# CORTICEIRA AMORIM, S.G.P.S., S.A.

# CONSOLIDATED ACCOUNTS
# (Interim – Unaudited)

# 1st Quarter 2013
# (1Q13)

CORTICEIRA AMORIM; S.G.P.S., S.A.
Sociedade Aberta

Capital Social: EUR 133 000 000,00
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Shareholders of CORTICEIRA AMORIM,

In accordance with the law, the Directors of CORTICEIRA AMORIM S.G.P.S., S.A., a public company, present their

# CONSOLIDATED MANAGEMENT REPORT INTERIM

## 1. INTRODUCTION

The signs of global economic slowdown that had been predicted for the last months of 2012 became a reality in the first quarter of 2013. That downturn was particularly marked in Europe. Disclosed statistical data show that nearly all the countries have plunged into negative territory again. The rest of the world - including China - has also been hit by a decline in business, but it has managed to maintain very positive growth rates, particularly when compared to rates near zero - or even negative in some cases - recorded by some European countries.

Corticeira Amorim, SGPS, SA (CORTICEIRA AMORIM) has not certainly gone unscathed by that degradation of the economic situation. The European market accounts for about 60% of CORTICEIRA AMORIM's net sales and the conditions of the European economy will continue to weigh heavy on the profitability of our Company.

Sales grew by 1.7% as a result of a broader consolidation scope. The inclusion of Trefinos Group's assets and liabilities in the consolidated balance sheet as from the second half of 2012 led sales to increase by around EUR 6 million (€ 6 M) in the first quarter of 2013 (1Q13), i.e., a contribution of 4.5% to that growth.

Consolidated net sales exceeded € 133.5 M (1Q12: € 131.3 M).

All Business Units (BU) posted sales for extra group customers in 1Q13 lower than those of a year earlier.

The EBITDA to Sales ratio decreased to 12.1% in 1Q13 from 14.3% in 1Q12. Its absolute value reached € 16.2 M, a 13.7%-drop compared to the first quarter of 2012 (€ 18.7 M).

An improved financial function performance and the fact of not taking non-recurring costs into consideration have allowed the net profit not to differ significantly from that recorded in the first quarter of 2012.



Net profit for 1Q13 was EUR 5294 thousand, an 8.1% decrease compared to EUR 5761 thousand for the same period a year ago.

## 2. SALES AND RESULTS

### Raw Materials BU

The Raw Materials BU was also hit by the global slowdown that affected the consolidated business performance. Sales decreased approx. 14% due to a lower supply of manufactured cork to the Cork Stoppers BU.

However, this decrease in sales did not prevent the Raw Materials BU from increasing its turnover performance. Improved gross margin percentages offset that drop in sales. An improved operating expense performance has even allowed EBITDA to exceed the amount recorded in 1Q12 (1Q13: € 5.4 M vs. 1Q12: € 4.6 M).

The acquisition of cork on the market ran as planned and paved the way for the start of the new cork harvest season. After a harsh winter, it is expected that the improvement in weather conditions can set the stage for the expected good cork harvest in 2013.

### Cork stoppers BU

Sales of cork stoppers totalled € 81.6 M in 1Q13, a 6.7% increase compared to 1Q12. As noted above, the inclusion of Trefinos' assets and liabilities in the consolidated balance sheet had an effect on the consolidation scope of about 6 M €. On a comparable basis, sales in 1Q13 dip slightly compared with a year ago (-1%).

The reasons for the growth in 1Q12 were the same as those that now justify the slight drop in sales in 1Q13. In fact, the 7% increase in net sales in 1Q12 was largely justified by the good sales performance of the natural cork stoppers business and the two major markets (France and the U.S.A.), which were also the factors that contributed to the stagnation and even slight decline in the first quarter of the current year.

The decrease in sales of natural cork stoppers and Twin Top© stoppers was not fully offset by increased sales of other kinds of cork stoppers, such as champagne and capsulated cork stoppers. The importance of the French and the U.S. markets for the sales of natural cork stoppers explains the negative change in these two markets.

At the end of 1Q13, EBITDA was € 8.5 M which compares favourably with € 9.6 M for the same period in 2012. It should be noted that, even if the contribution of Trefinos' business to the consolidation would have been excluded, the EBITDA amount would exceed that recorded a year ago.

## Floor and Wall Coverings BU

In 1Q13, this BU's net sales totalled € 30.8 M, a 7.4% decline y-o-y. This decrease in sales was due to both the fall in orders for cork manufactured products (-3.5%) and wood-o-cork products (-33%).

The delayed placement of orders by China and Eastern European countries - particularly as regards CorkStyle products - exceeded the gains on sales to the North American and Scandinavian markets.

The maintenance of the sales growth rate of LVT (Luxury Vinyl Tiles) is worth a special mention.

As regards operating expenses, the logistics-related expenses continued to climb. Increasing sales of LVT brings added pressure to this cost item. A higher unit weight of this product results in a greater than proportional increase in transportation costs. New solutions are being tested for carrying goods to northern European countries and the sea transport is a possibility with good chances of success.

The decline in EBITDA is almost entirely justified by the decrease in sales, particularly as regards manufactured products (1Q13: € 2.6 M vs. 1Q12: € 3.4 M).

## Cork Composites BU



YTD sales of the Cork Composites BU were slightly higher than those of a year ago (€ 23.1 M: +2.5%). Sales of goods and sales to the construction industry - particularly to the U.S. market - have managed to offset the decrease in sales to the Industrial sector and the Flooring industry. However, if the sales of manufactured products to end customers outside the group were taken into consideration, then there was a 4% decrease.

The effect of increased cork waste had a significant impact on the decline of EBITDA and, per se, it justifies a reduction by about two-thirds in this BU's EBITDA (€ 1.4 M vs. € 1.9 M). A lower sales volume of our premium products coupled with the concentration of marketing costs (image renewal) in the first quarter of 2013 and a further increase in logistics costs justify the remainder of that decline.

## Insulation Cork BU

The sales of the Insulation Cork BU in the first quarter 2013 were affected by the postponement of several construction projects. Sales of insulation corkboard - the most important product manufactured by this BU - fell by 11.9% and this might be explained by lower quantities of products sold.

Portugal and France showed significant declines in sales, while Italy - the second most important market – has managed to maintain its performance almost unchanged.

The Middle Eastern market continued to grow quite satisfactory.

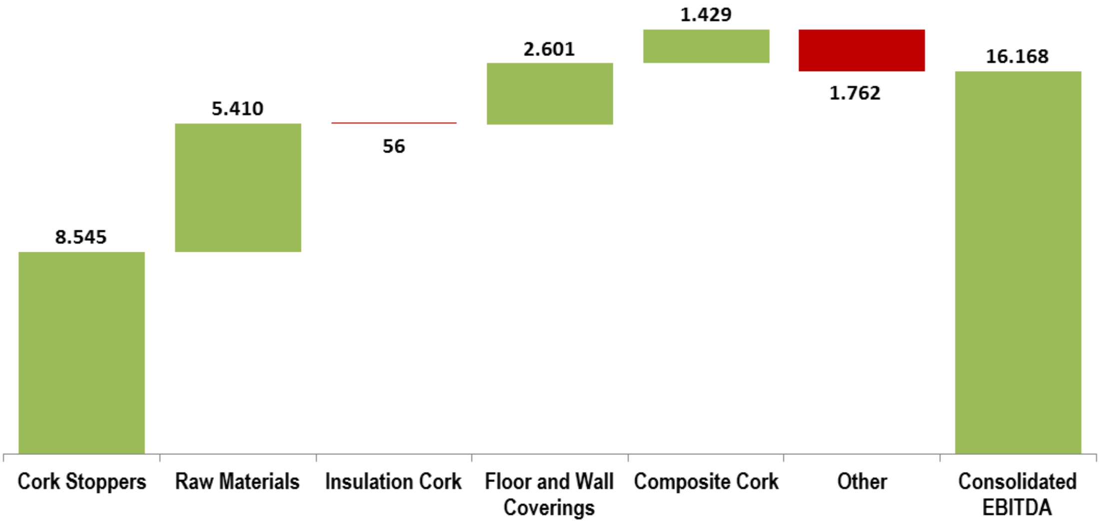
The EBITDA was heavily affected by the drop in sales and the increase in cork raw material prices and its value for 1Q13 was zero (1Q12: € 0.6 M).

## Company Results

There was a decline in the gross margin percentage, which stood at 48.5% in 1Q13 (1Q12: 49.5%). This decrease was due to a lower yield in cork raw material and also to exchange rate changes. The absolute gross margin was € 66.4 M (1Q12: € 67.9 M).

As far as operating expenses is concerned, the amount of € 50.2 M is about € 1 M higher than a year ago. It should be noted, however, that the inclusion of Trefinos' business in the consolidated balance sheet has contributed with about € 2.9 M to this increase and, therefore, on a comparable basis there was a decrease of about € 2 M (-3.7%). This decline is consistent with the actual decrease in comparable sales and production volumes (-2.8% and -4.9%).

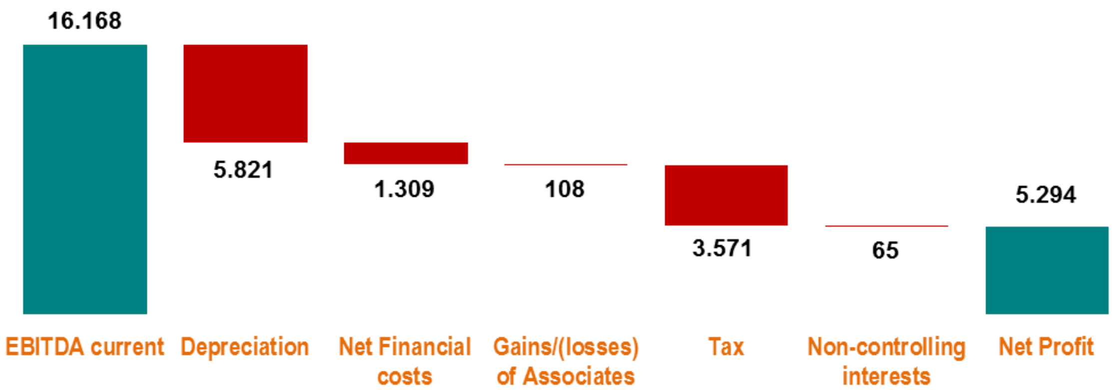
The EBITDA in 1Q13 was € 16.2 M, a 13.7% decrease compared to 1Q12 (€ 18.7 M). The EBITDA to sales ratio fell by 12.1% (1Q12: 14.3%) due, essentially, to the increase in the price of cork waste and also the inclusion of Trefinos group's business in the consolidated balance sheet, which inclusion had a significant effect. The consolidated ratio of this group of companies has proved to be, as expected, well below CORTICEIRA AMORIM average.






The financial activity for the period ended 31 March 2013 proved to be more favourable than that for the same period a year ago (€ -1.3 M vs € -1.6 M). The average debt level and the interest rate for each of those two quarters did not differ a lot. The gain results essentially from the positive change in fair value of interest rate derivatives existing at the time.

After estimating the tax on an income of € 3.6 M, net profit was € 5294 thousand in 1Q13, down 8.1% from the comparable period a year ago.



## 3. STATEMENT OF THE CONSOLIDATED FINANCIAL POSITION OF CORTICEIRA AMORIM (CONSOLIDATED BALANCE SHEET)

CORTICEIRA AMORIM's balance sheet as of the end of the first quarter of 2013 totalled € 648 M, which represents an increase compared to both 31 December 2012 (€ 644 M) and 31 March 2012 (€ 622 M). Regarding the end of the financial year 2012, the most important item and that represents the total of the above increase, has to do with the amount of VAT receivable. The amount of payments in arrears from the State totalled € 7.6 M, of which € 3.6 M were received by CORTICEIRA AMORIM in early April 2013.

As regards the balance sheet as at 31 March 2012, the most significant change has to do with the inclusion of the Trefinos Group's business in the consolidated balance sheet, which represented an amount of approx. € 14 M.

At the end of March 2013, CORTICEIRA AMORIM's net interest bearing debt decreased by approximately € 5 M compared to the end of the financial year 2012.

Capital expenditure (CAPEX) totalled € 4.5 M.

At the end of March 2013, Shareholder's Equity was € 301 M, i.e., an Equity to total assets ratio of 46.5% that is equal to that existing twelve months ago.

## 4. CONSOLIDATED INDICATORS

| | | 1Q13 | 1Q12 | Variation |
|---|---|---|---|---|
| Sales | | 133.557 | 131.276 | 1,7% |
| Gross Margin – Value | | 66.410 | 67.856 | -2,1% |
| | 1) | 48,5% | 49,5% | -1,04 p.p. |
| Operating Costs - current | | 56.063 | 54.647 | 2,59% |
| EBITDA - current | | 16.168 | 18.728 | -13,7% |
| EBITDA/Sales | | 12,1% | 14,3% | -2,16 p.p. |
| EBIT - current | | 10.347 | 13.208 | -21,7% |
| Non-current costs | 2) | 0 | 1.843 | N/A |
| Net Income | | 5.294 | 5.761 | -8,11% |
| Earnings per share | | 0,042 | 0,046 | -8,11% |
| Net Bank Debt | | 116.736 | 114.237 | 2.499 |
| Net Bank Debt/EBITDA (x) | 4) | 1,46 | 1,54 | -0,08 x |
| EBITDA/Net Interest (x) | 3) | 16,5 | 16,3 | 0,22 x |
| Equity/Net Assets | | 46,5% | 46,5% | +0,01 p.p. |

1) Related to Production

2) Argentinian TVA receivables impairment (1Q12)

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

## 5. SUBSEQUENT EVENTS

In line with a motion put forward by the CORTICEIRA AMORIM board, at the Annual General Meeting held on April 4, 2013, it was decided that a dividend of € 0.10 per share would be paid. The dividend will be paid on April 30, 2013.

Mozelos, April 29, 2013

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

**António Rios de Amorim**
*Chairman* ________________________________

**Nuno Filipe Vilela Barroca de Oliveira**
*Vice-President* ________________________________

**Fernando José de Araújo dos Santos Almeida**
*Member* ________________________________

**Cristina Rios de Amorim Baptista**
*Member* ________________________________

**Luísa Alexandra Ramos Amorim**
*Member* ________________________________

**Juan Ginesta Viñas**
*Member* ________________________________

# FINANCIAL REPORT INTERIM

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

thousand euros

| | March 2013 | December 2012 | March 2012 |
|---|---|---|---|
| **Assets** | | | |
| Property, plant and equipment | 181,402 | 182,173 | 170,982 |
| Investment property | 5,931 | 6,076 | 7,428 |
| Goodwill | 5,865 | 5,865 | 11,719 |
| Investments in associates | 7,910 | 8,018 | 6,229 |
| Intangible assets | 512 | 555 | 391 |
| Other financial assets | 5,595 | 3,735 | 3,530 |
| Deferred tax assets | 7,601 | 6,746 | 5,725 |
| **Other non current assets** | **214,816** | **213,168** | **206,003** |
| Inventories | 219,881 | 231,211 | 216,892 |
| Trade receivables | 135,497 | 124,108 | 128,092 |
| Current tax assets | 2,880 | 4,852 | 2,311 |
| Other current assets | 36,546 | 31,414 | 32,148 |
| Cash and cash equivalents | 38,582 | 39,015 | 36,791 |
| **Current assets** | **433,387** | **430,600** | **416,234** |
| **Total Assets** | **648,203** | **643,767** | **622,237** |
| **Equity** | | | |
| Share capital | 133,000 | 133,000 | 133,000 |
| Own shares | -7,197 | -7,169 | -6,247 |
| Other reserves | 155,100 | 123,696 | 143,953 |
| Net Income | 5,294 | 31,055 | 5,761 |
| Minority interest | 15,041 | 14,665 | 12,665 |
| **Equity** | **301,239** | **295,246** | **289,133** |
| **Liabilities** | | | |
| Interest-bearing loans | 52,250 | 52,363 | 82,537 |
| Other borrowings and creditors | 12,699 | 13,227 | 9,573 |
| Provisions | 21,425 | 21,038 | 18,514 |
| Deferred tax liabilities | 6,312 | 6,490 | 5,759 |
| **Non-current liabilities** | **92,685** | **93,119** | **116,383** |
| Interest-bearing loans | 103,068 | 108,231 | 68,491 |
| Trade payables | 87,302 | 99,240 | 90,637 |
| Other borrowings and creditors | 53,967 | 40,082 | 49,534 |
| Tax liabilities | 9,942 | 7,848 | 8,060 |
| **Current liabilities** | **254,279** | **255,402** | **216,722** |
| **Total Liabilities and Equity** | **648,203** | **643,767** | **622,237** |

## CONSOLIDATED INCOME STATEMENT

thousand euros

| | March 2013 | March 2012 |
|---|---|---|
| Sales | 133,557 | 131,276 |
| Costs of goods sold and materials consumed | 70,493 | 69,097 |
| Change in manufactured inventories | 3,346 | 5,677 |
| **Gross Margin** | **66,410** | **67,856** |
| | 48.5% | 49.5% |
| Third party supplies and services | 23,836 | 22,420 |
| Staff costs | 26,683 | 25,460 |
| Impairments of assets | 236 | 1,180 |
| Other gains | 1,953 | 3,004 |
| Other costs | 1,440 | 3,073 |
| **Current EBITDA** | **16,168** | **18,728** |
| Depreciation | 5,821 | 5,520 |
| **Current EBIT** | **10,347** | **13,208** |
| Non-current costs | 0 | 1,843 |
| Financial costs | 1,694 | 1,779 |
| Financial income | 385 | 194 |
| Share of (loss)/profit of associates | -108 | -5 |
| **Profit before tax** | **8,930** | **9,776** |
| Income tax | 3,571 | 3,990 |
| **Profit after tax** | **5,359** | **5,786** |
| Non-controlling Interest | 65 | 25 |
| **Net Income attributable to the equity holders of Corticeira Amorim** | **5,294** | **5,761** |
| **Earnings per share - Basic e Diluted (euros per share)** | **0.042** | **0.046** |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

thousand euros

| | March 2013 | March 2012 |
|---|---|---|
| **Net Income (before Min. Interest)** | **5,359** | **5,786** |
| Change in derivative financial instruments fair value | -327 | 311 |
| Change in translation differences | 989 | 541 |
| **Net Income directly registered in Equity** | **662** | **852** |
| **Total Net Income registered** | **6,021** | **6,638** |
| **Attributable to:** | | |
| Corticeira Amorim Shareholders | 5,644 | 6,613 |
| Non-controlling interests | 377 | 25 |

## CONSOLIDATED STATEMENT OF CASH FLOW

thousand euros

| | March 2013 | March 2012 |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| Collections from customers | 136,457 | 134,773 |
| Payments to suppliers | -116,934 | -126,559 |
| Payments to employees | -24,796 | -22,823 |
| **Operational cash flow** | -5,273 | -14,609 |
| Payments/collections - income tax | -173 | -264 |
| Other collections/payments related with operational activities | 15,178 | 23,475 |
| **CASH FLOW BEFORE EXTRAORDINARY ITEMS** | **9,732** | **8,602** |
| **INVESTMENT ACTIVITIES** | | |
| Collections due to: | | |
| Tangible assets | 89 | 88 |
| Others assets | 130 | 43 |
| Interests and similar gains | 331 | 165 |
| Investment subsidies | 5 | 1,731 |
| Payments due to: | | |
| Tangible assets | -4,522 | -3,694 |
| Financial investments | -16 | 0 |
| Intangible assets | 0 | -6 |
| **CASH FLOW FROM INVESTMENTS** | **-3,983** | **-1,673** |
| **FINANCIAL ACTIVITIES** | | |
| Collections due to: | | |
| Loans | 1,194 | 5,317 |
| Others | 401 | 97 |
| Payments due to: | | |
| Interests and similar expenses | -1,270 | -1,367 |
| Others | -131 | -771 |
| **CASH FLOW FROM FINANCING** | **166** | **3,276** |
| Change in cash | 5,915 | 10,205 |
| Exchange rate effect | 163 | -48 |
| Cash at beginning | 19,846 | 6,731 |
| Cash at end | 25,925 | 16,888 |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

thousand euros

| | Balance Beginning | Appropriation of N-1 profit | Dividends | Net Profit N | Increases / Decreases | Translation Differences | End Balance |
|---|---|---|---|---|---|---|---|
| **March 31, 2013** | | | | | | | |
| **Equity:** | | | | | | | |
| Share Capital | 133,000 | - | - | - | - | - | 133,000 |
| Treasury Stock - Face Value | -7,384 | - | - | - | -15 | - | -7,399 |
| Treasury Stock - Discounts and Premiums | 216 | - | - | - | -14 | - | 202 |
| Paid-in Capital | 38,893 | - | - | - | - | - | 38,893 |
| Hedge Accounting | 186 | - | - | - | -327 | - | -141 |
| Reserves | | | | | | | |
| Legal Reserve | 12,243 | - | - | - | - | - | 12,243 |
| Other Reserves | 71,762 | 31,055 | - | - | -34 | - | 102,783 |
| Translation Difference | 611 | - | - | - | 34 | 677 | 1,322 |
| | **249,527** | **31,055** | **0** | **0** | **-356** | **677** | **280,903** |
| **Net Profit for the Year** | 31,055 | -31,055 | - | 5,294 | - | - | 5,294 |
| **Minority interests** | 14,665 | - | 0 | 64 | 0 | 312 | 15,041 |
| **Total Equity** | **295,247** | **0** | **0** | **5,358** | **-356** | **989** | **301,239** |
| **March 31, 2012** | | | | | | | |
| **Equity:** | | | | | | | |
| Share Capital | 133,000 | - | - | - | - | - | 133,000 |
| Treasury Stock - Face Value | -6,787 | - | - | - | - | - | -6,787 |
| Treasury Stock - Discounts and Premiums | 541 | - | - | - | - | - | 541 |
| Paid-in Capital | 38,893 | - | - | - | - | - | 38,893 |
| IFRS Transition Adjustments | -8,332 | - | - | - | -240 | 26 | -8,546 |
| Hedge Accounting | -11 | - | - | - | 311 | - | 300 |
| Reserves | | | | | | | |
| Legal Reserve | 12,243 | - | - | - | - | - | 12,243 |
| Other Reserves | 76,469 | 25,274 | - | - | -868 | - | 101,428 |
| Translation Difference | -1,435 | - | - | - | 1,234 | 389 | -365 |
| | **244,580** | **25,274** | **0** | **0** | **437** | **415** | **270,706** |
| **Net Profit for the Year** | 25,274 | -25,274 | - | 5,761 | - | - | 5,761 |
| **Minority interests** | 12,439 | - | 0 | 25 | -27 | 228 | 12,665 |
| **Total Equity** | **282,293** | **0** | **0** | **5,786** | **410** | **643** | **289,132** |

# 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 Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A.

Amorim Capital - Sociedade Gestora de Participações Sociais, S.A. held 67,830,000 shares of CORTICEIRA AMORIM as of March 31, 2013 corresponding to 51.00 % of its share capital (December 2012: 67,830,000 shares). Amorim Capital - Sociedade Gestora de Participações Sociais, S.A. was fully owned by Amorim family.

These financial statements were approved in the Board Meeting of April 29, 2013.

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 December 31, 2012, namely IAS 34 (Interim Report). 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 consolidated financial position 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 Regulamento 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.

Exchange differences are registered in an equity account "Translation differences" which is part of the line "Other reserves".

Whenever and a non-euro subsidiary is sold or liquidated, accumulated translation differences recorded in equity is registered as a gain or a loss in the consolidated income statement by nature.

### 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 is ready for its projected use.

Tangible fixed assets are subsequently measured at acquisition cost, deducted from cumulative depreciations and impairments.



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:

| | **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 moment in which the asset is ready to use. The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting 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.

### e. Investment property

Includes land and buildings not used in production.

Investment property are initially registered at acquisition cost plus acquisition or production attributable costs, and when pertinent financial costs during construction or installation. Subsequently are measured at acquisition cost less cumulative depreciations and impairment.

Periods and methods of depreciation are as follows in d) note for tangible fixed asset.

Properties are derecognized when sold. When used in production are reclassified as tangible fixed asset. When land and buildings are no mores used for production, they will be reclassified from tangible fixed asset to investment property.

### f. Goodwill

Goodwill arises from acquisition of subsidiaries and represents the excess of the cost of an acquisition over the fair value of the net identifiable assets of the acquired at the date of acquisition. If positive, it 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).

For impairment tests purposes, goodwill is allocated to the cash-generating unit or group of cash-generating units that are expected to benefit from the upcoming synergies.

Goodwill will be tested annually for impairment, or whenever an evidence of such occurs; impairment losses will be charged to the income statement and, consequently, its carrying amount adjusted.



### g. Non-financial assets impairment

Assets with indefinite useful lives are not amortised but are annually tested for impairment purposes.

Assets under depreciation are tested for impairment purposes whenever an event or change of circumstances indicates that its value cannot be recovered. Impairment losses are recognized as the difference between its carrying amount and its recoverable amount. Recoverable corresponds to the higher of its fair value less sales expenses and its value for use. Non-financial assets, except goodwill, that generated impairment losses are valued at each reporting date regarding reversals of said losses.

### h. Other financial assets

Relates, mainly, to financial applications corresponding to equity instruments measured at cost.

### i. 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. Production cost includes used raw material costs, direct labour, other direct costs and other general fixed production costs (using normal capacity utilisation).

Where the net realisable value is lower than production cost, an inventory impairment is registered. 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.

### j. 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 the debtor for similar periods.

### k. Financial assets impairment

At each reporting date, the impairment of financial assets at amortised cost is evaluated. Financial asset impairment occurs if after initial register, unfavourable cash flows from that asset can be reasonably estimated.

Impairment losses are recognized as the difference between its carrying amounts and expected future cash flows (excluding future losses that yet have not occurred), discounted at the initial effective interest rate of the asset. The calculated amount is deducted to the carrying amount and loss recognised in the earnings statement.

### l. 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.

### m. Suppliers, other borrowings and creditors

Debts to suppliers and other borrowings and creditors are initially registered at fair value. Subsequently are measured at amortised cost using effective interest rate method. They are classified as current liabilities, except if CORTICEIRA AMORIM has full discretion to defer settlement for at least another 12 months from the reporting date



### n. 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 ready for use or suspended.

### o. Income taxes – current and deferred

Income tax includes current income tax and deferred income tax. Except for companies included in groups of fiscal consolidation, current income tax is calculated separately for each subsidiary, on the basis of its net result for the period adjusted according to tax legislation. Management periodically addresses the effect of different interpretations of tax law.

Deferred taxes are calculated using the liability method, reflecting the temporary differences between the carrying amount of consolidated assets and liabilities and their correspondent value for tax purposes.

Deferred tax assets and liabilities are calculated and annually registered using actual tax rates or known tax rates to be in vigour at the time of the expected reversal of the temporary differences.

Deferred tax assets are recognized to the extent that it is probable sufficient future taxable income will be available utilisation. At the end of each year an analysis of the deferred tax assets is made. Those that are not likely to be used in the future will be derecognised.

Deferred taxes are registered as an expense or a gain of the year, except if they derive from values that are booked directly in equity. In this case, deferred tax is also registered in the same line.

### p. Employee benefits

CORTICEIRA AMORIM Portuguese employees benefit exclusively from the national welfare plan. Employees from foreign subsidiaries (about one third of total CORTICEIRA AMORIM) or are covered exclusively by local national welfare plans or benefit from complementary contribution plans.

As for the defined contribution plans, contributions are recognised as employee benefit expense when they are due.

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.

### q. 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.

When there is a present obligation, resulting from a past event, but it is not probable that an out flow of resources will be required, or this cannot be estimated reliably, the obligation is treated as a contingent liability. This will be disclosed in the financial statements, unless the probability of a cash outflow is remote.

### r. Revenue recognition

Revenue comprises the value of the consideration received or receivable for the sale of goods and finished products. Revue 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.

### s. 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". Reimbursable grants with "out of market" interest rates are measured at fair value when they are initially recognised. Difference between nominal and fair value at initial recognition is treated as an income to be recognised. This will be presented in other gains during the useful life span of the said asset. Subsequently, these grants are measured at amortised cost.

### t. 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.

### u. 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.

### v. Equity

Ordinary shares are included in equity.

When CORTICEIRA AMORIM acquires own shares, acquisition value is recognised deducting from equity in the line treasury stock.

## III. COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

| Company | | Head Office | Country | 1Q13 | 2012 |
|---|---|---|---|---|---|
| **Raw Materials** | | | | | |
| **Amorim Natural Cork, S.A.** | | **Vale de Cortiças - Abrantes** | **PORTUGAL** | **100%** | **100%** |
| Amorim Florestal, S.A. | | Ponte Sôr | PORTUGAL | 100% | 100% |
| Amorim Florestal España, SL | | San Vicente Alcántara | SPAIN | 100% | 100% |
| Amorim Florestal Mediterrâneo, SL | | Cádiz | SPAIN | 100% | 100% |
| Amorim Tunisie, S.A.R.L. | | Tabarka | TUNISIA | 100% | 100% |
| Comatral - C. Marocaine de Transf. du Liège, S.A. | | Skhirat | MOROCCO | 100% | 100% |
| Cork International, SARL | | Tabarka | TUNISIA | 100% | 100% |
| SIBL - Société Industrielle Bois Liége | | Jijel | ALGERIA | 51% | 51% |
| Société Nouvelle du Liège, S.A. (SNL) | | Tabarka | TUNISIA | 100% | 100% |
| Société Tunisienne d'Industrie Bouchonnière | (b) | Tabarka | TUNISIA | 45% | 45% |
| Vatrya - Serviços de Consultadoria, Lda | | Funchal - Madeira | PORTUGAL | 100% | 100% |
| **Cork Stoppers** | | | | | |
| **Amorim & Irmãos, SGPS, S.A.** | | **Santa Maria Lamas** | **PORTUGAL** | **100%** | **100%** |
| Agglotap, SA | | Girona | SPAIN | 91% | 91% |
| Amorim & Irmãos, S.A. | | Santa Maria Lamas | PORTUGAL | 100% | 100% |
| Amorim Argentina, S.A. | | Tapiales - Buenos Aires | ARGENTINA | 100% | 100% |
| Amorim Australasia Pty Ltd | | Adelaide | AUSTRALIA | 100% | 100% |
| Amorim Cork América, Inc. | | Napa, CA | U. S. AMERICA | 100% | 100% |
| Amorim Cork Beijing Ltd | | Beijing | CHINA | 100% | 100% |
| Amorim Cork Bulgaria EOOD | | Plovdiv | BULGARIA | 100% | 100% |
| Amorim Cork Deutschland GmbH & Co KG | | Bingen am Rhein | GERMANY | 100% | 100% |
| Amorim Cork España, S.L. | | San Vicente Alcántara | SPAIN | 100% | 100% |
| Amorim Cork Itália, SPA | | Conegliano | ITALY | 100% | 100% |
| Amorim Cork South Africa (Pty) Ltd | | Cape Town | SOUTH AFRICA | 100% | 100% |
| Amorim France, S.A.S. | | Eysines | FRANCE | 100% | 100% |
| Augusta Cork, S.L. | | San Vicente Alcántara | SPAIN | 91% | 91% |
| Bouchons Prioux | | Epernay | FRANCE | 91% | 91% |
| Carl Ed. Meyer Korken | | Delmenhorst | GERMANY | 100% | 100% |
| Chapuis, S.L. | | Girona | SPAIN | 100% | 100% |
| Corchos de Argentina, S.A. | (b) | Mendoza | ARGENTINA | 50% | 50% |
| Equipar, Participações Integradas, Lda. | | Coruche | PORTUGAL | 100% | 100% |
| FP Cork, Inc. | | Napa, CA | U. S. AMERICA | 100% | 100% |
| Francisco Oller, S.A. | | Girona | SPAIN | 87% | 87% |
| Hungarocork, Amorim, RT | | Budapeste | HUNGARY | 100% | 100% |
| Indústria Corchera, S.A. | (c) | Santiago | CHILE | 50% | 50% |
| Korken Schiesser Ges.M.B.H. | | Viena | AUSTRIA | 69% | 69% |
| Olimpiadas Barcelona 92, S.L. | | Girona | SPAIN | 100% | 100% |
| Portocork América, Inc. | | Napa, CA | U. S. AMERICA | 100% | 100% |
| Portocork France, S.A.S. | | Bordeaux | FRANCE | 100% | 100% |
| Portocork Internacional, S.A. | | Santa Maria Lamas | PORTUGAL | 100% | 100% |
| Portocork Itália | | Conegliano | ITALY | 100% | 100% |
| Sagrera et Cie | | Reims | FRANCE | 91% | 91% |
| S.A. Oller et Cie | | Reims | FRANCE | 87% | 87% |
| S.C.I. Friedland | | Céret | FRANCE | 100% | 100% |
| S.C.I. Prioux | | Epernay | FRANCE | 91% | 91% |
| Société Nouvelle des Bouchons Trescases | (b) | Perpignan | FRANCE | 50% | 50% |
| Trefinos Italia, SRL | | Treviso | ITALY | 91% | 91% |
| Trefinos, S.L | | Girona | SPAIN | 91% | 91% |
| Victor y Amorim, SL | (c) | Navarrete - La Rioja | SPAIN | 50% | 50% |

| Company | | Head Office | Country | 1Q11 | 1Q11 |
|---|---|---|---|---|---|
| **Floor & Wall Coverings** | | | | | |
| **Amorim Revestimentos, S.A.** | | **Lourosa** | **PORTUGAL** | **100%** | **100%** |
| Amorim Benelux, BV - AR | | Tholen | NETHERLAND | 100% | 100% |
| Amorim Deutschland, GmbH - AR | (a) | Delmenhorts | GERMANY | 100% | 100% |
| Amorim Flooring (Switzerland) AG | | Zug | SWITZERLAND | 100% | 100% |
| Amorim Flooring Austria GesmbH | | Viena | AUSTRIA | 100% | 100% |
| Amorim Flooring Investments, Inc. | | Hanover, MD | U. S. AMERICA | 100% | 100% |
| Amorim Flooring Nordic A/s | | Greve | DENMARK | 100% | 100% |
| Amorim Flooring North America Inc | | Hanover, MD | U. S. AMERICA | 100% | 100% |
| Amorim Japan Corporation | | Tokyo | JAPAN | 100% | 100% |
| Amorim Revestimientos, S.A. | | Barcelona | SPAIN | 100% | 100% |
| Cortex Korkvertriebs GmbH | | Fürth | GERMANY | 100% | 100% |
| Dom KorKowy, Sp. Zo. O. | (c) | Kraków | POLAND | 50% | 50% |
| Timberman Denmark A/S | | Hadsund | DENMARK | 51% | 51% |
| US Floors, Inc. | (b) | Dalton, GA | U. S. AMERICA | 25% | 25% |
| Zodiac Kork- und Holzprodukte GmbH | | Fürth | GERMANY | 100% | 100% |
| **Composites Cork** | | | | | |
| **Amorim Cork Composites, S.A.** | | **Mozelos** | **PORTUGAL** | **100%** | **100%** |
| Amorim (UK) Ltd. | | Horsham West Sussex | U.K. | 100% | 100% |
| Amorim Compcork, Lda | | Mozelos | PORTUGAL | 100% | 100% |
| Amorim Cork Composites Inc. | | Trevor Wisconsin | U. S. AMERICA | 100% | 100% |
| Amorim Deutschland, GmbH - ACC | (a) | Delmenhorts | GERMANY | 100% | 100% |
| Amorim Industrial Solutions - Imobiliária, S.A. | | Corroios | PORTUGAL | 100% | 100% |
| Chinamate (Shaanxi) Natural Products Co. Ltd | | Xi'an | CHINA | 100% | 100% |
| Chinamate Development Co. Ltd | | Hong Kong | CHINA | 100% | 100% |
| Corticeira Amorim - France, SAS | | Lavardac | FRANCE | 100% | 100% |
| Drauvil Europea, SL | | San Vicente Alcantara | SPAIN | 100% | 100% |
| Dyn Cork - Technical Industry, Lda | (b) | Paços de Brandão | PORTUGAL | 50% | 50% |
| Postya - Serviços de Consultadoria, Lda. | | Funchal - Madeira | PORTUGAL | 100% | 100% |
| **Insulation Cork** | | | | | |
| **Amorim Isolamentos, S.A.** | | **Vendas Novas** | **PORTUGAL** | **80%** | **80%** |
| **Holding** | | | | | |
| **Corticeira Amorim, SGPS, S.A.** | | **Mozelos** | **PORTUGAL** | **100%** | **100%** |
| Amorim Cork Research, Lda. | | Mozelos | PORTUGAL | 100% | 100% |
| Ginpar, S.A. (Générale d'Invest. et Participation) | | Skhirat | MOROCCO | 100% | 100% |
| Soc. Portuguesa de Aglomerados de Cortiça, Lda | | Montijo | PORTUGAL | 100% | 100% |

(a) – One single company: Amorim Deutschland, GmbH

(b) – Equity method consolidation.

(c) – CORTICEIRA AMORIM controls the operations of the company – line-by-line consolidation method.

## IV. EXCHANGE RATES USED IN CONSOLIDATION

| Consolidation | | March 31, 2013 | Average 1Q13 | March 31, 2012 | Average 1Q12 |
|---|---|---|---|---|---|
| Argentine Peso | ARS | 6.56141 | 6.61725 | 5.84010 | 5.68910 |
| Australian Dollar | AUD | 1.23080 | 1.27137 | 1.28360 | 1.24247 |
| Lev | BGN | 1.95570 | 1.95571 | 1.95570 | 1.95566 |
| Brazilian Real | BRL | 2.57030 | 2.63677 | 2.43230 | 2.31688 |
| Canadian Dollar | CAD | 1.30210 | 1.33131 | 1.33110 | 1.31280 |
| Swiss Franc | CHF | 1.21950 | 1.22840 | 1.20450 | 1.20799 |
| Chilean Peso | CLP | 603.950 | 623.012 | 651.270 | 641.018 |
| Yuan Renminbi | CNY | 7.96420 | 8.21754 | 8.40280 | 8.27641 |
| Danish Krone | DKK | 7.45530 | 7.45893 | 7.43990 | 7.43497 |
| Algerian Dinar | DZD | 101.1336 | 103.0410 | 98.0977 | 97.7263 |
| Euro | EUR | 1 | 1 | 1 | 1 |
| Pound Sterling | GBP | 0.84560 | 0.85111 | 0.83390 | 0.83448 |
| Hong Kong Dollar | HDK | 9.9478 | 10.2407 | 10.3616 | 10.1782 |
| Forint | HUF | 304.420 | 296.501 | 294.920 | 296.847 |
| Yen | JPY | 120.870 | 121.795 | 109.560 | 103.993 |
| Moroccan Dirham | MAD | 11.0730 | 11.1312 | 11.1325 | 11.1185 |
| Zloty | PLN | 4.18040 | 4.15584 | 4.15220 | 4.23293 |
| Tunisian Dinar | TND | 2.04260 | 2.06453 | 2.00190 | 1.97500 |
| US Dollar | USD | 1.28050 | 1.32063 | 1.33560 | 1.31082 |
| Rand | ZAR | 11.8200 | 11.8264 | 10.2322 | 10.1730 |



## V. SEGMENT REPORT

CORTICEIRA AMORIM is organised in the following Business Units (BU):

- Cork Stoppers
- Raw Materials
- Floor and Wall Coverings
- Composite Cork
- 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):

thousand euros

| 1Q2013 | Raw Materials | Cork Stoppers | Floor & Wall Coverings | Composite Cork | Insulation Cork | Holding | Adjustments | Consolidated |
|---|---|---|---|---|---|---|---|---|
| Trade Sales | 1,282 | 80,666 | 30,019 | 19,700 | 1,875 | 15 | - | 133,557 |
| Other BU Sales | 26,927 | 964 | 804 | 3,430 | 219 | 331 | -32,674 | - |
| **Total Sales** | **28,209** | **81,630** | **30,822** | **23,130** | **2,094** | **345** | **-32,674** | **133,557** |
| **Current EBITDA(i)** | **5,410** | **8,545** | **2,601** | **1,429** | **-56** | **-907** | **-855** | **16,168** |
| **Assets** | **106,165** | **312,098** | **105,132** | **84,679** | **13,160** | **31,215** | **-4,246** | **648,203** |
| **Liabilities** | **25,608** | **91,555** | **39,135** | **20,854** | **2,455** | **18,659** | **148,699** | **346,964** |
| **Capex** | **516** | **1,665** | **370** | **1,876** | **17** | **7** | **-** | **4,449** |
| **Depreciation** | **-491** | **-3,044** | **-1,254** | **-856** | **-162** | **-13** | **-** | **-5,821** |
| **Non-cash cost (ii)** | **-30** | **-118** | **-407** | **-778** | **-406** | **-** | **846** | **-893** |
| **Gains/Losses in associated companies** | **0** | **81** | **-189** | **0** | **-** | **-** | **-** | **-108** |

| 1Q2012 | Raw Materials | Cork Stoppers | Floor & Wall Coverings | Composite Cork | Insulation Cork | Holding | Adjustments | Consolidated |
|---|---|---|---|---|---|---|---|---|
| Trade Sales | 1,948 | 74,806 | 32,415 | 19,703 | 2,202 | 202 | - | 131,276 |
| Other BU Sales | 30,904 | 1,671 | 868 | 2,863 | 175 | 307 | -36,789 | - |
| **Total Sales** | **32,852** | **76,477** | **33,283** | **22,566** | **2,378** | **509** | **-36,789** | **131,276** |
| **Current EBITDA(i)** | **4,583** | **9,606** | **3,441** | **1,904** | **616** | **-1,099** | **-322** | **18,728** |
| **Assets** | **116,674** | **285,878** | **113,304** | **80,715** | **12,799** | **28,550** | **-15,682** | **622,237** |
| **Liabilities** | **29,432** | **91,152** | **29,003** | **20,173** | **1,938** | **17,687** | **143,719** | **333,105** |
| **Capex** | **478** | **2,114** | **108** | **902** | **266** | **-** | **-** | **3,868** |
| **Depreciation** | **-510** | **-2,661** | **-1,410** | **-785** | **-144** | **-10** | **-** | **-5,520** |
| **Non-cash cost (ii)** | **5** | **-4,158** | **-339** | **-73** | **-16** | **-** | **-** | **-4,581** |
| **Gains/Losses in associated companies** | **-1** | **105** | **-43** | **-67** | **-** | **-** | **-** | **-5** |

Notes:

*Adjustments = eliminations inter-BU and amounts not allocated to BU*

*EBITDA =Profit before depreciation, interests, non-controlling interest 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 EBITDA 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, black 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. 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.

## VI. SELECTED NOTES

Data to be included in the interim notes, materially relevant, which is not included in prior chapters:

- These interim financial statements were prepared using similar accounting policies as those used when preparing prior year-end statements;
- CORTICEIRA AMORIM business are spread through a large basket of products, throughout the five continents and more than a hundred countries; so, it is not considered that its activity is subjected to any particular form of seasonality. Anyway it has been registered a higher first half activity, mainly during the second quarter; third and fourth usually exchange as the weakest quarter;

Mozelos, April 29, 2013

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

**António Rios de Amorim**
*Chairman*

**Nuno Filipe Vilela Barroca de Oliveira**
*Vice-President*

**Fernando José de Araújo dos Santos Almeida**
*Member*

**Cristina Rios de Amorim Baptista**
*Member*

**Luísa Alexandra Ramos Amorim**
*Member*

**Juan Ginesta Viñas**
*Member*