AMORIM

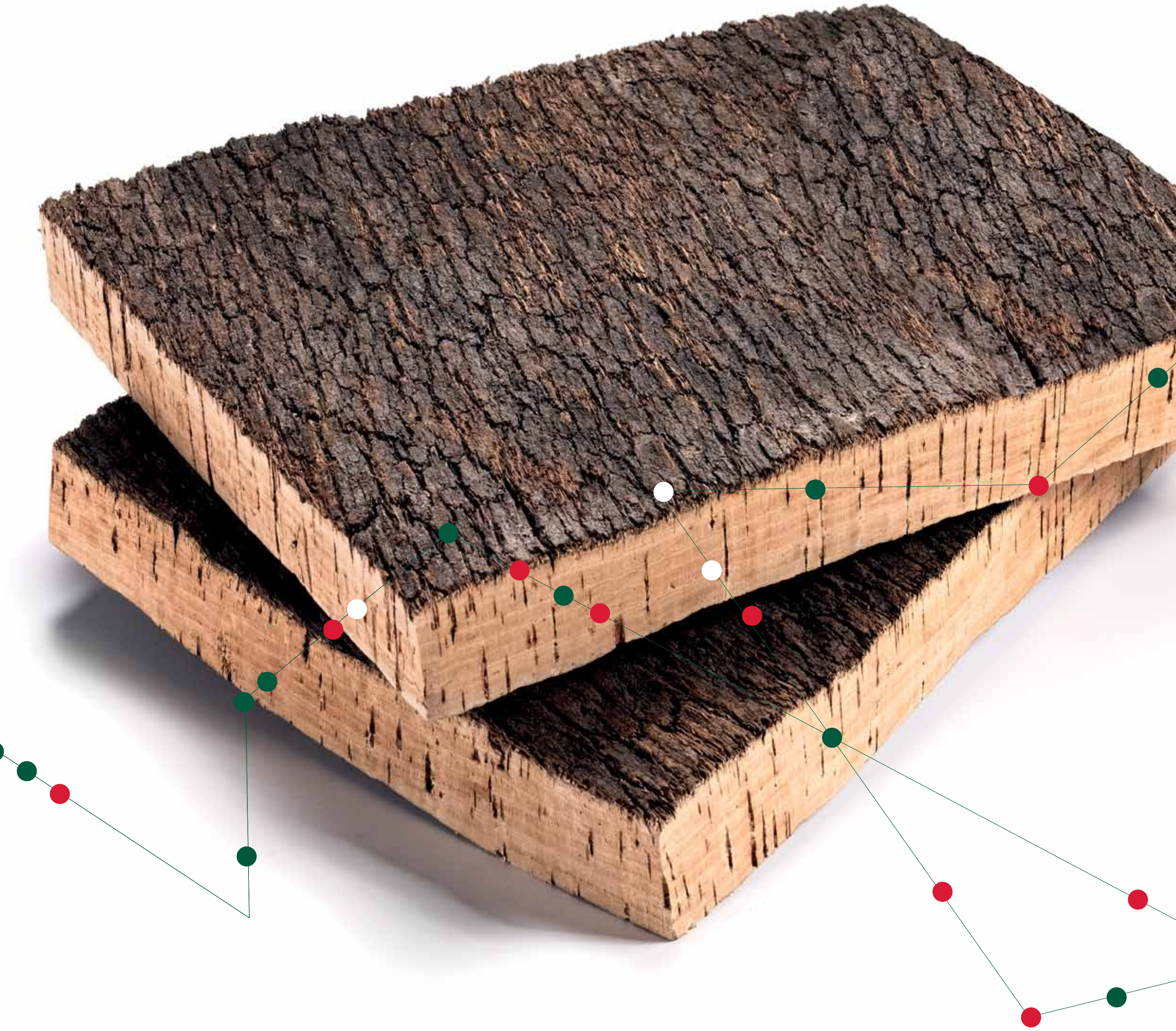
2011

Annual Report and Accounts

CORK • Innovation • Design

CORTICEIRA AMORIM's long history reflects the dedication, determination, audacity and vision with which successive generations have revolutionised the cork industry.
Today, the Group is known for promoting, processing and adding value to cork. The result is a vast portfolio of products and solutions that are technically flawless, inventive, creative and environment-friendly.

From the simplest product to the most complex solution, CORTICEIRA AMORIM exports a valuable and remarkable heritage to the four corners of the earth: the cultural roots of cork, the versatility of the material, the most advanced manufacturing technologies and vast scientific knowledge in which the Group continues to invest.



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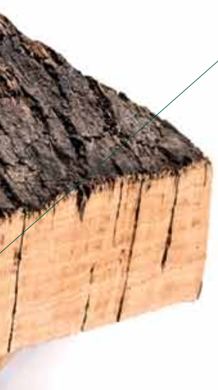


Chairman's Message

Global economic growth in 2011 was considerably lower than forecast. The slowdown, most evident in developed economies, affected every region. Natural disasters, like the earthquake and tsunami in Japan in March, and, more recently, the floods in Thailand, had a sharp negative impact on the global supply chain. The Euro Zone sovereign debt crisis, amid all its advances and retreats, damaged investor confidence, a mood that gradually spread to companies and families as investment and consumption fell sharply. Developing economies felt the effects of contracting European imports.

After modest growth in the previous year, the Portuguese economy contracted again in 2011. Structural imbalances accumulated over the years and required a steadily increasing amount of external financing reached an extreme level, requiring an adjustment that could no longer be delayed. In May, an Economic and Financial Adjustment Programme (EFAP) was agreed with the European Union, the Euro Zone member states and the International Monetary Fund. The economic situation reflected an unprecedented process of deleveraging by the private sector, alongside fiscal consolidation efforts. The contraction of the economy led to a significant drop in domestic demand and investment. Access to credit also became much more difficult.

After the decade beginning in 2000, when the cork industry was affected by a number of difficulties, mainly related to the growth and international projection of cork, the sector succeeded in restructuring itself and creating solid foundations for a promising future – as shown by an expressive 19% increase in exports over the period 2010 and 2011. In the past 10 years, the sector has invested €482 million in research and development, new technologies, new industrial units, new products, training and information. Know-how, technology and reputation are now the principal attributes for which the industry is known, as industry that unites quality and consistency with sustainable products and solutions.

Cork benefits millions of people in innumerable countries and political borders do not limit its social, environmental and economic advantages. In fact, cork oak forests are a rare example of an economic activity that sustains and protects a unique ecosystem. The InterCork campaign produced innumerable initiatives that brought this positive message to millions of consumers. At no other time in history has cork enjoyed such a high level of international awareness or such a positive perception as it does today.

After a difficult period that extended from the second half of 2008 to the first half of 2009, coinciding with the peak of the world crisis, CORTICEIRA AMORIM emerged a stronger, more competitive and more profitable company, surpassing in 2011 the performance of its best previous year.

Growth in the world wine, sparkling wine and spirits market, our capacity to respond and the excellent service provided by CORTICEIRA AMORIM, which benefits from an unrivalled distribution network, led to an increased market share for cork stoppers in relation to plastic and aluminium closures for the second consecutive year.

In terms of floor coverings, building activity in the European market remained weak. However, non-traditional markets outside Europe continued to register significant growth rates. Because these markets are largely unacquainted with cork, efforts were made to raise awareness of cork products and a dynamic commercial approach to these markets resulted in considerable sales growth.

The area of technical composite cork, being more exposed to industrial activity, registered a drop in turnover. However, the large number of research and development projects underway, together with investments in greater production capacity, point the way to a significant improvement in business from the second half of 2012.

In the insulation cork sector, which is highly dependent on the European construction and building restoration market, sales growth in the Middle East and Asia was insufficient to compensate for the fall in traditional markets.

Special mention should also be made of the large number of research and development projects underway in the Group, many of them in partnership with renowned centres of learning or with leaders in sectors that have turned to corks as a response to today's need to do more, but have less impact on the environment. We hope that very shortly the Cork.IN programme, which seeks to instil a culture of innovation across the whole of CORTICEIRA AMORIM, will mark an important step forward in innovation in manufacturing processes, products and even the business itself.

At the end of 2011, CORTICEIRA AMORIM was pleased to learn that the Portuguese parliament had unanimously approved a resolution making the cork oak the national tree of Portugal. To our pride as a company that has worked with the cork oak and cork for 142 years, we are now happy to add the responsibility of continuing to honour this national symbol, promoting its defence and continually seeking to raise awareness of its truly exceptional characteristics.

The success achieved and the signals we are receiving from some of CORTICEIRA AMORIM's most important markets require us to approach 2012 with a degree of caution. We will continue to invest in the qualities on which we have built our success: products that create value, operational excellence, financial solidity, determination and a commitment to continue on the path of creating sustained value for the company and its shareholders.

Finally, on behalf of all the members of the Board of Directors, I would like to express my sincere appreciation and gratitude to our Customers and shareholders for the trust they place in us; to the wide range of institutions with which we have dealings for their support; and to our employees for their professionalism, dedication and commitment.

Yours cordially,

António Rios de Amorim

AMORIM

01

Consolidated Management Report

Cork benefits millions of people in innumerable countries and its social, environmental and economic advantages are not limited by political borders. In fact, cork oak forests are a rare example of an economic activity that sustains and protects a unique ecosystem. At no other time in history has cork enjoyed such a high level of international awareness or such a positive perception as it does today. This reputation, solidly based on quality, R&D and innovation, is also the foundation of what we believe will be a promising future for the whole cork industry.

1. ECONOMIC DEVELOPMENTS IN 2011

1.1. GLOBAL OVERVIEW

Global growth was expected to reach 3.8% in 2011, substantially lower than forecast a year ago and a marked deceleration compared with world growth from 2009 to 2010. Although most evident in developed economies, the slowdown affected every region. Natural disasters, like the earthquake and tsunami in Japan in March, and, more recently, the floods in Thailand, had a sharp negative impact on the global supply chain. The Euro Zone sovereign debt crisis, amid all its advances and retreats, damaged investor confidence, a mood that gradually spread to companies and families as investment and consumption fell sharply. Developing economies felt the effects of contracting European imports, reversing the concerns over overheating that predominated at the end of the first half of 2011.

The effects of the financial and banking crisis that began in 2007 and developed into the economic crisis of 2008 and 2009, continued in 2011. The deleveraging of the world economy also continued as both private and public sectors furthered efforts to reduce indebtedness. The downward trend in the US real estate sector, a determining factor for economic growth, continued, although at an increasingly slower rate of deceleration. By the end of the year, there were indications that the sector had stabilised at these lower levels. International trade grew by 6.9%, almost half the growth rate in 2010. Financing conditions deteriorated globally as the year progressed, with figures for the end of the year expected to show a further worsening. Conditions in the Euro Zone may even have been close to what could be described as a credit crunch. In August, the US saw Standard & Poor's cut its credit rating from the maximum level. Capital flows to developing economies also fell in 2011, particularly in the closing months.

Growth in the **Euro Zone** was expected to be about 1.6% in 2011, below the reference level for the previous year. Growth in the **US** was estimated at 1.8%, while **Japan**, severely affected by the earthquake, is expected to have suffered a 0.9% contraction in growth, a sharp downturn compared with its expansion of 4.4% in 2010. Growth also slowed in **China** (9.2%), and to a slower expansion rate of 7.4% in **India**. The rate of deceleration was even more marked in **Brazil**, where growth fell from 7.5% in 2010 to 2.9%. **Russia** was the main exception to the slowdown in growth from 2010 levels, achieving marginal growth of 0.1 percentage points in 2011 compared with growth of 4% in 2010.

Ultra-expansionist policies continued to characterise monetary policy in a substantial number of economies in 2011 (the US, Japan and the UK kept interest rates extraordinarily low and used quantitative easing). In other countries, the tightening of monetary policy implemented in 2010-2011 was reversed. In the Euro Zone, the European Central Bank opted to cut its refinancing rate from 1.5% to 1% in the last quarter of 2011, and, contrary to what it had previously stated, increased the use of unorthodox methods of liquidity funding by offering banks three-year funding instruments. Brazil and China were other examples of the reversal in the trend towards higher interest rates.

Inflation increased in most economies, with the exception of India. The inflation rate was estimated at 2.7% in developed economies and 7.2% in developing economies, an increase of 1.1 percentages points in both cases. In spite of the reduction in commodity prices, the price of crude oil remained high. Developing economies experienced a particularly sharp increase in food prices.

1.2. PORTUGAL

After modest growth in the previous year, the Portuguese economy contracted again in 2011, shrinking by an estimated 1.5%. Structural imbalances accumulated over the years and requiring a steadily increasing amount of external financing, reached an extreme level, requiring an adjustment that could no longer be delayed. The background context of the Euro Zone sovereign debt crisis was not helpful. In spite of efforts made to consolidate fiscal deficits, the year was characterised by a continuous deterioration in Portugal's risk premium. The country's credit rating suffered successive cuts, ending the year at below investment grade. In April, Portugal reached a point of financial breakdown (the state and banks could no longer finance themselves on the market) and requested financial assistance. This took the form of an Economic and Financial Adjustment Programme (EFAP), agreed in May between Portugal, the European Union, the Euro Zone member states and the International Monetary Fund (IMF). The economic situation reflected an unprecedented process of deleveraging by the private sector, alongside fiscal consolidation efforts – a wide-ranging package of structural measures was drafted and implemented, affecting both revenue and expenditure. The contraction of the economy was many due to a significant drop in domestic demand, of which every component performed negatively. Investment had already been falling, but the increased contraction of the economy accelerated the rate of this deceleration to above 11% as access to credit became extremely limited. Public and private consumption were affected by significant changes in consumption patterns and decisions as a result of the commitments made by Portugal in return for financial assistance. By September, several economic indicators had fallen to their lowest level for several years.

Net external demand made a positive contribution, but it was not sufficient to counterbalance the impact of the adjustment on domestic demand. However, it did alleviate the pace of the slowdown in the second half of 2011 to a rate that was less severe than expected. Unemployment rose to above 12%, a much steeper increase than in the previous year, reaching the highest rate registered in Portugal since at least 1983. Inflation was about 3.6% at the end of the year, reflecting not only the fiscal measures implemented in 2011, but also the extreme sensitivity of the Portuguese economy to energy prices.

2. CORK: CULTURE, NATURE AND THE FUTURE

THE BIGGEST INTERNATIONAL PROMOTIONAL CAMPAIGN FOR PORTUGUESE CORK

Knowing the importance of cork to Portugal – the world's biggest cork producing country, where the industry is strongly export-oriented, APCOR, the Portuguese Cork Association, decided to join forces with the Portuguese government with a view to launching an international promotional campaign for this highly valued raw material. Called the **InterCork – International Cork Promotion**, the campaign began to take shape in 2009, financed by European Union funds and the private sector, with CORTICEIRA AMORIM providing 50% of the total contributions made by the private sector.

Cork benefits millions of people in innumerable countries and its social, environmental and economic advantages are not limited by political borders. In fact, cork plantations are a rare example of an economic activity that sustains and protects a unique ecosystem, making it important for the industry to share these benefits with the world.

Investment, innovation and communication were the principal means used for affirming cork as a product with unequalled advantages. Covering an extensive geographical area, the InterCork programme was active in 12 countries that were current or potential consumers of cork, seeing the sector as an industry of the future that brings together culture, innovation and sustainable development. In terms of products, the campaign focused on cork bottle stoppers and construction and decoration materials.

Thousands of initiatives brought a positive message about cork to millions of consumers: these ranged from a truck promoting cork flooring that set off from New York and travelled across the US from coast to coast; to partnerships with leading international retail chains; to using only wines sealed with cork stoppers in all Grammy Award ceremonies; and even to emblematic actions promoting awareness in famous fashion stores in London and New York. The campaign was vast, involving a wide range of activities and areas that brought together in support of cork individuals, schools and universities, business people, politicians and environmentalists, Hollywood actors, sporting bodies, designers, architects and museums, wine producers, experts and *sommeliers*, as well as the *media* and Internet bloggers.

At the close of the InterCork campaign, it can be said that the unique benefits of cork have been affirmed across the world. In terms of the industry, exports have increased almost 19% over the past two years. In the case of CORTICEIRA AMORIM, for example, the company gained more than 5,000 new customers in 2010 and 2011, increasing its sales in both volume and value.

At no other time in history has cork enjoyed such a prominent and positive international profile as it does today. This recognition, firmly based on quality, R&D and innovation, has helped pave the way for a promising future for the cork sector as a whole.

Impact of the media campaign in numbers:

- 8,682 articles published in the international press, of which 46% were in US publications and related to the cork stopper campaign;
- 623 TV and 208 radio reports, totalling more than 18 hours of broadcasting;
- 96,452 Facebook fans;
- 12,150 Twitter followers;
- about a million viewings of videos available on the Internet.

3.OPERATING ACTIVITIES BY BUSINESS UNIT (BU)

The companies that make up the CORTICEIRA AMORIM universe are structured into **Business Units (BU)**. Detailing their activities provides an account of the most significant events that occurred during the 2011 financial year.

3.1. RAW MATERIALS

As in 2010, the Raw Material Business Unit registered a significant increase in business activity in 2011, which was reflected in sales growth of 11.6% compared with the previous year.

The provisioning and initial preparation of raw materials (cork) remained the principle focus of activity in 2011, in keeping with the purpose the BU was created for: supplying the group's value chain.

In recent years, and with a special focus during 2011, the BU has adopted a policy of diversifying its sources of supply, aiming to intervene proactively in all cork-producing regions with two goals: to develop and improve the potential for harvesting cork in countries and regions where the activity has suffered a degree of neglect and to prepare for a potential increase in raw material (cork) consumption in the future.

It is of note that in 2011, the BU had to increase its production capacity in response to increased demand for raw materials from CORTICEIRA AMORIM's other BU.

The popular revolt know as the «Arab Spring» that broke out in 2011 led to political changes that affected some of the North African countries where the BU operates preparation units. In spite of the turbulence, normal activity was maintained thanks to the support of official bodies and the employees of these units.

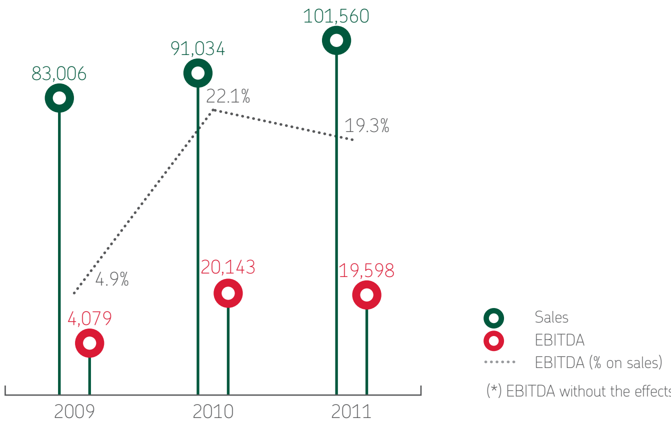
In terms of operations, the BU worked to maintain the efficiency ratios it has achieved in recent years. In spite of the unfavourable economic climate – including sharp price increases in critical factors for the business such as energy and transport – efficiency ratios were maintained at the same level as in 2010.

The BU's efforts to encourage a culture of innovation continued, taking the form of a number of improvement projects. Investment in research and development (R&D) in the areas of both technology and forestry was increased. The CORK.IN programme, aimed at supporting motivation and stimulating the creativeness of employees and stakeholders, was launched across the CORTICEIRA AMORIM group.

The average number of employees increased 11% in 2011, due to the need to increase production capacity.

Raw Materials – Sales & EBITDA (*)

thousand euros



(*) EBITDA without the effects of restructuring HR (2009).

3.2. CORK STOPPERS

The world wine market has undergone significant developments over recent years: the globalisation of wine consumption and the emergence of new, more technologically sophisticated wine-producing countries has drawn attention to a sector where tradition and culture cohabit with innovation and experimentation.

Events, fairs, world launches, imports and exports, a search for new markets, diverse *terroirs*, styles and tendencies lifted world wine consumption by 4.8% between 2005 and 2011. France, the US and Italy were the largest wine-buying markets, followed by Australia and China, both of which showed notable growth.

In spite of this growth, the main concerns of the BU's customers remain unchanged: the need to minimise capital investment and reduce costs. Pressure to reduce prices and to substitute products with cheaper alternatives was a significant and permanent factor in 2011. The need for product availability and the need to meet demanding service requirements and quality standards led to additional efficiency measures.

The sector is operating in a climate of low prices, but also needs to maintain existing quality and service levels. This means that only companies constantly seeking to improve their efficiency are capable of remaining competitive. Cork's highly favourable carbon footprint and its sustainability are important sales advantages in comparison alternative closures.

The Cork Stopper BU recorded sales growth of 9.1% in 2011 compared with the previous year, with sales growing in all leading markets, especially in the US, France, Italy, Argentina and Spain, which together accounted for 78% of the total sales increase.

This growth was essentially due to three factors:

- the BU's improved competitive position, leveraged by service levels, product quality and operational leadership;
- increased wine consumption in leading markets, especially in the US; and
- the perception of cork as a quality product with comparative advantages in terms of performance, the environment and sustainability, which are particularly important when compared with alternative closures.

Sales of the BU's most important product – **Natural Cork Stoppers** – increased across all leading markets with the exception of Chile. The overall increase on 2010 was 8.6%.

Sales of **Neutrocork® Stoppers** increased 7.6% on 2010, with the US, France and Italy accounting for 80% of this growth. This product has been well accepted by markets with highly quality standards, where it is perceived as having a strong cost/quality ratio, providing the wine industry with a solution that is currently the biggest restraint on the growth of alternative closures.

Sales of **Twin Top® Cork Stoppers**, an excellent product that is well positioned in terms of price, grew 1.4% in comparison with 2010. In spite of growth in important markets such as US, Australia and China, sales fell in Europe and Chile due to substitution by Neutrocork® and Acquamark® stoppers, mature products with a strategic importance in the BU's value chain.

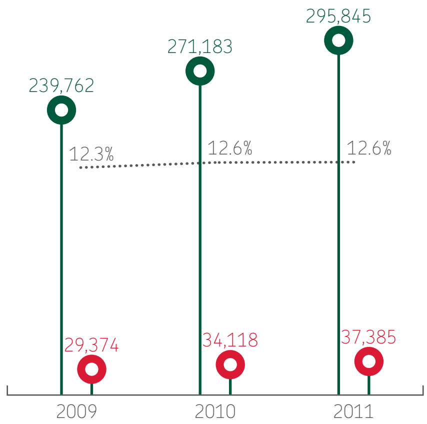
Demand for **Champagne Cork Stoppers** has been steadily increasing since 2009 in so-called new markets such as China, Chile and the US.

The gross sales margin increased 7.2% compared with 2010 as a result of increased sales, improvements in production processes and changes in the sales mix.

Operating costs increased 8.4%, largely due to increased production, although the energy bill increased by about 24%.

Current earnings before investment and taxes (EBIT) rose by 11.5%. This was mainly due to: increased activity, the fact that the relative weight of operating costs as a percentage of sales remained unchanged, and operational efficiency improvements implemented by the BU.

Cork Stoppers – Sales & EBITDA (*)
thousand euros



(*) EBITDA without the effects of reestructuring HR (2009) and goodwill imparity (2010).

Capital invested in 2011 was up 7.8% on 2010, due to increased production - which had an impact on the Customer and Stock accounts – as well as to investments in expanding and modernising installed production capacity.

3.3. FLOOR AND WALL COVERINGS

Sales for the Floor and Wall Coverings Business Unit increased 6.3% compared with 2010.

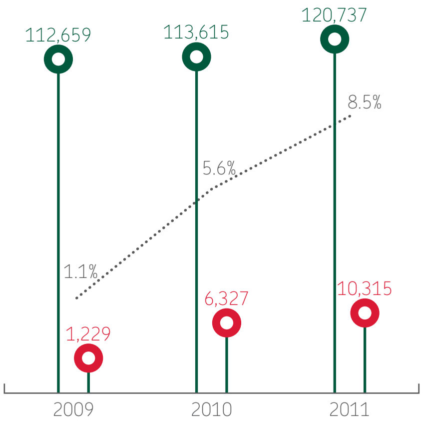
Sales of products manufactured by the BU grew by 10%, due mainly to the definitive implantation of the Vinyl collections launched in 2009. Sales of commercially marketed products, which account for about 25% of the BU's total turnover, remained at the same level as in 2010. The business trend altered, marked by an increased offer of higher value-added products aimed at more prosperous market segments with the aim of increasing margins. The effects of this change began to be registered in the second half of 2011.

The components used in the manufacturing process were changed and maximum use was made of installed capacity. This contributed to a significant improvement in the BU's gross margin, minimising the negative impact of downward pressure on sales prices. In regard to the distribution network, a joint venture with Timberman Denmark A/S was launched with the aim of strengthening the BU's position and increasing cork product sales in the Danish market.

At the end of 2011, a new collection was launched with an attractive and sophisticated range of visuals, sizes, textures and finishes. This helped keep the BU at the forefront of the market for floor and wall coverings that incorporate cork, giving priority to the development and promotion of products manufactured by the BU. These new products will enable the BU to maximise the potential of backgrounds and other visual components as a factor that differentiates them from competing products on the market, combining cork with other natural materials.

Floor and Wall Coverings – Sales & EBITDA (*)

thousand euros



Sales
EBITDA
EBITDA (% on sales)

(*) EBITDA without the effects of reestructuring HR (2009).

3.4. COMPOSITE CORK

The economic performance of the Composite Cork Business Unit improved slightly in 2011 in comparison with the previous year in spite of a considerable worsening in external conditions.

The cost of the principle raw materials used by the BU increased significantly during the year in comparison with 2010 prices. The EUR/USD exchange rate also had a negative impact on results, specifically in terms of sales and the gross margin.

In absolute terms, however, the gross margin increased by 2.2%, due to increased sales, which grew by 6.7% in 2011. The gross margin/production ratio did not increase at the same rate, given that commercial sales of cork as a raw material, a business with reduced margins, have a greater weight in overall sales. Nevertheless, the repositioning of sales prices, as a means of recovering part of the increased costs of production, was crucial to the performance achieved.

The BU's sales increased 6.7% on the previous year, with most market segments (applications) contributing to this performance, with the exception of the home & office area, where sales fell 13%. This had a limited impact on total sales, given that this segment represents only about 3% of the BU's consolidated turnover.

Overall, average sales growth for the diversified industrial area, the most significant in the BU's portfolio of market segments, was approximately the same as total sales. The main positive contributions came from the composite and vibration control segments (which equalled their growth in 2010) as well as from the memo board industry. Sales of acoustic core materials and friction applications dropped in comparison with 2010.

The sealing business area, the second most important in sales volume, also performed in line with the average sales of the BU. Heavy duty and transmission & distribution (T&D) applications registered stronger growth.

Sales for the civil construction segment also increased in line with the BU's average sales growth, with all applications showing increased sales. Underscreed and dilation joints both enjoyed significant growth, the latter repeating its performance in 2010.

Finally, sales of flooring grew significantly, benefitting from a strong increase in NRT applications (industrial components) and the continuing business in sports flooring (recycled rubber surfaces).

The main outlines of the BU's strategic guidelines were implemented at the envisaged pace. The value strategy also produced positive results, consolidating the volumes recovered in 2010 and compensating in part for increased raw material and energy prices.

A dedicated team continued to focus on developing segments with the greatest growth potential, achieving positive overall results. In an adverse climate, historic sales volumes and profitably were maintained for the majority of applications and markets in more mature business areas, significantly expanding the customer base across the world as a result of the intensive prospecting efforts that have been implemented over recent years.

A number of R&D initiatives involving new combinations of «green» materials with cork were developed during 2011, complementing a competitive, innovative and technologically advanced range of projects as part of the TEKGREEN positioning strategy.

In 2011, an important investment project was launched that will result in a differentiated project range of agglomerates and composites in terms of their composition and sizes. This will create new and promising business possibilities for different applications. The project is expected to be concluded next year.

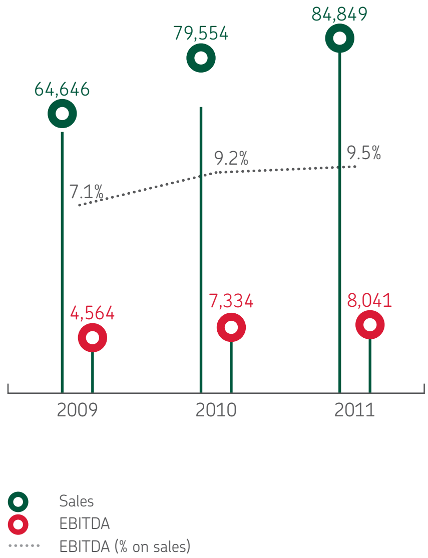
In the area of innovation, a new company – DYN CORK – was created in partnership with another firm operating in the cork sector with the aim of developing a new cork product with a range of physical characteristics similar to natural and artificial fibres. It will be used in furniture and footwear applications where cork is not yet an option.

MATERIA®, cork by Amorim, a new range of products for the home & office sector with the hallmark of Experimenta Design – composed of pieces designed by distinguished designers of different nationalities who bring to cork an up-to-date and innovative image that use its natural characteristics to the best advantage.

The joint venture in Russia for the local manufacture of automobile gaskets was formally brought to an end, while the BU maintains an important share of the Russian market. The last phase of an investment in China was concluded with the completion of installations capable of processing local raw material and also equipped to function as a logistical platform for supporting CORTICEIRA AMORIM's commercial development in the Chinese market.

CORTICEIRA AMORIM INVESTS IN A CULTURE OF INNOVATION, DEVELOPMENT AND RESEARCH, LAUNCHING NEW PRODUCTS AND DISCOVERING IMPROVED PERFORMANCE SOLUTIONS.

Composite Cork – Sales & EBITDA (*)
thousand euros



(*) EBITDA without the effects of reestructuring HR (2009).

3.5. INSULATION CORK

Sales by the Insulation Cork Business Unit fell 6% in volume in the 2011 financial year. The drop was a direct consequence of the impact of the adverse economic climate on public and private demand and investment, which affected every segment of the insulation cork sector as new construction and renovation projects were postponed or cancelled.

In spite of this fall in sales, which was heaviest in Europe, the BU was able to maintain its gross margin at the same level as the previous year, notwithstanding an increase in the average purchase price of raw materials and the depreciation of the US dollar, one of the BU's invoicing currencies, again the Euro.

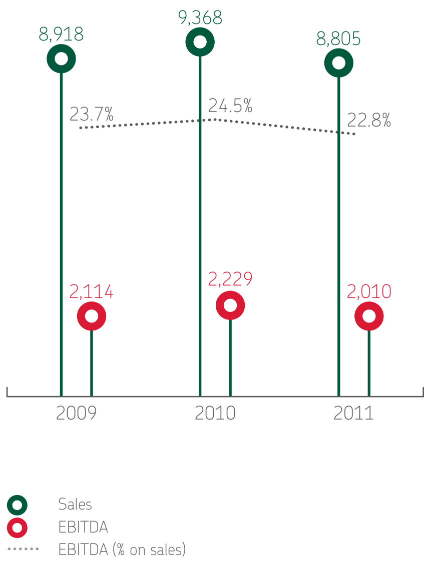
In 2011, the BU developed a number of initiatives aimed strengthening its capacity and leadership in supplying high performance, top quality products that are also environmentally friendly. These included:

- an innovative insulation solution consisting of a sheet of composite cork with embedded wooden struts called **Lambourdé** – an efficient, flexible and ecological product designed for building renovation;
- the insulation of a tourism project known as **Uma Casa Portuguesa** (A Portuguese House) – a house built using traditional techniques that are 100% Portuguese and encourages consumers to learn about and try out Portuguese products;
- a product in which a sheet of expanded cork composite is joined to a sheet of laminated plasterboard, which can be fixed quickly and directly to existing floors and walls using plasterboard, avoiding the need for metallic structures.

In 2011, the BU also consolidated the position of its **CorkSorb** brand of absorbents for oil and hydrocarbon spills, with business turnover increasing as a result of distribution partnerships in 12 countries and an expansion in the range of products available. A cooperation agreement was also signed with Markleen, a leading producer of equipment for dealing with maritime spillages, which launched a line of ecological products based on CorkSorb's absorbent material. The innovative and sustainable nature of these absorbents also gained public recognition with an award in the products category of the **Green Project Awards** and awards in the product and "companies for biodiversity" categories of the Innovation for Sustainability Prize of the **European Business Awards for the Environment.**

The BU also completed the process that led in 2011 to Forest Stewardship Council (FSC) certification of its Vendas Novas industrial unit, enabling it to supply expanded composite cork with FSC certification, adding an ethical business guarantee of the preservation of forest resources to what is considered the world's most ecological insulation solution. The Silves industrial unit and the Amorim Isolamentos, S.A. distribution operation also received ISO 9001 certification for their quality management systems.

Insulation Cork – Sales & EBITDA
thousand euros



4. PRODUCT INNOVATION, RESEARCH AND DEVELOPMENT

4.1. NEW APPLICATIONS

MOR for Cork – Market-Oriented Research

Creating new applications using cork is one of the strategic pillars of CORTICEIRA AMORIM R&D's operations, focusing particularly on the area of market-oriented research (MOR for Cork).

Development areas focus on discovering market needs and requirements as well as an understanding of how the technical characteristics of competing products are perceived. Potential customers in different segments communicate important information for defining action strategies, becoming indispensable partners in the process. At the same time, R&D teams frequently draw on the expertise of international and Portuguese research groups specialising in related scientific areas, seeking to incorporate the knowledge gained in future production initiatives.

Work on new cork applications is focused on three main areas: environmental restoration, 3D materials and cosmetic and food additives.

The growing importance of cork products as absorbents is part of a strategy aimed at promoting cork as a tool for environmental restoration. In addition to support for **CORKSORB** in the area of technical certification, other related projects are underway, including **WaterCork** and **HidroCork** (co-financed by Portugal's National Strategic Reference Framework (QREN) for European Union funds), initiatives for studying cork's potential for purifying effluents contaminated with different pollutants.

Projects for developing cork composites are aimed at providing more sustainable products made from renewable, vegetable-based raw materials for use in the three-dimensional structures that surround us everyday. Because standard cork composites cannot generally be used in 3D structures, efforts are underway to develop a range of new cork applications. These include the **NovelComp** project, co-financed by QREN, aimed at drawing up an extensive inventory of products made from composite materials with a view to developing products for partners who use injectable polymers.

CORTICEIRA AMORIM has also made important human and material investments in the cosmetic and food areas. Thanks to both its mechanical and structural properties and its chemical composition, cork has proved an inexhaustible source of new materials. The **BioActiveCork** and **NUTRACork** projects, co-financed by QREN, have furnished valuable information in regard to food and cosmetic products. The specifities of these two markets and their distance from the Group's usual range of products have posed additional challenges. In a project strongly geared to customer demands, important steps have been taken in the cosmetics sector, a potential that could produce concrete results within a short period. In the food sector, a long process of obtaining basic consents has begun prior to a period of seeking specific product approvals.

CORK IS NATURAL, RENEWABLE AND RECYCLABLE. ITS POTENTIAL TO BECOME A LEADING MATERIAL IN THE 21ST CENTURY IS THE RESULT OF CONTINUOUS RESEARCH INTO EXPANDING ITS RANGE OF APPLICATIONS.

4.2. CORK STOPPERS

During 2011, the research and development undertaken by the Cork Stopper BU focused on three fundamental areas: product innovation, increasing understanding of the interaction between stoppers and wine, and improving the quality of stoppers produced.

Production innovation is indispensible to a dynamic organisation like the Cork Stoppers BU and a number of projects were developed during the year. These included:

- a study of the contribution of cork stoppers to preventing the counterfeiting of premium wines. The project, financed by QREN, was launched in September 2011;
- developing a new treatment for natural cork surfaces. The project, financed by QREN in 2010, will run for three years;
- a study to find new quality features in natural cork stoppers: The project, financed by QREN, which uses internal images of cork stoppers, obtained through different processes, is designed to obtain a clear idea of how stoppers perform inside bottles;
- cork stopper development: research work aimed at optimising new types of cork stoppers with qualities that meet consumer requirements was continued during 2011;
- developing a new washing process for natural cork stoppers. This project resulted in significant improvements in the visual quality, colour uniformity and capillary growth in natural cork stoppers through the introduction of a new cork washing concept.

In the area of increasing **understanding of the interaction between cork stoppers and wine**, a large number of comparative bottling tests were carried out comparing different types of cork stoppers and/or competing closures were carried out with a view to improving our knowledge of how cork stoppers perform in sealing bottles of wine. These studies and comparative analyses included:

- an important comparative study in cooperation with a British supermarket chain;
- a comparative analysis made in Australia of cork stoppers and alternative closures in the bottling of red wine;
- a comparison between different types of Champagne stoppers in cooperation with a Portuguese client;
- a comparison between natural cork stoppers of different specific weights and different diameters in Burgundy wines.

In December 2011, a doctoral thesis, *Effect de l'obturateur sur l'evolution de la qualité sensorielle du vin* (The effect of closures on the sensorial quality of wine), was presented at the Bordeaux Oenology Faculty with financial and scientific support from the BU's R&D department. In additional to presenting the results of comparisons between single grape variety red and white wines sealed with different types of closure, the thesis examined the effect of absorbing composites responsible for reductive aromas, pointing to the important role cork plays in absorbing these composites and justifying the absence of such aromas in wines sealed with cork stoppers.

The migration of volatile composites through closures was the subject of a study that led to the publication in June and October 2011 of two articles in the American Journal of Enology and Viticulture. The articles provide clear proof that natural and technical cork stoppers are ideal closures for liquids and gas, while alternative closures, although sealing liquids inside bottles, do not seal out gas, allowing wines and other drinks to be contaminated by the volatile composites to be found in small quantities in the atmosphere around the bottle.

Improving the quality of the cork stoppers produced by the BU is an area of crucial importance, given that consumer requirements in regard to the sensorial qualities of stoppers have grown considerably more demanding, making it increasingly necessary to ensure stoppers have a level of TCA (2,4,6-Trichloroanisole) that is undetectable. A number of projects aimed at improving the sensory qualities of the stoppers produced by the BU were underway in 2011, specifically: the optimisation of pilot equipment for individually detecting TCA; a new anti-TCA treatment that, used in combination with existing equipment, will enable 80%-90% of contaminations to be eliminated; a mechanical reformulation of the ROSA® system to improve the efficiency of decontamination and simultaneously solve problems encountered with the previous equipment, specifically alterations in the specific weight and humidity of granulates. These projects are partly financed by QREN.

4.3. FLOOR AND WALL COVERINGS

In 2011, the Floor and Wall Coverings BU launched a new collection with a view to expanding its product range and simultaneously becoming more competitive in the US and Canadian markets.

The new collection, known as **CORK PLANK**, was launched with three linear cork patterns and in seven colours, in boards measuring 1,220 mm by 140 mm and bevelled on all four sides. The dynamic linear design of the collections ensures that they can be used in any architectural project, aligning fashion with the creation of a comfortable atmosphere. Designed to simplify installation, the collection uses a new locking system, Loc&Fold, so that it can be fitted with a single movement.

A number of projects aimed at identifying alternative flooring systems that use cork as a differentiating factor were also launched in 2011, in some cases involving new production technologies. Partnerships with suppliers and developing the skills of both the R&D and production teams again proved fundamental to this process.

Development of the following products and applications is expected to have a positive impact on the BU's future business activities:

- **Corkcomfort FastConnect:** the cork flooring currently on the market is available with three different installation methods: flooring fixed to sub-flooring using appropriate adhesives; flooring using «male-female» locking systems, commonly known as floating floors; and self-adhesive flooring that is supplied from the factory already fitted with a layer of adhesive. This project is aimed at providing an alternative to these methods that can be easily installed and that will not be restricted in any way by the type of sub-flooring over which it is laid. The system consists of flooring tiles that overlap each other and that guarantee an acoustic performance equal to that of flooring installed using adhesives;
- **Collection 2012:** the Floor and Wall Coverings BU is the world leader in the production and distribution of cork and cork-wood coverings. In a climate in which innovation in the principle challenge facing any leading company, this project is aimed at launching a new range of products whose visual design is digitally printed directly onto the surface of the cork. There is currently no such product on the market in the cork sector, reflecting once again the determination of the BU to position itself at the forefront of the industry;
- **Vinilcomfort glued down:** in 2009, the Floor and Wall Coverings BU introduced floating flooring with decorative surfaces in the form of Luxury Vinyl Tiles (LVT) into its product range. The success of these products led to the development of a product solution that combines the principle advantages of cork – a more comfortable walking surface and better acoustic and thermal characteristics – with the key benefits of LVT in the form of flooring for commercial applications that can be glued to sub-flooring.

In 2012, the R&D undertaken by the BU will focus on identifying and developing processes for manufacturing cork flooring for high traffic areas, either by incorporating other materials or by combining cork with other natural products. Making technical solutions fully functional is also a leading priority for the future.

4.4. COMPOSITE CORK

The Composite Cork BU recorded another year of strong activity in the R&D area in 2011. The leading initiatives included:

- **the consolidation of products launched in 2010:** in the construction sector, **CORKwall** established its position as a product that can be used to restore external façades and interior walls, functions as acoustic and thermal insulation as well as a final finish, and is sprayed on. Also in the construction area, new **brickwork supports** used to separate brickwork from other building structures were used in a large number of construction projects, including the British ambassador's residence in the Lapa district of Lisbon. In 2011, the **AcoustiCORK** product range, designed for the acoustic insulation of different types of flooring and enriched in recent years by new solutions, was used in a number of important building projects, including more than 10 school installations in Portugal, the Casa do Conto (a boutique hotel in Porto) and the University of Cyprus. In the area of floating floors, a new version of top layer **NRT 94**, available in rolls, consolidated its position in the market as a product in keeping with the technical trends of the industry. Top layer NRT 94 ensures floating flooring is acoustically and thermally insulated. In addition, the final design can be digitally printed directly onto its surface;

- **new product launches in 2011,** as a result either of R&D projects by Portuguese and European consortiums to which the BU belongs or of the BU's constant presence in the market, monitoring trends and accepting challenges from customers. These included:
  - after three years of intense work in close cooperation with an original equipment manufacturer in the international railway industry, **CoreCORK**, an innovative composite flooring product with a cork core was launched. The product will be used in the construction of a new city metro line that the operator is scheduled to deliver in the first half of 2012;
  - a new line of products that combine cork with products recycled from post industrial and post consumer processes. In this final phase, it is expected that these products, developed as part of the **TEKGREEN** programme (launched by the BU in 2009) will be used in construction as well as having some industrial applications. This will strengthen the BU's «green» approach by combining it with a strong technological component in line with current market trends.

In 2011, development cycles were completed and new R&D projects in consortium were launched in an effort to maintain the momentum of research, development and innovation (R&DI) in three areas considered strategic for the BU. These included:

- the **AEROfast** project, led by EADS/Astrium, was terminated, having fulfilled its goal of preparing a future unmanned space mission to Mars. As part of this project, the BU developed and validated a new material for thermal shields that can be used in missions with the most demanding requirements in terms of thermal insulation, guaranteeing that cork-based materials will continue to be used in the 21st century in future European and US space missions;
- the **I-BUS** project was also brought to a conclusion with the production of a demonstration module of a bus interior that includes several components (the floor, interior and exterior panel) manufactured from composites with a core made from **CoreCORK**, resulting in appreciable reduction in weight as well as reducing energy consumption and CO_2 emissions. Some of the solutions developed for this project are now expected to be produced industrially, following an international presentation at BusWorld 2011;
- in the area of railway interiors, the **ECOTrain** project is expected to be concluded at the beginning of 2012 with the presentation of new solutions for composite train floors and side panels incorporating **CoreCORK** materials, reducing their weight and lessening the environmental impact during their 30-year useful life;
- the launch of the **FIRE RESIST** project, supported by EU's Seventh Framework Programme, a European initiative aimed at studying new high performance, fire-resistant composite materials for use in railway, aeronautical and naval applications, where the excellent suppressant qualities of cork can be optimised and used to their full advantage. Initial results have been promising, focusing specifically on cores for «sandwich» building materials with demanding structural requirements;
- the launch at the end of 2011 of the **BIOBUILD** project, also supported by the Seventh Framework Programme, which brings together a group of leading European companies in the areas of construction and composite materials with the objective of developing several components (panels, windows etc.) and new, more sustainable production strategies for these products, which use natural materials that have less impact on the environment.

New Portuguese and international projects are expected to be launched in 2012 and 2013 with a view to enhancing technological networking and stimulating the development of new materials and products in partnership with other industrial companies and technological centres, focused on the areas of transport (solutions for interiors), construction (renovation and modular construction), and more generally on composite material solutions based on cork and incorporating other materials as part of a permanent search for eco-efficient solutions.

4.5. INSULATION CORK

In 2011, the R&D activities of the Insulation Cork BU remained focused on the following projects:

- **WaterCork:** aimed at researching the application of cork industry materials and/or by-products with a view to using cork as an absorbent for pesticides and cyanotoxins;
- **BloCork:** aimed at developing a construction brick using lightweight concrete containing expanded cork regranulate as a raw material.

These projects form part of the Group's development and innovation strategy for cork through the creation of new added-value applications for this natural raw material.

CORK HAS NUMEROUS ATTRIBUTES THAT MAKE IT THE IDEAL MATERIAL FOR THE MOST DEMANDING INDUSTRIES, INCLUDING THE AUTOMOBILE, ENERGY AND AERONAUTICAL SECTORS.

5. INTEGRATED MANAGEMENT SYSTEM

QUALITY, ENVIRONMENT AND SAFETY

Aligning different management subsystems aimed at improving efficiency and integrating them with the strategic objectives of the balanced scorecard approach provide an important guarantee for CORTICEIRA AMORIM's sustained development.

The year of 2011 was characterised, above all, by the consolidation of this crucial alignment through the renewal of the certification (FSC, ISO 9001, PEFC, SYSTECODE) of several management subsystems in different Group companies as well as obtaining new certifications, such as Forest Stewardship Council (FSC) and Programme for the Endorsement of Forest Certification (PEFC) certification of the German unit for marketing wood floor and wall coverings and FSC certification for the Neutrocork® stopper production unit.

The increase in FSC certifications obtained in 2011 means that CORTICEIRA AMORIM now has 30 industrial and/or distribution units certified to this standard, providing customers with additional guarantees of its ethical business approach through the conservation of forest resources.

The alignment of different management subsystems and the integration the Cork Stopper BU's global strategy was strengthened by the implementation of a Food Safety Management System in new units (in addition to those that already have ISO 22000 certification), which will result in their ISO 22000 certification in coming years.

The priority given by the Group to integrating and aligning different management subsystems is also reflected in the annual publication of its Sustainability Report (published since 2006, making CORTICEIRA AMORIM the first and only company in the cork sector to do so), where the objectives, control and reporting of the Group's performance in terms of sustainable development are set out.

6. HUMAN RESOURCES

The main focus of human resources management in 2011 was to ensure demanding levels of performance with appropriate responses in terms of quality, delivery deadlines and productivity.

However, in a year in which meeting innovation objectives was paramount, priority was also given to activities aimed at preparing for the future by building and developing skills to meet the challenges the lie ahead.

In terms of **recruitment**, new professionals were hired by each business unit in highly specific areas, in accordance with the future priorities of each BU. Apart from production operations, were recruitment was driven by increased activity, most new recruits were taken on in the areas of product development, marketing and commercial activities.

In a year in which business activity was strong, investment focused on **training**. Training initiatives were aimed at ensuring employees achieved the required level of technical skill for the post they occupied in the Raw Materials and Cork Stopper BU, which opened new industrial units, and at developing skills that are highly specific to the cork sector. The Cork Stopper, Floor and Wall Coverings and Composite Cork BU also implemented specific medium-term training plans for employees in commercial areas. The Cork Stopper BU launched a multi-annual skills development plan for junior staff with the aim of creating a dynamic programme for improving staff skills over the medium and long term.

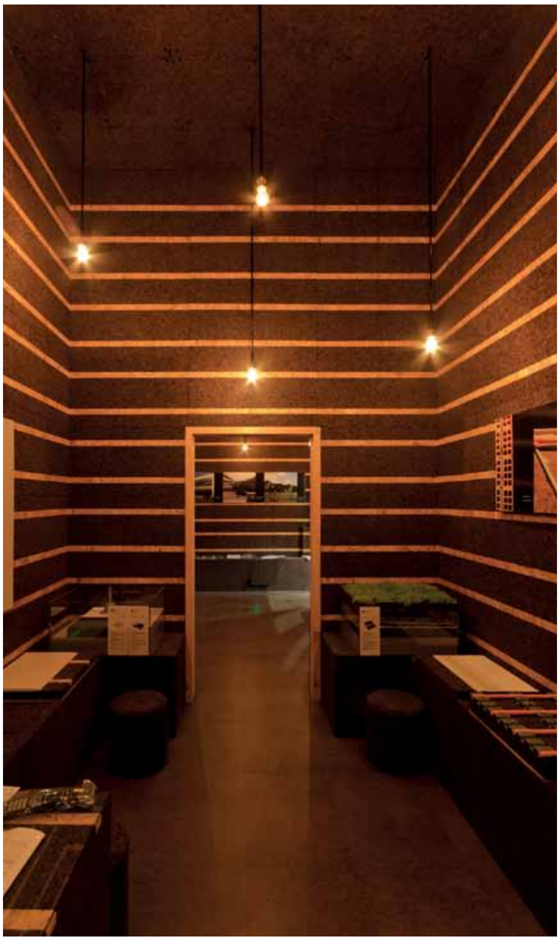
SOME NOTEWORTHY NUMBERS: DAILY SALES OF **€ 2.2** MILLION; **15** MILLION CORK STOPPERS SOLD EVERY DAY; **5,269** NEW CUSTOMERS IN 2010 AND 2011.

In the area of **internal communication**, special note should be made of the support given to the CORK.IN programme, one of the main pillars of CORTICEIRA AMORIM's innovation project. The launch and implementation of this internal communication initiative (Ideas Systems/Upwards Communication) involved 30 to 40 facilitators in each BU in support of an intensive training programme, with agents in each BU and a significant number of information meetings to raise awareness of the project among all employees. The time dedicated to the project totalled more than 3,700 work hours.

Special mention should also be made of the range of activities undertaken by the Group in the area of **social responsibility**, in regard to both the surrounding community and employees.

During the year, the different BU organised collections of cash, clothes, household appliances and food for social welfare institutions in the local communities were their industrial units are located. A campaign focusing on used school textbooks (called From Hand to Hand) was also held for the first time to facilitate their exchange between employees and to encourage the saving, recycling and reuse of educational materials. A partnership between the Cork Stopper BU and DECO, Portugal's main consumer body, was also aimed at raising awareness in regard to savings and the sensible management of personal and family budgets.

In the area of education, the voluntary work that CORTICEIRA AMORIM employees perform in primary schools, raising awareness of environmental issues, deserves special mention, as does the Group's continuing partnership with Junior Achievement and the Porto City Council in support of Entrepreneurship Education at a group of Porto schools.



In 2011, a year of intense business activity, the overall level of absenteeism continued to decline, falling to an average rate of 3.8%. Accident rates remained close to the levels registered in 2010, with frequency and seriousness rates of 25 and 570 respectively, levels considered positive for this industrial sector.

On 31 December, 2011, CORTICEIRA AMORIM employed a total of 3,357 members of staff, of which 2,436 were in Portugal and 921 overseas.

7. CORTICEIRA AMORIM ON THE STOCK MARKET

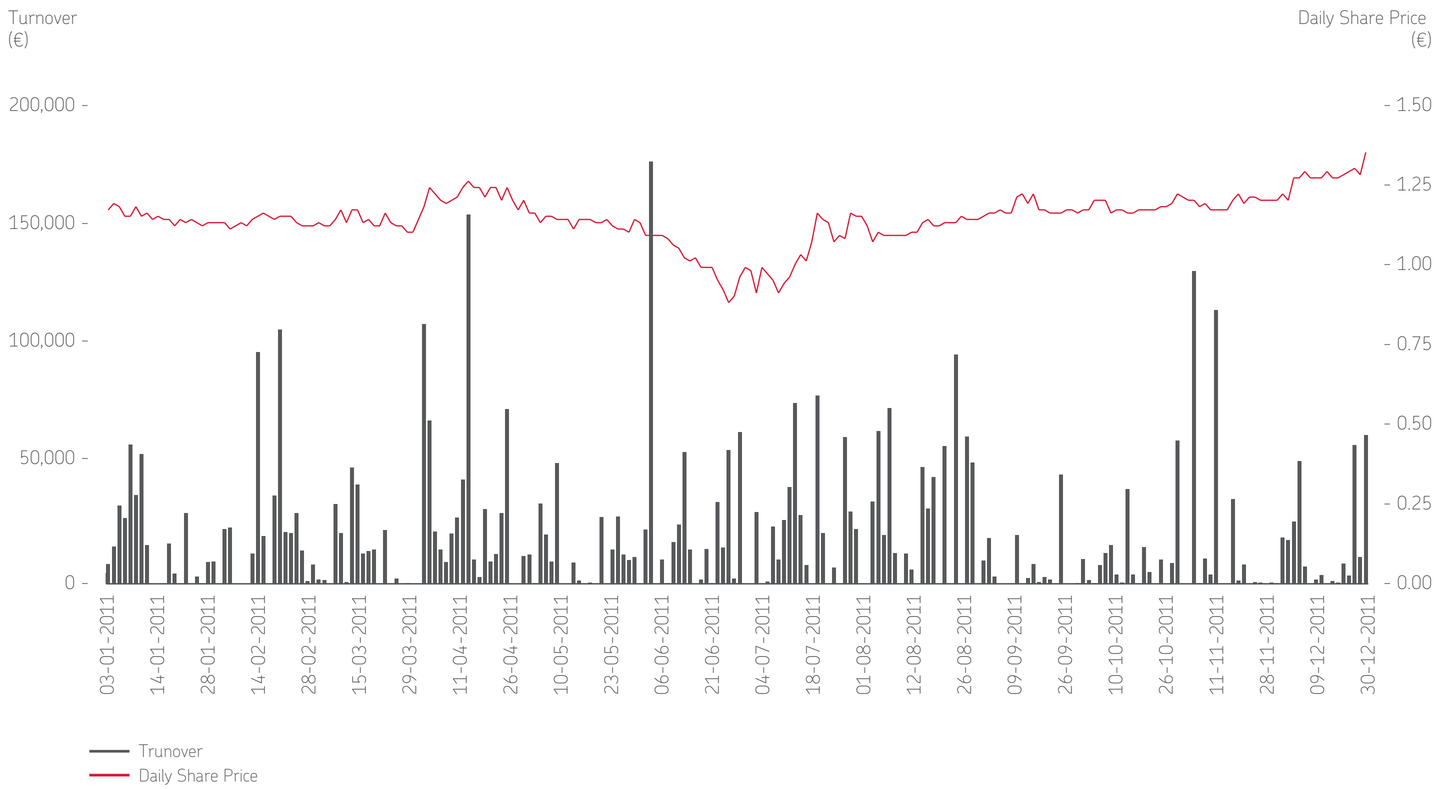
The share capital of CORTICEIRA AMORIM is currently € 133 million, represented by 133 million ordinary shares with a face value of € 1 each. Every share confers the right to receive dividends. Shares issued during the company's capital increase were admitted to trading by the Euronext Lisbon Stock Exchange (then called the BVLP – Bolsa de Valores de Lisboa e Porto), on December 19, 2000, joining the company's others shares, which had been quoted on the BVLP since the beginning of 1991. The shares have been traded on Portugal's continuous trading system since December 11, 1991.

On 30 December of the year under review, CORTICEIRA AMORIM shares ended the session at € 1.35, a gain of 16.4% over the year-end 2010 share price. In spite of a decrease in the transactions (-42% than 2010), over 4.4 million shares were traded on the stock exchange and there were 1,748 share transactions exceeding, in the whole, € 4.3 million.

In 2011, the average price per share was € 1.14; the maximum price per share reached € 1.35 on 30 December; the minimum share price was € 0.87 on the stock exchange sessions of 27, 28 and 29 June; the percent amplitude stood at 55.17%.

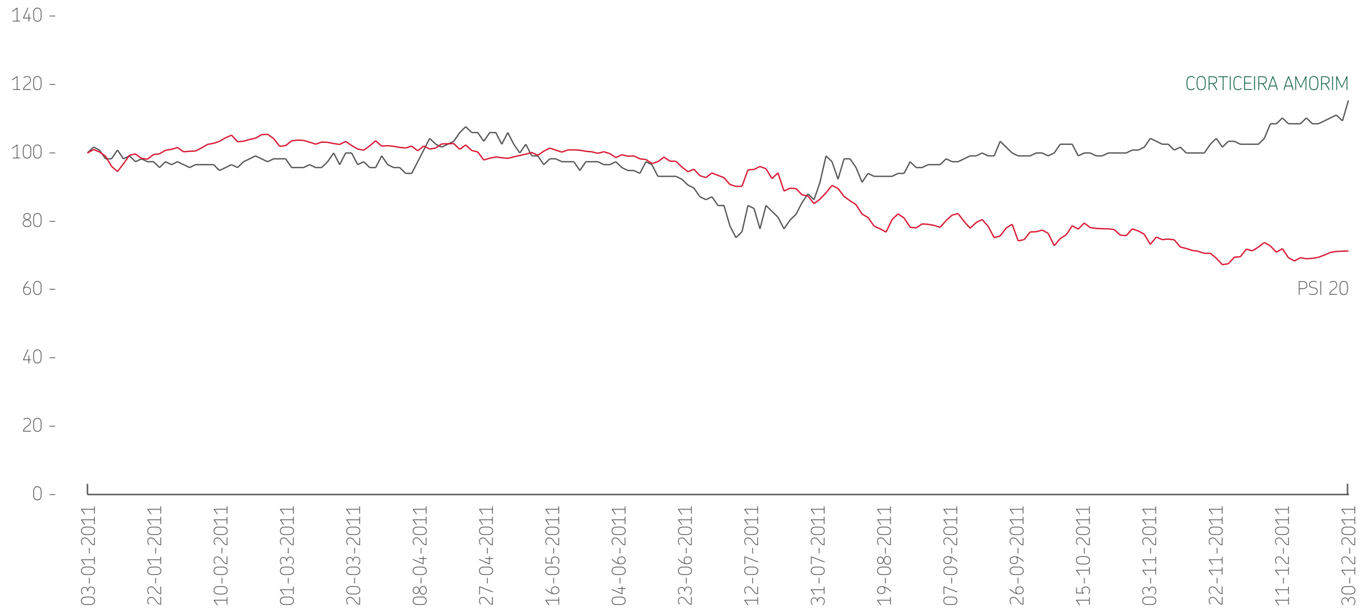
The following charts illustrate CORTICEIRA AMORIM's stock market performance:

Trading Volumes on the Regulates Market



Source: NYSE Euronext

Share Price Performance in 2011



Sources: NYSE Euronext and Reuters.

Stock Market Performance

	2009	2010	2011
No. of shares traded	18,680,284	19,697,861	4,448,911
Share prices (€):			
Maximum	1.05	1.20	1.35
Average	0.84	0.96	1.14
Minimum	0.54	0.79	0.87
Year-end	0.94	1.16	1.35
Trading frequency	94.1%	93.0%	90.5%
Stock market capitalisation at year-end (€)	125,020,000	154,280,000	179,550,000

Source: NYSE Euronext

8. CONSOLIDATED RESULTS

8.1. SUMMARY OF ACTIVITIES

Financial markets remained instable during the second half of 2011 and the situation in the European Union (EU) worsened. Political uncertainty and a lack of financial confidence contributed to the continuation of a recessive economic climate. The downward revision of economic growth forecasts extended to every EU country, while the US continued to avoid this negative scenario. Although US growth had been modest and for a long time had been insufficient to generate new jobs, its persistence began to bear fruit. By the end of the year clear signals of increased consumer confidence and a drop in the unemployment rate marked the beginning of a definitive upturn for the US.

It was in this dual world, in which the feebleness of European growth contrasted with the dynamism of the rest of the world, that CORTICEIRA AMORIM developed its business activities in 2011.

After a difficult period that extended from the second half of 2008 to the first half of 2009, coinciding with the peak of the world crisis, **CORTICEIRA AMORIM emerged a stronger, more competitive and more profitable company, surpassing in 2011 the performance of its best previous year (2007).**

Growth in the world wine, sparkling wine and spirits market in recent quarters is estimated to have lifted consumption to the same level as 2008. The increase is estimated at 1% to 2% in volume terms. The growth of the Californian wine industry and the shortages of wine registered in some regions are clear indications of the high level of confidence in some markets.

The incapacity of some competitors to respond to market demands and the level of service provided by CORTICEIRA AMORIM, which operates an unrivalled distribution network, enabled the Group to replace some of these competitors on the order books of more demanding customers. For the second consecutive year, cork stoppers gained market share from plastic and aluminium closures in 2011. A two-digit fall since 2010 in sales of plastic closures and the insolvency of second- and third-tier manufacturers led customers to return to the CORTICEIRA AMORIM product portfolio.

In the area of floor and wall coverings, civil construction activity remained weak in Europe. However, non-traditional markets outside Europe continued to register significant growth rates. Because these markets are largely unaware of cork, efforts made to raise awareness of cork products and a dynamic commercial approach to these markets resulted in considerable sales growth. These markets include East Europe and North America. In the future, the Group plans to extend this approach to new and robust markets in the so-called developing economies and to geographically closer markets that, for a variety of reasons, cork floor and wall coverings have encountered difficulties in becoming established.

In the area of technical composite cork, the strong growth registered in 2010 decelerated slightly in 2011. Being more exposed to industrial activity than the Group's other areas, the Composite Cork BU was hit hard by the 2008-2009 crisis and is the BU that has recovered most since 2010. Investments initiated in 2011, as well as new and larger production capacity, point to a marked turnaround in the BU's activity from the second half of 2012.

Insulation was the only sector where sales did not increase in 2011. The Insulation Cork BU is highly dependent on the European construction and building restoration markets, to the extent that sales growth in the Middle East and Asia was insufficient to compensate for the fall in sales registered in the second half of the year.

Finally, production by the raw material industrial units in Morocco, Algeria and Tunisia was only minimally affected by the social upheaval that affected the region in 2011. The action of employees was fundamental in maintaining operations and defending the installations.

8.2. CONSOLIDATION PERIMETER

The consolidation perimeter underwent some changes in 2011. The alterations, which did not have any material effect on CORTICEIRA AMORIM's activities or consolidated results, are described below.

At the end of the first half, Amorim Revestimentos, S.A. acquired 51% of the equity of Timberman Denmark A/S, creating a joint venture with a partner that has a longstanding and strong presence in the Danish wooden floor and wall coverings market. As a result of this new approach to the Danish market, the activities of the Group's subsidiary Amorim Flooring Nordic A/S will be reassessed in 2012. Timberman was included in CORTICEIRA AMORIM's consolidation perimeter from the third quarter (3Q).

Effective from 1 October, 2011, Amorim & Irmãos, S.A. underwent a division in which its raw material (cork) purchasing and preparation activities were removed from its balance sheet and moved to the balance sheet of Amorim Florestal, S.A. This division-merger gives legal form to the separation that had already existed for many years between the management of such diverse businesses as cork stoppers and raw materials. At the end of 2011, in response to the need to alter the Group's approach to the Argentinian cork stopper market, it was decided to suspend the activities of the subsidiary Amorim Argentina, S.A. simultaneously with the acquisition of a 50% holding in Corchos de Argentina, S.A. The activities of the associate company Corchos de Argentina, S.A. will be consolidated by the equity method from the beginning of 2012.

The sub-holding company Amorim Cork Distribution Netherlands B.V. was wound up at the end of 2011 as part of a reorganisation of the holdings of the Floor and Wall Coverings BU.

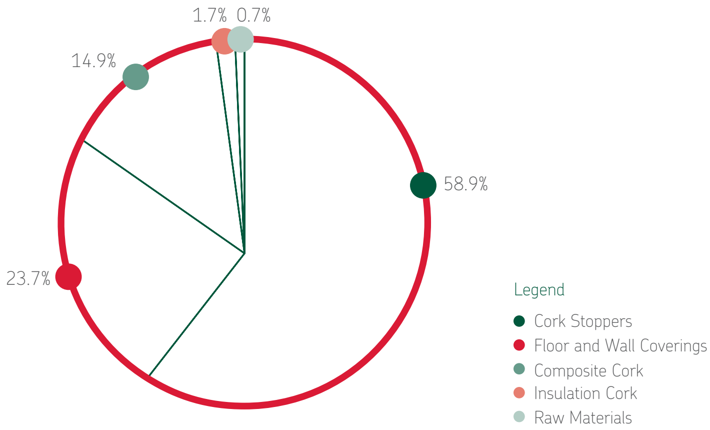
8.3. CONSOLIDATED RESULTS

CORTICEIRA AMORIM recorded its best year to date in 2011, in terms of both sales and results. Sales totalled €494.8 million, an increase of 8.3% (€38 million) on 2010.

Eight consecutive quarters in which comparable sales increased enabled CORTICEIRA AMORIM to lift sales by €80 million in two years, almost reaching annual sales of €500 million:

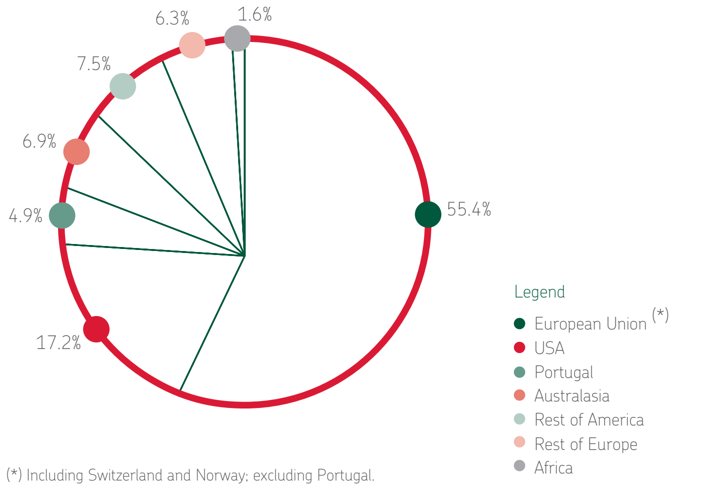
Period	Sales Growth
4Q11/4Q10	4.80%
3Q11/3Q10	9.90%
2Q11/2Q10	13.00%
1Q11/1Q10	6.30%
4Q10/4Q09	10.20%
3Q10/3Q09	11.50%
2Q10/2Q09	7.70%
1Q10/1Q09	10,90%
4Q09/4Q08	-3.80%

Consolidated Sales by Business Unit (*)



(*) Sales to non-group Clients.

Consolidated Sales by Geographical Areas (*)



(*) Including Switzerland and Norway; excluding Portugal.

In 2011, as in previous years, the Cork Stopper BU was the biggest contributor to the increase in consolidated sales, due to its weight in the consolidated results. Sales growth for the Raw Materials BU was in line with the consolidated average, almost all its production being integrated into CORTICEIRA AMORIM value chain. The Floor and Wall Coverings and Composite Cork BU recorded sales growth that was slightly below the consolidated average.

The gross margin percentage fell slightly from its historic high of 51.6% in 2010 to 51.2%. The increased cost of some raw materials and an unfavourable exchange rate effect annulled the positive impact of increased sales prices.

In absolute terms, however, it was the impact of increased sales that proved crucial. The gross margin rose by about €18 million, an increase of 7.7%, slightly below the increase in sales.

Current operating costs increased 6.2%, reflecting an increase in external supplies and services (+10.5%). In 2011, the industry was affected by significant price increases for some its most important services and consumables. Increased fuel, electricity and transport prices had a negative impact on CORTICEIRA AMORIM's competitiveness, as they did on Portuguese industry as a whole. Cost-cutting measures to offset the effect of these increases were introduced, including the use in 2012 of rail transportation to some European markets.

A 9.5% increase in activity (increased sales and production) led to an inevitable increase in staff costs. Maintaining high rates of production capacity use could not be achieved without hiring more workers. In 2011, the average number of employees increased by 68, of which 11 came from companies newly introduced into the consolidation perimeter. A total of 33 new employees were contracted by the production sector.

Staff costs rose to €93.8 million, an increase of 3.4% on 2010. However, they also fell below 19% of sales for the first time in more than a decade.

Total current operating costs, including depreciation, rose to €203.6 million, an increase of 6.2% on 2010. In absolute terms, the increase amounted to €12 million, which, given the €18 million increase in the gross margin, freed an additional €6 million for current EBITDA (earnings before interest, tax, depreciation and amortisation).

Current EBITDA increased 9.7% to €72.4 million. The EBITDA/Sales ratio improved in comparison with 2010, reaching 14,6% – one of the best ratios in the history of CORTICEIRA AMORIM:

Year	EBITDA /Sales
2005	11.6%
2006	12.6%
2007	12.8%
2008	10.3%
2009	9.3%
2010	14.4%
2011	14.6%

The Cork Stopper (€37.4 million) and Raw Materials (€19.6 million) BU made the largest contributions to consolidated EBITDA. In comparative terms, special mention should be made of the performance of the Floor and Wall Coverings BU, which lifted EBITDA from €6.3 million in 2010 to €10.3 million in 2011.

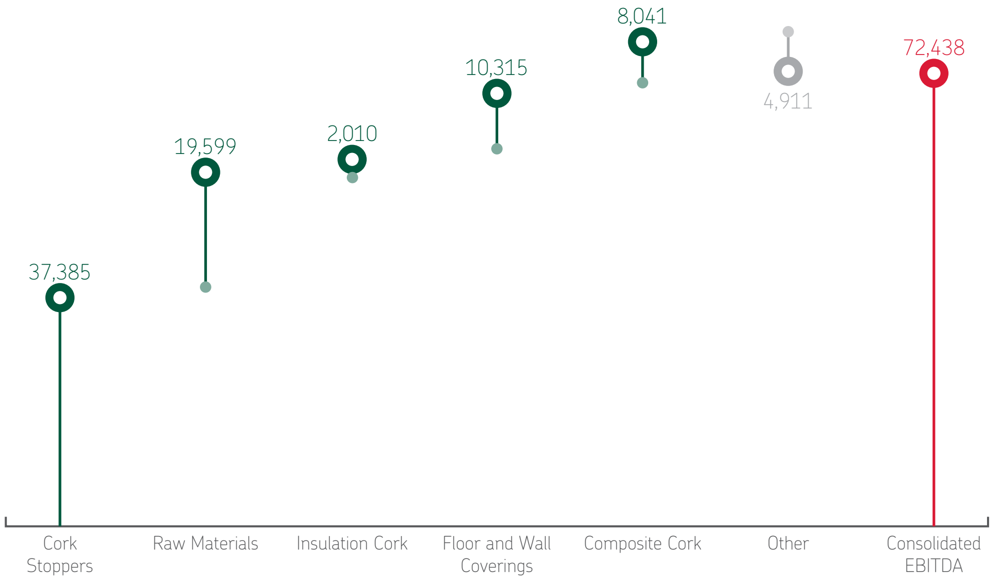
In light of exceptional circumstances, imparity tests were carried out in 2011 to determine the value of the goodwill at two subsidiaries. As reported in previous quarters, a deterioration in the level of transactions and declining margins at the associate company US Floors, Inc., together with a growing financial imbalance, led the Group to record the remaining impairment of its goodwill as a non-recurring expense in the amount of €3.6 million. In view of recent social and political developments in Tunisia, and mainly due to a sharp increase in the country's risk level, the Group decided in the third quarter to carry out goodwill impairment tests of its subsidiary companies located in the region. On the other hand, the cash flow discount rate was adjusted to reflect the country risk. An impairment of €2.2 million was recorded as a result of the test.

At the end of 2011, imparity tests were made to determine the value of the goodwill of all the Group's subsidiaries. The tests did not show any need to record any other impairment.

The value of the impairments calculated was recorded as a non-recurring expense.

Net financial costs totalled €5.5 million, a large increase compared with the previous year (€4.2 million). Although there was some increase in the level of average remunerated net debt, the increase in financial costs was largely due to an increase in the interest rates paid by CORTICEIRA AMORIM, an effect that was felt most strongly from the beginning of the second half. The gain made from the swap in the first half was neutralised in the second half.

EBITDA: BU contribution
thousand euros

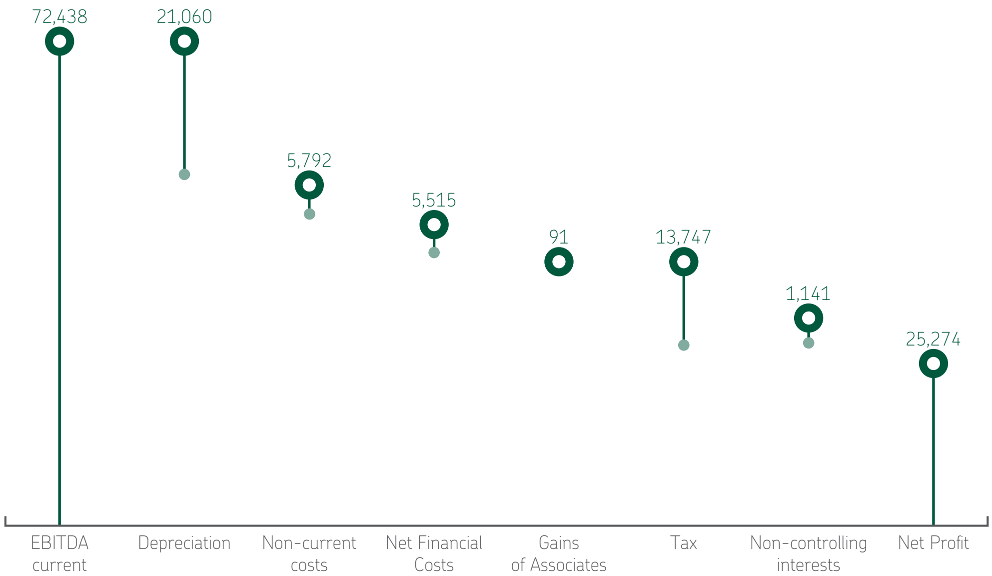


The value of gains by subsidiary companies was negatively affected by the need to record a proportionate share of the losses at US Floors, Inc. and by the results of the first year of activity of Dyn Cork – Technical Industry, Lda. At the end of 2011, this item showed a marginal gain of €91,000, compared with a gain of €350,000 in 2010.

Tax on earnings was estimated at €13.7 million. This represents an effective tax rate of about 30%, mainly reflecting the increased taxation of Portuguese companies (higher basic tax rates and new methods of calculating local and state surcharges). A provision against possible liabilities in a legal cases dating from 1997 was also recorded in 2011 (€0.6 million).

After accounting for minority interests in the amount of €1.1 million, net profit payable to CORTICEIRA AMORIM shareholders totalled €25.274 million, an increase of 23.1% compared with the €20.535 million registered in 2010.

Composition of Net Profit
thousand euros



9. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

A €43 million increase in activity, to a total value of €605 million, explains the increase in the value of stock over the 2011 financial year (+€40 million). In fact, a larger cork purchasing campaign than in the previous year, together with an increase in the average purchase price, resulted in a €35 million increase in the raw materials in stock account, reflecting a general increase in stock levels.

The total value of non-current assets remained little changed at €208 million. In spite of total depreciation of €21 million, tangible fixed assets rose by about €4 million in value, implying capital expenditure of approximately €25 million. In regard to current assets, the increase in activity was also reflected in the value of trade receivables, in addition to the previously mentioned increase in the value of stocks. The value of trade receivables rose by about €6 million, which, given an increase in sales of about €38 million, indicates that customer payment periods did not lengthen.

The value of equity rose to €282 million, an increase of about €14 million. The increase essentially reflects 2011 earnings (€25 million) and the distribution of €12 million in dividends at the end of April 2011.

In spite of the increase in equity value, the financial autonomy ratio fell from 47.8% in 2010 to 46.7%. The significant increase in the value of the balance sheet neutralised the impact of the change in equity value. Even so, the ratio is at a comfortable level, reflecting the solidity of CORTICEIRA AMORIM's balance sheet.

In terms of liabilities, special mention should be made of the change in the level of remunerated debt. A number of medium-term (two to three years) debt operations (bond issues and commercial paper programmes) were completed, resulting in a substantial improvement in permanent capital, broadening the range of maturities and diversifying sources of finance, specifically overseas sources. In this context, a medium-term (three-year) loan was contracted from a foreign financial institution in January 2012.

Net remunerated debt totalled €117 million at the end of the financial year, an increase of €15 million from December 2010. The increase resulted from a bigger raw material (cork) purchasing campaign, a record dividend pay-out and greater capital expenditure than in previous years. At the end of 2011, the value of unused credit lines totalled €128 million.

Main Consolidated Figures

Company		2011	2010	Variation	4Q11	4Q10	Variation
Sales		494,842	456,790	8.3%	114,750	109,522	4.8%
Gross margin – value		255,007	236,830	7.7%	58,965	61,445	-4.0%
	1)	51.19%	51.64%	-0.45 p.p.	51.7%	50.6%	+ 1.1 p.p.
Operating costs – current		203,629	191,691	6.2%	51,885	53,137	-2.4%
EBITDA – current		72,437	66,006	9.7%	12,824	13,937	-8.0%
EBITDA/Sales		14.6%	14.4%	+ 0.2 p.p.	11.2%	12.7%	-1.55 p.p.
EBIT – current		51,378	45,139	13.8%	7,080	8,308	-14.8%
Non-current costs	2)	5,792	5,110	N/A	29	1,886	N/A
Net income		25,274	20,535	23.1%	3,839	2,808	36.7%
Earnings per share		0.200	0.162	23.6%	0.030	0.022	38.3%
Net bank debt		117,424	102,423	15,001	-	-	-
Net bank debt/EBITDA (x)	4)	1.62	1.55	0.07 (x)	-	-	-
EBITDA/Net interest (x)	3)	22,0	28.4	-6.41 (x)	16.2	28.1	-11.87 (x)
Equity to net assets ratio		46.7%	47.8%	-1.15 p.p.	-	-	-

1) Related to production.
2) Goodwill impairment.
3) Net interest includes interest from loans deducted of interest from deposits (excludes stamp tax and commissions).
4) Current EBITDA of the last four quarters.

10. THE ACTIVITIES OF CORTICEIRA AMORIM'S NON-EXECUTIVE BOARD MEMBERS

In accordance with Portugal's Corporate Governance Act (*Código do Governo Societário*), which sets out the recommendations of the Security Markets Commission (CMVM) on corporate structure and governance, CORTICEIRA AMORIM provides the following information on the activities of its non-executive board members.

During 2011, the non-executive members of the Board of Directors regularly attended the monthly meetings of the Board, where all matters that could not be delegated or were included on the agenda because of their importance, scale or critical timing were discussed and analysed.

The meetings were organised administratively to ensure that all board members, executive and non-executive, could adequately prepare beforehand, encouraging the active participation of all members in the debate, analysis and tabling of decisions in benefit of the productivity of the meetings and the efficiency of the Group. The calendar of ordinary meetings of the Board of Directors was agreed at the beginning of 2011 to enable all members to attend. Any board member, including non-executive members, could submit points or discussion subjects for inclusion in the agenda up to two working days before each meeting.

A system has been implemented that enables the Executive Board to report to the Board of Directors in such a way as to ensure that the activities of the two bodies are properly aligned and that all members of the Board of Directors are informed in a timely fashion of the activities undertaken by the Executive Board.

As a consequence, and excepting matters that are of the exclusive competence of the Board of Directors, non-executive board members were informed of and able to follow:

- the development of operating activities and the main economic and financial indicators of all the BU that comprise CORTICEIRA AMORIM;
- information relation to the Group's consolidated finances: financing, investment, financial autonomy and extra-patrimonial responsibilities;
- activities carried out by different support services and their impact on the Group;
- the development of IR&D activities;
- the calendar of the main events involving CORTICEIRA AMORIM and its BU, given that the Group is often represented at international events, such as trade missions, by one or more non-executive member of the Board of Directors.

11. FUTURE OUTLOOK

11.1. ECONOMIC FRAMEWORK

11.1.1. Global Perspectives

The **Global Economy** is expected to decelerate slightly in 2012 without suffering the hard landing that had been feared some months ago and which affected business confidence at the end of 2011. Global growth is estimated at 3.25%, a downward revision from the 4% forecast by the IMF in September 2011. According to IMF forecasts, world trade will grow 3.8%, almost half the growth rate of 2011. However, uncertainty over the evolution of the international economic climate remains high. Financing conditions deteriorated and negative risks intensified at the end of 2011. Doubts about positive growth in developed economies increased and the probability of a long period of stagnation is high. While developing economies will enjoy higher growth, the slowdown in external demand from developed economies, together with weak domestic demand resulting from previous monetary tightening, pose a significant challenge to developing economies. The risk of protectionist policies is high. The worsening of the Euro Zone sovereign debt crisis in the second half of 2011 and the opening weeks of 2012 intensified market tensions and spread instability to other European economies. The negative impact on other economies exacerbated existing fragilities. The resolution of the problems affecting the Euro area does not yet appear to have been guaranteed and the risk of worldwide contagion remains. Monetary policy is likely to remain extremely expansionist at a global level – the leading monetary authorities of the main developed economies are expected to keep interest rates extraordinarily low and to inject large amounts of liquidity, while developing countries will gradually lower interest rates. The process of global deleveraging will continue. Confidence, essential to modern economies, will remain fragile and volatile. Market sentiment will also remain highly volatile in 2012 and liquidity will be an important factor to take into consideration.

The **Euro Zone**, where the economy is forecast to contract slightly (0.5%), will be the exception to the climate of moderate growth expected in 2012. This will mark a substantial change from the positive performance of the previous year. The outlook is sombre – the risks of a deterioration of the crisis in the Euro area affecting the world economy are high and pose a serious challenge to growth in Asia. Simultaneous fiscal consolidation in different member states will limit the capacity for growth. The sovereign debt crisis, which worsened in 2011, will remain uncontained in 2012 – sufficient guarantees not yet having been put in place to ensure the fiscal sustainability of Greece, adequate control of bank exposure or to prevent the spread of contagion. The performance of the European authorities in dealing with the different aspects of the problem has been marked by progress and setbacks, surprises and ambiguities. Financial stability has not been assured and it is feared that the simultaneous effect of tighter fiscal consolidation with result in negative growth.

The **US**, however, should enjoy moderate growth, albeit below potential, at a rate of about 1.8%. Campaigning for the presidential election in November will mark the year. Growth will be limited by the continuing correction of the real estate market, high unemployment and by the reluctance of companies to invest. Imbalances in the public accounts and the level of public debt will persist as challenges that need to be resolved. Monetary policy will remain ultra-expansionist. After the contraction registered in 2011, due mainly to the devastating effects of the large earthquake in the east of the country, **Japan** should return to economic growth of about 1.7% in 2012. This, however, will be mainly due to statistical effects following the post-earthquake contraction registered in the first half of 2011. The strong valuation of the yen and the «soft patch» that will characterise the growth of world trade in 2012 (despite being mitigated by the fact that Japanese exports are performing well, as 60% go to Asia) is likely to limit the expected positive contribution of net exports. Unemployment is not expected to fall from the levels registered in 2011. In terms of prices, the possibility of the return of an inflationary climate is not to be discounted.

China should be successful in achieving the soft landing it is aiming for. Growth in 2012 is forecast at around 8.2%, confirming the moderate deceleration registered since the post-crisis peak in 2010 (10.3%). The challenge facing China is to move from a growth model essentially based on external demand to a more balanced model in which private consumption plays a more important role. The trend for a gradual reduction in inflation should continue to levels marginally below 4%, reflecting the delayed impact of the monetary tightening that has been implemented since October 2010.

11.1.2. Portugal

Portugal is expected to register one of its worst economic performances on record in 2012. The economy could contract by 3.1%. Overall, economic activity and domestic demand are likely to suffer an unprecedented contraction over the period 2011-2013. GDP per capita will fall away from the Euro area average. The risks facing the Portuguese economy will be aggravated by the fact that 2012 is the first full year for implementation of the measures agreed in the Economic and Financial Assistance Programme (EFAP) signed in May 2011. As well as continued budgetary consolidation – which is expected to go beyond the level agreed in the EFAP and reach the equivalent of about 5% of GDP, 2012 will also be a year of structural adjustment, aimed not only at balancing the public accounts, but also at establishing a basis for improved economic competitiveness. The Portuguese economy is undergoing a process of rebalancing by moving away from excessive dependence on domestic demand, but it is doing so by means of a demanding programme of economic adjustment. Forecasts indicating that Portugal will achieve a primary surplus in its budget deficit in 2012 could prove overoptimistic. Every component of domestic demand is likely to suffer a contraction even more negative than those recorded in 2011. It is also feared that the conditions for financing the economy will be more restrictive than in 2011, given that the banking sector is undergoing its own process of accelerated deleveraging and could opt to restrict credit rather than inject more capital to strengthen its solvency ratios. The impact on economic growth will not be insignificant. In a climate of economic contraction, net exports are expected to be the only component that contributes positively to growth, although this will not be sufficient to compensate for the impact of the adjustment on domestic demand. The trade deficit – one of the most persistent imbalances in the Portuguese economy – could be almost annulled in 2012. However, the slowdown expected in the rest of the world and worsening sentiment indicators at the beginning of 2012 raise concerns about the level of external demand for Portuguese exports. Unemployment is likely to continue increasing, as it has done since 2008, already having reached a record 14%. Real wages are also expected to fall in 2012. Inflation is likely to remain high in 2012, continuing the 2011 trend and reflecting the impact of changes in VAT rates, including increased VAT on electricity and natural gas, the fact that basic energy prices are likely to remaining at the same level or move higher, and, lastly, the competitive rigidity of a number of economic sectors. Inflation is forecast to fall to 3% in 2012 from an estimated 3.5% in 2011.

CORK, WHICH UNITES TRADITION, INNOVATION AND SUSTAINABLE DEVELOPMENT, IS A MATERIAL WITH A PROMISING FUTURE.

11.2. OPERATING ACTIVITIES

11.2.1. Raw Materials

This BU's fundamental activity is the supply of raw materials. No major changes are expected in its purchasing activities in 2012, its principle mission being to continue to guarantee the necessary cork supplies for CORTICEIRA AMORIM's production operations to the end of 2013, maintaining a balance between three factors: quantity, quality and price.

In terms of profitability, developments in 2012 are expected to be slightly less favourable than in the previous year. This reflects two main factors: the use of cork acquired in 2011, when the purchase price increased; and a forecast increase in context costs, especially those that have a significant weight in the CORTICEIRA AMORIM's operations: energy and transport.

No significant disturbance in the operation of the BU's units in North Africa is expected, in spite of the fact that the global situation in the respective countries has not yet been stabilised.

In 2012, the BU will continue to focus on creating a culture of innovation, increasing it R&D activities in regard to both product and processes in terms of both cork oak plantations (*montado*) and the cork oak species itself. This new culture will also be expressed through a strengthening of the CORK.IN programme through changes aimed at adding greater value.

11.2.2. Cork Stoppers

According to the latest study by the International Wine and Spirits Record (IWSR), published by the Vinexpo organisation, world wine consumption is forecast to increase by a billion bottles between 2009 and 2013.

In terms of country rankings, the IWSR confirmed previous forecasts that the US will become the world's leading wine market. The current ranking is led by France, followed by Italy, with Spain in third place, while countries such as Russia, China, Canada, Brazil and India are growing in importance.

In general terms, however, this increase in consumption is expected to place strong upward pressure on the price of wine, given that production may not be able to keep up with demand.

The so-called «old world», notwithstanding its stability in consumption levels, represents the BU's largest market, both in volume and value. It will be the main focus of actions designed to consolidate this position through high levels of service, quality and operating efficiency.

Pressure to reduce the sales price of the BU's products will continue in 2012, accompanied by more demanding requirements in terms of quality and service.

The challenge facing the BU is to both grow and increase value by expanding its market share and improving profitability. As a result, strategic planning will focus on key issues such as quality and operating efficiency as well as the comparative and competitive advantages provided by an unrivalled distribution network and the attention the BU gives to its direct customers, part of an overall pattern of excellence in terms of service and price.

Reducing the level of invested capital will also be a priority for the BU through the disposal of non-core assets and the implementation of a stock reduction plan throughout its supply chain, especially outside Portugal.

In this context, the BU will seek to achieve the following strategic objectives:

- a balanced mix of volume and value, favouring products with greater growth potential and that are perceived by customers as having greater value;
- strengthening its leadership of the multinational and large domestic customer segment;
- developing opportunities to enlarge its distribution network, giving priority to Europe and higher value added products;
- improving competitiveness through increased operating efficiency, adjusting cost structures to the level of the margin generated;
- increasing the commercial network's capacity for expansion, giving priority to products with the greatest growth potential;
- reducing TCA levels to below 1 ng/litre;
- giving priority to projects aimed at rationalisation, technological evolution/automation and industrial process efficiency;
- improving supply chain management to reduce costs and invested capital and to improve service levels.

11.2.3. Floor and Wall Coverings

Underlying the sales forecast for 2012 is the consolidation of the success of the BU's new collections of floor and wall coverings featuring differentiating factors achieved through technology applied to their visual appearance and means of installation. The new collections, including Artcomfort, FastConnect and the «glue down» Vinylcomfort range, were well received by leading clients when they were presented at international trade fairs.

Developing opportunities in new markets remains a priority. The first stage in this approach was completed in 2011 and is expected to have a positive impact on sales in 2012. Expanding the existing distribution network will enable the BU to devote more attention to potential growth markets.

The main challenge facing the BU in 2012 is to ensure profitability in every region where it operates, using the added value of new product solutions to create a perception of value in the market, which can subsequently be reflected in the positioning of sale prices.

11.2.4. Composite Cork

The coming year of 2012 will be a period full of challenges. The increased cost of the BU's main raw materials in 2011 has set demanding new standards for its products, on the basis of which it needs to build a level of profitability appropriate to the amount of capital invested in the business. At the same time, creating value in the current world economic and financial climate demands a greater capacity for innovation and reinvention.

In this context, the outlook is for a difficult year in which the allocation of resources must again be constantly scrutinised, but in which important changes in the positioning of the BU will also take place, reflecting a gradual evolution in the essential attributes of the product and creating new opportunities for the sustained development of the business, in which cork is a key differentiating factor.

The value strategy, launched in 2011, following the recovery in 2010 of the historic sales volumes achieved in 2009, will continued to guide all the BU's initiatives and projects, both internally and externally. In terms of the market, priority will be given to the growth of applications with greater added value, involving the introduction of new products and partnerships at the level of know-how, technology and products. In regard to the BU's more traditional applications, business development will focus on markets in regions with greater growth potential and on a constant effort to win and maintain new customers, promoting a renewed mix of products and solutions.

The development of new products and combining new and existing materials will be fundamental elements in the process of evolution in which the BU is engaged. New technology due to become available in 2012 will play a decisive role in this strategy.

11.2.5. Insulation Cork

The unique characteristics of the products and solutions produced by this BU will contribute to the greater visibility and use of its product – superior in performance, natural and ecological – as well as its marketing focus on the concept of sustainable construction – the new MDFachadas system, Ecological Homes and more recently an innovative insulation solution consisting of a composite cork sheet with embedded wooden struts called Lambourdé.

The implementation of a package of initiatives and projects aligned with the BU's global strategy will enable it to achieve its objectives of profitable growth for the generality of its products and to optimise the capital invested in the business.

11.3. RESULTS

CORTICEIRA AMORIM has set cautious goals for 2012 and does not expect any significant organic growth in sales in a year when operating margins will reflect the pressure on variables such as the price of cork, subsidiary materials and energy.

As mentioned in the analysis of 2011, the increased cost of essential goods and services essential such as electricity, gas, fuels and transport, represent an enormous obstacle to competitiveness. Even when possible, the introduction of alternatives will produce results only over the medium term. Higher interest rates and a new increase in taxation on corporate activities will also hit aspirations for growth.

At the business level, the purchase of raw material cork at a higher price in 2011 will have its forecast effect on the results of 2012.

On a positive note, CORTICEIRA AMORIM can count on the capacity and commitment of its management team and employees. High levels of service should continue to increase the Group's market share. In addition, the USD exchange rate was a little stronger at the beginning of a 2012, a trend that, if it continues, could have a positive impact on results.

12. BUSINESS RISKS AND UNCERTAINTIES

During the Company's long history, which already encompasses three centuries, it has successfully coped with profound, sometimes radical transformations in society and come through two World Wars. Throughout this history, CORTICEIRA AMORIM has correctly and in a timely fashion identified the risks and uncertainties associated with its business and faced them with confidence as opportunities and challenges.

A long way from being over, the global crisis that the world is experiencing has greatly restricted economic activity. The lack of liquidity has had a strong negative impact on corporate activity, particularly investment; the slowdown in business operations continues to cause significant job losses; but, most seriously of all, a profound crisis of confidence has led to vicious circle of contracting consumption, investment and finance.

CORTICEIRA AMORIM, like other companies, continues to operate in an adverse economic climate and contracting consumption that is affecting its main exports markets, despite the widespread feeling that there are positive indicators in some emerging markets, specifically:

I. **the construction sector** – the marked deceleration of activity in this sector, in terms of both new building and the renovation of existing buildings, combined with the postponement of purchasing decisions by the end users of floor and wall coverings and insulation materials has resulted in a slowdown in global demand for these products.

   CORTICEIRA AMORIM continues to resist this global deceleration by acting on previously identified opportunities for growth, strengthening the BU's presence in emerging markets already identified as possessing high growth potential and seeking to gain an increased share of more mature markets. These opportunities will be significantly leveraged by the launch of new collections and the development of the BU's product portfolio, including a possible expansion of the range of products manufactured.

   Growing awareness among end customers of factors relating to sustainability will also help make cork floor and wall coverings attractive to consumers, constituting an important engine for the growth in sales volume.

II. **the world wine sector** – because of the ongoing crisis, there is no expectation of a recovery in *per capita* wine consumption or a reversal of the trend for trading down, with consumers opting to buy lower-priced wines, a trend that may affect the product mix of the Cork Stopper BU.

As detailed in the R&D chapter of this report, CORTICEIRA AMORIM has over recent years developed a range of technical stoppers of a level to meet the requirements of any wine producer in terms of quality, quantity and price. The BU now manufactures a product range that enables companies producing broad portfolios of wines to use cork stoppers and benefit from their added value in terms of sustainability and CO_2 retention, two indispensable factors of product differentiation at an international level.

Over the long term, CORTICEIRA AMORIM's performance can also be influenced by the following factors, which the Company permanently monitors and evaluates:

I. **exchange rate volatility** – a factor that may erode business margins. Over the short term, the effects of the exchange rate volatility have been offset by an active policy of substituting invoicing currencies – in 2011 consolidated sales in non-Euro currencies accounted for 29.4% of sales to non-Group customers – and by adopting a consistent policy of hedging exchange rate risk (either through natural hedging or appropriate financial instruments); over the long term CORTICEIRA AMORIM is committed to developing new products/solutions with greater added value with a view to establishing a product mix capable of overcoming these limitations. As a result, the company has adopted an organisational model geared to moving up the value chain and neutralising this risk;

II. **climate change** – a factor that could potentially reduce the availability of raw materials in that it could destabilise the ecosystem on which the cork oak depends as a result of severe droughts, which would threaten the propagation and growth of the tree. More importantly, the capacity of the cork oak and of cork, both as a raw material and in the form of cork products, to retain carbon helps to mitigate the emission of the greenhouse gases that cause climate change.

The cork oak is the basis of an ecological system that is unique in the world, contributing to the survival of many species of indigenous fauna and to the protection of the environment. The tree is only to be found in seven countries in the western Mediterranean basin – Portugal, Spain, France, Italy, Morocco, Algeria and Tunisia – where it acts as a barrier against the advance of desertification as it can survive in dry climates with little rainfall, helping to fix soil and organic material, reducing erosion and increasing water retention.

CORTICEIRA AMORIM products are also important absorbers of carbon, which they retain until the end of their useful life. Each cork stopper, for example, is responsible for the fixation of 8.8 grams of CO_2.

The industrial processing of cork harvested from cork oaks is the best way to guarantee the preservation and sustainable development of cork oak forests, ensuring their economic viability. Cork oak forests have today become a centre of attention. Specific legislation to protect these forests has been approved and several non-governmental organisations that seek to protect forests have devised programmes aimed at the improvement and certification of forest management practices.

This means that, rather than forecasting a reduction in the amount of raw material available, it is expected that the facts described above (the fixation of CO_2 and the increased use of cork for thermal insulation with the development of eco-construction) will provide an opportunity for highlighting the unique advantages of cork products.

III. **the development of alternative closures** – the use of these closures is falling for the fifth consecutive year, a trend reinforced over the past year by positive signals from the North American market – which become the world biggest wine market – as well as the UK market, with wineries, retailers and consumers confirming their preference for cork. This consumer preference was enhanced by the external promotion campaign conducted by the Portuguese Cork Association (APCOR). But it is also important to consider two other factors in the analysis of the plastic closure market: one of a technical nature and the other related to image. The first relates to the failure to devise manufacturing processes capable of reproducing the clear advantage cork has of achieving a balance between the effort required to extract the stopper and the optimum level of oxygen permeability that it provides for wine aging. Cork stoppers had reinforced in 2011 its position as the closure of choice and the benchmark for quality, performance and image.

Like plastic closures, the screw-cap is associated with low-grade wine and lower levels of profitability for producers and distributors. Studies carried out on the US begin to demonstrate and measure this premium factor associated with the cork.

Efforts to use screw-caps as an alternative to plastic closures have been limited, conditioned by three important factors:

- the obvious technical complexities of using an anaerobic closure such as the screw-cap – particularly the phenomenon of reduction – are still barriers to its use and a general adoption of screw-caps is far from becoming a global threat to natural cork and cork's recognised technical and environmental advantages; in terms of market share, the screw-cap closure remains the steadiest position among alternative wine closures;
- the growing awareness of modern societies of the environmental and ecological costs involved in the use of manufactured products is now an irreversible reality, requiring these costs to be estimated and controlled. As a result, the replacement of a natural product – cork – by a product manufactured by an industrial process that consumes more energy than any other comparable process has met not only with the natural resistance of consumers, but also of the society as a whole;
- the obvious decrease of the Premium factor in the wine brands and wine-producing regions for those considering using screw-caps.

The debate on wine closures is currently focused on two main aspects, both of them highly positive for cork: questions of sustainability, which are clearly of concern to public opinion, and technical and media recognition that the reduction problems associated with screw-caps are undeniable. Simultaneously, over the last twelve months, there has been growing consumer awareness about the potential negative impact that this technical issue may trigger over time on the brand equity of wines using this alternative wine closure.

13. FINANCIAL RISK MANAGEMENT

CORTICEIRA AMORIM's activities are exposed to a number of financial risks: market risk (including exchange rate and interested risk), credit risk, liquidity risk and capital risk. In accordance with line e) of number 5 of article 508-C of the Portuguese companies Act, full details of the company's financial risk management goals and policies, including its policies for hedging each of the main categories of transaction for which it uses hedge accounting and its exposure to price, credit, liquidity and cash-flow risks, are given in the note on «Financial Risk Management» included in the Notes to the Consolidated Accounts.

14. PROPOSED APPROPRIATION OF PROFIT

Based on the annual financial statements for the year ended 31 December 2011 and in view of the fact that the Company's net loss for the year was € 1,079,933.10 and the amount of the Company's distributable reserves was € 71,769,813.04 the Board of Directors of CORTICEIRA AMORIM, S.G.P.S., S.A., hereby proposes that the Annual General Meeting considers and approves a resolution as follows:

1. that the above net loss for the year in the amount of € 1,079,933.10 (one million, seventy nine thousand, nine hundred, thirty three euros and ten cents) be carried forward to a Retained Earnings account;
2. that the sum of € 8,645,000.00 (eight million, six hundred and forty five thousand euros) - a part of the amount that appears under the «Free Reserve» account - be distributed as dividends corresponding to a dividend of € 0.065 per share.

15. TREASURY STOCK

During the year under review, there has been no trading of CORTICEIRA AMORIM's own shares. On December 31, 2011, CORTICEIRA AMORIM's treasury stock totalled 6,787,462 shares, representing 5.103% of the Company's share capital.

16. SUBSEQUENT EVENTS

Subsequent to December 31, 2011 and until the date of this report, there were no other relevant facts that may have a material adverse effect on the financial position and future results of CORTICEIRA AMORIM and the subsidiaries included in the consolidation.

17. STATEMENT OF RESPONSIBILITY

In accordance with line c) of number 1 of article 245 of the Portuguese Securities Code, the members of the Board of Directors state that, to the best of their knowledge, the annual accounts and other documents included in the statement of accounts were drawn up in accordance with the applicable accounting standards, giving a true and accurate account of assets and debts, of the financial situation and profits/losses of CORTICEIRA AMORIM, S.G.P.S., S.A. and the companies that are consolidated by the group. They also state that the management report faithfully expresses the business evolution, performance and position of CORTICEIRA AMORIM, S.G.P.S., S.A. and the companies that are consolidated by the group and that the report includes a special chapter describing the main risks and uncertainties of the company's businesses.

18. FINAL WORDS

The Board of Directors would like to take this opportunity to express its gratitude to:

- the Group's shareholders and Investors for their unfailing trust;
- the Credit Institutions with which the Group works for their invaluable cooperation; and
- the Supervisory Board and the Statutory Auditor for the rigour and quality of their work.

To all our employees, whose willingness and commitment have contributed so much to the development and growth of the companies belonging to the CORTICEIRA AMORIM Group, we express our sincere appreciation.

Mozelos, February 16, 2012

The Board of Directors of CORTICEIRA AMORIM, S.G.P.S., S.A.

António Rios de Amorim
Chairman

Joaquim Ferreira de Amorim
Vice-Chairman

Nuno Filipe Vilela Barroca de Oliveira
Member

Luísa Alexandra Ramos Amorim
Member

Jorge Manuel Seabra de Freitas
Member

André de Castro Amorim
Member

Fernando José de Araújo dos Santos Almeida
Member

AMORIM

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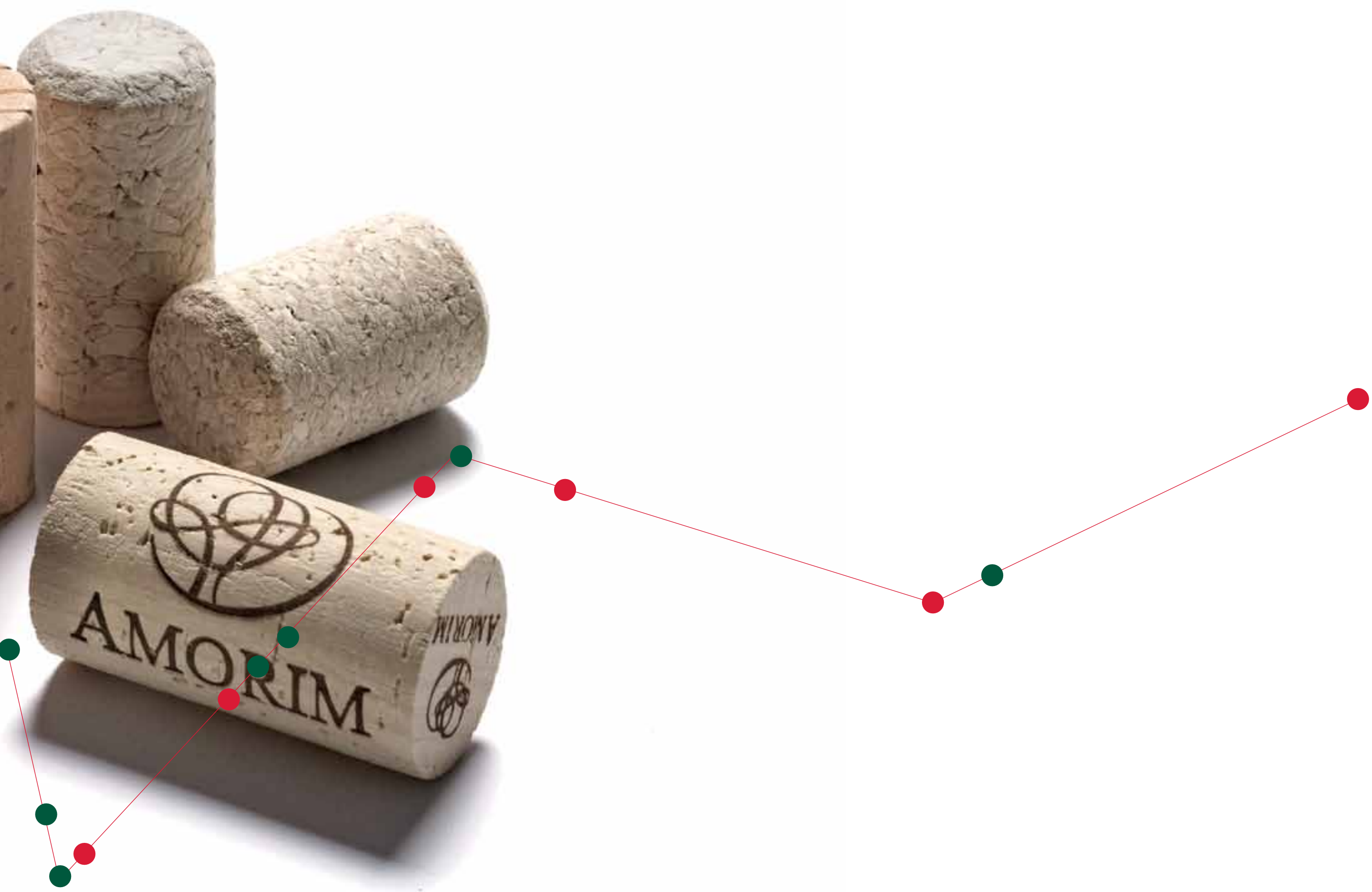


Corporate Governance Report

The corporate governance model adopted by CORTICEIRA AMORIM is aimed at ensuring balance and transparency in the way the Group competes and conducts its business. The company has also put in place a range of measures designed to strengthen internal systems for control and supervision, encourage shareholders to participate in the life of the company and guarantee sustained value creation.

From the publication, in 1999, of the first Portuguese Securities Market Commission's (CMVM) recommendations on corporate governance aimed at improving the mechanisms protecting investors in securities markets, CORTICEIRA AMORIM has been engaged in a process of reviewing its corporate governance system. On the one hand, the Company has been comparing its corporate governance principles and practices to what it is considered to be the best existing practices and, on the other hand, to the circumstances underlying its business and the challenges the Company has to face. As a result of this process CORTICEIRA AMORIM has been implementing a number of measures, whose main objectives are to strengthen the internal systems of control and supervision, increase transparency, encourage shareholder participation in the corporate life and guarantee sustained value creation for its shareholders.

This document describes the corporate governance policies and practices adopted by our Company and it also provides a qualitative evaluation of those policies and practices by comparison with the best practices framework set out in the CMVM Corporate Governance Code.

Chapter 4 of this report includes information set out in articles 447 and 448 of the Portuguese Companies Act, in sections 14(6) and 14(7) of the CMVM Regulation no. 5/2008 (Transactions involving Directors and Officers) and in article 3 of Law No. 28/2009 of 19 July (Remuneration Policy).

CHAPTER 0 - STATEMENT OF COMPLIANCE

0.1. Websites where the corporate governance codes (by which the issuer is governed) are available

In matters of corporate governance CORTICEIRA AMORIM is governed by: (i) current Portuguese legislation, in particular the Portuguese Companies Act, the Portuguese Securities Market Code and the regulations issued by the Portuguese Securities Market Commission, which may all be accessed on the CMVM's website: www.cmvm.pt; (ii) its own articles of association, which are available on the Company's website at: www.corticeiraamorim.com; and (iii) the 2010 CMVM Corporate Governance Code as referred to in the CMVM Regulation no. 1/2010 and which, despite taking the form of a recommendation framework, constitutes an important benchmark of good practices, also available at www.cmvm.pt.

CORTICEIRA AMORIM assesses its practices in relation to the aforementioned Corporate Governance Code on a «comply or explain» basis. This report on CORTICEIRA AMORIM's corporate governance structures and practices is benchmarked against all legislation, regulations and recommendations to which the Company is subject.

0.2. Detailed description of the recommendations contained in the CMVM Corporate Governance Code and whether they have or have not been adopted by the company.

The review undertaken indicates that CORTICEIRA AMORIM has achieved **a high level of compliance with the CMVM recommendations** on corporate governance, as is shown in the table below:

Compliance with the CMVM's Recomendations

Recommendation	Position as at 31-12-2011	Description in the Report	Recommendation	Position as at 31-12-2011	Description in the Report
I.1.1.	Adopted	1.1.	**II.1.5.3.**	Not adopted	2.29.
I.1.2.	Adopted	1.3.	**II.1.5.4.**	Not applicable	2.30.
I.2.1.	Adopted	1.4.	**II.1.5.5.**	-	-
I.2.2.	Adopted	1.4.	**II.1.5.6.**	Adopted	1.15.
I.3.1.	Adopted	1.9.	**II.1.5.7.**	Adopted	3.33.
I.3.2.	Adopted	1.9.	**II.2.1.**	Adopted	2.2.; 2.3.
I.3.3.	Adopted	1.6.	**II.2.2.**	Adopted	2.3.
I.4.	Not adopted	0.3., 1.8.	**II.2.3.**	Adopted	2.3.
I.5.	Adopted	-	**II.2.4.**	Adopted	Chapter 10 of the Directors' Report
I.6.1.	Adopted	1.19., 1.20.	**II.2.5.**	Adopted	2.3.
I.6.2.	Adopted	1.20.	**II.3.1.**	Adopted	2.3.
II.1.1.1.	Adopted	Introduction to Chapter 2	**II.3.2.**	Adopted	2.3.
II.1.1.2.	Adopted	2.5., 2.6.	**II.3.3.**	Not applicable	-
II.1.1.3.	Adopted	2.6.	**II.4.1.**	Not applicable	-
II.1.1.4.	Adopted	2.5, 2.6., 2.9.	**II.4.2.**	Adopted	-
II.1.1.5.1.	Not adopted	0.3., 2.7.	**II.4.3**	Adopted	-
II.1.1.5.2.	Not adopted	0.3., 2.7.	**II.4.4.**	Not adopted	0.3.
II.1.2.1.	Adopted	2.1.	**II.4.5.**	Adopted	-
II.1.2.2.	Not adopted	0.3., 2.14., 2.15.	**II.4.6.**	Not adopted	0.3.
II.1.2.3.	Adopted	2.14., 2.15.	**II.5.1.i)**	Adopted	2.30.
II.1.3.1.	Adopted	2.21., 2.22.	**II.5.1.ii)**	Adopted	Introduction to Chapter 2
II.1.3.2.	Adopted	2.11., 2.16.	**II.5.1.iii)**	Not adopted	0.3.
II.1.4.1.	Adopted	2.35.	**II.5.2.**	Not adopted	0.3., 2.38., 2.39.
II.1.4.2.	Adopted	2.35	**II.5.3.**	Not adopted	0.3.
II.1.5.1.i)	Adopted	2.30., 2.33.	**II.5.4.**	Adopted	-
II.1.5.1.ii)	Not adopted	0.3., 2.33.	**III.1.1.**	Adopted	3.16.
II.1.5.1.iii)	Not adopted	0.3., 2.33.	**III.1.2.**	Adopted	3.16.
II.1.5.1.iv)	Adopted	2.30.	**III.1.3.**	Not adopted	0.3.
II.1.5.1.v)	Not applicable	2.33.	**III.1.4.**	Not adopted	0.3., 3.17.
II.1.5.1.vi)	Not applicable	2.33.	**III.1.5.**	Not adopted	0.3., 3.17.
II.1.5.1.vii)	Not adopted	0.3.	**IV.1.1.**	Adopted	3.13.
II.1.5.1.viii)	Adopted	2.30., 2.33.	**IV.1.2.**	Not adopted	0.3., 3.13.
II.1.5.2.	Not adopted	0.3., 2.30.			

0.3. Explanation and justification of the discrepancies between the company's corporate governance practices or structure and the portuguese securities market commission's recommendations.

On December 31, 2011, CORTICEIRA AMORIM operated in full compliance with all applicable laws and statutory provisions in force. As shown in the table above, CORTICEIRA AMORIM did not fully implement all recommended practices set out in the Portuguese Securities Market Commission's Corporate Governance Code as set out in 0.1. above.

CORTICEIRA AMORIM admits that the Portuguese Securities Market Commission's Code is a benchmark of good corporate practice that contributes largely to a careful consideration and adoption of a corporate organisational framework which safeguards the rights and interests of the Company's shareholders, boosts transparency in corporate governance and fosters greater efficiency and competitiveness of business.

However, as the Portuguese Securities Market Commission's Recommendations also state, after careful consideration of the specific circumstances that surround and shape the Company, weighing the expected benefits and costs of adopting or not adopting some of the recommendations set out in the Corporate Governance Code – both as regards transparency and balance of power in the Company as well as its competitiveness – have led us to decide, under certain circumstances, not to adopt certain recommendations and under other circumstances, to postpone their adoption, as detailed below:

Recommendation I.4. – Quorum.

CORTICEIRA AMORIM's articles of association fix a quorum higher than that required by law[1] in the following cases:

- restriction or abolition of shareholders' pre-emptive subscription rights in share capital increases – in order that a resolution on this issue may be adopted, the Annual General Meeting must be attended by shareholders accounting for at least 50 per cent of the paid-up share capital (article 7);

- removal of a director elected under the special provisions set out in article 392 of the Portuguese Companies Act – in order that a resolution on this issue may be adopted, it is necessary that shareholders accounting for at least 20 per cent of the share capital shall not vote against the resolution to remove a director from office (article 17);
- in order that resolutions may be passed at an Annual General Meeting convened by shareholders, the meeting shall be attended by members holding shares equivalent to the minimum amount required by law to justify the calling of such a meeting (article 22);
- change in the composition of the Board of Directors – this resolution must be approved by shareholders accounting for at least two-thirds of the share capital (article 24);
- winding-up of the Company – this resolution must be approved by shareholders accounting for at least 85 per cent of the paid-up share capital (article 33).

Therefore, non-compliance with the CMVM's Recommendation and the requirement of a higher quorum than that provided for by the Portuguese Companies Act gives shareholders – particularly small or minority shareholders – an important role in a number of decisions that can have significant impact on corporate life (winding-up), corporate governance model (removal of a Director proposed by minority shareholders and change in the composition of the Board of Directors), ownership rights of shareholders (restriction or abolition of shareholders' pre-emptive subscription rights in share capital increases) and an appropriate participation in Annual General Meetings convened by shareholders.

[1] The Portuguese Companies Act sets out various requirements in order that resolutions may be validly adopted at an Annual General Meeting:

Quorum (article 383):

1. On first convening, resolutions may be passed at an Annual General Meeting regardless of the number of members present in person or by proxy, unless otherwise laid down in the following paragraph or in the Company's articles of association.
2. On first convening, the Annual General Meeting can pass resolutions to amend the Company's articles of association or the Company's merger, de-merger, transformation or winding-up or any other matters in respect of which an unspecified qualified majority is required by law, if shareholders jointly holding at least one third of the Company's share capital are present in person or by proxy at such meeting.
3. On second convening, resolutions may be passed at an Annual General Meeting regardless of the number of members present in person or by proxy at the meeting or the Company's share capital held by such members.

Majority voting (article 386):

1. Resolutions at an Annual General Meeting shall be passed by a simple majority of the votes cast, regardless of the percentage of share capital held by the members attending the meeting, unless otherwise provided for by law or in the Company's articles of association; abstentions are not counted.
2. In the event of competing motions for appointment of members to the governing bodies or appointment of statutory auditors or statutory audit firms, the motion receiving the highest number of votes will win.
3. Resolutions on any matter specified in section 383(2) must be carried by a majority of two-thirds of the votes cast, regardless of whether the meeting is convened for the first or for the second time.
4. On second convening, resolutions on any matter specified in section 383(2) may be carried by a simple majority of the votes cast by shareholders present in person or by proxy at the meeting and jointly holding at least half of the Company's share capital.

Thus, after reviewing the above considerations, the Board of Directors is of the opinion that keeping these conditions will contribute to enhance and protect shareholders' rights and role in respect of significant corporate governance matters – values that the Corporate Governance Code seeks to protect.

Recommendation II.1.1.5.1. and Recommendation II.1.1.5.2. – Existence and disclosure of formal regulations governing the functions, role and responsibilities of the board of directors.
Although, as envisaged in this recommendation, there are no formal written internal rules, the Board of Directors of CORTICEIRA AMORIM scrupulously complies with all regulations applicable to it, especially those set out in the Portuguese Companies Act, in the Company's articles of association and in the regulations issued by the CMVM. The Board considers that such regulations are a real set of operating rules conducive to the effective and efficient running of the operations of the Company and this governing body's commitment to the safeguarding of the interests of the Company and its shareholders.

Moreover, although CORTICEIRA AMORIM has no formal internal rules, the Company considers that the principles of good business practice form part of the business values upheld not only by the members of this governing body but also by all staff members who assist and/or advise the board of directors.

Given that these internal regulations have not yet been formalized, they are not available on the Company's website. However, the Board of Directors complies with all operating rules prescribed by law (Portuguese Companies Act) or by the Company's articles of association, which operating rules are available on the CMVM's website (www.cmvm.pt) or on the Company's website (www.corticeiraamorim.com), respectively.

Recommendation II.1.2.2. - The board of directors shall include independent non-executive directors.
The Board of Directors shall consist of seven members – four of whom shall be non-executive directors and three shall be executive directors – and therefore the requirement for an adequate number of non-executive directors on the board is thus complied with.

Although the Board of Directors does not include any independent non-executive member as recommended by the Corporate Governance Code, the Company believes that the existence of two supervisory teams – a Supervisory Board and a Statutory Auditor – whose members are all independent, ensures that the interests envisaged by this recommendation are fully and appropriately protected. In addition, it is believed that the observance of this independence requirement coupled with the liability regime for members of the Supervisory Board, meet the conditions necessary to ensure effective supervision to a high standard of impartiality, rigour and independence.

Recommendation II.1.5.1.ii) – Adequate balance between variable pay component and fixed pay component and maximum limits for the actual pay package.
It must be stressed that current practice clearly reflects a reasonable balance not only in terms of absolute values but also in terms of the ratio between fixed and variable pay components. However, the Company's articles of association impose a limit on the percentage amount that can be set aside for profit sharing schemes, which percentage payable to the entire Board of Directors may not exceed 3 per cent.

Recommendation II.1.5.1.iii) – Deferral of variable pay award for a period of not less than three years depending on the continued positive performance of the company.
Although payment deferral under the conditions specified in this Recommendation is not standard practice, it should be noted that the variable pay award (i.e., a performance-based bonus) payable to the executive members of the Board of Directors and to the Company's Officers will depend on the level of achievement of a number of strategic targets, objectives and initiatives and priority actions set out in a three-year plan, including any annual adjustments thereto, thus safeguarding the interests envisaged by this recommendation for a period not exceeding three years.

THE CORPORATE GOVERNANCE MODEL ADOPTED BY CORTICEIRA AMORIM IS AIMED AT ENSURING BALANCE AND TRANSPARENCY IN THE WAY THE GROUP COMPETES AND CONDUCTS ITS BUSINESS.

Recommendation II.1.5.1.vii) – Adequate legal instruments to prevent payment of compensation for wrongful dismissal of a director if such dismissal is due to the director's inadequate performance.
There are no legal instruments meeting the terms set out in this recommendation. With regard to dismissal of a director, it is understood that the provisions of Article 403 of the Companies Act shall apply. In case of wrongful dismissal of a director, the provisions of Section 403(5) of the Companies Act setting forth that «If the dismissal is not for a valid authorized cause, the director shall be entitled to compensation for damages suffered in accordance with the terms of the agreement entered into by the director or under general law, but such compensation cannot exceed the expected sum of the remunerations that a director would have received by the end of his or her term of office» shall prevail.

Recommendation II.1.5.2. – The report on remuneration policy for members of the company's management and supervisory bodies as specified in article 2 of Law no. 28/2009 of June 19, 2009 shall also provide information on comparative figures for determining these officers' remuneration as well as payments for dismissal or termination of employment by mutual agreement.
Although the report on remuneration policy for members of the Board of Directors and Supervisory Board - containing all of the information required under the above law – shall be issued and submitted for approval to the Annual General Meeting, such report does not include information on payments for dismissal or termination of employment by mutual agreement because the Company is of the opinion that the provisions of the law must apply. No payments were made for dismissal or termination of employment of a director by mutual agreement during the financial year under consideration.

Recommendation II.1.5.3. – As provided for in article 2 of Law no. 28/2009 of June 19, 2009 the report on remuneration policy shall include information on the remuneration payable to directors and officers, whose variable pay component is substantial. The long-term performance of the company, its compliance with the regulations applicable to its business and risk taking behaviour must be taken into account in designing such a policy.

Although the report on remuneration policy for directors and officers – containing all of the information required under the above law – shall be issued and submitted for approval to the Annual General Meeting, the report does not specifically meet the reporting requirements in terms of regulations applicable to the business of the Company because such regulations are deemed to be redundant since strict and diligent compliance with the law is a condition precedent to the rendering of any professional service. The report does not also meet the disclosure requirements on risk avoidance since this is achieved in the Company by implementing an efficient internal control system.

Recommendation II.4.4. – The supervisory board is entitled to represent the company in dealings with the external auditor.

The Supervisory Board is responsible for proposing the Statutory Auditor(s) for the Company and the Board of Directors is responsible for deciding the auditors' remuneration. It is the responsibility of the Finance and Office Services Department to ensure that adequate conditions for the provision of services are in place within the Company. This segmentation is believed to allow guaranteeing the interests envisaged by this Recommendation.

THE ADOPTION OF BEST PRACTICES THROUGH THE CERTIFICATION OF FORESTRY MANAGEMENT SYSTEMS CONTRIBUTES TO THE VITALITY AND SUSTAINABLE USE OF CORK OAK FORESTS.

Therefore, the failure to adopt this recommendation arises from the implementation of a framework for representation and dialogue with the External Auditor, which framework also ensures the protection of the interests as envisaged by this recommendation. In fact, when issues of a bargaining nature (as is the case of remunerations, but not the case of the scope or extent of the audit work) are removed from the scope of the relationship between the Audit Committee and the External Auditor, the relationship between these independent and supervisory bodies of the Company is thereby facilitated. At the end of each financial year the Supervisory Board shall give its considered opinion on the work carried out by the Statutory Auditor. This opinion together with other financial statements shall be published by the Company.

Recommendation II.4.6. – The internal audit services and the compliance services shall report to an independent director or to the supervisory board.

The internal audit services shall report to the Board of Directors. Although this is not the solution proposed by this recommendation, the Company believes that this is an effective way to guarantee the implementation in due time, to the extent deemed appropriate and in the desired quality, of the rules applicable to the Company, irrespective of whether they are laws, recommendations issued by regulatory authorities, mandatory standards arising from certification processes or procedures implemented by the Company.

Recommendation II.5.1.iii) - Establishment of a committee for identifying potential candidates with the skills to the extent necessary for the performance of director's duties.

There is no such committee pursuant to this Recommendation because the election of members to this committee is based on a proposal submitted by the shareholders to the Annual General Meeting, as detailed in section 2.11. hereof.

Recommendation II.5.2. – The members of the remuneration committee must be independent and include at least one member who must have knowledge of and experience in the field of remuneration policy.

As set out in sections 2.38. and 2.39. below, the members of CORTICEIRA AMORIM's Remuneration Committee should not be formally considered independent from the Board of Directors. However, it is generally believed – particularly by the Annual General Meeting which elected the committee members – that they have adequate technical skills, practical experience and balanced personality to enable them to fully and effectively discharge their role.

Recommendation II.5.3. – No individual or company that provides services – or has provided services in the last three years – to any organization subject to the board of directors, to the board of directors itself or is the current consultant to the company, shall be hired to assist the remuneration committee in carrying out its duties. this recommendation is also applicable to any individual or company having a contractual relationship (an employment contract or a contract for the provision of services) with any of the above mentioned individuals or companies.

The Remuneration Committee shall be assisted only by CORTICEIRA AMORIM's staff. The key skills set out in the immediately previous section are deemed to provide a sufficient safeguard to independence as envisaged in this recommendation.

Recommendation III.1.3. – Rotation of the external auditor every three terms.

There is no Statutory Auditor rotation policy. Extensions of office terms for auditors beyond the above three-term limit must be duly based on the pros and cons of such continuance in office, in particular the knowledge and experience gained in the business sector in which the Company operates. PricewaterhouseCoopers & Associados, SROC, Lda. meets the independence requirements and, in addition, this firm of chartered accountants - in line with international best practices – is willing to rotate the auditor assigned to CORTICEIRA AMORIM every seven years.

In addition to a Statutory Auditor, CORTICEIRA AMORIM has also a Supervisory Board consisting wholly of independent members, whose work cannot be validly performed for a period exceeding three terms.

Therefore, the interests envisaged in this recommendation are believed to be fully protected.

Recommendation III.1.4. – Within the scope of his/her duties and responsibilities, the external auditor must check the effective implementation of the remuneration systems and policies, the effectiveness and operation of the internal control mechanisms and report any shortcomings to the company's supervisory board.
The duties and responsibilities of the Statutory Auditor do not include checking the remuneration systems and policies implemented by the Company.

The Board of Directors believes that the current remuneration management system complies with the remuneration policy approved by the Annual General Meeting.

The performance of all other duties – that must be diligently and effectively carried out – are the Statutory Auditor's responsibility.

Recommendation III.1.5. – The company shall not engage the services other than audit services of external auditors or any organization that belongs to the same network. If there are reasons for engaging such services – which must be approved and duly explained by the company's supervisory board – such non-audit services must not account for more than 30 per cent of the total value of services provided to the company.
The services engaged by the Company from PricewaterhouseCoopers – the Company's Statutory Auditors – do not require prior approval by the Supervisory Board. These services essentially include assisting in the implementation of administrative tasks and procedures with a view to ensuring compliance with the regulations laid down in law. The provision of such services is subject to rules preventing possible issues concerning the independence of the Statutory Auditor, as best illustrated in section 3.17.

Recommendation IV.1.2. – Material transactions between the company and its qualifying shareholders or any organization which controls, is controlled by or is in common control with such shareholders shall require the supervisory board's prior opinion.
Although there is no duty to submit to the consideration of the Supervisory Board information on material transactions between the Company and its qualifying shareholders or persons controlling a qualifying holding, as reported over the years no material related-party transactions have been entered into. However, any such material related-party transactions are carried out under normal market conditions and the amounts of money involved are disclosed in the Annual Report.

0.4. The appropriate governing body or committee shall, at all times, assess the independence of each of their members and explain to shareholders the grounds for any such assessment carried out either at the time of the appointment of any such member or at the time of occurrence of any circumstance which may lead to his/her loss of independence. Such explanation to be given to shareholders shall be included in the corporate governance report.
Every member of the group chairing the Annual General Meeting and the Supervisory Board is liable to be assessed in respect of his/her compliance with the requirements on conflicts of interest and independence set out in articles 414 and 414-A of the Portuguese Companies Act. At the time of a member's first appointment to any such body, he/she must issue a statement expressly stating that:

1. he/she is aware of the legislation which applies not only to his/her eligibility for the position but also to the performance of the duties inherent in the position, including the requirements on conflicts of interest and independence;
2. there are no facts or conditions which could adversely affect his/her compliance with legal requirements for performing the inherent requirements of the position;
3. he/she undertakes to report immediately to the Management of CORTICEIRA AMORIM the emergence of any fact which could adversely affect his/her compliance with such requirements.

Until the date of signature hereof, no notice under paragraph 3 above had been received by the Management of CORTICEIRA AMORIM. Therefore, the conclusion drawn is that every member of the group chairing the Annual General Meeting and the Supervisory Board is in full compliance with the requirements on conflicts of interest and independence, which requirements apply to each of them.

In the light of the concept of independence defined by the Portuguese Securities Market Commission in the Corporate Governance Code («a director should not be considered an independent director if he/she cannot have independent status in another governing body by virtue of applicable law») none of the members of the Board of Directors of CORTICEIRA AMORIM is considered independent. It should be noted, however, that the existence of independence under such terms provides a benchmark for assessing compliance with good practices as recommended by the Corporate Governance Code of the Portuguese Securities Market Commission and is not a legal or statutory requirement for the valid appointment of Board members and their performance of duties.

CHAPTER I – ANNUAL GENERAL MEETING

1.1. Members of the group chairing the Annual General Meeting.

The group chairing the Annual General Meeting shall consist of a Chairman and a Secretary. At 31 December 2011, Mr. Joaquim Taveira da Fonseca and Mr. Tiago Borges de Pinho were, respectively, the Chairman and the Secretary of the group chairing the Annual General Meeting.

The Company shall provide adequate technical and administrative secretariat services tailored to the needs of the group chairing the Annual General Meeting so that the members of this group may competently carry out their assigned duties.

1.2. Beginning and end of the term of office.

Chairman: Mr. Joaquim Taveira da Fonseca

Beginning of his first term of office:	30 March 2007
Renewal of his term of office:	1 April 2011
End of current term of office:	31 December 2013.

Secretary: Mr. Tiago Borges de Pinho

Beginning of his first term of office:	30 March 2007
Renewal of his term of office:	1 April 2011
End of current term of office:	31 December 2013.

1.3. Disclosure of the remuneration paid to the members of the group chairing the annual general meeting.

The chairman of the Group chairing the Annual General Meeting earned five thousand euros in 2011. The overall remuneration paid in 2011 to all members of the group chairing the Annual General Meeting amounted to six thousand five hundred euro.

1.4. Advance time required for depositing or blocking shares in order to be entitled to attend an annual general meeting.

In order to be entitled to attend an Annual General Meeting, the shares owned by a shareholder must be blocked for at least five business days prior to the date scheduled for holding the meeting. In the event of an annual general meeting being adjourned, this provision shall apply mutatis mutandis to the resumed meeting.

1.5. Provisions applicable to share blocking in the event of an annual general meeting being adjourned.

As in the case of an original Annual General Meeting, shareholders wishing to attend an Annual General Meeting adjourned to a later date must ensure that their shares are blocked for five business days prior to the date scheduled for holding the meeting.

1.6. Number of shares and voting rights.

Each share qualifies for one vote.

1.7. Statutory guidelines providing for the existence of shares that do not carry voting rights or determining that voting rights exceeding a certain threshold shall not be counted if such votes are casted by only one shareholder or by a shareholder who is related to that shareholder.
There are no statutory guidelines regarding these provisions.

1.8. Existence of statutory guidelines on the exercise of voting rights, including quorum rules or special equity rights frameworks.
In addition to the guidelines set out in sections 1.4. to 1.6. and 1.9. to 1.12. hereof, the articles of association lay down specific guidelines as regards quorum at general meetings in the following situations:

- restriction or withdrawal of pre-emption rights in share capital increases – the Company's articles of association require that the Annual General Meeting be attended by shareholders accounting for at least 50 per cent of the paid-up share capital;
- removal from office of a director elected under the special rules set out in article 392 of the Portuguese Companies Act, in the event that shareholders accounting for at least 20 per cent of the share capital have not voted against the removal of such director;
- exercising the right to vote – the need to own at least one share of the Company's stock at least five business days prior to the date scheduled for holding the Annual General Meeting;
- in order that an Annual General Meeting requisitioned by shareholders may pass resolutions it is required that the Annual General Meeting be attended by shareholders owning shares representing at least the minimum amount of share capital required by law to legitimize the reason for calling such meeting;
- change in Board composition – such resolution requires the approval of shareholders who represent not less than 2/3 of the total share capital;
- winding-up the Company – such resolution requires the approval of shareholders representing at least 85 per cent of the paid-up share capital.

There is no limit on the number of votes that each shareholder (either separately or jointly with other shareholders) is entitled to cast or exercise in an annual general meeting.

1.9. Existence of statutory guidelines on the exercise of voting rights through postal vote.
The articles of association provide for the possibility of shareholders voting by mail, provided that the ballots reach the Company at least three business days before the Annual General Meeting.

1.10. Provision of postal vote form for exercising the right to vote by postal mode.
Postal ballot forms are available from CORTICEIRA AMORIM's registered office (Rua de Meladas, no. 380 – 4536-902 Mozelos – Portugal) and from the Company's website (www.corticeiraamorim.com). At the request of a shareholder, such postal ballot forms may be provided by e-mail.

1.11. Deadline for receipt of postal ballot forms before the annual general meeting.
Postal ballot forms must reach the registered office of the Company not less than three business days before the Annual General Meeting.

Votes cast by post shall be deemed to be negative votes in respect of a motion made on a date subsequent to the date on which such votes were cast. Attendance of a shareholder either in person or by proxy at an AGM shall revoke his/her vote cast by post.

1.12. Exercise of voting rights by electronic means.
CORTICEIRA AMORIM's articles of association allow electronic voting at AGM, provided that there are adequate technical resources available to enable checking the validity of electronic votes and ensuring their data integrity and confidentiality.

Electronic ballots must reach the registered office of the Company not less than three business days before the Annual General Meeting. Prior to sending a notice convening an AGM, the chairman of the group chairing the annual general meeting shall ensure that adequate technical resources are in place to ensure ballot security and reliability.

REMUNERATION POLICY IS AIMED AT ALIGNING THE INTERESTS OF BOARD MEMBERS AND OTHER EXECUTIVES WITH THE INTERESTS OF THE COMPANY.

If the chairman of the group chairing the annual general meeting concludes that adequate technical resources are in place to enable electronic voting, such information shall be included in the notice of the meeting. Electronic votes shall be deemed to be negative votes in respect of a motion made on a date subsequent to the date on which such votes were cast. Attendance of a shareholder either in person or by proxy at an AGM shall revoke his/her electronic vote.

1.13. Possibility of shareholders viewing the extracts from the minutes of an annual general meeting on the company's website within five days after the holding of the relevant meeting.
The minutes shall be made available to all members, investors and public at www.corticeiraamorim.com within a time period that shall not exceed five days after the holding of each Annual General Meeting.

1.14. Maintenance of an online archive on the company's website of the resolutions passed at the company's general meetings, the proportion of the share capital represented at any meeting and the voting results, in respect of the three preceding years.
An online archive of relevant information regarding General Meetings covering the period from 2005 (inclusive) to the date hereof shall be maintained on the Company's website. This information shall include: the notice to members of general meetings, motions tabled at any such meeting, attendance lists, voting results and the minutes of the meeting.

1.15. Name(s) of the representative(s) of the remuneration committee attending the general meeting.
The last general meeting of the Company held on 1 April 2011 was attended by Mr. Álvaro José da Silva, a member of the Remuneration Committee.

1.16. Information on the role of the annual general meeting in issues involving the company's remuneration policy and the assessment of the performance of individual board members.
It is the responsibility of the Annual General Meeting to appoint a Remuneration Committee. The ability and capacity of the members of the Committee to perform the duties assigned to them in an independent manner for their entire term of office, i.e., to determine the remuneration policy of the members of the governing bodies, which remuneration policy shall foster over the medium and long-term the alignment of the interests of the members of the governing bodies with those of the Company should be taken into consideration.

The adoption of the balanced scorecard methodology, which assesses performance using both financial and non-financial measures, enables the Remuneration Committee to evaluate every financial year, whether or not goals are achieved and to what degree. The balanced scorecard serves also as the basis for preparation of the reports of the Remuneration Committee and the Board of Directors on the remuneration policy for members of the Board and the Supervisory Board as well as on the remuneration policy for other senior executives and officers, respectively, to be submitted every year to the Annual General Meeting for approval.

1.17. Information on the role of the annual general meeting in respect of motions concerning plans for award of shares and/or share call options, or on the basis of share price movements, to members of the board of directors or the supervisory board and other officers under section 248-B(3) of the Portuguese Securities Act, as well as on the data provided to the annual general meeting for adequate consideration of those plans.
Although no plans similar to the ones described in this subsection were in place in the Company at 31 December 2011, should their implementation be proposed, it is the policy of the Company that the features of the plans adopted and in force in the relevant financial year be considered by the Annual General Meeting.

1.18. Information on the role of the annual general meeting regarding the approval of the main characteristics of retirement benefit plans for members of the board of directors and the supervisory board and other senior executives and officers under section 248-B(3) of the Portuguese Securities Act.
Although no retirement benefit systems similar to the ones described in this subsection were in place in the Company on the date hereof, should their implementation be proposed, it is the policy of the Company that the features of the systems adopted and in force in the relevant financial year be considered by the Annual General Meeting.

1.19. Existence of a statutory provision concerning the duty to submit a motion at least every five years for consideration and approval of the annual general meeting concerning the maintenance in force or removal of a statutory provision providing for a cap on the number of voting rights that may be held or exercised by a single shareholder or group of shareholders.
Not applicable since, as provided above, there are no statutory provisions providing for the existence of non-voting shares or prescribing that voting rights exceeding a certain threshold shall not be counted if exercised by a single shareholder or group of shareholders.

1.20. Information on defensive measures intended to automatically cause a serious depletion of the company's assets in the event of a change in control of the company or composition of the board of directors.
The Company's articles of association do not include measures of this type and, to the best of CORTICEIRA AMORIM's knowledge, there are no other provisions and/or measures intended to automatically cause a serious depletion of the Company's assets in the event of a change in control of the Company or composition of the Board of Directors. To the best of CORTICEIRA AMORIM's knowledge, there are no defensive measures and/or provisions intended to operate before a potential takeover bid.

1.21. Relevant agreements to which the company is a party, which agreements shall come into force, be amended or be terminated in the event of a change in control of the company as well as any effects arising therefrom, except if the disclosure of such agreements may, by their very nature, be highly damaging to the company, unless the company is specifically obliged to disclose such information by other mandatory provisions of law.
There are no such agreements on the terms set out in this subsection 1.21.

1.22. Agreements entered into by and between the company and its directors and officers under section 248-B(3) of the Portuguese Securities Act, which agreements provide for compensation to be paid to the company's directors and officers in the event of resignation, unfair dismissal or termination of employment following a change in control of the company.
No agreements providing for the payment of compensations to the Company's directors and officers (other than where required by law) have been entered into by and between the Company and its directors or officers.

CHAPTER II – BOARD OF DIRECTORS AND SUPERVISORY BOARD

The Company has adopted a governance model commonly known as «reinforced Latin» model, which advocates a separation between the roles of supervision and that of the management as well as a double supervisory mechanism consisting of a Supervisory Board and a Statutory Auditor.

The Board of Directors considers that the adoption of this model permits the existence of a Supervisory Board with enhanced and effective monitoring powers, which board is composed entirely of members who are subject to strict requirements on conflicts of interest and independence. Moreover, the assignment of this task to an independent body – the Supervisory Board – favours the establishment of an efficient corporate governance model that contributes to a clear separation of powers and responsibilities between the different governing bodies and thus prevents supervisory powers from being assigned to a group of members of the Board of Directors which, according to the law, is a collegiate body.

Accordingly, after taking the specific circumstances of CORTICEIRA AMORIM into account, the Board of Directors is firmly convinced that the corporate governance model adopted by the Company is quite adequate and appropriate for the following reasons:

- it embodies a framework of principles of corporate governance and good practice designed to promote greater transparency and a high level of professionalism and competence;
- it ensures the alignment of interests across the Organisation, specifically among shareholders, members of the governing bodies, officers and other employees of the Company;
- it encourages shareholder participation in the life of the Company;
- it fosters the efficiency and competitiveness of CORTICEIRA AMORIM.

CORTICEIRA AMORIM encourages an ongoing process of internal reflection on corporate governance structures and practices adopted by the Company by comparing their efficiency with the potential benefits to be gained from implementing other practices and/or measures prescribed in the CMVM's Corporate Governance Code or by other organisations.

This matter – as well as CORTICEIRA AMORIM's organisational development issues – has been reviewed by the Executive Committee. Reflection on the corporate governance structure itself has been conducted by the Executive Committee – in the presence of the market relations officer – and by the Board of Directors.

SECTION I – MISCELLANEOUS

2.1. Governing bodies: their identification and composition.

As at December 31, 2011, each governing body was composed as follows:

Board of Directors:

Executive Members:

Chairman:	António Rios de Amorim
Member:	Nuno Filipe Vilela Barroca de Oliveira
Member:	Fernando José de Araújo dos Santos Almeida

Non-Executive Members:

Vice-Chairman:	Joaquim Ferreira de Amorim
Member:	Luísa Alexandra Ramos Amorim
Member:	Jorge Manuel Seabra de Freitas
Member:	André de Castro Amorim

Supervisory Board:

Chairman:	Durval Ferreira Marques
Member:	Joaquim Alberto Hierro Lopes
Member:	Gustavo José de Noronha da Costa Fernandes
Alternate Member:	Alberto Manuel Duarte de Oliveira Pinto

Statutory Auditors:

Statutory auditors:	PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda, a firm of chartered certified accountants represented either by Mr. José Pereira Alves (Chartered Certified Accountant) or Mr. António Joaquim Brochado Correia (Chartered Certified Accountant)
Alternate auditor:	Mr. Hermínio António Paulos Afonso (Chartered Certified Accountant)

TODAY, CORK APPLICATIONS INCLUDE NOT ONLY TRADITIONAL VALUE-ADDED PRODUCTS SUCH AS CORK STOPPERS, BUT ALSO PRODUCTS THAT INCORPORATE ADVANCED MANUFACTURING TECHNOLOGY AND HIGH LEVELS OF R&D. CORTICEIRA AMORIM LEADS THE SECTOR IN QUALITY, PRODUCT DIVERSITY AND INVESTMENT IN RESEARCH AND INNOVATION.

2.2. Identification and composition of other committees vested with power and authority to deal with matters relating to the company's management or supervision.

As provided for in CORTICEIRA AMORIM's articles of association, the committee members currently in office are:

Advisor to the Board of Directors

Meetings of the Board of Directors shall be attended by the directors as well as by the advisor to the board. Mr. Américo Ferreira de Amorim has served as an advisor to the Board of Directors since the creation of this position in 2001.

Executive Committee

The Executive Committee shall consist of three members, i.e., a chairman and two members. The members of the Committee as at 31 December 2011 were as follows:

Chairman:	António Rios de Amorim
Member:	Nuno Filipe Vilela Barroca de Oliveira
Member:	Fernando José de Araújo dos Santos Almeida

2.3. Organisation charts or schedules of responsibilities showing the distribution of roles and duties among the different governing bodies, committees and/or departments of the company, including information on the scope of delegation of responsibilities or distribution of duties among the members of the board of directors or supervisory board, as well as a list of non-delegable duties and the responsibilities actually delegated.

The Board of Directors is composed of four non-executive members and three executive members.

CORTICEIRA AMORIM's Board of Directors maintains effective control over the activities of the Company and is the highest strategic decision making body. It is also the body responsible for monitoring the most important and relevant aspects of the Company's business and affairs, including significant matters decided on or examined by the Executive Committee, therefore ensuring that the members of the Board of Directors are aware of the measures adopted as a response to Board decisions and can monitor their implementation and effectiveness.

As provided for in the Portuguese Companies Act, the role of the Board of Directors is to manage the Company's business and affairs and decide on any matter relating to its management while abiding by the resolutions adopted by the Annual General Meeting or the decisions made by the Supervisory Board whenever required by law or the articles of association.

The general powers and duties of the Board of Directors include choosing its chairman; co-opting directors; requesting the convening of Annual General Meetings; preparing annual reports and financial statements; buying, selling or mortgaging real estate; providing guarantees and furnishing collateral and security on behalf of the Company; opening or closing facilities or important component parts thereof; significantly expanding or reducing the Company's activity; making major changes in the Company's organisation; establishing or terminating important and long-lasting cooperation projects with other companies; moving the Company's head office to another location and increasing its share capital; merging, de-merging or changing the legal status of the Company; and deciding on any other matters put forward at the request of any director.

The Company's articles of association give to the Board of Directors the power of directing, managing and representing the Company in dealings with third parties and in all its activities; moving the Company's head office to any location permitted by law; setting up representative offices, agencies, branches, affiliates, subsidiaries or offices of any kind anywhere in the Portuguese territory or abroad; acquiring, selling and pledging, in any way whatsoever, the Company's own shares and bonds and any rights attached thereto, as well as carrying out any transactions with such shares and bonds as the directors may think fit; purchasing, selling, exchanging and mortgaging real estate via any instruments or contracts as well as mortgaging a property as a security for the payment of a debt; exercising and promoting the exercise of the rights of the Company in companies in which the Company has an interest; acquiring, selling, exchanging, leasing and encumbering personal property in any manner whatsoever; negotiating borrowings from financial institutions; operating bank accounts, depositing and withdrawing monies, making, accepting, signing and endorsing cheques, bills of exchange, promissory notes, invoices and other negotiable instruments; admitting fault, giving up or settling any legal action, as well as entering into arbitration; carrying out any other duties as provided herein and in law.

The Directors may delegate any of their powers as follows:

1. the management of the Company's ordinary course of business may be delegated to one or more directors or to an Executive Committee. Any such delegation may be made subject to any conditions the directors may impose. The directors may designate one or several directors to take responsibility for certain management duties. However, there are a number of duties that are non-delegable as follows:
   - choosing the chairman of the Board of Directors;
   - co-opting directors;
   - requesting the convening of Annual General Meetings;
   - preparing annual reports and financial statements;
   - buying, selling or mortgaging real estate;
   - providing guarantees and furnishing collateral and security on behalf of the Company;
   - opening or closing facilities or important component parts thereof;
   - significantly expanding or reducing the Company's activity;
   - making major changes in the Company's organisation;
   - establishing or terminating important and long-lasting cooperation projects with other companies;
   - moving the Company's head office to another location and increasing its share capital;
   - merging, de-merging or changing the legal status of the Company.

Board of Directors

Executive Directors	António Rios de Amorim	Chairman
	Nuno Filipe Vilela Barroca de Oliveira	Member
	Fernando José de Araújo dos Santos Almeida	Member
Non-executive Directors	Joaquim Ferreira de Amorim	Vice-Chairman
	Luísa Alexandra Ramos Amorim	Member
	Jorge Manuel Seabra de Freitas	Member
	André de Castro Amorim	Member

Adviser to the Board of Directors

Américo Ferreira de Amorim

2. the implementation of the decisions made by the Board of Directors, the management of the Company's ordinary course of business, the authority and power to implement certain management duties as well as the determination of the *modus operandi* of the Executive Committee may be delegated to any director or to an Executive Committee. However, there are a number of duties that are non-delegable as follows:
   - choosing the chairman of the Board of Directors;
   - co-opting directors;
   - requesting the convening of Annual General Meetings;
   - preparing annual reports and financial statements;
   - providing guarantees and furnishing collateral and security on behalf of the Company;
   - moving the Company's head office to another location and increasing its share capital;
   - merging, de-merging or changing the legal status of the Company.

As the name suggests, an **Advisor to the Board of Directors** is a person who advises the Board of Directors about the various issues addressed at board meetings, but he/she does not have the right to vote on resolutions passed at meetings.

In the specific case of CORTICEIRA AMORIM, it should be emphasized that the unmatched experience, vision and entrepreneurial spirit of Mr. Américo Ferreira de Amorim are instrumental in the success and growth of the Company. A wise and experienced advisor, Mr. Amorim also challenges and encourages the Company to adopt new initiatives and approaches.

The **Executive Committee** exercises the powers delegated to it by the Board of Directors with a view to streamlining management practices and making possible closer and continuous monitoring of the Company's different areas (management, operations and support) and its operating and business processes.

According to CORTICEIRA AMORIM's articles of association, the Executive Committee is vested with the power to implement the decisions made by the Board of Directors, manage the Company's ordinary course of business and implement certain management duties.

With a properly implemented reporting system within the Company, information flows from the members of the Executive Committee to the Directors, thus ensuring that the performance of the members of both the Board and the Committee are aligned and that every director is informed of the work and activities of the Executive Committee in a timely manner.

The **Chairman of the Executive Committee**, who is also the Chairman of the Board of Directors, provides timely notice of meetings and minutes of the Executive Committee meetings to the Chairman of the Supervisory Board.

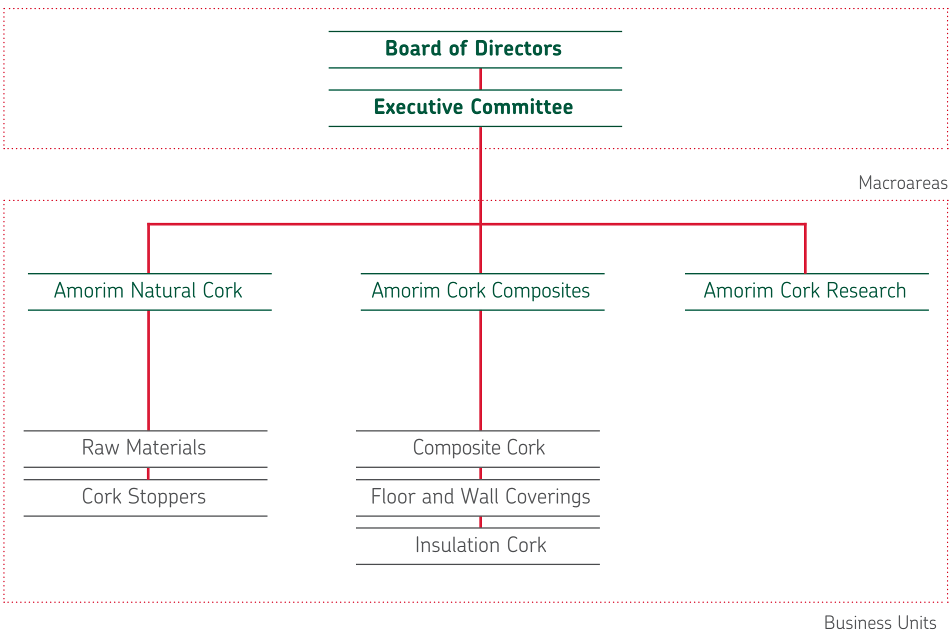
Organisational Structure of the Company

CORTICEIRA AMORIM's operating structure is divided into five Business Units (BU).

Using a management model based on a strategic-operational holding company concept, these BU are co-ordinated by CORTICEIRA AMORIM's Executive Committee, which has very broad management powers, except for those specifically reserved to the Board of Directors by law or the Company's articles of association.

The strategic alignment of the entire Organisation is enhanced through the use of a balanced scorecard approach by CORTICEIRA AMORIM and its BU. In this regard, CORTICEIRA AMORIM's Board of Directors is responsible for approving strategic initiatives and goals (i) for the Organisation as a whole and (ii) specifically for CORTICEIRA AMORIM and each BU.

Each BU has a Board of Directors consisting of non-executive and executive members, including a managing director. This board is responsible for deciding all matters deemed relevant. Below is a diagram showing the current Organisational structure of the Company:



The **Support Divisions** are responsible for monitoring and coordinating the operation of the BU and their functional areas, under the coordination of the members of the Executive Committee, as shown in the following diagram:

Board of Directors

Executive Committee

- Financial – António Rios de Amorim
- Organisational Development/Management Planning and Control – António Rios de Amorim
- Legal, Tax and Administrative – António Rios de Amorim
- Market Oriented Research – Nuno Filipe Vilela Barroca de Oliveira
- Internal Audit – Nuno Filipe Vilela Barroca de Oliveira
- Development of New Business – António Rios de Amorim
- Market Relations – António Rios de Amorim
- Corporate Sustainability – Nuno Filipe Vilela Barroca de Oliveira
- Technology and Information Systems – Fernando José de Araújo dos Santos Almeida
- Human Resources – António Rios de Amorim
- Non-cork Procurement, Energy & Transport – António Rios de Amorim
- Prevention, Hygiene, Safety/Insurance – António Rios de Amorim

At intervals deemed appropriate, the managing director of the relevant support division or the Executive Committee or even the Board of Directors may request a review (and they effectively do so) of the activity carried out by the different support divisions in order that the need or opportunity to create new positions or implement new strategies may be considered by the Board of Directors.

CORTICEIRA AMORIM also promotes job rotation for directors of the different BU and support divisions, thus ensuring that high standards of performance are maintained in these divisions and BU and that there is a constant challenge prompting a forward looking and innovative approach as well as concerted action among these BU and support divisions.

Therefore, this rotation policy is based on a qualitative assessment of the situation of a specific structure, of its planned strategic and operational development and interaction with the envisaged changes in other related structures as well as the possibility of another member of the Board of Directors acting as a catalyst for that change. The rotation system poses many strategic and operational challenges that do not necessarily coincide with pre-determined time periods.

In view of the importance and critical nature of the financial functions of CORTICEIRA AMORIM – an Organisation which has subsidiaries all over the world, sells its products in more than 100 countries (some goods are invoiced in the currency of the country of destination) and has a considerable level of debt – this function is monitored at different levels that harmonize the different information and reporting systems and regular meetings are held for discussing issues and drawing conclusions.

During the year under review, Mr. António Rios de Amorim was responsible for overseeing CORTICEIRA AMORIM's financial section, which he has been in charge of since 2008.

The **Financial Section** is structured as follows:

- a Financial Board (FB), which coordinates the financial function at a central level. The FB is responsible for developing policies and measures (to be approved by the Executive Committee) and implementing them, for conducting global dealings with financial counterparts, for monitoring progress and preparing regular reports (to the director responsible for the financial section and to the Executive Committee and the Board of Directors);
- Finance Managers, who - at the level of the Group's individual companies – are responsible for monitoring the progress of business in each individual company by managing its financial affairs in accordance with predetermined policies and measures. The work of such finance managers shall be coordinated with that of the FB.

The whole financial organisational structure is coordinated as follows:

- daily reports and fortnightly debates on financial markets and economic developments that may have an impact on the Group's member companies;
- regular monthly reports on the terms of and benchmarks for the Group's global financial operations;
- quarterly meetings of finance managers with a view to reviewing the current specific state of affairs and defining measures to be implemented;
- on the basis of reports submitted to the Board of Directors, the most important aspects of the financial operations (debt, investments, liabilities) shall be discussed.

On the one hand these measures will ensure that the financial know-how – based on a stable structure – will be consolidated and used for the benefit of the Company and, on the other hand, these measures will also ensure the regular rotation of the supervisory duties of the finance managers, with the director responsible for this area taking on a challenging role capable of igniting the adoption of new approaches and practices.

2.4. Reference to the fact that the annual report on the activities carried out by the general and supervisory committees, the committee responsible for handling financial matters, the audit committee and the supervisory board includes a description of the supervisory activity carried out and reports any constraints detected; such annual report is to be published on the company's website, along with the annual financial statements.

The Company's Supervisory Board draws up an annual Report and Opinion describing the activities carried out and the Supervisory Board's opinion; this Report and Opinion is available, along with the other annual financial statements, for consultation by shareholders within the time period set out in the law. This Report and Opinion is included in and published along with the Company's Annual Report and Accounts and is available for consultation at www.corticeiraamorim.com.

2.5. Description of the company's internal control and risk management systems, in particular its financial information disclosure system, how it works and its effectiveness.

The main aim of the Board of Directors and the Executive Committee is to establish an integrated overview of critical success factors in terms of profitability and/or associated risks with a view to creating sustainable value for both the Company and its shareholders.

Because of CORTICEIRA AMORIM's specific business characteristics, two critical factors have been identified at the operational level: (i) market risk and business risk and (ii) raw materials (cork) risk. The management of such risks is the responsibility of the relevant BU.

Market risk and operational business risk:

In the first instance, market risk and business risk are managed by the four BU – Cork Stoppers, Floor and Wall Coverings, Cork Composites and Insulation Cork – that are involved in the markets that deal in CORTICEIRA AMORIM's finished products.

In devising a strategic plan for these BU – which strategic plan is based on the balanced scorecard methodology – a number of key factors for value creation are identified by using a multifaceted approach that encompasses the outlook for finance, market/customers, processes and infrastructures. Using this approach, strategic objectives and goals are defined as well as the actions required to achieve them.

THE ADOPTED MANAGEMENT MODEL IS BASED ON THE CONCEPT OF A STRATEGIC-OPERATIONAL HOLDING COMPANY, ENSURING THAT THE INTERESTS OF THE WHOLE GROUP ARE ALIGNED.

The balanced scorecard methodology strengthens the alignment of strategic and operating plans and allows managers to identify priority actions needed in the short term to reduce risk and create sustained value. Processes for systematically monitoring these actions are in place in the different BU. These actions are subject to periodic monitoring and monthly review by the board of directors of each BU.

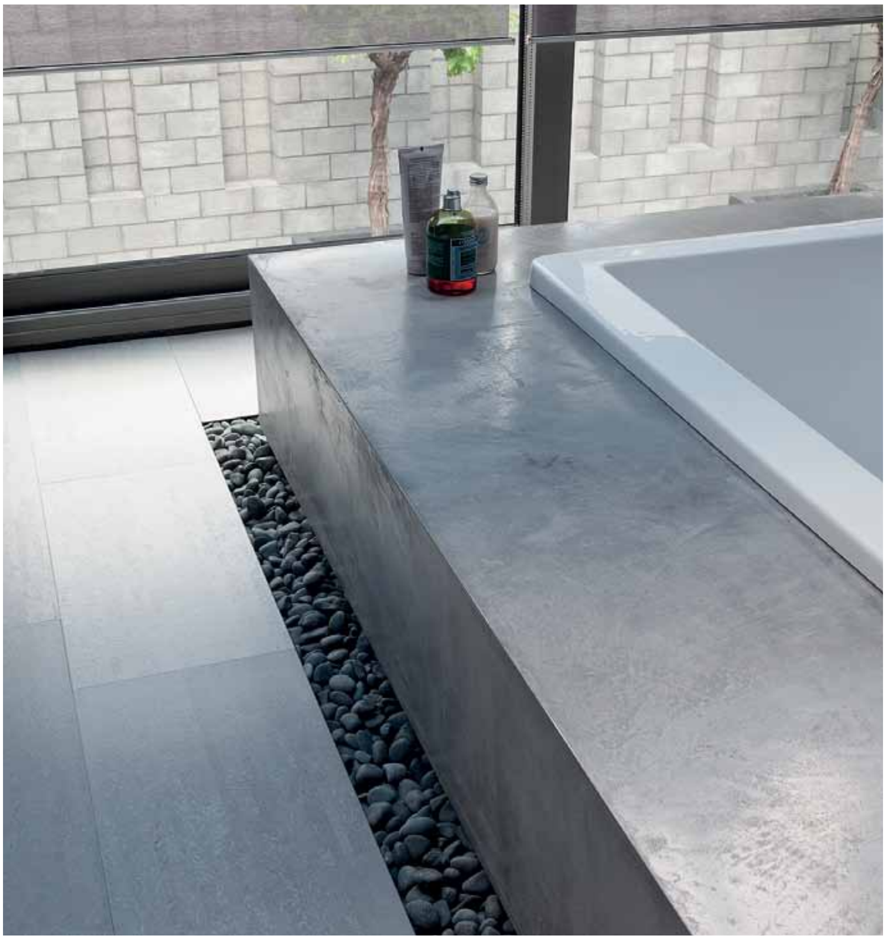
Raw materials (cork) factor:

Because of the critical importance of this factor cutting across all of the Company's BU, the management of raw materials (cork) purchases, storage and manufacture is concentrated into a single autonomous BU. Cork is the single variable common to all of CORTICEIRA AMORIM's operations. This concentration has enabled the Company to:

- form a specialised team exclusively focused on raw materials;
- make the most of synergies and integrate all raw materials (cork) manufactured by other BU in the relevant BU's production process;
- improve the management of raw materials from a multinational perspective;
- strengthen its presence in cork-producing countries;
- keep an updated historical record of production status by cork-producing forest unit;
- strengthen relationships with producers, promote forest certification, improve the technical quality of products and enter into research and development partnerships with forestry-related partners;
- prepare, discuss and enable the board of directors to decide on a multi-annual purchasing policy to be implemented;
- ensure that an optimal mix of raw materials is used to meet market demand for finished products;
- ensure the supply stability of cork, a critical variable for CORTICEIRA AMORIM's operations, over the long term.

Legal Risk:
As far as legal risks are concerned, the main risk to the business of CORTICEIRA AMORIM and its subsidiaries relates to the potential for loss arising from amendments made to legislation – in particular, labour legislation, environmental regulations and similar –, which amendments could have an impact on CORTICEIRA AMORIM's operations and affect its business' performance and profitability.

The Legal and Supervisory Department in cooperation with the Organisational Development Department, the Management Planning and Control Department and the Internal Audit Department seek to anticipate such amendments and adapt their corporate governance practices accordingly. The numerous certification processes (food safety, quality, environmental management, human resources, etc.), as described in more detail in Chapter 5. of the Directors' Report, are based on procedures designed, implemented and regularly and strictly audited by certifying organisations, thus guaranteeing the minimisation of such risks. Wherever possible and practicable, the Organisation takes out insurance to mitigate the effects of uncertain but potentially unfavourable events.



Under the direction of the Board of Directors and assisted by an Executive Committee or an Executive Director, CORTICEIRA AMORIM's support divisions play an important role in managing critical risk factors, including risk prevention and detection. The Finance Department, the Organisational Development Department, the Management Planning and Control Department and the Internal Audit Department play an essential role in this regard.

Finance Department:
As CORTICEIRA AMORIM is one of Portugal's most international companies, it pays special attention to managing exchange rate risk as well as liquidity and interest rate risk.

In addition to the responsibilities of the finance department regarding prevention, monitoring and management of the above risks, the main objectives of this department are to assist with the definition and implementation of global financial strategies and with the coordination of the financial management of the Group's BU.

The Organisational Development Support Department/the Management Planning and Control Support Department and the Internal Audit Support Department:
These support divisions work together to reduce the group's operational risks. The main tasks of these departments are to assess and review internal control systems with a view to optimising resources and safeguarding assets as well as monitoring activities carried out in order to provide the management bodies with a reasonable degree of certainty that business goals will be achieved.

In regard to the **disclosure of financial information**, the Company promotes close cooperation among all those involved in the process to ensure that:
1. disclosure complies with all applicable legal requirements and best practices in terms of transparency, relevance and reliability;
2. the information has been properly checked both internally and by the appropriate supervisory bodies;
3. the information has been approved by the appropriate governing body;
4. its public disclosure complies with all relevant legal requirements and recommendations, specifically those of the Portuguese Securities Market Commission (CMVM) and is made in the following order: first, via the data dissemination system of the Portuguese Securities Market Commission (www.cmvm.pt); second, via the Company's website (www.corticeiraamorim.com); third, by means of a long list of Portuguese and foreign media contacts; and fourth, to CORTICEIRA AMORIM's staff and to shareholders, investors and analysts, whose contacts are stored in a database.

There is also a written Internal Control Procedures Manual, which has been approved by the Board and which all CORTICEIRA AMORIM member companies are required to adopt. This Manual sets out the regulations designed to ensure that the principles listed above are properly implemented during the process of preparing and disclosing financial information in order to guarantee the quality, transparency and consistency of the information disclosed.

2.6. Responsibility of the board of directors and the supervisory body for the design and operation of internal control and risk management systems in the company as well as the assessment of their operation and adjustment to the needs of the company.

The internal control and risk management system currently in use in the Company is the result of a thorough and continuous improvement process as an internal reflection process, involving both the Board of Directors – and, in particular, its Executive Committee – and the various support divisions – in particular, the Organisational Development Support Department/ the Management Planning and Control Support Department and the Internal Audit Support Department – and, if relevant, the assistance of specialised external consultants.

The reporting system implemented in the Company – either at regular intervals or on demand of the Board of Directors, the Executive Committee or officers responsible for the management – includes both measurement and objective evaluation of such risks which - after being discussed by the Board of Directors or the Executive Committee – will, if appropriate, give rise to the determination of additional or corrective measures whose implementation and impact will be followed up by the governing body that approved such measures.

The growing complexity of the business environment triggers off a close monitoring of the systems implemented in the Company. Such monitoring includes contributions and opinions from both the Supervisory Board and the Statutory Auditor and this leads to the adoption of more effective procedures when it is deemed advisable or necessary.

Under the Internal Rules of the Supervisory Board, it is this Board's responsibility to monitor the effectiveness of the risk management system, the internal control system and the internal auditing system.

2.7. Information on the existence of internal rules of the governing bodies or rules governing conflicts of interest prescribed internally and the maximum number of offices that directors may hold and the website where these rules may be consulted.

The *modus operandi* of the **Board of Directors** of CORTICEIRA AMORIM complies with all applicable operating procedures regarding the Board of Directors, specifically those set out in the Portuguese Companies Act, in the Company's articles of association and in the regulations issued by the Portuguese Securities Market Commission (CMVM). These operating procedures are considered to be legitimate Internal Rules deemed appropriate and advantageous to a proper operation of the Board of Directors while ensuring the commitment of the entire Board to work efficiently in the interests of the Company and its shareholders.

Although no such formal Internal Rules exist, CORTICEIRA AMORIM believes that the principles of good business practice are part of the core values upheld by both the directors and the staff members who assist and/or advise them.

Among other things, the **Internal Rules of the Company's Supervisory Board** provide that a person will be disqualified from being elected to or being a member of the Supervisory Board if he/she:

- is a beneficiary of special privileges in the Company (*);
- performs administrative or managerial functions in the Company (*);
- is a Board member of a company which controls or is in common control with the Company (*);
- is a partner to a partnership which controls the Company (*);
- directly or indirectly provides services or has a significant business relationship with the Company or a company which controls or is in common control with the Company (**);
- is an employee of a competing company and is a representative of or acts on behalf of such competing company or is in any way connected to the interests of a competing company (*);
- holds administrative or management or supervisory functions in five or more companies, with the exception of law firms, firms of chartered accountants and statutory auditors;
- is a statutory auditor who, under the rules and regulations governing the duties of statutory auditors, is subject to certain requirements on conflicts of interest for statutory auditors;
- is interdicted or incapacitated or adjudged to be of unsound mind, declared bankrupt or insolvent or is convicted of an offence barring him/her from holding public office, even if only temporarily.

The Internal Rules of the Company's Supervisory Board are available at www.corticeiraamorim.com.

SECTION II – BOARD OF DIRECTORS

2.8. If the chairman of the board of directors performs executive functions, there are a number of mechanisms for coordinating the work of non--executive members who assist the chairman in making independent and informed decisions.

The non-executive members of the Board of Directors attend board meetings regularly. These board meetings are held on a monthly basis to review and decide on the progress of non--delegable matters and any critical matters whose relevance and importance highly recommend their inclusion in the business to be transacted at Board meetings.

The organisation of meetings allows all directors – both executive and non-executive directors – to adequately prepare themselves in advance in order to participate fully in the meeting and to assess and devise measures to improve meeting productivity and Organisation efficiency. The calendar of regular Board meetings is agreed upon at the beginning of every financial year so that all members may be able to be present. Any director, including non--executive directors, may request the inclusion of items/topics in the agenda to be considered by the directors, up to the second business day prior to any board meeting.

A reporting system between the Executive Committee and the Board of Directors has been implemented across the Organisation with a view to ensuring alignment of their activities and that the Directors are informed of the activities of the Executive Committee in a timely way.

(*) Including the spouse or relatives in a direct/collateral line up to the third degree inclusive of a person covered by this paragraph;
(**) Including the spouse of a person covered by this paragraph.

Thus, in addition to matters which by law or the articles of association fall to be considered exclusively by the Board of Directors, non-executive directors are aware of and monitor:

- the progress of the operating activities and the main economic and financial key performance indicators of each BU which forms part of CORTICEIRA AMORIM;
- relevant consolidated financial information: financing, investment, equity to total assets ratio and off-balance sheet liabilities;
- the business carried on by the various support divisions and their impact on the organisation;
- the progress in Research, Development and Innovation (RDI) activities;
- calendar of the major events of CORTICEIRA AMORIM and its BU. The Organisation is often represented at international events, such as trade missions, by one or more non-executive directors.

2.9. Disclosure of the major economic, financial and legal risks to which the company is exposed in carrying on its business.

The major risks the Company is exposed to are described in Chapters 12 and 13 of the Consolidated Directors' Report and in section 2.5.

2.10. Powers of the board of directors, particularly with respect to resolutions to increase the company's share capital.

The powers of the Board of Directors are set out in section 2.3.

As far as increases in the share capital are concerned and in accordance with article 8 of the Company's articles of association the Board of Directors may, by unanimous decision of its members, increase the share capital, one or more times, in accordance with the law, up to EUR 250 million. It is the Board of Directors' responsibility to fix the terms and conditions for share capital increases as well as the share subscription period and payment procedures.

THE INVESTOR RELATIONS DEPARTMENT ENSURES PERMANENT CONTACT WITH INVESTORS.

2.11. Disclosure of the policy regarding director rotation, in particular the chief financial officer, as well as the rules governing the appointment and replacement of members of the board of directors and the supervisory board.

The policy regarding director rotation (Support Divisions), including the chief financial officer, is described in section 2.3.

The rules governing the **appointment of members to the Board of Directors and their replacement** are those provided for in law, in addition to a number of specific features set out in the Company's articles of association:

The **election** of members to the Board shall be done on the basis of lists specifying the office to be filled by each director. The voting shall be carried out in the following manner:

On a first poll: only one director shall be elected from the candidates for the office proposed on lists put forward by groups of shareholders who own between 10% and 20% of the Company's share capital. At least two candidates for each position to be filled shall be proposed on each list. No shareholder may vote for more than one list. If, on a first poll, there are lists submitted by more than one group of shareholders, then a poll shall be first taken among all such lists and, thereafter, among the names of the candidates listed in the winning list. The lists of candidates may be submitted to the general meeting before the business relating to the election of directors starts to be transacted;

On a second poll: the other members of the Board of Directors are elected by the general meeting. All shareholders attending the meeting may take part in the decision-making process regardless of the fact whether they have or have not subscribed or voted for any of the lists on a first poll. So long as one of the candidates nominated in the lists has not been elected on a first poll, no other member can be elected to the board, except if no list has been put forward.

The **term of office** of the Board members is three calendar years. At the end of the directors' term, the shareholders must elect new directors or re-elect – one or more times – current directors.

At the time of voting the directors' report, the annual financial statements and the proposal for appropriation of profit, the **Annual General Meeting** may decide to remove any or all directors from the Board. This will not imply the payment of any compensation to any director so removed from office regardless of whether a director's discharge from employment has been for cause or without cause. However, this provision will not apply to a Board member elected under special election procedures on a first poll if members holding at least a 20% stake in the share capital of the Company resolve against removing any such director from office regardless of the cause for a director's discharge from employment.

The rules governing the **appointment of members to the supervisory board and their replacement** are those provided for in law, in the Company's articles of association and in the Internal Rules of the Supervisory Board:

- the election of members to the Supervisory Board shall be done on the basis of separate lists specifying the office to be filled by each member;
- the term of office of the Supervisory Board members is three calendar years. These members shall serve during all their term of office and until legally replaced; the calendar year in which they are elected is computed as a full year for the purpose of their term of office. Members of the Supervisory Board may be re-elected in accordance with the law;

- the Supervisory Board consists of three members and one or several alternate members. A Supervisory Board member who is temporarily prevented from carrying out his/her duties or whose office terminated shall be replaced by an alternate member. If the chairman of the Supervisory Board steps down before the expiry of the period for which he was elected or appointed, the other members will appoint one of their number to be the chairman of the Supervisory Board until the end of the current term. An alternate member taking over the position of a member whose office terminated before the expiry of his/her term of office will remain in post until the next Annual General Meeting, at which all vacancies will be filled. If it is not possible to fill a vacancy left by a former member because of an insufficient number of eligible candidates, the vacancies of both members and their alternates will be filled through a new election. To this end, the Supervisory Board should advise the Board of Directors and the chairman of the group chairing the Annual General Meeting in writing of any such vacancies as soon as the Supervisory Board becomes aware of such vacancies;
- the Supervisory Board should include at least one independent member who has an university degree and accounting or auditing knowledge commensurate with the position' duties;
- the Supervisory Board should have a majority of independent members. Members of the Supervisory Board shall immediately advise the Supervisory Board, the chairman of the group chairing the Annual General Meeting and the Board of Directors in writing of any situation or circumstance that can result in a loss of their independence pursuant to and for the purposes of the previous section.

The occurrence of any of the above events leading to conflicts of interest or loss of independence status (set forth in section 2.6. above) implies the termination of the appointments. The members of the Supervisory Board shall immediately advise the Supervisory Board, the chairman of the group chairing the Annual General Meeting and the Board of Directors in writing of any such occurrences.

2.12. Number of meetings held by the board of directors and the supervisory board and minutes of such meetings.

Under the Company's articles of association, the Board of Directors meets at any time and place dictated by the interests of the Company (article 28). In 2011, ten board meetings were held and the meetings' minutes were taken.

The Supervisory Board meets whenever a meeting is convened by the chairman of the Supervisory Board or by two other Supervisory Board members. In accordance with article 10 of the Supervisory Board's internal rules, the Supervisory Board shall meet at least once every quarter. This governing body met four times in 2011 and the meetings' minutes were taken.

2.13 Number of meetings held by the executive committee or the executive board of directors as well as minutes of such meetings, sending of the minutes and of their notices to the chairman of the board of directors, to the chairman of the supervisory board or of the audit committee, to the chairman of the general and supervisory committees and to the chairman of the financial matters committee, as applicable.

The Executive Committee met seventeen times during 2011 and the meetings' minutes were taken.

2.14. Difference between an executive member and a non-executive member pointing out those non-executive members who – in the event that the requirements on conflicts of interest for the position were applicable to them – satisfied both (i) the conflict of interest requirements provided for in section 414-A(1) of the Portuguese Companies Act, except for the provision set out in sub-paragraph (b), and (ii) the independence requirements provided for in section 414(5) of the Portuguese Companies Act.

Board of Directors:

Executive Members:

Chairman:	António Rios de Amorim
Member:	Nuno Filipe Vilela Barroca de Oliveira
Member:	Fernando José de Araújo dos Santos Almeida

Non-Executive Members:

Vice-Chairman:	Joaquim Ferreira de Amorim
Member:	Luísa Alexandra Ramos Amorim
Member:	Jorge Manuel Seabra de Freitas
Member:	André de Castro Amorim

If the following requirements were applicable to the members of the Board of Directors:

a) none of the directors who held office at 31 December 2011 was in full compliance with the conflict of interest requirements provided for in section 414-A(1) of the Portuguese Companies Act, except for the provision set out in sub-paragraph (b);

b) only Mr. Fernando José de Araújo dos Santos Almeida met the independence requirements provided for in section 414(5) of the Portuguese Companies Act.

2.15. Legal and regulatory requirements and other criteria based on which the board of directors assessed the independence of its members.

The assessment of the independence of the members of the Board of Directors is based on (i) their compliance with the requirements provided for in section 414(5) of the Portuguese Companies Act; (ii) the non-existence of the situations described in article 414-A [except for the provision set out in section 414-A.1(b)]; (iii) the non-existence of a significant trade or competitive relationship with the Company or a Group's member company; (iv) the non-existence of a previous employer--employee relationship of more than ten years either consecutive or otherwise.

2.16. Procedure for selection of candidates for non-executive director roles and ways of ensuring that executive directors do not interfere in this process.

As arises from the election and replacement systems described in paragraph 2.11. above, the selection process for directors – executive or otherwise – is not a responsibility of the Board of Directors or the Executive Committee. The shareholders are responsible for submitting lists prepared in such manner as the shareholders shall think fit for consideration at the General Meeting.

2.17. The directors' report includes a description of the activities carried out by non-executive directors and any restraints detected.

CORTICEIRA AMORIM's annual Directors' Report includes a description of the activities carried out by non-executive directors and any restraints detected.

2.18. professional qualifications of each director, his/her professional career over the last five years (at least), the number of shares he/she holds in the company and the date of his/her first appointment to the board and the end of his/her term of office.

António Rios de Amorim (Chairman):

The Chairman of CORTICEIRA AMORIM's Board of Directors and Executive Committee since March 2001. He was a managing director of Amorim & Irmãos (1996-2001), a Director of Sociedade Figueira-Praia (1993-2006), an operations manager of Amorim – Empreendimentos Imobiliários, a company which developed the Torres de Lisboa and the Arrábida Shopping Centre projects (1993-1995), an executive director of Amorim Hotéis, with responsibility for developing the Ibis and Novotel hotel chains in Portugal. He graduated with a Bachelor of Commerce degree from the Faculty of Commerce and Social Sciences of the University of Birmingham (1989), and attended the Executive Programme in Business Administration: Managing the Enterprise – Columbia University Graduate School of Business (1992), Managerial Skills for International Business – INSEAD (2001) and Executive Program in Strategy and Organization – Graduate School of Business Stanford University (2007). He was a member of the European Round Table of Industrialists – CORTICEIRA AMORIM was the only Portuguese business group that made part of this prestigious association (1991-1995). He has been the chairman of the Portuguese Cork Association since 2002 and the Confédération Européenne du Liège since 2003. In February 2006, he was awarded the decoration of Comenda de Grande-Oficial da Ordem de Mérito Agrícola, Comercial e Industrial (an award for outstanding merit in the field of agriculture, trade and industry) by the President of the Portuguese Republic.

Age: 44

Date of his first appointment to the Board of Directors:
29 March 1990

First appointment as Chairman of the Board of Directors:
31 March 2001

End of term of office: 31 December 2013

At 31 December 2011, Mr. António Rios de Amorim did not directly hold any shares in CORTICEIRA AMORIM.

Joaquim Ferreira de Amorim (Vice-Chairman):

A businessman and a director of several companies. He is a member of the third generation of the Amorim family and has accumulated about 50 years of work experience in the Group's cork business. He was part of the management team that implemented the vertical integration of the cork business in the 1960s. In the 1980s and 1990s, he devoted his energies to the internationalisation of the business, leading CORTICEIRA AMORIM to be the world's leader in the cork industry.

Age: 75

Date of his first appointment to the Board of Directors:
9 October 1987

End of term of office: 31 December 2013

At 31 December 2011, Mr. Joaquim Ferreira de Amorim did not directly hold any shares in CORTICEIRA AMORIM.

Nuno Filipe Vilela Barroca de Oliveira (Member):
He graduated in Business Administration and Management from Portuguese Catholic University. He was a non-executive director of CORTICEIRA AMORIM from March 2003 to September 2005, when he moved to an executive post. He has been a non-executive director of several companies of the Amorim Group (since 2000) and was an executive director of Barrancarnes (2000-2005). After working for a year in the trading business of Møre Codfish (Norway), he participated in the Comett programme and worked as an intern at Merrill Lynch (London) before moving to Banco Comercial Português, where he worked for three years in the analysis and planning, international and investment funds departments.

Age: 41

Date of his first appointment to the Board of Directors:
28 March 2003

End of term of office: 31 December 2013

At 31 December 2011, Mr. Nuno Filipe Vilela Barroca de Oliveira did not hold any shares in CORTICEIRA AMORIM.

Luísa Alexandra Ramos Amorim (Member):
Graduate diploma in Hotel and Leisure and Bachelor's Degree (CESE) in Marketing from ISAG. Director of Amorim – Investimentos e Participações (since 2002). Executive director of Natureza, S.G.P.S., S.A. (since 2002) and marketing manager of J. W. Burmester (2000-2002). She began her career at the Amorim Group as an assistant of the Hotel Department team of Amorim Hotéis e Serviços and at Sociedade Figueira Praia (1996-1997). She worked in different business areas of the Group both in Portugal and abroad between 1998 and 2000.

Age: 38

Date of her first appointment to the Board of Directors:
28 March 2003

End of term of office: 31 December 2013

At 31 December 2011, Mrs. Luísa Alexandra Ramos Amorim did not hold any shares in CORTICEIRA AMORIM.

Jorge Manuel Seabra de Freitas (Member):
He graduated in Economics from the University of Porto, Faculty of Economics, in 1983. He attended the INSEAD International Executive Programme in 1991. Throughout his professional career as a manager, he held very demanding positions of great importance in several business areas, including: chairman of the Board of Directors of Coelima Indústrias Têxteis (1991-2011); director of Arcotêxteis (2008-2011); director of Fábrica Cerâmica de Valadares (1988-1991) and previously he had held an executive position at the Américo Amorim Group with responsibilities in financial and real estate companies.

Age: 51

Date of his first appointment to the Board of Directors:
30 November 2011 (he was co-opted onto the board).

End of term of office: 31 December 2013

At 31 December 2011, Mr. Jorge Manuel Seabra de Freitas did not hold any shares in CORTICEIRA AMORIM.

THE BALANCED SCORECARD APPROACH STRENGTHENS THE ALIGNMENT BETWEEN STRATEGY AND OPERATIONAL PLANNING, ENABLING THE IMPLEMENTATION OF PRIORITY ACTIONS FOR RISK REDUCTION AND SUSTAINED VALUE CREATION.

André de Castro Amorim (Member)
A businessman and a director of several companies. He is a member of the fourth generation of the Amorim family. In 2005 he completed his BA (Hons) degree in International Business and Management Studies and Master of Arts in Entrepreneurial Management at the European Business School of London, United Kingdom and, since then, he has held executive positions at several companies.

Age: 31

Date of his first appointment to the Board of Directors: 28 March 2008

End of term of office:
31 December 2013

At 31 December 2011, Mr. André de Castro Amorim held directly 259,038 shares in CORTICEIRA AMORIM.

Fernando José de Araújo dos Santos Almeida (Member)
Graduated with a Bachelor's Degree in Economics from the University of Porto, Faculty of Economics (1983/84). He joined CORTICEIRA AMORIM in 1991 and held several positions in various of the Group's member companies. In 2002, he took over as Manager of Organisational Development and Business Management Planning and Control at CORTICEIRA AMORIM.

Age: 50

Date of his first appointment to the Board of Directors:
31 July 2009 (he was co-opted onto the Board).

End of term of office:
31 December 2013

At 31 December 2011, Mr. Fernando José de Araújo dos Santos Almeida did not hold any CORTICEIRA AMORIM shares.

2.19. Positions held outside the company by CORTICEIRA AMORIM's directors and a breakdown of the positions held in other member companies of the CORTICEIRA AMORIM Group.

António Rios de Amorim (Chairman):

Company	Position
CORTICEIRA AMORIM Group	
Amorim Natural Cork, S.A.	Chairman of the Board of Directors
Amorim Florestal España, S.L.	Chairman of the Board of Directors
Amorim & Irmãos, S.A.	Chairman of the Board of Directors
Amorim & Irmãos, S.G.P.S., S.A.	Chairman of the Board of Directors
Amorim Florestal, S.A.	Chairman of the Board of Directors
Amorim Industrial Solutions – Imobiliária, S.A.	Chairman of the Board of Directors
Amorim Isolamentos, S.A.	Chairman of the Board of Directors
Amorim Revestimentos, S.A.	Chairman of the Board of Directors
Amorim Cork Composites, S.A.	Chairman of the Board of Directors
Amorim Cork Research & Services, Lda.	Director
Chapius, S.L.	Chairman of the Board of Directors
Comatral – Compagnie Marocaine de Transformation du Liège, S.A.	Chairman of the Board of Directors
Comatral – Compagnie Marocaine de Transformation du Liège, S.A.	Chairman of the Group chairing the Annual General Meeting
Dom Korkowy, Sp. Zo.o	Member of the Board of Directors
Dyn Cork – Technical Industry, Lda	Director
Korken Schiesser GmbH	Director
S.A. Oller et Cie	Director
Olimpíadas Barcelona 92, S.L.	Chairman of the Board of Directors
Société Nouvelle des Bouchons Trescasses, S.A.	Member of the Board of Directors
SIBL – Société Industrielle Bois Liège, S.A.R.L.	Director
Other Companies	
Afaprom – Sociedade Agro-Florestal, S.A.	Member of the Board of Directors
Agolal, S.A.	Member of the Board of Directors
Amorim, S.G.P.S., S.A.	Member of the Board of Directors
Amorim Capital, S.G.P.S., S.A.	Member of the Board of Directors
Amorim Desenvolvimento, S.G.P.S., S.A.	Member of the Board of Directors
Amorim – Investimentos e Participações, S.G.P.S., S.A.	Member of the Board of Directors
Amorim – Participações Agro-Florestal, S.G.P.S., S.A.	Member of the Board of Directors
Amorim – Participações Imobiliárias, S.G.P.S., S.A.	Member of the Board of Directors
Amorim – Serviços e Gestão, S.A.	Chairman of the Remuneration Committee
Bomsobro, S.A.	Member of the Board of Directors
Caneicor, S.A.	Member of the Board of Directors
Cimorim – Sociedade Agro-Florestal, S.A.	Member of the Board of Directors
Corunhal – Sociedade Agro-Florestal, S.A.	Member of the Board of Directors
Fruticor, S.A.	Member of the Board of Directors
Interfamília II, S.G.P.S., S.A.	Member of the Board of Directors
Mirantes e Freires, S.A.	Member of the Board of Directors
OSI – Sistemas Informáticos e Electrotécnicos, Lda.	Director
QM1609 – Investimentos Imobiliários, S.A.	Member of the Board of Directors
Resiféria – Construções Urbanas, S.A.	Member of the Board of Directors
Spheroil – Materiais Compósitos, Lda	Director
S21 – Sociedade de Investimento Imobiliário, S.A.	Member of the Board of Directors
Other Institutions	
Portuguese Cork Association	Chairman
EGP – University of Porto Business School	Member of the General Board
UTAD – Universidade de Trás-os-Montes e Alto Douro	Member of the General Board

Joaquim Ferreira de Amorim (Vice-Chairman):

Company	Position
CORTICEIRA AMORIM Group	
Amorim & Irmãos, S.G.P.S., S.A.	Vice-Chairman of the Board of Directors
Amorim & Irmãos, S.A.	Vice-Chairman of the Board of Directors
Other Companies	
Amorim – Investimentos e Participações, S.G.P.S., S.A.	Member of the Board of Directors
Amorim Capital, S.G.P.S., S.A.	Member of the Board of Directors
Amorim Desenvolvimento, S.G.P.S., S.A.	Member of the Board of Directors
Ancarin Investimentos Imobiliários e Financeiros, S.A.	Chairman of the Board of Directors
Casa de Mozelos Gestão de Imóveis, S.A.	Chairman of the Board of Directors
Evalesco, S.G.P.S., S.A.	Chairman of the Board of Directors
Florinvest – Sociedade Agrícola, S.A.	Chairman of the Board of Directors
Interfamilia II, S.G.P.S., S.A.	Chairman of the Board of Directors
Investife - Investimentos Imobiliários, S.A.	Chairman of the Board of Directors
Investife, S.G.P.S., S.A.	Chairman of the Board of Directors
Muchbeta, S.A.	Chairman of the Board of Directors
Norbrasin, Investimentos Imobiliários, S.A.	Chairman of the Board of Directors
Resinfe – Investimentos e Promoção Imobiliária, S.A.	Vice-Chairman of the Board of Directors
Sociedade Agrícola Triflor, S.A.	Chairman of the Board of Directors

Nuno Filipe Vilela Barroca de Oliveira (Member):

Company	Position
Other Companies	
Amorim Desenvolvimento, S.G.P.S., S.A.	Member of the Board of Directors
Amorim – Investimentos e Participações, S.G.P.S., S.A.	Member of the Remuneration Committee
Amorim – Serviços e Gestão, S.A.	Member of the Remuneration Committee
Natureza – Investimentos e Participações, Lda.	Director
Amorim Broking – Investimentos e Participações Financeiras, S.A.	Chairman of the Board of Directors
Amorim Holding II, S.G.P.S., S.A.	Member of the Board of Directors
Amorim Participações Internacionais, S.G.P.S., S.A.	Member of the Board of Directors
Alqueva Verde, S.A.	Member of the Board of Directors
API – Amorim Participações Internacionais, S.G.P.S., S.A.	Member of the Board of Directors
Interfamília II, S.G.P.S., S.A.	Member of the Board of Directors
Paisagem de Alqueva, S.A.	Member of the Board of Directors

Luísa Alexandra Ramos Amorim (Member):

Company	Position
Other Companies	
Amorim Desenvolvimento, S.G.P.S., S.A.	Member of the Board of Directors
Amorim – Investimentos e Participações, S.G.P.S., S.A.	Member of the Board of Directors
Bucozal – Investimentos Imobiliários e Turísticos, Lda.	Director
Quinta Nova de Nossa Senhora Carmo, S.A.	Member of the Board of Directors
Amorim Holding II, S.G.P.S., S.A.	Member of the Board of Directors
Vintage Prime – S.G.P.S., S.A.	Member of the Board of Directors

Jorge Manuel Seabra de Freitas (Member):

Company	Position
Other Companies	
Amorim Holding II, S.G.P.S., S.A.	Member of the Board of Directors
Arco Têxteis, S.A.	Member of the Board of Directors

André de Castro Amorim (Member):

Company	Position
Other Companies	
Amorim – Investimentos e Participações, S.G.P.S., S.A.	Member of the Board of Directors
Evalesco, S.G.P.S., S.A.	Vice-Chairman of the Board of Directors/CEO
Investife, S.G.P.S., S.A.	Vice-Chairman of the Board of Directors
Investife - Investimentos Imobiliários, S.A.	Vice-Chairman of the Board of Directors
Florinvest, Sociedade Agrícola, S.A.	Vice-Chairman of the Board of Directors
Norbrasin, Investimentos Imobiliários, S.A.	Vice-Chairman of the Board of Directors
ANCARIN, Investimentos Imobiliários e Financeiros, S.A.	Vice-Chairman of the Board of Directors
Casa de Mozelos, Gestão de Imóveis, S.A.	Member of the Board of Directors
Sociedade Agrícola Triflor, S.A.	Member of the Board of Directors
Inacom, S.A.	Member of the Board of Directors
Muchbeta, S.A.	Member of the Board of Directors
CHT – Casino Hotel de Tróia, S.A.	Vice-Chairman of the Board of Directors
Turyleader, S.G.P.S., S.A.	Vice-Chairman of the Board of Directors
Grano Salis – Investimentos Turísticos, Jogo e Lazer, S.A.	Vice-Chairman of the Board of Directors
Goldtur – Hotéis e Turismo, S.A.	Vice-Chairman of the Board of Directors
Amorim – Entertainment e Gaming International, S.G.P.S., S.A.	Vice-Chairman of the Board of Directors
Prifalésia – Construção e Gestão de Hotéis, S.A.	Vice-Chairman of the Board of Directors
Amorim Turismo – Imobiliária, S.G.P.S., S.A.	Vice-Chairman of the Board of Directors
Tróia Península Investimentos, S.G.P.S., S.A.	Vice-Chairman of the Board of Directors
Amorim Turismo, S.G.P.S., S.A.	Vice-Chairman of the Board of Directors
Sociedade Figueira Praia, S.A.	Vice-Chairman of the Board of Directors
FozPatrimónio – Sociedade Imobiliária e Turística, S.A.	Vice-Chairman of the Board of Directors

Fernando José de Araújo dos Santos Almeida (Member):

Company	Position
CORTICEIRA AMORIM Group	
Amorim Revestimentos, S.A.	Member of the Board of Directors

SECTION III – SUPERVISORY BOARD

2.20. It doesn't exist in the Corporate Governance Code.

2.21. Disclosure of the identification of the members of the supervisory board and information on whether they comply with the conflict of interest requirements of section 414-A(1) of the Portuguese Companies Act as well as the independence requirements of section 414(5) of the Portuguese Companies Act. For this purpose, the supervisory board conducts a self-assessment of its members.

Composition of the Supervisory Board:

Chairman:	Durval Ferreira Marques
Member:	Joaquim Alberto Hierro Lopes
Member:	Gustavo José de Noronha da Costa Fernandes
Alternate Member:	Alberto Manuel Duarte de Oliveira Pinto

To the best of our Company's knowledge, the members and the alternate members of the Supervisory Board comply with the conflict of interest requirements provided for in section 414-A(1) of the Portuguese Companies Act and the independence requirements provided for in section 414(5) of the Portuguese Companies Act.

2.22. Professional qualifications of each member of the supervisory board, his/her professional career over the last five years (at least), the number of shares he/she holds in the company, the date of his/her first appointment to the supervisory board and the end of his/her term of office.

Durval Ferreira Marques (Chairman):
Graduated with a Bachelor's Degree in Economics from the University of Porto, Faculty of Economics, he was a technical education lecturer and a technical assistant at the Directorate-General of the Central Bank of Angola. He held management positions in the finance, insurance, media and industry sectors in South Africa for over 25 years. He was also a representative of the Portuguese Business Association in South Africa and Mozambique.

For the past five years he has held several director level positions in a number of Portuguese companies.

Date of his first appointment to the Supervisory Board: 28 May 2007

End of term of office: 31 December 2013

At 31 December 2011, Mr. Durval Ferreira Marques did not hold any shares in CORTICEIRA AMORIM.

Joaquim Alberto Hierro Lopes (Member)
He graduated in Accounting and Business Administration from the Higher Institute of Accounting and Business Administration of Porto. He has a Bachelor's Degree in Mathematics from the University of Porto, Faculty of Sciences and a Master's Degree in Business Administration from the University of Porto. He attended the preparatory course for Certified Public Accountant and the tax law course.

He has lectured at the University of Porto. He was also Chairman of the Board and a member of the Scientific Committee of Portugal's Higher Institute of Administration and Management (ISAG – Instituto Superior de Administração and Gestão). He has held senior management positions and has been a member of the board of a number of Portuguese and international companies. In recent years, he has held several director and manager level positions in GED Group member companies and has been an Executive Director of GED Partners since March 2008. He is also a member of the governing bodies of several companies.

Date of first appointment to the Supervisory Board: 28 May 2007

End of term of office: 31 December 2013

At 31 December 2011, Mr. Joaquim Alberto Hierro Lopes did not hold any shares in CORTICEIRA AMORIM.

HAVING OPERATED IN THE SECTOR FOR MORE THAN A CENTURY AND WITH OPERATIONS IN DOZENS OF COUNTRIES, CORTICEIRA AMORIM HAS MADE, AND CONTINUES TO MAKE, A DECISIVE CONTRIBUTION TO THE WORLDWIDE PROMOTION OF CORK.

Gustavo José de Noronha da Costa Fernandes (Member):
He is a lawyer based in Santa Maria da Feira, Portugal. He has held several senior positions in the Portuguese Bar Association: member of the Porto District Commission (1992-1995), of the Higher Commission (2002-2004) and of the Porto Ethics Commission (2005-2007). He is a practising lawyer and a manager of the Gustavo Fernandes, Domingos Leite e Associados law firm.

Date of his first appointment to the Supervisory Board: 28 May 2007

End of term of office:
31 December 2013

At 31 December 2011, Mr. Gustavo José de Noronha da Costa Fernandes did not hold any shares in CORTICEIRA AMORIM.

Alberto Manuel Duarte de Oliveira Pinto (Alternate Member)
He has a Bachelor's Degree in Law from the Portuguese Catholic University and a Master's Degree in the History of Africa from the University of Lisbon, Faculty of Humanities. In recent years, he has lectured at several higher education institutions: the University of Lisbon's Faculty of Humanities, the University of Coimbra's Faculty of Sciences and Technology, Independente University and Autónoma de Lisboa University. He has written a number of essays, academic studies and works of fiction.

Date of his first appointment to the Supervisory Board: 28 May 2007

End of term of office:
31 December 2013

At 31 December 2011, Mr. Alberto Manuel Duarte de Oliveira Pinto did not hold any shares in CORTICEIRA AMORIM.

2.23. Positions held outside the company by the members of CORTICEIRA AMORIM's Supervisory Board and a breakdown of the positions held in other member companies of the CORTICEIRA AMORIM Group.

Durval Ferreira Marques (Chairman):

Company	Position
Other Companies	
Cifial, S.G.P.S., S.A.	Chairman of the group chairing the General Meeting
Cifial Indústria Cerâmica, S.A.	Chairman of the group chairing the General Meeting
Cogruci Comércio Internacional, S.A.	Chairman of the group chairing the General Meeting

Joaquim Alberto Hierro Lopes (Member):

Company	Position
Other Companies – Subsidiaries of the GED Group:	
Estudio Pereda4, S.L. [a]	Member of the Board of Directors
FASE – Estudos e Projectos, S.A.	Chairman of the Board of Directors
GED Iberian Private Equity, S.A. [a]	Member of the Board of Directors
GED Partners I, S.L. [a]	Member of the Board of Directors
GED Sur Capital, S.A.[a]	Member of the Board of Directors
Grupo Asijara Holdings, S.L.[a]	Member of the Board of Directors
Nuceri Business, S.L.[a]	Member of the Board of Directors
Serlima Services, S.A.	Member of the Board of Directors
Soprattuto Cafés, S.A.	Member of the Board of Directors
Interinvest, S.A.	Chairman of the Board of Directors

[a] Spain

Gustavo José de Noronha da Costa Fernandes (Member):

Company	Position
Outras Sociedades	
Gustavo Fernandes, Domingos Leite e Associados	Director
Clínica Alcaide, Lda.	Director

Alberto Oliveira Pinto (Alternate Member):

Company	Position
Other Companies	
Cimpomóvel Imobiliária, S.A.	Member of the Supervisory Board

2.24. Information on the fact that the external auditor's performance is annually assessed by the supervisory board and the possibility of the supervisory board proposing to the general meeting the dismissal for cause of the auditor.

The Report and Opinion of the Supervisory Board set out in section 2.4. above, includes a brief assessment of the Statutory Auditor's performance. It is also the Supervisory Board's responsibility to propose to the General Meeting the appointment of a Statutory Auditor.

The Company's articles of association do not provide for the possibility of the Supervisory Board proposing to the General Meeting the dismissal for cause of the Statutory Auditor.

2.25. a 2.28. – Not applicable to the governing body model adopted by CORTICEIRA AMORIM.

2.29. Disclosure of information relating to the remuneration policy, in particular of directors and officers under section 248-B(3) of the Portuguese Securities Market Act, and other employees whose professional activities may have a material impact on the company's risk profile and whose remuneration has an important variable component.

The remuneration policy is structured in such a way as to promote the alignment of interests between directors & other officers and the interests of the Company. The remuneration policy is based mainly on a fixed remuneration basis and has a variable component which depends on the Company's financial and operational results as well as its economic and financial situation.

The variable component of the remuneration of executive directors and officers represents a performance bonus awarded in accordance with the degree of compliance with corporate goals, objectives, strategic initiatives and priority actions set out in a three-year plan, including the annual variation for each of these three years. Performance is monitored using a balanced scorecard system (for additional information see section 2.3. – Organisational Structure of the Company).

With regard specifically to directors and officers – and in accordance with article 2 of Statute no. 28/2009 of 19 June – the Board of Directors submitted to shareholders for consideration and approval at the Annual General Meeting held on 1 April 2011 a remuneration policy set out below, which remuneration policy was approved by the General Meeting.

The remuneration of the Company's directors and officers shall be based on the following criteria:

- the stipulations in their individual employment contracts;
- observance of the principles of internal equity and external competitiveness;
- if adequate and feasible, such remuneration package shall consist of a fixed pay plus a variable pay that is contingent on the Company's performance and on the measurable contribution of each individual director and officer to the Company's sustainable development and medium/long-term profitability (using the balanced scorecard methodology);
- the variable pay shall consist of the award of:
  - a merit bonus pay, whose amount shall be based upon the performance achieved by each director or officer. This is contingent on the performance indicators of the business areas assigned to each director or officer and, therefore, on the level of professional performance which can be objectively measured;
  - an additional bonus, whose amount shall be based upon the Company's performance;
  - the variable pay shall be equivalent to between 0% and 50% of their fixed pay.

SECTION IV – REMUNERATION

2.30. Information on the remuneration policy for directors and supervisory board members as set out in article 2 of Statute no. 28/2009 of 19 June.

A remuneration policy was submitted by CORTICEIRA AMORIM's Remuneration Committee to shareholders for consideration and approval at the Annual General Meeting held on 1 April 2011. The following remuneration policy was approved by the Annual General Meeting:

1. In line with market practice and the duties and responsibilities inherent in the position held by the **members of the Supervisory Board** as well as their technical and professional knowledge and skills required for carrying out the supervisory functions, these members shall be paid exclusively a fixed remuneration payable in twelve instalments per year.

2. The **members of the Board of Directors** shall be paid adequate remuneration taking into account:
   - the individual remuneration package agreed upon between the Company and each director;
   - observance of the principles of internal equity and external competitiveness, taking into account, in particular, relevant information disclosed by the main Portuguese economic groups on their remuneration policies and practices;
   - if adequate and feasible, such remuneration shall primarily consist of a fixed pay – for executive and non-executive directors – plus a variable pay - for executive directors only – that is contingent on the Company's performance and on the measurable contribution of each individual executive director to the Company's sustainable development, its medium/long--term profitability and shareholder's value creation (using the balanced scoreboard methodology, a focused set of key financial and non-financial indicators};
   - the award of a variable pay component to executive members of the Board of Directors shall be equivalent to a performance bonus that shall be contingent on the degree of compliance with the Company's strategic targets, goals, initiatives and its three-year priority action plan and annual reviews. Key financial and non-financial indicators shall be taken into account in assessing the performance (including short-term performance) of each individual executive director and his/her measurable contribution to the Company's sustainable development in the medium/long-term;
   - the actual amount of the variable pay shall depend on the appraisal to be carried out every year by the Remuneration Committee on the performance of the Board members, examining the contribution of each individual executive director to both the Company's profit in the relevant financial year and compliance with the Company's targets and implementation of the medium/long-term strategies adopted by the Company;
   - the payment of the variable pay component, if any, may be made wholly or in part after determination of the profit (or loss) for the years in respect of the whole term of office. There is, therefore, the possibility of the variable pay being reduced if the profit for the year reflects a significant deterioration in the Company's performance in the last financial year or if it is expectable that a significant deterioration will occur in the financial year underway;
   - The Company's remuneration policy for directors does not include the grant of share-based schemes, including share options, to members of the Board of Directors.

Although this issue is not expressly set out in the report on remuneration policy, the directors consider that they are barred from entering into contracts either with the Company and its subsidiaries and/or affiliates or with third parties, which contracts might mitigate the risk inherent in the variability of their remuneration fixed by the Company and, therefore, the directors are scrupulous in complying with the conduct requirements of that concept.

2.31. Disclosure of annual remuneration earned by each member of the company's board of directors and supervisory board, including fixed and variable pay and, as far as variable pay is concerned, information on the various components that make up the variable pay as well as the amount that has been deferred and the amount that has already been paid.

Total remuneration earned by the **members of the Board of Directors** in 2011 was EUR 576,901.50:

- the fixed remuneration of executive directors totalled EUR 451,031.30 (António Rios de Amorim: EUR 208,714.20; Nuno Filipe Vilela Barroca de Oliveira: EUR 117,504.90; Fernando José de Araújo Santos dos Almeida: EUR 124,812.20) and the variable remuneration amounted to EUR 3,950.00 (entirely paid to Fernando José de Araujo dos Santos Almeida) for the performance of his duties in the Board of Directors of CORTICEIRA AMORIM; they did not earn any money for the performance of his duties on the Boards of associated companies or subsidiaries that consolidate with CORTICEIRA AMORIM;
- non-executive directors did not earn any remuneration for the performance of their duties on the Board of CORTICEIRA AMORIM. Fixed and variable remunerations totalled EUR 112,604.20 and EUR 9,316.00, respectively (both entirely paid to Joaquim Ferreira de Amorim for the performance of his duties in the Boards of Directors of subsidiaries or associated companies that consolidate with CORTICEIRA AMORIM).

Total remuneration earned by the members of the **Supervisory Board** in 2011 was EUR 42,900.00 (Durval Ferreira Marques: EUR 13,200.00; Joaquim Alberto Hierro Lopes: EUR 9,900.00; Gustavo José de Noronha da Costa Fernandes: EUR 9,900.00; Alberto Manuel Duarte de Oliveira Pinto: EUR 9,900.00). Under the remuneration policy set out in subsection 2.30., the members of the Supervisory Board did not earn any variable remuneration.

With regard to both the Board of Directors and the Supervisory Board, as at 31 December 2011, there were no deferred payments of fixed or variable remunerations.

2.32. Information on how remuneration packages are structured in order to ensure the alignment of the interests of the directors with the long-term interests of the company as well as how remuneration packages are based on performance assessment and are designed to discourage excessive risk-taking.

As disclosed in the remuneration policy set out in subsection 2.30. above.

2.33. With regard to the remuneration package of executive directors:

a) Disclosure of the fact that the remuneration package for executive directors includes a variable component, which depends on his/her performance-based assessment results;

As set out in section 2.31. above.

The variable component of the remuneration package for executive directors is similar to a performance bonus and is contingent on the degree of compliance with the Company's strategic targets, goals and initiatives and its three-year priority action plan and annual reviews.

b) Disclosure of the Company's corporate bodies that are competent to assess the performance of executive directors;

The Remuneration Committee is responsible for assessing the performance of each executive director.

c) Disclosure of predetermined criteria for assessing the performance of executive directors;

The award of a performance bonus to each individual executive director is contingent on his/her degree of compliance with the Company's strategic targets, goals and initiatives and its three-year priority action plan and annual reviews, using the balanced scorecard methodology, a focused set of key financial and non-financial indicators.

d) Explanation of the relative importance of the variable and non-variable components of directors' remuneration package and disclosure of the maximum limit for each component type;

Total remuneration paid to executive directors in 2011 was EUR 454,981.30; in relative terms, such total remuneration comprised a 0.9 per cent variable component and a 99.1 per cent fixed component. The Company's articles of association provide that the remuneration payable to all or some of the members of the Board of Directors may consist partly in a share in the profits of the Company. This profit-sharing plan may not exceed three per cent of profits for all the directors in office. Apart from this, there is no maximum limit for each component type. There is no ceiling limit on other variable pay.

e) Disclosure of deferred payments of part of variable component of remuneration and the deferral period;

In the financial year under review there were no deferred payments of part of variable component of remuneration.

f) Explanation of how the payment of a variable compensation is contingent on the Company's continuing its positive overall performance over the deferral period;

Payment of a variable compensation is contingent on the achievement of the Company's strategic objectives, initiatives and priorities outlined in its three-year strategic plan.

g) Adequate information on the criteria underpinning the share-based payment as part of variable compensation as well as information on the holding by executive directors of shares in the Company allotted to them, the possibility of entering into a contract relating to such shares, including hedge or risk transfer contracts, their caps, and the proportion of the variable remuneration component in total annual remuneration;

The Company's remuneration policy does not provide for the allotment of shares or call options on shares to members of the Board of Directors. No shares and/or call options on shares were allotted. The Company has no incentive system for allotment of shares.

h) Adequate information on the criteria underpinning the share option-based payment as part of variable compensation and disclosure of the deferral period and strike price;

Not applicable.

i) Disclosure of the main parameters and rationale for any annual bonus scheme and other non-cash benefits;

As disclosed herein in sub-paragraph (c) above.

j) Remuneration paid in the form of profit sharing and/or bonus payment and the reasons why such bonus payments and/or profit sharing bonus were granted;

The performance-related variable remuneration paid in 2011 in the form of performance bonus totalled EUR 3,950.00 and was the result of the achievement of Organistional goals and objectives as set out in sub-paragraph (a) above.

k) It doesn't exist in the Corporate Governance Code.

l) Severance payments made or owed to former executive directors arising out of early contract termination:

No severance payments were made or owed to former directors arising out of their early contract termination in 2011.

m) Information on the planned statutory restrictions on severance pay for unfair dismissal of a director and the proportion of the severance pay in the variable remuneration component;

There are no legal instruments under the provisions set out in this sub-paragraph (m).

n) Amounts paid for any reason whatsoever by other companies which control or are in a group relationship with CORTICEIRA AMORIM, S.G.P.S., S.A.;

As disclosed herein under 2.31. above.

o) Disclosure of the main features of supplementary pension or early retirement schemes for directors and whether or not such schemes were subject to review at the annual general meeting;

There are no supplementary pension or early retirement schemes for directors.

p) **Total estimated value of significant non-cash benefits considered as remuneration and not falling within any of the cases previously enumerated:**

All non-cash benefits considered as remuneration were included in the total remuneration package disclosed in sub-paragraph (a) above.

q) **Existence of mechanisms that prevent executive directors from entering into contracts that can undermine the rationale behind the variable remuneration.**

There are no mechanisms designed and implemented specifically to safeguard the Company from the situation described above. In view of the complexity of this issue, after weighing the structure and corporate practices adopted by the Company and verifying the existence of a sound and effective internal control system enhanced by a system of dual supervision by independent supervisory bodies, this risk – if any – is considered to be minimal and is safeguarded by the collegial nature of the decision-making process by the Board of Directors.

2.34. Information on the fact that the remuneration payable to non-executive directors of the board does not include any variable remuneration components.

Non-executive directors only get paid a fixed remuneration for the performance of their duties as members of the Board of Directors of CORTICEIRA AMORIM; the variable remuneration – set out in sub-paragraph 2.31. above – payable to non-executive directors is the result of their performance of executive duties on the Boards of Directors of associated companies or subsidiaries that consolidate with CORTICEIRA AMORIM.

CORTICEIRA AMORIM HAS AN UNRIVALLED PRODUCTION AND DISTRIBUTION NETWORK: **29** INDUSTRIAL UNITS, **79** COMPANIES AND **227** AGENTS LOCATED ACROSS THE WORLD.

2.35. Disclosure of the whistle-blowing policy adopted by the Company (means by which malpractice or misconduct may be brought to the attention of the Company's relevant bodies or officers, their conduct in this process and the manner in which such information is to be treated).

It is the responsibility of CORTICEIRA AMORIM's Supervisory Board – in accordance with its rules of procedure – to receive the information on wrongful acts reported by shareholders, employees or other individuals or bodies and to treat such whistle-blowing reports appropriately.

Channel of reporting to the Supervisory Board of CORTICEIRA AMORIM, S.G.P.S., S.A.

By postal address: (the Company's registered office): Rua de Meladas, n.º 380 – P.O. Box 20 – 4536-902 MOZELOS – PORTUGAL

By telephone: +351 22 747 54 00

The Company ensures that the Supervisory Board will be the first to be made aware of the contents of such whistle-blowing reports (no employee of the Company is authorised to open mail addressed to be opened specifically by this governing body or any of its members).

It is the Supervisory Board's responsibility to review any such reports and ask the other Company's governing bodies and officers for any explanations on the disclosed events and the circumstances surrounding the situation. In dealing with concrete situations, the Supervisory Board is entitled to:

- suggest precautionary measures to prevent irregularities;
- report any identified and confirmed irregularities to the Board of Directors and relevant authorities, both internally and externally, in accordance with each specific situation.

The Company guarantees that the identity of whistleblowers will not be disclosed throughout the process, unless they expressly choose to disclose their identity.

CORTICEIRA AMORIM believes that there are a number of measures, i.e. (i) the assignment of such responsibilities to the Supervisory Board – composed entirely of independent members, who ensure impartial handling and consideration of irregularities reported to the Company; (ii) the non-imposition of the use of a specific format for such reports and the fact that it is at the discretion of the whistleblower to use the channels of reporting that he/she thinks to be the most adequate; and (iii) the obligation to ensure protection of personal data of employees (scrupulously following the instructions given by whistleblowers regarding confidentiality) that safeguard the rights of both whistleblowers and other staff members involved, while ensuring that the reporting process remains simple, and contributes effectively to promoting impartial investigation and clarification of the situations reported.

SECTION V – SPECIAL COMMITTEES

2.36. Identification of the members of the committees set up for assessing the individual and overall performance of executive directors, reflection on the corporate governance system adopted by CORTICEIRA AMORIM and identification of potential candidates who have the profile to be a director.

CORTICEIRA AMORIM's Remuneration Committee consists of a chairman and two committee members. As at December 31, 2011, these positions were held by:

Chairman:	José Manuel Ferreira Rios
Member:	Álvaro José da Silva
Member:	Américo Gustavo de Oliveira Ferreira

This committee is only competent to assess the performance of the members of the Board of Directors.

Directors are encouraged to reflect on the corporate governance system but this does not involve identifying potential candidates who have the profile to be a director because, as stated above, this power is not vested in the directors.

2.37. Number of meetings held in 2011 by committees set up with responsibility for managerial and supervisory matters as well as details on minutes taking of such meetings.
Apart from those committees already mentioned – the Executive Committee and the Remuneration Committee – there are no other committees with responsibility for management and supervisory matters.

The Remuneration Committee met four times in 2011 and the minutes of the meeting were drawn up.

2.38. Information on the fact that one member of the remuneration committee has relevant knowledge and experience of remuneration matters.
Members of the Remuneration Committee were selected on the basis of their wide experience in managing human resources, monitoring and benchmarking other companies' remuneration policies and their knowledge in terms of best remuneration practices and labour law.

2.39. Information on the independence of individuals or companies hired for the remuneration committee through a contract of employment or a contract for provision of services vis-à-vis the board of directors as well as whether (if applicable) such people have currently a consultant relationship with the company.
All members of this committee consider themselves independent vis-à-vis the Company's Board of Directors.

CHAPTER III - INFORMATION

3.1. Share capital structure, including shares not admitted to trading, different types of shares, rights and duties inherent in the shares and the percentage of the company's share capital that each type of share represents.
The share capital of CORTICEIRA AMORIM is EUR 133 million and is divided into 133 million ordinary shares of a nominal value of EUR 1 each. These shares give their holders the right to dividends. All shares issued by the Company are admitted to trading on the Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A.

3.2. Qualifying holdings in the issuer's share capital, calculated in accordance with article 20 of the Portuguese Securities Market Act.
List of holders of qualifying interests as at 31 December 2011:

Shareholder	No. of shares owned	Interest (%)
Amorim Capital, S.G.P.S., S.A.	101,820,314	76.557%
Amorim – Sociedade Gestora de Participações Sociais, S.G.P.S., S.A.	3,069,230	2.308%
Investmark Holdings B.V.	7,980,000	6.000%
Total Qualifying Holdings	**112,869,544**	**84.864%**

As at 31 December 2011, Amorim – Investimentos e Participações, S.G.P.S., S.A. had an indirect qualifying holding in CORTICEIRA AMORIM of 101,820,314 shares representing 76.557% of this Company's share capital. This indirect qualifying holding is held through Amorim Capital - Sociedade Gestora de Participações Sociais, S.A. Amorim – Investimentos e Participações, S.G.P.S., S.A. is a wholly-owned subsidiary of Interfamília II, S.G.P.S., S.A. Investmark Holdings B.V. is a wholly-owned subsidiary of Warranties, S.G.P.S., S.A. which, in turn, is 70 per cent owned by Mr. Américo Ferreira de Amorim.

The number of shares of treasury stock as of December 31, 2011 was 6,787,462.

3.3. Identification of shareholders who were attributed special rights and a description of those rights.
No shares of the Company carry special rights and no special rights have been granted to shareholders.

3.4. Restrictions on share transfers, including consent clauses to dispose of the shares or restrictions on share ownership.
The Company's articles of association do not impose any restrictions on the transfer of shares.

3.5. Shareholders' agreements known to the company, which agreements may restrict transfers of securities or affect voting rights.
The Company has no knowledge of the existence of any shareholders' agreements that might lead to restrictions on the transfer of shares or affect voting rights.

3.6. Rules governing the amendment of the company's articles of association.
The rules governing the amendment of the articles of association are those provided for by law, with the addition of the following specific provisions set out in the aforementioned articles: the Company is managed by a Board of Directors consisting of a chairman, a vice-chairman and from one to nine other members. This statutory provision may be amended only with the approval by a majority of shareholders representing at least two-thirds of the Company's share capital.

3.7. Control mechanisms provided for in any employee share ownership plan when such employees do not directly exercise their voting rights.

No control mechanisms are provided for therein.

3.8. Disclosure of the issuer's stock performance, taking particularly into account:

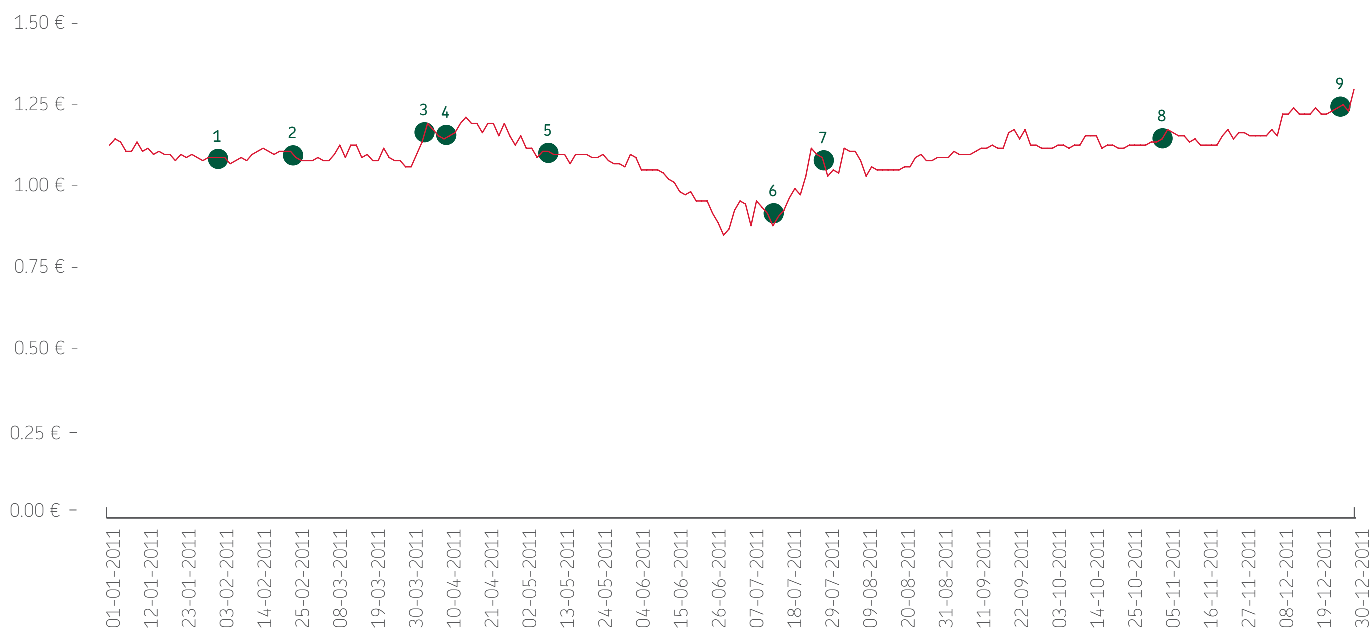
a) the issue of shares or other securities conferring rights to subscribe to or acquire shares;

b) the disclosure of profit/loss;

c) the dividends paid per share class and disclosure of the net dividend paid per share.

In 2011, no shares or other securities conferring rights to subscribe to or acquire shares were issued. A dividend of € 0.10 per share was paid on May 2, 2011 to shareholders.

Share Price Evolution in 2011



Closing Price

1 – 02-02-2011 – Launch of DYN CORK, a new partnership aimed at developing an innovative line of cork products.
2 – 21-02-2011 – Consolidated profit for the financial year 2010.
3 – 01-04-2011 – Resolutions passed at the Annual General Meeting held on 1 April 2011.
4 – 08-04-2011 – Announcement of dividend payment.
5 – 09-05-2011 – Consolidated profit for the first quarter ended March 31, 2011.
6 – 12-07-2011 – Launch of a consortium whose aim is to implement the use of new cork composite compounds in next generation high-speed trains.
7 – 29-07-2011 – Business activity and consolidated profit for the six-month period ended June 30, 2011.
8 – 04-11-2011 – Consolidated profit for the nine-month period ended September 30, 2011.
9 – 23-12-2011 – Purchase of a stake in Corchos de Argentina, S.A..

Additional information on CORTICEIRA AMORIM´s stock market performance: Chapter 6 of the Consolidated Directors' Report.

3.9. Disclosure of the dividend distribution policy of the company and information on the dividend paid per share during the last three financial years.

The proposal for appropriation of profit for the year to be submitted every year to the Annual General Meeting for approval shall be duly considered by CORTICEIRA AMORIM in view of the overall business climate surrounding the Company and affecting particularly its net profit, its debt level and the outlook for future investment and financing needs aimed at reaching a desirable economic and financial balance.

CORTICEIRA AMORIM's Dividend Performance – 2008 to 2011

	Unit	2008	2009	2010	2011
Paid/made available on		28 April	-	-	02 May
Total dividend	thousand euros	7,980	0	0	13,300
% payout ratio	%	34.3%	-	-	64.7%
Dividend per share	€	0.060	0	0	0.100
% of nominal value	%	6.00%	-	-	10.00%

3.10. Disclosure of the main features of the share-award and the share-option plans adopted by the company or valid for the relevant financial year, giving details, in particular, of the reasons for adopting any such plans, the occupational category and number of employees covered by such plans, terms and conditions of the award of shares, clauses prohibiting the disposal of shares, the criteria governing the share prices and the strike price of share options, the period during which the options may be exercised, the characteristics of the shares to be allotted, the existence of incentives to purchase shares and/or to exercise options as well as the authority of the board of directors to implement and/or amend such plans.

CORTICEIRA AMORIM has not adopted nor does it have any share-award or share-option plans in force.

3.11. Disclosure of the main data on business deals and transactions carried out between the company, on the one hand, and the members of its board of directors and supervisory board, holders of qualifying interests or any organization which controls, is controlled by or is in common control with such members, on the other hand, provided that the amounts involved are significant for any of the parties involved, except for those business deals or transactions that are carried out on an arm's-length basis and form part of the company's day-to-day business.

No relevant business deals or transactions were carried out under the terms set out in this section 3.11 above.

3.12. Disclosure of the main data on business deals and transactions carried out between the Company and the holders of qualifying interests or any organization which controls, is controlled by or is in common control with such members, pursuant to article 20 of the Portuguese Securities Market Act, which business deals and transactions were not carried out on an arm's-length basis.

No relevant business deals or transactions were carried out under the terms set out in this section 3.12 above.

3.13. Description of the procedures and criteria applicable to the supervisory board when it conducts a preliminary assessment of the business deals to be carried out between the company and the holders of qualifying interests or any organisation which controls, is controlled by or is in common control with such members, pursuant to article 20 of the Portuguese Securities Market Act.

CORTICEIRA AMORIM has no procedures or criteria available under the terms of the above section. However, it should be noted that the business deals carried out between the Company, its associates or affiliates and the holders of qualifying interests or any organization which controls, is controlled by or is in common control with such members, as provided for in article 20 of the Portuguese Securities Market Act, are carried out on an arm's-length basis and the amount of such business deals is also of little consequence in comparison to the total value of the transactions made during the financial year.

The total value of the transactions with related parties carried out on an arm's-length basis is disclosed in the Notes to the Financial Statements. This value was EUR 1,696 thousand in 2011.

3.14. Disclosure of statistical data (number, average value and maximum value) relating to transactions subject to a preliminary assessment by the supervisory board.

No transactions were subject to a preliminary assessment by the Supervisory Board.

3.15. Information on the availability on the company's website of annual reports on the activities of the general and supervisory committees, the financial affairs committee, the audit committee and the supervisory board, including information on any constraints encountered, in addition to the annual financial statements.

An annual Report and Opinion describing the work carried out and the results is prepared every year by the Supervisory Board. This Report and Opinion, together with the other annual financial statements, is made available to shareholders on the Company's website within the minimum time in advance required by law. This Report and Opinion is included in and published along with the Company's Annual Report and Accounts and is available for consultation at www.corticeiraamorim.com.

3.16. Information on the existence of an office of investor assistance or other similar office.

Through its **Investor Relations Department**, CORTICEIRA AMORIM maintains permanent contact with the Market, thus ensuring that the principle of equality among shareholders is upheld and that uneven access of investors to information is prevented.

a) Responsibilities of the Investor Relations Department

The Investor Relations Department, supervised by CORTICEIRA AMORIM's Investor Relations Officer, has the following responsibilities:

- regular publication of the Company's operation performance evaluation reviews and financial results, including co-ordination and preparation of their twice-yearly public presentation delivered at the Company's registered office (either in person or via audio-conference);
- disclosure of privileged information;
- disclosure of information on qualifying interests;
- receipt and centralisation of all questions and queries raised by investors and answers to such questions;
- participation in conferences and meetings with investors and analysts.

The following measures carried out in 2011 in the context of contact with investors are especially noteworthy:

- presentation of half-year business activity and results via audio-conferencing, thereby promoting interaction;

• one-on-one meetings held by invitation on the premises of investment banks;
• meetings held on the Company's premises with investors and teams of analysts, to whom the major industrial facilities were presented.

CORTICEIRA AMORIM has been using its information technology to regularly disclose and disseminate its economic and financial information, including the Company's operation performance evaluation reports and financial results as well as its answers to specific questions and queries raised by investors.

b) Type of information made available by the Investor Relations Department

• the name of the Company, its public company status, registered office and other information set out in article 171 of the Portuguese Companies Act;
• Articles of Association;
• identification of the members of the Company's governing bodies and the investor relations officer;
• the Office of Investor Assistance, its functions and means of accessing this Office;
• financial statements, including an annual report on the corporate governance structure and practices;
• six-month calendar of corporate events released at the beginning of each half-year;
• notices to members of Annual General Meetings to be given during a 30-day period prior to the date fixed for each meeting;
• motions submitted for discussion and vote at an AGM during a 15-day period prior to the date fixed for the meeting;
• absentee voting form;
• proxy form for Annual General Meetings;
• disclosure of half-yearly and quarterly information on the Company's business affairs;
• press releases: financial results, confidential information, qualifying interests in the share capital of the Company;
• business presentations to investors and market analysts.

In accordance with requirement no. 156/EMIT/DMEI/2009/515 of the Portuguese Securities Market Commission, from the beginning of 2009 onwards, the minutes of the AGM and statistical information on the attendance of shareholders at the AGM are also made available for consultation within five working days of the holding of the Annual General Meeting. Records relating to more than three years were collated and are duly kept by the Company.

c) Ways of contacting the Investor Relations Department:

This Department can be reached by telephone at +351 22 747 54 00, by fax +351 22 747 54 07 or by e-mail at corticeira.amorim@amorim.com.

d) The Company's website:

A wide range of information on CORTICEIRA AMORIM's ownership structure, its business and corporate performance is made available on its website www.corticeiraamorim.com, thus fully complying with the provisions set out in article 5 of Regulation no. 1/2010 of the Portuguese Securities Market Commission.

e) Identification of the Investor Relations Officer.

Mrs. Cristina Rios de Amorim Baptista is CORTICEIRA AMORIM's Investor Relations Officer.

3.17. Disclosure of the annual amount of remuneration paid to the auditor and other individuals or companies that belong to the same network, by CORTICEIRA AMORIM and/or by any company which controls or is in common control with CORTICEIRA AMORIM and the percentage breakdown of the total payments made for the following services:

Service provided	Amount (in thousand euros)	%
Statutory audit	341.6	55.7
Other auditing services	41.3	6.7
Tax consulting services	0.0	0
Other services	229.9	37.5
Total	**612.8**	**100.0**

The term «Other services» essentially refers to assistance for the implementation of administrative mechanisms to address legal formalities.

The independence of these service providers is not called into question as the leadership of the projects such service providers take on is always assumed by the appropriate department of CORTICEIRA AMORIM.

3.18. External auditor rotation.

There is no policy of rotation of Statutory Auditor. Continuation in service of the Statutory Auditor beyond the recommended three-year term is subject to a careful assessment of the advantages and disadvantages, in particular the expertise and experience acquired in the type of business in which the Company is engaged in. CORTICEIRA AMORIM's external auditors, PricewaterhouseCoopers & Associados, S.R.O.C., Lda., meet the independence requirements and this is reinforced by the fact the partner in charge of the Company's audit is proposed to be rotated every seven years, a procedure in line with the best international practices.

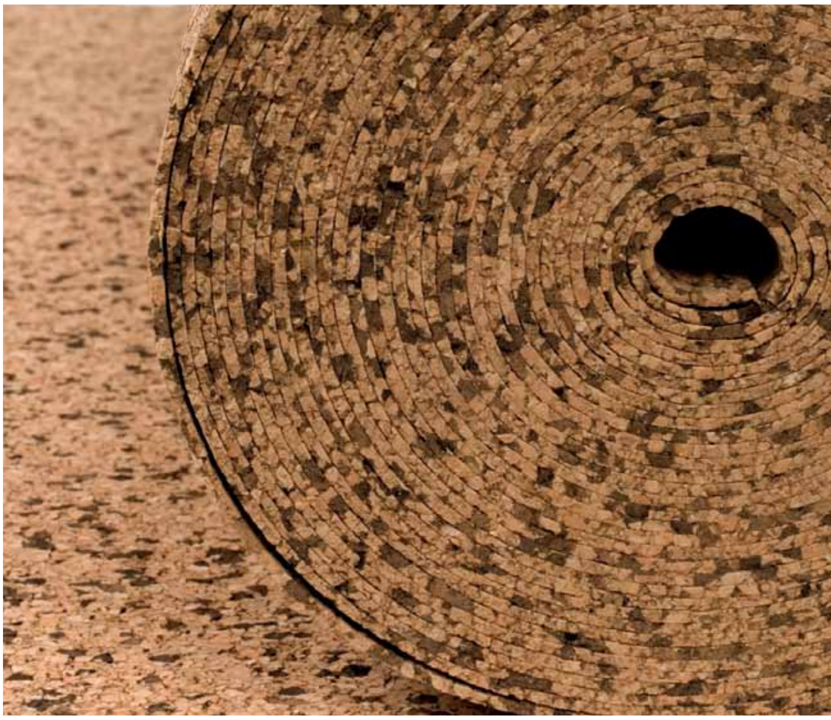
CHAPTER 4 - INFORMATION REQUIRED UNDER OTHER LEGISLATION

4.1. Transactions involving directors and officers.

In accordance with the provisions set out in sections 14.6 and 14.7 of Regulation no. 5/2008 of the Portuguese Securities Market Commission and according to notices received from persons/entities covered by this regulation, it is hereby reported that no transactions involving the Company's shares were carried out in 2011 by CORTICEIRA AMORIM's directors and officers.

No company which controls CORTICEIRA AMORIM or any of CORTICEIRA AMORIM's directors or officers or any person closely related to such directors or officers carried out transactions involving CORTICEIRA AMORIM's financial instruments.

4.2. Information required under sections 447 and 448 of the Portuguese Companies Act.



a) CORTICEIRA AMORIM shares held and/or traded directly by members of the governing bodies of the Company:

i) As at 31 December 2011, Mr. André de Castro Amorim (a Company director) held 259,038 shares in CORTICEIRA AMORIM and did not trade in any shares representing the capital of the Company during 2011;

ii) the other members of the governing bodies did not hold or trade in any shares representing the capital of the Company.

b) CORTICEIRA AMORIM shares held and/or traded directly by companies in which the members of the Company's governing bodies exercise management or supervisory responsibility:

i) Mr. António Rios de Amorim (the Chairman of the Board of Directors of CORTICEIRA AMORIM) held a director level position at Amorim – Sociedade Gestora de Participações Sociais, S.A., a company that held 3,069,230 shares accounting for around 2.3% of CORTICEIRA AMORIM's share capital. No CORTICEIRA AMORIM's shares were traded by Amorim – Sociedade Gestora de Participações Sociais, S.G.P.S., S.A. in 2011;

ii) Mr. Joaquim Ferreira de Amorim and Mr. André de Castro Amorim (both directors of CORTICEIRA AMORIM) held a director level position at Evalesco, S.G.P.S., S.A., a company that held 90,000 shares in CORTICEIRA AMORIM. No CORTICEIRA AMORIM's shares were traded by Evalesco, S.G.P.S., S.A. in 2011.

iii) Mr. Joaquim Ferreira de Amorim and Mr. André de Castro Amorim (both directors of CORTICEIRA AMORIM) held a director level position at Sociedade Agrícola Triflor, S.A., a company that held 285,956 shares in CORTICEIRA AMORIM. No CORTICEIRA AMORIM's shares were traded by Sociedade Agrícola Triflor, S.A. in 2011.

c) List of shareholders holding at least one-tenth of the Company's share capital:
As at 31 December 2011, Amorim Capital – Sociedade Gestora de Participações Sociais, S.A. held 101,820,314 shares accounting for 76.557% of CORTICEIRA AMORIM's share capital.

Mozelos, February 16, 2012

The Board of Directors of CORTICEIRA AMORIM, S.G.P.S., S.A.

António Rios de Amorim
Chairman

Joaquim Ferreira de Amorim
Vice-Chairman

Nuno Filipe Vilela Barroca de Oliveira
Member

Luísa Alexandra Ramos Amorim
Member

Jorge Manuel Seabra de Freitas
Member

André de Castro Amorim
Member

Fernando José de Araújo dos Santos Almeida
Member

03

Financial Report

The financial year of 2011 was CORTICEIRA AMORIM's best year to date in terms of both sales and profits. Comparable sales increased for eight consecutive quarters, enabling CORTICEIRA AMORIM to lift sales by € 80 million in two years, almost achieving annual sales of € 500 million. Profits were above € 25 million.

Consolidated Statement of Financial Position

thousand euros

	Notes	December 2011	December 2010
Assets			
Property, plant and equipment	VIII	172,372	168,430
Investment property	VIII	7,576	7,733
Goodwill	IX	11,849	15,099
Investments in associates	V and X	5,967	5,362
Intangible assets	VIII	427	612
Other financial assets	X	3,573	1,995
Deferred tax assets	XI	6,105	7,742
Non-Current Assets		**207,869**	**206,973**
Inventories	XII	224,922	184,798
Trade receivables	XIII	116,758	110,311
Current tax assets	XIV	23,662	16,595
Other current assets	XV	10,160	9,777
Cash and cash equivalents	XVI	21,681	33,312
Current Assets		**397,183**	**354,793**
Total Assets		**605,053**	**561,766**
Equity			
Share capital	XVII	133,000	133,000
Treasury stock	XVII	-6,247	-6,247
Other reserves	XVII	117,827	109,126
Net income		25,274	20,535
Non-controlling interest	XVIII	12,439	12,131
Total Equity		**282,292**	**268,545**
Liabilities			
Interest-bearing loans	XIX	62,464	14,239
Other borrowings and creditors	XXI	10,525	1,160
Provisions	XXIX	16,700	14,557
Deferred tax liabilities	XI	6,103	5,982
Non-Current Liabilities		**95,792**	**35,938**
Interest-bearing loans	XIX	76,641	121,496
Trade payables	XX	105,939	97,787
Other borrowings and creditors	XXI	30,565	26,941
Tax liabilities	XXII	13,824	11,059
Current Liabilities		**226,969**	**257,283**
Total Liabilities and Equity		**605,053**	**561,766**

Consolidated Income Statement by Nature – of the Year and Fourth Quarter

thousand euros

4Q11 (non audited)	4Q10 (non audited)		Notes	2011	2010
114,750	109,522	Sales	VII	494,842	456,790
55,168	60,015	Costs of goods sold and materials consumed		243,123	221,777
-617	11,938	Change in manufactured inventories		3,288	1,817
58,965	**61,445**	**Gross Margin**		**255,007**	**236,830**
51.7%	50.6%			51.2%	51.6%
21,216	20,252	Third party supplies and services	XXIII	86,602	78,320
25,854	23,870	Staff costs	XXIV	93,751	90,712
395	221	Impairments of assets	XXV	1,872	2,140
2,404	-1,436	Other gains	XXVI	7,502	6,860
1,079	1,729	Other costs	XXVI	7,846	6,512
12,824	**13,937**	**Current EBITDA**		**72,437**	**66,006**
5,745	5,629	Depreciation	VIII	21,060	20,867
7,080	**8,308**	**Current EBIT**		**51,378**	**45,139**
29	1,886	Non-current costs	XXIV and XXV	5,792	5,110
-1,943	-1,116	Net financial costs	XXVII	-5,515	-4,164
-281	-272	Share of (loss)/profit of associates	X	91	350
4,827	**5,034**	**Profit before tax**		**40,162**	**36,215**
561	2,185	Income tax	XI	13,747	14,461
4,265	**2,848**	**Profit after tax**		**26,415**	**21,753**
426	40	Non-controlling Interest	XVIII	1,141	1,218
3,839	**2,808**	**Net Income** attributable to the equity holders of CORTICEIRA AMORIM		**25,274**	**20,535**
0.030	**0.22**	**Earnings per share – basic e diluted** (euros per share)	XXXIII	**0.200**	**0.162**

Consolidated Statement of Comprehensive Income – of the Year and Fourth Quarter*

thousand euros

4Q11 (non audited)	4Q10 (non audited)		2011	2010
4,266	**2,848**	**Net Income (before Minority Interest)**	**26,415**	**21,753**
-27	-346	Change in derivative financial instruments fair value	153	-200
1,381	720	Change in translation differences	124	1,233
1,354	**374**	**Net Income directly registered in equity**	**277**	**1,033**
5,620	**3,222**	**Total Net Income registered**	**26,692**	**22,786**
		Attributable to:		
4,979	2,887	CORTICEIRA AMORIM shareholders	26,060	20,699
641	335	Non-controlling Interest	632	2,087

* Fourth quarter 2009 and 2010: non audited.

Consolidated Income Statement by Function

thousand euros

	2011	2010
Sales	494,842	456,790
Cost of sales	327,677	302,512
Gross Margin	**167,165**	**154,278**
Marketing and sales costs	50,765	49,303
Distribution	16,380	15,269
Support areas and others	48,642	44,567
Operating Results	**51,378**	**45,139**
Non-current costs	5,792	5,110
Net financial costs	-5,515	-4,164
Gains (losses) in associates	91	350
Profit before tax	**40,162**	**36,215**
Income tax	13,747	14,461
Profit after tax	**26,415**	**21,753**
Non-controlling interest	1,141	1,218
Net Income attributable to the equity holders of CORTICEIRA AMORIM	**25,274**	**20,535**
Net profit per share – basic and diluted (euros per share)	**0.200**	**0.162**

Consolidated Statement of Cash Flow – of the Year and Fourth Quarter

thousand euros

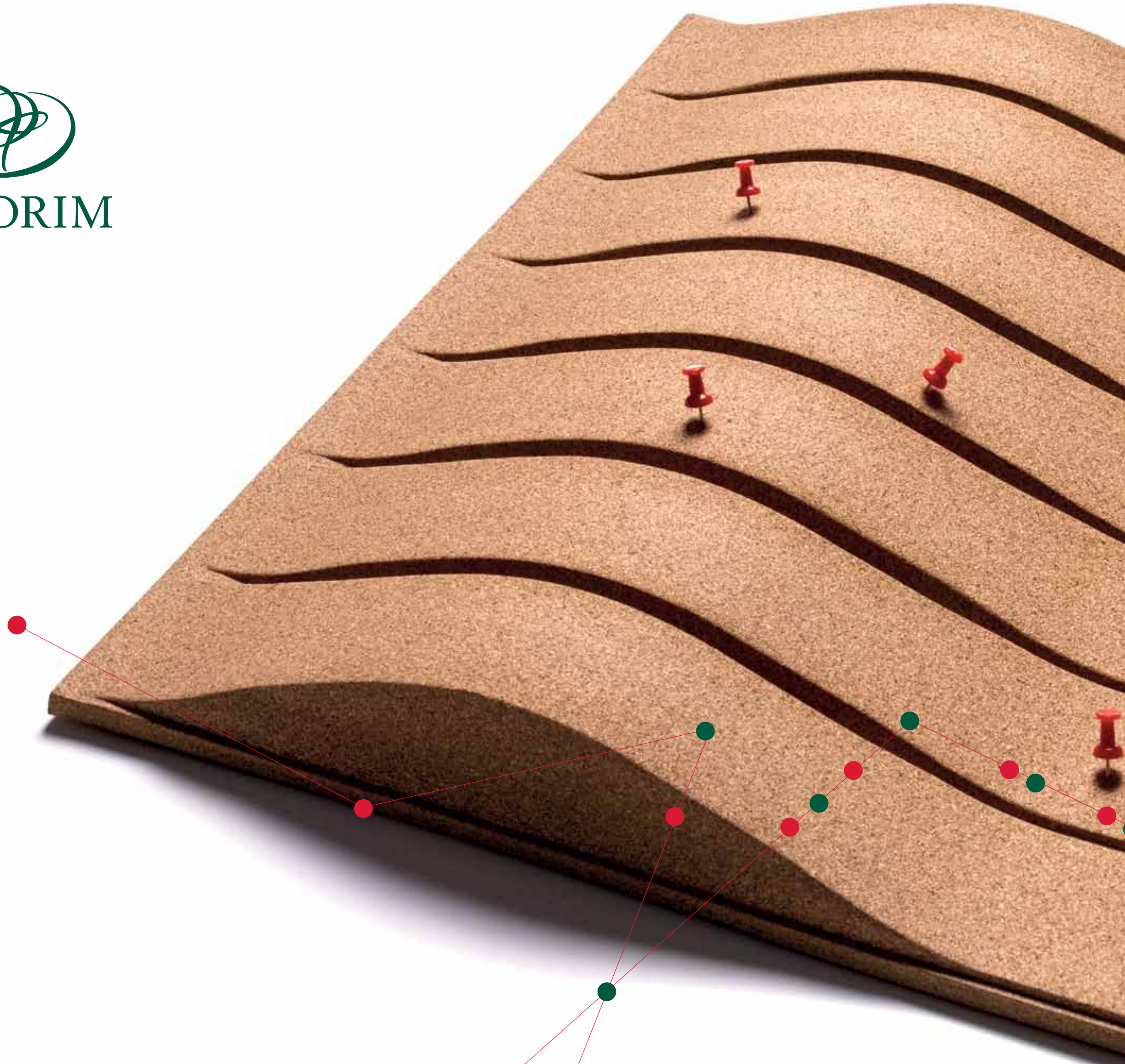
4Q11 (non audited)	4Q10 (non audited)		2011	2010
		Operating Activities		
160,433	97,966	Collections from customers	536,664	465,285
-128,172	-80,736	Payments to suppliers	-450,453	-323,634
-23,988	-26,388	Payments to employees	-91,493	-89,705
8,273	**-9,158**	**Operational Cash Flow**	**-5,282**	**51,946**
-1,627	-496	Payments/collections - income tax	-6,988	-3,034
13,739	531	Other collections/payments related with operational activities	38,395	10,019
20,385	**-9,123**	**Cash Flow before extraordinary items (1)**	**26,125**	**58,931**
		Investment Activities		
		Collections due to:		
2.934	236	Tangible assets	3,784	1,008
0	0	Intangible assets	30	0
40	0	Investment property	40	0
-2.635	366	Other assets	452	481
441	491	Interests and similar gains	1,489	904
644	36	Investment subsidies	698	54
125	100	Dividends	250	200
		Payments due to:		
-9,379	-5,703	Tangible assets	-26,672	-16,766
-666	-376	Financial investments	-2,035	-449
-3	-432	Intangible assets	-47	-901
-3	474	Other assets	-14	-275
-8,502	**-4,808**	**Cash Flow from Investments (2)**	**-22,025**	**-15,744**
		Financial Activities		
		Collections due to:		
0	0	Loans	3,324	0
177	228	Others	785	631
		Payments due to:		
-15,167	23,847	Loans	0	-18,597
-1,220	-1,408	Interests and similar expenses	-6,073	-3,851
-70	-294	Dividends	-13,127	-704
0	0	Acquisition of treasury stock	0	-3,446
-545	-145	Others	-1,039	-482
-16,825	**22,228**	**Cash Flow from Financing (3)**	**-16,130**	**-26,449**
-4,942	8,297	Change in cash (1) + (2) + (3)	-12,030	16,738
160	240	Exchange rate effect	-183	654
0	0	Perimeter effect	0	0
11,513	10,406	Cash at beginning	18.944	1,552
6,731	18,944	Cash at end	6,731	18,944

Consolidated Statement of Changes in Equity

thousand euros

	Balance at Beginning	Changes in Perimeter	Appropriation of N-1 Profit	Dividends	Net Profit N	Increases / Reclassif.	Decreases / Reclassif.	Translation Differences	End Balance
December 31, 2011									
Equity									
Share capital	133,000	-	-	-	-	-	-	-	133,000
Treasury stock - face value	-6,787	-	-	-	-	-	-	-	-6,787
Treasury stock - discount and premiums	541	-	-	-	-	-	-	-	541
Paid-in capital	38,893	-	-	-	-	-	-	-	38,893
IFRS transition adjustments	-8,634	-	-	-	-	335	-	-33	-8,332
Hedge accounting	-164	-	-	-	-	153	-	-	-11
Reserves									
Legal reserve	10,887	-	1,356	-	-	-	-	-	12,243
Other reserves	69,450	-	19,179	-12,621	-	-335	243	-	76,469
Translation difference	-1,305	-	-	-	-	-	-224	647	-1,435
	235,880	**0**	**20,535**	**-12,621**	**0**	**153**	**19**	**614**	**244,580**
Net Profit for the year	**20,535**	**-**	**-20,535**	**-**	**25,274**	**-**	**-**	**-**	**25,274**
Non-Controlling Interest	**12,131**	**182**	**-**	**-506**	**1,141**	**-**	**-**	**-509**	**12,439**
Total Equity	**268,546**	**182**	**0**	**-13,127**	**26,415**	**153**	**19**	**105**	**282,293**
December 31, 2010									
Equity									
Share capital	133,000	-	-	-	-	-	-	-	133,000
Treasury stock - face value	-3,088	-	-	-	-	-3,699	-	-	-6,787
Treasury Stock - discount and premiums	287	-	-	-	-	254	-	-	541
Paid-in capital	38,893	-	-	-	-	-	-	-	38,893
IFRS transition adjustments	-8,560	-	-	-	-	-	-	-74	-8,634
Hedge accounting	36	-	-	-	-	-	-200	-	-164
Reserves									
Legal reserve	8,558	-	2,329	-	-	-	-	-	10,887
Other reserves	66,878	-	2,782	-	-	-	-210	-	69,450
Translation difference	-1,953	-	-	-	-	-	-	648	-1,305
	234,051	**0**	**5,111**	**0**	**0**	**-3,446**	**-410**	**574**	**235,880**
Net Profit for the year	**5,111**	**-**	**-5,111**	**-**	**20,535**	**-**	**-**	**-**	**20,535**
Non-Controlling Interest	**10,684**	**-**	**-**	**-628**	**1,218**	**-**	**-12**	**869**	**12,131**
Total Equity	**249,845**	**0**	**0**	**-628**	**21,753**	**-3,446**	**-422**	**1,443**	**268,546**

AMORIM



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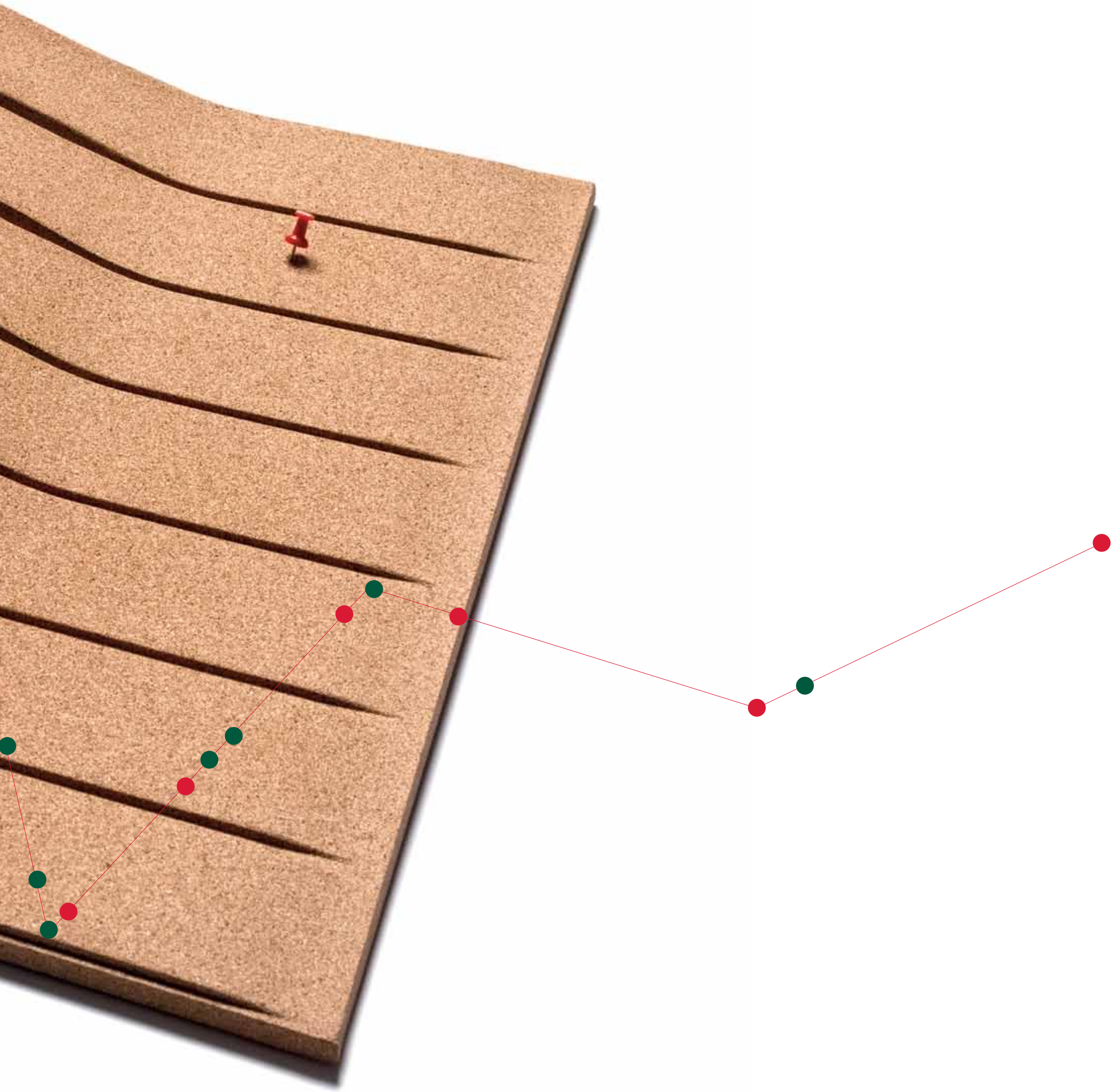


Notes to the Consolidated Financial Statements

Cork is the economic foundation of cork oak forests: about 100,000 tons of cork is harvested annually in Portugal, representing about 54% of world production. Most cork products manufactured in Portugal are exported (90%), representing 2% of the country's total annual exports. The cork sector consists of 600 manufacturing companies that directly employ almost 9,000 people. The industry is also responsible for thousands of indirect jobs.

I. INTRODUCTION

At the beginning of 1991, Corticeira Amorim, S.A. was transformed into CORTICEIRA AMORIM, S.G.P.S., S.A., the holding company for the cork business sector of the Amorim Group. In this report, CORTICEIRA AMORIM will be the designation of CORTICEIRA AMORIM, S.G.P.S., S.A., and in some cases the designation of CORTICEIRA AMORIM, S.G.P.S. together with all of its subsidiaries.

CORTICEIRA AMORIM, directly or indirectly, holds no interest in land properties used to grow and explore cork tree. Cork tree is the source of cork, the main raw material used by CORTICEIRA AMORIM production units. Cork acquisition is made in an open market, with multiple agents, both in the demand side as in the supply side.

CORTICEIRA AMORIM is mainly engaged in the acquisition and transformation of cork into a numerous set of cork and cork related products, which are distributed worldwide through its network of sales company.

CORTICEIRA AMORIM is a Portuguese company with a registered head office in Mozelos, Santa Maria da Feira. Its share capital amounts to 133 million euros, and is represented by 133 million shares, which are publicly traded in the Euronext Lisboa – Sociedade Gestora de Mercados Regulamentados, S.A.

These financial statements were approved in the Board Meeting of February 16, 2012.

Except when mentioned, all monetary values are stated in thousand euros (Thousand euros = K euros = K€).

Some figures of the following notes may present very small differences not only when compared with the total sum of the parts, but also when compared with figures published in other parts of this report. These differences are due to rounding aspects of the automatic treatment of the data collected.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

a. BASIS OF PRESENTATION

Consolidated statements were prepared based on a going concern basis and using the records as stated in the companies' books, which adopted Portuguese general accepted accounting principles. Accounting adjustments and reclassifications were made in order to comply with accounting policies followed by the IFRS, as adopted by the European Union (IAS – International Accounting Standards and the IFRS – International Financial Reporting Standards) and legal for use as of January 1, 2011. The transition date from the local GAAP was January 1, 2004.

b. CONSOLIDATION

• Group Companies

Group companies, often designated as subsidiaries, are entities over which CORTICEIRA AMORIM has a shareholding of more than one-half of its voting rights, or has the power to govern its management, namely its financial and operating policies.

Group companies are consolidated line by line, being the position of third-party interests in the shareholding of those companies stated in the balance sheet in the «Non-controlling interest» account. Date of first consolidation or de-consolidation is, in general, the beginning or the end of the quarter when the conditions for that purpose are fulfilled.

Profit or loss is allocated to the shareholders of the mother company and to the non--controlling interest in proportion of their correspondent parts of capital, even in the case that non-controlling interest become negative.

IFRS 3 is applied to all business combinations past January 1, 2010, according to Regulation no. 495/2009, of June 3, as adopted by the European Commission. When acquiring subsidiaries the purchasing method will be followed. According to the revised IFRS, the acquisition cost will be measured by the given fair value assets, by the assumed liabilities and equity interest issued. Transactions costs will be charged as incurred and the services received. The exceptions are the costs related with debt or capital issued. These must be registered according to IAS 32 and IAS 39. Identifiable purchased assets and assumed liabilities will be initially measured at fair value. The acquirer shall recognized goodwill as of the acquisition date measured as the excess of (i) over (ii) below:

(i) the aggregate of:
- the consideration transferred measured in accordance with this IFRS;
- the amount of any non-controllable interest in the acquiree; and
- in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree.

(ii) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

In the case that (ii) exceeds (i), a difference must be registered as a gain.

Non-controlling Interest are recorded at fair value or in the proportion of the percentage held in the net asset of the acquiree, as long as it is effectively owned by the entity. The others components of the non-controlling interest are registered at fair value, except if other criteria is mandatory.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated but considered an impairment indicator of the asset transferred.

• Equity Companies

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding between 20% and 50% of voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill. Future impairments of goodwill will be adjusted against the carrying amount of investments. The Group's share of its associates post-acquisition profits or losses is recognised in the income statement, in the «Gain/(losses) in associates» account, and its share of post-acquisition movements in reserves is recognised in reserves. The carrying amount is also adjusted by dividends received. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the group does not recognise further losses, unless it has incurred obligation on behalf of the associate, in this case the liabilities will be recorded in a «Provisions» account.

c. FOREIGN CURRENCY TRANSLATION

Consolidated financial statements are presented in thousands of euros. Euro is the legal currency of CORTICEIRA AMORIM, S.G.P.S., S.A., and is the currency in which two thirds of its business is made and so Euro is considered to be its functional and presentation currency.

Assets and liabilities denominated in foreign currency are translated to euros using year-end exchange rates. Net exchange differences arising from the different rates used in transactions and the rate used in its settlements is recorded in the income statement.

Assets and liabilities from non-euro subsidiaries are translated at the balance sheet date exchange rate, being its costs and gains from the income statement translated at the average exchange rate for the period/year.

d. TANGIBLE FIXED ASSETS

Tangible fixed assets are originally their respective historical cost (including attributable expenses) or production cost, including, whenever applicable, interest costs incurred throughout the respective construction or start-up period, which are capitalised until the asset begins operating.

As part of the allocation of the fair value to the identifiable assets and liabilities in an acquisition process (IFRS 3), land and buildings of the subsidiaries as of January 1, 1991, were revalued by independent experts. Same procedure was followed for companies acquired later than that date.

Under IFRS 1, 16, and as of January 1, 2004, some of the relevant industrial equipment, fully, or in the near-term, depreciated, and of which is expected a medium or long term use, was subject to a revaluation process.

Depreciation is calculated on the straight-line basis, over the following years, which represent a reasonable estimate of the useful lives:

Depreciations

	Number of years
Buildings	20 to 50
Plant machinery	6 to 10
Motor vehicles	4 to 7
Office equipment	4 to 8

Depreciation is charged since the beginning of the financial year in which the asset is brought into use, except for big investment projects where depreciation begins with the start-up of production. The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Current maintenance on repair expenses are charged to the actual income statement in which they occurred. Cost of operations that can extend the useful expected life of an asset, or from which are expected higher and significative future benefits, are capitalized.

An asset's carrying amount is written down to its recoverable amount and charged to the income statement if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses and disposals are included in the income statement. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to reserves.

e. INVESTMENT PROPERTY

Includes land and buildings not used in production.

f. GOODWILL

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. If positive, will be included as an asset in the «Goodwill» account. If negative, it will be registered as a gain for the period.

In Business combinations after January 1, 2010, Goodwill will be calculated as referred in b).

Goodwill will be tested annually for impairment; impairment losses will be charged to the income statement and, consequently, its carrying amount adjusted.

g. INVENTORIES

Inventories are valued at the lower of acquisition cost or production cost and net realisable value. Acquisition cost includes direct and indirect expenses incurred in order to have those inventories at its present condition and place. Where the net realisable value is lower than production cost, an adjustment is made to reduce inventories to this lower value. This adjustment will be reversed or reduced whenever the impairment situation no longer takes place.

Year-end quantities are determined based on the accounting records, which are confirmed by the physical inventory taking. Raw materials, consumables and by-products are valued at weighted average cost, and finished goods and work-in-progress at the average production cost which includes direct costs and indirect costs incurred in production.

h. TRADE AND OTHER RECEIVABLES

Trade and other receivables are registered initially at cost, adjusted for any subsequent impairment losses which will be charged to the income statement.

Medium and long-term receivables will be measured at amortised cost using the effective interest rate of CORTICEIRA AMORIM for similar periods.

i. CASH AND CASH EQUIVALENTS

Cash includes cash in hand, deposits held at call in banks, time deposits and other no-risk short-term investments with original maturities of three months or less. In the Consolidated Statement of Cash Flow, this caption includes Bank overdrafts.

j. INTEREST BEARING LOANS

Includes interest bearing loans amounts. Any costs attributable to the lender, will be deducted to the loan amount and charged, during its life, using the effective interest rate.

Interests are usually charged to the income statement as they occur. Interests arising from loans related with capital expenditure for periods longer than 12 months will be capitalised and charged to the specific asset under construction. Capitalisation will cease when the project is complete or suspended.

k. INCOME TAXES – CURRENT AND DEFERRED

Except for companies included in groups of fiscal consolidation, income tax is calculated separately for each subsidiary, on the basis of its net result for the period adjusted according to tax legislation.

In the consolidated statements of financial position, differences between the tax due for the current period and prior periods and the tax already paid or to be paid by each of the group companies are registered whenever it is likely that, on an individual company basis, a deferred tax will have to be paid or to be recovered in the foreseeable future (liability method).

l. EMPLOYEE BENEFITS

CORTICEIRA AMORIM Portuguese employees benefit exclusively from the national welfare plan. employees from foreign subsidiaries (about 25% of total CORTICEIRA AMORIM) or are covered exclusively by local national welfare plans or benefit from complementary plans, being it defined contribution plans or defined benefit plans.

As for the defined contribution plans, contributions are recognised as employee benefit expense when they are due. The liability recognised in the consolidated statements of financial position in respect of defined benefit plans is the present value of the defined benefit obligation, less the fair value of plan assets, as calculated annually by pension fund experts.

CORTICEIRA AMORIM recognises a liability and an expense for bonuses attributable to a large number of directors. These benefits are based on estimations that take in account the accomplishment of both individual goals and a pre-established CORTICEIRA AMORIM level of profits.

m. PROVISIONS

Provisions are recognised when CORTICEIRA AMORIM has a present legal or constructive obligation as a result of past events, when it is more likely than not an outflow of resources will be required to settle the obligation and when a reliable estimation is possible.

Provisions are not recognised for future operating losses. Restructuring provisions are recognised with a formal detail plan and when third parties affected are informed.

n. REVENUE RECOGNITION

Revenue comprises the value of the consideration received or receivable for the sale of goods and finished products. Revenue is shown, net of value-added tax, returns, rebates, and discounts, including cash discounts. Revenue is also adjusted by any prior period's sales corrections.

Services rendered are immaterial and, generally, are refunds of costs related with finish product sales.

Sales revenue is recognised when the significant risk and rewards of ownership of the goods are transferred to the buyer and its amount can be reliably measured. Revenue receivable after one year will be discounted to its fair value.

o. GOVERNMENT GRANTS

Grants received are related generally with fixed assets expenditure. No-repayable grants are present in the balance sheet as deferred income, and recognised as income on a systematic basis over the useful life of the related asset. Repayable interest bearing grants are presented as interests bearing debt; if no-interest bearing, they are presented as «Other borrowings». Noncurrent no-interest bearing repayable grants are presented with its net present value, using an interest discount rate similar to CORTICEIRA AMORIM interest bearing debt for same period.

p. LEASING

When a contract indicates that the significant risks and rewards of the ownership of the asset are transferred to CORTICEIRA AMORIM, leasing contracts will be considered as financial leases.

All other leasing contracts are treated as operating leases. Payments made under operating leases are charged to the income statement.

CORK HAS INNUMERABLE ATTRIBUTES THAT MAKE IT AN IDEAL MATERIAL FOR USE BY THE DESIGN AND ARCHITECTURE LABORATORY OF DOMAINE DE BOISBUCHET. WHETHER THEY USE CORK FOR ITS INTRINSIC CHARACTERISTICS, IN A COMPOSITE FORM OR SIMPLY FOR ITS NATURAL BEAUTY, EMERGING DESIGNERS HAVE BECOME ENTHUSIASTIC DEVOTEES OF THIS REMARKABLE RAW MATERIAL.

q. DERIVATIVE FINANCIAL INSTRUMENTS

CORTICEIRA AMORIM uses derivatives financial instruments as forward and spot exchange rate contracts, options and swaps; these are intended to hedge its business financial risks and are not used for speculative purposes. CORTICEIRA AMORIM accounts for these instruments as hedge accounting, following all its standards. Dealing is carried out by a central treasury department (dealing room) on behalf of the subsidiaries, under policies approved by the Board of Directors. Derivatives are initially recorded at cost in the consolidated statements of financial position and subsequently re-measured at their fair value. The method of recognising is as follows:

• Fair value hedge
Changes in the fair value of derivatives that qualify as fair value hedges and that are expected to be highly effective, are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

• Cash flow hedge
Changes in the fair value of derivatives that qualify as cash flow edges and that are expected to be highly effective, are recognised in equity; the gain or loss relating to the ineffective portion is recognised immediately in the income statement.

• Net investment hedge
For the moment, CORTICEIRA AMORIM is not considering any foreign exchange hedge over its net investments in foreign units (subsidiaries).

CORTICEIRA AMORIM has fully identified the nature of its activities' risk exposure and documents entirely and formally each hedge; uses its information system to guarantee that each edge is supported by a description of: risk policy, purpose and strategy, classification, description of risk, identity of the instrument and of the risk item, description of initial measurement and future efficiency, identification of the possible derivative portion which will be excluded from the efficiency test.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, or the forecasted transaction no longer remains highly provable or simply is abandoned, or the decision to consider the transaction as a hedge, the company will de-recognised the instrument.

III. FINANCIAL RISK MANAGEMENT

CORTICEIRA AMORIM activities expose it to a variety of financial risks: market risks (including currency risk and interest rate risk), credit risk, liquidity risk and capital risk.

MARKET RISK

a. Exchange rate risk
CORTICEIRA AMORIM operates in various international markets, being, consequently, exposed to exchange rates variations in the local currencies in which conducts its business. Around 30% of its total sales are denominated in currencies other than its reporting currency (euro). Of that percentage around 18% is USD denominated. The remaining sales are concentrated in South African rand, Chilean peso, British pound and Australian dollar. About 90% of the goods and services acquired are euro based. Most of the remaining value is denominated in USD.

Exchange rate risk derives not only from the effects of the exchange rates variations in non-euro assets and liabilities euro counter value, but also from the effects in the book orders (future transactions) and from net investments in operating units located in non-euro areas.

Exchange rate risk management policy established by CORTICEIRA AMORIM Board points out to a total hedging of the assets deriving from sales in the most important currencies and from USD acquisitions. As for book orders up to 90 days, each Business Unit responsible will decide according to exchange rate evolution. Book orders, considered relevant, due after 90 days, will be presented by the Business Unit responsible to the Board.

As of December 31, 2011, exchange rates different from the actual as of that date, would have no material effect in financial assets or liabilities values, due to the said hedging policy. As for book orders any effect would be registered in Equity.

As for non-euro net investments in subsidiaries/associate, any exchange rate effect would be registered in Equity, because CORTICEIRA AMORIM does not hedge this type of assets. As these investments are not considered relevant, the register of the effects of exchange rates variations was, during the prior years within a narrow range (2011: -1,435 K€, 2010: -1,305 K€ and 2009: -1,953 K€).

b. Interest rate risk

All interest bearing debt is linked to variable interest rate. Most of the risk derives from the noncurrent-term portion of that debt. As for December 31, 2011, noncurrent-term debt was 46% of total interest bearing debt (2010: 10%). During 2010 Corticeira Amorim, S.G.P.S., S.A. signed an interest rate swap regarding the economic hedging of the interest rate risk. In its books, this was registered as an available-for-sale derivative. As of December 31, 2011, for each 0.1% variation in euro based debt, a total effect of -130 K€ in CORTICEIRA AMORIM profits would be registered.

CREDIT RISK

Credit risk is due, mainly, to receivables from customers related to trade sales. Credit risk is monitored by the operating companies Financial Departments, taking in consideration its history of trade relations, financial situation as well as other types of information that CORTICEIRA AMORIM business network has available related with each trading partner. Credit limits are analysed and revised, if necessary, on a regular basis. Due to the high number of customers, spread through all continents, the most important of them weighting less than 2.5% of total sales, credit risk is naturally diminished.

LIQUIDITY RISK

Liquidity is defined as the capacity to settle assumed responsibilities. Liquidity risk hedging is accomplished through the availability of a certain number of credit lines, which are not used. With these lines, CORTICEIRA AMORIM can settle positions in a very short period, allowing for the necessary flexibility in conducting its business.

Liquidity reserve is composed mainly, by non-used credit line facilities. Based in estimated cash flows, liquidity reserve performance will be as follows:

Liquidity Reserve

million euros

	2012
Opening Balance	**143**
Operating cash in	490
Operating cash out	-420
Investiments	-20
Interest and dividends	-10
TVA flow	-35
Income tax	-10
Non-current debt payment	-75
Use of additional credit lines/new credit lines	95
Closing Balance	**158**

CAPITAL RISK

CORTICEIRA AMORIM key objective is to assure business continuity, delivering a proper return to its shareholders and the correspondent benefits to its remaining stakeholders. A careful management of the capital employed in the business, using the proper combination of capital in order to reduce its costs, obtains the fulfilment of this objective. In order to achieve the proper combination of capital employed, the Board can obtain from the General Shareholders Meeting the approval of the necessary measures, namely adjusting the dividend pay-out ratio, the treasury stock, raising capital through new shares issue, sale of assets or other type of measures.

The key indicator for the said combination is the Equity/Assets ratio. CORTICEIRA AMORIM considers that a 40% ratio is a clear sign of a perfect combination, and a range between 35%-45%, depending on actual economic conditions and of the cork sector in particular, is the objective to be accomplished. The said ratio register was:

Equity/Assets Ratio

thousand euros

	2011	2010
December 31, Equity	282,292	268,545
December 31, Assets	605,053	561,730
Ratio	46.7%	47.8%

The Ratio was adversely affected by total assets variation, which increased about 43 million euros largely due to a higher cork campaign acquisition. For this reason, raw material inventory was 35 million euros higher as of December 2011, when compared to December 2010.

FINANCIAL ASSETS AND LIABILITIES FAIR VALUE

Derivatives used by CORTICEIRA AMORIM have no public quotation because they are not traded in an open market. A proprietary model of CORTICEIRA AMORIM, developed by Reuters, calculates its fair value. In the case of the interest rates swap, the fair value was calculated by a financial institution. Trade and other receivables, adjusted by any necessary impairment, trade and other payables, investment grants and medium and long-term liabilities were discounted using an interest rate similar to the average interest rate that CORTICEIRA AMORIM registered at year-end (4.1%).

IV. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

When evaluating equity and net income, CORTICEIRA AMORIM makes estimates and assumptions concerning events only effective in the future. In most cases, estimates were confirmed by future events. In such cases where it doesn't, variations will be registered when they'll be materialized.

As for 2011, no estimates and judgements were identified as having important impact in CORTICEIRA AMORIM results if not materialized.

As for assets, goodwill amounts to 11,849 K€ (2010: 15,099 K€). This value is supported by impairment tests made at year-end. The judgment used in these tests are key factors in order to decide or not if there is any impairment. Discount rate use in these tests ranged between 8.6% and 11.2%. In the particular case of North Africa subsidiaries and due to political risks arising during 2011, it was used a 11% rate. Still to be noted 6,105 K€ registered in deferred tax assets (2010: 7,742 K€). There will be no impairment if the business plans used in the tests will be accomplished in the future.

V. COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

Companies Included in the Consolidated Financial Statements

Company		Head Office	Country	2011
Raw Materials				
Amorim Natural Cork, S.A.		**Vale de Cortiças - Abrantes**	**Portugal**	**100%**
Amorim & Irmãos, S.A. (Raw Materials)	(a)	Ponte de Sôr	Portugal	100%
Amorim Florestal, S.A.		Ponte de Sôr	Portugal	100%
Amorim Florestal España, SL		San Vicente Alcántara	Spain	100%
Amorim Florestal Mediterrâneo, SL	(g)	Valência	Spain	100%
Amorim Tunisie, S.A.R.L.		Tabarka	Tunisia	100%
Comatral - C. de Marocaine de Transf. du Liège, S.A.		Skhirat	Morocco	100%
Cork International, S.A.R.L.		Tabarka	Tunisia	100%
SIBL - Société Industrielle Bois Liége		Jijel	Algeria	51%
Société Nouvelle du Liège, S.A. (SNL)		Tabarka	Tunisia	100%
Société Tunisienne d'Industrie Bouchonnière	(e)	Tabarka	Tunisia	45%
Cork Stoppers				
Amorim & Irmãos, S.G.P.S., S.A.		**Santa Maria Lamas**	**Portugal**	**100%**
Amorim & Irmãos, S.A.	(a)	Santa Maria Lamas	Portugal	100%
Amorim Argentina, S.A.		Tapiales - Buenos Aires	Argentina	100%
Amorim Australasia		Adelaide	Australia	100%
Amorim Cork America, Inc.		California	U. S. America	100%
Amorim Cork Australia, Pty Ltd	(h)	Vic	Australia	100%
Amorim Cork Beijing		Beijing	China	100%
Amorim Cork Bulgaria EOOD		Plovdiv	Bulgaria	100%
Amorim Cork Deutschland GmbH & Co KG		Bingen	Germany	100%
Amorim Cork España, S.L.	(g)	Madrid	Spain	100%
Amorim Cork Italia, SPA		Conegliano	Italy	100%
Amorim Cork South Africa		Cape Town	South Africa	100%
Amorim France, S.A.S.		Champfleury	France	100%
Carl Ed. Meyer Korken		Delmenhorst	Germany	100%
Chapuis, S.L.		Girona	Spain	100%
Corchos de Argentina, S.A.	(e)	Mendoza	Argentina	50%
Equipar, Participações Integradas, Lda.		Coruche	Portugal	100%
FP Cork, Inc.		California	U. S. America	100%
Francisco Oller, S.A.		Girona	Spain	87%
Hungarocork, Amorim, RT		Budapeste	Hungary	100%
Indústria Corchera, S.A.	(f)	Santiago	Chile	50%
KHB - Kork Handels Beteiligung, GmbH		Delmenhorst	Germany	100%
Korken Schiesser GmbH		Vienna	Austria	69%
M. Clignet & Cie		Bezannes	France	100%
Olimpiadas Barcelona 92, S.L.		Girona	Spain	100%
Portocork America, Inc.		California	U. S. America	100%
Portocork France, S.A.S.		Bordeaux	France	100%
Portocork Internacional, S.A.		Santa Maria Lamas	Portugal	100%
Portocork Italia, S.A.		Conegliano	Italy	100%
S.A. Oller et Cie		Reims	France	87%
S.C.I. Friedland		Céret	France	100%
Société Nouvelle des Bouchons Trescases	(e)	Perpignan	France	50%
Victor y Amorim, S.L.	(f)	Navarrete - La Rioja	Spain	50%

continues

AMORIM

Companies Included in the Consolidated Financial Statements (continuation)

Company		Head Office	Country	2011
Floor & Wall Coverings				
Amorim Revestimentos, S.A.		**S. Paio de Oleiros**	**Portugal**	**100%**
Amorim Benelux, BV - AR	(b)	Tholen	Netherlands	100%
Amorim Cork Distribution Netherlands BV	(h)	Tholen	Netherlands	100%
Amorim Cork GmbH		Delmenhorst	Germany	100%
Amorim Deutschland, GmbH & Co. KG - AR	(d)	Delmenhorst	Germany	100%
Amorim Flooring (Switzerland) AG		Zug	Switzerland	100%
Amorim Flooring Austria GesmbH		Vienna	Austria	100%
Amorim Flooring Investments, Inc.		Hanover - Maryland	U. S. America	100%
Amorim Flooring Nordic A/s		Greve	Denmark	100%
Amorim Flooring North America Inc		Hanover - Maryland	U. S. America	100%
Amorim Japan Corporation		Tokyo	Japan	100%
Amorim Revestimientos, S.A.		Barcelona	Spain	100%
Cortex Korkvertriebs GmbH		Fürth	Germany	100%
Corticeira Amorim - France SAS - AR	(c)	Lavardac	France	100%
Dom KorKowy, Sp. Zo. O.	(f)	Kraków	Poland	50%
Timberman Denmark A/S	(g)	Hadsund	Denmark	51%
US Floors, Inc.	(e)	Dalton - Georgia	U. S. America	25%
Zodiac Kork- und Holzprodukte GmbH		Fürth	Germany	100%
Composite Cork				
Amorim Cork Composites, S.A.		**Mozelos**	**Portugal**	**100%**
Amorim (UK) Ltd.		Horsham West Sussex	United Kingdom	100%
Amorim Benelux, BV - ACC	(b)	Tholen	Netherlands	100%
Amorim Cork Composites Inc.		Trevor Wisconsin	U. S. America	100%
Amorim Deutschland, GmbH & Co. KG - ACC	(d)	Delmenhorst	Germany	100%
Amorim Industrial Solutions - Imobiliária, S.A.		Corroios	Portugal	100%
Chinamate (Xi'an) Natural Products Co. Ltd		Xi'an	China	100%
Chinamate Development Co. Ltd		Hong Kong	China	100%
Corticeira Amorim - France SAS - ACC	(c)	Lavardac	France	100%
Drauvil Europea, SL		San Vicente Alcantara	Spain	100%
Dyn Cork - Technical Industry, Lda	(e)	Paços de Brandão	Portugal	50%
Postya - Serviços de Consultadoria, Lda.		Funchal - Madeira	Portugal	100%
Samorim (Joint Stock Company Samorim)	(e)	Samara	Russia	50%
Spheroil - Materiais Compósitos, Lda	(g)	Mozelos	Portugal	100%
Insulation Cork				
Amorim Isolamentos, S.A.		**Vendas Novas**	**Portugal**	**80%**
Holding				
Corticeira Amorim, SGPS, S.A.		**Mozelos**	**Portugal**	**100%**
Amorim Benelux, BV - A&I	(b)	Tholen	Netherlands	100%
Amorim Cork Research, Lda.		Mozelos	Portugal	100%
Ginpar, S.A. (Générale d' Investiss. et Participation)		Skhirat	Morocco	100%
Sopac - Soc. Port. de Aglomerados de Cortiça, Lda		Montijo	Portugal	100%
Vatrya - Serviços de Consultadoria, Lda		Funchal - Madeira	Portugal	100%

(a) One single company: Amorim & Irmãos, S.A. Impacting the full 2011, a demerger of assets related with the raw materials activity was registered. These assets were incorporated in Amorim Florestal, S.A.
(b) One single company: Amorim Benelux, B.V.
(c) One single company: Corticeira Amorim - France SAS.
(d) One single company: Amorim Deutschland, GmbH & Co. KG.
(e) Equity method consolidation. Dyn Cork, Lda was set-up during 2011. Samorim was declared bankrupted by a Russian court. Corchos de Argentina, S.A. was acquired during 2011, and will be consolidated beginning 2012.
(f) CORTICEIRA AMORIM controls the operations of the company – line-by-line consolidation method.
(g) Acquired during 2011.
(h) Liquidated during 2011.

As stated in the management report and in (e), a 50% stake of Corchos de Argentina, S.A. was acquired during 2011. The objective of this acquisition is a new approach to an important market as Argentina is. During the last years, CORTICEIRA AMORIM presence in this market was achieved through Amorim Argentina. As this subsidiary as registered losses during last years, and in the face of the need to reverse the situation, it was decided that a joint-venture with a local partner was the best way to keep our presence in the market. Corchos de Argentina, S.A. will be consolidated using the equity method beginning next year.

Amorim Argentina, S.A. activity during 2012 will be dedicated to the sale of inventories at year-end. It is estimated that in what concerns to the market, activity during 2012 will show no variations when compared with 2011. The phase out of operations and the possible liquidation of Amorim Argentina will last for the next few years.

VI. EXCHANGE RATES USED IN CONSOLIDATION

Exchange Rates Used in Consolidation

Exchange rates		Year End 2011	Average 2011	Year End 2010	Average 2010
Argentine Peso	ARS	5,56722	5,74419	5,30893	5,18336
Australian Dollar	AUD	1,27230	1,34839	1,31360	1,44231
Lev	BGN	1,95560	1,95561	1,95600	1,95600
Brazilian Real	BRL	2,41590	2,32651	2,21770	2,32927
Canadian Dollar	CAD	1,32150	1,37610	1,33220	1,36511
Swiss Franc	CHF	1,21560	1,23261	1,25040	1,38034
Chilean Peso	CLP	671,960	672,362	625,660	675,369
Yuan Renminbi	CNY	8,14490	8,99772	8,81480	8,97649
Danish Krone	DKK	7,43420	7,45065	7,45350	7,44730
Algerian Dinar	DZD	97,9746	100,6842	98,3136	96,2669
Euro	EUR	1	1	1	1
Pound Sterling	GBP	0,83530	0,86788	0,86075	0,85724
Hong Kong Dollar	HDK	10,0501	10,8375	10,3965	10,3041
Forint	HUF	314,580	279,373	277,950	275,480
Yen	JPY	100,200	110,959	108,650	116,239
Moroccan Dirham	MAD	11,1105	11,2368	11,1423	11,1390
Zloty	PLN	4,45800	4,12061	3,97500	3,99467
Tunisian Dínar	TND	1,93640	1,95438	1,87380	1,89450
US Dollar	USD	1,29390	1,39196	1,33620	1,32572
Rand	ZAR	10,4830	10,0970	8,86250	9,69843

VII. SEGMENT REPORT

CORTICEIRA AMORIM is organised in the following Business Units (BU): Raw Materials; Cork Stoppers; Floor and Wall Coverings; Composite Cork and Insulation Cork.

For purposes of this Report, the Business approach was selected as the primary segment. This is consistent with the formal organization and evaluation of business. The following table shows the main indicators of the said units, and, whenever possible, the reconciliation with the consolidated indicators (values in thousand EUR):

Segment Report

thousand euro

2011	Raw Materials	Cork Stoppers	Floor & Wall Coverings	Composite Cork	Insulation Cork	Holding	Adjust.	Consolidated
Trade Sales	3,441	291,362	117,368	73,855	8,182	635	-	494,842
Other BU Sales	98,119	4,483	3,369	10,994	623	1,750	-119,338	-
Total sales	101,560	295,845	120,737	84,849	8,805	2,385	-119,338	494,842
EBIT	16,812	28,436	4,717	4,916	1,453	-2,416	-2,540	51,378
Assets	100,194	272,437	113,356	72,361	11,357	2,671	-4,463	567,913
Liabilities	22,741	76,789	28,094	22,076	1,465	17,550	129,405	298,121
Capex	2,819	6,134	1,808	2,523	210	0	-	13,494
Year Depreciation	-1,608	-4,771	-2,919	-1,669	-296	-22	-	-11,284
Non-cash cost	-2,362	-2,042	-4,020	-35	-38	0	-	-8,497
Gains/losses in associated companies	15	402	-165	-161	-	-	-	91

2010	Raw Materials	Cork Stoppers	Floor & Wall Coverings	Composite Cork	Insulation Cork	Holding	Adjust.	Consolidated
Trade Sales	3,893	266,028	110,693	66,520	8,822	834	-	456,790
Other BU Sales	87,141	5,155	2,922	13,034	547	986	-109,785	-
Total sales	91,034	271,183	113,615	79,554	9,368	1,820	-109,785	456,790
EBIT	17,321	25,496	800	4,099	1,681	-2,419	-1.839	45,139
Assets	97,142	264,667	109,691	65,381	11,226	26,372	-12,713	561,766
Liabilities	45,159	72,030	24,945	18,253	1,707	9,596	121,531	293,221
Capex	793	9,463	3,798	2,128	480	22	-	16,684
Year Depreciation	-2,822	-8.622	-5,527	-3,235	-618	-44	-	-20,868
Non-cash cost	148	-3,559	-3,061	-1,277	-70	0	-	-7,819
Gains/losses in associated companies	14	440	-104	-	-	-	-	350

Notes:
Adjustments = eliminations inter-BU and amounts not allocated to BU.
EBIT = Profit before interests, Equity method, minorities and income tax.
Provisions and asset impairments were considered the only relevant material cost.
Segments assets do not include DTA (deferred tax asset) and non-trade group balances.
Segments liabilities do not include DTL (deferred tax liabilities), bank loans and non-trade group balances.

The decision to report EBIT figures allows a better comparison of the different BU performances, disregarding the different financial situations of each BU. This is also coherent with the existing Corporate Departments, as the Financial Department is responsible for the bank negotiations, being the tax function the responsibility of the Holding Company.

Cork Stoppers BU main product is the different kinds of existing cork stoppers. The main markets are the bottling countries, from the traditional ones like France, Italy, Germany, Spain and Portugal, to the new markets like USA, Australia, Chile, South Africa and Argentina.

Raw Materials BU is, by far, the most integrated in the production cycle of CORTICEIRA AMORIM, with 90% of its sales to others BU, specially to Cork Stoppers BU. Main products are bark and discs.

The remaining BU produce and sell a vast number of cork products made from cork stoppers waste. Main products are cork floor tiles, cork rubber for the automotive industry and antivibratic systems, expanded agglomerates for insulation and acoustic purposes, technical agglomerates for civil construction and shoe industry, as well as granulates for agglomerated, technical and champagne cork stoppers.

Major markets for flooring and insulation products are in Europe and for composites products the USA. Major production sites are in Portugal, where most of the invested capital is located. Products are distributed in practically all major markets through a fully owned network of sales companies. About 70% of total consolidated sales are achieved through these companies.

Capex was concentrated in Portugal. Assets in foreign subsidiaries totalize 240 million euros, and are mostly composed by inventories (79 million), customers (68 million) and tangible fixed assets (38 million).

Sales by markets:

Sales by Markets

thousand euros

	2011		2010	
European Union	298,015	60.2%	279,541	61.2%
From which: Portugal	*24,070*	*4.9%*	*20,576*	*4.5%*
Other European countries	31,119	6.3%	27,033	5.9%
United States	84,879	17.2%	76,084	16.7%
Other American countries	36,873	7.5%	34,628	7.6%
Australasia	34,168	6.9%	30,864	6.8%
Africa	7,954	1.6%	7,591	1.7%
Others	1,833	0.4%	1,049	0.2%
Total	**494,842**	**100%**	**456,790**	**100%**

VIII. TANGIBLE, INTANGIBLE AND PROPERTY INVESTMENT ASSETS

Tangible, Intangible and Property Investment Assets

thousand euros

	Land and Buildings	Machinery	Other	Total Tangible Assets	Intangible Assets	Investment Property
Gross Value	217,006	264,889	43,863	525,758	1.257	10,285
Depreciation and Impairments	-133,339	-188,326	-29,221	-350,886	-572	-976
Opening Balance (Jan 1, 2010)	**83,667**	**76,563**	**14,642**	**174,872**	**685**	**9,309**
Increase	1,637	7,572	7,753	16,962	108	304
Period deprec. and impairments	-4,813	-14,548	-1,254	-20,615	-239	-700
Sales and other decreases	-682	-501	-585	-1,768	-47	-2,533
Transfers and reclassifications	-613	6,454	-8,015	-2,174	104	1,353
Translation differences	231	729	193	1,153	1	0
Gross Value	206,169	277,480	36,931	520,580	4,214	14,320
Depreciation and Impairments	-126,743	-201,213	-24,196	-352,151	-3,602	-6,587
Closing Balance (Dec 31, 2010)	**79,426**	**76,267**	**12,735**	**168,429**	**612**	**7,733**
Gross Value	206,169	277,480	36,931	520,580	4,214	14,320
Depreciation and Impairments	-126,743	-201,213	-24,196	-352,151	-3,602	-6,587
Opening Balance (Jan 1, 2011)	**79,426**	**76,267**	**12,735**	**168,429**	**612**	**7,733**
In companies	2	0	111	113	-	-
Increase	5,504	11,006	10,108	26,618	17	53
Period deprec. and impairments	-4,734	-14,200	-1,461	-20,395	-158	-700
Sales and other decreases	-447	-181	264	-364	-30	-266
Transfers and reclassifications	395	526	-4,673	-1,855	-13	756
Translation differences	-10	-230	66	-174	-1	0
Gross Value	209,776	286,731	39,230	535,737	3,168	15,078
Depreciation and Impairments	-129,640	-205,441	-22,080	-363,366	-2,741	-7,502
Closing Balance (Dec 31, 2011)	**80,136**	**75,085**	**17,150**	**172,371**	**427**	**7.576**

The amount of 7,576 K€, referred as Property Investment (2010: 7,733 K€), is due, mainly, to land and buildings that are not used in production.

IX. GOODWILL

Goodwill

thousand euros

	Openning	Increases/Decreases	Translation Differences	Closing
Raw Material BU	4,195	166	2,366	1,995
Cork Stoppers BU	5,066	1,868	0	6,934
Floor and Wall Coverings BU	5,838	657	3,575	2,920
Goodwill	**15,099**	**2,691**	**5,941**	**11,849**

Increase is due mainly to the register by Timberman Denmark of the acquisition of a goodwill related with the flooring business, and to the acquisition of the associate Corchos de Argentina (Cork Stoppers BU).

Decreases is due to the register of the impairment of the remaining goodwill related with associate US Floors (Floor and Wall Coverings BU) and also to the register of a partial impairment of the goodwill related with the North Africa participations.

As stated in the management report and in the face of extraordinary events occurred, two goodwill impairment tests were completed for two of CORTICEIRA AMORIM participations.

Deterioration on sales and margins of associate US Floors, as well as the worsening of its financial soundness, led to register a non-current loss of the remaining goodwill (3.6 M€). During third quarter, and in the face of political and social turmoil in Tunisia which led to a clear rise in the risk country, it was decided to test the goodwill associated with the participations in that geography. Accordingly the discount rate used for the cash-flows was adjusted to reflect the country risk. The test showed the need to register a 2.2 M€ impairment.

X. EQUITY COMPANIES AND OTHER FINANCIAL ASSETS

• Equity Companies

Equity Companies

thousand euros

	2011	2010
Initial Balance	**5,362**	**5,231**
In/out	784	0
Results	91	351
Dividends	-250	-200
Exchange differences	0	0
Other	-20	-20
End Balance	**5,967**	**5,362**

The line In/Out refers to the acquisition Corchos de Argentina (Cork Stoppers BU). Price was 2,550 K€ and the goodwill was calculated using estimated accounts of this associate as of December 2011.

Most important equity companies are Société Nouvelle des Bouchons Trescases and US Floors, Inc, of which a summary of its financial situation are presented:

Trescases

thousand euros

	2011	2010
Current Assets	13,100	13,993
Current Liabilities	5,668	7,942
Non-current Assets	1,320	1,370
Equity	7,102	6,725
Sales	26,234	24,654
Operating Profits	1,368	1,392
Profits before Tax	1,325	1,304
Income Tax	449	424
Results	877	880

US Floors

thousand USD

	2011	2010
Current assets	31,696	36,115
Current liabilities	11,272	11,713
Non-current Assets	10,260	8,106
Equity	9,374	10,291
Sales	68,300	60,304
Operating profits	-149	1,508
Profits before tax	-868	-271
Income tax	328	283
Results	-918	-554

• Other Financial Assets

In Other Financial Assets the most important values refers, mostly to financial applications and deposits acting as guaranties.

XI. INCOME TAX

The differences between the tax due for the current period and prior periods and the tax already paid or to be paid of said periods is registered as «deferred tax» in the consolidated income statement, according to note II j), and amounts to K€ 1,615 (2010: K€ 5,409).

On the Balance sheet this effect amounts to K€ 6,105 (31/12/2010: K€ 7,742) as Deferred tax asset, and to K€ 6,103 (31/12/2010: K€ 5,982) as Deferred tax liability.

It is conviction of the Board that, according to its business plan, the amounts registered in deferred tax assets will be recovered as for the tax carry forward losses concerns.

Income Tax

thousand euros

	2011	2010
Related with intangible fixed assets cancelled	3,792	3,444
Related with tax losses	1,538	2,771
Related with tax benefits	0	515
Others	775	1,012
Deferred Tax Assets	**6,105**	**7,742**
Related with fixed tangible assets	4,447	4,667
Other	1,656	1,315
Deferred Tax Liabilities	**6,103**	**5,982**
Current income tax	-12,132	-9,052
Deferred income tax	-1,615	-5,409
Income Tax	**-13,747**	**-14,460**

During 2011, a 1,062 K€ (2010: 3,847 K€) provision for tax contingencies related to several Portuguese subsidiary was registered. This value was considered as Current Income Tax.

Following chart explains the effective income tax rate, from the original income tax rate of most of Portuguese companies:

Income Tax Conciliation

Income Tax - legal	**26.5%**
Effect due to costs non accepted as tax costs and special taxation	1.8%
Extraordinary taxation (derrama)	2.0%
Effect arising from current losses that did not generated DTA (due to impossibility or due to prudence)	1.2%
Effect due to DTA expense	1.3%
Effect due to profits that did not generate tax expense due to prior tax losses with no DTA	-0.4%
Effect due to liquidation of participations	-3.7%
Effect due to different tax rates (foreign subsidiaries)	1.6%
Effect due to tax benefits	-1.7%
Prior years excess/underestimation	0.7%
Other effects	0.7%
TIncome tax – effective (1)	30.0%

(1) Income Tax/Pre-tax Profit, Equity Gains, Non-controlling Interests and non-current costs.

CORTICEIRA AMORIM and a large group of its Portuguese subsidiaries are taxed since January 1, 2001, as a group special regime for tax purposes (RETGS), as according to article 63, of the income tax code (CIRC). The option for this special regime is renewable every five years.

According to law, tax declarations for CORTICEIRA AMORIM and its Portuguese subsidiaries are subject of revision and possible correction from tax authorities generally during the next four years.

No material effects in the financial statements as of December 31, 2011, are expected by the Board of CORTICEIRA AMORIM and its subsidiaries from the revisions of tax declarations that will be held by the tax authorities.

In the following chart tax losses, amounts and its time limits for utilisation are presented:

Tax Losses

thousand euros

	2012	2013	2014	2015	2016 and further	TOTAL
Foreign companies	0	0	322	159	40,101	40,582
Non Utilised Tax Losses	**0**	**0**	**322**	**159**	**40,101**	**40,582**

As for the foreign companies, the year 2016 and further was considered for those situations that correspond to tax losses to carry forward with no limit of utilization. From the total it is considered as recoverable 6.1 M€.

XII. INVENTORIES

Inventories

thousand euros

	2011	2010
Goods	17,170	16,856
Finished and semi-finished goods	73,317	71,375
By-products	472	415
Work in progress	11,615	10,429
Raw materials	124,096	88,213
Advances	1,056	504
Goods impairments	-857	-920
Finished and semi-finished goods impairments	-1,759	-1.856
Raw materials impairments	-188	-217
Inventories	**224,922**	**184,798**

Variation in raw materials due mainly to higher purchases of cork in the Raw Materials BU.

XIII. TRADE RECEIVABLES

Trade Receivables

thousand euros

	2011	2010
Gross amount	129,994	123,129
Impairments	-13,236	-12,818
Trade Receivables	**116,758**	**110,311**

At the end of each period, Trade receivables credit quality is analysed. Due to specific business environment, balances unpaid up to 120 days are not impaired. From 120 to 180 days a 60% impairment register is considered. Over 180 days as well as all doubtful balances are fully impaired. These rules do not overcome specific cases analysis.

Due and past due balances are as follows:

Due and Past Due Balances

million euros

	2011	2010
Due	86	82
Past due between 0 and 120 days	28	28
Past due between 120 and 180 days	2	2
Doubtful and past due over 180 days	12	12
Impairment	13	13

XIV. RECOVERABLE TAXES

Recoverable Taxes

thousand euros

	2011	2010
Value added tax	20,086	12,328
Other taxes	3,576	4,267
Recoverable Taxes	**23,662**	**16,595**

XV. OTHER ASSETS

Other Assets

thousand euros

	2011	2010
Advances to suppliers	3,463	1,229
Deferred assets	2,563	4,016
Hedge accounting assets	252	728
Others	3,882	3,804
Other Current Assets	**10,160**	**9,777**

XVI. CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents

thousand euros

	2011	2010
Cash	202	142
Bank balances	5,778	5,819
Time deposits	15,696	27,344
Others	5	7
Cash and Cash Equivalents	**21,681**	**33,312**

XVII. CAPITAL AND RESERVES

• Share capital

As of December 31, 2011, the share capital is represented by 133,000,000 ordinary registered shares, conferring dividends, with a par value of 1 Euro.

The Board of CORTICEIRA AMORIM is authorised to raise the share capital, one or more times, respecting the conditions of the commercial law, up to € 250,000,000.

• Treasury stock

No transactions were registered during the year.

During 2010, in several trading sessions, CORTICEIRA AMORIM bought 3,699,779 of its own shares, representing 2.872% of its total share capital, with an average unit price of € 0.93, totalling € 3,439,718.26, not taking in account acquisition costs.

As of December 31, 2011, CORTICEIRA AMORIM held 6,787,462 of its own shares, representing 5.103% of its share capital.

• Dividends

In the Shareholders' General Meeting of April 1, 2011, a dividend distribution of 0.10 euros per share was approved.

Dividends

thousand euros

	2011	2010
Dividends paid:		
- 2011: 2010: 0,00 (euros per share)	13,300	0
Portion attributable to own shares	-679	0
Dividends Paid	**12,621**	**0**

Summary of changes in Equity:

Changes in Equity

thousand euros

	2011	2010
Initial Balance	**268,545**	**249,846**
Change in treasury stock	0	-3,447
Dividends paid	-12,621	0
Change in hedge accounting adjustments	153	-200
Change in translation differences	614	574
Others	19	-210
Net Income	25,274	20,535
Change in non-controlling Interests (note XVIII)	308	1,447
End Balance	**282,292**	**268,545**

XVIII. NON-CONTROLLING INTEREST

Non-Controlling Interest

thousand euros

	2011	2010
Initial Balance	**12,131**	**10,684**
In/out	182	0
Results	1,141	1,218
Dividends	-506	-628
Exchange differences	-509	869
Others	0	-13
End Balance	**12,439**	**12,131**

XIX. INTEREST-BEARING DEBT

At year-end, interest-bearing loans was as follows:

Interest-bearing Loans - Current

thousand euros

	2011	2010
Overdrafts and bank loans	54,802	66,901
Reimbursable subsidies	124	17,607
Commercial paper	21,715	36,988
Interest-bearing Loans – Current	**76,641**	**121,496**

Loans were denominated in euros, except 13% (2010: 10%).

Interest-bearing Loans – Non-Current

thousand euros

	2011	2010
Bank loans	1,936	2,683
Bonds	28	56
Reimbursable subsidies	25,000	0
Commercial paper	35,500	11,500
Interest-bearing Loans – Non-Current	**62,464**	**14,239**

Non-current interest bearing loans registered a strong increase during 2011. This was due to a bond issue and to new medium term commercial paper issues, which reinforcing the permanent capital and increased the maturity of the loans.

As of the end of 2011 and 2010, loans were almost totally denominated in euros.

As of December 31, 2011, maturity of non-current interest bearing debt was as follows:

Debt Maturity

thousand euros

Between 30/06/2012 and 31/12/2012	45,086
Between 01/01/2013 and 31/12/2013	15,500
Between 01/01/2014 and 31/12/2014	665
After 01/01/2015	1,213
Total	**62,464**

As of that date, around 93% of total interest bearing debt was euro based. The remaining was mostly USD based.

Non-current and current interest bearing debt carries floating interest rates. Average cost, during 2011, for all the credit utilized was 4.1% (2010: 2.3%).

At the same date, two foreign subsidiaries had a 1.7 million euro loan mortgage guarantee.

Non-utilized loan facilities amounted to 128 million euro as of December 31, 2011.

XX. SUPPLIERS

Suppliers

thousand euros

	2011	2010
Suppliers – current account	93,639	91,709
Suppliers – accrualls	12,300	6,078
Suppliers	**105,939**	**97,787**

XXI. OTHER LOANS AND CREDITORS

Other Loans and Creditors

thousand euros

	2011	2010
Non interest bearing grants	8,898	233
Other	698	927
Other loans and creditors – Non-Current	**9,595**	**1,160**
Non interest bearing grants	118	1,124
Deferred costs	16,421	15,441
Deferred gains - grants	5,663	6,756
Hedge accounting - deferred liabilities	0	0
Other	8,363	3,620
Other loans and creditors – Current	**30,565**	**26,941**

In Deferred costs the part related with salaries (vacations and vacations paid) at year-end amounted to 9,353 K€ (2010: 7,768 K€).

In 8,363 K€ is included a value of 3,359 K€, which refers to the fair value of exchange risk and interest rate risk derivatives. In the remaining value, a total of 2,001 K€ refers to salaries to be paid and 941 K€ to acquisitions of participations.

During the first quarter 2010, a five year interest rate swap with a 30,000 K€ notional was registered. With this transaction, the company committed itself to pay interest at a fixed rate and in exchange to receive interest at a variable rate, according to a Monetary Market Index, a Euribor 6 month proxy.

Subsidies

thousand euros

Non-reimbursable subsidies (no interest bearing)	2011	2010
Opening Balance	**6,756**	**9,182**
Transfer to gains	-1,349	-2,006
Additions	0	407
Received during the year	287	53
Reclassifications/transfers	-30	-880
Closing Balance	**5,663**	**6,756**
Reimbursable subsidies (no interest bearing)	2011	2010
Opening Balance	**1,356**	**2,431**
Paid during the year	-76	-725
Received during the year	7,735	0
Reclassifications/transfers	0	-350
Closing Balance	**9,016**	**1,356**

XXII. TAX LIABILITIES

Tax Liabilities

thousand euros

	2011	2010
Income tax	5,264	2.792
Value added tax	3,662	3.405
Social security	2,822	2.661
Others	2,076	2.201
Tax Liabilities	**13,824**	**11,059**

CORK MAKES
IDEAL FLOORINGS:
SOFT,
COMFORTABLE,
WARM,
HYPOALLERGENIC,
IMPERMEABLE
AND NOISE-REDUCING.

XXIII. THIRD PARTY SUPPLIES AND SERVICES

Third Party Supplies and Services

thousand euros

	2011	2010
Subcontractors	5,100	3,948
Special services	6,330	6,348
Advertising	6,177	6,258
Security	874	712
Professional fees	627	447
Commissions	5,039	4,950
Maintenance	6,988	5,860
Tools	1,351	1,339
Power	9,599	7,531
Oil and gas	1,671	1,289
Travel	3,508	3,501
Transports	17,964	16,726
Rentals	4,289	4,145
Communications	1,347	1,330
Insurance	3,097	2,619
Representation expenses	892	709
Data systems	3,803	3,361
Others	7,947	7,247
Third Party Supplies and Services	**86,602**	**78,320**

XXIV. STAFF COSTS

Staff Costs

thousand euros

	2011	2010
Board remuneration	620	648
Employees remuneration	71,857	68,403
Social security and other	14,453	13,822
Severance costs	2,311	3,270
Other	4,510	4,569
Staff Costs	**93,751**	**90,712**
Average Number of employees	**3,379**	**3,278**
Final Number of employees	**3,357**	**3,247**

Board's remuneration includes CORTICEIRA AMORIM, S.G.P.S., S.A. and any of its subsidiaries. Includes also Fiscal Board and General Meeting board members expenses. Amounts stated in this chart derive from the company's books, and so refers to amounts expensed during the period.

XXV. IMPAIRMENTS OF ASSETS

Impairments of Assets

thousand euros

	2011	2010
Receivables	1,486	1,582
Inventories	-214	-169
Goodwill	5,958	5,110
Tangible assets	163	696
Others	271	31
Impairments of Assets	**7,664**	**7,250**

The amount totalling 5,958 K€ refers to an impairment related with subsidiaries and an associate (2010: two subsidiaries and one associate). This value was considered as a non-current cost.

XXVI. OTHER OPERATING GAINS AND LOSSES

Other Operating Gains

thousand euros

	2011	2010
Gain in fixed assets and p. investment disposals	913	268
Provisions reversals	782	138
Operating subsidies	445	410
Investment subsidies	1,349	2,006
Suplementary income	1,609	1,383
Building rentals	132	118
Own works	127	57
Gain in inventory differences	2	111
Other	2,141	2,369
Other Operating Gains	**7,502**	**6,860**

Other Operating Losses

thousand euros

	2011	2010
Exchange rate hedging: exchange differences	-2,014	987
Exchange rate hedging: var. derivative fair value	2,282	-576
Taxes (other than income)	1,479	1,430
Provisions	1,614	678
Loss in fixed assets and p. investment disposals	714	836
Bank charges	1,038	478
Bad debts	498	725
Loss in inventory differences	54	56
Donations and fees	346	328
Other	1,834	1,571
Other Operating Losses	**7,846**	**6,512**

Values related with 2010, were restated in order to be in accordance with 2011 detail.

XXVII. NET FINANCIAL COSTS

Net Financial Costs

thousand euros

	2011	2010
Interest costs – bank loans	4,322	3,174
Interest costs – other entities	5	3
Stamp tax – interest	80	67
Stamp tax – capital	186	147
Interest costs – other	2,234	1,780
	6,828	**5,171**
Interest gains – bank deposits	1,023	847
Interest gains – delayed payments	36	65
Interest gains – other	254	95
	1,313	**1,007**
Net Interest	**5,515**	**4,164**

In Interest costs – other, the total value of 2,234 K€ (2010: 1,780 K€) includes 158 K€ (2010: 1,125 K€) related with the interest rate swap fair value. Includes also 404 K€ (2010: 351 K€) related with the difference in interests of the said swap, as stated in note III. Includes also 718 K€ of underwriting commission and 609 K€ of interest related with the bond issue.

XXVIII. RELATED-PARTY TRANSACTIONS

CORTICEIRA AMORIM consolidates indirectly in AMORIM - INVESTIMENTOS E PARTICIPAÇÕES, S.G.P.S., S.A. (AIP) with head-office at Mozelos (Santa Maria da Feira, Portugal), Amorim Group holding company.

As of December 31, 2011, indirect stake of AIP in CORTICEIRA AMORIM was 76.557%, corresponding as 80.674 of the voting rights.

CORTICEIRA AMORIM related party transactions are, in general, due to the rendering of services through some of AIP subsidiaries (Amorim Serviços e Gestão, S.A., Amorim Viagens e Turismo, S.A., OSI – Sistemas Informáticos e Electrotécnicos, Lda.). Total sales of these subsidiaries to the remaining CORTICEIRA AMORIM companies totalled 6,498 K€ (2010: 5,021 K€).

Cork acquired during 2011, from companies held by the main indirect shareholders of CORTICEIR AMORIM, amounted to 1,696 K€. This corresponds to less than 2.6% of total acquisitions of that raw-material.

Balances at year-end 2011 and 2010 are those resulting from the usual payment terms (from 30 to 60 days) and so are considered to be immaterial.

Services rendered from related-parties are based on the «cost plus» basis raging from 2% to 5%.

During 2009 no transactions were made and no balances booked with related parties Amorim Capital, S.G.P.S., S.A., Vertente Financeira, S.G.P.S., S.A., Amorim Investimentos e Participações, S.G.P.S., S.A. and Interfamília II, S.G.P.S., S.A.

Total CORTICEIRA AMORIM key staff short-term remuneration reached K€ 1,340 during 2011 (2010: 1,861 K€). No payments were made related with post-employment benefits, other long-term benefits, termination benefits and equity compensation benefits.

XXIX. PROVISIONS, GUARANTEES, CONTINGENCIES AND COMMITMENTS

Provisions, Guarantees, Contingencies and Commitments

thousand euros

	2011	2010
Income tax	13,097	12,044
Guarantees to customers	1,270	1,156
Others	2,333	1,357
Provisions	**16,700**	**14,557**

Live tax cases, in court stage or not, totals 19.4M€. These includes 10.1 M€ of capital and 9.3 M€ of correspondent tax.

It is considered appropriate the total value of 13,097 K€ of provisions related with contingencies regarding income tax.

Subsidiary Amorim France registered a provision of 750 K€ due to a patent lawsuit.

During its operating activities CORTICEIRA AMORIM issued in favour of third-parties guarantees amounting to K€ 79,791 (2010: K€ 105,259).

Third-parties Guarantees

thousand euros

Beneficiary	Amount	Purpose
Government agencies	1,456	Capex grants/ subsidies
Tax authority	7,837	Tax lawsuits
Banks	70,143	Credit lines
Other	355	Miscellaneous guarantees
Total	**79,791**	

As of December 31, 2011, future expenditure resulting from long-term motor vehicle rentals totals K€ 2,008, and for computer hardware and software totals K€ 485. Total is due 2012 (691 K€), 2013 (457 K€), 2014 (394 K€) and 2015 and further (950 K€).

Commitments related with fixed assets suppliers are no recorded and amount to K€ 3,080.

XXX. EXCHANGE RATE CONTRACTS

As of December 31, 2011, forward outright and options contracts related with sales currencies were as follows:

Exchange Rate Contracts

thousand euros

	2011	
USD	8,814	56%
AUD	3,816	24%
ZAR	2,767	17%
HUF	254	2%
GBP	212	1%
Forward – long positions	**15,863**	**100%**
SEK	206	100%
Forward – short positions	**206**	**100%**
USD	31,762	100%
Options – long positions	**31,762**	**100%**
USD	2,504	100%
Options – short positions	**2,504**	**100%**

XXXI. AUDITOR'S FEES

PricewaterhouseCoopers auditor's remuneration for the group of subsidiaries and for CORTICEIRA AMORIM was K€ 613 (2010: K€ 338).

XXXII. ACTIVITY DURING THE YEAR

CORTICEIRA AMORIM sales are composed by a wide range of products that are sold through all the five continents, over 100 countries. Due to this notorious variety of products and markets, it is not considered that this activity is concentrated in any special period of the year. Traditionally first half, specially the second quarter, has been the best in sales; third and fourth quarter switch as the weakest one.

XXXIII. OTHER INFORMATION

a) Gross margin (percentage)
Gross margin (percentage) as shown in the Earnings Statement (by nature of expenses) calculation used as denominator the value of Production (Sales + Change in manufactured inventories).

b) Net profit per share calculation used the average number of issued shares deducted by the number of average owned shares. The non-existence of potential voting rights justifies the same net profit per share for basic and diluted.

Net Profit per Share

	2011	2010
Total issued shares	133,000,000	133,000,000
Average nr. of treasury shares	6,787,462	5,932,066
Average nr. of outstanding shares	126,212,538	127,067,934
Net Profit (thousand euros)	25,274	20,535
Net Profit per share (euros)	0.200	0.162

c) IFRS standards
During 2011, the following standards became mandatory: IAS 24 (change) «Related party disclosures», IAS 32 (change) «Financial instruments: presentation – rights issue classification», IFRS 1 (change) – First-time Adoption of International Financial Reporting Standards and the annual 2010 improvement, affecting IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34 and IFRIC 13. During 2011 became mandatory the following interpretations: IFRIC 14 (change), IAS 19 – Limitation to assets related with defined benefits plans and their interaction with required minimum contributions and IFRIC 19 – Regularization of financial liabilities with equity instruments.

These standards and interpretations, when applicable, where adopted by the Group, except for IFRS 1 due to the fact that they are mandatory in future periods. No material impacts in 2011 statements when applied.

As of December 31, 2011, the following standards and interpretations were issued but not applied, due to the fact that they will become mandatory in future fiscal years:
IFRS 1 (change) – First-time Adoption of International Financial Reporting Standards, IFRS 7 – Financial Instruments: Disclosures – transfer of financial assets, IAS 12 – Income taxes (change), IAS1 (change) Financial statements presentation, IFRS 9 - Financial Instruments: Classification and Measurement (new), IFRS 10 – Consolidated financial statements (new), IFRS 11 – Joint arrangements (new), IFRS 12 – Disclosure of Interests in Other Entities (new), IFRS 13 – Fair

Value Measurement (new), IAS 27 (2011 revision) - Separate Financial Statements, IAS 28 (2011 revision) – Investments in Associates and Joint Ventures, IAS 19 (2011 revision) – Employee Benefits, IFRS 7 (change) – Disclosures – Financial liabilities and assets offsetting, IAS 32 – Financial liabilities and assets offsetting and IFRIC 20 (new) Stripping costs in the production phase of a surface mine.

Group will apply these standards and interpretations in the period were become mandatory. It's not possible to estimate the impact that the application of these standards and interpretations will have in future consolidate Group statements.

d) Financial Assets and Liabilities
Financial Assets are mainly registered in the Loans and Other Receivables caption. As for Financial Liabilities they are included in the Amortized Liabilities caption.

Detail is as follows:

Financial Assets and Liabilities

thousand euros

	2011	2010
Customers	116,758	110,311
Recoverable taxes	23,662	16,595
Cash and cash equivalents	21,681	33,312
Others	10,515	8,214
Total Financial Assets	**172,616**	**168,432**
Interest bearing debt	139,105	135,735
Other loans and creditors	17,707	5,874
Suppliers	105,939	97,787
Others	13,824	11,059
Total Financial Liabilities	**276,575**	**250,455**

Customers balances are denominated in USD (6.7%), CLP (5.2%), ARS (2.9%), ZAR (0.7%), AUD (1.2%), being the remaining almost totally euro based. Exchange differences are due, mainly, to non euro based customer's balances, as well as foreign currency loans used as a hedge accounting instrument.

Mozelos, February 16, 2012

The Board of CORTICEIRA AMORIM, S.G.P.S., S.A.

António Rios de Amorim
Chairman

Joaquim Ferreira de Amorim
Vice-President

Nuno Filipe Vilela Barroca de Oliveira
Member

Luísa Alexandra Ramos Amorim
Member

Jorge Manuel Seabra de Freitas
Member

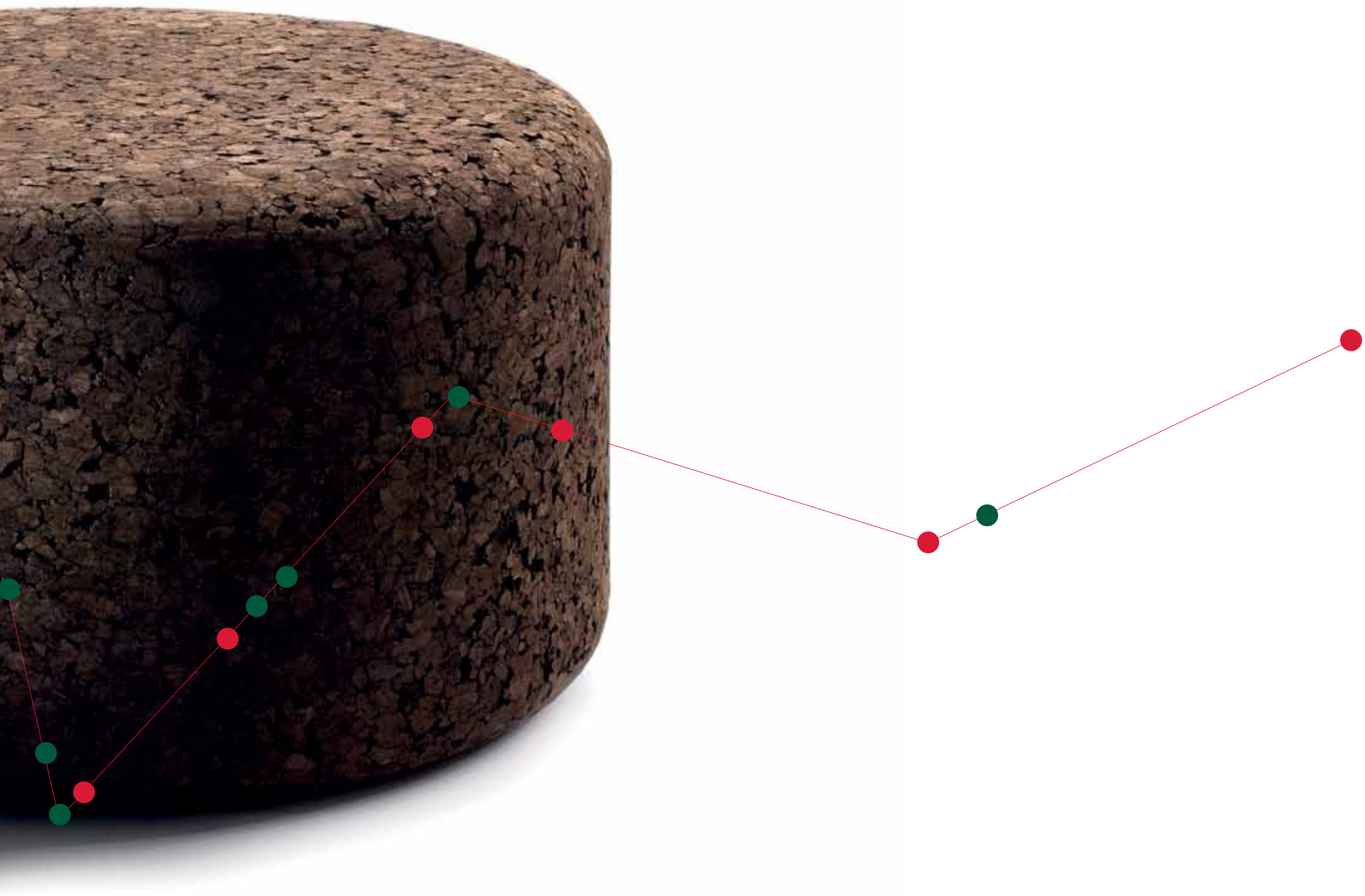
André de Castro Amorim
Member

Fernando José de Araújo dos Santos Almeida
Member

IN SEVERAL IMPORTANT AREAS, CORTICEIRA AMORIM IS A UNIQUE ORGANISATION – NO OTHER INDUSTRY:

- KNOWS THE FULL RANGE AND DIVERSITY OF THE CORK INDUSTRY;
- HAS TAKEN ON THE CRUCIAL ROLE OF ENSURING THE CONSERVATION OF THE UNIQUE ECOSYSTEM OF THE CORK OAK FOREST;
- IS AS COMMITTED TO PROMOTING CORK AND ENHANCING ITS VALUE, RESEARCHING AND DEVELOPING NEW APPLICATIONS AND NEW PRODUCTS;
- IS PRESENT IN EXISTING AND POTENTIAL MARKETS, ANTICIPATING TRENDS AND RESPONDING TO QUALITY REQUIREMENTS.

AMORIM



Legal Opinion

«In our opinion, the consolidated financial statements referred to above, present fairly in all material respects, the consolidated financial position of Corticeira Amorim S.G.P.S., S.A. as at 31 December 2011, the consolidated results and the consolidated comprehensive income of its operations, the changes in consolidated equity and the consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards, as adopted by the European Union and the information included is complete, true, up-to-date, clear, objective and lawful.»

PricewaterhouseCoopers

CORTICEIRA AMORIM, S.G.P.S., S.A.

SUPERVISORY BOARD'S REPORT

To the Company's Shareholders,

In accordance with the law and the powers, duties and responsibilities conferred on us, we are pleased to submit the report on our supervisory activities for your consideration and we issue our opinion on the Directors' Report and the annual financial statements prepared by the Board of Directors of CORTICEIRA AMORIM, SGPS, SA for the year ended December 31, 2011.

I - RESPONSIBILTIES OF THE SUPERVISORY BOARD MEMBERS

During the year under review, we have monitored the business of the Company at such intervals and to the extent deemed appropriate and we have been given access to all critical documents deemed relevant. No situation disrespecting the law or the Company's Articles of Association has been noted by this Board while checking the accuracy and completeness of the bookkeeping. We have also examined the reports of the Statutory Auditors issued by PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda., a firm of chartered accountants and registered auditors. Our examinations included the annual financial statements and the consolidated annual financial statements of CORTICEIRA AMORIM, SGPS, SA, both of which were prepared in accordance with the law.

To be more precise, the procedures carried out by this Board included:

- monitoring the business of the Company either by holding regular meetings with the members of the Board of Directors, the Executive Committee and other officers of the Company or by perusing the relevant minutes and we have received all explanatory information requested;
- assessing the appropriateness and consistency of application of the accounting policies adopted by the Company;
- examining the system of internal control implemented in the Company;
- examining the financial information disclosure by the Company.

We should like to underline the major substantive and diligent contribution of the entire Organization – from the Board of Directors down to the administrative staff - towards making possible that this Board could accomplish its mission in an accurate and efficient manner.

Attention should also be drawn to the level of professional expertise and competence shown by PricewaterhouseCoopers & Associados, SROC, Lda. (the chartered accountants of the Company), in particular by its representative Mr. José Alves Pereira and his team during the year ended December 31, 2011.

II – CONCLUSION

In carrying out our duties, we have noted:

- that the Balance Sheet, the Profit and Loss Account and other accounting records and their explanatory notes in respect to both the annual financial statements and the consolidated annual financial statements have been prepared in accordance with the relevant legal requirements;
- the appropriateness of the accounting policies and valuation criteria used by the Company, which policies and criteria are adequately reflected in the notes to the annual financial statements and the consolidated annual financial statements;
- that the Directors' Report is sufficiently clear as to the business performance and the state of affairs of the Company and the Group and highlights the most significant aspects;
- that the proposal for appropriation of profit is well-founded.

III – OPINION

Based on the information obtained from the Board of Directors and a number of administrative staff of the Company and taking the report of the Statutory Auditors into account, we are of the opinion that:

i) the Directors' report should be approved;

ii) the Company's annual financial statements and the consolidated annual financial statements should be approved;

iii) the proposal for appropriation of profit should be approved.

IV - STATEMENT OF RESPONSIBILITY

In accordance with Section 245.1(c) of the Portuguese Securities Market Act and in our capacity as members of the Supervisory Board, we hereby attest that to the best of our knowledge the annual financial statements and other accounting records and supporting documents were prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of CORTICEIRA AMORIM, SGPS, SA and the undertakings included in the consolidation taken as a whole.

We also state that the Directors' report fairly reflects the evolution to date of CORTICEIRA AMORIM, SGPS, SA's business activities, its business performance and state of affairs as well as of the undertakings included in the consolidation taken as a whole. The Directors' report includes a special chapter identifying the major business risks and uncertainties faced by the Company.

We further attest that the data referred to in Section 245-A of the Portuguese Securities Markey Act are included in the Corporate Governance Report on the structure and corporate governance practices adopted by CORTICEIRA AMORIM, SGPS, SA.

V - ACKNOWLEDGMENTS

Finally, a word of appreciation to:

- the Directors, for their availability, cordiality and transparency;
- the Organization, for making all human and material resources deemed necessary to assist us in our work readily available; and
- the auditors Messrs PricewaterhouseCoopers for their excellent work in providing public evidence of the high standards of internal control and financial reporting consistently adopted by CORTICEIRA AMORIM, SGPS, SA.

Mozelos, March 2, 2012

THE SUPERVISORY BOARD

Durval Ferreira Marques

Joaquim Alberto Hierro Lopes

Gustavo José de Noronha da Costa Fernandes pwc

Audit Report for Statutory and Stock Exchange Regulatory Purposes on the Consolidated Financial Information

(Free translation from the original in Portuguese)

Introduction

1 As required by law, we present the Audit Report for Statutory and Stock Exchange Regulatory Purposes on the financial information included in the consolidated Management Report and in the attached Consolidated Financial Statements of Corticeira Amorim S.G.P.S., S.A., comprising the consolidated statement of financial position as at 31 December 2011 (which shows total assets of 605.053 thousand and total shareholder's equity of 282.292 thousand Euro, including non-controlling interests of 12.439 thousand Euro, and a net profit of 25.274 thousand Euro), the consolidated income statement by nature and by functions, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flows statement for the year then ended, and the corresponding notes to the accounts.

Responsibilities

2 It is the responsibility of the Company's Board of Directors (i) to prepare the consolidated Management Report and the consolidated financial statements which present fairly, in all material respects, the financial position of the Company and its subsidiaries, the consolidated results and the consolidated comprehensive income of their operations, the changes in consolidated equity and the consolidated cash flows; (ii) to prepare historic financial information in accordance with International Financial Reporting Standards as adopted by the European Union, and which is complete, true, up-to-date, clear, objective and lawful, as required by the Portuguese Securities Market Code; (iii) to adopt appropriate accounting policies and criteria; (iv) to maintain appropriate systems of internal control; and (v) to disclose any significant matters which have influenced the activity, financial position or results of the Company and its subsidiaries.

3 Our responsibility is to verify the financial information included in the financial statements referred to above, namely as to whether it is complete, true, up-to-date, clear, objective and lawful, as required by the Portuguese Securities Market Code, for the purpose of issuing an independent and professional report based on our audit.

Scope

4 We conducted our audit in accordance with the Standards and Technical Recommendations issued by the Institute of Statutory Auditors which require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. Accordingly, our audit included: (i) verification that the Company and its subsidiaries' financial statements have been appropriately examined and, for the cases where such an audit was not carried out, verification, on a sample basis, of the evidence supporting the amounts and disclosures in the consolidated financial statements and assessing the reasonableness of the estimates,

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Matriculada na Conservatória do Registo Comercial sob o NUPC 506 628 752, Capital Social Euros 314.000

based on the judgements and criteria of the Board of Directors used in the preparation of the consolidated financial statements; (ii) verification of the consolidation operations and the utilization of the equity method; (iii) assessing the appropriateness of the accounting principles used and their disclosure, as applicable; (iv) assessing the applicability of the going concern basis of accounting; (v) assessing the overall presentation of the consolidated financial statements; and (vi) assessing the completeness, truthfulness, accuracy, clarity, objectivity and lawfulness of the consolidated financial information.

5 Our audit also covered the verification that the information included in the consolidated Management Report is consistent with the financial statements as well as the verification set forth in paragraphs 4 and 5 of Article 451° of the Companies Code.

6 We believe that our audit provides a reasonable basis for our opinion.

Opinion

7 In our opinion, the consolidated financial statements referred to above, present fairly in all material respects, the consolidated financial position of Corticeira Amorim S.G.P.S., S.A. as at 31 December 2011, the consolidated results and the consolidated comprehensive income of its operations, the changes in consolidated equity and the consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards, as adopted by the European Union and the information included is complete, true, up-to-date, clear, objective and lawful.

Report on other legal requirements

8 It is also our opinion that the information included in the consolidated Management Report is consistent with the consolidated financial statements for the year and that the Corporate Governance Report includes the information required under Article 245°-A of the Portuguese Securities Market Code.

2 March 2012

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda
Registered in the Comissão do Mercado de Valores Mobiliários with nr. 9077
represented by:

José Pereira Alves, R.O.C.

TITLE Annual Report and Accounts 2011 – CORTICEIRA AMORIM, S.G.P.S., S.A. • **COORDINATION** CORTICEIRA AMORIM, S.G.P.S., S.A.
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Share Capital: EUR 133,000,000.00 Reg. and Corporate Tax Identification Number 500 077 797 Company registered at the Companies Registry Office of Santa Maria da Feira

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