadoria e Gestão, S.A.
- Sonae North America
- Sonae Novobord (PTY) Ltd
- Sonae Tafibra - Gestão Comercial, S.A.
- Sonae Tafibra Benelux
- Sonae Tafibra UK, Ltd
- Sonae UK, Ltd.
- Spanboard Products, Ltd.
- Tableros de Fibras, S.A.
- Tableros Tradema, SL
- Tafiber – Tableros de Fibras Ibéricos, SL
- Tafibra - Tableros Aglomerados y de Fibras, AIE
- Tafibra South Africa (PTY) Ltd
- Tafibrás Participações S.A.
- Tafisa Brasil S.A.
- Tafisa France S.A.
- Tafisa UK, Ltd.
- Taiber – Tableros Aglomerados Ibéricos, SL

Ângelo Gabriel Ribeirinho dos Santos Paupério:

- Andar – Sociedade Imobiliária, S.A.
- Aqualuz – Turismo e Lazer, Lda.
- Aquapraia – Investimentos Turísticos, S.A.
- Aquapraia – Investimentos Turísticos, SGPS, S.A.
- Atlantic Ferries -Tráfego Local, Fluvial e Marítimo, S.A.
- BA – Fábrica de Vidros Barbosa & Almeida, S.A.
- Barmins – Serviço e Gestão Imobiliária, S.A.
- Bertimóvel – Sociedade Imobiliária, S.A.
- Best Offer - Prestação de Informações pela Internet, S.A.



- Bloco Q – Sociedade Imobiliária, S.A.
- Bloco W – Sociedade Imobiliária, S.A.
- Cacetinho – Comércio Retalhista e Exploração de Centros Comerciais, S.A.
- Carnes do Continente - Indústria e Distribuição de Carnes, S.A.
- Carplus – Comércio de Automóveis, S.A.
- Centro Residencial da Maia – Urbanismo, S.A.
- Change, SGPS, S.A.
- Chão Verde – Sociedade de Gestão Imobiliária, S.A.
- Choice Car – Comércio de Automóveis, S.A.
- Choice Car, SGPS, S.A.
- CHT - Casino Hotel de Tróia, S.A.
- Citorres – Sociedade Imobiliária, S.A.
- Consolimar - Urbanizadora Internacional, S.A.
- Contibomba - Comércio e Distribuição de Combustíveis, S.A.
- Contifin, SGPS, Lda
- Continobe – Imobiliária do Castelo de Paiva, S.A.
- Country Club da Maia – Urbanismo, S.A.
- Difusão – Sociedade Imobiliária, S.A.
- Empreendimentos Imobiliários da Quinta da Azenha, S.A.
- Finlog – Aluguer e Comércio de Automóveis, S.A.
- Fozimo - Sociedade Imobiliária, S.A.
- Fozmassimo – Comércio e Indústria de Produtos Alimentares, S.A.
- Gaiaproject – Empreendimentos Imobiliários, S.A.
- Gestholding – SGPS, S.A.
- Global S – Hipermercado, Lda.
- Guérin – Rent-a-Car (Dois), Lda
- IGI – Investimento Imobiliário, S.A.
- Igimo – Sociedade Imobiliária, S.A.
- Iginha- Sociedade Imobiliária, S.A.
- Imoareia – Investimentos Turísticos, SGPS, S.A.
- Imoclub – Serviços Imobiliários, S.A.
- Imoconti – Sociedade Imobiliária, S.A.
- Imoestrutura – Sociedade Imobiliária, S.A.
- Imoferro – Sociedade Imobiliária, S.A.
- Imohora – Imobiliária, S.A.
- Imohotel – Empreendimentos Turísticos Imobiliários, S.A.
- Imomuro – Sociedade Imobiliária, S.A.
- Imoponte – Sociedade Imobiliária, S.A.
- Imoresort – Sociedade Imobiliária, S.A.
- Imoresultado – Sociedade Imobiliária, S.A.



- Imosedas – Imobiliária e Serviços, S.A.
- Imosistema - Sociedade Imobiliária, S.A.
- Infofield – Informática, S.A.
- Informeios - Projectos e Representações, S.A.
- Inventory – Acessórios de Casa, S.A.
- Luso Assistência – Gestão de Acidentes, S.A.
- Marimo – Exploração Hoteleira e Imobiliária, S.A.
- Marinamagic - Exploração de Centros Lúdicos e Marítimos, Lda
- Marmagno - Exploração Hoteleira e Imobiliária, S.A.
- Martimope – Sociedade Imobiliária, S.A.
- Marvero- Exploração Hoteleira e Imobiliária, S.A.
- Max Mat España – Distribucion de Materiales de Construcccion, S.A.
- MaxOffice – Artigos e Serviços para Escritório, S.A.
- Modalfa - Comércio e Serviços, S.A.
- Modelo – Distribuição de Materiais de Construção, S.A.
- Modelo - Sociedade Gestora de Participações Sociais, S.A.
- Modelo Continente – Operações de Retalho, SGPS, S.A.
- Modelo Continente Hipermercados, S.A.
- Modelo Hiper Imobiliária, S.A.
- Modelo Investimentos Brasil, S.A.
- Modelo.Com – Vendas por Correspondência, S.A
- Modis - Distribuição Centralizada, S.A.
- Modis International Trade, S.A.
- Modis, SGPS, Lda
- O.K. Bazar - Comércio Geral, S.A.
- Palmares - Companhia de Empreendimentos Turísticos da Lagos, S.A.
- Palmares - Investimentos e Urbanizações, S.A.
- Partnergiro - Empreendimentos Turísticos, Lda.
- Praedium – Desenvolvimento Imobiliário, S.A.
- Praedium II – Imobiliária, S.A.
- Praedium III – Serviços Imobiliários, S.A.
- Predicomercial – Promoção Imobiliária, S.A.
- Prédios Privados – Imobiliária, S.A.
- Predisedas - Predial das Sedas, S.A.
- Promosedas – Promoções Imobiliárias, S.A.
- Publimeios, SGPS, S.A.
- S.I.I. – Soberana – Investimentos Imobiliários, S.A.
- SC – Sociedade de Consultadoria, S.A.
- Selfrio – Engenharia do Frio, S.A.
- Selfrio, SGPS, S.A.



- Sempre à Mão – Sociedade Imobiliária, S.A.
- Sesagest – Projectos e Gestão Imobiliária, S.A.
- Sistavac - Sistemas de Aquecimento, Ventilação e Ar Condicionado, S.A.
- SKK - Central de Distribuição para Refrigeração e Climatização, S.A.
- SMP - Serviços de Manutenção e Planeamento, S.A.
- Socijofra - Sociedade Imobiliária, S.A.
- Sociloures - Sociedade Imobiliária, S.A.
- Soflorin, BV
- Solinca – Lazer, SGPS, S.A.
- Solinca III – Desporto e Saúde, S.A.
- Solinca - Investimentos Turísticos, S.A.
- Soltróia – Sociedade Imobiliária de Urbanização e Turismo de Tróia, S.A.
- Solução – Apoio à Gestão, S.A.
- Sonae Capital, SGPS, SA
- Sonae Distribuição Brasil, S.A.
- Sonae Imobiliária, SGPS, S.A.
- Sonae Retalho Espanha – Servicios Generales, S.A.
- Sonae Retalho Especializado, SGPS, S.A.
- Sonae Turismo, SGPS, S.A.
- Sonae, SGPS, S.A.
- Sonaegest – Sociedade de Fundos de Investimento, S.A.
- Sondas Imobiliária, S.A.
- Sondas, B.V.
- Sontária – Empreendimentos Imobiliários, S.A.
- Sontur, BV
- Sonvecap B.V.
- Sopair, S.A.
- SPEL – Serviços Auto, S.A.
- Sport Zone Espanha – Comercio de Articulos de Deporte, S.A.
- SportZone – Comércio de Artigos de Desporto, S.A.
- Spred, SGPS, S.A.
- SRE – Projectos e Consultadoria, S.A.
- Star – Viagens e Turismo, S.A.
- Todos os Dias - Comércio Retalhista e Exploração de Centros Comerciais, S.A.
- Torre São Gabriel – Imobiliária, S.A.
- Torre São Rafael – Imobiliária, S.A..
- Troiaverde – Exploração Hoteleira e Imobiliária, S.A.
- Tulipamar - Exploração Hoteleira e Imobiliária, S.A.
- Urbisedas – Imobiliária das Sedas, S.A.
- Venda Aluga – Sociedade Imobiliária, S.A.



- World Trade Center Porto, S.A.
- Worten - Equipamentos para o Lar, S.A.

According to the SONAE INDÚSTRIA articles of association, the Board of Directors can delegate in an Executive Committee the competence and power to manage the business, according to the Board understanding. The Board of Directors is responsible for ruling the Executive Committee activity and reviewing the performance. Currently, there is no Executive Committee at SONAE INDÚSTRIA.

According to the SONAE INDÚSTRIA articles of association, the Board of Directors is responsible for all businesses management and perform every operation concerning the social object. To accomplish this assignment, the Board of Directors has broad powers, including the following:

- (a) Represent the company in and outside the court, propose and contest lawsuits, compromise and give up lawsuits and commit to arbitrary courts. To accomplish this, the Board of Directors can delegate its powers to a single mandatary;
- (b) Approve SONAE INDÚSTRIA's budget and plans;
- (c) Let or lease own assets, to rent or lease, acquire, sell and charge any tangible and intangible assets, including stocks, shares or bonds;
- (d) Transfer or accept by transfer premises;
- (e) Deliberate that SONAE INDÚSTRIA associates with other people or entities according to the article fourth of the articles of association;
- (f) Deliberate on bonds emission, contract loans in domestic and foreign financial markets and accept the supervision of lender entities;
- (g) Appoint any other people, individual or collective, for assignments in other companies statutory bodies;
- (h) Deliberate that SONAE INDÚSTRIA renders technical and financial support to companies in which, totally or partially, holds stocks, shares or social participations.
- (i) Deliberate on warrants issuance.

All binding documents, including cheques, notes, bills of exchange and bank acceptances are valid when signed by:

- (a) Two directors;
- (b) One director and one proxy, if during the respective term;
- (c) One director if appointed by the Board of Directors in the minutes of the meeting;
- (d) Two proxies;
- (e) One proxy if appointed by the Board of Directors or by any other Director with legal powers for that purpose.

Current office documents can be signed by one director or one proxy.



Still according to the SONAE INDÚSTRIA articles of association, the Board of Directors will normally convene once in a quarter and, furthermore, every time the President or two members request it. Deliberations taken must be stated on the minutes of the meeting. The Board of Directors can only deliberate if the majority of its members is present or represented and deliberations are taken by majority of issued votes. During 2002, the Board of Directors convened 21 times, divided as follows: 1 in January, 2 in February, 1 in March, 1 in April, 2 in June, 3 in July, 2 in September, 3 in October, 3 in November and 3 in December.

The statutory bodies remuneration is settled by a Remuneration Commission elected by the Shareholders General Meeting.

During 2002, the members of the Board of Directors paid by SONAE INDÚSTRIA or by any other company within its scope of consolidation received the following income:

- Fixed Remuneration: EUR 705.602,54;
- Variable Remuneration: EUR 241.845.

The variable remuneration of the Board of Directors depends on the SONAE INDÚSTRIA profit.



SONAE INDÚSTRIA, SGPS, SA

Consolidated Balance Sheet as of 31 December 2002

Assets	02.12.31			Euros
	Assets	Depreciation & Provisions	Net Assets	Net Assets
Fixed Assets				
Intangible assets:				
Start-up costs.....	74.470.038	36.482.812	37.987.226	44.259.826
Research and development costs.....	13.865.493	8.988.518	4.876.975	3.777.643
Patents and other similar rights.....	7.851.555	5.913.360	1.938.195	1.554.791
Premiums paid for property occupation rights.....				
Projects in progress.....	352.993		352.993	546.431
Advances.....				
Goodwill arising on consolidation.....		0	0	
	96.540.079	51.384.690	45.155.389	50.138.691
Tangible assets:				
Land and natural resources.....	89.133.698	2.112.521	87.021.177	66.536.303
Buildings and other constructions.....	476.858.102	121.976.981	354.881.121	303.722.407
Plant and machinery.....	1.789.952.258	788.109.190	1.001.843.068	803.666.690
Vehicles	24.876.146	22.459.902	2.416.244	4.419.766
Tools.....	4.454.441	3.198.359	1.256.082	1.402.065
Fixtures and fittings	53.708.271	36.953.238	16.755.033	16.592.329
Containers.....	14.916	11.960	2.956	6.801
Other tangible assets.....	28.867.875	23.304.696	5.563.179	5.436.881
Tangible in progress.....	49.910.762		49.910.762	442.591.795
Advances.....	2.514.490		2.514.490	16.940.440
	2.520.290.959	998.126.847	1.522.164.112	1.661.315.477
Investments:				
Shares in related (including associated) undertakings.....	60.914.197	45.321.070	15.593.127	20.128.546
Loans to related (including associated) undertakings.....	15.473.707	14.969.145	504.562	6.197.531
Shares in other undertakings.....	141.633		141.633	104.633
Loans to other participated companies.....				
Other investments other than loans.....	285.479	146.074	139.405	311.778
Other loans.....	331.669		331.669	4.904.500
In construction.....				
Advances.....	299.875		299.875	1.089.854
	77.446.560	60.436.289	17.010.271	32.736.842
Current assets:				
Stocks:				
Raw, subsidiary and consumable materials.....	118.952.186	4.477.781	114.474.405	117.126.875
Work in progress.....	8.668.919		8.668.919	6.667.722
By-products and waste.....	711.579		711.579	5.525.932
Finished and intermediate products.....	89.246.500	2.954.848	86.291.652	99.360.972
Goods for resale.....	10.837.084	354.235	10.482.849	16.020.908
Payments on account.....				
	228.416.268	7.786.864	220.629.404	244.702.409
Debtors - medium and long term:				
Doubtful debtors.....	378.000	376.296	1.704	100.277
Related undertakings.....	73.400		73.400	
Advances to trade creditors.....				133.088
Taxes recoverable.....				1.373.520
Other debtors.....	1.238.854	124.972	1.113.882	4.637.419
	1.690.254	501.268	1.188.986	6.244.304
Debtors - short term:				
Trade debtors.....	205.160.578	3.522.723	201.637.855	217.628.438
Bills receivable.....	43.565.809	1.332	43.564.477	43.869.677
Doubtful debtors.....	18.826.141	15.831.021	2.995.120	2.720.165
Related undertakings	7.852.417		7.852.417	14.665.922
Other related undertakings				
Other shareholders.....				
Advances to trade creditors.....	1.575.418		1.575.418	3.529.588
Advances to fixed asset suppliers.....	9.961		9.961	10.012
State and public sector.....	27.897.024		27.897.024	42.128.203
Other debtors.....	65.749.927	826.398	64.923.529	88.553.972
Subscribers of capital.....				
	370.637.275	20.181.474	350.455.801	413.105.977
Short term investments:				
Shares in related (including associated) undertakings.....				
Bonds in related (including associated) undertakings.....				
Other negotiable instruments.....	2.942.242	9.516	2.932.726	12.111
Others.....	1.613.259		1.613.259	14.838
	4.555.501	9.516	4.545.985	26.949
Banks and cash:				
Bank deposits.....	85.705.520		85.705.520	91.173.384
Cash.....	859.010		859.010	460.620
	86.564.530		86.564.530	91.634.004
Accruals and deferrals				
Accrued income.....	70.677.754		70.677.754	72.690.240
Deferred costs.....	20.422.455		20.422.455	11.878.425
	91.100.209		91.100.209	84.568.665
Total depreciation		1.049.511.537		
Total provisions		88.915.411		
Total assets	3.477.241.635		2.338.814.687	2.584.473.318

The Board of Directors

SONAE INDÚSTRIA, SGPS, SA
Consolidated Balance Sheet as of 31 December 2002
Euros

Shareholders' funds and liabilities	02.12.31	01.12.31
Shareholders' funds		
Called up share capital.....	500.000.000	500.000.000
Own shares - nominal value.....	0	
Own shares - premium.....	0	
Supplementary capital.....		
Share premium account.....	135.339.049	135.339.049
Consolidation differences.....		
Post acquisition share of accumulated reserves of associated undertakings..	11.296.148	12.452.676
Revaluation reserve.....	5.307.245	5.595.001
Other reserves:		
Legal reserve.....	3.297.117	2.658.586
Statutory reserve.....	0	
Contratual Reserve.....	0	
Other reserves	-329.854.039	-232.219.371
	325.385.520	423.825.941
Net profit/(loss) for the year	-81.849.070	-70.653.935
Total shareholders' funds	243.536.450	353.172.006
Minority interests	159.745.138	179.182.647
Liabilities		
Provisions for liabilities and charges:		
Pension Provisions	22.480.376	22.508.797
Tax Provision.....	612.237	552.561
Other provisions.....	45.570.808	52.486.086
	68.663.421	75.547.444
Creditors - medium and long term:		
Bonds		
Non convertible.....	30.052.573	51.081.744
Bank loans.....	551.249.711	577.100.179
Trade creditors.....	2.218	4.024
Related (including associated) undertakings.....	476.339.953	364.154.193
Other loans.....	3.580.625	665.518
Fixed asset creditors.....	15.296.149	19.688.083
State and public sector.....	7.577.157	19.029.689
Other creditors.....	50.500.588	52.454.907
	1.134.598.974	1.084.178.337
Creditors - short term:		
Bonds		
Convertible.....	0	
Non convertible.....	21.029.170	
Bank loans and overdrafts.....	115.906.549	268.775.021
Advances on account of sales.....	0	
Trade creditors.....	138.244.038	143.803.870
Accruals - invoices.....	21.526.717	31.103.881
Bills payable.....	26.872.361	26.188.142
Fixed asset suppliers - bills payable.....	483.666	758.144
Related (including associated) undertakings.....	90.952.578	24.660.630
Related undertakings (including parent company).....	0	60.690.066
Other shareholders.....	4.705	
Advances from trade debtors.....	1.399.621	1.392.408
Other loans.....	224.800	55.838
Fixed asset suppliers.....	19.057.676	53.874.687
State and public sector.....	34.944.885	31.512.741
Other creditors.....	81.818.300	83.604.657
	552.465.066	726.420.085
Accruals and deferrals		
Accrued costs.....	82.512.663	90.835.616
Deferred income.....	97.292.975	75.137.183
	179.805.638	165.972.799
Total liabilities	1.935.533.099	2.052.118.665
Total shareholders' funds and liabilities	2.338.814.687	2.584.473.318

The Board of Directors

SONAE INDÚSTRIA, SGPS, SA
Consolidated Profit and Loss Account for the year ended 31 December 2002
Euros

	02.12.31		01.12.31	
Charges				
Cost of goods sold and materials consumed:				
Goods.....	38.495.943		51.540.082	
Materials.....	616.549.654	655.045.597	684.072.673	735.612.755
External supplies and services.....		391.914.653		375.589.117
Staff costs:				
Wages and salaries.....	201.726.020		208.559.673	
Social costs:				
Pensions.....	5.275.875		4.437.469	
Others.....	61.510.686	268.512.581	65.630.629	278.627.771
Depreciation of tangible and intangible fixed assets	136.180.593		118.534.858	
Provisions.....	11.379.938	147.560.531	10.008.671	128.543.529
Taxes.....	13.887.376		13.021.225	
Other operating charges.....	1.851.469	15.738.845	1.630.370	14.651.595
(A)		1.478.772.207		1.533.024.767
Depreciation and provisions for investments.....	551.405		809.627	
Interest payable and similar charges:				
Related undertakings.....	22.682.830		24.859.543	
Others.....	88.656.097	111.890.332	74.398.528	100.067.698
(C)		1.590.662.539		1.633.092.465
Losses relating to associated undertakings.....		1.775.243		790.661
Extraordinary charges.....		69.502.983		90.825.171
(E)		1.661.940.765		1.724.708.297
Current taxes.....		8.747.105		3.564.118
Deferred taxes.....		-412.333		-29.784.127
(G)		1.670.275.537		1.698.488.288
Minority interests.....		7.099.225		9.361.778
Net profit/(loss) for the year.....		-81.849.070		-70.653.935
		1.595.525.692		1.637.196.131
Income				
Sales:				
Goods.....	42.819.129		53.226.453	
Products.....	1.428.514.571		1.437.175.380	
Services rendered.....	8.154.284	1.479.487.984	11.662.574	1.502.064.407
Change in stocks of finished goods and in work in progress.....		-8.932.382		18.193.285
Own work capitalised		4.417.640		13.157.683
Supplementary income.....	8.234.034		6.597.089	
Trading subsidies.....	1.053.295		652.811	
Other operating income.....	20.364.734	29.652.063	16.750.139	24.000.039
(B)		1.504.625.305		1.557.415.414
Dividend income:				
Relating undertakings.....	45.243		21.646	
Others.....	22.500		197.137	
Investment income:				
Related undertakings.....	40.514			
Others.....	132.244			
Other interest received and similar income:				
Related undertakings.....	207.641		1.768.342	
Others.....	12.257.958	12.706.100	21.880.776	23.867.901
(D)		1.517.331.405		1.581.283.315
Share of profits of associated undertakings.....		131.463		134.322
Extraordinary income.....		78.062.824		55.778.494
(F)		1.595.525.692		1.637.196.131
Summary:				
Operating results: (B) - (A) =		25.853.098		24.390.647
Financial results: [(D) - (B)] - [(C) - (A)] =		-99.184.232		-76.199.797
Current results: (D) - (C) =		-73.331.134		-51.809.150
Profit/(loss) before taxation: (F) - (E) =		-66.415.073		-87.512.166
Net profit/(loss) for the year: (F) - (G) =		-74.749.845		-61.292.157

The Board of Directors

SONAE INDÚSTRIA, SGPS, SA

Consolidated profit and loss account by functions for the year ended 31 December 2002

	Euros	
	2002	2001
Sales and services rendered	1.479.487.985	1.502.064.407
Cost of goods sold and services rendered	-1.120.715.673	-1.015.280.685
Gross margin	358.772.312	486.783.722
Other operating income	22.504.584	38.036.149
Distribution charges	-120.629.114	-139.591.117
Administrative charges	-98.891.178	-89.192.896
Other operating charges	-142.989.964	-277.383.090
Operating results	18.766.640	18.652.768
Net financial charges	-91.301.323	-70.574.146
Gains/(losses) relating to related undertakings	-1.500.271	3.868.654
Gains/(losses) relating to other undertakings	91.571	-458.592
Exceptional items	20.448.175	-7.504.038
Profit/(loss) before taxes and extraordinary items	-53.495.208	-56.015.354
Income taxes (excluding taxes on extraordinary items)	-8.334.772	26.220.009
Profit/(loss) after taxes but before extraordinary items	-61.829.980	-29.795.345
Profit attributable to minority interests	7.099.225	9.361.778
Loss on operations being discontinued	-12.919.865	-31.496.812
Extraordinary Results		
Income tax on extraordinary items		
Loss for the financial year	-81.849.070	-70.653.935
Earnings per Share	-0,8185	-0,8981

The Board of Directors

Notes to the Consolidated Financial Statements

The information contained in these notes is presented following the structure and numbering required by the Portuguese Official Chart of Accounts, only the notes which contain information which is relevant to the Sonae Indústria, SGPS, SA. Group's consolidated financial statements being included.

Note 0. Main Accounting Policies

The consolidated financial statements have been prepared in accordance with the accounting principles and consolidation procedures established in the Portuguese Official Chart of Accounts with the changes introduced by Decree-Law 238/91, of 2 July 1991.

The more important accounting policies and valuation criteria used in the preparation of the consolidated financial statements, are set out below:

a) Historical cost

The consolidated financial statements have been prepared in accordance with the historical cost convention, modified by legal and other revaluations of specific tangible fixed assets, on a going concern basis from the books and accounting records of the companies included in the consolidation (Notes 1 and 3), maintained in accordance with the generally accepted accounting principles in Portugal.

b) Basis of consolidation

The consolidated financial statements include the parent company and its affiliated undertakings (Notes 1 to 3). The results of affiliated undertakings acquired or disposed during the year are included in the consolidated profit and loss account from the date of their acquisition or up to the date of their disposal. Where the amounts involved are significant, consolidation adjustments have been made to conform to the Group's accounting policies. Balances, transactions and profits between Group companies have been eliminated.

c) Investments

Undertakings in which the Group holds between 20% and 50% of the share of the capital or is able to exercise significant influence are accounted for as associated undertakings by the equity method. The Group's share of profits and losses of associated undertakings for the year is included in the consolidated profit and loss account. The Group's share of the other movements in shareholders' funds of associated companies is reflected in consolidated shareholders' funds. Consolidation adjustments are made where necessary to adjust the accounting policies of associated companies to those of the Group. Transactions and profits between associated companies are eliminated proportionately in the consolidation.

Investments in affiliated undertakings not consolidated, in accordance with Decree-Law 238/91, and in other undertakings are stated at cost (Notes 2 and 4).

d) Short term investments

Short-term investments are stated at cost including related purchase expenses.

e) Tangible fixed assets

Tangible fixed assets are stated at cost, including successive legal revaluations, plus acquisition costs. Investment grants received or receivable that relate to specific assets are treated as deferred income, which is then credited to the profit and loss account over the useful lives of the related assets. Non-specific grants are credited to the profit and loss account when received.

f) Depreciation

Depreciation is calculated monthly on a straight-line basis over the expected useful lives of the related assets. The more significant annual rates used are:

	<u>%</u>
Buildings and other constructions	2
Plant and machinery	6.6
Vehicles	20
Fixtures and fittings	10
Intangible assets	20

g) Patents and other similar rights

Patents and other similar rights are stated at cost and amortised over the shorter of the useful life and the legal life of the related asset.

h) Goodwill arising on consolidation

Goodwill arising on consolidation, calculated as of the date of acquisition of the investments in Group and associated undertakings, representing the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired, is recorded directly in shareholders' funds as a reduction in the caption "Other Reserves" (Note 11).

l) Capitalisation of interest expense

Interest expense incurred on loans from banks and Group companies to finance specific fixed assets in construction, up to the time the assets become operational, is capitalised. Capitalised interest is amortised over the period of depreciation of the related fixed assets, which is up to 15 years (Note 28).

j) Start-up, and research and development costs

Start-up and research and development costs incurred on specific projects with reasonable expectation of commercial success are capitalised, provided that the estimated future income from them exceeds the costs already incurred or still to be incurred including future production, distribution and administrative costs. The capitalised costs are written off over a period of 5 years (Note 25).

k) Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a moving average basis using the following methods:

Raw materials and consumables:

Purchase cost including transport and handling;

Work in progress and finished goods:

All direct expenditure and an allocation of production overheads based on normal levels of activity, except depreciation costs of fixed assets.

l) Assets and liabilities denominated in foreign currencies

Assets and liabilities denominated in foreign currencies are translated to Euros at the rates of exchange in force at the balance sheet dates. The results of foreign affiliated undertakings are translated at the average rates at the end of the year. Exchange differences arising on the opening shareholders' funds of foreign affiliated undertakings are recorded in a currency translation reserve, included in the caption "Other Reserves".

Where foreign currency balances are covered by forward exchange contracts the contract rate is used for currency conversion.

The exchange rates used to translate the financial statements of foreign affiliated undertakings to Euros are set out in note 24.

m) Minority interests

The proportion of shareholders' funds held by third parties in affiliated undertakings included in the consolidation, is reflected in the caption minority interests in the consolidated balance sheet.

The share of the results for the year that relate to third party participation is shown as a deduction from the Group's results in the caption minority interests.

n) Income tax

Income tax for the year ended 31 December 2002 is based on the taxable result of each individual company or groups of companies taxed in accordance with the "Special Regime for Taxation of Groups of Companies", whichever is applicable. Where applicable deferred taxes were recorded.

Deferred taxes, when material, are calculated using the balance sheet method based on temporary differences, being differences between the carrying value of an asset or liability and the amount attributed to it for tax purposes.

Deferred tax assets and liabilities are calculated and annually revalued using tax rates expected to apply in the periods when the temporary differences are expected to revert.

Deferred tax assets arising from tax losses carried forward are only recorded if there is a reasonable expectation that taxable profits will be generated in the future that are sufficient to use existing tax losses.

o) Leasing

Leased assets and their corresponding liabilities are included in the balance sheet in accordance with Portuguese Accounting Directive 10 (Note 47).

p) Provisions

Provisions are recorded by the amounts necessary to cover estimated risks.

q) Accruals Basis

The group companies record income and expenses on an accruals basis. Under this basis, income and expenses are recorded in the period to which they relate independently of when the amounts are received or paid.

I - INFORMATION IN RESPECT OF COMPANIES INCLUDED IN OR EXCLUDED FROM THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Companies included in the consolidation

COMPANY	REGISTERED OFFICE	% CAPITAL HELD				LEGAL REASON FOR INCLUSION
		31.12.2002		31.12.2001		
		Direct	Total	Direct	Total	
Agloma – Financial Investments, B. V.	Ilhas Caimão	100.00%	94.73%	100.00%	94.57%	a)
Agloma - Sociedade Industrial de Madeira Aglomerada, S.A.	Oliveira do Hospital	100.00%	94.73%	100.00%	94.57%	a)
Casca - Sociedade de Revestimento, S.A.	Águeda	100.00%	94.73%	100.00%	94.57%	a)
Celnave – Agência de Navegação, Lda.	Viana do Castelo	100.00%	32.50%	100.00%	32.50%	b)
Celpap – Terminal de Celulose e Papel de Portugal, Lda.	Viana do Castelo	100.00%	32.50%	100.00%	32.50%	b)
Cia. De Industrias y Negocios, S.A.	Madrid (Espanha)	100.00%	94.73%	100.00%	94.57%	a)
Emprobal – Empr. Prod. e Comercial. de Embalagens, Lda.	Funchal	60.00%	19.50%	60.00%	19.50%	b)
Euro Decorative Boards Ltd.	Peterlee (U.K.)	100.00%	94.73%	100.00%	94.37%	a)

	Euromegantic Lteé	Québec (Canadá)	100.00%	94.73%	100.00%	94.57%	a)
	Euroresinas - Indústrias Químicas, S.A.	Maia	100.00%	100.00%	100.00%	100.00%	a)
	Explotaciones Comerciales, Industriales y de Servicios, S.A.	Madrid (Espanha)	100.00%	94.73%	100.00%	94.57%	a)
	Explotaciones Madereras Catalanas, S. A.	Barcelona (Espanha)	100.00%	94.73%	100.00%	94.57%	a)
	Gescartão, SGPS, SA	Viana do Castelo	65.00%	32.50%	65.00%	32.50%	b)
	Glunz AG	Hamm (Alemanha)	98.17%	93.00%	98.16%	92.84%	a)
	Gollin GmbH	Bad Oeynhausen (Alemanha)	90.00%	83.70%	90.00%	83.56%	a)
	Imocapital, SGPS, SA	Maia	50.00%	50.00%	49.96%	50.00%	b)
	Industrias Químicas del Carbono, S.A.	Valencia (Espanha)	100.00%	94.73%	100.00%	94.57%	a)
3)	Isoroy Casteljalloux	Casteljalloux (França)	100.00%	94.73%	100.00%	94.57%	a)
2)	Isoroy Chatellerault	Labruguière (França)	100.00%	94.73%	100.00%	94.57%	a)
	Isoroy Diffusion, SNC	Alfortville (França)	100.00%	94.73%	100.00%	94.57%	a)
	Isoroy Le Creusot, SAS	Torcy (França)	100.00%	94.73%	100.00%	94.57%	a)
	Isoroy Panneaux de Fibras, S.A.	St.Dizier (França)	100.00%	94.73%	100.00%	94.57%	a)
1)	Isoroy Transformation	St. Dizier (França)	99.99%	94.72%	99.99%	94.56%	a)
	Isoroy, SAS	Boulogne (França)	100.00%	94.73%	100.00%	94.57%	a)
	Lepe – Empresa Portuguesa de Embalagens, SA	Marinha Grande	100.00%	32.50%	100.00%	32.50%	b)
	Leroy Gabon S.A.	Libreville (Gabão)	99.99%	94.72%	99.99%	94.56%	a)
	Maichave – Consultoria e Gestão, SA	Maia	100.00%	100.00%	100.00%	100.00%	a)
	Maiequipa - Gestão Florestal, S.A.	Maia	100.00%	100.00%	100.00%	100.00%	a)
	Manipulaciones Florestales, S.A.	Madrid (Espanha)	100.00%	94.73%	100.00%	94.57%	a)
	Megantic B.V.	Amsterdam (Países Baixos)	100.00%	94.73%	100.00%	94.57%	a)
	Movelpartes – Comp. para a Indústria do Mobiliário, S.A.	Paredes	100.00%	100.00%	100.00%	100.00%	a)
	NAB – Sociedade Imobiliária, Lda	Maia	100.00%	100.00%	100.00%	100.00%	a)
	Novobord (Pty) Ltd.	Rosebank (África do Sul)	100.00%	94.73%	100.00%	94.57%	a)
1)	Placage Okoumé du Gabon	Libreville (Gabão)	99.87%	94.61%	99.87%	94.45%	a)
	Plysol SAS	Niort (França)	100.00%	94.73%	100.00%	94.57%	a)
	Plysol SNC	Lisieux (França)	100.00%	94.73%	100.00%	94.57%	a)
	Poliface – Componentes e Sist.para Mob. e Construção, S.A.	Maia	100.00%	100.00%	100.00%	100.00%	a)
	Poliface Componentes y Sist.para Mobil. y Construcción, S.L.	Madrid (Espanha)	100.00%	100.00%	100.00%	100.00%	a)
	Portucel Embalagem – Empr. Produtora Embal. de Cartão, SA	Albarraque	100.00%	32.50%	100.00%	32.50%	b)
	Portucel Recicla – Indústria de Papel Reciclado, SA	Mourão	100.00%	32.50%	100.00%	32.50%	b)
	Portucel Viana – Empresa Produtora de Papéis Industriais, SA	Viana do Castelo	100.00%	32.50%	100.00%	32.50%	b)
5)	Portucel Viana Energia – Empr. de Cogeração Energética, SA	Viana do Castelo	100.00%	32.50%	100.00%	32.50%	b)
	Racionalización y Manufacturas Forestales, S.A.	Madrid (Espanha)	100.00%	94.73%	100.00%	94.57%	a)
	Resoflex – Mobiliário e Equipamentos de Gestão, S.A.	Vila de Conde	100.00%	100.00%	100.00%	100.00%	a)
	RGR – Reciclagem e Gestão de Resíduos, SA	Maia	100.00%	100.00%	100.00%	100.00%	a)
	SCS Beheer, BV	Holanda	100.00%	94.73%	100.00%	94.57%	a)
	Selvicola del Norte, S.A.	Madrid (Espanha)	100.00%	94.73%	100.00%	94.57%	a)
	Siaf – Soc. de Iniciativa e Aproveitamentos Florestais, S.A.	Mangualde	100.00%	94.73%	100.00%	94.57%	a)
	Socelpac, SGPS, SA	Maia	100.00%	100.00%	100.00%	100.00%	a)
	Sociedade de Iniciativa e Aproveit. Florestais - Energias, S.A.	Mangualde	100.00%	94.74%	100.00%	94.57%	a)
	Société Civile Bois de la Duchesse	Auxerre (França)	100.00%	94.73%	100.00%	94.57%	a)
	Société Civile de Chamouille	St. Dizier (França)	100.00%	94.73%	100.00%	94.57%	a)
	Société Civile de la Route de Caen	Saint-Pierre (França)	100.00%	94.73%	100.00%	94.57%	a)
1), 6)	Société de Tranchage Isoroy	Honfleur (França)	99.82%	94.55%	99.82%	94.39%	a)
4)	Société des Essences Fines Isoroy	Honfleur (França)	100.00%	94.73%	100.00%	94.57%	a)
	Société de Panneaux Isoroy, S.A.S.	Ussel (França)	100.00%	94.73%	100.00%	94.57%	a)
	Somit – Imobiliária, S.A.	Oliveira do Hospital	100.00%	94.73%	100.00%	94.57%	a)
	Sonae – Serviços de Gestão, S. A.	Maia	100.00%	100.00%	100.00%	100.00%	a)
	Sonae Indústria – Consultadoria e Gestão, S. A.	Maia	100.00%	100.00%	100.00%	100.00%	a)
	Sonae Indústria – Soc. Gestora de Participações Sociais, S.A.	Maia	Holding	Holding	Holding	Holding	Holding
	Sonae Indústria de Revestimentos, S.A.	Maia	100.00%	100.00%	100.00%	100.00%	a)
	Sonae Novobord (Pty) Ltd	Woodhead (África do Sul)	100.00%	94.73%	100.00%	94.57%	a)
	Sonae Táfibra - Gestão Comercial, S.A.	Maia	100.00%	100.00%	100.00%	100.00%	a)
	Sonae Táfibra (UK) Ltd	Hants (Reino Unido)	100.00%	94.73%	100.00%	100.00%	a)
	Sonae Táfibra Benelux, B. V.	Woerden (Países Baixos)	100.00%	93.00%	100.00%	92.84%	a)
	Sonae UK, Limited	Londres (Reino Unido)	100.00%	94.73%	100.00%	94.57%	a)
	Spanboard Products Ltd	Belfast (Reino Unido)	100.00%	94.73%	100.00%	94.57%	a)
	Tableros de Fibras, S.A.	Madrid (Espanha)	94.73%	94.73%	94.57%	94.57%	a)
	Tableros Tradema, S.L.	Madrid (Espanha)	100.00%	94.73%	100.00%	94.57%	a)
	Tafiber, Tableros de Fibras Ibéricas, S.L.	Madrid (Espanha)	100.00%	94.73%	100.00%	94.57%	a)
	Táfibra - Tableros Aglomerados y de Fibras, A.I.E.	Madrid (Espanha)	100.00%	94.74%	100.00%	91.31%	a)
	Táfibra South Africa, Limited	África do Sul	100.00%	94.73%	100.00%	94.57%	a)

Tafibras, S.A.	Curitiba (Brasil)	53.99%	51.14%	53.99%	51.06%	a)
Tafisa Brasil, S.A.	Curitiba (Brasil)	100.00%	59.42%	100.00%	59.33%	a)
Tafisa Canadá Soci��� en Commandite	Qu����� (Canad��)	67.23%	63.68%	60.36%	57.09%	a)
Tafisa France S.A.	Alfortville (Fran��a)	100.00%	94.73%	100.00%	94.57%	a)
Tafisa U.K.Ltd.	Petrelee (Reino Unido)	100.00%	94.73%	100.00%	94.57%	a)
Taiber, Tableros Aglomerados Ib��ricos, S.L.	Madrid (Espanha)	100.00%	94.73%	100.00%	94.57%	a)
Tavapan, AS	Tavannes (Su���a)	100.00%	93.00%	100.00%	92.84%	a)
Tecnolog��as del Medio Ambiente, S.A.	Barcelona (Espanha)	100.00%	94.73%	100.00%	94.57%	a)
Tool, GmbH	Alemanha	100.00%	93.00%	100.00%	92.84%	a)

- a) Paragraph a), item 1, art. 1 of Decree-Law 238/91 (majority holding);
b) Paragraphs c) and d), item 1, art. 1 of Decree-Law 238/91;
1) Companies excluded in the preceding year, as they were not significant;
2) Formerly Isoroy Contreplaques, S. A.;
3) Formerly Sci Cocumont;
4) Formerly Sci du Quai Carnot;
5) Company sold in 8 May 2002;
6) Formerly Leroy, S. A..

Note 2. Companies excluded from the consolidation

COMPANY		REGISTERED OFFICE	% CAPITAL HELD		LEGAL REASON FOR EXCLUSION		
			31.12.2002		31.12.2001		
			Direct	Total	Direct	Total	
1)	Agepan S.A.R.L.	Forbach (França)	100.00%	93.00%	100.00%	92.84%	a)
	Ecociclo – Energia e Ambiente, S. A.	Matosinhos	100.00%	100.00%	100.00%	100.00%	a)
	Eiweiler Sperrholz GmbH	Alemanha	100.00%	93.00%	100.00%	92.84%	a)
	Enercicla, Lda	Mourão	100.00%	32.50%	100.00%	32.50%	a)
	Florestal y Maderera, S.A.	Madrid (Espanha)	100.00%	94.73%	100.00%	94.57%	a)
1)	G & W Finantial Engeneering Amsterdam Services, B.V.	Wasenaar (Países Baixos)	100.00%	94.73%	100.00%	94.57%	a)
	Glunz Service GmbH	Hamm (Alemanha)	100.00%	93.00%	100.00%	92.84%	a)
	Glunz Uk Holdings, Ltd.	Londres (Reino Unido)	100.00%	93.00%	100.00%	92.84%	a)
	Glunz Uka GmbH	Hamm (Alemanha)	100.00%	93.00%	100.00%	92.84%	a)
	Imoplamac – Gestão de Imóveis, S.A.	Santarém	100.00%	100.00%	100.00%	100.00%	a)
2)	Indústrias Florestais de Manica – Ifloma, S.A.R.L.	Maputo	80.00%	80.00%	80.00%	80.00%	a)
1)	Isoroy Deutschland GmbH	Kehl (Dinamarca)	100.00%	94.73%	100.00%	94.57%	a)
	Orpin, S.A.	Madrid (Espanha)	100.00%	94.73%	100.00%	94.57%	a)
	OSB Deuschland	Alemanha	100.00%	94.73%	100.00%	94.57%	a)
	Novobord GmbH	Hamm (Alemanha)	100.00%	93.00%	100.00%	92.84%	a)
	Plysorol B.V.	Soest (Países Baixos)	100.00%	94.73%	100.00%	94.57%	a)
3)	Plysorol Contreplaques	Lisieux (França)	100.00%	94.73%			a)
3)	Poliface Brasil, Ltda.	São Paulo (Brasil)	99.99%	99.99%			
	Poliface North America	Québec (Canadá)	100.00%	94.73%	100.00%	94.57%	a)
	Resoflex I - Racionalização de Espaços, Lda	Braga	82.50%	100.00%	82.50%	100.00%	a)
1)	Resoflex II - Racionalização de Espaços, Lda	São João Madeira	55.00%	100.00%	55.00%	100.00%	a)
1)	Saborec	França	100.00%	94.73%	100.00%	94.57%	a)
3)	Société Industrielle et Financière Isoroy	Rungis (França)	100.00%	94.73%			a)
	Sonae Espanha, S.A.	Madrid (Espanha)	99.94%	99.94%	99.94%	99.94%	a)
	Sonae Indústria Brasil, Ltda	São Paulo (Brasil)	100.00%	100.00%	100.00%	100.00%	a)
	Sonae North América Inc.	Quebec (Canadá)	100.00%	100.00%	100.00%	100.00%	a)
	Tafisa Trading, S.A.	Madrid (Espanha)	100.00%	94.73%	100.00%	94.57%	a)

- a) Item 1, art. 4 of Decree-Law 238/91 (not significant);
1) Company liquidated during 2002;
2) Company returned to the Mozambique Government property, following the cancellation of the privatisation process;
3) Company incorporated in 2002.

Note 3. Associated undertakings recorded in accordance with the equity method

COMPANY	REGISTERED OFFICE	% CAPITAL HELD			
		31.12.2002		31.12.2001	
		Direct	Total	Direct	Total
Comfloresta – Comp. Catarinense de Empr. Florestais, S. A.	Brasil	36,00%	21,39%	36,00%	21,36%
Serradora Boix	Barcelona	31,25%	29,6%	31,25%	29,55%

Note 4. Associated undertakings not recorded in accordance with the equity method

COMPANY	REGISTERED OFFICE	% CAPITAL HELD				LEGAL REASON FOR EXCLUSION
		31.12.2002		31.12.2001		
		Direct	Total	Direct	Total	
OKO Zentrum NRW	Alemanha	25,00%	23,25%	25,00%	23,25%	a)
Promodeco – Proj. Imobiliário Decoração e Construção, Lda	Maia	27,60%	27,60%	27,60%	27,60%	a)
Sonaegest	Maia	20,00%	20,00%	20,00%	20,00%	a)
Stinnes Holz Gmbh	Hamm (Alemanha)	35,25%	32.78%	35,25%	32,73%	a)

a) item 1, art. 4 of Decree-Law 238/91 (not significant).

Note 7. Employee information

The average number of employees of the companies included in the consolidated financial statements was:

By category:

Directors and managers	700
Technical	1,423
Administrative	1,210
Production	5,699
Total	9,032

III - INFORMATION ON CONSOLIDATION PROCEDURES ADOPTED

Note 10. Goodwill arising on consolidation

As mentioned in the note 0.h), goodwill arising on consolidation was registered in the caption "Other Reserves":

	Euros		
	31.12.2002	31.12.2001	Net change
Opening	-3,445,052	-3,439,246	-5,806
Positive (a)	-239,134,188	-235,221,587	-3,912,601
Negative	38,667,443	38,599,490	67,953

(a) Net of accumulated depreciation in 1 January 2002.

Note 11. Portuguese accounting principles not applied during the year

The accounting principle used as from 1 January 2002 for recording goodwill arising on consolidation (note 0 h)), is not in accordance with generally accepted accounting principles in Portugal, which states that goodwill arising on consolidation must be included in Intangible Assets and depreciated in constant shares during the period estimated for the recover of the investment amount. If this criteria had been applied the amounts in Net Intangible Assets would have been increased by 213,383,386 Euros, and the Accumulated Depreciation would have been increased by 13,002,420 Euros.

Note 14. Comparability of financial statements: Changes to the consolidation perimeter

Comparability of the consolidated financial statements as of 31 December 2002 with those for the preceding year is affected by the following changes in the consolidation perimeter:

- 1) The following companies were included on consolidation in 2002:
 - By the full consolidation method:
 - a) Isoroy Transformation
 - a) Placage Okoumé du Gabon
 - a) Société de Tranchage Isoroy
 - a) Company not included in 2001 as it was not significant.
- 2) The following companies were excluded from the consolidation in 2002:
 - By the full consolidation method:
 - a) Portucel Viana Energia, S.A.
 - a) Company sold in 8 May 2002.

Note 18. Accounting for associated undertakings

The companies included in the consolidated financial statements have recorded their investments in associated undertakings in accordance with paragraph a), item 5.4.3.1. of Appendix II to the Portuguese Chart of Accounts (at cost). However, in the case of the investments in the associated undertakings referred to in Note 3., consolidation adjustments are made to record them by the equity method, in accordance with item 13.6.1 of the rules for consolidation. In the other cases (note 4 – excluded due to imateriality), the investments in associated undertakings were recorded at cost.

IV - INFORMATION RELATING TO COMMITMENTS

Note 21. Financial Commitments not reflected in the balance sheet

The financial commitments not reflected in the balance sheet as of 31 December 2002 are as follows:

- a) The banks participating in the syndicated loan of 300,000,000 Euros have an option to sell, to Sonae Indústria SGPS,S.A., the loans granted to a group of its subsidiaries, exercisable in accordance with the terms referred to in item 7 of Note 50;
- b) Responsibilities for instalments of Long Duration Rental at the amount of 1,068,208 Euros;
- c) Sonae Indústria, S.G.P.S. is responsible, with its principal shareholder Sonae S.G.P.S., S.A., for carrying out the obligations of the loan in the European Investment Bank in the amount of 50,000,000 Euros, obtained in 2001.

Note 22. Responsibilities for guarantees given

At 31 December 2002 the responsibilities of the companies included in the consolidation were as follows:

	<u>Euros</u>
Guarantees	280,454,721
Mortgages and charges	84,592,200
Shares held as security	3,940,503
Other	83,132,814

V - INFORMATION REGARDING ACCOUNTING POLICIES**Note 23. Valuation methods**

See Note 0.

Note 24. Exchange rates used for translation to Euros

The exchange rates used to translate the consolidated financial statements of foreign subsidiaries to Euros were as follows (note 0-I):

	<u>Euro</u>	
	<u>Average rate</u>	<u>Rate 02.12.31</u>
Sterling Pound	0.62856	0.65050
Swiss Franc	1.46696	1.45239
Real	2.64354	3.71237
Rand	9.89022	9.00900
Canadian Dollar	1.48087	1.65499

Note 25. Start up costs

The increase in the year is due mainly to (note 0 – j):

	Euro
Capitalization costs related to the installation of the new production line in Nettgau	4,628,313
Capitalization costs related to the installation of the new production line in Linares	1,443,038
Inclusion in the consolidation perimeter of Placage Okoumé du Gabon (a)	1,812,631

(a) Included in the column "Transfers and write-offs" of note 27.

VI – INFORMATION RELATING TO SPECIFIC ITEMS**Note 27. Movement in fixed assets**

The movement during the year in consolidated fixed assets and corresponding amortisation, depreciation and provision accounts is as follows:

Gross Assets					Euros
Items	Opening balance	Increases	Decreases	Transfers and Write-offs (a)	Closing Balance
Intangible assets:					
Start-up costs	70,647,078	6,848,221	923,303	-2,101,958	74,470,038
Research and development costs	11,901,713	305,768		1,658,012	13,865,493
Patents and other similar costs	6,572,990	72,895		1,205,670	7,851,555
Projects in progress	546,631	192,749		-386,187	352,993
	89,668,212	7,419,633	923,303	375,537	96,540,079
Tangible assets:					
Land and natural resources	68,734,488	3,060,585	638,630	17,977,255	89,133,698
Buildings and other constructions	430,560,660	8,448,832	741,542	38,590,152	476,858,102
Plant and machinery	1,581,101,833	33,959,916	3,938,429	178,828,938	1,789,952,258
Vehicles	28,123,636	400,844	390,324	-3,258,010	24,876,146
Tools	4,629,814	94,065	38,625	-230,813	4,454,441
Fixtures and fittings	53,977,281	3,990,787	650,016	-3,609,781	53,708,271
Containers	14,916				14,916
Other tangible assets	26,690,289	328,213	26,308	1,875,681	28,867,875
b) Tangible in progress	442,591,795	42,599,198	447,550	-434,832,681	49,910,762
Advances	16,940,440	673,760	401,623	-14,698,087	2,514,490
	2,653,365,152	93,556,200	7,273,047	-219,357,346	2,520,290,959
Investments:					
Shares in related (including associated) undertakings	65,414,423	6,179,104	225,931	-10,453,399	60,914,197
Loans to related (including associated) undertakings	21,166,762	1,867,149	12,348	-7,547,856	15,473,707
Shares in other undertakings	104,633	37,000			141,633
Other investments other than loans	375,941	114,917	207,879	2,500	285,479
Other loans	4,904,500	5,099	1,868	-4,576,062	331,669
Advances	1,089,854	141,480	770,690	-160,769	299,875
	93,056,113	8,344,749	1,218,716	-22,735,586	77,446,560

- (a) Includes exchange adjustments of the opening balances of foreign subsidiaries totalling – 133,155,414 Euros, as well as opening balances of the companies included in consolidation during 2002, amounting to 21,101,666 Euros;
- (b) The main items included in tangible in progress correspond to the following projects:

	Euros
Olivo Project (Spain)	21,506,189
Installation of new production line Portucel Recicla (Portugal)	4,376,932
Installation of new production line MDF in Le Creusot (France)	4,361,725

Accumulated amortization, depreciation and provisions				Euros
Items	Opening balance	Increase	Transfers and Adjustments (a)	Closing Balance
Intangible assets:				
Start-up costs	26,387,252	13,437,793	-3,342,233	36,482,812
Research and development costs	8,124,070	1,484,244	-619,796	8,988,518
Patents and other similar costs	5,018,199	788,070	107,091	5,913,360
	39,529,521	15,710,107	-3,854,938	51,384,690
Tangible assets:				
Land and natural resources	2,198,185	163,029	-248,693	2,112,521
Buildings and other constructions	126,838,253	12,157,376	-17,018,648	121,976,981
Plant and machinery	777,435,143	95,430,336	-84,756,289	788,109,190
Vehicles	23,703,870	2,291,496	-3,535,464	22,459,902
Tools	3,227,749	648,771	-678,161	3,198,359
Fixtures and fittings	37,384,952	4,244,008	-4,675,722	36,953,238
Containers	8,116	2,877	967	11,960
Other tangible assets	21,253,408	3,097,560	-1,046,272	23,304,696
	992,049,676	118,035,453	-111,958,282	998,126,847
Investments:				
Shares in related (including associated) undertakings	45,285,877	507,300	-472,107	45,321,070
Loans to related (including associated) undertakings	14,969,231	44,109	-44,195	14,969,145
Other investments other than loans	64,163		81,911	146,074
	60,319,271	551,409	-434,391	60,436,289

- a) Includes exchange adjustments to the opening balances of foreign subsidiaries totalling – 18, 297,495 Euros, as well as the opening balances of the companies included in the consolidation perimeter during 2002, amounting to 4,270,106 Euros;

Note 28. Interest expense capitalised during the year

Interest totalling 496,320 Euros, incurred on loans to finance fixed assets in construction, was capitalised during the year (Note 0 – i).

Note 33. Liabilities due after more than five years

The consolidated balance sheet includes liabilities of 112,035,831 Euros due after more than five years.

Note 34. Liabilities covered by real guarantees

At 31 December 2002 the liabilities included in the consolidated balance sheet, covered by real guarantees given by the companies included in the consolidation, were as follows:

	Euros
Pledged assets	48,997,897
Mortgages	2,992,788

NOTE 36. SEGMENT REPORTING

The activity developed by Sonae Indústria S.G.P.S and its branches, is characterized by an high developed geographical dispersion of assets and markets in opposition to a relatively high concentration in terms of products and services. In relation to the geographical element, is important to refer that the Company develops its industrial activity through an industrial net of branches located in 9 different countries: Portugal, Spain, France, Germany, United Kingdom, Switzerland, Canada, Brazil and South Africa, which together represent around 80% of the consolidated turnover. To perform a segmental analyses, business risks and profitability should be considered mainly at a geographical level, as the internal and financial reporting is organized in a geographical perspective.

Consequently, and for segment reporting, the geographical placement of assets represents the main criteria of segmentation, which is completed with business information about main products.

The segmental information has been prepared following the rules defined by the Portuguese Accounting Principle nº. 27 and International Accounting Standard nº.14.

Geographical Segments

1.1. Assets by Geographic Markets

Thousands of Euros	Segments										Consolidated
	Portugal	Spain	France	Germany	United Kingdom	Brazil	Canada	South Africa	Others	Eliminations	
Income											
External Sales	338,524	222,208	262,161	262,849	100,526	78,784	101,794	56,079	56,563		
Inter-Segments Sales	92,106	32,325	51,095	53,949	96	631	0	0	8,869	-239,072	
Total Income	430,630	254,533	313,256	316,799	100,622	79,415	101,794	56,079	65,431	-239,072	1,479,488
Profits											
Segmental Profits	40,975	4,497	-17,595	-9,094	-10,123	7,890	4,719	9,210	-2,063	7,324	35,741
Profits not imputed											-1,328
Operating Profit	40,975	4,497	-17,595	-9,094	-10,123	7,890	4,719	9,210	-2,063	7,324	34,413
Financial Costs											111,890
Financial Profits											12,706
Related Undertakings	-126	106				-1,624					-1,644
Income Tax	8,739	447	125	0	-2,612	1,340	-139	213	223		8,335
Ordinary Activities Profits	32,110	4,157	-17,720	-9,094	-7,511	4,925	4,858	8,998	-2,286	7,324	-74,750
Extraordinary Losses											
Extraordinary Income											
Net Profit											-74,750
Segmental Assets	510,493	278,300	348,179	397,214	190,753	120,757	164,020	83,567	31,652		2,124,935
Investment in Associated Companies	2,680	2,866	428	2,384	0	2,359	6,204	0	90		17,010
Not imputed Assets											196,871
Total Consolidated Net Assets											2,338,815
Segmental Liabilities	90,820	109,182	154,540	142,174	30,583	10,223	13,116	13,613	6,434		570,686
Not Imputed Liabilities											1,364,847
Total Consolidated Liabilities											1,935,533
Investment in Tangible and Intangible Fixed Assets	18,177	9,563	9,203	42,395	10,253	4,858	5,093	1,332	102		100,976
Depreciation and amortisation of tangible and intangible fixed assets	38,137	16,793	19,983	19,694	12,099	9,877	12,346	3,161	4,091		136,181

1.2. Turnover by foreign markets

Segment	Thousands of Euros	
Income		
Spain	272,466	18.4%
Germany	235,206	15.9%
France	208,138	14.1%
Portugal	183,211	12.4%
United Kingdom	104,336	7.1%
Brazil	60,877	4.1%
South Africa	60,375	4.1%
North America	55,734	3.8%
Others	299,145	20.2%
Total	1,479,488	

2. Business Segments

Thousands of Euros	Segments		
	Wood based materials	Paper based Materials	Total
Income	1.283.412	196.076	1.479.488
Net Assets	1.904.564	220.371	2.124.935
Investment in Tangible and Intangible fixed assets	91.221	9.755	100.976

Note 38. Deferred Taxes

As of 31 December 2002 and 2001, the detail of deferred tax assets and liabilities, by nature, is as follows:

			Euros	
	Deferred Tax Assets		Deferred Tax Liabilities	
	31.12.2002	31.12.2001	31.12.2002	31.12.2001
Fixed assets revaluations				
Land revaluations				
Reinvested gains on disposals of fixed assets				
Losses carried forward	68,681,065	63,666,240		
Provisions disallowed for tax purposes				
Depreciations disallowed for tax purposes				
Income by application of Equity Method				
Harmonization adjustments			30,027,803	23,620,613
Others	475,999	391,938	913,683	3,618,984
	<u>69,157,064</u>	<u>64,058,178</u>	<u>30,941,486</u>	<u>27,239,597</u>

Movements in deferred taxes during the year ended 31 December 2002 and 2001 were as follows:

			Euros	
	Deferred Tax Assets		Deferred Tax Liabilities	
	31.12.2002	31.12.2001	31.12.2002	31.12.2001
Balance as of 1 January	64,058,178	27,786,636	27,239,597	19,411,344
Credits/ (Charges) to the profit and loss account:				
Depreciation arising from fixed assets revaluations				
Depreciation arising from reinvested gains on disposals of fixed assets				
Losses carried forward	6,973,902	37,346,839		
Provisions disallowed for tax purposes in previous years				
Exchange differences	-208,317	69,237		
Harmonization adjustments			5,623,727	8,294,753
Others	-77,626	834,790	651,898	171,986
Sub-total	<u>6,687,959</u>	<u>38,250,866</u>	<u>6,275,625</u>	<u>8,466,739</u>
Credits/ (Charges) to retained earnings:				
Monetary adjustments on land revaluations				
Others	-1,589,073	-1,979,324	-2,573,736	-638,486
Balance as of 31 December	<u>69,157,064</u>	<u>64,058,178</u>	<u>30,941,486</u>	<u>27,239,597</u>

In 2002 deferred tax liabilities amounting to 6,275,625 Euros were recorded in the consolidated profit and loss accounts and in the caption accrued expenses of the consolidated balance sheet.

Deferred tax assets amounting to 7,118,041 Euros were recorded during the year and similar deferred tax assets amounting to 430,082 Euros were reverted. These movements were included in the consolidated profit and loss accounts and in the caption accrued income of the consolidated balance sheet.

The Company and its subsidiaries have commitments under tax legislation to reinvest amounts resulting from the sale of investments in prior years. As in previous years, it is the intention of the Board of Directors that the Company and its subsidiaries comply with these commitments through the acquisition of other investments and so the profit generated in previous years from the sale of investments (including profit on the sale of investments to Group companies, recorded in the non consolidated accounts of the subsidiaries, and eliminated on consolidation) has not been included in taxable income for 2000, 2001 and 2002.

Note 41. Legislation under which tangible fixed assets were revalued

Tangible fixed assets of several companies included in the consolidation, with head offices in Portugal, were revalued in previous years in accordance with Decree Laws 430/78, of 27 December, 219/82, of 2 June, 278/85, of 17 July, 118/86, of 27 May, 111/88, of 2 April, 49/91, of 25 January and 264/92, of 24 November. Assets acquired recently at market prices have not been revalued.

Note 42. Revaluations

The overall effect of the revaluations of tangible fixed assets is as follows:

	Euros		
Items	Historical Cost (a)	Revaluations (a) (b)	Revalued book value (a)
Tangible assets:			
Land and natural resources	83,399,540	3,621,637	87,021,177
Buildings and other constructions	346,942,397	7,938,724	354,881,121
Plant and machinery	995,658,192	6,184,876	1,001,843,068
Vehicles	2,111,817	304,427	2,416,244
Tools	1,254,136	1,946	1,256,082
Fixtures and fittings	16,762,004	-6,971	16,775,033
Containers	2,956		2,956
Other tangible assets	5,426,254	136,925	5,563,179
	1,451,557,296	18,181,564	1,469,738,860

- (a) Net of depreciation;
(b) Includes all revaluations to date.

Note 43. Comparability of financial statements: Impact of changes to the consolidation perimeter

Note 14 shows the changes in the companies included in the consolidation perimeter that affect the comparability of consolidated financial statements. However, these changes are not material for the consolidated financial statements.

Note 44. Net financial charges

Charges	Euros	
	31.12.2002	31.12.2001
Interest expense	77,132,604	70,743,205
Depreciation of real estate investments		102,020
Provision for marketable securities	551,405	707,607
Exchange losses	17,172,087	13,184,311
Financial discounts allowed	8,745,880	6,865,716
Loss on the sale of short term investments	6	5,986
Other financial charges	8,288,350	8,458,853
Net financial charges	-99,184,232	-76,199,797
	12,706,100	23,867,901
Income	31.12.2002	31.12.2001
Interest income	3,627,299	5,354,503
Property income	1,309	
Equity investment income	67,743	224,184
Exchange gains	6,770,387	9,318,733
Financial discounts received	1,702,961	1,183,910
Gain on disposal of short term investments	23,603	56,353
Other financial income	512,798	7,730,218
	12,706,100	23,867,901

Note 45. Net extraordinary items

	Euros	
	31.12.2002	31.12.2001
Charges		
Donations	192,072	167,497
Doubtful debts written off	2,818,071	319,947
Stock losses	847,974	2,111,093
Loss on the sale of fixed assets	3,721,029	1,350,249
Fines and penalties	294,767	71,464
Increase in depreciation and provisions	13,730,202	50,136,885
Charges relating to prior years	6,915,153	2,319,539
a) Other extraordinary charges	40,983,715	34,348,497
Net extraordinary items	8,559,841	- 35,046,677
	78,062,824	55,778,494
Income		
Taxes refunded	63,964	4
Collection of doubtful debts written off	568,989	31,296
Stock gains	241,856	1,892,399
Gain on the sale of fixed assets	11,775,289	7,920,830
Contractual penalties	16,892	16,920
b) Decrease in provisions and depreciation	35,535,273	21,742,106
Gains relating to prior years	4,050,048	1,004,507
c) Other extraordinary income	25,810,513	23,170,432
	78,062,824	55,778,494

- a) This caption includes employee termination indemnities related with the deactivating of Portucel Recicla (9,891,273 Euros), exchange differences (7,655,421 Euros) and costs incurred on the closure of production segments (4,664,048 Euros);
- b) Includes 13,746,708 Euros due to utilisation and reversal of the excess provision for closure of production segments;
- c) The amounts included on this caption are mainly due to the recognition of the income relating to indemnity received by Portucel Recicla from Empresa de Desenvolvimento de Infraestruturas do Alqueva (E.D.I.A) (4,924,613 Euros) and recognition of investment subsidies (9,308,625 Euros).

Note 46. Provisions as of 31 December 2002 and movement for the year then ended

The accumulated provisions at 31 December 2002 and movements during the year then ended are as follows:

	Euros			
Provisions	Opening Balance	Increases	Decreases	Closing Balance
Provisions for short term investments	9,516			9,516
Provisions for doubtful debts	17,891,623	7,225,018	4,433,899	20,682,742
Provisions for other risks and charges	75,547,444	15,101,935	21,985,958	68,663,421
Provisions for stock losses	11,204,907	4,977,469	8,395,512	7,786,864
Provisions for investments	60,319,271	551,408	434,390	60,436,289
	164,972,761	27,855,830	35,249,759	157,578,832

Note 47. Leased assets and their consolidated book values

	Euros
Land	3,085,243
Buildings and other constructions	14,925,401
Plant and machinery	20,228,590
Vehicles	331,444
Fixtures and fittings	1,469,732
Other tangible assets	796,546
	<u>40,836,956</u>

Note 50. Other information for the analysis of financial position and the consolidated results**1) ACCRUALS AND DEFERRALS****a) Accrued income**

Includes:

	Euros
Deferred taxation (Note 38)	<u>69,157,064</u>

b) Accrued expenses

Includes:

	Euros
Holiday pay and bonuses	<u>18,333,853</u>
Volume discounts	12,174,110
Accrued interest	2,040,973
Deferred taxation (Note 38)	30,941,486

c) Deferred income

Includes:

	Euros
Investment subsidies	<u>96,895,725</u>

2) OTHER DEBTORS – SHORT TERM

Includes:

	Euros
Factoring current accounts	<u>9,958,226</u>
Investment subsidies	20,136,021
Property disposal	14,346,767
E.D.I.A. (Portucel Recicla)	7,832,833

3) OTHER CREDITORS – SHORT TERM

Includes:

	Euros
Factoring current accounts	<u>58,818,521</u>

4) OTHER CREDITORS – MEDIUM AND LONG TERM

Includes:

	Euros
Aserradora de Cuellar (a)	<u>50,051,855</u>

(a) Related with acquisition of land.

5) BONDS

Bonds are as follows:

- a) SONAE INDUSTRIA / 98 bonds amounting to 21,029,170 Euros , redeemable in full in March 2003. The bonds bear interest at a rate equal to the Lisbor rate less 5 percentage points for the first 6 coupons, and the Lisbor rate plus 0.45 percentage points after the 7th coupon, the interest rate not being less than 0%. This bond includes a stock purchase warrant for 4 Sonae Indústria shares, at 9.60 Euros per share, exercisable in the months of May and November of each year following the maturity of the first coupon and up to the maturity of the sixth coupon. During the year 2002, the 8th and 9th coupons matured.
- b) TAFISA / 98 bonds amounting to 30,052,573 Euros, redeemable in full in 2004, bearing interest at an annual interest rate equal to the Mibor rate plus 0.75%.

Although bonds totalling 30,052,573 Euros, included in the financial statements as medium and long term liabilities, have call options, they have been considered to mature at their latest maturity date on the basis that, in the event of early redemption, they can be refinanced, the long term borrowing structure being maintained.

6) RETIREMENT PENSIONS

In accordance with the remuneration policies of some subsidiaries of Sonae Indústria SGPS, SA, retirement benefit plans were introduced in prior years under the following conditions:

- a) Glunz AG: has a defined benefits pension plan, no fund having been constituted. The liability under the plan, calculated based on actuarial studies made by an independent entity in accordance with International Accounting Standard 19, in the amount of 22,480,376 Euros at 31 December 2002, is fully covered by a provision for pensions;
- b) Subsidiaries of Gescartão SGPS, SA have a defined benefits pension plan, having constituted a fund, managed by a third party entity, based on the amount calculated by an independent entity in accordance with International Accounting Standard 19. At 31 December 2002, the cost for the year, in the net amount of 1,778,933 Euros, accounted for in the "staff costs" (2,384,435 Euros) and in "Other extraordinary income" (-605,502 Euros), was recorded in the consolidated balance captions, "prepayments" and "accrual liabilities".
- c) Subsidiaries of Sonae Indústria SGPS, SA have a defined benefits pension plan, having constituted a fund, managed by a third party entity, based on the amount calculated by an independent entity in accordance with International Accounting Standard 19. The employees of four subsidiaries hired up to 31 December 1994 are covered by the plan, and are entitled to receive 24 months of their current salary at the time of their retirement. At 31 December 2002, the cost for the year, in the amount of 221,487 Euros, was recorded in the consolidated balance caption accrued expenses.

7) **BANK LOANS – MEDIUM AND LONG TERM**

In 1999, a group of subsidiaries of Sonae Indústria contracted a syndicated revolving credit facility for up to 400,000,000 Euros. The credit facility was reduced to 300,000,000 Euros in 20/12/2002, will be reduced to 100,000, 000 Euros in 20/12/2004 and expires in 20/12/2006. Early repayment of the loan can be demanded following a sale option held by the participating banks, after a remedy period of 15 days as from the date of publication of the yearly and half yearly accounts, in the event of non compliance by the Sonae Indústria Group with the following ratios: net interest bearing debt over shareholders' funds of a maximum of 1.5 and net interest bearing debt over operating cash flow (EBITDA) of a maximum of 4.5 at December 1999 and a maximum of 4 thereafter.

The facility bears interest at a rate equal to the Euribor 3 or 6 month rate, at the subsidiaries' option, plus a variable spread in accordance with the financial performance of the Sonae Indústria Group, measured by the ratios of net interest bearing debt over shareholders' funds and net interest bearing debt over operating cash flow (EBITDA).

During 2002, the ratios above were renegotiated as follows: net interest bearing debt over shareholders' funds of a maximum of 1.4 and net interest bearing debt over operating cash flow (EBITDA) of a maximum of 5.75 at June 2002, 5 at December 2002, 4.5 at June 2003 and 4 thereafter.

During 2002, the Company, together with its principal shareholder, Sonae S.G.P.S. and with its affiliated company Glunz Ag., contracted a loan with the European Investment Bank in the total amount of 119,000,000 Euros of which 50,000,000 Euros had been used until 31 December 2002. This bank loan bears quarterly interest rate, indexed to Euribor, and will be redeemed in consecutive and equal 16 half yearly instalments, of which the first instalment matures in June 2005.

In previous years Tafisa Canada contracted a syndicated bank loan amounting to CAD 105,000,000. This loan bear interests at market rates, and 45% of the principal will be repayable in 9 half yearly instalments, the first matured in June 2000, and the remaining 55% will be redeemable in a full payment in June 2005.

Sonae UK signed a bank loan contract with the European Investment Bank, in the total amount of GBP 35,000,000. This loan bears interests at market rates and is redeemable in 15 consecutive and equal half yearly instalments, of which the first on matured in June 2002. As of 31 December 2002, the balance of this loan amounts to 46,630,826 Euros.

Note 51. Explanation added for translation

These financial statements are a translation of financial statements originally issued in Portuguese in accordance with generally accepted accounting principles in Portugal and the format and disclosures required by the Portuguese Official Chart of Accounts ("Plano Oficial de Contabilidade") some of which may not conform to or be required by generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version prevails.

SONAE INDÚSTRIA, SOCIEDADE GESTORA DE PARTICIPAÇÕES SOCIAIS, S. A.

CONSOLIDATED CASH-FLOW STATEMENT FOR THE YEAR 2002

OPERATING ACTIVITIES:	Euros	
Cash receipts from trade debtors	1.496.777.567	
Cash paid to trade creditors	1.019.827.601	
Cash paid to employees	265.125.003	
<i>Cash Flow generated by operations</i>	211.824.963	
Income taxes paid/received	3.779.423	
Other cash receipts/payments relating to operating activities	2.727.408	
<i>Cash flow generated before extraordinary items</i>	218.331.794	
Cash receipts relating to extraordinary items	10.446.896	
Cash payments relating to extraordinary items	42.574.799	
<i>Net cash flow from operating activities (1)</i>		186.203.891
INVESTMENT ACTIVITIES:		
Cash receipts arising from :		
Fixed assets investments	6.351.800	
Tangible fixed assets	20.072.965	
Intangible fixed assets	41.431	
Investment subsidies	35.883.361	
Interest and similar income	4.113.163	
Dividends	67.743	
Loans granted	7.553.070	
Others	20.871	74.104.404
Cash payments arising from:		
Fixed assets investments	21.666.129	
Tangible fixed assets	107.686.192	
Intangible fixed assets	9.113.372	
Others	62	138.465.755
<i>Net cash used in investment activities (2)</i>		-64.361.351
FINANCING ACTIVITIES:		
Cash receipts arising from:		
Loans obtained	288.233.548	
Sales of own shares	935.889	289.169.437
Payments relating to:		
Loans obtained	300.991.775	
Capital amortisation of leasing contracts	4.056.576	
Interest and similar charges	83.401.609	
Dividends	7.703.397	
Purchase of own shares	288.437	
Others	3.387	396.445.181
<i>Net cash used in financing activities (3)</i>		-107.275.744
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		14.566.796
Effect of foreign exchange rates		3.318.537
Cash and cash equivalents at the beginning of the period		66.593.332
Cash and cash equivalents at the end of the period		77.841.591

The Board of Directors

SONAE INDÚSTRIA, SOCIEDADE GESTORA DE PARTICIPAÇÕES SOCIAIS, S. A.

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

The following notes are numbered and organized in accordance with the Portuguese Accounting Directive nº 14/93. The numbers not included relate to notes that are not applicable to the Company or not significant to the accompanying consolidated cash flow statement.

2 - Description of components of cash and cash equivalents

	Euros	
	2002	2001
Cash	859.010	460.620
Bank deposits	39.752.481	51.521.742
Cash equivalents	37.230.100	17.512.352
Cash and cash equivalents		69.494.714
Cash and cash equivalents at the beginning of the year arising from changes in consolidation perimeter 1)		-2.901.382
Cash and cash equivalents	77.841.591	66.593.332
Bank overdraft	13.278.440	25.129.103
Banks and cash in the balance sheet	91.120.031	91.722.435

1) is included in caption "Cash and cash equivalents at the beginning of the period ", therefore constitutes a change to the cash and cash equivalents at the end of 2001.

3 - Information regarding non-cash financial transactions

c) During the year a capital increase in Poliface North America occurred (subsidiary not included in consolidation) through the conversion of loans amounting to 5,211,714 Euros.

5 - Other information necessary for the understanding of the consolidated cash flow statement

a) In captions "Cash receipts arising from loans obtained" and "Payments relating to loans obtained" are included 178,914,550 Euros of overnight loans.

The Board of Directors

REPORT AND OPINION OF THE STATUTORY AUDITOR

CONSOLIDATED FINANCIAL STATEMENTS

(Translation of a report originally issued in Portuguese)

**To the Shareholders of
Sonae Indústria, S.G.P.S., S.A.**

In compliance with the applicable legislation and our mandate we hereby submit our Report and Opinion which covers our work and the consolidated documents of account of Sonae Indústria, S.G.P.S., S.A. for the year ended 31 December 2002, which are the responsibility of the Company's Board of Directors.

We accompanied the operations of the Company and its principal affiliated companies, the writing up of their accounting records and their compliance with statutory and legal requirements, having obtained from the Board of Directors and personnel of the Company and its principal affiliated companies all the information and explanations required.

In performing our work, we examined the consolidated balance sheet as of 31 December 2002, the consolidated statements of profit and loss by nature and by functions and the related notes and have issued the Statutory Auditors' Report which in paragraph 5 contains a qualification and in paragraph 7 contains an emphasis. Additionally, we examined the consolidated Report of the Board of Directors for the year then ended.

Considering the above, in our opinion, except for the effects of the matter referred to in paragraph 5 and considering the matter mentioned in paragraph 7 of the Statutory Auditors' Report, the consolidated financial statements referred to above and the consolidated Report of the Board of Directors, are in accordance with the accounting, legal and statutory requirements and so can be approved by the Shareholders' General Meeting.

We wish to thank the Company's Board of Directors and personnel, as well as the statutory boards and personnel of the Group companies for the assistance provided to us.

Porto, 28 February 2003

MAGALHÃES, NEVES E ASSOCIADOS - SROC
Represented by Jorge Manuel Araújo de Beja Neves

STATUTORY AUDITORS' REPORT

CONSOLIDATED FINANCIAL STATEMENTS

(Translation of a report originally issued in Portuguese)

Introduction

1. We have examined the accompanying consolidated financial statements of Sonae Indústria, S.G.P.S., S.A., which comprise the consolidated Balance Sheet as of 31 December 2002 that reflects a total of 2,338,814,687 Euros and shareholder's equity of 243,536,450 Euros, including a net loss of (81,849,070) Euros and the consolidated Statements of Profit and Loss by nature and by function for the year then ended and the related notes.

Responsibilities

2. The preparation of consolidated financial statements that present a true and fair view of the financial position of the companies included in the consolidation and the consolidated results of their operations, as well the adoption of adequate accounting principles and criteria and the maintenance of appropriate systems of internal control are the responsibility of the Company's Board of Directors. Our responsibility is to express a professional and independent opinion on these financial statements, based on our examination.

Scope

3. Our examination was performed in accordance with the Technical Standards issued by the Portuguese Institute of Statutory Auditors, which require that the examination be planned and performed with the objective of obtaining reasonable assurance about whether the consolidated financial statements are free of material misstatement. Such an examination includes verifying, on a test basis, evidence supporting the amounts and disclosures in the financial statements and assessing the significant estimates, based on judgements and criteria defined by the Board of Directors, used in their preparation. Such an examination also includes the verification of the consolidation procedures used and application of the equity method, as well as verifying that the financial statements of the companies included in the consolidation have been appropriately examined, assessing the adequacy of the accounting principles used and their uniform application and disclosure, taking into consideration the circumstances, verifying the applicability of the going concern concept and assessing the adequacy of the overall presentation of the consolidated financial statements. We believe that our examination provides a reasonable basis for expressing our opinion.
4. The accompanying consolidated financial statements were prepared for approval by the Shareholders' General Meeting in accordance with the provisions of article 376º of the Commercial Companies Code, and do not include a consolidated Statement of Cash Flows and related notes. These will be prepared and presented for the purposes of article 245º of the Securities Market Code.

Qualification

5. Up to 31 December 2000 the Group recorded goodwill arising on the acquisition of investments in group and associated companies under the caption Intangible Assets, and amortised it over the period estimated to recover the investments. In the beginning of 2001, the Group decided to change this accounting policy and write off goodwill against Other Reserves, including the net book value of goodwill at 31 December 2000. The accounting policy adopted since 31 December 2000, is not in accordance with the generally accepted accounting principles in Portugal. Had the Group maintained the accounting policy and amortisation periods adopted until 31 December 2000, assets and shareholders' equity as of 31 December 2002 would increase by 70,940,897 Euros and the consolidated net result for the year then ended would decrease by 5,421,942 Euros, corresponding to amortisation of goodwill for the year ended 31 December 2002.

Opinion

6. In our opinion, except for the effect of the matter referred to in paragraph 5 above, the consolidated financial statements referred to in paragraph 1 above, present fairly, in all material respects, the consolidated financial position of Sonae Indústria S.G.P.S., S.A. as of 31 December 2002 and the consolidated results of its operations for the year then ended, in conformity with generally accepted accounting principles in Portugal.

Emphases

7. The Group has recorded mainly in prior years deferred tax assets of approximately 55,795,000 Euros (of which 2,643,000 Euros recorded as income in year ended 31 December 2002), relating to tax losses carried forward by some subsidiaries, located mainly in France (Notes 38 and 50). The future use of these tax losses, and consequently the recovery of related deferred tax assets, is uncertain due to the restructuring process in progress in some of these subsidiaries and depends on the fulfilment of their business plans and the maintenance of the current conditions for carrying tax losses forward.
8. As explained in Note 38, some subsidiaries sold investments in prior years and recorded capital gains thereon in their non consolidated financial statements (of which the more significant amounts occurred in the year 2000) which, in the part related to sales to other group companies, were eliminated in the consolidation process. In accordance with the policy adopted in preceding years, the Board of Directors of the parent company and of its subsidiaries intend complying with tax requirements for reinvestment in accordance with current legislation, through the acquisition of other investments.

Porto, 28 February 2003

MAGALHÃES, NEVES E ASSOCIADOS - SROC
Represented by Jorge Manuel Araújo de Beja Neves

AUDIT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

(Translation of report originally issued in Portuguese)

Introduction

1. Pursuant to article 245 of the Securities Market Code we hereby present our Audit Report on the consolidated financial information contained in the Report of the Board of Directors and the consolidated financial statements for the year 2002 of Sonae Indústria, S.G.P.S., S.A. which comprise the consolidated Balance sheet as of 31 December 2002, that reflects a total of 2,338,814,687 Euros and shareholders' equity of 243,536,450 Euros, including a net loss of (81,849,070) Euros, the consolidated Statements of Profit and Loss by functions and by natures and the consolidated Statement of cash flows for the year then ended and the related notes.

Responsibilities

2. The Board of Directors is responsible for: (i) the preparation of consolidated financial statements that present a true and fair view of the consolidated financial position of the companies included in consolidation, the consolidated results of their operations and their consolidated cash flows; (ii) the preparation of historical financial information in accordance with generally accepted accounting principles that is complete, true, up-to-date, clear, objective and licit, as required by the Securities Market Code; (iii) the adoption of adequate accounting policies and criteria and the maintenance of appropriate internal control systems; (iv) informing any significant facts that have influenced the operations of the companies included in the consolidation, their financial position or results of operations.
3. Our responsibility is to examine the financial information contained in the consolidated documents of account referred to above, including verification that, in all material respects, the information is complete, true, up-to-date, clear, objective and licit, as required by the Securities Market Code, and issuing a professional and independent report based on our examination.

Scope

4. Our examination was performed in accordance with the Technical Standards issued by the Portuguese Institute of Statutory Auditors, which require that the examination be planned and performed with the objective of obtaining reasonable assurance about whether the consolidated financial statements are free of material misstatement. Such an examination included verifying, on a test basis, evidence supporting the amounts and disclosures in the financial statements and assessing the significant estimates, based on judgements and criteria defined by the Board of Directors, used in their preparation. Such an examination also included the verification of the consolidation procedures used and application of the equity method, as well as verifying that the financial statements of the companies included in the consolidation have been appropriately examined, assessing the adequacy of the accounting principles used and their uniform application and disclosure, taking into consideration the circumstances, verifying the applicability of the going concern concept and assessing the adequacy of the overall presentation of the consolidated financial statements, and assessing that, in all material respects, the financial information is complete, true, up-to-date, clear, objective and licit. Our examination also included verifying that the consolidated financial information included in the Report of the Board of Directors is consistent with the other consolidated documents of account. We believe that our examination, provides a reasonable basis for expressing our opinion.

Qualification

5. Up to 31 December 2000 the Group recorded goodwill arising on the acquisition of investments in group and associated companies under the caption Intangible Assets, and amortised it over the period estimated to recover the investments. In the beginning of 2001, the Group decided to change this accounting policy and write off goodwill against Other Reserves, including the net book value of goodwill at 31 December 2000. The accounting policy adopted since 31 December 2000, is not in accordance with the generally accepted accounting principles in Portugal. Had the Group maintained the accounting policy and amortisation periods adopted until 31 December 2000, assets and shareholders' equity as of 31 December 2002 would increase by 70,940,897 Euros and the consolidated net result for the year then ended would decrease by 5,421,942 Euros, corresponding to amortisation of goodwill for the year ended 31 December 2002.

Opinion

6. In our opinion, except for the effect of the matter referred to in paragraph 5 above, the consolidated financial statements referred to in paragraph 1 above, present fairly, in all material respects, the consolidated financial position of Sonae Indústria, S.G.P.S., S.A. as of 31 December 2002, the consolidated results of its operations and the consolidated cash flows for the year then ended, in conformity with generally accepted accounting principles in Portugal and the information contained therein is, in terms of the definitions included in the auditing standards referred to in paragraph 4 above, complete, true, up-to-date, clear, objective and licit.

Emphases

7. The Group has recorded mainly in prior years deferred tax assets of approximately 55,795,000 Euros (of which 2,643,000 Euros recorded as income in year ended 31 December 2002), relating to tax losses carried forward by some subsidiaries, located mainly in France (Notes 38 and 50). The future use of these tax losses, and consequently the recovery of related deferred tax assets, is uncertain due to the restructuring process in progress in some of these subsidiaries and depends on the fulfilment of their business plans and the maintenance of the current conditions for carrying tax losses forward.
8. As explained in Note 38, some subsidiaries sold investments in prior years and recorded capital gains thereon in their non consolidated financial statements (of which the more significant amounts occurred in the year 2000) which, in the part related to sales to other group companies, were eliminated in the consolidation process. In accordance with the policy adopted in preceding years, the Board of Directors of the parent company and of its subsidiaries intend complying with tax requirements for reinvestment in accordance with current legislation, through the acquisition of other investments.

Porto, 28 February 2003 (except for the issue of the consolidated Statement of cash flows and related notes, dated 10 April 2003)

MAGALHÃES, NEVES E ASSOCIADOS, SROC
Represented by Jorge Manuel Araújo de Beja Neves