

Responsibility

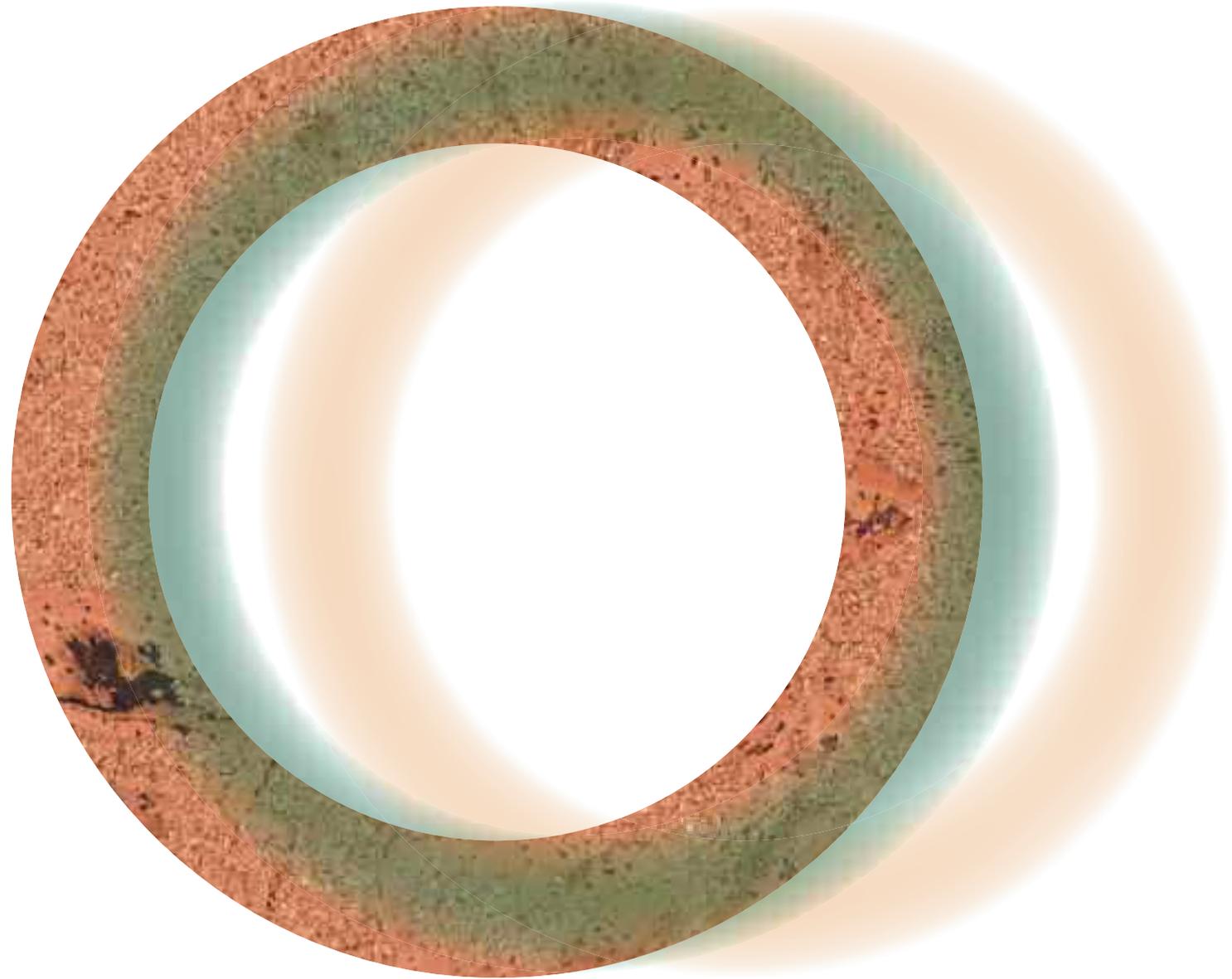
Annual Report and Accounts

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

2010

Responsibility

The use of cork, a 100% natural and recyclable material, is beneficial to humankind and the environment: it retains CO₂, preserves biodiversity, regulates the water cycle and combats desertification. Selective collection programmes for recycling cork stoppers, led by CORTICEIRA AMORIM in several different countries, have raised awareness of new uses for this noble raw material and support a number of social responsibility initiatives. In Portugal, these programmes finance the *Criar Bosques* (Create Woods) project for planting native Portuguese trees, of which the cork oak is a leading example.



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Dear Shareholder,

The past year appears to have marked the beginning of a new cycle of economic growth. Average world growth of 5% not only contrasted with the contraction of 2009, but was also higher than the historic average of global economic growth. However, the climate was not free of difficulties and concerns over a possible return to a slowdown. Financial markets recovered, returning, in spite of the weaknesses of the Euro Zone and the USA real estate sector, to pre-crisis levels – with one important difference: indebtedness moved from the private to the public sector.

Portugal, far from enjoying the structural stability of economies such as Germany or France, underwent a continuous deterioration in its financing capacities as the risk premium on its sovereign debt steadily increased, resulting in successive downgrades of its credit rating and limitations on obtaining external credit. Supplementary fiscal consolidation and austerity packages added to the country's Growth and Stability Program proved to be insufficient to guarantee the confidence of foreign investors. Although the Portuguese economy grew by about 1.3% in 2007, the outlook remains worrying: a lack of financial liquidity together with budget restrictions resulted in a contraction of investment, while the unemployment rate reached 11%. Increased value-added tax rates, higher energy costs, limited access to credit and higher credit costs, together with a tax burden that is becoming intolerable, undermined the confidence of consumers and investors.

In spite of the challenges created by the adverse domestic framework, the Portuguese cork sector succeeded in ending the year with a notable recovery in exports, clearly benefitting from the new image that cork has established among leading opinion-makers. Special mention should be made of the InterCork campaign, coordinated by APCOR, for promoting the efficiency and consistency of cork bottle stoppers and construction and interior decoration materials. Specific initiatives were designed for target audiences in the USA, UK, France, Italy and Germany, for cork stopper campaigns, and the USA, Canada, Germany, Russia, Japan, Belgium, the Netherlands, China and the United Arab Emirates for construction and decorative materials.

The message is clear: cork means tradition, culture and future. It means making a conscious choice to protect the heritage that we will leave to future generations. It means a preference for quality, comfort, efficiency, design and innovation.

After two particular difficult years, 2010 was a year full of good news for CORTICEIRA AMORIM. Sales grew by about 10%, with contributions from every Business Units, particularly the Cork Stoppers and Composite Cork BU, as cork stopper sales responded to growing recognition of the advantageous qualities of cork in comparison with synthetic materials and cork composites benefitted from the results of bold R&D initiatives, that placed the BU at the centre of the search for sophisticated composite applications for the most demanding requirements.

Notable operating efficiency, more productive sales teams, wider geographical reach and the launch of new products, including, among many others, Top Series, Corksorb and Wallinblock, were determining factors in our success in 2010, which we believe will be lasting and which is based on the reputation of CORTICEIRA AMORIM in premium and advanced technology sectors in countries as diverse as China, Chile, Brazil and Eastern Europe.

We know that 2011 will not be an easy year and that economic instability will continue to be an important factor, but we also know that the development and innovation potential of cork is far from being exhausted. We are therefore setting goals for 2011 that are both ambitious, but also within the reach of the proven merit of CORTICEIRA AMORIM's business teams:

- to increase our share of the cork stopper market by reducing the share of alternative closures;
- to establish cork as a preferred raw material with key competitive advantages for the construction sector, especially the sustainable construction segment;
- to develop new and unexpected applications for cork that capitalise on the Organisation's know-how and investment in research, development and innovation.

Every success renews our confidence in the future.

The professional, committed and enthusiastic way that our stakeholders – employees, customers, shareholders and other institutions – contribute to our success in achieving our goals inspires us to do more and to do it better. In the name of the Board of Directors of CORTICEIRA AMORIM, I would like to extend our sincere appreciation and gratitude for your continuing confidence, dedication and preference.

Yours cordially,



António Rios de Amorim





BOARD MEMBERS*

BOARD OF DIRECTORS

Chairman: António Rios de Amorim

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Member: José da Silva Carvalho Neto

Member: André de Castro Amorim

Member: Fernando José de Araújo dos Santos
Almeida

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Secretary: Tiago Borges Pinho

SUPERVISORY BOARD

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Member: Gustavo José de Noronha da Costa
Fernandes

Substitute Member: Alberto Manuel Duarte
de Oliveira Pinto

STATUTORY AUDITOR

Auditor: Pricewaterhousecoopers & Associados –
Sociedade de Revisores Oficiais de Contas,
Lda., represented by José Pereira Alves
(ROC) or by António Joaquim Brochado
Correia (ROC)

Substitute: Hermínio António Paulos Afonso (ROC)

* Board Members as of 31 December 2010.



Significant Events

Entirely covered with cork, the Portuguese Pavilion received the Design Award at the Expo 2010 Shanghai.

JAN

Amorim & Irmãos and Sainsbury's announced that all cork stoppers used in wines marketed by this leading British supermarket chain would be certified by the Forest Stewardship Council.

The initiative resulted from a partnership with Amorim & Irmãos – Sainsbury's exclusive supplier of cork stoppers – and will see 6 million FSC-certified stoppers used in wine and champagne bottles every year.

Wicanders® cork flooring produced by Amorim Revestimentos was selected for the Guggenheim Museum in Abu Dhabi in the United Arab Emirates, a building designed by Frank Gehry, a world renowned architect. A total of 12,000 square metres of the Woodcomfort flooring range were installed, a product that unites cork and the visual appeal of wood, a combination of two premium materials that together produce an ideal balance between design, functionality and comfort.

Amorim Cork Composites joined the founding consortium of the Portuguese Railway Industry Association (PRIA), an association promoting the creation of centre of excellence for Portuguese companies with the skills and capacities to play a leading role in the railways sector.

PARTICIPATION IN TRADE FAIRS AND EXHIBITIONS:

- Amorim Revestimentos and Amorim Cork Composites: DOMOTEX (Hanover, Germany);
- Amorim Revestimentos: HEIMTEXTIL (Frankfurt, Germany);
- Amorim Cork Composites: PAPERWORLD (Frankfurt, Germany).

FEB

The Alma Gémea (Soul Mate) collection, a range of highly distinctive products for the homeware sector based on a combination of cork and ceramics, was selected to go on sale at the Destination Portugal area of the Museum of Modern Art of New York (MoMA), one of the world's most important museums of modern art.

Onion Pinch, a cork sculpture created by the architects Caterina Tizzoldi and Eduardo Benamor Duarte and produced by Amorim Cork Composites, was shown at the MADE Expo in Milan (Italy). Onion Pinch, which was produced from 15 rings of cork, invites interaction with viewers in a way that highlights the natural characteristics of cork, particularly its flexibility and pleasant texture.

Cork was selected as the main material for the Portuguese Pavilion, a bold architectural structure, at the Expo 2010 Shanghai "Better City, Better Life". CORTICEIRA AMORIM provided more than

5,500 square metres of cork, which was used for the façade, the interior flooring and a range of other technical applications.

CORTICEIRA AMORIM, through its subsidiary Amorim Cork Research, launched a research project aimed at studying the genetics of the cork oak with a view to developing new potential for the cork sector. The initiative is called "Genosuber – Sequencing the Cork Oak Genome" and is being developed in partnership with the Biocant Technology Transfer Association and the Portuguese Institute of Biological Resources (INRB).

CORTICEIRA AMORIM received the "Outstanding Contribution to Sustainability Award", from Drinks Business, the UK's leading wine industry magazine, for its good environmental practices. The award was attributed in recognition of the way the company has adapted its production methods and for its work in the forestry sector, which has been key to ensuring the viability of cork oak plantations, an ecosystem that performs an invaluable environmental service.

Portocork France reached an agreement with Celliers Languedoc Vins Distribution (CLVD), the first company to market French organic wines, to supply cork stoppers certified by the Forest Stewardship Council. Under the agreement, CLVD will use only Portocork France stoppers, which are certified in accordance with the most demanding international standards, in the production of 2.5 million bottles of wine.

CORTICEIRA AMORIM presented its annual results and financial statements for 2009. In common with other sectors of the economy, the cork industry had also faced an extremely difficult year. Consolidated sales totalled € 415.2 million, down 11.3% on 2008. The fall in sales was common to almost every market and family of products.

PARTICIPATION IN TRADE FAIRS AND EXHIBITIONS:

- Amorim Revestimentos: SURFACES (Las Vegas, USA);
- Amorim Cork Composites: AMBIENTE 2010 (Frankfurt, Germany);
- Amorim Isolamentos: MADE EXPO (Milan, Italy).



Whisky Dalmore Trinitas 64 released with a Top Series® cork stopper

MAR

Amorim & Irmãos, in partnership with Somerfield, the British supermarket chain, conducted a study aimed at determining the technical performance of cork stoppers in comparison with plastic bottle closures, focusing on the issue of permeability. After a period of nine months, different levels of maturation were clearly observable: wines sealed with cork stoppers had developed a fresher flavour, while there was evidence of slight oxidation in wines sealed with plastic closures.

Amorim Revestimentos presented its 5G system, an innovative installation solution created with the use

of advanced technology. Adaptable to any type of flooring and available in a range of sizes and thicknesses, 5G makes the application of flooring easier and quicker in comparison with conventional systems.

Amorim Cork Composites presented EXPANDACORK, a line of products for supporting masonry that benefits from the advantages of cork, particularly its high resistance to compression, low dynamic rigidity and resistance to water, oils and acids.

PARTICIPATION IN TRADE FAIRS AND EXHIBITIONS:

- Amorim Cork Deutschland: INTERVITIS (Stuttgart, Germany);
- Amorim Isolamentos: ECOBUILD (London, United Kingdom).

APR

Top Series® cork stoppers were selected as the closure for the oldest malt whisky in the world – Mortlach 70-year-old by Gordon & MacPhail, a limited edition that was put on sale in the form of 54 standard (70cl) bottles and 162 smaller (20cl) bottles at, respectively, £10,000 and £2,500 each. The carefully selected packaging includes Top Series® stoppers from the Prestige range, which combine a natural cork body with a metal capsule coated with silver.

CORTICEIRA AMORIM launched a range of absorbents for oil and hydrocarbon spills, which is marketed as Corksorb and produced from cork. Designed to deal with every type of spillage that may occur in industrial, road transport or marine environments, Corksorb absorbents provide excellent technical performance at competitive prices with the additional advantage of offering a sustainable solution for controlling pollution.

CORTICEIRA AMORIM published its annual Sustainability Report for the fourth consecutive year, underlining its strategic commitment to sustainability as well as its policy of total openness in relation to the company's stakeholders. In a year characterised by heavy economic and financial restraints, the Sustainability Report shows that the group achieved a large majority of the goals it had set itself, including the recycling of 662 tons of cork, a 15% reduction in CO₂ emissions, the submission of 17 patent applications in three years and FSC certification of 11 production units.

As part of the Business & Biodiversity initiative, CORTICEIRA AMORIM provided a free technical advice service for forestry producers and owners, with a view to identifying opportunities for adopting the best forestry management practices and the resulting biodiversity benefits. The relaunch of the service in 2010 followed the success of the two previous initiatives and was aimed at completing a diagnostic study that would enable best practices relating to protecting cork oaks and their biodiversity benefits. In 2010, the initiative covered a total of 24 properties comprising about 8,500 hectares of cork oak plantations.

CORTICEIRA AMORIM launched the second edition of its award for the best research project related to the improvement and sustainability of the cork oak and related biodiversity benefits. The prize, the biggest ever instituted for research works in this area, aims to stimulate progress, to promote and recognise research and to extend scientific knowledge in regard to the cork oak.

The 2010 prize was awarded to “Mycorrhization in the cork oak – a contribution for the sustainability of cork oak plantations” by Mónica Sebastiana and Maria Salomé Pais of the Science Faculty Foundation of the University of Lisbon (FFCUL), a research project that focuses on the use of previously mycorrhized plants to increase the survival rate of new cork oaks and to regenerate cork oak plantations.

Amorim & Irmãos sponsored the Ervideira TT Raly for the second consecutive year, promoting the planting of 500 cork oaks. Amorim & Irmãos’ support for the rally, a sport with a strong tradition in Portugal, was designed to promote the Alentejo, the region of Portugal with the greatest concentration of cork oaks, but mainly to raise public awareness of the environmental benefits of cork oak plantations, thereby helping to mitigate the carbon footprint that the sport involves.

Amorim Revestimentos joined Hi.global, a Portuguese hospitality industry cluster that brings together companies with a range of complementary skills in areas including flooring, wall coverings, china, ceramics, home textiles, furniture, mattresses and accessories and which operates as a premium supplier for the most demanding international hotel and restaurant chains.

PARTICIPATION IN TRADE FAIRS AND EXHIBITIONS:

- Amorim Cork Composites: MOSBUILD (Moscow, Russia);
- Amorim Isolamentos: EXPOALGARVE CONSTRUCTION (Portimão, Portugal).

MAY

The Corksorb absorbents range won Portugal’s 2010 National Environmental Innovation Award (PNIA), awarded by magazine *Indústria e Ambiente* (Industry and Environment), with the support of Portuguese Association of Environmental Engineering (APEA), in recognition of the environmental advantages of cork and, in particular, the innovation involved in these products for protecting the environment.

Amorim Cork Composites and Amorim Revestimentos became Platinum Sponsors of the 2010 activities and cultural events programme of the Portuguese Architects Association. The support was aimed at approaching the sustainable construction and interior design sectors, reflecting the company’s goal of establishing cork as a raw material of choice for the construction sector.

Amorim Isolamentos hosted a visit to Portugal by a group of Italian architects to introduce them to the company’s insulation solutions. The programme included a visit to a cork oak plantation and to one of the company’s industrial units, giving the visitors an overview of the production process, as well as a technical seminar on the use of insulation in sustainable construction.

CORTICEIRA AMORIM presented its results for the first quarter of 2010. Indications of a recovery in economic activity, although still weak, began to appear in the first three months. The company reported a net income of € 4.3 million, compared with a loss of € 4.6 million in the same period in 2009. An increase in sales, a significant improvement in the gross margin percentage and the same level of operating costs as the previous year enabled the group to achieve a notable performance.

PARTICIPATION IN TRADE FAIRS AND EXHIBITIONS:

- Amorim Isolamentos: TEKTONICA (Lisbon, Portugal).

JUN

AcoustiCORK cork underlays, produced by Amorim Cork Composites, were selected for use in the VIP area of the Cape Town Stadium, one of the official stadiums for the FIFA World Cup 2010 in South Africa. The underlay was applied over a total area of 4,000 square metres. The choice was based on the outstanding advantages of the AcoustiCORK range, which ensures greater comfort because of the incorporation of cork and an excellent technical performance in terms of acoustic and thermal insulation.

PARTICIPATION IN TRADE FAIRS AND EXHIBITIONS:

- Amorim Cork Composites: CWIEME (Berlin, Germany) and INTERIOR LIFESTYLE TOKYO (Tokyo, Japan).



Pedro Arrupe College: the façade is covered with expanded cork agglomerate

JUL

As part of the “Fora de Si” (Outside Yourself) project at Lisbon’s Belém Cultural Centre (CCB), part of Portugal’s 2010 Art Biennial and the Lisbon Architecture Triennial, the architect Miguel Arruda created a work of art called “Inhabitable Sculpture” with the support of Amorim Cork Composites. The piece, totally covered with cork, measures 9x10x5 metres and was exhibited in the Jardim das Oliveiras (Olive Tree Garden) at the CCB until the beginning of 2011. Inhabitable Sculpture was created to attract the curiosity of the visitors, inviting them to “inhabit” the installation and experience cork with all their senses in a four-dimensional space.



Escultura Habitável (Inhabitable Sculpture) by Miguel Arruda, created with the support of CORTICEIRA AMORIM

Amorim Cork Composites joined the consortium that is to develop a project known as LIFE for creating and developing new concepts for aircraft interiors based on sustainable technologies that are more eco-efficient, lighter and more comfortable than existing plane interiors and which use innovative designs. Advanced composite materials, including coconut fibre and cork, using advanced technology tools and production methods are among the main products and technologies involved in the project.

PARTICIPATION IN TRADE FAIRS AND EXHIBITIONS:

- Amorim Cork Composites: FARNBOROUGH AIRSHOW (Farnborough, UK).

AUG

CORTICEIRA AMORIM presented its results for the first half of 2010. Stock replenishment, increased market share and lower debt servicing costs due to a continued reduction in total debt had an important impact on net income, which increased to € 11.60 million.

SEP

Amorim Isolamentos’ expanded cork agglomerate was chosen to cover the façade of Pedro Arrupe College, which was inaugurated in September 2010 in the Parque das Nações in Lisbon (Portugal). A total of 8,000 square metres of cork were used. The size of the project – the college was created for 1,700 students – and its architecture, created in complete harmony with the surrounding area, have attracted visits by hundreds of architects and construction industry specialists.

Amorim Cork Composites presented Wallinblock, a sustainable and innovative solution aimed at the sustainable construction sector. Created from cork agglomerate and other natural materials, Wallinblock incorporates an innovative technology – Ply Engenharia's OpenCell™ – that enables walls to be built without the use of cement pillars, representing a significant gain in construction times. The use of Wallinblok, which incorporates cork agglomerates, ensures excellent performance in terms of thermal and acoustic insulation and fire resistance. It is also energy efficient.

Amorim Isolamentos's cork stand received the award for best exhibitor at Greenfest, an annual sustainability festival held in Cascais (Portugal), dedicated in 2010 to the International Year of Biodiversity and the European Year for Combating Poverty and Social Exclusion.

Amorim Isolamentos organized the 3rd International Insulation Conference in Lisbon (Portugal) for architects, engineers and specialists in insulation and sustainable architecture. As at the previous conferences, the programme included a visit to one of the company's industrial units and a seminar featuring presentations of a number of insulation solutions and applications using cork, focusing on different geographical markets.

OCT

CORTICEIRA AMORIM sponsored the Lisbon Architecture Triennial with the aim of raising awareness of Portuguese architecture and promoting cork and its potential as a construction material.

Support for the Triennial took the form of financial sponsorship for its Education Service and the supply of cork products for use in different activities run by the service. The expanded cork agglomerate produced by Amorim Isolamentos was also selected to cover the façade of a house exhibited at Lisbon's Museum of Electricity during the Triennial.

PARTICIPATION IN TRADE FAIRS AND EXHIBITIONS:

- Amorim Isolamentos: SAIE (Bologna, Italy).

NOV

Wicanders® cork flooring, the premium brand of Amorim Revestimentos, was selected for use at Gaudí's famous Holy Family Cathedral in Barcelona, where a total of about 2,000 square metres were used in the crypt.

As well as its widely recognised comfort advantages, the acoustic absorption qualities of Wicanders® flooring were crucial for the selection of the Corkcomfort range, a key requirement for the cathedral.

Amorim Isolamentos's ICEA was renewed. This ecological certification is attributed in recognition of the natural and renewable raw material – cork – that the company uses and the fact that the company supplies more than 60% of its energy needs from its own renewable sources, thus benefiting the environment and human health.

The Portuguese Pavilion at the Expo 2010 Shanghai received the "Design Award" attributed by the Bureau International des Exhibitions, a prize that took into consideration the façade and exterior decoration of the building, a design dominated by the use of cork. Entirely covered in cork donated by CORTICEIRA AMORIM, the Portuguese Pavilion received the award for the category of pavilions with an area of less than 2,000 square metres alongside countries such as Finland and United Kingdom.

Amorim & Irmãos' Top Series® collection of premium capsulated corks was selected for Dalmore Trinitas 64, a limited edition of three bottles of the world's most expensive whisky, priced at around £100,000.

Developed in close cooperation with Dalmore, known for its portfolio of some of the rarest and oldest malt whiskies in the world, the Top Series® stopper selected has a natural cork body and a sophisticated dark wood capsule finished in silver.

A total of 168 bottles of 200-year-old champagne discovered in the Baltic Sea were recovered with the help of Amorim & Irmãos, which replaced the original cork stoppers with new natural cork stoppers. The condition of the champagne, described by specialists as having been kept in "an excellent state of preservation", testifies to the unique capacity of cork stoppers to preserve wines and champagnes from all over the world.



After lying for 200 years at the bottom of the Baltic Sea, this precious champagne testifies to the extraordinary relationship between wine and cork

CORTICEIRA AMORIM presented its results for the first three quarters of 2010. The company lifted net profit to € 17.726 million, up from € 2.249 million in the same period in 2009. Sales increased by 10% to € 347.3 million and a residual 3.4% growth in operating costs resulted in a significant improvement in EBITDA and EBIT, which rose to € 52.1 million and € 36.8 million respectively in the first nine months of 2010.

PARTICIPATION IN TRADE FAIRS AND EXHIBITIONS:

- Amorim Revestimentos: HOSTELCO (Barcelona, Spain);
- Amorim Isolamentos: BIG 5 SHOW (Dubai, United Arab Emirates).



Holy Family: Gaudí's masterpiece, now covered with Wicanders® Corkcomfort

DEC

PARTICIPATION IN TRADE FAIRS AND EXHIBITIONS:

- Amorim Cork Composites: IV INTERNATIONAL SPACE FORUM (Lisbon, Portugal).

In 2010, Amorim Revestimentos installed its products in a number of outstanding international buildings, including:

- Nezu Museum (Japan): Wicanders Corkcomfort;
- nH Hotel Chain (339 hotels in 29 countries): Wicanders Woodcomfort, reference: White Oak Plank;
- Chattanooga State Technical Community College (USA): Wicanders Corkcomfort;
- Büro Obermayer Casino (Germany): Wicanders Woodcomfort, reference: Bamboo Medium;
- Austrian railways – Österreichische Bundesbahn: Wicanders Woodcomfort, reference: Oak Cappuccino;
- Vision 450 luxury catamaran by Matrix Yachts (South Africa): Wicanders Corkcomfort, visual Linn Cioccolato;
- Titanic Hotel (Turkey): Wicanders Woodcomfort;
- Pierre Loti Hotel (Turkey): Wicanders Woodcomfort;
- Zamane Kahvesi restaurant area (Turkey): Wicanders Woodcomfort;
- Sensimar Hotel (Turkey): Wicanders Woodcomfort;
- Hotel Berghof (Germany): Wicanders Vinylcomfort.

Consolidated Management Report

Cork is a 100% natural, reusable and recyclable material. Cork oaks are notable for retaining CO₂: Portugal's cork oak plantations alone retain more than four million tons of CO₂ a year.

Dear Shareholders,

Under the terms of the relevant legislation, CORTICEIRA AMORIM, S.G.P.S., S.A., public company (a company opened to the public investment) presents its Consolidated Management Report:

1. ECONOMIC DEVELOPMENTS IN 2010

1.1. GLOBAL OVERVIEW

Global economic growth in 2010 is estimated at about 5%, with higher than expected levels of business activity in the second half, in sharp contrast with the global contraction registered in the previous year, and world growth above the historic average. The economic recovery developed at two different paces: growth in developed economies, although stronger than expected, remained moderate; by contrast, most developing economies enjoyed robust growth based on private sector demand, expansionist monetary policies and significant inflows of overseas funds. Nonetheless, the world economy was not free from difficulties and fears of a renewed deceleration in growth: the sovereign debt crisis on the periphery of the Euro Zone in April and May, which led to an external intervention (by the European Union and the International Monetary Fund) in Greece; concern over a renewed contraction in the United States in the summer and further instability on Europe's periphery in the last quarter. Growth in the second half was higher than expected, due mainly to an expansion of private consumption in the USA and Japan; fiscal stimulus measures in Japan; monetary policy support (the second quantitative easing program) and extended tax reductions in the USA.

The Euro Zone is estimated to have registered average growth of 1.8% in 2010. The growth rate in the USA was projected at about 2.8%, while growth in Japan – which was overtaken by China as the world's second biggest economy after 40 years in that position, was estimated at 4.3%. These three economies had all contracted in 2009. China's gross domestic product forecast to have grown 10.3%. India is projected to register GDP growth of 9.7%, a significant acceleration in comparison with 2009 (5.7%). Brazil and Russia are estimated to have grown 7.5% and 3.7% respectively. Average growth in Africa forecasts at 5%.

Financial markets made a general recovery in 2010. In spite of weaknesses related to the Euro Zone sovereign debt crisis and the USA real estate market, markets returned to pre-financial crisis levels, but with a fundamental difference: private sector indebtedness moved to the public sector.

Monetary policy was also implemented at two different speeds in 2010: developed economies opted to maintain extraordinary expansionist policies (the USA, Japan and the United Kingdom implemented non-orthodox measures such as liquidity injections; in the Euro Zone, the European Central Bank (ECB) maintained the refinancing rate at 1% and made unlimited liquidity financing available). In developing economies (and in some developed economies less affected by the crisis)

interest rates began to rise as part of a process of controlling inflation expectations and preventing overheating.

Fiscal policy came under greater scrutiny, not only of levels of deficits, but also of the fiscal trends in different countries and regional groups of countries. This led to an increase in the risk ratings of peripheral Euro Zone members. The debt ratings of other countries were placed under negative watch and calls made for the implementation of fiscal consolidation measures. This trend was also reflected in the results of the mid-term elections in the USA and in the aggressive fiscal measures taken by countries such as the UK.

Inflation rose generally in 2010, in sharp contrast with the previous year. Nevertheless, estimated average inflation rates of 1.4% in developed economies and 6.2% in emerging and developing economies were below the levels registered in 2008, a year in which the impact of the financial and banking crisis was already evident. According to the most recent projections, average unemployment increased to 8.3% in developed economies in 2010, while jobless rates fell in emerging economies.

1.2. PORTUGAL

Continuing a trend that began at the end of 2009, Portugal experienced a sharp rise in its sovereign risk premiums in 2010, particularly from the spring onwards. This resulted in successive cuts in its sovereign debt ratings and limitations on obtaining overseas credit – about 70% of Portugal's public debt it held by non-resident investors, who demanded increasingly high premiums to acquire Portuguese government bonds. The presentation of two special deficit-reduction packages in May and September, together with measures included in the Stability and Growth Programme (March), proved insufficient to regain the confidence of foreign investors. The Portuguese economy is forecast to have grown about 1.3% in 2010, driven mainly by strong consumption in the first half and the contribution of net exports in the second half. However, the economy contracted in the last quarter. Domestic demand contributed only marginally to growth in spite of the dynamism of private consumption in

InterCork
is an informative
campaign that
brings cork
to the forefront
of sustainable
choices.



the first nine months and the bringing forward of vehicle purchases to avoid tax increases due to take effect in 2011. Business confidence, deleveraging and/or credit access and budget limitations caused investment to contract. Portugal's external deficit, as measured by the current account and capital balance, is projected to have fallen sharply in 2010 to about 8.8% of GDP. Unemployment, continuing an upward trend that began in 2008, but also reflecting worsening labour market conditions, is estimated to have reached a record level of more than 11%. Inflation was projected at about 1.4% at the end of 2010, ending the extraordinary period of price contraction registered in 2009. Higher consumer prices reflected an increase in the main VAT rate in July and higher energy costs.

2. CORK: CULTURE, NATURE, FUTURE

STRATEGIC FOUNDATIONS FOR THE BIGGEST INTERNATIONAL CAMPAIGN TO PROMOTE PORTUGUESE CORK

The aim of the InterCork – International Promotion of Cork campaign is to promote cork stoppers and cork construction and decorative materials. The campaign is composed of individualised activities tailored for each market. A total of 140 professionals are involved in running the campaign in countries such as the USA, the UK, France, Italy and Germany for actions to promote cork stoppers,

and in the USA, Canada, Germany, Russia, Japan, Belgium, Netherlands, China and the United Arab Emirates in the case of construction and decorative materials.

The fundamental values being reinforced by the campaign include quality, performance, design, culture, sustainability, and the positioning of cork as a product of the future.

The project application was submitted on 30 April 2009 and the project began on 1 September 2009 for a period of 24 months, with a total budget of € 21 million: € 12.5 million is earmarked for promoting cork stoppers, € 6 million for promoting construction and decorative materials, and the remaining € 2.5 million is for the production of across-the-board promotional materials. Alongside the 80% originating from Community funds, the private sector is responsible for the remaining 20%, with CORTICEIRA AMORIM financing half of this amount, clearly demonstrating in practical terms its position as world leader in the sector.

The key ideas intended to be projected include the image of cork as a natural, sustainable, modern, elegant product with unique characteristics. Regarding construction and decorative materials, the target audiences are architects, engineers, designers, decorators, retailers, importers and distributors, technical colleges, universities, design centres, end consumers and the specialist media. In the case of cork stoppers, the target audiences are the consumer, large distribution centres (hypermarkets and supermarkets), the wine industry, opinion leaders, professional associations (wine-making schools and associations, wine tasting, wine production, etc.), the media (wine, lifestyle, tourism, gastronomy), distributors, importers and universities/laboratories.

The campaign uses a variety of communication tools, such as public relations and advertising, and also directional marketing and social networks and the Internet.

To date, over 50 international journalists have visited the cork forests involved and over 1,880 favourable articles have been written about cork. Also of note is the creation and launch of 11 websites, six Facebook pages, five profiles on Twitter, four profiles on YouTube and one on Flickr. Today, over 90,000 people are following cork's progress in the online universe.

3. OPERATING ACTIVITIES BY BUSINESS UNITS (BU)

The companies which make up the CORTICEIRA AMORIM universe are structured into **Business Units (BU)**. Reference to these provides an account of the most relevant events that occurred during the 2010 financial year.

3.1. RAW MATERIALS

The Raw Materials BU focuses its operations on three key areas carefully aligned with CORTICEIRA AMORIM's strategic planning – the procurement and acquisition of raw materials (cork), its role in contributing to the Group's value chain, and operating efficiency.

In terms of operating activities in 2010, the challenge remained constant: with the aim of achieving performance excellence, supply policy has emphasised the qualitative aspects of cork, and the amount of raw material purchased has increased.

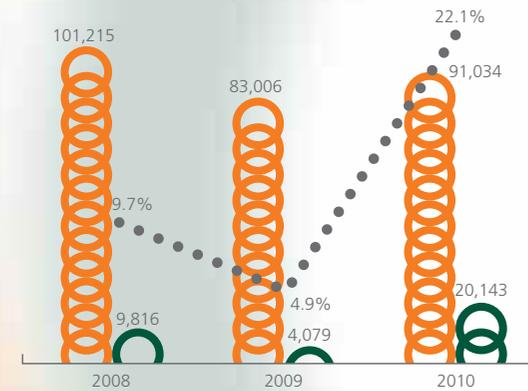
Given the importance of learning about sources of supply, the raw materials production database has continued to be developed, and the historical data now allows for important analyses of production trends in the different geographical areas where cork is produced. This involves a continuous task of collecting and processing data, which allows us, with an increasingly smaller margin of error, to predict by years of extraction the amount and quality of cork that will be produced and to geo-reference production. Parallel to this, a restructuring and strengthening of the Purchasing Team by geographical areas, mainly in the Iberian Peninsula, was concluded.

In 2010, profitability ratios were significantly up on the previous year. In fact, procurement (the key function of the Raw Materials BU) showed a positive evolution, for cyclical reasons, which allowed raw materials to be incorporated at a considerably lower cost, as there was no existing stock of raw materials at high prices. This led to an improvement in the gross margin and EBITDA, which rose to € 20.1 million. Supply to the other production units in the CORTICEIRA AMORIM Group, reflecting a recovery in consolidated turnover, showed a positive evolution of approximately 12.7%.

The operating costs structure remained unchanged. Increasing demand in terms of quality and quantity was compensated for by significant improvements in efficiency and productivity, namely a reduction in the BU's operating cycle, which was shortened by 42 days, representing an improvement of around 12% on 2009. The emphasis on factors that influence this ratio (mainly greater efficiency in managing investments in working capital) led to improvements in the ratio of rotation of working capital needs. This improvement has been recorded over the last three years, and 2010 presented the greatest improvement of all three.

As a result of the greater quantities of raw materials purchased, at the end of the financial year of 2010 assets represented a growth of 4% on 2009, all of which were recorded under the working capital and fixed assets headings.

Fig. 1 • RAW MATERIALS – Sales & EBITDA(*)
thousand euros



● Sales
● EBITDA
●●● EBITDA (% on sales)

(*) EBITDA without the effects of restructuring HR

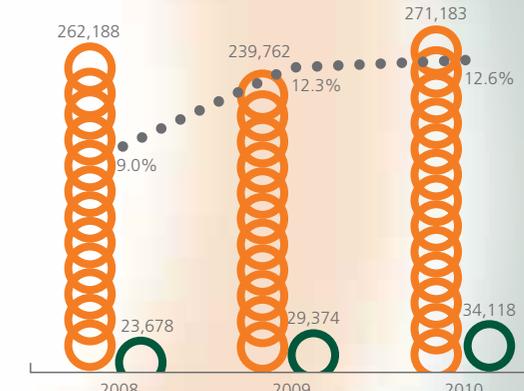
In terms of investment, the emphasis continued to be exclusively on maximising the BU's cash flow, with the allocation of significant resources for technological development, in an effort to break with current equipment and processes.

Also of note is the creation of an R&D department, the aim of which is to gather and enhance knowledge about both the raw material and cork forests (Fig. 1).

3.2. CORK STOPPERS

Over the past 20 years, the world wine industry has grown increasingly sophisticated, fragmented, international and multilingual, operating in different currencies and making intensive use of information. It currently faces moves aimed at decentralisation and specialisation in a small number of wine labels. However, no single company or wine accounts for more than one per cent of the global wine market.

Fig. 2 • CORK STOPPERS – Sales & EBITDA(*)
thousand euros



● Sales
● EBITDA
●●● EBITDA (% on sales)

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

In 2010, the Cork Stoppers Business Unit enjoyed an increase in sales in all reference markets, especially in the "old world": France, Italy and Spain. Overall, sales grew 13.1% in value and 13.3% in volume. The positive performance in sales to Israel, Moldova, the UK and Ukraine may also be highlighted, with 37% year-on-year growth. Sales to Australia, which has experienced heavy pressure from alternative closures, recorded an increase of 17.4% on 2009.

This notable performance is essentially the result of three factors: a slight increase in world wine consumption – around 1.3% (in contrast to a decrease of 3.7% in 2009), the reposition of stocks by the market and an increase in the BU's market share.

Sales of the BU's most important product – natural cork stoppers – increased overall in all reference markets, with a total growth figure of 13.1% year-on-year. An increase in market share was also recorded, namely in France, the USA, Italy, Chile,

Argentina and Australia. Also on a positive note, champagne stoppers, Neutrocork® and Twin Top® improved their contribution to sales in relation to 2009. All other products also increased their sales.

Champagne stoppers recorded an increase of 23%, in contrast with the decline registered in 2009. Champagne and sparkling wines are currently global products with a trend towards significant growth in consumption. The growing demand for low price, good performance products also boosted sales of Neutrocork®, which grew by 26%.

The gross margin registered an increase of 18.7% on 2009, justified by the increase in sales, the positive development of exchange rates, the results of industrial efficiency measures and a change in the sales mix, giving priority to sectors with greater added value.

EBIT grew by 23% as a result of the sales effect and the reduction in the relative weight of operating costs to sales, due to a continual search for synergies and a streamlining of expenditure, through which the objective of maximising operating efficiency was clearly achieved.

Against the backdrop of a strong global downturn, with heavy increases in the cost of capital and liquidity levels being carefully controlled by banks, it was essential to implement important measures to control and reduce the amount of capital invested.

Thus, the total amount of capital invested in 2010 fell 7.8% on the previous year and working capital rotation improved by 28.7% (Fig. 2).

3.3. FLOOR AND WALL COVERINGS

The Floor and Wall Coverings BU achieved a significant recovery in 2010 in comparison with 2009, which was considered to be an atypical year.

In 2010, sales of manufactured products grew by more than 7.6% as a result of the new collections launched in 2009, which, with an advantage in terms of added value, made up for the fall in sales of marketed products of around 15% which, similarly to the previous year, was due to a contraction in the construction sector in general and to the postponement of many projects due to the global climate of uncertainty.

Several industrial optimisation programmes were carried out, which contributed significantly to improving the Floor and Wall Coverings BU's operating conditions. Further measures to adapt the operating structure to the market situation were implemented, with a strong impact in terms of compensation costs (Fig. 3).

3.4. COMPOSITE CORK

In 2010, the Composite Cork BU achieved a highly positive performance, which translated into EBIT growth of more than 200%.

This result was achieved due to the clear recovery witnessed in the sector. Sales growth of 23% reflected a strong recovery and a return to 2008 figures, despite the adverse economic climate.

The relative gross margin fell slightly, despite the positive contribution made by the evolution of the EUR/USD exchange rate. On the other hand, improvement in manufacturing competitiveness levels allowed for the creation of a level of added value more in line with the amount of capital invested.

The growth/recovery strategy implemented produced highly satisfactory results in most sectors and applications in the more traditional areas, in many cases surpassing the volume attained in 2008.

In relation to 2009, there was also significant growth in the higher potential target applications and in those where innovation plays an important role, surpassing expectations for the period.

Operating efficiency revealed substantial improvements in relation to previous periods, also as a result of the streamlining introduced in terms of the range of products and the investment plan, which was designed and carried out with a view to creating value.

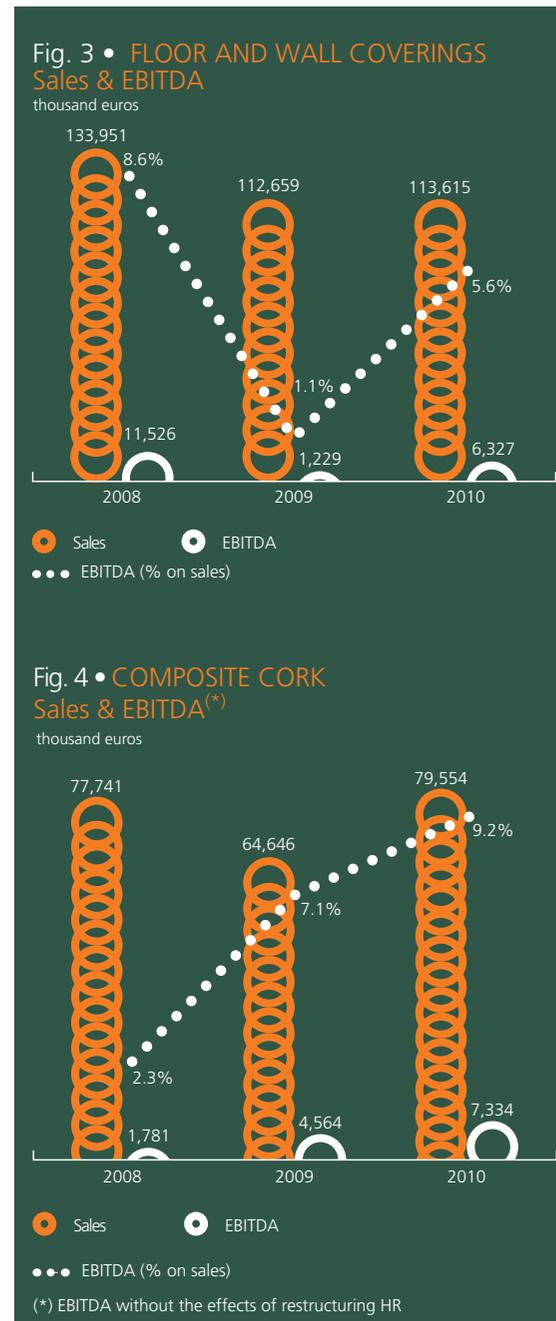
Despite the increase in activity, it was possible to reduce the level of capital invested, due to activities that had a positive impact on the inventory and supplies categories.

With the exception of the Home & Office segment, the main groups of applications – industrial, sealing, civil construction – recorded a very satisfactory performance that translated into notable sales growth in relation to the previous year. In the civil construction market segment, sales of products intended for expansion joints demonstrated very positive performance, while sub-flooring recorded more modest growth, affecting the overall development of the segment, which was below average. In the industrial segment, average growth surpassed the BU's target: there were positive contributions from flooring, composite, friction and vibration control products and less favourable sales performances for footwear and memo boards. The sealing business area also performed above the average for the BU, particularly in terms of products for gas equipment and small engines. Despite a growth in sales in relation to 2009, results for the automobile product sector were below the average for the BU.

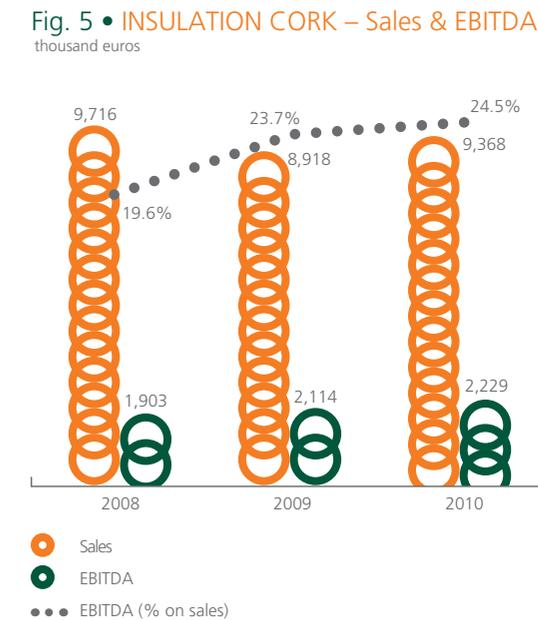
Turnover for the CORTICEIRA AMORIM Group's supply chain increased sharply, benefiting above all from a greater demand for agglomerates from the Floor and Wall Coverings BU.

In terms of geographical markets, the most important developments in comparison with 2009 were in emerging markets such as Eastern Europe, the Middle East, India and Brazil, although there was overall growth in all markets.

Also of note was the success of a range of initiatives aimed at specific geographical markets, with a high number of new customers being reached, who have already contributed, in 2010, with a relatively significant turnover, opening up positive prospects for the next few years. A review of the organisational model, with multi-disciplinary and cohesive teams which are more focused on applications than on the products, materials or geography, has benefited this performance (Fig. 4).



An ambitious programme for innovation, research and development delivers new cork products and solutions which are seducing diversified markets and businesses.



3.5. INSULATION CORK

In 2010 the Insulation Cork BU achieved a 5% increase in sale volume in comparison with 2009. This was the result of good performance in the main markets of Europe and the Middle East.

The gross margin for the year increased by more than 7% compared with 2009. This variation is due, on one hand, to an increase in activity and, on the other, to an increase in the percentage gross margin, brought about not only by increases in the sale price of expanded cork agglomerate, but also by more efficient use of raw materials (cork).

Throughout 2010, the BU carried out a range of initiatives which sought to enhance production, turnover and the BU's leading position in providing high performance, high quality and environmentally-friendly products and solutions. The following events were of particular relevance:

- the Portuguese Pavilion at the Expo 2010 Shanghai was awarded the "Design Award" by the International Exhibition Bureau. This award takes into account the façade and exterior decoration of the pavilion, its architectural design, the construction techniques used and their relationship to the theme of Expo 2010, "Better City, Better life";
- the Third International Conference on Insulation, aimed at architects, engineers and specialists in the field of insulation and sustainable architecture;
- a solution for covering and insulating a house on display at the Museum of Electricity during the Lisbon Architecture Triennial made a strong impact and was highly praised by the architects who attended.

Despite the aforementioned increase in activity, operating costs increased by only 2.5% on 2009, largely due to a reduction of 36% in expenditure and losses.

As a result, EBIT and EBITDA increased 13% and 9% respectively on the previous year.

The BU's success in implementing measures to control and reduce the amount capital invested was also of note. This led to a reduction of 7% on 2009, essentially due to a reduction in working and to a lesser extent, net fixed assets (Fig. 5).

4. PRODUCT INNOVATION, RESEARCH AND DEVELOPMENT

4.1. NEW APPLICATIONS

MOR FOR CORK – MARKET ORIENTED RESEARCH

In recent years, CORTICEIRA AMORIM has made a strong commitment to research, development and innovation (RDI), leading to a substantial upgrading of the Group's resources in this area with a view to developing new products and new business.

In addition to each BU's R&D teams, which carry out research and make innovations with the aim of developing their current business, CORTICEIRA AMORIM also has a team charged with the mission of creating and developing new cork products and providing technical support for the

development of new businesses. This horizontal operation, which serves the whole Group, is led by **MOR for Cork**, the Market Oriented Research Department.

In 2010, this team provided solid support for CORTICEIRA AMORIM's new business development, particularly in the development of new technical benefits and subsequent market arguments for CORKSORB. Parallel to this, new research projects were launched, in partnership with scientific and technical bodies, which seek to improve the absorption potential of cork. One of the key aims of this work has been a search for greater knowledge of the role cork can play in dealing with different types of pollution.

Throughout 2010 composite materials for joining cork to natural and synthetic thermoplastics were developed, creating a material that enables the unique characteristics of cork to be incorporated into thermoplastics. 2011 will see the arrival on the market of cork composites which, surprisingly, have also been sought by the market itself, both because they are natural products and because of their unique intrinsic characteristics.

The development of components extracted from cork is also an area of great interest for CORTICEIRA AMORIM. Despite being aware of the long road ahead, there is a belief that cork can help protect humankind, just as it protects the cork oak.

CORTICEIRA AMORIM has been working towards even greater harmonisation and sharing of RDI activities, which are a strategic pillar in its leadership, and will maintain its commitment to and investment in advancing knowledge about cork and in setting up suitable partnerships with research groups and industrial partners in Portugal and overseas. This will enable the Group to accumulate knowledge and complementary know-how with a view to marketing innovative products and solutions with a high value-added component to strengthen its leadership of strategic sectors.

4.2. CORK STOPPERS

During 2010, the Cork Stoppers BU undertook research and development with a view to improving the quality of the stoppers it produces, furthering its knowledge of the interaction between stoppers and wine and advancing product innovation.

Improvement in the quality of stoppers produced was achieved through a reduction in the presence of contaminating compounds with unpleasant aromas, namely 2,4,6- Trichloroanisole (TCA).

In the natural cork stopper segment, two more ROSA Evolution machines were installed in 2010, so that all natural cork stoppers marketed by the company are now subject to this treatment. New studies are planned for 2011 in order for the BU to decide on their implementation in the current year.

In an effort to better understand the contamination of cork by TCA, experiments were conducted on contamination of potted soil in which small cork oaks were planted. After 10 months, it has been possible to conclude that the main means of contamination of the cork oak is most probably systemic, via the root. This result may have an important impact on the purchasing of cork in cork forests, as it will enable the detection of marks in the soil in cork oak forests at greater risk of contamination.



Following on from studies into the migration of contaminants through different bottle closures, arguments have been found in favour of the cork stopper. This research concluded that there is no migration through cork stoppers of volatile components present in the atmosphere into bottled wine, although the same is not true of alternative bottle closures, both plastic and aluminium. These studies have been reported in a scientific article which has been accepted for publication and which will go to press in 2011.

Research was also conducted into the effect of long distance transportation on the contamination of stoppers by composites with unpleasant aromas. The study, which was carried out throughout 2010, involved a significant number of samples per container and concluded that, besides TBA (Tribromoanisole), cork stoppers are unlikely to be contaminated during long distance transportation.

In order to study the interaction between wine and cork stoppers, several studies were carried out in 2010, of which the following may be highlighted:

- a study of the diameter and density of the quality natural cork stopper on the properties of Bourgogne wine. This study, in partnership with the BIVB (Bureau Interprofessionnelle des Vins de Bourgogne), has been running for 27 months on bottled wine and no differences between the variables in the study have yet been detected;
- large supermarkets across the world, and in the UK in particular, are increasingly interested in sustainability. This led Marks & Spencer, in 2010, to begin two bottling trials with the Cork Stoppers BU with a view to approving two of the BU's technical cork stoppers as possible replacements for alternative closures. After nine months, the study has shown highly positive results insofar as moves are being made to replace alternative closures with cork stoppers;

- the beginning of a study involving red wine which compares cork stoppers and synthetic and aluminium closures, conducted by the Australian Wine Research Institute (AWRI). The Cork Stoppers BU participated with TwinTop® and Neutrocork® stoppers;
- a comparison of bottling with natural and technical champagne corks was begun with a view to gaining a better understanding of the performance of each of these types of stopper over time and to study the advisable half-life of each type of stopper for the respective applications.

Innovation in capsule stoppers received an important boost in 2010, namely via the following initiatives:

- the launch of bottling studies to understand the importance of some physical characteristics in the performance of these stoppers;
- a study of two solutions to avoid releasing dust into the interior of the bottle, which is considered to be one of the greatest problems with the use of these stoppers.

A new project, funded by Portugal's National Strategic Reference Framework (QREN), was approved in 2010 and began in September. The project is studying natural surface treatments in cork stoppers in partnership with the Chemistry Department of the Faculty of Sciences of the University of Porto.

A joint QREN project which began with Portugal's Instituto Superior de Engenharia (Higher Institute for Engineering) at the Lisbon Technical University in 2009 has continued at a good pace. The project seeks to gain greater knowledge about the performance of natural cork stoppers, namely in terms of images of their internal structure. In 2010 all the proposed stages of the project were concluded.

In a QREN project, which began in 2007 in partnership with the Chemistry Department of the Faculty of Sciences of the University of Coimbra, to study natural glues for technical cork stoppers, numerous alternatives have been tested and there are now some materials that may serve that purpose.

During 2010, the production process underwent considerable improvements in terms of the production of natural cork stoppers and technical cork stoppers. A number of changes can be highlighted. The use of robots to feed the automatic drills has made the process more effective and no longer dependent on operators. The introduction of trains to transport the cork stoppers between the different sections has made the production process more agile in order to support standardisation of the factory's internal logistics, with an important innovation in the type of link between the carriages – an automatic feeding project for products in the production of Acquamark stoppers, which is still in progress. Significant improvements in the manufacture of extrusion bodies have led to a reduction in the specific weight of the cork stoppers, better sealing and also significant savings in terms of raw material.

4.3. FLOOR AND WALL COVERINGS

In 2010 the Floor and Wall Coverings BU presented the market with two new product lines and an upgrade in the insertion system of its **Corkcomfort** range, thereby seeking to maintain its policy of innovation with regard to the product, and guaranteeing the alignment of its products with the needs and trends of the market.

Partnerships with suppliers and the development of skills, both in the R&D team and in Production, once again proved fundamental in this process.

The following projects which were developed and launched in 2010 can be highlighted:

- **Decolife**: cork flooring collection decorated with a leaf of luxury vinyl (LVT) aimed at the Do-It-Yourself (DIY) sector. Given the characteristics of this sales sector, the collection is only made up of wood visuals and the wear layer is composed of a PVC film measuring 0.2mm;
- **Go4Cork**: this collection was developed with the aim of offering the market a low cost solution, allowing for the satisfaction of needs for “promotions” in stores and internet sales, thus avoiding devaluing the **Wicanders®** and **Ipcork®** brands. This objective was successfully achieved by reducing the quantity of raw materials consumed (specific consumption) and by increasing the amount of waste being reintroduced into the process. The introduction of an increase in size, based on a new insertion system, allowed for a 25% reduction in the amount of waste;
- **5G C**: the floating floor product line in the **Corkcomfort** range was re-launched with a new insertion system – 5G C System – which enables easier and quicker installation.

Projects under way and to be launched in 2011 include:

- a new product line in the **Corkcomfort** range with new sizes and designs;
- in the **Vinylcomfort** range, the provision of a solution for bonding the product to the floor.

The following can be highlighted as future priorities:

- the search for alternative technical solutions for floor and wall coverings;
- preparation of the 2012 collection using new technologies for surface preparation and alignment of the visual appearance with market trends;
- development of technical solutions combining cork with different materials;
- identification of alternative raw materials with the aim of streamlining production costs.

4.4. COMPOSITE CORK

The Composite Cork Business Unit recorded yet another year of intense activity in RDI in 2010, and, as usual, launched a considerable number of new products onto the market, thus enriching what is already an extensive portfolio of applications.

Some of the new products launched in 2010 are highlighted below:

- in the construction area: the launch of **CORKwall**, a new product aimed at restoring exterior façades and interior walls, which is applied by projection. It functions as acoustic and thermal insulation, preventing loss of energy and cracks, and also has an end finishing in 16 different colours;
- also in the construction area, a new product was launched for **masonry support** with a low level of compressibility which is resistant to the water, oils and acids that are used to

disconnect the masonry from the remaining structure of the buildings;

- in the area of floating flooring, a new version of **top layer NRT 94** was introduced, and is now also available on a roll. This guarantees the acoustic and thermal insulation of the floating flooring and allows the final design of the flooring to be applied directly onto its surface by direct printing or by digital printing, which are technologies that are increasingly being used in the flooring industry;
- in the railway infrastructures area, two new materials in the **VC** range were developed and certified for the insulation of railway vibrations (used in rail pads), thereby strengthening the technically advanced image of cork composites.

The implementation of the BU's RDI plan followed the previously established guidelines. Several consortium projects continued to be implemented as forecast, and several new projects began in 2010, of which the following are examples:

- in the automobile/transport area, the **Plascork** project has demonstrated the potential of cork agglomerates as materials for absorbing impact energy and in the **I-Bus** project manufacture has begun of the final demonstration in which the interior of a bus displays several composite components made with cork (floor and interior panels);
- in the area of train interiors, the **ECOTrain** project began. This project studies and develops new solutions for floating flooring and the side panels of high speed trains, incorporating cork materials, reducing weight and environmental impact for the duration of the 30 years envisaged for the use of the equipment;
- in the area of construction, development of **WallinBlock** began. This project will create new sustainable solutions for modular construction, reducing waste at building sites, construction times and the final ecological footprint of the construction. In another project, in conjunction with a Portuguese partner in the area of ceramics, the BU patented a new ceramic covering solution for interior and exterior walls and flooring with greater mechanical resistance and incorporated thermal and acoustic insulation, which is particularly suitable for renovation projects. The new product, **Keracork**, will be launched at the beginning of 2011;
- in the space sector, and as the body responsible for the development of new solutions for the thermal shields in



the **AEROfast** project of EADS Astrium, the BU has been presenting and testing high performance materials which will pass to the final validation stage in 2011. The aim of the AEROfast project is to design an unmanned spacecraft for a mission to Mars.

Finally, and as forecast, the BU launched the **TEKGREEN** project, strengthening its green identity and consolidating environmentally sustainable practices. The BU also intends to guarantee that the market recognises strong technical competence in the products and services it provides. The strategy mapped out for the RDI area follows this direction and in the product sector new cork composite materials have been developed which maximise the use of raw materials of natural origin and/or which originate from biomass, reducing their ecological footprint and that of the components or systems of which they are part. New manufacturing technologies were studied and new bio-resins were selected, which are necessary for the manufacture of these innovative materials.

The BU plans to begin new national and international projects in 2011-2012 to encourage technological networking and leverage the potential for developing new materials and products in cooperation with several companies in the industry and technological centres.

Among others, and due to their international dimension, the following two projects within the VII Programme-Framework can be highlighted:

- the **FIRE RESIST** project, which will study new composite materials with high fire-resistance performance for use in railway, aeronautical and naval applications and where cork's excellent ablative qualities will be exploited and optimised;
- the **BIOBUILD** project, which will study new composite materials and sustainable construction strategies and where new cork materials/components will contribute decisively to reducing the environmental impact of the solutions.

4.5. INSULATION CORK

This Business Unit's R&D is directed towards two projects, **WaterCork** and **BloCork**. The aim of the former is to research the application of materials and/or sub-products of the cork industry, with a view to enhancing the value of cork as a pesticide and cyanotoxin absorber. The latter seeks to develop a model of masonry blocking, using as a raw material light concrete containing regrenulate from expanded cork in its composition. These projects fit within the strategy of cork development and innovation, via the creation of new applications of added value for this unique raw material.

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 constitute an important guarantee of CORTICEIRA AMORIM's sustained development. In this context, the following events merited special note in 2010:

- Amorim Revestimentos, S.A., already recognised by the Forest Stewardship Council (FSC) certification scheme for wood floor coverings, attained certification of this business by the Programme for the Endorsement of Forest Certification (PEFC) over the course of this year. With these certifications, the company provides its clients with still further guarantees as to its business ethics in the preservation of forestry resources;
- FSC certification of the Raw Materials BU in Spain. The BU had already gained certification for the Portuguese units in Coruche and Ponte de Sôr and hence the FSC has now certified all primary cork transformation units on the Iberian Peninsula;
- FSC certification of the Amorim Isolamentos, S.A. – Vendas Novas industrial unit, which will enable the market supply of an expanded cork agglomerate with the FSC certificate, thereby adding another guarantee of business ethics in the preservation of forestry resources to what is already considered to be the world's most ecological insulation solution;
- The strategic investment of the Cork Stoppers BU in FSC system certification has proven its importance given how it pre-empted the rise in demand that has been experienced from wine producers and large scale cork stopper distributors for cork stoppers bearing this certification. Within this context, the number of Cork Stopper BU companies awarded this certificate rose again in 2010, with Amorim Cork Italia and Industria Corchera having certified their chain of custody in accordance with this norm;

- Within the scope of Stopper BUs, Hungarocork was also awarded Quality Control System certification under the auspices of ISO 9001.

CORTICEIRA AMORIM companies retained and, whenever feasible, implemented improvements in the remaining certifications, specifically:

- ISO 9001 (Quality Control System);
- HACCP/ISO 22000 (Food Safety Control System);
- WIETA/ETI (Wine Trade Ethical Commercial and Management Accreditation);
- ISO 14001 (Environmental Control System);
- FSC (Forest Stewardship Council);
- SYSTECODE (Code of Cork Stopper Good Practices);
- OHSAS 18001 (Hygiene, Health and Safety Control System).

6. HUMAN RESOURCES

With operational activities strongly impacted by rising sales, 2010 was a year of challenges as regards the balanced management of all operational factors and the development of human capital.

Given the trend in production registered throughout the year, the positive fluctuation in the number of employees – four more members of staff on 31 December 2010 – represented a challenge in adjusting operational structures.

Over 32,000 hours of training were undertaken throughout the course of 2010 in keeping with the evolution of activities.

Within this context, the priority areas for human resource management – the attraction and retention of talent, communication, performance, development of skills and professional growth – established the scope for investment both in the implementation of already ongoing medium term projects as well as the launch of new projects.

6.1. ATTRACTING AND RETAINING TALENT

The recruitment of members of staff took place in various areas and at different levels of the organisation: ranging from machine operators – in order to meet the increase in business demand – through to the recruitment of staff with specific skills, essentially in the fields of research and development, marketing and commercial functions, with a particular emphasis on the recruitment of young members of staff in the fields of engineering and management with the objective of providing extended internships featuring the opportunity to take up a series of business positions and engage in different projects across company business units.

Another highlight features the **Mobilidade +** (Mobility +) program that was formally launched in 2010 providing various opportunities for functional mobility between different business units as well as the continuation of international mobility initiatives predominantly deploying younger members of staff on three year missions at subsidiaries abroad.

6.2. COMMUNICATION, ALIGNMENT AND COMMITMENT

The investment in aligned and integrated communication remains an explicit priority to CORTICEIRA AMORIM human resource policies.

Ranging from the annual staff meeting, a forum for the sharing of results from the year ending, the challenges and structural positioning of future activities, through to the quarterly information sessions on the CORTICEIRA AMORIM business units results and the respective engagement of various sections of the company (middle management and teams), reflects the importance attributed by the organisation to this dimension of sharing information about businesses and activities.

Furthermore, within the field of internal communication, mention must be made of the work underpinning the **TEKGREEN** project, put into practice by the Composite Agglomerates BU and which swiftly involved all its employees.

It was also this BU that launched, as part of its ongoing continuous improvement projects, the practice of “five-minute meetings”, held daily before production teams begin their duties.

6.3. FOCUS, PERFORMANCE, FEEDBACK, RECOGNITION AND DEVELOPMENT

In conjunction with the results oriented culture and meritocracy, the Performance Management System entered into a mature operational phase reflected in the full and “natural” implementation of its five sub-processes:

- alignment and definition of objectives;
- feedback on performance;
- evaluation and development of skills;
- recognition;
- incentives.

This system that integrates other human resource management processes generates one of the core inputs into the evaluation and development of skills component, the individual professional development plans that were implemented throughout 2010 and which resulted from the

oriented application of short term (one year) and medium term (three years) individual development plans for a range of middle and senior managers.

Within the scope of skill development, commercial skill development plans were launched at the Stopper, Coverings and Composite Agglomerate Business Units and which incorporated technical and behavioural training as well as specific management programs at each BU in addition to transversally across the three participant business areas.

6.4. HUMAN RESOURCE MAIN FIGURES

In this intense year of business activities, there was a slide in absenteeism (annual average: 4.08%), with a total of 32,000 hours of training provided.

On 31 December 2010, CORTICEIRA AMORIM employed a total of 3,248 members of staff.

7. CORTICEIRA AMORIM ON THE STOCK MARKET

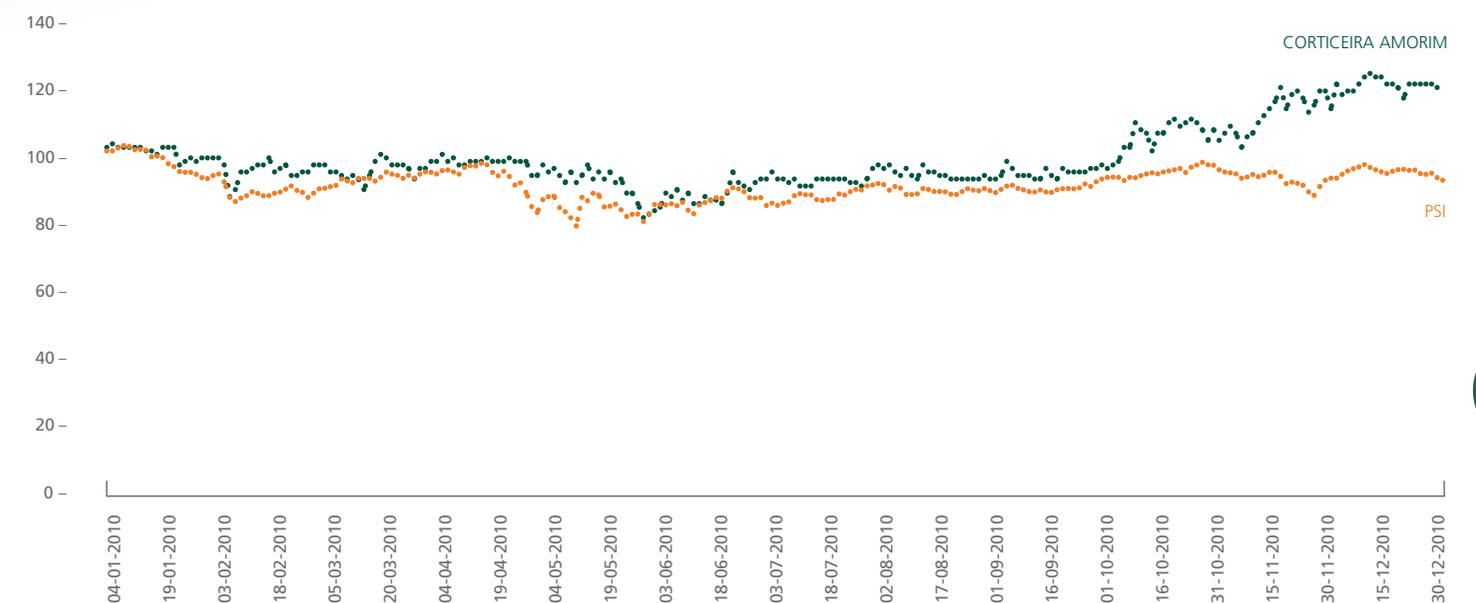
The share capital of CORTICEIRA AMORIM is currently € 133 million, represented by 133 million ordinary shares with a face value of € 1 each. Every share confers the right to receive dividends. Shares issued during the company's capital increase were admitted to trading by the Euronext Lisbon Stock Exchange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

On 31 December of the year under review, CORTICEIRA AMORIM shares ended the session at € 1.16, a gain of 23.4% over the year-end 2009 share price. In spite of a decrease in the transactions (-43% than 2009), over 19.7 million shares were traded on the stock exchange (up 5% over 2009) and there were 3,031 share transactions exceeding, in the whole, € 20.7 million (up 27% over 2009).

In 2010, the average price per share was € 0.96: the maximum price per share reached € 1.20 on 8, 13, 14 and 17 December; the minimum share price was € 0.79 on the Stock Exchange sessions of 25 May; the percent amplitude stood at 51.9% (51.4% in 2009).

The Figures 6, 7 and 8 illustrate CORTICEIRA AMORIM's stock market performance:

Fig. 6 • Share Price Performance in 2010



Source: NYSE Euronext

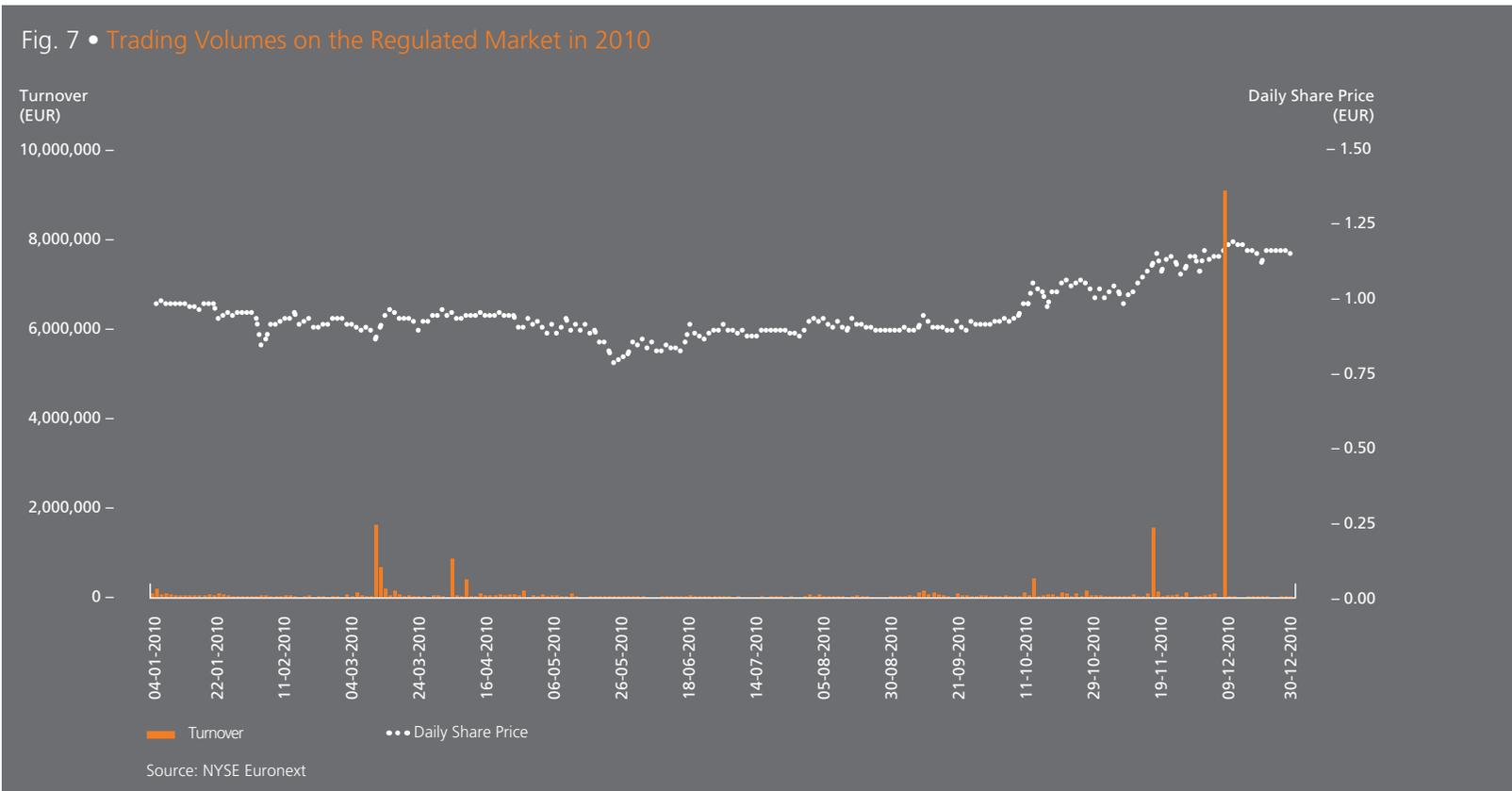


Fig. 8 • Stock Market Performance in recent years

	2007	2008	2009	2010
No. of shares traded	21,631,823	12,051,555	18,680,284	19,697,861
Share prices (€):				
Maximum	2.19	1.96	1.05	1.20
Average	2.03	1.37	0.84	0.96
Minimum	1.70	0.76	0.54	0.79
Year-end	1.96	0.81	0.94	1.16
Trading frequency	99.6%	94.9%	94.1%	93.0%
Stock market capitalisation at year-end (€)	260,680,000	107,730,000	125,020,000	154,280,000

Source: NYSE Euronext

8. CONSOLIDATED RESULTS

8.1. SUMMARY OF ACTIVITIES

Following a first six months in which the economies of developed countries, especially in Europe and North America, displayed fragile signs of recovery, the second half of the year confirmed a slow but progressive improvement in the respective activity indicators. This was most clearly evident in the two main economies: Germany and the USA. As regards the rest of the world, the strong growth maintained by the leaders of what are termed the emerging economies, China and India, is well known. This conjuncture enabled 2010 to record a good year of growth in the world economy and strongly recovering from the slowdown in the previous year.

However, while the world as a whole reacted and recovered from the shock of 2009, some of the countries in the developed world, overwhelmed by the effects of out of control deficits and debt levels, experienced the heavy economic effects of austerity measures imposed, in a final analysis, by the markets. Portugal was, and remains, one of the worst hit countries.

Given the export focus of CORTICEIRA AMORIM, the recovery, while moderate, of its main markets was capitalised upon to the greatest extent possible. In the first quarter, the replacement of stocks by final clients played an important role in the 9.2% rise in consolidated sales. With this effect in the meanwhile tailing off, CORTICEIRA AMORIM maintained a strong pace of growth throughout the third and fourth quarters finishing the financial year with a +10% surge in business. A set of circumstances enabled this growth to be sustained. Firstly, there was the aforementioned recovery in the economies of some core markets. This was coupled with an aggressive promotional campaign by some of the main bottlers generating an additional level of demand in this market. In terms of the cork industry, the fragility of the competition, impacted on by various levels of service deterioration, also worked out favourably to CORTICEIRA AMORIM. Finally, and arguably most importantly, the effort, motivation and dedication of CORTICEIRA AMORIM management teams ensured the maximum leverage was extracted from the aforementioned situation resulting in

2010 seeing a return to the profitability levels attained prior to the onset of the financial crisis in the final quarter of 2008.

Another relevant fact in this financial year involves the study published during the first quarter by the company A.C. Nielsen. This company, a world leader in commercial information and market research, published an important study on the role of cork.

Based upon retail sales statistics, the study demonstrated that wine brands using cork stoppers had registered a 11.2% surge in their sales, while brands using alternative closures saw their sales drop by 1.3%. Furthermore, the cork stopper wine brands experienced a clear premium in their retail prices, calculated at an average of USD 1.68 per bottle of wine over the sale price of wines using artificial stoppers.

These conclusions may be deemed a clear indication of the perceived value attributed by consumers to cork stoppers to the detriment of both plastic and metal closures.

The most recent update to this study, carried out in January 2011, has confirmed the data obtained by the public study in the first quarter of 2010.

At the time of this report's publication, news was received that Supremecorq, the best known manufacturer of plastic closures, had suspended its operations.

8.2. CONSOLIDATED RESULTS

Consolidated sales reached € 456.8 million, up by around € 42 million on 2009 and representing a percentage gain of +10%. With small variations, it proved possible to sustain this trend throughout all quarters (Fig. 9).

Despite the excellent sales performance (+ € 42 million) in this year, it did not prove possible to overcome the drop registered in 2009 (- € 53 million). However, should we consider wood sales, the main non-cork product sold by CORTICEIRA AMORIM, that slid by around € 5 million on 2009 and € 18 million on 2008, the conclusions are different. Correspondingly, the growth in manufactured product sales in 2010 comes in at over 11% and also demonstrates a 2010 sales performance in excess even of 2008, the best year ever for CORTICEIRA AMORIM sales.

Fig. 9 • Quarterly Evolution

	Quarter	Accumulated
1Q10	+10.9%	10.9%
2Q10	+7.7%	+9.2%
3Q10	+11.5%	+10.0%
4Q10	+10.2%	+10.0%

The rise in consolidated sales played a fundamental role in the Cork Stopper Business Unit (BU). Given its weighting of around 58% in total sales to extra-group clients, the almost 13% growth registered by this BU proved decisive to the positive variation in CORTICEIRA AMORIM group sales. In absolute terms, of the € 42 million in consolidated sales growth, around € 30 million were turned in by this BU in sales to final clients, clearly demonstrating the importance of the Cork Stopper BU's performance (Fig. 10).

With one or another exception, and of low scale importance, all of this BU's markets recorded growth. Within the old world, markets in Spain, France and Italy experienced growth rates of between 10% and 23%. In new world wine countries, markets such as Chile, Australia and the USA recorded increases in sales of between 13% and 20% (Fig. 11).

All cork stoppers families registered growth whether measured by volume or by turnover. Even families such as Natural Stoppers or Twin Top® Stoppers, which had seen some downturn in recent years, returned fairly positive growth performances in 2010. In total, volume explained almost 90% of growth at this BU.

Cork stopper sales for the first time ever broke the 3,000 million unit barrier. The presence established in all bottling markets, the provision of a complete cork stopper range, a differentiated client service and a motivated team, well informed about both products and markets, were the endogenous factors underlying the good performance of this BU throughout 2010.

The Floor and Wall Coverings BU turned in a practically neutral sales performance. This result was particularly impacted on by the significant drop in sales of wood (20%). Discounting this factor, the sales of BU manufactured products rose by 7.6%. Eastern European and North America continued to turn in the best growth rates. Nordic markets were particularly hit by the decrease in retail wood sales.

The Composite Cork BU turned in a 23% surge in sales to final clients thereby also making a notable contribution towards growth in consolidated sales. With the exception of the Home & Office range, all sectors displayed significant growth rates. Germany and the USA in the Sealing sector, particularly in the automobile sector, and Russia in construction all displayed fairly positive performances.

The Insulation Cork BU notched up a 7% rise in sales to clients external to CORTICEIRA AMORIM. This rise resulted from the demand for its main product, expanded cork agglomerate, which reflects equally in terms of both volume and price. The growth experienced in the French market ensured that it became one of the most important to BU sales.

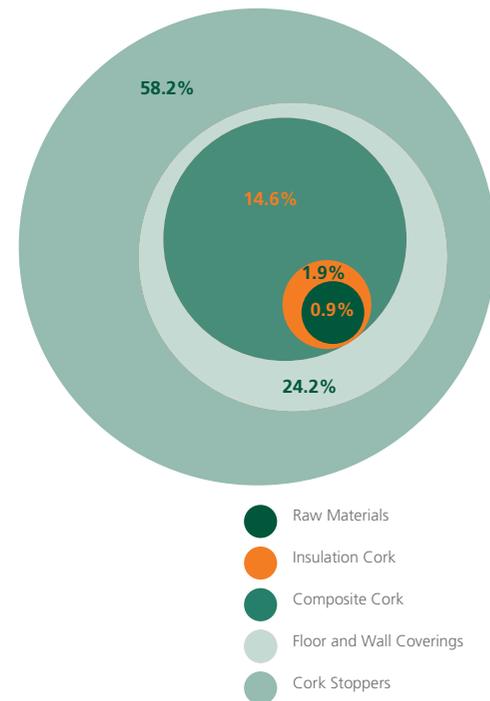
Finally, in the Raw Materials BU, its production is almost exclusively consumed by the Cork Stoppers BU, with its sales accompanying the rate of growth recorded by its client BU. Sales to final clients, already low, slipped further over the course of the year and now represent less than 5% of sales at this BU.

The improvement in the gross percentage margin, which attained historical values, in conjunction with the rise in absolute sales, drove an increase in the gross margin totalling around € 40 million, a sum closely in line with the increase in sales.

In terms of current operational expenditure, the trend experienced in supplies and services (+10%) very closely accompanied the rise in overall activities. This variation however disguises

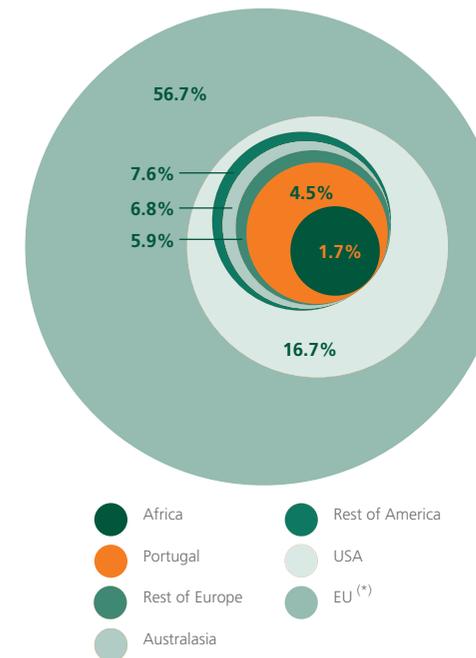


Fig. 10 • Sales by Business Unit(*)



(*) Sales to non-group clients

Fig. 11 • Sales by Geographical Area



(*) Including Switzerland and Norway; excluding Portugal

Fig. 12 • EBITDA/Sales

2005	11.6%
2006	12.6%
2007	12.8%
2008	10.3%
2009	9.3%
2010	14.4%

various divergent effects in the behaviours of multiple components in this cost item. Thus, the rise of over 10% verified in costs with fuels, in particular gas (+19%), and transport (+24%) was offset by the results of expenditure on rents, insurance and communication, which due to their inherent nature are practically fixed.

In the remaining operational expenditure items, there were fairly low level increases given that such costs may be deemed semi-variable due to their very nature. Significant in this category are human resource costs (+1.9%).

The increase in gross margins (+ € 40 million) and the rise in operational expenditure (+ € 12 million), lower than the surge in activities, played a significant role in the EBITDA result.

Thus, EBITDA reached € 66 million, a jump of 71% on the € 38.5 million result registered in 2009. The EBITDA/Sales indicator, the most relevant for evaluating operational performance, reached 14.4%, representing one of the best results recorded in the history of CORTICEIRA AMORIM (Fig. 12).

Broken down by BU, we find that the Cork Stopper (€ 34 million) and Raw Materials (€ 20 million) BUs hold significant weightings within the framework of consolidated EBITDA. All BUs registered significant increases in this performance indicator (Fig. 13).

During the financial year, as is obligatory, imparity tests were carried out on goodwill existing at various holdings. The accounts for the third quarter had already recorded the imparity deriving from the Amorim Cork South Africa and Amorim Benelux subsidiaries. The recent advance in their results and, primarily, changes in the market impacting on the operations of these companies, led to the annulment of this asset. At the end of the financial year, and given the identification of the benefits, in terms of both sales and results, that the group holding US Floors has generated for CORTICEIRA AMORIM, in accordance with the results of the testing undertaken, it was decided to record a partial imparity on the goodwill relating to this subsidiary.

Fig. 13 • EBITDA: UN Contribution
thousand euros

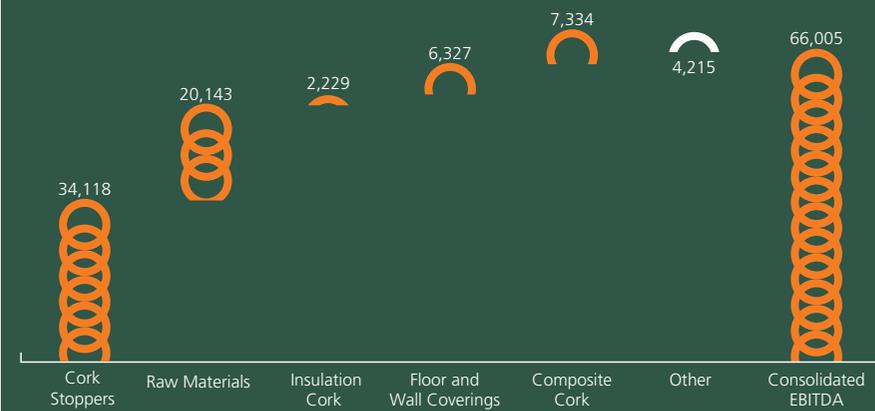


Fig. 14 • Composition of Net Profit
thousand euros

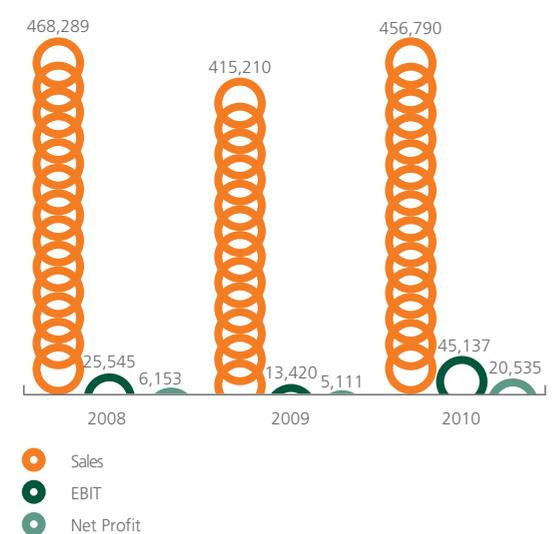


The total of these three imparities amounted to € 5.11 million and attributed to the non-current expenditure item.

Net financial costs came in at € 4.16 million, which compares favourably with the € 5.69 million result in 2010. The improvement is largely due to the substantial fall in net remunerated debt (down from € 139 million to € 102 million) and the continuation of low interest rates.

Estimated tax on earnings has been adversely impacted by an extraordinary deferred asset taxation charge relating to fiscal reporting and other similar assets held by subsidiaries internationally. In effect, throughout 2010, a process of company reorganisation was ongoing at some of these subsidiaries. This reorganisation is to result in some changes that will result in the loss of assets recorded in previous financial years. It was therefore decided to attribute the amount of € 4.5 million to the deferred taxation item. This is the main fact explaining the high effective rate of taxation (35.3%). It should be mentioned that a state surcharge levied in 2010 is in itself responsible for an additional 1.7% increase in taxation.

Fig. 15 • Sales, EBIT and Net Profit
thousand euros



Following consideration of non-controlled interests (hitherto designated minority interests) valued at € 1.2 million, the net results of CORTICEIRA AMORIM attributable to shareholders rose to € 20.535 million, up from the € 5.111 million recorded in 2010 (Fig. 14 and 15).

9. CONSOLIDATED BALANCE SHEET

At the close of the 2010 financial year, the value of the consolidated balance sheet had risen to € 562 million. When excluding the circumstantial allocation to the Cash and equivalents item of around € 26 million, the resulting total comes in at € 536 million compared with a total of € 525 million at the end of 2009.

In **Assets**, attention is drawn to the decrease of around € 12 million in the total non-current value item. This downturn essentially results from the fact that depreciations, amortisations and imparities have been greater than investment in the

respective underlying assets. During this financial year, we maintained the policy in effect since the beginning of the crisis advocating a Capex value lower than that of depreciations.

The approximate € 10 million rise in inventories derives mainly from a greater focus on raw materials. The € 12 million advance in the client balance is justified by the actual growth in sales.

The non-distribution of dividends and the annual net result provides for an increase of almost € 26 million in Equity Capital. Also of note is the negative effect resulting from the purchase of own shares (- € 3.4 million). The total value of this item rose to € 268.5 million, boosting the Financial Autonomy ratio to 47.8% at the end of 2010 (2009: 47.6%).

In terms of **Liabilities**, there was a fall of around € 36 million in net remunerable debt. One of the core objectives set at the beginning of the crisis by the CORTICEIRA AMORIM Board of Directors involved a significant reduction in the level of remunerated debt. In recording a total of € 102 million at the end of 2010, we may conclude that this objective has been fully achieved given that two years earlier, at the close of 2008, this balance sheet item stood at a total value of € 223 million. The release of funding generated by current activities, the careful management of the reserve fund, which also included a new relationship with CORTICEIRA AMORIM suppliers allied with a low level of investment and the non-distribution of dividends, enabled this sharp reduction in the level of remunerated debt.

Over the year, some long term financing matured and hence the current versus non-current debt relationship was correspondingly altered (Fig. 16).

Fig. 16 • Consolidated Figures

	4Q10	4Q09	Variation	12M10	12M09	Variation	
Sales	109,522	99,430	10.15%	456,790	415,210	10.01%	
Gross margin – value	61,445	50,168	22.48%	236,830	196,907	20.28%	
	1)			51.64%	47.98%	+ 3.7 p.p.	
Operating costs – current	53,137	44,928	18.27%	191,691	178,972	7.11%	
EBITDA – current	13,937	10,705	30%	66,006	38,522	71%	
EBITDA/Sales	12.7%	10.8%	+ 2.0 p.p.	14.4%	9.3%	+ 5.2 p.p.	
EBIT – current	8,308	5,240	59%	45,139	17,935	152%	
Non-current costs	3)	1,886	0	5,110	4,515	13%	
Net profit/loss (attributable to shareholders)	2,809	2,862	-2%	20,535	5,111	302%	
Earnings per share	0.022	0.022	2%	0.162	0.039	311%	
Net bank debt/EBITDA (x)	-	-	-	1.55	3.60	-2.05 x	
EBITDA/Net interest (x)	4)	28.10	6.45	21.65 x	28.37	7.43	20.94 x
Equity/Net assets	2)	-	-	47.8%	47.6%	+ 0.19 p.p.	
Net bank debt	-	-	-	102,423	138,613	-26.11%	

1) Related to production.
2) Equity to Total Assets ratio.
3) 2009 values refer to Restructuring Costs; 2010 values refer to goodwill impairment.
4) Net Interest include: interest due to loans and revenues from financial applications. 2009 was readjusted accordingly.

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 Portuguese 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 2010, 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 2009 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 BUs 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 R&DI activities;
- the calendar of the main events involving CORTICEIRA AMORIM and its BUs, 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.

Consolidated sales amounted € 456.8 million. EBITDA reached € 66 million, one of the best results recorded in the history of CORTICEIRA AMORIM.

in the USA after the mid-term elections. Although slower than the 4.8% expected in 2010, world growth in 2011 will consolidate the global recovery. Developed economies are expected to grow at a moderate pace of about 2.5%, while developing economies will expand more robustly at an average rate of about 6.5%. That is to say, the recovery will occur at two different speeds. Extraordinary measures introduced to combat the financial and banking crisis, which subsequently became an economic crisis, are likely to be abolished in 2011, a development that was expected in 2010, but which did not, in the end, materialise.

Europe's sovereign debt crisis will have an impact on the economic climate, in spite of the IMF's optimistic outlook. It represents a threat to European growth, but could also affect the global economy if European authorities fail to develop a broad, comprehensive solution. In this regard, attention should also be given to excessively close links between financial institutions and the evolution of sovereign debt risk premiums.



International trade is expected to grow by about 7%. Price rises and inflationary expectations will be important concerns in 2011, especially in developing economies. In emerging economies, interest rates are expected to be increased at a faster rate in an effort to control inflation caused by increased food prices. Perceptible signs of overheating represent a risk to world growth and will require authorities to take rapid action to control demand. In developed economies, interest rate increases will be less significant, given the importance of maintaining an expansionist monetary policy to support economic recovery. The end of the long-standing trend of falling long-term yields witnessed in developed countries will gradually extend to other economies. The need for external rebalancing is likely to be a constant concern for global decision-makers, particularly at the G20 forum. There was a retreat from this process in 2010 and a concern that this retreat could be repeated in 2011.

Average growth in the Euro Zone is forecast at 1.5%, down from 1.8% in 2010. It is feared that simultaneous fiscal

consolidation efforts by different Euro Zone countries and continuing private sector deleveraging will limit the capacity for growth. In addition, the divergence in economic growth between core EU countries, with Germany consolidating its role as the locomotive of European growth, and peripheral Euro Zone states, limited by the need to correct their structural imbalances, is expected to continue. Financial instability, reflected in high sovereign spreads and increasing bank financing costs, is forecast to continue in peripheral Euro Zone economies. Inflation and unemployment rates are forecast to remain at similar levels to those registered in 2010 at 1.5% and 10% respectively.

In contrast, the USA is projected to grow more than in the previous year at about 3%, partly due to the positive impact of the fiscal package programmed at the end of 2010. Fiscal imbalances and public indebtedness, as well as the real estate market, are seen as high risk areas for the USA economy. The presentation of a credible USA fiscal consolidation plan is seen as essential for the long-term balance of the global economy. In spite of the challenges resulting from the use of unorthodox monetary policies by the Federal Reserve (quantitative easing), inflation is not expected to rise above 1%, reflecting excess capacity in the economy and low inflation expectations. Unemployment will fall only marginally to a forecast level of about 9.5%.

Growth in Japan is expected to be significantly lower than in 2010 at about 1.6%, due to the impact of the fiscal packages programmed in 2010. As in the previous year, exports, particularly to other Asian countries are expected to make an important contribution to growth. In this

11. FUTURE OUTLOOK

11.1. ECONOMIC FRAMEWORK

11.1.1. GLOBAL OUTLOOK

The global economy is forecast to grow by about 4.4% in 2011, more than the initial IMF forecast of 4.2%, due to a more favourable world climate in 2010 and further budget cuts tabled

context, China's efforts to moderate excessive growth (to levels below 10%) pose an additional threat. Japan's need to correct its fiscal imbalances was underlined by Standard & Poor's cut in the country's sovereign risk rating and is expected to be the biggest challenge for the Japanese authorities in 2011. Unemployment is expected to remain at about 5%. Little evolution in terms of prices is expected in 2011 with Japan's economic climate characterised by deflation, as it was in 2009 and 2010.

11.1.2. PORTUGAL

Portugal's economy is expected to contract in 2011. Estimates for GDP growth range from -0.2% to -1.3%. Considering the negative growth rate registered in the last quarter of 2010, it is possible Portugal will move into recession at the beginning of the year. In addition to domestic conditions in Portugal at the end of 2009 and during 2010, forecasts for 2011 must take into account the extraordinary context of peripheral Euro Zone countries: increasing sovereign debt risks, limited external financing capacity, dependence on ECB funding, credit rating cuts, external pressures to seek an international bail-out and successive fiscal consolidation measures. As a result of the additional fiscal tightening that Portugal has been required to implement, the country is expected to regain the confidence of international investors, leading to a reduction in the risk premiums paid to finance government debt. In effect, 2011 will be a year of adjustment imposed by Portugal's external creditors. The budget deficit is expected to be cut to about 4.9% of GDP. Fiscal consolidation, together with household and corporate deleveraging, will result in a reduction in public and private consumption.

Net exports are likely to make the only positive contribution to economic growth, growing at a faster rate than in 2010: imports are forecast to fall by 1.9%, while exports are estimated to grow by 5.9%. Every component of domestic demand is expected to contract. Investment is forecast to continue the downward trend begun in 2008, contracting by about 7%. Both unemployment and inflation are forecast to rise in 2011. Consumer prices are expected to increase more than in the previous year by between 2.3% and 2.7%. A two percentage point increase in VAT from January 2011, higher energy costs and global increases in the price of agricultural goods are forecast to more than offset the impact of lower domestic demand. It is feared the jobless rate will reach a record level as structural unemployment increases. Overall, the climate for economic growth is decidedly negative.

11.2. OPERATING ACTIVITIES

11.2.1. RAW MATERIALS

The supply of raw materials remains a fundamental concern for activities in 2011, maintaining the procurement policy in effect in 2010, based on rising standards with the objective of acquiring cork at the best possible quality conditions (appropriate for the end use operation/application), price (compatible with expected pricing trends whether for cork or for finished products) and

timing (guaranteeing the remaining objectives – quality and price – in line with operational continuity).

In terms of profitability, we expect the year to unfold slightly less favourably than in 2010 as a result of new consumer prices (in 2011, we shall process cork sourced in 2009/2010), but forecast the maintenance of the quality level of the cork acquired.

Adapting the BU industrial installations to the larger quantity of cork purchased in 2010, planned investments seek to raise the capacity and improve the conditions of raw material storage. There is, simultaneously, further investment in technological progress with the ongoing implementation of the measures identified throughout the Kaizen processes while also seeking out disruptive solutions driving significant improvements in industrial unit productivity and efficiency.

11.2.2. CORK STOPPERS

According to the most recent study carried out by International Wine and Spirits Record (IWSR), published by the Vinexpo organisation, world wine consumption should amount to a billion bottles between 2009 and 2013. The current ranking is led by France, followed by Italy with Spain third and other relevant markets including China, Russia, the USA, Canada and Brazil expected to play important roles in the rising consumption of wine globally. This study furthermore demonstrates that the world wine consumer is increasingly informed and demanding. While the premium and super premium segments are growing at a good rate, the cheapest end of the wine market, that sector categorised as "price first", recorded a slight retraction.

Within this context, the Business Unit focused strategic planning on raising market share, seeking to satisfy market demands in terms of quality and service and in the development of technologies able to bring about economic rationalisation and production excellence.

The Cork Stoppers BU's strategic objectives for 2011 include:

- enabling a better volume-mix-value balance and favouring products with greater growth potential and greater client perceived value;



- increasing market share in Russia, China, Italy, Spain and Brazil;
- improving supply chain management so as to reduce costs and capital invested in improving service levels.

11.2.3. FLOOR AND WALL COVERINGS

Underlying the sales forecast for 2011 is the continuation of the success attained in 2010 following the launch of new collections in 2009 within a global panorama of the slow recovery of core markets in countries key to the Floor and Wall Coverings BU.

The exploration of opportunities, particularly in new markets, is also an openly assumed objective even if approached conservatively, taking into consideration the general climate of uncertainty prevailing in many parts of the world economy and the need to focus attention on current markets so as to consolidate those activities undertaken.

The APCOR cork promotion campaign proved a key factor in the growth forecast resulting from greater general client awareness as to the unique characteristics of cork and its advantages as a covering.

In 2011, industrial optimisation projects are due for consolidation with efforts ongoing to ensure the functional adaptation of the company within the framework of the reorganisation process launched in 2009 and continued throughout 2010. It is hereby assumed that the economies resulting from these projects shall compensate for the rises in costs stemming from the generalised upward trend in the factors of production consumed by BU industrial processes.

11.2.4. COMPOSITE CORK

For 2011, following a year of strong recovery in volumes, our concerns with profitability are to regain a higher profile. On the one hand, it is necessary to deal with the rising costs of some of the most important raw materials. On the other hand, growth initiatives should be focused upon applications and markets with greater profit potential.

In traditional applications, the search for added value represents a factor of concern extending across all segments, through to new products, new markets and new clients. In the segments identified as most promising, opportunities for partnership are to be put into practice in areas such as the paving and vibration control sectors, which may represent individual business deals with relatively high levels of value.

- strengthening process control and technically developing the product guaranteeing all the characteristics of its sealing function;
- reinforcing production structures through acquisitions or expansion of current operations;
- prioritising all rationalisation and technological/automation industrial process projects, in particular for the Natural and Twin Top® Cork Stopper production processes;
- boosting the commercial network's capacity for cost efficient organic growth and giving priority to products with the greatest growth potential;
- exploring opportunities for partnership and the acquisition of distributors, attributing priority to Europe and higher added value products;
- reinforcing our leadership in sales to multinational and large scale domestic clients;
- raising the level of direct supply to clients in Portugal with equal standards of service and quality and enhancing operational efficiency;

Innovation remains a highly important facet of BU actions. In particular, during 2011, initiatives will be undertaken specifically designed to combine cork with other materials displaying differing functional characteristics and/or competitive with the current range of products.

This ambitious planned investment is designed to ensure important gains in additional production capacity. Furthermore, important resources are to be allocated to efficiency improvements in industrial and administrative processes.

11.2.5. INSULATION CORK

The unique characteristics of the products and solutions in effect at this BU, with higher, natural and ecological performances, as well as the investment in markets containing a sustainable construction logic – especially the new MDFaçades and Ecological Houses systems – have contributed to greater BU visibility and product utilisation.

The implementation of a set of initiatives and actions aligned with this global strategy has enabled the objectives of profitable growth in the majority of products to be achieved while optimising the capital invested in the business.

11.3. RESULTS

Export companies have suddenly become the last hope and saviour of the Portuguese economy. The reduction in public and private expenditure and the drastic cuts in investments have caused this turnaround.

However, even should exports prove able to maintain the pace of growth recorded in 2010, and that shall be anything but easy given that 2010 compared with a 2009 that registered a sharp drop in exports, this will not be enough to avoid going into recession. At the date of this report, it would seem accepted knowledge that a negative fourth quarter in 2010 for the Portuguese economy will be followed by a similarly negative first quarter. And this in itself is formally deemed recession.

Regarding the activities of CORTICEIRA AMORIM, we might state that we are immune to events in the Portuguese economy. Exports and activities undertaken internationally provide over 90% of our turnover. In fact, we expect that our main markets will record, while not brilliant, at least moderately positive performances in 2011.

The negative factor for CORTICEIRA AMORIM is the Portugal risk. Financial markets, in particular credit markets, penalise not only the State and publicly owned companies but also the private sector. And even companies that are overwhelmingly exporters are hit by what has become known as the sovereign debt crisis. The demands of creditors were already notorious in 2010 and worsened substantially in early 2011. There has been a constant stream of announcements of reduced and postponed investment by major Portuguese companies. Those that can, and there are few, seek out financing from international markets. In order to access such funding, however, harsher conditions are imposed than those made available to peers from elsewhere in the world.



Under the motto “moving up the value chain”, the organisational model is successfully oriented to create business value.

The CORTICEIRA AMORIM budget points to a slowdown from the growth experienced in 2010. The rise in estimated activities, in conjunction with the ongoing effects of the operational efficiency measures put into practice and the continuation of a good price/quality relationship may, however, enable some profit growth, even if moderate. However, the effects of rising raw material and energy prices in general should in no way be overlooked. Their secondary impacts in terms of chemical products, transportation and other types of input may lead to destabilising factors for economic activities in general and at CORTICEIRA AMORIM in particular.

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 affecting 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 CO₂ 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. **depreciation of the US dollar** – a factor that erodes business margins. Over the short term, the effects of dollar depreciation have been offset by an active policy of substituting invoicing currencies – in 2010 consolidated sales in US dollars accounted for 18.1% 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 CO₂.

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 CO₂ 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 fourth consecutive year, a trend reinforced over the past year by positive signals from the North American and UK markets with wineries, retailers and consumers confirming their preference for cork. 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. This crucial technical impasse, together with the depreciative association by consumers of plastic closures with low-grade wine has led the market to search rapidly for new artificial closures that imitate cork, which has maintained in 2010 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.

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 – have raised significant 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 enjoys today 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 and, as far as possible, avoided. 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 high potential to decrease the Premium factor in the most prestigious 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 give in the note on "Financial Risk Management" included in the Notes to the Consolidated Accounts.

14. PROPOSED APPROPRIATION OF PROFIT

Taking into account that in 2010, the Company registered a net profit, as per its corporate/ individual accounts, of € 27,115,065.72 (twenty seven million, one hundred and fifteen thousand and sixty five Euros and seventy two cents), the Board of Directors proposes that shareholders approve that the above-mentioned net profit of € 27,115,065.72 (twenty seven million, one hundred and fifteen thousand and sixty five Euros and seventy two cents) be transferred as follows:

- to Legal Reserves: € 1,355,753.29 (one million, three hundred and fifty five thousand, seven hundred and fifty three Euros and twenty nine cents);
- to Unrestricted Reserves: € 25,759,312.43 (twenty five million, seven hundred and fifty nine thousand, three hundred and twelve Euros and forty five cents).

15. TREASURY STOCK

During 2010, in several stock market sessions, CORTICEIRA AMORIM acquired 3,699,779 of its own shares, corresponding to 2.782% of its share capital, at an average price of € 0.93 per share. The total value of these transactions was € 3,439,718.26, as stated on Fig. 17.

Fig. 17 • Treasury Stock

11-03-2010 Instruction(s): acquisition of 1,250,000 shares in the stock exchange market – executed deals:											
Quantity	Price per Share (€)	Total Amount (€)	Quantity	Price per Share (€)	Total Amount (€)	Quantity	Price per Share (€)	Total Amount (€)	Quantity	Price per Share (€)	Total Amount (€)
2,500	0.91	2,275.00	1,000	0.92	920.00	9,300	0.92	8,556.00			
10,381	0.91	9,446.71	19,000	0.92	17,480.00	20,700	0.92	19,044.00			
2,710	0.91	2,466.10	10,000	0.92	9,200.00	10,000	0.92	9,200.00			
8,409	0.91	7,652.19	10,000	0.92	9,200.00	30,000	0.92	27,600.00			
10,000	0.91	9,100.00	10,000	0.92	9,200.00	10,000	0.92	9,200.00			
14,000	0.91	12,740.00	10,000	0.92	9,200.00	7,100	0.92	6,532.00			
10,000	0.91	9,100.00	10,000	0.92	9,200.00	5,000	0.91	4,550.00			
14,000	0.91	12,740.00	10,000	0.92	9,200.00	5,000	0.91	4,550.00			
10,000	0.91	9,100.00	10,000	0.92	9,200.00	5,000	0.91	4,550.00			
14,000	0.91	12,740.00	10,000	0.92	9,200.00	5,800	0.91	5,278.00			
4,000	0.91	3,640.00	10,000	0.92	9,200.00	9,500	0.91	8,645.00			
5,591	0.91	5,087.81	10,000	0.92	9,200.00	5,800	0.91	5,278.00			
7,838	0.92	7,210.96	10,000	0.92	9,200.00	10,000	0.91	9,100.00			
10,785	0.92	9,922.20	10,000	0.92	9,200.00	3,900	0.91	3,549.00			
900	0.92	828.00	10,000	0.92	9,200.00	6,100	0.91	5,551.00			
10,000	0.92	9,200.00	10,000	0.92	9,200.00	13,900	0.91	12,649.00			
10,000	0.92	9,200.00	10,000	0.92	9,200.00	10,000	0.91	9,100.00			
10,000	0.92	9,200.00	30,000	0.92	27,600.00	10,000	0.91	9,100.00			
40,000	0.92	36,800.00	10,000	0.92	9,200.00	10,000	0.91	9,100.00			
4,886	0.92	4,495.12	20,000	0.92	18,400.00	10,000	0.91	9,100.00			
5,114	0.92	4,704.88	2,300	0.92	2,116.00	4,200	0.91	3,822.00			
5,000	0.92	4,600.00	2,700	0.92	2,484.00	7,400	0.91	6,734.00			
9,886	0.92	9,095.12	3,100	0.92	2,852.00	10,000	0.91	9,100.00			
10,000	0.92	9,200.00	5,000	0.92	4,600.00	5,800	0.91	5,278.00			
114	0.92	104.88	800	0.92	736.00	2,600	0.91	2,366.00			
2,183	0.92	2,008.36	5,000	0.92	4,600.00	10,000	0.91	9,100.00			
10,000	0.92	9,200.00	800	0.92	736.00	10,000	0.91	9,100.00			
7,817	0.92	7,191.64	5,800	0.91	5,278.00	10,000	0.91	9,100.00			
10,000	0.92	9,200.00	5,800	0.91	5,278.00	11,600	0.91	10,556.00			
10,000	0.92	9,200.00	5,800	0.91	5,278.00	7,500	0.91	6,825.00			
10,000	0.92	9,200.00	5,000	0.92	4,600.00	900	0.91	819.00			
10,000	0.92	9,200.00	10,000	0.92	9,200.00	10,000	0.91	9,100.00			
9,886	0.92	9,095.12	5,000	0.92	4,600.00	10,000	0.91	9,100.00			
114	0.92	104.88	5,000	0.92	4,600.00	40,000	0.91	36,400.00			
19,886	0.92	18,295.12	5,000	0.92	4,600.00	10,000	0.91	9,100.00			
10,000	0.92	9,200.00	5,800	0.92	5,336.00	10,000	0.91	9,100.00			
10,000	0.92	9,200.00	10,000	0.92	9,200.00	10,000	0.91	9,100.00			
10,000	0.92	9,200.00	10,000	0.92	9,200.00	10,000	0.91	9,100.00			
10,000	0.92	9,200.00	10,000	0.92	9,200.00	10,000	0.91	9,100.00			
10,000	0.92	9,200.00	5,000	0.92	4,600.00	20,000	0.90	18,000.00			
10,000	0.92	9,200.00	25,000	0.92	23,000.00	7,952	0.90	7,156.80			
10,000	0.92	9,200.00	10,000	0.92	9,200.00	10,000	0.90	9,000.00			
1,000	0.92	920.00	10,000	0.92	9,200.00	2,048	0.90	1,843.20			
5,000	0.92	4,600.00	20,000	0.92	18,400.00	5,800	0.90	5,220.00			
4,000	0.92	3,680.00	10,000	0.92	9,200.00	4,200	0.90	3,780.00			

12-03-2010 Instruction(s): acquisition of 465,093 shares in the stock exchange market – executed deals:											
Quantity	Price per Share (€)	Total Amount (€)	Quantity	Price per Share (€)	Total Amount (€)	Quantity	Price per Share (€)	Total Amount (€)	Quantity	Price per Share (€)	Total Amount (€)
5,000	0.89	4,450.00	3,854	0.91	3,507.14	5,157	0.91	4,692.87			
4,116	0.89	3,663.24	1,750	0.92	1,610.00	3,000	0.91	2,730.00			
5,884	0.90	5,295.60	8,250	0.92	7,590.00	16,843	0.91	15,327.13			
4,116	0.90	3,704.40	1,395	0.90	1,255.50	5,000	0.91	4,550.00			
5,800	0.90	5,220.00	1,666	0.90	1,499.40	5,000	0.91	4,550.00			
84	0.90	75.60	15,000	0.91	13,650.00	5,000	0.91	4,550.00			
9,916	0.90	8,924.40	16,939	0.91	15,414.49	10,000	0.92	9,200.00			
84	0.90	75.60	1,561	0.91	1,420.51	5,000	0.92	4,600.00			
9,200	0.90	8,280.00	2,000	0.91	1,820.00	5,000	0.92	4,600.00			
13,140	0.90	11,826.00	10,000	0.91	9,100.00	10,000	0.92	9,200.00			
10,000	0.91	9,100.00	1,439	0.91	1,309.49	5,000	0.92	4,600.00			
10,000	0.91	9,100.00	3,460	0.91	3,148.60	3,000	0.92	2,760.00			
7,660	0.91	6,970.60	1,540	0.91	1,401.40	1,500	0.92	1,380.00			
2,340	0.91	2,129.40	699	0.90	629.10	500	0.92	460.00			
17,660	0.91	16,070.60	5,101	0.91	4,641.91	8,000	0.92	7,360.00			
10,000	0.91	9,100.00	5,000	0.91	4,550.00	12,000	0.92	11,040.00			
5,000	0.91	4,550.00	5,800	0.91	5,278.00	5,800	0.92	5,336.00			
5,000	0.91	4,550.00	4,400	0.91	4,004.00	4,200	0.92	3,864.00			
4,999	0.91	4,549.09	5,800	0.90	5,220.00	20,000	0.92	18,400.00			
1	0.91	0.91	1,000	0.90	900.00	5,800	0.92	5,336.00			
4,999	0.91	4,549.09	5,000	0.91	4,550.00	5,800	0.92	5,336.00			
10,000	0.91	9,100.00	1,519	0.90	1,367.10	3,000	0.92	2,760.00			
5,001	0.91	4,550.91	100	0.91	91.00	4,242	0.92	3,902.64			
10,000	0.91	9,100.00	7,400	0.91	6,734.00	1,158	0.92	1,065.36			
10,000	0.91	9,100.00	100	0.90	90.00	10,000	0.92	9,200.00			
16,146	0.91	14,692.86	5,000	0.91	4,550.00	3,174	0.91	2,888.34			

15-03-2010 Instruction(s): acquisition of 100,000 shares in the stock exchange market – executed deals:											
Quantity	Price per Share (€)	Total Amount (€)	Quantity	Price per Share (€)	Total Amount (€)	Quantity	Price per Share (€)	Total Amount (€)	Quantity	Price per Share (€)	Total Amount (€)
8,914	0.93	8,290.02	166	0.93	154.38	8,000	0.94	7,520.00			
6,086	0.93	5,659.98	3,000	0.94	2,820.00	1,000	0.94	940.00			
3,214	0.93	2,989.02	900	0.94	846.00	4,000	0.94	3,760.00			
1,786	0.93	1,660.98	5,000	0.94	4,700.00	1,000	0.94	940.00			
5,000	0.93	4,650.00	5,000	0.94	4,700.00	5,000	0.94	4,700.00			
2,500	0.93	2,325.00	3,500	0.94	3,290.00	4,657	0.95	4,424.15			
2,500	0.93	2,325.00	1,350	0.94	1,269.00	200	0.95	190.00			
18,214	0.93	16,939.02	1,250	0.94	1,175.00	143	0.95	135.85			
1,500	0.93	1,395.00	5,000	0.94	4,700.00						
120	0.93	111.60	1,000	0.94	940.00						

16-03-2010 Instruction(s): acquisition of 38,743 shares in the stock exchange market – executed deals:

Quantity	Price per Share (€)	Total Amount (€)	Quantity	Price per Share (€)	Total Amount (€)	Quantity	Price per Share (€)	Total Amount (€)
6,403	0.96	6,146.88	10,000	0.96	9,600.00	2,900	0.96	2,784.00
1,050	0.96	1,008.00	100	0.96	96.00	2,500	0.96	2,400.00
2,457	0.96	2,358.72	4,900	0.96	4,704.00	1,048	0.95	995.60
5,000	0.95	4,750.00	2,100	0.96	2,016.00	195	0.95	185.25

17-03-2010 Instruction(s): acquisition of 83,715 shares in the stock exchange market – executed deals:

Quantity	Price per Share (€)	Total Amount (€)	Quantity	Price per Share (€)	Total Amount (€)	Quantity	Price per Share (€)	Total Amount (€)
1,000	0.96	960.00	5,498	0.96	5,278.08	200	0.96	192.00
1,000	0.96	960.00	3,502	0.96	3,361.92	29,800	0.96	28,608.00
9,000	0.96	8,640.00	1,000	0.96	960.00	593	0.96	569.28
1,000	0.96	960.00	9,498	0.96	9,118.08	2,122	0.96	2,037.12
9,000	0.96	8,640.00	7,500	0.96	7,200.00			
1,000	0.96	960.00	2,002	0.96	1,921.92			

18-03-2010 Instruction(s): acquisition of 41,569 shares in the stock exchange market – executed deals:

Quantity	Price per Share (€)	Total Amount (€)	Quantity	Price per Share (€)	Total Amount (€)	Quantity	Price per Share (€)	Total Amount (€)
10,000	0.95	9,500.00	1,490	0.95	1,415.50	6	0.94	5.64
900	0.94	846.00	10,000	0.95	9,500.00	5,663	0.94	5,323.22
3,510	0.95	3,334.50	10,000	0.95	9,500.00			

22-03-2010 Instruction(s): acquisition of 4,165 shares in the stock exchange market – executed deals:

Quantity	Price per Share (€)	Total Amount (€)	Quantity	Price per Share (€)	Total Amount (€)	Quantity	Price per Share (€)	Total Amount (€)
665	0.94	625.10	1,000	0.94	940.00	2,500	0.94	2,350.00

24-03-2010 Instruction(s): acquisition of 10,000 shares in the stock exchange market – executed deals:

Quantity	Price per Share (€)	Total Amount (€)	Quantity	Price per Share (€)	Total Amount (€)	Quantity	Price per Share (€)	Total Amount (€)
4,200	0.94	3,948.00	2,833	0.93	2,634.69	30	0.93	27.90
800	0.94	752.00	1,000	0.93	930.00	1,137	0.93	1,057.41

30-03-2010 Instruction(s): acquisition of 41,650 shares in the stock exchange market – executed deals:

Quantity	Price per Share (€)	Total Amount (€)	Quantity	Price per Share (€)	Total Amount (€)	Quantity	Price per Share (€)	Total Amount (€)
3,000	0.95	2,850.00	542	0.94	509.48	84	0.95	79.80
1,733	0.95	1,646.35	1,600	0.95	1,520.00	1,916	0.95	1,820.20
100	0.95	95.00	4,500	0.95	4,275.00	5,000	0.95	4,750.00
6,167	0.95	5,858.65	416	0.95	395.20	1,650	0.95	1,567.50
7,942	0.95	7,544.90	84	0.95	79.80			
4,000	0.95	3,800.00	2,916	0.95	2,770.20			

31-03-2010 Instruction(s): acquisition of 3,900 shares in the stock exchange market – executed deals:

Quantity	Price per Share (€)	Total Amount (€)	Quantity	Price per Share (€)	Total Amount (€)	Quantity	Price per Share (€)	Total Amount (€)
1,400	0.95	1,330.00	2,500	0.95	2,375.00			

06-04-2010 Instruction(s): acquisition of 1,400 shares in the stock exchange market – executed deals:

Quantity	Price per Share (€)	Total Amount (€)	Quantity	Price per Share (€)	Total Amount (€)	Quantity	Price per Share (€)	Total Amount (€)
1,400	0.95	1,330.00						

07-04-2010 Instruction(s): acquisition of 321,094 shares in the stock exchange market – executed deals:

Quantity	Price per Share (€)	Total Amount (€)	Quantity	Price per Share (€)	Total Amount (€)	Quantity	Price per Share (€)	Total Amount (€)
5,000	0.95	4,750.00	5,000	0.94	4,700.00	5,000	0.94	4,700.00
15,000	0.95	14,250.00	35,000	0.94	32,900.00	95,000	0.94	89,300.00
5,000	0.94	4,700.00	5,000	0.94	4,700.00	5,000	0.94	4,700.00
15,000	0.94	14,100.00	55,000	0.94	51,700.00	15,000	0.94	14,100.00
5,000	0.94	4,700.00	5,000	0.94	4,700.00	5,000	0.94	4,700.00
15,000	0.94	14,100.00	95,000	0.94	89,300.00	15,000	0.94	14,100.00
5,000	0.94	4,700.00	5,000	0.94	4,700.00	5,000	0.94	4,700.00
15,000	0.94	14,100.00	95,000	0.94	89,300.00	15,000	0.94	14,100.00
5,000	0.94	4,700.00	5,000	0.94	4,700.00	94	0.94	88.36
15,000	0.94	14,100.00	95,000	0.94	89,300.00	5,000	0.95	4,750.00
5,000	0.94	4,700.00	5,000	0.94	4,700.00	36,000	0.95	34,200.00
15,000	0.94	14,100.00	95,000	0.94	89,300.00			

08-04-2010 Instruction(s): acquisition of 13,001 shares in the stock exchange market – executed deals:

Quantity	Price per Share (€)	Total Amount (€)	Quantity	Price per Share (€)	Total Amount (€)	Quantity	Price per Share (€)	Total Amount (€)
5,000	0.94	4,700.00	826	0.94	776.44	1	0.94	0.94
3,000	0.94	2,820.00	4,174	0.94	3,923.56			

12-04-2010 Instruction(s): acquisition of 408,806 shares in the stock exchange market – executed deals:

Quantity	Price per Share (€)	Total Amount (€)	Quantity	Price per Share (€)	Total Amount (€)	Quantity	Price per Share (€)	Total Amount (€)
5,000	0.95	4,750.00	25,000	0.95	23,750.00	4,709	0.95	4,473.55
1,305	0.95	1,239.75	25,000	0.95	23,750.00	17,781	0.95	16,891.95
3,695	0.95	3,510.25	75,000	0.95	71,250.00	2,219	0.95	2,108.05
15,000	0.95	14,250.00	25,000	0.95	23,750.00	509	0.95	483.55
5,000	0.95	4,750.00	75,000	0.95	71,250.00	500	0.95	475.00
1,305	0.95	1,239.75	25,000	0.95	23,750.00	2,797	0.95	2,657.15
48,695	0.95	46,260.25	25,000	0.95	23,750.00			
25,000	0.95	23,750.00	291	0.95	276.45			

14-04-2010 Instruction(s): acquisition of 4,000 shares in the stock exchange market – executed deals:

Quantity	Price per Share (€)	Total Amount (€)	Quantity	Price per Share (€)	Total Amount (€)	Quantity	Price per Share (€)	Total Amount (€)
4,000	0.95	3,800.00						

15-04-2010 Instruction(s): acquisition of 13,470 shares in the stock exchange market – executed deals:

Quantity	Price per Share (€)	Total Amount (€)	Quantity	Price per Share (€)	Total Amount (€)	Quantity	Price per Share (€)	Total Amount (€)
1,170	0.95	1,111.50	470	0.95	446.50	3,000	0.95	2,850.00
300	0.95	285.00	4,000	0.95	3,800.00			
3,530	0.95	3,353.50	1,000	0.95	950.00			

19-04-2010 Instruction(s): acquisition of 22,615 shares in the stock exchange market – executed deals:

Quantity	Price per Share (€)	Total Amount (€)	Quantity	Price per Share (€)	Total Amount (€)	Quantity	Price per Share (€)	Total Amount (€)
200	0.94	188.00	3,115	0.94	2,928.10	500	0.94	470.00
4,800	0.94	4,512.00	4,500	0.94	4,230.00	9,500	0.94	8,930.00

20-04-2010 Instruction(s): acquisition of 30,391 shares in the stock exchange market – executed deals:

Quantity	Price per Share (€)	Total Amount (€)	Quantity	Price per Share (€)	Total Amount (€)	Quantity	Price per Share (€)	Total Amount (€)
1,800	0.94	1,692.00	1,391	0.94	1,307.54	25,000	0.95	23,750.00
200	0.94	188.00	2,000	0.95	1,900.00			

21-04-2010 Instruction(s): acquisition of 49,701 shares in the stock exchange market – executed deals:

Quantity	Price per Share (€)	Total Amount (€)	Quantity	Price per Share (€)	Total Amount (€)	Quantity	Price per Share (€)	Total Amount (€)
110	0.96	105.60	2,132	0.96	2,046.72	1,300	0.96	1,248.00
24,890	0.96	23,894.40	1,000	0.96	960.00	700	0.96	672.00
110	0.96	105.60	868	0.96	833.28	2,000	0.96	1,920.00
5,000	0.96	4,800.00	2,000	0.96	1,920.00	1,000	0.96	960.00
132	0.96	126.72	2,000	0.96	1,920.00	846	0.96	812.16
868	0.96	833.28	3,749	0.96	3,599.04	1,000	0.96	960.00

22-04-2010 Instruction(s): acquisition of 38,735 shares in the stock exchange market – executed deals:

Quantity	Price per Share (€)	Total Amount (€)	Quantity	Price per Share (€)	Total Amount (€)	Quantity	Price per Share (€)	Total Amount (€)
5,000	0.95	4,750.00	1,000	0.95	950.00	1,000	0.95	950.00
950	0.95	902.50	9,000	0.95	8,550.00	1,185	0.95	1,125.75
1,000	0.95	950.00	5,000	0.95	4,750.00	215	0.95	204.25
1,000	0.95	950.00	1,100	0.95	1,045.00	3,785	0.95	3,595.75
2,000	0.95	1,900.00	1,500	0.95	1,425.00	5,000	0.95	4,750.00

23-04-2010 Instruction(s): acquisition of 44,070 shares in the stock exchange market – executed deals:

Quantity	Price per Share (€)	Total Amount (€)	Quantity	Price per Share (€)	Total Amount (€)	Quantity	Price per Share (€)	Total Amount (€)
25,000	0.95	23,750.00	2,500	0.95	2,375.00	3,260	0.95	3,097.00
5,310	0.95	5,044.50	2,500	0.95	2,375.00			
5,000	0.95	4,750.00	500	0.95	475.00			

26-04-2010 Instruction(s): acquisition of 51,284 shares in the stock exchange market – executed deals:

Quantity	Price per Share (€)	Total Amount (€)	Quantity	Price per Share (€)	Total Amount (€)	Quantity	Price per Share (€)	Total Amount (€)
363	0.94	341.22	2,000	0.95	1,900.00	4,000	0.95	3,800.00
1,369	0.94	1,286.86	1,500	0.95	1,425.00	1,000	0.95	950.00
13,552	0.95	12,874.40	1,000	0.95	950.00	23,000	0.95	21,850.00
1,500	0.95	1,425.00	1,000	0.95	950.00	1,000	0.95	950.00

27-04-2010 Instruction(s): acquisition of 32,078 shares in the stock exchange market – executed deals:

Quantity	Price per Share (€)	Total Amount (€)	Quantity	Price per Share (€)	Total Amount (€)	Quantity	Price per Share (€)	Total Amount (€)
383	0.92	352.36	1,031	0.92	948.52	500	0.92	460.00
202	0.92	185.84	1,661	0.92	1,528.12	2,500	0.92	2,300.00
608	0.92	559.36	3,000	0.92	2,760.00	965	0.92	887.80
643	0.92	591.56	2,244	0.92	2,064.48	643	0.92	591.56
430	0.92	395.60	900	0.92	828.00	580	0.92	533.60
1,319	0.92	1,213.48	2,100	0.92	1,932.00	3,000	0.92	2,760.00
1,730	0.92	1,591.60	1,233	0.92	1,134.36	444	0.92	408.48
1,969	0.92	1,811.48	2,500	0.92	2,300.00	1,493	0.91	1,358.63

28-04-2010 Instruction(s): acquisition of 130,295 shares in the stock exchange market – executed deals:

Quantity	Price per Share (€)	Total Amount (€)	Quantity	Price per Share (€)	Total Amount (€)	Quantity	Price per Share (€)	Total Amount (€)
4,060	0.91	3,694.60	3,000	0.91	2,730.00	6,425	0.91	5,846.75
2,000	0.91	1,820.00	3,000	0.91	2,730.00	1,710	0.91	1,556.10
1,000	0.91	910.00	4,414	0.91	4,016.74	3,000	0.91	2,730.00
2,000	0.91	1,820.00	1,711	0.91	1,557.01	16,412	0.91	14,934.92
3,086	0.91	2,808.26	814	0.91	740.74	3,000	0.91	2,730.00
3,000	0.91	2,730.00	3,000	0.91	2,730.00	4,700	0.91	4,277.00
1,500	0.91	1,365.00	6,115	0.91	5,564.65	2,888	0.91	2,628.08
1,000	0.91	910.00	2,445	0.91	2,224.95	3,000	0.91	2,730.00
500	0.91	455.00	555	0.91	505.05	7,014	0.91	6,382.74
4,500	0.91	4,095.00	8,460	0.91	7,698.60	3,000	0.91	2,730.00
3,000	0.91	2,730.00	3,000	0.91	2,730.00	16,986	0.91	15,457.26

No treasury stock was sold.

On 31 December 2010, CORTICEIRA AMORIM's treasury stock totalled 6,787,462 shares, representing 5.103% of the company's share capital.

These transactions were conducted in strict compliance with the authorizations from the 2009 Annual General Meeting to acquire/to dispose of own shares. These authorizations do not constitute a share repurchase programme under Regulation EC no. 2273/2007 of 22 December.

These transactions, carried out as described above, were deemed appropriate in terms of market opportunity, the availability of financial resources within the company and the negligible impact they would have on the normal price formation of the shares and of the company's free float.

16. SUBSEQUENT EVENTS

Subsequent to 31 December 2010 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 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, 18 February 2011

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

António Rios de Amorim
Chairman of the Board of Directors

Joaquim Ferreira de Amorim
Vice-Chairman of the Board of Directors

Nuno Filipe Vilela Barroca de Oliveira
Member of the Board of Directors

Luísa Alexandra Ramos Amorim
Member of the Board of Directors

José da Silva Carvalho Neto
Member of the Board of Directors

André de Castro Amorim
Member of the Board of Directors

Fernando José de Araújo dos Santos Almeida
Member of the Board of Directors

3

Corporate Governance Report

"Cork is harvested every nine years during the 200-year life cycle of the cork oak, without damaging the tree. This makes cork one of the greenest and naturally sustainable industries in the world."

Courrier International, March 2010

From the publication, in 1999, of the first Portuguese Security Markets Commission (CMVM) recommendations towards corporate governance, until today, CORTICEIRA AMORIM has engaged in a process of analysing its corporate governance. This analysis is intended to perfect the mechanisms governing investors in the securities market, by comparing the corporate governance of CORTICEIRA AMORIM with what are considered the best existing practices and also the circumstances of its business and the challenges it has to face. As a result of this process it has been implementing a number of measures which overall have the primary aim of strengthening the internal systems of control and supervision, increasing transparency, encouraging shareholders to participate in company life and guaranteeing the sustained creation of value for shareholders.

This document describes the corporate governance policies and practices adopted by the company and it also provides a qualitative evaluation of those policies and practices by comparison with the good practices set forth in the CMVM Corporate Governance Code.

Chapter 4 of this report includes the information provided for in articles 447 and 448 of the Portuguese Companies Act, in article 14(6) and (7) of 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. Location where the public may find the Corporate Governance Codes by which the issuer is governed.

In matters of corporate governance CORTICEIRA AMORIM is governed by: (i) current Portuguese legislation, in particular the Portuguese Companies Code, the Portuguese Securities Code and the

regulations issued by the Portuguese Securities Market Commission (CMVM), which may all be viewed on the CMVM website: www.cmvm.pt; (ii) its own articles of association, which are available for viewing at the company's website: www.corticeiraamorim.pt; and (iii) the 2010 CMVM Corporate Governance Code as referred to by CMVM Regulation no. 1/2010 and which, despite taking the form of a recommended framework, constitutes an important benchmark of good practices, also available at www.cmvm.pt.

CORTICEIRA AMORIM assesses its practices with reference to the aforementioned Corporate Governance Code on a comply or explain basis. It prepares this report on its corporate governance structures and practices with reference to all legislation, regulations and recommendations by which it is governed.

0.2. Detailed description of the recommendations contained in the CMVM Corporate Governance Code that the company has or has not adopted.

The evaluation undertaken indicates that CORTICEIRA AMORIM has achieved a high degree of compliance with the CMVM recommendations on corporate governance, as shown in the following table (Fig. 18):

Fig. 18 • Compliance with the CMVM's Recommendations

I. General Meeting			
I.1.	Board of the General Meeting	Situation as of 31-12-2010	Description in the Report
I.1.1.	The chairman of the board of the general meeting shall be provided adequate human and logistics resources, taking the economic position of the company into consideration.	Adopted	1.1.
I.1.2.	The remuneration of the chairman of the board of the general meeting shall be disclosed in the annual report on corporate governance.	Adopted	1.3.
I.2. Participation in the General Meeting			
I.2.1.	The advance deposit or blocking of shares for participation in the general meeting, as imposed by the articles of association, shall not exceed five working days.	Adopted	1.4.
I.2.2.	Should the general meeting be suspended, the company shall not require the blocking of shares during the period until the meeting is resumed; the standard requirements established for the first session should be considered sufficient.	Adopted	1.4.
I.3. Voting and Exercising Voting Rights			
I.3.1.	Companies may not impose any statutory restriction on postal voting.	Adopted	1.9.
I.3.2.	The statutory deadline for receiving early voting ballots by mail shall not exceed three working days.	Adopted	1.9.
I.3.3.	The companies shall ensure the proportionality between voting rights and shareholder participation, preferably through the statutory provision of one vote per share.	Adopted	1.6.
I.4. Quorum and Resolutions			
	Companies shall not set a decision-making quorum exceeding that prescribed by law.	Not adopted	0.3., 1.8.
I.5. Minutes and Information on Adopted Resolutions			
	An extract of the minutes of the general meetings or documents with equivalent content shall be made available to shareholders on the company's Internet site within five days, even if they do not constitute privileged information. The disclosed information should cover the resolutions made, the capital represented and the results of votes. This information must be kept on the company's website for at least three years.	Adopted	1.13.
I.6. Measures Related to Corporate Control			
I.6.1.	The measures adopted to prevent the success of takeover bids shall respect both the company's and the shareholders' interests.	Adopted	1.19., 1.20.
	In observance of the principle of the previous sub-paragraph, the company's articles of association establish a limitation on the number of votes that may be held or exercised by a sole shareholder, either individually or in concert with other shareholders. It shall also establish that the alteration or preservation of such statutory provision shall be the object of resolution by the general meeting at least once every five years – without quorum requirements higher than that legally in force – and that in said resolution all votes issued be counted, without applying said limitation.	-	-
I.6.2.	In cases such as change of control or changes to the composition of the management body, defensive measures should not be adopted that instigate immediate and serious erosion of the company's assets, thus affecting the free transmission of shares and the voluntary assessment of the performance of the members of the management body by shareholders.	Adopted	1.20.



II. Management and Supervisory Bodies		
II.1. General Items		
II.1.1. Structure and Role		
II.1.1.1.	The management body shall assess the model adopted in its annual corporate governance report and identify possible restrictions to its functioning and propose measures that it deems fit for surpassing such obstacles.	Adopted Introduction to Chapter 2
II.1.1.2.	Companies shall create internal risk control and management systems to safeguard their worth and foster the transparency of their corporate governance, which allow the risk to be identified and managed.	Adopted 2.5.
II.1.1.3.	The management body shall ensure the creation and operation of internal risk control and management systems. It is up to the supervisory body to assess the operation of these systems and to propose to the company the respective adjustments necessary.	Adopted 2.6.
II.1.1.4.	In their annual report on corporate governance companies shall: identify the main economic, financial and legal risk the company is exposed to in the running of its business; describe the action and efficiency of the risk management system.	Adopted 2.5., 2.6., 2.9.
II.1.1.5.1.	Formal internal regulations: – for the management body. – for the supervisory body.	Not adopted Adopted 0.3., 2.7. 2.7.
II.1.1.5.2.	Disclose the regulations on the company website: – of the management body. – of the supervisory body.	Not adopted Adopted 0.3., 2.7. 2.7.
II.1.2. Incompatibility and Independence		
II.1.2.1.	The board of directors shall include a number of non-executive members to ensure effective capacity for the supervision, auditing and assessment of the executive members' activity.	Adopted 2.1.
II.1.2.2.	The non-executive directors must include an adequate number of independent directors. The size of the company and its shareholder structure must be taken into account when devising this number and it may never be less than one quarter of the total number of directors.	Not adopted 0.3., 2.14., 2.15.
II.1.2.3.	The assessment by the management body of the independence of its non-executive members must take into account legal and regulatory rules in force on independence requirements and the incompatibility regime applicable to members of other governing bodies, ensuring systemic and timely coherence in the application of independence criteria to the entire company. A director who is not deemed independent in another governing body due to applicable regulations should not be considered an independent director.	Adopted 2.14., 2.15.
II.1.3. Eligibility Criteria for Appointment		
II.1.3.1.	Depending on the applicable model, the chairman of the supervisory board, the audit committee or of the financial matters committee shall be independent and have the skills adequate to carrying out those duties.	Adopted 2.21., 2.22.
II.1.3.2.	The selection process of candidates for non-executive directors shall be designed in such a way as to prevent interference from executive directors.	Adopted 2.11., 2.16.
II.1.4. Whistleblowing Policy		
II.1.4.1.	The company shall adopt a policy whereby irregularities occurring within the company, are reported. Such policy should safeguard the following: i) indication of the means by which irregular practices may be communicated internally, including the people to whom such communications should be made; ii) indication as to how to handle the communications, including confidential handling, if such is desired by the informant.	Adopted 2.35.
II.1.4.2.	The general guidelines on this policy should be disclosed in the corporate governance report.	Adopted 2.35.

II.1.5. Remuneration		
II.1.5.1.	Remuneration of the members of the management body shall be structured in order to permit the alignment of their interests with the long-term interests of the company, to be based on performance assessment and to discourage excessive risk taking. To this end, remuneration shall be structured, in particular, as follows:	
II.1.5.1.i)	– remuneration of the directors carrying out executive duties shall include a variable component which is determined according to a performance assessment carried out by the competent bodies of the company, using predetermined, measurable criteria which consider the actual growth of the company and the wealth effectively created for shareholders, its long-term sustainability and the risks taken as well as compliance with the rules applicable to the company's business.	Adopted 2.30., 2.33.
II.1.5.1.ii)	– the variable component of the remuneration should be generally reasonable in relation to the fixed component of the remuneration and maximum limits should be fixed for all components.	Not adopted 0.3., 2.33.
II.1.5.1.iii)	– a significant part of the variable remuneration must be deferred for a period of no less than three years and its payment must be dependent on the continued positive performance of the company over that period.	Not adopted 0.3., 2.33.
II.1.5.1.iv)	– the members of the management body must not enter into contracts, either with the company or with third parties, which have the effect of mitigating the risk inherent to the variability of the remuneration established for them by the company.	Adopted 2.30.
II.1.5.1.v)	– executive directors must keep hold of the company shares they have obtained through variable remuneration schemes, until the end of their mandate, up to the limit of twice the amount of total annual remuneration, with the exception of those which need to be sold in order to pay taxes arising from benefits obtained for holding those shares.	Not applicable 2.33.
II.1.5.1.vi)	– when the variable remuneration includes the award of share options, the beginning of the period for exercising these must be deferred for a period of no less than three years.	Not applicable 2.33.
II.1.5.1.vii)	– legal instruments should be established so that the compensation established for any form of wrongful dismissal of a director is not paid if the dismissal or resignation by agreement is due to the inadequate performance of the director.	Not adopted 0.3.
II.1.5.1.viii)	– the remuneration of non-executive members of the management body shall not include any component whose value is dependent on the performance or the value of the company.	Adopted 2.30., 2.33.
II.1.5.2.	The declaration on the remuneration policy of the management and supervisory bodies referred to in article 2 of law no. 28/2009 of 19 June, shall, in addition to the provisions mentioned therein, contain sufficient information: i) on the company groups whose remuneration policy and practices were taken as a comparative element for determining remuneration; ii) on the payments relative to dismissal or resignation by agreement of directors.	Not adopted 0.3., 2.30.
II.1.5.3.	The declaration on the remuneration policy referred to in article 2 of law no. 28/2009 must also cover the remuneration of the directors and officers within the meaning of article 248-B(3) of the Portuguese Securities Code and whose remuneration contains a variable component. The declaration must be detailed and the stated policy must take into account, in particular, the long-term performance of the company, compliance with regulations applicable to the company business and restraint in risk taking.	Not adopted 2.29.
II.1.5.4.	A proposal shall be submitted at the general meeting for approval on the plans for the award of shares and/or share purchase options or based on the changes in share price to members of the management and supervisory bodies and other directors and officers within the meaning of article 248-B(3) of the Portuguese Securities Code. The proposal shall mention all of the necessary information for its correct assessment. The proposal shall contain the regulations of the plan or, in the absence of these, the conditions by which it should be governed. The main characteristics of the retirement benefit plans for members of the management and supervisory bodies and other directors and officers within the meaning of article 248-B(3) of the Portuguese Securities Code, shall also be approved at the general meeting.	Not applicable 3.30.
II.1.5.5.	Does not exist.	

II.1.5.6.	At least one of the Remuneration Committee's representatives shall be present at the annual general meeting of shareholders.	Adopted	1.15.
II.1.5.7.	The annual report on corporate governance shall disclose the amount of remuneration received, collectively and individually, in other group companies and the pension rights acquired during the referred financial year.	Adopted	3.33.
II.2.	Board of Directors		
II.2.1.	Within the limits established by law for each management and supervisory structure, and unless the company is of a reduced size, the board of directors shall delegate the day-to-day running of the company and the delegated duties shall be identified in the annual report on corporate governance.	Adopted	2.2., 2.3.
II.2.2.	The board of directors shall ensure that the company acts in accordance with its goals, and shall not delegate its duties, namely with regard to: i) defining general company policies and strategy; ii) defining the business structure of the group; iii) decisions which should be considered strategic due to the amounts involved, the risk or their special characteristics.	Adopted	2.3.
II.2.3.	Should the chairman of the board of directors carry out executive duties, the board of directors shall set up efficient mechanisms for coordinating the work of non-executive members which will ensure that these may decide in an independent and informed manner. It should proceed with the due explanation of these mechanisms to the shareholders in the corporate governance report.	Adopted	2.3.
II.2.4.	The annual management report shall include a description of the activity carried out by the non-executive directors and shall mention any restraints encountered.	Adopted	Chapter 10 of the Consolidated Management Report
II.2.5.	The company must explain its policy on the rotation of positions on the board of directors, in particular the position of financial director, and state this in the annual report on corporate governance.	Adopted	2.3.
II.3.	Managing Director, Executive Committee and Executive Board of Directors		
II.3.1.	When directors performing executive duties are requested by other members of governing bodies to supply information, they shall do so in a timely manner with information that adequately responds to the request made.	Adopted	2.3.
II.3.2.	The chairman of the executive committee shall send the convening notices and minutes of the meetings to the chairman of the board of directors and, when applicable, to the chairman of the supervisory board or the audit committee.	Adopted	2.3.
II.3.3.	The chairman of the executive board of directors shall send the convening notices and minutes of the meetings to the chairman of the general and supervisory board and the chairman of the financial matters committee.	Not applicable	–
II.4.	General and Supervisory Board, Financial Matters Committee, Audit Committee and Supervisory Board		
II.4.1.	Besides fulfilling its supervisory duties, the general and supervisory board shall advise, follow-up and carry out, on an on-going basis, continuous assessment of the management of the company by the executive board of directors. Among other matters, the general and supervisory board shall state its opinion on: i) the definition of the general company policies and strategy; ii) the business structure of the group; iii) decisions which should be considered strategic due to the amount involved, the risk or their special characteristics.	Not applicable	–
II.4.2.	The annual reports on the activity carried out by the general and supervisory board, the for financial matters committee, the audit committee and the supervisory board shall be disclosed on the company's website together with the financial statements.	Adopted	–
II.4.3.	The annual reports on the activity carried out by the general and supervisory board, the financial matters committee, the audit committee and the supervisory board shall include a description of the supervisory activity carried out and shall mention any restraints that they may have encountered.	Adopted	–
II.4.4.	The general and supervisory board, the financial matters committee, the audit committee and the supervisory board, depending on the applicable model, shall represent the company for all purposes in relation the external auditor, and shall propose the provider of such services, the respective remuneration, ensure that adequate conditions for the provision of these services are in place within the company, as well as being the liaison officer of the company and the first recipient of the reports.	Not adopted	0.3.

II.4.5.	According to the applicable model, the general and supervisory board, the audit committee and the supervisory board shall assess the external auditor on an annual basis and propose its dismissal to the general meeting whenever there are justifiable grounds for such.	Adopted	–
II.4.6.	Internal audit services and those supervising compliance with the regulations applied to the company (compliance services) shall, in the course of their duties, report to the audit committee, the general and supervisory board or, in the case of companies adopting the Latin model, to an independent director or the supervisory board, irrespective of the hierarchical relationship these services have with the executive management of the company.	Not adopted	0.3.
II.5.	Specialist Committees		
II.5.1.	Unless the company is small in size and depending on the model adopted, the board of directors and the general and supervisory board shall set up the necessary committees in order to:		
II.5.1.i)	– ensure that a competent and independent assessment of the executive directors' performance is carried out, as well as their own overall performance and the performance of the different existing committees;	Adopted	2.30.
II.5.1.ii)	– study the adopted governance system and verify its efficiency and propose to the competent bodies, measures to be carried out with a view to improvement.	Adopted	Introduction to Chapter 2
II.5.1.iii)	– identify, in good time, potential candidates with the profile necessary for the performance of management duties.	Not adopted	0.3.
II.5.2.	The members of the remuneration committee or equivalent must be independent of the members of the management body and include at least one member who is knowledgeable and experienced in remuneration policy matters.	Not adopted	0.3., 2.38., 2.39.
II.5.3.	No individual or company that provides, or has provided in the last three years, services to any structure dependent on the board of directors, to the board of directors itself or that has a current relationship as a company consultant, shall be hired to support the Remuneration Committee in the performance of its duties. This recommendation is also applicable to any individual or company that is related to those by an employment or provision of services contract.	Not adopted	0.3.
II.5.4.	All of the committees shall draw up minutes of the meetings held.	Adopted	–
III.	Information and Audit		
III.1.	General Disclosure Duties		
III.1.1.	Companies shall maintain permanent contact with the market thus upholding the principle of equality for shareholders and ensuring that investors are able to access information in a uniform fashion. To this end, the company shall maintain an investor support office.	Adopted	3.16.
III.1.2.	The following information shall be disclosed in English on the company's website: a) The company name, its public company status, registered office and all other information provided for in article 171 of the Portuguese Companies Code; b) Articles of Association; c) Identification of the members of the governing bodies and the market relations officer; d) Investor support office, its functions and contact means; e) Financial reporting documents; f) Half-yearly calendar on company events; g) Proposals presented for discussion and voting at the general meeting; h) Notices convening general meetings.	Adopted	3.16.
III.1.3.	Companies must encourage the rotation of the auditor after two or three mandates, depending on whether these are four or three years, respectively. Maintaining the auditor beyond this number of mandates must be founded on a specific opinion of the supervisory body, expressly considering auditor independence conditions and the advantage and costs of its replacement.	Not adopted	0.3.
III.1.4.	The external auditor must, within the scope of its duties, verify the application of the remuneration systems and policies, the effectiveness and operation of the internal control mechanisms and report any problems to the company supervisory body.	Not adopted	0.3., 3.17.

III.1.5.	The company shall not hire from the external auditor, nor from any entities with which it is in an ownership relationship nor that are part of the same network, for services other than auditing services. If there are reasons for contracting such services – which must be approved by the supervisory body and explained in its annual report on corporate governance – they must not account for more than 30% of the total value of services provided to the company.	Not adopted	0.3., 3.17.
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IV. Conflicts of Interest

IV.1. Shareholder Relationship

IV.1.1.	Any company business with shareholders with qualifying holdings or with entities related to such in any form, must be carried out under normal market conditions, pursuant to article 20 of the Portuguese Securities Code.	Adopted	3.13.
IV.1.2.	Company business of significant relevance with shareholders with qualifying shareholdings or with entities related to such, must be submitted to the supervisory body for a prior opinion, pursuant to article 20 of the Portuguese Securities Code. This body shall establish the procedures and criteria necessary for the definition of the relevant level of significance of such business and the other conditions of its intervention.	Not applicable	0.3., 3.13.

0.3. Explanation and justification of any divergences between the company's corporate governance practices or structure and CMVM recommendations.

On 31 December 2010, CORTICEIRA AMORIM fully complied with current legislation and statutory provisions in force. In regard to the CMVM Corporate Governance Code referred to in Section 0.1. above, CORTICEIRA AMORIM has not fully implemented all of the recommended practices, as indicated in the previous chart.

CORTICEIRA AMORIM recognises the CMVM Code as a benchmark for good practices and an important contribution and incentive for reflection on and the adoption of a corporate organisational model that safeguards the rights of shareholders, the transparency of the Organisation's governance and which fosters greater business efficiency and competitiveness.

However, as the CMVM Recommendations also envisage, the reflection on the specific circumstances that envelop and shape the company, the balancing of the cost/benefits that could be expected from adoption of some of the recommendations provided for in the Corporate Governance Code and not complied with – in terms of the balanced and transparent use of executive power and the Group's competitiveness – have led to the compliance with some of the recommendations and, in certain circumstances, non-compliance with others, as follows detailed:

Recommendation I.4. – Constitutive and decision-making quorum.

CORTICEIRA AMORIM's articles of association establish a constitutive/decision-making quorum that is greater than the quorum stipulated by law⁽¹⁾ in the following situations:

- limitation or suppression of the right of preference in share capital increases – shareholders representing at least 50 percent of the paid-up share capital must attend the general meeting of shareholders (article 7);
- removal from office of a member of the Board of Directors elected under the special rules set out in article 392 of the Portuguese Companies Code – in relation to which shareholders representing at least 20 percent of the share capital have not voted against the resolution to remove from office (article 17);
- so that a general meeting convened by shareholders may approve decisions – the need for the presence of shareholders

CORTICEIRA AMORIM is responsible for 35% of the worldwide transformation of cork, into an endless portfolio of sustainable solutions.

Directors of CORTICEIRA AMORIM scrupulously complies with all of the regulations by which it is bound, especially those set forth in the Portuguese Companies Code, its articles of association and the regulations issued by the CMVM. The company considers this to constitute a real set of operational rules that is both appropriate to and drives the Board's efficient running and safeguards the commitment of this governing body to efficiently pursue the interests of the company and all its shareholders.

Moreover, although it has no formal internal regulations, CORTICEIRA AMORIM considers that the principles of good business practice are part of the business values upheld by the members of this governing body and by all the staff members that support and/or advise it.

Since these internal regulations have not been formalised, they are not available on the company's website. However, all of the referred operating rules complied with by the Board of Directors, as stipulated either by legislation (Portuguese Companies Code) or by the articles of association, are available at the CMVM website (www.cmvm.pt) or the company's website (www.corticeiraamorim.com) respectively.

Recommendation II.1.2.2. – The management body shall include independent non-executive members.

The Board of Directors is made up of seven members – four of them non-executive and three executive, thus complying with the requirement for an adequate number of non-executive directors.

Although the Board of Directors does not include any independent non-executive members as recommended by the Corporate Governance Code, the company believes that the existence of a double system of supervision – a supervisory board and a statutory auditor – whose members are all independent, ensures that the interests envisaged in this recommendation are fully and appropriately protected. In addition, given the observance of this independence along with the liability system applying to the members of the Supervisory Board, the company considers there are sufficient conditions to ensure effective supervision to a high degree of impartiality, rigour and independence.

Recommendation II.1.5.1.ii) – Rationality of the variable remuneration component in relation to the fixed component and maximum limits for all components.

It is of note that the practice is clearly rational in terms of absolute values and the ratio of the variable remuneration component and the fixed component. There is only a limit, imposed by the company's articles of association on the part that is set aside for profit sharing, which may not exceed 3% for the entire Board of Directors.

Recommendation II.1.5.1.iii) – Deferred payment of variable remuneration for a period of no less than three years, depending on the continuity of the company's positive performance.

The deferral under the conditions specified in this Recommendation is not standard practice. It should be noted, though, that the award of the variable remuneration component to the executive members of the Board of Directors and to the company Directors and Officers, which corresponds to a performance bonus, results from the verification of the degree of compliance with strategic targets, aims and initiatives and priority actions defined in a three-year plan, with respective annual adjustments, which safeguards the interests protected by this recommendation but which is not, however, for a period of more than three years.

representing the minimum amount of share capital required by law to legitimise such a meeting (article 22);

- changing the composition of the Board of Directors – need for approval by shareholders representing at least two-thirds of the share capital (article 24);
- winding-up of the company – need for approval by shareholders representing at least 85 percent of the paid-up share capital (article 33).

Given the above, non-compliance with the CMVM Recommendation and the imposition of a constitutive/decision-making quorum larger than that required by the Portuguese Companies Code gives shareholders, particularly those with smaller shareholdings, an important role in a number of decisions that can have significant impact on the life of the company (winding-up), its corporate governance model (dismissal of a Director proposed by minority shareholders and the change to the composition of the Board of Directors), the asset rights of shareholders (limitation or suppression of preferential rights in share capital increases) and an appropriate participation in general meetings convened by shareholders.

It is considered, on analysis of the above, that maintaining these requirements promotes and protects the rights and the role of shareholders in significant matters of company governance – values that the Corporate Governance Code seeks to protect.

Recommendation II.1.1.5.1. and Recommendation II.1.1.5.2. – The existence and disclosure of formal regulations for the operation of the management body.

Although there are no formal, written, internal regulations as envisaged by this recommendation, the Board of

¹ The Portuguese Companies Code establishes the following requirements for validating the decisions approved by a general meeting:
Quorum (article 383):

1. The general meeting can approve decisions, at a first convening, whatever the number of shareholders present or represented, except when otherwise stipulated in the following paragraph or in the contract.
2. For the general meeting to approve decisions, at a first convening, on amendment to the contract, merger, de-merger, transformation or winding-up of the company or other matters for which the law requires an unspecified qualified majority, shareholders holding shares representing one third of the share capital must be present or represented.
3. At second convening, the general meeting can approve decisions whatever the number of shareholders present or represented or the amount of share capital they represent.

Majority (article 386):

1. The general meeting approves decisions by a majority of votes, whatever the percentage of share capital represented, except when otherwise stipulated by law or by contract; abstentions are not counted.
2. When there are competing proposals in decisions on the appointment of members of governing bodies, statutory auditors or statutory auditor companies, the proposal receiving the largest number of votes shall win.
3. Decisions on any of the matters referred to in article 383(2) must be approved by a majority of two-thirds of the votes cast, whether the meeting is at its first or second convening.
4. If shareholders holding at least half the share capital are present or represented at the second convening of a general meeting, decisions on any of the matters referred to in article 383(2) can be approved by a majority of the votes cast.

Recommendation II.1.5.1.vii) – Suitable legal instruments such that compensation for the wrongful dismissal of a director is not paid if such dismissal is due to the inadequate performance of the director.

There are no legal instruments in the terms prescribed by this recommendation. In fact, as this recommendation was published subsequent to the election of the members of the Board of Directors in office on 31 December 2010 and since the company had not reflected on the possibility and pertinence of such instruments, it was not possible to implement it.

Recommendation II.1.5.2. – The declaration on the remuneration policy for the management and supervisory bodies provided for in article 2 of Law no. 28/2009 of 19 June, shall also give information on comparisons for determining the remuneration and on payments relative to dismissal or resignation from management duties by agreement.

Although the declaration on the remuneration of the members of the Board of Directors and the Supervisory Board is issued and submitted to the general meeting of shareholders for approval, containing all the mandatory items pursuant to the aforementioned law, that declaration does not cover payments relative to dismissal or resignation by agreement from duties for the same reasons as presented in the previous section.

Recommendation II.1.5.3. – The declaration on the remuneration policy referred to in article 2 of Law no. 28/2009 shall include the remuneration to directors and officers whose remuneration contains a significant variable component. The policy must take into account the long-term performance of the company, compliance with the regulations applicable to the company business and restraint in risk taking.

Although the declaration on the remuneration of directors and officers is issued and submitted to the general meeting of shareholders for approval, containing all of the mandatory elements pursuant to the aforementioned law, such declaration does not specifically cover compliance with the regulations applicable to the company business – because it is believed to be redundant given that strict and diligent compliance with the law is a premise for any and all professional services – nor does it refer to restraint in risk taking, given that this is achieved as a result of the efficient internal control system implemented by the company.

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

The Supervisory Board is responsible for proposing the Statutory Auditor. The Board of Directors agree on the respective remuneration and it is the responsibility of the General Administrative and Financial Department to ensure adequate conditions for provision of the services. It is believed that this segmentation permits a reasonable guarantee of the interests that this Recommendation protects.

In addition, the Supervisory Board gives its opinion on the work carried out by the Statutory Auditor, at the end of each financial year. The company publishes this opinion with the other financial reporting documents.

Recommendation II.4.6. – Internal audit and compliance services shall report to an independent director or to the Supervisory Board.

Internal audit services report to the Board of Directors. Although not the solution proposed by this recommendation, the company believes it is an effective way of guaranteeing the implementation of the rules applicable to it in time, extension and quality, whether these are laws, recommendations from regulatory authorities, mandatory rules arising from certification processes or procedures implemented by the company.

Recommendation II.5.1.iii) – Establishment of a committee to identify potential candidates with the profile necessary for the performance of director's duties.

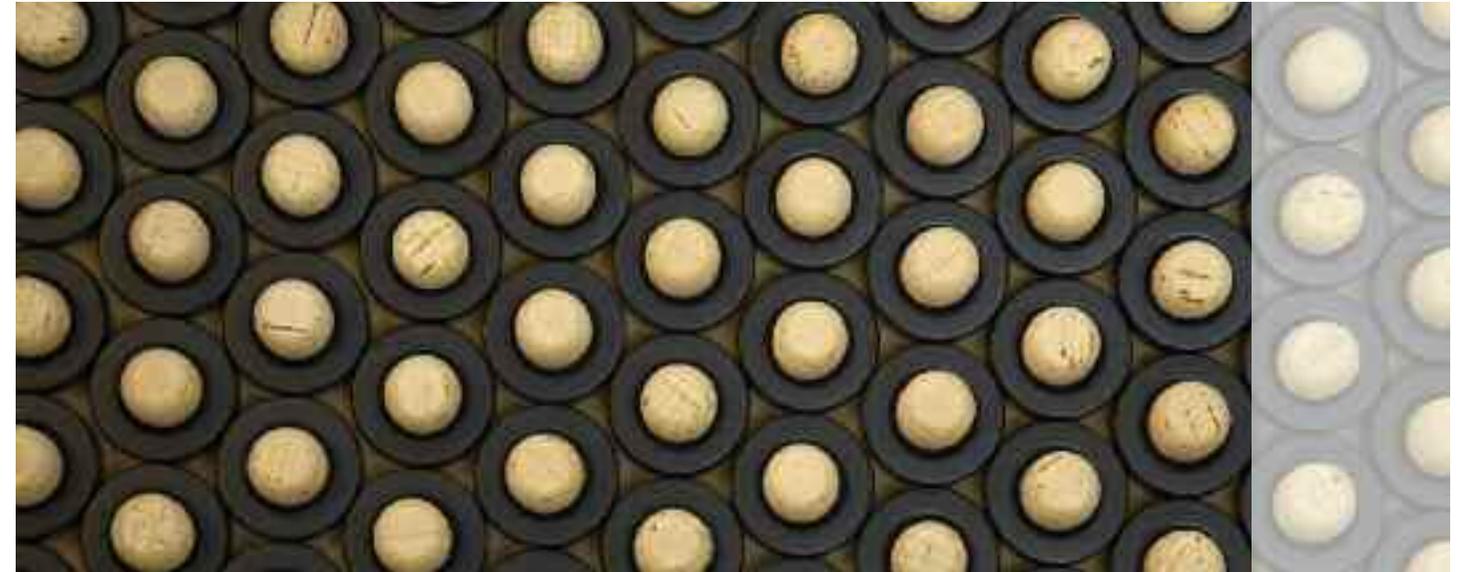
There is no committee pursuant to this Recommendation given that the election of the members of this body is made, by proposal of the shareholders, at the general meeting, as detailed in section 2.11. of this report.

Recommendation II.5.2. – The members of the Remuneration Committee must be independent and include at least one member who is knowledgeable and experienced in remuneration policy matters.

As mentioned 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 – in particular by the general meeting of shareholders which elected them to their respective positions – that they have adequate technical skills, and the experience, balance and ethics that allow them to fully defend the interests assigned to them.

Recommendation II.5.3. – No individual or company that provides, or has provided in the last three years, services to any structure under the direction of the board of directors, to the board of directors itself or that has a current relationship as a company consultant shall be hired to support the Remuneration Committee in the performance of its duties. This recommendation is also applicable to any individual or company that is related to those by an employment or provision of services contract.

The Remuneration Committee is only assisted by the employees of CORTICEIRA AMORIM. It is believed the duties referred to in the previous section are sufficient safeguard of the independence that this Recommendation proposes.



Recommendation III.1.3. – Rotation of the external auditor after three mandates.

There is no policy for rotation of the Statutory Auditor. The keeping of the auditor beyond the recommended three mandates takes into account the weighing up of the advantages and drawbacks, in particular the knowledge and experience acquired in the sector in which the company operates. PricewaterhouseCoopers & Associados, SROC, Lda. complies with the requirements of independence, which is reinforced by the fact that it proposes the rotation of the partner who assists the company every seven years, in line with best international practices.

In addition, CORTICEIRA AMORIM has, apart from the Statutory Auditor, a Supervisory Board wholly consisting of independent members, whose activity cannot be validly exercised for more than three mandates.

Thus, it is believed that the interests the recommendation aims to protect are fully guaranteed.

Recommendation III.1.4. – The external auditor must, within the scope of its duties, check application of the remuneration systems and policies, the effectiveness and operation of the internal control mechanisms and report any shortcomings to the company supervisory body.

The mandate of the Statutory Auditor does not cover the checking of the remuneration systems and policies implemented by the company. Although the Board of Directors believes that the remuneration management

system currently implemented guarantees compliance with the remuneration policy approved by the general meeting of shareholders, it is willing to review the procedure and adopt practices that may allow the Statutory Auditor to give an opinion on this matter also.

All other tasks are the duty of this body, which effectively and diligently carries them out.

Recommendation III.1.5. – The company may not contract from the external auditor, or any entity of the same network, services other than auditing services. In the event of such contracting, it must be approved and explained by the supervisory body and should not represent over 30% of the total value of services.

The services which the company contracts from PricewaterhouseCoopers, which holds the position of the company's Statutory Auditor, do not require the prior approval of the Supervisory Board. Those services essentially include support for the implementation of administrative mechanisms to ensure compliance with the formalities established by law and subject to rules which guarantee potential issues on the independence of this body, as illustrated more completely in section 3.17.

Recommendation IV.1.2. – Relevant business with owners of a qualifying shareholding or with related entities must be submitted to the supervisory body for a prior opinion.

Although the duty of submission for the opinion of the Supervisory Board of relevant business with shareholders or those with qualifying shareholdings is not provided for, experience over the years has shown that there has been no business of significant value between related parties and, in such an event, it is carried out under market conditions and the value is published in the Annual Report.

0.4. The governing body or the committee in question shall, at all times, assess the independence of each of its members and shall inform the shareholders, through a statement included in the corporate governance report, of its assessment both at the time of the appointment and when any circumstance determining the loss of independence occurs.

The compliance of all members of the Board of the General Meeting and the Supervisory Board with the regulations on independence and incompatibility set out in articles 414 and 414-A

of the Portuguese Companies Code is subject to verification by law. Each member of these bodies issues a statement at the time of their first appointment, in which they expressly:

1. state their awareness of legislation applying to their eligibility and to the exercise of the duties entailed in their appointment, specifically the requirements relating to independence and incompatibility;
2. state that they have no knowledge of any facts or conditions that could bring into question their compliance with the legal requirements for exercising the respective office;
3. make a commitment to inform CORTICEIRA AMORIM in a timely manner of the emergence of any fact that could negatively affect their compliance with such requirements.

CORTICEIRA AMORIM has not received any communication under the terms of section 3 above, prior to the date of the signing of this report, enabling it to conclude that the members of the Board of the General Meeting and the Supervisory Board are in full compliance with the regulations on independence and incompatibility by which they are governed.

In terms of the concept of independence set forth by the CMVM in the preamble to Regulation 1/2007 (“the reference for the independence of non-executive directors not directly covered by the provisions of the Portuguese Companies Code is now made in article 414-A and in article 414(5) of the Portuguese Companies Code”) none of the members of the Board of Directors of CORTICEIRA AMORIM is considered independent. However, it should be noted that verification of independence in the terms proposed by the Regulation constitutes a benchmark for assessing compliance with the good practices recommended by the CMVM Corporate Governance Code and not a legal or statutory requirement for the legitimate appointment and performance of the activities of members of this Board.

CHAPTER I – GENERAL MEETING

1.1. Identification of the members of the board of the general meeting.

The Board of the General Meeting consists of a Chairman and a Secretary. At 31 December 2010, these positions were occupied by Mr. Joaquim Taveira da Fonseca and Mr. Tiago Borges de Pinho, respectively.

The company makes adequate technical and administrative support available to ensure that the Board of the General Meeting can competently carry out its functions.

1.2. Indication of the commencement and end date of the mandates.

Chairman: Mr. Joaquim Taveira da Fonseca

First appointment:	30 March 2007
Renewal of mandate:	28 March 2008
End of current mandate:	31 December 2010, remaining in office until the next election in accordance with law.

Secretary: Mr. Tiago Borges de Pinho

First appointment:	30 March 2007
Renewal of mandate:	28 March 2008
End of current mandate:	31 December 2010, remaining in office until the next election in accordance with law.

1.3. Disclosure of the remuneration of the members of the board of the general meeting.

The Chairman of the Board of the General Meeting earned five thousand euros during the 2010 financial year and the total remuneration paid to all members of this body amounted to six thousand five hundred euros.

1.4. Indication of the advance period required for the deposit of shares or share-blocking for participation in the general meeting.

For shareholders to participate in a general meeting, their shares must be blocked for a minimum of five working days prior to the meeting date. The same rule applies when a general meeting is resumed at a later date in the event the initial session has been suspended.

1.5. Indication of the rules applying to share-blocking should the general meeting be suspended.

As in the case of initial general meetings, shareholders wishing to attend a general meeting resumed at a later date must ensure their shares have been blocked for a minimum of five working days prior to the meeting date.

1.6. Number of shares that correspond to one vote.

One share corresponds to one vote.

1.7. Indication of the statutory rules which provide for the existence of shares which do not give voting rights or which establish that voting rights are not counted beyond a specific number when issued by one shareholder only or by shareholders related to the same.

There are no statutory regulations regarding this point.

1.8. The existence of statutory rules on the exercise of voting rights, including constitutive or decision-making quorums or special equity rights systems.

In addition to the regulations referred to in sections 1.4. to 1.6. and 1.9. to 1.12. of this report, the articles of association have specific requirements in regard to constitutive/ decision-making quorums for the following situations:

- limitation or suppression of the right of preference in share capital increases – the articles of association require shareholders representing at least 50 percent of paid-up share capital to attend the General Meeting of Shareholders;

- removal from office of an elected member of the Board of Directors pursuant to the special rules set out in article 392 of the Portuguese Companies Code, when shareholders representing at least 20 percent of the share capital have not voted against the removal;
- exercising the right to vote – the need to hold at least one share at least five working days before the date scheduled for the general meeting;
- for a general meeting convened by shareholders to be able to approve decisions – shareholders representing at least the value of share capital required by law to legitimise the call to convene the meeting must attend;
- changing the composition of the Board of Directors – the need for approval by shareholders representing at least two-thirds of the share capital;
- winding-up the company – the need for approval by shareholders representing at least 85 percent of the paid-up share capital.

There is no limitation to the number of votes that each shareholder (either individually or jointly with other shareholders) is entitled to hold or exercise in a general meeting.

1.9. Existence of statutory rules on the exercise of voting rights via postal voting.

The articles of association allow shareholders to vote by post, provided the votes are received by the company a minimum of three working days prior to the general meeting.

1.10. Provision of a template for exercising the right to vote via postal means.

Forms for postal voting are available from CORTICEIRA AMORIM’s head office (Rua de Meladas, no. 380 – 4536-902 Mozelos) and from the company’s website (www.corticeiraamorim.com). At the request of shareholders, the company can also provide ballot papers by e-mail.

1.11. A deadline for the receipt of the postal ballots to be valid for the general meeting.

Postal votes must be received at least three working days before the date of the General Meeting. Postal votes will be regarded as negative votes in relation to proposals put forward on a date subsequent to the issue of the

postal votes. The postal votes of shareholders who subsequently attend a general meeting in person will be void.

1.12. Exercise of voting rights via electronic means.

CORTICEIRA AMORIM’s articles of association allow electronic voting, provided adequate technical facilities are in place to verify the validity of electronic votes and to guarantee the integrity and confidentiality of the contents.

Electronic voting is conditional on the Chairman of the Board of the General Meeting ensuring before the meeting is held that adequate technical facilities exist to ensure the security and reliability of votes cast in this way. Electronic votes must be received at least three working days before the date of the general meeting.

If the Chairman of the Board of the General Meeting decides that adequate technical facilities exist for electronic voting, shareholders will be informed of this fact in the notice convening the meeting. Electronic votes will be regarded as opposing any proposal put forward at a date later than the date of issue of such votes. The electronic votes of shareholders who subsequently attend a general meeting in person will be void.

1.13. Possibility of shareholders viewing the extracts of the minutes of the general meetings on the company’s website within five days of the holding of said meeting.

After each general meeting has been held, the minutes are made available at www.corticeiraamorim.com within a time period that does not exceed five days, thus making the minutes accessible to all shareholders, investors and the general public.

1.14. Existence of an archive on the company’s website with the decisions made at the company’s general meeting, the share capital represented and the results of votes taken, relating to the three preceding years.

An archive is kept on the company’s website of relevant information regarding general meetings of shareholders, covering the period from 2005 (inclusive) to the date of drawing up this report. This information includes: the convening notice, submitted proposals, attendance statistics, the results of votes taken and the minutes.

1.15. Indication of the representative(s) of the Remuneration Committee attending the general meetings.

The last company general meeting, held on 29 March 2010 was attended by Mr. Álvaro José da Silva, member of the Remuneration Committee.

1.16. Information on the intervention by the general meeting on matters concerning the remuneration policy of the company and the performance assessment of the members of the management body.

The general meeting of shareholders appoints a Remuneration Committee, taking into consideration the ability and capacity of its respective members to perform the duties assigned to them in an independent manner for the entire length of the respective mandate, i.e. to define remuneration policies for the governing bodies that foster, over the medium and long-term, the alignment of their respective interests with those of the company.

The adoption of the balanced scorecard method, which assesses performance on the basis of financial and non-financial indicators, enables the Remuneration Committee to determine annual

performance in relation to established targets. It is also the basis of preparation of the statements of the Remuneration Committee and the Board of Directors on the remuneration policy of the management and supervisory bodies and other directors and officers, submitted annually to the general meeting of shareholders for approval.

1.17. Information on the intervention of the general meeting with regard to the proposal on plans for award of shares and/or share purchase options, or on the basis of price variations in shares, to members of the management or supervisory boards and other directors and officers, within the meaning of article 248-B(3) of the Portuguese Securities Code, as well as on the elements provided to the general meeting in order to correctly evaluate these plans.

Although there were no plans such as those in this note on 31 December 2010, it is company policy that if such implementation were to be proposed, the general meeting would decide on the features of the plans adopted and in force during the financial year in question.

1.18. Information on the intervention of the general meeting in approving the main characteristics of the retirement benefit plans for members of the management and supervisory bodies and other directors and officers within the meaning of article 248-B(3) of the Portuguese Securities Code.

Although there were no retirement benefit systems such as those in this note, at the date of this report, it is company policy that if such plans were to be proposed, the general meeting would deliberate on the features of the systems adopted and in force during the financial year in question.

1.19. Existence of a statutory rule envisaging the duty to submit to the general meeting to approve continuation or cancellation, at least every five years, of a statutory rule providing for the limitation of the number of votes that may be held or used by a single shareholder or in conjunction with other shareholders.

Not applicable, bearing in mind that, as referred to previously, there are no statutory rules which establish shares that do not have voting rights or which stipulate that voting rights are not counted above a certain number when issued by one single shareholder or by shareholders acting together.

1.20. Indication of the defensive measures that are intended to automatically cause serious asset erosion in the event of changes of control or changes to the composition of the management body.

The articles of association of the company do not include measures of this nature and, to the best of CORTICEIRA AMORIM's knowledge, there are no other provisions and/or measures intended to automatically cause serious erosion of the company's assets in the event of a transfer of control or changes to the composition of the Board of Directors.

1.21. Main Significant agreements that the company is party to and which come into force, are amended or terminate in the event of the change in control, as well as related effects, unless the disclosure of same may be, due to their nature, highly damaging to

the company, save when the company is specifically obliged to disclose such information by force of legal imperatives.

There are no such agreements under the terms described in this paragraph.

1.22. Agreements between the company and members of the management body and directors and officers, within the meaning of article 248-B(3) of the Portuguese Securities Code, which establish compensation in the event of resignation, wrongful dismissal or removal from office following a change in company control.

The company has no agreements with the members of the Board of Directors or other directors and officers to pay compensation, except where compensation payments are required by law.

CHAPTER II – MANAGEMENT AND SUPERVISORY BODIES

The company adopts a governance model commonly known as the “reinforced Latin model”, which advocates the separation of the roles of the management and supervisory bodies, as well as a double supervisory mechanism, consisting of a supervisory board and a statutory auditor.

Cork combines centuries of tradition with the modern techniques of a state of the art industry, leading sustainability practices.

The Board of Directors considers that the adoption of this model creates a more effective supervisory body with strengthened powers, composed entirely of members subject to broader regulations in relation to incompatibility and independence. It also considers that attributing this function to an autonomous body – the Supervisory Board – helps create an efficient corporate governance model that establishes a clear division between the different bodies, ending the granting of supervisory powers to members of the Board of Directors, which is by law a collegial body.

As a consequence, the Board of Directors is confident that the corporate governance model adopted is suitable for the specific circumstances of CORTICEIRA AMORIM in that it:

- embodies a structure of corporate rules and good practices that respectively promote greater transparency and high levels of professionalism and capabilities;
- guarantees an alignment of the interests of the whole organisation, specifically among shareholders, members of the governing bodies, directors and officers and other employees;
- encourages the participation of shareholders in the life of the company;
- fosters the efficiency and competitiveness of CORTICEIRA AMORIM.

CORTICEIRA AMORIM promotes a process of internal reflection on the corporate governance structures and practices adopted, comparing the degree of efficiency with the potential advantages to be gained by implementing other practices and/or measures envisaged in the CMVM Corporate Governance Code or by other entities.

The Executive Committee has analysed this matter together with issues related to the organisational development of CORTICEIRA AMORIM. The process of deliberating on the corporate governance structure itself takes place both in the Executive Committee – with the presence of the market relations officer – and the Board of Directors.

SECTION I – GENERAL ITEMS

2.1. Identification and composition of the governing bodies.

On 31 December 2010, the governing bodies were 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:	José da Silva Carvalho Neto
Member:	André de Castro Amorim

Supervisory Board:

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

Statutory Auditor:

Permanent:	PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda., represented by José Pereira Alves (ROC) or António Joaquim Brochado Correia (ROC)
Substitute:	Hermínio António Paulos Afonso (ROC)

2.2. Identification and composition of other committees created with responsibilities for the management or supervision of the company.

As envisaged in CORTICEIRA AMORIM's articles of association, the following bodies are currently in operation:

Adviser to the Board of Directors

Board of Directors' meetings are attended by an adviser in addition to board members. The position of adviser to the Board of Directors was created in 2001 and, since that date, has been filled by Mr. Américo Ferreira de Amorim.

Executive Committee

The Executive Committee is composed of three members, a chairman and two board members. On 31 December 2010, the committee was composed of the following members:

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

2.3. Organisational charts or duty charts concerning the distribution of responsibilities among the various 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 management or supervisory bodies, as well as a list of non-delegable matters and the responsibilities actually delegated.

The Board of Directors is composed of four non-executive members and three executive members (Fig. 19).

CORTICEIRA AMORIM's Board of Directors has effective control over the activities of the company, being the body responsible for making strategic decisions. It is also the body that monitors the most important and relevant aspects of the company's activities, including significant matters decided on or analysed by the Executive Committee, ensuring that members of the Board of Directors remain aware of measures adopted as a result of Board decisions and can monitor their implementation and the results produced.

As stipulated in the Portuguese Companies Code, the role of the Board of Directors is to manage the activities of the company and decide on any matter relating to its administration, abiding by the resolutions made by the General Meeting or the rulings of the Supervisory Board in cases where this is required by law or by the articles of association.

The powers of the Board of Directors include: choosing its chairman; co-opting directors; requesting the convening of general meetings; preparing annual reports and financial statements; the

purchase, sale or encumbrance of immovable assets; providing personal or real guarantees and sureties by the company; opening or closing facilities or important sections thereof; significantly expanding or reducing important company activities; important changes to company organisation; establishing or terminating lasting and important cooperation projects with other companies; moving the company's registered office and share capital increases; the merger, de-merger or transformation of the legal nature of the company; and deciding on any other matter by request of any director.

The articles of association give the Board of Directors the following powers: running, managing administrating and representing the company; transferring the company registered office to any other location permitted by law; creating, in any part of Portugal or overseas, delegations, agencies, branches, subsidiaries, branch offices, offices or other local forms of representation; acquiring, selling and encumbering in any form shares and bonds of the company and any rights pertaining thereto, as well as carry out any

operations in regard to those securities that is deemed appropriate; acquiring, selling, exchanging and leasing property, by means of any agreement or contract, and to encumber property even through the establishment of collateral; exercising and promoting the rights held by the company in the equity of other companies; acquiring, selling, exchanging, leasing and encumbering movable property in any manner; negotiating finance with credit institutions; operating bank accounts, depositing and withdrawing funds, issuing, accepting, signing and endorsing cheques, letters, promissory notes, invoices and other negotiable instruments; admitting fault, desisting from or settling any legal action, as well as entering into arbitration; carrying out any other duties provided for in this contract and by law.

The Board of Directors may delegate its powers as follows:

1. to one or more directors or to an Executive Committee, setting limits on this delegation and/or indicating one or more directors to assume responsibility for certain management affairs – under this scope, the following are non-delegable:
 - choosing the chairman of the Board of Directors;
 - co-opting directors;
 - request for convening general meetings;
 - annual reports and financial statements;
 - purchase, sale and encumbrance of real estate;
 - providing personal and real guarantees by the company;
 - opening or closing facilities or important parts of the same;
 - significant extensions or reductions in company activity;
 - significant changes to the company's organisation;
 - establishing or terminating lasting and significant cooperation projects with other companies;
 - moving the company's registered office and share capital increases;
 - the merger, de-merger or transformation of the legal nature of the company.
2. for the execution of the decisions of the Board in any of its members or an Executive Committee; the day-to-day management of the company, the powers of certain administrative matters; the definition of the operating scheme for the Executive Committee – under this scope, the following powers cannot be delegated:

- choosing the chairman of the Board of Directors;
- co-opting directors;
- request for convening general meetings;
- annual reports and financial statements;
- providing personal and real guarantees by the company;
- moving the company's registered office and share capital increases;
- the merger, de-merger or transformation of the legal nature of the company.

The **Adviser to the Board of Directors**, as the title indicates, advises the Board of Directors on all matters addressed at board meetings, but does not have the right to vote on the decisions taken.

In the specific case of CORTICEIRA AMORIM, the unequalled experience, forward vision and entrepreneurial spirit of Mr. Américo Ferreira de Amorim make an important contribution to the development of the company. A wise and experienced counsellor, he also challenges and encourages the company to adopt new initiatives and approaches.

The **Executive Committee** is the result of the delegation of the powers of the Board of Directors in a manner designed to increase management flexibility and ensure closer and continuous monitoring of the company's different structures (management, operations and support) and its operating and business activities.

CORTICEIRA AMORIM's articles of association confer on the Executive Committee the power to implement the decisions of the Board of Directors, to assume the day-to-day management of the company and to deal with administrative matters.

The company has implemented a system for the Executive Committee to report to the Board of Directors, ensuring that the activities of both are aligned and that all members of the Board of Directors are informed in a timely fashion of the activities of the Executive Committee.

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

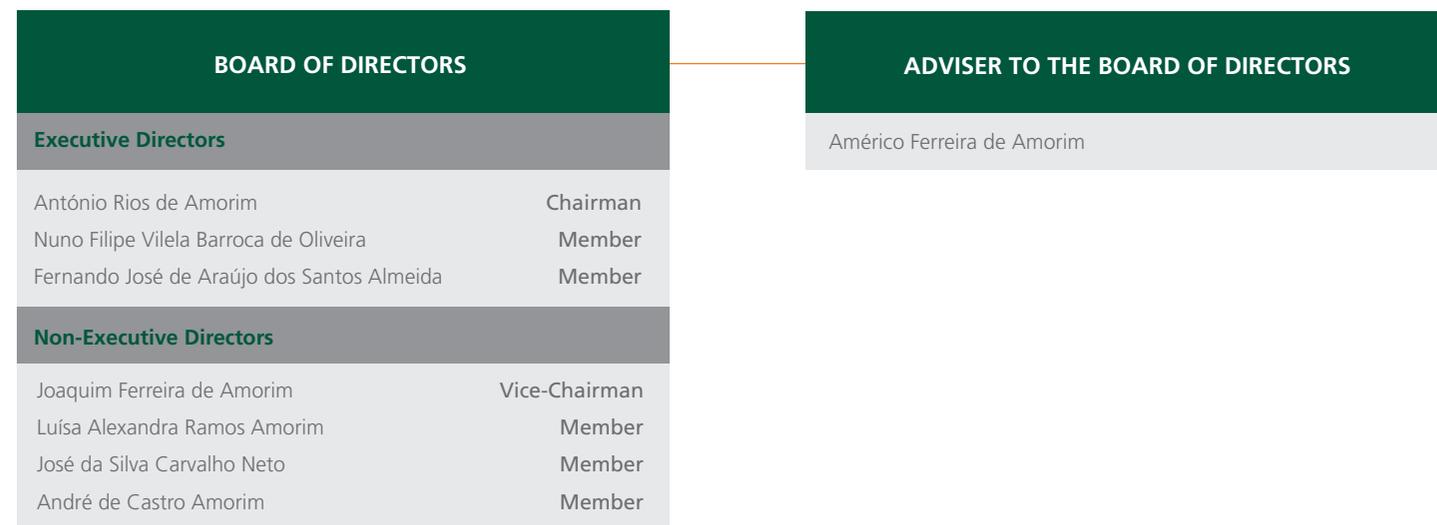
Management Structure of the Business

CORTICEIRA AMORIM's operational activities are structured into five Business Units (BUs).

Using a management model based on the concept of a strategic-operational holding company, the BUs are co-ordinated by the CORTICEIRA AMORIM Executive Committee, which has wide-ranging management powers, excepting those powers which, for legal or statutory reasons, are reserved for the Board of Directors.

The strategic alignment of the entire organisation is enhanced through the use of the balanced scorecard methodology by CORTICEIRA AMORIM and its BUs. In this regard, CORTICEIRA AMORIM's Board of Directors is responsible for approving the strategic initiatives and aims that (i) run through the entire organisation, (ii) are specific to CORTICEIRA AMORIM and to each BU.

Fig. 19 • Board of Directors



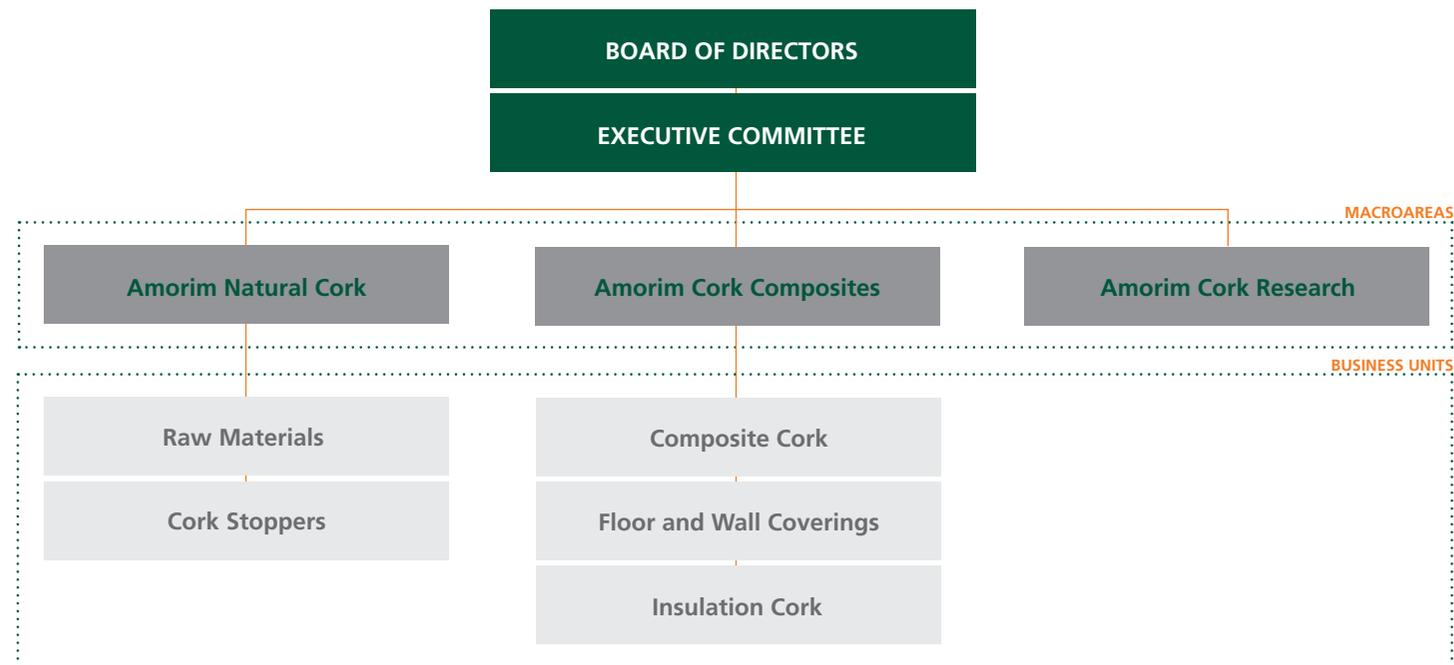
Each BU has a Board of Directors made up of non-executive and executive members, including a managing director. These bodies are responsible for the decisions on all matters deemed to be of importance. The following diagram shows how the company's management structure is currently organised (Fig. 20).

The **Support Departments** are responsible for monitoring and co-ordinating the activities of the BU and their respective operational areas, under the coordination of the members of the Executive Committee, as shown in Fig. 21.

At intervals considered to be the most suitable/appropriate, the managing director of the support department, the Executive Committee or the Board of Directors can request – and they effectively do – an analysis of the activities of the support departments so that the Board of Directors can consider the need/opportunity for attributing new functions or developing new strategies.

The directors responsible for each BU and each support department are also moved to other BUs and support departments on a regular basis to ensure the continued high performance of each of these units, constantly challenging the units to work more cohesively together, to become more proactive and promote innovation.

Fig. 20 • Business Management Structure



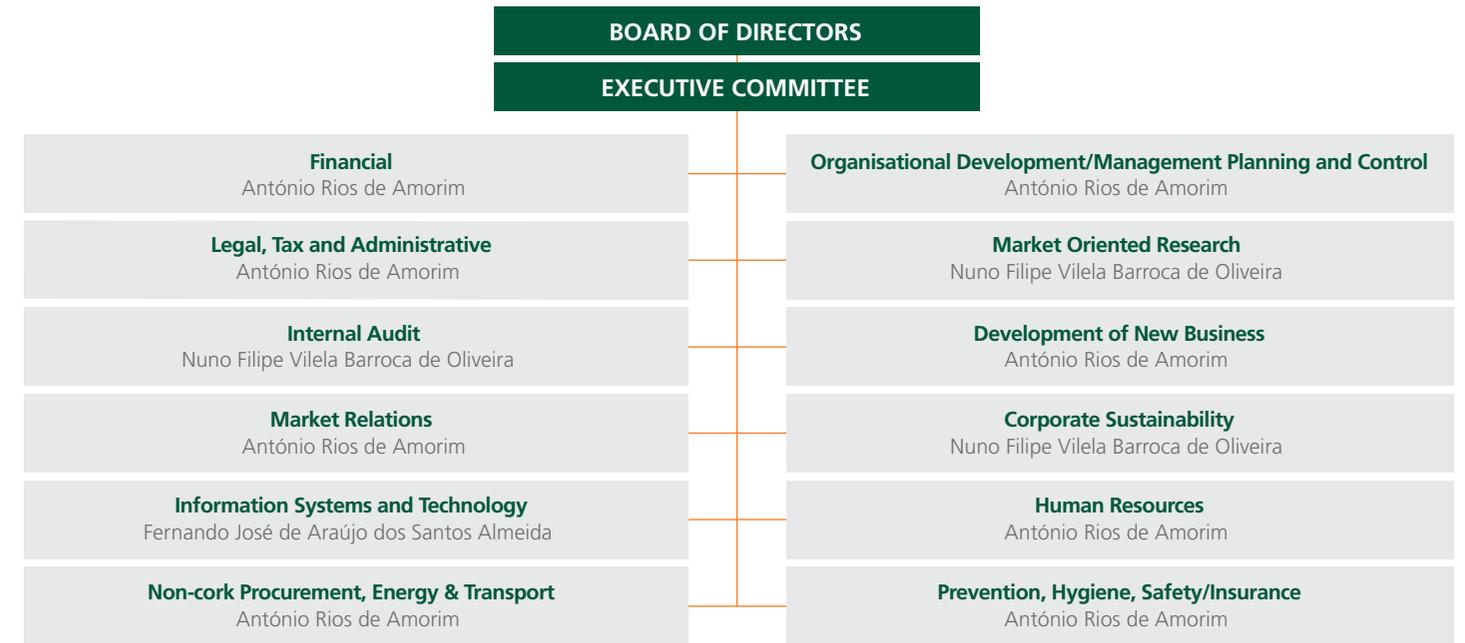
Given the importance and critical nature of the financial operations of CORTICEIRA AMORIM, which has subsidiaries all over the world, sells its products in more than one hundred countries (some in the currency of the customer country) and has a considerable level of debt, the company monitors these operations at several levels, coordinating them by means of an information and reporting system as well as through meetings for deliberating on, debating and drawing conclusions.

During this year, Mr. António Rios de Amorim was responsible for overseeing the financial area, which he has been in charge of since 2008.

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

- the General Financial Direction (DGF) coordinates financial operations at a central level. It is responsible for developing policies and measures (for approval by the Executive Committee) and implementing them, for global dealings with financial counterparts, for monitoring evolution and making

Fig. 21 • Support Departments



regular reports (to the director responsible for the financial area and to the Executive Committee and the Board of Directors);

- financial managers who, at the level of the group's individual companies, manage the financial component of their activities in accordance with predetermined policies and measures, coordinating their activities with the DGF.

The coordination of the entire organisational structure is ensured by means of:

- daily information and fortnightly discussion on financial markets and economic developments that could have an impact on group companies;
- regular information (monthly) on the terms and benchmarks of the group's global financial operations;
- quarterly meetings of financial managers – for the analysis of specific situations and deliberation on measures to be implemented;
- reports sent to the Board of Directors, which deliberates on the most important aspects of financial operations (indebtedness, capital invested, liabilities).

These measures ensure that financial know-how is consolidated and used for the benefit of the company by means of a stable structure. They also ensure the regular rotation of supervision of financial operations, with the director responsible for this area taking on the role of challenging and helping group companies to adopt new approaches and practices.

2.4. Reference to the fact that the annual reports on the activity carried out by the General and Supervisory Board, the financial matters committee, the Audit Committee and the Supervisory Board include the description of the supervisory activity carried out, mentioning any constraints detected and to be published on the company's website, along with the financial reporting documents.

The company's Supervisory Board draws up an annual Report and Opinion which describes the work carried out and its conclusions; this Report and Opinion is available, along with the other financial reporting documents, for consultation by shareholders within the time period provided for by law. This Report and Opinion is included in and published along with the company's annual Report and Accounts, available for consultation at www.corticeiraamorim.com.

2.5. Description of the internal control and risk management systems within the company, in particular as regards the financial information disclosure system, the way this system works and its effectiveness.

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

Because of the specific characteristics of CORTICEIRA AMORIM, two critical factors have been identified at the operational level: market and business risks and raw material (cork) risk. Operational management is the responsibility of the BUs.

Market and business risks:

In the first instance, market and business risk is managed by the four BUs – Cork Stoppers, Floor and Wall Coverings, Composite Cork and Insulation Cork – which intervene in the markets that deal in CORTICEIRA AMORIM's end products.

In their strategic planning, these BUs, supported by the balanced scorecard methodology, have identified key factors for value creation, using a multi-faceted approach that encompasses the outlook for finance, market/customers, processes and infrastructures.

Using this approach, strategic objectives and intermediate goals are defined, together with the actions required to achieve them.

The balanced scorecard methodology strengthens the alignment between strategic goals and operational planning, enabling priority actions for reducing risk and sustaining value creation, implemented over shorter periods. Processes for systematically monitoring these actions are implemented by the BUs and are subject to periodic auditing and monthly evaluation by each BU's board of directors.

Raw material (cork) factor:

Because of the critical importance of this factor, which affects all of the company's BUs, the management of purchase, storage and preparation of the single variable common to all of CORTICEIRA AMORIM's operations, which is the raw material (cork), is concentrated into a single autonomous BU. This has enabled the company to:

- create a specialised team exclusively dedicated to raw materials;
- make the most of synergies and integrate the processing of all raw materials (cork) processed by other BUs;
- manage raw materials from a multinational perspective;
- strengthen its presence in cork-producing countries;
- keep a historical record of production that is updated in terms of each cork-producing forestry unit;
- strengthen relations with producers, promote forest certification, enhance the technical quality of products and develop research and development partnerships in the forestry area;
- prepare, discuss and enable the board of directors to decide on multi-annual procurement policies;
- ensure the right mix of raw materials to meet market demand for end products;
- ensure the supply stability of cork, a critical variable for CORTICEIRA AMORIM's operations, over the long term.

Legal Risk:

With regard to legal risks, the main risk to the business of CORTICEIRA AMORIM and its subsidiaries is related with potential alterations to legislation which could have an impact on operations – in particular, labour legislation and environmental regulations and similar – which could affect the pursuit of its business and the profitability of the business areas where the organisation operates.

The Legal and Supervisory Department, in cooperation with the Organisational Development/Planning and Management Control and Internal Audit area, seeks to anticipate such alterations, adapting company practices accordingly. The existence of numerous certificates, set out in detail in Chapter 5. of the Management Report (food safety, quality, environment, human resources, etc.), based on procedures designed, implemented and audited regularly and strictly by the entities in charge of issuing such certificates guarantees the minimisation of such risks. Whenever applicable and possible, the organisation takes out insurance policies to mitigate the consequences of uncertain but potentially unfavourable events.

Under the direction of the Board of Directors, with the support of the Executive Committee or an Executive Director, the company's support departments play an important role in managing critical risk factors, including risk prevention and detection. The financial, organisational development/planning and management control and internal audit support departments make the biggest contributions to this area.

Financial Area:

Because CORTICEIRA AMORIM is one of Portugal's most international companies, it pays special attention to managing exchange rate risk in addition to liquidity and interest rate risks.

Together with its responsibilities for preventing, auditing and managing the abovementioned risks, the main objective of the financial department is to support the definition and implementation of global financial strategies and to co-ordinate the financial management of the group's BUs.

The Organisational Development/Planning and Management Control and the Internal Audit Support Departments:

These two support departments work together to reduce the group's operating risks. Their two main tasks are to assess and review internal control systems with a view to optimising resources and safeguarding assets, and to monitor operations with the aim of providing the management bodies with a reasonable degree of certainty that business goals will be met.

In regard to the disclosure of financial information, the company promotes close cooperation between all those involved in the process to ensure that:

1. disclosure complies with all relevant legislation and the best practices in terms of transparency, relevance and reliability;
2. the information has been properly verified 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 the relevant legal requirements and recommendations, specifically those of the CMVM, and is made in the following order: first, via the CMVM information system (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 staff and to shareholders, investors, analysts and stakeholders, whose contacts are stored in a database.

The company also uses a written Manual of Internal Control Procedures, which has been approved by senior management and which all companies belonging to the CORTICEIRA AMORIM group are required to adopt. The Manual sets out regulations designed to ensure that the rules listed above are properly implemented in the preparing and disclosing of financial information to guarantee quality, transparency and balance.

2.6. Responsibility of the management body and the supervisory body in the creation 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 process of perfecting and adapting the internal reflection of the company, involving both the Board of Directors, in particular its Executive Committee and the various support areas – in particular, the Organisational Development/Planning and Management Control and Internal Audit area –, and, when relevant, the support of specialised external consultants.

The evolution of the business and the growing complexity of the framework in which the business is carried out are cause for close monitoring of the systems implemented and incorporating the contributions and opinions both of the Supervisory Board and the Statutory Auditor, which brings about the adoption of more effective procedures whenever this is deemed to be advisable.

Under the terms of the Supervisory Board Regulations, it is also up to this body to monitor the effectiveness of the risk management system, the internal control system and the internal auditing system.

2.7. Indication on the existence of regulations on the functioning of the governing bodies or any internally defined rules on incompatibility and the maximum number of positions that a member is entitled to hold and the place where these rules may be consulted.

The functioning of the Board of Directors of CORTICEIRA AMORIM complies with all of the regulations to which it is subject, specifically those stipulated in the Portuguese Companies Code, the articles of association and the regulations issued by the CMVM. The company considers this to constitute legitimate internal regulation that is both appropriate and advantageous to the Board's proper functioning and to ensuring its collective commitment to working efficiently in the interests of the company and all of its shareholders.

Although it has no formal internal regulations, CORTICEIRA AMORIM also considers that the principles of good business practice are part of the business values upheld both by the members of this governing body and by all the staff members that support and/or advise it.

The company's Supervisory Board has a set of regulations, which stipulate those persons who are disqualified from being elected or appointed members of the Supervisory Board:

- beneficiaries of special advantages in the supervised company (*);
- persons occupying management positions in the supervised company (*);
- members of governing bodies of companies in a control or group relationship with the supervised company (*);
- partners in companies in a control relationship with the supervised company (*);
- persons who directly or indirectly provide services or have a significant commercial relationship with the supervised company or a company with which the supervised company is in a control or group relationship (**);
- persons on the staff of competing companies and who act in representation of or on behalf of that company or who are connected by any other means to interests of a competing company (*);
- persons who occupy management or supervision positions in five or more companies, with the exception of law firms, auditing companies and statutory auditors;

- statutory auditors that, under the terms of the respective legislation, are incompatible in other ways;
- persons who are barred, even if only temporarily, from holding public office because they are prohibited, debarred, insolvent, bankrupt, or subject to legal punishment.

(*) including spouses, direct family members, and relations to the third degree;

(**) including spouses.

The company's Supervisory Board Regulations are available at www.corticeiraamorim.com.

SECTION II – BOARD OF DIRECTORS

2.8. If the chairman of the management body carries out executive duties, indication of the mechanisms for coordinating the work of the non-executive members who assure the independent and informed nature of decisions made.

Non-executive members of the Board of Directors regularly take part in the meetings of the Board of Directors which, every month, decide on and analyse the evolution of all non-delegable matters and of all matters whose relevance, materiality and/or criticality make their inclusion on the Board's Agenda pertinent.

The administrative organisation of meetings guarantees all members of the Board – executive and non-executive – adequate prior preparation, encouraging the active participation of all members in the debate, analysis and highlighting of actions in favour of the productivity of the meetings and the efficiency of the organisation. The schedule for ordinary meetings of the Board of Directors is agreed at the beginning of each financial year so that all members may be present. Any Director, including non-executive directors, may request the inclusion of points/matters to be analysed by the Board, up to two working days before each meeting is held.

The company has implemented a system for the Executive Committee to report to the Board of Directors that ensures that the activities of both are aligned and that members of the Board of Directors are informed in a timely fashion of the activities of the Executive Committee.

Thus, apart from matters which, by law or by the articles of association are the exclusive business of the Board of Directors, non-executive members are aware of and monitor:

- the evolution of the operating activity and the main economic and financial indicators for each BU that makes up CORTICEIRA AMORIM;
- relevant information on the consolidated financial operations: financing, investment, financial autonomy and off-balance sheet commitments;
- the business carried out by the various support departments and the respective impact on the organisation;
- the evolution of R&D activities;
- the calendar of the main events of CORTICEIRA AMORIM and its BUs. The Organisation is often represented at international events, such as business missions, by one or more non-executive members of the Board of Directors.

2.9. Identification of the main economic, financial and legal risks that the company is exposed to in the pursuit of its business.

The main risks to which the company is exposed are described in Chapters 12 and 13 of the Consolidated Management Report as well as in section 2.5. above.

2.10. Powers of the management body, particularly as regards share capital increase resolutions.

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

With specific regard to share capital increases, the Board of Directors can, pursuant to article 8 of the articles of association, decide by unanimous resolution of all its members to increase the share capital, once or more times in accordance with the methods permitted by law, up to EUR 250 million. It is also up to the Board of Directors to determine the respective terms and conditions of capital increases as well as the subscription and paying-up deadlines involved.

2.11. Information on the policy of rotation of the duties of members of the Board of Directors, in particular that of the financial area, as well as the rules applicable to the appointment and replacement of members of the management and supervisory body.

The policy of rotation of duties (Support Departments) on the Board of Directors, including the director in charge of the financial department, is described in section 2.3. above.

Rules regarding the appointment and replacement of members of the management body are in accordance with the law, with the addition of the following criteria, which are contained in the company articles of association:

Shareholders elect the board by choosing between competing lists of candidates, which specify the office for which each individual is a candidate. Voting is carried out in two stages:

First stage: the election of one individual board member from candidates proposed in lists put forward by groups of shareholders who own between 10% and 20% of the share capital. Each list must propose at least two candidates for each office to be filled. No shareholder may back more than one list. If more than one list is put forward, shareholders will first vote for a list and then vote for the individual candidates for each office contained in the winning list. Lists of candidates may be proposed at the general meeting

The range of possibilities offered by cork creates challenges embraced by designers around the world.



at any time before discussion begins on the item on the agenda regarding the election of the board of directors;

Second stage: the general meeting elects the other members of the board of directors. All shareholders attending the meeting may take part in the discussion regardless of whether they have backed or voted for any of the lists in the first stage. The general meeting cannot elect the remaining board members until one of the candidates proposed in the lists in the first stage has been elected, unless no list was put forward.

Members of the Board of Directors are elected for a mandate of three calendar years. Shareholders obligatorily elect the members of the board of directors at the end of their mandate. Board members may be re-elected one or more times.

The annual general meeting may propose to replace any or all of the members of the Board of Directors when the management report, the annual financial statements and the proposal for the appropriation of profits are put forward for voting, without there being cause for the payment of indemnity or compensation for the directors thus dismissed, irrespective of whether fair grounds for such dismissal have been claimed or not. However, this mechanism shall not come into effect in relation to the member of the Board of Directors elected under the scope of special election rules described for the first phase above if shareholders representing at least twenty per cent of the share capital have voted against the decision to dismiss, irrespective of the claiming of fair grounds for same.

The rules governing the appointment and replacement of members of the Supervisory Body are set out in the relevant legislation, the articles of association and the Regulations of the Supervisory Board:

- candidates are elected in separate lists specifying the post for which each individual candidate is standing;

- members of the Supervisory Board are elected for a mandate of three calendar years. After serving their mandate, they remain in place until they are legally replaced; the calendar year in which they are elected counts as a whole year for calculating the term of the mandate. Members of the Supervisory Board can be re-elected in accordance with the provisions of law;
- the Supervisory Board is composed of three permanent members and one or more substitutes. Incumbent members who are temporarily prevented from carrying out or who terminate their office are replaced by the substitutes. When the Chairman of the Supervisory Board steps down before the end of the period for which he was elected or appointed, the other members will appoint one from among their number to act as chairman until the end of the respective mandate. Substitutes taking over the duties of incumbent members who have terminated office will remain in the post until the next annual general meeting, which will then proceed with filling the vacancies. If it is not possible to fill a vacancy left by an incumbent member because of an insufficient number of elected substitutes, the vacant positions of both incumbent members and substitutes are filled through a new election. To this end, the Supervisory Board should advise the Chairman of the Board of the General Meeting and the Board of Directors in writing of any such vacancies as soon as they become known;
- the Supervisory Board should include at least one member who has a university degree appropriate to the position, knowledge of auditing or accounting and who is independent;
- 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 Board of the General Meeting and the Board of Directors in writing of any situation or circumstance that might imply the loss of their independence pursuant to and for the purposes of the previous section.

The posterior materialisation of the reasons resulting in incompatibility or the loss of independence (described in section 2.6. above) leads to the nullification of appointments. Members of the Supervisory Board shall immediately advise the Supervisory Board, the Chairman of the Board of the General Meeting and the Board of Directors in writing of any such occurrences.

2.12. Number of meetings of management and supervisory bodies as well as a reference to the taking of the minutes of such meetings.

Under the terms of the articles of association, the Board of Directors meets whenever it is in the interest of the company to do so (article 28). In 2010, ten meetings were held and the corresponding minutes were drawn up.

The Supervisory Board meets whenever a meeting is convened by the Chairman or by two other board members. It meets at least once every quarter, in accordance with the provision of article 10

of its internal regulations. This governing body met five times in 2010 and the corresponding minutes were drawn up.

2.13. Indication of the number of meetings of the Executive Committee or of the Executive Board of Directors, as well as a reference to the taking of minutes of these meetings and their being sent, along with the convening notices, as applicable, 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 Board and to the Chairman of the Financial Matters Committee .

The Executive Committee met fourteen times during 2010 and the corresponding minutes were drawn up.

2.14. Distinguishing executive and non-executive members and indicating the non-executive members who complied, if such were applicable to them, with the rules of incompatibility provided for in article 414-A(1), with the exception of the provisions of sub-paragraph b), and the independence criteria provided for in article 414(5), both of the Portuguese Companies Code.

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:	José da Silva Carvalho Neto
Member:	André de Castro Amorim

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

- a) the incompatibility rules provided for in article 414-A(1) of the Portuguese Companies Code, with the exception of the provisions of sub-paragraph b), then none of the directors in office on 31 December 2010 complied fully with such rules;
- b) the independence criteria provided for in article 414(5) of the Portuguese Companies Code, then only Mr. Fernando José Araújo Santos Almeida met the independence criteria.

2.15. Indication of legal and regulatory rules and other criteria which were the basis for the assessment made by the management body on the independence of its members.

The assessment of the independence of the members of the Board of Directors are based on (i) compliance with the criteria provided for in article 414(5) of the Portuguese Companies Code; (ii) the non-existence of the situations provided for in sub-paragraphs a), c) and d) of article 414-A(1); (iii) the non-existence of a significant commercial or competing relationship with the company or with companies in a group relationship; (iv) the non-existence of a prior employee relationship with a duration of over ten years, consecutive or interrupted.

2.16. Indication of the rules for the selection of candidates for non-executive directors and means of ensuring that executive directors do not interfere in this process.

As arising from the election and replacement system described in 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 presenting lists drawn up under the terms they consider most suitable, for appraisal/election at the general meeting of shareholders.

2.17. The company's annual management report includes a description of the activity carried out by the non-executive directors and any constraints detected. CORTICEIRA AMORIM's annual Management Report includes a description of the activity carried out by non-executive members and any constraints detected.

2.18. Professional qualifications of the members of the Board of Directors, the professional activities carried out by them at least during the last five years, the number of company shares they hold and the date of first appointment and the end date of their mandate.

António Rios de Amorim (Chairman):

Chairman of CORTICEIRA AMORIM's board of directors and executive committee since March 2001. He was chief executive officer at Amorim & Irmãos (1996-2001), Director of Sociedade Figueira-Praia (1993-2006), head of operations at Amorim – Empreendimentos Imobiliários, which developed the Torres de Lisboa and Arrábida Shopping Centre projects (1993-1995), executive director of Amorim Hotéis, S.A., responsible 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 – the only Portuguese business group belonging to this prestigious association (1991-1995). He has been chairman

of the Portuguese Cork Association since 2002 and the Confédération Européenne du Liège since 2003. In February 2006, the President of Portugal awarded him the title of *Comenda de Grande-Oficial da Ordem de Mérito Agrícola, Comercial e Industrial*, this being an award for outstanding merit in the field of agriculture, commerce and industry.

Age: 43

Date of first appointment to the board of directors: 29 March 1990.

First appointment as chairman of the board of directors: 31 March 2001.

Date of end of mandate: 31 December 2010.

On 31 December 2010 he did not directly hold any CORTICEIRA AMORIM shares.

Joaquim Ferreira de Amorim (Vice-Chairman):

A businessman and a director of several companies. Part of the third generation of the Amorim family, he has accumulated about 50 years of professional 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 world leadership of the cork industry.

Age: 74

Date of first appointment to the board of directors: 9 October 1987.

Date of end of mandate: 31 December 2010, remaining in office until the election of directors, according to law.

On 31 December 2010 he did not directly hold any CORTICEIRA AMORIM shares.

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 a year in the commercial area 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 for three years he worked in the analysis and planning, international and investment funds departments.

Age: 40

Date of first appointment to the board of directors: 28 March 2003.

Date of end of mandate: 31 December 2010, remaining in office until the next election of directors, according to law.

On 31 December 2010 he did not hold any CORTICEIRA AMORIM shares.

Luísa Alexandra Ramos Amorim (Member):

Graduate in Hotel and Catering 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. (since 2002) and Marketing Manager of J. W. Burmester (2000-2002). She joined the Amorim group as an assistant of the Hotel Department of Amorim Hotéis e Serviços and in Sociedade Figueira-Praia (1996-1997). She worked in different business areas of the group in Portugal and overseas between 1998 and 2000.

Age: 37

Date of first appointment to the board of directors: 28 March 2003.

Date of end of mandate: 31 December 2010, remaining in office until the next election of directors, according to law.

On 31 December 2010 she did not hold any CORTICEIRA AMORIM shares.

José da Silva Carvalho Neto (Member):

He graduated in chemical engineering from the University of Porto, Faculty of Engineering. He has been a director in several companies of the Amorim group since January 2004. He began his professional career at Mabor Portugal, which later became part of the Continental Group, where, during a period of more than 30 years, he was: head of personnel and human resources management at Mabor Portugal (thirteen years); head of production at Mabor Portugal (four years); managing director of the Mabor plant in Luanda, Angola (18 months); commercial director of Continental and Mabor in Portugal (two years); director of the restructuring project, managing director and chairman of the Continental Group (tyres) in Portugal (eight years) and chairman of the Continental Group in Mexico.

Age: 65

Date of first appointment to the board of directors: 31 March 2006.

Date of end of mandate: 31 December 2010, remaining in office until the next election of directors, according to law.

On 31 December 2010 he did not hold any CORTICEIRA AMORIM shares.

André de Castro Amorim (Member):

A businessman and a director of several companies. Part 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 management positions with several companies.

Age: 30

Date of first appointment to the board of directors: 28 March 2008.

Date of end of mandate: 31 December 2010, remaining in office until the next election of directors, according to law.

On 31 December 2010 he directly held 259,038 CORTICEIRA AMORIM shares.

Fernando José de Araújo dos Santos Almeida (Member):

Graduated from the University of Porto, Faculty of Economics with a Bachelor's Degree in Economics (1983/84). He joined CORTICEIRA AMORIM in 1991 and held several positions in various group companies. In 2002, he took office as the Manager of Organisational

Development and Management Planning and Control at CORTICEIRA AMORIM.

Age: 49

Date of first appointment to the board of directors: 31 de Julho de 2009 (Co-opted onto the Board).

Date of end of mandate: 31 December 2010, remaining in office until the next election of directors, according to law.

On 31 December 2010 he did not hold any CORTICEIRA AMORIM shares.

2.19. Posts that the members of the management body hold in other companies, indicating those held in other companies of the same group. (Fig. 22)

Fig. 22 • António Rios de Amorim (Chairman):

Company	Post held
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 IV, S.A.	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 Catalunha, S.A.	Chairman of the Board of Directors
Amorim Florestal – Espanha, S.A.	Member 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
Comatral – Compagnie Marocaine de Transformation du Liège, S.A.	Chairman of the Board of Directors
Dom Korkowy, Sp. Zo.o	Member of the Board of Directors
Francisco Oller, S.A.	Member of the Board of Directors
Korken Schiesser GmbH	Director
Oller et Cie	Member of the Board of Directors
S.C.I. Friendland, S.L.	Director
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.	Second Vice-Chairman 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
Chapius, S.L.	Chairman of the Board of Directors
Cimorim – Sociedade Agro-Florestal, S.A.	Member of the Board of Directors
Corunhal – Sociedade Agro-Florestal, S.A.	Chairman 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
Olimpíadas Barcelona 92, S.L.	Chairman of the Board of Directors
Resiféria – Construções Urbanas, S.A.	Member of the Board of Directors
S21 – Sociedade de Investimento Imobiliário, S.A.	Member of the Board of Directors

Other Institutions

Associação Portuguesa da Cortiça	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	Post held
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.	First Vice-Chairman 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
Interfamília 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	Post held
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

Luísa Alexandra Ramos Amorim (Member):

Company	Post held
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 – Sociedade Agrícola, Comercial e Turística, Lda.	Director

José da Silva Carvalho Neto (Member):

Company	Post held
Other Companies	
Amorim Broking – Investimentos e Participações Financeiras, S.A.	Chairman of the Board of Directors
Amorim Desenvolvimento, S.G.P.S., S.A.	Member of the Board of Directors
Amorim Energia, B.V.	Director
Amorim Negócios Internacionais, S.A.	Member of the Board of Directors
Bucozal – Investimentos Imobiliários e Turísticos, Lda.	Director
Caribbean Seafood – Trading e Marketing, S.A.	Chairman of the Board of Directors
Imoluanda, S.A.	Chairman of the Board of Directors
Natureza – Investimentos e Participações, Lda.	Director
Power, Oil & Gas Investments, B.V.	Director

André de Castro Amorim (Member):

Company	Post held
Other Companies	
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	Post held
CORTICEIRA AMORIM Group	
Amorim Revestimentos, S.A.	Member of the Board of Directors

SECTION III – SUPERVISORY BOARD

2.20. Does not exist.

2.21. Identification of the members of the Supervisory Board, stating whether they comply with the incompatibility rules provided for in article 414-A(1) and if they comply with the independency criteria provided for in article 414(5), both of the Portuguese Companies Code. The Supervisory Board carries out self-assessment to that end.

Composition of the Supervisory Board:

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

To the best of the company's knowledge, the incumbent and substitute members of the Supervisory Board comply with the rules on incompatibility provided for in article 414-A(1) and the independence criteria provided for in article 414(5), both of the Portuguese Companies Code.

2.22. Professional qualifications of the members of the Supervisory Board, the professional activities carried out by them, at least during the last five years, the number of company shares they hold and the date of first appointment and end date of their mandate.

Durval Ferreira Marques (Chairman):

He has a Bachelor's Degree in Economics from the University of Porto, Faculty of Economics and has taught in the field of technical education and was a technical assistant at the Directorate General of Bano, in Angola. Over 25 years he held management posts in South Africa in the financial, insurance, media and industrial sectors. He also represented the Portuguese Business Association in South Africa and Mozambique.

For the past five years he has held directorial posts in a number of Portuguese companies.

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

Date of end of mandate: 31 December 2010.

On 31 December 2010 he did not hold any CORTICEIRA AMORIM shares.

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 courses in auditing and tax law.

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 e 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 administrative/management positions in a number of companies belonging to the GED Group and has been 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.

Date of end of mandate: 31 December 2010.

On 31 December 2010 he did not hold any CORTICEIRA AMORIM shares.

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), the Higher Commission (2002-2004) and 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 first appointment to the Supervisory Board: 28 May 2007.

Date of end of mandate: 31 December 2010.

On 31 December 2010 he did not hold any CORTICEIRA AMORIM shares.

Alberto Manuel Duarte de Oliveira Pinto (Substitute 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's Faculty of Arts. In recent years, he has lectured at several higher education institutions: the University of Lisbon's Faculty of Arts, the University of Coimbra's Faculty of Sciences and Technology, Independent University and Autónoma de Lisboa University. He has written a number of essays, academic studies and works of fiction.

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

Date of end of mandate: 31 December 2010.

On 31 December 2010 he did not hold any CORTICEIRA AMORIM shares.

2.23. Posts held by members of the Supervisory Board in other companies as well as those held in companies of the same group (Fig. 23).

Fig. 23 • Durval Ferreira Marques (Chairman):

Company	Post held
Other Companies	
Cifial, S.G.P.S., S.A.	Chairman of the Board of the General Meeting
Cifial Indústria Cerâmica, S.A.	Chairman of the Board of the General Meeting
Cogruci Comércio Internacional, S.A.	Chairman of the Board of the General Meeting

Joaquim Alberto Hierro Lopes (Member):

Company	Post held
Other Companies – Subsidiaries of the GED Group:	
Estudio Pereda4, S.L. ^(a)	Chairman 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 Asjara Holdings S.L. ^(a)	Member of the Board of Directors
Neckicesa Packaging, S.A.	Chairman of the Board of Directors
Nuceri Business, S.L. ^(a)	Chairman of the Board of Directors
OPEP Internacional, S.L. ^(a)	Chairman 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

(a) Spain

Gustavo José de Noronha da Costa Fernandes (Member):

Company	Post held
Other Companies	
Gustavo Fernandes, Domingos Leite e Associados	Director
Clínica Alcaide, Lda.	Director

Alberto Oliveira Pinto (Substitute Member):

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

2.24. Reference to the fact that the Supervisory Board assesses the external auditor annually and the possibility of proposing to the general meeting the dismissal of the auditor on justifiable grounds.

The Report and Opinion of the Supervisory Board referred to in section 2.4. includes a concise assessment of the Statutory Auditor. It is also the Supervisory Board's responsibility to propose the appointment of the Statutory Auditor to the General Meeting.

The company's articles of association do not provide for the possibility of the Supervisory Board proposing to the general meeting the dismissal of the Statutory Auditor on justifiable grounds.

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

2.29. Description of the remuneration policy, including, in particular that of directors and officers within the meaning of article 248-B(3) of the Portuguese Securities Code, and that of other employees whose professional activity may have a relevant impact on the company's risk profile and whose remuneration contains an important variable component.

The remuneration policy is structured in such a way as to promote alignment between the interests of directors and other officers with the interests of the company and is mainly on a fixed basis. A variable component is dependent on the results of the company's activities and its economic and financial situation.

The variable component of the remuneration of executive members of the Board of Directors and of company directors and officers corresponds to a performance bonus, resulting from the verification of the degree of compliance with targets, aims, strategic initiatives and priority actions set out by the Board in a three-year plan, including the respective annual variations. This performance is monitored using the Balanced Scorecard system (for additional information see section 2.3. – Business management structure).

With regard to the directors and officers in particular, pursuant to article 2 of Law no. 28/2009 of 19 June, the Board of Directors submitted the following remuneration

policy to the general meeting of shareholders on 29 March 2010 for approval, and which was granted:

Company directors and officers shall be remunerated on the following bases:

- that stipulated in their respective employment contracts;
- the principles of internal equity and external competitiveness;
- that, whenever adequate and feasible, such remuneration shall consist of fixed remuneration plus variable remuneration according to the objective and measurable contribution (using the balanced scoreboard methodology) of the directors and officers, in individual and/or collective terms, to the sustainable development of the business and to the medium/long-term profitability of the company;
- that the variable remuneration consists of the attribution of:
 - merit bonus, the amount of which is determined according to the level of performance achieved. This is verified by the development of the indicators for the results of the business areas that each director and officer is associated with and, therefore, to the level of professional performance that is objectively shown;
 - additional bonus, the amount of which is determined according to the company's performance;
 - the variable remuneration to be awarded is equivalent to between 0% and 50% of the fixed remuneration.

SECTION IV – REMUNERATION

2.30. Description of the remuneration policy for management and supervisory bodies as set forth in article 2 of Law no. 28/2009 of 19 June.

The CORTICEIRA AMORIM Remuneration Committee submitted the following remuneration policy to the general meeting of shareholders on 29 March 2010 for approval, and which was granted:

1. The **members of the Supervisory Board** shall earn a fixed remuneration, paid twelve times per year, in line with market practice and with the duties and responsibilities inherent to the position held and the technical and professional knowledge and skills demonstrated;
2. The **members of the Board of Directors** shall be paid adequate remuneration taking into account:
 - the remuneration package agreed between the company and each member of the Board of Directors;
 - observance of the principles of internal equity and external competitiveness, taking into account, in particular, what the main Portuguese economic groups are disclosing relative to their respective remuneration policies and practices;
 - whenever appropriate and feasible, such remuneration shall primarily consist of a fixed component – for executive and non-executive directors – plus a variable component – for executive directors only – based on the objective and measurable (using the balanced scoreboard methodology) contribution, of the Executive Directors, in individual and/or collective terms and taking into account financial and non-financial indicators, to the sustainable development of the company's business, its medium/long-term profitability and the creation of value for its shareholders;
 - the award of the variable component to executive members of the Board of Directors shall correspond to a performance bonus, which will be paid in function of the degree of compliance

- with the strategic targets, aims and initiatives and the priority actions defined in a three-year plan, with the respective annual variations. This will guarantee the weighing up of financial and non-financial indicators for performance assessment as well as short-term performance with the annual performance contribution to the medium/long-term economic stability of the organisation;
- the actual amount of variable remuneration will always depend on the assessment made annually by the Remuneration Committee on the performance of the members of the Board of Directors, analysing the respective contribution both towards the results obtained during the financial year in question and compliance with the targets and implementation of the medium/long-term strategies defined by the company;
 - payment of the variable remuneration component, if any, may take place, wholly or in part, after publication of the accounts for the years corresponding to the entire mandate. There is, therefore, the possibility of limiting the variable remuneration if the results show relevant deterioration in the company's performance in the most recent year for which accounts are published or when such is expected during the year in progress;
 - the award of shares or share options to the members of the Board of Directors is not company remuneration policy.

Pinto: EUR 9,900.00). The members of the Supervisory Board did not earn any variable remuneration pursuant to the remuneration policy described in 2.30.

With regard to these two governing bodies, on 31 December 2010, there was no fixed or variable remuneration whose payment had been deferred.

2.32. Information on how remuneration is structured in order to permit alignment of the interests of the members of the management body with the long-term interests of the company as well as how it is based on the performance assessment and how it discourages the taking of excessive risks.

As described in the remuneration policy set out in 2.30.

2.33. With regard to the remuneration of executive directors:

- a) Reference to the fact that the remuneration of the executive directors includes a variable component and information on how this component depends on performance assessment;
As described in section 2.31. above.

The variable component of the remuneration of executive members of the Board of Directors corresponds to a performance bonus, which is a function of the degree of compliance with the strategic targets, aims and initiatives and the priority actions defined in the company's strategic plan (over a time horizon of three years) including the respective annual variations.

- b) Indication of the company bodies competent to carry out the performance assessment on the executive directors;
The performance assessment for executive directors is carried out by the Remuneration Committee.

- c) Indication of the pre-established criteria for the performance assessment of executive directors;
The payment of a performance bonus implies checking the degree of compliance with the strategic targets, aims and initiatives and priority actions defined in a three-year plan, with the respective annual variations, measurable through the balanced scorecard system and with the weighing up of financial and non-financial indicators.

- d) Explanation of the relative importance of the variable and fixed components of the remuneration of directors, as well as the indication of the maximum limits for each component;
The remuneration attributed to executive directors during 2010 totalled EUR 485,811.30, and was comprised, in relative terms, of 7.2% variable remuneration and 92.8% fixed remuneration.

The company's articles of association establish that the remuneration of all or any of the members of the Board of Directors may consist, partially, in the sharing of the company profits. This may not exceed three per cent of profits for all of the directors in office. Apart from this, there are no maximum limits for each component.

There are no limits for other variable remuneration.

- e) Indication on the deferral of the payment of the variable remuneration component, stating the period of such deferral;
There was no deferral of payment of the variable component for the financial year in analysis.
- f) Explanation of how payment of variable remuneration is subject to the continuation of the company's positive performance over the deferral period;
The strategic targets, aims and initiatives and priority actions defined in the company's strategic plan are defined for a time horizon of three years, and the payment of the variable remuneration depends on their achievement.

- g) Sufficient information on the criteria on which the payment of variable remuneration in shares is based as well as the executive directors keeping the company shares they have received, and on the possibility of entering into a contract relating to these shares, in particular hedging or risk transfer contracts, the respective limits and the relationship with the value of total annual remuneration;
The award of shares or share options to the members of the Board of Directors is not a company remuneration policy. No shares and/or rights to acquire options on shares were awarded. The company has no incentive system that envisages the award of shares.

- h) Sufficient information on the criteria for the award of variable remuneration in share options and indication of the deferral period and the price for the financial year;
Not applicable.

- i) Identification of the main parameters and grounds for any system of annual bonuses and any other non-monetary benefits;
As indicated in sub-paragraph c).

- j) Remuneration paid in the form of profit sharing and/or the payment of bonuses and the reasons why such bonuses or profit sharing was granted;
The variable remuneration paid in 2010 in the form of performance bonuses totalled EUR 34,780.00, as the result of the achievement of the aims and targets, as indicated in sub-paragraph a).

- k) (Does not exist);

- l) Compensation paid or owed to former executive directors as a result of their terminating employment during the year;
No payments were made or owed to former directors as the result of them terminating their employment in 2010. Reference is made to the contractual limitation set out for compensation to be paid for wrongful dismissal of a director and its relationship with the variable remuneration component.

- m) Reference to the contractual limitation set out for compensation to be paid for wrongful dismissal of a director and its relationship with the variable remuneration component;
There are no legal instruments under the terms proposed in this note.

- n) Any amounts paid for any reason by other companies in a control or group relationship;
As stated in 2.31.

- o) Description of the main characteristics of the supplementary pension or early retirement schemes for directors, indicating whether these were subject, or not, to approval by the general meeting;
There are no supplementary pension or early retirement schemes for Directors.

- p) Estimate of significant non-monetary benefits considered as remuneration but not covered by any of the circumstances previously described;
All non-monetary benefits considered to be remuneration are included in the total amount of remuneration stated in sub-paragraph a) above.

- q) Existence of mechanisms preventing executive directors from entering into contracts that call into question the purpose of variable remuneration;
There are no mechanisms specifically designed and implemented to protect from this situation. In view of the complexity and weighting of the structure and the company practices adopted, the existence of a solid and effective internal control system, reinforced by the dual supervision by independent entities, this risk – if it exists – is deemed to be

Although this remuneration policy statement does not expressly refer to the matter, the Board of Directors is considered to be barred from the possibility of entering into contracts either with the company and its subsidiaries and/or affiliates or with third parties which might mitigate the risk inherent to the variability of the remuneration determined for them by the company, scrupulously complying with the conduct that such understanding requires.

2.31. Indication of the annual remuneration earned individually by the members of the company's management and supervisory bodies, including fixed and variable remuneration and, relative to the latter, indication of the different components giving rise to the same, and how much has been deferred and how much has already been paid.
In 2010, the members of the Board of Directors collectively earned total remuneration of EUR 604,223.50:

- the group of executive directors earned a fixed remuneration which amounted to EUR 451,031.30 (António Rios de Amorim: EUR 208,714.20; Nuno Filipe Vilela Barroca de Oliveira: EUR 117,504.90; Fernando José Araújo Santos Almeida: EUR 124,812.20), and variable remuneration amounting to EUR 34,780.00 (wholly paid to Fernando José Araújo Santos Almeida) for the performance of duties in the management body of CORTICEIRA AMORIM. No money was earned for the performance of duties in the management bodies of associated companies or affiliates of that company;
- the non-executive members of this body did not earn any remuneration for the performance of their duties in the management body of CORTICEIRA AMORIM. Fixed and variable remunerations totalled EUR 112,604.20 and EUR 5,808.00 respectively (both entirely paid to Joaquim Ferreira de Amorim, for the performance of duties in the management bodies of associated companies or affiliates of this company).

In 2010, the members of the Supervisory Board collectively earned total remuneration of 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

minimal and is safeguarded by the collective nature of the decisions made by the Board of Directors.

2.34. Reference to the fact that the remuneration of the non-executive directors of the management body does not include variable components.

Non-executive directors earn fixed remuneration only for the performance of duties on the management body of CORTICEIRA AMORIM; the variable remuneration in 2.31. attributed to non-executive company directors comes about as the result of performing executive duties on the management bodies of associate companies or subsidiaries within the consolidation perimeter of that company.

2.35. Information on the policy for the communication of irregularities adopted by the company (means of communication, the people to whom such communications should be made, how to handle these and indication of the people and bodies with access to the information and the respective intervention in the procedure).

In accordance with the regulations of CORTICEIRA AMORIM's Supervisory Board, shareholders, employees or other individuals or bodies should report irregularities to the Supervisory Board, which will deal with them appropriately.

Such communications should be addressed to:

Supervisory Board of CORTICEIRA AMORIM, S.G.P.S., S.A.

Address: the company registered office: Rua de Meladas, no. 380 – P.O. BOX 20 4536-902 MOZELOS
Telephone: + 351 22 747 54 00

The company ensures that the contents of such reports are initially only seen by the Supervisory Board (no member of staff is authorised to open correspondence addressed specifically to this governing body or to any of its individual members).

It is the duty of the Supervisory Board to analyse any reports it receives of irregularities and to solicit any clarification it requires from the company's other governing bodies and structures. In dealing with concrete situations, it has the power to:

- suggest preventive measures to avert irregularities;
- report confirmed irregularities to the Board of Directors and to other bodies, both internally and externally, in accordance with each specific situation.

Throughout the process, the company guarantees not to disclose the identity of those who report irregularities, unless they expressly declare they do not require anonymity.

CORTICEIRA AMORIM believes that (i) attributing these powers to the Supervisory Board – a body composed entirely of independent members, thus guaranteeing the impartial analysis and treatment of irregularities that may be reported to the company; (ii) not imposing any particular format for such communication, allowing those reporting irregularities to opt for the form of communication they find most suitable; and (iii) ensuring the protection of personal data and staff (scrupulously respecting the instructions of those reporting irregularities with regard to confidentiality), are measures that, while ensuring the reporting process remains simple, safeguard the rights of both those reporting irregularities and staff members, as well as ensuring the impartial investigation and clarification of the situations reported.

SECTION V – SPECIAL COMMITTEES

2.36. Identification of the members of the committees set up for the purposes of the individual and overall performance assessment of executive directors, reflection on the governance system adopted by the company and identification of potential candidates with the profile for the post of director.

CORTICEIRA AMORIM's Remuneration Committee consists of a chairman and two board members, positions which were occupied on 31 December 2010 by:

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

This committee only has powers in terms of the assessment of the performance of the members of the Board of Directors.

Deliberation on the corporate governance systems is encouraged within the Board of Directors but does not cover the identification of potential candidates with the profile for the post of director to the extent that this power is not attributed to it, as already mentioned.

2.37. Number of meetings of committees set up with powers in administrative and supervision matters during the year in question, as well as a reference to the taking of minutes of these meetings.

Apart from the committees already mentioned – the Executive Committee and the Remuneration Committee – there are no others with powers in administrative and supervisory matters.

The Remuneration Committee met once during 2010 and the respective minutes were drawn up.

2.38. Reference to the fact that one member of the remuneration committee has knowledge and experience in remuneration policy matters.

The members of this Committee were selected on the basis of their wide experience in human resources management, in monitoring and benchmarking the policies of other companies in these matters and their knowledge of labour legislation and good remuneration practices.

2.39. Reference to the independence of the individuals or companies, appointed to the remuneration committee by an employment or provision of services contract to the board of directors as well as, when applicable, to the fact that these people have a current relationship as a company consultant.

All members of this committee are considered to be independent from the company's Board of Directors.

CHAPTER III – INFORMATION

3.1. The share capital structure, including those shares that are not admitted for trading, the different categories of shares, rights and duties inherent to these and the percentage of share capital represented by each category.

CORTICEIRA AMORIM's share capital totals EUR 133 million, comprising 133 million ordinary shares with a nominal value of EUR 1 each, giving the right to dividends.

All shares issued by the company are admitted for trading by Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A.

3.2. Qualifying shareholdings in the issuer's share capital, calculated pursuant to article 20 of the Portuguese Securities Code.

List of shareholders with qualifying shareholdings on 31 December 2010 (Fig. 24).

On 31 December 2010, Amorim – Investimentos e Participações, S.G.P.S., S.A. owned an indirect qualifying shareholding in CORTICEIRA AMORIM of 101,820,314 shares, corresponding to 76.557% of the company's share capital. This indirect qualifying shareholding is held through Amorim Capital – Sociedade Gestora de Participações Sociais, S.A.

Amorim – Investimentos e Participações, S.G.P.S., S.A. is wholly owned by Interfamília II, S.G.P.S., S.A.

A Investmark Holdings B.V. is wholly owned by Warranties, S.G.P.S., S.A., 70% of which, in turn, is held by Mr. Américo Ferreira de Amorim.

On 31 December 2010 the company held 6,787,462 of its own shares.

Fig. 24 • Qualified Shareholdings

Shareholder	Shares owned (quantity)	Stake (%)
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 of Qualified Shareholdings	112,869,544	84.864%

3.3. Identification of the shareholders with special rights and a description of those rights.

There are no company shares or shareholders with special rights.

3.4. Possible restrictions on share transfer, such as consent clauses for their disposal or restrictions on share ownership.

The articles of association do not impose any restrictions on the transfer of shares.

3.5. Shareholder agreements which the company may be aware of and that may restrict the transfer of securities or voting rights.

To the best of the company's knowledge, there are no shareholder agreements that might lead to restrictions of this kind.

3.6. Rules applying to the amendment of the articles of association.

The rules applying to the amendment of the articles of association are in accordance with the law, with the addition of the following specific provisions set out in the aforementioned articles: the company is managed by a Board of Directors made up of a chairman, a vice-chairman and from one to nine other members. This statutory regulation can be changed only with the approval of a majority of shareholders representing at least two-thirds of the company's share capital.

3.7. Control mechanisms for a possible employee share ownership system inasmuch as the voting rights are not directly exercised by them.

No control mechanisms are envisaged in this area.

3.8. Description of the evolution of issuer share prices, taking into account, in particular:

- a) the issue of shares or of other securities which give share subscription or acquisition rights;
- b) announcement of profits;
- c) payment of dividends made per share category with indication of the net earnings per share.

In 2010, no shares or other securities giving shareholders the right to subscribe to or purchase shares were issued and no dividends were paid (Fig. 25).

Fig. 25 • Share Price Evolution in 2010



Additional information on the development of CORTICEIRA AMORIM's share price: Chapter 6 of the Consolidated Management Report.

3.9. Description of the dividend distribution policy adopted by the company, identifying, in particular, the dividend paid per share over the last three financial years. During each financial year, CORTICEIRA AMORIM considers, weighing up the details of its business, in particular the net income obtained, the level of indebtedness and the outlook for investment needs and future financing aiming for a desirable economic and financial balance, the proposal for the appropriation of profits for the financial year to be submitted to the general meeting for approval (Fig. 26).

3.10. Description of the main features of the plans for the award of shares and share options that was adopted or valid for the financial year in question, in particular, the reason for adopting the plan and details of the category and number of employees included in the plan, share award conditions, non-transfer of share clauses, criteria on share pricing and the option exercising price, the period during which the options may be exercised, the characteristics of the shares to be attributed, the existence of incentives to purchase and/or exercise options, and the responsibilities of the management body for executing and/or changing the plan. CORTICEIRA AMORIM has not adopted nor does it have any plan in force for awarding company shares or for attributing rights to purchase shares.

3.11. Description of the main business elements and transactions carried out between the company and the members of its management and supervisory bodies, the owners of qualifying shareholdings or companies in a control or group relationship provided that the amount is financially significant for any of the parties involved, except for those businesses or transactions that are cumulatively carried out under normal market conditions for similar transactions and form part of the company's everyday business. No relevant operations or transactions were carried out under the terms of this section.

3.12. Description of the fundamental elements of business and transactions carried out between the company and owners of qualifying shareholdings or entities with which they are in any kind of relationship, pursuant to article 20 of the Portuguese Securities Code, outside of normal market conditions.

No relevant operations or transactions were carried out under the terms of this section.

3.13. Description of the procedures and criteria applicable to the intervention of the supervisory body for the purposes of the prior assessment of business to be carried out between the company and owners of qualifying shareholdings or entities with which they are in any kind of relationship, pursuant to article 20 of the Portuguese Securities Code. CORTICEIRA AMORIM does not foresee procedures under the terms of this section. It is however important to note that the business established by the company, its associates and affiliates with owners of qualifying shareholdings or entities in any type of relationship with these, as provided for in article 20 of the Portuguese Securities Code, are carried out under perfectly normal market conditions and are also of little significance in relation to the total value of transactions for the year.

The total value of transactions with related parties – carried out under normal market conditions – is disclosed in the Notes to the Financial Statements. This value was 395 thousand euros in 2010.

3.14. Description of the statistical data (number, average value and maximum value) relative to business subject to prior intervention by the supervisory body. There was no business subject to prior intervention by the Supervisory Board.

3.15. Indication of the availability on the company website of the annual reports of the activity carried out by the general and supervisory board, the financial matters committee, the audit committee and by the supervisory board, including indication of any constraints met with, in combination with the financial reporting documents. The company Supervisory Board draws up an annual Report and Opinion which describes the work carried out and its conclusions. This Report and Opinion is made available along with

Fig. 26 • CORTICEIRA AMORIM's Dividends – 2006 to 2009

	Unit	2006	2007	2008	2009
Paid/made available on		30-04-2007	28-04-2008	-	-
Total dividend	thousand €	7,315	7,980	0	0
% payout ratio	%	36.4%	34.3%	-	-
Dividend per share	€	0.055	0.060	0	0
% of nominal value	%	5.50%	6.00%	-	-
% of share price on 31 December	%	2.81%	3.06%	-	-

the other financial reporting documents for consultation by shareholders within the time period established by law. This Report and Opinion is included in and published along with the annual company Report and Accounts, available for consultation at www.corticeiraamorim.com.

3.16. Reference to an Investor Support Office or other similar service.

CORTICEIRA AMORIM remains, through its Market Relations Department, in permanent contact with the market, respecting the principle of shareholder equality and preventing asymmetries in investors' access to information.

a) Duties of the Office:

The Market Relations Department, supervised by CORTICEIRA AMORIM's Market Relations Office, performs the following duties:

- regular publication of analyses of the evolution of the company's operations and financial results, including the co-ordination and preparation of a twice-yearly public presentation at the company's registered office (in person or by audio-conference);
- publication of privileged information;
- publication of information on qualifying shareholdings;
- reception and centralisation of all questions put by investors and provision of clarification;
- participation in conferences and meetings with investors and analysts.

The following measures carried out in 2010 regarding contact with investors are especially noteworthy:

- presentation of business and half-yearly results through the use of an audio-conferencing system, thereby promoting interaction in the disclosure of that information;
- one-on-one meetings held by invitation and at the offices of investment banks;
- meeting at the company's offices with investors and teams of analysts, to whom the main industrial plants were presented.

CORTICEIRA AMORIM has been using the information technology at its disposal for the regular publication of economic and financial information, including analyses of the evolution of group operations and financial results as well as its responses to specific questions raised by investors.

b) Type of information made available by the Office:

- the company name, its public company status, head office and other elements provided for in article 171 of the Portuguese Companies Code;
- articles of association;
- identification of the holders of posts on the governing bodies and of the market relations officer;
- the Investor Support Office, its functions and access tools;
- financial reports for the previous five years, including annual report on the structure and practices of corporate governance;
- half-yearly calendar of corporate events disclosed at the beginning of each half-year;
- convening notices for general meetings, during the 30 days prior to the general meeting date;



- proposals submitted for discussion and voting at the general meeting during the 15 days prior to the general meeting date;
- form for distance voting;
- power-of-attorney form for shareholder representation at the general meetings;
- disclosure of half-yearly and quarterly information on the company's activities;
- market releases: profits, privileged information, qualifying holdings in the company's share capital;
- presentations of the business for investors and market analysts.

From the beginning of 2009 onwards – and according to CMVM notice 156/EMIT/DMEI/2009/515 – the minutes and statistical information on shareholder attendance at the general meeting are also made available for consultation within five working days of the holding of the general meeting. Records relating to more than three years were collated and are duly kept by the company.

c) Means of access to the Office:

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

d) The company website:

A wide range of information on CORTICEIRA AMORIM's ownership structure, its activity and the evolution of its business is made available on its website www.corticeiraamorim.com, thus fully complying with the provisions of article 4 of CMVM Regulation no. 1/2007.

e) Identification of the market relations officer:

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

3.17. Indication of the annual remuneration paid to the auditor and to other individuals or companies that belong to the same network supported by the company and/or by any company in a control or group relationship with the same, and the percentage of the total amount paid for the following services (Fig. 27): "Other services" essentially refers to support for the implementation of administrative mechanisms for complying with legal formalities.

The independence of these support services is not in question as the leadership of the projects they are engaged in is always assumed by the appropriate department of CORTICEIRA AMORIM.

Fig. 27 • Annual Remuneration

Service	Value (thousand euros)	%
Statutory audit	337.9	70.2
Other auditing services	60.3	12.5
Tax consulting services	0.0	0.0
Other services	83.2	17.3
Total	481.4	100.0

3.18. Reference to the rotation period of the external auditor.

There is no policy for rotation of the Statutory Auditor. Maintenance of the auditor beyond the recommended three mandates obeys the assessment of the advantages and drawbacks, in particular the knowledge and experience acquired in the sector where the company operates. PricewaterhouseCoopers & Associados, SROC, Lda. complies with the requirements of independence, which is reinforced by the fact that it proposes the rotation of the partner who accompanies the company every seven years, in line with the best international practices.

CHAPTER IV – INFORMATION REQUIRED IN ACCORDANCE WITH OTHER LEGISLATION

4.1. Transactions involving Directors and Officers

In compliance with the provisions of numbers 6 and 7 of article 14 of CMVM Regulation no. 5/2008 and according to communications received from the people/entities covered by this regulation, it is hereby stated that, the following transactions in CORTICEIRA AMORIM shares were carried out by its directors and officers in 2010 (Fig. 28):

Fig. 28 • Transactions Involving Directors and Officers

14-10-2010 Order(s) for stock exchange acquisition of 5,393,693 shares – transactions carried out:

Quantity	Unit Price (€)	Total Price (€)	Quantity	Unit Price (€)	Total Price (€)	Quantity	Unit Price (€)	Unit Price (€)
14,500	1.00	14,500.00	500	1.00	500.00	13,000	1.04	13,520.00
250	1.00	250.00	520	1.00	520.00	9,015	1.04	9,375.60
1,549	1.00	1,549.00	1,000	1.00	1,000.00	5,050	1.05	5,302.50
556	1.00	556.00	4,570	1.01	4,615.70	200	1.05	210.00
1,990	1.00	1,990.00	2,000	1.01	2,020.00	200	1.05	210.00
1,000	1.00	1,000.00	1,091	1.02	1,112.82	20,000	1.05	21,000.00
26,040	1.00	26,040.00	5,000	1.03	5,150.00	215,082	1.05	225,836.10
1,500	1.00	1,500.00	200	1.04	208.00	5,068,880	1.05	5,322,324.00

20-10-2010 Order(s) for stock exchange acquisition of 60,156 shares – transactions carried out:

Quantity	Unit Price (€)	Total Price (€)	Quantity	Unit Price (€)	Total Price (€)	Quantity	Unit Price (€)	Unit Price (€)
2,001	0.99	1,980.99	1,300	1.03	1,339.00	5,000	1.03	5,150.00
2,300	1	2,300.00	7,500	1.03	7,725.00	4,000	1.03	4,120.00
1,100	1.02	1,122.00	2,500	1.03	2,575.00	5,000	1.03	5,150.00
2,000	1.03	2,060.00	390	1.03	401.70	3,000	1.03	3,090.00
3,500	1.02	3,570.00	5,000	1.03	5,150.00	5,000	1.03	5,150.00
565	1.03	581.95	5,000	1.03	5,150.00	5,000	1.03	5,150.00

21-10-2010 Order(s) for stock exchange acquisition of 3,402 shares – transactions carried out:

Quantity	Unit Price (€)	Total Price (€)	Quantity	Unit Price (€)	Total Price (€)	Quantity	Unit Price (€)	Unit Price (€)
1,500	1.03	1,545.00	1,902	1.03	1,959.06			

22-10-2010 Order(s) for stock exchange acquisition of 53,954 shares – transactions carried out:

Quantity	Unit Price (€)	Total Price (€)	Quantity	Unit Price (€)	Total Price (€)	Quantity	Unit Price (€)	Unit Price (€)
6,000	1.04	6,240.00	3,490	1.06	3,699.40	5,000	1.06	5,300.00
2,500	1.05	2,625.00	600	1.06	636.00	500	1.06	530.00
3,000	1.05	3,150.00	931	1.06	986.86	2,700	1.06	2,862.00
2,500	1.05	2,625.00	3,950	1.06	4,187.00	1,000	1.06	1,060.00
5,000	1.05	5,250.00	550	1.03	566.50	5,330	1.06	5,649.80
4,003	1.06	4,243.18	3,500	1.05	3,675.00	900	1.06	954.00
2,500	1.06	2,650.00						

25-10-2010 Order(s) for stock exchange acquisition of 26,200 shares – transactions carried out:

Quantity	Unit Price (€)	Total Price (€)	Quantity	Unit Price (€)	Total Price (€)	Quantity	Unit Price (€)	Unit Price (€)
1,700	1.07	1,819.00	500	1.07	535.00	5,000	1.07	5,350.00
3,300	1.07	3,531.00	300	1.07	321.00	6,000	1.07	6,420.00
4,200	1.07	4,494.00	3,700	1.07	3,959.00	1,500	1.07	1,605.00

26-10-2010 Order(s) for stock exchange acquisition of 2,200 shares – transactions carried out:

Quantity	Unit Price (€)	Total Price (€)	Quantity	Unit Price (€)	Total Price (€)	Quantity	Unit Price (€)	Unit Price (€)
2,000	1.05	2,100.00	200	1.05	210.00			

27-10-2010 Order(s) for stock exchange acquisition of 60,337 shares – transactions carried out:

Quantity	Unit Price (€)	Total Price (€)	Quantity	Unit Price (€)	Total Price (€)	Quantity	Unit Price (€)	Unit Price (€)
2,914	1.06	3,088.84	5,000	1.06	5,300.00	2,137	1.06	2,265.22
2,086	1.06	2,211.16	2,100	1.06	2,226.00	6,000	1.06	6,360.00
7,914	1.06	8,388.84	1,000	1.06	1,060.00	1,100	1.06	1,166.00
2,750	1.06	2,915.00	1,900	1.06	2,014.00	3,900	1.06	4,134.00
2,250	1.06	2,385.00	14,059	1.07	15,043.13	100	1.06	106.00
5,127	1.06	5,434.62						

28-10-2010 Order(s) for stock exchange acquisition of 1,001 shares – transactions carried out:

Quantity	Unit Price (€)	Total Price (€)	Quantity	Unit Price (€)	Total Price (€)	Quantity	Unit Price (€)	Unit Price (€)
1	1.06	1.06	1,000	1.07	1,070.00			

29-10-2010 Order(s) for stock exchange acquisition of 120,800 shares – transactions carried out:

Quantity	Unit Price (€)	Total Price (€)	Quantity	Unit Price (€)	Total Price (€)	Quantity	Unit Price (€)	Unit Price (€)
1,000	1.04	1,040.00	1,500	1.06	1,590.00	2,500	1.06	2,650.00
6,000	1.04	6,240.00	3,500	1.06	3,710.00	22,500	1.06	23,850.00
1,000	1.06	1,060.00	1,500	1.06	1,590.00	2,500	1.06	2,650.00
800	1.06	848.00	1,000	1.06	1,060.00	4,306	1.06	4,564.36
967	1.06	1,025.02	3,643	1.06	3,861.58	1,233	1.06	1,306.98
1,000	1.07	1,070.00	2,500	1.06	2,650.00	860	1.06	911.60
333	1.07	356.31	5,698	1.06	6,039.88	860	1.07	920.20
950	1.06	1,007.00	2,000	1.06	2,120.00	69	1.07	73.83
17	1.07	18.19	934	1.07	999.38	963	1.07	1,030.41
942	1.06	998.52	500	1.06	530.00	980	1.06	1,038.80
1,000	1.06	1,060.00	6,000	1.06	6,360.00	40,295	1.06	42,712.70
950	1.07	1,016.50						

15-11-2010 Order(s) for stock exchange acquisition of 19,561 shares – transactions carried out:

Quantity	Unit Price (€)	Total Price (€)	Quantity	Unit Price (€)	Total Price (€)	Quantity	Unit Price (€)	Unit Price (€)
1,600	1.03	1,648.00	2,000	1.03	2,060.00	3,500	1.04	3,640.00
2,000	1.03	2,060.00	1,000	1.03	1,030.00	1,000	1.03	1,030.00
2,000	1.03	2,060.00	1,500	1.04	1,560.00	361	1.03	371.83
2,000	1.03	2,060.00	2,600	1.04	2,704.00			

16-11-2010 Order(s) for stock exchange acquisition of 6,444 shares – transactions carried out:

Quantity	Unit Price (€)	Total Price (€)	Quantity	Unit Price (€)	Total Price (€)	Quantity	Unit Price (€)	Unit Price (€)
410	1.04	426.40	1,000	1.04	1,040.00	34	1.04	35.36
1,000	1.04	1,040.00	2,000	1.04	2,080.00	2,000	1.04	2,080.00

17-11-2010 Order(s) for stock exchange acquisition of 20,988 shares – transactions carried out:

Quantity	Unit Price (€)	Total Price (€)	Quantity	Unit Price (€)	Total Price (€)	Quantity	Unit Price (€)	Unit Price (€)
1,000	1.05	1,050.00	6,538	1.07	6,995.66	2,900	1.08	3,132.00
2,550	1.06	2,703.00	2,500	1.08	2,700.00	1,000	1.08	1,080.00
2,000	1.06	2,120.00	1,500	1.08	1,620.00	1,000	1.08	1,080.00

18-11-2010 Order(s) for stock exchange acquisition of 33,991 shares – transactions carried out:

Quantity	Unit Price (€)	Total Price (€)	Quantity	Unit Price (€)	Total Price (€)	Quantity	Unit Price (€)	Unit Price (€)
30	1.05	31.50	3,000	1.09	3,270.00	14,000	1.09	15,260.00
1,048	1.08	1,131.84	10,913	1.09	11,895.17	1,000	1.09	1,090.00
3,000	1.08	3,240.00	1,000	1.09	1,090.00			

19-11-2010 Order(s) for stock exchange acquisition of 5,831,406 shares – transactions carried out:

Quantity	Unit Price (€)	Total Price (€)	Quantity	Unit Price (€)	Total Price (€)	Quantity	Unit Price (€)	Unit Price (€)
1,010	1.10	1,111.00	1,000	1.10	1,100.00	46,023	1.10	50,625.30
300	1.10	330.00	500	1.10	550.00	500	1.10	550.00
513	1.10	564.30	1,181,700	1.10	1,299,870.00	20,000	1.10	22,000.00
3,000	1.10	3,300.00	2,000	1.10	2,200.00	1,000	1.10	1,100.00
1,000	1.10	1,100.00	48,000	1.10	52,800.00	7,000	1.10	7,700.00
15,000	1.10	16,500.00	2,000	1.10	2,200.00	1,000	1.10	1,100.00
1,000	1.10	1,100.00	41,977	1.10	46,174.70	5,200	1.10	5,720.00
1,000	1.10	1,100.00	10,000	1.10	11,000.00	4,440,683	1.10	4,884,751.30

29-11-2010 Order(s) for stock exchange acquisition of 5,000 shares – transactions carried out:

Quantity	Unit Price (€)	Total Price (€)	Quantity	Unit Price (€)	Total Price (€)	Quantity	Unit Price (€)	Unit Price (€)
100	1.10	110.00	400	1.10	440.00	4,500	1.10	4,950.00

30-11-2010 Order(s) for stock exchange acquisition of 19,020 shares – transactions carried out:

Quantity	Unit Price (€)	Total Price (€)	Quantity	Unit Price (€)	Total Price (€)	Quantity	Unit Price (€)	Unit Price (€)
278	1.02	283.56	2,222	1.07	2,377.54	2,737	1.09	2,983.33
1,000	1.06	1,060.00	2,000	1.08	2,160.00	1,000	1.09	1,090.00
6,500	1.06	6,890.00	3,283	1.08	3,545.64			

There were no transactions of financial instruments related to CORTICEIRA AMORIM by its directors and officers, by companies controlling it or by persons closely related there to.

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

a) Corticeira Amorim shares held and/or directly traded by members of the governing bodies of the company:

- i) On 31 December 2010, Mr. André de Castro Amorim (a company director) held 259,038 shares in CORTICEIRA AMORIM and did not trade in any securities representing the share capital of the company during 2010;
- ii) the remaining members of the governing bodies neither held nor traded any securities representing the share capital of the company.

b) CORTICEIRA AMORIM shares held and/or directly traded by companies in which members of the company's governing bodies perform managerial or supervisory functions:

- i) Amorim – Sociedade Gestora de Participações Sociais, S.G.P.S., S.A., in which the Chairman of the Board of Directors of CORTICEIRA AMORIM, Mr. António Rios de Amorim, carried out directorial duties, held 3,069,230 shares representing around 2.3% of the share capital of CORTICEIRA AMORIM. That company did not trade any CORTICEIRA AMORIM shares in 2010;
- ii) Evaluesco, S.G.P.S., S.A., a company in which Mr. Joaquim Ferreira de Amorim and Mr. André de Castro Amorim – both directors of CORTICEIRA AMORIM – performed directorial duties, held 90,000 CORTICEIRA

AMORIM's shares. In 2010 no CORTICEIRA AMORIM's shares were traded by Evaluesco, S.G.P.S., S.A.

iii) Sociedade Agrícola Triflor, S.A., a company in which Mr. Joaquim Ferreira de Amorim and Mr. André de Castro Amorim – both directors of CORTICEIRA AMORIM – performed directorial duties, held 285,956 CORTICEIRA AMORIM's shares. In 2010 no CORTICEIRA AMORIM's shares were traded by Sociedade Agrícola Triflor, S.A.

c) List of Shareholders holding over one-tenth of the company's share capital:

On 31 December 2010, Amorim Capital – Sociedade Gestora de Participações Sociais, S.A. held 101,820,314 CORTICEIRA AMORIM shares representing 76.557% of the share capital.

Mozelos, February 18, 2011

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

António Rios de Amorim
Chairman of the Board of Directors

Joaquim Ferreira de Amorim
Vice-Chairman of the Board of Directors

Nuno Filipe Vilela Barroca de Oliveira
Member of the Board of Directors

Luísa Alexandra Ramos Amorim
Member of the Board of Directors

José da Silva Carvalho Neto
Member of the Board of Directors

André de Castro Amorim
Member of the Board of Directors

Fernando José de Araújo dos Santos Almeida
Member of the Board of Directors



Financial Report

The number of cork stoppers produced globally each year would circle the earth 15 times.

Fig. 29 • Consolidated Statement of Financial Position

thousand euros

	Notes	December 2010	December 2009
Assets			
Property, plant and equipment	VIII	168,430	174,872
Investment property	VIII	7,733	9,308
Goodwill	IX	15,099	18,704
Investments in associates	V and X	5,362	5,231
Intangible assets	VIII	612	685
Other financial assets	X	1,995	2,453
Deferred tax assets	XI	7,742	8,100
Non-current assets		206,973	219,353
Inventories	XII	184,798	174,789
Trade receivables	XIII	110,311	98,584
Current tax assets	XIV	16,595	16,570
Other current assets	XV	9,777	7,693
Cash and cash equivalents	XVI	33,312	7,740
Current assets		354,793	305,376
Total Assets		561,766	524,730
Equity			
Share capital	XVII	133,000	133,000
Own shares	XVII	-6,247	-2,800
Other reserves	XVII	109,126	103,851
Net Income		20,535	5,111
Non-controlling interest	XVIII	12,131	10,684
Total Equity		268,545	249,845
Liabilities			
Interest-bearing loans	XIX	14,239	93,472
Other borrowings and creditors	XXI	1,160	2,131
Provisions	XXIX	14,557	4,581
Deferred tax liabilities	XI	5,982	5,254
Non-current liabilities		35,938	105,439
Interest-bearing loans	XIX	121,496	52,881
Trade payables	XX	97,787	74,601
Other borrowings and creditors	XXI	26,941	32,589
Tax liabilities	XXII	11,059	9,375
Current liabilities		257,283	169,446
Total Liabilities and Equity		561,766	524,730

Fig. 30 • Consolidated Income Statement by Nature – of the year and fourth quarter

thousand euros

	4Q10	4Q09	Notes	12M10	12M09
	(Non audited)	(Non audited)			
	109,522	99,430	Sales	456,790	415,210
	60,015	48,773	Costs of goods sold and materials consumed	221,777	213,492
	11,938	-489	Change in manufactured inventories	1,817	-4,811
	61,445	50,168	Gross margin	236,830	196,907
	50.6%	50.7%		51.6%	48.0%
	20,252	17,609	Third party supplies and services	78,320	71,078
	23,870	23,785	Staff costs	90,712	88,991
	221	-1,685	Impairments of assets	2,140	613
	-1,436	2,605	Other gains	6,860	8,466
	1,729	2,359	Other costs	6,512	6,169
	13,937	10,705	Current EBITDA	66,006	38,522
	5,629	5,465	Depreciation	20,867	20,587
	8,308	5,240	Current EBIT	45,139	17,935
	1,886	0	Non-current costs	5,110	4,515
	-1,116	-755	Net financial costs	-4,164	-5,694
	-272	-188	Gains (losses) in associates	350	381
	5,034	4,298	Profit before tax	36,215	8,106
	2,185	1,231	Income tax	14,461	2,204
	2,848	3,067	Profit after tax	21,753	5,902
	40	205	Non-controlling interest	1,218	791
	2,808	2,862	Net income attributable to the equity holders of CORTICEIRA AMORIM	20,535	5,111
	0.022	0.022	Earnings per share – basic and diluted (euros per share)	0.162	0.039

Fig. 31 • Consolidated Statement of Comprehensive Income – of the year and fourth quarter

thousand euros

4Q10 (Non audited)	4Q09 (Non audited)		12M10	12M09
2,848	3,067	Net income (before Min. Interest)	21,753	5,902
-346	-295	Change in derivative financial instruments fair value	-200	-3,236
425	701	Change in translation differences	364	456
79	406	Net income directly registered in equity	164	-2,780
2,927	3,473	Total Net income registered	21,917	3,122
Attributable to:				
2,887	3,268	CORTICEIRA AMORIM Shareholders	20,699	2,331
40	205	Non-controlling interest	1,218	791

Fig. 32 • Consolidated Income Statement by Function

thousand euros

	12M10	12M09 restated
Sales	456,790	415,210
Cost of sales	302,512	289,612
Gross margin	154,278	125,598
Marketing and sales costs	49,303	49,916
Distribution	15,269	15,252
Support areas and others	44,567	42,495
Operating results (EBIT)	45,139	17,935
Non-current costs	5,110	4,515
Net financial costs	-4,164	-5,694
Gains (losses) in associates	350	381
Profit before tax	36,215	8,106
Income tax	14,461	2,204
Profit after tax	21,753	5,902
Non-controlling interest	1,218	791
Net income attributable to the equity holders of CORTICEIRA AMORIM	20,535	5,111
Net profit per share – basic and diluted (euros per share)	0.162	0.039



Cork knowledge and credentials opened its doors to a world of endless applications, namely in building industry, where it is used as thermal, acoustic and vibration insulation.

Fig. 33 • Consolidated Statement of Cash Flow – of the year

thousand euros

4Q10	4Q09		12M10	12M09
(non audited)	(Non audited)	Operating activities		
97,966	106,727	Collections from customers	465,285	428,410
-80,736	-42,640	Payments to suppliers	-323,634	-246,836
-26,388	-25,273	Payments to employees	-89,705	-94,693
-9,158	38,813	Operational cash flow	51,946	86,881
-496	-538	Payments/collections – income tax	-3,034	-3,054
531	-9,323	Other collections/payments related with operational activities	10,019	29,244
-9,123	28,952	Cash flow before extraordinary items (1)	58,931	113,071
		Investment activities		
		Collections due to:		
236	536	Tangible assets	1,008	726
0	-22	Investment property	0	0
366	0	Other assets	481	0
491	-70	Interests and similar gains	904	270
36	-2,035	Investment subsidies	54	1,698
100	80	Dividends	200	180
		Payments due to:		
-5,703	-2,844	Tangible assets	-16,766	-15,681
-376	-6,213	Financial investments	-449	-6,259
-432	15	Intangible assets	-901	0
474	-244	Other assets	-275	-259
-4,808	-10,813	Cash flow from investments (2)	-15,744	-19,325
		Finantial activities		
		Collections due to:		
228	145	Others	631	274
		Payments due to:		
23,847	-20,747	Loans	-18,597	-81,782
-1,408	-1,545	Interests and similar expenses	-3,851	-7,072
-294	-37	Dividends	-704	-474
0	0	Acquisition of treasury stock	-3,446	-299
-145	36	Others	-482	-600
22,228	-22,148	Cash flow from financing (3)	-26,449	-89,955
8,297	-4,009	Change in cash (1) + (2) + (3)	16,738	3,792
240	268	Exchange rate effect	654	248
0	0	Perimeter effect	0	0
10,406	5,291	Cash at beginning	1,552	-2,488
18,944	1,552	Cash at end	18,944	1,552

Fig. 34 • 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
31 December 2010								
Equity:								
Share capital	133,000	-	-	-	-	-	-	133,000
Treasury stock – face value	-3,088	-	-	-	-3,699	-	-	-6,787
Treasury stock – discounts 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	5,111	0	0	-3,446	-410	574	235,880
Net profit for the year	5,111	-5,111	-	20,535	-	-	-	20,535
Minority interests	10,684	-	-628	1,218	-	-12	869	12,131
Total Equity	249,845	0	-628	21,753	-3,446	-422	1,443	268,546
31 December 2009								
Equity:								
Share capital	133,000	-	-	-	-	-	-	133,000
Treasury stock – face value	-2,589	-	-	-	-499	-	-	-3,088
Treasury stock – discounts and premiums	88	-	-	-	199	-	-	287
Paid-in capital	38,893	-	-	-	-	-	-	38,893
IFRS transition adjustments	-8,675	-	-	-	115	-	-	-8,560
Hedge accounting	3,272	-	-	-	-	-3,236	-	36
Reserves	0							
Legal reserve	7,445	1,113	-	-	-	-	-	8,558
Other reserves	62,037	5,040	-	-	-	-199	-	66,878
Translation difference	-2,493	-	-	-	-	-	540	-1,953
	230,978	6,153	0	0	-185	-3,435	540	234,051
Net profit for the year	6,153	-6,153	-	5,111	-	-	-	5,111
Minority interests	9,593	-	-486	791	-	-217	1,003	10,684
Total Equity	246,724	0	-486	5,902	-185	-3,652	1,543	249,845

Notes to the Consolidated Financial Statements

Cork is naturally beautiful, durable and recyclable. Advanced technologies and creativity transform it into sophisticated floor and wall coverings of incomparable beauty and performance.

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 18 February 2011.

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 1 January 2010. The transition date from the local GAAP was 1 January 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.

Losses for the period that are attributable to Non-controlling interest will be debited to the Non-controlling interest account until its balance equals to zero, being all subsequent losses fully attributed to CORTICEIRA AMORIM. In subsequent reversal of losses, all profits will be attributed to CORTICEIRA AMORIM up to the full recovery of prior losses appropriated. Afterwards the usual appropriation of results between CORTICEIRA AMORIM and third-party interests will be reassumed.

In the rare case where the minority part has the obligation to share its portion for the losses after its balance sheet account is cancelled, a receivable will be recorded in the consolidated Balance sheet.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their

CORTICEIRA AMORIM's activity enables the preservation of millions of cork oak trees that are cornerstone of an ecological system unique in the world.



fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised 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 "Gains (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 1 January 1991, were revalued by independent experts. Same procedure was followed for companies acquired later than that date.

Under IFRS 1, 16, and as of 1 January 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 (Fig. 35).

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.

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

Fig. 35 • Depreciation

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

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 financial statements 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 balance sheet 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. 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.

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.

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 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), being half of it USD. 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 31 December 2010, 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 (2010: - K€ 1,305, 2009: - K€ 1,953, 2008: - K€ 2,493).

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 31 December 2010, noncurrent-term debt was 10% of total interest bearing debt (2009: 64%). 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 31 December 2010, for each 0.1% variation in euro based debt, a total effect of - K€ 120 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 (Fig. 36).

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 as described on the Fig. 37.

The Ratio increase was adversely affected by new treasury stock totalling K€ 3,447 and by a K€ 24,000 balance sheet increase deriving from a time deposit. Except for this two extraordinary items, this ratio would reach 50.6%.

Fig. 36 • Liquidity reserve

	2011
	million euros
Opening balance	193
Operating cash in	460
Operating cash out	-430
Investments	-20
Interest and dividends	-5
VAT	-32
Income tax	-4
Non-current debt payment	-79
Use of additional credit lines/new credit lines	79
Closing balance	162

Fig. 37 • Equity/assets ratio

	2010	2009
	thousand euros	
31 December, Equity	268,545	249,845
31 December, Assets	561,766	524,730
Ratio	47.8%	47.6%

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 (2.34%).

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 2010, no estimates and judgements were identified as having important impact in CORTICEIRA AMORIM results if not materialized.

As for assets, goodwill amounts to K€ 15,009 (2009: K€ 18,704). 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 was around 7.64%. Still to be noted K€ 7,742 registered in deferred tax assets (2009: K€ 8,100). 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

Fig. 38 • Companies included in the consolidated financial statements

Company	Head Office	Country	2010
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. (g)	Ponte de Sôr	Portugal	100%
Amorim Florestal España, SL	San Vicente Alcántara	Spain	100%
Amorim Tunisie, S.A.R.L.	Tabarka	Tunisia	100%
Comatral – Compagnie Marocaine de Transf. du Liège, S.A.	Skhirat	Morocco	100%
Cork International, S.A.R.L.	Tabarka	Tunisia	100%
SIBL – Société Industrielle Bois Liège	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 de Lamas	Portugal	100%
Amorim & Irmãos, S.A. (a)	Santa Maria de 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	Victoria	Australia	100%
Amorim Cork Deutschland GmbH & Co KG	Bingen	Germany	100%
Amorim Cork Italia, S.p.A.	Conegliano	Italy	100%
Amorim Cork South Africa	Cape Town	South Africa	100%
Amorim France, SAS	Champfleury	France	100%
Carl Ed. Meyer Korken	Delmenhorst	Germany	100%
Chapuis, S.L.	Girona	Spain	100%
Equipar, Participações Integradas, Lda.	Coruche	Portugal	100%
FP Cork, Inc.	California	U. S. America	100%
Francisco Oller, S.A.	Girona	Spain	87%
Hungarokork, Amorim, Rt.	Budapeste	Hungary	100%
Indústria Corchera, S.A. (f)	Santiago	Chile	50%
KHB – Kork Handels Beteiligung, GMBH	Delmenhorst	Germany	100%
Korke Schiesser Ges.M.B.H.	Viena	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	Bordeaux	France	100%
Portocork Internacional, S.A.	Santa Maria de Lamas	Portugal	100%
Portocork Itália, 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%

continuation

Company	Head Office	Country	2010
Floor and Wall Coverings			
Amorim Revestimentos, S.A.	S. Paio de Oleiros	Portugal	100%
Amorim Benelux, B.V. – A.R. (b)	Tholen	Netherlands	100%
Amorim Cork Distribution Netherlands B.V.	Tholen	Netherlands	100%
Amorim Cork GmbH	Delmenhorst	Germany	100%
Amorim Deutschland, GmbH & Co. KG – A.R. (d)	Delmenhorst	Germany	100%
Amorim Flooring (Switzerland) AG	Zug	Switzerland	100%
Amorim Flooring Austria GesmbH	Viena	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 Revestimentos, S.A.	Barcelona	Spain	100%
Amorim Wood Supplies, GmbH	Bremen	Germany	100%
Cortex Korkvertriebs GmbH	Fürth	Germany	100%
Corticeira Amorim – France SAS – A.R. (c)	Lavardac	France	100%
Dom Korkow, Sp. Zo. O. (f)	Krakow	Poland	50%
Inter Craft Coatings, Lda.	S. Paio de Oleiros	Portugal	50%
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 Alcántara	Spain	100%
Postya – Serviços de Consultadoria, Lda.	Funchal – Madeira	Portugal	100%
Samorim (Joint Stock Company Samorim) (e)	Samara	Russia	50%
Insulation Cork			
Amorim Isolamentos, S.A.	Mozelos	Portugal	80%
Holding			
CORTICEIRA AMORIM, S.G.P.S., S.A.	Mozelos	Portugal	100%
Amorim Benelux, B.V. – A&I (b)	Tholen	Netherlands	100%
Ginpar, S.A. (Générale d' Investissements et Participation)	Skhirat	Morocco	100%
Amorim Cork Research, Lda.	Mozelos	Portugal	100%
Sopac – Soc. Portuguesa 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.

(b) One single company: Amorim Benelux, BV.

(c) One single company: Corticeira Amorim – France SAS.

(d) One single company: Amorim Deutschland, GmbH & Co. KG.

(e) Equity method consolidation.

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

(g) Set-up during Q1 2010. Consolidates beginning 1Q 2010.

Subsidiaries Amorim Cork Bulgaria, Moldamorim and Amorim Cork Beijing were not consolidated as they are immaterial.

During first quarter, subsidiaries Amorim & Irmãos, IV, S.A., Amorim Florestal Catalunya, S.L. and Amorim Florestal Espanha, S.A. were merged in Amorim Florestal España, S.L.

In 2009 report it was mentioned that subsidiaries Olimpiadas Barcelona 92, S.L., Chapuis, S.L. and Francisco Oller, S.A. were in a merging process. This process was in the meantime suspended.

At the end of the third quarter, subsidiary Francisco Oller, S. A. acquired to several group companies 87% of S.A. Oller et Cie. The remaining 13% were acquired to third parties.

VI. EXCHANGE RATES USED IN CONSOLIDATION

(Fig. 39).

VII. SEGMENT REPORT

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

- Raw Materials;
- Cork Stoppers;
- Floor and Wall Coverings;
- Composite Cork;
- Insulation Cork.

For purposes of this Report, the Business Units approach was selected as the primary segment. This is consistent with the formal organization and evaluation of business. Fig. 40 shows the

Fig. 39 • Exchange rates used in consolidation

Exchange rates		Year end 2010	Average 2010	Year end 2009	Average 2009
Argentine Peso	ARS	5.30893	5.18336	5.43760	5.20701
Australian Dollar	AUD	1.31360	1.44231	1.60080	1.77270
Brazilian Real	BRL	2.2177	2.3293	2.5113	2.7674
Canadian Dollar	CAD	1.33220	1.36511	1.51280	1.58496
Swiss Franc	CHF	1.25040	1.38034	1.48360	1.51002
Chilean Peso	CLP	625.660	675.369	726.110	776.215
Yuan Renminbi	CNY	8.81480	8.97649	9.77260	9.52488
Danish Krone	DKK	7.45350	7.44730	7.44180	7.44624
Algerian Dinar	DZD	98.3136	96.2669	100.8227	99.7991
Euro	EUR	1	1	1	1
Pound Sterling	GBP	0.86075	0.85724	0.88810	0.89094
Hong Kong Dollar	HDK	10.3965	10.3041	11.1003	10.8088
Forint	HUF	277.950	275.480	270.420	280.327
Yen	JPY	108.650	116.239	133.160	130.337
Moroccan Dirham	MAD	11.1423	11.1390	11.2746	11.2273
Zloty	PLN	3.97500	3.99467	4.10450	4.32762
Tunisian Dinar	TND	1.8738	1.8945	1.8921	1.8764
US Dollar	USD	1.33620	1.32572	1.44060	1.39478
Rand	ZAR	8.86250	9.69843	10.66600	11.67366

main indicators of the said units and, whenever possible, the reconciliation with the consolidated indicators.

The decision to report EBIT figures allows a better comparison of the different BU performances, disregarding the different

Fig. 40 • Segment report

thousand euros

2010	Raw Materials	Cork Stoppers	Floor & Wall Coverings	Composite Cork	Insulation Cork	Holding	Ajustm.	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

thousand euros

2009	Raw Materials	Cork Stoppers	Floor & Wall Coverings	Composite Cork	Insulation Cork	Holding	Ajustm.	Consolidated
Trade sales	5,652	236,191	111,162	53,963	8,242	0	-	415,210
Other BU sales	77,354	3,572	1,497	10,683	675	987	-94,768	-
Total Sales	83,006	239,763	112,659	64,646	8,917	987	-94,768	415,210
EBIT	1,317	20,715	-3,975	1,288	1,491	-2,690	-211	17,935
Assets	98,027	238,063	114,462	67,041	11,892	3,354	-8,110	524,729
Liabilities	27,858	62,294	23,647	15,053	1,766	4,968	139,298	274,884
Capex	939	7,144	5,367	1,995	562	36	-	16,043
Year depreciation	-2,762	-8,659	-5,203	-3,276	-623	-63	-	-20,586
Non-cash cost	-334	215	-585	207	-95	2	0	-590
Gains (losses) in associated companies	14	230	136	-	-	-	-	380

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.

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 227 million euros, and are mostly composed by inventories (69 million), customers (63 million) and tangible fixed assets (37 million).



Fig. 41 • Sales by markets

thousand euros

Markets	2010		2009	
European Union	279,541	61.2%	266,172	64.1%
From which: Portugal	20,576	4.5%	21,232	5.1%
Other European countries	27,033	5.9%	21,030	5.1%
United States	76,084	16.7%	65,493	15.8%
Other American countries	34,628	7.6%	29,638	7.1%
Australasia	30,864	6.8%	24,857	6.0%
Africa	7,591	1.7%	6,810	1.6%
Others	1,049	0.2%	1,210	0.3%
Total	456,790	100%	415,210	100%

VIII. TANGIBLE, INTANGIBLE AND PROPERTY INVESTMENT ASSETS

Fig. 42 • Tangible, intangible and property investment assets

	Land and buildings	Machinery	Other	Total tangible assets	Intangible assets	Investment property
Gross value	215,568	248,109	51,231	514,907	809	10,285
Depreciation and impairments	-128,152	-177,911	-29,068	-335,130	-251	-935
Opening balance (Jan. 1, 2009)	87,416	70,198	22,163	179,777	558	9,350
In companies	0	0	0	0	-	-
Increase	929	6,126	8,690	15,745	298	-
Period deprec. and impairments	-5,266	-13,344	-1,722	-20,332	-255	-41
Sales and other decreases	-155	-358	-177	-690	-8	-
Transfers and reclassifications	728	13,338	-14,344	-278	-157	-
Translation differences	15	603	31	649	-1	-
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
Closing balance (Dec. 31, 2009)	83,667	76,563	14,642	174,872	685	9,309
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
In companies	0	0	0	0	-	-
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

thousand euros

The amount of K€ 7,733, referred as Property Investment (2009: K€ 9,308), is due, mainly, to land and buildings that are not used in production.

IX. GOODWILL

Fig. 43 • Goodwill

	Opening	Increases	Decreases	Closing
Raw Materials BU	4,195			4,195
Cork Stoppers BU	5,155	1,360	1,449	5,066
Floor and Wall Coverings BU	9,510		3,672	5,838
Goodwill	18,860	1,360	5,121	15,099

thousand euros

Increase is due to the acquisition of a champagne cork stoppers business made by the subsidiary S.A. Oller et Cie (K€ 750) and also to the acquisition of the remaining 13% of S.A. Oller et Cie.

Decreases is due to the register of the total impairment of the goodwill associated with the subsidiaries Amorim Cork South Africa (Cork Stoppers BU) and Amorim Benelux (Floor and Wall Coverings BU), as well as a partial impairment of the goodwill related with associate US Floors (Floor and Wall Coverings BU).

X. EQUITY COMPANIES AND OTHER FINANCIAL ASSETS

• EQUITY COMPANIES:

Fig. 44 • Equity companies:

	2010	2009
Initial balance	5,231	10,427
In/out	0	0
Results	351	381
Dividends	-200	-180
Transfer to goodwill	0	-5,390
Exchange differences	0	-10
Other	-20	3
End balance	5,362	5,231

thousand euros

As of 2009, goodwill was calculated and then transferred to proper balance sheet account.

Most important equity companies are Société Nouvelle des Bouchons Trescases and US Floors, Inc., of which a summary of its financial situation are presented (Fig. 45 and 46):

Fig. 45 • Trescases

	2010	2009
Current assets	13,993	9,955
Current liabilities	7,942	4,770
Non-current assets	1,370	1,603
Equity	6,725	6,245
Sales	24,654	22,760
Operating profits	1,392	832
Profits before tax	1,304	689
Income tax	424	229
Results	880	460

thousand euros

Fig. 46 • US Floors

	2010	2009
Current assets	36,115	29,064
Current liabilities	11,713	11,812
Non-current assets	8,106	8,716
Equity	10,291	10,761
Sales	60,304	54,106
Operating profits	1,508	1,816
Profits before tax	-271	1,229
Income tax	283	468
Results	-554	761

thousand USD

• OTHER FINANCIAL ASSETS:

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

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€ 5,409 (2009: K€ 401).

On the Balance sheet this effect amounts to K€ 7,742 (31/12/2009: K€ 8,100) as Deferred tax asset, and to K€ 5,982 (31/12/2009: K€ 5,254) 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 (Fig. 47).

Fig. 47 • Income tax

	thousand euros	
	2010	2009
Related with inventories/customers and debtors impairments	3,444	2,948
Related with tax losses	2,771	3,410
Related with tax benefits	515	1,356
Others	1,012	386
Deferred tax assets	7,742	8,100
Related with fixed tangible assets	4,667	4,484
Other temporary differences	1,315	770
Deferred tax liabilities	5,982	5,254
Current income tax	-9,052	-1,803
Deferred income tax	-5,409	-401
Income tax	-14,460	-2,204

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

As of December 2010, companies included in the tax consolidation (RETGS), had an investment tax benefit of around 350 thousand euros, which, conservatively, was not booked.

Following chart explains the effective income tax rate, from the original income tax rate of most of Portuguese companies (Fig. 48).

Fig. 48 • Income tax conciliation

	26.5%
Income tax – legal	26.5%
Effect arising from current losses that did not generate DTA (due to impossibility or due to prudence)	1.8%
Effect due to costs non accepted as tax costs	1.6%
Effect arising from local taxation being estimated only by positive results and effect due to state complementary taxation	2.1%
Effect due to 2010 tax benefits (SIFIDE)	-1.3%
Effect arising from the recognition of DTA regarding tax losses and tax benefits (SIFIDE) prior to 2010	-7.2%
Effect due to DTA and other similar assets expense	12.1%
Effect due to profits that did not generate tax expense due to prior tax losses with no DTA	-1.0%
Other effects	0.8%
Income tax – effective ⁽¹⁾	35.3%

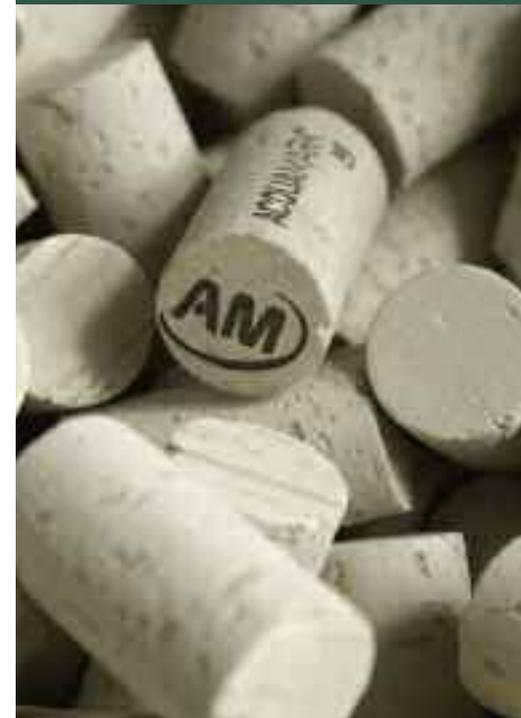
⁽¹⁾ Income Tax / PBT, Equity Gains, non-controlling Interests and non-current costs

During 2010 a legal reorganization was initiated in some subsidiaries. This reorganization will cause in some of them changes that will result in a deferred tax assets and other similar assets write-off. As a result it was decided to expense a total of M€ 4.5 of deferred tax assets.

CORTICEIRA AMORIM and a large group of its Portuguese subsidiaries are taxed since 1 January 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 31 December 2010, 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 (Fig. 49).

Fig. 49 • Tax losses

	thousand euros					
	2011	2012	2013	2014	2015 and further	Total
RETGS						0
Other portuguese companies	372	439				811
Foreign companies				445	11,550	11,995
Non utilised tax losses	372	439	0	445	11,550	12,806

As for the foreign companies, the year 2015 and further was considered for those situations that correspond to tax losses to carry forward with no limit of utilization. Tax losses from foreign subsidiaries that are in a reorganization process were not considered as they are not likely to be used.

XII. INVENTORIES

Fig. 50 • Inventories

	thousand euros	
	2010	2009
Goods	16,856	12,538
Finished and semi-finished goods	71,375	75,251
By-products	415	660
Work in progress	10,429	10,686
Raw materials	88,213	78,250
Advances	504	298
Goods impairments	-920	-796
Finished and semi-finished goods impairments	-1,856	-1,898
Raw materials impairments	-217	-200
Inventories	184,798	174,789

XIII. TRADE RECEIVABLES

Fig. 51 • Trade receivables

	thousand euros	
	2010	2009
Gross amount	123,129	109,986
Impairments	-12,818	-11,402
Trade receivables	110,311	98,584

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 (Fig. 52):

Fig. 52 • Due and past due balances

	thousand euros	
	2010	2009
Due	82	69
Past due between 0 and 120 days	28	26
Past due between 120 and 180 days	2	2
Doubtful and past due over 180 days	12	13
Impairment	13	11

XIV. RECOVERABLE TAXES

Fig. 53 • Recoverable taxes

	thousand euros	
	2010	2009
Value added tax	12,328	12,473
Other taxes	4,267	4,097
Recoverable taxes	16,595	16,570

XV. OTHER ASSETS

Fig. 54 • Other assets

	thousand euros	
	2010	2009
Advances to suppliers	1,229	1,812
Deferred assets	4,016	2,927
Hedge accounting assets	728	19
Others	3,804	2,935
Other current assets	9,777	7,693

XVI. CASH AND CASH EQUIVALENTS

Fig. 55 • Cash and cash equivalents

	thousand euros	
	2010	2009
Cash	142	162
Bank balances	5,819	4,381
Time deposits	27,344	3,190
Others	7	7
Cash and cash equivalents	33,312	7,740

XVII. CAPITAL AND RESERVES

• SHARE CAPITAL

As of 31 December 2010, 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

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.

No sales were held.

As of 31 December 2010, CORTICEIRA AMORIM held 6,787,462 of its own shares, representing 5.103% of its share capital.

During 2009, CORTICEIRA AMORIM bought 498,349 of its own shares, representing 0.375% of its share capital, at an average unit price of € 0.60 and a total amount of € 298,642.51.

During 2009, no shares were sold.

• DIVIDENDS

In the Shareholders' General Meeting of 29 March 2010, no dividend distribution was approved (Fig. 56).

Fig. 56 • Dividends

	thousand euros	
	2010	2009
Dividends paid:		
2010: 0,000 and 2009: 0,000 (euros per share)	0	0
Portion attributable to own shares	0	0
Dividends paid	0	0

Summary of changes in Equity:

Fig. 57 • Changes in equity

	thousand euros	
	2010	2009
Initial balance	249,846	246,724
Change in treasury stock	-3,447	-300
Dividends paid	0	0
Change in hedge accounting adjustments	-200	-3,236
Change in translation differences	574	540
Others	-210	-84
Net Income	20,535	5,111
Change in Non-controlling Interests (note XVIII)	1,447	1,091
End balance	268,545	249,846

XVIII. NON-CONTROLLING INTEREST

Fig. 58 • Non-controlling interest

	thousand euros	
	2010	2009
Initial balance	10,684	9,593
In/out	0	0
Results	1,218	791
Dividends	-628	-486
Exchange differences	869	1,003
Others	-13	-217
End balance	12,131	10,684

XIX. INTEREST BEARING DEBT

At year-end, interest bearing loans was as follows (Fig. 59 and Fig. 60):

Fig. 59 • Interest-bearing loans – current

	thousand euros	
	2010	2009
Bank loans	52,533	44,197
Overdrafts	14,368	6,188
Reimbursable subsidies	17,607	496
Commercial paper	36,988	2,000
Interest-bearing loans – current	121,496	52,881

Loans were denominated in euros, except 10% (2009: 50%).

Fig. 60 • Interest-bearing loans – non-current

	thousand euros	
	2010	2009
Bank loans	2,683	28,636
Reimbursable subsidies	56	17,362
Commercial paper	11,500	47,474
Interest-bearing loans – non-current	14,239	93,472

As of the end of 2010 and 2009, loans were almost totally denominated in euros.

As of 31 December 2010, maturity of non-current interest bearing debt was as follows (Fig.61):

Fig. 61 • Debt maturity

thousand euros	
Between 01/01/2012 and 31/12/2012	12,890
Between 01/01/2013 and 31/12/2013	0
Between 01/01/2014 and 31/12/2014	0
After 01/01/2015	1,349
Total	14,239

As of that date, around 90% of total interest bearing debt was euro based. The remaining was mostly USD and AUD based.

Non-current and current interest bearing debt carries floating interest rates. Average cost, during 2009, for all the credit utilized was 2.34% (2009: 2.94%).

At the same date, three foreign subsidiaries had a 1.7 million euro loan mortgage guarantee.

Non-utilized loan facilities amounted to 169 million euro as of 31 December 2010.

XX. SUPPLIERS

Fig. 62 • Suppliers

thousand euros		
	2010	2009
Suppliers – current account	91,709	69,172
Suppliers – accruals	6,078	5,429
Suppliers	97,787	74,601

The increase in Suppliers is due mainly to a new relationship with most of them. The availability of an appropriate financial instrument allowed for a substantial increase in the payment terms.

XXI. OTHER LOANS AND CREDITORS

Fig. 63 • Other loans and creditors

thousand euros		
	2010	2009
Non interest bearing grants	233	1,361
Other	927	770
Other loans and creditors – non-current	1,160	2,131
Non interest bearing grants	1,124	1,070
Deferred costs	15,441	14,657
Deferred gains – grants	6,756	9,182
Other	3,620	7,680
Other loans and creditors – current	26,941	32,589



“An ambassador for Portugal, cork has carried the nation’s name to the five continents and even into space.”

Jaime Gama,
President of the Portuguese
Assembly of the Republic.

In Deferred costs the part related with salaries (vacations and vacations paid) at year-end amounted to K€ 7,768 (end 2009: K€ 7,394).

The fair value (K€ 1,125) of an interest rate swap is included in the total value of K€ 3,620. During the first quarter 2010, a five year interest rate swap with a M€ 30 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 (Fig. 64).

Fig. 64 • Subsidies

thousand euros		
Non-reimbursable subsidies (no interest bearing)		
Opening balance	9,182	9,018
Transfer to gains	-2,006	-2,997
Additions	407	0
Received during the year	53	709
Reclassifications/transfers	-880	2,452
Closing balance	6,756	9,182
Reimbursable subsidies (no interest bearing)		
Opening balance	2,431	5,678
Paid during the year	-725	-2,038
Received during the year	0	1,176
Fair value correction (zero interest rate)	0	0
Reclassifications/transfers	-350	-2,385
Closing balance	1,356	2,431

XXII. TAX LIABILITIES

Fig. 65 • Tax liabilities

thousand euros		
	2010	2009
Income tax	2,792	1,618
Value added tax	3,405	3,405
Social security	2,661	2,640
Others	2,201	1,712
Tax liabilities	11,059	9,375

XXIII. THIRD PARTY SUPPLIES AND SERVICES

Fig. 66 • Third party supplies and services

thousand euros		
	2010	2009
Subcontractors	3,948	2,621
Special services	6,348	9,026
Advertising	6,258	7,112
Security	712	657
Professional fees	447	588
Commissions	4,950	4,378
Maintenance	5,860	5,315
Tools	1,339	1,005
Power	7,531	6,973
Oil and gas	1,289	1,084
Travel	3,501	3,288
Transports	16,726	13,490
Rentals	4,145	4,205
Communications	1,330	1,628
Insurance	2,619	2,783
Representation expenses	709	636
Data systems	3,361	N/A
Others	7,247	6,289
Third party supplies and services	78,320	71,078

XXIV. STAFF COSTS

Fig. 67 • Staff costs

	thousand euros	
	2010	2009
Boards remuneration	648	444
Employees remuneration	68,403	67,036
Social Security and other	13,822	14,149
Severance costs	3,270	7,974
Other	4,569	3,903
Staff costs	90,712	93,506
Average number of employees	3,278	3,422
Final number of employees	3,247	3,243

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.

Restructuring costs (K€ 4,515), as stated in the income statement by nature is included in the 2009 Severance costs line.

XXV. IMPAIRMENTS OF ASSETS

Fig. 68 • Impairments of assets

	thousand euros	
	2010	2009
Receivables	1,582	1,007
Inventories	-169	-488
Goodwill	5,110	0
Tangible assets	696	0
Others	31	94
Impairments of assets	7,250	613

The amount totalling K€ 5,110 refers to an impairment related with two subsidiaries and an associate. This value was considered as a Non-current cost.

XXVI. OTHER OPERATING GAINS AND LOSSES

Fig. 69 • Other operating gains

	thousand euros	
	2010	2009
Net exchange differences	0	1,382
Gain in fixed assets and p. investment disposals	268	397
Provisions reverse	138	466
Operating subsidies	410	116
Investment subsidies	2,006	2,995
Supplementary gains	1,383	1,249
Real estate rentals	118	144
Own works	57	139
Inventory gains	111	0
Derivative fair value gains	762	0
Other	1,607	1,578
Other operating gains	6,860	8,466

Fig. 70 • Other operating losses

	thousand euros	
	2010	2009
Net exchange differences	987	0
Taxes (other than income)	1,430	1,576
Provisions	678	440
Loss in fixed assets and p. investment disposals	836	404
Bank charges	478	546
Bad debts	725	620
Inventory losses	56	236
Donations and member fees	328	235
Derivative fair value losses	186	0
Other	809	2,112
Other operating losses	6,512	6,169

Values related with 2009, were restated in order to be in accordance with 2010 detail.

XXVII. NET FINANCIAL COSTS

Fig. 71 • Net interest

	thousand euros	
	2010	2009
Interest costs – bank loans	3,174	5,369
Interest costs – delayed payments	3	8
Stamp tax – interest	67	115
Stamp tax – capital	147	71
Interest costs – other	1,780	660
	5,171	6,223
Interest gains – bank deposits	847	184
Interest gains – delayed payments	65	170
Interest gains – other	95	174
	1,007	529
Net interest	4,164	5,694

In Interest costs – other, the total value of K€ 1,780 includes K€ 1,125 related with the interest rate swap fair value. Includes also K€ 351 related with the difference in interests of the said swap, as stated in note III.

In Interest costs – other (K€ 660), a total of K€ 228 is due to non interest bearing liabilities fair value.

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 31 December 2010, indirect stake of AIP in CORTICEIRA AMORIM was 76.557%, corresponding as 80.674% of the voting rights.

Whether in its original form of bark or in one of its multiple end uses, the cork is a proof that a sustainable world is reachable; which boundaries are continuously being surpassed by human creativity.

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 K€ 5,021 (2009: K€ 6,442).

Cork acquired during 2010, from companies held by the main indirect shareholders of CORTICEIRA AMORIM, amounted to K€ 396. This corresponds to less than 0.5 % of total acquisitions of that raw material.

Balances at year-end 2010 and 2009 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 ranging from 2% to 5%.

During 2010 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€ 1,861 during 2010 (2009: K€ 1,744). 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

Fig. 72 • Provisions, guarantees, contingencies and commitments

	thousand euros	
	2010	2009
Income tax	12,044	2,962
Guarantees to customers	1,156	0
Others	1,357	1,619
Provisions	14,557	4,581

It is considered appropriate the total value of K€ 12,044 of provisions related with contingencies regarding income tax.

During its operating activities CORTICEIRA AMORIM issued in favour of third-parties guarantees amounting to K€ 105,259 (2009: K€ 162,859) (Fig. 73).

Fig. 73 • Third-parties guarantees

thousand euros

Beneficiary	Amount	Purpose
Government agencies	1,654	Capex grants / subsidies
Tax authority	4,825	Tax lawsuits
Banks	98,175	Credit lines
Other	605	Miscellaneous guarantees
Total	105,259	

As of 31 December 2010, future expenditure resulting from long-term motor vehicle rentals totals K€ 1,350, and for computer hardware and software totals K€ 556. Total is due 2011 (K€ 728), 2012 (K€ 587), 2013 (K€ 407) and 2014 and further (K€ 184).

Commitments related with fixed assets suppliers are no recorded and amount to K€ 3,361.

XXX. EXCHANGE RATE CONTRACTS

As of 31 December 2010, forward outright and options contracts related with sales currencies were as follows (Fig. 74):

Fig. 74 • Exchange rate contracts

thousand euros

	2010	
AUD	2,372	35%
ZAR	2,617	38%
CHF	1,247	18%
HUF	620	9%
Forward – long positions	6,858	100%
USD	2,081	91%
SEK	203	9%
Forward – short positions	2,284	100%
USD	31,762	100%
Options – long positions	31,762	100%

XXXI. AUDITOR'S FEES

PricewaterhouseCoopers auditor's remuneration for the group of subsidiaries and for CORTICEIRA AMORIM was K€ 338 (2009: K€ 378).

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 (Fig. 75).
- c) IFRS standards:
During 2010, the following standards became mandatory: IFRS 3 – Business Combinations (2008 revision), IAS 27 – Consolidated and Separate Financial Statements (2008 revision), IFRS 5 – Non-current Assets Held for Sale and Discontinued (2008 upgrade), IFRS 1 – First-time Adoption of International Financial Reporting Standards (change), IFRS 2 – Share-based Payment (change), IAS 39 – Financial Instruments: Recognition and Measurement (change), IFRIC 12 – Service Concession Arrangements, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 16

Fig. 75 • Net profit per share

	2010	2009
Total issued shares	133,000,000	133,000,000
Average no. of treasury shares	5,932,066	2,949,243
Average no. of outstanding shares	127,067,934	130,050,757
Net profit (thousand euros)	20,535	5,111
Net profit per share (euros)	0.162	0.039

- Hedges of a Net Investment in a Foreign Operation, IFRIC 17 – Distributions of Non-cash Assets to Owners, IFRIC 18 – Transfers of Assets from Customers.

No material impacts in 2010 statements if applied.

As of 31 December 2010, the following standards and interpretations were issued but not applied, due to the fact that they will become mandatory in future fiscal years: IAS 32 – Financial Instruments Presentation (change), IAS 24 – Related Party Disclosures (change), IFRS 7 – Financial Instruments: Disclosures (change), IAS 12 – Income taxes (change), IFRS 9 – Financial Instruments: Classification and Measurement (new), IFRIC 14 / IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction and IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments.

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 (Fig. 76).

Customers balances are denominated in USD (5.4%), CLP (6.1%), ARS (3.5%), ZAR (0.7%), AUD (1.1%), being the

Fig. 76 • Financial assets and liabilities

thousand euros

	2010	2009
Customers	110,311	98,584
Recoverable taxes	16,595	16,570
Cash and cash equivalents	33,312	7,740
Others	8,214	7,218
Total Financial Assets	168,432	130,112
Interest bearing debt	135,735	146,353
Other loans and creditors	5,874	10,880
Suppliers	97,787	74,601
Others	11,059	9,375
Total Financial Liabilities	250,455	241,209

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, 18 February 2011

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

António Rios de Amorim
Chairman of the Board of Directors

Joaquim Ferreira de Amorim
Vice-Chairman of the Board of Directors

Nuno Filipe Vilela Barroca de Oliveira
Member of the Board of Directors

Luísa Alexandra Ramos Amorim
Member of the Board of Directors

José da Silva Carvalho Neto
Member of the Board of Directors

André de Castro Amorim
Member of the Board of Directors

Fernando José de Araújo dos Santos Almeida
Member of the Board of Directors



Legal Opinion

Escultura Habitável (Inhabitable Sculpture) by Miguel Arruda invites the visitor to inhabit its space for a moment to enjoy the sensory experience of cork and to explore the multiple dimensions of this intriguing work.

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, 2010.

I - RESPONSIBILITIES 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.

1

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, 2010.

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.

2

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 Market 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 4, 2011

THE SUPERVISORY BOARD

Durval Ferreira Marques

Joaquim Alberto Hierro Lopes

Gustavo José de Noronha da Costa Fernandes

3



Statutory Auditors Report in respect of the Consolidated Financial Information

(Free translation from the original version in Portuguese)

Introduction

1 As required by law, we present the Statutory Auditors Report in respect of the Consolidated Financial Information included in the consolidated Board of Directors' Report and the consolidated financial statements of **Corticeira Amorim, S.G.P.S., S.A.**, comprising the consolidated statement of financial position as at 31 December 2010, (which shows total assets of Euros 561.766 thousand, total non-controlling interests of Euros 12.131 thousand and a total shareholder's equity of Euros 268.545 thousand including a net profit of Euros 20.535 thousand), the consolidated statement of income by nature and by functions, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow 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 Directors' Report and consolidated financial statements which present fairly, in all material respects, the financial position of the company and its subsidiaries, the consolidated statement of comprehensive income, the consolidated changes in equity, the consolidated result of their operations and their consolidated cash flows; (ii) to prepare historic financial information in accordance with International Financial Reporting Standards as adopted by the EU and which is complete, true, timely, clear, objective and licit, as required by the Portuguese Securities Market Code; (iii) to adopt adequate accounting policies and criteria; (iv) to maintain appropriate systems of internal control; and (v) to disclose any relevant matters which have influenced the activity, the financial position or results of the company and its subsidiaries.

3 Our responsibility is to verify the consolidated financial information included in the documents referred to above, namely if it is complete, true, timely, clear, objective and licit, as required by the Portuguese Securities Market Code, and to issue an independent and professional report based on our audit.

Scope

4 We conducted our audit in accordance with the Standards and Technical Recommendations approved 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 of material misstatement. Accordingly, our audit included: (i) verification that the subsidiary's financial statements have been properly 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, based on the judgments and criteria of Management used in the preparation of the consolidated financial statements; (ii) verification of the consolidation operations and the use of the equity method; (iii)

PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda.
o/Porto Bessa Leite Complex, Rua António Bessa Leite, 1430 - 5º, 4150-074 Porto, Portugal
Tel +351 225 433 000 Fax +351 225 433 499, www.pwc.com/pt
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assessing the appropriateness and consistency 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 whether the consolidated financial information is complete, true, timely, clear, objective and licit.

5 Our audit also covered the verification that the information included in the consolidated Directors' Report is in agreement with the other documents 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 2010, the consolidated changes in equity, the consolidated comprehensive income, the consolidated results of their operations and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and the information included is complete, true, timely, clear, objective and licit.

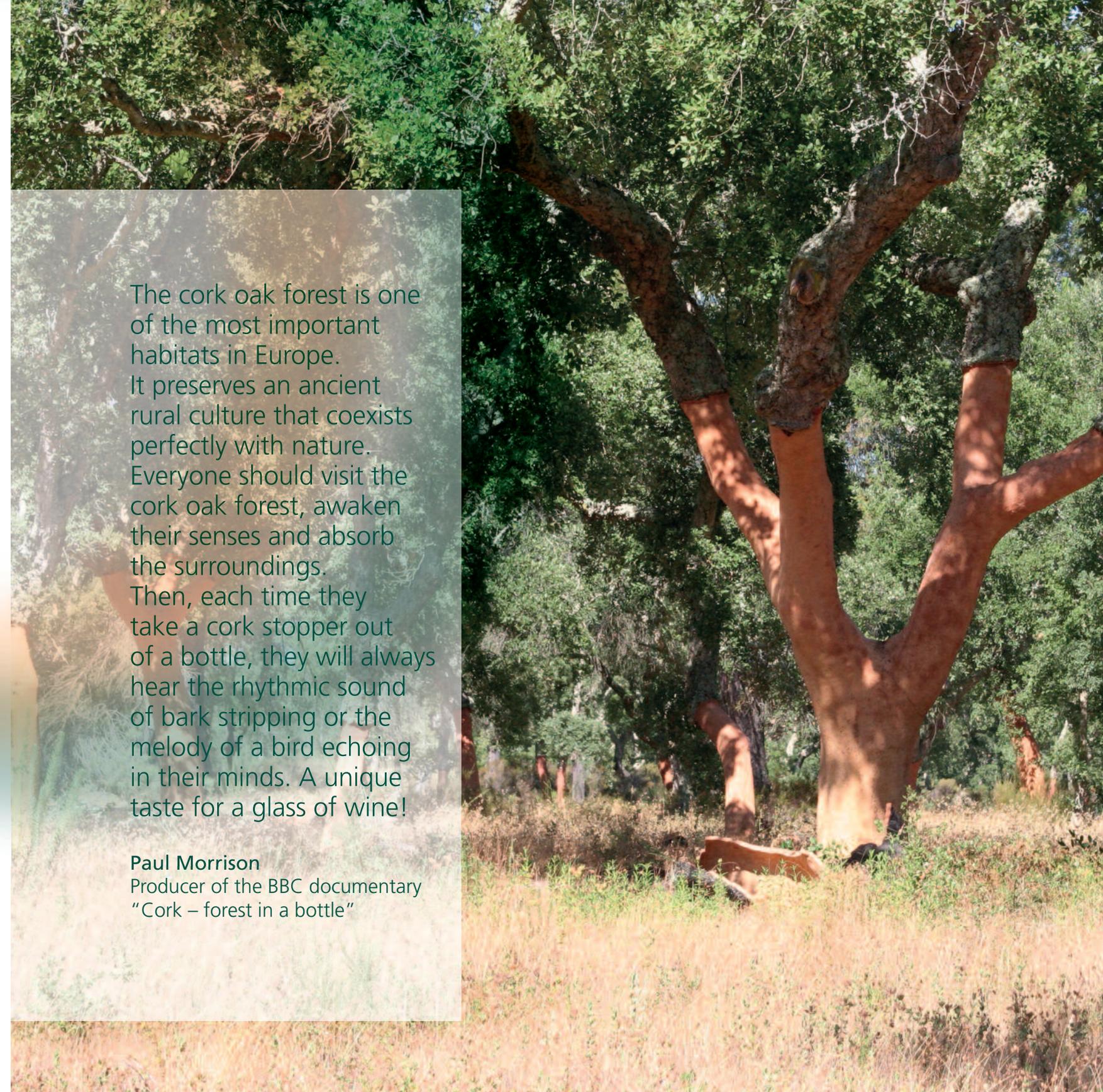
Report on other legal requirements

8 It is also our opinion that the information included in the Directors' Report is in agreement with the financial statements for the year and that the Corporate Governance Report includes the information required under Article 245-A of the Portuguese Securities Code.

Porto, 4 March 2011

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

José Pereira Alves, R.O.C.



The cork oak forest is one of the most important habitats in Europe. It preserves an ancient rural culture that coexists perfectly with nature. Everyone should visit the cork oak forest, awaken their senses and absorb the surroundings. Then, each time they take a cork stopper out of a bottle, they will always hear the rhythmic sound of bark stripping or the melody of a bird echoing in their minds. A unique taste for a glass of wine!

Paul Morrison
Producer of the BBC documentary
"Cork – forest in a bottle"



AMORIM

Title

Annual Report and Accounts 2010
CORTICEIRA AMORIM, S.G.P.S., S.A.

Coordination

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

Ownership

CORTICEIRA AMORIM, S.G.P.S., S.A.
Public Company
Edifício Amorim I – Rua de Meladas, no. 380
P.O. Box 20
4536-902 MOZELOS VFR CODEX – PORTUGAL
T.: +351 227 475 400
F.: +351 227 475 410

corticeira.amorim@amorim.com
www.corticeiraamorim.com

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Choice – Comunicação Global, Lda.
Av. 5 de Outubro, no. 122, 9.º Dto.
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T.: + 351 21 798 14 70
F.: + 351 21 798 14 79

choice@choice.pt
www.choice.pt

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