

SONAE INDÚSTRIA, SGPS, SA

Registered Office: Lugar do Espido, Via Norte, Maia, Portugal

Registered at the Commercial Registry of Maia

Registry and tax identification No. 506 035 034

Share Capital: € 700 000 000

Publicly Traded Company

Annual Report

Consolidated and Individual Accounts 2009

24th February 2010

Contents

MANAGEMENT REPORT	6
1. MESSAGE FROM THE CHAIRMAN	6
2. MESSAGE FROM THE CEO	6
3. BOARD OF DIRECTORS REPORT	7
3.1. Sector Review in 2009.....	7
3.2. Sonae Indústria Business Review	8
3.2.1. Iberia.....	8
3.2.2. Central Europe (Germany, France and the UK)	9
3.2.3. Rest of the World (Canada and South Africa).....	10
3.3. Financial Review of FY 2009.....	11
3.4. Review of the Individual Accounts of the Holding Company	13
3.5. Activity carried out by the Non-Executive Board Members.....	13
3.6. Risk Management	13
3.6.1. Credit Risk Management Policy.....	13
3.6.2. Market Risks.....	14
3.6.3. Liquidity Risk.....	15
3.7. Treasury Shares	15
3.8. Proposal for Appropriation of Results.....	15
3.9. Subsequent Events.....	15
3.10. Outlook	16
3.11. Dividend Policy.....	16
3.12. Acknowledgements	16
 CORPORATE GOVERNANCE REPORT	 18
0. COMPLIANCE WITH CMVM RECOMMENDATIONS.....	18
1. SHAREHOLDERS' GENERAL MEETING	24
1.1. Shareholders' General Meeting: composition and duration of the mandate	24
1.2. Remuneration of the Board of the Shareholders' General Meeting	24
1.3. Voting Rights and Shareholder Representations	24

2.	CORPORATE GOVERNING AND AUDITING BODIES	26
2.1.	Corporate Governing Bodies	26
2.1.1	Board of Directors	27
2.1.2	Executive Committee	28
2.1.3	Statutory Audit Board.....	30
2.1.4	Statutory External Auditor.....	30
2.1.5	Company Secretary.....	30
2.2.	Internal Control and Risk Management.....	30
2.2.1	Internal Control	30
2.2.2	Risk Management	31
2.3.	Regulations of the Governing Bodies.....	37
2.4.	Identification of the main economic, financial and legal risks to which the company is exposed in its activity	37
2.5.	Powers of the Board of Directors	38
2.6.	Appointment and replacement of members of the corporate governing and auditing bodies.....	38
2.7.	Board, Board Committees, Statutory Audit Board and Ethics Committee Meetings and attendance	38
2.8.	Independence of the members of the Board of Directors.....	39
2.9.	Professional qualification of the members of the Board of Directors in the last 5 years and shares held, date of first appointment and termination date.....	40
2.10.	Other positions held by Sonae Indústria Directors as of 31 st December 2009 ...	42
2.11.	Identification, Independence, mandate, qualifications and professional activities of the Statutory Audit Board members and evaluation of the external auditor..	46
2.11.1.	Identification, Independence and mandate of Statutory Audit Board members.	46
2.11.2.	Professional qualification of Statutory Audit Board members in the last 5 years and shares held	46
2.11.3.	Other positions held by Sonae Indústria Directors as of 31 December 2009	47
2.11.4.	Election and Evaluation of the External Auditor.....	48
2.12.	Remuneration and Other Compensation of Board of Directors and Statutory Audit Board Members	48
2.13.	Policy of Communication Irregularities	50
2.14.	Committees with special competences	52
2.14.1.	Board Audit and Finance Committee (“BAFC”)	53
2.14.2.	Social Responsibility and Environment Committee (“SREC”)	53

2.14.3. Board Nomination and Remuneration Committee (“BNRC”).....	54
2.14.4. Board and Corporate Governance Officer.....	54
2.14.5. Ethics Committee	55
3. INFORMATION	55
3.1. Capital Structure	55
3.2. Qualified Shareholding under Article 20 of the Portuguese Securities Code	55
3.3. Identification of the shareholders that detain special rights and a description of those rights.....	56
3.4. Possible restrictions on share-transfer i.e. consent clauses for their disposal or restrictions on share-ownership	56
3.5. Shareholder agreements which the company may be aware of and which may restrict the transfer of securities or voting rights	56
3.6. Rules applicable to the amendment of the Articles of Association.....	56
3.7. Control mechanisms for a possible employee-shareholder system in as much as the voting rights are not directly exercised by them.....	56
3.8. Share Price performance in 2009.....	56
3.9. Dividend policy	58
3.10. Share and Share Options Schemes	58
3.11. Transactions with Related Parties.....	58
3.12. Investor Relations	58
3.13. Remuneration of the Statutory External Auditors	59

Appendices to the Management Report and Qualified Shareholdings

Appendix required by article 447 of Portuguese Company Law

Appendix required by article 448 of Portuguese Company Law

Qualified shareholdings

Appendix required by article 14, n. 7 of the CMVM Regulation n. 05/2008

Statement issued in accordance with and for the purposes of paragraph c) of article 245
CMVM code

Separate Financial Statements

Statement of Financial Position

Income Statement

Statement of Comprehensive Income

Statement of Changes in Shareholders' Funds

Statement of Cash Flows

Notes to the Financial Statements

Consolidated Financial Statements

Consolidated Statement of Financial Position

Consolidated Income Statement

Consolidated Statement of Comprehensive Income

Consolidated Statement of Changes in Shareholders' Funds

Consolidated Statement of Cash Flows

Notes to the Consolidated Financial Statements

Statutory External Auditor Report and Statutory Audit Board Reports

Statutory External Auditor Report

Statutory Audit Board Report

MANAGEMENT REPORT

1. Message from the Chairman

“As I wrote back in 2005, “sustainable growth is core to Sonae Indústria’s strategy”. However, sometimes in order to better prepare oneself for future growth one needs to step back, close assets that are unsustainable, divest if there are better owners for specific assets and move ahead in a more efficient and leaner way than before. This is what we did in 2009 and will finalize in 2010. We are concentrating our resources and knowledge in those assets that can and will help us generate more value to be distributed to all stakeholders.

We have taken hard decisions and implemented actions that impacted our social environment and some local communities where we operated. I trust that we have done what was within our power to minimize the negative impacts and I am confident that those impacted will seize the opportunities to fulfil themselves in another activity.

As history has proven, it is impossible to predict what the future brings but one can always prepare oneself to be better positioned for the opportunities and threats that will arise. I believe the values that drive the Sonae Indústria way - ambition, innovation, authenticity and responsibility - are the cornerstones that will help capture these opportunities, overcome the threats and surpass our objectives. I count on our team to live by these values and to share them with our clients, suppliers, shareholders, financiers and other stakeholders, reinforcing the bonds that will contribute to making Sonae Indústria a great company.

Finally, I would like to thank all Sonae Indústria employees for their hard work and dedication as well as the other stakeholders for their trust and continued support.”

2. Message from the CEO

“The last two years have proven to be very challenging for our Company. The international financial crisis had a very significant impact on our business, forcing us to adapt our supply to reduced market demand. This restructuring process changed our industrial base, increased our efficiency and improved our productivity. At the same time, after finalising the implementation of a single information system in all our plants (with the exception of Tafisa Canada), we now have the basis upon which to further improve the efficiency of our support processes and a number of projects are ongoing towards achieving this objective.

On the restructuring side, the strategy was to close production lines that were old and small scale and concentrate production in the more efficient production lines.

The closure of our particleboard plants in Coleraine (UK) and George (South Africa) in March 2009 improved the capacity utilisation of the other existing plants in those markets without losing the customer base.

The closure of our oldest and less efficient plants in France (St. Dizier and Châtelleraut in June 2009) was essential given the structural excess production capacity existing in the country.

Closure of the Kaisersesch (4Q09) and Duisburg plants (in 2010) created the foundations for a strong improvement in efficiency and profitability in Germany.

Additionally, other measures had previously been implemented in 2008, namely the stoppage of two lines: one particleboard line in the Valladolid plant (Spain) and one MDF line in the Meppen plant (Germany).

This restructuring process resulted in a total reduction in our production capacity of almost 1,500,000 m³ (excluding the 640,000 m³ reduction that resulted from the sale of Tafisa Brasil). Additionally, we have been implementing further measures in all countries, where we operate, to improve our productivity.

These measures resulted in a decrease of 51 million Euros in our fixed costs when comparing 2009 to 2008. We expect a further reduction in 2010, as some of these measures have not yet fully impacted our cost structure.

During 2009, Net Debt decreased by 133 million Euros despite the poor operating results. A reduction in Working Capital of 101 million Euros, together with the cash generated from the sale of Tafisa Brasil and a reduction in capital expenditure have all contributed to this reduction.

As reported on 3 February 2010, we have received an offer for the acquisition of our plant in Lure (France). In the event of sale, we estimate that the transaction would have a positive impact on the consolidated shareholders' funds.

The macroeconomic situation in all of our markets has been recovering. According to the latest forecasts issued by the OECD in November 2009, trends (when compared to previous forecasts) are more positive in almost all countries. Our sales volumes have been increasing after bottoming out in 2Q09. This positive trend is expected to continue. Additionally, from the middle of 4Q09 we achieved price increases particularly in Germany and France where price falls had been the most significant and where we had closed the most production capacity.

I am very grateful to all those who have continued to support us amidst the challenges posed over such a difficult period. Restructuring is always very difficult when it involves job cuts, but this was the only way in which we could be fully prepared for the next cycle."

3. Board of Directors Report

3.1. Sector Review in 2009

The negative worldwide macroeconomic situation which took effect in 2008 continued into 2009, further damaging the housing market and consequently eroding the wood based panels sector as well as all economic sectors. It was only in the 4Q09 that signs of improvement could be seen although continuing to remain very depressed.

According to the latest information issued by Euroconstruct, building investment in the 19 **European countries** represented by the association should have dropped by 8.4% in 2009, a downward estimate from the 7.5% decline forecasted in June 2009. Euroconstruct has referred to 2009 as "the worst year for the construction market in the Euroconstruct area for more than ten years".

This building investment decline has probably resulted in a decreased **European wood based panels demand**. According to estimates made by the European Panel Federation, particleboard production in the EPF countries was down 16.8% YoY in the first 3 quarters of 2009 while consumption dropped 13% YoY. MDF production declined by an estimated 14% YoY while MDF consumption was down 12% YoY. OSB

production dropped 1% YoY in the first 9 months of last year while consumption remained fairly stable.

European laminate flooring producers were also affected by a decline in worldwide demand. According to preliminary data issued by the EPLF (European Producers of Laminate Flooring) at the beginning of 2010, worldwide sales of laminate flooring should have dropped by 4.1% in 2009, despite the recovery posted in individual markets in 2H09.

Capacity utilisation declines in 2008 and 2009 led wood based panel producers to implement further measures to reduce output in the form of production stoppages of variable duration and/or cuts in working shifts. In some cases, we have even witnessed permanent capacity closures during the course of 2009.

Additionally, the slowdown in the pace of sector consolidation (previously felt in 2007 and 2008) continued throughout 2009.

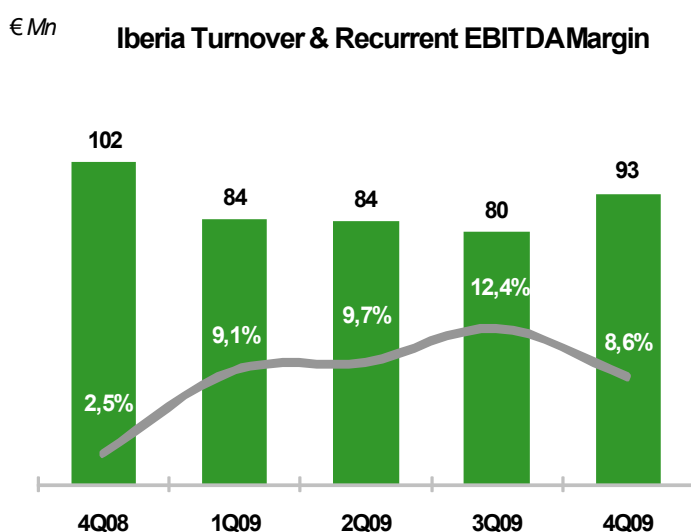
In **North America** the construction sector followed the negative trajectory previously recorded in 2008 mainly as a consequence of the financial crisis. According to RISI, consumption of both MDF and particleboard declined in 2009 in response to the 39% decrease in housing starts and the 20% drop in furniture production. US particleboard consumption dropped by 24% in 2009 whilst MDF was down by 16%.

In **South Africa** the negative trend in wood products output continued throughout 2009 with an estimated 15% drop for the year as a whole according to the local statistics office. This performance was likely influenced by the double-digit declines observed in furniture production and housing construction.

3.2. Sonae Indústria Business Review

3.2.1. Iberia

Spain continues to experience tough market conditions. New housing permits declined by 59%¹ (YoY Jan - Nov). Nevertheless, turnover in 4Q09 reached its highest quarterly value during 2009. When comparing the 4Q09 to 3Q09, volumes sold increased by 13% and, for the first time in 2009, prices recovered slightly.



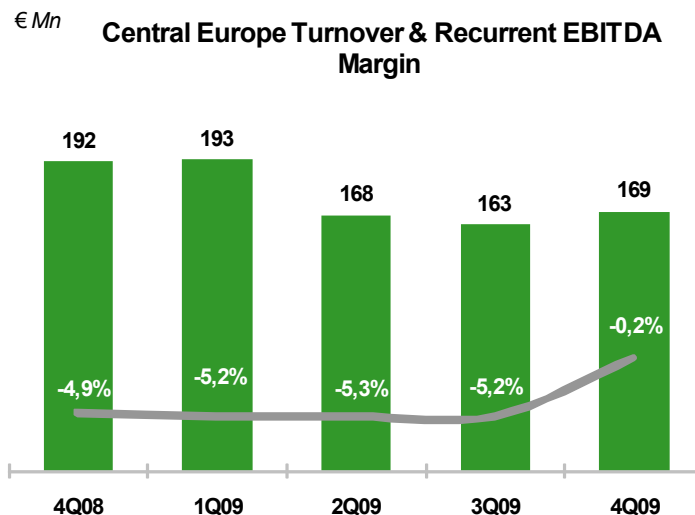
¹ Source: *Ministerio de Fomento*, February 2010

Despite the sales volume and price increases achieved in 4Q09 (compared to 3Q09), which led to an increase of 13 million Euros in Turnover, recurrent EBITDA margin fell to 9% mainly due to wood price increases.

Although, Iberian turnover in FY09 decreased by 25% (compared with FY08) to 341 million Euros, recurrent EBITDA margin increased slightly from 9.6% to 9.9%, as a result of the cost saving measures that we implemented in this region.

3.2.2. Central Europe (Germany, France and the UK)

Central Europe has also been affected by a low level of activity in the construction and furniture industries, which has restricted demand for wood based panels.



In Germany, demand for wood based panel products is still weak, compared to last year, but has been recovering in recent quarters. Permits for new building construction decreased by 11%² until June 2009 (YoY Jan - Jun), but recovered by 10.6% in the second half of the year (YoY July – Nov).

Our volumes sold in 4Q09 compared to 3Q09 increased slightly, despite stopping 350,000 m³ PB production in this country, as we succeeded in transferring most of the orders from the Kaisersesch plant to our other plants. This effect, combined with a recovery in demand, led to price increases, particularly in those cases where prices had decreased the most.

Additionally, due to the restructuring measures we have implemented, we managed to achieve a positive recurrent EBITDA in 4Q09, despite higher variable costs, particularly for wood.

In France, demand from the construction and furniture segments remains depressed. Housing permits declined by 10%³ (YoY Jan - Dec) and our volumes sold in FY09 decreased by 32% compared to FY08, as a result of the capacity closures we implemented in this country. This volume decrease, combined with weak prices, led to a Turnover decrease in FY09 of 42%, compared to FY08.

² Source: German Federal Statistical Office January 2010

³ Source: *Service économie statistiques et prospective (Ministère de l'Écologie, de l'Énergie, du Développement durable et de l'Aménagement du territoire)*, January 2010

Despite the negative Recurrent EBITDA posted during FY09, an improvement in 2010 is expected, due to the ongoing effects of the cost saving measures implemented during 2009.

In **the UK**, demand levels are still low in most sectors, although some signs of market improvement are visible. Value of new housing orders against the previous year had fallen by 17%⁴ (YoY Jan - Dec) but a gradual improvement of 16% was seen in the second half (YoY July-Dec) and house prices have also been increasing.

Nevertheless, 4Q09 Turnover and Recurrent EBITDA were negatively affected by seasonality, which resulted in lower volumes sold and higher wood costs.

Our UK strategy, focused on selling value-added products, continues to prove successful as our sales mix is improving.

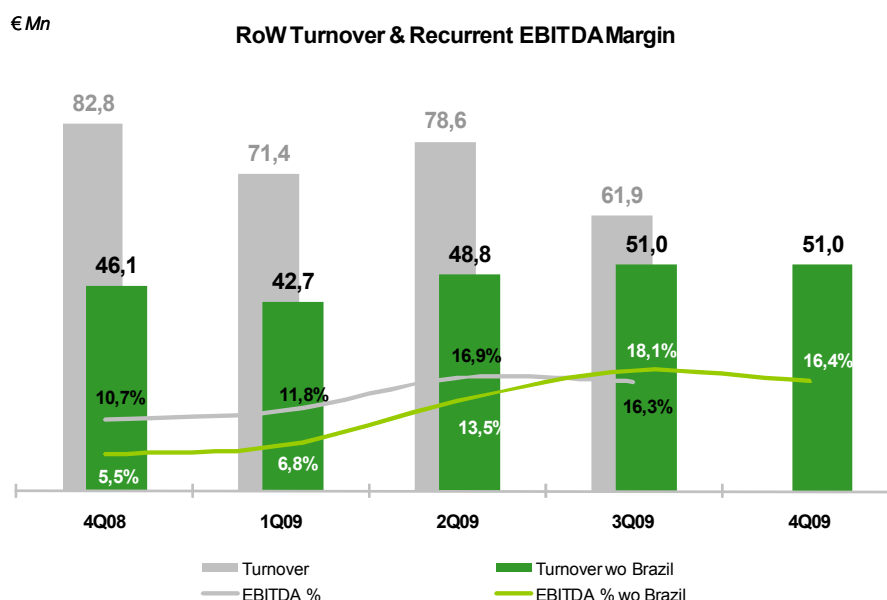
In **Central Europe**, Recurrent EBITDA losses reduced significantly in 4Q09 to close to 350 thousand Euros from 9 million in 3Q09. Turnover increased by 6 million Euros despite the stoppage of the Kaisersesch plant in 4Q09.

When comparing FY08 to FY09, turnover decreased by 29% to 694 million Euros and recurrent EBITDA fell from 6 million Euros to a negative 28 million Euros.

3.2.3. Rest of the World (Canada, Brazil and South Africa)

On 26th August we sold Tafisa Brasil, SA to a company owned by Celulosa Arauco Y Constitución, SA of Chile. This decision was in line with our strategy of strengthening our balance sheet and was facilitated by a consolidation process already underway in this market.

In order to facilitate like with like comparison, we have disclosed the RoW figures both with and without the impact of the Brazilian operations in the chart below.



Our performance in Canada and South Africa reflects a combination of mixed market trends and specific impacts which make direct comparisons difficult.

⁴ Source: Office for National Statistics UK, February 2010

In **North America**, US housing starts declined by 39% (YoY Jan – Dec)⁵, while Canadian housing starts decreased by 20% (YoY Jan – Dec)⁶. As a consequence, many plants are suffering from weak demand, resulting in low capacity utilization rates. Despite the tough market situation, we continue to consolidate our customer and market position. 4Q was the best quarter in terms of volumes sold in 2009, despite the usual negative seasonal effect.

In **South Africa**, the macroeconomic environment has been stable in 4Q09 although the fourth quarter is weak in terms of seasonality. As a result, our volumes sold decreased slightly compared to 3Q09, which led to decreases in Turnover and Recurrent EBITDA.

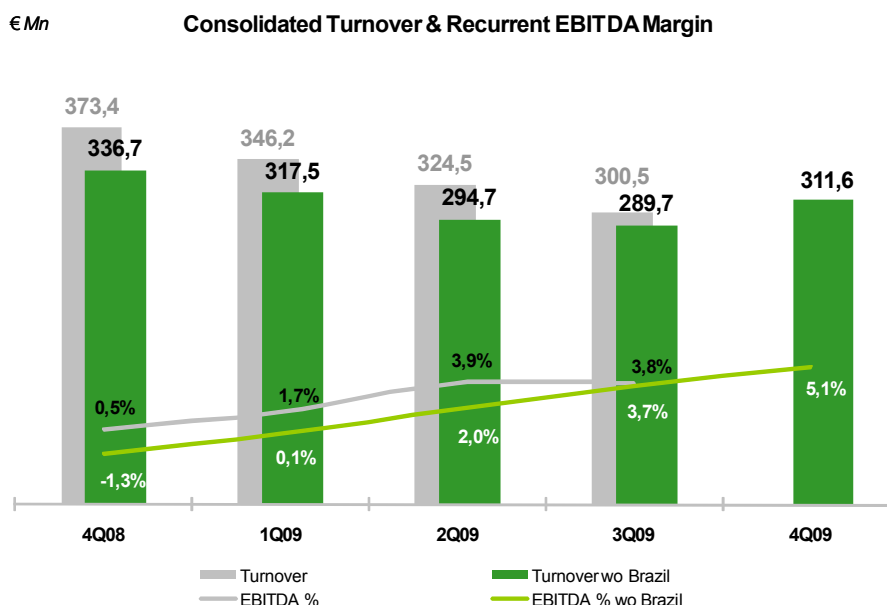
Additionally, wood costs increased as did electricity, both negatively affecting our EBITDA margin.

In the **Rest of the World** (excluding Brazil), Turnover was flat at 51 million Euros in 4Q09 compared with 3Q09 and Recurrent EBITDA declined by 1 million Euros to 8 million Euros.

Turnover in this region amounted to 263 million Euros in FY09, 27% below that in FY08, but recurrent EBITDA, as a percentage of Turnover, increased to 15%. Excluding Brazilian operations, the recurrent EBITDA margin increased from 7% in FY08 to 14% in FY09.

3.3. Financial Review of FY 2009

In the chart below, consolidated figures are shown both with and without the impact of Brazilian operations to facilitate like for like comparisons.



Consolidated Turnover in FY09 amounted to 1 283 million Euros, a decrease of 27% compared to FY08. Consolidated Recurrent EBITDA was 46 million Euros, representing a margin on Turnover of 4% which compares with 6% in FY08. In FY09, our volumes sold declined by 17% to 5.8 million m³ and our average sales price fell by 29 Euros per m³, more than offsetting the reduction in variable costs of 24 € per m³.

⁵ Source RISI, January 2010

⁶ Source: CMHC - Canada Mortgage and Housing Corporation, February 2010

	4Q'08	3Q'09	4Q'09	4Q'09 / 4Q'08	4Q'09 / 3Q'09	(euro millions)		
						2008	2009	%chg 09/08
Turnover	373	301	312	(17%)	4%	1.769	1.283	(27%)
Other Operational Income	25	78	59	139%	(25%)	114	162	41%
EBITDA	(4)	64	27	701%	(59%)	139	104	(25%)
Recurrent EBITDA	2	12	16	729%	38%	100	46	(54%)
Recurrent EBITDA Margin %	0,5%	3,8%	5,1%			5,7%	3,6%	
Depreciation and amortisation	(32)	(31)	(27)	13%	11%	(123)	(121)	1%
Provisions and Impairment Losses	(39)	(15)	(9)	77%	43%	(56)	(31)	45%
Operational Profit	(69)	34	8	112%	(75%)	(23)	(2)	92%
Net Financial Charges	(21)	(13)	(12)	44%	14%	(78)	(54)	31%
o.w. Net Interest Charges	(12)	(6)	(6)	54%	10%	(48)	(30)	37%
o.w. Net Financial Discounts	(4)	(3)	(4)	9%	(35%)	(17)	(13)	22%
Profit/(Loss) before taxes (EBT)	(89)	21	(3)	96%	(115%)	(101)	(56)	45%
Taxes	7	(2)	(0)	(106%)	81%	(3)	(4)	(26%)
o.w. Current Tax	2	(0)	0	(81%)	404%	(3)	(1)	53%
Net Profit/(Loss) attributable to Shareholders of Sonae Indústria	(82)	18	(3)	96%	(117%)	(108)	(59)	46%

On 26th August 2009, we sold Tafisa Brasil for a total Enterprise Value of 159 million Euros which implied an EV/LTM EBITDA multiple of 7.8x⁷ and led to a reduction in Net Debt of approximately 135 million Euros. The total positive impact on Sonae Indústria's consolidated Shareholders Funds amounted to approximately 73 million Euros, including a capital gain of close to 84 million Euros.

Consolidated Total EBITDA in FY09 amounted to 104 million Euros. Non-recurrent items of 58 million Euros include the capital gain resulting from the sale of Tafisa Brasil and restructuring costs of approximately 31 million Euros.

Our financial costs for FY09 have fallen by 24 million Euros compared to FY08, benefiting from lower interest rates and lower financial discounts.

FY09 consolidated Net Profit/(Loss) Attributable to Sonae Indústria Shareholders amounted to a negative 59 million Euros, an improvement of 49 million Euros compared with FY08.

	(euro millions)	
	2008	2009
Non Current Assets	1.386	1.233
Tangible Assets	1.203	1.083
Goodwill	104	92
Deferred Tax	54	33
Other Non Current Assets	26	24
Current Assets	532	370
Inventories	193	134
Trade Debtors	200	163
Cash & Investments	66	34
Other Current Assets	74	38
Total Assets	1.918	1.602
Shareholders' Funds	397	353
Minority Interests	3	2
Shareholders' Funds + Minority Interests	400	355
Interest Bearing Debt	956	791
Short term	189	138
L-M term	767	654
Trade Creditors	166	155
Other Liabilities	396	302
Total Liabilities	1.518	1.248
Total Liabilities, Shareholders' Funds and Minority Interests	1.918	1.602

⁷ For consistency purposes the ICMS (*Imposto sobre a circulação de mercadorias e serviços* - Tax on circulation of goods and services) non-current liability of 60 million Euros is included in the calculation of the multiple.

In FY09, additions to Fixed Assets totalled 28 million Euros, mostly related to essential investments in maintenance, Health & Safety and Environmental improvements.

Working Capital decreased by 101 million Euros during 2009. We succeeded in reducing our Inventories by 59 million Euros and Receivables by 56 million Euros. This positive effect combined with the sale of Tafisa Brasil led to a decrease in Net Debt of 133 million Euros.

As already reported, our debt has no consolidated financial covenants.

3.4. Review of the Individual Accounts of the Holding Company

Sonae Indústria, SGPS, SA, as the holding company of the Sonae Indústria Group, defines the strategic guidelines for the Group and actively manages shareholdings and monitors the business activity of its subsidiaries. Amongst its main activities it is responsible for the functioning of global finance, allocating investment funds and managing the treasury requirements of its subsidiaries.

During 2009 the holding company only carried out internal transactions with its subsidiaries. Investments made amounted to 21,664,601 Euros and disposals 11,157,740 Euros.

3.5. Activity carried out by the Non-Executive Board Members

Besides participating actively in the activities of the Board Committees to which they were appointed (for a full description of composition and main tasks of each committee please see the Corporate Governance Report), the Non-Executive Board Members have participated in company activities according to their professional past experience and time availability. Those activities included the analysis of industrial optimisation projects, restructuring and expansion projects and the development of relevant international networking with eventual partners and authorities in present and potential geographical areas of activity.

3.6. Risk Management

3.6.1. Credit Risk Management Policy

1. Receivables (Customers)

Sonae Indústria Credit Risk derives mainly from its account receivables items related to its operating activity.

The main objective of Sonae Indústria Credit Risk Management is to guarantee the effective collection of its operating receivables according to the negotiated payment terms.

In order to mitigate Credit Risk related with potential Customers defaulting on payment of outstanding receivables, Group companies exposed to this type of risk have credit management procedures and credit approval processes in place together with insurance policies wherever necessary.

2. Other financial assets other than Trade debtors

In addition to its operating activities, Group companies have financial assets, related mainly to its activities involving Financial Institutions such as cash deposits, financial investments and derivatives with positive market value. As a result, Credit Risk arises from the potential counterparty default from these Financial Institutions.

As a rule, Group companies only engage in financial operations with Investment Grade Financial Institutions. On the other hand, exposure related with this type of financial assets is generally speaking, spread widely and short lived in nature.

3.6.2. Market Risks

1. Interest Rate Risk

Due to the significant proportion of floating rate debt on Sonae Indústria's consolidated Balance Sheet and the consequent cash flows related to interest payments, the company is exposed to interest rate risk.

As a general rule, Sonae Indústria does not hedge its exposure to floating interest rates. This approach is based on the principle of the existence of a positive correlation between the interest rate levels and the "operating cash flow before net interest charges", which creates a natural hedge on the "operating cash flow after net interest charges" for Sonae Indústria.

As an exception to its general rule, Sonae Indústria may engage in interest rates derivatives.

2. Foreign Exchange Risk

As a geographically diversified Group with subsidiaries spread throughout three different continents, Sonae Indústria is exposed to foreign exchange risk.

Consolidated Balance Sheet and Profit and Loss are exposed to foreign exchange translation risk and Sonae Indústria subsidiaries are exposed to foreign exchange risk of both translation and transaction type.

As a Group rule, whenever possible and economically viable, subsidiaries aim to offset assets and liabilities denominated in the same foreign currency.

Also as a rule, in situations where relevant exchange risk arises from trade in a currency other than that of the subsidiary, exchange risk should be mitigated through the use of short term forward exchange agreements performed by the subsidiary exposed to that risk. Sonae Indústria subsidiaries do not engage in forward exchange rate agreements for trading, speculative or profit making purposes.

As a policy, translation risk in connection with the conversion of the Equity investments in foreign non-Euro subsidiaries is not hedged as these are considered long-term investments. Also, it is assumed that hedging will not add value in the long term. Gains and losses related to the translation at different exchange rates of Equity investments in foreign non-Euro subsidiaries are accounted under the Conversion Reserve in the consolidated balance sheet.

3.6.3. Liquidity Risk

Liquidity risk management in Sonae Indústria aims to ensure that the company can timely obtain the financing required to properly carry on its business activities, implement its strategy and meet its payment obligations when due, while avoiding the need for having to obtain funding under unfavourable terms.

For this purpose, Liquidity management at the Group comprises:

a) consistent financial planning and cash flow forecasting at country and consolidated levels with different time horizons (weekly, monthly, annual and business plan);

b) diversification of financing sources;

c) diversification of debt maturities issued in order to avoid excessive concentration of debt repayments at short periods of time;

d) an arrangement for committed (and uncommitted) credit facilities, commercial paper programs and other facilities (such as a Securitization of Receivables program) with relating banks. This helps to ensure the right balance between satisfactory liquidity and adequate commitment fees.

Also, with a view to mitigating Liquidity Risk, it is Sonae Indústria's policy to preclude from its loan agreements any clauses related with the compliance of financial ratios that could result in the early repayment of its loans. This policy takes into account the cyclicity of the wood based panels business which directly impacts the variability of observed financial ratios at the different stages of the business cycle.

3.7. Treasury Shares

The Company did not acquire or sell any own shares during the year. As at 31st December, the Company did not hold any own shares.

3.8. Proposal for Appropriation of Results

Sonae Indústria SGPS SA, as the holding company of the Group, on an individual accounts basis, generated Net Profits of 7,891,524.87 Euros for 2009 and on a consolidated basis generated a negative Net Result of 58,782,190 Euros. The Board of Directors will propose at the Shareholders Annual General Meeting that no dividend is distributed and that the profit for the year be allocated as follows:

<i>Euros</i>	2009
Legal Reserves	394,576.24
Free Reserves	7,496,948.63

3.9. Subsequent Events

As reported on 3rd February 2010, Isoroy, SAS received a proposal for the acquisition of the Lure plant in France. Should the sale proceed, we estimate that this transaction would have a positive impact on the consolidated shareholders' funds.

3.10. Outlook

We expect a continuing recovery in the wood based panels industry over the coming quarters both in terms of sales volumes and sales prices. Increased activity is also expected to create pressure on raw material prices.

Fixed costs should continue to decline due to the restructuring measures we have already implemented.

We will continue to optimize our operations to further improve our efficiency and productivity.

3.11. Dividend Policy

As stated in the 2008 Board of Directors Report, the Company policy is to distribute up to 50% of Consolidated Net Results Attributable to Sonae Indústria shareholders.

However, given the negative consolidated net results in 2009, the Board of Directors will propose to the Shareholders' General Meeting not to pay dividends in 2010 relating to the FY 2009.

3.12. Acknowledgements

We would like to thank all our employees for their continued dedication amidst the backdrop of a very challenging market environment which led us to take extremely difficult decisions, particularly the closure of various plants and the sale of our Brazilian operation. We would also like to take this opportunity to thank our shareholders, customers, suppliers and local communities for their unwavering trust and we strengthen our commitment to continue with a sound and sustainable management.

24th February 2010

Board of Directors

Belmiro de Azevedo

Álvaro Cuervo García

Paulo Azevedo

Per Knuts

Thomas Nystén

Carlos Bianchi de Aguiar

Rui Correia

Christophe Chambonnet

CORPORATE GOVERNANCE REPORT

0. Compliance with CMVM Recommendations

Sonae Indústria is committed to developing and implementing good corporate governance practices going beyond mere compliance with regulatory obligations. Sonae Indústria firmly believes that good governance reduces risk and creates shareholder value. Good governance should include responsible management practices and a broad-based concern about environmental, social and ethical issues.

Sonae Indústria is subject to the Corporate Governance Code published by CMVM (the Portuguese Securities Market Commission) in September 2007, which is posted at <http://www.cmvm.pt/NR/rdonlyres/11DE7CAE-FDB8-42D7-8A54-DB95FCB470D5/9127/PDFUnabridgedversionCorporateGovernanceRecommenda.pdf>.

Sonae Indústria has analysed all the recommendations included in this code and concluded that in some cases Sonae Indústria has not adopted some recommendations for the reasons which are described below.

Recommendation		Degree of Compliance	Corporate Governance Report
I.	SHAREHOLDER'S GENERAL MEETING		
I.1.	BOARD OF THE SHAREHOLDER'S GENERAL MEETING		
I.1.1	The Chairman of the Board of the Shareholders' General Meeting shall be given adequate human and logistical resources, taking the financial position of the company into consideration.	comply	1.1
I.1.2	The remuneration of the Chairman of the Board of the Shareholders' General Meeting shall be disclosed in the annual corporate governance report.	comply	1.2.
I.2.	PARTICIPATION AT THE MEETING		
I.2.1	The requirement to deposit or block shares before the General Meeting, contained in the Articles of Association, shall not exceed 5 working days.	comply	1.3.
I.2.2	Should the General Meeting be suspended, the Company shall not require share blocking during the full period until the meeting is resumed, but shall apply the same period as for the first session.	comply	1.3.
I.3.	VOTING AND EXERCISING VOTING RIGHTS		
I.3.1	Companies should not impose any statutory restriction on postal voting.	comply	1.3.
I.3.2	The statutory advance deadline for receiving voting ballots by post shall not exceed 3 working days.	comply	1.3.
I.3.3	The Company's Articles of Association shall respect the one share-one vote principle.	comply	1.3.

Recommendation		Degree of Compliance	Corporate Governance Report
I.4.	QUORUM AND RESOLUTIONS		
I.4.1	Companies shall not set a constitutive or deliberative quorum that exceeds the minimum required by Portuguese Company Law.	non-comply	<p>Under Portuguese Company Law, at the first convening, there is no minimum quorum for a Shareholders' General Meeting, unless the agenda includes a deliberation that requires a qualified majority vote of two thirds. In this case, a quorum of one third of the voting power is required. For example, a qualified majority vote is required to alter company by-laws or approve mergers, de-mergers, transformations, or dissolutions. At a second convening there is no minimum quorum in either case.</p> <p>Sonae Indústria's Articles of Association require a quorum of over 50% of the voting power at the first convening, but there is no minimum quorum at a second convening. This requirement is aimed at increasing shareholder participation. As a second convening has no minimum quorum, there is little risk of deliberations being blocked or delayed due to low participation levels.</p>
I.5.	ATTENDANCE LISTS, MINUTES AND INFORMATION ON RESOLUTIONS ADOPTED		
I.5.1	The minutes of the Shareholders' General Meetings shall be made available to shareholders on the Company's website within a 5 day period, irrespective of the fact that such information may not be legally classified as material information. The lists of attendees, agenda items and resolutions adopted shall be kept in a historic file on the Company's website covering meeting held for at least the previous 3 years.	non-comply	<p>Sonae Indústria informed the market in 2009 regarding the content of the proposals presented and deliberations taken at Shareholders' General Meetings. In addition, as from 2010, Sonae Indústria will also disclose Extracts from the minutes of this meeting, or documents with corresponding content (including resolutions passed, the represented capital and the voting results) within a five day period after the Annual General Meeting has been held. This information will be kept on the company's website for no less than a 3 year period.</p>
I.6.	MEASURES RELATING TO CHANGES IN CONTROL		
I.6.1	Measures aimed at preventing the success of takeover bids, shall respect the interests of the both the Company and its shareholders.	not applicable	
I.6.2	In accordance with the principle established in the previous sub-paragraph, any Company that has Articles of Association with clauses that restrict or limit the number of votes that may be held or exercised by a single shareholder, either individually or acting in concert with other shareholders, shall also require that, at least once every five years, the continuation of such clauses must be ratified at a Shareholders' General Meeting, at which the quorum shall not exceed the legal minimum and all votes cast shall count, without applying any restriction.	not applicable	

Recommendation		Degree of Compliance	Corporate Governance Report
I.6.3	Defensive measures should not be adopted that automatically lead to a serious erosion in the value of the Company's assets, when there has been a change in control or a change in the Company's management, as this prevents the free transmission of shares and the ability of shareholders to evaluate those responsible for managing the Company .	comply	1.3.
II.	MANAGEMENT AND AUDIT BOARDS		
II.1.	GENERAL POINTS		
II.1.1.	STRUCTURE AND DUTIES		
II.1.1.1	The Board of Directors shall assess the model it has adopted in its corporate governance report, by identifying any restrictions that are holding back performance and proposing actions to be taken that are judged to be appropriate to resolve them.	comply	2.1.
II.1.1.2	Companies shall set up internal control systems in order to efficiently detect risks relating to the Company's activity, in order to protect its assets and keep its corporate governance transparent.	comply	2.2.
II.1.1.3	The Board of Directors and Statutory Audit Board shall establish internal regulations, which shall be disclosed on the Company's website.	comply	2.3.
II.1.2.	INCOMPATIBILITY AND INDEPENDENCE		
II.1.2.1	The Board of Directors shall include a sufficient number of non-executive members to ensure that there is the capacity to effectively supervise, audit and assess the activity of the executive members.	comply	2.8.
II.1.2.2	Non-executive members shall include an adequate number of independent members, taking into account the size of the Company and its shareholder structure, but this shall never be less than one quarter of the total number of Board members.	comply	2.8.
II.1.3.	ELIGIBILITY CRITERIA FOR APPOINTMENT		
II.1.3.1	Depending on the governance model adopted, the Chairman of the Statutory Audit Board, or of the Board Audit Committee or of the Financial Matters Committee shall be independent and possess the necessary skills to perform their duties.	comply	2.11.
II.1.4.	POLICY ON THE REPORTING OF IRREGULARITIES		
II.1.4.1	The Company shall adopt a policy of reporting irregularities that allegedly occurred, which includes the following information: i) the means through which such irregularities may be reported internally, including the persons that are entitled to receive the reports; ii) how the report is to be handled, including confidential treatment, should this be requested by the reporter.	comply	2.14.
II.1.4.2	General guidelines from this policy should be disclosed in the Corporate Governance Report	comply	2.14.
II.1.5.	REMUNERATION		
II.1.5.1	The remuneration of the members of the Board of Directors shall be structured to be aligned with the interests of the shareholders. In this sense: i) The remuneration of Directors carrying out executive duties should include a variable component based on performance linked to a performance assessment that shall be carried out periodically by the governance body or committee appointed for this purpose; ii) the variable component shall be consistent with the maximization of the long term performance of the Company, and shall be dependent on sustainability of the variables adopted to measure performance; iii) non-executive members of the Board of Directors shall only receive fixed remuneration, unless the legal requirements dictate otherwise.	comply	2.12.

Recommendation		Degree of Compliance	Corporate Governance Report
II.1.5.2	The Shareholders' Remuneration Committee and the Board of Directors shall present to the Shareholders' Annual General Meeting a statement of the remuneration policy applied to Statutory Governing Bodies (including the Board of Directors and Statutory Audit Board), as well as to other senior management who have regular access to privileged information and are involved in taking strategic decisions at the Company (Strategic Decision Makers - "Dirigentes") as defined in Article 248º-B, Clause 3 of the Portuguese Securities Code. The information to shareholders shall include the criteria and main indicators proposed to be used in assessing of performance and determining the variable component, independently of whether this in the form of bonuses paid in shares, share options, annual bonuses or other awards.	comply	2.12.
II.1.5.3	At least one representative of the Shareholders' Remuneration Committee shall be present at the Shareholders' Annual General Meeting.	non-comply	The 2009 Shareholders' Annual General Meeting was held on 28th April. Neither of the two Shareholders' Remuneration Committee members was able to be present.
II.1.5.4	A proposal shall be submitted to the Shareholders' General Meeting to approve plans to grant shares and/or share options or award compensation based on variations in share prices, to members of the Statutory Governing Bodies.(including the Board of Directors and Statutory Audit Board), as well as to other senior management ("dirigentes") as defined in Article 248º-B, Clause 3 of the Portuguese Securities Code. The proposal shall include all information necessary for an comprehensive assessment of the plan. The proposal shall be presented together with regulation that governs the plan or if this has not yet been prepared, the general conditions that will be applied. In the same way, the main characteristics of any retirement benefit plan that benefits the Statutory Governing Bodies.(including the Board of Directors and Statutory Audit Board), as well as other senior management ("dirigentes") as defined in Article 248º-B, Clause 3 of the Portuguese Securities Code, shall also be approved at a Shareholders' General Meeting.		not applicable
II.1.5.5	The remuneration of the members of the Statutory Governing Bodies (including the Board of Director and Statutory Audit Board) shall be individually and disclosed on an annual basis. Fixed and variable components must be disclosed separately, when applicable, as well as any other remuneration received from other companies within the same Group or from companies controlled by shareholders with qualifying share holdings.	comply	2.12.
II.2.	BOARD OF DIRECTORS		
II.2.1	Within the limits established by Portuguese Company Law for each management and audit governance structure, and unless the Company is restricted by its size, the Board of Directors shall delegate the day-to-day running of the Company and the powers and terms of the delegation should be set out in the Corporate Governance Report.	comply	2.1.2.
II.2.2	The Board of Directors shall ensure that the Company acts in accordance with its objectives, and should not delegate its own responsibilities, including: i) definition of the Company's strategy and general policies; ii) definition of the corporate structure of the Group; iii) decisions that are considered to be strategic due to the amounts, risks and special circumstances involved.	comply	2.1.2.

Recommendation		Degree of Compliance	Corporate Governance Report
II.2.3	Should the Chairman of the Board of Directors have an executive role, the Board of Directors shall set up efficient mechanisms to co-ordinate the work of the non-executive members, to ensure that they may take decisions in an independent and informed manner, and shall also explain these mechanisms to the shareholders in the Corporate Governance Report.		not applicable
II.2.4	The Annual Management Report shall include a description of the activity carried out by the non-executive Board Members and shall, in particular, report any restrictions that they encountered.	comply	2.8.
II.2.5.	The governing body responsible for management (Board of Directors) should promote the rotation of the Board member responsible for financial matters (CFO) at least at the end of every two mandates.	comply	The current CFO has not yet served two Board mandates in this position. However, Sonae Indústria does not agree with this recommendation, which to our knowledge does not exist in any other Corporate Governance Code or Best Practice Guidelines issued by institutional investors. We believe that there is no benefit to shareholders and the Company in rotating a competent and successful CFO.
II.3.	CHIEF EXECUTIVE OFFICER (CEO), EXECUTIVE COMMITTEE AND EXECUTIVE BOARD OF DIRECTORS		
II.3.1	When Directors, who carry out executive duties are requested by other Board Members to supply information, they shall provide answers in a timely manner with information that adequately responds to the request made.	comply	2.7.
II.3.2	The Chairman of the Executive Committee shall send the notices convening meetings and minutes of the respective meetings to the Chairman of the Board of the Directors and, when applicable, to the Chairman of the Statutory Audit Board or the Audit Committee.	comply	2.7.
II.3.3	The Chairman of the Executive Board of Directors shall send the notices convening meetings and minutes of the respective meetings to the Chairman of the General and Supervisory Board and to the Chairman of the Financial Matters Committee.		not applicable
II.4.	GENERAL AND SUPERVISORY BOARD, FINANCIAL MATTERS COMMITTEE, AUDIT COMMITTEE AND AUDIT		
II.4.1	In addition to fulfilling its supervisory and verification roles, the General and Supervisory Board shall fulfil a role of advisor, as well as monitor and continually assess the management of the Company by the Executive Board of Directors. Amongst the other matters on which the General and Supervisory Board should opine are the following: i) definition of the strategy and general policies of the Company; ii) the corporate structure of the Group; and iii) decisions that are considered to be strategic due to the amounts, risks and special circumstances involved.		not applicable
II.4.2	The annual reports on the activity of the General and Supervisory Board, the Financial Matters Committee, the Audit Committee and the Statutory Audit Board shall be disclosed on the Company's website together with the financial statements.	comply	2.1.3.
II.4.3	The annual reports on the activity of the General and Supervisory Board, the Financial Matters Committee, the Audit Committee and the Statutory Audit Board shall include a description of the supervisory and verification work completed and shall, in particular, report any restrictions that they encountered.	comply	2.1.3.

Recommendation		Degree of Compliance	Corporate Governance Report
II.4.4	The Financial Matters Committee, the Audit Committee or the Statutory Audit Board (depending on the governance model adopted) shall represent the Company, for all purposes, in the relationship with the external auditor. This shall include proposing who will provide this service, their respective remuneration, and ensuring that the Company provides adequate conditions to allow them to deliver their service, as well as acting as the point of contact with the Company and being the first recipient of their reports.	comply	2.11.4.
II.4.5	The Financial Matters Committee, the Audit Committee or the Statutory Audit Board (depending on the governance model adopted), shall assess the external auditor on an annual basis and propose to the Shareholders' General Meeting that the external auditor should be discharged, should justifiable grounds exist.	comply	2.11.4.
II.5.	SPECIAL COMMITTEES		
II.5.1	Unless the Company is restricted by its size, the Board of Directors and the General and Supervisory Committee, depending on the governance model adopted, shall set up the necessary Committees in order to: i) ensure that a robust and independent assessment of the performance of the Executive Directors is carried out, as well as of its own overall performance and including the performance of all existing Committees; ii) consider the governance system adopted and assess its efficiency and propose to the respective bodies, measures to be implemented to achieve improvements.	comply	2.13.
II.5.2	Members of the Shareholders' Remuneration Committee or alike, shall be independent from the Members of the Board of Directors.	comply	2.12.
II.5.3	All Committees shall draw up minutes of the meetings they hold.	comply	2.14.
III.	INFORMATION AND AUDITING		
III.1.	GENERAL DISCLOSURE REQUIREMENTS		
III.1.2	Companies shall ensure that permanent contact is maintained with the market, upholding the principle of equal treatment for all shareholders and avoiding any asymmetry in the access to information by investors. To achieve this, the Company shall set up an Investor Relations Office.	comply	3.12.
III.1.3	The following information disclosed on the Company's Internet website, shall be available in English: a) The Company, its listed company status, the registered office and the remaining information set out in Article 171 of Portuguese Company Law; b) Articles of Association; c) Identification of the members of the Statutory Governing Bodies and of the Representative for Relations with the Market; d) Investor Relations Office – its functions and contact details; e) Financial Statements; f) Half-Yearly Calendar of Company Events; g) Proposals presented to Shareholders' General Meetings; h) Notices convening Shareholders' General Meetings.	comply	3.12.

In addition to this code, Sonae Indústria follows its own code of conduct which is posted in its site www.sonaeindustria.com.

1. Shareholders' General Meeting

1.1. Shareholders' General Meeting: composition and duration of the mandate

The Board of the Shareholders' General Meeting was elected at the Shareholders' Annual General Meeting of Sonae Indústria held on 28th April 2009, for the mandate (2009-2011) and is composed of:

- João Augusto Esmeriz Vieira de Castro (Chairman)
- António Agostinho Cardoso da Conceição Guedes (Secretary)

The company provides human resources and logistical support to Board Members at the Shareholders' General Meeting which is appropriate for their requirements through the legal department of the company, which collaborates in the preparation of general meetings. This department is tasked with ensuring the publication of the invitations, receiving and controlling all communications addressed to shareholders at General Meetings as well as working closely to ensure the logistical aspects of the meeting.

1.2. Remuneration of the Board of the Shareholders' General Meeting

The remuneration of members of the company's Board of the Shareholders' General Meeting consists of a fixed fee, determined considering the company situation and market practices.

The remuneration of the Chairman of the Board of the Shareholders' General Meeting in 2009 amounted to 5,000 Euros.

1.3. Voting Rights and Shareholder Representations

Under the terms of Sonae Indústria's Articles of Association, the Shareholders' General Meeting is composed only of shareholders with voting rights and holding shares or subscription bonds who, until five business days before the meeting taking place, provide evidence of their ownership, according to the terms established by company law. The Chairman of the Board of the Shareholders' General Meeting agrees to participate in the Shareholders' General Meeting of shareholders whose evidence is received by the company by fax or e-mail on the last day of that period.

Sonae Indústria's Articles of Association do not have rules on share blocking in the event of suspension of the general meeting. The Chairman of the Shareholders' General Meeting considers that, if the suspension period for the Shareholders' General Meeting does not exceed 5 working days, the share blocking required for the first session will be maintained because it is impossible to meet again before the time required for the first session. In the event of the suspension period exceeding 5 working days, the Chairman of the Shareholders' General Meeting will only require the shares blocking prior to that ordinarily required for the first session.

Individual shareholders may be represented at Shareholders' General Meetings as long as they have notified the Chairman of the Shareholders' General Meeting in writing, identifying the representative and his or her residence and date of the meeting. Corporate shareholders may be represented by a person duly appointed for that purpose by letter, the authenticity of which is scrutinised by the Chairman of the Shareholders' General Meeting.

Each share corresponds to one vote.

Under Sonae Indústria's Articles of Association, Shareholders' General Meetings can convene at the first session, as long as shareholders representing over fifty percent of the Company's share capital are present or represented.

All decisions at Shareholders' General Meetings are taken by simple majority except in those situations in which a higher percentage is required by law.

While Sonae Indústria is regarded as a listed and "publicly traded company", shareholders are allowed to vote by post in relation to all items on the agenda of the Shareholders' General Meeting, following the rules for the exercise of voting by mail. Sonae Indústria's Articles of Association establish that votes can only be considered when sent to the headquarters of the Company by registered post with notification of receipt addressed to the Chairman of the Shareholders' General Meeting. These votes should be received at least three days before the date of the Meeting and are subject to the normal rules regarding evidence of share ownership. Postal votes are considered negative votes in relation to any proposals presented after the date on which they were issued. A standard form for postal voting is available from Sonae Indústria's corporate website www.sonaeindustria.com and its head offices.

Sonae Indústria does not have any process for electronic voting.

Proposals to be submitted by the Board of Directors to the Shareholders' General Meeting are made available to shareholders as required by law (one month or fifteen days notice ahead of the meeting, depending on whether there is a proposal to alter the Company's Articles of Association) at the Company's registered office, together with all relevant reports, documents and other legally mandatory information.

In 2009, Sonae Indústria informed the market in relation to the content of the proposals presented and deliberations taken at Shareholders' General Meetings. In addition as from 2010, Sonae Indústria will also disclose Extracts from the minutes of this meeting, or documents with corresponding content (including resolutions passed, the represented capital and the voting results) within a five day period after the Annual General Meeting has been held. This information will be maintained on the company's website for no less than a 3 year period.

At the Shareholders' General Meetings held on the 28th April 2009, none of the Shareholders' Remuneration Committee members could be present.

As stated in the Sonae Indústria Articles of Association, the Shareholders' General Meeting is responsible for fixing the remuneration of members of the governing bodies or electing a committee for this purpose. The Sonae Indústria Shareholders' Annual General Meeting in 2009 elected the Shareholders' Remuneration Committee for the current mandate (described in section 2.12. of this report).

Since one of the objectives of the Annual General Meeting held in 2009 was to elect the Governing Bodies for the current mandate, the Shareholder Efanor Investimentos, SGPS, SA submitted to the shareholders a proposal on the remuneration policy for members of the governing bodies to be applied by the elected Shareholders' Remuneration Committee. This proposal was approved by majority vote of those shareholders present.

Regarding the performance of members of the Board of Directors, all Annual General meetings include by law, a point on the agenda regarding the general assessment of the administration and supervision of the company where if they so wish, shareholders discuss the performance of members of the administration.

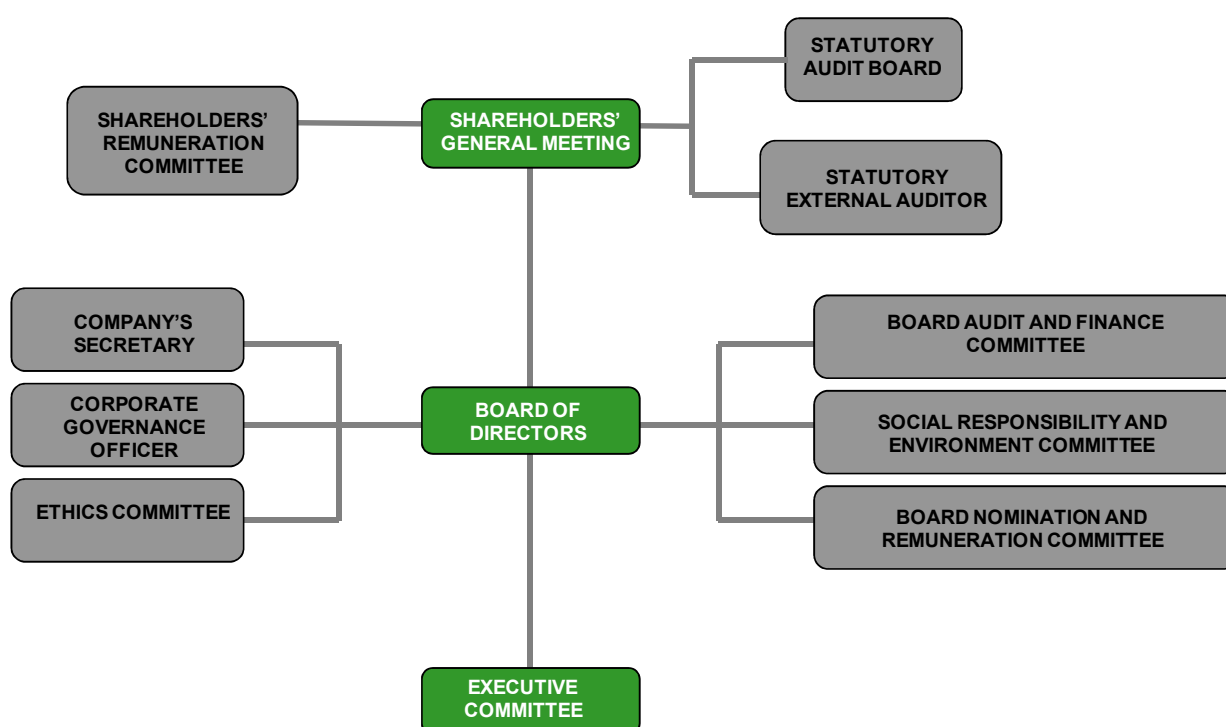
Sonae Indústria has no plans to distribute shares and / or options to acquire shares and has no system of retirement benefits.

The Company has not adopted any measures that would hinder the success of a public tender offer for the purchase of the Company's shares nor the company's Articles of Association which limits the number of votes that may be held or exercised by a sole shareholder. Additionally, it has not entered into any relevant kind of agreement that would be subject to change or termination in the event of transfer of control resulting from a public tender offer. Furthermore, it does not envisage defensive measures that instigate immediate, serious asset erosion in the company and further disturb the free transmission of shares and voluntary assessment of the performance of the Board of Directors by the shareholders.

No agreements exist relating to compensation or payments made to directors or other employees because of contract termination due to a change in company control.

2. Corporate Governing and Auditing Bodies

SECTION I – General Issues



2.1. Corporate Governing Bodies

The Sonae Indústria Articles of Association define a corporate governance model of the company known as the “Reinforced Latin Model”, which implies that the company has a Board of Directors, Statutory Audit Board and Statutory External Auditor.

The Corporate Governance Officer examines annually the advantages and possible disadvantages of adopting this model and reports his conclusions to the Board of Directors.

The Board of Directors believes that the model favours the interests of the company and its shareholders, is effective and has not faced any constraints to its operation.

2.1.1 Board of Directors

Based on the Articles of Association, the Board of Directors may be composed of an even or odd number of members, ranging from a minimum of three to maximum of thirteen, elected at a Shareholders' General Meeting.

Sonae Indústria's Board of Directors is currently composed of 8 members who were elected at the 2009 Shareholder's Annual General meeting for the mandate 2009-2011.

The Board of Directors of Sonae Indústria is composed of:

- Belmiro Mendes de Azevedo - Chairman (Non Executive)
- Álvaro Cuervo García (Non Executive and Independent)
- Duarte Paulo Teixeira de Azevedo (Non Executive)
- Per Otto Knuts (Non Executive and Independent)
- Knut Thomas Alarik Nystén (Non Executive and Independent)
- Carlos Francisco de Miranda Guedes Bianchi de Aguiar (Executive)
- Rui Manuel Gonçalves Correia (Executive)
- Christophe Chambonnet (Executive)

The Chairman of the Board of Directors, who is elected by the Board, has a casting vote. As the Board of Directors is composed of an even number of members, in order to comply with Article 395º Point 4 of Portuguese Company Law, the Board of Directors conferred a casting vote to Paulo Azevedo, in the event of the absence or incapacity of the Chairman.

As stipulated by the Company's Articles of Association, Sonae Indústria's Board of Directors meets once a quarter and additionally whenever the Chairman or two of its members call a meeting. All decisions taken are recorded in the respective minutes. According to the Articles of Association, when a Board member misses two meetings without justification, which is accepted by the Board of Directors, this will be considered a definitive absence.

Six Board meetings were held in 2009. The Board of Directors can only deliberate if the majority of its members are present or represented by proxy, and decisions are taken by a majority of the votes of the Board members present or represented and of those who vote by post.

According to Corporate Governance best practices, the Board undertook a formal self-assessment in 2005 with the help of an external consultant, having repeated such assessment in 2008. This assessment was designed to review how the Board and the Board Committees function, to evaluate Corporate Governance at Board level and to propose measures for further improvements. The main measures identified in the 2005 self-assessment have already been implemented whereas those identified in 2008 are being implemented. Through this process each director has the opportunity to assess his / her colleagues, express his / her views on a number of items related to their performance, having the opportunity to comment the analysis performed. This entire process is conducted with the assistance of an external consultant.

To improve the operational efficiency of the Board of Directors and meet best practice in Corporate Governance, the Board of Directors appointed 3 Board Committees and the role of the Board and Corporate Governance Officer and one Ethics Committee. These committees are described under the chapter 2.14 of this report.

2.1.2 Executive Committee

The Executive Committee is appointed by the Board of Directors and is composed of 3 members.

EXECUTIVE COMMITTEE

Carlos Bianchi de Aguiar

President of the Executive Committee and CEO

Rui Correia

CFO

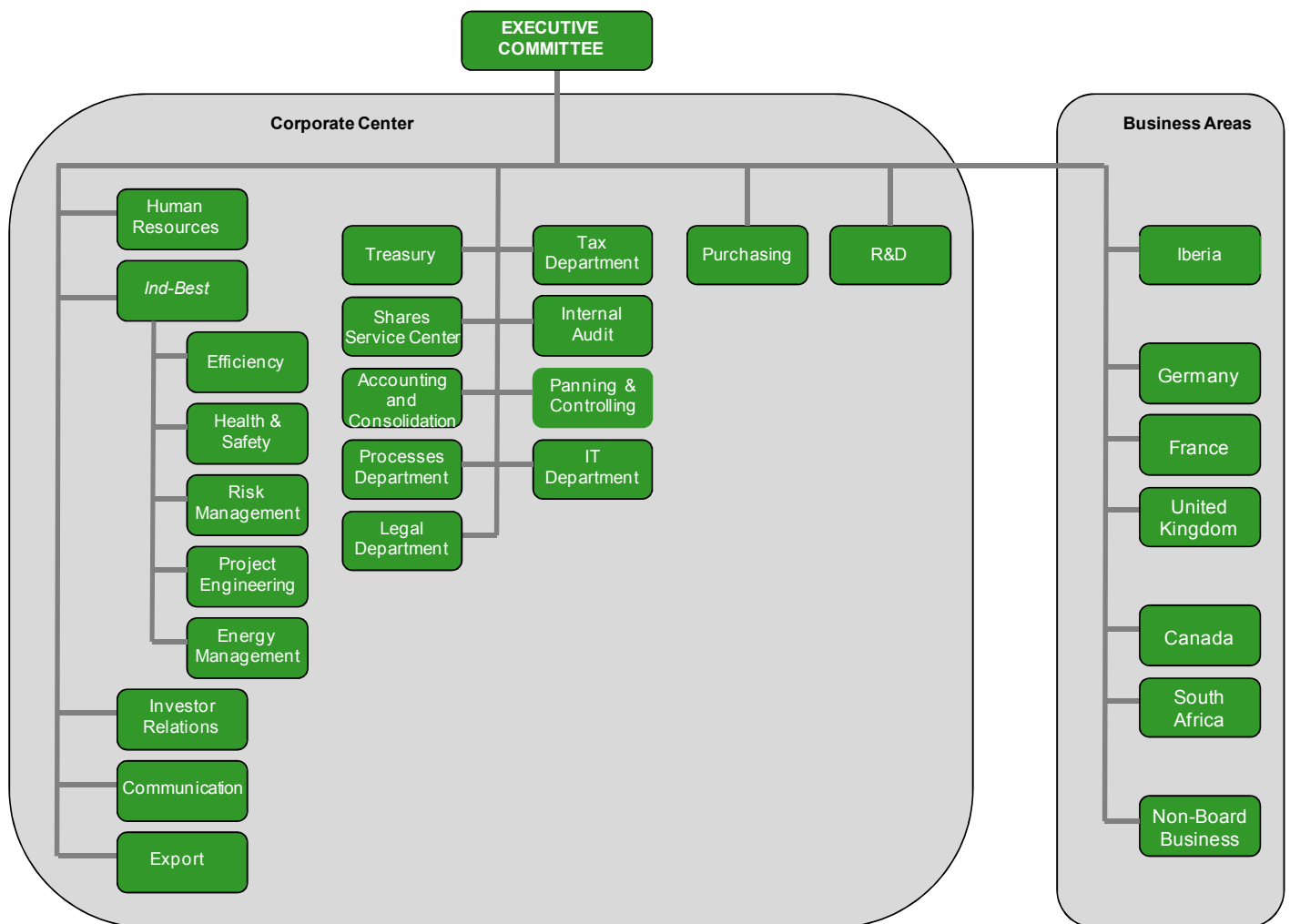
Christophe Chambonnet

The Board of Directors has delegated powers to the Executive Committee to manage day-to-day operations of the Company except:

- a) appointing the Chairman of the Board;
- b) co-opting a substitute for a member of the Board;
- c) convening Shareholders' General Meetings;
- d) approving the Annual Report and Accounts;
- e) granting any pledge, guarantee or charge over the Company's assets;
- f) deciding to change the Company's headquarters or to approve any share capital increases;
- g) deciding on mergers, de-mergers and modifications to the corporate structure of the Company;
- h) approving the Company's Business Plan and Annual Budget;
- i) deciding key features of personnel policies including stock incentive plans and variable remuneration plans applicable to Executives and Senior Managers (Management Levels G4 and above), in areas that do not require resolutions from the Shareholders' Remuneration Committee or deliberations at Shareholders' General Meetings, together with decisions on individual compensation for Executives of Management Levels G3 and above, which competence is delegated to the Board Nomination and Remuneration Committee and, when these Executives are Officers of the Company, also require decisions from the Shareholders' Remuneration Committee or deliberations at Shareholders' General Meetings;
- j) defining or changing major accounting policies of any company included in the consolidation perimeter of Sonae Indústria Group;
- k) approving quarterly and half-yearly reports and accounts;
- l) selling, acquiring directly or by long-term lease or transacting in any other way, investments classified as tangible fixed assets where the individual transaction value is in excess of 5,000,000 Euros;
- m) purchasing or subscribing new shares in the share capital of any subsidiary company where the accumulated amount exceeds 20,000,000 Euros in any financial year;
- n) investing in any other company or in other financial assets when the accumulated value is in excess of 10,000,000 Euros in any financial year;

- o) making any other financial investment which exceeds the accumulated amount of 10,000,000 Euros in any financial year, unless in the ordinary course of business, namely in short term investments of available cash
- p) disposing of assets or other divestments, if such a transaction has a significant effect on the operating results of the Company (defined as equal or greater than 5%) or affects the jobs of more than 100 employees;
- q) defining Sonae Indústria and Sonae Indústria Group strategy and general policies;
- r) defining the corporate structure of Sonae Indústria Group.

The areas that report to the Executive Committee are divided as follows:



The Executive Committee normally meets at least once every month and additionally whenever the President of the Executive Committee or a majority of its members call a meeting in writing, at least 3 days before the appointed date. Meetings can only take place if at least two of the members are present (either physically or by videoconference). The President of the Executive Committee presides the meeting.

Decisions made by the Executive Committee are taken by a qualified majority of two votes in favour. In the absence of this qualified majority, the Executive Committee must submit the matter under consideration to the Board of Directors for deliberation.

2.1.3 Statutory Audit Board

In accordance with the company's Articles of Association, the Statutory Audit Board may be composed of an even or odd number of members, with a minimum of three and a maximum of five with one or two substitutes appointed, depending on the number of members being either three or more, respectively.

The Statutory Audit Board was elected at the 2009 Shareholders' General Meeting for the current mandate (2009-2011) and has the following composition:

- Manuel Heleno Sismeiro (Chairman)
- Armando Luís Vieira de Magalhães (Member)
- Jorge Manuel Felizes Morgado (Member)
- Óscar José Alçada da Quinta (Substitute - Member)

The Statutory Audit Board report is available on the company website together with other accountability documents. This report includes a description of the Statutory Audit Board's activity, which did not mention any constraints identified.

2.1.4 Statutory External Auditor

PriceWaterHouseCoopers & Associados, SROC, Lda. represented by António Joaquim Brochado Correia or José Pereira Alves was elected as the Company's Statutory External Auditor.

2.1.5 Company Secretary

The Company secretary and his/her substitute are appointed by the Board of Directors and have a 3-year mandate in accordance with that practiced at other corporate governing bodies. This year they were designated for the new mandate (2009-2011). The Company secretary shall perform those duties established by law.

The Company secretary and her substitute are:

Permanent: Júlia Maria Moreira da Silva Santos
Substitute: Patrícia Isabel Chemega dos Santos

2.2. Internal Control and Risk Management

2.2.1 Internal Control

Sonae Indústria is based on integrity and ethical values that emanate from the top down with the example then being set by management. The commitment to competence is well illustrated through the fact that compensation is tied to appropriate performance.

The different governing bodies have been born from a management philosophy and operating style based on a strong organizational structure with adequate assignment of authority and responsibilities. Sound Human Resource policies and procedures together with a very recent Code of Conduct are enshrined in the framework.

Sonae Indústria faces a variety of risks from external and internal sources which must be assessed and we have instilled in our company a culture of prevention and early detection. As you will see subsequently, an Enterprise-Wide Risk Management Framework was developed and is continually updated.

Policies and procedures have been developed that help ensure management directives are carried out. Sonae Indústria has a dedicated team in Business Process & Organization which through working with local operations and central departments, acts as a Centre of Excellence in accomplishing key objectives such as: prioritising, developing and implementing processes (including control activities); maintaining a Process Library (knowledge and documentation); establishing process best practices; and, evaluating process performance. Sonae Indústria has a huge range of activities in place as diverse as approvals, authorizations, verifications, reconciliations, reviews of operating performance, security of assets and segregation of duties.

Pertinent information is identified, captured and communicated within a form and timeframe which enables people to fulfill their responsibilities. Sonae Indústria has a strong Planning and Management Control department which supported by robust information systems, produces reports containing operational, financial and compliance-related information. The centralised accounting back-office (Shared Service Center) helps to guarantee alignment and effectiveness in procedures and controls.

Internal control systems are monitored. Ongoing monitoring activities exist, namely regular management and supervisory activities. Separate evaluations are followed whose scope and frequency depends primarily on an assessment of the risks and effectiveness of ongoing monitoring procedures. For instance, the Internal Audit department has elaborated an annual plan to monitor compliance with procedures and policies.

Internal control deficiencies are reported upstream, with serious matters reported to top management and the Board. Monthly reports are sent to the executive committee and quarterly meetings are scheduled with the audit committee, BAFC.

Sonae Indústria has a reasonable level of confidence in the internal control framework which is currently in place. Communication of the Vision, Values and Principles throughout the organisation has reinforced the tone in terms of ethical behaviour. The implementation of the Code of Conduct, the Whistleblower tool and the Ethics Committee, enhance the control culture of the organisation.

2.2.2 Risk Management

Risk Management is a key concern within the Sonae Indústria culture and is present in all management processes, forming part of the delegated responsibility of managers and employees at all levels within the Sonae Indústria Group.

Risk Management comprises the process of identifying potential risks, analysing their possible impact on the organisation's strategic goals and seeking ways to minimise the probability of their materialisation, in order to determine the best procedures to manage exposure to them.

A global approach is in place to assure a suitable and balanced coverage of the operational risk through its transfer to our reinsurance panel. Property damage and business interruption risks are covered by a global policy, developed and implemented locally. Sonae Indústria adopts this global policy as a support to its processes of risk management and is committed to improving plant protection and prevention levels to reinforce this partnership.

2.2.2.1 Risk Management Organisation

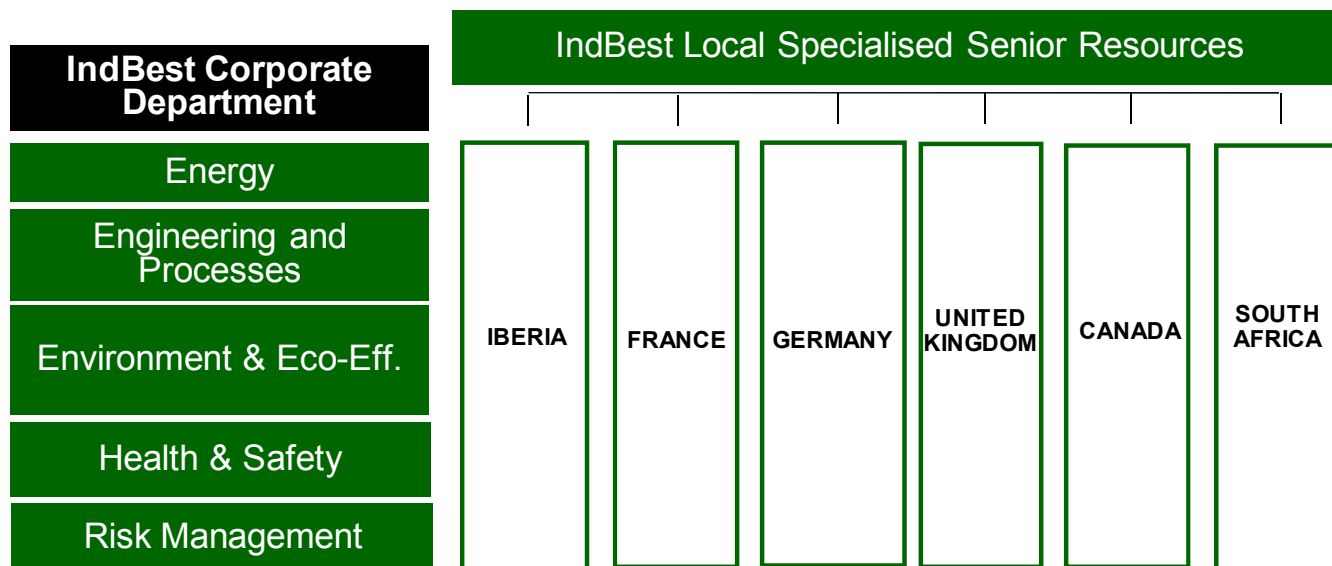
The production of wood-based panels is an industrial activity with a significant operational risk arising from fire and explosion. Consequently, the operational risk management is active in the implementation of standards and the choice of systems that are capable of reducing industrial unit risks.

In recognising this importance and the transversal nature of the function, Risk Management was integrated into the department responsible for the consolidation of best Industrial, Environmental, Energy and Health & Safety practices in the second quarter of 2009.

The Risk Management department was separated into two functions - Operational Risk Management and Insurance Management - in order to focus on developing and implementing measures to mitigate risks in industrial operations, and in developing skills to be more efficient and effective in using insurance policies underwritten by the Group.

The Risk Management Department consists of a central team of 2 full time members, one of which is responsible for Operational Risk Management and the other for Insurance Management. A formally coordinated network of Country Risk Officers exists in each of the countries where Sonae Indústria operates and at each of the sites there is a dedicated Plant Risk Officer.

The organisation of the IndBest (“Industrial Best Practices”) corporate department can be analysed in the chart below:



The Risk Management function is also related to the Corporate Planning and Management Control Department which is composed of 7 people, organised into three teams to better address the challenges and changes the businesses faces. These are the Corporate Reporting Team (which is also responsible for business analysis), the Investment Analysis and big projects Team and the Strategic Planning and Special Projects Team.

2.2.2.2 Process of Integrated Risk Management

At Sonae Indústria, Risk Management is based on a uniform and integrated methodology, denominated Enterprise-Wide Risk Management (“EWRM”).

In 2006, the systematisation process was consolidated, fully integrated and aligned with strategic business goals, aimed at prioritising relevant business risks and identifying procedures to mitigate their impact. The process covers the whole organisation, encompassing all countries and corporate functions.

The Risk model, which was built in 2004 and revised in 2006, aggregates the business risks into three categories (Business Division Risk, Business Process Risks and Risk Information for Decision Making) and contains the quantification of the relevance (impact on EBITDA and operating efficiency) as well as probability (frequency of the event or scenario occurring) of the critical risks for Sonae Indústria.

The Risk Model has been undergoing continuous updates and in 2008 a new risk was introduced, entitled *Community Concern*. This risk evaluates the influence – negative or positive - that Sonae Indústria could exert in the local community where its activities are developed.

In 2009 and in the context of the management of the Risk “Community Concern”, Sonae Indústria formally launched an environmental communication forum for the White River community in South Africa. This forum was set up under the project to expand production capacity in this industrial unit, which was completed in 2009. Community concerns focused mainly on issues related to dust and noise emissions, derived from the older parts of the industrial process. Consequently, an extensive investment plan to mitigate the problems observed will be implemented.

The management of financial risks, incorporated into the business process risks is carried out and monitored within the ambit of the finance function.

2.2.2.3 Operational Risk Management

Given the risk associated with industrial activity at Sonae Indústria and being a world leader in the wood-based panels sector, it would be unacceptable to fail to recover from a catastrophic event on a “world class” scale. Thus, protection of core assets as well as loss prevention are constant concerns for our Group and these were defined as priorities for 2009.

In 2009, the roll out of the Corporate Operational Risk Standards (CORS) was completed which became the working tool for Operational Risk Management.

This programme is the cornerstone of the property damage and loss prevention strategy in all plants.

2.2.2.4 Corporate Operational Risk Standards (CORS)

This project was developed to ensure standardisation of processes and procedures across all geographies in an effort to improve operational risk management by leaving little or no room for uncertainty.

The CORS were developed with reference to international standards such as NFPA⁸ and/or FM⁹ data sheets, considering the best practices of the wood industry and good fire protection engineering practices existing at Sonae Indústria.

All procedures were developed by a team with the Corporate Risk Management, Global Insurance Broker, Fronting Insurance Company and external consulting entity recognised by the entire insurance panel who guaranteed validation of the output.

Internal departments were also involved as active partners in the entire process to guarantee a wide scope of the project and to avoid transversal implications.

The Corporate Operational Risk Standards (CORS) are divided into three areas:

1. Management Programs and Procedures:

- Best Industry Practices in Loss Prevention involving the Human Element;
- Preparation for emergencies;
- Management of Programs (maintenance, equipment inspections, training, contractors, housekeeping).

2. Fire Protection Systems:

- Reference to international recognised standards, mainly NFPA;
- General requirements in fire detection and protection of industrial premises, fire water supply specifications and building materials characteristics;
- Integration of component for Surveillance practices (hardware).

3. Special Hazards:

- World class developed knowledge in fire detection and protection inherent to the wood based panels industry: wet and dry particle handling and transport, dryers, hot presses;
- Specific issues such as, thermal and hydraulic oil installations, electrical cabinets, and rooms, or transformers.

2.2.2.5 Inspections

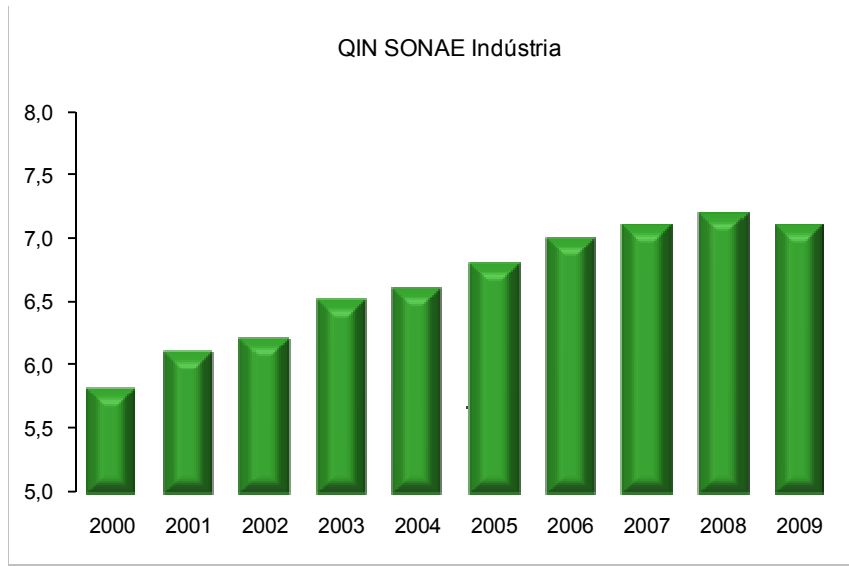
External Risk Inspections

Since 2009, the CORS have become the processes and procedures by which the audit risks are oriented to check the exposure of each plant. This permitted greater transparency and harmonisation in the audit process. The format of the external audits remains at all sites every two years. Subsequently, a report is issued with a set of recommendations for each of the plants visited and a rating of the risk quality (QIN – Quality Index Number) is allocated for each plant. Since 2000, the overall QIN of Sonae Indústria has improved from 5.8 in 2000 to 7.1 in 2009 (on a scale from 0 to 10).

In 2009, 9 external audits were completed. In this program, some industrial units were included that had previously not been audited.

⁸ National Fire Protection Association

⁹ Factory Mutual



Internal Risk Inspections

An internal visit is made to each plant every 18 months to review the status of the previous internal and external recommendations as well as compliance with Corporate Operational Risk Standards. In 2009, 4 internal surveys were carried out since the focus was given to the process of implementing the CORS. Two workshops were conducted to promote the importance of these standards.

2.2.2.6 Self Inspection Form

A Quarterly Control self-assessment procedure using a Self Inspection Form has been carried out by each plant since 2000.

With the implementation of CORS, a new software application including the necessary updates was launched in the first quarter of 2009.

This evaluates 70 items grouped into 5 categories (Assets, Management/Leadership, People, Process and Third Parties).

All non-conformities detected automatically generate a corrective action where the action to be taken to solve the non-conformity, as well as the duration and corresponding responsibilities are registered. An automatic quarterly follow-up of outstanding corrective actions also exists.

2.2.2.7 2004-2013 Risk Plan

Each individual plant plan (which is updated annually) defines a set of measures to be taken towards achieving full compliance with the Corporate Operational Risk Standards by 2013. The main objectives encompass:

- Improving Sonae Indústria's Installations Risk Standard with a view to increasing employee and asset safety, and avoiding eventual periods of business interruption;
- Obtaining a payback reflected in the insurance premium (demonstration of real and tangible commitment to loss prevention);

- Forming the basis for preparation of the annual budget for investment in Loss Prevention measures and establishing priorities based on the impact on Loss Prevention.

The 2004-2013 Risk Plan forms an integral part of the Industrial Master Plan of Sonae Indústria, which consists of the investment planning of each plant for the next 5 years.

2.2.2.8 Insurance Premium Distribution

Sonae Indústria's global insurance premium is charged to each plant with 50% being allocated according to insurance market prices and 50% being based on the plant's measured risk quality allocated (QIN). The former is calculated in line with "stand alone" local market insurance premium levels and the latter according to the QIN of each plant.

2.2.3 Responsibility of the corporate governing and auditing bodies in the Internal Control and Risk Management activities

It is the responsibility of the Board of Directors to create the necessary structures and services to ensure that the internal control and risk management system works properly.

For this purpose, specific departments for those areas were created - Internal Audit and Risk Management.

The main function of the Internal Audit department is to monitor compliance with procedures and policies defined and to report to the Board of Directors on any irregularities found. The Risk Management department must analyse the potential risks of the business and implement the standards as well as the systems that can reduce those risks.

The person responsible for the Internal Audit Department reports functionally and meets the Statutory Audit Board at least twice a year as well as the Board and Audit Finance Committee, whose chairman is an Independent Director. Both Governing Bodies can request information or clarifications whenever they wish.

Additionally, it is the BAFC's particular duty to manage the risk, internally control the business processes and businesses as well as analyse the results of the Internal and External Audit.

The competences of the Statutory Audit Boards include reviewing the effectiveness of the risk management system as well as that of the internal control and audit systems. This Governance Body has access to all the information and can liaise with the heads of the respective departments whenever it deems necessary.

The External Auditor reviews the implementation of policies and remuneration systems as well as the effectiveness and operation of the internal control mechanisms. In the event of finding any defect or irregularity, this will be reported to the Statutory Audit Board.

2.3. Regulations of the Governing Bodies

The Board of Directors, Executive Committee and Statutory Audit Board have regulations which can be found at the site www.sonaeindustria.com.

No definitive rules have been set for any inconsistencies or cumulative number of positions, applicable under law provisions.

SECTION III – Board of Directors

2.4. Identification of the main economic, financial and legal risks to which the company is exposed in its activity

The main financial risk that Sonae Indústria is exposed to is credit risk, which is the risk of a customer either paying late or failing to pay the acquired products due to lack of liquidity. To mitigate this risk, Sonae Indústria has credit management procedures and credit approval processes in place together with insurance policies wherever necessary.

The economical risks that Sonae Indústria is exposed to include Interest Rate Risk, Foreign Exchange Risk and Liquidity Risk.

Interest Rate Risk depends on the proportion of floating rate debt on Sonae Indústria's consolidated Balance Sheet and the consequent cash flows related to interest payments.

As a general rule, Sonae Indústria does not hedge its exposure to floating interest rates. This approach is based on the principle of the existence of a positive correlation between the interest rate levels and the “operating cash flow before net interest charges” which creates a natural hedge on the “operating cash flow after net interest charges” for Sonae Indústria.

Foreign Exchange Risk derives from being a diversified Group with subsidiaries spread throughout three different continents. Consolidated Balance Sheet and Profit and Loss are exposed to foreign exchange translation risk and Sonae Indústria subsidiaries are exposed to foreign exchange risk from both translation and transaction type. Whenever possible and economically viable, subsidiaries aim to offset assets and liabilities denominated in the same foreign currency.

Liquidity risk aims to ensure that the company can obtain the financing required to properly carry on its business activities on time, implement its strategy and meet its payment obligations when due, while avoiding the need for having to obtain funding under unfavourable terms.

For this purpose, Liquidity management at Sonae Indústria mainly comprises consistent financial planning, diversification of financing sources and diversification of debt maturities issued.

Regarding Legal Risks, the main risk of the Group's business relates to legislative changes that may occur at the level of the activity (environmental law and labour, among others) that can encumber the activity to such an extent that their profitability may be affected.

2.5. Powers of the Board of Directors

The Board of Directors is empowered to ensure the management of the Company in accordance with the objects established in the Company's Articles of Association and under the law.

Currently, the Board of Directors may deliberate on increases in the Company's share capital of up to two billion Euros, on one or more occasions, in accordance with the law.

2.6. Appointment and replacement of members of the corporate governing and auditing bodies

Members of the Board of Directors are elected by the Shareholders' General Meeting. Groups of shareholders representing between 10% and 20% of the Company's share capital, may submit a stand-alone proposal to nominate a Director in advance of the Shareholders' General Meeting. Each shareholder cannot support more than one list of Directors and each list must identify at least two eligible people to fill each position on the Board. If lists are submitted by more than one group of shareholders, the voting will be based on these lists.

In the event of death, resignation or temporary or permanent inability of any of the Directors, the Board of Directors is responsible for his or her replacement. If the Director in question was nominated by minority shareholders, a new separate election must be held.

Members of the Statutory Audit Board are also elected by the Shareholders' General Meeting. Statutory Board members who are temporarily unable to exercise functions or whose functions have ceased are replaced by substitute members, who will subsequently continue functions until the first Shareholders Annual General Meeting. This meeting will then proceed to fill the respective vacancies.

In the absence of the alternate positions, vacancies are filled through a new election.

The Statutory External Auditor is elected by the Shareholders' General Meeting following a proposal from the Statutory Audit Board.

In the absence of the elected Statutory External Auditor, it is the responsibility of the Board of Shareholders' General Meeting to appoint his substitute, subject to ratification by the following Shareholders' General Meeting. In the absence of designation within 30 days, the company governing bodies shall notify the Association of External Auditors who is entitled to appoint the external auditor.

2.7. Board, Board Committees, Statutory Audit Board and Ethics Committee Meetings and attendance

Over the course of 2009, the number of meetings and attendance recorded for the Board of Directors, Board Committees, Statutory Audit Board and Ethics Committee were as follows:

Meetings and Attendance	Number of Meetings	Attendance
Board of Directors	6	96%
Executive Committee	12	97%
Board Audit and finance Committee	5	93%
Social Responsibility and Environment Committee	2	100%
Board Nomination and Remuneration Committee	2	100%
Statutory Audit Board	6	100%
Ethics Committee	4	100%

All Governing Bodies have minutes from all their meetings.

With the objective of maintaining the Board of Directors and the Statutory Audit Board permanently informed on decisions taken by the Executive Committee, minutes arising from the Executive Committee meetings are available to all Board and Statutory Audit Board Members.

Members of the Executive Committee provide all information required by other members of the governing bodies both on time and in sufficient detail.

2.8. Independence of the members of the Board of Directors

The Board of Directors of Sonae Indústria is currently composed of 8 members, 3 Executive and 5 Non-executive.

Of the Non-Executive Directors, 3 (three) are Independent in that they are not associated with any interests group within the company, they do not hold qualified shareholding nor do they act on behalf of shareholders with qualified shareholdings of 2% or more of the company's share capital. Additionally, they have not been re-elected for more than two mandates, in accordance with rules in paragraph 5 from article 414 of the Company Law.

All Independent Board Members comply with the applicable rules of conflicts and determined in art. 414-A paragraph 1 of the Company Law, with the exception of Per Knuts and Thomas Nystén who do not comply with this rule from c) of that law as they perform the same functions in the Supervisory Board of Glunz, AG, a company subsidiary of Sonae Indústria, which does not imply a loss of independence.

These independent Directors exercise an important influence over the decision-making process and development of company strategy and policy.

The Board of Directors evaluates the independence of the Non-executive Board Members, applying the legal rules established for other Governing Bodies.

Members of the Board, executive and non-executives are appointed by the Shareholders' Annual General Meeting with a proposal from a shareholder. Therefore, there is no interference in this process by the Executive Members.

In the event of absence of any Board Member, the Board of Directors may by law, make a co-option. This must be made by the Board of Directors, since this is a matter not delegated to the Executive Committee. It is the responsibility of the Shareholders' Remuneration Committee (which does not have any Executive Board Member) to submit a proposal for this co-option.

The Board of Directors includes a description of the Activities undertaken by the non-executive Board Members in its management Report.

2.9. Professional qualification of the members of the Board of Directors in the last 5 years and shares held, date of first appointment and termination date

Belmiro de Azevedo (Chairman Sonae Indústria): obtained a degree in Industrial Chemical Engineering at the University of Oporto, a PMD from Harvard Business School, participated in the Financial Management Programme from Stanford University and has occupied a diverse number of positions in the Efanor/Sonae Group from an early stage. Mr Belmiro de Azevedo is today Chairman of the Board of Sonae Group and Chairman of the Board and CEO of Sonae Capital, SGPS S.A., a member of the European Union Hong Kong Business Cooperation Committee, of the International Advisory Board of Allianz AG and of the Harvard Business School International Advisory Board. He has been decorated on a number of occasions, some of the most prominent being the "Encomienda de Numero de la Orden del Mérito Civil" from His Majesty D.Juan Carlos, King of Spain, the "Order of the Cruzeiro do Sul" from the President of the Brazilian Federal Republic, the "Grã Cruz da Ordem do Infante D. Henrique" from the President of the Portuguese Republic, nomination as "Honorary Fellow" of the London Business School and member of the "Order of Outstanding Contributors to Sustainable Development" from the World Business Council for Sustainable Development.

Álvaro Cuervo Garcia (Independent): holds a post graduate degree in Statistics and Psychology and a PhD in Economics from the University of Madrid (Spain). Mr Cuervo is a professor of Business Economics and was Head of the Business department at the Complutense University in Madrid, Head of Business Economics at Valladolid and Oviedo University (Spain) and CIDE (Mexico) and visiting professor at New York University and California Berkeley University (USA). As a member of the Spanish government's consultative committee for privatizations and Chairman of the Economic and Business Scientific Association (Spain), he holds a number of other directorship roles.

Paulo Azevedo: holds a degree in Chemical Industrial Engineering from the Lausanne Polytechnic School (Switzerland) and a post-graduate degree in Business studies from the Oporto Institute of Business Studies. Having been CEO of Optimus – Telecomunicações S.A. between 1998 and 2000. Today Mr. Paulo de Azevedo is CEO of Sonae SGPS and holds a number of managerial and directorship roles in the Efanor/Sonae Group. Paulo Azevedo is Belmiro de Azevedo's son.

Per Knuts (Independent): holds a degree in Chemical Engineering from the Royal Institute of Technology (Sweden) and was Chairman for the Global Council of Stora Feldmuhle AG Companies and FPB Holding AG (Dusseldorf – Germany) between 1998 and 2004.

Thomas Nystén (Independent): obtained a Master of Arts degree (Political Economy) at the University of St Andrews (Scotland) in 1963 and completed an AMP at the

Harvard Business School in 1984. Previously held the positions of Executive Director of the Myllykoski Corporation in Helsinki and CEO of MD Lang Papier in Germany (1994-2004).

Carlos Bianchi de Aguiar (President of the Executive Committee and CEO Sonae Indústria): graduated with a degree in economics from the University of Oporto. Having worked for Sonae Indústria since 1986, he has occupied a number of managerial and directorship roles in various geographies, namely the UK ('90-'95), Spain ('96-'97) and Germany ('00-'01). He returned to Portugal in 2002 to become Group CFO and was appointed CEO in 2005.

Rui Correia (CFO): holds a degree in Economics from the University of Oporto and a post graduate degree in Business Management from the Oporto Institute of Business Studies. Having exercised functions in the Efanor/Sonae Group since 1994, he was head of the Finance Department of Sonae SGPS from 2000 and was appointed as Sonae Indústria CFO in 2005. Since 2001, he has also held a number of directorship roles in the Efanor/Sonae Group.

Christophe Chambonnet (COO France): obtained a degree in engineering from ISAB (France), a MS in Applied Economics and an MBA from the University of Purdue, USA. Between 1998 and 2000 he has occupied a number of managerial and directorship roles in the Marketing area, namely in companies based in USA, Canada, France and Belgium. Between 2000 and 2005 he was a Board member of Tafisa Canada, a subsidiary of Sonae Indústria. Between April 2005 and June 2006, he was vice president of Tembec Avebene SAS, a French company. As from July 2006, he was appointed COO of Isoroy SAS.

Sonae Indústria Directors have the following Sonae Indústria Shares attributed to them:

Number of Shares		Number of Shares	
Belmiro Mendes de Azevedo		(1) Efanor Investimentos, SGPS, SA	
Efanor Investimentos, SGPS, SA (1)	49.999.997	Sonae Indústria, SGPS, SA	44.780.000
(1 share is held by the spouse)		Pareuro, BV (2)	2.000.000
Sonae Indústria, SGPS, SA	1.010		
(held by the spouse)		(2) Pareuro, BV	
Carlos Bianchi de Aguiar		Sonae Indústria, SGPS, SA	27.118.645
Sonae Indústria, SGPS, SA	720		
Rui Manuel Gonçalves Correia		(3) Migracom, SGPS, SA	
Sonae Indústria, SGPS, SA	12.500	Sonae Indústria, SGPS, SA	90.000
		Imparfin, SGPS, SA (4)	150.000
Duarte Paulo Teixeira de Azevedo			
Efanor Investimentos, SGPS, SA (1)	1	(4) Imparfin, SPS, SA	
Migracom, SGPS, SA (3)	1.969.996	Sonae Indústria, SGPS, SA	278.324
Sonae Indústria, SGPS, SA	223		
(held by the menor descendent)			

During the past five years, Belmiro de Azevedo, Carlos Bianchi de Aguiar, Rui Correia, Christophe Chambonnet and Paulo Azevedo have also been Directors at various other Efanor Group companies.

Within the same period, the following Directors also held directorships at the following companies outside to the Efanor Group:

José Álvaro Cuervo García:

- BA Vidrio, S.A.

Per Otto Knuts:

- Stora Feldmühle AG
- FPB Holding AG

Knut Thomas Alarik Nystén:

- MD Lang Papier GmbH
- Myllykoski Corporation

All members of the Board of Directors were appointed with effect from 15th December 2005. This marked the registration date for the merger of the “old” Sonae Indústria – SGPS, SA, into Sonae 3P – Panels, Pulp and Paper, SA and the renaming of the latter to Sonae Indústria SGPS, SA, with the exception of Rui Manuel Gonçalves Correia, who was initially appointed to the Board of Sonae 3P on 22nd July 2002 and Christophe Chambonnet, who was co-opted by the Board of Directors in the meeting dated 20th December 2007. The Shareholders’ Annual General Meeting held in 2008 ratified this cooption.

The current mandate of the Board of Director will end in 2011.

2.10. Other positions held by Sonae Indústria Directors as of 31st December 2009

Members of the Board of Directors are currently also members of the Board and Statutory Audit Board of other companies, listed here.

In companies belonging to Efanor Group**Board of Directors Member:****Belmiro Mendes de Azevedo:**

- BA – Business Angels SGPS, S.A. (Sole Director)
- Casa Agrícola de Ambrões, S.A. (Chairman)
- Efanor Investimentos, SGPS, S.A. (Chairman)
- SC – SGPS, S.A. (Chairman)
- Selfrio, SGPS, S.A. (Chairman)
- Sonae – SGPS, S.A. (Chairman)
- Sonae Capital, SGPS, S.A. (Chairman)
- Sonae Turismo – SGPS, S.A. (Chairman)
- Spred, SGPS, S.A. (Chairman)

José Alvaro Cuervo Garcia:

- Sonae – SGPS, S.A.

Duarte Paulo Teixeira de Azevedo:

- Azulino - Imobiliária, S.A.
- Bertimóvel – Sociedade Imobiliária, S.A.
- Canasta - Empreendimentos Imobiliários, S.A.
- Chão Verde - Sociedade de Gestão Imobiliária, S.A.
- Citorres - Sociedade Imobiliária, S.A.
- Contimobe - Imobiliária de Castelo de Paiva, S.A.
- Cumulativa - Sociedade Imobiliária, S.A.

- Difusão - Sociedade Imobiliária, S.A.
- Efanor Investimentos, SGPS, S.A.
- Fozimo - Sociedade Imobiliária, S.A.
- Fozmassimo – Sociedade Imobiliária, S.A.
- Igimo - Sociedade Imobiliária, S.A.
- Iginha – Sociedade Imobiliária, S.A.
- Imoconti - Sociedade Imobiliária, S.A.
- Imoestrutura - Sociedade Imobiliária, S.A.
- Imomuro - Sociedade Imobiliária, S.A.
- Imoresultado - Sociedade Imobiliária, S.A.
- Imosistema - Sociedade Imobiliária, S.A.
- MDS, SGPS, S.A. (Presidente)
- MJLF - Empreendimentos Imobiliários, S.A.
- Modelo Hiper Imobiliária, S.A.
- Predicomercial - Promoção Imobiliária, S.A.
- Selifa - Sociedade de Empreendimentos Imobiliários, S.A.
- Sempre à Mão – Sociedade Imobiliária, S.A.
- Sesagest - Projectos e Gestão Imobiliária, S.A.
- Socijofra – Sociedade Imobiliária, S.A.
- Sociloures - Sociedade Imobiliária, S.A.
- Sonae - SGPS, S.A. (President of Executive Committee)
- Sonae Center Serviços II, S.A.
- Sonae Investimentos – SGPS, S.A. (Chairman)
- Sonae MC - Modelo Continente, SGPS, S.A.
- Sonae Sierra, SGPS, S.A. (Chairman)
- Sonaecom, SGPS, S.A. (Chairman)
- Sonaegest – Sociedade Gestora de Fundos de Investimento, S.A. (Chairman)
- Sonaerp - Retail Properties, S.A.
- Sondis Imobiliária, S.A.
- Sontária – Empreendimentos Imobiliários, S.A.
- Valor N, S.A.

Carlos Francisco de Miranda Guedes Bianchi de Aguiar:

- 173509 Canada, Inc. (Chairman)
- Agloma – Sociedade Industrial de Madeira Aglomerada, S.A.
- Agloma Investimentos, SGPS, S.A.
- Aserraderos de Cuellar, S.A.
- BHW Beeskow Holzwerkstoffe GmbH
- Darbo, SAS
- Ecociclo – Energia e Ambiente, S.A.
- Euromegantic Ltée. (Chairman)
- Euroresinas - Industrias Quimicas, S.A.
- GHP GmbH
- Glunz AG (Chairman)
- Glunz Service GmbH
- Glunz UK Holdings, Ltd. (Chairman)
- Imoplamac – Gestão de Imóveis, S.A.
- Isoroy SAS (Chairman)
- LaminatePark GmbH & Co. Kg (Chairman)
- Maiequipa – Gestão Florestal, S.A.
- Movelpartes – Componentes para a Indústria do Mobiliário, S.A.
- Poliface North America Inc.
- Racionalización y Manufacturas Forestales, S.A.

- Rochester Real Estate, Ltd.
- SIND – Shared Services Centre, S.A.
- Sociedade de Iniciativa e Aproveitamentos Florestais – Energia, S.A.
- Société Industrielle et Financière Isoroy, SAS (Chairman)
- Somit - Imobiliária, S.A.
- Sonae – Indústria de Revestimentos, S.A.
- Sonae Indústria – Produção e Comercialização de Derivados de Madeira, S.A.
- Sonae Indústria UK (Chairman)
- Sonae Novobord (PTY) Ltd. (Chairman)
- Sonae Tafibra International, B.V.
- Sonae Tafibra UK, Ltd. (Chairman)
- Spanboard Products, Ltd. (Chairman)
- Tableros de Fibras, S.A. (Chairman)
- Tableros Tradema, SL
- Tafiber – Tableros de Fibras Ibéricos, SL
- Tafibra South Africa (PTY) Ltd. (Chairman)
- Tafisa Brasil S.A. (Chairman)
- Tafisa Canada & Company Limited Partnership (Chairman)
- Tafisa France S.A. (Chairman)
- Tafisa UK, Ltd. (Chairman)
- Taiber – Tableros Aglomerados Ibéricos, SL
- Tarkett Agepan Laminate Flooring, SCS (Chairman)
- Tecnologias del Medio Ambiente, S.A.

Rui Manuel Gonçalves Correia:

- 173509 Canada, Inc.
- Agloma – Sociedade Industrial de Madeira Aglomerada, S.A.
- Agloma Investimentos, SGPS, S.A.
- Aserraderos de Cuellar, S.A.
- BHW Beeskow Holzwerkstoffe GmbH
- Ecociclo – Energia e Ambiente, S.A.
- Euromegantic Ltée.
- Euroresinas - Industrias Quimicas, S.A.
- GHP GmbH
- Glunz AG
- Glunz UK Holdings, Ltd.
- Imoplamac – Gestão de Imóveis, S.A.
- Isoroy SAS
- LaminatePark GmbH & Co. Kg
- Maiequipa – Gestão Florestal, S.A.
- Megantic, B.V.
- Movelpartes – Componentes para a Indústria do Mobiliário, S.A.
- Poliface North America Inc.
- Racionalización y Manufacturas Forestales, S.A.
- SCS, BV
- SIAF - Imobiliária, S.A.
- SIND – Shared Services Centre, SA
- Sociedade de Iniciativa e Aproveitamentos Florestais – Energia, S.A.
- Somit - Imobiliária, S.A.
- Sonae – Indústria de Revestimentos, S.A.
- Sonae Indústria – Produção e Comercialização de Derivados de Madeira, S.A.
- Sonae Novobord (PTY) Ltd.
- Tableros de Fibras, S.A.

- Tafiber, Tableros de Fibras Ibéricos, SL
- Tafibra South Africa (PTY) Ltd.
- Tafisa Brasil, SA
- Tafisa Canada & Company Limited Partnership
- Tafisa France S.A.
- Tafisa UK, Ltd.
- Taiber, Tableros Aglomerados Ibéricos, SL
- Tarkett Agepan Laminate Flooring, SCS
- Tecnologias del Medio Ambiente, S.A.

Christophe Chambonnet:

- 173509 Canada, Inc.
- Darbo, SAS (DG)
- Euromegantic Ltée
- Glunz AG
- Isoroy, SAS
- LaminatePark GmbH & Co. Kg
- Plysorol, SAS (Chairman)
- Société des Essences Fines Isoroy, SAS (Chairman)
- Société des Tranchage Isoroy, SAS (Chairman)
- Tafisa Canada & Company Limited Partnership
- Tafisa France, SAS
- Tarkett Agepan Laminate Flooring, SCS
- Tavapan, SA (Chairman)

Statutory Audit Board Member:

Per Otto Knuts:

- Glunz AG (Supervisory Board – “Aufsichtsrat”)

Knut Thomas Alarik Nystén:

- Glunz AG (Supervisory Board Chairman – “Aufsichtsrat”)

In companies not belonging to Efanor Group:

Board of Directors Member:

Belmiro Mendes de Azevedo:

- Praça Foz – Sociedade Imobiliária, S.A. (Chairman)
- Setimanale – SGPS, S.A. (Chairman)

Duarte Paulo Teixeira de Azevedo:

- Imparfin, SGPS, S.A.
- Migracom – SGPS, S.A. (Chairman)

José Álvaro Cuervo Garcia:

- ACS – Actividades de Construcción Y Servicios, S.A.
- Bolsas Y Mercados Españoles (BME)

SECTION III – Statutory Audit Board

2.11. Identification, Independence, mandate, qualifications and professional activities of the Statutory Audit Board members and evaluation of the external auditor

2.11.1. Identification, Independence and mandate of Statutory Audit Board members

The Statutory Audit Board is composed by:

- Manuel Heleno Sismeiro (Chairman)
- Armando Luís Vieira de Magalhães (Member)
- Jorge Manuel Felizes Morgado (Member)
- Óscar José Alçada da Quinta (Substitute - Member)

All members of the Statutory Audit Board comply with the rules of conflicts referred to in paragraph 1 of art. Article 414-A and the criteria of independence set out in paragraph 5 of art. 414, both of the Company Law.

To at all times ensure the independence of members of the Statutory Audit Board and Board of the Shareholders' General Meeting, both, prior to their appointment, issued statements attesting not to engage in any of the disqualifications provided in Article 414º-A of the Company Law. Additionally, they stated that they are not in any situation that affects their independence in accordance with paragraph 5 of Article 414º of the same law and committed themselves to immediately notify the company of anything that may lead to their loss of independence or to any incompatibility during their mandate. Furthermore, they were also requested to complete questionnaires designed in the same terms as those used by CMVM.

The current members of the Statutory Audit Board were elected at the Shareholders' Annual General Meeting held in April 2009 for the mandate (2009 – 2011).

2.11.2. Professional qualification of Statutory Audit Board members in the last 5 years and shares held

MANUEL HELENO SISMEIRO (Chairman of the Statutory Audit Board):

Degree in Finance, Technical University of Lisbon (Portugal), Accountant, ICL (Portugal). Currently he is a specialist consultant in the areas of internal audit and internal control and is Chairman of the Statutory Audit Board of OCP Portugal Produtos Farmacêuticos SA, Sonae Industria, SGPS, SA and Sonae Capital, SGPS, SA. Prior to this he was a partner at Coopers & Lybrand and Bernardes, Sismeiro & Associados and from 1998 to 2008 at PricewaterhouseCoopers - auditors and Statutory External Auditor and responsible for the Audit and official review in various activity sectors. He was also responsible for managing the office of those companies at Porto and Director of Audit Division in the period of 1998 – 2002 as well as member of the management group at PricewaterhouseCoopers.

ARMANDO LUÍS VIEIRA DE MAGALHÃES (Statutory Audit Board Member):

Bachelor of Accounting (former-ICP and current ESCAP), Degree in Economics (University of Porto), Executive-MBA European Management (IESF / IFG. Mr.

Magalhães performed various functions in a credit institution (1964-1989) and since 1989 has practiced as an external auditor, first on a stand-alone basis but subsequently as partner of Santos Carvalho & Associados, SROC.

JORGE MANUEL FELIZES MORGADO (Statutory Audit Board Member):

Management Degree (ISEG, Technical University of Lisbon), MBA in Finance-IEDE Madrid, MBA in Management and Information Systems (Catholic University), Official External Auditor. Mr. Morgado held various roles as auditor in Coopers & Lybrand (1980-1989), responsible for Management Control and Internal Audit of the Coelima Group (1989-1991) before becoming a partner of Deloitte (1991-2004). From 2004 he has been an Official Statutory Auditor and Partner of Econotopia-Consultoria e Gestão, SA.

ÓSCAR ALÇADA DA QUINTA (Statutory Audit Board Substitute-Member):

Degree in Economics (University of Porto). Mr. Quinta has held various functions in both the administrative and financial departments of different companies (1982-1986) and since 1986 has provided services within the external audit of the Official Statutory Auditors Association. Through this activity in 1990 he was included in the List of Official External Auditors, a function which he works on exclusivity, initially on a stand-alone basis but subsequently as partner of Óscar Quinta, Canedo da Mota & Pires Fernandes, SROC.

2.11.3. Other positions held by Sonae Indústria Statutory Audit Board members as of 31st December 2009

In companies belonging to Efanor Group

Manuel Heleno Sismeiro

Sonae Capital, SGPS, SA (Chairman of the Statutory Audit Board)

Armando Luís Vieira de Magalhães

Sonaecom - SGPS, S.A. (Supervisory Audit Board)

Sonae Capital, SGPS, SA (Supervisory Audit Board)

Jorge Manuel Felizes Morgado

Sonae, SGPS, SA (Supervisory Audit Board)

Sonae Capital, SGPS, SA (Supervisory Audit Board)

Sonae Sierra, SGPS, SA (Supervisory Audit Board)

Óscar Alçada da Quinta

Sonaecom - SGPS, S.A. (Statutory Audit Board)

Sonae Distribuição, SGPS, SA (Statutory Audit Board)

In other companies not belonging to Efanor Group

Manuel Heleno Sismeiro

OCP Portugal Produtos Farmacêuticos SA (Chairman of the Statutory Audit Board)

Segafredo Zanetti (Portugal) SA (Chairman of the Board of the Shareholders' General Meeting)

Óscar Alçada da Quinta

BA GLASS I – Serviços de Gestão e Investimentos, SA. (Statutory Audit Board)

Lisgráfica-Impressão e Artes Gráficas, SA (Statutory Audit Board)

Óscar Quinta, Canedo da Mota & Pires Fernandes, SROC (Board of Directors)

Armando Luís Vieira de Magalhães

Futebol Clube do Porto - Futebol S.A.D (**Supervisory Audit Board**)

None of the Statutory Audit Board Member holds Sonae Indústria shares.

2.11.4. Election and Evaluation of the External Auditor

The Statutory Audit Board proposed the election of the Statutory External Auditor at the Shareholders' Annual General Meeting held in 2009, who is also the external auditor of the company. The proposed remuneration policy approved at the 2009 Shareholders' Annual General Meeting states that the Statutory External Auditor of the company should be paid according to the normal levels of fees for similar services by reference to market information, as negotiated annually under the supervision of the Statutory Audit Board and monitoring of the Board Audit and Finance Committee.

The Statutory Audit Board meets the Statutory External Auditor whenever it deems fit and monitors their activities and conclusions from their work through the final audit reports. This allows them to evaluate the work of the external auditor. The Statutory Audit Board may if there is just cause, propose to the Shareholders' Annual General Meeting the dismissal of the statutory external auditor since he is elected by the proposal of the Statutory Audit Board.

SECTION IV – Remuneration

2.12. Remuneration and Other Compensation of Board of Directors and Statutory Audit Board Members

Sonae Indústria's Shareholders' Remuneration Committee is appointed by the Shareholders' General Meeting for a three-year term and was elected at the Shareholders' Annual General Meeting held in April 2009 for the mandate 2009-2011. Currently this is composed of Efanor Investimentos - SGPS, SA, represented by José Manuel Neves Adelino and Imparfin - SGPS, SA, represented by Bruno Walter Lehmann and is therefore independent in relation to the Board of Directors.

At the Shareholders' Annual General Meeting held in 2009 and given that it was an election Meeting, the shareholder Efanor Investimentos, SGPS, SA, adopted a policy of compensation to be applied by the Shareholders' Remuneration Committee and to run until the end of the current mandate (2009-2011).

The remuneration and compensation policy of Sonae Indústria is based on the presumption that initiative, effort and commitment are the essential foundation stones for good performance. For these reasons, individual activity, performance and contributions to the company's success should be evaluated annually, which will thereby influence the attribution of variable remuneration and other compensations to each person.

In relation to Directors' remuneration and other compensation, the approved policy establishes the following:

Executive Directors

Remuneration and compensation of the Executive Directors (ED) includes:

- (i) a fixed component, which includes an Annual Salary paid in reference to one year period (salaries are paid 12 months), an Annual Responsibility Allowance and a package of benefits linked to market practices;
- (ii) a variable “Annual Performance Bonus”, which is paid during the first quarter of the following year, and;
- (iii) a discretionary variable third component, attributable on the first quarter of the following year, as a deferred performance bonus under the Medium Term Incentive Plan, which vests on the second anniversary of the attribution date.

Individual compensation packages will be defined as a function of the level of responsibility of each ED and will be reviewed annually. Each ED is attributed a Sonae Indústria Management Level named “Grupo Funcional”(“GF” or “G”). Sonae Indústria’s EDs are normally “Senior Executive” (G2) with the level attributed to the CEO being “Group Senior Executive” (G1). Sonae Indústria Management Levels are applied in a similar way across the whole Efanor Group and are related to Hay’s international model for the classification of corporate functions, thereby facilitating market comparisons, as well as helping to promote internal equity. The compensation packages to be awarded to EDs will be benchmarked using market surveys of the compensation of Portuguese and European top executives, with the aim of setting fixed remuneration close to the median and total compensation close to the third quartile in comparable circumstances;

The purpose of the Annual Performance Bonus is to reward the achievement of several objectives annually defined, related to “Key Performance Indicators of Business Activity” (Business KPIs) and “Personal Key Performance Indicators” (Personal KPIs).

The Bonus target to be attributed is based on a percentage of the fixed component, which will vary between 40% and 60%. Business KPIs, which include economic and financial indicators, will be based on approved budgets; individual performance of the business unit and group performance will account for 70% of the Annual Performance Bonus and constitute objective indicators. The remaining 30% will derive from Personal KPIs, based on subjective indicators and amounts paid will be based on the real performance achieved and may vary between 0% and 140% of the target bonus attributed;

The Medium-term Incentive Plan will be aimed at enhancing ED’s loyalty, aligning them with shareholders and increasing their awareness of their importance on the overall success of our organisation. Currently, the objective values are defined as a percentage of the Annual Performance Bonus. For the Executive Directors, such amounts represent between 50% and 100% of the target Annual Performance Bonus. Amounts attributed derive from one or more KPIs, aligned with value creation to shareholders and are similar for all EDs.

Non-Executive Directors

Remuneration of Non-Executive Directors (NEDs) is based on market comparables and is structured as follows:

- (i) A fixed remuneration (of which approx. 15% depends on attendance at meetings);
- (ii) An Annual Responsibility Allowance. No other variable remuneration of any kind is payable to NEDs. The Fixed Remuneration is increased by up to 6% for NEDs serving as Chairmanship of any Board Committee.

Moreover, the medium-term incentive referred above for the ED which is payable on the second anniversary date following its attribution, is subject to the continuity of functions of the ED at the payment date. In this way, it depends on the sustainability of the company management in the long term.

2009	Total Fixed Annual Remuneration		Total Short Term Performance Bonus		Total Deferred Medium Term Performance Bonus		Total 2009	
	2008	2009	2008 (a)	2009 (b)	2008 (c)	2009 (d)	2008	2009
Belmiro de Azevedo (Chairman)	184.000	181.900					184.000	181.900
Paulo Azevedo	30.100	28.000					30.100	28.000
Álvaro Cuervo	31.500	28.567					31.500	28.567
Per Knuts	41.600	40.033					41.600	40.033
Thomas Nysten	40.400	38.100					40.400	38.100
Carlos Bianchi Aguiar (CEO)	256.600	241.900	43.200	110.000		58.700	299.800	410.600
José A. Comesaña	254.100						254.100	
Rui Correia	229.600	214.900	58.900	111.500		26.200	288.500	352.600
Louis Brassard	175.244	56.330	41.623	26.199		7.583	216.867	90.112
Christophe Chambonnet	216.000	212.200	60.900	82.100		23.100	276.900	317.400
Total of Board of Directors	1.459.144	1.041.930	204.623	329.799		115.583	1.663.767	1.487.312

(a) relative to 2008, achievement approved in 2009

(b) relative to 2009, achievement approved in 2010

(c) relative to 2008 and to be paid in 2011

(d) relative to 2009 and to be paid in 2012

Regarding the Statutory Audit Board, the remuneration policy adopted provides that the remuneration consists of a fixed fee, determined taking into account the situation of the company as well as market practices and includes an annual liability allowance. The annual remuneration the Chairman of the Statutory Audit Board in 2009 was 7,708 Euros and that of the remaining 2 members, 7,900 Euros each.

Given that Sonae Indústria does not have “*dirigentes*” within the meaning of paragraph 3 of Article 248-B of the Securities Code, its Board of Directors has not submitted any remuneration policy to the Shareholders’ Annual General Meeting.

Sonae Industria did not established, any contractual limitation for compensation to pay for dismissal of administrators without just cause, except those resulting from the law.

No special agreements exist regarding compensation or payments to be made to either Company Directors or employees in the event of termination of service resulting from a tender offer.

The company does not have plans for the allotment of shares and/or options for share purchases.

2.13. Policy of Communication Irregularities

During 2008 and with the formalisation of the Code of Conduct of Sonae Indústria, the procedure for reporting irregularities was defined. This is available on our website www.sonaeindustria.com.

Employees and service providers may, on a confidential basis, report concerns about any behaviour or decision that in its opinion, does not respect the ethics and Code of Conduct.

The possible case of irregularity should be sent via e-mail or post to one of the following addresses:

E-mail: corporate.governance.officer@sonaeindustria.com

Post: Sonae Industria SGPS, S.A.
Corporate Governance Officer

Lugar do Espido, Via Norte
Apartado 1096
4470-177 Maia Codex
Portugal

A meeting to clarify the alleged irregularity can then be arranged with the Corporate Governance Officer, when required

Each irregularity report will be received by the Corporate Governance Officer, who is responsible for initiating and supervising the investigation into all reports.

Once the research is concluded and if the irregularity reported corresponds to wrongful conduct, the Ethics Committee shall notify the situation to the superior of the employee or the Service Provider's Company in order to apply corrective actions and / or initiate disciplinary proceedings.

As the Company wishes to encourage good faith reporting of any alleged irregularity while avoiding damage to the reputation of innocent persons initially indicated as allegedly suspected of wrongful misconduct, anonymous reports are not accepted.

The investigation will be conducted in a confidential manner and the Company ensures that there will be no discriminatory or retaliatory action against any employee or service provider who reports an alleged irregularity in good faith based on his/her personal knowledge. If any employee or service provider believes that he or she has been retaliated against for reporting or participating in an investigation, he/she should immediately report such perceived retaliation to the Corporate Governance Officer.

The company provides a means by which to report irregularities on its internet.

The company maintains a record of all complaints and cases investigated as well as their findings which will be available for consultation by the governing bodies and external auditor.

The **Code of Conduct** of Sonae Indústria contains a set of standards based on our shared values that govern the activities of Sonae Indústria. It applies to everyone employed by the Group, including members of the statutory governing bodies of Sonae Indústria SGPS and Group companies, managing directors, senior executives, employees and people whose status is equivalent to that of employees, such as temporary staff and service providers. The Code sets out guidance on those matters of business ethics to be complied with by all Employees and service providers when carrying out their professional duties.

Sonae Indústria adheres to and actively promotes the highest ethical standards of professional conduct at all levels of the Group. Commitment to standards of conduct must emanate from the top. Therefore, Sonae Indústria's top managers are expected to set an example for the rest of the organisation through their actions, by actively leading the adoption and by monitoring the enforcement of these standards.

It is particularly important that a commitment to these standards of conduct is accepted by all Employees and service providers at all Group companies, wherever they operate. Country operations are also required to adopt appropriate principles and actions to deal with specific ethical issues that may arise in their own countries.

The code of conduct of Sonae Indústria was defined in such a way that clearly explains the conduct to be followed with all stakeholders, as well as to connect it with the company's values. The code of conduct is structured in the following way:

Relations with Employees and service providers

- Knowledge sharing and personal development
- Innovation and initiative
- Respect, accountability and cooperation
- Confidentiality and responsibility
- Sustainability
- Conflict of interest
- Health and safety
- Social Conscience
- Communication
- Compliance

Relations with Shareholders and Other investors

- Creation of value
- Transparency
- Compliance

Relations with Governments and Communities

- Ethical Behaviour
- Social Conscience
- Tax Statement
- Environmental Awareness

Relations with Business Partners

- Integrity
- Ethical behaviour
- Transparency

Relations with Competitors

- Ethical behaviour
- Confidentiality

The complete code of conduct can be found at the company site <http://www.sonaeindustria.com/page.php?ctx=2,0,110>.

SECÇÃO V – Special Committees

2.14. Committees with special competences

To improve the operational efficiency of the Board of Directors and meet best practice in Corporate Governance, the Board of Directors appointed 3 Board Committees with special competencies, a Corporate Governance Officer and an Ethics Committee:

SPECIAL COMMITTEES

BAFC Board Audit and Finance Committee	SREC Social Responsibility and Environment Committee	BNRC Board Nomination and Remuneration Committee	Corporate Governance Officer	Ethics Committee
Per Knuts (Ind) Álvaro Cuervo (Ind) Paulo Azevedo	Belmiro de Azevedo Per Knuts (Ind) Thomas Nystén (Ind)	Belmiro de Azevedo Álvaro Cuervo (Ind) Paulo Azevedo Thomas Nystén (Ind)	David Bain	Thomas Nystén David Bain Rogério Ribeiro

2.14.1. Board Audit and Finance Committee (“BAFC”)

The BAFC is composed of the following Non-Executive Directors:

- Per Knuts (Chairman; Independent)
- Álvaro Cuervo García (Independent)
- Paulo Azevedo

The BAFC normally meets at least 5 times yearly and is responsible for:

- reviewing the financial statements and earnings announcements to be disclosed to the market and to report its findings to the Board;
- analysing risk management, internally control, businesses and processes;
- reviewing the results of internal and external audits;
- following the trends in the main financial ratios and changes in formal and informal ratings of the Company, including reports from rating agencies;
- analysing and advising on any changes in accounting policies and practices;
- reviewing compliance with accounting standards;
- verifying compliance with legal and statutory obligations, in particular within the financial domain.

Over the course of 2009, the BAFC held 5 meetings with the respective minutes having been drafted.

Responsibilities attributed to BAFC as a specialised committee of the Board of Directors, are developed in terms of company management and do not override the functions of the Statutory Audit Board, as a supervisory Board. The BAFC is a Committee within the Board of Directors and according to its empowerment, is responsible for an in-depth analysis of the financial statements, risk management processes and the performance of the key financial ratios. Among other areas, it issues recommendations for final deliberation at the Board of Directors council, thereby improving its operational functioning.

2.14.2. Social Responsibility and Environment Committee (“SREC”)

The SREC is composed of the following Non-executive Members:

- Belmiro de Azevedo (Chairman)
- Per Knuts (Independent)
- Thomas Nystén (Independent)

The SREC met twice in 2009, which have been registered in minutes, with its main function being to analyse corporate governance and the impact of the economic, environmental and social dimensions of sustainability, on the management of the Company's businesses.

2.14.3. Board Nomination and Remuneration Committee ("BNRC")

The BNRC is composed of the following Non-Executive Members:

- Belmiro de Azevedo (Chairman)
- Álvaro Cuervo García (Independent)
- Paulo Azevedo
- Thomas Nystén (Independent)

Committee meetings are normally held at least twice a year. The BNRC's main functions are to review and submit proposals and recommendations on behalf of the Board to the Shareholders' Remuneration Committee in relation to the remuneration and other compensations of Board members. Additionally, it analyses and approves proposals and recommendations on behalf of the Board in relation to the remuneration and other compensations for other senior executives of the Sonae Indústria Group, depending on the activity performed by them.

BNRC is also responsible for finding potential candidates with a profile to be a Board Member both for the company itself and for its affiliated companies.

The BNRC liaises with the Sonae Indústria Shareholders' Remuneration Committee ("Comissão de Vencimentos") since this is the only means through which to guarantee that the Shareholders' Remuneration Committee has the necessary knowledge on the performance of every director throughout the year. This is particularly important in the case of the Executive Directors, given that the Shareholders' Remuneration Committee does not closely shadow the performance of every Director and therefore does not have the necessary knowledge that enables them to perform their functions in the best way.

The BNRC may also be assisted by external entities provided absolute confidentiality is ensured in relation to the information obtained arising from that cooperation.

Over the course of 2009, the BNRC met on two occasions with the respective minutes having been drafted.

2.14.4. Board and Corporate Governance Officer

The Board and Corporate Governance Officer ("BCGO") is David Graham Shenton Bain, who reports to the Board of Sonae Indústria as a whole, through the Chairman.

Principal duties of the BCGO encompass:

- supporting the Board in defining its role, objectives and operating procedures in order to optimise Board performance;
- taking a leading role in organising Board evaluations and assessments;
- maintaining under close review all legislative, regulatory and corporate governance developments;
- supporting and challenging the Board to achieve the highest standards in corporate governance;

- supporting the Board in ensuring that the concept of stakeholders and the need to protect minority interests are in the Board's mind when important business decisions are being taken.

The BCGO also acts as the secretary of the BAFC and BNRC and member of the Ethics Committee.

2.14.5. Ethics Committee

An Ethics Committee was created in 2008 to guarantee that the highest standards of business practices are upheld in the Sonae Indústria Group and to monitor the implementation of the new code of conduct. This Committee is also responsible for updating the Code whenever necessary.

The Ethics Committee is chaired by an Independent Non-Executive Board Member elected by the Board of Directors while the Corporate Governance Officer and Internal Auditor are the other Committee members. The Ethics Committee reports at least once a year to the Board of Directors and when appropriate, also to the Statutory Audit Board of the related country, on issues related to corporate governance and business ethics.

The current members of the Ethics Committee are:

- Thomas Nystén (Chairman)
- David Bain (Board and Corporate Governance Officer)
- Rogério Ribeiro (Internal Auditor)

A detailed description of the policy of communication irregularities is in the chapter 2.13 of this report.

3. Information

3.1. Capital Structure

Sonae Indústria's share capital amounts to 700 million Euros and is represented by 140 million ordinary nominal shares with a nominal value of 5 Euros per share. All shares are listed on Euronext Lisbon. No limitations or restrictions are in place regarding the transfer of control or sale of shares.

3.2. Qualified Shareholding under Article 20 of the Portuguese Securities Code

Shareholder	Number of shares	% Share Capital	% Voting Rights
Efanor Investimentos, SGPS, S.A			
Directly	44.780.000	31,9857%	31,9857%
By Pareuro, BV (controlled by Efanor)	27.118.645	19,3705%	19,3705%
By Maria Margarida Carvalhais Teixeira de Azevedo (Director of Efanor)	1.010	0,0007%	0,0007%
By Nuno Miguel Teixeira de Azevedo (Director of Efanor and held by descendent)	711	0,0005%	0,0005%
By Duarte Paulo Teixeira de Azevedo (Director of Efanor and held by descendent)	223	0,0002%	0,0002%
By Migracom, SGPS, SA (company controlled by Efanor's Director, Paulo Azevedo)	90.000	0,0643%	0,0643%
By Linhacom, SGPS, SA (company controlled by Efanor's Director, Cláudia Azevedo)	23.186	0,0166%	0,0166%
	72.013.775	51,4384%	51,4384%

3.3. Identification of the shareholders that detain special rights and a description of those rights

There are no Shareholders with special rights.

3.4. Possible restrictions on share-transfer i.e. consent clauses for their disposal or restrictions on share-ownership

There are no restrictions to the transfer of company shares.

3.5. Shareholder agreements which the company may be aware of and which may restrict the transfer of securities or voting rights

The company is unaware of the existence of a shareholders' agreement and which may restrict the transfer of securities or voting rights.

3.6. Rules applicable to the amendment of the Articles of Association

The rules applicable to amendments of the Articles of Association are established by law. It is the task of the Shareholders' General Meeting to decide on the amendment of the Articles of Association. However, the Board of Directors can decide to change the registered office within the national territory, as well as deliberate on increases in the Company's share capital by new cash entries up to two billion Euros, on one or more occasions.

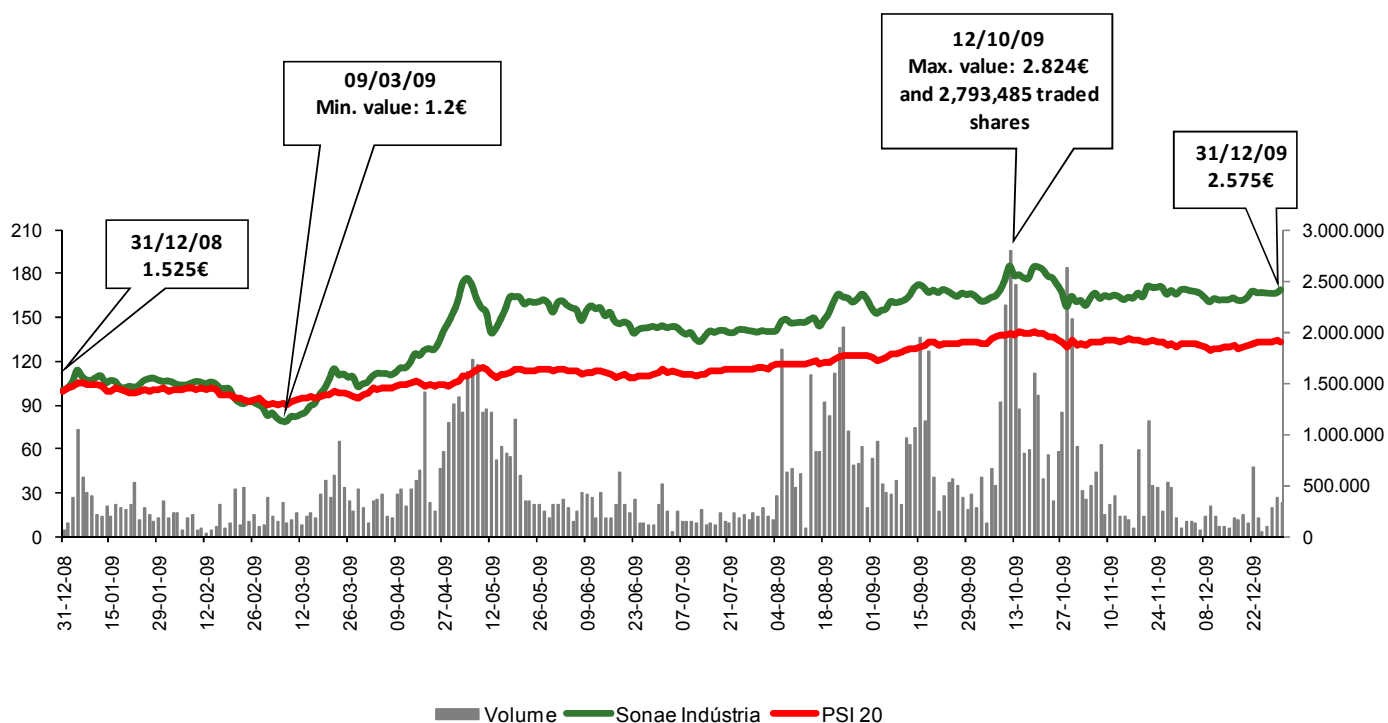
3.7. Control mechanisms for a possible employee-shareholder system in as much as the voting rights are not directly exercised by them

Control mechanisms for a possible employee-shareholder system, in as much as the voting rights are not directly exercised by them, are not planned.

3.8. Share Price performance in 2009

The share price performance of Sonae Indústria is particularly affected by crises and the recovery in economic activity, as the company operates in a highly cyclical sector, dependent on the construction industry and exposed to those economies most affected by the real estate crisis: Spain and North America.

2008 was marked by a global drop in equity markets resulting from the deepening crisis of confidence prevailing within capital markets due to problems related to subprime mortgages. During this year Sonae Indústria's share price declined from 6.65€ at the end of 2007 to 1.53€ at the end of 2008.



Over the course of 2009, Sonae Indústria's share price recovered part of the sharp decline faced in 2008, appreciating 67% from 1.53€ at the end of 2008 to 2.58€ at the end of 2009. The minimum of the year was reached on 9th March 2009 (1.20 Euros) and the highest value on 12th October 2009 (2.824 Euros).

Stock Market Indicators	2006	2007	2008	2009
Share Capital	700.000.000	700.000.000	700.000.000	700.000.000
Total number of shares	140.000.000	140.000.000	140.000.000	140.000.000
Net Results	32.311.969	78.612.713	-108.447.796	-58.782.190
Nets Results per share	0,23	0,56	-0,77	-0,42
Dividends per share*	0	0,28	0	0
Maximum Value	8,13	10,95	6,65	2,82
Minimum Value	5,43	6,65	1,51	1,20
Average Value	7,03	8,99	3,32	2,16
Share Price (31/12)	7,50	6,65	1,53	2,58
Market Capitalization (31/12)	1.050.000.000	931.000.000	213.500.000	360.500.000
Average daily transactions**	392.605	552.018	908.119	513.226

* distributed in the following year

** Average number of shares traded per day

In terms of liquidity, the share has an average turnover of 513,226 shares daily and the highest value of 2,793,485 shares was reached on 12th October 2009.

MAIN EVENTS IN 2009

- **16/01/2009:** Spanboard Products Limited (Sonae Indústria subsidiary) enter into negotiations with works council regarding the future of the operations at its plant in Northern Ireland.
- **02/02/2009:** Information on opening negotiations for the reorganisation of the subsidiary, Isoroy, SAS
- **19/02/2009:** FY08 consolidated results announced
- **06/05/2009:** 1Q09 consolidated results announced
- **30/07/2009:** 1H09 consolidated results announced
- **26/08/2009:** Sale of affiliated Tafisa Brasil
- **16/09/2009:** Sale of affiliated Ecociclo II - Energias, SA
- **05/11/2009:** 9M09 consolidated results announced

3.9. Dividend policy

Every year, the actual pay-out ratio is proposed by the Board of Directors, considering the target pay-out ratio of 50% and the existing investment opportunities. In relation to 2008, the Board of Directors proposed to the Shareholders' General Meeting not to distribute dividends and to instead opt to strengthen its balance sheet following the significant deterioration in shareholders' funds arising from 2008 losses.

3.10. Share and Share Options Schemes

Sonae Indústria does not currently award any remuneration or other compensation involving or linked to shares or share options.

3.11. Transactions with Related Parties

Sonae Indústria did not carry out any transactions with members of the Board of Directors nor with the Statutory Audit Board members.

All transactions with holding or other related companies represent normal operational activity and were made under "open market" conditions and at prices that comply with transfer pricing regulations.

The Statutory Audit Board of the company intends to establish over the course of the current year, the procedures and criteria for its intervention in the evaluation of business between the company and qualifying shareholders.

3.12. Investor Relations

Sonae Indústria has its own Investor Relations' Department, responsible for managing the relationship between the Company and shareholders, investors, analysts and market authorities including the CMVM (the Portuguese Securities Exchange Regulator).

Each quarter, the Investor Relations' Department is responsible for coordinating the preparation of an earnings announcement to be issued to the market and provides statements whenever necessary to disclose or clarify any relevant fact or event that could affect the share price. The Investor Relations' Department is available at all times to respond to any general questions posed by the market. The Company is available to meet with investors, either in roadshows or in one-to-one meetings upon request, or by participating at conferences.

Sonae Indústria's Investor Relations Department may be contacted by email at investor.relations@sonaeindustria.com or by telephone: 00 351 22 010 0638. The Investor Relations director is Patrícia Vieira Pinto.

In addition, Sonae Indústria has an institutional website (www.sonaeindustria.com) that posts all earnings announcements, statements, reports and accounts together with any other public documents, press releases or general news items on a wide range of themes relating to the Company and Group.

Sonae Indústria's legal representative relations with equity market ("Representante para as Relações com o Mercado de capitais") is Rui Correia, who can be contacted via the Investor Relations Department or alternatively, directly by email: rmcorreia@sonaeindustria.com.

The Company's website contains wide-ranging information in English, including the company's name, the quality of publicly traded company, headquarters and other elements mentioned in Article 171 of the Companies Code. Further information relates to the Articles of Association, the identity of the governing bodies and representative relations with the equity market, Investor Relations Department, their duties and ways of access as well as documents of accountability. A corporate events calendar is also provided together with proposals for discussion and vote at the Shareholders' Annual General Meeting and notice to convene the same meeting.

3.13. Remuneration of the Statutory External Auditors

In 2009, the statutory external auditor PriceWaterhouseCoopers invoiced Sonae Indústria and its affiliated companies a total amount of 881,619 Euros. Of this total, 74% related to the audit and legal certification of the accounts and 15% to other reliability services while 11% related to services other than legal certification of the accounts.

To safeguard external auditor independence, Sonae Indústria requires that all services except Audit are provided by different teams from those involved in the audit process.

PriceWaterhouseCoopers has been the statutory external auditor of the company since the Shareholders' Annual General Meeting of 2006 and is in its second three year term. As such, Sonae Indústria has not taken any decision as yet regarding its rotation.

Appendices to the Management Report Qualified Shareholdings

APPENDIX REGARDING ARTICLE 447 OF THE COMPANY LAW

Date	Acquisitions		Sales		Balance at 31.12.2009
	amount	€ average value	amount	€ average value	amount
Belmiro Mendes de Azevedo					
Efanor Investimentos, SGPS, SA (1)					49.999.997
(1 share is held by the spouse)					
Sonae Indústria, SGPS, SA					1.010
(held by the spouse)					
Sonae Capital, SGPS, SA (2)					838.862
(1.862 shares are held by the spouse)					
Duarte Paulo Teixeira de Azevedo					
Efanor Investimentos, SGPS, SA (1)					1
Sonae Capital, SGPS, SA (2)					411
(held by the menor descendent)					
Migracom, SGPS, SA (3)					1.969.996
Sonae Indústria, SGPS, SA					223
(held by the menor descendent)					
Carlos Bianchi de Aguiar					
Sonae Indústria, SGPS, SA					720
Rui Manuel Gonçalves Correia					
Sonae Indústria, SGPS, SA					12.500
Agostinho Conceição Guedes					
Sonae Indústria, SGPS, SA					2.520
Date	Acquisitions		Sales		Balance at 31.12.2009
	amount	€ average value	amount	€ average value	amount
(1) Efanor Investimentos, SGPS, SA					
Sonae Indústria, SGPS, SA					44.780.000
Pareuro, BV (4)					2.000.000
Sonae Capital, SGPS, SA (2)					88.859.200
(2) Sonae Capital, SGPS, SA					
SC, SGPS, SA (5)					391.046.000
SC Finance, BV (6)					500
(ex-Sonae Financial Participations B.V)					
(3) Migracom, SGPS, SA					
Sonae Indústria, SGPS, SA					90.000
Imparfirm, SGPS, SA (7)					150.000
Sonae Capital, SGPS, SA (2)					161.250
(4) Pareuro, BV					
Sonae Capital, SGPS, SA (2)					50.000.000
Sonae Indústria, SGPS, SA					27.118.645
(5) SC, SGPS, SA					
Sonae Indústria, SGPS, SA					0
Sale	06.08.2009		21.735	2,257	
	07.08.2009		100.000	2,223	
	10.08.2009		75.000	2,211	
	11.08.2009		90.000	2,250	
	12.08.2009		12.500	2,232	
	13.08.2009		9.222.580	2,125	

APPENDIX REGARDING ARTICLE 447 OF THE COMPANY LAW

	Date	Acquisitions		Sales		Balance at
		amount	€ average value	amount	€ average value	31.12.2009 amount



APPENDIX REGARDING ARTICLE 448 OF THE COMPANY LAW

	Number of shares at 31/12/09
Efanor Investimentos, SGPS, SA	
Sonae Indústria, SGPS, SA	44.780.000
Pareuro, BV	2.000.000
Pareuro, BV	
Sonae Indústria, SGPS, SA	27.118.645



QUALIFIED SHAREHOLDINGS

Complying with Article 8 No.1 b) of the the CMVM Regulation no. 05/2008

Shareholder	No. of shares	% Share Capital	% Voting rights
Efanor Investimentos, SGPS, SA			
Directly	44.780.000	31,9857%	31,9857%
By Pareuro, BV (controlled by Efanor)	27.118.645	19,3705%	19,3705%
By Maria Margarida CarvalhaisTeixeira de Azevedo (Director of Efanor)	1.010	0,0007%	0,0007%
By Nuno Miguel Teixeira de Azevedo (Director of Efanor and held by descendent)	711	0,0005%	0,0005%
By Duarte Paulo Teixeira de Azevedo (Director of Efanor and held by descendent)	223	0,0002%	0,0002%
By Migracom, SGPS,SA (Company controlled by Efanor's Director, Paulo Azevedo)	90.000	0,0643%	0,0643%
By Linhacom, SGPS,SA (Company controlled by Efanor's Director, Cláudia Azevedo)	23.186	0,0166%	0,0166%
Total allocation	72.013.775	51,4384%	51,4384%

LIST OF TRANSACTIONS MADE BY PERSONS DISCHARGING MANAGERIAL RESPONSABILITIES AND PEOPLE CLOSELY CONNECTED WITH THEM DURING THE 2nd HALF OF 2009

Complying with Article 14, no. 7 of the CMVM Regulation no. 05/2008

		Acquisitons		Sales		Balance 31.12.2009
	Date	Amount	average value	Amount	average value	Amount
SC, SGPS, SA (1)						
Sonae Indústria, SGPS, SA						0
Sale	06.08.2009			21.735	2,257	
	07.08.2009			100.000	2,223	
	10.08.2009			75.000	2,211	
	11.08.2009			90.000	2,250	
	12.08.2009			12.500	2,232	
	13.08.2009			9.222.580	2,125	
SC Finance, B.V (1)						
(ex- Sonae Financial Participations)						0
Sonae Indústria, SGPS, SA						
Sale	02.07.2009			20.000	2,183	
	06.07.2009			55.376	2,167	
	07.07.2009			13.000	2,162	
	08.07.2009			16.500	2,129	
	09.07.2009			15.000	2,141	
	10.07.2009			10.000	2,076	
	13.07.2009			25.000	2,037	
	14.07.2009			15.314	2,087	
	15.07.2009			20.000	2,132	
	16.07.2009			10.000	2,159	
	17.07.2009			20.000	2,107	
	20.07.2009			15.000	2,153	
	21.07.2009			12.500	2,144	
	22.07.2009			19.000	2,144	
	23.07.2009			25.000	2,146	
	24.07.2009			35.500	2,151	
	27.07.2009			20.000	2,160	
	28.07.2009			20.000	2,150	
	29.07.2009			20.000	2,135	
	30.07.2009			30.000	2,143	
	31.07.2009			27.732	2,138	
	03.08.2009			20.266	2,139	
	04.08.2009			30.000	2,146	
	05.08.2009			270.000	2,216	
	06.08.2009			78.265	2,257	

(1) Entity closely connected with director Belmiro de Azevedo because he holds Efanor

**Statement issued under the terms and for the purpose of sub-paragraph c) of
no. 1 of Article 245 of the Portuguese Securities Code**
(Free translation from the original in Portuguese)

In terms of the order in sub-paragraph c), no. 1, Article 245 of the Portuguese Securities Code, the Board members of Sonae Indústria, SGPS, SA hereby declare, to the best of our knowledge, that the:

- a) Management Report, the annual accounts and further related documents requested by current law have been prepared according to the applicable accountancy norms, reflecting a true and appropriate image of assets and liabilities, the financial situation and results of both the company and other companies within its consolidation perimeter; and
- b) Management Report dully states the evolution of the business, performance and financial position of both the company and other companies within its consolidation perimeter business and contains a description of the main risks and uncertainties they are confronted with.

Belmiro Mendes de Azevedo

Álvaro Cuervo Garcia

Duarte Paulo Teixeira de Azevedo

Per Otto Knuts

Knut Thomas Alarik Nysten

Carlos Francisco de Miranda Guedes Bianchi de Aguiar

Rui Manuel Gonçalves Correia

Christophe Chambonnet

Individual Financial Statements

SONAE INDUSTRIA SGPS
STATEMENT OF FINANCIAL POSITION (SFP)
(Values in EUR)

ASSETS	31.12.09	31.12.08
NON CURRENT ASSETS:		
Tangible assets	8,181	14,248
Intangible assets	412	4,143
Investment properties	-	-
Investment properties in progress	-	-
Propriedades de investimento em desenvolvimento	-	-
Imparidade Adiant. Forn. Imobilizado Propriedade de Investimento	-	-
Goodwill arising on consolidation	-	-
Investment in jointly controlled companies	-	-
Investment in associates	926,283,898	927,309,795
Available-for-sale investments	117,922	117,922
Deferred tax assets	13,320,625	9,396,042
Other non current assets	638,109,145	690,090,455
Total Non Current Assets	1,577,840,182	1,626,932,604
CURRENT ASSETS		
Inventories	-	-
Trade debtors	78,594	456,839
Other debtors	3,436,891	366,220
Taxes and other contributions receivable	2,150,785	1,679,182
Other current assets	23,899	437,652
Investment at fair value through profit or loss	-	216,108
Cash and cash equivalents	13,504,355	23,406,351
Total Current Assets	19,194,523	26,346,245
Non current assets held for sale	-	-
Total Assets	1,597,034,705	1,653,278,849
SHAREHOLDER'S FUNDS AND LIABILITIES		
SHAREHOLDER'S FUNDS:		
Share Capital	700,000,000	700,000,000
Legal reserve	2,737,181	2,399,639
Other reserves and retained earnings	266,460,956	258,906,974
Accumulated other comprehensive income	(1,413,512)	(1,065,071)
Total Shareholder's Funds	967,784,625	960,241,543
PASSIVO:		
NON CURRENT LIABILITIES		
Bank loans - long term - net of current portion	153,579,546	194,375,000
Debentures - long term - net of current portion	301,912,691	302,147,961
Finance lease creditors - long term - net of current portion	-	-
Derivatives	-	-
Other loans	-	-
Responsibilities for post-retirement benefits	269,678	269,678
Obligations arising from share based payments	-	-
Other non current creditors	-	-
Deferred tax liabilities	-	-
Provisions	-	-
Total Non Current Liabilities	455,761,915	496,792,639
CURRENT LIABILITIES		
Current portion of long term bank loans	84,886,364	6,250,000
Bank loans - short term	-	20,000,000
Current portion of long term debentures	-	80,000,000
Current portion of long term finance lease creditors	-	-
Finance lease creditors	-	-
Derivatives	1,904,353	1,168,770
Other loans	-	-
Trade Creditors	625,245	421,406
Other creditors	81,774,455	78,726,245
Taxes and other contributions payable	394,469	371,644
Other current liabilities	3,903,280	9,306,602
Obligations arising from share based payments	-	-
Responsibilities for post-retirement benefits	-	-
Provisions	-	-
Total Current Liabilities	173,488,165	196,244,667
Liabilities related to non current assets held for sale	-	-
TOTAL DO PASSIVO	629,250,080	693,037,307
Total Shareholder's Funds and Liabilities	1,597,034,705	1,653,278,849

SONAE INDUSTRIA SGPS
PROFIT OR LOSS STATEMENT (PLS)
(Values in EUR)

	31.12.09	31.12.08
Operating Income:		
Sales	-	-
Services rendered	2,904,476	3,814,233
Change in fair value of investment properties	-	-
Other Operating Income	248,989	539,168
	-	-
	-	-
Total operating income	<u>3,153,465</u>	<u>4,353,400</u>
Operating Costs:		
Cost of sales	-	-
Changes in stock and work in progress	-	-
External supplies and services	(1,847,552)	(2,586,676)
Staff costs	(2,480,221)	(2,776,524)
Amortisation and Depreciation	(10,280)	(25,989)
Provisions and impairment losses	(11,532,758)	-
	(11,532,758)	-
Other operating costs	(260,109)	(384,257)
	-	(140,252)
Total operating costs	<u>(16,130,920)</u>	<u>(5,773,445)</u>
Operating profit/(loss)	<u>(12,977,455)</u>	<u>(1,420,045)</u>
Financial profit/(loss)	2,261,147	5,197,854
Custos e perdas financeiras	(22,926,650)	(41,872,198)
Proveitos e ganhos financeiros	25,187,797	47,070,052
Profit/(loss) on associates	-	-
Profit/(loss) on other investments	12,964,655	2,498,080
	<u>11,532,758</u>	<u>-</u>
	-	-
	-	-
	-	140,252
Profit/(Loss) before tax	<u>2,248,347</u>	<u>6,275,889</u>
Corporate income tax - current tax	1,718,594	326,518
Corporate income tax - deferred tax	3,924,583	148,417
Net Profit/(loss) on continuing operations	<u>7,891,525</u>	<u>6,750,824</u>
Profit/(loss) on discontinued operations		
Profit/(loss) for the period	<u><u>7,891,525</u></u>	<u><u>6,750,824</u></u>

STATEMENT OF COMPREHENSIVE INCOME (SCI)
(Values in EUR)

	<u>31.12.09</u>	<u>31.12.08</u>
Profit/(loss) for the period	7 891 525	6 750 824
Other comprehensive income for the period		
Change in fair value of available-for-sale financial assets		
Change in fair value of cash flow hedge derivatives	- 348 442	- 1 160 314
Gains on property revaluation		
Actuarial gains / (losses) on benefit pension plans		
Share of other comprehensive income of associates		
Income tax relating to components of other comprehensive income		
Other comprehensive income for the period, net of tax	<u>- 348 442</u>	<u>- 1 160 314</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>7 543 083</u></u>	<u><u>5 590 510</u></u>

SONAE INDUSTRIA SGPS
STATEMENT OF CHANGES IN SHAREHOLDERS' FUNDS
(Values in EUR)

	Share capital	Legal reserve	Other Reserves and Retained earnings	Accumulated other comprehensive income					Subtotal	Total shareholders' funds
				Available-for- sale financial assets	Cash flow hedge derivatives	Property revaluation	Actuarial gains / (losses) on benefit pension plans	Share of other comprehensive income of associates		
Balance at 01.01.09	700 000 000	2 399 639	258 906 974		-1 065 070				-1 065 070	960 241 543
Increase / (Decrease) in share capital										
Transfers										
Distributed dividends										
(Acquisition) / Disposal of own shares										
Funding of accumulated losses										
Total comprehensive income			7 891 525		- 348 442				- 348 442	7 543 083
Others		337 542	- 337 543							- 1
Balance at 31.12.09	<u>700 000 000</u>	<u>2 737 181</u>	<u>266 460 956</u>	<u></u>	<u>-1 413 512</u>	<u></u>	<u></u>	<u></u>	<u>-1 413 512</u>	<u>967 784 625</u>
Balance at 01.01.08	700 000 000	1 340 138	292 415 651		95 244				95 244	993 851 033
Increase / (Decrease) in share capital										
Transfers										
Distributed dividends			-39 200 000							- 39 200 000
(Acquisition) / Disposal of own shares										
Funding of accumulated losses										
Total comprehensive income			6 750 824		-1 160 314				-1 160 314	5 590 510
Others		1 059 501	- 1 059 501							
Balance at 31.12.08	<u>700 000 000</u>	<u>2 399 639</u>	<u>258 906 974</u>	<u></u>	<u>-1 065 070</u>	<u></u>	<u></u>	<u></u>	<u>-1 065 070</u>	<u>960 241 543</u>

SONAE INDÚSTRIA,SGPS,S.A.

CASH FLOW STATEMENT

OPERATING ACTIVITIES	31.12.2009		31.12.2008	
Cash receipts from trade debtors	3,293,732		3,800,095	
Cash paid to trade creditors	1,502,479		3,186,144	
Cash paid to employees	2,515,380		2,783,725	
Operational Cash Flow	-724,127		-2,169,774	
Corporate income tax paid / received	-141,812		-896,136	
Other cash receipts and payments relating to operating activities	-1,683,030		739,890	
Net cash flow from operating activities [1]	-2,265,345		-533,748	
INVESTMENTS ACTIVITIES:				
Cash receipts arising from:				
Financial investments	11,157,740		354,985	
Tangible assets	91			
Intangible assets				
Interest assets and similar income			51,469,168	
Dividends	12,964,655		2,498,080	
	24,122,486		54,322,233	
Cash payments owing to:				
Financial investments	21,664,600		5,472,647	
Tangible assets	1,711		1,413	
Intangible assets	550			
	21,666,861		5,474,060	
Increase / decrease in granted loans	-38,530,786		14,993,588	
Net cash flow from investing activities [2]	40,986,411		33,854,585	
FINANCIAL ACTIVITIES				
Cash receipts arising from:				
Interest and similar income	38,476,739			
Loans	2,367,000,000		2,873,200,000	
	2,405,476,739		2,873,200,000	
Cash payments owing from:				
Interest and similar costs	27,053,245		40,170,134	
Dividends			39,179,599	
Loans	2,429,159,091		2,884,450,000	
	2,456,212,336		2,963,799,733	
Increase / decrease in loans	2,112,535		-8,725,579	
Net cash flow from financing activities [3]	-48,623,062		-99,325,311	
Net increase / decrease in cash and cash equivalents	-9,901,996		-66,004,473	
Cash and cash equivalents - opening balance	23,406,351		89,410,824	
Cash and cash equivalents - close balance	13,504,355		23,406,351	
Net increase / decrease in cash and cash equivalents	-9,901,996		-66,004,473	



SONAE INDÚSTRIA, SGPS, S.A.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2009

(Amounts expressed in euros)

1. Introduction

SONAE INDÚSTRIA, SGPS, S.A. is based at Lugar do Espido, Via Norte, Apartado 1096, 4470-177 Maia, Portugal.

2. Main Accounting Policies

The main accounting policies adopted in preparing the accompanying financial statements are as follows:

2.1. Basis of Preparation

These consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) and the International Accounting Standards (IAS) issued by the International Accounting Standards Board (IASB) and with Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) or by the former Standing Interpretations Committee (SIC), applicable to the period beginning on 1 January 2009 and endorsed by the European Union.

In the year ended 31 December 2009 the following standards and interpretations became effective:

IFRS 2 – *Share Based Payments (Amended 2008)*, IFRS 8 – *Operating Segments*, IAS 1 – *Presentation of Financial Statements (Revised 2007, Amended 2008)*, IAS 23 – *Borrowing Costs (Revised 2007, Amended 2008)*, IAS 32 – *Financial Instruments:*

Presentation (Amended 2008), IFRIC 12 – *Service Concession Arrangements*, IFRIC 13 – *Customer Loyalty Programmes*, IFRIC 14 IAS 19– *The Limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*, IFRIC 16 – *Hedges of a Net Investment in a Foreign Operation*.



At 31 December 2009 the following standards and interpretations had been issued but not applied as they only become effective on the period beginning 1 January 2010:

IFRS 3 – *Business Combinations (Revised 2008)*, IAS 27 – *Consolidated and Separate Financial Statements (Amended 2008)*, IFRIC 15 – *Agreements for the Construction of Real Estate*, IFRIC 17 – *Distributions of Non-Cash Assets to Owners*, IFRIC 18 – *Transfers of Assets from Customers*.

It is not possible to estimate the effect of the application of these standards and interpretations on future financial statements.

International Financial Reporting Standard (IFRS7), effective for annual periods beginning on or after 1 January 2007, was applied for the first time on these financial statements.

The accompanying financial statements have been prepared from the books and accounting records of the company on a going concern basis, except for financial instruments that they are recorded at their fair value (Note 2.9).

2.2 Investments in Group and associated companies

Assets and liabilities of each Group company are measured at their fair value at the date of acquisition adjusted for acquisition related expenses. Financial investments in Group and Associated Companies are tested for impairment when appropriate. If an impairment loss exists, it is recorded as a cost.

Revenues from financial investments (dividends received) are recorded on the Profit and Loss statement of the period in which distribution is decided and announced.

2.3 Tangible Assets

Tangible assets acquired up to 1 January 2004 (transition date to IFRS) are recorded at their deemed cost, which corresponds to their acquisition cost or revaluated acquisition cost, in accordance with generally accepted accounting principles in Portugal at that date, net of depreciation and accumulated impairment losses.

Tangible assets acquired after that date, are recorded at acquisition cost, net of depreciation and accumulated impairment losses.

Depreciation is calculated on a straight line basis, as from the date the asset is first used, over the expected useful life for each class of assets.



Depreciation rates used correspond to the following expected useful lives of the underlying assets:

	<u>Years</u>
Plant and Machinery	15
Fixtures and Fittings	4

Maintenance and repair costs related to tangible assets are recorded directly as expenses in the year they are incurred.

Tangible assets in progress represent fixed assets still under construction/development and are stated at acquisition cost net of impairment losses. These assets are depreciated from the date they are completed or start being used.

Gains or losses arising from the sale or write-off of tangible assets are determined as the difference between the sale price and the accounting net value at the sale/write-off date and are registered as Other Operational Income/ Other Operational Losses.

2.4 Intangible Assets

Intangible assets are stated at acquisition cost, net of depreciation and accumulated impairment losses. Intangible assets are only recognized if it is likely that they will generate future economic benefits, if they are controlled by the company and if their cost can be reliably measured.

Development expenses are recognized as an intangible asset if the company demonstrates technical feasibility and intention to complete the asset, ability to sell or use it and the probability that the asset will generate future economic benefits. Development expenses which do not fulfil these conditions are recorded as an expense in the period in which they are incurred.

Internal costs associated with maintenance and software development are recorded as an expense in the period in which they are incurred. Only costs directly attributable to projects for which the generation of future economic benefits is probable are capitalized as intangible assets.

Amortization is calculated on a straight line basis, as from the date the asset is first used, over the expected useful life which is normally 5 years.



2.5 Accounting for leases

When accounting for leases in which the company is the lessee, the lease contracts are classified as (i) a finance lease if the risks and rewards incidental to ownership lie with the lessee and (ii) as an operating lease if the risks and rewards incidental to ownership do not lie with the lessee.

A lease is classified as a financial or an operating lease dependent on the substance of the transaction rather than the form of the contract.

Lease payments within operating lease contracts are recognized as expenses on a straight line basis over the lease term.

2.6. Impairment of non-current assets, except for goodwill

Assets are assessed for impairment at the end of each year, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recorded on the income statement under Provisions and impairment losses.

The recoverable amount is the higher of an asset's fair value net of costs incurred on sale and its value in use. Fair value less sale related costs is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if this is not possible, for the cash-generating unit to which the asset belongs.

Reversal of impairment losses recognized in prior years is only recorded when it is concluded that the impairment losses recognized for the asset no longer exist or have decreased. This analysis is performed whenever there is an indication that the impairment loss previously recognized has been reversed. The reversal is recorded on the income statement as Other Operational income. However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for that asset in prior years.



2.7. Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred.

2.8. Provisions

Provisions are recognized when, and only when, the company has an obligation (legal or constructive) resulting from a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of that obligation. Provisions are reviewed and adjusted at the balance sheet date to reflect the best estimate as of that date.

2.9. Financial Instruments

a) Investments

Investments are classified into the following categories:

- Investments measured at fair value through profit or loss
- Available-for-sale investments

Investments measured at fair value through profit or loss include the investments held for trading by the company to be sold within a short period of time. They are classified as current assets in the balance sheet.

Available-for-sale investments are stated as non current assets except if they are intended to be sold within the next 12 months as from the balance sheet date.

All purchases and sales of investments are recognized on the trade date, independently of the settlement date.

Investments are initially measured at cost, which is the fair value of the consideration paid for them, including transaction costs.

Available-for-sale investments and investments measured at fair value through profit or loss are subsequently carried at fair value, without any deduction for transaction costs which may be incurred on sale, by reference to their quoted market price at the balance sheet date. Investments in equity instruments that do not have a quoted market price and whose fair value cannot be reliably measured are stated at cost, less impairment losses.



Changes in the fair value of investments measured at fair value through profit or loss are included in the income statement for the period.

Gains or losses arising from a change in fair value of available-for-sale investments are recognized directly in equity, under Fair value reserve, included in Reserves and retained earnings until the investment is sold or otherwise disposed of, or until it is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is transferred to net profit or loss for the period.

b) Accounts receivable

Receivables are stated at net realizable value corresponding to their nominal value less impairment losses (recorded under the caption Impairment losses in accounts receivable). The impairment losses are recognized in "Impairment loss in costumers"

The impairment losses are recorded when the company know that never go to receive the trade receivables.

The amount of the impairment is the difference between the assets carrying amount and the present value of estimated future cash flows. Discounted at the financial assets original effective interest rate,

The receivables are recorded as currents assets, except when its maturity is greater than twelve months from the balance sheet date, situation when they are classified as non-current assets.

c) Classification as equity or liability

Financial liabilities and equity instruments are classified and accounted for based on their contractual substance, independently from the legal form they assume.

d) Loans

Loans are recorded as liabilities at their nominal value, net of up-front fees and commissions related to the issuance of those instruments. Financial expenses are calculated based on the effective interest rate and are recorded in the income statement on an accruals basis, in accordance with the accounting policy defined in Note 2.13. The portion of the effective interest charge relating to up-front fees and commissions, if not paid in the period, is added to the book value of the loan.



e) Trade accounts payable

Accounts payable are stated at their nominal value.

f) Derivatives instruments

The company uses derivatives in the management of its financial risks, only to hedge such risks. Derivatives are not used by the company for trading purposes.

Derivatives classified as cash flow hedge instruments (Swaps) are used by the company mainly to hedge interest risks on loans obtained. Conditions established for these cash flow hedge instruments are identical to those of the corresponding loans in terms of base rates, calculation rules, rate setting dates and repayment schedules of the loans and for these reasons they qualify as perfect hedges. Inefficiencies that may arise are recorded on the Profit and Loss statement.

The company's criteria for classifying a derivative instrument as a cash flow hedge instrument include:

- The hedge transaction is expected to be highly effective in offsetting changes in cash flows attributable to the hedged risk;
- The effectiveness of the hedge can be reliably measured;
- There is adequate documentation of the hedging relationships at the inception of the hedge;
- The forecasted transaction that is being hedged is highly probable.

Cash flow hedge instruments used by the company are initially accounted for at cost and subsequently adjusted to their corresponding fair value. Changes in fair value of these cash flow hedge instruments are recorded in equity under the caption Hedging reserves, included in Reserves and retained earnings on the balance sheet, and then recognized in the income statement over the same period in which the hedged instrument affects income statement.

The fair value of these financial instruments is calculated with resource to derivative valuation software and was based on the present value, at balance sheet date, of future cash flows of both the fixed and variable legs of the derivative instrument.

Hedge accounting of derivative instruments is discontinued when the instrument matures or is sold. Whenever a derivative instrument can no longer be qualified as



a hedging instrument, the fair value differences recorded in equity under the caption Hedging reserve are transferred to profit or loss of the period or to the carrying amount of the asset that resulted from the hedged forecast transaction. Subsequent changes in fair value are recorded in the income statement.

These derivative instruments over which no hedge accounting was applied are initially stated at cost, if any, and then adjusted to their fair value. Changes in fair value, calculated with resource to specific software, are accounted for as financial items on the profit and loss statement.

When embedded derivatives exist, they are accounted for as separate derivatives when the risks and the characteristics are not closely related to economic risks and characteristics of the host contract, and this is not stated at fair value. Gains and losses are taken through the profit and loss statement.

Additionally, the company also negotiates, in specific situations, interest derivatives in order to hedge fair values. In these cases, derivatives are stated at fair value through profit or loss. When the hedged instrument is not measured at fair value (i.e. loans which are recorded at amortized cost) the book value is adjusted by the amount which is effectively hedged through profit or loss.

Derivative instruments are stated on the balance sheet under Other non current assets, Other current assets, Other non current liabilities and Other current liabilities.

g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at banks, term deposits and other treasury applications which mature in less than three months and for which the risk of change in value is insignificant.

In the statement of cash flows, cash and equivalents also include bank overdrafts, which are included in the balance sheet item Borrowings.

2.10. Retirement benefit plans

As referred in Note 14, the company has an insurance policy for employees hired prior to 31/12/94, according to which they shall be entitled to receive a pension in the amount of 20% of their salary at that date.

It is a Defined Benefits Plan in the form of an insurance policy.



2.11. Contingent assets and liabilities

Contingent liabilities are not recorded in the financial statements. Instead they are disclosed in the notes to the financial statements, unless the probability of a cash outflow is remote, in which case, no disclosure is made.

Contingent assets are not recorded in the financial statements but disclosed when future economic benefits are probable.

2.12. Income tax

Income tax for the year is determined based on the taxable income of the Company, considering the interim period profit and using the estimated effective average annual income tax rate.

The Special Group Tax Regime includes the following companies: Euroresinas – Indústrias Químicas,S.A., Sonae Indústria de Revestimentos,S.A., Ecociclo – Energia e Ambiente,S.A., Maiequipa – Gestão Florestal,S.A., Movelpartes – Componentes para a Industria de Mobiliário, S.A.,SIND Share Services Center SA, Agloma – Sociedade Industrial de Madeira Aglomerada, S.A, Agloma Investimentos SGPS SA, Siaf Energia SA , Sonae Industria PCDM SA, Somit Imobiliaria SA and Imoplamac –Gestão Imoveis SA.

Deferred taxes are calculated using the balance sheet liability method, reflecting the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are calculated and annually reviewed using the tax rates in place or announced and thereby expected to apply at the time the temporary differences are expected to reverse.

Deferred tax assets are recognised only when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be used, or when taxable temporary differences are recognised and expected to reverse in the same period. At each balance sheet date a review is made of the deferred tax assets recognised, which are reduced whenever their future use is no longer likely.

Deferred tax assets and liabilities are recorded in the income statement, except if they relate to items directly recorded in equity. In these cases the corresponding deferred tax is recorded in equity.



2.13. Revenue recognition and accrual basis

Revenue from services rendered is recognised in the income statement taking into consideration the stage of completion of the transaction at the balance sheet date.

Dividends are recognised as income in the year they are attributed to shareholders.

Income and expenses are recorded in the year to which they relate, independently of the date of the corresponding payment or receipt. Income and expenses for which their real amount is not known are estimated.

Other current assets and Other Current Liabilities include income and expenses of the reporting year which will only be invoiced in the future. Those captions also include receipts and payments that have already occurred but will only correspond to income or expenses of future years, when they are to be recognised in the income statement.

2.14. Capital gains and losses

Capital gains and losses that result from the sale or write-off of tangible and intangible assets and of investments are presented on the profit and loss statement as the difference between the sale price and the net book value at date of sale or write-off, under the caption Other Operating Profits and Losses.

2.15. Balances and transactions expressed in foreign currencies

Exchange gains and losses arising from differences between historical exchange rates and those prevailing at the date of collection, payment or the date of the balance sheet, are recorded as income or expenses of the period, except for those related to non-monetary assets or liabilities, for which adjustments to fair value are directly recorded under equity.

2.16. Subsequent events

Events after the balance sheet date that provide additional information about conditions that existed at the balance sheet date (adjusting events), are reflected in the financial statements. Events after the balance sheet date that are non-adjusting events are disclosed in the notes when material.



2.17. Risk management

a) Market Risk Management Policy

i) Interest Rate Risk

As a result of the relevant portion of floating rate debt on Sonae Industria Balance Sheet and the consequent cash flows related to interest payments, the company is exposed to interest rate risk, and it is particularly exposed to the risk of variation of Euro interest rates, as most of its floating rate debt is denominated in Euro.

As a general rule, Sonae Industria, SGPS does not hedge its exposure to floating interest rates.

As an exception to its general rule, Sonae Industria may engage into interest rates derivatives. If this is the case, the following is observed:

- Derivatives are not used for trading, profit making, or speculative purposes;
- The Company only engage in derivative transactions with Investment Grade Financial Institutions;
- Derivatives match exact periods, settlement dates and base interest rate of the underlying exposures;
- Maximum financial charges on the aggregate of the derivative and the underlying exposures are always known and limited on the inception of the hedging period;
- Quotes from at least two Financial Institutions are considered before closing any interest rate hedging deal.

ii) Other Price Risks

As at 31st December 2009, Sonae Industria did not hold material investments classified as “available-for-sale”.

b) Liquidity Risk Management Policy

Liquidity risk management in Sonae Industria aims to ensure that the company is able to timely obtain the financing required to properly carry on its business activities, implement



its strategy, and meet its payment obligations when due, while avoiding the need of having to obtain funding under unfavorable terms.

For this purpose, Liquidity management at the Group comprises:

- consistent financial planning and cash flow forecasting at country and consolidated levels with different time horizons (weekly, monthly, annual and business plan);
- diversification of financing sources;
- diversification of the maturities of the debt issued in order to avoid excessive concentration of debt repayments in short periods of time;
- arrangement of committed (and uncommitted) credit facilities, commercial paper programs, and other facilities (such as a Securitization of Receivables program) with relationship banks, ensuring the right balance between satisfactory liquidity and adequate commitment fees;

3. Tangible Assets

During the periods ended 31 December 2009 and 31 December 2008, movements in tangible assets, accumulated depreciation and impairment losses were as follows:

31.12.09									
	Land and buildings	Machinery and equipment	Transport equipment	Office equipment	Tools and utensils	Reusable containers	Other Tangible assets	Tangible assets in progress	Advances on account of tangible assets
Gross asset:									
Opening balance	-	40.945	-	131.827	-	-	-	0	-
Disposals	-	(2.846)	-	-	-	-	-	-	-
Closing Balance	-	38.099	-	131.827	-	-	-	0	-
Accumulated amortizations, depreciations and impairment losses									
Opening balance	-	33.582	-	124.942	-	-	-	-	-
Depreciations for the period	-	4.771	-	1.228	-	-	-	-	-
Disposals	-	(2.778)	-	-	-	-	-	-	-
Closing Balance	-	35.575	-	126.170	-	-	-	-	-
Carrying amount	-	2.524	-	5.657	-	-	-	0	-
31.12.08									
	Land and buildings	Machinery and equipment	Transport equipment	Office equipment	Tools and utensils	Reusable containers	Other Tangible assets	Tangible assets in progress	Advances on account of tangible assets
Gross asset:									
Opening balance	-	40.647	-	129.001	-	-	-	0	-
Acquisitions	-	-	-	-	-	-	-	3.124	-
Transfers	-	298	-	2.826	-	-	-	(3.124)	-
Others	-	-	-	-	-	-	-	(0)	-
Closing Balance	-	40.945	-	131.827	-	-	-	0	-
Accumulated amortizations, depreciations and impairment losses									
Opening balance	-	24.107	-	120.866	-	-	-	-	-
Depreciations for the period	-	9.475	-	4.076	-	-	-	-	-
Closing Balance	-	33.582	-	124.942	-	-	-	-	-
Carrying amount	-	7.363	-	6.885	-	-	-	0	-



4. Intangible Assets

During the periods ended 31 December 2009 and 31 December 2008, movements in intangible assets, accumulated depreciation and impairment losses were as follows:

31.12.09											
	Development costs			Software			Premiums paid for property occupation rights	Intangible assets in progress		Intangible assets in progress	Total
	GI	NGI	Total	GI	NGI	Total		GI	NGI	Total	GI + NGI
Gross asset:											
Opening balance	-	62.187	62.187	-	-	-	-	-	-	-	62.187
Acquisitions	-	-	-	-	-	-	-	-	550	550	550
Transfers	-	-	-	-	550	550	-	-	(550)	(550)	-
Others	-	(62.187)	(62.187)	-	-	-	-	-	-	-	(62.187)
Closing Balance	-	-	-	-	550	550	-	-	-	-	550
Accumulated amortizations, depreciations and impairment losses											
Opening balance	-	58.044	58.044	-	-	-	-	-	-	-	58.044
Depreciations for the period	-	4.143	4.143	-	138	138	-	-	-	-	4.281
Others	-	(62.187)	(62.187)	-	-	-	-	-	-	-	(62.187)
Closing Balance	-	-	-	-	138	138	-	-	-	-	138
Carrying amount	-	-	-	-	412	412	-	-	-	-	412
31.12.08											
	Development costs			Software			Premiums paid for property occupation rights	Intangible assets in progress		Imobilizado em curso	Total
	GI	NGI	Total	GI	NGI	Total		GI	NGI	Total	GI + NGI
Gross asset:											
Opening balance	-	62.187	62.187	-	-	-	-	-	3.150	3.150	65.337
Others	-	-	-	-	-	-	-	-	(3.150)	(3.150)	(3.150)
Closing Balance	-	62.187	62.187	-	-	-	-	-	-	-	62.187
Accumulated amortizations, depreciations and impairment losses											
Opening balance	-	45.606	45.606	-	-	-	-	-	-	-	45.606
Depreciations for the period	-	12.438	12.438	-	-	-	-	-	-	-	12.438
Closing Balance	-	58.044	58.044	-	-	-	-	-	-	-	58.044
Carrying amount	-	4.143	4.143	-	-	-	-	-	-	-	4.143



5. Financial instruments

In the Balance Sheets at 31 December 2009 and 31 December 2008, the following financial instruments are included

FINANCIAL INVESTMENTS								
	notas	Loans and receivables	Assets at fair value through profit or loss	Hedge derivatives	Available-for-sale assets	Sub-total	Assets out of scope of IFRS 7	Total
31.12.09								
Non current assets								
Available for sale investments	6				117 922	117 922		117 922
Other non current assets	8	638.109.145	0	0		638.109.145	0	638.109.145
Current assets								
Customers	9	78.594				78.594		78.594
Other current debtors	9	3.436.891				3.436.891	0	3.436.891
Other current assets	10	0	0	0		0	23.899	23.899
Investments	11	0				0		0
Cash and cash equivalents		13.504.355				13.504.355		13.504.355
Total		655.128.984	0	0	117.922	655.246.906	23.899	655.270.804
31.12.08								
Non current assets								
Available for sale investments	6				117 922	117 922		117 922
Other non current assets	8	690.090.455	0	0		690.090.455	0	690.090.455
Current assets								
Customers	9	456.839				456.839		456.839
Other current debtors	9	366.220				366.220	0	366.220
Other current assets	10	0	0	216.108		216.108	221544	437.652
Cash and cash equivalents	11	23.406.351				23.406.351		23.406.351
Total		714.319.866	0	216.108	117.922	714.653.896	221544	714.875.440
		Liabilities at fair value through profit or loss	Hedge derivatives	Other financial Liabilities	Sub-total	Liabilities out of scope of IFRS 7	Total	
31.12.09								
Non current liabilities								
Bank loans - net of short term portion	13			153.579.546	153.579.546		153.579.546	
Debentures - net of short term portion	13			301912.691	301912.691		301912.691	
Current assets								
Bank loans	13			84.886.364	84.886.364		84.886.364	
Trade creditors	15			625.245	625.245		625.245	
Other current liabilities	17	1904.353	0	81774.429	83.678.782	3.903.305	87.582.087	
Total		1904.353		707.664.639	624.682.628	3.903.305	628.585.933	
31.12.08								
Non current liabilities								
Bank loans - net of short term portion	13			194.375.000	194.375.000		194.375.000	
Debentures - net of short term portion	13			302.147.961	302.147.961		302.147.961	
Current assets								
Bank loans	13			26.250.000	26.250.000		26.250.000	
Debentures	13			80.000.000	80.000.000		80.000.000	
Trade creditors	15			421406	421406		421406	
Other current liabilities	17	1168.770	0	78.726.217	79.894.987	9.306.630	89.201617	
Total		1168.770	0	681920.584	683.089.354	9.306.630	692.395.984	



6. Investments

At 31 December 2009 and 31 December 2008, details of investments were as follows:

	INVESTMENTS			
	31.12.09		31.12.08	
	Non current	Current	Non current	Current
<u>Investment in group companies</u>				
Opening balance at 1 January	938.320.012		933.342.602	
Aquisitions over the period	21.664.601		5.472.647	
Disposals over the period	(11.157.740)		(495.237)	
Other	0		(0)	
Closing balance for the period	948.826.873		938.320.012	
Accumulated impairment losses	(22.542.975)		(11.010.217)	
	<u>926.283.898</u>		<u>927.309.795</u>	
<u>Investments held for sale</u>				
Fair value at 1 January	117.922		117.922	
Aquisitions over the period	-		-	
Disposals over the period	-		-	
Increase/(decrease) in fair value	-		-	
Other	-		-	
Fair value at the end of the period	<u>117.922</u>		<u>117.922</u>	
<u>Derivative instruments - current</u>				
Fair value at 1 January		216.108		136.807
Aquisitions over the period		-		198.781
Disposals over the period		-		-
Increase/(decrease) in fair value		(216.108)		(119.479)
Other				
Fair value at the end of the period		<u>-</u>		<u>216.108</u>
	<u>926.401.819</u>	<u>-</u>	<u>927.427.716</u>	<u>216.108</u>

The amount recognized during the period as acquisition under Investments in Group Companies is related to the increase in capital share of Sonae RE amounting 700 euros, the acquisition of 13.719.500 shares of Tafisa-Tableros de Fibras amounting 11.661.575 euros, The acquisition of 373 shares of Sonae Industria Revestimentos amounting 2.325.64 euros and increase in capital share of Euroresinas Industrias Qumicas amounting 10.000.000 euros

The amount recognised as disposal of Investments in Group Companies relates to the reduction in capital of Agloma – Sociedade Industrial de Madeira Aglomerada amounting 11.157.740 euros.



The increase in Accumulated impairment losses relates to the amounting of impairment in Agloma –Sociedade Industrial de Madeira Aglomerada

Interest rate hedge derivatives (note 2) were recorded at fair value.

At 31 December 2009, Sonae Industria, SGPS had the following holdings in Group and Associated Companies:

Company	% Share	Acquisition Value	Shareholder's Funds	Net Profit
Euroresinas - Industrias Quimicas, S.A.	100,00%	15.838.525	15.262.465	-25.425 c)
Maiequipa - Gestão Florestal, S.A.	100,00%	3.438.885	626.182	-20.137 a)
Movelpartes - Componentes para Industria do Mobiliário, S.A.	100,00%	8.180.114	5.480.338	-963.918
Sonae Industria de Revestimentos, S.A.	100,00%	21.729.193	12.249.889	-146.205 c)
Imoplamac - Gestão de Imóveis, S.A.	100,00%	6.000.000	1.480.847	631.456
Sonae Serviços de Gestão, S.A.	100,00%	2.000.000	3.468.483	137.044
Sonaegest	20,00%	159.615	2.062.218	263.083
Taiber	0,02%	25.142	22.590.417	3.915.140
Tafisa - Tableros de Fibras, S.A.	98,78%	861.581.325	221.644.116	37.582.176 c)
Ecociclo - Gestão Ambiental, S.A.	100,00%	631.267	274.582	7.306
Sonae Industria - Produção e Comercialização de Derivados de Madeira	0,02%	3.497.787	78.559.101	-384.854 b)-d)
Siaf Energia, S.A.	0,20%	5.000	5.320.372	2.555.947
Somit Imobiliária (exSiaf Imobiliária, S.A.)	0,02%	10	7.885.308	2.275.798
Agloma - Soc.Ind.Madeira Aglomerada, S.A.	100,00%	20.738.810	428.311	210.119 a)-c)
Agloma Investimentos, S.A.	6,54%	5.000.000	83.564.621	1.274.786
Sonae RE, Societé Anonyme	0,04%	1.200	3.000.000	0 c)

a) The values recorded for the holdings in Agloma-Sociedade Industrial de Madeira Aglomerada and Maiequipa-Gestão Florestal were estimated to be higher than their recoverable value, therefore the company recognized impairment charges on prior year's balance sheet under the heading Investments in associated companies (note 18).

b) The amounts stated as shareholders' funds and net profit of Sonae Industria, PCDM, SA were prepared in accordance with IFRS/IAS;

c) In 2009, Agloma –Sociedade Industrial de Madeira Aglomerada reduced its capital share amounting 11.757.740 euros, Euroresinas-Industrias Quimicas increased its capital share amounting 10.000.000 euros, Sonae RE increased its capital share amounting 700 euros, In Tafisa-Tableros de Fibras acquisition of 13.719.500 shares amounting 11.661.575 euros and Sonae Industria Revestimentos acquisition of 373 shares amounting 2.325 euros



d) After the merger occurred in 2009 between Somit Imobiliária and Sonae Indústria PCDM the value of participation its 0.02% amounting 3.497.787 euros

7. Deferred tax

Details of deferred tax asset at 31 December 2009 and 31 December 2008 were as follows:

DEFERRED TAXES - BALANCES				
	31.12.09		31.12.08	
	Assets	Liabilities	Assets	Liabilities
Impairment of assets	5.077.625	-	2.326.102	-
Net losses carry-forward	8.243.000	-	7.069.940	-
	<u>13.320.625</u>	<u>-</u>	<u>9.396.042</u>	<u>-</u>
DEFERRED TAXES - FLOWS				
	31.12.09		31.12.08	
	Assets	Liabilities	Assets	Liabilities
Opening Balance	9.396.042	0	9.247.624	0
Recognition in Profit or Loss:				
Impairment of assets	2.751.523	-	(721.523)	-
Net losses carry-forward	1.173.060	-	869.940	-
Sub-total	3.924.583	-	148.417	-
Closing Balance	<u>13.320.625</u>	<u>-</u>	<u>9.396.042</u>	<u>-</u>

8. Other Non Current Assets

Details of Other Non Current Assets at 31 December 2009 and 31 December 2008 were as follows:

	31.12.09	31.12.08
Loans Granted To Group Companies (Nota 2.2 e 22)	638 109 145	690 090 455
Other Loans Granted	0	0
Tax Recoverable	0	0
Other Non- Current Assets	<u>0</u>	<u>0</u>
	638 109 145	690 090 455
Accumulated Imparment Losses (Nota 18)	<u>638 109 145</u>	<u>690 090 455</u>

Loans granted to Group companies have a medium and long term maturity and they yield interest at an average rate of 2.503%.



9. Trade and Other Current Debtors and State and Others Public Entities

At 31 December 2009 and 31 December 2008, details of Current Trade Debtors were as follows:

	31.12.09	31.12.08
Current Accounts	78 594	456 839
Bills Receivable	0	0
Doubtful Debtors	0	0
	<u>78 594</u>	<u>456 839</u>
Accumulated Impairment Losses	0	0
	<u>78 594</u>	<u>456 839</u>

At 31 December 2009 and 31 December 2008, detail of trade debtors maturities was as follows:

	31.12.09	31.12.08
Not due	251.515	417.194
< 30 days	-174.541	39.645
30 - 90 days	1.620	0
> 90 days	0	0
	<u>-172.921</u>	<u>39.645</u>
Due and impaired		
< 90 days	0	0
90 - 180 days	0	0
180 - 360 days	0	0
> 360 days	0	0
	<u>0</u>	<u>0</u>
Total	<u>78.594</u>	<u>456.839</u>

At 31 December 2009 and 31 December 2008, details of Other Current Trade Debtors and State and other public entities were as follows:

	31.12.09	31.12.08
State & Other Public Entities		
Income Tax	1 705 941	1 226 545
Value Added Tax	444 844	452 637
Social Security Contributions		
Others Debtors	<u>2 869 763</u>	<u>366 220</u>
Assets out of scope of IFRS7	<u>5 020 548</u>	<u>2 045 402</u>
Other Debtors		
Financial instruments	<u>567.128</u>	<u>2.045.402</u>
	<u>5.587.676</u>	<u>2.045.402</u>



At 31 December 2009 and 31 December 2008, Others Debtors matured as follows:

AGEING OF OTHER TRADE DEBTORS				
	AGEING OF TRADE CREDITORS (ASSET BALANCES)		AGEING OF OTHER DEBTORS	
	31.12.09	31.12.08	31.12.09	31.12.08
Not due	-	-	-	-
Due and not impaired				
< 30 days	82.395	5.349	264.898	-
30 - 90 days	-	197	151.124	-
> 90 days	-	-	68.711	-
	82.395	5.546	484.733	-
Due and impaired				
< 90 days	-	-	-	-
90 - 180 days	-	-	-	-
180 - 360 days	-	-	-	-
> 360 days	-	-	-	-
	-	-	-	-
Total	82.395	5.546	484.733	-

10. Other Current Assets

Details of Other Current Assets at 31 December 2009 and 31 December 2008 were the following:

	31.12.09	31.12.08
Accrued Revenue	15 891	213 619
Deferred Costs	<u>8 008</u>	<u>7 926</u>
	23 899	221 545
Accumulated Impairment Losses	<u>0</u>	<u>0</u>
Assets out of scope of IFRS7	<u>23 899</u>	<u>221 545</u>

Accrued Revenue refers to the interest receivable application Cash Reserve

11. Cash and Cash equivalents

At 31 December 2009 and 31 December 2008 detail of Cash and cash equivalents was the following:

	31.12.09	31.12.08
Cash at Hand	660	1 211
Deposits	404 916	170 699
Treasury Applications	<u>13 098 780</u>	<u>23 234 441</u>
Cash & Cash Equivalents - Balance Sheet	13 504 355	23 406 351
Bank Overdrafts	<u>0</u>	<u>0</u>
Cash & Cash Equivalents - Cash Flows Statement	<u>13 504 355</u>	<u>23 406 351</u>



Cash & equivalents comprise cash at hand, deposits, treasury applications and term deposits with less than three months maturity, and for which the risk of value change is insignificant.

The item Treasury applications is composed by a Cash Reserve of 13.098.780 euros related to the Group Securitization program.

12. Share Capital

On December 31, 2009, the share capital, fully underwritten and paid, is represented by 140.000.000 ordinary shares, not entitled to fixed income, with a face value of 5 euros.

The following entity had more than 20% of the subscribed capital on 31 December 2009:

<u>Entity</u>	<u>%</u>
Efanor Investimentos, SGPS, S. A.	31,9

13. Loans

At 31 December 2009 and 31 December 2008 Sonae Industria, SGPS, S.A had the following outstanding loans:

	31.12.09				31.12.08			
	Reductions/Repayments		Nominal Value		Reductions/Repayments		Nominal Value	
	Current	Non Current	Current	Non Current	Current	Non Current	Current	Non Current
Bank Loans	9 886 364	38 579 546	9 886 364	38 579 546	6 250 000	9 375 000	6 250 000	9 375 000
Debentures		301 912 691		305 000 000	80 000 000	302 147 961	80 000 000	305 000 000
Obligations Under Finance Leases								
Other Loans	75 000 000	115 000 000	75 000 000	115 000 000	20 000 000	185 000 000	20 000 000	185 000 000
Bank Overdrafts								
Hedge Derivatives								
Gross Debt	84 886 364	455 492 237	84 886 364	458 579 546	106 250 000	496 522 961	106 250 000	499 375 000
Investments								
Cash & Cash Equivalents - Balance Sheet	13 504 355		13 504 355		23 406 351		23 406 351	
Net Debt	71 382 009	455 492 237	71 382 009	458 579 546	82 843 649	496 522 961	82 843 649	499 375 000
Total Net Debt	526 874 245		529 961 555		579 366 610		582 218 649	



The average interest rates of each class of debt stated in the previous table were as follows:

	2009	2008
Bank Loans	3,253%	6,065%
Debentures	3,248%	5,756%
Other Loans	2,039%	5,047%

The loans have the following repayment schedule:

	31.12.09	31.12.08
2004		
2010	84 886 364	91 250 000
2011	66 761 364	78 125 000
2012	108 636 364	75 000 000
2013	178 636 364	
Após 2013	104 545 454	255 000 000
	<hr/>	<hr/>
	543 465 910	605 625 000

At December 31, 2009, the contracted loans are summarized as follows:

- a) Sonae Industria 2005/2013 bonds, issued on 31 March 2005, with a principal amount of 55.000.000 euros, and a single bullet repayment 8 years after issue date. Interest is calculated using Euribor 6 months plus 87.5 basis points, paid semi annually in arrears on 31 March and 30 September;
- b) During first semester 2005, a loan contracted by Sonae SGPS SA with the European Investment Bank, in the total amount of 50.000.000 euros, was transferred to Sonae Industria SGPS, SA. The loan pays interest quarterly, at market rates, and will be redeemed in 16 consecutive and equal semi annual instalments, the first of which occurred on 30 June 2003. On 31 December 2009, the principal outstanding was 9.375.000 euros;
- c) Sonae Industria 2006/2014 50.000.000 euros Bond issued on 28 March 2006, to be repaid in one payment at maturity in 8 years. Interest is calculated at EURIBOR 6 months plus 87.5 basis points and will be paid twice a year on 28 March and 28 September;



d) On 25 January 2006, Sonae Industria signed and subsequently added a Commercial Paper agreement of up to 190.000.000 euros, with several financial institutions. The programme matures on 27 January 2016. At 31 December 2009, the balance was kept at 100.000.000 euros. Interest is calculated at the EURIBOR rate that matches the maturity of the issue.

e) On 10 March 2008 Sonae Indústria SGPS, S. A. contracted a new commercial paper programme with a maximum nominal amount of 50 000 000 euros. The programme will mature on 25 March 2010. At 31 December 2009, commercial paper had been issued for the programme's full amount;

f) On 30 September 2009 Sonae Indústria SGPS, S. A. contracted a new commercial paper programme with a maximum nominal amount of 40 000 000 euros. The programme will mature between 2011 and 2013. At 31 December 2009, commercial paper had been issued for the programme's full amount;

g) Sonae Industria 2006/2013 50.000.000 euros Bond issued on 3 July 2006, to be repaid in one payment at maturity in 7 years. The company has the option of total or partial repayment (by reduction of nominal value of bonds) from July 2011. Interest is calculated at EURIBOR 6 months plus 86 basis points and will be paid twice a year on 3 January and 3 July;

h) Sonae Industria 2006/2014 (second issue) 50.000.000 euros Bond issued on 2 August 2006, to be repaid in one payment at maturity in 8 years. Interest is calculated at EURIBOR 6 months plus 88 basis points and will be paid twice a year on 2 February and 2 August;

i) Sonae Industria 2008/2013 50.000.000 euros Bond issued on 7 January 2008, to be repaid in one payment at maturity in 5 years. Interest is calculated at EURIBOR 6 months plus 60 basis points and will be paid twice a year on 7 January and 7 July;

j) Sonae Industria 2008/2012 50.000.000 euros Bond issued on 28 April 2008, to be repaid in one payment at maturity in 4 years. Interest is calculated at EURIBOR 6 months plus 80 basis points and will be paid twice a year on 28 April and 28 October.

k) On 19 February 2009 Sonae Industria contracted a new loan with a financial institution in the total amount of 20.000.000 euros, Interests is calculated at market rate. The loan will be paid between 2009 and 2015. At 31 December 2009, outstanding principal was 19.090.909 euros;



I) On 27 October 2009 Sonae Industria contracted a new loan with a financial institution in the total amount of 20.000.000 euros, Interests is calculated at market rate. The loan will be paid between 2011 and 2012. At 31 December 2009, outstanding principal was 20.000.000 euros;

14. Pension Fund Liabilities

Sonae Industria – Produção e Comercialização de Derivados de Madeira, S.A, has an insurance policy for employees hired prior to 31/12/94, according to which they shall be entitled to receive a pension in the amount of 20% of their salary at that date. Sonae Industria, SGPS, S.A. employees are also covered by this plan.

This is a Defined Benefits Plan in the form of an insurance contract.

According to actuarial studies carried out by the fund manager, total liabilities for services provided, taking into account salary growth, amounted to 441.437 euros and the market value of the fund is 184.487 euros. The company had a provision of 269.678 euros.

The actuarial assumptions were as follows:

Pension Growth Rate: 0%
 Forecasted Income Rate: 5%
 Expected Salary Growth Rate: 3%
 Technical Actuarial Rate: 5%
 Mortality Rate: TV 88/90

15. Trade Creditors

At 31 December 2009 and 31 December 2008 all amounts recorded under this item resulted from normal operations.

Trade creditors mature as follow:

MATURITY OF TRADE CREDITORS		
	31.12.09	31.12.08
To be paid		
< 90 days	625.245	421.406
90 - 180 days	-	-
> 180 days	-	-
	<u>625.245</u>	<u>421.406</u>



16. Other Creditors and State & Other Public Entities

At 31 December 2009 and 31 December 2008 details of this item were as follows:

	31.12.09	31.12.08
State & Other Public Entities		
Income Tax	2 809 673	334 753
Social Security Contributions	27 538	36 806
Others	1 263	85
Liabilities out of scope of IFRS7	<u>2 838 474</u>	<u>371 644</u>
Other Creditors		
Loans From Group Companies (Nota 19)	79 695 000	77 583 000
Fixed Assets Suppliers		
Fornecedores Imobil. c/c CP		
Others		
Financial Instrumets	<u>79.695.000</u>	<u>77.583.000</u>
Others Creditors	<u>2.079.455</u>	<u>1.143.245</u>
	<u>81.774.455</u>	<u>78.726.245</u>

17. Other Current Liabilities

At 31 December 2009 and 31 December 2008 this item had the following detail:

	31.12.09	31.12.08
Accrued Costs		
Insurance		5 945
Holidays	243 913	265 516
Bonus	2 854 000	489 122
Interests	313 452	8 476 373
External Supllies & Services		69 646
Liabilities out of scope of IFRS7	<u>3 903 280</u>	<u>9 306 602</u>

18. Provisions & Accumulated Impairment Losses

Changes in provisions and accumulated impairment losses during the period ended December,31 2009 were the following:



Description	Opening Balance	Increases	Utilisation	Reductions	Closing Balance
Accumulated Impairment Losses on Investments (Nota 5)	11 010 217	11 532 758			22 542 975
Accumulated Impairment Losses on Other Non Current Assets (Nota 6)	11 010 217	11 532 758			22 542 975

Impairment losses are offset against the corresponding asset. Increases of impairment losses on Investments is related with the Agloma SA

19. Operational Leases

In 2009, charges for operational lease payments in the amount of 146.761 euros were recorded on the profit and loss statement. In 2008, operational lease payments amounted to 137.281 euros.

In addition, at the balance sheet date, the company had irrevocable operational lease contracts with the following payment maturities:

	31.12.09	31.12.08
2009		128.819
2010	145.404	106.496
2011	101.657	55.271
2012	43.706	7.167
2013	18.584	-
	<u>309.351</u>	<u>297.753</u>

20. Financial Derivatives

The fair value of derivative instruments is stated as follows:

	2009	2008
Derivates at fair value through reserve		
-Assets	0	216.108
-Liabilitie	<u>1.904.353</u>	<u>1.168.770</u>

Determining the fair value of interest rate swaps that are fair value hedges follows the same process as interest rate swaps that are cash flow hedges.



Derivatives at fair value through reserves

	Maturity derivative	
	2010	2011
Derivates at fair value through reserve	-1.413.512	
	-1.413.512	0

They consist of interest rate derivatives that are cash flow hedges.

These interest rate hedging derivatives are valued at fair value, at balance sheet date, which is determined by the Group using derivative valuation software and external appraisals when software do not allow some derivatives to be valued. The fair value of these financial instruments is determined using the discounted cash flow method: zero coupon yield curves for the relevant periods are used for determining the respective variable forward rates and the discounting factors, which allow fixed leg cash flows and floating leg cash flows to be discounted. The sum of both permits the calculation of present fair value.

Changes in the fair value of these financial instruments were recorded under Hedging reserves, included in the caption Reserves and retained earned on the balance sheet, for the amount of 1.413.512 euros.

Interest rates used to determine zero coupon yield curves are as follows:

		2009			
	Prazo	Taxas			
		CAD	GBP	ZAR	EUR
ON	1 dia	0.240%	0.508%	9.258%	0.326%
1W	7 dias	0.749%	0.510%	8.987%	0.362%
2W	15 dias	0.267%	0.512%	8.546%	0.386%
3W	22 dias	0.281%	0.514%	8.079%	0.408%
1M	1 mês	0.296%	0.515%	7.404%	0.445%
2M	2 meses	0.367%	0.539%	7.413%	0.550%
3M	3 meses	0.466%	0.602%	7.504%	0.695%
4M	4 meses	0.539%	0.684%	7.609%	0.790%
5M	5 meses	0.621%	0.756%	7.730%	0.886%
6M	6 meses	0.701%	0.834%	7.853%	0.996%
7M	7 meses	0.807%	0.905%	7.924%	1.037%
8M	8 meses	0.903%	0.973%	8.001%	1.083%
9M	9 meses	1.004%	1.046%	8.067%	1.132%
10M	10 meses	1.085%	1.107%	8.116%	1.172%
11M	11 meses	1.166%	1.170%	8.165%	1.213%
1Y	1 ano	1.256%	1.239%	8.209%	1.255%
2Y	2 anos	1.543%	2.002%	7.780%	1.880%
3Y	3 anos	2.131%	2.684%	8.320%	2.290%
4Y	4 anos	2.586%	3.147%	8.649%	2.587%
5Y	5 anos	2.926%	3.470%	8.879%	2.836%
6Y	6 anos	3.209%	3.705%	9.039%	3.066%
7Y	7 anos	3.446%	3.887%	9.136%	3.264%
8Y	8 anos	3.660%	4.026%	9.195%	3.429%
9Y	9 anos	3.856%	4.145%	9.212%	3.567%
10Y	10 anos	4.065%	4.248%	9.199%	3.691%



21. Financial Risks

The liquidity risk described on note 2.17., b), related to gross debt referred to on note 13, can be analysed as follows:

	Maturity of Gross Debt	Interests	Total
2010	84.886.364	7.154.070	92.040.434
2011	66.761.364	7.095.056	73.856.421
2012	108.636.364	10.699.132	119.335.495
2013	178.636.364	5.179.402	183.815.765
2014	103.636.364	1.544.032	105.180.396
2015	909.092	4.184	913.275
	543.465.910	31.675.876	575.141.786

The calculation of interest in the previous table was based on interest rates at 31 December 2009 applicable to each item of debt. Gross debt maturing in 2010 includes scheduled repayment of debt along with the repayment of debt as at end 2009 maturing within less than one year (although some credit limits might be rolled over).

Sensitivity Analysis						
2009			2008			
	"Notional"	Effect in Profit and Loss (Euros)		"Notional"	Effect in Profit and Loss (Euros)	
		0,75%	-0,75%		0,75%	-0,75%
Gross Debt						
Group	-79.695.000	-824.645	824.645	-77.583.000	-629.175	629.175
External	-540.378.600	-3.990.134	3.990.134	-605.625.000	-3.841.031	3.841.031
	-620.073.600	-4.814.779	4.814.779	-680.355.961	-4.470.206	4.470.206
Financial Instruments						
Derivates	105.000.000	949.583	-949.583	250.000.000	667.639	-667.639
	105.000.000	949.583	-949.583	250.000.000	667.639	-667.639
Loans to group companies	614.196.863	5.453.719	-5.453.719	697.331.455	5.570.487	-5.570.487
Treasury Applications	13.098.780	114.749	-114.749	15.993.441	133.181	-133.181
	627.295.642	5.568.467	-5.568.467	713.324.896	5.703.668	-5.703.668
		1.703.272	-1.703.272		1.901.102	-1.901.102



22. Related Parties

Balances and transactions with related parties may be summarized as follows:

Transactions	Sales & Services Rendered		Purchases & Acquired Services		Interest Income		Interest Expenses	
	31.12.09	31.12.08	31.12.09	31.12.08	31.12.09	31.12.08	31.12.09	31.12.08
Parent Company & Group Companies	2 904 476	3 827 941	920 570	966 949	24 617 651	45 138 526	2 501 610	3 342 381
- Agloma	1.588	1.874			108		291.215	1.074.993
- Agloma Investimentos							1.663.852	1.955.133
- Ecociclo	8.168	13.607			42.461	66.434		
- Ecociclo II					179.353	220.941		
- Euroresinas	25.597	30.573			823.984	2.105.909		
- Glunz	722.989	1.000.384						
- Implamac					144.023	214.296	1.980	
- Sind-pcdm	370.880	428.792	181.703	164.669	3.340.894	5.594.171	427.221	
- Isoroy	489.716	595.451						
- Maiequipa	3.139	3.704			38.555	71.599		
- Moveipartes	24.937	30.573	19.314				40.618	131.612
- Sc - Consultadoria			4.840	28.654				
- Siaf Imobiliária	3.441	4.061			44.158	269.744	22	35.374
- Siaf Energia	2.042	2.409			1.189	129.594	20.677	35.596
- Sonae Industria Revestimentos	26.322	31.499	12.423	12.372	220.609	339.342	110	
- Sonaecenter			382.349	384.144				
- Solinca			8.662	10.311				
- Sonae ,sgps			50.000	13.150				
- Sonae Uk	171.032	223.995						
- Sind - Share Services Center	4.560	7.082	40.208	54.021			42.787	86.875
- Tafisa Benelux	7.901	5.584						
- Tafisa Canadá	303.951	465.990						
- Tafisa Espanha	404.693	468.810						
- Tafisa South Africa	313.991	480.661						
- Tavapan	18.879	32.892						
- Taiber					19.782.317	36.126.496		
- Tradema				192				
- Imosede			10.530	21.627				
- Novis			16.710	16.302				
- Efanor				66.000				
- Praedium III			8.366	9.841				
- Optimus								
- Digitmarket			1.552	70				
- Cronosaude			685					
- Efanor			49.500					
- Sonaecom				14.576				
- Equador			133.728	171.020				
- Efanor ,Sgps							13.128	22.798
- Agepan	650							



Balance	Accounts Receivable		Accounts Payable		Loans			
					Obtained		Granted	
	31.12.09	31.12.08	31.12.09	31.12.08	31.12.09	31.12.08	31.12.09	31.12.08
Parent Company & Group Companies	76 974	456 839	234 386	182 281	79 695 000	77 583 000	614 196 862	681 166 801
- Agloma	8	187						
- Agloma Investimentos					79.695.000	77.583.000		
- Ecociclo	43	1.928					753.000	881.002
- Ecociclo II								6.765.000
- Euroresinas	3.378	3.722					9.376.000	30.699.640
- Glunz	4.093	103.181						
- Implamac							4.562.020	4.217.163
- SInd-pcdm	21.354	57.260	38.633	33.895			84.070.866	97.515.148
- Isoroy		63.356						
- Maiequipa	17	370					1.133.000	1.184.194
- Movelpartes	2.586	3.722	18.699					
- Sc - Consultadoria			968	3.085				
- Siaf Imobiliária	18	406						3.691.852
- Siaf Energia	11	241						
- Sonae Industria Revestimentos	3.420	3.834	4.725	2.437				6.601.074
- Solinca			1.400	4.153				
- Sonae ,sgps			230					
- Sonae Uk		29.970						
- Spanboard								
- Sind - Share Services Center	936	1.241	4.021	10.804				
- Tafisa Benelux	936	465						
- Tafisa Canadá	26.377	88.916						
- Tafisa Espanha	12.844	52.833						
- Tafisa South Africa		42.301						
- Talber			434				514.301.976	529.611.728
- Tradema								
- Imosede			1.404					
- Tavapan	303	2.906						
- Efanor								
- Novis			3.027	3.090				
- Optimus								
- Digitmarket			1.610					
- Sonaecenter			137.422	51.091				
- Praedium III			935	993				
- Efanor				19.800				
- Sonaecom				20.321				
- Equador			20.878	32.612				
- Agepan	650							

Remuneration of the Board of Directors of the Company is detailed as follows:

Total Fixed salaries	817.838
Total Bonus	268.865
	<u>1.086.703</u>

23. Services Rendered

Details of Services Rendered are presented below:

Services Rendered	31.12.09	31.12.08
Internal Communication	247.559	279.408
Legal	231.296	223.342
Health & security	117.651	146.329
Administration	1.406.017	1.935.964
Engineering	562.991	681.204
Others	338.964	547.985
TOTAL	2.904.476	3.814.231



24. Other Operational Costs

	31.12.09	31.12.08
Taxes	138.899	145.582
Losses in disposal financial investments		140.252
Perdas na alienação de activos corpóreos e incorpóreos	26	0
Others	121.184	98.422
	<u>260.109</u>	<u>384.257</u>

25. Financial Results

	31.12.09	31.12.08
Financial Expenses:		
Interest Expenses	20 456 382	40 956 643
Exchange Losses	4 873	6 052
Others	2 465 395	909 503
Financial Results	<u>2 261 147</u>	<u>5 197 854</u>
	<u>25 187 797</u>	<u>47 070 052</u>
Financial Revenues		
Interest Income	24 827 263	46 246 775
Exchange Gains	4 531	3 757
Others	356.003	819.520
	<u>25.187.797</u>	<u>47.070.052</u>

26. Gains on Investments

The company received dividends of 12.964.655 euros from the following companies:

Aglomac - Soc.Ind.Madeira Aglomerada, S.A.	11.647.880
Imoplamac - Gestão de Imóveis, S.A.	212.751
Sonae Industria de Revestimentos, S.A.	161.867
Ecociclo SA	938.085
Siaf Energia, S.A.	3.957
Somit Imobiliária SA	115

27. Income Taxation

The income and deferred taxation recorded at 31 December 2009 and 31 December 2008 were:

	31.12.09	31.12.08
Income taxation	1718.594	(326.518)
Deferred taxation	3.924.583	(148.417)
	<u>5.643.177</u>	<u>(474.935)</u>



The Income taxation referring to the tax in Sonae Industria SGPS Sa and local taxes items and Income taxation in the Special Group Tax Regime

Was recognised a deferred tax related to tax losses amounting to 1.173.060 euros and a deferred tax related to impairment of assets amounting to 2.751.523 euros

Reconciliation of Earnings before taxes with taxes for the year may be detailed as follows:

DETAILS	TAX CALCULATION
Net income/(loss) before tax	2.248.347
Net income/(loss) before tax of other companies of the Tax perimeter	
ADD :	
Non-deductible depreciation and amortisation	11.532.758
Non deductible assets adjustments (e.g.debt and inventory)	6.213
Non-taxable/Exempt income	4.108
Disallowed Interest expense	14.375
Others	11.223
LESS :	
Tax Benefits	-27.826
Dividends	-12.964.655
Taxable income / (loss)	824.542
NOL Utilization	-9.776.020
	<u>-8.951.478</u>
Tax charge per income statement	
Current tax before credits	1.718.594
Current tax at national rate - Current year	2.239.432
Current tax - prior year adjustment	-486.285
Current tax at special rate	-22.185
Provincial tax	-12.368
Total Current tax	1.718.594
Deferred tax in IFRS	3.924.583
Total tax charge	<u>5.643.177</u>



28. Earnings Per Share

Earnings per share, excluding the effect of discontinued operations, were calculated as follows:

	31.12.09	31.12.08
<i>Net Profit</i>		
Net Profit Considered for Basic EPS Calculation (Periodic Net Profit)	7 891 525	6 750 824
Net Profit Considered for Diluted EPS Calculation	<u>7 891 525</u>	<u>6 750 824</u>
<i>Number of Shares</i>		
Weighted Average Number of Shares for Basic EPS Calculation	140 000 000	140 000 000
Weighted Average Number of Shares for Diluted EPS Calculation	<u>140 000 000</u>	<u>140 000 000</u>
Net Profit Per Share	0,06	0,05

During 2009, no effect from discontinued operations was recorded.

29. Financial Statements Approval

These financial statements were approved by the Board of Directors and authorised for issuance in 24th February 2010.

Consolidated Financial Statements

SONAE INDÚSTRIA, S.G.P.S., S.A.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2009 AND 2008

(Amounts expressed in Euros)

ASSETS	Notes	31.12.2009	31.12.2008 Published	31.12.2008 Restated
NON CURRENT ASSETS:				
Tangible assets	7,10	1 083 367 412	1 202 504 678	1 202 504 678
Goodwill	13	92 175 949	103 811 638	103 811 638
Intangible assets	3,11	12 446 257	12 490 658	15 393 329
Investment properties	12	6 665 733	8 114 976	8 114 976
Associated undertakings and non consolidated undertakings	9	3 011 096	3 075 688	3 075 688
Investment available for sale	9	300 702	389 763	389 763
Deferred tax asset	7,14	33 229 430	53 985 797	53 985 797
Other non current assets	7,15	1 357 948	1 751 010	1 751 010
Total non current assets		<u>1 232 554 527</u>	<u>1 386 124 208</u>	<u>1 389 026 879</u>
CURRENT ASSETS:				
Inventories	7,16	133 939 030	192 882 429	192 882 429
Trade debtors	7,17	163 348 206	199 825 603	199 825 603
Other current debtors	18	12 488 146	15 418 674	15 418 674
State and other public entities	20	14 240 208	30 835 909	30 835 909
Other current assets	7,19	11 487 023	27 529 412	27 529 412
Cash and cash equivalents	7,21	34 328 941	65 750 257	65 750 257
Total current assets		<u>369 831 554</u>	<u>532 242 284</u>	<u>532 242 284</u>
TOTAL ASSETS		<u>1 602 386 081</u>	<u>1 918 366 492</u>	<u>1 921 269 163</u>
SHAREHOLDERS' FUNDS AND LIABILITIES				
SHAREHOLDERS' FUNDS:				
Share capital	22	700 000 000	700 000 000	700 000 000
Legal reserve	22	2 737 181	2 399 639	2 399 639
Other reserves and accumulated earnings	22	- 326 976 317	- 266 480 489	- 265 876 515
Accumulated other comprehensive income	22	- 22 778 753	- 38 818 836	- 38 818 836
Total		<u>352 982 111</u>	<u>397 100 314</u>	<u>397 704 288</u>
Minority Interests	23	1 703 556	3 072 691	3 079 903
TOTAL SHAREHOLDERS' FUNDS		<u>354 685 667</u>	<u>400 173 005</u>	<u>400 784 191</u>
LIABILITIES:				
NON CURRENT LIABILITIES:				
Long term bank loans - net of short-term portion	7,24	215 964 021	268 056 483	268 056 483
Non convertible debentures	7,24	301 912 691	302 147 961	302 147 961
Long term Finance Lease Creditors - net of short-term portion	24	43 725 783	47 949 761	47 949 761
Other loans	24	91 940 590	148 419 100	148 419 100
Post-retirement liabilities	28	25 334 414	25 244 259	25 244 259
Other non current liabilities	7,27	65 790 251	118 741 078	118 741 078
Deferred tax liabilities	7,14	57 367 250	69 902 362	69 902 362
Provisions	3,7,32	22 316 496	37 498 938	37 498 938
Total non current liabilities		<u>824 351 496</u>	<u>1 017 959 942</u>	<u>1 017 959 942</u>
CURRENT LIABILITIES:				
Short term portion of long term bank loans	7,24	103 996 868	31 507 509	31 507 509
Short term bank loans	7,24	29 679 489	74 070 252	74 070 252
Short term portion of long term non convertible debentures	7,24		80 000 000	80 000 000
Short term portion of Finance Lease Creditors	7,24	3 919 801	3 535 578	3 535 578
Other loans	24	303 667	301 760	301 760
Trade creditors	7,29	154 737 066	165 920 462	165 920 462
Taxes and Other Contributions Payable	30	13 302 885	16 307 234	16 307 234
Other current liabilities	3,7,31	101 703 507	116 981 282	119 272 767
Provisions	3,32	15 705 635	11 609 467	11 609 467
Total current liabilities		<u>423 348 918</u>	<u>500 233 545</u>	<u>502 525 030</u>
TOTAL SHAREHOLDERS' FUNDS AND LIABILITIES		<u>1 602 386 081</u>	<u>1 918 366 492</u>	<u>1 921 269 163</u>

The notes are an integral part of the consolidated financial statements

The Board of Directors

SONAE INDÚSTRIA, S.G.P.S., S.A.

CONSOLIDATED INCOME STATEMENT

FOR THE PERIODS ENDED 31 DECEMBER 2009 AND 2008

(Amounts expressed in Euros)

	Notes	31.12.2009	2nd. half 2009	1st. half 2009	31.12.2008 Published	31.12.2008 Restated
Operating revenues						
Sales	41	1 277 806 148	609 626 383	668 179 765	1 761 563 732	1 761 563 732
Services rendered	41	5 077 086	2 490 598	2 586 488	7 489 459	7 489 459
Other operating revenues	3,35	161 786 116	136 676 789	25 109 327	114 340 432	117 582 726
Total operating revenues		<u>1 444 669 350</u>	<u>748 793 770</u>	<u>695 875 580</u>	<u>1 883 393 623</u>	<u>1 886 635 917</u>
Operating costs						
Cost of sales		613 183 007	289 858 286	323 324 721	929 577 834	929 577 834
(Increase) / decrease in production		24 670 071	8 718 382	15 951 689	25 793 943	25 793 943
External supplies and services		373 147 083	181 405 602	191 741 481	471 260 030	471 260 030
Staff expenses		269 995 432	136 050 317	133 945 115	278 376 483	278 376 483
Depreciation and amortisation	10,11,12,41	121 312 007	58 341 933	62 970 074	123 035 231	123 035 231
Provisions and impairment losses	10,11,32,41	30 540 776	24 237 463	6 303 313	55 580 961	55 920 584
Other operating costs	3,36	13 710 153	7 364 389	6 345 764	22 923 254	25 214 739
Total operating costs		<u>1 446 558 529</u>	<u>705 976 372</u>	<u>740 582 157</u>	<u>1 906 547 736</u>	<u>1 909 178 844</u>
Operational profit / (loss)	41	<u>- 1 889 179</u>	<u>42 817 398</u>	<u>- 44 706 577</u>	<u>- 23 154 113</u>	<u>- 22 542 927</u>
Finance income	38	68 873 743	26 340 099	42 533 644	86 618 544	86 618 544
Finance costs	38	122 976 540	51 496 466	71 480 074	164 591 858	164 591 858
Gains and losses in associated companies		- 64 597	24 331	- 88 928	127 642	127 642
Gains and losses in investments		98 700		98 700	57 794	57 794
Current profit / (loss)		<u>- 55 957 873</u>	<u>17 685 362</u>	<u>- 73 643 235</u>	<u>- 100 941 991</u>	<u>- 100 330 805</u>
Taxation	14,39	3 692 143	2 366 447	1 325 696	2 934 767	2 934 767
Consolidated net profit / (loss) after taxation		<u>- 59 650 016</u>	<u>15 318 915</u>	<u>- 74 968 931</u>	<u>- 103 876 758</u>	<u>- 103 265 572</u>
Profit / (loss) after taxation from discontinued operations		-	-	-	-	-
Consolidated net profit / (loss) for the period		<u>- 59 650 016</u>	<u>15 318 915</u>	<u>- 74 968 931</u>	<u>- 103 876 758</u>	<u>- 103 265 572</u>
Attributable to:						
Equity Holders of Sonae Industria		- 58 782 190	15 246 648	- 74 028 838	- 108 447 796	- 107 843 822
Minority Interests		<u>- 867 826</u>	<u>72 267</u>	<u>- 940 093</u>	<u>4 571 038</u>	<u>4 578 250</u>
Profit/(Loss) per share						
Excluding discontinued operations:						
Basic	40	- 0.4199	0.1089	- 0.5288	- 0.7746	- 0.7703
Diluted	40	<u>- 0.4199</u>	<u>0.1089</u>	<u>- 0.5288</u>	<u>- 0.7746</u>	<u>- 0.7703</u>
From discontinued operations:						
Basic	40	-	-	-	-	-
Diluted	40	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The notes are an integral part of the consolidated financial statements

The board of directors

-

SONAE INDÚSTRIA, S.G.P.S., S.A.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED 31 DECEMBER 2009 AND 2008

(Amounts expressed in Euros)

	31.12.2009		1st. half 2009	1st. half 2009	31.12.2008
	Reclassified amounts				
Net profit / (loss) for the period (a)	- 59 650 016	8 133 209	15 318 915	- 74 968 931	- 103 876 758
Other comprehensive income					
Change in currency translation reserve	17 584 220	- 9 503 381	- 2 438 082	20 022 302	- 38 949 353
Change in fair value of available-for-sale financial assets					
Change in fair value of cash flow hedge derivatives	- 348 443	1 370 172	937 762	- 1 286 205	- 1 160 314
Income tax relating to components of other comprehensive income					
Other comprehensive income for the period, net of tax (b)	17 235 777	- 8 133 209	- 1 500 320	18 736 097	- 40 109 667
Total comprehensive income for the period (a) + (b)	- 42 414 239	-	13 818 595	- 56 232 834	- 143 986 425
Total comprehensive income attributable to:					
Equity holders of Sonae Industria	- 42 662 562		12 861 959	- 55 524 521	- 147 768 024
Minority interests	248 323		956 636	- 708 313	3 781 599
	- 42 414 239	-	13,818,595	- 56 232 834	- 143 986 425

The notes are an integral part of the consolidated financial statements

The board of directors

SONAE INDÚSTRIA, S.G.P.S., S.A.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' FUNDS AT 31 DECEMBER 2009 AND 2008

(Amounts expressed in Euros)

<u>Accumulated other comprehensive income</u>									
	Share capital	Legal reserve	Other Reserves and accumulated earnings	Currency translation	Cash flow hedge derivatives	Subtotal	Total shareholders' funds attributable to the equity holders of Sonae Indústria	Minority Interests	Total shareholders' funds
Notes	22	22	22			22		23	
Balance as at 1 January 2008	700 000 000	1 340 138	- 106 752 371	406 148	95 244	501 392	595 089 159	33 742 417	628 831 576
Distributed dividends			- 39 200 000				- 39 200 000		- 39 200 000
(Increase)/decrease in ownership of subsidiaries								- 34 451 325	- 34 451 325
Appropriation of previous year's net profit / (loss)		1 059 501	-1 059 501						
Total comprehensive income			-108 447 796	-38 159 914	-1 160 314	-39 320 228	- 147 768 024	3 781 599	- 143 986 425
Restatement			603 974				603 974	7 212	611 186
Others			-11 020 821				- 11 020 821		- 11 020 821
Balance as at 31 December 2008	<u>700 000 000</u>	<u>2 399 639</u>	<u>-266 480 489</u>	<u>-37 753 766</u>	<u>-1 065 070</u>	<u>-38 818 836</u>	<u>397 100 314</u>	<u>3 072 691</u>	<u>400 173 005</u>
Balance as at 31 December 2008 - restated	<u>700 000 000</u>	<u>2 399 639</u>	<u>-265 876 515</u>	<u>-37 753 766</u>	<u>-1 065 070</u>	<u>-38 818 836</u>	<u>397 704 288</u>	<u>3 079 903</u>	<u>400 784 191</u>

<u>Accumulated other comprehensive income</u>									
	Share capital	Legal reserve	Other Reserves and accumulated earnings	Currency translation	Cash flow hedge derivatives	Subtotal	Total shareholders' funds attributable to the equity holders of Sonae Indústria	Minority Interests	Total shareholders' funds
Notes	22	22	22			22		23	
Balance as at 1 January 2009	700 000 000	2 399 639	- 265 876 515	-37 753 766	-1 065 070	-38 818 836	397 704 288	3 079 903	400 784 191
Loss of control in subsidiaries			- 311 418				- 311 418	- 1 689 082	- 2 000 500
Appropriation of previous year's net profit / (loss)		337 542	- 337 542						
Total comprehensive income			-58 782 190	16 468 071	- 348 443	16 119 628	- 42 662 562	248 323	- 42 414 239
Others			-1 668 652	- 79 545		- 79 545	- 1 748 197	64 411	- 1 683 786
Balance as at 31 December 2009	<u>700 000 000</u>	<u>2 737 181</u>	<u>-326 976 317</u>	<u>-21 365 240</u>	<u>-1 413 513</u>	<u>-22 778 753</u>	<u>352 982 111</u>	<u>1 703 556</u>	<u>354 685 667</u>

The notes are an integral part of the consolidated financial statements

The board of directors

SONAE INDÚSTRIA, S.G.P.S., S.A.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED AT 31 DECEMBER 2009 AND 2008
(Amounts expressed in Euros)

OPERATING ACTIVITIES

	Notes	31.12.2009	31.12.2008 Published	31.12.2008 Restated
Receipts from trade debtors		1 234 083 462	1 759 622 434	1 759 622 434
Payments to trade creditors		956 343 731	1 410 054 702	1 410 054 702
Payments to staff		268 501 077	288 370 178	288 370 178
Net cash flow from operations		9 238 654	61 197 554	61 197 554
Payment / (receipt) of corporate income tax		- 3 631 516	16 287 635	16 287 635
Other receipts / payments relating to operating activities		58 377 057	36 583 943	36 583 943
Net cash flow from operating activities (1)	41	<u>71 247 227</u>	<u>81 493 862</u>	<u>81 493 862</u>

INVESTMENT ACTIVITIES

Cash receipts arising from:				
Investments		114 186 792	6 385 649	6 385 649
Tangible and intangible assets		5 015 837	10 390 101	10 390 101
Loans granted			20 122	
Investment subventions		85 972	2 915 850	2 915 850
Interest and similar charges			6 521 977	
Dividends		98 700	57 795	57 795
Others		1 419		
		<u>119 388 720</u>	<u>26 291 494</u>	<u>19 749 395</u>
Cash Payments arising from:				
Investments		510 814	36 842 493	36 842 493
Tangible and intangible assets		33 134 246	132 763 972	132 763 972
Loans granted			2 003 930	
		<u>33 645 060</u>	<u>171 610 395</u>	<u>169 606 465</u>
Net cash used in investment activities (2)	41	<u>85 743 660</u>	<u>- 145 318 901</u>	<u>- 149 857 070</u>

FINANCING ACTIVITIES

Cash receipts arising from:				
Loans granted				20 122
Loans obtained		2 507 434 626	3 117 292 136	3 117 292 136
Interest and similar charges		1 441 185		6 521 977
Others			70 671 726	70 671 726
		<u>2 508 875 811</u>	<u>3 187 963 862</u>	<u>3 194 505 961</u>
Cash Payments arising from:				
Loans granted		3 771		2 003 930
Loans obtained		2 631 733 485	3 049 647 888	3 049 647 888
Interest and similar charges		40 590 471	59 391 808	59 391 808
Dividends			39 179 599	39 179 599
Finance leases - repayment of principal		2 882 938	3 080 178	3 080 178
Others		3 179 613		
		<u>2 678 390 278</u>	<u>3 151 299 473</u>	<u>3 153 303 403</u>
Net cash used in financing activities (3)	41	<u>- 169 514 467</u>	<u>36 664 389</u>	<u>41 202 558</u>
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		<u>- 12 523 580</u>	<u>- 27 160 650</u>	<u>- 27 160 650</u>
Effect of foreign exchange rate		- 1 789 611	4 605 330	4 605 330
Cash and cash equivalents at the beginning of the period	21	<u>17 388 776</u>	<u>49 154 756</u>	<u>49 154 756</u>
Cash and cash equivalents at the end of the period	21	<u>6 654 807</u>	<u>17 388 776</u>	<u>17 388 776</u>

The notes are an integral part of the consolidated financial statements

The board of directors



SONAE INDÚSTRIA SGPS, S.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

(Amounts expressed in euros)

1. INTRODUCTION

SONAE INDÚSTRIA, SGPS, SA, whose head-office is at Lugar do Espido, Via Norte, Apartado 1096, 4470-909 Maia, Portugal, is the parent company of a group of companies as detailed in notes 4 to 6 ("Group"). The Group's operations and business segments are described in Note 41.

The shares of the company are listed on NYSE Euronext Lisbon.

2. MAIN ACCOUNTING POLICIES

The main accounting policies adopted in preparing the accompanying consolidated financial statements are as follows:

2.1. Basis of Preparation

These consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) and the International Accounting Standards (IAS) issued by the International Accounting Standards Board (IASB) and with Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) or by the former Standing Interpretations Committee (SIC), applicable to the period beginning on 1 January 2009 and endorsed by the European Union.

In the year ended 31 December 2009 the following standards and interpretations became effective:

IFRS 2 – *Share Based Payments (Amended 2008)*, IFRS 8 – *Operating Segments*,
IAS 1 – *Presentation of Financial Statements (Revised 2007, Amended 2008)*, IAS 23
– *Borrowing Costs (Revised 2007, Amended 2008)*, IAS 32 – *Financial Instruments*:



Presentation (Amended 2008), IFRIC 12 – Service Concession Arrangements, IFRIC 13 – Customer Loyalty Programmes, IFRIC 14 IAS 19– The Limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction, IFRIC 16 – Hedges of a Net Investment in a Foreign Operation.

The application of these standards and interpretations had the following changes on the Group's accounting policies:

- IFRS 8:
 - Segmental information disclosed in the present notes is now based on management information reported to the Group's management. Therefore, segmental information does not match the one included in the present financial statements and related notes due to differences in criteria. The corresponding reconciliation is disclosed.
- IAS 1 (revised 2007):
 - The Consolidated Balance Sheet is now designated as the Consolidated Statement of Financial Position;
 - Consolidated financial statements now include a Consolidated Statement of Comprehensive Income.

At 31 December 2009 the following standards and interpretations had been issued but not applied as they only become effective on the period beginning 1 January 2010:

IFRS 3 – Business Combinations (Revised 2008), IAS 27 – Consolidated and Separate Financial Statements (Amended 2008), IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 17 – Distributions of Non-Cash Assets to Owners, IFRIC 18 – Transfers of Assets from Customers.

It is not possible to estimate the effect of the application of these standards and interpretations on future consolidated financial statements.

The accompanying consolidated financial statements have been prepared from the books and accounting records of the companies included in the consolidation (Note 4) on a going concern basis and under the historical cost convention, except for financial instruments which are stated at fair value (Note 2.12).

2.2. Consolidation Principles

The consolidation methods adopted by the Group are as follows:



a) Investments in Group companies

Investments in companies in which the Group owns, directly or indirectly, more than 50% of the voting rights at Shareholders' General Meetings and is able to establish financial and operational policies so as to benefit from its activities (definition of control normally used by the Group), are included in the consolidated financial statements using the full consolidation method. Equity and net profit attributable to minority shareholders are shown separately, under the caption Minority interests, in the consolidated balance sheet and in the consolidated income statement, respectively. Companies included in the consolidated financial statements are listed in Note 4.

When losses attributable to minority interests exceed the minority interest in the equity of the Group company, the excess, and any further losses attributable to minority interests, are charged against the equity holders of Sonae except to the extent that minority shareholders have a binding obligation and are able to cover such losses. If the Group company subsequently reports profits, such profits are allocated to the equity holders of Sonae until the minority's share of losses previously absorbed by the equity holders of Sonae has been recovered.

Assets and liabilities of each Group company are measured at their fair value at the date of acquisition. Any excess of the cost of acquisition over the Group's interest in the fair value of the identifiable net assets acquired is recognized as goodwill (Note 2.2.d) and 13). Any excess of the Group's share in the fair value of the identifiable net assets acquired over cost is recognized as income in profit or loss for the period of acquisition, after reassessment of the estimated fair value. Minority interests include their proportion of the fair value of net identifiable assets and liabilities recognized on acquisition of Group companies.

The results of Group companies acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Adjustments to the financial statements of Group companies are performed, whenever necessary, in order to adapt accounting policies to those used by the Group. All intra-group transactions, balances, income and expenses and distributed dividends are eliminated on consolidation.



b) Financial Investments in jointly owned companies

Financial investments in joint ventures (companies that the Group holds together with third parties and in which joint control is established in a shareholders' agreement) are accounted for through the proportionate consolidation method, as from the date the joint control is acquired or established. Under this method, the assets, liabilities, profits and losses of these companies are incorporated proportionately to the control attributable and line by line, in the Group's financial statements in appendix.

The excess value resulting from the difference between the acquisition cost and the fair value of the assets and liabilities of the joint-venture at the time of acquisition is recorded as goodwill (Note 2.2.d). If the difference between the acquisition cost and the fair value of the assets at the time of acquisition is negative, it is recognized as income in the period.

Transactions, balances and dividends between the companies are eliminated proportionately to the control attributable to the Group.

Joint-venture companies are detailed in note 5.

c) Investments in associated companies

Investments in associated companies (companies where the Group exercises significant influence but does not establish financial and operational policies – usually corresponding to holdings between 20% and 50% in a company's share capital) are accounted for in accordance with the equity method.

Under the equity method, investments are recorded at cost, adjusted by the amount corresponding to the Group's share of changes in equity (including net profit) of associated companies and are offset against losses or profits in the period and against dividends received.

Any excess of the cost of acquisition over the Group's share in the fair value of the identifiable net assets acquired is recognized as goodwill (Note 2.2.d). Any excess of the Group's share in the fair value of the identifiable net assets acquired over cost is recognized as income in the profit or loss for the period of acquisition, in results related to associated companies.

An assessment of investments in associated companies is performed when there is an indication that the asset might be impaired. Any impairment loss is disclosed in the



income statement. Impairment losses recorded in prior years that are no longer justifiable are reversed.

When the Group's share of losses exceeds the carrying amount of the investment, the investment is reported at nil value and recognition of losses is discontinued, unless the Group is committed beyond the value of its investment.

The Group's share in unrealized gains arising from transactions with associated companies is eliminated. Unrealized losses are eliminated, but only to the extent that there is no evidence of impairment of the asset transferred.

Investments in associated companies are disclosed in Note 6.

d) Goodwill

The excess of the cost of acquisition of investments in Group, jointly controlled and associated companies over the Group's share in the fair value of the assets and liabilities of those companies at the date of acquisition is shown as Goodwill (Note 13). The excess of the cost of acquisition of investments in foreign companies over the fair value of their identifiable assets and liabilities at the date of acquisition is calculated using the functional currency of each of those companies. Translation to the Group's currency (Euro) is made using the closing exchange rate. Exchange rate differences arising from this translation are disclosed in Other Accumulated Comprehensive Income.

Goodwill is not amortized, but it is subject to impairment tests on an annual basis. Impairment losses identified in the period are disclosed in the income statement under Provisions and Impairment Losses, and cannot be reversed.

Any excess of the Group's share in the fair value of identifiable assets and liabilities in group, jointly controlled and associated companies over cost, is recognized as income in the profit or loss for the period, at the date of acquisition, after reassessment of the fair value of the identifiable assets and liabilities acquired.

e) Translation of financial statements of foreign companies

Assets and liabilities denominated in foreign currencies in the individual financial statements of foreign companies are translated to Euro using exchange rates at the balance sheet date. Profit and loss and cash flows are converted to Euro using the average exchange rate for the period. Exchange rate differences originated after 1 January 2004 are recorded as equity under Translation Reserves in Other Accumulated



Comprehensive Income. Exchange rate differences that originated prior to 1 January 2004 (date of transition to IFRS) were written-off through Other Reserves and Accumulated Earnings.

Goodwill and fair value adjustments arising from the acquisition of foreign companies are recorded as assets and liabilities of those companies and translated to Euro using exchange rates at the balance sheet date.

Whenever a foreign company is sold, accumulated exchange rate differences are recorded in the Income Statement as a gain or loss on the disposal.

Exchange rates used on translation of foreign group, jointly controlled and associated companies are listed below:

	31.12.2009		31.12.2008	
	Closing rate	Average rate	Closing rate	Average rate
Great Britain Pound	0.8881	0.8903	0.9525	0.7943
Brazilian Real	2.6482 *	2.8843 **	3.2436	2.6555
South African Rand	10.6655	11.6212	13.0668	11.9933
Canadian Dollar	1.5128	1.5841	1.6998	1.5574
American Dollar	1.4406	1.3909	1.3917	1.4631
Swiss Franc	1.4836	1.5099	1.4850	1.5862
Polish Zloty	4.1044	4.3191	4.1535	3.5002

Source: Bloomberg

* Exchange rate at 31.07.2009

** Average exchange rate for the period from 01.01.2009 to 31.07.2009

2.3. Tangible assets

Tangible assets acquired up to 1 January 2004 (transition date to IFRS) are recorded at acquisition cost, or revaluated acquisition cost, in accordance with generally accepted accounting principles in Portugal until that date, net of depreciation and accumulated impairment losses.

Tangible assets acquired after that date are recorded at acquisition cost, net of depreciation and accumulated impairment losses.

The Group separately recognizes and depreciates the components of Property Plant and Equipment whose useful lives are significantly different from the related main assets' ones and the components that can only be used in connection with a specific asset. These components are depreciated separately on the basis of their useful lives.

Repair and maintenance expenses are recognized in profit or loss in the period they occur.



Depreciation is calculated on a straight line basis, as from the date the asset is first used, over the expected useful life for each class of assets.

Depreciation rates used correspond to the following estimated useful lives of underlying assets:

	Years
Buildings	50
Plant & Machinery	2-15
Vehicles	5
Tools	4
Fixtures and Fittings	4-10
Other Tangible Assets	5

Tangible assets in progress represent fixed assets still under construction/development and are stated at acquisition cost net of impairment losses. These assets are depreciated from the date they are completed or start being used.

Residual values, useful lives and the depreciation method are assessed annually.

2.4. Intangible assets

Intangible assets are stated at acquisition cost, net of depreciation and accumulated impairment losses. Intangible assets are only recognized if it is probable that future economic benefits will flow from them, if they are controlled by the Group and if their cost can be reliably measured.

Expenditure on research associated with new technical know-how is recognized as an expense recorded in the Income Statement when it is incurred (note 37).

Expenditure on development is recognized as an intangible asset if the Group demonstrates the technical feasibility and its intention to complete the asset, its ability to sell or use it and the probability that the asset will generate future economic benefits. Expenditure on development, which does not fulfil these conditions, is recorded as an expense in the period in which it is incurred.

Internal costs associated with maintenance and development of software are recorded as an expense in the period in which they are incurred. Only costs directly attributable to projects for which the generation of future economic benefits is probable are capitalized as intangible assets.



Amortisation is calculated on a straight line basis as from the date the asset is first used, over the expected useful life, which ranges from 3 to 6 years.

2.5. Accounting for leases

Accounting for leases where the Group is the lessee

Lease contracts are classified as (i) a finance lease if the risks and rewards incidental to ownership lie with the lessee and (ii) as an operating lease if the risks and rewards incidental to ownership do not lie with the lessee.

Whether a lease is classified as finance or operating lease depends on the substance of the transaction rather than the form of the contract.

Tangible assets acquired through finance lease contracts are recorded as assets and corresponding obligations as liabilities in the balance sheet. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. Both the finance charge and the depreciation expense for depreciable assets are taken to the income statement in the period in which they are incurred.

Lease payments under operating lease contracts are recognized as an expense on a straight line basis over the lease term.

2.6. Investment Properties

Investment properties are recorded at acquisition cost net of depreciation and of accumulated impairment losses. These are registered as a result of land and buildings used in discontinued operations and that the Group had established lease contracts with third parties.

Useful lives and the depreciation method are the ones set out in note 2.3. for tangible assets.

2.7. Government grants

Government grants are recorded at fair value when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants received as compensation for expenses, namely grants for personnel training, are recognized as income in the same period as the relevant expense.



Grants related to depreciable assets are disclosed as Other non-current liabilities and are recognized as income on a straight line basis over the expected useful lives of those assets.

2.8. Impairment of non-current assets, except for goodwill and deferred taxes

Assets are assessed for impairment at each balance sheet date whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the income statement under Provisions and impairment losses.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if this is not possible, for the cash-generating unit to which the asset belongs.

Reversal of impairment losses recognized in prior years is only recorded when it is concluded that the impairment losses recognized for the asset no longer exist or have decreased. This analysis is performed whenever there is an indication that the impairment loss previously recognized has been reversed. The reversal is recorded in the income statement as Other Operational income. However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for that asset in prior years.

2.9. Borrowing costs

Borrowing costs are normally recognized as an expense in the period in which they are incurred.

Borrowing costs directly attributable to the acquisition, construction or production of tangible and intangible assets are capitalized as part of the cost of the qualifying asset. Borrowing costs are capitalized from the time of preparation of the activities to construct or develop the asset up to the time the production or construction is complete or when asset development is interrupted. Any income earned on funds temporarily invested pending their expenditure on the qualifying asset, is deducted from the borrowing costs that qualify for capitalisation.



2.10. Inventories

Consumer goods and raw materials are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis.

Finished goods and work in progress are stated at the lower of the weighted average production cost or net realisable value. Production cost includes cost of raw materials, labour costs and overheads (including depreciation of production equipment based on normal levels of activity).

Net realisable value is the estimated selling price less estimated costs of completion and estimated costs necessary to make the sale.

Differences between cost and net realisable value, if negative, are shown as operating expenses under Cost of sales or Changes in stocks of finished goods and work in progress, depending on whether they refer to consumer goods and raw materials or finished goods and work in progress.

2.11. Provisions

Provisions are recognized when, and only when, the Group has an obligation (legal or constructive) resulting from a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of that obligation. Provisions are reviewed and adjusted at the balance sheet date to reflect the best estimate as of that date.

Restructuring provisions are recorded by the Group whenever a formal and detailed restructuring plan exists and that plan has been communicated to the parties involved.

Increase and utilization of provisions are recognized on specific accounts of profit or loss, respectively included under Provisions and Impairment losses and Other Operating Revenues on the Consolidated Income Statement.

2.12. Financial Instruments

a) Investments

Investments are classified into the following categories:

- Investments measured at fair value through profit or loss;
- Available-for-sale investments;



- Held-to-maturity investments.

Investments measured at fair value through profit or loss include the investments held for trading acquired by the Group to be sold within a short period of time. They are classified as current assets on the consolidated balance sheet.

The Group classifies as available-for-sale the investments which cannot be regarded as investments measured at fair value through profit or loss or as held-to-maturity investments.

Available-for-sale investments are stated as non current assets except if they are intended to be sold within the next 12 months as from the balance sheet date.

Held-to-maturity investments are classified as non-current assets unless they mature within 12 months of the balance sheet date. Investments classified as held to maturity have defined maturities and the Group has the intention and ability to hold them until the maturity date.

All purchases and sales of investments are recognized on the trade date, independently of the settlement date.

Investments are initially measured at cost, which is the fair value of the consideration paid for them, including transaction costs.

Available-for-sale investments and investments measured at fair value through profit or loss are subsequently carried at fair value, without any deduction for transaction costs which may be incurred on sale, by reference to their quoted market price at the balance sheet date. Investments in equity instruments that do not have a quoted market price and whose fair value cannot be reliably measured, are stated at cost, less impairment losses.

Changes in the fair value of investments measured at fair value through profit or loss are included in the consolidated income statement for the period.

Gains or losses arising from a change in fair value of available-for-sale investments are recognized directly in equity, under Fair value reserve, included in Reserves and retained earnings until the investment is sold or otherwise disposed of, or until it is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is transferred to net profit or loss for the period.



b) Accounts receivable

Receivables are stated at net realisable value, corresponding to their nominal value less impairment losses, recorded under the caption Impairment losses in accounts receivable, and thereby reflect their net realisable value.

Impairment losses are recognized following objective evidence that part or the whole amount receivable will not be paid as long as the loss can be reliably estimated. For that, each group company takes into consideration market information showing that the customer is insolvent along with historical data of overdue and not paid amounts receivable.

Recognized impairment losses correspond to the difference between the carrying amount and the present value of the estimated cash flows, discounted at the original effective interest rate, which is nil whenever payment is expected to occur within less than twelve months.

Accounts receivable are stated in the consolidated balance sheet as current assets unless they mature after twelve months as from the balance sheet date, in which case they will be stated as non current assets.

c) Classification as equity or liability

Financial liabilities and equity instruments are classified and accounted for based on their contractual substance, independently from the legal form they assume.

d) Loans

Loans are recorded as liabilities at their nominal value, net of up-front fees and commissions related to the issuance of those instruments. Financial expenses are calculated based on the effective interest rate and are recorded in the income statement on an accruals basis, in accordance with the accounting policy defined in Note 2.9. The portion of the effective interest charge relating to up-front fees and commissions, if not paid in the period, is added to the book value of the loan.

e) Trade accounts payable

Accounts payable are stated at their nominal value as no interest is paid and financial discount is deemed to be not relevant.



f) Derivatives

The Group uses derivatives in the management of its financial risks, only to hedge such risks. Derivatives are not used by the Group for trading purposes.

Derivatives classified as cash flow hedge instruments (Swaps) are used by the Group mainly to hedge interest risks on loans obtained. Conditions established for these cash flow hedge instruments are identical to those of the corresponding loans in terms of base rates, calculation rules, rate setting dates and repayment schedules of the loans and for these reasons they qualify as perfect hedges. Inefficiencies that may arise are recorded on the Profit and Loss statement.

The Group's criteria for classifying a derivative instrument as a cash flow hedge instrument include:

- The hedge transaction is expected to be highly effective in offsetting changes in cash flows attributable to the hedged risk;
- The effectiveness of the hedge can be reliably measured;
- There is adequate documentation of the hedging relationships at the inception of the hedge;
- The forecasted transaction that is being hedged is highly probable.

Cash flow hedge instruments used by the Group are initially accounted for at cost and subsequently adjusted to their corresponding fair value. Changes in fair value of these cash flow hedge instruments are recorded in equity under the caption Hedging reserves, included in Other Accumulated Comprehensive Income on the Consolidated Statement of Financial Position, and then reclassified to financial results on the Consolidated Income Statement over the same period in which the hedged instrument affects Income Statement.

The fair value of these financial instruments is calculated with resource to derivative valuation software as described in note 25.

Hedge accounting of derivative instruments is discontinued when the instrument matures or is sold. Whenever a derivative instrument can no longer be qualified as a hedging instrument, the fair value differences recorded in equity under the caption Hedging reserve, which is included in Other Accumulated Comprehensive Income, are transferred to profit or loss of the period or to the carrying amount of the asset that resulted from the hedged forecast transaction. Subsequent changes in fair value are recorded in the Consolidated Income Statement.



In some cases derivative instruments were negotiated to hedge cash flows mainly related to exchange rate hedges (forwards) of loans and trade transactions which do not consist in perfect hedging relations therefore not qualifying for hedge accounting. Notwithstanding, they significantly mitigate the effect on loans and accounts receivable denominated in foreign currencies of changes in exchange rates which the Group intends to hedge.

These derivative instruments over which no hedge accounting was applied are initially stated at cost, if any, and then adjusted to their fair value. Changes in fair value, calculated with resource to specific software, are accounted for as financial items on the Consolidated Income Statement.

When embedded derivatives exist, they are accounted for as separate derivatives when the risks and the characteristics are not closely related to economic risks and characteristics of the host contract, and this is not stated at fair value. Gains and losses are taken through the Consolidated Income Statement.

Additionally, the Group also negotiates, in specific situations, interest derivatives in order to hedge fair values. In these cases, derivatives are stated at fair value through profit or loss. When the hedged instrument is not measured at fair value (i.e. loans which are recorded at amortized cost) the book value is adjusted by the amount which is effectively hedged through profit or loss.

Derivative instruments are stated on the Consolidated Statement of Financial Position under Other non current assets, Other current assets, Other non current liabilities and Other current liabilities.

g) Equity instruments

Equity instruments are those that represent a residual interest on the Group's net assets and are recorded at the amount received, net of costs incurred with their issuance.

h) Own shares

Own shares are recorded at acquisition cost as a reduction to equity. Gains or losses arising from sales of own shares are recorded in Other Reserves, under Other Reserves and Accumulated Earnings.



i) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at banks, term deposits and other treasury applications which mature in less than three months and are subject to insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents also include bank overdrafts, which are included in Bank Loans on the Consolidated Statement of Financial Position.

2.13. Post-employment benefits

As referred to in Note 28, some of the Group companies are committed to provide benefits to their employees when they get retired. These commitments are considered as defined benefit plans, and autonomous pension funds have been established to this effect:

In order to estimate its obligations, the Group obtains, annually, actuarial valuations according to the "Projected Unit Credit Method". When unrecognized cumulative actuarial gains and losses exceed the greater of 10% of the present value of the defined benefit obligation and 10% of the fair value of plan assets, these are recorded as income or expense on a straight line basis over the average remaining service period of the participants.

Past service costs are recorded immediately when benefits are being paid. Otherwise, these are recorded on a straight line basis over the average remaining service period until they vest (generally, the date of retirement if they still work for the Group).

Obligations recorded at the closing balance sheet date reflect the present value of obligations for defined benefits adjusted for actuarial gains or losses and/or past service costs not recorded, net of the fair value of net assets of the pension fund.

2.14. Contingent assets and liabilities

Contingent liabilities are not recorded in the consolidated financial statements. Instead they are disclosed in the notes to the financial statements, unless the probability of a cash outflow is remote, in which case, no disclosure is made.

Contingent assets are not recorded in the consolidated financial statements but disclosed when future economic benefits are probable.



2.15. Income tax

Income tax for the period is calculated based on the taxable income of companies included on consolidation and considers deferred taxation.

Current income tax is determined based on the taxable income of companies included on consolidation and includes deferred taxation, in accordance with the tax rules in force in the respective country of incorporation, considering the period profit and using the estimated effective average annual income tax rate.

Deferred taxes are calculated using the balance sheet liability method, reflecting the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are calculated and annually remeasured using the tax rates that have been enacted or substantively enacted and therefore are expected to apply in the periods when the temporary differences are expected to reverse.

Deferred tax assets are recognized only when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be used, or when taxable temporary differences are recognized and expected to reverse in the same period. At each balance sheet date a review is made of the deferred tax assets recognized, which are reduced whenever their future use is no longer probable

Deferred tax assets and liabilities are recorded in the Consolidated Income Statement, except if they relate to items directly recorded in equity. In these cases the corresponding deferred tax is recorded in equity.

2.16. Revenue recognition and accrual basis

Revenue from the sale of goods is recognized in the Consolidated Income Statement when the risks and benefits have been transferred to the buyer and the amount of the revenue can be measured reasonably. Sales are recognized net of sales taxes and discounts and other expenses arising from the sale, and are measured as the fair value of the amount received or receivable.

Revenue from services rendered is recognized in the Consolidated Income Statement taking into consideration the stage of completion of the transaction at the balance sheet date.

Dividends are recognized as income in the year they are attributed to the shareholders.



Income and expenses are recorded in the year to which they relate, independently of the date of the corresponding payment or receipt. Income and expenses for which their real amount is not known are estimated.

Other current assets and Other current liabilities include income and expenses of the reporting year which will only be invoiced in the future. Those captions also include receipts and payments that have already occurred but will only correspond to income or expenses of future years, when they will be recognized in the Consolidated Income Statement.

2.17. Capital gains and losses

Capital gains and losses that result from the sale or write-off of tangible and intangible assets and of investments are presented on the Consolidated Income Statement as the difference between the sale price and the net book value at date of sale or write-off, under the caption Other Operating Profits and Losses.

2.18. Balances and transactions expressed in foreign currencies

Transactions in currencies other than the Euro, are translated to Euro using the exchange rate as at the transaction date.

At each balance sheet date, all monetary assets and liabilities expressed in foreign currencies are translated to the functional currency of each foreign company at the exchange rates as at that date. All non-monetary assets and liabilities recorded at fair value and stated in foreign currencies are converted to the functional currency of each company, using the exchange rate at the date the fair value was determined.

Exchange gains and losses arising from differences between historical exchange rates and those prevailing at the date of collection, payment or the date of the balance sheet, are recorded as income or expenses of the period, except for those related to non-monetary assets or liabilities, for which adjustments to fair value are directly recorded under equity. When the Group wants to reduce currency exposure, it negotiates hedging currency derivatives (Note 2.12.f)).

2.19. Liability for medium and long term incentives plan

The Company and its subsidiaries each year grant their employees that belong to a functional group classified as Executive or above a compensation which is related to the value added in the period for the shareholders. This compensation will be paid after a three-year period if the employee is still in the Group.



This liability is stated on the Consolidated Statement of Financial Position under Other non current liabilities and Other current liabilities and is stated on the Consolidated Income Statement under Personnel costs. If the employee ceases functions during the period over which payment of previously recognized liabilities is deferred, liabilities will be derecognized from the balance sheet against Personnel costs on the profit and loss statement.

2.20. Subsequent events

Events after the balance sheet date that provide additional information about conditions that existed at the balance sheet date (adjusting events), are reflected in the consolidated financial statements. Events after the balance sheet date that are non-adjusting events are disclosed in the notes when material.

2.21. Segment information

At the reporting date reportable segments are assessed on the basis of the internal reporting system of financial information (note 41).

2.22. Judgments and estimations

The most significant estimations included in these consolidated financial statements refer to:

- a) Useful lives of tangible and intangible assets;
- b) Impairment tests on goodwill and other tangible and intangible assets;
- c) Adjustments to assets, namely fair value adjustments;
- d) Calculation of provisions and pensions liabilities.

These estimations were based on the best available information at the date these consolidated financial statements were prepared and were based on the knowledge and experience of present and past events. Notwithstanding, some situations may occur in future periods which were not included in present estimations as they were not foreseeable. Changes to estimations after these financial statements date will be prospectively corrected through profit or loss in accordance with IAS 8.

Main estimations and assumptions relating to future events included in these consolidated financial statements are described in the correspondent notes.

2.23. Emission rights of carbon dioxide

The Group has industrial facilities located in several European countries, which are within the scope of the European Emission Trading Scheme.



The scheme consists of an allowance granted by the State where the facility is located, which is recognized in Other Intangible Assets and Deferred Gains, at the market value of the date it was granted. Deferred gains are transferred to Other Operating Revenues on a straight line basis over the period.

At 31 December 2009 an estimation of emissions produced in the period is recognized in Cost Accruals and Other Operating Costs. In case the amount recorded is lower than market value, an impairment loss is accounted for.

On the following period, when emissions produced are definitely calculated, the amount previously recorded in Other Intangible Assets is written off against Cost Accruals for the rights delivered back to the State. When allowances are excessive and the remainder is sold, a gain or loss corresponding to the difference between cost and market value is recorded in Other Operating Revenues or Other Operating Costs.

2.24. Risk management

a) Credit Risk Management Policy

i) Receivables (Customers)

Sonae Indústria Credit Risk derives mainly from its account receivables items related with its operating activity.

The main objective of Sonae Indústria Credit Risk Management is to guarantee the effective collection of its operating receivables according to the negotiated payment terms.

In order to mitigate Credit Risk related with potential Customers default on payment of outstanding receivables, Group companies exposed to this type of risk:

- have in place credit management procedures and credit approval processes;
- have local (per country) credit risk committees;
- have dedicated teams for credit management and collections;
- establish and review credit limits for their Customers, monitoring effective exposure to their Customers;
- have insurance policies in place where viable;
- make use of credit rating agencies, if needed;
- make use of legal proceedings in order to recover bad debt, if applicable



ii) Other financial assets, other than receivables

In addition to its operating activities, Group companies have financial assets, related mainly with its activities involving Financial Institutions, such as cash deposits, financial investments and derivatives with positive market value. As a result, Credit Risk arises from the potential counterparty default from these Financial Institutions.

As a rule, Group companies only engage in financial operations with Investment Grade Financial Institutions. On the other hand, generally speaking, exposure related with this type of financial assets is widely spread and short lived.

b) Market Risk Management Policy

i) Interest Rate Risk

As a result of the relevant portion of floating rate debt on Sonae Indústria consolidated Balance Sheet and the consequent cash flows related to interest payments, the company is exposed to interest rate risk, and it is particularly exposed to the risk of variation of Euro interest rates, as most of its floating rate debt is denominated in Euro.

As a general rule, Sonae Indústria does not hedge its exposure to floating interest rates.

This approach is based on the principle of the existence of a positive correlation between the interest rate levels and the “operating cash flow before net interest charges”, which creates a natural hedge on the “operating cash flow after net interest charges” for Sonae Indústria. The rationale behind this principle is as follows:

- Sonae Indústria is mainly exposed to the Euro area on its operating activity and, as referred before, it is also mainly exposed to the Euro currency in what concerns to its floating rate debt.

- Sonae Indústria operating activity is cyclical in the sense it is tied to business cycles of the overall economy and particularly of the construction sector (and also of the furniture sector on its own). This is mostly due to the nature of our products, and to the fact that they are commodity-like and durable goods, performing better when there are good economic conditions.



- Under regular economic circumstances, when there is a strong level of economic activity and demand, inflation tends to increase. Since nominal interest rates are a function of inflation and also because the European Central Bank (ECB) has as its main mission keeping price stability, it normally acts in order to relieve inflationary tensions by increasing interest rates. Opposite effects occur when there is a weak level of activity and demand, with low pressure on prices.

- When activity and demand are strong in the Euro Area, Sonae Indústria tends to have superior economic performance and operating cash flow generation. On the other hand, when economic conditions are strong, ECB tends to increase interest rates in order to refrain demand and avoid price increases, which is reflected on higher net interest charges for Sonae Indústria, creating a natural hedge on “operating cash flow after net interest charges”. The same principle (with opposite signs) applies on economic downturn situations.

- It is our understanding that, apart from the Euro interest rate, the same rationale applies to other interest rates to which Sonae Indústria is exposed such as the Pound Sterling and the Canadian Dollar, or to the South African Rand and Brazilian Real (while acknowledging that in emerging markets, interest rate behaviour is influenced by other effects not directly related with domestic economic conditions).

As an exception to its general rule, Sonae Indústria may engage into interest rates derivatives. If this is the case, the following is observed:

- Derivatives are not used for trading, profit making, or speculative purposes;
- Group companies only engage in derivative transactions with Investment Grade Financial Institutions;
- Derivatives match exact periods, settlement dates and base interest rate of the underlying exposures;
- Maximum financial charges on the aggregate of the derivative and the underlying exposures are always known and limited on the inception of the hedging period;
- Quotes from at least two Financial Institutions are considered before closing any interest rate hedging deal.



ii) Foreign Exchange Risk

As a geographically diversified Group with subsidiaries located in four different continents, Sonae Indústria is exposed to foreign exchange risk. Consolidated Balance Sheet and Profit and Loss are exposed to foreign exchange translation risk and Sonae Indústria subsidiaries' are exposed to foreign exchange risk of both translation and transaction type.

Foreign exchange risk relates to the possibility of registering gains or losses resulting from the change in exchange rates.

Transaction risk arises when there is exchange risk related to a cash flow in other than a subsidiary local currency. Sonae Indústria subsidiaries cash flows are largely denominated in the subsidiary local currency. This is valid independently of the nature of the cash flows, i.e.: operating or financial, and provides a degree of natural currency hedging, reducing the Group's transaction risk. In line with this rationale, as a principle, Sonae Indústria's subsidiaries financial debt is denominated in their local currency.

As a Group rule, whenever possible and economically viable, subsidiaries aim to offset assets and liabilities denominated in the same foreign currency.

Also as a rule, in situations where relevant exchange risk arises from trade in other than the subsidiary local currency, exchange risk should be mitigated through the use of short term forward exchange agreements performed by the subsidiary exposed to that risk. Sonae Indústria subsidiaries do not engage in forward exchange rate agreements with trading, speculative or profit making purposes.

Translation risk arises from the fact that for each accounting period, the Financial Statements of the subsidiaries denominated in other than Euro local currencies, must be translated or converted into Euro in order to prepare the Consolidated Financial Statements of the Group. As exchange rates vary between periodical financial statements and the referred subsidiaries assets' do not match their liabilities, volatility in the consolidated accounts arises as a result of conversion at different exchange rates.

As a policy, translation risk in connection with the conversion of the Equity investments on foreign non Euro subsidiaries is not hedged as these are considered long-term investments and it is assumed that hedging will not add value in the long term. Gains and losses related to the translation at different exchange rates of Equity



investments in foreign non Euro subsidiaries are accounted under the Conversion Reserve, included in Other Reserves and Accumulated Earnings, on the Consolidated Balance Sheet.

Some Sonae Indústria subsidiaries concede or receive intercompany funding on currencies other than their local currency. Whenever this happens, intercompany funding is always denominated in the currency of the other Group counterparty. It is Sonae Indústria policy to hedge systematically the outstanding amount of this intercompany funding in order to reduce volatility on subsidiaries (and consolidated) financial statements. This volatility arises from the fact that, there is no offset of the Exchange Rate gain or loss registered in the profit and loss of the Group counterparty with the intercompany asset or liability denominated in other than its local currency (gain or loss registered as a result of the change in value of its foreign currency intercompany asset or liability), on the side of the other Group counterparty (and as a result, on the Consolidated accounts).

These intercompany loans hedges are done through forward exchange rate agreements, performed by the subsidiary exposed to the exchange rate risk and rolled over consistently on a semi-annual basis. Quotes from at least two Financial Institutions are considered before closing any of these foreign exchange hedging deals. These foreign exchange rate derivatives are also not used for trading, profit making, or speculative purposes.

iii) Other Price Risks

As at 31st December 2008, Sonae Indústria did not hold material investments classified as “available-for-sale”.

c) Liquidity Risk Management Policy

Group Liquidity risk management aims to ensure that the Group is able to timely obtain the financing required to properly carry on its business activities, implement its strategy, and meet its payment obligations when due, while avoiding the need of having to obtain funding under unfavourable terms.

For this purpose, Liquidity management at the Group comprises:

- Consistent financial planning and cash flow forecasting at country and consolidated levels with different time horizons (weekly, monthly, annual and business plan);
- Diversification of financing sources;



- Diversification of the maturities of the debt issued in order to avoid excessive concentration of debt repayments in short periods of time;
- Arrangement of committed (and uncommitted) credit facilities, commercial paper programs, and other facilities (such as a Securitization of Receivables program) with relationship banks, ensuring the right balance between satisfactory liquidity and adequate commitment fees;
- Still aiming to mitigate the liquidity risk, it is Sonae Indústria's policy not to accept in its financing contacts clauses related to fault in financial ratios that might lead to early repayment of funds. This policy takes into consideration the cyclical nature of the wood based panel industry, which directly impacts financial ratios across the economic cycle.

3. CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS

During the period the Group began recognizing allowances of carbon dioxide as described in note 2.23.

In accordance with International Accounting Standard 8, the Group restated the Consolidated Statement of Financial Position and the Consolidated Income Statement of 2008 so as to include the effects of accounting for emission rights of carbon dioxide in that period.

The introduction of this accounting policy affected the consolidated financial statements as follows:

	<u>2009</u>	<u>2008</u>
Intangible assets	733 747	2 902 671
Other current liabilities	594 393	2 291 485
Other operating revenues	1 761 645	3 242 294
Provisions and impairment losses	15 806	339 623
Other operating costs	778 018	2 291 485
Net profit/(loss) after taxation	967 821	611 186

During the period the Group began classifying cash receipts and cash payments of amounts lent to third parties and cash receipts of interest and similar gains as financing activities in the Consolidated Statement of Cash Flows, which caused the flows of previous year to be restated. The Group understands that this presentation gives a more appropriate view of these cash flows on the grounds of their residual value in the context of the company's financial activity.

No correction of prior year's errors was made.



4. GROUP COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

Group companies included in the consolidated financial statements, their head offices and percentage of capital held by the Group as at 31 December 2009 and 31 December 2008 are as follows:

	COMPANY	HEAD OFFICE	PERCENTAGE OF CAPITAL HELD				TERMS FOR INCLUSION
			31.12.08		31.12.07		
			Direct	Total	Direct	Total	
	Agepan Eiweiler Management, GmbH	Eiweiler (Germany)	100,00%	98,78%	100,00%	98,78%	a)
	Agepan Flooring Products, SARL	Luxemburg	100,00%	98,78%	100,00%	98,78%	a)
	Aglom Investimentos, SGPS, S. A.	Maia (Portugal)	100,00%	98,90%	100,00%	98,82%	a)
	Aglom - Sociedade Industrial de Madeira Aglomerada, S.A.	Oliveira do Hospital (Portugal)	100,00%	100,00%	100,00%	100,00%	a)
	Aserraderos de Cuellar, S.A.	Madrid (Spain)	100,00%	98,90%	100,00%	98,82%	a)
1)	BHW Beeskow Holzwerkstoffe GmbH	Meppen (Germany)	100,00%	98,78%			a)
	Cia. de Industrias y Negocios, S.A.	Madrid (Spain)	100,00%	98,78%	100,00%	98,78%	a)
	Darbo, SAS	Linxe (France)	100,00%	98,78%	100,00%	98,78%	a)
	Ecociclo, Energia e Ambiente, S. A.	Maia (Portugal)	100,00%	100,00%	100,00%	100,00%	a)
2)	Ecociclo II – Energias, S. A.	Maia (Portugal)	100,00%	100,00%	100,00%	100,00%	a)
3)	Euro Decorative Boards Ltd.	Knowsley (United Kingdom)	100,00%	98,78%	100,00%	98,78%	a)
	Euromegantic Ltee	Lac Mégantic (Canada)	100,00%	98,78%	100,00%	98,78%	a)
	Euroresinas - Indústrias Químicas, S.A.	Maia (Portugal)	100,00%	100,00%	100,00%	100,00%	a)
4)	GHP Glunz Holzwerkstoffproduktions, GmbH	Meppen (Germany)	100,00%	98,78%	100,00%	98,78%	a)
	Glunz AG	Meppen (Germany)	100,00%	98,78%	100,00%	98,78%	a)
	Glunz Service GmbH	Meppen (Germany)	100,00%	98,78%	100,00%	98,78%	a)
	Glunz UK Holdings, Ltd.	Knowsley (United Kingdom)	100,00%	98,78%	100,00%	98,78%	a)
	Glunz UKa GmbH	Meppen (Germany)	100,00%	98,78%	100,00%	98,78%	a)
5)	Impaper Europe GmbH	Meppen (Germany)	100,00%	98,78%	100,00%	98,78%	a)
	Imoplamac – Gestão de Imóveis, S. A.	Maia (Portugal)	100,00%	100,00%	100,00%	100,00%	a)
	Isoroy, SAS	Rungis (France)	100,00%	98,78%	100,00%	98,78%	a)
	Maiequipa - Gestão Florestal, S.A.	Maia (Portugal)	100,00%	100,00%	100,00%	100,00%	a)
	Megantic B.V.	Amsterdam (The Netherlands)	100,00%	98,78%	100,00%	98,78%	a)
	Movelpartes – Comp. para a Indústria do Mobiliário, S.A.	Paredes (Portugal)	100,00%	100,00%	100,00%	100,00%	a)
	OSB Deutschland	Germany	100,00%	98,78%	100,00%	98,78%	a)
	Poliface North America	Baltimore (USA)	100,00%	98,78%	100,00%	98,78%	a)
	Racionalización y Manufacturas Forestales, S.A.	Madrid (Spain)	100,00%	98,78%	100,00%	98,78%	a)
	SCS Beheer, BV	The Netherlands	100,00%	98,78%	100,00%	98,78%	a)
6)	Siaf – Soc. de Iniciativa e Aproveitamentos Florestais, S.A.	Mangualde (Portugal)	100,00%	98,78%	100,00%	98,78%	a)
	Sociedade de Iniciativa e Aproveit. Florestais - Energias, S.A.	Mangualde (Portugal)	100,00%	98,78%	100,00%	98,78%	a)
	Société Industrielle et Financière Isoroy	Rungis (France)	100,00%	98,78%	100,00%	98,78%	a)
6)	Somit – Imobiliária, S.A.	Oliveira do Hospital (Portugal)	100,00%	98,78%	100,00%	98,78%	a)
7)	SIND Shared Service Centre, S. A.	Maia (Portugal)	100,00%	100,00%	100,00%	100,00%	a)
	Sonae Indústria – Prod. e Comerc. Derivados Madeira, S. A.	Mangualde (Portugal)	100,00%	98,82%	100,00%	98,82%	a)
	Sonae Indústria – Soc. Gestora de Participações Sociais, S.A.	Maia (Portugal)	PARENT	PARENT	PARENT	PARENT	PARENT
	Sonae Indústria de Revestimentos, S.A.	Maia (Portugal)	100,00%	100,00%	100,00%	100,00%	a)
	Sonae Novobord (Pty) Ltd	Woodmead (South Africa)	100,00%	98,78%	100,00%	98,78%	a)
	Sonae Táfibra (UK) Ltd	Knowsley (United Kingdom)	100,00%	98,78%	100,00%	98,78%	a)
	Sonae Táfibra International, B. V.	Woerden (The Netherlands)	100,00%	98,78%	100,00%	98,78%	a)
8)	Sonae Industria (UK), Limited	Knowsley (United Kingdom)	100,00%	98,78%	100,00%	98,78%	a)
	Spanboard Products Ltd	Belfast (United Kingdom)	100,00%	98,78%	100,00%	98,78%	a)
	Tableros de Fibras, S.A.	Madrid (Spain)	98,42%	98,78%	98,42%	98,78%	a)
	Tableros Tradema, S.L.	Madrid (Spain)	100,00%	98,78%	100,00%	98,78%	a)
	Tafiber, Tableros de Fibras Ibéricas, S.L.	Madrid (Spain)	100,00%	98,78%	100,00%	98,78%	a)
9)	Tafibra Polska Sp. z o. o. i. L	Poznan (Poland)	100,00%	98,78%	100,00%	98,78%	a)
	Tafibra South Africa, Limited	Woodmead (South Africa)	100,00%	98,78%	100,00%	98,78%	a)
10)	Tafisa Brasil, S.A.	Curitiba (Brazil)	100,00%	62,24%	100,00%	62,24%	a)
	Tafisa Canadá Société en Commandite	Lac Mégantic (Canada)	99,99%	98,78%	99,99%	98,78%	a)
	Tafisa France S.A.S.	Rungis (France)	100,00%	98,78%	100,00%	98,78%	a)
	Tafisa U.K.Ltd.	Knowsley (United Kingdom)	100,00%	98,78%	100,00%	98,78%	a)
	Taiber, Tableros Aglomerados Ibéricos, S.L.	Madrid (Spain)	100,00%	98,78%	100,00%	98,78%	a)
	Tavapan, SA	Tavannes (Switzerland)	100,00%	98,78%	100,00%	98,78%	a)
	Tecnologías del Medio Ambiente, S.A.	Barcelona (Spain)	100,00%	98,78%	100,00%	98,78%	a)



Tool, GmbH

Meppen (Germany)

100,00%

98,78%

100,00%

98,78%

a)

a) Majority of voting rights.

- 1) Company incorporated 11/05/2009;
- 2) Company sold 16/09/2009;
- 3) Company liquidated 27/01/2009;
- 4) Former GHP GmbH;
- 5) Former Impaper Europe GmbH & Co. KG;
- 6) Somit – Imobiliária, SA merged into Sonae Indústria - Prod. e Comerc. Derivados Madeira, S. A., on 31/07/2009. Thereafter, a Siaf – Soc. de Iniciativa e Aproveitamentos Florestais, S.A. changed its denomination to Somit – Imobiliária, S. A.;
- 7) Former Sonae – Serviços de Gestão, S. A.
- 8) Former Sonae (UK), Limited
- 9) Former Hornitex Polska ;
- 10) Company sold 26/08/2009.

These group companies are consolidated using the full consolidation method as described in Note 2.2.a).

5. JOINT VENTURES

The joint ventures, their head offices, percentage of share capital held and balance sheet on 31 December 2009 and 31 December 2008 are as follows:

COMPANY	HEAD OFFICE	PERCENTAGE OF CAPITAL HELD			
		31.12.2009		31.12.2008	
		Direct	Total	Direct	Total
Laminate Park GmbH & Co. KG	Eiweiler (Germany)	50,00%	49,39%	50,00%	49,39%
Tarkett Agepan Laminate Flooring SCS	Luxembourg	50,00%	49,39%	50,00%	49,39%
Tecmasa, Reciclados de Andalucía, S. L.	Alcalá de Guadaira (Spain)	50,00%	49,39%	50,00%	49,39%

Joint venture companies have been consolidated using the proportionate consolidation method, as explained in note 2.2.b).

Assets, liabilities, revenues and costs included proportionately in the consolidation, after elimination of intragroup balances and flows, are as follows:

	<u>31.12.2009</u>	<u>31.12.2008</u>
Non current assets	36 270 248	39 463 829
Current assets	9 622 895	18 367 063
Non current liabilities	2 267 500	3 266 000
Current liabilities	8 307 838	13 760 968
Operating revenues	35 253 586	52 313 587
Operating costs	43 494 819	64 238 025



6. INVESTMENTS IN ASSOCIATED COMPANIES

Associated companies, their head offices and the percentage of share capital held as at 31 December 2009 and 31 December 2008 are as follows:

COMPANY	HEAD OFFICE	PERCENTAGE OF CAPITAL HELD			
		31.12.2009		31.12.2008	
		Direct	Total	Direct	Total
Serradora Boix	Barcelona (Spain)	31,25%	30,87%	31,25%	30,87%
Sonaegest	Maia (Portugal)	20,00%	20,00%	20,00%	20,00%

Associated companies are recognized in the consolidated financial statements using the equity method, as referred in Note 2.2.c).

The aggregated assets, liabilities, operating revenues and net profit or loss of the associated companies accounted for through the equity method in these consolidated financial statements, are as follows:

	31.12.2009	31.12.2008
Assets	25 003 477	24 750 775
Liabilities	14 099 811	13 737 962
Operating revenues	30 263 025	33 299 458
Net Profit or loss	- 197 624	576 870

7. CHANGES TO THE CONSOLIDATION PERIMETER

In 2009 the following changes occurred in the consolidation perimeter:

Companies excluded in 2009:

COMPANY	HEAD OFFICE	% OF CAPITAL HELD AT LIQUIDATION DATE	
		Direct	Total
1) Ecociclo II – Energias, S. A.	Maia (Portugal)	100.00%	100.00%
2) Euro Decorative Boards Ltd.	Knowsley (United Kingdom)	100.00%	98.78%
3) Tafisa Brasil, S. A.	Curitiba (Brazil)	100.00%	98.78%

- 1) Company sold 16/09/2009;
- 2) Company liquidated 27/01/2009;
- 3) Company sold 26/08/2009.



Information related to the subsidiaries that ceased being controlled by the Group during the period, at the date control was lost, may be presented as follows:

	<u>Tafisa Brasil</u>	<u>Ecociclo II</u>	<u>Total</u>
Non current assets			
Tangible assets	102 890 645	6 604 689	109 495 334
Deferred tax asset	19 784 150		19 784 150
Others	1 155 761		1 155 761
Total	<u>123 830 556</u>	<u>6 604 689</u>	<u>130 435 245</u>
Current assets			
Inventories	14 718 089		14 718 089
Trade debtors	22 904 663		22 904 663
Cash and cash equivalents	843 371	1 397	844 768
Others	2 692 970	436 847	3 129 817
Total	<u>41 159 093</u>	<u>438 244</u>	<u>41 597 337</u>
Total assets	<u>164 989 649</u>	<u>7 042 933</u>	<u>172 032 582</u>
	<u>Tafisa Brasil</u>	<u>Ecociclo II</u>	<u>Total</u>
Non current liabilities			
Loans	273 214		273 214
Deferred tax liability	19 061 216		19 061 216
Provisions	21 394 013		21 394 013
Others	59 689 012		59 689 012
Total	<u>100 417 455</u>		<u>100 417 455</u>
Current liabilities			
Loans	18 186 727		18 186 727
Trade creditors	12 248 154	12 902	12 261 056
Others	9 701 337	7 543 758	17 245 095
Total	<u>40 136 218</u>	<u>7 556 660</u>	<u>47 692 878</u>
Total liabilities	<u>140 553 673</u>	<u>7 556 660</u>	<u>148 110 333</u>
Selling price	122 223 379	155 889	122 379 268
Total consideration received	116 176 252	155 889	116 332 141
Of which Cash and cash equivalents	116 176 252	155 889	116 332 141

The difference between Tafisa Brasil's selling price and the total consideration received relates to the amount of income tax withheld.

The total consideration received in cash and cash equivalents for the sale of the subsidiaries referred to herein was included under cash receipts arising from investments, in the investment activities of the Consolidated Statement of Cash Flows.



8. FINANCIAL INSTRUMENTS

In the Consolidated Balance Sheets at 31 December 2009 and 31 December 2008, the following financial instruments are included:

	Loans and receivables	Assets at fair value through profit or loss	Hedge derivatives	Available-for-sale assets	Sub-total	Assets out of scope of IFRS 7	Total
31.12.2009							
Non current assets							
Available for sale investments				300 702	300 702		300 702
Other non current assets	1 352 646				1 352 646	5 302	1 357 948
Current assets							
Customers	163 348 206				163 348 206		163 348 206
Other current debtors	11 978 298				11 978 298	509 848	12 488 146
Other current assets		3 715 287			3 715 287	7 771 736	11 487 023
Cash and cash equivalents	34 328 941				34 328 941		34 328 941
Total	211 008 091	3 715 287		300 702	215 024 080	8 286 886	223 310 966

31.12.2008							
Non current assets							
Available for sale investments				389 763	389 763		389 763
Other non current assets	1 744 276				1 744 276	6 739	1 751 015
Current assets							
Customers	199 825 603				199 825 603		199 825 603
Other current debtors	15 045 151				15 045 151	373 523	15 418 674
Other current assets		16 305 349	216 108		16 521 457	11 007 955	27 529 412
Cash and cash equivalents	65 750 257				65 750 257		65 750 257
Total	282 365 286	16 305 349	216 108	389 763	299 276 506	11 388 217	310 664 723

	Liabilities at fair value through profit or loss	Hedge derivatives	Liabilities at amortized cost	Sub-total	Liabilities out of scope of IFRS 7	Total
31.12.2009						
Non current liabilities						
Bank loans - net of short term portion			215 964 021	215 964 021		215 964 021
Debentures - net of short term portion			301 912 691	301 912 691		301 912 691
Finance lease creditors - net of short term portion			43 725 783	43 725 783		43 725 783
Other loans			91 940 590	91 940 590		91 940 590
Other non current liabilities			499 492	499 492	65 290 759	65 790 251
Current liabilities						
Bank loans			133 676 357	133 676 357		133 676 357
Finance lease creditors			3 919 801	3 919 801		3 919 801
Other loans			303 667	303 667		303 667
Trade creditors			154 737 066	154 737 066		154 737 066
Other current liabilities	9 273 881	1 904 353	10 872 577	22 050 811	79 652 696	101 703 507
Total	9 273 881	1 904 353	957 552 045	968 730 279	144 943 455	1 113 673 734

31.12.2008						
Non current liabilities						
Bank loans - net of short term portion			268 056 483	268 056 483		268 056 483
Debentures - net of short term portion			302 147 961	302 147 961		302 147 961
Finance lease creditors - net of short term portion			47 949 761	47 949 761		47 949 761
Other loans			148 419 100	148 419 100		148 419 100
Other non current liabilities	9 230		507 006	516 236	118 224 843	118 741 079
Current liabilities						
Bank loans			105 577 761	105 577 761		105 577 761
Debentures			80 000 000	80 000 000		80 000 000
Finance lease creditors			3 535 578	3 535 578		3 535 578
Other loans			301 760	301 760		301 760
Trade creditors			165 920 462	165 920 462		165 920 462
Other current liabilities	6 244 352	1 168 770	12 148 686	19 561 808	97 419 485	116 981 293
Total	6 253 582	1 168 770	1 134 564 558	1 141 986 910	215 644 328	1 357 631 238



Assets and liabilities out of the scope of IFRS 7 consist essentially of accounts receivable from and payable to the State and the Group's employees and items of accruals and deferrals.

9. INVESTMENTS

At 31 December 2009 and 31 December 2008, details of Investments are as follows:

	31.12.2009		31.12.2008	
	Current	Non current	Current	Non current
Investment in group companies excluded from consolidation				
Opening balance		37 054 870		42 726 009
Acquisition				
Disposal				
Liquidation				5 671 139
Effect of equity method application				
Currency translation effect				
Closing balance		37 054 870		37 054 870
Accumulated impairment losses (Note 32)		36 990 037		36 990 037
Net investment in group companies excluded from consolidation		64 833		64 833
Investment in associated companies				
Opening balance		3 010 855		3 349 392
Increase in share capital				
Disposal				466 179
Effect of equity method application		- 64 592		127 642
Changes in consolidation perimeter				
Transfer				
Currency translation effect				
Closing balance		2 946 263		3 010 855
Accumulated impairment losses (Note 32)		2 946 263		3 010 855
Net investment in associated companies		2 946 263		3 010 855
Associated undertakings and non consolidated undertakings		3 011 096		3 075 688

	31.12.2009		31.12.2008	
	Current	Non current	Current	Non current
Available-for-sale investment				
Opening balance		405 724		1 618 479
Acquisition		10 939		500
Disposal		100 000		1 201 021
Transfer				
Currency translation effect				- 12 234
Closing balance		316 663		405 724
Accumulated impairment losses (Note 32)		15 961		15 961
Net available-for-sale investment		300 702		389 763

Available-for-sale investment consists of financial undertakings which do not fulfil the criteria to be stated as subsidiaries excluded from consolidation or as associates. They are recognized at cost as no relevant difference to their fair value is estimated.



10. TANGIBLE ASSETS

During 2009, movements in tangible assets, accumulated depreciation and impairment losses were as follows:

	31.12.2009							
	Land and Buildings	Plant and Machinery	Vehicles	Tools	Fixtures and Fittings	Other Tangible Fixed Assets	Fixed Assets under construction	Total tangible assets
Gross cost:								
Opening balance	510 091 054	1 967 649 522	17 485 141	18 197 906	47 819 463	17 392 643	46 228 957	2 624 864 686
Changes in consolidation perimeter	- 44 800 452	- 135 066 406	- 1 168 081	- 258 527	- 3 376 901		- 9 555 074	- 194 225 441
Capital expenditure	4 205	1 287 582	25 185		111 758		24 667 409	26 096 139
Disposals	6 229 467	59 617 348	1 841 442	581 844	2 461 033	489 927	520 671	71 741 732
Transfers and reclassifications	4 081 754	39 098 847	575 715	705 085	1 155 728	- 1 006 804	- 39 715 503	4 894 822
Exchange rate effect	21 224 214	69 922 748	410 232	268 864	1 539 147	16 185	884 323	94 265 713
Closing balance	484 371 308	1 883 274 945	15 486 750	18 331 484	44 788 162	15 912 097	21 989 441	2 484 154 187
Accumulated depreciation and impairment losses								
Opening balance	144 443 508	1 199 771 388	13 623 321	12 921 866	37 480 913	13 037 022	1 081 990	1 422 360 008
Changes in consolidation perimeter	- 7 511 963	- 74 487 472	- 640 569	- 253 768	- 1 836 334			- 84 730 106
Depreciations for the period	10 985 903	99 884 973	1 466 385	1 760 401	3 430 529	761 744		118 289 935
Impairment losses for the period	5 026	902 863						907 889
Disposals	5 620 222	59 614 434	1 662 093	560 385	2 420 770	489 927	378 282	70 746 113
Reversion of impairment losses for the period	58 977	4 294 401	15 785		17 382		705 982	5 092 527
Transfers and reclassifications	786 994	- 16 766 461	- 41 734	- 43	225	- 116 752		- 16 137 771
Exchange rate effect	3 180 614	31 208 792	257 419	202 899	1 081 243	2 219	2 274	35 935 460
Closing balance	146 210 883	1 176 605 248	12 986 944	14 070 970	37 718 424	13 194 306		1 400 786 775
Carrying amount	338 160 425	706 669 697	2 499 806	4 260 514	7 069 738	2 717 791	21 989 441	1 083 367 412

	31.12.2008							
	Land and Buildings	Plant and Machinery	Vehicles	Tools	Fixtures and Fittings	Other Tangible Fixed Assets	Fixed Assets under construction	Total tangible assets
Gross cost:								
Opening balance	508 325 762	1 921 191 719	17 022 449	17 600 545	51 438 613	16 136 514	151 571 086	2 683 286 688
Changes in consolidation perimeter	- 1 912 172	- 4 936 288	- 3 081		- 74 860	- 854 609	- 22 603	- 7 803 613
Capital expenditure	25 141	2 281 262	1 379 291	1 795	395 901	1 405 353	103 625 265	109 114 008
Disposals	4 115 684	8 754 934	1 281 717	712 175	3 178 677	109 235	- 92 713	18 059 709
Transfers and reclassifications	39 704 664	156 112 981	921 219	1 774 496	1 464 360	1 033 355	- 200 812 431	198 644
Exchange rate effect	- 31 936 657	- 98 245 218	- 553 020	- 466 755	- 2 225 874	- 218 735	- 8 225 073	- 141 871 332
Closing balance	510 091 054	1 967 649 522	17 485 141	18 197 906	47 819 463	17 392 643	46 228 957	2 624 864 686
Accumulated depreciation and impairment losses								
Opening balance	136 425 360	1 127 046 966	13 695 673	11 676 984	37 986 721	13 290 189	343 447	1 340 465 340
Changes in consolidation perimeter	- 861 383	- 3 422 758	- 3 081		- 45 513	- 838 087		- 5 170 822
Depreciations for the period	11 174 272	100 109 585	1 494 309	2 025 552	4 290 376	652 757		119 746 851
Impairment losses for the period	3 699 406	25 857 596	19 975		17 094		745 024	30 339 095
Disposals	1 080 275	5 427 057	1 231 061	389 577	3 097 634	60 559		11 286 163
Reversion of impairment losses for the period		59 154						59 154
Transfers and reclassifications					- 96 837			- 96 837
Exchange rate effect	- 4 913 872	- 44 333 790	- 352 494	- 391 093	- 1 573 294	- 7 278	- 6 481	- 51 578 302
Closing balance	144 443 508	1 199 771 388	13 623 321	12 921 866	37 480 913	13 037 022	1 081 990	1 422 360 008
Carrying amount	365 647 546	767 878 134	3 861 820	5 276 040	10 338 550	4 355 621	45 146 967	1 202 504 678

During 2009 and 2008 no interest paid or any other financial charges were capitalized, in accordance with conditions defined in note 2.9.

At 31 December 2009, mortgaged Land and buildings amounted to 23 440 000 euros (19 132 500 euros at 31 December 2008) as a guarantee for bank loans.

At 31 December 2009 and 2008, details of assets bought through financial leases were as follows:



	31.12.2009					31.12.2008
	Opening balance	Changes to consolidation perimeter	Depreciations for the period	Other changes	Closing balance	Closing balance
Gross cost:						
Land and Buildings	33 176 682			141 912	33 318 594	33 176 682
Plant and Machinery	44 798 580				44 798 580	44 798 580
Vehicles	4 610 143			- 696 824	3 913 319	4 610 143
Tools						
Fixtures and Fittings	6 123			35 291	41 414	6 123
Other tangible assets						
	82 591 528			- 519 621	82 071 907	82 591 528
Accumulated depreciation and impairment losses:						
Land and Buildings	8 106 399		841 742	14 624	8 962 765	8 106 399
Plant and Machinery	9 518 552		2 988 146		12 506 698	9 518 552
Vehicles	3 200 642		513 379	- 691 775	3 022 246	3 200 642
Tools						
Fixtures and Fittings	- 10 269		3 370	16 551	9 652	- 10 269
Other tangible assets						
	20 815 324		4 346 637	- 660 600	24 501 361	20 815 324
Carrying amount	61 776 204		- 4 346 637	140 979	57 570 546	61 776 204

11. INTANGIBLE ASSETS

During 2009, movements in intangible assets, accumulated depreciation and impairment losses were as follows:

	2009									
	Development Costs	Patents, Royalties And Other Rights	Software		Other Intangible Assets	Assets Under Development		Total intangible assets		
	Non internally generated	Non internally generated	Internally generated	Non internally generated	Non internally generated	Internally generated	Non internally generated	Internally generated	Non internally generated	Total
Gross cost:										
Opening balance	457 421	2 959 529	10 785 974	1 279 382	5 903 020	1 821 460	2 293 253	12 607 434	12 892 605	25 500 039
Changes in consolidation perimeter										
Capital expenditure				7 792	1 660 484	39 145	800 639	39 145	2 468 915	2 508 060
Disposals	368 227	68 615	15 922	223 951	1 796 045			15 922	2 456 838	2 472 760
Transfers and reclassifications	- 46 438		3 888 222	1 093 124	- 4 118 392	- 1 833 499	- 2 144 921	2 054 723	- 5 216 627	- 3 161 904
Exchange rate effect	993	5 633	375 241					375 241	6 626	381 867
Closing balance	43 749	2 896 547	15 033 515	2 156 347	1 649 067	27 106	948 971	15 060 621	7 694 681	22 755 302
Accumulated amortisation and impairment losses										
Opening balance	453 206	2 883 967	3 066 336	815 331	2 887 870			3 066 336	7 040 374	10 106 710
Changes in consolidation perimeter										
Depreciations for the period	31 234	15 751	2 523 559	310 870				2 523 559	357 855	2 881 414
Impairment losses for the period					15 806				15 806	15 806
Disposals	398 071	68 614	2 764	223 951	339 623			2 764	1 030 259	1 033 023
Reversion of impairment losses for the period										
Transfers and reclassifications	- 68 832		258 359	- 255 637	- 1 731 368			258 359	- 2 055 837	- 1 797 478
Exchange rate effect	993	5 433	129 220	- 30				129 220	6 396	135 616
Closing balance	18 530	2 836 537	5 974 710	646 583	832 685			5 974 710	4 334 335	10 309 045
Carrying amount	25 219	60 010	9 058 805	1 509 764	816 382	27 106	948 971	9 085 911	3 360 346	12 446 257



	2008												
	Development Costs	Patents, Royalties And Other Rights	Software		Other Intangible Assets		Assets Under Development		Total intangible assets				
	Non internally generated	Non internally generated	Internally generated	Non internally generated	Non internally generated		Internally generated	Non internally generated	Internally generated	Non internally generated		Total	
					Published	Restated				Published	Restated	Published	Restated
Gross cost:													
Opening balance	452 792	4 038 343	4 996 766	770 634	2 653 037	2 653 037	3 608 142	1 979 464	8 604 908	9 894 270	9 894 270	18 499 178	18 499 178
Changes in consolidation perimeter													
Capital expenditure						3 242 294	4 788 016	809 974	4 788 016	809 974	4 052 268	5 597 990	8 840 284
Disposals		1 068 180								1 068 180	1 068 180	1 068 180	1 068 180
Transfers and reclassifications	5 964	13 256	6 094 182	508 748	7 689	7 689	- 6 342 448	- 496 185	- 248 266	39 472	39 472	- 208 794	- 208 794
Exchange rate effect	- 1 335	- 23 890	- 304 974				- 232 250		- 537 224	- 25 225	- 25 225	- 562 449	- 562 449
Closing balance	457 421	2 959 529	10 785 974	1 279 382	2 660 726	5 903 020	1 821 460	2 293 253	12 607 434	9 650 311	12 892 605	22 257 745	25 500 039
Accumulated amortisation and impairment losses													
Opening balance	430 909	3 969 070	457 827	349 028	2 456 196	2 456 196			457 827	7 205 203	7 205 203	7 663 030	7 663 030
Changes in consolidation perimeter													
Depreciations for the period	24 083	6 344	2 559 970	465 276	92 051	92 051			2 559 970	587 754	587 754	3 147 724	3 147 724
Impairment losses for the period						339 623					339 623		339 623
Disposals		1 068 186								1 068 186	1 068 186	1 068 186	1 068 186
Reversion of impairment losses for the period													
Transfers	- 623	- 525	97 062	1 148					97 062			97 062	97 062
Exchange rate effect	- 1 163	- 22 736	- 48 523	- 121					- 48 523	- 24 020	- 24 020	- 72 543	- 72 543
Closing balance	453 206	2 883 967	3 066 336	815 331	2 548 247	2 887 870			3 066 336	6 700 751	7 040 374	9 767 087	10 106 710
Carrying amount	4 215	75 562	7 719 638	464 051	112 479	3 015 150	1 821 460	2 293 253	9 541 098	2 949 560	5 852 231	12 490 658	15 393 329

12. INVESTMENT PROPERTIES

During 2009, movements in investment properties, accumulated depreciation and impairment losses were as follows:

	2009			2008		
	Cost	Under construction	Total	Cost	Under construction	Total
Gross cost:						
Opening balance	8 773 998		8 773 998	8 788 398		8 788 398
Changes to consolidation perimeter						
Increase						
Disposals	1 308 586		1 308 586	14 400		14 400
Transfers						
Exchange rate effect						
Closing balance	7 465 412		7 465 412	8 773 998		8 773 998
Accumulated depreciations and impairment losses:						
Opening balance	659 023		659 023	518 366		518 366
Changes to consolidation perimeter						
Charge for the period	140 656		140 656	140 656		140 656
Disposals						
Transfers						
Exchange rate effect						
Closing balance	799 679		799 679	659 022		659 022
Carrying amount	6 665 733		6 665 733	8 114 976		8 114 976

The estimated fair value of assets classified as investment properties amounted to 7 450 000 euros at 31 December 2009, on the basis of market information.

	2009	2008
Rents from Investments Properties	94 582	109 054
Direct operating costs	71 473	469 855



13. GOODWILL ARISING ON CONSOLIDATION

During 2009 and 2008, movements in goodwill arising on consolidation, accumulated depreciation and impairment losses were as follows:

	<u>2009</u>	<u>2008</u>
Gross value:		
Opening balance	103 811 638	100 086 856
Increases	522 109	11 571 386
Decreases	15 742 474	3 076 276
Currency translation	3 584 676	-4 770 328
Closing balance	<u>92 175 949</u>	<u>103 811 638</u>

Decreases in Goodwill recognized in 2009 relate mostly to the sale of Tafisa Brasil, S. A..

Impairment tests carried out at 31 December 2009 consisted in determining the recoverable amount using the discounted cash flow method. Operating cash flows were projected over an eight-year period, thereafter extrapolated using a perpetuity and discounted to 31 December 2009. Weighted Average Cost of Capital, before tax, calculated through CAPM (Capital Asset Pricing Model) methodology for each reportable segment, was used as discount rates. These rates include specific market features and include different risk factors as well as risk-free interest rates of ten year bonds of each segment.

An eight-year period was used for projecting cash flows on the grounds of the extension and intensity of the economic cycles affecting the Group's activity.

Projected cash flows are based on the Group's business plan and are updated annually so as to include changes in the economic outlook of each market where the Group is conducting business.

Goodwill was allocated to the cash generating units, which correspond to the reportable segments.

The Board of Directors believes that a reasonably possible change on the basic assumptions used to determine the recoverable amount would not cause the Goodwill to be impaired.



	Iberian Peninsula	Germany	France	South Africa
Goodwill	73,207,279	3,522,555	6,027,749	9,418,366
Discount rate (pre-tax)	10.56%	9.76%	10.13%	16.60%
Growth Rate on Perpetuity	1.00%	1.00%	1.00%	1.00%
Period	8 years	8 years	8 years	8 years
Test Conclusions	No impairment	No impairment	No impairment	No impairment

No impairment losses were recognized as a result of the tests carried out on the carrying amount of Goodwill as at 31 December 2009.

14. DEFERRED TAXES

At 31 December 2009 and 31 December 2008 deferred tax assets and liabilities were detailed according to underlying temporary differences as follows:

	Deferred tax assets		Deferred tax liabilities	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Harmonisation adjustments			56 222 609	59 897 966
Provisions not allowed for tax purposes	1 806 804	3 377 394		
Impairment of Assets	1 918 164	2 588 090		
Derecognized intangible assets		600		
Derecognized tangible assets	127 146	186 174		
Derecognized deferred costs	116 750	177 647		
Valuation of hedging derivatives		108 820		
Revaluation of tangible assets			942 810	3 044 798
Tax losses carried forward	29 255 664	47 547 072		
Others	4 902		201 831	6 959 598
	<u>33 229 430</u>	<u>53 985 797</u>	<u>57 367 250</u>	<u>69 902 362</u>



	Deferred tax assets		Deferred tax liabilities	
	2009	2008	2009	2008
Opening balance	53 985 797	48 605 752	69 902 362	69 968 231
Impact on results:				
Harmonisation adjustments			- 1 217 284	9 817 199
Changes in provisions not allowed for tax purposes	992 692	- 177 842		
Impairment of Assets	- 753 261	504 928		
Derecognized intangible assets	- 600	- 3 947		
Derecognized tangible assets	- 59 028	- 23 184		
Derecognized deferred costs	- 60 897	- 15 962		
Valuation of hedging derivatives	- 65 919			
Revaluation of tangible assets			- 2 101 988	- 251 160
Tax losses carried forward	- 5 875 671	9 658 708		
Others	4 681	- 18 952	- 615	761 723
	<u>- 5 818 004</u>	<u>9 923 748</u>	<u>- 3 319 887</u>	<u>10 327 762</u>
Impact on reserves:				
Currency translation effect	4 845 786	- 4 543 703	9 845 991	- 10 393 631
	<u>4 845 786</u>	<u>- 4 543 703</u>	<u>9 845 991</u>	<u>- 10 393 631</u>
Impact of changes in the consolidation perimeter:				
Acquisitions				
Disposals	- 19 784 150		- 19 061 216	
	<u>- 19 784 150</u>		<u>- 19 061 216</u>	
Closing balance	<u>33 229 430</u>	<u>53 985 797</u>	<u>57 367 250</u>	<u>69 902 362</u>

In accordance with International Financial Reporting Standards / International Accounting Standards, on a yearly basis the Group performs an evaluation of the deferred tax asset relating to tax losses carried forward that was accounted for in previous years.

According to the estimation of taxable profit for the fiscal year 2009 and according to the tax return for the fiscal year 2008, tax losses carried forward and the corresponding deferred tax asset are detailed as follows:

Limit date to be used	31.12.2009		31.12.2008	
	Tax loss carried forward	Deferred tax asset	Tax loss carried forward	Deferred tax asset
2009				
2010	1 306 772	168 293	5 987 562	1 496 486
2011	151 166	36 132	161 732	40 433
2012	32 972 000	8 243 000	28 279 760	7 069 940
2013				
2014	7 319 301	1 829 825	9 053 703	2 263 426
2015				
2016				
2017	5 740 083	1 722 025	12 406 750	3 722 025
2018	3 740 985	1 122 296	3 740 985	1 122 296
2019	53 271	15 981	53 271	15 981
2020				
2021	13 906 977	4 172 093	13 906 977	4 172 093
2022				
2023				
2024				
2028			6 224 992	709 649
2029	5 060 380	602 185		
	<u>70 250 935</u>	<u>17 911 831</u>	<u>79 815 732</u>	<u>20 612 329</u>
Without time limit	35 812 734	11 343 835	98 602 904	26 934 743
Total	<u>106 063 669</u>	<u>29 255 665</u>	<u>178 418 636</u>	<u>47 547 072</u>



Furthermore, at 31 December 2009 and 31 December 2008, tax losses for which no deferred tax assets were recognized, are detailed as follows:

Limit date to be used	31.12.2009		31.12.2008	
	Tax loss carried forward	Tax credit	Tax loss carried forward	Tax credit
2007				
2009				
2010	56 492	14 123	56 788	14 197
2011	296	74		
2012	1 120 736	280 184	15 239 574	3 809 894
2013			36 422	9 106
2014	2 903 931	871 180	18 491 424	5 547 428
2015	36 775	11 033	36 775	11 033
2016	90 183 965	27 055 189	90 183 965	27 055 189
2017	58 961 872	17 688 562	66 975 963	20 092 789
2018	97 898 576	29 369 573	101 762 748	30 528 825
2019	8 004 570	2 401 371	9 095 614	2 728 684
2020	1 082 928	324 878	1 082 928	324 878
2021	5 509 212	1 652 764	19 416 189	5 824 857
2022	746 825	224 047	746 825	224 047
2023	47 719 111	14 315 733	20 424 468	6 127 340
2024	1 586 811	476 043		
	315 812 100	94 684 754	343 549 683	102 298 267
Without time limit	1 068 171 764	322 745 391	841 744 931	256 787 469
Total	1 383 983 864	417 430 145	1 185 294 614	359 085 736

Deferred tax assets are offset against deferred tax liabilities in situations where the company generating the related temporary differences is legally entitled to offset the recognized amounts and intends to settle on a net basis or else to realise the assets and settle the liability simultaneously.

15. OTHER NON CURRENT ASSETS

At 31 December 2009 and 31 December 2008 details of Other non current assets on the Consolidated Balance sheet were as follows:

	31.12.2009			31.12.2008		
	Gross Value	Impairment	Net Value	Gross Value	Impairment	Net Value
Loans granted to associated companies	10 931 182	10 931 182		10 931 182	10 931 182	
Other loans granted						
Trade accounts receivable and other debtors	1 352 646		1 352 646	1 744 271		1 744 271
Financial Instruments	12 283 828	10 931 182	1 352 646	12 675 453	10 931 182	1 744 271
Tax recoverable						
Others	5 302		5 302	6 739		6 739
Assets out of scope of IFRS 7	5 302		5 302	6 739		6 739
Total	12 289 130	10 931 182	1 357 948	12 682 192	10 931 182	1 751 010



AGEING OF NON CURRENT TRADE DEBTORS AND OTHER DEBTORS		
	31.12.2009	31.12.2008
Not due	1 230 604	1 115 647
Due and not impaired		
< 6 months	273	167 337
6 - 12 months	- 21 656	136
> 1 year	143 425	461 151
	122 042	628 624
Due and impaired		
< 6 months		
6 - 12 months		
> 1 year		
Total	1 352 646	1 744 271

16. INVENTORIES

At 31 December 2009 and 31 December 2008, details of Inventories on the Consolidated Balance Sheet were as follows:

	31.12.2009	31.12.2008
Merchandise	4 076 821	11 241 939
Finished and intermediate products	52 183 067	76 792 137
Products and working in progress	1 831 021	1 610 524
Raw Materials and Consumables	88 892 375	120 336 784
	146 983 284	209 981 384
Accumulated impairment losses on inventories (Note 32)	13 044 254	17 098 955
	133 939 030	192 882 429

17. TRADE DEBTORS

At 31 December 2009 and 31 December 2008, details of Trade Debtors on the Consolidated Balance Sheet were as follows:

	31.12.2009			31.12.2008		
	Gross Value	Impairment	Net Value	Gross Value	Impairment	Net Value
Trade Debtors	181 148 836	17 800 630	163 348 206	216 567 800	16 742 197	199 825 603



	31.12.2009	31.12.2008
Not due	128 632 515	155 725 848
Due and not impaired		
0 - 30 days	17 778 645	17 747 807
30 - 90 days	7 952 168	9 483 134
+ 90 days	5 035 020	5 773 798
	30 765 833	33 004 739
Due and impaired		
0 - 90 days	930 057	11 860 656
90 - 180 days	1 879 784	2 060 788
180 - 360 days	4 163 341	1 439 043
+ 360 days	14 777 306	12 476 726
	21 750 488	27 837 213
Total	181 148 836	216 567 800

18. OTHER CURRENT DEBTORS

At 31 December 2009 and 31 December 2008, details of Other current debtors on the Consolidated Balance Sheet were as follows:

	31.12.2009			31.12.2008		
	Gross Value	Impairment	Net Value	Gross Value	Impairment	Net Value
Other debtors	11 806 811	19 628	11 787 183	14 658 608	19 628	14 638 980
Advances to trade creditors	181 882		181 882	388 730		388 730
Group companies	9 233		9 233	17 441		17 441
Financial Instruments	11 997 926	19 628	11 978 298	15 064 779	19 628	15 045 151
Other debtors	509 848		509 848	373 523		373 523
Assets out of scope of IFRS 7	509 848		509 848	373 523		373 523
Total	12 507 774	19 628	12 488 146	15 438 302	19 628	15 418 674

	AGEING OF OTHER DEBTORS		AGEING OF ADVANCES TO TRADE CREDITORS		AGEING OF GROUP COMPANIES	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Not due	456 575	125 791		309 298	563	564
Due and not impaired						
0 - 30 days	10 945 612	14 098 375	158 533	53 141	4 570	16 877
30 - 90 days	154 957	99 726	7 374	8 039		
+ 90 days	230 039	334 716	15 975	18 252	4 100	
	11 330 608	14 532 817	181 881	79 432	8 670	16 877
Due and impaired						
0 - 90 days						
90 - 180 days						
180 - 360 days						
+ 360 days	19 628					
	19 628					
Total	11 806 811	14 658 608	181 882	388 730	9 233	17 441



19. OTHER CURRENT ASSETS

At 31 December 2009 and 31 December 2008, details of Other current assets on the Consolidated Balance Sheet were as follows:

	31.12.2009			31.12.2008		
	Gross Value	Impairment	Net Value	Gross Value	Impairment	Net Value
Derivatives instruments	3 715 287		3 715 287	16 521 457		16 521 457
Financial Instruments	3 715 287		3 715 287	16 521 457		16 521 457
Accrued revenue	2 182 992		2 182 992	5 441 863		5 441 863
Deferred Costs	5 582 183		5 582 183	5 535 277		5 535 277
Others	6 561		6 561	30 815		30 815
Assets out of scope of IFRS 7	7 771 736		7 771 736	11 007 955		11 007 955
Total	11 487 023		11 487 023	27 529 412		27 529 412

Existing cash flow hedging derivatives at 31 December 2009 will be reclassified to profit or loss during 2010, when it is estimated that the corresponding cash flows will materialize.

20. STATE AND OTHER PUBLIC ENTITIES (CURRENT ASSETS)

At 31 December 2009 and 31 December 2008, details of State and Other Public Entities on the Consolidated Balance Sheet were as follows:

	31.12.2009	31.12.2008
State and other public entities:		
Income Tax	4 647 220	11 385 261
Value Added Tax	4 862 940	10 503 748
Social Security Contribution	53 702	90 016
Others	4 676 346	8 856 884
	14 240 208	30 835 909

21. CASH AND CASH EQUIVALENTS

At 31 December 2009 and 31 December 2008, the detail of Cash and Cash Equivalents was as follows:

	31.12.2009	31.12.2008
Cash at hand	75 522	98 186
Bank deposits	9 304 640	8 040 212
Treasury applications	24 948 779	57 611 859
Cash and cash equivalents on the balance sheet	34 328 941	65 750 257
Bank overdrafts	27 674 134	48 361 481
Cash and cash equivalents on the statement of cash flows	6 654 807	17 388 776
	6 654 807	17 388 776



Bank overdrafts include credit balances on current accounts, and are included as Bank loans under current liabilities on the consolidated balance sheet (note 24).

At 31 December 2009, the item Treasury applications included the amount of 13 098 780 euros (15 993 441 euros at 31 December 2008) which related to the securitization facility described on note 24.3. The item's remaining amount was composed of several very short term treasury applications at banks, with low risk (bank risk) and returns aligned with existing market applications with similar maturity and risk profiles.

22. SHAREHOLDERS' FUNDS

22.1. SHARE CAPITAL

At 31 December 2009 and 2008, Sonae Indústria's Share Capital was fully underwritten and paid and was comprised of 140 000 000 common shares, not entitled to fixed income, with a face value of 5 euros per share. At this date, neither the company nor any of its affiliates held any shares in the company.

22.2. LEGAL RESERVE

The caption Legal reserve includes the parent company's reserve set up in accordance with articles 295 and 296 of the Company Law.

22.3. OTHER RESERVES AND ACCUMULATED EARNINGS

This caption includes:

- Reserves set up by the parent company and the Group's share of reserves set up by subsidiaries included in consolidation in accordance with statutory rules or by proposition of the respective Board of Directors, approved in the General Shareholders' Meeting.
- Prior years' net profits or losses whose application was not done and current year's net profit or loss;
- Consolidation adjustments to any of the aforementioned components.

22.4. OTHER ACCUMULATED COMPREHENSIVE INCOME

This caption includes:

- Currency translation reserves resulting from the conversion to Euros of subsidiaries' financial statements which are expressed in a different functional currency;



- Hedging derivative instruments (note 25);
- Consolidation adjustments to any of the aforementioned components.

Sonae Indústria, SGPS, SA is included in the consolidation perimeter of its ultimate parent company, Efanor Investimentos, SGPS, SA.

23. MINORITY INTERESTS

Changes to this item during 2009 and 2008 were as follows:

	31.12.2009	31.12.2008	
		Published	Restated
Opening balance	3 079 903	33 742 417	33 742 417
Decrease / (increase) in ownership percentage on consolidated companies		- 36 492 529	- 36 492 529
Lost of control in subsidiaries	-1 689 082		
Change resulting from currency translation	1 116 150	1 651 803	1 651 803
Net profit for the period attributed to minority interests	- 867 826	4 571 038	4 571 038
Restatement effect			7 212
Others	64 411	- 400 038	- 400 038
Closing balance	<u>1 703 556</u>	<u>3 072 691</u>	<u>3 079 903</u>

24. LOANS

As at 31 December 2009 and 31 December 2008 Sonae Indústria had the following outstanding loans:

	31.12.2009				
	Amortised cost		Nominal value		Fair value adjustment
	Current	Non current	Current	Non current	
Bank loans	133 676 357	215 964 021	133 676 357	215 964 021	1 473 420
Debentures		301 912 691		305 000 000	
Obligations under finance leases	3 919 801	43 725 783	3 919 801	43 725 783	996 361
Other loans	303 667	91 940 590	303 667	91 940 590	
Gross debt	137 899 825	653 543 085	137 899 825	656 630 394	2 469 781
Investment					
Cash and cash equivalent in balance sheet	34 328 941		34 328 941		
Net debt	103 570 884	653 543 085	103 570 884	656 630 394	2 469 781
Total net debt	757 113 969		760 201 278		



31.12.2008					
	Amortised cost		Nominal value		Fair value adjustment
	Current	Non current	Current	Non current	
Bank loans	105 577 761	268 056 483	105 577 761	268 056 483	970 201
Debentures	80 000 000	302 147 961	80 000 000	305 000 000	
Obligations under finance leases	3 535 578	47 949 761	3 535 578	47 949 761	-1 242 400
Other loans	301 760	148 419 100	301 760	148 419 100	
Gross debt	189 415 099	766 573 305	189 415 099	769 425 344	- 272 199
Investment					
Cash and cash equivalent in balance sheet	65 750 257		65 750 257		
Net debt	123 664 842	766 573 305	123 664 841	769 425 344	- 272 199
Total net debt	890 238 147		893 090 185		

The average interest rates of each class of debt stated in the previous table were as follows:

	2009	2008
Bank loans	3.0930%	5.6570%
Debentures	3.2480%	5.7560%
Finance lease	10.0140%	10.4240%
Other	2.8030%	5.2870%

Neither bank overdrafts nor bank loans denominated in Brazilian Reais were taken into consideration for the calculation of these average interest rates as the amounts were immaterial and information was not available, respectively.

The column “Fair value adjustment” includes the adjustments which would have to be made if the corresponding items were to be stated at fair value.

The aforementioned loans do not include loans granted by related parties.

24.1. Bank Loans

Bank loans presented in the table in note 24. include “Long Term Bank Loans – net of the Short Term portion”, “Short Term portion of Long Term Bank Loans”, and “Short Term Bank Loans” on the Consolidated Statement of Financial Position and their composition as at 31 December 2009 are detailed in the following table:



31.12.2009					
Bank loans					
Company	Non current	Current			Total
		Short term portion	Short term	Bank overdrafts	
Sonae Indústria-SGPS,SA	153 579 546	84 886 364			238 465 910
Glunz AG	33 058 200	15 648 500		2 464 131	51 170 831
Sonae Novobord (Pty) Ltd	26 568 302	2 496 829		2 616 397	31 681 528
Taiber,Tableros Aglomerados Ibéricos,SL				9 288 392	9 288 392
Isoroy Casteljaloux				4 426 477	4 426 477
Sonae UK,Ltd.				2 642 573	2 642 573
Agepan Eiweiler Management GmbH			2 000 000	451 929	2 451 929
Tableros Tradema,S.L.	1 781 517	479 461		181 878	2 442 856
Sonae Ind., Prod. e Com.Deriv.Madeira,SA				1 391 691	1 391 691
Others	976 456	485 714	5 355	4 210 666	5 678 191
	<u>215 964 021</u>	<u>103 996 868</u>	<u>2 005 355</u>	<u>27 674 134</u>	<u>349 640 378</u>

a) During 2002 and 2003, Glunz AG., contracted a loan with the European Investment Bank for 119 000 000 Euros (made up by two components). The loan pays interest semi-annually, indexed to a fixed rate of 3.64%, and will be redeemed in 16 consecutive and variable semi-annual instalments, the first of which was made in June 2005. At 31 December 2009, outstanding principal was 48 706 700 euros.

b) During the first half of 2005, a loan contracted in 2001 by Sonae SGPS SA with the European Investment Bank, of 50 000 000 Euros, was transferred to Sonae Indústria SGPS, SA. The loan pays interest quarterly, at market rates, and will be redeemed in 16 consecutive semi-annual instalments. At 31 December 2009, the principal outstanding was 9 375 000 euros;

c) In January 2006 Sonae Indústria SGPS, S. A. contracted commercial paper with several financial institutions, subsequently amended on 19 March 2008. This programme has a maximum nominal amount of 190 000 000 euros and will mature on 27 January 2016. At 31 December 2009, commercial paper issued amounted to 100 000 000 euros;

d) In March 2008 Sonae Indústria SGPS, S. A. contracted a new commercial paper programme with a maximum nominal amount of 50 000 000 euros. The programme will mature on 25 March 2010. At 31 December 2009, commercial paper had been issued for the programme's full amount;

e) In September 2009 Sonae Indústria, SGPS, S. A. contracted a new commercial paper programme with a maximum nominal amount of 40 000 000 euros, which will be reduced



from 2011 to 2013. At 31 December 2009, commercial paper had been issued for the programme's full amount;

f) In February 2009 Sonae Indústria, SGPS, S. A. contracted a loan with a Portuguese financial institution for 20 000 000 euros. This loan pays interest at market rate and will be redeemed from 2009 to 2015. At 31 December 2009, outstanding principal amounted to 19 090 910 euros.

g) In October 2009 Sonae Indústria, SGPS, S. A. contracted a loan with a Portuguese financial institution for 20 000 000 euros. This loan pays interest at market rate and will be redeemed in 2011 and 2012.

h) Sonae Novobord raised ZAR 200 000 000 in debt from Firststrand Bank. The facility was issued at a fixed rate of 13.18%, interest is payable semi-annually, and principal is repaid in 14 consecutive and variable instalments, the first of which occurred on 30 June 2003. At 31 December 2009 this loan had been fully repaid;

i) During the first half of 2007, Sonae Novobord together with Sonae Indústria, SGPS, S. A. contracted a loan with the European Investment Bank, denominated in ZAR, up to a maximum principal of 25 000 000 Euros. The loan pays interest at a market rate and will be redeemed in 14 consecutive and equal semi-annual instalments, the first of which will be made in September 2010. At 31 December 2009, outstanding principal was 23 174 919 euros.

j) During first half 2007 Sonae Novobord contracted a loan with International Finance Corporation (IFC) of 71 800 000 ZAR. The loan pays interest at a market rate and will be redeemed in 16 consecutive and equal semi-annual instalments, the first of which will be made in June 2009. At 31 December 2009, outstanding principal was 5 890 212 euros.

k) Sonae UK signed a loan contract with the European Investment Bank for GBP 35 000 000. This loan paid interest at market rates and was fully repaid on 15 July 2009;

l) In 2000, Sonae Indústria – Produção e Comercialização de Derivados de Madeira, SA contracted a 27 000 000 euro loan with the European Investment Bank. The loan paid interest semi-annually in arrears, at a fixed rate of 3.16% and was fully repaid on 15 December 2009.



24.2. Bond Issues

- a) Sonae Indústria 2004 bonds, issued on 15 October 2004, with a principal of 80 000 000 euros to be paid in a single bullet payment 5 years after issue date. On 15 October these bonds were fully repaid.
- b) Sonae Indústria 2005/2013 bonds, issued on 31 March 2005, with a principal amount of 55 000 000 euros, and a bullet repayment 8 years after issue date. Interest is paid semi-annually in arrears on 31 March and 30 September;
- c) Sonae Indústria 2006/2014 bonds, issued on 28 March 2006, with a principal amount of 50 000 000 euros and a bullet repayment 8 years after issue date. Interest is paid semi-annually in arrears on 28 March and 28 September;
- d) Sonae Indústria 2006/2013 bonds, issued on 3 July 2006, with a principal amount of 50 000 000 euros and a bullet repayment 7 years after issue date. Sonae Indústria may anticipate repayment, either partially or for the full amount of principal outstanding, at any interest payment date after July 2011, inclusive. Interest is paid semi-annually in arrears on 3 January and 3 July;
- e) Sonae Indústria 2006/2014 bonds, issued on 2 August 2006, with a principal amount of 50 000 000 euros and a bullet repayment 8 years after issue date. Interest is paid semi-annually in arrears on 2 February and 2 August;
- f) Sonae Indústria 2008/2013 bonds, issued on 7 January 2008, with a principal amount of 50 000 000 euros and a bullet repayment 5 years after issue date. Sonae Indústria may anticipate repayment, either partially or for the full amount of principal outstanding, at 6th coupon payment date (7 January 2011). Interest is paid semi-annually in arrears on 7 January and 7 July;
- g) Sonae Indústria 2008/2012 bonds, issued on 28 April 2008, with a principal amount of 50 000 000 euros and a bullet repayment 4 years after issue date. Interest is paid semi-annually in arrears on 28 April and 28 October.



24.3. Other Loans

Other loans, as detailed in the table in note 24, are included in the Consolidated Statement of Financial Position, in “Other Loans” in Current Liabilities and Non-Current Liabilities, and had the following composition on 31 December 2009:

Company	31.12.2009		
	Non current		Current
	Securitization	Others	Others
Glunz AG	24 062 452		56 127
Sonae Ind., Prod. e Com.Deriv.Madeira,SA	20 290 440	2 302 832	
Isoroy SAS	14 462 447		
Tableros Tradema,S.L.	11 422 219		
Sonae Tafibra Benelux, BV	10 228 851		
Sonae UK,Ltd.	7 181 682		
Spanboard Products,Ltd	1 989 668		7 594
Others			239 947
	<u>89 637 758</u>	<u>2 302 832</u>	<u>303 667</u>

During 2004, Sonae Indústria SGPS SA together with its subsidiaries Soane Indústria – Produção e Comercialização de Madeira, S.A (then Sonae Tafibra – Gestão Comercial S.A), Tableros Tradema S.L (then Tafibra, Tableros Aglomerados e de Fibras, A.I.E), Isoroy S.A.S (then Isoroy Diffusion S.N.C.), Glunz AG, Sonae Tafibra International, B.V. (then Sonae Tafibra Benelux, B. V.), Sonae Industria (UK), Limited (then Sonae (UK), Limited) and Spanboard Products Limited, signed a Securitization facility of up to 120 000 000 euros, later increased to 150 000 000 euros (2006) and 175 000 000 (2007), and reduced to 125 000 000 euros (2009) with ABN Amro Bank, NV and TAPCO – Tulip Asset Purchase Company BV. This facility, which initially matured in March 2009, was rescheduled to March 2012. At 31 December 2009, principal outstanding was 89 637 758 euros (145 999 047 euros at 31 December 2008).

Trade debtors securitized for the amount of 117 656 697 euros (143 355 371 euros at 31 December 2008) were kept on the consolidated balance sheet as the criteria set out in IAS 39 for their derecognition were not fully met, namely the whole risks related to the securitized assets were not completely transferred.



24.4. Financial lease creditors

Details of finance leases creditors at 31 December 2009 and at 31 December 2008 are as follows:

	Minimum lease payments		Present value of minimum lease payments	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
2009		8 674 278		3 535 578
2010	8 238 361	8 411 960	3 919 801	3 807 374
2011	8 028 139	8 170 473	3 989 740	3 915 257
2012	7 983 881	8 199 803	4 250 459	4 229 274
2013	7 907 096	8 130 679	4 508 070	4 536 945
2014	8 018 212		4 963 661	
after 2014 (2013)	28 083 259	36 589 895	26 013 853	31 460 911
	68 258 948	78 177 088	47 645 584	51 485 339
Lease creditors - current			3 919 801	3 535 578
Lease creditors - non current			43 725 783	47 949 761

25. FINANCIAL DERIVATIVES

The fair value of derivative instruments is stated as follows:

	Other current assets (note 19)		Other current liabilities (note 31)		Other non current liabilities (note 27)	
	31.12.09	31.12.08	31.12.09	31.12.08	31.12.09	31.12.08
Derivatives at fair value through profit or loss	3 715 287	16 305 348	9 273 881	6 244 352		9 230
Exchange rate forwards	3 715 287	16 305 348	9 273 881	6 244 352		
Interest rate swaps (fair value hedge)						9 230
Derivatives at fair value through reserves		216 109	1 904 353	1 168 770		
Interest rate swaps (cash flow hedge)		216 109	1 904 353	1 168 770		
	3 715 287	16 521 457	11 178 234	7 413 122		9 230

Derivatives at fair value through profit or loss

They consist of exchange rate derivatives (forwards) over which no hedge accounting was applied, and by interest rate derivatives (swaps) which consist in fair value hedges.

The fair value of exchange rate forwards was determined using derivative valuation software and external appraisals when software do not allow some derivatives to be valued, and consisted in updating the receivable/payable amount at maturity date to the balance sheet date. Receivable/payable amount, which was used for valuing, corresponds to the amount denominated in foreign currency multiplied by the difference between the contracted exchange rate and the



market exchange rate at the maturity date that was determined at valuation date (forward exchange rate determined between valuation and maturity date, using market information).

Determining the fair value of interest rate swaps that are fair value hedges follows the same process as interest rate swaps that are cash flow hedges.

Gains and losses resulting from changes in fair value are stated under the item Adjustments to fair value of financial instruments at fair value through profit or loss (note 38), which corresponds to a net loss of 18 433 574 euros.

Derivatives at fair value through reserves

They consist of interest rate derivatives that are cash flow hedges.

These interest rate hedging derivatives are valued at fair value, at balance sheet date, which is determined by the Group using derivative valuation software and external appraisals when software do not allow some derivatives to be valued. The fair value of these financial instruments is determined using the discounted cash flow method: zero coupon yield curves for the relevant periods are used for determining the respective variable forward rates and the discounting factors, which allow fixed leg cash flows and floating leg cash flows to be discounted. The sum of both permits the calculation of present fair value.

Changes in the fair value of these financial instruments were recorded under Hedging Reserves, included in the caption Accumulated Other Comprehensive Income on the consolidated balance sheet, for the amount of – 348 443 euros.

During the period, the amounts of 1 726 176 euros and 356 004 euros were reclassified from Other Comprehensive Income to Losses on valuation of hedging derivative instruments and Gains in valuation of hedging derivative instruments (note 38), respectively.



Interest rates used to determine zero coupon yield curves are as follows:

		2009			
		Rates			
Maturity dates		CAD	GBP	ZAR	EUR
ON	1 day	0.240%	0.508%	9.258%	0.326%
1W	7 days	0.249%	0.510%	8.987%	0.362%
2W	15 days	0.267%	0.512%	8.546%	0.386%
3W	22 days	0.281%	0.514%	8.079%	0.408%
1M	1 month	0.296%	0.515%	7.404%	0.445%
2M	2 months	0.367%	0.539%	7.413%	0.550%
3M	3 months	0.466%	0.602%	7.504%	0.695%
4M	4 months	0.539%	0.684%	7.609%	0.790%
5M	5 months	0.621%	0.756%	7.730%	0.886%
6M	6 months	0.701%	0.834%	7.853%	0.996%
7M	7 months	0.802%	0.905%	7.924%	1.037%
8M	8 months	0.903%	0.973%	8.001%	1.083%
9M	9 months	1.004%	1.046%	8.067%	1.132%
10M	10 months	1.085%	1.107%	8.116%	1.172%
11M	11 months	1.166%	1.170%	8.165%	1.213%
1Y	1 year	1.256%	1.239%	8.209%	1.255%
2Y	2 years	1.543%	2.002%	7.780%	1.880%
3Y	3 years	2.131%	2.684%	8.320%	2.290%
4Y	4 years	2.586%	3.147%	8.649%	2.587%
5Y	5 years	2.926%	3.470%	8.879%	2.836%
6Y	6 years	3.209%	3.705%	9.039%	3.066%
7Y	7 years	3.446%	3.887%	9.136%	3.264%
8Y	8 years	3.660%	4.026%	9.195%	3.429%
9Y	9 years	3.856%	4.145%	9.212%	3.567%
10Y	10 years	4.065%	4.248%	9.199%	3.691%

26. FINANCIAL RISKS

The liquidity risk described on note 2.24., c), related to gross debt referred to in note 24, can be analysed as follows:

	Maturity of gross debt (note 24)	Interest	Total
2010	137 899 825	15 381 688	153 281 513
2011	92 236 736	14 716 840	106 953 576
2012	224 899 244	18 207 275	243 106 519
2013	188 688 236	10 433 176	199 121 412
2014	113 711 479	5 298 192	119 009 671
2015	10 430 123	3 115 473	13 545 596
After 2015	26 664 576	4 782 545	31 447 121
	<u>794 530 219</u>	<u>71 935 189</u>	<u>866 465 408</u>



The calculation of interest in the previous table was based on interest rates at 31 December 2009 applicable to each item of debt. Gross debt maturing in 2010 includes scheduled repayment of debt along with the repayment of debt as at end 2009 maturing within less than one.

The analysis of interest rate risk, described on note 2.24., b), i), consisted in calculating the way net profit before tax would have been impacted if there would have been a change of +0.75 or - 0.75 percentage points in actual interest rates of the corresponding period.

Considering Euribor 6 months as a reference indicator for interest rates of Euro, a change of 0.75 percentage points corresponds to 1,6 times the standard deviation of that variable in 2009.

Sensitivity Analysis						
2009			2008			
	"Notional" (Euros)	Effect in Profit and Loss (Euros)		"Notional" (Euros)	Effect in Profit and Loss (Euros)	
		0.75%	-0.75%		0.75%	-0.75%
Gross Debt excluding banks overdrafts						
EUR	-728 622 159	-4 770 581	4 770 581	-869 203 094	-4 867 321	4 867 321
GBP	-9 170 078	- 80 183	80 183	-14 023 618	- 113 517	113 517
ZAR	-29 063 848	- 175 730	175 730	-27 240 884	- 152 045	152 045
	<u>-766 856 085</u>	<u>-5 026 494</u>	<u>5 026 494</u>	<u>-910 467 596</u>	<u>-5 132 883</u>	<u>5 132 883</u>
Financial Derivatives						
EUR	105 000 000	949 583	- 949 583	255 000 000	669 311	- 669 311
ZAR		- 11 981	11 981	<u>5 008 562</u>	<u>- 26 297</u>	<u>26 297</u>
	<u>105 000 000</u>	<u>937 602</u>	<u>- 937 602</u>	<u>260 008 562</u>	<u>643 014</u>	<u>- 643 014</u>
Treasury applications						
EUR	26 375 021	121 440	- 121 440	44 183 441	146 352	- 146 352
ZAR						
BRL				<u>13 934 946</u>	<u>181 466</u>	<u>- 181 466</u>
	<u>26 375 021</u>	<u>121 440</u>	<u>- 121 440</u>	<u>58 118 387</u>	<u>327 818</u>	<u>- 327 818</u>
		<u>-3 967 452</u>	<u>3 967 452</u>		<u>-4 162 051</u>	<u>4 162 051</u>

With respect to exchange rate risk, described in note 2.24., b), ii), the following calculations were performed:

1. Sensitivity analysis of amounts denominated in a currency other than the functional currency of each company included in the consolidation, by considering a change of +1% and -1% in actual 2009 and 2008 exchange rates.

1.1. Loans net of treasury applications

	Amount denominated in foreign currency		Eur equivalent		Sensitivity analysis			
	31.12.2009	31.12.2008	31.12.2009	31.12.2008	2009		2008	
					-1%	1%	-1%	1%
CAD	91 027 091	100 434 904	60 171 638	59 085 854	- 601 716	601 716	- 590 859	590 859
GBP	24 915 326	21 668 910	28 054 657	22 749 539	- 280 547	280 547	- 227 495	227 495
ZAR	325 075 547	366 512 311	30 479 083	28 049 187	- 304 791	304 791	- 280 492	280 492



The remaining financial assets and liabilities do not include any amounts denominated in currencies other than the functional currency of the respective subsidiary which may represent any relevant exchange rate risks.

2. Sensitivity analysis of existing derivatives to hedge the exchange rate risk set out in the previous point:

	Amount denominated in foreign currency		Eur equivalent		Sensitivity analysis			
	31.12.2009	31.12.2008	31.12.2009	31.12.2008	2009		2008	
					-1%	1%	-1%	1%
CAD	91 462 632	103 847 243	60 459 543	61 106 853	604 595	- 604 595	611 069	- 611 069
GBP	23 601 331	22 106 219	26 575 099	21 637 834	265 751	- 265 751	216 378	- 216 378
ZAR	376 943 492	414 799 722	35 342 222	32 770 847	353 422	- 353 422	327 708	- 327 708

The credit risk described in note 2.24, a) is mostly reflected through the amount stated in Trade Debtors (nota 17). No relevant differences between the amounts recognized and the corresponding fair value were identified.

27. OTHER NON CURRENT LIABILITIES

At 31 December 2009 and 31 December 2008, details of Other non current liabilities were as follows:

	31.12.2009	31.12.2008
Derivative instruments		9 230
Goup companies	72 604	72 604
Other creditors	426 888	434 401
Financial instruments	499 492	516 235
State and other public entities		44 122 456
Other creditors	65 290 759	74 102 387
Liabilities out of scope of IFRS 7	65 290 759	118 224 843
Total	65 790 251	118 741 078



31.12.2009	2010	2011	2012	2013	2014	After 2014	Total
Maturity of Group Companies						72 604	72 604
Maturity of Other non current creditors						426 888	426 888
						499 492	499 492
31.12.2008	2009	2010	2011	2012	2013	After 2013	Total
Maturity of Group Companies						72 604	72 604
Maturity of Other non current creditors	434 401						434 401
	434 401					72 604	507 005

At 31 December 2008, the item State and other public entities – Others included the owing amount of ICMS – Tax on Trade of Goods and Services Rendered to be paid by the subsidiary Tafisa Brasil in accordance with the terms of the agreement celebrated with the Government of the State of Paraná (Brazil), which considered postponing 90% of the payment of each parcel of tax for a twelve-year period, to be updated yearly according to 10% of FCA index.

Other creditors include 65 290 759 euros (74 102 387 euros at 31 December 2008) relating to deferred income-investment subventions.

28. POST RETIREMENT LIABILITIES

Various Group companies assumed the liability of giving their employees cash contributions to pension plans for old age, incapacity, early retirement, survival and post retirement medical care. These contributions are determined as a percentage that increases as a result of the number of years that the employee has worked at the company, and which is applied to a salary table that is negotiated on a yearly basis and correspond to defined benefits plans.

Current liabilities associated with past years of service are evaluated every year through actuarial studies and based on the “Projected Unit Credit” methodology. Actuarial assumptions employed on the last study prepared at 31 December 2009 were:

	Germany							
	Glunz AG		GHP GmbH		Tool GmbH		Impaper	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Mortality table	Richttafeln 2005 G	Richttafeln 2005 G	Richttafeln 2005 G	Richttafeln 2005 G	Richttafeln 2005 G	Richttafeln 2005 G	Richttafeln 2005 G	Richttafeln 2005 G
Salary growth rate	2,0%	2,00%	0,0%	0,00%	2,0%	0,00%	2,0%	2,0%
Return on fund	4,1%	4,10%	4,1%	4,10%	4,1%	4,10%	4,1%	4,1%
Actuarial technical rate	6,0%	5,60%	6,0%	5,60%	6,0%	5,6%	6,0%	5,6%
Pension growth rate	2,0%	1,50%	2,0%	1,50%	2,0%	1,50%	2,0%	1,5%



	South Africa		France		Portugal	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008
	PA(90)	PA(90)	INSEE 2004-2006	TPG 1993	TV 88/90	TV 88/90
Mortality table						
Salary growth rate	7,2%	7,10%	2,0%	2,0%	3,0%	3,0%
Return on fund	9,4%	8,60%	-	-	2,4%	6,0%
Actuarial technical rate	9,4%	8,60%	5,0%	5,25%	5,0%	4,0%
Pension growth rate	6,2%	6,10%	2,0%	2,0%	0,0%	0,0%
Medical cost trend rate	1,6%	1,4%				

In previous periods, pension funds and provisions for pension liabilities were created by various companies within the Group in the following countries:

South Africa:

The employees of Sonae Novobord (PTY) have the following benefit scheme:

Defined contribution plan composed of a number of assets that are managed by a third party. The Company is obliged to deliver the defined contributions. The amount of 422 272 euros was included in the item Staff expenses, on the Consolidated Income Statement, during the period. At 31 December 2009, no contributions were outstanding or unpaid.

Defined Benefit plan with a fund managed by a third party and calculated in accordance with International Accounting Standard 19 and based on actuarial studies performed by an independent party.

Post-Retirement Health Benefit scheme under which the Company will provide for 50% of eligible health expenses incurred after the employee's retirement.

In an actuarial study carried out on 31 December 2009, liabilities amounted to 49 685 005 ZAR (4 658 466 euros) covered by the market value of the fund of 32 179 000 ZAR (3 017 103 euros) and by a provision of 17 506 005 ZAR (1 641 363 euros), which is recorded as a Pension Liability in Non Current Liabilities on the Consolidated Balance Sheet.

Germany:

Glunz AG has a defined benefit plan and it has constituted a fund. The plan is calculated according to International Accounting Standard 19, and based on actuarial studies carried out by an independent party. The company has recorded a provision for Pension Liabilities in Non Current Liabilities of 18 224 353 euros, which fully provides for the liabilities calculated by the actuarial study reported to 31 December 2009. On the same date, the value of the fund constituted at the end of the year was 369 615 euros.

GHP GmbH has a defined benefit plan and it has constituted a fund. The plan is calculated according to International Accounting Standard 19. In an actuarial study dated 31 December 2009, liabilities amounted to 1 428 390 euros and were covered by the



fund and by provisions for Pension Liabilities in Non Current Liabilities of 540 350 euros and 888 040 euros, respectively.

Tool GmbH has a defined benefit plan and it has constituted a fund. The plan is calculated according to International Accounting Standard 19. In an actuarial report carried out at 31 December 2009, liabilities amounted to 304 207 euros and were covered by the fund and by provisions for Pension Liabilities in Non Current Liabilities of 69 948 euros and 234 259 euros, respectively.

Impaper Europe GmbH & Co. KG has a defined benefit plan and it has constituted a fund. The plan is calculated according to International Accounting Standard 19. In an actuarial report carried out at 31 December 2009, liabilities amounted to 168 622 euros and were covered by the fund and by provisions for Pension Liabilities in Non Current Liabilities of 18 756 euros and 149 866 euros, respectively.

France:

Upon retirement of their employees, Isoroy SAS and Darbo SAS are obliged to pay a sum defined under the terms of the sector's collective labour agreement. An actuarial study calculated the liabilities of the two companies on 31 December 2009 to be 1 398 281 euros. This is fully covered by a provision that is recorded as a Pension Liability in Non Current Liabilities on the Consolidated Balance Sheet

Portugal:

Various Group companies have a defined benefit plan and funds managed by third parties, calculated in accordance with International Accounting Standard 19 and based on actuarial studies carried out by independent parties. Employees of eight companies hired until 31 December 1994 are covered by this plan under which they will receive as from retirement, a life long monthly payment equivalent to 20% of their salary at their retirement date. The liability for services provided as at 31 December 2009, based on an actuarial study on the same date, was calculated to be 3 890 462 euros. This was fully covered by the value of the fund and by a provision included as a Pension Liability in Non Current Liabilities on the Consolidated Balance Sheet, of 1 363 768 euros and 2 798 253 euros, respectively. The provision was excessive by 271 559 euros.

The main changes, during the periods ending 31 December 2009 and 31 December 2008, to the present value of the defined benefit obligations are presented below:



	31.12.2009			31.12.2008		
	Plan with no fund	Plan with fund	Total	Plan with no fund	Plan with fund	Total
Opening balance of defined benefit obligations' present value	2 105 233	27 545 959	29 651 192	2 358 378	27 031 668	29 390 046
Interest cost	139 711	1 771 303	1 911 014	116 894	1 409 311	1 526 205
Current service cost	70 216	617 362	687 578	65 135	901 482	966 617
Actuarial (Gains)/Losses	- 21 471	- 882 202	- 903 673	25 724	334 311	360 035
Paid pensions	100 398	2 295 804	2 396 202	200 130	1 782 131	1 982 261
Curtailments	304 155		304 155			
Exchange rate effect	106 585	1 093 467	1 200 052	- 117 356	- 444 851	- 562 207
Changes in consolidation perimeter				- 143 411	96 168	- 47 243
Closing balance of defined benefit obligations' present value	<u>1 995 721</u>	<u>27 850 085</u>	<u>29 845 806</u>	<u>2 105 233</u>	<u>27 545 959</u>	<u>29 651 192</u>

During the period the fair value of the plan assets changed as follows:

	31.12.2009
Opening balance of plan assets' fair value	4 689 776
Contribution to the plan assets	478 697
Expected return on plan assets	276 491
Paid pensions	1 003 589
Effect of asset transference	722
Actuarial gains/(losses)	349 386
Exchange rate effect	588 059
Closing balance of plan assets' fair value	<u>5 379 542</u>

At 31 December 2009 and 31 December 2008, the amount of liabilities for defined benefits recognized in the consolidated balance sheet is detailed as follows:

	31.12.2009	31.12.2008
Present value of defined benefit obligations	29 845 804	29 651 192
Actuarial Losses/(Gains) not recognised	- 596 593	- 282 843
Fair value of plan assets	5 379 542	4 689 776
Excess of provision	271 559	
Defined benefit liability	<u>25 334 414</u>	<u>25 244 259</u>

The impact of these liabilities on the 2009 and 2008 Consolidated Income Statements is detailed as follows:

	31.12.2009	31.12.2008
Interest cost	1 860 078	1 526 205
Current service cost	621 287	966 617
(Increase) / Decrease in fair value of plan assets	- 277 047	- 361 797
Recognized actuarial (Gains)/Losses	- 618 786	- 83 458
	<u>1 585 532</u>	<u>2 047 568</u>



The sensitivity of the Health Benefit scheme's obligations can be analysed as follows:

	2009			2008		
	- 1 pp	Valuation base	+ 1 pp	- 1 pp	Valuation base	+ 1 pp
	0,6%	1,6%	2,6%	0,4%	1,4%	2,4%
Service cost	8 813	7 126	5 907	24 566	19 821	16 301
Interest cost	63 569	55 787	49 130	67 346	56 479	47 984
Defined benefit obligation	678 635	597 439	528 056	779 152	655 250	558 133

29. TRADE CREDITORS

At 31 December 2009 and 31 December 2008, Trade creditors stated on the consolidated balance sheet showed the following maturities:

MATURITY OF TRADE CREDITORS		
	31.12.2009	31.12.2008
To be paid		
< 90 days	153 119 071	165 125 084
90 - 180 days	1 514 478	555 839
> 180 days	103 517	239 539
	<u>154 737 066</u>	<u>165 920 462</u>

30. STATE AND OTHER PUBLIC ENTITIES (CURRENT LIABILITIES)

At 31 December 2009 and 31 December 2008, State and other public entities had the following composition:

	31.12.2009	31.12.2008
State and other public entities		
Income Tax	2 487 579	4 745 839
Value Added Tax	3 037 640	2 176 219
Social Security Contribution	7 279 984	7 685 167
Others	497 682	1 700 009
	<u>13 302 885</u>	<u>16 307 234</u>



31. OTHER CURRENT LIABILITIES

At 31 December 2009 and 31 December 2008, Other current liabilities were composed of:

	31.12.2009	31.12.2008	
		Published	Restated
Group companies	34 939	34 910	34 910
Derivatives	11 178 233	7 413 122	7 413 122
Trade debtors advances		643 804	643 804
Fixed assets suppliers	2 107 235	8 776 582	8 776 582
Other creditors	<u>3 640 580</u>	<u>2 693 380</u>	<u>2 693 380</u>
Financial instruments	16 960 987	19 561 798	19 561 798
Other creditors	5 089 835	7 842 207	7 842 207
Accrued expenses:			
Insurances	73 634	55 226	55 226
Personnel costs	28 945 220	23 753 319	23 753 319
Accrued financial expenses	3 387 049	9 137 782	9 137 782
Rappel discounts (annual quantity discounts)	18 199 370	28 919 892	28 919 892
External supplies and services	11 641 462	11 939 042	11 939 042
Other accrued expenses	11 570 343	9 815 327	12 106 811
Deferred income:			
Investment subventions	5 835 336	5 891 717	5 891 717
Other deferred income	<u>271</u>	<u>64 973</u>	<u>64 973</u>
Liabilities out of scope of IFRS 7	84 742 520	97 419 485	99 710 969
Total	<u>101 703 507</u>	<u>116 981 283</u>	<u>119 272 767</u>

31.12.2009	< 90 days	90 - 180 days	> 180 days	Total
Maturity of current fixed assets' suppliers	2 060 238	27 970	19 027	2 107 235
Maturity of Other current creditors	2 729 030	442 948	468 602	3 640 580
	<u>4 789 268</u>	<u>470 918</u>	<u>487 629</u>	<u>5 747 815</u>

31.12.2008	< 90 dias	90 - 180 dias	> 180 dias	Total
Maturity of current fixed assets' suppliers	8 680 131	37 763	58 688	8 776 582
Maturity of Other current creditors	1 303 677	23 866	1 365 837	2 693 380
	<u>9 983 808</u>	<u>61 629</u>	<u>1 424 525</u>	<u>11 469 961</u>



32. PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

Movements occurred in provisions and accumulated impairment losses during the periods ended 31 December 2009 and 31 December 2008 were as follows:

Description	2009					
	Opening balance	Exchange rate effect	Changes to perimeter	Increase	Utilizations/R eversion	Other changes
Accumulated impairment losses on tangible assets (Note 10)	57 587 280	479 295		907 889	5 092 527	- 25 778 865
Accumulated impairment losses on intangible assets (Note 11)	358 865			15 806		- 339 623
Accumulated impairment losses on other non-current assets (Note 15)	10 931 182					
Accumulated impairment losses on trade debtors (Note 17)	16 742 196	505 810	- 168 842	8 524 055	4 344 368	- 3 458 221
Accumulated impairment losses on other debtors (Note 18)	19 629					- 1
Subtotal impairment losses	85 639 152	985 105	- 168 842	9 447 750	9 436 895	- 29 576 710
Provisions for litigations in course	23 767 165	3 914 380	- 22 041 008	3 433 579	1 979 338	1 823 695
Provisions for guaranties to customers	940 138	- 111		150 170	240 027	
Provisions for restructuring	19 417 434	88 044		16 025 094	29 059 007	16 111 279
Other provisions	4 983 668	- 465		1 484 182	785 214	- 11 527
Subtotal provisions	49 108 405	4 001 848	- 21 394 013	21 093 025	32 063 586	17 276 452
Subtotal impairment losses and provisions	134 747 557	4 986 953	- 21 562 855	30 540 775	41 500 481	- 12 300 258
Accumulated impairment losses on investments (Note 9)	37 005 998					
Accumulated impairment losses on inventories (Note 16)	17 098 955	470 163	- 1 677 647	9 437 331	11 096 351	- 1 188 197
Total	188 852 510	5 457 116	- 23 240 502	39 978 106	52 596 832	- 13 488 455

Description	2008					
	Opening balance	Exchange rate effect	Changes to perimeter	Increase	Utilizations/R eversion	Other changes
Accumulated impairment losses on tangible assets (Note 10)	29 387 203	- 645 679		30 339 095	59 154	- 1 434 185
Accumulated impairment losses on intangible assets (Note 11)	19 242					
Accumulated impairment losses on other non-current assets (Note 15)	14 263 013					- 3 331 831
Accumulated impairment losses on trade debtors (Note 17)	16 719 680	- 585 981	- 370 413	5 114 009	3 425 777	- 709 322
Accumulated impairment losses on other debtors (Note 18)	442 506					- 422 877
Subtotal impairment losses	60 831 645	- 1 231 660	- 370 413	35 453 105	3 484 931	- 5 898 215
Provisions for litigations in course	28 694 240	- 4 378 730		4 413 752	4 541 652	- 420 446
Provisions for guaranties to customers	1 036 580	2 976		298 684	398 101	
Provisions for onerous contracts	6 548		- 1 496		5 052	
Provisions for restructuring	10 094 000	- 250 836		12 933 482	6 054 956	2 695 744
Other provisions	5 993 171	1 985	- 396 118	2 481 939	399 767	- 2 697 543
Subtotal provisions	45 824 539	- 4 624 605	- 397 614	20 127 857	11 399 527	- 422 245
Subtotal impairment losses and provisions	106 656 183	- 5 856 265	- 768 027	55 580 961	14 884 458	- 6 320 460
Accumulated impairment losses on investments (Note 9)	42 677 137					- 5 671 138
Accumulated impairment losses on inventories (Note 16)	12 588 275	- 602 043	- 102 851	12 649 774	7 434 200	
Total	161 921 595	- 6 458 308	- 870 878	68 230 735	22 318 658	- 11 991 598

Accumulated impairment losses on intangible assets (Note 11)						
Restated	19 242			339 623		358 865

Impairment losses are offset against the corresponding asset on the Consolidated Statement of Financial Position.

Increase and utilization of provisions and impairment losses are stated on the Consolidated Income Statement as follows:

	2009		2008	
	Losses	Gains	Losses	Gains
Cost of sales	4 521 322	5 690 138	7 626 808	4 417 623
Other operating revenues		41 500 481		14 884 458
(Increase) / decrease in production	4 916 008	5 406 213	5 022 966	3 016 577
Provisions and impairment losses	30 540 776		55 580 961	
Total	39 978 106	52 596 832	68 230 735	22 318 658



Impairment losses

During the period Sonae Indústria tested for impairment cash generating units undergoing restructuring in France and South Africa. These tests used the basic assumptions set out in note 13 and include the restructuring decisions taken in 2009, which reflects a change in the assumptions used in the tests carried out at the end of 2008. As a consequence, a partial reversion of the impairment losses recognized in the previous year was recognized and is included in column “Other changes” for the amount of approximately 16 million euros and in column “Utilizations”, for the amount of 2.3 million euros.

In addition, a restructuring provision was recognized and included in column “Other changes” as the provisions of IAS 37 were met.

Column “Other changes” also includes changes in impairment losses related to sale or write-off of assets.

Column “Utilization” includes reversion of impairment losses.

Provisions

At 31 December 2009 the amount of provisions is detailed as follows:

- Provision for restructuring: the amount of 22.6 million euros relates mostly to the estimated costs with ongoing restructuring processes in France and Germany, namely staff expenses, disassembling of industrial facilities and environmental and landscape recovery of these sites.
- Provision for litigations: it includes an estimation for investment subventions to be returned to governmental entities for the amount of 5.5 million euros and an estimation for compensation of former employees related to older restructuring processes for the amount of 1.8 million euros.
- Other provisions: it includes the estimated amount of 2.9 million euros for environmental liabilities.



33. OPERATING LEASES

At 31 December 2009 and 31 December 2008, the Group held irrevocable operating leases with the following lease payments:

	Minimum operating lease payments	
	31.12.2009	31.12.2008
2009		6 105 343
2010	5 118 340	3 747 755
2011	3 139 146	1 756 719
2012	1 390 801	539 943
2013	366 286	81 762
2014	148 439	
After 2014 (2013)	448 593	23 860
	<u>10 611 605</u>	<u>12 255 382</u>

During the period the Group recognized in External suppliers and services, on the Consolidated Income Statement, rents related to operating leases without termination date for the amount of 1 596 371 euros, rents related to operating leases with defined termination date for the amount of 10 716 893 euros and rents related to operating leases terminating within a one-year period for the amount of 1 283 123 euros.

34. RELATED PARTIES

Balances and transactions with related parties may be summarized as follows:

Balances	Accounts receivable		Accounts payable		Loans			
					Obtained		Granted	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Parent company								
Other subsidiaries of the parent company	965 600	1 584 421	2 299 086	3 664 534	5 008	14 051		3 879
Joint ventures	394 833		1 253 370		9 092		7 670	
Transactions	Sales and services rendered		Purchases and services obtained		Interest income		Interest expenses	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008
	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Parent company					12 464		13 128	
Other subsidiaries of the parent company	2 399 954	4 814 293	14 075 738	29 997 578		627 087	6 035	22 798
Joint ventures	1 450 631		5 660 464					

Remuneration of the Board of Directors of the Company is detailed as follows:

	31.12.2009	31.12.2008
Short term benefits	1 371 729	1 663 767
Long term benefits	115 583	
	<u>1 487 312</u>	<u>1 663 767</u>



35. OTHER OPERATING REVENUES

Details of Other operating revenues on the Consolidated Income Statement for the periods ended 31 December 2009 and 31 December 2008 are as follows:

	31.12.2009	31.12.2008	
		Published	Restated
Gains on disposals of non current investments	85 902 002	4 141 587	4 141 587
Gains on disposals of tangible and intangible assets	3 495 407	46 734 915	46 734 915
Supplementary Revenue	7 745 093	8 354 048	8 354 048
Investment subventions	6 838 423	6 647 345	6 647 345
Tax received	5 444 273	4 889 155	4 889 155
Reversion of impairment losses	9 436 895	3 484 931	3 484 931
Gains on provisions	32 063 586	11 399 528	11 399 528
Others	10 860 437	28 688 923	31 931 217
	<u>161 786 116</u>	<u>114 340 432</u>	<u>117 582 726</u>

The item Gains on disposal of non current investments includes the amount of 84 million euros related to the sale of Tafisa Brasil, SA. This gain includes the amount reclassified from Translation reserve to profit or loss as stated on the Consolidated Statement of Comprehensive Income. This reclassified amount did not include the Translation reserve as at 1 January 2004, amounting to -49 026 743 euros, in accordance with the accounting policy stated on note 2.2., e).

36. OTHER OPERATING COSTS

Details of Other operating costs on the Consolidated Income Statement for 2009 and 2008 are as follows:

	31.12.2009	31.12.2008	
		Published	Restated
Taxes	7 255 087	9 522 769	9 522 769
Losses on disposal of non current investments		3 355 882	3 355 882
Losses on disposal of tangible and intangible assets	1 042 746	1 671 066	1 671 066
Others	5 412 320	8 373 537	10 665 022
	<u>13 710 153</u>	<u>22 923 254</u>	<u>25 214 739</u>

37. RESEARCH AND DEVELOPMENT EXPENSES

During the period the Group recognized in several items of the Consolidated Income Statement research and development expenses amounting to 1 711 222 euros (1 588 812 euros in 2008).



38. FINANCIAL RESULTS

Financial results for the periods ended 31 December 2009 and 31 December 2008 were as follows:

	31.12.2009	31.12.2008
Financial expenses:		
Interest expenses		
related to bank loans and overdrafts	6 898 006	2 317 273
related to non convertible debentures	8 670 764	18 462 648
related to finance leases	4 968 611	5 322 162
related to hedged loans (hedge derivatives)	4 437 291	8 606 977
others	<u>5 870 079</u>	<u>19 310 413</u>
	30 844 751	54 019 473
Losses in currency translation		
related to customers	1 036 153	1 312 490
related to suppliers	1 571 806	3 000 339
related to loans	16 736 154	43 837 254
others	<u>616 123</u>	<u>2 562 493</u>
	19 960 236	50 712 576
Cash discounts granted	15 140 727	20 151 228
Adjustment to fair value of financial instruments at fair value through profit or loss	46 909 360	28 604 010
Losses on valuation of hedging derivative instruments	1 726 176	
Fair value of inefficient component of hedge derivatives		
Other finance losses	<u>8 395 290</u>	<u>11 104 571</u>
	<u>122 976 540</u>	<u>164 591 858</u>
Financial revenues:		
Interest income		
related to bank loans	36 662	240 698
related to loans to related parties	306 175	651 406
Others	<u>514 465</u>	<u>5 323 068</u>
	857 301	6 215 172
Gains in currency translation		
related to customers	824 229	1 608 729
related to suppliers	875 601	2 760 289
related to loans	33 991 313	16 764 210
others	<u>1 119 589</u>	<u>860 340</u>
	36 810 732	21 993 568
Cash discounts obtained	2 013 221	3 224 157
Adjustment to fair value of financial instruments at fair value through profit or loss	28 475 785	54 800 436
Gains in valuation of hedging derivative instruments	356 004	
Fair value of inefficient component of hedge derivatives		
Other finance gains	<u>360 700</u>	<u>385 211</u>
	<u>68 873 743</u>	<u>86 618 544</u>
Finance profit / (loss)	<u>- 54 102 797</u>	<u>- 77 973 314</u>

39. TAXES

Corporate income tax accounted for in 2009 and 2008 is detailed as follows:

	31.12.2009	31.12.2008
Current tax	1 194 025	2 530 753
Deferred tax	<u>2 498 118</u>	<u>404 014</u>
	<u>3 692 143</u>	<u>2 934 767</u>



Reconciliation of consolidated Earnings before taxes with taxes for the year may be detailed as follows:

	31.12.2009	31.12.2008
Consolidated net profit before tax	-55 957 873	-100 941 991
Tax rate	25.00%	25.00%
Expectable tax at rate 25.0%	-13 989 468	-24 458 476
Differences to foreign tax rates	(+) -2 754 836	-9 471 100
Effect of provincial taxes	(+) 171 781	-1 304 230
Consolidation adjustments	(-) 30 373 110	-1 233 686
Permanent differences		
Non deductible costs	(+) 3 794 052	21 940 331
Non taxed profits	(-) 19 886 085	20 594 975
Tax losses carried forward		
Recognized deferred tax asset	(+) -1 273 815	-8 936 308
Deferred tax asset not recognized (non compliance with IAS 12)	(-) -59 187 810	-36 808 633
Utilization of tax losses carried forward whose deferred tax was not recognized in prior periods	(+) -2 538 069	-2 550 008
Reverted deferred tax asset	(+) 8 525 853	4 834 650
Effect of offsetting deferred tax liabilities related to depreciation	(+) -1 087 647	3 494 645
Effect of change in tax rates		
Other deferred tax assets and liabilities not recognized	(+) 4 390 866	3 875 202
Tax Credit for International Double Taxation	(-) 215 525	
Others	(+) - 259 664	-1 937 283
Consolidated corporate income tax	<u>3 692 143</u>	<u>2 934 767</u>

40. EARNINGS PER SHARE

Earnings per share, excluding the effect of discontinued operations, were calculated as follows:

	31.12.2009	31.12.2008	
		Published	Restated
Net Loss			
Net loss considered to calculate base earnings per share (Net loss attributable to equity holders of SONAE Indústria)	- 58 782 190	- 108 447 796	- 107 843 822
Effect of potential shares			
Interest related to convertible bonds (net of tax)			
Net loss considered to calculate diluted earnings per share	<u>- 58 782 190</u>	<u>- 108 447 796</u>	<u>- 107 843 822</u>
Number of shares			
Weighted average number of shares used to calculate basic earnings per share	140 000 000	140 000 000	140 000 000
Effect of potential ordinary shares from convertible bonds			
Weighted average number of shares used to calculate diluted earnings per share	<u>140 000 000</u>	<u>140 000 000</u>	<u>140 000 000</u>

During 2008 no significant profit or loss occurred relating to discontinued operations.



41. SEGMENT INFORMATION

The main activity of the Group is the production of wood based panels and derivative products through industrial plants and commercial facilities located in Portugal, Spain, France, Germany, United Kingdom, Switzerland, The Netherlands, Canada, Brazil and South Africa

In the notes to the consolidated financial statements of the period ended 31 December 2008, Sonae Indústria disclosed information on geographic segments in accordance with IAS 14. Segments were disclosed as follows:

- Portugal
- Spain
- France
- United Kingdom
- Germany
- Brazil
- Canada
- South Africa
- Others

For 2009 IFRS 8 replaces the aforementioned IAS 14. Under the new standard, segments to disclose are the ones included in the internal reporting system, whose information is revised by the chief operation decision maker and for which there is a segment manager, namely:

- Iberian Peninsula;
- Central Europe
 - France;
 - Germany;
 - United Kingdom;
- Rest of the World
 - Canada;
 - Brazil;
 - South Africa
- Other segments

Non-reportable segments are now included in the item Other segments.

Each reportable segment's revenue results mostly from the production and sale of wood based panels and derivative products.

Segmental information related to the Consolidated Income Statement is as follows:



Segments	Turnover			
	Intragroup		External	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Iberian Peninsula	7 046 773	11 087 226	311 981 859	420 544 475
Central Europe				
France	43 347 106	83 992 427	109 796 081	179 500 240
Germany	119 857 612	146 695 860	356 667 395	486 156 689
United Kingdom	163 204 718	230 688 287	62 586 926	86 152 516
Rest of the world				
Canada			112 619 841	110 777 922
Brazil			69 457 202	162 610 907
South Africa			80 838 049	88 880 406
All other segments	69 660 812	98 844 800	154 510 933	209 977 809
Total segments	239 912 303	340 620 314	1 258 458 287	1 744 600 964
Differences in classification			16 276 642	11 664 673
Adjustment to intragroup eliminations			2 628 660	1 714 959
Adjustments to the proportionate consolidation method			1 096 357	
Others			4 423 287	11 072 595
Total segments after adjustments			1 282 883 234	1 769 053 191
Turnover (Consolidated Income Statement)			1 282 883 234	1 769 053 191

Segments	Depreciations	
	31.12.2009	31.12.2008
Iberian Peninsula	28 699 838	28 225 142
Central Europe		
France	18 187 801	17 944 189
Germany	35 040 777	33 535 345
United Kingdom	5 998 905	6 642 836
Rest of the world		
Canada	14 127 048	12 752 722
Brazil	5 628 780	10 060 828
South Africa	5 986 598	5 846 047
All other segments	10 401 811	7 959 220
Total segments	124 071 558	122 966 328
Adjustment to depreciation	-2 388 778	
Others	- 370 773	68 903
Total segments after adjustments	121 312 007	123 035 231
Depreciations (Consolidated Income Statement)	121 312 007	123 035 231

Segments	Provisions and impairment losses	
	31.12.2009	31.12.2008
Iberian Peninsula	4 258 281	5 740 349
Central Europe		
France	2 945 453	24 921 907
Germany	18 858 249	15 935 350
United Kingdom	502 698	4 063 681
Rest of the world		
Canada	41 512	
Brazil	1 367 503	1 983 915
South Africa	1 583 372	2 606 745
All other segments	983 707	329 014
Total segments	30 540 776	55 580 961
Provisions and impairment losses (Consolidated Income Statement)	30 540 776	55 580 961



Segments	Utilization of provisions	
	31.12.2009	31.12.2008
Iberian Peninsula	1 649 595	207 536
Central Europe		
France	9 408 323	1 059 094
Germany	19 114 512	6 439 136
United Kingdom	1 347 888	
Rest of the world	29 870 724	7 498 230
Canada		
Brazil	504 859	3 624 451
South Africa	504 859	3 624 451
All other segments	38 408	69 310
Total segments	32 063 586	11 399 527
Other operating profits (Consolidated Income Statement)	32 063 586	11 399 527

Segments	Reversion of impairment losses	
	31.12.2009	31.12.2008
Iberian Peninsula	2 242 757	1 465 612
Central Europe		
France	1 392 640	531 044
Germany	2 372 636	1 023 571
United Kingdom	135 282	69 435
Rest of the world	3 900 559	1 624 051
Canada		1 762
Brazil	23 679	5 207
South Africa	2 339 321	109 324
All other segments	930 579	278 976
Total segments	9 436 895	3 484 931
Other operating profits (Consolidated Income Statement)	9 436 895	3 484 931

Segments	Operating profit or loss	
	31.12.2009	31.12.2008
Iberian Peninsula	1 743 256	13 561 464
Central Europe		
France	- 68 179 099	- 30 088 599
Germany	- 52 724 347	- 31 958 078
United Kingdom	- 6 802 477	- 2 255 346
Rest of the world	- 127 705 924	- 64 302 023
Canada	- 776 003	32 265 296
Brazil	6 782 436	30 821 495
South Africa	5 944 661	5 870 021
All other segments	11 951 094	68 956 812
	- 7 987 531	- 5 951 885
Total segments	- 121 999 105	12 264 367
Companies excluded of management consolidation perimeter	1 871 062	1 776 784
Reversal of impairment losses	27 376 043	
Adjustment to depreciations	4 281 693	1 307 489
Non-recognized impairment losses		- 30 319 478
Non-recognized gains on sale of subsidiaries	84 975 346	- 4 768 022
Others	1 605 781	- 3 415 253
Total segments after adjustments	- 1 889 179	- 23 154 113
Consolidated Income Statement (Consolidated income statement)	- 1 889 179	- 23 154 113



Sales and Services Rendered in 2008 and 2007, based on geographic location of the external customers, were the following:

2009		
Customers' country	'000 Euros	
Germany	384 450	30%
Spain	156 403	12%
France	115 615	9%
Portugal	107 355	8%
Brazil	64 431	5%
North America	112 737	9%
South Africa	80 894	6%
United Kingdom	58 522	5%
Others	202 477	16%
Total	1 282 883	

The internal reporting system of financial information does not include information on segmental assets and liabilities. Segmental non current assets, included under Tangible Assets, Intangible Assets, Goodwill, Investment Properties and Other Non Current Assets, in the Consolidated Statement of Financial Position, are as follows:

Segments	Non current assets			
	31.12.2009		31.12.2008	
Iberian Peninsula				
Portugal	94 241 806		109 517 631	
Spain	206 039 867	300 281 673	222 871 481	332 389 112
Central Europe				
France	157 787 388		152 202 297	
Germany	336 757 387		361 881 681	
United Kingdom	63 890 232	558 435 007	63 900 082	577 984 060
Rest of the world				
Canada	175 021 017		168 612 229	
Brazil			96 560 685	
South Africa	87 838 893	262 859 910	73 032 942	338 205 856
All other segments		74 436 709		80 093 932
Total segments		1 196 013 299		1 328 672 960
Non current assets (Consolidated Statement of Financial Position)		1 196 013 299		1 328 672 960

Inter-segment transactions were executed at market prices and under identical conditions to those applied to third parties.



Segmental cash flows were as follows:

31.12.2009										
Cash flows arising from:	Iberian Peninsula	Central Europe			Rest of the world			Other segments	Inter-segment eliminations	Consolidated
		France	Germany	United Kingdom	Brazil	Canada	South Africa			
Operating activities	81 512 691	-28 267 196	-11 223 846	3 966 684	5 775 968	16 596 425	16 041 993	- 955 961	-12 199 531	71 247 227
Investment activities	35 556 201	-8 294 293	-6 864 083	-1 247 868	-3 689 506	-1 670 533	- 610 775	39 519 550	33 044 967	85 743 660
Financing activities	-118 402 212	36 924 718	23 325 173	-4 566 683	-17 826 527	-11 100 516	-15 158 737	-41 864 247	-20 845 436	-169 514 467
Change in Cash and Cash Equivalents	-1 333 320	363 229	5 237 244	-1 847 867	-15 740 065	3 825 376	272 481	-3 300 658		-12 523 580

31.12.2008										
	Iberian Peninsula	Central Europe			Rest f the world			Other segments	Inter-segment eliminations	Consolidated
		France	Germany	United Kingdom	Brazil	Canada	South Africa			
Cash flows arising from:										
Operating activities	-4 148 644	-5 973 547	10 480 139	2 135 335	42 157 508	-21 272 194	60 781	695 824	57 358 660	81 493 862
Investment activities	242 442 568	-2 871 395	-29 946 026	-1 386 301	-35 110 972	-37 623 149	-4 923 928	-1 182 888	-274 716 810	-145 318 901
Financing activities	-235 247 303	1 308 756	13 081 986	-5 977 925	-10 619 059	56 531 451	667 810	-439 477	217 358 150	36 664 389
Change in Cash and Cash Equivalents	3 046 621	-7 536 186	-6 383 901	-5 228 891	-3 572 523	-2 363 892	-4 195 337	-926 541		-27 160 650

31.12.2008										
Restated										
Cash flows arising from:	Iberian Peninsula	Central Europe			Rest of the world			Other segments	Inter-segment eliminations	Consolidated
		France	Germany	United Kingdom	Brazil	Canada	South Africa			
Operating activities	-4 148 644	-5 973 547	10 480 139	2 135 335	42 157 508	-21 272 194	60 781	695 824	57 358 660	81 493 862
Investment activities	33 176 328	-2 894 556	-30 007 300	-1 441 585	-38 605 851	-37 709 307	-5 026 412	- 35 606	-67 312 781	-149 857 070
Financing activities	-25 981 063	1 331 917	13 143 260	-5 922 641	-7 124 180	56 617 609	770 294	-1 586 759	9 954 121	41 202 558
Change in Cash and Cash Equivalents	3 046 621	-7 536 186	-6 383 901	-5 228 891	-3 572 523	-2 363 892	-4 195 337	- 926 541		-27 160 650

42. CONTINGENCIES

In March 2009, Glunz AG, GHP GmbH and other wood based panel producers in Germany were subject to inspections carried out by the German Competition Authority. The investigations are at a fact-finding stage only and no formal allegations have been made against our Companies or any of their employees. According to the information available at this date, the Directors consider that any eventual liability related to such proceedings is deemed to be remote.”

43. SUBSEQUENT EVENTS

As informed on 3 February 2010, the subsidiary Isoroy SAS received an offer for acquisition of the Lure plant in France. In case of acceptance of this offer, the Group estimates that the transaction would have a positive impact on the shareholders' funds.

44. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors and authorized for issuance on 24 February 2010.

Statutory External Auditor's Report Statutory Audit Board's Reports

Audit Report for Stock Exchange Regulatory Purposes in respect of the Consolidated and Individual Financial Information

(Free translation from the original version in Portuguese)

Introduction

1 As required by the Portuguese Securities Market Code, we present the Audit Report in respect of the Consolidated and Individual Financial Information included in the Board of Directors' Report and in the Consolidated and Individual Financial Statements of **Sonae Indústria, SGPS, SA**, comprising the consolidated and individual statement of financial position as at 31 December 2009, (which shows total assets of Euros 1,602,386,081 and Euros 1,597,034,705, respectively, a total consolidated equity of Euros 354,685,667 including total minority interests of Euros 1,703,556 and other negative components of equity of Euros 22,778,753, an individual equity of Euros 967,784,625, including other negative components of equity of Euros 1,413,512), the consolidated and individual statement of income by nature, the consolidated and individual Comprehensive Income, the consolidated and individual statements of changes in equity and the consolidated and individual cash flow statements for the year then ended and the corresponding notes to the accounts.

Responsibilities

2 It is the responsibility of the Company's Board of Directors (i) to prepare the Directors' Report and Consolidated and Individual Financial Statements that present fairly, in all material respects, the financial position of the company and its subsidiaries, the consolidated and individual changes in equity, the consolidated and individual result of their operations, the consolidated and individual comprehensive income and their consolidated and individual cash flows; (ii) to prepare historical financial information in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU that is complete, true, timeliness, clear, objective and licit, as required by the Portuguese Securities Market Code; (iii) to adopt adequate accounting policies and criteria; (iv) to maintain appropriate systems of internal control; and (v) to disclose any relevant facts that have influenced the activity, the financial position or results of the company and its subsidiaries.

3 Our responsibility is to verify the financial information included in the above mentioned documents, namely if it is complete, true, timeliness, clear, objective and licit, as required by the Portuguese Securities Market Code, and to issue a professional and independent report based on our audit.

SONAE INDUSTRIA, SGPS, SA

Scope

4 We conducted our examination in accordance with the Standards and Technical Recommendations approved by the Institute of Statutory Auditors which require that we plan and perform the examination to obtain reasonable assurance about whether the consolidated and individual financial statements are free of material misstatement. Accordingly, our examination included: (i) verification that the subsidiaries' financial statements have been properly examined and for the cases where such an examination was not carried out, verification, on a sample basis, of the evidence supporting the amounts and disclosures in the consolidated financial statements, and assessing the reasonableness of the estimates, based on the judgements and criteria of Management used in the preparation of the consolidated financial statements; (ii) verification of the consolidation operations and the utilization of the equity method; (iii) assessing the appropriateness and consistency of the accounting principles used and their disclosure, as applicable; (iv) assessing the applicability of the going concern basis of accounting; (v) assessing the overall presentation of the consolidated and individual financial statements; and (vi) assessing whether the consolidated and individual financial information is complete, true, timely, clear, objective and licit.

5 Our examination also covered the verification that the financial information included in the Board of Director's report is in agreement with the remaining documents referred to above.

6 We believe that our examination provides a reasonable basis for our opinion.

Conclusion

7 In our opinion, the consolidated and individual financial statements referred to above, present fairly in all material respects, the consolidated and individual financial position of **Sonae Indústria, SGPS, SA** as at 31 December 2009, the consolidated and individual results of their operations, the consolidated and individual comprehensive income, the consolidated and individual statements of changes in equity and their consolidated and individual cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and the information included is complete, true, timely, clear, objective and licit.

Porto, 24 February 2010

PricewaterhouseCoopers & Associados, S.R.O.C., Lda.
Represented by:

António Joaquim Brochado Correia, R.O.C.

Report and Opinion of the Statutory Audit Board
(Free translation from the original in Portuguese)

To the Shareholders of Sonae Indústria, SGPS, S.A.

In accordance with current law, statutory norms and the mandate we have been conferred, the Statutory Audit Board presents this report and opinion regarding the separate and consolidated financial statements of Sonae Indústria, S. G. P.S., S. A. as at 31 December 2009, which are the Board of Directors' responsibility.

Supervision

During the period the Statutory Audit Board has accompanied the Company's management, the evolution of its activities and businesses together with the subsidiaries within the consolidation perimeter and convened meetings with the frequency and extent deemed appropriate. These meetings were attended by the financial area's operational managers, especially the CFO, the internal audit manager and the risk management manager, depending on the matters under analysis. We kept a close connection with the Statutory External Auditor that kept us informed about the nature and conclusions of performed audit work. The Statutory Audit Board was given by the Board of Directors, the company's services, the subsidiaries included in the consolidation perimeter and the Statutory External Auditor all information and clarifications requested for gaining a greater insight into understanding and assessing the evolution of businesses, performance and financial position as well as the risk management and internal control systems.

The Statutory Audit Board has monitored the process of preparing and disclosing financial information as well as the audit of separate and consolidated financial statements, for which it received from the Statutory External Auditor all requested information and clarifications. Furthermore, within the scope of its competence the Statutory Audit Board has verified the separate and consolidated balance sheets as at 31 December 2009, the separate and consolidated income statements, the separate and consolidated statements of cash flows and the separate and consolidated statements of change in shareholders' funds and corresponding appendices for the period ended on the aforementioned date. It has also verified the management report for the fiscal year ended 31 December 2009 issued by the Board of Directors and the Statutory External Auditor's Report on the financial statements, with which the Statutory Audit Board agrees.

In light of the above, the Statutory Audit Board is of the opinion that the information relating to the financial statements in question has been prepared in accordance with the accounting, legal and statutory norms, reflecting a true and appropriate image of the assets and liabilities, the financial position and results of the company and the subsidiaries included in the consolidation perimeter. The management report duly states the evolution of the businesses, performance and financial position of the company and subsidiaries included in its consolidation perimeter and contains a description of the main risks and uncertainties they are confronted with.

The Statutory Audit Board expresses its appreciation to the Board of Directors and other departments for their cooperation.

Opinion

Arising from the above, the Statutory Audit Board is of the opinion that the Shareholders' General Meeting approves the:

- a) Management Report, Separate and Consolidated Balance Sheets for the fiscal year ended 31 December 2009, Separate and Consolidated Income Statements, Statements of Cash Flows and Statements of Changes in Equity and corresponding Appendices for the period ended on the aforementioned date;
- b) Proposal for Appropriation of Results submitted by the Board of Directors.

Statement of responsibility

In accordance with the provisions of article 245, c), nr. 1 of the Securities Code ("Código dos Valores Mobiliários"), the Statutory Audit Board's members state to the best of their knowledge that the information included in the management report and the other financial statements was prepared in compliance with the applicable accounting standards and provides a true and appropriate image of the assets, liabilities, financial position and results of the company and subsidiaries included in its consolidation perimeter.

Furthermore, the Statutory Audit Board is of the opinion that the management report duly states the evolution of businesses, performance and position of the company and subsidiaries included in its consolidation perimeter, and contains a description of the main risks and uncertainties they are confronted with.

Maia, 24 February 2010

Statutory Audit Board,

Manuel Heleno Sismeiro

Armando Luís Vieira de Magalhães

Jorge Manuel Felizes Morgado