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

ACTIVITY REPORT
AND
CONSOLIDATED FINANCIAL STATEMENTS

JANUARY – MARCH 2010

ACCORDING TO THE INTERNATIONAL ACCOUNTING STANDARD 34 – INTERIM FINANCIAL REPORT

1Q10 Highlights

- Markets recovering albeit from a low level
- Production efficiency improved 17%, as a result of the restructuring program
- Prices following a positive trend
- Extreme winter conditions in Central Europe led to production problems and significantly higher variable costs
- Recurrent EBITDA recovered to 7 M Euro compared to 1Q09 (restated*)

Subsequent Highlights

- Lure plant sold (April)
- 150 M Euro of bond loans refinanced (May)
- Matrix organization adopted, creating two new functional roles (in the Executive Committee)
    - CM & SO - Chief Marketing and Sales Officer
    - CI & TO - Chief Industrial and Technology Officer

	(euro millions)					
	1Q'09	Restated* 1Q'09	4Q'09	1Q'10	1Q'10 / Restated* 1Q'09	1Q'10 / 4Q'09
Turnover	346	319	312	320	1%	3%
EBITDA	4	(2)	27	(6)	(272%)	(124%)
Recurrent EBITDA	6	0	16	7		(57%)
Recurrent EBITDA Margin %	1,7%	0,1%	5,1%	2,2%		
Net Profit/(Loss) attributable to Shareholders of Sonae Industria	(40)	(42)	(3)	(35)	17%	
Net Debt	917	908	757	811		

***Restated on a like-for-like basis, by excluding Brazil**

Message from Carlos Bianchi de Aguiar, CEO

"In most of the regions where we operate we have witnessed higher demand which has created some opportunities for price increases. This is a further sign of the improving trend that started in 3Q09.

Unfortunately, operating conditions during 1Q10 were strongly impacted by a number of different factors. In January and February, our economic performance did not live up to our expectations, especially at plants located in Central Europe. These plants faced extreme weather conditions resulting in increases in the cost of energy, wood and logistics, well above what would normally be expected. Also in Iberia, the cost of wood had a significant negative impact on profitability during 1Q10. Fortunately, the situation in Central Europe has normalised and it is expected that the cost of wood will return to 4Q09 levels. In Iberia, we are planning to implement further price increases to offset the increases in variable costs.

As already announced, our Lure plant (in France) was sold in April to Swedspan, a subsidiary of INGKA Group (also IKEA's Group).

With the closure of the Duisburg plant, the industrial restructuring process has been finalised. Comparing 1Q10 with 1Q09, overall productivity grew by 17% and fixed costs were reduced by 5 million Euros (on a like-for-like basis).

Working capital increased during 1Q10, due to the increased volume growth in March and to the seasonality of receivables.

More recently in May, we refinanced bonds totalling 150 million Euros, in order to improve our debt repayment profile and to achieve a better fit to expected cash generation.

Having completed our restructuring process and, in order to put more emphasis on performance, capturing synergies and sharing of knowledge, we decided to adopt a matrix organisation by creating two new functional roles within the Executive Committee: CM & SO - Chief Marketing and Sales Officer and CI & TO - Chief Industrial and Technology Officer.

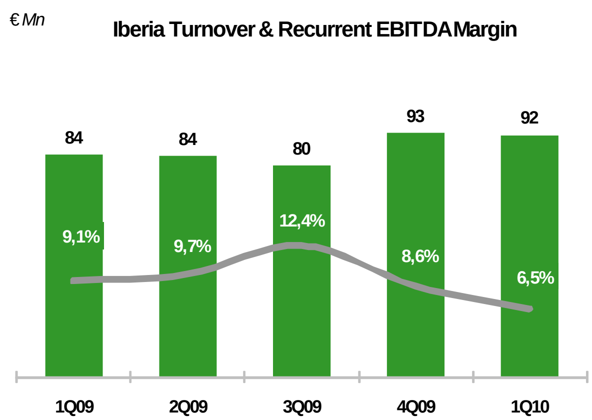
I am confident that we have been doing everything we can to be better positioned to make the most of the opportunities and challenges ahead. I am counting on our team as well as on our customers, shareholders, banks, suppliers and other stakeholders to help make Sonae Industria a leading company, which is both sustainable and value creating."

Geographical Review of Operations

Iberia

Spain continues to experience tough market conditions. New housing permits in January 2010 declined by 36%[1] when compared to the same month last year, but the quarter on quarter decline[1] has been decreasing.

In Iberia, 2010 started off at a slow pace and volumes sold decreased by 5% comparing 4Q09 to 1Q10.



On the cost side, as expected, raw material costs (particularly wood) increased during this quarter. This reflects the combined effect of stronger competition from biomass and pellets for wood resources particularly in Portugal as well as lower sawmill activity in the Iberia region. Moreover, bad weather conditions, forced us to use additional biomass and fuel in the production process, driving up energy costs.

Price increases we achieved were offset by a decline in volumes, so that turnover in Iberia remained relatively flat from 4Q09 to 1Q10. The recurrent EBITDA margin decreased from 9% to 7%, due to the sharp production cost increases.

Compared to 1Q09, Iberia recovered, with both volumes sold and Turnover increasing by 9%. Nevertheless, Recurrent EBITDA decreased by 22% to 6 million Euros due to the variable cost increases mentioned above.

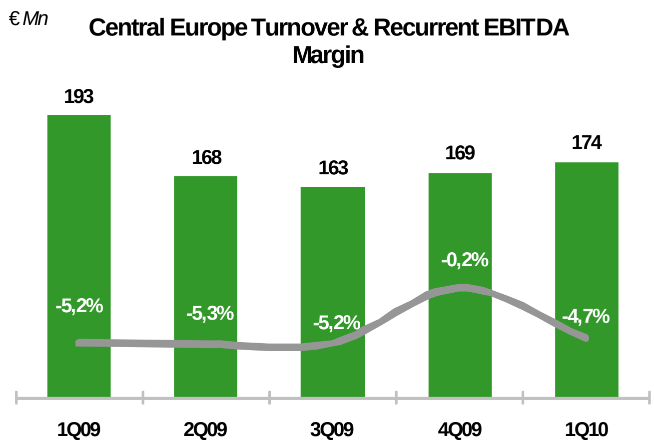
Central Europe (Germany, France and the UK)

Central Europe was also affected by a low level of industrial activity at the beginning of 2010, mainly as a result of severe adverse weather conditions.

In Germany, demand for wood based panel products remains weak, although there was a marginal recovery in recent quarters. New house construction permits in January 2010 were up

[1] Source: *Ministerio de Fomento,* April 2010

9%[2] year on year. This positive trend had been even more evident in the 21% increase posted from 4Q08 to 4Q09.
Despite these improved construction indicators and a stronger order book, our production was restricted by the effects of a prolonged spell of cold and snowy weather. From the middle of December until the end of February, production output remained below normal levels due to very low temperatures, frozen wood and exceptionally high snow falls. Additionally, wood availability was reduced due to lower sawmill activity together with the effect of the adverse weather conditions on transport services. These combined effects led to significantly higher wood and fuel costs. From 4Q09 to 1Q10, variable costs increased by 15% and volumes sold decreased by 11%. Despite the price increases achieved, lower production and consequent loss of volumes prevented us from being able to increase turnover.



Under our restructuring process, the Duisburg plant was closed on 31 January 2010. Additionally, a voluntary social plan for a further 57 employees at our Horn plant was agreed. Almost all affected employees moved to a "transfer company"[3]. The costs involved, which were in line with expectations, were booked as non-recurrent items, negatively impacting total EBITDA. The respective provisions were released and therefore there is no effect on EBIT.

In France, demand from the construction and furniture segments remains weak but there are some positive trends, as housing permits increased by 9%[4] (4Q08 - 4Q09) and by 9%[4] (YoY Jan - Feb.). The improved market helped us to increase volumes sold by 8% and capacity utilisation improved 9pp from 4Q09 to 1Q10. This higher level of activity combined with some price recovery, led to a Turnover increase of 15% from 4Q09 to 1Q10.
However, France was also negatively affected by adverse weather conditions which led to greater consumption of fuel and electricity in the production cycle as well as to higher wood transport and manufacturing costs. Additionally, a scarcity of wood led to sharp wood price increases. These combined effects resulted in a 12% increase in variable costs from 4Q09 to 1Q10 and consequently, a significant decline in recurrent EBITDA.
Comparing 1Q10 with 1Q09, volumes only fell by 3%, despite having 18% less installed capacity. However, lower prices led to a 10% decrease in Turnover.

In the 2Q10, our Lure plant was sold to Swedspan, a subsidiary of the INGKA Group.

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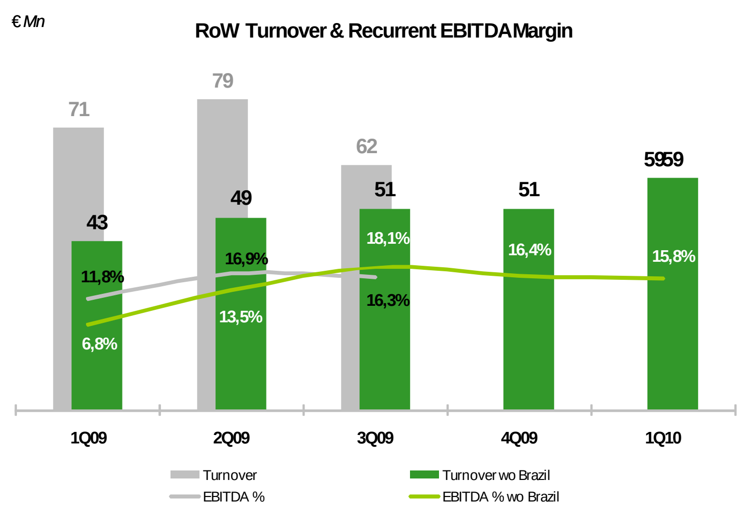
[2] Source: German Federal Statistical Office, April 2010
[3] A 'Transfer company' is a company to which employees, whose employment contracts have ceased, are transferred on a temporary and transitional basis, with the aim of helping them to find a new job.
[4] Source: *Service économie statistiques et prospective (Ministère de l'Écologie, de l'Energie, du Développement durable et de l'Aménagement du territoire),* April 2010

In **the UK**, levels of demand are encouraging, the order book is very healthy and economic indicators suggest that construction activity will improve over the course of 2010. Despite this positive trend, sales volumes were restricted at the start of 2010 by extreme weather conditions with record low temperatures and heavy snowfall. Operational performance in 1Q10 was affected by these adverse conditions. Reduced output, restricted deliveries, together with a sharp increase in variable costs (10%, compared with 4Q09), negatively impacted Recurrent EBITDA. Nevertheless, profitability remained slightly above 1Q09.
Since the end of February productivity has increased significantly (March is 30% higher than Jan/Feb). Demand remains strong and prices are being increased to offset the variable cost increases. Timber supply was restricted during 1Q10, but this is expected to ease due to seasonality and increased activity in the construction sector. Increased competition for wood continues to impact on quality and availability of supply.

For **Central Europe**, quarter on quarter Turnover increased by 3% to 174 million Euros, but this positive effect was more than offset by variable cost increases which reduced Recurrent EBITDA to a negative 8 million Euros. When comparing 1Q10 with 1Q09, in spite of closing 20% of our production capacity in this region, Turnover only decreased by 10% and Recurrent EBITDA even increased by 18%, proving the effectiveness of the restructuring process we have implemented.

Rest of the World (Canada and South Africa)

On 26 August 2009, we sold Tafisa Brasil. In order to facilitate like-for-like comparisons, the RoW figures in the chart below are shown both with and without the impact of the Brazilian operations.



Canada and South Africa have seen market recoveries and both posted good sets of results.

In **North America**, US housing starts increased by 12% (YoY Jan. – March)[5] while Canadian housing starts were up by 47% (YoY Jan - March)[6].
We continue to increase our customer base in this market. Our Canadian plant was running at full operation during 1Q10, due to a full order book and availability of wood fibre, representing a

[5] Source RISI, March 2010
[6] Source: CMHC - Canada Mortgage and Housing Corporation, April 2010

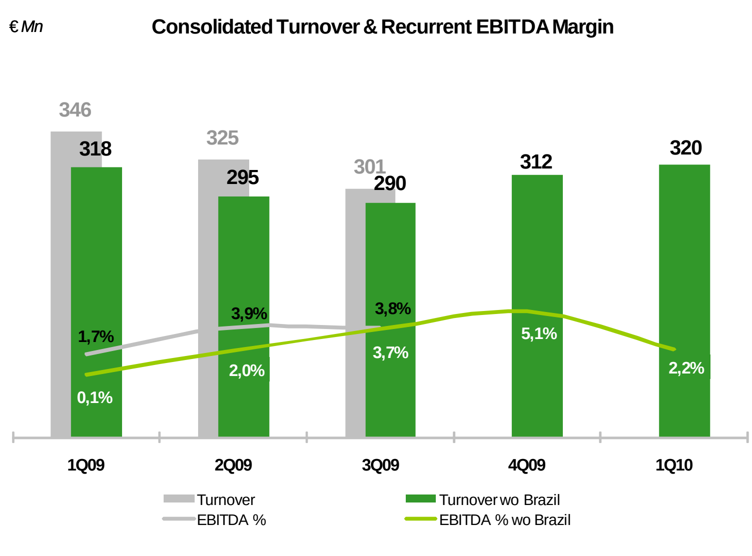
capacity utilization increase of 13pp when compared to 1Q09. Our Volumes sold increased by 26% compared to 1Q09, while the total industry shipment volume was up by only 3%[7] during the same period. Turnover in 1Q10 (in local currency) increased by 13% when compared to 1Q09 and 12% compared to 4Q09. Some price increases took effect at the end of 1Q10, but the impact will only come in 2Q10.
The Recurrent EBITDA margin was 6pp higher when comparing 1Q10 to 1Q09, although when compared to 4Q09, variable cost increases eliminated any margin increase.

In **South Africa,** although technically out of recession following 4Q09 GDP numbers (+3.2% compared to 3Q09, the first positive quarter on quarter growth recorded in 2009[8]), macroeconomic conditions remained difficult in 1Q10. Residential building permits still posted a YoY decrease of 10%[9] (Jan – Feb.). Nevertheless, both architect and building contractor confidence indicators have continued to improve, although only modestly[10].
Volumes sold in 1Q10 were unchanged when compared to 4Q09, but higher when compared to 1Q09, in spite of the closing of our George plant in March 2009. Turnover and Recurrent EBITDA remained at similar levels over the last 3 quarters.

For the **Rest of the World** (excluding Brazil), 1Q10 Turnover increased by 15% on 4Q09, reaching 59 million Euros and Recurrent EBITDA increased by 10% to 9 million Euros. Compared to 1Q09, Turnover in this region increased by 37% and Recurrent EBITDA more than tripled.

Financial Review of 1Q10

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



7 Source: Composite Panel Association, March 2010
8 Source: Statistics South Africa February 2010
9 Source: Statistics South Africa April 2010
10 Source: Statistics South Africa March 2010

Consolidated Turnover in 1Q10 totalled 320 million Euros, a 7% decrease compared to 1Q09, against a reduction of 20% in installed capacity. Excluding Brazil, Turnover, Volumes sold and average sales prices were at similar levels in 1Q10 and 1Q09.
Consolidated Recurrent EBITDA in 1Q10 was 7 million Euros, representing a margin on Turnover of 2.2% which compares with 1.7% in 1Q09. However, excluding Brazil, recurrent EBITDA increased from zero in 1Q09 to 7 million Euros in 1Q10.

Compared with 4Q09, 1Q10 Turnover increased by 3% and recurrent EBITDA fell from 16 to 7 million Euros. Price increases achieved, were more than offset by the sharp increase in variable costs, particularly wood.

Consolidated Total EBITDA in 1Q10 was a negative 6 million Euros, as a result of Non-recurrent restructuring costs in Germany and France totalling 13 million Euros, which were compensated by the release of provisions.

	(euro millions)					
	1Q'09	Restated* 1Q'09	4Q'09	1Q'10	1Q'10 / Restated* 1Q'09	1Q'10 / 4Q'09
Turnover	**346**	319	**312**	**320**	1%	3%
Other Operational Income	11	11	59	20	80%	(65%)
EBITDA	**4**	(2)	**27**	**(6)**		(124%)
Recurrent EBITDA	6	0	16	7		(57%)
Recurrent EBITDA Margin %	1,7%	0,1%	5,1%	2,2%		
Depreciation and amortisation	(31)	(29)	(27)	(29)	(1%)	(6%)
Provisions and Impairment Losses	(3)	(3)	(9)	(3)	(29%)	63%
Operational Profit	**(25)**	(28)	**8**	**(24)**	15%	
Net Financial Charges	(15)	(14)	(12)	(11)	23%	8%
o.w. Net Interest Charges	(10)	(10)	(6)	(5)	46%	4%
o.w. Net Financial Discounts	(3)	(3)	(4)	(3)	10%	25%
Profit before taxes (EBT)	**(40)**	(42)	**(3)**	**(35)**	18%	
Taxes	(0)	(0)	(0)	(0)	(188%)	(19%)
o.w. Current Tax	(0)	(0)	0	(0)	(7%)	(114%)
Net Profit/(Loss) attributable to Shareholders of Sonae Industria	**(40)**	(42)	**(3)**	**(35)**	17%	

***Restated on a like-for-like basis, by excluding Brazil**

Financial costs for 1Q10 are 4 million Euros below 1Q09, benefiting from lower interest rates and lower average debt levels.

1Q10 consolidated Net Profit/(Loss) Attributable to Sonae Indústria Shareholders was a negative 35 million Euros, an improvement of 5 million Euros compared with 1Q09.

	(euro millions) 2009	1Q'10
Non Current Assets	**1.233**	**1.237**
Tangible Assets	1.083	1.083
Goodwill	92	93
Deferred Tax	33	36
Other Non Current Assets	24	25
Current Assets	**370**	**395**
Inventories	134	141
Trade Debtors	163	204
Cash & Investments	34	19
Other Current Assets	38	31
Total Assets	**1.602**	**1.632**
Shareholders' Funds	353	329
Minority Interests	2	2
Shareholders' Funds + Minority Interests	**355**	**331**
Interest Bearing Debt	791	830
Short term	138	161
L-M term	654	668
Trade Creditors	155	161
Other Liabilities	302	311
Total Liabilities	**1.248**	**1.301**
Total Liabilities, Shareholders' Funds and Minority Interests	**1.602**	**1.632**

Additions to Fixed Assets in 1Q10 were 4 million Euros, mostly related to investments in essential maintenance, Health & Safety and Environmental improvements.

Working Capital increased by 35 million Euros during 1Q10 due to the normal seasonal effect on receivables and higher operational activity which led to an increase of about 7 million Euros in inventories.

We have refinanced 150 million Euros of bonds in May in order to increase our debt maturity and to adjust our debt repayment profile to expected cash flow generation.

Our debt has no consolidated financial covenants.

Looking Forward

We expect a continuing recovery in the wood based panels industry over the coming quarters both in terms of sales volumes and sales prices.

Variable costs are expected to level out, or even decline, as a result of the seasonality of wood prices.

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

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

The Board of Directors

SONAE INDÚSTRIA, S.G.P.S., S.A.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 MARCH 2010 AND 31 DECEMBER 2009

(Amounts expressed in Euros)

ASSETS	Notes	31.03.2010	31.12.2009
NON CURRENT ASSETS:			
Tangible assets	5	1 082 958 291	1 083 367 412
Goodwill		92 877 383	92 175 949
Intangible assets	5	13 619 161	12 446 257
Investment properties		6 630 569	6 665 733
Associated undertakings and non consolidated undertakings		3 039 911	3 011 096
Investment available for sale		300 702	300 702
Deferred tax asset	6	36 462 417	33 229 430
Other non current assets		1 180 495	1 357 948
Total non current assets		1 237 068 929	1 232 554 527
CURRENT ASSETS:			
Inventories		140 894 747	133 939 030
Trade debtors		204 152 754	163 348 206
Other current debtors		10 012 061	12 488 146
State and other public entities		13 783 922	14 240 208
Other current assets		7 588 412	11 487 023
Cash and cash equivalents	7	18 961 601	34 328 941
Total current assets		395 393 497	369 831 554
TOTAL ASSETS		1 632 462 426	1 602 386 081
SHAREHOLDERS`FUNDS AND LIABILITIES			
SHAREHOLDERS`FUNDS:			
Share capital		700 000 000	700 000 000
Legal reserve		2 737 181	2 737 181
Other reserves and accumulated earnings		- 362 121 473	- 326 976 317
Accumulated other comprehensive income		- 11 335 653	- 22 778 753
Total		329 280 055	352 982 111
Non-controlling interests		1 812 197	1 703 556
TOTAL SHAREHOLDERS`FUNDS		331 092 252	354 685 667
LIABILITIES:			
NON CURRENT LIABILITIES:			
Long term bank loans - net of short-term portion	8	229 705 056	215 964 021
Non convertible debentures	8	302 122 316	301 912 691
Long term Finance Lease Creditors - net of short-term portion	8	42 712 112	43 725 783
Other loans	8	93 638 798	91 940 590
Post retirement liabilities		25 540 893	25 334 414
Other non current liabilities		64 225 205	65 790 251
Deferred tax liabilities	6	64 923 026	57 367 250
Provisions	11	16 125 037	22 316 496
Total non current liabilities		838 992 443	824 351 496
CURRENT LIABILITIES:			
Short term portion of long term bank loans	8	128 976 809	103 996 868
Short term bank loans	8	28 218 983	29 679 489
Short term portion of Finance Lease Creditors	8	3 942 326	3 919 801
Other loans	8	304 308	303 667
Trade creditors		161 162 098	154 737 066
Taxes and Other Contributions Payable		16 562 035	13 302 885
Other current liabilities	10	112 782 888	101 703 506
Provisions	11	10 428 284	15 705 635
Total current liabilities		462 377 731	423 348 918
TOTAL EQUITY AND LIABILITIES		1 632 462 426	1 602 386 081

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 STATEMENTS

FOR THE PERIODS ENDED AT 31 MARCH 2010 AND 2009

(Amounts expressed in Euros)

	Notes	31.03.2010	31.03.2009	31.03.2009 Restated
Operating revenues				
Sales	16	318 940 433	344 872 606	344 872 606
Services rendered	16	1 440 596	1 352 373	1 352 373
Other operating revenues	12	20 330 757	11 309 790	11 724 911
Total operating revenues		340 711 786	357 534 769	357 949 890
Operating costs				
Cost of sales		164 219 819	169 384 159	169 384 159
(Increase) / decrease in production		- 2 795 662	7 291 125	7 291 125
External supplies and services		97 454 584	101 699 095	101 699 095
Staff expenses		70 426 504	67 248 419	67 248 419
Depreciation and amortisation		29 146 041	31 060 077	31 060 077
Provisions and impairment losses		3 273 722	2 987 189	2 987 189
Other operating costs	13	2 998 387	3 166 621	3 379 728
Total operating costs		364 723 395	382 836 685	383 049 792
Operational profit / (loss)	16	- 24 011 609	- 25 301 916	- 25 099 902
Financial profits	14	17 405 258	20 434 126	20 434 126
Financial costs	14	28 079 171	35 418 213	35 418 213
Gains and losses in associated companies		28 815	25 005	25 005
Current profit / (loss)		- 34 656 707	- 40 260 998	- 40 058 984
Taxation	15	457 528	482 049	482 049
Consolidated net profit / (loss) afer taxation		- 35 114 235	- 40 743 047	- 40 541 033
Profit / (loss) after taxation from descontinued operations		-	-	
Consolidated net profit / (loss) for the period		- 35 114 235	- 40 743 047	- 40 541 033
Attributable to:				
Equity holders of Sonae Industria		- 34 689 312	- 40 260 356	- 40 060 807
Non-controlling interests		- 424 923	- 482 691	- 480 226
Profit/(Loss) per share				
Excluding discontinued operations:				
Basic		- 0.2478	- 0.2876	- 0.2861
Diluted		- 0.2478	- 0.2876	- 0.2861
From discontinued operations:				
Basic		-	-	-
Diluted		-	-	-

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 MARCH 2010 AND 2009

(Amounts expressed in Euros)

	31.03.2010	31.03.2009	31.03.2009 Restated
Net profit / (loss) for the period (a)	**- 35 114 235**	**- 40 743 047**	**- 40 541 033**
Other comprehensive income			
Change in currency translation reserve	11 292 486	5 990 014	5 990 014
Change in fair value of cash flow hedge derivatives	288 131	- 1 554 436	- 1 554 436
Income tax relating to components of other comprehensive income			
Other comprehensive income for the period, net of tax (b)	**11 580 617**	**4 435 578**	**4 435 578**
Total comprehensive income for the period (a) + (b)	**- 23 533 618**	**- 36 307 469**	**- 36 105 455**
Total comprehensive income attributable to:			
Equity holders of Sonae Industria	- 23 246 212	- 35 886 126	- 35 686 577
Non-controlling interests	- 287 406	- 421 343	- 418 878
	- 23 533 618	- 36 307 469	- 36 105 455

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 MARCH 2010 AND 2009

(Amounts expressed in Euros)

	Notes	Share capital	Legal reserve	Other Reserves and accumulated earnings	Accumulated other comprehensive income: Currency translation	Accumulated other comprehensive income: Cash flow hedge derivatives	Accumulated other comprehensive income: Subtotal	Total shareholders` funds attributable to the equity holders of Sonae Indústria	Non controlling interests	Total shareholders' funds
Balance as at 1 January 2009		700 000 000	2 399 639	- 266 480 489	- 37 753 766	- 1 065 070	- 38 818 836	397 100 314	3 072 691	400 173 005
Balance as at 1 January 2009 - restated		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
Acquisition / (disposal) of subsidiaries				- 311 418				- 311 418		- 311 418
Total comprehensive income				-40 260 356	5 928 666	-1 554 436	4 374 230	- 35 886 126	- 421 343	- 36 307 469
Total comprehensive income - restated				-40 060 807	5 928 666	-1 554 436	4 374 230	- 35 686 577	- 418 878	- 36 105 455
Others				- 254 162				- 254 162	- 64 375	- 318 537
Balance as at 31 March 2009		700 000 000	2 399 639	-307 306 425	-31 825 100	-2 619 506	-34 444 606	360 648 608	2 586 973	363 235 581
Balance as at 31 March 2009 - restated		700 000 000	2 399 639	-306 502 902	-31 825 100	-2 619 506	-34 444 606	361 452 131	2 596 650	364 048 781

	Notes	Share capital	Legal reserve	Other Reserves and accumulated earnings	Accumulated other comprehensive income: Currency translation	Accumulated other comprehensive income: Cash flow hedge derivatives	Accumulated other comprehensive income: Subtotal	Total shareholders` funds attributable to the equity holders of Sonae Indústria	Non controlling interests	Total shareholders' funds
Balance as at 1 January 2010		700 000 000	2 737 181	- 326 976 317	-21 365 240	-1 413 513	-22 778 753	352 982 111	1 703 556	354 685 667
Total comprehensive income				-34 689 312	11 154 969	288 131	11 443 100	- 23 246 212	- 287 406	- 23 533 618
Others				- 455 844				- 455 844	396 047	- 59 797
Balance as at 31 March 2010		700 000 000	2 737 181	-362 121 473	-10 210 271	-1 125 382	-11 335 653	329 280 055	1 812 197	331 092 252

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 MARCH 2010AND 2009

(Amounts expressed in Euros)

OPERATING ACTIVITIES	Notes	31.03.2010	31.03.2009	31.03.2009 Restated
Net cash flow from operating activities (1)		- 33 176 743	- 5 758 149	- 5 758 149
INVESTMENT ACTIVITIES				
Cash receipts arising from:				
Investments			151 973	151 973
Tangible and intangible assets		66 527	504 021	504 021
Loans granted			877	
Investment subventions		108 400		
Interest and similar charges			540 064	
Others			298 798	298 798
		174 927	1 495 733	954 792
Cash Payments arising from:				
Investments			5 000	5 000
Tangible and intangible assets		3 931 252	13 770 014	13 770 014
Loans granted			798	
Others				
		3 931 252	13 775 812	13 775 014
Net cash used in investment activities (2)		- 3 756 325	- 12 280 079	- 12 820 222
FINANCING ACTIVITIES				
Cash receipts arising from:				
Loans granted		16 833		877
Loans obtained		1 941 861 325	752 806 909	752 806 909
Interest and similar charges		131 308		540 064
Others			5 616 113	5 616 113
		1 942 009 466	758 423 022	758 963 963
Cash Payments arising from:				
Loans granted		19 500		798
Loans obtained		1 903 726 717	742 791 938	742 791 938
Interest and similar charges		7 678 128	13 704 186	13 704 186
Finance leases - repayment of principal		993 128	920 480	920 480
Others		6 711 773		
		1 919 129 246	757 416 604	757 417 402
Net cash used in financing activities (3)		22 880 220	1 006 418	1 546 561
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		- 14 052 848	- 17 031 810	- 17 031 810
Effect of foreign exchange rate		- 146 578	- 1 002 976	- 1 002 976
Cash and cash equivalents at the beginning of the period	7	6 654 807	17 388 776	17 388 776
Cash and cash equivalents at the end of the period	7	- 7 251 463	1 359 942	1 359 942

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 PERIOD ENDED 31 MARCH 2010

(Amounts expressed in euros)

1. INTRODUCTION

SONAE INDÚSTRIA, SGPS, SA has its head-office at Lugar do Espido, Via Norte, Apartado 1096, 4470-909 Maia, Portugal.

The shares of the company are listed on Euronext Lisbon.

2. ACCOUNTING POLICIES

The present set of consolidated financial statement has been prepared on the basis of the accounting policies that were disclosed in the notes to the consolidated financial statements of year 2009.

2.1. Basis of Preparation

These consolidated financial statements were prepared in accordance with the International Accounting Standard 34 – Interim Financial Reporting, as changed by IAS 1 – Presentation of Financial Statements, as amended in 2007. As such, they do not include all the information that must be included in annual consolidated financial statements and should therefore be read in conjunction with the financial statements of year 2009.

2.2. Translation of financial statements of foreign companies

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

	31.03.2010		31.12.2009		31.03.2009	
	Closing rate	Average rate	Closing rate	Average rate	Closing rate	Average rate
Great Britain Pound	0.8898	0.8874	0.8881	0.8903	0.9308	0.9082
South African Rand	9.8922	10.3778	10.6655	11.6212	12.6135	12.9702
Canadian Dollar	1.3687	1.4369	1.5128	1.5841	1.6685	1.6217
American Dollar	1.3479	1.3821	1.4406	1.3909	1.3308	1.3020
Swiss Franc	1.4276	1.4631	1.4836	1.5099	1.5152	1.4974
Polish Zloty	3.8673	3.9852	4.1044	4.3191	4.6885	4.4871

Source: Bloomberg

3. CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERROS

In the financial statements of fiscal year 2009 the Group began recognizing CO2 emission rights under the provisions set out in note 2.23. As interim financial statements for 2009 did not include any effect, the comparative information to these financial statements is being restated.

During 2009 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 first quarter 2009 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.

4. GROUP COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

During the period ended 31 March 2010 there were no changes to the consolidation perimeter.

5. TANGIBLE AND INTANGIBLE ASSETS

During the periods ended 31 March 2010 and 31 December 2009, movements in tangible and intangible assets, accumulated depreciation and impairment losses were as follows:

5.1. Tangible assets:

	31.03.2010	31.12.2009
Gross cost:		
Opening balance	2 484 154 187	2 624 864 686
Changes in consolidation perimeter		- 194 225 441
Capital expenditure	3 826 292	26 096 139
Disposals	259 599	71 741 732
Transfers and reclassifications	41 805	4 894 822
Exchange rate effect	38 522 707	94 265 713
Closing balance	2 526 285 392	2 484 154 187
Accumulated depreciation and impairment losses		
Opening balance	1 400 786 775	1 422 360 008
Changes in consolidation perimeter		- 84 730 106
Depreciations for the period	28 367 745	118 289 935
Impairment losses for the period		907 889
Disposals	225 443	70 746 113
Reversion of impairment losses for the period		5 092 527
Transfers and reclassifications		- 16 137 771
Exchange rate effect	14 398 024	35 935 460
Closing balance	1 443 327 101	1 400 786 775
Carrying amount	1 082 958 291	1 083 367 412

During the periods ended 31 March 2010 and 31 December 2009 no interest paid or any other financial charges were capitalised, in accordance with conditions defined in note 2.9 to consolidated financial statements of year 2009.

Charges to impairment losses are detailed in note 11.

5.2. Intangible assets:

	31.03.2010	31.12.2009
Gross amount:		
Opening balance	22 755 302	25 500 039
Changes in consolidation perimeter		
Capital expenditure	1 868 305	2 508 060
Disposals		2 472 760
Transfers and reclassifications	- 13 077	- 3 161 904
Exchange rate effect	129 988	381 867
Closing balance	24 740 518	22 755 302
Accumulated amortisation and impairment losses		
Opening balance	10 309 045	10 106 710
Changes in consolidation perimeter		
Depreciations for the period	743 132	2 881 414
Impairment losses for the period		15 806
Disposals		1 033 023
Reversion of impairment losses for the period	3 180	
Transfers and reclassifications	3 180	- 1 797 478
Exchange rate effect	69 180	135 616
Closing balance	11 121 357	10 309 045
Carrying amount	13 619 161	12 446 257

Increase in intangible assets refers essentially to CO_2 emission rights for the fiscal year 2010, which were granted to the Group by the authorities.

Charges to impairment losses are detailed in note 11.

6. DEFERRED TAXES

At 31 March 2010 and 31 December 2009 deferred tax asset and liability were detailed according to underlying temporary differences as follows:

	Deferred tax assets		Deferred tax liabilities	
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
Harmonisation adjusments			63 806 883	56 222 609
Provisions not allowed for tax purposes	1 928 453	1 806 804		
Impairment of Assets	1 918 164	1 918 164		
Derecognized tangible assets	127 685	127 146		
Derecognized deferred costs	109 700	116 750		
Revaluation of tangible assets			942 810	942 810
Tax losses carried forward	32 372 997	29 255 664		
Others	5 418	4 902	173 333	201 831
	36 462 417	33 229 430	64 923 026	57 367 250

7. CASH AND CASH EQUIVALENTS

At 31 March 2010 and 31 December 2009, the detail of Cash and Cash Equivalents was as follows:

	31.03.2010	31.12.2009
Cash at hand	66 795	75 522
Bank deposits	7 037 304	9 304 640
Treasury applications	11 857 502	24 948 779
Cash and cash equivalents on the balance sheet	18 961 601	34 328 941
Bank overdrafts	26 213 064	27 674 134
Cash and cash equivalents on the statement of cash flows	- 7 251 463	6 654 807

8. LOANS

As at 31 March 2010 and 31 December 2009 Sonae Indústria had the following outstanding loans:

	31.03.2010			
	Amortised cost		Nominal value	
	Current	Non current	Current	Non current
Bank loans	157 195 792	229 705 056	157 195 792	229 705 056
Debentures		302 122 316		305 000 000
Obligations under finance leases	3 942 326	42 712 112	3 942 326	42 712 112
Other loans	304 308	93 638 798	304 308	93 638 798
Gross debt	161 442 426	668 178 282	161 442 426	671 055 966
Investment				
Cash and cash equivalent in balance sheet	18 961 601		18 961 601	
Net debt	142 480 825	668 178 282	142 480 825	671 055 966
Total net debt	810 659 107		813 536 791	

	31.12.2009			
	Amortised cost		Nominal value	
	Current	Non current	Current	Non current
Bank loans	133 676 357	215 964 021	133 676 357	215 964 021
Debentures		301 912 691		305 000 000
Obligations under finance leases	3 919 801	43 725 783	3 919 801	43 725 783
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
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
Total net debt	757 113 969		760 201 278	

9. FINANCIAL DERIVATIVES

At 31 March 2010 and 31 December 2009, the fair value of derivative instruments are stated as follows:

	Other current assets		Other current liabilities	
	31.03.10	31.12.09	31.03.10	31.12.09
Derivatives at fair value through profit or loss	1 306 174	3 715 287	10 075 043	9 273 881
Exchange rate forwards	1 306 174	3 715 287	10 075 043	9 273 881
Interest rate swaps (fair value hedge)				
Derivatives at fair value through reserves			1 561 127	1 904 353
Interest rate swaps (cash flow hedge)			1 561 127	1 904 353
	1 306 174	3 715 287	11 636 170	11 178 234

10. OTHER CURRENT LIABILITIES

At 31 March 2010 and 31 December 2009, Other current liabilities were composed of:

	31.03.2010	31.12.2009
Group companies	46 483	34 939
Derivatives	11 636 171	11 178 233
Fixed assets suppliers	2 011 030	2 107 235
Other creditors	4 294 914	3 640 580
Financial instruments	17 988 598	16 960 987
Other creditors	5 236 196	5 089 835
Accrued expenses:		
Insurances	349 361	73 634
Personnel costs	26 420 608	28 945 220
Accrued financial expenses	2 413 627	3 387 049
Rappel discounts (annual quantity discounts)	21 205 938	18 199 370
External supplies and services	16 737 754	11 641 462
Other accrued expenses	14 995 466	11 570 343
Deferred income:		
Investment subventions	6 068 627	5 835 336
Other deferred income	1 366 713	271
Liabilities out of scope of IFRS 7	94 794 290	84 742 520
Total	112 782 888	101 703 507

11. PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

Movements occurred in provisions and accumulated impairment losses during the period ended 31 March 2010 were as follows:

	31.03.2010					
Description	Opening balance	Exchange rate effect	Increase	Utilizations / Reversion	Other changes	Closing balance
Accumulated impairment losses on:						
Tangible assets (Note 5)	28 103 072	28 045				28 131 117
Intangible assets (Note 5)	35 048			3 180	3 180	35 048
Other non-current assets	10 931 182					10 931 182
Trade debtors	17 800 630	300 843	1 081 818	346 044	- 318 944	18 518 303
Other debtors	19 628					19 628
Subtotal impairment losses	56 889 560	328 888	1 081 818	349 224	- 315 764	57 635 278
Provisions for litigations in course	8 918 473			1 638 800		7 279 673
Provisions for guaranties to customers	850 170	813	24 000	12 402		862 581
Provisions for restructuring	22 582 844		2 031 940	10 540 998		14 073 786
Other provisions	5 670 644	1 363	135 964	1 470 690		4 337 281
Subtotal provisions	38 022 131	2 176	2 191 904	13 662 890		26 553 321
Subtotal impairment losses and provisions	94 911 691	331 064	3 273 722	14 012 114	- 315 764	84 188 599
Accumulated impairment losses on:						
Investments	37 005 998					37 005 998
Inventories	13 044 254	66 768	1 373 034	1 994 677		12 489 379
Total	144 961 943	397 832	4 646 756	16 006 791	- 315 764	133 683 976

Increases and decreases in provisions and impairment losses are stated in the Consolidated Income Statement as follows:

	31.03.2010	
	Losses	Gains
Cost of sales	262 569	570 782
Other operating revenues		14 012 114
(Increase) / decrease in production	1 110 465	1 423 895
Provisions and impairment losses	3 273 722	
Total	4 646 756	16 006 791

12. OTHER OPERATING REVENUES

Details of Other operating revenues on the Consolidated Income Statement for the periods ended 31 March 2010 and 2009 are as follows:

	31.03.2010	31.03.2009
Gains on disposals of non current investments		54 102
Gains on disposals of tangible and intangible assets	53 864	230 094
Supplementary Revenue	971 449	1 640 097
Investment subventions	1 624 727	1 701 649
Tax received	980 687	1 397 354
Reversion of impairment losses	349 223	1 618 935
Gains on provisions	13 662 891	2 123 670
Others	2 687 915	2 543 890
	20 330 757	11 309 790

13. OTHER OPERATING COSTS

Details of Other operating costs on the Consolidated Income Statement for the periods ended 31 March 2010 and 2009 are as follows:

	31.03.2010	31.03.2009
Taxes	2 205 718	2 138 201
Losses on disposal of tangible and intangible assets	10 564	139 360
Others	782 105	889 060
	2 998 387	3 166 621

14. FINANCIAL RESULTS

Financial results for the periods ended 31 March 2010 and 2009 were as follows:

	31.03.2010	31.03.2009
Financial expenses:		
Interest expenses		
related to bank loans and overdrafts	1 603 913	2 203 487
related to non convertible debentures	1 251 657	4 488 256
related to finance leases	1 204 907	1 291 035
related to hedged loans (hedge derivatives)	487 301	761 386
others	981 594	1 867 249
	5 529 372	10 611 413
Losses in currency translation		
related to customers	61 701	490 260
related to suppliers	323 479	744 706
related to loans	1 167 032	4 899 007
others	326 964	487 926
	1 879 176	6 621 899
Cash discounts granted	3 403 271	3 751 196
Adjustment to fair value of financial instruments at fair value through profit or loss	15 329 974	11 851 268
Losses on valuation of hedging derivative instruments	517 023	
Fair value of inefficient component of hedge derivatives		
Other finance losses	1 420 355	2 582 436
	28 079 171	35 418 213
Financial revenues:		
Interest income		
related to bank loans	2 895	15 157
related to loans to related parties	49 915	103 180
Others	60 501	298 633
	113 310	416 970
Gains in currency translation		
related to customers	189 956	501 326
related to suppliers	451 558	459 613
related to loans	9 937 795	8 565 797
others	326 523	846 208
	10 905 832	10 372 944
Cash discounts obtained	511 602	515 288
Adjustment to fair value of financial instruments at fair value through profit or loss	5 771 555	9 094 904
Gains in valuation of hedging derivative instruments	34 410	
Fair value of inefficient component of hedge derivatives		
Other finance gains	68 548	34 020
	17 405 258	20 434 126
Finance profit / (loss)	**- 10 673 913**	**- 14 984 087**

15. TAXES

Corporate income tax accounted for in the periods ended 31 March 2010 and 2009 is detailed as follows:

	31.03.2010	31.03.2009
Current tax	60 890	385 727
Deferred tax	396 638	96 322
	457 528	482 049

16. 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 and South Africa.

The reportable segments that were identified in connection with the internal reporting system of financial information to the chief operating decision maker, were as follows:

- Iberian Peninsula;
- Central Europe
    - France;
    - Germany;
    - United Kingdom;
- Rest of the world
    - Canada;
    - South Africa.

Non reportable segments are included under All other segments.

	Turnover				Operating Result	
	External		Intragroup			
Segments	31.03.2010	31.03.2009	31.03.2010	31.03.2009	31.03.2010	31.03.2009
Iberian Peninsula	81 576 585	77 740 581	1 965 167	2 116 205	- 327 755	- 1 104 875
Central Europe	129 708 421	153 856 543	48 557 824	37 882 116	- 25 435 599	- 26 027 998
France	*28 879 099*	*36 044 994*	*14 673 889*	*12 296 360*	*- 10 938 611*	*- 13 916 217*
Germany	*85 418 922*	*101 982 118*	*33 883 935*	*25 585 756*	*- 13 554 663*	*- 10 893 265*
United Kingdom	*15 410 400*	*15 829 431*			*- 942 325*	*- 1 218 516*
Rest of the World	58 595 016	71 379 448			3 577 513	1 797 676
Canada	*34 448 787*	*27 010 394*			*163 714*	*- 1 721 977*
Brazil		*28 719 921*				*3 035 899*
South Africa	*24 146 229*	*15 649 134*			*3 413 799*	*483 754*
All other segments	42 204 990	37 316 094	21 752 032	16 031 324	- 1 524 019	- 2 050 293
Total segments	312 085 012	340 292 667	72 275 023	56 029 646	- 23 709 860	- 27 385 491
Adjustments						
Not recognized utilization of provisions						740 576
Others					- 301 749	1 342 999
Total segments after adjustments					- 24 011 609	- 25 301 916
Consolidated Income Statement					- 24 011 609	- 25 301 916

17. 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. In March 2010 those group companies received a notice for alleged violation of competition laws. At the closing date of these consolidated financial statements it was not possible to estimate the outcome of the ongoing process and the amount of any hypothetical fine.

18. SUBSEQUENT EVENTS

In April 2010 Isoroy SAS sold its affiliated company Société Industrielle et Financière Isoroy (SIFI), owner of the Lure plant.

19. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors and authorised for issuance on 13 May 2010.