



SONAE INDÚSTRIA, SGPS, SA

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

Registered at the Commercial Registry of Maia

Registry and Tax Identification No. 506 035 034

Share Capital: € 700 000 000

Publicly Traded Company

**ACTIVITY REPORT
AND
CONSOLIDATED FINANCIAL STATEMENTS**

JANUARY – SEPTEMBER 2012

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

Maia, Portugal, 16 November 2012: Sonae Indústria reports unaudited Consolidated Results for the first nine months of 2012 (9M12) which are prepared in accordance with IAS 34 – Interim Financial Reporting.

Highlights of Financial Performance:

- Comparing 9M12 with 9M11, like-for-like values*:
 - Turnover decreased by 2%, from 1,024 to 1,005 million Euros
 - Recurrent EBITDA margin fell 0.4 pp reaching 7.6%
 - Net losses from continued operations reduced from 49 to 28 million Euros
 - Net Debt reduced 28 million Euros to 696 million Euros
- Comparing 3Q12 with 3Q11, like-for-like values*:
 - Turnover decreased by 6%, to 312 million Euros
 - Recurrent EBITDA dropped 2.4pp to 20 million Euros

KEY FIGURES* (Euro Millions)	9M11*	9M12	9M12/ 9M11*	3Q11*	2Q12*	3Q12*	3Q12*/ 3Q11*	3Q12*/ 2Q12*
Consolidated Turnover	1.024	1.005	(2%)	332	341	312	(6%)	(8%)
EBITDA	78	71	(9%)	26	23	18	(31%)	(22%)
Recurrent EBITDA	82	76	(7%)	29	24	20	(31%)	(17%)
Recurrent EBITDA Margin %	8,0%	7,6%	-0,4 pp	8,8%	7,1%	6,4%	-2,4 pp	-0,7 pp
Profit / (loss) from continued operations	(49)	(28)	43%	(7)	(12)	(14)	(86%)	(16%)
Profit / (loss) from discontinued operations	(5)	(42)		(1)	(2)	(38)		
Minority Interests	(1)	(1)	(23%)	(0)	(0)	(1)		(244%)
Net Profit/(Loss) attributable to Shareholders	(54)	(69)	(28%)	(9)	(14)	(51)	(492%)	(255%)
Net Debt**	724	696	(4%)	724	696	696	(4%)	(0%)

*restated transferring UK values to “discontinued operations”

** Balance Figures were not restated

Message from the President of the Executive Committee: Belmiro de Azevedo

"During last quarter, as expected, activity was negatively affected by the normal summer shut downs in the Northern Hemisphere. This effect, combined with a depressed economy in Europe, due to the austerity measures implemented, led to a weaker demand and the consequent further sales volumes drop.

Turnover in 3Q12*, when compared to 2Q12*, fell by 8% to 312 million Euros and the seasonal decrease of installed capacity utilization prevented a proper dilution of fixed costs. This effect resulted in a recurrent EBITDA margin decline of 0.7pp to 6.4% of turnover. Despite this lower profitability, the continuously closely management of working capital, enabled us to maintain the level of Net Debt at 696 million Euros, 28 million Euros below the same period of last year.

Following our efforts to refinance debt, we finalized 2 important operations over the last 2 months: in September, we closed the negotiations of a securitization transaction on the maximum amount of 100 million Euros with ING Belgium organised in collaboration with Finacity Corporation; in October we modified the repayment plan of bonds, which enables us to postpone to May 2017 the total amount of 45 million Euros previously due in 2012 and 2013.

In the UK, as previously announced, we decided to close the Knowsley plant, following in-depth consultation with employees and trade union representatives, started in July. This decision is the result of the long delays to reconstruct the plant due to political and licensing difficulties and the reduced and unsustainable capacity levels that we were facing. However, it continues to be our intention, to supply the UK market from other plants located in Europe.

I am aware of the difficult path towards long term sustainability of the company. However, I count on Sonae Industria team to overcome all adversities that may arise, in order to bring it back to profitability, and creating value to shareholders."

Geographical Review of Operations**Europe (Iberia, Germany, France and UK)**

The performance in Iberia, Germany and France was particularly affected by the macroeconomic situation, namely the austerity measures in some of the countries where we operate as well as by the lower activity caused by summer shutdowns.

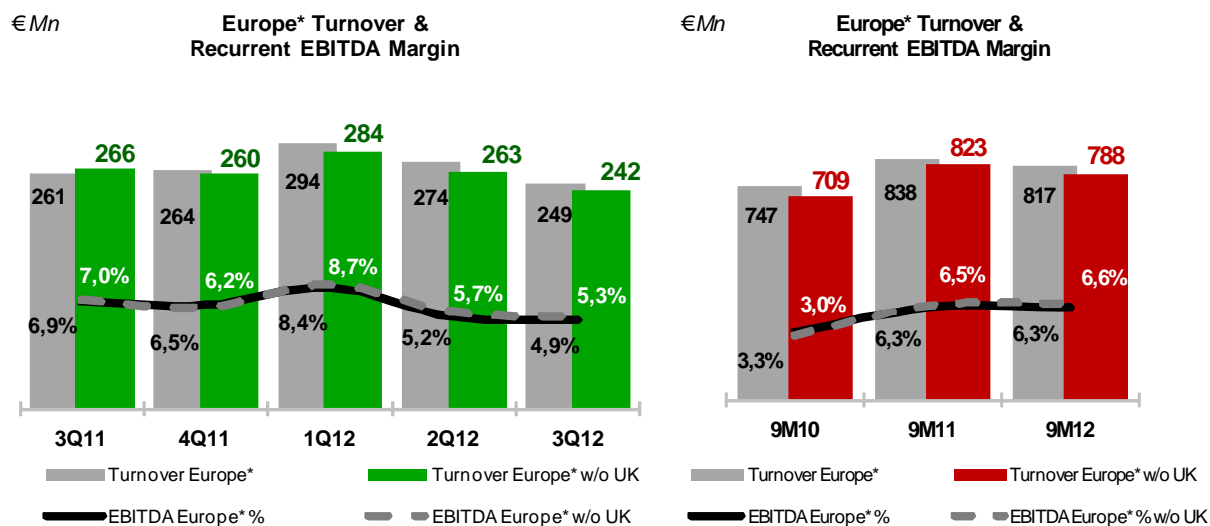
Regarding UK, at 30 September 2012 there was an expectation to sell the Sonae UK assets in the near future, as such these were considered as "available for sale" and were impaired to the expected sales value (19 million Euros). In fact an agreement for the sale of the equipment was already signed in November. Since the production activity was stopped in this quarter we report UK figures as "discontinued operations". To facilitate comparisons, previous quarters were restated, accordingly.

Iberia continued to be negatively affected by austerity measures which are causing a very depressed economic environment. The number of new housing permits granted in Portugal and in Spain is much below last year (30%ⁱ and 41%ⁱⁱ, respectively). Volumes sold from Iberia in 9M12, compared to 9M11, remained flat, despite having increased to export markets. However, stronger prices in some value added products enabled us to move turnover by 4% up to 304

million Euros. As a result, we were able to slightly increase the recurrent EBITDA margin to 7.9%, also helped by lower fixed costs. During 3Q12, comparing to 2Q12, seasonal factors led to 10pp lower capacity utilization, volumes declined by 16% and turnover dropped by 9%. Despite this, operational efficiency gains enabled us to maintain the recurrent EBITDA margin level.

In **Germany**, new house construction permits are 7%ⁱⁱⁱ above last year. Nevertheless, comparing 9M12 with 9M11, turnover dropped by 6%, being negatively impacted by some price pressure and lower volumes sold, particularly as a consequence of a weaker demand from the main furniture producers as a result of decreasing levels of export activity to neighbour countries. However, operational efficiency gains and better product mix enabled us to maintain the recurrent EBITDA margin level. During 3Q12, compared to 2Q12, volumes sold dropped by 8% which led to 7% lower turnover. This seasonal lower activity resulted in a capacity utilization decline of 10pp negatively impacting the recurrent EBITDA margin, which fell by 1pp.

In **France**, demand from the construction and furniture segments remains weak, and housing permits are 2%^{iv} below last year. Comparing 9M12 with 9M11, turnover decreased by 7% mainly due to 14% lower volumes sold. This lower activity combined with 7% higher variable costs led to a 2pp recurrent EBITDA margin decline. Comparing 3Q12 with 2Q12 turnover dropped by 6% mainly due to seasonal effects and a worst product mix. However, operational efficiency gains enabled us to maintain the recurrent EBITDA margin.



* Europe = Iberia, France, Germany and UK, excluding intercompany group sales

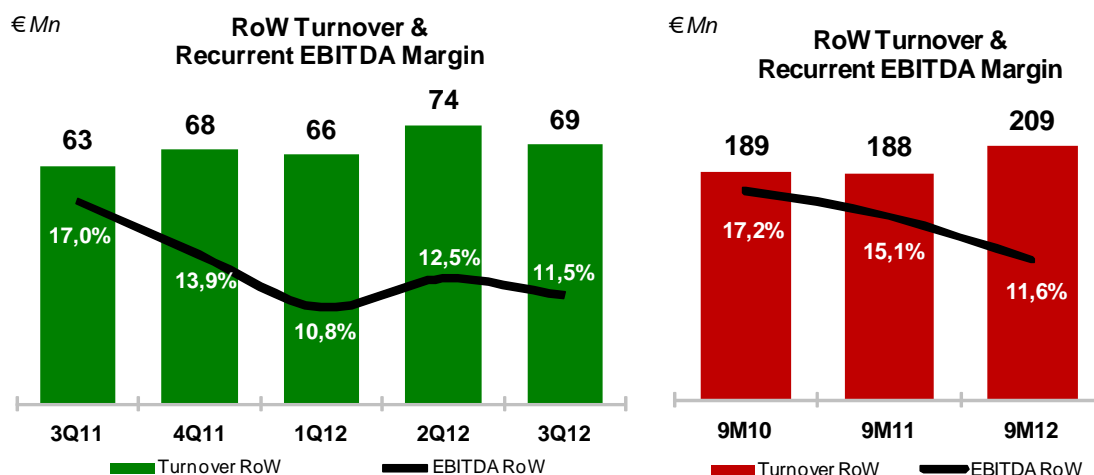
Comparing 9M12 with 9M11, turnover from **European plants** slightly declined to 817 million Euros. However, we were able to maintain the recurrent EBITDA level at 6.3% of turnover, illustrating operational efficiency gains and product management improvements achieved. Quarter on quarter, turnover decreased by 9% to 249 million Euros, but recurrent EBITDA margin was kept at approximately the same level.

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.

In **North America**, US housing starts increased by 25%^v while Canadian housing starts moved by 11%^{vi} up, showing some positive signs, particularly in the US market. Comparing 9M12 with 9M11, 6% higher volumes sold combined with stronger prices led to 15% higher turnover in local currency. However, recurrent EBITDA margin declined by 1pp, due to the 10% higher chemicals costs. In 3Q12, compared to 2Q12 volumes sold declined by 12% and turnover in local currency fell by 14%, due to seasonal effects and also to lower activity mainly in Canada with construction activity tapering off. This lower activity resulted in a recurrent EBITDA margin decline of 4pp.

In **South Africa**, residential building permits posted an increase of 4%^{vii}. Volumes sold in 9M12, when compared to 9M11 remained stable and turnover in local currency increased by 2%. Nevertheless, recurrent EBITDA margin fell by 7pp due to 10% higher variable costs, particularly electricity and chemicals which are much above last year (25% and 18%^{viii}, respectively). Last quarter our performance was negatively affected by a nationwide strike in the transport sector which began on the 25th September. Sales of 3Q12 were also negatively impacted by the implementation of price increases in July and August. As a result, volumes sold in 3Q12 when compared to 2Q12 declined by 8% and turnover in local currency fell by 3%.



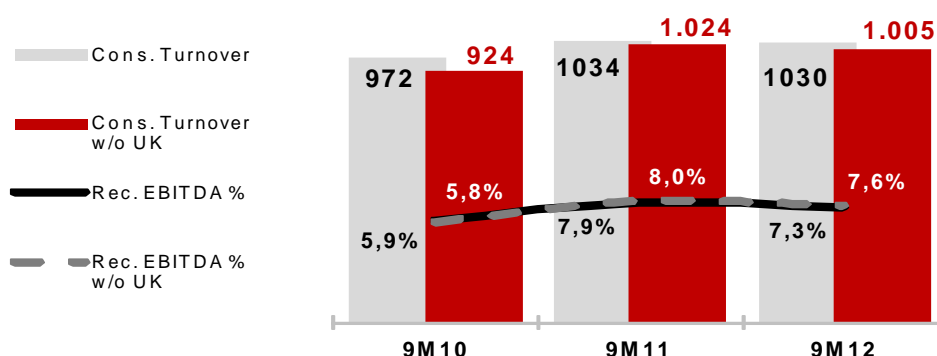
For the Rest of the World, comparing 9M12 to 9M11, turnover moved 12% up but recurrent EBITDA margin decreased by 3.5pp to 11.6% due to the much higher variable costs. Comparing 3Q12 to 2Q12 turnover declined by 7%, due to different reasons in Canada and South Africa, which were above already explained.

Financial Review of 9M12

Compared to 9M11, consolidated turnover* for 9M12 decreased by 2% to 1,005 million Euros with a reduction of approximately 4% in volumes sold. Price adjustments were not enough to compensate the variable cost increases and lower volumes which resulted in a 0.4pp recurrent EBITDA margin decrease to 7.6% of turnover.

€ Mn

Consolidated Turnover & Recurrent EBITDA Margin

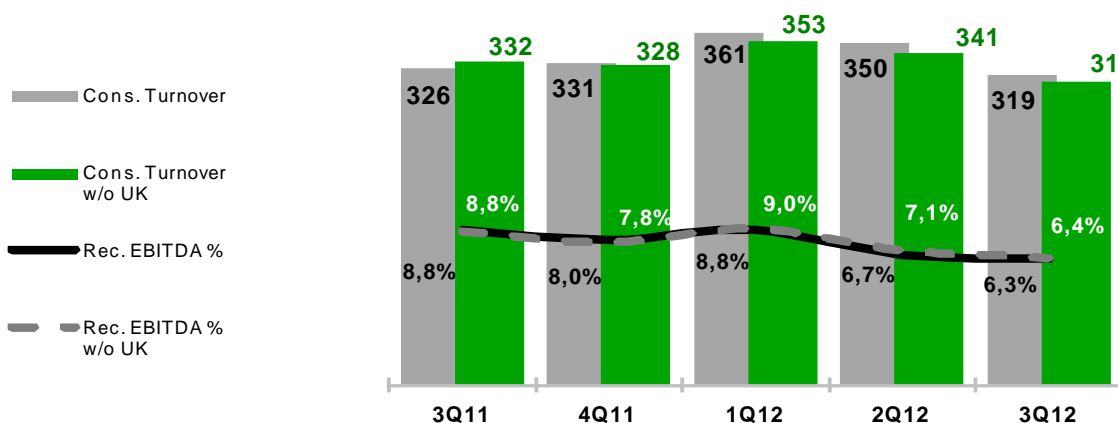


*restated transferring UK values to "discontinued operations"

Consolidated turnover in 3Q12* totalled 312 million Euros, representing a 8% decrease compared to 2Q12. The Recurrent EBITDA margin dropped 0.7pp to 6.4% mainly due to the seasonal lower activity in the Northern Hemisphere countries.

€ Mn

Consolidated Turnover & Recurrent EBITDA Margin



*restated transferring UK values to "discontinued operations"

Total EBITDA^{ix} in 9M12 reached 71 million Euros (which includes around 5 million Euros non recurrent costs) and was 9% below 9M11.

PROFIT & LOSS ACCOUNT* (Euro Millions)	9M11*	9M12	9M12/ 9M11*	3Q11*	2Q12*	3Q12*	3Q12*/ 3Q11*	3Q12*/ 2Q12*
Consolidated Turnover	1.024	1.005	(2%)	332	341	312	(6%)	(8%)
Other Operational Income	26	21	(17%)	6	8	7	17%	(12%)
EBITDA	78	71	(9%)	26	23	18	(31%)	(22%)
Recurrent EBITDA	82	76	(7%)	29	24	20	(31%)	(17%)
Recurrent EBITDA Margin %	8,0%	7,6%	-0,4 pp	8,8%	7,1%	6,4%	-2,4 pp	-0,7 pp
Depreciation and amortisation	(62)	(58)	6%	(20)	(20)	(19)	7%	3%
Provisions and Impairment Losses	(36)	(1)	97%	(1)	(1)	0	104%	106%
Operational Profit	(8)	15	278%	6	3	0	(95%)	(90%)
Net Financial Charges	(36)	(38)	(7%)	(12)	(13)	(12)	(5%)	4%
o.w. Net Interest Charges	(21)	(21)	(1%)	(8)	(7)	(7)	14%	8%
o.w. Net Financial Discounts	(9)	(11)	(17%)	(3)	(4)	(4)	(15%)	5%
Profit before taxes continued operat. (EBT)	(44)	(23)	47%	(6)	(10)	(12)	(96%)	(18%)
Taxes	(5)	(5)	9%	(1)	(2)	(2)	(42%)	(2%)
o.w. Current Tax	(1)	(4)	(193%)	(0)	(2)	(1)	(167%)	49%
Profit / (loss) from continued operations	(49)	(28)	43%	(7)	(12)	(14)	(86%)	(16%)
Profit / (loss) from discontinued operations	(5)	(42)		(1)	(2)	(38)		
Minority Interests	(1)	(1)	(23%)	(0)	(0)	(1)		(244%)
Net Profit/(Loss) attributable to Shareholders	(54)	(69)	(28%)	(9)	(14)	(51)	(492%)	(255%)

*restated transferring UK values to "discontinued operations"

9M12 consolidated net losses from continued operations were 28 million Euros, an improvement of 21 million Euros compared with 9M11. Net losses from discontinued operations were 42 million Euros, including impairment losses of 41 million Euros resulting from closing Knowsley plant. Consolidated net losses attributable to Sonae Indústria shareholders were 69 million Euros.

Additions to Fixed Assets in 9M12 were 29 million Euros, of which 19 million Euros are mostly related to investments in maintenance, Health & Safety and Environmental improvements. Almost 10 million Euros are related to the reconstruction of the UK plant, which were financed under the insurance program.

During 9M12, Working Capital^x increased by 4 million Euros when compared to the end of 2011, but decreased 29 million Euros compared to 9M11, and resulted in a 28 million Euros reduction in Net Debt (when compared to 9M11).

BALANCE SHEET (Euro Millions)	9M11	2011	1Q12	1H12	9M12
Non Current Assets	1.049	1.063	1.053	1.049	975
Tangible Assets	905	915	905	903	832
Goodwill	93	93	93	93	93
Deferred Tax Assets	34	38	37	38	36
Other Non Current Assets	17	17	18	15	13
Current Assets	398	368	407	385	372
Inventories	145	137	142	138	136
Trade Debtors	191	158	200	198	186
Cash & Investments	10	24	19	16	15
Other Current Assets	52	48	46	32	35
Non-current assets held for sale		1	1	1	19
Total Assets	1.447	1.432	1.461	1.435	1.366
Shareholders' Funds	231	236	233	222	171
Minority Interests	0	0	0	0	0
Shareholders' Funds + Minority Interests	232	236	233	222	170
Interest Bearing Debt	734	739	730	712	711
Short term	106	157	343	348	277
L-M term	628	581	386	364	434
Trade Creditors	168	161	201	194	183
Other Liabilities	313	296	297	306	302
Total Liabilities	1.215	1.196	1.228	1.213	1.196
Total Liabilities, Shareholders' Funds and Minority Interests	1.447	1.432	1.461	1.435	1.366
Net Debt	724	715	711	696	696
Working Capital	168	134	141	142	139

Looking Forward

In the near future, we don't expect an improvement in market demand in Europe, due to the continuing fiscal tightening in Southern Europe. As such we will continue to analyse opportunities to improve profitability by consolidating activity in the most efficient sites and reducing fixed costs.

In Canada and South Africa, we expect to improve profitability in the coming quarters.

We will also keep working in continuous improvement initiatives in all areas and in developing our sales offer and service to better meet our clients' needs.

Finally we will continue pursuing opportunities to sell non-core assets and refinancing debt maturing in the coming quarters.

The Board of Directors

ⁱ Source: *Instituto Nacional de Estatística*, October 2012 ("*Nova habitação residencial*", from January till August 2012, when compared to the previous year)

ⁱⁱ Source: *Ministerio de Fomento*, October 2012 (from January till July 2012, when compared to the previous year)

ⁱⁱⁱ Source: German Federal Statistical Office, October 2012 (from January till July 2012, when compared to the previous year)

^{iv} Source: *Service économie statistiques et prospective (Ministère de l'Écologie, de l'Énergie, du Développement durable et de l'Aménagement du territoire)*, October 2012 (from January till August 2012, when compared to the previous year)

^v Source: RISI, September 2012 (from January till August 2012, when compared to the previous year)

^{vi} Source: Canada Mortgage and Housing Corporation, October 2012 (from January till August 2012, when compared to the previous year)

^{vii} Source: Statistics South Africa, October 2012 (from January till July 2012, when compared to the previous year)

^{viii} Chemical costs are also higher due to the exchange rate effect

^{ix} EBITDA = EBIT + D&A + (Provisions and impairment losses - Impairment Losses in trade receivables + Reversion of Impairment Losses in trade receivables)

^x Working Capital = Inventories + Trade Debtors – Trade Creditors

SONAE INDÚSTRIA, S.G.P.S., S.A.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 30 SEPTEMBER 2012 AND 31 DECEMBER 2011

(Amounts expressed in Euros)

ASSETS	Notes	30.09.2012 Unaudited	31.12.2011
NON CURRENT ASSETS:			
Tangible assets	5	832 424 251	915 418 700
Goodwill		92 798 681	92 620 183
Intangible assets	5	7 163 492	8 576 779
Investment properties		1 324 279	1 357 473
Associated undertakings and non consolidated undertakings		2 262 846	2 360 890
Investment available for sale		1 081 317	1 069 440
Deferred tax asset		36 496 886	37 874 949
Other non current assets		1 440 925	3 606 230
Total non current assets		<u>974 992 677</u>	<u>1 062 884 644</u>
CURRENT ASSETS:			
Inventories		135 818 875	137 414 763
Trade debtors		185 944 538	158 400 706
Other current debtors	6	7 400 664	13 132 676
State and other public entities		8 631 095	13 628 325
Other current assets	7, 11	18 658 910	21 664 946
Cash and cash equivalents	8	15 101 651	23 570 163
Total current assets		<u>371 555 733</u>	<u>367 811 580</u>
Non-current assets held for sale	9	19 188 183	911 164
TOTAL ASSETS		<u><u>1 365 736 593</u></u>	<u><u>1 431 607 388</u></u>
SHAREHOLDERS' FUNDS, NON-CONTROLLING INTERESTS AND LIABILITIES			
SHAREHOLDERS' FUNDS:			
Share capital		700 000 000	700 000 000
Legal reserve		3 131 757	3 131 757
Other reserves and accumulated earnings		- 529 076 350	- 460 542 177
Accumulated other comprehensive income		- 3 506 098	- 7 045 530
Total		<u>170 549 309</u>	<u>235 544 050</u>
Non-controlling interests		- 453 334	332 511
TOTAL SHAREHOLDERS' FUNDS		<u><u>170 095 975</u></u>	<u><u>235 876 561</u></u>
LIABILITIES:			
NON CURRENT LIABILITIES:			
Long term bank loans - net of short-term portion	10	95 852 939	155 127 941
Non convertible debentures	10	218 622 198	287 993 050
Long term Finance Lease Creditors - net of short-term portion	10	35 997 351	39 494 029
Other loans	10	83 507 443	98 597 712
Post-retirement liabilities		24 657 721	24 960 203
Other non current liabilities		69 344 459	77 332 116
Deferred tax liabilities		64 505 576	64 258 210
Provisions	13	12 435 705	14 327 908
Total non current liabilities		<u>604 923 392</u>	<u>762 091 169</u>
CURRENT LIABILITIES:			
Short term portion of long term bank loans	10	160 986 876	111 796 391
Short term bank loans	10	21 956 019	24 554 807
Short term portion of long term non convertible debentures	10	85 000 000	15 000 000
Short term portion of Finance Lease Creditors	10	4 544 903	4 593 444
Other loans	10	4 195 003	1 477 788
Trade creditors		183 246 826	161 475 903
Taxes and Other Contributions Payable		19 239 255	13 211 850
Other current liabilities	11, 12	104 666 039	101 325 866
Provisions	13	6 882 305	203 609
Total current liabilities		<u>590 717 226</u>	<u>433 639 658</u>
TOTAL SHAREHOLDERS' FUNDS AND LIABILITIES		<u><u>1 365 736 593</u></u>	<u><u>1 431 607 388</u></u>

The notes are an integral part of the consolidated financial statements

The Board of Directors

SONAE INDÚSTRIA, S.G.P.S., S.A.

CONSOLIDATED INCOME STATEMENTS

FOR THE PERIODS ENDED AT 30 SEPTEMBER 2012 AND 2011

(Amounts expressed in Euros)

	Notes	30.09.2012 Unaudited	3rd. Quarter 2012 Unaudited	30.09.2011 Unaudited	3rd. Quarter 2011 Unaudited
Sales	19	1 001 928 157	311 066 976	1 020 141 947	329 978 712
Services rendered		3 431 838	1 081 617	4 052 548	1 880 908
Other income and gains	14	21 385 200	6 666 635	25 826 548	5 679 421
Cost of sales		518 971 327	157 806 388	527 718 550	161 960 997
(Increase) / decrease in production		- 5 542 420	- 744 867	- 4 642 446	7 605 035
External supplies and services		270 101 195	87 121 567	267 372 542	85 762 590
Staff expenses		159 123 856	51 593 631	160 994 425	51 685 214
Depreciation and amortisation		57 684 586	18 940 874	61 647 022	20 429 946
Provisions and impairment losses (increase / reduction)	13	1 063 364	- 62 900	36 029 565	1 414 067
Other expenses and losses	15	10 494 409	3 853 494	9 234 795	2 953 523
Operating profit / (loss)	19	14 848 878	307 041	- 8 333 410	5 727 669
Financial expenses	16	53 701 998	17 446 420	62 862 257	22 282 282
Financial income	16	15 780 085	5 047 770	27 361 578	10 423 249
Gains and losses in associated companies		- 212 982		- 20 728	
Gains and losses in investments		79 861	79 861	5 271	5 271
Net profit/(loss) before tax from continuing operations		- 23 206 156	- 12 011 748	- 43 849 546	- 6 126 093
Taxation	17	4 663 850	1 930 268	5 130 280	1 355 512
Consolidated net profit / (loss) after taxation from continuing operations		- 27 870 006	- 13 942 016	- 48 979 826	- 7 481 605
Profit / (loss) after taxation from discontinued operations	18	- 41 573 000	- 37 591 401	- 5 399 823	- 1 222 987
Consolidated net profit / (loss) for the period		- 69 443 006	- 51 533 417	- 54 379 649	- 8 704 592
Attributable to:					
Equity Holders of Sonae Industria					
Continuing operations		- 27 550 995	- 13 795 216	- 48 375 491	- 7 389 986
Discontinuing operations		- 41 067 348	- 37 134 177	- 5 334 145	- 1 208 112
Equity Holders of Sonae Industria		- 68 618 343	- 50 929 393	- 53 709 636	- 8 598 098
Non-controlling interests					
Continuing operations		- 319 011	- 146 800	- 604 335	- 91 619
Discontinuing operations		- 505 652	- 457 224	- 65 678	- 14 875
Non-controlling interests		- 824 663	- 604 024	- 670 013	- 106 494
Profit/(Loss) per share					
From continuing operations:					
Basic		- 0.1968	- 0.0985	- 0.3455	- 0.0528
Diluted		- 0.1968	- 0.0985	- 0.3455	- 0.0528
From discontinued operations:					
Basic		- 0.2933	- 0.2652	- 0.0381	- 0.0086
Diluted		- 0.2933	- 0.2652	- 0.0381	- 0.0086

SONAE INDÚSTRIA, S.G.P.S., S.A.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED 30 SEPTEMBER 2012 AND 2011

(Amounts expressed in Euros)

	30.09.2012 Unaudited	3rd. quarter 2012 Unaudited	30.09.2011 Unaudited	3rd. Quarter 2011 Unaudited
Net consolidated profit / (loss) for the period (a)	- 69 443 006	- 51 533 417	- 54 379 649	- 8 704 592
Other consolidated comprehensive income				
Change in currency translation reserve	3 601 458	- 189 795	- 12 788 097	- 3 578 738
Change in fair value of available-for-sale financial assets	- 23 037		- 17 168	3 605
Change in fair value of cash flow hedge derivatives				
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 consolidated comprehensive income for the period, net of tax (b)	3 578 421	- 189 795	- 12 805 265	- 3 575 133
Total consolidated comprehensive income for the period (a) + (b)	- 65 864 585	- 51 723 212	- 67 184 914	- 12 279 725
Total consolidated comprehensive income attributable to:				
Equity holders of Sonae Industria	- 65 078 911	- 51 115 187	- 66 352 192	- 12 123 317
Non-controlling interests	- 785 674	- 608 025	- 832 722	- 156 408
	- 65 864 585	- 51 723 212	- 67 184 914	- 12 279 725

The notes are an integral part of the consolidated financial statements

The board of directors

SONAE INDÚSTRIA, S.G.P.S., S.A.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' FUNDS AT 30 SEPTEMBER 2012 AND 2011

(Amounts expressed in Euros)

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

				<u>Accumulated other comprehensive income</u>					
	Share capital	Legal reserve	Other Reserves and accumulated earnings	Currency translation	Available-for-sale financial assets	Subtotal	Total shareholders' funds attributable to the equity holders of Sonae Indústria	Non controlling interests	Total shareholders' funds
<u>Notes</u>									
Balance as at 1 January 2012	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
Total consolidated comprehensive income for the period									
Resultado líquido consolidado do período			-68 618 343				- 68 618 343	- 824 663	- 69 443 006
Other consolidated comprehensive income for the period				3 562 189	- 22 757	3 539 432	3 539 432	38 989	3 578 421
Total			-68 618 343	3 562 189	- 22 757	3 539 432	- 65 078 911	- 785 674	- 65 864 585
Others			84 170				84 170	- 171	83 999
Balance as at 30 September 2012	<u>700 000 000</u>	<u>3 131 757</u>	<u>-529 076 350</u>	<u>-3 589 816</u>	<u>83 718</u>	<u>-3 506 098</u>	<u>170 549 309</u>	<u>- 453 334</u>	<u>170 095 975</u>

The notes are an integral part of the consolidated financial statements

The board of directors

SONAE INDÚSTRIA, S.G.P.S., S.A.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED AT 30 SEPTEMBER 2012 AND 2011
(Amounts expressed in Euros)

<u>OPERATING ACTIVITIES</u>	<u>Notes</u>	30.09.2012	30.09.2011
		<u>Unaudited</u>	<u>Unaudited</u>
Net cash flow from operating activities (1)	18	<u>63 010 868</u>	<u>25 882 450</u>
<u>INVESTMENT ACTIVITIES</u>			
Cash receipts arising from:			
Investments		153 340	217 568
Tangible and intangible assets		17 948 017	2 120 311
Investment subventions		183 694	193 930
Dividends		79 861	80 370
		<u>18 364 912</u>	<u>2 612 179</u>
Cash Payments arising from:			
Investments		192 500	18 460
Tangible and intangible assets		31 192 309	18 615 775
Others		2 510	460
		<u>31 387 319</u>	<u>18 634 695</u>
Net cash used in investment activities (2)	18	<u>- 13 022 407</u>	<u>- 16 022 516</u>
<u>FINANCING ACTIVITIES</u>			
Cash receipts arising from:			
Interest and similar income		1 173 441	583 680
Loans obtained		2 485 140 209	3 356 279 615
Others			3 220 892
		<u>2 486 313 650</u>	<u>3 360 084 187</u>
Cash Payments arising from:			
Interest and similar charges		26 943 158	26 405 302
Loans obtained		2 506 683 580	3 346 345 186
Dividends		4 518	20 048
Finance leases - repayment of principal		3 596 201	3 177 974
Others		5 568 793	952 765
		<u>2 542 796 250</u>	<u>3 376 901 275</u>
Net cash used in financing activities (3)	18	<u>- 56 482 600</u>	<u>- 16 817 088</u>
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		<u>- 6 494 139</u>	<u>- 6 957 154</u>
Effect of foreign exchange rate		<u>- 201 195</u>	<u>221 826</u>
Cash and cash equivalents at the beginning of the period		<u>1 015 356</u>	<u>3 334 720</u>
Cash and cash equivalents at the end of the period	8	<u>- 5 277 588</u>	<u>- 3 844 260</u>

The notes are an integral part of the consolidated financial statements

The board of directors



SONAE INDÚSTRIA SGPS, S.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2012

(Amounts expressed in euros)

1. INTRODUCTION

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

The shares of the company are listed on Euronext Lisbon.

The consolidated financial statements for the periods ended 30 September 2012 and 2011 were not subject to a limited revision carried out by the company's statutory external auditor.

2. ACCOUNTING POLICIES

This set of consolidated financial statement has been prepared on the basis of the accounting policies that were disclosed in the notes to the consolidated financial statements for fiscal year 2011.

2.1. Basis of Preparation

These consolidated financial statements were prepared in accordance with the International Accounting Standard 34 – Interim Financial Reporting. As such, they do not include all the information which should be included in annual consolidated



financial statements and therefore should be read in connection with the financial statements for fiscal year 2011.

2.2. Changes to accounting standards

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 1 January 2012 and endorsed by the European Union.

In the period ended 30 September 2012 there were no changes to the accounting standards used for preparing the consolidated financial statements for fiscal year 2011.

2.3. Translation of financial statements of foreign companies

Exchange rates used for translating foreign group, jointly controlled and associated companies are listed below:

	30.09.2012		31.12.2011		30.09.2011	
	Closing rate	Average rate	Closing rate	Average rate	Closing rate	Average rate
Great Britain Pound	0.7981	0.8116	0.8353	0.8676	0.8666	0.8712
South African Rand	10.7124	10.3040	10.4833	10.0523	10.9087	9.7934
Canadian Dollar	1.2684	1.2833	1.3215	1.3753	1.4105	1.3744
American Dollar	1.2930	1.2801	1.2939	1.3910	1.3503	1.4062
Swiss Franc	1.2099	1.2043	1.2156	1.2306	1.2170	1.2311
Polish Zloty	4.1037	4.2061	4.4579	4.1056	4.4051	4.0107

Source: Bloomberg

3. RELEVANT EVENTS

On 11 April 2012 a fire broke out at the wood particle preparation area of Linxe plant, in France. As a consequence, the particleboard production, which resumed operation at the beginning of June, was interrupted for almost two months.

Damage caused by the fire, including disabled assets and operating constraints, are covered by an insurance policy for property damage and business interruption, according to which



the company will receive compensation for the amounts paid for the acquisition or repair of assets that prove necessary for regaining its operational capacity and for the operating losses incurred as a consequence of existing operating restraints until the moment they are fixed, deducted from an overall amount of EUR 1 000 000.

These consolidated financial statements include an estimated compensation corresponding to the operating losses incurred over the period ended 30 September 2012, recognized for EUR 1 500 000 under Other Current Assets, on the Consolidated Statement of Financial Position, and under Other Income and Gains, 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 subsidiary Sonae Industria (UK), Ltd has discontinued industrial production at its Knowsley plant, England, in September 2012. This decision is the result of the difficulties experienced in obtaining the necessary licence for the complete reconstruction of facilities destroyed by the fire occurred in June 2011 and the reduced and unsustainable capacity levels that have ensued.

As a consequence, tangible fixed assets expected to be sold within a one-year period were classified as Non-current Assets Held for Sale (note 9) and the results of the subsidiary Sonae Industria (UK), Ltd are now recognized as results from discontinued operations (note 18), which are stated as Profit/loss after Taxation from Discontinued Operations on the Consolidated Income Statement. Results for the comparative period, ended 30 September 2011, along with the results of third quarters 2011 and 2012 were consistently re-presented.

These consolidated financial statements include an insurance compensation for the assets destroyed at the Knowsley plant in the accident occurred in June 2011 and for the operating losses incurred in the period ended 30 September 2012, stated under Profit/loss after Taxation of Discontinued Operations, on the Consolidated Income Statement, for EUR 21.8 million (GBP 17.7 million).



4. COMPANIES INCLUDED IN CONSOLIDATION PERIMETER

During the period ended 30 September 2012 there were not any changes to the companies included in consolidation perimeter.

5. TANGIBLE AND INTANGIBLE FIXED ASSETS

During the periods ended 30 September 2012 and 31 December 2011, movements in tangible and intangible assets, accumulated depreciation and impairment losses were as follows:

5.1. Tangible fixed assets

	<u>30.09.2012</u>	<u>31.12.2011</u>
Gross cost:		
Opening balance	2 348 509 630	2 413 275 438
Capital expenditure	28 473 417	38 032 207
Disposals	51 455 785	87 435 215
Transfers and reclassifications	- 107 531 611	- 585 825
Exchange rate effect	14 571 123	- 14 776 975
Closing balance	<u>2 232 566 774</u>	<u>2 348 509 630</u>
Accumulated depreciation and impairment losses		
Opening balance	1 433 090 930	1 429 744 332
Depreciations for the period	58 193 415	80 671 570
Impairment losses for the period	41 313 270	12 880 589
Disposals	50 182 743	85 294 169
Reversion of impairment losses for the period		181 464
Transfers and reclassifications	- 89 022 404	9 551
Exchange rate effect	6 750 055	- 4 739 479
Closing balance	<u>1 400 142 523</u>	<u>1 433 090 930</u>
Carrying amount	<u>832 424 251</u>	<u>915 418 700</u>

As a consequence of discontinuing industrial activity at Knowsley (note 3), Impairment losses for the period include GBP 33 531 866 (EUR 41 313 270) related to the assets reclassified as Non-current Assets Held for Sale (note 9). This loss is stated under Profit/loss after Taxation of Discontinued Operations in the Consolidated Income Statement.

During the periods ended 30 September 2012 and 31 December 2011 no interest paid or any other financial charges were capitalised, in accordance with conditions defined in note 2.9 to consolidated financial statements of fiscal year 2011.

Charges to impairment losses are detailed in note 13.



5.2. Intangible fixed assets

	<u>30.09.2012</u>	<u>31.12.2011</u>
Gross cost:		
Opening balance	25 207 144	23 733 199
Changes in consolidation perimeter		
Capital expenditure	1 827 265	3 336 917
Disposals	2 081 921	1 432 378
Revaluation		
Transfers and reclassifications	1 112 243	- 164 892
Exchange rate effect	45 496	- 265 702
Closing balance	<u>26 110 227</u>	<u>25 207 144</u>
Accumulated depreciation and impairment losses		
Opening balance	16 630 370	13 613 777
Changes in consolidation perimeter		
Amortization for the period	2 340 177	3 215 372
Impairment losses for the period		
Disposals	20 795	
Reversion of impairment losses for the period		
Transfers and reclassifications	- 431	- 141
Exchange rate effect	- 2 586	- 198 643
Closing balance	<u>18 946 735</u>	<u>16 630 365</u>
Carrying amount	<u>7 163 492</u>	<u>8 576 779</u>

Charges to impairment losses are detailed in note 13.

6. OTHER CURRENT DEBTORS

At 30 September 2012 and 31 December 2011, details of Other current debtors on the Consolidated Statement of Financial Position were as follows:

	<u>30.09.2012</u>			<u>31.12.2011</u>		
	<u>Gross Value</u>	<u>Impairment</u>	<u>Net Value</u>	<u>Gross Value</u>	<u>Impairment</u>	<u>Net Value</u>
Other debtors	3 734 587	19 628	3 714 959	10 964 392	19 628	10 944 764
Financial Instruments	3 734 587	19 628	3 714 959	10 964 392	19 628	10 944 764
Other debtors	3 685 705		3 685 705	2 187 912		2 187 912
Assets out of scope of IFRS 7	3 685 705		3 685 705	2 187 912		2 187 912
Total	<u>7 420 292</u>	<u>19 628</u>	<u>7 400 664</u>	<u>13 152 304</u>	<u>19 628</u>	<u>13 132 676</u>



7. OTHER CURRENT ASSETS

At 30 September 2012 and 31 December 2011, details of Other current assets on the Consolidated Statement of Financial Position were as follows:

	30.09.2012			31.12.2011		
	Gross Value	Impairment	Net Value	Gross Value	Impairment	Net Value
Derivatives instruments	1 560 404		1 560 404	2 050 956		2 050 956
Financial Instruments	1 560 404		1 560 404	2 050 956		2 050 956
Accrued income	5 284 778		5 284 778	14 587 610		14 587 610
Deferred expenses	11 813 728		11 813 728	5 026 380		5 026 380
Others	136		136			
Assets out of scope of IFRS 7	17 098 506		17 098 506	19 613 990		19 613 990
Total	18 658 910		18 658 910	21 664 946		21 664 946

8. CASH AND CASH EQUIVALENTS

At 30 September 2012 and 31 December 2011, detail of Cash and Cash Equivalents was as follows:

	30.09.2012	31.12.2011
Cash at Hand	63 212	67 342
Bank Deposits and Other Treasury Applications	15 038 439	23 502 821
Impairment in Treasury Applications		
	15 101 651	23 570 163
Cash and Cash Equivalents on the Balance Sheet		
Bank Overdrafts	20 379 239	22 554 807
Cash and Cash Equivalents on the Statement of Cash Flows	- 5 277 588	1 015 356

9. NON-CURRENT ASSETS HELD FOR SALE

During the period ended 30 September 2012 several assets from Knowsley plant, England, were classified as Non-current Assets Held for Sale as they became available for sale after industrial activity was discontinued at this plant, as referred to in note 3, and as a sale transaction is expected to take place within a one-year period.

These assets were recognized for their fair value less estimated sale costs, which was estimated to amount to GBP14 601 576 (EUR 18 296 505), net of an impairment loss recognized for GBP 33 531 866 (EUR 41 313 270), which was stated under Profit/loss after Taxation from Discontinued Operations on the Consolidated Income Statement.



10. LOANS

As at 30 September 2012 and 31 December 2011 Sonae Indústria had the following outstanding loans:

	30.09.2012				31.12.2011			
	Amortised cost		Nominal value		Amortised cost		Nominal value	
	Current	Non current	Current	Non current	Current	Non current	Current	Non current
Bank loans	182 942 895	95 852 939	183 728 071	96 291 681	136 351 198	155 127 941	136 465 283	156 731 858
Debentures	85 000 000	218 622 198	85 000 000	220 000 000	15 000 000	287 993 050	15 000 000	290 000 000
Obligations under finance leases	4 544 903	35 997 351	4 544 903	35 997 351	4 593 444	39 494 029	4 593 444	39 494 029
Other loans	4 195 003	83 507 443	4 195 003	83 507 443	1 477 788	98 597 712	1 477 788	98 597 712
Gross debt	276 682 801	433 979 931	277 467 977	435 796 475	157 422 430	581 212 732	157 536 515	584 823 599
Cash and cash equivalent in balance	15 101 651		15 101 651		23 570 163		23 570 163	
Net debt	261 581 150	433 979 931	262 366 326	435 796 475	133 852 267	581 212 732	133 966 352	584 823 599
Total net debt	695 561 081		698 162 801		715 064 999		718 789 951	

In 2004 Sonae Indústria, S. G. P. S., S. A. together with its subsidiaries Sonae Indústria – Produção e Comercialização de Derivados de Madeira, S. A. (then Sonae Tafibra – Gestão Comercial, S.A.), Tableros Tradema, S.L. (then Tafibra, Tableros Aglomerados y 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) e Spanboard Products Limited signed with ABN Amro Bank, NV and TAPCO – Tulip Asset Purchase Company, BV a securitization facility of trade debtors which came to an end September 2012.

In September 2012, Sonae Indústria, S. G. P. S., S. A. together with its subsidiaries Sonae Indústria – Produção e Comercialização de Derivados de Madeira, S. A., Tableros Tradema, S.L, Isoroy S.A.S., Glunz AG, Sonae Tafibra International, B.V. and Sonae Industria (UK) Limited contracted with ING Bank Belgium SA/NV and with Finacity Corporation a securitization facility of trade debtors of up to EUR 100 000 000, with maturity March 2014. At 30 September 2012 principal outstanding amounted to EUR 77 783 432.

Trade debtors for the amount of EUR 108 427 558 were kept on the consolidated balance sheet as the criteria set out in IAS 39 for their derecognition were not fully met, namely because the whole risks related to the securitized assets were not completely transferred.

In September 2012 Sonae Indústria – Produção e Comercialização de Madeira, S. A. contracted a factoring facility of trade debtors of up to EUR 5 000 000, for one year, renewable. On 30 September 2012 principal outstanding amounted to EUR 2 171 296.



Trade debtors for the amount of EUR 2 595 263 were kept on the consolidated balance sheet as the criteria set out in IAS 39 for their derecognition were not fully met, namely because the whole risks related to the securitized assets were not completely transferred.

11. FINANCIAL DERIVATIVES

At 30 September 2012 and 31 December 2011, the fair value of derivative instruments is stated as follows:

	Other current assets		Other current liabilities	
	30.09.2012	31.12.2011	30.09.2012	31.12.2011
Derivatives at fair value through profit or loss:				
Exchange rate forwards	1 560 404	2 050 956	223 763	2 843 821
	<u>1 560 404</u>	<u>2 050 956</u>	<u>223 763</u>	<u>2 843 821</u>

12. OTHER CURRENT LIABILITIES

At 30 September 2012 and 31 December 2011, Other current liabilities were composed of:

	30.09.2012	31.12.2011
Group companies	20 334	20 352
Derivatives	223 763	2 843 821
Fixed assets suppliers	4 974 806	7 097 091
Other creditors	4 669 416	6 141 391
Financial instruments	9 888 319	16 102 655
Other creditors	1 237 250	3 973 352
Accrued expenses:		
Insurances	1 757 478	211 824
Personnel costs	31 788 441	28 143 748
Accrued financial expenses	4 973 066	4 179 444
Rebates	20 634 906	19 130 755
External supplies and services	15 771 196	14 178 438
Other accrued expenses	11 242 852	8 331 530
Deferred income:		
Investment subventions	6 907 659	6 925 188
Other deferred income	464 872	148 932
Liabilities out of scope of IFRS 7	94 777 720	85 223 211
Total	<u>104 666 039</u>	<u>101 325 866</u>



13. PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

Movements occurred in provisions and accumulated impairment losses during the period ended 30 September 2012 were as follows:

Description	30.09.2012					
	Opening balance	Exchange rate effect	Changes to perimeter	Increase	Utilizations	Other changes
Accumulated impairment losses on tangible assets	33 529 610	8 546		41 313 270		- 41 874 756
Accumulated impairment losses on intangible assets	19 242					
Accumulated impairment losses on other non-current assets	10 931 182					
Accumulated impairment losses on trade debtors	23 911 465	- 30 803		3 975 531	1 183 435	- 3 113 625
Accumulated impairment losses on other debtors	19 628					
Subtotal impairment losses	68 411 127	- 22 257		45 288 801	1 183 435	- 44 988 381
Provisions for litigations in course	8 445 337	- 13 795		125 103	2 119 969	
Provisions for guaranties to customers	858 616	102		18 913		
Provisions for restructuring	745 571	109 698		6 438 968	392 746	
Other provisions	4 481 993	11 620		793 110	184 511	
Subtotal provisions	14 531 517	107 625		7 376 094	2 697 226	
Subtotal impairment losses and provisions	82 942 644	85 368		52 664 895	3 880 661	- 44 988 381
Accumulated impairment losses on investments	37 005 998					- 20 124
Accumulated impairment losses on inventories	7 836 654	- 8 877		3 935 465	3 360 416	- 33 248
Total	127 785 296	76 491		56 600 360	7 241 077	- 45 041 753

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

	30.09.2012		
	Losses	Gains	Total
Cost of sales	1 379 670	899 825	479 845
(Increase) / decrease in production	2 411 149	2 307 543	103 606
Provisions and impairment losses	4 909 516	3 846 152	1 063 364
Profit/(loss) after taxation from discontinued operations	47 900 025	187 557	47 712 468
Total (Consolidated Income Statement)	56 600 360	7 241 077	49 359 283

Profit/loss after Taxation from Discontinued Operations (notes 3 and 18), on the Consolidated Income Statement, include an impairment loss related to the assets recognized as Non-current Assets Held for Sale (note 9), on the Consolidated Statement of Financial Position, for EUR 41 313 271, and a restructuring provision amounting to EUR 6 438 969.

During the period ended 30 September 2012 the Group began disclosing reversion of impairment losses on assets (except inventories) and utilization of provisions under



Provisions and Impairment Losses, on the Consolidated Income Statement. These accounting movements were previously disclosed under Other Income and Gains, on the Consolidated Income Statement (note 14).

14. OTHER INCOME AND GAINS

Details of Other income and gains on the Consolidated Income Statement for the periods ended 30 September 2012 and 2011 are as follows:

	<u>30.09.2012</u>	<u>30.09.2011</u>
Gains on disposals of non current investments	153 339	
Gains on disp. and write off of invest. prop., tang. and intang. assets	252 470	558 518
Supplementary revenue	7 645 713	4 970 073
Investment subventions	4 618 765	4 681 373
Tax received	3 302 948	3 644 718
Positive exchange gains	1 336 816	632 316
Reversion of impairment losses		2 949 673
Gains on provisions		4 470 704
Others	<u>4 075 149</u>	<u>3 919 173</u>
	<u>21 385 200</u>	<u>25 826 548</u>

15. OTHER EXPENSES AND LOSSES

Details of Other expenses and losses on the Consolidated Income Statement for the periods ended 30 September 2012 and 2011 are as follows:

	<u>30.09.2012</u>	<u>30.09.2011</u>
Taxes	4 970 928	5 028 947
Losses on disposals of non current investments	72 585	
Losses on disp. and write off of invest. prop., tang. and intang. assets	1 982 649	166 176
Negative exchange gains	1 793 750	1 477 135
Others	<u>1 674 497</u>	<u>2 562 537</u>
	<u>10 494 409</u>	<u>9 234 795</u>



16. FINANCIAL RESULTS

Financial results for the periods ended 30 September 2012 and 2011 were as follows:

	30.09.2012	30.09.2011
Financial expenses:		
Interest expenses		
related to bank loans and overdrafts	11 635 177	8 615 267
related to non convertible debentures	7 842 996	9 385 483
related to finance leases	3 015 771	3 758 203
related to hedged loans (hedge derivatives)		
others	1 204 822	191 501
	23 698 766	21 950 454
Losses in currency translation		
related to loans	4 419 509	13 236 829
others		
	4 419 509	13 236 829
Cash discounts granted	11 612 119	11 047 993
Adjustment to fair value of financial instruments at fair value through profit or loss	8 964 055	11 134 154
Losses on valuation of hedging derivative instruments		
Fair value of inefficient component of hedge derivatives		
Other finance losses	5 007 549	5 492 827
	53 701 998	62 862 257
	30.09.2012	30.09.2011
Financial income:		
Interest income		
related to bank loans	537 802	228 043
related to loans to related parties	128 793	5 280
Related to loans discontinued operations	1 889 960	1 174 427
Others	320 789	2 318
	2 877 344	1 410 068
Gains in currency translation		
related to loans	6 744 077	8 021 659
others		
	6 744 077	8 021 659
Cash discounts obtained	687 916	1 724 347
Adjustment to fair value of financial instruments at fair value through profit or loss	5 388 264	16 036 790
Gains in valuation of hedging derivative instruments		
Fair value of inefficient component of hedge derivatives		
Other finance gains	82 484	168 714
	15 780 085	27 361 578
Finance profit / (loss)	- 37 921 913	- 35 500 679

17. TAXES

Corporate income tax accounted for in the periods ended 30 September 2012 and 2011 is detailed as follows:

	30.09.2012	30.09.2011
Current tax	4 077 989	1 392 264
Deferred tax	585 861	3 738 016
	4 663 850	5 130 280



18. PROFIT/LOSS FROM DISCONTINUED OPERATIONS

As a consequence of discontinuing production at Knowsley plant, England, referred to in note 3, profit or loss of the subsidiary Sonae Industria (UK), Ltd is stated as Profit/loss after Taxation from Discontinued Operations, on the Consolidated Income Statement, and is detailed as follows:

	30.09.2012	30.09.2011
Sales	24 432 979	10 087 258
Services rendered	687 653	
Other income and gains	25 131 504	11 497 257
Cost of sales	12 796 435	4 323 357
(Increase) / decrease in production	1 291 895	- 1 143 142
External supplies and services	11 140 274	9 502 101
Staff expenses	10 785 714	6 257 685
Depreciation and amortisation	2 882 199	3 416 794
Provisions and impairment losses (increase / reduction)	47 720 870	227 343
Other expenses and losses	2 923 583	2 820 698
Operating profit / (loss)	- 39 288 834	- 3 820 321
Financial expenses	2 567 797	1 652 025
Financial income	283 631	72 524
Gains and losses in associated companies		
Gains and losses in investments		
Net profit/(loss) before tax from discontinued operations	- 41 573 000	- 5 399 822
Taxation		
Net profit / (loss) from discontinued operations	- 41 573 000	- 5 399 822
Attributable to:		
Equity Holders of Sonae Industria	- 41 067 348	- 5 334 144
Non-controlling interests	- 505 652	- 65 678

Cash flows related to discontinued operations, which are included in the Consolidated Statement of Cash Flows, are detailed as follows:

	30.09.2012	30.09.2011
Operating activities	4 434 014	- 11 731 460
Investment activities	2 834 577	- 1 724 235
Financing activities	- 4 657 491	13 185 667

19. 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 (discontinued), Switzerland, The Netherlands, Canada and South Africa.

Until 31 March 2012 identifiable reporting segment were are as follows:

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

Following the organizational change occurred since then, identifiable reportable segments are now:

- Europe;
- Rest of the world

	Turnover			
	External		Intersegment	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
Europe	792 824 898	836 660 325	6 972 332	7 237 332
Continuing operations	792 824 898	826 573 067	6 972 332	7 237 332
Rest of the world	212 535 097	187 534 171		
Total segments	1005 359 995	1024 194 495	6 972 332	7 237 332
Europe				
Discontinued operations	25 120 632	10 087 258		

Intersegmental turnover includes transactions between segments Europe and Rest of the World but do not include transactions between continuing operations and discontinued operations within segment Europe.



	Operating net profit (loss)	
	30.09.2012	30.09.2011
Europe	5 837 006	-21 689 950
Continuing operations	5 837 006	-21 689 950
Rest of the world	9 011 872	12 906 262
Total segments	<u>14 848 878</u>	<u>-8 783 688</u>
Companies excluded from consolidation perimeter		1 026 907
Others		<u>- 576 629</u>
Total segments after adjustments	14 848 878	-8 333 410
Operating result (Consolidated income statement)	<u>14 848 878</u>	<u>-8 333 410</u>
Europe		
Discontinued operations	<u>-39 288 834</u>	<u>-3 820 321</u>

The information of earlier periods was restated according to the new structure of identifiable reportable segments.

20. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors and authorized for issuance 15 November 2012.