



SONAE INDÚSTRIA, SGPS, SA

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

Registered at the Commercial Registry of Maia

Registry and Tax Identification No. 506 035 034

Share Capital: € 700 000 000

Publicly Traded Company

**ACTIVITY REPORT
AND
CONSOLIDATED FINANCIAL STATEMENTS**

JANUARY – MARCH 2013

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

MESSAGE FROM THE CEO, RUI CORREIA

"During 1Q13, a new organization has been implemented to enable a more efficient management of our businesses, including the creation of two COO roles: one for South Europe and one for North Europe, giving particular focus to the management of the European markets where we are facing most of our challenges. The management of our North American and South African businesses remain unchanged.

In Europe, the closure of our Knowsley plant in the UK and Solsona in Spain last year is part of a continuing strategy to adapt our industrial footprint with the aim of reducing fixed costs, improving operating efficiencies and increasing capacity utilization in our more efficient plants. During the quarter, fixed costsⁱ were 6.5 million Euros less than in 1Q12 reflecting the gradual adaption of our fixed costs structure to the reduced industrial footprint.

The first quarter of this year has been marked by a material fall off in volumes sold as a result of the closures referred above, the difficult economic environment that has impacted the furniture industry and seasonality effects, like the Easter period. Compared to 1Q12, volumes were down 13% mainly driven by our Central European markets as volumes in the Rest of the World improved. Average selling prices were overall marginally above both 1Q12 and 4Q12 but our efforts to improve product mix were not sufficient to compensate the significant loss in volumes. Unitary variable costs increased 1% compared to 1Q12, driven particularly by higher wood prices that prevailed this quarter in Europe and global pressure on energy costs, while total fixed costs were reduced by 8.7% compared to 1Q12. This led to a recurrent EBITDA of 20 million Euros and an EBITDA margin of 6.3%, both down against the results achieved in 1Q12.

It is important to highlight the better performance of our Rest of the World operations, Canada and South Africa, both of which showed improved profitability, compared to 1Q12 and 4Q12, contributing positively to the group's overall results.

As part of the defined financing strategy, we have been negotiating the refinancing of most of the 2013 debt maturities, seeking to extend the average life of our credit facilities. Important steps were taken in this process during the 1Q13, including the refinancing of a significant portion of credit lines maturing in this period, and we expect to complete during the remaining of the year the refinancing of our additional needs.

We continue to focus on cash management with strict controls over new investments and a rigorous working capital management. In this respect, it is worth highlighting that total investment in working capital as at the end of March was 13 million Euros below that in 1Q12.

We will continue to work hard to become more efficient and profitable. For this I count on the quality, dedication and professionalism of our team and on the support of the other stakeholders."

1. GEOGRAPHICAL REVIEW OF OPERATIONS

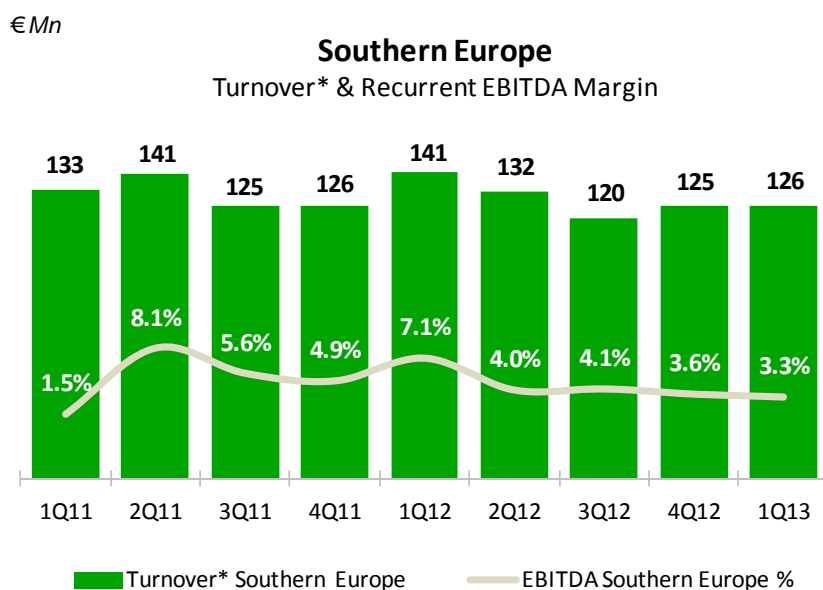
As communicated on February 15th, we implemented a new organizational model by separating Europe in two segments: South Europe, which includes Iberian Peninsula and France operations and North Europe when referring to German operations. Rest of the World segment continues to aggregate activities in Canada and South Africa.

1.1. Southern Europe

Iberian Peninsula continues to face a depressed economic environment as a result of the austerity measures implemented in both countries. These measures continue to cause important reduction of consumption levels, affecting also the construction sector, which continues to perform negatively, with no signs of early recovery. As such, the levels of new housing permits being granted both in Portugal and Spain continued to decrease, compared to same period last year (-36%ⁱⁱ and -39.3%ⁱⁱⁱ respectively). In France, the construction sector has started to show some signs of recovery with permits granted for new housing increasing by 8.6%^{iv}, but recovering from very low levels.

In the Iberian Peninsula, and in spite of the contraction witnessed in the market, the closure of our Solsona plant has contributed to a more efficient use of Linares and Linxe plants, partly mitigating the negative effects of the reduced demand.

As regards Solsona, we have now closed the agreement with the workers involved and are in the process of seeking the sale of the real estate and part of the equipment and machinery. The total estimated cost of closure of Solsona that had been fully provisioned is 6 million Euros, of which, by 31 March 2013 2 million Euros had already been incurred.



*Turnover includes intercompany group sales

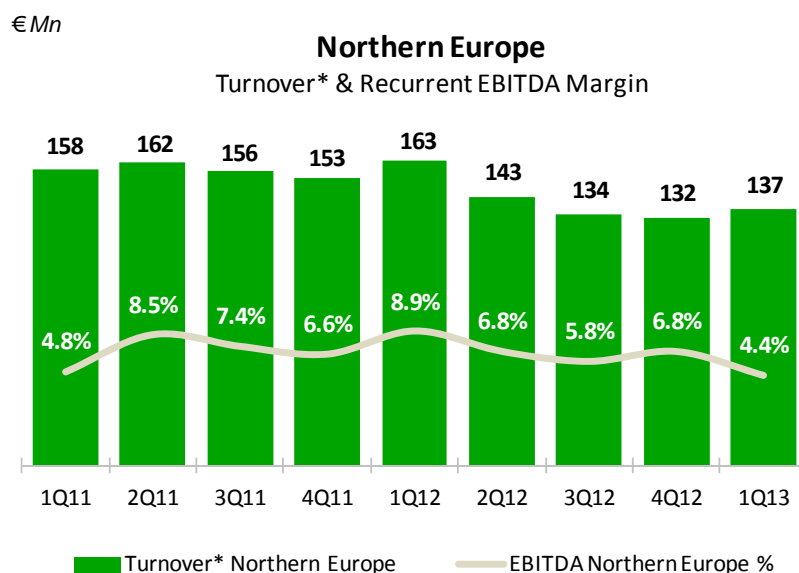
Comparing 1Q13 performance with 1Q12:

- Turnover and sales volumes reduced by 11%, driven mainly by the Iberian operations which reduced volumes sold by 14%.
- Average selling price was higher in Iberian Peninsula, not only due to a mix effect (reduced volumes were mainly in low value added boards, a reflection of economic slowdown in Iberian Peninsula economy, and development of decorative sales in France) but also related with market price increases;
- Variable costs have increased both in Iberian Peninsula (2.6%) and in France (5%), due to a higher upward pressure in wood costs, caused particularly by a seasonal moisture effect. The variable cost increase felt in Iberian Peninsula is also a direct consequence of higher electricity and combustibles prices.
- Fixed costs reduced by 3%, partly due to the impact of capacity concentration in the Iberian Peninsula, following the closure of Solsona site.
- The contraction in volumes sold (11%) combined with the seasonal negative impact in variable costs, led to a 3.8 pp reduction of the recurrent EBITDA margin to 3.3%.

Compared to the previous quarter, volumes were relatively stable, but the referred increase in variable costs led to a small deterioration in the recurrent EBITDA margin (-0.3 pp).

1.2. Northern Europe

In Germany, new house construction permits were 3.5%^v up, reflecting a much lower pace in terms of macroeconomic environment when compared to previous year performance.



*Turnover includes intercompany group sales

Comparing 1Q13 performance with 1Q12:

- Volumes sold decreased by 11%, which combined with lower prices in some segments, resulted in a 16% reduction in turnover.
- Similar to South Europe, pressure in electricity and combustibles costs contributed to an average increase of 3% in unitary variable costs.
- The above combined effects led to a deterioration of the Recurrent EBITDA margin from 8.9% to 4.4%.
- The global performance was impacted by a reduced level of capacity utilization in this region (-10 pp), mainly in raw particleboard lines. Production volumes were also impacted by the stoppage of the OSB line at Nettgau, during 14 days in March for annual maintenance works.

When compared to 4Q12, overall performance was kept relatively stable. Although production volumes were negatively affected by the shutdown of the OSB line for maintenance works, this was compensated by higher volumes in value added products.

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

In North America, US housing starts increased by 29%^{vi} while Canadian housing starts declined by 15.3%^{vii}, which shows a strong recovery in the US market, contrasting with a slower performance of the Canadian economy. In South Africa, residential building permits posted an increase of 14.9%^{viii}.



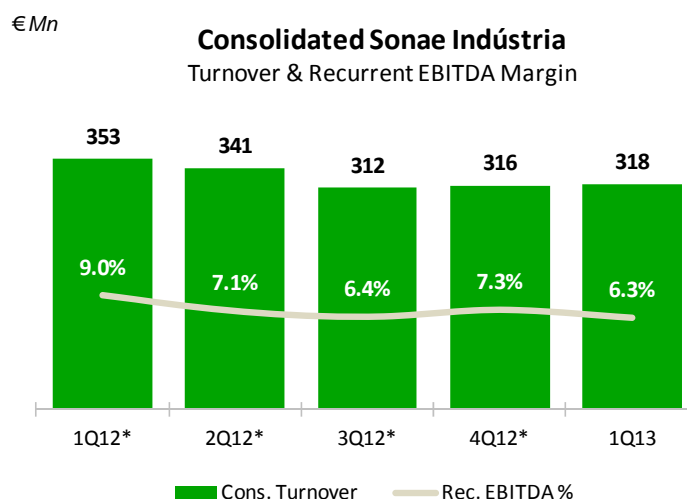
*Turnover includes intercompany group sales

Volumes sold from plants located in the RoW region increased by 3% in 1Q13, when compared to 1Q12. Nevertheless, RoW turnover (when translated to Euros) was negatively affected by the ZAR exchange rate (South African turnover moved 8% up in local currency, but is 7% below when translated to Euros). RoW Recurrent EBITDA margin increased to 15%, driven by

recoveries in our main markets in this region. These improvements are a direct consequence of stronger volumes in North America (+7%) and better average selling prices in South Africa.

2. CONSOLIDATED FINANCIAL REVIEW OF 1Q13

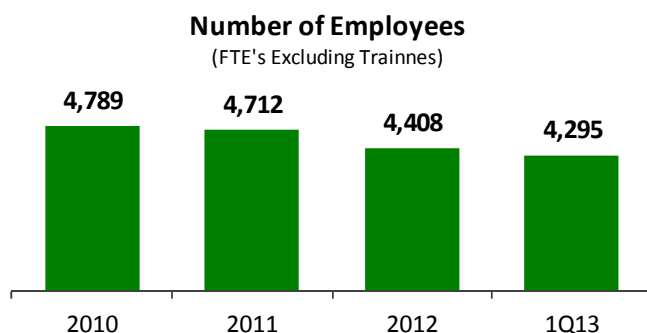
1Q13 consolidated turnover totalled 318 million Euros, 10% lower than 1Q12. Recurrent EBITDA is of 20 million Euros which resulted in a recurrent EBITDA margin of 6.3% (in percentage of Turnover). This deterioration in margin is mainly the result of adverse conditions in Europe, partly compensated by an improved performance in Canada and South Africa operations.



*2012: transferring UK values to "discontinued operations"

Total EBITDA^x in 1Q13 reached 16 million Euros, which includes circa 3.5 million Euros of non recurrent costs, mainly related with redundancy costs of the Solsona plant closed in December of 2012. These costs are totally offset at net profit level by the utilization of a specific provision previously booked in 2012 accounts. Total fixed costs, compared to 1Q12, were further reduced by 8.7%, representing an improvement of 6.5 million Euros.

Part of the fixed costs improvement is related with the evolution of our headcount numbers.



The reduction in number of FTEs is also directly linked with the closure of operations in Knowsley, in UK (reduction from 2011 to 2012) and Solsona, in Spain (reduction from 2012 to 1Q13).

PROFIT & LOSS ACCOUNT (Euro Millions)	1Q'12*	4Q'12*	1Q'13	1Q'13 / 1Q'12*	1Q'13 / 4Q'12*
Consolidated Turnover	353	316	318	(10%)	1%
Other Operational Income	7	13	7	(5%)	(48%)
EBITDA	30	26	16	(46%)	(38%)
Recurrent EBITDA	32	23	20	(37%)	(12%)
Recurrent EBITDA Margin %	9.0%	7.3%	6.3%	-2.7 pp	-1.0 pp
Depreciation and amortisation	(19)	(20)	(19)	2%	4%
Provisions and Impairment Losses	(0)	(12)	3	-	126%
Operational Profit	12	(3)	1	(92%)	131%
Net Financial Charges	(13)	(13)	(15)	(18%)	(16%)
o.w. Net Interest Charges	(7)	(8)	(9)	(21%)	(15%)
o.w. Net Financial Discounts	(4)	(4)	(4)	(6%)	13%
Profit before taxes continued operations (EBT)	(1)	(16)	(14)	-	13%
Taxes	(1)	(11)	(2)	-	81%
o.w. Current Tax	(1)	(1)	(1)	-	8%
Net Profit/(loss) Continued Operations	(2)	(27)	(16)	-	41%
Net Profit/(loss) Discontinued Operations	(1)	(4)	-	-	-
Minority Interests	(0)	(0)	(0)	-	51%
Net Profit/(loss) attributable to Shareholders	(3)	(30)	(16)	-	48%

*transferring UK values to "discontinued operations"

1Q13 consolidated net losses attributable to Sonae Indústria shareholders were 16 million Euros, a deterioration of 13 million Euros compared with 1Q12, directly related with reduced activity in European operations and an increase in net financial charges.

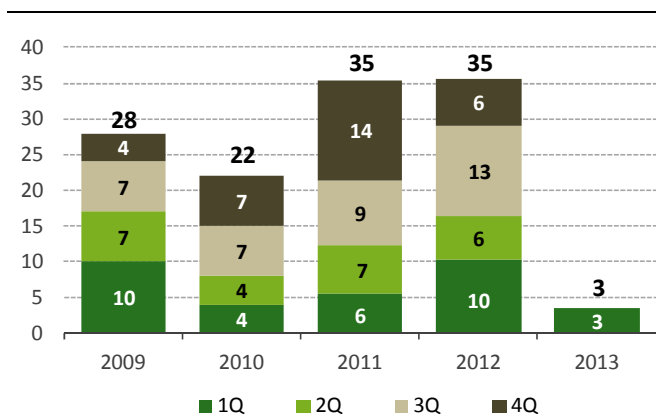
BALANCE SHEET (Euro Millions)	1Q'12	2012	1Q'13
Non Current Assets	1,053	936	921
Tangible Assets	905	806	792
Goodwill	93	92	92
Deferred Tax	37	24	24
Other Non Current Assets	18	13	13
Current Assets	407	329	343
Inventories	142	130	131
Trade Debtors	200	141	174
Cash & Investments	19	23	11
Other Current Assets	46	34	27
Non Current Assets held for sale	1	4	4
Total Assets	1,461	1,269	1,268
Shareholders' Funds	233	136	119
Minority Interests	0	-1	-1
Shareholders' Funds + Minority Interests	233	135	118
Interest Bearing Debt	730	688	706
Short term	343	196	330
L-M term	386	492	377
Trade Creditors	201	178	176
Other Liabilities	297	268	268
Total Liabilities	1,228	1,134	1,150
Total Liabilities, Shareholders' Funds and Minority Interests	1,461	1,269	1,268
Net Debt	711	665	695
Net Debt / LTM** Recurrent EBITDA	5.8 x	6.7 x	8.0 x
Working Capital	141	93	129

**LTM: last twelve months

When compared to 1Q12, Net Debt fell by 16 million Euros, achieved mainly as a result of tight management of working capital which was 12.5 million Euros below the level of 1Q12. Nevertheless, net interest charges for 1Q13 are 2 million Euros above 1Q12, due to the higher marginal cost of debt

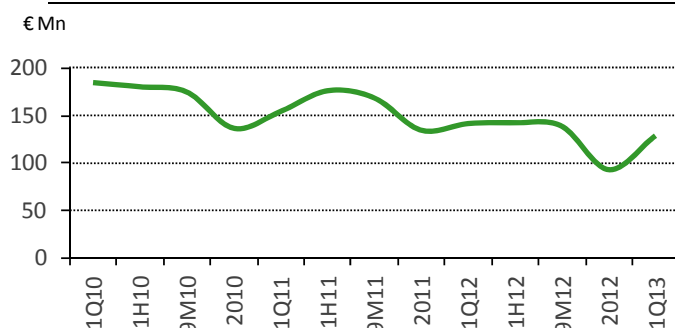
Comparing to 4Q12, Net Debt increased by 30 million EUR and is mainly the result of an increase in Working Capital, related with seasonality performance of both Trade Debtors and Trade Receivables.

Additional Fixed Assets Million Euros



Additions to Fixed Assets in 1Q13 were of 3 million Euros, mostly related to investments in essential maintenance, Health & Safety and Environmental improvements.

WORKING CAPITAL: 1Q10 - 1Q13



During 1Q13, and compared to 4Q12, Working Capital^x increased by 35 million Euros due to the normal seasonal effect on receivables and payables.

When compared to 1Q12, Working Capital is 13 million Euros below.

3. LOOKING FORWARD

For the coming quarter, we continue to expect adverse conditions in private and public consumption, mainly in the Eurozone markets. We expect to partly mitigate this market conditions by continuously looking for export opportunities.

Nevertheless, we continue to expect an important positive contribution from the non European operations, reflection of improved performance in North America and South African markets.

In operational terms, we expect to recover some profitability, as we anticipate that variable costs will level out, or even decline, as a result of the seasonality of wood prices and by our focus on continued optimization of industrial efficiencies.

The Board of Directors

ⁱ Fixed Costs = Personnel Costs + Overheads

ⁱⁱ Source: *Instituto Nacional de Estatística*, April 2013 ("*Nova habitação residencial*", from December 2012 to February 2013, when compared to previous year)

ⁱⁱⁱ Source: *Ministério de Fomento*, April 2013 (from November 2012 to January 2013, when compared to previous year)

^{iv} Source: *Service économie statistiques et prospective (Ministère de l'Écologie, de l'Énergie, du Développement durable et de l'Aménagement du territoire)*, April 2013 (from December 2012 to February 2013, when compared to previous year)

^v Source: German Federal Statistics Office, April 2013 (for November 2012 to January 2013, when compared to previous year)

^{vi} Source: RISI, March 2013 (for the period November 2012 to January 2013, when compared to the previous year)

^{vii} Source: Canada Mortgage and Housing Corporation, April 2013 (for the period January to February 2013, when compared to the previous year)

^{viii} Source: Statistics South Africa, 2013 (from November 2012 to January 2013, when compared to the previous year)

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

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

SONAE INDÚSTRIA, S.G.P.S., S.A.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2013 AND 31 DECEMBER 2012

(Amounts expressed in Euros)

ASSETS	Notes	31.03.2013 Unaudited	31.12.2012
NON CURRENT ASSETS:			
Tangible assets		792 166 383	806 163 927
Goodwill		92 002 274	92 496 051
Intangible assets		6 880 340	7 137 808
Investment properties		1 302 150	1 313 215
Associated undertakings and non consolidated undertakings		2 262 846	2 262 846
Investment available for sale		1 091 540	1 091 540
Deferred tax asset		23 503 334	24 189 158
Other non current assets		1 346 771	1 389 646
Total non current assets		920 555 638	936 044 191
CURRENT ASSETS:			
Inventories		131 285 411	129 983 908
Trade debtors		173 698 704	140 918 477
Other current debtors		9 473 930	13 801 900
State and other public entities		8 556 468	8 126 925
Other current assets	4	9 180 205	12 548 389
Cash and cash equivalents	5	11 261 748	23 182 513
Total current assets		343 456 466	328 562 112
Non-current assets held for sale		4 257 324	4 411 224
TOTAL ASSETS		1 268 269 428	1 269 017 527
SHAREHOLDERS' FUNDS, NON-CONTROLLING INTERESTS AND LIABILITIES			
SHAREHOLDERS' FUNDS:			
Share capital		700 000 000	700 000 000
Legal reserve		3 131 757	3 131 757
Other reserves and accumulated earnings		- 585 763 985	- 569 867 023
Accumulated other comprehensive income		1 612 171	2 792 960
Total		118 979 943	136 057 694
Non-controlling interests		- 1 088 217	- 900 628
TOTAL SHAREHOLDERS' FUNDS		117 891 726	135 157 066
LIABILITIES:			
NON CURRENT LIABILITIES:			
Bank loans - net of current portion	6	139 276 782	128 275 420
Non convertible debentures	6	198 508 754	248 344 033
Finance lease creditors - net of current portion	6	34 257 495	36 192 908
Other loans	6	4 699 977	78 868 673
Post-retirement liabilities		23 442 825	23 610 290
Other non current liabilities		61 135 043	64 940 905
Deferred tax liabilities		59 750 326	60 072 909
Provisions	7	6 677 591	7 372 628
Total non current liabilities		527 748 793	647 677 766
CURRENT LIABILITIES:			
Current portion of non-current bank loans	6	86 933 684	64 693 562
Current bank loans	6	108 163 594	68 492 770
Current portion of non-current non convertible debentures	6	50 000 000	55 000 000
Current portion of non-current finance lease creditors	6	4 923 475	4 114 170
Other loans	6	79 651 331	4 060 098
Trade creditors		176 338 014	177 584 402
Taxes and other contributions payable		14 811 259	14 103 601
Other current liabilities		92 866 108	86 115 099
Provisions	7	8 941 444	12 018 993
Total current liabilities		622 628 909	486 182 695
TOTAL SHAREHOLDERS' FUNDS AND LIABILITIES		1 268 269 428	1 269 017 527

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 MARCH 2013 AND 2012

(Amounts expressed in Euros)

	Notes	31.03.2013 Unaudited	31.03.2012 Unaudited
Sales	12	316 483 562	351 182 552
Services rendered	12	1 066 295	1 375 180
Other income and gains	8	6 769 058	7 139 450
Cost of sales		166 984 302	181 965 523
(Increase) / decrease in production		- 2 742 939	- 2 014 971
External supplies and services		87 419 862	91 842 773
Staff expenses		52 507 459	53 872 030
Depreciation and amortisation		18 911 626	19 232 630
Provisions and impairment losses (increase / reduction)	7	- 3 184 330	37 630
Other expenses and losses		3 442 359	3 165 899
Operating profit / (loss)	12	980 576	11 595 668
Financial expenses	9	16 950 063	17 499 257
Financial income	9	2 022 710	4 880 706
Gains and losses in associated companies			
Gains and losses in investments			
Net profit/(loss) from continuing operations, before tax		- 13 946 777	- 1 022 883
Taxation	10	2 088 727	846 890
Consolidated net profit / (loss) from continuing operations, after taxation		- 16 035 504	- 1 869 773
Profit / (loss) from discontinued operations, after taxation	11		- 1 499 928
Consolidated net profit / (loss) for the period		- 16 035 504	- 3 369 701
Attributable to:			
Equity Holders of Sonae Industria			
Continuing operations		- 15 862 146	- 1 843 063
Discontinuing operations			- 1 481 684
Equity Holders of Sonae Industria		- 15 862 146	- 3 324 747
Non-controlling interests			
Continuing operations		- 173 358	- 26 710
Discontinuing operations			- 18 244
Non-controlling interests		- 173 358	- 44 954
Profit/(Loss) per share			
From continuing operations:			
Basic		- 0.1133	- 0.0237
Diluted		- 0.1133	- 0.0237
From discontinued operations:			
Basic		0.0000	- 0.0106
Diluted		0.0000	- 0.0106

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 MARCH 2013 AND 2012

(Amounts expressed in Euros)

	<u>31.03.2013</u> <u>Unaudited</u>	<u>31.03.2012</u> <u>Unaudited</u>
Net consolidated profit / (loss) for the period (a)	<u>- 16 035 504</u>	<u>- 3 369 701</u>
Other consolidated comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Change in currency translation reserve	- 1 195 020	350 719
Income tax relating to items that may be reclassified		
Other consolidated comprehensive income for the period, net of tax (b)	<u>- 1 195 020</u>	<u>350 719</u>
Total consolidated comprehensive income for the period (a) + (b)	<u>- 17 230 524</u>	<u>- 3 018 982</u>
Total consolidated comprehensive income attributable to:		
Equity holders of Sonae Industria	- 17 042 935	- 2 977 167
Non-controlling interests	- 187 589	- 41 815
	<u>- 17 230 524</u>	<u>- 3 018 982</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 MARCH 2013 AND 2012

(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			
Notes									
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			-3 324 747				- 3 324 747	- 44 954	- 3 369 701
Other consolidated comprehensive income for the period				347 580		347 580	347 580	3 139	350 719
Total			-3 324 747	347 580		347 580	-2 977 167	- 41 815	-3 018 982
Others			59 096				59 096	- 122	58 974
Balance as at 31 March 2012	<u>700 000 000</u>	<u>3 131 757</u>	<u>-463 807 828</u>	<u>-6 804 425</u>	<u>106 475</u>	<u>-6 697 950</u>	<u>232 625 979</u>	<u>290 574</u>	<u>232 916 553</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			
Notes									
Balance as at 1 January 2013	700 000 000	3 131 757	- 569 867 023	2 699 144	93 816	2 792 960	136 057 694	- 900 628	135 157 066
Total consolidated comprehensive income for the period									
Net consolidated profit/(loss) for the period			-15 862 146				- 15 862 146	- 173 358	- 16 035 504
Other consolidated comprehensive income for the period				-1 180 789		-1 180 789	- 1 180 789	- 14 231	- 1 195 020
Total			-15 862 146	-1 180 789		-1 180 789	- 17 042 935	- 187 589	- 17 230 524
Others			- 34 816				- 34 816		- 34 816
Balance as at 31 March 2013	<u>700 000 000</u>	<u>3 131 757</u>	<u>-585 763 985</u>	<u>1 518 355</u>	<u>93 816</u>	<u>1 612 171</u>	<u>118 979 943</u>	<u>-1 088 217</u>	<u>117 891 726</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 31 MARCH 2013 AND 2012
(Amounts expressed in Euros)

<u>OPERATING ACTIVITIES</u>	<u>Notes</u>	31.03.2013 Unaudited	31.03.2012 Unaudited
Net cash flow from operating activities (1)		<u>- 17 854 544</u>	<u>24 333 367</u>
<u>INVESTMENT ACTIVITIES</u>			
Cash receipts arising from:			
Investments		66 515	141 518
Tangible and intangible assets		2 390 414	951 462
Investment subventions		30 892	119 986
		<u>2 487 821</u>	<u>1 212 966</u>
Cash Payments arising from:			
Investments			187 500
Tangible and intangible assets		7 158 402	11 290 020
		<u>7 158 402</u>	<u>11 477 520</u>
Net cash used in investment activities (2)		<u>- 4 670 581</u>	<u>- 10 264 554</u>
<u>FINANCING ACTIVITIES</u>			
Cash receipts arising from:			
Interest and similar income		122 307	647 944
Loans obtained		693 294 190	943 615 213
		<u>693 416 497</u>	<u>944 263 157</u>
Cash Payments arising from:			
Interest and similar charges		8 550 912	8 954 190
Loans obtained		733 270 596	951 345 250
Finance leases - repayment of principal		1 133 002	1 139 574
Others		1 318	1 276 252
		<u>742 955 828</u>	<u>962 715 266</u>
Net cash used in financing activities (3)		<u>- 49 539 331</u>	<u>- 18 452 109</u>
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		<u>- 72 064 456</u>	<u>- 4 383 296</u>
Effect of foreign exchange rate		<u>27 133</u>	<u>- 36 731</u>
Cash and cash equivalents at the beginning of the period	5	<u>- 17 810 257</u>	<u>1 015 356</u>
Cash and cash equivalents at the end of the period	5	<u>- 89 901 846</u>	<u>- 3 331 209</u>

The notes are an integral part of the consolidated financial statements

The board of directors



SONAE INDÚSTRIA SGPS, S.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2013

(Amounts expressed in euros)

1. INTRODUCTION

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

The shares of the company are listed on Euronext Lisbon.

The consolidated financial statements for the periods ended 31 March 2013 and 2012 were not subject to a limited revision carried out by the company's statutory external auditor.

2. ACCOUNTING POLICIES

This set of consolidated financial statement has been prepared on the basis of the accounting policies that were disclosed in the notes to the consolidated financial statements for fiscal year 2012.

2.1. Basis of Preparation

These consolidated financial statements were prepared in accordance with the International Accounting Standard 34 – Interim Financial Reporting. As such, they do not include all the information which should be included in annual consolidated financial statements and therefore should be read in connection with the financial statements for fiscal year 2012.



2.2. Changes to accounting standards

These consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) and the International Accounting Standards (IAS) issued by the International Accounting Standards Board (IASB) and with Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) or by the former Standing Interpretations Committee (SIC), applicable to the period beginning 1 January 2013 and endorsed by the European Union.

During the period ended 31 March 2013 the following accounting standards became effective:

IAS 1 – Presentation of Financial statements: amendment related to the presentation of Other Comprehensive Income;

IAS 12 – Income Taxes: amendment related to the recovery of assets;

IAS 19 – Employee Benefits: amendment related to the measurement and recognition of defined benefit plans.

Changes in IAS 19 refer mainly to the recognition of actuarial gains and losses, which are now to be recognized through Other Comprehensive Income. These changes were not applied in these consolidated financial statements as the Company carries out a calculation of defined benefit obligation at the end of each year with resource to actuarial reports prepared by specialized entities. The amount to be recognized under Other Comprehensive Income is estimated to be not relevant.

2.3. Translation of financial statements of foreign companies

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

	31.03.2013		31.12.2012		31.03.2012	
	Closing rate	Average rate	Closing rate	Average rate	Closing rate	Average rate
Great Britain Pound	0.8456	0.8507	0.8161	0.8106	0.8339	0.8344
South African Rand	11.8203	11.8203	11.1732	10.5285	10.2323	10.1709
Canadian Dollar	1.3021	1.3305	1.3137	1.2837	1.3311	1.3127
American Dollar	1.2805	1.3196	1.3194	1.2842	1.3356	1.3105
Swiss Franc	1.2195	1.2282	1.2072	1.2052	1.2045	1.2080
Polish Zloty	4.1804	4.1561	4.0740	4.1824	4.1521	4.2296

Source: Bloomberg



3. COMPANIES INCLUDED IN CONSOLIDATION PERIMETER

During the period ended 31 March 2013 there were not any changes to the companies included in consolidation perimeter.

4. OTHER CURRENT ASSETS

At 31 March 2013 and 31 December 2012, details of Other current assets on the Consolidated Statement of Financial Position were as follows:

	31.03.2013			31.12.2012		
	Gross Value	Impairment	Net Value	Gross Value	Impairment	Net Value
Derivatives instruments	12 391		12 391	5 612		5 612
Financial Instruments	12 391		12 391	5 612		5 612
Accrued income	4 438 658		4 438 658	4 754 959		4 754 959
Deferred expenses	4 729 156		4 729 156	7 787 818		7 787 818
Assets out of scope of IFRS 7	9 167 814		9 167 814	12 542 777		12 542 777
Total	9 180 205		9 180 205	12 548 389		12 548 389

5. CASH AND CASH EQUIVALENTS

At 31 March 2013 and 31 December 2012, detail of Cash and Cash Equivalents was as follows:

	31.03.2013	31.12.2012
Cash at Hand	60 744	64 924
Bank Deposits and Other Treasury Applications	11 201 004	23 117 589
Impairment in Treasury Applications		
Cash and Cash Equivalents on the Balance Sheet	11 261 748	23 182 513
Bank Overdrafts	101 163 594	40 992 770
Cash and Cash Equivalents on the Statement of Cash Flows	- 89 901 846	- 17 810 257



6. LOANS

As at 31 March 2013 and 31 December 2012 Sonae Indústria had the following outstanding loans:

	31.03.2013				31.12.2012			
	Amortised cost		Nominal value		Amortised cost		Nominal value	
	Current	Non current	Current	Non current	Current	Non current	Current	Non current
Bank loans	195 097 278	139 276 782	195 223 815	140 123 872	133 186 332	128 275 420	133 311 753	129 230 007
Debentures	50 000 000	198 508 754	50 000 000	200 000 000	55 000 000	248 344 033	55 000 000	250 000 001
Obligations under finance leases	4 923 475	34 257 495	4 923 475	34 257 495	4 114 170	36 192 908	4 114 170	36 192 908
Other loans	79 651 331	4 699 977	79 651 331	4 699 976	4 060 098	78 868 673	4 060 098	79 716 721
Gross debt	329 672 084	376 743 008	329 798 621	379 081 343	196 360 600	491 681 034	196 486 021	495 139 637
Cash and cash equivalent in balance sheet	11 261 748		11 261 748		23 182 513		23 182 513	
Net debt	318 410 336	376 743 008	318 536 873	379 081 343	173 178 087	491 681 034	173 303 508	495 139 637
Total net debt	695 153 344		697 618 216		664 859 121		668 443 145	

6.1. Bank Loans

In December 2012 Sonae Indústria, SGPS, SA contracted a loan with a Portuguese financial institution for EUR 25 million, which became totally available in March 2013. This loan pays interest at variable rate and will be repaid from 2015 to 2018.

During the period ended 31 March 2013 bank loans were repaid for approximately EUR 12 million.

In addition, during the same period bank overdrafts were increased by approximately EUR 60 million.

6.2. Bond Issues

During the period ended 31 March 2013, the Company repaid Sonae Indústria 2005/2013 bonds amounting to EUR 55 000 000.

6.3. Other loans

- a) At 31 March 2013 loans recognized under the securitization facility contracted with ING Bank Belgium SA/NV and with Finacity Corporation amounted to EUR 75 238 375. This loan was reclassified to current liabilities as it matures in March 2014.

Trade debtors for the amount of EUR 101 428 831 were kept on the consolidated balance sheet as the criteria set out in IAS 39 for their derecognition were not fully met, namely because the whole risks related to the securitized assets were not completely transferred.



- b) At 31 March 2013 loans recognized under a factoring facility amounted to EUR 3 411 674.

Trade debtors for the amount of EUR 4 536 644 were kept on the consolidated balance sheet as the criteria set out in IAS 39 for their derecognition were not fully met, namely because the whole risks related to the securitized assets were not completely transferred.

7. PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

Movements occurred in provisions and accumulated impairment losses during the period ended 31 March 2013 were as follows:

Description	31.03.2013							Closing balance
	Opening balance	Exchange rate effect	Changes to perimeter	Increase	Utilization	Reversion	Other changes	
Impairment losses:								
Tangible fixed assets	32 922 834							32 922 834
Intangible assets	19 242							19 242
Other non-current assets	10 931 182							10 931 182
Trade debtors	25 156 732	- 214 693		1 304 162		799 281	- 675 153	24 771 767
Other debtors	16 111							16 111
Subtotal impairment losses	69 046 101	- 214 693		1 304 162		799 281	- 675 153	68 661 136
Provisions:								
Litigations in course	2 150 693			49 114			8 089	2 207 896
Warranties to customers	690 770	- 220						690 550
Restructuring	10 911 412	- 85 808			3 012 750			7 812 854
Other	5 638 746	- 5 436		4 572	730 147			4 907 735
Subtotal provisions	19 391 621	- 91 464		53 686	3 742 897		8 089	15 619 035
Subtotal impairment losses and provisions	88 437 722	- 306 157		1 357 848	3 742 897	799 281	- 667 064	84 280 171
Other losses:								
Investments	36 985 875							36 985 875
Write-down to net realizable value of inventories	8 833 140	- 35 152		1 174 559		1 095 164		8 877 383
Total	134 256 737	- 341 309		2 532 407	3 742 897	1 894 445	- 667 064	130 143 429

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

	31.03.2013		
	Losses	Gains	Total
Cost of sales	377 450	303 037	74 413
(Increase) / decrease in production	797 109	792 127	4 982
Provisions and impairment losses	1 357 848	4 542 178	- 3 184 330
Total (Consolidated Income Statement)	2 532 407	5 637 342	- 3 104 935



8. OTHER INCOME AND GAINS

Details of Other income and gains on the Consolidated Income Statement for the periods ended 31 March 2013 and 2012 are as follows:

	31.03.2013	31.03.2012
Gains on disposals of non current investments	66 515	141 518
Gains on disp. and write off of invest. prop., tang. and intang. assets	77 893	49 771
Supplementary revenue	2 279 114	2 844 976
Investment subventions	1 794 474	1 535 901
Tax received	1 489 504	1 290 498
Positive exchange gains	883 591	616 556
Others	177 967	660 230
	<u>6 769 058</u>	<u>7 139 450</u>

9. FINANCIAL RESULTS

Financial results for the periods ended 31 March 2013 and 2012 were as follows:

	31.03.2013	31.03.2012
Financial expenses:		
Interest expenses		
related to bank loans and overdrafts	3 672 294	4 238 324
related to non convertible debentures	3 190 642	2 908 207
related to finance leases	978 109	1 019 932
related to loans from discontinued operations		52 961
others	890 334	54 856
	<u>8 731 379</u>	<u>8 274 280</u>
Losses in currency translation		
related to loans	2 212 991	1 533 480
	<u>2 212 991</u>	<u>1 533 480</u>
Cash discounts granted	3 851 119	3 812 517
Adjustment to fair value of financial instruments at fair value through profit or loss	114 812	2 328 985
Other finance losses	2 039 762	1 549 995
	<u>16 950 063</u>	<u>17 499 257</u>
	<u>31.03.2013</u>	<u>31.03.2012</u>
Financial income:		
Interest income		
related to bank loans	19 402	419 280
Related to loans discontinued operations		628 979
Others	38 630	29 522
	<u>58 032</u>	<u>1 077 781</u>
Gains in currency translation		
related to loans	1 630 996	1 850 106
	<u>1 630 996</u>	<u>1 850 106</u>
Cash discounts obtained	91 451	277 393
Adjustment to fair value of financial instruments at fair value through profit or loss	205 344	1 476 915
Other finance gains	36 887	198 511
	<u>2 022 710</u>	<u>4 880 706</u>
Finance profit / (loss)	<u>- 14 927 353</u>	<u>- 12 618 551</u>



10. TAXES

Corporate income tax accounted for in the periods ended 31 March 2013 and 2012 is detailed as follows:

	31.03.2013	31.03.2012
Current tax	1 351 761	509 884
Deferred tax	736 966	337 006
	<u>2 088 727</u>	<u>846 890</u>

11. PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS

Net loss from discontinued operations, which are related to Knowsley industrial plant, included under profit/(loss) from discontinued operations, after taxation, on the Consolidated Income Statement, are detailed as follows:

	31.03.2012
Sales	8 398 973
Services rendered	177 367
Other income and gains	5 556 663
Cost of sales	6 349 748
(Increase) / decrease in production	- 527 515
External supplies and services	4 095 650
Staff expenses	2 472 977
Depreciation and amortisation	928 976
Provisions and impairment losses (increase / reduction)	- 33 567
Other expenses and losses	1 573 061
Operating profit / (loss)	<u>- 726 327</u>
Financial expenses	809 685
Financial income	36 084
Net profit/(loss) from discontinued operations, before tax	<u>- 1 499 928</u>
Taxation	
Net profit / (loss) from discontinued operations	<u><u>- 1 499 928</u></u>
Attributable to:	
Equity Holders of Sonae Industria	- 1 481 684
Non-controlling interests	<u><u>- 18 244</u></u>



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

	<u>31.03.2012</u>
Operating activities	- 4 191 615
Investment activities	- 5 558 395
Financing activities	10 772 899

12. SEGMENT INFORMATION

The main activity of the Group is the production of wood based panels and derivative products through industrial plants and commercial facilities located in Portugal, Spain, France, Germany, United Kingdom, Switzerland, The Netherlands, Canada and South Africa.

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

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

Following the organizational change occurred in 2012, identifiable reportable segments were then:

- Europe;
- Rest of the world

During the period ended 31 March 2013, some organizational changes were implemented, which caused the identifiable reportable segments to be as follows:

- Northern Europe;
- Southern Europe;
- Rest of the World.



	Turnover			
	External		Intersegment	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Northern Europe	128 448 728	156 071 756	8 974 354	10 725 540
Southern Europe	121 781 912	129 207 823	6 728 196	17 002 431
Continuing operations	121 781 912	129 207 823	6 728 196	17 002 431
Rest of the world	67 319 217	67 278 153		
Total segments	<u>317 549 857</u>	<u>352 557 732</u>	<u>15 702 550</u>	<u>27 727 971</u>
Southern Europe Discontinued operations		<u>8 576 340</u>		

Intersegment turnover includes transactions among segments Northern Europe, Southern Europe and Rest of the World but it does not include transactions between continuing and discontinued operations within Southern Europe segment.

	Operating net profit (loss)	
	31.03.2013	31.03.2012
Northern Europe	-1 037 986	7 166 595
Southern Europe	-3 267 774	2 365 882
Continuing operations	-3 267 774	2 365 882
Rest of the world	5 286 336	2 063 191
Total segments	<u>980 576</u>	<u>11 595 668</u>
Southern Europe Discontinued operations		<u>- 726 327</u>

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

13. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors and authorized for issuance 8 May 2013.