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 – JUNE 2012

ACCORDING TO THE INTERNATIONAL ACCOUNTING STANDARD 34 – INTERIM FINANCIAL REPORT

CONTENTS

ACTIVITY REPORT

Highlights of Financial Performance:

- Comparing 1H12 with 1H11:
  - Turnover increased by 1%, from 708 to 712 million Euros
  - Recurrent EBITDA margin recovered 0.4 pp reaching 7.8%
  - Net losses declined from 45 to 18 million Euros
  - Net Debt to Recurrent EBITDA ratio improved from 7.7x to 6.3x

- Comparing 2Q12 with 1Q12:
  - Turnover decreased by 3%, to 350 million Euros
  - Recurrent EBITDA dropped 2.1pp to 24 million Euros
  - Net Debt reduced 15 million Euros to 696 million Euros

KEY FIGURES (Euro Millions)	1H11	1H12	1H12/ 1H11	2Q11	1Q12	2Q12	2Q12/ 1Q12	2Q12/ 2Q11
Consolidated Turnover	708	712	1%	356	361	350	(3%)	(2%)
EBITDA	**51**	**52**	**2%**	**34**	**30**	**22**	**(26%)**	**(34%)**
Recurrent EBITDA	53	55	5%	35	32	24	(26%)	(33%)
Recurrent EBITDA Margin %	**7,4%**	**7,8%**	*0,4 pp*	**9,9%**	**8,8%**	**6,7%**	*-2,1 pp*	*-3,2 pp*
Net Profit/(Loss) attributable to Shareholders	**(45)**	**(18)**	**61%**	**(24)**	**(3)**	**(14)**	**n.a.**	**41%**
Net Debt	**728**	**696**	**(4%)**	**728**	**711**	**696**	**(2%)**	**(4%)**
Net Debt/Recurrent EBITDA	**7,7**	**6,3**	**n.a.**	**7,7**	**5,8**	**6,3**	**n.a.**	

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

"During the last quarter macroeconomic conditions in Europe deteriorated, stopping the trend towards the profitability improvement we experienced over the last years. The Euro area faced a slowdown of activity, namely in Germany as a consequence of a weaker demand from the main furniture producers as a result of decreasing levels of export activity to neighbour countries. Additionally, the uncertainty of the financial system continues deteriorating internal consumption, affecting particularly customers from our Iberian plants. Fortunately, we have been able to compensate this lack of internal demand by exporting to more dynamic markets.

Our volumes sold in 2Q12 declined by 4% and consolidated turnover reached 350 million Euros, a decrease of 3%, when compared to the previous quarter. Additionally, the new supply chain management approach enabled to reduce the stocks level, however resulting in some additional production stoppages. These combined factors led to a recurrent EBITDA margin decline of 2.1pp to 6.7%.

Nevertheless, when compared to 1H11, despite lower volumes sold, 1H12 shows a positive evolution in terms of recurrent EBITDA.

Unfortunately, the situation in the UK plant, following the fire that occurred in June 2011, did not improve during 2Q12. The long delays to reconstruct the plant due to the difficulties in obtaining the necessary planning approvals, coupled with the current economic climate and the downturn in the construction industry, led the plant to an unsustainable situation. Therefore, as previously announced, Sonae Indústria (UK) Ltd will enter into consultations with employee and trade union representatives regarding the future of its operations in Knowsley. Nevertheless, it is our intention to continue supplying the UK market.

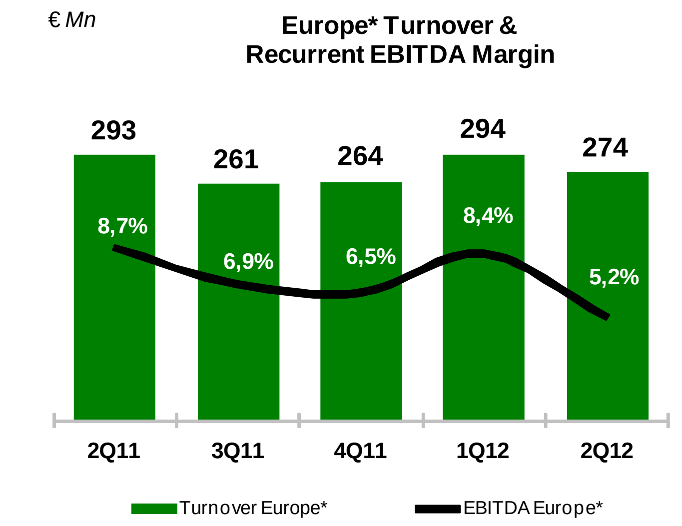
I count on the Sonae Indústria team to continue bringing into reality all the initiatives, actions and projects in several areas of the Group, in order to reinforce the sustainability of the company and bring it back to profitability, as soon as possible."

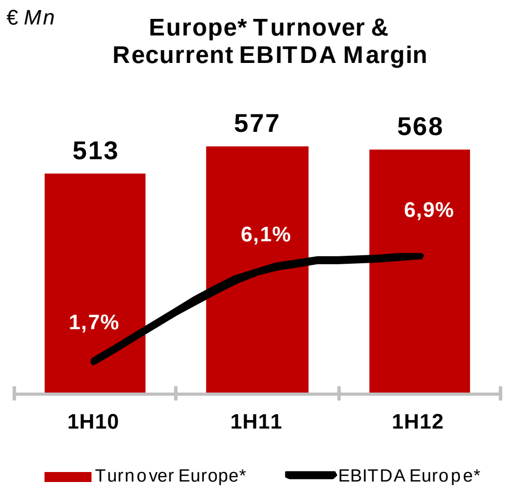
Geographical Review of Operations

Beginning of April, we implemented a new organization model based on a more centralized business structure which consolidates Iberia, France and Germany in a "Continental Europe" Region. As a consequence, this quarter we are reporting our activity in two segments: 1) Europe, which includes the above referred Continental Europe and UK and 2) Rest of the World composed by Canada and South Africa. Therefore, the details by region were updated accordingly.

Europe (Iberia, Germany, France and UK)

The performance in Iberia, Germany, France and UK was particularly affected by the macroeconomic situation, namely the austerity measures in some of the countries where we operate.





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

Iberia continued to experience a difficult market situation. The number of new housing permits granted in Portugal and in Spain is much below last year (31%[i] and 35%[ii], respectively). In spite of this, volumes sold from Iberia in 1H12, compared to 1H11, remained flat, being helped by the export markets, and turnover increased by 2% to 207 million Euros. As a result, we were able to maintain a recurrent EBITDA margin at the level of 8.3%, despite having faced variable cost increases. During 2Q12, comparing to 1Q12, volumes sold recovered by 5% enabling us to reach 106 million Euros of Turnover. However, recurrent EBITDA margin declined 2.5pp to 7.1% due to a worse product mix and higher costs.

In **Germany**, new house construction permits are 3%[iii] below last year, indicating that the market is weaken, opposite to the positive trend experienced at the end of last year. Comparing 1H12 with 1H11, volumes sold dropped by 4% and turnover fell by 3%. However, operational efficiency gains and better product mix led to a 1.2pp recovery in the recurrent EBITDA margin. During 2Q12, compared to 1Q12, volumes sold dropped by 9% which led to 8% lower turnover. This lower activity prevented the dilution of fixed costs and resulted in a decline of 2.4pp recurrent EBITDA margin.

In **France**, demand from the construction and furniture segments remains weak, and housing permits are 2%[iv] below last year. Comparing 1H12 with 1H11, turnover decreased by 2% mainly due to 11% lower volumes sold. Despite lower activity and 8% higher variable costs, operational efficiency gains and an upward pressure on product prices enabled us to recover 1.9pp in the recurrent EBITDA margin. Comparing 2Q12 with 1Q12, turnover dropped by 20% due to 28% lower volumes sold caused by some extraordinary plant stoppages. This effect combined with 11% higher production costs led to a 7.3pp decline of the recurrent EBITDA margin.

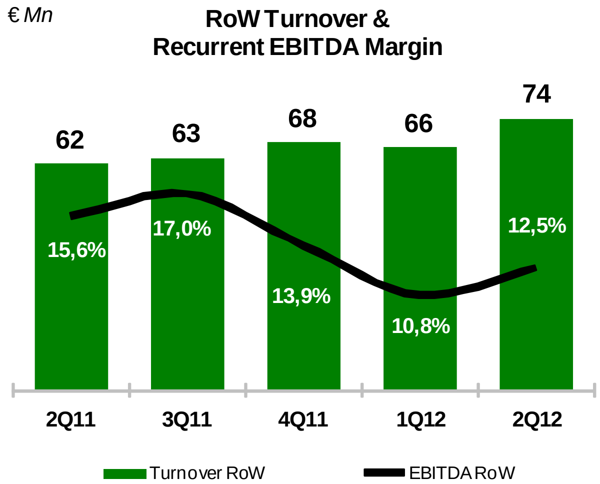
In the **UK**, new housing orders decreased by 21%[v] and construction sector deteriorated further. In 2Q11, there was a fire at our UK plant, which interrupted normal production activity since then. Over the last months, we faced several delays in the reconstruction process due to the lack of the necessary approvals. This has led to a lower capacity utilization and profitability problems. Therefore, as previously announced, we decided to enter into consultations with employee and trade union representatives regarding the future of the operations in Knowsley.

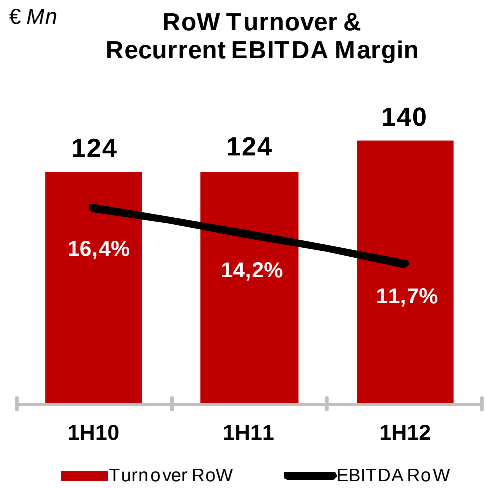
In **Europe**, comparing 1H12 with 1H11, turnover slightly declined to 568 million Euros. However, recurrent EBITDA improved by 0.8pp, reaching 6.9% of turnover, illustrating operational efficiency gains, product management and customer service improvements achieved. Quarter on quarter, turnover decreased by 7% to 274 million Euros, and the recurrent EBITDA margin dropped 3.2pp, mainly due to lower activity in Germany, France and in the UK, which prevented us from diluting fixed costs.

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 26%[vi] while Canadian housing starts moved by 9%[vii] up. Compared to 1H11, 1H12 volumes sold increased by 7% which led to 16% higher turnover in local currency. However, Recurrent EBITDA margin remained at similar level in percentage due to higher costs, but improved 17% in absolute terms. In 2Q12, volumes sold were 14% above 1Q12 which resulted in 16% higher turnover (in local currency). The stronger activity combined with efficiencies and price improvement, led to an increase of 5pp Recurrent EBITDA margin.



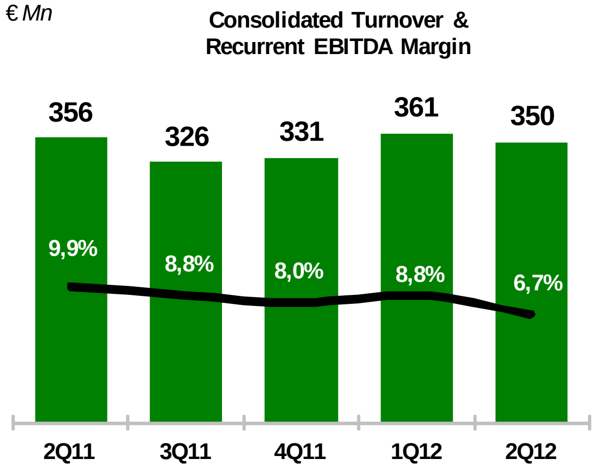


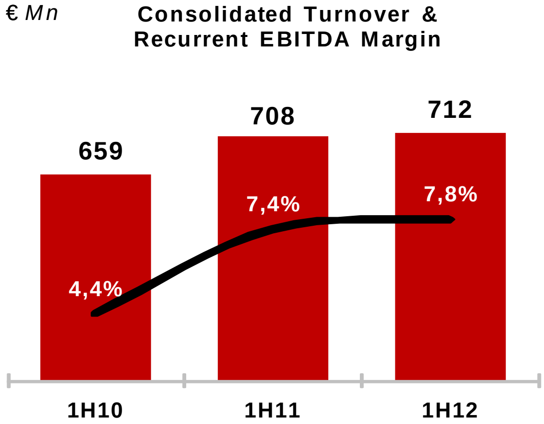
In **South Africa,** residential building permits posted an increase of 4%[viii]. Volumes sold in 2Q12, when compared to 1Q12, increased by 9% and turnover in local currency moved 6% up. In spite of this, during 2Q12 we had to stop the production for 3 weeks due to an (exceptional) maintenance and 2 weeks for the works in the expansion of the MDF line. As a result, recurrent EBITDA margin declined by 3pp. Comparing 1H12 with 1H11, volumes sold and turnover in local currency increased by 9%. However, the recurrent EBITDA margin is 6pp lower, as a result of 9% higher production costs (in local currency), particularly chemicals and electricity.

For the Rest of the World, comparing 1H12 to 1H11, turnover moved 13% up but recurrent EBITDA margin decreased by 2.5pp to 11.7% due to the higher variable costs. Compared to 1Q12, 2Q12 turnover recovered by 12% as a result of a much stronger activity in Canada.

Financial Review of 1H12

Compared to 1H11, consolidated turnover for 1H12 marginally increased to 712 million Euros despite a reduction of approximately 3% in volumes sold. Price adjustments compensated the variable cost increases which resulted in a slightly increase of the recurrent EBITDA margin reaching 7.8% of turnover.





Consolidated turnover in 2Q12 totalled 350 million Euros, representing a 3% decrease compared to 1Q12. The Recurrent EBITDA margin dropped 2.1pp to 6.7% mainly due to the lower activity in Germany and France.

PROFIT & LOSS ACCOUNT (Euro Millions)	1H11	1H12	1H12/ 1H11	2Q11	1Q12	2Q12	2Q12/ 1Q12	2Q12/ 2Q11
Consolidated Turnover	708	712	1%	356	361	350	(3%)	(2%)
Other Operational Income	20	22	6%	12	13	9	(30%)	(24%)
EBITDA	**51**	**52**	2%	**34**	**30**	**22**	**(26%)**	**(34%)**
Recurrent EBITDA	53	55	5%	35	32	24	(26%)	(33%)
Recurrent EBITDA Margin %	**7,4%**	**7,8%**	*0,4 pp*	**9,9%**	**8,8%**	**6,7%**	*-2,1 pp*	*-3,2 pp*
Depreciation and amortisation	(44)	(41)	7%	(22)	(20)	(20)	(2%)	5%
Provisions and Impairment Losses	(35)	(1)	97%	(28)	(0)	(1)	n.a.	96%
Operational Profit	**(17)**	**12**	**171%**	**(10)**	**11**	**1**	**(88%)**	**113%**
Net Financial Charges	(25)	(27)	(10%)	(14)	(13)	(14)	(2%)	(2%)
o.w. Net Interest Charges	(14)	(16)	(14%)	(7)	(8)	(8)	1%	(5%)
o.w. Net Financial Discounts	(6)	(8)	(20%)	(3)	(4)	(4)	(8%)	(16%)
Profit before taxes (EBT)	**(42)**	**(15)**	**64%**	**(23)**	**(3)**	**(13)**	**n.a.**	**46%**
Taxes	(4)	(3)	28%	(1)	(1)	(2)	(123%)	(63%)
o.w. Current Tax	(1)	(3)	(205%)	(0)	(1)	(2)	n.a.	n.a.
Net Profit/(Loss) attributable to Shareholders	**(45)**	**(18)**	**61%**	**(24)**	**(3)**	**(14)**	**n.a.**	**41%**

Total EBITDA[ix] in 1H12 reached 52 million Euros (which includes around 3 million Euros non recurrent costs) and was slightly above 1H11.

1H12 consolidated net losses attributable to Sonae Indústria shareholders were 18 million Euros, an improvement of 27 million Euros compared with 1H11.

Additions to Fixed Assets in 1H12 were 16 million Euros, of which 10 million Euros are mostly related to investments in maintenance, Health & Safety and Environmental improvements. Around 6 million Euros are related to the reconstruction of the UK plant, which were financed under the insurance program.

Net Debt in 1H12 reached 696 million Euros, 32 million Euros lower than 1H11. Nevertheless, net interest charges for 1H12 are 2 million Euros above 1H11, due to the higher interest rate.

During 1H12, Working Capital[x] increased by 8 million Euros when compared to the end of 2011, due to the normal seasonal effect but reached 33 million Euros below 1H11, which shows the tight working capital management and resulted in a 32 million Euros Net Debt (when compared to 1H11).

BALANCE SHEET (Euro Millions)	1H11	9M11	2011	1Q12	1H12
Non Current Assets	**1.081**	**1.049**	**1.064**	**1.054**	**1.049**
Tangible Assets	935	905	915	905	903
Goodwill	93	93	93	93	93
Deferred Tax Assets	36	34	38	37	38
Other Non Current Assets	17	17	18	19	16
Current Assets	**398**	**398**	**368**	**407**	**385**
Inventories	147	145	137	142	138
Trade Debtors	202	191	158	200	198
Cash & Investments	14	10	24	19	16
Other Current Assets	34	52	48	46	32
Total Assets	**1.478**	**1.447**	**1.432**	**1.461**	**1.435**
Shareholders' Funds	244	231	236	233	222
Minority Interests	0	0	0	0	0
Shareholders' Funds + Minority Interests	**244**	**232**	**236**	**233**	**222**
Interest Bearing Debt	742	734	739	730	712
Short term	116	106	157	343	348
L-M term	626	628	581	386	364
Trade Creditors	174	168	161	201	194
Other Liabilities	318	313	296	297	306
Total Liabilities	**1.234**	**1.215**	**1.196**	**1.228**	**1.213**
Total Liabilities, Shareholders' Funds and Minority Interests	**1.478**	**1.447**	**1.432**	**1.461**	**1.435**
Net Debt	**728**	**724**	**715**	**711**	**696**
Workig Capital	**175**	**168**	**134**	**141**	**142**

Looking Forward
3Q12 activity is likely to be affected by the normal summer shut downs in the Northern Hemisphere and therefore we expect to sell lower volumes in all countries where we operate with the exception of South Africa.

We will continue trying to minimise production costs, supported by further operational efficiency gains and a more flexible management of our wood supply.

We are working in new marketing initiatives in order to adequate our value proposition to customer needs, especially in the value added market segments, in terms of product portfolio and service offer.

We will monitor closely the macroeconomic evolution in the markets where we operate in order to ensure an adequate relation between supply and demand.

The Board of Directors

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[i] Source: *Instituto Nacional de Estatística,* July 2012 ("*Nova habitação residencial*", from January till May 2012, when compared to the previous year)
[ii] Source: *Ministerio de Fomento,* July 2012 (from January till April 2012, when compared to the previous year)
[iii] Source: German Federal Statistical Office, July 2012 (from January till April 2012, when compared to the previous year)
[iv] Source: *Service économie statistiques et prospective (Ministère de l'Écologie, de l'Energie, du Développement durable et de l'Aménagement du territoire),* June 2012 (from January till May 2012, when compared to the previous year)
[v] Source: Office for National Statistics UK, June 2012 (for the 1Q12, when compared to the previous year)
[vi] Source: RISI, June 2012 (from January till May 2012, when compared to the previous year)
[vii] Source: Canada Mortgage and Housing Corporation, July 2012 (from January till May 2012, when compared to the previous year)
[viii] Source: Statistics South Africa, July 2012 (from January till April 2012, when compared to the previous year)
[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

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

AND

STATEMENT IN ACCORD WITH ART 246 CMVM CODE

QUALIFIED SHAREHOLDINGS

Complying with Article 9 No.1 c) of the the CMVM Regulation no. 05/2008

Shareholder	No. of shares	% Share Capital	% Voting rights
Efanor Investimentos, SGPS, SA (1)			
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%

(1) Belmiro Mendes de Azevedo holds shares representative of around 99.99% of the share capital and voting rights of Efanor Investimentos, SGPS, SA

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

	Date	Acquisitions		Sales		Balance at 30.06.2012
		amount	€ average value	amount	€ average value	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 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		Sales		Balance at 30.06.2012
		amount	€ average value	amount	€ average value	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

Statement issued under the terms and for the purpose of sub-paragraph c) of no. 1 of Article 246 of the Portuguese Securities Code

(Free translation from the original in Portuguese)

In terms of the order in sub-paragraph c), no. 1, Article 246 of the Portuguese Securities Code, the Board members of Sonae Indústria, SGPS, SA hereby declare, to the best of our knowledge, that the:

a) The condensed financial statements for six month period ended 30 June 2012 have been prepared in accordance with the applicable accounting standards, reflecting a true and fair view of the assets, liabilities, financial position and results of both the company and its affiliated companies included in consolidation perimeter; and

b) The interim Management Report includes a review of the important events that have occurred in the first six months of 2012 year and their effect on the financial statements, as well as a description of the main risks and uncertainties for the remaining part of the year.

Belmiro Mendes de Azevedo

Duarte Paulo Teixeira de Azevedo

Albrecht Olof Lothar Ehlers

Javier Vega de Seoane Azpilicueta

Rui Manuel Gonçalves Correia

João Paulo dos Santos Pinto

Jan Kurt Bergmann

CONSOLIDATED FINANCIAL STATEMENTS

SONAE INDÚSTRIA, S.G.P.S., S.A.

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

(Amounts expressed in Euros)

ASSETS	Notes	30.06.2012 Non Audited	31.12.2011
NON CURRENT ASSETS:			
Tangible assets	5	903 013 027	915 418 700
Goodwill		92 956 947	92 620 183
Intangible assets	5	7 989 038	8 576 779
Investment properties		1 335 344	1 357 473
Associated undertakings and non consolidated undertakings		2 335 418	2 360 890
Investment available for sale		1 081 317	1 069 440
Deferred tax asset		37 590 361	37 874 949
Other non current assets		2 228 407	3 606 230
Total non current assets		1 048 529 859	1 062 884 644
CURRENT ASSETS:			
Inventories		138 213 827	137 414 763
Trade debtors		198 237 330	158 400 706
Other current debtors	6	6 557 035	13 132 676
State and other public entities		8 826 165	13 628 325
Other current assets	7, 10	16 926 085	21 664 946
Cash and cash equivalents	8	16 346 698	23 570 163
Total current assets		385 107 140	367 811 580
Non-current assets held for sale		921 385	911 164
TOTAL ASSETS		1 434 558 384	1 431 607 388

SHAREHOLDERS`FUNDS, NON-CONTROLLING INTERESTS AND LIABILITIES	Notes	30.06.2012	31.12.2011
SHAREHOLDERS`FUNDS:			
Share capital		700 000 000	700 000 000
Legal reserve		3 131 757	3 131 757
Other reserves and accumulated earnings		- 478 154 267	- 460 542 177
Accumulated other comprehensive income		- 3 320 304	- 7 045 530
Total		221 657 186	235 544 050
Non-controlling interests		154 692	332 511
TOTAL SHAREHOLDERS`FUNDS		221 811 878	235 876 561
LIABILITIES:			
NON CURRENT LIABILITIES:			
Long term bank loans - net of short-term portion	9	102 898 976	155 127 941
Non convertible debentures	9	218 375 089	287 993 050
Long term Finance Lease Creditors - net of short-term portion	9	37 117 519	39 494 029
Other loans	9	5 949 320	98 597 712
Post-retirement liabilities		24 829 268	24 960 203
Other non current liabilities		74 013 701	77 332 116
Deferred tax liabilities		64 809 836	64 258 210
Provisions	12	13 928 631	14 327 908
Total non current liabilities		541 922 340	762 091 169
CURRENT LIABILITIES:			
Short term portion of long term bank loans	9	137 155 423	111 796 391
Short term bank loans	9	27 682 312	24 554 807
Short term portion of long term non convertible debentures	9	85 000 000	15 000 000
Short term portion of Finance Lease Creditors	9	4 792 494	4 593 444
Other loans	9	93 239 503	1 477 788
Trade creditors		194 412 360	161 475 903
Taxes and Other Contributions Payable		18 787 257	13 211 850
Other current liabilities	10, 11	109 579 377	101 325 866
Provisions	12	175 440	203 609
Total current liabilities		670 824 166	433 639 658
TOTAL SHAREHOLDERS' FUNDS AND LIABILITIES		1 434 558 384	1 431 607 388

The notes are an integral part of the consolidated financial statements

The Board of Directors

SONAE INDÚSTRIA, S.G.P.S., S.A.

CONSOLIDATED INCOME STATEMENTS

FOR THE PERIODS ENDED AT 30 JUNE 2012 AND 2011

(Amounts expressed in Euros)

	Notes	30.06.2012 Non Audited	2nd. Quarter 2012 Non Audited	30.06.2011 Non Audited	2nd. Quarter 2011 Non Audited
Sales	17	709 406 156	349 533 450	706 160 153	355 920 028
Services rendered		2 096 509	835 143	1 752 846	417 219
Other income and gains	13	21 578 400	8 882 287	20 270 040	11 688 384
Cost of sales		371 549 481	183 234 209	370 954 205	183 568 733
(Increase) / decrease in production		- 4 191 313	- 1 648 827	- 12 670 732	- 8 411 603
External supplies and services		190 437 496	94 499 073	188 222 660	91 460 286
Staff expenses		112 455 700	56 110 693	113 525 416	58 317 665
Depreciation and amortisation		40 631 702	20 470 096	43 504 055	21 626 501
Provisions and impairment losses (increase / reduction)	12	1 095 298	1 091 235	34 840 204	27 745 523
Other expenses and losses	14	8 948 939	4 209 980	6 999 928	3 523 975
Operating profit / (loss)	17	12 153 762	1 284 421	- 17 192 697	- 9 805 449
Financial expenses	15	36 623 691	18 956 865	40 913 411	19 176 400
Financial income	15	9 506 904	5 232 230	16 226 547	5 658 275
Gains and losses in associated companies		- 212 982	- 212 982	- 20 728	- 45 373
Gains and losses in investments					- 127
Net profit/(loss) before tax		- 15 176 007	- 12 653 196	- 41 900 289	- 23 369 074
Taxation	16	2 733 582	1 886 692	3 774 768	1 158 503
Consolidated net profit / (loss) afer taxation		- 17 909 589	- 14 539 888	- 45 675 057	- 24 527 577
Profit / (loss) after taxation from descontinued operations		-	-	-	
Consolidated net profit / (loss) for the period		- 17 909 589	- 14 539 888	- 45 675 057	- 24 527 577
Attributable to:					
Equity Holders of Sonae Industria		- 17 688 950	- 14 364 203	- 45 111 538	- 24 219 351
Minority Interests		- 220 639	- 175 685	- 563 519	- 308 226
Profit/(Loss) per share					
Excluding discontinued operations:					
Basic		- 0.1263	- 0.1026	- 0.3222	- 0.1730
Diluted		- 0.1263	- 0.1026	- 0.3222	- 0.1730
From discontinued operations:					
Basic		-	-	-	-
Diluted		-	-	-	-

SONAE INDÚSTRIA, S.G.P.S., S.A.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE PERIODS ENDED 30 JUNE 2012 AND 2011

(Amounts expressed in Euros)

	30.06.2012 Non Audited	1st quarter 2012 Non Audited	30.06.2011 Non Audited	2rd. Quarter Non Audited
Net profit / (loss) for the period (a)	**- 17 909 589**	**- 14 539 888**	**- 45 675 057**	**- 24 527 577**
Other comprehensive income				
Change in currency translation reserve	3 791 253	3 440 534	- 9 209 359	- 2 240 422
Change in fair value of available-for-sale financial assets	- 23 037	- 23 037	- 20 773	- 20 773
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 comprehensive income for the period, net of tax (b)	**3 768 216**	**3 417 497**	**- 9 230 132**	**- 2 261 195**
Total comprehensive income for the period (a) + (b)	**- 14 141 373**	**- 11 122 391**	**- 54 905 189**	**- 26 788 772**
Total comprehensive income attributable to:				
Equity holders of Sonae Industria	- 13 963 724	- 10 986 557	- 54 228 875	- 26 454 113
Non-controlling interests	- 177 649	- 135 834	- 676 314	- 334 659
	- 14 141 373	**- 11 122 391**	**- 54 905 189**	- 26 788 772

The notes are an integral part of the consolidated financial statements

The board of directors

SONAE INDÚSTRIA, S.G.P.S., S.A.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS` FUNDS AT 30 JUNE 2012 AND 2011

(Amounts expressed in Euros)

	Notes	Share capital	Legal reserve	Other Reserves and accumulated earnings	Accumulated other comprehensive income: Currency translation	Accumulated other comprehensive income: Available-for-sale financial assets	Accumulated other comprehensive income: Subtotal	Total shareholders` funds attributable to the equity holders of	Non controlling interests	Total shareholders' funds
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 comprehensive income										
Net profit/(loss) for the period				-45 111 538				- 45 111 538	- 563 519	- 45 675 057
Other comprehensive income					-9 096 817	- 20 520	-9 117 337	- 9 117 337	- 112 795	- 9 230 132
Total				-45 111 538	-9 096 817	- 20 520	-9 117 337	-54 228 875	- 676 314	-54 905 189
Others				133 071		- 1 100	- 1 100	131 971	1 149	133 120
Balance as at 30 June 2011		700 000 000	3 131 757	-447 832 289	-11 796 937	68 867	-11 728 070	243 571 398	429 900	244 001 298

	Notes	Share capital	Legal reserve	Other Reserves and accumulated earnings	Accumulated other comprehensive income: Currency translation	Accumulated other comprehensive income: Available-for-sale financial assets	Accumulated other comprehensive income: Subtotal	Total shareholders` funds attributable to the equity holders of	Non controlling interests	Total shareholders' funds
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 comprehensive income										
Net profit/(loss) for the period				-17 688 950				- 17 688 950	- 220 639	- 17 909 589
Other comprehensive income					3 747 983	- 22 757	3 725 226	3 725 226	42 990	3 768 216
Total				-17 688 950	3 747 983	- 22 757	3 725 226	- 13 963 724	- 177 649	- 14 141 373
Others				76 860				76 860	- 170	76 690
Balance as at 30 June 2012		700 000 000	3 131 757	-478 154 267	-3 404 022	83 718	-3 320 304	221 657 186	154 692	221 811 878

The notes are an integral part of the consolidated financial statements

The board of directors

SONAE INDÚSTRIA, S.G.P.S., S.A.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE PERIODS ENDED AT 30 JUNE 2012 AND 2011

(Amounts expressed in Euros)

OPERATING ACTIVITIES	Notes	30.06.2012	30.06.2011
Net cash flow from operating activities (1)		61 858 470	10 134 857
INVESTMENT ACTIVITIES			
Cash receipts arising from:			
Investments		141 684	335 912
Tangible and intangible assets		2 330 009	2 190 694
Investment subventions		152 455	181 425
Others			75 099
		2 624 148	2 783 130
Cash Payments arising from:			
Investments		192 500	
Tangible and intangible assets		23 258 960	10 478 209
		23 451 460	10 478 209
Net cash used in investment activities (2)		- 20 827 312	- 7 695 079
FINANCING ACTIVITIES			
Cash receipts arising from:			
Interest and similar income		942 474	48 183
Loans obtained		1 794 878 101	2 287 641 330
Others			3 220 892
		1 795 820 575	2 290 910 405
Cash Payments arising from:			
Interest and similar charges		18 941 079	17 404 039
Loans obtained		1 826 862 695	2 281 731 791
Dividends			48
Finance leases - repayment of principal		2 209 773	2 047 989
Others		1 290 182	1 992 256
		1 849 303 729	2 303 176 123
Net cash used in financing activities (3)		- 53 483 154	- 12 265 718
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		- 12 451 996	- 9 825 940
Effect of foreign exchange rate		- 101 026	- 56 089
Cash and cash equivalents at the beginning of the period		1 015 356	3 334 720
Cash and cash equivalents at the end of the period	8	- 11 335 614	- 6 435 131

The notes are an integral part of the consolidated financial statements

The board of directors

SONAE INDÚSTRIA SGPS, S.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 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 June 2012 and 2011 were not subject to a limited revision carried out by the company's statutory external auditor.

2. ACCOUNTING POLICIES

The present set of consolidated financial statement has been prepared on the basis of the accounting policies that were disclosed in the notes to the consolidated financial statements 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 on 1 January 2012 and endorsed by the European Union.

In the period ended 30 June 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:

	30.06.2012		31.12.2011		30.06.2011	
	Closing rate	Average rate	Closing rate	Average rate	Closing rate	Average rate
Great Britain Pound	0.8068	0.8222	0.8353	0.8676	0.9026	0.8678
South African Rand	10.3670	10.2902	10.4833	10.0523	9.8571	9.6787
Canadian Dollar	1.2871	1.3038	1.3215	1.3753	1.3951	1.3699
American Dollar	1.2590	1.2961	1.2939	1.3910	1.4453	1.4018
Swiss Franc	1.2030	1.2048	1.2156	1.2306	1.2071	1.2685
Polish Zloty	4.2488	4.2423	4.4579	4.1056	3.9903	3.9521

Source: Bloomberg

3. RELEVANT EVENTS

On 11 April 2012 a fire broke out at the wood particle preparation area of Linx industrial 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 June 2012, recognized for EUR 1 500 000 under Other Current Assets, on the Consolidated Statement of Financial Position, and under Other Operating 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.

4. COMPANIES INCLUDED IN CONSOLIDATION PERIMETER

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

5. TANGIBLE AND INTANGIBLE FIXED ASSETS

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

5.1. Tangible fixed assets

	30.06.2012	31.12.2011
Gross cost:		
Opening balance	2 348 509 630	2 413 275 438
Capital expenditure	19 704 037	38 032 207
Disposals	8 592 305	87 435 215
Transfers and reclassifications	- 517 615	- 585 825
Exchange rate effect	14 088 745	- 14 776 975
Closing balance	2 373 192 492	2 348 509 630
Accumulated depreciation and impairment losses		
Opening balance	1 433 090 930	1 429 744 332
Depreciations for the period	39 039 621	80 671 570
Impairment losses for the period		12 880 589
Disposals	8 310 285	85 294 169
Reversion of impairment losses for the period		181 464
Transfers and reclassifications		9 551
Exchange rate effect	6 359 199	- 4 739 479
Closing balance	1 470 179 465	1 433 090 930
Carrying amount	903 013 027	915 418 700

During the periods ended 30 June 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 12.

5.2. Intangible fixed assets

	30.06.2012	31.12.2011
	Total	Total
Gross cost:		
Opening balance	25 207 144	23 733 199
Changes in consolidation perimeter		
Capital expenditure	1 884 691	3 336 917
Disposals	2 048 786	1 432 378
Revaluation		
Transfers and reclassifications	1 104 176	- 164 892
Exchange rate effect	83 791	- 265 702
Closing balance	26 231 016	25 207 144
Accumulated depreciation and impairment losses		
Opening balance	16 630 365	13 613 777
Changes in consolidation perimeter		
Amortization for the period	1 569 952	3 215 372
Impairment losses for the period		
Disposals		
Reversion of impairment losses for the period		
Transfers and reclassifications	- 424	- 141
Exchange rate effect	42 085	- 198 643
Closing balance	18 241 978	16 630 365
Carrying amount	7 989 038	8 576 779

Charges to impairment losses are detailed in note 12.

6. OTHER CURRENT DEBTORS

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

	30.06.2012			31.12.2011		
	Gross Value	Impairment	Net Value	Gross Value	Impairment	Net Value
Other debtors	4 332 615	19 628	4 312 987	10 964 392	19 628	10 944 764
Financial Instruments	4 332 615	19 628	4 312 987	10 964 392	19 628	10 944 764
Other debtors	2 244 048		2 244 048	2 187 912		2 187 912
Assets out of scope of IFRS 7	2 244 048		2 244 048	2 187 912		2 187 912
Total	6 576 663	19 628	6 557 035	13 152 304	19 628	13 132 676

7. OTHER CURRENT ASSETS

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

	30.06.2012			31.12.2011		
	Gross Value	Impairment	Net Value	Gross Value	Impairment	Net Value
Derivatives instruments	95 361		95 361	2 050 956		2 050 956
Financial Instruments	95 361		95 361	2 050 956		2 050 956
Accrued income	13 321 389		13 321 389	14 587 610		14 587 610
Deferred expenses	3 509 335		3 509 335	5 026 380		5 026 380
Others						
Assets out of scope of IFRS 7	16 830 724		16 830 724	19 613 990		19 613 990
Total	16 926 085		16 926 085	21 664 946		21 664 946

Accrued income includes an estimated EUR 7.5 million related to insurance compensation that was recognized in connection with the accidents occurred in subsidiaries, which are described on note 3 to these consolidated financial statements and on note 3 to the consolidated financial statements for fiscal year 2011.

8. CASH AND CASH EQUIVALENTS

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

	30.06.2012	31.12.2011
Cash at Hand	65 239	67 342
Bank Deposits and Other Treasury Applications	16 281 459	23 502 821
Impairment in Treasury Applications		
Cash and Cash Equivalents on the Balance Sheet	16 346 698	23 570 163
Bank Overdrafts	27 682 312	22 554 807
Cash and Cash Equivalents on the Statement of Cash Flows	- 11 335 614	1 015 356

9. LOANS

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

	30.06.2012				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	164 837 735	102 898 976	165 664 404	103 450 639	136 351 198	155 127 941	136 465 283	156 731 858
Debentures	85 000 000	218 375 089	85 000 000	220 000 000	15 000 000	287 993 050	15 000 000	290 000 000
Obligations under finance leases	4 792 494	37 117 519	4 792 494	37 117 519	4 593 444	39 494 029	4 593 444	39 494 029
Other loans	93 239 503	5 949 320	93 239 503	5 949 320	1 477 788	98 597 712	1 477 788	98 597 712
Gross debt	347 869 732	364 340 904	348 696 401	366 517 478	157 422 430	581 212 732	157 536 515	584 823 599
Cash and cash equivalent in balance	16 346 698		16 346 698		23 570 163		23 570 163	
Net debt	331 523 034	364 340 904	332 349 703	366 517 478	133 852 267	581 212 732	133 966 352	584 823 599
Total net debt	695 863 938		698 867 181		715 064 999		718 789 951	

During the period ended 30 June 2012 the Group decided to refinance the ongoing securitization facility, with an amount up to EUR 125.0 million and maturity in May 2014. As a consequence, this loan, which amounted to EUR 91.7 million at the closing date of these consolidated financial statements, was reclassified from Other Loans, under non-current liabilities, to Other Loans, under current liabilities.

10. FINANCIAL DERIVATIVES

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

	Other current assets		Other current liabilities	
	30.06.2012	31.12.2011	30.06.2012	31.12.2011
Derivatives at fair value through profit or loss:				
Exchange rate forwards	95 361	2 050 956	2 415 364	2 843 821
	95 361	2 050 956	2 415 364	2 843 821

11. OTHER CURRENT LIABILITIES

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

	30.06.2012	31.12.2011
Group companies	24 885	20 352
Derivatives	2 415 364	2 843 821
Trade debtors advances		
Fixed assets suppliers	5 034 963	7 097 091
Other creditors	4 076 888	6 141 391
Financial instruments	11 552 100	16 102 655
Other creditors	4 567 239	3 973 352
Accrued expenses:		
Insurances	1 010 081	211 824
Personnel costs	27 661 930	28 143 748
Accrued financial expenses	4 083 483	4 179 444
Rebates	20 283 402	19 130 755
External supplies and services	16 370 361	14 178 438
Other accrued expenses	16 045 253	8 331 530
Deferred income:		
Investment subventions	7 026 005	6 925 188
Other deferred income	979 523	148 932
Liabilities out of scope of IFRS 7	98 027 277	85 223 211
Total	109 579 377	101 325 866

12. PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

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

	30.06.2012						
Description	Opening balance	Exchange rate effect	Changes to perimeter	Increase	Utilizations	Other changes	Closing balance
Accumulated impairment losses on tangible assets	33 529 610	74 757					33 604 367
Accumulated impairment losses on intangible assets	19 242						19 242
Accumulated impairment losses on other non-current assets	10 931 182						10 931 182
Accumulated impairment losses on trade debtors	23 911 465	85 028		2 549 356	1 030 368	- 3 461 853	22 053 628
Accumulated impairment losses on other debtors	19 628						19 628
Subtotal impairment losses	68 411 127	159 785		2 549 356	1 030 368	- 3 461 853	66 628 047
Provisions for litigations in course	8 445 337			104 497	1 012 622	- 11 024	7 526 188
Provisions for guaranties to customers	858 616	227					858 843
Provisions for restructuring	745 571				128 980		616 591
Other provisions	4 481 993	5 587		647 483	34 068	1 454	5 102 449
Subtotal provisions	14 531 517	5 814		751 980	1 175 670	- 9 570	14 104 071
Subtotal impairment losses and provisions	82 942 644	165 599		3 301 336	2 206 038	- 3 471 423	80 732 118
Accumulated impairment losses on investments	37 005 998						37 005 998
Accumulated impairment losses on inventories	7 836 654	9 062		2 590 779	2 408 576	- 14 467	8 013 452
Total	127 785 296	174 661		5 892 115	4 614 614	- 3 485 890	125 751 568

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

	30.06.2012		
	Losses	Gains	Total
Cost of sales	902 429	850 363	52 066
(Increase) / decrease in production	1 688 350	1 558 213	130 137
Provisions and impairment losses	3 301 336	2 206 038	1 095 298
Total (Consolidated Income Statement)	5 892 115	4 614 614	1 277 501

During the period ended 30 June 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 Operating Income and Gains, on the Consolidated Income Statement (note 12).

13. OTHER INCOME AND GAINS

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

	30.06.2012	30.06.2011
Gains on disposals of non current investments	141 684	
Gains on disp. and write off of invest. prop., tang. and intang. assets	205 501	458 613
Supplementary revenue	5 121 512	3 677 425
Investment subventions	3 140 551	3 167 787
Tax received	2 363 279	2 576 615
Positive exchange gains	1 104 279	485 434
Reversion of impairment losses		2 510 766
Gains on provisions		3 978 490
Others	9 501 594	3 414 910
	21 578 400	20 270 040

Others include EUR 7 million of estimated insurance compensation related to the accidents occurred in subsidiaries, which are described on note 3 to these consolidated financial statements and on note 3 to the consolidated financial statements for fiscal year 2011.

14. OTHER EXPENSES AND LOSSES

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

	30.06.2012	30.06.2011
Taxes	3 730 779	3 903 977
Losses on disp. and write off of invest. prop., tang. and intang. assets	1 010 940	60 523
Negative exchange gains	1 310 439	900 433
Others	2 896 781	2 134 995
	8 948 939	6 999 928

15. FINANCIAL RESULTS

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

	30.06.2012	30.06.2011
Financial expenses:		
Interest expenses		
related to bank loans and overdrafts	7 972 149	5 511 165
related to non convertible debentures	5 418 248	5 972 837
related to finance leases	2 027 651	2 170 606
related to hedged loans (hedge derivatives)		
others	755 839	97 930
	16 173 887	13 752 538
Losses in currency translation		
related to loans	3 377 687	9 623 398
others		
	3 377 687	9 623 398
Cash discounts granted	8 070 526	7 442 219
Adjustment to fair value of financial instruments at fair value through profit or loss	5 592 523	6 076 641
Losses on valuation of hedging derivative instruments		
Fair value of inefficient component of hedge derivatives		
Other finance losses	3 409 068	4 018 615
	36 623 691	40 913 411

	30.06.2012	30.06.2011
Financial income:		
Interest income		
related to bank loans	489 934	64 362
related to loans to related parties		
Others	91 000	2 254
	580 934	66 616
Gains in currency translation		
related to loans	5 438 806	3 111 780
others		
	5 438 806	3 111 780
Cash discounts obtained	539 422	1 143 911
Adjustment to fair value of financial instruments at fair value through profit or loss	2 689 474	11 904 240
Gains in valuation of hedging derivative instruments		
Fair value of inefficient component of hedge derivatives		
Other finance gains	258 268	
	9 506 904	16 226 547
Finance profit / (loss)	**- 27 116 787**	**- 24 686 864**

16. TAXES

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

	30.06.2012	30.06.2011
Current tax	2 873 616	941 046
Deferred tax	- 140 034	2 833 722
	2 733 582	3 774 768

17. 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.

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		Intragroup	
	30.06.2012	30.06.2011	30.06.2012	30.06.2011
Europe	568 758 846	583 730 540	374 753 856	395 789 780
Rest of the world	142 743 819	124 182 459		
Total	711 502 665	707 912 999	374 753 856	395 789 780

	Operating net profit (loss)	
	30.06.2012	30.06.2011
Europe	5 919 646	-24 515 384
Rest of the world	6 234 116	7 322 687
Total	12 153 762	-17 192 697

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

18. SUBSEQUENTE EVENTS

After the closing date of these consolidated financial statements, Sonae Indústria, SGPS, SA decided to enter into consultations in a near future with employee and trade union representatives of its subsidiary Sonae Industria (UK), Ltd, about the prospects of the operation located in Knowsley. This initiative is based on the difficulties experienced in obtaining the reconstruction licence following the accident referred to in note 3, which combined with the ongoing bleak economic outlook affected the viability of this industrial facility.

On the date of approval of these consolidated financial statements it was not possible to quantify the effects to recognize after the aforementioned diligences are carried out as no decision had been taken about the future of this plant.

19. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors and authorized for issuance 30 July 2012.