



SONAE INDÚSTRIA, SGPS, S.A.

Registered Office: Lugar do Espido, Via Norte, Maia

Registered at the Commercial Registry of Maia

Registry and Tax Identification Number 506 035 034

Share Capital: 700 000 000 euros

Publicly Traded Company

Annual Report

Separate and Consolidated Financial Statements

2012

26 February 2013



Table of contents

Management Report

Corporate Governance Report

Appendices to the Management Report and Qualified Shareholdings

Appendix required by Article 447 of Portuguese Company Law

Appendix required by Article 448 of Portuguese Company Law

Qualified Shareholdings

Statement issued according to and for the purposes of paragraph c) of Article 245 of CMVM Code

Separate Financial Statements

Statement of Financial Position

Income Statement

Statement of Comprehensive Income

Statement of Changes in Net Shareholders' Funds

Statement of Cash Flows

Notes to the Financial Statements

Consolidated Financial Statements

Consolidated Statement of Financial Position

Consolidated Income Statement

Consolidated Statement of Comprehensive Income

Consolidated Statement of Changes in Net Shareholders' Funds

Consolidated Statement of Cash Flows

Notes to the Consolidated Financial statements

Statutory External Auditor Report and Statutory Audit Board Report

Statutory External Auditor Report

Statutory Audit Board Report



Management Report

Contents

1. MESSAGE FROM THE CHAIRMAN, BELMIRO DE AZEVEDO	3
2. MESSAGE FROM THE CEO, RUI CORREIA	3
3. BOARD OF DIRECTORS REPORT.....	4
3.1. Sector Review in 2012.....	4
3.2. Sonae Indústria Business Review	5
3.2.1. Europe.....	5
3.2.2. Rest of the World (Canada and South Africa).....	6
3.3. Financial Review of FY 2012.....	7
3.4. Review of the Individual Accounts of the Holding Company	10
3.5. Activity carried out by the Non-Executive Board Members	10
3.6. Risk Management	10
3.6.1. Credit Risk Management Policy	10
3.6.2. Market Risks.....	11
3.6.3. Liquidity Risk	12
3.6.4. Legal Risks	12
3.6.5. Operational Risks	12
3.7. Social and Environmental Report.....	13
3.7.1. Social report.....	13
3.7.2. Environmental report.....	16
3.8. Treasury Shares	20
3.9. Proposal for Appropriation of Results.....	20
3.10. Outlook	20
3.11. Dividend Policy	20
3.12. Acknowledgements	20

1. Message from the Chairman, Belmiro de Azevedo

"Over the last year, the Board of Directors of Sonae Indústria designed a transformation plan with ambitious goals in order to make the company sustainable in the long term. This plan is based on the concentration of production in the most efficient plants and promoting a culture of excellence supported by highly qualified human resources.

To follow this plan, some actions were defined, which are based on 4 strategic directions:

- i. Build a high quality team with talented, skilled and fully engaged people,
- ii. Create a high performance culture fostering operational excellence and innovation,
- iii. Become a market focused company with a reliable integrated offer,
- iv. Develop competitive integrated sites with secure wood and chemical supplies.

The ultimate goals of this plan are: 1) to reach 10% of EBIT ROCE (percentage of return on capital employed); and 2) to strengthen the balance sheet by refinancing the debt in the long term.

To facilitate the achievement of these objectives the Executive Committee was organized in functional responsibilities, focused in the coordination of strategic initiatives, setting policies, and promoting a culture of transparency, reporting discipline and accountability.

Having prepared the organization and the long term strategy of the company to make it sustainable, and as I promised, that I would leave executive functions when completing 75 years, I resigned as CEO of Sonae Indústria, returning to the previous position as Active Chairman of the Board of Directors. As previously announced, on February 15, my successor will be Rui Correia, whom I fully trust to master this challenge."

2. Message from the CEO, Rui Correia

"During 2012, we faced another tough year due to global macroeconomic instability, the sovereign debt crisis and the doubts regarding the survival of the Euro. These effects combined with further difficulties in accessing credit by companies and individuals, led to a weak activity in the construction and furniture industry, particularly in Europe.

In September, we decided to close the Knowsley plant in the UK due to difficulties in its reconstruction following the fire that occurred in June 2011. This decision was the result of the long delays to reconstruct it due to political and licensing difficulties and the reduced and unsustainable capacity utilization levels that we were facing. In December, we started negotiations regarding the closure of Solsona plant in Spain, due to the strong crisis and the consequent drop in demand faced particularly in the construction industry in this country over the last years. These negotiations with the workers representatives were finalised in January this year.

In 2012, volumes sold* fell by 3% to 5 million m³ and consolidated turnover* moved 2% down to 1,321 million Euros. This decline is mainly driven by the lower activity in the UK, France and Germany, when compared to the previous year. This effect combined with difficulties to pass on to the market variable costs increases, led to recurrent EBITDA margin decline of 0.4pp to 7.5%.

Nevertheless, as cash management continues to be our top priority, we managed to reduce working capital by further 41 million Euros, and to restrict investments to the minimum needed, which enabled us to lower Net Debt by 50 million Euros.

Moreover, during 2012, we successfully refinanced our maturing debt. The most significant operations were: in September, we entered into a trade receivables securitization transaction in the maximum amount of 100 million Euros; in October we modified the repayment plan of the bond loan Sonae Indústria/2010-2017, which enabled us to postpone to May 2017 the total amount of 45 million Euros previously due in 2012 and 2013; in November we refinanced the intragroup loans to our subsidiary in South Africa, totalling 17 million Euros, in the local market.

The amount of debt¹ maturing in 2013 amounted in 31 December to 130 million Euros. We believe we will further reduce debt in 2013 by tightly managing working capital and selling assets. This, together with the refinancing policy we have been pursuing, will allow us to fund all the needs of 2013.

We will continue to deploy continuous improvement projects and further improve efficiency and performance, namely by reducing fixed costs and optimising industrial efficiencies.

We are fully committed to finalise the turnaround of the company and I would like to thank our stakeholders for their support and our employees for their dedication.”

KEY FIGURES* (Euro Millions)	FY11*	FY12	FY12/ FY11*	4Q11*	3Q12	4Q12	4Q12*/ 4Q11*	4Q12*/ 3Q12*
Consolidated Turnover	1.352	1.321	(2%)	328	312	316	(4%)	1%
EBITDA	76	97	28%	(2)	18	26	-	46%
Recurrent EBITDA	107	99	(8%)	25	20	23	(10%)	14%
Recurrent EBITDA Margin %	7,9%	7,5%	-0,4 pp	7,8%	6,4%	7,3%	-0,5 pp	0,8 pp
Profit / (loss) from continued operations	(53)	(55)	(4%)	(4)	(14)	(27)	-	(93%)
Profit / (loss) from discontinued operations	(6)	(45)	-	(0)	(38)	(4)	-	90%
Minority Interests	(1)	(1)	(65%)	(0)	(1)	(0)	-	42%
Net Profit/(Loss) attributable to Shareholders	(58)	(99)	(71%)	(4)	(51)	(30)	-	41%
Net Debt**	715	665	(7%)	715	696	665	(7%)	(4%)

*restated transferring UK values to “discontinued operations”

** Balance Figures were not restated

3. Board of Directors Report

3.1. Sector Review in 2012

The hope of a recovery of the construction industry during 2012 was frustrated. Particularly in Europe, the euro crisis continues to hamper consumption especially of durable goods. Tight fiscal policies are being followed in Europe which is leading to stagnant economic growth or even economic downturns in many countries. This combined with a lack of confidence in the financial sector are having a negative effect on construction and furniture production activity in Western Europe.

¹ excluding short term facilities and commercial paper programs with renewal periods

European construction and furniture sector

According to the latest information issued by Euroconstruct, construction experts expected in June construction activity to decrease by 2% during 2012, but they have now revised this forecast to a 4.7% decline. For 2013, they now predict further losses of around 1.5%. Any recovery by the end of the forecasting period in 2015 is only expected to be moderate.

Moreover, EU27 furniture exports remained approximately the same YoY in volume terms (despite having increased around 2.8% in value) in the first 10 months of 2012, according to Eurostat information.

European wood based panels industry

According to estimates made by the European Panel Federation (EPF), particleboard production in the EPF countries increased by 2% YoY to 31 million m³, with home sales and exports recovering by 2%. MDF production remained the same (15.4 million m³) with a slightly increase of flat home sales (+1.9% YoY). OSB production increased by 6.3% YoY to 5.2 million m³ and consumption is expected to increase more than 1%.

Laminate Flooring Industry

Following the small decrease in the consumers' intention to build or renovate houses and apartments, the construction activity and the housing starts have witnessed a small decline. As such, EPLF (European Producers of Laminate Flooring) preliminary figures indicate a reduction in total sales of 1.8% during 2012.

North American wood based panels industry

Consumption of both MDF and PB in North America, especially in the United States, continued to be affected by a still depressed housing market and a furniture industry under pressure from imports. Nevertheless, North America PB consumption increased by 2% in 2012 YoY (but from very low levels). MDF domestic demand grew by an estimated 8% in 2012 YoY.

South African wood based panels industry

According to the local statistics office, residential building permits posted an increase of 11% YoY (Jan – Oct.), and furniture production during 2012 recovered 14% YoY (according to Innomis).

3.2. Sonae Indústria Business Review

3.2.1. Europe

Europe continued to experience tough market conditions due to the unstable macroeconomic situation, particularly in Iberia, which is causing a very depressed environment with impacts felt on demand. In Germany, which is our biggest market, new house construction permits were 7%² up, but France is suffering as housing permits decreased by 4%³. In Spain the number of new housing permits reduced by 44%⁴ and Portugal experienced the same contraction with housing permits 30%⁵ below last year.

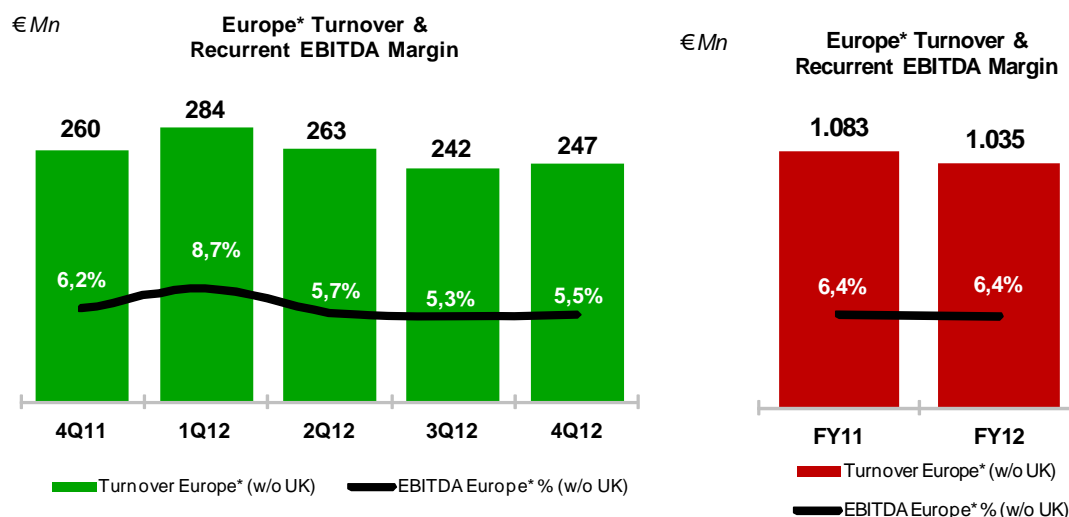
² Source: German Federal Statistical Office, 2012 (for the period Jan. - Oct., when compared to the previous year)

³ Source: *Service économie statistiques et prospective (Ministère de l'Écologie, de l'Énergie, du Développement durable et de l'Aménagement du territoire)*, December 2012 (for the period Jan. - Nov., when compared to the previous year)

⁴ Source: *Ministerio de Fomento*, 2012 (for the period Jan. – Oct., when compared to the previous year)

Quarter on quarter, volumes sold from European plants* recovered by 6%, which led to a 2% higher turnover*, mainly due to a seasonal effect that we face during summer shutdowns. Despite higher variable costs caused by the winter season and by some price pressure, felt particularly in Germany and France, recurrent EBITDA* margin improved slightly to 5.5%.

In 4Q12, compared to 4Q11, volumes sold* declined by 1% and turnover* moved 5% down. This decline is mainly driven from having sold lower volumes from plants located in Germany (-6%). Recurrent EBITDA margin declined 0.7pp to 5.5% due to the lower activity and higher production costs.



* Europe (without UK) = restated transferring UK values to "discontinued operations"

Comparing FY12 with FY11, volumes sold* from European plants were 5% below due a tougher market in Germany (-6%) and in France (-10%). This led to a 5% lower turnover*. Lower volumes sold in France are mainly a consequence of the accident suffered at the Darbo plant which caused a stoppage of 7 weeks between April and May. In Germany, we took the decision to sell more value added products in substitution of raw PB products, which led to an average of 6% decline in volumes sold but a strong improvement of MDF and MFC sales.

3.2.2. Rest of the World (Canada and South Africa)

In North America, US housing starts increased by 26%⁵ while Canadian housing starts recovered by 10%⁷, which shows a strong recovery in the US market, despite being from very low levels. In South Africa, residential building permits posted an increase of 11%⁸.

Volumes sold from plants located in the RoW region increased by 3% in 4Q12, when compared to 3Q12, because the negative seasonal movement in Canada was more

⁵ Source: *Instituto Nacional de Estadística*, January 2013 (for the period Jan. - Nov., when compared to the previous year)

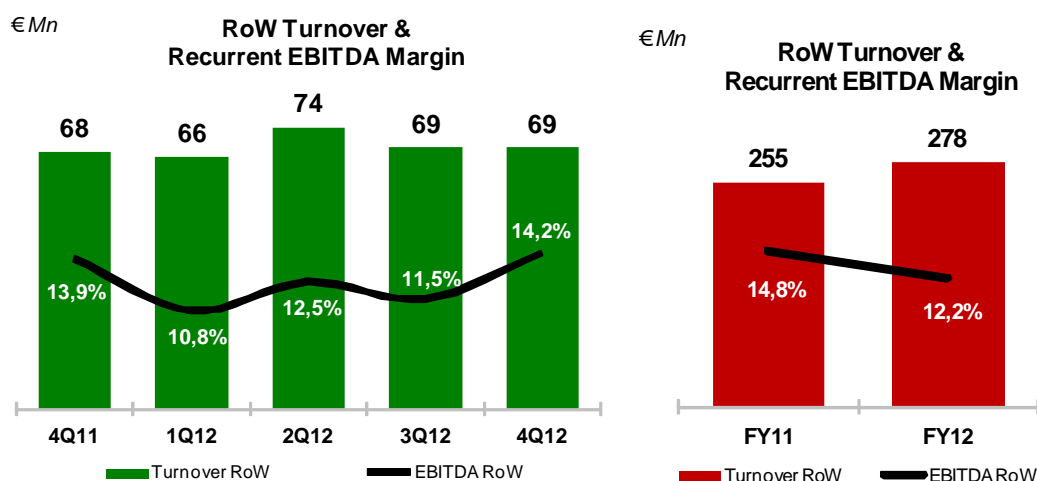
⁶ Source: RISI, December 2012 (for the period Jan. - Nov. , when compared to the previous year)

⁷ Source: Canada Mortgage and Housing Corporation, January 2013 (for the period Jan. - Nov. , when compared to the previous year)

⁸ Source: Statistics South Africa, 2012 (from Jan. - Oct., when compared to the previous year)

than offset by the recovery in South Africa. Nevertheless, turnover (when translated to Euros) was flat mainly due to the exchange rate effect. However, recurrent EBITDA margin increased by 3pp to 14%, which is mainly driven by the recovery in South Africa. 4Q12 convinced us that the problems faced in this country during the 2Q12 and 3Q12 were overcome.

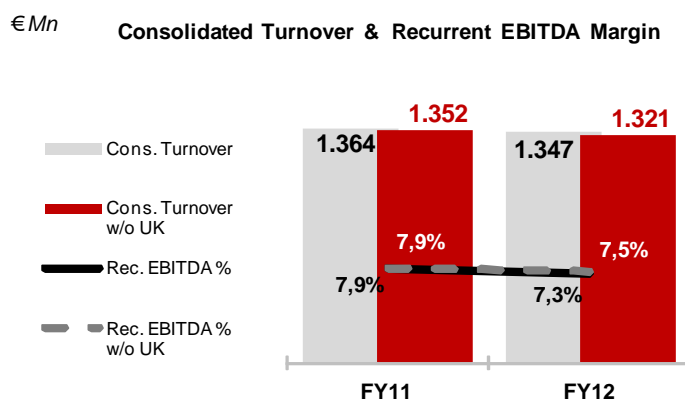
In 4Q12, compared to 4Q11, turnover in the RoW region increased by 2% and recurrent EBITDA margin moved 0.3pp to 14.2%, which is a consequence of the performance improvement in South Africa.



Compared to FY11, volumes sold in FY12, increase by 3% and turnover recovered by 9% being strongly helped by the US and Canadian markets. Nevertheless, recurrent EBITDA margin fell by 3pp to 12% of turnover, due to the much higher variable costs in South Africa (particularly energy and chemicals which were 56% and 12% above, when compared to previous year).

3.3. Financial Review of FY 2012

Compared to FY11, consolidated turnover* for FY12 decreased by 2% to 1,321 million Euros with a reduction of approximately 3% in volumes sold. Price adjustments were not enough to compensate the lower activity which resulted in a 0.4pp recurrent EBITDA margin decrease to 7.5% of turnover. Total EBITDA⁹ in 2012 reached 97 million Euros.



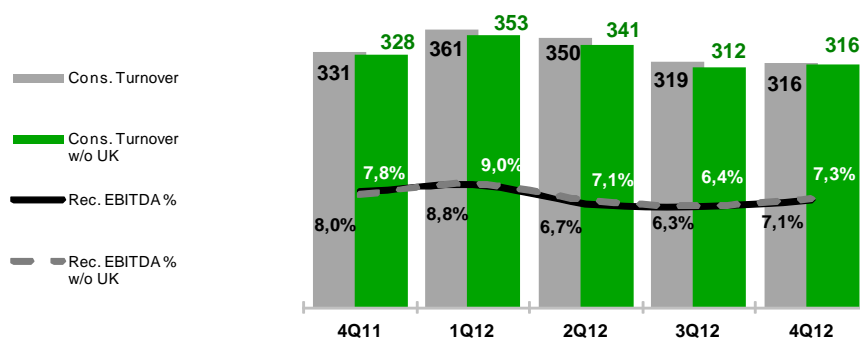
*restated transferring UK values to "discontinued operations"

⁹ EBITDA = EBIT + D&A + (Provisions and impairment losses - Impairment Losses in trade receivables + Reversion of Impairment Losses in trade receivables)

Consolidated turnover* in 4Q12 totalled 316 million Euros, representing a 1% recovery from 3Q12. Recurrent EBITDA margin recovered slightly, despite seasonal higher costs, being helped by the improvement in South Africa. Total EBITDA in 4Q12 amounted to 26 million Euros.

€ Mn

Consolidated Turnover & Recurrent EBITDA Margin



*restated transferring UK values to “discontinued operations”

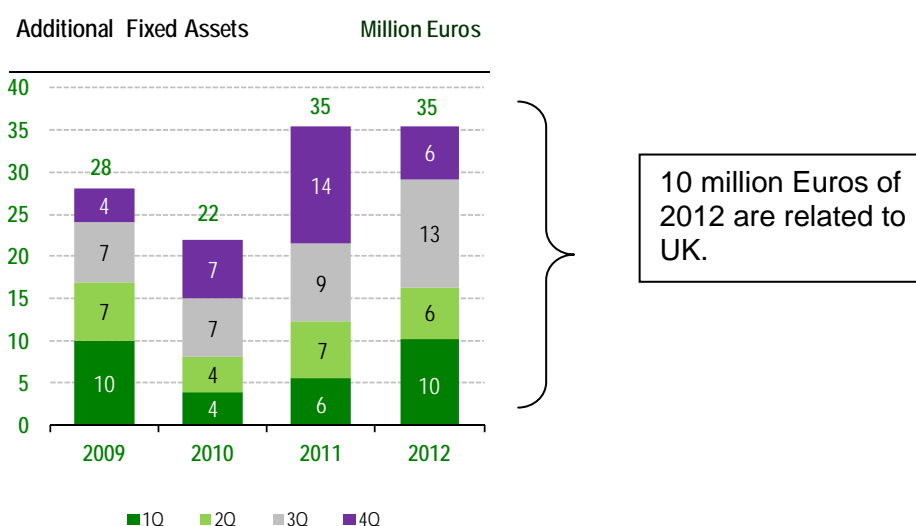
PROFIT & LOSS ACCOUNT* (Euro Millions)	FY11*	FY12	FY12/ FY11*	4Q11*	3Q12	4Q12	4Q12*/ 4Q11*	4Q12*/ 3Q12*
Consolidated Turnover	1.352	1.321	(2%)	328	312	316	(4%)	1%
Other Operational Income	30	34	15%	4	7	13	211%	95%
EBITDA	76	97	28%	(2)	18	26	-	46%
Recurrent EBITDA	107	99	(8%)	25	20	23	(10%)	14%
Recurrent EBITDA Margin %	7,9%	7,5%	-0,4 pp	7,8%	6,4%	7,3%	-0,5 pp	0,8 pp
Depreciation and amortisation	(80)	(77)	3%	(18)	(19)	(20)	(7%)	(4%)
Provisions and Impairment Losses	(5)	(13)	-	31	0	(12)	-	-
Operational Profit	(4)	12	-	4	0	(3)	-	-
Net Financial Charges	(48)	(51)	(6%)	(12)	(12)	(13)	(3%)	(4%)
o.w. Net Interest Charges	(29)	(28)	1%	(8)	(7)	(8)	8%	(16%)
o.w. Net Financial Discounts	(13)	(15)	(18%)	(4)	(4)	(4)	(21%)	(20%)
Profit before taxes continued operat. (EBT)	(52)	(39)	25%	(9)	(12)	(16)	(88%)	(33%)
Taxes	(0)	(16)	-	5	(2)	(11)	-	-
o.w. Current Tax	(3)	(6)	-	(1)	(1)	(1)	(25%)	(23%)
Profit / (loss) from continued operations	(53)	(55)	(4%)	(4)	(14)	(27)	-	(93%)
Profit / (loss) from discontinued operations	(6)	(45)	-	(0)	(38)	(4)	-	90%
Minority Interests	(1)	(1)	(65%)	(0)	(1)	(0)	-	42%
Net Profit/(Loss) attributable to Shareholders	(58)	(99)	(71%)	(4)	(51)	(30)	-	41%

*restated transferring UK values to “discontinued operations”

FY12 consolidated net losses from continued operations were 55 million Euros, a deterioration of approximately 2 million Euros compared with FY11, also due to the impairment on assets booked in 4Q12. Net losses from discontinued operations were 45 million Euros, including impairment losses of 41 million Euros resulting from closing Knowsley plant. Consolidated net losses attributable to Sonae Indústria shareholders were 99 million Euros.

BALANCE SHEET (Euro Millions)	2011	1Q12	1H12	9M12	FY12
Non Current Assets	1.063	1.053	1.049	975	936
Tangible Assets	915	905	903	832	806
Goodwill	93	93	93	93	92
Deferred Tax Assets	38	37	38	36	24
Other Non Current Assets	17	18	15	13	13
Current Assets	368	407	385	372	329
Inventories	137	142	138	136	130
Trade Debtors	158	200	198	186	141
Cash & Investments	24	19	16	15	23
Other Current Assets	48	46	32	35	34
Non-current assets held for sale	1	1	1	19	4
Total Assets	1.432	1.461	1.435	1.366	1.269
Shareholders' Funds	236	233	222	171	136
Minority Interests	0	0	0	0	-1
Shareholders' Funds + Minority Interests	236	233	222	170	135
Interest Bearing Debt	739	730	712	711	688
Short term	157	343	348	277	196
L-M term	581	386	364	434	492
Trade Creditors	161	201	194	183	178
Other Liabilities	296	297	306	302	268
Total Liabilities	1.196	1.228	1.213	1.196	1.134
Total Liabilities, Shareholders' Funds and Minority Interests	1.432	1.461	1.435	1.366	1.269
Net Debt	715	711	696	696	665
Working Capital	134	141	142	139	93

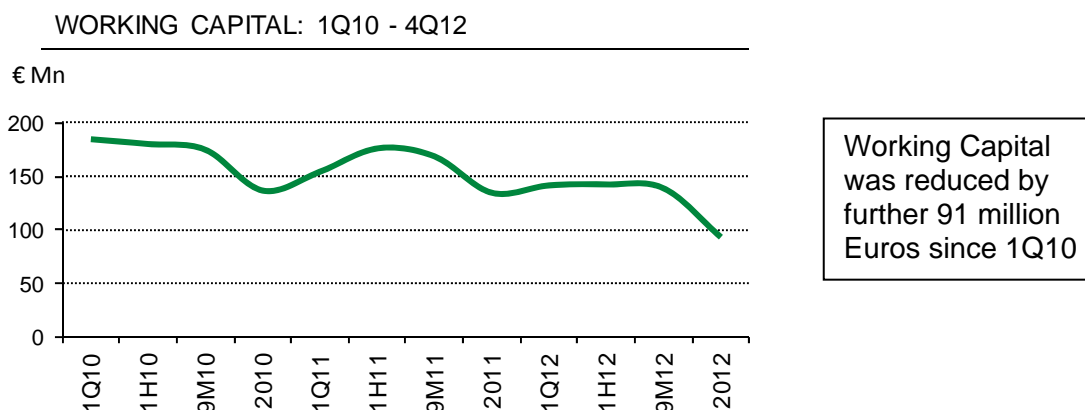
Additions to Fixed Assets in FY12 were 35 million Euros, of which 25 million Euros are mostly related to investments in maintenance, Health & Safety and Environmental improvements. Almost 10 million Euros are related to the reconstruction of the UK plant, which were financed under the insurance program.



During 4Q12, Working Capital¹⁰ reduced by 45 million Euros, which enabled us to further reduce our Net Debt by 31 million Euros. During FY12, compared to FY11, we were able to improve the working capital by further 41 million Euros. This effect

¹⁰ Working Capital = Inventories + Trade Debtors – Trade Creditors

combined with a restriction of investments brought a Net Debt reduction of 50 million Euros.



3.4. Review of the Individual Accounts of the Holding Company

Sonae Indústria, SGPS, SA, as the holding company of the Sonae Indústria Group, defines the strategic guidelines for the Group and actively manages shareholdings and monitors the business activity of its subsidiaries. Amongst its main activities it is responsible for the functioning of global finance, allocating funds and managing the treasury requirements of its subsidiaries.

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

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

3.6. Risk Management

3.6.1. Credit Risk Management Policy

1. Receivables (Customers)

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

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

In order to mitigate Credit Risk related with potential Customers defaulting on payment of outstanding receivables, Group companies have:

- Established a Committee for analysis and monitor the Credit Risk;
- Implemented proactive credit management procedures and processes supported by IT systems;
- Coverage mechanisms (credit insurance, letters of credit, bank guarantees, etc.).

To promote broader horizontal experiences' exchange, procedures alignment and enforce sound controlling rules, Sonae Indústria promotes, on a regular basis, the "Customer's Credit Risk Management Forum".

2. Other financial assets other than Trade debtors

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

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

3.6.2. Market Risks

1. Interest Rate Risk

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

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

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

2. Foreign Exchange Risk

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

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

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

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

3.6.3. Liquidity Risk

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

For this purpose, Liquidity management at the Group comprises:

- a) consistent financial planning and cash flow forecasting at country and consolidated levels with different time horizons (weekly, monthly, annual and business plan);
- b) diversification of financing sources;
- c) diversification of debt maturities issued in order to avoid excessive concentration of debt repayments at short periods of time;
- d) an arrangement for (committed and uncommitted) credit facilities, commercial paper programs and other facilities (such as a Securitization of Receivables program) with relationship banks. This helps to ensure the right balance between satisfactory liquidity and adequate commitment fees.

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

3.6.4. Legal Risks

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

Sonae Indústria, SGPS, SA is and intends to continue being justly recognised for the way it abides by the rules and values of competition based on merit, the force of free markets and unrestricted respect for the consumer. In order to achieve that goal, measures are in place to reinforce the promotion and dissemination of the existing compliance initiatives within the Group. Such measures include training for employees in order to ensure that all parts of our organisation, across all geographies have a deeper and more complete awareness of and a more rigorous respect for their legal obligations. In this context several actions were organized during the year 2012. These aimed at training a large number of employees in various geographic areas in the area of the Compliance with the Competition Law, which were given by experts in that area of law.

3.6.5. Operational Risks

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

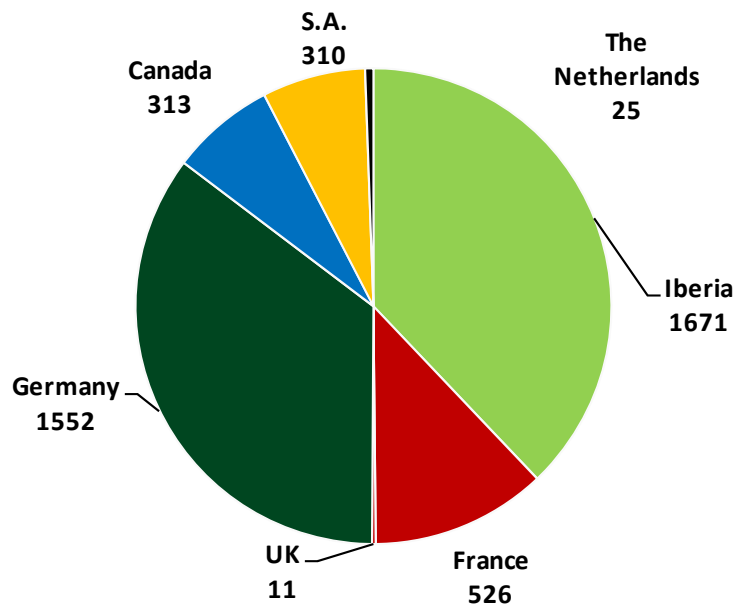
For a detailed description of this risk, please see the Corporate Governance Report.

3.7. Social and Environmental Report

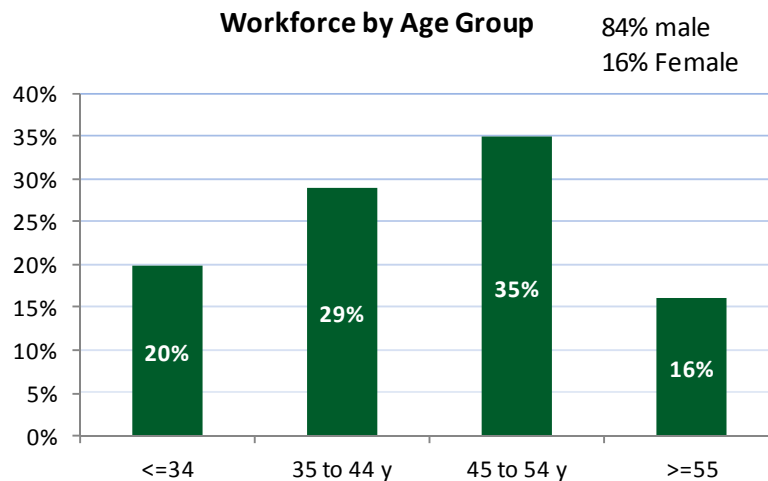
3.7.1. Social report

Our people

At Sonae Indústria, we believe that people are the support to drive change towards the future.



At the end of 2012, Sonae Indústria in total employed 4,408 people in 8 different countries.

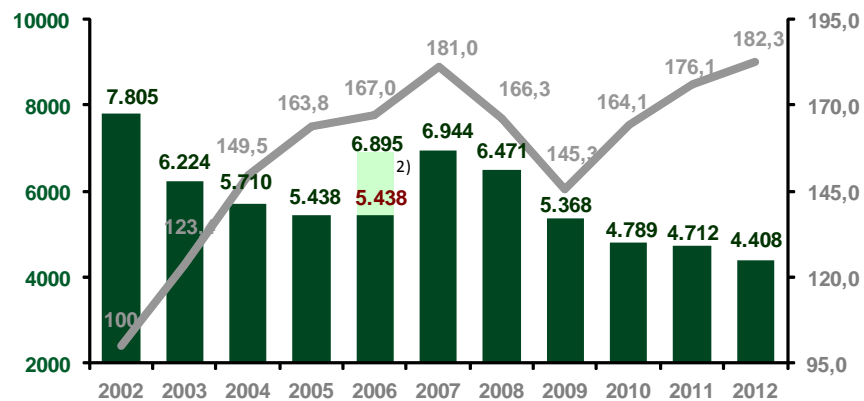


At Sonae Indústria most of our employees are between 45 and 54 years old and in total we employ around 16% women.

Number of Employees & Productivity

Number of Employees ¹⁾

Productivity
BASE 100: 2002

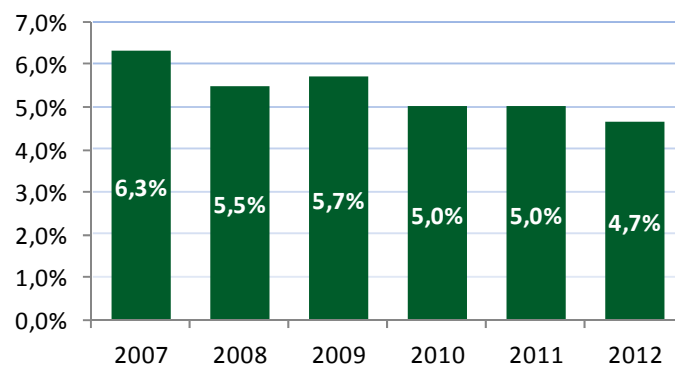


1) FTEs Excluding Trainees

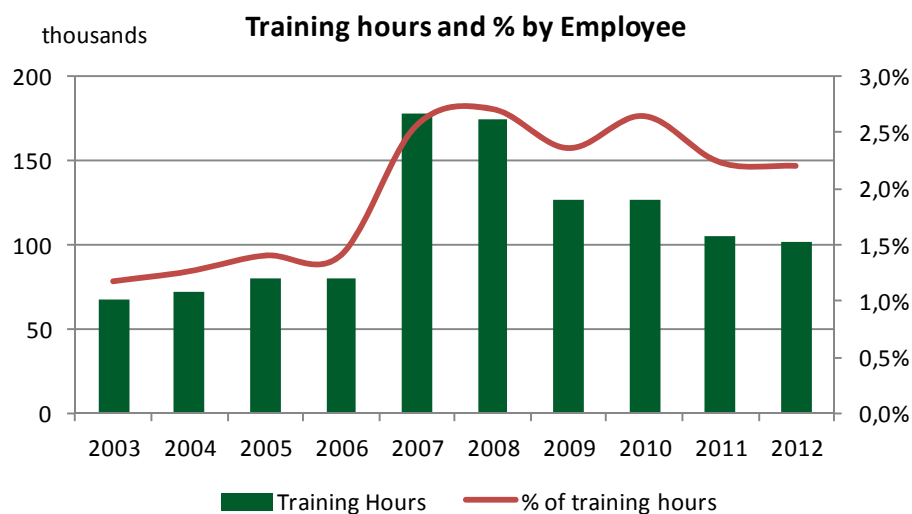
2) Hornitex and Darbo

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

Absenteeism



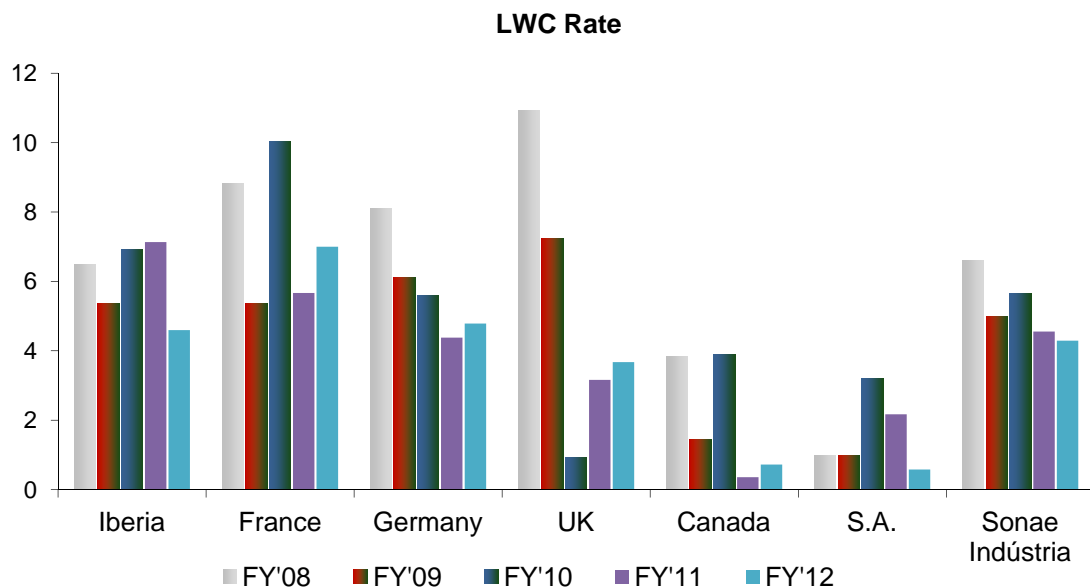
Absenteeism has been decreasing over the last years.



Training continues to be a priority of Sonae Industria.

Key Health and Safety Performance Indicators

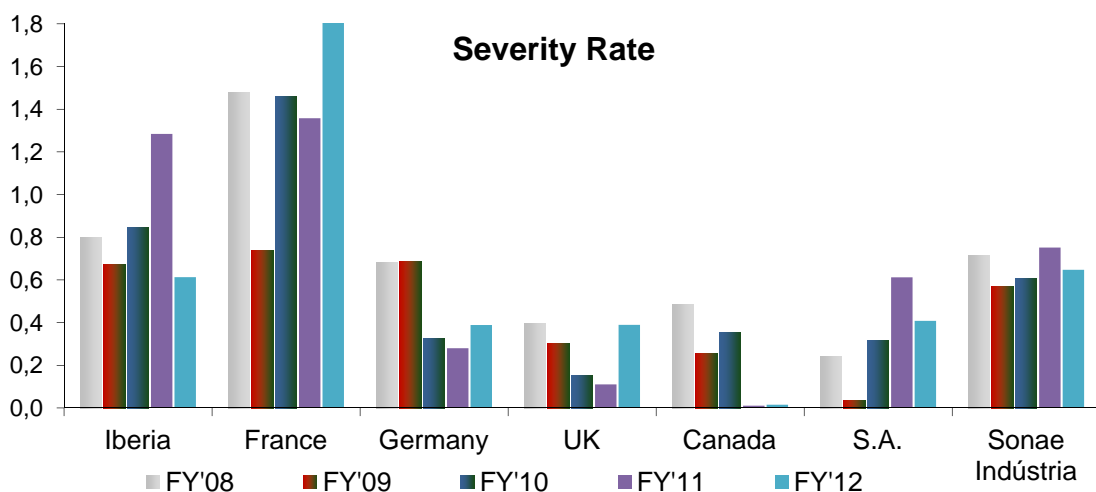
2012 was the sixth year in which systematic and consistent measurement of health and safety performance indicators were carried out throughout Sonae Indústria companies. These indicators (consolidated country-wide and globally) are shown in the Figures below.



LWC Rate per country

2012 continued the good trend of reduction of the Lost Workday Case (LWC) rate, and the performance improved globally (-6% compared with previous year). In the last 5 years there was an improvement of 44% of Lost Workday Case rate.

To highlight, there is the Iberian good performance with a decrease of 36% compared with the previous year.



Severity Rate per country

In 2012 not only the LWC rate but also Severity rate improved. Severity rate performance was highly influenced by Iberian plants that improved 52% compared with

previous year. It's important to highlight the South African good performance which achieved a decrease of 33%. Despite France having had a bad performance (increased 62% due to an explosion in April), the overall Severity rate of Sonae Indústria improved 14%.

Remarks:

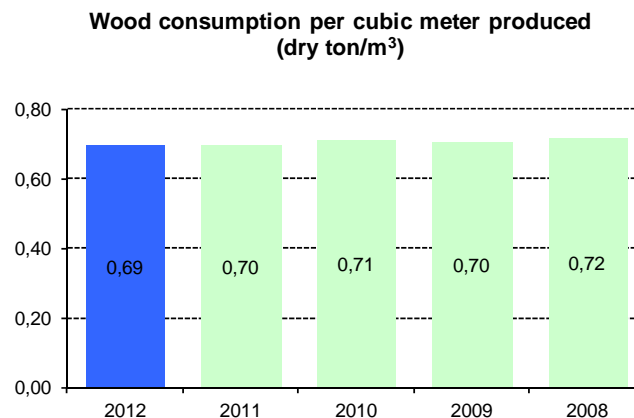
Lost Workday Cases: Any occupational injury or illness that prevents the employee from reporting to work on any subsequent scheduled shift. Fatal injuries and illnesses are LWCs regardless of the time between injury and decease in length of the illness.

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

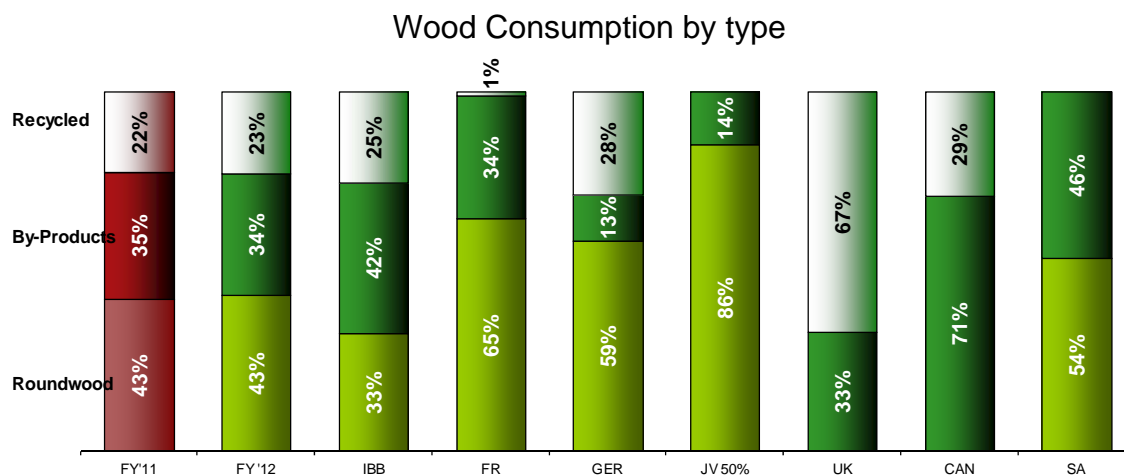
Severity Rate = Number of workdays lost due to LWC*1,000 / Number of hours worked

3.7.2. Environmental report

Wood Consumption (dry ton/ m³ produced)



Our global specific wood consumption improved slightly when compared to 2011 figures. This slight improvement has been a steady trend over the last 5 years, as a consequence of the continuous efforts to control wood raw materials costs.



The global wood supply mix of Sonae Indústria only revealed slight variations compared to 2011: the contribution of recycled wood had a small increase, and industrial by-products had the reverse trend.

Our industrial operations in the several geographies contributed in different ways to this global trend:

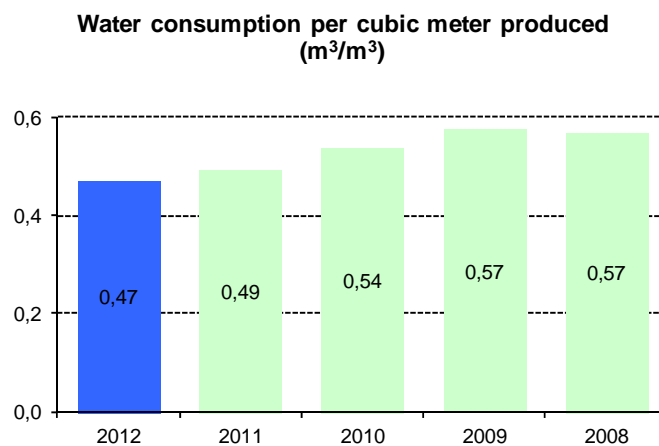
- South Africa increased the contribution of industrial by-products in its wood mix;
- Iberia had a similar (although smaller) trend;
- France increased the contribution of round wood;
- Germany also used more round wood in its mix, and slightly increase the contribution of recycled wood;
- UK used more round wood, as a consequence of the abnormal conditions of operation that Knowsley had during 2012 (up to the closure of the plant);
- Lac-Mégantic had a significant increase of recycled wood contribution, following the important focus on enlarging the plant's capacity to incorporate this type of raw materials.

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

Global specific water consumption for Sonae Indústria improved slightly in 2012, but with mixed trends across different geographies:

- South Africa and the UK registered the greater improvements.
- JV, Iberia (mainly the MDF plants) and Canada also contributed to the overall improvement trend;
- Only a few plants in Germany and France registered poorer performance.

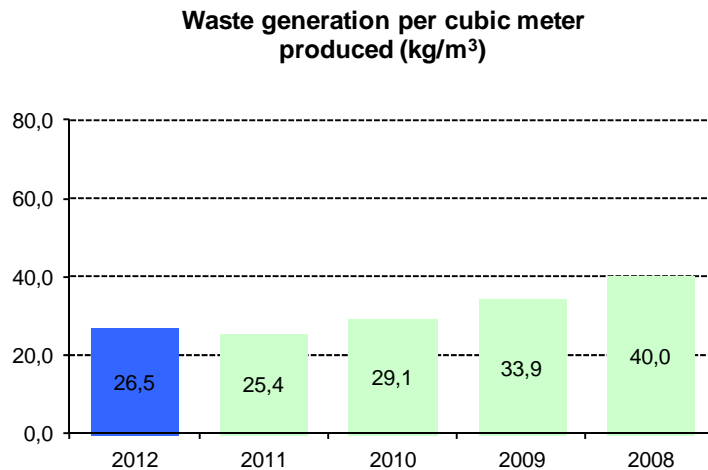
The improvement in water consumption has been quite consistent in the last 5 years.



Waste Generation (kg/m^3) - Hazardous and non-hazardous waste

Global specific waste generation registered a slightly poorer performance than in 2011. Over the last 5 years this was the first time we were not able to consistently improve in this indicator.

Although the UK and JV registered quite relevant improvements, these were not enough to compensate the worse performance trends of most plants in France and Germany, and also South Africa in a smaller extent.



Management systems

Sonae Indústria has a long track record in developing its quality, environmental and health and safety management systems. The integration of these systems has been of increasingly importance, initially at plant level, and more recently at country level.



















































































































With quality management certification completely implemented for a long time, and with environmental management systems (according to ISO 14001) implemented in more than 75% of our industrial operations, the focus of 2012 efforts was on enlarging the number of plants with occupational health and safety management systems certified under OHSAS 18001.

Building on the ongoing programme to achieve full implementation of our internal H&S Standards, this objective was successfully achieved in Lac-Mégantic, in Canada, and Betanzos and Solsona, in Spain.

Additionally, within our objective for certification of chain-of-custody for forest-based raw materials of our operations, significant progress was made:

- Two additional plants in Portugal (Maia and Sines) achieved PEFC (Programme for the Endorsement of Forest Certification) certification, thus completing our goal of having all European operations certified under this scheme.
- 7 plants also achieved FSC (Forest Stewardship Council) certification: Maia, Sines and Castelo de Paiva, in Portugal; Betanzos, in Spain; Linxe, in France; Kaisersesch, in Germany; and White River, in South Africa. Moreover, Panbult (in South Africa) also successfully completed its pre-audit for FSC certification. This confirms that Sonae Indústria is also very close to complete its objective on FSC certification: having all its worldwide industrial operations certified by this scheme.

A complete overview of current certifications is included in the table below.

	Quality	Environment	Forest products chain-of-custody		Health & Safety
	ISO 9001	ISO 14001	PEFC	FSC	OHSAS 18001
					
Maia			 NEW!	 NEW!	
Mangualde					
Oliveira do Hospital					
Sines			 NEW!	 NEW!	
Alcanede					
Vilela					
Castelo de Paiva		 NEW!		 NEW!	
Betanzos		 NEW!		 NEW!	 NEW!
Linares					
Solsona					 NEW!
Valladolid					
Cuellar					
Pontecaldelas					
Auxerre					
Le Creusot					
Linxe				 NEW!	
Ussel					
Meppen					
Eiweiler					
Nettgau					
Hörn					
Beeskow					
Kaisersesch				 NEW!	
Panbult				Certification Pre-Audit done!	
White River				 NEW!	
Lac-Mégantic					 NEW!
	26 plants (of 26)	20 plants (of 26)	23 plants (of 26)	24 plants (of 26)	17 plants (of 26)

3.8. Treasury Shares

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

3.9. Proposal for Appropriation of Results

Sonae Indústria SGPS SA, as the holding company of the Group, on an individual accounts basis, generated a negative Net Result of 179,831,167 Euros for 2012 and on a consolidated basis generated a negative Net Result of 98,876,879 Euros.

The Board of Directors will propose at the Shareholders Annual General Meeting to transfer the negative Net Result of 179,831,167 Euros to retained earnings.

3.10. Outlook

During the coming year we expect the economy in Europe to slowly improve. Nevertheless it will still be a tough year in terms of private and public consumption. We expect to improve our performance supported by the restructuring measures and by the efficiency programs we are putting in place.

Refinancing maturing debt, closely management of investments as well as of working capital will continue on the top of our priorities.

Moreover, we will continue our path towards consolidation the production in our best assets and renovation and development of our human resources.

3.11. Dividend Policy

The Board set the goal to distribute 50% of the company's profits.

Each year, the ratio of effective payment to be proposed by the Board will take into account the degree of soundness of capital structure of society, as well as the existing investment plan.

3.12. Acknowledgements

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

26th February 2013

Board of Directors

Belmiro de Azevedo

Paulo Azevedo

Albrecht Ehlers

Javier Vega

Rui Correia

João Paulo Pinto

Jan Bergmann



Corporate Governance Report

Contents

0. COMPLIANCE WITH CMVM RECOMMENDATIONS.....	4
1. SHAREHOLDERS' GENERAL MEETING	12
1.1. Board of the Shareholders' General Meeting: composition and duration of the mandate.....	12
1.2. Remuneration of the Chairman of the Board of the Shareholders' General Meeting.....	12
1.3. Voting Rights and Shareholder's Representations at General Meeting	12
2. CORPORATE GOVERNING AND AUDITING BODIES	14
2.1. Corporate Governing Bodies	14
2.1.1 Board of Directors	15
2.1.2 Executive Committee	16
2.1.3 Statutory Audit Board.....	18
2.1.4 Statutory External Auditor	18
2.1.5 Company Secretary	18
2.2. Internal Control, Internal Audit and Risk Management	18
2.2.1 Internal Control	18
2.2.2 Internal Audit.....	19
2.2.3 Risk Management	20
2.3. Functioning Regulations of the Governing Bodies	24
2.4. Identification of the main economic, financial and legal risks to which the company is exposed in its activity	24
2.5. Powers of the Board of Directors	25
2.6. Policy of functions rotation of the Board of Directors and appointment and replacement of members of the management and auditing bodies.....	25
2.7. Board of Directors, Board Committees, Statutory Audit Board and Ethics Committee Meetings attendance	26
2.8. Independence of the members of the Board of Directors.....	27
2.9. Professional qualification of the members of the Board of Directors, professional activities in the last 5 years and shares held, date of first appointment and date of term	27
2.10. Other positions held by Sonae Indústria Directors as of 31 st December 2012 ...	29
2.11. Identification, Independence, mandate, qualifications and professional activities of the Statutory Audit Board members and evaluation of the Statutory External Auditor.....	32
2.11.1. Identification, Independence and mandate of Statutory Audit Board members.	32
2.11.2. Professional qualification of Statutory Audit Board members, professional activities in the last 5 years and shares held	33
2.11.3. Other positions held by Sonae Indústria Statutory Audit Board members as of 31 st December 2012	34
2.11.4. Election and Evaluation of the Statutory External Auditor	34
2.12. Remuneration and Other Compensation of Board of Directors and Statutory Audit Board Members	35
2.13. Policy of Communication Irregularities	41
2.14. Committees with special competences	43
2.14.1. Board Audit and Finance Committee ("BAFC")	43
2.14.2. Social Responsibility, Environment and Ethics Committee ("SREEC").....	44
2.14.3. Board Nomination and Remuneration Committee ("BNRC")	44

3.	INFORMATION	45
3.1.	Capital Structure	45
3.2.	Qualified Shareholding under Article 20 of the Portuguese Securities Code	45
3.3.	Identification of the shareholders that detain special rights	45
3.4.	Possible restrictions on share-transfer i.e. consent clauses for their disposal or restrictions on share-ownership	45
3.5.	Shareholder agreements which the company may be aware of and which may restrict the transfer of securities or voting rights	46
3.6.	Rules applicable to the amendment of the Articles of Association	46
3.7.	Control mechanisms for a possible employee-shareholder system in as much as the voting rights are not directly exercised by them.....	46
3.8.	Share Price performance in 2012.....	46
3.9.	Dividend policy	48
3.10.	Transactions with Related Parties.....	48
3.11.	Investor Relations	49
3.12.	Remuneration of the Statutory External Auditors	49

0. Compliance with CMVM Recommendations

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

From all the recommendations in the Corporate Governance Code, Sonae Indústria only fails on 2012 year to adopt 2 recommendations for the reasons explained below. Sonae Indústria is aware of the importance of good corporate governance for business and for its shareholders and constantly seeks to adopt best practices in all areas in which operates. Therefore, in addition to fulfilling legal requirements and recommendations of the referred Code, Sonae Indústria has its own code of conduct, which can be found on the company website www.sonaeindustria.com.

RECOMMENDATION		Degree of Compliance	Corporate Governance Report
I. SHAREHOLDER'S GENERAL MEETING			
I.1. BOARD OF THE SHAREHOLDER'S GENERAL MEETING			
I.1.1.	The Chairman of the Board of the Shareholders' General Meeting shall be given adequate human and logistical resources, taking the financial position of the company into consideration.	Comply	1.1.
I.1.2.	The remuneration of the Chairman of the Board of the Shareholders' General Meeting shall be disclosed in the annual corporate governance report.	Comply	1.2.
I.2. PARTICIPATION AT THE MEETING			
I.2.1.	The requirement of the Board of the Shareholders' General Meeting to receive statements for share deposit or blocking for participation before the General Meeting shall not exceed 5 working days.	Comply	1.3.
I.2.2.	Should the General Meeting be suspended, the Company shall not require share blocking during the interim period until the meeting is resumed, and shall then prepare itself in advance as required for the first session.	Comply	1.3.
I.3. VOTING AND EXERCISING VOTING RIGHTS			
I.3.1	Companies should not impose any statutory restriction on postal voting and whenever adopted or admissible, on electronic voting.	Comply	1.3.
I.3.2	The statutory advance deadline for receiving voting ballots by post shall not exceed 3 working days.	Comply	1.3.
I.3.3	Companies shall ensure the level of voting rights and the shareholder's participation is proportional, ideally through the statutory provision that obliges the one share-one vote principal. The companies that: i) hold shares that do not confer voting right; ii) establish non-casting of voting rights above a certain number, when issued solely by a shareholder or by shareholders related to former, do not comply with the proportionality principle.	Comply	1.3.

I.4. RESOLUTION-FIXING QUORUM		
	Companies shall not set a resolution-fixing quorum that outnumbers that which is prescribed by law.	Comply 1.3.
I.5. MINUTES AND INFORMATION ON RESOLUTIONS PASSED		
	Extracts from the minutes of the general meetings or documents with corresponding content must be made available to shareholders on the company's website within a five day period after the General Meeting has been held, irrespective of the fact that such information may not be classified as material information. The information disclosed shall cover the resolutions passed, the represented capital and the voting results. Said information shall be kept on file on the company's website for no less than a 3 year period.	Comply 1.3.
I.6. MEASURES RELATING TO CHANGES IN CONTROL		
I.6.1	Measures aimed at preventing successful takeover bids, shall respect both the company's and the shareholders' interests. The company's articles of association that by complying with said principal, provide for the restriction of the number of votes that may be held or exercised by a sole shareholder, either individually or in concert with other shareholders, shall also foresee for a resolution by the General Assembly (5 year intervals), on whether that statutory provision is to be amended or prevails – without super quorum requirements as to the one legally in force – and that in said resolution, all votes issued be counted, without applying said restriction.	Comply 1.3.
I.6.2	In cases such as change of control or changes to the composition of the Board of Directors, defensive measures shall not be adopted that instigate an immediate and serious asset erosion in the company, and further disturb the free transmission of shares and voluntary performance assessment by the shareholders of the members of the Board of Directors.	Comply 1.3.
II. MANAGEMENT AND AUDIT BOARDS		
II.1 GENERAL POINTS		
II.1.1 STRUCTURE AND DUTIES		
II.1.1.1	The Board of Directors shall assess the adopted model in its Annual Report on Corporate Governance and pin-point possible hold-ups to its functioning and shall propose measures that it deems fit for surpassing such obstacles.	Comply 2.1.
II.1.1.2	Companies shall set up internal control and risk management systems in order to safeguard the company's worth and which will identify and manage the risk. Said systems shall include at least the following components: i) setting of the company's strategic objectives as regards risk assumption; ii) identifying the main risks associated to the company's activity and any events that might generate risks; iii) analyse and determine the extent of the impact and the likelihood that each of said potential risks will occur; iv) risk management aimed at aligning those actual	Comply 2.2.2. and 2.2.3.

incurred risks with the company's strategic options for risk assumption;. v) control mechanisms for executing measures for adopted risk management and its effectiveness; vi) adoption of internal mechanisms for information and communication on several components of the system and of risk-warning ; vii) periodic assessment of the implemented system and the adoption of the amendments that are deemed necessary

II.1.1.3	The Board of Directors shall ensure the establishment and functioning of the internal control and risk management systems. The Supervisory Board shall be responsible for assessing the functioning of said systems and proposing the relevant adjustment to the company's needs.	Comply	2.2.4.
II.1.1.4	The companies shall: i) identify the main economic, financial and legal risk that the company is exposed to during the exercise of its activity; ii) describe the performance and efficiency of the risk management system, in its Annual Report on Corporate Governance.	Comply	2.4.
II.1.1.5	The Board of Directors and Supervisory Board shall establish internal regulations, which shall be disclosed on the Company's website.	Comply	2.3.

II.1.2. INCOMPATIBILITY AND INDEPENDENCE

II.1.2.1	The Board of Directors shall include a sufficient number of non-executive members to ensure that there is the capacity to effectively supervise, audit and assess the activity of the executive members.	Comply	2.1.1. and 2.1.2.
II.1.2.2	Non-executive members shall include an adequate number of independent members, taking into account the size of the Company and its shareholder structure, but this shall never be less than one quarter of the total number of Board members.	Comply	2.8.
II.1.2.3	The independency assessment of its non-executive members carried out by the Board of Directors shall take into account the legal and regulatory rules in force concerning the independency requirements and the incompatibility framework applicable to members of other corporate boards, which ensure orderly and sequential coherence in applying independency criteria to all the company. An independent executive member shall not be considered as such, if in another corporate board and by force of applicable rules, may not be an independent executive member.	Comply	2.8.

II.1.3. ELIGIBILITY AND APPOINTMENT

II.1.3.1	Depending on the governance model adopted, the Chairman of the Statutory Audit Board, of the Board Audit Committee or of the Financial Matters Committee shall be independent and possess the necessary skills to perform his duties.	Comply	2.11.
II.1.3.2	The selection process of candidates for non-executive members shall be conjured so as prevent interference by executive members.	Comply	2.8.

II.1.4. POLICY ON THE REPORTING OF IRREGULARITIES

II.1.4.1	The Company shall adopt a policy of reporting irregularities that allegedly occurred, which includes the following information: i) the means through which	Comply	2.13.
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	such irregularities may be reported internally, including the persons that are entitled to receive the reports; ii) how the report is to be handled, including confidential treatment, should this be requested by the reporter.		
II.1.4.2	General guidelines from this policy should be disclosed in the Corporate Governance Report	Comply	2.13.
II.1.5.	REMUNERATION		
II.1.5.1.	The remuneration of the Members of the Board of Directors shall be structured so that the formers' interests are capable of being aligned with the long-term interests of the company. Furthermore, the remuneration shall be based on performance assessment and shall discourage taking on extreme risk. Thus, remunerations shall be structured as follows: i) The remuneration of the Board of Directors carrying out executive duties shall include a variable element which is determined by a performance assessment carried out by the company's competent bodies according to pre-established quantifiable criteria. Said criteria shall take into consideration the company's real growth and the actual growth generated for the shareholders, its long-term sustainability and the risks taken on, as well as compliance with the rules applicable to the company's activity; ii) The variable component of the remuneration shall be reasonable overall as regard the fixed component of the remuneration and maximum limits shall be set for all components. iii) A significant part of the variable remuneration shall be deferred for a period not less than three years and its payment shall depend of the company's steady positive performance during said period; iv) Members of the Board of Directors shall not enter into contracts with the company or third parties that will have the effect of mitigating the risk inherent in the variability of the remuneration established by the company; v) The Executive Directors shall hold, up to twice the value of the total annual remuneration, the company shares that were allotted by virtue of the variable remuneration schemes, with the exception of those shares that are required to be sold for the payment of taxes on the gains of said shares; vi) When the variable remuneration includes stock options, the period for exercising same shall be deferred for a period of not less than three years; vii) The appropriate legal instruments shall be established so that in the event of a Director's dismissal without due cause, the envisaged compensation shall not be paid out if the dismissal or termination by agreement is due to the Director's inadequate performance.	Non Comply	Although in 2012 Belmiro Mendes de Azevedo had been an Executive Director of the company, his remuneration did not include a variable component. This exception to the remuneration policy of the Executive Directors of the company, which implies the non-compliance with this recommendation, is justified given the fact that this Director is also indirectly the majority shareholder of the company, and is therefore guaranteed the alignment with the shareholders' interests.
II.1.5.2	A statement on the remuneration policy of the Board of Directors and Supervisory Board referred to in Article 2 of Law No. 28/2009 of 19 June, shall contain, in addition to the content therein stated, adequate information on: i) which groups of companies the remuneration policy and practices of which were taken as a baseline for setting the remuneration; ii) the payments for the dismissal or termination by agreement of the Directors' duties	Comply	2.12.
II.1.5.3	The remuneration policy statement referred to in Article 2 of Law No. 28/2009 shall also include the	Comply	2.12.

directors, within the meaning of Article 248-B/3 of the Securities Code, whose remunerations contain an important variable component. The statement shall be detailed and the policy presented shall particularly take the long-term performance of the company, compliance with the rules applicable to its business and restraint in taking risks into account.

II.1.5.4	A proposal shall be submitted at the General Meeting on the approval of plans for the allotment of shares and/or options for share purchase or further yet on the variations in share prices, to members of the Board of Directors and Supervisory Board and other managers within the context of Article 248-B/3 of the Securities Code. The proposal shall mention all the necessary information for its correct assessment. The proposal shall contain the regulation plan or in its absence, the plan's conditions. The main characteristics of the retirement benefit plans established for members of the Board of Directors and Supervisory Board and other managers within the context of Article 248-B/3 of the Securities Code, shall also be approved at the General Meeting.	Comply	2.12.
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II.1.5.6	At least one of the Remuneration Committee's representatives shall be present at the Shareholders' General Meeting.	comply	1.3.
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II.2. BOARD OF DIRECTORS

II.2.1	Within the limits established by law for each management and supervisory structure, and unless the Company is of a reduced size, the Board of Directors shall delegate the day-to-day running and the delegated duties shall be identified in the Corporate Governance Report.	Comply	2.1.2.
II.2.2	The Board of Directors shall ensure that the Company acts in accordance with its objectives, and should not delegate its own responsibilities, including: i) definition of the Company's strategy and general policies; ii) definition of the corporate structure of the Group; iii) decisions that are considered to be strategic due to the amounts, risks and special circumstances involved.	Comply	2.1.2.
II.2.3	Should the Chairman of the Board of Directors have an executive role, the Board of Directors shall set up efficient mechanisms to co-ordinate the work of the non-executive members, to ensure that they may take decisions in an independent and informed manner, and shall also explain these mechanisms to the shareholders in the Corporate Governance Report.	Comply	2.1.1 and 2.7.
II.2.4	The Annual Management Report shall include a description of the activity carried out by the non-executive Board Members and shall, in particular, report any restraints that they encountered.	Comply	2.8.
II.2.5	The company shall explain its policy of portfolio rotation on the Board of Directors, including the person responsible for the financial portfolio, and report it in the Annual Corporate Governance Report.	Comply	2.6.

II.3. CHIEF EXECUTIVE OFFICER (CEO), EXECUTIVE COMMITTEE AND EXECUTIVE BOARD OF DIRECTORS

II.3.1	When Directors, who carry out executive duties are requested by other Board Members to supply information, they shall provide answers in a timely manner with information that adequately responds to	Comply	2.7.
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	the request.		
II.3.2	The Chairman of the Executive Committee shall send the notices convening meetings and minutes of the respective meetings to the Chairman of the Board of the Directors and, when applicable, to the Chairman of the Statutory Audit Board or the Audit Committee.	Comply	2.7.
II.3.3	The Chairman of the Executive Board of Directors shall send the notices convening meetings and minutes of the respective meetings to the Chairman of the General and Supervisory Board and to the Chairman of the Financial Matters Committee.	Not Applicable	
II.4.	GENERAL AND SUPERVISORY BOARD, FINANCIAL MATTERS COMMITTEE, AUDIT COMMITTEE AND STATUTORY BOARD		
II.4.1	Besides carrying out its supervisory duties, the General and Supervisory Board shall advise, follow-up and carry out an on-going assessment on the management of the company by the Executive Board of Directors. Besides other subject matters, the General and Supervisory Board shall decide on: i) the definition of the strategy and general policies of the company; ii) the corporate structure of the group; and iii) decisions taken that are considered to be strategic due to the amounts, risk and particular characteristics involved.	Not Applicable	
II.4.2	The annual reports on the activity of the General and Supervisory Board, the Financial Matters Committee, the Audit Committee and the Statutory Audit Board shall be disclosed on the Company's website together with the financial statements.	Comply	2.1.3.
II.4.3	The annual reports on the activity of the General and Supervisory Board, the Financial Matters Committee, the Audit Committee and the Statutory Audit Board shall include a description of the supervisory and verification work completed and shall, in particular, report any restraints that they encountered.	Comply	2.1.3.
II.4.4	The General and Supervisory Board, the Auditing Committee and the Statutory Audit Board (depending on the applicable model) shall represent the company for all purposes at the external auditor, and shall propose the services supplier, the respective remuneration, ensure that adequate conditions for the supply of these services are in place within the company, as well as being the liaison officer between the company and the first recipient of the reports.	Comply	2.11.4.
II.4.5	According to the applicable model, the General and Supervisory Board, Auditing Committee and Statutory Audit Board shall assess the external auditor on an annual basis and advise the General Meeting that he/she be discharged whenever justifiable grounds are present.	Comply	2.11.4.
II.4.6	The internal audit services and those that ensure compliance with the rules applicable to the company (compliance services) shall functionally report to the Audit Committee, the General and Supervisory Board or in the case of companies adopting the Latin model, an independent director or Statutory Audit Board, regardless of the hierarchical relationship that these services have with the executive management of the company.	Comply	2.2.4.
II.5.	SPECIAL COMMITTEES		

II.5.1	Unless the Company is of a reduced size, and depending on the governance model adopted the Board of Directors and the General and Supervisory Committee, shall set up the necessary Committees in order to: i) ensure that a competent and independent assessment of the performance of the Executive Directors is carried out, as well as of its own overall performance and including the performance of all existing Committees; ii) consider the governance system adopted and assess its efficiency and propose to the respective bodies, measures to be implemented to achieve improvements. iii) in due time identify potential candidates with the high profile required for the performance of director's duties	Comply	2.14. and 2.1.
II.5.2	Members of the Remuneration Committee or alike shall be independent from the Members of the Board of Directors and include at least one member with knowledge and experience in matters of remuneration policy.	Non Comply	One of the members of the Remuneration Committee is also the Chairman of the Board of Directors and was in 2102 also the Chairman of the Executive Committee (see 2.12.).
II.5.3	Any natural or legal person which provides or has provided, over the past three years, services to any structure subject to the Board of Directors, to the Board of Directors of the company or that has to do with the current consultant to the company shall not be recruited to assist the Remuneration Committee. This recommendation also applies to any natural or legal person who has an employment contract or provides services.	Comply	2.12.
II.5.4	All Committees shall draw up minutes of the meetings they hold.	Comply	2.14.
III.	INFORMATION AND AUDITING		
III.1.	GENERAL DISCLOSURE REQUIREMENTS		
III.1.1	Companies shall ensure that permanent contact is maintained with the market, upholding the principle of equal treatment for all shareholders and avoiding any asymmetry in the access to information by investors. To achieve this, the Company shall set up an Investor Relations Office.	Comply	3.11.
III.1.2	The following information disclosed on the Company's Internet website, shall be available in English: a) The Company's name, its public company status, the registered office and the remaining information set out in Article 171 of Portuguese Company Law; b) Articles of Association; c) Identification of the members of the Statutory Governing Bodies and of the Representative for Relations with the Market; d) Investor Relations Office – its functions and contact details; e) Financial Statements; f) Half-Yearly Calendar of Company Events; g) Proposals presented to Shareholders' General Meetings; h) Notices convening	Comply	3.11.

III.1.3	<p>Shareholders' General Meetings.</p> <p>Companies shall advocate the rotation of auditors after two or three terms depending if these have four or three year mandates, respectively. Their continuance beyond this period must be based on a specific opinion of the Supervisory Board to formally consider the conditions of auditor independence and the benefits and costs of replacement.</p>	Comply	3.12.
III.1.4	<p>The external auditor must, within its powers, verify the implementation of remuneration policies and systems, the efficiency and functioning of internal control mechanisms and report any shortcomings to the company's Supervisory Board.</p>	Comply	2.2.4.
III.1.5	<p>The company shall not recruit the external auditor for services other than audit services, nor any entities with which same takes part or incorporates the same network. Where recruiting such services is called for, said services should not be greater than 30% of the total value of services rendered to the company. The hiring of these services must be approved by the Supervisory Board and must be expounded in the Annual Corporate Governance Report.</p>	Comply	3.12
IV.			
CONFLICTS OF INTEREST			
IV.1			
SHAREHOLDER RELATIONSHIP			
IV.1.1	<p>Where deals are concluded between the company and shareholders with qualifying holdings, or entities with which same are linked in accordance with Article 20 of the Securities Code, such deals shall be carried out in normal market conditions.</p>	Comply	3.10.
IV.1.2	<p>Where deals of significant importance are undertaken with holders of qualifying holdings, or entities with which same are linked in accordance with Article 20 of the Securities Code, such deals shall be subject to a preliminary opinion from the Supervisory Board. The procedures and criteria required to define the relevant level of significance of these deals and other conditions shall be established by the Supervisory Board.</p>	Comply	3.10

1. Shareholders' General Meeting

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

The Board of the Shareholders' General Meeting was elected at the Shareholders' Annual General Meeting of Sonae Indústria held on 29th March 2012, for the mandate 2012-2014 and is composed of:

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

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

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

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

The remuneration of the Chairman of the Board of the Shareholders' General Meeting in 2012 amounted to 5,000 Euros.

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

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

The Article 23^o-C of the Securities Code, added by Decree-Law No. 49/2010 of May 19th, establishes that, who is entitled to participate, discuss and vote in the Shareholders' General Meeting, are shareholders who at the record date, which corresponds to 0 hours of the 5th trading day prior to the date of the meeting, hold at least one vote, according to law and the statutes.

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

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

To each share corresponds one vote.

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

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

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

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

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

Following the Annual General Meeting held on 29th March 2012, Sonae Indústria disclosed to the market the content of the proposals presented and deliberations taken at such Shareholders' General Meeting. Moreover, Sonae Indústria posted in its website on the 30th March information regarding represented capital, voting results for each proposal, as well as the content of the proposals presented at such General Meeting. This information will be maintained on the company's website for no less than a 3 year period, so that shareholders can have access to them.

The member of the Shareholders' Remuneration Committee, Belmiro Mendes de Azevedo, was present at the Shareholders' General Meetings held on the 29th March 2012.

As stated in the Company's Articles of Association, the Shareholders' General Meeting is responsible for fixing the remuneration of the members of the governing bodies or electing a committee for this purpose. The Sonae Indústria Shareholders' Annual General Meeting in 2012 elected the Shareholders' Remuneration Committee for the current mandate (the Shareholders' Remuneration Committee is described in section 2.12. of this report).

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

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

The remuneration policy and a shares granting plan approved at the 2012 Annual General Meeting provides that the Medium Term Variable Bonus of executive directors of the company and of executive directors of other subsidiaries or employees who are eligible, is paid by delivery of own shares at no cost to those directors and employees, setting out how such an allocation is made, keeping the company always the choice of delivering, in its place, the cash value.

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

Sonae Indústria has no system of retirement benefits.

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

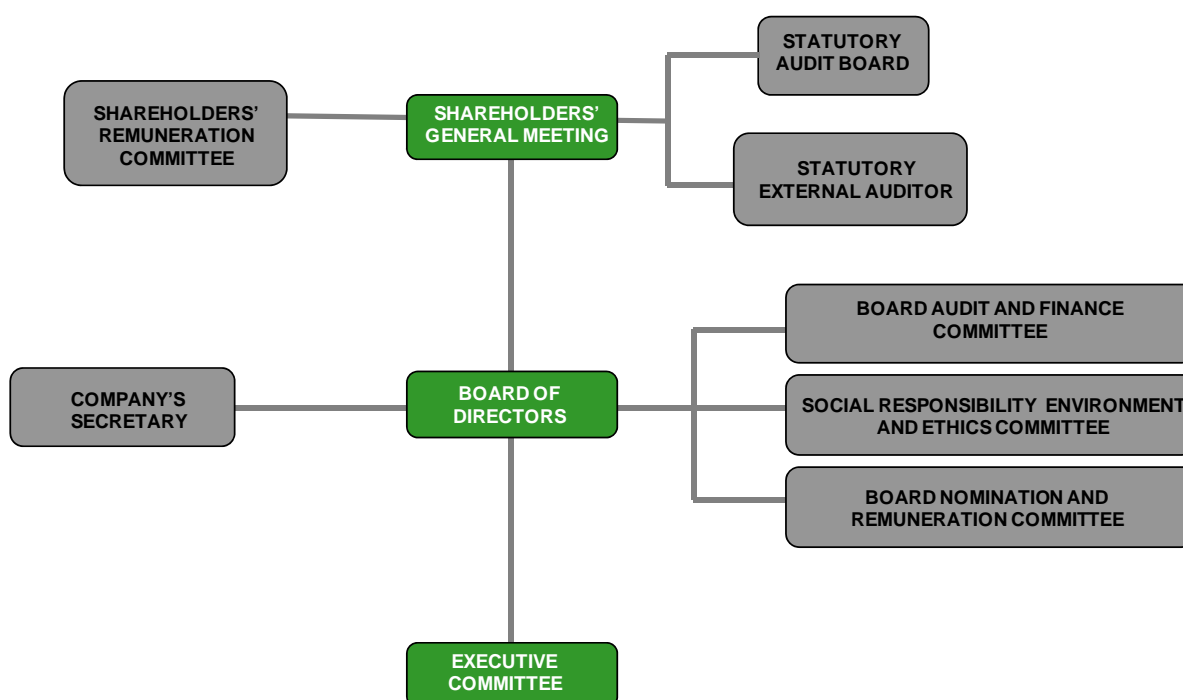
On December 31st, 2012 there were financings in the amount of about 27 million Euros (representing 4% of the total consolidated Net Debt), regarding which the respective creditors are able to consider the debt as matured in case of shareholder control changes.

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

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

2. Corporate Governing and Auditing Bodies

SECTION I – General Issues



2.1. Corporate Governing Bodies

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

The Board of Directors examines annually the advantages and possible disadvantages of adopting this model.

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

2.1.1 Board of Directors

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

Sonae Indústria's Board of Directors was on the 31st December 2012 composed of 7 members, all of them elected at the Annual General Meeting held on the 29th March 2012 for the mandate 2012 - 2014

On 31st December 2012 the Board of Directors of Sonae Indústria was composed of:

- Belmiro Mendes de Azevedo - Chairman (Executive)
- Duarte Paulo Teixeira de Azevedo - Deputy Chairman (Non Executive)
- Albrecht Olof Lothar Ehlers (Non Executive and Independent)
- Javier Vega de Seoane Azpilicueta (Non Executive and Independent)
- Rui Manuel Gonçalves Correia (Executive)
- João Paulo dos Santos Pinto (Executive)
- Jan Kurt Bergmann (Executive)

On the 15th February 2013, Belmiro Mendes de Azevedo ceased being a member of the Board of Directors' Executive Committee. On the same date, the Board of Directors appointed Rui Manuel Gonçalves Correia as Chairman of the Executive Committee. In the same Board of Directors' meeting João Paulo do Santos Pinto was appointed *Chief Operating Officer* (COO) for the South of Europe, remaining as *Chief Marketing and Sales Officer* (CMSO) and Jan Kurt Bergmann was appointed as *Chief Operating Officer* (COO) for the North of Europe, remaining as *Chief Industrial and Technology Officer* (CITO).

The Chairman of the Board of Directors, who is elected by the Board, has a casting vote.

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

9 (nine) Board meetings were held in 2012. The Board of Directors can only deliberate if the majority of its members are present or represented, and decisions are taken by a majority of the votes of the Board members present or represented and of those who vote by post.

To improve the operational efficiency of the Board of Directors and meet best practice in Corporate Governance, the Board of Directors appointed 3 Board Committees with specialized competences.

The appointment of a Board Audit and Finance Committee composed solely by Non-Executive Directors, its way of functioning and the access to all information provided under the terms referred to in paragraph 2.7, allows, in the opinion of the Board of Directors an independent and informed decisions of the Non-Executive Directors.

Moreover, the Deputy Chairman of the Board of Directors, Paulo Azevedo, ensures meetings between the Non-Executive members of the Board of Directors.

2.1.2 Executive Committee

The Executive Committee is appointed by the Board of Directors and, on 31st December 2012, was composed of 4 members with the following responsibility areas.

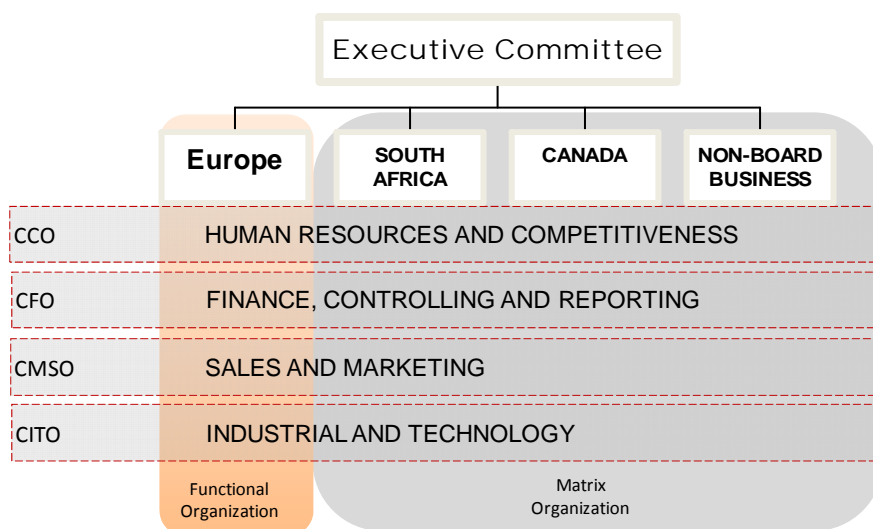


The Board of Directors has delegated powers to the Executive Committee to manage day-to-day operations of the Company except:

- a) appointing the Chairman of the Board;
- b) co-opting a substitute for a member of the Board;
- c) convening Shareholders' General Meetings;
- d) approving the Annual Report and Accounts;
- e) granting any pledge, guarantee or charge over the Company's assets;
- f) deciding to change the Company's headquarters and to approve any share capital increases;
- g) deciding on mergers, de-mergers and modifications to the corporate structure of the Company;
- h) approving the Company's Business Plan and Annual Budget;
- i) deciding key features of personnel policies including stock incentive plans and variable remuneration plans applicable to Executives and Senior Managers, in areas that do not require resolutions from the Shareholders' Remuneration Committee or deliberations at Shareholders' General Meetings, together with decisions on individual compensation for Executives and Senior Managers, which competence is delegated to the Board Nomination and Remuneration Committee and, when these Executives are Officers of the Company, also require decisions from the Shareholders' Remuneration Committee or deliberations at Shareholders' General Meetings;
- j) defining or changing major accounting policies of any company included in the consolidation perimeter of Sonae Indústria Group;
- k) approving quarterly and half-yearly reports and accounts;
- l) selling, acquiring directly or by long-term lease or transacting in any other way, investments classified as tangible fixed assets where the individual transaction value is in excess of 5,000,000 Euros;
- m) purchasing or subscribing new shares in the share capital of any subsidiary company where the accumulated amount exceeds 20,000,000 Euros in any financial year;

- n) investing in any other company or in other financial assets when the accumulated value is in excess of 10,000,000 Euros in any financial year;
- o) making any other financial investment which exceeds the accumulated amount of 10,000,000 Euros in any financial year, unless in the ordinary course of business, namely in short term investments of available cash
- p) disposing of assets or other divestments, if such a transaction has a significant effect on the operating results of the Company (defined as equal or greater than 5%) or affects the jobs of more than 100 employees;
- q) defining Sonae Indústria and Sonae Indústria Group strategy and general policies;
- r) defining the corporate structure of Sonae Indústria Group.

On 2012, the Board of Directors elected President of the Executive Committee, Belmiro Mendes de Azevedo, as well as two Vice-presidents, Rui Correia, who was also the CFO of the company and João Paulo Pinto, who is also the CMSO, being the areas that report to the Executive Committee divided as follows:



Following the changes verified on the Board of Directors meeting of 15 February 2013, the responsibility areas of the Executive Committee has been the following:

- Rui Manuel Gonçalves Correia - Chairman of the Executive Committee
- João Paulo do Santos Pinto - *Chief Operating Officer* (COO) for the South of Europe, and *Chief Marketing and Sales Officer* (CMSO)
- Jan Kurt Bergmann was appointed as *Chief Operating Officer* (COO) for the North of Europe and *Chief Industrial and Technology Officer* (CITO).

The Executive Committee normally meets at least once every month, excluding August and additionally whenever the Chairman of the Executive Committee calls a meeting. Meetings can only take place if the majority of the members are present or represented. The Chairman of the Executive Committee presides the meeting.

Decisions made by the Executive Committee are taken with the favourable votes of the majority of the members present or represented, including those voting by post. In the absence of quorum, the Executive Committee must submit the matter under consideration to the Board of Directors for deliberation.

2.1.3 Statutory Audit Board

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

The Statutory Audit Board was elected at the 2012 Shareholders' Annual General Meeting for the current mandate (2012-2014) and has the following composition:

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

The current members of the Statutory Audit Board were elected for the first time on the following dates:

- Manuel Heleno Sismeiro – April 2009
- Armando Luís Vieira de Magalhães – May 2007
- Jorge Manuel Felizes Morgado – May 2007
- Óscar José Alçada da Quinta – May 2007

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

2.1.4 Statutory External Auditor

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

2.1.5 Company Secretary

The Company secretary and his/her substitute are appointed by the Board of Directors and have a 3-year mandate aligned with the mandate of the other corporate governing bodies, having been designated in 2012 for the new mandate (2012-2014). The Company secretary shall perform those duties established by law.

The Company secretary and her substitute are:

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

2.2. Internal Control, Internal Audit and Risk Management

2.2.1 Internal Control

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

The different governing bodies have been born from a management philosophy and operating style based on a strong organizational structure with adequate assignment of

authority and responsibilities. Sound Human Resource policies and procedures and the existence of the Code of Conduct are enshrined in such structure.

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

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

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

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

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

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

2.2.2 Internal Audit

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

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

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

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

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

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

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

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

2.2.3 Risk Management

Risk Management is a key concern within the Sonae Indústria culture and is present in all management processes, forming part of the delegated responsibility of managers and employees at all levels within the Sonae Indústria Group.

Risk Management comprises the process of identifying potential risks, analysing their possible impact on the organisation's strategic goals and seeking ways to minimise the probability of their materialisation, in order to determine the best procedures to manage exposure to them.

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

- Property damage (including machinery breakdown) and Business Interruption;
- Damage in transports;
- Damage caused to third parties (Product, Public and Environmental Liability);
- Credit Risk.

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

2.2.3.1 Risk Management Functional Approach

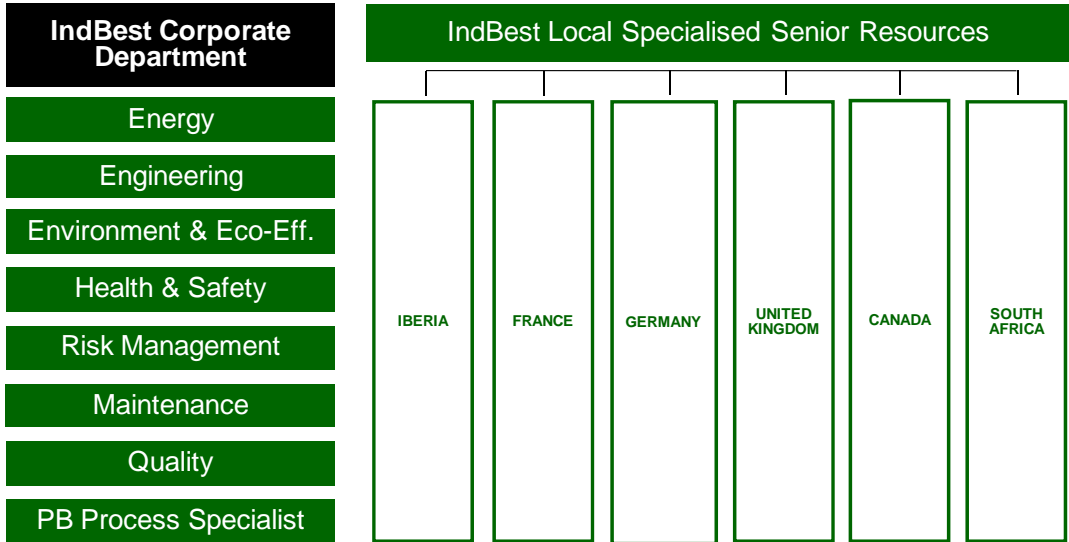
The production of wood-based panels is an industrial activity with a significant operational risk arising from fire and explosion. Consequently, the operational risk management is active in the implementation of standards and the choice of systems that are capable of reducing industrial unit risks.

The Risk Management Area is separated in two responsibilities to guarantee a more focused and specialized approach - Operational Risk Management and Insurance Management

Operational Risk Management is integrated in the department responsible for the consolidation of best Energy, Engineering, Health & Safety, Maintenance, Quality and Process practices (Corporate Department IndBest), reporting directly to the company CITO, in order to focus on developing and implementing measures to mitigate risks in industrial operations.

A formally coordinated network of Country Risk Officers exists in each of the countries where Sonae Indústria operates and at each of the sites there is a dedicated Plant Risk Officer.

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



The Insurance Management was in April transferred from this IndBest department to a new department called “Risk Management, Legal and Tax”. This function aims to developing skills to be more efficient and effective in using insurance policies underwritten by the Group and also to promote the Enterprise-Wide Risk Management (EWRM) methodology.

2.2.3.2 Process of Integrated Risk Management

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

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

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

2.2.3.3 Operational Risk Management

Given the risk associated with industrial activity at Sonae Indústria and being a world leader in the wood-based panels sector, it would be unacceptable to fail to recover from a catastrophic event on a “world class” scale. Thus, protection of core assets as

well as loss prevention are constant concerns for our Group and these were defined as priorities for 2012.

2.2.3.4 Corporate Operational Risk Standards (CORS)

The CORS were developed with reference to international standards such as NFPA¹ and/or FM² data sheets, considering the best practices of the wood industry and good fire protection engineering practices existing at Sonae Indústria. They aim to ensure standardisation of processes and procedures across all geographies in an effort to improve operational risk management by leaving little or no room for uncertainty.

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

1. Management Programs and Procedures:

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

2. Fire Protection Systems:

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

3. Special Hazards:

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

In 2012 some standards were updated to reflect improvements identified during the year. An independent international company, providing services in all fields of industrial and process safety, namely Fire and Explosion prevention and protection was contracted to assess the recycled wood and Dry Wood processes on all sites in the company that handle recycled wood.

The use of Recycled Material is expected to increase over the next years and this assessment will ensure that proper standards are created to identify, minimize and control the hazards arising from this activity.

2.2.3.5 Inspections

External Risk Inspections

The CORS have become the processes and procedures by which the audit risks are oriented to check the exposure of each plant. This permits greater transparency and harmonisation in the audit process.

External audits are conducted to all sites every year. Subsequently, a report is issued with a set of recommendations for each of the plants visited. Since 2000, the overall QIN of Sonae Indústria has improved from 5.8 to the current value³.

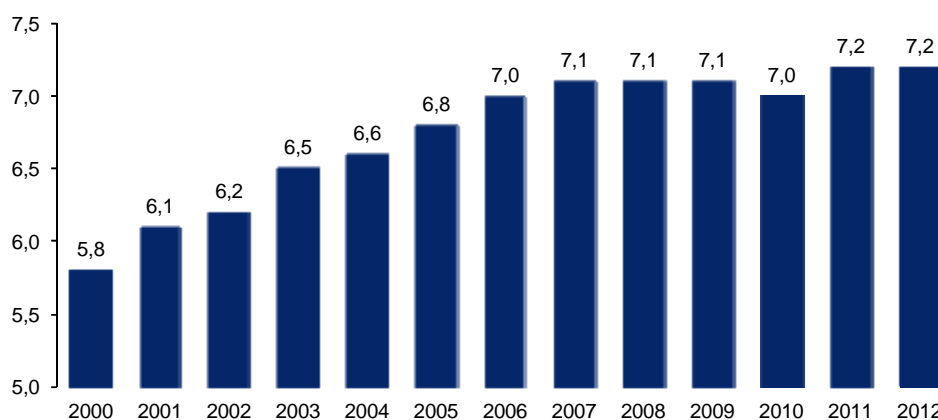
¹ National Fire Protection Association

² Factory Mutual

³ In the calculation of the QIN for 2012, we still include the 2 plants stopped during this year: Knowsley and Solsona

In 2012 changes in the external audit program were introduced and, from the 12 audits planned for the annuity 2012/13, only 4 were performed in the last quarter of the year and the remaining 8 transferred to the first quarter of 2013. The results of audits done are not reflected in the QIN as the final reports were not released.

QIN Sonae Indústria (insured capital weighted)



Internal Risk Inspections

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

The outcome of the visits is reported and the recommendations identified are followed up.

2.2.3.6 2009-2015 Risk Plan

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

- Improving Sonae Indústria's Installations Risk Standard with a view to increasing employee and asset safety, and avoiding eventual periods of business interruption;
- Obtaining a payback reflected in the insurance premiums (demonstration of real and tangible commitment to loss prevention);
- Forming the basis for preparation of the annual budget for investment in Loss Prevention measures and establishing priorities based on the impact on Loss Prevention.

In 2012 a quarterly follow up of the active recommendations was implemented. Each industrial site is responsible to update the status using a defined template. This information is then centrally uploaded to a website used by the reinsurance panel.

2.2.3.7 Insurance Premium Distribution

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

“stand alone” local market insurance premium levels and the latter according to the QIN of each plant.

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

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

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

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

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

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

2.3. Functioning Regulations of the Governing Bodies

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

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

SECTION II – Board of Directors

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

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

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

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

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

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

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

2.5. Powers of the Board of Directors

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

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

Sonae Indústria has a policy of non rotation of functions of the Board of Directors considering that there is no benefit to the company and to its shareholders, in rotating functions of the Board of Directors when such rotation is purely based on the existence of a policy of functions rotation and not on the skills of the members of the Board of Directors to perform a certain function.

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

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

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

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

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

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

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

Over the course of 2012, the number of meetings and attendance recorded for the Board of Directors, Board Committees and Statutory Audit Board were as follows:

Meetings and Attendance	Number of Meetings	Attendance
Board of Directors	9	100%
Executive Committee	15	100%
Board Audit and Finance Committee	5	100%
Board Nomination and Remuneration Committee	2	100%
Social Responsibility and Environment Committee	2	100%
Statutory Audit Board	6	100%

All governing bodies and Committees have minutes from their meetings.

With the objective of maintaining the Board of Directors and the Statutory Audit Board permanently informed on decisions taken by the Executive Committee, the President of the Executive Committee makes available the minutes of the Executive Committee meetings to all Board of Directors and Statutory Audit Board Members. At the end of each year the Executive Committee prepares the calendar of meetings for the following year, and informing about it the Board of Directors and the Statutory Audit Board.

Members of the Executive Committee provide all information required by other members of the governing bodies both on time and in sufficient detail.

2.8. Independence of the members of the Board of Directors

The Board of Directors of Sonae Indústria is composed of seven (7) members, of which on 31st December 2012 four (4) were Executives and three (3) Non-Executives.

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

Regarding the compliance with the applicable rules of incompatibility established in paragraph 1 of art. 414-A of the Companies Law, and advised to apply under the recommendation number II.1.2.3, in regard to the Director Albrecht Olof Lothar Ehlers it is understood that, despite being a member of the Supervisory Board of Glunz, AG, subsidiary of Sonae Indústria, the rule set forth in paragraph c) of that provision is not violated. In fact, on the one hand, such provision was developed for the Statutory Audit Board members having to be interpreted when applied to members of the Board of Directors and, on the other hand, the Supervisory Board of Glunz, is in its essence an auditing board and not a management one.

In what concerns Javier Vega de Seoane Azpilicueta it is understood that regarding the compliance with the applicable rules of incompatibility established in paragraph 1 of art. 414-A of the Companies Law, he is independent because he does not have Board positions in more than 5 companies not owned by him..

Also the Director Albrecht Olof Lothar Ehlers, is a member in six companies, including Sonae Indústria, and in four of those companies is a member of the Supervisory Board, and therefore, for the same reasons stated above, the company believes that this does not imply the loss of independence.

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

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

The Executive Directors do not have any interference in the selection of candidates for Non-Executive Directors, being such a designation held by shareholders' proposal and decision.

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

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

<p>Belmiro de Azevedo (Chairman of the Board of Directors and, on 31st December 2012, of the Executive Committee): obtained a degree in Chemical Engineering at the University of Oporto, a PMD from Harvard Business School, participated in the Financial Management Programme from Stanford University and has occupied a diverse number of positions in the Efanor/Sonae Group from an early stage. Mr</p>
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Belmiro de Azevedo is today Chairman of the Board of Sonae, SGPS, SA, Chairman of the Board and CEO of Sonae Capital, SGPS S.A., and member of the European Union Hong Kong Business Cooperation Committee, of the International Advisory Board of Allianz AG and of the Harvard Business School International Advisory Board. He has been awarded on a number of occasions, some of the most prominent being the “Encomienda de Numero de la Orden del Mérito Civil” from His Majesty D. Juan Carlos, King of Spain, the “Ordem of the Cruzeiro do Sul” from the President of the Brazilian Federal Republic, the “Grã Cruz da Ordem do Infante D. Henrique” from the President of the Portuguese Republic, nomination as “Honorary Fellow” of the London Business School and member of the “Order of Outstanding Contributors to Sustainable Development” from the World Business Council for Sustainable Development.

Javier Seoane Azpilicueta (Independent): obtained a degree in Mining Engineering by the *Escuela Técnica Superior de Ingenieros of Minas* of Madrid and in Business Management from Glasgow Business School (UK). He was a member of the Board of Directors of several companies such as Robert Bosch, Red Electrica de España, SEAT and Grupo Ferrovial. Currently performs other Board positions.

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

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

Rui Correia (on 31st December 2012, Vice - Chairman of the Executive Committee and CFO): holds a degree in Economics from the University of Oporto and a post graduate degree in Business Management from the Oporto Institute of Business Studies. Having exercised functions in the Efanor/Sonae Group since 1994, he was head of the Finance Department of Sonae SGPS from 2000 and since 2001, he has also held a number of managerial and directorship roles in the Efanor/Sonae Group. He was appointed as Sonae Indústria CFO in 2005 and President of the Executive Committee in 2011.

João Paulo Pinto (CMSO and, on 31st December 2012, Vice - Chairman of the Executive Committee): holds a degree in Mechanical Engineering from the University of Oporto and a Masters in Internal Combustion Engines (*École Nationale du Pétrole et des Moteurs*), Paris, and MBA - University of Oporto. At Sonae / Efanor Group since 1995, where he held several positions in marketing and sales, and in 2009 assumed the role of COO of Sonae Indústria for the Iberian Peninsula. In 2010 he joined the Board of Directors of Sonae Indústria, as executive member and the role of CITO “Chief Industrial and Technology Officer”. In 2011 was appointed Vice-Chairman of the Executive Committee.

Jan Kurt Bergmann (CITO): obtained a degree in Engineering by Berlin University (Germany, “Dr.-ING” Technical University of Berlin, Business Administration and Finance for Technical Managers – European School of Management and Technology). Held various positions within the Group DuPont and joined Glunz AG in January 2011.

Sonae Indústria Directors have the following Sonae Indústria shares:

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

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

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

Albrecht Ehlers:

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

Javier Vega:

- **Robert Bosh**
- **Red Electrica de España**
- **SEAT**
- **Grupo Ferrovial**

Belmiro de Azevedo and Paulo Azevedo were appointed with effect from 15th December 2005, registration date for the merger of the “old” Sonae Indústria – SGPS, SA, into Sonae 3P – Panels, Pulp and Paper, SA and the renaming of the latter to Sonae Indústria SGPS, SA. Rui Correia was appointed to the Board of Directors of Sonae 3P on 22nd July 2002. João Paulo Pinto was appointed at the 2010 Annual General Meeting and Albrecht Ehlers was first co-opted in September 2011. Javier Vega and Jan Bergmann were elected at the 2012 Annual General Meeting.

The current mandate of the Board of Director is from 2012 to 2014.

2.10. Other positions held by Sonae Indústria Directors as of 31st December 2012

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

In companies belonging to Efanor Group

Board of Directors Member:

Belmiro Mendes de Azevedo:

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

Duarte Paulo Teixeira de Azevedo:

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

Rui Manuel Gonçalves Correia:

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

- Tableros Tradema, SL
- Tafiber, Tableros de Fibras Ibéricos, SL
- Tafibra South Africa (PTY) Ltd. (Chairman)
- Tafisa Canada Inc. (Chairman)
- Tafisa France S.A.S
- Tafisa UK, Ltd.
- Taiber, Tableros Aglomerados Ibéricos, SL
- Tecnologias del Medio Ambiente, S.A. (Vice-Chairman)

João Paulo dos Santos Pinto:

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

Jan Bergmann:

- BHW Beeskow Holzwerkstoffe GmbH
- GHP GmbH
- Glunz AG (Vice- Chairman)
- Glunz Service GmbH
- Glunz UKA GmbH

- LaminatePark GmbH & Co. Kg
- OSB GmbH
- Tafibra Suisse SA (Chairman)
- Tool GmbH (Chairman)

Auditing bodies Member:

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

In companies not belonging to Efanor Group:

Board of Directors Member:

Belmiro Mendes de Azevedo:

- Praça Foz – Sociedade Imobiliária, S.A. (Chairman)
- Setimanale – SGPS, S.A. (Chairman)

Duarte Paulo Teixeira de Azevedo:

- Imparfin, SGPS, S.A.
- Migracom – SGPS, S.A. (Chairman)

Albrecht Ehlers:

- Erich-Brost-Institut für Journalismus in Europa GmbH

Javier Vega:

- Gestlink, SA (Chairman)
- DKV Seguros (Chairman)
- MásMóvil (Chairman)
- Solvay Iberica
- Ydilo Voice Solutions, SA
- Tavex Algodorena, SA

Auditing bodies Member:

Albrecht Ehlers:

- Schindler Deutschland GmbH
- Salus BKK (Supervisory Board Chairman – “Aufsichtsrat”)
- PROvendis GmbH

SECTION III – Statutory Audit Board

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

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

The Statutory Audit Board is composed by:

- Manuel Heleno Sismeiro (Chairman)
- Armando Luís Vieira de Magalhães (Member)

- Jorge Manuel Felizes Morgado (Member)
- Óscar José Alçada da Quinta (Substitute - Member)

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

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

The current members of the Statutory Audit Board were elected at the Shareholders' Annual General Meeting held in April 2012 for the mandate 2012 – 2014.

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

MANUEL HELENO SISMEIRO (Chairman of the Statutory Audit Board):

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

ARMANDO LUÍS VIEIRA DE MAGALHÃES (Statutory Audit Board Member):

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

JORGE MANUEL FELIZES MORGADO (Statutory Audit Board Member):

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

ÓSCAR ALÇADA DA QUINTA (Statutory Audit Board Substitute-Member):

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

2.11.3. Other positions held by Sonae Indústria Statutory Audit Board members as of 31st December 2012

In companies belonging to Efanor Group

Manuel Heleno Sismeiro

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

Armando Luís Vieira de Magalhães

Sonaecom - SGPS, S.A. (Statutory Audit Board)

Sonae Capital, SGPS, SA (Statutory Audit Board)

Jorge Manuel Felizes Morgado

Sonae, SGPS, SA (Statutory Audit Board)

Sonae Capital, SGPS, SA (Statutory Audit Board)

Sonae Sierra, SGPS, SA (Statutory Audit Board)

Óscar Alçada da Quinta

Sonaecom - SGPS, S.A. (Statutory Audit Board)

Sonae Investimentos, SGPS, SA (Statutory Audit Board)

In other companies not belonging to Efanor Group

Manuel Heleno Sismeiro

OCP Portugal Produtos Farmacêuticos SA (Chairman of the Statutory Audit Board)

Segafredo Zanetti (Portugal) SA (Chairman of the Board of the Shareholders' General Meeting)

Armando Luís Vieira de Magalhães

Futebol Clube do Porto - Futebol S.A.D (Statutory Audit Board)

PortoComercial - Sociedade de Comercialização, Licenciamento e Sponsorização, SA (Statutory Audit Board)

Óscar Alçada da Quinta

BA GLASS I – Serviços de Gestão e Investimentos, SA. (Statutory Audit Board)

Caetano-Baviera – Comércio de Automóveis, SA (Statutory Audit Board)

Óscar Quinta, Canedo da Mota & Pires Fernandes, SROC (Board of Directors)

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

2.11.4. Election and Evaluation of the Statutory External Auditor

The Statutory Audit Board proposed the election of the Statutory External Auditor at the Shareholders' General Meeting held in 2012, who is also the external auditor of the company. The proposed remuneration policy approved at the 2012 Shareholders'

General Meeting states that the Statutory External Auditor of the company should be paid according to the normal levels of fees for similar services by reference to market information, as negotiated annually under the supervision of the Statutory Audit Board and of the Board Audit and Finance Committee.

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

SECTION IV – Remuneration

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

Sonae Indústria's Shareholders' Remuneration Committee is appointed by the Shareholders' General Meeting for a three-year term and was elected at the Shareholders' General Meeting held in March 2012 for the mandate 2012-2014. Currently this committee is composed by Efanor Investimentos - SGPS, SA, represented by Belmiro Mendes de Azevedo, by Imparfin - SGPS, SA, represented by José Fernando Oliveira de Almeida Côrte-Real and by the Professor José Manuel Neves Adelino.

The participation of Belmiro de Azevedo at the Shareholders' Remuneration Committee, who is also Chairman of the Board of Directors and, on 31st December 2012, President of the Executive Committee of the company, corresponds to the representation of shareholder interests in the Shareholders' Remuneration Committee, as he intervenes in that capacity. Belmiro de Azevedo does not participate in the discussion nor is present in the moment of the meeting in which his own payment is discussed therefore ensuring the necessary impartiality and transparency.

The representative of Imparfin, José Corte Real, works for the Efanor Group on Human Resources' area; his extensive knowledge and vast experience in Human Resources, namely in regard to remuneration policy contribute very positively to the work of the Shareholders' Remuneration Committee.

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

At the Shareholders' Annual General Meeting held in 2012, a remuneration policy and a shares granting plan proposed by the Shareholders' Remuneration Committee was approved.

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

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

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

The fixed remuneration and target variable remuneration are decided by the Shareholders' Remuneration Committee in coordination with the Board Nomination and Remuneration Committee.

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

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

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

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

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

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

In applying the Remuneration and Compensation Policy consideration is given to roles and responsibilities performed in affiliated companies.

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

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

To ensure the effectiveness and transparency of the objectives of the remuneration and compensation policy, the executive directors:

- have not, and will not, enter into agreements with the company or third parties that will have the effect of mitigating the risk inherent in the variability of the remuneration established by the company;
- must not sell, during their mandate started in 2012, company's shares that they may have accessed through participation in the Medium Term Incentive Plan, up to two times the value of the total annual remuneration, except of those shares that are required to be sold for the payment of taxes on the gains of said shares.

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

Executive Board Members (ED)

The remuneration Policy of the Executive Board Members normally includes two components:

- (i) a fixed component, which includes an Annual Salary paid in reference to one year period (salaries are paid 12 months) and an annual responsibility allowance,
- (ii) a variable component, awarded in the first half of the year following the year to which it relates (the “Performance Year”) and subject to the accomplishment of the targets and objectives fixed for the Performance Year. The variable component is divided into two parts: (a) a Short Term Performance Bonus which is paid immediately after it is awarded,, and (b) a Medium Term Performance Bonus, awarded under the Medium Term Incentive Plan, which vests and is paid after a 3 year deferral period, considering that the exposure of EDs to fluctuations in the share price is the most appropriate way to align the interests of EDs with those of shareholders.

(i) The fixed remuneration of an ED is based on the personal competences and level of responsibility of the function exercised by each ED and is reviewed annually. Each ED is attributed a classification named internally as a Management Level (“Grupo Funcional”). EDs are classified under one of the following Management Levels: “Group Leader”, “Group Senior Executive”, or “Senior Executive”. The various Management Levels are structured according to Hay’s international model for the classification of corporate functions, thereby facilitating market comparisons, as well as helping to promote internal equity.

(ii) The variable remuneration is designed to motivate and reward the EDs to achieve predetermined targets and objectives, which are based on indicators of Company performance, of working teams under their responsibility and of their own personal performance. Variable remuneration is awarded after the annual accounts are closed and after their performance evaluation has been completed. As the amount of the award is subject to the accomplishment of targets and objectives, there is no guarantee that any payment will be made.

(a) The Short Term Performance Bonus (“STPB”)

This bonus is paid in the first half of the year following the year to which it relates (the “Performance Year”).

Approximately 70% of its value is determined by business, economic and financial Key Performance Indicators (“KPIs”). These are quantified indicators, which are divided into collective and departmental KPIs. The collective KPIs consist of economic and financial

indicators based on the budget (usually related with Free Cash Flow), linked to the performance of each business unit, as well as to the consolidated performance of the Company. The departmental KPIs have a functional or business unit nature, with a similar linkage to collective KPIs, but are directly influenced by the performance of the ED. The remaining 30% are determined by the achievement of personal KPIs.

(b) The Medium Term Performance Bonus ("MTPB"), under the Medium Term Incentive Plan (MTIP)

This bonus is designed to enhance the connection of the EDs with the Company, aligning their interests with the interests of shareholders, and increasing their awareness of the importance of their performance on the overall success of the organisation. The value awarded corresponds to at least 100% of the Short Term Performance Bonus, which means that the Medium Term Performance Bonus, awarded through participation in the Medium Term Incentive Plan, corresponds to at least 50% of the total value of variable remuneration.

The value awarded in euros is divided by the average of the closing share prices of the thirty trading sessions prior to the Shareholders' General Meeting, or alternatively, prior to 30 April, should the Shareholders' General Meeting be held after that date, to determine the number of shares each ED is initially entitled to under the MTIP. The amount initially converted into shares is adjusted for any changes to the share capital that occurred or any dividends distributed (using Total Shareholder Return methodology) during the 3 year deferral (or vesting) period. On the vesting date of the MTIP, the corresponding shares are delivered free of cost, although the Company reserves the right to pay the equivalent market value in cash.

Taking the two variable components together, the target values set in advance range between 40% and 60% of the total annual remuneration (fixed remuneration and target variable remuneration).

At the time of working out actual results achieved or assessed, the value of each bonus to be awarded is limited to the minimum 0% and the maximum of 140% of the target value set in advance.

Medium Term Variable Bonus (MTVB)

1. MTVB Characteristics

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

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

2. MTVB Placement

The MTVB is designed to reward the beneficiaries for their sustained effort over 4 years (made up of the Performance Year [1 year] and the Deferral Period [3 years]) and to improve business performance, which is a key driver of value creation for shareholders. This value creation is measured by the assessment of the performance of each beneficiary during the Performance Year and the value initially awarded is linked to the evolution of the Company's share price over a three year deferral period. The value of shares initially attributed to each beneficiary, depends on his or her performance during the Performance Year (% of target MTVB awarded = % Annual KPIs achieved). The value is converted into shares and adjusted for any variations in capital or dividends in line with the concept Total Shareholder Return during the Deferral Period.

3. Eligibility

Executive directors are eligible for the award and to participate in the Sonae Indústria MTVB.

According to the remuneration and compensation policy approved by the Board of Directors, other employees may also be eligible for the award and to participate in the MTVB, in the terms set forth in the above referred policy.

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

4. MTVB Reference Value and Maturity

The value of the MTVB for the Executive Directors corresponds to at least 100% of the Short Term Variable Bonus, which means that the MTVB corresponds to at least 50% of the total amount of variable remuneration. The value assigned is initially converted into an equivalent number of shares of Sonae Indústria, considering for the effect the average value of the closing share price of the thirty trading sessions prior to the Shareholders' General Meeting or alternatively prior to 30th of April, if the Shareholders' General Meeting should be held after that date.

In the case of distribution of dividends, change of par value of shares or alteration of the company's share capital, the number of shares initially awarded under the Plan will be adjusted according to the market standard methodology used to calculate the Total Shareholder Return, during the Deferral Period.

Three years later, in the third year of the conversion date, the plan becomes due.

On the expiration date, the number of corresponding shares is transferred to each executive director, without payment of compensation. The other employees who have been assigned that right, may acquire shares under the conditions established by the Board of Directors, within a range that can vary from 0% to 10% of their cost.

The company reserves the right to deliver, instead of shares, the cash equivalent value of such shares on the date of the relevant exercise.

5. Termination of the plan

The right to purchase the shares awarded under the plan expires if there is a cessation of which led to the award of the Plan, without prejudice to the following paragraphs.

In case of permanent disability or death of the beneficiary, pending Plans will be recalculated, according to the market value at the date, and the payment will be made to himself or his heritor.

In case of beneficiary's retirement, the pending Plan remain in force until the date of the respective maturities.

Non-Executive Board Members

The remuneration of the Non-Executive Members (NEDs) shall be based on market comparables and be structured as follows: (1) a Fixed Remuneration (of which

approximately 15% depends on the attendance to the meetings of the Board of Directors or any Board Committees) is payable; (2) an annual responsibility allowance. No other variable remuneration or other compensation is payable to NEDs. The Fixed Remuneration is increased by up to 5% for NEDs serving as chairmanship of any Board Committee.

2012	Total Fixed Annual Remuneration		Total Short Term Variable Bonus		Total Medium Term Variable Bonus		Total	
	2011	2012	2011 (a)	2012 (b)	2011 (c)	2012 (d)	2011	2012
Belmiro de Azevedo (Chairman)	181.300	182.200					181.300	182.200
Paulo Azevedo	27.540	28.300					27.540	28.300
Javier Veja		23.490						23.490
Álvaro Cuervo (e)	28.667	6.710					28.667	6.710
Albrecht Ehlers(f)	23.256	41.400					23.256	41.400
Rui Correia	232.100	265.951	99.100	110.000	99.100	165.000	430.300	540.951
Christophe Chambonnet (g)	212.200	52.500	145.650				357.850	52.500
João Paulo Pinto	212.100	260.950	85.900	110.000	85.900	165.000	383.900	535.950
Jan Bergmann		250.000	113.700	100.000	56.890	150.000	170.590	500.000
Total of Board of Directors	917.163	1.111.501	444.350	320.000	241.890	480.000	1.603.403	1.911.501

(a) relative to 2011, value approved and paid in 2012

(b) relative to 2012, based on target values, but this award is subject to real KPI achievement and to subsequent approval by the Shareholder's Remuneration Committee

(c) relative to 2011, approved in 2012, deferred during a 3 year vesting period until 2015

(d) relative to 2012, based on target values, but this award is subject to real KPI achievement and to subsequent approval by the Shareholder's Remuneration Committee. The initially amount, to be awarded in 2013 and linked to share price performance, is deferred during a 3 year vesting period until 2016, and will be booked linearly over that period of 3 years

(e) relative to 3 months in 2012

(f) relative to 4 months at Sonae Indústria and 12 months at Glunz in 2011

(g) relative to 3 months in 2012

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

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

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

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

Statutory Audit Board

Regarding the Statutory Audit Board, the remuneration policy adopted provides that the remuneration consists of a fixed fee, determined taking into account the situation of the company as well as market practices and includes an annual liability allowance. The annual remuneration of the Chairman of the Statutory Audit Board in 2012 was 10.200 Euros and that of the remaining 2 members, 8.200 Euros each.

"Senior Management"

The remuneration policy approved by the Shareholders' General Meeting provides that the remuneration policy applicable to persons who are considered "*dirigentes*" within the meaning of paragraph 3 of Article 248-B of the Securities Code, is equivalent to that adopted for the remuneration of other directors of the same function level and

responsibilities without attributing any additional benefit compared to what is attributed for its functional group.

2.13. Policy of Communication Irregularities

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

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

Any possible case of irregularity should be sent via e-mail or post to one of the following addresses:

E-mail: ethics.committee@sonaeindustria.com

Post: Sonae Industria SGPS, S.A.
Ethics Subcommittee of the Social Responsibility, Environment and Ethics Committee
Lugar do Espido, Via Norte
Apartado 1096
4470-177 Maia Codex
Portugal

A meeting to clarify the alleged irregularity can then be arranged with the Ethics Subcommittee of the Social Responsibility, Environment and Ethics Committee, when required

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

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

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

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

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

The **Code of Conduct** of Sonae Indústria contains a set of standards based on our shared values that govern the activities of Sonae Indústria. It applies to everyone employed by the Group, including members of the statutory bodies of Group companies, managing directors, senior executives, employees and people whose status is equivalent to that of employees, such as temporary staff and service providers. The Code sets out guidance on those matters of business ethics to be complied with by all Employees and service providers when carrying out their professional duties. During 2012, the Board of Directors decided including some changes in the Code of Conduct, which aim to reinforce the principle, already included in that Code, which means that all directors and employees of the Group have to guide their conduct by the strict compliance of the applicable laws.

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

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

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

Relations with Employees and service providers

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

Relations with Shareholders and Other investors

- Creation of value
- Transparency
- Compliance

Relations with Governments and Communities

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

Relations with Business Partners

- Customer Focus

- Integrity
- Ethical behaviour
- Transparency

Relations with Competitors

- Enforcement of competition laws
- Ethical behaviour

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

SECÇÃO V – Special Committees

2.14. Committees with special competences

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



2.14.1. Board Audit and Finance Committee (“BAFC”)

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

- Javier Vega (Chairman; Independent)
- Paulo Azevedo
- Albrecht Ehlers (Independent)

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

- reviewing the financial statements and earnings announcements to be disclosed to the market and to report its findings to the Board;
- analysing risk management, internally control, businesses and processes;
- reviewing the results of internal and external audits;
- following the trends in the main financial ratios and changes in formal and informal ratings of the Company, including reports from rating agencies;

- analysing and advising on any changes in accounting policies and practices;
- reviewing compliance with accounting standards;
- verifying compliance with legal and statutory obligations, in particular within the financial domain.

Over the course of 2012, the BAFC held 5 meetings with the respective minutes having been drafted.

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

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

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

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

This Committee is responsible for:

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

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

The current members of the Ethics sub-committee are:

Albrecht Ehlers (Chairman)
Edite Barbosa (Global Human Resources Director)
Rogério Ribeiro (Internal Auditor)

SREEC met twice during 2012 and recorder in the minutes their deliberations. The Ethics Sub Committee met twice.

2.14.3. Board Nomination and Remuneration Committee (“BNRC”)

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

- Belmiro de Azevedo (Chairman)
- Javier Vega (Independent)
- Paulo Azevedo
- Albrecht Ehlers (Independent)

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

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

Over the course of 2012, the BNRC met on two occasions with the respective minutes having been drafted.

3. Information

3.1. Capital Structure

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

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

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

(*) Under the terms of paragraph b) of no. 1 of Article 20 and of no. 1 of Article 21 of the Portuguese Securities Code, Belmiro Mendes de Azevedo is the ultimate beneficial owner, since he holds around 99% of the share capital and voting rights of Efanor Investimentos SGPS, SA, which, in her turn, is the dominant company of Pareuro BV.

3.3. Identification of the shareholders that detain special rights

There are no shareholders with special rights.

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

There are no restrictions to the transfer of company shares.

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

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

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

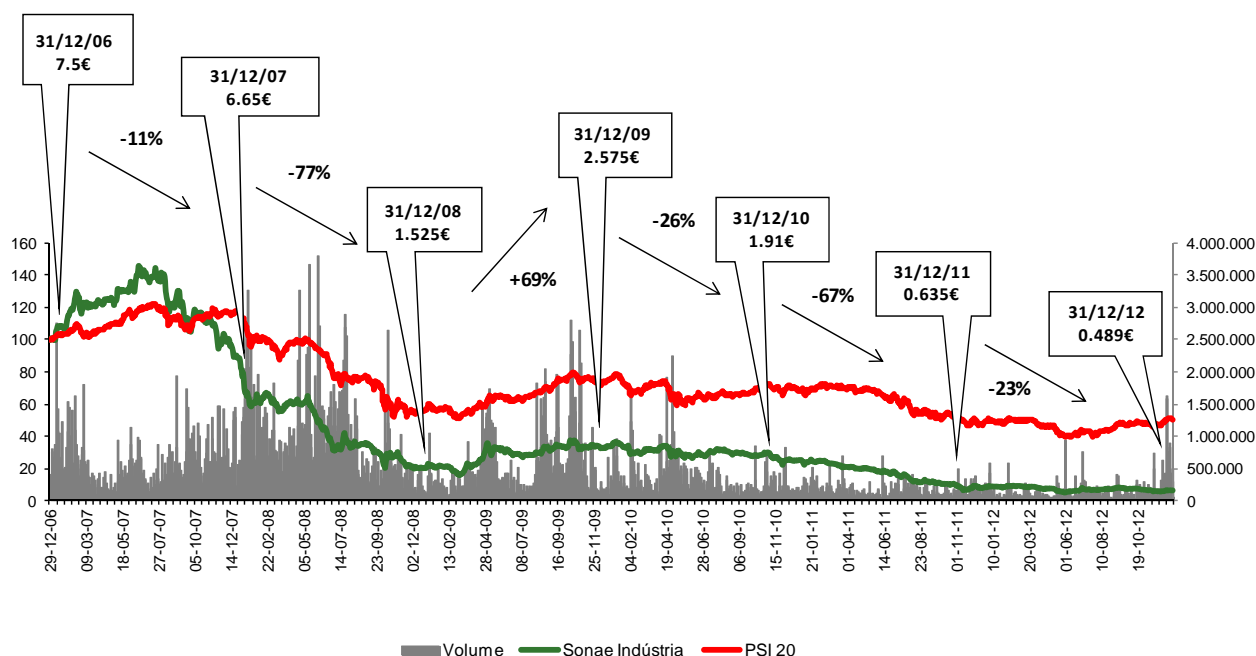
The rules applicable to amendments of the Articles of Association are established by law. It is the task of the Shareholders' General Meeting to decide on the amendment of the Articles of Association. However, the Board of Directors can decide to change the registered office within the national territory,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

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

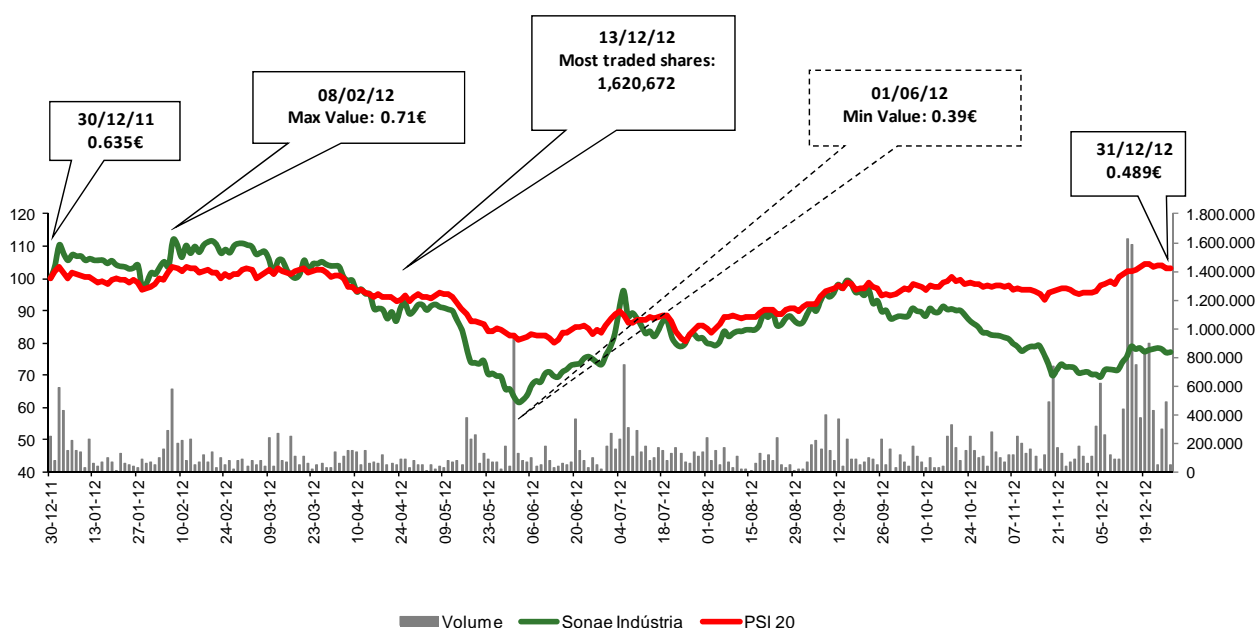
Control mechanisms for a possible employee-shareholder system, in as much as the voting rights are not directly exercised by them, are not planned.

3.8. Share Price performance in 2012

The share price performance of Sonae Indústria is particularly affected by crises and the recovery in economic activity, as the company operates in a highly cyclical sector, dependent on the construction and furniture industries.



2008 was marked by a global drop in equity markets resulting from the deepening crisis of confidence prevailing within capital markets due to problems related to subprime mortgages. During that year Sonae Indústria's share price declined 77% from 6.65€ at the end of 2007 to 1.525€ at the end of 2008. In 2009, there was a slight recovery in stock markets, including the Sonae Indústria shares which recovered 69%.



Over the last 2 years Sonae Indústria share price has been also particularly affected by the sovereign debt crisis, which resulted in a higher risk aversion to invest in Portugal, and the consequent escape of investors, particularly foreign investors of domestic capital markets and the subsequent lower liquidity. In parallel, the difficulties in the banking sector, particularly the Portuguese, with the consequent reduction of credits granted or refinanced by them, lead to a greater risk aversion in relation to more leveraged firms, as is the case of Sonae Indústria. During 2011 the share price fell by 67% and in 2012 and fell again by 23%, from 0.635€ at the end of 2011 to 0.489€ at the end of 2012.

The maximum value of 2012 was reached on 8 February (0.71€) and the minimum value at June 1, 2012 (0.39€).

Stock Market Indicators	2009	2010	2011	2012
Share Capital	700.000.000	700.000.000	700.000	700.000
Total number of shares	140.000.000	140.000.000	140.000.000	140.000.000
Net Results	-58.782.190	-74.434.786	-57.817.393	-98.876.879
Nets Results per share	-0,42	-0,53	-0,41	-0,71
Dividends per share*	0	0	0	0
Maximum Value	2,82	2,75	1,93	0,71
Minimum Value	1,20	1,68	0,50	0,39
Average Value	2,16	2,23	1,23	0,56
Share Price (31/12)	2,58	1,91	0,64	0,49
Market Capitalization (31/12)	360.500.000	267.400.000	88.900.000	68.460.000
Average daily transactions**	513.226	317.104	162.181	150.479

* distributed in the following year

** Average number of shares traded per day

In terms of liquidity, the share had an average turnover of 150,479 shares daily and the highest value of 1.620.672 shares was reached on 13th December 2012.

MAIN EVENTS IN 2012
<ul style="list-style-type: none"> ➤ 29/02/2012 : FY11 consolidated results announced ➤ 09/05/2012: 1Q12 consolidated results announced ➤ 27/07/2012: Information about the start of the consultations regarding the future of the indirect affiliated company Sonae Industria (UK) ➤ 30/07/2012: 1H12 consolidated results announced ➤ 13/09/2012: Information regarding a trade receivables securitisation transaction ➤ 14/09/2012: Information regarding the closure of the Knowsley plant ➤ 23/10/2012: Information regarding the modification of repayment plan and interest rate of "Sonae Indústria 2010/2017 " Bond Loan ➤ 16/11/2012: 9M12 consolidated results announced ➤ 04/12/2012: Information regarding the entry into negotiations of Tableros Tradema on the closure of its factory located in Solsona

3.9. Dividend policy

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

3.10. Transactions with Related Parties

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

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

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

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

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

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

3.11. Investor Relations

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

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

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

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

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

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

3.12. Remuneration of the Statutory External Auditors

In 2012, the statutory external auditor PriceWaterhouseCoopers invoiced Sonae Indústria and its affiliated companies a total amount of 440 713 Euros, being 91,65% related to the legal certification of the accounts, 8,35% related to other reliability services.

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



Appendices to Management Report

Qualified Shareholdings

APPENDIX REGARDING ARTICLE 447 OF THE COMPANY LAW

Date	Acquisitions		Sales		Balance at
	amount	€ average value	amount	€ average value	31.12.2012 amount
Belmiro Mendes de Azevedo					
Efanor Investimentos, SGPS, SA (1)					49,999,997
(1 share is held by the spouse)					
Sonae Indústria, SGPS, SA					1,010
(held by the spouse)					
Duarte Paulo Teixeira de Azevedo					
Efanor Investimentos, SGPS, SA (1)					1
Migracom, SGPS, SA (2)					1,969,996
Sonae Indústria, SGPS, SA					223
(held by the menor descendent)					
Rui Manuel Gonçalves Correia					
Sonae Indústria, SGPS, SA					12,500
João Paulo dos Santos Pinto					
Sonae Indústria, SGPS, SA					407
Agostinho Conceição Guedes					
Sonae Indústria, SGPS, SA					2,520
Date	Acquisitions		Sales		Balance at
	amount	€ average value	amount	€ average value	31.12.2012 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
Imparfin, SGPS, SA (4)					150,000
(3) Pareuro, BV					
Sonae Indústria, SGPS, SA					27,118,645
(4) Imparfin, SGPS, SA					
Sonae Indústria, SGPS, SA					278,324



APPENDIX REGARDING ARTICLE 448 OF THE COMPANY LAW

	<u>Number of shares at 31.12.2012</u>
Efanor Investimentos, SGPS, SA	
Sonae Indústria, SGPS, SA	44,780,000
Pareuro, BV	2,000,000
Pareuro, BV	
Sonae Indústria, SGPS, SA	27,118,645

QUALIFIED SHAREHOLDINGS

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

Shareholder	No. of shares	% Share Capital	% Voting rights
Efanor Investimentos, SGPS, SA (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	<u>72,013,775</u>	<u>51.4384%</u>	<u>51.4384%</u>
	140,000,000		

(1) Under the terms of paragraph b) of no. 1 of Article 20 and of no. 1 of Article 21 of the Portuguese Securities Code, Belmiro Mendes de Azevedo is the ultimate beneficial owner, since he holds around 99% of the share capital and voting rights of Efanor Investimentos SGPS, SA, which, in her turn, is the dominant company of Pareuro BV.



**Statement issued under the terms and for the purpose of sub-paragraph c) of no. 1 of
Article 245 of the Portuguese Securities Code**
(Free translation from the original in Portuguese)

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

- a) Management Report, the annual accounts and further related documents requested by current law have been prepared according to the applicable accountancy norms, reflecting a true and appropriate image of assets and liabilities, the financial situation and results of both the company and other companies within its consolidation perimeter; and
- b) Management Report dully states the evolution of the business, performance and financial position of both the company and other companies within its consolidation perimeter business and contains a description of the main risks and uncertainties they are confronted with.

Belmiro Mendes de Azevedo

Duarte Paulo Teixeira de Azevedo

Javier Vega de Seoane Azpilicueta

Albrecht Olof Luther Ehlers

Rui Manuel Gonçalves Correia

João Paulo dos Santos Pinto

Jan Kurt Bergmann



Separate Financial Statements

Sonae Indústria-SGPS,SA

INDIVIDUAL STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2012 AND 2011

(Values in EUR)

ASSETS	Notes	31.12.12	31.12.11
NON CURRENT ASSETS:			
Tangible assets	3	3.118	3.738
Intangible assets	4	-	44
Investment in associates	6	745.286.910	921.463.036
Available-for-sale investments	6	122.922	117.922
Deferred tax assets	7	6.763.505	9.120.837
Other non current assets	8	513.844.898	574.993.958
Total Non Current Assets		1.266.021.352	1.505.699.535
CURRENT ASSETS			
Trade debtors	9	6.584	248.036
Other debtors	9	2.252.276	3.453.506
Taxes and other contributions receivable	9	682.832	531.308
Other current assets	10	120.372	75.324
Cash and cash equivalents	11	68.504	5.887.410
Total Current Assets		3.130.568	10.195.585
Non current assets held for sale		-	-
Total Assets		1.269.151.920	1.515.895.120
SHAREHOLDER'S FUNDS AND LIABILITIES			
SHAREHOLDER'S FUNDS:			
Share Capital		700.000.000	700.000.000
Legal reserve		3.131.757	3.131.757
Other reserves and retained earnings		84.913.710	264.698.654
Accumulated other comprehensive income		-	-
Total Shareholder's Funds		788.045.468	967.830.411
NON CURRENT LIABILITIES			
Bank loans - long term - net of current portion	13	59.735.977	89.143.872
Debentures - long term - net of current portion	13	248.344.033	287.993.050
Total Non Current Liabilities		308.080.010	377.136.922
CURRENT LIABILITIES			
Current portion of long term bank loans	13	42.969.697	69.469.697
Bank loans - short term	13	52.546.189	-
Current portion of long term debentures	13	55.000.000	15.000.000
Other loans	14	121.973	258.174
Trade Creditors	15	17.696.869	81.155.379
Other creditors	15	873.102	914.492
Taxes and other contributions payable	16	3.818.613	4.130.045
Total Current Liabilities		173.026.442	170.927.788
Liabilities related to non current assets held for sale		-	-
Total Shareholder's Funds and Liabilities		1.269.151.920	1.515.895.120

The notes are an integral part of the individual financial statements

Sonae Indústria-SGPS,SA
INDIVIDUAL INCOME STATEMENTS
FOR THE PERIODS ENDED AT 31 DECEMBER 2012 AND 2011

(Values in EUR)

	Notes	31.12.12	31.12.11
Operating Income:			
Sales		-	-
Services rendered	21	-	438.023
Change in fair value of investment properties		-	-
Other Operating Income	22	133.506	345.857
Total operating income		<u>133.506</u>	<u>783.880</u>
Operating Costs:			
Cost of sales		-	-
Changes in stock and work in progress		-	-
External supplies and services		(1.095.796)	(1.328.578)
Staff costs		(954.144)	(931.708)
Amortisation and Depreciation		(1.456)	(1.714)
Provisions and impairment losses	17	(176.179.713)	-
Other operating costs	22	(236.740)	(227.110)
Total operating costs		<u>(178.467.848)</u>	<u>(2.489.110)</u>
Operating profit/(loss)		<u>(178.334.342)</u>	<u>(1.705.230)</u>
Financial profit/(loss)	23	(402.110)	1.120.880
Profit/(loss) on associates		-	-
Profit/(loss) on other investments	24	-	869.278
Profit/(Loss) before tax		<u>(178.736.451)</u>	<u>284.928</u>
Corporate income tax - current tax	25	1.262.617	1.377.109
Corporate income tax - deferred tax	25	(2.357.332)	(1.486.331)
Net Profit/(loss) on continuing operations		<u>(179.831.167)</u>	<u>175.706</u>
Profit/(loss) on discontinued operations			
Profit/(loss) for the period		<u><u>(179.831.167)</u></u>	<u><u>175.706</u></u>
Profit (loss) per Share			
Excluding Discontinued operations			
Basic	26	<u>-1,28</u>	<u>0,00</u>
Diluted		<u><u>-1,28</u></u>	<u><u>0,00</u></u>

The notes are an integral part of the individual financial statements

Sonae Indústria-SGPS,SA
INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED AT 31 DECEMBER 2012 AND 2011
(Values in EUR)

	<u>NOTES</u>	<u>31.12.12</u>	<u>31.12.11</u>
Profit/(loss) for the period	12	- 179 831 167	175 706
Other comprehensive income for the period			
Change in fair value of available-for-sale financial assets			
Change in fair value of cash flow hedge derivatives		-	-
Gains on property revaluation			
Actuarial gains / (losses) on benefit pension plans			
Share of other comprehensive income of associates			
Income tax relating to components of other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u><u>- 179 831 167</u></u>	<u><u>175 706</u></u>

The notes are an integral part of the individual financial statements

Sonae Indústria-SGPS,SA

INDIVIDUAL STATEMENTS OF CHANGES IN SHAREHOLDERS' FUNDS AT 31 DECEMBER 2012 AND 2011
(Values in EUR)

	NOTES	Accumulated other comprehensive income								Subtotal	Total shareholder's funds
		Share capital	Legal reserve	Other Reserves and Retained earnings	Available-for-sale financial assets	Cash flow hedge derivatives	Property revaluation	Actuarial gains / (losses) on benefit pension plans	Share of other comprehensive income of associates	Income tax related to other comprehensive income	
Balance as at 1 January 2012		700 000 000	3 131 757	264 698 654							967 830 411
Appropriation of previous year's net profit / (loss)											
Total comprehensive income											
Net profit / Loss for the period	12			- 179 831 167							- 179 831 167
Other comprehensive income											
Total				- 179 831 167							- 179 831 167
Others				46 224							46 224
Balance as at 31 December 2012	12	<u>700 000 000</u>	<u>3 131 757</u>	<u>84 913 710</u>							<u>788 045 468</u>
Balance as at 1 January 2011		700 000 000	3 131 757	264 522 948							967 654 705
Appropriation of previous year's net profit / (loss)											
Total comprehensive income											
Net profit / Loss for the period	12			175 706							175 706
Other comprehensive income											
Total				175 706							175 706
Others											
Balance as at 31 December 2011	12	<u>700 000 000</u>	<u>3 131 757</u>	<u>264 698 654</u>							<u>967 830 411</u>

The notes are an integral part of the individual financial statements

SONAE INDÚSTRIA,SGPS,S.A.
INDIVIDUAL STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED AT 31 DECEMBER 2012 AND 2011
(Values in EUR)

OPERATING ACTIVITIES	31.12.2012	31.12.2011
Cash receipts from trade debtors	241.469	514.021
Cash paid to trade creditors	1.248.761	2.002.128
Cash paid to employees	1.100.923	1.257.813
Operational Cash Flow	-2.108.215	-2.745.920
Corporate income tax paid / received	-881.609	-2.060.069
Other cash receipts and payments relating to operating activities	-109.007	267.196
Net cash flow from operating activities [1]	-1.335.613	-418.655
INVESTMENTS ACTIVITIES:		
Cash receipts arising from:		
Financial investments		5.974.736
Tangible assets		
Intangible assets		
Interest assets and similar income		
Dividends		869.278 6.844.014
Cash payments owing to:		
Financial investments	8.600	1.088.754
Tangible assets	792	
Intangible assets	9.392	1.088.754
Net cash flow from investing activities [2]	-9.392	5.755.260
FINANCIAL ACTIVITIES		
Cash receipts arising from:		
Interest and similar charges	2.399.229	19.505.177
Loans granted	304.137.086	274.663.600
Loans obtained	2.765.000.000 3.071.536.315	3.836.333.000 4.130.501.777
Cash payments owing from:		
Interest and similar costs	22.204.191	21.239.959
Dividends	18	48
Loans granted	221.424.000	264.069.681
Loans obtained	2.857.428.197	3.850.261.364
Others	3.101.056.406	4.135.571.052
Net cash flow from financing activities [3]	-29.520.091	-5.069.275
Net increase / decrease in cash and cash equivalents	-30.865.095	267.330
Cash and cash equivalents - opening balance	5.887.410	5.620.080
Cash and cash equivalents - close balance	-24.977.685	5.887.410
Net increase / decrease in cash and cash equivalents	-30.865.095	267.330

The notes are an integral part of the individual financial statements

SONAE INDÚSTRIA, SGPS, S.A.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2012

(Amounts expressed in Euros)

1. Introduction

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

2. Main Accounting Policies

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

2.1. Basis of Preparation

These financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) and the International Accounting Standards (IAS) issued by the International Accounting Standards Board (IASB) and with Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) or by the former Standing Interpretations Committee (SIC), applicable to the period beginning on 1 January 2012 and endorsed by the European Union.

In the year ended 31 December 2012 the following standards and interpretations became effective:

IFRS 7 (amendment), Financial Instruments: Disclosures – Transfer of financial assets. This amendment to IFRS 7 refers to disclosures regarding financial assets transferred to third parties but not derecognized from the balance sheet due to continuous engagement of the entity or related obligations.

At 31 December 2012 the following standards and interpretations had been issued but not applied as they only become effective on later periods:

IAS 1 (amendment), Presentation of Financial Statement' (effective for periods beginning on or after 1 July 2012) IAS 12 (amendment), Income Taxes (effective for periods beginning on or after 1 January 2013). IAS 19 (amendment 2011), Employee Benefits (effective for periods beginning on or after 1 January 2013). Improvement to the standards 2009-2011, effective mostly for periods beginning on or after 1 January 2013.

IFRS 1 (revision), First-time Adoption of IFRSs (effective for periods beginning on or after 1 January 2013). IFRS 11 (new) Joint Arrangements (effective for periods beginning on or after 1 January 2014). IFRS 12 (new), Disclosure of Interests in Other Entities (effective for periods beginning on or after 1 January 2014). Amendment to IFRS 10, IFRS 11 and IFRS 12, Transition Guidance (effective for periods beginning on or after 1 January 2013). IFRS 13 (new), Fair value: Measurement (effective for periods beginning on or after 1 January 2013). IAS 27 (amended 2011), Separate Financial Statements (effective for periods beginning on or after 1 January 2014). IAS 28 (amended 2011), Investments in Associates and Joint Ventures (effective for periods beginning on or after 1 January 2014). IFRS 7 (amendment), Disclosures – Offsetting Financial Assets and Financial Liabilities (effective for periods beginning on or after 1 January 2013). IFRS 1 (amendment), First-time Adoption of IFRSs – Government loans (effective for periods beginning on or after 1 January 2013). IAS 32 (amendment), Financial Instruments: Presentation – Offsetting Financial Assets and Financial liabilities (effective for periods beginning on or after 1 January 2014). IFRS 9 (new), Financial instruments (effective for periods beginning on or after 1 January 2015). IFRIC 20 (new), Stripping costs in the production phase of a surface mine (effective for annual periods beginning on or after 1 January 2013).

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

2.2. Investments in Group and associated companies

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

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

2.3. Tangible Assets

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

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

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

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

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

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

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

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

2.4. Intangible Assets

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

Development expenses are recognized as an intangible asset if the company demonstrates technical feasibility and intention to complete the asset, ability to sell or use it and the probability that the asset will generate future economic benefits. Development expenses which do not fulfil these conditions are recorded as an expense in the period in which they are incurred.

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

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

2.5. Accounting for leases

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

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

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

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

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

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

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

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

2.7. Borrowing costs

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

Borrowing costs directly attributable to the acquisition, construction or production of tangible and intangible assets are capitalized as part of the cost of the qualifying asset. Borrowing costs are

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

2.8. Provisions

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

2.9. Financial Instruments

a) Investments

Investments are classified into the following categories:

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

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

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

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

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

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

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

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

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

b) Accounts receivable

Receivables are stated at net realizable value corresponding to their nominal value less impairment losses (recorded under the caption Impairment losses in accounts receivable). The impairment losses are recognized in "Impairment loss in costumers"

The impairment losses are recorded when the company know that never go to receive the trade receivables.

The amount of the impairment is the difference between the assets carrying amount and the present value of estimated future cash flows. Discounted at the financial assets original effective interest rate,

The receivables are recorded as current assets, except when its maturity is greater than twelve months from the balance sheet date, situation when they are classified as non-current assets.

c) Classification as equity or liability

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

d) Loans

Loans are recorded as liabilities at their nominal value, net of up-front fees and commissions related to the issuance of those instruments. Financial expenses are calculated based on the

effective interest rate and are recorded in the income statement on an accruals basis, in accordance with the accounting policy defined in Note 2.13. The portion of the effective interest charge relating to up-front fees and commissions, if not paid in the period, is added to the book value of the loan.

e) Trade accounts payable

Accounts payable are stated at their nominal value.

f) Derivatives

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

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

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

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

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

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

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

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

When embedded derivatives exist, they are accounted for as separate derivatives when the risks and the characteristics are not closely related to economic risks and characteristics of the host contract, and this is not stated at fair value. Gains and losses are taken through the profit and loss statement.

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

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

g) Cash and Cash Equivalents

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

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

2.10. Liability for medium and long term incentives plan

Each year the Company grant their employees that belong to a functional group classified as Executive or above a compensation which is related to the value added in the previous period for the shareholders. This compensation consists in granting a number of the Company's shares, which may choose, on payment date, to deliver the shares or to pay the corresponding amount, taking into consideration the market price of the shares on payment date.

This liability is stated on the Statement of Financial Position under Other reserves, and is stated on the Income Statement under Personnel costs, on a straight line basis over the deferral period, taking into consideration the fair value of granted shares on grant date.

If the employee ceases functions during the period over which payment of previously recognized liabilities is deferred, liabilities will be derecognized from the Statement of Financial Position against Personnel costs on Income Statement.

2.11. Contingent assets and liabilities

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

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

2.12. Income tax

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

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

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

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

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

2.13. Revenue recognition and accrual basis

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

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

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

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

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

2.14. Capital gains and losses

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

2.15. Balances and transactions expressed in foreign currencies

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

2.16. Subsequent events

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

2.17. Risk management

a) Market Risk Management Policy

i) Interest Rate Risk

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

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

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

- Derivatives are not used for trading, profit making, or speculative purposes;
- The Company only engage in derivative transactions with Investment Grade Financial Institutions;
- Derivatives match exact periods, settlement dates and base interest rate of the underlying exposures;
- Maximum financial charges on the aggregate of the derivative and the underlying exposures are always known and limited on the inception of the hedging period;
- Quotes from at least two Financial Institutions are considered before closing any interest rate hedging deal.

ii) Other Price Risks

As at 31st December 2012, Sonae Indústria did not hold material investments classified as “available-for-sale”.

b) Liquidity Risk Management Policy

Liquidity risk management in Sonae Industria aims to ensure that the company is able to timely obtain the financing required to properly carry on its business activities, implement its strategy, and meet its

payment obligations when due, while avoiding the need of having to obtain funding under unfavorable terms.

For this purpose, Liquidity management at the Group comprises:

- consistent financial planning and cash flow forecasting at country and consolidated levels with different time horizons (weekly, monthly, annual and business plan);
- diversification of financing sources;
diversification of the maturities of the debt issued in order to avoid excessive concentration of debt repayments in short periods of time;
- arrangement of committed (and uncommitted) credit facilities, commercial paper programs, and other facilities (such as a Securitization of Receivables program) with relationship banks, ensuring the right balance between satisfactory liquidity and adequate commitment fees;

2.18. Judgments and estimations

The most significant estimations included in these financial statements refer to:

- a) Useful lives of tangible and intangible assets ;
- b) Impairment tests on tangible and intangible assets ;
- c) Impairment analysis of accounts receivable ;
- d) Adjustments to assets, namely fair value adjustments and, relating to inventories, write-down to net realizable value ;
- e) Calculation of provisions and pension liabilities;
- f) Calculation of income tax .

These estimations were based on the best available information at the date these financial statements were prepared and were based on the knowledge and experience of present and past events.

Notwithstanding, some situations may occur in future periods which were not included in present estimations as they were not foreseeable. Changes to estimations after these financial statements date will be prospectively corrected through profit or loss in accordance with IAS 8.

Main estimations and assumptions relating to future events included in these financial statements are described in the correspondent notes.

3. Tangible Assets

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

	31.12.12									
	Land and buildings	Machinery and equipment	Transport equipment	Office equipment	Tools and utensils	Reusable containers	Other Tangible assets	Tangible assts in progress	Advances on account of tangible assets	Total
Gross asset:										
Opening balance	-	38.099	-	131827	-	-	-	-	-	169.926
Acquisitions	-	-	-	-	-	-	-	-	792	792
Transfers				792					(792)	-
Closing Balance	-	38.099	-	132.619	-	-	-	-	-	170.718
Accumulated amortizations, depreciations and impairment losses										
Opening balance	-	37.716		128.472						166.188
Depreciations for the period	-	104		1308						1.412
Disposals	-				-	-	-			
Closing Balance	-	37.820		129.780						167.600
Carrying amount	-	279		2.839						3.118
	31.12.11									
	Land and buildings	Machinery and equipment	Transport equipment	Office equipment	Tools and utensils	Reusable containers	Other Tangible assets	Tangible assts in progress	Advances on account of tangible assets	Total
Gross asset:										
Opening balance	-	38.099	-	131827	-	-	-	-	-	169.926
Disposals	-		-	-	-	-	-	-		
Closing Balance	-	38.099	-	131827	-	-	-	-	-	169.926
Accumulated amortizations, depreciations and impairment losses										
Opening balance	-	37.335		127.323						164.658
Depreciations for the period	-	381		1.149						1.530
Disposals	-				-	-	-			
Closing Balance	-	37.716		128.472						166.188
Carrying amount	-	383		3.355						3.738

4. Intangible Assets

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

31.12.12										
	Development costs		Development costs	Software		Software	Premiums paid for property occupation rights	Intangible assets in progress		Total
	GI	NGI		GI	NGI			GI	NGI	
Gross asset:										
Opening balance	-	-	-	-	550	550	-	-	-	550
Acquisitions	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-
Closing Balance	-	-	-	-	550	550	-	-	-	550
Accumulated amortizations, depreciations and impairment losses										
Opening balance	-	-	-	-	506	506	-	-	-	506
Depreciations for the period	-	-	-	-	44	44	-	-	-	44
Others	-	-	-	-	-	-	-	-	-	-
Closing Balance	-	-	-	-	550	550	-	-	-	550
Carrying amount	-	-	-	-	-	-	-	-	-	-
31.12.11										
	Development costs		Development costs	Software		Software	Premiums paid for property occupation rights	Intangible assets in progress		Total
	GI	NGI		GI	NGI			GI	NGI	
Gross asset:										
Opening balance	-	-	-	-	550	550	-	-	-	550
Acquisitions	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-
Closing Balance	-	-	-	-	550	550	-	-	-	550
Accumulated amortizations, depreciations and impairment losses										
Opening balance	-	-	-	-	322	322	-	-	-	322
Depreciations for the period	-	-	-	-	184	184	-	-	-	184
Others	-	-	-	-	-	-	-	-	-	-
Closing Balance	-	-	-	-	506	506	-	-	-	506
Carrying amount	-	-	-	-	44	44	-	-	-	44

5. Financial Instruments

In the Statement of Financial position at 31 December 2012 and 31 December 2011, the following financial Instruments are included:

	notas	Loans and receivables	Assets at fair value through profit or loss	Hedge derivatives	Available-for-sale assets	Sub-total	Assets out of scope of IFRS 7	Total
31.12.12								
Non current assets								
Available for sale investments	6				122 922	122 922		122 922
Other non current assets	8	513.844.898				513.844.898		513.844.898
Current assets								
Customers	9	6.584				6.584		6.584
Other current debtors	9	2.252.276				2.252.276		2.252.276
Other current assets	10						120.372	120.372
Cash and cash equivalents	11	68.504				68.504		68.504
Total		516.172.262			122.922	516.295.184	120.372	516.415.556
31.12.11								
Non current assets								
Available for sale investments	6				117 922	117 922		117 922
Other non current assets	8	574.993.958				574.993.958		574.993.958
Current assets								
Customers	9	248.036				248.036		248.036
Other current debtors	9	3.453.506				3.453.506		3.453.506
Other current assets	10						75.324	75.324
Cash and cash equivalents	11	5.887.410				5.887.410		5.887.410
Total		584.582.910			117.922	584.700.832	75.324	584.776.156
31.12.12								
Non current liabilities								
Bank loans - net of short term portion	13			59.735.977	59.735.977		59.735.977	
Debentures - net of short term portion	13			248.344.033	248.344.033		248.344.033	
Current assets								
Bank loans	13			95.515.886	95.515.886		95.515.886	
Debentures	13			55.000.000	55.000.000		55.000.000	
Trade creditors	14			12.1973	12.1973		12.1973	
Other current liabilities	16			17.696.868	17.696.868	3.818.631	215.5499	
Total				476.414.737	476.414.737	3.818.631	480.233.368	
31.12.11								
Non current liabilities								
Bank loans - net of short term portion	13			89.143.872	89.143.872		89.143.872	
Debentures - net of short term portion	13			287.993.050	287.993.050		287.993.050	
Current assets								
Bank loans	13			69.469.697	69.469.697		69.469.697	
Trade creditors	15			15.000.000	15.000.000		15.000.000	
Other current liabilities	17			258.174	258.174		258.174	
Total				543.020.146	543.020.146	4.130.072	547.150.218	

6. Investments

At 31 December 2012 and 31 December 2011, details of investments were as follows:

	31.12.12		31.12.11	
	Non current	Current	Non current	Current
<u>Investment in group companies</u>				
Opening balance at 1 January	944.006.011	-	948.826.873	-
Aquisitions over the period	3.600	-	1.088.754	-
Disposals over the period	13	-	159.615	-
Other	-	-	5.750.000	-
Closing balance for the period	944.009.598	-	944.006.011	-
Accumulated impairment losses	(198.722.687)	-	(22.542.975)	-
	<u>745.286.910</u>	<u>-</u>	<u>921.463.036</u>	<u>-</u>
<u>Investments held for sale</u>				
Fair value at 1 January	117.922	-	117.922	-
Aquisitions over the period	-	-	-	-
Disposals over the period	-	-	-	-
Increase/(decrease) in fair value	-	-	-	-
Other	5.000	-	-	-
Fair value at the end of the period	<u>122.922</u>	<u>-</u>	<u>117.922</u>	<u>-</u>
<u>Derivative instruments - current</u>				
Fair value at 1 January	-	-	-	-
Aquisitions over the period	-	-	-	-
Disposals over the period	-	-	-	-
Increase/(decrease) in fair value	-	-	-	-
Other	-	-	-	-
Fair value at the end of the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>745.409.832</u>	<u>-</u>	<u>921.580.958</u>	<u>-</u>

Investment in group companies

The main changes is related to,

Coverage of losses of Taiber , Tableros Aglomerados Ibericos SL amounting 3.600 euros

Acquisition of 2 Participation units of PIEP – Inovação em Engenharia de Polimeros

The increase in Accumulated impairment losses relates to the amounting of impairment in Sonae Industria Revestimentos Sa and Tafisa –Tableros de Fibra .

Investments held for sale

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

At 31 December 2012, Sonae Industria, SGPS had the following holdings in Group and Associated Companies:

Company	% Share	Acquisition Value	Accumulated impairment losses	Shareholder's Funds	Net Profit
Euroresinas - Industrias Químicas, S.A.	100,00%	15.838.525	-	17.198.385	695.947
Maiequipa - Gestão Florestal, S.A.	100,00%	3.438.885	2.232.476	801.358	-29.762 a)-c)
Movelpartes - Componentes para Indústria do Mobiliário, S.A.	100,00%	4.180.114	-	2.659.312	-280.800 c)
Sonae Industria de Revestimentos, S.A.	100,00%	21.729.193	4.651.233	11.704.061	-246.330 a)-c)
Imoplamac - Gestão de Imóveis, S.A.	100,00%	6.000.000	-	6.605.171	307.208
Sonae Industria-Management services	100,00%	250.000	-	2.165.874	150.254
Taiber	0,02%	28.742	-	-936.106	-3.750.318
Tafisa - Tableros de Fibras, S.A.	98,78%	861.581.312	171.528.480	79.615.466	-1.153.613 a),b),c)
Ecociclo - Gestão Ambiental, S.A.	100,00%	1.720.021	-	152.167	-299.409
Sonae Industria - Produção e Comercialização de Derivados de Madeira, S.A.	0,02%	3.497.787	-	85.735.117	2.990.785
Siaf Energia, S.A.	0,20%	5.000	-	8.586.629	482.008
Somit Imobiliária	0,02%	10	-	3.324.949	282.344
Agloma - Soc.Ind.Madeira Aglomerada, S.A.	100,00%	20.738.810	20.310.499	1.032.038	824.812 a)
Agloma Investimentos, S.A.	6,54%	5.000.000	-	88.415.756	1.848.745
Sonae RE, Société Anonyme	0,04%	1.200	-	3.000.000	0
		<u>944.009.598</u>	<u>198.722.687</u>		

a) The values recorded for the holdings in Agloma-Sociedade Industrial de Madeira Aglomerada SA Maiequipa-Gestão Florestal SA ,Sonae Industria Revestimentos SA and Tafisa –Tableros de Fibra were estimated to be higher than their recoverable value, therefore the company recognized impairment charges stated on heading Investments in associated companies (note 17).

b) The amount of Shareholder's funds is related with Individual Shareholder's Funds

c) Impairment tests carried out at 31 December 2012 consisted in determining the recoverable amount using the discounted cash flow method. Operating cash flows were projected over an eight-year period, thereafter extrapolated using a perpetuity and discounted to 31 December 2012. Weighted Average Cost of Capital, before tax, calculated through CAPM (Capital Asset Pricing Model) methodology for each reportable segment, was used as discount rates. These rates include specific market features and include different risk factors as well as risk-free interest rates of ten year bonds of each segment.

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

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

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

	Tableros de Fibras					SIR	Maiequipa	Movelpartes
	Península Ibérica	Alemanha	França	África Sul	Canadá			
Discount rate (pre-tax)	13,42%	9,56%	9,14%	17,06%	8,96%	13,27%	13,45%	13,27%
Growth rate on Perpetuity	1,00%	1,00%	1,00%	1,00%	1,00%	1,00%	1,00%	1,00%
Period	8 anos	8 anos	8 anos	8 anos	8 anos	8 anos	8 anos	8 anos
Test Conclusions	Impairment					Impairment	No impairment	No impairment

As a result of the tests carried out on 31 December 2012, were recognized impairments related with the company Sonae Industria Revestimentos in amount of 4.651.233 euros and Tafisa-Tableros de Fibra in amount of 171.528.480 euros (note 17)

7. Deferred tax

Details of deferred tax asset at 31 December 2012 and 31 December 2011 were as follows:

DEFERRED TAXES - BALANCES				
	31.12.12		31.12.11	
	Assets	Liabilities	Assets	Liabilities
Impairment of assets	5.077.625	-	5.077.625	-
Net losses carry-forward		-	2.769.634	-
Others	1.685.880	-	1.273.578	-
	<u>6.763.505</u>	<u>-</u>	<u>9.120.837</u>	<u>-</u>
DEFERRED TAXES - FLOWS				
	31.12.12		31.12.11	
	Assets	Liabilities	Assets	Liabilities
Opening Balance	9.120.837	-	10.607.168	-
Recognition in Profit or Loss:				
Impairment of assets	-	-	-	-
Net losses carry-forward	(2.769.634)	-	(2.759.909)	-
Others	412.302		1.273.578	
Sub-total	<u>(2.357.332)</u>	<u>-</u>	<u>(1.486.331)</u>	<u>-</u>
Closing Balance	<u>6.763.505</u>	<u>-</u>	<u>9.120.837</u>	<u>-</u>

The amount in others is related with tax Benefits – SIFIDE

The deferred taxes relating to tax losses carried forward were cancelled because expired in 2012

8. Other Non Current Assets

Details of Other Non Current Assets at 31 December 2012 and 31 December 2011 were as follows:

	31.12.12	31.12.11
Loans Granted To Group Companies (Nota 2.2 e 20)	513 844 898	574 993 958
Other Loans Granted	-	-
Tax Recoverable	-	-
Other Non- Current Assets	-	-
	<u>513 844 898</u>	<u>574 993 958</u>
Accumulated Imparment Losses (Nota 17)	<u>513 844 898</u>	<u>574 993 958</u>

Loans granted to Group companies have a medium and long term maturity and they yield interest at an average rate of 3,4280%.

No repayment terms are provided, only for interest rate. The repayment is made by availabilities

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

At 31 December 2012 and 31 December 2011, details of Current Trade Debtors were as follows:

	31.12.12	31.12.11
Current Accounts	6 584	248 036
Bills Receivable	-	-
	<u>6 584</u>	<u>248 036</u>
Accumulated Imparment Losses	-	-
	<u>6 584</u>	<u>248 036</u>

At 31 December 2012 and 31 December 2011, detail of trade debtors maturities were as follows:

	31.12.12	31.12.11
Not due	-	237.158
Due and not impaired		
< 30 days	-	5.087
30 - 90 days	-	-
> 90 days	6.584	5.791
	<u>6.584</u>	<u>10.878</u>
	<u>6.584</u>	<u>248.036</u>

At 31 December 2012 and 31 December 2011, details of Other Current Trade Debtors and State and other public entities were as follows:

	31.12.12	31.12.11
Group companies -Interest	612 815	2 114 678
Group companies -current Income Tax	1 231 623	1 052 958
	<u>1 844 438</u>	<u>3 167 636</u>
Other debtors	407.839	285.870
	<u>2.252.276</u>	<u>3.453.506</u>

	31.12.12	31.12.11
State & Other Public Entities		
Income Tax	682 695	530 552
Value Added Tax	-	-
Others	137	756
	<u>682 832</u>	<u>531 308</u>

At 31 December 2012 and 31 December 2011, detail of Others Debtors maturities were as follows:

	AGEING OF TRADE CREDITORS (ASSET BALANCES)		AGEING OF OTHER DEBTORS		TOTAL DEBTORS	
	31.12.12	31.12.11	31.12.12	31.12.11	31.12.12	31.12.11
Not due	-	-	-	-	-	-
Due and not impaired	-	-	-	345	-	345
< 30 days	140	275.975	6.018	9.550	6.158	285.525
30 - 90 days	-	-	-	-	-	-
> 90 days	401681	-	-	-	401681	-
	<u>401821</u>	<u>275.975</u>	<u>6.018</u>	<u>9.895</u>	<u>407.839</u>	<u>285.870</u>

10. Other Current Assets

Details of Other Current Assets at 31 December 2012 and 31 December 2011 were the following:

	31.12.12	31.12.11
Accrued Revenue	10 175	23 398
Deferred Costs	<u>110 197</u>	<u>51 926</u>
	<u>120 372</u>	<u>75 324</u>

11. Cash and Cash equivalents

At 31 December 2012 and 31 December 2011 detail of Cash and cash equivalents was the following:

	31.12.12	31.12.11
Cash at Hand	867	667
Deposits	44 637	76 095
Treasury Applications	23 000	5 810 648
Cash & Cash Equivalents - Balance Sheet	68 504	5 887 410
Overdraft (1)	(25.046.189)	-
	<u>(24.977.685)</u>	<u>5 887 410</u>

(1) In Statement of Financial Position- Bank loans Short term

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

The item Treasury applications is composed by amount of 23.000 euros relating to group companies - current loan.

12. Shareholders' Funds

Share Capital

On December 31, 2012 Sonae Industria's Share capital was fully underwritten and paid, is represented by 140.000.000 common shares, not entitled to fixed income, with a face value of 5 Euros per share

The following entity had more than 20% of the subscribed capital on 31 December 2012:

<u>Entity</u>	<u>%</u>
Efanor Investimentos, SGPS, S. A.	31,9

Reserves

Shareholder's Funds Detail:

	2012	2011
Share Capital	700.000.000	700.000.000
Legal Reserve	3.131.757	3.131.757
Free Reserve	20.145.630	20.145.630
Other Reserves	245.966.974	245.920.750
Retained Earnings	-1.367.726	-1.543.432
Total comprehensive Income	-179.831.167	175.706
	<u>788.045.467</u>	<u>967.830.411</u>

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

Other Reserves: Includes reserves of the merger of previous years which, in terms of Portuguese legislation are not distributable, can be incorporated into the capital .

During 2012 was recognized the amount of 46.224 euros related with Liability for medium and long term incentive plan (note 2.10).

Company changed the medium and long term incentive plan profile according to note 2.10 , concerning of granting a number of company's shares .

The fair value of services acquired was determinate with reference to the fair value of granted shares , calculated based on average stock prices in the 30 days immediately prior to general shareholder's meeting.

The amount recognized on personnel costs stated in Income statement was registered according to the rules of transactions plans on the basis of shares and settled with own capital

	31.12.2012
Nº Granted shares	273 069
Payment date	2015
Total Amount	184.896
Personnel costs	46.224

13. Loans

At 31 December 2012 and 31 December 2011 Sonae Industria SGPS, S.A had the following outstanding loans:

	NOTES	31.12.12				31.12.11			
		Amortised cost		Nominal Value		Amortised cost		Nominal Value	
		Current	Non Current	Current	Non Current	Current	Non Current	Current	Non Current
Bank Loans	a)	6 969 697	10 336 930	6 969 697	10 378 788	14 469 697	17 227 559	14 469 697	17 348 485
Debentures	b)	55 000 000	248 344 033	55 000 000	250 000 000	15 000 000	287 993 050	15 000 000	290 000 000
Other Loans	c)	63 500 000	49 399 047	63 500 000	50 000 000	55 000 000	71 916 313	55 000 000	73 000 000
Bank Overdrafts		25 046 188	-	25 046 188	-	-	-	-	-
Gross Debt		150 515 885	308 080 010	150 515 885	310 378 788	84 469 697	377 136 921	84 469 697	380 348 485
Investments									
Cash & Cash Equivalents		68 504	-	68 504	-	5 887 410	-	5 887 410	-
Net Debt		150 447 381	308 080 010	150 447 381	310 378 788	78 582 287	377 136 921	78 582 287	380 348 485
Total Net Debt		458 527 391		460 826 169		455 719 208		458 930 772	

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

	2012	2011
Bank Loans	6,545%	5,102%
Debentures	3,230%	3,346%
Other Loans	4,785%	4,287%

The loans have the following repayment schedule:

	31.12.12	31.12.11
2012	-	84 469 697
2013	150 515 885	164 969 697
2014	186 969 697	136 969 697
2015	33 409 091	33 409 091
2016	30 000 000	30 000 000
2017	60 000 000	15 000 000
	<u>460 894 673</u>	<u>464 818 182</u>

At December 31, 2012 the contracted loans are summarized as follows:

a) Bank Loans

On 19 February 2009 Sonae Industria contracted a loan with a financial institution in the total amount of 20.000.000 euros, Interests is calculated at market rate. The loan will be paid between 2009 and 2015. At 31 December 2012, outstanding principal amounted to 8.181.822 euros

On 05 August 2010 Sonae Industria contracted a loan with a financial institution in the total amount of 10.000.000 euros, Interests is calculated at market rate. The loan will be paid between 2012 and 2015. At 31 December 2012, outstanding principal amounted to 9.166.667 euros.

b) Bond Issues

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

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

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

Sonae Industria 2010/2017 bonds, issued on 5 May 2010, with a principal amount of 150 000.000 euros and a 7-year period, on 22 October 2012 the contract was amended ,Payment will be done through reduction of nominal value, in 7 equal and successive semi-annual instalments, beginning on the 8th coupon, payment date, 05 May 2014 . Interest is paid semi-annually on 5 May and 5 November.

c) Other Loans

On 25 January 2006, Sonae Industria signed and subsequently added a Commercial Paper with several financial institutions. The programme matures on 27 January 2016. At 31 December 2012, the balance was keep at 51.000.000 Euros. Interest is calculated at the EURIBOR rate that matches the maturity of the issue.

On 30 September 2009 Sonae Indústria SGPS, S. A. contracted a commercial paper programme with a maximum nominal amount of 40.000.000 Euros. The programme will mature between 2011 and 2013. At 31 December 2012, the balance was keep at 10.000.000 Euros

On 28 September 2010, Sonae Industria signed contracted a Commercial Paper programme with a maximum nominal amount of 2.500.000 Euros. The programme will mature in 2013. At 31 December 2012 the balance was keep at 2.500.000 euros.

On 31 March 2011 Sonae Indústria SGPS, S. A. contracted a commercial paper programme with a maximum nominal amount of 50.000.000 Euros. The programme will mature on long term At 31 December 2012, the balance was keep at 50.000.000 euros

14. Trade Creditors

At 31 December 2012 and 31 December 2011 all amounts recorded under this item resulted from normal operations. Trade creditors maturities were as follows:

MATURITY OF TRADE CREDITORS

	31.12.12	31.12.11
To be paid		
< 90 days	121.973	254.863
90 - 180 days	-	3.311
> 180 days	-	-
	<u>121.973</u>	<u>258.174</u>

15. Other Creditors and State & Other Public Entities

At 31 December 2012 and 31 December 2011 details of this item were as follows:

Other Creditors		
Loans From Group Companies (Nota20)	17.676.500	81.135.000
Financial Instruments	<u>17.676.500</u>	<u>81.135.000</u>
Others Creditors	<u>20.369</u>	<u>20.379</u>
	<u>17.696.869</u>	<u>81.155.379</u>

	31.12.12	31.12.11
State & Other Public Entities		
Income Tax	806.536	856.738
Tax retention	24.240	21.719
Value Added Tax	6.295	29.646
Social Security Contributions	5.732	6.389
Others	<u>30.299</u>	<u>-</u>
Liabilities out of scope of IFRS7	<u>873.102</u>	<u>914.492</u>

16. Other Current Liabilities

At 31 December 2012 and 31 December 2011 this item had the following detail:

	31.12.12	31.12.11
Accrued Costs		
Holidays	373.775	568.633
Insurance	-	4.122
Interests	3.143.535	3.409.823
External Supplies & Services	<u>301.303</u>	<u>147.468</u>
Liabilities out of scope of IFRS7	<u>3.818.613</u>	<u>4.130.045</u>

17. Provisions & Accumulated Impairment Losses

Changes in provisions and accumulated impairment losses during the period ended December, 31 2012 were the following:

Description	Opening Balance	Increases	Utilisation	Reductions	Closing Balance
Accumulated Impairment Losses on Investments (Nota 6)	22 542 975	176.179.713	-	-	198 722 687

Impairment losses are offset against the corresponding asset. Increases of impairment losses on Investments is related with Sonae Industria Revestimentos SA in amount of 4.651.233 euros and Tafisa –Tableros Fibra in amount of 171.528.840 euros

18. Operational Leases

In 2012, charges for operational lease payments in the amount of 28.802 euros were recorded on the profit and loss statement.

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

	31.12.12	31.12.11
Maturing in em 2012	-	15.590
Maturing in em 2013	31.833	14.217
Maturing in em 2014	31.833	14.217
Maturing in em 2015	31.833	14.217
Maturing in em 2016	29.463	11.847
Maturing in em 2017	4.404	-
	<u>129.366</u>	<u>70.088</u>

19. Financial Risks

19.1. Liquidity Risk

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

2012			2011				
Liquidity Risk			Liquidity Risk				
	Maturity of Gross Debt	Interests	Total		Maturity of Gross Debt	Interests	Total
2013	150.515.885	16.017.367	166.533.252	2012	84.469.697	15.250.385	99.720.082
2014	136.969.697	14.291.785	201.261.482	2013	164.969.697	13.315.236	178.284.933
2015	33.409.091	7.782.720	41.191.811	2014	136.969.697	7.016.893	143.986.590
2016	30.000.000	5.648.690	35.648.690	2015	33.409.091	3.196.385	36.605.476
2017	60.000.000	2.032.630	62.032.630	2016	30.000.000	1.723.652	31.723.652
2018	-	-	-	2017	15.000.000	341.336	15.341.336
>2018	-	-	-	>2017	-	-	-
	460.894.673	45.773.192	506.667.865		464.818.182	40.843.887	505.662.069

The calculation of interest in the previous table was based on interest rates at 31 December 2012 and 2011 applicable to each item of debt. Gross debt maturing in 2012 includes scheduled repayment of debt along with the repayment of debt as at end 2012 maturing within less than one year (although some credit limits might be rolled over).

19.2. Market risk

19.2.1 . Interest rate risk

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

2012				2011		
	"Notional"	Effect in Profit and Loss (Euros)		"Notional"	Effect in Profit and Loss (Euros)	
		0,75%	-0,75%		0,75%	-0,75%
Gross Debt						
Group	-17.676.500	-690.929	690.929	-81.135.000	-684.868	684.868
External	-435.848.485	-2.906.451	2.906.451	-464.818.182	-2.965.499	2.965.499
	-453.524.985	-3.597.381	3.597.381	-545.953.182	-3.650.367	3.650.367
Financial Instruments						
Derivates	-	-	-	-	-	-
	-	-	-	-	-	-
Loans to group companies	492.303.872	4.464.536	-4.464.536	553.538.061	4.517.609	-4.517.609
Treasury Applications	0	30.692	-30.692	5.810.648	42.866	-42.866
	492.303.872	4.495.228	-4.495.228	559.348.709	4.560.475	-4.560.475
		897.847	-897.847		910.108	-910.108

20. Related Parties

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

Balance	Accounts Receivable		Accounts Payable		Other Creditors		Other non Currents Assets		Treasury Applications	
	31.12.12	31.12.11	31.12.12	31.12.11	31.12.12	31.12.11	31.12.12	31.12.11	31.12.12	31.12.11
- Agloma	5 712	242 247	87 488	24 986	17 676 500	81 135 000	513 844 898	574 993 958	23 000	-
- Agloma Investimentos	-	-	-	-	1.224.000	-	25.000	8.000	-	-
- Ecociclo	-	470	-	-	208.500	81.135.000	-	-	20.000	-
- Euroresinas	-	5.366	-	-	294.000	-	537.000	520.000	-	-
- Glunz	-	66.490	-	-	-	-	1.199.000	4.471.900	-	-
- Implamac	-	-	-	-	-	-	882.000	7.387.520	-	-
- SInd-pcdm	-	34.317	13.287	1.239	4.328.000	-	359.000	6.698.366	-	-
- Isoroy	-	27.986	-	-	-	-	-	-	-	-
- Maiequipa	-	-	-	-	-	-	1.012.900	1.015.000	3.000	-
- Movelpartes	5.712	5.756	-	-	1.290.500	-	-	-	-	-
- Somit Imobiliária	-	-	-	-	-	-	2.457.800	3.425.000	-	-
- Siaf Energia	-	-	-	-	3.827.000	-	-	-	-	-
- Sonae Industria Revestimentos	-	7.817	-	53	5.127.500	-	-	-	-	-
- Sonae ,sgps	-	-	-	-	-	-	-	-	-	-
- Sonae Uk	-	10.947	-	-	-	-	-	-	-	-
- Sind - Management services	-	3.756	5.402	5.439	1.377.000	-	-	-	-	-
- Tafisa Canadá	-	19.569	-	-	-	-	-	-	-	-
- Tafisa Tableros Fibra	-	37.872	-	-	-	-	-	-	-	-
- Sonae Novobord	-	16.176	-	-	-	-	-	-	-	-
- Taiber	-	-	-	-	-	-	507.372.198	551.468.172	-	-
- Novis	-	-	1.056	1.775	-	-	-	-	-	-
- Raso Viagens Turismo	-	-	13.083	16.480	-	-	-	-	-	-
- Solinca investimentos Turisticos	-	-	1.206	-	-	-	-	-	-	-
- Sonaecenter	-	-	53.233	-	-	-	-	-	-	-
- GHP	-	163	-	-	-	-	-	-	-	-
- Impaper	-	5 562	-	-	-	-	-	-	-	-
- Imosede	-	-	221	-	-	-	-	-	-	-

Transactions	Sales & Services Rendered		Purchases & Acquired Services		Interest Income		Interest Expenses	
	31.12.12	31.12.11	31.12.12	31.12.11	31.12.12	31.12.11	31.12.12	31.12.11
- Agloma	-	438 025	270 681	360 124	22 417 761	24 123 106	2 523 885	2 765 809
- Agloma Investimentos	-	-	-	-	556	87	1	34
- Ecociclo	-	-	-	-	21	-	2.211.343	2.380.309
- Euroresinas	-	7.928	-	-	27.583	28.263	1.038	203
- Glunz	-	141.879	-	-	235.941	366.412	555	-
- Implamac	-	-	-	-	-	-	-	-
- SInd-pcdm	-	49.958	17.459	27.812	272.314	257.578	7.019	-
- Isoroy	-	52.496	-	-	163.318	1.846.569	18.671	-
- Maiequipa	-	-	-	-	-	-	-	-
- Movelpartes	-	-	-	-	38.941	42.939	-	-
- Somit Imobiliária	-	5.075	-	-	-	-	35.308	83.049
- Siaf Energia	-	-	-	-	115.061	124.567	-	1.410
- Sonae Industria Revestimentos	-	-	-	-	-	-	88.400	94.425
- Sonaecenter	-	7.415	469	1.219	-	-	137.009	157.329
- Sonae ,sgps	-	-	45.936	148.425	-	-	-	-
- Sonae Uk	-	-	50.000	50.000	-	-	-	-
- Sind - Management services	-	22.140	-	-	-	-	-	-
- Tafisa Canadá	-	3.054	52.698	55.697	-	793	24.541	33.308
- Tafisa Tableros Fibra	-	42.739	-	-	-	-	-	-
- Sonae Novobord	-	60.681	-	-	-	-	-	-
- Taiber	-	33.711	-	-	-	-	-	-
- Novis	-	-	-	-	21.564.026	21.455.898	-	-
- Impaper	-	-	-	-	-	-	-	-
- Raso Viagens Turismo	-	8.997	9.587	10.761	-	-	-	-
- Solinca investimentos Turisticos	-	-	89.724	66.210	-	-	-	-
- Efanor ,Sgps	-	-	3.683	-	-	-	-	15.742
- GHP	-	-	-	-	-	-	-	-
- Imosede	-	1.952	-	-	-	-	-	-
- Imosede	-	-	1.125	-	-	-	-	-

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

	31.12.2012	31.12.2011
Total Fixed salaries	854.954	875.078
Total Bonus	185.000	302.492
	<u>1.039.954</u>	<u>1.177.570</u>

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

Total Fees related to audit and legal certification of the accounts	13.369
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The remuneration policy of the members of the board of directors and supervisory board, as well as the annual amount earned by their members in an individual are presented in the report of government in society .

21. Services Rendered

Details of Services Rendered are presented below:

Services Rendered	31.12.12	31.12.11
Corporate Fees	-	230.301
Corporate Project	-	207.722
TOTAL	<u>-</u>	<u>438.023</u>

22. Other Operational Gains and Losses

Other Operation Gains	31.12.12	31.12.11
Gains on disposal of non current investments	-	65.121
Supplementary Revenue	133.466	280.438
Others	40	299
	<u>133.506</u>	<u>345.858</u>

Other Operation Losses	31.12.12	31.12.11
Losses on disposals of non current investments	13	-
Taxes	185.652	137.982
Others	51.075	89.128
	<u>236.740</u>	<u>227.110</u>

23. Financial Results

	31.12.12	31.12.11
Financial Expenses:		
Interest Expenses	21 989 295	22 590 566
Exchange Losses	-	-
Others	861 234	475 748
Financial Results	- 402 110	1 120 880
	<u>22 448 419</u>	<u>24 187 194</u>
Financial Revenues		
Interest Income	22 448 418	24 187 194
Exchange Gains	-	-
Others	1	-
	<u>22.448.419</u>	<u>24.187.194</u>

24. Gains on Investments

	31.12.12	31.12.11
Aglom - Soc.Ind.Madeira Aglomerada,S.A.	-	-
Imoplamac - Gestão de Imóveis,S.A.	-	793.625
Siaf Energia,S.A.	-	-
Somit Imobiliaria SA	-	554
Sonaegest	-	75.099
	<u>-</u>	<u>869.278</u>

During 2012 company didn't receive any amount related to gains on Investments

25. Income Taxation

The income and deferred taxation recorded at 31 December 2012 and 31 December 2011 were:

	31.12.12	31.12.11
Income taxation	1.411.328	1.031.732
Deferred taxation	(2.357.332)	(1.486.331)
	<u>(946.004)</u>	<u>(454.599)</u>
Current Tax -Prior Year adjustment	(148.711)	345.378
	<u>(1.094.715)</u>	<u>(109.222)</u>

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

	2012	2011
Net income/(loss) before tax	-178.736.452	284.927
Current Taxes	44.684.113	69.669
Provisions	-44.044.928	-
Dividends	-	-217.392
Current tax at special rate	-59.002	-64.989
Current tax From Special Group Tax regime	1.470.330	1.096.721
Deferred tax	-2.769.634	-2.759.909
Deferred tax - Tax Benefits	412.302	1.273.578
Others	-639.185	147.723
	<u>-946.004</u>	<u>-454.599</u>

26. Earnings Per Share

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

	31.12.12	31.12.11
Net Profit		
Net Profit Considered for Basic EPS Calculation (Periodic Net Profit)	- 179 831 167	175 706
Net Profit Considered for Diluted EPS Calculation	<u>- 179 831 167</u>	<u>175 706</u>
Number of Shares		
Weighted Average Number of Shares for Basic EPS Calculation	140 000 000	140 000 000
Weighted Average Number of Shares for Diluted EPS Calculation	<u>140 000 000</u>	<u>140 000 000</u>
Net Profit Per Share	-1,28	0,00

During 2012, no effect from discontinued operations was recorded.

27. Contingencies

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

Was completed in 2012 the Tax audit to IRC group companies for the year 2009, from this audit resulted corrections to taxable income in the amount of 3,743,609 euros the company filed a law suit and provided a guarantee from Sonae Industria PCDM to suspend the tax foreclosure process. The Board of Directors considers that the probability of a negative outcome is low, thus no adjustment was recognized in financial statements

Sonae Industria SGPS has granted a guarantee amounting to 4.181.794 euros to the Institute of Social Security in order to ensure a contingency from Sonae Industria PCDM with this entity, this contingency is in claim phase.

Sonae Industria SGPS signed an amendment to the leasings contracts that Imoplamac has with a bank, in case of disregard of the contract, in the amount of 8.680.000 euros.

28. Financial Statements Approval

These financial statements were approved by the Board of Directors and authorised for issuance on 26 February 2013.



Consolidated Financial Statements

SONAE INDÚSTRIA, S.G.P.S., S.A.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2012 AND 31 DECEMBER 2011

(Amounts expressed in Euros)

ASSETS	Notes	31.12.2012	31.12.2011
NON CURRENT ASSETS:			
Tangible assets	11	806 163 927	915 418 700
Goodwill	14	92 496 051	92 620 183
Intangible assets	12	7 137 808	8 576 779
Investment properties	13	1 313 215	1 357 473
Associated undertakings and non consolidated undertakings	10	2 262 846	2 360 890
Investment available for sale	9, 10	1 091 540	1 069 440
Deferred tax asset	15	24 189 158	37 874 949
Other non current assets	9, 16	1 389 646	3 606 230
Total non current assets		<u>936 044 191</u>	<u>1 062 884 644</u>
CURRENT ASSETS:			
Inventories	18	129 983 908	137 414 763
Trade debtors	9, 19, 28	140 918 477	158 400 706
Other current debtors	9, 20	13 801 900	13 132 676
State and other public entities	22	8 126 925	13 628 325
Other current assets	9, 21, 27	12 548 389	21 664 946
Cash and cash equivalents	9, 23	23 182 513	23 570 163
Total current assets		<u>328 562 112</u>	<u>367 811 580</u>
Non-current assets held for sale	17	4 411 224	911 164
TOTAL ASSETS		<u><u>1 269 017 527</u></u>	<u><u>1 431 607 388</u></u>
SHAREHOLDERS' FUNDS, NON-CONTROLLING INTERESTS AND LIABILITIES			
SHAREHOLDERS' FUNDS:			
Share capital	24	700 000 000	700 000 000
Legal reserve	24	3 131 757	3 131 757
Other reserves and accumulated earnings	24	- 569 867 023	- 460 542 177
Accumulated other comprehensive income	24	2 792 960	- 7 045 530
Total		<u>136 057 694</u>	<u>235 544 050</u>
Non-controlling interests	25	- 900 628	332 511
TOTAL SHAREHOLDERS' FUNDS		<u><u>135 157 066</u></u>	<u><u>235 876 561</u></u>
LIABILITIES:			
NON CURRENT LIABILITIES:			
Bank loans - net of current portion	9, 26, 28	128 275 420	155 127 941
Non convertible debentures	9, 26, 28	248 344 033	287 993 050
Finance lease creditors - net of current portion	9, 26, 28	36 192 908	39 494 029
Other loans	9, 26, 28	78 868 673	98 597 712
Post-retirement liabilities	30	23 610 290	24 960 203
Other non current liabilities	9, 29	64 940 905	77 332 116
Deferred tax liabilities	15	60 072 909	64 258 210
Provisions	34	7 372 628	14 327 908
Total non current liabilities		<u>647 677 766</u>	<u>762 091 169</u>
CURRENT LIABILITIES:			
Current portion of non-current bank loans	9, 26, 28	64 693 562	111 796 391
Current bank loans	9, 26, 28	68 492 770	24 554 807
Current portion of non-current non convertible debentures	9, 26, 28	55 000 000	15 000 000
Current portion of non-current finance lease creditors	9, 26, 28	4 114 170	4 593 444
Other loans	9, 26, 28	4 060 098	1 477 788
Trade creditors	9, 31	177 584 402	161 475 903
Taxes and other contributions payable	32	14 103 601	13 211 850
Other current liabilities	9, 27, 33	86 115 099	101 325 866
Provisions	34	12 018 993	203 609
Total current liabilities		<u>486 182 695</u>	<u>433 639 658</u>
TOTAL SHAREHOLDERS' FUNDS AND LIABILITIES		<u><u>1 269 017 527</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 STATEMENT

FOR THE PERIODS ENDED AT 31 DECEMBER 2012 AND 2011

(Amounts expressed in Euros)

	Notes	31.12.2012	31.12.2011
Sales	44	1 316 690 424	1 348 192 142
Services rendered	44	4 339 792	3 949 643
Other income and gains	37	34 400 251	30 012 978
Cost of sales		679 064 964	702 539 170
(Increase) / decrease in production		- 1 496 556	- 2 058 779
External supplies and services	35	357 166 572	349 087 235
Staff expenses		204 383 493	214 599 032
Depreciation and amortisation	11,12,13,42,44	77 323 387	79 938 031
Provisions and impairment losses (increase / reduction)	11,12,13,34,44	13 184 115	4 958 370
Other expenses and losses	38	14 086 910	37 485 604
Operating profit / (loss)	44	11 717 582	- 4 393 900
Financial expenses	40	71 038 941	81 628 543
Financial income	40	20 242 177	33 661 637
Gains and losses in associated companies		- 212 981	- 20 728
Gains and losses in investments		79 861	5 271
Net profit/(loss) from continuing operations, before tax		- 39 212 302	- 52 376 263
Taxation	41	15 628 002	307 730
Consolidated net profit / (loss) from continuing operations, after taxation		- 54 840 304	- 52 683 993
Profit / (loss) from discontinued operations, after taxation	42	- 45 211 595	- 5 829 977
Consolidated net profit / (loss) for the period		- 100 051 899	- 58 513 970
Attributable to:			
Equity Holders of Sonae Industria			
Continuing operations		- 54 215 194	- 52 041 106
Discontinuing operations		- 44 661 686	- 5 759 067
Equity Holders of Sonae Industria		- 98 876 879	- 57 800 173
Non-controlling interests			
Continuing operations		- 625 111	- 642 887
Discontinuing operations		- 549 909	- 70 910
Non-controlling interests		- 1 175 020	- 713 797
Profit/(Loss) per share			
From continuing operations:			
Basic	43	- 0.3873	- 0.3717
Diluted	43	- 0.3873	- 0.3717
From discontinued operations:			
Basic	43	- 0.3190	- 0.0411
Diluted	43	- 0.3190	- 0.0411

The notes are an integral part of the consolidated financial statements

The board of directors

SONAE INDÚSTRIA, S.G.P.S., S.A.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIODS ENDED 31 DECEMBER 2012 AND 2011

(Amounts expressed in Euros)

	31.12.2012	31.12.2011
	<hr/>	<hr/>
Net consolidated profit / (loss) for the period (a)	<u>- 100 051 899</u>	<u>- 58 513 970</u>
Other consolidated comprehensive income		
Change in currency translation reserve	- 891 175	- 4 512 518
Change in fair value of available-for-sale financial assets	- 12 815	17 298
	<hr/>	<hr/>
Other consolidated comprehensive income for the period, net of tax (b)	<u>- 903 990</u>	<u>- 4 495 220</u>
	<hr/>	<hr/>
Total consolidated comprehensive income for the period (a) + (b)	<u>- 100 955 889</u>	<u>- 63 009 190</u>
Total consolidated comprehensive income attributable to:		
Equity holders of Sonae Industria	- 99 779 874	- 62 236 070
Non-controlling interests	- 1 176 015	- 773 120
	<u>- 100 955 889</u>	<u>- 63 009 190</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 STATEMENT OF CHANGES IN SHAREHOLDERS' FUNDS AT 31 DECEMBER 2012 AND 2011

(Amounts expressed in Euros)

	<u>Accumulated other comprehensive income</u>						Total shareholders' funds attributable to the equity holders of Sonae Indústria	Non controlling interests	Total shareholders' funds
	Share capital	Legal reserve	Other Reserves and accumulated earnings	Currency translation	Available-for-sale financial assets	Subtotal			
<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									
Net consolidated profit/(loss) for the period			-57 800 173				- 57 800 173	- 713 797	- 58 513 970
Other comprehensive income				-4 451 885	15 988	-4 435 897	- 4 435 897	- 59 323	- 4 495 220
Total			-57 800 173	-4 451 885	15 988	-4 435 897	-62 236 070	- 773 120	-63 009 190
Others			111 818				111 818	566	112 384
Balance as at 31 December 2011	<u>700 000 000</u>	<u>3 131 757</u>	<u>-460 542 177</u>	<u>-7 152 005</u>	<u>106 475</u>	<u>-7 045 530</u>	<u>235 544 050</u>	<u>332 511</u>	<u>235 876 561</u>

	<u>Accumulated other comprehensive income</u>						Total shareholders' funds attributable to the equity holders of Sonae Indústria	Non controlling interests	Total shareholders' funds
	Share capital	Legal reserve	Other Reserves and accumulated earnings	Currency translation	Available-for-sale financial assets	Subtotal			
<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									
Net consolidated profit/(loss) for the period			-98 876 879				- 98 876 879	-1 175 020	- 100 051 899
Other consolidated comprehensive income for the period				- 890 336	- 12 659	- 902 995	- 902 995	- 995	- 903 990
Total			-98 876 879	- 890 336	- 12 659	- 902 995	- 99 779 874	- 1 176 015	- 100 955 889
Others			-10 447 967	10 741 485		10 741 485	293 518	- 57 124	236 394
Balance as at 31 December 2012	<u>700 000 000</u>	<u>3 131 757</u>	<u>-569 867 023</u>	<u>2 699 144</u>	<u>93 816</u>	<u>2 792 960</u>	<u>136 057 694</u>	<u>- 900 628</u>	<u>135 157 066</u>

The notes are an integral part of the consolidated financial statements

SONAE INDÚSTRIA, S.G.P.S., S.A.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIODS ENDED AT 30 DECEMBER 2012 AND 2011

(Amounts expressed in Euros)

<u>OPERATING ACTIVITIES</u>	<u>Notes</u>	31.12.2012	31.12.2011
Receipts from trade debtors		1 337 396 093	1 337 944 246
Payments to trade creditors		1 032 592 559	1 066 382 260
Payments to staff		224 566 243	223 626 922
Net cash flow from operations		80 237 291	47 935 064
Payment / (receipt) of corporate income tax		4 743 238	3 298 484
Other receipts / payments relating to operating activities	3	22 808 504	6 960 525
Net cash flow from operating activities (1)	42	98 302 557	51 597 105
<u>INVESTMENT ACTIVITIES</u>			
Cash receipts arising from:			
Investments		138 848	205 069
Tangible and intangible assets		16 756 569	15 670 994
Investment subventions		297 097	306 564
Dividends		79 861	80 370
Non-current assets held for sale	17	13 572 425	
Others			81 714
		30 844 800	16 344 711
Cash Payments arising from:			
Investments		192 500	18 460
Tangible and intangible assets		38 101 442	34 490 158
Others			
		38 293 942	34 508 618
Net cash used in investment activities (2)	42	- 7 449 142	- 18 163 907
<u>FINANCING ACTIVITIES</u>			
Cash receipts arising from:			
Interest and similar income		1 240 155	774 376
Loans obtained	26	2 910 498 562	4 067 734 794
Others			2 491 590
		2 911 738 717	4 071 000 760
Cash Payments arising from:			
Interest and similar charges		37 673 887	36 009 555
Loans obtained	26	2 974 854 632	4 065 873 735
Dividends		4 518	20 048
Finance leases - repayment of principal		4 620 874	4 539 226
Others		4 257 653	223 463
		3 021 411 564	4 106 666 027
Net cash used in financing activities (3)	42	- 109 672 847	- 35 665 267
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		- 18 819 432	- 2 232 069
Effect of foreign exchange rate		6 181	87 295
Cash and cash equivalents at the beginning of the period	23	1 015 356	3 334 720
Cash and cash equivalents at the end of the period	23	- 17 810 257	1 015 356

The notes are an integral part of the consolidated financial statements

The board of directors



SONAE INDÚSTRIA SGPS, S.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

(Amounts expressed in Euros)

1. INTRODUCTION

SONAE INDÚSTRIA, SGPS, SA, whose head-office is at Lugar do Espido, Via Norte, Apartado 1096, 4470-909 Maia, Portugal, is the parent company of a group of companies as detailed in notes 5 to 7 ("Group"). The Group's operations and business segments are described in Note 44.

Sonae Indústria, SGPS, SA is included in the perimeter of consolidation of Efanor Investimentos, SGPS, SA, which is both its immediate and ultimate parent company.

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

2. MAIN ACCOUNTING POLICIES

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

2.1. Basis of Preparation

These consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) and the International Accounting Standards (IAS) issued by the International Accounting Standards Board (IASB) and with Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) or by the former Standing Interpretations Committee (SIC), applicable to the period beginning on 1 January 2012 and endorsed by the European Union.



In the year ended 31 December 2012 the following standards and interpretations became effective:

IFRS 7 (amendment), Financial Instruments: Disclosures – Transfer of financial assets. This amendment to IFRS 7 refers to disclosures regarding financial assets transferred to third parties but not derecognized from the balance sheet due to continuous engagement of the entity or related obligations.

At 31 December 2012 the following standards and interpretations had been issued but not applied as they only become effective on later periods:

IAS 1 (amendment), Presentation of Financial Statement' (effective for periods beginning on or after 1 July 2012). This amendment requires entities to present separately items recognized as Other Comprehensive Income depending on whether they may be later recycled through profit or loss, and its fiscal impact, if items are presented before tax.

IAS 12 (amendment), Income Taxes (effective for periods beginning on or after 1 January 2013). This amendment requires entities to measure deferred taxes related to assets depending on whether entities expect to recover the carrying amount of the asset either through use or through sale, except for investment properties at fair value. This amendment includes the principles from SIC 21, which is superseded.

IAS 19 (amendment 2011), Employee Benefits (effective for periods beginning on or after 1 January 2013). This amendment includes significant changes to the recognition and measurement of expenses with defined benefits and termination benefits as well as in disclosures of all kinds of employee benefits. Actuarial gains or losses are immediately recognized through Other Comprehensive Income (the corridor method is no longer allowed). Financial charges of funded plans are calculated on the basis of net unfunded responsibility. Termination benefits only qualify for recognition if the employee has no future service obligation.

Improvement to the standards 2009-2011, effective mostly for periods beginning on or after 1 January 2013. These changes still need to undergo the endorsement process of the European Union. The improvement process for 2009-2011 affects the following standards: IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34.

IFRS 1 (revision), First-time Adoption of IFRSs (effective for periods beginning on or after 1 January 2013). This revision aims to include a specific exemption for entities that formerly operated in hyperinflationary economies and that adopted IFRSs for the first time. This



exemption allows an entity to measure some assets and liabilities at fair value and to use that fair value as the deemed cost on the statement of financial position at transition date to IFRSs. Furthermore, date of transition to IFRSs replaces references to specific dates when retrospective application of IFRSs is not mandatory.

IFRS 10 (new), Consolidated Financial Statements (effective for periods beginning on or after 1 January 2014). IFRS 10 replaces all principles related to control and consolidation included in IAS 27 and SIC 12 by changing the definition of control and the criteria to be used for identifying control. The core principle that a consolidated entity presents a parent and its subsidiaries as a single entity remains unchanged. .

IFRS 11 (new), Joint Arrangements (effective for periods beginning on or after 1 January 2014). IFRS 11 focus on rights and obligations arising from joint arrangements rather than on legal form. Joint arrangements may consist of joint operations (rights to the assets and obligations) or joint ventures (rights to the net assets recognized using the equity method). Proportionate consolidation is no longer allowed to measure joint controlled entities.

IFRS 12 (new), Disclosure of Interests in Other Entities (effective for periods beginning on or after 1 January 2014). This standard sets out disclosure requirements for all types of interests in other entities, including joint arrangements, associates and specific purpose entities, in order to assess the nature, risks and financial effects related to the interest in other entities. An entity may disclose some or all the disclosures without applying IFRS 12 in its entirety as well as IFRS 10 and 11 and IAS 27 and 28.

Amendment to IFRS 10, IFRS 11 and IFRS 12, Transition Guidance (effective for periods beginning on or after 1 January 2013). This amendment still needs to be endorsed by the European Union. This amendment clarifies that when the accounting treatment of financial investments under IFRS 10 is different from the one under the former IAS 27/SIC 12, comparative information must be re-presented and differences arising, at beginning date of the comparative period, must be recognized through net equity. Disclosures required by IFRS 12 are applicable to the comparative period.

Amendment to IFRS 10, IFRS 12 and IAS 27, Exemption from consolidation for investment entities (effective for periods beginning on or after 1 January 2014). This amendment still needs to be endorsed by the European Union and allows investment entities, which qualifies as such, to be exempted from consolidation and to measure financial investments at fair value. Specific disclosures are included in IFRS 12.



IFRS 13 (new), Fair value: Measurement (effective for periods beginning on or after 1 January 2013). This standard aims to increase consistency by defining fair value and setting out a common basis for fair value measurement and disclosure across IFRSs.

IAS 27 (amended 2011), Separate Financial Statements (effective for periods beginning on or after 1 January 2014). IAS 27 was amended after IFRS 10 was issued and contains the recognition and disclosure requirements for investments in subsidiaries, joint ventures and associates of entities that prepare separate financial statements.

IAS 28 (amended 2011), Investments in Associates and Joint Ventures (effective for periods beginning on or after 1 January 2014). IAS 28 was amended after IFRS 11 was issued and now includes the accounting treatment for investments in associates and joint ventures as well as the requirements for applying the equity method.

IFRS 7 (amendment), Disclosures – Offsetting Financial Assets and Financial Liabilities (effective for periods beginning on or after 1 January 2013). This amendment is part of IASB's project for offsetting assets and liabilities and introduces new disclosure requirements about non-recognized offsetting rights (of assets and liabilities), about offset assets and liabilities and the effect of offsetting on credit risk.

IFRS 1 (amendment), First-time Adoption of IFRSs – Government loans (effective for periods beginning on or after 1 January 2013). This amendment still needs to be endorsed by the European Union and aims to clarify how first-time adopters should recognize government loans which bear interest at rates lower than market ones.

IAS 32 (amendment), Financial Instruments: Presentation – Offsetting Financial Assets and Financial liabilities (effective for periods beginning on or after 1 January 2014). This amendment is part of IASB's project for offsetting assets and liabilities and clarifies the statement “have the right to receive or pay a single net amount” by referring that simultaneous settlement of two financial instruments through the operation of a clearing house may be equivalent to settlement of a single amount.

IFRS 9 (new), Financial instruments (effective for periods beginning on or after 1 January 2015). This standard still needs to be endorsed by the European Union. It relates to the first phase of IFRS 9, which includes two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A financial instrument is measured at amortized cost only when the entity holds it to receive its contractual cash flows and these cash flows represent the nominal value and interest. Otherwise, financial instruments are measured at fair value through profit or loss.



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

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

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

2.2. Consolidation Principles

The consolidation methods adopted by the Group are as follows:

a) Investments in Group companies

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

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



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

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

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

b) Financial Investments in jointly owned companies

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

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

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



Joint-venture companies are detailed in Note 6.

c) Investments in associated companies

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

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

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

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

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

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

Investments in associated companies are disclosed in note 6.

d) Goodwill

The excess of the acquisition cost plus the non-controlling holders' share in the fair value of acquired assets and liabilities, or alternatively, plus the fair value of non-controlling



holders' investment in the acquired subsidiary, over the Group's interest in the fair value of the identifiable net assets acquired is recognized as goodwill (note 14).

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

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

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

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

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

e) Translation of financial statements of foreign companies

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



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

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

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

	31.12.2012		31.12.2011	
	Closing rate	Average rate	Closing rate	Average rate
Great Britain Pound	0.8161	0.8106	0.8353	0.8676
South African Rand	11.1732	10.5285	10.4833	10.0523
Canadian Dollar	1.3137	1.2837	1.3215	1.3753
American Dollar	1.3194	1.2842	1.2939	1.3910
Swiss Franc	1.2072	1.2052	1.2156	1.2306
Polish Zloty	4.0740	4.1824	4.4579	4.1056

Source: Bloomberg

2.3. Tangible assets

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

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

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

Repair and maintenance expenses are recognized in profit or loss in the period they occur.

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



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

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

Tangible assets in progress represent fixed assets still under construction/development and are stated at acquisition cost net of impairment losses. These assets are transferred to the captions of tangible fixed assets according to their nature and are depreciated from the date they are available for use.

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

2.4. Intangible assets

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

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

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

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



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

2.5. Accounting for leases

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

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

Tangible assets used by the Group under finance lease contracts as well as the corresponding liabilities are recorded on the Consolidated Statement of Financial Position for the lower of fair value of leased assets and the amount of minimum lease payments. In addition, interest included in rents, depreciation and impairment losses are recognized on the Consolidated Income Statement as expenses of the period they relate to. Depreciation and impairment losses are calculated and recognized as set out in note 2.3 for tangible fixed assets. Whenever there is no reasonable certainty as to the acquisition of leased assets upon end of contract, the depreciation period of leased assets will be the lower of estimated useful life and leasing period.

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

2.6. Investment Properties

Investment properties are recorded at acquisition cost net of depreciation and of accumulated impairment losses. These are registered as a result of land and buildings used in discontinued operations and that the Group had established lease contracts with third parties.

Useful lives and the depreciation method are the ones set out in note 2.3. for tangible assets.

2.7. Government grants

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



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

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

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

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

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

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

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

2.9. Borrowing costs

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

Borrowing costs directly attributable to the acquisition, construction or production of tangible and intangible assets are capitalized as part of the cost of the qualifying asset. Borrowing costs are capitalized from the time of preparation of the activities to construct or develop the



asset up to the time the production or construction is complete or when asset development is interrupted. Any income earned on funds temporarily invested pending their expenditure on the qualifying asset, is deducted from the borrowing costs that qualify for capitalisation.

2.10. Inventories

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

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

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

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

2.11. Provisions

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

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

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



2.12. Financial Instruments

a) Investments

Investments are classified into the following categories:

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

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

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

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

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

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

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

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

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



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

b) Accounts receivable

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

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

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

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

c) Classification as equity or liability

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

d) Loans

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



e) Trade accounts payable

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

f) Derivatives

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

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

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

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

Cash flow hedge instruments used by the Group are initially accounted for at cost and subsequently adjusted to their corresponding fair value. Changes in fair value of these cash flow hedge instruments are recorded in equity under the caption Hedging reserves, included in Other Accumulated Comprehensive Income on the Consolidated Statement of Financial Position, and then reclassified to financial results on the Consolidated Income Statement over the same period in which the hedged instrument affects Income Statement.

The fair value of these financial instruments is calculated with resource to derivative valuation software as described in note 27.



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

In some cases derivative instruments were negotiated to hedge cash flows mainly related to exchange rate hedges (forwards) of loans and trade transactions which do not consist in perfect hedging relations therefore not qualifying for hedge accounting. Notwithstanding, they significantly mitigate the effect on loans and accounts receivable denominated in foreign currencies of changes in exchange rates which the Group intends to hedge.

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

When embedded derivatives exist, they are accounted for as separate derivatives when the risks and the characteristics are not closely related to economic risks and characteristics of the host contract, and this is not stated at fair value. Gains and losses are taken through the Consolidated Income Statement.

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

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



g) Equity instruments

Equity instruments are those that represent a residual interest on the Group's net assets and are recorded at the amount received, net of costs incurred with their issuance.

h) Own shares

Own shares are recorded at acquisition cost as a reduction to equity. Gains or losses arising from sales of own shares are recorded in Other Reserves, under Other Reserves and Accumulated Earnings.

i) Cash and Cash Equivalents

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

In the Consolidated Statement of Cash Flows, cash and cash equivalents also include bank overdrafts, which are included in Bank Loans on the Consolidated Statement of Financial Position.

2.13. Post-employment benefits

As referred to in note 30, some of the Group companies are committed to provide benefits to their employees when they get retired. These commitments are considered as defined benefit plans, and autonomous pension funds have been established to this effect:

In order to estimate its obligations, the Group obtains, annually, actuarial valuations according to the "Projected Unit Credit Method". When unrecognized cumulative actuarial gains and losses exceed the greater of 10% of the present value of the defined benefit obligation and 10% of the fair value of plan assets, these are recorded as income or expense on a straight line basis over the average remaining service period of the participants.

Past service costs are recorded immediately when benefits are being paid. Otherwise, these are recorded on a straight line basis over the average remaining service period until they vest (generally, the date of retirement if they still work for the Group).



Obligations recorded at the closing balance sheet date reflect the present value of obligations for defined benefits adjusted for actuarial gains or losses and/or past service costs not recorded, net of the fair value of net assets of the pension fund.

2.14. Contingent assets and liabilities

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

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

2.15. Income tax

Income tax for the period is calculated based on the taxable income of companies included on consolidation and considers deferred taxation.

Current income tax is determined based on the taxable income of companies included on consolidation and includes deferred taxation, in accordance with the tax rules in force in the respective country of incorporation, considering the period profit and using the estimated effective average annual income tax rate.

Deferred taxes are calculated using the balance sheet liability method, reflecting the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are calculated and annually remeasured using the tax rates that have been enacted or substantively enacted and therefore are expected to apply in the periods when the temporary differences are expected to reverse.

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

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



2.16. Revenue recognition and accrual basis

Revenue from the sale of goods is recognized in the Consolidated Income Statement when the risks and benefits have been transferred to the buyer and the amount of the revenue can be measured reasonably. Sales are recognized net of sales taxes and discounts and other expenses arising from the sale, and are measured as the fair value of the amount received or receivable.

Revenue from services rendered is recognized in the Consolidated Income Statement taking into consideration the stage of completion of the transaction at the balance sheet date.

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

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

Other current assets and Other current liabilities include income and expenses of the reporting year which will only be invoiced in the future. Those captions also include receipts and payments that have already occurred but will only correspond to income or expenses of future years, when they will be recognized in the Consolidated Income Statement.

2.17. Capital gains and losses

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

2.18. Balances and transactions expressed in foreign currencies

Transactions in currencies other than the Euro, are translated to Euro using the exchange rate as at the transaction date.

At each balance sheet date, all monetary assets and liabilities expressed in foreign currencies are translated to the functional currency of each foreign company at the exchange rates as at that date. All non-monetary assets and liabilities recorded at fair value and stated in foreign currencies are converted to the functional currency of each company, using the exchange rate at the date the fair value was determined.



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

When the Group wants to reduce currency exposure, it negotiates hedging currency derivatives (note 2.12.f).

2.19. Liability for medium and long term incentive plan

Each year the Company and its subsidiaries grant their employees that belong to a functional group classified as Executive or above a compensation which is related to the value added in the previous period for the shareholders. This compensation consists in granting a number of the Company's shares, which may choose, on payment date, to deliver the shares or to pay the corresponding amount, taking into consideration the market price of the shares on payment date.

This liability is stated on the Consolidated Statement of Financial Position under Other reserves, and is stated on the Consolidated Income Statement under Staff expenses, on a straight line basis over the deferral period, taking into consideration the fair value of granted shares on grant date.

If the employee ceases functions during the period over which payment of previously recognized liabilities is deferred, liabilities will be derecognized from the Consolidated Statement of Financial Position against Staff expenses on Consolidated Income Statement.

2.20. Subsequent events

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

2.21. Segment information

At the reporting date reportable segments are assessed on the basis of the internal reporting system of financial information (note 43).



2.22. Judgments and estimations

The most significant estimations included in these consolidated financial statements refer to:

- a) Useful lives of tangible and intangible assets (notes 11, 12 and 13);
- b) Impairment tests on goodwill and other tangible and intangible assets (note 14);
- c) Impairment analysis of accounts receivable (notes 19 and 20);
- d) Adjustments to assets, namely fair value adjustments and, relating to inventories, write-down to net realizable value (note 34);
- e) Calculation of provisions and pension liabilities (notes 34 and 30);
- f) Calculation of income tax (note 41).

These estimations were based on the best available information at the date these consolidated financial statements were prepared and were based on the knowledge and experience of present and past events. Notwithstanding, some situations may occur in future periods which were not included in present estimations as they were not foreseeable. Changes to estimations after these financial statements date will be prospectively corrected through profit or loss in accordance with IAS 8.

Main estimations and assumptions relating to future events included in these consolidated financial statements are described in the correspondent notes.

2.23. Emission rights of carbon dioxide

The Group has industrial facilities located in several European countries, which are within the scope of the European Emission Trading Scheme.

The scheme consists of an allowance granted by the State where the facility is located, which is recognized in Other Intangible Assets and Deferred Gains, at the market value of the date it was granted. Deferred gains are transferred to Other Operating Revenues on a straight line basis over the period.

At 31 December 2012 an estimation of emissions produced in the period is recognized in Cost Accruals and Other Operating Costs.

On the following period, when emissions produced are definitely calculated, the amount previously recorded in Other Intangible Assets is written off against Cost Accruals for the rights delivered back to the State. When allowances are excessive and the remainder is sold, a gain or loss corresponding to the difference between cost and market value is recorded in Other Operating Revenues or Other Operating Costs.



2.24. Risk management

a) Credit Risk Management Policy

i) Receivables (Customers)

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

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

In order to mitigate Credit Risk related with potential Customers default on payment of outstanding receivables, Group companies exposed to this type of risk:

- Have in place proactive, active and reactive credit management processes and procedures, backed by advanced information systems;
- Have local commissions to analyse and follow up credit risk;
- Have teams exclusively dedicated to credit risk and collection of payments from customers;
- Establish and review credit limits for their Customers, monitoring effective exposure to their Customers;
- Have protection tools in place, such as insurance policies, where viable;
- Make use of credit rating agencies;
- Make use of legal proceedings in order to recover bad debt, if applicable

ii) Other financial assets, other than receivables

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

As a rule, Group companies preferably engage in financial operations with Investment Grade Financial Institutions. On the other hand, generally speaking, exposure related with this type of financial assets is widely spread and short lived.



b) Market Risk Management Policy

i) Interest Rate Risk

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

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

This approach is based on the principle of the existence of a positive correlation between the interest rate levels and the “operating cash flow before net interest charges”, which creates a natural hedge on the “operating cash flow after net interest charges” for Sonae Indústria. The rationale behind this principle is as follows:

- Sonae Indústria is mainly exposed to the Euro area on its operating activity and, as referred before, it is also mainly exposed to the Euro currency in what concerns to its floating rate debt.
- Sonae Indústria operating activity is cyclical in the sense it is tied to business cycles of the overall economy and particularly of the construction sector (and also of the furniture sector on its own). This is mostly due to the nature of our products, and to the fact that they are commodity-like and durable goods, performing better when there are good economic conditions.
- Under regular economic circumstances, when there is a strong level of economic activity and demand, inflation tends to increase. Since nominal interest rates are a function of inflation and also because the European Central Bank (ECB) has as its main mission keeping price stability, it normally acts in order to relieve inflationary tensions by increasing interest rates. Opposite effects occur when there is a weak level of activity and demand, with low pressure on prices.
- When activity and demand are strong in the Euro Area, Sonae Indústria tends to have superior economic performance and operating cash flow generation. On the other hand, when economic conditions are strong, ECB tends to increase interest rates in order to refrain demand and avoid price increases, which is reflected on



higher net interest charges for Sonae Indústria, creating a natural hedge on “operating cash flow after net interest charges”. The same principle (with opposite signs) applies on economic downturn situations.

- It is our understanding that, apart from the Euro interest rate, the same rationale applies to other interest rates to which Sonae Indústria is exposed such as the Pound Sterling and the Canadian Dollar, or to the South African Rand and Brazilian Real (while acknowledging that in emerging markets, interest rate behaviour is influenced by other effects not directly related with domestic economic conditions).

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

- Derivatives are not used for trading, profit making, or speculative purposes;
- Group companies preferably engage in derivative transactions with Investment Grade Financial Institutions;
- Derivatives match exact periods, settlement dates and base interest rate of the underlying exposures;
- Maximum financial charges on the aggregate of the derivative and the underlying exposures are always known and limited on the inception of the hedging period;
- Quotes from at least two Financial Institutions are considered before closing any interest rate hedging deal.

ii) Foreign Exchange Risk

As a geographically diversified Group with subsidiaries located in three different continents, Sonae Indústria is exposed to foreign exchange risk. Consolidated Balance Sheet and Profit and Loss are exposed to foreign exchange translation risk and Sonae Indústria subsidiaries' are exposed to foreign exchange risk of both translation and transaction type.

Foreign exchange risk relates to the possibility of registering gains or losses resulting from the change in exchange rates.



Transaction risk arises when there is exchange risk related to a cash flow in other than a subsidiary local currency. Sonae Indústria subsidiaries cash flows are largely denominated in the subsidiary local currency. This is valid independently of the nature of the cash flows, i.e.: operating or financial, and provides a degree of natural currency hedging, reducing the Group's transaction risk. In line this rationale, as a principle, Sonae Indústria's subsidiaries financial debt is denominated in their local currency.

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

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

Translation risk arises from the fact that for each accounting period, the Financial Statements of the subsidiaries denominated in other than Euro local currencies, must be translated or converted into Euro in order to prepare the Consolidated Financial Statements of the Group. As exchange rates vary between periodical financial statements and the referred subsidiaries assets' do not match their liabilities, volatility in the consolidated accounts arises as a result of conversion at different exchange rates.

As a policy, translation risk in connection with the conversion of the Equity investments on foreign non Euro subsidiaries is not hedged as these are considered long-term investments and it is assumed that hedging will not add value in the long term. Gains and losses related to the translation at different exchange rates of Equity investments in foreign non Euro subsidiaries are accounted under the Conversion Reserve, included in Other Reserves and Accumulated Earnings, on the Consolidated Balance Sheet.

Some Sonae Indústria subsidiaries concede or receive intercompany funding on currencies other than their local currency. Whenever this happens, intercompany funding is always denominated in the currency of the other Group counterparty. It is Sonae Indústria policy to hedge systematically the outstanding amount of this intercompany funding in order to reduce volatility on subsidiaries (and consolidated) financial statements. This volatility arises from the fact that, there is no offset of the



Exchange Rate gain or loss registered in the profit and loss of the Group counterparty with the intercompany asset or liability denominated in other than its local currency (gain or loss registered as a result of the change in value of its foreign currency intercompany asset or liability), on the side of the other Group counterparty (and as a result, on the Consolidated accounts).

These intercompany loans hedges are done through forward exchange rate agreements, performed by the subsidiary exposed to the exchange rate risk and rolled over consistently on a semi-annual basis. Quotes from at least two Financial Institutions are considered before closing any of these foreign exchange hedging deals. These foreign exchange rate derivatives are also not used for trading, profit making, or speculative purposes.

Interest rate risk and exchange rate risk are analysed in note 28.

iii) Other Price Risks

At 31 December 2012, Sonae Indústria did not hold material investments classified as “available-for-sale”.

c) Liquidity Risk Management Policy

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

For this purpose, Liquidity management at the Group comprises:

- Consistent financial planning and cash flow forecasting at country and consolidated levels with different time horizons (weekly, monthly, annual and business plan);
- Diversification of financing sources;
- Diversification of the maturities of the debt issued in order to avoid excessive concentration of debt repayments in short periods of time;
- Arrangement of committed (and uncommitted) credit facilities, commercial paper programs, and other facilities (such as a Securitization of Receivables program) with relationship banks, ensuring the right balance between satisfactory liquidity and adequate commitment fees.



Still aiming to mitigate the liquidity risk, it is Sonae Indústria's policy to avoid whenever possible in its financing contacts clauses related to fault in financial ratios that might lead to early repayment of funds. This policy takes into consideration the cyclical nature of the wood based panel industry, which directly impacts financial ratios across the economic cycle.

Liquidity risk is analysed in note 28.

3. RELEVANT EVENTS

3.1. On 11 April 2012 a fire broke out at the Linxe plant, in France, involving the wood preparation area. As a consequence, the company was forced to stop its particleboard production during a two-month period, which resumed thereafter

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 indemnity for business interruption losses incurred over the period ended 31 December 2012, which was recognized for a net amount of EUR 2 000 000 under Other current assets, on the Consolidated Statement of Financial Position, and under Other income and gains, on the Consolidated Income Statement (note 37). This estimate was calculated by the Company taking into consideration the terms of the insurance policy, including lost gross operating margin and excessive expenditure incurred to keep the operating activity of the plant and is subject to adjustment resulting from analysis carried out by the insurance companies.

3.2. In September 2012 the subsidiary Sonae Industria (Uk), Ltd discontinued production on its Knowsley plant, in England. This decision was taken because, on one hand, the licence for rebuilding the facilities damaged during the fire occurred in June 2011 could not be obtained from the authorities and, on the other hand, the capacity utilization levels have remained steadily low.

Following this decision, tangible fixed assets for which a sale transaction is expected to take place within a one-year period were classified as Non-current assets held for sale (note 17) and the results of the subsidiary Sonae Industria (UK), Ltd were presented as results from discontinued operations (note 42), which were included under Profit / (loss) from



discontinued operation, after taxation, on the Consolidated Income Statement. Results for the comparative period ended 31 December 2011 were consistently re-presented.

Following the accident occurred in June 2011 in this subsidiary, the Group reached a final agreement with the insurance companies. Therefore, these consolidated financial statements include an indemnity related to damaged assets and operating losses incurred in the period, for EUR 21.8 million (GBP 17.7 million), recognized under Profit/(loss) from discontinued operations, after taxation, on the Consolidated Income Statement. The amounts receivable from the insurers were totally paid to the Group during the period.

The agreement sets out that further compensation amounting to EUR13 200 000 could be paid by the insurers if some conditions are met, including some investments being carried out in other group companies.

3.3. An impairment loss on tangible fixed assets amounting to EUR 2 543 000 and a restructuring provision amounting to EUR 6 478 557 were recognized with respect to the ongoing restructuring process at Solsona plant, in Spain.

4. CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS

During the period ended 31 December 2012 the Group started to recognize utilization of provisions, reversion of excessive provisions and reversion of impairment losses under the Consolidated Income Statement caption Provisions and impairment losses. Previously these movements were included under Other income and gains, on the Consolidated Income Statement, for EUR 12 713 527. Comparative information was reclassified for this amount.

5. GROUP COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

Group companies included in the consolidated financial statements, their head offices and percentage of capital held by the Group as at 31 December 2012 and 31 December 2011 are as follows:

COMPANY	HEAD OFFICE	PERCENTAGE OF CAPITAL HELD				TERMS FOR INCLUSION
		31.12.2012		31.12.2011		
		Direct	Total	Direct	Total	
Agepan Eiweiler Management, GmbH	Eiweiler (Germany)	100.00%	98.78%	100.00%	98.78%	a)
Agloma Investimentos, SGPS, S. A.	Maia (Portugal)	100.00%	98.90%	100.00%	98.90%	a)
Agloma - Sociedade Industrial de Madeira Aglomerada, S.A.	Oliveira do Hospital (Portugal)	100.00%	100.00%	100.00%	100.00%	a)
Aserraderos de Cuellar, S.A.	Madrid (Spain)	100.00%	98.90%	100.00%	98.90%	a)
BHW Beeskow Holzwerkstoffe GmbH	Meppen (Germany)	100.00%	98.78%	100.00%	98.78%	a)
Darbo, SAS	Linxe (France)	100.00%	98.78%	100.00%	98.78%	a)
Ecociclo, Energia e Ambiente, S. A.	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%	a)
Euroresinas - Indústrias Químicas, S.A.	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%	a)



GHP Glunz Holzwerkstoffproduktions GmbH	Meppen (Germany)	100.00%	98.78%	100.00%	98.78%	a)
Glunz AG	Meppen (Germany)	100.00%	98.78%	100.00%	98.78%	a)
Glunz Service GmbH	Meppen (Germany)	100.00%	98.78%	100.00%	98.78%	a)
Glunz UK Holdings, Ltd.	Knowsley (United Kingdom)	100.00%	98.78%	100.00%	98.78%	a)
Glunz UKA GmbH	Meppen (Germany)	100.00%	98.78%	100.00%	98.78%	a)
Impaper Europe GmbH	Meppen (Germany)	100.00%	98.78%	100.00%	98.78%	a)
Imoplamac – Gestão de Imóveis, S. A.	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%	a)
Isoroy, SAS	Rungis (France)	100.00%	98.78%	100.00%	98.78%	a)
Maiequipa - Gestão Florestal, S.A.	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%	a)
Megantic B.V.	Amsterdam (The Netherlands)	100.00%	98.78%	100.00%	98.78%	a)
Movelpartes – Comp. para a Indústria do Mobiliário, S.A.	Paredes (Portugal)	100.00%	100.00%	100.00%	100.00%	a)
OSB Deutschland	Germany	100.00%	98.78%	100.00%	98.78%	a)
Poliface North America	Baltimore (USA)	100.00%	98.78%	100.00%	98.78%	a)
Racionalización y Manufacturas Forestales, S.A.	Madrid (Spain)	100.00%	98.78%	100.00%	98.78%	a)
SCS Beheer, BV	The Netherlands	100.00%	98.78%	100.00%	98.78%	a)
Sociedade de Iniciativa e Aproveit. Florestais – Energias, S.A.	Mangualde (Portugal)	100.00%	98.78%	100.00%	98.78%	a)
Somit – Imobiliária, S.A.	Mangualde (Portugal)	100.00%	98.79%	100.00%	98.79%	a)
Sonae Indústria – Management services, S. A.	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%	a)
Sonae Indústria – Prod. e Comerc. Derivados Madeira, S. A.	Mangualde (Portugal)	100.00%	98.82%	100.00%	98.82%	a)
Sonae Indústria – Soc. Gestora de Participações Sociais, S.A.	Maia (Portugal)	PARENT	PARENT	PARENT	PARENT	PARENT
Sonae Indústria de Revestimentos, S.A.	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%	a)
Sonae Novobord (Pty) Ltd	Woodmead (South Africa)	100.00%	98.78%	100.00%	98.78%	a)
Sonae Tafibra International, B. V.	Woerden (The Netherlands)	100.00%	98.78%	100.00%	98.78%	a)
Sonae Industria (UK), Limited	Knowsley (United Kingdom)	100.00%	98.78%	100.00%	98.78%	a)
Spanboard Products Ltd	Belfast (United Kingdom)	100.00%	98.78%	100.00%	98.78%	a)
Tableros de Fibras, S.A.	Madrid (Spain)	98.42%	98.78%	98.42%	98.78%	a)
Tableros Tradema, S.L.	Madrid (Spain)	100.00%	98.78%	100.00%	98.78%	a)
Tafiber. Tableros de Fibras Ibéricas, S.L.	Madrid (Spain)	100.00%	98.78%	100.00%	98.78%	a)
1) Tafibra Polska Sp. z o. o. i. L	Poznan (Poland)	100.00%	98.78%	100.00%	98.78%	a)
Tafibra South Africa, Limited	Woodmead (South Africa)	100.00%	98.78%	100.00%	98.78%	a)
Tafisa Canadá Société Inc	Lac Mégantic (Canada)	100.00%	98.78%	100.00%	98.78%	a)
Tafisa Développement	Rungis (France)	100.00%	98.78%			a)
Tafisa France S.A.S.	Rungis (France)	100.00%	98.78%	100.00%	98.78%	a)
Tafisa Investissement	Rungis (France)	100.00%	98.78%			a)
Tafisa Participation	Rungis (France)	100.00%	98.78%			a)
Tafisa U.K, Ltd.	Knowsley (United Kingdom)	100.00%	98.78%	100.00%	98.78%	a)
Taiber, Tableros Aglomerados Ibéricos, S.L.	Madrid (Spain)	100.00%	98.78%	100.00%	98.78%	a)
Tafibra Suisse, SA	Tavannes (Switzerland)	100.00%	98.78%	100.00%	98.78%	a)
Tecnologías del Medio Ambiente, S.A.	Barcelona (Spain)	100.00%	98.78%	100.00%	98.78%	a)
Tool, GmbH	Meppen (Germany)	100.00%	98.78%	100.00%	98.78%	a)

a) Majority of voting rights.

1) Company dissolved 21 October 2012. ;

These group companies are consolidated using the full consolidation method as described in note 2.2.a).

6. JOINT VENTURES

The joint ventures, their head offices, percentage of share capital held on 31 December 2012 and 31 December 2011 are as follows:

COMPANY	HEAD OFFICE	PERCENTAGE OF CAPITAL HELD			
		31.12.2012		31.12.2011	
		Direct	Total	Direct	Total
Laminate Park GmbH & Co. KG	Eiweiler (Germany)	50.00%	49.39%	50.00%	49.39%
Tecmasa. Reciclados de Andalucía, S. L.	Alcalá de Guadaira (Spain)	50.00%	49.39%	50.00%	49.39%



Joint venture companies have been consolidated using the proportionate consolidation method, as explained in note 2.2.b).

Assets, liabilities, revenues and costs included proportionately in the consolidation, after elimination of intragroup balances and flows, are as follows:

	<u>31.12.2012</u>	<u>31.12.2011</u>
Non current assets	26 528 525	29 931 271
Current assets	11 143 876	10 112 044
Non current liabilities	3 010 457	3 453 457
Current liabilities	11 388 895	9 413 379
Operating revenues	37 586 196	34 811 416
Operating costs	46 183 692	43 750 983

7. INVESTMENTS IN ASSOCIATED COMPANIES

Associated companies, their head offices and the percentage of share capital held as at 31 December 2012 and 31 December 2011 are as follows:

COMPANY	HEAD OFFICE	PERCENTAGE OF CAPITAL HELD			
		31.12.2012		31.12.2011	
		Direct	Total	Direct	Total
Serradora Boix	Barcelona (Spain)	31.25%	30.87%	31.25%	30.87%

Associated companies are recognized in the consolidated financial statements using the equity method, as referred to in note 2.2.c).

The aggregated assets, liabilities, operating revenues and net profit or loss of the associated companies accounted for through the equity method in these consolidated financial statements, are as follows:

	<u>31.12.2012</u>	<u>31.12.2011</u>
Assets	18 686 568	19 104 437
Liabilities	11 586 484	11 233 493
Operating revenues	22 919 338	21 407 152
Net Profit or loss	- 689 936	- 146 982



8. CHANGES TO THE CONSOLIDATION PERIMETER

Changes to the consolidation perimeter during the period that were set out in notes 5, 6 and 7, did not produce significant effects on these consolidated financial statements.

9. FINANCIAL INSTRUMENTS

In the Consolidated Statements of Financial Position at 31 December 2012 and 31 December 2011, the following financial instruments are included:

	Loans and receivables	Assets at fair value through profit or loss	Hedge derivatives	Available-for-sale assets	Sub-total	Assets out of scope of IFRS 7	Total
31.12.2012							
Non current assets							
Available for sale investments				1 091 540	1 091 540		1 091 540
Other non current assets	1 387 950				1 387 950	1 696	1 389 646
Current assets							
Customers	140 918 477				140 918 477		140 918 477
Other current debtors	10 452 746				10 452 746	3 349 154	13 801 900
Other current assets		5 612			5 612	12 542 777	12 548 389
Cash and cash equivalents	23 182 513				23 182 513		23 182 513
Total	175 941 686	5 612		1 091 540	177 038 838	15 893 627	192 932 465

	Loans and receivables	Assets at fair value through profit or loss	Hedge derivatives	Available-for-sale assets	Sub-total	Assets out of scope of IFRS 7	Total
31.12.2011							
Non current assets							
Available for sale investments				1 069 440	1 069 440		1 069 440
Other non current assets	3 601 640				3 601 640	4 590	3 606 230
Current assets							
Customers	158 400 706				158 400 706		158 400 706
Other current debtors	10 944 764				10 944 764	2 187 912	13 132 676
Other current assets		2 050 956			2 050 956	19 613 990	21 664 946
Cash and cash equivalents	23 570 163				23 570 163		23 570 163
Total	196 517 273	2 050 956		1 069 440	199 637 669	21 806 492	221 444 161

	Liabilities at fair value through profit or loss	Hedge derivatives	Liabilities at amortized cost	Sub-total	Liabilities out of scope of IFRS 7	Total
31.12.2012						
Non current liabilities						
Bank loans - net of current portion			128 275 420	128 275 420		128 275 420
Debentures - net of current portion			248 344 033	248 344 033		248 344 033
Finance lease creditors - net of current portion			36 192 908	36 192 908		36 192 908
Other loans			78 868 673	78 868 673		78 868 673
Other non current liabilities			20 896 701	20 896 701	44 044 204	64 940 905
Current liabilities						
Bank loans			133 186 332	133 186 332		133 186 332
Debentures			55 000 000	55 000 000		55 000 000
Finance lease creditors			4 114 170	4 114 170		4 114 170
Other loans			4 060 098	4 060 098		4 060 098
Trade creditors			177 584 402	177 584 402		177 584 402
Other current liabilities	61 264		8 573 544	8 634 808	77 480 291	86 115 099
Total	61 264		895 096 281	895 157 545	121 524 495	1 016 682 040



	Liabilities at fair value through profit or loss	Hedge derivatives	Liabilities at amortized cost	Sub-total	Liabilities out of scope of IFRS 7	Total
31.12.2011						
Non current liabilities						
Bank loans - net of short term portion			155 127 941	155 127 941		155 127 941
Debentures - net of short term portion			287 993 050	287 993 050		287 993 050
Finance lease creditors - net of short term portion			39 494 029	39 494 029		39 494 029
Other loans			98 597 712	98 597 712		98 597 712
Other non current liabilities			21 677 155	21 677 155	55 654 961	77 332 116
Current liabilities						
Bank loans			136 351 198	136 351 198		136 351 198
Debentures			15 000 000	15 000 000		15 000 000
Finance lease creditors			4 593 444	4 593 444		4 593 444
Other loans			1 477 788	1 477 788		1 477 788
Trade creditors			161 475 903	161 475 903		161 475 903
Other current liabilities	2 843 821		13 258 834	16 102 655	85 223 211	101 325 866
Total	2 843 821		935 047 053	801 539 677	140 878 172	942 417 849

Assets and liabilities out of the scope of IFRS 7 consist essentially of accounts receivable from and payable to the State and the Group's employees and items of accruals and deferrals.

10. INVESTMENTS

At 31 December 2012 and 31 December 2011 details of Investments are as follows:

	31.12.2012		31.12.2011	
	Current	Non current	Current	Non current
Investment in group companies excluded from consolidation				
Opening balance		37 054 870		37 054 870
Acquisition				
Disposal				
Liquidation		84 956		
Effect of equity method application				
Currency translation effect				
Closing balance		36 969 914		37 054 870
Accumulated impairment losses (Note 34)		36 969 914		36 990 037
Net investment in group companies excluded from consolidation				64 833
Investment in associated companies				
Opening balance		2 296 057		2 618 508
Increase in share capital		179 771		
Disposal				
Effect of equity method application		- 212 982		- 255 841
Changes in consolidation perimeter				- 66 610
Transfer				
Currency translation effect				
Closing balance		2 262 846		2 296 057
Accumulated impairment losses (Note 34)				
Net investment in associated companies		2 262 846		2 296 057
Associated undertakings and non consolidated undertakings		2 262 846		2 360 890



	31.12.2012		31.12.2011	
	Current	Non current	Current	Non current
Available-for-sale investment				
Opening balance		1 085 401		1 047 150
Acquisition		5 000		20 953
Disposal				
Change in fair value		17 100		17 298
Transfer				
Currency translation effect				
Closing balance		1 107 501		1 085 401
Accumulated impairment losses (Note 34)		15 961		15 961
Net available-for-sale investment		1 091 540		1 069 440

The amount included under Investment in group companies excluded from consolidation refers to the former subsidiary Tarnaise des Panneaux, held indirectly by Sonae Industria, SGPS, SA for 100% of its share capital. In 2001, this company filed for bankruptcy, which is still pending. Consequently control was lost and the company has been excluded from consolidation. The Consolidated Statement of Financial Position includes an impairment loss for the full amount of the investment.

Available-for-sale investment consists of financial undertakings which do not fulfil the criteria to be stated as subsidiaries or as associates. They are recognized at cost as no relevant difference to their fair value is estimated. In addition, it includes an application in an investment fund which is recognized for its market fair value (level 1 fair value).

11. TANGIBLE ASSETS

During 2012 and 2011, movements in tangible assets, accumulated depreciation and impairment losses were as follows:

	31.12.2012						
	Land and Buildings	Plant and Machinery	Vehicles	Tools	Fixtures and Fittings	Other Tangible Fixed Assets	Intangible Assets Under Development
Gross cost:							
Opening balance	462 786 346	1 765 637 982	16 383 051	17 441 156	39 882 841	14 752 346	31 625 908
Capital expenditure	360 031	2 715 042	823 514	2 400	23 918		30 786 695
Disposals	4 745 821	51 591 866	1 143 276	1 530 702	5 167 039	247 796	
Transfers and reclassifications	- 23 793 662	- 43 456 737	289 432	306 250	351 343	239 469	- 40 803 180
Exchange rate effect	- 168 024	- 1 749 917	- 2 306	- 24 230	8 722	9 504	151 292
Closing balance	434 438 870	1 671 554 504	16 350 415	16 194 874	35 099 785	14 753 523	21 760 715
Accumulated depreciation and impairment losses							
Opening balance	163 733 552	1 190 133 334	14 194 897	14 961 908	36 765 886	13 301 353	
Depreciations for the period	11 190 218	62 118 887	1 213 908	823 388	1 116 159	691 819	
Impairment losses for the period	14 973 551	31 545 747		2 739	13 607	80 508	2 251 440
Disposals	3 482 096	50 160 326	1 118 428	1 530 565	5 129 738	244 382	
Reversion of impairment losses for the period		3 931 656		1 885			
Transfers and reclassifications	- 21 210 440	- 65 156 180		- 10 418	- 28 982	- 233 783	- 2 251 440
Exchange rate effect	- 708	- 607 200	- 17 032	- 20 723	7 867	3 973	
Closing balance	165 204 077	1 163 942 606	14 273 345	14 224 444	32 744 799	13 599 488	
Carrying amount	269 234 793	507 611 898	2 077 070	1 970 430	2 354 986	1 154 035	21 760 715



	31.12.2011							
	Land and Buildings	Plant and Machinery	Vehicles	Tools	Fixtures and Fittings	Other Tangible Fixed Assets	Fixed Assets under construction	Total tangible assets
Gross cost:								
Opening balance	474 349 093	1 827 309 102	15 877 803	17 628 038	44 487 709	15 607 852	18 015 841	2 413 275 438
Changes in consolidation perimeter								
Capital expenditure	94 515	1 762 307	548 183	542			35 626 660	38 032 207
Disposals	11 380 691	69 244 945	346 862	354 962	4 394 432	979 914	733 409	87 435 215
Revaluation								
Transfers and reclassifications	2 463 044	17 755 279	325 652	302 975	72 145	114 810	- 21 619 730	- 585 825
Exchange rate effect	- 2 739 615	- 11 943 761	- 21 725	- 135 437	- 282 581	9 598	336 546	- 14 776 975
Closing balance	462 786 346	1 765 637 982	16 383 051	17 441 156	39 882 841	14 752 346	31 625 908	2 348 509 630
Accumulated depreciation and impairment losses								
Opening balance	155 838 628	1 193 052 860	13 454 739	14 494 066	39 356 773	13 547 266		1 429 744 332
Changes in consolidation perimeter								
Depreciations for the period	11 852 937	64 032 018	1 109 547	925 664	2 033 760	717 644		80 671 570
Impairment losses for the period	6 919 421	5 958 554			2 614			12 880 589
Disposals	10 722 572	68 521 710	334 828	354 913	4 392 599	967 547		85 294 169
Reversion of impairment losses for the period		181 464						181 464
Revaluation								
Transfers and reclassifications	3 800	2 020	- 122		4 039	- 186		9 551
Exchange rate effect	- 158 662	- 4 208 944	- 34 439	- 102 909	- 238 701	4 176		- 4 739 479
Closing balance	163 733 552	1 190 133 334	14 194 897	14 961 908	36 765 886	13 301 353		1 433 090 930
Carrying amount	299 052 794	575 504 648	2 188 154	2 479 248	3 116 955	1 450 993	31 625 908	915 418 700

Impairment losses for the period include an impairment loss recognized for EUR 41 367 592 (GBP 33 531 866) as a consequence of discontinuing production at Knowsley plant (note 3), regarding the assets reclassified as Non-current assets held for sale (note 17). This loss was recognized under Net profit/(loss) from discontinued operation, on the Consolidated Income Statement. Furthermore, Impairment losses for the period include an impairment loss for tangible fixed assets of Pontecaldelas and Solsona plants, in Spain, amounting to EUR 4 957 000 and EUR 2 543 000, respectively, recognized under Provisions and impairment losses, on the Consolidated Income Statement.

Transfer and reclassification refer mostly to the tangible fixed assets of Sonae Industria (UK) Ltd that were reclassified as Non-current assets held for sale (note 17).

Disposals refer mostly to the tangible assets of former Kaisersesch plant, in Germany, which were written off.

During 2012 and 2011 no interest paid or any other financial charges were capitalized, in accordance with conditions defined in note 2.9.

At 31 December 2012 mortgaged Land and buildings amounted to EUR 172 775 920 (EUR 187 626 161 at 31 December 2011) as a guarantee for loans amounting to EUR 51 984 521 (EUR 66 000 000 at 31 December 2011).

On the same date, there were no significant commitments for the acquisition of tangible fixed assets.



At 31 December 2012 and 2011 details of assets bought through financial leases were as follows:

	31.12.2012				31.12.2011
	Opening balance	Changes in consolidation perimeter	Increase	Other changes	Closing balance
Gross cost:					
Land and Buildings	37 003 109			- 2 231 609	37 003 109
Plant and Machinery	44 798 579				44 798 579
Vehicles	4 840 767		823 514	- 473 657	4 840 767
Tools					
Fixtures and Fittings	357 171		1 767	2 079	357 171
Other Tangible Fixed Assets					
Closing balance	86 999 626		825 281	- 2 703 187	86 999 626
Accumulated depreciation and impairment losses					
Land and Buildings	10 299 112		643 500	- 314 218	10 299 112
Plant and Machinery	18 482 992		2 988 146		18 482 992
Vehicles	3 326 563		629 310	- 468 384	3 326 563
Tools					
Fixtures and Fittings	137 118		86 029	- 7 309	137 118
Other Tangible Fixed Assets					
Closing balance	32 245 785		4 346 985	- 789 911	32 245 785
Carrying amount	54 753 841		- 3 521 704	- 1 913 276	54 753 841

Minimum payments of finance lease are stated in note 26.4.

12. INTANGIBLE ASSETS

During 2012 and 2011 movements in intangible assets, accumulated depreciation and impairment losses were as follows:

	31.12.2012										
	Development Costs	Patents, Royalties And Other Rights	Software		Other Intangible Assets		Assets Under Development		Total intangible assets		Total
	Non internally generated	Non internally generated	Internally generated	Non internally generated	Internally generated	Non internally generated	Internally generated	Non internally generated	Internally generated	Non internally generated	
Gross cost:											
Opening balance	183 407	3 061 911	17 033 706	2 024 176	63 454	1 848 225	55 172	937 093	17 152 332	8 054 812	25 207 144
Changes in consolidation perimeter											
Capital expenditure						1 426 540		1 180 390		2 606 930	2 606 930
Disposals		19 905	144 257	11 013		1 953 090			144 257	1 984 008	2 128 265
Revaluation											
Transfers and reclassifications	6 939	512 946	1 242 125	380 284		- 150 206		- 789 327	1 242 125	- 39 364	1 202 761
Exchange rate effect	- 339	- 1 692	- 101 574	- 54					- 101 574	- 2 085	- 103 659
Closing balance	190 007	3 553 260	18 030 000	2 393 393	63 454	1 171 469	55 172	1 328 156	18 148 626	8 636 285	26 784 911
Accumulated depreciation and impairment losses											
Opening balance	58 785	2 894 237	11 509 682	1 287 469	63 454	816 738			11 573 136	5 057 229	16 630 365
Changes in consolidation perimeter											
Amortization for the period	39 807	45 291	2 577 457	398 425					2 577 457	483 523	3 060 980
Impairment losses for the period											
Disposals		19 905	770	918					770	20 823	21 593
Reversion of impairment losses for the period											
Transfers and reclassifications			- 625	194		74 583			- 625	74 777	74 152
Exchange rate effect	- 339	64	- 96 520	- 6					- 96 520	- 281	- 96 801
Closing balance	98 253	2 919 687	13 989 224	1 685 164	63 454	891 321			14 052 678	5 594 425	19 647 103
Carrying amount	91 754	633 573	4 040 776	708 229		280 148	55 172	1 328 156	4 095 948	3 041 860	7 137 808



31.12.2011										
	Development Costs	Patents, Royalties And Other Rights	Software		Other Intangible Assets		Assets Under Development		Total intangible assets	
	Non internally generated	Non internally generated	Internally generated	Non internally generated	Internally generated	Non internally generated	Internally generated	Non internally generated	Internally generated	Total
Gross cost:										
Opening balance	52 682	3 064 048	16 696 115	1 827 347	63 454	1 873 409		156 144	16 759 569	6 973 630
Changes in consolidation perimeter										
Capital expenditure						2 111 813	119 118	1 105 986	119 118	3 217 799
Disposals						1 432 378				1 432 378
Transfers and reclassifications	131 730	- 154	600 305	196 829		- 704 619	- 63 946	- 325 037	536 359	- 701 251
Exchange rate effect	- 1 005	- 1 983	- 262 714						- 262 714	- 2 988
Closing balance	183 407	3 061 911	17 033 706	2 024 176	63 454	1 848 225	55 172	937 093	17 152 332	8 054 812
Accumulated amortisation and impairment losses										
Opening balance	23 452	2 858 439	8 869 064	982 489	63 454	816 879			8 932 518	4 681 259
Changes in consolidation perimeter										
Depreciations for the period	36 338	35 645	2 838 409	304 980					2 838 409	376 963
Impairment losses for the period										
Disposals										
Reversion of impairment losses for the period										
Transfers and reclassifications						- 141				- 141
Exchange rate effect	- 1 005	153	- 197 791						- 197 791	- 852
Closing balance	58 785	2 894 237	11 509 682	1 287 469	63 454	816 738			11 573 136	5 057 229
Carrying amount	124 622	167 674	5 524 024	736 707		1 031 487	55 172	937 093	5 579 196	2 997 583

13. INVESTMENT PROPERTIES

During 2012 and 2011 movements in investment properties, accumulated depreciation and impairment losses were as follows:

	31.12.2012			31.12.2011		
	Cost	Under construction	Total	Cost	Under construction	Total
Gross cost:						
Opening balance	1 667 281		1 667 281	1 667 281		1 667 281
Changes to consolidation perimeter						
Increase						
Disposals						
Transfers						
Exchange rate effect						
Closing balance	1 667 281		1 667 281	1 667 281		1 667 281
Accumulated depreciations and impairment losses:						
Opening balance	309 808		309 808	265 550		265 550
Changes to consolidation perimeter						
Charge for the period	44 258		44 258	44 258		44 258
Disposals						
Transfers						
Exchange rate effect						
Closing balance	354 066		354 066	309 808		309 808
Carrying amount	1 313 215		1 313 215	1 357 473		1 357 473

	31.12.2012	31.12.2011
Rents from investment properties	247 886	316 870
Direct operating costs	181 400	273 453



Assets stated as investment properties consist in a portion of land and buildings from the former Göttingen industrial plant, in Germany, which was closed down in 2002. At 31 December 2012 the fair value of these assets was not determined by an independent appraisal as the Group estimated it not to be significantly different from the amount recognized on the Consolidated Statement of Financial Position.

14. GOODWILL ARISING ON CONSOLIDATION

During 2012 and 2011 movements in goodwill arising on consolidation, accumulated depreciation and impairment losses were as follows:

	Goodwill	
	31.12.2012	31.12.2011
Gross value:		
Opening balance	92 620 183	93 999 204
Changes in consolidation perimeter		
Increases		
Decreases		189 649
Transfers and write-offs		
Currency translation	- 124 132	-1 189 372
Closing balance	92 496 051	92 620 183

Impairment tests carried out at 31 December 2012 consisted in determining the recoverable amount using the discounted cash flow method. Operating cash flows were projected over an eight-year period, thereafter extrapolated using perpetuity and discounted to 31 December 2012. Weighted Average Cost of Capital, before tax, calculated through CAPM (Capital Asset Pricing Model) methodology for each cash generating unit, was used as discount rate. These rates include specific market features and include different risk factors as well as risk-free interest rates of ten-year bonds of each country to which cash generating units belong.

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

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

Goodwill was allocated through the cash generating units, which were aggregated according to the synergies generated by the respective business combinations.



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

31.12.2012:

	Iberian Peninsula	Germany	France	South Africa
Goodwill	73 489 917	3 588 414	6 027 749	9 389 971
Discount rate (pre-tax)	13.42%	9.43%	9.05%	17.93%
Growth Rate on Perpetuity	1.00%	1.00%	1.00%	1.00%
Period	8 years	8 years	8 years	8 years
Test Conclusions	No impairment	No impairment	No impairment	No impairment

31.12.2011:

	Iberian Peninsula	Germany	France	South Africa
Goodwill	73 116 273	3 522 555	6 027 749	9 953 606
Discount rate (pre-tax)	12.01%	9.78%	10.38%	16.60%
Growth Rate on Perpetuity	1.00%	1.00%	1.00%	1.00%
Period	8 years	8 years	8 years	8 years
Test Conclusions	No impairment	No impairment	No impairment	No impairment

No impairment losses were recognized as a result of the tests carried out on the carrying amount of Goodwill as at 31 December 2012.

Impairment tests have taken into consideration the following macroeconomic information for countries where tested cash generating units are located:



	Annual percent change								
	2013	2014	2015	2016	2017	2018	2018	2019	2020
GDP									
Portugal	-3.0	-1.0	1.2	1.9	1.9	1.8	1.8	1.8	1.8
Spain	-1.5	-1.3	1.0	1.6	1.7	1.7	1.7	1.7	1.7
France	0.1	0.4	1.1	1.5	1.7	1.9	1.9	1.9	1.9
Germany	0.9	0.9	1.4	1.4	1.3	1.3	1.3	1.3	1.3
South Africa	2.6	3.0	3.9	4.1	4.1	4.1	4.1	4.1	4.1
Inflation									
Portugal	2.8	0.7	1.1	1.4	1.5	1.5	1.5	1.5	1.5
Spain	2.4	2.4	1.5	1.5	1.4	1.4	1.4	1.4	1.4
France	1.9	1.0	0.9	1.3	1.6	1.9	1.9	1.9	1.9
Germany	2.2	1.9	2.1	2.1	2.1	2.1	2.1	2.1	2.1
South Africa	5.6	5.2	5.0	4.8	4.7	4.7	4.7	4.7	4.7

Source: International Monetary Fund

Growth rates used in impairment tests have taken into consideration information from the previous table and have incorporated other internal factors, such as productivity gains that are expected to be obtained from the concentration of activity that will result from ongoing restructuring in the Group's operations in the United Kingdom and in Spain.

15. DEFERRED TAXES

At 31 December 2012 and 31 December 2011 deferred tax assets and liabilities were detailed according to underlying temporary differences as follows:

	Deferred Tax Assets		Deferred Tax Liabilities	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Derecognized Deferred Costs	102 650	102 650		
Harmonisation Adjustments			57 294 360	59 344 073
Provisions not Allowed for Tax Purposes	1 811 150	2 028 176		
Impairment of Assets	1 904 414	1 908 207		
Tax Losses Carried Forward	16 956 521	30 774 820		
Derecognized Tangible Fixed Assets	50 543	53 518		
Revaluation of Tangible Fixed Assets			887 935	949 780
Other Deferred Taxes	3 363 880	3 007 578	1 890 614	3 964 357
	<u>24 189 158</u>	<u>37 874 949</u>	<u>60 072 909</u>	<u>64 258 210</u>



	Deferred tax assets		Deferred tax liabilities	
	2012	2011	2012	2011
Opening balance	37 874 949	40 182 949	64 258 210	70 589 486
Impact on results:				
Resulting from changes in temporary differences				
Harmonisation adjustments	- 138 000		- 1 536 560	- 3 478 018
Provisions not allowed for tax purposes	- 101 948	- 818 732		
Impairment of Assets	- 3 792	- 8 952		
Derecognized tangible assets	- 2 975	- 2 422		
Derecognized deferred costs			- 24 525	- 24 525
Revaluation of tangible assets				
Tax losses carried forward	- 11 518 883	605 892		
Others	- 1 941 673	- 906 423	- 2 072 723	102 641
	- 13 707 271	- 1 130 637	- 3 633 808	- 3 399 902
Resulting from change in tax rate				
Subtotal	- 13 707 271	- 1 130 637	- 3 633 808	- 3 399 902
Impact on reserves:				
Items of Other Comprehensive Income				
Currency translation effect	- 116 520	- 1 177 363	- 689 493	- 2 931 374
Impact of changes in the consolidation perimeter				
Reclassification	138 000		138 000	
Closing balance	<u>24 189 158</u>	<u>37 874 949</u>	<u>60 072 909</u>	<u>64 258 210</u>

In accordance with International Financial Reporting Standards / International Accounting Standards, on a yearly basis the Group performs an evaluation of deferred tax asset relating to tax losses carried forward that was accounted for in previous years based on projected cash flows for a five-year period. As a consequence, a reversion of deferred tax was recognized for EUR 7 909 000 on the grounds of existing uncertainty about available future profits against which tax losses carried forward may be used. Moreover, deferred tax was reverted for EUR 1 707 397 because of the expiry of underlining tax losses carried forward.

According to the estimation of taxable profit for the fiscal year 2012 and according to the tax returns for the fiscal year 2011, tax losses carried forward and the corresponding deferred tax asset are detailed as follows:

Limit date to be used	31.12.2012		31.12.2011	
	Tax loss carried forward	Deferred tax asset	Tax loss carried forward	Deferred tax asset
2012	-	-	11 076 538	2 769 635
2014	4 575 000	1 143 750	6 100 000	1 525 000
2017			5 740 083	1 722 025
2018			710 820	213 246
2020	5 740 083	1 722 025		
2021	710 820	213 246		
	<u>11 025 903</u>	<u>3 079 021</u>	<u>23 627 441</u>	<u>6 229 906</u>
Without time limit	46 986 833	13 877 500	85 953 341	24 544 914
Total	<u>58 012 736</u>	<u>16 956 521</u>	<u>109 580 782</u>	<u>30 774 820</u>



Furthermore, at 31 December 2012 and 31 December 2011, tax losses for which no deferred tax asset was recognized are detailed as follows:

Limit date to be used	31.12.2012		31.12.2011	
	Tax loss carried forward	Tax credit	Tax loss carried forward	Tax credit
2014	6 567 087	1 641 772	17 277 579	4 931 170
2015	65 295	17 386	80 830	22 047
2016	55 743	14 694	90 224 538	27 065 332
2017	12 443 799	3 722 725	64 910 262	19 462 664
2018	154 623	40 495	101 757 410	30 521 331
2019	90 245 835	27 069 575	8 141 353	2 438 230
2020	64 843 584	19 447 076	1 202 915	354 875
2021	101 765 405	30 523 330	19 542 033	5 856 318
2022	8 179 581	2 447 787	746 825	224 047
2023	1 082 928	324 878	47 719 111	14 315 733
2024	19 416 189	5 824 857	1 573 065	471 920
2025	746 825	224 047	23 959 338	7 187 802
2026	47 719 111	14 315 733	5 913 612	1 774 084
2027	1 573 065	471 920		
2028	23 959 338	7 187 802		
2029	19 369 797	5 810 939		
	398 188 205	119 085 016	383 048 871	114 625 553
Without time limit	1 209 559 465	358 392 670	1 176 108 196	361 334 785
Total	1 607 747 670	477 477 686	1 559 157 067	475 960 338

During 2012, in Spain the period over which tax losses can be carried forward was extended from 15 to 18 years.

Deferred tax assets are offset against deferred tax liabilities in situations where:

- (i) The company which generates the respective temporary differences is legally entitled to offset current tax assets and liabilities; or
- ii) Calculated deferred tax assets and liabilities are related with income tax payable to the same tax authority:
 - a) By a single entity; or
 - b) By different entities which intend to receive/pay tax on a net basis.



16. OTHER NON-CURRENT ASSETS

At 31 December 2012 and 31 December 2011 details of Other non-current assets on the Consolidated Statements of Financial Position were as follows:

	31.12.2012			31.12.2011		
	Gross Value	Impairment	Net Value	Gross Value	Impairment	Net Value
Trade debtors and other debtors	12 319 132	10 931 182	1 387 950	14 532 831	10 931 182	3 601 649
Financial Instruments	12 319 132	10 931 182	1 387 950	14 532 831	10 931 182	3 601 649
State and other public entities						
Others	1 696		1 696	4 581		4 581
Assets out of scope of IFRS 7	1 696		1 696	4 581		4 581
Total	12 320 828	10 931 182	1 389 646	14 537 412	10 931 182	3 606 230

AGEING OF NON CURRENT TRADE DEBTORS AND OTHER DEBTORS

	31.12.2012	31.12.2011
Not due	1 387 950	3 601 649
Total	1 387 950	3 601 649

17. NON-CURRENT ASSETS HELD FOR SALE

In September 2012 several assets that became available for sale after production was discontinued at Knowsley plant, in England, were reclassified as Non-current assets held for sale, as referred to in note 3. These assets were expected to be sold within a one-year period.

These assets were recognized for their fair value less estimated costs to sell, which amounted to EUR 17 891 895 (GBP 14 601 576) after an impairment loss was recognized for EUR 41 367 592 (GBP 33 531 866) (note 11) under Profit/(loss) from discontinued operations, after taxation, on the Consolidated Income Statement.

Most of these assets were sold during October 2012 for EUR 13 480 671 (GBP 11 001 576).

At 31 December 2011 several assets of the former George industrial plant, in South Africa, which became available for sale after the plant was closed down in 2009, were classified as Non-current assets held for sale. These assets were expected to be sold in 2012 but a transaction could not be finalized. Taking into consideration the uncertainties related to the



sale of these assets the Group decided to reclassify them to Tangible fixed assets, on the Consolidated Statement of Financial Position.

18. INVENTORIES

At 31 December 2012 and 31 December 2011, details of Inventories on the Consolidated Statements of Financial Position were as follows:

	31.12.2012	31.12.2011
Merchandise	8 311 186	8 023 419
Finished and intermediate products	50 793 611	51 023 041
Subprodutos, desperdícios, resíduos e refugos		
Products and working in progress	1 412 663	1 468 644
Raw Materials and Consumables	78 299 588	84 736 313
	138 817 048	145 251 417
Accumulated losses on inventories (Note 34)	8 833 140	7 836 654
	<u>129 983 908</u>	<u>137 414 763</u>

Inventories consist mainly of wood, raw boards, faced boards and chemical products.

19. TRADE DEBTORS

At 31 December 2012 and 31 December 2011, details of Trade debtors on the Consolidated Statements of Financial Position were as follows:

	31.12.2012			31.12.2011		
	Gross Value	Impairment	Net Value	Gross Value	Impairment	Net Value
Trade Debtors	166 075 209	25 156 732	140 918 477	182 312 171	23 911 465	158 400 706

	31.12.2012	31.12.2011
Not due	100 715 057	126 072 481
Due and not impaired		
0 - 30 days	23 537 132	21 032 391
30 - 90 days	5 864 869	8 190 759
' + 90 days	2 246 958	3 046 062
	<u>31 648 959</u>	<u>32 269 212</u>
Due and impaired		
0 - 90 days		208 170
90 - 180 days	12 392 802	5 856 403
180 - 360 days	7 317 295	3 275 899
+ 360 days	14 001 096	14 630 007
	<u>33 711 193</u>	<u>23 970 479</u>
Total	<u>166 075 209</u>	<u>182 312 171</u>



20. OTHER CURRENT DEBTORS

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

		31.12.2012			31.12.2011		
		Gross Value	Impairment	Net Value	Gross Value	Impairment	Net Value
Other debtors		10 468 857	16 111	10 452 746	10 964 392	19 628	10 944 764
	Financial Instruments	10 468 857	16 111	10 452 746	10 964 392	19 628	10 944 764
Other debtors		3 349 154		3 349 154	2 187 912		2 187 912
	Assets out of scope of IFRS 7	3 349 154		3 349 154	2 187 912		2 187 912
Total		<u>13 818 011</u>	<u>16 111</u>	<u>13 801 900</u>	<u>13 152 304</u>	<u>19 628</u>	<u>13 132 676</u>

AGEING OF OTHER DEBTORS

	31.12.2012	31.12.2011
Not due	38 430	7 414
Due and not impaired		
0 - 30 days	6 835 120	10 920 070
30 - 90 days	2 353 023	3 789
+ 90 days	1 242 284	2 875
	<u>10 430 427</u>	<u>10 926 734</u>
Due and impaired		
0 - 90 days		
90 - 180 days		23 226
180 - 360 days		
+ 360 days		7 018
		<u>30 244</u>
Total	<u>10 468 857</u>	<u>10 964 392</u>

Other debtors include amounts receivable from Trade creditors for EUR 4 764 706.



21. OTHER CURRENT ASSETS

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

	31.12.2012			31.12.2011		
	Gross Value	Impairment	Net Value	Gross Value	Impairment	Net Value
Derivatives instruments	5 612		5 612	2 050 956		2 050 956
Financial Instruments	5 612		5 612	2 050 956		2 050 956
Accrued income	4 754 959		4 754 959	14 587 610		14 587 610
Deferred expenses	7 787 818		7 787 818	5 026 380		5 026 380
Assets out of scope of IFRS 7	12 542 777		12 542 777	19 613 990		19 613 990
Total	<u>12 548 389</u>		<u>12 548 389</u>	<u>21 664 946</u>		<u>21 664 946</u>

At the closing date of these consolidated financial statements, the Group did not hold any cash flow hedging derivative financial instruments. The amounts included in the previous table relate to derivative financial instruments recognized at fair value through profit or loss (note 27).

At 31 December 2011 Accrued income included EUR 11.8 million of estimated but pending receipt insurance compensation that was recognized by Sonae Industria (UK), Ltd. (note 3). This amount was paid by the insurers during the period ended 31 December 2012.

22. STATE AND OTHER PUBLIC ENTITIES (CURRENT ASSETS)

At 31 December 2012 and 31 December 2011, details of State and Other Public Entities on the Consolidated Statements of Financial Position were as follows:

	31.12.2012	31.12.2011
State and other public entities:		
Income Tax	2 342 037	2 944 387
Value Added Tax	4 774 949	4 674 463
Social Security Contribution	52 295	58 248
Others	957 644	5 951 227
	<u>8 126 925</u>	<u>13 628 325</u>

At 31 December 2011, Others included EUR 4 784 917 related to an ecologic tax in Germany, to be refunded. In 2012, this tax was refunded during the period.



23. CASH AND CASH EQUIVALENTS

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

	<u>31.12.2012</u>	<u>31.12.2011</u>
Cash at Hand	64 924	67 342
Bank Deposits and Other Treasury Applications	23 117 589	23 502 821
Impairment in Treasury Applications		
	<u>23 182 513</u>	<u>23 570 163</u>
Cash and Cash Equivalents on the Balance Sheet		
	23 182 513	23 570 163
Bank Overdrafts	<u>40 992 770</u>	<u>22 554 807</u>
Cash and Cash Equivalents on the Statement of Cash Flows	<u>- 17 810 257</u>	<u>1 015 356</u>

Bank overdrafts include credit balances on current accounts and are included in Bank loans under current liabilities on the Consolidated Statement of Financial Position (note 26.1).

The Consolidated Statement of Cash Flows includes line by line the flows of the subsidiary Sonae Industria (UK), Ltd, whose results were included under Profit/(loss) from discontinued operations, after taxation, on the Consolidated Income Statement.

24. SHAREHOLDERS' FUNDS

24.1. SHARE CAPITAL

At 31 December 2012 and 2011 Sonae Indústria's Share Capital was fully underwritten and paid and was comprised of 140 000 000 common shares, not entitled to fixed income, with a face value of EUR 5 per share. At this date, neither the company nor any of its affiliates held any shares in the company.

24.2. LEGAL RESERVE

The caption Legal reserve includes the parent company's reserve set up in accordance with articles 295 and 296 of the Company Law.



24.3. OTHER RESERVES AND ACCUMULATED EARNINGS

This caption includes:

- Reserves set up by the parent company and the Group's share of reserves set up by subsidiaries included in consolidation in accordance with statutory rules or by proposition of the respective Board of Directors, approved in the General Shareholders' Meeting.
- The parent company's net profits or losses of previous years and the subsidiaries' share thereon whose application was not carried out;
- The parent company's net profit or loss of the current period and the subsidiaries' share thereon;
- Consolidation adjustments to any of the aforementioned components.

24.4. OTHER ACCUMULATED COMPREHENSIVE INCOME

This caption includes:

- Currency translation reserves resulting from the conversion to Euros of subsidiaries' financial statements which are expressed in a different functional currency;
- Change in fair value of available-for-sale assets (note 10);
- Hedging derivative instruments (note 27);
- Consolidation adjustments to any of the aforementioned components.

Translation reserve, on the Consolidated Statement of Changes in Net Shareholders' Funds, includes a reclassification amounting to EUR 10 741 485, which refers to reserves of subsidiaries whose functional currency is Euro that were misclassified as translation reserve.

25. NON-CONTROLLING INTERESTS

Changes to this item during 2012 and 2011 were as follows:

	<u>31.12.2012</u>	<u>31.12.2011</u>
Opening balance	332 511	1 105 065
Lost of control in subsidiaries		
Change resulting from currency translation	- 23 167	
Net profit for the period attributed to non-controlling interests	-1 175 020	- 713 797
Other comprehensive income	- 995	- 59 323
Others	- 33 957	566
Closing balance	<u>- 900 628</u>	<u>332 511</u>



26. LOANS

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

31.12.2012					
	Amortised cost		Nominal value		Fair value adjustment
	Current	Non current	Current	Non current	
Bank loans	133 186 332	128 275 420	133 311 753	129 230 007	
Debentures	55 000 000	248 344 033	55 000 000	250 000 001	
Obligations under finance leases	4 114 170	36 192 908	4 114 170	36 192 908	-1 038 028
Other loans	4 060 098	78 868 673	4 060 098	79 716 721	
Gross debt	196 360 600	491 681 034	196 486 021	495 139 637	-1 038 028
Cash and cash equivalent in balance sheet	23 182 513		23 182 513		
Net debt	173 178 087	491 681 034	173 303 508	495 139 637	- 1 038 028
Total net debt	664 859 121		668 443 145		

31.12.2011					
	Amortised cost		Nominal value		Fair value adjustment
	Current	Non current	Current	Non current	
Bank loans	136 351 198	155 127 941	136 465 283	156 731 858	214 506
Debentures	15 000 000	287 993 050	15 000 000	290 000 000	
Obligations under finance leases	4 593 444	39 494 029	4 593 444	39 494 029	-1 217 718
Other loans	1 477 788	98 597 712	1 477 788	98 597 712	
Gross debt	157 422 430	581 212 732	157 536 515	584 823 599	-1 003 212
Cash and cash equivalent in balance sheet	23 570 163		23 570 163		
Net debt	133 852 267	581 212 732	133 966 352	584 823 599	- 1 003 212
Total net debt	715 064 999		718 789 951		

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

	2012	2011
Bank loans	5.1752%	4.6434%
Debentures	3.2296%	3.3460%
Finance leases	10.1960%	9.9516%
Others	2.7505%	2.8744%

Bank overdrafts were not taken into consideration for the calculation of these average interest rates as the amounts were irrelevant.

The column “Fair value adjustment” includes the adjustments which would have to be made in the period if the corresponding items were stated at fair value. Its calculation took into consideration applicable market interest rates.



The aforementioned loans do not include loans from related parties, which were non-existent at the closing date of these consolidated financial statements.

The corresponding maturity schedule is detailed in note 28.

26.1. Bank Loans

Bank loans (nominal value) presented in the table in note 26. include “Non-current Bank Loans – net of the current portion”. “Current portion of Non-current Bank Loans”. and “Current Bank Loans” on the Consolidated Statement of Financial Position and their composition as at 31 December 2012 is detailed in the following table:

31.12.2012					
Company	Non current	Current			Total
		Short term portion	Short term	Bank overdrafts	
Sonae Indústria-SGPS,SA	60 378 788	42 969 697	27 500 000	25 046 189	155 894 674
Tafisa Canada Inc.	39 314 825	3 846 527		106 477	43 267 829
Sonae Novobord (Pty) Ltd	22 420 645	8 438 508		77 467	30 936 620
Tafisa-Tableros de Fibras, SA		8 000 000		8 361 119	16 361 119
Imoplamac - Gestão de Imóveis, S. A.	7 115 749	1 564 251		77 467	8 757 467
Laminate Park GmbH & Co.				3 611 667	3 611 667
Sonae Ind., Prod. e Com.Deriv.Madeira,SA				2 780 658	2 780 658
Euroresinas-Indústrias Químicas,SA				920 083	920 083
Others				11 643	11 643
	<u>129 230 007</u>	<u>64 818 983</u>	<u>27 500 000</u>	<u>40 992 770</u>	<u>262 541 760</u>

31.12.2011					
Company	Non current	Current			Total
		Short term portion	Short term	Bank overdrafts	
Sonae Indústria-SGPS,SA	90 348 485	69 469 697			159 818 182
Tafisa Canada Inc.	47 421 108	4 790 458			52 211 566
Tafisa-Tableros de Fibras, SA		16 500 000	2 000 000	3 664 759	22 164 759
Glunz AG		16 826 600		2 313 410	19 140 010
Sonae Novobord (Pty) Ltd	18 581 495	4 224 346		1 081 552	23 887 393
Sonae Ind., Prod. e Com.Deriv.Madeira,SA				4 926 631	4 926 631
Taiber,Tableros Aglomerados Ibéricos,SL				2 917 422	2 917 422
Tableros Tradema,S.L.				24 584	24 584
Isoroy SAS				2 009 573	2 009 573
Sonae Industria (UK), Ltd.				1 533 414	1 533 414
Others	380 770	99 375		4 083 462	4 563 607
	<u>156 731 858</u>	<u>111 910 476</u>	<u>2 000 000</u>	<u>22 554 807</u>	<u>293 197 141</u>

Non-current bank loans and the related short term portion are detailed as follows:

a) During 2002 and 2003, Glunz AG contracted a loan with the European Investment Bank for EUR 119 000 000 (comprising two components). The loan pays interest semi-annually, indexed to a fixed rate of 3.64%, and will be redeemed in 16 consecutive and variable semi-



annual instalments, the first of which was made in June 2005. At 31 December 2012, this loan had been fully repaid.

b) In January 2006 Sonae Indústria SGPS, S. A. contracted commercial paper with several financial institutions, subsequently amended on 19 March 2008 and on 30 September 2010. At 31 December 2012 commercial paper issued amounted to EUR 51 000 000;

c) In September 2009 Sonae Indústria, SGPS, S. A. contracted a new commercial paper programme which had a maximum nominal amount of EUR 40 000 000, presently reduced to EUR 10 000 000, and will mature in 2013. At 31 December 2012 commercial paper had been issued for EUR 10 000 000;

d) In February 2009 Sonae Indústria, SGPS, S. A. contracted a loan with a Portuguese financial institution for EUR 20 000 000. This loan pays interest at market rate and will be redeemed from 2009 to 2015. At 31 December 2012 outstanding principal amounted to EUR 8 181 818.

e) In October 2009 Sonae Indústria, SGPS, S. A. contracted a loan with a Portuguese financial institution for EUR 20 000 000. This loan pays interest at market rate and will be redeemed in 2011 and 2012. At 31 December 2012 this loan had been fully repaid.

f) During the first half of 2007 Sonae Novobord together with Sonae Indústria, SGPS, S. A. contracted a loan with the European Investment Bank, denominated in ZAR, for a maximum amount of ZAR 247 170 000 . The loan pays interest at a market rate and will be redeemed in 14 consecutive and equal semi-annual instalments, the first of which was made in September 2010. At 31 December 2012 outstanding principal was ZAR 158 895 000 (EUR 14 221 103).

g) During first half 2007 Sonae Novobord together with Sonae Indústria, SGPS, S. A. contracted a loan with International Finance Corporation (IFC) of 71 800 000 ZAR. The loan pays interest at a market rate and will be redeemed in 16 consecutive and equal semi-annual instalments, the first of which was made in June 2009. At 31 December 2012 outstanding principal was ZAR 35 900 000 (EUR 3 213 050).

h) In July 2010 Tableros de Fibras, S. A. celebrated a contract to issue commercial paper, which was amended in 14 July 2011. The programme matures in 2013. At 31 December 2012 maximum nominal value amounted to EUR 8 000 000 and there was commercial paper issued for the same amount.



i) On 5 August 2010 Sonae Indústria, SGPS, S. A. contracted a loan with a Portuguese financial institution for EUR 10 000 000. This loan pays interest at variable rate and will be redeemed from 2012 to 2015. At 31 December 2012 outstanding principal amounted to EUR 9 166 667.

j) On 31 March 2011 Sonae Indústria, SGPS, SA contracted a commercial paper programme for maximum nominal amount of EUR 50 000 000 that will mature in 2013. At 31 December 2012 commercial paper issued amounted to EUR 50 000 000;

k) On 14 July 2011 Tafisa Canada Inc. contracted a loan for CAD 81 000 000 with a syndicate of financial institutions from North America. The loan will mature within five years and is divided into two parts: the first one, amounting to CAD 66 000 000, will be redeemed over that period; the second one, with a maximum amount of CAD 15 000 000, will be redeemed when the loan matures. At 31 December 2012 the first part amounted to CAD 51 256 535 (EUR 39 016 987) and the second part was not utilized. This loan includes two financial ratios calculated on the basis of the company's individual financial statements: "Financial Liabilities / Net Shareholders' Funds" and "Adjusted EBITDA/Debt Service". These ratios are tested quarterly until debt matures and in case of breach, repayment may be required.

l) On 19 July 2011 Tafisa Canada Inc. contracted a loan for CAD 5 000 000 with a Canadian financial institution. This loan will mature within five years. At 31 December 2012 the outstanding principal amounted to CAD 3 969 150 (EUR 3 021 357). This loan includes one ratio calculated in the basis of the company's individual financial statements: "Non-current Liabilities/Net Shareholders' Funds". This ratio is tested annually based on the company's end year accounts and in case of breach, repayment may be required.

m) In November 2012 Imoplamac, S. A. contracted a loan with a Portuguese financial institution. This loan pays interest quarterly at variable rate and will be repaid in quarterly instalments from March 2013 to March 2016.

n) On 11 December 2012 Sonae Novobord contracted a loan with a South African financial institution for 150 000 000 South African Rands (ZAR). This loan pays interest at market rate and will be repaid in three successive and equal annual instalments, beginning 2013. At 31 December 2012 the outstanding principal amounted to ZAR 150 000 000 (EUR 13 425 000). This loan includes three ratios calculated on the basis of the company's individual financial statements: "Net Financial Liabilities/EBITDA", "EBITDA/Interest" and "Free Cash Flow/Debt Service". These ratios are tested quarterly until debt matures and in case of breach, repayment may be required.



As set out in point 1.3. – Voting and Exercising Voting Rights, of the Corporate Governance Report, at 31 December 2012 there were loans amounting to EUR 27 million (representing 4.1% of consolidated net debt) whose repayment may be required by creditors in case of change in shareholder control.

26.2. Bond Issues

a) Sonae Indústria 2005/2013 bonds, issued on 31 March 2005, with a principal amount of 55 000 000 euros, and a bullet repayment 8 years after issue date. Interest is paid semi-annually in arrears on 31 March and 30 September;

b) Sonae Indústria 2006/2014 bonds, issued on 28 March 2006, with a principal amount of 50 000 000 euros and a bullet repayment 8 years after issue date. Interest is paid semi-annually in arrears on 28 March and 28 September;

c) Sonae Indústria 2006/2014 bonds, issued on 2 August 2006, with a principal amount of 50 000 000 euros and a bullet repayment 8 years after issue date. Interest is paid semi-annually in arrears on 2 February and 2 August;

d) On 5 May 2010 Sonae Indústria, SGPS, S. A. acquired and repaid in anticipation “Sonae Indústria – 2006/2013”. “Sonae Indústria – 2008/2012” and “Sonae Indústria – 2008/2012” debentures for a total amount of EUR 150 000 000. On the same date, Sonae Indústria. SGPS, S. A. issued new debentures through private subscription with a principal amount of EUR 150 000 000 and a 7-year period. Payment will be done through reduction of nominal value, from the 7th coupon payment date, which will take place 5 May 2014, in seven successive semi-annual instalments, the six first of which will amount to EUR 15 000 000, and a last one, which will amount to EUR 60 000 000. Interest is paid semi-annually on 5 May and 5 November.

The aforementioned debenture loans pay interest at variable rate composed of 6 month Euribor plus a spread.

26.3. Other Loans

Other loans, as detailed in the table in note 26, are included in the Consolidated Statement of Financial Position, in “Other Loans” in Current Liabilities and Non-Current Liabilities, and had the following composition on 31 December 2012:



Company	31.12.2012		
	Non current		Current
	Securitization	Others	Others
Glunz AG	18 541 795		78 950
Sonae Ind., Prod. e Com.Deriv.Madeira,SA	27 749 559	4 241 538	3 390 461
Isoroy SAS	6 854 880		
Tableros Tradema,S.L.	9 706 638	492 359	488 599
Sonae Tafibra International, BV	8 598 265		
Sonae Industria (UK), Ltd.	3 225 429		
Tafiber, Tableros de Fibras Ibéricas,SL		306 258	102 088
	<u>74 676 566</u>	<u>5 040 155</u>	<u>4 060 098</u>

Company	31.12.2011		
	Non current		Current
	Securitization	Others	Others
Glunz AG	18 774 096		78 950
Sonae Ind., Prod. e Com.Deriv.Madeira,SA	26 738 052	4 940 699	905 958
Isoroy SAS	10 847 868		
Tableros Tradema,S.L.	9 815 928	705 742	492 880
Sonae Tafibra International, BV	18 020 406		
Sonae Industria (UK), Ltd.	7 492 116		
Spanboard Products,Ltd	1 246 078		
Others		16 727	
	<u>92 934 544</u>	<u>5 663 168</u>	<u>1 477 788</u>

- a) During 2004. Sonae Indústria SGPS SA together with its subsidiaries Soane Indústria – Produção e Comercialização de Madeira. S.A (then Sonae Tafibra – Gestão Comercial S.A). Tableros Tradema S.L (then Tafibra, Tableros Aglomerados e de Fibras, A.I.E), Isoroy S.A.S (then Isoroy Diffusion S.N.C.), Glunz AG, Sonae Tafibra International, B.V. (then Sonae Tafibra Benelux, B. V.), Sonae Industria (UK), Limited (then Sonae (UK), Limited) and Spanboard Products Limited, signed a Securitization facility with ABN Amro Bank, NV and TAPCO – Tulip Asset Purchase Company BV. This facility came to an end in September 2012.

In September 2012 Sonae Indústria, SGPS, SA 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 Undustria (UK) Limited contracted with ING Belgium SA/NV and Finacity Corporation a Securitization facility of trade receivables for a maximum amount of EUR 100 000 000,



renewable for periods of eighteen months over a six-year period. At 31 December 2012 the outstanding principal amounted to EUR 74 676 566.

Trade receivables securitized amounting to EUR 92 688 197 were kept on the consolidated balance sheet as the criteria set out on IAS 39 for their derecognition were not fully met, namely the whole credit risk related to the securitized assets was not completely transferred.

- b) In September 2012 Sonae Indústria – Produção e Comercialização de Derivados de Madeira, S. A. contracted a factoring facility of trade receivables for a maximum amount of EUR 5 000 000, for one year, renewable. At 31 December 2012 the outstanding principal amounted to EUR 1 995 619.

Trade receivables factored amounting to EUR 2 957 426 were kept on the consolidated balance sheet as the criteria set out on IAS 39 for their derecognition were not fully met, namely the whole credit risk related to the factored assets was not completely transferred.

The estimated fair value of transferred asset and of related liabilities is not significantly different from their respective carrying amounts.

26.4. Financial lease creditors

Details of finance leases creditors at 31 December 2012 and at 31 December 2011 are as follows:

	Minimum lease payments		Present value of minimum lease payments	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
2012		8 931 275		4 884 746
2013	8 623 429	8 853 521	4 114 170	5 189 144
2014	9 310 896	8 827 116	6 582 102	5 577 102
2015	9 303 918	8 784 481	6 422 655	5 991 181
2016	8 538 608	8 015 240	6 235 478	5 718 227
2017	6 854 035		5 057 124	
after 2017 (2016)	18 393 118	19 856 057	11 895 549	16 727 073
	61 024 004	63 267 690	40 307 078	44 087 473
Lease creditors - current			4 114 170	4 593 444
Lease creditors - non current			36 192 908	39 494 029

Assets recognized under finance lease arrangements are stated in note 11.



26.5. Cash Flows

The amounts stated under cash receipts arising from loans obtained and cash payment arising from loans obtained, on financing activities of the Consolidated Statement of Cash Flows include the rollover of commercial paper programmes detailed in note 26.1.

27. FINANCIAL DERIVATIVES

The fair value of derivative instruments is stated as follows:

	Other current assets		Other current liabilities	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Derivatives at fair value through profit or loss:				
Exchange rate forwards	5 612	2 050 956	61 264	2 843 821
	<u>5 612</u>	<u>2 050 956</u>	<u>61 264</u>	<u>2 843 821</u>

Derivatives at fair value through profit or loss

They consist of exchange rate derivatives (forwards) over which no hedge accounting was applied.

The fair value of exchange rate forwards was determined using derivative valuation software and external appraisals when software do not allow some derivatives to be valued, and consisted in updating the receivable/payable amount at maturity date to the balance sheet date (level 2 fair value). Receivable/payable amount, which was used for valuing, corresponds to the amount denominated in foreign currency multiplied by the difference between the contracted exchange rate and the market exchange rate at the maturity date that was determined at valuation date (forward exchange rate determined between valuation and maturity date. using market information).

Gains and losses resulting from changes in fair value are stated under the item Adjustments to fair value of financial instruments at fair value through profit or loss (note 40), which corresponds to a net loss of EUR 2 884 813 (a net gain of EUR 2 443 557 at 31 December 2011).

Derivative instruments recognized at fair value through profit or loss held by the Group at 31 December 2012 fully mature in 2013.

Derivatives at fair value through reserves

In 2012 and 2011 no derivative financial instruments at fair value through reserves were contracted.



28. FINANCIAL RISKS

28.1. Liquidity risk

Liquidity risk described in note 2.24, c) related to gross debt referred to in note 26, can be analysed as follows:

	31.12.2012		
	Maturity of gross debt (note 26)	Interest	Total
2013	196 486 021	22 394 728	218 880 749
2014	293 495 524	24 935 968	318 431 493
2015	60 096 624	12 934 337	73 030 961
2016	62 434 285	8 706 115	71 140 400
2017	66 725 410	3 880 985	70 606 395
2018	11 147 662	1 276 681	12 424 343
After 2018	1 240 132	50 236	1 290 368
	<u>691 625 658</u>	<u>74 179 050</u>	<u>765 804 709</u>
	31.12.2011		
	Maturity of gross debt (note 26)	Interest	Total
2012	157 536 515	24 433 548	181 970 064
2013	184 297 080	20 509 978	204 807 058
2014	248 680 702	13 143 853	261 824 555
2015	52 249 502	7 643 257	59 892 759
2016	66 169 469	4 978 661	71 148 129
2017	21 637 066	2 195 685	23 832 751
After 2017	11 789 780	1 319 753	13 109 533
	<u>742 360 114</u>	<u>74 224 735</u>	<u>816 584 849</u>

The calculation of interest in the previous table was based on interest rates at 31 December 2012 and 2011 applicable to each item of debt. Gross debt maturing in 2013 (2012) includes scheduled repayment of debt along with the repayment of debt as at end 2012 maturing within less than one.

Maturities for the remaining financial instruments are stated in the respective notes.



28.2. Market risk

28.2.1. Interest rate risk

The analysis of interest rate risk described on note 2.24, b), i), consisted in calculating the way net profit before tax would have been impacted if there would have been a change of +0.75 or -0.75 percentage points in actual interest rates of the corresponding period:

Sensitivity Analysis								
2012					2011			
		"Notional" (Euros)	Efeito em resultados (Euros)				Effect in Profit and Loss (Euros)	
			0.75%	-0.75%			0.75%	-0.75%
Gross Debt								
	EUR	568 279 783	-3 675 179	3 675 179	628 978 526	-3 863 658	3 863 658	
	GBP	1 896 670	- 52 455	52 455	8 738 352	- 70 556	70 556	
	CAD	42 038 276	- 347 144	347 144	51 448 513	- 158 306	158 306	
	ZAR	30 860 490	- 113 821	113 821	22 805 841	- 139 107	139 107	
		643 075 218	-4 188 599	4 188 599	711 971 232	-4 231 627	4 231 627	
Financial Derivatives								
	EUR							
	ZAR							
Bank deposits and other treasury applications								
	EUR	3 874 033	72 331	- 72 331	9 018 675	47 301	- 47 301	
		3 874 033	72 331	- 72 331	9 018 675	47 301	- 47 301	
			-4 116 268	4 116 268		-4 184 326	4 184 326	

Gross debt in the table above excludes bank overdrafts and borrowings which are not subject to change in interest rate. Bank deposits and other treasury applications in the table above exclude demand deposits.

Considering Euribor 6 months as a reference indicator for interest rates of Euro, a change of 0.75 percentage points corresponds to 2 times the standard deviation of that variable in 2012 (4.4 times in 2011).

28.2.2. Exchange rate risk

With respect to exchange rate risk, described in note 2.24., b), ii), the following calculations were performed:



a) Sensitivity analysis of amounts denominated in a currency other than the functional currency of each company included in the consolidation, by considering a change of +1% and -1% in actual 2012 and 2011 exchange rates.

i) Loans net of treasury applications

	Amount denominated in foreign currency		Eur equivalent		Sensitivity analysis			
	31.12.2012	31.12.2011	31.12.2012	31.12.2011	2012		2011	
					-1%	1%	-1%	1%
CAD								
GBP	13 000 000	36 671 494	15 929 420	43 902 012	- 159 294	159 294	- 439 020	439 020
ZAR		123 340 052		11 765 408			- 117 654	117 654

ii) The remaining financial assets and liabilities do not include any amounts denominated in currencies other than the functional currency of the respective subsidiary which may represent any relevant exchange rate risks.

b) Sensitivity analysis of existing derivatives to hedge the exchange rate risk set out in the previous point:

At the closing date of these consolidated financial statements, existing derivative instruments to hedge the exchange rate risk amounted to irrelevant values (note 27).

28.2.3. Credit risk

Credit risk described in note 2.24, a) is mostly reflected through the amount stated in Trade Debtors (note 19). No relevant differences between the amounts recognized and the corresponding estimated fair value were identified.

29. OTHER NON-CURRENT LIABILITIES

At 31 December 2012 and 31 December 2011 details of Other non-current liabilities were as follows:



	31.12.2012	31.12.2011
Other creditors	20 896 701	21 677 155
Financial instruments	20 896 701	21 677 155
Other creditors	44 044 204	55 654 961
Liabilities out of scope of IFRS 7	44 044 204	55 654 961
Total	64 940 905	77 332 116

31.12.2012	2013	2014	2015	2016	2017	After 2017	Total
Maturity of Other non current creditors		2 101 701	6 265 000	6 265 000	6 265 000		20 896 701
		2 101 701	6 265 000	6 265 000	6 265 000		20 896 701

31.12.2011	2012	2013	2014	2015	2016	After 2016	Total
Maturity of Other non current creditors	499 492	2 175 232	7 629 101	5 076 433	4 816 350	1 480 547	21 677 155
	499 492	2 175 232	7 629 101	5 076 433	4 816 350	1 480 547	21 677 155

Other creditors (financial instruments) include EUR 20 896 701 (EUR 21 177 663 at 31 December 2011) related to the fine imposed by the German Competition Authority in 2011.

Other creditors (out of scope of IFRS 7) include EUR 42 552 874 (EUR 54 830 716 at 31 December 2012) related to deferred investment subventions.

30. POST RETIREMENT LIABILITIES

Various Group companies assumed the liability of giving their employees cash contributions to pension plans for old age. Incapacity, early retirement, survival and post retirement medical care. These contributions are determined as a percentage that increases as a result of the number of years that the employee has worked at the company, and which is applied to a salary table that is negotiated on a yearly basis and correspond to defined benefits plans.

Current liabilities associated with past years of service are evaluated every year through actuarial studies and based on the "Projected Unit Credit" methodology. Actuarial assumptions employed on the last study prepared at 31 December 2012 and 2011 were:



	Germany							
	Glunz AG		GHP GmbH		Tool GmbH		Impaper	
	31.12.12	31.12.11	31.12.12	31.12.11	31.12.12	31.12.11	31.12.12	31.12.11
	Richttafeln 2005 G	Richttafeln 2005 G	Richttafeln 2005 G	Richttafeln 2005 G	Richttafeln 2005 G	Richttafeln 2005 G	Richttafeln 2005 G	Richttafeln 2005 G
Mortality table								
Salary growth rate	0,0%	2,0%	0,0%	0,0%	0,0%	2,0%	0,0%	2,0%
Return on fund	3,8%	4,1%	3,8%	4,1%	3,8%	4,1%	3,8%	4,1%
Actuarial technical rate	5,0%	4,25%	5,0%	4,25%	5,0%	4,25%	5,0%	4,25%
Pension growth rate	1,75%	1,75%	1,75%	1,75%	1,75%	1,75%	1,75%	1,75%

	South Africa		France		Portugal	
	31.12.12	31.12.11	31.12.12	31.12.11	31.12.12	31.12.11
	PA(90)	PA(90)	INSEE 2006- 2008	INSEE 2004- 2006	TV 88/90	TV 88/90
Mortality table						
Salary growth rate	7,7%	7,1%	2,0%	2,0%	3,0%	3,0%
Return on fund	8,2%	8,8%	-	-	2,7%	2,7%
Actuarial technical rate	8,2%	8,8%	2,75%	4,5%	5,5%	5,0%
Pension growth rate	5,0%	4,6%	-	-	0,0%	0,0%
Medical cost trend rate	0,0%	1,2%				

In previous periods, pension funds and provisions for pension liabilities were created by various companies within the Group in the following countries:

South Africa:

The employees of Sonae Novobord (PTY) have the following benefit scheme:

Defined contribution plan composed of a number of assets that are managed by a third party. The Company is obliged to deliver the defined contributions. The amount of EUR 566 670 was included in the item Staff expenses, on the Consolidated Income Statement, during the period. At 31 December 2012, no contributions were outstanding or unpaid.

Defined Benefit plan with a fund managed by a third party and calculated in accordance with International Accounting Standard 19 and based on actuarial studies performed by an independent party.

Post-Retirement Health Benefit scheme under which the Company will provide for 50% of eligible health expenses incurred after the employee's retirement.

The actuarial technical rate of 8.2%, which was used for calculating the defined benefit liability of Sonae Novobord (Pty) Ltd, corresponds to the effective rate of return of All Bond Index (ALBI) for South African governmental bonds, as South African market for corporate bonds is not deeply developed.

In an actuarial study carried out on 31 December 2012, the defined benefit liability amounted to EUR 1 802 083.



Germany:

Glunz AG has a defined benefit plan and it has constituted a fund. The plan is calculated according to International Accounting Standard 19, and based on actuarial studies carried out by an independent party.

GHP GmbH has a defined benefit plan and it has constituted a fund. The plan is calculated according to International Accounting Standard 19.

Tool GmbH has a defined benefit plan and it has constituted a fund. The plan is calculated according to International Accounting Standard 19.

Impaper Europe GmbH & Co. KG has a defined benefit plan and it has constituted a fund. The plan is calculated according to International Accounting Standard 19.

The actuarial technical rate of 5.0%, which was used for calculating the defined benefit liability of German subsidiaries, corresponds to the pension discount rate determined by Mercer for the eurozone.

In accordance with the actuarial studies carried out at 31 December 2012, these companies' defined benefit liabilities amounted to EUR 18 373 781.

France:

Upon retirement of their employees, Isoroy SAS and Darbo SAS are obliged to pay a sum defined under the terms of the sector's collective labour agreement.

The actuarial technical rate of 2.75%, which was used for calculating the defined benefit liability of French subsidiaries, corresponds to the rate of return of AA-rated corporate bonds from Markit iBoxx index.

An actuarial study calculated the liabilities of the two companies on 31 December 2012 to be EUR 1 283 531.

Portugal:

Various Group companies have a defined benefit plan and funds managed by third parties, calculated in accordance with International Accounting Standard 19 and based on actuarial studies carried out by independent parties. Employees of eight companies hired until 31 December 1994 are covered by this plan under which they will receive as from retirement, a life-long monthly payment equivalent to 20% of their salary at their



retirement date. The liability for services provided as at 31 December 2012, based on an actuarial study on the same date, was calculated to be EUR 2 150 895.

The actuarial technical rate of 5.5%, used for calculating the defined benefit liability of Portuguese subsidiaries, was obtained from the yield curves of zero-coupon high quality corporate bonds, from the eurozone, plus a spread, which was determined based on iTraxx Europe Main index.

The main changes, during the periods ending 31 December 2012 and 31 December 2011, to the present value of the defined benefit obligations are presented below:

	31.12.2012			31.12.2011		
	Plan without fund	Plan with fund	Total	Plan without fund	Plan with fund	Total
Opening balance of defined benefit obligations' present value	2 285 158	29 130 162	31 415 320	1 958 432	32 091 370	34 049 802
Interest cost	141 280	1 569 098	1 710 378	152 673	1 453 132	1 605 805
Current service cost	73 866	427 174	501 040	101 117	493 665	594 782
Actuarial (Gains)/Losses	71 566	3 880 362	3 951 928	141 162	-1 691 582	-1 550 420
Recognised past service cost		- 131 245	- 131 245	112 492	- 639 946	- 527 454
Paid pensions	100 008	1 636 397	1 736 405	36 152	1 803 077	1 839 229
Curtailments						
Exchange rate effect	- 66 268	- 312 536	- 378 804	- 144 566	- 773 400	- 917 966
Changes in consolidation perimeter						
Closing balance of defined benefit obligations' present value	2 405 594	32 926 618	35 332 212	2 285 158	29 130 162	31 415 320

During 2012 and 2011 the fair value of the plan assets changed as follows:

	31.12.2012	31.12.2011
Opening balance of plan assets	6 210 537	6 305 715
Contribution to plan assets	694 699	642 376
Expected return on plan assets	395 157	361 239
Paid pensions	292 548	480 782
Actuarial gains/(losses)	567 221	- 13 356
Exchange rate effect	- 225 303	- 604 655
Closing balance of plan assets	7 349 763	6 210 537

At 31 December 2012 and 31 December 2011, the amount of liabilities for defined benefits recognized in the Consolidated Statements of Financial Position is detailed as follows:

	31.12.2012	31.12.2011
Present value of defined benefit obligations	35 332 212	31 415 320
Actuarial Losses/(Gains) not recognised	4 372 159	244 580
Fair value of plan assets	7 349 763	6 210 537
Defined benefit liability	23 610 290	24 960 203



The effect of these liabilities on Staff Expenses, on the Consolidated Income Statements for 2012 and 2011, is detailed as follows:

	31.12.2012	31.12.2011
Interest cost	1 649 469	1 605 805
Current service cost	493 309	594 782
Past service cost	- 131 245	
Employee contributions	- 37 897	- 43 473
(Increase) / Decrease in fair value of plan assets	- 414 462	- 361 239
Recognized actuarial (Gains)/Losses	- 962 227	180 844
	<u>596 947</u>	<u>1 976 719</u>

The sensitivity of the Health Benefit scheme's obligations can be analysed as follows:

	2012			2011		
	- 1,0 pp	Valuation base	+ 1,0 pp	- 1 pp	Valuation base	+ 1 pp
	-1,0%	0,0%	+1,0%	0.20%	1,2%	2.20%
Current service cost (projection for following year)	18 258	14 947	12 172	22 703	18 887	15 644
Interest cost (projection for following year)	102 478	89 321	77 955	105 501	91 861	80 032
Defined benefit obligation (current year)	1 281 282	1 122 151	984 411	1 226 334	1 073 233	940 641

The valuation base refers to the real growth rate of health expenses, which was included in the assumptions disclosed herewith.

31. TRADE CREDITORS

At 31 December 2012 and 31 December 2011, Trade creditors stated on the Consolidated Statements of Financial Position showed the following maturities:

	MATURITY OF TRADE CREDITORS	
	31.12.2012	31.12.2011
To be paid		
< 90 days	176 272 220	159 732 862
90 - 180 days	1 287 393	1 562 143
> 180 days	24 789	180 898
	<u>177 584 402</u>	<u>161 475 903</u>



32. STATE AND OTHER PUBLIC ENTITIES (CURRENT LIABILITIES)

At 31 December 2012 and 31 December 2011 State and other public entities had the following composition:

	31.12.2012	31.12.2011
State and other public entities		
Income Tax	1 576 844	1 426 868
Value Added Tax	4 391 247	3 700 592
Social Security Contribution	4 911 613	5 261 869
Others	3 223 897	2 822 521
	<u>14 103 601</u>	<u>13 211 850</u>

33. OTHER CURRENT LIABILITIES

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

	31.12.2012	31.12.2011
Group companies	20 334	20 352
Derivatives	61 264	2 843 821
Fixed assets suppliers	2 875 665	7 097 091
Other creditors	5 677 545	6 141 391
Financial instruments	8 634 808	16 102 655
Other creditors	1 669 098	3 973 352
Accrued expenses:		
Insurances	628 951	211 824
Personnel costs	24 677 139	28 143 748
Accrued financial expenses	5 024 275	4 179 444
Rebates	15 882 431	19 130 755
External supplies and services	13 057 777	14 178 438
Other accrued expenses	8 577 830	8 331 530
Deferred income:		
Investment subventions	7 813 852	6 925 188
Other deferred income	148 938	148 932
Liabilities out of scope of IFRS 7	77 480 291	85 223 211
Total	<u>86 115 099</u>	<u>101 325 866</u>

31.12.2012	< 90 days	90 - 180 days	> 180 days	Total
Maturity of current fixed assets' suppliers	2 873 811	1 854		2 875 665
Maturity of Other current creditors	4 745 901	506 650	424 994	5 677 545
	<u>7 619 712</u>	<u>508 504</u>	<u>424 994</u>	<u>8 553 210</u>



31.12.2011	< 90 days	90 - 180 days	> 180 days	Total
Maturity of current fixed assets' suppliers	6 219 821	871 914	5 356	7 097 091
Maturity of Other current creditors	3 044 469	493 934	2 602 988	6 141 391
	9 264 290	1 365 848	2 608 344	13 238 482

34. PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

Movements occurred in provisions and accumulated impairment losses during the periods ended 31 December 2012 and 31 December 2011 were as follows:

	2012							
Description	Opening balance	Exchange rate effect	Changes to perimeter	Increase	Utilization	Reversion	Other changes	Closing balance
Impairment losses:								
Tangible fixed assets	33 529 610	30 788		48 867 592		3 933 541	- 45 571 615	32 922 834
Intangible assets	19 242							19 242
Other non-current assets	10 931 182							10 931 182
Trade debtors	23 911 465	- 199 079		9 497 471		4 265 976	- 3 787 149	25 156 732
Other debtors	19 628						- 3 517	16 111
Subtotal impairment losses	68 411 127	- 168 291		58 365 063		8 199 517	- 49 362 281	69 046 101
Provisions:								
Litigations in course	8 445 337			273 173	2 005 808	2 719 741	- 1 842 268	2 150 693
Warranties to customers	858 616	151		18 913	62 000	124 910		690 770
Restructuring	745 571	- 16 548		14 556 730	4 321 691	52 650		10 911 412
Other	4 481 993	5 923		2 361 638	1 123 161	34 556	- 53 091	5 638 746
Subtotal provisions	14 531 517	- 10 474		17 210 454	7 512 660	2 931 857	- 1 895 359	19 391 621
Subtotal impairment losses and provisions	82 942 644	- 178 765		75 575 517	7 512 660	11 131 374	- 51 257 640	88 437 722
Other losses:								
Investments	37 005 998						- 20 123	36 985 875
Write-down to net realizable value of inventories	7 836 654	- 13 224		7 031 388		5 638 036	- 383 642	8 833 140
Total	127 785 296	- 191 989		82 606 905	7 512 660	16 769 410	- 51 661 405	134 256 737

	2 011							
Description	Opening balance	Exchange rate effect	Increase	Utilization	Reversion	Other changes	Closing balance	
Impairment losses:								
Tangible fixed assets	33 392 280	- 425 788	12 880 589		181 464	- 12 136 007	33 529 610	
Intangible assets	19 242						19 242	
Other non-current assets	10 931 182						10 931 182	
Trade debtors	20 632 744	- 787 165	10 417 258		5 325 007	- 1 026 365	23 911 465	
Other debtors	19 628						19 628	
Subtotal impairment losses	64 995 076	- 1 212 953	23 297 847		5 506 471	- 13 162 372	68 411 127	
Provisions:								
Litigations in course	6 956 923		722 943	2 060 925		2 826 396	8 445 337	
Warranties to customers	748 934	604	166 832	57 754			858 616	
Restructuring	4 588 275		2 939 745	3 940 450		- 2 842 000	745 571	
Other	3 338 953	- 1 637	30 624 299	28 624 204	862 925	7 507	4 481 993	
Subtotal provisions	15 633 085	- 1 033	34 453 819	34 683 333	862 925	- 8 097	14 531 517	
Subtotal impairment losses and provisions	80 628 161	- 1 213 986	57 751 666	34 683 333	6 369 396	- 13 170 469	82 942 644	
Other losses:								
Investments	37 005 998						37 005 998	
Write-down to net realizable value of inventories	11 407 861	- 125 630	6 655 308		7 291 832	- 2 809 054	7 836 654	
Total	129 042 020	- 1 339 616	64 406 974	34 683 333	13 661 228	- 15 979 523	127 785 296	

Impairment losses are offset against the corresponding asset on the Consolidated Statement of Financial Position.



Increase and utilization of provisions and impairment losses are stated on the Consolidated Income Statement as follows:

	2 012			2 011		
	Losses	Gains	Total	Losses	Gains	Total
Cost of sales	2 367 053	2 023 877	343 176	2 508 335	2 303 856	204 479
(Increase) / decrease in production	3 692 864	3 417 048	275 816	3 970 515	4 799 390	- 828 875
Provisions and impairment losses	27 715 417	14 531 302	13 184 115	17 671 897	12 713 527	4 958 370
Profit/(loss) from discontinued operations, after taxation	48 831 571	4 309 843	44 521 728	404 739	200 243	204 496
Total (Consolidated Income Statement)	82 606 905	24 282 070	58 324 835	24 555 486	20 017 016	4 538 470
Provision for fine imposed by the German Competition Authority				28 327 545	28 327 545	
Impairment loss related to the accident at Sonae Industria (UK), Ltd.				11 523 943		11 523 943
Total (table with movements in provisions and impairment losses)				64 406 974	48 344 561	16 062 413

Profit/(loss) from discontinued operations, after taxation, on the previous table, is detailed as follows:

	2 012			2 011		
	Losses	Gains	Total	Losses	Gains	Total
Cost of sales (discontinued operations-note 42)	846 000	77 664	768 336	131 327	148 642	- 17 315
Change in production (discontinued operations-note 42)	125 472	119 447	6 025	45 132	39 943	5 189
Provisions and impairment losses (discontinued operations-note 42)	47 860 099	4 112 732	43 747 367	228 280	11 658	216 622
Profit/(loss) from discontinued operations, after taxation	48 831 571	4 309 843	44 521 728	404 739	200 243	204 496

Impairment losses

Column “Other changes” also includes changes in impairment losses related to sale or write-off of assets.

Increase and Other changes of impairment losses in tangible fixed assets include EUR 41 367 592 and EUR -41 534 066, respectively, related to the assets reclassified as Non-current assets held for sale, on the Consolidated Statement of Financial Position (notes 11 and 17).

Provisions

Reversion and Other changes in provisions include EUR 2 230 580 and EUR -1 823 695, respectively, related to a lawsuit which aimed to reduce a government subvention received by a subsidiary in previous periods, whose outcome was favourable to the Group.

Increase in provisions includes EUR 12 925 992 related to industrial plants being closed down. This provisions was used in the period for EUR 3 999 686.



At 31 December 2012 the amount of provisions could be detailed as follows:

- Provision for ongoing litigations: it includes estimation for compensation of former employees related to older restructuring processes for the amount of EUR 1 438 333.
- Restructuring provisions: it includes estimated liabilities related to industrial operations being closed down and to restructuring of continuing operations. These provisions are expected to be used mainly in 2013.
- Other provisions: it includes estimated amounts of EUR 2 601 000 for environmental liabilities and EUR 2 293 241 for taxes. It is not possible to estimate the period these provisions will be used.

During the period, the recognition of provisions at present value of estimated liabilities did not include any significant amounts.

Provisions and Impairment Losses on the Consolidated Income Statements are detailed into geographical segment in note 44.

35. OPERATING LEASES

At 31 December 2012 and 31 December 2011 the Group held irrevocable operating leases with the following lease payments:

	Minimun operating lease payments	
	31.12.2012	31.12.2011
2012		5 506 773
2013	5 253 314	3 200 315
2014	3 783 291	1 590 233
2015	2 003 812	1 205 115
2016	1 206 185	546 302
2017	486 993	
After 2017 (2016)	279 211	7 836
	<u>13 012 806</u>	<u>12 056 574</u>

During the period the Group recognized under External suppliers and services, on the Consolidated Income Statement, rents related to operating leases for EUR 8 827 776 (EUR 8 645 114 at 31 December 2011).



36. RELATED PARTIES

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

Balances	Accounts receivable		Accounts payable	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Parent company				
Other subsidiaries of the parent company	389 944	484 863	1 658 251	1 758 154
Joint ventures	252 425	129 665	303 707	751 399

Transactions	Income		Expenditure	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Parent company		15 075		15 742
Other subsidiaries of the parent company	1 144 612	1 375 465	7 428 946	7 335 719
Joint ventures	4 711 949	4 365 996	8 344 364	10 112 931

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

	31.12.2012	31.12.2011
Short term benefits	1 431 501	1 391 805
Medium term benefits	46 224	213 750
	<u>1 477 725</u>	<u>1 605 555</u>

The amount included under Medium term benefits for 2012, on the previous table, refers to the amounts recognized under Staff expenses that relate to members of the Board of Directors.

At 31 December 2012 there were no post retirement liabilities attributed to the members of the board of directors.



36.3. During the period ended 31 December 2012 the Group recognized on these consolidated financial statements the following fees paid to the audit company PricewaterhouseCoopers & Associados, SROC, Lda and respective international network:

	31.12.2012	31.12.2011
Total fees related to audit of end year accounts	403 905	415 580
Total fees related to other reliability assurance services	36 808	26 866
Total fees related to tax consulting services		1 361
	<u>440 713</u>	<u>443 807</u>

37. OTHER OPERATING INCOME

Details of Other operating income on the Consolidated Income Statement for the periods ended 31 December 2012 and 31 December 2011 are as follows:

	31.12.2012	31.12.2011
Gains on disposals of non current investments	98 948	
Gains on disp. and write off of invest. prop., tang. and intang. assets	372 692	2 757 059
Supplementary revenue	10 357 713	10 776 057
Investment subventions	11 151 058	6 257 614
Tax received	4 382 222	4 783 427
Positive exchange gains	1 602 814	1 487 959
Others	6 434 804	3 950 862
	<u>34 400 251</u>	<u>30 012 978</u>

The amount recognized in Others includes EUR 2 000 000 of estimated compensation for the accident occurred in Linxe plant, France (note 3).

38. OTHER OPERATING EXPENSES

Details of Other operating expenses on the Consolidated Income Statement for 2012 and 2011 are as follows:

	31.12.2012	31.12.2011
Taxes	5 840 832	6 453 525
Losses on disposals of non current investments	72 585	
Losses on disp. and write off of invest. prop., tang. and intang. assets	2 839 663	711 785
Negative exchange gains	2 241 429	2 138 933
Others	3 092 401	28 181 361
	<u>14 086 910</u>	<u>37 485 604</u>

In the period ended 31 December 2011, the fine imposed by the German Competition Authority was included in Others for EUR 25 400 000.



39. RESEARCH AND DEVELOPMENT EXPENSES

During the period the Group recognized in several items of the Consolidated Income Statement research and development expenses amounting to EUR 1 260 963 (EUR 1 458 462 in 2011).

40. FINANCIAL RESULTS

Financial results for the periods ended 31 December 2012 and 2011 were as follows:

Financial expenses:

Interest expenses		
related to bank loans and overdrafts	15 069 447	14 453 288
related to non convertible debentures	10 720 660	11 077 130
related to finance leases	4 032 610	4 351 616
related to loans from discontinued operations		52 961
others	<u>1 990 622</u>	<u>754 889</u>
	31 813 339	30 689 884
Losses in currency translation		
related to loans	<u>6 809 577</u>	<u>14 024 829</u>
	6 809 577	14 024 829
Cash discounts granted	16 009 211	15 263 525
Adjustment to fair value of financial instruments at fair value through profit or loss	9 800 890	15 292 404
Other finance losses	<u>6 605 924</u>	<u>6 357 901</u>
	<u>71 038 941</u>	<u>81 628 543</u>

	<u>31.12.2012</u>	<u>31.12.2011</u>
Financial income:		
Interest income		
related to bank loans	574 524	105 990
related to loans to related parties	128 992	20 355
Related to loans discontinued operations	2 402 363	1 652 610
Others	<u>345 218</u>	<u>203 608</u>
	3 451 097	1 982 563
Gains in currency translation		
related to loans	<u>7 267 571</u>	<u>10 785 997</u>
	7 267 571	10 785 997
Cash discounts obtained	759 423	2 355 586
Adjustment to fair value of financial instruments at fair value through profit or loss	6 916 077	17 735 961
Other finance gains	<u>1 848 009</u>	<u>801 530</u>
	<u>20 242 177</u>	<u>33 661 637</u>
Finance profit / (loss)	<u>- 50 796 764</u>	<u>- 47 966 906</u>



41. TAXES

Corporate income tax accounted for in 2012 and 2011 is detailed as follows:

	31.12.2012	31.12.2011
Current tax	5 554 539	2 576 995
Deferred tax	10 073 463	- 2 269 265
	<u>15 628 002</u>	<u>307 730</u>

Reconciliation of consolidated Net profit/(loss) from continuing operations, before tax with taxes for the year may be detailed as follows:

	31.12.2012	31.12.2011
Consolidated net profit before tax	-39 212 302	-52 376 263
Tax rate	<u>25.00%</u>	<u>25.00%</u>
Expectable tax at rate 25.0%	-9 803 076	-13 094 066
Differences to foreign tax rates	(+) -4 395 419	-3 429 311
Effect of provincial/municipal taxes	(+) 488 655	- 256 501
Consolidation adjustments	(-) 3 267 143	1 052 168
Permanent differences		
Non deductible costs	(+) 5 159 895	10 418 753
Non taxed profits	(-) 874 706	154 386
Tax losses carried forward		
Deferred tax asset recognized on tax losses of previous years	(+) 9 616 397	-2 478 699
Deferred tax asset not recognized in compliance with IAS 12	(-) -17 050 828	-9 162 577
Utilization of tax losses carried forward whose deferred tax was not recognized in prior periods	(+) - 411 076	- 74
Reverted deferred tax asset	(+) 9 616 397	
Effect of offsetting deferred tax liabilities related to depreciation	(+) 107 988	280 238
Effect of change in tax rates		
Others	(+) 1 955 659	911 366
Consolidated corporate income tax	<u>15 628 002</u>	<u>307 730</u>

Comparative information was re-presented taking into consideration the presentation of the subsidiary Sonae Industria (Uk) Ltd as a discontinued operation.



42. PROFIT / (LOSS) FROM DISCONTINUED OPERATIONS

Following the discontinuation of production at Knowsley plant, in England, referred to in note 3, the results of the subsidiary Sonae Industria (UK) Ltd were included under Profit / (loss) from discontinued operations, after taxation, on the Consolidated Income Statement, and are detailed as follows:

	<u>31.12.2012</u>	<u>31.12.2011</u>
Sales	24 655 551	11 753 641
Services rendered	850 424	413 944
Other income and gains	25 749 830	24 563 140
Cost of sales	13 506 940	10 623 532
(Increase) / decrease in production	1 975 672	- 1 135 831
External supplies and services	12 250 156	12 446 155
Staff expenses	14 131 917	8 850 610
Depreciation and amortisation	2 936 231	3 993 168
Provisions and impairment losses (increase / reduction)	43 747 367	216 622
Other expenses and losses	<u>3 307 438</u>	<u>5 159 169</u>
Operating profit / (loss)	- 40 599 916	- 3 422 700
Financial expenses	5 017 199	2 543 673
Financial income	405 520	136 397
Gains and losses in associated companies		
Gains and losses in investments		
Net profit/(loss) from discontinued operations, before tax	<u>- 45 211 595</u>	<u>- 5 829 976</u>
Taxation		
Net profit / (loss) from discontinued operations	<u>- 45 211 595</u>	<u>- 5 829 976</u>
Attributable to:		
Equity Holders of Sonae Industria	- 44 661 686	- 5 759 066
Non-controlling interests	<u>- 549 909</u>	<u>- 70 910</u>

Other income and gains includes the insurance indemnity referred to in note 3.

Cash flows of discontinued operations were included line by line on the Consolidated Statement of Cash Flows and are detailed as follows:

	<u>31.12.2012</u>	<u>31.12.2011</u>
Operating activities	3 711 002	- 2 774 806
Investment activities	14 031 213	- 8 961 229
Financing activities	- 15 902 699	10 966 095



43. EARNINGS PER SHARE

Earnings per share were calculated as follows:

	31.12.2012			31.12.2011		
	Net profit/(loss)			Net profit/(loss)		
	from continuing operations	from discontinued operations	total	from continuing operations	from discontinued operations	total
Net loss						
<i>Net loss considered to calculate base earnings per share (Net loss attributable to equity holders of Sonae Indústria)</i>	- 54 215 194	- 44 661 686	- 98 876 879	- 52 041 106	- 5 759 067	- 57 800 173
<i>Effect of potential shares</i>						
<i>Interest related to convertible bonds (net of tax)</i>						
<i>Net loss considered to calculate diluted earnings per share</i>	- 54 215 194	- 44 661 686	- 98 876 879	- 52 041 106	- 5 759 067	- 57 800 173
Number of shares						
<i>Weighted average number of shares used to calculate basic earnings per share</i>	140 000 000	140 000 000	140 000 000	140 000 000	140 000 000	140 000 000
<i>Effect of potential ordinary shares from convertible bonds</i>						
<i>Weighted average number of shares used to calculate diluted earnings per share</i>	140 000 000	140 000 000	140 000 000	140 000 000	140 000 000	140 000 000
<i>Basic earnings per share</i>	-0.3873	-0.3190	-0.7063	-0.3717	-0.0411	-0.4129
<i>Diluted earnings per share</i>	-0.3873	-0.3190	-0.7063	-0.3717	-0.0411	-0.4129

44. 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 March 2012 identified reportable segments were as follows:

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



Following the organizational changes occurred in first quarter 2012, identified reportable segments, taking into consideration the internal reporting system of financial information to the chief operating decision maker, for which there is a responsible element, are as follows:

- Europe
- Rest of the world
-

Each segment's revenue results mainly from the production and sale of particle board products and derivatives products.

Segmental information related to the Consolidated Income Statement is as follows:

	Turnover			
	External		Intersegment	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Europe	1038 690 324	1095 143 608	8 929 837	12 287 976
Continuing operations	1038 690 324	1095 143 608	8 929 837	12 287 976
Rest of the world	282 339 892	256 998 177		
Total segments	1321 030 216	1352 141 785	8 929 837	12 287 976
Europe				
Discontinued operations	25 505 975	12 167 585		

	Cost of sales	
	31.12.2012	31.12.2011
Europe	531 840 153	575 137 974
Continuing operations	531 840 153	575 137 974
Rest of the world	147 224 811	127 401 195
Total segments	679 064 964	702 539 170
Cost of sales (Consolidated income statement)	679 064 964	702 539 170
Europe		
Discontinued operations	13 506 940	10 623 532



		External supplies and services	
		31.12.2012	31.12.2011
Europe		295 212 775	296 711 823
Continuing operations		295 212 775	296 711 823
Rest of the world		61 953 797	52 375 412
Total segments		357 166 572	349 087 235
External supplies and services (Consolidated income statement)		357 166 572	349 087 235
Europe			
Discontinued operations		12 250 156	12 446 155
		Amortization and depreciation	
		31.12.2012	31.12.2011
Europe		57 437 657	60 482 011
Continuing operations		57 437 657	60 482 011
Rest of the world		19 885 730	18 827 133
Total segments		77 323 387	79 309 144
Companies excluded from consolidation perimeter			628 887
Total segments after adjustments		77 323 387	79 938 031
Amortization and depreciation (Consolidated income statement)		77 323 387	79 938 031
Europe			
Discontinued operations		2 936 231	3 993 168
		Provisions and impairment losses	
		31.12.2012	31.12.2011
Europe		13 198 178	6 317 210
Continuing operations		13 198 178	6 317 210
Rest of the world		- 14 063	- 546 337
Total segments		13 184 115	5 770 873
Companies excluded from consolidation perimeter			- 812 502
Others			
Total segments after adjustments		13 184 115	4 958 371
Provisions and impairment losses (Consolidated income statement)		13 184 115	4 958 370
Europe			
Discontinued operations		43 747 367	216 622



	Operating net profit (loss)	
	31.12.2012	31.12.2011
Europe	-1 755 501	-24 272 074
Continuing operations	-1 755 501	-24 272 074
Rest of the world	13 473 083	18 557 974
Total segments	11 717 582	-5 714 100
Companies excluded from consolidation perimeter		1 399 497
Others		- 79 297
Total segments after adjustments	11 717 582	-4 393 900
Operating result (Consolidated income statement)	11 717 582	-4 393 900
Europe		
Discontinued operations	-40 599 916	-3 422 700

Finance income and finance charges are not included in the internal system of financial reporting to the chief operating decision maker.

Companies excluded from the consolidation perimeter refer to companies excluded from the internal system of reporting to the chief operating decision maker.

Sales and Services Rendered in 2012, based on geographic location of the external customers, were the following:

Location of customers	2012	
	'000 eur	
Germany	294 979 956	22%
North America	176 986 900	13%
Spain	138 924 522	11%
Portugal	117 430 055	9%
South Africa	106 000 509	8%
France	101 658 330	8%
United Kingdom	48 431 976	4%
Other	336 617 968	25%
Total	1 321 030 216	100%

The internal reporting system of financial information does not include information on segmental assets and liabilities. Segmental non-current assets, included under Tangible



Fixed Assets, Intangible Assets, Goodwill, Investment Properties and Other Non Current Assets, on the Consolidated Statement of Financial Position, are as follows:

	<u>31.12.2012</u>	<u>31.12.2011</u>
Europe	664 086 514	760 493 212
Rest of the world	<u>244 414 133</u>	<u>261 086 153</u>
Total segments	<u>908 500 647</u>	<u>1 021 579 365</u>
Non Current Assets (Consolidated Statement of Financial Position)	<u>908 500 647</u>	<u>1 021 579 365</u>

Inter-segment transactions were executed at market prices and under identical conditions to those applied to third parties.

45. MEDIUM TERM INCENTIVE PLAN

In 2011 the group reshaped its medium term incentive plan according to the features set out in note 2.19.. As such, Company's shares were granted for the first time in the period ended 31 December 2012.

The fair value of services received was determined by reference to the fair value of granted shares, which corresponds to the average price of the Company's shares over the thirty-day period before the Shareholders' General Meeting.

Expenditure recognized under Staff expenses, on the Consolidated Income Statement, was accounted for in accordance with the recognition provisions for Equity-settled share-based payment transactions.

	<u>31.12.2012</u>
Nr. of granted shares	562 281
Year of payment	2015
Total amount	380 721
Staff expenses	<u>89 604</u>



46. CONTINGENCIES

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

By the end of 2010 an accident occurred at the subsidiary Sonae Industria (UK) Ltd resulting in two fatalities involving external workers that were carrying out maintenance works in this plant. It is the Company's opinion that any liability which it may possibly incur into, whose quantification is not possible at the closing date of these consolidated financial statements, will be covered by the insurance policy.

Following the accident occurred in June 2011 in the subsidiary Sonae Industria (UK) Ltd (note 3), 10 000 individuals filed a lawsuit against the company claiming to have suffered as a result of inhalation of smoke caused by the fire. It is the Company's opinion that any liability which it may possibly incur into, whose quantification is not possible at the closing date of these consolidated financial statements, will be covered by the insurance policy.

47. SUBSEQUENT EVENTS

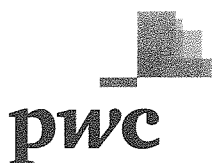
There were no significant subsequent events (note 2.20).

48. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors and authorized for issuance on 26 February 2013.



Statutory External Auditor Report
Statutory Audit Board Report



Audit Report for Stock Exchange Regulatory Purposes in respect of the Consolidated and Individual Financial Information

(Free translation from the original version in Portuguese)

Introduction

1 As required by law, we present the Audit Report for Statutory and Stock Exchange Regulatory Purposes on the financial information included in the Directors' Report and in the attached consolidated and individual financial statements of Sonae Indústria, S.G.P.S., S.A., comprising the consolidated and individual statement of financial position as at 31 December 2012, (which shows total assets of Euros 1,269,017,527 and Euros 1,269,151,920, respectively, a total consolidated equity of Euros 135,157,066 including negative non-controlling interests of Euros 900,628 and other components of equity of Euros 2,792,960, an individual equity of Euros 788,045,467), the consolidated and individual statement of income by nature, the consolidated and individual statements of comprehensive income, the consolidated and individual statements of changes in equity and the consolidated and individual statements of cash flow for the year then ended, and the corresponding notes to the accounts.

Responsibilities

2 It is the responsibility of the Company's Board of Directors (i) to prepare the Directors' Report and the consolidated and individual financial statements which present fairly, in all material respects, the financial position of the company and its subsidiaries, the consolidated and individual results and the consolidated and individual comprehensive income of their operations, the changes in consolidated and individual equity and the consolidated and individual cash flows; (ii) to prepare historic financial information in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union and which is complete, true, up-to-date, clear, objective and lawful, as required by the Portuguese Securities Market Code; (iii) to adopt appropriate accounting policies and criteria; (iv) to maintain appropriate systems of internal control; and (v) to disclose any significant matters which have influenced the activity, the financial position or results of the company and its subsidiaries.

3 Our responsibility is to verify the financial information included in the financial statements referred to above, namely as to whether it is complete, true, up-to-date, clear, objective and lawful, as required by the Portuguese Securities Market Code, for the purpose of issuing an independent and professional report based on our audit.

PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda.
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Matriculada na Conservatória do Registo Comercial sob o NUPC 506 628 752, Capital Social Euros 314.000

PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda. pertence à rede de entidades que são membros da PricewaterhouseCoopers International Limited, cada uma das quais é uma entidade legal autónoma e independente.
Sede: Palácio Sottomayor, Rua Sousa Martins, 1 - 3º, 1069 - 316 Lisboa, Portugal
Inscrita na lista das Sociedades de Revisores Oficiais de Contas sob o nº 183 e na Comissão do Mercado de Valores Mobiliários sob o nº 9077

Scope

4 We conducted our audit in accordance with the Standards and Technical Recommendations approved by the Institute of Statutory Auditors which require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated and individual financial statements are free from material misstatement. Accordingly, our audit included: (i) verification that the company and its subsidiaries' financial statements have been appropriately examined and for the cases where such an audit was not carried out, verification, on a sample basis, of the evidence supporting the amounts and disclosures in the consolidated financial statements, and assessing the reasonableness of the estimates, based on the judgements and criteria of the Board of Directors used in the preparation of the consolidated and individual financial statements; (ii) verification of the consolidation operations and the utilization of the equity method; (iii) assessing the appropriateness and consistency of the accounting principles used and their disclosure, as applicable; (iv) assessing the applicability of the going concern basis of accounting; (v) assessing the overall presentation of the consolidated and individual financial statements; and (vi) assessing the completeness, truthfulness, accuracy, clarity, objectivity and lawfulness of the consolidated and individual financial information.

5 Our audit also covered the verification that the financial information included in the Board of Director's report is consistent with the financial statements as well as the verification set forth in paragraphs 4 and 5 of Article 451^o of the Companies Code.

6 We believe that our audit provides a reasonable basis for our opinion.

Conclusion

7 In our opinion, the consolidated and individual financial statements referred to above, present fairly in all material respects, the consolidated and individual financial position of Sonae Indústria, S.G.P.S, S.A. as at 31 December 2012, the consolidated and individual results and the consolidated comprehensive income of its operations, the changes in consolidated and individual equity and the consolidated and individual cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and the information included is complete, true, up-to-date, clear, objective and lawful.

Report on other legal requirements

8 It is also our opinion that the information included in the Directors' Report is consistent with the consolidated and individual financial statements for the year and that the Corporate Governance Report includes the information required under Article 245^o- A of the Portuguese Securities Market Code.

27 February 2013

PricewaterhouseCoopers & Associados
– Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

Hermínio António Paulos Afonso, R.O.C.

Report and Opinion of the Statutory Audit Board
(Free translation from the original in Portuguese)

To the Shareholders of Sonae Indústria, SGPS, S.A.

In accordance with current law, statutory norms and the mandate we have been conferred, the Statutory Audit Board presents this report and opinion regarding the management report of Sonae Indústria, S. G. P.S., S. A. as at 31 December 2012 and further related separate and consolidated financial statements, which are the Board of Directors' responsibility.

Supervision

During the period the Statutory Audit Board has accompanied the Company's management, the evolution of its activities together with the subsidiaries within the consolidation perimeter and convened meetings with the frequency and extent deemed appropriate. These meetings were attended by the financial area's operational managers, especially the CFO, the internal audit manager and the risk management manager. We kept a close connection with the Statutory External Auditor that kept us informed about the nature and conclusions of performed audit work. The Statutory Audit Board was given by the Board of Directors, the company's services, the subsidiaries included in the consolidation perimeter and the Statutory External Auditor all information and clarifications requested for gaining a greater insight into understanding and assessing the evolution of businesses, performance and financial position as well as the risk management and internal control systems.

The Statutory Audit Board has monitored the process of preparing and disclosing financial information as well as the audit of separate and consolidated financial statements, for which it received from the Statutory External Auditor all requested information and clarifications. Furthermore, within the scope of its competence the Statutory Audit Board has verified the separate and consolidated statements of financial position as at 31 December 2012, the separate and consolidated income statements, the separate and consolidated statements of comprehensive income, the separate and consolidated statements of changes in net shareholders' funds and the separate and consolidated

statements of cash flows and corresponding appendices for the period ended on the aforementioned date. It has also verified the management report for the fiscal year ended 31 December 2012 issued by the Board of Directors, and the Statutory External Auditor's Report on the financial statements issued by the Statutory External Auditor, with which the Statutory Audit Board agrees.

In light of the above, the Statutory Audit Board is of the opinion that the information relating to the financial statements in question has been prepared in accordance with the accounting, legal and statutory norms, reflecting a true and appropriate image of the assets and liabilities, the financial position and results of Sonae Indústria, S.G.P.S., S. A. and the subsidiaries included in the consolidation perimeter. The management report duly states the evolution of the businesses, performance and financial position of the company and subsidiaries included in its consolidation perimeter and contains a description of the main risks and uncertainties they are confronted with. Furthermore, the Statutory Audit Board informs that the corporate governance report complies with the provisions of article 245-A of the Portuguese Securities Code.

The Statutory Audit Board expresses its appreciation to the Board of Directors and other departments for their cooperation.

Opinion

Arising from the above, the Statutory Audit Board is of the opinion that the Shareholders' General Meeting approves the:

- a) Management Report, Separate and Consolidated Statements of Financial Position for the fiscal year ended 31 December 2012, Separate and Consolidated Income Statements, Separate and Consolidated Statements of Comprehensive Income, Separate and Consolidated Statements of Changes in Net Shareholders' Funds and Separate and Consolidated Statements of Cash Flows and corresponding Appendices for the period ended on the aforementioned date;
- b) Proposal for Appropriation of Results submitted by the Board of Directors.

Statement of responsibility

In accordance with the provisions of article 245, c), nr. 1 of the Securities Code ("Código dos Valores Mobiliários"), the Statutory Audit Board's members state to the best of their knowledge that the information included in the management report and the other financial statements was prepared in compliance with the applicable accounting standards and provides a true and appropriate image of the assets, liabilities, financial position and results of the company and subsidiaries included in its consolidation perimeter.

Furthermore, the Statutory Audit Board is of the opinion that the management report duly states the evolution of businesses, performance and position of the company and subsidiaries included in its consolidation perimeter, and contains a description of the main risks and uncertainties they are confronted with.

Maia, 26 February 2013

Statutory Audit Board,

Manuel Heleno Sismeiro

Armando Luís Vieira de Magalhães

Jorge Manuel Felizes Morgado