SONAE INDÚSTRIA, SGPS, S.A.

Registered Office: Lugar do Espido, Via Norte, Maia

Registered at the Commercial Registry of Maia

Registry and Tax Identification Number 506 035 034

Share Capital: 700 000 000 euros

Publicy Traded Company

Annual Report

Separate and Consolidated Financial Statements

2011

28 February 2012

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MANAGEMENT REPORT

1. Message from the Chairman

"The world, and particularly Europe, has been facing a financial crisis very different from all previous crises and with repercussions that we have never imagined or experienced before. The euro is being tested, as well as the concept of an integrated European economy that was established to achieve objectives, which are now being brought into question. The sovereign debt crisis and the instability of the euro imposes a new order and, in that sense, not only governments are being forced to rethink the welfare state, but also companies will have to move towards a new global era, which will be more demanding and with new challenges.

Sonae Indústria also passed a milestone in 2011. In a very difficult market, caused by the combined international financial and housing crises, and, having achieved a sustainable improvement in its operational performance, there is now an opportunity to start a new cycle with significantly better performance.

In 2011, we approved 4 strategic directions that we believe will lead us there:
(i) Build a high quality team with talented, skilled and fully engaged people,
(ii) Create a high performance culture fostering operational excellence and innovation,
(iii) Become a market focused company with a reliable integrated offer,
(iv) Develop competitive integrated sites with secure wood supplies.

Work is already in progress and, as from the Shareholders' Annual General Meeting, we will further report on the initiatives that we will be implementing."

2. Message from the joint co-CEOs: Rui Correia and João Paulo Pinto

"Although we faced another tough year in 2011, with a very weak macroeconomic environment, particularly in terms of residential construction, we are pleased to report on another year of improvement, having reached the best Recurrent EBITDA since 2007, and having already achieved several months of positive Net Results. This is the 9th consecutive quarter of a strong positive trend in the last 12 months of Recurrent EBITDA. During 2011, we delivered 108 million Euros Recurrent EBITDA, representing 8% of our Turnover of 1.364 million Euros. This improvement of 2.4pp in our Recurrent EBITDA margin, compared to 2010, was based on significant operational efficiency gains, achieved at almost all of our plants, across the 7 countries where we operate.

Volumes sold in 2011 remained at the same level as in 2010, but turnover increased by 6%, due to some recovery in market prices, reflecting a better balance between supply and demand and due to us selling a better mix of products.

Variable costs were 8% higher than in 2010, particularly chemicals and wood. On the other hand, fixed costs fell by 2%.

Working Capital management continues to be one of our priorities and we delivered a 2 million Euros reduction compared to the end of 2010. Despite the increase in the values per unit of the raw materials and products, our average inventory period improved by 4 days.

In terms of investments, we implemented an important project in Canada to increase our recycled wood processing capacity, to allow us to diversify our sourcing to be able to use more sustainable and cost effective materials. We also started the expansion of our MDF production capacity in South Africa, to target the substitution of existing imports to this local market. Additionally, we started the reconstruction of the wood preparation area of our Knowsley plant in the UK, which was destroyed by a fire in June 2011.

During 2011, we successfully refinanced our maturing debt, despite the particularly tough bank market. We raised 50 million Euros at Sonae Indústria SGPS and 81 million CAD at Tafisa Canada, allowing us to diversify our funding sources and adapt our debt repayment profile to our expected cash flow generation. During 2012, we will continue to pursue the refinancing strategy that we have been successfully implementing, by refinancing part of the loans maturing directly with our traditional relationship banks and by raising new debt at those of our subsidiaries that have stronger balance sheets. We will also continue to work hard to finalize the sales of our non-core real estate and technical assets.

Moving on to 2012, we are confident that we will further improve our Recurrent EBITDA, supported by the consolidation of the improvements we achieved in 2011 and by the implementation of new initiatives aligned with our ongoing strategy focused on people development, operational excellence, customer orientation and better utilization of our industrial base. If there is no unexpected deterioration in the macroeconomic environment during 2012, we expect to return to profit and move to a Net Debt to Recurrent EBITDA ratio close to 5 (having already achieved an improvement from 10.1 in 2010 to 6.6 in 2011), allowing us to continue improving our credit risk profile, diversifying our funding sources and refinancing the maturing debt.

We would like to thank our customers, employees, suppliers, banks and shareholders for their continued support and trust."

	(euro millions)				% chg
	2008	2009*	2010	2011	2011/ 2010
Consolidated Turnover	1.769	1.283	1.293	1.364	6%
EBITDA	139	104	53	76	45%
Recurrent EBITDA	100	46	71	108	51%
Recurrent EBITDA Margin %	5,7%	3,6%	5,5%	7,9%	
Net Profit/(Loss) attributable to Shareholders	(108)	(59)	(74)	(58)	22%
Net Debt	890	757	718	715	

*** In August 2009 we sold our Brazilian operations**

3. Board of Directors Report

3.1. Sector Review in 2011

Markets conditions of the wood-based panels sector slightly improved for the 2nd consecutive year from extremely challenging times during 2008 and 2009, resulting in overall capacity utilization increases. Nevertheless, industry was negatively affected by the sovereign debt crises which led to a less favourable macroeconomic framework and the consequent negative impact in the construction and furniture sectors.

European construction and furniture sector

According to the latest information issued by Euroconstruct, the sovereign debt crises prompted most Euroconstruct members to revise their forecasts downwards after the Helsinki conference (June 2011). One of the main consequences was the reduction in consumers and business confidence, which has also reduced construction output forecasts. The 2011 estimate is almost unchanged (at -0.6% by volume, from -0.4%) but for 2012 and 2013, it is now projected at no more than 1.1% in 2012 and 1.7% in 2013.

Moreover, EU27 furniture exports decreased 4.5% YoY in volume terms (despite having increased around 0.3% in value) in the first 11 months of 2011, according to Eurostat information.

European wood based panels industry

According to estimates made by the European Panel Federation, particleboard production in the EPF countries increased by 1% YoY to 31 million m^3, with home sales recovering 4% and exports growing 6%. MDF production slightly decreased (0.6% YoY) to around 15 million m^3 with flat home sales (+0.1% YoY). OSB production was flat YoY at almost 5 million m^3.

Laminate Flooring Industry

Despite a recent small decrease in the consumers' intention to build or renovate houses and apartments, the construction activity and the housing starts are supposed to having slightly recovered during 2011. As such, EPLF (European Producers of Laminate Flooring) preliminary figures indicate a moderately optimistic forecast for 2011.

North American wood based panels industry

Consumption of both MDF and PB in North America, especially in the United States, continued to be affected by a still depressed housing market and a furniture industry under pressure from imports. North America PB consumption should have increased by 1.5% in 2011 YoY but from very low levels. MDF domestic demand grew by an estimated 8% in 2011 YoY.

South African wood based panels industry

According to the local statistics office, residential building permits posted an increase of 7% YoY (Jan – Nov.), and furniture production during 2011 recovered 2.3% YoY (according to Innomis).

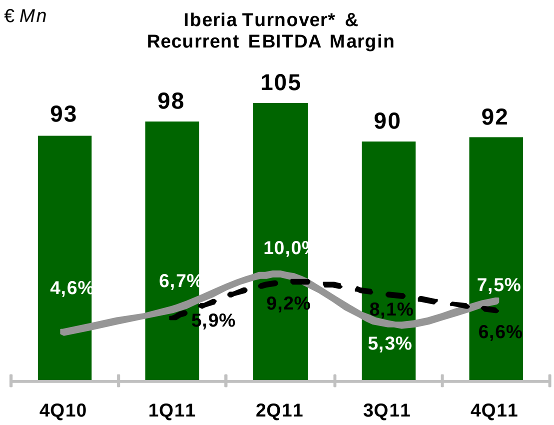
3.2. Sonae Indústria Business Review

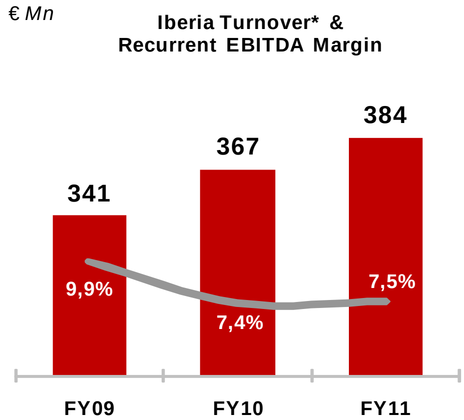
3.2.1. Iberia

Iberia continued to experience tough market conditions due to the macroeconomic situation and the consequent announcement of austerity measures in both countries, which are causing a very depressed economic environment with impacts already felt on demand. The number of new housing permits granted in Portugal is 20%[1] below last year on top of a reduction in 2010, compared with 2009 of already 9%[2]. The same is experienced in Spain with a reduction of 13%[3] on top of another reduction felt in 2010 of 17%[4].

[1] Source:*Instituto Nacional de Estatística*, February 2012 (for the period Jan. - Nov.)
[2] Source:*Instituto Nacional de Estatística*, February 2012 (comparing 2010 with 2009)
[3] Source:*Ministerio de Fomento,* February 2012 (for the period Jan. - Nov)
[4] Source:*Ministerio de Fomento,* February 2012 (comparing 2010 with 2009)

Volumes sold from Iberia in 4Q11, compared to 3Q11 declined by 3% but turnover moved slightly up reaching 92 million Euros. Recurrent EBITDA recovered from 5.3% to 7.5%, mainly due to the adoption of a previously referred different fixed cost allocation methodology, between the quarters. Under the same cost allocation basis used last year, recurrent EBITDA from 3Q11 to 4Q11 would have decreased by 1.5pp, from 8.1% to 6.6% (instead of having increased from 5.3% to 7.5%). The main cause for a traditional lower Recurrent EBITDA this quarter, is the higher variable costs per unit produced in this time of the year, particularly wood and energy and this particular quarter a tremendous increase on the cost of chemicals. Also the lower activity that characterizes the month of December impacts in the results of the last quarter.



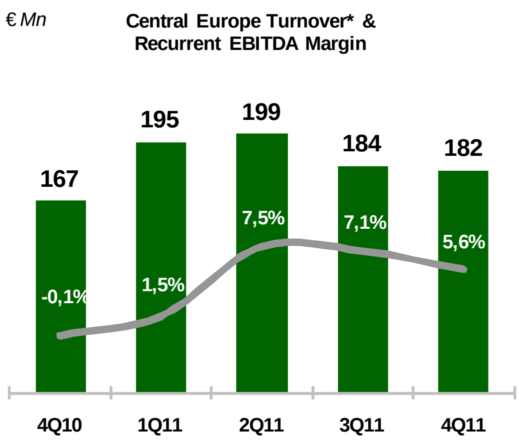


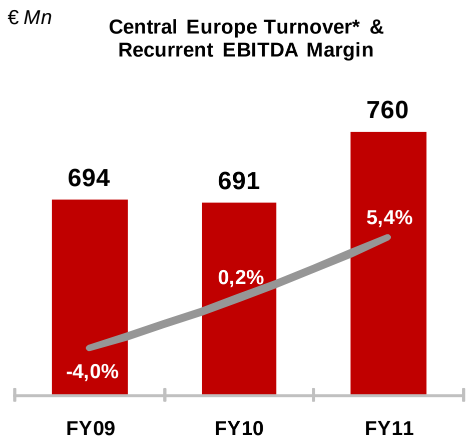
- - - Recurrent EBITDA % under the same fixed cost allocation methodology as used last year
* includes intercompany group sales

Comparing FY11 with FY10, volumes sold from Iberia increased by 1% and turnover by 5%. Recurrent EBITDA margin remained flat at 7.5%, meaning that the turnover increase and the fixed costs reduction were absorbed by higher chemical, energy and wood costs.

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

In Central Europe, activity has been recovering, resulting in higher turnover in this region. Additionally, Recurrent EBITDA margin continued illustrating operational efficiency gains.





* includes intercompany group sales

In **Germany**, new house construction permits were 20%[5] up (YoY), indicating that the market recovered when compared with last year, but at a slower pace in 2H11. During 4Q11, compared to 3Q11, volumes sold and turnover slightly declined which led to a decline of 1pp in recurrent EBITDA margin. Comparing FY11 with FY10, volumes sold increased by 4% and turnover by 14%. This combined with higher operational efficiency, led to a 3pp recovery in recurrent EBITDA margin.

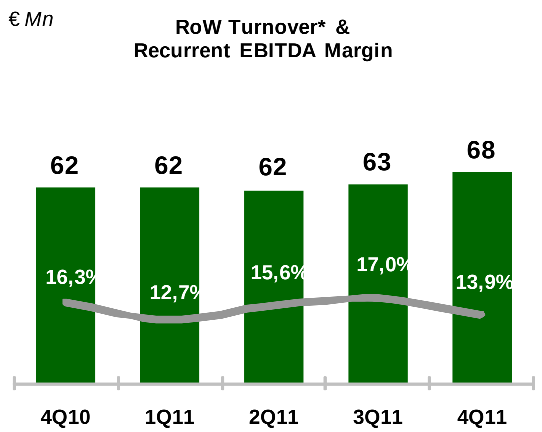
In **France**, demand from the construction and furniture segments remains weak, but there are some positive trends, as housing permits increased by 16%[6] YoY. Comparing 3Q11 to 4Q11, volumes sold declined by 6% and turnover decreased by 4%. Raw material costs jumped by 6% not only due to 6% wood cost increases but also driven by the 14% higher energy costs. These combined effects led to 8pp decline in recurrent EBITDA margin. Comparing FY11 with FY10, volumes sold increased by 10%, and turnover moved 19%, which led to an increase of 14pp recurrent EBITDA margin.

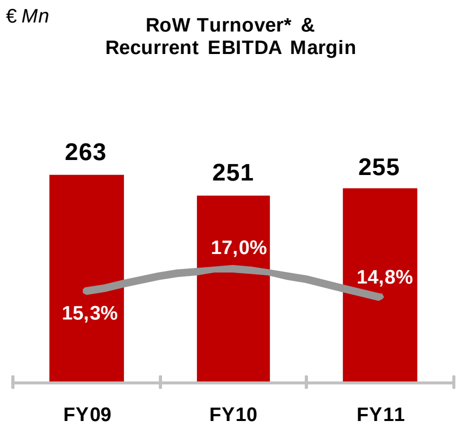
In the **UK**, new housing orders decreased by 2%[7] YoY. However, in June 2011 there was a fire at our UK plant, which has interrupted normal production activity since then until the start-up at the end of January 2012. Supply of boards from June to December was provided to UK customers from other European plants, which prevents comparisons with the previous year.

In **Central Europe**, quarter on quarter, despite being affected by winter conditions, turnover only decreased 1% to 182 million Euros, and recurrent EBITDA declined 1.5pp from 7.1% to 5.6%. When comparing FY11 with FY10, volumes sold increased 1% and turnover moved 10% up, which combined with operational efficiency gains led to an increase of recurrent EBITDA margin by 5pp reaching 5.4%.

3.2.3. 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.





* includes intercompany group sales

In **North America**, US housing starts increased by 4%[8] while Canadian housing starts declined by 4%[9], which shows some recovery market signs in the US. Our volumes

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[5] Source: German Federal Statistical Office, February 2012 (for the period Jan. - Nov.)
[6] Source: *Service économie statistiques et prospective (Ministère de l'Écologie, de l'Energie, du Développement durable et de l'Aménagement du territoire),* February 2012 (for the period Jan. - Nov.)
[7] Source: Office for National Statistics UK, February 2012 (for the period Jan. – Sept)
[8] Source: RISI, February 2012 (for the period Jan. - Dec.)
[9] Source: Canada Mortgage and Housing Corporation, February 2012 (for the period Jan. - Sept.)

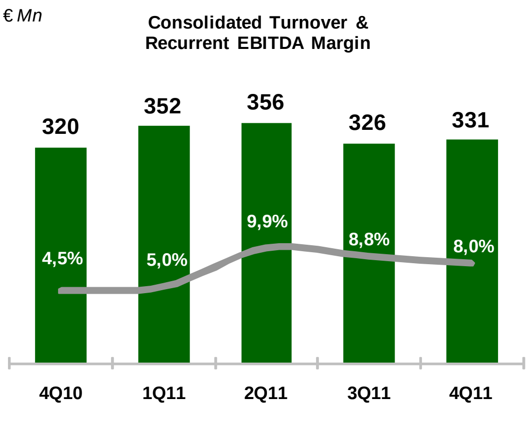
sold in 4Q11, contradicted the usually negative seasonal movement, increasing by 2%, including a higher percentage of value added products sold, and turnover (in local currency) was 23% above, when comparing to 3Q11. However, these effects were not enough to overcome the 6% higher production costs, which led to a recurrent EBITDA margin decline of 3pp. Comparing FY11 with FY10, volumes sold declined by 4% but turnover (in local currency) recovered by 2%. Our market share in 2011 increased further, despite having assisted to lower shipments[10] of the industry from Canada. Nevertheless, recurrent EBITDA margin declined by 2.8pp, due to higher variable costs, particularly chemicals which are 21% above, when compared to the previous year.

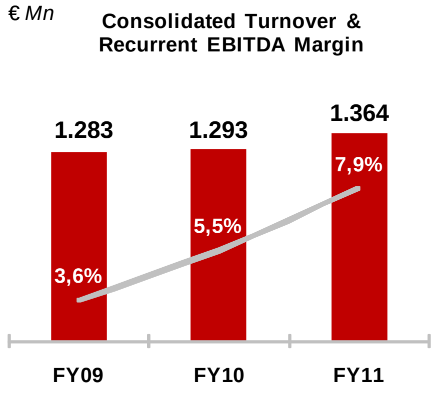
In **South Africa**, residential building permits posted an increase of 7%[11]. Our volumes sold and turnover during 4Q11 in local currency due to the holiday season decreased by 2% and 4%, respectively when compared to 3Q11, which led to a 2pp recurrent EBITDA margin decline. Comparing FY11 with FY10, volumes sold increased by 8% and turnover (in local currency) moved 6% up. However, recurrent EBITDA margin move 2pp down due to the 6% higher production costs (particularly energy, chemicals and wood which were 62%, 11%, and 6% above, when compared to previous year).

For the **Rest of the World**, compared to 3Q11, 4Q11 turnover was 7% higher, reaching 68 million Euros but recurrent EBITDA margin decreased by 3pp to 14%. This reduction of Recurrent EBITDA is a consequence of higher costs. Compared to FY10, turnover in FY11, slightly increased and recurrent EBITDA margin moved 2pp down to 15% of turnover, due to the higher variable costs, particularly chemicals (which were 21% higher in Canada e 11% higher in South Africa).

3.3. Financial Review of FY 2011

FY11 consolidated turnover totaled 1,364 million Euros, 6% higher than FY10. Recurrent EBITDA reached 108 million Euros which resulted in a recurrent EBITDA margin recovery of 2.4pp, achieving 7.9% of Turnover. This margin improvement is mainly driven by a stronger market and operational efficiency gains in Germany and France.





10 Source: CPA: Composite Panel Association

11 Source: Statistics South Africa, February 2012 (for the period Jan. - Nov.)

Total EBITDA[12] in 2011 reached 76 million Euros, which includes around 25 million Euros from a fine imposed by the German Competition Authorities to Glunz AG in Germany. This fine would be paid in six annual instalments: the first part of 2 million Euros was already paid in 2011, the second of also 2 million Euros will be paid in 2012, and the remaining of higher amounts, followed by a seventh instalment represents the payment of interest.

	(euro millions)			% chg
	2009*	2010	2011	2011/2010
Consolidated Turnover	**1.217**	**1.293**	**1.364**	6%
Other Operational Income	75	66	67	2%
EBITDA	**7**	**53**	**76**	45%
Recurrent EBITDA	33	71	108	51%
Recurrent EBITDA Margin %	2,7%	5,5%	7,9%	
Depreciation and amortisation	(116)	(95)	(84)	12%
Provisions and Impairment Losses	(29)	(19)	(18)	5%
Operational Profit	**(93)**	**(26)**	**(8)**	70%
Net Financial Charges	(50)	(47)	(50)	(7%)
o.w. Net Interest Charges	(29)	(24)	(30)	(26%)
o.w. Net Financial Discounts	(13)	(13)	(13)	(0%)
Profit before taxes (EBT)	**(143)**	**(73)**	**(58)**	20%
Taxes	(4)	(2)	(0)	87%
o.w. Current Tax	(1)	(2)	(3)	(12%)
Net Profit/(Loss) attributable to Shareholders	**(146)**	**(74)**	**(58)**	22%

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

FY11 consolidated net losses attributable to Sonae Indústria shareholders were 58 million Euros, an improvement of 16 million Euros compared with FY10. Without the costs of the fine, consolidated Net Losses would be 33 million Euros.

Net interest charges for FY11 are 6 million Euros above FY10, due to the higher interest rate.

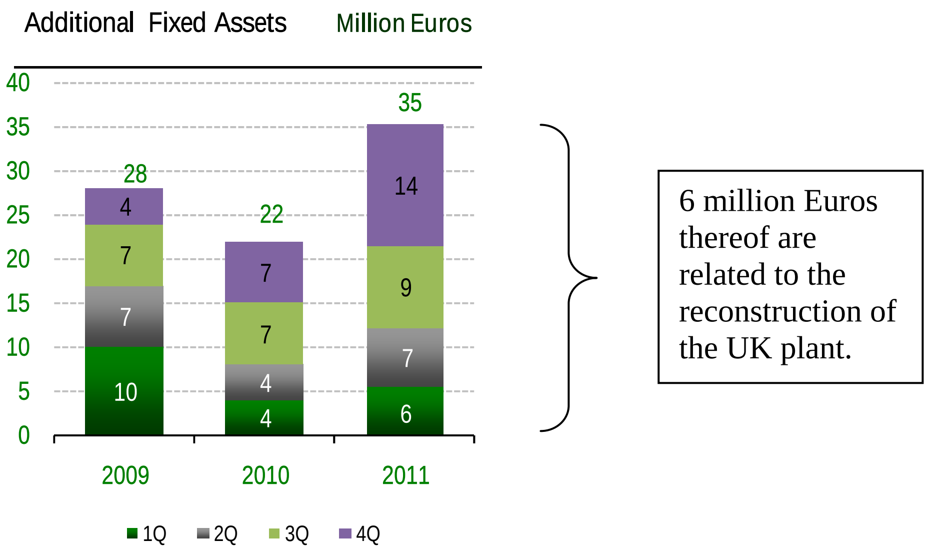
	(euro millions)				
	4Q10	3Q11	4Q11	4Q11/4Q10	4Q11/3Q11
Consolidated Turnover	**320**	**326**	**331**	3%	2%
Other Operational Income	13	18	29	125%	66%
EBITDA	**10**	**26**	**(1)**	(114%)	(105%)
Recurrent EBITDA	14	29	26	85%	(8%)
Recurrent EBITDA Margin %	4,5%	8,8%	8,0%		
Depreciation and amortisation	(21)	(22)	(19)	9%	12%
Provisions and Impairment Losses	(9)	(1)	18		
Operational Profit	**(13)**	**5**	**4**	133%	(14%)
Net Financial Charges	(12)	(12)	(13)	(13%)	(7%)
o.w. Net Interest Charges	(6)	(8)	(9)	(34%)	(8%)
o.w. Net Financial Discounts	(3)	(3)	(4)	(9%)	(13%)
Profit before taxes (EBT)	**(25)**	**(7)**	**(9)**	64%	(22%)
Taxes	1	(1)	5		
o.w. Current Tax	(1)	(0)	(1)	(102%)	(163%)
Net Profit/(Loss) attributable to Shareholders	**(23)**	**(9)**	**(4)**	82%	52%

[12] EBITDA = EBIT + D&A + (Provisions and impairment losses - Impairment Losses - Reversal of Impairment Losses + Reversal of Impairment Losses in customers +Reversal of Impairment Losses in other debtors - Gain on Provisions)

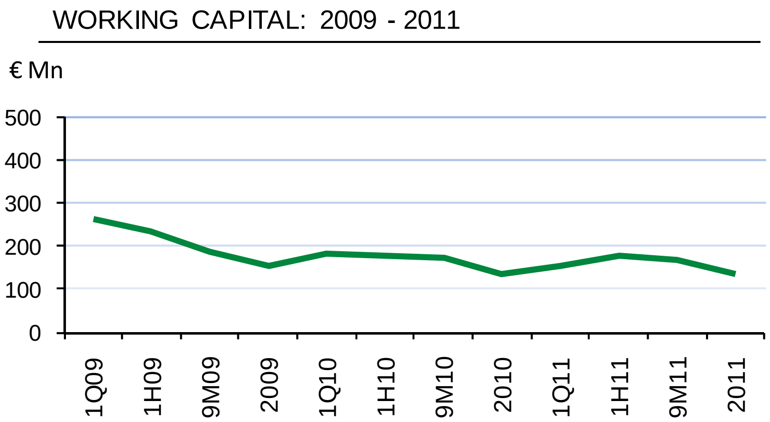
Consolidated turnover in 4Q11 totalled 331 million Euros, representing a 2% recovery from 3Q11. However, seasonal raw material cost increases (not compensated by prices adjustments), combined with stock reduction measures implemented, led to a 0.8pp decline in recurrent EBITDA margin, achieving 26 million Euros (8% of Turnover). Total EBITDA in 4Q11 amounted to a negative 1 million Euros, which includes around 25 million Euros from the fine, which was already booked in the provisions since 2Q11.

	(euro millions)				
	2010	**1Q11**	**1H 11**	**9M11**	**2011**
Non Current Assets	**1.135**	**1.103**	**1.081**	**1.049**	**1.064**
Tangible Assets	984	953	935	905	915
Goodwill	94	93	93	93	93
Deferred Tax	40	38	36	34	38
Other Non Current Assets	17	19	17	17	18
Current Assets	**351**	**383**	**398**	**398**	**368**
Inventories	129	138	147	145	137
Trade Debtors	159	202	202	191	158
Cash & Investments	27	11	14	10	24
Other Current Assets	35	33	34	52	48
Total Assets	**1.486**	**1.486**	**1.478**	**1.447**	**1.432**
Shareholders' Funds	298	269	244	231	236
Minority Interests	1	1	0	0	0
Shareholders' Funds + Minority Interests	**299**	**270**	**244**	**232**	**236**
Interest Bearing Debt	745	740	742	734	739
Short term	175	140	116	106	157
L-M term	570	599	626	628	581
Trade Creditors	152	185	174	168	161
Other Liabilities	290	291	318	313	296
Total Liabilities	**1.187**	**1.216**	**1.234**	**1.215**	**1.196**
Total Liabilities, Shareholders' Funds and Minority Interests	**1.486**	**1.486**	**1.478**	**1.447**	**1.432**
Net Debt	**718**	**729**	**728**	**724**	**715**

In 4Q11, consolidated Net Results Attributable to Sonae Indústria Shareholders amounted negative 4 million Euros, an improvement of 19 million Euros compared to 4Q10.

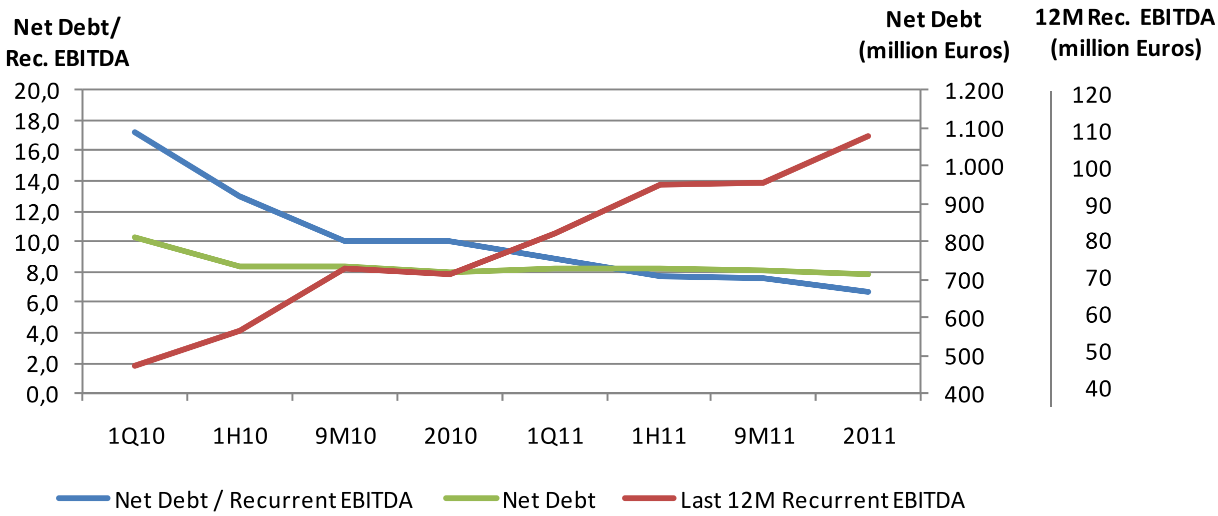


Additions to Fixed Assets in 2011 were 35 million Euros, of which 26 million Euros are mostly related to investments in maintenance, Health & Safety and Environmental improvements. Around 3 million Euros were already invested in a project in Canada to increase the capacity of recycled wood utilization in our most recent production line and 6 million Euros are related to the reconstruction of the UK plant, which were paid under the insurance program.



Working Capital was reduced by 122 million Euros since December 2008

During 4Q11, Working Capital[13] reduced by 34 million Euros, which enabled us to further reduce our Net Debt by 9 million Euros. Despite 8% higher raw material costs during FY11, compared to FY10, we were able to improve the working capital by 2 million Euros. This effect combined with a restriction of investments brought a Net Debt reduction of 3 million Euros.



The Net Debt to Recurrent EBITDA ratio for the last 12 months is 6.6x, which is down from 10.1x, one year ago. Net debt was reduced by 42 million Euros since the end of 2009 and by 3 million Euros over the last year. Recurrent EBITDA is 62 million Euros above when compared to 2009 and 36 million Euros higher than in 2010. This is the 9th consecutive quarter of a strong positive trend in the last 12 months of Recurrent EBITDA.

3.4. Review of the Individual Accounts of the Holding Company

Sonae Indústria, SGPS, SA, as the holding company of the Sonae Indústria Group, defines the strategic guidelines for the Group and actively manages shareholdings and

[13] Working Capital = Inventories + Trade Debtors – Trade Creditors

monitors the business activity of its subsidiaries. Amongst its main activities it is responsible for the functioning of global finance, allocating funds and managing the treasury requirements of its subsidiaries.

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

All Non-Executive Board Members of Sonae Indústria are part of the Board Committees (for a full description of composition and main tasks of each committee please see the Corporate Governance Report), In this context these Board Members analyze matters that are within the competence of its Committee, giving guidance to the company about them and make proposals to the Board of Directors. Beyond that participation in Board committees, Non-Executive Board Members are actively participating in meetings of the Board of Directors, where they discuss and question the materials in question. According to the professional experience Non-Executive Board Members have, they also participate, in the analysis of industrial optimisation projects, restructuring and expansion projects and the development of relevant international networking with eventual partners and authorities in present and potential geographical areas of investment.

3.6. Risk Management

3.6.1. Credit Risk Management Policy

1. Receivables (Customers)

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

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

In order to mitigate Credit Risk related with potential Customers defaulting on payment of outstanding receivables, Group companies exposed to this type of risk have:
- Established a Committee for analysis and monitor the Credit Risk;
- Implemented proactive credit management procedures and processes supported by IT systems;
- Coverage mechanisms (credit insurance, letters of credit, etc.).

To promote broader horizontal experiences' exchange, Sonae Industria created the "Customer's Credit Risk Management Forum". The objective is to share experiences, competences and information that will foster the definition of guidelines and implementation of sustainable key actions.

2. Other financial assets other than Trade debtors

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

Preferably, Group companies engage in financial operations with Investment Grade Financial Institutions. On the other hand, exposure related with this type of financial assets is generally speaking, diversified and short lived in nature.

3.6.2. Market Risks

1. Interest Rate Risk

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

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

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

2. Foreign Exchange Risk

As a geographically diversified Group with subsidiaries spread throughout three different continents, Sonae Indústria is exposed to foreign exchange risk. Consolidated Statements of Financial Position and Profit and Loss are exposed to foreign exchange translation risk and Sonae Indústria subsidiaries are exposed to foreign exchange risk of both translation and transaction type.

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

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

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

3.6.3. Liquidity Risk

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

For this purpose, Liquidity management at the Group comprises:

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

b) diversification of financing sources;

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

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

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

3.6.4. Legal Risks

Sonae Industria and its subsidiaries are required, and actively promote, respect for applicable laws in countries and regions where operate. Changes in these legal environments can result in changes or restrictions to the present conditions of exploitation, and can lead to increased costs.

Between March 2009 and September 2011 Glunz AG, GHP GmbH and other German manufacturers of wood-based panels were subject to an investigation procedure by the German Competition Authority for alleged breach of competition law. A leading German law firm was hired to assist Glunz AG and GHP GmbH.

In July 2011, Glunz AG, agreed with the German Competition Authority (Bundeskartellamt) upon the terms of an agreement (settlement) which would put an end to the ongoing investigation, pursuant to which Glunz AG agreed to pay a fine of an amount to be determined but which would not exceed 27.7 million euros. It was also agreed that the fine imposed would be paid in six annual instalments (the first two being of 2 million euros each, and the remaining of increasing amounts) followed by a seventh instalment representing the payment of interest.

In September 2011 the German Competition Authority issued a final decision imposing a fine of 27.7 million euros on Glunz, to be paid under the above-referred conditions. This decision was later on reviewed at Glunz's request and the final amount of the fine – issued in December – was reduced to around 25 million Euros, to be paid in similar conditions.

Sonae Indústria, SGPS, SA is and intends to continue being justly recognised for the way it abides by the rules and values of competition based on merit, the force of free markets and unrestricted respect for the consumer. In order to achieve that goal, measures are in place to reinforce the promotion and dissemination of the existing compliance initiatives within the Group. Such measures include training for employees in order to ensure that all parts of our organisation, across all geographies have a deeper and more complete awareness of and a more rigorous respect for their legal obligations.

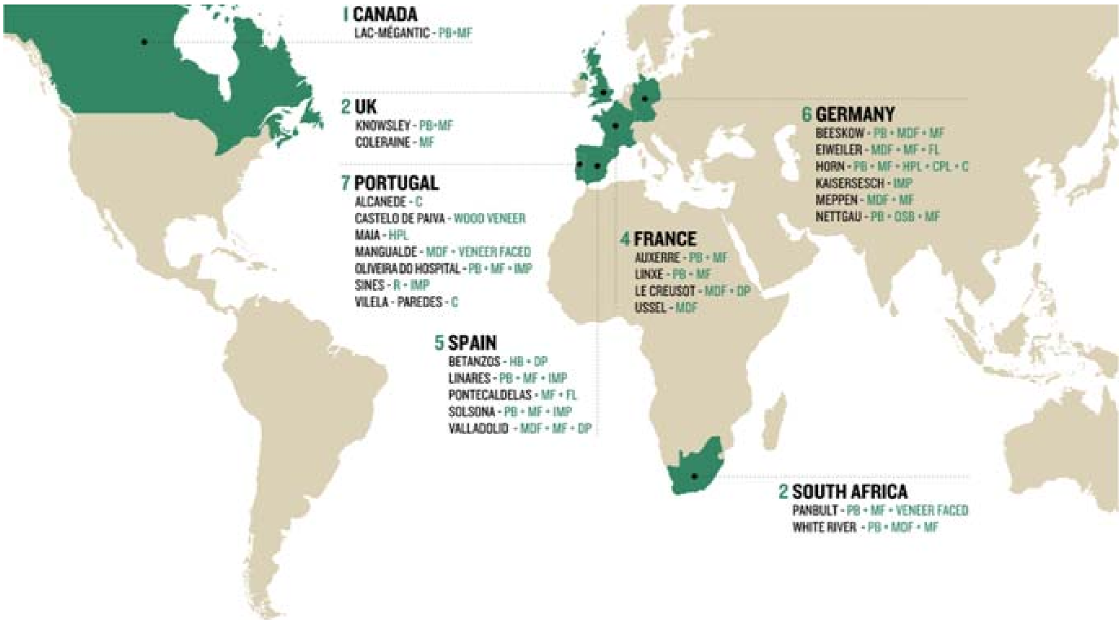
3.6.5. Operational Risks

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

3.7. Social and Environmental Report

Our Business Context

We are one of the largest wood-based panel producers in the world with 27 sites spread across 7 countries on 3 continents. In 2011, our business encompassed 4,712[14] employees worldwide and a turnover of 1,364 million Euros. Our products are sold in 92 countries and we have a production capacity of over 7 million m^3 of wood-based panels a year.



Sonae Indústria Sites (Dec. 2011)

PB	PARTICLEBOARD	C	COMPONENTS
MDF	MEDIUM DENSITY FIBREBOARD	R	RESINS
OSB	ORIENTED STRAND BOARD	HPL	HIGH PRESSURE LAMINATE
MF	MELAMINE FACED BOARD	CPL	CONTINUOUS PRESSURE LAMINATE
HB	HARDBOARD	DP	DIRECT PRINTING
FL	FLOORING	IMP	IMPREGNATION

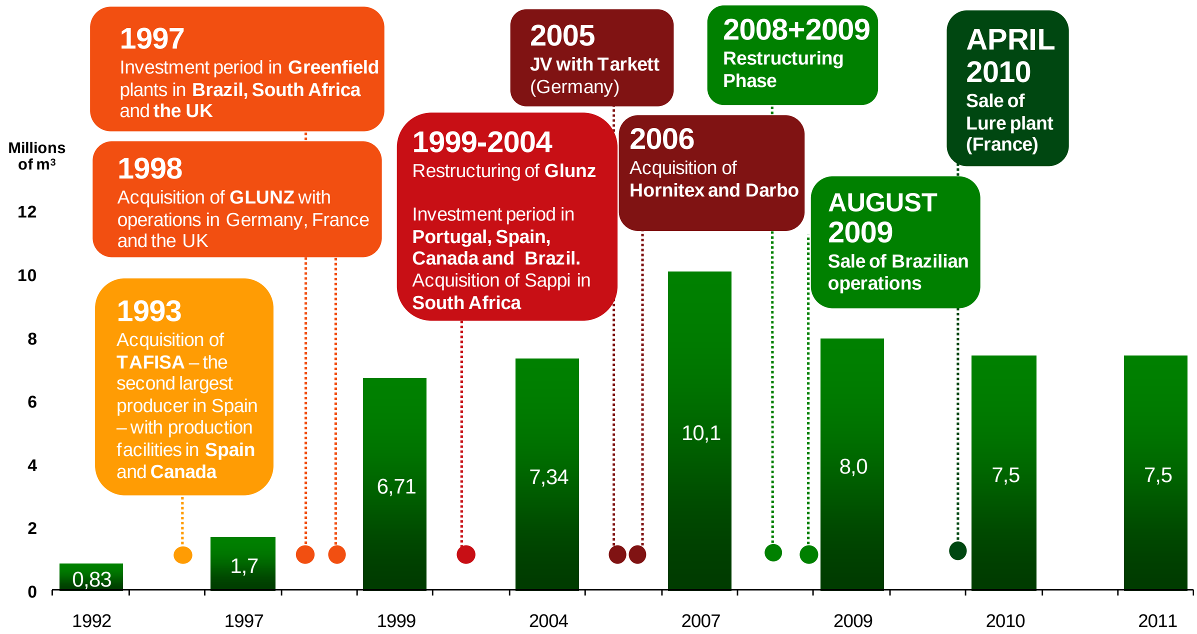
Our History

Since our foundation in 1959, we have undergone a long-term solid expansion process through a combination of organic growth and acquisitions. Throughout the 1990s, a number of acquisitions and significant investments in Greenfield projects were made in Brazil, Canada, South Africa, Spain and in the UK. In 1998, we expanded into Germany and France when we bought the German Group, Glunz. In 2006, we bought the assets of the German Group Hornitex as well as a particleboard plant in France (Darbo). By 2007, our raw board production capacity had grown to more than 10 million m^3 compared to just 2 million m^3 in 1997.

In 2008 and 2009, we were forced to step back, close assets that were unsustainable, divest if better owners existed for specific assets and move ahead in a more efficient and leaner way than before. In 2008, we stopped two lines: one particleboard line in the Valladolid plant (Spain) and one MDF line in the Meppen plant (Germany). In March 2009, we closed our particleboard plants in Coleraine (UK) and in George (South Africa). Additionally, in June we closed two plants in France, St. Dizier and Châtellerault. In 4Q09 we closed the Kaisersesch plant and in early 2010 we closed

[14] Internals FTE (Full Time Equivalents) excluding trainees

the Duisburg plant (which stopped production at the beginning of 2009). Over the course of 2009, we also decided to sell our Brazilian operations, which was in line with our strategy of strengthening our balance sheet and which was facilitated by a consolidation process previously underway in this market. In April 2010, we also sold the Lure plant to Swedspan, a subsidiary of the INGKA Group (which also owns IKEA's Group).



Capacity Evolution since 1992

The decision-making process for the several site closures bore in mind the widest perspective possible for the cost benefit analysis done on a case by case basis. This included the social and environmental impacts associated with each operation, both present and future.

This restructuring process resulted in a total reduction in our production capacity of 2,600,000 m^3 (including the 640,000 m^3 reduction that resulted from the sale of Tafisa Brasil) and the sale of the Lure plant (in 2010). At the date of this report, we had a total capacity production of almost 7,455,000 m^3.

Our Capital Structure

Sonae Indústria has a majority shareholder – EFANOR - with 51% of its capital and is listed in the NYSE Euronext Lisbon.

Sonae Indústria was a subsidiary of Sonae until 2005 when a spin-off from the Sonae took place and we focused exclusively on our core competency: the production of wood-based panels. Our business is oriented towards improving operational performance and we pride ourselves on our strong and efficient workforce. Through sound corporate governance rules, efficient risk management and genuine concerns for the environment and the safety of our people, our aim is to be recognised as a sustainable world leader in the wood-based panels industry.

Our Values and Strategy

Our values represent the foundation stone on which we build our business and they serve to guide our behaviour: Ambition, Innovation, Authenticity and Responsibility.

Over the last quarters, we have been dedicating special attention to the 4 strategic directions that we want to pursue in the long term in order to significantly improve performance, namely:

1) **Build a high quality team with talented, skilful and fully engaged people**
   People development and alignment program is underway

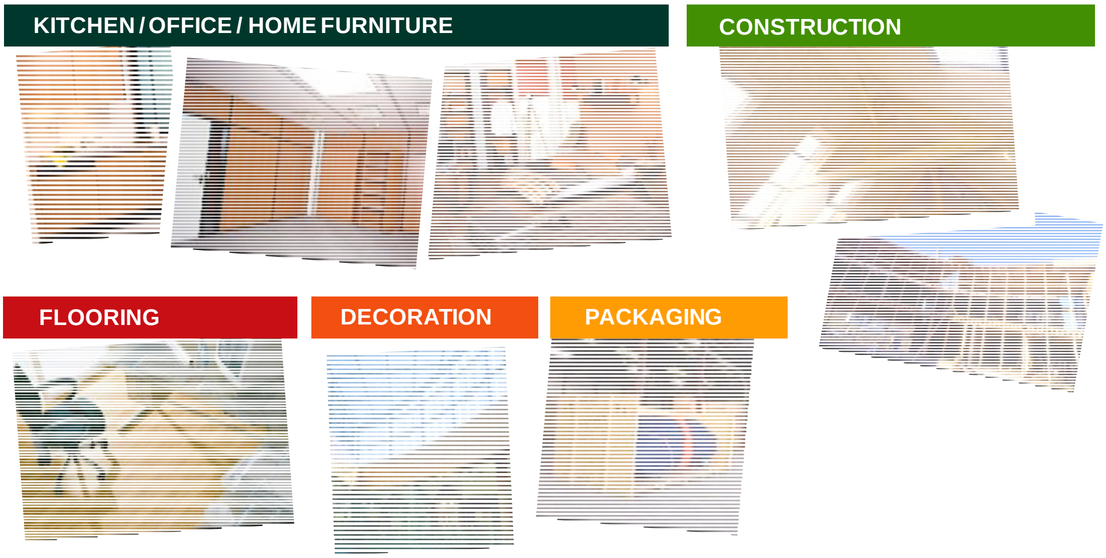
2) **Create a high performance culture fostering Operational Excellence and Innovation**
   A structured program was launched to develop the best practices and knowledge transfer, enhanced by a lean manufacturing approach

3) **Become a market focused company with a reliable integrated offer**
   The global Innovus collection was launched and is gaining increasing acceptance by our customers

4) **Develop competitive integrated sites with secure wood supply**
   Several initiatives to increase the flexibility of raw material usage (for example by investing in Canada to increase the utilization of recycled wood in our most recent production line)

Our Products and its various applications
Wood-based panels are valuable alternatives to solid wood with some clear advantages, namely in raw materials use efficiency. Another particular advantage is their dimensional flexibility which (in contrast to solid wood) allows for the production of tailor-made sizes which can be adapted to the requirements of client applications. Hence, today we see wood-based panels replacing solid wood in an increasing number of applications.

Our base products are particleboard (PB) which is very versatile and suitable for all general uses in the furniture and construction industries; medium density fibreboard (MDF), an excellent substitute for solid wood and ideal for furniture, flooring and the building industry; and oriented strands board (OSB) which is highly resistant and suitable for structural and non-structural applications in the construction industry.



More than 50% of our production is transformed into value-added products such as laminate flooring and melamine faced boards. These, are in turn used in a great variety of applications such as furniture, flooring, shelving, doors, packaging, interior decoration as well as kitchen and gardening utensils.

Carbon storage in wood-based products

In times where extreme climate events like floods and droughts signal that climate change is much more than a theoretical scientific discussion, societies in general – and businesses in particular – are increasingly looking how to fight these new climate scenarios and realities.

Wood-based products have an important role to play in this reality. Sonae Indústria believes using more wood is a strong contribution to fight climate change, as it reduces CO_2 sources, and assures CO_2 sinks and storage of carbon.

The reduction of CO_2 sources is a result of wood being a material that stores energy, and it can replace other materials in several applications that require more energy – and emissions – in their production.

Wood use can also increase CO_2 sinks and storage of carbon, as the forest itself is a unique player in carbon sequestration from the atmosphere – as the forests grow they absorb more CO_2, and forest products keep the carbon stored during their service life.

Using wood products encourages further forest growth, and an effective market for wood products provides a financial incentive to invest in active forest management.

Additionally, when wood products are reused or recycled, carbon storage is extended during another service life, avoiding CO_2 emissions to the atmosphere.

How much CO_2 can be saved using wood?

"The combined effect of carbon storage and substitution means that a cubic metre of wood stores 0.9 tonne CO_2 and substitutes 1.1 tonne – a total of 2.0 tonnes CO_2."

Dr Arno Frühwald, Hamburg University

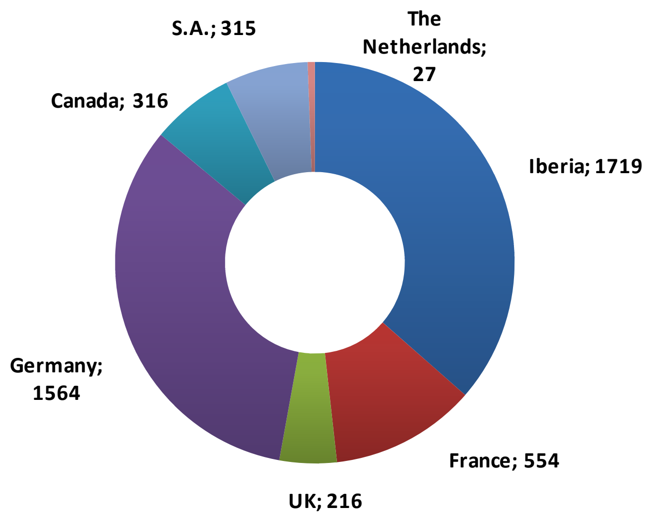
“12-30 tonnes of carbon can be stored in the fabric and content of an average timber house.”

Dr Arno Frühwald, Hamburg University

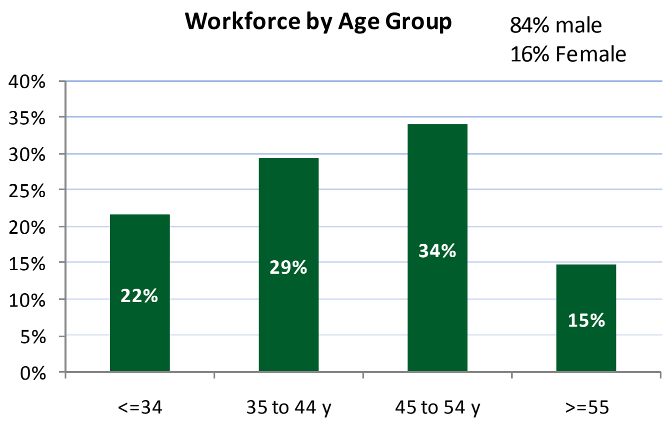
3.7.1. Social report

Our people

At Sonae Indústria, we strive to support our employees’ personal and professional development so that they fulfil their own career goals.

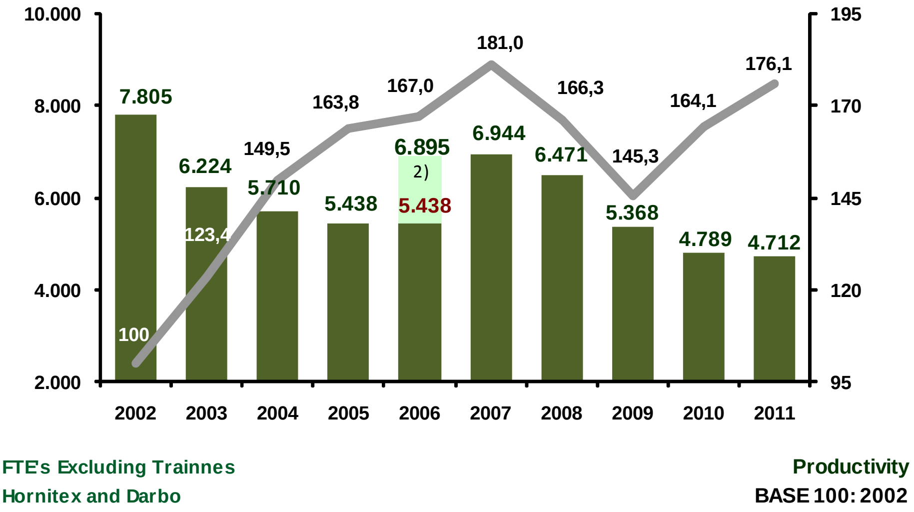


At the end of 2011, Sonae Indústria in total employed 4,712 people in 8 different countries.

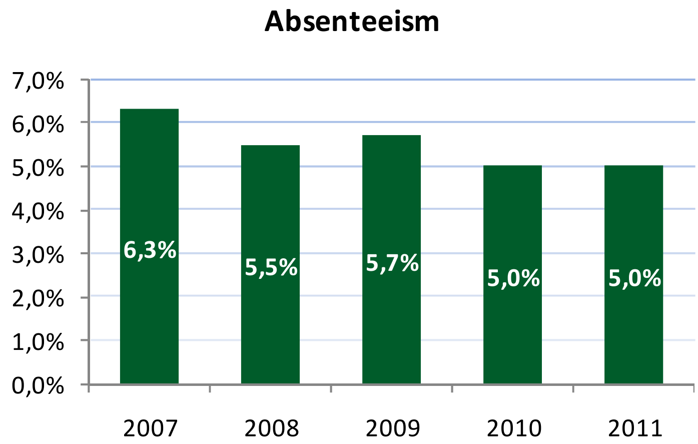


At Sonae Indústria most of our employees are between 45 and 54 years old and in total we employ around 16% woman.

Number of Employees & Productivity



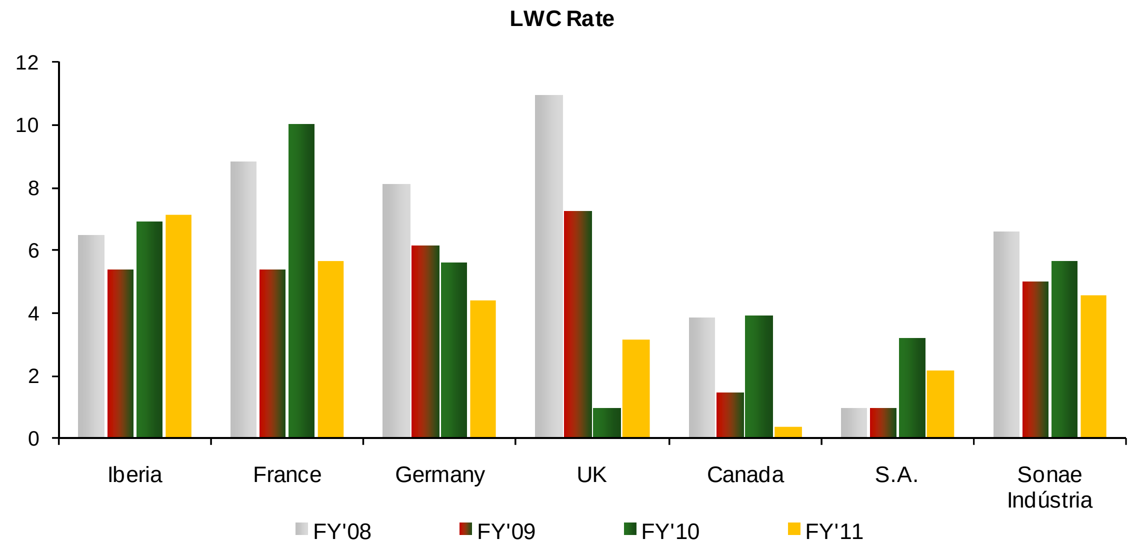
Over the last years, productivity has been strongly increasing, particularly driven by the restructuring process that we went through.



Absenteeism has been decreasing over the last years.

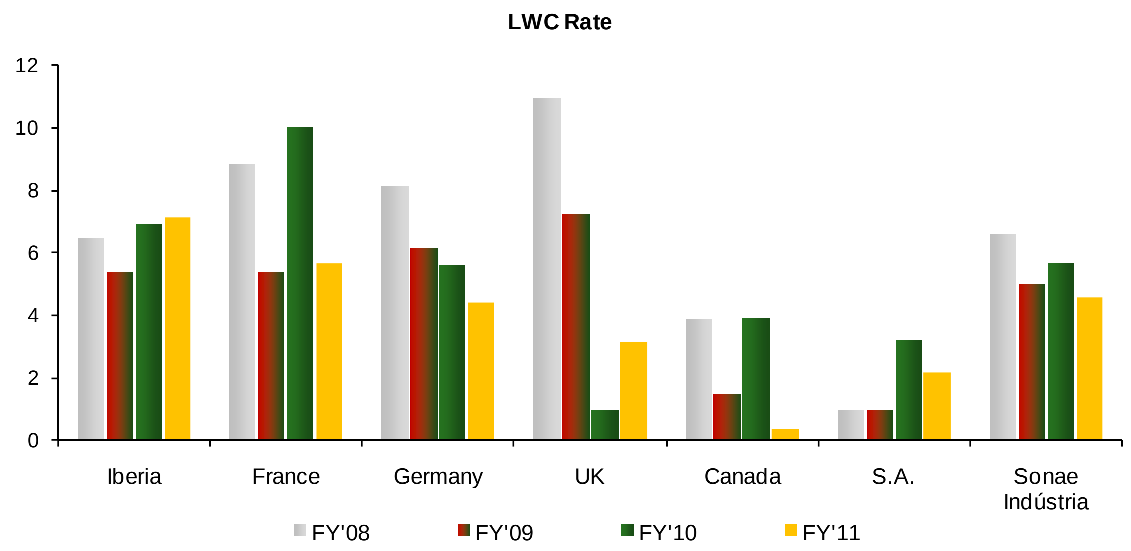
Key Health and Safety Performance Indicators

2011 was the fifth year in which systematic and consistent measurement of health and safety performance indicators were carried out throughout Sonae Indústria companies. These indicators (consolidated country-wide and globally) are shown in the Figures below.



LWC Rate per country

In 2011 there was a Lost Workday Case (LWC) rate performance improvement with decrease of 19% when compared to 2010. Since 2008 there was a decrease of 31% despite the less good performance in 2010.



Severity Rate per country

Despite the significant decrease of the number of accidents (LWC rate), the severity rate increased 24% in 2011 comparing with previous year, mainly due to back pain cases with long time out of work. A specific program to deal with back injuries cause has been launched. Globally since 2008 there is a decrease of 5% of severity rate at the group.

Remarks:

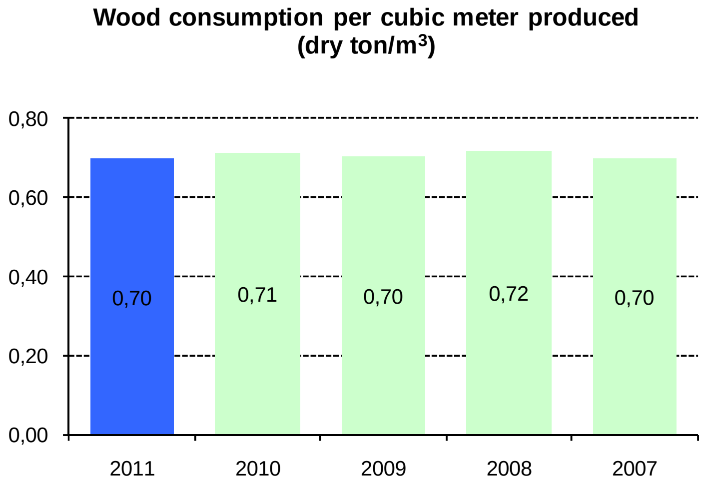
Lost Workday Cases: Any occupational injury or illness that prevents the employee from reporting to work on any subsequent scheduled shift. Fatal injuries and illnesses are LWCs regardless of the time between injury and decease in length of the illness.

LWC Rate = (Number of LWC x 200,000) / Number of hours worked calculated on a 200,000 employee-hour base (100 full-time employees working 50 weeks, 40 hours per week).

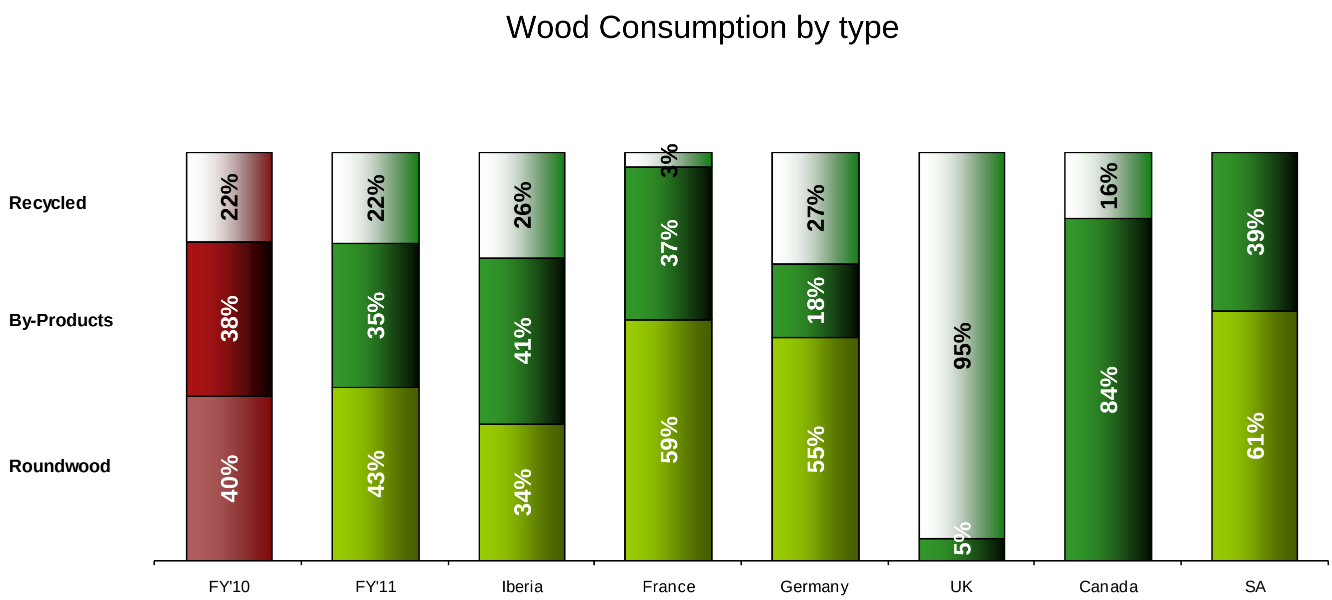
Severity Rate = Number of workdays lost due to LWC*1,000 / Number of hours worked

3.7.2. Environmental report

Wood Consumption (dry ton/ m^3 produced)



Specific wood consumption improved compared to full year 2010 figures, in a trend that was registered throughout 2011. All operations contributed to this progress, with France having the best improvements.

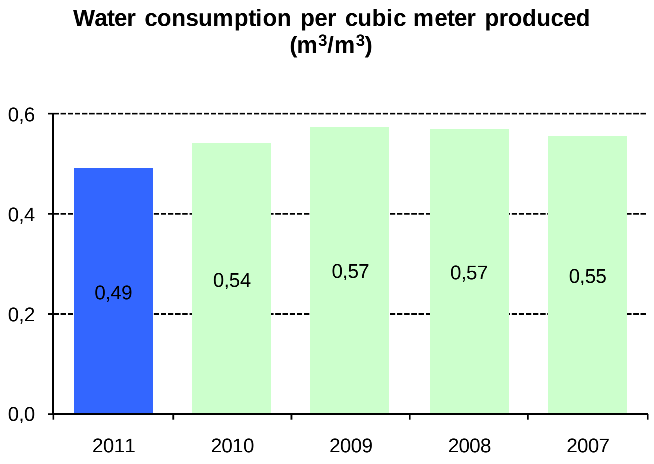


Within the overall wood supply mix for all Sonae Indústria operations the contribution of recycled wood remained stable when compared to 2010 figures.

The relative contribution of roundwood increased during 2011. The operation in Eiweiler (joint-venture with Tarket), as well as the French operations, were the main contributors to this trend.

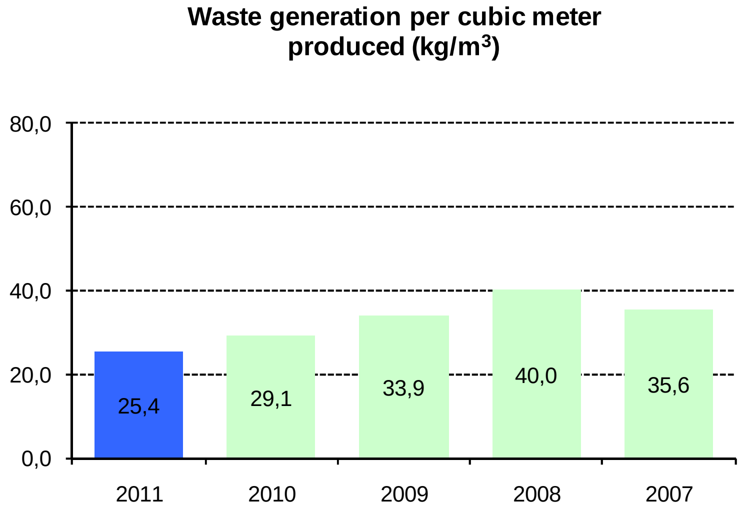
Water Consumption (m^3/m^3) - Municipal, surface and underground water

Specific water consumption improved when compared to full year 2010, achieving the best performance in the last 5 years. Most significant contributions to this trend were from France (mainly Le Creusot), and Germany (mainly Horn and Beeskow).



<u>Waste Generation (kg/m3) -</u> Hazardous and non-hazardous waste

Specific waste generation consistently improved when compared to 2010 and previous years. France (mainly Linxe & Le Creusot), and Canada were the best performers contributing to this improvement. Only the UK was an exception, with a significant increase in this indicator, affected by the interruption of the activity.



Management systems

We, at Sonae Indústria are constantly developing and improving our quality, environmental and health & safety management systems.

During 2011, new certifications for environmental management (ISO 14001) were achieved for the high-pressure laminates operation in Maia, Portugal, and particleboard production at Solsona, Spain. Additionally, and following the efforts Sonae Indústria put in further developing its chain-of-custody for forest-based raw materials, several operations achieved its PEFC (Programme for the Endorsement of Forest Certification) and FSC (Forest Stewardship Council) certifications: Auxerre, Le Creusot and Ussel, in France; Horn and Nettgau, in Germany; Cuellar, in Spain; and Alcanede, Castelo de Paiva and Vilela, in Portugal.

The Occupational Health and Safety Assessment Series (OHSAS 18001) specifications gives requirements for an occupational Health and Safety management system, that supports our commitment with internal Health and Safety standards. Striving for absolute control of Health and Safety risks and performance improvement, in line with top management commitment, three sites obtained new certifications in OHSAS 18001: Linares, Valladolid and Cuellar, in Spain.

For a complete overview of current certifications, please refer to figure below.

	Quality	Environment	Forest products chain-of-custody		Health & Safety
	ISO 9001	ISO 14001	PEFC	FSC	OHSAS 18001
Maia	✓	✓ NEW!			
Mangualde	✓	✓	✓	✓	✓
Oliveira do Hospital	✓	✓	✓	✓	✓
Sines	✓	✓			
Alcanede	✓		✓ NEW!		
Vilela	✓		✓ NEW!		
Castelo de Paiva	✓		✓ NEW!		
Betanzos	✓		✓		
Linares	✓	✓	✓	✓	✓ NEW!
Solsona	✓	✓ NEW!	✓	✓	
Valladolid	✓	✓ NEW!	✓	✓	✓ NEW!
Cuellar*	✓	✓	✓	✓ NEW!	✓ NEW!
Pontecaldelas	✓	✓	✓		✓
Auxerre	✓		✓	✓ NEW!	
Le Creusot	✓		✓	✓ NEW!	
Linxe	✓		✓		
Ussel	✓		✓	✓ NEW!	
Meppen	✓	✓	✓	✓	✓
Eiweiler	✓	✓	✓	✓	✓
Nettgau	✓	✓	✓	✓ NEW!	✓
Hörn	✓	✓	✓	✓ NEW!	✓
Beeskow	✓	✓	✓	✓	✓
Kaisersesch	✓	✓	✓		✓
Knowsley	✓	✓	✓	✓	✓
Coleraine	✓			✓	
Panbult	✓	✓			✓
White River	✓	✓			✓
Lac-Mégantic	✓	✓		✓	
	28 plants (of 28)	19 plants (of 28)	22 plants (of 28)	17 plants (of 28)	15 plants (of 28)

*sawmill

3.8. Treasury Shares

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

3.9. Proposal for Appropriation of Results

Sonae Indústria SGPS SA, as the holding company of the Group, on an individual accounts basis, generated Net Profits of 175.705,95 Euros for 2011 and on a consolidated basis generated a negative Net Result of 57,800,172 Euros.

The Board of Directors will propose at the Shareholders Annual General Meeting to transfer the Net Profits of 175.705,95 Euros to retained earnings.

3.10. Outlook

For 2012, we expect our EBITDA margins to further improve, based on higher operational efficiencies, and a stronger customer focus supported by a more integrated and reliable offer and a better balance between supply and demand in most markets, where we operate. These combined effects are expected to allow us to be able to generate higher contribution margins.

Working Capital management will remain as a top priority and we will continue to be very selective in our investments in order to achieve further deleveraging during 2012.

3.11. Dividend Policy

The Board set the goal to distribute 50% of the company's profits.
Each year, the ratio of effective payment to be proposed by the Board will take into account the degree of soundness of capital structure of society, as well as the existing investment plan.

3.12. Acknowledgements

We would like to thank all our employees for their continued dedication amidst the backdrop of a very challenging market environment. We would also like to take this opportunity to thank our shareholders, customers, suppliers and local communities for their unwavering trust.

28th February 2012

Board of Directors

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Belmiro de Azevedo

Álvaro Cuervo García

Paulo Azevedo

Albrecht Ehlers

Rui Correia

João Paulo Pinto

Christophe Chambonnet

CORPORATE GOVERNANCE REPORT

2011

–CO2 Use wood, store carbon

CORPORATE GOVERNANCE REPORT

0. Compliance with CMVM Recommendations

Sonae Indústria, SGPS, SA (Sonae Indústria) is subject to the Corporate Governance Code published by CMVM (the Portuguese Securities Market Commission) in January 2010, which is posted at www.cmvm.pt.

From all the recommendations in the Corporate Governance Code, Sonae Industria only fails to adopt 2 recommendations for the reasons explained below. Sonae Industria is aware of the importance of good corporate governance for business and for its shareholders and constantly seeks to adopt best practices in all areas in which operates. Therefore, in addition to fulfilling legal requirements and recommendations of the referred Code, Sonae Indústria has its own code of conduct, which can be found on the company website www.sonaeindustria.com.
During 2011, the Board of Directors decided to include some changes in the Code of Conduct, which aim to reinforce the principle, already included in that Code, that all directors and employees of the Group have to guide their conduct by the strict compliance of the applicable laws.

	RECOMMENDATION	Degree of Compliance	Corporate Governance Report
I.	**SHAREHOLDER'S GENERAL MEETING**		
I.1.	**BOARD OF THE SHAREHOLDER'S GENERAL MEETING**		
I.1.1.	The Chairman of the Board of the Shareholders' General Meeting shall be given adequate human and logistical resources, taking the financial position of the company into consideration.	**Comply**	**1.1.**
I.1.2.	The remuneration of the Chairman of the Board of the Shareholders' General Meeting shall be disclosed in the annual corporate governance report.	**Comply**	**1.2.**
I.2.	**PARTICIPATION AT THE MEETING**		
I.2.1.	The requirement of the Board of the Shareholders' General Meeting to receive statements for share deposit or blocking for participation before the General Meeting shall not exceed 5 working days.	**Comply**	**1.3.**
I.2.2.	Should the General Meeting be suspended, the Company shall not require share blocking during the interim period until the meeting is resumed, and shall then prepare itself in advance as required for the first session.	**Comply**	**1.3.**
I.3.	**VOTING AND EXERCISING VOTING RIGHTS**		
I.3.1	Companies should not impose any statutory restriction on postal voting and whenever adopted or admissible, on electronic voting.	**Comply**	**1.3.**
I.3.2	The statutory advance deadline for receiving voting	**Comply**	**1.3.**

	ballots by post shall not exceed 3 working days.		
I.3.3	Companies shall ensure the level of voting rights and the shareholder's participation is proportional, ideally through the statutory provision that obliges the one share-one vote principal. The companies that: i) hold shares that do not confer voting right; ii) establish non-casting of voting rights above a certain number, when issued solely by a shareholder or by shareholders related to former, do not comply with the proportionality principle.	**Comply**	**1.3.**
I.4.	**RESOLUTION-FIXING QUORUM**		
	Companies shall not set a resolution-fixing quorum that outnumbers that which is prescribed by law.	**Comply**	**1.3.**
I.5.	**MINUTES AND INFORMATION ON RESOLUTIONS PASSED**		
	Extracts from the minutes of the general meetings or documents with corresponding content must be made available to shareholders on the company's website within a five day period after the General Meeting has been held, irrespective of the fact that such information may not be classified as material information. The information disclosed shall cover the resolutions passed, the represented capital and the voting results. Said information shall be kept on file on the company's website for no less than a 3 year period.	**Comply**	**1.3.**
I.6.	**MEASURES RELATING TO CHANGES IN CONTROL**		
I.6.1	Measures aimed at preventing successful takeover bids, shall respect both the company's and the shareholders' interests. The company's articles of association that by complying with said principal, provide for the restriction of the number of votes that may be held or exercised by a sole shareholder, either individually or in concert with other shareholders, shall also foresee for a resolution by the General Assembly (5 year intervals), on whether that statutory provision is to be amended or prevails – without super quorum requirements as to the one legally in force – and that in said resolution, all votes issued be counted, without applying said restriction.	**Comply**	**1.3.**
I.6.2	In cases such as change of control or changes to the composition of the Board of Directors, defensive measures shall not be adopted that instigate an immediate and serious asset erosion in the company, and further disturb the free transmission of shares and voluntary performance assessment by the shareholders of the members of the Board of Directors.	**Comply**	**1.3.**
II.	**MANAGEMENT AND AUDIT BOARDS**		
II.1	**GENERAL POINTS**		
II.1.1	**STRUCTURE AND DUTIES**		
II.1.1.1	The Board of Directors shall assess the adopted model in its Annual Report on Corporate Governance and pin-point possible hold-ups to its functioning and shall propose measures that it deems fit for surpassing such obstacles.	**Comply**	**2.1.**
II.1.1.2	Companies shall set up internal control and risk	**Comply**	**2.2.2.**

	management systems in order to safeguard the company's worth and which will identify and manage the risk. Said systems shall include at least the following components: i) setting of the company's strategic objectives as regards risk assumption; ii) identifying the main risks associated to the company's activity and any events that might generate risks; iii) analyse and determine the extent of the impact and the likelihood that each of said potential risks will occur; iv) risk management aimed at aligning those actual incurred risks with the company's strategic options for risk assumption;. v) control mechanisms for executing measures for adopted risk management and its effectiveness; vi) adoption of internal mechanisms for information and communication on several components of the system and of risk-warning ; vii) periodic assessment of the implemented system and the adoption of the amendments that are deemed necessary		
II.1.1.3	The Board of Directors shall ensure the establishment and functioning of the internal control and risk management systems. The Supervisory Board shall be responsible for assessing the functioning of said systems and proposing the relevant adjustment to the company's needs.	**Comply**	**2.2.4.**
II.1.1.4	The companies shall: i) identify the main economic, financial and legal risk that the company is exposed to during the exercise of its activity; ii) describe the performance and efficiency of the risk management system, in its Annual Report on Corporate Governance.	**Comply**	**2.4.**
II.1.1.5	The Board of Directors and Supervisory Board shall establish internal regulations, which shall be disclosed on the Company's website.	**Comply**	**2.3.**
II.1.2.	**INCOMPATIBILITY AND INDEPENDENCE**		
II.1.2.1	The Board of Directors shall include a sufficient number of non-executive members to ensure that there is the capacity to effectively supervise, audit and assess the activity of the executive members.	**Comply**	**2.1.1. and 2.1.2.**
II.1.2.2	Non-executive members shall include an adequate number of independent members, taking into account the size of the Company and its shareholder structure, but this shall never be less than one quarter of the total number of Board members.	**Comply**	**2.8.**
II.1.2.3	The independency assessment of its non-executive members carried out by the Board of Directors shall take into account the legal and regulatory rules in force concerning the independency requirements and the incompatibility framework applicable to members of other corporate boards, which ensure orderly and sequential coherence in applying independency criteria to all the company. An independent executive member shall not be considered as such, if in another corporate board and by force of applicable rules, may not be an independent executive member.	**Comply**	**2.8.**
II.1.3.	**ELIGIBILITY AND APPOINTMENT**		
II.1.3.1	Depending on the governance model adopted, the Chairman of the Statutory Audit Board, or of the Board Audit Committee or of the Financial Matters Committee shall be independent and possess the necessary skills	**Comply**	**2.11.**

	to perform their duties.		
II.1.3.2	The selection process of candidates for non-executive members shall be conjured so as prevent interference by executive members.	**Comply**	**2.8.**
II.1.4.	**POLICY ON THE REPORTING OF IRREGULARITIES**		
II.1.4.1	The Company shall adopt a policy of reporting irregularities that allegedly occurred, which includes the following information: i) the means through which such irregularities may be reported internally, including the persons that are entitled to receive the reports; ii) how the report is to be handled, including confidential treatment, should this be requested by the reporter.	**Comply**	**2.13.**
II.1.4.2	General guidelines from this policy should be disclosed in the Corporate Governance Report	**Comply**	**2.13.**
II.1.5.	**REMUNERATION**		
II.1.5.1.	The remuneration of the Members of the Board of Directors shall be structured so that the formers' interests are capable of being aligned with the long-term interests of the company. Furthermore, the remuneration shall be based on performance assessment and shall discourage taking on extreme risk. Thus, remunerations shall be structured as follows: i) The remuneration of the Board of Directors carrying out executive duties shall include a variable element which is determined by a performance assessment carried out by the company's competent bodies according to pre-established quantifiable criteria. Said criteria shall take into consideration the company's real growth and the actual growth generated for the shareholders, its long-term sustainability and the risks taken on, as well as compliance with the rules applicable to the company's activity; ii) The variable component of the remuneration shall be reasonable overall as regard the fixed component of the remuneration and maximum limits shall be set for all components. iii) A significant part of the variable remuneration shall be deferred for a period not less than three years and its payment shall depend of the company's steady positive performance during said period; iv) Members of the Board of Directors shall not enter into contracts with the company or third parties that will have the effect of mitigating the risk inherent in the variability of the remuneration established by the company; v) The Executive Directors shall hold, up to twice the value of the total annual remuneration, the company shares that were allotted by virtue of the variable remuneration schemes, with the exception of those shares that are required to be sold for the payment of taxes on the gains of said shares; vi) When the variable remuneration includes stock options, the period for exercising same shall be deferred for a period of not less than three years; vii) The appropriate legal instruments shall be established so that in the event of a Director's dismissal without due cause, the envisaged compensation shall not be paid out if the dismissal or termination by agreement is due to the Director's inadequate performance.	**Comply**	**2.12.**
II.1.5.2	A statement on the remuneration policy of the Board of Directors and Supervisory Board referred to in	**Comply**	**2.12.**

	Article 2 of Law No. 28/2009 of 19 June, shall contain, in addition to the content therein stated, adequate information on: i) which groups of companies the remuneration policy and practices of which were taken as a baseline for setting the remuneration; ii) the payments for the dismissal or termination by agreement of the Directors' duties		
II.1.5.3	The remuneration policy statement referred to in Article 2 of Law No. 28/2009 shall also include the directors, within the meaning of Article 248-B/3 of the Securities Code, whose remunerations contain an important variable component. The statement shall be detailed and the policy presented shall particularly take the long-term performance of the company, compliance with the rules applicable to its business and restraint in taking risks into account.	**Comply**	**2.12.**
II.1.5.4	A proposal shall be submitted at the General Meeting on the approval of plans for the allotment of shares and/or options for share purchase or further yet on the variations in share prices, to members of the Board of Directors and Supervisory Board and other managers within the context of Article 248-B/3 of the Securities Code. The proposal shall mention all the necessary information for its correct assessment. The proposal shall contain the regulation plan or in its absence, the plan's conditions. The main characteristics of the retirement benefit plans established for members of the Board of Directors and Supervisory Board and other managers within the context of Article 248-B/3 of the Securities Code, shall also be approved at the General Meeting.	**Comply**	**2.12.**
II.1.5.6	At least one of the Remuneration Committee's representatives shall be present at the General Meeting for Shareholders.	**Non comply**	**Neither of the Shareholders' Remuneration Committee members was able to attend the 2011 Annual General Meeting.**

II.2. BOARD OF DIRECTORS

II.2.1	Within the limits established by law for each management and supervisory structure, and unless the Company is of a reduced size, the Board of Directors shall delegate the day-to-day running and the delegated duties shall be identified in the Corporate Governance Report.	**Comply**	**2.1.2.**
II.2.2	The Board of Directors shall ensure that the Company acts in accordance with its objectives, and should not delegate its own responsibilities, including: i) definition of the Company's strategy and general policies; ii) definition of the corporate structure of the Group; iii) decisions that are considered to be strategic due to the amounts, risks and special circumstances involved.	**Comply**	**2.1.2.**
II.2.3	Should the Chairman of the Board of Directors have an executive role, the Board of Directors shall set up efficient mechanisms to co-ordinate the work of the non-executive members, to ensure that they may take decisions in an independent and informed manner, and shall also explain these mechanisms to the shareholders in the Corporate Governance Report.	**Not Applicable**	

II.2.4	The Annual Management Report shall include a description of the activity carried out by the non-executive Board Members and shall, in particular, report any restraints that they encountered.	**Comply**	**2.8.**
II.2.5	The company shall explain its policy of portfolio rotation on the Board of Directors, including the person responsible for the financial portfolio, and report on same in the Annual Corporate Governance Report.	**Comply**	**2.6.**
II.3.	**CHIEF EXECUTIVE OFFICER (CEO), EXECUTIVE COMMITTEE AND EXECUTIVE BOARD OF DIRECTORS**		
II.3.1	When Directors, who carry out executive duties are requested by other Board Members to supply information, they shall provide answers in a timely manner with information that adequately responds to the request made.	**Comply**	**2.7.**
II.3.2	The Chairman of the Executive Committee shall send the notices convening meetings and minutes of the respective meetings to the Chairman of the Board of the Directors and, when applicable, to the Chairman of the Statutory Audit Board or the Audit Committee.	**Comply**	**2.7.**
II.3.3	The Chairman of the Executive Board of Directors shall send the notices convening meetings and minutes of the respective meetings to the Chairman of the General and Supervisory Board and to the Chairman of the Financial Matters Committee.	**Not Applicable**	
II.4.	**GENERAL AND SUPERVISORY BOARD, FINANCIAL MATTERS COMMITTEE, AUDIT COMMITTEE AND STATUTORY BOARD**		
II.4.1	Besides carrying out its supervisory duties, the General and Supervisory Board shall advise, follow-up and carry out an on-going assessment on the management of the company by the Executive Board of Directors. Besides other subject matters, the General and Supervisory Board shall decide on: i) the definition of the strategy and general policies of the company; ii) the corporate structure of the group; and iii) decisions taken that are considered to be strategic due to the amounts, risk and particular characteristics involved.	**Not Applicable**	
II.4.2	The annual reports on the activity of the General and Supervisory Board, the Financial Matters Committee, the Audit Committee and the Statutory Audit Board shall be disclosed on the Company's website together with the financial statements.	**Comply**	**2.1.3.**
II.4.3	The annual reports on the activity of the General and Supervisory Board, the Financial Matters Committee, the Audit Committee and the Statutory Audit Board shall include a description of the supervisory and verification work completed and shall, in particular, report any restraints that they encountered.	**Comply**	**2.1.3.**
II.4.4	The General and Supervisory Board, the Auditing Committee and the Statutory Audit Board (depending on the applicable model) shall represent the company for all purposes at the external auditor, and shall propose the services supplier, the respective remuneration, ensure that adequate conditions for the supply of these services are in place within the company, as well as being the liaison officer between the company and the first recipient of the reports.	**Comply**	**2.11.4.**
II.4.5	According to the applicable model, the General and Supervisory Board, Auditing Committee and Statutory	**Comply**	**2.11.4.**

	Audit Board shall assess the external auditor on an annual basis and advise the General Meeting that he/she be discharged whenever justifiable grounds are present.		
II.4.6	The internal audit services and those that ensure compliance with the rules applicable to the company (compliance services) shall functionally report to the Audit Committee, the General and Supervisory Board or in the case of companies adopting the Latin model, an independent director or Statutory Audit Board, regardless of the hierarchical relationship that these services have with the executive management of the company.	**Comply**	**2.2.4.**
II.5.	**SPECIAL COMMITTEES**		
II.5.1	Unless the Company is of a reduced size, and depending on the governance model adopted the Board of Directors and the General and Supervisory Committee, shall set up the necessary Committees in order to: i) ensure that a competent and independent assessment of the performance of the Executive Directors is carried out, as well as of its own overall performance and including the performance of all existing Committees; ii) consider the governance system adopted and assess its efficiency and propose to the respective bodies, measures to be implemented to achieve improvements. iii) in due time identify potential candidates with the high profile required for the performance of director's duties	**Comply**	**2.14. and 2.1.**
II.5.2	Members of the Remuneration Committee or alike shall be independent from the Members of the Board of Directors and include at least one member with knowledge and experience in matters of remuneration policy.	**Non Comply**	**One of the members of the Remuneration Committee is also the Chairman of the Board of Directors and is indirectly the majority shareholder of the company.**
II.5.3	Any natural or legal person which provides or has provided, over the past three years, services to any structure subject to the Board of Directors, to the Board of Directors of the company or that has to do with the current consultant to the company shall not be recruited to assist the Remuneration Committee. This recommendation also applies to any natural or legal person who has an employment contract or provides services.	**Comply**	**2.12.**
II.5.4	All Committees shall draw up minutes of the meetings they hold.	**Comply**	**2.14.**
III.	**INFORMATION AND AUDITING**		
III.1.	**GENERAL DISCLOSURE REQUIREMENTS**		
III.1.1	Companies shall ensure that permanent contact is maintained with the market, upholding the principle of equal treatment for all shareholders and avoiding any asymmetry in the access to information by investors.	**Comply**	**3.11.**

	To achieve this, the Company shall set up an Investor Relations Office.		
III.1.2	The following information disclosed on the Company's Internet website, shall be available in English: a) The Company's name, its public company status, the registered office and the remaining information set out in Article 171 of Portuguese Company Law; b) Articles of Association; c) Identification of the members of the Statutory Governing Bodies and of the Representative for Relations with the Market; d) Investor Relations Office – its functions and contact details; e) Financial Statements; f) Half-Yearly Calendar of Company Events; g) Proposals presented to Shareholders' General Meetings; h) Notices convening Shareholders' General Meetings.	**Comply**	**3.11.**
III.1.3	Companies shall advocate the rotation of auditors after two or three terms in accordance with four or three year mandates, respectively. Their continuance beyond this period must be based on a specific opinion of the Supervisory Board to formally consider the conditions of auditor independence and the benefits and costs of replacement.	**Comply**	**3.12.**
III.1.4	The external auditor must, within its powers, verify the implementation of remuneration policies and systems, the efficiency and functioning of internal control mechanisms and report any shortcomings to the company's Supervisory Board.	**Comply**	**2.2.4.**
III.1.5	The company shall not recruit the external auditor for services other than audit services, nor any entities with which same takes part or incorporates the same network. Where recruiting such services is called for, said services should not be greater than 30% of the total value of services rendered to the company. The hiring of these services must be approved by the Supervisory Board and must be expounded in the Annual Corporate Governance Report.	**Comply**	**3.12**
IV.	**CONFLICTS OF INTEREST**		
IV.1	**SHAREHOLDER RELATIONSHIP**		
IV.1.1	Where deals are concluded between the company and shareholders with qualifying holdings, or entities with which same are linked in accordance with Article 20 of the Securities Code, such deals shall be carried out in normal market conditions.	**Comply**	**3.10.**
IV.1.2	Where deals of significant importance are undertaken with holders of qualifying holdings, or entities with which same are linked in accordance with Article 20 of the Securities Code, such deals shall be subject to a preliminary opinion from the Supervisory Board. The procedures and criteria required to define the relevant level of significance of these deals and other conditions shall be established by the Supervisory Board.	**Comply**	**3.10**

1. Shareholders' General Meeting

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

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

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

The company provides human resources and logistical support to the Members of the Board of the Shareholders' General Meeting which is appropriate for their requirements through the corporate legal department. This department actively collaborates in the preparation of general meetings, ensuring the publication of the respective notices, receiving and controlling all communications from shareholders and intermediaries and works closely to ensure the logistical aspects of the meeting.

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

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

The remuneration of the Chairman of the Board of the Shareholders' General Meeting in 2011 amounted to 5,000 Euros.

1.3. Voting Rights and Shareholder´s Representations at General Meeting

Under the terms of Sonae Indústria's Articles of Association, the Shareholders' General Meeting is composed only of shareholders with voting rights who provide evidence of their ownership, according to the terms established by law.

The Article 23º-C of the Securities Code, added by Decree-Law No. 49/2010 of May 19th, establishes that, who is entitled to participate, discuss and vote in the Shareholders' General Meeting, are shareholders who at the record date, which corresponds to 0 hours of the 5th trading day prior to the date of the meeting, hold at least one vote, according to law and the statutes.
At the Annual General Meeting held in 2011, the new legal rules were already applied and it was decided on that General Meeting to change the Articles of Association to adapt to them.

In relation to share blocking in the event of suspension of the general meeting, it is to apply what is stated in the law.

Under the terms of Sonae Indústria's Articles of Association, shareholders may be represented at Shareholders' General Meetings under the terms established by the law and by the respective notice of the meeting.

To each share corresponds one vote.

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

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

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

Sonae Indústria Articles of Association stipulate that the postal voting may be exercised by electronic means if this medium is made available to shareholders and is included in the notice of the meeting. This possibility results from the amendment made in the Articles of Association during the last General Meeting, and therefore has not yet been used.

The preliminary information for the General Meeting and the proposals submitted by the Board of Directors are available at the time of disclosure of the notice of meeting.

Following the Annual General Meeting held on 31st March 2011, Sonae Indústria disclosed to the market the content of the proposals presented and deliberations taken at such Shareholders' General Meeting. Moreover, Sonae Indústria posted in its website on the same date information regarding represented capital, voting results for each proposal, as well as the content of the proposals presented at such General Meeting. This information will be maintained on the company's website for no less than a 3 year period, so that shareholders can have access to them.

At the Shareholders' General Meetings held on the 31st March 2011, none of the Shareholders' Remuneration Committee members were present due to agenda constrains.

As stated in the Company's Articles of Association, the Shareholders' General Meeting is responsible for fixing the remuneration of the members of the governing bodies or electing a committee for this purpose. The Sonae Indústria Shareholders' Annual General Meeting in 2009 elected the Shareholders' Remuneration Committee for the current mandate, and the Annual General Meeting held in March 2011 decided to increase to three the number of members of the Shareholders' Remuneration Committee, appointing Belmiro Mendes de Azevedo to fulfill the vacancy (the Shareholders' Remuneration Committee is described in section 2.12. of this report).

The Shareholders' Remuneration Committee submitted to the shareholders a proposal on the remuneration policy for members of the governing bodies and other managers as well as a regulation of the grating plan of Sonae Indústria's shares under the Medium Term Variable Bonus which was approved by the Annual General Meeting

Regarding the performance of members of the Board of Directors, in all Annual General Meetings is included, in the terms of the law, a point on the agenda regarding the general assessment of the administration and supervision of the company where, if they so wish, shareholders can discuss the performance of the members of the administration.

The remuneration policy and a shares granting plan approved at the 2011 Annual General Meeting provides that the Medium Term Variable Bonus of executive directors of the company and of executive directors of other subsidiaries or employees who are eligible, is paid by delivery of own shares at no cost to those directors and employees, setting out how such an allocation is made, keeping the company always the choice of delivering, in its place, the cash value.

Sonae Indústria, as well as companies directly or indirectly dependent, did not approve any regulation of option of own shares to Board Members or staff.

Sonae Indústria has no system of retirement benefits.

The Company has not adopted any measures that would hinder the success of a public tender offer for the purchase of the Company's shares nor the company's Articles of Association limits the number of votes that may be held or exercised by a sole shareholder.

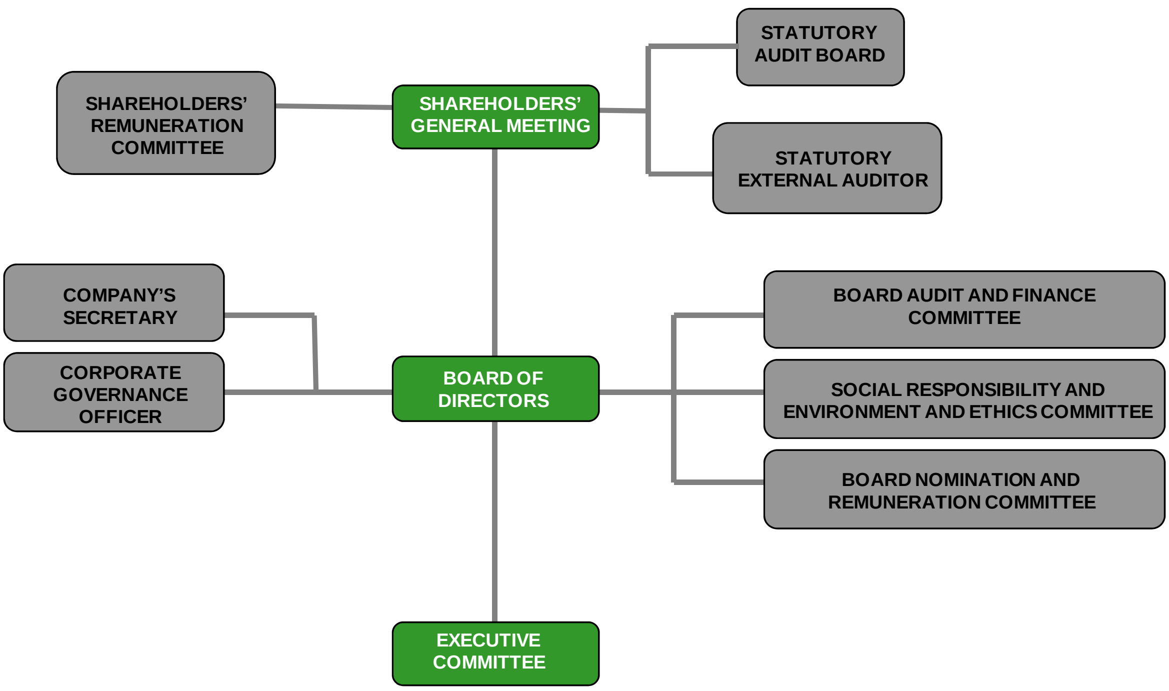
On December 31st, 2011 there were financings in the amount of about 26 million Euros, regarding which the respective creditors are able to consider the debt as matured in case of shareholder control changes.

The Company has not entered into any kind of relevant agreement that would be subject to change or termination in the event of transfer of control of the company. Furthermore, it does not envisage defensive measures that instigate immediate serious asset erosion in the company in the event of transmission of the Company´s control or change in the composition of the Board of Directors.

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

2. Corporate Governing and Auditing Bodies

SECTION I – General Issues



2.1. Corporate Governing Bodies

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

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

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

2.1.1 Board of Directors

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

Sonae Indústria's Board of Directors was on the 31st December 2011 composed of 7 members, given that the administrator Per Knuts resigned as a director in March 2011 and at the Annual General Meeting held in the same month, it was decided to reduce the number of members of the Board of Directors to eight members and that the former Chief Executive Officer Carlos Bianchi de Aguiar, resigned as director in July 2011 and was not replaced.

Moreover, in August 2011 the director Thomas Nysten died, and the Board of Directors proceeded to replace it, co-opting a new director.

From the current 7 directors, 5 of them were elected at the 2009 Shareholder's Annual General Meeting for the mandate 2009-2011; João Paulo dos Santos Pinto, was elected until the end of the current term, at the 2010 Annual General Meeting and Albrecht Olof Lothar Ehlers was co-opted by the Board of Directors on September 8, 2011, to replace the director Thomas Nysten who died in August of that year.

The Board of Directors of Sonae Indústria is composed of:
- Belmiro Mendes de Azevedo - Chairman (Non Executive)
- Álvaro Cuervo García (Non Executive and Independent)
- Duarte Paulo Teixeira de Azevedo (Non Executive)
- Albrecht Olof Lothar Ehlers (Non Executive and Independent)
- Rui Manuel Gonçalves Correia (Executive)
- João Paulo dos Santos Pinto (Executive)
- Christophe Chambonnet (Executive)

The Chairman of the Board of Directors, who is elected by the Board, has a casting vote.
As stipulated by the Company's Articles of Association, the Board of Directors meets once a quarter and additionally whenever the Chairman or two of its members call a meeting. All decisions taken are recorded in the respective minutes. According to the Articles of Association, when a Board member misses two meetings, in a row or every two, this will be considered a definitive absence, if the justification has not been accepted by the Board of Directors.

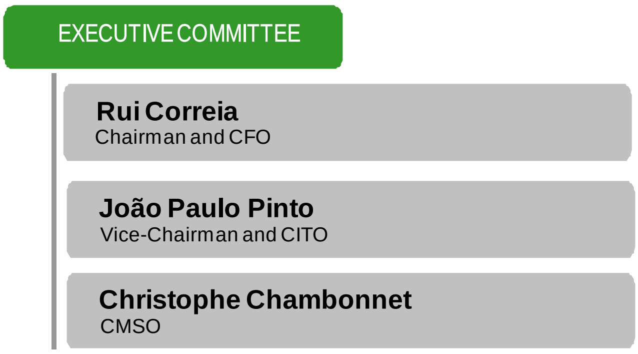
Six Board meetings were held in 2011. The Board of Directors can only deliberate if the majority of its members are present or represented, and decisions are taken by a majority of the votes of the Board members present or represented and of those who vote by post.

According to Corporate Governance best practices, the Board of Directors undertakes periodically a formal self-assessment with the help of an external consultant. The last assessment was in 2008. The assessment was designed to evaluate the way of functioning of Board and the respective Committees, to evaluate Corporate Governance at Board level and to propose measures for further improvements. The measures identified in 2008's assessment have already been implemented. Through this process each director has the opportunity to assess his / her colleagues, express his / her views on a number of items related to their performance, having each director the opportunity to comment the analysis performed by his/her colleagues. This entire process is conducted with the assistance of an external consultant.

To improve the operational efficiency of the Board of Directors and meet best practice in Corporate Governance, the Board of Directors appointed 3 Board Committees with specialized competences and a Corporate Governance Officer. The Ethics Committee which existed previously was extinguished at the end of 2011, and integrated as a sub-commission of the Social Responsibility and Environmental Committee, which is then called Social Responsibility, Environmental and Ethics Committee. These committees are described under the chapter 2.14 of this report.

2.1.2 Executive Committee

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



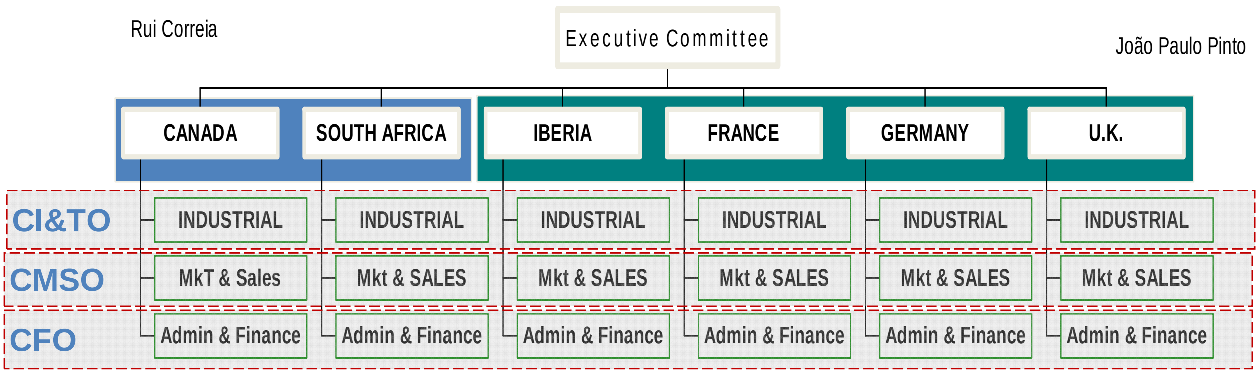
The Board of Directors has delegated powers to the Executive Committee to manage day-to-day operations of the Company except:

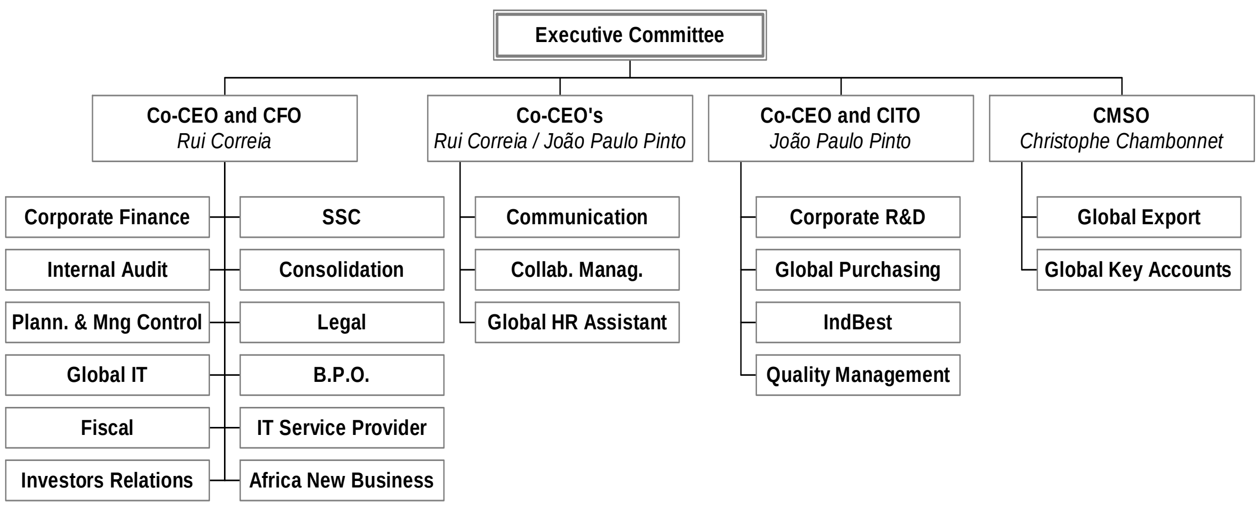
a) appointing the Chairman of the Board;
b) co-opting a substitute for a member of the Board;
c) convening Shareholders' General Meetings;
d) approving the Annual Report and Accounts;
e) granting any pledge, guarantee or charge over the Company's assets;
f) deciding to change the Company's headquarters or to approve any share capital increases;
g) deciding on mergers, de-mergers and modifications to the corporate structure of the Company;
h) approving the Company's Business Plan and Annual Budget;
i) deciding key features of personnel policies including stock incentive plans and variable remuneration plans applicable to Executives and Senior Managers (Management Levels G4 and above), in areas that do not require resolutions from the Shareholders' Remuneration Committee or deliberations at Shareholders' General Meetings, together with decisions on individual compensation for Executives of Management Levels G3 and above, which competence is delegated to the Board Nomination and Remuneration Committee and, when these Executives are Officers of the Company, also require decisions from the Shareholders' Remuneration Committee or deliberations at Shareholders' General Meetings;

j) defining or changing major accounting policies of any company included in the consolidation perimeter of Sonae Indústria Group;
k) approving quarterly and half-yearly reports and accounts;
l) selling, acquiring directly or by long-term lease or transacting in any other way, investments classified as tangible fixed assets where the individual transaction value is in excess of 5,000,000 Euros;
m) purchasing or subscribing new shares in the share capital of any subsidiary company where the accumulated amount exceeds 20,000,000 Euros in any financial year;
n) investing in any other company or in other financial assets when the accumulated value is in excess of 10,000,000 Euros in any financial year;
o) making any other financial investment which exceeds the accumulated amount of 10,000,000 Euros in any financial year, unless in the ordinary course of business, namely in short term investments of available cash
p) disposing of assets or other divestments, if such a transaction has a significant effect on the operating results of the Company (defined as equal or greater than 5%) or affects the jobs of more than 100 employees;
q) defining Sonae Indústria and Sonae Indústria Group strategy and general policies;
r) defining the corporate structure of Sonae Indústria Group.

In 2010 the Executive Committee adopted a new matrix organization model, with the creation of two new functions, CMSO - Chief Marketing and Sales Officer and CITO - Chief Industrial and Technology Officer.

Following the resignation of Chief Executive Officer in July 2011, the Board of Directors decided to implement an interim management model with two CEOs, who were jointly responsible for the leadership and management of the company, Rui Correia was appointed as Chairman and João Paulo Pinto as Vice-Chairman, being the areas that report to the Executive Committee divided as follows:





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

Decisions made by the Executive Committee are taken with the favourable votes of the Chairman and the Vice- Chairman of the Executive Committee. In the absence of quorum, the Executive Committee must submit the matter under consideration to the Board of Directors for deliberation.

2.1.3 Statutory Audit Board

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

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

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

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

2.1.4 Statutory External Auditor

The Statutory External Auditor is PriceWaterHouseCoopers & Associados, SROC, Lda. represented by Hermínio António Paulos Afonso.

2.1.5 Company Secretary

The Company secretary and his/her substitute are appointed by the Board of Directors and have a 3-year mandate aligned with the mandate of the other corporate governing bodies, having been designated in 2009 for the new mandate (2009-2011). The Company secretary shall perform those duties established by law.

The Company secretary and her substitute are:

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

2.2. Internal Control, Internal Audit and Risk Management

2.2.1 Internal Control

Sonae Indústria is based on integrity and ethical values that emanate from the top down with the example then being set by management.

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

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

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

Pertinent information is identified, captured and communicated within a form and timeframe which enables people to fulfill their responsibilities. Sonae Indústria has a **Planning and Management Control** department which supported by robust information systems, produces reports containing operational, financial and compliance-related information. The **Accounting & Consolidation** department is responsible for the preparation of the consolidated financial information based on reporting packages from the Administrative and Financial responsibles of each country. The centralised accounting back-office (**Shared Service Center**) performs the accounting of all subsidiaries, with the exception of the Canadian, thus helping to guarantee alignment of policies and procedures and strengthening controls.

Internal control systems are monitored. Ongoing monitoring activities exist, namely regular management and supervisory activities. Separate evaluations are conducted by the internal audit department, whose scope and frequency depend primarily on an assessment of the risks and effectiveness of ongoing monitoring procedures.

There are procedures for periodic reporting to management and supervisory bodies of major internal control deficiencies and breaches of procedures and policies set by Sonae Industria.

Sonae Indústria has a reasonable level of confidence in the internal control framework which is currently in place. Communication of the Vision, Values and Principles throughout the organization reinforces the importance in terms of ethical behaviour. The existence of the Code of Conduct, of the Whistleblower tool and the Éthics Subcommittee, enhance the control culture of the organisation.

2.2.2 Internal Audit

Internal Audit is an independent and objective activity, which aims helping Sonae Industria to achieve their goals by participating in the process of value creation. Uses a systematic and structured approach to evaluate and improve the effectiveness of risk management, internal control procedures and corporate governance.

Internal Audit operates in accordance with International Standards for the Professional Practice of Internal Auditing, established by the Institute of Internal Auditors, including its Code of Ethics.

In fulfilling its responsibilities, Internal Audit has access to any persons, records, information systems and assets deemed necessary.

Internal Audit reports functionally to the Board Audit and Finance Committee (BAFC) and to the Statutory Audit Board.

The planning of the activity of Internal Audit is essentially developed based on a prior assessment of the systematic business risks of Sonae Indústria. The annual plan of Internal Audit activity is approved in advance by the Executive Committee and submitted to the Board Audit and Finance Committee (BAFC) and to the Statutory Audit Board.

Descriptive reports of the activity of Internal Audit are periodically prepared and sent to the Executive Committee, the Board Audit and Finance Committee (BAFC) and to the Statutory Audit Board of Sonae Industria, which includes the summary of significant internal control deficiencies and shortcomings in procedures and policies set by Company.

The reporting system implemented ensures regular feedback, a proper review of the activities and the possibility to adjust the plan of activities to emerging needs.

Board Audit and Finance Committee (BAFC) and to the Statutory Audit Board are responsible for overseeing the effectiveness of the internal audit function. Accordingly, Internal Audit has developed a quality assurance and quality promotion, which includes ongoing analysis and regular and periodic evaluations of the quality conducted internally and externally.

2.2.3 Risk Management

Risk Management is a key concern within the Sonae Indústria culture and is present in all management processes, forming part of the delegated responsibility of managers and employees at all levels within the Sonae Indústria Group.
Risk Management comprises the process of identifying potential risks, analysing their possible impact on the organisation's strategic goals and seeking ways to minimise the probability of their materialisation, in order to determine the best procedures to manage exposure to them.

A global approach is in place to assure a suitable and balanced coverage of the operational risk through its transfer to our reinsurance panel. Sonae Indústria developed various Global programs to place the risk in the insurance local market, aiming to cover:

- Property damage (including machinery breakdown) and Business Interruption;
- Damage in the transport of material;
- Damage caused to third parties (Liability);
- Environmental damage;
- Customer payments delays and Insolvency.

Sonae Indústria adopts global policies as a support to its processes of risk management and is committed to improving its assets protection and prevention levels to reinforce the partnership with the insurance market.

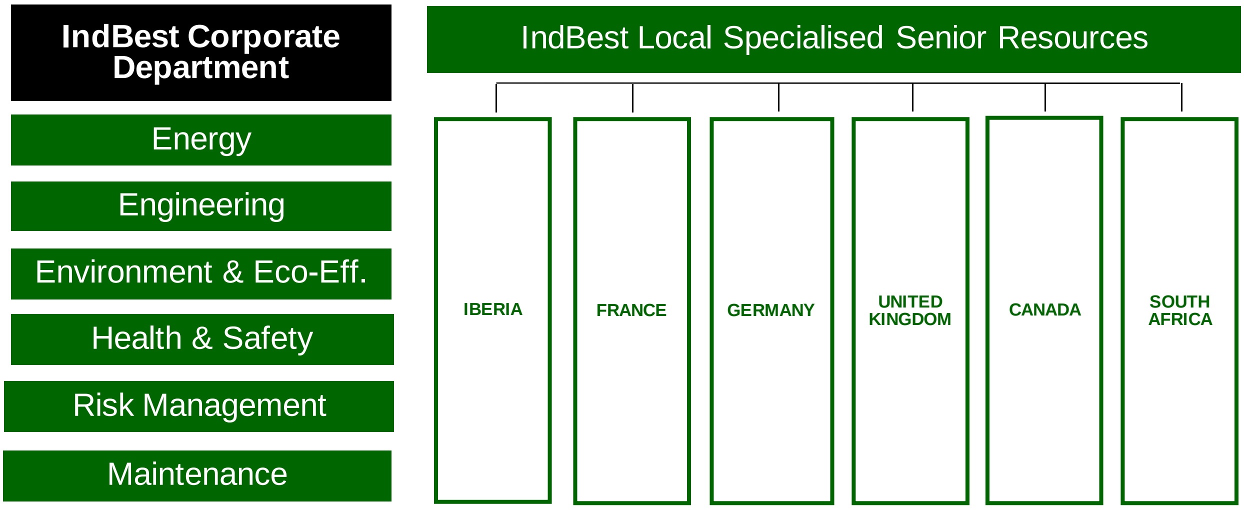
2.2.3.1 Risk Management Organisation

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

Recognising this importance and the transversal nature of the function, Risk Management is integrated in the department responsible for the consolidation of best Industrial, Environmental, Energy, Maintenance and Health & Safety practices (Corporate Department IndBest).

The Risk Management department is separated in two functions - Operational Risk Management and Insurance Management - in order to focus on developing and implementing measures to mitigate risks in industrial operations, and in developing skills to be more efficient and effective in using insurance policies underwritten by the Group. The Risk Management Department consists of a central team of 2 full time members, one of which is responsible for Operational Risk Management and the other for Insurance Management. A formally coordinated network of Country Risk Officers exists in each of the countries where Sonae Indústria operates and at each of the sites there is a dedicated Plant Risk Officer.

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



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

2.2.3.2 Process of Integrated Risk Management

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

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

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

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

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

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

In March 2011 the process was revised and re-launched with a bottom up approach.
This new exercise was planned in two major phases:

- Country Individual Risk Assessments resulting in a Country Risk Map
- Global assessment that, together with Country Risk Map, resulted in the inputs for the definition of Global Sonae Indústria Risk Map

The consolidated exercise will be the basis for the Global Sonae Indústria Risk Map to be defined by the Executive Committee.

2.2.3.3 Operational Risk Management

Given the risk associated with industrial activity at Sonae Indústria and being a world leader in the wood-based panels sector, it would be unacceptable to fail to recover from a catastrophic event on a “world class” scale. Thus, protection of core assets as well as loss prevention are constant concerns for our Group and these were defined as priorities for 2011.

In line with the Special Risks identified at the Corporate Standards of Operational Risk (CORS), a detailed action plan was launched in 2011 to mitigate the risk associated with thermal oil system.

The Risk Forum quarterly online meeting with all Risk Officers and Country Leads of Sonae Indústria was mainly dedicated to the follow up on the implementation of this new plan.

2.2.3.4 Corporate Operational Risk Standards (CORS)

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

The CORS were developed with reference to international standards such as NFPA[15] and/or FM[16] data sheets, considering the best practices of the wood industry and good fire protection engineering practices existing at Sonae Indústria.

[15] National Fire Protection Association

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

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

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

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

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

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

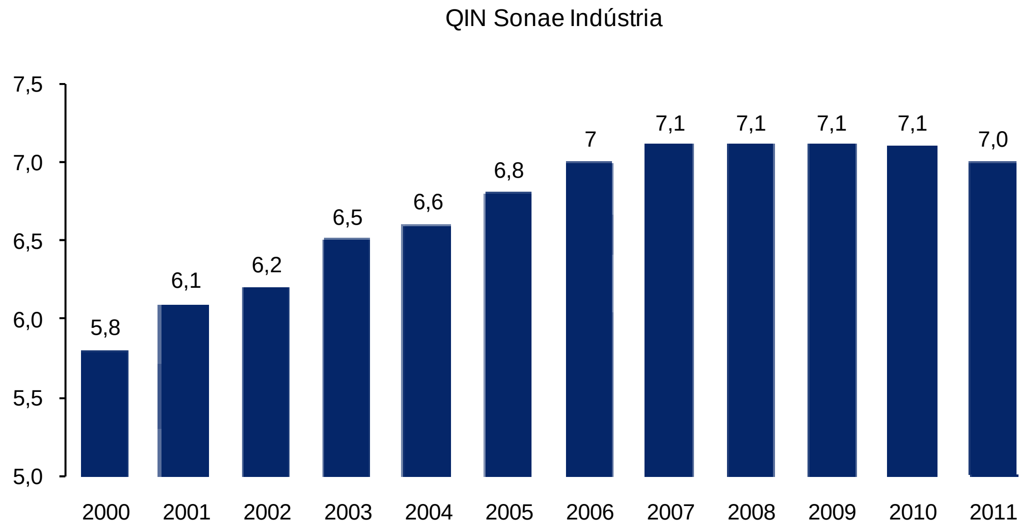
In 2011, 2 new standards were created to mitigate specific risks according to the necessary process of improving and updating. All changes were previously subject to approval by Risk Engineers of the Leading Insurance Company and External Risk Consultant.

2.2.3.5 Inspections

External Risk Inspections
Since 2009, the CORS have become the processes and procedures by which the audit risks are oriented to check the exposure of each plant. This permitted greater transparency and harmonisation in the audit process.
To achieve this harmonisation we had to work with the External Risk Consultant company and, in the 2011 scheduled surveys, revaluated the existing ratings to align the evaluation method across the Group. This had an immediate effect on the overall QIN (Quality Index Number) that reduced 0.1 by December 2011.

Apart from this, the format of the external audits remains unchanged – inspections to all sites every two years. Subsequently, a report is issued with a set of recommendations for each of the plants visited. Since 2000, the overall QIN of Sonae Indústria has improved from 5.8 in 2000 to 7.1 in 2009 (on a scale from 0 to10).
During 2011 10 external audit programs were performed and the overall QIN of Sonae Indústria resulted in 7.0 (on a scale from 0 to 10).

[16] Factory Mutual



Internal Risk Inspections

An internal visit is made to each plant every 18 months to review the status of the previous internal and external recommendations as well as compliance with Corporate Operational Risk Standards.

The reporting created in 2010 only allowed a qualitative evaluation and therefore it was not effective enough to enable comparisons between sites.
In 2011, and based on this model, a development was made to create a tool to effectively measure and rate the plants according to the risk profile.
Simulations were made in some industrial sites to validate the new format before final development of this informatics platform.

2.2.3.6 Self Inspection Form

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

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

In order to enable a quantitative evaluation of the gap between guidelines and the real situation on each plant we engaged the development of a new Self Inspection Form.
This process was developed based in the new Internal Risk template. The aim is to have the same form for the Self Inspection Form and Internal Risk Inspections clearly distributed by the same themes.
With this changes we will effectively merge two standalone activities and create a common tool that standardizes the cycle of the Risk Management activity, simplifies the work done in the plants and allows a more transparent, understandable and useful process.

2.2.3.7 2004-2013 Risk Plan

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

- Improving Sonae Indústria's Installations Risk Standard with a view to increasing employee and asset safety, and avoiding eventual periods of business interruption;

- Obtaining a payback reflected in the insurance premium (demonstration of real and tangible commitment to loss prevention);

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

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

2.2.3.8 Insurance Premium Distribution

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

2.2.4 Responsibility of the management and auditing bodies in the Internal Control and Risk Management activities

It is the responsibility of the Board of Directors to create the necessary structures and services to ensure that the internal control and risk management system works properly. For this purpose, specific departments were created, some years ago, composed by specialized teams - Internal Audit and Risk Management. The main function of the Internal Audit department is to monitor compliance with procedures and policies defined and to report to the Board of Directors on any irregularities found. The Risk Management department must analyse the potential risks of the business and implement the standards as well as the systems that can reduce those risks.

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

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

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

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

2.3. Functioning Regulations of the Governing Bodies

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

No rules have been set for any incompatibilities or cumulative number of positions, being applicable the law provisions.

SECTION II – Board of Directors

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

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

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

Interest Rate Risk depends on the proportion of floating rate debt on Sonae Indústria's consolidated Statements of Financial Position and the consequent cash flows related to interest payments. As a general rule, Sonae Indústria does not hedge its exposure to floating interest rates through financial derivatives. This approach is based on the principle of the existence of a positive correlation between the interest rate levels and the "operating cash flow before net interest charges" which creates a natural hedge on the "operating cash flow after net interest charges" for Sonae Indústria.

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

Liquidity Risk aims mainly to ensure that the company can obtain the financing required to properly carry on its business activities on time, implement its strategy and meet its payment obligations when due, while avoiding the need for having to obtain funding under unfavourable terms. For this purpose, liquidity management at Sonae Indústria mainly comprises consistent financial planning, diversification of financing sources and diversification of debt maturities issued.

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

2.5. Powers of the Board of Directors

The Board of Directors is empowered to ensure the management of the Company in accordance with the scope established in the Company's Articles of Association and under the law. Currently, the Board of Directors may deliberate on increases in the Company's share capital of up to one thousand and two hundred million Euros, on one or more occasions, in accordance with the law.

2.6. Policy of functions rotation of the Board of Directors and appointment and replacement of members of the management and auditing bodies

The policy established by Sonae Industria in relation to the rotation of functions of the Board of Directors is not to define any policy in that area considering that there is no benefit to the company and to its shareholders, in rotating portfolios of the Board of Directors when the nominated members for each portfolio are competent and successful in its function.

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

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

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

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

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

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

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

Over the course of 2011, the number of meetings and attendance recorded for the Board of Directors, Board Committees, Statutory Audit Board and Ethics Committee (this Committee was extinguished during the Board of Directors meeting held in December 2011, being after that a sub-commission of the Social Responsibility and Environment Committee which was named Social Responsibility, Environment and Ethics Committee; as this change only occurred at the end of the year, the information below refers to the previous structure) were as follows:

Meetings and Attendance	Number of Meetings	Attendance
Board of Directors	6	91%
Executive Committee	22	100%
Board Audit and Finance Committee	5	83%
Social Responsibility and Environment Committee	2	75%
Board Nomination and Remuneration Committee	4	93%
Statutory Audit Board	6	100%
Ethics Committee	1	100%

All governing bodies and Committees have minutes from their meetings.

With the objective of maintaining the Board of Directors and the Statutory Audit Board permanently informed on decisions taken by the Executive Committee, minutes arising from the Executive Committee meetings are available to all Board of Directors and Statutory Audit Board Members. At the end of each year the Executive Committee prepares the calendar of meetings for the following year, and informing about it the Board of Directors and the Statutory Audit Board.
Members of the Executive Committee provide all information required by other members of the governing bodies both on time and in sufficient detail.

2.8. Independence of the members of the Board of Directors

The Board of Directors of Sonae Indústria is composed of seven (7) members, three (3) Executive and four (4) Non-Executives.

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

All Independent Members comply with the applicable rules of incompatibility determined in paragraph 1 of art. 414-A of the Companies Law, since it is understood that in regard to Albrecht Olof Lothar Ehlers, who despite being a member of the Supervisory Board of Glunz, AG, subsidiary of Sonae Indústria, the rule set forth in paragraph c) of that provision is not violated. In fact, on the one hand, such provision was developed for Supervisory Board members having to be interpreted when applied to members of the Board of Directors and, on the other hand, the Supervisory Board of Glunz, is in its essence an auditing board and not a management one.

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

The Board of Directors evaluates the independence of the Non-Executive Board Members, applying the legal rules established for other governing bodies.

Usually, the members of the Board, executive and non-executives, are appointed by the Shareholders' General Meeting under a proposal from a shareholder. Therefore, there is no interference in this process by the Executive members. In the event of absence of any director, the Board of Directors may in the terms of the law, make a co-option. This is the sole responsibility of the Board of Directors, since this is a matter not delegated to the Executive Committee. It is the responsibility of the Board Nomination and Remuneration Committee (which does not have any Executive Board Member) to submit a proposal for this co-option.

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

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

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

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

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

Albrecht Ehlers (Independent): lawyer; law degree from the University of Münster (Germany). From 1987 to 2000 held various positions in the legal and human resources departments of Glunz AG, having been appointed in 1995 to join the Executive Board (Vorstand) of that company, with responsibilities in several areas including human resources and legal department. Between 2000 and 2004 he was senior vice president of Hochtief AG (Germany) with particular responsibility in the areas of human resources and corporate services. From 2004 until 2009 he joined the Executive Board (Vorstand) of that company. Since the year 2010 he holds functions of chancellor at the Technical University of Dortmund (Germany).

Rui Correia (Chairman of the Executive Committee and CFO): holds a degree in Economics from the University of Oporto and a post graduate degree in Business Management from the Oporto Institute of Business Studies. Having exercised functions in the Efanor/Sonae Group since 1994, he was head of the Finance Department of Sonae SGPS from 2000 and since 2001, he has also held a number of managerial and directorship roles in the Efanor/Sonae Group. He was appointed as Sonae Indústria CFO in 2005 and President of the Executive Committee in 2011.

João Paulo Pinto (Vice- Chairman of the Executive Committee and CITO): holds a degree in Mechanical Engineering from the University of Oporto and a Masters in Internal Combustion Engines (*Ècole Nationale du Petrole et dês Moteurs*), Paris, and MBA - University of Oporto. At Sonae / Efanor Group since 1995, where he held several positions in marketing and sales, and in 2009 assumed the role of COO of Sonae Industria for the Iberian Peninsula. In 2010 he joined the Board of Directors of Sonae Industria, as executive member and the role of CITO "Chief Industrial and Technology Officer". In 2011 was appointed Vice-Chairman of the Executive Committee.

Christophe Chambonnet (CM&SO): obtained a degree in engineering from ISAB (France), a MS in Applied Economics and an MBA from the University of Purdue, USA. Between 1998 and 2000 he has occupied a number of managerial and directorship roles in the Marketing area, namely in companies based in USA, Canada, France and Belgium. Between 2000 and 2005 he was a Board member of Tafisa Canada, a subsidiary of Sonae Indústria. Between April 2005 and June 2006, he was vice president of Tembec Avebene SAS, a French company. As from July 2006, he was appointed COO of Isoroy SAS. At the end of 2007 he joined the Board of Directors of Sonae Industria, in May 2010 left the post of General Director of Isoroy, assuming exclusively the duties of Executive Board Member of Sonae Indústria with the function of CM & SO - Chief Marketing and Sales Officer.

Sonae Indústria Directors have the following Sonae Indústria shares:

	Number of Shares		Number of Shares
Belmiro Mendes de Azevedo		(1) Efanor Investimentos, SGPS, SA	
Efanor Investimentos, SGPS, SA (1)	49.999.997	Sonae Indústria, SGPS, SA	44.780.000
(1 share is held by the spouse)		Pareuro, BV (2)	2.000.000
Sonae Indústria, SGPS, SA	1.010		
(held by the spouse)			
Duarte Paulo Teixeira de Azevedo		(2) Pareuro, BV	
Efanor Investimentos, SGPS, SA (1)	1	Sonae Indústria, SGPS, SA	27.118.645
Migracom, SGPS, SA (3)	1.969.996		
Sonae Indústria, SGPS, SA	223	(3) Migracom, SGPS, SA	
(held by the menor descendent)		Sonae Indústria, SGPS, SA	90.000
		Imparfin, SPS, SA (4)	150.000
Rui Manuel Gonçalves Correia			
Sonae Indústria, SGPS, SA	12.500	(4) Imparfin, SGPS, SA	
		Sonae Indústria, SGPS, SA	278.324
Joâo Paulo dos Santos Pinto			
Sonae Indústria, SGPS, SA	407		

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

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

José Álvaro Cuervo García:

- BA Vidrio, S.A.

Albrecht Ehlers:

- Executive Director of the Board (Vorstand) from Hochtief AG

Belmiro de Azevedo, Paulo Azevedo and Alvaro Cuervo were appointed with effect from 15th December 2005, registration date for the merger of the "old" Sonae Indústria – SGPS, SA, into Sonae 3P – Panels, Pulp and Paper, SA and the renaming of the latter to Sonae Indústria SGPS, SA. Rui Correia was appointed to the Board of Directors of Sonae 3P on 22nd July 2002, Christophe Chambonnet was co-opted by the Board of Directors in the meeting dated 20th December 2007 having been ratified at the Shareholders' Annual General Meeting held in 2008. João Paulo Pinto was appointed at the 2010 Annual General Meeting and Albrecht Ehlers was co-opted in September 2011.

The current mandate of the Board of Director ended in 31st December 2011, remaining in functions under the law until a new designation, which will occur at the Annual General Meeting to be held in 2012.

2.10. Other positions held by Sonae Indústria Directors as of 31st December 2011

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

<u>In companies belonging to Efanor Group</u>

<u>Board of Directors Member:</u>

Belmiro Mendes de Azevedo:

- Àguas Furtadas-Sociedade Agrícola, SA (Chairman)
- Alpêssego-Sociedade Agrícola, SA (Chairman)
- BA – Business Angels SGPS, S.A. (Sole Director)
- Casa Agrícola de Ambrães, S.A. (Chairman)
- Efanor Investimentos, SGPS, S.A. (Chairman)
- Prosa-Produtos e Serviços Agrícolas, SA (Chairman)
- SC – SGPS, S.A. (Chairman)
- Selfrio, SGPS, S.A. (Chairman)
- Sonae – SGPS, S.A. (Chairman)
- Sonae Capital, SGPS, S.A. (Chairman)
- Sonae Turismo – SGPS, S.A. (Chairman)
- Spred, SGPS, S.A. (Chairman)

José Alvaro Cuervo Garcia:

- Sonae – SGPS, S.A.

Duarte Paulo Teixeira de Azevedo:

- Efanor Investimentos, SGPS, S.A.
- MDS, SGPS, S.A. (Chairman)
- Sonae - SGPS, S.A. (Chairman of Executive Committee)
- Sonae Investimentos – SGPS, S.A. (Chairman)
- Sonae MC - Modelo Continente, SGPS, S.A. (Chairman)
- Sonae Specialized Retail, SGPS, SA (Chairman)
- Sonae Sierra, SGPS, S.A. (Chairman)
- Sonaecom, SGPS, S.A. (Chairman)
- Sonaegest – Sociedade Gestora de Fundos de Investimento, S.A. (Chairman)
- Sonaerp - Retail Properties, S.A. (Chairman)

Rui Manuel Gonçalves Correia:

- Agloma – Sociedade Industrial de Madeira Aglomerada, S.A.
- Agloma Investimentos, SGPS, S.A.
- Aserraderos de Cuellar, S.A.
- BHW Beeskow Holzwerkstoffe GmbH
- Ecociclo – Energia e Ambiente, S.A.
- Tafisa Canada Inc. (Chairman)
- GHP GmbH
- Glunz AG
- Glunz UK Holdings, Ltd.
- Imoplamac – Gestão de Imóveis, S.A.
- Isoroy SAS
- LaminatePark GmbH & Co. Kg
- Maiequipa – Gestão Florestal, S.A.
- Megantic, B.V.
- Poliface North America Inc.
- Racionalización y Manufacturas Forestales, S.A.
- SCS, BV
- Sociedade de Iniciativa e Aproveitamentos Florestais – Energia, S.A.
- Somit - Imobiliária, S.A.
- Sonae Indústria - Management Services, SA
- Sonae Indústria – Produção e Comercialização de Derivados de Madeira, S.A.
- Sonae Novobord (PTY) Ltd. (Chairman)
- Tableros de Fibras, S.A.
- Tafiber, Tableros de Fibras Ibéricos, SL
- Tafibra South Africa (PTY) Ltd. (Chairman)
- Tafisa France S.A.S
- Tafisa UK, Ltd.
- Taiber, Tableros Aglomerados Ibéricos, SL
- Tecnologias del Medio Ambiente, S.A. (Vice-Chairman)

João Paulo dos Santos Pinto:

- Agloma – Sociedade Industrial de Madeira Aglomerada, S.A.
- Agloma Investimentos, SGPS, S.A.
- Aserraderos de Cuellar, S.A.
- BHW Beeskow Holzwerkstoffe GmbH
- Darbo, SAS (Chairman)
- Ecociclo – Energia e Ambiente, S.A.

- Tafisa Canada Inc.
- GHP GmbH
- Glunz AG (Chairman)
- Glunz UK Holdings, Ltd. (Chairman)
- Imoplamac – Gestão de Imóveis, S.A.
- Isoroy SAS (Chairman)
- LaminatePark GmbH & Co. Kg
- Maiequipa – Gestão Florestal, S.A.
- Poliface North America Inc.
- Racionalización y Manufacturas Forestales, S.A.
- Serradora Boix, SL
- Sociedade de Iniciativa e Aproveitamentos Florestais – Energia, S.A.
- Somit - Imobiliária, S.A.
- Sonae Novobord (PTY) Ltd
- Sonae Indústria - Management Services, SA
- Sonae Indústria – Produção e Comercialização de Derivados de Madeira, S.A.
- Sonae Indústria UK, Ltd. (Chairman)
- Sonae Tafibra International, B.V.
- Spanboard Products, Ltd. (Chairman)
- Tableros de Fibras, S.A. (Chairman)
- Tableros Tradema, SL
- Tafiber – Tableros de Fibras Ibéricos, SL
- Tafibra South Africa (PTY) Ltd.
- Tafisa France S.A.S (Chairman)
- Tafisa Developpement SASU (Chairman)
- Tafisa Investissements SASU (Chairman)
- Tafisa Participation SASU (Chairman)
- Tafisa UK, Ltd. (Chairman)
- Taiber – Tableros Aglomerados Ibéricos, SL
- Tecmasa Reciclados de Andalucia, SL (Chairman)
- Tecnologias del Medio Ambiente, S.A.

Christophe Chambonnet:
- Tafisa Canada Inc.
- Isoroy, SAS
- LaminatePark GmbH & Co. Kg
- Plysorol, SAS (Chairman)
- Tafisa France, SAS

Auditing bodies Member:

- **Albrecht Ehlers:**Glunz AG (Supervisory Board Chairman – “Aufsichtsrat”)

In companies not belonging to Efanor Group:

Board of Directors Member:

Belmiro Mendes de Azevedo:
- Praça Foz – Sociedade Imobiliária, S.A. (Chairman)
- Setimanale – SGPS, S.A. (Chairman)

Duarte Paulo Teixeira de Azevedo:
- Imparfin, SGPS, S.A.
- Migracom – SGPS, S.A. (Chairman)

José Álvaro Cuervo Garcia:
- ACS – Actividades de Construccion Y Servicios, S.A.
- Bolsas Y Mercados Españoles (BME)

Albrecht Ehlers:
- Erich-Brost-Institut für Journalismus in Europa GmbH

<u>Auditing bodies Member</u>:

Albrecht Ehlers:
- Schindler Deutschland GmbH
- Salus BKK (Supervisory Board Chairman – “Aufsichtsrat”)

SECTION III – Statutory Audit Board

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

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

The Statutory Audit Board is composed by:

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

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

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

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

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

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

ARMANDO LUÍS VIEIRA DE MAGALHÃES (Statutory Audit Board Member):
Bachelor of Accounting (former-ICP and current ESCAP), Degree in Economics (University of Porto), Executive-MBA European Management (IESF / IFG). Mr. Magalhães performed various functions in a credit institution (1964-1989) and since 1989 has practiced as an external auditor, first on a stand-alone basis but subsequently as partner of Santos Carvalho & Associados, SROC and currently of Armando Magalhães, Carlos Silva & Associados, SROC, Lda..

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

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

2.11.3. Other positions held by Sonae Indústria Statutory Audit Board members as of 31st December 2011

In companies belonging to Efanor Group

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

Armando Luís Vieira de Magalhães
Sonaecom - SGPS, S.A. (Statutory Audit Board)
Sonae Capital, SGPS, SA (Statutory Audit Board)

Jorge Manuel Felizes Morgado
Sonae, SGPS, SA (Statutory Audit Board)

Sonae Capital, SGPS, SA (Statutory Audit Board)
Sonae Sierra, SGPS, SA (Statutory Audit Board)

Óscar Alçada da Quinta
Sonaecom - SGPS, S.A. (Statutory Audit Board)
Sonae Investimentos, SGPS, SA (Statutory Audit Board)

In other companies not belonging to Efanor Group

Manuel Heleno Sismeiro
OCP Portugal Produtos Farmacêuticos SA (Chairman of the Statutory Audit Board)
Segafredo Zanetti (Portugal) SA (Chairman of the Board of the Shareholders' General Meeting)

Armando Luís Vieira de Magalhães
Futebol Clube do Porto - Futebol S.A.D (Statutory Audit Board)
PortoComercial - Sociedade de Comercialização, Licenciamento e Sponsorização, SA (Statutory Audit Board)

Óscar Alçada da Quinta
BA GLASS I – Serviços de Gestão e Investimentos, SA. (Statutory Audit Board)
Caetano-Baviera – Comércio de Automóveis, SA (Statutory Audit Board)
Óscar Quinta, Canedo da Mota & Pires Fernandes, SROC (Board of Directors)

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

2.11.4. Election and Evaluation of the Statutory External Auditor

The Statutory Audit Board proposed the election of the Statutory External Auditor at the Shareholders' General Meeting held in 2009, who is also the external auditor of the company. The proposed remuneration policy approved at the 2011 Shareholders' General Meeting states that the Statutory External Auditor of the company should be paid according to the normal levels of fees for similar services by reference to market information, as negotiated annually under the supervision of the Statutory Audit Board and of the Board Audit and Finance Committee.

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

SECTION IV – Remuneration

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

Sonae Indústria's Shareholders' Remuneration Committee is appointed by the Shareholders' General Meeting for a three-year term and was elected at the Shareholders' General Meeting held in April 2009 for the mandate 2009-2011. At the Annual General Meeting held in 2011 the number of members of the Shareholders'

Remuneration Committee was extended to 3. Currently this committee is composed by Belmiro Mendes de Azevedo, Efanor Investimentos - SGPS, SA, represented by José Manuel Neves Adelino and Imparfin - SGPS, SA, represented by José Fernando Oliveira de Almeida Côrte-Real.
The participation of Belmiro de Azevedo at the Shareholders' Remuneration Committee, who is also Chairman of the Board of Directors of the company, corresponds to the representation of shareholder interests in the Shareholders' Remuneration Committee, as he intervenes in that capacity. Belmiro de Azevedo does not participate in the discussion nor is in the moment of this meeting in which his own payment is discussed and therefore ensuring the necessary impartiality and transparency.
The representative of the Imparfin José Corte Real, works for the Efanor Group on Human Resources' area; his extensive knowledge and vast experience in Human Resources, namely in regard to remuneration policy contribute very positively to the work of the Shareholders' Remuneration Committee.

No company was hired to assist the Shareholders' Remuneration Committee nor the Board Nomination and Remuneration Committee. For the benchmark salary level of Board of Directors members, these Committees use multi-company studies prepared by international consultants present in Portugal which are available in the market.

At the Shareholders' Annual General Meeting held in 2011, a remuneration policy and a shares granting plan proposed by the Shareholders' Remuneration Committee was approved.

The remuneration and compensation policy of the Statutory Governing Bodies of Sonae Industria and other "Senior Management", complies with European guidelines, national legislation and the recommendations of the Portuguese Securities Market Commission (CMVM) and is based upon the understanding that initiative, competence and commitment are the essential foundations for delivering good performance and that pay should be aligned with the medium and long term interests of the company with a view to its sustainability.

In determining the remuneration policy comparisons are made with, on one hand, market studies prepared in Portugal and in other European markets, including those prepared by the specialised consultants Mercer and Hay Group and, on the other hand, remuneration practice at the companies that compose the PSI-20 of the Portuguese Stock Index.

The remuneration packages awarded to executive directors are established by reference to market research on "Top Executives" in Portugal and Europe, taking as reference the median position in the market for fixed remuneration and the third quartile for the total remuneration in comparable circumstances.

The fixed remuneration and target variable remuneration are decided by the Shareholders' Remuneration Committee based on proposals submitted by the Board Nomination and Remuneration Committee.

Fixed remuneration is aligned with the market benchmarks which are based on the equivalent practice at comparable companies.

The variable component of remuneration, awarded to executive directors, is subject to maximum percentage limits and is determined by performance criteria pre-established and measurable performance indicators - agreed with each executive director for each financial year.

The variable component of remuneration is measured by assessing the performance of a set of performance indicators, both business being mainly of an economic and financial nature "Key Performance Indicators of Business Activity” (Business KPIs) and individual, which may be either quantified and unquantified performance indicators "Personal Key Performance Indicators” (KPIs Individuals). The detail of the performance indicators and their specific weight in determining the actual remuneration awarded ensure the alignment of executive directors with the strategic objectives defined and compliance with the laws applicable to the company’s activities.

For the calculation of the variable component of remuneration, an assessment of the individual performance is made by the Shareholders’ Remuneration Committee, in coordination with the Board Nomination and Remuneration Committee. This assessment takes place upon the disclosure of the results of the company.

Thus, for each fiscal year, the business, performance and individual contributions to the collective success are assessed, which shall influence the award of fixed and variable component of the remuneration plan of each executive director.

In each year, the payment of up to fifty per cent, inclusive, of the value of the variable remuneration awarded to an executive director, as a result of the evaluation of the individual and the company’s performance, is deferred for a period of three years. This variable deferred remuneration is composed by shares, being applicable the Plan of Granting Shares under the terms of the respective regulation. The company reserves the right to deliver, instead of shares, the corresponding value in cash.

The Remuneration Policy of the company maintains the principle of not granting compensation to directors, or members of other Statutory Governing Bodies, related with the termination of the mandate, whether such termination occurs at the end of respective term, or there is an early termination by whatsoever reason or basis, without prejudice of the company’s obligation to comply with the applicable law.

The remuneration and compensation policy does not include any benefits, namely retirement benefits, to the members of management or supervisory boards and other “Senior Management”.

To ensure the effectiveness and transparency of the objectives of the remuneration and compensation policy, the executive directors:
- have not, and will not, enter into agreements with the company or third parties that will have the effect of mitigating the risk inherent in the variability of the remuneration established by the company;
- must not sell, during their mandate, company’s shares that they may have accessed through the award of the variable remuneration, up to two times the value of the total annual remuneration, except of those shares that are required to be sold for the payment of taxes on the gains of said shares.

In what respects to the Board of Directors of Sonae Indúsria, the approved policy states that:

Executive Board Members (ED)
The remuneration Policy of the Executive Board Members includes:

(i) a fixed component, which includes an Annual Salary paid in reference to one year period (salaries are paid 12 months) and an annual responsibility allowance,
(ii) a Short Term Variable Bonus which is paid during the first quarter of the following year, and

(iii) a Medium Term Variable Bonus attributable in April of the following year, as a deferred remuneration under the Plan of Granting Shares and respective regulation, which vests on the third anniversary of the attribution date.

(i) Individual compensation packages shall be defined in function of the level of responsibility of each ED and shall be reviewed annually. To each ED is attributed a classification named internally as Functional Group ("Grupo Funcional"). ED's are classified under the Functional Groups of "Senior Executive" (G2) and "Executive" (G3). Such classification are structured according to Hay's international model for the classification of corporate functions, thereby facilitating market comparisons, as well as helping to promote internal equity.

(ii) Short Term Variable Bonus shall be aimed at rewarding the achievement of certain predefined annual objectives, which are linked to both "Key Performance Indicators of Business Activity" (Business KPIs) and "Personal Key Performance Indicators" (Personal KPI's). The target bonus to be attributed shall be based on a percentage of the fixed component of the compensation package, which shall range between 40% and 60%, depending on the ED's classification. Business KPIs, which include economic and financial indicators, shall represent 70% of the Bonus and are objective indicators. The remaining 30% shall derive from Personal KPIs, with include both quantified and unquantified performance indicators. Actual amounts paid shall be based on the real performance (business and individual performances) and can represent anything from 0% to 140% of the target amount attributed;

(iii) The Medium Term Variable Bonus shall be aimed at enhancing the loyalty of EDs, aligning their interests with shareholders, and increasing their awareness of the importance of their performance on the overall success of the organisation. The amounts of the Medium Term Variable Bonus are established annually and can represent up to 100% of ED's Short Term Variable Bonus. This amount in euro currency shall be divided by the average of the closing quoted share prices of the last thirty trading sessions prior to the Shareholders' General Meeting or alternatively the previous to the 30th of April, if the Shareholders' General Meeting takes place after this date, to determine the number of shares each ED is entitled to. The amount converted into shares shall be adjusted by any share capital change occurred or dividends distributed (Total Shareholder Return) during the deferral period of 3 years. On the vesting date, the shares shall be delivered free of cost, although the company retains an option to pay an equivalent value in cash.

Medium Term Variable Bonus (MTVB)

1. MTVB Characteristics

The MTVB is one of the components of Sonae Indústria remuneration policy. This component differs from others, as it has a restricted and discretionary character, being subject to the eligibility rules set out in the respective regulation.

The MTVB allows the beneficiaries to share with shareholders the value that is created as a result of their direct influence on the strategic direction and operating performance of the underlying businesses, measured according to the annual evaluation of their performance.

2. MTVB Placement

The MTVB is a way of aligning the interests of the executive directors with the objectives of the organization, reinforcing their commitment and strengthening the perception of the importance of their performance to the success of Sonae Indústria, reflected in the stock exchange capitalisation of the shares.

The value of the MTVB for each beneficiary corresponds to the entire medium term variable remuneration awarded to the executive directors under the Remuneration and Compensation Policy approved by the Shareholders' General Meeting.

3. Eligibility
Executive directors are eligible to participate in the Sonae Indústria MTVB.
According to the remuneration policy approved by the Board of Directors, other employees may also be eligible for the award of the MTVB, in the terms set forth in the above referred policy.

Eligible Members	Target value for the Medium Term Variable Bonus (% of the Short Term Variable Bonus awarded)
Sonae Indústria Executive Directors	up to 100%
Business Executive Directors	up to 50%
Employees	terms to be defined by the Board of Directors

4. Plan Duration
The MTVB is awarded annually for three years periods. From the beginning of the third consecutive plan there will be, at every moment, three overlapping three-year plans.

5. MTVB Reference Value
The medium term variable remuneration is valued at the date of its award at the closing share price at the stock exchange in Portugal. For this effect it will be used the average of the closing share price of the thirty trading sessions prior to the Shareholders' General Meeting or alternatively prior to 30th of April, if the Shareholders' General Meeting should be held after that date.
It is granted to the beneficiaries the right to acquire a number of shares determined by the ratio between the value of the short term variable bonus awarded and the share price at the awarding date determined under the terms of the preceding paragraph. This right may be exercised three years after its award.
The executive directors covered by this plan, acquire the shares without paying any price. The remaining employees to whom such right has been granted, acquire the shares pursuant to the conditions set forth by the Board of Directors.
In case, after being awarded the previously mentioned right but before its exercise, there is a distribution of dividends, a change in the nominal value of the shares, a change in the share capital of the company or any other change in the capital structure of the company with economic impact on the rights awarded, the number of shares, whose right of acquisition has been awarded, will be adjusted to an equivalent number taking into account the effect of those changes.

6. Delivery by the Company
At the exercise of the right to purchase shares awarded under the MTVB, the company reserves the right to deliver, instead of shares, the cash equivalent value of such shares on the date of the relevant exercise.

7. MTVB Term
The right to purchase the shares awarded under the MTVB becomes due three years upon their award.

8. Exercise Right Conditions
The right to purchase the shares at the end of the Plan is lost if, before the end of the three years period following its award, there is a termination of the relationship between

the beneficiary and the company, or any company that forms part of the Efanor Group, subject to the terms of the paragraphs below.
In the case of permanent disability or death of the beneficiary, his open MTVB will be valued at market value at that date, and the resulting amount will be paid to the beneficiary or to his heirs.
If a beneficiary retires, his rights under the MTVB will remain in force until settlement at the exercise date.

Non-Executive Board Members
The remuneration of the Non-Executive Members (NEDs) shall be based on market comparables and be structured as follows: (1) a Fixed Remuneration (of which approximately 15% depends on the attendance to the meetings of the Board of Directors or any Board Committees) is payable; (2) an annual responsibility allowance. No other variable remuneration or other compensation is payable to NEDs. The Fixed Remuneration is increased by up to 5% for NEDs serving as chairmanship of any Board Committee.

	Total Fixed Annual Remuneration		Total Short Term Variable Bonus		Total Medium Term Variable Bonus		Total	
	2010	2011	2010 (a)	2011 (b)	2010 (c)	2011 (d)	2010	2011
Belmiro de Azevedo (Chairman)	182.800	181.300					182.800	181.300
Paulo Azevedo	28.100	27.540					28.100	27.540
Álvaro Cuervo	28.900	28.667					28.900	28.667
Per Knuts (e)	34.660	5.858					34.660	5.858
Thomas Nysten (f)	38.900	21.867					38.900	21.867
Albrecht Ehlers (g)		23.256						23.256
Carlos Bianchi Aguiar (h) (Ex CEO)	242.000	138.667	120.260				362.260	138.667
Rui Correia (Joint CEO)	215.000	232.100	109.532	86.250	53.350	86.250	377.882	404.600
Christophe Chambonnet	212.200	212.200	166.000	147.000	50.000	52.500	428.200	411.700
João Paulo Pinto (i) (Joint CEO)	142.500	212.100	72.700	75.000	72.700	75.000	287.900	362.100
Total of Board of Directors	**1.125.060**	**1.083.555**	**468.492**	**308.250**	**176.050**	**213.750**	**1.769.602**	**1.605.555**

(a) relative to 2010, value approved and paid in 2011
(b) relative to 2011, based on target values, but this award is subject to real KPI achievement and to subsequent approval by the Shareholder's Remuneration Committee
(c) relative to 2010, approved in 2011, deferred and linked to share price performance during a 3 year vesting period until 2014
(d) relative to 2011, based on target values, but this award is subject to real KPI achievement and to subsequent approval by the Shareholder's Remuneration Committee. The amount initially awarded is deferred and linked to share price performance during a 3 year vesting period until 2015
(e) relative to 2 months in 2011
(f) relative to 7 months in 2011
(g) relative to 4 months at Sonae Indústria and 12 months at Glunz in 2011
(h) relative to approximately 7 months in 2011
(i) relative to 8 months in 2010

The evaluation of the Executive Board Members is jointly carried out by the Shareholders' Remuneration Committee in connection with the Board Remuneration and Nomination Committee (BNRC), as described in 2.14.3..

The pre-determined criteria for evaluation the Board Members are: objective criteria related to the success degree of implementation of initiatives and actions agreed to implement in that year, and subjective criteria are related to the contribution in terms of experience and knowledge to the discussions at the Board, the quality of preparation of meetings and the contribution to discussions at the Board and Board Committees as well as the commitment to the success of the company, among others.

No payments were made for the dismissal or removal from directors.

The company does not have plans for the allotment of options for share purchases.

Statutory Audit Board
Regarding the Statutory Audit Board, the remuneration policy adopted provides that the remuneration consists of a fixed fee, determined taking into account the situation of the company as well as market practices and includes an annual liability allowance. The annual remuneration of the Chairman of the Statutory Audit Board in 2011 was 10,100 Euros and that of the remaining 2 members, 8,100 Euros each.

"Senior Management"
The remuneration policy approved by the Shareholders' General Meeting provides that the remuneration policy applicable to persons who are considered "*dirigentes*" within the meaning of paragraph 3 of Article 248-B of the Securities Code, is equivalent to that adopted for the remuneration of other directors of the same function level and responsibilities without attributing any additional benefit compared to what is attributed for its functional group.

2.13. Policy of Communication Irregularities

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

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

Any possible case of irregularity should be sent via e-mail or post to one of the following addresses:
E-mail: corporate.governance.officer@sonaeindustria.com
Post: Sonae Industria SGPS, S.A.
Corporate Governance Officer
Lugar do Espido, Via Norte
Apartado 1096
4470-177 Maia Codex
Portugal

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

Each irregularity report will be received by the Corporate Governance Officer, who is responsible for initiating and supervising the investigation into all reports. Once the research is concluded and if the irregularity reported corresponds to wrongful conduct, the Ethics Subcommittee of the Social Responsibility, Environment and Ethics Committee, shall notify the situation to the superior of the employee or the Service Provider's Company in order to apply corrective actions and / or initiate disciplinary proceedings.

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

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

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

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

The **Code of Conduct** of Sonae Indústria contains a set of standards based on our shared values that govern the activities of Sonae Indústria. It applies to everyone employed by the Group, including members of the statutory bodies of Group companies, managing directors, senior executives, employees and people whose status is equivalent to that of employees, such as temporary staff and service providers. The Code sets out guidance on those matters of business ethics to be complied with by all Employees and service providers when carrying out their professional duties. During 2011, the Board of Directors decided including some changes in the Code of Conduct, which aim to reinforce the principle, already included in that Code, which means that all directors and employees of the Group have to guide their conduct by the strict compliance of the applicable laws.

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

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

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

Relations with Employees and service providers

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

Relations with Shareholders and Other investors

- Creation of value
- Transparency
- Compliance

Relations with Governments and Communities

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

Relations with Business Partners

- Customer Focus
- Integrity
- Ethical behaviour
- Transparency

Relations with Competitors

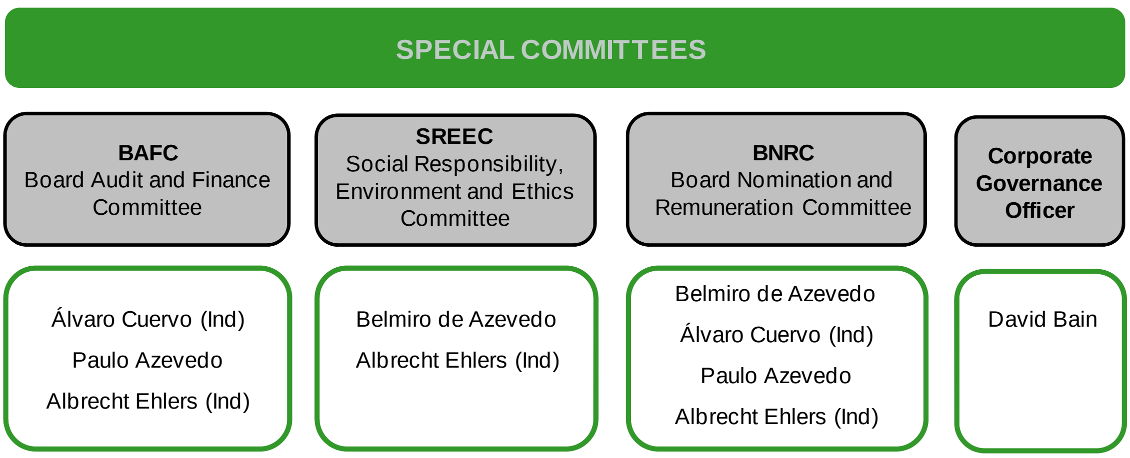
- Enforcement of competition laws
- Ethical behaviour

The complete code of conduct can be found at the company site www.sonaeindustria.com.

SECÇÃO V – Special Committees

2.14. Committees with special competences

To improve the operational efficiency of the Board of Directors and meet best practice in Corporate Governance, the Board of Directors appointed 3 Board Committees with special competencies, and a Corporate Governance Officer. The Social Responsibility, Environment and Ethics Committee includes a sub-commission of Ethics.



2.14.1. Board Audit and Finance Committee ("BAFC")

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

- Álvaro Cuervo (Chairman; Independent)
- Paulo Azevedo
- Albrecht Ehlers (Independent)

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

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

Over the course of 2011, the BAFC held 5 meetings with the respective minutes having been drafted.

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

2.14.2. Social Responsibility, Environment and Ethics Committee ("SREEC")

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

- Belmiro de Azevedo (Chairman)
- Albrecht Ehlers (Independent)

This Committee is responsible for:

- review and advise the Board of Directors on information and reports to be included in the half-year and annual reports of the company
- monitorir the conduct of business in society, the impacts in terms of sustainability in its economic, environmental and social as well as corporate governance and ethical standards. It shall safeguard and monitor the implementation of the Code of Conduct, and proceed on its update whenever necessary

This Committee has an Ethics sub-committee composed by an independent non-executive member of the Board of Directors, by the Corporate Governance Officer and by the Internal Auditor, which have the function to advise the SREEC. The Ethics sub-committee prepares at least one annual report to the Board of Directors, and when appropriate also the auditing bodies of the related country, issues related with the corporate governance or business ethics.

The current members of the Ethics sub-committee are:
Albrecht Ehlers (Chairman)
David Bain (Corporate Governance Officer)
Rogério Ribeiro (Internal Auditor)

SREEC met twice during 2011 and recorder in the minutes their deliberations. The Ethics Committee met once.

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

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

- Belmiro de Azevedo (Chairman)
- Álvaro Cuervo (Independent)
- Paulo Azevedo
- Albrecht Ehlers (Independent)

Committee meetings are normally held at least twice a year. The BNRC's main functions are to review and submit proposals and recommendations on behalf of the Board of Directors to the Shareholders' Remuneration Committee in relation to the remuneration and other compensations of Board members. Additionally, it analyses and approves proposals and recommendations on behalf of the Board of Directors in relation to the remuneration and other compensations for other senior executives of the Sonae Indústria Group, depending on the activity performed by them. BNRC is also responsible for finding potential candidates with a profile to be a Board Member both for the company itself and for its affiliated companies.

The BNRC liaises with the Sonae Indústria Shareholders' Remuneration Committee since this is the only means through which to guarantee that the Shareholders' Remuneration Committee has the necessary knowledge on the performance of every director throughout the year. This is particularly important in the case of the Executive Directors, given that the Shareholders' Remuneration Committee does not closely shadow the performance of every Director and therefore does not have the necessary knowledge that enables them to perform their functions in the best way. The BNRC may also be assisted by external entities provided absolute confidentiality is ensured in relation to the information obtained arising from that cooperation.

Over the course of 2011, the BNRC met on four occasions with the respective minutes having been drafted.

2.14.4. Corporate Governance Officer

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

Principal duties of the BCGO encompass:

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

- supporting the Board of Directors in ensuring that the concept of stakeholders and the need to protect minority interests are in the Board of Director's mind when important business decisions are being taken
- Review annually the advantages and possible disadvantages of adopting the governance model adopted by the company.

The BCGO also acts as the secretary of the BAFC and BNRC and member of the Ethics Sub-committee.

3. Information

3.1. Capital Structure

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

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

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

3.3. Identification of the shareholders that detain special rights

There are no shareholders with special rights.

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

There are no restrictions to the transfer of company shares.

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

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

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

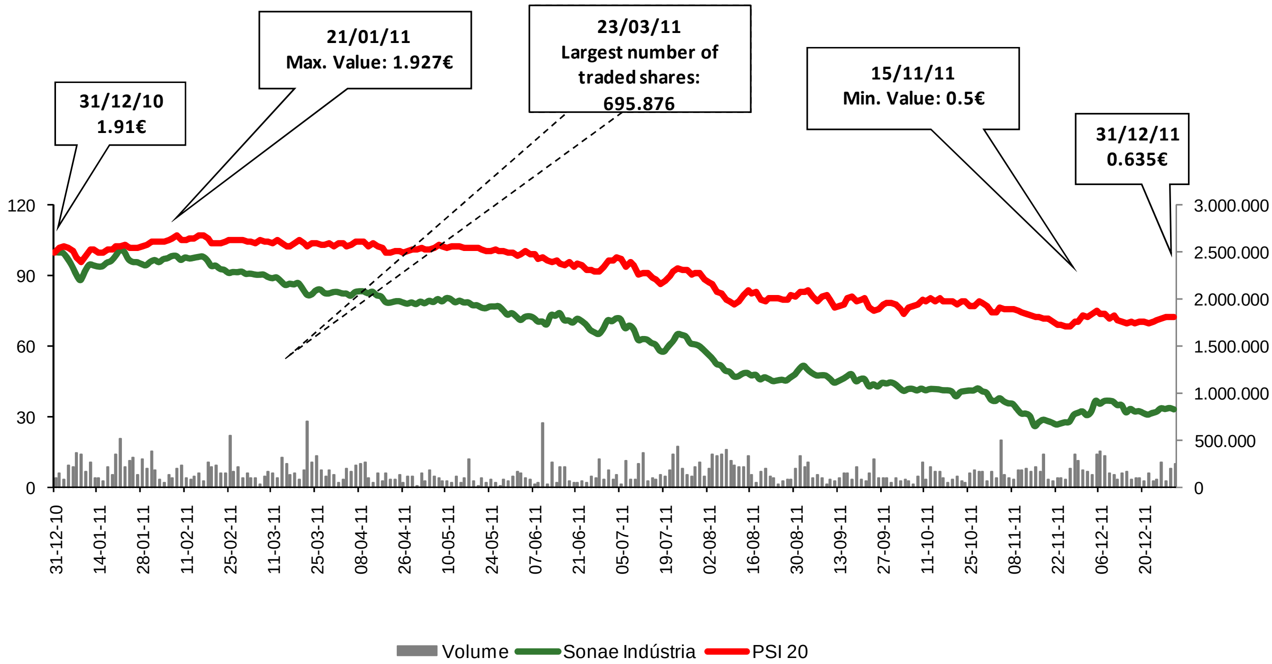
The rules applicable to amendments of the Articles of Association are established by law. It is the task of the Shareholders' General Meeting to decide on the amendment of the Articles of Association. However, the Board of Directors can decide to change the registered office within the national territory,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

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

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

3.8. Share Price performance in 2011

The share price performance of Sonae Indústria is particularly affected by crises and the recovery in economic activity, as the company operates in a highly cyclical sector, dependent on the construction and furniture industries. Additionally, the company share price was also affected by the crisis of the sovereign debt, which resulted in a higher risk aversion to invest in Portugal, and the consequent escape of investors, particularly foreign investors went away from the Portuguese capital market which resulted in a lower liquidity.



2008 was marked by a global drop in equity markets resulting from the deepening crisis of confidence prevailing within capital markets due to problems related to subprime mortgages. During that year Sonae Indústria's share price declined from 6.65€ at the end of 2007 to 1.53€ at the end of 2008. In 2009, there was a slight recovery in stock markets, including the Sonae Indústria shares which recovered 69% from 1.53€ to 2.58€. During 2010, Sonae Industria shares devalued 26%, from 2.58€ at the end of 2009 to 1.91€ in the end of 2010.

During 2011, share price declined 67%, from 1.91€ at the end of 2010 to 0.635€ at the end of 2011. The maximum of the year was reached on 21 January 2011 (1.927€) and the minimum on December 15, 2011 (0.5€).

Stock Market Indicators	2008	2009	2010	2011
Share Capital	700.000.000	700.000.000	700.000.000	700.000
Total number of shares	140.000.000	140.000.000	140.000.000	140.000.000
Net Results	-108.447.796	-58.782.190	-74.434.786	-57.800.173
Nets Results per share	-0,77	-0,42	-0,53	-0,41
Dividends per share*	0	0	0	0
Maximum Value	6,65	2,82	2,75	1,93
Minimum Value	1,51	1,20	1,68	0,50
Average Value	3,32	2,16	2,23	1,23
Share Price (31/12)	1,53	2,58	1,91	0,64
Market Capitalization (31/12)	213.500.000	360.500.000	267.400.000	88.900.000
Average daily transactions**	908.119	513.226	317.104	161.940

*** distributed in the following year**

**** Average number of shares traded per day**

In terms of liquidity, the share had an average turnover of 161,940 shares daily and the highest value of 695,876 shares was reached on 23rd March 2011.

MAIN EVENTS IN 2011
➢ **24/02/2011**: FY10 consolidated results announced
➢ **04/04/2011**: Information on new commercial paper program
➢ **11/05/2011**: 1Q11 consolidated results announced
➢ **31/05/2011**: Signature of an agreement related with the construction of a forest biomass power plant
➢ **13/06/2011**: Information on a fire occurred at the Knowsley plant in the UK
➢ **14/07/2011**: Information on a loan obtained by the subsidiary Tafisa Canada Inc.
➢ **22/07/2011**: Information on a settlement of the subsidiary Glunz AG with the German Competition Authority
➢ **28/07/2011**: Resignation of the Chairman of the Executive Committee and the consequent reorganization of the Executive Committee
➢ **28/07/2011**: 1H11 consolidated results announced
➢ **07/11/2011:** 9M11 consolidated results announced

3.9. Dividend policy

The Board set the goal to distribute 50% of the company's profits. Each year, the ratio of actual payment to be proposed by the Board of Directors will take into account the degree of soundness of capital structure of society, as well as the existing investment plan.

3.10. Transactions with Related Parties

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

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

Any transaction with shareholders or entities with whom they are in any relationship, under Article 20 of the Securities Code (reference shareholders), greater than 10 million Euros, should be subject to prior opinion of the Statutory Audit Board. The request for an opinion must be accompanied by all the elements required to allow a comparative analysis with the market and how potential conflicts of interest will be managed.

Transactions that have been contracted with reference shareholders shall be a result of a competitive process and when lower than 10 million Euros will be exempt from the prior opinion of the Statutory Audit Board but will need to be reported to the Statutory Audit Board under the procedures mentioned below.

The Sonae Indústria CFO is responsible for reporting to the Statutory Audit Board:

1) on a quarterly basis, all transactions with reference shareholders that exceed Euro 1 million and any other transactions that are deemed to be particularly "sensitive" by management
2) on a yearly basis transactions with reference shareholders with accumulated annual values that exceed 5 million Euros.

3.11. Investor Relations

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

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

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

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

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

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

3.12. Remuneration of the Statutory External Auditors

In 2011, the statutory external auditor PriceWaterhouseCoopers invoiced Sonae Indústria and its affiliated companies a total amount of 443 807 Euros, being 93.64% related to the legal certification of the accounts, 6.05% related to other reliability services and 0.31% related to tax advisory services.

The tax advisory services referred to above, in the amount of 1 361 Euros, where requested by Tafibra Suisse and respect to checking of tax returns and consulting on a capital reduction process. Besides its diminished value, the Statutory Audit Board approved these services.

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

Appendices to the Management Report

Qualified Shareholdings

APPENDIX REGARDING ARTICLE 447 OF THE COMPANY LAW

	Date	Acquisitions amount	Acquisitions € average value	Sales amount	Sales € average value	Balance at 31.12.2011 amount
Belmiro Mendes de Azevedo						
Efanor Investimentos, SGPS, SA **(1)**						49,999,997
(1 share is held by the spouse)						
Sonae Indústria, SGPS, SA						1,010
(held by the spouse)						
Duarte Paulo Teixeira de Azevedo						
Efanor Investimentos, SGPS, SA **(1)**						1
Migracom, SGPS, SA **(2)**						1,969,996
Sonae Indústria, SGPS, SA						223
(held by the menor descendent)						
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

	Date	Acquisitions amount	Acquisitions € average value	Sales amount	Sales € average value	Balance at 31.12.2011 amount
(1) Efanor Investimentos, SGPS, SA						
Sonae Indústria, SGPS, SA						44,780,000
Pareuro, BV **(3)**						2,000,000
(2) Migracom, SGPS, SA						
Sonae Indústria, SGPS, SA						90,000
Imparfim, SGPS, SA **(4)**						150,000
(3) Pareuro, BV						
Sonae Indústria, SGPS, SA						27,118,645
(4) Imparfim, SGPS, SA						
Sonae Indústria, SGPS, SA						278,324

APPENDIX REGARDING ARTICLE 448 OF THE COMPANY LAW

	Number of shares at 31.12.2011
Efanor Investimentos, SGPS, SA	
Sonae Indústria,SGPS, SA	44,780,000
Pareuro, BV	2,000,000
Pareuro, BV	
Sonae Indústria, SGPS, SA	27,118,645

QUALIFIED SHAREHOLDINGS

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

Shareholder	No. of shares	% Share Capital	% Voting rights
Efanor Investimentos, SGPS, SA			
Directly	44,780,000	31.9857%	31.9857%
By Pareuro, BV (controlled by Efanor)	27,118,645	19.3705%	19.3705%
By Maria Margarida CarvalhaisTeixeira de Azevedo (Director of Efanor)	1,010	0.0007%	0.0007%
By Nuno Miguel Teixeira de Azevedo (Director of Efanor and held by descendent)	711	0.0005%	0.0005%
By Duarte Paulo Teixeira de Azevedo (Director of Efanor and held by descendent)	223	0.0002%	0.0002%
By Migracom, SGPS,SA (Company controlled by Efanor´s Director, Paulo Azevedo)	90,000	0.0643%	0.0643%
By Linhacom, SGPS,SA (Company controlled by Efanor´s Director, Cláudia Azevedo)	23,186	0.0166%	0.0166%
Total allocation	72,013,775	51.4384%	51.4384%

Statement issued under the terms and for the purpose of sub-paragraph c) of no. 1 of Article 245 of the Portuguese Securities Code

(Free translation from the original in Portuguese)

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

a) Management Report, the annual accounts and further related documents requested by current law have been prepared according to the applicable accountancy norms, reflecting a true and appropriate image of assets and liabilities, the financial situation and results of both the company and other companies within its consolidation perimeter; and

b) Management Report dully states the evolution of the business, performance and financial position of both the company and other companies within its consolidation perimeter business and contains a description of the main risks and uncertainties they are confronted with.

Belmiro Mendes de Azevedo

Álvaro Cuervo Garcia

Duarte Paulo Teixeira de Azevedo

Albrecht Olof Luther Ehlers

Rui Manuel Gonçalves Correia

João Paulo dos Santos Pinto

Christophe Chambonnet

Separate Financial Statements

Sonae Indústria-SGPS,SA

INDIVIDUAL STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2011 AND 2010

(Values in EUR)

ASSETS	Notes	31.12.11	31.12.10
NON CURRENT ASSETS:			
Tangible assets	3	3.738	5.268
Intangible assets	4	44	228
Investment properties		0	-
Goodwill arising on consolidation		0	-
Investment in jointly controlled companies		0	-
Investment in associates	18,6	921.463.036	926.283.898
Available-for-sale investments	5,6	117.922	117.922
Deferred tax assets	7	9.120.837	10.607.168
Other non current assets	5,8	574.993.958	583.020.801
Total Non Current Assets		1.505.699.535	1.520.035.284
CURRENT ASSETS			
Inventories		0	-
Trade debtors	5,9	248.036	324.034
Other debtors	5,9	3.453.506	2.044.068
Taxes and other contributions receivable	9	531.308	887.897
Other current assets	5,10	75.324	124.562
Cash and cash equivalents	5,11	5.887.410	5.620.080
Total Current Assets		10.195.585	9.000.643
Non current assets held for sale		0	-
Total Assets		1.515.895.120	1.529.035.927

SHAREHOLDER'S FUNDS AND LIABILITIES	Notes	31.12.11	31.12.10
SHAREHOLDER'S FUNDS:			
Share Capital		700.000.000	700.000.000
Legal reserve		3.131.757	3.131.757
Other reserves and retained earnings		264.698.654	264.522.948
Accumulated other comprehensive income		(0)	(0)
Total Shareholder's Funds		967.830.411	967.654.705
NON CURRENT LIABILITIES			
Bank loans - long term - net of current portion	5,13	89.143.872	86.818.182
Debentures - long term - net of current portion	5,13	287.993.050	301.063.535
Finance lease creditors - long term - net of current portion		-	-
Derivatives		-	-
Other loans		-	-
Responsabilities for post-retirement benefits	14	-	269.678
Obligations arising from share based payments		-	-
Other non current creditors		-	-
Deferred tax liabilities		-	-
Provisions		-	-
Total Non Current Liabilities		377.136.922	388.151.395
CURRENT LIABILITIES			
Current portion of long term bank loans	5,13	69.469.697	89.261.364
Bank loans - short term		-	-
Current portion of long term debentures	5,13	15.000.000	-
Current portion of long term finance lease creditors		-	-
Finance lease creditors		-	-
Other loans		258.174	-
Trade Creditors	5,15	81.155.379	1.006.270
Other creditors	5,16	914.492	79.297.062
Taxes and other contributions payable	16	4.130.045	674.000
Other current liabilities	5,17	-	2.991.132
Obligations arising from share based payments		-	-
Responsabilities for post-retirement benefits		-	-
Provisions		-	-
Total Current Liabilities		170.927.788	173.229.828
Liabilities related to non current assets held for sale		-	-
Total Shareholder's Funds and Liabilities		1.515.895.120	1.529.035.927

The notes are an integral part of the individual financial statements

Sonae Indústria-SGPS,SA

INDIVIDUAL INCOME STATEMENTS

FOR THE PERIODS ENDED AT 31 DECEMBER 2011 AND 2010

(Values in EUR)

	Notes	31.12.11	31.12.10
Operating Income:			
Sales		-	-
Services rendered	22	438.023	2.804.016
Change in fair value of investment properties		-	-
Other Operating Income	23	345.857	201.683
Total operating income		783.880	3.005.699
Operating Costs:			
Cost of sales		-	-
Changes in stock and work in progress		-	-
External supplies and services		(1.328.578)	(2.836.661)
Staff costs		(931.708)	(2.822.637)
Amortisation and Depreciation	3 , 4	(1.714)	(3.097)
Provisions and impairment losses	18	-	-
Other operating costs	23	(227.110)	(327.392)
Total operating costs		(2.489.110)	(5.989.786)
Operating profit/(loss)		(1.705.230)	(2.984.087)
Financial profi/(loss)	24	1.120.880	2.039.193
Profit/(loss) on associates		-	-
Profit/(loss) on other investments	25	869.278	1.031.539
Profit/(Loss) before tax		284.928	86.645
Corporate income tax - current tax	26	1.377.109	1.083.379
Corporate income tax - deferred tax	26	(1.486.331)	(2.713.457)
Net Profit/(loss) on continuing operations		175.706	(1.543.432)
Profit/(loss) on discontinued operations			
Profit/(loss) for the period		175.706	(1.543.432)

Profit (loss) per Share		
Excluding Descontinued operations		
Basic	0,00	-0,01
Diluted	0,00	-0,01

The notes are an integral part of the individual financial statements

Sonae Indústria-SGPS,SA

INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIODS ENDED AT 31 DECEMBER 2011 AND 2010

(Values in EUR)

	NOTES	31.12.11	31.12.10
Profit/(loss) for the period		175 706	- 1 543 432
Other comprehensive income for the period			
Change in fair value of available-for-sale financial assets			
Change in fair value of cash flow hedge derivatives		-	1 413 512
Gains on property revaluation			
Actuarial gains / (losses) on benefit pension plans			
Share of other comprehensive income of associates			
Income tax relating to components of other comprehensive income			
Other comprehensive income for the period, net of tax		-	1 413 512
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		175 706	- 129 920

The notes are an integral part of the individual financial statements

Sonae Indústria-SGPS,SA

INDIVIDUAL STATEMENTS OF CHANGES IN SHAREHOLDERS` FUNDS AT 31 DECEMBER 2011 AND 2010

(Values in EUR)

	NOTES	Share capital	Legal reserve	Other Reserves and Retained earnings	Accumulated other comprehensive income							**Total shareholder's funds**
					Available-for-sale financial assets	Cash flow hedge derivatives	Property revaluation	Actuarial gains / (losses) on benefit pension plans	Share of other comprehensive income of associates	Income tax related to other comprehensive income	**Subtotal**	
Balance as at 1 January 2011		700 000 000	3 131 757	264 522 948								967 654 705
Appropriation of previous year's net profit / (loss)												
Total comprehensive income												
Net profit / Loss for the period	27			175 706								175 706
Other comprehensive income												
Total				175 706								175 706
Others												
Balance as at 31 December 2011	12	700 000 000	3 131 757	264 698 654								967 830 411
Balance as at 1 January 2010		700 000 000	2 737 181	266 460 956		-1 413 512					-1 413 512	967 784 625
Appropriation of previous year's net profit / (loss)			394 576	- 394 576								
Total comprehensive income												
Net profit / Loss for the period	27			- 1 543 432								- 1 543 432
Other comprehensive income						1 413 512					1 413 512	1 413 512
Total				- 1 543 432								- 129 920
Others												
Balance as at 31 December 2010	12	700 000 000	3 131 757	264 522 948							-1 413 512	967 654 705

The notes are an integral part of the individual financial statements

SONAE INDÚSTRIA,SGPS,S.A.

INDIVIDUAL STATEMENTS OF CASH FLOWS

FOR THE PERIODS ENDED AT 31 DECEMBER 2011 AND 2010

(Values in EUR)

OPERATING ACTIVITIES	NOTES	31.12.2011		31.12.2010	
Cash receipts from trade debtors		514.021		2.547.565	
Cash paid to trade creditors		2.002.128		2.597.176	
Cash paid to employees		1.257.813		2.974.946	
Operational Cash Flow		**-2.745.920**		**-3.024.557**	
Corporate income tax paid / received		-2.060.069		-1.884.435	
Other cash receipts and payments relating to operating activities		267.196		262.806	
Net cash flow from operating activities [1]			**-418.655**		**-877.316**
INVESTMENTS ACTIVITIES:					
Cash receipts arising from:					
Financial investments		5.974.736			
Tangible assets					
Intangible assets					
Interest assets and similar income					
Dividends		869.278	6.844.014	1.031.539	1.031.539
Cash payments owing to:					
Financial investments		1.088.754			
Tangible assets					
Intangible assets			1.088.754		
Increase / decrease in granted loans					-50.064.883
Net cash flow from investing activities [2]			**5.755.260**		**51.096.422**
FINANCIAL ACTIVITIES					
Cash receipts arising from:					
Interest and similar charges		19.505.177		24.360.478	
Loans granted		274.663.600			
Loans obtained		3.836.333.000	4.130.501.777	5.940.000.000	5.964.360.478
Cash payments owing from:					
Interest and similar costs		21.239.959		17.053.858	
Dividends		48			
Loans granted		264.069.681			
Loans obtained		3.850.261.364		6.002.386.364	
Others			4.135.571.052	2.130.637	6.021.570.859
Increase / decrease in loans					-893.000
Net cash flow from financing activities [3]			**-5.069.275**		**-58.103.381**
Net increase / decrease in cash and cash equivalents			267.330		-7.884.274
Cash and cash equivalents - opening balance	11		5.620.080		13.504.355
Cash and cash equivalents - close balance	11		5.887.410		5.620.080
Net increase / decrease in cash and cash equivalents			267.330		-7.884.274

The notes are an integral part of the individual financial statements

SONAE INDÚSTRIA, SGPS, S.A.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2011

(Amounts expressed in Euros)

1. Introduction

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

2. Main Accounting Policies

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

2.1. Basis of Preparation

These financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) and the International Accounting Standards (IAS) issued by the International Accounting Standards Board (IASB) and with Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) or by the former Standing Interpretations Committee (SIC), applicable to the period beginning on 1 January 2011 and endorsed by the European Union.

In the year ended 31 December 2011 the following standards and interpretations became effective:

IAS 32 – Financial Instruments: Presentations (amendment) IFRS 1 (Amendment), 'First time adoption of IFRS' IAS 24 (Amendment),'Related party disclosure', 2010 annual improvements, generally effective for annual periods beginning on or after 1 January 2011. The 2010 annual improvements affects: IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34 and IFRIC 13. IFRIC 14 (Amendment) 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'. IFRIC 19, 'Extinguishing financial liabilities with equity instruments.

At 31 December 2011 the following standards and interpretations had been issued but not applied as they only become effective on later periods

IFRS 1 (amendment), ‘First time adoption of IFRS’ (effective for annual periods beginning on or after 1 July 2011). IFRS 7 (amendment), ‘Financial instruments: Disclosures’ (effective for annual periods beginning on or after 1 July 2011) IAS 12 (amendment), 'Income taxes' (effective for annual periods beginning on or after 1 January 2012). IAS 1 (amendment), ‘Presentation of financial statements’ (effective for annual periods beginning on or after 1 July 2012). IFRS 9 (new), ‘Financial instruments - classification and measurement’ (effective for annual periods beginning on or after 1 January 2013) IFRS 10 (new), ´Consolidated financial statements (effective for annual periods beginning on or after 1 January 2013). IFRS 11 (new), ‘Joint arrangements’ (effective for annual periods beginning on or after 1 January 2013) IFRS 12 (new), ‘Disclosure of interest in other entities’ (effective for annual periods beginning on or after 1 January 2013) IFRS 13 (new), ‘Fair value measurement and disclosure’ (effective for annual periods beginning on or after 1 January 2013) IAS 27 (revised 2011), ‘Separate financial statements’ (effective for annual periods beginning on or after 1 January 2013). IAS 28 (revised 2011),’Investments in associates and joint ventures’ (effective for annual periods beginning on or after 1 January 2013) IAS 19 (amendment), ‘Employee benefits’ (effective for annual periods beginning on or after 1 January 2013). IFRIC 20 (new),’Stripping costs in the production phase of a surface mine (effective for annual periods beginning on or after 1 January 2013).

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

2.2 Investments in Group and associated companies

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

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

2.3 Tangible Assets

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

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

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

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

	Years
Buildings	20-40
Machinery and equipment	15 < x < 25
Other Machinery	5 < x < 20
Tools and utensils	15 < x < 20
Office equipment	4
Other tangible Assets	5

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

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

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

2.4 Intangible Assets

Intangible assets are stated at acquisition cost, net of depreciation and accumulated impairment losses. Intangible assets are only recognized if it is likely that they will generate future economic benefits, if they are controlled by the company and if their cost can be reliably measured.
Development expenses are recognized as an intangible asset if the company demonstrates technical feasibility and intention to complete the asset, ability to sell or use it and the probability that the asset will generate future economic benefits. Development expenses which do not fulfil these conditions are recorded as an expense in the period in which they are incurred.

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

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

2.5 Accounting for leases

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

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

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

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

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

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

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

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

2.7. Borrowing costs

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

2.8. Provisions

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

2.9. Financial Instruments

a) Investments

Investments are classified into the following categories:

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

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

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

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

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

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

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

Gains or losses arising from a change in fair value of available-for-sale investments are recognized directly in equity, under Fair value reserve, included in Reserves and retained earnings until the investment is sold or otherwise disposed of, or until it is determined to be

impaired, at which time the cumulative gain or loss previously recognized in equity is transferred to net profit or loss for the period.

b) Accounts receivable

Receivables are stated at net realizable value corresponding to their nominal value less impairment losses (recorded under the caption Impairment losses in accounts receivable).The impairment losses are recognized in “Impairment loss in costumers”
The impairment losses are recorded when the company know that never go to receive the trade receivables.
The amount of the impairment is the difference between the assets carrying amount and the present value of estimated future cash flows. Discounted at the financial assets original effective interest rate,
The receivables are recorded as currents assets, except when its maturity is greater than twelve months from the balance sheet date, situation when they are classified as non-current assets.

c) Classification as equity or liability

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

d) Loans

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

e) Trade accounts payable

Accounts payable are stated at their nominal value.

f) Derivatives

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

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

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

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

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

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

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

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

When embedded derivatives exist, they are accounted for as separate derivatives when the risks and the characteristics are not closely related to economic risks and characteristics of the

host contract, and this is not stated at fair value. Gains and losses are taken through the profit and loss statement.

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

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

g) Cash and Cash Equivalents

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

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

2.10. Retirement benefit plans

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

2.11. Contingent assets and liabilities

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

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

2.12. Income tax

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

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

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

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

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

2.13. Revenue recognition and accrual basis

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

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

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

Other current assets and Other Current Liabilities include income and expenses of the reporting year which will only be invoiced in the future. Those captions also include receipts and payments that have

already occurred but will only correspond to income or expenses of future years, when they are to be recognised in the income statement.

2.14. Capital gains and losses

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

2.15. Balances and transactions expressed in foreign currencies

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

2.16. Subsequent events

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

2.17. Risk management

a) Market Risk Management Policy

i) Interest Rate Risk

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

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

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

- Derivatives are not used for trading, profit making, or speculative purposes;

- The Company only engage in derivative transactions with Investment Grade Financial Institutions;

- Derivatives match exact periods, settlement dates and base interest rate of the underlying exposures;

- Maximum financial charges on the aggregate of the derivative and the underlying exposures are always known and limited on the inception of the hedging period;

- Quotes from at least two Financial Institutions are considered before closing any interest rate hedging deal.

ii) Other Price Risks

As at 31st December 2010, Sonae Indústria did not hold material investments classified as “available-for-sale”.

b) Liquidity Risk Management Policy

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

For this purpose, Liquidity management at the Group comprises:

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

- diversification of financing sources;
  diversification of the maturities of the debt issued in order to avoid excessive concentration of debt repayments in short periods of time;

- arrangement of committed (and uncommitted) credit facilities, commercial paper programs, and other facilities (such as a Securitization of Receivables program) with relationship banks, ensuring the right balance between satisfactory liquidity and adequate commitment fees;

3. Tangible Assets

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

TANGIBLE ASSETS

	31.12.11									
	Land and buildings	Machinery and equipment	Transport equipment	Office equipment	Tools and utensils	Reusable containers	Other Tangible assets	Tangible assts in progress	Advances on account of tangible assets	Total
Gross asset:										
Opening balance	-	38.099	-	131.827	-	-	-	-	-	169.926
Disposals	-		-	-	-	-	-	-		
Closing Balance	-	38.099	-	131.827	-	-	-	-	-	169.926
Accumulated amortizations,depreciations and impairment losses										
Opening balance	-	37.335		127.323						164.658
Depreciations for the period	-	381		1.149						1.530
Disposals	-				-	-	-			
Closing Balance	-	37.716		128.472						166.188
Carrying amount	-	383		3.355						3.738

	31.12.10									
	Land and buildings	Machinery and equipment	Transport equipment	Office equipment	Tools and utensils	Reusable containers	Other Tangible assets	Tangible assts in progress	Advances on account of tangible assets	Total
Gross asset:										
Opening balance	-	38.099	-	131.827	-	-	-	-	-	169.926
Disposals			-	-	-	-	-	-		
Others	-	-		-	-	-	-	-	-	-
Closing Balance	-	38.099		131.827	-	-	-		-	169.926
Accumulated amortizations,depreciations and impairment losses										
Opening balance	-	35.575		126.170	-	-	-	-	-	161.745
Depreciations for the period	-	1.760		1.153	-	-	-			2.913
Disposals					-	-	-			
Closing Balance	-	37.335	-	127.323	-	-	-	-	-	164.658
Carrying amount	-	764		4.504						5.268

4. Intangible Assets

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

INTANGIBLE ASSETS

31.12.11

	Development costs		Development costs	Software		Software	Premiums paid for property occupation rights	Intangible assets in progress		Intangible assets in progress	Total
	GI	NGI	Total	GI	NGI	Total		GI	NGI	Total	GI+NGI
Gross asset:											
Opening balance	-			-	550	550	-	-	-	-	550
Acquisitions	-	-	-	-	-	-	-	-			
Transfers	-	-	-	-			-	-			
Others	-			-	-	-	-	-	-	-	
Closing Balance	-	-	-	-	550	550	-	-	-	-	550
Accumulated amortizations,depreciations and impairment losses											
Opening balance	-			-	322	322	-	-	-	-	322
Depreciations for the period	-			-	184	184	-			-	184
Others	-			-	-	-	-	-	-	-	
Closing Balance	-	-	-	-	506	506	-	-	-	-	506
Carrying amount	-	-	-	-	44	44	-	-	-	-	44

31.12.10

	Development costs		Development costs	Software		Software	Premiums paid for property occupation rights	Intangible assets in progress		Intangible assets in progress	Total
	GI	NGI	Total	GI	NGI	Total		GI	NGI	Total	GI+NGI
Gross asset:											
Opening balance	-	-	-	-	550	550	-	-			550
Acquisitions									-	-	-
Transfers									-	-	-
Others	-	-	-	-	-	-	-	-			-
Closing Balance	-	-	-	-	550	550	-	-	-	-	550
Accumulated amortizations,depreciations and impairment losses											
Opening balance	-	-	-	-	138	138	-	-	-	-	138
Depreciations for the period	-	-	-	-	184	184	-			-	184
Others		-	-								-
Closing Balance	-	-	-	-	322	322	-	-	-	-	322
Carrying amount	-			-	228	228	-	-	-	-	228

5. Financial Instruments

In the Statement of Financial position at 31 December 2011 and 31 December 2010, the following financial Instruments are included:

FINANCIAL INVESTMENTS

	notas	Loans and receivables	Assets at fair value through profit or loss	Hedge derivatives	Available-for-sale assets	Sub-total	Assets out of scope of IFRS 7	Total
31.12.11								
Non current assets								
Available for sale investments	6				117 922	117 922		117 922
Other non current assets	8	574.993.958				574.993.958		574.993.958
Current assets								
Customers	9	248.036				248.036		248.036
Other current debtors	9	3.453.506				3.453.506		3.453.506
Other current assets	10						75.324	75.324
Cash and cash equivalents	11	5.887.410				5.887.410		5.887.410
Total		584.582.910			117.922	584.700.832	75.324	584.776.156
31.12.10								
Non current assets								
Available for sale investments	6				117 922	117 922		117 922
Other non current assets	8	583.020.801				583.020.801		583.020.801
Current assets								
Customers	9	324.034				324.034		324.034
Other current debtors	9	2.044.013				2.044.013	55	2.044.068
Other current assets	10						124.562	124.562
Cash and cash equivalents	11	5.620.080				5.620.080		5.620.080
Total		591.008.928			117.922	591.126.850	124.617	591.251.467

		Liabilities at fair value through profit or loss	Hedge derivatives	Other financial Liabilities	Sub-total	Liabilities out of scope of IFRS 7	Total
31.12.11							
Non current liabilities							
Bank loans - net of short term portion	13			89.143.872	89.143.872		89.143.872
Debentures - net of short term portion	13			287.993.050	287.993.050		287.993.050
Current assets							
Bank loans	13			69.469.697	69.469.697		69.469.697
Debentures	13			15.000.000	15.000.000		15.000.000
Trade creditors	15			258.174	258.174		258.174
Other current liabilities	17			81.155.353	81.155.353	4.130.072	85.285.425
Total				543 020 146	543 020 146	4 130 072	547 150 218
31.12.10							
Non current liabilities							
Bank loans - net of short term portion	13			86.818.182	86.818.182		86.818.182
Debentures - net of short term portion	13			301.063.535	301.063.535		301.063.535
Current assets							
Bank loans	13			89.261.364	89.261.364		89.261.364
Trade creditors	15			1.006.270	1.006.270		1.006.270
Other current liabilities	17			79.293.776	79.293.776	2.994.417	82.288.193
Total				557 443 127	557 443 127	2 994 417	560 437 544

6. Investments

At 31 December 2011 and 31 December 2010, details of investments were as follows:

	31.12.11		31.12.10	
	Non current	Current	Non current	Current
Investment in group companies				
Opening balance at 1 January	948.826.873		948.826.873	
Aquisitions over the period	1.088.754			
Disposals over the period	159.615			
Other	5.750.000			
Closing balance for the period	944.006.012		948.826.873	
Accumulated impairment losses	(22.542.975)		(22.542.975)	
	921.463.037		926.283.898	
Investments held for sale				
Fair value at 1 January	117.922		117.922	
Aquisitions over the period	-		-	
Disposals over the period	-		-	
Increase/(decrease) in fair value	-		-	
Other	-		-	
Fair value at the end of the period	117.922		117.922	
Derivative instruments - current				
Fair value at 1 January				
Aquisitions over the period		-		-
Disposals over the period		-		-
Increase/(decrease) in fair value				
Other				
Fair value at the end of the period		-		-
	921.580.958	-	926.401.819	-

Investment in group companies

The main changes is related to,

Increase in Capital share and coverage of losses of Ecociclo amounting 1.088.754 euros

Reduction in Capital share of Movelpartes amounting 4.000.000 euros and Sonae Industria Management Services amounting 1.750.000, euros

Company SonaeGest sold in 23 May 2011 amounting 159.615

Investments held for sale

Available-for-sale investment consists of financial undertakings which do not fulfill the criteria to be stated as subsidiaries or as associates.

At 31 December 2011, Sonae Industria, SGPS had the following holdings in Group and Associated Companies:

Company	% Share	Acquisition Value	Accumulated impairment losses	Shareholder's Funds	Net Profit	
Euroresinas - Industrias Quimicas, S.A.	100,00%	15.838.525	-	16.502.437	920.792	b)
Maiequipa - Gestão Florestal,S.A.	100,00%	3.438.885	2.232.476	831.120	9.848	a), b)
Movelpartes - Componentes para Industria do Mobiliário,S.A.	100,00%	4.180.114	-	2.882.224	-655.935	b)
Sonae Industria de Revestimentos,S.A.	100,00%	21.729.193	-	11.950.391	923.610	b),c)
Imoplamac - Gestão de Imóveis,S.A.	100,00%	6.000.000	-	6.297.963	564.687	b)
Sonae Industria-Management services	100,00%	250.000	-	2.015.621	174.173	b)
Taiber	0,02%	25.142	-	-11.916.527	-17.057.868	b)
Tafisa - Tableros de Fibras,S.A.	98,78%	861.581.325	-	130.032.195	532.125	b),c)
Ecociclo - Gestão Ambiental,S.A.	100,00%	1.720.021	-	451.576	-1.232.080	b)
Sonae Industria - Produção e Comercialização de Derivados de Madeira,S.A.	0,02%	3.497.787	-	82.704.830	2.410.516	b)
Siaf Energia, S.A.	0,20%	5.000	-	8.100.743	1.050.653	b)
Somit Imobiliaria	0,02%	10	-	3.042.605	246.133	b)
Agloma - Soc.Ind.Madeira Aglomerada,S.A.	100,00%	20.738.810	20.310.499	169.906	-9.041	a), b)
Agloma Investimentos,S.A.	6,54%	5.000.000	-	86.567.011	2.449.778	b)
Sonae RE, Societé Anonyme	0,04%	1.200	-	3.000.000	0	
		944.006.011	22.542.975			

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

b) The amounts stated as shareholders' funds and net profit of companies were prepared in accordance with IFRS/IAS.Except in Somit Imobiliaria , were prepared accordance with SNC

c) Impairment tests carried out at 31 December 2011 consisted in determining the recoverable amount using the discounted cash flow method. Operating cash flows were projected over an eight-year period, thereafter extrapolated using a perpetuity and discounted to 31 December 2011. Weighted Average Cost of Capital, before tax, calculated through CAPM (Capital Asset Pricing Model) methodology for each reportable segment, was used as discount rates. These rates include specific market features and include different risk factors as well as risk-free interest rates of ten year bonds of each segment.

An eight-year period was used for projecting cash flows on the grounds of the extension and intensity of the economic cycles affecting the Group's activity.

Projected cash flows are based on the Group's business plan and are updated annually so as to include changes in the economic outlook of each market where the Group is conducting business.

The Board of Directors believes that a reasonably possible change on the basic assumptions used to determine the recoverable amount would not cause the Goodwill to be impaired.

	Tableros de Fibras			SIR
	Iberian Peninsula	Germany	France	
Discount rate (pre-tax)	12,10%	9,78%	10,38%	13,71%
Growth rate on Perpetuity	1,00%	1,00%	1,00%	1,00%
Period	8 anos	8 anos	8 anos	8 anos
Test Conclusions	Sem imparidade	Sem imparidade	Sem imparidade	Sem imparidade

No impairment losses were recognized as a result of the tests carried out on the carrying amount of Goodwill as at 31 December 2011

7. Deferred tax

Details of deferred tax asset at 31 December 2011 and 31 December 2010 were as follows:

DEFERRED TAXES - BALANCES

	31.12.11		31.12.10	
	Assets	Liabilities	Assets	Liabilities
Impairment of assets	5.077.625	-	5.077.625	-
Net losses carry-forward	2.769.634	-	5.529.543	-
Others	1.273.578	-	-	-
	9.120.837	-	10.607.168	-

DEFERRED TAXES - FLOWS

	31.12.11		31.12.10	
	Assets	Liabilities	Assets	Liabilities
Opening Balance	10.607.168	-	13.320.625	-
Recognition in Profit or Loss:				
Impairment of assets	-	-	-	-
Net losses carry-forward	(2.759.909)	-	(2.713.457)	-
Others	1.273.578		-	
Sub-total	(1.486.331)	-	(2.713.457)	-
Closing Balance	9.120.837		10.607.168	-

8. Other Non Current Assets

Details of Other Non Current Assets at 31 December 2011 and 31 December 2010 were as follows:

	31.12.11	31.12.10
Loans Granted To Group Companies (Nota 2.2 e 21)	574 993 958	583 020 801
Other Loans Granted	0	0
Tax Recoverable	0	0
Other Non- Current Assets	0	0
	574 993 958	583 020 801
Accumulated Imparment Losses (Nota 18)		
	574 993 958	583 020 801

Loans granted to Group companies have a medium and long term maturity and they yield interest at an average rate of 4, 2970%.

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

At 31 December 2011 and 31 December 2010, details of Current Trade Debtors were as follows:

	31.12.11	31.12.10
Current Accounts	248 036	324 034
Bills Receivable	-	-
	248 036	324 034
Accumulated Imparment Losses	-	-
	248 036	324 034

At 31 December 2011 and 31 December 2010, detail of trade debtors maturities were as follows:

	31.12.11	31.12.10
Not due	237.158	296.007
Due and not impaired		
< 30 days	5.087	24.227
30 - 90 days		
> 90 days	5.791	3.800
	10.878	28.027
	248.036	324.034

At 31 December 2011 and 31 December 2010, details of Other Current Trade Debtors and State and other public entities were as follows:

	31.12.11	31.12.10
Group companies -Interest	2 114 678	-
Group companies -current Income Tax	1 052 958	2 036 831
	3 167 636	2 036 831
Other debtors	285.870	7.237
	3.453.506	2.044.068

At 31 December 2011 and 31 December 2010, detail of Others Debtors maturities were as follows:

	AGEING OF TRADE CREDITORS (ASSET BALANCES)		AGEING OF OTHER DEBTORS	
	31.12.11	31.12.10	31.12.11	31.12.10
Not due	-	-	-	-
Due and not impaired			345	
< 30 days	275.975	82	9.550	-
30 - 90 days	-	-	-	-
> 90 days	-	-		7.155
	275.975	82	9.895	7.155

10. Other Current Assets

Details of Other Current Assets at 31 December 2011 and 31 December 2010 were the following:

	31.12.11	31.12.10
Accrued Revenue	23 398	20 007
Deferred Costs	51 926	104 555
	75 324	124 562

Accrued Revenue relates mainly to the interest receivable - Application Cash Reserve

11. Cash and Cash equivalents

At 31 December 2011 and 31 December 2010 detail of Cash and cash equivalents was the following:

	31.12.11	31.12.10
Cash at Hand	667	2 478
Deposits	76 095	30 894
Treasury Apllications	5 810 648	5 586 707
Cash & Cash Equivalents - Balance Sheet	5 887 410	5 620 080
Bank Overdrafts	-	-
Cash & Cash Equivalents - Cash Flows Statement	5 887 410	5 620 080

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

The item Treasury applications is composed by a Cash Reserve of 5.810.648 euro related to the Group Securitization program.

12. Shareholders' Funds

Share Capital

On December 31, 2011 Sonae Industria's Share capital was fully underwritten and paid, is represented by 140.000.000 common shares, not entitled to fixed income, with a face value of 5 Euros per share

The following entity had more than 20% of the subscribed capital on 31 December 2011:

Entity	%
Efanor Investimentos, SGPS, S. A.	31,9

Reserves

Shareholder's Funds Detail:

	2011	2010
Share Capital	700.000.000	700.000.000
Legal Reserve	3.131.757	3.131.757
Free Reserve	20.145.630	20.145.630
Other Reserves	245.920.750	245.920.750
Retained Earnings	-1.543.432	-
Total comprehensive Income	175.706	-1.543.432
	967.830.411	967.654.705

Legal Reserve: Commercial legislation establishes that at least 5% of annual net profit has to be intended to strengthen the legal reserve until it represents at least 20% of the capital. This reserve is not distributable to not be in the event of the liquidation of the company, but can be used to absorb losses, after exhausted the other reserves, or incorporated into the capital.

Other Reserves : Includes reserves of the merger of previous years which, in terms of Portuguese legislation are not distributable

13. Loans

At 31 December 2011 and 31 December 2010 Sonae Industria SGPS, S.A had the following outstanding loans:

	NOTES	31.12.11 Amortised cost Current	31.12.11 Amortised cost Non Current	31.12.11 Nominal Value Current	31.12.11 Nominal Value Non Current	31.12.10 Amortised cost Current	31.12.10 Amortised cost Non Current	31.12.10 Nominal Value Current	31.12.10 Nominal Value Non Current
Bank Loans	a)	14 469 697	17 227 559	14 469 697	17 348 485	16 761 364	31 818 182	16 761 364	31 818 182
Debentures	b)	15 000 000	287 993 050	15 000 000	290 000 000	-	301 063 535	-	305 000 000
Other Loans	c)	55 000 000	71 916 313	55 000 000	73 000 000	72 500 000	55 000 000	72 500 000	55 000 000
Bank Overdrafts		-	-	-	-	-	-	-	-
Gross Debt		84 469 697	377 136 921	84 469 697	380 348 485	89 261 364	387 881 716	89 261 364	391 818 182
Investments									
Cash & Cash Equivalents - Balance Sheet		5 887 410	-	5 887 410	-	5 620 080	-	5 620 080	-
Net Debt		78 582 287	377 136 921	78 582 287	380 348 485	83 641 284	387 881 716	83 641 284	391 818 182
Total Net Debt		455 719 208		458 930 772		471 523 000		475 459 466	

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

	2011	2010
Bank Loans	5,102%	3,356%
Debentures	3,346%	2,497%
Other Loans	4,287%	1,999%

The loans have the following repayment schedule:

	31.12.11	31.12.10
2011	-	89 261 364
2012	84 469 697	64 469 697
2013	164 969 697	111 969 697
2014	136 969 697	136 969 697
2015	33 409 091	33 409 091
2016	30 000 000	30 000 000
2017	15 000 000	15 000 000
	464 818 182	481 079 546

At December 31, 2011 the contracted loans are summarized as follows:

a) Bank Loans

On 19 February 2009 Sonae Industria contracted a loan with a financial institution in the total amount of 20.000.000 Euros, Interests is calculated at market rate. The loan will be paid between 2009 and 2015. At 31 December 2011, outstanding principal amounted to 11.818.182 Euros

On 27 October 2009 Sonae Industria contracted a loan with a financial institution in the total amount of 20.000.000 Euros, Interests is calculated at market rate. The loan will be paid between 2011 and 2012. At 31 December 2011, outstanding principal amounted to 10.000.000 Euros

On 05 August 2010 Sonae Industria contracted a loan with a financial institution in the total amount of 10.000.000 Euros, Interests is calculated at market rate. The loan will be paid between 2012 and 2015.

b) Bond Issues

Sonae Industria 2005/2013 bonds, issued on 31 March 2005, with a principal amount of 55.000.000 Euros, and a bullet repayment 8 years after issue date. Interest is paid semi-annually in arrears on 31 March and 30 September;

Sonae Indústria 2006/2014 bonds, issued on 28 March 2006, with a principal amount of 50 000.000 Euros and a bullet repayment 8 years after issue date. Interest is paid semi-annually in arrears on 28 March and 28 September

Sonae Industria 2006/2014 bonds, issued on 2 August 2006, with a principal amount of 50.000.000 Euros and a bullet repayment 8 years after issue date, Interest is paid semi- annually in arrears on 2 February and 2 August

Sonae Industria 2010/2017 bonds, issued on 5 May 2010, with a principal amount of 150 000.000 euros and a 7-year period. Payment will be done through reduction of nominal value, in 10 equal and successive semi-annual instalments, beginning on the 5th coupon, payment date, November 2012. Interest is paid semi-annually on 5 May and 5 November.

c) Other Loans

On 25 January 2006, Sonae Industria signed and subsequently added a Commercial Paper agreement of up to 160.000.000 Euros, with several financial institutions. The programme matures on 27 January 2016. At 31 December 2011, the balance was keep at 55.000.000 Euros. Interest is calculated at the EURIBOR rate that matches the maturity of the issue.

On 30 September 2009 Sonae Indústria SGPS, S. A. contracted a commercial paper programme with a maximum nominal amount of 40.000.000 Euros. The programme will mature between 2011 and 2013. At 31 December 2011, the balance was keep at 30.000.000 Euros

On 28 September 2010, Sonae Industria signed contracted a Commercial Paper programme with a maximum nominal amount of 2.500.000 Euros. The programme will mature in 2012. At 31 December 2011 there was no commercial paper issued.

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On 31 May 2011 Sonae Indústria SGPS, S. A. contracted a commercial paper programme with a maximum nominal amount of 50.000.000 Euros. The programme will mature on March 2013. At 31 December 2011, the balance was keep at 43.000.000 Euros

14. Pension Fund Liabilities

At 31 December 2011 Sonae Industria SGPS had not employees with the benefit of Insurance contract . The provision made in previous years was cancelled with the exit of respective beneficiary

15. Trade Creditors

At 31 December 2011 and 31 December 2010 all amounts recorded under this item resulted from normal operations. Trade creditors maturities were as follows:

MATURITY OF TRADE CREDITORS

	31.12.11	31.12.10
To be paid		
< 90 days	254.863	1.006.270
90 - 180 days	3.311	-
> 180 days	-	-
	258.174	1.006.270

16. Other Creditors and State & Other Public Entities

At 31 December 2011 and 31 December 2010 details of this item were as follows:

	31.12.11	31.12.10
State & Other Public Entities		
Income Tax	856 738	631 955
Tax retention	21 719	37 761
Value Added Tax	29 646	-
Social Security Contributions	6 389	4 284
Others	-	-
Liabilities out of scope of IFRS7	914 492	674 000

Other Creditors		
Loans From Group Companies (Nota21)	81 135 000	78 802 000
Financial Instrumets	81.135.000	78.802.000
Others Creditors	20.379	495.062
	81.155.379	79.297.062

17. Other Current Liabilities

At 31 December 2011 and 31 December 2010 this item had the following detail:

	31.12.11	31.12.10
Accrued Costs		
Holidays	568 633	610 774
Insurance	4 122	-
Interests	3 409 823	2 308 370
External Supllies & Services	147 468	71 989
Liabilities out of scope of IFRS7	4 130 045	2 991 133

18. Provisions & Accumulated Impairment Losses

Changes in provisions and accumulated impairment losses during the period ended December, 31 2011 were the following:

Description	Opening Balance	Increases	Utilisation	Reductions	Closing Balance
Accumulated Imparment Losses on Investments (Nota 6)	22 542 975				22 542 975
	22 542 975				22 542 975

Impairment losses are offset against the corresponding asset.

19. Operational Leases

In 2011, charges for operational lease payments in the amount of 47.901 Euros were recorded on the profit and loss statement.

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

	31.12.11	31.12.10
Vencíveis em 2011	47.901	136.086
Vencíveis em 2012	15.590	74.768
Vencíveis em 2013	14.217	57.330
Vencíveis em 2014	14.217	16.219
Vencíveis em 2015	14.217	-
Vencíveis em 2016	11.847	-
	117.989	284.403

20. Financial Risks

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

Liquidity Risk

	Maturity of Gross Debt	Interests	Total
2012	84.469.697	15.250.385	99.720.082
2013	164.969.697	13.315.236	178.284.933
2014	136.969.697	7.016.893	143.986.590
2015	33.409.091	3.196.385	36.605.476
2016	30.000.000	1.723.652	31.723.652
2017	15.000.000	341.336	15.341.336
>2017	-	-	-
	464.818.182	**40.843.887**	**505.662.069**

The calculation of interest in the previous table was based on interest rates at 31 December 2011 applicable to each item of debt. Gross debt maturing in 2011 includes scheduled repayment of debt along with the repayment of debt as at end 2011 maturing within less than one year (although some credit limits might be rolled over).

The analysis of interest rate risk, described on note 2.17., b), i), consisted in calculating the way net profit before tax would have been impacted if there would have been a change of +0.75 or -0.75 percentage points in actual interest rates of the corresponding period.

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	2011			2010		
	"Notional"	Effect in Profit and Loss (Euros)		"Notional"	Effect in Profit and Loss (Euros)	
		0,75%	-0,75%		0,75%	-0,75%
Gross Debt						
Group	-81.135.000	-684.868	684.868	-79.261.364	-595.536	595.536
External	-464.818.182	-2.965.499	2.965.499	-477.143.081	-3.555.507	3.555.507
	-545.953.182	-3.650.367	3.650.367	-556.404.445	-4.151.043	4.151.043
Financial Instruments						
Derivates	-	-	-	-	401.458	-401.458
	-	-	-	-	401.458	-401.458
Loans to group companies	553.538.061	4.517.609	-4.517.609	564.131.979	4.679.307	-4.679.307
Treasury Aplications	5.810.648	42.866	-42.866	5.586.707	84.474	-84.474
	559.348.709	4.560.475	-4.560.475	569.718.686	4.763.781	-4.763.781
		910.108	**-910.108**		**1.014.196**	**-1.014.196**

21. Related Parties

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

Transactions	Sales & Services Rendered		Purchases & Acquired Services		Interest Income		Interest Expenses	
	31.12.11	31.12.10	31.12.11	31.12.10	31.12.11	31.12.10	31.12.11	31.12.10
	438.025	**2.774.918**	**360.124**	**1.255.403**	**24.123.106**	**19.279.701**	**2.765.809**	**954.622**
- Agloma	-	-	-	-	87	-	34	1.062
- Agloma Investimentos	-	-	-	-	-	-	2.380.309	823.891
- Ecociclo	-	9.000	-	-	28.263	25.739	203	156
- Euroresinas	7.928	81.472	-	-	366.412	336.559	-	-
- Glunz	141.879	671.509	-	-	-	-	-	-
- Implamac	-	-	-	-	257.578	153.177	-	-
- SInd-pcdm	49.958	395.025	27.812	182.599	1.846.569	2.563.653	-	-
- Isoroy	52.496	442.000	-	-	-	-	-	-
- Maiequipa	-	-	-	-	42.939	34.608	-	-
- Movelpartes	5.075	12.489	-	14.809			83.049	24.697
- Somit Imobiliária	-	-	-	-	124.567	40.284	1.410	525
- Siaf Energia	-	-	-	-	-	-	94.425	22.194
- Sonae Industria Revestimentos	7.415	20.204	1.219	9.263	-	-	157.329	47.192
- Sonaecenter	-	-	148.425	236.041	-	-	-	-
- Sonae ,sgps	-	-	50.000	53.327	-	-	-	-
- Sonae Uk	22.140	160.927	-	-	-	-	-	-
- Sind - Management services	3.054	4.491	55.697	583.173	793	-	33.308	19.990
- Tafisa Canadá	42.739	296.552	-	-	-	-	-	-
- Tafisa Tableros Fibra	60.681	388.544	-	-	-	-	-	-
- Sonae Novobord	33.711	292.705	-	-	-	-	-	-
- Taiber	-	-	-	-	21.455.898	16.125.681	-	-
- Novis	-	-	10.761	15.694	-	-	-	-
- Impaper	8.997	-	-	-	-	-	-	-
- Equador	-	-	66.210	160.497	-	-	-	-
- Efanor ,Sgps	-	-	-	-	-	-	15.742	14.915
- GHP	1.952	-	-	-	-	-	-	-

Balance	Accounts Receivable		Accounts Payable		Loans			
					Obtained		Granted	
	31.12.11	31.12.10	31.12.11	31.12.10	31.12.11	31.12.10	31.12.11	31.12.10
	242.247	**315.939**	**24.986**	**649.135**	**81.135.000**	**78.802.000**	**553.538.060**	**583.020.801**
- Agloma	-	-	-	-	-	-	8.000	-
- Agloma Investimentos	-	-	-	-	81.135.000	78.802.000	-	-
- Ecociclo	470	1.377	-	-	-	-	520.000	205.941
- Euroresinas	5.366	11.165	-	-	-	-	4.471.900	7.564.670
- Glunz	66.490	67.404	-	-	-	-	-	-
- Implamac	-	-	-	-	-	-	7.387.520	5.770.484
- SInd-pcdm	34.317	49.139	1.239	13.778	-	-	6.698.366	72.081.538
- Isoroy	27.986	45.417	-	-	-	-	-	-
- Maiequipa	-	-	-	-	-	-	1.015.000	1.123.894
- Movelpartes	5.756	1.716	-	-	-	-	-	-
- Somit Imobiliária	-	-	-	-	-	-	3.425.000	1.587.000
- Siaf Energia	-	-	-	-	-	-	-	-
- Sonae Industria Revestimentos	7.817	2.785	53	1.607	-	-	-	-
- Sonae ,sgps	-	-	-	64.526	-	-	-	-
- Sonae Uk	10.947	17.187	-	1.306	-	-	-	-
- Sind - Management services	3.756	992	5.439	540.895	-	-	-	-
- Tafisa Canadá	19.569	52.373	-	-	-	-	-	-
- Tafisa Tableros Fibra	37.872	37.815	-	-	-	-	-	-
- Sonae Novobord	16.176	28.569	-	-	-	-	-	-
- Taiber	-	-	-	-	-	-	530.012.274	494.687.274
- Novis	-	-	1.775	2.666	-	-	-	-
- Equador	-	-	16.480	24.357	-	-	-	-
- GHP	163	-	-	-	-	-	-	-
- Impaper	5 562	-	-	-	-	-	-	-

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

	31.12.2011	31.12.2010
Total Fixed salaries	875.078	890.060
Total Bonus	302.492	538.000
	1.177.570	1.428.060

Fees Paid to the Audit company PricewatherhouseCoopers is detailed as follows:

Total Fees related to audit and legal certification of the accounts 14.903 Euros

The remuneration policy of the members of the board of directors and supervisory board, as well as the annual amount earned by their members in an individual are presented in the report of government in society .

22. Services Rendered

Details of Services Rendered are presented below:

Services Rendered	31.12.11	31.12.10
Corporate Fees	230.301	-
Corporate Project	207.722	-
Internal Cmmunication	-	205.407
Legal	-	156.660
Health & security	-	45.533
Administration	-	1.905.763
Engineering	-	197.285
Others	-	293.368
TOTAL	**438.023**	**2.804.016**

23. Other Operational Gains and Losses

Other Operation Gains	31.12.11	31.12.10
Gains on disposal of non current investments	65.121	-
Supplementary Revenue	280.438	-
Others	299	201.683
	345.858	201.683

	31.12.11	31.12.10
Other Operation Losses		
Taxes	137.982	237.757
Donations	-	12.040
Others	89.128	77.595
	227.110	327.392

24. Financial Results

	31.12.11	31.12.10
Financial Expenses:		
Interest Expenses	22 590 566	14 898 062
Exchange Losses	-	1 484
Others	475 748	2 435 216
Financial Results	1 120 880	2 039 193
	24 187 194	19 373 955
Financial Revenues		
Interest Income	24 187 194	19 339 216
Exchange Gains	-	328
Others	-	34.411
	24.187.194	19.373.955

25. Gains on Investments

The company received dividends of 869.278 Euros from the following companies:

	31.12.11	31.12.10
Agloma - Soc.Ind.Madeira Aglomerada,S.A.	-	199.613
Imoplamac - Gestão de Imóveis,S.A.	793.625	599.883
Siaf Energia,S.A.	-	4.945
Somit Imobiliaria SA	554	1.018
Sonaegest	75.099	226.080
	869.278	1.031.539

26. Income Taxation

The income and deferred taxation recorded at 31 December 2011 and 31 December 2010 were:

	31.12.11	31.12.10
Income taxation	1.031.732	1.562.495
Deferred taxation	(1.486.331)	(2.713.457)
	(454.599)	(1.150.962)
Current Tax -Prior Year adjustment	345.378	(479.115)
	(109.222)	(1.630.077)

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

Was recognized a deferred tax related to Tax benefits (Sifide) amounting 1.273.578 euros and Reversed deferred tax related to tax losses amounting 2.759.909 euros

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

	2011	2010
Net income/(loss) before tax	284.927	86.645
Current Taxes	69.669	20.099
Dividends	-217.392	-257.930
Current tax at special rate	-64.989	117.957
Current tax From Special Group Tax regime	1.096.721	2.036.831
Deferred tax	-2.759.909	-2.713.457
Deferred tax - Tax Benefits	1.273.578	0
Others	147.723	-354.463
	-454.599	-1.150.963

27. Earnings Per Share

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

	31.12.11	31.12.10
Net Profit		
Net Profit Considered for Basic EPS Calculation (Periodic Net Profit)	175 706	- 1 543 432
Net Profit Considered for Diluted EPS Calculation	175 706	- 1 543 432
Number of Shares		
Weighted Average Number of Shares for Basic EPS Calculation	140 000 000	140 000 000
Weighted Average Number of Shares for Diluted EPS Calculation	140 000 000	140 000 000
Net Profit Per Share	0,00	-0,01

During 2011, no effect from discontinued operations was recorded.

28. Contingencies

In October 2010 Sonae Indústria, SGPS, S. A. received a notice of assessment from tax authorities according to which the loss resulting from the dissolution of its subsidiary Socelpac, SGPS, S.A. in 2006, amounting to 74 million Euro, should be considered at 50% for tax calculation purposes. The company filed a lawsuit challenging this interpretation. According to the information available on this date, the Board of Directors considers that the probability of a negative outcome is low, thus no adjustment was done to current tax and deferred tax asset recognized in these financial statements.

29. Financial Statements Approval

These financial statements were approved by the Board of Directors and authorised for issuance on 28 February 2012.

Consolidated Financial Statements

SONAE INDÚSTRIA, S.G.P.S., S.A.

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

(Amounts expressed in Euros)

ASSETS	Notes	31.12.2011	31.12.2010
NON CURRENT ASSETS:			
Tangible assets	11	915 418 700	983 531 105
Goodwill	14	92 620 183	93 999 204
Intangible assets	12	8 576 779	10 119 422
Investment properties	13	1 357 473	1 401 731
Associated undertakings and non consolidated undertakings	10	2 360 890	2 683 341
Investment available for sale	10	1 069 440	1 031 189
Deferred tax asset	15	37 874 949	40 182 950
Other non current assets	16	3 606 230	919 720
Total non current assets		1 062 884 644	1 133 868 662
CURRENT ASSETS:			
Inventories	18	137 414 763	129 459 556
Trade debtors	19	158 400 706	159 041 460
Other current debtors	20	13 132 676	14 049 685
State and other public entities	22	13 628 325	9 504 284
Other current assets	21	21 664 946	11 663 953
Cash and cash equivalents	23	23 570 163	26 915 003
Total current assets		367 811 580	350 633 941
Non-current assets held for sale	17	911 164	1 092 209
TOTAL ASSETS		1 431 607 388	1 485 594 812
SHAREHOLDERS`FUNDS, NON-CONTROLLING INTERESTS AND LIABILITIES			
SHAREHOLDERS`FUNDS:			
Share capital	24	700 000 000	700 000 000
Legal reserve	24	3 131 757	3 131 757
Other reserves and accumulated earnings	24	- 460 542 177	- 402 853 822
Accumulated other comprehensive income	24	- 7 045 530	- 2 609 633
Total		235 544 050	297 668 302
Non-controlling interests	25	332 511	1 105 065
TOTAL SHAREHOLDERS`FUNDS		235 876 561	298 773 367
LIABILITIES:			
NON CURRENT LIABILITIES:			
Long term bank loans - net of short-term portion	26	155 127 941	132 402 184
Non convertible debentures	26	287 993 050	301 063 535
Long term Finance Lease Creditors - net of short-term portion	26	39 494 029	43 539 714
Other loans	26	98 597 712	93 307 071
Post-retirement liabilities	30	24 960 203	25 583 340
Other non current liabilities	29	77 332 116	62 358 212
Deferred tax liabilities	15	64 258 210	70 589 486
Provisions	34	14 327 908	9 257 411
Total non current liabilities		762 091 169	738 100 953
CURRENT LIABILITIES:			
Short term portion of long term bank loans	26	111 796 391	144 443 713
Short term bank loans	26	24 554 807	25 583 321
Short term portion of long term non convertible debentures	26	15 000 000	
Short term portion of Finance Lease Creditors	26	4 593 444	4 468 308
Other loans	26	1 477 788	79 615
Trade creditors	31	161 475 903	152 135 488
Taxes and Other Contributions Payable	32	13 211 850	12 983 549
Other current liabilities	33	101 325 866	102 650 824
Provisions	34	203 609	6 375 674
Total current liabilities		433 639 658	448 720 492
TOTAL EQUITY AND LIABILITIES		1 431 607 388	1 485 594 812

The notes are an integral part of the consolidated financial statements

The Board of Directors

SONAE INDÚSTRIA, S.G.P.S., S.A.

CONSOLIDATED INCOME STATEMENTS

FOR THE PERIODS ENDED AT 31 DECEMBER 2011 AND 2010

(Amounts expressed in Euros)

	Notes	31.12.2011	31.12.2010
Operating income			
Sales	43	1 360 915 603	1 287 002 692
Services rendered	43	3 393 767	5 554 084
Other operating income	37	67 301 302	65 983 460
Total operating income		1 431 610 672	1 358 540 236
Operating expenses			
Cost of sales		713 162 702	643 759 219
(Increase) / decrease in production		- 3 194 610	1 357 597
External supplies and services		361 533 390	367 660 351
Staff expenses	30	223 449 642	242 669 402
Depreciation and amortisation	11, 12, 13, 43	83 931 199	95 349 205
Provisions and impairment losses	11, 12, 13, 34, 43	17 900 177	18 765 069
Other operating expenses	38	42 644 771	14 878 919
Total operating expenses		1 439 427 271	1 384 439 762
Operational profit / (loss)		- 7 816 599	- 25 899 526
Financial income	40	31 899 353	51 593 962
Financial costs	40	82 273 537	98 653 963
Gains and losses in associated companies		- 20 728	- 101 683
Gains and losses in investments		5 271	57 810
Current profit / (loss)		- 58 206 240	- 73 003 400
Taxation	15, 41	307 730	2 414 926
Consolidated net profit / (loss) afer taxation		- 58 513 970	- 75 418 326
Profit / (loss) after taxation from descontinued operations		-	-
Consolidated net profit / (loss) for the period		- 58 513 970	- 75 418 326
Attributable to:			
Equity Holders of Sonae Industria	42	- 57 800 173	- 74 434 785
Minority Interests		- 713 797	- 983 541
Profit/(Loss) per share			
Excluding discontinued operations:			
Basic		- 0.4129	- 0.5317
Diluted		- 0.4129	- 0.5317
From discontinued operations:			
Basic		-	-
Diluted		-	-

The notes are an integral part of the consolidated financial statements

The board of directors

SONAE INDÚSTRIA, S.G.P.S., S.A.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE PERIODS ENDED 31 DECEMBER 2011 AND 2010

(Amounts expressed in Euros)

	Notes	31.12.2011	31.12.2010	Reclassified amounts
Net profit / (loss) for the period (a)	42	**- 58 513 970**	**- 75 418 326**	**- 1 124 475**
Other comprehensive income				
Change in currency translation reserve		- 4 512 518	18 898 677	- 289 038
Change in fair value of available-for-sale financial assets	10	17 298	90 487	
Change in fair value of cash flow hedge derivatives			1 413 513	1 413 513
Gains on property revaluation				
Actuarial gains / (losses) on defined benefit plans				
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)		**- 4 495 220**	**20 402 677**	**1 124 475**
Total comprehensive income for the period (a) + (b)		**- 63 009 190**	**- 55 015 649**	
Total comprehensive income attributable to:				
Equity holders of Sonae Industria		- 62 236 070	- 54 266 766	
Non-controlling interests		- 773 120	- 748 883	
		- 63 009 190	**- 55 015 649**	

The notes are an integral part of the consolidated financial statements

The board of directors

SONAE INDÚSTRIA, S.G.P.S., S.A.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS` FUNDS AT 31 DECEMBER 2011 AND 2010

(Amounts expressed in Euros)

					Accumulated other comprehensive income						
	Notes	**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**	**Non controlling interests**	**Total shareholders' funds**
Balance as at 1 January 2010	24	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				-74 434 785					- 74 434 785	- 983 541	- 75 418 326
Other comprehensive income					18 665 120	90 487	1 413 513	20 169 120	20 169 120	233 557	20 402 677
Total				-74 434 785	18 665 120	90 487	1 413 513	20 169 120	-54 265 665	- 749 984	-55 015 649
Others				-1 048 144					- 1 048 144	151 494	- 896 650
Balance as at 31 December 2010		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

					Accumulated other comprehensive income						
	Notes	**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**	**Non controlling interests**	**Total shareholders' funds**
Balance as at 1 January 2011	24	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
Total comprehensive income											
Net profit/(loss) for the period				-57 800 173					- 57 800 173	- 713 797	- 58 513 970
Other comprehensive income					-4 451 885	15 988		-4 435 897	- 4 435 897	- 59 323	- 4 495 220
Total				-57 800 173	-4 451 885	15 988		-4 435 897	- 62 236 070	- 773 120	- 63 009 190
Others				111 818					111 818	566	112 384
Balance as at 31 December 2011		700 000 000	3 131 757	-460 542 177	-7 152 005	106 475		-7 045 530	235 544 050	332 511	235 876 561

The notes are an integral part of the consolidated financial statements

The board of directors

SONAE INDÚSTRIA, S.G.P.S., S.A.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE PERIODS ENDED AT 31 DECEMBER 2011 AND 2010

(Amounts expressed in Euros)

OPERATING ACTIVITIES	Notes	31.12.2011	31.12.2010
Receipts from trade debtors		1 337 944 246	1 248 642 478
Payments to trade creditors		1 066 382 260	991 377 681
Payments to staff		223 626 922	246 486 040
Net cash flow from operations		47 935 064	10 778 757
Payment / (receipt) of corporate income tax		3 298 484	- 1 100 968
Other receipts / payments relating to operating activities	3	6 960 525	27 723 141
Net cash flow from operating activities (1)		51 597 105	39 602 866
INVESTMENT ACTIVITIES			
Cash receipts arising from:			
Investments		205 069	69 403 526
Tangible and intangible assets	3	15 670 994	13 344 483
Investment subventions		306 564	1 300 533
Dividends		80 370	283 890
Others		81 714	
		16 344 711	84 332 432
Cash Payments arising from:			
Investments		18 460	
Tangible and intangible assets		34 490 158	20 251 110
		34 508 618	20 251 110
Net cash used in investment activities (2)		- 18 163 907	64 081 322
FINANCING ACTIVITIES			
Cash receipts arising from:			
Interest and similar charges		774 376	199 015
Loans granted			32 945
Loans obtained	26	4 067 734 794	6 114 871 368
Others		2 491 590	
		4 071 000 760	6 115 103 328
Cash Payments arising from:			
Interest and similar charges		36 009 555	31 138 309
Loans granted			18 133
Loans obtained	26	4 065 873 735	6 163 431 270
Dividends		20 048	
Finance leases - repayment of principal		4 539 226	4 301 988
Others		223 463	23 688 237
		4 106 666 027	6 222 577 937
Net cash used in financing activities (3)		- 35 665 267	- 107 474 609
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		- 2 232 069	- 3 790 421
Effect of foreign exchange rate		87 295	- 470 334
Cash and cash equivalents at the beginning of the period	23	3 334 720	6 654 807
Cash and cash equivalents at the end of the period	23	1 015 356	3 334 720

The notes are an integral part of the consolidated financial statements

The board of directors

SONAE INDÚSTRIA SGPS, S.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

(Amounts expressed in euros)

1. INTRODUCTION

SONAE INDÚSTRIA, SGPS, SA, whose head-office is at Lugar do Espido, Via Norte, Apartado 1096, 4470-909 Maia, Portugal, is the parent company of a group of companies as detailed in notes 5 to 7 ("Group"). The Group's operations and business segments are described in Note 43.

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

2. MAIN ACCOUNTING POLICIES

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

2.1. Basis of Preparation

These consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) and the International Accounting Standards (IAS) issued by the International Accounting Standards Board (IASB) and with Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) or by the former Standing Interpretations Committee (SIC), applicable to the period beginning on 1 January 2011 and endorsed by the European Union.

In the year ended 31 December 2011 the following standards and interpretations became effective:

- **IAS 32** (Amendment), 'Financial instruments: Presentation – classification of rights issue'. This amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. If such rights are issued pro rata to an Entity's existing shareholders for a fixed amount of any currency, it is considered a transaction with shareholders and classified as equity. Otherwise, it should be accounted for as derivative liabilities.

- **IFRS 1** (Amendment), 'First time adoption of IFRS'. This amendment provides first-time adopters with the same transition provisions as included in the amendment to IFRS 7 - 'Financial Instruments: Disclosures', according to which, existing IFRS preparers were granted relief from presenting comparative information for fair value new three-level classification disclosures required by IFRS 7, if comparative period end before 31 December 2009.

- **IAS 24** (Amendment),'Related party disclosure'. The amended standard removes the general disclosure requirements for government-related entities, being mandatory the disclosure of the relationship with the Government and any significant transaction occurred with the Government or other Government- related entities. Additionally, related party definition was amended to eliminate inconsistencies in identification and disclosures of related parties.

- **2010 annual improvements**, generally effective for annual periods beginning on or after 1 January 2011. The 2010 annual improvements affects: IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34 and IFRIC 13.

- **IFRIC 14** (Amendment) 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'. IFRIC 14 clarifies that when asset surplus is a consequence of voluntary prepayments done on account of future minimum funding contribution, the surplus can be recognised as an asset.

- **IFRIC 19**, 'Extinguishing financial liabilities with equity instruments'. This interpretation clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished through the debtor issuing its own equity instruments (shares) to the creditor. A gain or loss is recognized in the profit and loss account based on the fair value of the equity instruments compared to the carrying amount of the debt. Simple reclassification of debt amount to equity is not allowed.

Main changes to the group's accounting policies resulting from the application of the aforementioned changes to standards relate to disclosing the nature of fair value calculation of financial instruments, recognized on the financial statements or disclosed in the notes.

At 31 December 2011 the following standards and interpretations had been issued but not applied as they only become effective on later periods:

- **IFRS 1** (amendment), ‘First time adoption of IFRS’ (effective for annual periods beginning on or after 1 July 2011). This amendment is still subject to endorsement by European Union. This amendment creates an additional exemption when an entity that has been subject to severe hyperinflation presents for the first time financial statements in accordance with IFRSs. The exemption allows an entity to elect to measure certain assets and liabilities at fair value; and to use that fair value as the deemed cost in the opening IFRS statement of financial position. Another change refers to the replacement of references to a fixed date with “the date of transition to IFRS” for retrospective adoption exemptions

- **IFRS 7** (amendment), ‘Financial instruments: Disclosures’ (effective for annual periods beginning on or after 1 July 2011). This amendment requires greater transparency in the reporting of asset’s transfer transactions, regarding risk exposures and the effect of those risks on an entity’s financial position, particularly those involving securitisation of financial assets.

- **IAS 12** (amendment), 'Income taxes' (effective for annual periods beginning on or after 1 January 2012). This amendment is still subject to endorsement by European Union. This amendment requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale, except for the investment properties measured at fair value model. The amendments also incorporate into IAS 12 the guidance previously contained in SIC 21, which is accordingly withdrawn.

- **IAS 1** (amendment), ‘Presentation of financial statements’ (effective for annual periods beginning on or after 1 July 2012). This amendment is still subject to endorsement by European Union. This amendment changes the disclosure of items presented in other comprehensive income (OCI), requiring entities to separate items in OCI on whether or not they may be recycled to profit and loss in the future and the related tax amount if OCI items presented before tax.

- **IFRS 9** (new), ‘Financial instruments - classification and measurement’ (effective for annual periods beginning on or after 1 January 2013). This standard is still subject to endorsement by European Union. IFRS 9 refers to the first part of financial instruments new standard and comprises two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. Financial instrument are measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit and loss.

- **IFRS 10** (new), ´Consolidated financial statements (effective for annual periods beginning on or after 1 January 2013). This standard is still subject to endorsement by European Union. IFRS 10 replaces all the guidance on control and consolidation in IAS 27 and SIC 12, changing the definition of control and the criteria applied to determine control. The core principal that a consolidated entity presents a parent and its subsidiaries as a single entity remain unchanged. .

- **IFRS 11** (new), 'Joint arrangements' (effective for annual periods beginning on or after 1 January 2013). This standard is still subject to endorsement by European Union. IFRS 11, focus on the rights and obligations of the arrangements rather than its legal form. Joint arrangements can be joint operations (rights to the assets and obligations) or joint ventures (rights to net assets, applying equity method).Proportional consolidation of joint venture is no longer allowed.

- **IFRS 12** (new), 'Disclosure of interest in other entities' (effective for annual periods beginning on or after 1 January 2013). This standard is still subject to endorsement by European Union. This standard sets out the required disclosures for all forms of interests in other entities, including joint arrangements, associates and special purpose vehicles, to allow the evaluation of the nature, risks and financial effects associated with entity's interests. An entity can provide any or all of the disclosures without having to apply IFRS 12 in its entirety or IFRS 10 or 11, or amended IAS 27 or 28.

- **IFRS 13** (new), 'Fair value measurement and disclosure' (effective for annual periods beginning on or after 1 January 2013). This standard is still subject to endorsement by European Union. IFRS 13 aims to improve consistency by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs.

- **IAS 27** (revised 2011), 'Separate financial statements' (effective for annual periods beginning on or after 1 January 2013). This standard is still subject to endorsement by European Union. IAS 27 was revised after the issuance of IFRS 10 and contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when the entity prepares separate financial statements preparation..

- **IAS 28** (revised 2011),'Investments in associates and joint ventures' (effective for annual periods beginning on or after 1 January 2013). This standard is still subject to endorsement by European Union. IAS 28 was revised after the issuance of IFRS 11 and prescribes the accounting for investments in associates and sets out the requirements for the application of equity method.

- **IAS 19** (amendment), 'Employee benefits' (effective for annual periods beginning on or after 1 January 2013). This amendment is still subject to endorsement by European Union. This amendment makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits and to the disclosures for all employee benefits. Actuarial gains and losses are recognised immediately, and only in OCI (no corridor approach allowed). Finance cost for funded benefit plans are calculated on a net funding basis. Termination benefits qualify for recognition only when the employee has no future-service obligation.

- **IFRIC 20** (new),'Stripping costs in the production phase of a surface mine (effective for annual periods beginning on or after 1 January 2013). This interpretation is still subject to endorsement by European Union. This interpretation refers to the accounting of overburden waste removal costs in the production phase of a surface mine, as an asset, considering that the waste removal generates two potential benefits: immediate extraction of mineral resources and improved access to further quantities of mineral resources to be extracted in the future.

The aforementioned changes, namely IAS 19 and IFRS 11, will affect the Group's financial statements the period they start being applied in a way that may be assessed with resource to the information disclosed in note 6 – Joint Ventures (assets, liabilities, income and expenses that are presently recognized under the proportionate consolidation method) and note 30 – Post retirement liabilities (actuarial gains and losses presently not recognized in accordance with the corridor method).

The accompanying consolidated financial statements have been prepared from the books and accounting records of the companies included in the consolidation (Note 5) on a going concern basis and under the historical cost convention, except for financial instruments, which are stated at fair value (Note 2.12).

2.2. Consolidation Principles

The consolidation methods adopted by the Group are as follows:

a) Investments in Group companies

Investments in companies in which the Group owns, directly or indirectly, more than 50% of the voting rights at Shareholders' General Meetings and is able to establish financial and operational policies so as to benefit from its activities (definition of control normally used by the Group), are included in the consolidated financial statements using the full consolidation method. Equity and comprehensible income attributable to minority shareholders are shown separately, under the caption Non Controlling Interests, in the Consolidated Statement of Financial Position and in the Consolidated Income Statement, respectively. Companies included in the consolidated financial statements are listed on Note 5.

Comprehensive income and the remaining items of net shareholders' funds are attributed to the holders of non-controlling interests, according to their interest, even if this caption turns negative.

Assets and liabilities of each Group company are measured at their fair value at the date of acquisition. Any excess of the acquisition cost plus the non-controlling holders' share in the fair value of acquired assets and liabilities, or alternatively, plus the fair value of non-controlling holders' investment in the acquired subsidiary, over the Group's interest in the fair value of the identifiable net assets acquired is recognized as goodwill (Note 2.2.d and 14). If the difference between the acquisition cost plus the non-controlling holders' share in the fair value of acquired assets and liabilities, or alternatively, plus the fair value of non-controlling holders' investment in the acquired subsidiary, and the fair value of the identifiable net assets acquired is negative, this difference is recognized as income in profit or loss for the period of acquisition, after reassessment of the estimated fair value. Non-controlling interests include their proportion of the fair value of net identifiable assets and liabilities, or alternatively, the fair value of their investment in the subsidiary acquired.

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

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

b) Financial Investments in jointly owned companies

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

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

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

Joint-venture companies are detailed in note 6.

c) Investments in associated companies

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

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

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

An assessment of investments in associated companies is performed when there is an indication that the asset might be impaired. Any impairment loss is disclosed in the income statement. Impairment losses recorded in prior years that are no longer justifiable are reversed.

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

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

Investments in associated companies are disclosed in Note 6.

d) Goodwill

The excess of the acquisition cost plus the non-controlling holders' share in the fair value of acquired assets and liabilities, or alternatively, plus the fair value of non-controlling holders' investment in the acquired subsidiary, over the Group's interest in the fair value of the identifiable net assets acquired is recognized as goodwill (Note 14).

The excess value resulting from the difference between the acquisition cost and the fair value of the assets and liabilities of the joint-venture or associate company at the time of acquisition is recorded as goodwill (Note 14).

Goodwill arising on the consolidation of subsidiaries located in foreign countries is accounted for on the functional currency of these subsidiaries and is then translated into the Group's reporting currency (Euro) at the exchange rate of balance sheet date. Exchange rate differences arising from this translation are disclosed in Other Accumulated Comprehensive Income.

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

If the difference between the acquisition cost plus the non-controlling holders' share in the fair value of acquired assets and liabilities, or alternatively, plus the fair value of non-controlling holders' investment in the acquired subsidiary, and the fair value of the identifiable net assets acquired over cost is negative, this difference is recognized as income in profit or loss for the period of acquisition, after reassessment of the estimated fair value.

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

e) Translation of financial statements of foreign companies

Assets and liabilities denominated in foreign currencies in the individual financial statements of foreign companies are translated to Euro using exchange rates at the balance sheet date. Profit and loss and cash flows are converted to Euro using the average exchange rate for the period. Exchange rate differences originated after 1 January 2004 are recorded as equity under Translation Reserves in Other Accumulated Comprehensive Income. Exchange rate differences that originated prior to 1 January 2004 (date of transition to IFRS) were written-off through Other Reserves and Accumulated Earnings.

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

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

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

	31.12.2011		31.12.2010	
	Closing rate	Average rate	Closing rate	Average rate
Great Britain Pound	0.8353	0.8676	0.8607	0.8571
South African Rand	10.4833	10.0523	8.8629	9.6759
Canadian Dollar	1.3215	1.3753	1.3322	1.3625
American Dollar	1.2939	1.3910	1.3362	1.3230
Swiss Franc	1.2156	1.2306	1.2504	1.3774
Polish Zloty	4.4579	4.1056	3.9750	3.9931

Source: Bloomberg

2.3. Tangible assets

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

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

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

Repair and maintenance expenses are recognized in profit or loss in the period they occur.
Depreciation is calculated on a straight line basis, as from the date the asset is first used, over the expected useful life for each class of assets.

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

	Years
Buildings	20 - 40
Plant & Machinery	2-25
Vehicles	5
Tools	4
Fixtures and Fittings	4-10
Other Tangible Assets	5

In the period the estimated useful lives of Tools was changed from 4 to 5 years. This change affects 2011 and later periods and is not relevant.

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

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

2.4. Intangible assets

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

Expenditure on research associated with new technical know-how is recognized as an expense recorded in the Income Statement when it is incurred (note 39).

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

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

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

2.5. Accounting for leases

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

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

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

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

2.6. Investment Properties

Investment properties are recorded at acquisition cost net of depreciation and of accumulated impairment losses. These are registered as a result of land and buildings used in discontinued operations and that the Group had established lease contracts with third parties.
Useful lives and the depreciation method are the ones set out in note 2.3. for tangible assets.

2.7. Government grants

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

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

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

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

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

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

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

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

2.9. Borrowing costs

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

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

2.10. Inventories

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

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

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

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

2.11. Provisions

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

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

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

2.12. Financial Instruments

a) Investments

Investments are classified into the following categories:

- Investments measured at fair value through profit or loss;
- Available-for-sale investments;
- Held-to-maturity investments.

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

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

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

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

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

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

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

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

b) Accounts receivable

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

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

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

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

c) Classification as equity or liability

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

d) Loans

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

e) Trade accounts payable

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

f) Derivatives

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

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

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

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

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

The fair value of these financial instruments is calculated with resource to derivative valuation software as described in note 27.

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

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

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

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

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

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

g) Equity instruments

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

h) Own shares

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

i) Cash and Cash Equivalents

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

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

2.13. Post-employment benefits

As referred to in note 30, some of the Group companies are committed to provide benefits to their employees when they get retired. These commitments are considered as defined benefit plans, and autonomous pension funds have been established to this effect:

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

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

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

2.14. Contingent assets and liabilities

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

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

2.15. Income tax

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

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

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

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

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

2.16. Revenue recognition and accrual basis

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

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

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

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

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

2.17. Capital gains and losses

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

2.18. Balances and transactions expressed in foreign currencies

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

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

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

When the Group wants to reduce currency exposure, it negotiates hedging currency derivatives (Note 2.12.f).

2.19. Liability for medium and long term incentives plan

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

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

2.20. Subsequent events

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

2.21. Segment information

At the reporting date reportable segments are assessed on the basis of the internal reporting system of financial information (note 43).

2.22. Judgments and estimations

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

a) Useful lives of tangible and intangible assets (notes 11, 12 and 13);
b) Impairment tests on goodwill and other tangible and intangible assets (note 14);
c) Adjustments to assets, namely fair value adjustments (notes 19 and 20);
d) Adjustments to the carrying amount of assets, namely, fair value adjustments;
e) Calculation of provisions and pensions liabilities (nota 30).

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

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

2.23. Emission rights of carbon dioxide

The Group has industrial facilities located in several European countries, which are within the scope of the European Emission Trading Scheme.
The scheme consists of an allowance granted by the State where the facility is located, which is recognized in Other Intangible Assets and Deferred Gains, at the market value of the date it was granted. Deferred gains are transferred to Other Operating Revenues on a straight line basis over the period.

At 31 December 2011 an estimation of emissions produced in the period is recognized in Cost Accruals and Other Operating Costs. In case the amount recorded is lower than market value, an impairment loss is accounted for.

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

2.24. Risk management

a) Credit Risk Management Policy

i) Receivables (Customers)

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

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

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

- Have in place proactive, active and reactive credit management processes and procedures, backed by advanced information systems;
- Have local commissions to analyse and follow up credit risk;
- Have teams exclusively dedicated to credit risk and collection of payments from customers;
- Establish and review credit limits for their Customers, monitoring effective exposure to their Customers;
- Have protection tools in place, such as insurance policies, where viable;
- Make use of credit rating agencies;
- Make use of legal proceedings in order to recover bad debt, if applicable

ii) Other financial assets, other than receivables

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

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

b) Market Risk Management Policy

i) Interest Rate Risk

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

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

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

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

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

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

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

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

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

- Derivatives are not used for trading, profit making, or speculative purposes;

- Group companies preferably engage in derivative transactions with Investment Grade Financial Institutions;

- Derivatives match exact periods, settlement dates and base interest rate of the underlying exposures;

- Maximum financial charges on the aggregate of the derivative and the underlying exposures are always known and limited on the inception of the hedging period;

- Quotes from at least two Financial Institutions are considered before closing any interest rate hedging deal.

ii) Foreign Exchange Risk

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

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

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

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

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

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

As a policy, translation risk in connection with the conversion of the Equity investments on foreign non Euro subsidiaries is not hedged as these are considered long-term investments and it is assumed that hedging will not add value in the long term. Gains and losses related to the translation at different exchange rates of Equity investments in foreign non Euro subsidiaries are accounted under the Conversion Reserve, included in Other Reserves and Accumulated Earnings, on the Consolidated Balance Sheet.

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

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

Interest rate risk and exchange rate risk are analysed in note 28.

iii) Other Price Risks

At 31 December 2011, Sonae Indústria did not hold material investments classified as “available-for-sale”.

c) Liquidity Risk Management Policy

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

For this purpose, Liquidity management at the Group comprises:

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

Still aiming to mitigate the liquidity risk, it is Sonae Indústria's policy to avoid whenever possible in its financing contacts clauses related to fault in financial ratios that might lead to early repayment of funds. This policy takes into consideration the cyclical nature of the wood based panel industry, which directly impacts financial ratios across the economic cycle.

Liquidity risk is analysed in note 26.

3. RELEVANT EVENTS

3.1. 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 for a maximum period of 18 months or, if earlier, 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, for the amount of EUR 11 969 976 (GBP 9 998 560), and under Provisions and Impairment Losses, on the Consolidated Income Statement, for the amount of EUR 11 523 940 (GBP 9 998 560), as well as the corresponding estimated compensation recognized under Other Current Assets, on the Consolidated Statement of Financial position, for an amount of EUR 11 969 976 (GBP 9 998 560), and under Provisions and Impairment Losses, on the Consolidated Income Statement, for an amount of EUR 11 523 940 (GBP 9 998 560).

A loss on tangible fixed assets written off recognized under Other Operating Expenses, on the Consolidated Income Statement, for EUR 443 003 (GBP 384 364), as well as the corresponding estimated insurance compensation, which was recognized under Other Current Assets, on the Consolidated Statement of Financial Position, for EUR 460 149 (GBP 384 364) and under Other Operating Expenses, on the Consolidated Income Statement, for EUR 443 003 (GBP 384 364).

An estimated compensation corresponding to the operating losses incurred over the period ended 30 December 2011, recognized for EUR 24 709 355 (GBP 20 639 805) under the caption Other Current Assets, on the Consolidated Statement of Financial Position, and for EUR 23 788 614 (GBP 20 639 805) under the caption Other Operating Income, 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 were different.

Other receipts/payments relating to operating activities and Cash receipts arising from tangible and intangible assets, on the Consolidated Statement of Cash Flows, include EUR 12 373 062 and EUR 11 872 075 respectively, paid by the insurance company.

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

3.2. 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 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. At 30 June 2011 a provision was recognized under Provisions and Impairment Losses, on the Consolidated Income Statement, for 27.7 million Euros.

In September 2011 the German Competition Authority adopted the final decision relating to this investigation process. Glunz AG contested this decision aiming to renegotiate the payment conditions of the fine. As a consequence, the fine was reduced to approximately EUR 25 400 000 and was recognized under Other Operating Expenses – Others. Simultaneously the provision was utilized (note 34).

4. CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS

During the period ended 31 December 2011 the Group started to recognize exchange differences related to trade debtors and trade creditors under Other Operating Income and Other Operating Expenses on the Consolidated Income Statement. These exchange differences were previously recognized under Finance Income and Finance. The amounts reclassified are materially irrelevant (note 40).

5. GROUP COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

Group companies included in the consolidated financial statements, their head offices and percentage of capital held by the Group as at 31 December 2011 and 31 December 2010 are as follows:

	COMPANY	HEAD OFFICE	PERCENTAGE OF CAPITAL HELD				TERMS FOR INCLUSION
			31.12.2011		31.12.2010		
			Direct	Total	Direct	Total	
	Agepan Eiweiler Management, GmbH	Eiweiler (Germany)	100.00%	98.78%	100.00%	98.78%	a)
1)	Agepan Flooring Products, SARL	Luxemburg	100.00%	98.78%	100.00%	98.78%	a)
	Agloma Investimentos, SGPS, S. A.	Maia (Portugal)	100.00%	98.90%	100.00%	98.90%	a)
	Agloma - Sociedade Industrial de Madeira Aglomerada, S.A.	Oliveira do Hospital (Portugal)	100.00%	100.00%	100.00%	100.00%	a)
	Aserraderos de Cuellar, S.A.	Madrid (Spain)	100.00%	98.90%	100.00%	98.90%	a)
	BHW Beeskow Holzwerkstoffe GmbH	Meppen (Germany)	100.00%	98.78%	100.00%	98.78%	a)
2)	Cia. de Industrias y Negocios, S.A.	Madrid (Spain)	100.00%	98.78%	100.00%	98.78%	a)
	Darbo, SAS	Linxe (France)	100.00%	98.78%	100.00%	98.78%	a)
	Ecociclo, Energia e Ambiente, S. A.	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%	a)
	Euroresinas - Indústrias Quimicas, S.A.	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%	a)
	GHP Glunz Holzwerkstoffproduktions GmbH	Meppen (Germany)	100.00%	98.78%	100.00%	98.78%	a)
	Glunz AG	Meppen (Germany)	100.00%	98.78%	100.00%	98.78%	a)
	Glunz Service GmbH	Meppen (Germany)	100.00%	98.78%	100.00%	98.78%	a)
	Glunz UK Holdings, Ltd.	Knowsley (United Kingdom)	100.00%	98.78%	100.00%	98.78%	a)
	Glunz UkA GmbH	Meppen (Germany)	100.00%	98.78%	100.00%	98.78%	a)
	Impaper Europe GmbH	Meppen (Germany)	100.00%	98.78%	100.00%	98.78%	a)

	Imoplamac – Gestão de Imóveis, S. A.	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%	a)
	Isoroy, SAS	Rungis (France)	100.00%	98.78%	100.00%	98.78%	a)
	Maiequipa - Gestão Florestal, S.A.	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%	a)
	Megantic B.V.	Amsterdam (The Netherlands)	100.00%	98.78%	100.00%	98.78%	a)
	Movelpartes – Comp. para a Indústria do Mobiliário, S.A.	Paredes (Portugal)	100.00%	100.00%	100.00%	100.00%	a)
	OSB Deustchland	Germany	100.00%	98.78%	100.00%	98.78%	a)
	Poliface North America	Baltimore (USA)	100.00%	98.78%	100.00%	98.78%	a)
	Racionalización y Manufacturas Florestales, S.A.	Madrid (Spain)	100.00%	98.78%	100.00%	98.78%	a)
	SCS Beheer, BV	The Netherlands	100.00%	98.78%	100.00%	98.78%	a)
	Sociedade de Iniciativa e Aproveit. Florestais – Energias, S.A.	Mangualde (Portugal)	100.00%	98.78%	100.00%	98.78%	a)
	Somit – Imobiliária, S.A.	Mangualde (Portugal)	100.00%	98.79%	100.00%	98.79%	a)
	Sonae Indústria – Management services, S. A.	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%	a)
	Sonae Indústria – Prod. e Comerc. Derivados Madeira, S. A.	Mangualde (Portugal)	100.00%	98.82%	100.00%	98.82%	a)
	Sonae Indústria – Soc. Gestora de Participações Sociais, S.A.	Maia (Portugal)	PARENT	PARENT	PARENT	PARENT	PARENT
	Sonae Indústria de Revestimentos, S.A.	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%	a)
	Sonae Novobord (Pty) Ltd	Woodmead (South Africa)	100.00%	98.78%	100.00%	98.78%	a)
	Sonae Tafibra International, B. V.	Woerden (The Netherlands)	100.00%	98.78%	100.00%	98.78%	a)
	Sonae Industria (UK), Limited	Knowsley (United Kingdom)	100.00%	98.78%	100.00%	98.78%	a)
	Spanboard Products Ltd	Belfast (United Kingdom)	100.00%	98.78%	100.00%	98.78%	a)
	Tableros de Fibras, S.A.	Madrid (Spain)	98.42%	98.78%	98.42%	98.78%	a)
	Tableros Tradema, S.L.	Madrid (Spain)	100.00%	98.78%	100.00%	98.78%	a)
	Tafiber. Tableros de Fibras Ibéricas, S.L.	Madrid (Spain)	100.00%	98.78%	100.00%	98.78%	a)
	Tafibra Polska Sp. z o. o. i. L	Poznan (Poland)	100.00%	98.78%	100.00%	98.78%	a)
	Tafibra South Africa, Limited	Woodmead (South Africa)	100.00%	98.78%	100.00%	98.78%	a)
	Tafisa Canadá Societé Inc	Lac Mégantic (Canada)	100.00%	98.78%	100.00%	98.78%	a)
3)	Tafisa Canadá Societé en Commandite	Lac Mégantic (Canada)	99.99%	98.78%	99.99%	98.78%	a)
4)	Tafisa Développement	Rungis (França)	100.00%	98.78%			a)
	Tafisa France S.A.S.	Rungis (France)	100.00%	98.78%	100.00%	98.78%	a)
4)	Tafisa Investissement	Rungis (França)	100.00%	98.78%			a)
4)	Tafisa Participation	Rungis (França)	100.00%	98.78%			a)
	Tafisa U.K, Ltd.	Knowsley (United Kingdom)	100.00%	98.78%	100.00%	98.78%	a)
	Taiber, Tableros Aglomerados Ibéricos, S.L.	Madrid (Spain)	100.00%	98.78%	100.00%	98.78%	a)
	Tafibra Suisse, SA	Tavannes (Switzerland)	100.00%	98.78%	100.00%	98.78%	a)
	Tecnologias del Medio Ambiente, S.A.	Barcelona (Spain)	100.00%	98.78%	100.00%	98.78%	a)
	Tool, GmbH	Meppen (Germany)	100.00%	98.78%	100.00%	98.78%	a)

a) Majority of voting rights.

1) Company dissolved 6 September 2011 ;

2) Company dissolved 23 May 2011;

3) Company merged in Tafisa Canada Inc.;

4) Company incorporated 6 December 2011;

These group companies are consolidated using the full consolidation method as described in Note 2.2.a).

6. JOINT VENTURES

The joint ventures, their head offices, percentage of share capital held and balance sheet on 31 December 2011 and 31 December 2010 are as follows:

	COMPANY	HEAD OFFICE	PERCENTAGE OF CAPITAL HELD			
			31.12.2011		31.12.2010	
			Direct	Total	Direct	Total
	Laminate Park GmbH & Co. KG	Eiweiler (Germany)	50.00%	49.39%	50.00%	49.39%
1)	Tarkett Agepan Laminate Flooring SCS	Luxembourg	50.00%	49.39%	50.00%	49.39%
	Tecmasa. Reciclados de Andalucia, S. L.	Alcalá de Guadaira (Spain)	50.00%	49.39%	50.00%	49.39%

1) Company dissolved 28 February 2011.

Joint venture companies have been consolidated using the proportionate consolidation method, as explained in note 2.2.b).

Assets, liabilities, revenues and costs included proportionately in the consolidation, after elimination of intragroup balances and flows, are as follows:

	31.12.2011	31.12.2010
Non current assets	29 931 271	32 949 835
Current assets	10 112 044	9 198 631
Non current liabilities	3 453 457	3 391 457
Current liabilities	9 413 379	7 184 024
Operating revenues	34 811 416	30 487 009
Operating costs	43 750 983	40 706 147

7. INVESTMENTS IN ASSOCIATED COMPANIES

Associated companies, their head offices and the percentage of share capital held as at 31 December 2011 and 31 December 2010 are as follows:

	COMPANY	HEAD OFFICE	PERCENTAGE OF CAPITAL HELD			
			31.12.2011		31.12.2010	
			Direct	Total	Direct	Total
	Serradora Boix	Barcelona (Spain)	31.25%	30.87%	31.25%	30.87%
1)	Sonaegest	Maia (Portugal)	20.00%	20.00%	20.00%	20.00%

1) Company sold 23 May 2011.

Associated companies are recognized in the consolidated financial statements using the equity method, as referred in Note 2.2.c).

The aggregated assets, liabilities, operating revenues and net profit or loss of the associated companies accounted for through the equity method in these consolidated financial statements, are as follows:

	31.12.2011	31.12.2010
Assets	19 104 437	21 142 208
Liabilities	11 233 493	11 657 529
Operating revenues	21 407 152	21 151 131
Net Profit or loss	- 146 982	- 182 293

8. CHANGES TO THE CONSOLIDATION PERIMETER

The changes to the consolidation perimeter during the period that were set out in notes 5, 6 and 7, did not produce significant effects on the consolidated financial statements.

9. FINANCIAL INSTRUMENTS

In the Consolidated Statements of Financial Position at 31 December 2011 and 31 December 2010, the following financial instruments are included:

	Loans and receivables	Assets at fair value through profit or loss	Hedge derivatives	Available-for-sale assets	Sub-total	Assets out of scope of IFRS 7	Total
31.12.2011							
Non current assets							
Available for sale investments				1 069 440	1 069 440		1 069 440
Other non current assets	3 601 640				3 601 640	4 590	3 606 230
Current assets							
Customers	158 400 706				158 400 706		158 400 706
Other current debtors	10 944 764				10 944 764	2 187 912	13 132 676
Other current assets		2 050 956			2 050 956	19 613 990	21 664 946
Cash and cash equivalents	23 570 163				23 570 163		23 570 163
Total	196 517 273	2 050 956		1 069 440	199 637 669	21 806 492	221 444 161
31.12.2010							
Non current assets							
Available for sale investments				1 031 189	1 031 189		1 031 189
Other non current assets	915 139				915 139	4 581	919 720
Current assets							
Customers	159 041 460				159 041 460		159 041 460
Other current debtors	13 617 058				13 617 058	432 627	14 049 685
Other current assets		3 909 976			3 909 976	7 753 977	11 663 953
Cash and cash equivalents	26 915 003				26 915 003		26 915 003
Total	200 488 660	3 909 976		1 031 189	205 429 825	8 191 185	213 621 010

	Liabilities at fair value through profit or loss	Hedge derivatives	Liabilities at amortized cost	Sub-total	Liabilities out of scope of IFRS 7	Total
31.12.2011						
Non current liabilities						
Bank loans - net of short term portion			155 127 941	155 127 941		155 127 941
Debentures - net of short term portion			287 993 050	287 993 050		287 993 050
Finance lease creditors - net of short term portion			39 494 029	39 494 029		39 494 029
Other loans			98 597 712	98 597 712		98 597 712
Other non current liabilities			21 677 155	21 677 155	55 654 961	77 332 116
Current liabilities						
Bank loans			136 351 198	136 351 198		136 351 198
Debentures			15 000 000	15 000 000		15 000 000
Finance lease creditors			4 593 444	4 593 444		4 593 444
Other loans			1 477 788	1 477 788		1 477 788
Trade creditors			161 475 903	161 475 903		161 475 903
Other current liabilities	2 843 821		13 258 834	16 102 655	85 223 211	101 325 866
Total	2 843 821		935 047 053	801 539 677	140 878 172	942 417 849
31.12.2010						
Non current liabilities						
Bank loans - net of short term portion			132 402 184	132 402 184		132 402 184
Debentures - net of short term portion			301 063 535	301 063 535		301 063 535
Finance lease creditors - net of short term portion			43 539 714	43 539 714		43 539 714
Other loans			93 307 071	93 307 071		93 307 071
Other non current liabilities			499 491	499 491	61 858 721	62 358 212
Current liabilities						
Bank loans			160 027 034	160 027 034		160 027 034
Finance lease creditors			4 468 308	4 468 308		4 468 308
Other loans			79 615	79 615		79 615
Trade creditors			152 135 488	152 135 488		152 135 488
Other current liabilities	4 755 438		7 390 875	12 146 313	90 504 512	102 650 824
Total	4 755 438		894 913 315	899 668 753	152 363 232	1 052 031 985

Assets and liabilities out of the scope of IFRS 7 consist essentially of accounts receivable from and payable to the State and the Group's employees and items of accruals and deferrals.

10. INVESTMENTS

At 31 December 2011 and 31 December 2010 details of Investments are as follows:

	31.12.2011		31.12.2010	
	Current	Non current	Current	Non current
Investment in group companies excluded from consolidation				
Opening balance		37 054 870		37 054 870
Acquisition				
Disposal				
Liquidation				
Effect of equity method application				
Currency translation effect				
Closing balance		37 054 870		37 054 870
Accumulated impairment losses (Note 34)		36 990 037		36 990 037
Net investment in group companies excluded from consolidation		64 833		64 833
Investment in associated companies				
Opening balance		2 618 508		2 946 263
Increase in share capital				
Disposal				
Effect of equity method application		- 255 841		- 327 755
Changes in consolidation perimeter		- 66 610		
Transfer				
Currency translation effect				
Closing balance		2 296 057		2 618 508
Accumulated impairment losses (Note 34)				
Net investment in associated companies		2 296 057		2 618 508
Associated undertakings and non consolidated undertakings		2 360 890		2 683 341

	31.12.2011		31.12.2010	
	Current	Non current	Current	Non current
Available-for-sale investment				
Opening balance		1 047 150		316 663
Acquisition		20 953		
Disposal				
Change in fair value		17 298		90 487
Transfer				640 000
Currency translation effect				
Closing balance		1 085 401		1 047 150
Accumulated impairment losses (Note 34)		15 961		15 961
Net available-for-sale investment		1 069 440		1 031 189

Available-for-sale investment consists of financial undertakings which do not fulfil the criteria to be stated as subsidiaries or as associates. They are recognized at cost as no relevant difference to their fair value is estimated. In addition, it includes an application in an investment fund which is recognized for its market fair value (level 1 fair value).

11. TANGIBLE ASSETS

During 2011 and 20010, movements in tangible assets, accumulated depreciation and impairment losses were as follows:

31.12.2011	Land and Buildings	Plant and Machinery	Vehicles	Tools	Fixtures and Fittings	Other Tangible Fixed Assets	Fixed Assets under construction	Total tangible assets
Gross cost:								
Opening balance	474 349 093	1 827 309 102	15 877 803	17 628 038	44 487 709	15 607 852	18 015 841	2 413 275 438
Changes in consolidation perimeter								
Capital expenditure	94 515	1 762 307	548 183	542			35 626 660	38 032 207
Disposals	11 380 691	69 244 945	346 862	354 962	4 394 432	979 914	733 409	87 435 215
Revaluation								
Transfers and reclassifications	2 463 044	17 755 279	325 652	302 975	72 145	114 810	- 21 619 730	- 585 825
Exchange rate effect	- 2 739 615	- 11 943 761	- 21 725	- 135 437	- 282 581	9 598	336 546	- 14 776 975
Closing balance	462 786 346	1 765 637 982	16 383 051	17 441 156	39 882 841	14 752 346	31 625 908	2 348 509 630
Accumulated depreciation and impairment losses								
Opening balance	155 838 628	1 193 052 860	13 454 739	14 494 066	39 356 773	13 547 266		1 429 744 332
Changes in consolidation perimeter								
Depreciations for the period	11 852 937	64 032 018	1 109 547	925 664	2 033 760	717 644		80 671 570
Impairment losses for the period	6 919 421	5 958 554			2 614			12 880 589
Disposals	10 722 572	68 521 710	334 828	354 913	4 392 599	967 547		85 294 169
Reversion of impairment losses for the period		181 464						181 464
Revaluation								
Transfers and reclassifications	3 800	2 020	- 122		4 039	- 186		9 551
Exchange rate effect	- 158 662	- 4 208 944	- 34 439	- 102 909	- 238 701	4 176		- 4 739 479
Closing balance	163 733 552	1 190 133 334	14 194 897	14 961 908	36 765 886	13 301 353		1 433 090 930
Carrying amount	299 052 794	575 504 648	2 188 154	2 479 248	3 116 955	1 450 993	31 625 908	915 418 700

31.12.2010	Land and Buildings	Plant and Machinery	Vehicles	Tools	Fixtures and Fittings	Other Tangible Fixed Assets	Fixed Assets under construction	Total tangible assets
Gross cost:								
Opening balance	484 371 308	1 883 274 945	15 486 750	18 331 484	44 788 162	15 912 097	21 989 441	2 484 154 187
Changes in consolidation perimeter	- 25 542 804	- 84 775 360	- 72 890	- 895 080	- 498 000	- 468 027	- 1 326 199	- 113 578 360
Capital expenditure	243 530	871 025	894 419	43 584	20 033		21 433 530	23 506 121
Disposals	201 658	40 776 915	721 203	175 142	1 603 444	100 271	1 458 783	45 037 416
Transfers and reclassifications	1 843 042	19 106 588	125 903	123 517	725 708	256 427	- 22 913 814	- 732 629
Exchange rate effect	13 635 675	49 608 819	164 824	199 675	1 055 250	7 626	291 666	64 963 535
Closing balance	474 349 093	1 827 309 102	15 877 803	17 628 038	44 487 709	15 607 852	18 015 841	2 413 275 438
Accumulated depreciation and impairment losses								
Opening balance	146 210 883	1 176 605 248	12 986 944	14 070 970	37 718 424	13 194 306		1 400 786 775
Changes in consolidation perimeter	- 4 596 070	- 44 607 982	- 62 033	- 840 985	- 449 614	- 307 205		- 50 863 889
Depreciations for the period	14 519 019	71 764 503	1 034 763	1 286 718	2 819 669	757 912		92 182 584
Impairment losses for the period		5 207 081						5 207 081
Disposals	64 299	38 369 722	616 715	175 142	1 588 306	99 534		40 913 718
Reversion of impairment losses for the period		255 271						255 271
Transfers and reclassifications	- 2 289 734	1 474 833		- 227	- 23 383			- 838 511
Exchange rate effect	2 058 829	21 234 170	111 781	152 732	879 983	1 787		24 439 282
Closing balance	155 838 628	1 193 052 860	13 454 740	14 494 066	39 356 773	13 547 266		1 429 744 333
Carrying amount	318 510 465	634 256 242	2 423 063	3 133 972	5 130 936	2 060 586	18 015 841	983 531 105

In September 2011 an impairment loss was recognized in relation to the accident occurred at the subsidiary Sonae Industria (UK), Ltd (note 3). At the end of the period, damaged items that were stated as Tangible Fixed Assets for a gross amount of EUR 22 940 716 and accumulated depreciation of EUR 10 973 773 were written off.

During 2011 and 2010 no interest paid or any other financial charges were capitalized, in accordance with conditions defined in note 2.9.

At 31 December 2011 mortgaged Land and buildings amounted to EUR 187 626 161 (EUR 88 576 298 at 31 December 2010) as a guarantee for bank loans amounting to approximately EUR 66 000 000. On the same date, there were no significant commitments for the acquisition of tangible assets.

At 31 December 2011 and 20010 details of assets bought through financial leases were as follows:

	31.12.2011					31.12.2010
	Opening balance	Changes to consolidation perimeter	Increase	Other changes	Closing balance	Closing balance
Gross cost:						
Land and Buildings	36 937 140			65 969	37 003 109	36 937 140
Plant and Machinery	44 798 579				44 798 579	44 798 579
Vehicles	4 208 729		440 173	191 865	4 840 767	4 208 729
Tools						
Fixtures and Fittings	354 301			2 870	357 171	354 301
Other tangible assets						
Fixed Assets under construction			164 800	- 164 800		
Closing balance	86 298 750		604 973	95 904	86 999 626	86 298 750
Accumulated depreciation and impairment losses:						
Land and Buildings	9 642 386		647 780	8 946	10 299 112	9 642 386
Plant and Machinery	15 494 844		2 988 147		18 482 992	15 494 844
Vehicles	2 842 217		471 822	12 524	3 326 563	2 842 217
Tools						
Fixtures and Fittings	53 416		80 056	3 646	137 118	53 416
Other tangible assets						
Closing balance	28 032 863		4 187 805	25 116	32 245 785	28 032 863
Carrying amount	58 265 887		- 3 582 832	70 788	54 753 841	58 265 887

Minimum payments of finance lease are stated in note 26.4.

12. INTANGIBLE ASSETS

During 2011 and 2010 movements in intangible assets, accumulated depreciation and impairment losses were as follows:

31.12.2011

	Development Costs	Patents, Royalties And Other Rights	Software		Other Intangible Assets		Assets Under Development		Total intangible assets		
	Non internally generated	Non internally generated	Internally generated	Non internally generated	Internally generated	Non internally generated	Internally generated	Non internally generated	Internally generated	Non internally generated	Total
Gross cost:											
Opening balance	52 682	3 064 048	16 696 115	1 827 347	63 454	1 873 409		156 144	16 759 569	6 973 630	23 733 199
Changes in consolidation perimeter											
Capital expenditure						2 111 813	119 118	1 105 986	119 118	3 217 799	3 336 917
Disposals						1 432 378				1 432 378	1 432 378
Transfers and reclassifications	131 730	- 154	600 305	196 829		- 704 619	- 63 946	- 325 037	536 359	- 701 251	- 164 892
Exchange rate effect	- 1 005	- 1 983	- 262 714						- 262 714	- 2 988	- 265 702
Closing balance	183 407	3 061 911	17 033 706	2 024 176	63 454	1 848 225	55 172	937 093	17 152 332	8 054 812	25 207 144
Accumulated amortisation and impairment losses											
Opening balance	23 452	2 858 439	8 869 064	982 489	63 454	816 879			8 932 518	4 681 259	13 613 777
Changes in consolidation perimeter											
Depreciations for the period	36 338	35 645	2 838 409	304 980					2 838 409	376 963	3 215 372
Impairment losses for the period											
Disposals											
Reversion of impairment losses for the peri											
Transfers and reclassifications						- 141				- 141	- 141
Exchange rate effect	- 1 005	153	- 197 791						- 197 791	- 852	- 198 643
Closing balance	58 785	2 894 237	11 509 682	1 287 469	63 454	816 738			11 573 136	5 057 229	16 630 365
Carrying amount	124 622	167 674	5 524 024	736 707		1 031 487	55 172	937 093	5 579 196	2 997 583	8 576 779

31.12.2010

	Development Costs	Patents, Royalties And Other Rights	Software		Other Intangible Assets		Assets Under Development		Total intangible assets		
	Non internally generated	Non internally generated	Internally generated	Non internally generated	Internally generated	Non internally generated	Internally generated	Non internally generated	Internally generated	Non internally generated	Total
Gross cost:											
Opening balance	43 749	2 896 547	15 033 515	2 156 347		1 649 067	27 106	948 971	15 060 621	7 694 681	22 755 302
Changes in consolidation perimeter			- 1 313						- 1 313		- 1 313
Capital expenditure			4 785			1 821 921		468 745	4 785	2 290 666	2 295 451
Disposals						1 019 853				1 019 853	1 019 853
Transfers and reclassifications	7 834	165 536	1 285 979	- 329 000	63 454	- 577 726	- 27 106	- 1 261 572	1 322 327	- 1 994 928	- 672 601
Exchange rate effect	1 099	1 965	373 149						373 149	3 064	376 213
Closing balance	52 682	3 064 048	16 696 115	1 827 347	63 454	1 873 409		156 144	16 759 569	6 973 630	23 733 199
Accumulated amortisation and impairment losses											
Opening balance	18 530	2 836 537	5 974 710	646 583		832 685			5 974 710	4 334 335	10 309 045
Changes in consolidation perimeter			- 252						- 252		- 252
Depreciations for the period	6 542	21 164	2 702 812	383 330		1 435			2 702 812	412 471	3 115 283
Impairment losses for the period											
Disposals						6 073				6 073	6 073
Reversion of impairment losses for the period					11 421	7 566			11 421	7 566	18 987
Transfers and reclassifications	- 2 719		- 13 310	- 47 424	74 875	- 3 602			61 565	- 53 745	7 820
Exchange rate effect	1 099	738	205 104						205 104	1 837	206 941
Closing balance	23 452	2 858 439	8 869 064	982 489	63 454	816 879			8 932 518	4 681 259	13 613 777
Carrying amount	29 230	205 609	7 827 051	844 858		1 056 530		156 144	7 827 051	2 292 371	10 119 422

13. INVESTMENT PROPERTIES

During 2011 and 20010 movements in investment properties, accumulated depreciation and impairment losses were as follows:

	31.12.2011			31.12.2010		
	Cost	Under constrution	Total	Cost	Under constrution	Total
Gross cost:						
Opening balance	1 667 281		1 667 281	7 465 412		7 465 412
Changes to consolidation perimeter						
Increase						
Disposals				5 798 131		5 798 131
Transfers						
Exchange rate effect						
Closing balance	1 667 281		1 667 281	1 667 281		1 667 281
Accumulated depreciations and impairment losses:						
Opening balance	265 550		265 550	799 679		799 679
Changes to consolidation perimeter						
Charge for the period	44 258		44 258	52 291		52 291
Disposals				586 420		586 420
Transfers						
Exchange rate effect						
Closing balance	309 808		309 808	265 550		265 550
Carrying amount	1 357 473		1 357 473	1 401 731		1 401 731

	31.12.2011	31.12.2010
Rents from investment properties	316 870	257 295
Direct operating costs	273 453	335 595

The estimated fair value of assets classified as investment properties amounted to EUR 1 500 000 at 31 December 2011, on the basis of market information.

14. GOODWILL ARISING ON CONSOLIDATION

During 2011 and 20010 movements in goodwill arising on consolidation, accumulated depreciation and impairment losses were as follows:

	Goodwill	
	31.12.2011	31.12.2010
Gross value:		
Opening balance	93 999 204	92 175 949
Changes in consolidation perimeter		
Increases		
Decreases	189 649	1 621
Currency translation	-1 189 372	1 824 876
Closing balance	92 620 183	93 999 204

Impairment tests carried out at 31 December 2011 consisted in determining the recoverable amount using the discounted cash flow method. Operating cash flows were projected over an eight-year period, thereafter extrapolated using perpetuity and discounted to 31 December 2011. Weighted Average Cost of Capital, before tax, calculated through CAPM (Capital Asset Pricing Model) methodology for each reportable segment, was used as discount rates. These rates include specific market features and include different risk factors as well as risk-free interest rates of ten-year bonds of each segment.

An eight-year period was used for projecting cash flows on the grounds of the extension and intensity of the economic cycles affecting the Group's activity.

Projected cash flows are based on the Group's business plan and are updated annually so as to include changes in the economic outlook of each market where the Group is conducting business.

Goodwill was allocated to the cash generating units, which correspond to the reportable segments.

The Board of Directors believes that a reasonably possible change on the basic assumptions used to determine the recoverable amount would not cause the Goodwill to be impaired.

31.12.2011:

	Iberian Peninsula	Germany	France	South Africa
Goodwill	73 116 273	3 522 555	6 027 749	9 953 606
Discount rate (pre-tax)	12.01%	9.78%	10.38%	16.60%
Growth Rate on Perpetuity	1.00%	1.00%	1.00%	1.00%
Period	8 years	8 years	8 years	8 years
Test Conclusions	No impairment	No impairment	No impairment	No impairment

31.12.2010:

	Iberian Peninsula	Germany	France	South Africa
Goodwill	73 205 660	3 522 555	6 027 749	11 243 240
Discount rate (pre-tax)	11.40%	9.05%	9.38%	16.56%
Growth Rate on Perpetuity	1.00%	1.00%	1.00%	1.00%
Period	8 years	8 years	8 years	8 years
Test Conclusions	No impairment	No impairment	No impairment	No impairment

No impairment losses were recognized as a result of the tests carried out on the carrying amount of Goodwill as at 31 December 2011.

15. DEFERRED TAXES

At 31 December 2011 and 31 December 2010 deferred tax assets and liabilities were detailed according to underlying temporary differences as follows:

	Deferred Tax Assets		Deferred Tax Liabilities	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Derecognized Deferred Costs	102 650	102 651		
Harmonisation Adjustments			59 344 073	69 416 213
Provisions not Allowed for Tax Purposes	2 028 176	3 468 740		
Impairment of Assets	1 908 207	1 917 159		
Tax Losses Carried Forward	30 774 820	30 718 893		
Derecognized Tangible Fixed Assets	53 518	55 941		
Revaluation of Tangible Fixed Assets			949 780	974 305
Other Deferred Taxes	3 007 578	3 919 566	3 964 357	198 968
	37 874 949	40 182 950	64 258 210	70 589 486

	Deferred tax assets 2011	Deferred tax assets 2010	Deferred tax liabilities 2011	Deferred tax liabilities 2010
Opening balance	40 182 949	33 229 430	70 589 486	57 367 250
Impact on results:				
Resulting from changes in temporary differences				
Harmonisation adjusments			- 3 478 018	- 5 004 251
Changes in provisions not allowed for tax purposes	- 818 732	1 205 426		
Impairment of Assets	- 8 952	- 1 005		
Derecognized tangible assets	- 2 422	- 71 204		
Derecognized deferred costs		- 14 100		
Revaluation of tangible assets			- 24 525	- 30 657
Tax losses carried forward	605 892	- 7 909 330		
Others	- 906 423	1 621 000	102 641	- 28 588
	- 1 130 637	- 5 169 214	- 3 399 902	- 5 063 496
Resulting from change in tax rate				
Subtotal	- 1 130 637	- 5 169 214	- 3 399 902	- 5 063 496
Impact on reserves:				
Items of Other Comprehensive Income				
Currency translation effect	- 1 177 363	1 545 733	- 2 931 374	7 708 732
Impact of changes in the consolidation perimeter				
Previously offset deferred tax		10 577 000		10 577 000
Closing balance	37 874 949	40 182 950	64 258 210	70 589 486

In accordance with International Financial Reporting Standards / International Accounting Standards, on a yearly basis the Group performs an evaluation of the deferred tax asset relating to tax losses carried forward that was accounted for in previous years based on projected cash flows for a five-year period.

According to the estimation of taxable profit for the fiscal year 2011 and according to the tax return for the fiscal year 2010, tax losses carried forward and the corresponding deferred tax asset are detailed as follows:

	31.12.2011		31.12.2010	
Limit date to be used	Tax loss carried forward	Deferred tax asset	Tax loss carried forward	Deferred tax asset
2012	11 076 538	2 769 635	22 118 172	5 529 543
2014	6 100 000	1 525 000	9 053 785	1 525 000
2017	5 740 083	1 722 025	5 740 083	1 722 025
2018	710 820	213 246	710 820	213 246
	23 627 441	6 229 906	37 622 860	8 989 814
Without time limit	85 953 341	24 544 914	68 999 143	21 729 079
Total	109 580 782	30 774 820	106 622 003	30 718 893

Furthermore, at 31 December 2011 and 31 December 20010, tax losses for which no deferred tax assets were recognized are detailed as follows:

Limit date to be used	31.12.2011 Tax loss carried forward	31.12.2011 Tax credit	31.12.2010 Tax loss carried forward	31.12.2010 Tax credit
2011			296	74
2014	17 277 579	4 931 170	12 235 492	3 670 648
2015	80 830	22 047	36 775	11 033
2016	90 224 538	27 065 332	90 183 965	27 055 189
2017	64 910 262	19 462 664	58 961 872	17 688 562
2018	101 757 410	30 521 331	100 928 741	30 278 623
2019	8 141 353	2 438 230	8 057 841	2 417 352
2020	1 202 915	354 875	1 082 928	324 878
2021	19 542 033	5 856 318	19 416 189	5 824 857
2022	746 825	224 047	746 825	224 047
2023	47 719 111	14 315 733	47 733 485	14 315 733
2024	1 573 065	471 920	1 573 065	471 920
2025	23 959 338	7 187 802	529 824	158 947
2026	5 913 612	1 774 084		
	383 048 871	114 625 553	341 487 298	102 441 863
Without time limit	1 176 108 196	361 334 785	1 056 505 841	333 391 824
Total	1 559 157 067	475 960 338	1 397 993 139	435 833 687

Deferred tax assets are offset against deferred tax liabilities in situations where the company generating the related temporary differences is legally entitled to offset the recognized amounts and intends to settle on a net basis or else to realise the assets and settle the liability simultaneously.

16. OTHER NON-CURRENT ASSETS

At 31 December 2011 and 31 December 2010 details of Other non-current assets on the Consolidated Statements of Financial Position were as follows:

	31.12.2011			31.12.2010		
	Gross Value	Impairment	Net Value	Gross Value	Impairment	Net Value
Loans granted to related parties	10 931 182	10 931 182		10 931 182	10 931 182	
Trade accounts receivable and other debtors	3 601 649		3 601 649	915 139		915 139
Financial Instruments	14 532 831	10 931 182	3 601 649	11 846 321	10 931 182	915 139
State and other public entities						
Others	4 581		4 581	4 581		4 581
Assets out of scope of IFRS 7	4 581		4 581	4 581		4 581
Total	14 537 412	10 931 182	3 606 230	11 850 902	10 931 182	919 720

AGEING OF NON CURRENT TRADE DEBTORS AND OTHER DEBTORS	31.12.2011	31.12.2010
Not due	3 601 649	827 583
Due and not impaired		
< 6 months		1 428
6 - 12 months		
> 1 year		86 128
		87 556
Due and impaired		
< 6 months		
6 - 12 months		
> 1 year		
Total	3 601 649	915 139

17. NON-CURRENT ASSETS HELD FOR SALE

At 31 December 2011 some of the tangible assets of George industrial unit in South Africa, which had closed down in 2009, were classified as non-current assets held for sale on the basis of the existing intention to sell these assets and of the existing expectation to conclude a sale transaction during 2012.

These assets were recognized at the lower of its carrying amount and fair value less estimated costs to sell.

18. INVENTORIES

At 31 December 2011 and 31 December 2010, details of Inventories on the Consolidated Statements of Financial Position were as follows:

	31.12.2011	31.12.2010
Merchandise	8 023 419	5 603 702
Finished and intermediate products	51 023 041	48 828 043
Products and working in progress	1 468 644	1 616 056
Raw Materials and Consumables	84 736 313	84 819 616
	145 251 417	140 867 417
Accumulated impairment losses on inventories (Note 34)	7 836 654	11 407 861
	137 414 763	129 459 556

19. TRADE DEBTORS

At 31 December 2011 and 31 December 2010, details of Trade Debtors on the Consolidated Statements of Financial Position were as follows:

	31.12.2011			31.12.2010		
	Gross Value	Impairment	Net Value	Gross Value	Impairment	Net Value
Trade Debtors	182 312 171	23 911 465	158 400 706	179 674 204	20 632 744	159 041 460

		31.12.2011	31.12.2010
Not due		126 072 481	124 008 643
Due and not impaired			
	0 - 30 days	21 032 391	19 407 105
	30 - 90 days	8 190 759	8 067 156
	+ 90 days	3 046 062	2 980 841
		32 269 212	30 455 102
Due and impaired			
	0 - 90 days	208 170	4 661 667
	90 - 180 days	5 856 403	2 232 352
	180 - 360 days	3 275 899	2 438 691
	+ 360 days	14 630 007	15 877 749
		23 970 479	25 210 459
	Total	182 312 171	179 674 204

20. OTHER CURRENT DEBTORS

At 31 December 2011 and 31 December 2010, details of Other current debtors on the Consolidated Statements of Financial Position were as follows:

	31.12.2011			31.12.2010		
	Gross Value	Impairment	Net Value	Gross Value	Impairment	Net Value
Other debtors	10 964 392	19 628	10 944 764	12 738 812	19 628	12 719 184
Advances to trade creditors				876 700		876 700
Goup companies				21 174		21 174
Financial Instruments	10 964 392	19 628	10 944 764	13 636 686	19 628	13 617 058
Outros Devedores	2 187 912		2 187 912	432 627		432 627
Assets out of scope of IFRS 7	2 187 912		2 187 912	432 627		432 627
Total	13 152 304	19 628	13 132 676	14 069 313	19 628	14 049 685

	AGEING OF OTHER DEBTORS		AGEING OF ADVANCES TO TRADE CREDITORS		AGEING OF GROUP COMPANIES	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Not due	7 414			138 603		17 993
Due and not impaired						
0 - 30 days	10 920 070	12 621 491		687 830		2 181
30 - 90 days	3 789	12 111		47 202		
+ 90 days	2 875	105 210		3 065		1 000
	10 926 734	12 738 812		738 097		3 181
Due and impaired						
0 - 90 days						
90 - 180 days	23 226					
180 - 360 days						
+ 360 days	7 018					
	30 244					
Total	10 964 392	12 738 812		876 700		21 174

Other debtors include amounts receivable from Trade creditors for EUR 5 868 744.

21. OTHER CURRENT ASSETS

At 31 December 2011 and 31 December 20010, details of Other current assets on the Consolidated Statements of Financial Position were as follows:

	31.12.2011			31.12.2010		
	Gross Value	Impairment	Net Value	Gross Value	Impairment	Net Value
Derivatives instruments	2 050 956		2 050 956	3 909 977		3 909 977
Financial Instruments	2 050 956		2 050 956	3 909 977		3 909 977
Accrued income	14 587 610		14 587 610	2 867 985		2 867 985
Deferred expenses	5 026 380		5 026 380	4 879 655		4 879 655
Others				6 336		6 336
Assets out of scope of IFRS 7	19 613 990		19 613 990	7 753 976		7 753 976
Total	21 664 946		21 664 946	11 663 953		11 663 953

At the closing date of these consolidated financial statements, all cash flow hedge derivatives had matured. Figures included in the previous table relate to derivative financial instruments at fair value through profit or loss (note 27).

Accrued income includes GBP 11.8 million of estimated but pending receipt insurance compensation that was recognized by Sonae Industria (UK), Ltd. as detailed in note 3.

22. STATE AND OTHER PUBLIC ENTITIES (CURRENT ASSETS)

At 31 December 2011 and 31 December 2010, details of State and Other Public Entities on the Consolidated Statements of Financial Position were as follows:

	31.12.2011	31.12.2010
State and other public entities:		
Income Tax	2 944 387	3 202 983
Value Added Tax	4 674 463	3 569 122
Social Security Contribution	58 248	65 927
Others	5 951 227	2 666 252
	13 628 325	9 504 284

23. CASH AND CASH EQUIVALENTS

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

	31.12.2011	31.12.2010
Cash at Hand	67 342	67 601
Bank Deposits and Other Treasury Applications	23 502 821	26 847 403
Cash and Cash Equivalents on the Balance Sheet	23 570 163	26 915 003
Bank Overdrafts (note 26)	22 554 807	23 580 283
Cash and Cash Equivalents on the Statement of Cash Flows	1 015 356	3 334 720

Bank overdrafts include credit balances on current accounts and are included in Bank loans under current liabilities on the Consolidated Statement of Financial Position (note 26.1).

At 31 December 2011 the item Bank Deposits and Other Treasury Applications included EUR 5 810 648 (EUR 5 586 707 at 31 December 2010) related to the securitization facility described in note 26.3. This amount changes continuously according to the amount of securitized credits.

24. SHAREHOLDERS' FUNDS

24.1. SHARE CAPITAL

At 31 December 2011 and 20010 Sonae Indústria's Share Capital was fully underwritten and paid and was comprised of 140 000 000 common shares, not entitled to fixed income, with a face value of 5 euros per share. At this date, neither the company nor any of its affiliates held any shares in the company.

24.2. LEGAL RESERVE

The caption Legal reserve includes the parent company's reserve set up in accordance with articles 295 and 296 of the Company Law.

24.3. OTHER RESERVES AND ACCUMULATED EARNINGS

This caption includes:

- Reserves set up by the parent company and the Group's share of reserves set up by subsidiaries included in consolidation in accordance with statutory rules or by proposition of the respective Board of Directors, approved in the General Shareholders' Meeting.
- The parent company's net profits or losses of previous years and the subsidiaries' share thereon whose application was not carried out;
- The parent company's net profit or loss of the current period and the subsidiaries' share thereon;
- Consolidation adjustments to any of the aforementioned components.

24.4. OTHER ACCUMULATED COMPREHENSIVE INCOME

This caption includes:

- Currency translation reserves resulting from the conversion to Euros of subsidiaries' financial statements which are expressed in a different functional currency;
- Change in fair value of available-for-sale assets (note 10);
- Hedging derivative instruments (note 27);
- Consolidation adjustments to any of the aforementioned components.

Sonae Indústria, SGPS, SA is included in the consolidation perimeter of its ultimate parent company, Efanor Investimentos, SGPS, SA.

25. NON-CONTROLLING INTERESTS

Changes to this item during 2011 and 2010 were as follows:

	31.12.2011	31.12.2010
Opening balance	1 105 065	1 703 556
Lost of control in subsidiaries		- 43 924
Change resulting from currency translation		233 557
Net profit/(loss) for the period attributed to non-controling interests	- 713 797	- 983 541
Other comprehensive income	- 59 323	
Others	566	195 417
Closing balance	332 511	1 105 065

26. LOANS

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

	31.12.2011				
	Amortised cost		Nominal value		Fair value adjustment
	Current	Non current	Current	Non current	
Bank loans (note 26.1)	136 351 198	155 127 941	136 465 283	156 731 858	214 506
Debentures (note 26.2)	15 000 000	287 993 050	15 000 000	290 000 000	
Obligations under finance leases (note 26.4)	4 593 444	39 494 029	4 593 444	39 494 029	-1 217 718
Other loans (note 26.3)	1 477 788	98 597 712	1 477 788	98 597 712	
Gross debt	157 422 430	581 212 732	157 536 515	584 823 599	-1 003 212
Cash and cash equivalent in balance sheet	23 570 163		23 570 163		
Net debt	133 852 267	581 212 732	133 966 352	584 823 599	- 1 003 212
Total net debt	715 064 999		718 789 951		

	31.12.2010				
	Amortised cost		Nominal value		Fair value adjustment
	Current	Non current	Current	Non current	
Bank loans (note 26.1)	170 027 034	132 402 184	170 027 034	132 402 184	868 866
Debentures (note 26.2)		301 063 535		305 000 000	
Obligations under finance leases (note 26.4)	4 468 308	43 539 714	4 468 308	43 539 714	-1 928 758
Other loans (note 26.3)	79 615	93 307 071	79 615	93 307 071	
Gross debt	174 574 957	570 312 504	174 574 957	574 248 969	-1 059 892
Investment					
Cash and cash equivalent in balance sheet	26 915 003		26 915 003		
Net debt	147 659 954	570 312 504	147 659 954	574 248 969	- 1 059 892
Total net debt	717 972 458		721 908 923		

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

	2011	2010
Bank loans	4.6434%	3.0790%
Debentures	3.3460%	2.4970%
Finance leases	9.9516%	9.9540%
Others	2.8744%	3.0250%

Bank overdrafts were not taken into consideration for the calculation of these average interest rates as the amounts were irrelevant.

The column "Fair value adjustment" includes the adjustments which would have to be made if the corresponding items were stated at fair value.

The aforementioned loans do not include loans from related parties.

The corresponding maturity schedule is detailed in note 28.

26.1. Bank Loans

Bank loans (nominal value) presented in the table in note 26. include "Long Term Bank Loans – net of the Short Term portion". "Short Term portion of Long Term Bank Loans". and "Short Term Bank Loans" on the Consolidated Statement of Financial Position and their composition as at 31 December 2011 is detailed in the following table:

	31.12.2011				
	Non current	Current			Total
Company		Short term portion	Short term	Bank overdrafts	
Sonae Indústria-SGPS,SA	90 348 485	69 469 697			159 818 182
Tafisa Canada Inc.	47 421 108	4 790 458			52 211 566
Tafisa-Tableros de Fibras, SA		16 500 000	2 000 000	3 664 759	22 164 759
Glunz AG		16 826 600		2 313 410	19 140 010
Sonae Novobord (Pty) Ltd	18 581 495	4 224 346		1 081 552	23 887 393
Sonae Ind., Prod. e Com.Deriv.Madeira,SA				4 926 631	4 926 631
Taiber,Tableros Aglomerados Ibéricos,SL				2 917 422	2 917 422
Tableros Tradema,S.L.				24 584	24 584
Isoroy SAS				2 009 573	2 009 573
Sonae Industria (UK), Ltd.				1 533 414	1 533 414
Others	380 770	99 375		4 083 462	4 563 607
	156 731 858	111 910 476	2 000 000	22 554 807	293 197 141

Company	31.12.2010 Bank loans Non current	Current Short term portion	Short term	Bank overdrafts	Total
Sonae Indústria-SGPS,SA	86 818 182	89 261 364			176 079 546
Tafisa-Tableros de Fibras, SA		33 000 000	2 000 000	5 182 695	40 182 695
Glunz AG	16 826 600	16 231 600		3 220 164	36 278 364
Sonae Novobord (Pty) Ltd	26 975 396	4 996 677		1 889	31 973 962
Sonae Ind., Prod. e Com.Deriv.Madeira,SA				4 994 313	4 994 313
Taiber,Tableros Aglomerados Ibéricos,SL				3 429 847	3 429 847
Tableros Tradema,S.L.	1 229 847	492 446		160 413	1 882 706
Isoroy SAS				986 149	986 149
Sonae Industria (UK), Ltd.				315 257	315 257
Others	552 159	461 626	3 038	5 289 556	6 306 379
	132 402 184	144 443 713	2 003 038	23 580 283	302 429 218

Non-current bank loans and the related short term portion are detailed as follows:

a) During 2002 and 2003, Glunz AG contracted a loan with the European Investment Bank for 119 000 000 Euros (made up by two components). The loan pays interest semi-annually, indexed to a fixed rate of 3.64%, and will be redeemed in 16 consecutive and variable semi-annual instalments, the first of which was made in June 2005. At 31 December 2011, outstanding principal was EUR 16 826 000.

b) During the first half of 2005 a loan contracted in 2001 by Sonae SGPS SA with the European Investment Bank of EUR 50 000 000 was transferred to Sonae Indústria SGPS, SA. The loan pays interest quarterly, at market rates, and will be redeemed in 16 consecutive semi-annual instalments. At 31 December 2011 the principal outstanding was totally repaid;

c) In January 2006 Sonae Indústria SGPS. S. A. contracted commercial paper with several financial institutions, subsequently amended on 19 March 2008 and on 30 September 2010. This programme has a maximum nominal amount of EUR 160 000 000 and will mature on 27 January 2016. At 31 December 2010 commercial paper issued amounted to EUR 55 000 000;

d) In September 2009 Sonae Indústria, SGPS, S. A. contracted a new commercial paper programme which had a maximum nominal amount of EUR 40 000 000, presently reduced to EUR 30 000 000, and will mature in 2013. At 31 December 2011 commercial paper had been issued for EUR 30 000 000;

e) In February 2009 Sonae Indústria, SGPS, S. A. contracted a loan with a Portuguese financial institution for EUR 20 000 000. This loan pays interest at market rate and will be redeemed from 2009 to 2015. At 31 December 2011 outstanding principal amounted to EUR 11 818 182.

f) In October 2009 Sonae Indústria, SGPS, S. A. contracted a loan with a Portuguese financial institution for EUR 20 000 000. This loan pays interest at market rate and will be redeemed in 2011 and 2012. At 31 December 2011 outstanding principal amounted to EUR 10 000 000.

g) During the first half of 2007 Sonae Novobord together with Sonae Indústria, SGPS, S. A. contracted a loan with the European Investment Bank, denominated in ZAR, for a maximum amount of ZAR 247 170 000 . The loan pays interest at a market rate and will be redeemed in 14 consecutive and equal semi-annual instalments, the first of which will be made in September 2010. At 31 December 2011 outstanding principal was ZAR 194 205 000 (EUR 18 525 215).

h) During first half 2007 Sonae Novobord together with Sonae Indústria, SGPS, S. A. contracted a loan with International Finance Corporation (IFC) of 71 800 000 ZAR. The loan pays interest at a market rate and will be redeemed in 16 consecutive and equal semi-annual instalments, the first of which will be made in June 2009. At 31 December 2011 outstanding principal was ZAR 44 875 000 (EUR 4 280 626).

i) In July 2010 Tableros de Fibras, S. A. celebrated a contract to issue commercial paper. The programme has maximum nominal value of EUR 33 000 000 and matures in 2012. At 31 December 2011 maximum nominal value amounted to EUR 16 500 000 and there was commercial paper issued for the same amount.

j) On 5 August 2010 Sonae Indústria, SGPS, S. A. contracted a loan with a Portuguese financial institution for EUR 10 000 000. This loan pays interest at variable rate and will be redeemed from 2012 to 2015. At 31 December 2011 outstanding principal amounted to EUR 10 000 000.

k) On September 2010 Sonae Indústria, SGPS, S. A. celebrated a contract with a Portuguese financial institution to issue commercial paper. The programme has a maximum nominal value of EUR 2 500 000 and matures in 2012. At 31 December 2011 there was no commercial paper issued;

l) On 31 March Sonae Indústria, SGPS, SA contracted a commercial paper programme for maximum nominal amount of EUR 50 000 000 that will mature in 2013. At 31 December 2011 commercial paper issued amounted to EUR 43 000 000;

m) On 14 July 2011 Tafisa Canada Inc. contracted a loan for CAD 81 000 000 with a syndicate of financial institutions from North America. The loan will mature within five years and is divided into two parts: the first one, amounting to CAD 66 000 000, will be redeemed over that period; the second one, with a maximum amount of CAD 15 000 000, will be redeemed when the loan matures. At 31 December 2011 the first part amounted to CAD 63 525 000 (EUR 48 070 638) and the second part was not utilized. This loan includes two financial ratios related with fixed charges coverage and with the structure of Tafisa Canada Inc's balance sheet;

n) On 19 July 2011 Tafisa Canada Inc. contracted a loan for CAD 5 000 000 with a Canadian financial institution. This loan will mature with five years. At 31 December 2011 the outstanding principal amounted to CAD 4 524 706 (EUR 3 423 936). This loan includes a financial ratio related with the structure of Tafisa Canada Inc's balance sheet.

26.2. Bond Issues

a) Sonae Indústria 2005/2013 bonds, issued on 31 March 2005, with a principal amount of 55 000 000 euros, and a bullet repayment 8 years after issue date. Interest is paid semi-annually in arrears on 31 March and 30 September;

b) Sonae Indústria 2006/2014 bonds, issued on 28 March 2006, with a principal amount of 50 000 000 euros and a bullet repayment 8 years after issue date. Interest is paid semi annually in arrears on 28 March and 28 September;

c) Sonae Indústria 2006/2014 bonds, issued on 2 August 2006, with a principal amount of 50 000 000 euros and a bullet repayment 8 years after issue date. Interest is paid semi annually in arrears on 2 February and 2 August;

d) On 5 May 2010 Sonae Indústria, SGPS, S. A. acquired and repaid in anticipation "Sonae Indústria – 2006/2013". "Sonae Indústria – 2008/2012" and "Sonae Indústria – 2008/2012" debentures for a total amount of EUR 150 000 000. On the same date, Sonae Indústria. SGPS, S. A. issued new debentures through private subscription with a principal amount of EUR 150 000 000 and a 7-year period. Payment will be done through reduction of nominal value, in 10 equal and successive semi-annual instalments, beginning on the 5th coupon payment date. Interest is paid semi-annually on 5 May and 5 November.

The aforementioned debenture loans pay interest at variable rate composed of 6 month Euribor plus a spread.

26.3. Other Loans

Other loans, as detailed in the table in note 26, are included in the Consolidated Statement of Financial Position, in "Other Loans" in Current Liabilities and Non-Current Liabilities, and had the following composition on 31 December 2011:

Company	31.12.2011		
	Non current		Current
	Securitization	Others	Others
Glunz AG	18 774 096		78 950
Sonae Ind., Prod. e Com.Deriv.Madeira,SA	26 738 052	4 940 699	905 958
Isoroy SAS	10 847 868		
Tableros Tradema,S.L.	9 815 928	705 742	492 880
Sonae Tafibra International, BV	18 020 406		
Sonae Industria (UK), Ltd.	7 492 116		
Spanboard Products,Ltd	1 246 078		
Others		16 727	
	92 934 544	5 663 168	1 477 788

Company	31.12.2010		
	Non current		Current
	Securitization	Others	Others
Glunz AG	22 107 542		78 310
Sonae Ind., Prod. e Com.Deriv.Madeira,SA	19 201 076	3 366 670	
Isoroy SAS	14 974 188		
Tableros Tradema,S.L.	14 367 998	5 040	
Sonae Tafibra International, BV	10 319 607		
Sonae Industria (UK), Ltd.	7 500 833		
Spanboard Products,Ltd	1 464 117		1 305
Others			
	89 935 361	3 371 710	79 615

During 2004. Sonae Indústra SGPS SA together with its subsidiaries Soane Indústria – Produção e Comercialização de Madeira. S.A (then Sonae Tafibra – Gestão Comercial S.A). Tableros Tradema S.L (then Tafibra, Tableros Aglomerados e de Fibras, A.I.E), Isoroy S.A.S (then Isoroy Diffusion S.N.C.), Glunz AG, Sonae Tafibra International, B.V. (then Sonae Tafibra Benelux, B. V.), Sonae Industria (UK), Limited (then Sonae (UK), Limited) and

Spanboard Products Limited, signed a Securitization facility of up to EUR 120 000 000 with ABN Amro Bank, NV and TAPCO – Tulip Asset Purchase Company BV. Presently, this facility matures in May 2014 and its maximum amount is EUR 125 00 000. At 31 December 2011 principal outstanding was EUR 92 934 576 (EUR 89 935 361 at 31 December 2010).

Trade debtors securitized for the amount of EUR 105 336 217 (EUR 109 913 691 at 31 December 2010) were kept on the consolidated balance sheet as the criteria set out in IAS 39 for their derecognition were not fully met, namely the whole risks related to the securitized assets were not completely transferred.

This securitization programme has a cash reserve application, which amounted to EUR 5 810 648 at 31 December 2011 (note 23).

26.4. Financial lease creditors

Details of finance leases creditors at 31 December 2011 and at 31 December 2010 are as follows:

	Minimum lease payments		Present value of minimum lease payments	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
2011		8 778 843		4 468 308
2012	8 931 275	8 724 379	4 884 746	4 749 517
2013	8 853 521	8 646 697	5 189 144	5 038 125
2014	8 827 116	8 646 626	5 577 102	5 435 702
2015	8 784 481	8 522 361	5 991 181	5 752 037
2016	8 015 240		5 718 227	
after 2016 (2015)	19 856 057	22 355 254	16 727 073	22 564 333
	63 267 690	65 674 160	44 087 473	48 008 022
Lease creditors - current			4 593 444	4 468 308
Lease creditors - non current			39 494 029	43 539 714

Assets recognized under finance lease contracts are stated on note 11.

26.5. Cash Flows

The amounts stated under cash receipts arising from loans obtained and cash payment arising from loans obtained, on financing activities of the Consolidated Statement of Cash Flows include the rollover of commercial paper programmes detailed in note 26.1.

27. FINANCIAL DERIVATIVES

The fair value of derivative instruments is stated as follows:

	Other current assets (note 21)		Other current liabilities (note 33)	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Derivatives at fair value through profit or loss:	2 050 956	3 909 977	2 843 821	4 755 438
Exchange rate forwards	2 050 956	3 909 977	2 843 821	4 755 438
Interest rate swaps (fair value hedge)				
Derivatives at fair value through reserves:				
Interest rate swaps (cash flow hedge)				
	2 050 956	3 909 977	2 843 821	4 755 438

Derivatives at fair value through profit or loss

They consist of exchange rate derivatives (forwards) over which no hedge accounting was applied.

The fair value of exchange rate forwards was determined using derivative valuation software and external appraisals when software do not allow some derivatives to be valued, and consisted in updating the receivable/payable amount at maturity date to the balance sheet date (level 2 fair value). Receivable/payable amount, which was used for valuing, corresponds to the amount denominated in foreign currency multiplied by the difference between the contracted exchange rate and the market exchange rate at the maturity date that was determined at valuation date (forward exchange rate determined between valuation and maturity date. using market information).

Gains and losses resulting from changes in fair value are stated under the item Adjustments to fair value of financial instruments at fair value through profit or loss (note 40), which corresponds to a net gain of EUR 2 443 557 (a net loss of EUR 17 376 474 at 31 December 2010).

Derivative instruments recognized at fair value through profit or loss held by the Group at 31 December 2011 fully mature in 2012.

Derivatives at fair value through reserves

In 2011 and 2010 no derivative financial instruments at fair value through reserves were contracted.

28. FINANCIAL RISKS

28.1. Liquidity risk

Liquidity risk described on note 2.24., c). related to gross debt referred to in note 26, can be analysed as follows:

	31.12.2011		
	Maturity of gross debt (note 26)	Interest	Total
2012	157 536 515	24 433 548	181 970 064
2013	184 297 080	20 509 978	204 807 058
2014	248 680 702	13 143 853	261 824 555
2015	52 249 502	7 643 257	59 892 759
2016	66 169 469	4 978 661	71 148 129
2017	21 637 066	2 195 685	23 832 751
After 2017	11 789 780	1 319 753	13 109 533
	742 360 114	74 224 735	816 584 849

	31.12.2010		
	Maturity of gross debt (note 26)	Interest	Total
2011	174 574 957	20 491 727	195 066 684
2012	186 014 092	18 323 026	204 337 118
2013	123 261 480	13 883 049	137 144 528
2014	148 596 031	9 824 382	158 420 413
2015	44 502 677	6 162 283	50 664 960
2016	41 249 382	2 598 140	43 847 522
After 2016	26 688 843	3 465 545	30 154 388
	744 887 461	74 748 151	819 635 612

The calculation of interest in the previous table was based on interest rates at 31 December 2011 and 2010 applicable to each item of debt. Gross debt maturing in 2012 includes scheduled repayment of debt along with the repayment of debt as at end 2011 maturing within less than one.

28.2. Market risk

28.2.1. Interest rate risk

The analysis of interest rate risk described on note 2.24., b), i), consisted in calculating the way net profit before tax would have been impacted if there would have been a change of +0.75 or -0.75 percentage points in actual interest rates of the corresponding period:

		Sensitivity Analysis					
		2011			2010		
		"Notional" (Euros)	Effect in Profit and Loss (Euros)		"Notional" (Euros)	Effect in Profit and Loss (Euros)	
			0.75%	-0.75%		0.75%	-0.75%
Gross Debt							
	EUR	-628 978 526	-3 863 658	3 863 658	-680 368 764	-4 352 780	4 352 780
	GBP	-8 738 352	- 70 556	70 556	-8 964 930	- 68 998	68 998
	CAD	-51 448 513	- 158 306	158 306			
	ZAR	-22 805 841	- 139 107	139 107	-31 973 484	- 185 235	185 235
		-711 971 232	-4 231 627	4 231 627	-721 307 178	-4 607 014	4 607 014
Financial Derivatives							
	EUR					401 458	- 401 458
	ZAR						
						401 458	- 401 458
Bank deposits and other treasury applications							
	EUR	9 018 675	47 301	- 47 301	18 285 291	98 489	- 98 489
		9 018 675	47 301	- 47 301	18 285 291	98 489	- 98 489
			-4 184 326	4 184 326		-4 107 066	4 107 066

Gross debt in the table above excludes bank overdrafts and borrowings which are not subject to change in interest rate. Bank deposits and other treasury applications in the table above exclude demand deposits.

Considering Euribor 6 months as a reference indicator for interest rates of Euro, a change of 0.75 percentage points corresponds to 4.4 times the standard deviation of that variable in 2011 (6.3 times in 2010).

28.2.2. Exchange rate risk

With respect to exchange rate risk, described in note 2.24., b), ii), the following calculations were performed:

a) Sensitivity analysis of amounts denominated in a currency other than the functional currency of each company included in the consolidation. by considering a change of +1% and -1% in actual 2011 and 2010 exchange rates.

i) Loans net of treasury applications

	Amount denominated in foreign currency		Eur equivalent		Sensitivity analysis			
					2011		2010	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010	-1%	1%	-1%	1%
CAD		67 851 268		50 931 876			- 509 319	509 319
GBP	36 671 494	25 544 402	43 902 012	29 676 976	- 439 020	439 020	- 296 770	296 770
ZAR	123 340 052	204 909 477	11 765 408	23 119 936	- 117 654	117 654	- 231 199	231 199

ii) The remaining financial assets and liabilities do not include any amounts denominated in currencies other than the functional currency of the respective subsidiary which may represent any relevant exchange rate risks.

b) Sensitivity analysis of existing derivatives to hedge the exchange rate risk set out in the previous point:

	Amount denominated in foreign currency		Eur equivalent		Sensitivity analysis			
					2011		2010	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010	-1%	1%	-1%	1%
CAD		63 573 596		47 720 884			477 209	- 477 209
GBP	40 142 922	23 437 650	48 057 902	27 229 393	480 579	- 480 579	272 294	- 272 294
ZAR	147 328 637	241 350 132	14 053 679	27 231 535	140 537	- 140 537	272 315	- 272 315

28.2.3. Credit risk

Credit risk described in note 2.24, a) is mostly reflected through the amount stated in Trade Debtors (note 19). No relevant differences between the amounts recognized and the corresponding fair value were identified.

29. OTHER NON-CURRENT LIABILITIES

At 31 December 2011 and 31 December 2010 details of Other non-current liabilities were as follows:

	31.12.2011	31.12.2010
Borrowings from related parties		72 604
Other creditors	21 677 155	426 888
Financial instruments	21 677 155	499 492
Other creditors	55 654 961	61 858 720
Liabilities out of scope of IFRS 7	55 654 961	61 858 720
Total	77 332 116	62 358 212

31.12.2011	2012	2013	2014	2015	2016	After 2016	Total
Maturity of Other non current creditors	499 492	2 175 232	7 629 101	5 076 433	4 816 350	1 480 547	21 677 155
	499 492	2 175 232	7 629 101	5 076 433	4 816 350	1 480 547	21 677 155

31.12.2010	2010	2011	2012	2013	2014	After 2014	Total
Maturity of Group Companies						72 604	72 604
Maturity of Other non current creditors						426 888	426 888
						499 492	499 492

Other creditors include EUR 54 830 716 (EUR 60 530 700 at 31 December 2010) relating to deferred income-investment subventions. Furthermore, it includes EUR 21 177 663 related to the fine by the German Competition Authority (note 3).

30. POST RETIREMENT LIABILITIES

Various Group companies assumed the liability of giving their employees cash contributions to pension plans for old age. Incapacity, early retirement, survival and post retirement medical care. These contributions are determined as a percentage that increases as a result of the number of years that the employee has worked at the company, and which is applied to a salary table that is negotiated on a yearly basis and correspond to defined benefits plans.

Current liabilities associated with past years of service are evaluated every year through actuarial studies and based on the “Projected Unit Credit” methodology. Actuarial assumptions employed on the last study prepared at 31 December 2011 and 2010 were:

	Germany							
	Glunz AG		GHP GmbH		Tool GmbH		Impaper	
	31.12.11	31.12.10	31.12.11	31.12.10	31.12.11	31.12.10	31.12.11	31.12.10
Mortality table	Richttafeln 2005 G	Richttafeln 2005 G	Richttafeln 2005 G	Richttafeln 2005 G	Richttafeln 2005 G	Richttafeln 2005 G	Richttafeln 2005 G	Richttafeln 2005 G
Salary growth rate	2,0%	2,0%	0,0%	0,0%	2,0%	2,0%	2,0%	2,0%
Return on fund	4,1%	4,1%	4,1%	4,1%	4,1%	4,1%	4,1%	4,1%
Actuarial tecnical rate	4,25%	5,4%	4,25%	5,4%	4,25%	5,4%	4,25%	5,4%
Pension growth rate	1,75%	1,75%	1,75%	1,75%	1,75%	1,75%	1,75%	1,75%

	South Africa		France		Portugal	
	31.12.11	31.12.10	31.12.11	31.12.10	31.12.11	31.12.10
Mortality table	PA(90)	PA(90)	INSEE 2004-2006	INSEE 2004-2006	TV 88/90	TV 88/90
Salary growth rate	7,1%	7,1%	2,0%	2,0%	3,0%	3,0%
Return on fund	8,8%	8,8%	-	-	2,7%	2,7%
Actuarial tecnical rate	8,8%	8,8%	4,5%	4,5%	5,0%	5,0%
Pension growth rate	4,6%	4,6%	-	-	0,0%	0,0%
Medical cost trend rate	1,2%	1,2%				

In previous periods, pension funds and provisions for pension liabilities were created by various companies within the Group in the following countries:

South Africa:

The employees of Sonae Novobord (PTY) have the following benefit scheme:

Defined contribution plan composed of a number of assets that are managed by a third party. The Company is obliged to deliver the defined contributions. The amount of EUR 531 164 was included in the item Staff expenses, on the Consolidated Income Statement, during the period. At 31 December 2011, no contributions were outstanding or unpaid.

Defined Benefit plan with a fund managed by a third party and calculated in accordance with International Accounting Standard 19 and based on actuarial studies performed by an independent party.

Post-Retirement Health Benefit scheme under which the Company will provide for 50% of eligible health expenses incurred after the employee's retirement.

In an actuarial study carried out on 31 December 2011, the defined benefit liability amounted to EUR 2 169 264.

Germany:

Glunz AG has a defined benefit plan and it has constituted a fund. The plan is calculated according to International Accounting Standard 19, and based on actuarial studies carried out by an independent party.

GHP GmbH has a defined benefit plan and it has constituted a fund. The plan is calculated according to International Accounting Standard 19.

Tool GmbH has a defined benefit plan and it has constituted a fund. The plan is calculated according to International Accounting Standard 19.

Impaper Europe GmbH & Co. KG has a defined benefit plan and it has constituted a fund. The plan is calculated according to International Accounting Standard 19.

In accordance with the actuarial studies carried out at 31 December 2011, these companies' defined benefit liabilities amounted to EUR 18 775 307.

France:

Upon retirement of their employees, Isoroy SAS and Darbo SAS are obliged to pay a sum defined under the terms of the sector's collective labour agreement. An actuarial study calculated the liabilities of the two companies on 31 December 2011 to be EUR 1 211 924.

Portugal:

Various Group companies have a defined benefit plan and funds managed by third parties, calculated in accordance with International Accounting Standard 19 and based on actuarial studies carried out by independent parties. Employees of eight companies hired until 31 December 1994 are covered by this plan under which they will receive as from retirement, a life-long monthly payment equivalent to 20% of their salary at their retirement date. The liability for services provided as at 31 December 2011, based on an actuarial study on the same date, was calculated to be EUR 2 803 708.

The main changes, during the periods ending 31 December 2011 and 31 December 2010, to the present value of the defined benefit obligations are presented below:

	31.12.2011			31.12.2010		
	Plan without fund	Plan with fund	Total	Plan without fund	Plan with fund	Total
Opening balance of defined benefit obligations' present value	1 958 432	32 091 370	34 049 802	1 995 720	27 850 085	29 845 805
Interest cost	152 673	1 453 132	1 605 805	123 750	1 708 614	1 832 364
Current service cost	101 117	493 665	594 782	63 016	552 669	615 685
Actuarial (Gains)/Losses	141 162	-1 691 582	-1 550 420	110 168	2 687 377	2 797 545
Recognised past service cost	112 492	- 639 946	- 527 454			
Paid pensions	36 152	1 803 077	1 839 229	196 373	1 875 738	2 072 111
Curtailments				265 724		265 724
Exchange rate effect	- 144 566	- 773 400	- 917 966	127 875	1 168 361	1 296 236
Changes in consolidation perimeter						
Closing balance of defined benefit obligations' present value	2 285 158	29 130 162	31 415 320	1 958 432	32 091 370	34 049 802

During 2011 and 2010 the fair value of the plan assets changed as follows:

	31.12.2011	31.12.2010
Opening balance of plan assets	6 305 715	5 379 542
Contribution to plan assets	642 376	220 921
Expected return on plan assets	361 239	376 097
Paid pensions	480 782	534 402
Actuarial gains/(losses)	- 13 356	222 602
Exchange rate effect	- 604 655	640 955
Closing balance of plan assets	6 210 537	6 305 715

At 31 December 2011 and 31 December 2010, the amount of liabilities for defined benefits recognized in the Consolidated Statements of Financial Position is detailed as follows:

	31.12.2011	31.12.2010
Present value of defined benefit obligations	31 415 320	34 049 802
Actuarial Losses/(Gains) not recognised	244 580	2 161 240
Fair value of plan assets	6 210 537	6 305 715
Excess of provision		493
Defined benefit liability	24 960 203	25 583 340

The effect of these liabilities on Staff Expenses, on the Consolidated Income Statements for 2011 and 2010, is detailed as follows:

	31.12.2011	31.12.2010
Interest cost	1 605 805	1 832 364
Current service cost	594 782	615 686
Employee contributions	- 43 473	- 44 647
(Increase) / Decrease in fair value of plan assets	- 361 239	- 376 097
Recognized actuarial (Gains)/Losses	180 844	37 815
	1 976 719	2 065 121

The sensitivity of the Health Benefit scheme's obligations can be analysed as follows:

	2011			2010		
	- 1 pp	Valuation base	+ 1 pp	- 1 pp	Valuation base	+ 1 pp
	0,2%	1,2%	2,2%	0.20%	1,2%	2.20%
Current service cost (projection for following year)	22 703	18 887	15 644	12 298	10 042	8 237
Interest cost (projection for following year)	105 501	91 861	80 032	82 479	72 098	63 523
Defined benefit obligation (current year)	1 226 334	1 073 233	940 641	949 916	832 911	735 652

31. TRADE CREDITORS

At 31 December 2011 and 31 December 2010, Trade creditors stated on the Consolidated Statements of Financial Position showed the following maturities:

MATURITY OF TRADE CREDITORS

	31.12.2011	31.12.2010
To be paid		
< 90 days	159 732 862	151 766 034
90 - 180 days	1 562 143	230 229
> 180 days	180 898	139 225
	161 475 903	152 135 488

32. STATE AND OTHER PUBLIC ENTITIES (CURRENT LIABILITIES)

At 31 December 2011 and 31 December 2010 State and other public entities had the following composition:

	31.12.2011	31.12.2010
State and other public entities		
Income Tax	1 426 868	4 227 831
Value Added Tax	3 700 592	2 743 732
Social Security Contribution	5 261 869	5 873 647
Others	2 822 521	138 339
	13 211 850	12 983 549

33. OTHER CURRENT LIABILITIES

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

	31.12.2011	31.12.2010
Group companies	20 352	25 628
Derivatives	2 843 821	4 755 438
Trade debtors advances		22 820
Fixed assets suppliers	7 097 091	2 406 602
Other creditors	6 141 391	4 935 824
Financial instruments	16 102 655	12 146 312
Other creditors	3 973 352	4 552 847
Accrued expenses:		
Insurances	211 824	129 030
Personnel costs	28 143 748	28 474 717
Accrued financial expenses	4 179 444	3 016 520
Rebates	19 130 755	20 395 295
External supplies and services	14 178 438	17 826 640
Other accrued expenses	8 331 530	9 880 528
Proveitos diferidos		
Investment subventions	6 925 188	5 990 294
Other deferred income	148 932	238 639
Liabilities out of scope of IFRS 7	85 223 211	90 504 511
Total	101 325 866	102 650 824

31.12.2011	< 90 days	90 - 180 days	> 180 days	Total
Maturity of current fixed assets' suppliers	6 219 821	871 914	5 356	7 097 091
Maturity of Other current creditors	3 044 469	493 934	2 602 988	6 141 391
	9 264 290	1 365 848	2 608 344	13 238 482

31.12.2010	< 90 days	90 - 180 days	> 180 days	Total
Maturity of current fixed assets' suppliers	2 376 182	30 421		2 406 602
Maturity of Other current creditors	3 942 635	528 423	464 765	4 935 824
	6 318 817	558 844	464 765	7 342 426

34. PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

Movements occurred in provisions and accumulated impairment losses during the periods ended 31 December 2011 and 31 December 2010 were as follows:

	2011						
Description	Opening balance	Exchange rate effect	Changes to perimeter	Increase	Utilizations	Other changes	Closing balance
Accumulated impairment losses on tangible assets (Note 11)	33 392 280	- 425 788		12 880 589	181 464	- 12 136 007	33 529 610
Accumulated impairment losses on intangible assets (Note 12)	19 242						19 242
Accumulated impairment losses on other non-current assets (Note 16)	10 931 182						10 931 182
Accumulated impairment losses on trade debtors (Note 19)	20 632 744	- 787 165		10 417 258	5 325 007	- 1 026 365	23 911 465
Accumulated impairment losses on other debtors (Note 20)	19 628						19 628
Subtotal impairment losses	64 995 076	- 1 212 953		23 297 847	5 506 471	- 13 162 372	68 411 127
Provisions for litigations in course	6 956 923			722 943	2 060 925	2 826 396	8 445 337
Provisions for guaranties to customers	748 934	604		166 832	57 754		858 616
Provisions for restructuring	4 588 275			2 939 745	3 940 450	- 2 842 000	745 571
Other provisions	3 338 953	- 1 637		30 624 299	29 487 129	7 507	4 481 993
Subtotal provisions	15 633 085	- 1 033		34 453 819	35 546 258	- 8 097	14 531 517
Subtotal impairment losses and provisions	80 628 161	- 1 213 986		57 751 666	41 052 729	- 13 170 469	82 942 644
Accumulated impairment losses on investments (Note 10)	37 005 998						37 005 998
Accumulated impairment losses on inventories (Note 18)	11 407 861	- 125 630		6 655 308	7 291 832	- 2 809 054	7 836 654
Total	129 042 020	- 1 339 616		64 406 974	48 344 561	- 15 979 523	127 785 296

	2010						
Description	Opening balance	Exchange rate effect	Changes to perimeter	Increase	Utilizations	Other changes	Closing balance
Accumulated impairment losses on tangible assets (Note 11)	28 103 072	337 398		5 207 081	255 271		33 392 280
Accumulated impairment losses on intangible assets (Note 12)	35 048				18 986	3 180	19 242
Accumulated impairment losses on other non-current assets (Note 16)	10 931 182						10 931 182
Accumulated impairment losses on trade debtors (Note 19)	17 800 630	826 166		4 789 696	1 715 518	- 1 068 230	20 632 744
Accumulated impairment losses on other debtors (Note 20)	19 628						19 628
Subtotal impairment losses	56 889 560	1 163 564		9 996 777	1 989 775	- 1 065 050	64 995 076
Provisions for litigations in course	8 918 473			309 319	2 273 804	2 935	6 956 923
Provisions for guaranties to customers	850 170	3 542		116 777	221 555		748 934
Provisions for restructuring	22 582 844			7 453 098	25 447 667		4 588 275
Other provisions	5 670 644	679	- 612 783	889 100	2 608 687		3 338 953
Subtotal provisions	38 022 131	4 221	- 612 783	8 768 294	30 551 713	2 935	15 633 085
Subtotal impairment losses and provisions	94 911 691	1 167 785	- 612 783	18 765 071	32 541 488	- 1 062 115	80 628 161
Accumulated impairment losses on investments (Note 10)	37 005 998						37 005 998
Accumulated impairment losses on inventories (Note 18)	13 044 254	182 926	- 348 728	7 199 147	8 320 067	- 349 671	11 407 861
Total	144 961 943	1 350 711	- 961 511	25 964 218	40 861 555	- 1 411 786	129 042 020

Impairment losses are offset against the corresponding asset on the Consolidated Statement of Financial Position.

Increase and utilization of provisions and impairment losses are stated on the Consolidated Income Statement as follows:

	2 011		2010	
	Losses	Gains	Losses	Gains
Cost of sales	2 639 663	2 452 499	2 658 667	2 708 004
Other operating income		12 725 184		32 541 488
(Increase) / decrease in production	4 015 646	4 839 333	4 540 480	5 612 063
Provisions and impairment losses	17 900 177		18 765 071	
Total (Consolidated Income Statement)	24 555 486	20 017 016	25 964 218	40 861 555
Provision for fine imposed by the German Competition Authority (note 3)	28 327 545	28 327 545		
Impairment loss related to the accident at Sonae Industria (UK), Ltd. (note 3)	11 523 943			
Total (table with movements in provisions and impairment losses)	64 406 974	48 344 561		

Impairment losses

Column “Utilization” includes reversion of impairment losses.

Column “Other changes” also includes changes in impairment losses related to sale or write-off of assets.

Increase and Other changes in impairment losses include EUR 11 523 940 relating to the accident occurred in the subsidiary Sonae Industria (UK), Ltd (notes 3 and 11).

Provisions

In the period ended 30 June 2011 the Group increase Other Provisions for EUR 27.7 million with relation to the fine imposed by the German Competition Authority, which is detailed in note 3. At the end of the period, the Group utilized this provision (column Utilization). These amounts were not recognized under Provisions and Impairment Losses and Other Operating Income, on the Consolidated Income Statements.

At 31 December 2011 the amount of provisions is detailed as follows:

- Provision for ongoing litigations: it includes estimation for investment subventions to be returned to governmental entities for the amount of EUR 4.1 million and estimation for compensation of former employees related to older restructuring processes for the amount of EUR 3.3 million.

- Other provisions: it includes the estimated amount of EUR 2 million for environmental liabilities and tax provisions amounting to EUR 1.4 million.

Provisions and Impairment Losses on the Consolidated Income Statements are detailed in note 43 – geographical segments.

35. OPERATING LEASES

At 31 December 2011 and 31 December 2010 the Group held irrevocable operating leases with the following lease payments:

	Minimun operating lease payments	
	31.12.2011	31.12.2010
2011		4 653 812
2012	5 506 773	2 367 657
2013	3 200 315	1 178 420
2014	1 590 233	503 047
2015	1 205 115	176 944
2016	546 302	
After 2017 (2016)	7 836	
	12 056 574	8 879 880

During the period the Group recognized in External Suppliers and Services, on the Consolidated Income Statement, rents related to operating leases for the amount of EUR 8 645 114 (EUR 8 663 035 at 31 December 2010).

36. RELATED PARTIES

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

Balances	Accounts receivable		Accounts payable		Loans			
					Obtained		Granted	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Parent company								
Other subsidiaries of the parent company	484 863	1 035 043	1 758 154	2 133 642		5 008		
Joint ventures	129 665	198 584	751 399	1 243 486				19 611

Transactions	Sales and services rendered		Purchases and services obtained		Interest income		Interest expenses	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Parent company					15 075	14 245	15 742	14 915
Other subsidiaries of the parent company	1 375 465	1 640 378	7 335 719	7 162 221				
Joint ventures	4 365 996	2 880 667	10 112 931	11 273 117				

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

	31.12.2011	31.12.2010
Short term benefits	1 391 805	1 586 760
Long term benefits	213 750	292 300
	1 605 555	1 879 060

At 31 December 2011 there were no post retirement liabilities attributed to the members of the board of directors.

36.3. During the period ended 31 December 2011 the Group recognized on these consolidated financial statements the following fees paid to the audit company PricewaterhouseCoopers & Associados, SROC, Lda and respective international network:

	31.12.2011	31.12.2010
Total fees related to audit of end year accounts	415 580	578 980
Total fees related to other realiability assurance services	26 866	53 142
Total fees related to tax consulting services	1 361	
	443 807	632 122

37. OTHER OPERATING INCOME

Details of Other operating income on the Consolidated Income Statement for the periods ended 31 December 2011 and 31 December 2010 are as follows:

	31.12.2011	31.12.2010
Gains on disposals of non current investments		8 476 008
Gains on disp. and write off of invest. prop., tang. and intang. asset:	1 384 248	3 109 981
Supplementary Revenue	10 783 136	4 637 814
Investment subventions	6 396 051	6 684 633
Tax received	4 783 427	3 504 176
Reversion of impairment losses	5 506 472	1 989 777
Gains on provisions	7 218 712	30 551 712
Others	31 229 256	7 029 359
	67 301 302	65 983 460

The amount recognized in Others includes EUR 23 788 614 of estimated compensation for business interruption at Sonae Industria (UK), Ltd (note 3).

38. OTHER OPERATING EXPENSES

Details of Other operating expenses on the Consolidated Income Statement for 2011 and 2010 are as follows:

	31.12.2011	31.12.2010
Taxes	7 326 755	8 567 357
Losses on disp. and write off of invest. prop., tang. and intang. asse	806 652	1 633 858
Others	34 511 364	4 677 704
	42 644 771	14 878 919

The fine imposed by the German Competition Authority is included in Others for EUR 25 400 000 (note 3).

39. RESEARCH AND DEVELOPMENT EXPENSES

During the period the Group recognized in several items of the Consolidated Income Statement research and development expenses amounting to EUR 1 458 462 (EUR 1 172 243 in 2010).

40. FINANCIAL RESULTS

Financial results for the periods ended 31 December 2011 and 2010 were as follows:

	31.12.2011	31.12.2010
Financial expenses:		
Interest expenses		
related to bank loans and overdrafts	14 473 955	4 994 833
related to non convertible debentures	11 077 130	7 773 980
related to finance leases	4 351 616	4 805 863
related to hedged loans (hedge derivatives)		1 489 525
others	754 889	5 301 383
	30 657 590	24 365 584
Losses in currency translation		
related to customers		404 467
related to suppliers		1 018 706
related to loans	14 188 650	12 519 283
others		368 191
	14 188 650	14 310 647
Cash discounts granted	15 467 684	15 185 395
Adjustment to fair value of financial instruments at fair value through profit or loss	15 292 404	37 306 658
Losses on valuation of hedging derivative instruments		1 674 207
Fair value of inefficient component of hedge derivatives		
Other finance losses	6 667 209	5 811 472
	82 273 537	98 653 963

	31.12.2011	31.12.2010
Financial revenues:		
Interest income		
related to bank loans	106 001	12 404
related to loans to related parties	20 355	14 245
Others	203 609	188 849
	329 965	215 498
Gains in currency translation		
related to customers		781 289
related to suppliers		1 597 558
related to loans	10 869 406	26 342 780
others		361 509
	10 869 406	29 083 136
Cash discounts obtained	2 355 601	2 117 869
Adjustment to fair value of financial instruments at fair value through profit or loss	17 735 961	19 930 184
Gains in valuation of hedging derivative instruments		34 410
Other finance gains	608 420	212 865
	31 899 353	51 593 962
Finance profit / (loss)	**- 50 374 184**	**- 47 060 001**

At 31 December 2010 commercial paper interest was included in Interest Expenses – Others for EUR 3 874 439. At 31 December 2011 commercial paper interest is included in Interest Expense related to bank loans and overdrafts.

41. TAXES

Corporate income tax accounted for in 2011 and 2010 is detailed as follows:

	31.12.2011	31.12.2010
Current tax	2 576 995	2 309 209
Deferred tax	- 2 269 265	105 717
	307 730	2 414 926

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

		31.12.2011	31.12.2010
Consolidated net profit before tax		-58 200 588	-73 003 400
Tax rate		25.00%	25.00%
Expectable tax at rate 25.0%		-14 550 147	-18 250 850
Differences to foreign tax rates	(+)	-3 516 290	-5 067 717
Effect of provincial/municipal taxes	(+)	- 256 501	- 199 813
Consolidation adjustments	(-)	1 053 419	773 661
Permanent differences			
Non deductible costs	(+)	10 940 054	8 954 978
Non taxed profits	(-)	191 072	2 319 817
Tax losses carried forward			
Deferred tax asset recognized on tax losses of previous years	(+)	-2 478 699	-3 849 500
Deferred tax asset not recognized in complience with IAS 12	(-)	-9 189 586	-20 507 456
Utilization of tax losses carried forward whose deferred tax was not recognized in prior periods	(+)	- 74	- 207 573
Reverted deferred tax asset	(+)		5 606 865
Effect of offsetting deferred tax liabilities related to depreciation	(+)	1 319 913	- 150 686
Effect of change in tax rates			
Others	(+)	904 378	-1 834 756
Consolidated corporate income tax		307 730	2 414 926

Non-deductible costs include the effect of the fine imposed by the German Competition Authority (note 3).

42. EARNINGS PER SHARE

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

	31.12.2011	31.12.2010
Net loss		
Net loss considered to calculate base earnings per share (Net loss attributable to equity holders of Sonae Indústria)	- 57 800 173	- 74 434 785
Effect of potential shares		
Interest related to convertible bonds (net of tax)		
Net loss considered to calculate diluted earnings per share	- 57 800 173	- 74 434 785
Number of shares		
Weighted average number of shares used to calculate basic earnings per share	140 000 000	140 000 000
Effect of potential ordinary shares from convertible bonds		
Weighted average number of shares used to calculate diluted earnings per share	140 000 000	140 000 000
Resultado básico por acção	-0.4129	-0.5317
Resultado diluído por acção	-0.4129	-0.5317

During 2011 no significant profit or loss occurred relating to discontinued operations.

43. 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.

Reportable segments identified for 2010, on the basis of the internal reporting system of financial information to the chief operating decision maker and for which there is a segment manager, are as follows:

- Iberian Peninsula;
- Central Europe
  - France;
  - Germany;

- United Kingdom;
- Rest of the World
  - Canada;
  - South Africa
- Other segments

Non-reportable segments are now included in the item Other segments.

The revenue of each reportable segment results mostly from the production and sale of wood based panels and derivative products.

In the period ended 31 December 2011 the Group changed the composition of segments, thereby restating the information of the previous period.

Segmental information related to the Consolidated Income Statement is as follows:

	Turnover					
	Intragroup					
Segments	31.12.2011		31.12.2010		31.12.2010 Restated	
Iberian Peninsula		14 549 699		7 795 206		7 795 206
Central Europe						
France	55 637 115		43 933 354		43 933 354	
Germany	152 279 022		145 039 251		97 348 484	
United Kingdom	189 158	208 105 294		188 972 605		141 281 838
Rest of the world						
Canada						
South Africa						
All other segments		141 430 851		86 533 219		134 223 986
Total segments		364 085 845		283 301 030		283 301 030

	Turnover					
	External					
	31.12.2011		31.12.2010		31.12.2010 Restated	
Iberian Peninsula		337 903 280		329 551 315		329 551 315
Central Europe						
France	102 040 662		87 302 868		87 302 868	
Germany	402 286 987		356 202 545		374 512 279	
United Kingdom	53 183 330	557 510 979	62 677 929	506 183 342	62 677 930	524 493 077
Rest of the world						
Canada	145 884 403		142 738 382		142 738 382	
South Africa	111 113 774	256 998 177	108 760 796	251 499 178	108 760 796	251 499 178
All other segments		211 896 934		179 131 814		160 822 079
Total segments		1 364 309 370		1 266 365 649		1 266 365 649
Differences in classification				13 891 094		13 891 094
Adjustment to proportionate consolidation method				1 439 184		1 439 184
Others				10 860 848		10 860 848
Total segments after adjustment				1 292 556 776		1 292 556 776
Turnover (Consolidated Income Statement)		1 364 309 370		1 292 556 776		1 292 556 776

Amortization and Depreciation

Segments	31.12.2011		31.12.2010		31.12.2010 Restated	
Iberian Peninsula		18 677 500		22 806 053		22 806 053
Central Europe						
France	7 073 876		9 300 694		9 300 694	
Germany	26 130 771		29 318 558		28 011 015	
United Kingdom	4 012 192	37 216 839	4 902 750	43 522 002	4 902 750	42 214 459
Rest of the world						
Canada	13 328 688		15 186 201		15 186 201	
Brazil						
South Africa	5 498 445	18 827 133	5 516 694	20 702 895	5 516 694	20 702 895
All other segments		8 580 840		10 550 898		11 858 441
Total segments		83 302 312		97 581 848		97 581 848
Companies excluded of management consolidation perimeter		628 887				
Adjustment to depreciation				-2 404 722		-2 404 722
Others				172 079		172 079
Total segments after adjustments		83 931 199		95 349 205		95 349 205
Amortization and depreciation (Consolidated income statement)		83 931 199		95 349 205		95 349 205

Provisions and impairment losses

Segments	31.12.2011		31.12.2010		31.12.2010 Restated	
Iberian Peninsula		4 625 380		2 793 044		2 793 044
Central Europe						
France	3 830 361		5 471 409		5 471 409	
Germany	8 959 868		5 676 787		5 731 299	
United Kingdom	280 948	13 071 177	73 107	11 221 303	73 107	11 275 815
Rest of the world						
Canada	7 933		91 744		91 744	
Brazil						
South Africa		7 933	4 254 375	4 346 119	4 254 375	4 346 119
All other segments		134 457		404 603		350 091
Total segments		17 838 947		18 765 069		18 765 069
Companies excluded of management consolidation perimeter		61 230				
Total segments after adjustments		17 900 177		18 765 069		18 765 069
Provisions and impairment losses (Consolidated income statement)		17 900 177		18 765 069		18 765 069

Utilization of provisions

Segments	31.12.2011		31.12.2010	
Iberian Peninsula				631 628
Central Europe				
France	5 525 625		7 914 184	
Germany	818 504		22 002 698	
United Kingdom	11 658	6 355 787		29 916 882
Rest of the world				
Canada				
Brazil				
South Africa				
All other segments				3 203
Total segments		6 355 787		30 551 713
Companies excluded of management consolidation perimeter		862 925		
Total segments after adjustments		7 218 712		30 551 713
Gains in provisions (note 37)		7 218 712		30 551 713

Segments	Reversion of impairment losses 31.12.2011		31.12.2010	
Iberian Peninsula		2 229 215		792 025
Central Europe				
France	115 467		302 443	
Germany	2 478 266		308 829	
United Kingdom	1 768	2 595 501		611 272
Rest of the world				
Canada				
Brazil				
South Africa	554 270	554 270	256 974	256 974
All other segments		116 679		329 506
Total segments		5 495 665		1 989 777
Companies excluded of management consolidation perimeter		10 807		
Total segments after adjustments		5 506 472		1 989 777
Reversion of impairment losses (note 37)		5 506 472		1 989 777

Segments	Operating profit or loss 31.12.2011		31.12.2010		31.12.2010 Restated	
Iberian Peninsula		3 061 223		2 830 835		2 830 835
Central Europe						
France	- 10 335 367		- 31 512 084		- 31 512 084	
Germany	- 13 915 341		- 15 374 827		- 14 183 644	
United Kingdom	- 3 684 580	- 27 935 288	- 2 905 353	- 49 792 264	- 2 905 353	- 48 601 081
Rest of the world						
Canada	2 599 874		4 860 549		4 860 549	
Brazil						
South Africa	15 958 100	18 557 974	14 452 798	19 313 347	14 452 798	19 313 347
All other segments		- 2 820 709		- 4 984 997		- 6 176 180
Total segments		- 9 136 800		- 32 633 079		-32,633,079
Companies excluded of management consolidation perimeter		1 399 497		1 543 420		1 543 420
Adjustment to depreciation				3 472 036		3 472 036
Non recognized gains on sale of subsidiaries				5 877 895		5 877 895
Others		- 79 297		- 4 159 798		- 4 159 798
Total segments after adjustments		- 7 816 599		- 25 899 526		- 25 899 526
Consolidated Income Statement (Consolidated income statement)		- 7 816 599		- 25 899 526		- 25 899 526

Finance income and finance charges are not included in the internal system of financial reporting to the chief operating decision maker.

Sales and Services Rendered in 2011 and 2010, based on geographic location of the external customers, were the following:

2011		
Location of customers	'000 eur	
Germany	308 634 761	23%
North America	149 410 645	11%
Spain	150 084 947	11%
Portugal	108 875 322	8%
South Africa	107 122 079	8%
France	106 631 648	8%
United Kingdom	54 266 446	4%
Other	379 283 522	28%
Total	1 364 309 370	100%

The internal reporting system of financial information does not include information on segmental assets and liabilities. Segmental non-current assets, included under Tangible Assets, Intangible Assets, Goodwill, Investment Properties and Other Non Current Assets, in the Consolidated Statement of Financial Position, are as follows:

	31.12.2011		31.12.2010		31.12.2010 Restated	
Iberian Peninsula		275 030 136		275 358 350		275 358 350
Central Europe						
France	80 568 621		85 176 094		85 176 094	
Germany	258 399 501		298 121 081		270 080 214	
United Kingdom	59 500 458	398 468 580	62 136 001	445 433 176	62 136 001	417 392 309
Rest of the world						
Canada	180 732 434		186 310 379		186 310 379	
South Africa	80 353 719	261 086 153	96 745 277	283 055 656	96 745 277	283 055 656
All other segments		86 994 496		86 123 999		114 164 866
Total segments		1 021 579 365		1 089 971 181		1 089 971 181
Non Current Assets (Consolidated Statement of Financial Position)		1 021 579 365		1 089 971 181		1 089 971 181

Inter-segment transactions were executed at market prices and under identical conditions to those applied to third parties.

44. CONTINGENCIES

In October 2010 Sonae Indústria, SGPS, S. A. received a notice of assessment from tax authorities according to which the loss resulting from the dissolution of its subsidiary Socelpac, SGPS, S.A. in 2006, amounting to EUR 74 million, should be considered at 50% for tax calculation purposes. The company filed a lawsuit challenging this interpretation. According to the information available on this date, the Board of Directors considers that the probability of a negative outcome is low, thus no adjustment was done to current tax and deferred tax asset recognized in these consolidated financial statements.

45. SUBSEQUENT EVENTS

There were no significant subsequent events (note 2.20).

46. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors and authorized for issuance on 28 February 2012.

Statutory External Auditor's Report

Statutory Audit Board's Report

Audit Report for Stock Exchange Regulatory Purposes in respect of the Consolidated and Individual Financial Information

(Free translation from the original version in Portuguese)

Introduction

1 As required by the Portuguese Securities Market Code, we present the Audit Report for Statutory and Stock Exchange Regulatory Purposes on the financial information included in the Directors' Report and in the attached Consolidated and Individual Financial Statements of Sonae Indústria, S.G.P.S., S.A., comprising the consolidated and individual statement of financial position as at 31 December 2011, (which shows total assets of Euros 1,431,607,388 and Euros 1,515,895,120, respectively, a total consolidated equity of Euros 235,876,561 including non-controlling interests of Euros 332,511 and other negative components of equity of Euros 7,045,530, an individual equity of Euros 967,830,411), the consolidated and individual statement of income by nature, the consolidated and individual Comprehensive Income, the consolidated and individual statements of changes in equity and the consolidated and individual cash flow statements for the year then ended and the corresponding notes to the accounts.

Responsibilities

2 It is the responsibility of the Company's Board of Directors (i) to prepare the Directors' Report and Consolidated and Individual Financial Statements that present fairly, in all material respects, the financial position of the company and its subsidiaries, the consolidated and individual changes in equity, the consolidated and individual result and the consolidated and individual comprehensive income of their operations and the consolidated and individual cash flows; (ii) to prepare historical financial information in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU that is complete, true, up-to-date, clear, objective and lawful, as required by the Portuguese Securities Market Code; (iii) to adopt appropriate accounting policies and criteria; (iv) to maintain appropriate systems of internal control; and (v) to disclose any significant matters which have influenced the activity, the financial position or results of the company and its subsidiaries.

3 Our responsibility is to verify the financial information included in the financial statements referred to above, namely as to whether it is complete, true, up-to-date, clear, objective and lawful, as required by the Portuguese Securities Market Code, for the purpose of issuing an independent and professional report based on our audit.

Scope

4 We conducted our audit in accordance with the Standards and Technical Recommendations approved by the Institute of Statutory Auditors which require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated and individual financial statements are free from material misstatement. Accordingly, our audit included: (i) verification that the company and its subsidiaries' financial statements have been appropriately examined and for the cases where such an audit was not carried out, verification, on a sample basis, of the evidence supporting the amounts and disclosures in the consolidated financial statements, and assessing the reasonableness of the estimates, based on the judgements and criteria of the Board of Directors used in the preparation of the consolidated and individual financial statements; (ii) verification of the consolidation operations and the utilization of the equity method; (iii) assessing the appropriateness and consistency of the accounting principles used and their disclosure, as applicable; (iv) assessing the applicability of the going concern basis of accounting; (v) assessing the overall presentation of the consolidated and individual financial statements; and (vi) assessing the completeness, truthfulness, accuracy, clarity, objectivity and lawfulness of the consolidated and individual financial information.

5 Our audit also covered the verification that the financial information included in the Board of Director's report is consistent with the financial statements as well as the verification set forth in paragraphs 4 and 5 of Article 451º of the Companies Code.

6 We believe that our audit provides a reasonable basis for our opinion.

Conclusion

7 In our opinion, the consolidated and individual financial statements referred to above, present fairly in all material respects, the consolidated and individual financial position of Sonae Indústria, S.G.P.S, S.A. as at 31 December 2011, the consolidated and individual results and the consolidated comprehensive income of their operations, the changes in consolidated and individual equity and their consolidated and individual cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and the information included is complete, true, up-to-date, clear, objective and lawful.

Report on other legal requirements

8 It is also our opinion that the information included in the Directors' Report is consistent with the consolidated and individual financial statements for the year and that the Corporate Governance Report includes the information required under Article 245º- A of the Portuguese Securities Market Code.

28 February 2012

PricewaterhouseCoopers & Associados
– Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

Hermínio António Paulos Afonso, R.O.C.

Report and Opinion of the Statutory Audit Board
(Free translation from the original in Portuguese)

To the Shareholders of Sonae Indústria, SGPS, S.A.

In accordance with current law, statutory norms and the mandate we have been conferred, the Statutory Audit Board presents this report and opinion regarding the management report of Sonae Indústria, S. G. P.S, .S. A. as at 31 December 2011 and further related separate and consolidated financial statements, which are the Board of Directors' responsibility.

Supervision

During the period the Statutory Audit Board has accompanied the Company's management, the evolution of its activities together with the subsidiaries within the consolidation perimeter and convened meetings with the frequency and extent deemed appropriate. These meetings were attended by the financial area's operational managers, especially the CFO, the internal audit manager and the risk management manager. We kept a close connection with the Statutory External Auditor that kept us informed about the nature and conclusions of performed audit work. The Statutory Audit Board was given by the Board of Directors, the company's services, the subsidiaries included in the consolidation perimeter and the Statutory External Auditor all information and clarifications requested for gaining a greater insight into understanding and assessing the evolution of businesses, performance and financial position as well as the risk management and internal control systems.

The Statutory Audit Board has monitored the process of preparing and disclosing financial information as well as the audit of separate and consolidated financial statements, for which it received from the Statutory External Auditor all requested information and clarifications. Furthermore, within the scope of its competence the Statutory Audit Board has verified the separate and consolidated statements of financial position as at 31 December 2011, the separate and consolidated income statements, the separate and consolidated statements of comprehensive income, the separate and consolidated statements of change in net shareholders' funds and the separate and consolidated statements of cash flows and corresponding appendices for the period ended on the aforementioned date. It has also verified the management report for the fiscal year ended 31 December 2011 issued by the Board of Directors, and the Statutory External Auditor's Report on the financial statements issued by the Statutory External Auditor, with which the Statutory Audit Board agrees.

In light of the above, the Statutory Audit Board is of the opinion that the information relating to the financial statements in question has been prepared in accordance with the accounting, legal and statutory norms, reflecting a true and appropriate image of the assets and liabilities, the financial position and results of Sonae Indústria, S.G.P.S., S. A. and the subsidiaries included in the consolidation perimeter. The management report duly states the evolution of the businesses, performance and financial position of the company and subsidiaries included in its consolidation perimeter and contains a description of the main risks and uncertainties they are confronted with. Furthermore, the Statutory Audit Board informs that the corporate governance report complies with the provisions of article 245-A of the Portuguese Securities Code.

The Statutory Audit Board expresses its appreciation to the Board of Directors and other departments for their cooperation.

Opinion

Arising from the above, the Statutory Audit Board is of the opinion that the Shareholders' General Meeting approves the:

a) Management Report, Separate and Consolidated Statements of Financial Position for the fiscal year ended 31 December 2011, Separate and Consolidated Income Statements, Separate and Consolidated Statements of Comprehensive Income, Separate and Consolidated Statements of Changes in Net Shareholders' Funds and Separate and Consolidated Statements of Cash Flows and corresponding Appendices for the period ended on the aforementioned date;

b) Proposal for Appropriation of Results submitted by the Board of Directors.

Statement of responsibility

In accordance with the provisions of article 245, c), nr. 1 of the Securities Code ("Código dos Valores Mobiliários"), the Statutory Audit Board's members state to the best of their knowledge that the information included in the management report and the other financial statements was prepared in compliance with the applicable accounting standards and provides a true and appropriate image of the assets, liabilities, financial position and results of the company and subsidiaries included in its consolidation perimeter.
Furthermore, the Statutory Audit Board is of the opinion that the management report duly states the evolution of businesses, performance and position of the company and subsidiaries included in its consolidation perimeter, and contains a description of the main risks and uncertainties they are confronted with.

Maia, 28 February 2012

Statutory Audit Board,

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Manuel Heleno Sismeiro

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Armando Luís Vieira de Magalhães

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Jorge Manuel Felizes Morgado