



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

**MANAGEMENT REPORT
AND
CONSOLIDATED FINANCIAL STATEMENTS**

JANUARY – JUNE 2016

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



CONTENTS

MANAGEMENT REPORT

APPENDICES IN ACCORD WITH ART 9 AND 14 OF CMVM REGULATION 5/2008

STATEMENT IN ACCORD WITH ART 246 CMVM CODE

CONSOLIDATED FINANCIAL STATEMENTS



MANAGEMENT REPORT

MESSAGE FROM THE CHAIRMAN

I am pleased to present our first results following the conclusion of the strategic partnership with Arauco, involving our boards, chemicals and impregnation activities in Europe and South Africa. The new partnership constitutes an important milestone for Sonae Indústria paving the way for improving and more sustainable profitability.

As a result of the partnership with Arauco, Sonae Indústria now owns 50% of Sonae Arauco and retains full ownership of the Boards business in North America and of the Laminates & Components business, together with some real estate assets in Europe. The new ownership configuration will allow for greater focus and resourcing of all of the businesses, either through the partnership in the case of Sonae Arauco or directly by Sonae Indústria in the case of both our North American business and our Laminates & Components business.

During 1H16, all three main business units performed better compared to last year driven by improved results in North America and in our Laminates operations in Portugal and the contribution from Sonae Arauco. Considering our 50% share of Sonae Arauco's figures, at the end of June 2016, the proportional last twelve months Recurrent EBITDA stood at 83 million Euros and proportional net debt at 339 million Euros, implying a leverage ratio of 4.1x. This compares to a leverage ratio of 5.1x for Sonae Indústria at the end of March, prior "closing" of the Sonae Arauco partnership.

Also during the 1H16 we concluded the investment in a fifth melamine surfacing line, that includes embossed and in-register capabilities, at our Lac-Mégantic plant in North America. This investment will further improve our position in the higher value decorative product segments and strengthen our Canadian plant as a reference player in the North American market.

Following the conclusion of the partnership with Arauco, in addition to supporting Sonae Arauco, we will focus on ways to improve and grow our business in North America and our Laminates & Components business and to seek to monetize the surplus real estate assets that still remain on our books.

I would like to take this opportunity to thank our employees for their hard work and dedication including efforts made to conclude the partnership with Arauco, and I would like to thank all our stakeholders for their continued support of and confidence in, our Board of Directors and management team.

Paulo Azevedo
Chairman Sonae Indústria

1. Sonae Indústria consolidated results

EXPLANATORY NOTES:

The completion of the partnership with Arauco and the subsequent loss of control of Sonae Arauco (formerly Tableros de Fibras or Tafisa), 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, 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 at 30 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 in the month of June, the investment in Sonae Arauco as at 30 June 2016 stood at 151.7 million euros.

- Additionally, due to the loss of control of Sonae Arauco and in accordance with IFRS 10, 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).

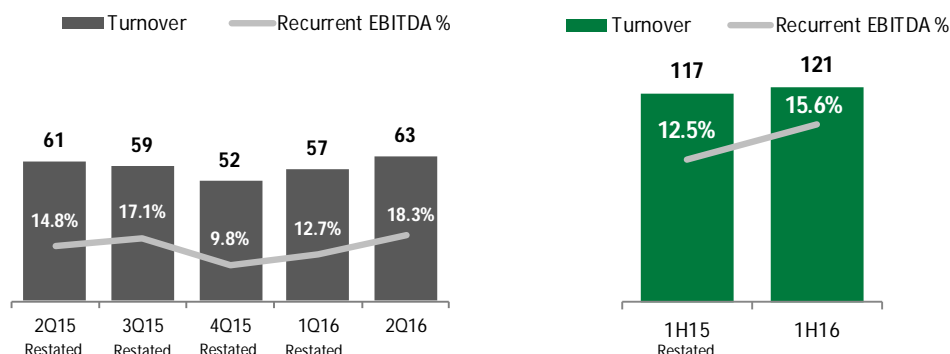
Due to the fact that one of Sonae Indústria's main assets (its 50% shareholding in Sonae Arauco) is now accounted by the Equity method, **Proportional Turnover**, **Proportional Recurrent EBITDA**, **Proportional Leverage** and **Loan to Value** financial indicators are presented, given their greater relevance for the purpose of valuation and leverage analysis of Sonae Indústria today (see "Glossary of Terms" for definitions).

FINANCIAL INDICATORS	1H16
Proportional LTM Turnover	647
LEVERAGE	
Proportional LTM Rec. EBITDA	83
Proportional Net Debt	339
Proportional Leverage	4.1 x
LOAN TO VALUE	
Net Debt of Sonae Indústria	222
Asset Value	472
LTV (Net Debt of Sonae Indústria / Asset Value)	47%

SUMMARY OF 2016 FIRST HALF RESULTS:

TURNOVER and RECURRENT EBITDA

Million euros

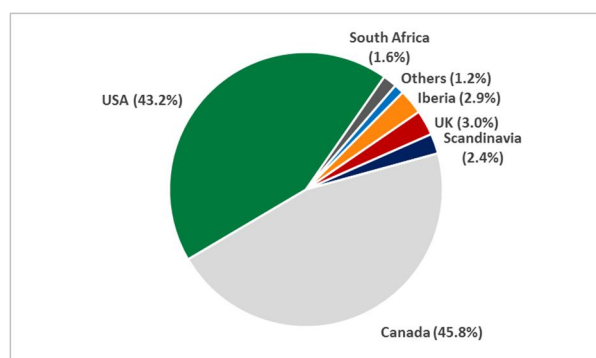


Consolidated **turnover** reached circa 121 million Euros for the semester, an increase of 3.2% (or 3.7 million Euros), when compared to the same period of last year, on a comparable basis. This performance was mainly driven by better results of our Canadian plant y.o.y., with a better product mix (higher share of melamine products) and increases in average selling prices. In addition, results also benefited from the positive performance of our Laminates plant in Portugal in terms of sales volumes, which grow by circa 62% y.o.y.

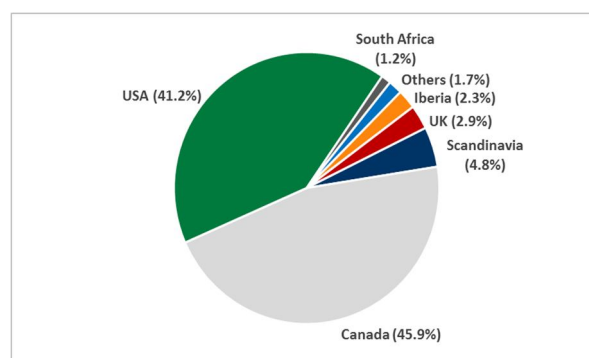
It should be noted that the depreciation of the Canadian dollar vs. the EUR during 1H16, negatively impacted consolidated turnover. On a like for like basis, using exchange rates of 2015, consolidated turnover would have been circa 8.2 million Euros higher, representing an increase of 10.2%.

Proportional Turnover of 332 million Euros in 1H16 which compares with 327 million Euros in 1H15.

TURNOVER BY DESTINATION MARKET – 1H15



TURNOVER BY DESTINATION MARKET – 1H16



Analysing turnover of Sonae Indústria by destination market, Canada and USA are the most important markets, representing nearly 90% of the turnover during 1H15 and 1H16. Regarding the remaining markets, the most important are Scandinavia, UK and Iberia. Sales to Scandinavia increased 2.4 p.p. to 4.8% in 1H16, when compared to 1H15.

Total **fixed costs** for the first six 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.

SONAE INDÚSTRIA

MANAGEMENT REPORT – FIRST HALF 2016

Total **headcount for Sonae Indústria**, at the end of June 2016 and considering fully owned businesses, was of 486 FTEs.

Recurrent EBITDA for **1H16** reached 19 million Euros, an improvement of 29%, when compared to same period of last year, with an implicit **Recurrent EBITDA margin** of 15.6% (+3.1 p.p. vs. 1H15), on a comparable basis. This implies a LTM recurrent EBITDA of 34 million euros. LTM Proportional Recurrent EBITDA (i.e., including 50% of Sonae Arauco Recurrent EBITDA) was 83 million euros.

CONSOLIDATED INCOME STATEMENT			
Million euros			
	1H15 Restated	1H16	1H16 / 1H15(R)
Turnover	117	121	3%
Other operational income	3	4	38%
EBITDA	14	19	35%
Non recurrent items	(0)	0	-
Recurrent EBITDA	15	19	29%
Recurrent EBITDA Margin %	12.5%	15.6%	3.1 pp
Proportional Recurrent EBITDA	34	49	42%
Depreciation and amortisation	(7)	(6)	16%
Provisions and impairment Losses	(0)	0	-
Operational profit (EBIT)	7	14	92%
Net financial charges	0	(10)	-
o.w. Net interest charges	1	(8)	-
o.w. Net exchange differences	(0)	0	-
o.w. Net financial discounts	(1)	(1)	(8%)
Gains and losses in Joint-Ventures	0	3	-
Profit before taxes (EBT)	7	7	(2%)
Taxes	(2)	(4)	(60%)
o.w. Current tax	(2)	(4)	-
o.w. Deferred tax	(0)	1	-
Profit/(loss) from continued operations	5	3	(31%)
Profit/(loss) from discontinued operations	(25)	(31)	(25%)
Consolidated net profit/(loss) for the period	(20)	(27)	(39%)
Losses (income) attrib. to non-controlling interests	(0)	0	-
Net profit/(loss) attributable to Equity Holders	(20)	(27)	(39%)

Consolidated **EBITDA** for 1H16 reached 19 million Euros, 5 million Euros higher than 1H15, on a comparable basis. Contrary to previous periods, the group's consolidated performance was positively impacted by **non-recurrent items** related with inactive sites in the amount of 0.3 million Euros for the semester resulting from the sale of Coleraine land (UK) in April 2016, which generated a gain of circa 0.8 million Euros, which more than offset the on-going costs of inactive sites.

Proportional Recurrent EBITDA was 49 million Euros during 1H16, which represents an improvement of 42%, when compared to the same period of last year, on a comparable basis.

Depreciation and amortization charges for the semester were reduced by circa 1 million Euros vs. 1H15, which is mainly explained by the reduction in depreciation charges in our North American operation.

Provisions and impairment losses for the semester totalled a net amount of circa -0.3 million Euros, corresponding to a release of provisions for the legacy restructuring process in France.

Net financial charges in 1H16 were 9.8 million Euros, a significant increase when compared to the restated figures for the same period of last year. This is essentially due to: (i) a 7.3 million Euros reduction in net interest income on loans to and from what were previously intra group companies vs. 1H15, which is explained by the fact that those loans (mostly loans from Sonae Indústria to Sonae Arauco companies) were fully repaid by 1H16; and (ii) recognition 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.

Gains and losses in Joint-Ventures, at the end of June 2016, amounted to circa 3.2 million Euros, corresponding to 50% of the consolidated net profit of Sonae Arauco since 1 June 2016.

Current tax charges were approximately 4.3 million Euros for the semester, which represents an increase of 2.5 million Euros vs. 1H15, on a comparable basis. The increase in the tax charge is explained by: (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 in 1H16.

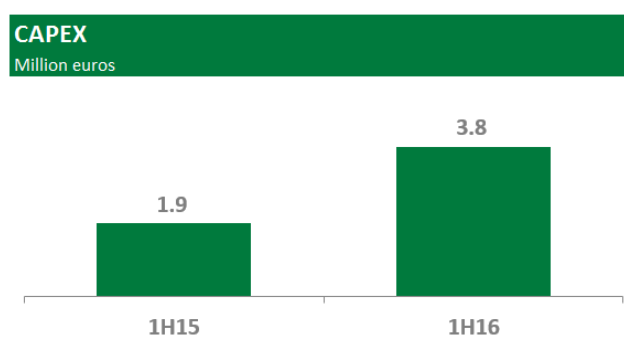
The combination of the above factors led to a consolidated positive **Net Result** for Continued Operations in the amount of 3.3 million Euros for the semester, a reduction of 31% when compared to 1H15, on a comparable basis.

The results of Discontinued Operations showed a Net loss at the end of June 2016 of 31 million Euros. This comprises a positive net profit contribution of 5.9 million Euros from Sonae Arauco and an accounting charge of 36.6 million euros 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 the loss of control of Sonae Arauco in accordance with IFRS 10. This led to a Net Loss of 27 million Euros for the period to 30 June 2016.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
Million euros			
	1H15	2015	1H16
Non current assets	802	758	314
Tangible assets	670	629	152
Goodwill	82	81	0
Deferred tax asset	27	28	2
Other non current assets	23	20	159
Current assets	283	243	52
Inventories	99	98	18
Trade debtors	135	85	20
Cash and cash equivalents	12	29	7
Other current assets	39	31	7
Non-current assets classified as available for sale	4	2	2
Total assets	1,089	1,003	367
Shareholders' Funds	90	58	69
Equity Holders	91	58	69
Non-controlling interests	(0)	(0)	0
Liabilities	988	945	298
Interest bearing debt	618	599	229
Non current	456	71	224
Current	162	528	4
Trade creditors	142	139	30
Other liabilities	228	207	40
Liabilities directly associated with non-current assets classified as available for sale	11	0	0
Total Shareholders' Funds and liabilities	1,089	1,003	367
Net debt	606	570	222
Working Capital	91	44	8

In contrast to the Consolidated Income Statement, the Balance sheet for 2015 has not been restated. Accordingly, the balance sheet as at 31 December 2015 include 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. Nevertheless, the following items are worth highlighting in respect of the balance sheet:

- Included in Tangible Assets under **Other Non-current assets**, is the investment in Joint-Ventures (50% of Sonae Arauco) in an amount of 151.7 million Euros stated at provisional accounting value at the end of June 2016 (including 50% of the net results of Sonae Arauco for June) and will be subject to correction in the year end 2016 accounts once a 'Fair Value' has been determined.
- Consolidated **Working Capital** showed a significant reduction at the end of 1H16 reaching 8.2 million Euros, reflecting the smaller consolidation perimeter and also the lower investment in working capital by our Canadian operation.
- **Net Debt** stood at circa 222 million Euros at the end of June 2016.
- Despite the smaller balance sheet of Sonae Indústria as a result of the deconsolidation of Sonae Arauco, Total **Shareholder's funds** at the end of June 2016 amounted to circa 69 million Euros, 11 million Euros above December 2015 value.



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 3.8 million Euros for the semester, which compares with 1.9 million Euros during the same period in 2015, on a comparable basis. During this semester, the majority of the investments were executed in our North American plant, being circa 2.3 million Euros related with the strategic investment in a 5th melamine surfacing line.

FINANCIAL INDICATORS		1H16
Proportional LTM Turnover		647
LEVERAGE		
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Asset Value		472
LTV (Net Debt of Sonae Indústria / Asset Value)		47%

Both **Net Debt to LTM Recurrent EBITDA (proportional)** of 4.1x and **Loan to Value** of 47% at the end of June 2016 provide evidence of the deleveraging that Sonae Indústria has pursued during the last few years and the resulting improved capital structure.

2. Looking Forward

For the remainder of the year, we look to continue to improve our product mix and market share in North America, leveraging on the recent investment in a fifth melamine surfacing line at our Canadian plant with a new embossed and in-register ViVa collection (two sided and with two panel sizes) already presented at the International Woodworking Fair in Atlanta during August. We will also seek to develop the Laminates & Components business by looking for growth opportunities with existing and new customers and markets and by improving profitability levels.

At Sonae Arauco, we will support the development of the business through our participation in the Board of Directors and its committees.

In addition, we will look for opportunities to monetize our real estate and equipment, aiming at reducing the running costs of our inactive sites.

21 September 2016

The Board of Directors

Paulo Azevedo

Albrecht Ehlers

Javier Vega

José Romão de Sousa

Carlos Moreira da Silva

Christopher Lawrie

Louis Brassard

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
Net Debt	Gross Debt - Cash and cash equivalents
Proportional Leverage	Proportional Net Debt / Proportional Last Twelve Months Recurrent EBITDA
Proportional LTM Turnover	Last Twelve Months Turnover of the businesses fully consolidated (100%) by Sonae Indústria + 50% of the Last Twelve Months Turnover of Sonae Arauco
Proportional LTM Rec. EBITDA	Last Twelve Months Recurrent EBITDA of Sonae Indústria + 50% of Last Twelve Months 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 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



**APPENDICES IN ACCORD WITH ART 9 AND 14 OF CMVM
REGULATION 5/2008**

STATEMENT IN ACCORD WITH ART 246 CMVM CODE

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

Date	Acquisitions		Sales		Position at 30.06.2016	Balance at 30.06.2016
	amount	€ average value	amount	€ average value		amount

Duarte Paulo Teixeira de Azevedo
Efanor Investimentos, SGPS, SA (1)
Migracom, SA (2)

Minoritary
Dominant

Date	Acquisitions		Sales		Position at 30.06.2016	Balance at 30.06.2016
	amount	€ average value	amount	€ average value		amount

(1) Efanor Investimentos, SGPS, SA
Sonae Indústria, SGPS, SA
Pareuro, BV (3)

Dominant

4,842,637,142

(2) Migracom, SA
Sonae Indústria, SGPS, SA
Imparfin, Investimentos e Participações Financeiras, SA (4)

Minoritary

9,732,857

(3) Pareuro, BV
Sonae Indústria, SGPS, SA

2,932,687,752

(4) Imparfin, Invest. e Participações Financeiras, SA
Sonae Indústria, SGPS, SA

30,098,752

QUALIFIED SHAREHOLDINGS

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

Shareholder	No. of shares	% Share Capital	% Voting rights
Efanor Investimentos, SGPS, SA (*)			
Directly	4,842,637,142	42.6636%	42.6636%
By Pareuro, BV (controlled by Efanor Investimentos, SGPS, SA)	2,932,687,752	25.8369%	25.8369%
By Maria Margarida Carvalhais Teixeira de Azevedo (Director of Efanor Investimentos, SGPS, SA)	1,010	0.000009%	0.000009%
By Migracom, SA (Company controlled by Efanor Investimentos, SGPS, SA's Director, Duarte Paulo Teixeira de Azevedo)	9,732,857	0.0857%	0.0857%
By Linhacom, SGPS,SA (Company controlled by Efanor Investimentos, SGPS, SA's Director, Maria Cláudia Teixeira de Azevedo)	2,507,400	0.0221%	0.0221%
Total allocation	<u>7,787,566,161</u>	<u>68.6083%</u>	<u>68.6083%</u>

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

On 22 February 2016, TEAK Capital, SA informed Sonae Indústria having signed a services agreement with the company Pareuro, BV, through which it was granted, by way of consideration, a call option over 1,702,620,000 shares representative of 15% of the share capital and voting rights of Sonae Indústria, SGPS, S.A., exercisable on 30 April 2018.

Thereafter, the referred to company informed Sonae Indústria that the call option will be performed by physical settlement and that 98.725% of its share capital is held by TEAK Capital, B.V., in which Carlos Moreira da Silva holds shares that grant him 40% of the voting rights and Fernanda Arrepia (married with him with separation of people and property) holds shares that grant her 45% of the voting rights.

Complying with Article 14, No. 7, of the CMVM Regulation No. 5/2008

	Date	Acquisitions		Balance at
		amount	€ value	30.06.2016
				amount
Tobias Paulo Gerkrath de Azevedo*				
Sonae Indústria, SGPS, SA				3,650,000
	08-06-2016	599,416	0.005	
	08-06-2016	3,050,584	0.0049	

*The communication obligation result from the fact of Tobias Azevedo being a person closely connected with the Chairman of the Board of Directors of Sonae Indústria, SGPS, SA in the terms and for the purposes of no. 4 of Article 248-B of the Portuguese Securities Code.

**Statement issued under the terms and for the purpose of sub-paragraph c) of no. 1 of
Article 246 of the Portuguese Securities Code**
(Free translation from the original in Portuguese)

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

- a) The condensed financial statements for six month period ended 30 June 2016 have been prepared in accordance with the applicable accounting standards, reflecting a true and fair view of the assets, liabilities, financial position and results of both the company and its affiliated companies included in consolidation perimeter; and
- b) The interim Management Report includes a review of the important events that have occurred in the first six months of 2016 year and their effect on the financial statements, as well as a description of the main risks and uncertainties for the remaining part of the year.

Duarte Paulo Teixeira de Azevedo

Carlos António Rocha Moreira da Silva

Albrecht Olof Lothar Ehlers

Javier Vega de Seoane Azpilicueta

José Joaquim Romão de Sousa

George Christopher Lawrie

Louis Brassard



CONSOLIDATED FINANCIAL STATEMENTS

SONAE INDÚSTRIA, S.G.P.S., S.A.

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

(Amounts expressed in Euros)

ASSETS	Notes	30.06.2016 Unaudited	31.12.2015
NON CURRENT ASSETS:			
Tangible fixed assets	8	151 989 461	628 779 728
Goodwill		347 081	80 884 032
Intangible assets		376 459	4 203 028
Investment properties		6 377 398	6 450 977
Investment in associates			1 493 139
Investment in joint ventures	4, 5, 7	151 740 885	5 695 259
Investment available for sale		128 907	1 155 713
Deferred tax asset	9	2 247 868	28 358 134
Other non current assets		442 603	804 270
Total non current assets		313 650 662	757 824 280
CURRENT ASSETS:			
Inventories		17 644 873	98 007 573
Trade debtors		20 449 749	85 053 009
Other current debtors		406 130	13 202 016
Current tax asset		1 756 455	2 799 769
Other taxes and contributions		1 734 334	4 811 295
Other current assets		3 122 152	10 406 656
Cash and cash equivalents	10	6 577 601	28 924 470
Total current assets		51 691 294	243 204 788
Non-current assets held for sale		1 535 588	1 535 588
TOTAL ASSETS		366 877 544	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		- 798 001 681	- 801 248 687
Accumulated other comprehensive income	11	51 498 964	43 785 859
Total shareholders' funds attributable to equity holders of Sonae Indústria		68 736 614	57 776 503
Non-controlling interests			- 106 611
TOTAL SHAREHOLDERS' FUNDS		68 736 614	57 669 892
LIABILITIES:			
NON CURRENT LIABILITIES:			
Bank loans - net of current portion	12	222 702 226	53 413 866
Finance lease creditors - net of current portion	12	1 343 146	16 749 594
Other loans	12		1 325 632
Post-retirement liabilities		899 294	26 578 632
Other non current liabilities		3 736 894	33 589 842
Deferred tax liability	9	21 088 278	55 427 496
Provisions	14	2 132 414	9 355 417
Total non current liabilities		251 902 252	196 440 479
CURRENT LIABILITIES:			
Current portion of non-current bank loans	12	1 250 158	178 706 758
Current bank loans	12	2 843 605	153 596 265
Current portion of non-current non-convertible bonds	12		147 987 525
Current portion of non-current finance lease creditors	12	406 199	5 669 033
Other loans	12		41 619 187
Trade creditors		29 846 936	138 586 348
Current tax liability		1 016 619	1 508 253
Other taxes and contributions		607 132	7 018 495
Other current liabilities	13	10 268 029	72 606 959
Provisions	14		1 155 462
Total current liabilities		46 238 678	748 454 285
Liabilities directly associated with non-current assets held for sale			
TOTAL SHAREHOLDERS' FUNDS AND LIABILITIES		366 877 544	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 SIX-MONTH PERIODS ENDED AT 30 JUNE 2016 AND 30 JUNE 2015

(Amounts expressed in Euros)

	Notes	30.06.2016 Unaudited	2nd. Quarter 2016 Unaudited	30.06.2015 Unaudited Restated	2nd. Quarter 2015 Unaudited Restated
Sales	19	119 848 509	62 802 908	116 275 596	60 878 528
Services rendered	19	719 038	337 961	565 409	273 165
Other income and gains	17, 19	3 541 096	2 241 275	2 558 822	1 078 403
Cost of sales	19	63 057 183	33 445 411	64 917 502	34 199 286
(Increase) / decrease in production	19	1 379 109	- 1 157 321	1 539 758	- 685 993
External supplies and services	19	24 586 119	12 661 795	23 589 908	12 065 118
Staff expenses	19	13 004 125	6 781 056	13 009 811	6 938 147
Depreciation and amortisation		5 848 433	3 031 645	6 983 298	3 540 806
Provisions and impairment losses (increase / reduction)	14, 19	- 268 925	- 66 926	97 521	116 452
Other expenses and losses	18, 19	2 919 252	1 551 485	2 189 395	1 114 713
Operating profit / (loss)	19	13 583 347	9 134 999	7 072 634	4 941 567
Financial expenses	20	13 816 220	7 606 319	12 924 001	6 286 085
Financial income	20	4 050 101	643 509	12 971 396	6 438 625
Gains and losses in associated companies					
Gains and losses in joint ventures	5, 7	3 190 280	3 190 280		
Net profit/(loss) from continuing operations, before taxation		7 007 508	5 362 469	7 120 029	5 094 107
Taxation	9, 21	3 712 950	3 213 845	2 319 667	1 807 253
Consolidated net profit / (loss) from continuing operations, after taxation		3 294 558	2 148 624	4 800 362	3 286 854
Profit / (loss) from discontinued operations, after taxation	9, 14, 16	- 30 746 562	- 32 816 446	- 24 555 162	- 12 498 831
Consolidated net profit / (loss) for the period		- 27 452 003	- 30 667 821	- 19 754 800	- 9 211 977
Attributable to:					
Equity Holders of Sonae Industria					
Continuing operations		3 294 558	2 148 624	4 796 854	3 283 734
Discontinuing operations		- 30 746 562	- 32 816 446	- 24 520 858	- 12 481 370
Equity Holders of Sonae Industria		- 27 452 003	- 30 667 808	- 19 724 004	- 9 197 636
Non-controlling interests					
Continuing operations				3 508	3 120
Discontinuing operations			- 13	- 34 304	- 17 461
Non-controlling interests			- 13	- 30 796	- 14 341
Profit/(Loss) per share					
From continuing operations:					
Basic		0.0003	0.0002	0.0004	0.0003
Diluted		0.0003	0.0153	0.0004	0.0003
From discontinued operations:					
Basic		- 0.0027	- 0.0029	- 0.0022	- 0.0011
Diluted		- 0.0027	- 0.0029	- 0.0022	- 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 SIX-MONTH PERIODS ENDED 30 JUNE 2016 AND 30 JUNE 2015

(Amounts expressed in Euros)

	Notes	30.06.2016 Unaudited	2nd Quarter 2016 Unaudited	30.06.2015 Unaudited	2nd Quarter 2015 Unaudited
Net consolidated profit / (loss) for the period (a)		- 27 452 003	- 30 667 821	- 19 754 800	- 9 211 977
Other consolidated comprehensive income					
Items that may be subsequently transferred to profit or loss					
Change in currency translation reserve	11	3 020 523	677 988	1 477 314	- 2 673 435
Change in fair value of available-for-sale financial assets	11	8 508	3 143	580	- 5 305
Group share of other comprehensive income of joint ventures		1 288 940	1 288 940		
Other consolidated comprehensive income for the period, net of tax (b)		4 317 971	1 970 071	1 477 894	- 2 678 740
Total consolidated comprehensive income for the period (a) + (b)		- 23 134 032	- 28 697 750	- 18 276 906	- 11 890 717
Total consolidated comprehensive income attributable to:					
Equity holders of Sonae Industria		- 23 134 032	- 28 697 730	- 18 248 173	- 11 872 624
Non-controlling interests			- 20	- 28 733	- 18 093
		- 23 134 032	- 28 697 750	- 18 276 906	- 11 890 717
Other comprehensive income reclassified to profit or loss in the period		- 36 592 671	- 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 JUNE 2016 AND 30 JUNE 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			-27 452 003		- 27 452 003		- 27 452 003
Other consolidated comprehensive income for the period				4 317 971	4 317 971		4 317 971
Total			-27 452 003	4 317 971	- 23 134 032		- 23 134 032
Medium term incentive plan			30 499		30 499		30 499
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			-4 392 059	1 863 032	-2 529 027	106 611	- 2 422 416
Balance as at 30 June 2016	<u>812 107 574</u>	<u>3 131 757</u>	<u>-798 001 681</u>	<u>51 498 964</u>	<u>68 736 614</u>		<u>68 736 614</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			-19 724 004		- 19 724 004	- 30 796	- 19 754 800
Other consolidated comprehensive income for the period				1 475 831	1 475 831	2 063	1 477 894
Total			-19 724 004	1 475 831	-18 248 173	- 28 733	-18 276 906
Medium term incentive plan			- 104 946		- 104 946	- 105	- 105 051
Others			-2 147 229		- 2 147 229	5 269	- 2 141 960
Balance as at 30 June 2015	<u>812 107 574</u>	<u>3 131 757</u>	<u>-789 451 057</u>	<u>64 841 124</u>	<u>90 629 398</u>	<u>- 285 668</u>	<u>90 343 730</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 SIX-MONTH PERIODS ENDED 30 JUNE 2016 AND 30 JUNE 2015

(Amounts expressed in Euros)

	<u>Notes</u>	30.06.2016 Unaudited	30.06.2015 Unaudited
<u>OPERATING ACTIVITIES</u>			
Receipts from trade debtors		421 862 751	516 629 887
Payments to trade creditors		343 643 764	445 861 909
Payments to staff		65 859 212	86 025 787
Net cash flow from operations		12 359 775	- 15 257 809
Payment / (receipt) of corporate income tax		2 732 887	4 888 238
Other receipts / (payments) relating to operating activities		749 576	- 1 614 694
Net cash flow from operating activities (1)		<u>10 376 464</u>	<u>- 21 760 741</u>
<u>INVESTMENT ACTIVITIES</u>			
Cash receipts arising from:			
Investments		214	
Tangible fixed assets and intangible assets		2 125 916	7 125 509
Investment properties			1 295 290
Investment subventions			119 682
Dividends			9 500
Non-current assets held for sale			1 081 935
		<u>2 126 130</u>	<u>9 631 916</u>
Cash Payments arising from:			
Investments		215 112	2 563
Tangible fixed assets and intangible assets		12 014 764	11 184 102
Investment properties		131 191	
		<u>12 361 067</u>	<u>11 186 665</u>
Net cash used in investment activities (2)		<u>- 10 234 937</u>	<u>- 1 554 749</u>
<u>FINANCING ACTIVITIES</u>			
Cash receipts arising from:			
Interest and similar income		357 697	309 875
Loans obtained		787 740 197	920 289 476
Increase in share capital (Sonae Arauco, SA)		137 500 000	
		<u>925 597 894</u>	<u>920 599 351</u>
Cash Payments arising from:			
Interest and similar charges		20 242 830	17 629 471
Loans obtained		907 130 527	876 752 167
Finance leases - repayment of principal		3 122 559	3 683 384
Others			15 325
		<u>930 495 916</u>	<u>898 080 347</u>
Net cash used in financing activities (3)		<u>- 4 898 022</u>	<u>22 519 004</u>
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		<u>- 4 756 495</u>	<u>- 796 486</u>
Effect of foreign exchange rate		<u>77 753</u>	<u>- 102 102</u>
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	<u>6 033 996</u>	<u>9 806 426</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 SIX-MONTH PERIOD ENDED 30 JUNE 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 June 2016 and 30 June 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 June 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;

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 June 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 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;

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:

	30.06.2016		31.12.2015		30.06.2015	
	Closing rate	Average rate	Closing rate	Average rate	Closing rate	Average rate
Great Britain Pound	0.8265	0.7763	0.7340	0.7257	0.7114	0.7321
South African Rand	16.4474	17.2325	16.9520	14.0885	13.6407	13.3014
Canadian Dollar	1.4384	1.4835	1.5116	1.4163	1.3839	1.3767
American Dollar	1.1102	1.1156	1.0887	1.1089	1.1189	1.1151
Swiss Franc	1.0867	1.0972	1.0835	1.0670	1.0413	1.0558

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 six-month period ended 30 June 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 June 2016, 31 May 2016 and 31 December 2015 are as follows:

	COMPANY	HEAD OFFICE	PERCENTAGE OF CAPITAL HELD						TERMS FOR INCLUSION
			30.06.2016		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)
	Implamac – 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 Deutschland	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)
	Tafiber. 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 June 2016 and 31 December 2015 are as follows:

COMPANY	HEAD OFFICE	PERCENTAGE OF CAPITAL HELD			
		30.06.2016		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)
Aglom 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 - Industrias 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 e 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)
Taliber, 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:

	30.06.2016	31.12.2015		
	Sonae Arauco - Consolidated	Laminate Park	Sonae Arauco - consolidated	Tecmasa, Recicladors de Andalucía
Non-current assets	513 827 771	32 015 153	-	197 372
Current assets	212 320 390	18 227 223	-	413 252
Cash and cash equivalents	10 647 792	266 798	-	222 043
Other non-current liabilities	320 585 796	3 559 203	-	-
Current financial liabilities	10 710 930	4 347 656	-	-
Other current liabilities	175 304 980	31 443 090	-	108 501
	30.06.2016	30.06.2015		
Operating revenues	74 300 515	39 190 103	-	427 081
Operating expenses	65 855 543	39 729 086	-	398 021
Depreciation and amortization	3 869 402	2 524 728	-	26 491
Interest expense	747 405	399 833	-	-
Taxation	- 48 534	-	-	8 907
Net profit/(loss) from continuing operations	7 042 876	- 1 383 989	-	20 117
Adjustments to the Group's accounting policies	- 662 316	-	-	-
Group's share on net profit/(loss)	3 190 280	- 691 995	-	10 059

Results presented on the table above for Sonae Arauco, SA with reference to 30 June 2016 are the consolidated results for the period from 1 June 2016 to 30 June 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 in June, at 30 June 2016 the investment in Sonae Arauco stood at EUR 151 740 885.

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 June 2016 and 31 December 2015 was affected by companies excluded from consolidation (note 4) as follows:

ASSETS	30.06.2016	31.12.2015 Consolidation perimeter as at 30.06.2016	31.12.2015 Effect of changes in perimeter	31.12.2015
NON CURRENT ASSETS:				
Tangible fixed assets	151 989 461	159 486 497	- 469 293 231	628 779 728
Goodwill	347 081	347 081	- 80 536 951	80 884 032
Intangible assets	376 459	492 840	- 3 710 188	4 203 028
Investment properties	6 377 398		- 6 450 977	6 450 977
Investment in associates			- 1 493 139	1 493 139
Investment in joint ventures	151 740 885		- 5 695 259	5 695 259
Investment available for sale	128 907	127 122	- 1 028 591	1 155 713
Deferred tax asset	2 247 868	3 006 427	- 25 351 707	28 358 134
Other non current assets	442 603	459 938	- 344 332	804 270
Total non current assets	313 650 662	n/a	n/a	757 824 280
CURRENT ASSETS:				
Inventories	17 644 873	17 663 876	- 80 343 697	98 007 573
Trade debtors	20 449 749	13 247 716	- 71 805 293	85 053 009
Other current debtors	406 130	330 703	- 12 871 313	13 202 016
Current tax asset	1 756 455	2 021 731	- 778 038	2 799 769
Other taxes and contributions	1 734 334	1 737 318	- 3 073 977	4 811 295
Other current assets	3 122 152	3 070 477	- 7 336 179	10 406 656
Cash and cash equivalents	6 577 601	5 204 569	- 23 719 901	28 924 470
Total current assets	51 691 294	n/a	n/a	243 204 788
Non-current assets held for sale	1 535 588	1 535 588		1 535 588
TOTAL ASSETS	366 877 544	n/a	n/a	1 002 564 656
LIABILITIES				
TOTAL SHAREHOLDERS' FUNDS	68 736 614	n/a	n/a	57 669 892
LIABILITIES:				
NON CURRENT LIABILITIES:				
Bank loans - net of current portion	222 702 226	36 362 363	- 17 051 503	53 413 866
Finance lease creditors - net of current portion	1 343 146	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	3 736 894	3 860 910	- 29 728 932	33 589 842
Deferred tax liability	21 088 278	21 466 844	- 33 960 652	55 427 496
Provisions	2 132 414	2 400 067	- 6 955 350	9 355 417
Total non current liabilities	251 902 252	n/a	n/a	196 440 479
CURRENT LIABILITIES:				
Current portion of non-current bank loans	1 250 158	110 681 020	- 68 025 738	178 706 758
Current bank loans	2 843 605	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	406 199	393 960	- 5 275 073	5 669 033
Other loans		18 930	- 41 600 257	41 619 187
Trade creditors	29 846 936	21 520 943	- 117 065 405	138 586 348
Current tax liability	1 016 619	1 330 790	- 177 463	1 508 253
Other taxes and contributions	607 132	951 596	- 6 066 899	7 018 495
Other current liabilities	10 268 029	12 673 144	- 59 933 815	72 606 959
Provisions			- 1 155 462	1 155 462
Total current liabilities	46 238 678	n/a	n/a	748 454 285
LIABILITIES TOTAL	366 877 544	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 June 2016 did not include any deconsolidation adjustments regarding the companies that were excluded at 31 May 2016 (note 4).

7. INVESTMENTS

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

	30.06.2016 Non current	31.12.2015 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		
	30.06.2016 Non current	31.12.2015 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		1493 139
	30.06.2016 Non current	31.12.2015 Non current
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)	151740 885	-1631456
Closing balance	151740 885	5 695 259
	30.06.2016 Non current	31.12.2015 Non current
Available-for-sale investment		
Opening balance	1171674	1144 569
Acquisition	2 224	18 579
Effect of change in perimeter (note 4)	-1049 510	
Change in fair value	8 508	8 526
Closing balance	132 896	1171674
Accumulated impairment losses (Note 14)	3 989	15 961
Net available-for-sale investment	128 907	1155 713

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 June 2016.

8. TANGIBLE FIXED ASSETS

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

	30.06.2016							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						8 907 087	9 056 542
Disposals	15 654 852	41 459 567	389 909	108 958	614 045	721 067		58 948 398
Reclassifications as investment properties								
Transfers and reclassifications	257 696	5 579 235	305 454	14 704	104 294	162 105	- 8 036 709	- 1 613 221
Exchange rate effect	3 902 413	13 314 416	109 739	15 277	104 332	1 412	501 765	17 949 354
Closing balance	89 478 461	263 370 525	2 498 962	143 634	3 564 416	218 007	9 994 924	369 268 929
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	1 476 706 696
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	4 698 552	19 990 032	153 450	95 735	160 247	171 226		25 269 242
Impairment losses for the period - on results								
Disposals	15 024 539	41 189 053	388 968	108 959	611 979	720 884		58 044 382
Reclassifications as investment properties								
Transfers and reclassifications						- 7 874	- 7 874	- 3 307 007
Exchange rate effect	1 330 390	8 758 041	98 356	15 204	93 302	- 132		10 295 161
Closing balance	28 751 519	182 551 381	2 264 193	140 642	3 367 286	204 447		217 279 468
Carrying amount	60 726 942	80 819 144	234 769	2 992	197 130	13 560	9 994 924	151 989 461

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 129 024 576 (EUR 299 596 935 at 31 December 2015), as a guarantee of loans amounting to EUR 48 110 190 (EUR 125 910 591 at 31 December 2015).

9. DEFERRED TAXES

At 30 June 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	
	30.06.2016	31.12.2015	30.06.2016	31.12.2015
Harmonisation Adjustments			20 106 246	38 104 229
Provisions not Allowed for Tax Purposes	19 333	997 568		
Impairment of Assets	274 598	1 233 414		
Tax Losses Carried Forward	1 730 584	17 857 583		
Defined benefit plans		2 262 330		
Derecognized Tangible Fixed Assets		36 378		
Revaluation of Tangible Fixed Assets			980 366	14 655 358
Other Temporary Differences	223 353	5 970 861	1 666	2 667 909
	<u>2 247 868</u>	<u>28 358 134</u>	<u>21 088 278</u>	<u>55 427 496</u>

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

	Deferred tax assets		Deferred tax liabilities	
	30.06.2016	30.06.2015 Restated	30.06.2016	30.06.2015 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			- 1 384 218	- 926 451
Impairment of Assets	- 2 362			
Revaluation of tangible assets			- 6 393	- 3 696
Tax losses carried forward	158 827	- 1 170 353		
Others	- 917 388	- 95 007		148 117
Subtotal (note 21)	- 760 923	- 1 265 360	- 1 390 611	- 782 030
Effect on profit or loss of discontinued operations:				
Changes in temporary differences affecting profit or loss:				
Harmonisation adjustments			137 795	491 728
Provisions not allowed for tax purposes	- 116 222	88 149		
Impairment of Assets	- 256 828	- 595 405		
Tax losses carried forward	1 438 154	608 860		
Derecognized tangible assets	- 450	- 539		
Revaluation of tangible assets			1 886 522	- 1 249 319
Others	- 1 682 926	40 780	233 460	237 225
Subtotal	- 618 272	141 845	2 257 777	- 520 366
Currency translation effect	38 930	29 857	1 326 613	774 504
Changes in consolidation perimeter	- 24 770 001		- 36 532 997	
Closing balance	2 247 868	26 661 084	21 088 278	62 763 359

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

10. CASH AND CASH EQUIVALENTS

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

	30.06.2016	31.12.2015
Cash at Hand	5 926	42 240
Bank Deposits and Other Treasury Applications	6 571 675	28 882 230
Cash and Cash Equivalents on the Consolidated Statement of Financial Position	6 577 601	28 924 470
Bank Overdrafts	543 605	13 116 265
Cash and Cash Equivalents on the Statement of Cash Flows	6 033 996	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	Remeasurement s on defined benefit plans	Share of Other Comprehensive Income of Joint Ventures and Associates		Income tax related to components of other comprehensiv e income
					Which may be subsequently transferred to profit or loss	Which may not be subsequently transferred to profit or loss	
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	3 020 523	8 508			1 288 940		
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						
Others	1 706 713		1 343	- 87			- 155 063
Balance as at 30 June 2016	9 858 585		6 367 184	- 42 952	1 341 561	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	Remeasurement s on defined benefit plans	Share of Other Comprehensive Income of Joint Ventures and Associates		Income tax related to components of other comprehensiv e income
					Which may be subsequently transferred to profit or loss	Which may not be subsequently transferred to profit or loss	
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	1 475 252	579					
Balance as at 30 June 2015	-10 886 699	88 662	107 383 926	- 6 520 334		1 386 912	26 611 343

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 June 2016 and 31 December 2015, Sonae Indústria had the following outstanding loans:

	30.06.2016				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	4 093 763	222 702 226	4 093 763	224 430 786	332 303 023	53 413 866	333 573 440	53 648 577
Debentures					147 987 525		150 000 000	
Obligations under finance leases	406 199	1 343 146	406 199	1 343 146	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	4 499 962	224 045 372	4 499 962	225 773 932	527 578 768	71 489 092	531 197 233	71 723 803
Cash and cash equivalent in	6 577 601		6 577 601		28 924 470		28 924 470	
Net debt	- 2 077 639	224 045 372	- 2 077 639	225 773 932	498 654 298	71 489 092	502 272 763	71 723 803
Total net debt	221 967 733		223 696 293		570 143 390		573 996 566	

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

12.1. Bank Loans

Company(ies)	Loan	Contract date	Maturity (with reference to 30.06.2016)	Currency	Outstanding principal at 30.06.2016 (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	to be repaid from November 2012 to August 2017	EUR	1 388 889	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	48 110 190	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	2 300 000	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		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	²⁾	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		5 000 000
Euroresinas - Industrias Químicas, S.A.	Bank loan	November 2015	²⁾	EUR	²⁾	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	²⁾	N/A
Sonae Indústria, SGPS, S.A.	Commercial paper programme	May 2016	to be repaid from May 2019 to May 2021	EUR	175 000 000	N/A
Several companies	Other bank loans	-	-	EUR	1 725 470	4 307 567
Total				EUR	228 524 549	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.

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 June 2016, in addition to mortgaged tangible fixed assets referred to on note 8, there were other assets amounting to EUR 30 986 755 (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. In addition, on this date there was an agreement for the pledge of the shares of subsidiaries Megantic BV and Tafisa Canada Inc, as guarantee of commercial paper contracted by Sonae Indústria, SGPS, SA in May 2016.

12.2. Bond Issues

Company(ies)	Loan	Contract date	Maturity (with reference to 30.06.2016)	Currency	Outstanding principal at 30.06.2016 (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 30.06.2016)	Currency	Outstanding principal at 30.06.2016 (EUR)	Outstanding principal at 31.12.2015 (EUR)
Several companies	Trade receivables securitization ¹⁾	August 2012	¹⁾	EUR		40 162 862
				GBP		480 792

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

	30.06.2016	31.12.2015
Derivatives	71 084	41 908
Tangible fixed assets suppliers	894 116	5 418 520
Other creditors	662 204	2 776 725
Financial instruments	1 627 404	8 237 153
Other creditors	290 157	7 301 250
Accrued expenses:		
Personnel expenses	3 907 925	17 002 321
Accrued financial expenses	627 563	6 503 606
Rebates	2 329 195	15 818 462
External supplies and services	379 971	8 005 824
Other accrued expenses	785 161	5 312 168
Deferred income:		
Investment subventions	171 726	4 277 243
Other deferred income	148 927	148 932
Liabilities out of scope of IFRS 7	8 640 625	64 369 806
Total	10 268 029	72 606 959

14. PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

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

	30.06.2016						
Description	Opening balance	Exchange rate effect	Changes to perimeter	Increase	Utilization	Reversion	Closing balance
Impairment losses:							
Investment properties	2 259 929						- 2 259 929
Tangible fixed assets	41 690 361		- 25 299 027				- 12 712 837
Goodwill	1 700 000						1 700 000
Intangible assets	366 436		- 319 243			24 028	- 3 923
Other non-current assets	10 931 182						- 10 931 182
Trade debtors	25 345 784	33 940	- 25 064 264	1 603 068		916 027	- 25 460 891
Other debtors	3 502						3 502
Subtotal impairment losses	82 297 194	33 940	- 50 682 534	1 603 068		940 055	- 51 368 762
Provisions:							
Litigations in course	1 523 885	- 24 284	- 347 703		421 271		8 017
Warranties to customers	549 120	- 27	- 607 393	58 300			
Restructuring	1 492 766		- 210 000		1 083 997		198 769
Other	6 945 108		- 3 727 360	73 634	329 268		- 1 767 113
Subtotal provisions	10 510 879	- 24 311	- 6 659 569	131 934	1 834 536		- 6 651 552
Subtotal impairment losses and provisions	92 808 073	9 629	- 57 342 103	1 735 002	1 834 536	940 055	- 58 020 314
Other losses:							
Investments	36 985 875		- 25 641	13 670			- 36 969 914
Write-down to net realizable value of inventories	4 401 009	5 390	- 3 354 143	943 884		1 247 481	748 659
Total	134 194 957	15 019	- 60 721 887	2 692 556	1 834 536	2 187 536	- 94 990 228

Description	30.06.2015							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			116 743			- 542 970	47 618 205
Goodwill	7 778 921	40 544						7 819 465
Intangible assets	30 833						- 1 831	29 002
Other non-current assets	10 931 182							10 931 182
Trade debtors	26 228 073	94 338		1 139 089		942 470	- 716 842	25 802 188
Other debtors	3 502							3 502
Subtotal impairment losses	93 016 943	134 882		1 255 832		942 470	998 286	94 463 473
Provisions:								
Litigations in course	1 504 544						- 9 403	1 495 141
Warranties to customers	541 547	3 393		48 656	7 500			586 096
Restructuring	6 055 072	14 635		1 532 698	4 090 013			3 512 392
Other	4 694 739			73 266	279 736		58 046	4 546 314
Subtotal provisions	12 795 901	18 028		1 654 620	4 377 249		48 643	10 139 942
Subtotal impairment losses and provisions	105 812 845	152 910		2 910 452	4 377 249	942 470	1 046 929	104 603 415
Other losses:								
Investments	36 985 875							36 985 875
Write-down to net realizable value of inventories	4 165 268	15 839		2 153 893		905 561	- 867 028	4 562 411
Total	146 963 988	168 749		5 064 345	4 377 249	1 848 031	179 901	146 151 701

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

	30.06.2016			30.06.2015		
	Losses	Gains	Total	Losses	Gains	Total
	Restated	Restated	Restated	Restated	Restated	Restated
Cost of sales	88 582	68 560	- 20 022	105 616	43 515	- 62 101
(Increase) / decrease in production	51 426	39 700	- 11 726	77 544	71 340	- 6 204
Provisions and impairment losses	13 112	282 035	268 923	116 743	19 223	- 97 520
Profit / (loss) from discontinued operations	2 539 436	3 631 777	1 092 341	4 764 442	6 091 202	1 326 760
Total (Consolidated Income Statement)	<u>2 692 556</u>	<u>4 022 072</u>	<u>1 329 516</u>	<u>5 064 345</u>	<u>6 225 280</u>	<u>1 160 935</u>

15. RELATED PARTIES

Balances and flows with related parties are summarized as follows:

Balances	Accounts receivable		Accounts payable	
	30.06.2016	31.12.2015	30.06.2016	31.12.2015
Other subsidiaries of the parent company	440 675	329 705	2 510 787	4 336 245
Joint ventures and associates	748 332	9 527 339	1 984 183	1 836 792
Transactions	Income		Expenditure	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
		Restated		Restated
Other subsidiaries of the parent company	25 000	1 491	595 526	686 072
Joint ventures and associates	13 316 672	15 013 462	15 745 407	10 364 635

16. DISCONTINUED OPERATIONS

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

	30.05.2016	30.06.2015
Sales	339 858 763	437 098 846
Services rendered	830 586	1 109 356
Other income and gains	6 660 223	11 916 727
Cost of sales	167 993 678	232 664 932
(Increase) / decrease in production	- 2 711 434	- 1 054 553
External supplies and services	84 495 943	115 557 397
Staff expenses	51 864 328	71 456 496
Depreciation and amortisation	20 069 407	25 160 825
Provisions and impairment losses (increase / reduction)	- 748 574	1 467 141
Other expenses and losses	39 799 364	6 251 860
Operating profit / (loss)	- 13 413 140	- 1 379 169
Net finance profit / (loss)	- 13 888 033	- 21 821 919
Gains and losses in associated companies	222 216	246 384
Gains and losses in joint ventures	74 869	- 679 083
Gains and losses in investments	- 13 670	
Net profit/(loss) from discontinued operations, before taxation	- 27 017 758	- 23 633 787
Taxation	3 728 804	921 375
Consolidated net profit / (loss) from discontinued operations, after taxation	- 30 746 562	- 24 555 162

In the six-month period ended 30 June 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:

	30.06.2016	30.06.2015
Operating activities	- 10 966 545	- 23 320 581
Investment activities	4 809 572	1 432 516
Financing activities	178 279 233	- 8 487 707

17. OTHER INCOME AND GAINS

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

	30.06.2016	30.06.2015 Restated
Gains on disp. and write off of invest. prop., tang. and intang. assets	856 923	74 900
Supplementary revenue	1 015 697	763 232
Investment subventions	80 651	73 475
Tax received	24 844	
Positive exchange gains	1 308 689	1 348 582
Others	254 292	298 633
	<u>3 541 096</u>	<u>2 558 822</u>

18. OTHER EXPENSES AND LOSSES

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

	30.06.2016	30.06.2015 Restated
Taxes	606 647	648 450
Losses on disp. and write off of invest. prop., tang. and intang. assets	244 583	48 675
Negative exchange gains	1 277 207	1 129 851
Others	790 815	362 419
	<u>2 919 252</u>	<u>2 189 395</u>

19. UNDERLYING AND NON-UNDERLYING ITEMS

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

	30.06.2016 Recurring	30.06.2015 Recurring Restated
Sales	119 848 509	116 275 596
Services rendered	719 038	565 409
Other income and gains	2 683 141	1 907 447
Cost of sales	63 057 183	64 341 026
(Increase) / decrease in production	1 379 109	1 539 758
External supplies and services	24 479 465	23 589 908
Staff expenses	12 776 471	12 510 594
Impairment losses in trade debtors (increase/reduction)	- 1 270	- 19 222
Other expenses and losses	2 725 611	2 137 827
Recurring operating profit/(loss) before amortization, depreciation, provisions and impairment losses (except trade debtors)	18 834 119	14 648 561
Non-Recurring operating profit/(loss) before amortization, depreciation, provisions and impairment losses (except trade debtors)	330 006	- 475 886
Total operating profit/(loss) before amortization, depreciation, provisions and impairment losses (except trade debtors)	19 164 125	14 172 675

20. FINANCIAL RESULTS

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

	30.06.2016	30.06.2015 Restated
Financial expenses:		
Interest expenses		
related to bank loans and overdrafts	5 512 489	5 155 620
related to non convertible bonds	5 315 242	3 532 354
related to finance leases	42 544	9 692
related to loans from related parties	106 683	2 204 372
others	150 908	1 670
	11 127 866	10 903 708
Losses in currency translation		
related to loans	869 651	674 594
	869 651	674 594
Cash discounts granted	884 474	834 588
Other finance losses	934 229	511 111
	13 816 220	12 924 001

	30.06.2016	30.06.2015 Restated
Financial income:		
Interest income		
related to bank loans	12 215	24 364
related to loans to related parties	2 964 350	12 332 798
	<u>2 976 565</u>	<u>12 357 162</u>
Gains in currency translation		
related to loans	988 031	517 694
	<u>988 031</u>	<u>517 694</u>
Cash discounts obtained	38 592	51 294
Other finance gains	46 913	45 246
	<u>4 050 101</u>	<u>12 971 396</u>
Finance profit / (loss)	<u>- 9 766 119</u>	<u>47 395</u>

21. TAXES

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

	30.06.2016	30.06.2015 Restated
Current tax	4 342 638	1 836 337
Deferred tax	- 629 688	483 330
	<u>3 712 950</u>	<u>2 319 667</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 21 September 2016.