Annual Report and Accounts 2016

AMORIM

AMORIM

CHAIRMAN'S MESSAGE

The world economy grew at a slower pace than expected in 2016, reflecting the fragility of the growth cycle currently under way. The main markets in which Corticeira Amorim operates followed this trend, although this did not check the development of the Group's activities.

The referendum in the UK and the US election were events that influenced almost all business decision-makers. Economic growth in the US, Corticeira Amorim's largest single market, was lower than in 2015, although it began to pick up in the second half. The Euro Zone, where some of the Group's most important markets are located, grew at a slightly faster pace than the US, although at a slower rate than in the previous year. Most notable in the other regions where Corticeira Amorim has significant markets was the stabilisation of the Russian economy at a slower growth rate.

In 2016, Corticeira Amorim achieved the best results to date in its long history. While our operating performance was better than in any previous year, the impact of the sale of US Floors, Inc., an associate company, also increased the final result.

It was also our best year to date in terms of consolidated sales, which increased to €641.4 million. Every Business Unit (BU) reported sales increases. Because of its weight in total sales, the performance of the Cork Stopper BU was the key element in the growth of Corticeira Amorim's consolidated sales. Significant growth was registered at every BU, with the Composite Cork BU, which performed exceptionally well in 2015, managing to maintain the same volume of sales in 2016.

Sales growth, together with a strong operating performance, resulted in a 21.5% increase in current EBITDA to €122.3 million. The EBITDA/sales ratio increased to 19.1%, a substantial increase (16.7%) on 2015, mainly due to an improvement in the gross margin, as well as efficiency and cost control programmes. Our financial operations continued to benefit from an on-going reduction in remunerated debt and from lower interest rates.

Corticeira Amorim's net profit exceeded €100 million for the first time, reaching a total of €102.7 million.

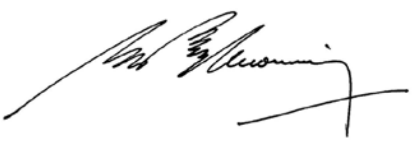
Innovative and even disruptive products, like Hydrocork; unequalled services that provide customers with added value such as NDTech; automation and operating efficiency programmes in every BU; an ambitious and continuous research, development and innovation (RD&I) programme; initiatives to promote and enrich new approaches to using cork led by the Amorim business incubator; innumerable partnerships and projects that, both in Portugal and internationally, promote the singularity of cork and Corticeira Amorim's unique skills in using it; a huge team – more than 3,600 employees across the world – whose skill, professionalism and enthusiasm are the foundation of our business activities and a guarantee of its continued success: these are the assets on which Corticeira is built.

Another highlight of the year was the Forest Intervention Project launched by Corticeira Amorim, which aims to change the current landscape of cork oak forests, focusing on far-reaching initiatives, such as reducing the length of the first cycle of cork extraction. This ambitious project is still in its initial stages, but will be absolutely critical for the future growth of the sector. Other initiatives are under way that we see as highly promising and likely to stimulate fresh interest in plantations and other areas forested with cork oaks, Portugal's national tree.

The future will always bring us new challenges, but I am confident that with our vision, skill, determination and passion, together with the unique qualities of cork, the material with which we work, we will continue to advance along our successful path.

I would like to conclude by expressing, on behalf of the Board of Directors and myself, our special thanks to all our stakeholders for their confidence in the Group and for their motivation.

Cordially,



António Rios de Amorim

BOARD MEMBERS

BOARD OF DIRECTORS

António Rios Amorim
Chairman

Nuno Filipe Vilela Barroca de Oliveira
Vice-Chairman

Fernando José de Araújo dos Santos Almeida
Member

Cristina Rios de Amorim Baptista
Member

Luísa Alexandra Ramos Amorim
Member

Juan Ginesta Viñas
Member

BOARD OF THE GENERAL MEETING

Augusto Fernando Correia de Aguiar-Branco
Chairman

Rita Jorge Rocha e Silva
Secretary

SUPERVISORY BOARD

Manuel Carvalho Fernandes
Chairman

Ana Paula Africano de Sousa e Silva
Member

Eugénio Luís Lopes Franco Ferreira
Member

Durval Ferreira Marques
Substitute Member

STATUTORY AUDITOR

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

Hermínio António Paulos Afonso (ROC)
Substitute

As of December 31, 2016

ORGANIZATIONAL CHART

RAW MATERIALS

Amorim Florestal, S.A.

Provision

Amorim Florestal, S.A.
Ponte de Sôr – Portugal

Amorim Florestal, S.A.
Coruche – Portugal

Amorim Florestal, S.A.
Abrantes – Portugal

Amorim Florestal, S.A.
Unid. Ind. Salteiros
Ponte de Sôr – Portugal

Amorim Florestal España, S.L
Algeciras – Spain

Amorim Florestal España, S.L.
San Vicente de Alcántara – Spain

Amorim Florestal Mediterrâneo, S.L.
San Vicente de Alcántara – Spain

Comatral – Compagnie Marocaine de Transformation du Liège, S.A.
Skhirat – Morocco

S.N.L. – Societé Nouvelle du Liège, S.A.
Tabarka – Tunisia

S.I.B.L. – S.A.R.L.
Jijel – Algeria

Augusta Cork, S.L.
San Vicente de Alcántara – Spain

CORK STOPPERS

Amorim & Irmãos, S.G.P.S., S.A.

Production

Amorim & Irmãos, S.A.
Santa Maria de Lamas – Portugal

Amorim Top Series, S.A
Argoncilhe – Portugal

Amorim & Irmãos, S.A
Unid. Ind. Valada
Valada – Portugal

Amorim & Irmãos, S.A
Unid. Ind. Coruche
Coruche – Portugal

Amorim & Irmãos, S.A.
Unid. Ind. Champanhe
Santa Maria de Lamas – Portugal

Amorim & Irmãos, S.A.
Unid. Ind. Portocork
Santa Maria de Lamas – Portugal

Amorim & Irmãos, S.A.
Unid. Ind. Salteiros
Ponte de Sôr – Portugal

Francisco Oller, S.A.
Girona – Spain

Trefinos, S.L.
Girona – Spain

Distribution

Amorim & Irmãos, S.A.
Unid. Ind. Distribuição
Santa Maria de Lamas – Portugal

Trefinos Australia, Pty Ltd
Adelaide – Australia

Amorim Australasia
Adelaide – Australia

Amorim Cork Italia, S.p.A.
Conegliano – Italy

Amorim Cork Deutschland, GmbH
Bingen am Rhein – Germany

Amorim Cork Bulgaria, EOOD
Sofia – Bulgaria

Amorim Cork America, Inc.
Napa Valley, CA – USA

ACIC – USA LLC
Napa Valley, CA – USA

Amorim France, S.A.S.
Eysines, Bordéus – France

Amorim France S.A.S.
Unid. Ind. Sobefi
Cognac – France

Amorim France S.A.S.
Unid. Ind. Champfleury
Champfleury – France

Victor y Amorim, S.L.
Navarrete (La Rioja) – Spain

Amorim Cork España S.L.
San Vicente de Alcántara – Spain

Hungarokork Amorim, Rt.
Veresegyház – Hungary

Korken Schiesser, GmbH
Vienna – Austria

Portocork America, Inc.
Napa Valley, CA – USA

Amorim Cork South Africa (PTY) Ltd.
Cape Town – South Africa

Corchera Gomez Barris, SA
Santiago – Chile

Wine Packaging & Logistic, SA
Santiago – Chile

Industria Corchera, S.A.
Santiago – Chile

Société Nouvelle des Bouchons Trescasses, S.A.
Le Boulou – France

I.M. «Moldamorim», S.A.
Chisinau – Moldavia

Amorim Cork Beijing, Ltd.
Pequim – China

S.A. Oller et Cie
Reims – France

Corchos de Argentina, S.A.
Mendoza – Argentina

Agglotap S.A.
Girona – Spain

Sagrera et Cie
Reims – France

Trefinos Italia SRL
Treviso – Italy

Trefinos USA
Fairfield, CA – USA

Trefinos Australia
Adelaide – Australia

Bouchons Prioux S.A.R.L.
Epernay – France

Amorim Top Series France S.A.S.
Cognac – France

R&D, INNOVATION

Amorim Cork Research, Lda.
Mozelos – Portugal

Amorim Cork Services, Lda.
Mozelos – Portugal

Amorim Cork Ventures, Lda.
Mozelos – Portugal

COMPOSITE CORK

Amorim Cork Composites, S.A.

- **Amorim Cork Composites, S.A.**
  Mozelos – Portugal
- **Amorim Compcork, Lda.**
  Mozelos – Portugal
- **Amorim Industrial Solutions Imobiliária, S.A.**
  Corroios – Portugal
- **Corticeira Amorim France, S.A.S.**
  Lavardac – France
- **Chinamate (Xi'an) Natural Products Co. Ltd.**
  Xi'an – China
- **Amosealtex Cork Co., Ltd**
  Shanghai – China
- **Amorim Cork Composites, Inc.**
  Trevor, WI – USA
- **Amorim (UK) Limited**
  West Sussex – United Kingdom
- **Amorim Cork Composite, LLC**
  Moscovo – Russia

FLOOR AND WALL COVERINGS

Amorim Revestimentos, S.A.

Production

- **Amorim Revestimentos, S.A.**
  S. Paio de Oleiros – Portugal
- **Amorim Revestimentos, S.A.**
  Lourosa – Portugal

Distribution

- **Amorim Benelux B.V.**
  Tholen – Netherlands
- **Amorim Deutschland GmbH & Co. KG**
  Delmenhorst – Germany
- **Amorim Flooring Austria GmbH**
  Vienna – Austria
- **Amorim Flooring (Switzerland) AG**
  Zug – Switzerland
- **Amorim Revestimientos, S.A.**
  Barcelona – Spain
- **Dom Korkowy, Sp. Zo.o**
  Krakow – Poland
- **Amorim Flooring North America**
  Hanover, MD – USA
- **Cortex Korkvertriebs GmbH**
  Nürnberg – Germany
- **Timberman Denmark A/S**
  Hadsund – Denmark
- **Amorim Flooring UK, Limited**
  Manchester – United Kingdom
- **Amorim Flooring Rus, LLC**
  Moscow – Russia

INSULATION CORK

Amorim Isolamentos, S.A.

- **Amorim Isolamentos, S.A.**
  Mozelos – Portugal
- **Amorim Isolamentos, S.A.**
  Silves – Portugal
- **Amorim Isolamentos, S.A.**
  Vendas Novas – Portugal

WORLDWIDE PRESENCE

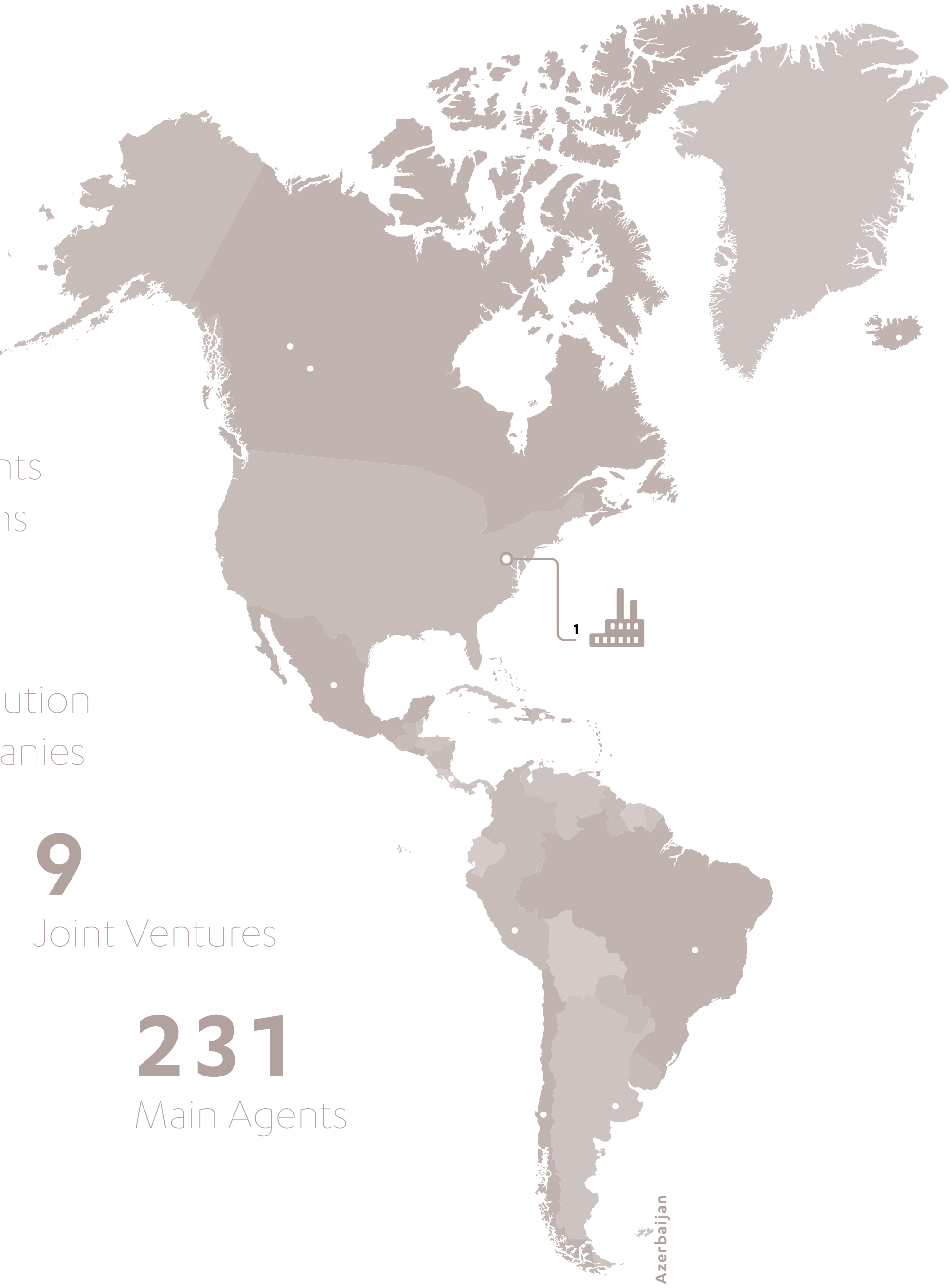
10
Industrial Plants Raw Material

18
Industrial Plants Cork Solutions

45
Distribution Companies

9
Joint Ventures

231
Main Agents

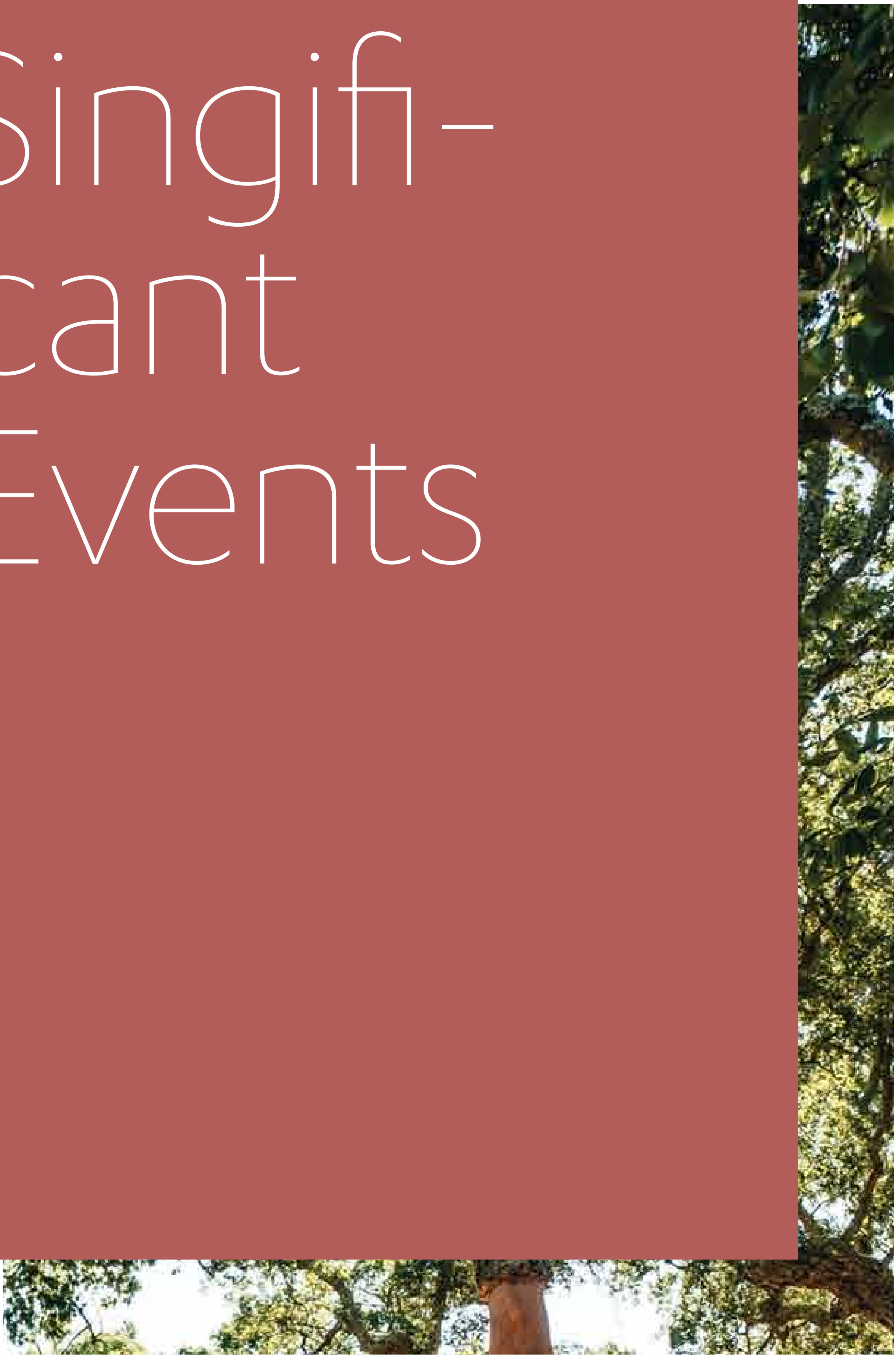


Countries	Algeria	Angola	Argentina	Australia	Austria	Belarus	Belgium	Bosnia	Brazil	Bulgaria	Canada	Cape Verde	Chile	China	Costa Rica	Croatia	Czech Republic	Denmark	Dominican Republic	Egypt	Estonia	Finland	France	Georgia, Armenia and Azerbaijan	Germany	Greece	Hong Kong	Hungary	Iceland	India	Iran	Israel
IP Raw Material	1																															
IP Cork Solutions																																
Distribution Companies			1	1	1					1			2	1				1					9		3			1				
Joint Ventures			1										2	1				1					1									
Main Agents		1		2	4	1	6	1	5	1	1	1		3	1	1	2		1	1	1	2	23	1	29	2	1	2	1	3	1	1

Italy	Japan	Jordan	Kazakhstan	Kuwait	Kyrgyzstan	Latvia	Lebanon	Lithuania, Estonia and Latvia	Malta	Mexico	Moldavia	Mongolia	Morocco	Mozambique	Netherlands	Pakistan	Philippines	Poland	Portugal	Russia	Saudi Arabia	Scotland	Serbia, Macedonia and Montenegro	Singapore	Slovenia	South Africa	South Korea	Spain	Sweden	Switzerland	Syria	Thailand	Tunisia	Turkey	Ukraine	United Arab Emirates	United Kingdom	USA
													1						4									3					1					
																			14									3										1
3											1				1			1	3	2						1		4		1							2	5
																		1										1					1					
4	5	1	1	2	1	1	2	1	1	2		1	1	1	1	1	3	16	6	7	3	1	1	1	1		10	21	1	10	1	1		2	4	3	7	7

01

Singificant Events



SINGIFICANT EVENTS

JANUARY

Amorim Revestimentos presented new collections from Wicanders at Domotex in Hanover, Germany, thus reinforcing the robust and sustainable positioning of this premium natural cork flooring brand. Inspired by recent eco-design trends, and using Realistic Surface printing technology, Reclaimed [*Visuals with a story to tell*] has been entirely designed using pre-used wood and stone visuals, thus highlighting the typical look of individual reclaimed items, each of which has their own unique story to tell.

Conceived under the motto *"Why only fit in when it was created to stand out"*, the Authentica collection is a truly revolutionary solution and a more ecological option, that differs from other products in this vinyl visuals segment, because it dispenses with the *solid vinyl layer* and increases the thickness of the cork inlay.

Amorim Cork Composites' AluCORK® flooring solution has been chosen **for CP – Comboios de Portugal's new generation of high-speed trains**. The project foresees global remodelling of CP's 10 Alfa Pendular trains, in order to optimize passenger comfort and safety and increase energy efficiency. Offering a weight reduction of around 40% – compared to alternatives with comparable thickness available in the market – the AluCORK® system reduces energy consumption and running expenses of such high-speed trains.

FEBRUARY

Corticeira Amorim teamed up with the London Fashion Week to support the official Portuguese representation at the International Fashion Showcase (IFS) – a joint initiative of ANJE and Aicep Portugal Global – which took place at Somerset House in central London, showcasing cork in a high-profile international event.

The materials provided by Corticeira Amorim, such as expanded cork agglomerate and composite agglomerate solutions, included Wicanders Dekwall wall coverings that shaped the aesthetics of this exhibition space, that had markedly avant-garde lines. Corticeira Amorim ceded 1 ton of cork to the International Fashion Showcase, spanning different solutions from a broad portfolio of interior design solutions.

Amorim Isolamentos is a partner of the FloatWing project, developed in conjunction with IteCons, Constálica and Friday, which involves the creation of a floating modular house, launched in the market as an innovative tourism concept. The first model produced to date is moored in the Alqueva dam, and can be rented for city-breaks. The house can also be moved to other holiday destinations. The mobile frame offers complete modern comforts and is 100% environmentally friendly. The house is insulated using expanded cork agglomerate – applied to the floor, roof and partition walls – thus also contributing to the green design of this new space.

MARCH

Amorim Cork Ventures launched its first startup in the market, with an innovative concept of cork flip-flops. ASPORTUGUESAS were launched in the market with 11 models. The differentiating aspect of this collection is the innovative cork sole, which is ecological and comfortable and available in a fun palette of colours.
Using cork as its main raw material, ASPORTUGUESAS offers an innovatively designed sole (which offers greater walking comfort), a more ergonomic and comfortable strap, greater resistance in the connection between the strap and sole, and greater adhesion on wet floors.

APRIL

TIPSY, by Keiji Takeuchi, was included within Corticeira Amorim's MATERIA collection – curated by Experimentadesign, that offers brand new everyday cork objects, and includes 24 products from 12 Portuguese and international designers. Developed by the Japanese designer Keiji Takeuchi, this new wine bottle support, complements the existing product, SIX, and reinforces the collection's link to the world of wine. TIPSY has a minimalist aesthetic, evoking a balance between art and functionality and takes advantage of cork's unique characteristics, in particular its tactile properties.
TIPSY can be purchased in museums, interior design shops and furniture stores, with a recommended retail price of € 29.90.

MAY

Corticeira Amorim chosen as Company of the Year in the Excellens Oeconomia 2016 awards, a joint initiative of PricewaterhouseCoopers and Jornal de Negócios, which distinguished the company due to its important contribution to the Portuguese economy.

HELIX at the Cannes Film Festival. Ziobaffa is a brand of organic wines from Tuscany (Italy) that uses the HELIX packaging solution, and was chosen as the preferred wine at the iconic American pavilion in the 2016 Cannes Film Festival. This was an obvious choice for the film industry professionals given that the brand was developed while California-based filmmaker Jason Baffa was making his documentary "Bella Vita" in Italy, with surfer-environmentalist, Chris Del Moro and fifth generation winemaker, Piergiorgio Castellani – a valued client of Amorim Cork Italy and a leading wine trade innovator. Jasson Baffa states that Ziobaffa "offers a modern twist on an old tradition, which establishes a natural link with the HELIX packaging solution, as the best possible seal" – since it combines the benefits of cork's excellent sustainability credentials with a twist-to-open reusable stopper.

Corticeira Amorim presented NDTech, a truly innovative technology for the cork industry, offering wine producers the world's first natural cork stopper with a non-detectable TCA guarantee *.
NDTech introduces a ground-breaking individual screening process on cork stopper production lines. The screening is based on gas chromatography, one of the world's most sophisticated chemical analysis processes. Offering incredible accuracy, NDTech is able to detect any cork stopper that has more than 0.5 nanograms / litre (parts per trillion) of TCA, and automatically removes it from the production line.
NDTech's performance has been validated by leading research entities associated to the wine industry – Geisenheim University in Germany and the Australian Wine Research Institute in Australia.
NDTech is the result of a 5-year €10M investment programme, conducted in partnership with an international company that specialises in gas chromatography.

* Content of releasable TCA less than 0.5 ng / L. Analysis performed according to ISO 20752.

JUNE

Beller Collection is the new line of interior cork coatings from Knoll, that has received a MetropolisLikes award, in the framework of Neocon 2016, America's largest interior design fair. Developed in close partnership with Amorim Cork Composites, the new collection presented at Neocon was designed by the Norwegian designer Lars Beller Fjetland for the Spinneybeck brand. This is the first time that Spinneybeck has included a cork tile collection in its portfolio. Cork was chosen because of its natural characteristics and excellent sound insulation properties. Beller Collection includes two lines of wall coverings, whose names refer to Portugal's largest cities – Lisbon and Porto. Both lines have a contemporary design and high acoustic performance, together with great ease of installation.

Wicanders flooring solutions from Amorim Revestimentos, won awards In Portugal and abroad. The Authentica flooring range was one of the winners of the Muuuz International Awards in the "Natural Floorcovering" category. Organised by ArchiDesignclub and d'a magazine, this is an important initiative in the international architecture and interior design world, which attributed awards to 33 products from 15 countries in 2016.
In Portugal, the innovative Hydrocork collection won an Innovation and Construction award, in the Flooring category. Hydrocork's innovative character has been widely recognized by the company's various stakeholders, in several key markets. Hydrocork is one of Corticeira Amorim's best-selling products, due to the fact that this cork flooring combines water resistance, thinness and ease of application.

The *Continuity* exhibition, by Eduardo Souto Moura, held at the Centro Cultural de Belém, was sponsored by Amorim Isolamentos. The Garagem Sul hosted the exhibition of works by this renowned Portuguese architect between June 21 and September 18. The exhibition presented scale models and a series of eight original videos, directed by Takashi Sugimoto, which talk about symbolism and analogies found in Souto de Moura's oeuvre**.**
Amorim Isolamentos was the exhibition's main sponsor, in a partnership that included provision of more than 2,200 blocks of expanded cork agglomerate – a 100% natural material. Cork has been used for many years in architecture. A total of 330 m^3 of cork, with different dimensions, was supplied.

The ranking by the consultancy firm, On Strategy / Brand Finance, placed Corticeira Amorim amongst Portugal's TOP 30 most valuable brands. While the first places on the list were occupied by energy firms, the cork industry leader was ranked in 25th place, reflecting the company's sustained strategic management and effective positioning, based on its 146-year track record of leadership in the sector.

JULY

Amorim Cork Ventures commenced its internationalisation process, with launch of an international business accelerator in partnership with Beta-i. Hosted in Barcelona, and modelled after similar initiatives developed in Portugal, the pioneering project held outside Portugal – 'Cork Challenge Barcelona' – comprised an 8-week acceleration programme.
Cork Challenge Barcelona aimed to select up to 14 new startups. The teams chosen for the business accelerator had access to 8 weeks of individual coaching and pitching practice sessions, as well as various workshops and mentoring sessions relevant to developing business models and adjusting products to the market.

CORK
POWERED BY
AMORIM
CORK
VENTURES
CHALLENGE • BARCELONA

Amorim Isolamentos, in partnership with Natural Grass, has developed a new cork-based natural turf solution that was used in four stadiums during the 2016 UEFA European Championship in France (Parc Olympique Lyonnais in Lyon, Toulouse Municipal Stadium, Geffroy Guinch Stadium in Saint-Etienne and the Nouveau Stade in Bordeaux). The innovative AirFibr technology incorporates cork, natural grass and synthetic micro-fibres, resulting in a turf that offers around a 40% reduction in the body impact from players' falls. In comparison with more traditional turf systems, AirFibr technology offers better turf preservation and high durability, even during periods of high rainfall.

Amorim Isolamentos' Insulation Cork Board (ICB), won a Green Dot Award, in view of its excellent sustainability credentials, at Archidex 16 – the leading international event for architecture, construction and interior design, held annually in Malaysia. ICB is a 100% natural, acoustic and anti-vibration thermal insulation solution with impeccable technical performance. Its multiple benefits include better indoor air quality (A +). Designed for indoor and outdoor installations, this natural cork insulation solution maintains the same level of performance throughout its entire life cycle, as opposed to other alternatives available in the market.

Cristina Rios de Amorim, director of Corticeira Amorim, won the Best Investor Relations Officer award at the 29th edition of the Investor Relations & Governance Awards. This annual award scheme, organised by Deloitte, rewards excellence in the Portuguese financial and business markets.

AUGUST

Corticeira Amorim collaborated in the "Iluminating the Woods" design workshop, held in the Domaine de Boisbuchet, coordinated by Rona Meyuchas Koblenz.
The invitation was made by Alexander Von Vegesack, President of Domaine de Boisbuchet and founder of Vitra Design Museum. Inspired by the natural elements found in a forest environment, this workshop focused on materials design. Participants were asked to create sustainable cork lanterns powered by wind and solar energy. As in previous editions, the workshop lasted one week, during which 10 designers from different countries – Dubai, Taiwan, Spain, USA, Peru, Japan and Lithuania – and from different cultural backgrounds had the opportunity to come into contact with cork and develop lighting solutions for the Boisbuchet forest.

SEPTEMBER

Ilse Crawford, designer of the year, presented a cork-lined space in Maison & Objet. Every year, Maison & Objet distinguishes leading names in the international interior design world. In 2016, British designer, Ilse Crawford, was named Designer of the Year and was invited to design one of the main spaces of this world-class interior design event. Ilse Crawford designed the space of the Designers' Studio, a key meeting point for designers and architects, that aims to offer a calm area of reflection, in contrast with the busy, noisy environment that tends to predominate in such events. In this context, Ilse Crawford developed a mega cork installation, measuring about 30 m², that was a kind of giant memo board, in which she presented some of her most cherished projects, as well as photos of cork and Corticeira Amorim, which supported her in this project. Ilse Crawford has also been using cork in other projects, such as the Vitrahaus loft or the Sinnerlig furniture collection that she developed for Ikea.

Corticeira Amorim published its ninth Sustainability Report, covering 2014 and 2015. The report's information is presented in accordance with the G4 guidelines of the Global Reporting Initiative (GRI) for the Core level.
For the first time ever, in compliance with GRI's new guidelines, Corticeira Amorim constructed a materiality matrix based on the results of the stakeholder consultation process and the importance of various sustainability issues for the company. The matrix revealed that the key issues for Corticeira Amorim and stakeholders are Economic Performance, Research & Development and Innovation, Energy Efficiency, Climate Change and Human Capital Management. Given their relevance for the company, the report also addressed the themes of Biodiversity (Sustainable Management of Cork Oak Forests) and Occupational Safety and Hygiene.

OCTOBER

HELIX entered the US market with the Bronco Wine Company. Red Truck® is the first wine to bring this innovative packaging concept to American wine consumers – the world's first cork stopper and glass bottle with an easy-to-open and reclose technology.

The Bronco Wine Company is one of the top five wine producers in the US, which places HELIX on a new level in terms of potential market penetration, in line with the innovation potential of this ground-breaking solution. Red Truck® follows in the wake of more than two dozen brands of wine in Portugal, Spain, France, Italy, Austria and South Africa, which have adopted the Helix packaging solution and are available in different markets.

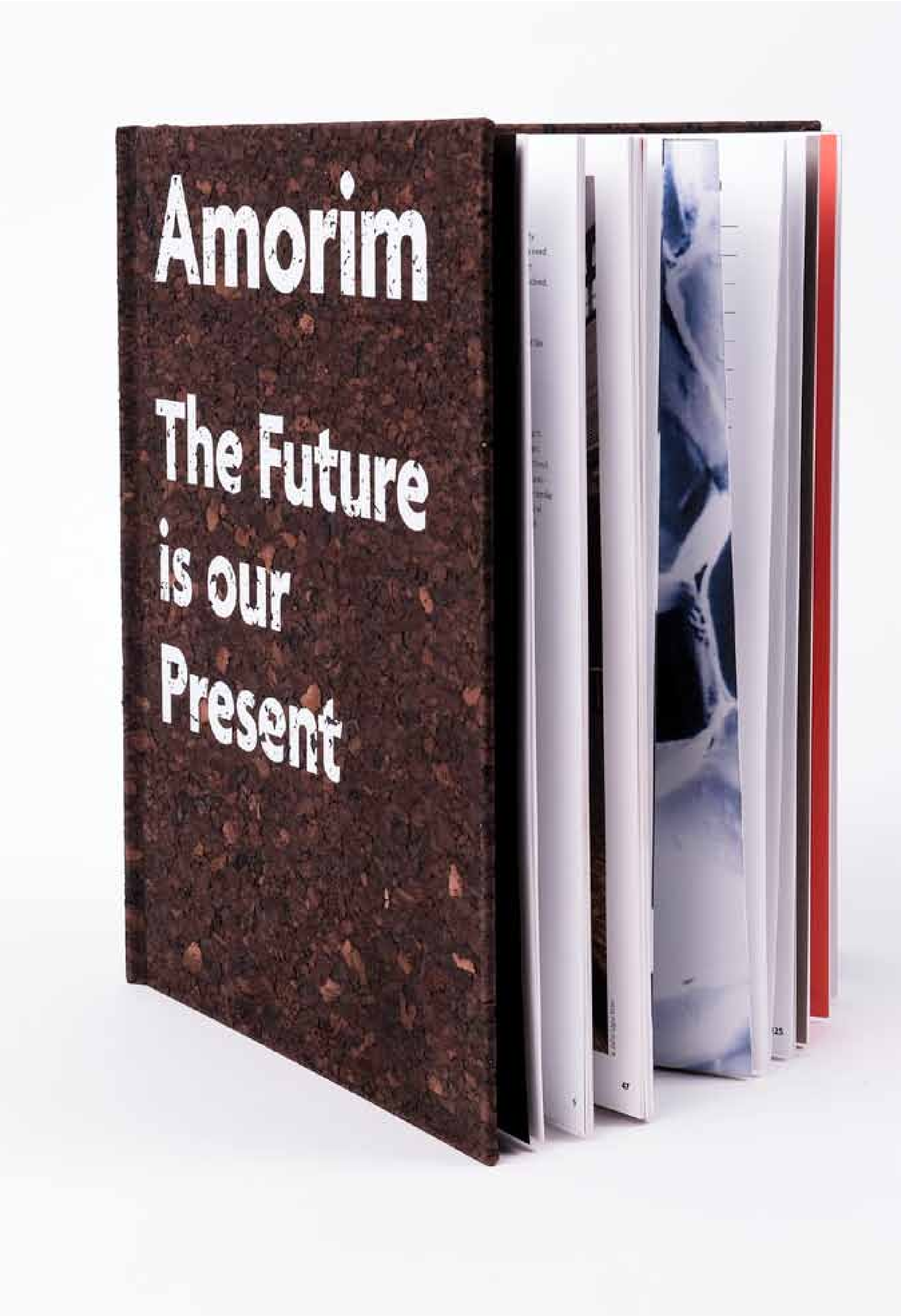
The emblematic Palais de Tokyo, Paris, hosted an original exhibition that used cork as a decisive element in its performance-based language.
The creation of a multisensory experience entitled "Occasion", designed by the performance artist, Isabel Lewis, highlighted cork. Amorim Cork Composites accompanied implementation of the on-site project and provided the necessary raw materials for complete coverage of a structure that served as the basis for the set design of the artistic performances presented. Cork's intrinsic characteristics – such as its excellent thermal and acoustic insulation capacity, appearance, softness to the touch, and also its associated sustainability values – were decisive for selection of this raw material.

NDTech won two major international innovation awards. The revolutionary technology – that eliminates any natural cork stopper with detectable TCA from production lines – won the Gold Innovation Award at Vinitech Sifel and the silver medal in the Innovative Tech category at Intervitis Interfructa Hortitechnica.
These are two leading wine innovation fairs, held in Germany and France, two of the world's most important wine markets. NDTech is the culmination of Corticeira Amorim's long-term strategy to combat TCA and is already available in 6 countries, with some of the world's most valuable wine brands already using this technology.

Volunteers from Corticeira Amorim planted 2000 cork oaks in Mora (Portugal). In a joint initiative, 80 volunteers from Corticeira Amorim planted 2000 cork oaks in Mora, with the support of Quercus – the National Nature Conservation Association – in Herdade da Barroca, in the Parish of Pavia, owned by the Santa Casa da Misericórdia de Mora. Promoted within the scope of Corticeira Amorim's Natural Choice programme and Quercus' Common Forest project, the new reforestation initiative has contributed to planting 15,500 native trees in Portugal since 2011, above all cork oak trees.

DECEMBER

Corticeira Amorim presented the book "Amorim, The Future is Our Present" with the company's first app. This is a work of great contemporaneity, whose look and feel positions cork as a raw material of excellence for the areas of design and architecture, but also in highly technological areas, without forgetting wine stoppers, which play an absolutely critical role for the company's business sustainability. Organised across "Themes" and "Projects" and with a layout featuring high-quality photographs, the book includes contributions by opinion leaders from different areas who, when working with cork, have played a decisive role in the international perception of this raw material, transforming it into an aspirational object and, above all, a solution for the future.
Corticeira Amorim's first corporate app was also developed to accompany the book's launch, now available on Google Play and the App Store.


Amorim
The Future
is our
Present


02

Consolidated Management Report

1

MACROECONOMIC TRENDS IN 2016

1.1. GLOBAL OVERVIEW

Economic growth recorded in 2016 was marginally lower than in the previous year – the **World Economy** is estimated to have grown by about 3.1%. This is the weakest growth rate recorded since the Great Recession of 2009 and highlights the fragility of the current growth cycle. Despite the unexpected acceleration of the world economy in the second half of the year, developed economies recorded a slower rate of growth than anticipated, which compared unfavourably with 2015 and the overall potential growth rate. Emerging economies maintained a similar growth rate to that recorded in 2015, thus halting the progressive fall in growth rates recorded in the five previous years. Nonetheless, this level is only slightly above the worst performance since 2009.

2016 was dominated by an atmosphere of major controversy and discord – in the UK, the referendum resulted in the decision to leave the EU, whereas in the US, the candidate, Donald John Trump won the presidential election. These developments have generated significant turbulence in the financial markets and will condition the outlook of economic agents. Monetary policy involved significant quantitative easing, and as in 2015, budgetary policies were based on reducing restrictions to growth. It is believed that the emphasis of budgetary policy has now passed to fiscal policy. Nonetheless, the prospect of divergence of monetary policies dominated the evolution of financial markets, and affected the economic performance of several emerging economies, more noticeably than in 2015. Long-term interest rates increased sharply from August onwards. Economic developments diverged considerably worldwide, influenced by the evolution of energy factors. International trade grew at a remarkably low pace. In China, there was a stronger than expected growth rate, but this was insufficient to cancel out the trend towards slower growth rates observed over recent years, as a result of structural changes in the country's economic development model. Economic policy has been influenced by the management of macroeconomic imbalances and fears of a sharper drop in economic activity – the Chinese authorities opted for continued fiscal stimuli; In Brazil, by contrast, economic growth fell far short of expectations; In Turkey, buffeted by serious political, social and institutional instability, there was a sharp contraction in tourism revenues which is expected to result in substantially lower growth rates than had initially been anticipated; In Russia, that benefited from oil price evolution, imports were substituted by domestic production as a result of external sanctions and a credible monetary policy. The US dollar recorded mixed evolution during the year – in the first three quarters the US dollar exchange rate fluctuated widely without any defined trend. In the last quarter, after the US elections, the dollar strengthened considerably.

The Euro Zone, in turn, grew by around 1.7%, lower than the rate recorded in 2015. Growth was supported by the ECB's monetary policy of significant quantitative easing, the fall in energy input prices and less restrictive budgetary policy. Growth was sustained by the positive evolution of Private Consumption. Unemployment fell to 10.1% for the year – declining from 10.4% in January to 9.6% in December. Despite this positive overall trend, the overall unemployment rate still conceals major disparities – the unemployment rate in Germany was 4.6%, whereas it was 19.7% in Spain and 23.5% in Greece. Annual inflation was 0.3% – a marginal increase over 2015 – due to the fall in energy factor prices, with a downward trend recorded during the first half of the year, including negative values in several months; but with an upward inflationary trend from the summer onwards. The United States grew by around 1.6%, a slower pace than in 2015. This was the seventh consecutive year of economic growth since the Great Financial Crisis. Growth was particularly influenced in the first half of the year due to the impact of falling oil prices on investment in the energy sector. In the second half of the year, by contrast, the economy recovered remarkably. Continuous improvement in the labour market – the unemployment rate fell to a minimum of 4.6% in November – did not, however, lead to increased economic growth. Several international factors undermined investor and consumer confidence in the first three quarters of the year, but this situation reversed with the 8 November elections. Nonetheless, domestic consumption had relatively robust evolution. Inflation rose steadily throughout the year, almost attaining 2.0%.

Japan recorded lower growth than in 2015 – estimated to be around 0.9%, despite the increase in unorthodox monetary policy and public spending measures. The **UK** – somewhat surprisingly given the outcome of the EU membership referendum – recorded growth of around 2.0% in 2016, slightly lower than in 2015. Brexit was one of the key factors influencing economic activity in 2016 due to its unexpected result and the overall negative impact on the sentiment of economic agents. **Australia**, recovered from adjustment in the investment cycle in the mining prospecting sector, and recorded growth of 2.9% – higher than in 2015. In emerging and developing economies, growth remained at around 4.1%, albeit with disparities between the major economies. **China** grew faster than anticipated, at 6.7%, supported by continued fiscal stimuli. **India**'s growth rate was estimated to be around 6.6%, approximately 1.0% lower than in 2015; **Brazil**, in turn, recorded a second year of economic contraction in 2016, with around a 3.5% fall; **Russia**, benefiting from the recovery of oil prices, exceeded expectations and recorded a minimum contraction of around 0.6%; Lastly, **South Africa** also grew less than in 2015, with growth of 0.3%.

Disparities of global monetary policy persisted in 2016 – between the US Federal Reserve and the other central banks of the developed economies. As in 2015, this divergence was concretised by a single USD headline rate increase in December, while the remaining economies continued to pursue various quantitative easing policies, in particular the European Central Bank, the Bank of Japan and the Bank of England. In the latter case, this was caused in response to fears arising from the EU membership referendum. In the emerging economies, there was also a wide range of different policies, resulting in more demanding financial conditions. While Mexico and Turkey raised interest rates, Brazil, India and Russia cut their rates. The downward trend in oil prices recorded since September 2015 persisted in the first months of 2016 and the crude oil price registered a 13-year minimum in February. However there was significant correction from June onwards. In November, OPEC and some other leading oil producers agreed to cut production levels in order to limit supply. Inflation recorded different tendencies during the year – in the last quarter, it increased in the developed economies, along with the rise in commodity prices. However, underlying inflation remained broadly stable. In the emerging economies, upward inflationary pressures dampened. However, there was an increase in production prices in China, following four years of deflation.

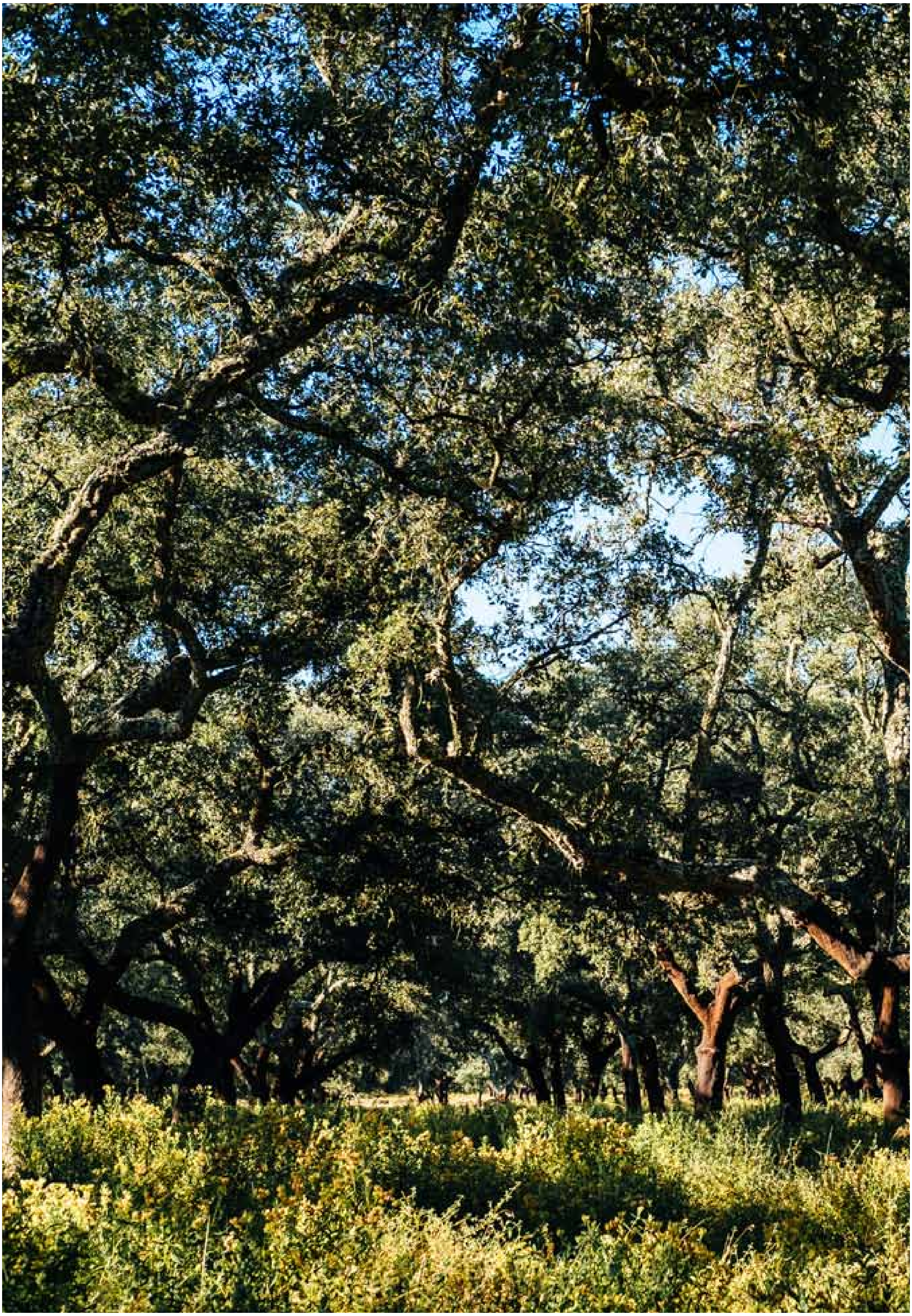
1.2. PORTUGAL

Portugal recorded the third consecutive year of growth in 2016 after a three-year economic contraction between 2011 and 2013. The Portuguese economy is estimated to have grown by around 1.2%, lower than in 2015. Portugal also grew less than the other Euro Zone countries, thus accentuating the accumulated divergence with these countries. The economic slowdown was more visible in the first half of the year, reflecting the impact of several one-off factors (Angola, shutdown at a refinery in early 2016) on Net Exports. Tourism revenues were robust and expanded – representing already about 15% of all Exports. There was a contraction in Investment, which was another cause of the slowdown in economic growth. This contraction, which was not foreseen a year ago, marked the end of the trend of gradual and constant recovery of Investment since the extreme contraction of 2011/13. It is assumed to result from the uncertainty arising from unexpected world events – such as the UK referendum result in June but was mainly the direct result of policymakers' choices in terms of public investment, as well as the multiplier effect of the impact of these changes on the private sector. Despite this development, domestic demand made a positive contribution to economic growth. This contribution had a progressively lower impact over the year, demonstrating deceleration in consumption of durable goods. For the second consecutive year, public consumption contributed to economic growth. The monetary policy pursued by the ECB also stimulated economic recovery.

The effort to consolidate public accounts continued in 2016 – Portugal remained under review by the European Commission in the framework of the Excessive Deficit Procedure. The budget deficit is estimated to have fallen to levels of around 2.4% (including the impact of extraordinary measures). The structural deficit, excluding interest on the public debt, is estimated to have worsened. Public debt is expected to have increased by around 9.5 billion, leading to a higher debt-to-GDP ratio, which is estimated to be around 130.0%.

The Portuguese economy's financing capacity decreased in 2016 – the sum of the current and capital account balances was estimated to be 1.1%. It should be noted that 2016 represented the fifth consecutive year in which net foreign borrowing requirements recorded a surplus.

Unemployment continued its downward trend since 2013, when it reached a peak of 16.4%. Unemployment was around 10.2% at the end of 2016. The average rate during the year was 11.1%, compared with 12.4% in 2015. Inflation was marginally higher than in 2015, around 0.6%, reflecting, in the last quarter, the impact of the rise in energy input prices. Inflation was once again above the Euro Zone average.



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OPERATING ACTIVITIES BY BUSINESS UNIT (BU)

The companies that make up the Corticeira Amorim universe are structured into **Business Units (BUs).** This report sets out their most important activities and developments in 2016.

2.1. RAW MATERIALS

In 2016, the **Raw Materials BU** reported an EBITDA of €18.3 million, €1.3 million more than in 2015. The main reasons for the increase were:

- The performance of the cork preparation units, where profits rose 12% thanks to new preparation methods that significantly reduce the amount of defects caused by the long periods during which cork is warehoused. This improved profitability also reflected the introduction of processes for monitoring different batches of cork, thereby ensuring more timely and efficient treatment;

- The performance of the sparkling wines disc unit, where profits increased 32%, reflecting the organisational stability of the industrial unit in 2016 and, above all, the return on investments resulting from the automation of disc manufacture, as well as the use of cutting-edge selection technology;

- The still wine disc unit, where profits fell 15%, due to a drop in sales by the BU that manufactures this product category;

- Business in North Africa, where profits dropped 59%, due mainly to a widely expected increase in the price of cork at auction in Morocco in 2015, an increase that continued into auctions held in 2016. This was partly compensated for by investments in modernising industrial units and by increased business.

Sales rose by 9.7%, thanks to an increased focus on verticalising the business chain to expand the supply of products to the Corticeira Amorim value chain.

In regard to the cork purchasing campaign of 2016, the purchasing team was reorganised with a view to covering the largest possible area of cork-growing regions. The amount of cork acquired rose 15% in comparison with the 2015 campaign. Given the special characteristics of the cork business, where there is a limited timeframe for extracting the raw material, this approach to the purchasing campaign guaranteed the stable supply of the value chain in terms of quality and price. This included cork purchases in non-traditional markets to ensure that the increasing demand for raw material was met.

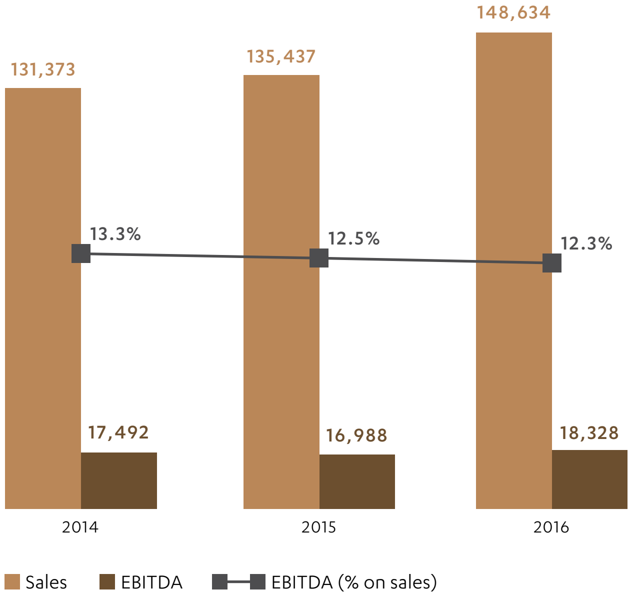
Two projects developed in 2016 deserve to be highlighted for their significant impact:

- The introduction into the disc manufacturing process for sparkling wine cork stoppers of reading machines equipped with new technology capable of significantly improving the quality of finished products;

- Automating cork preparation through the development of prototypes that provide a clearer picture of how cork preparation plants with higher levels of operational efficiency could develop in the future.

In 2016, the Raw Material BU further advanced its forest development project (research and extension), the main aim of which is to improve the outlook for cork forests by investing in initiatives designed to shorten the first extraction cycle, improve the reproductive material of cork oaks, and combat pests and diseases, among other objectives. Promising projects under way include the micro-irrigation of cork oaks to achieve high planting success rates and to accelerate initial tree growth, thus shortening the time between planting and cork harvesting.

Raw materials — Sales & EBITDA (thousands euros)



2.2. CORK STOPPERS

The global wine market is currently valued at US$304 billion and is expected to expand to US$380 billion by 2022. Europe and North America dominate this enormous market. The US, Italy, France and Spain are the largest producers and consumers of wine. Europe accounts for more than 50% of the global wine trade, with approximately a million small and large-scale producers. French producers account for 84% of the world's most famous wine brands. World demand for wine is growing, partly by reaching many non-traditional wine production and consumption markets.

The global wine market is being driven by changing lifestyles and consumption habits, rapid urbanisation, increased levels of disposable income and the popularity of wine products for social celebrations. Heavy taxation and regulation, as well as the availability of alternative products, could prove a barrier to market growth. Innovative wine products with new flavours and increasing demand in non-traditional wine markets offer the greatest opportunities for market growth.

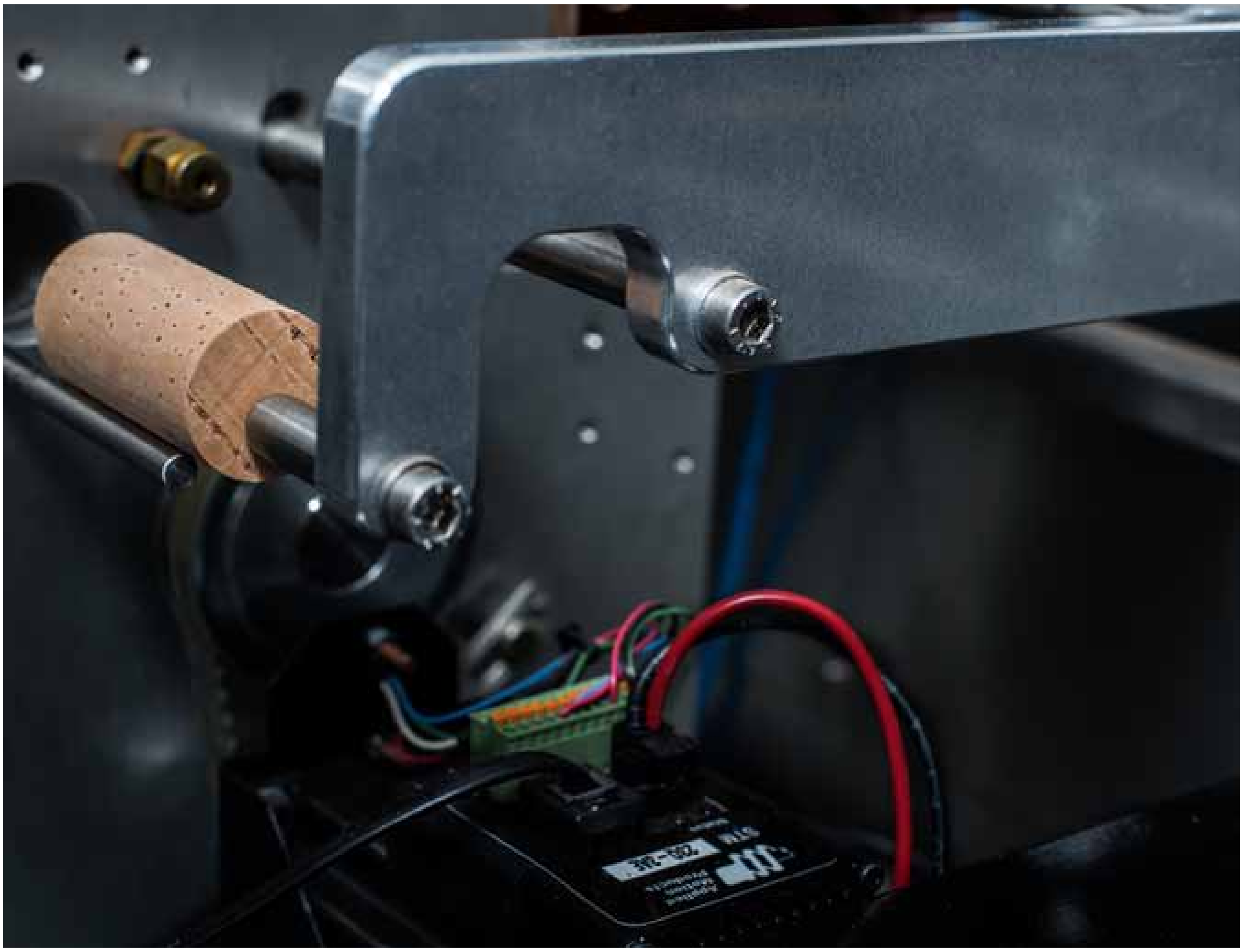
The European Union is the world market leader in wine production, consumption and trade, accounting for half the global market. Italy, Spain and France account for half the world's wine production. North America is the next most important region, with the US being the country that consumes the most wine in the world, having overtaken France in this regard. Latin America, Argentina and Chile are the largest producers and consumers of wine. The Asia-Pacific region is where wine consumption is growing fastest, reflecting the rapid rate at which local populations are adopting western lifestyles. China, India and Japan are the biggest markets in this region. Wine consumption is growing slowly in Africa, South Africa being the biggest market in the region.

The wine industry underwent a degree of consolidation in 2016, as did some market trends. These included:

- Modernisation and convenience;
- Stronger growth in the premium and high-end segments;
- Social media: in the wine world, all consumers are connoisseurs and "critics";
- The "epicentre" of growth moved to the US – as did an increasing number of vineyards and wineries;
- Wine is becoming more accessible to younger people, who show a preference for fruity and sparkling wines.

In a demanding and uncertain market, the **Cork Stopper BU** faced enormous challenges in 2016. Different markets grew at different paces as a function of their geographical location, differing consumption habits and capacity for innovation. The consolidation of the industry and the value it represents in the world economy motivated the BU to introduce and strengthen critical skills for sustaining its business. This has enabled the BU to follow market movements and trends in an organised and focused fashion, adjusting its strategy whenever necessary.

Positioning itself as a **cork specialist**, the BU supplies the best cork stoppers in the market. It provides a differentiated service and a complete product portfolio covering every market segment, including



convenience products, and focuses on both traditional and emerging markets, especially China. The BU is dedicated to strengthening employee skills in its commercial structure and exploring partnerships, especially in technological areas, to advance operational efficiency and process reliability.

In 2016, the BU focused on growth and consolidating the technical and sensorial performance of its products. Research and development (R&D) and supply chain development were priorities. A customer– and market-centered culture is critical to its success in creating business partnerships and achieving sustained growth.

The BU enjoyed another year of growth in 2016, thanks to a number of important factors:

- Adapting production capacity to the market's service requirements;
- Internalising activities critical to business management;
- Consolidating its supply chain and improving the management its raw material stock levels;
- Ensuring quality and sensorial consistency to maintain market and customer confidence;
- The BU's recognised position as the leading supplier in the market in terms of availability, service, its capacity for product and manufacturing development and its business sustainability;
- A stronger presence in every wine market, resulting in high service levels and greater proximity to customers;
- An ability to target solutions at market requirements, improving partnerships and proximity to customers;
- A leadership approach to the market achieved by always responding to customers' challenges with a solution.

In 2016, the Cork Stopper BU recorded a 7.6% increase in sales revenue (+€29.9 million) and a 4.3% increase in sales volume to a total of 4.4 billion units. The sales mix altered slightly and positions in every business segment were strengthened.

The BU strengthened its competitive position in leading markets, registering strong growth in traditional markets such as France, Italy and Spain.

The following factors contributed to the increase in business:

- Improvements in the reliability of natural cork stoppers in terms of products and manufacturing processes (work carried out between 2014 and 2016) that increased the potential for sales growth;
- Significant improvements in technical products in terms of sensorial and mechanical consistency;
- Improved technical skills and enhanced strategic alignments in distribution and marketing;
- Adapting pricing policies to specific markets and products, as well as improved synchronisation with the BU's commercial strategy and value chain.

Sales in the still wine segment increased 8.3% in revenue terms (€19.8 million) and 4.7% in volume (129 million units). In the sparkling wine segment, sales of champagne and similar cork stoppers rose by 4.7% in volume and 5.1% in revenue. In the spirits segment, corporate consolidation in the US and the impact of reduced customer stocks led to a 6% drop in sales.

Sales of natural cork stoppers increased significantly, and above expectations, by 6% in volume and 11.7% in revenue – an important performance for the sustainability of the business and for strengthening the image of the cork stopper as the best closure option.

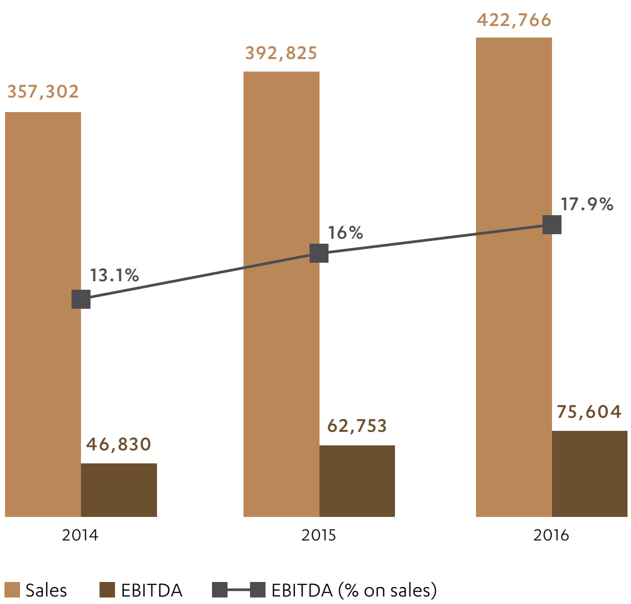
A market-by-market analysis highlights some important variations: sales in France grew 24%, thanks to an excellent grape harvest in 2015; sales in Italy rose by 16% due to an increase in domestic consumption reflecting a rise in disposable income. Significant sales growth was also registered in Spain, Australia and Chile, the fruit of a commercial strategy aimed at improving the BU's competitive position. In the US, demand for natural cork stoppers increased in the premium and ultra-premium segments. This reflected increased awareness of wines produced in the Napa region, with the NDTech® stopper playing a vital role in this niche market.

Sales of **Neutrocork stoppers** rose by 16.3% compared with 2015. Neutrocork is the fastest growing product in the still wine segment, where its high level of mechanical and sensorial consistency is widely appreciated. Suited to wines with low and medium turnovers, it benefits from an attractive cost-quality ratio, having achieved an excellent level of sales penetration in the US, Italy, Chile, Spain, Australia, Argentina and Portugal – markets where innovation and product consistency are critical success factors. Neutrocork has made a decisive contribution to increased awareness of the Cork Stopper BU and has played a vital role in the combat against alternative closures.

In the still wine segment, **Twin Top Stoppers** are recommended for wines not intended to be stored for long periods in the bottle. Similar to natural cork stoppers, they are noted for their excellent mechanical performance. The biggest market for this product is the US, where exacting sensorial and mechanical standards are required. Sales of Twin Top stoppers fell by 7.9% in 2016, due to purchasing consolidation resulting from a number of US mergers and acquisitions.

The BU's gross margin increased 10.2% in comparison with 2015. Sales represented 77% of the increase, with the improved product mix and the exchange-rate effect accounting for the remainder. Measures to improve operating efficiency relating to raw material consumption and the introduction of artificial vision technology also contributed to the increase. A significant increase of about 2.6% in the cost of raw materials for natural cork stoppers had a negative impact on the gross margin.

Cork Stoppers — Sales & EBITDA (thousands euros)



Operating costs increased 5.4% compared with 2015 due to increased business activity and a delay in implementing operating efficiency measures programmed for 2016-2017. Despite this increase, the costs-sales ratio fell from 27% in 2015 to 26.5% in 2016. The main cost increases were in variable costs, specifically commissions, specialised work, insurance and travel.

The BU also registered a significant 16.6% increase in non-cash costs (amortisations and impairments) due to large investments made in recent years.

Although its full impact will only be achieved over the medium term, the operating efficiency programme helped control production costs and generated a slight improvement in productivity, with the cash costs-gross margin ratio dropping from 58% in 2015 to 54.6% in 2016, mainly due to the significant increase in the gross margin.

EBITDA increased 20%. EBIT rose 13.6% on 2015, reflecting the increases in sales and the gross margin, together with a slight increase in variable costs and stable fixed costs. Exchange rate differences had a positive impact of €1 million in comparison with 2015.

Capital invested rose 9.1% (€19.9 million), due mainly to an increase in the customer category (sales effect), with important improvements in current terms being registered for both customers and stocks. In spite of the increase in sales, greater supply chain visibility and measures to reduce low-turnover stocks made a decisive contribution to a €3-million reduction in working capital compared with 2015. The turnover of working capital increased from 3.22 in 2015 to 3.25 in 2016.

Investment totalled €22.4 million and was mainly targeted at improving quality, product and manufacturing reliability and operating efficiency.

Highlights of 2016:

- Strengthened market leadership with a 4.3% increase in sales volume in a wine market that is forecast to grow by 2% between 2016 and 2019;
- A strengthening of the Helix cork stopper concept (a product designed for convenience) and promotion of its advantages among the wine industry's big players;
- Important sensorial advances in all products, capitalising on what sets cork and Corticeira Amorim apart from other products and manufacturers, that had a crucial impact on the BU's business volume;
- Thanks to the growing visibility of cork stoppers, the BU continued to make market share gains over alternative closures, using arguments focusing on consistency and sustainability;
- Increased proximity to customers and opinion makers by means of development projects aligned with market and customer strategies;
- The NDTech® project achieved its objectives in terms of manufacturing reliability, laying the foundations for a systemised industrialisation of this service in 2017;
- The introduction, in partnership with customers, of technologies for combatting defects in cork that can affect its mechanical performance;
- An improved position in the spirits business, including increased production and technological capacity and an enhanced product development team;
- Splitting off the spirits business to improve its potential through the possible creation of future partnerships;
- The introduction of a prototype for automating the manufacture of natural cork stoppers, a disruptive concept in the industrial area with an potential for improving operating efficiency and product reliability;
- A new packaging process, already tested and in operation, generating operating gains due to an increase in volumes transported;
- Strengthening the management of processes and teams in line with Lean/Kaizen principles through the *Cork.mais* programme. The project was broadened in 2016 to include support areas, the next steps being planned for commercial areas and sales companies;
- An increased focus on strategic initiatives through the introduction of a new Kaizen methodology;
- A focus on improving skills aimed at complying with the BU's strategic directives in terms of growth, service and efficiency;
- The launch of the "industrial process digitalisation" project, also known as Industry 4.0;
- A change in analysis methods from a product-based to a business-based approach.

2.3. FLOOR AND WALL COVERINGS

In 2016, the total sales of the **Floor and Wall Coverings BU** returned to growth, increasing 6.6% on 2015 with a special emphasis on sales of manufactured products. While the Russian market registered another year of decline, albeit at a significantly slower rate than in 2015, the growth registered in every other region resulted in a reversal of the downward sales trend of 2015.

The commercial success of new products launched at the beginning of 2015 made an important contribution to sales growth. The new products are innovative in the way they combine the advantages of using cork to manufacture water-resistant flooring with modern, attractive designs organised in collections responding to consumer trends in different markets.

The launch of the Authentica range of floating flooring was particularly successful in the more traditional product area with an emphasis on eco-efficiency. The new range benefits from all the advantages of CORKTECH enhanced by a greater incorporation of cork in its manufacture, ensuring excellent performance in terms of thermal and acoustic insulation.

In January 2016, the Collaborative Innovation and Applied Research Centre (CICIA) was inaugurated as a support for the BU's commercial activities. Created in 2015 in partnership with the AR Academy, the centre plays a key role in disseminating the solutions the BU launches on the market. In this way, it makes a decisive contribution to forging closer relationships with key commercial partners and other stakeholders in the different regions where the BU operates.

This new strategy, which already produced visible results in 2016, represents a clear break from traditional marketing methods by prioritising closer proximity to stakeholders and the development of a culture aimed at creating messengers for the BU's strategy. Equipped with the appropriate knowhow, these messengers become promoters of the solutions that the Floor and Wall Coverings BU places on the market.

The trade product business increased 3% in 2016, a year in which the EUR/USD exchange rate continued to exert negative pressure on margins.

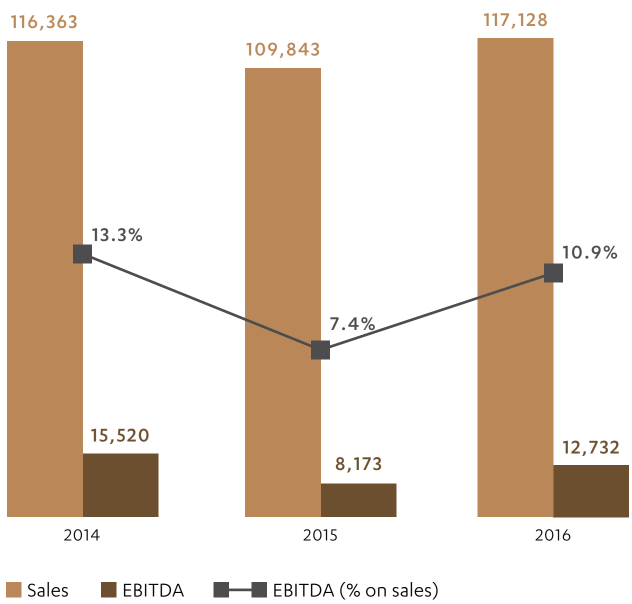
In the trade product area, a focus was maintained on greater value added products, positioned in line with other products manufactured by the Floor and Wall Coverings BU and presented as complementary to a wide range of solutions in terms of their composition, thereby strengthening the BU's position among distributors.

Optimisation projects continued in the industrial area, with the focus on continued cost reductions to guarantee competitiveness and laying a foundation for sustained growth. To this end, new investments are expected in the coming years that will bring about a large increase in the BU's industrial capacity.

This new investment, focused on developing innovative flooring solutions based on composites incorporating cork, will lay the foundation for creating a new generation of CORKTECH products. At the same time, the BU will continue developing sales of the innovative Hydrocork, which was launched in 2015 and in 2016 had already gained a significant weight in the total mix of products sold.

In terms of the supply chain, work continued on optimising invested capital through the introduction of practices aimed at resolving problems related to materials with a low rate of turnover. These practices were extended to cover all the materials used by the BU, thereby strengthening its balance sheet.

Floor and Wall Coverings — Sales & EBITDA (thousands euros)



2.4. COMPOSITE CORK

In 2016, the EBITDA of the Composite Cork BU reached €17 million, an increase of 16.4% over the previous year and corresponding to a margin of 17% over sales.

Turnover remained relatively unchanged from the previous year, with sales reaching €100 million in 2016.

Core market sales (excluding raw materials and subcontracting) grew approximately 2%. But a reduction in outsourcing activities (sales of semi-finished products and the subsequent repurchasing of finished products) compared with 2015 significantly diluted core market sales in consolidated terms.

The overall growth of core market sales resulted from the mixed performance of the 25 segments that make up the BU's diversified portfolio. All priority segments reported sales growth with the single exception of Furnishings, where sales in 2016 fell significantly in comparison with 2105, a year of strong sales growth based essentially on specific time-limited projects. This effect was felt particularly strongly in the European market, which failed to match the performance of the North American market (where sales rose slightly) or Asia, which registered expressive growth.

The launch of new products onto the market did not contribute as much to the growth of business as it had in previous years, due to a number of difficulties.

The average commercial profitability of sales deteriorated somewhat due to a slightly less favourable sales mix as well as some one-off downward adjustments in price and a certain amount of pressure from a negative exchange rate effect, albeit small, mainly related to sterling. This effect was compensated for by not insignificant increases in the average consumer prices of some of the most important non-cork raw materials used by the BU and by internalising the production of semi-finished materials, which in 2015 had been purchased from third parties as part of the transfer of cork-rubber operations.

In fact, 2016 was the first year in which the operating efficiency benefits of relocating the cork agglomerate production line were felt for a full financial year.

These efficiency gains freed up the necessary financial resources for implementing the BU's organisational transformation programme, all of the components of which are now under way, and for strengthening the commercial structure – both fundamental pillars of the growth strategy currently being put into practice.

In 2016, several initiatives were undertaken with the aim of underpinning an excellent medium– and long-term economic performance in areas including human capital, partnerships, innovation capacity and technology. While projects relating to people and teams advanced normally and produced visible short-term results, the execution and generation of results proved slower in the other areas.

A number projects aligned with the ambitions that the Group shares at all levels were undertaken in 2016. Highlights include:

- Enhancing global growth strategies for priority segments with a view to obtaining a clearer understanding of the sectors in question, the competitive contexts in different regions, their specific needs, the external forces of change and challenges to growth;
- Defining implementation plans for global growth strategies in priority regions, including the mapping of opportunities, drawing up business and partnerships models, setting targets, and defining migration pathways and key milestones;
- Developing a global mapping platform covering business stakeholders and implementing a digital marketing plan with a view to increasing sales potential that includes the following aspects of corporate communication: visibility, efficacy, efficiency, coherence, quality, attractiveness and involvement;
- Rationalising the product range with a view to improving industrial efficiency, cutting non-quality related costs, improving customer service levels, reducing inventories and simplifying the commercial offer;
- Designing and implementing an "ACC Sales System", a project that led to the setting up and respective management of a geographically global commercial activity system that facilitates the integration of new resources into the BU and provides for better planning and follow-up of commercial initiatives, supported by a process manual and a customer relationship management system;
- Implementing a new organisational model for commercial functions based on a matrix structure that combines the global management of segments with regional sales responsibilities, requiring a great effort to develop skills and to strengthen and renew teams;
- The conception and planning of an "ACC Operations System", which will begin to be implemented in 2017, with the aim of equipping operating activities with organisational, skill, process and partnership capacities aligned with the Group's strategy and ambitions;
- Implementing and consolidating the "I-Cork System" innovation model, designed in 2015, through team training activities on creativity and project management, as well as mapping out and beginning to activate a European-wide innovation network;
- Implementing the Management Office Project with a view to creating an identification and project management system aligned with the strategy defined for enhancing the effective execution of the project;
- Setting up a commercial company in Russia to support the development of a market with enormous growth potential in several segments.

Taking into account the BU's positioning as a supplier of cork-based materials for an enormous range of applications, its analysis of how the market evolves is based on a cross reading of the particular region and segment in question, the latter being understood as the sector of activity involving customers.

In 2016, due to a slight drop in sales by the group of industrial segments (-2.2%), the weight of this cluster in the BU's total sales portfolio fell slightly to 39%.

Market turnover rose by about 2%, a performance that was somewhat dissipated in the operating account due to the reduction in non-core sales (subcontracting with no sales margin).

This growth was driven by the positive performance of flooring-related segments, both manufacturers and distributors, which compensated from some significant losses in the industrial segments, and, above all, in a furnishing segment project.

The growth in EBITDA resulted mainly from an improvement in the gross margin-to-raw materials ratio as well as a significant reduction in direct industrial costs and impairments.

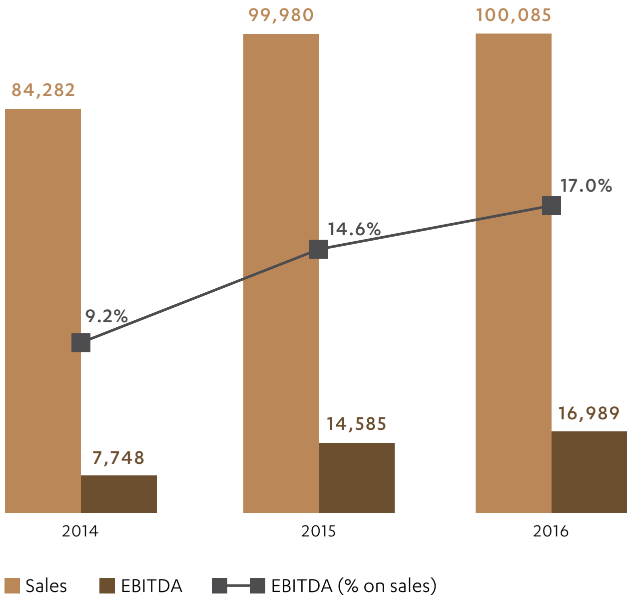
The exchange rate factor had a positive overall impact, although this was significantly lower than in the previous year. This was mainly due to opportunely contracted EUR/USD hedging operations that generated a gain compared to hedging operations in 2015. As already mentioned, the exchange rate effect was slightly negative when applied strictly to sales, due mainly to the evolution of the EUR/GBP exchange rate in 2015.

Following the relocation and respective upgrading of the cork rubber composite production line in 2015, investment in fixed assets fell somewhat in 2016 to a total of €2.6 million. The main investment projects in 2016 were:

- A new granulate silage plant, designed to increase production flexibility;
- The conception and execution of the AMORIM CORK EXPERIENCE, an interactive space aimed at promoting and sharing knowledge about the materials and solutions that the BU develops for different applications and segments.

As in 2015, significant investments were made in human resources in terms of numbers, quality and skills in an effort to bridge the gaps identified between the BU's starting position and the goals set out in the Ambition 2020 programme.

Composite Cork — Sales & EBITDA (thousands euros)



2.5. INSULATION CORK

The **Insulation Cork BU** registered a 14% increase in sales volume compared with 2015. The increase was mainly due to the Group's strategic decision to resume sales of milled cork. Excluding this effect, sales rose by about 1%. The positive impact was principally due to an increase of about 20% in MDFachada expanded cork agglomerate products.

The **Gross Margin** rose more than 6% compared with 2015. This growth was mainly due to an increase in business activity. However, a significant increase in sales of lower value-added products led to a 6-percentage point reduction in the gross margin percentage compared with the previous year.

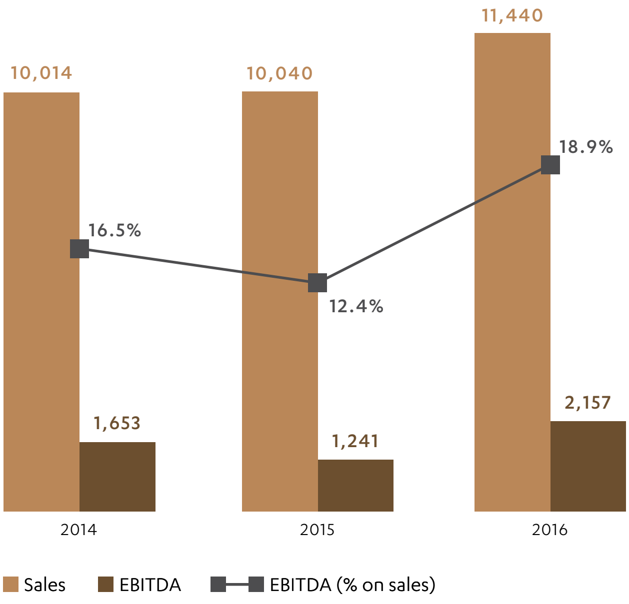
EBITDA rose to €2.2 million, an increase of 74% compared with 2015. A reversion of customer debt impairments and the previously mentioned growth in sales made significant contributions to the increase.

During 2016, the BU engaged in a number of initiatives aimed at enhancing its business potential and consolidating its leadership in the supply of expanded cork agglomerate solutions, thereby improving its profile and perceptions of the real value of its products. These initiatives included:

- the 6th International Insulation Conference, aimed at architects, engineers and specialists in the field of insulation and sustainable architecture. The event enabled the BU to broaden its knowledge of global market trends and expectations, especially in regard to innovative design solutions, production processes and the sustainability of materials;
- the presentation of the Green Dot Award to expanded cork agglomerate for its unique sustainability credentials at Archidex 16, a leading international event for the architecture, construction and interior design sectors that is held annually in Malaysia;
- The BU was the principal sponsor of the exhibition "Eduardo Souto de Moura: Continuity", in a partnership that took the form of providing more than 2,200 blocks of expanded cork agglomerate, a 100% natural material. The total of 330 sq. metres of cork, in different dimensions, a material that has a long tradition of use in architecture, was used not only in the interior exhibition space, but also enlivened the square created outside the Belém Cultural Centre near Lisbon;
- Amorim Isolamentos developed, in a partnership, a new solution for turf sports pitches that was used in four stadiums where Euro 2016 football matches were played in France. This innovative technology, AirFibr, incorporates cork, natural turf and synthetic micro-fibres to produce more resistant turf pitches;
- Participating in various trade fairs and international events, including: Big 5 Show (Dubai), Project Qatar & Stone Tech (Doha), Ecobuilding (London), Living Building (Seattle), Budma (Poland) and Klimahouse (Italy).

In terms of operating efficiency, the adoption of more efficient working methods, rigorous cost control and investments made in the BU's manufacturing units in recent years produced significant improvements.

Insulation Cork — Sales & EBITDA (thousands euros)



3

INNOVATION, RESEARCH & PRODUCT DEVELOPMENT

The genesis of the Corticeira Amorim Group is intrinsically linked to the cork business. Since 1870, cork has been the core business of this leading Portuguese business group. Today, Corticeira Amorim is the world leader in the cork sector, supplying a wide range of cork products to diverse sectors of the economy, including wine, construction, real estate, telecommunications and tourism. Corticeira Amorim is today a multinational business group operating dozens of companies with an established presence across all five continents.

In keeping with Corticeira Amorim's upward path of growth and expansion, and, in particular, its proactive business strategy of continuous investment in research, development and innovation (RD&I), each business unit has developed its own R&D skills, enabling the Group to develop its own products and innovative solutions.

Management identified a need to create a transversal and autonomous unit to promote the centralisation and development of R&D activities within the Group, expanding its technical know-how to ensure the required levels of excellence in the quality and variety of the solutions that it offers to the market are achieved, as well as guaranteeing the use of state-of-the-art manufacturing processes and technologies.

To this end, Corticeira Amorim set up Amorim Cork Research, an R&D skills cluster, with the aim of overseeing the Group's R&D activities as well as the industrial property rights that it develops and owns. In 2016, R&D activities focused on the following projects:

3.1. CORK STOPPERS

In 2016, the most significant RD&I investments by the Cork Stopper BU focused on its three main product families: natural cork stoppers, sparkling wine stoppers and stoppers for spirits. The production processes used in making these different families of stoppers, the stoppers themselves and their interaction with the beverages they seal were at the centre of a large number of research projects that helped improve the reliability and performance of the manufacturing processes involved and the quality of the finished products. They also produced an enhanced understanding of the importance of different stoppers in regard to the evolution of the drinks for which they are intended.

Cork stoppers for still wines
The importance of a cork stopper as a closure for wine is not limited to its sealing capacity for liquids and gases, but also to the contribution it makes to the evolution of the wine in the bottle. A project developed in collaboration with institutions belonging to Portugal's National Science and Technology System (SCTN) generated a significant increase in knowledge on this subject, particularly in terms of the phenolic and volatile compounds present in cork that can migrate to the wine and contribute to its balanced evolution. This work is leading to important developments that will be published in specialised scientific journals.

The results of bottling tests made to compare different closures have underlined the importance of selecting the best stopper for ensuring the balanced evolution of the wine in the bottle. The tests have shown that cork stoppers undoubtedly make the most important contribution to the balanced evolution of bottled wine, while alternative closures, such as plastic tops and screw caps, have shortcomings that are by no means negligible.

The consolidated market feedback on the use of Helix stoppers has confirmed their remarkable performance at every level, including excellent permeability and their contribution to the correct evolution of the wine in bottle, data that clearly shows the potential for increased future sales.

New alternative methods for marking cork stoppers were also successfully developed.

The industrial processes required for applying naturally-sourced surface treatments were brought into operation and the BU is now able to respond to market demand in this area.

The year of 2016 saw the launch of NDTech, a production line stopper-by-stopper TCA[1] analysis process. The system individually analyses each stopper and can detect the presence of TCA at levels of 0.5 ng/l. The process has had a significant impact on customers, as, for the first time, the cork industry in general, and Corticeira Amorim's cork stopper BU in particular, can place natural cork stoppers on the market with an individual guarantee that they contain no TCA. The respective equipment was installed in 2016, internally tested and externally validated by renowned international oenology research centres. The external validations were successful, providing the necessary confidence for customers to participate in the project.

A NDTech prototype for analysing champagne stoppers with the same detection limit of 0.5ng/l was also validated internally and test stoppers will shortly be sent out to the market.

New methods for controlling the sensorial qualities of cork stoppers were developed, tested, validated and used in production in 2016 with a view to creating a capacity for better expressing the sensorial qualities of different lots of cork stoppers. These methods will be disseminated and put into practice at the BU's different industrial units during 2017.

Studies continued into the migration of TCA into bottled wines. The research provided an understanding of the important impact that environmental contamination (e.g. in storage cellars) can have on TCA contamination of bottled wine. The studies also provided data on the performance of alternative closures in regard to environmental contamination of this nature.

In 2016, the method of TCA analysis was significantly improved, ensuring standardisation across all the Cork Stopper BU's manufacturing units of the essential analytical details for obtaining credible results. This required making important adaptations at the different laboratories that prepare samples for testing, as well as changes in the quality control of the results obtained from analysis.

The initial stages of new curing processes capable of extracting TCA from both natural cork and granulate stoppers even more efficiently than existing methods were launched in 2016. After further research, these processes are expected to be implemented in 2017.

[1] 2,4,6-Trichloroanisole.

Cork stoppers for sparkling wines
In the champagne segment, several studies were made with the goal of achieving a better understanding of the interaction of cork stoppers with wine, the performance of cork stoppers in comparison with alternative closures and why some stoppers exhibit disc expansion problems. Several bottling trials are being carried out in partnership with leading European customers, with physical, chemical and sensorial analyses being made as the wine evolves in the bottle. In partnership with an SCTN institution, a project aimed at discovering why disc expansion varies while stoppers are in the bottle is also under way. Interesting results have already been obtained, providing an understanding of what causes these expansion variations. The project will continue in 2017 with a view to developing a method for separating out discs with the potential to causes variable expansion rates.

Cork stoppers for spirits
A number of trials are under way in the area of spirit drinks to determine the performance of cork stoppers produced by the BU under both normal and extreme storage conditions. These projects will continue for a considerable time, given that bottled spirits can be stored for long periods. The performance of TopSeries stoppers in comparison with cylindrical stoppers is also being studied by means of a bottling trial being carried out in partnership with a leading customer in this area.

In collaboration with an SCTN institution, new natural surface treatments with additional advantages in terms of thermal resistance and dust release were developed and tested.

The stability of agglomerate glues in contact with drinks with a high degree of alcohol content were studied in partnership with a reputed European institute. The study produced highly positive results, providing assurance that the respective glues are chemically inert and physically stable.

The new anti-counterfeiting system, developed by the company in collaboration with an SCTN entity and already patented, underwent a number of adjustments so that it could be used in production, a development that will take place in 2017.

Detailed audits of all the BU's production processes with a view to identifying the critical variables that affect these processes were made in 2016. The data obtained will prepare the way for the implementation of Industry 4.0.

3.2. FLOOR AND WALL COVERINGS

In 2016, the Floor and Wall Coverings BU launched Authentica, an alternative solution to its VinylComfort product line, under the slogan "Why just fit when it was created to stand out?"

The BU's Corktech technology was enhanced through the development of a new cork agglomerate which allows for a reduction in the decorative PVC layer and thus a thicker layer of cork. Its exclusive multi-layer structure provides for an acoustic, thermal and comfort performance that is unique for this type of product, without ant detrimental effects on the mechanical characteristics and resistance to wear for which VinylComfort is known.

Authentica was developed as a green alternative to wood and soft stone flooring as well as to floating PVC/LVT solutions. Free of phthalates-type plasticisers, it also contributes to better interior air quality.

The ArtComfort range was renewed with new visuals in the form of the RECLAIMED collection (Visuals with a story to tell), inspired by eco-design trends that focus on using environmentally-friendly and reusable materials. Comprising four wood and three stone visuals, the collection makes it possible to replicate the appearance of stone and wooden flooring on a cork floor with a precision that was previously unobtainable. This is achieved by realistic surface printing technology developed for consumers who appreciate the benefits of cork flooring, but who prefer the aesthetics of wood and stone floors. The RECLAIMED

range was entirely created using images taken from used wood and stone floors, creating the appearance of unique restored floors with their own story to tell.

Given the market's positive reception of the Hydrocork PressFit product range and in preparation for 2017, steps were taken in 2016 to develop new sizes and new stone visuals for this collection. The range is designed for use in large spaces and commercial area with high traffic levels. Work also began on developing an alternative solution for gluing this products to floors.

Based on an analysis of the reasons for the success of the Hydrocork range, the SUBERTECH project, involving an estimated investment of €11 million, was launched with the aim of developing a water-resistant cork agglomerate with a better acoustic and thermal performance than any HDF, WPC or PVC materials. The project is also designed at producing a product that is 100% free of PVC, that can be machined and that will result in a reduced level of emissions.

A study was launched into new visual concepts for cork targeted at the CorkComfort and Dekwall ranges and aimed at launching in 2017 a completely new concept for this type of visual, thereby strengthening the leadership of the Floor and Wall Coverings BU in the fields of cork visuals. To bring this about, new pressing and painting technologies were tested in production.

3.3. COMPOSITE CORK

The mission of the Composite Cork BU is to develop new cork solutions and research the potential of different business areas for using cork composites.

In 2016, the BU strengthened its RD&I capacity by implementing a technical and project management training plan, expanding its laboratory and introducing a test and trial operations management system. In the area of developing R&D processes, a collaborative digital platform was launched. This tool promotes internal communication and improves efficiency in regard to developing new projects and products.

The process of expanding the network of bodies belonging to the international scientific and technological systems that collaborate with the BU was strengthened. The network currently involves more than 20 European research bodies that collaborate with the BU in R&D projects, knowledge transfers, problem-solving seminars and the creation of new product concepts.

The strategic focus of the BU's innovation projects led to the creation of new products for a range of market segments and different regions, including:

a) Construction:

- A disruptive concept for a flooring core that uses cork and recycled plastic, excluding PVC, was developed, resulting in a unique and highly competitive product for the global flooring market, which is already at the phase of being introduced onto the market;
- Development was resumed of a new generation of flooring core using an innovative bio-composite as an alternative to HDF/MDF. This project, which is expected to be concluded by the end of 2017, will result in the launch on the global market of a new generation of flooring that is more sustainable and more competitive than the products currently available;
- Launching new underlay and underscreed products, using recycled raw materials in combination with cork, and with a better performance than competing products;
- Launching a composite cork material with fire-resistant properties designed for the US market and classified as a Class B (ASTM E-84) construction material by the American Society for Testing and Materials.

b) Industry:

- Developing a new generation of cork flooring specifically for the naval industry in accordance with IMO[2] certification, currently in the final phase of certification for the German market;
- Launching a series of composite cork and rubber materials vibration control applications designed for the European and Asian markets with the aim of broadening existing ranges and optimising production costs. An R&D programme looking into new multi-layered polymer and phase change materials was also initiated in cooperation with bodies affiliated to Portugal's national scientific system;
- Launching a new cork agglomerate for packaging applications, an area where thermal performance and the use of light, natural materials are key characteristics.

c) Retail:

Introducing into the market new materials certified for direct contact with foodstuffs in accordance with European legislation and Germany's LFGB[3] standard, making Corticeira Amorim the first manufacturer of composite materials to receive such certification;

Launching a new product for specialised retailers for absorbing vibrations from household appliances that combines recycled raw materials with cork;

In a systematic and increasingly collaborative way, the BU continues to carry out research and create new product proposals in which the use of cork constitutes a distinctive competitive advantage by enhancing performance and adding value.

3.4. INSULATION CORK

In 2016, the Insulation Cork BU continued work on development cycles that were begun in 2015 and launched new R&D projects, in partnerships, with the aim of maintaining the pace of its research activities. These initiatives included:

- The **Coberturas Verdes** (Green Coverings) project aimed at creating green coverings and living façades (GRLF) using systems made entirely from expanded cork agglomerate, a totally natural and environmentally-friendly product;
- The **Slimframe PV & Cork Skin** project aimed at creating an insulated building façade system that uses solar energy, and developing, as part of a consortium, a solution that uses expanded cork agglomerate in combination with glass for insulation:
- Launch of the **mcRICE** project focused on the development of multifunctional sustainable materials produced from rice husks and incorporating cork with the aim of developing products with a high dynamic, thermal and acoustic performance.

These projects are part of a strategy for developing innovative products and applications by creating new solutions that add value to the use of cork as a raw material.

[2] International Maritime Organization

[3] Lebensmittel und Futtermittelgesetzbuch.

4

AMORIM CORK VENTURES

Amorim Cork Ventures completed its second full year in operation in 2016. After establishing its ideas and methods in 2015 and enlisting a group of significant partners to support entrepreneurship, it will begin work on internationalising its concept in 2016.

In 2015 Amorim Cork Ventures promoted and organised two calls for proposals for new ideas and/or businesses involving cork together with acceleration programmes for these proposals. For the first time, one of these programmes was held outside Portugal, in Barcelona.

The strong adherence of entrepreneurs from several countries to these initiatives by Amorim Cork Ventures again demonstrated the versatility of cork and its growing reputation. More than 120 candidates made proposals in response to the two calls.

Three start-ups were launched in 2016, bringing the total number of affiliated companies that joined Ecochic Portuguesas, which in March 2016 launched the first collection of the ASPORTUGUESAS brand of flip-flops. In 2016, the sales of this start-up were made mainly through its online store, with promising results for its ambition of expanding through other sales channels and into new regions. Amorim Cork Ventures created a new space for manufacturing and logistics activities in 2016, with an area of 3000 sq. metres, for installing the first production lines of the start-ups in which it participates.

Other highlights of 2016 were the development and launch of the incubator's new *website* (www.amorimcorkventures.com), its social media presence and the inclusion of Amorim Cork Ventures in Portugal's National Network of Incubators.

5

SUSTAINABILITY POLICIES AND PRACTICES

Corticeira Amorim continues to focus on aligning management sub-systems that foster efficiency and integrating them with the strategic aims of a balanced scorecard approach as an important guarantee of the company's sustained development. To guarantee the effective management of environmental and social factors, geared to achieving strategic objectives, Group companies have implemented management policies and systems in keeping with the non-financial risks that their activities incur and the opportunities that emerge in the markets in which they operate.

In 2016, Corticeira Amorim consolidated this alignment by renewing the certification of its different management sub-systems and companies and the gaining of five ISO 50001 certifications (relating to the energy management sub-system) by the Cork Stopper BU and an ISO 14001 certification (relating to the environmental management sub-system) by the Raw Material BU, as shown in the following page.

Special mention should also be made of the policies Corticeira Amorim has adopted in the form of voluntary ethical commitments related to economic, environmental and social responsibility. The different companies in the Group have adopted these commitments as a management model grounded on responsible competitiveness.

Ethical and legal responsibilities

- To act in a responsible and ethical way in compliance with legal and regulatory requirements and the objectives applicable to the operations of subsidiary companies.

Responsibilities to external stakeholders

- To promote the satisfaction and loyalty of customers by developing differentiated and competitive products and services;
- To guarantee value creation for shareholders over the medium and long term by means of responsible competitiveness;
- To maintain trusting relationships with interested parties, specifically suppliers, customers and society in general.

Product responsibility

- To guarantee quality, based on the continuous improvement of processes as well as products and services and by searching for innovative solutions based on technological developments to meet customers' needs with competitive and differentiated solutions.

Social responsibility

- To develop the skills and qualifications of employees, providing them with an encouraging, healthy and safe working environment.

Environmental responsibility

Corticeira Amorim's activities have unique characteristics in the field of sustainability, constituting a rare example of interdependence between industry and an ecosystem, as well as generating wealth and preserving the environment. By engaging in the regular harvesting of cork, Corticeira Amorim ensures the viability of cork oak plantations in Portugal and the Western Mediterranean Basin, a natural resource that performs a fundamental role in capturing CO_2, preserving biodiversity, regulating the hydrological cycle and combating desertification.

In addition to benefiting from cork as a gift of nature, Corticeira Amorim works to apply and strengthen sustainable development practices to all its operations. As with any other industrial activity, the company's manufacturing processes have an inevitable environmental impact. To minimise this impact, and in keeping with its own sustainable management principles and practices, Corticeira Amorim is committed to:

- Guaranteeing compliance with the legal requirements and any other standards to which the organisation subscribes that apply to the environmental aspects of its operations, products and services;
- Controlling important environmental factors and contributing to pollution prevention;
- Working proactively to identify, evaluate and put into practice appropriate preventive measures for minimising the specific environmental impacts of its different operations, and deploying whenever possible the best available practices and technologies.

Supply Chain Responsibilities

- To give preference, whenever possible, to suppliers who provide raw materials in accordance with the best social and environmental sustainability practices in regard to sourcing and production processes.

Company (Country)	Cork Stopper Manufacturing Practice	Quality	Environ-ment	Energy	Food Safety						Forest Products Chain-of-Custody		Health & Safety
	SYSTECODE	ISO 9001	ISO 14001	ISO 50001	ISO 22000	FSSC 22000	HACCP	IFS Standard PAC Secure	IFS Broker	BRC	FSC	PEFC	OHSAS ISO 18001
BU Raw-Materials													
Amorim Florestal (Portugal)	■[1]	■[13]	■[5]								■[10]		
Augusta Cork (Spain)	■[1]												
Amorim Florestal España (Spain)											■		
Comatral (Morocco)	■												
Amorim Tunisie (Tunisia)	■												
BU Cork Stoppers													
Amorim & Irmãos (Portugal)	■[2]	■	■[6]	■[7]	■[8]	■[9]	■[14]				■[11]		
Amorim Top Series (Portugal)	■[2]	■	■[13]	■	■						■		
Francisco Oller (Spain)	■[1]	■	■		■						■		
Corchos de Argentina (Argentina)		■											
Amorim Australasia (Australia)							■						
Korken Schiesser (Austria)							■			■[14]			
Amorim Cork América (USA)							■				■		
Portocork América (USA)							■[14]				■		
Amorim Cork Deustchland (Germany)		■					■				■		
Amorim Cork Italia (Italy)	■[2]	■								■	■		
Amorim Cork South Africa (South Africa)										■	■		
Amorim France (France)	■[2]	■			■		■				■		
Amorim Top Series France (France)	■[2]												
Portocork France (France)											■		
Portocork Italy (Italy)									■	■	■		
Hungarokork Amorim (Hungary)		■											
Industria Corchera (Chile)					■			■[13]			■		
Victor & Amorim (Spain)					■						■		
BU Floor & Wall Coverings													
Amorim Revestimentos (Portugal)		■									■		
Amorim Revestimentos (Germany)											■		
Amorim Benelux (Netherlands)											■		
Amorim Deustchland (Germany)											■		
Domkorkowy (Poland)											■		
BU Composite Cork													
Amorim Cork Composites (Portugal)	■	■	■								■	■	■
Amorim Cork Composites (USA)		■											
Corticeira Amorim France (France)											■	■	
Amorim Compcork (Portugal)											■	■	
BU Insulation Cork													
Amorim Isolamentos (Portugal)		■									■[12]		

[1]SYSTECODE Premium; [2]SYSTECODE Excellence; [3]Certificate nº: FR015595-1; [4]Certificate nº: 2011/CEP.3985; [5]Certificate nº: 2016/AMB.0807; [6]Certificate nº: 2000/AMB.014/2; [7]Certificate nº: 2016/SGEn.0015; [8]Certificate nº: 2007/GSA.0011/2; [9]Certificate nº: FSSC-IS 190794; [10]Certificate nº: APCER-COC-150109; [11]Certificate nº: APCER-COC-150122; [12]Certificate nº: APCER-COC-150151; [13]In progress; [14]Practice assured

6

HUMAN RESOURCES

In support of business growth and the need to upgrade skills, the Group's human resources activities focus mainly on recruitment and the integration of new employees. Upgrading the skills of our employees has also taken on a prominent role and strategic training programmes, customised for individual employee segments, have been strengthened.

Recruitment

Continuing the trend of the previous year, recruitment was strong in 2016. Driven by increased production and sales, the number of employees grew significantly in the commercial and manufacturing areas, as well as in some areas that underwent restructuring.

The group strengthened its commercial skills, both in Portugal and overseas, with a view to ensuring coverage of regions that had not previously been considered.

Recruitment activity was intense, not only overseas, but also in Portugal. As a consequence of the restructuring of the industrial area (Amorim & Irmãos) and the commercial area (Amorim Cork Composites), employees were assigned new functions on the basis of skill assessments. This method proved useful and effective in the process of moving employees and upgrading their skills.

Corticeira Amorim ended 2016 with 3,602 employees, 1,053 of which were employed at its overseas companies. The average workforce during the year was 3,655.

Upgrading and Developing Skills

Large investments were made in the sales force. These investments resulted in changes in structures, the movement of employees to new and different markets, the adoption of new methods (the creation of the "ACC Sales System", for example) and general training and skills development. The "AR Academy" – a training facility for the workforce of the Floor and Wall Coverings BU – was highly active (6,913 training hours).

The Cork Stoppers BU launched the first "From Bark to Bottle" programme, a basic training programme on the business and production of cork stoppers aimed at technicians and middle management. The same BU's "Cork+ School", which provides training in lean management methods, gave courses to more than 600 people in 2016.

A decision was also taken in 2016 to create a transversal structure across Corticeira Amorim to provide part of the training given by each BU from 2017 onwards.

Business focus, technical mastery and appropriate behaviour are the areas in which human resources development activities are predominantly focused.

Management by objectives and incentives

For several years, Corticeira Amorim has adopted a performance management system for managers that combines goal-led management, performance assessment and an incentive programme. In 2016, a long-term goal was achieved: extending management by objectives and strengthening incentives to direct and indirect industrial employees with the launch of a pilot project called PrOA (the Goal and Assiduity Award). The results were interesting and the award is expected to be expanded to include all of the Group's BU's in the coming years.

Internal communication and goals

Internal communication has been a strategic focus of Corticeira Amorim for many years. As a group that experiences countless changes, restructurings, business alterations and an intense level of recruitment, it is fundamental that different groups of employees are informed about and aligned with its short-, medium– and long-term objectives. This has led to a multiplication of communication channels – be they quick meetings before shifts start, quarterly meetings for communicating results, forums for contextualising and providing information about specific projects, or meetings related to particular areas (department heads, commercial operations, young managers, senior staff), the formal instances of communication multiply every year.

Work Health and Safety

Preventing work-related accidents is a goal of the utmost importance to Corticeira Amorim. In an industrial sector with a high level of activity and frequent changes in the workforce, health and safety policies and practices are fundamental.

Corticeira Amorim has fewer and less serious accidents than the average for sector and always aspires to a better performance in this regard. Although the number of accidents fell by 21% in 2016, compared with the previous year, the goal is for an even greater decline in future years. The accident frequency index in 2016 was 20.21; the severity index was 511.27.

7

STOCK MARKET PERFORMANCE

Corticeira Amorim's current share capital stands at €133 million, represented by 133 million ordinary shares with a nominal value €1 and conferring the right to a dividend. The flotation on Euronext Lisbon (hereafter referred to as BVLP – the Lisbon and Porto Stock Market) of the shares issued within the scope of the capital increase that took place on December 19, 2000 was added to the remainder of the company's shares listed on the BVLP from the beginning of 1991. These shares have been continuously traded on the national system since December 11, 1991.

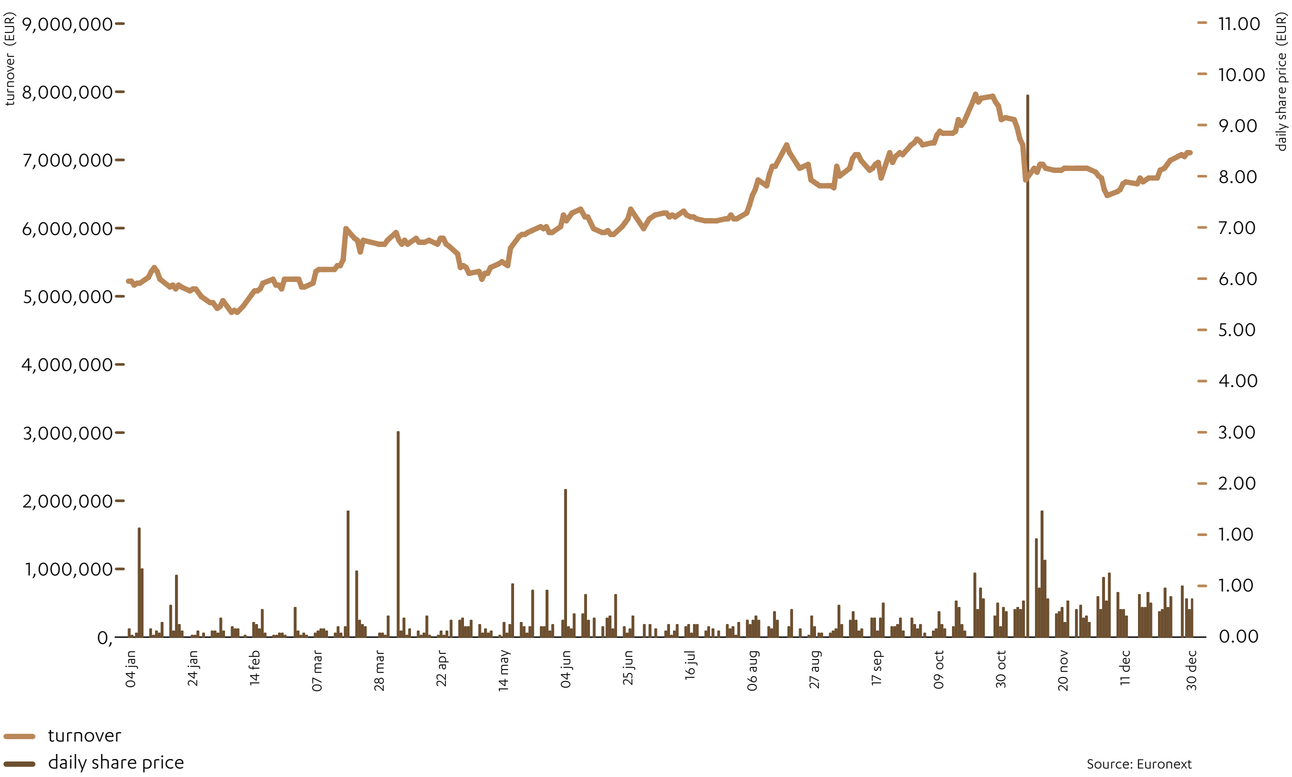
On November 3, 2016, the companies Amorim International Participations, BV and Investmark Holdings, BV, holders of qualifying holdings of 15.086% and 18.778%, respectively in the capital of Corticeira Amorim, announced the launch of a private sale offer, each proposing to sell up to 6,650,000 shares, representing 5% of the capital stock of Corticeira Amorim, through an accelerated bookbuilding process (ABB). The ABB was completed on the same day with the placement of all the shares at €7.90 per share. In total, 13,300,000 shares representing 10% of the share capital of Corticeira Amorim were placed on the market, significantly increasing its free float from 15.136% to 25.136%.

At the end of 2016, Corticeira Amorim's share price was €8.5, an appreciation of 42.9% on the closing price at the end of 2015. About 10.8 million shares (104% more than in 2015, excluding transactions made in the ABB process) were traded in more than 35,000 separate trades (302% more than in 2015) in operations with a total value of about €81 million (239% more than in 2015, excluding transactions made in the ABB process).

In 2016, the average share price was €7.30 (compared with €4.35 in 2015). The shares reached a maximum price of €9.899 on October 19. The minimum price for the year of €5.20 was registered on February 9 and 10. The percentage change between the lowest and highest share price in 2016 was 90.37%.

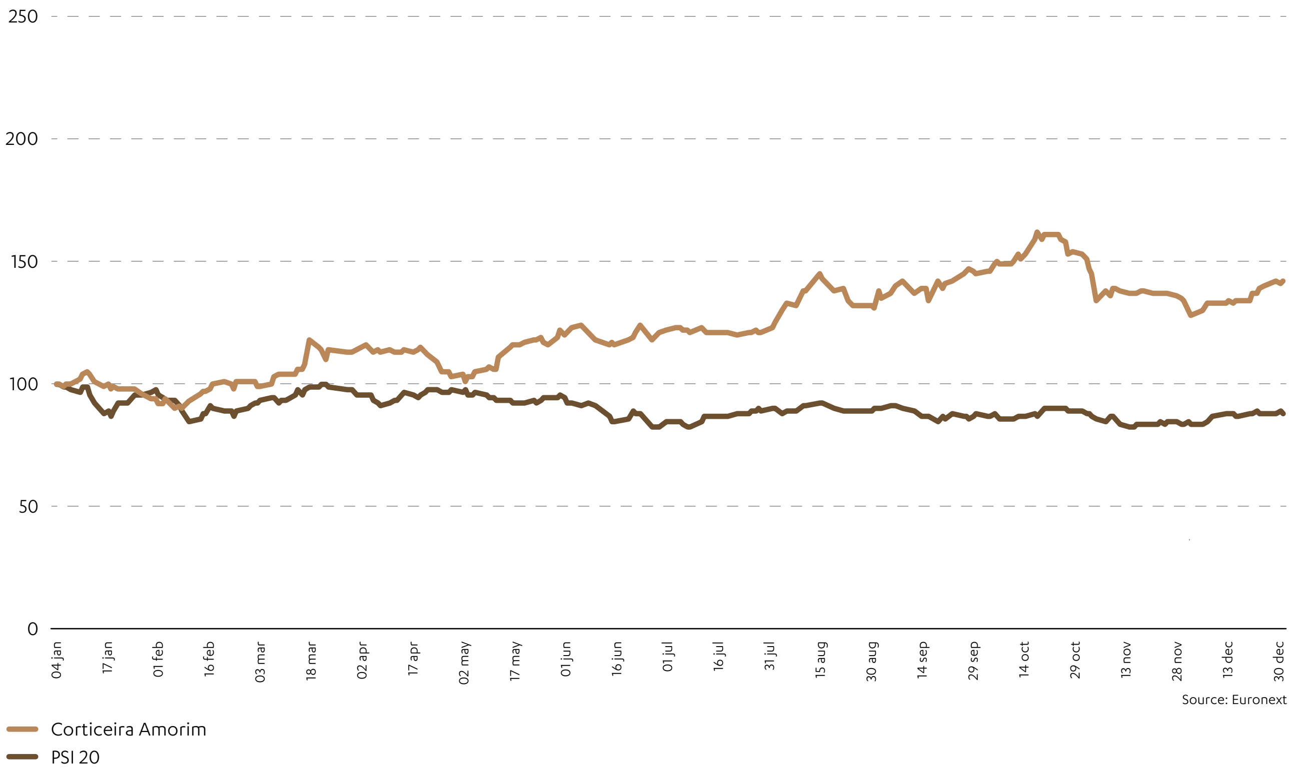
The following charts illustrate Corticeira Amorim's stock market performance:

Trading volumes on the regulated market (2016)



Source: Euronext

Share price performance versus PSI20 (2016):



Source: Euronext

Stock market performance in recent years:

	2012	2013	2014	2015	2016
No. of shares traded	2,856,436	2,184,858	3,481,685	12,693,424*	10,801,324
Share prices (€):					
Maximum	1.65	2.40	3.65	6.29	9.899
Average	1.42	2.04	2.85	4.34	7.303
Minimum	1.27	1.56	2.20	2.99	5.200
Year-end	1.60	2.21	3.02	5.948	8.500
Trading frequency	85.2%	89.3%	96.1%	98.8%	100%
Stock market capitalisation at year-end (€)	212,800,000	293,930,000	401,660,000	791,084,000	1,130,500,000

Source: Euronext
*it includes 7 399 262 shares traded on the ABB.

Corticeira Amorim's main stock market announcements in 2016:

February 18: Consolidated results for 2015.
Corticeira Amorim's total sales exceeded €600 million, with the following highlights:

- Sales totalling €604.8 million, driven mainly by the Cork Stoppers and Composite Cork BUs;
- A strong operating performance that saw EBITDA exceed €100 million;
- Net profits rose to €55 million, partly driven by the stronger US dollar;
- A proposal for a gross dividend of €0.16 per share was made to the Shareholders' General Meeting.

March 7: Euronext announced that, as part of its regular annual revision of the PSI 20 share index, Corticeira Amorim would be included in the index from March 21 (inclusive).

March 31: Announcement of a gross dividend payment of €0.16 per share.

May 10: Consolidated results for the first quarter of 2016.
Corticeira Amorim's quarterly sales exceeded €156 million, with the following highlights:

- The Group's best quarterly sales performance to date helped lift EBITDA by 16% to €27.6 million;
- Net quarterly profits increased to €13.9 million;
- Sales growth at every BU.

May 12: Announcement of Corticeira Amorim's inclusion in the MSCI Small Cap Index from June 1 (inclusive).

August 3: Consolidated results for the second quarter of 2016.
Corticeira Amorim's sales exceeded €330 million, with the following highlights:

- EBITDA increased 21% to more than €65 million;
- Net profits rose by 34% to €35 million;
- Positive performances by all BUs, especially the Cork Stoppers BU.

September 26: Publication of the 9th Sustainability Report on policies and practices in 2015.

October 20: Announcement of the sale of 25% of the capital of the US company US Floors, Inc.

October 28: Consolidated results for the third quarter of 2016.
Net profits to September reached €55 million, with the following highlights:

- Significant sales growth of 6%;
- EBITDA increased 19% to €95.5 million;
- Net profits totalled €55 million, up 33% on the same period in 2015 and equal to the full-year net profit in 2015;
- Proposal to distribute reserves to shareholders in the amount of €0.08 per share.

November 3: Announcement of private share sale

- The companies Amorim International Participations, BV and Investmark Holdings, BV, announced that the launch a private sale offer of shares in Corticeira Amorim, with each company proposing to sell up to 6,650,000 shares representing up to 5% of Corticeira Amorim's share capital, meaning the offer, as a whole, involved the sale of up to 13,300,000 shares representing up to 10% of Corticeira Amorim's capital.
- Announcement of the successful conclusion of the private sale offer, with each company disposing of 6,650,000 shares representing 5% of the share capital of Corticeira Amorim, SGPS, SA. A total of 13,300,000 shares representing 10% of the capital of Corticeira Amorim, SGPS, SA were sold. The total counterpart of the offer amounted to €105,070,000, corresponding to a price per share of €7.90.

November 28: Announcement of a gross dividend payment of €0.08 per share.

December 12: Announcement of the conclusion of the sale of a 25% holding in US Floors, Inc.

8

CONSOLIDATED RESULTS

8.1. SUMMARY OF ACTIVITIES

Economic constraints in 2016 led to a slower rate of world growth than expected. The same trend was observed in the main markets in which Corticeira Amorim operates, but did not have a negative impact on the development of the Group's activities.

The referendum in the United Kingdom and the US elections influenced business decision-making in general. Growth in the US economy, Corticeira Amorim's largest market, was slower than in 2015, although the pace accelerated in the second half. The Euro Zone, where some of the Group's most important markets are located, registered slightly higher growth than the US, albeit lower than in 2015. In other areas where Corticeira Amorim has significant markets, the Russian economy experienced some downward stabilisation.

In 2016, Corticeira Amorim recorded the best results in the Group's history. Operating activity exceeded the best previous performances, while the sale of US Floors also made a positive contribution to the final result. In consolidated terms, the sale of the Group's stake in US Floors, Inc. produced a gain of about €30 million net of taxes.

It was a year of exchange rate stability, particularly in regard to the EUR/USD exchange rate. The USD strengthened in the fourth quarter, largely due to the US presidential elections. However, the evolution of exchange rates did not have a material impact on Corticeira Amorim sales.

It was also the Group's best year to date in terms of consolidated sales, which rose by €641.4 million, an increase of 6.1% on 2015. The pace of growth registered in the first nine months continued in the fourth quarter.

Every BU registered an increase in accumulated sales, although sales for the Composite Cork BU increased only slightly on 2015. The Floor and Wall Coverings BU consolidated its sales recovery with an increase of 6.6%, reflecting the success of both the Hydrocork® range and the new Vinyl Cork (Authentica) range.

The performance of the Cork Stoppers BU deserves highlighting because of its weight in Corticeira Amorim's overall business. In terms of products, the strong performance of natural cork stoppers and, once again, Neutrocork stoppers, as well as the first sales of stoppers with the NDtech service were all noteworthy.

Sales growth, together with a strong operating performance, resulted in a 21.5% increase in current EBITDA to €122.3 million.

The EBITDA/sales ratio increased to 19.1%. This represented a 16.7% increase on 2015, mainly due to an improvement in the gross margin as well as efficiency and cost control programmes.

Financial operations continued to benefit from an on-going reduction in remunerated debt and from lower interest rates.

As previously mentioned, gains from the sale of associated companies were registered as non-recurring items. The tax component of these gains was registered under corporation tax.

The increase in the effective rate of corporation tax was mainly due to the sale of US Floors, Inc. being carried out by a subsidiary based in the US, where the level of taxation is higher. The Group also adhered to Portugal's Special Plan for the Reduction of Indebtedness to the State (PERES), which allowed for the reversal of the interest rate component of provisions that had already been constituted.

Corticeira Amorim's net profit exceeded €100 million for the first time, reaching €102.7 million. Excluding the net effect of the sale of US Floors, Inc., net profit would have been €72.8 million, which would have represented an increase of 32.4% on 2015.

Due to a positive financial position in 2016, Corticeira Amorim was able to distribute a large amount of dividends, totalling approximately €31.920 million and corresponding to 24 Euro cents per share.

8.2. CONSOLIDATION PERIMETER

There not having been any material changes in the group of companies that make up Corticeira Amorim, the financial statements for 2016 are comparable with those of 2015.

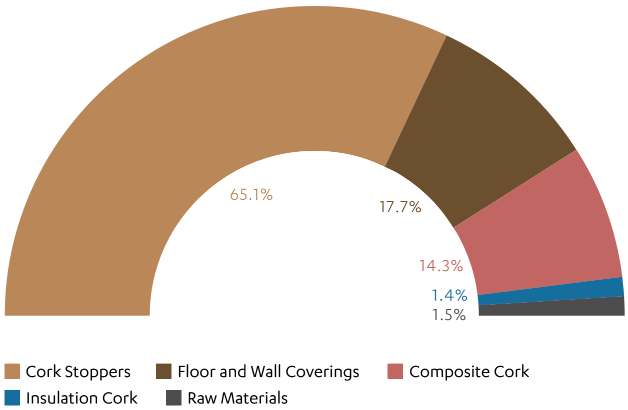
8.3. CONSOLIDATED RESULTS

Consolidated sales increased 6.1% on sales in 2015 (€604.8 million) to €641.4 million. In contrast to 2015, when exchange rates were more favourable, sales in 2016 were only minimally affected by them.

Because of its weight in the Group's total sales, the performance of the Cork Stoppers BU was a key element in Corticeira Amorim's sales growth, although every BU registered significant sales growth in 2016. In a sign of sustained sales growth, the Composite Cork BU maintained the same volume of sales as in 2015, a year of exceptional performance in which in its sales rose by 18.6%.

The relative weight of the sales for each BU in the Group remained stable in comparison with 2015.

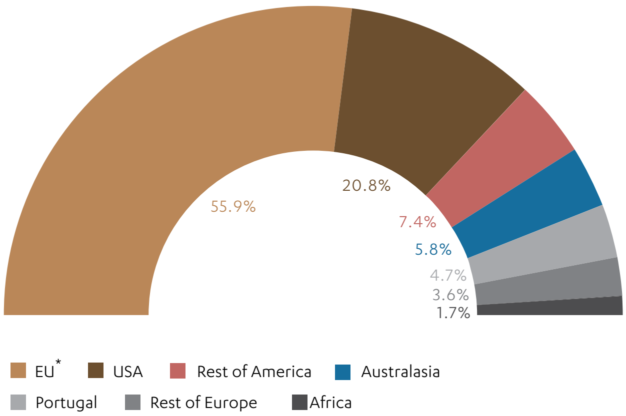
Consolidated Sales by Business Unit



There were no significant changes in relation to the Group's main sales markets, with the US remaining the largest. Although the weight of the US in total sales fell slightly, sales revenue from the US increased in absolute terms.

In Europe, cork stoppers performed well in Italy, Spain and France, registering positive growth, as did floor and wall coverings in Germany and Denmark.

Consolidated Sales by Geographical Area



* It includes Switzerland and Norway and excludes Portugal.
Sales to non-Group Clients.

The gross margin percentage (sales plus production variations less the cost of incorporated materials) increased from the third quarter, reaching 53.2% for the full year. This was mainly due to the increase registered by the Cork Stoppers BU, which was somewhat attenuated by a decrease at the Floor and Wall Coverings BU. The production volume variance fell by about €12 million, reflecting the optimisation and rationalisation of finished product inventory management.

Operating costs increased at a slower rate than sales volume, as they did in 2015. This is partly due to the fixed component of operating costs, but mainly because of the positive impact of multiple projects for improving efficiency and a continuous upgrading of operations. Supplies and external services increased 2.4% (€2.5 million) without any notable changes in this area.

Staff costs grew by about €1.4 million (+1.3%) in a context in which the average number of employees increased by about 0.52%, representing a significant productivity gain. The increase in employee numbers was mainly related to increased production at the Cork Stoppers BU.

After a year in which impairments had a significant impact on the Group's results, the value of impairments in 2016 was approximately €0.7 million, essentially representing customer balances.

In other operating income and expenses, the favourable change of approximately €3.8 million was mainly due to the effect of exchange rate differences on receivable assets and payable liabilities, as well as respective currency risk hedging, which in 2015 resulted in a loss of €2.6 million, but which in 2016 implied a gain of €0.8 million. The accumulated gain up to September 2016 was €1.2 million.

EBITDA rose to €122.3 million, up 21.5% on 2015.

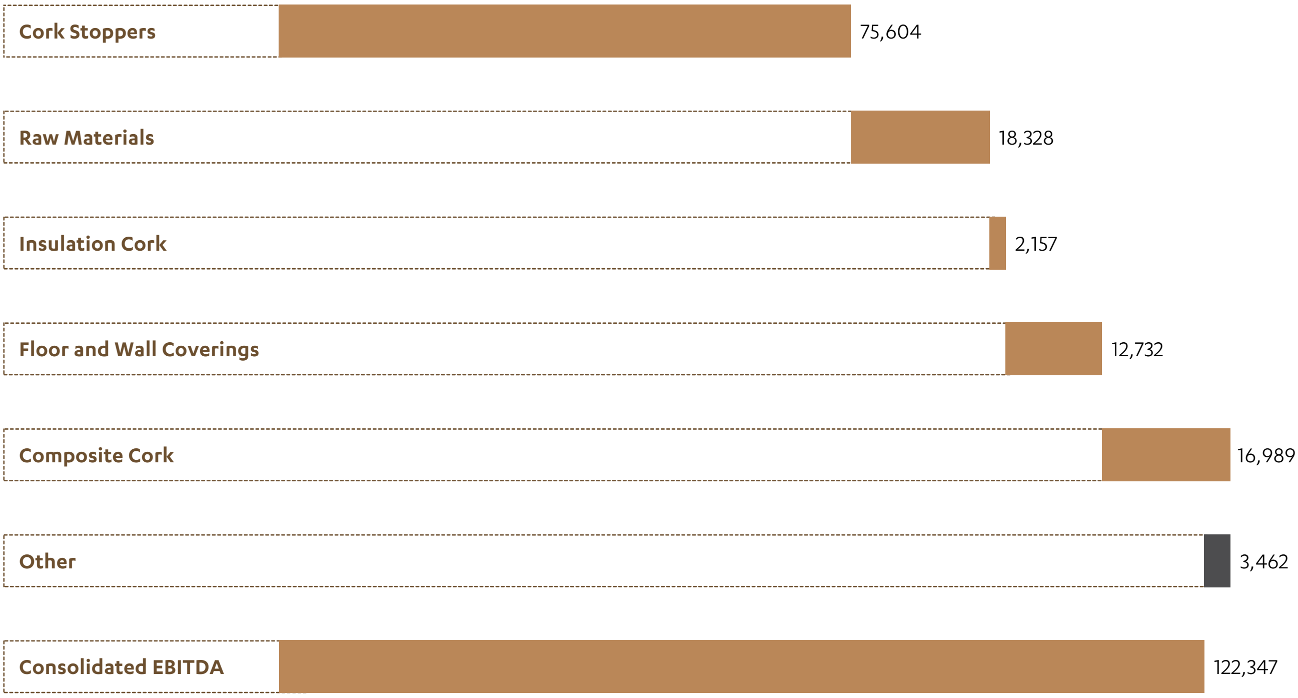
The EBITDA/sales ratio rose to 19.1% in 2016, considerably higher than in 2015 (16.7%). The accumulated ratio in the third quarter was 19.4%. The variation in this quarter is partly explained by the evolution of exchange rates relating to receivable assets and payable liabilities, as well as the respective exchange rate hedging referred to above. If these variables had been the same as in the first nine months, the EBITDA/sales ratio for the full year would have been close to the rate for the third quarter. Performance in the fourth quarter was also affected by a lower growth rate for composite cork sales. However, the ratio in the forth quarter was 17.9% compared to 14.5% in the same period of 2015, a quarter when there was a high level of impairments.

As noted in the section on operating activities, every BU reported a positive sales growth, the Cork Stoppers meriting special mention because of its weight in the Group's total EBITDA. The sales recovery registered by the Floor and Wall Covering BU after a less positive performance in 2015 was also noteworthy.

EBITDA Margin

	2015	2016
Raw Materials BU	12.5%	12.3%
Cork Stoppers BU	16.0%	17.9%
Cork Stoppers + Raw Materials BU	19.9%	21.9%
Floor & Wall Coverings BU	7.4%	10.9%
Cork Composites BU	14.6%	17.0%
Insulation Cork BU	12.4%	18.9%
Consolidated	16.7%	19.1%

EBITDA: BU Contribution (thousands euros)



Current EBIT totalled €96 million, an increase of 26.9%, in line with the increase in EBITDA.

Non-recurring expenditure totalled €4.4 million and was mainly related to a provision made against legal proceedings concerning labour and customs issues. The provision also related to a legal proceeding involving the Central Bank of Argentina and Amorim Argentina. Thise subsidiary was deactivated more than four years ago and a legally complex liquidation process is under way. Non-recurring expenditure also related to the recognition of a non-compete clause for managers and compensation relating to the management of a subsidiary in North Africa.

The average level of debt and lower interest rates again benefited the Group's financial results. The amount of interest paid totalled €1.6 million, compared with €2.1 million in 2015. Only €0.3 million was paid in interest in the fourth quarter, a lower level than in the previous nine months.

The Group recorded a gain under Provisions and Other Financial Expenses after almost entirely winning an appeal in a legal process relating to stamp duty for 2007-2009. A total of €1.7 million was saved from the resulting reversal of the respective provisions and impairments, positively affecting the financial result. Because these processes formed part of Portugal's Exceptional Regime for Tax and Social Security Debt Settlement (RERD) of 2013, and because the payments had been made when due, Corticeira Amorim was reimbursed €1.2 million. The Group is appealing over the amount of interest due. The fourth-quarter change under this heading resulted from the Group's adhesion to Portugal's Special Plan for the Reduction of Indebtedness to the State (PERES), which enabled it to reverse the interest component of previously constituted provisions.

Income from associated companies in which Corticeira Amorim does not own a majority holding rose to €2.4 million.

For a better understanding of the Group's results, an additional line was included this year to highlight the effect of the sale of US Floors Inc., which generated a pre-tax gain of €47.6 million. Taxation on the sale totalled €17.7 million, which was reported under corporation tax.

As previously mentioned, the sale of US Floors, Inc. led to in an increase in the amount of corporation tax the Group paid.

Portugal's special Plan for the Reduction of Indebtedness to the State (PERES) was approved in the form of Decree-Law no. 67/2016 at the end of 2016. Corticeira Amorim decided partially to adhere to the measure. As a result, it paid about €7.4 million relating to stamp duty (€2 million) and €5.4 million in corporation tax.

This payment does not prevent Corticeira Amorim from continuing to defend its legal rights. In the event of a favourable judgement, Corticeira Amorim will be reimbursed for the amount paid, plus a 4% fee. In the event of being found in default, Corticeira Amorim will not be required to pay any other amounts normally associated with late tax payments, such as fines or interest.

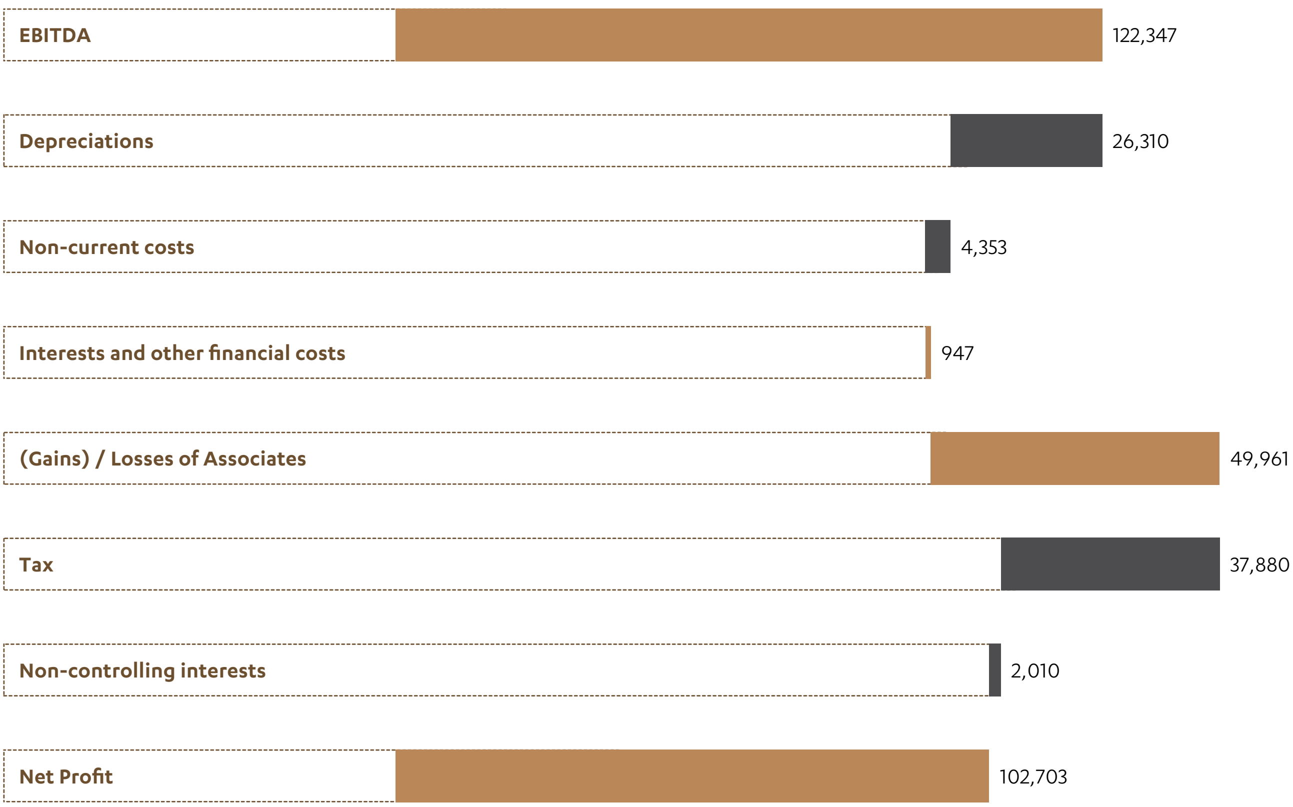
Full provisions had been made for almost all of these tax proceedings. In consequence, the tax payments made under the PERES scheme enabled the Group to reverse the provisions it had made for the interest on those payments.

Tax benefits were calculated, as usual, in the fourth quarter. The main benefits recognised relate to SIFIDE and RFAI. Corticeira Amorim maintains a policy of recognising tax benefits that is conditional on the future achievement of objectives.

After estimated corporation tax of €37.9 million and the appropriation of €2 million of earnings for minority interests, Corticeira Amorim's net profit for 2016 amounted to €102.703 million, up 86.7% from €55.012 million in 2015. Excluding the effect of the sale of US Floors, Inc., the net profit would have been approximately €73 million, corresponding to a 32% increase over 2015.

The Group reported a net profit of €47.479 million in the fourth quarter, including the impact of approximately €30 million generated by the sale of US Floors, Inc.

Composition of Net Profit (thousands euros)



LEGENDA DA FOTO

9

CONSOLIDATED DEMONSTRATION OF THE FINANCIAL POSITION

The balance sheet totalled €726.9 million, an increase of about €59.7 million over 2015. The increase resulted mainly from the value of cash and cashes equivalents (which rose to €51 million in 2016, compared with €7.4 million in 2015), particularly those resulting from the sale US Floors, Inc. The increase of about €7.1 million in fixed tangible assets was mainly the result of capital expenditure being substantially higher than depreciation, which also helps explain the change in assets.

Net remunerated debt fell by about €48 million to €35.9 million. If Corticeira Amorim had not adhered to the PERES scheme (paying in €7.4 million), net remunerated debt would have totalled less than €30 million at the end of 2016. In terms of the working capital fund, there was a slight decrease in inventories (the above mentioned reduction in finished products, compensated for by an increase in raw materials due to an extensive purchasing campaign), an increase in the customer balance due to increased sales and a decrease in the suppliers balance (due to earlier payment of 2016 campaign purchases than in 2015).

Equity rose to €426.9 million compared with €354.1 million in 2015. The financial autonomy ratio increased to 59%, an improvement from 53% in 2015 that would have been even greater if the value of cash had been offset in remunerated debt.

10

MAIN CONSOLIDATED FIGURES

		2016	2015	Variation	4Q16	4Q15	Variation
Sales		641,411	604,800	6.1%	150,554	141,911	6.1%
Gross Margin – Value		334,704	315,613	6.0%	78,529	73,274	7.2%
	1)	53.2%	50.7%	+ 2.5 p.p.	53.8%	50.4%	+ 3.4 p.p.
Operating Costs – current	2)	238,667	239,944	-0.5%	59,877	59,046	1.4%
EBITDA – current		122,347	100,720	21.5%	26,901	20,565	30.8%
EBITDA/Sales		19.1%	16.7%	+ 2.4 p.p.	17.9%	14.5%	+ 3.4 p.p.
EBIT – current		96,037	75,669	26.9%	18,652	14,229	31.1%
Non–current costs	3)	4,353	2,904	-	623	-3	–
Net Income	4)	102,703	55,012	86.7%	47,479	13,402	254.3%
Earnings per share		0.772	0.431	79.3%	0.357	0.101	254.3%
Net Bank Debt		35,889	83,896	-48,007	–	–	–
Net Bank Debt/EBITDA (x)	5)	0.29	0.83	-0.54 x	–	–	–
EBITDA/Net Interest (x)	6)	108.6	70.5	38.07 x	115.8	74.9	40.94 x
Equity/Net Assets		58.7%	53.1%	+5.7 p.p.	–	–	–

1) RELATED TO PRODUCTION.
2) INCLUDING DEPRECIATION.
3) FIGURES REFER TO THE PROVISION FOR LABOR AND CUSTOMS LITIGATION IN AMORIM ARGENTINA, EFERRED COSTS CONCERNING BUSINESS STARTED IN THE PREVIOUS YEAR AND ADJUSTMENTS RELATED TO NON-CONTROLLING INTERESTS (2016) AND WRITE-OFF OF GOODWILL (2015).
4) ATTRIBUTABLE TO THE EQUITY HOLDERS.
5) CURRENT EBITDA OF THE LAST FOUR QUARTERS.
6) NET INTEREST INCLUDES INTEREST FROM LOANS DEDUCTED OF INTEREST FROM DEPOSITS (EXCLUDES STAMP TAX AND COMMISSIONS).

11

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

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

During 2016, 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 2013 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 IR&D 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.

12 FUTURE OUTLOOK

12.1. MACROECONOMIC CONTEXT

12.1.1. Overview

After less dynamic performance in 2016, growth of the **World Economy** is expected to accelerate in 2017, with a growth rate of around 3.4%. This rate is expected to increase primarily due to the contribution of emerging economies. Significantly, between October 2016 and the most recent assessment by the IMF, the forecasts for 2017 and 2018 (acceleration of growth to 3.6%) have not been revised. The improved performance of developed economies in the second half 2016 provides the basis for a more favourable forecast for 2017 and is expected to offset the marginally less favourable growth forecasts that the IMF has made in the interim period for emerging and developing economies. This greater sense of optimism is underpinned by the assumption that the new US administration will implement a set of fiscal stimuli (in an expanding economy), together with faster normalisation of monetary conditions, especially in the USA, in the face of inflationary pressures caused by a higher level of demand. However there is a very wide range of possible forecasts due to the lack of concrete definition of the policies to be adopted by the Trump administration.

International trade is expected to grow at twice the rate recorded in 2016, with particularly marked growth in emerging economies. Oil prices are expected to remain robust, by virtue of the agreements made to limit oil production. India and Mexico are expected to grow at a faster rate than in 2016, but at a lower rate than initial forecasts – reflecting the cancellation of means of payment in the fight against corruption in India, and the impact of the Trump presidency's stance on Mexico. Recent economic fragility in Brazil is expected to lead to less expansionist global financial conditions, and less favourable growth in Latin America as a whole (e.g. Mexico and Venezuela); Russia is forecast to return to economic growth. China, on the other hand, should record a lower growth level than that forecast only a few months ago, as a result of the economic stimuli implemented in the interim period, although management of excessive corporate debt continues to represent a significant challenge. The pending risks to global economic growth are balanced – there are signs of intensification of protectionist stances, consideration of more protectionist agendas, geopolitical instability and more pronounced tightening of global financial conditions, but these are offset by the consideration of positive effects of more significant economic stimuli in the United States and China.

Europe faces an intense electoral calendar, which will condition the economic scenario and the confidence of various agents. Growing expectations of early cancellation of monetary stimuli may lead to an increase in the risk premium of several economies. The situation will be dominated by negotiations on the UK's exit from the EU, while migration flows will continue to pose critical challenges. Above all, confirmation will be sought after the shocks experienced in 2016, the rise in oil prices, the upward trend in inflation recorded in the last part of the year, and the impact of these factors on the long-term evolution of financial conditions.

The Euro Zone began 2017 with significant growth. Domestic demand recorded gradual but sustained recovery in 2016 and, is forecast to continue to make a positive contribution in 2017. However, the economic context will be completely conditioned by the various elections scheduled over the year. Moreover, the expansionary factors that benefited the economy in 2016, namely the fall in commodity prices, devaluation of the Euro and a monetary policy based on significant quantitative easing, are diminishing in strength. The impact of the outcome of the UK's EU referendum on the general sentiment and confidence of entrepreneurs, in particular, appears to have disappeared. But the political process associated to the UK's exit from the EU will now enter its critical phase. Private consumption, the main engine of economic growth, should benefit from overall employment growth (around 1.0% in 2017 and in 2018) while conditions for higher investment are also forecast. The downward trend in investment in the construction industry, seen in recent years, is forecast to reverse. The impetus provided by fiscal policy should remain positive but not as strong as in 2016. The flow of migration towards Europe is expected to diminish. Despite optimism, the overall growth of the economy over recent years is less than the levels recorded prior to the crisis. The Euro Economy is expected to grow by almost 1.6% in 2017. In view of the evolution of Inflation, especially headline inflation, and the level of headline inflation recorded in the United States, the ECB is expected to suffer increased pressure to revert its exceptional quantitative easing monetary policy measures, sooner rather than later. From April onwards, the volume of monthly asset purchases is forecast to diminish. By contrast, the monetary stimulus programme will continue for a longer period. Nonetheless, given the absence of significant salary pressures and secondary effects it is not expected that this will lead to a rise in underlying inflation. There is some slack in the economy and therefore room for growth of demand and economy activity without increased inflationary pressures. Inflation is expected to rise to 1.4% in 2017, up from 0.3% in 2016. The uncertainty arising from the political calendar is another argument for the ECB's prudent policy. The labour market is expected to maintain the recovery that it has observed since late 2013 – with more job creation and lower unemployment. Nonetheless, the disparities in terms of economic growth between the different member states will only change moderately. It is estimated that the unemployment rate may fall to 9.7% in 2017.

The United States is expected to reflect the effects of a change in the mix of economic policies following the new administration's entry into office – including emphasis on expansionary fiscal policies and a different trade policy from that pursued in the recent past. But the monetary standardisation process is also expected to be less gradual than that implemented by the Federal Reserve in 2015/16. This context is expected to result in a steeper slope of the yield curve. Moreover, since August 2016 and in anticipation of the changes in economic policy, long-term interest rates, both nominal and real, have already shown a significant adjustment. Given the stronger level of economic activity in the second half of 2016, forecasts for 2017 have been revised upwards and the US economy is expected to grow by 2.3%. 2017 commenced with solid economic data, that surpassed expectations, delivering a marked increase in the economic sentiment of the majority of economic agents. Growth should be supported by the positive evolution of consumption, and also by higher investment. Investment is forecast to increase due to a more favourable tax regime, incentives to produce in the United States, simplification of the regulatory environment and rising oil prices at the international level. The labour market, with a situation of almost full employment, should nevertheless still record improvement across a broad set of indicators. Inflation is expected to maintain the upward trend observed over recent months and is forecast to exceed 2.0% in 2017. While the evolution of energy factors seems to justify the recent increase in inflation, there are also other signs, in terms of salary rises and decreases in manufacturing slack, which suggests acceleration of the overall upward pressure on prices.

In the United Kingdom the economic outlook will be dominated by the Brexit negotiation process. It is feared that the overall climate of uncertainty will condition the decisions of economic agents. Formal triggering of the process leading to the UK's exit from the EU is expected to take place in March, which will lead to a challenging negotiating process involving countless issues and uncertain answers. The UK economy faces a major structural challenge – changing its specialisation profile. The UK economy is nonetheless expected to grow by 1.5%. Japan is expected to continue the growth started in 2015 but at a marginally lower rate than in 2016, despite the maintenance of an ultra-expansionary monetary policy. The Japanese economy is estimated to grow by 0.8%. Long-term prospects remain conditioned by the country's unfavourable demographic trends. Australia is expected to grow at a marginally lower rate than in 2016, at around 2.7%. The observed recovery in commodity prices in 2016 has continued through early 2017 and will have a positive effect on the country's external balance. The growth outlook for the emerging and developing economies has recently been revised downwards, due to tight financial conditions. Nevertheless, these economies are forecast to record higher growth than in 2016, at a rate of around 4.5%. Notwithstanding the recent positive upward revision of the economic outlook as a result of continued economic stimuli, China is expected to maintain the trend towards slower economic growth recorded in recent years. The Chinese economy is estimated to grow by about 6.5%. The process of changing the pattern of economic growth will proceed, and will encounter different challenges, namely growth of credit and excessive corporate borrowing. The National Congress of the Communist Party will be held in 2017, and some members of the Politburo will be changed. Management of the value of the Chinese currency, the CNY, and, the intimately related issue of the stock of foreign exchange reserves, seems to be critical. India, penalised by consumer disturbances after the withdrawal of high-value banknotes and switching to new means of payment, is expected to record growth of around 7.2%. Russia and Brazil are on a recovery path after a drastic economic shock in 2015. Russia, benefiting from recovery in crude oil prices, is expected to record growth close to 1.1%, while Brazil is likely to face the challenge of recording positive growth after a weaker economic performance in the second half of 2016. Mexico will face significant challenges over the coming months as a result of the new US presidency and less favourable financial conditions. South Africa is expected to record faster economic growth, reversing the downward trend in growth recorded since 2014. The structural problems of the South African economy have been complemented by political idiosyncrasies in 2016, undermining international confidence in the economy and thus the country's capacity to finance its external deficit. The maintenance of external credibility, based on the stability of its credit rating, is a critical factor. South Africa is expected to grow by around 0.8%, supported by the positive evolution of Private Consumption and External Demand.

12.1.2. Portugal

By 2017, Portugal should record economic growth of around 1.4%, in line with the growth observed in 2016. Portugal's total GDP will still be around 3.0% below the level recorded prior to the 2008 financial crisis. Investment should recover and net external demand will contribute to growth. Private consumption is forecast to slow down and public consumption will deliver a zero contribution to growth. Structural constraints on economic growth nonetheless still persist – the high level of indebtedness of various economic sectors and the situation of the banking sector is expected to constrain investment. The country's unfavourable demographics and high level of structural unemployment will also dampen consumption. The European political context, rising energy prices and a possible reversal of the ECB's unorthodox monetary policy measures will represent further challenges. However, private consumption is expected to benefit from measures to reverse salary cuts. In addition, starting from a low base in 2016, investment is expected to accelerate in 2017, boosted by investments co-financed by the EU under the new structural funding programme. Due to the limitations faced by the banking system there will only be gradual increase in granting of credit to the economy – there is an urgent need to resolve this situation and ensure recapitalisation of the banking sector. Notwithstanding foreign investment, the stabilisation of export destinations such as Angola and Brazil, positive forecasts for growth of the main export markets (Spain and Germany) make it possible to make moderately optimistic forecasts concerning the contribution of External Demand to economic growth, with exports growing faster than imports.

The government is expected to continue consolidation of public finances, and the budget deficit is expected to be close to 2.0% of GDP. The European Commission may abrogate the excessive deficit procedure. The debt-to-GDP ratio is only expected to record a marginal decrease. It is estimated that the trade surplus will decline slightly in 2017. The sum of the current and capital account should, however, be positive, and is forecast to lead to a surplus of about 0.9% of GDP. Although lower than 2016, thus will guarantee a positive financing capacity for the economy for the sixth consecutive year. Inflation should register a slight increase compared to 2016, reflecting the sustained evolution of energy prices, estimated to be around 1.1%. Unemployment is expected to maintain the downward trend that has been observed since 2013 but should remain in double digits.

12.2. OPERATING ACTIVITIES

12.2.1. Raw Materials

The outlook for the Raw Materials BU in 2017 is to maintain the same level of business activity as in 2016. Significant changes in profitability in comparison with the previous year are not expected.

The year will start with the security of a balanced stock level, resulting from the 2016 purchasing campaign. This will ensure a balance between price and quality in the 2017 purchasing campaign. Purchasing teams will focus on acquiring lots of raw material with the sensorial characteristics and quality levels best suited to the Group's value chain and the needs of the BU.

One of the BU's priorities in 2017 will be to continue improving operating efficiency, taking advantage of the investments made in recent years and of on-going efforts to optimise and adapt existing facilities, both in the Iberian peninsula and North Africa, to the best practices in the sector.

The BU expects to continue taking firm steps in 2017 towards finding a solution for automating the preparation sector and for mechanising processes that currently require intensive labour. This will help reducing the subjectivity of these operations.

In 2017, the BU will also focus on improving the sensorial qualities of its products, by studying and developing faster and more efficient new identification methods and by studying decontamination methods.

12.2.2. Cork Stoppers

The wine industry is growing consistently across the world. More wine is consumed every year. Markets are also carefully observing the millennial generation, which driving a demand for organic, biodynamic and natural wines.

Generation Y will choose a bottle from the shelf if it has an attractive name of label. About 51% of millennial women prefer sustainable or organic bottled wines that have undergone minimum processing and have become known as "natural" wines. There are no standards for determining that a wine is "natural" and the process is much easier than producing certified organic wines. Such wines will certainly be popular choices from supermarket shelves.

Cask-matured whisky, which may also be seen as favouring sustainability, may become a trend in 2017. The popularity of wines matured in whisky casks also continues to grow and will definitely be a talking point in 2017.

Demand will continue to grow in the premium wine segment and for luxury wines in the high-end segment. Slight price increases are expected in these segments alongside price and consumption reductions in the popular segment. Sales of premium wines are expected increase by 10% to 14 % compared with 2016.

Relatively slight growth of the world economy could see per capita wine consumption increase in 2017, as well as a partial transfer of consumption from cheaper to premium segments.

Merger and acquisition activity in the wine industry will remain high as consolidation in the sector increases.

Forecasts of a slight increase in wine consumption and a drop of about 5% in production (the lowest level for 20 years) have raised concerns among bottled wine producers about ensuring the right level of supply for their businesses. Significant shortages and uncertainty about supply sources will result in a more volatile market and encourage producers to make long-term pricing decisions with a view to guaranteeing future supplies. The world wine market will inevitably experience some inflationary tensions.

Consumers will not worry about where *Pinot Grigio* or *Malbec* wines are made: their main concern will be to have products available to buy.

It is this complex, but fascinating world of wine, driven by a constant search for innovation, that motivates the BU. The challenge in 2017 will not be simply to grow the business and have products available, but also to put forward new ideas and improve service levels.

In 2017, the BU will remain focused on the sustained growth of its business. This will be supported by substantial changes in its supply chain and the upgrading of critical skills.

The BU's strategy for 2017-2019 will be business-driven and continue to focus on three fundamental objectives: sustainable growth, quality and innovation.

Work will continue on improving the rotation of invested capital and on benchmarking the operating performances of production and distribution units in comparison with each other, in line with the lean management culture that characterises the BU.

Supported by a distribution network covering every important market, the BU's commercial operation will have to broaden its customer base and improve its customer retention rate. The BU also needs to gain market share from alternative closures on the basis of the sustainability and reliability of its products.

In this context, the priorities of the Cork Stopper BU will be:

- to promote operating efficiency and technological change with a disruptive impact on the organisation;
- to guarantee the supply of products that meet market demand in terms of their sensorial and mechanical qualities;
- to develop sales of NDtech, Helix and Twin Top Evo products;
- to continue bringing suppliers in line with best practices in the raw material value chain (a fundamental complement to the supply chain);
- to strengthen and develop the skills required to ensure the sustainability of the business;
- to increase sales growth in the international distribution network, guaranteeing supplies from Portugal with equal service levels;
- to introduce an integrated supply chain model to improve service levels and the management of invested capital;
- to introduce the Industry 4.0 concept so that future "intelligent factories" can contribute to timely and fact-based decision-making;
- to increase the reliability of manufacturing processes using standard work tools linked to the Kaizen culture of continuous improvement;
- to define and implement a new innovation management model;
- to strengthen competitiveness through leadership in operating efficiency, adjusting the cost structure to the margin generated;
- to consolidate sustainability policies and practices;
- to strengthen partnerships and discover new sources of knowhow.

12.2.3. Floor and Wall Coverings

Strong sales growth of new products in the Hydrocork range is expected to continue in 2017, especially in segments that are new to the business and for products in which the water-resistant characteristics provided by CORKTECH technology form a crucial component.

Sales of the new Authentica ranges should continue to grow given the good reception they have received from markets, particularly in segments where eco-efficiency sustainability are critical.

In general terms, the introduction of new visuals and the updating of collections in keeping with consumer trends in different regions will continue to sustain the overall growth of sales.

On-going work to strengthen commercial teams will provide a foundation for the forecast growth in sales. New teams will begin working in new markets with a recognised potential for business growth based on the BU's current portfolio, while new business models will sustain additional growth in existing markets.

Eastern Europe will continue to be a priority market. Thanks to a new commercial approach to this region, 2017 should see a reversal in the negative sales trend registered there since 2014.

Solutions based on new logistical models have been identified to support commercial development. The principal aim is to improve service levels at the BU's manufacturing plants through efficiency gains and what are expected to be significant improvements in industrial planning.

The BU's industrial equipment will be extensively restructured with the aim of improving every stage of production and providing better industrial support. This will be carried out at the same time as investments are made to strengthen production capacity to reflect the BU's focus on developing new flooring products based on composite materials incorporating cork.

This new approach is being made in response to the highly innovative and extremely competitive climate of today's world flooring industry.

Innovation at every level will continue to be one of the BU's central concerns for developing competitive advantages. Product launches that will strengthen the company's market position are planned for 2018.

12.2.4. Composite Cork

The outlook for market growth and business activity in 2017 is positive and in line with the tendencies that were consolidated in 2016.

Market sales are expected to grow more than in 2016. As is usual in a stable foreign exchange climate, trends will differ across the BU's 25 market segments. The general expectation is that the three clusters (retail, industry and construction) will grow in the three geographic areas (EMEA, NAM and AROW[3]) around which the BU's commercial operations are organised.

The central goal of growth in these markets will be supported by a number of initiatives specifically designed for this purpose and which should also result in the introduction of new products and gaining new customers, specifically larger customers with greater potential.

Profitability and efficiency indicators should remain at levels similar to those of 2016. This will not affect the necessary continuous improvements that are, and will continue to be, a constant of the BU's operational management, or the need to prepare the BU for increasingly demanding challenges.

As previously mentioned, growth is the biggest challenge. This will require focus and discipline, which are not always easy to ensure on a permanent basis in a business that is so diversified across different applications, regions and segments.

In the last part of 2016, projects and concrete business cases, related to different opportunities that had been previously identified, were developed for implementation in 2017 and the following years. These initiatives followed on from earlier work on enhancing the BU's growth strategies in its main market segments and identifying the respective migration pathways.

Projects aimed at growth were grouped into four strategic initiatives:

- strengthening the BU's commercial presence in different high-potential regional markets;
- extending on a global scale the business models and product ranges already introduced and validated in specific regions;
- a more structured approach to prospecting for new customers;
- launching new products.

The BU's strategic value guidelines call for the development and consolidation of digital marketing tools and an increase in their use to create value and attract business. The customer will continue to be the central element in managing for added value. Additional resources and activities will be allocated to maximising and carefully monitoring customer satisfaction levels.

Two large-scale initiatives will be developed to improve efficiency alongside the BU's habitual and systematic work on the continuous improvement of manufacturing processes. This will involve the introduction of:

- a comprehensive programme for transforming operations with several components that focus on organisational structures, skills, technologies and partnerships;
- an energy rationalisation and efficiency project.

Lastly, the BU is undertaking a set of initiatives aimed at supporting excellence in human capital, partnerships, innovation and technologies, areas that remain key to its medium– and long-term development:

[3] EMEA: Europe, the Middle East and Africa; NAM: North America; AROW: Asia and the rest of the world.

- creating the "ACC Academy" to systemise the building and sharing of knowhow specific to the organisation;
- developing and implementing an internal communication plan that will function efficiently across the BU's different regions, segments and products;
- consolidating the Project Management Office with the main objective of supporting the implementation of the BU's overall strategy;
- consolidating existing partnerships and developing new ones with the capacity to enhance the business;
- activating the planned innovation network to enhance the BU's capacity for ensuring the regular introduction of new products;
- continuing preparatory work aimed at bringing the BU gradually in line with the principals of Industry 4.0.

12.2.5. Insulation Cork

In 2017, the BU expects sales volume to grow in the expanded cork agglomerate segment as its main markets recover and emerging markets expand. However, there are no clear indications that the world economy, especially the European economy, will recovery quickly.

Promotional activities will continue to focus on the technical and ecological advantages of the BU's products and will be directed at regions and cultural areas that are sensitive to environmental issues.

Industrial flexibility and product versatility will be maintained, with a focus on specific applications and on responding to solicitations for special projects or for complementing other insulation solutions.

The unique natural and ecological characteristics and the superior performance of the BU's products and solutions, together with its focus on new expanded cork agglomerate applications for façades and insulation solutions for renovating buildings, will contribute to their greater visibility and use.

A number of initiatives and actions aligned with the BU's global strategy will help to achieve its objectives of profitable growth for its products and to optimise the capital invested in the business.

12.3. CONSOLIDATED RESULTS

The prospects for the world economy in 2017 are encouraging, although there are a number of variables that could call into question the forecasts that have been made. A continuous effort to improve business levels, service and results will remain a constant in the activities of all those who represent Corticeira Amorim.

The uncertain EUR/USD exchange rate will condition the prospects for Corticeira Amorim's performance in 2017. The current exchange rate (which remained stable for most of 2016) allows for a stability that, as in 2016, is not expected to limit the normal development of Corticeira Amorim's activities.

Corticeira Amorim's consolidated results for 2016 were the best to date. In 2017, there is no expectation of an extraordinary item – such as the sale of US Floors – that would lift profits to the same level. However, in terms of Corticeira Amorim's regular activities, as measured by indicators such as EBITDA and the EBITDA/sales ratio, the goal can only be to do better than in 2016. The main challenges are to increase sales, operational efficiency and profitability, to improve and continuously diversify the supply of products and services, to reach markets efficiently and to improve the skills of the Group's human resources.

The Cork Stoppers BU will continue to move with and exceed growth levels in the world market for still and sparkling wines as well as spirits. In the spirits market, the BU will do everything possible to achieve significant growth, a goal that the new organisation of this segment should help it to fulfil.

The Composite Cork BU faces the challenge of achieving a new level of business volume after its stabilisation in 2016. Its performance in 2016 showed robust growth, with other businesses offsetting the loss of a significant business and helping to maintain sales volume.

After a recovery in 2016, the Floor and Wall Coverings BU should continue on the same path. Its clear goals are sales growth and improved profitability. Hydrocork® is expected to be key to this growth and by the end of 2017 the necessary investment should be in place to drive additional growth in 2018.

13

BUSINESS RISKS AND UNCERTAINTIES

During the Company's long history, which already encompasses three centuries, it has successfully coped with deep, sometimes radical transformations in society and come through two world wars. Throughout this history, Corticeira Amorim has accurately and in a timely manner identified the risks and uncertainties associated with its business and faced them with confidence as challenges and opportunities.

The difficulties that some of the world's largest economies are undergoing, particularly the instable situation in Russia and Eastern Europe, continue to affect the development of the global economy. As a result, Corticeira Amorim, like other businesses, continues to operate in an uncertain economic climate that is affecting some of its export markets:

I. **the construction sector** – the marked slowdown of activity in this sector, in terms of both new building and renovation, as well as the postponement of purchasing decisions by final consumers has led to a deceleration in global demand for construction materials, including floor and wall coverings and thermal and acoustic insulation.

   We will continue to offset this global slowdown by tapping growth opportunities, strengthening our presence in emerging markets that we have already identified as having high growth potential and increasing our share of more mature markets. These opportunities will also benefit significantly from the launch of new product collections and the development of a portfolio of products designed to expand the range of solutions the Group produces.

   A growing awareness among final consumers of the importance of sustainability will also favour the choice of cork for floor and wall coverings, constituting an important driver of sales growth.

II. **the world wine sector** – while the capacity for a recovery of per capita consumption in European Union remains unknown, it is also true that the sharp decline registered during the 1990s and part of the 2000s in important countries such as France and Spain appears to have stabilised. Although a full recovery of wine consumption rates in the EU is not expected, we may see a rise in consumption of better quality wines in these countries, in detriment to quantity and frequency of consumption. This would not only be positive for Corticeira Amorim's cork stopper products, but would also be likely to lead to a wider acceptance of packaging formats in which cork plays a less important role. For this reason, innovation should remain a key part of the Group's business strategy.

   On the other hand, the US maintains significant market power that continues to motivate the efforts of all export-oriented wine producers. Its size and clear capacity to accommodate premium prices make it a market of enormous potential for the future growth of the wine industry. This is positive for the cork stopper business, given the clear preference of US consumers for natural closures. Market growth will also correspond to increased demand for quality and consistency in cork products, which will add to Corticeira Amorim's responsibilities in leading the sector. In response to these issues, Corticeira Amorim continues to implement a research, development and innovation policy focused on the development of a wide range of cork stoppers in terms of quality, quantity and price to satisfy the needs of any wine producer in any market.

Today, the range of products that the BU offers means that all wine producers can use cork stoppers and benefit from their advantages in terms of sustainability, added value and CO_2 retention, which remain unequivocal product differentiation factors at a global level.

Convenience and the increased importance it may gain in the future is another key issue. The launch of the innovative Helix cork stopper is an important example of this trend, which has been clearly perceived within the company for several years. For the first time, the Helix stopper means consumers can enjoy the technical, sustainability and premium-image advantages of cork stoppers without needing a corkscrew. This type of innovation is expected to favour the consumption of the high-turnover wines for which the Helix stopper is designed, enhancing the staggered consumption of a bottle of wine without any loss in quality. In 2016, Helix stoppers clearly established themselves on the other side of the Atlantic, having been chosen as the packaging option for the US launch of two important wine-producing companies.

The launch in 2016 of NDtech technology for detecting TCA contamination in individual stoppers strengthened perceptions of the quality of wines sealed using Amorim products. Market reactions – from the US to Australia, and from South Africa to France – were highly positive and focused renewed attention on the qualities that make cork stoppers the preferred choice of oenologists and consumers worldwide. Such recognition greatly enhances market expectations in regard to Corticeira Amorim's ability significantly to increase production capacity and to broaden the concept of non-detectable TCA.

Over the long term, Corticeira Amorim's performance could also be influenced by the following factors, which the Group permanently monitors and evaluates:

I. **Exchange rate volatility** – a factor that may erode business margins. Over the short term, the effects of exchange rate volatility have been offset by an active policy of substituting invoicing currencies – in 2016 consolidated sales in non-Euro currencies represented 32% of sales to companies outside the Group – 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 to establish 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;

II. **Climate change** – a factor that could potentially reduce the availability of raw materials, as it could, as a result of severe droughts, destabilise the ecosystem on which the cork oak depends, which would threaten the propagation and growth of the tree. More importantly, the capacity of the cork oak and cork materials, 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. A study by the University of Aveiro, completed in 2015, leaves no room for doubt about the important role played by the cork oak and the ecosystem in which it grows: for each ton of cork produced, cork oak forests (*montado*) retain more than 73 tons of carbon dioxide, equivalent to the CO_2 emissions released by a car travelling 450,000 kilometres.

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. As suggested by the researchers and authors of the previously mentioned study: "the use of cork products contributes to climate change mitigation, through both their capacity to retain carbon and their ability to replace more energy-intensive alternative products".

The industrial processing of cork harvested from cork oaks is the best way to guarantee the preservation and development of the *montado* (a sustainable agricultural system based around cork oak groves) and to ensure their economic viability. *Montados* have today become a focus of attention. Specific legislation to protect them has been approved and several non-governmental organisations that seek to protect forests have devised programmes aimed at improving and certifying forest management practices. The development of a cork oak culture to promote the crucial role of the *montado* and, simultaneously, feed the growth of the market for cork products is fundamental.

The fixation of CO_2 and the increased use of cork for thermal insulation as eco-construction develops will create an opportunity for highlighting the unique advantages of cork products.

III. **the development of alternative closures –** the tendency of wine producers to reduce their use of alternative closures continued in 2016, especially in relation to plastic products, which continued to lose market share in key countries. The rate of sales growth for screw-caps continued to decelerate, dropping to a more stable level. Market data produced by Nielsen continued to show in 2016 that of the 100 leading wine brands in the US, those using cork stoppers enjoyed faster sales growth than those using artificial closures. Cork continues to strengthen its role as the first-choice closure, setting the benchmark for critical factors such as quality, performance and image. It has been increasing its market share in the US, the world's largest wine market, since 2010 to a share of 56% today.

Artificial closure manufacturers continue to seek formulas more consistent with the micro-oxygenation requirements of different wine producers in different countries. While these efforts remained largely unsuccessful, plastic closure manufacturers continued in 2016 to look for alternative sources of raw materials as a substitute for oil-based products, finding a degree of receptivity among some producers. Despite these efforts, plastic closures continue to be associated with lower-grade wines and lower levels of profitability for producers and distributors.

Screw-cap closures remain limited by the following factors:

- the reduction phenomenon remains an important technical question. However, liners for these closures are being put on the market, seeking to address the question of oxygen intake;
- in terms of market share gains, the pace of growth appears to have stabilised and a complete absence of structured communication to the market is to be noted. Cost rather than image or performance continues to support sales, a trend reflected in the decisions taken by Laroche and Lurton, the only truly prestigious European wine producers to be, for several years, standard bearers for screw-cap closures, to return to using cork stoppers.

In 2016, the Portuguese Cork Association (APC) concluded the preparation and launch phase of the third multi-year campaign to promote cork internationally, giving special attention to crucial high-potential markets such as the US, the UK, Germany, France, China, Spain and Italy.

IV. **the development of composite materials –** the discovery of new material properties or new methods for transforming, producing or combining materials can result in new composite materials with properties that may offer competitive advantages to Corticeira Amorim, especially its Composite Cork BU, or, alternatively, to its competitors.

Thus, in a scenario in which (i) no discoveries in terms of cork properties or combinations of cork with other materials resulting in new applications or composite materials capable of generating new value are made; or (ii) significant advances are made in developing the properties of competing products (and/or ways of combining them with other materials) that cannot be matched by Amorim. This could have unfavourable consequences for Corticeira Amorim, such as: a loss of competitiveness in some business areas and the need to redefine its strategy in terms of price, equipment and obsolete techniques.

In the opposite scenario, in which (i) the discovery of new properties of cork or complementary materials to cork; (ii) the discovery of new ways of combining cork with other materials to create new composites; or (iii) the immunity of applications using cork to new discoveries by alternative closure manufacturers would enable Corticeira Amorim, and particularly its Composite Cork BU, to discover new properties for existing applications, add value to its products over those of its competitors, and obtain competitive advantages using new composite materials enabling it to explore new applications.

A focus on research, development and innovation together with investments in production technology are the keys to ensuring that the latter scenario materialises and prevents the former from happening. Increasing awareness of the value of cork and recognition of its technical and environmentally beneficial qualities will benefit that continuous affirmation of cork on the world stage, an end to which the promotion of its advantages should also continue.

Corticeira Amorim's activities are also exposed to a variety of **financial risks**: market risks (including risks posed by exchange rates and interest rates), credit risks, liquidity risks and capital risks. According to the terms of line e) of number 5, article 508C of the Commercial Company Code, the objectives and policies of companies for managing these risks, including policies for covering each of the main categories of foreseeable transactions for which accountancy coverage is used, and exposure to risks related to prices, credits, liquidity and cash flows are duly identified in the "Financial Risk Management" note included in the Notes to Consolidated Accounts.

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TREASURY STOCKS

There were no transactions involving own shares during 2016 and at the end of the year Corticeira Amorim held no treasury stock.

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PROPOSED APPROPRIATION OF PROFIT

Based on the annual financial statements for the year ended 31 December 2015 and in view of the fact that the Company's net profit for the year was € 38,182,985.95, the Board of Directors of Corticeira Amorim, S.G.P.S., S.A. hereby proposes that the Annual General Meeting consider and approve a resolution that the above net profit for the year in the amount of € 38,182,985.95 be appropriated as follows:

- € 1,909,149.30 to be transferred to the Legal Reserve;
- € 21,280,000.00 to be allocated to dividend payment, being € 0.16 per share; and
- a sum of € 14,993,836.65 to be transferred to Free Reserves.

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STATEMENT OF RESPONSABILITY

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.

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SUBSEQUENT EVENTS

Subsequent to December 31, 2016 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.

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FINAL WORDS

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

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

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

Mozelos, February 15, 2017

The Board of Directors of Corticeira Amorim, S.G.P.S., S.A.

António Rios de Amorim
Chairman

Nuno Filipe Vilela Barroca de Oliveira
Vice-Chairman

Fernando José de Araújo dos Santos Almeida
Member

Cristina Rios de Amorim Baptista
Member

Luísa Alexandra Ramos Amorim
Member

Juan Ginesta Viñas
Member

03

Corporate Govern-ance Report

INTRODUCTION CORPORATE GOVERNANCE

Corticeira Amorim has been reviewing its corporate governance since 1999, the date on which the Portuguese Securities Market Commission (CMVM) published the first recommendations on the governance of listed companies, aiming at the improvement of mechanisms for the protection of investors in securities markets. The Company compares it with, on the one hand, what are considered best practices, and on the other, with the circumstances of its activity and the challenges it has to meet. As a result, it has been implementing a set of measures which, overall, have the main objectives of strengthening the internal systems of control and supervision, enhancing transparency, fostering the participation of shareholders in the life of the company and ensuring the sustained creation of shareholder value.

This document describes corporate governance policies and practices adopted by the Company, while also providing a qualitative assessment of them compared with the best practices listed in the CMVM corporate governance code.

Section 8 of this report also includes the information referred to in articles 447 and 448 of the Portuguese Companies' Code (CSC), in paragraphs 6 and 7 of article 14 of CMVM Regulation No. 5/2008 (Transactions of Directors) and in article 3 of Law No. 28/2009, of 19 July (Remuneration Policy).

PART I MANDATORY INFORMATION ON SHAREHOLDER STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE

A.

SHAREHOLDER STRUCTURE

I. CAPITAL STRUCTURE

1. The capital structure (share capital, number of shares, distribution of capital by shareholders, etc.), including an indication of shares that are not admitted to trading, different classes of shares, rights and duties of same and the capital percentage that each class represents (Article 245-A/1/a).
Corticeira Amorim's share capital amounts to EUR 133 million and is represented by 133 million ordinary shares for a nominal value of one euro each, and which grant the right to dividends.

All shares issued by the Company are listed on Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A.

Distribution of capital among shareholders:

Shareholder	No. of shares owned (quantity)	Stake	Voting rights
Qualifying interests:			
Amorim Capital, S.A.	67,830,000	51.00%	51.00%
Investmark Holdings, B.V.	18,325,157	13.78%	13.78%
Amorim International Participations, B.V.	13,414,387	10.09%	10.09%
Free float	33,430,456	25.14%	25.14%
Total	133,000,000	100.00%	100.00%

2. 2. Restrictions on the transfer of shares, such as clauses on consent for disposal, or limits on the ownership of shares (Article 245-A/1/b).
There are no restrictions on the transfer of shares.

3. Number of treasury shares, the percentage of share capital that it represents and corresponding percentage of voting rights that corresponded to treasury shares (Article 245-A/1/a).
As at 31 December 2015 Corticeira Amorim held no treasury shares at 31 December 2015 and it did not engage in transactions during 2016, reason why as at 31 of December 2016 the company did not own treasury shares.

4. The disclosures of important agreements to which the company is a party and that come into effect, amend or terminated in cases such as a change in the control of the company after a takeover bid, and the respective effects, except where due to their nature, would be seriously detrimental to the company; this exception does not apply where the company is specifically required to disclose said information pursuant to other legal requirements (Article 245-A/1/j).
At 31 December 2016 there were loan agreements entered into by Corticeira Amorim and several banking institutions containing covenants requiring the maintenance of Corticeira Amorim's controlling interest in contracts regarding loans totalling thirty-five million euros (31-12-2015: forty-five million euros). In the case of change of shareholder control, the contracts provide the possibility – but not the obligation – of early repayment of the amounts loaned.

There are no other agreements according to the terms set out in this paragraph.

5. A system that is subject to the renewal or withdrawal of countermeasures, particularly those that provide for a restriction on the number of votes capable of being held or exercised by only one shareholder individually or together with other shareholders.

The Articles of Association of the Company do not include measures of this type and, to the best knowledge of Corticeira Amorim, there are no other arrangements and/or measures with that same goal.

6. Shareholders' agreements that the company is aware of and that may result in restrictions on the transfer of securities or voting rights (Article 245-A/1/g).

Corticeira Amorim has no knowledge of the existence of any shareholders' agreements that might lead to the aforementioned restrictions.

II. SHAREHOLDINGS AND BONDS HELD

7. Details of the natural or legal persons who, directly or indirectly, are holders of qualifying interests (Article 245-A/1/c) & /d) and Article 16) with details of the percentage of capital and votes attributed and the source and causes of the attribution.

Shareholder	No. of shares (quantity)	Share capital with voting rights
Amorim Capital, S.A.		
Directly	67 830 000	51,000%
Attributable total	67 830 000	51,000%
Amorim Investimentos e Participações, SGPS, S.A. [a] [b]		
Directly	–	–
Through Amorim Capital, S.A., which holds a 100% interest	67 830 000	51,000%
Attributable total	67 830 000	51,000%
Investmark Holding BV		
Directly	18 325 157	13,778%
Attributable total	18 325 157	13,778%
Great Prime S.A. [c]		
Directly	–	–
Through Investmark Holding BV, in which it holds a 100% interest	18 325 157	13,778%
Attributable total	18 325 157	13,778%
Américo Ferreira de Amorim		
Directly	–	–
Through the shareholder Great Prime, S.A., in which it holds a 85% interest [c]	18 325 157	13,778%
Attributable total	18 325 157	13,778%
Amorim International Participations, BV		
Directly	13 414 387	10,086%
Attributable total	13 414 387	10,086%
Amorim, Sociedade Gestora de Participações Sociais, S.A. [d]		
Directly	–	–
Through Amorim International Participations BV, in which it holds a 100% interest	13 414 387	10,086%
Attributable total	13 414 387	10,086%

[a] In November 2016, the merger was registered, in the form of merger by incorporation of the Amorim Investimentos e Participações, SGPS, S.A. (company owned 100% by the acquiring entity, Interfamília II SGPS SA) by Interfamília II, SGPS, S.A. In sequence, Interfamília II, SGPS, SA, the acquiring company, changed its name to Amorim Investimentos e Participações, SGPS, S.A.

[b] The capital of Amorim Investimentos e Participações, SGPS, S.A. is wholly owned by three companies (Amorim Holding Financeira, SGPS, S.A. (5.63%), Amorim Holding II, SGPS, S.A. (44.37%) and Amorim – Sociedade Gestora de Participações Sociais, S.A. (50%)) none of which has a controlling interest in the company. The capital of the first two companies is held by Américo Ferreira de Amorim and by his wife and daughters and the third by António Ferreira de Amorim and by his wife and children. As far as the Company is aware, there are no agreements between the referred companies for the purpose of the concerted exercise of the voting rights in Amorim Investimentos e Participações, SGPS, S.A.

[c] The share capital of Great Prime, S.A. is wholly owned by three companies (API Amorim Participações Internacionais, SGPS, S.A. (33.33%), Vintage Prime, SGPS, S.A. (33.33%) and Stockprice, SGPS, S.A. (33.33%)). Mr Américo Ferreira de Amorim holds 85% of the share capital of each of these three companies.

[d] The capital of Amorim, Sociedade Gestora de Participações Sociais, S.A. is held by António Ferreira de Amorim, by his wife and children, but none of them holds a controlling interest in the company.

8. A list of the number of shares and bonds held by members of the management and supervisory boards.

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

i. The members of the governing bodies did not trade any shares representing the share capital of the Company during the 2016 financial year. At 31 December 2016, they did not hold any shares in Corticeira Amorim.

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

i. Amorim Capital, S.A. in which António Rios de Amorim, Chairman of the Board of Directors of Corticeira Amorim, holds the position of Member of the Board of Directors, did not trade any shares of Corticeira Amorim. This means that at the end of year he held 67,830,000 shares, representing 51% of the share capital, which correspond to 51% of the voting rights.

ii. The company Amorim International Participations BV, in which Cristina Rios de Amorim Baptista, Member of the Board of Directors of Corticeira Amorim, holds the position of *CEO,* announced the launch of a Private Placement of up to 6,650,000 shares representing the capital of Corticeira Amorim, SGPS, S.A, exclusively available to institutional investors, through the accelerated book building (ABB) mechanism. At the conclusion of the process, on November 8, 2016, 6,650,000 shares were sold representing 5% of the share capital of Corticeira Amorim, SGPS, S.A. (Placement price: 7.90 € / share; Total placement: 52 535 000 euros). As a result of this transaction, Amorim International Participations, B.V. became the holder of 13,414,387 shares representing 10.086% of the share capital, which corresponds to 10.086% of the voting rights of Corticeira Amorim, SGPS, S.A., a situation that remains as of 31 December 2016.

iii. The company Amorim Investmark Holdings B.V., in which Luísa Alexandra Ramos de Amorim , Member of the Board of Directors of Corticeira Amorim, holds the position of *CEO,* announced the launch of a Private Placement of up to 6,650,000 shares representing the capital of Corticeira Amorim, SGPS, S.A, exclusively available to institutional investors, through the accelerated book building (ABB) mechanism. At the conclusion of the process, on November 8, 2016, 6,650,000 shares were sold representing 5% of the share capital of Corticeira Amorim, SGPS, S.A. (Placement price: 7.90 € / share; Total placement: 52 535 000 euros). As a result of this transaction, Investmark Holdings, B.V. became the holder of 18,325,157 shares representing 13.778% of the share capital, which corresponds to 13.778% of the voting rights of Corticeira Amorim, SGPS, S.A., a situation that remains as of 31 December 2016.

The ownership recorded on 31 December 2016, referred to in sections i., ii. and iii. remains unchanged at the issue date of this report.

c) List of Shareholders holding at least one-tenth of the Company's share capital:

i. Amorim Capital, S.A. held 67,830,000 shares of Corticeira Amorim, corresponding to 51% of the share capital and 51% of the voting rights;

ii. Investmark Holdings, B.V. held 18,325,157 shares in Corticeira Amorim, representing 13.778% of this Company's share capital and 13,778% of voting rights;

iii. Amorim International Participations, B.V. held 13,414,387shares in Corticeira Amorim, representing 10.086% of this Company's share capital and 10.086% of voting rights.

The share ownership referred to in paragraphs i., ii. and iii. refers to 31 December 2016, remaining unchanged at the date of publication of this report.

d) Transactions involving Directors and Officers:

In accordance with the provisions set out in sections 14.6 and 14.7 of Regulation no. 5/2008 of CMVM and according to notices received from persons/entities covered by this regulation, it is hereby reported that the following transactions involving the Corticeira Amorim's shares were not carried out in the second half of 2016 by entities related to the company's Directors and Officers:

i. Operations reported in b) ii. and iii. above;

ii. Amorim – Sociedade Gestora de Participações Sociais, S.A., a company in which António Rios de Amorim and Cristina Rios de Amorim Baptista, respectively Chairman and Member of the Board of Directors of Corticeira Amorim, hold management positions, which is attributable to the qualifying holding held by Amorim International Participations B.V. in the capital of Corticeira Amorim, has also reduced this indirect interest as described under b) ii. above;

iii. Great Prime, SA, a company in which Luísa Alexandra Ramos de Amorim, Member of the Board of Directors of Corticeira Amorim, holds a management position, which is attributable to the qualifying holding held by Amorim International Participations B.V. in the capital of Corticeira Amorim, has also reduced this indirect interest as described under b) iii. above;

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

9. Special powers of the Board of Directors, especially as regards resolutions on the capital increase (Article 245-A/1/i) with an indication as to the allocation date, time period within which said powers may be carried out, the upper ceiling for the capital increase, the amount already issued pursuant to the allocation of powers and mode of implementing the powers assigned.

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

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

These duties include, among others:

a) Choosing its Chairman;

b) Co-opting Directors;

c) Requesting the convening of General Meetings;

d) Preparing annual reports and financial statements;

e) Acquisition, disposal and encumbrance of real estate; provision of guarantees and furnishing collateral and security on behalf of the company;

f) Opening or closing establishments or important component parts thereof;

g) Significantly expanding or reducing the Company's activity;

h) Making major changes in the Company's organisation;

i) Establishing or terminating important and long-lasting cooperation projects with other companies;

j) Change of head office;

k) Merging, de-merging or changing the legal status of the Company;

l) Deciding on any matters put forward at the request of any director for resolution of the Board of Directors.

The Company's Articles of Association[1] give the Board of Directors the following powers: the exercise of all powers of direction, management, administration and representation of the company; transfer the head office of the company to any other location permitted by law; create in any part of the national territory or abroad, delegations, agencies, subsidiaries, branches, offices or other forms of representation of the company; acquire, dispose of or encumber in any way the company's own shares and debt instruments and any rights, as well as perform the operations on those securities deemed appropriate; acquire, sell, exchange and lease real estate by any acts or contracts as well as encumber them, even if through the pledging of assets; exercise and promote the exercise of rights of the company in the companies in which it holds interests; acquire, sell, exchange, lease or encumber in any manner movable property; negotiate with credit institutions financing operations; carry out transactions in bank accounts, deposit and withdraw money, issue, accept, sign and endorse cheques, bills of exchange, promissory notes, invoice statements and other negotiable instruments; admit fault, give up or settle any legal action, as well as enter into arbitration and approve the resulting rulings; perform any other duties envisaged herein and in law.

The Board of Directors may delegate any of their powers as follows:

- In one or more Directors or an Executive Committee the day-to-day management of the Company, establishing the limits of delegation and/or engaging any or some directors to handle certain administration matters – in this context, the matters described in sub-paragraphs a) to k) are not delegable;

- The implementation of the decisions made by the Board of Directors, the management of the Company's ordinary course of business, the authority and power to implement certain management duties as well as the determination of the *modus operandi* of the Executive Committee may be delegated to any director or to an Executive Committee – However, the duties described in sub-paragraphs a), b), c), d), f), j) and k) are non-delegable.

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

In the financial year under review, the Board of Directors has not decided to undertake any increase of the share capital of the Company.

10. Information on any significant business relationships between the holders of qualifying interests and the company.

The Company did not conduct any business operation or deal with holders of qualifying interests or the entities with which they are in any relationship in accordance with Article 20 of the Portuguese Securities' Code outside normal market conditions. Any business that occurred fell under the current activity of the contracting parties. The procedures applicable to these transactions are described in paragraphs 89 to 91.

[1] The company's Articles Association provide that, by unanimous decision of its members, the Board of Directors may pass resolutions about capital increases, once or more times, in accordance with the law, up to EUR 250 million. It is also responsible for deciding on the respective terms, conditions method and length of the subscription and payment period. However, according to the general law such discretion is not currently in force:

- The last assignment of powers to the Board of Directors was given by the General Meeting of 2 October 2000, with the resolution to amend article 8, paragraph 1, of the Memorandum of Association and consequent public deed of 16 October 2000; Article 8, paragraph 1 of the Memorandum of Association does not indicate the term for the exercise of the powers;

- Article 456, paragraph 1(b) of the Portuguese Companies' Code states that the Memorandum of Association should establish the period, not exceeding five years, during which the powers may be exercised. It also states that in the absence of any indication, the period shall be five years; paragraph 4 of the same article 456 states that the General Meeting, deciding with the majority required for amendment of the Memorandum of Association, may renew the powers of the Board of Directors;

- These powers have not been renewed since October 2005.

Additional information: in October 2000 no capital increases were issued under the powers of the Board of Directors.

B.

CORPORATE BOARDS AND COMMITTEES

I.GENERAL MEETING

a) Composition of the Presiding Board of the General Meeting

11. Details and position of the members of the Presiding Board of the General Meeting and respective term of office (beginning and end).
The Presiding Board of the General Meeting consists of a chairman and a secretary. These posts were held in the current term of office (2014 to 2016) by:

Chairman: Augusto Fernando Correia de Aguiar-Branco

Secretary: Rita Jorge Rocha e Silva
Beginning of first term of office:
24 May 2014
End of current term of office:
31 December 2016, remaining in office until a new election pursuant to law.

No changes in the composition of the Presiding Board of the General Meeting took place during 2016.

b) Exercising the right to vote

12. Any restrictions on the right to vote, such as restrictions on voting rights subject to holding a number or percentage of shares, deadlines for exercising voting rights, or systems whereby the financial rights attaching to securities are separated from the holding of securities (Article 245-A/1/f).
There are no statutory guidelines providing for the existence of shares that do not carry voting rights or determining that voting rights exceeding a certain threshold shall not be counted if such votes are cast by only one shareholder or by a shareholder who is related to that shareholder. The Articles of Association do not envisage mechanisms that aim to cause a time lag between the entitlement to receive dividends or subscribe for new securities and the voting rights of each ordinary share.

Each share is entitled to one vote.

The blocking of shares to attend the General Meeting must be made at least five business days before the date designated for the respective meeting. The same rule applies when a General Meeting is scheduled for a later date, when the initial session of the General Meeting is suspended.

The Articles of Association provide for the possibility of shareholders voting by mail, provided that the ballots reach the Company at least three business days before the General Meeting. Postal ballot forms must reach the registered office of the Company not less than three business days before the Annual General Meeting. Votes sent by mail are equivalent to negative votes for proposals submitted after the date on which such votes were cast. The presence of the shareholder at the General Meeting revokes the vote it may have sent by mail.

Corticeira Amorim's Articles of Association allow electronic voting, provided that there are adequate technical resources available to enable checking the validity of electronic votes and ensuring their data integrity and confidentiality. Votes sent by electronic means must be received by the Company by the third business day prior to the General Meeting. The Chairman of the General Meeting must check prior to the convening of the General Meeting, the existence of technical means and communication to ensure the safety and reliability of the votes cast. If the Chairman of the Presiding Board decides that the technical requirements for voting by electronic means are met, such information shall be included in the Notice calling the meeting. Votes sent by electronic means are equivalent to negative votes for proposals submitted after the date on which such votes were cast. The presence of the shareholder at the General Meeting revokes the vote it may have sent by mail or by electronic means.

Postal ballot forms are available from Corticeira Amorim's registered office (Rua de Meladas, no. 380 – 4536-902 Mozelos – Portugal) and from the Company's website (www.corticeiraamorim.com). At the request of a shareholder, such postal ballot forms may be provided by e-mail.

13. Details of the maximum percentage of voting rights that may be exercised by a single shareholder or by shareholders that are in any relationship as set out in Article 20/1.
The Articles of Association do not provide for any limit on the number of votes that each shareholder (either separately or jointly with other shareholders) is entitled to cast or exercise.

14. Details of shareholders' resolutions that, imposed by the Articles of Association, may only be taken with a qualified majority, in addition to those legally provided, and details of said majority.
The Company's Articles of Association establish specific requirements for convening/decision-making quorums, for the following situations:

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

II. MANAGEMENT AND SUPERVISION

a) Composition

15. Details of corporate governance model adopted.
The Company has adopted a system of corporate governance commonly known as the "strengthened Latin" model, which is based on a clear separation between management and supervisory bodies as well as double supervision through a supervisory board and a statutory auditor.

The Board of Directors considers that the adoption of this model has resulted in the constitution of a supervisory body with stronger and effective supervisory powers composed entirely of members subject to an incompatibility regime and broader independence regulations. It also considers that attributing these powers to an autonomous body – the Supervisory Board – helps create an efficient corporate governance model because it establishes a clear division between the management and supervisory bodies, avoiding the granting of supervisory powers to individual members of the Board of Directors, which by law is 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 for the following reasons:

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

Corticeira Amorim encourages an internal reflection on corporate governance structures and practices adopted by the Company by comparing their efficiency with the potential benefits to be gained from implementing other practices and/or measures prescribed in the CMVM Corporate Governance Act or by other organisations.

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

16. Articles of association rules on the procedural and material requirements governing the appointment and replacement of members of the Board of Directors, the Executive Board and the General and Supervisory Board, where applicable (Article 245-A/1/h).

The rules governing the appointment and replacement of members to the board of directors are those provided for in law, in addition to a number of specific features set out in the Company's Articles of Association:

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

First: one Director shall be elected separately from among the people proposed on the lists subscribed by the groups of shareholders who own between 10% and 20% of the share capital. Each list must propose at least two eligible persons for each office to be filled, but the same shareholder may not subscribe to more than one list. If, on a first poll, there are lists submitted by more than one group of shareholders, then a poll shall be first taken among all such lists and, thereafter, among the names of the candidates listed in the winning list. The lists of candidates may be submitted to the General Meeting before the business on the agenda relating to the election of Directors starts to be discussed;

Second: the General Meeting shall elect the remaining directors. All shareholders present may take part in the respective resolution, regardless of whether or not they signed or voted on any of the lists of the first phase. The General Meeting cannot elect the remaining Directors until it has elected one of the nominees on the lists of the first phase, unless no list has been proposed.

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

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

When a Director is declared to be definitively absent, and there are no substitutes, he/she shall be replaced by co-option, unless the directors in office are not sufficient in number for the board to function. If there is no co-option within 60 days of the absence, the supervisory board appoints a replacement. The co-option and appointment by the supervisory board shall be subject to ratification at the next general meeting.

If a director elected under the special rules of the first stage is absent permanently, and there is no respective substitute, a new election shall be held, at which the special rules of the first phase apply, with necessary adaptation.

17. Composition of the Board of Directors, with details of the Articles of Association's minimum and maximum number of members, duration of term of office, number of effective members, date when first appointed and end of the term of office of each member.

According to the Articles of Association, the company is administered by a Board of Directors composed of a Chairman, a Vice-Chairman and one to nine other members. In the current term, the Board of Directors consists of a Chairman, a Vice-Chairman and four members, all incumbent members.

The duration of the term of office of the Board of Directors is three calendar years.

The Board of Directors was composed of six members over 2016:

Chairman: António Rios de Amorim
Date of first appointment to the Board of Directors:
29 March 1990
First appointment as Chairman of the Board of Directors:
31 March 2001
End of term of current office:
31 December 2016, remaining in office until a new election pursuant to law.

Vice-Chairman: Nuno Filipe Vilela Barroca de Oliveira
Date of first appointment to the Board of Directors:
28 March 2003
End of term of current office:
31 December 2016, remaining in office until a new election pursuant to law.

Member: Fernando José de Araújo dos Santos Almeida
Date of first appointment to the Board of Directors:
31 July 2009
End of term of current office:

31 December 2016, remaining in office until a new election pursuant to law.

Member: Cristina Rios de Amorim Baptista

Date of first appointment to the Board of Directors:
20 July 2012
End of term of current office:
31 December 2016, remaining in office until a new election pursuant to law.

Member: Luísa Alexandra Ramos Amorim

Date of first appointment to the Board of Directors:
28 March 2003
Elected as member of the Board of Directors at the General Meeting of Shareholders of **4 April 2013**
End of term of current office:
31 December 2016, remaining in office until a new election pursuant to law.

Member: Juan Ginesta Viñas

Date of first appointment to the Board of Directors:
20 July 2012
End of term of current office:
31 December 2016, remaining in office until a new election pursuant to law.

18. Distinction to be drawn between executive and non-executive directors and, as regards non-executive members, details of members that may be considered independent.

The **Board of Directors** of Corticeira Amorim is composed of three executive members and three non-executive members. Its composition remained unchanged during 2016:

Executive Members:

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

Non-Executive Members:

Member:	Cristina Rios de Amorim Baptista
Member:	Luísa Alexandra Ramos Amorim
Member:	Juan Ginesta Viñas

None of the non-executive members are independent.

19. Professional qualifications and other relevant curricular information of each member of the Board of Directors.

António Rios de Amorim (Chairman):

Chairman of the Board and CEO of Corticeira Amorim since March 2001. He was CEO of Amorim & Irmãos (1996-2001), Director of Sociedade Figueira-Praia (1993-2006), operational manager at Amorim – Empreendimentos Imobiliários, promoter of the Lisbon Towers and Arrábida Shopping projects (1993-1995), and Executive Director of Amorim Hotéis, SA, in charge of the development of the Ibis and Novotel chains in Portugal. *Degree of Commerce* – Faculty of Commerce and Social Sciences – University of Birmingham (1989) and attended *The Executive Program 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 corporate group to belong to this association (1991-1995). Chairman of the Portuguese Cork Association (2002-2012) and the Confédération Européenne du Liège (since 2003). In February 2006, he was awarded the Commendation of Grand Officer of the Order of Agricultural, Commercial and Industrial Merit by the Portuguese President.
Age: 49

Nuno Filipe Vilela Barroca de Oliveira (Vice-Chairman):

Graduate in business administration from Portuguese Catholic University. He served as a Non-Executive Director of Corticeira Amorim, from March 2003 to September 2005, he then proceeded to carry out executive functions from that date. Non-executive director of various companies in the Amorim Group (since 2000) and executive director of Barrancarnes (2000-2005). After a year in the commercial area of Møre Codfish (Norway), he took part in the Comett programme and held an internship in Merril Lynch (London), then began his professional activity in the Banco Comercial Português Group, where, for three years, he collaborated in the areas of Studies and Planning, International Area and Investment Funds.
Age: 46

Fernando José de Araújo dos Santos Almeida (Member)

Graduated with a Bachelor's Degree in Economics from the University of Porto, Faculty of Economics (1983/84). He joined Corticeira Amorim in 1991 and held various positions in several of the Group's member companies. In 2002, he took over as Manager of Organisational Development and Business Management Planning and Control at Corticeira Amorim.
Age: 55

Cristina Rios de Amorim Baptista (Member):

She graduated in Economics from the Faculty of Economics of Porto, in 1991. She completed an MBA in International Banking and Finance from the University of Birmingham (UK) in 1992. In 2001, she took a postgraduate degree in International Management at the Universidade Católica Portuguesa.
She began working in 1992, for international institutions such as S.G. Warburg España (Corporate Finance) in Madrid (1992), N.M. Rothschild & Sons Limited (Corporate Finance) in London (1993), Rothschild Asset Management Limited (Asset Management) in London (1993), and Soserfin, S.A. (management of economic studies and research) in 1994. She was a Member of the Board of Directors of Fundação Casa da Música (2006 to March 2013) and of Fundação AEP (2009 to April 2013). She joined the upper management of Amorim Investimentos e Participações, SGPS, S.A. (holding company of the Amorim Group) in 1994 and is currently Vice-Chairman and CFO of the Group. In 1997 assumed the position of Investor Relations Officer (IRO) of Corticeira Amorim, SGPS, SA. and in July 2012, the post of member on its board of directors.
Age: 48

Luísa Alexandra Ramos Amorim (Member):

With a degree in Marketing from ISAG and Hospitality from EHTE and EHTP, completing several areas of training in Hospitality at the Centre International de Glion, in Marketing from UCI Comunication – US and Management at EGP Porto. Director of Amorim – Investimentos e Participações (since 2002), of Quinta Nova – Nossa Senhora do Carmo (since 2006) and, more recently, of Amorim Negócios Internacionais (since 2016). Was the CEO of Natureza, S.G.P.S (2002-2006), Director of Marketing for JW Burmester (2000-2002) and Member of the Hospitality Management in Amorim Hotéis e Serviços and Sociedade Figueira Praia (1996-1997), when she began her role with the Amorim Group. Worked in Management consulting sector at Deloitte & Touche, Porto (1998-2000).
In addition to the business activity, she is the founder and president of the Associação Bagos d´Ouro (since 2010) and Member of the Board of Directors of the Fundação Museu do Douro (2006-2011).
Age: 43

Juan Ginesta Viñas (Member):

With a wide and extensive professional experience in managing businesses, he has played relevant roles in several international companies such as International Harvester (sales manager), DEMAG EO (sales manager), Hunter Douglas (General Manager and the person responsible for the industrial firms located in Brazil, Argentina and Chile) and Torras Domenech (Managing Director and CEO). He has been a director of Trefinos, SL since 1996.
Age: 76

20. Customary and meaningful family, professional or business relationships of members of the Board of Directors, with shareholders that are assigned qualifying holdings that are greater than 2% of the voting rights.

Companies holding or to which qualifying holdings exceeding 2% of the voting rights of Corticeira Amorim are attributable, which have directors of Corticeira Amorim on their Board of Directors:

- António Rios de Amorim is a member of the Board of Directors of Amorim Capital, S.A.;
- António Rios de Amorim, Nuno Filipe Vilela Barroca de Oliveira, Cristina Rios de Amorim Baptista and Luísa Alexandra Ramos Amorim are members of the Board of Directors of Amorim Investimentos e Participações, SGPS, S.A.;
- Luísa Alexandra Ramos Amorim is a member of the Board of Directors of Great Prime, S.A..
- Luísa Alexandra Ramos Amorim is a member of the management body of Investmark Holdings, B.V.;
- Cristina Rios de Amorim Baptista is a member of the management body of Amorim International Participations, B.V.
- António Rios de Amorim and Cristina Rios de Amorim Baptista are members of the Board of Directors of Amorim – Sociedade Gestora de Participações Sociais, S.A.

Américo Ferreira de Amorim is Luísa Alexandra Ramos Amorim's father, and Nuno Filipe Vilela Barroca de Oliveira's father-in-law.

António Ferreira de Amorim is the father of António Rios de Amorim and Cristina Rios de Amorim Baptista.

There are no commercial relations between the members of the Board of Directors and shareholders to whom a qualifying interest is imputed.

21. Organisational charts or flowcharts concerning the allocation of powers between the various corporate boards, committees and/or departments within the company, including information on delegating powers, particularly as regards the delegation of the company's daily management.

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

Presiding Board of the General Meeting

Composition and term of office as described in section 11 herein.

The Chairman of the Presiding Board of the General Meeting is responsible for:

- Calling the General Meetings – preparing the notice and fostering its publication;
- Receiving requests for the inclusion of items on the agenda and, in the event they are approved, publish the matters included on the agenda in the same manner used for the notice;
- In the case of virtual general meetings (cyber– meetings, online meetings and meetings by conference call), ensure the authenticity and security of communications;
- Choose the location for the general meeting within the national territory, provided that the head office does not allow the meeting to be held on satisfactory terms;
- Chair the general meeting, direct and guide the work, in particular, check those attending and the quorum, organise the attendance list, call the meeting to order, allow, limit or deny the floor to speak, present postal votes, calculate total votes and announce the results;
- Authorise the presence in the general meeting of 3rd parties from outside the company; the general meeting may revoke this authorisation;
- Adjourn the general meeting, immediately setting its restart date at no more than 90 days; the same session cannot be suspended twice;
- End the session, ensure the minutes are drafted and sign them.

The Secretary of the Presiding Board of the General Meeting is responsible for:

- Assisting the Chairman of the Presiding Board in conducting the work, including checking attendance and quorum, organising the attendance list;
- Reading the agenda stated on the notice and the documents referred to the presiding board during the session;
- Taking notes for drawing up the minutes;
- Counting the votes;
- Draw up the minutes and sign them.

Board of Directors

Composition and term of office as described in section 17 of this report; duties as described in section 9 of this report.

Advisors to the Board of Directors

The meetings of the Board of Directors can rely on, besides the presence of its members, the presence of its advisors, Mr. Américo Ferreira de Amorim, who has held the post since 2001, and Mr. Joaquim Ferreira de Amorim, appointed in July 2012.

The Advisors to the Board of Directors are people who advise the Board of Directors about the various issues addressed at board meetings, but they don't have the right to vote on resolutions passed at meetings.

In the specific case of Corticeira Amorim, the unrivalled experience, vision of the future and entrepreneurial spirit of Mr. Américo Ferreira de Amorim and the extensive knowledge of the cork industry of Mr. Joaquim Ferreira de Amorim are an important contribution to the development of the Company, assuming an important role in the meetings of the Board: informed and knowledgeable advisors while simultaneously challenging and driving new initiatives and approaches.

Executive Committee

Composition and term of office as described in section 28 of this report; duties as described in section 29 of this report.

Supervisory Board

Composition and term of office as described in section 31 of this report; duties as described in sections 37 and 38 of this report.

Statutory Auditor

Composition, term of office and duties as described in section 39 herein.

Remuneration Committee

Composition, term of office and duties as described in section 67 herein.

Organisational Structure of the Company

As detailed in section 9, the role of the Board of Directors is to manage the Company's business and affairs and decide on any matter relating to its management while abiding by the resolutions adopted by the Annual General Meeting or the decisions made by the Supervisory Board whenever required by law or the articles of association. As provided for in law and the articles of association, the Board of Directors has delegated the day to day management to an Executive Committee, as described in sections 28 and 29 of this report.

The non-executive members of the Board of Directors regularly attend the monthly meetings of the Board of Directors, which analyse and decide on the evolution of all non-delegable matters and all issues whose relevance, materiality and / or criticality becomes pertinent to their inclusion in the agenda of the Board.

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

A reporting system between the Executive Committee and the Board of Directors has been implemented across the organisation with a view to ensuring alignment of their activities and that the Directors are informed of the activities of the Executive Committee in a timely fashion. The Executive Committee provides in good time and an appropriate manner to the request, all information requested by other Board Members and which are necessary in accordance with their respective duties.

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

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

Board of Directors

EXECUTIVE DIRECTORS

António Rios de Amorim
CHAIRMAN

Nuno Filipe Vilela Barroca de Oliveira
VICE-CHAIRMAN

Fernando José de Araújo dos Santos Almeida
MEMBER

NON-EXECUTIVE DIRECTORS

Cristina Rios de Amorim Baptista
MEMBER

Luísa Alexandra Ramos Amorim
MEMBER

Juan Ginesta Viñas
MEMBER

Advisors to the Board of Directors

Américo Ferreira de Amorim

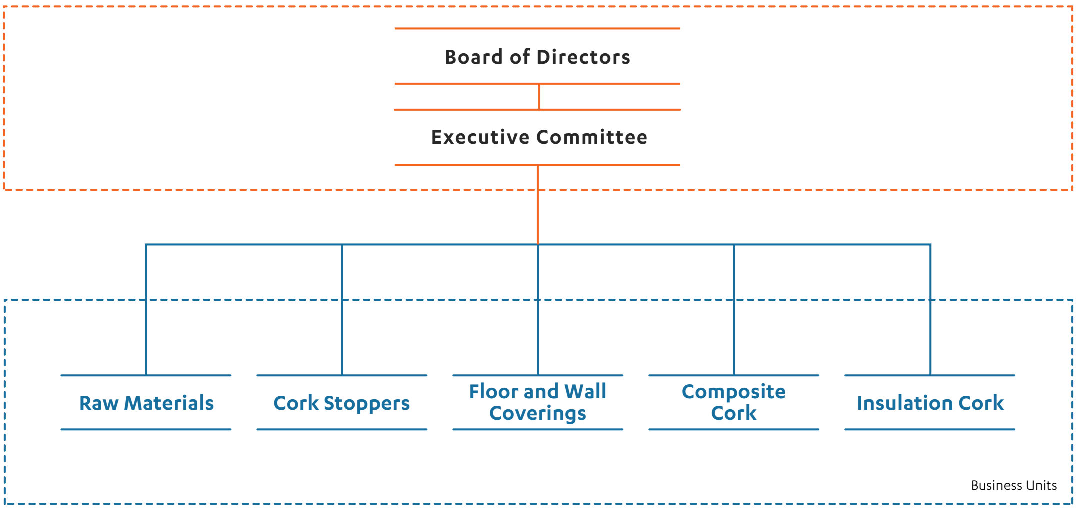
Joaquim Ferreira de Amorim

Corticeira Amorim's operating structure is divided into five Business Units (BUs).

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

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

Each BU has a Board of Directors composed of non-executive and executive members, including the General Manager of the BU. This body is the authority responsible for deciding on all matters deemed relevant. The diagram below shows how the management structure of the business is currently organised:



The Support Divisions are responsible for monitoring and coordinating the operation of the BUs and their functional areas, under the coordination of the members of the Executive Committee, as shown in the diagram below: (situation as at 31 December 2016).

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

GENERAL MEETING

Presiding Board of the General Meeting

Augusto Fernando Correia de Aguiar-Branco
CHAIRMAN

Rita Jorge Rocha e Silva
SECRETARY

Remuneration Committee

José Manuel Ferreira Rios
CHAIRMAN

Rui Fernando Viana Pinto
MEMBER

Supervisory Board

Manuel Carvalho Fernandes
CHAIRMAN

Ana Paula Africano de Sousa e Silva
MEMBER

Eugénio Luís Lopes Franco Ferreira
MEMBER

Durval Ferreira Marques
ALTERNATE

Statutory Auditor

Pricewaterhousecoopers & Assoc. SROC, Lda., represented by José Pereira Alves (ROC) or by António Joaquim Brochado Correia (ROC)
IN OFFICE

Hermínio António Paulos Afonso (ROC)
ALTERNATE

Advisors to the Board of Directors

Américo Ferreira de Amorim
Joaquim Ferreira de Amorim

Board of Directors

António Rios de Amorim
CHAIRMAN

Nuno Filipe Vilela Barroca de Oliveira
VICE-CHAIRMAN

Fernando José de Araújo dos Santos Almeida
MEMBER

Cristina Rios de Amorim Baptista
MEMBER

Luísa Alexandra Ramos Amorim
MEMBER

Juan Ginesta Viñas
MEMBER

Company's Secretary

Pedro Jorge Ferreira Magalhães
IN OFFICE

Pedro Nuno Esteves Duarte
ALTERNATE

Executive Commitee

António Rios de Amorim
CHAIRMAN

Nuno Filipe Vilela Barroca de Oliveira
MEMBER

Fernando José de Araújo dos Santos Almeida
MEMBER

Financial
António Rios de Amorim

Legal and Tax
António Rios de Amorim

Investor Relations
António Rios de Amorim

Institutional Communication
António Rios de Amorim

Internal Audit
Nuno Filipe Vilela Barroca Oliveira

Human Resources
António Rios de Amorim

Strategic Planning
Fernando José Araújo dos Santos Almeida

Management Control
Fernando José Araújo dos Santos Almeida

Organisational Development
Fernando José Araújo dos Santos Almeida

Sustainability
António Rios de Amorim

Information Systems and Technologies
Fernando José Araújo dos Santos Almeida

Procurement, Energy and Transport
António Rios de Amorim

b) Functioning

22. Availability and place where rules on the functioning of the Board of Directors may be viewed.

The modus operandi of the Board of Directors of Corticeira Amorim scrupulously complies with all applicable rules of procedure regarding the Board of Directors, specifically those set out in the Portuguese Companies' Code, in the Company's articles of association and in the regulations issued by the CMVM. This already constitutes real rules of procedure that are adequate to and foster its efficient operation to safeguard the performance of this collegiate body in the efficient pursuit of the interests of the Company and all its shareholders.

Hence, although no formal Internal Rules as referred in this section do actually exist, Corticeira Amorim believes that the principles of good business practice are part of the core values upheld by both the members of this governing body and the other staff who assist and/or advise them.

Given that these internal rules have not yet been formalised, they are not available on the Company's website. However, the Board of Directors complies with all rules of procedure prescribed by law [Portuguese Companies' Code, Portuguese Securities' Code, regulations and instructions issued by the CMVM] or by the Company's articles of association, which are available at the CMVM's website (www.cmvm.pt) or at the Company's website (www.corticeiraamorim.com), respectively.

23. The number of meetings held and the attendance report for each member of the Board of Directors, the General and Supervisory Board and the Executive Board, where applicable.

Pursuant to the Articles of Association, the Board of Directors shall meet when and where corporate interest requires. Eleven meetings of the Board of Directors were held during 2016, and all the members of the Board in office attended or were represented at the meetings. Overall attendance was 100%. If the representation of directors is eliminated from this calculation, the attendance rate will be 89.4%.

The following were represented by another director: Nuno Filipe Vilela Barroca de Oliveira at the meeting on 11 February; Juan Ginesta Viñas in the meetings on 11 February , 8 July and 31 October; Cristina Rios de Amorim Baptista in the meetings of 11 January and 28 July; and Luísa Alexandra Ramos Amorim at the meeting on 11 January. The other members of the Board of Directors attended all the meetings in person.

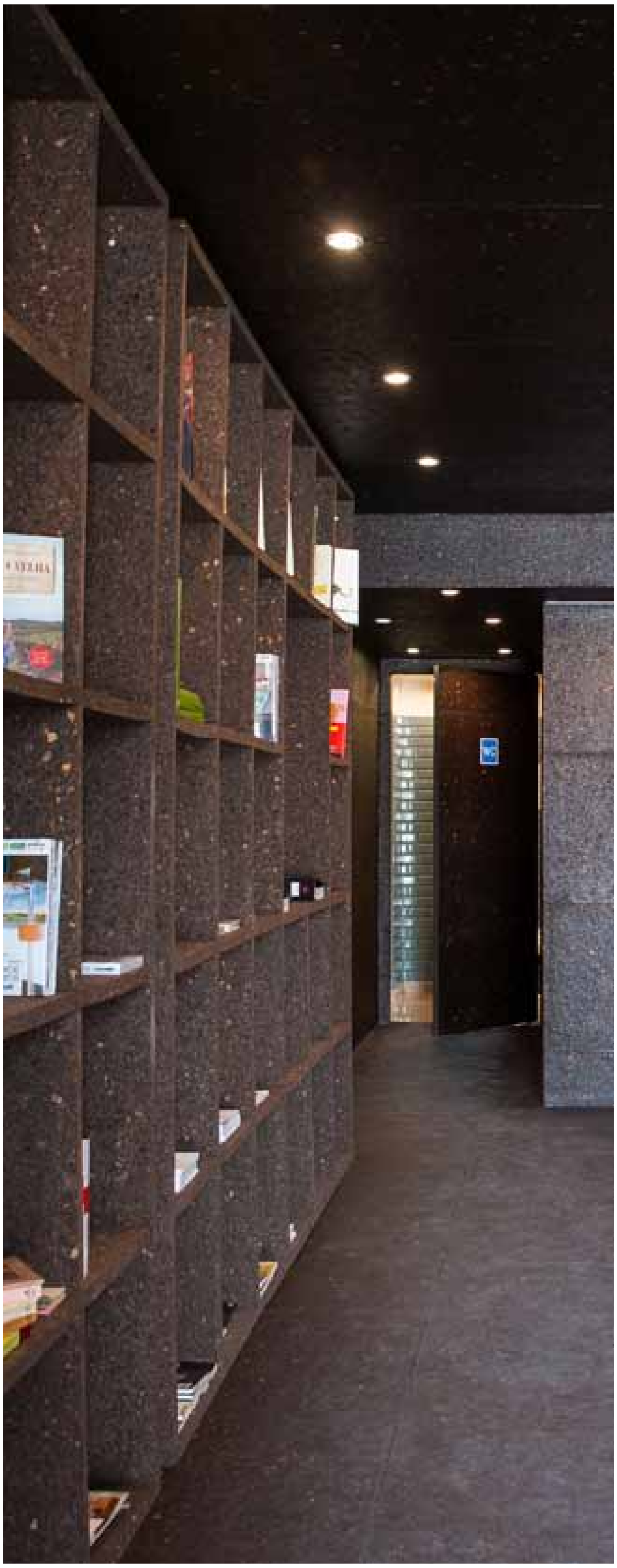
24. Details of competent corporate boards undertaking the performance appraisal of executive directors.

Pursuant to the articles of association, the General Meeting or a Committee it elects shall decide on the assessment of the performance of the executive directors.

As stated in section 67 of this report, there is a Remuneration Committee (term of office of three years, 2014 to 2016), which is responsible for carrying out the assessment referred to in this point, and it effectively did so.

25. Predefined criteria for assessing executive directors' performance.

Pursuant to the statement on the policy for remunerations awarded to the Board of Directors approved at the General Shareholders' Meeting of 30 March 2016, as proposed by the company's Remuneration Committee (Section 69), a variable remuneration shall be added, if deemed adequate and feasible, to the fixed remuneration for executive directors, in the form of performance bonuses, which should result from the assessment of short-term performance and contribution to the annual performance for economic sustainability in the medium / long-term for the Organization. The actual amount of the variable pay shall depend on the appraisal to be carried out every year by the Remuneration Committee on the performance of the Board members, examining the contribution of each individual executive director to both the Company's profit in the relevant financial year and compliance with the Company's targets and implementation of the medium/long-term strategies adopted by the Company; the development of the results and the level of compliance with the following strategic objectives: innovation, financial soundness, value creation, competitiveness and growth. The payment of the variable pay component, if any, may be made wholly or in part after determination of the profit (or loss) for the years in respect of the whole term of office. There is, therefore, the possibility of the variable pay being reduced if the profit for the year reflects a significant deterioration in the Company's performance in the last financial year or if it is expectable that a significant deterioration will occur in the financial year underway.



26. The availability of each member of the Board of Directors, the General and Supervisory Board and the Executive Board, where applicable, and details of the positions held at the same time in other companies within and outside the group, and other relevant activities undertaken by members of these boards throughout the financial year.

António Rios de Amorim (Chairman):

Company	Position Held
Corticeira Amorim Group	
Amorim & Irmãos, S.A.	Chairman of the Board
Amorim & Irmãos, S.G.P.S., S.A.	Chairman of the Board
Amorim Bartop – Investimentos e Participações, S.A.	Chairman of the Board
Amorim Compcork, Lda.	Manager
Amorim Cork Composites, S.A.	Chairman of the Board
Amorim Cork Research, Lda.	Manager
Amorim Cork Services, Lda.	Manager
Amorim Florestal España, S.L.	Chairman of the Board
Amorim Florestal, S.A.	Chairman of the Board
Amorim Industrial Solutions – Imobiliária, S.A.	Chairman of the Board
Amorim Isolamentos, S.A.	Chairman of the Board
Amorim Natural Cork, S.A.	Chairman of the Board
Amorim Revestimentos, S.A.	Chairman of the Board
Amorim Top Series, S.A.	Chairman of the Board
Chapius, S.L.	Chairman of the Board
Comatral – Compagnie Marrocaine de Transformation du Liège, S.A.	Chairman of the Board and Chairman of the Presiding Board of the General Meeting
Dom Korkowy, Sp. Zo.o	Member of the Board of Directors
Equipar – Participações Integradas, SGPS, S.A.	Manager
Francisco Oller, S.A.	Member of the Board of Directors
Korken Schiesser GmbH	Chairman of the Board
Olimpíadas Barcelona 92, S.L.	Chairman of the Board
SIBL – Société Industrielle Bois Liège, S.A.R.L.	Manager
Société Nouvelle des Bouchons Trescasses, S.A.	Director
Other Companies	
Afaprom – Sociedade Agro-Florestal, S.A.	Member of the Board of Directors
Agolal, S.A.	Member of the Board of Directors
Agropecuária Mirantes e Freires, S.A.	Member of the Board of Directors
Amorim – Investimentos e Participações, S.G.P.S., S.A.	Member of the Board of Directors
Amorim – Participações Agro-Florestais, S.G.P.S., S.A.	Member of the Board of Directors
Amorim Capital, S.A.	Chairman of the Board
Amorim Fininvests, S.G.P.S., S.A.	Member of the Board of Directors
Amorim, S.G.P.S., S.A.	Member of the Board of Directors
Bomsobro – Sociedade Agro-Florestal, S.A.	Member of the Board of Directors
Caneicor – Sociedade Agro-Florestal da Caneira, S.A.	Member of the Board of Directors
Cimorim – Sociedade Agro-Florestal, S.A.	Member of the Board of Directors
Clube de Tiro, Caça e Pesca a Agolal	Treasurer
Corunhal – Sociedade Agro-Florestal, S.A.	Member of the Board of Directors
Fruticor – Sociedade Agrícola de Frutas e Cortiças, S.A.	Member of the Board of Directors
Gierlings Velpor – Veludo Português, S.A.	Member of the Board of Directors
OSI – Sistemas Informáticos e Electrotécnicos, Lda.	Manager
QM1609 – Investimentos Imobiliários, S.A.	Member of the Board of Directors
Quinta Nova de Nossa Senhora do Carmo, S.A.	Member of the Board of Directors
Resiféria – Construções Urbanas, S.A.	Member of the Board of Directors

Nuno Filipe Vilela Barroca de Oliveira (Vice-Chairman):

Company	Position Held
Corticeira Amorim Group	
Amorim & Irmãos, S.A.	Vice-Chairman of the Board of Directors
Amorim & Irmãos, S.G.P.S., S.A.	Member of the Board of Directors
Amorim Cork Composites, S.A.	Member of the Board of Directors
Amorim Cork Ventures, Lda.	Manager
Amorim Florestal, S.A.	Member of the Board of Directors
Amorim Industrial Solutions – Imobiliária, S.A.	Member of the Board of Directors
Amorim Isolamentos, S.A.	Member of the Board of Directors
Amorim Natural Cork, S.A.	Member of the Board of Directors
Amorim Revestimentos, S.A.	Member of the Board of Directors
Other Companies	
Amorim – Investimentos e Participações, S.G.P.S., S.A.	Member of the Board of Directors
API – Amorim Participações Internacionais, S.G.P.S., S.A.	Member of the Board of Directors
Casa das Heras – Empreendimentos Turísticos, S.A.	Member of the Board of Directors
Imobis – Empreendimentos Imobiliários Amorim, S.A.	Member of the Board of Directors
Mosteiro de Grijó – Empreendimentos Turísticos e Imobiliários, S.A.	Member of the Board of Directors
OSI – Sistemas Informáticos e Electrotécnicos, Lda.	Manager
Paisagem de Alqueva, S.A.	Member of the Board of Directors
Quinta Nova de Nossa Senhora do Carmo, S.A.	Member of the Board of Directors
SSA – Sociedade de Serviços Agrícolas, S.A.	Member of the Board of Directors

Fernando José de Araújo dos Santos Almeida (Member):

Company	Position Held
Corticeira Amorim Group	
Amorim Cork Services, Lda.	Manager
Amorim Revestimentos, S.A.	Member of the Board of Directors
OSI – Sistemas Informáticos e Electrotécnicos, Lda.	Manager
Vatrya – Consultoria e Marketing, Lda.	Manager

Cristina Rios de Amorim Baptista (Member):

Company	Position Held
Corticeira Amorim Group	
Amorim & Irmãos, S.A.	Chairman of Remuneration Committee
Amorim Cork Services, Lda. [a]	Manager
Other Companies	
Afaprom – Sociedade Agro-Florestal, S.A. [a]	Member of the Board of Directors
Agolal – Sociedade Agro-Florestal, S.A. [a]	Member of the Board of Directors
Agro-Pecuária Mirante e Freires, S.A. [a]	Member of the Board of Directors
Amorim – Investimentos e Participações, S.G.P.S., S.A.	First Vice-Chairman of the Board of Directors
Amorim – Participações Agro-Florestais, S.G.P.S., S.A. [a]	Member of the Board of Directors
Amorim – Serviços e Gestão, S.A. [a]	Chairman of the Board
Amorim – Sociedade Gestora de Participações Sociais, S.A.	Member of the Board of Directors
Amorim – Viagens e Turismo, Lda. [a]	Manager
Amorim Desenvolvimento, Investimentos e Serviços, S.A. [a]	Chairman of the Board
Amorim Finingest, SGPS, S.A. [a]	Member of the Board of Directors
Amorim Global Investors, S.G.P.S., S.A. [a]	Member of the Board of Directors
Amorim International Participations, B.V [a]	Director

Company	Position Held
Bomsobro – Sociedade Agro-Florestal, S.A. [a]	Member of the Board of Directors
Caneicor – Sociedade Agro-Florestal da Caneira, S.A. [a]	Member of the Board of Directors
Cimorim – Sociedade Agro-Florestal, S.A. [a]	Member of the Board of Directors
Corunhal – Sociedade Agro-Florestal, S.A. [a]	Member of the Board of Directors
Fruticor – Sociedade Agrícola de Frutas e Cortiças, S.A. [a]	Member of the Board of Directors
MCMAB – Serviços e Gestão, Lda. [a]	Manager
Resiféria – Construções Urbanas, S.A. [a]	Member of the Board of Directors
Non-profit institutions	
AEP – Portuguese Business Association	Member of the General Board, representing Amorim & Irmãos, SA
BCSD – Business Council for Sustainable Development	Member of the Management
AEM – Association of Listed Companies	Member of the General Board, representing Corticeira Amorim, SGPS, S.A.[b]

[a] At the time of this report, the Director had resigned from the post.
[b] Mandate ends in 2016; maintains duties until the new election.

Luísa Alexandra Ramos Amorim (Member):

Company	Position Held
Corticeira Amorim Group	
Actual, SGPS, S.A.	Chairman of the Board
Amorim – Investimentos e Participações, SGPS, S.A.	Member of the Board of Directors
Amorim – Serviços e Gestão, S.A.	Member of the Board of Directors
Amorim – Viagens e Turismo, Lda.	Manager
Amorim Capital, S.A.	Member of the Board of Directors
Amorim Desenvolvimento – Investimentos e Serviços, S.A.	Member of the Board of Directors
Amorim Global Investors, SGPS, S.A.	Member of the Board of Directors
Amorim Negócios Internacionais, S.A.	Chairman of the Board
Andorine, Lda.	Manager
Bucozal – Investimentos Imobiliários e Turísticos, Lda.	Manager
Época Global, SGPS, S.A.	Chairman of the Board
Great Prime, S.A.	Member of the Board of Directors
Investmark Holdings, B.V.	Director
OSI – Sistemas Informáticos e Electrotécnicos, Lda.	Manager
Quinta Nova de Nossa Senhora do Carmo, S.A.	Chairman of the Board
Vintage Prime, SGPS, S.A.	Member of the Board of Directors
Warranties – SGPS, S.A.	Member of the Board of Directors
Other Institutions	
Associação Bagos D'Ouro – A private institution of Social Solidarity (IPSS)	Chairman of the Board

Juan Ginesta Viñas (Member):

Company	Position Held
Corticeira Amorim Group	
Trefinos, S.L.	Chairman of the Board
Other Companies	
Les Finques, S.A.	Sole Director

c) Committees within the Board of Directors or Supervisory Board and Board Delegates

27. Details of the committees created within the Board of Directors, the General and Supervisory Board and the Executive Board, where applicable, and the place where the rules on the functioning thereof is available.

There is an Executive Committee, created by delegation of powers by the Board of Directors. Although there are no formal rules of procedure available for viewing, the functioning of the Executive Committee complies with all the rules governing its work, namely those of the Portuguese Companies' Code, the Articles of Association and the procedures adopted internally. This constitutes by itself adequate rules of procedure that enable the implementation of the best practices, safeguarding the effectiveness of the Company and creating value for shareholders.

As already referred to for the Board of Directors, it should be added that the principles of good business practice are part of the core values upheld by both the members of this committee and the staff members who assist and/or advise them.

28. Composition of the Executive Committee.

The Executive Committee shall consist of three members, i.e., a Chairman and two Members. The composition of this board remained unchanged in 2016, so the members at the end of the year continued to be:

Chairman: António Rios de Amorim

Member: Nuno Filipe Vilela Barroca de Oliveira

Member: Fernando José de Araújo dos Santos Almeida

The term of office of the Executive Committee coincides with that of the Board of Directors.

29. Description of the powers of each of the committees established and a summary of activities undertaken in exercising said powers.

The **Executive Committee** exercises the powers delegated to it by the Board of Directors – in the precise terms provided for in the articles of association and in law, as described in section 9 herein -, with a view to streamlining management practices and making possible closer and continuous monitoring of the Company's different areas (management, operations and support) and its operating and business processes.

According to Corticeira Amorim's articles of association, the Executive Committee is vested with the power to implement the decisions made by the Board of Directors, manage the Company's ordinary course of business and implement certain management duties. The activity of the Executive Committee was conducted in 2016 according to these duties, with the purpose of performing:

- The day-to-day management of the company;
- The implementation of the decisions taken by the Board of Directors;
- The alignment of the activity of the various business units that constitute the Company, and analysis of the respective reporting;
- Budget estimates and setting goals and objectives;
- In terms of human resources: analysis of the evolution of indicators, policy and priorities for training, performance assessment, salary policy;
- Monitoring the evolution of critical business factors, definition and implementation of management measures concerning those factors (evolution of prices of main inputs, interest rates and exchange rates);
- Follow up and decisions on investment, loans and taking on liabilities;
- Definition of the internal audit and internal control activities and reporting on the main conclusions;
- Policy definition and decision on priority action in the field of Research, Development and Innovation;
- Monitoring the Corticeira Amorim share price: transactions, price development, analysts' estimates;
- The analysis and reflection on the corporate governance model and its suitability to the company and respective goals.

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

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

The Executive Committee, met ten times during 2016. The attendance rate was 100% (in global and individual terms).

III. SUPERVISION

a) Composition

30. Details of the Supervisory Body (Supervisory Board, the Audit Committee or the General and Supervisory Board) representing the model adopted.

The Company has adopted the governance model commonly known as the "reinforced Latin" model, with a double supervisory mechanism consisting of a supervisory board and a statutory auditor.

31. Composition of the Supervisory Board, with details of the articles of association's minimum and maximum number of members, duration of term of office, number of effective members, date of first appointment, date of end of the term of office for each member.

The articles of association establish that the Supervisory Board consists of three incumbent members and one or several alternate members.

The Supervisory Board was composed of three incumbent members and one alternate member during the current mandate (2014-2016):

Chairman: Manuel Carvalho Fernandes

Member: Ana Paula Africano de Sousa e Silva

Member: Eugénio Luís Lopes Franco Ferreira
Date of first appointment to the Supervisory Board:
24 March 2014
End of term in office:
31 December 2016, remaining in office until a new election pursuant to law

Alternate: Durval Ferreira Marques
Date of first appointment to the Supervisory Board:
28 May 2007
Date of first appointment as Alternate to the Supervisory Board:
24 March 2014
End of term in office:
31 December 2016, remaining in office until a new election pursuant to law

32. Details of the members of the Supervisory Board, which are considered to be independent pursuant to Article 414 (5) of the Portuguese Companies' Code.

As far as the Company knows, all members of the Supervisory Board, both incumbent and alternate members, meet the independence criteria set out in Article 414 (5) as well as the incompatibility rules envisaged in Article 414-A(1), both of the Portuguese Companies' Code.

The alternate member of this board, Durval Ferreira Marques, is not considered to be independent since he does not meet the criterion set out in subparagraph (b), paragraph 5 of Article 414 (after three terms as Chairman of the Supervisory Board, he was elected the alternate for that same body). He meets the remaining requirements of independence as well as the incompatibility rules referred to in the preceding paragraph.

33. Professional qualifications of each member of the Supervisory Board, and other important curricular information.

Manuel Carvalho Fernandes (Chairman):
Graduated with a Bachelor's Degree in Economics from the University of Porto, Faculty of Economics. MBA from Katholieke Universiteit Leuven (Leuven, Belgium). Professional career in the financial sector (1979-1995) – Banco Português do Atlântico, State Secretary of the Treasury (1986-1988), President of Banco Comercial de Macau (1989-1995), the Insurance Company Bonança (1992-1995) and of the Portuguese Banks' Union (1993-1995). Director of Banco Mais (1997-2011), Seguros Sagres (2006-2008), Finibanco (2004-2006). CEO of SGAL – Sociedade Gestora Alta de Lisboa (1998-2007).

In the last five years he has held several director level positions in a number of companies (other than those referred to in number 36): BANIF, SGPS, S.A., BANIF – Banco Internacional do Funchal, S.A., Tecnicrédito, SGPS, S.A., Banco MAIS, S.A., Finpro, SCR, S.A. and Finpro Unipessoal, Lda.

Ana Paula Africano de Sousa e Silva (Member):
Graduated with a Bachelor's Degree in Economics from the University of Porto, Faculty of Economics. PhD degree in Economics (specialisation in International Economics) from the University of Reading – England, in 1995; equivalence to a PhD degree from the Faculty of Economics of the University of Porto in January 1996. Completed the lecture part of the Master in Economics in 1989, Faculty of Economics of Porto. Senior technician (part-time) in the Studies Department of the Portuguese Statistics Agency (Instituto Nacional de Estatística), Porto Regional Office, from March 1996 to February 1998. Working in the Economics Faculty of Porto University, where she is a member of the Scientific Board and also lectures: Theory and Foreign Trade Policy (Master of Economics), International Commerce (Master of Economics and International Management), International Strategic Management (MEGI), International Economics (Bachelors of Economics and Management); Economic Integration, Applied Economic Studies, Microeconomics and Macroeconomics (Bachelor's Degree in Economics).

Combines teaching with extensive scientific work (supervising PhD theses, master's degree dissertations, sitting on juries) and academic publications.

Member of the Inter-university Association of European Studies in Portugal and the European Union Studies Association (Pittsburgh, USA).

For the past five years she has not held any director level positions.

Eugénio Luís Lopes Franco Ferreira (Member):
Education and professional training: graduated with a Bachelor's Degree in Economics from the University of Porto, Faculty of Economics in 1976 where he lectured Financial Mathematics in 1976/1977. Throughout his career he attended numerous training activities in several European countries and the United States; Member of the *Ordem dos Economistas* and member of the Portuguese Institute of Corporate Governance. In 2016 he voluntarily cancelled his enrolment in the *Ordem dos Revisores Oficiais de Contas* [Statutory Auditors' Association] and the *Ordem dos Contabilistas Certificados* [Chartered Accountants' Association].

Professional experience: is a member of the Supervisory Board of NOS, SGPS, SA; since 2009, to date a Consultant as an independent contractor; 1977-2008: joined the office in Porto of the then Price Waterhouse (PW), currently PricewaterhouseCoopers (PwC). After a brief stint at the Paris office (1986), he was admitted as a Partner in 1991, transferring to the Lisbon office in 1996. He initially joined the Audit department and later the Transaction Services department, having participated in numerous audits and consulting projects, particularly in the area of transactions and corporate reorganisations. As an auditor, the scope of responsibilities included, in most cases, the performance of the duties of the Investmark Holdings, B.V.members of the Supervisory Board or the Statutory Auditor; at different times he performed various internal functions at PW / PwC, namely (i) the head of the Porto office (1989-1998); (iii) territorial responsibility for the technical audit function and risk management ("Technical Partner" and "Risk Management Partner"); (iii) responsibility for administrative functions, financial and internal IT ("Finance & Operations Partner"); (iv) in charge of the Audit Department; (v) member of the Executive Committee ("Territory Leadership Team"); 1966-1976: initiated activity in a small company in the automotive sector, interrupted between 1971-1974 for the fulfilment of military service.

For the past five years he has not held any director level positions.

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

For the past five years he has not held any director level positions.

b) Functioning

34. Availability and place where the rules on the functioning of the Supervisory Board may be viewed.

The **Rules of the Supervisory Board of the Company** can be viewed at http://www.amorim.com/xms/files/Investidores/2_Orgaos_Sociais/2014-2016_Regulamento_do_Conselho_Fiscal.pdf

35. The number of meetings held and the attendance report for each member of the Supervisory Board.

The Supervisory Board meets whenever called by the Chairman or by any other two members of the Supervisory Board, and at least every quarter, pursuant to article 10 of the rules of procedure of that body. The Supervisory Board met six times during 2016, and all Investmark Holdings, B.V.members attended those meetings. The overall and invdividual attendance was thus of 100%.

36. The availability of each member of the Supervisory Board, indicating the positions held simultaneously in other companies inside and outside the group, and other relevant activities undertaken by members of these Boards.

Manuel Carvalho Fernandes (Chairman):

Company	Position Held
Grupo AFSA, SGPS, S.A. – management positions	
AFSA, SGPS, S.A.	Director
COEPAR – Consultoria e Investimentos, S.A.	Director
S2IS – Serviços e Investimentos, SGPS, S.A.	Director
BRASILIMO – Investimentos Imobiliários no Brasil, SGPS, S.A.	Director
SSL – Serviços e Investimentos, S.A.	Director
QMETRICS – Serviços, Consultoria e Avaliação da Satisfação, S.A.	Director
Other companies – Management positions	
Faceril – Fábrica de Cerâmica do Ribatejo, S.A.	Director
Coeprimob – Promoção Imobiliária, S.A.	Director
Qdata, Lda.	Manager
Quaternaire, S.A.	Director
Grupo AFSA, SGPS, S.A. – other positions	
Douro Empreendimentos Imobiliários, Lda.	Advisory Board
Brasilimo Empreendimentos Imobiliários, Lda.	Advisory Board
Other companies – other positions	
Oriente Foundation	Curator

Ana Paula Africano de Sousa e Silva (Member):

Institution	Position Held
University of Porto	Lecturer
Faculty of Economics from the University of Porto	Member of the Board of Representatives Member of the Scientific Committee of the Master's Degree in Economics and International Management
Centre of Economic and Financial Studies (CEFUP)	Member

Eugénio Luís Lopes Franco Ferreira (Member):

Company	Position Held
NOS, SGPS, S.A.	Member of the Supervisory Board

Since 2009, he acts professionally as a self-employed consultant.

Durval Ferreira Marques (Alternate Member): Does not hold any post in any other company.

c) Powers and duties

37. A description of the procedures and criteria applicable to the supervisory body for the purposes of hiring additional services from the external auditor.

The Supervisory Board is responsible for monitoring the independence of the Statutory Auditor, especially in relation to the provision of additional services.

It is to be noted that the entry into force on 1 January 2016 of Law No. 140/2015 of 7 September, approving the new Statutes of the Order of Statutory Auditors and Law No. 148/2015 of 9 September approving the Legal Regime for Audit Supervision, implied that the provision of services by the Statutory Auditor is substantially limited (a wide range of services are legally prohibited and the rest are limited to 30% of the total fees paid to the Statutory Auditor) and that the non-prohibited services require the prior approval of the Supervisory Board.

Thus, while always being subjected to the approval by the Supervisory Board, other services were contracted from PricewaterhouseCoopers (and not the additional services provided by the external auditor). Such services essentially refer to assistance for the implementation of administrative mechanisms to address legal formalities.

Under such services:

i. PricewaterhouseCoopers does not lead the underlying projects. These projects are always headed by the appropriate department of Corticeira Amorim.

ii. The representatives from PricewaterhouseCoopers appointed to the position of Statutory Auditor of Corticeira Amorim do not collaborate on these projects;

There are, therefore, no issues regarding the independence of the work of the Statutory Auditor.

38. Other duties of the supervisory body.

The Supervisory Board is responsible, under the law and respective Rules of Procedure, for the following:

Oversee the management of the company;

- Monitor compliance with the law and articles of association;
- Check the correctness of the accounting records and documents supporting those records;
- Check when deemed convenient and in the manner considered adequate, the extent of cash and stocks of any kind of goods or assets owned by the company or received as collateral, deposit or otherwise;
- Check the accuracy of the financial statements;
- Check whether the accounting policies and valuation criteria adopted by the company lead to a correct assessment of the assets and profits;
- Prepare an annual report on its supervisory action and give an opinion on the report, accounts and proposals submitted by management;
- Convene the General Meeting when the Chairman of that Presiding Board does not and should do so;
- Monitor the effectiveness of the risk management system, internal control system and internal audit system, if any;
- Receive reports of irregularities presented by shareholders, company employees or others, giving them due treatment;
- Analyse the reports of irregularities received, requesting from the company's other corporate bodies and structures the necessary explanations for the reported situations;
- Suggest, following the analysis referred to in the preceding paragraph, measures to safeguard from the occurrence of such irregularities and give knowledge of them to the Board of Directors and to the internal or external entities that each situation warrants, while always guaranteeing the non-disclosure of the identity of those reporting such situation, unless they expressly do not wish such;
- Outsource for the provision of expert services to assist one or more of its members in the exercise of their duties; the hiring and remuneration of experts must take into account the importance of the entrusted matters and the financial

situation of the company; the scope and conditions of the provision of services to be hired must be communicated in advance to the Board of Directors;

- Examine and issue its prior opinion on the transactions with Qualified Shareholders, as set down in specific regulations;

- Suspend directors when:

  - their health temporarily prevents them from performing their duties;
  - other personal circumstances preclude them from carrying out their duties for a period of time presumably greater than sixty days and they ask the Supervisory Board to be temporarily suspended or the Board deems this to be in the interest of the company;

- Declare the removal from office of Directors when, following their appointment, there occurs some form of incapacity or incompatibility that poses a barrier to that appointment and the director does not leave that post or does not remove the supervening incompatibility within thirty days;

- Comply with all other duties set down by law or the articles of association;

- Assess the management report, the annual accounts, the legal certification of accounts or impossibility of certification, as well as the additional report to be prepared by the Statutory Auditor in accordance with article 24 of Law 148/2015;

- If it agrees with the statutory audit certificate or the statement that the issue of such certification is impossible, then it must explicitly state this in its opinion;

- If it does not agree with the statutory audit certificate or the statement that the issue of such certification is impossible, then it must include the reasons for such disapproval in its report;

- Send the report and opinion to the Board of Directors within fifteen days of the date on which it received the referred accounting documents;

- Issue in its report and opinion a statement that, relating to the annual directors' report, the annual accounts, and other accounting documents required by law or CMVM Regulations, to the best of its knowledge, the information was prepared in accordance with applicable accounting standards, giving a true and fair view of the assets and liabilities, financial position and profit/loss of the company and the companies included in the consolidation perimeter, and that the management report faithfully describes the evolution of the business, the company's performance and position and of the companies included in the consolidation perimeter, and it contains a description of the principal risks and uncertainties that they face;

- Supervise the process of preparation and disclosure of financial information and submit recommendations or proposals to ensure its integrity;

- Select the auditors to propose to the General Assembly and Investmark Holdings, B.V.justifiably recommend the preference for one of them;

- Monitor the statutory audit of the individual and consolidated annual accounts, in particular the implementation of the same, taking into account any findings and conclusions of the Portuguese Securities Market Commission;

- Verify and monitor the independence of the Statutory Auditor pursuant to the law, including the obtaining of formal written confirmations of the statutory auditor provided Investmark Holdings, B.V.in Articles 63 and 78 of the Statute of the Statutory Auditors Association and in particular, verify the appropriateness and approve the rendering of services other than audit services;

- Check that the published report on the corporate governance structure and practices includes the provisions referred to in article 245-A of the Portuguese Securities' Code.

IV. STATUTORY AUDITOR

39. Details of the statutory auditor and the partner representing it.
The Statutory Auditor shall consist of one member and one alternate member, any one of which may be a statutory auditor or statutory auditor firm.

The members of this body in office on 31 December 2013, elected for the 2011 to 2013 term, remained in office according to law until an election was held, which was on 24 March 2014, in the General Meeting. This General Meeting re-elected all members for a new term, namely from 2014 to 2016:

Member: PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda, registered in the CMVM since 15 July 2004 under number 20161485, represented by José Pereira Alves (Statutory Auditor) or António Joaquim Brochado Correia (Statutory Auditor).

Alternate: Hermínio António Paulos Afonso (Statutory Auditor) End of term of office: 31 December 2016, remaining in office until a new election pursuant to law.

The Statutory Auditor is responsible for the following:

- Undertake all necessary examinations and checks for the audit and issue of the statutory audit certificate of the company's accounts. The following must be checked, in particular:

  - The correctness of the accounting records and documents supporting those records;
  - When deemed convenient and in the manner considered adequate, the extent of cash and stocks of any kind of goods or assets owned by the company or received as collateral, deposit or otherwise;
  - The accuracy of the financial statements;
  - Whether the accounting policies and valuation criteria adopted by the company lead to a correct assessment of the assets and profits;

- Immediately report by registered letter to the chairman of the board of directors the facts in its possession that it considers indicate serious difficulties in the pursuit of the company's object, including repeated non-payments to suppliers, bad debts, issuing cheques without sufficient funds, failure to pay social security contributions or taxes. Request that the Chairman of the Board of Directors, in the event no reply was made to a letter or request or the reply received was deemed unsatisfactory, the convening of the board of directors to meet, with the statutory auditor present, to appraise the facts and take the appropriate decisions. If the meeting is not held or if the adopted measures are not deemed adequate to safeguard the interests of the company, it must require, by registered letter, that a general meeting is convened to appraise and decide on the facts contained in the mentioned registered letters and the minutes of the above-referred meeting of the board of directors.

40. State the number of years that the statutory auditor consecutively carries out duties with the company and/or group.

Pricewaterhousecoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda. has performed the duties for twelve consecutive years, while the Statutory Auditor representing that company has been in this role for four years.

Corticeira Amorim did not have a policy of rotation of the Statutory Auditor. Continuation in service of the statutory auditor was subject to a careful assessment of the advantages and disadvantages thereof, in particular the expertise and experience acquired in the type of business in which the Company is engaged in. PricewaterhouseCoopers & Associados, S.R.O.C., Lda. – Statutory Auditor that concludes this year its mandate – met in the opinion of the Company the independence requirements and this was reinforced by the fact the partner in charge of the Company's audit is proposed to be rotated every seven years, a procedure in line with the best international practices. The audit of the company over the last four years has been conducted by António Joaquim Brochado Correia.

With the entry into force of Law No. 140/2015, 07/09 – Statute of the Statutory Auditors Association – Investmark Holdings, B.V.a minimum period (two years) and a maximum (in the case of the Corticeira Amorim, three terms) became legally mandated for the performance of statutory audit functions by the statutory auditor, thus implementing at Corticeira Amorim, the periodic rotation, which is mandatory for the statutory auditor. Being the current Statutory Auditor at the end of his mandate, the next General Shareholders' Meeting of Corticeira Amorim, to be convened for April 7, 2017, will elect a new Statutory Auditor, from a list of selected candidates according to the recommended consultation process, legally provided for.

41. Description of other services that the statutory auditor provides to the company.

The Company and companies with which it is in a group relationship contracted the following services from PricewaterhouseCoopers, including other entities belonging to the same network, services whose nature and value are detailed in the following table:

Type of service	PwC SROC						Companies of PwC's network					
	Corticeira Amorim		Group companies		Total		Corticeira Amorim		Group companies		Total	
Audit and certification of accounts	54,000	100%	158,400	81%	212,400	85%	0	0%	113,700	59%	113,700	59%
Other reliability assurance services	0	0%	22,824	12%	22,824	9%	0	0%	0	0%	0	0%
Tax advice	0	0%	5,549	3%	5,549	2%	0	0%	0	0%	0	0%
Other services	0	0%	8,150	4%	8,150	3%	0	0%	80,411	41%	80,411	41%
Total	54,000	100%	194,923	100%	248,923	100%	0	0%	194,111	100%	194,111	100%

Type of service	Total					
	Corticeira Amorim		Group companies		Total	
Audit and certification of accounts	54,000	100%	272,100	70%	326,100	74%
Other reliability assurance services	0	0%	22,824	6%	22,824	5%
Tax advice	0	0%	5,549	1%	5,549	1%
Other services	0	0%	88,561	23%	88,561	20%
Total	54,000	100%	389,034	100%	443,034	100%

The line-item of Other reliability assurance services includes certifications of investment expenditure statements, report generation on the draft financial statements, verification of the sustainability report and issuing of the opinion on the merger.

In Tax Advisory Services are supporting the *benchmarking* of transfer pricing, contracted before the entry into force of Law No. 140/2015.

Other Services include, among others: customer satisfaction surveys, analysis of pricing and profitability, support for applications for incentives.

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

V. EXTERNAL AUDITOR

42. Details of the external auditor appointed in accordance with Article 8 and the partner that represents same in carrying out these duties, and the respective registration number in the CMVM.

The external audit of Corticeira Amorim is performed by the Statutory Auditor (as identified in section 39).

43. State the number of years that the external auditor and respective partner that represents same in carrying out these duties consecutively carries out duties with the company and/or group.

As set out in section 40 above.

44. Rotation policy and schedule of the external auditor and the respective partner that represents said auditor in carrying out such duties.

As set out in section 40 above.

45. Details of the Board responsible for assessing the external auditor and the regular intervals when said assessment is carried out.

As set out in section 40 above.

46. Details of services, other than auditing, carried out by the external auditor for the company and/or companies in a control relationship and an indication of the internal procedures for approving the hiring of such services and a statement on the reasons for said hire.

As set out in section 41 above (identification of work) and in section 37 (internal procedures).

47. Details of the annual remuneration paid by the company and/or legal entities in a control or group relationship to the auditor and other natural or legal persons pertaining to the same network and the percentage breakdown relating to the following services.

As set out in section 41 above.

C.

INTERNAL ORGANISATION

I. ARTICLES OF ASSOCIATION

48. The rules governing amendment to the articles of association (Article 245-A/1/h).

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

II. REPORTING OF IRREGULARITIES

49. Reporting means and policy on the reporting of irregularities in the company.

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

Such reports shall be addressed to:

> **Supervisory Board of Corticeira Amorim, SGPS, S.A.**
> Address – Registered office of the company: Rua de Meladas, n.º 380 – Apartado 20 – 4536-902 MOZELOS
> Telephone: 22 747 54 00

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

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

- Suggest measures to prevent such irregularities occurring;
- Report any identified and confirmed irregularities to the Board of Directors and relevant authorities, both internal and external, in accordance with each specific situation.

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

Corticeira Amorim believes that there are a number of measures, i.e. (i) the assignment of such responsibilities to the Supervisory Board – a body composed entirely of independent members, thus ensuring the impartial handling and consideration of irregularities reported to the Company; (ii) the non-imposition of the use of a specific format for such reports and the fact that the whistleblower may use the channels it deems most suitable to make the report; (iii) the obligation to ensure protection of personal data (scrupulously following the instructions given by whistleblowers regarding confidentiality) that safeguard the rights of both whistleblowers and other staff members involved, while ensuring that the reporting process remains simple, and contribute effectively to promoting the impartial investigation and clarification of the situations reported.

III. INTERNAL CONTROL AND RISK MANAGEMENT

50. Individuals, boards or committees responsible for the internal audit and/or implementation of the internal control systems.

The Internal Audit Department has powers over such matters.

51. Details, even including organisational structure, of hierarchical and/or functional dependency in relation to other boards or committees of the company.

These departments work under the command of the Board of Directors, closely directed by the Executive Committee.

52. Other functional areas responsible for risk control.

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

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

53. Details and description of the major economic, financial and legal risks to which the company is exposed in pursuing its business activity.

Market risk and operational business risk:
In the first instance, market risk and business risk are managed by the four BUs – Cork Stoppers, Floor and Wall Coverings, Cork Composites and Insulation Cork – that are involved in the markets that deal in Corticeira Amorim's finished products.

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

The adopted method strengthens alignment between the defined strategy and operational planning where such are defined, for a shorter time horizon, the priority actions to develop to reduce risk and ensure sustained value creation. The BUs have implemented processes that allow the systematic monitoring of these actions, which are subject to periodic monitoring and monthly evaluation by the Board of Directors of the BU.

Raw materials (cork) risk:
The management of the procurement, storage and preparation of the single variable common to all business activities of Corticeira Amorim, i.e. the raw material (cork) is centralised in an autonomous BU, given the critical nature of this factor across all the BUs. This permits the following:

- Form a specialised team exclusively focused on raw materials;
- Make the most of synergies and integrate all raw materials (cork) manufactured by other BUs in the relevant BU's production process;
- Improve the management of raw materials from a multinational perspective;

- Strengthen its presence in cork-producing countries;
- Keep an updated historical record of production status by cork-producing forest unit;
- Strengthen relationships with producers, promote forest certification, improve the technical quality of products and enter into research and development partnerships with forestry-related partners;
- Prepare, discuss and enable the Board of Directors to decide on a multi-annual purchasing policy to be implemented;
- Ensure that an optimal mix of raw materials is used to meet market demand for finished products;
- Ensure the supply stability of cork, a critical variable for Corticeira Amorim's operations, over the long term.

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

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

Under the direction of the Board of Directors and assisted by an Executive Committee or an Executive Director, Corticeira Amorim's support divisions play an important role in managing critical risk factors, including risk prevention and detection. The finance department, the organisational development department, the management planning and control department and the internal audit department play an essential role in this regard.

Financial Risk:
As Corticeira Amorim is one of Portugal's most international companies, it pays special attention to managing exchange rate risk as well as liquidity and interest rate risk.

In addition to the responsibilities of the finance department regarding prevention, monitoring and management of the above risks, the main objectives of this department are to assist with the definition and implementation of global financial strategies and with the coordination of the financial management of the group's BUs. It is structured as follows:

- a Financial Board (FB), which coordinates the financial function at a central level. The FB is responsible for developing policies and measures (to be approved by the Executive Committee) and implementing them, for conducting global dealings with financial counterparts, for monitoring progress and preparing regular reports (to the director responsible for the financial section and to the Executive Committee and the Board of Directors);
- Financial Managers who, at the company level, follow the progress of business deals managing their financial component in accordance with the advocated policies and measures, articulating their work performance with the FB.

The financial organisational structure is coordinated as follows:

- Daily and weekly reports and fortnightly debates on financial markets and economic developments that may have an impact on the companies' business;
- Regular (monthly) reports on globally agreed conditions;
- Quarterly meetings of finance managers with a view to reviewing the current specific state of affairs and defining measures to be implemented;
- On the basis of reports submitted to the Board of Directors, the most important aspects of the financial operations (debt, investments, liabilities) shall be discussed.

54. Description of the procedure for identification, assessment, monitoring, control and risk management.

The system of internal control and risk management currently implemented in the company stems from an in-depth and continuous process of improvement and adaptation of internal reflection in the company, involving both the Board of Directors, in particular its Executive Committee, and the different support areas – in particular the area of Organisational Development and Strategic Planning – or the support of external specialised consultants, where appropriate.

Also noteworthy is the Internal Audit area, whose work has significant impact on reducing the organisation's operational risks. The main tasks are to assess and review internal control systems with a view to optimising resources and safeguarding assets as well as monitoring activities carried out in order to provide the management bodies with a reasonable degree of certainty that business goals will be achieved.

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

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

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

55. Core details on the internal control and risk management systems implemented in the company regarding the procedure for reporting financial information (Article 245-A/1/m).

In regard to the **preparation and disclosure of financial information – including the consolidated**, the Company promotes close cooperation among all those involved in the process to ensure that:

- Disclosure complies with all applicable legal requirements and best practices in terms of transparency, relevance and reliability;
- The information has been properly checked both internally and by the appropriate supervisory bodies;
- The information has been approved by the appropriate governing body;
- Its public disclosure complies with all relevant legal requirements and recommendations, specifically those of the

CMVM and is made in the following order: first, via the data dissemination system of the Portuguese Securities Market Commission (www.cmvm.pt); second, via the Company's website (www.corticeiraamorim.com); third, by means of a long list of Portuguese and foreign media contacts; and fourth, to Corticeira Amorim's staff and to shareholders, investors, analysts and other stakeholders, whose contacts are stored in a database.

The process of preparation of financial information, including consolidated information, is dependent on the process of registration of the operations and the support systems. There is an Internal Controls Procedures Manual and an Accounting Manual implemented at the Group level. These manuals contain a set of policies, rules and procedures to (i) ensure that the process of preparation of financial information follows homogeneous principles and (ii) the quality and reliability of the financial information is ensured.

The implementation of accounting policies and internal control procedures relating to the preparation of financial information is subject to evaluation by the internal and external auditors.

The consolidated financial information by Business Unit is assessed, validated and approved by the management of the respective Business Unit, every quarter. This procedure has been consistently adopted by all the Corticeira Amorim Group's business units.

The consolidated financial information of Corticeira Amorim is approved by the Board of Directors and presented to the Supervisory Board, before its publication.

It is also to be emphasized that the referred Internal Control Procedures Manual contains a set of rules intended to ensure that the process of disclosure of financial information, including consolidated information, guarantees the quality, transparency and fairness in the dissemination of information.

IV. INVESTOR ASSISTANCE

56. Department responsible for investor assistance, composition, functions, the information made available by said department and contact details.

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

This Department, headed by the Investor Relations Officer, brings together and coordinates the work of professionals from other departments (Management Control, Legal and tax, Administrative and financial) of Corticeira Amorim in order to provide impartial and timely replies to all requests from investors (whether existing or potential).

Role:
The Investor Relations Department, supervised by Corticeira Amorim's Investor Relations Officer, has the following responsibilities:

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

The following measures carried out in 2016 in the context of contact with investors are especially noteworthy:

- Presentation of annual business activity and results via audio-conferencing, thereby promoting interaction in the disclosure of that information;
- One-on-one meetings held by invitation on the premises of investment banks, both in Portugal and abroad;
- Participation in international road shows;
- Meetings held on the Company's premises with investors and teams of analysts, to whom the major industrial facilities were presented.

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

Type of information made available (in Portuguese and English):

- The name of the Company, its public company status, registered office and other information set out in article 171 of the Portuguese Companies' Code;
- Articles of Association;
- Identification of the members of the Company's governing bodies and the investor relations officer;
- The Office of Investor Assistance, its functions and means of accessing this Office;
- Financial statements, including an annual report on the corporate governance structure and practices;
- Six-month calendar of corporate events released at the beginning of each half-year;
- Notices to members of Annual General Meetings to be given during a 21-day period prior to the date fixed for each meeting;
- Motions submitted for discussion and vote at a General Meeting during a 21-day period prior to the date fixed for the meeting;
- Absentee voting form;
- Proxy form for Annual General Meetings;
- Disclosure of biannual and quarterly information on the Company's business affairs;
- Press releases: financial results, confidential information, qualifying interests in the share capital of the Company;
- Business presentations to investors and market analysts.

From the beginning of 2009 onwards, the minutes of the General Meetings and statistical information on the attendance of shareholders at the General Meetings are also made available for consultation within five working days of the holding of the Annual General Meeting.

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

57. Investor Relations Officer.
The post of Investor Relations Officer of Corticeira Amorim is held by Cristina Rios de Amorim Baptista.

58. Data on the extent and deadline for replying to the requests for information received throughout the year or pending from preceding years.
The response rate to requests for information is 100%. The reply is provided, on average, within 24 hours (working days), except for highly complex cases (average response time of five working days) that require consultation with external resources to the Company and are, therefore, dependent on the deadlines for the reply from such resources. Such cases accounted for less than 5% of all information requests received in 2016. At the end of 2016 there were no unanswered requests.

V. WEBSITE

59. Address.
Corticeira Amorim provides a vast range of information on its website www.corticeiraamorim.com about its corporate structure, business activity and the development of its business.

60. Place where information on the firm, public company status, headquarters and other details referred to in Article 171 of the Commercial Companies' Code is available.
http://www.amorim.com/investidores/informacao-institucional/estruturas-juridica/

61. Place where the articles of association and rules of procedure of the boards and/or committees are available.
Articles of Association:
http://www.amorim.com/investidores/informacao-institucional/estruturas-juridica/

Rules of procedure of the Supervisory Board:
http://www.amorim.com/investidores/informacao-institucional/orgaos-sociais/

62. Place where information is available on the names of the corporate boards' members, the Investor Relations Officer, the Office of Investor Assistance or comparable structure, respective functions and contact details.
Holders of corporate positions:
http://www.amorim.com/investidores/informacao-institucional/orgaos-sociais/

Investor Relations Officer:
http://www.amorim.com/investidores/informacao-institucional/

The Office of Investor Assistance, its duties and means of accessing this Office:
http://www.amorim.com/investidores/informacao-institucional/

63. Place where the documents are available and relate to financial accounts reporting, which should be accessible for at least five years and the half-yearly calendar on company events that is published at the beginning of every six months, including, inter alia, general meetings, disclosure of annual, half-yearly and where applicable, quarterly financial statements.
Accounting reports:
http://www.amorim.com/investidores/relatorio-e-contas/
http://www.amorim.com/investidores/resultados/

Half-yearly calendar of company events:
http://www.amorim.com/investidores/calendario-de-eventos/

64. Place where the notice convening the general meeting and all the preparatory and subsequent information related thereto is disclosed.
http://www.amorim.com/investidores/informacao-institucional/assembleia-geral/

65. Place where the historical archive on the resolutions passed at the company's General Meetings, share capital and voting results relating to the preceding three years are available.
http://www.amorim.com/investidores/informacao-institucional/assembleia-geral/

D.

REMUNERATION

I. POWER TO ESTABLISH

66. Details of the powers for establishing the remuneration of corporate boards, members of the executive committee or chief executive and directors of the company.

It is the responsibility of the Annual General Meeting to appoint a Remuneration Committee. The ability and capacity of the members of the Committee to perform the duties assigned to them in an independent manner for their entire term of office, i.e. to determine the remuneration policy of the members of the governing bodies that shall foster over the medium and long-term the alignment of the interests with those of the Company.

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

Thus,

- the Remuneration Committee of Corticeira Amorim is responsible for setting the fixed and variable remuneration to be awarded to members of the Board of Directors, and also setting the remuneration to be awarded to members of the remaining governing bodies;

- The Board of Directors of Corticeira Amorim is responsible for setting the fixed and variable remuneration to be awarded to its officers.

II. REMUNERATION COMMITTEE

67. Composition of the remuneration committee, including details of individuals or legal persons recruited to provide services to said committee and a statement on the independence of each member and advisor.

Pursuant to the Articles of Association, the Remuneration Committee has three members, who will choose the respective President.

Following the resignation of the Board Member Álvaro José da Silva, presented on 16 May, 2016, the Remuneration Committee now consists of:

Chairman: José Manuel Ferreira Rios;
Member: Rui Fernando Viana Pinto
End of term in office: 31 December 2016, remaining in office until a new election pursuant to law.

No natural or legal person was hired to assist the Remuneration Committee.

The Remuneration Committee met five times in 2016. The global attendance rate was 96%.

It is the responsibility of this Committee to present the Remuneration Policy to be submitted to the General Shareholders' Meeting regarding the remuneration to be paid to members of the Presiding Board of General Meeting, for the Supervisory Board and for the Statutory Auditor. It is also responsible for deciding on the remuneration of each director, which directors' remuneration consists of profit sharing as well as the percentage attributable to each of these.

The members of Corticeira Amorim's Remuneration Committee should not be formally considered independent from the Board of Directors. However, it is generally believed – particularly by the Annual General Meeting which elected the Committee members – that they have adequate technical skills, practical experience and balanced personality to enable them to fully and effectively discharge their role.

68. Knowledge and experience in remuneration policy issues by members of the Remuneration Committee.

Members of the Remuneration Committee were selected on the basis of their wide experience in managing human resources, monitoring and benchmarking other companies' remuneration policies and their knowledge in terms of best remuneration practices and labour law.

Professional qualifications of each member of the Remuneration Committee and other important curricular information:

José Manuel Ferreira Rios (Chairman)
Graduated with a Bachelor's Degree in Economics from the Faculty of Economics of Porto. Property Damage Claims Specialist Course (2016) and frequents various courses on Safety and Human Resources. Has performed since 1975 Management positions in various companies, including, among others, leadership in human resources departments, with extensive experience in human resource management, definition of analysis metrics and performance evaluation.

Currently also holds the titles of Chairman of the General Meeting of the Portuguese Cork Association (APCOR); member of the Supervisory Committee of the Cork Technology Centre (CINCORK) and member of the Board Directors of the Fundação Terras de Santa Maria.

Álvaro José da Silva (Member) – in office until May 16, 2016:
Graduated with a Bachelor's Degree in Economics from the University of Porto; Post graduation course in Finances, from ISAG. Held the post of manager of the Studies, Information and Control Office of Portucel (1978-1983); Financial Director of Isopor Portugal and Dow Chemical Portugal (1983 – 1989). Head of the Consolidation and Management Control Department of the Amorim Group, from 1989 to May 2016. Speaker at various training courses.

Extensive knowledge of the labour market and employment practices and remuneration. Attended various courses and seminars that address these issues, in particular the issues of pay per performance.

Rui Fernando Viana Pinto (Member):
Accounting and auditing course of Instituto Superior de Contabilidade e Administração do Porto. Worked as an auditor in the company Burton & Meyer (1976) and as a tax inspector of the Tax Inspection Service of the Directorate-General for Taxation (DGCI)/Ministry of Finance (1978-1989). Has held the post of manager of the Tax Department of the Amorim Group, from 1989 to the present date.

Knowledge of the labour market and employment practices, in particular the associated tax issues.

III. REMUNERATION STRUCTURE

69. Description of the remuneration policy of the Board of Directors and Supervisory Boards as set out in Article 2 of Law No. 28/2009 of 19 June.

Under the proposal submitted by the Company's Remuneration Committee, the General Shareholders' Meeting held on 30 March 2016 approved the following remuneration policy:

1. The remuneration of the Members of the Presiding Board of the General Meeting and of the Supervisory Board is in the form of an attendance fee. This is established for the entire term of office, considering the characteristics of the Company and market practices;

2. The remuneration of the Statutory Auditor is in the form of an provision of services. This is established annually, considering the characteristics of the Company and market practices;

3. The Members of the Board of Directors shall be paid adequate remuneration taking into account:

   - the individual remuneration package agreed upon between the Company and each Director;

   - observance of the principles of internal equity and external competitiveness, taking into account relevant information disclosed by the main Portuguese economic groups on their remuneration policies and practices;

   - whenever such is adequate and feasible, such remuneration shall primarily consist of a fixed pay (for executive and non-executive directors) plus a variable pay (for executive directors only) as performance-based premium;

   - The award of the variable pay component of remuneration referred to in the preceding paragraph shall be a bonus resulting from short term performance evaluation and from the contribution of the annual performance to medium / long term economic sustainability of the Organisation;

   - the actual amount of the variable pay shall depend on the appraisal to be carried out every year by the Remuneration Committee on the performance of the Board members, examining the contribution of each individual executive director to both the Company's profit in the relevant financial year and compliance with the Company's targets and implementation of the medium/long-term strategies adopted by the Company; the development of the results and the level of compliance with the following strategic objectives: innovation, financial soundness, value creation, competitiveness and growth.

   - the payment of the variable pay component, if any, may be made wholly or in part after determination of the profit (or loss) for the years in respect of the whole term of office. There is, therefore, the possibility of the variable pay being reduced if the profit for the year reflects a significant deterioration in the Company's performance in the last financial year or if it is expectable that a significant deterioration will occur in the financial year underway.

   - the members of the Board of Directors are prohibited from concluding contracts with the Company or with its subsidiaries and/or companies in which it holds an interest, which may mitigate the risk inherent to the variability of the remuneration as determined by the Company.

4. It is the Company's policy to assign the following duties to the members of its governing bodies:

   - the allotment of shares and/or options to acquire shares or based on share price variation; or

   - any retirement benefit scheme to members of the governing bodies.

70. Information on how remuneration is structured so as to enable the aligning of the interests of the members of the Board of Directors with the company's long-term interests and how it is based on the performance assessment and how it discourages excessive risk taking.

The remuneration policy approved by the General Meeting and described in section 69 is fully adopted.

71. Reference, where applicable, to there being a variable remuneration component and information on any impact of the performance appraisal on this component.

The remuneration policy approved by the General Meeting and described in section 69 is fully adopted. The executive members of the Board of Directors earn a variable remuneration component which depends on the evaluation of their performance, in particular the respective contribution either to the profit obtained in the financial year in question or to comply with goals and implementation of the strategies defined by the Company for the medium/long term (results, innovation, financial soundness, value creation, competitiveness and growth).

72. The deferred payment of the remuneration's variable component and specify the relevant deferral period.

The remuneration policy approved by the General Meeting and described in section 69 is fully adopted. In those terms, the payment of the variable pay component, if any, may be made wholly or in part after determination of the profit (or loss) for the years in respect of the whole term of office. There is, therefore, the possibility of the variable pay being reduced if the profit for the year reflects a significant deterioration in the Company's performance in the last financial year or if it is expectable that a significant deterioration will occur in the financial year underway.

In the financial year under review there were no deferred payments of part of variable component of remuneration as the deterioration referred to in the previous paragraph did not occur.

73. The criteria whereon the allocation of variable remuneration as shares is based, and also on maintaining company shares that the executive directors have had access to, on the possible share contracts, including hedging or risk transfer contracts, the corresponding limit and its relation to the total annual remuneration value.

Variable remuneration in the form of shares as described in this section does not exist.

74. The criteria whereon the allocation of variable remuneration as stock options is based and details of the deferral period and the exercise price.

Variable remuneration in the form of stock options as described in this section does not exist.

75. The key factors and grounds for any annual bonus scheme and any additional non-financial benefits.

There are no other systems of annual bonus or other non-cash benefits besides those identified in the previous sections.

76. Key characteristics of the supplementary pensions or early retirement schemes for Directors and state date when said schemes were approved at the general meeting, on an individual basis.

There are no supplementary pensions or early retirement schemes.

As mentioned in section 69, the Remuneration Committee of Corticeira Amorim submitted to the General Meeting held on 30 March 2016 the remuneration policy for the members of the Board of Directors. This proposal, which was approved, expressly stated that the award of the benefits referred to in this note is not the remuneration policy.

Although no retirement benefit systems similar to the ones described in this subsection were in place in the Company on the date hereof, should their implementation be proposed, the General Assembly shall assess the characteristics of the systems adopted and in force in the respective financial year (just as it assessed the non-assignment).

IV. REMUNERATION DISCLOSURE

77. Details on the amount relating to the annual remuneration paid as a whole and individually to members of the company's Board of Directors, including fixed and variable remuneration and as regards the latter, reference to the different components that gave rise to same.

In the 2016 financial year, all the members of the **Board of Directors** earned remunerations from Corticeira Amorim amounting to EUR 625,549.51:

- the executive members earned fixed remunerations amounting to EUR 454,689.51 (António Rios de Amorim: EUR 208,706.25; Nuno Filipe Vilela Barroca de Oliveira: EUR 117,497.01; Fernando José de Araújo dos Santos Almeida: EUR 128,486.25) and variable remuneration – corresponding to a performance bonus arising from the appraisal of the development of the results and compliance with the following strategic objectives: innovation, financial soundness, value creation, competitiveness and growth – which amounted to EUR 170,860.00 (António Rios de Amorim: EUR 75,600.00; Nuno Filipe Vilela Barroca de Oliveira: EUR 38,100.00; Fernando José de Araújo dos Santos Almeida: EUR 57,160.00);

- the non-executive members of this Board did not receive any remuneration for the performance of their roles on the Board of Directors of Corticeira Amorim.

As at 31 December 2016, there were no deferred payments of fixed or variable remunerations.

78. Any amounts paid, for any reason whatsoever, by other companies in a control or group relationship, or are subject to a common control.

In the 2016 financial year none of the members of the Board of Directors have earnings from other associate or affiliated companies included in the consolidation of Corticeira Amorim.

The companies in a control relationship with Corticeira Amorim, SGPS, S.A. – for the performance of administration duties in those same companies – paid remunerations to Cristina Rios de Amorim Baptista: fixed remuneration of EUR 149,856.30 and to Luísa Alexandra Ramos Amorim: fixed remuneration of EUR 56,500.00.

79. Remuneration paid in the form of profit sharing and/or bonus payments and the reasons for said bonuses or profit sharing being awarded.

The variable component of the remuneration package for Directors is similar to a performance bonus and is contingent on the degree of compliance with the Company's strategic targets, goals and initiatives and its three-year priority action plan and annual variations. Of note for this purpose were, among others, the analysis of the development of the results and the level of compliance with the following strategic objectives: innovation, financial soundness, value creation, competitiveness and growth.

The amounts paid to the members of the Board of Directors pursuant to this section are broken down in section 77.

80. Compensation paid or owed to former executive Directors concerning contract termination during the financial year.

No compensation was paid or is owed to former Directors regarding the termination of their duties in 2016.

81. Details of the annual remuneration paid, as a whole and individually, to the members of the company's supervisory board for the purposes of Law No. 28/2009 of 19 June.

In the 2016 financial year, the members of the **Supervisory Board** earned as a whole remuneration amounting to EUR 40,800.00 (Manuel Carvalho Fernandes: EUR 12,000.00; Ana Paula Africano de Sousa e Silva: EUR 9,600.00; Eugénio Luís Lopes Franco Ferreira: 9,600.00; Durval Ferreira Marques: EUR 9,600.00). Under the remuneration policy set out herein, the members of the Supervisory Board did not earn any variable remuneration.

82. Details of the remuneration in said year of the Chairman of the Presiding Board to the General Meeting.

The Chairman and the Secretary of the Board of the General Meeting earned total remuneration EUR 10,000.00 and EUR 3,000.00, respectively.

V. AGREEMENTS WITH REMUNERATION IMPLICATIONS

83. The envisaged contractual restraints for compensation payable for the unfair dismissal of Directors and the relevance thereof to the remunerations' variable component.

No contractual restraints are envisaged in accordance with this section.

84. Reference to the existence and description, with details of the sums involved, of agreements between the company and members of the Board of Directors and managers, pursuant to Article 248-B/3 of the Securities' Code that envisages compensation in the event of resignation or unfair dismissal or termination of employment following a takeover bid. (art. 245-A/1/l).

There are no agreements according to the terms set out in this section. No agreements providing for the payment of compensations to the Company's directors and officers (other than where required by law) have been entered into by and between the Company and its Directors or Officers.

VI. SHARE AWARD AND/OR STOCK OPTION PLANS

85. Details of the plan and the number of persons included therein.

No share award or stock option plans exist.

86. Characteristics of the plan (award conditions, non-transfer of share clauses, criteria on share pricing and the exercising option price, the period during which the options may be exercised, the characteristics of the shares or options to be awarded, the existence of incentives to purchase and/or exercise options).

Pursuant to the remuneration policy approved at the General Meeting and as described in section 85, there are no share award or stock option plans.

The Company believes that if plans of this type are to be implemented, the General Meeting should consider the characteristics of the plans to adopt, as well as their achievement in each financial year.

87. Option rights to acquire shares ("stock options") granted to company workers and employees.

None exist.

88. Control mechanisms for a possible employee-shareholder system inasmuch as the voting rights are not directly exercised by said employees (Article 245-A/1/e).

Control mechanisms of this type do not exist.

E.

RELATED PARTY TRANSACTIONS

I. CONTROL MECHANISMS AND PROCEDURES

89. Mechanisms implemented by the Company for the purpose of controlling transactions with related parties.

All business conducted by the Company with related parties respects the interests of the Company and its subsidiaries, it is examined by the competent body of the Business Unit that is a counterparty in the transaction and undertaken (i) in normal market conditions or (ii) when the specificity of transactions does not allow to determine this value by using the cost-plus criterion, with margins in the range 2%-5%. Business of significant value (transaction greater than EUR 1 million) or, by their nature, of particular relevance to the Company, is analysed by the Executive Committee and/or Board of Directors.

In accordance with the regulation on transactions with holders of qualifying holdings[2] approved and in force since 1 August 2014, conducting transactions with holders of qualifying holdings and/or related entities should be subject to prior opinion of the Supervisory Board in the following cases:

- **i.** Transactions whose value per transaction exceeds one million euros or where the value accumulated during the year exceeds three million euros. The prior opinion of the Supervisory Board will not be necessary for continuous implementation contracts or renovations in terms substantially similar to those of the contract previously in force;
- **ii.** transactions with a significant impact on the business activity of Corticeira Amorim and/or its subsidiaries due to their nature or strategic importance, regardless of the original value;
- **iii.** transactions exceptionally undertaken, outside of normal market conditions, regardless of the respective value.

The assessment to be made under the authorisation procedures and prior opinion applicable to transactions with holders of qualifying holdings and/or related entities shall take into account, among other relevant aspects and according to the specific case, the principle of equal treatment of shareholders and other stakeholders, the pursuit of the interests of the Company, as well as the impact, materiality, nature and justification of each transaction.

The value of these transactions is disclosed annually in the Consolidated Annual Report and Accounts of Corticeira Amorim (section 92 herein).

90. Details of transactions that were subject to control in the referred year.

In the year under review there were no transactions subject to the prior opinion of the Supervisory Board.

[2] In spite of the fact the approved rules on transactions with holders of qualifying holdings and in force from 1 August 2014, are not available to the public, the relevant content of the same is reported in this note 89.

91. A description of the procedures and criteria applicable to the supervisory body when same provides preliminary assessment of the business deals to be carried out between the company and the holders of qualifying interests or entity-relationships with the former, as envisaged in Article 20 of the Securities' Code.

As set out in section 89 above.

II. DATA ON BUSINESS DEALS

92. Details of the place where the financial statements including information on business dealings with related parties are available, in accordance with IAS 24, or alternatively a copy of said data.

The transactions of Corticeira Amorim with related parties are, in general, due to the provision of services by the subsidiaries of AMORIM – INVESTIMENTOS E PARTICIPAÇÕES, SGPS, S.A., (Amorim Serviços e Gestão, S.A., Amorim Viagens e Turismo, Lda., OSI – Sistemas Informáticos e Electrotécnicos, Lda.). The total of services provided by these companies to the companies of Corticeira Amorim was EUR 8.11 million (2015: EUR 7.627 million). The transactions in the opposite direction amounted to EUR 134 thousand (2015: EUR: 117 thousand).

The sales of Quinta Nova, S.A., a subsidiary of AMORIM – INVESTIMENTOS E PARTICIPAÇÕES, S.G.P.S., S.A., to the companies of the universe of Corticeira Amorim totalled EUR 23 thousand (2015: EUR 23 thousand). The transactions in the opposite direction amounted to EUR 86 thousand (2015: EUR 80 thousand).

Purchases of reproduction cork during the year from companies owned by the major indirect shareholders of Corticeira Amorim amounted to EUR 852 thousand (2015: EUR 1,188 thousand) corresponding to less than 1% of total purchases of the cork raw material.

PART II CORPORATE GOVERNANCE ASSESSMENT

1. DETAILS OF THE CORPORATE GOVERNANCE CODE IMPLEMENTED

In matters of corporate governance Corticeira Amorim is governed by: (i) current Portuguese legislation, in particular the Portuguese Companies' Code, Portuguese Securities' Code and the regulations issued by the Portuguese Securities Market Commission (CMVM), which may all be accessed on the CMVM's website: www.cmvm.pt; (ii) its own articles of association, which are available on the Company's website at: http://www.amorim.com/investidores/informacao-institucional/estruturas-juridica/; and (iii) the 2013 CMVM Corporate Governance Code as referred to in the CMVM Regulation no. 41/2013 and which, despite just being a recommendatory framework, is an important benchmark of good practice, which is also available at www.cmvm.pt.

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

2. ANALYSIS OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE IMPLEMENTED

I. VOTING AND CORPORATE CONTROL

I.1. Companies shall encourage shareholders to attend and vote at general meetings and shall not set an excessively large number of shares required for the entitlement of one vote, and implement the means necessary to exercise the right to vote by mail and electronically.
Complies. Sections: 12, 13 and 56.

I.2. Companies shall not adopt mechanisms that hinder the passing of resolutions by shareholders, including fixing a quorum for resolutions greater than that provided for by law.
Does not comply. Section 14.

The **Articles of Association of Corticeira Amorim** enshrine a quorum for calling meetings to order/taking decisions that is greater than that established in law[3] **in the following situations:**

- Restriction or withdrawal of pre-emption rights in share capital increases – the Company's articles of association require that the Annual General Meeting be attended by shareholders accounting for at least 50 per cent of the paid-up share capital (article 7);
- Removal of a director elected under the special provisions set out in article 392 of the Portuguese Companies' Code – in order that a resolution on this issue may be adopted, it is necessary that shareholders accounting for at least 20 per cent of the share capital shall not vote against the resolution to remove a Director from office (article 17);
- In order that resolutions may be passed at an Annual General Meeting convened by shareholders, the meeting shall be attended by members holding shares equivalent to the minimum amount required by law to justify the calling of such a meeting (article 22);
- Change in the composition of the Board of Directors – this resolution must be approved by shareholders accounting for at least two-thirds of the share capital (article 24);
- Winding-up of the Company – this resolution must be approved by shareholders accounting for at least 85 per cent of the paid-up share capital (article 33).

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

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

[3] The Portuguese Companies' Code establishes the following requirements for valid decision-making at the general meeting:

Quorum (article 383):

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

Majority (article 386):

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

I.3. Companies shall not establish mechanisms intended to cause mismatching between the right to receive dividends or the subscription of new securities and the voting right of each common share, unless duly justified in terms of long-term interests of shareholders.
Complies. Section 12.

I.4. The company's articles of association that provide for the restriction of the number of votes that may be held or exercised by a sole shareholder, either individually or jointly with other shareholders, shall also foresee for a resolution by the General Assembly (5 year intervals), on whether that statutory provision is to be amended or prevails – without super quorum requirements as to the one legally in force – and that in said resolution, all votes issued be counted, without applying said restriction.
Not applicable. The Company Articles of Association do not provide for limitations on the number of votes that may be held or exercised by a shareholder, either separately or jointly with other shareholders. **Section 13**

I.5. Measures that require payment or assumption of fees by the company in the event of change of control or change in the composition of the Board and that which appear likely to impair the free transfer of shares and free assessment by shareholders of the performance of Board members, shall not be adopted.
Complies partially. The Company concluded financing contracts with possible early repayment in the event of a change in shareholder control. No measures have been implemented specifically targeting the effects described in this recommendation. **Sections 4 and 84.**

II. SUPERVISION, MANAGEMENT AND OVERSIGHT

II.1. Supervision and Management

II.1.1. Within the limits established by law, and excepting small-sized companies, the Board of Directors shall delegate the daily management of the company and said delegated powers shall be identified in the Annual Report on Corporate Governance.
Complies. Sections 27 to 29.

II.1.2. The Board of Directors shall ensure that the company acts in accordance with its objectives and shall not delegate its responsibilities as regards the following: i) define the general strategy and policies of the company, ii) define business structure of the group, iii) decisions considered strategic due to the amount, risk and particular characteristics involved.
Complies. As better detailed in **section 9**, only day-to-day management can be delegated.

II.1.3. The General and Supervisory Board, in addition to its supervisory duties, shall take full responsibility at corporate governance level. Hence, through statutory provision or by equivalent means, the requirement shall be established for this body to decide on the strategy and major policies of the company, the definition of the corporate structure of the group and the decisions that shall be considered strategic due to the amount or risk involved. This body shall also assess compliance with the strategic plan and the implementation of key policies of the company.
Not applicable. The model adopted by Corticeira Amorim does not include this body, as described in **section 15**; the powers to define policy and strategies under this recommendation are powers that cannot be delegated by the Board of Directors. The Supervisory Board and the Statutory Auditor have supervisory powers, with the specific nature arising from the scope of the respective activity.

II.1.4. Except for small-sized companies, the Board of Directors shall create the necessary committees in order to:

a) Ensure a competent and independent assessment of the performance of the executive directors and its own overall performance, as well as of other committees;
Does not comply. Section 69.

b) Reflect on the system structure and governance practices adopted, verify its efficiency and propose to the competent bodies, measures to be implemented with a view to their improvement.
Complies. Section 15.

II.1.5. The Board of Directors should set goals in terms of risk-taking and create systems for their control to ensure that the risks effectively incurred are consistent with those goals.
Complies. Section 54.

II.1.6. The Board of Directors shall include a number of non-executive members ensuring effective monitoring, supervision and assessment of the activity of the remaining members of the board.
Complies. Section 18.

II.1.7. Non-executive members shall include an appropriate number of independent members, taking into account the adopted governance model, the size of the company, its shareholder structure and the relevant free float.
Does not comply.
Although the Board of Directors does not include independent non-executive members as recommended by the Corporate Governance Code, the Company believes that the existence of two supervisory teams – a supervisory board and a statutory auditor – whose members are all independent, **ensures the interests envisaged by this recommendation are fully and appropriately safeguarded**. In addition, it is believed that the observance of this independence requirement coupled with the liability regime for members of the Supervisory Board, meet the conditions necessary to ensure effective supervision to a high standard of impartiality, rigour and independence.

II.1.8. When board members that carry out executive duties are requested by other board members, said shall provide the information requested, in a timely and appropriate manner to the request.
Complies. Section 15.

II.1.9. The Chairman of the Executive Committee shall provide the Chairman of the Board of Directors, and the Chairman of the Supervisory Board with the notice of meetings and respective minutes.
Complies. Section 29.

II.1.10. If the chair of the Board of Directors carries out executive duties, said body shall appoint, from among its members, an independent member to ensure the coordination of the work of other non-executive members and the conditions so that said can make independent and informed decisions or to ensure the existence of an equivalent mechanism for such coordination.
Does not comply.
The Board of Directors of Corticeira Amorim does not include independent non-executive members, so it is not possible to establish the relationship on the terms set out in this recommendation.

Nonetheless, the Company believes that the **procedures described in section 21 of this report constitute a system that in practice ensures the fulfilment of the goals advocated by this recommendation**.

Ii.2. Supervision

II.2.1. Depending on the applicable model, the Chair of the Supervisory Board shall be independent in accordance with the applicable legal standard, and have the necessary skills to carry out their relevant duties.
Complies. Sections 31 to 33.

II.2.2. The supervisory body shall be the main representative of the external auditor and the first recipient of the relevant reports, and is responsible, inter alia, for proposing the relevant remuneration and ensuring that the proper conditions for the provision of services are provided within the company.
Complies.
It is the responsibility of the Supervisory Board to propose the Statutory Auditor and the respective remuneration, within the framework of the Remuneration Policy approved at the Shareholders' Meeting.

II.2.3. The supervisory board shall assess the external auditor on an annual basis and propose to the competent body its dismissal or termination of the contract as to the provision of their services when there is a valid basis for said dismissal.
Complies. Sections 38 and 40.

II.2.4. The supervisory board shall assess the functioning of the internal control systems and risk management and propose adjustments as may be deemed necessary.
Complies. Section 38.

II.2.5. The Audit Committee, the General and Supervisory Board and the Supervisory Board decide on the work plans and resources concerning the internal audit services and services that ensure compliance with the rules applicable to the company (compliance services), and should be recipients of reports made by these services at least when it concerns matters related to accountability, identification or resolution of conflicts of interest and detection of potential illegalities.
Complies. Section 38.
The head of the Internal Audit Department meets quarterly with the Supervisory Board of the Company, to present and discuss the annual work plan, the resources allocated and the actions undertaken, particularly through the preparation and discussion of a report describing the implementation of such plan the work carried out and the conclusions of such actions.

Ii.3. Definition Of Remunerations

II.3.1. All members of the Remuneration Committee or equivalent should be independent from the executive board members and include at least one member with knowledge and experience in matters of remuneration policy.
Does not comply. Section 67.

The members of Corticeira Amorim's Remuneration Committee should not be formally considered independent from the Board of Directors. However, it is generally believed – particularly by the Annual General Meeting which elected the Committee members – that **they have adequate technical skills, practical experience and balanced personality to enable them to fully and effectively discharge their role.**

II.3.2. No natural or legal person that provides or has provided services in the past three years, to any structure under the board of directors, the Board of Directors of the company itself or who has a current relationship with the company or consultant of the company, shall be hired to assist the Remuneration Committee in the performance of their duties. This recommendation also applies to any natural or legal person that is related to the above by employment contract or provision of services.
Complies. No person was hired or contracted according to the terms of this recommendation.

II.3.3. The statement on the remuneration policy for the members of the Board of Directors and Supervisory Boards as set out in Article 2 of Law No. 28/2009 of 19 June, shall also contain:

a) Identification and details of the criteria for determining the remuneration paid to the members of the governing bodies;
Does not comply.

The remuneration policy statement described in section 69 and prepared in accordance with the provisions of Article 2 of Law 28/2009 of 19 June, does not include the information envisaged in this recommendation.

b) Information regarding the maximum potential, in individual terms, and the maximum potential, in aggregate form, to

be paid to members of corporate bodies, and identify the circumstances whereby these maximum amounts may be payable;
Does not comply. The statement on remuneration policy does not contain this information, as described in **section 69**.

c) Information regarding the enforceability or unenforceability of payments for the dismissal or termination of appointment of board members.
Does not comply. The statement on remuneration policy does not contain this information, as described in **section 69**.

It is concluded that, as not all the practices listed in recommendation II.3.3 are complied with, recommendation II.3.3. is deemed to not have been complied with, in accordance with the interpretation of the Portuguese Securities Market Commission.

II.3.4. Approval of plans for the allotment of shares and/or options to acquire shares or based on share price variation to board members shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess said plan.
Not applicable, since the Company has not set up any share or share options plan. **Sections 69, 85 and 86.**

II.3.5. Approval of any retirement benefit scheme established for members of governing bodies shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess said system.
Not applicable, since there is no supplementary pensions or early retirement scheme for members of the corporate bodies. **Section 76.**

III. REMUNERATION

III.1. The remuneration of the executive members of the board shall be based on actual performance and shall discourage taking on excessive risk-taking.
Complies. Section 69.
Pursuant to the remunerations policy referred to in section 69, the award of the variable pay component of remuneration corresponds to a performance bonus, attributable to the executive members of the Board of Directors, resulting from the short-term performance evaluation and from the contribution of the annual performance to medium / long term economic sustainability of the Organisation.

Its actual amount shall depend on the appraisal to be carried out every year, examining the contribution of each individual executive director to both the Company's profit in the relevant financial year and compliance with the Company's targets and implementation of the medium/long-term strategies adopted by the Company; the development of the results and the level of compliance with the following strategic objectives: innovation, financial soundness, value creation, competitiveness and growth.

The payment of the variable pay component, if any, may be made wholly or in part after determination of the profit (or loss) for the years in respect of the whole term of office. There is, therefore, the possibility of the variable pay being reduced if the profit for the year reflects a significant deterioration in the Company's performance in the last financial year or if it is expectable that a significant deterioration will occur in the financial year underway.

They are also prohibited from concluding contracts with the Company or with its subsidiaries and/or companies in which it holds an interest, which may mitigate the risk inherent to the variability of the remuneration as determined by the Company.

III.2. The remuneration of non-executive board members and the remuneration of the members of the supervisory board shall not include any component whose value depends on the performance of the company or its value.
Complies. Section 69.

III.3. The variable component of remuneration shall be reasonable overall in relation to the fixed component of the remuneration and maximum limits should be set for all components.
Does not comply.
It must be stressed that current practice clearly reflects a reasonable balance (**Section 77**) not only in terms of absolute values but also in terms of the ratio between fixed and variable remuneration, that there is only a limit – imposed by the Articles of Association – for the part that is established as profit sharing, which cannot exceed 3% for the entire Board of Directors.

III.4. A significant part of the variable remuneration should be deferred for a period of no less than three years, and the right of way payment shall depend on the continued positive performance of the company during that period.
Does not comply. Section 77.
The deferral under the conditions specified in this Recommendation is not usual practice. It should be emphasized that the award of the variable component of remuneration to the:

- executive members of the Board of Directors results from the short-term performance evaluation and from the contribution of the annual performance to medium / long term economic sustainability of the Organisation. Its payment may be made wholly or in part after determination of the profit (or loss) for the years in respect of the whole term of office. There is, therefore, the possibility of the variable pay being reduced if the profit for the year reflects a significant deterioration in the Company's performance in the last financial year or if it is expectable that a significant deterioration will occur in the financial year underway.

- Officers, results from the verification of compliance with the goals, objectives and strategic initiatives and priority actions defined in a three-year plan, with the respective annual variations, which safeguards the interests covered by this recommendation, although for a period not exceeding three years.

III.5. Members of the Board of Directors shall not enter into contracts with the company or with third parties which intend to mitigate the risk inherent to remuneration variability set by the company.
Complies. Section 69.

III.6. Executive board members shall maintain the company's shares that were allotted by virtue of variable remuneration schemes, up to twice the value of the total annual remuneration, except for those that need to be sold for paying taxes on the gains of said shares, until the end of their term of office.
Not applicable.

The Company has not, nor ever had, schemes for awarding shares as variable remuneration. The remuneration policy also does not envisage schemes for awarding shares as variable remuneration.

III.7. When the variable remuneration includes the allocation of options, the beginning of the exercise period shall be deferred for a period not less than three years.
Not applicable.
The Company has not, nor ever had, schemes for awarding shares as variable remuneration. The remuneration policy also does not envisage schemes for awarding shares as variable remuneration.

III.8. When the removal of board member is not due to serious breach of their duties nor to their unfitness for the normal exercise of their functions but is yet due to inadequate performance, the company shall be endowed with the adequate and necessary legal instruments so that any damages or compensation, beyond that which is legally due, is unenforceable.
Complies.
No legal instrument has been entered into with Directors requiring

the company, as provided for in this Recommendation, to pay any damages or compensation beyond that which is legally due.

IV. AUDITING

IV.1. The external auditor shall, within the scope of its duties, verify the implementation of remuneration policies and systems of the corporate bodies as well as the efficiency and effectiveness of the internal control mechanisms and report any shortcomings to the supervisory body of the company.
Does not comply.
The mandate of the Statutory Auditor does not cover checking the remuneration policies and systems implemented in the Company. **It is belief of the Board of Directors that the remuneration management system currently implemented ensures compliance with the remuneration policy adopted by the General Meeting of Shareholders.**

As set out in **section 39**, the performance of all other duties – that must be diligently and effectively carried out – are the Statutory Auditor's responsibility.

IV.2. The company or any entity with which it maintains a control relationship shall not engage the external auditor or any entity with which it finds itself in a group relationship or that incorporates the same network, for services other than audit services. If there are reasons for hiring such services – which must be approved by the supervisory board and explained in its Annual Report on Corporate Governance – said should not exceed more than 30% of the total value of services rendered to the company.
Complies. Sections 37 and 41.

IV.3. Companies shall support auditor rotation after two or three terms whether these encompass periods of four or three years, respectively. Its continuance beyond this period must be based on a specific opinion of the supervisory board that explicitly considers the conditions of auditor's independence and the benefits and costs of its replacement.
Does not comply.
As set out in **section 40**, there is no policy of rotation of Statutory Auditor. Continuation in service of the statutory auditor beyond the recommended three-year term is subject to a careful assessment of the advantages and disadvantages, in particular the expertise and experience acquired in the type of business in which the Company is engaged in.

PricewaterhouseCoopers & Associados, SROC, Lda meets the independence requirements and, in addition, this firm of auditors – in line with international best practices – is willing to rotate the auditor assigned to Corticeira Amorim every seven years.

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

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

Nevertheless, as mentioned in section 40., with the entry into force of Law No. 140/2015, 07/09 – Statute of the Statutory Auditors Association – a minimum period (two years) and a maximum (in the case of Corticeira Amorim, three terms) became legally mandated for the performance of statutory audit functions by the statutory auditor, thus implementing at Corticeira Amorim, the periodic alteration (rotation), which is mandatory for the statutory auditor. Being the current Statutory Auditor at the end of his mandate, the next General Shareholders' Meeting of Corticeira Amorim, to be convened for April 7, 2017, will elect a new Statutory Auditor, from a list of selected candidates according to the recommended consultation process, legally provided for.

V. CONFLICTS OF INTEREST AND RELATED PARTY TRANSACTIONS

V.1. The company's business with holders of qualifying interests or entities with which they are in any type of relationship pursuant to article 20 of the Portuguese Securities' Code, shall be conducted during normal market conditions.
Complies. Sections 89 and 92.

V.2. The supervisory or oversight board shall establish procedures and criteria that are required to define the relevant level of significance of business with holders of qualifying interests – or entities with which they are in any of the relationships described in article 20/1 of the Portuguese Securities' Code – thus significant relevant business is dependent upon prior opinion of that body.
Complies. Sections 89 and 92.

VI. INFORMATION

VI.1. Companies shall provide, via their websites in both the Portuguese and English languages, access to information on their progress as regards the economic, financial and governance state of play.
Complies. Sections 59 to 65.

VI.2. Companies shall ensure the existence of an investor support and market liaison office, which responds to requests from investors in a timely fashion and a record of the submitted requests and their processing shall be kept.
Complies. Section 56.

Mozelos, 15 February 2017

The Board of Directors of Corticeira Amorim, S.G.P.S., S.A.

António Rios de Amorim
Chairman

Nuno Filipe Vilela Barroca de Oliveira
Vice-Chairman

Fernando José de Araújo dos Santos Almeida
Member

Cristina Rios de Amorim Baptista
Member

Luísa Alexandra Ramos Amorim
Member

Juan Ginesta Viñas
Member


04

Consolidated Financial Statements

Consolidated Statement of Financial Position (thousand euros)

	Notes	December 2016	December 2015
ASSETS			
Property, plant and equipment	IX	197,454	190,352
Investment property	IX	7,100	5,008
Investments in associates	VI and XI	9,450	13,304
Intangible assets	IX	3,776	2,489
Other financial assets	XII	3,940	4,177
Deferred tax assets	XIII	10,004	8,359
Non-current assets		**231,723**	**223,690**
Inventories	XIV	268,691	271,705
Trade receivables	XV	141,876	132,545
Income tax assets	XVI	4,214	3,139
Other current assets	XVII	29,249	28,678
Cash and cash equivalents	XVIII	51,119	7,461
Current assets		**495,150**	**443,530**
TOTAL ASSETS		**726,873**	**667,219**
EQUITY			
Share capital	XIX	133,000	133,000
Other reserves	XIX	175,347	152,754
Net Income		102,703	55,012
Non-Controlling Interest	XX	15,892	13,368
TOTAL EQUITY		**426,943**	**354,133**
LIABILITIES			
Interest-bearing loans	XXI	38,609	41,211
Other borrowings and creditors	XXIII	10,072	10,015
Provisions	XXX	30,661	32,227
Deferred tax liabilities	XIII	6,856	6,743
Non-current liabilities		**86,198**	**90,196**
Interest-bearing loans	XXI	48,399	50,146
Trade payables	XXII	109,985	121,184
Other borrowings and creditors	XXIII	49,631	49,518
Income tax liabilities	XVI	5,717	2,042
Current liabilities		**213,732**	**222,890**
TOTAL LIABILITIES AND EQUITY		**726,873**	**667,219**

(this statement should be read with the attached notes to the consolidated financial statements)

Consolidated Income Statement by Nature – Of the Year and Fourth Quarter (thousand euros)

4Q16 (non audited)	4Q15 (non audited)		Notes	2016	2015
150,554	141,911	Sales	VIII	641,411	604,800
67,392	71,976	Costs of goods sold and materials consumed		294,350	307,375
-4,633	3,339	Change in manufactured inventories		-12,358	18,188
25,814	24,112	Third party supplies and services	XXIV	103,001	100,537
29,163	30,754	Staff costs	XXV	113,291	111,881
-1,293	600	Impairments of assets	XXVI	729	3,291
2,575	2,411	Other gains	XXVII	9,596	8,934
518	-345	Other costs	XXVII	4,932	8,117
26,901	**20,565**	**Current EBITDA**		**122,347**	**100,720**
8,249	6,337	Depreciation	IX	26,310	25,051
18,651	**14,228**	**Current EBIT**		**96,037**	**75,669**
-623	3	Non-current costs	XXVI	-4,353	-2,904
-467	1,126	Financial costs	XXVIII	-860	2,847
266	*418*	*Interest Costs and other financial costs*		*1,646*	*2,139*
-733	*709*	*Provisions*		*-2,506*	*709*
28	32	Financial income	XXVIII	88	58
78	1,050	Share of (loss)/profit of associates	XI	2,384	3,091
47,577	0	Gain on the disposal of associates	XI	47,577	0
66,178	**14,188**	**Profit before tax**		**142,592**	**73,066**
17,700	408	Income tax	XIII	37,880	17,496
48,478	**13,779**	**Profit after tax**		**104,713**	**55,570**
999	378	Non-controlling Interest	XX	2,010	558
47,479	**13,402**	**Net Income attributable to the equity holders of Corticeira Amorim**		**102,703**	**55,012**
0.357	**0.101**	**Earnings per share – Basic and Diluted (euros per share)**	XXXIV	**0.772**	**0.431**

(this statement should be read with the attached notes to the consolidated financial statements)

Consolidated Statement of Comprehensive Income – Of the Year and Fourth Quarter (thousand euros)

4Q16 (non audited)	4Q15 (non audited)		Notes	2016	2015
48,479	**13,779**	**Net Income (before non-controlling Interest)**		**104,713**	**55,570**
		Itens that could be reclassified through income statement:			
-1,233	-475	Change in derivative financial instruments fair value	XIII	-938	-124
1,666	823	Change in translation differences and other	XIII	1,635	1,030
265	-619	Share of other comprehensive income of investments accounted for using the equity method	XIII	66	-382
53	-7	Other comprehensive income	XIII	53	-7
		Itens that will not be reclassified through income statement:			
0	0	Gain in treasury stock sale	XIII	0	25,729
751	**-272**	**Net Income directly registered in Equity**		**816**	**26,246**
49,230	**13,508**	**Total Net Income registered**		**105,529**	**81,816**
		Attributable to:			
47,139	13,078	Corticeira Amorim Shareholders		102,205	81,561
2,091	430	Non-controlling Interest		3,324	255

(this statement should be read with the attached notes to the consolidated financial statements)
(items in this Statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in note XIII)

Consolidated Statement Of Cash Flow – Of The Year And Fourth Quarter (thousand euros)

4Q16 (non audited)	4Q15 (non audited)		Notes	2016	2015
		OPERATING ACTIVITIES			
167,717	159,726	Collections from customers		653,850	642,252
-130,770	-128,195	Payments to suppliers		-492,569	-514,686
-30,116	-30,379	Payments to employees		-112,431	-110,261
6,831	**-258**	**Operational cash flow**		**48,850**	**17,305**
-14,446	-5,906	Payments/collections – income tax		-25,655	-15,611
1,119	22,989	Other collections/payments related with operational activities		36,702	52,952
-6,496	**18,235**	**Cash flow before extraordinary items (1)**		**59,897**	**54,646**
		INVESTMENT ACTIVITIES			
		Collections due to:			
1,105	78	Tangible assets		1,520	484
53,669	1	Investment property		53,676	50
34	82	Other assets		151	227
37	33	Interests and similar gains		76	64
150	125	Dividends		306	287
		Payments due to:			
-10,108	-14,145	Tangible assets		-33,562	-31,189
-282	-31	Financial investments		-319	-92
-898	-1,197	Intangible assets		-1,729	-1,617
43,709	**-15,054**	**Cash flow from investments (2)**		**20,119**	**-31,786**
		FINANCIAL ACTIVITIES			
		Collections due to:			
12,022	3,082	Loans		20,400	0
0	0	Sale of treasury stock		0	32,927
1,170	2,095	Investment subsidies		2,204	2,095
515	391	Others		3,057	1,925
		Payments due to:			
0	0	Loans		-28,398	-2,575
-589	-960	Interests and similar expenses		-1,743	-2,894
-10,742	-32,597	Dividends		-32,804	-50,509
-876	-2,229	Investment subsidies		-4,034	-2,229
-374	-96	Others		-688	-428
1,127	**-30,315**	**Cash flow from financing (3)**		**-42,006**	**-21,689**
38,340	-27,134	Change in Cash (1) + (2) + (3)		38,010	1,171
2,047	21	Exchange rate effect		2,032	-31
-5,005	22,453	Cash at beginning	XVIII	-4,659	-5,799
35,383	-4,659	Cash at end	XVIII	35,383	-4,659

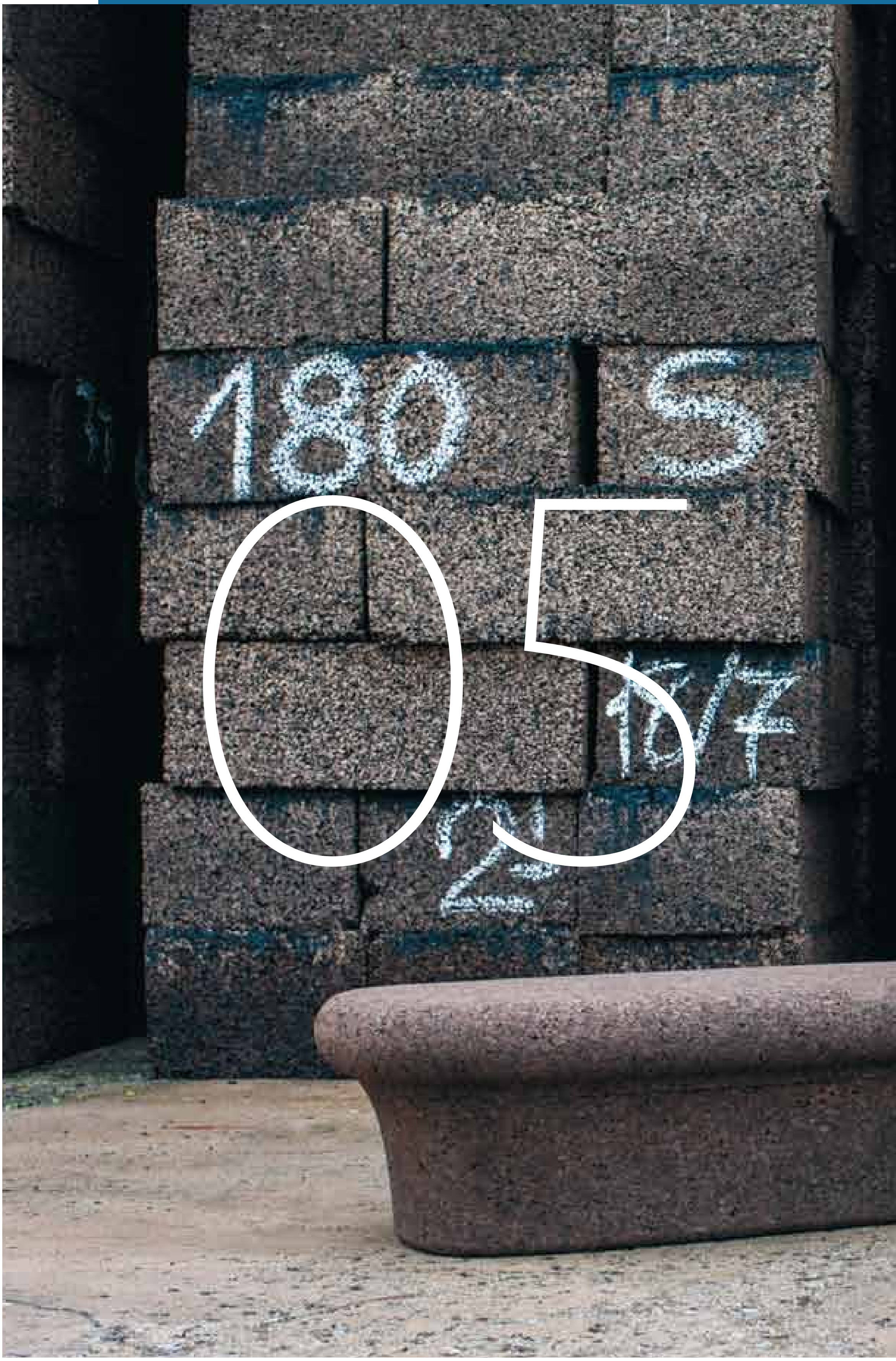
(this statement should be read with the attached notes to the consolidated financial statements)

Consolidated Statement of Changes in Equity (thousand euros)

	Notes	Attributable to owners of Corticeira Amorim, SGPS, S.A.										
		Share capital	Treasury Stock – Face Value	Treasury Stock – Discounts and Premiums	Paid-in Capital	Hedge Accounting	Translation Difference	Legal reserve	Other reserves	Net income	Non control interests	Total Equity
BALANCE SHEET AS AT JANUARY 1, 2015		**133,000**	**-7,399**	**201**	**38,893**	**-45**	**226**	**12,243**	**89,300**	**35,756**	**13,393**	**315,569**
Profit for the year	XIX	–	–	–	–	–	–	2,051	33,705	-35,756	–	0
Dividends	XIX	–	–	–	–	–	–	–	-50,169	–	-293	-50,462
Perimeter variation	XX	–	–	–	–	–	–	–	–	–	13	13
Sale of treasury stock.	XIX	–	7,399	-201	–	–	–	–	–	–	–	7,198
Consolidated Net Income for the period	XIX e XX	–	–	–	–	–	–	–	–	55,012	558	55,570
Change in derivative financial instruments fair value	XIX	–	–	–	–	-124	–	–	–	–	–	-124
Change in translation differences	XIX e XX	–	–	–	–	–	1,333	–	–	–	-303	1,030
Gain on sales of treasury stock	XIX	–	–	–	–	–	–	–	25,729	–	–	25,729
Other comprehensive income of associates	XI	–	–	–	–	–	-414	–	32	–	–	-382
Other comprehensive income		–	–	–	–	–	–	–	-7	–	–	-7
Total comprehensive income for the period		**–**	**–**	**–**	**–**	**-124**	**919**	**0**	**25,754**	**55,012**	**255**	**81,816**
BALANCE SHEET AS AT DECEMBER 31, 2015		**133,000**	**–**	**–**	**38,893**	**-169**	**1,145**	**14,294**	**98,590**	**55,012**	**13,368**	**354,133**
Profit for the year	XIX	–	–	–	–	–	–	1,909	53,103	-55,012	–	0
Dividends	XIX	–	–	–	–	–	–	–	-31,920	–	-799	-32,719
Perimeter variation	XX	–	–	–	–	–	–	–	–	–	–	0
Consolidated Net Income for the period	XIX e XX	–	–	–	–	–	–	–	–	102,703	2,010	104,713
Change in derivative financial instruments fair value	XIX	–	–	–	–	-938	–	–	–	–	–	-938
Change in translation differences	XIX e XX	–	–	–	–	–	1,106	–	–	–	529	1,635
Other comprehensive income of associates	XI	–	–	–	–	–	23	–	43	–	–	66
Other comprehensive income		–	–	–	–	–	–	–	-732	–	785	53
Total comprehensive income for the period		**–**	**–**	**–**	**–**	**-938**	**1,129**	**–**	**-689**	**102,703**	**3,324**	**105,529**
BALANCE SHEET AS AT DECEMBER 31, 2016		**133,000**	**–**	**–**	**38,893**	**-1,107**	**2,274**	**16,203**	**119,084**	**102,703**	**15,893**	**426,942**

(this statement should be read with the attached notes to the consolidated financial statements)

05



Notes to the Consolidated Financial Statements

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 companies.

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

Amorim Capital – Sociedade Gestora de Participações Sociais, S.A. held 67,830,000 shares of Corticeira Amorim as of December 31, 2016 corresponding to 51.00 % of its share capital (December 2015: 67,830,00 shares). Amorim Capital – Sociedade Gestora de Participações Sociais, S.A. consolidates in Amorim – Investimentos e Participações, S.G.P.S., S.A., which is its controlling and Mother Company. Amorim – Investimentos e Participações, S.G.P.S., S.A. is owned by Amorim family.

These financial statements were approved in the Board Meeting of February 15, 2017. Shareholders have the capacity to modify these financial statements even after their release.

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 included in the consolidation which adopted local general accepted accounting principles. Accounting adjustments were made in order to comply with the International Financial Reporting Standards (IFRS) as adopted in the European Union as of December 31, 2016. These are based on the historical cost principle, except for financial instruments, which are registered according to IAS 39.

b. CONSOLIDATION

Group companies

Group companies, often designated as subsidiaries, are entities (including structured entities) over which Corticeira Amorim has control. Corticeira Amorim controls when it is exposed to, or holds the rights over variable generated returns through its involvement with the entity. It must have also the capacity to influence those variable returns through the power it has over the entity activity.

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

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

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

(i) the aggregate of:

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

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

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

The values of assets and liabilities acquired as part of a business combination can be reviewed for a period of 12 months from the date of acquisition.

The acquisition cost is subsequently adjusted when the purchase price / allocation is contingent upon the occurrence of specific events agreed with the seller / shareholder.

Any contingent payments to be transferred by the Group are recognized at fair value at the acquisition date. Subsequent changes in fair value that may occur, evaluated as assets or liabilities are recognized in accordance with IAS 39.

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

The amounts reported by the Group's subsidiaries are adjusted where necessary to conform with the accounting policies of Corticeira Amorim.

Non-controlling interest

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

Transactions with Non-controlling interests are treated as transactions with Group Equity holders, when no loss of control occurs.

In any acquisition from non-controlling interests, the difference between the consideration paid and the accounting value of the share acquired is recognised in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss.

Equity companies

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

The accounting policies adopted by the associates are adjusted to the accounting policies of the group.

Exchange rate effect

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.

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

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

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

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

c. TANGIBLE FIXED ASSETS

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

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

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

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

Depreciation is charged since the beginning of the moment in which the asset is ready to use. The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

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

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

Gains and losses and disposals are included in the income statement.

d. INTANGIBLE ASSETS

Intangible assets are initially measured at cost. Subsequently they are measured at cost less accumulated depreciation.

Research expenditures are recognised in the income statement as incurred.

Development expenditure is recognised as intangible asset when the technical feasibility being developed can be demonstrated and the Group has the intention and capacity to complete their development and start trading or using them and that future economic benefits will occur.

Amortisation of the intangible assets is calculated by the straight-line method, and recorded as the asset qualifies for its required purpose:

	Number of years
Industrial Property	10 to 20
Software	3 to 6

The estimated useful life of assets are reviewed and adjusted when necessary, at the balance sheet date.

e. INVESTMENT PROPERTY

Investment property includes land and buildings not used in production.

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

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

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

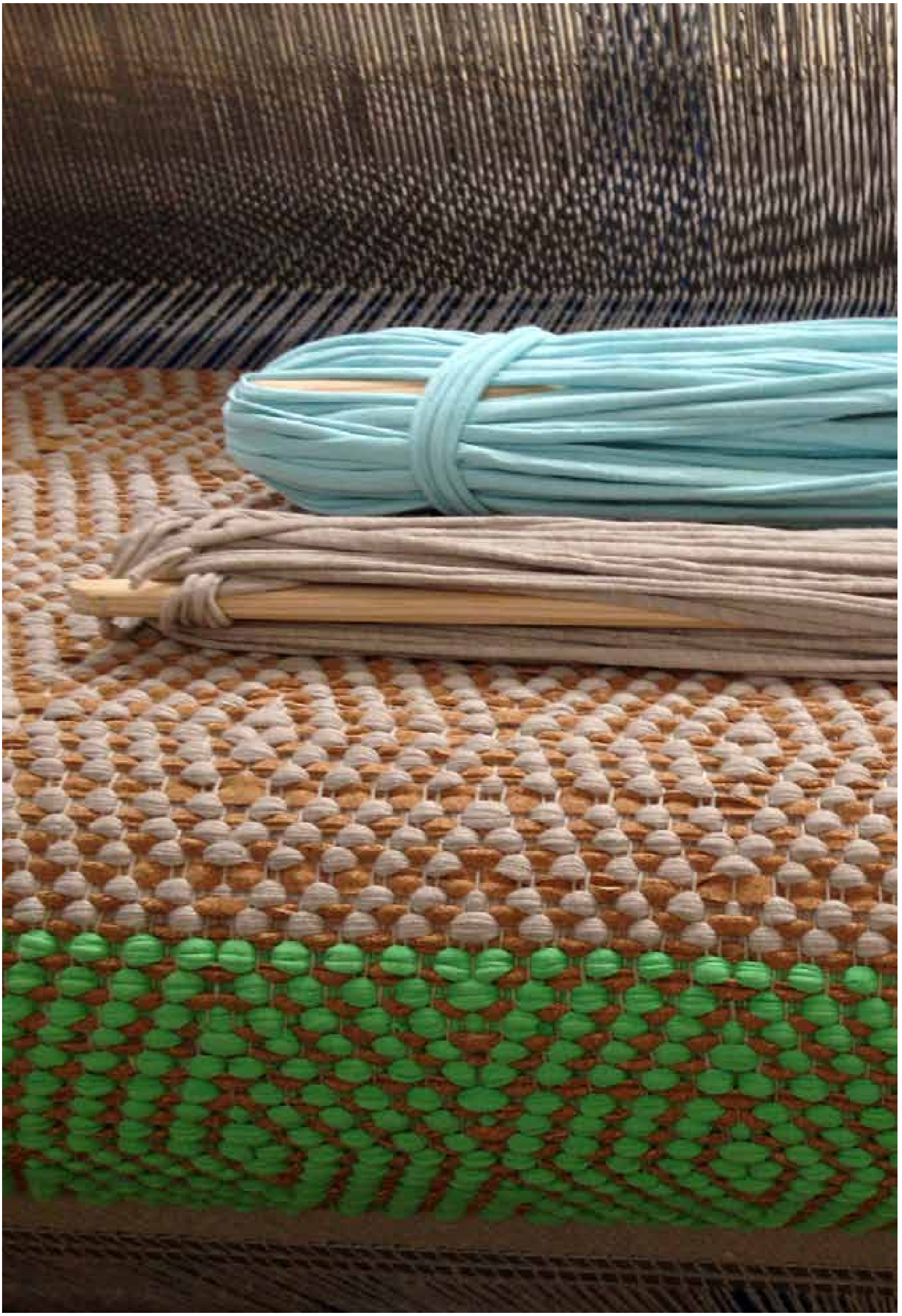
f. GOODWILL

Goodwill arises from acquisition of subsidiaries and represents the excess of the cost of an acquisition over the fair value of the net identifiable assets of the acquired at the date of acquisition. If positive, it will be included as an asset in the "goodwill" account. If negative, it will be registered as a gain for the period.

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

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

Goodwill will be tested annually for impairment, or whenever an



evidence of such occurs; impairment losses will be charged to the income statement and, consequently, its carrying amount adjusted.

g. NON-FINANCIAL ASSETS IMPAIRMENT

Assets with indefinite useful lives are not amortised but are annually tested for impairment purposes, or more frequently if there are events or changes in circumstances that indicate impairment.

Assets under depreciation are tested for impairment purposes whenever an event or change of circumstances indicates that its value cannot be recovered.

For the estimate of impairments, assets are allocated to the lowest level for which there is separate identifiable cash flows (cash generating units).

In assessing impairment, both internal and external sources of information are considered. Tests are carried out if the level of profitability of cash-generating units is consistently below a minimum threshold, from which there is risk of impairment of assets. Impairment tests are also performed whenever management makes significant changes in operations (for example, total or partial discontinuation of the activity).

Impairment tests are performed internally. Whenever impairment tests are performed, future cash flows are discounted at a specific rate for the cash-generating unit, which includes the risk of the market where it operates.

The group uses external experts (appraisers) only to determine the market value of land and buildings in situations of discontinuation of operations, where they are no longer recovered by use.

Impairment losses are recognized as the difference between its carrying amount and its recoverable amount. Recoverable corresponds to the higher of its fair value less sales expenses and its value for use.

Impairment losses, if any, are allocated specifically to the individual assets that are part of the cash flow generating unit.

Non-financial assets, except goodwill, that generated impairment losses are valued at each reporting date regarding reversals of said losses.

h. OTHER FINANCIAL ASSETS

This caption is primarily related to investments in equity instruments available for sale, which have no stock exchange share price and whose fair value cannot be estimated reliably and are therefore measured at cost. Dividends, if any, are recognized in the period in which they occur, when the right to receive is established.

i. INVENTORIES

Inventories are valued at the lower of acquisition cost or production cost and net realisable value. Acquisition cost includes direct and indirect expenses incurred in order to have those inventories at its present condition and place. Production cost includes used raw material costs, direct labour, other direct costs and other general fixed production costs (using normal capacity utilisation).

Where the net realisable value is lower than production cost, inventory impairment is registered. This adjustment will be reversed or reduced whenever the impairment situation no longer takes place.

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

The raw materials or products with high cork incorporation usually present alternative use without significant loss of value (for example through changes in caliber, reprocessing or use as raw material in other units). In these cases a specific analysis of impairment is made, being that impairment situations in this instance are very reduced.

The remaining materials, intermediate and finished products with a higher degree of transformation and incorporation of non-cork materials are not as susceptible of alternative use. In these cases, the amount by which inventories are expected to be realized is influenced by the age of those inventories. Thus, in addition to the specific analysis (priority form of determination of net realizable value), the group applies a criteria based on the rotation to estimate the reduction of expected value of these materials in function of their ageing.

j. TRADE AND OTHER RECEIVABLES

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

Medium and long-term receivables, if applicable, will be measured at amortised cost using the effective interest rate of the debtor for similar periods.

Trade and other receivables are derecognised when the rights to receive cash flows from the investments expire or are transferred, as well as all the risks and rewards of its ownership.

k. FINANCIAL ASSETS IMPAIRMENT

At each reporting date, the impairment of financial assets at amortised cost is evaluated.

Financial asset impairment occurs if after initial register, unfavourable cash flows from that asset can be reasonably estimated.

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

As a rule, Corticeira Amorim grouped the financial assets according to similar credit risk characteristics, the impairments being estimated based on the experience of historical losses.

At the end of each period, an analysis is performed on the quality of customer loans. Given the characteristics of the business it is considered that the balances overdue up to 90 days are not susceptible to impairment. Balances overdue between 90 and 120 days are considered as being able to generate an impairment of around 30% and balances between 120 and 180 days 60%. All balances overdue for more than 180 days, as well as all balances considered as doubtful, will give rise to a total impairment.

This rule does not overlap the analysis of each specific case. The analysis of the specific cases is determined on the individual accounts receivable, taking into account the historical information of the clients, their risk profile and other observable data in order to assess if there is objective proof of impairment for these accounts receivable.

Impairment of Other Financial Assets is verified through the analysis of the companies' approved financial statements, as well as the evaluation of the expected future cash flows of their activity.

If the impairment loss decreases in a future period, the losses previously recognized against the Income Statement are reversed.

l. CASH AND CASH EQUIVALENTS

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

m. SUPPLIERS, OTHER BORROWINGS AND CREDITORS

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

The group contracts confirming operations contracted with financial institutions, which will be classified as reverse factoring agreements. These agreements are not used to manage the liquidity needs of the group as long as the payment remains on the due date of the invoices (on that date the advance amounts are paid to the financial institution by the group). For this reason, and since they do not give rise to financial expenses for the group, the amounts of the invoices advanced to the suppliers that adhere to these contracts are kept in the Liabilities, in the Suppliers account, and the payments at the due time are treated as operational payments. The supplier confirming operations are classified as operating in the Statement of Cash Flows.

Liabilities are derecognised when the underlying obligation is extinguished by payment, cancelled or expire.

n. INTEREST BEARING LOANS

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

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

o. INCOME TAXES – CURRENT AND DEFERRED

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

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

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

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

Deferred tax liabilities are recognized for all taxable temporary differences, except those related to i) the initial recognition of goodwill; or ii) the initial recognition of assets and liabilities that do not result from a business combination, and that at transaction date does not affect the accounting or tax result.

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

p. EMPLOYEE BENEFITS

Corticeira Amorim Portuguese employees benefit exclusively from the national welfare plan. Employees from foreign subsidiaries (about 30% of total Corticeira Amorim) or are covered exclusively by local national welfare plans or benefit from complementary contribution plans.

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

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

q. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

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.

The main items of provisions were recorded based on their nominal value. Provisions for ongoing tax proceedings are annually increased by the calculation of interest and fines, as defined by law. In all other cases, given the uncertainty regarding the timing of the outflow of resources to cover liability, it is not possible to reliably estimate the effect of the discount, which is estimated to be not material.

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

Contingent assets are not recognized in the financial statements but disclosed when it is probable the existence of an economic future inflow of resources.

The main items of provisions were recorded based on their nominal value. Provisions for ongoing tax proceedings are annually increased by the calculation of interest and fines, as defined by law. In all other cases, given the uncertainty about the timing of the outflow of resources to cover liability, it is not possible to reliably estimate the effect of the discount, which is estimated to be not material.

r. REVENUE RECOGNITION

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

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

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

s. GOVERNMENT GRANTS

Grants received are related generally with fixed assets expenditure. No-repayable grants are present in the balance sheet as deferred income, and recognised as income on a systematic basis over the useful life of the related asset. Repayable interest bearing grants are presented as interests bearing debt; if no-interest bearing, they are presented as "Other borrowings".

Reimbursable grants with "out of market" interest rates are measured at fair value when they are initially recognised. For each grant, the fair value determination at the initial time corresponds to the present value of the future payments associated with the grant, discounted at the company's financing rate at the date of recognition, for loans with similar maturities.

Difference between nominal and fair value at initial recognition is included in deferred income – grants, at other loans and creditors, being afterwards recognised in net result.

The grants received are classified as a financial activity in the Statement of Cash Flows.

t. LEASING

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

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

Whenever Corticeira Amorim qualifies as lessee of finance leases, assets under lease are recognized as Tangible Fixed Assets and are depreciated over the shorter of the term of the contract and the useful life of the assets.

u. DERIVATIVE FINANCIAL INSTRUMENTS

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

a. 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.

b. 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, being transferred to income statement in the same period as the respective hedged item affects results; the gain or loss relating to the ineffective portion is recognised immediately in the income statement.

c. Net investment hedge

For the moment, Corticeira Amorim is not considering any foreign exchange hedge over its net investments in foreign units (subsidiaries).

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

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

v. EQUITY

Ordinary shares are included in equity.

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

III

FINANCIAL RISK MANAGEMENT

Corticeira Amorim activities expose it to a variety of financial risks: market risks (including currency risk, interest rate risk and raw material price risk), credit risk, liquidity risk and capital risk.

MARKET RISK

a. Exchange rate risk

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

As of December 31, 2016, taking into account the relationship between the amount of the group's exposure to financial assets and liabilities in foreign currency and the notional amount of hedges contracted, exchange rates different from the Euro currency (particularly USD), would have no material effect in the consolidated results of the group. 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 2,274 K€ as of December 31, 2016 (2015: 1,145 K€).

b. Interest rate risk

As of December 31, 2015 and 2016, from the total interest bearing debt, 25 M€ were linked to fixed interest rate for a 10 year period.

Most of the risk derives from the noncurrent-term portion of that debt at variable rate (13.6 M€ as of 31/12/2016 and 16.2 M€ as of 31/12/2015).

As of December 31, 2016, if interest rates were 0.1 percentage points higher, with the remaining variables remaining constant, the pre-tax result would be lower by around 62 thousand euros (91 thousand euros in 2015) as a result of the increase in Financial costs with variable rate debt. The sensitivity is lower in 2016 compared to 2015 due to the lower volume of variable rate debt.

c. Raw material price risk

In view of the critical nature of this factor, the procurement, storage and preparation management of the only variable common to all Corticeira Amorim activities, which is the raw material (cork), is assembled in an autonomous BU, which, among other objectives, makes it possible to prepare, discuss and decide within the Board of Directors the orientation or the multiannual supply policy to be developed.

The Group's cork procurement team is made up of a group of highly specialized staff, mainly in Portugal, Spain and North Africa. The objective of the buyers team is to maximize the price / quality ratio of the purchased cork and simultaneously ensure the purchase of sufficient quantity for the desired level of production.

The cork market is an open market where price is determined by the supply and demand law. The price offered by Corticeira Amorim is determined business by business, and depends essentially on the estimated quality of cork. Corticeira Amorim does not have the ability to set the purchase price of the campaign, and this is a result of the operation of the market.

The purchase is concentrated in a certain period of the year, in which the raw material supply is guaranteed for the whole of the following year, the sales prices of the finished products and margins of the business are defined taking into account the cost of acquiring the raw material.

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 3% of total sales, credit risk is naturally diminished.

Normally no guarantees are due from customers. Corticeira Amorim does not make use of credit insurance.

Credit risk derives also from cash and cash equivalents balances and from financial derivative instruments. Corticeira Amorim previously analysis the ratings of the financial institutions so that it can minimize the failure of the counterparts.

The maximum credit risk is the one that results from the failure to receive all financial assets (December 2016: 224 million euros and December 2015: 170 million euros).

In terms of the quality of credit risk, associated to Cash and Equivalents, as of December 31, 2016, the main counterparties that are financial institutions are detailed as follows:

- 41,784 K€ (82% of Cash and cash equivalents): S&P (BB-); Moody's (B1); Fitch (BB-);
- 2,502 K€ (4%): S&P (BB +); Moody's (Ba1); Fitch (BBB);
- 508 K€ (1%): S&P (BBB +); Moody's (Baa2 / P2 Short Term deposits); Fitch (A-);
- 323 K€ (1%): S&P (B +); Moody's (Ba1); Fitch (B +).

LIQUIDITY RISK

Corticeira Amorim financial department regularly analyses future cash flows so that it can deliver enough liquidity for the group to provide operating needs, and also to comply with credit lines payments. Excess of cash is invested in interest bearing short-term deposits. This police offer the necessary flexibility to conduct its business.

Financial liabilities estimated non-discounted cash flows maturities are as follows:

	Up to 1 year	1 to 2 years	2 to 4 years	More than 4 years	Total
Interest-bearing loans	50,146	1,916	5,916	33,379	91,357
Other borrowings and creditors	44,259	3,538	6,287	191	54,275
Trade payables	121,184				121,184
Total as of December 31, 2015	**215,589**	**5,454**	**12,203**	**33,570**	**266,816**
Interest-bearing loans	48,399	3,140	10,469	25,000	87,008
Other borrowings and creditors	44,509	3,138	6,061	873	54,581
Trade payables	109,985				109,985
Total as of December 31, 2016	**202,894**	**6,278**	**16,530**	**25,873**	**251,575**

(thousand euros)

Liquidity risk hedging is achieved by the existence of non-used credit line facilities and, eventually bank deposits.

Based in estimated cash flows, 2017 liquidity reserve, composed mainly by non-used credit lines and cash and cash equivalents at the end of the year, will be as follows:

	2017
Opening balance	**168**
Operating cash in and cash out	115
Capex	-39
Interest and dividends	-23
Income tax	-25
Bank debt payments	-70
Closing balance	**126**

NOTE: includes dividends to be approved in the April 7, 2017 shareholders meeting (million euros)

The financial flow assumes that at the end of 2017, the level of unused credit lines is equal to that of the beginning of the year and cash and cash equivalents will be approximately 10 M€.

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 establishes as a target a level of not less than 40% of Equity / Assets ratio, and should not deviate significantly from the range 40%-50%, depending on actual economic conditions and of the cork sector in particular, is the objective to be accomplished.

The said ratio register was:

	Dec. 2016	Dec. 2015	Dec. 2014
Equity	426,943	354,133	315,569
Assets	726,873	667,219	617,446
Ratio	**58.7%**	**53.1%**	**51.1%**

(million euros)

FINANCIAL ASSETS AND LIABILITIES FAIR VALUE

As of December 31, 2016 and December 2015, financial instruments measured at fair value in the financial statements of Corticeira Amorim were composed solely of derivative financial instruments. Derivatives used by Corticeira Amorim have no public quotation because they are not traded in an open market (over the counter derivatives).

According to the accounting standards, a fair value hierarchy is established that classifies three levels of data to be used in measurement techniques at fair value of financial assets and liabilities:

Level 1 data – public quotation (non-adjusted) in liquid markets for comparable assets or liabilities;

Level 2 data – different data of public quotation observable for the asset or the liability, directly or indirectly;

Level 3 data – non observable data for the assets or the liability.

As of December 31, 2016, derivative financial instruments recognised as assets in the consolidated statement of financial position are not material, being null (2015: 1,051 K€) and 2,989 thousand euros as liabilities (2015: 449 K€), as stated in notes XVII and XXIII.

Corticeira Amorim uses forward outrights and options to hedge exchange rate risk, as stated in note XXXI. Evaluating exchange rate hedge instruments requires the utilisation of observable inputs (level 2). Fair value is calculated using a proprietary model of Corticeira Amorim, developed by Reuters, using discounted cash flows method for forwards outrights. As for options, it is used the Black & Scholes model.

Summary of the financial instruments derivatives fair value:

			31/12/2016		31/12/2015	
Nature	**Hierarchy**	**Type**	**Notional**	**Fair Value**	**Notional**	**Fair Value**
		Cash flow hedge	0	0	2,961	123
		Fair value hedge	0	0	8,821	529
		Trading derivatives	0	0	17,374	398
	Level 2 Total		**0**	**0**	**29,157**	**1,051**
Total Assets			**0**	**0**	**29,157**	**1,051**
		Cash flow hedge	27,296	-1,395	24,220	-374
		Fair value hedge	14,287	-996	20,745	-139
		Trading derivatives	17,599	-597	29,095	64
	Level 2 Total		**59,182**	**-2,989**	**74,061**	**-449**
Total Liabilities			**59,182**	**-2,989**	**74,061**	**-449**

(thousand euros)

The main inputs used in valuation are forward exchange rate curves and estimates of currency volatility.

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.

The useful lives used represent best estimate for the expected period of use of property. They are periodically reviewed and adjusted if necessary, as described in Note II. c.

Still to be noted 10,004 K€ registered in deferred tax assets (2015: 8,359 K€). These values will be recovered if the business plans of the companies that recorded those assets are materialized in the future (Note XIII).

Provisions for tax contingencies and other processes are based on the best estimate of management regarding losses that may exist in the future that are associated with these processes (Note XXX).

V

CONSOLIDATED ACCOUNTS PREPARATION PROCESS

The description of the main elements of the internal control system and risk management of the group, in relation to the process of the consolidated accounts, is as follows:

The financial information preparation process is dependent on the actors in the registration process of operations and support systems. In the group there is an Internal Control Procedures Manual and Accounting Manual, implemented at the level of the Corticeira Amorim Group. These manuals contain a set of rules and policies to ensure that in the financial information preparation process homogeneous principles are followed, and to ensure the quality and reliability of financial information.

The implementation of accounting policies and internal control procedures relating to the preparation of financial information is subject to the evaluation by the internal and external audit.

Every quarter, the consolidated financial information by business unit is assessed, validated and approved by the management of each of the group's business units.

Before its release, the consolidated financial information of Corticeira Amorim is approved by the Board of Directors and presented to the Supervisory Board.

VI

COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

Company		Head Office	Country	2016	2015
Raw Materials					
Amorim Natural Cork, S.A.		Vale de Cortiças – Abrantes	Portugal	100%	100%
Amorim Florestal, S.A.		Ponte de Sôr	Portugal	100%	100%
Amorim Florestal España, SL		San Vicente Alcántara	Spain	100%	100%
Amorim Florestal Mediterrâneo, SL		Cádiz	Spain	100%	100%
Amorim Tunisie, S.A.R.L.		Tabarka	Tunisia	100%	100%
Augusta Cork, S.L.		San Vicente Alcántara	Spain	100%	100%
Comatral – C. de Maroc. de Transf. du Liège, S.A.		Skhirat	Morocco	100%	100%
SIBL – Société Industrielle Bois Liége		Jijel	Algeria	51%	51%
Société Nouvelle du Liège, S.A. (SNL)		Tabarka	Tunisia	100%	100%
Société Tunisienne d'Industrie Bouchonnière	(b)	Tabarka	Tunisia	45%	45%
Vatrya – Serviços de Consultadoria, Lda		Funchal – Madeira	Portugal	100%	100%
Cork Stoppers					
Amorim & Irmãos, SGPS, S.A.		Santa Maria Lamas	Portugal	100%	100%
ACIC USA, LLC	(f)	California	U. S. America	100%	100%
Agglotap, S.A.		Girona	Spain	91%	91%
All Closures In, S.A.		Paços de Brandão	Portugal	75%	75%
Amorim & Irmãos, S.A.		Santa Maria Lamas	Portugal	100%	100%
Amorim Argentina, S.A.		Buenos Aires	Argentina	100%	100%
Amorim Australasia Pty Ltd		Adelaide	Australia	100%	100%
Amorim Bartop, S.A.		Mozelos	Portugal	75%	100%
Amorim Cork América, Inc.		California	U. S. America	100%	100%
Amorim Cork Beijing Ltd.		Beijing	China	100%	100%
Amorim Cork Bulgaria EOOD		Plovdiv	Bulgaria	100%	100%
Amorim Cork Deutschland GmbH & Co KG		Mainzer	Germany	100%	100%
Amorim Cork España, S.L.		San Vicente Alcántara	Spain	100%	100%
Amorim Cork Itália, SPA		Conegliano	Italy	100%	100%
Amorim Cork South Africa (Pty) Ltd		Cape Town	South Africa	100%	100%
Amorim France, S.A.S.		Champfleury	France	100%	100%
Amorim Top Series France, S.A.S.	(e)	Gensac La Pallue	France	100%	–
Amorim Top Series, S.A.	(e)	Vergada	Portugal	75%	–
Bouchons Prioux		Epernay	France	91%	91%
Chapuis, S.L.		Girona	Spain	100%	100%
Corchera Gomez Barris	(c)	Santiago	Chile	50%	50%
Corchos de Argentina, S.A.	(b)	Mendoza	Argentina	50%	50%
Equipar, Participações Integradas, Lda.		Coruche	Portugal	100%	100%
FP Cork, Inc.		Califórnia	U. S. America	100%	100%
Francisco Oller, S.A.		Girona	Spain	92%	92%
Hungarocork, Amorim, RT		Budapeste	Hungary	100%	100%
Indústria Corchera, S.A.	(c)	Santiago	Chile	50%	50%
Korken Schiesser Ges.M.B.H.		Viena	Austria	69%	69%
Olimpiadas Barcelona 92, S.L.		Girona	Spain	100%	100%
Portocork America, Inc.		Califórnia	U. S. America	100%	100%
Portocork France, S.A.S.		Bordéus	France	100%	100%
Portocork Internacional, S.A.		Santa Maria Lamas	Portugal	100%	100%
Portocork Itália, s.r.l		Milan	Italy	100%	100%
Sagrera et Cie		Reims	France	91%	91%
S.A. Oller et Cie		Reims	France	92%	92%

Company		Head Office	Country	2016	2015
S.C.I. Friedland		Céret	France	100%	100%
S.C.I. Prioux		Epernay	France	91%	91%
Société Nouvelle des Bouchons Trescases	(b)	Perpignan	France	50%	50%
Trefinos Australia		Adelaide	Australia	91%	91%
Trefinos Italia, s.r.l		Treviso	Italy	91%	91%
Trefinos USA, LLC		Fairfield, CA	U. S. America	91%	91%
Trefinos, S.L		Girona	Spain	91%	91%
Victor y Amorim, Sl	(c)	Navarrete – La Rioja	Spain	50%	50%
Wine Packaging & Logistic, S.A.	(b)	Santiago	Chile	50%	50%
Floor & Wall Coverings					
Amorim Revestimentos, S.A.		S. Paio de Oleiros	Portugal	100%	100%
Amorim Benelux, BV		Tholen	Netherlands	100%	100%
Amorim Deutschland, GmbH– AR	(a)	Delmenhorst	Germany	100%	100%
Amorim Flooring, SA		S. Paio de Oleiros	Portugal	100%	100%
Amorim Flooring (Switzerland) AG		Zug	Switzerland	100%	100%
Amorim Flooring Austria GesmbH		Viena	Austria	100%	100%
Amorim Flooring Investments, Inc.		Hanover– Maryland	U. S. America	100%	100%
Amorim Flooring North America Inc.		Hanover– Maryland	U. S. America	100%	100%
Amorim Flooring Rus, LLC	(e)	Moscow	Russia	100%	–
Amorim Japan Corporation		Tokyo	Japan	100%	100%
Amorim Revestimientos, S.A.		Barcelona	Spain	100%	100%
Cortex Korkvertriebs GmbH		Fürth	Germany	100%	100%
Dom KorKowy, Sp. Zo. O.	(c)	Kraków	Poland	50%	50%
Timberman Denmark A/S		Hadsund	Denmark	51%	51%
US Floors, Inc.	(g)	Dalton– Georgia	U. S. America	–	25%
Composite Cork					
Amorim Cork Composites, S.A.		Mozelos	Portugal	100%	100%
Amorim (UK) Ltd.		Horsham West Sussex	United Kingdom	100%	100%
Amorim Compcork, Lda.		Mozelos	Portugal	100%	100%
Amorim Cork Composites LLC	(e)	São Petersburgo	Russia	100%	–
Amorim Cork Composites Inc.		Trevor– Wisconsin	U. S. America	100%	100%
Amorim Deutschland, GmbH – ACC	(a)	Delmenhorst	Germany	100%	100%
Amorim Industrial Solutions – Imobiliária, S.A.		Corroios	Portugal	100%	100%
AmorLink	(b) (f)	Istanbul	Turkey	–	25%
Amosealtex Cork Co., Ltd	(b)	Shanghai	China	30%	30%
Chinamate (Shaanxi) Natural Products Co. Ltd		Shaanxi	China	100%	100%
Chinamate Development Co. Ltd		Hong Kong	China	100%	100%
Compruss – Investimentos e Participações Lda.	(e)	Mozelos	Portugal	100%	–
Corticeira Amorim – France SAS		Lavardac	France	100%	100%
Florconsult – Consultoria e Gestão, Lda.		Mozelos	Portugal	100%	100%
Postya – Serviços de Consultadoria, Lda.		Funchal – Madeira	Portugal	100%	100%
Insulation Cork					
Amorim Isolamentos, S.A.		Vendas Novas	Portugal	80%	80%
Holding					
Corticeira Amorim, SGPS, S.A.		Mozelos	Portugal	100%	100%
Ginpar, S.A. (Générale d' Invest. et Participation)		Skhirat	Morocco	100%	100%
Amorim Cork Research, Lda.		Mozelos	Portugal	100%	100%
Amorim Cork Services, Lda.		Mozelos	Portugal	100%	100%
Amorim Cork Ventures, Lda.		Mozelos	Portugal	100%	100%
Corkyn Composites, Lda.	(b) (f)	Mozelos	Portugal	–	25%
Ecochic portuguesas – footwear and fashion products, Lda.	(b)	Mozelos	Portugal	24%	24%
TDCork – Tapetes Decorativos com Cortiça, Lda.	(b) (e)	Mozelos	Portugal	25%	–
Soc. Portuguesa de Aglomerados de Cortiça, Lda.		Montijo	Portugal	100%	100%

(a) One single company: Amorim Deutschland, GmbH & Co. KG
(b) Equity method consolidation
(c) Corticeira Amorim controls the operations of the company – line-by-line consolidation method
(d) Directly owned by Industria Corchera, SA
(e) Company set-up in 2016
(f) Company liquidated in 2016
(g) Company sold in 2016

For entities consolidated by the full consolidation method, the percentage of voting rights held by "Non-Controlling Interests" is equal to the percentage of share capital held.

VII

EXCHANGE RATES USED IN CONSOLIDATION

Exchange rates		Year end 2016	Average 2016	Year end 2015	Average 2015
Argentine Peso	ARS	16.66731	16.32244	10.28032	14.04839
Australian Dollar	AUD	1.45960	1.48828	1.47766	1.48970
Lev	BGN	1.95570	1.95574	1.95573	1.95570
Brazilian Real	BRL	3.43050	3.85614	3.70044	4.31170
Canadian Dollar	CAD	1.41880	1.46588	1.41856	1.51160
Swiss Franc	CHF	1.07390	1.09016	1.06786	1.08350
Chilean Peso	CLP	703.620	748.099	725.899	768.730
Yuan Renminbi	CNY	7.32020	7.35222	6.97333	7.06080
Danish Krone	DKK	7.43440	7.44519	7.45870	7.46260
Algerian Dinar	DZD	115.821	120.7253	111.1085	116.071
Euro	EUR	1	1	1	1
Pound Sterling	GBP	0.85618	0.81948	0.72584	0.73395
Hong Kong Dollar	HKD	8.1519	8.59036	8.60559	8.4166
Forint	HUF	309.830	311.438	309.996	315.980
Yen	JPY	123.400	120.197	134.314	131.070
Moroccan Dirham	MAD	10.6392	10.8274	10.8028	10.7376
Zloty	PLN	4.41030	4.36321	4.18412	4.26390
Tunisian Dinar	TND	2.41850	2.37204	2.17523	2.21090
Turkish Lira	TRL	3.70720	3.34325	3.02546	3.17650
US Dollar	USD	1.05410	1.10690	1.10951	1.08870
Rand	ZAR	14.4570	16.2645	14.1723	16.9530

VIII

SEGMENT REPORT

Corticeira Amorim is organised in the following Business Units (BU): Raw Materials, Cork Stoppers, Floor and Wall Coverings, Composite Cork and Insulation Cork.

There are no differences between the measurement of profit and loss and assets and liabilities of the reportable segments, associated to differences in accounting policies or centrally allocated cost allocation policies or jointly used assets and liabilities.

For purposes of this Report, the Business approach was selected as the primary segment. This is consistent with the formal organization and evaluation of business. Business Units correspond to the operating segments of the company and the segment report is presented the same way they are analysed for management purposes by the board of Corticeira Amorim.

The following table shows the main indicators of the said units, and, whenever possible, the reconciliation with the consolidated indicators (values in thousand EUR):

2016	Raw Materials	Cork Stoppers	Floor & Wall Coverings	Composite Cork	Insulation Cork	Holding	Adjust.	Consolidated
Trade Sales	9,406	417,592	113,772	91,463	9,086	93	0	641,411
Other BU Sales	139,228	5,174	3,355	8,622	2,355	2,693	-161,426	-
Total Sales	148,634	422,766	117,128	100,085	11,440	2,785	-161,426	641,411
EBITDA (current)	18,328	75,604	12,732	16,989	2,157	-3,266	-196	122,347
Assets	173,327	332,272	128,967	70,287	10,714	2,627	8,679	726,873
Liabilities	42,432	110,112	29,968	27,625	2,155	9,946	77,692	299,930
Capex	3,529	22,423	3,797	2,557	350	920	-	33,575
Year Depreciation	-3,482	-13,319	-5,598	-3,266	-568	-78	-	-26,310
Non-cash cost	-158	105	466	-599	187	10	0	10
Gains/Losses in associated companies	-3	271	49,706	0	0	-13	0	49,961

2015	Raw Materials	Cork Stoppers	Floor & Wall Coverings	Composite Cork	Insulation Cork	Holding	Adjust.	Consolidated
Trade Sales	7,344	388,493	107,440	92,944	8,536	43	0	604,800
Other BU Sales	128,093	4,332	2,403	7,036	1,504	2,172	-145,540	-
Total Sales	135,437	392,825	109,843	99,980	10,040	2,215	-145,540	604,800
EBITDA (current)	16,988	62,753	8,173	14,585	1,241	-2,771	-249	100,720
Assets	151,055	328,086	92,934	75,122	11,850	2,246	5,927	667,219
Liabilities	42,909	109,411	31,317	28,542	2,367	14,650	83,890	313,086
Capex	6,914	16,958	3,003	3,593	289	638	-	31,394
Year Depreciation	-2,552	-12,252	-4,800	-4,802	-604	-42	-	-25,051
Non-cash cost	38	-5,257	-715	-181	-476	135	-	-6,456
Gains/Losses in associated companies	-8	1,331	1,782	-12	0	-3	-	3,091

(thousand euros)

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

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

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

Raw Materials BU is, by far, the most integrated in the production cycle of Corticeira Amorim, with 95% 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 225 million euros, and are mostly composed by inventories (91 million), customers (89 million) and tangible fixed assets (53 million).

In non-current assets, special note to 144 M€ (2015: 141 M€) of tangible fixed assets located in Portugal, 6.9 M€ (2015: 4.8 M€) of property investment (foreign countries: 0.2 M€ vs 0.2 in 2015), 2.2 M€ (2015: 1.3 M€) of intangible assets (foreign countries: 1.6 M€ vs 1.1 M€ in 2015) and 2.5 M€ (2015: 3.9 M€) of other financial assets (foreign countries: 1.5 M€ vs 0.3 M€ in 2015).

Sales by markets:

Markets	**2016**		**2015**	
European Union	388,983	60.6%	358,909	59.3%
From which: Portugal	30,331	4.7%	29,977	5.0%
Other European countries	23,279	3.6%	24,176	4.0%
United States	133,421	20.8%	131,206	21.7%
Other American countries	47,642	7.4%	45,940	7.6%
Australasia	37,292	5.8%	34,822	5.8%
Africa	10,795	1.7%	9,747	1.6%
Others	**641,411**	**100%**	**604,800**	**100%**

(thousand euros)

IX

TANGIBLE, INTANGIBLE AND PROPERTY INVESTMENT ASSETS

	Land and buildings	Machinery	Other	Tangible Fixed Assets in Progress	Advances for tangible assets	Total tangible assets	Intangible assets	Investment property
Gross value	229,817	348,850	31,334	5,661	25	615,687	4,670	15,432
Depreciation and impairments	-143,133	-260,835	-28,826	0	0	-432,794	-3,579	-10,242
Opening balance (jan 1, 2015)	**86,684**	**88,015**	**2,508**	**5,661**	**25**	**182,893**	**1,091**	**5,190**
Increase	8,289	15,718	1,679	4,110	15	29,811	1,583	0
Period deprec. and impairments	-6,070	-16,410	-1,720	0	0	-24,200	-269	-476
Sales and other decreases	-3	-387	-78	-70	-25	-563	0	0
Transfers and reclassifications	108	1,223	102	181	0	1,614	81	379
Translation differences	709	46	29	12	0	797	4	-85
Gross value	239,478	362,075	31,937	9,894	15	643,399	6,332	15,486
Depreciation and impairments	-149,761	-273,869	-29,416	0	0	-453,046	-3,843	-10,478
Closing balance (dec 31, 2015)	**89,717**	**88,205**	**2,521**	**9,894**	**15**	**190,352**	**2,489**	**5,008**
Gross value	239,478	362,075	31,936	9,894	15	643,399	6,332	15,486
Depreciation and impairments	-149,761	-273,869	-29,418	0	0	-453,048	-3,843	-10,478
Opening balance (jan 1, 2016)	**89,717**	**88,205**	**2,518**	**9,894**	**15**	**190,350**	**2,489**	**5,008**
Increase	7,043	20,616	1,686	2,584	3,400	35,330	1,646	0
Period deprec. and impairments	-5,168	-17,806	-2,175	0	0	-25,149	-433	-644
Sales and other decreases	-409	-2,063	-125	-343	-15	-2,955	0	-4
Transfers and reclassifications	-1,766	7,314	26	-6,366	0	-792	69	2,776
Translation differences	303	322	42	3	0	670	5	-35
Gross value	232,385	375,088	33,346	5,773	3,400	649,992	8,053	30,897
Depreciation and impairments	-142,664	-278,499	-31,374	0	0	-452,537	-4,277	-23,797
Closing balance (dec 31, 2016)	**89,720**	**96,589**	**1,972**	**5,773**	**3,400**	**197,454**	**3,776**	**7,100**

(thousand euros)

Impairment losses recognized in 2016 and 2015 were recognised on the "Depreciation / Amortization" line in the consolidated income statement by nature.

The amount of 7,100 K€, referred as Property Investment (2015: 5,008 K€), is due, mainly, to land and buildings that are not used in production.

Taking into account the decision to discontinue the operations at Corroios site (which was concluded at the end of 2015), land and buildings (1,950 K€) were transferred to investment properties in 2016. The value of this property was determined on the basis of an independent evaluation carried out in previous years.

The increase in depreciation / impairment charges in the year is related to an impairment loss of 830 K€ recognized in fixed assets of the Floor and Wall Coverings BU identified after an internal audit that was carried out.

Expenses related with tangible fixed assets had no impact. No interest was capitalised during the period.

The fair value of the Investment Property related to the lands and buildings of Corroios corresponds to the amount recorded in the accounts. This item also includes a property (Interchampagne with a value of 1,660 K€) with a recent valuation that corresponds to the book value. The remaining Investment Properties include a property with an accounting value of 1,000 K€ whose yield, updated to a 10% wacc, will correspond approximately to the amount by which they are recorded in the financial statements.

The Advance for tangible assets in the amount of € 3.4M corresponds to the first payments for the new press of the Floor and Wall Coverings BU.

Intangible Assets essentially include autonomous product development projects and innovative solutions.

X

GOODWILL

In 2016 Goodwill is nil.

As stated in point II f), impairment tests are made each year.

In 2015, exceptionally impairment tests were performed in the first half of the year, which led to the registration of 2,911 K€ impairments. Value in use approach was part of the goodwill impairment tests calculations.

Cash flows were estimated, based on the budget and plans approved by management. The growth assumptions contemplated the expected growth in the wine, champagne and sparkling wine markets, as well as the evolution of the market share of Corticeira Amorim in this business.

In the first half of 2015, the profitability of the subsidiary Industria Corchera changed significantly due to a drop in sales and an increase of structural costs. These changes impacted the cash flows expected for that subsidiary, and as a result, the test performed led to the need of a goodwill write-off. In that test, growth rates were used from 1% to 2% for the period 2016-2018 and 1.5% for the following years. The discount rate used was 8%. Compared to the test performed in 2014, a drop was observed of approximately 30% in the estimated cash flow for the implicit period and 40% in relation to perpetuity.

Volumes expected for the underlying goodwill of the subsidiary SA Oller et Cie were not being achieved, due to the substitution effect on customers by other group products.

2015	Openning	Increases	Decreases	Reclassification	Closing
Oller et cie	750	–	750	–	0
Industria Corchera	1,314	–	1,314	–	0
Corchera Gomez Barris	159	–	159	–	0
Amorim France	250	–	250	–	0
Amorim Cork Italia	274	–	274	–	0
Korken Schiesser	164	–	164	–	0
GOODWILL	**2,911**	**0**	**2,911**	**0**	**0**

(thousand euros)

XI

INVESTMENTS IN ASSOCIATES

EQUITY COMPANIES:

	2016	2015
Initial Balance	**13,304**	**10,841**
In / Out	-6,005	5
Results	2,384	3,091
Dividends	-300	-250
Exchange Differences	23	-414
Other	43	32
End Balance	**9,450**	**13,304**

(thousand euros)

The associates are entities through which the group operates in the markets in which they are based (in the segment of stoppers, except US Floors until their disposal in the Floor and Wall Coverings segment), acting as distribution channels of products. The performance in these markets is done through several channels, so these investments, being important, are not considered strategic.

In the fourth quarter of 2016, the US Floors associate was sold. The selling implied a gain of 47.6 M€. Taxes on the disposal amounted to 17.7 M€ and are recognized in the income tax line. The MEP was recognized up to the time of the sale, the gain being calculated with the book value at the date of disposal.

All dividends received in 2016 and 2015 are related to the associate Trescases.

In 2015, the value in "Exchange Difference" refers to the associates Corchos Argentina and US Floors. In 2016 it refers only to the associate Corchos de Argentina.

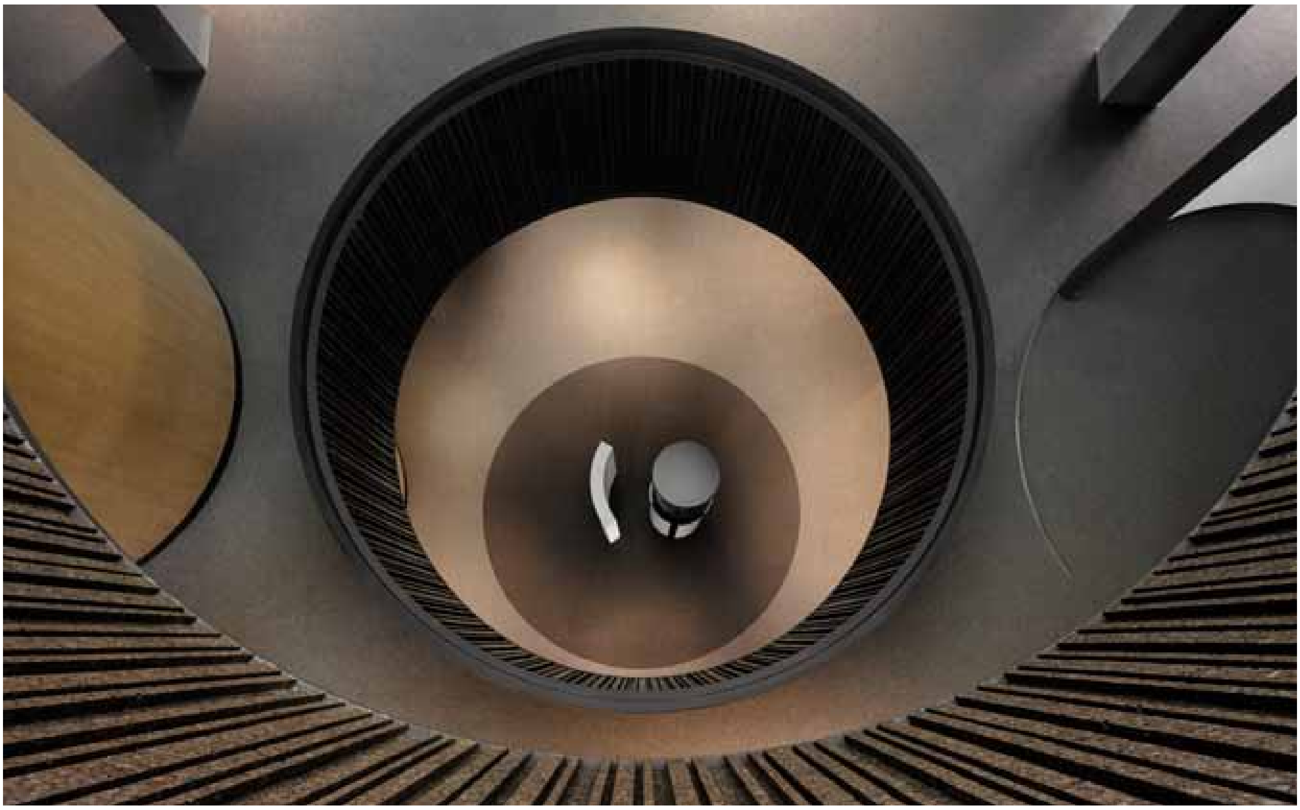
	2016				2015			
	Financial stake	Goodwill	Total	Contribution to net income	Financial stake	Goodwill	Total	Contribution to net income
US Floors	0	0	0	2,129	3,876	0	3,876	1,782
Trescases	3,899	1,715	5,614	-238	4,437	1,715	6,152	589
Wine Packaging & Logistic	1,523	0	1,523	-445	1,688	0	1,688	75
Corchos Argentina	2,152	0	2,152	954	1,447	0	1,447	667
Other	161	0	161	-16	141	0	141	-22
End Balance	**7,735**	**1,715**	**9,450**	**2,384**	**11,589**	**1,715**	**13,304**	**3,091**

(thousand euros)

Most important associate companies are Trescases, Corchos de Argentina and Wine Packaging & Logistic, of which a summary of its financial situation are presented:

	Trescases	US Floors	Corchos Argentina	Wine Packaging	Others
2016	K €	K USD	K ARS	K CLP	K €
Current assets	17,744	–	126,338	1,128,313	nd
Non-current assets	982	–	5,384	7,995,122	nd
Assets	18,726	–	131,722	9,123,435	nd
Equity	9,783	–	74,383	3,347,803	160
Current liabilities	8,943	–	57,339	2,378,768	nd
Non-current liabilities	0	–	0	3,396,864	nd
Sales	33,524	–	216,438	646,831	nd
Operating profit	2,243	–	50,685	599,358	nd
Net income	1,509	–	32,945	614,878	-16
Comprehensive income	1,509	–	32,945	614,878	nd
2015					
Current assets	14,977	99,827	90,153	1,702,788	nd
Non-current assets	1,075	3,269	4,197	5,771,769	nd
Assets	16,052	103,096	94,350	7,474,557	nd
Equity	8,874	16,876	40,660	3,931,408	142
Current liabilities	7,178	30,704	53,690	1,459,291	nd
Non-current liabilities	–	55,516	–	2,083,858	nd
Sales	29,231	203,798	139,360	–	nd
Operating profit	1,744	19,522	22,873	−116,387	nd
Net income	1,178	7,907	13,717	−35,299	-22
Comprehensive income	1,178	7,907	13,717	−35,299	nd

In addition to the above, the group has significant influence on a set of other individually immaterial associates included in the "Others" column in the previous table.



XII

OTHER FINANCIAL ASSETS

Assets included in Other financial assets refer essentially to available-for-sale equity instruments, which are not quoted on an active market and whose fair value is not reliably estimated, and are therefore measured at cost. The assets were acquired with the main purpose of sale or resale, as appropriate, and in certain cases ensuring the maintenance and survival of entities that Corticeira Amorim considers partners for its business. The effective management of the underlying operations and assets continues to be exclusively provided by the partners, serving the financial participation as a mere "guarantee" of the investment made.

XIII

INCOME TAX / DEFERRED 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 O), and amounts to 1,318 K€ (2015: 1,927 K€).

On the consolidated statement of financial position this effect amounts to 10,004 K€ (31/12/2015: 8,359 K€) as Deferred tax asset, and to 6,856 K€ (31/12/2015: 6,743 K€) as Deferred tax liability.

Deferred tax related with items directly registered in equity was 195 K€ (credit balance) and relates to hedge accounting. No other deferred tax values related with other equity movements were booked.

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.

	2016	2015
Related with Inventories and third parties	5,743	5,198
Related with Tax Losses	1,494	939
Related with Fixed Tangible Assets / Intang. / P. Inv.	1,329	1,068
Others	1,438	1,154
Deferred Tax Assets	**10,004**	**8,359**
Related with Fixed Tangible Assets	4,236	4,531
Related with other taxable temporary differences	2,620	2,212
Deferred Tax Liabilities	**6,856**	**6,743**
Current Income Tax	-39,198	-19,423
Deferred Income Tax	1,318	1,927
Income Tax	**-37,880**	**-17,496**

(thousand euros)

The difference between the variation in the financial position and the value expensed in income statement (1,318 K€) is justified by the translation differences (19 K€ debit) in the non-euro subsidiaries financial position values and by the variation in deferred tax related with other comprehensive income (195 K€ debit).

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

Income Tax Conciliation	2016	2015
Income Tax – Legal	**21.0%**	**21.0%**
Effect of additional tax rates over base rate (Portugal)	3.3%	5.7%
Effect of tax benefits/excess of prior estimate	-1.6%	-4.2%
Effect of provisions for contingencies	-0.3%	0.0%
Effect of non-taxable gains and losses	-0.3%	1.1%
Effect of different tax rates (foreign subsidiaries) and others	0.7%	1.5%
Effect of recognising / non-recognising of differed taxes (foreign subs.)	-0.1%	0.2%
Effect of additional taxation on disposal gain of US Floors	5.8%	–
Effect of variation of differed tax liabilities	-1.2%	-1.4%
Income tax – effective[1]	**27.4%**	**23.9%**

[1] Income Tax / Pre-tax Profit, Equity Gains, Non-controlling Interests, non-fiscal impairments and stamp tax provisions

During 2016, a total of 25,401 K€ (2015: 15,611 K€) of income tax was paid. Of this amount, 20,625 K€ (2015: 11,295 K€) was paid in Portugal. In terms of income tax, the increase in the effective rate was mainly due to the fact that the US Floors, Inc. disposal was carried out by a US-based subsidiary, where the tax rate is higher. The approximate value of the tax on the sale of US Floors is € 17.7 million.

Corticeira Amorim and a large group of its Portuguese subsidiaries are taxed since January 1, 2001, as a group special regime for tax purposes (RETGS), as according to article 69, of the income tax code (CIRC). The option for this special regime is renewable every five years.

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

No material effects in the financial statements as of December 31, 2016, are expected by the Board of Corticeira Amorim from the revisions of tax declarations that will be held by the tax authorities.

The tax rate applicable to Portuguese subsidiaries is 21%.

The activity of the subsidiaries of the group located outside Portugal is subject to the general tax regime in the respective countries and states. During the year 2016 there were no significant changes in the tax rate applicable to subsidiaries in countries where the group has significant operations, except for the reduction of the general tax rate in Spain from 28% (2015) to 25% (2016).

The only deferred tax amount related to items credited / debited directly in equity is related to the fair value of hedging instruments and amounts to 195 thousand euros (76 thousand euros in 2015).

The amount of deferred taxes is essentially related to temporary differences that can be realized in the short term. The recovery of tax assets is based on future forecasts for normal rates of return for companies and growth in line with those of business units.

Tax losses to be carried forward are related with foreign subsidiaries. Total amounts to 24 M€, of which around 4 M€ are considered to be utilised. These losses can be fully used up to 2021 and beyond.

Tax relating to components of other comprehensive income is as follows:

	2016			2015		
	before tax	tax	after tax	before tax	tax	after tax
Itens that could be reclassified through income statement:						
Change in derivative financial instruments fair value	-1,133	195	-938	-200	76	-124
Change in translation differences	1,635	0	1,635	1,030	0	1,030
Share of other comprehensive income of investments accounted for using the equity method	66	0	66	-382	0	-382
Other comprehensive income	53	0	53	-7	0	-7
Itens that will not be reclassified through income statement:						
Gain in treasury stock sale	0	0	0	25,729	0	25,729
Other comprehensive income	**621**	**195**	**816**	**26,170**	**76**	**26,246**

(thousand euros)

XIV

INVENTORIES

	2016	2015
Goods	5,731	7,818
Finished and semi-finished goods	97,346	109,585
By-products	230	247
Work in progress	15,126	15,244
Raw materials	153,391	141,313
Advances	2,347	1,571
Goods impairments	-734	-1,036
Finished and semi-finished goods impairments	-3,567	-1,782
Raw materials impairments	-1,179	-1,255
Inventories	**268,691**	**271,705**

(thousand euros)

Impairment losses	2016	2015
Initial Balance	**4,073**	**2,413**
Increases	2,220	2,179
Decreases	812	519
End Balance	**5,480**	**4,073**

(thousand euros)

Raw materials essentially include reproduction cork (“amadia”) and virgin cork from pruning the tree (“falcas”) (Raw Material BU), products and work in progress essentially include boiled cork and discs (Raw Materials BU) and finished products essentially include a variety of types of cork stoppers (Cork Stoppers BU), coverings (Floor and Wall Coverings BU) and composite products (Composite Cork BU).

Increases and decreases in inventories impairment are booked on Goods sold and materials consumed in the income statement.

XV

TRADE RECEIVABLES

	2016	2015
Gross amount	153,874	144,975
Impairments	-11,998	-12,429
Trade receivables	**141,876**	**132,546**

(thousand euros)

Impairment losses	2016	2015
Initial Balance	**12,429**	**9,777**
Increases	1,993	3,408
Decreases	1,182	511
Others	-1,242	-245
End Balance	**11,998**	**12,429**

(thousand euros)

Increases and decreases were recognized under impairment of assets caption in the income statement.

At the end of each period, Trade receivables credit quality is analysed. Due to specific business environment, balances unpaid up to 90 days are not impaired. From 90 to 120 days a 30% impairment register is considered and from 120 to 180 days 60%. 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:

	2016	2015
Due	115	103
Past due between 0 and 90 days	24	27
Past due between 90 and 120 days	2	2
Past due between 120 and 180 days	3	3
Doubtful and past due over 180 days	9	10
Impairment	12	13

(million euros)

XVI
INCOME TAX

	2016	2015
Income tax – advances / minimum / excess est.	715	811
Income tax – advances	3,317	1,983
Income tax – withholding	182	345
Income tax – special payment (RERD)	2,587	4,265
Income tax – special payment (RERD) impairment	-2,587	-4,265
Income tax – special payment (PERES)	5,383	–
Income tax – special payment (PERES) impairment	-5,383	–
Income tax	**4,214**	**3,139**

(thousand euros)

The amount of 4,265 K€ of RERD in 2015 refers to a payment made under an exceptional regime of regularisation of debts to the tax authority and to social security (DL 151-A/2013) (RERD). Corticeira Amorim has decided to partially adhere. A total of 4,265 K€ was paid in December 2014. This payment refers to stamp tax (1,678 K€) and income tax cases (2,587 K€). The amount related with stamp tax was provisioned. As for the income tax cases, they were already provisioned, including late payment interest.

During 2016, Corticeira Amorim was notified that its appeal regarding the tax procedure related to the Stamp tax paid in the RERD was almost entirely won. The value of the reversal of the respective provisions was of 1.7 M€, positively affecting the financial result. As these processes were included in the 2013 RERD, and consequently paid to date, Corticeira Amorim was reimbursed at approximately 1.2 M€.

At the end of 2016, a special Plan for the Reduction of Indebtedness to the State (PERES) was approved by Decree-Law no. 67/2016. Corticeira Amorim decided to partially adhere to that measure. In December, approximately 7.4 M€ were paid in respect of Stamp Tax / VAT (€ 2 M) and Income Tax (IRC) in the amount of 5.4 M€.

To be noted that Corticeira Amorim was not a debtor to the social security and to the tax authority. Those amounts were subject to court ruling. The cases that were chosen to adhere are old cases but, in circumstance of unfavourable ruling by the court, the outcome could impose heavy penalties and late payment interests.

RERD and PERES allowed for the payment of the capital without any payment regarding late payment interests and other costs. Due to the fact that adhesion to RERD and PERES does not imply a mandatory abandonment of the court cases and those processes are still in court, Corticeira Amorim will continue to fight for its rights.

The liability amount under this caption includes the estimate of income tax payable by some subsidiaries when the tax return for the year 2015 is presented.

XVII
OTHER ASSETS

	2016	2015
Advances to suppliers / suppliers	3,558	2,133
Accrued income	773	996
Deferred costs	1,224	2,565
Hedge accounting assets	0	1,051
VAT	18,898	18,771
Stamp tax/VAT – special payment (PERES)	2,051	–
Stamp tax/VAT – special payment (PERES) impairment	-2,051	–
Others	4,796	3,162
Other current assets	**29,249**	**28,678**

(thousand euros)

As of December 31, 2016 and 2015, there were no overdue in the amounts of VAT.

XVIII
CASH AND CASH EQUIVALENTS

	2016	2015
Cash	463	167
Bank Balances	47,938	6,412
Time Deposits	2,588	794
Others	131	89
Cash and cash equivalents as for financial position	**51,119**	**7,461**
Overdrafts	-15,736	-12,120
Cash and cash equivalents as for cash flow statement	**35,383**	**-4,659**

(thousand euros)

XIX

CAPITAL AND RESERVES

SHARE CAPITAL

As of December 31, 2015, 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 mid-September 2015 Corticeira Amorim sold all of its long held treasury stock. This operation took place in the form of a private offer for sale of 7,399,262 shares, representing 5.56% of share capital at a price of 4.45 euros per share. Total cash inflow was 32.9 M€. Since this operation involves shareholders but no company control change, the registered gain from the sale was recorded directly in equity (25.7 M€).

As of December 31, 2016, Corticeira Amorim held no treasury stock

No sales and purchases were registered during 2016.

LEGAL RESERVE AND SHARE PREMIUM

Legal reserve and share premium are under the legal reserve rule and can only be used for (art. 296 CSC):

- Offset losses in the financial position that cannot be offset by the use of other reserves;
- Offset losses of prior year that cannot be offset by the profit of the year nor the use of other reserves;
- Incorporation in share capital.

Legal reserve and share premium values are originated from Corticeira Amorim, SGPS, S.A. books.

OTHER RESERVES

Value is composed from other reserves account and prior year's results of Corticeira Amorim, SGPS, S.A. books, as well as non-distributed cumulative results of Corticeira Amorim, SGPS, S.A. subsidiaries.

Individual accounts of Corticeira Amorim registered distributable reserves as dividends, considering 2016 net profits, amounting to 76,837 K€.

DIVIDENDS

In the Shareholders' General Meeting of March 30, 2016 and November 28, 2016, a dividend distribution of 0.16 and 0.08 euros per share was approved.

	2016	2015
Approved dividends	31,920	51,205
Portion attributable to own shares	0	-1,036
Dividends paid	**31,920**	**50,169**

(thousand euros)

Summary of changes in Equity:

	2016	2015
Initial Balance	**354,133**	**315,569**
Change in treasury stock	0	7,197
Gain in treasury stock sale	0	25,729
Dividends paid	-31,920	-50,169
Change in hedge accounting adjustments	-938	-124
Change in translation differences	1,635	1,030
Others	-1,196	-86
Net Income	102,703	55,012
Change in Non-controlling Interests (note XVIII)	2,525	-25
End Balance	**426,942**	**354,133**

(thousand euros)

XX

NON-CONTROLLING INTEREST

	2016	2015
Initial Balance	**13,368**	**13,393**
In / Out	0	13
Results	2,010	558
Dividends	-799	-293
Exchange Differences	529	-303
Others	785	0
End Balance	**15,893**	**13,368**

(thousand euros)

The amount of Dividends corresponds to the amounts paid by the entities to non-controlling interests. Movement in Others resulted from the spin-off of the spirits business (materialized in the subsidiaries Amorim Bartop and Amorim Top Series) with the entry of a minority.

	2016			2015		
	Impact on Balance Sheet	Impact on Net Income	Dividends paid	Impact on Balance Sheet	Impact on Net Income	Dividends paid
Trefinos	1,713	196	136	1,653	152	73
Francisco Oller	2,030	177	34	1,885	176	21
Amorim Isolamentos	1,923	241	140	1,822	90	40
Industria Corchera	6,672	242	135	5,999	27	-
Timberman	798	429	197	564	221	-
Victor y Amorim	799	138	158	818	158	153
Amorim Bartop	12	-1	–	–	–	–
Amorim Top Series	1,494	721	–	–	–	–
Other	450	-134	–	627	-266	7
End Balance	**15,892**	**2,010**	**799**	**13,368**	**558**	**293**

(thousand euros)

Summary indicators of the main subsidiaries with non-controlling interests:

	Trefinos	Francisco Oller	Amorim Isolamentos	Amorim Bartop	Amorim Top Series	Industria Corchera	Timberman	Victor y Amorim
2016	K €	K €	K €	K €	K €	K CLP	K DKK	K €
Current assets	14,624	13,719	7,811	4	17,839	11,080,563	30,425	1,883
Non-current assets	12,779	18,517	4,179	4,000	2,149	4,079,123	2,412	660
Assets	27,403	32,236	11,990	4,005	19,987	15,159,686	32,838	2,544
Total Equity	18,595	24,289	9,403	4,003	9,976	9,070,950	13,499	1,599
Current liabilities	7,408	5,673	1,939	2	9,722	6,088,736	18,876	944
Non-current liabilities	1,400	2,274	648	0	289	0	463	0
Sales	29,561	23,903	11,463	0	28,554	14,583,429	107,261	5,191
Operating profit	3,058	2,747	1,589	-2	7,859	512,925	7,360	373
Net Income	2,524	2,170	1,205	-2	5,976	259,801	5,211	276
Comprehensive income	2,524	2,170	1,205	-2	5,976	259,801	5,211	276
Cash flow from operating activities	3,544	2,786	2,743	-1	1,460	574,592	3,912	277
Cash flow from investing activities	-2,665	-3,876	-321	-4,000	-1,475	-241,633	194	-83
Cash flow from financing activities	-452	960	-2,096	3,955	44	-452,558	-4,189	-321
Net cash flow	426	-130	326	-46	29	-119,600	-83	-127
2015								
Current assets	14,435	12,464	7,730	50	0	11,899,065	26,412	2,195
Non-current assets	10,832	15,674	4,461	0	0	4,570,694	4,449	623
Assets	25,267	28,138	12,191	50	0	16,469,759	30,861	2,818
Total Equity	17,571	22,520	8,898	50	0	9,006,634	11,288	1,638
Current liabilities	7,591	4,504	2,423	0	0	7,369,017	17,092	1,180
Non-current liabilities	104	1,114	869	0	0	94,108	2,481	0
Sales	27,677	22,516	10,064	0	0	13,064,702	83,157	4,947
Operating profit	2,365	2,765	812	0	0	-117,572	5,093	426
Net Income	1,680	2,071	627	0	0	-203,723	4,095	321
Comprehensive income	1,680	2,071	627	0	0	-203,723	4,095	321
Cash flow from operating activities	2,339	3,073	1,954	0	0	679,426	7,070	320
Cash flow from investing activities	-1,420	-1,209	-257	0	0	-124,281	-781	-12
Cash flow from financing activities	-1,730	-1,761	-1,217	50	0	-225,452	-6,232	-324
Net cash flow	-810	103	480	50	0	329,693	57	-16

(thousand euros)

XXI

INTEREST BEARING DEBT

At year-end, interest bearing loans was as follows:

	2016	2015
Overdrafts and Bank loans	40,399	40,179
Bonds	0	9,967
Commercial Paper	8,000	0
Interest-bearing loans – current	**48,399**	**50,146**

(thousand euros)

Loans were denominated in euros, except 31% (2015: 41%).

	2016	2015
Bank loans	38,492	39,940
Reimbursable subsidies	117	1,271
Interest-bearing loans – non-current	**38,609**	**41,211**

(thousand euros)

At the end of 2016, loans were denominated in euros 100% (2015: 91%) and USD 0% (2015: 8%).

As of December 31, 2016, maturity of non-current interest bearing debt was as follows:

Between 01/01/2018 and 31/12/2018	3,140
Between 01/01/2019 and 31/12/2019	5,469
Between 01/01/2020 and 31/12/2020	5,000
After 01/01/2021	25,000
Total	**38,609**

(thousand euros)

From non-current and current interest bearing debt, 62,008 K€ carries floating interest rates. Remaining 25,000 K€ carries fixed interest rate. Average cost, during 2015, for all the credit utilized was 1.80% (2015: 2.05%).

Note that at the end of the first quarter Corticeira Amorim effected a loan agreement with the EIB. This ten year loan, in the amount of 35 M€, with a grace period of four years, was negotiated at an all-in cost lower than any existing loan to date. With this financing Corticeira Amorim could substantially lengthen the terms of its debt and, at same time, lowering considerably average rate of interest-bearing debt.

As of December 2016, Corticeira Amorim had credit lines with contractual clauses that include covenants generally used in these type of contracts, namely: cross-default, pari-passu and in some cases negative pledge.

As of December 31, 2016 two foreign subsidiaries had a 0.9 million euro loan mortgage guarantee. The accounting value of these properties is 2,800 K€. These properties are booked in Fixed Assets Tangible in Land and Buildings.

At the same date, Corticeira Amorim had utilized credit lines with associated financial covenants. These included, namely, ratios accomplishment that allowed for an accompaniment of the financial position of the company, most of all its capacity to pay its debt, of which the most important is Debt to EBITDA ratio (net interest bearing debt/current EBITDA). Also ratio related with balance sheet structure.

As of December 31, 2016, these ratios were as follows:

Net interest bearing debt / current EBITDA (X)	0.29
Equity / Assets	58.7%

Ratios above fully and easily accomplished the demands of the contracts that formalized said loans. If by chance they did not accomplish the possibility of an early payment was conceivable.

On top of the said full accomplishment, it has to be noted that the capacity of full repayment was reinforced by the existence, as of that date, of non-used credit lines that amounted to 116 M€.

XXII

SUPPLIERS

	2016	2015
Suppliers – current account	56,514	53,502
Suppliers – confirming	47,409	62,036
Suppliers – accrualls	6,062	5,646
Suppliers	**109,985**	**121,184**

(thousand euros)

From the total values, 51% comes from Cork Stoppers BU (2015: 49%) and 23% from Raw Materials BU (2015: 25%).

XXIII

OTHER LOANS AND CREDITORS

	2016	2015
Non interest bearing grants	8,702	8,794
Other	1,370	1,221
Other loans and creditors – non current	**10,072**	**10,015**
Non interest bearing grants	1,175	3,381
Accrued costs – staff costs	12,832	11,527
Accrued costs – supplies and services	3,023	2,371
Accrued costs – others	7,496	8,592
Deferred income – grants	5,244	5,148
Deferred income – others	-123	110
VAT	6,970	7,136
State and social security – withholding and others	5,438	6,214
Other	7,576	5,038
Other loans and creditors – current	**49,631**	**49,518**

(thousand euros)

In 7,576 K€ (2015: 5,714 K€) is included a value of 2,989 K€ (2015: 449 K€), which refers to the fair value of exchange risk and interest rate risk derivatives.

In Other loans and creditors – non-current (10,072 K€), maturity is as follows: 2018 (3,138 K€), 2019 (5,423 K€), 2020 (638 K€) and 2021 and further (873 K€).

Non-reimbursable grants (no interest bearing)	2016	2015
Opening Balance	**5,148**	**6,130**
Transfer to gains	-2,028	-1,473
Received during the year	0	345
Reclassifications / Transfers	2,125	146
Closing Balance	**5,244**	**5,148**

Reimbursable grants (no interest bearing)	2016	2015
Opening Balance	**12,175**	**13,435**
Paid during the year	-4,034	-2,229
Received during the year	2,204	1,750
Reclassifications / Transfers	-468	-781
Closing Balance	**9,877**	**12,175**

(thousand euros)

"Transfers" is due largely to reimbursable benefits that were in the meantime, in some subsidiaries, converted into non-reimbursable and to the recognition of interest through measurement at amortized cost.

Most of the grants received by Corticeira Amorim is intended for investments aimed at increasing the production capacity and modernization of industrial facilities, improving the quality of manufactured products, or improving energy and utilizing its main raw material (cork).

Most of the projects that gave rise to grants classified as repayable; these are normally subject to evaluation, already at cruising stage, and if agreed targets are met, part or even all of the allowance is converted into non-refundable.

There are no unpaid amounts associated with subsidies classified as non-refundable, nor are there conditions that are not yet to be met for recognition.

XXIV
THIRD PARTY SUPPLIES AND SERVICES

	2016	2015
Subcontractors	2,669	2,825
Special Services	8,390	9,526
Advertising	6,321	6,897
Security	1,004	1,028
Professional Fees	1,143	987
Commissions	7,072	6,900
Maintenance	8,920	8,193
Tools	1,557	1,545
Power	12,153	11,917
Oil and gas	1,673	1,660
Travel	4,375	4,128
Transports	22,854	22,381
Rentals	4,948	4,815
Communications	1,415	1,221
Insurance	3,243	3,175
Representation expenses	1,009	897
Data systems	4,885	4,195
Others	9,926	8,706
Capitalized Costs	-555	-459
Third party supplies and services	**103,001**	**100,538**

(thousand euros)

XXV
STAFF COSTS

	2016	2015
Board remuneration	680	644
Employees remuneration	87,853	85,575
Social Security and other	17,830	16,968
Severance costs	2,038	3,386
Other	5,154	5,462
Capitalized Costs	-264	-154
Staff costs	**113,291**	**111,881**
Average number of employees	**3,655**	**3,636**
Final number of employees	**3,602**	**3,537**

(thousand euros)

Board's remuneration includes Corticeira Amorim, SGPS, SA 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.

Contributions related with defined contributions plans amounted to 360 K€ (2015: 214 K€).

XXVI

IMPAIRMENTS OF ASSETS AND NON-CURRENT COSTS

	2016	2015
Receivables	594	3,117
Inventories	-190	0
Tangible assets	325	-106
Others	0	281
Impairments of assets and non-current costs	**729**	**3,291**

(thousand euros)

Receivables include customers and debtors.

	2016	2015
Provision for labor, customs and Argentine Central Bank litigation	-2,550	0
Directors non-compete / SIBL staff costs	-1,803	0
Goodwill impairment	0	-2,904
Non-current costs	**-4,353**	**-2,904**

(thousand euros)

In 1H2015, goodwill impairment was recorded as described in Note X.

The most significant amount of non-recurring expenses recorded in 2016 relates to provisions for labor, customs and labor lawsuits with the Argentine Central Bank. Due to the difficulties that existed in the subsidiary deactivated more than four years ago, a decision was made to prepare its liquidation, and management reassessed the likelihood of losses in the processes.

In addition, the expense relating to a directors' non-compete clause, as well as the compensation effect relating to the management of a North African subsidiary, was recognized.

XXVII

OTHER OPERATING GAINS AND COSTS

	2016	2015
Exchange rate hedging: exchange differences	3,079	0
Exchange rate hedging: var. derivative fair value	-2,299	0
Gain in fixed assets and p. investment disposals	493	129
Provisions reversals	179	132
Operating subsidies	566	877
Investment subsidies	1,923	1,473
Suplementary income	1,537	1,726
Building rentals	172	202
Own works	25	329
Gain in inventory differences	0	17
Other	3,922	4,049
Other operating gains	**9,596**	**8,934**

(thousand euros)

	2016	2015
Exchange rate hedging: exchange differences	0	5,537
Exchange rate hedging: var. derivative fair value	0	-2,886
Taxes (other than income)	1,432	1,364
Provisions	117	393
Loss in fixed assets and p. investment disposals	256	241
Bank charges	688	428
Bad debts	357	282
Loss in inventory differences	128	88
Donations and fees	367	480
Other	1,588	2,189
Other operating costs	**4,932**	**8,117**

(thousand euros)

XXVIII

FINANCIAL COSTS AND FINANCIAL INCOME

	2016	2015
Interest costs – bank loans	1,156	1,461
Interest costs – other entities	490	678
Stamp tax	-2,589	315
Interest costs – other	84	393
Financial costs	**-860**	**2,847**
Interest gains – bank deposits	29	33
Interest gains – delayed payments	5	16
Interest gains – other	53	10
Financial income	**88**	**58**

(thousand euros)

In the value of Stamp tax and Other was included the reversal of impairment related to the amount paid in RERD that was earned in a lawsuit, reduction of provisions in terminated lawsuit and default interest of proceedings paid in PERES of 2.7 M€. In 2015 the provision for settlements of this tax was 212 K€.

Interest costs – other entities includes 11 K€ (2015: 214 K€) due to interest rate swap differential, as well as 335 K€ (2015: 388 K€) related with interest discount deriving from non-interest bearing loans.

As for 2015, the value of 393 K€ includes the gain coming from the variation in the swap Fair Value (195 K€), as well as costs related with loans commissions and others, as well as costs related with the treasury stock sale.

XXIX

RELATED-PARTY TRANSACTIONS

Corticeira Amorim consolidates indirectly in Amorim – Investimentos e Participações, S.G.P.S., S.A. with head-office at Mozelos (Santa Maria da Feira, Portugal), Amorim Group holding company. During 2016, Interfamilia II, S.G.P.S., S.A incorporate with Amorim – Investimentos e Participações, S.G.P.S., S.A. (AIP).

As of December 31, 2016 and 2015, financial stake of Amorim Group in Corticeira Amorim was 51% of its share capital.

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 8,110 K€ (2015: 7,627 K€).

Sales from Quinta Nova, S.A., Amorim – Investimentos e Participações, S.G.P.S., S.A. subsidiary to Corticeira Amorim subsidiaries reached 72 K€ (2015: 23 K€). Purchases totaled 86 K€.

Cork acquired during 2015, from companies held by the main indirect shareholders of Corticeira Amorim, amounted to 852 K€ (2015: 1,317 K€). This corresponds to less than 2% of total acquisitions of that cork raw-material.

Balances at year-end 2016 and 2015 are those resulting from the usual payment terms (from 30 to 60 days) and so are considered to be immaterial.

All transactions with related-parties are based on market prices. When a transaction cannot use that policy, it is used the “cost plus” basis ranging from 2% to 5%.

During 2015 no transactions were made and no balances booked with related parties Amorim Capital, SGPS, SA, Amorim Investimentos e Participações, SGPS, SA.

Total Corticeira Amorim key staff short-term remuneration (includes executive committee of SGPS and general managers of the Business Units) reached 3,394 K€ during 2016 (2015: 2,279 K€). No payments were made related with post-employment benefits, other long-term benefits, termination benefits and equity compensation benefits.

XXX

PROVISIONS, GUARANTEES, CONTINGENCIES AND COMMITMENTS

PROVISIONS

	2016	2015
Income tax	26,172	29,896
Guarantees to customers	536	364
Others	3,954	1,967
Provisions	**30,661**	**32,227**

(thousand euros)

During the year, the provisions in the Balance Sheet decreased by 1.6 M€. The decrease in the provision for tax contingencies was 3.7 M€ and the provision for other events increased by 2.0 M€.

The main reduction in the provision for tax contingencies is explained by the payment made under PERES (payment of 7.4 M€), which implied that the provisions for tax payable and interest are no longer recognized. The main enhancement of this caption is related to the provision for tax benefits that had a net increase of 3.9 M€.

Tax cases are in general related with Portuguese companies. The most recent fiscal year analysed by Portuguese tax authorities was 2014. It should be noted, however, that the approval of the tax benefits cannot be considered as complete, since their obligations continue for several years.

These tax cases are basically related with questions like non-remunerated guarantees given between group companies, group loans (stamp tax), interest costs of holding companies (SGPS), and with the acceptance as fiscal costs of losses related with the closing of subsidiaries.

Claims by the tax authorities are related with income tax, stamp tax and marginally VAT.

Income tax provisions refer to live tax cases, in court or not, as well as accounting recorded situations that can raise questions in future inspections by the tax authority.

At the end of each year, an analysis of the tax cases is made. The procedural development of each case is important to decide new provisions, or reverse or reinforce existing provisions. Provisions correspond to situations that, for its procedural development or for doctrine and jurisprudence newly issued, indicate a probability of an unfavourable outcome for Corticeira Amorim and, if that happens, a cash outflow can be reasonably estimated.

Note that during the year there were no developments worthy of note in the processes mentioned above.

The value of tax processes to date for the 2016 accounts amounted to 10.0 M€, for which 8 M€ of provisions were recognized, corresponding to 80% of that amount. For cases for which provisions were recorded, an estimated value of 1.6 M€ of default interest was recorded.

In addition to the tax provisions referred to above, Corticeira Amorim has recorded a provision to cover the tax benefits to apply for 2016 and applied in previous years. The certification requirement of expenses eligible in SIFIDE projects, the requirement for maintenance of jobs over five years in RFAI projects as well as other constraints to the realization of benefits, has led Corticeira Amorim to record provisions in order to take account of future and probable breaches of such requirements. This provision at the end of 2016 has a value of 14.2 M€.

To note that, Corticeira Amorim has been set aside provisions due to uncertainty about the acceptance by tax authorities of the existence of tax losses in two Spanish subsidiaries. The provision at the end of 2016 was 2.6 M€.

Total contingent liability resulting from not accrued tax proceedings and other contingencies unrecorded liabilities, amounts to 4.8 M€.

Corticeira Amorim made in 2013 payments for taxes and social security in the amount of 4.6 M€, of which the most important is for payment established by Decree Law 151-A / 2013 (RERD) worth 4.3 M€. This payment does not imply the abandonment of Corticeira Amorim of the defence of its own interest in these processes.

In 2016 the final decision of one of the lawsuits regarding stamp taxes was partially won by Corticeira Amorim, which received 1.2 M€ of the value paid of 1.7 M€. Accordingly, the amount remaining outstanding of ongoing proceedings paid under the RERD is 2.6 M€.

As already mentioned in 2016, an amount of 7.4 M€ was paid under PERES, which does not imply Corticeira Amorim's neglecting of the defense of its proceedings.

In addition to these processes, Corticeira Amorim has a large number of other favourable processes. They refer, in essence, to payments related with autonomous taxation, inspection fees and tax benefits. The value of these processes amounts to 1.1 M€, which is not recorded as part of its assets. Total contingent assets amounts to 11.4 M€.

It is considered correct the total value of 26.1 M€ of provisions related with contingencies regarding income tax and 4.5 M€ regarding other contingencies.

The movements in the provisions account for the year were as follows:

	Tax Contingencies			Customer Guarantee	Others	
	Income tax	Stamp tax	Others			
Opening balance 2015	**22,634**	**2,974**	**8**	**726**	**1,609**	**27,951**
Recognition						
Other Costs – Note XXVII	33				360	393
Financial costs – Note XXVIII		212				212
Income tax	4,913					4,913
Reversal						
Sales				-363		-363
Other gains – Note XXVII	-132					-132
Income tax	-654					-654
Translation differences	12					12
Direct allocation		-106				-106
Ending balance 2015	**26,806**	**3,080**	**8**	**364**	**1,969**	**32,227**
Opening balance 2016	**26,806**	**3,080**	**8**	**364**	**1,969**	**32,227**
Recognition						
Other costs – Note XXVII					191	191
Non-current costs					2,550	2,550
Sales				171		171
Income tax	6,765					6,765
Reversal						
Financial costs – Note XXVIII		-1,477				-1,477
Other gains – Note XXVII	-6				-174	-180
Income tax	-1,582					-1,582
Transfer to PERES impairment	-5,880	-1,542				-7,422
Translation differences	-2				-4	-6
Direct allocation					-576	-576
Ending balance 2016	**26,100**	**62**	**8**	**535**	**3,957**	**30,661**

(thousand euros)

GUARANTEES

During its operating activities Corticeira Amorim issued in favour of third-parties guarantees amounting to 4,714 K€.

In the previous year, an amount of € 113,501 was disclosed, which included guarantees for tax proceedings that were fully provisioned and comfort letters / bank guarantees to interconnected companies and which correspond to liabilities of the consolidated financial statements, and therefore do not represent any contingency for the Group. In order to only disclose the guarantees that are not liabilities of the Group, as of this year, this accounts will no longer include the guarantees referred in the previous sentence.

Beneficiary	Amount	Purpose
Government agencies	4,591	Capex grants / subsidies
Other	123	Miscellaneous guarantees
TOTAL	**4,714**	

(thousand euros)

As of December 31, 2016, future expenditure resulting from long-term motor vehicle rentals totals 1,695 K€, and for computer hardware and software totals 385 K€. Total is due 2017 (243 K€), 2018 (352 K€), 2019 (632 K€), 2020 (767 K€) and 2021 and further (86 K€).

Commitments related with fixed assets totalled 3,740 K€, all expected to be materialized during 2016. Cork purchase commitments amount to 17,441 K€ (2017: 13,620 K€; 2018: 3,241 K€ and 2019: 580 K€).

XXXI

EXCHANGE RATE CONTRACTS

As of December 31, 2016, forward outright and options contracts related with sales currencies were as follows:

	2016		2015	
USD	30,881	90%	43,307	95%
ZAR	3,279	10%	2,027	4%
HUF	162	0%	161	0%
Forward – long positions	**34,322**	**100%**	**45,495**	**100%**
USD	-	-	4,503	100%
Forward – short positions	**-**	**-**	**4,503**	**100%**
USD	24,860	100%	26,321	100%
Options – long positions	**24,860**	**100%**	**26,321**	**100%**
USD	-	-	6,900	100%
Options – short positions	**-**	**-**	**6,900**	**100%**

(thousand euros)

It is expected that hedged highly probable transactions in foreign currencies occur during the first half of 2016. The corresponded value recognised in equity as hedge accounting will be recorded in income statement in that same period.

The amount recognised in comprehensive income statement as "change in derivative financial instruments fair value" reached 938 thousand euros (2015: -124 thousand euros).

In relation with fair value hedging, during 2016 a gain of 3,079 thousand euros was recorded in the hedging instruments (2015: gain of 2,886 thousand euros) and a loss of 2,299 thousand euros was recorded in the hedged items (2015: loss of 5,537 thousand euros). As of December 31, 2016, notional for long positions reached 14.3 million euros regarding fair value hedging.

XXXII

AUDITOR'S FEES

PricewaterhouseCoopers auditor's remuneration for the group of subsidiaries and for Corticeira Amorim was 443 K€ (2015: 442 K€) and detailed as follows:

Nature of service	Audit	Other assurance services	Tax advisory	Other services	Total
PwC SROC					
Corticeira Amorim	54,000	–	–	–	54,000
	100%	**0%**	**0%**	**0%**	**100%**
Entities that integrate the group	158,400	22,824	5,549	8,150	194,923
	81%	**12%**	**3%**	**4%**	**100%**
Total	212,400	22,824	5,549	8,150	248,923
	85%	**9%**	**2%**	**3%**	**100%**
PwC network Companies					
Corticeira Amorim	–	–	–	–	–
	0%	**0%**	**0%**	**0%**	**0%**
Entities that integrate the group	113,700	–	–	80,411	194,111
	59%	**0%**	**0%**	**41%**	**100%**
Total	113,700	–	–	80,411	194,111
	59%	**0%**	**0%**	**41%**	**100%**
Total					
Corticeira Amorim	54,000	–	–	–	54,000
	100%	**0%**	**0%**	**0%**	**100%**
Entities that integrate the group	272,100	22,824	5,549	88,561	389,034
	70%	**6%**	**1%**	**23%**	**100%**
Total	326,100	22,824	5,549	88,561	443,034
	74%	**5%**	**1%**	**20%**	**100%**

The Other assurance services includes the certification of investment expenditure statements, the issuance of a report on pro forma financial statements, the verification of the sustainability report and the issue of a merger report.

Tax advisory includes benchmarking of transfer pricing.

The Other Services include, among others: customer satisfaction study, pricing analysis and profitability, support for grant applications.

XXXIII

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.

XXXIV

OTHER INFORMATION

a. 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.

	2016	2015
Total issued shares	133,000,000	133,000,000
Average nr. of treasury shares	0	5,290,979
Average nr. of outstanding shares	133,000,000	127,709,021
Net Profit (thousand euros)	102,703	55,012
Net Profit per share (euros)	0.772	0.431

b. IFRS disclosures – New standards as at 31 December 2016:

1. The impact of the adoption of the amendments to standards that became effective as of 1 January 2016 is as follows:

Standards

a. **IAS 1** (amendment), 'Disclosure initiative'. This amendment provides guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements, the disclosure of accounting policies and OCI items presentation when arising from investments measured at equity method. The adoption of this amendment had no significant impact in the financial statements of the Entity.

b. **IAS 16 and IAS 38** (amendment), 'Acceptable methods of depreciation and amortisation calculation'. This amendment clarifies that the use of revenue-based methods to calculate the depreciation / amortization of an asset is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an asset. It shall be applied prospectively. The adoption of this amendment had no significant impact in the financial statements of the Entity.

c. **IAS 16 and IAS 41** (amendment), 'Agriculture: bearer plants'. This amendment defines the concept of a bearer plant and removes it from the scope of IAS 41 – Agriculture, to the scope of IAS 16 – Property, plant and equipment, with the consequential impact on measurement. However, the produce growing on bearer plants will remain within the scope of IAS 41 – Agriculture. The adoption of this amendment had no significant impact in the financial statements of the Entity.

d. **IAS 19** (amendment), 'Defined benefit plans – Employee contributions'. This amendment applies to contributions from employees or third parties to defined benefit plans and aims to simplify the accounting when contributions are not associated to the number of years of service. The adoption of this amendment had no significant impact in the financial statements of the Entity.

e. **IAS 27** (amendment), 'Equity method in separate financial statements'. This amendment allows entities to use equity method to measure investments in subsidiaries, joint ventures and associates in separate financial statements. This amendment applies retrospectively. The adoption of this amendment had no significant impact in the financial statements of the Entity.

f. **Amendment to IFRS 10, 12 and IAS 28**, 'Investment entities: applying consolidation exception'. This amendment clarifies that the exemption from the obligation to prepare consolidated financial statements by investment entities applies to an intermediate parent which is a subsidiary of an investment entity. The policy choice to apply the equity method, under IAS 28, is extended to an entity which is not an investment entity, but has an interest in an associate, or joint venture, which is an investment entity. The adoption of this amendment had no significant impact in the financial statements of the Entity because it is not an investment entity.

g. **IFRS 11** (amendment), 'Accounting for the acquisition of interests in joint operations'. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business, through the application of IFRS 3's principles. The adoption of this amendment had no significant impact in the financial statements of the Entity.

h. **Annual Improvements 2010 – 2012**. The 2010-2012 annual improvements affects: IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16 and 38, and IAS 24. The adoption of this amendment had no significant impact in the financial statements of the Entity.

i. **Annual Improvements 2012 – 2014**. The 2012-2014 annual improvements affects: IFRS 5, IFRS 7, IAS 19 and IAS 34. The adoption of this amendment had no significant impact in the financial statements of the Entity.

2 Standards that have been published and are mandatory for the accounting periods beginning on or after 1 January 2017, and were already endorsed by the EU:

a. **IFRS 9** (new), 'Financial instruments' (effective for annual periods beginning on or after 1 January 2018). IFRS 9 replaces the guidance in IAS 39, regarding: (i) the classification and measurement of financial assets and liabilities; (ii) the recognition of credit impairment (through the expected credit losses model); and (iii) the hedge accounting requirements and recognition. The future adoption of this amendment in the consolidated financial statements are being evaluated.

b. **IFRS 15** (new), 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 January 2018). This new standard, applies only to contracts with customers to provide goods or services, and requires an entity to recognise revenue when the contractual obligation to deliver the goods or services is satisfied and by the amount that reflects the consideration the entity is expected to be entitled to, following a five step approach. No significant impacts are estimated from the future adoption of this amendment in the consolidated financial statements.

3 Standards (new and amendments) and interpretations that have been published and are mandatory for the accounting periods beginning on or after 1 January 2017, but are not yet endorsed by the EU:

3.1 Standards

a. **IAS 7** (amendment), 'Cashflow statement – Disclosure initiative' (effective for annual periods beginning on or after 1 January 2017). This amendment is still subject to endorsement by the European Union. This amendment introduces an additional disclosure about the changes in liabilities arising from financing activities, disaggregated between cash changes and non-cash changes and how it reconciles with the reported cash flows from financing activities, in the Cash Flow Statement. No significant impacts are estimated from the future adoption of this amendment in the consolidated financial statements.

b. **IAS 12** (amendment),'Income taxes – Recognition of deferred tax assets for unrealised losses' (effective for annual periods beginning on or after 1 January 2017). This amendment is still subject to endorsement by the European Union. This amendment clarifies how to account for deferred tax assets related to assets measured at fair value, how to estimate future taxable profits when temporary deductible differences exist and how to assess recoverability of deferred tax assets when restrictions exist in the tax law. No significant impacts are estimated from the future adoption of this amendment in the consolidated financial statements.

c. **IAS 40** (amendment), 'Transfers of Investment property' (effective for annual periods beginning on or after 1 January 2018). This amendment is still subject to endorsement by the European Union. This amendment clarifies when assets are transferred to, or from investment properties, the evidence of the change in use is required. A change of management intention in isolation is not enough to support a transfer. No significant impacts are estimated from the future adoption of this amendment in the consolidated financial statements.

d. **IFRS 2** (amendment), 'Classification and measurement of share-based payment transactions' (effective for annual periods beginning on or after 1 January 2018). This amendment is still subject to endorsement by the European Union. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications to a share-based payment plan that change the classification an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. The future adoption of this amendment will not have impact in the consolidated financial statements.

e. **IFRS 4** (amendment), 'Insurance contracts (Applying IFRS 4 with IFRS 9)' transactions' (effective for annual periods beginning on or after 1 January 2018). This amendment is still subject to endorsement by the European Union. This amendment allows companies that issue insurance contracts the option to recognise in Other Comprehensive Income, rather than Profit or Loss the volatility that could rise when IFRS 9 is applied before the new insurance contract standard is issued. Additionally, it is given an optional temporary exemption from applying IFRS 9 until 2021, to the companies whose activities are predominantly connected with insurance, not being applicable at consolidated level. The future adoption of this amendment will not have impact in the consolidated financial statements.

f. **Amendments to IFRS 15** 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 January 2018). These amendments are still subject to endorsement by European Union. These amendments refer to additional guidance for determining the performance obligations in a contract, the timing of revenue recognition from a license of intellectual property, the review of the indicators for principal versus agent classification, and to new practical expedients to simplify transition. No significant impacts are estimated from the future adoption of this amendment in the consolidated financial statements.

g. **IFRS 16** (new), 'Leases' (effective for annual periods beginning on or after 1 January 2019). This standard is still subject to endorsement by European Union. This new standard replaces the IAS 17 with a significant impact on the accounting by lessees that are now required to recognise a lease liability reflecting future lease payments and a "right-of-use asset" for all lease contracts, except for certain short-term leases and for low-value assets. The definition of a lease contract also changed, being based on the "right to control the use of an identified asset". The future adoption of this amendment in the consolidated financial statements are being evaluated.

h. **Annual Improvement 2014 – 2016**, (generally effective for annual periods beginning on or after 1 January 2017). These improvements are still subject to endorsement by European Union. The 2014-2016 annual improvements impacts: IFRS 1, IFRS 12 and IAS 28. No significant impacts are estimated from the future adoption of this amendment in the consolidated financial statements.

3.2 Interpretations

a. **IFRIC 22** (new), 'Foreign currency transactions and advance consideration' (effective for annual periods beginning on or after 1 January 2018). This interpretation is still subject to endorsement by European Union. An Interpretation to IAS 21 'The effects of changes in foreign exchange rates' it refers to the determination of the "date of transaction" when an entity either pays or receives consideration in advance for foreign currency denominated contracts". The date of transaction determines the exchange rate used to translate the foreign currency transactions. No significant impacts are estimated from the future adoption of this amendment in the consolidated financial statements.

c. 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:

	Loans and receivables	Fair value through profit or loss	Derivatives as hedging	Available for sale assets	Total
Trade receivables	132,545				132,545
Other current assets	24,919	398	652	4,177	30,146
Cash and cash equivalents	7,461				7,461
Total as of December 31, 2015	**164,925**	**398**	**652**	**4,177**	**170,153**
Trade receivables	141,876				141,876
Other current assets	27,227			3,940	31,166
Cash and cash equivalents	51,119				51,119
Total as of December 31, 2016	**220,222**	**0**	**0**	**3,940**	**224,162**

(thousand euros)

	Fair value through profit or loss	Derivatives as hedging	Other financial liabilities at amortized cost	Total
Interest-bearing loans			91,357	91,357
Other borrowings and creditors	-64	514	53,825	54,275
Trade payables			121,184	121,184
Total as of December 31, 2015	**-64**	**514**	**266,366**	**266,816**
Interest-bearing loans			87,008	87,008
Other borrowings and creditors	597	2,392	51,593	54,581
Trade payables			109,985	109,985
Total as of December 31, 2016	**597**	**2,392**	**248,586**	**251,574**

(thousand euros)

Customers balances are denominated in USD (9.9%), CLP (5.1%), AUD (1.4%), ZAR (0.9%), being the remaining almost totally euro based. As business in Argentina started to be conducted by associate Corchos Argentina, customer's balances in Argentinian pesos (ARS) no longer exist. Exchange differences are due, mainly, to non-euro based customer's balances, as well as foreign currency loans used as a hedge accounting instrument.

Corticeira Amorim understands that the fair value of the classes of financial instruments presented does not differ significantly from its book value, taking into account the contractual conditions of each of these financial instruments.

Current assets and liabilities, given their short-term nature, have an accounting value similar to fair value.

Non-current net debt is mostly payable at a variable rate. The only fixed-rate was contracted during the year 2015. As there were no significant changes in the reference interest rates, the rate does not differ substantially from the current market conditions, and therefore the fair value does not differ significantly from the value Accounting.

In the case of Other Loans Obtained and another Creditors (mainly grants with no interest bearing measured at fair value at initial recognition), given the initial adjustment differential for recognizing in income, maturities and current interest rate levels, difference between book value and fair value is not significant. "

XXXV

SUBSEQUENT EVENTS

Subsequent to December 31, 2016 and as of the date of this report, there were no other material events that would materially affect the financial position and future results of Corticeira Amorim and all subsidiaries included in the consolidation.

Mozelos, February 15, 2017

The Board of Corticeira Amorim, S.G.P.S., S.A.

António Rios de Amorim
Chairman

Nuno Filipe Vilela Barroca de Oliveira
Vice-Chairman

Fernando José de Araújo dos Santos Almeida
Member

Cristina Rios de Amorim Baptista
Member

Luísa Alexandra Ramos Amorim
Member

Juan Ginesta Viñas
Member


control

06

Legal Opinion

pwc

Statutory Audit Report and Auditors' Report

(Free translation from the original in Portuguese)

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Corticeira Amorim, S.G.P.S., S.A. (the Group), which comprise the consolidated statement of financial position as at December 31st, 2016 (which shows total assets of Euro 726,873 thousand and total shareholders' equity of Euro 426,943 thousand including a net profit of Euro 102,703 thousand), the consolidated income statement by nature, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of Corticeira Amorim, S.G.P.S., S.A. as at December 31st, 2016, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section below. In accordance with the law we are independent of the entities that are included in the Group and we have fulfilled our other ethical responsibilities in accordance with the ethics code of the Institute of Statutory Auditors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

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Inscrita na lista das Sociedades de Revisores Oficiais de Contas sob o nº 183 e na CMVM sob o nº 20161485

Key Audit Matter	*Summary of the Audit Approach*
Provisions and contingencies	
As mentioned in note XXX. to the consolidated financial statements, there are tax and legal contingencies, for which provisions have been recognized. The Group recognizes provisions for tax and legal contingencies whenever it considers that an unfavorable outcome is probable, in accordance with IAS 37. The assessment of the outcome's probability is supported by the opinion of its legal and tax advisors, as well as by the management's judgement, regarding these matters. As at December 31st, 2016, the amount of provisions presented in the consolidated financial statements amounts to Euro 30,661 thousand. The estimate of the outflow amount to settle the present obligation is considered a key audit matter because it requires a high level of judgement by the management.	The audit of identified risk factors included the following procedures: a) understanding of the assessment of tax and legal contingencies processes; b) obtaining and analyzing the uncertain positions and litigation that affect the Group; c) analyzing the communications with external experts; d) obtaining and reviewing the replies to confirmation requests of disputes by external lawyers; e) inquiring management and legal and tax professionals about estimates and judgments. We also validated the appropriateness of the related disclosures in note XXX. to the consolidated financial statements.

Key Audit Matter	*Summary of the Audit Approach*
Inventories	
At December 31st, 2016, the Group's inventories amount to Euro 268,691 thousand, representing 37% of the total assets. Inventories are composed by natural cork, virgin cork from pruning the tree, cork waste, cork stoppers and other processed products, which are dispersed in several locations and are valued at the lower of cost and net realizable value, in accordance with IAS 2 – Inventories. We consider the existence and valuation of inventories as a key audit matter, for the following reasons: a) physical dispersion of inventories is high; b) the amount of inventories is significant in relation to total assets; and c) the valuation of the net realizable value is a management's estimate.	The audit procedures to ensure the existence of inventories consisted mainly of: a) testing the internal control for movements of entries and exits of inventories in relevant subsidiaries; b) performing sample tests on the physical counts carried out by Corticeira Amorim, SGPS, SA's subsidiaries, on dates close to December 31st, 2016; c) reconciliation testing for movements between the counting dates and the reporting date; d) performing global reconciliations of inventory quantities. The audit procedures to ensure the valuation of inventories consisted mainly of: a) verifying the contractual conditions of acquisition of the main raw material; b) performing analytical review of the valuation of finished goods and goods in progress; c) reviewing inventory rotation, in order to evaluate the reasonableness of the adjustment of inventories due to obsolescence; d) reviewing sales margins of finished products, in order to validate the evaluation of net realizable value by the management.

Responsibilities of management and supervisory board for the consolidated financial statements

Management is responsible for:

a) the preparation of the consolidated financial statements, which present fairly the financial position, the financial performance and the cash flows of the Group in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union;

b) the preparation of the Directors' Report, including the Corporate governance Report, in accordance with the applicable law and regulations;

c) the creation and maintenance of an appropriate system of internal control to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;

d) the adoption of appropriate accounting policies and criteria;

e) the assessment of the Group's ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Group's ability to continue its activities.

The supervisory board is responsible for overseeing the process of preparation and disclosure of the Group's financial information.

Auditor's responsibilities for the audit of the consolidated financial statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

a) identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

e) evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

f) obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion;

g) communicate with those charged with governance, including the supervisory board, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;

h) of the matters we have communicated to those charged with governance, including the supervisory board, we determine which one's were the most important in the audit of the consolidated financial statements of the current year, these being the key audit matters. We describe these matters in our report, except when the law or regulation prohibits their public disclosure;

i) confirm to the supervisory board that we comply with the relevant ethical requirements regarding independence and communicate all relationships and other matters that may be perceived as threats to our independence and, where applicable, the respective safeguards.

Our responsibility also includes verifying that the information included in the Directors' report is consistent with the consolidated financial statements and the verification set forth in paragraphs 4 and 5 of article No. 451 of the Portuguese Company Law.

Report on other legal and regulatory requirements

Director's report

In compliance with paragraph 3 e) of article No. 451 of the Portuguese Company Law, it is our understanding that the Director's report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the Directors' report is consistent with the audited consolidated financial statements and, taking into account the knowledge and assessment about the Group, no material misstatements were identified.

Corporate governance report

In compliance with paragraph 4 of article No. 451 of the Portuguese Company Law, it is our understanding that the Corporate governance report includes the information required under article No. 245-A of the Portuguese Securities Market Code, that no material misstatements were identified in the information disclosed in this report and that it complies with paragraphs c), d), f), h), i) and m) of that article.

Additional information required in article No. 10 of the Regulation (EU) 537/2014

In accordance with article No. 10 of Regulation (EU) 537/2014 of the European Parliament and of the Council, of April 16, 2014, and in addition to the key audit matters referred to above, we also provide the following information:

a) We were first appointed auditors of the Company in the Shareholders' General Meeting of March 31st, 2005 for the period from 2005 to 2007, having remained in functions until the current period. Our last appointment was in the Shareholders' General Meeting of March 24th, 2014 for the period from 2014 to 2016.

b) The management has confirmed to us it has no knowledge of any allegation of fraud or suspicions of fraud with material effect in the financial statements. We have maintained professional scepticism throughout the audit and determined overall responses to address the risk of material misstatement due to fraud in the consolidated financial statements. Based on the work performed, we have not identified any material misstatement in the consolidated financial statements due to fraud.

c) We confirm that our audit opinion is consistent with the additional report that was prepared by us and issued to the Group's supervisory board as of March 9th, 2017.

d) We declare that we did not provide any prohibited non-audit services referred to in paragraph 8 of article No. 77 of the by-laws of the Institute of Statutory Auditors ("Estatutos da Ordem dos Revisores Oficiais de Contas") and that we remain independent of the Group in conducting our audit.

March 9th, 2017

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

António Joaquim Brochado Correia, R.O.C.

CORTICEIRA AMORIM, S.G.P.S., SA

REPORT AND OPINION OF THE SUPERVISORY BOARD TO THE ANNUAL GENERAL MEETING – FINANCIAL YEAR 2016

Dear Shareholders,

Under the law and in accordance with the assignment we have been entrusted with, we hereby present our report on the activities of the Supervisory Board and our opinion on the Individual and Consolidated Directors' Report and the Individual and Consolidated Financial Statements submitted to us by the Board of Directors of CORTICEIRA AMORIM, S.G.P.S., S.A. for the year ended 31 December 2016.

I - ACTIVITY CARRIED OUT BY THE SUPERVISORY BOARD

Throughout the financial year 2016 the Supervisory Board closely monitored the business performance of the Company and its main subsidiaries and supervised compliance with the Law and the Articles of Association; the Supervisory Board monitored the work of the Management of the Company, the effectiveness of risk management, internal audit and internal control systems, preparation and disclosure of financial information and ensured the completeness and accuracy of the accounting records as well as of the individual and consolidated financial statements and the accounting policies and valuation criteria adopted by the Company in order to ensure that they adequately reflect Corticeira Amorim, S.G.P.S., S.A.'s assets and its individual and consolidated accounts and cash flow.

In carrying out our duties, we have met regularly with the representatives of the External Audit Firm in order to monitor the audit work carried out so far and become acquainted with the audit findings, in addition to assessing the Auditors' independence. In this respect, the Supervisory Board has examined the proposals that were submitted for our consideration regarding the provision of non-audit services by the External Audit Firm and approved the proposals regarding permitted services that would not affect the independence of the External Audit Firm and were in compliance with other legal requirements. As it is our duty and responsibility, we have monitored the transactions carried out with members holding qualifying shareholdings as well as the operation of the whistleblowing system.

We have also met with the departmental representatives with responsibility for preparing the individual and consolidated accounts, as well as the Internal Auditor and we have received full support and collaboration from them all. We have also met with the members of the Board of Directors and the Executive Committee, who answered all of the questions raised by the Supervisory Board and explained the Company's plans and objectives.

The Supervisory Board reviewed the Statutory Audit and the Auditors' Report on the Individual and Consolidated Financial Statements for the year ended 31 December 2016, which comprise the Individual and Consolidated Statement of Financial Position as at 31 December 2016, the Individual and Consolidated Income Statement by Nature of Expense, the Individual and Consolidated Income Statement and Other Comprehensive Income, the Individual and Consolidated Statement of Changes in Equity and the Individual and Consolidated Statement of Cash Flows and related notes. These documents were issued without qualification.

The Supervisory Board has also reviewed the Corporate Governance Report.
The Supervisory Board is responsible only for checking whether all the provisions referred to in section 245-A of the Portuguese Securities Market Act are included in the Corporate Governance Report. The Supervisory Board confirmed that the Corporate Governance Report contains such provisions.

II - OPINION

Within the scope of our responsibilities, we hereby state that to the best of our knowledge and belief the financial statements referred to above have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and profit and loss of CORTICEIRA AMORIM, S.G.P.S., SA and the GROUP it heads, and that the Directors' Report presents fairly the development and performance of the business and the position of the GROUP, together with a description of the principal risks and uncertainties that it faces. It is further certified that the Corporate Governance Report contains the provisions referred to in section 245-A of the Portuguese Securities Market Act.

Therefore, taking into account the measures taken and the opinions and information received from the Board of Directors, the personnel of the Company, the Statutory Auditor and the External Auditor, the Supervisory Board is of the opinion that:

1. there is nothing to prevent the Individual and Consolidated Directors' Report for the year ended 31 December 2016 from being approved;
2. there is nothing to prevent the Individual and Consolidated Financial Statements for 2016 from being approved;
3. there is nothing to prevent the Board's proposed appropriation of profit - which is duly substantiated - from being approved,

and, as a result, the Supervisory Board issues an opinion in favour of the approval of the above documents.

Mozelos, 14 March 2017

The Supervisory Board

Manuel Carvalho Fernandes - Chairman

Ana Paula Africano de Sousa e Silva - Member

Eugénio Luís Lopes Franco Ferreira - Member

TITLE
Annual Report and Accounts 2016 – Corticeira Amorim, S.G.P.S., S.A.

PROPERTY AND COORDINATION
Corticeira Amorim, S.G.P.S., S.A. – Sociedade Aberta

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