



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 – SEPTEMBER 2011

**ACCORDING TO THE INTERNATIONAL ACCOUNTING STANDARD 34 – INTERIM
FINANCIAL REPORT**

Maia, Portugal, 7 November 2011: Sonae Indústria reports unaudited Consolidated Results for the first nine months of 2011 (9M11) which are prepared in accordance with IAS 34 – Interim Financial Reporting.

Highlights of Financial Performance:

- Comparing 3Q11 with 3Q10:
 - Turnover increased by 4%, to 326 million Euros
 - Recurrent EBITDA increased by 2% to 29 million Euros
 - Net losses reduced by 17% to 9 million Euros

- Comparing 9M11 with 9M10:
 - Turnover increased by 6%, from 972 to 1,034 million Euros
 - Recurrent EBITDA margin recovered 2 pp reaching almost 8%
 - Net losses on a recurrent basis reduced from 51 to 26 million Euros

	(euro millions)			3Q11/ 3Q10	3Q11/ 2Q11	(euro millions)		9M11/ 9M10
	3Q10	2Q11	3Q11			9M10	9M11	
Consolidated Turnover	313	356	326	4%	(9%)	972	1.034	6%
EBITDA	25	34	26	5%	(23%)	43	78	80%
Recurrent EBITDA	28	35	29	2%	(18%)	57	81	43%
Recurrent EBITDA Margin %	9,0%	9,9%	8,8%			5,9%	7,9%	
Net Profit/(Loss) attributable to Shareholders	(10)	(24)	(9)	(17%)	(64%)	(51)	(54)	5%
Net Debt	735	728	724	(2%)	(1%)	735	724	(2%)

Message from joint CEOs Rui Correia and João Paulo Pinto

“As expected 3Q11 activity was affected by normal seasonal shutdowns which led to lower capacity utilization and a deterioration in the dilution of fixed costs. Nevertheless, we were able to keep our Recurrent EBITDA margin at a level close to 9% of turnover supported by significant operational efficiency gains.

When comparing 9M11 with 9M10, we achieved a much better performance, which was translated into a 2pp increase in Recurrent EBITDA margin and a 6% growth in turnover. This positive evolution is a combined effect of a better customer management, and an extensive efficiency improvement program.

Over the last quarters, we have been dedicating special attention to the strategic directions that we want to pursue in order to significantly improve performance, namely: (i) people and team development, (ii) operational excellence and innovation, (iii) market focus with a reliable integrated offer, and (iv) competitive sites with a secure supply of wood. In order to achieve operational excellence, we have launched a structured program to develop best practices and knowledge transfer, enhanced by a lean manufacturing approach. Targeting a clear focus on customer needs and an integrated offer of valued added products, we have launched the global *Innovus* collection which is gaining increasing acceptance by our customers. In order to improve wood supply, we increased the flexibility of raw material usage by investing in Canada to increase the usage of recycled wood in our most recent production line. These projects, together with other activities still to be launched, will allow us to further improve our customer satisfaction and increase our efficiency.

Looking into the future, we have decided to expand our MDF production capacity in South Africa, in order to increase our market share in this promising market. Investments that are already ongoing will enable us to increase MDF production by 50% by the middle of 2012, with the aim of more than doubling production in the next 2 years.

Although the macroeconomic environment has been weakening, due to the sovereign debt crisis in some European countries, we are confident that we will continue to improve our performance, on the back of efficiency gains and better customer management. We are counting on our team to further develop and spread across all areas of our organization a culture of excellence and innovation focused on our customers, in order to create sustainable value for our shareholders.”

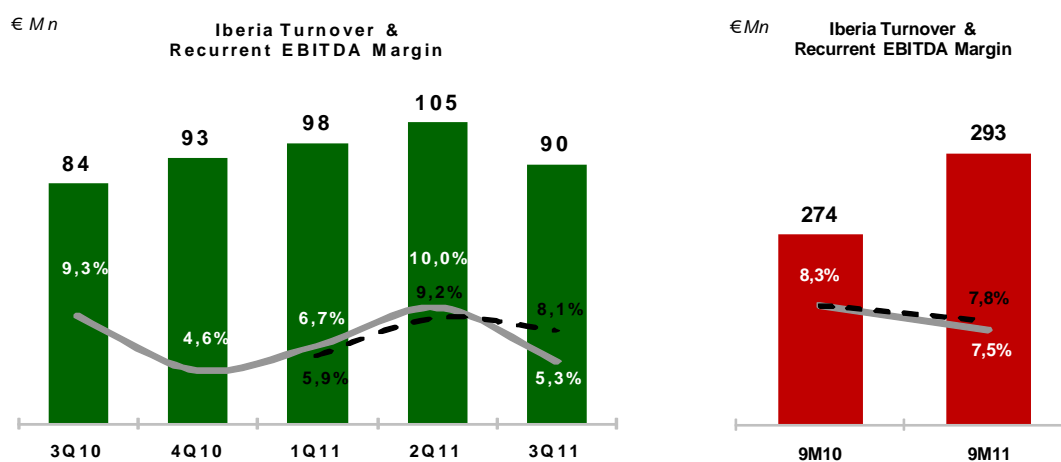
Geographical Review of Operations

Iberia

Iberia continued to experience tough market conditions due to the macroeconomic situation and the consequent announcement of austerity measures, namely in Portugal, which are causing a very depressed economic environment with some impacts already felt on demand. The number

of new housing permits granted in Portugal is 20%¹ below last year (YoY) as well as those in Spain 12%² (YoY).

In spite of facing this situation, comparing 9M11 with 9M10, volumes sold from Iberia increased by 4% and turnover by 7% to 293 million Euros, demonstrating our competitive position. Nevertheless, recurrent EBITDA margin declined from 8.3% to 7.5% due to the 9% higher production costs.



--- Recurrent EBITDA % under the same fixed cost allocation methodology as used last year

During this quarter, Recurrent EBITDA margin was negatively affected by the seasonal lower capacity utilization (due to planned annual maintenance shutdowns), which implied higher fixed costs per unit produced. However, there is also a significant accounting effect which negatively impacted our recurrent EBITDA margin, which is related to adopting a different fixed cost allocation methodology, between the quarters, applied since the beginning of 2011. Under the same cost allocation basis as used last year, Recurrent EBITDA would have only declined 1pp to 8% (instead 5pp to 5%) when comparing 3Q11 with 2Q11.

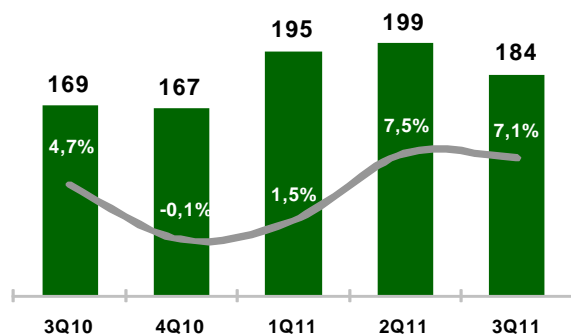
Central Europe (Germany, France and the UK)

In Central Europe, activity has been recovering, resulting in higher turnover in this region. Nevertheless, recurrent EBITDA margin was kept at the same level, due to higher variable costs, particularly chemicals.

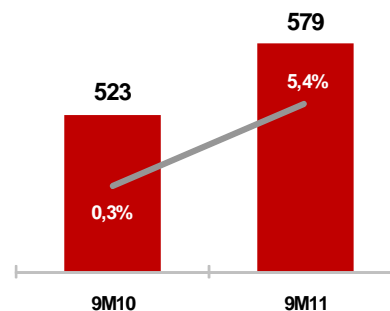
¹ Source: *Instituto Nacional de Estatística*, October 2011 (for the period Jan. - Aug.)

² Source: *Ministerio de Fomento*, October 2011 (for the period Jan. - July)

€ Mn Central Europe Turnover & Recurrent EBITDA Margin



€ Mn Central Europe Turnover & Recurrent EBITDA Margin



In **Germany**, new house construction permits were 23%³ up (YoY), indicating that the market recovered when compared with last year, but at a slower pace when compared to 1H11. During 9M11, compared to 9M10, volumes sold increased by 5% and turnover moved 15% up. These effects led to a higher recurrent EBITDA margin, when compared to the previous year. Due to seasonal summer closures, 3Q11 capacity utilization was below 2Q11.

In **France**, demand from the construction and furniture segments remains weak, but there are some positive leading indicators, such as housing permits, which increased by 12%⁴ (YoY). Comparing 9M11 with 9M10, volumes sold increased by 6% and turnover by 15%. This effect combined with higher operational efficiencies, impacted positively the recurrent EBITDA margin.

In the **UK**, government austerity measures are still constraining demand. Nevertheless, the value of new housing orders recovered by 7%⁵ (YoY). In June there was a fire at our UK plant, which has interrupted normal production activity since then. The reconstruction process is progressing as planned. Interim measures are in place to allow restricted output levels from 4Q11 with the final reconstruction to be concluded in 3Q12. Continuity of supply has been maintained by providing boards to UK customers from other European plants.

In **Central Europe**, comparing 9M11 with 9M10, and in spite of having sold the Lure plant which represented 11% of our production capacity in this region, turnover increased by 11% and the recurrent EBITDA margin increased by 5pp, illustrating the effectiveness of the restructuring and efficiency measures already implemented.

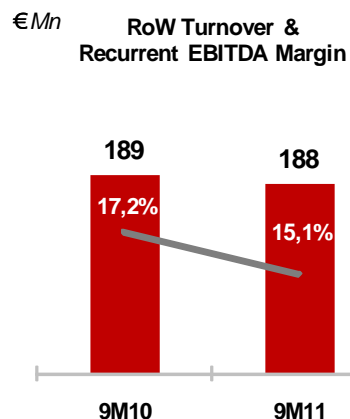
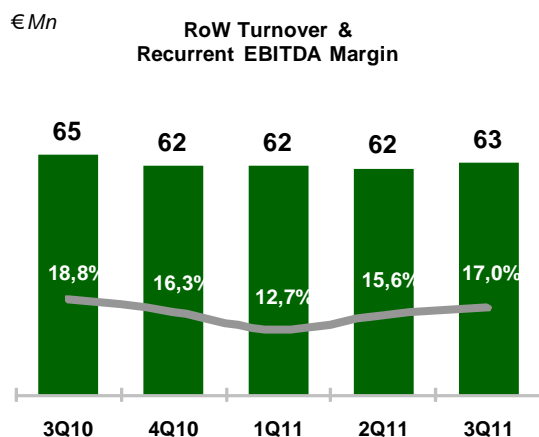
Rest of the World (Canada and South Africa)

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

³ Source: German Federal Statistical Office, Oct. 2011 (for the period Jan. - Aug.)

⁴ Source: *Service économie statistiques et prospective (Ministère de l'Écologie, de l'Énergie, du Développement durable et de l'Aménagement du territoire)*, Oct. 2011 (for the period Jan. - Aug.)

⁵ Source: Office for National Statistics UK, Oct 2011 (for the period Jan. - June.)



In **North America**, US housing starts fell by 4%⁶, while Canadian housing decreased by 3%⁷, resulting in a weaker market, compared to 2010. Compared to 9M10, 9M11 turnover in local currency has fallen by 5% and volumes declined by 6%. These effects combined with higher variable costs, led to a decline in the recurrent EBITDA margin. However, the value added part of the business continues to strengthen.

In **South Africa**, residential building permits posted a YoY increase of 9%⁸. Volumes sold in 9M11, compared with 9M10, increased by 7% and turnover in local currency moved 6% up. However, the recurrent EBITDA margin is slightly lower, as a result of higher production costs, particularly for wood and electricity.

For the Rest of the World, comparing 9M11 to 9M10, turnover remained flat and the recurrent EBITDA margin decreased by 2pp to 15% due to the higher variable costs.

Financial Review of 9M11

Consolidated turnover in 9M11 totalled 1,034 million Euros, representing a 6% increase compared to 9M10. The Recurrent EBITDA margin increased 2pp up to 8%. This margin improvement mainly results from stronger market and operational efficiency gains in Germany and France.

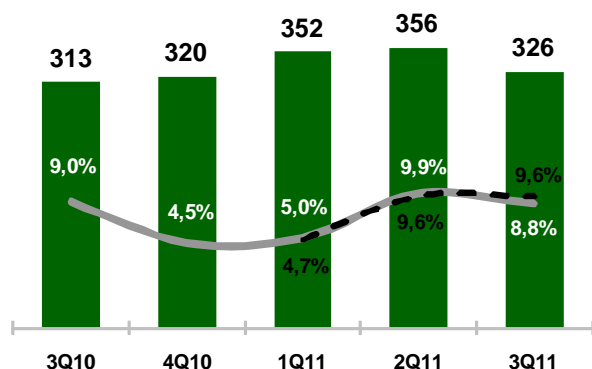
⁶Source RISI, Oct. 2011 (YoY Jan. – Aug.)

⁷Source: CMHC - Canada Mortgage and Housing Corporation, Oct. 2011 (YoY Jan – Aug.)

⁸Source: Statistics South Africa Oct. 2011 (YoY Jan – Aug.)

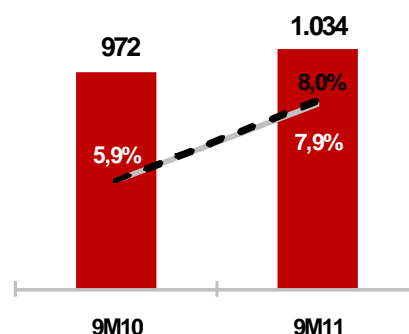
€Mn

Consolidated Turnover &
Recurrent EBITDA Margin



€Mn

Consolidated Turnover &
Recurrent EBITDA Margin



■ ■ ■ Recurrent EBITDA % under the same fixed cost allocation methodology as used last year

During 3Q11, Turnover and Recurrent EBITDA were negatively impacted by seasonal plant stoppages.

	(euro millions)			3Q11/ 3Q10	3Q11/ 2Q11	(euro millions)		9M11/ 9M10
	3Q10	2Q11	3Q11			9M10	9M11	
Consolidated Turnover	313	356	326	4%	(9%)	972	1.034	6%
Other Operational Income	8	12	18	120%	51%	53	38	(28%)
EBITDA	25	34	26	5%	(23%)	43	78	80%
Recurrent EBITDA	28	35	29	2%	(18%)	57	81	43%
Recurrent EBITDA Margin %	9,0%	9,9%	8,8%			5,9%	7,9%	
Depreciation and amortisation	(23)	(22)	(22)	7%	0%	(75)	(65)	13%
Provisions and Impairment Losses	(2)	(28)	(1)	40%	95%	(10)	(36)	
Operational Profit	4	(10)	5	32%	151%	(13)	(12)	5%
Net Financial Charges	(13)	(14)	(12)	4%	8%	(35)	(37)	(5%)
o.w. Net Interest Charges	(6)	(7)	(8)	(28%)	(9%)	(18)	(22)	(23%)
o.w. Net Financial Discounts	(3)	(3)	(3)	3%	6%	(10)	(9)	3%
Profit before taxes (EBT)	(9)	(23)	(7)	19%	69%	(48)	(49)	(2%)
Taxes	(1)	(1)	(1)	7%	(17%)	(4)	(5)	(32%)
o.w. Current Tax	(1)	(0)	(0)	21%	(11%)	(2)	(1)	19%
Net Profit/(Loss) attributable to Shareholders	(10)	(24)	(9)	17%	64%	(51)	(54)	(5%)

Net financial charges in 9M11 are 4 million Euros above 9M10, mainly due to higher interest rates.

Net losses in 9M11 were 54 million Euros, significantly affected by charging non-operational provisions of 28 million Euros.

	(euro millions)			
	2010	1Q11	1H 11	9M11
Non Current Assets	1.135	1.103	1.081	1.049
Tangible Assets	984	953	935	905
Goodwill	94	93	93	93
Deferred Tax	40	38	36	34
Other Non Current Assets	17	19	17	17
Current Assets	351	383	398	398
Inventories	129	138	147	145
Trade Debtors	159	202	202	191
Cash & Investments	27	11	14	10
Other Current Assets	35	33	34	52
Total Assets	1.486	1.486	1.478	1.447
Shareholders' Funds	298	269	244	231
Minority Interests	1	1	0	0
Shareholders' Funds + Minority Interests	299	270	244	232
Interest Bearing Debt	745	740	742	734
Short term	175	140	116	106
L-M term	570	599	626	628
Trade Creditors	152	185	174	168
Other Liabilities	290	291	318	313
Total Liabilities	1.187	1.216	1.234	1.215
Total Liabilities, Shareholders' Funds and Minority Interests	1.486	1.486	1.478	1.447

Working Capital⁹ decreased by 7 million Euros during 3Q11, mainly due to a decrease of 11 million Euros in the Trade Debtors account. When compared 9M11 to the same period of last year, working capital was reduced by 6 million Euros.

Additions to Fixed Assets in 9M11 were close to 21 million Euros, of which 18 million Euros are mostly related to investments in maintenance, Health & Safety and Environmental improvements. Around 3 million Euros were already invested in a project in Canada to increase the capacity of recycled wood utilization in our most recent production line.

Compared to 1H11, Net debt during 3Q11 was reduced by 4 million Euros. The Net Debt to Recurrent EBITDA ratio for the last 12 months is 7.6x, which is down from 10.0x, one year ago.

Looking Forward

We expect to be able to continue to improve performance when compared with same periods of the previous year, supported by operational efficiency gains and better market positioning.

We will closely monitor the macroeconomic environment to try to anticipate eventual impacts in the markets for our products.

⁹ Working Capital = Inventories + Trade Debtors – Trade Creditors

We will focus on the implementation of the initiatives aligned with our strategic guidelines in order to achieve short and long term operational improvements, optimising capital employed and managing the refinancing of our balance sheet.

The Board of Directors

SONAE INDÚSTRIA, S.G.P.S., S.A.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 30 SEPTEMBER 2011 AND 31 DECEMBER 2010

(Amounts expressed in Euros)

ASSETS	Notes	30.09.2011	31.12.2010
NON CURRENT ASSETS:			
Tangible assets	6	905 355 089	983 531 105
Goodwill		92 547 205	93 999 204
Intangible assets	6	8 178 371	10 119 422
Investment properties		1 368 538	1 401 731
Associated undertakings and non consolidated undertakings		2 361 360	2 683 341
Investment available for sale		1 034 973	1 031 189
Deferred tax asset	7	34 214 687	40 182 950
Other non current assets		2 688 408	919 720
Total non current assets		<u>1 047 748 631</u>	<u>1 133 868 662</u>
CURRENT ASSETS:			
Inventories		145 336 019	129 459 556
Trade debtors		190 850 970	159 041 460
Other current debtors		9 302 486	14 049 685
State and other public entities		10 586 475	9 504 284
Other current assets	8	32 106 424	11 663 953
Cash and cash equivalents	9	10 248 443	26 915 003
Total current assets		<u>398 430 818</u>	<u>350 633 941</u>
Non-current assets held for sale		875 631	1 092 209
TOTAL ASSETS		<u><u>1 447 055 080</u></u>	<u><u>1 485 594 812</u></u>
SHAREHOLDERS' FUNDS AND LIABILITIES			
SHAREHOLDERS' FUNDS:			
Share capital		700 000 000	700 000 000
Legal reserve		3 131 757	3 131 757
Other reserves and accumulated earnings		- 457 628 438	- 402 853 822
Accumulated other comprehensive income		- 14 065 616	- 2 609 633
Total		<u>231 437 703</u>	<u>297 668 302</u>
Non-controlling interests		<u>273 075</u>	<u>1 105 065</u>
TOTAL SHAREHOLDERS' FUNDS		<u><u>231 710 778</u></u>	<u><u>298 773 367</u></u>
LIABILITIES:			
NON CURRENT LIABILITIES:			
Long term bank loans - net of short-term portion	10	188 855 261	132 402 184
Non convertible debentures	10	301 250 707	301 063 535
Long term Finance Lease Creditors - net of short-term portion	10	40 644 374	43 539 714
Other loans	10	96 842 372	93 307 071
Post-retirement liabilities		25 165 834	25 583 340
Other non current liabilities		57 522 425	62 358 212
Deferred tax liabilities	7	64 160 807	70 589 486
Provisions	13	39 102 228	9 257 411
Total non current liabilities		<u>813 544 008</u>	<u>738 100 953</u>
CURRENT LIABILITIES:			
Short term portion of long term bank loans	10	81 314 808	144 443 713
Short term bank loans	10	20 052 103	25 583 321
Short term portion of Finance Lease Creditors	10	4 556 597	4 468 308
Other loans	10	418 239	79 615
Trade creditors		168 232 463	152 135 488
Taxes and Other Contributions Payable		17 479 653	12 983 549
Other current liabilities	12	108 500 354	102 650 824
Provisions	13	1 246 077	6 375 674
Total current liabilities		<u>401 800 294</u>	<u>448 720 492</u>
TOTAL EQUITY AND LIABILITIES		<u><u>1 447 055 080</u></u>	<u><u>1 485 594 812</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 INCOME STATEMENTS

FOR THE PERIODS ENDED AT 30 SEPTEMBER 2011 AND 2010

(Amounts expressed in Euros)

	Notes	30.09.2011 Non Audited	3rd. Quarter 2011 Non Audited	30.09.2010 Non Audited	3rd. Quarter 2010 Non Audited	30.09.2010 Restated
Operating revenues						
Sales	18	1 030 229 205	324 069 052	968 692 539	312 613 022	968 692 539
Services rendered	18	3 411 326	1 658 480	3 779 382	784 358	3 779 382
Other operating revenues	14	37 965 027	17 694 987	52 972 331	8 035 281	54 606 844
Total operating revenues		<u>1 071 605 558</u>	<u>343 422 519</u>	<u>1 025 444 252</u>	<u>321 432 661</u>	<u>1 027 078 765</u>
Operating costs						
Cost of sales		532 041 907	161 087 702	483 246 274	150 737 611	483 246 274
(Increase) / decrease in production		- 5 785 588	6 885 144	- 6 703 711	1 191 842	- 6 703 711
External supplies and services		276 874 643	88 651 983	278 982 261	85 353 905	278 982 261
Staff expenses		167 252 110	53 726 694	187 527 211	51 861 408	187 527 211
Depreciation and amortisation		65 063 816	21 559 761	74 688 372	23 158 702	74 688 372
Provisions and impairment losses	13	36 256 908	1 416 704	10 088 607	2 373 286	10 088 607
Other operating costs	15	12 055 494	5 055 566	10 387 752	2 927 770	11 656 472
Total operating costs		<u>1 083 759 290</u>	<u>338 383 554</u>	<u>1 038 216 766</u>	<u>317 604 524</u>	<u>1 039 485 486</u>
Operational profit / (loss)	18	<u>- 12 153 732</u>	<u>5 038 965</u>	<u>- 12 772 516</u>	<u>3 828 135</u>	<u>- 12 406 723</u>
Financial profits	16	26 220 561	9 994 014	39 728 511	10 960 544	38 093 998
Financial costs	16	63 300 741	22 387 330	74 997 894	23 925 652	73 729 174
Gains and losses in associated companies		- 20 728	-	- 118 366	22 351	- 118 366
Gains and losses in investments		5 271	5 271	57 810	57 810	57 810
Current profit / (loss)		<u>- 49 249 369</u>	<u>- 7 349 080</u>	<u>- 48 102 455</u>	<u>- 9 056 812</u>	<u>- 48 102 455</u>
Taxation	17	5 130 280	1 355 512	3 883 754	1 456 121	3 883 754
Consolidated net profit / (loss) after taxation		<u>- 54 379 649</u>	<u>- 8 704 592</u>	<u>- 51 986 209</u>	<u>- 10 512 933</u>	<u>- 51 986 209</u>
Profit / (loss) after taxation from discontinued operations		-	-	-	-	-
Consolidated net profit / (loss) for the period		<u>- 54 379 649</u>	<u>- 8 704 592</u>	<u>- 51 986 209</u>	<u>- 10 512 933</u>	<u>- 51 986 209</u>
Attributable to:						
Equity Holders of Sonae Industria		- 53 709 636	- 8 598 098	- 51 269 523	- 10 351 490	- 51 269 523
Minority Interests		<u>- 670 013</u>	<u>- 106 494</u>	<u>- 716 686</u>	<u>- 161 443</u>	<u>- 716 686</u>
Profit/(Loss) per share						
Excluding discontinued operations:						
Basic		- 0.3836	- 0.0614	- 0.3662	- 0.0739	- 0.3662
Diluted		<u>- 0.0048</u>	<u>- 0.0008</u>	<u>- 0.3662</u>	<u>- 0.0739</u>	<u>- 0.3662</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 SEPTEMBER 2011 AND 2010

(Amounts expressed in Euros)

	30.09.2011	3rd. Quarter 2011	30.09.2010	3rd. Quarter 2010
	<u>Reclassified amounts</u>		<u>Reclassified amounts</u>	
Net profit / (loss) for the period (a)	- 54 379 649	- 8 704 592	- 51 986 209 - 1 047 727	- 10 512 933
Other comprehensive income				
Change in currency translation reserve	- 12 788 097	- 3 578 738	10 753 480 - 289 038	- 10 477 461
Change in fair value of available-for-sale financial assets	- 17 168	3 605		
Change in fair value of cash flow hedge derivatives			1 336 765 1 336 765	540 359
Gains on property revaluation				
Actuarial gains / (losses) on defined benefit plan:				
Share of other comprehensive income of associates				
Income tax related to components of other comprehensive income				
Other comprehensive income for the period, net of tax (b)	- 12 805 265	- 3 575 133	12 090 245 1 047 727	- 9 937 102
Total comprehensive income for the period (a) + (b)	- 67 184 914	- 12 279 725	- 39 895 964	- 20 450 035
Total comprehensive income attributable to				
Equity holders of Sonae Indústria	- 66 352 192	- 12 123 317	- 39 313 750	- 20 161 131
Non-controlling interests	- 832 722	- 156 408	- 582 214	- 288 904
	- 67 184 914	- 12 279 725	- 39 895 964	- 20 450 035

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 SEPTEMBER 2011 AND 2010

(Amounts expressed in Euros)

	Accumulated other comprehensive income									
	Share capital	Legal reserve	Other Reserves and accumulated earnings	Currency translation	Available-for-sale financial assets	Cash flow hedges	Subtotal	Total shareholders' funds attributable to the equity holders of Sonae Indústria	Non controlling interests	Total shareholders' funds
Notes										
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 net profit / (loss) of previous year		394 576	- 394 576							
Total comprehensive income										
Net profit/(loss) for the period			-51 269 523					- 51 269 523	- 716 686	- 51 986 209
Other comprehensive income				10 619 008		1 336 765	11 955 773	11 955 773	134 472	12 090 245
Total			-51 269 523	10 619 008		1 336 765	11 955 773	-39 313 750	- 582 214	-39 895 964
Others			- 414 033					- 414 033	468 708	54 675
Balance as at 30 September 2010	700 000 000	3 131 757	-379 054 449	-10 746 232		- 76 748	-10 822 980	313 254 328	1 590 050	314 844 378

	Accumulated other comprehensive income							Total shareholders' funds attributable to the equity holders of Sonae Indústria	Non controlling interests	Total shareholders' funds
	Share capital	Legal reserve	Other Reserves and accumulated earnings	Currency translation	Available-for-sale financial assets	Cash flow hedges	Subtotal			
Notes										
Balance as at 1 January 2011	700 000 000	3 131 757	- 402 853 822	- 2 700 120	90 487		-2 609 633	297 668 302	1 105 065	298 773 367
Appropriation of previous year's net profit / (loss)										
Total comprehensive income										
Net profit/(loss) for the period			-53 709 636					- 53 709 636	- 670 013	- 54 379 649
Other comprehensive income				-12 625 597	- 16 959		-12 642 556	- 12 642 556	- 162 709	- 12 805 265
Total			-53 709 636	-12 625 597	- 16 959		-12 642 556	- 66 352 192	- 832 722	- 67 184 914
Others			-1 064 980	1 187 673	- 1 100		1 186 573	121 593	732	122 325
Balance as at 30 September 2011	700 000 000	3 131 757	-457 628 438	-14 138 044	72 428		-14 065 616	231 437 703	273 075	231 710 778

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 SEPTEMBER 2011 AND 2010
(Amounts expressed in Euros)

<u>OPERATING ACTIVITIES</u>	<u>Notes</u>	<u>30.09.2011</u>	<u>30.09.2010</u>
Net cash flow from operating activities (1)		<u>25 882 450</u>	<u>5 851 945</u>
<u>INVESTMENT ACTIVITIES</u>			
Cash receipts arising from:			
Investments		217 568	69 403 526
Tangible and intangible assets		2 120 311	8 346 940
Investment subventions		193 930	238 076
Dividends		80 370	283 890
		<u>2 612 179</u>	<u>78 272 432</u>
Cash Payments arising from:			
Investments		18 460	
Tangible and intangible assets		18 615 775	14 572 637
Others		460	
		<u>18 634 695</u>	<u>14 572 637</u>
Net cash used in investment activities (2)		<u>- 16 022 516</u>	<u>63 699 795</u>
<u>FINANCING ACTIVITIES</u>			
Cash receipts arising from:			
Interest and similar charges		583 680	197 149
Loans granted			16 833
Loans obtained		3 356 279 615	4 899 646 082
Others		3 220 892	
		<u>3 360 084 187</u>	<u>4 899 860 064</u>
Cash Payments arising from:			
Interest and similar charges		26 405 302	22 197 723
Loans granted			26 124
Loans obtained		3 346 345 186	4 932 364 173
Dividends		20 048	
Finance leases - repayment of principal		3 177 974	2 312 013
Others		952 765	23 166 306
		<u>3 376 901 275</u>	<u>4 980 066 339</u>
Net cash used in financing activities (3)		<u>- 16 817 088</u>	<u>- 80 206 275</u>
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		<u>- 6 957 154</u>	<u>- 10 654 535</u>
Effect of foreign exchange rate		<u>221 826</u>	<u>- 338 607</u>
Cash and cash equivalents at the beginning of the period	9	<u>3 334 720</u>	<u>6 654 807</u>
Cash and cash equivalents at the end of the period	9	<u>- 3 844 260</u>	<u>- 3 661 121</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 SEPTEMBER 2011

(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.

These consolidated financial statements were not subject to a limited revision by the company's statutory external auditor.

2. ACCOUNTING POLICIES

The present set of consolidated financial statements has been prepared on the basis of the accounting policies that were disclosed in the notes to the consolidated financial statements for 2010.

2.1. Basis of Preparation

These consolidated financial statements were prepared in accordance with 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 for 2010.



2.2. Changes to accounting standards

2.2.1. Changes applicable to periods beginning on or after 1 January 2011

IAS 32 (amendment), 'Financial Instruments: Presentation – classification of issued rights. This change refers to the recognition of issued rights denominated in a currency other than the functional currency of the reporting entity. If rights are issued *pro-rata* for a fixed amount denominated in any currency, they are handled as equity transactions to be classified through Net Shareholders' Funds. Otherwise, rights should be recognized as liability derivative instruments.

IFRS 1 (amendment), 'First-Time Adoption of International Financial Reporting Standards'. This change allow entities adopting IFRS for the first time to use the same transition rules included in IFRS 7 – 'Financial Instruments: Disclosures', which exempts the entity from disclosing comparative information regarding fair value classification through the three classes required by IFRS 7, as long as comparative periods end 31 December 2009.

IAS 24 (amendment), 'Related Parties'. This amendment withdraws general requirements for public entities to disclose related party information. However, the reporting entity should disclose its relation with the State and any transactions held with the State or State related entities. Furthermore, the definition of related party has been changed so as to eliminate inconsistency in identifying and disclosing related party information.

2010 Annual Improvements on Standards, to apply mostly to periods beginning on or after 1 January 2011. These improvements affected IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34 and IFRS 13.

IFRIC 14 (amendment), 'IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'. This amendment clarifies that a positive balance from voluntary advance payments on account of future minimum contributions may be recognized as an asset.

IFRIC 19 (new), 'Extinguishing Financial Liabilities with Equity Instruments'. This interpretation clarifies the accounting treatment to be adopted when an entity renegotiate the terms of a borrowing resulting in its payment through issuance of equity instruments. A gain or a loss will be recognized through profit or loss based on the fair value of issued equity instruments compared with the borrowing carrying amount. The mere reclassification of borrowings to net shareholders' funds is not permitted.



The application of these standards and interpretations has not produced significant effects on these consolidated financial statements.

2.2.2. Changes issued at 1 September 2011 that are to be applied in periods beginning thereafter

IFRS 1 (amendment), 'First-time Adoption of International Financial Reporting Standard' (applicable to periods beginning on or after 1 July 2011). This amendment is pending European Union endorsement. This amendment aims to include a specific exemption for entities that formerly operated in hyperinflationary economies and that will adopt IFRS for the first time. This exemption allows the entity to recognize some assets and liabilities at fair value and to use fair value as deemed cost on its first financial statements under IFRS. Furthermore, it replaces references to specific dates for "transition date to IFRS" regarding the exemption from retrospective application of IFRS.

IFRS 7 (amendment), 'Financial Instruments: Disclosures' – transfer of financial assets (applicable to periods beginning on or after 1 July 2011). This amendment is pending European Union endorsement. This change to IFRS 7 refers to disclosure requirements relating financial assets transferred to third parties but not derecognized from the balance sheet because of related liabilities kept by the entity.

IAS 12 (amendments), 'Income Taxes' (applicable to periods beginning on or after 1 January 2012). This amendment is pending European Union endorsement. This change requires entities to recognize deferred taxes related to assets if entities expect to recover the carrying amount of assets through use or sale, except for investment properties at fair value. This amendment includes in IAS 12 the principles formerly included in SIC 21, which is withdrawn.

IAS 1 (amendment), 'Presentation of Financial Statements' (applicable to periods beginning on or after 1 January 2012). This amendment is pending European Union endorsement. This amendment requires entities to separately present items recognized as Other Comprehensive Income, depending on whether they might or might not be taken through profit or loss, and the related tax effect, if items are presented before tax.

IFRS 9 (new), 'Financial Instruments' – classification and measurement (applicable to periods beginning on or after 1 January 2013). This amendment is pending European Union endorsement. IFRS 9 refers to the first phase of the new standard on financial instruments and includes two measurement categories: amortized cost and fair value. All financial instruments are to be measured at fair value. A debt instrument is measured at



amortized cost only when the entity owns it to receive contractual cash flows and these ones represent face value and interest. Otherwise, debt instruments are measured at fair value through profit or loss.

IFRS 10 (new), 'Consolidated Financial Statements' (applicable to periods beginning on or after 1 January 2013). This amendment is pending European Union endorsement. IFRS 10 replaces all control and consolidation principles included in IAS 27 and SIC 12. Definition of control is changed, along with criteria used for determining control. The base principle that consolidated financial statements present parent company and subsidiaries as an only entity remains unchanged.

IFRS 11 (new) 'Joint Arrangements' (applicable to periods beginning on or after 1 January 2013). This amendment is pending European Union endorsement. IFRS 11 focus on the rights and obligations of joint arrangements rather than on the legal form. Joint arrangements might be Joint Operations (rights over assets and liabilities) or Joint Ventures (rights to the net assets through application of Equity Method). Proportionate consolidation is no longer permitted.

IFRS 12 (new), 'Disclosure of Interests in Other Companies' (applicable to periods beginning on or after 1 January 2013). This amendment is pending European Union endorsement. This standard sets out disclosure requirements for all types of interests in other entities, including joint arrangements, associates and special purpose entities, in order to assess the nature, risk and financial effects related to interest in other companies. An entity may disclose some or all the information without having to fully apply IFRS 12 or IFRS 10 and 11 and IAS 27 and 28.

IFRS 13 (new), 'Fair Value Measurement' (applicable to periods beginning on or after 1 January 2013). This amendment is pending European Union endorsement. IFRS 13 aims to increase consistency by precisely defining fair value and being the only source of requirements to measure and disclose fair value across IFRSs.

IAS 27 (revised 2011), 'Separate Financial Statements', (applicable to periods beginning on or after 1 January 2013). This amendment is pending European Union endorsement. IAS 27 was revised after IFRS 10 was issued and contains the recognition and disclosure requirements for investments in subsidiaries, joint arrangements and associates in an entity's separate financial statements.

IAS 28 (revised 2011), 'Investments in Associates and Joint Ventures', (applicable to periods beginning on or after 1 January 2013). IAS 28 was revised after IFRS 11 was



issued and sets out the recognition criteria for investments in associates along with the requirements for applying equity method.

IAS 19 (amendment), 'Employee Benefits' (applicable to periods beginning on or after 1 January 2013). This amendment includes significant changes to recognition and measurement of defined benefit costs and termination costs along with changes to disclosures related to all kinds of employee benefits. Actuarial gains and losses should be immediately recognized through Other Comprehensive Income (the corridor method is not allowed). Finance cost of plans with asset funds is calculated over the net basis of unfunded liability.

The application of these standards will affect the accounting policies currently used by the Group. At the closing date of these consolidated financial statements it was not possible to estimate the effect of those changes in the financial statements of the period they will be applied for the first time.

2.3. Translation of financial statements of foreign companies

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

	30.09.2011		31.12.2010		30.09.2010	
	Closing rate	Average rate	Closing rate	Average rate	Closing rate	Average rate
Great Britain Pound	0.8666	0.8712	0.8607	0.8571	0.8599	0.8564
South African Rand	10.9087	9.7934	8.8629	9.6759	9.5438	9.7867
Canadian Dollar	1.4105	1.3744	1.3322	1.3625	1.4073	1.3583
American Dollar	1.3503	1.4062	1.3362	1.3230	1.3648	1.3116
Swiss Franc	1.2170	1.2311	1.2504	1.3774	1.3287	1.3977
Polish Zloty	4.4051	4.0107	3.9750	3.9931	3.9847	4.0024

Source: Bloomberg

3. RELEVANT FACTS

On June 10, 2011 a fire broke out at the subsidiary Sonae Industria (UK), Limited, damaging and disabling buildings and equipments used for storage of treated recycled wood and for preparation of wood particle. As a consequence, the company was forced to stop its particleboard production. This constraint has been overcome by imports from



other group subsidiaries, which enabled the company to proceed with the remaining industrial processes available in this industrial facility along with its commercial activity.

Damage caused by the fire including disabled assets and operating constraints are covered by an insurance policy for property damage and business interruption, according to which the company will receive compensation for the amounts paid for the acquisition or repair of assets that prove necessary for regaining its operational capacity and for the operating losses incurred as a consequence of existing operating restraints until the moment they are fixed, deducted from an overall amount of EUR 1 000 000.

These consolidated financial statements include:

An impairment Loss recognized under Tangible Assets, on the Consolidated Statement of Financial position, in the amount of EUR 11 537 038, and under Provisions and Impairment Losses, on the Consolidated Income Statement, in the amount of EUR 11 476 654, as well as the corresponding estimated compensation recognized under Other Current Assets, on the Consolidated Statement of Financial position, for an amount of EUR 11 537 038, and under Provisions and Impairment Losses, on the Consolidated Income Statement, for an amount of EUR 11 476 654.

An estimated compensation corresponding to the operating losses incurred over the period ended 30 September 2011, recognized for EUR 11 895 222 under the caption Other Current Assets, on the Consolidated Statement of Financial Position, and for EUR 11 832 955 under the caption Other Operating Revenues, on the Consolidated Income Statement. This estimation was calculated by the company taking into consideration the terms of the insurance policy, including lost gross operating margin and the increase in costs that were necessary for keeping the company's operating activity and it is subject to adjustment resulting from analysis carried out by the insurance companies.

The amounts recognized on the Consolidated Statement of Financial Position differ from those recognized on the Consolidated Income Statement because exchange rates used for translation into EUR are different.

In October 2011 the technical conditions for progressively resuming production at Sonae Industria (UK), Ltd. were restored.

4. CHANGES IN ACCOUNTING POLICIES

During the period ended 30 September 2011 the Group began recognizing exchange differences related to trade debtors and trade creditors under Other Operating Revenue and Other Operating Costs on the Consolidated Income Statement. These exchange differences were previously recognized under Finance Income and Finance Charges and were restated for the comparative period.



5. COMPANIES INCLUDED IN CONSOLIDATION PERIMETER

During the period ended 30 September 2011 the dissolution of the subsidiary Cia. de Industria y Negocios, S. A. was carried out.

On 23 May 2011 all the shares held on the associate Sonaegest were sold.

6. TANGIBLE AND INTANGIBLE FIXED ASSETS

During the periods ended 30 September 2011 and 31 December 2010, movements in tangible and intangible assets, accumulated depreciation and impairment losses were as follows:

6.1. Tangible fixed assets

	30.09.2011	31.12.2010
Gross cost:		
Opening balance	2 413 275 429	2 484 154 187
Changes in consolidation perimeter		- 113 578 360
Capital expenditure	22 227 958	23 506 121
Disposals	55 349 859	45 037 416
Transfers and reclassifications	86 632	- 732 629
Exchange rate effect	- 43 972 740	64 963 535
Closing balance	2 336 267 420	2 413 275 438
Accumulated depreciation and impairment losses		
Opening balance	1 429 744 333	1 400 786 775
Changes in consolidation perimeter		- 50 863 889
Depreciations for the period	62 711 247	92 182 584
Impairment losses for the period	11 482 647	5 207 081
Disposals	55 300 112	40 913 718
Reversion of impairment losses for the period	186 262	255 271
Transfers and reclassifications	17 919	- 838 511
Exchange rate effect	- 17 699 600	24 439 282
Closing balance	1 430 770 172	1 429 744 333
Carrying amount	905 355 089	983 531 105

During the periods ended 30 September 2011 and 31 December 2010 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 2010.

Charges to impairment losses are detailed in note 13.



6.2. Intangible fixed assets

	30.09.2011	31.12.2010
Gross cost:		
Opening balance	23 733 202	22 755 302
Changes in consolidation perimeter		- 1 313
Capital expenditure	2 593 430	2 295 451
Disposals	1 432 377	1 019 853
Transfers and reclassifications	- 672 179	- 672 601
Exchange rate effect	- 390 823	376 213
Closing balance	23 831 253	23 733 199
Accumulated amortisation and impairment losses		
Opening balance	13 613 782	10 309 045
Changes in consolidation perimeter		- 252
Depreciations for the period	2 319 377	3 115 283
Impairment losses for the period		
Disposals		6 073
Reversion of impairment losses for the period		18 987
Transfers and reclassifications		7 820
Exchange rate effect	- 280 277	206 941
Closing balance	15 652 882	13 613 777
Carrying amount	8 178 371	10 119 422

Charges to impairment losses are detailed in note 13.

7. DEFERRED TAXES

At 30 September 2011 and 31 December 2010 deferred tax asset and liability were detailed according to underlying temporary differences as follows:

	Deferred tax assets		Deferred tax liabilities	
	30.09.2011	31.12.2010	30.09.2011	31.12.2010
Write-off of Accruals and Prepayments	102 650	102 651		
Depreciation Standardization			63 143 076	69 416 213
Non Deductible Provisions	2 988 504	3 468 740		
Impairment of Assets	1 908 207	1 917 159		
Tax Losses Carried Forward	25 246 272	30 718 893		
Write-off of Tangible Fixed Assets	55 054	55 941		
Revaluation of Tangible Fixed Assets			955 911	974 305
Other Deferred Taxes	3 914 000	3 919 566	61 820	198 968
	34 214 687	40 182 950	64 160 807	70 589 486

Changes to deferred tax asset and liability include approximately EUR -1 211 127 and EUR -5 409 559 of exchange rate effect, respectively.



8. OTHER CURRENT ASSETS

At 30 September 2011 and 31 December 2010, details of Other current assets on the Consolidated Balance Sheet were as follows:

	30.09.2011			31.12.2010		
	Gross Value	Impairment	Net Value	Gross Value	Impairment	Net Value
Derivatives instruments	2 156 063		2 156 063	3 909 977		3 909 977
Financial Instruments	2 156 063		2 156 063	3 909 977		3 909 977
Accrued revenue	21 416 554		21 416 554	2 867 985		2 867 985
Deferred Costs	8 533 807		8 533 807	4 879 655		4 879 655
Others				6 336		6 336
Assets out of scope of IFRS 7	29 950 361		29 950 361	7 753 976		7 753 976
Total	32 106 424		32 106 424	11 663 953		11 663 953

Accrued revenue includes EUR 23 432 260 related to the fire occurred in the subsidiary Sonae Industria (UK), Ltd. (note 3).

9. CASH AND CASH EQUIVALENTS

At 30 September 2011 and 31 December 2010, the detail of Cash and Cash Equivalents was as follows:

	30.09.2011	31.12.2010
Cash at Hand	79 556	67 601
Bank Deposits	4 443 912	9 490 694
Treasury Applications	5 724 975	17 356 708
Cash and Cash Equivalents on the Balance Sheet	10 248 443	26 915 003
Bank Overdrafts	14 092 703	23 580 283
Cash and Cash Equivalents on the Statement of Cash Flows	- 3 844 260	3 334 720



10. LOANS

As at 30 September 2011 and 31 December 2010 Sonae Indústria had the following outstanding loans:

	30.09.2011				31.12.2010			
	Amortised cost		Nominal value		Amortised cost		Nominal value	
	Current	Non current	Current	Non current	Current	Non current	Current	Non current
Bank loans	101 366 911	188 855 261	101 366 911	189 389 700	170 027 034	132 402 184	170 027 034	132 402 184
Debentures		301 250 707		305 000 000		301 063 535		305 000 000
Obligations under finance leases	4 556 597	40 644 374	4 556 597	40 644 374	4 468 308	43 539 714	4 468 308	43 539 714
Other loans	418 239	96 842 372	418 239	96 842 372	79 615	93 307 071	79 615	93 307 071
Gross debt	106 341 747	627 592 714	106 341 747	631 876 446	174 574 957	570 312 504	174 574 957	574 248 969
Cash and cash equivalent in balance sheet	10 248 443		10 248 443		26 915 003		26 915 003	
Net debt	96 093 304	627 592 714	96 093 304	631 876 446	147 659 954	570 312 504	147 659 954	574 248 969
Total net debt	723 686 018		727 969 750		717 972 458		721 908 923	

The main changes occurred in loans were as follows:

On 31 March 2011 Sonae Indústria, SGPS, S. A. contracted a commercial paper programme with a maximum face value of EUR 50 000 000, which matures in 2013. On 30 September 2011 there was commercial paper issued amounting to EUR 32 000 000;

On January 2006 Sonae Indústria, SGPS, S. A. contracted with several financial institutions a commercial paper programme, added on 19 March 2008 and 30 September 2010. The programme has a maximum face value of EUR 160 000 000 and matures 27 January 2016. At 30 September 2011 there was commercial paper issued for EUR 66 500 000 (EUR 125 000 000 at 31 December 2010);

On July 2010 Tableros de Fibras, S. A. contracted a commercial paper programme, amended 14 July 2011, with a maximum face value of EUR 33 000 000 and maturity in 2012. At 30 September 2011, there was commercial paper issued for EUR 16 500 000 (EUR 33 000 000 at 31 December 2010).

On 30 September 2009 Sonae Indústria, SGPS, S. A. contracted a commercial paper programme with a maximum face value of EUR 40 000 000 and maturity in 2013. At 30 September 2011 there was commercial paper issued for the programme's full amount (at 31 December 2010 there was no commercial paper issued under this programme);

On 14 July 2011 Tafisa Canada Inc celebrated a loan contract with a syndicate of banks from North America for an amount of CAD 81 000 000. This loan will mature within 5 years and splits into two parts: one, amounting to CAD 66 000 000, will be repaid over this period of time and other, amounting to CAD 15 000 000, will be repaid on maturity date.



11. FINANCIAL DERIVATIVES

At 30 September 2011 and 31 December 2010, the fair value of derivative instruments is stated as follows:

	<u>Other current assets</u>		<u>Other current liabilities</u>	
	<u>30.09.2011</u>	<u>31.12.2010</u>	<u>30.09.2011</u>	<u>31.12.2010</u>
Derivatives at fair value through profit or loss:				
Exchange rate forwards	2 156 063	3 909 977	450 194	4 755 438
Interest rate swaps (fair value hedge)				
Derivatives at fair value through reserves:				
Interest rate swaps (cash flow hedge)				
	<u>2 156 063</u>	<u>3 909 977</u>	<u>450 194</u>	<u>4 755 438</u>

12. OTHER CURRENT LIABILITIES

At 30 September 2011 and 31 December 2010, Other current liabilities were composed of:

	<u>30.09.2011</u>	<u>31.12.2010</u>
Group companies	20 572	25 628
Derivatives	450 194	4 755 438
Trade debtors advances	19 940	22 820
Fixed assets suppliers	5 994 930	2 406 602
Other creditors	<u>2 989 707</u>	<u>4 935 824</u>
Financial instruments	9 475 343	12 146 312
Other creditors	3 700 941	4 552 847
Accrued expenses:		
Insurances	109 988	129 030
Personnel costs	30 080 719	28 474 717
Accrued financial expenses	4 725 354	3 016 520
Rebates	21 985 656	20 395 295
External supplies and services	18 569 556	17 826 640
Other accrued expenses	12 180 401	9 880 528
Deferred income:		
Investment subventions	6 586 378	5 990 294
Other deferred income	<u>1 086 018</u>	<u>238 639</u>
Liabilities out of scope of IFRS 7	99 025 011	90 504 512
Total	<u>108 500 354</u>	<u>102 650 824</u>



13. PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

Movements occurred in provisions and accumulated impairment losses during the period ended 30 September 2011 were as follows:

Description	Opening balance	Exchange rate effect	Changes to perimeter	30.09.2011			Closing balance
				Increase	Utilizations	Other changes	
Accumulated impairment losses on tangible assets	33 392 280	- 503 557		11 482 647	186 262	- 612 066	43 573 042
Accumulated impairment losses on intangible assets	19 242						19 242
Accumulated impairment losses on other non-current assets	10 931 182						10 931 182
Accumulated impairment losses on trade debtors	20 632 744	- 996 830		6 967 768	2 763 411	- 1 184 706	22 655 565
Accumulated impairment losses on other debtors	19 628						19 628
Subtotal impairment losses	64 995 076	- 1 500 387		18 450 415	2 949 673	- 1 796 772	77 198 659
Provisions for litigations in course	6 956 923			560 705	2 009 310	- 21 925	5 486 393
Provisions for guaranties to customers	748 934	579		94 848	33 000		811 361
Provisions for restructuring	4 588 275			697 745	2 405 756		2 880 264
Other provisions	3 338 953	- 5 802		27 929 849	34 248	- 58 465	31 170 287
Subtotal provisions	15 633 085	- 5 223		29 283 147	4 482 314	- 80 390	40 348 305
Subtotal impairment losses and provisions	80 628 161	- 1 505 610		47 733 562	7 431 987	- 1 877 162	117 546 964
Accumulated impairment losses on investments	37 005 998						37 005 998
Accumulated impairment losses on inventories	11 407 861	- 177 249		4 105 126	4 769 182		10 566 556
Total	129 042 020	- 1 682 859		51 838 688	12 201 169	- 1 877 162	165 119 518

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

	30.09.2011	
	Losses	Gains
Cost of sales	1 161 613	1 646 606
Other operating revenues		7 431 987
(Increase) / decrease in production	2 943 513	3 122 576
Provisions and impairment losses	47 733 562	
Total	51 838 688	12 201 169
Provisions and impairment losses	- 11 476 654	
Total Provisions and Impairment Losses	36 256 908	

In March 2009, the subsidiaries Glunz AG and GHP GmbH, along with other wood-based board producers in Germany, were subject to inspections carried out by the German Competition Authority (*Bundeskartellamt*). In March 2010, these group companies received a notice in relation to alleged violation of competition laws.

The aforementioned subsidiaries have agreed with the German Competition Authority upon the terms of an agreement (*settlement*) which will put an end to an ongoing investigation into the wood-based boards market. This *settlement* included the assumption by Glunz AG of an obligation to pay



a fine amounting to 27.7 million Euros, to be settled in six progressive annual instalments plus a seventh instalment consisting of interest.

In September 2011, the German Competition Authority adopted a final decision relating to this investigation process. Glunz AG contested this decision aiming to renegotiate the payment conditions of the fine. These consolidated financial statements include a provision of 27.7 million Euros which was recognized in 2Q11.

Provisions and Impairment Losses in the Consolidated Income Statement include an impairment loss amounting to EUR 11 476 654 that was recognized in 3Q11 following the fire which occurred at the subsidiary Sonae Industria (UK), Ltd. This heading also includes a corresponding estimated insurance compensation of the same amount (note 3).

14. OTHER OPERATING REVENUES

Details of Other operating revenues on the Consolidated Income Statement for the periods ended 30 September 2011 and 2010 are as follows:

	30.09.2011	30.09.2010	30.09.2010 Restated
Gains on disposals of non current investments		8 476 008	8 476 008
Gains on disp. and write off of invest. prop., tang. and intang. assets	558 519	2 502 444	2 502 444
Supplementary Revenue	4 975 779	3 392 801	3 392 801
Investment subventions	4 788 971	4 879 247	4 879 247
Tax received	3 644 718	2 697 375	2 697 375
Reversion of impairment losses	2 949 673	1 326 190	1 326 190
Gains on provisions	4 482 314	24 919 336	24 919 336
Others	16 565 053	4 778 930	6 413 443
	<u>37 965 027</u>	<u>52 972 331</u>	<u>54 606 844</u>

The amount under Others includes EUR 11 832 955 related to the fire occurred in the subsidiary Sonae Industria (UK), Ltd. (note 3).

15. OTHER OPERATING COSTS

Details of Other operating costs on the Consolidated Income Statement for the periods ended 30 September 2011 and 2010 are as follows:

	30.09.2011	30.09.2010	30.09.2010 Restated
Taxes	5 683 503	6 702 737	6 702 737
Losses on disp. and write off of invest. prop., tang. and intang. assets	166 176	935 119	935 119
Others	6 205 815	2 749 896	4 018 616
	<u>12 055 494</u>	<u>10 387 752</u>	<u>11 656 472</u>



16. FINANCIAL RESULTS

Financial results for the periods ended 30 September 2011 and 2010 were as follows:

	30.09.2011	30.09.2010	30.09.2010
			Restated
Financial expenses:			
Interest expenses			
related to bank loans and overdrafts	8 635 844	4 770 968	7 511 497
related to non convertible debentures	9 385 483	5 142 258	5 142 258
related to finance leases	3 758 203	3 599 189	3 599 189
related to hedged loans (hedge derivatives)		1 394 045	1 394 045
others	152 386	2 954 086	213 557
	21 931 916	17 860 545	17 860 545
Losses in currency translation			
related to customers		303 916	
related to suppliers		964 804	
related to loans	13 283 753	10 143 439	10 143 439
others		261 140	261 140
	13 283 753	11 673 299	10 404 579
Cash discounts granted	11 214 389	11 307 751	11 307 751
Adjustment to fair value of financial instruments at fair value through profit or loss	11 134 154	28 180 686	28 180 686
Losses on valuation of hedging derivative instruments		1 631 047	1 631 047
Fair value of inefficient component of hedge derivatives			
Other finance losses	5 736 529	4 344 567	4 344 567
	63 300 741	74 997 894	73 729 175
Financial revenues:			
Interest income			
related to bank loans	228 054	8 597	8 597
related to loans to related parties	5 280		
Others	2 319	141 189	141 189
	235 653	149 786	149 786
Gains in currency translation			
related to customers		660 337	
related to suppliers		974 175	
related to loans	8 055 043	19 883 442	19 883 442
others		342 001	342 001
	8 055 043	21 859 956	20 225 444
Cash discounts obtained	1 724 361	1 567 092	1 567 092
Adjustment to fair value of financial instruments at fair value through profit or loss	16 036 790	15 889 449	15 889 449
Gains in valuation of hedging derivative instruments		102 216	102 216
Other finance gains	168 715	160 012	160 012
	26 220 562	39 728 511	38 093 998
Finance profit / (loss)	- 37 080 179	- 35 269 383	- 35 635 177



17. TAXES

Corporate income tax accounted for in the periods ended 30 September 2011 and 2010 is detailed as follows:

	30.09.2011	30.09.2010
Current tax	1 392 264	1 723 877
Deferred tax	3 738 016	2 159 877
	<u>5 130 280</u>	<u>3 883 754</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 September 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					
	Intragroup			External		
	30.09.2011	30.09.2010	30.09.2010 Restated	30.09.2011	30.09.2010	30.09.2010 Restated
Iberian Peninsula	12 773 708	6 070 354	6 070 354	258 190 905	244 283 727	244 283 727
Central Europe						
France	41 167 345	34 955 602	34 955 602	79 029 194	68 323 125	68 323 125
Germany	121 178 680	107 748 039	72 100 074	305 074 445	267 517 311	282 099 789
United Kingdom	141 423			42 260 031	48 799 342	48 799 342
Rest of the world						
Canada				103 808 619	110 185 632	110 185 632
South Africa				83 725 550	78 991 472	78 991 472
All other segments	108 988 714	64 074 622	99 722 587	161 551 787	134 257 928	119 675 449
Total segments	<u>284 249 871</u>	<u>212 848 617</u>	<u>212 848 617</u>	<u>1 033 640 531</u>	<u>952 358 537</u>	<u>952 358 537</u>

Segments	Operating profit or loss		
	30.09.2011	30.09.2010	30.09.2010 Restated
Iberian Peninsula	4 322 038	1 988 010	1 988 010
Central Europe			
France	- 7 107 932	- 21 933 518	- 21 933 518
Germany	- 16 686 674	- 13 749 331	- 12 453 709
United Kingdom	- 4 009 507	- 549 664	- 549 664
Rest of the world			
Canada	819 618	5 045 370	5 045 370
South Africa	12 086 644	12 157 067	12 157 067
All other segments	- 2 028 197	- 3 398 615	- 4 694 237
Total segments	<u>- 12 604 010</u>	<u>- 20 440 681</u>	<u>- 20 440 681</u>
Companies excluded from consolidation perimeter	1 026 907	1 203 436	1 203 436
Adjustment to depreciations		2 767 586	2 767 586
Gains and losses on sale of financial investments		5 877 895	5 877 895
Utilization of provisions		- 1 600 000	- 1 600 000
Others	- 576 629	- 1 543 699	- 1 543 699
Total segments after adjustments	<u>- 12 153 732</u>	<u>- 12 772 516</u>	<u>- 12 772 516</u>
Consolidated Income Statement (Consolidated income statement)	<u>- 12 153 732</u>	<u>- 12 772 516</u>	<u>- 12 772 516</u>

During the period ended 30 September 2011 the Group changed the composition of reportable segments thereby restating information of comparative period.

19. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors and authorized for reporting purposes on 4 November 2011.