



SONAE INDÚSTRIA, SGPS, SA

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

Registered at 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 – June 2010

According to International Accounting Standard 34 – Interim Financial Report



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Statement issued according to and for the purposes of paragraph c) of Article 246. CMVM Code

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ACTIVITY REPORT

1- Message from Carlos Bianchi de Aguiar, CEO

“After a disappointing first quarter, we have been able to improve our performance in this quarter, generating additional contribution margin and keeping fixed costs under control.

Volumes sold during 2Q10 remained stable, and variable costs were flat compared with 1Q10, but 11% higher compared to 4Q09. Since 4Q09, wood cost per cubic meter increased by 15% and chemical costs per cubic meter were up by 10%.

Fixed costs in 1H10 are 9 million Euros below 1H09 and productivity grew by 20% (on a like-for-like basis), as a result of the restructuring measures we have implemented.

As already announced, our Lure plant (in France) was sold in April to Swedspan, a subsidiary of INGKA Group (which also owns IKEA's Group). Our decision to sell Lure is aligned with our strategy of strengthening our balance sheet and this transaction allowed us to cash-in 68 million Euros and thereby to decrease our Net Debt.

Our new matrix organisation, with two new functional roles within the Executive Committee: CM & SO¹ and CI & TO² is already in place and a number of new horizontal efficiency projects have been started from which we expect additional improvements in efficiency and savings in fixed costs.

We will continue to work hard to improve our profitability, seize opportunities and overcome the challenges ahead. I am counting on our team, as well as on our customers, shareholders, banks, suppliers and other stakeholders for their continued support to make Sonae Industria a sustainable and leading company.”

2- Highlights of Financial Performance in 1S10

- Comparing 2Q10 with 1Q10:
 - Turnover increased by 6%, despite the sale of the Lure plant
 - Prices continue to follow a positive trend
 - Recurrent EBITDA increased from 7 to 22 million Euros
 - Net Loss reduced to 6 million Euros (down on the 35 million Euros Net Loss in 1Q10)
 - Net Debt fell by 79 million Euros

¹ Chief Marketing and Sales Officer

² Chief Industrial and Technology Officer



- Comparing 1H10 with 1H09*:
 - Recurrent EBITDA increased from 6 to 29 million Euros
 - Net Loss reduced to 41 million Euros (down from 78 million Euros)
 - Net Debt fell by 149 million Euros

	(euro millions)			2Q10 /	2Q10 /	(euro millions)		
	2Q09*	1Q10	2Q10	2Q09*	1Q10	1H09*	1H10	1H10 / 1H09*
Consolidated Turnover	297	320	339	14%	6%	615	659	7%
EBITDA	3	(6)	24			1	18	
Recurrent EBITDA	6	7	22	273%	218%	6	29	356%
Recurrent EBITDA Margin %	2,0%	2,2%	6,5%			1,0%	4,4%	
Net Profit/(Loss) attributable to Shareholders	(36)	(35)	(6)	83%	82%	(78)	(41)	47%
Consolidated Net Debt	881	811	732	(17%)	(10%)	881	732	(17%)

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

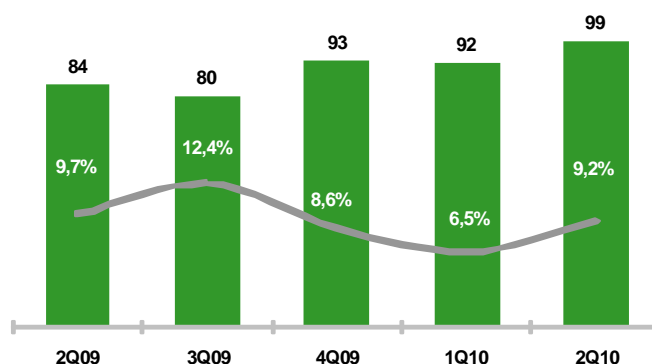
3- Geographic Review of Operations

3.1- Iberia

Iberia continues to experience tough market conditions. New housing permits are still far below last year (24%³ in Spain and 8%⁴ in Portugal, respectively) but the quarter on quarter rate of decline³, has been decreasing.

€Mn

Iberia Turnover & Recurrent EBITDA Margin



Comparing 2Q10 with 1Q10, volumes sold in Iberia increased by 7%, mainly as a result of low levels sold in January and February. This effect resulted in a quarter on quarter turnover increase of 8%.

On the cost side, competition from biomass and pellets for wood resources, particularly in Portugal, continued to put pressure on wood prices. However, better weather conditions, compared to those experienced in 1Q10, led to lower energy consumption and higher efficiency, resulting in lower production costs.

³ Source: *Ministerio de Fomento*, July 2010 (for the period Jan. - Apr.)

⁴ Source: *Instituto Nacional de Estadística*, July 2010 (for the period Jan. - May)

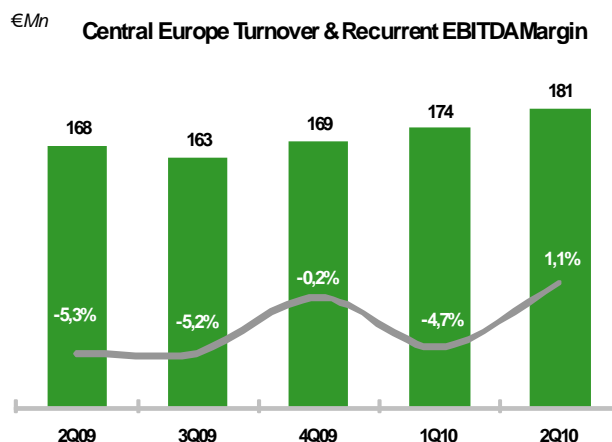


Higher volumes sold, combined with lower production costs, resulted in a recurrent EBITDA margin recovery from 7% to 9%.

Comparing 2Q10 with 1Q10, Iberian volumes sold increased by 7%, turnover moved 8% up reaching 99 million Euros, and recurrent EBITDA recovered from 6 to 9 million Euros. Comparing 1H10 with 1H09, Iberian volumes sold increased 10% and turnover moved 13% up. Nevertheless, recurrent EBITDA margin decreased by 1pp, mainly caused by higher wood costs, compared to last year.

3.2- Central Europe (Germany, France and the UK)

In Central Europe demand for wood based panel products remained weak.



In **Germany**, new house construction permits (YoY Jan. – May) were up 6%⁵, indicating a slow recovery compared to last year. We have been witnessed a positive and sustainable market, particularly for OSB, not only in the local market but also for exports. The recovering market, combined with lower supply, allowed us to increase our contribution margins, particularly in cases where they had previously decreased the most. Additionally, the restructuring process we have implemented has reduced our fixed costs, which is positively impacting our recurrent EBITDA margin.

In **France**, demand from the construction and furniture segments remains weak, but there are some positive trends, as housing permits increased by 15%⁶ (YoY Jan - May). Nevertheless, the effect of selling the Lure plant in April, led to a sales volume decrease from 1Q10 to 2Q10. However, higher profitability due to better weather conditions (compared to 1Q10) and the consequent increase in capacity utilization, combined with lower fixed costs as a result of restructuring, led to recurrent EBITDA break-even in June.

The **UK** grew during 2Q10 at the fastest pace seen over the last 4 years⁷. Additionally, better weather conditions allowed our logistical operations, as well as our production costs to normalise. Moreover, capacity utilization improved, which led to better fixed cost dilution and a consequent increase in margins, when compared to 1Q10. When compared 1H10 with 1H09 and despite the

⁵ Source: German Federal Statistical Office, July 2010

⁶ Source: *Service économie statistiques et prospective (Ministère de l'Écologie, de l'Energie, du Développement durable et de l'Aménagement du territoire)*, June 2010

⁷ Source: Office for National Statistics, July 2010

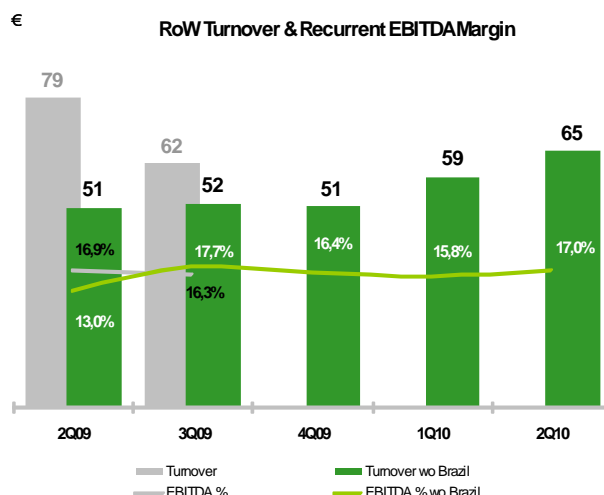


closure of PB plant in Coleraïne in March 2009, turnover only decreased by 4% (in local currency) and EBITDA margin even increased 2pp.

In **Central Europe**, quarter on quarter, turnover increased by 4% to 181 million Euros, despite the sale of the Lure plant in April, and recurrent EBITDA recovered from 8 million Euros negative to 2 million Euros positive. When comparing 1H10 with 1H09, in spite of closing 18% of our production capacity in this region, turnover only decreased by 2% and recurrent EBITDA increased by 67%, or 3pp in terms of margin, which illustrates the effectiveness of the restructuring process we have implemented.

3.3- 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 comparative figures in the chart below are shown both with and without the impact of the Brazilian operations.



The Canadian market recovered and posted a good set of results, but in South Africa, during this quarter, volumes sold were negatively affected by business uncertainty caused by the World Cup.

In **North America**, US housing starts increased by 20% (YoY Jan. – May)⁸ while Canadian housing starts were up by 57% (YoY Jan - May)⁹, which is a sign of a market recovery, albeit from low levels. We also continue to increase our customer base, and the combination of these two effects resulted in volumes sold increasing by 7% from 1Q10 to 2Q10 and by 23% when comparing 1H10 with 1H09. Our Canadian plant continued to run at full operation during 2Q10, representing a further increase in capacity utilization of 9pp comparing 2Q10 to 1Q10 and of 16pp comparing 1H10 with 1H09. As a result, turnover in 2Q10 (in local currency) increased by 8% and recurrent EBITDA margin increased by 5pp compared to 1Q10. When converted to Euros turnover increased by 18%.

In **South Africa**, residential building permits still posted a YoY decrease of 3%¹⁰ (Jan – April). The World Cup, which was held in this country, has lead to some business uncertainty, which apparently resulted in a weaker order intake during 2Q10. Our volumes sold decreased by 5%,

⁸ Source RISI, June 2010

⁹ Source: CMHC - Canada Mortgage and Housing Corporation, July 2010

¹⁰ Source: Statistics South Africa June 2010

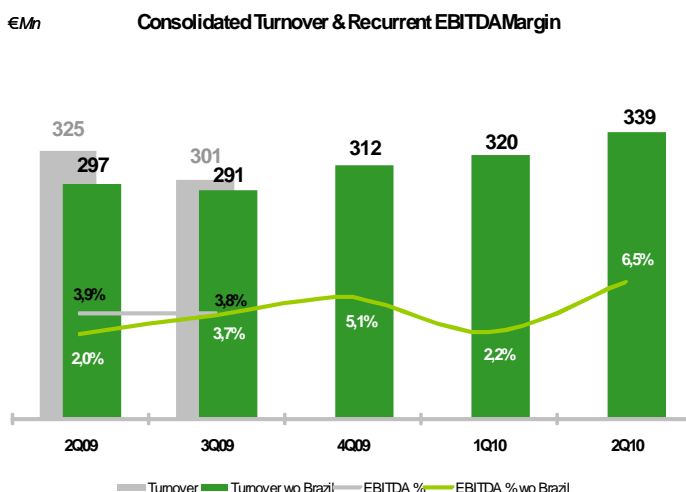


compared to 1Q10 and prices were under pressure, which led to a turnover decrease of 7% (in local currency), although turnover remained flat when converted to Euros. The same effects also led to a recurrent EBITDA margin decrease of 4pp from 1Q10 to 2Q10. However, comparing 1H10 with 1H09, turnover (in local currency) was 15% higher and recurrent EBITDA margin increased by 8pp, largely due to 26% higher volumes sold.

For the **Rest of the World** (excluding Brazil), 2Q10 turnover increased by 11% on 1Q10, reaching 65 million Euros and recurrent EBITDA increased by 20% to 11 million Euros. Compared to 1H09, turnover, in 1H10 increased by 31% and recurrent EBITDA more than doubled.

4- Financial Review of 1H2010

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



Consolidated turnover in 2Q10 totalled 339 million Euros, 6% higher than for 1Q10 and recurrent EBITDA was 22 million Euros, more than three times the value for 1Q10.

In 1H10 consolidated turnover totalled 659 million Euros, 7% higher than 1H09 (excluding Brazil), in spite of a reduction of 11% in installed capacity, and recurrent EBITDA increased to 29 million Euros which compares with 6 million Euros for 1H09.

1H10 was impacted by the appreciation of the CAD and ZAR against the Euro, resulting in an estimated positive effect of 21 million Euros on turnover and 3 million Euros on recurrent EBITDA. In 1H10, Total EBITDA was 18 million Euros, which includes charges for restructuring costs in Germany and France and a 7 million Euro gain from the sale of the Lure plant.

Net Interest Charges for 1H10 are 6 million Euros below 1H09, benefiting from both lower interest rates and lower average debt levels.



	(euro millions)			2Q10 / 2Q09*	2Q10 / 1Q10	(euro millions)		% chg 1H10/ 1H09*
	2Q'09*	1Q10	2Q10			1H09*	1H10	
Consolidated Turnover	297	320	339	14%	6%	615	659	7%
Other Operational Income	13	20	25	86%	21%	23	45	92%
EBITDA	3	(6)	24			1	18	
Recurrent EBITDA	6	7	22	273%	218%	6	29	356%
Recurrent EBITDA Margin %	2,0%	2,2%	6,5%			1,0%	4,4%	
Depreciation and amortisation	(29)	(29)	(22)	24%	23%	(58)	(52)	11%
Provisions and Impairment Losses	(3)	(3)	(4)	(52%)	(36%)	(5)	(8)	(42%)
Operational Profit	(23)	(24)	7	132%	131%	(52)	(17)	68%
Net Financial Charges	(12)	(11)	(12)	6%	(9%)	(26)	(22)	15%
o.w. Net Interest Charges	(7)	(5)	(6)	18%	(11%)	(17)	(11)	34%
o.w. Net Financial Discounts	(3)	(3)	(4)	(13%)	(23%)	(6)	(6)	(1%)
Profit before taxes (EBT)	(36)	(35)	(4)	88%	87%	(78)	(39)	50%
Taxes	0	(0)	(2)			0	(2)	
o.w. Current Tax	0	(0)	(1)			0	(1)	
Net Profit/(Loss) attributable to Shareholders	(36)	(35)	(6)	83%	82%	(78)	(41)	47%

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

1H10 consolidated Net Profit/(Loss) Attributable to Sonae Indústria Shareholders was a negative 41 million Euros, an improvement of 37 million Euros compared with 1H09. In 2Q10, consolidated Net Profit/(Loss) Attributable to Sonae Indústria Shareholders was 6 million Euros negative, an improvement of 29 million Euros compared with 1Q10.

	(euro millions)	
	2009	1H'10
Non Current Assets	1.233	1.168
Tangible Assets	1.083	1.024
Goodwill	92	93
Deferred Tax	33	34
Other Non Current Assets	24	17
Current Assets	370	407
Inventories	134	144
Trade Debtors	163	202
Cash & Investments	34	20
Other Current Assets	38	40
Total Assets	1.602	1.576
Shareholders' Funds	353	333
Minority Interests	2	2
Shareholders' Funds + Minority Interests	355	335
Interest Bearing Debt	791	752
Short term	138	175
L-M term	654	578
Trade Creditors	155	167
Other Liabilities	302	321
Total Liabilities	1.248	1.240
Total Liabilities, Shareholders' Funds and Minority Interests	1.602	1.576

Additions to Fixed Assets in 1H10 were 8 million Euros, mostly related to investments in essential maintenance, Health & Safety and Environmental improvements.

During 2Q10, Working Capital improved by 4 million Euros, and Net Debt decreased by 79 million Euros, mainly due to the 68 million Euros cash received from the sale of the Lure plant.



5- Looking Forward

We expect 3Q10 volumes to be negatively impacted by the normal seasonal effect due to summer holidays.

We will continue to fight for a recovery in our contribution margin, which is still at a low level.

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

The Board of Directors

Maia, 29th July 2010

Belmiro de Azevedo

Álvaro Cuervo

Paulo Azevedo

Per Knuts

Thomas Nystén

Carlos Bianchi de Aguiar

Rui Correia

Christophe Chambonnet

João Paulo dos Santos Pinto



**APENDICES IN ACCORD WITH ART. 9 OF CMVM
REGULATION 5/2008**

AND

**STATEMENT IN ACCORD WITH ART 246 CMVM
CODE**

COPORATE GOVERNING BODIES INFORMATION

Complying with Article 9, No. 1, a) of the CMVM Regulation No. 5/2008

	Date	Acquisitions		Sales		Balance at
		Quantity	€ Average Value	Quantity	€ Average Value	30.06.2010
						Quantity
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
(shares held by the spouse)						
Duarte Paulo Teixeira de Azevedo						
Efanor Investimentos, SGPS, SA (1)						1
Migracom, SGPS, SA (3)						1,969,996
Sonae Indústria, SGPS, SA						223
(shares held by descendant)						
Carlos Bianchi de Aguiar						
Sonae Indústria, SGPS, SA						720
Rui Manuel Gonçalves Correia						
Sonae Indústria, SGPS, SA						12,500
João Paulo dos Santos Pinto						
Sonae Indústria, SGPS, SA						407
Agostinho Conceição Guedes						
Sonae Indústria, SGPS, SA						2,520
		Acquisitions		Sales		Balance at
		Quantity	€ Average Value	Quantity	€ Average Value	30.06.2010
						Quantity
(1) Efanor Investimentos, SGPS, SA						
Sonae Indústria, SGPS, SA						44,780,000
Pareuro, BV (2)						2,000,000
(2) Pareuro, BV						
Sonae Indústria, SGPS, SA						27,118,645
(3) Migracom, SGPS, SA						
Sonae Indústria, SGPS, SA						90,000
Imparfin, SGPS, SA (4)						150,000
(4) Imparfin, SGPS, SA						
Sonae Indústria, SGPS, SA						278,324

QUALIFIED SHAREHOLDINGS

Complying with Article 9, No. 1, c) of the CMVM Regulation No. 5/2008

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 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	0.0001%	0.0001%
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	<u>72,013,775</u>	<u>51.4384%</u>	<u>51.4384%</u>

(Free translation from the original in Portuguese)

**Statement issued under the provisions and for the purpose of Article 246, No.
1, c) of the Portuguese Securities Code**

Under the provisions of article 246, no. 1, c) of the Portuguese Securities Code, the Board members of Sonae Indústria, SGPS, SA hereby declare, to the best of their knowledge, that:

- a) The condensed financial statements for six month period ended 30 June 2010 have been prepared in accordance with the applicable accounting standards, reflecting a true and fair view of the assets, liabilities, financial position and results of both the company and its affiliated companies included in consolidation perimeter; and
- b) The interim Management Report includes a review of the important events that have occurred in the first six months of 2010 and their effect on the financial statements, as well as a description of the main risks and uncertainties for the remaining part of the year.

29th July 2010

The Board of Directors

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

João Paulo dos Santos Pinto



CONSOLIDATED FINANCIAL STATEMENTS

SONAE INDÚSTRIA S.G.P.S. S.A.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 30 JUNE 2010 AND 31 DECEMBER 2009

(Amounts expressed in Euros)

ASSETS	Notes	30.06.2010	31.12.2009
NON CURRENT ASSETS:			
Tangible assets	6	1 023 762 655	1 083 367 412
Goodwill		93 403 033	92 175 949
Intangible assets	6	11 340 689	12 446 257
Investment properties		1 423 861	6 665 733
Associated undertakings and non consolidated undertakings		2 644 310	3 011 096
Investment available for sale		300 702	300 702
Deferred tax asset	7	34 357 152	33 229 430
Other non current assets		1 154 337	1 357 948
Total non current assets		<u>1 168 386 739</u>	<u>1 232 554 527</u>
CURRENT ASSETS:			
Inventories		144 319 897	133 939 030
Trade debtors		202 224 490	163 348 206
Other current debtors		13 705 817	12 488 146
State and other public entities		10 547 279	14 240 208
Other current assets	8	16 225 120	11 487 023
Cash and cash equivalents	9	20 230 058	34 328 941
Total current assets		<u>407 252 661</u>	<u>369 831 554</u>
TOTAL ASSETS		<u>1 575 639 400</u>	<u>1 602 386 081</u>
SHAREHOLDERS' FUNDS AND LIABILITIES			
SHAREHOLDERS' FUNDS:			
Share capital		700 000 000	700 000 000
Legal reserve		3 131 757	2 737 181
Other reserves and accumulated earnings		- 368 668 029	- 326 976 317
Accumulated other comprehensive income		- 1 013 339	- 22 778 753
Total		<u>333 450 389</u>	<u>352 982 111</u>
Non-controlling interests		1 878 973	1 703 556
TOTAL SHAREHOLDERS' FUNDS		<u>335 329 362</u>	<u>354 685 667</u>
LIABILITIES:			
NON CURRENT LIABILITIES:			
Long term bank loans - net of short-term portion	10	137 443 489	215 964 021
Non convertible debentures	10	300 834 982	301 912 691
Long term Finance Lease Creditors - net of short-term portion	10	41 952 893	43 725 783
Other loans	10	97 287 990	91 940 590
Post retirement liabilities		25 467 208	25 334 414
Other non current liabilities		62 850 832	65 790 251
Deferred tax liabilities	7	66 320 471	57 367 250
Provisions	13	10 995 481	22 316 496
Total non current liabilities		<u>743 153 346</u>	<u>824 351 496</u>
CURRENT LIABILITIES:			
Short term portion of long term bank loans	10	159 506 420	103 996 868
Short term bank loans	10	11 036 806	29 679 489
Short term portion of Finance Lease Creditors	10	3 999 458	3 919 801
Other loans	10	181 979	303 667
Trade creditors		167 091 288	154 737 066
Taxes and Other Contributions Payable		16 556 300	13 302 885
Other current liabilities	12	131 115 275	101 703 507
Provisions	13	7 669 166	15 705 635
Total current liabilities		<u>497 156 692</u>	<u>423 348 918</u>
TOTAL EQUITY AND LIABILITIES		<u>1 575 639 400</u>	<u>1 602 386 081</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 STATEMENTS

FOR THE PERIODS ENDED AT 30 JUNE 2010 AND 2009

(Amounts expressed in Euros)

	Notes	30.06.2010	2nd Quarter 2010 (Non Audited)	30.06.2009	2nd Quarter 2009 (Non Audited)	30.06.2009 Restated
Operating revenues						
Sales	18	656 079 517	337 139 084	668 179 765	323 307 159	668 179 765
Services rendered	18	2 995 024	1 554 428	2 586 488	1 234 115	2 586 488
Other operating revenues	14	44 937 050	24 606 293	25 109 327	13 799 537	26 040 731
Total operating revenues		<u>704 011 591</u>	<u>363 299 805</u>	<u>695 875 580</u>	<u>338 340 811</u>	<u>696 806 984</u>
Operating costs						
Cost of sales		332 508 663	168 288 844	323 324 721	153 940 562	323 324 721
(Increase) / decrease in production		- 7 895 553	- 5 099 891	15 951 689	8 660 564	15 951 689
External supplies and services		193 628 356	96 173 772	191 741 481	90 042 386	191 741 481
Staff expenses		135 665 803	65 239 299	133 945 115	66 696 696	133 945 115
Depreciation and amortisation		51 529 670	22 383 629	62 970 074	31 909 997	62 970 074
Provisions and impairment losses		7 715 321	4 441 599	6 303 313	3 316 124	6 303 313
Other operating costs	15	7 459 982	4 461 595	6 345 764	3 179 143	6 822 533
Total operating costs		<u>720 612 242</u>	<u>355 888 847</u>	<u>740 582 157</u>	<u>357 745 472</u>	<u>741 058 926</u>
Operational profit / (loss)	18	- 16 600 651	7 410 958	- 44 706 577	- 19 404 661	- 44 251 942
Financial profits	16	28 767 967	11 362 709	42 533 644	22 099 518	42 533 644
Financial costs	16	51 072 242	22 993 071	71 480 074	36 061 861	71 480 074
Gains and losses in associated companies		- 140 717	- 169 532	- 88 928	- 113 933	- 88 928
Gains and losses in investments				98 700	98 700	98 700
Current profit / (loss)		<u>- 39 045 643</u>	<u>- 4 388 936</u>	<u>- 73 643 235</u>	<u>- 33 382 237</u>	<u>- 73 188 600</u>
Taxation	17	2 427 633	1 970 105	1 325 696	843 647	1 325 696
Consolidated net profit / (loss) after taxation		<u>- 41 473 276</u>	<u>- 6 359 041</u>	<u>- 74 968 931</u>	<u>- 34 225 884</u>	<u>- 74 514 296</u>
Profit / (loss) after taxation from discontinued operations		-	-	-	-	-
Consolidated net profit / (loss) for the period		<u>- 41 473 276</u>	<u>- 6 359 041</u>	<u>- 74 968 931</u>	<u>- 34 225 884</u>	<u>- 74 514 296</u>
Attributable to:						
Equity holders of Sonae Industria		- 40 918 033	- 6 228 721	- 74 028 838	- 33 768 482	- 73 579 750
Non-controlling interests		<u>- 555 243</u>	<u>- 130 320</u>	<u>- 940 093</u>	<u>- 457 402</u>	<u>- 934 546</u>
Profit/(Loss) per share						
Excluding discontinued operations:						
Basic		- 0.2923	- 0.0445	- 0.5288	0.2412	- 0.5256
Diluted		<u>- 0.2923</u>	<u>- 0.0445</u>	<u>- 0.5288</u>	<u>0.2412</u>	<u>- 0.5256</u>
From discontinued operations:						
Basic		-	-	-	-	-
Diluted		<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 30 JUNE 2010 AND 2009

(Amounts expressed in Euros)

	<u>30.06.2010</u>	2nd Quarter 2010	30.06.2009	2nd Quarter 2009	30.06.2009
	Reclassified amounts	(Non Audited)		(Non Audited)	Restated
Net profit / (loss) for the period (a)	- 41 473 276 - 731 150	- 6 359 041	- 74 968 931	- 34 225 884	- 74 514 296
Other comprehensive income					
Change in currency translation reserve	21 230 941	9 938 455	20 022 302	14 032 288	20 022 302
Change in fair value of cash flow hedge derivatives	796 406 731 150	508 275	- 1 286 205	268 231	- 1 286 205
Income tax relating to components of other comprehensive income					
Other comprehensive income for the period, net of tax (b)	22 027 347 731 150	10 446 730	18 736 097	14 300 519	18 736 097
Total comprehensive income for the period (a) + (b)	- 19 445 929 -	4 087 689	- 56 232 834	- 19 925 365	- 55 778 199
Total comprehensive income attributable to:					
Equity holders of Sonae Industria	- 19 152 619	4 093 593	- 55 524 521	- 19 638 395	- 55 075 433
Non-controlling interests	- 293 310	- 5 904	- 708 313	- 286 970	- 702 766
	<u>- 19 445 929 -</u>	<u>4 087 689</u>	<u>- 56 232 834</u>	<u>- 19 925 365</u>	<u>- 55 778 199</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 CHANGES IN SHAREHOLDERS' FUNDS AT 30 JUNE 2010 AND 2009

(Amounts expressed in Euros)

<u>Accumulated other comprehensive income</u>							<u>Total shareholders' funds attributable to the equity holders of Sonae Indústria</u>	<u>Non controlling interests</u>	<u>Total shareholders' funds</u>
<u>Notes</u>	<u>Share capital</u>	<u>Legal reserve</u>	<u>Other Reserves and accumulated earnings</u>	<u>Currency translation</u>	<u>Cash flow hedge derivatives</u>	<u>Subtotal</u>			
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
Appropriation of previous year's net profit / (loss)		337 542	- 337 542						
Total comprehensive income			-74 028 838	19 790 522	-1 286 205	18 504 317	- 55 524 521	- 708 313	- 56 232 834
Total comprehensive income - restated			-73 579 750	19 790 522	-1 286 205	18 504 317	- 55 075 433	- 702 766	- 55 778 199
Others			-1 806 404				- 1 806 404	72 752	- 1 733 652
Balance as at 30 June 2009	700 000 000	2 737 181	-342 964 691	-17 963 244	-2 351 275	-20 314 519	339 457 971	2 437 130	341 895 101
Balance as at 30 June 2009 - restated	700 000 000	2 737 181	-341 911 629	-17 963 244	-2 351 275	-20 314 519	340 511 033	2 449 889	342 960 922

<u>Accumulated other comprehensive income</u>							<u>Total shareholders' funds attributable to the equity holders of Sonae Indústria</u>	<u>Non controlling interests</u>	<u>Total shareholders' funds</u>
<u>Notes</u>	<u>Share capital</u>	<u>Legal reserve</u>	<u>Other Reserves and accumulated earnings</u>	<u>Currency translation</u>	<u>Cash flow hedge derivatives</u>	<u>Subtotal</u>			
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
Appropriation of previous year's net profit / (loss)		394 576	- 394 576						
Total comprehensive income			-40 918 033	20 969 008	796 406	21 765 414	- 19 152 619	- 293 310	- 19 445 929
Others			- 379 103				- 379 103	468 727	89 624
Balance as at 30 June 2010	700 000 000	3 131 757	-368 668 029	- 396 232	- 617 107	-1 013 339	333 450 389	1 878 973	335 329 362

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 30 JUNE 2010 AND 2009
(Amounts expressed in Euros)

	Notes	30.06.2010	30.06.2009
<u>OPERATING ACTIVITIES</u>			
Net cash flow from operating activities (1)		<u>- 17 106 975</u>	<u>41 591 318</u>
<u>INVESTMENT ACTIVITIES</u>			
Cash receipts arising from:			
Investments		69 403 526	497 169
Tangible and intangible assets		7 997 126	1 193 584
Investment subventions		209 493	
Dividends		226 080	
Others			98 700
		<u>77 836 225</u>	<u>1 789 453</u>
Cash Payments arising from:			
Investments			10 239
Tangible and intangible assets		8 670 700	23 552 113
		<u>8 670 700</u>	<u>23 562 352</u>
Net cash used in investment activities (2)		<u>69 165 525</u>	<u>- 21 772 899</u>
<u>FINANCING ACTIVITIES</u>			
Cash receipts arising from:			
Loans granted		16 833	
Loans obtained		3 413 168 002	1 399 674 680
Interest and similar charges		123 136	897 700
Others			5 591 572
		<u>3 413 307 971</u>	<u>1 406 163 952</u>
Cash Payments arising from:			
Loans granted		23 313	5 881
Loans obtained		3 435 894 878	1 430 572 244
Interest and similar charges		15 891 067	23 842 015
Finance leases - repayment of principal		1 991 421	1 581 335
Others		7 278 527	
		<u>3 461 079 206</u>	<u>1 456 001 475</u>
Net cash used in financing activities (3)		<u>- 47 771 235</u>	<u>- 49 837 523</u>
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		<u>4 287 315</u>	<u>- 30 019 104</u>
Effect of foreign exchange rate		<u>- 257 415</u>	<u>- 1 522 181</u>
Cash and cash equivalents at the beginning of the period	9	<u>6 654 807</u>	<u>17 388 776</u>
Cash and cash equivalents at the end of the period	9	<u>11 199 537</u>	<u>- 11 108 147</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 PERIOD ENDED 30 JUNE 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 such, they do not include all the information which should be included in annual consolidated financial statements and therefore should be read in connection 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:

	30.06.2010		31.12.2009		30.06.2009	
	Closing rate	Average rate	Closing rate	Average rate	Closing rate	Average rate
Great Britain Pound	0.8174	0.8693	0.8881	0.8903	0.8521	0.8932
South African Rand	9.3809	9.9691	10.6655	11.6212	10.8849	12.2041
Canadian Dollar	1.2890	1.3675	1.5128	1.5841	1.6275	1.6046
American Dollar	1.2271	1.3229	1.4406	1.3909	1.4134	1.3311
Swiss Franc	1.3283	1.4350	1.4836	1.5099	1.5265	1.5055
Polish Zloty	4.1470	3.9997	4.1044	4.3191	4.4520	4.4693

Source: Bloomberg

3. CHANGES IN ACCOUNTING POLICIES

In the financial statements of year 2009 the Group began recognizing CO2 emission rights as described in note 2.23 thereof. Interim financial statements of 2009 did not include this recognition criterion which caused the Group to restate the comparative information to the consolidated financial statements for the period ended 30 June 2010.

4. CHANGES IN ESTIMATES

In second half 2010 the Group carried out a revision of estimated useful lives of depreciable items recognized under Land and Buildings and Plant and Machinery, which resulted in the following changes:

	Period of useful life (years)	
	Former	Updated
Buildings	50	20 - 40
Plant and machinery	2 - 15	2 - 25



The aforementioned changes were carried out aiming to better adjust the depreciation period of tangible assets to their wear and tear, based on historical information gathered.

Changes in estimated useful lives affected the comparability of consolidated financial statements for the period ended 30 June 2010. Amortization and Depreciation, which are stated on the Consolidated Income Statement for 51 529 670 eur, would be increased by 5 194 164 eur if the aforesaid change would have not been made.

5. COMPANIES INCLUDED IN CONSOLIDATION PERIMETER

During the period the following changes occurred in the consolidation perimeter of Sonae Indústria, SGPS, SA:

- Disposal of Société Industrielle et Financière Isoroy – SIFI (company owning Lure factory);
- Dissolution of Sonae Tafibra (Uk), Ltd (dormant company with no assets).

The effect of these changes in the consolidated financial statements may be presented as follows:

	SIFI	Sonae Tafibra (Uk)	Total
	<hr/>	<hr/>	<hr/>
Non current assets			
Tangible assets	62 714 469	-	62 714 469
Others	5 741	-	5 741
Total	<hr/> 62 720 210 <hr/>	<hr/> - <hr/>	<hr/> 62 720 210 <hr/>
Current assets			
Inventories	5 396 631	-	5 396 631
Trade debtors	2 359 064	-	2 359 064
Cash and cash equivalents	1 551	-	1 551
Others	664 262	-	664 262
Total	<hr/> 8 421 508 <hr/>	<hr/> - <hr/>	<hr/> 8 421 508 <hr/>
Total assets	<hr/> 71 141 718 <hr/>	<hr/> - <hr/>	<hr/> 71 141 718 <hr/>



	SIFI	Sonae Tafibra (Uk)	Total
Non current liabilities			
Loans	57 532 169	-	57 532 169
Provisions	612 782	-	612 782
Others	270 890	-	270 890
Total	<u>58 415 841</u>	-	<u>58 415 841</u>
Current liabilities			
Trade creditors	7 585 933	-	7 585 933
Others	1 529 579	-	1 529 579
Total	<u>9 115 512</u>	-	<u>9 115 512</u>
Total liabilities	<u>67 531 353</u>	-	<u>67 531 353</u>
Total consideration received	69 403 526	-	69 403 526
Of which Cash and cash equivalents	69 403 526	-	69 403 526

6. TANGIBLE AND INTANGIBLE ASSETS

During the periods ended 30 June 2010 and 31 December 2009, movements in tangible and intangible assets, accumulated depreciation and impairment losses were as follows:

	30.06.2010	31.12.2009
Gross cost:		
Opening balance	2 484 154 187	2 624 864 686
Changes in consolidation perimeter	- 113 578 360	- 194 225 441
Capital expenditure	9 294 167	26 096 139
Disposals	20 876 646	71 741 732
Transfers and reclassifications	- 5 222	4 894 822
Exchange rate effect	74 867 738	94 265 713
Closing balance	<u>2 433 855 864</u>	<u>2 484 154 187</u>
Accumulated depreciation and impairment losses		
Opening balance	1 400 786 775	1 422 360 008
Changes in consolidation perimeter	- 50 863 889	- 84 730 106
Depreciations for the period	49 975 313	118 289 935
Impairment losses for the period	1 981 568	907 889
Disposals	20 566 621	70 746 113
Reversion of impairment losses for the period	247 762	5 092 527
Transfers and reclassifications		- 16 137 771
Exchange rate effect	29 027 825	35 935 460
Closing balance	<u>1 410 093 209</u>	<u>1 400 786 775</u>
Carrying amount	<u>1 023 762 655</u>	<u>1 083 367 412</u>

During the periods ended 30 June 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.



	30.06.2010	31.12.2009
Gross amount:		
Opening balance	22 755 302	25 500 039
Changes in consolidation perimeter	- 1 313	
Capital expenditure	2 012 517	2 508 060
Disposals	1 012 870	2 472 760
Transfers and reclassifications	- 764 286	- 3 161 904
Exchange rate effect	318 298	381 867
Closing balance	23 307 648	22 755 302
Accumulated amortisation and impairment losses		
Opening balance	10 309 045	10 106 710
Changes in consolidation perimeter	- 252	
Depreciations for the period	1 524 193	2 881 414
Impairment losses for the period		15 806
Disposals	11 421	1 033 023
Reversion of impairment losses for the period	7 566	
Transfers and reclassifications	3 180	- 1 797 478
Exchange rate effect	149 780	135 616
Closing balance	11 966 959	10 309 045
Carrying amount	11 340 689	12 446 257

Charges to impairment losses are detailed in note 13.

7. DEFERRED TAXES

At 30 June 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	
	30.06.2010	31.12.2009	30.06.2010	31.12.2009
Harmonisation adjustments			65 169 058	56 222 609
Provisions not allowed for tax purposes	2 244 338	1 806 804		
Impairment of Assets	1 918 162	1 918 164		
Derecognized tangible assets	120 860	127 146		
Derecognized deferred costs	102 651	116 750		
Revaluation of tangible assets			942 810	942 810
Tax losses carried forward	29 965 388	29 255 664		
Others	5 753	4 902	208 603	201 831
	34 357 152	33 229 430	66 320 471	57 367 250

Changes to deferred tax asset and liability include approximately 1.3 million eur and 7.9 million eur of exchange rate effect, respectively.



8. OTHER CURRENT ASSETS

At 30 June 2010 and 31 December 2009, details of Other current assets on the Consolidated Balance Sheet were as follows:

	30.06.2010			31.12.2009		
	Gross Value	Impairment	Net Value	Gross Value	Impairment	Net Value
Derivatives instruments	2 342 200		2 342 200	3 715 287		3 715 287
Financial Instruments	2 342 200		2 342 200	3 715 287		3 715 287
Accrued revenue	2 262 358		2 262 358	2 182 992		2 182 992
Deferred Costs	11 616 629		11 616 629	5 582 183		5 582 183
Others	3 933		3 933	6 561		6 561
Assets out of scope of IFRS 7	13 882 920		13 882 920	7 771 736		7 771 736
Total	16 225 120		16 225 120	11 487 023		11 487 023

9. CASH AND CASH EQUIVALENTS

At 30 June 2010 and 31 December 2009, the detail of Cash and Cash Equivalents was as follows:

	30.06.2010	31.12.2009
Cash at hand	64 122	75 522
Bank deposits	8 904 652	9 304 640
Treasury applications	11 261 284	24 948 779
Cash and cash equivalents on the balance sheet (financial instruments)	20 230 058	34 328 941
Bank overdrafts	9 030 521	27 674 134
Cash and cash equivalents on the statement of cash flows	11 199 536	6 654 807



10. LOANS

As at 30 June 2010 and 31 December 2009 Sonae Indústria had the following outstanding loans:

30.06.2010				
	Amortised cost		Nominal value	
	Current	Non current	Current	Non current
Bank loans	170 543 226	137 443 489	170 543 226	137 443 489
Debentures		300 834 982		305 000 000
Obligations under finance leases	3 999 458	41 952 893	3 999 458	41 952 893
Other loans	181 979	97 287 990	181 979	97 287 990
Gross debt	174 724 663	577 519 354	174 724 662	581 684 373
Investment				
Cash and cash equivalent in balance sheet	20 230 058		20 230 058	
Net debt	154 494 605	577 519 354	154 494 605	581 684 373
Total net debt	732 013 959		736 178 977	

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		

The main changes occurred in bank loans were as follows:

During the period Sonae Indústria fully acquired and amortized the following bond emissions for a total consideration of 150 000 000 eur: Sonae Indústria – 2006/2013, Sonae Indústria – 2008/2013 and Sonae Indústria – 2008/2012.

On the same date, Sonae Indústria together with Grupo Caixa Geral de Depósitos issued new bonds through private subscription for a total consideration of 150 000 000 eur, with no collateral, for a 7 year period. This loan will pay interest semi-annually on May and November at Euribor 6 months plus 275 bps.



11. FINANCIAL DERIVATIVES

At 30 June 2010 and 31 December 2009, the fair value of derivative instruments are stated as follows:

	Other current assets		Other current liabilities	
	30.06.10	31.12.09	30.06.10	31.12.09
Derivatives at fair value through profit or loss	2 342 200	3 715 287	19 930 325	9 273 881
Exchange rate forwards	2 342 200	3 715 287	19 930 325	9 273 881
Interest rate swaps (fair value hedge)				
Derivatives at fair value through reserves			1 086 010	1 904 353
Interest rate swaps (cash flow hedge)			1 086 010	1 904 353
	<u>2 342 200</u>	<u>3 715 287</u>	<u>21 016 335</u>	<u>11 178 234</u>

12. OTHER CURRENT LIABILITIES

At 30 June 2010 and 31 December 2009, Other current liabilities were composed of:

	30.06.2010	31.12.2009
Group companies	25 628	34 939
Derivatives	21 016 335	11 178 233
Trade debtors advances	8 690	
Fixed assets suppliers	2 490 789	2 107 235
Other creditors	3 121 140	3 640 580
Financial instruments	<u>26 662 582</u>	<u>16 960 987</u>
Other creditors	5 531 853	5 089 835
Accrued expenses:		
Insurances	613 009	73 634
Personnel costs	31 356 295	28 945 220
Accrued financial expenses	2 876 526	3 387 049
Rebates	22 443 721	18 199 370
External supplies and services	18 159 481	11 641 462
Other accrued expenses	16 248 113	11 570 343
Deferred income:		
Investment subventions	6 323 599	5 835 336
Other deferred income	900 096	271
Liabilities out of scope of IFRS 7	<u>104 452 693</u>	<u>84 742 520</u>
Total	<u>131 115 275</u>	<u>101 703 507</u>



13. PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

Movements occurred in provisions and accumulated impairment losses during the period ended 30 June 2010 were as follows:

Description	30.06.2010						Closing balance
	Opening balance	Exchange rate effect	Changes to perimeter	Increase	Utilizations / Reversion	Other changes	
Accumulated impairment losses on:							
Tangible assets (Note 6)	28 103 072	147 561		1 981 568	247 762	- 145 455	29 838 984
Intangible assets (Note 6)	35 048				7 566	3 180	30 662
Other non-current assets	10 931 182						10 931 182
Trade debtors	17 800 630	561 844		2 461 671	732 146	- 586 257	19 505 742
Other debtors	19 628						19 628
Subtotal impairment losses	56 889 560	709 404		4 443 239	987 474	- 728 532	60 326 198
Provisions for litigations in course	8 918 473				1 838 325		7 080 148
Provisions for guaranties to customers	850 170	2 424		73 473	37 443		888 624
Provisions for restructuring	22 582 844			2 653 007	18 559 486		6 676 365
Other provisions	5 670 644	- 12	- 612 782	545 602	1 583 942		4 019 510
Subtotal provisions	38 022 131	2 412	- 612 782	3 272 082	22 019 196		18 664 647
Subtotal impairment losses and provisions	94 911 691	711 817	- 612 782	7 715 321	23 006 670	- 728 532	78 990 845
Accumulated impairment losses on:							
Investments	37 005 998						37 005 998
Inventories	13 044 254	123 817	- 348 728	2 860 342	3 562 071	- 202 719	11 914 895
Total	144 961 943	835 634	- 961 510	10 575 663	26 568 741	- 931 251	127 911 738

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

	30.06.2010	
	Losses	Gains
Cost of sales	666 631	901 333
Other operating revenues		23 006 670
(Increase) / decrease in production	2 193 711	2 660 738
Provisions and impairment losses	7 715 321	
Total	10 575 663	26 568 741



14. OTHER OPERATING REVENUES

Details of Other operating revenues on the Consolidated Income Statement for the periods ended 30 June 2010 and 2009 are as follows:

	30.06.2010	30.06.2009	30.06.2009 Restated
Gains on disposals of non current investments	8 476 008	20 675	20 675
Gains on disposals of tangible and intangible assets	2 438 046	898 516	999 677
Supplementary Revenue	1 762 409	5 094 325	5 094 325
Investment subventions	3 250 345	3 433 365	3 433 365
Tax received	1 848 002	3 406 991	3 406 991
Reversion of impairment losses	987 473	5 733 447	5 733 447
Gains on provisions	22 019 196	3 731 300	3 731 300
Others	4 155 571	2 790 708	3 620 950
	<u>44 937 050</u>	<u>25 109 327</u>	<u>26 040 731</u>

15. OTHER OPERATING COSTS

Details of Other operating costs on the Consolidated Income Statement for the periods ended 30 June 2010 and 2009 are as follows:

	30.06.2010	30.06.2009	30.06.2009 Restated
Taxes	4 565 570	4 062 458	4 062 458
Losses on disposal of tangible and intangible assets	879 308	164 714	288 795
Others	2 015 104	2 118 592	2 471 280
	<u>7 459 982</u>	<u>6 345 764</u>	<u>6 822 533</u>



16. FINANCIAL RESULTS

Financial results for the periods ended 30 June 2010 and 2009 were as follows:

	30.06.2010	30.06.2009
Financial expenses:		
Interest expenses		
related to bank loans and overdrafts	3 166 085	3 725 544
related to non convertible debentures	3 094 239	5 311 525
related to finance leases	2 404 283	2 531 110
related to hedged loans (hedge derivatives)	825 570	3 279 644
others	2 060 859	3 788 504
	<u>11 551 036</u>	<u>18 636 324</u>
Losses in currency translation		
related to customers	228 790	795 126
related to suppliers	688 881	1 143 785
related to loans	1 553 753	8 203 215
others	184 992	205 653
	<u>2 656 416</u>	<u>10 347 779</u>
Cash discounts granted	7 502 725	7 373 879
Adjustment to fair value of financial instruments at fair value through profit or loss	25 535 900	29 932 951
Losses on valuation of hedging derivative instruments	1 054 598	304 613
Fair value of inefficient component of hedge derivatives		
Other finance losses	2 771 567	4 884 528
	<u>51 072 242</u>	<u>71 480 074</u>
 Financial revenues:		
Interest income		
related to bank loans	5 773	27 822
related to loans to related parties		173 302
Others	98 190	328 577
	<u>103 963</u>	<u>529 701</u>
Gains in currency translation		
related to customers	574 250	568 539
related to suppliers	881 987	727 874
related to loans	18 776 543	21 718 617
others	377 579	792 123
	<u>20 610 359</u>	<u>23 807 153</u>
Cash discounts obtained	1 044 847	985 164
Adjustment to fair value of financial instruments at fair value through profit or loss	6 830 261	16 680 777
Gains in valuation of hedging derivative instruments	34 410	356 004
Fair value of inefficient component of hedge derivatives		
Other finance gains	144 127	174 845
	<u>28 767 967</u>	<u>42 533 644</u>
 Finance profit / (loss)	 <u>- 22 304 274</u>	 <u>- 28 946 430</u>



17. TAXES

Corporate income tax accounted for in the periods ended 30 June 2010 and 2009 is detailed as follows:

	30.06.2010	30.06.2009
Current tax	1 150 613	1 490 429
Deferred tax	1 277 020	- 164 733
	<u>2 427 633</u>	<u>1 325 696</u>

18. 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 which were identified for the period ended 30 June 2010 are as follows:

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

Non reportable segments are included under Other segments.



Segments	Turnover				Operating Result	
	External		Intragroup		30.06.2010	30.06.2009
	30.06.2010	30.06.2009	30.06.2010	30.06.2009		
Iberian Peninsula	170 240 748	154 805 857	4 048 450	3 519 950	1 582 682	- 1 273 644
Central Europe	261 398 137	282 110 281	98 013 272	75 646 937	- 32 585 706	- 75 619 570
<i>France</i>	<i>50 834 174</i>	<i>63 788 150</i>	<i>27 069 716</i>	<i>21 361 226</i>	<i>- 16 977 951</i>	<i>- 47 961 767</i>
<i>Germany</i>	<i>178 903 852</i>	<i>186 101 921</i>	<i>70 943 557</i>	<i>54 285 710</i>	<i>- 15 236 158</i>	<i>- 22 891 913</i>
<i>United Kingdom</i>	<i>31 660 111</i>	<i>32 220 211</i>			<i>- 371 597</i>	<i>- 4 765 890</i>
Rest of the World	123 761 383	149 997 567			10 187 064	5 870 940
<i>Canada</i>	<i>75 150 069</i>	<i>56 799 467</i>			<i>3 458 958</i>	<i>- 1 449 566</i>
<i>Brazil</i>		<i>58 566 606</i>				<i>7 053 398</i>
<i>South Africa</i>	<i>48 611 314</i>	<i>34 631 493</i>			<i>6 728 106</i>	<i>267 108</i>
All other segments	89 937 162	75 001 566	44 074 528	30 793 032	- 2 205 743	- 4 906 820
Total segments	645 337 430	661 915 270	146 136 251	109 959 919	- 23 021 703	- 75 929 094
Adjustments						
Companies excluded from management consolidation perimeter					1 012 471	902 162
Reversion of impairment losses						27 376 043
Adjustment to depreciation					1 912 522	1 933 905
Gains on sale of financial undertakings					5 877 895	
Differences in timing of cost recognition					- 1 600 000	
Others					- 781 835	1 010 407
Total segments after adjustments					- 16 600 651	- 44 706 577
Consolidated income statement					- 16 600 651	- 44 706 577

19. 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.

20. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors and authorized for issuance on 29 July 2010.



STATUTORY EXTERNAL AUDITOR'S REPORT

Limited Review Report for Stock Exchange Regulatory Purposes in respect of the Consolidated Financial Information

(Free translation from the original version in Portuguese)

Introduction

1 We hereby present our Limited Review Report on the consolidated interim information for the period of six months ended 30 June 2010, of **Sonae Indústria, SGPS, SA.**, included in: the Directors' Report, the consolidated statement of financial position (which shows a total of Euros 1,575,639,400 and a total consolidated equity of Euros 335,329,362, including total minority interests of Euros 1,878,973, and other negative accumulated comprehensive income of Euros 1,013,339), the consolidated income statement by nature, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flow for the period then ended, and the corresponding notes to the accounts.

2 The amounts in the consolidated financial statements, as well as the financial information, were obtained from the accounting records.

Responsibilities

3 It is the responsibility of the Company's Board of Directors (a) to prepare the Directors' Report and consolidated financial statements that present fairly, in all material respects, the financial position of the company and its subsidiaries, the consolidated result of their operations, the consolidated comprehensive income, the consolidated changes in equity and their consolidated cash flows; (b) to prepare historical financial information in accordance with International Accounting Standard 34 – Interim Financial Reporting that is complete, true, timeliness, clear, objective and licit, as required by the Portuguese Securities Market Code; (c) to adopt adequate accounting policies and criteria; (d) to maintain appropriate systems of internal control; and (e) to disclose any relevant facts that have influenced the activity, the financial position or results of the company and its subsidiaries.

4 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 work.

Sonae Indústria, SGPS, SA.

Scope

5 Our work was performed, with the objective of obtaining moderate assurance about whether the financial information referred to above is free of material misstatement. Our work, which was based on the Technical Rules and Directives of the Portuguese Institute of Statutory Auditors, was planned in accordance with that objective, and consisted mainly (a) of inquiries and analytical procedures to review: (i) the reliability of the assertions included in the financial information; (ii) the adequacy of the accounting policies adopted considering the circumstances and their consistent application; (iii) the applicability, or otherwise, of the going concern concept; (iv) the presentation of the financial information; and (v) if, the financial information is complete, true, timeliness, clear, objective and licit; and (b) substantive testing to the significant unusual transactions.

6 Our work also covered the verification of the consistency of the information included in the Director's report with the remaining documents referred to above.

7 We believe that our work provides a reasonable basis for issuing this report on the half year financial information.

Conclusion

8 Based on our work, which was performed with the objective of obtaining moderate assurance, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements for the period of six months ended 30 June 2010 are not free of material misstatements that affects its conformity with the International Accounting Standard 34 – Interim Financial Reporting and that the information included is not complete, true, timeliness, clear, objective and licit.

Porto, 29 July 2010

PricewaterhouseCoopers & Associados, S.R.O.C., Lda.
represented by:

António Joaquim Brochado Correia, R.O.C.