



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: € 812 107 574.17

Publicly Traded Company

**ACTIVITY REPORT
AND
CONSOLIDATED FINANCIAL STATEMENTS**

JANUARY – SEPTEMBER 2016

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



CONTENTS

ACTIVITY REPORT

CONSOLIDATED FINANCIAL STATEMENTS



ACTIVITY REPORT

MESSAGE FROM THE CHAIRMAN

Our 3Q16 results represent the first full quarter performance under the new Sonae Indústria perimeter, after the conclusion of the partnership with Arauco.

I am pleased to be able to report that our 3Q16 results show a continued improvement with all three main business units performing better compared to last year. This positive evolution was mainly driven by improved results in North America and by the contribution from Sonae Arauco that has had another strong quarter. Our consolidated results in the quarter show strong YoY improvement with recurrent EBITDA up nearly 30% and a margin increase of 3.8pp to 20.9%.

Considering our 50% share of Sonae Arauco's figures, at the end of September 2016, the proportional last twelve months Recurrent EBITDA stood at 89 million Euros, representing a 13.7% margin. Proportional net debt reduced to 325 million Euros, implying a leverage ratio of 3.6x. These all show improvements on our corresponding 2Q16 numbers.

During the quarter, Tafisa Canada launched its new embossed and in-register Viva collection at the International Woodworking Fair in Atlanta with 10 colors and with two sided finishings on two panel sizes, a unique offering in the market. The collection was well received and we are encouraged by the response from the market.

Paulo Azevedo

Chairman Sonae Indústria

1. Sonae Indústria Results

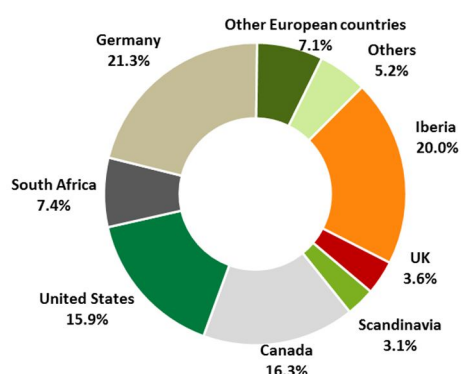
1.1. Proportional Results

Due to the fact that one of Sonae Indústria's main assets (its 50% shareholding in Sonae Arauco) is accounted by the Equity method since 1 June 2016, we are presenting **Proportional Turnover**, **Proportional Recurrent EBITDA**, **Proportional Recurrent EBITDA margin**, **Proportional Leverage** and **Loan to Value** indicators, given their greater relevance for the purpose of valuation and leverage analysis of Sonae Indústria today (see "Glossary of Terms" for definitions). Financial Indicators for 1H15 and 9M15 are not presented since comparable figures for the Balance Sheet and LTM indicators are not available for those periods.

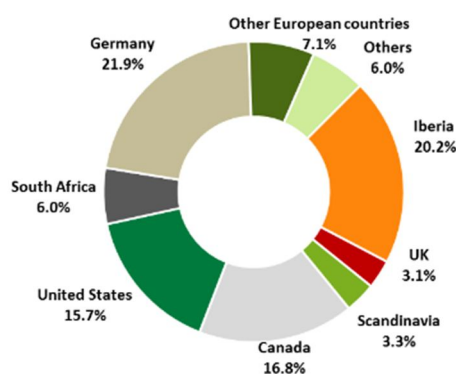
FINANCIAL INDICATORS	1H16	9M16
Proportional Turnover	332	490
Proportional Rec. EBITDA	49	74
Proportional Rec. EBITDA margin	14.7%	15.0%
Proportional LTM Turnover	647	649
Proportional LTM Rec. EBITDA	83	89
Proportional LTM Rec. EBITDA margin	12.8%	13.7%
LEVERAGE		
Proportional Net Debt	339	325
Proportional Leverage (Net Debt / LTM Rec. EBITDA)	4.1 x	3.6 x
LOAN TO VALUE		
Net Debt of Sonae Indústria	222	217
Asset Value	472	524
LTV (Net Debt of Sonae Indústria / Asset Value)	47%	41%

During 3Q16, Sonae Indústria continued to achieve further deleveraging resulting from the higher level of Recurrent EBITDA on the one hand and cash flow generation on the other. At the end of September 2016, **Net Debt to LTM Recurrent EBITDA (proportional)** stood at 3.6x, which represents a reduction of 0.5x vs. June 2016. Also as a demonstration of the improved capital structure, **Loan to Value** reduced to 41% at the end of September 2016 (an improvement of 6 p.p. vs. June 2016).

PROPORTIONAL TURNOVER BY DESTINATION MARKET – 9M15

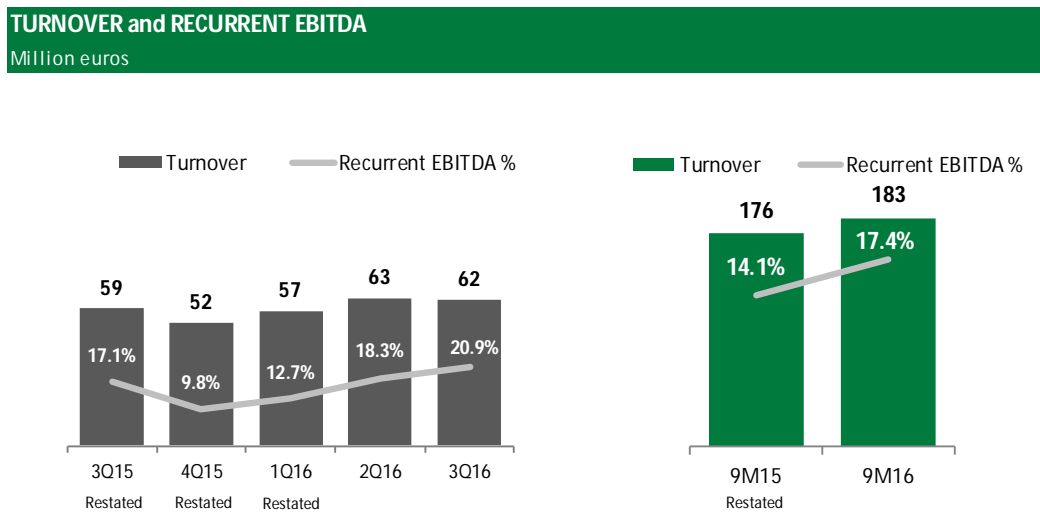


PROPORTIONAL TURNOVER BY DESTINATION MARKET – 9M16



1.2. Consolidated Results

SUMMARY OF 2016 NINE MONTHS RESULTS (See Explanatory Notes at the end of the document):



Consolidated turnover for the first nine months of the year reached circa 183 million Euros, up by 4% (or by 7 million Euros) when compared to the same period of 2015, on a comparable basis. This improvement is explained by the continued improvement in the results of our Canadian operation y.o.y., which is expected to benefit from the recent strategic investment in a fifth melamine surfacing line that will support a better product mix with a higher share of melamine faced products. The average selling prices also contributed to this positive performance, as they kept the positive trend vs. last year. As in 1H16, our Laminates plant in Portugal showed improvements in terms of sales volumes, which grew by circa 49% y.o.y.

Notwithstanding the positive performance when compared to last year results, the depreciation of the Canadian dollar vs. the EUR during 9M16 continues to negatively impact consolidated turnover. On a like for like basis, using exchange rates of 2015, consolidated turnover would have been circa 8.3 million Euros higher, representing an increase of 8.2%.

Proportional Turnover stood at 490 million Euros during 9M16, which compares with 484 million Euros in the same period of last year, representing an improvement of 1.3%. This result was mostly driven by better performance of Sonae Indústria consolidated operations, as Sonae Arauco turnover was kept relatively stable y.o.y..

Total **fixed costs** for the first nine months of the year, on a like for like basis, were kept relatively stable when compared to the same period in 2015 representing circa 16% of Turnover.

Total **headcount for Sonae Indústria**, at the end of September 2016 and considering fully owned businesses, was of 480 FTEs.

The **Recurrent EBITDA** for the first nine months of 2016 reached circa 32 million Euros, an increase of 7.1 million Euros (or up by 29%) when compared to same period of last year, with an implicit **Recurrent EBITDA margin** of 17.4% (+3.4 p.p. vs. 9M15), on a comparable basis. During 3Q16, Sonae Indústria booked a Recurrent EBITDA of 13 million Euros, circa 1.5 million Euros above last quarter and circa 2.9 million Euros above the same period of last year, with an underlying Recurrent EBITDA margin of 20.9%, an improvement of 2.7 p.p. vs. last quarter and of 3.8 p.p. vs. 3Q15, on a comparable basis. This positive performance has translated into

SONAE INDÚSTRIA

ACTIVITY REPORT - 9 MONTHS 2016

a **LTM Recurrent EBITDA** of approximately 37 million Euros, at the end of September 2016. The **LTM Proportional Recurrent EBITDA** (i.e., including 50% of Sonae Arauco Recurrent EBITDA) was 89 million euros, 6 million Euros higher than June 2016 value.

CONSOLIDATED INCOME STATEMENT

Million euros

	9M15 Restated	9M16	9M16 / 9M15(R)	3Q15 Restated	2Q16	3Q16	3Q16 / 3Q15(R)	3Q16 / 2Q16
Turnover	175.5	182.6	4.0%	58.7	63.1	62.1	5.8%	(1.7%)
Other operational income	4.2	4.6	8.4%	1.7	2.2	1.0	(37.6%)	(53.4%)
EBITDA	23.8	31.9	33.7%	9.7	12.1	12.7	31.5%	5.0%
Non recurrent items	(0.9)	0.0	-	(0.4)	0.5	(0.3)	24.5%	-
Recurrent EBITDA	24.7	31.8	28.8%	10.1	11.5	13.0	29.2%	12.6%
Recurrent EBITDA Margin %	14.1%	17.4%	3.4 pp	17.1%	18.3%	20.9%	3.8 pp	2.7 pp
Proportional Recurrent EBITDA	52.7	73.6	39.6%	18.5	29.1	24.9	34.4%	(14.6%)
Proportional Recurrent EBITDA Margin %	10.9%	15.0%	4.1 pp	11.8%	17.0%	15.7%	3.9 pp	-1.4 pp
Depreciation and amortisation	(10.3)	(8.9)	13.9%	(3.3)	(3.0)	(3.0)	8.9%	(0.5%)
Provisions and impairment Losses	(0.1)	0.4	-	0.0	0.1	0.1	-	-
Operational profit (EBIT)	13.4	23.3	74.4%	6.3	9.1	9.8	54.7%	6.9%
Net financial charges	(1.0)	(13.3)	-	(1.1)	(7.0)	(3.5)	-	49.3%
o.w. Net interest charges	1.1	(10.6)	-	(0.3)	(5.9)	(2.5)	-	58.0%
o.w. Net exchange differences	(0.3)	(0.1)	-	(0.1)	0.0	(0.2)	-	-
o.w. Net financial discounts	(1.2)	(1.3)	(11.9%)	(0.4)	(0.5)	(0.5)	(19.7%)	(0.2%)
Gains and losses in Joint-Ventures	0.0	6.3	-	0.0	3.2	3.1	-	(4.1%)
Profit before taxes (EBT)	12.3	16.3	32.1%	5.2	5.4	9.3	78.2%	73.3%
Taxes	(3.8)	(6.8)	(78.4%)	(1.5)	(3.2)	(3.1)	-	3.3%
o.w. Current tax	(4.1)	(7.5)	-	(2.2)	(3.5)	(3.1)	(40.1%)	10.2%
o.w. Deferred tax	0.3	0.7	-	0.7	0.3	0.0	-	-
Profit/(loss) from continued operations	8.5	9.5	11.4%	3.7	2.1	6.2	66.6%	-
Profit/(loss) from discontinued operations	(36.7)	(30.7)	16.3%	(12.2)	(32.8)	0.0	-	-
Consolidated net profit/(loss) for the period	(28.2)	(21.3)	24.7%	(8.5)	(30.7)	6.2	-	-
Losses (income) attrib. to non-contro. interests	(0.0)	0.0	-	(0.0)	0.0	0.0	-	-
Net profit/(loss) attrib. to Equity Holders	(28.2)	(21.3)	24.6%	(8.5)	(30.7)	6.2	-	-

Consolidated **EBITDA** reached circa 32 million Euros, 8 million Euros higher than 9M15, on a comparable basis. In line with 1H16 results, the group's consolidated performance was marginally but positively impacted by **non-recurrent items** related with inactive sites during the first nine months of the year, explained the sale of Coleraine land (UK) in April 2016, which generated a gain of circa 0.8 million Euros, more than offsetting the on-going costs of inactive sites.

Proportional Recurrent EBITDA was 74 million Euros during 9M16, which represents an improvement of 40%, when compared to the same period of last year, on a comparable basis. For the quarter, the Proportional Recurrent EBITDA stood at 25 million Euros, a decrease of 15% vs. 2Q16, which is explained by the seasonal maintenance shutdowns that take place during the summer period at the Sonae Arauco Northern hemisphere plants. When compared to 3Q15, the Proportional Recurrent EBITDA improved by 34%, on a comparable basis.

Depreciation and amortization charges during 9M16 were reduced by 1.4 million Euros vs. same period of last year, which is mainly explained by the reduction in depreciation charges in our North American operation. On a quarterly basis, this item totalled 3 million Euros in the 3Q16, in line with the values booked for 2Q16 and 3Q15.

Provisions and impairment losses for the first nine months of 2016 totalled a net positive amount of circa 0.4 million Euros (positively impacting the consolidated results such as in the 1H16), corresponding to the release of provisions related to the legacy restructuring process in France.

Net financial charges during 9M16 were 13.3 million Euros, a significant increase when compared to the same period of last year on a comparable basis, explained by: (i) the recognition in 2Q16 of previously deferred upfront financing costs of 1.9 million Euros due to early repayment of loans as part of the refinancing process related to the execution of the Sonae Arauco partnership and, particularly, by: (ii) a 11.6 million Euros reduction vs. 9M15 in net interest income on loans to and from what were previously intra group companies, due to the fact that those loans (mostly loans from Sonae Indústria to Sonae Arauco companies) were fully repaid until May 2016. In the quarter and when compared with the previous year the referred reduction in net interest income on loans to and from related parties represents 4.3 million Euros which more than explains why Net Financial Charges increased by 2.4 million Euros when compared with 3Q15. When compared to the previous quarter, which included the one off recognition of deferred costs of 1.9 million Euros mentioned above, net financial charges improved by 3.4 million Euros, benefiting from lower net interest charges.

Gains and losses in Joint-Ventures, at the end of September 2016, amounted to circa 6.3 million Euros, corresponding to 50% of the consolidated net profit of Sonae Arauco since 1 June 2016.

Current tax charges booked for the first nine months of 2016 were circa 7.5 million Euros, an increase of 3.4 million Euros when compared to same period in 2015, on a comparable basis. The explanations for this is aligned with was explained in 1H16: (i) higher tax charges in Canada; and (ii) lower tax consolidation benefit in 2016 due to the deconsolidation of Sonae Arauco entities from the Portuguese tax consolidation perimeter during 9M16. On a quarterly basis, in 3Q16 an amount of 3.1 million Euros was booked, slightly below the value registered for 2Q16.

The combination of the above factors led to a consolidated positive **Net Result** for Continued Operations of 9.5 million Euros during the first nine months of the year, an improvement of 11% when compared to same period in 2015, on a comparable basis. For the quarter, the net profit of Continued operations increased by approximately 2.5 and 4 million Euros vs. 3Q15 and vs. 2Q16, respectively.

At the end of September 2016, the results of Discontinued Operations showed a Net loss of 31 million Euros, which is similar to the figure reported in 1H16 and explained by a positive net profit contribution of 5.9 million Euros from Sonae Arauco and by the accounting charge of 36.6 million euros registered in 1H16 resulting from the need to reclassify cumulative Translation Reserves related to Sonae Arauco companies from 'Other Comprehensive Income' to 'Other Reserves & Accumulated Earnings' due to partnership with Arauco and in accordance with IAS 21. This led to a Net Loss of 21.3 million Euros for the first nine months of the year, which represents an improvement of 25% vs. 9M15, on a comparable basis.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Million euros

	2015	1H16	9M16
Non current assets	757.8	313.7	313.4
Tangible assets	628.8	152.0	147.5
Goodwill	80.9	0.3	0.3
Deferred tax asset	28.4	2.2	2.2
Other non current assets	19.8	159.1	163.3
Current assets	243.2	51.7	48.4
Inventories	98.0	17.6	17.9
Trade debtors	85.1	20.4	20.1
Cash and cash equivalents	28.9	6.6	3.9
Other current assets	31.2	7.0	6.4
Non-current assets classified as available for sale	1.5	1.5	1.5
Total assets	1,002.6	366.9	363.3
Shareholders' Funds	57.7	68.7	74.8
Equity Holders	57.8	68.7	74.8
Non-controlling interests	(0.1)	0.0	0.0
Liabilities	944.9	298.1	288.6
Interest bearing debt	599.1	228.5	221.3
Non current	71.5	224.0	218.4
Current	527.6	4.5	2.9
Trade creditors	138.6	29.8	26.2
Other liabilities	207.2	39.7	41.0
Liabilities directly associated with non-current assets classified as available for sale	0.0	0.0	0.0
Total Shareholders' Funds and liabilities	1,002.6	366.9	363.3
Net debt	570.1	222.0	217.4
Working Capital	44.5	8.2	11.9

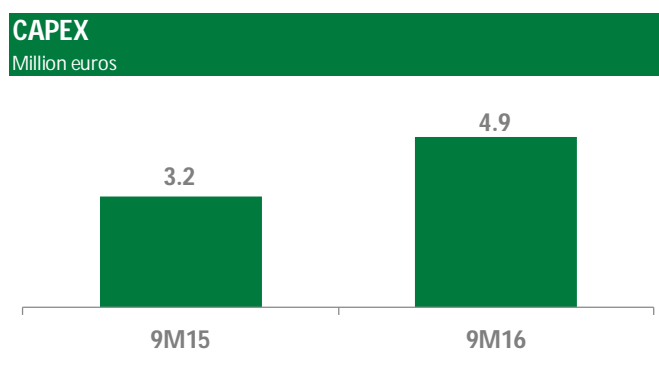
It should be noted that the Balance sheet as at 31 December 2015 includes all the companies in the consolidation perimeter of Sonae Indústria including those of Sonae Arauco, and therefore is not comparable to that shown as at 30 June 2016 and as at 30 September 2016.

Included in Tangible Assets under **Other Non-current assets**, is the investment in Joint-Ventures (50% of Sonae Arauco) in an amount of 156.1 million Euros stated at provisional accounting value at the end of September 2016 (including 50% of the net results of Sonae Arauco between June and September) and will be subject to correction in the year end 2016 accounts once a 'Fair Value' has been determined. When compared to 1H16, the value of the investment in Sonae Arauco increased by 4.4 million Euros mainly due to the contribution of Sonae Arauco Net Results.

Consolidated **Working Capital** reached circa 12 million Euros, an increase of 3.6 million Euros when compared to June 2016, which is explained by the reduction in trade creditors of our Canadian operation.

Net Debt stood at circa 217 million Euros at the end of September 2016, a decrease of 4.6 million Euros vs. June 2016 level.

Total **Shareholder's Funds** continued to improve, reaching circa 75 million Euros at the end of September 2016, 6 million Euros above June 2016 value. When compared to December 2015, total shareholder's funds increased by 17.1 million Euros.



Note: 2015 numbers exclude investments in French plants sold in 2015 (for comparability purposes); 2016 numbers exclude transfer of Real Estate from Sonae Arauco to Sonae Indústria perimeter in 2016 (within the corporate restructuring required for Sonae Arauco partnership).

Additions to Gross Tangible Assets reached 4.9 million Euros during 9M16, which compares with 3.2 million Euros during the same period in 2015, on a comparable basis. During this period, the majority of the investments were executed in our North American plant, being circa 2.7 million Euros related with the strategic investment in a 5th melamine surfacing line, already concluded.

2. Looking Forward

At Sonae Indústria, we will seek ways in which to grow our businesses. For Tafisa Canada, we will continue to seek to strengthen our product mix on the back of the new Embossed In Register Viva collection looking to consolidate our position in the Canadian market and to achieve a greater penetration of the US market for our MFC products. We will also seek growth opportunities for our Laminates & Components business with existing and new customers and to improve levels of profitability.

At Sonae Arauco we are fully committed to the development of the business. In this respect the company will make investments that look to achieve greater operational efficiency and productivity including the upgrade and modernization of the few remaining plants with daylight presses.

10 November 2016

The Board of Directors

Paulo Azevedo

Albrecht Ehlers

Javier Vega

José Romão de Sousa

Carlos Moreira da Silva

Christopher Lawrie

Louis Brassard

EXPLANATORY NOTES:

The completion of the 50/50 partnership with Arauco has led to a number of material accounting changes in Sonae Indústria's consolidated financial statements as summarized below.

- The Consolidated Income Statement (P&L) for 2016 shows all the companies included in the consolidation perimeter of Sonae Arauco also classified as Discontinued Operations until May 2016 and accounted by the Equity Method as of the 1 June 2016.

- The P&L for 2015 was restated to show as Discontinued Operations the results of all the companies included in the consolidation perimeter of Sonae Arauco. It should be noted that this is in addition to the results of the French industrial units Ussel (sold in March 2015) and Linxe (sold in July 2015), Pontecaldelas plant, in Spain, and Betanzos, in Spain (sold in April 2015) that had already been considered as Discontinued Operations in 2015.

- The balance sheet as at 31 December 2015 has not been restated. As from June 2016, the balance sheet represents the position of Sonae Indústria under the new perimeter with the 50% shareholding in Sonae Arauco equity accounted.

- The investment in Sonae Arauco (now equity accounted) has been booked provisionally at 147.3 million euros as at 31 May 2016, the completion date for the setting up of the partnership with Arauco. This is a provisional accounting value of Sonae Arauco resulting from its deconsolidation from Sonae Indústria's consolidated accounts. Within the framework of IAS 28 and IFRS 11, this is a provisional accounting value and will be subject to correction in the year end 2016 financial statements once a 'Fair Value' has been established for Sonae Arauco. This correction will necessarily have an effect on year end 2016 financial statements which, at this stage, is not possible to determine. Due to the positive results of Sonae Arauco since June, the investment in Sonae Arauco as at 30 September 2016 stood at 156.1 million euros.

- Additionally due to the setting up of the 50/50 partnership with Arauco and in accordance with IAS 21, the composition of Shareholders' Funds has been reclassified with the 'Translation Reserves' (cumulative exchange rate impacts on equity) related to Sonae Arauco companies having been moved from 'Other Comprehensive Income' to 'Other Reserves & Accumulated earnings'. Although this change is neutral on Shareholders' Funds, it has led to a corresponding accounting charge in the P&L for the amount of the reclassification (36.6 million Euros).

GLOSSARY OF TERMS

Asset Value	Asset Value is calculated as follows: [6.8 x LTM Recurrent EBITDA of fully consolidated business (100%)] + [market value of real estate properties owned 100% by Sonae Indústria, according to external valuations] + [50% x (6.8 x LTM Recurrent EBITDA of Sonae Arauco – Sonae Arauco Net Debt)]
CAPEX	Investment in Tangible Fixed Assets
EBITDA	Earnings Before Interests and Taxes + Depreciations and Amortizations + (Provisions and impairment losses - Impairment losses in trade receivables + Reversion of impairment losses in trade receivables)
FTEs	Full Time Equivalent; the equivalent of one person working full time, according to the working schedule of each country where Sonae Indústria has operations
Fixed Costs	Overheads + Personnel costs (internal and external); <i>management accounts concept</i>
Gross Debt	Bank loans + Debentures + Obligations under finance leases + other loans + Loans from related parties
Headcount	Total number of internal FTEs, excluding trainees
Loan to Value	Net Debt of Sonae Indústria / Asset value
LTM	Last Twelve Months
Net Debt	Gross Debt - Cash and cash equivalents
Proportional Leverage	Proportional Net Debt / Proportional LTM Recurrent EBITDA
Proportional LTM Turnover	LTM Turnover of the businesses fully consolidated (100%) by Sonae Indústria + 50% of the LTM Turnover of Sonae Arauco
Proportional LTM Rec. EBITDA	LTM Recurrent EBITDA of Sonae Indústria + 50% of LTM Recurrent EBITDA of Sonae Arauco
Proportional Recurrent EBITDA	Recurrent EBITDA of the businesses fully consolidated (100%) by Sonae Indústria + 50% of the Recurrent EBITDA of Sonae Arauco
Proportional Recurrent EBITDA margin	Proportional Recurrent EBITDA / Proportional Turnover
Proportional Net Debt	Net Debt of Sonae Indústria + 50% of Net Debt of Sonae Arauco
Recurrent EBITDA	Recurrent EBITDA of the businesses fully consolidated (100%) by Sonae Indústria, excluding non-recurrent operational income / costs
Recurrent EBITDA margin	Recurrent EBITDA / Turnover
Working Capital	Inventories + Trade Debtors – Trade Creditors



Consolidated Financial Statements

SONAE INDÚSTRIA, S.G.P.S., S.A.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2016 AND 31 DECEMBER 2015

(Amounts expressed in Euros)

ASSETS	Notes	30.09.2016 Unaudited	31.12.2015
NON CURRENT ASSETS:			
Tangible fixed assets	8	147 472 134	628 779 728
Goodwill		347 081	80 884 032
Intangible assets		315 634	4 203 028
Investment properties		6 314 672	6 450 977
Investment in associates	7		1 493 139
Investment in joint ventures	4, 5, 7	156 141 183	5 695 259
Investment available for sale	7	129 870	1 155 713
Deferred tax asset	9	2 188 748	28 358 134
Other non current assets		442 608	804 270
Total non current assets		313 351 930	757 824 280
CURRENT ASSETS:			
Inventories		17 936 636	98 007 573
Trade debtors		20 148 026	85 053 009
Other current debtors		271 761	13 202 016
Current tax asset		1 613 794	2 799 769
Other taxes and contributions		2 019 270	4 811 295
Other current assets		2 534 050	10 406 656
Cash and cash equivalents	10, 12	3 904 877	28 924 470
Total current assets		48 428 414	243 204 788
Non-current assets held for sale		1 535 588	1 535 588
TOTAL ASSETS		363 315 932	1 002 564 656
SHAREHOLDERS' FUNDS, NON-CONTROLLING INTERESTS AND LIABILITIES			
SHAREHOLDERS' FUNDS:			
Share capital		812 107 574	812 107 574
Legal reserve		3 131 757	3 131 757
Other reserves and accumulated earnings		- 791 855 121	- 801 248 687
Accumulated other comprehensive income	11	51 373 802	43 785 859
Total shareholders' funds attributable to equity holders of Sonae Indústria		74 758 012	57 776 503
Non-controlling interests			- 106 611
TOTAL SHAREHOLDERS' FUNDS		74 758 012	57 669 892
LIABILITIES:			
NON CURRENT LIABILITIES:			
Bank loans - net of current portion	12	217 094 537	53 413 866
Finance lease creditors - net of current portion	12	1 331 012	16 749 594
Other loans	12		1 325 632
Post-retirement liabilities		899 294	26 578 632
Other non current liabilities		3 631 959	33 589 842
Deferred tax liability	9	20 576 645	55 427 496
Provisions	14	2 011 494	9 355 417
Total non current liabilities		245 544 941	196 440 479
CURRENT LIABILITIES:			
Current portion of non-current bank loans	12	136 151	178 706 758
Current bank loans	12	2 350 001	153 596 265
Current portion of non-current non-convertible bonds	12		147 987 525
Current portion of non-current finance lease creditors	12	405 759	5 669 033
Other loans	12		41 619 187
Trade creditors		26 208 695	138 586 348
Current tax liability		2 476 040	1 508 253
Other taxes and contributions		570 383	7 018 495
Other current liabilities	13	10 865 950	72 606 959
Provisions	14		1 155 462
Total current liabilities		43 012 979	748 454 285
TOTAL SHAREHOLDERS' FUNDS AND LIABILITIES		363 315 932	1 002 564 656

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 NINE-MONTH PERIODS ENDED AT 30 SEPTEMBER 2016 AND 30 SEPTEMBER 2015

(Amounts expressed in Euros)

	Notes	30.09.2016 Unaudited	3rd. Quarter 2016 Unaudited	30.09.2015 Unaudited Restated	3rd. Quarter 2015 Unaudited Restated
Sales	19	181 635 279	61 786 770	174 711 984	58 436 388
Services rendered	19	1 010 101	291 063	825 199	259 790
Other income and gains	17, 19	4 585 491	1 044 395	4 231 714	1 672 892
Cost of sales	19	95 482 967	32 425 784	98 251 185	33 333 683
(Increase) / decrease in production	19	490 377	- 888 732	- 280 839	- 1 820 597
External supplies and services	19	36 547 660	11 961 541	36 177 026	12 587 118
Staff expenses	19	19 090 728	6 086 603	18 677 409	5 667 598
Depreciation and amortisation		8 896 524	3 048 091	10 330 401	3 347 103
Provisions and impairment losses (increase / reduction)	14, 19	- 390 066	- 121 141	91 209	- 6 312
Other expenses and losses	18, 19	3 767 200	847 948	3 139 403	950 008
Operating profit / (loss)	19	23 345 481	9 762 134	13 383 103	6 310 469
Financial expenses	20	17 692 104	3 875 884	19 763 447	6 839 446
Financial income	20	4 398 465	348 364	18 717 139	5 745 743
Gains and losses in associated companies					
Gains and losses in joint ventures	5, 7	6 250 495	3 060 215		
Net profit/(loss) from continuing operations, before taxation		16 302 337	9 294 829	12 336 795	5 216 766
Taxation	9, 21	6 822 300	3 109 350	3 824 139	1 504 472
Consolidated net profit / (loss) from continuing operations, after taxation		9 480 037	6 185 479	8 512 656	3 712 294
Profit / (loss) from discontinued operations, after taxation	9, 14, 16	- 30 746 562		- 36 738 631	- 12 183 469
Consolidated net profit / (loss) for the period		- 21 266 525	6 185 478	- 28 225 975	- 8 471 175
Attributable to:					
Equity Holders of Sonae Industria					
Continuing operations		9 480 037	6 185 478	8 498 268	3 701 414
Discontinuing operations		- 30 746 562		- 36 687 307	- 12 166 449
Equity Holders of Sonae Industria		- 21 266 525	6 185 478	- 28 189 039	- 8 465 035
Non-controlling interests					
Continuing operations				14 388	10 880
Discontinuing operations				- 51 324	- 17 020
Non-controlling interests				- 36 936	- 6 140
Profit/(Loss) per share					
From continuing operations:					
Basic		0.0008	0.0005	0.0007	0.0003
Diluted		0.0008	0.0442	0.0007	0.0003
From discontinued operations:					
Basic		- 0.0027	0.0000	- 0.0032	- 0.0011
Diluted		- 0.0027	0.0000	- 0.0032	- 0.0011

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 NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2016 AND 30 SEPTEMBER 2015

(Amounts expressed in Euros)

	Notes	30.09.2016 Unaudited	3rd Quarter 2016 Unaudited	30.09.2015 Unaudited	3rd Quarter 2015 Unaudited
Net consolidated profit / (loss) for the period (a)		- 21 266 525	6 185 478	- 28 225 975	- 8 471 175
Other consolidated comprehensive income					
Items that may be subsequently transferred to profit or loss					
Change in currency translation reserve	11	1 617 979	- 1 402 544	- 10 050 485	- 11 527 799
Change in fair value of available-for-sale financial assets	11	8 508		5 150	4 570
Group share of other comprehensive income of joint ventures		2 566 322	1 277 382		
Other consolidated comprehensive income for the period, net of tax (b)		4 192 809	- 125 162	- 10 045 335	- 11 523 229
Total consolidated comprehensive income for the period (a) + (b)		- 17 073 716	6 060 316	- 38 271 310	- 19 994 404
Total consolidated comprehensive income attributable to:					
Equity holders of Sonae Industria		- 17 073 716	6 060 316	- 38 222 187	- 19 974 014
Non-controlling interests				- 49 123	- 20 390
		- 17 073 716	6 060 316	- 38 271 310	- 19 994 404
Other comprehensive income reclassified to profit or loss in the period	11	- 36 592 671			

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 30 SEPTEMBER 2016 AND 30 SEPTEMBER 2015

(Amounts expressed in Euros)

	Share capital	Legal reserve	Other Reserves and accumulated earnings	Accumulated other comprehensive income	Total shareholders' funds attributable to the equity holders of Sonae Indústria	Non controlling interests	Total shareholders' funds
				11			
Balance as at 1 January 2016	812 107 574	3 131 757	- 801 248 687	43 785 859	57 776 503	- 106 611	57 669 892
Total consolidated comprehensive income for the period							
Net consolidated profit/(loss) for the period			-21 266 525		- 21 266 525		- 21 266 525
Other consolidated comprehensive income for the period				4 192 809	4 192 809		4 192 809
Total			-21 266 525	4 192 809	- 17 073 716		- 17 073 716
Medium term incentive plan			- 159 827		- 159 827		- 159 827
Change in method			35 060 569	-35 060 569			
Transferred to Net consolidated profit/(loss) for the period				36 592 671	36 592 671		36 592 671
Others			-4 240 651	1 863 032	-2 377 619	106 611	- 2 271 008
Balance as at 30 September 2016	<u>812 107 574</u>	<u>3 131 757</u>	<u>-791 855 121</u>	<u>51 373 802</u>	<u>74 758 012</u>		<u>74 758 012</u>

	Share capital	Legal reserve	Other Reserves and accumulated earnings	Accumulated other comprehensive income	Total shareholders' funds attributable to the equity holders of Sonae Indústria	Non-controlling interests	Total shareholders' funds
				11			
Balance as at 1 January 2015	812 107 574	3 131 757	-767 474 878	63 365 293	111 129 746	- 262 099	110 867 647
Total consolidated comprehensive income for the period							
Net consolidated profit/(loss) for the period			-28 189 039		- 28 189 039	- 36 936	- 28 225 975
Other consolidated comprehensive income for the period				-10 033 148	- 10 033 148	- 12 187	- 10 045 335
Total			-28 189 039	-10 033 148	-38 222 187	- 49 123	-38 271 310
Medium term incentive plan			- 26 377		- 26 377	- 29	- 26 406
Others			-2 277 296	54 469	- 2 222 827	195 162	- 2 027 665
Balance as at 30 September 2015	<u>812 107 574</u>	<u>3 131 757</u>	<u>-797 967 590</u>	<u>53 386 614</u>	<u>70 658 355</u>	<u>- 116 089</u>	<u>70 542 266</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 CASH FLOWS

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2016 AND 30 SEPTEMBER 2015

(Amounts expressed in Euros)

	<u>Notes</u>	30.09.2016 Unaudited	30.09.2015 Unaudited
<u>OPERATING ACTIVITIES</u>			
Receipts from trade debtors		484 429 029	773 423 209
Payments to trade creditors		390 052 975	635 509 554
Payments to staff		71 899 016	121 986 808
Net cash flow from operations		22 477 038	15 926 847
Payment / (receipt) of corporate income tax		4 432 737	6 386 350
Other receipts / (payments) relating to operating activities		- 66 760	- 5 395 534
Net cash flow from operating activities (1)		17 977 541	4 144 963
<u>INVESTMENT ACTIVITIES</u>			
Cash receipts arising from:			
Investments		214	
Tangible fixed assets and intangible assets		2 163 155	6 681 240
Investment properties			1 295 290
Investment subventions			119 109
Dividends			9 500
Non-current assets held for sale			2 768 038
		2 163 369	10 873 177
Cash Payments arising from:			
Investments		216 334	2 105 233
Tangible fixed assets and intangible assets		13 312 585	14 203 373
Investment properties		131 191	
		13 660 110	16 308 606
Net cash used in investment activities (2)		- 11 496 741	- 5 435 429
<u>FINANCING ACTIVITIES</u>			
Cash receipts arising from:			
Interest and similar income		385 391	427 059
Loans obtained		972 108 562	1 129 622 167
Increase in share capital (2016: Sonae Arauco, SA)		137 500 000	168 502
		1 109 993 953	1 130 217 728
Cash Payments arising from:			
Interest and similar charges		22 754 566	21 013 204
Loans obtained		1 097 373 806	1 095 028 759
Finance leases - repayment of principal		3 133 006	5 074 716
Others			17 130
		1 123 261 378	1 121 133 809
Net cash used in financing activities (3)		- 13 267 425	9 083 919
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		- 6 786 625	7 793 453
Effect of foreign exchange rate		176 742	1 163 940
Cash and cash equivalents at the beginning of the period	10	15 808 205	10 500 810
Cash and cash equivalents of excluded companies, at 31.05.2016		4 939 961	
Cash and cash equivalents at the end of the period	10	3 904 877	17 130 323

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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2016

(Amounts expressed in euros)

1. INTRODUCTION

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

The shares of the company are listed on Euronext Lisbon.

Consolidated financial statements for the period ended 30 September 2016 and 30 September 2015 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 on the notes to the consolidated financial statements for fiscal year 2015.

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 should therefore be read in connection with the financial statements for fiscal year 2015.

2.2. Changes to accounting standards

These consolidated financial statements were prepared on the basis of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and with Interpretations issued by the IFRS Interpretations Committee (IFRS IC), effective from 1 January 2016 and endorsed by the European Union.

2.2.1. During the period ended 30 September 2016 the following accounting standards, which were issued and endorsed by the European Union, became effective:

IAS 1 (amendment), Presentation of Financial Statements (effective for periods beginning on or after 1 January 2016). This amendment contains guidance relating to materiality and aggregation, presentation of subtotals, structure of financial statements, accounting policies and presentation of Other comprehensive income recognized using equity method;

IAS 16 (amendment), Tangible Fixed Assets, and **IAS 38** (amendment), Intangible Assets: allowed methods for calculated depreciation and amortization (effective for periods beginning on or after 1 January 2016). In this amendment the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset;

IAS 16 (amendment), Tangible Fixed Assets, and **IAS 41** (amendment), Agriculture: 'Bearer Plants' (effective for periods beginning on or after 1 January 2016). This amendment defines the concept of bearer plant and transfers this type of asset from the scope of IAS 41 – Agriculture to the one of IAS 16 – Tangible Assets, with the related effect on measurement. However, biologic assets produced by these plants are kept in the scope of IAS 41 – Agriculture;

IAS 19 (amendment), Employee Benefits (effective for periods beginning on or after 1 February 2015). This narrow scope amendment applies to contributions from employees or third parties to defined benefit plans. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service;

IAS 27 (amendment), Separate Financial Statements (effective for periods beginning on or after 1 January 2016). This amendment allows entities to use equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements;

IFRS 11 (amendment), Joint Arrangements (effective for periods beginning on or after 1 January 2016). This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business;

IFRS 10 (amendment), Consolidated Financial Statements, **IFRS 12** (amendment), Disclosure of Interests in Other Entities, and **IAS 28** (amendment), Investments in Associates and Joint Ventures: 'Investment entities – exemption from consolidation' (effective for periods beginning on or after 1 January 2016). This amendment specifies that an intermediate holding company which is a subsidiary of an investment entity is exempted from consolidation. Furthermore, the optional use of equity method under IAS 28 is extensible to an entity which not being an investment entity, holds an interest in an associate or joint venture which qualifies as investment entity;

Annual improvements 2010-2012 (effective for periods beginning on or after 1 February 2015). These amendments include changes from the 2010-12 cycle of the annual improvements project, that affect the following standards: IFRS 2 - Share-based Payment, IFRS 3 - Business Combinations, IFRS 8 - Operating Segments, IFRS 13 - Fair Value Measurement, IAS 16 - Property, Plant and Equipment, IAS 24 - Related Parties Disclosures and IAS 38 - Intangible Assets;

Annual improvements 2012-2014 (generally effective for periods beginning on or after 1 January 2016). This amendment cycle includes changes to the following standards: IFRS 5 – Non-current Assets Available for Sale and Discontinued Operations, IFRS 7 – Financial Instruments: Disclosures, IAS 19 – Employee Benefits and IAS 34 – Interim Financial Reporting;

The application of these standards had no significant effects on these consolidated financial statements.

2.2.2. In the period ended 30 September 2016 the following standards, effective 1 January 2016 or later, had been issued but still not endorsed by the European Union:

IAS 7 (amendment), Statement of Cash Flows – Disclosure initiative (effective for annual periods beginning on or after 1 January 2017). This amendment is still subject to endorsement by the European Union. This amendment introduces an additional

disclosure about the changes in liabilities arising from financing activities, disaggregated between cash changes and non-cash changes and how it reconciles with the reported cash flows from financing activities, in the Cash Flow Statement;

IAS 12 (amendment), Income taxes – Recognition of deferred tax assets for unrealised losses (effective for annual periods beginning on or after 1 January 2017). This amendment is still subject to endorsement by the European Union. This amendment clarifies how to account for deferred tax assets related to assets measured at fair value, how to estimate future taxable profits when temporary deductible differences exist and how to assess recoverability of deferred tax assets when restrictions exist in the tax law;

IFRS 2 (amendment), Classification and measurement of share-based payment transactions (effective for annual periods beginning on or after 1 January 2018). This amendment is still subject to endorsement by the European Union. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications to a share-based payment plan that change the classification an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority;

IFRS 9 (new), Financial Instruments (effective for periods beginning on or after 1 January 2018). This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model;

IFRS 15 (new), Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018). This new standard only applies to contracts with customers to provide goods or services, and requires an entity to recognise revenue when the contractual obligation to deliver goods or services is fulfilled and for the amount that reflects the consideration the entity is expected to be entitled to, following a five step approach;

IFRS 15 (amendment), Revenue from contracts with customers (effective for annual periods beginning on or after 1 January 2018). These amendments are still subject to endorsement by European Union. These amendments refer to additional guidance for determining the performance obligations in a contract, the timing of revenue

recognition from a license of intellectual property, the review of the indicators for principal versus agent classification, and to new practical expedients to simplify transition;

IFRS 16 (new), Leases (effective for annual periods beginning on or after 1 January 2019). This standard states that lessees should recognize all leases under tangible fixed assets. As for lessors, the new standard retains the double criteria for finance leases and for operating ones that exist on IAS 17.

The Company does not estimate any significant effect to arise from the application of these standards.

2.3. Translation of financial statements of foreign companies

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

	30.09.2016		31.12.2015		30.09.2015	
	Closing rate	Average rate	Closing rate	Average rate	Closing rate	Average rate
Great Britain Pound	0.8610	0.7763	0.7340	0.7257	0.7385	0.7270
South African Rand	15.5231	17.2325	16.9520	14.0885	15.4991	13.6556
Canadian Dollar	1.4690	1.4737	1.5116	1.4163	1.5034	1.4015
American Dollar	1.1161	1.1159	1.0887	1.1089	1.1203	1.1138
Swiss Franc	1.0876	1.0972	1.0835	1.0670	1.0915	1.0612

Source: Bloomberg

3. RELEVANT EVENTS

On 31 May 2016, Arauco Internacional Limitada, a company of the Arauco Group, acquired 50% of the shares of Tafisa – Tableros de Fibras, SA by fully subscribing EUR 137 500 000 to a share capital increase of Sonae Indústria SGPS' subsidiary Tableros de Fibras, SA. As a consequence, ownership interest in Tafisa-Tableros de Fibras, SA and its subsidiaries was reduced from 100% to 50%, which turned this company and its subsidiaries into joint ventures (note 5). As such, these companies were excluded from consolidation on this date (note 4). Investment in Tafisa – Tableros de Fibras, SA, which changed its denomination to Sonae Arauco, SA, is thereafter measured using equity method.

As a consequence of this operation, companies excluded from consolidation (note 4) were classified as discontinued operations: net profit or loss for the five-month period ended 31 May 2016 and net profit or loss for the nine-month period ended 30 September 2015 were

included under Net profit / (loss) from discontinued operation, after taxation, on the Consolidated Income Statement (note 16). Net profit or loss of these operation recorded after 31 May 2016 was included under Gains or losses in joint ventures, on the Consolidated Income Statement, using equity method (note 5).

4. COMPANIES INCLUDED IN CONSOLIDATION PERIMETER

Group companies included in the consolidated financial statements, their head offices and percentage of capital held by the Group as at 30 September 2016, 31 May 2016 and 31 December 2015 are as follows:

	COMPANY	HEAD OFFICE	PERCENTAGE OF CAPITAL HELD						TERMS FOR INCLUSION
			30.09.2016		31.05.2016		31.12.2015		
			Direct	Total	Direct	Total	Direct	Total	
	Agepan Eiweiler Management, GmbH	Eiweiler (Germany)	-	-	100.00%	50.00%	100.00%	99.98%	b)
1)	Agloma Inmobiliária y Servicios, SL	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%	-	-	a)
	Agloma Investimentos, SGPS, S. A.	Maia (Portugal)	-	-	100.00%	50.00%	100.00%	99.87%	b)
	Aserraderos de Cuellar, S.A.	Madrid (Spain)	-	-	100.00%	50.00%	100.00%	99.87%	b)
	BHW Beeskow Holzwerkstoffe GmbH	Meppen (Germany)	-	-	100.00%	50.00%	100.00%	99.86%	b)
	Ecociclo, Energia e Ambiente, S. A.	Maia (Portugal)	-	-	100.00%	50.00%	100.00%	100.00%	b)
	Euroresinas - Indústrias Químicas, S.A.	Maia (Portugal)	-	-	100.00%	50.00%	100.00%	100.00%	b)
	Frases e Frações - Imobiliária e Serviços, SA	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	a)
	GHP Glunz Holzwerkstoffproduktions GmbH	Meppen (Germany)	-	-	100.00%	50.00%	100.00%	99.86%	b)
	Glunz AG	Meppen (Germany)	-	-	100.00%	50.00%	100.00%	99.86%	b)
	Glunz Service GmbH	Meppen (Germany)	-	-	100.00%	50.00%	100.00%	99.86%	b)
	Glunz UK Holdings, Ltd.	Knowsley (United Kingdom)	100.00%	100.00%	100.00%	100.00%	100.00%	99.86%	a)
	Glunz UKa GmbH	Meppen (Germany)	100.00%	100.00%	100.00%	100.00%	100.00%	99.86%	a)
	Impaper Europe GmbH	Meppen (Germany)	-	-	100.00%	50.00%	100.00%	99.86%	b)
	Imoplamac – Gestão de Imóveis, S. A.	Maia (Portugal)	-	-	100.00%	50.00%	100.00%	100.00%	b)
	Isoroy, SAS	Nanterre (France)	100.00%	100.00%	100.00%	100.00%	100.00%	99.86%	a)
	Maiequipa - Gestão Florestal, SA	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	a)
	Megantic B.V.	Amsterdam (The Netherlands)	100.00%	100.00%	100.00%	100.00%	100.00%	99.86%	a)
	Movelpartes - Comp. para a Indústria do Mobiliário, SA	Paredes (Portugal)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	a)
	Novodecor (Pty) Ltd	Woodmead (South Africa)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	a)
	OSB Deustchland	Germany	-	-	100.00%	50.00%	100.00%	99.86%	b)
2)	Parcelas e Narrativas - Imobiliária, SA	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%	-	-	a)
	Poliface North America	Baltimore (USA)	100.00%	100.00%	100.00%	100.00%	100.00%	99.86%	a)
	Racionalización y Manufacturas Forestales, S.A.	Madrid (Spain)	-	-	100.00%	50.00%	100.00%	99.86%	b)

	Sociedade de Iniciativa e Aproveit. Florestais – Energias, S.A.	Mangualde (Portugal)	-	-	100.00%	50.00%	100.00%	99.86%	b)
	Somit – Imobiliária, S.A.	Mangualde (Portugal)	-	-	100.00%	50.00%	100.00%	99.86%	b)
1)	Sonae Arauco France	Nanterre (France)	-	-	100.00%	50.00%	-	-	b)
	Sonae Indústria – Prod. e Comerc. Derivados Madeira, S. A.	Mangualde (Portugal)	-	-	100.00%	50.00%	100.00%	99.86%	b)
	Sonae Indústria - Soc. Gestora de Participações Sociais, SA	Maia (Portugal)	Parent	Parent	Parent	Parent	Parent	Parent	Parent
	Sonae Indústria de Revestimentos, SA	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	a)
	Sonae Novobord (Pty) Ltd	Woodmead (África do Sul)	-	-	100.00%	50.00%	100.00%	99.86%	b)
	Sonae Tafibra International, B. V.	Woerden (The Netherlands)	-	-	100.00%	50.00%	100.00%	99.86%	b)
	Sonae Industria (UK), Limited	Knowsley (United Kingdom)	-	-	100.00%	50.00%	100.00%	99.86%	b)
	Spanboard Products Ltd	Belfast (United Kingdom)	100.00%	100.00%	100.00%	100.00%	100.00%	99.86%	a)
3)	Sonae Arauco, S.A.	Madrid (Spain)	-	-	100.00%	50.00%	98.42%	99.86%	b)
	Tableros Tradema, S.L.	Madrid (Spain)	-	-	100.00%	50.00%	100.00%	99.86%	b)
	Taiber. Tableros de Fibras Ibéricas, S.L.	Madrid (Spain)	-	-	100.00%	50.00%	100.00%	99.86%	b)
	Tafibra South Africa, Limited	Woodmead (África do Sul)	-	-	100.00%	50.00%	100.00%	99.86%	b)
	Tafisa Canadá Inc	Lac Mégantic (Canada)	100.00%	100.00%	100.00%	100.00%	100.00%	99.86%	a)
	Tafisa France S.A.S.	Nanterre (France)	100.00%	100.00%	100.00%	100.00%	100.00%	99.86%	a)
	Tafisa U.K, Ltd.	Knowsley (United Kingdom)	-	-	100.00%	50.00%	100.00%	99.86%	b)
	Taiber, Tableros Aglomerados Ibéricos, S.L.	Madrid (Spain)	-	-	100.00%	50.00%	100.00%	99.86%	b)
	Tafibra Suisse, SA	Tavannes (Switzerland)	-	-	100.00%	50.00%	100.00%	99.86%	b)
	Tecnologías del Medio Ambiente, S.A.	Barcelona (Spain)	-	-	100.00%	50.00%	100.00%	99.86%	b)
	Tool, GmbH	Meppen (Germany)	-	-	100.00%	50.00%	100.00%	99.86%	b)

- a) Majority of voting rights;
- b) Company excluded from consolidation following the increase in share capital by Sonae Arauco, SA at 31 May 2016 (note 3);
- 1) Company incorporated March 2016;
- 2) Company incorporated May 2016;
- 3) Former Tafisa – Tableros de Fibras, SA, which was classified as a joint venture following the increase in share capital at 31 May 2016 (note 3).

Following the increase in share capital by Sonae Arauco SA (formerly denominated as Tafisa – Tableros de Fibras, SA) at 31 May 2016, companies identified as b) were excluded from consolidation as they were classified as joint ventures on that date (note 3).

5. JOINT VENTURES

Joint ventures, their head offices, percentage of share capital held on 30 September 2016 and 31 December 2015 are as follows:

COMPANY	HEAD OFFICE	PERCENTAGE OF CAPITAL HELD			
		30.09.2016		31.12.2015	
		Direct	Total	Direct	Total
1) Sonae Arauco, SA	Madrid (Spain)	50.00%	50.00%	-	-
Agepan Eiweiler Management, GmbH	Eiweiler (Germany)	50.00%	50.00%	-	- c)
Agloma Investimentos, SGPS, S. A.	Maia (Portugal)	50.00%	50.00%	-	- c)
Aserraderos de Cuellar, S.A.	Madrid (Spain)	50.00%	50.00%	-	- c)
BHW Beeskow Holzwerkstoffe GmbH	Meppen (Germany)	50.00%	50.00%	-	- c)
Ecociclo, Energia e Ambiente, S. A.	Maia (Portugal)	50.00%	50.00%	-	- c)
Euroresinas - Indústrias Químicas, S.A.	Maia (Portugal)	50.00%	50.00%	-	- c)
GHP Glunz Holzwerkstoffproduktions GmbH	Meppen (Germany)	50.00%	50.00%	-	- c)
Glunz AG	Meppen (Germany)	50.00%	50.00%	-	- c)
Glunz Service GmbH	Meppen (Germany)	50.00%	50.00%	-	- c)
Impaper Europe GmbH	Meppen (Germany)	50.00%	50.00%	-	- c)
Imoplamac – Gestão de Imóveis, S. A.	Maia (Portugal)	50.00%	50.00%	-	- c)
Laminat Park GmbH & Co. KG	Eiweiler (Germany)	50.00%	50.00%	50.00%	49.93% d)
OSB Deutschland	Germany	50.00%	50.00%	-	- c)
Racionalización y Manufacturas Forestales, S.A.	Madrid (Spain)	50.00%	50.00%	-	- c)
Sociedade de Iniciativa e Aproveit. Florestais – Energias, S.A.	Mangualde (Portugal)	50.00%	50.00%	-	- c)
Somit – Imobiliária, S.A.	Mangualde (Portugal)	50.00%	50.00%	-	- c)
Sonae Arauco France	Nanterre (France)	50.00%	50.00%	-	- c)
Sonae Indústria – Prod. e Comerc. Derivados Madeira, S. A.	Mangualde (Portugal)	50.00%	50.00%	-	- c)
Sonae Novobord (Pty) Ltd	Woodmead (África do Sul)	50.00%	50.00%	-	- c)
Sonae Tafibra International, B. V.	Woerden (The Netherlands)	50.00%	50.00%	-	- c)
Sonae Industria (UK), Limited	Knowsley (United Kingdom)	50.00%	50.00%	-	- c)
Tableros Tradema, S.L.	Madrid (Spain)	50.00%	50.00%	-	- c)
Tafiber. Tableros de Fibras Ibéricas, S.L.	Madrid (Spain)	50.00%	50.00%	-	- c)
Tafibra South Africa, Limited	Woodmead (África do Sul)	50.00%	50.00%	-	- c)
Tafisa U.K, Ltd.	Knowsley (United Kingdom)	50.00%	50.00%	-	- c)
Taiber, Tableros Aglomerados Ibéricos, S.L.	Madrid (Spain)	50.00%	50.00%	-	- c)
Tafibra Suisse, SA	Tavannes (Switzerland)	50.00%	50.00%	-	- c)
Tecnologias del Medio Ambiente, S.A.	Barcelona (Spain)	50.00%	50.00%	-	- c)
Tecmasa. Reciclados de Andalucía, S. L.	Alcalá de Guadaira (Spain)	50.00%	50.00%	50.00%	49.93% d)
Tool, GmbH	Meppen (Germany)	50.00%	50.00%	-	- c)

- c) Company included in the consolidation perimeter of Sonae Arauco, SA;
d) Company included in the consolidation perimeter of Sonae Arauco, SA., which was already classified as a joint venture on the Company's consolidated financial statements for the period ended 31 December 2015;

- 1) Former Tafisa – Tableros de Fibras, SA: company whose investment is measured using equity method following its classification as a joint venture, after the increase in share capital at 31 May 2016 (note 3).

Net assets and net profit/loss for these jointly-controlled companies, whose share was recognized on these consolidated financial statements using equity method, are detailed as follows:

	30.09.2016	31.12.2015		
	Sonae Arauco - Consolidated	Laminate Park	Sonae Arauco - consolidated	Tecmasa, Recicladors de Andalucía
Non-current assets	510 387 641	32 015 153	-	197 372
Current assets	217 612 367	18 227 223	-	413 252
Cash and cash equivalents	20 672 712	266 798	-	222 043
Other non-current liabilities	312 655 368	3 559 203	-	
Current financial liabilities	7 882 464	4 347 656	-	
Other current liabilities	180 213 430	31 443 090	-	108 501
	30.09.2016	30.09.2015		
Operating revenues	272 632 530	60 201 845	-	324 495
Operating expenses	252 580 028	61 305 724	-	279 220
Depreciation and amortization	15 476 147	3 763 678	-	19 857
Interest expense	3 446 339	647 593	-	
Taxation	913 202	-	-	
Net profit/(loss) from continuing operations	12 065 000	- 2 467 757	-	45 378
Adjustments to the Group's accounting policies	435 991	- 32 632	-	- 2 686
Group's share on net profit/(loss)	6 250 496	- 1 250 195	-	21 346

Results presented on the table above for Sonae Arauco, SA with reference to 30 September 2016 are the consolidated results for the period from 1 June 2016 to 30 September 2016.

Joint ventures Laminate Park and Tecmasa Andalucía were recognized on the consolidated financial statements of Sonae Arauco, SA using equity method, after 31 May 2016.

After being classified as a joint venture, Sonae Arauco, SA (formerly denominated as Tafisa –Tableros de Fibras, SA) and its subsidiaries were excluded from the consolidation at 31 May 2016 (notes 3, 4 and 5). The investment in Sonae Arauco, SA has been accounted using the equity method as from 31 May 2016. On the date of change of the accounting method, the investment was recognized at a provisional accounting value resulting from the deconsolidation of Sonae Arauco companies from Sonae Indústria's consolidated accounts, which was estimated at EUR 147 304 255. From 1 June 2016, this investment value changed due to the recognition of the Company's share of the following: consolidated net profit of Sonae Arauco, SA; consolidated other comprehensive income for the period; and changes in the remainder of consolidated net shareholders' funds of Sonae Arauco, SA, after being adjusted to comply with the accounting policies of Sonae Indústria and to eliminate the Company's share in gains or losses on transactions between both consolidation perimeters. Due to positive results posted by Sonae Arauco, at 30 September 2016 the investment in Sonae Arauco stood at EUR 156 141 183.

This provisional accounting value of EUR 147 304 255 is subject to correction in the year end 2016 accounts once fair value has been determined for Sonae Arauco.

6. COMPARABILITY OF CONSOLIDATED FINANCIAL STATEMENTS

The comparability of Consolidated Statements of Financial Position at 30 September 2016 and 31 December 2015 was affected by companies excluded from consolidation (note 4) as follows:

ASSETS	30.09.2016	31.12.2015 Consolidation perimeter as at 30.09.2016	31.12.2015 Effect of changes in perimeter	31.12.2015
NON CURRENT ASSETS:				
Tangible fixed assets	147 472 134	159 486 497	- 469 293 231	628 779 728
Goodwill	347 081	347 081	- 80 536 951	80 884 032
Intangible assets	315 634	492 840	- 3 710 188	4 203 028
Investment properties	6 314 672		- 6 450 977	6 450 977
Investment in associates			- 1 493 139	1 493 139
Investment in joint ventures	156 141 183		- 5 695 259	5 695 259
Investment available for sale	129 870	127 122	- 1 028 591	1 155 713
Deferred tax asset	2 188 748	3 006 427	- 25 351 707	28 358 134
Other non current assets	442 608	459 938	- 344 332	804 270
Total non current assets	313 351 930	n/a	n/a	757 824 280
CURRENT ASSETS:				
Inventories	17 936 636	17 663 876	- 80 343 697	98 007 573
Trade debtors	20 148 026	13 247 716	- 71 805 293	85 053 009
Other current debtors	271 761	330 703	- 12 871 313	13 202 016
Current tax asset	1 613 794	2 021 731	- 778 038	2 799 769
Other taxes and contributions	2 019 270	1 737 318	- 3 073 977	4 811 295
Other current assets	2 534 050	3 070 477	- 7 336 179	10 406 656
Cash and cash equivalents	3 904 877	5 204 569	- 23 719 901	28 924 470
Total current assets	48 428 414	n/a	n/a	243 204 788
Non-current assets held for sale	1 535 588	1 535 588		1 535 588
TOTAL ASSETS	363 315 932	n/a	n/a	1 002 564 656

NET SHAREHOLDERS' FUNDS AND LIABILITIES

TOTAL SHAREHOLDERS' FUNDS	74 758 012	n/a	n/a	57 669 892
LIABILITIES:				
NON CURRENT LIABILITIES:				
Bank loans - net of current portion	217 094 537	36 362 363	- 17 051 503	53 413 866
Finance lease creditors - net of current portion	1 331 012	1 544 674	- 15 204 920	16 749 594
Other loans			- 1 325 632	1 325 632
Post-retirement liabilities	899 294	899 293	- 25 679 339	26 578 632
Other non current liabilities	3 631 959	3 860 910	- 29 728 932	33 589 842
Deferred tax liability	20 576 645	21 466 844	- 33 960 652	55 427 496
Provisions	2 011 494	2 400 067	- 6 955 350	9 355 417
Total non current liabilities	245 544 941	n/a	n/a	196 440 479
CURRENT LIABILITIES:				
Current portion of non-current bank loans	136 151	110 681 020	- 68 025 738	178 706 758
Current bank loans	2 350 001	109 089 651	- 44 506 614	153 596 265
Current portion of non-current non-convertible bonds		147 987 525		147 987 525
Current portion of non-current finance lease creditors	405 759	393 960	- 5 275 073	5 669 033
Other loans		18 930	- 41 600 257	41 619 187
Trade creditors	26 208 695	21 520 943	- 117 065 405	138 586 348
Current tax liability	2 476 040	1 330 790	- 177 463	1 508 253
Other taxes and contributions	570 383	951 596	- 6 066 899	7 018 495
Other current liabilities	10 865 950	12 673 144	- 59 933 815	72 606 959
Provisions			- 1 155 462	1 155 462
Total current liabilities	43 012 979	n/a	n/a	748 454 285
LIABILITIES TOTAL	363 315 932	n/a	n/a	1 002 564 656

n/a – not applicable.

The Consolidated Statement of Financial Position at 31 December 2015 on the basis of consolidation perimeter as at 30 September 2016 did not include any deconsolidation adjustments regarding the companies that were excluded at 31 May 2016 (note 4).

7. INVESTMENTS

At 30 September 2016 and 31 December 2015, details of Investments, on the Consolidated Statement of Financial position, are as follows:

	30.09.2016	31.12.2015
	Non current	Non current
Investment in group companies excluded from consolidation		
Opening balance	36 969 914	36 969 914
Liquidation	36 969 914	
Closing balance		36 969 914
Accumulated impairment losses (Note 14)		36 969 914
Net investment in group companies excluded from consolidation		

	30.09.2016	31.12.2015
	Non current	Non current
Investment in associated companies		
Opening balance	1493 139	1354 074
Effect of change in perimeter (note 4)	-1493 139	
Effect of equity method (note 5)		139 065
Closing balance	<u>1493 139</u>	<u>1493 139</u>
Investment in joint ventures		
Opening balance	5 695 259	7 326 715
Effect of change in perimeter (note 4)	-5 695 259	
Effect of equity method (note 5)	156 141 183	-163 145 6
Closing balance	<u>156 141 183</u>	<u>5 695 259</u>
Available-for-sale investment		
Opening balance	1 171 674	1 144 569
Acquisition	2 224	18 579
Effect of change in perimeter (note 4)	-1048 547	
Change in fair value	8 508	8 526
Closing balance	<u>133 859</u>	<u>1 171 674</u>
Accumulated impairment losses (Note 14)	3 989	15 961
Net available-for-sale investment	<u>129 870</u>	<u>1 155 713</u>

Investments in subsidiaries excluded from consolidation comprise the subsidiary Tarnaise de Panneaux whose liquidation process was filed in 2001 and was concluded in the period ended 30 September 2016.

8. TANGIBLE FIXED ASSETS

At 30 September 2016 and 31 December 2015, movements in tangible assets, accumulated depreciation and impairment losses were as follows:

	30.09.2016							31.12.2015
	Land and Buildings	Plant and Machinery	Vehicles	Tools	Fixtures and Fittings	Other Tangible Fixed Assets	Tangible Fixed Assets under construction	Total tangible fixed assets
Gross cost:								
Opening balance	646 791 354	1 370 041 227	10 931 046	13 196 327	26 896 730	10 287 939	21 556 726	2 099 701 349
Changes in consolidation perimeter	- 545 967 605	- 1 084 104 786	- 8 457 368	- 12 973 716	- 22 926 895	- 9 512 382	- 12 933 945	- 1 696 876 697
Capital expenditure	149 455						10 040 470	10 189 925
Disposals	16 127 350	44 216 348	390 211	108 958	614 275	721 067		62 178 209
Reclassifications as investment properties								
Transfers and reclassifications	363 173	5 830 345	382 542	14 704	125 738	162 105	- 8 491 918	- 1 613 311
Exchange rate effect	2 566 208	8 339 920	65 027	15 277	64 882	1 503	282 488	11 335 305
Closing balance	87 775 235	255 890 358	2 531 036	143 634	3 546 180	218 098	10 453 821	360 558 362
Accumulated depreciation and impairment losses								
Opening balance	377 423 482	1 034 831 385	10 313 762	12 541 503	25 818 573	9 218 418	774 498	1 470 921 621
Changes in consolidation perimeter	- 339 676 366	- 839 839 024	- 7 912 407	- 12 402 841	- 22 092 857	- 8 456 307	- 774 498	- 1 231 154 300
Depreciations for the period	5 275 026	22 302 536	174 327	95 969	180 558	172 068		28 200 484
Impairment losses for the period - on results								
Disposals	15 463 880	43 944 365	389 269	108 959	612 198	720 884		61 239 555
Reclassifications as investment properties								
Transfers and reclassifications						- 7 874	- 7 874	- 15 748
Exchange rate effect	849 181	5 385 978	57 946	15 204	57 653	- 110	6 365 852	12 884 956
Closing balance	28 407 443	178 736 510	2 244 359	140 876	3 351 729	205 311	213 086 228	30 409 132
Carrying amount	59 367 792	77 153 848	286 677	2 758	194 451	12 787	10 453 821	147 472 134

Changes in consolidation perimeter refer to companies excluded from consolidation following the increase in share capital by Sonae Arauco, SA (notes 3 and 4).

At the closing date of these consolidated financial statements, mortgaged tangible fixed assets amounted to EUR 131 867 417 (EUR 299 596 935 at 31 December 2015), as a guarantee of loans amounting to EUR 40 981 494 (EUR 125 910 591 at 31 December 2015).

9. DEFERRED TAXES

At 30 September 2016 and 31 December 2015, Deferred tax asset and Deferred tax liability, on the Consolidated Statement of Financial Position were detailed as follows:

	Deferred Tax Assets		Deferred Tax Liabilities	
	30.09.2016	31.12.2015	30.09.2016	31.12.2015
Harmonisation Adjustments			19 604 312	38 104 229
Provisions not Allowed for Tax Purposes	20 484	997 568		
Impairment of Assets	210 753	1 233 414		
Tax Losses Carried Forward	1 734 158	17 857 583		
Defined benefit plans		2 262 330		
Derecognized Tangible Fixed Assets		36 378		
Revaluation of Tangible Fixed Assets			970 569	14 655 358
Other Temporary Differences	223 353	5 970 861	1 764	2 667 909
	<u>2 188 748</u>	<u>28 358 134</u>	<u>20 576 645</u>	<u>55 427 496</u>

In the nine-month periods ended 30 September 2016 and 30 September 2015, movements in Deferred tax asset and Deferred tax liability can be detailed as follows:

	Deferred tax assets		Deferred tax liabilities	
	30.09.2016	30.09.2015 Restated	30.09.2016	30.09.2015 Restated
Opening balance	28 358 134	27 754 742	55 427 496	63 291 251
Effect on profit or loss of continuing operation:				
Changes in temporary differences affecting profit or loss:				
Harmonisation adjustments			- 1 477 393	- 1 739 392
Impairment of Assets	- 66 207	23 617		
Revaluation of tangible assets			- 9 791	- 3 631
Tax losses carried forward	158 827	- 1 268 299		
Others	- 917 388	- 17 688		225 434
Subtotal (note 21)	- 824 768	- 1 262 370	- 1 487 184	- 1 517 589
Effect on profit or loss of discontinued operations:				
Changes in temporary differences affecting profit or loss:				
Harmonisation adjustments			137 795	110 181
Provisions not allowed for tax purposes	- 116 222	221 290		
Impairment of Assets	- 256 828	- 601 560		
Tax losses carried forward	1 438 154	531 543		
Derecognized tangible assets	- 450	- 809		
Revaluation of tangible assets			1 886 522	- 1 430 387
Others	- 1 682 926	40 780	233 460	345 194
Subtotal	- 618 272	191 244	2 257 777	- 975 012
Currency translation effect	43 655	- 131 029	911 553	- 2 621 751
Changes in consolidation perimeter	- 24 770 001		- 36 532 997	
Closing balance	2 188 748	26 552 587	20 576 645	58 176 899

Changes in consolidation perimeter refer to companies excluded from consolidation in the period ended 30 September 2016 (note 4).

10. CASH AND CASH EQUIVALENTS

At 30 September 2016 and 31 December 2015, detail of Cash and Cash Equivalents, on the Consolidated Statement of Financial Position, was as follows:

	30.09.2016	31.12.2015
Cash at Hand	6 454	42 240
Bank Deposits and Other Treasury Applications	3 898 423	28 882 230
Cash and Cash Equivalents on the Consolidated Statement of Financial Position	3 904 877	28 924 470
Bank Overdrafts		13 116 265
Cash and Cash Equivalents on the Statement of Cash Flows	3 904 877	15 808 205

11. OTHER COMPREHENSIVE INCOME

Accumulated other comprehensive income on the Consolidated Statement of Financial Position, is detailed as follows:

	Accumulated other comprehensive income Atributable to the parent's shareholders						
	Currency translation	Available-for-sale financial assets	Revaluation Reserve	Remeasurements on defined benefit plans	Quota-parte do Outro Rendimento Integral dos Empreendimentos Conjuntos e Associadas		Income tax related to components of other comprehensive income
					Que ulteriormente poderá ser transferido para resultado	Que ulteriormente não poderá ser transferido para resultado	
Balance as at 1 January 2016	- 31 461 322	96 733	106 260 850	- 6 260 935		1 388 833	26 238 300
Other consolidated comprehensive income for the period	1 617 979	8 508			2 566 322		4 192 809
Change in method	- 105 241	- 99 895 009		6 218 070	52 621	33 619 135	- 25 049 855
Transferred to Net consolidated profit/(loss) for the period	36 592 671						36 592 671
Others	1 706 713		1 343	- 87			- 155 063
Balance as at 30 September 2016	8 456 041		6 367 184	- 42 952	2 618 943	35 007 968	1 033 382

	Accumulated other comprehensive income Atributable to the parent's shareholders						
	Currency translation	Available-for-sale financial assets	Revaluation Reserve	Remeasurements on defined benefit plans	Quota-parte do Outro Rendimento Integral dos Empreendimentos Conjuntos e Associadas		Income tax related to components of other comprehensive income
					Que ulteriormente poderá ser transferido para resultado	Que ulteriormente não poderá ser transferido para resultado	
Balance as at 1 January 2015	-12 361 951	88 083	107 383 926	-6 520 334		1 386 912	26 611 343
Other consolidated comprehensive income for the period	-10 038 292	5 144					-10 033 148
Others	2 175	17	19 028	37 783		268	4 802
Balance as at 30 September 2015	-22 398 068	93 244	107 402 954	-6 482 551		1 387 180	26 616 145

Translation reserve transferred to Net consolidated profit / (loss) for the period amounting to EUR -36 592 671 was included under Profit / (loss) from discontinued operations, after taxation, and relates to the companies that were excluded from consolidation at 31 May 2016 (notes 3 and 4).

12. LOANS

As at 30 September 2016 and 31 December 2015, Sonae Indústria had the following outstanding loans:

	30.09.2016				31.12.2015			
	Amortised cost		Nominal value		Amortised cost		Nominal value	
	Current	Non current	Current	Non current	Current	Non current	Current	Non current
Bank loans	2 486 152	217 094 537	2 486 152	218 468 555	332 303 023	53 413 866	333 573 440	53 648 577
Debentures					147 987 525		150 000 000	
Obligations under finance leases	405 759	1 331 012	405 759	1 331 012	5 669 033	16 749 594	5 669 033	16 749 594
Other loans					41 619 187	1 325 632	41 954 760	1 325 632
Gross debt	2 891 911	218 425 549	2 891 911	219 799 567	527 578 768	71 489 092	531 197 233	71 723 803
Cash and cash equivalent in balance sheet	3 904 877		3 904 877		28 924 470		28 924 470	
Net debt	- 1 012 966	218 425 549	- 1 012 966	219 799 567	498 654 298	71 489 092	502 272 763	71 723 803
Total net debt	217 412 583		218 786 601		570 143 390		573 996 566	

At 30 September 2016, loans can be detailed as follows:

12.1. Bank Loans

Company(ies)	Loan	Contract date	Maturity (with reference to 30.09.2016)	Currency	Outstanding principal at 30.09.2016 (EUR)	Outstanding principal at 31.12.2015 (EUR)
Sonae Arauco, SA (former Tableros de Fibras S.A.)	Commercial paper programme	July 2010	¹⁾	EUR		2 400 000
Sonae Indústria, SGPS, S.A.	Bank loan	August 2010	fully repaid in July 2016, by agreement between the parties	EUR		1 944 444
Sonae Indústria, SGPS, S.A.	Commercial paper programme	September 2010	fully repaid in June 2016, as per contract	EUR		12 500 000
Tafisa Canada Inc.	Bank loan (Revolving)	July 2011	to be repaid from March 2017 to May 2021	CAD	40 981 494	29 572 204
Tafisa Canada Inc.	Bank loan	July 2011	last payment in April 2016, as per contract	CAD		334 117
Imoplamac, S.A.	Bank loan	November 2012	last payment in March 2016, as per contract	EUR		729 933
Sonae Indústria, SGPS, S.A.	Commercial paper programme	June 2013	June 2018 Note: programme without subscription guarantee	EUR		13 650 000
Taiber, Tableros Aglomerados Ibéricos, S.L. and Sonae Indústria, SGPS, S.A.	Bank loan	November 2013	¹⁾	EUR		39 000 000
Sonae Indústria, SGPS, S.A.	Commercial paper programme	July 2014	to be repaid from December 2015 to June 2018	EUR	250 000	8 350 000
Sonae Indústria, SGPS, S.A.	Commercial paper programme	August 2014	¹⁾	EUR		93 900 000
Sonae Arauco, SA (former Tableros de Fibras, S.A.) and Sonae Indústria, SGPS, S.A.	Bank loan	October 2014	¹⁾	EUR		65 000 000
Sonae Indústria, SGPS, S.A.	Bank loan	October 2014	¹⁾	EUR		7 930 000
Sonae Indústria, SGPS, S.A.	Commercial paper programme	February 2015	¹⁾	EUR		12 500 000
Sonae Novobord (Pty) Limited	Bank loan	April 2015	²⁾	ZAR		16 104 270
Sonae Indústria, SGPS, S.A.	Bank loan	June 2015	¹⁾	EUR		60 000 000
Sonae Indústria, SGPS, S.A.	Commercial paper programme	October 2015	October 2016, renewable	EUR	2 350 000	5 000 000
Euroresinas - Industrias Químicas, S.A.	Bank loan	November 2015	²⁾	EUR		4 000 000
Sonae Indústria, SGPS, S.A.	Bank loan	December 2015	fully repaid in January 2016, as per contract	EUR		9 999 481
Taiber, Tableros Aglomerados Ibéricos, S.L.	Bank loan	January 2016	²⁾	EUR		N/A
Sonae Indústria, SGPS, S.A.	Commercial paper programme ³⁾	May 2016	to be repaid from May 2019 to May 2021	EUR	175 000 000	N/A
Sonae Indústria, SGPS, S.A.	Commercial paper programme	July 2016	to be repaid from July 2017 to July 2018	EUR	1 250 000	N/A
Several companies				EUR	1 123 213	4 307 567
Total				EUR	220 954 707	387 222 017

¹⁾ By agreement between the parties, this loan was revoked with effect from end of May 2016, and all outstanding amounts have been repaid.

²⁾ As a result of the exclusion of the companies mentioned on note 4), these loans are no longer accounted for in the consolidated debt of Sonae Indústria, SGPS, S.A.

³⁾ The shares of subsidiaries Megantic BV and Tafisa Canada Inc were pledged as guarantee for this loan.

All these loans are subject to variable interest rates.

Figures detailed on the previous table correspond to the nominal value of bank loans disclosed on note 12.

At 30 September 2016, in addition to mortgaged tangible fixed assets referred to on note 8, there were other assets amounting to EUR 30 681 903 (EUR 47 975 673 at 31 December 2015) which were pledged as guarantee of the Group's liabilities. These assets consisted mostly of inventories and accounts receivable.

12.2. Bond Issues

Company(ies)	Loan	Contract date	Maturity (with reference to 30.09.2016)	Currency	Outstanding principal at 30.09.2016 (EUR)	Outstanding principal at 31.12.2015 (EUR)
Sonae Indústria, SGPS, S.A.	Sonae Indústria / 2014 - 2020 bonds	October 2014	¹⁾	EUR		150 000 000

1) In May 2016, by agreement between the parties, Sonae Indústria, SGPS, SA repurchased and amortized all the Bonds "Sonae Indústria / 2014-2020".

This loan was subject to variable interest rate.

12.3. Other loans

Company(ies)	Loan	Contract date	Maturity (with reference to 30.09.2016)	Currency	Outstanding principal at 30.09.2016 (EUR)	Outstanding principal at 31.12.2015 (EUR)
Several companies	Trade receivables securitization	August 2012	¹⁾	EUR		40 167 419
				GBP		475 656

1). By agreement between the parties, this loan was revoked with effect from end of May 2016, and all outstanding amounts have been repaid.

This loan was subject to variable interest rate.

13. OTHER CURRENT LIABILITIES

At 30 September 2016 and 31 December 2015, Other current liabilities on the Consolidated Statement of Financial Position were composed of:

	30.09.2016	31.12.2015
Derivatives	218 816	41 908
Tangible fixed assets suppliers	594 792	5 418 520
Other creditors	567 458	2 776 725
Financial instruments	1 381 066	8 237 153
Other creditors	258 463	7 301 250
Accrued expenses:		
Personnel expenses	4 152 667	17 002 321
Accrued financial expenses	628 846	6 503 606
Rebates	3 068 414	15 818 462
External supplies and services	434 109	8 005 824
Other accrued expenses	623 856	5 312 168
Deferred income:		
Investment subventions	169 601	4 277 243
Other deferred income	148 928	148 932
Liabilities out of scope of IFRS 7	9 484 884	64 369 806
Total	10 865 950	72 606 959

14. PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

Movements occurred in provisions and accumulated impairment losses during the period ended 30 September 2016 and 30 September 2015 were as follows:

Description	30.09.2016							Closing balance
	Opening balance	Exchange rate effect	Changes to perimeter	Increase	Utilization	Reversion	Other changes	
Impairment losses:								
Investment properties	2 259 929						- 2 259 929	
Tangible fixed assets	41 690 361		- 25 299 027				- 14 558 715	1 832 619
Goodwill	1 700 000							1 700 000
Intangible assets	366 436		- 319 243			24 028	- 3 923	19 242
Other non-current assets	10 931 182						- 10 931 182	
Trade debtors	25 345 784	26 702	- 25 064 264	1 602 068		916 248	- 392 543	601 499
Other debtors	3 502							3 502
Subtotal impairment losses	82 297 194	26 702	- 50 682 534	1 602 068		940 276	- 28 146 292	4 156 862
Provisions:								
Litigations in course	1 523 885	- 24 284	- 347 703		421 271		8 018	738 645
Warranties to customers	549 120	- 27	- 607 393	58 300				
Restructuring	1 492 766		- 210 000		1 204 917			77 849
Other	6 945 108		- 3 727 360	73 634	329 268		- 1 767 114	1 195 000
Subtotal provisions	10 510 879	- 24 311	- 4 892 456	131 934	1 955 456		- 1 759 096	2 011 494
Subtotal impairment losses and provisions	92 808 073	2 391	- 55 574 990	1 734 002	1 955 456	940 276	- 29 905 388	6 168 356
Other losses:								
Investments	36 985 875		- 25 641	13 670			- 36 969 914	3 990
Write-down to net realizable value of inventories	4 401 009	4 872	- 3 354 143	1 170 208		1 319 977	- 1 000	900 969
Total	134 194 957	7 263	- 58 954 774	2 917 880	1 955 456	2 260 253	- 66 876 302	7 073 315

Description	30.09.2015							Closing balance
	Opening balance	Exchange rate effect	Changes to perimeter	Increase	Utilization	Reversion	Other changes	
Impairment losses:								
Investment properties							2 259 929	2 259 929
Tangible fixed assets	48 044 432			111 245			- 746 221	47 409 456
Goodwill	7 778 921	- 132 458						7 646 463
Intangible assets	30 833			343 271			- 7 668	366 436
Other non-current assets	10 931 182							10 931 182
Trade debtors	26 228 073	- 175 864		1 787 074		1 377 307	- 766 707	25 695 269
Other debtors	3 502							3 502
Subtotal impairment losses	93 016 943	- 308 322		2 241 590		1 377 307	739 333	94 312 237
Provisions:								
Litigations in course	1 504 544				21 000		- 36 823	1 446 721
Warranties to customers	541 547	2 226		48 500	7 500			584 773
Restructuring	6 055 072	8 438		1 532 698	5 269 623			2 326 585
Other	4 694 739			1 420 755	340 072		58 047	5 833 469
Subtotal provisions	12 795 901	10 664		3 001 953	5 638 195		21 224	10 191 546
Subtotal impairment losses and provisions	105 812 845	- 297 658		5 243 543	5 638 195	1 377 307	760 557	104 503 785
Other losses:								
Investments	36 985 875							36 985 875
Write-down to net realizable value of inventories	4 165 268	- 31 354		2 912 889		1 456 154	- 944 507	4 646 142
Total	146 963 988	- 329 012		8 156 432	5 638 195	2 833 461	- 183 950	146 135 802

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

	30.09.2016			30.09.2015		
	Losses	Gains	Total	Losses	Gains	Total
				Restated	Restated	Restated
Cost of sales	252 040	106 847	- 145 193	171 815	118 589	- 53 226
(Increase) / decrease in production	113 294	73 909	- 39 385	83 054	90 325	7 271
Provisions and impairment losses	13 110	403 176	390 066	100 027	8 818	- 91 209
Profit / (loss) from discontinued operations	2 539 436	3 631 777	1 092 341	7 801 536	8 253 924	452 388
Total (Consolidated Income Statement)	2 917 880	4 215 709	1 297 829	8 156 432	8 471 656	315 224

15. RELATED PARTIES

Balances and flows with related parties are summarized as follows:

Balances	Accounts receivable		Accounts payable	
	30.09.2016	31.12.2015	30.09.2016	31.12.2015
Other subsidiaries of the parent company	194 885	329 705	2 265 015	4 336 245
Joint ventures and associates	701 013	9 527 339	1 889 020	1 836 792

Transactions	Income		Expenditure	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
		Restated		Restated
Other subsidiaries of the parent company	37 415	1 491	824 395	1 000 570
Joint ventures and associates	17 685 502	21 225 200	22 671 682	16 334 969

16. DISCONTINUED OPERATIONS

Profit / (loss) from discontinued operations, after taxation, on the Consolidated Income Statement for the period ended 30 September 2016 includes the results for the five-month period ended 31 May 2016 of the companies that were classified as joint ventures at that date (notes 3 and 5). Consolidated Income Statement for the period ended 30 September 2015 was restated so as to present the results of these companies for the nine-month period ended 30 September 2015 under this caption, which can be detailed as follows:

	30.09.2016	30.09.2015
Sales	339 858 763	627 720 843
Services rendered	830 586	1 747 756
Other income and gains	6 660 223	15 861 833
Cost of sales	167 993 678	331 451 149
(Increase) / decrease in production	- 2 711 434	- 1 574 420
External supplies and services	84 495 943	164 868 856
Staff expenses	51 864 328	103 389 231
Depreciation and amortisation	20 069 407	37 606 236
Provisions and impairment losses (increase / reduction)	- 748 574	2 123 607
Other expenses and losses	39 799 364	7 945 269
Operating profit / (loss)	- 13 413 140	- 479 496
Net finance profit / (loss)	- 13 888 033	- 33 784 110
Gains and losses in associated companies	222 216	246 384
Gains and losses in joint ventures	74 869	- 1 228 849
Gains and losses in investments	- 13 670	
Net profit/(loss) from discontinued operations, before taxation	- 27 017 758	- 35 246 071
Taxation	3 728 804	1 492 560
Consolidated net profit / (loss) from discontinued operations, after taxation	- 30 746 562	- 36 738 631

In the nine-month period ended 30 September 2016, the detail of Consolidated net profit / (loss) of discontinued operations, after taxation, included under Other expenses and losses EUR 36 592 671 relating the reclassification to profit or loss of the amount that translation reserve of companies excluded from consolidation (notes 3 and 4) reached at 31 May 2016 (date of exclusion) – note 11.

Cash flows of discontinued operations, which were included line by line on the Consolidated Statement of Cash Flows, are as follows:

	30.09.2016	30.09.2015
Operating activities	- 10 966 545	- 4 017 385
Investment activities	4 809 572	5 508 589
Financing activities	178 279 233	- 24 433 667

17. OTHER INCOME AND GAINS

Details of Other income and gains on the Consolidated Income Statement for the periods ended 30 September 2016 and 30 September 2015 are as follows:

	30.09.2016	30.09.2015 Restated
Gains on disposals of non current investments		925
Gains on disp. and write off of invest. prop., tang. and intang. assets	894 159	112 784
Supplementary revenue	1 487 459	1 210 757
Investment subventions	121 782	122 169
Tax received	24 844	
Positive exchange gains	1 739 931	1 963 002
Others	317 316	822 077
	<u>4 585 491</u>	<u>4 231 714</u>

18. OTHER EXPENSES AND LOSSES

Details of Other expenses and losses on the Consolidated Income Statement for the periods ended 30 September 2016 and 30 September 2015 are as follows:

	30.09.2016	30.09.2015 Restated
Taxes	1 030 860	948 466
Losses on disp. and write off of invest. prop., tang. and intang. assets	279 217	63 739
Negative exchange gains	1 347 538	1 692 936
Others	1 109 585	434 262
	<u>3 767 200</u>	<u>3 139 403</u>

19. UNDERLYING AND NON-UNDERLYING ITEMS

Underlying operating items on the Consolidated Income Statement are detailed as follows:

	30.09.2016 Recurring	30.09.2015 Recurring Restated
Sales	181 635 279	174 711 523
Services rendered	1 010 101	825 199
Other income and gains	3 685 847	3 253 291
Cost of sales	95 482 491	97 424 789
(Increase) / decrease in production	490 377	- 241 677
External supplies and services	36 278 215	35 694 838
Staff expenses	18 748 238	18 154 409
Impairment losses in trade debtors (increase/reduction)	- 1 491	- 20 035
Other expenses and losses	3 504 516	3 072 232
Recurring operating profit/(loss) before amortization, depreciation, provisions and impairment losses (except trade debtors)	31 828 881	24 705 457
Non-Recurring operating profit/(loss) before amortization, depreciation, provisions and impairment losses (except trade debtors)	24 550	- 880 709
Total operating profit/(loss) before amortization, depreciation, provisions and impairment losses (except trade debtors)	31 853 431	23 824 748

20. FINANCIAL RESULTS

Financial results for the periods ended 30 September 2016 and 30 September 2015 were as follows:

	30.09.2016	30.09.2015 Restated
Financial expenses:		
Interest expenses		
related to bank loans and overdrafts	7 963 441	8 001 243
related to non convertible bonds	5 315 242	5 292 974
related to finance leases	65 202	11 118
related to loans from related parties	106 683	3 324 099
others	151 426	4 952
	13 601 994	16 634 386
Losses in currency translation		
related to loans	329 786	1 065 649
related to cash and cash equivalents	1 066 940	
	1 396 726	1 065 649
Cash discounts granted	1 378 929	1 251 554
Other finance losses	1 314 455	811 858
	17 692 104	19 763 447

	30.09.2016	30.09.2015 Restated
Financial income:		
Interest income		
related to bank loans	16 075	48 795
related to loans to related parties	2 964 350	17 733 491
	<u>2 980 425</u>	<u>17 782 286</u>
Gains in currency translation		
related to loans	286 995	784 669
related to cash and cash equivalents	990 539	
	<u>1 277 534</u>	<u>784 669</u>
Cash discounts obtained	69 878	81 222
Other finance gains	70 628	68 962
	<u>4 398 465</u>	<u>18 717 139</u>
Finance profit / (loss)	<u>- 13 293 639</u>	<u>- 1 046 308</u>

21. TAXES

Corporate income tax accounted for in the periods ended 30 September 2016 and 30 September 2015 is detailed as follows:

	30.09.2016	30.09.2015 Restated
Current tax	7 484 716	4 079 358
Deferred tax	- 662 416	- 255 219
	<u>6 822 300</u>	<u>3 824 139</u>

22. 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, Canada and South Africa.

Until 31May 2016, identifiable reportable segments were as follows:

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

Following the increase in share capital on 31 May 2016, described on note 3, companies referred to on note 4 were excluded and the system of internal report to chief operating decision maker was significantly changed. Geographical segmentation loose relevance and

the Group focused on type of business. Secondary activities are materially irrelevant as far as segmental report is concerned and the Group decided to present one only segment.

23. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors and authorized for issuance 10 November 2016.