

2008

Annual Report and Accounts

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

In several important areas, CORTICEIRA AMORIM is a unique Organisation – no other industry group:

- knows, across the whole range and diverse factors, the cork industry;
- has taken on the crucial role of ensuring the conservation of the unique ecosystem of the cork oak forest;
- is committed to promoting cork and enhancing its value, researching and developing new applications and new products;
- is present in existing and potential markets, anticipating trends and responding to quality requirements.

Cork: Nature's seal of approval!

www.corticeiraamorim.com

www.corkfacts.com

www.apcor.pt



AMORIM

| | | |
|-------------------------------------------------------------------------------------|-------------------------------------------------------------------|-----|
| | Chairman's Letter | 3 |
| | Board Members | 7 |
| | Chart | 8 |
|  | SECTION I Significant Events | 11 |
|  | SECTION II Consolidated Management Report | 25 |
|  | SECTION III Corporate Governance Report | 67 |
|  | SECTION IV Consolidated Financial Statements | 127 |
|  | SECTION V Notes to the Consolidated Financial Statements | 137 |
|  | SECTION VI Legal Opinion | 179 |





“This was the year in which CORTICEIRA AMORIM shared with the scientific community and the cork industry its innovation, research and development activities, unveiling the latest scientific and technological discoveries in the cork sector.”

Chairman’s Letter

Dear Shareholders,

The year of 2008 was negatively affected by the world’s first global crisis, which began in the US with the subprime-related events and spread by contagion across the world to affect every business sector.

Today, we face a financial crisis, resulting in a lack of liquidity that has had a strong negative impact on economic activity, particularly investment; an economic crisis leading to a slowdown of business operations resulting in massive job losses; and, most seriously of all, a profound crisis of confidence that has led to a contraction of consumption, investment and financing in what appears to be a continuous vicious circle.

CORTICEIRA AMORIM, like other companies, was operating in a business environment that steadily and rapidly worsened, culminating in the last two months of 2008 in a climate of economic recession and falling consumption in the group’s main exports markets, reflected in an erratic monthly sales performance in 2008 and a generalised narrowing of operating margins.

As a result, annual profit fell below expectations and, above all, beneath a level worthy of the effort and commitment shown by the whole group, which rapidly adapted to the new outlook, mobilising forces to successfully overcome emerging difficulties and taking necessary steps to return in the near future to a satisfactory level of profitability and the creation of shareholder value.

As a consequence, a great deal was achieved in 2008:

- following its assimilation of the Oller Group, the Cork Stopper Business Unit significantly strengthened our position in the high quality cork stopper segment; developed new techniques for treating stoppers; and launched a new product – the Acquamark® stopper, which is natural, sustainable and of proven technical efficiency;
- the Floor and Wall Coverings Business Unit consolidated production and distribution, specifically through the acquisition of the Cortex Group (Germany) and of an important holding in US Floors Inc. (US), improving the group’s knowledge of its markets and their requirements; it also developed a new range of products – the 2009 Collection. Its reception and the interest generated at important international trade fairs indicate it will enjoy commercial success;



- the merger of the Cork Agglomerates and CorkRubber Business Units into the Cork Composites Business Unit resulted, as expected, in important synergies, improving the sharing of know-how and enabling the creation of more technologically sophisticated products and solutions better suited to responding to the needs of our customers;
- the Insulation Cork Business Unit, the smallest in the group but outstanding in its performance, consolidated its reputation as an important partner in the eco-construction sector. It launched the innovative ecological cabin, designed for a new form of tourism that is steadily attracting an increasing number of followers from all over the world; and, in partnership with a reputed knowledge centre, it developed AISol+ software, which enables users to gauge the energy efficiency benefits of using cork insulation.

This was also the year in which CORTICEIRA AMORIM shared its innovation, research and development activities with the scientific community and the cork industry, unveiling the latest scientific and technological discoveries in the cork sector – from raw material cultivation in cork oak plantations to the manufacture of end-user product. We initiated a generalised discussion of the potentialities of cork as a raw material, reaffirming its importance to the business sector, both in Portugal and internationally, encouraging researchers, forestry producers, designers and others to contribute to the cork industry of the future, which we are confident will be even brighter than in the past.

CORTICEIRA AMORIM also took on the responsibility of becoming one of the first members and partners of the pioneering Earth Condominium project, strengthening the group's important contribution to the conservation of Portugal's biodiversity and promoting the environmental advantages inherent in the use of cork products. The project known as Earth Condominium: Caring for the World We Share was launched by the Portuguese environmental group Quercus. It includes a programme called Green Cork, a pioneering Portuguese initiative to promote the recycling of used cork stoppers into new products. The group is also financing a programme called Creating Woods, Conserving Biodiversity, which is focused on the recovery and conservation of native Portuguese tree species, including the cork oak.



Internally, we launched the Natural Choice Programme, organising and aligning all the group's sustainable development initiatives. We also created our group of Ambassadors, who are enthusiastically engaged in designing and promoting hands-on initiatives to improve the world in which they work: their work posts, their business units, the CORTICEIRA AMORIM group as a whole and their local communities.

Throughout a long history that has already extended across three centuries, in which the group has successfully managed profound social changes, CORTICEIRA AMORIM has shown an ability to identify correctly and in timely fashion the risks and uncertainties of the cork business, regarding them as opportunities and challenges.

I firmly believe that, thanks to the determination and contribution of all of us – shareholders, institutions, customers, suppliers, researchers and employees – we will successfully face up to and deal with the radical changes the world is now experiencing.

This is the approach with which we will develop our operations, giving priority and acting decisively in regard both to the task of expanding markets – developing businesses, products and collections, extending our geographical reach and strengthening partnerships – and to adapting the structure of the group to current requirements, working to contain industrial investment, rationalise stocks and manage working capital efficiently.

Finally, on behalf of the Board of Directors, I would like to extend our appreciation and gratitude to our customers and shareholders for the confidence they have placed in us, to the many organisations with which we have a relationship for their support and to our employees for their professionalism and dedication.

Cordially,

António Rios de Amorim
Chairman and CEO
CORTICEIRA AMORIM, S.G.P.S., S.A.



“The commitment of the whole organisation to the action plan is based on the firm conviction that difficulties turn into opportunities when people join together in a shared effort. We could easily become addicted to the thrill of success in what we have achieved!”

António Rios de Amorim
Chairman of CORTICEIRA AMORIM

Board Members



BOARD OF DIRECTORS

Chairman: António Rios de Amorim

Vice-Chairman: Jorge Viriato de Freitas Barros Diniz Santos

Member: Joaquim Ferreira de Amorim

Member: Nuno Filipe Vilela Barroca de Oliveira

Member: Luísa Alexandra Ramos Amorim

Member: José da Silva Carvalho Neto

Member: André de Castro Amorim

BOARD OF THE GENERAL MEETING

Chairman: Joaquim Taveira da Fonseca

Secretary: Tiago Borges de Pinho

SUPERVISORY BOARD

Chairman: Durval Ferreira Marques

Member: Joaquim Alberto Hierro Lopes

Member: Gustavo José de Noronha da Costa Fernandes

Substitute Member: Alberto Manuel Duarte de Oliveira Pinto

STATUTORY AUDITOR

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

Substitute: Hermínio António Paulos Afonso (ROC)

Chart 2008

AMORIM NATURAL CORK

| RAW MATERIALS | CORK STOPPERS | | COMPOSITE CORK |
|-----------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|---------------------------------------------------------------------|--------------------------------------------------------------|
| Amorim Natural Cork, S.A. | Amorim & Irmãos, S.G.P.S., S.A. | | Amorim Cork Composites, S.A. |
| Raw Materials | Production | Distribution | |
| Amorim Natural Cork, S.A. Ponte de Sôr – PORTUGAL | Amorim & Irmãos, S.A. Santa Maria de Lamas – PORTUGAL | Amorim Distribuição Santa Maria de Lamas – PORTUGAL | Amorim Cork Composites, S.A. Mozelos – PORTUGAL |
| Amorim Natural Cork, S.A. Coruche – PORTUGAL | Amorim & Irmãos, S.A. Paços de Brandão – PORTUGAL | Amorim Australasia Adelaide – AUSTRALIA | Drauvil Europea, S.L. S. Vicente de Alcántara – SPAIN |
| Amorim Natural Cork, S.A. Abrantes – PORTUGAL | Amorim & Irmãos, S.A. Vergada – PORTUGAL | Amorim Cork Italia, S.p.A. Conegliano – ITALY | Corticeira Amorim France, SAS Lavardac – FRANCE |
| Amorim Florestal España, S.L. Algeciras – SPAIN | Amorim & Irmãos, S.A. Valada – PORTUGAL | Amorim Cork Deutschland, GmbH Bingen am Rhein – GERMANY | Chinamate (Xi'an) Natural Products Co. Ltd. Xi'an – CHINA |
| Amorim Florestal España, S.L. S. Vicente de Alcántara – SPAIN | Amorim & Irmãos, S.A. Coruche – PORTUGAL | Amorim Cork Bulgaria, EOOD Sofia – BULGARIA | Amorim Cork Composites, Inc. Trevor, WI – USA |
| Comatral – Compagnie Marocaine de Transformation du Liège, S.A. Skhirat – MOROCCO | Amorim & Irmãos, S.A. – Rolhas de Champanhe Santa Maria de Lamas – PORTUGAL | Amorim Cork America, Inc. Napa Valley, CA – USA | Amorim Industrial Solutions I, S.A. Corroios – PORTUGAL |
| S.N.L. – Societé Nouvelle du Liège Tabarka – TUNISIA | Portocork Internacional, S.A. Santa Maria de Lamas – PORTUGAL | Amorim France, S.A. Eysines, Bordeaux – FRANCE | Amorim (UK) Limited London – UNITED KINGDOM |
| Amorim Tunisie, S.A.R.L. Tabarka – TUNISIA | Francisco Oller, S.A. Girona – SPAIN | Victor & Amorim, S.L. Navarrete (La Rioja) – SPAIN | Samorim Kinel, Samara – RUSSIA |
| S.I.B.L. – S.A.R.L. Jijel – ALGERIA | | Hungarokork Amorim, Rt. Veresegyház – HUNGARY | |
| | | Korken Schiesser, GmbH Wien – AUSTRIA | |
| | | Amorim Argentina, S.A. Buenos Aires – ARGENTINA | |
| | | Portocork America, Inc. Napa Valley, CA – USA | |
| | | Amorim Cork South Africa (PTY) Ltd. Cape Town – SOUTH AFRICA | |
| | | Industria Corchera, S.A. Santiago – CHILE | |
| | | Société Nouvelle des Bouchons Trescases, S.A. Le Boulou – FRANCE | |
| | | I.M. «Moldamorim», S.A. Chisinau – REPUBLIC OF MOLDOVA | |
| | | Amorim Cork Beijing, Ltd. Beijing – CHINA | |
| | | S.A. Oller et Cie Reims – FRANCE | |



AMORIM CORK COMPOSITES

AMORIM CORK RESEARCH

FLOOR & WALL COVERINGS

INSULATION CORK

R&D, INNOVATION

Amorim Revestimentos, S.A.

Amorim Isolamentos, S.A.

Production

Distribution

Amorim Revestimentos, S.A.
S. Paio de Oleiros – PORTUGAL

Amorim Benelux B.V.
Tholen – NETHERLANDS

Amorim Isolamentos, S.A.
Mozelos – PORTUGAL

Amorim Revestimentos, S.A.
Lourosa – PORTUGAL

Amorim Deutschland GmbH & Co. KG
Delmenhorst – GERMANY

Amorim Isolamentos, S.A.
Silves – PORTUGAL

Amorim Flooring Austria GmbH
Wien – AUSTRIA

Amorim Isolamentos, S.A.
Vendas Novas – PORTUGAL

Amorim Flooring Nordic A/S
Copenhagen – DENMARK

Amorim Flooring (Switzerland) AG
Zug – SWITZERLAND

Amorim Revestimentos, S.A.
Barcelona – SPAIN

Dom Korkowy, Sp. Zo.o
Krakow – POLAND

Amorim Flooring North America
Hanover, MD – USA

Cortex Korkvertriebs GmbH
Fürth – GERMANY

US Floors Inc.
Georgia – USA

“Taking the bark of the noble cork oak, without harming it, comprises an important lesson. May all those who prefer cork know that they are communing with nature, preserving its identity and guaranteeing its continuity for future generations!”



António Rios de Amorim
Chairman of CORTICEIRA AMORIM



SECTION I

Significant Events





SECTION I

Significant Events

January

CORTICEIRA AMORIM natural cork stoppers feature in Broadway show.

Michael Green, an acclaimed consultant with Gourmet Magazine and a renowned wine specialist, invited Amorim Cork America to supply the natural cork stoppers for the show “Wine Lovers – The Musical”. Julian Brizzi, the director of the show, emphasised the strong connection between natural cork stoppers and the rituals, romance and history of wine.

Amorim Revestimentos took part in SURFACES 2008, considered the biggest and most important floor and wall coverings event in the US, with more than 1,000 exhibitors and about 50,000 participants. The company presented its latest innovation in cork floor coverings – ACRODUR®, a water-based agglutinate with a high technical performance that reduces gaseous emissions.

Under the brand name CorkNature, Amorim Cork Composites launched, a range of functional, modern and elegant decorative products for the home and office, which can be viewed at www.corknature.com.

In association with Whisky Magazine, CORTICEIRA AMORIM sponsored the ICONS OF WHISKY (IOW) REGIONAL EVENT, which was held for the first time in India, a leading producer and the world’s biggest consumer of whisky. CORTICEIRA AMORIM participated in the event with a view to promoting and consolidating its position in a market with high growth potential.

Amorim Revestimentos took part in the 20th edition of DOMOTEX in Hanover, (Germany), where, in addition to its Vintage collection and the new veneers for its WicWood range, it presented its new water-based acrylic agglutinate, which visitors described as a true innovation. This edition of DOMOTEX brought together 1,442 exhibitors in a space of about 97,000 square metres and was visited by 47,000 people.

The Amorim Academy, meeting in Bordeaux (France), awarded its GRAND PRIZ 2007 to Alexandre Pons, who graduated from the Faculty of Bordeaux 2 with a doctorate in Oenology, for his thesis “Recherche sur l’Arôme de Vieillessement Prématuré des Vins Blancs Secs” (A Study of the Aroma of Premature Ageing in Dry White Wines).

CORK OAK FOREST

CORTICEIRA AMORIM and its subsidiaries are an integral part of a conservationist effort to guarantee the survival of hundreds of thousands of cork trees throughout the Mediterranean Basin.

Amorim Cork Composites took part in the PAPERWORLD trade fair in Frankfurt, (Germany), where it presented the new office materials collections of its CorkNature brand.

Amorim Cork America launched a cork stopper recycling programme in the US, with the aim of collecting and recycling a tonne of natural cork stoppers (approximately 300,000 stoppers). The **RECORK AMERICA** programme was supported by the Oregon Environmental Council, the Willamette Valley wineries and the SOLV environmental organisation. **A second cork stopper recycling programme was launched simultaneously in Quebec (Canada),** in partnership with leading regional wine companies belonging to the Winexpert chain.

Amorim & Irmãos presented Spark One®, a new stopper for sparkling wines. Made of cork, Spark One® combines extreme elasticity with a high level of resistance to pressure, key characteristics for the proper conservation of sparkling wines.

Amorim Revestimentos took part in HEIMTEXTIL 2008, held in Frankfurt (Germany), an internationally important trade fair for home and hotel textiles. The event, this year under the motto “Style is more than an attitude”, brought together more than 2,800 exhibitors from about 65 countries and attracted more than 86,000 international visitors.

Willamette Valley Vineyards (Oregon, US), a client of Amorim & Irmãos, was awarded Forest Stewardship Council status by the Rainforest Alliance. The award was of particular importance as it was the first time it had been given to a wine company. It was awarded because the company uses cork stoppers from a cork plantation managed in accordance with the standards of responsibility and sustainability stipulated by the FSC. **Its cork stoppers are supplied by Amorim & Irmãos, the first packaging company in the world to receive FSC certification.**

February

Amorim & Irmãos, through its representative office in the Republic of Moldova, participated in EXPOVIN MOLDOVA 2008, making it the only company to have been represented at all 17 editions of this trade fair.

Amorim Revestimentos took part in EUROSHOP 2008 – The Global Retail Trade Fair, in Düsseldorf (Germany), the most important world event for retailers and associates. It was attended by more than 100,000 specialists. The company exhibited its Wicanders® range, with a special focus on its Wicanders® WRT and Wicanders® HPS products.

Amorim Cork Composites participated in the ENVIRONMENT trade fair in Frankfurt, (Germany), where it exhibited new collections for the home from its CorkNature brand.

Amorim & Irmãos sponsored ENOFORUM 2008, held in Madrid, Spain. The event, organised by OpusWine, has been running for a decade and brings together Spain's leading wine specialists. Miguel Cabral, head of the R&D department of Amorim & Irmãos,



GREEN CORK – Cork Stoppers recycling programme

A truly pioneering project that contributes to the preservation of Portuguese native species, including the cork oak forests.

participated in the panel discussion on wine conservation, where he gave a presentation on the subject of the “Permeability to Oxygen of Different Types of Stoppers”.

Amorim Isolamentos took part in ECOFRIO in Bolzano (Italy), a trade fair focusing on insulation using ecological materials, where it presented its solutions for sustainable construction.

Amorim & Irmãos was represented, through its subsidiary Amorim Cork Bulgaria, at the VINARIA wine and equipment trade fair in Plovdiv (Bulgaria), enabling the company to establish important contacts with the wine companies attending the fair and to promote the quality and reliability of AMORIM cork stoppers.

CORTICEIRA AMORIM presented its consolidated financial results for 2007. Consolidated sales reached €453.8 million and featured a particularly strong performance by the Cork Stopper Business Unit. Lifted by growth in sales and gross margin, EBITDA and EBIT reached €58.125 million and €36.986 million respectively. Net earnings attributable to CORTICEIRA AMORIM shareholders rose to €23.245 million, an increase of 15.6% on the previous year.

March

CORTICEIRA AMORIM's first Sustainability Report (July 2006) was recognised by the Corporate Register as one of the three best in the world in the category of Openness and Honesty. Judged in competition with around 300 other companies from 40 countries operating in 39 business areas, CORTICEIRA AMORIM was proud to receive this international recognition of the transparency and openness of its sustainable development policy. Openness and Honesty is one of the most highly regarded categories where the awards are attributed to the reports that communicate company facts most clearly and faithfully.

Amorim Isolamentos participated in the ECOBUILD trade fair, the biggest international event in the area of sustainable construction, in London (UK), where it presented its ecological insulation solutions.

CORTICEIRA AMORIM held its Annual General Shareholders Meeting, which was attended by 71.1% of the company's shareholders or their representatives.

April

Korken Schiesser participated in the INTERVITIS VIENNA – Wine and Fruit Technology Trade Fair in Vienna (Austria), where it presented the AMORIM range of cork stoppers.

Amorim Cork Composites received the INNOVATION Award for its cork-backed floating wood flooring at the EUROPARQUET trade fair in the Netherlands. Cork plays a key role in improving the acoustic quality of these products and made a

fundamental contribution to the improved performance of Par-ky's silent, floating wooden flooring.

Amorim Cork Beijing participated on the 5th CONFERENCE ON SUSTAINABLE DEVELOPMENT in Shaanxi, China at the invitation of Northwest Agricultural & Forestry University. A presentation on the subject of cork focused on its origins and environmental advantages as well as CORTICEIRA AMORIM's activities in the area of environmental protection.

Amorim Cork Composites participated in MOSBUILD 2008 – International Building and Interiors Trade Fair in Moscow (Russia), where it exhibited the latest acoustic underlay products in the AcoustiCORK® range.

CORTICEIRA AMORIM joined QUERCUS, the Portuguese environmental organisation, in an initiative called “Earth's Condominium: Caring for the Common Areas”, creating a programme known as GREEN CORK. The programme aims to promote the collection and recycling of cork stoppers, the protection of Portugal's biodiversity and the environmental advantages of using cork products.

May

CORTICEIRA AMORIM launched its “Natural Choice” programme with the aim of bringing together activities relating to sustainability into a single programme and mobilising all the company's stakeholders to participate in this civic initiative. The support structure for the programme includes a team of about a hundred sustainability ambassadors from across the Group's Business Units and from a wide range of operating areas. Their main activities involve acting as agents for promoting change towards sustainable development and assuming responsibility for implementing the programme.

Amorim & Irmãos participated in the 29th SUNDAY TIMES WINE FESTIVAL in the United Kingdom, organised by Laithwaites Wine Merchants, part of the Direct Wines group. The event was attended by more than 6,000 wine lovers and featured 3,000 quality wines from 17 countries, reflecting importance and prominence of the festival.

CORTICEIRA AMORIM, through its subsidiary Amorim Revestimentos, acquired the German group Cortex, one of the most important distributors of cork flooring in the German market.

In partnership with Amorim & Irmãos, Korken Schiesser organised a study visit to Portugal for clients from 30 companies in eight countries: Austria, Czech Republic, Slovakia, Slovenia, Croatia, Serbia, Montenegro and Macedonia. The group visited several CORTICEIRA AMORIM units in the north and south of Portugal, where they were able to observe the technological innovations used in the cork industry. They also visited a cork plantation in the Alentejo.



International marketing campaign
Cork: green thinking to green future!

Amorim Isolamentos invited a group of Italian architects to Portugal for presentations and training relating to its insulation agglomerates. The programme included a visit to a cork plantation and to the company's manufacturing units to familiarise the architects with the production processes involved. There was also a conference on the use of insulation in sustainable construction.

Amorim Revestimentos participated in the EDIFICA trade fair in Santiago (Chile), where it presented its acoustic and thermal solutions for cork floor and wall coverings, insulations (underlay), agglomerates (including CorkRubber) and granulates. Amorim Revestimentos also held a conference at the fair, "Cork: Natural Intelligence in the Service of Eco-efficient Construction", which stimulated considerable interest.

CORTICEIRA AMORIM announced its consolidated financial results on March 31, 2008. Accumulated consolidated sales reached €123.6 million, an increase of 5.2%. EBITDA and EBIT also showed positive growth, totalling €13.173 million and €7.148 million respectively. Net profits attributed to CORTICEIRA AMORIM shareholders totalled €3.38 million.

June

CORTICEIRA AMORIM chose the Belém Cultural Centre in Lisbon (Portugal) to present its commitments and objectives in the area of sustainable development to its stakeholders and to the public in general. The company presented the main conclusions of its second Sustainability Report, including the findings of two studies that clearly demonstrate the environmental advantages of two of CORTICEIRA AMORIM's main products – cork stoppers and cork floor and wall coverings – in relation to competing products.

Amorim Cork Composites organised the AMORIM T&D INTERNATIONAL MEETING I in Portugal, a meeting for partners in the electric transformer business area (Transmission and Distribution). The initiative, which included visits to several production units, provided an opportunity for exchanging know-how between international partners with a view to enabling synergies.

Amorim & Irmãos presented awards to the two best students from the oenology course at UTAD – Universidade de Trás-os-Montes e Alto Douro (portuguese university). The initiative, the result of a partnership with UTAD, is aimed at strengthening ties between the scientific and business communities.

CORTICEIRA AMORIM supported the DESIGN CORK FOR FUTURE, INNOVATION AND SUSTAINABILITY project run by SusDesign, a unique initiative that allies cork to eco-efficient products of an innovative design, promoting the sustainability of cork as a raw material and encouraging research into its possible applications. The designers involved in the "Design Cork" challenge, recognised international professionals and students from the University of Delft (Netherlands), saw the pieces they created exhibited in the Berardo Museum in Lisbon (Portugal).

Amorim Cork Composites took part in the CWIEME – Coil Winding, Insulations & Electrical Manufacturing Exhibition held in Berlin (Germany), where it presented the Amorim T&D (Transmission and Distribution) range. The exhibition provided an opportunity to disseminate the article “Vibro-Acoustic Analysis of a Power Distribution Transformer Using the Finite Element Method”, an example of the high level of technical knowledge Amorim Cork Composites has acquired in this sector.

Children planted cork oaks in Porto (Portugal) with the support of CORTICEIRA AMORIM – part of the “Porto of the Future Programme” promoted by Porto City Council in partnership with Northern Portugal’s Regional Directorate of Education. In association with the Group of Leonardo Coimbra (son) Schools, CORTICEIRA AMORIM developed one of the activities in the programme: the reforestation of green spaces.

Following a study made in cooperation with PricewaterhouseCoopers and using an internationally recognised methodology, **Amorim & Irmãos presented the results of the world’s first comparative analysis of the life cycles of natural cork and synthetic plastic and screw-caps.** The findings, which clearly favour cork stoppers, which are made from natural recyclable raw materials, were subsequently presented to international audiences at events in the US, Spain, United Kingdom, Germany and Switzerland.

Amorim Revestimentos took part in THE HOTEL SHOW 2008 in Dubai (United Arab Emirates), an annual trade fair that specialises in promoting products and services for hotels, restaurants and leisure areas in a region where the construction sector has acquired a crucial role with a number of large-scale projects being developed over the coming years.

www.corkcomposites.amorim.com: Amorim Cork Composites re-launched its presence on the Internet with a website that provides information on the main operating areas of the Composite Cork Business Unit.

CORTICEIRA AMORIM held the FIRST AMORIM SUSTAINABILITY WEEK, an initiative that will be repeated every year between June 1 – National Cork Oak Day – and June 5 – World Environment Day – with the aim of raising awareness of sustainability among employees and the public in general. During the week, employees were invited to take part in a series of initiatives held at CORTICEIRA AMORIM’s different business units. These included no-car day, exhibitions and awareness seminars, the creation of an ecological kitchen garden and social solidarity campaigns, among other initiatives.

CORTICEIRA AMORIM published its second Sustainability Report, relating to 2007, the fruit of a commitment to regular, systematic and structured communication of its policies and practices in the area of sustainability. The report includes the conclusions of studies into the eco-efficiency of natural cork stoppers and cork floor and wall coverings, which provide incontrovertible evidence of the environmental advantages of these products in comparison with the alternative artificial/synthetic products available in the market.



Amorim Revestimentos adopts this WWF tool, *enhancing the competitiveness of its products and the visibility of its efforts to combat deforestation and climate change.*

July

Amorim & Irmãos welcomed a visiting Russian delegation composed of representatives of leading producers from the different branches of the Russian wine industry.

Amorim Revestimentos held its **THIRD STAFF MEETING in Óbidos (Portugal)**, an event aimed at engaging employees in processes of change, promoting organisational and strategic alignment and strengthening group spirit and cohesion. The theme of this year's meeting was "The Market and How to Conquer It".

Amorim Cork Composites took part in a seminar called "The Future of Cork and the Challenges of the New Millennium", organised by the Rota da Cortiça (Cork Route), in S. Brás de Alportel (Portugal). At the event, structured around four themes – the Environment, Innovation, Economy and Quality – Amorim Cork Composites gave a presentation on cork as a valued and sustainable raw material, detailing the wide range of its industrial applications, which are the subject of a permanent process of evolution and innovation.

August

Amorim & Irmãos was the guest of honour at the **4th GALICIAN WINES AND BRANDIES TRADE FAIR in Corunna (Spain)**, an event sponsored by the Galician Agriculture Board, the Corunna Tourist Board and by the 4th Galician Wines and Brandies Trade Fair in partnership with the Galician Association of Wine Tasters.

CORTICEIRA AMORIM cork stoppers were used in every bottle of wine served at the Beijing Olympic Games. The long commercial relationship between Great Wall, China's biggest wine producer, and CORTICEIRA AMORIM, the world's leading cork company, resulted in a joint project to use cork stoppers in all bottles of wine served in the Olympic Village.

Amorim & Irmãos supported the **EUROPEAN WINE BLOGGERS CONFERENCE (EWBC)**, a pioneering initiative attended by 40 bloggers from 11 European countries, Canada, Australia and the US.

CORTICEIRA AMORIM organised an audio conference to present its activities and consolidated financial results for the first half of 2008. Accumulated consolidated sales reached €248,1 at the end of the first half, driven by the performance of the Cork Stopper Business Unit, which registered sales of €142.1 million. EBITDA fell 4.86% to €28.177 million, reflecting slower economic growth and currency depreciation. Net profits totalled €6.89 million.

September

Amorim Isolamentos played an important role in the construction of the **Quinta do Portal Wine Cellars (Douro, Portugal)** and the **Logovinha Wine Cellars (Alentejo, Portugal)**, exemplary buildings that used special MDF/cork agglomerate facings. The company's involvement in these projects was an important contribution to the promotion of the key advantages of its products: sustainability, technical efficiency and durability.

Amorim Cork Composites sponsored a meeting of the Institute of Electrical and Electronics Engineers (IEEE) in Porto (Portugal), which involved about 250 participants and provided an opportunity to contact an audience specialising in electricity transmission and distribution. The technical performance of the Amorim T&D range was applauded, particularly a line of products specially developed to deal with problems in this area related to noise and the need to control vibration.

Amorim Revestimentos created a new showroom at its installations to launch its new Wicanders® 2009/2011 collections, a pioneering concept that allies the exhibition of products with a range of interior design proposals. Over an area of 190 sq. metres, the showroom features displays of five new product lines: CORKcomfort, WOODcomfort, VINYLcomfort, LINOcomfort and PARQUET.

CORTICEIRA AMORIM launched its SAVE MIGUEL campaign – a small film, a big message – with the support of Rob Schneider. The American actor is the main figure in an international campaign promoted by CORTICEIRA AMORIM with the aim of defending natural cork as a unique resource and to appeal for the protection of cork oak forests. SAVE MIGUEL was the first Portuguese campaign to be promoted internationally by a Hollywood actor. It was also supported by the Free Hugs campaign and by the Girl Guides.

Amorim Isolamentos launched its EcoCabana (Eco-Cabin) project, a new accommodation concept targeted at the ecological tourism sector, which can be integrated into nature parks and protected areas. The main innovation of the cabins is that they are completely covered with and insulated by cork.

Wicanders® products were awarded Greenguard Air Quality Certified® status in recognition of their contribution to improving the air quality of closed spaces. The certification from the Greenguard Environmental Institute (GEI), a non-profit making organisation that sets quality standards for closed spaces, was awarded to five product lines from the Wicanders® cork floor and wall coverings range.

Amorim Cork Composites participated in COMPOSITES EUROPE 2008 in Essen (Germany), where it presented its CoreCork range of materials for composite panel cores, demonstrating the numerous advantages of using cork in applications where a high level of technical performance is required.

Amorim Isolamentos organised the 2nd INTERNATIONAL INSULATION CONFERENCE in Lisbon (Portugal), aimed at architects, engineers and specialists in the area of insulation and sustainable architecture. The conference was attended by 65 participants from 15 countries. Participants were shown 10 new agglomerate applications produced by Amorim Isolamentos.



Improving the Sustainability of the Cork Oak and Related Biodiversity

An award instituted by CORTICEIRA AMORIM, which in 2008 was awarded to ISA (Portuguese Higher Institute of Agronomy) and its researchers.

In the photo: Américo Amorim presents the award to Francisco Rêgo.

October

CORTICEIRA AMORIM organised a seminar called **INNOVATION IN THE CORK INDUSTRY: THE EXPERIENCE OF CORTICEIRA AMORIM** at the Casa da Música, an emblematic building in the city of Porto (Portugal), with the aim of presenting the latest discoveries and potentialities of cork resulting from the company's commitment to RD&I (research, development and innovation). The work developed in recent years by DNAPC (Department of New Cork Applications and Products) and by the different research units of CORTICEIRA AMORIM's business units was presented at the event. A number of research projects are currently in progress, including the sequencing of the cork oak genome, the use of cork for absorbing crude oil spills and the use of chemical components from cork in the food, cosmetic and pharmaceutical industries.

Amorim Cork Deutschland, representing DKV Deutsche Kork-Verband e.V., gave a **training course to a group of German *sommeliers*** belonging to the *Sommelier* Union (Düsseldorf Group). A range of questions relating to wines and the use of cork as a raw material were addressed during the course, which was given in Düsseldorf (Germany).

Amorim Revestimentos joined the **Iberian Forestry Trade Network**, which is promoted by the World Wildlife Fund. It involves an alliance between about 24 Portuguese and Spanish companies and aims to encourage responsible consumption of cork, wood and paper with a view to preventing forest degradation across the world.

CORTICEIRA AMORIM was represented at **CINCOS 2008 – the Innovation in Sustainable Construction Congress held at Curia (Portugal)**, by Amorim Revestimentos, Amorim Cork Composites and Amorim Isolamentos. The event, organised by CentroHabitat, attracted a large audience of people interested in this area from both the research and the business communities. A total of about 60 scientific research papers were presented.

Amorim Cork Composites participated in the **CWIEME – Coil Winding, Insulations & Electrical Manufacturing Exhibitions, which took place in Chicago (US)**, where it presented its Amorim T&D (Transmission and Distribution) range.

CORTICEIRA AMORIM awarded its Research Prize to Portugal's Instituto Superior de Agronomia (Higher Institute of Agronomy) for its work on **"Grazing Exclusion and the Biodiversity of Pastures: Reasons Using Grazing Rotation"**. The research team of the Baeta Neves Applied Ecology Centre was distinguished by winning the Award for the **"Promotion and Sustainability of the Cork Oak and Associated Biodiversity"**, the result of a protocol between CORTICEIRA AMORIM, Portugal's National Forest Authority (AFN), the Nature and Biodiversity Conservation Institute (ICNB) and the nongovernmental organisations QUERCUS and WWF.

Amorim Isolamentos took part in **SAIE – INTERNATIONAL CONSTRUCTION TRADE FAIR in Bologna (Italy)**, where it presented materials and application systems specially designed for eco-construction.

November

CORTICEIRA AMORIM and LAITHWAITES planted cork oaks in the United Kingdom, a symbolic act of a sustainable partnership. Tony Laithwaite, the director of Direct Wines/Laithwaites, Martin Salter, the local member of Parliament, and Carlos de Jesus, the head of Communication and Marketing at Amorim & Irmãos, planted three cork oaks at Theale Vineyard. The aim was to highlight the fundamental role played by the wine industry in the protection of cork oak forests, which serve to protect biodiversity, acting as a barrier to desertification and absorbing 10 million tons of CO₂ a year.

Amorim Cork Composites launched professional sales kits for its products range, promotional tools that provide sales support in the form of accurate, up-to-date technical information. They are aimed mainly at international distributors.

Amorim & Irmãos participated in VINIPAX 2008 – WINES AND FLAVOURS FROM THE SOUTH in Beja (Portugal), a trade fair attended by the Alentejo region's most important wine producers.

CORTICEIRA AMORIM published its consolidated financial results on September 30, 2008. Accumulated sales for the first nine months totalled €364.9 million, an increase of 3.4% compared with the same period in 2007. EBITDA and EBIT were €43.151 million and €26.3 million respectively. Net profit totalled €10.462 million.

December

As a result of its commitment to research and development (R&D), **Amorim & Irmãos introduced a further technical improvement to its natural cork stoppers – “Clean C”,** an antiseptic covering that improves the visual aspect of the stopper, reduces its capillarity, improves consistency during the bottling process and facilitates extraction.

Group companies Amorim Australasia and Victor y Amorim received certification to the standard of ISO 22000:2005, a quality standard relating to the finishing and distribution of several types of cork stopper. The certification applies to companies involved in any stage of the food chain.

Amorim Isolamentos created a new thermal calculation software tool for cork agglomerate insulation solutions, which will enable building energy certification experts to calculate the amount of cork insulation required to comply with new construction regulations that came into force in Portugal at the beginning of 2009.

In a study carried out by Mastering Management & Strategy in Milan (Italy), Amorim Cork Italia obtained an excellent classification in the “customer satisfaction” category where it scored more than 90%.

Amorim Cork America was awarded Forest Stewardship Council Certification by SmartWood, part of the Rainforest Alliance, in recognition of its contribution to responsible forest management.



Acquamark®, Developed by Nature
*Superior performance, recyclable,
biodegradable and environmentally-friendly.*

Amorim Cork South Africa supported the LADUMA Project developed by the wine industry and aimed at furthering the participation of the industry in the FIFA 2010 World Football Championship, the biggest international soccer event, and at interesting football fans in the world of wine.

Under the slogan “Developed by Nature”, Amorim & Irmãos launched Acquamark®, a new natural cork stopper that combines the most valued characteristics of top quality cork stoppers – sustainability and technical reliability – with the advantages of a competitive cost/benefit ratio.

Amorim & Irmãos supported the making of the documentary “Cork – Forest in a Bottle” for the BBC’s Natural World series, the result of two years work following the cork business and cork plantations in Portugal.

CORTICEIRA AMORIM, through its subsidiary Amorim Revestimentos, acquired 25% of the American company US Floors Inc., one of the most important cork distributors in the US market in the past 10 years, strengthening the Amorim group’s continuing investment in its production capacity.

In 2008, Amorim Revestimentos installed its products in a number of outstanding international buildings, including:

- Chatham Bars Inn Resort, Massachusetts (USA) – Wicanders® Series 1000;
- Valdemoro Municipal Library, Madrid (Spain) – Wicanders® UP;
- Royal Alexandra Paediatric Hospital, Brighton (United Kingdom) – Wicanders® Series 4000;
- Nu Hotel Brooklyn, an eco-efficient hotel, Manhattan (USA) – Wicanders® Cork Oak Floors Series 100 WRT;
- Retreat Centre of the Brothers of the Sacred Heart, Pascoag, Rhode Island (USA) – Wicanders® Series 1000.

“The work undertaken by the Amorim group in the service of cork, and especially the cork stopper, merits special homage, since it has resulted, from stripping to application, from production to distribution, in the unavoidable development of this product.”



Robert Tinlot
Honorary director-general of the
OIV – International Organisation
of Vines and Wine



SECTION II

Consolidated Management Report

1. Macroeconomic Overview 2008
2. Operating Activities by Business Unit
3. Innovation, Research & Development
4. Integrated Management System
5. Human Resources
6. Stock Market
7. Consolidated Income
8. Consolidated Balance Sheet
9. The Activities of non-Executive Board Members
10. Outlook
11. Business Risks and Uncertainties
12. Financial Risk Management
13. Proposed Appropriation of Profit
14. Treasury Stock
15. Significant Events after December 2008
16. Statement of Responsibility
17. Final Words





SECTION II

Consolidated Management Report

Dear Shareholders,

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

1. Macroeconomic Overview 2008

1.1. Global Overview

The year 2008 was characterized by the strengthening of the financial crisis initiated the year before, with on-going repricing of financial assets leading to significant write-offs by financial institutions, and by the deleveraging effort from banks and other financial players. Risk aversion, uncertainty, high volatility, demand for safe-haven assets, liquidity issues and limits to credit were all part of the game and seen throughout the year. They were, nonetheless, particularly felt in September and October after the bankruptcy of Lehman Brothers, the 4th largest US Investment bank. The cornerstone of the financial system, and especially of the banking industry, confidence among counterparties, was, repeatedly questioned. Several markets, notably the money market or the credit market, have even reached total paralysis during a few sessions.

2008, still and foremost, saw the spreading of financial instability to all sectors and activities of the economic spectrum. From a located problem – in the US and in some European economies as the United Kingdom and Ireland – it grew into a worldwide phenomenon, raising, at first, a moderate economic adjustment just to change gears afterwards and transform itself into something wider and fast-moving, resulting, in the end, in economic contraction in most of the developed world and in a severe downturn in all the rest. The last quarter must have seen the economy slam the brakes in a particularly vigorous way. The **World Economy** should have grown 3.4%, a very clear distinction from the 5.2% growth rate seen a year before.

CORK APPLICATIONS:
*An ancestral wisdom,
a prodigious future.*

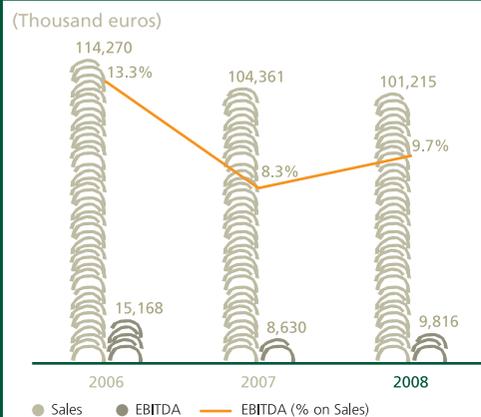
Monetary policy tried to limit the impact deriving from falling liquidity and tightening credit policies, with decisive and continuous responses seen, particularly in the Anglo-Saxon world. In the Euro Zone, the ECB moved differently until July, even increasing rates to 4.25%, reassured by the resilience the external demand directed to Germany was apparently showing and by the rampant increase seen at the time in commodities' prices – only to change tack after the end of the 3rd quarter, lowering the Refi Rate to 2.5% by December (2.0% already in January 2009). The year has also seen governments pushing the fiscal lever, ranging from fiscal packages, announcements of public investment in infrastructures, right through liquidity injections in distressed financial companies and even nationalization, as last resort measure, in some others. Further imbalances in public accounts and increase in public debt must be expected from such decisions. Inflation has moved in two different waves: a strong positive change until the summer, tracking commodity prices, specially crude oil and related products (crude reached a maximum of USD 147,0/bbl by July), followed by a clear decreasing trend since then. Estimates point, nonetheless, to a higher rate of increase in prices vis-à-vis 2007 – 3.6% in the advanced economies and 9.2% in emerging and developing ones.

The **Euro Zone** should have grown around 1.0% in 2008, estimates say. The **United States**, the epicentre of the financial turmoil, should have seen a growth rate of 1.1% in GDP while **Japan**, much to the surprise of many in the market – as its banks were not directly exposed to the mortgage related assets and its 2007 growth rate was 2.4% – should have already contracted 0.3%.

1.2. Portugal

In 2008, contrary to what was expected, and putting an end to the recovery trend that was registering since 2005, Portugal saw a significant economic slowdown. According to estimates, it should have ended up with a growth rate of 0.3% of GDP (2.0% in the previous year). It must have been the 9th consecutive year of divergence from the EMU average growth rate. The last part of the year should have witnessed a particularly strong contraction. The deceleration in activity should have been broad-based – investment trended downwards, the data compiled shows, reflecting both the domestic and the external context; exports should have slumped in the last quarter, something unseen since the beginning of the 1980's, bearing the brunt of the economic slowdown in the EU, end-market to 75% of Portuguese exports. Only the diversification of exports to non-traditional geographies, namely Angola and Asia, followed in the last few years prevented a worse outcome. Anticipating the declining economic cycle, imports should also have performed poorly, even contracting, though not sufficiently enough as to allow an improvement in the trade balance – the estimated deficit should have reached 8% of GDP. Although the least affected of all the GDP's components, private consumption still reflected the contraction in credit, the increase in interest rates until October and the subdued growth seen in disposable income due to higher energy prices. Prices should have trended upwardly, at 2.8% clip, an increase *vs.* 2007. Unemployment is projected to have declined to 7.6%, a lower print than in the previous year.

Sales & EBITDA – Raw Materials



2. Operating Activities by Business Unit (BU)

The Companies that make up the CORTICEIRA AMORIM group are structured in **Business Units (BUs)**. The most relevant events in 2008 are reported in reference to these units.

2.1. Raw Materials

Provisioning Strategy

Purchasing policy in 2008 conformed to the overall strategy defined by CORTICEIRA AMORIM. The company achieved its objective of supplying cork that best met the needs of each of its Business Units (BUs) in terms of quantity, quality and price.

As expected, the amount of cork harvested during the 2008 campaign was below that of previous years. However, this did not result in an increase in the price of the raw material thanks to action by the BU during the 2007 campaign. Because the availability of cork was forecast to be lower in 2008, preventative action was taken in 2007 to ensure all the supply needs of the CORTICEIRA AMORIM group could be met. Adapting the frequency of raw material acquisitions to the new market conditions also made it possible for the company to reduce stocks, a trend that became most clearly apparent in the second half of 2008.

Industrial Operations

In terms of industrial operations, the main aims of this BU are to prepare cork as a raw material for the subsequent manufacture of natural cork stoppers and the corks discs used in several different types of closure.

Annual sales totalled €101.215 million, a reduction of 3% on 2007 that resulted from lower prices and a reduction in activity reflecting the reduced requirements of downstream BUs.

The gross margin increased by about 5%, thanks to improvements in the price/quality ratio of cork used in 2008 (acquired in 2007) and improved industrial production at the Coruche manufacturing unit. The cost structure registered a reduction of approximately 1%, benefiting from the positive impact of cost optimisation measures, particularly in regard to transportation.

Benefiting from a policy of reducing stocks of finished and semi-finished products and the above-mentioned factors, the BU's EBIT (earnings before interest and tax) and EBITDA (earnings before interest, tax, depreciation and amortisation) increased by 23% and 14% respectively in comparison with 2007.

2.2. Cork Stoppers

The slight growth of the wine market in 2008 was more accentuated in the European Union and New World countries. Customers with a national or multi-national dimension also gained more importance and currently account for about 25% of sales by the Cork Stopper BU. Their growing loyalty reflects the price and quality of the services the BU provides.

CORTICEIRA AMORIM's Cork Stopper BU is the only industrial organisation with the capacity to offer a worldwide service at a superior level of availability and product quality, benefiting, in what remains a highly fragmented market, from its own distribution network, enabling it to establish local relations with potential customers, regardless of the geographical areas in which they operate.

At the same time, the strong concentration of the market around popular premium and basic wines has stimulated the BU to achieve operational excellence in terms of cork stoppers, service and quality.

In 2008, annual sales by the Cork Stopper BU increased 4.5%, significantly benefiting from the consolidation of new companies, which had the effect of increasing sales by 6.3%. In like-for-like comparative terms, sales fell by 2%, heavily affected by the world economic recession and the evolution of the dollar/euro exchange rate.

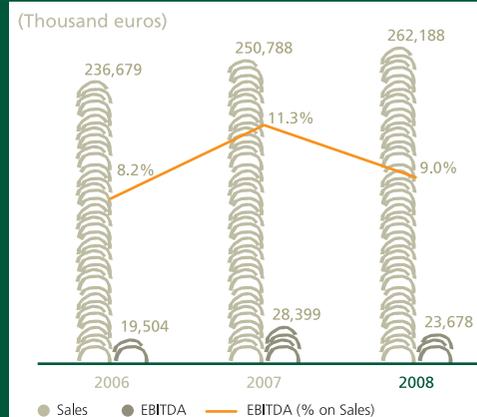
Economic and financial difficulties impacted on all markets, particularly East Europe (especially Russia and Ukraine) and the United States. The major wine groups implemented rigorous cost-cutting measures, which had a strong impact on cork stoppers in terms of both demand and price. Currency depreciation in wine-importing countries such as the United Kingdom and the US was equally negative, leading to additional downward pressure on cork stopper prices. However, the performance of European markets compensated for the falls registered in North and South American markets as a result of currency depreciation.

Sales of the BU's most important product – natural cork stoppers – exported mainly to markets currently suffering economic and financial recessions and highly exposed to the effects of currency depreciation, fell by 7.7% as the positive contribution of European markets was cancelled out led by the negative performance of almost all other markets.

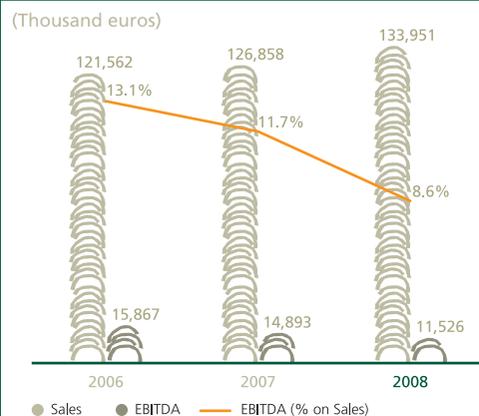
Sales of champagne corks increased 45%, benefiting significantly from the consolidation of new companies previously described. In like-for-like comparative terms, discounting the impact of consolidating the Oller Group, sales would have increased by 12%.

Sales of Neutrocork® stoppers increased 4.1%, reflecting the excellent reception of this technical stopper in all markets. However, sales of Twin Top® stoppers fell 9.8%, with sales falling in almost all main markets as customers switched to Neutrocork® stoppers.

Sales & EBITDA – Cork Stoppers



Sales & EBITDA – Floor and Wall Coverings



The gross margin increased 5.6% compared with 2007, due entirely to the consolidation of new companies. Operating costs rose 14.7%, of which 11.2% resulted from the newly consolidated companies and 1.3% from compensation costs. EBITDA and EBIT fell by 16.6% and 27.4% respectively.

In terms of industrial activities and operating efficiency, the following measures were implemented in 2008 in the following product segments:

- **Capsulated Stoppers** – the industrial layout of production was completely restructured, adapting the production capacity of the manufacturing plant to the needs of the markets in terms of both service and operating efficiency;
- **Natural Stoppers** – an identical restructuring process was carried out in regard to layouts and production processes. To further technological innovation, a robotisation project was developed for part of the production process, producing excellent operational results;
- **Technical Stoppers** – further investments were to rationalise consumption and industrial processes, resulting in technological advances that will support the future development of this stopper segment.

2.3. Floor and Wall Coverings

In 2008, sales by the Floor and Wall Coverings Business Unit increased 5.4% on 2007, continuing the upward trend of previous years. The increase in sales reflected the successful marketing of non-cork coverings, particularly in terms of sales to Norway and other Nordic countries.

The sales mix of cork floor covering products underwent some alteration, with increased sales for cork-look products finished with WRT® (high-resistance varnish). This was mainly due to the contribution of East European markets, particularly Russia. Consolidating the trend of previous years, customers showed a preference for floating floor coverings (using fitting systems) over adhesive flooring products.

In a continuation of the BU's growth strategy, the acquisition in May 2008 of the Cortex Group, which has established a position over the past 24 years as one of the most important distributors of cork flooring in Germany, significantly strengthened the BU's position in the German market.

The gross margin fell 0.6% in comparison with 2007, due mainly to an unfavourable evolution of the sales mix as products that the BU markets but does not produce, and which therefore have lower margins, gained weight.

Operating costs increased by about 10%. More than 3.5% this figure resulted from investments made to expand production capacity and 2.1% from the acquisition of

“Cork is the bark of the Cork Oak tree (*Quercus Suber*), is nature foam, a foam with  a unique combination of properties.”

*In NASA Technical
Reports Server*

Cortex. Operating costs also included expenditure related to the development and advertising of the new 2009 collections, which are expected to have a positive impact on sales only during the coming year.

The BU's EBITDA and EBIT fell by 23% and 50% respectively.

On December 31, 2008, the BU acquitted a 25% holding in US Floors Inc. (US), a company that over the past decade has established itself as one of the most important distributors of cork flooring in the US market. The acquisition furthered the Floor and Wall Covering BU's investment in developing and aligning its external sales structure, which, together with the increase in production capacity currently under way, will provide the BU with the potential to increase sales volume.

Capital expenditure increased 12% on 2007 as a result of the Cortex and US Floors Inc. acquisitions and the completion of investment programmes already underway.

At the end of 2008, the BU was pursuing a strategy aimed at creating the necessary conditions to increase production capacity and respond to the technological advances that market trends show to be in demand.

2.4. Composite Cork

The first year of the new Composite Cork Business Unit, 2008, involved a great deal of reorganisation and internal work to realise synergies following the merger of the Composite and CorkRubber BUs. A new organisational model was put in place involving new responsibilities, teams and integrated procedures. The sharing of technical, marketing and management know-how was encouraged through a number of training and information initiatives. In Portugal, the main IT systems were integrated and a number of measures with an important impact on the operating efficiency of the BU were implemented. These internal initiatives produced a positive outcome and the BU is fully confident they will quickly produce tangible results and show further benefits in a gradual and consistent manner.

It was not possible in 2008 to sustain the business volume achieved in 2007 or to achieve the growth targets established for some applications for which strong growth potential had previously been identified. This was mainly due to the adverse economic conditions, which has a particularly negative impact on the BU's operations in the last quarter of 2008. It experienced a marked drop in demand from both the end-users market and the CORTICEIRA AMORIM supply chain. Exchange rates, particularly the unfavourable evolution of the average euro/dollar exchange rate, also had a negative impact on business activity.

In 2008, sales by this BU fell 5.4% in comparison with the previous year, due mainly to the exchange rate effect (-2.7%) and a drop in sales to other BUs (-1.1%).

Most applications in the BU's product portfolio performed in line with or below the level of 2007. A sharp reduction in the sale of components to the automobile industry was among the most negative sales trends.

In terms of geographic markets, East Europe and the United States showed positive growth, although strong sales volume in the latter was cancelled out by the exchange rate effect. Commercial difficulties were experienced in Central Europe as the pace of economic activity decelerated. The Portuguese market also contracted significantly.

The drop in sales volume was reflected in a reduction in the gross margin, measured in absolute terms. However, when calculated in relation to production, the gross margin was above the levels registered in 2007, increasing by 2.1%. It would have been even higher if the negative effect of the dollar exchange rate was discounted. This reflected an overall improvement in terms of productivity and industrial efficiency and the containment of raw material costs.

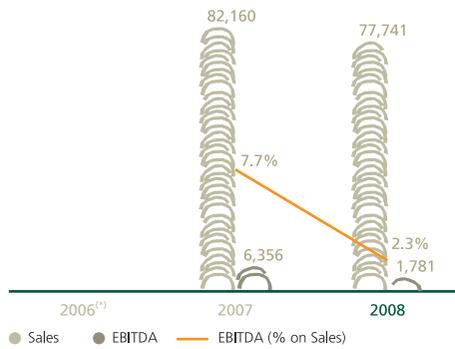
Nevertheless, the fall in sales volume led to a sharp reduction in operating profit, despite the efforts made at every level of the BU to reduce operating costs. As a result of cost-cutting measures relating to both industrial operations and resources, the BU achieved an overall reduction of 6% in costs relating to staff, supplies and external services. EBITDA was approximately €4.6 million below the level of 2007.

During 2008, the BU implemented a series of initiatives aimed at strengthening its operations, business volume and leadership in supplying high-performance, top quality and environmentally friendly products. The measures included:

- **improving the quality and performance of its products and solutions through the development of new technologies:**
 - Noise Reduction Technology (NRT) – applied to a range of high-performance flooring products in terms of acoustic levels (impact and percussive noise), providing customers with attractive opportunities to create innovative products;
 - ACM Residential – applied to a range of acoustic and thermal insulation products designed for residential use;
 - CORECORK – a series of new solutions in the area of composites, developed in response to growing environmental concerns, that is, the need to supply the market with components manufactured from sustainable, renewable and recyclable raw materials;
 - Thermal Protection Systems (TPS) – solutions designed for aerospace applications, specifically spacecraft heat shields and thermal protection in general.

Sales & EBITDA – Cork Composites

(Thousand euros)



⁽¹⁾ The Composite Cork BU was created from the merger of the Technical Agglomerates and CorkRubber Businesses Units at the end of 2007. The consolidated sales and EBITDA figures for these BUs are not available.

- informing and raising the awareness of customers, advisors and consumers in relation to the unique characteristics and uses of the BU's products and solutions, including the launch of specific professional tool kits for its main products:

- organisation of the AMORIM T&D INTERNATIONAL MEETING I, a meeting for partners in the electric transformer business, which included visits to several production units, providing an opportunity for an exchange of know-how between international partners with a view to maximising synergies;
- participation in a number of international trade fairs and exhibitions, including CWIEME – Coil Winding, Insulations & Electrical Manufacturing Exhibition (Germany), where the BU presented the Amorim T&D (Transmission and Distribution) range. The exhibition provided an opportunity to disseminate an article titled "Vibro-Acoustic Analysis of a Power Distribution Transformer Using the Finite Element Method", an example of the high level of technical knowledge the Cork Composites BU has acquired in this sector;
- sponsorship of a meeting of the Institute of Electrical and Electronics Engineers (IEEE) in Porto (Portugal), which involved about 250 participants and provided an opportunity to contact an audience specialising in electricity transmission and distribution. The technical performance of the Amorim T&D range was commended, particularly a line of products specially developed to deal with problems related to noise and the need to control vibration.

In terms of capital invested, net fixed assets remained stable in relation to 2007, reflecting an investment effort in keeping with business requirements during the current phase.

A series of important commercial, technical support and marketing initiatives were implemented in different parts of the world with a view to leveraging operations with strong growth potential as well as targeting more mature and representative business segments.

In its daily operations, the BU upheld its total commitment to economic, environmental and social sustainability, the values that form the basis of its relations with all its stakeholders. The continuation of its quality, environmental and workplace health and safety certifications constituted public recognition of these values.

2.5. Insulation Cork

In 2008, sales by this BU increased 10.6% in comparison with the previous year. The following developments were of particular note:

- increased sales of expanded cork agglomerate products, reflecting the BU's permanent monitoring of its principle markets and its strong emphasis on supplying ecological products;

- shorter order delivery times resulting from increased use of semi-finished expanded cork agglomerate products for subsequent finishing, thus eliminating some internal production operations;
- increased marketing of expanded cork agglomerate products supplied by the Group of Complimentary Companies (ACE) with which this BU is associated.

In regard to latter two items – the use of semi-finished products and the marketing of products produced by the BU's ACE – it should be noted that the respective margins are relatively small. This explains why the gross margin grew at a lower rate than sales. The gross margin increased 5.5% in comparison with the previous year, benefiting from increased sales volume and higher prices in 2008, but negatively affected by exchange rates (-1.7%) and, as previously described, by the impact of the margins obtained from the marketing of expanded insulation cork.

Despite the increase in business, operating costs rose by only 3.8% on 2007, mainly due to the stabilisation of staff costs and a reduction of more than 15% in amortisation costs.

EBITDA and EBIT increased 6% and 11% respectively in comparison with 2007.

In 2007, capital investment increased 14% on the previous year, mainly due to increased raw material stocks and investments in the grinding production line at the Silves industrial unit.

3. Innovation, Research & Development

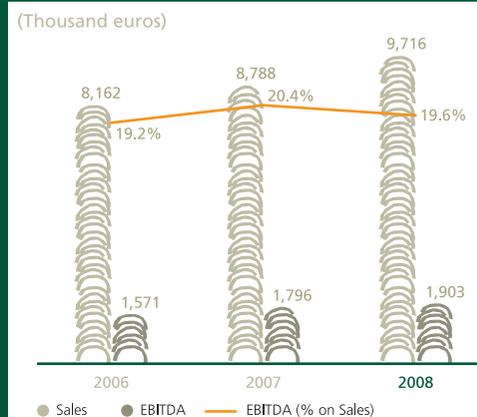
3.1. New applications

Development of New Applications/Products on/with Cork (DNAPC)

The mission of this research unit, created in 2004, is to conceive and develop new applications and new cork products beyond those that the cork industry is currently producing. Developments relating to some of the most important projects the unit is working on included:

- continuing efforts made in 2007, in close collaboration with the Composite Cork BU, towards the industrialisation of cork products for absorbing different hydrocarbons. The unit is seeking functional packaging solutions and better markets from these applications;
- stepping up efforts to use compounds extracted from cork – a range of activities has been developed with a view to optimising the extraction of cork compounds and analysing them. The aim is to transform the compounds into high value-added products with a wide range of applications from the chemical industry to cosmetics;
- activities related to the European STREP WaCheUp project were concluded in May 2008: involving eight European partners, the project is focused on transforming waste

Sales & EBITDA – Insulation Cork



material (and by-products) produced by the cork and paper pulp industries into high added-value chemical products and on developing and integrating ecological methods into the production cycles for cork and paper pulp in order to produce these compounds and study their possible applications.

As planned, efforts continued in 2008 to strengthen industrial property protection in CORTICEIRA AMORIM's BUs. The DNAPC prepared and submitted applications for a wide range of Portuguese and European patents with the strategic aim of guaranteeing the protection of all intellectual property rights generated by the group and building a broad portfolio of patents.

3.2. Cork Stoppers

In 2008, the Cork Stopper BU invested in research and development with the objective of improving the quality of the stoppers it produces, increasing its knowledge of the interaction between cork stoppers and wine and advancing product innovation.

Improving the quality of the cork stoppers it produces requires reducing the presence of contaminating compounds with unpleasant aromas, specifically 2, 4, 6 – trichloroanisole (TCA). In 2008, efforts were made to reduce TCA by installing equipment to treat cork boards with steam before the stoppers are cut. The study on which the implementation of this treatment was based showed a 60% efficiency rate in the reduction of TCA. The BU also implemented a second installation of the ROSA Evolution system, resulting in substantial improvements on the first system, which has been in operation since 2007. The level of reduction of TCA and unpleasant aromas was similar to that achieved with the first installation, about 60% for the light programme and 80% for the hard programme. However, stains in the cork stoppers practically disappeared.

In cooperation with the Raw Materials BU, other projects were developed to deepen understanding of the origin of TCA contamination in cork boards. Samples from different thicknesses of boards, ways of stacking the boards after they are harvested and the effect of the second boiling process on contamination were all studied.

A studied initiated in 2008 that will continue in 2009 focuses on the migration of TCA through different closures. This study demonstrates the capacity of cork stoppers to seal off air, a property that has not been confirmed in alternative closures, particularly plastic closures, the use of which has resulted in large quantities of TCA being found in bottles after only three months.

A number of projects focused on **advancing the study of wine/cork stopper interaction** were developed in 2008. Some of these were a continuation of studies begun in 2007, specifically the study of:

- molecules that migrate from cork to wine and their biological nature, in collaboration with the Faculty of Sciences of the University of Porto;

- the influence of the length of stoppers on the ageing of wine; and
- the influence of the diameter of champagne stoppers on the retention of gas.

Other research projects were also launched in 2008, including a study into the effect of oxygen transfer in bottles sealed with capsulated stoppers.

A number of **product innovation** projects advanced in 2008, including a study into the means of obtaining controlled oxygen transfer in natural and technical cork stoppers. This included a large-scale bottling experiment in collaboration with the Bureau Interprofessionnel des Vins de Bourgogne.

In collaboration with Portugal's Polymers Skills Network, to which the Cork Stopper BU belongs, studies also continued into the development of barriers to prevent the ingress of red-coloured compounds from cork stoppers into white drinks with a view to applications in the white spirit drinks market.

Work continued on research to find ecological glues that are as technically efficient as glues currently in use, but which have the advantage of being environmentally friendly.

3.3. Floor and Wall Coverings

In keeping with the product innovation policy of the Floor and Wall Coverings BU – to launch a new product (technical solution) every year and a new design collection every three years – the BU's R&D team focused on identifying market trends and customer requirements with a view to ensuring its product portfolio can leverage sales and increase public awareness of the brands it markets.

Activities and projects launched and developed in 2008 included:

- launching a collection of new Series 4000 designs with new dimensions intended for commercial applications;
- the launch of the **Linocomfort** and **Vinylcomfort** lines for domestic spaces, which make use of linoleum and Luxury Vinyl Tiles (LVTs) in a floating floor product that includes an upper layer of cork, providing levels of thermal and acoustic comfort superior to competing products;
- completion, in partnership with Portugal's Institute of Mechanical Engineering and Industrial Management (INEGI – Instituto de Engenharia Mecânica e Gestão Industrial), of a project to increase the dimensional stability of Series 4000 products with a view to re-launching them on the market in 2010;
- conclusion of the development of the 2009 collection, using innovative processes for the cork industry, including painting, decoration and PVC embossing (patent registered).



The technical cork stopper is natural, retains CO₂ and fulfills consumers' environmental demands.

The following projects are currently underway and are expected to be concluded in 2009:

- new solutions for technical flooring using new raw materials that provide products with “self-laying” properties;
- upgrading the Vinylcomfort line with products designed with the dimensions and technical characteristics commercial spaces in mind and incorporating exclusive designs;
- developing new looks for the Ipocork and Corklife brands;
- industrialisation of a new technical solution for Series 4000 products.

3.4. Composite Cork

The R&D activities of this BU are based on strategy designed to advance the development of its products and applications.

In 2008, the BU achieved its aim of creating, reorganising and expanding what it had identified as its priority product ranges to strengthen a portfolio of products and solutions designed to meet the needs of current and future markets.

The comparative advantages of the BU's products ranges are based on the performance of its final applications, the ease with which they can be integrated into the manufacturing processes of its customers and their sustainability. As a part of a broader scheme of product development, the BU is also planning the launch of specific websites for each product range in an initiative that will involve the development of a new communications and marketing platform.

Support software programmes were also launched on the market (one for TechSeal and T&D sealing applications and another for ACM acoustic applications) to assist users in designing products incorporating materials developed by the BU.

Product technology developments in 2008 included:

- Noise Reduction Technology (NRT) – the increasing interest shown by the floor coverings market for products that stand out for their strong acoustic performance (the reduction of impact and percussive noise) led to the development of flooring components using Noise Reduction Technology (NRT), including backing and inlay solutions. A top layer suitable for the latest digital printing manufacturing technology is also in development. In addition to their acoustic properties, NRT products have a number of characteristics that provide customers with the potential to introduce important innovations in the products they manufacture;
- ACM Residential – a range of acoustic and thermal insulation products (ACM), previously geared towards transport equipment, has been expanded to include residential applications, interior and exterior doors, windows, walls and roofs. The

applications benefit from innovative characteristics including the fire-resistant properties required for doors in public buildings, hospitals, etc.;

- CORECORK – a range of new composite cork solutions that resulted in the official launch of the CORECORK product range at the COMPOSITES 2008 trade fair (Essen, Germany). Products using these applications were developed and adapted in response to growing environmental concerns, that is, the need to supply the market with components manufactured from sustainable, renewable and recyclable raw materials. The project will be expanded in 2009 with a view to extending the range to include products with distinctive characteristics, specifically fireproofing, in response to demand for such applications from the aeronautic, naval and general transport sectors;
- Thermal Protection Systems (TPS) – introduction into the market of solutions designed for aerospace applications, specifically for spacecraft heat shields and thermal protection in general.

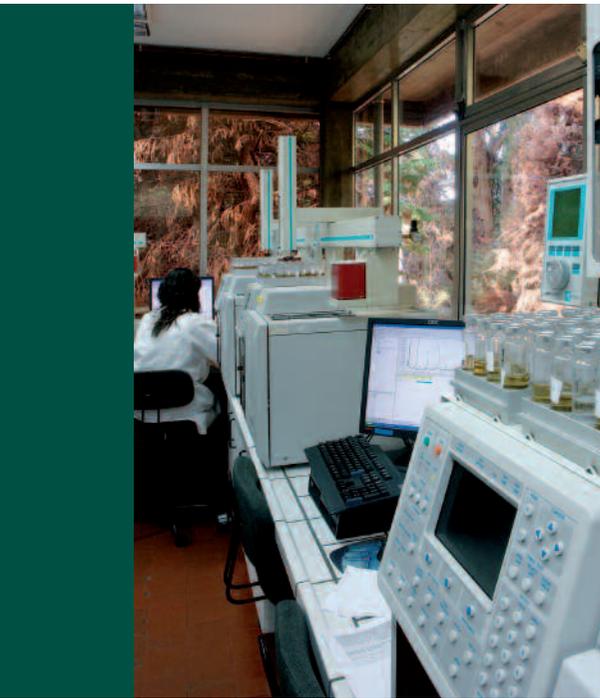
The BU also participates in European R&D programmes in the aerospace area, specifically in a European Space Agency (ESA) project to identify cork composites with space applications (the project was launched at the end of 2007) and with the European Aeronautic Defence and Space Company EADS N.V. in the AEROFAST – AEROCapture for Future spAce tranSporTation (a project in the start-up phase), which is seeking to develop solutions involving the use of cork for the next generation of space vehicle heat shields. A project has also been launched in partnership with the company Dyn'Aero relating to composites for the aeronautical industry, which seeks, among other objectives, to secure approval for an aircraft in which composite cork materials account for up to 20% of its total weight.

3.5. Insulation Cork

The R&D activities of this BU are focused on technical and acoustic insulation, but also include the area of lightweight concrete, where the use of cork has enabled the development of a number of high-performance and environmentally friendly technical solutions.

Increased knowledge of product characteristics has enhanced the technical advantages of the solutions and products produced by this BU in relation to other materials, due to their thermal diffusion, durability, dynamic rigidity and acoustic behaviour.

The BU's partnership with ITeCons – The Research and Technological Development Institute for Construction Sciences has also resulted in the development of specialised software, AIsoI+, a tool for calculating the energy behaviour and performance of buildings, facilitating the calculation of energy efficiency gains resulting from the use of expanded cork agglomerate products for insulation. The software, which is available free of charge, strengthens relations between the BU and the ecological and sustainable construction sector.



Nature & Technology

The use of state of the art technology (photo: gas chromatography) contributes to natural cork products quality improvement.

4. Integrated Management System

Quality, Environmental Protection and Safety

Integrating different management subsystems aimed at improving efficiency and aligning them with the strategic objectives of the group's balanced scorecard approach constitute an important guarantee for the sustained development of CORTICEIRA AMORIM. In this context, the following achievements merited special note in 2008:

- Amorim Cork Italia was granted technical accreditation by the BRC-IOP (British Retail Consortium – Institute of Packaging) and ISO 9001 Vision, a recognition of quality to add to the Systecode (International Code of Cork Stopper Manufacturing Practice) and HACCP (Hazard Analysis and Critical Control Points) certifications already awarded to the company.

Amorim Cork Italia is the first company in Italy to be accredited by the British Retail Consortium and the Institute of Packaging.

- Amorim Australasia and Victor Y Amorim were awarded ISO 22000:2005 accreditation for their work in preparing and distributing a number of different types of cork stoppers. This certification is designed to protect consumer health and ensure the implementation of best commercial practices, serving as a guarantee of standardised procedures as well as the implementation of HACCP food safety standards, regardless of the country or product in question;
- Amorim Cork America was awarded Forest Stewardship Council Certification by SmartWood, part of the Rainforest Alliance, in recognition of its contribution to responsible forest management.

Smartwood is a forest sustainability programme accredited by the Forest Stewardship Council (FSC), which seeks to encourage companies to adopt more ecological and sustainable practices geared towards the preservation of ecosystems and biodiversity.

The recognition by Smartwood entitles Amorim Cork America to use the registered FSC trademarks and the Rainforest Alliance Certified TM stamp (RAC stamp) on its products.

- Forest Stewardship Council (FSC) certification of Amorim Revestimentos for the marketing of wood flooring. This certification is highly important as it enables the company to give customers additional guarantees of ethical business practices in regard to the conservation of forest resources;
- Amorim Revestimentos joined the Forest Trade Iberian Network launched by the World Wide Fund for Nature (WWF), an alliance of about two dozen Portuguese and Spanish companies that encourages the responsible consumption of cork, timber and paper as a contribution to preventing further degradation of the world's forests;

- the group retained or upgraded all its other certifications, specifically:
 - ISO 9001:2000 (Quality Management System);
 - HACCP/ISO 22000 (Food Safety Management System);
 - WIETA/ETI (Commercial and Management Ethics accreditation);
 - ISO 14001:2004 (Environmental Management System);
 - FSC (Forest Stewardship Council);
 - SYSTECODE (Good Cork Stopper Practices);
 - OHSAS 18001:1999 (Health, Safety and Hygiene Management System).

5. Human Resources

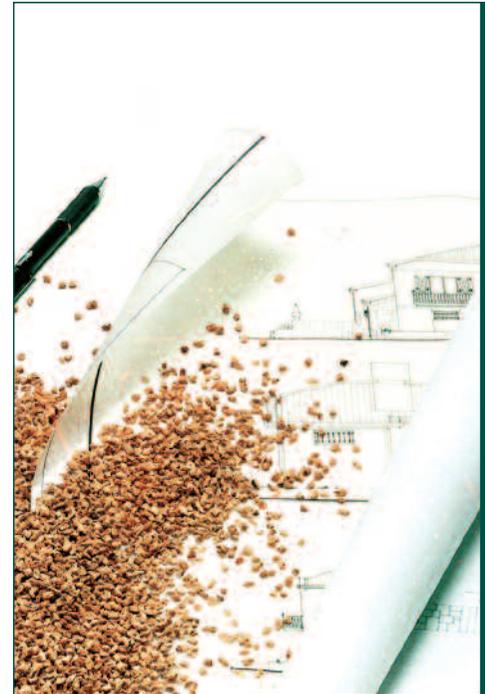
In the area of human resources, 2008 was characterised by large investments in internal communication and the continuation of trends evident in previous years: restructurings, acquisitions, improving the skills of staff, management, technical and operating teams and the growing openness of CORTICEIRA AMORIM staff and employees and their involvement with the outside community.

5.1. Internal Communication

A number of measures were implemented in the area of internal communication, taking the form of specific events and other initiatives. These included the CORTICEIRA AMORIM Staff Meeting, the Cork Stopper BU's "Alignment to Win" programme and a number of alignment meetings organised by the Floor and Wall Coverings and Composite Cork BUs. These provided an effective means of ensuring effective staff communication, alignment and mobilisation in regard to the strategic and operational objectives of the group.

Four BUs – Raw Materials, Cork Stoppers, Floor and Wall Coverings and Composite Cork – also participated for the first time in the Great Place to Work survey. The results of this initiative highlighted strong points in comparison with the best practices in the market and also indicated opportunities for general and specific improvements. Action plans were drawn up after the study and are currently in the implementation stage, both at the CORTICEIRA AMORIM group level and in each individual BU.

A specific communication plan was developed for the physical merger and integration process of the Technical Agglomerates and CorkRubber BUs. This involved a number of initiatives: a specific newsletter; a Learning Maps Project (for sharing knowledge about the history of the two BUs being merged and to explain the details of and the reasons for the new BU project); and reciprocal visits to the two industrial plants that comprise the BU (in the north and south of Portugal), together with other measures explaining the investments made with the aim of ensuring the merger was successful from the human resources point of view.



Also+ Software

A software tool developed by Amorim Isolamentos for calculating energy efficiency gains resulting from the use of expanded cork agglomerate products in construction.

5.2. Improving Staff and Team Skills

In 2008, important and far-reaching work was developed with the management teams of the Raw Materials, Cork Stoppers and Cork Composites BUs.

Using a results-based method, the three teams defined their own project, strengthened mutual bonds and developed a number of skills to prepare themselves and enhance their skills for achieving a high level of performance. This medium-term project will continue in 2009.

At the operating level, efforts continued to ensure the ongoing technical development of staff members with a range of different functions. This involved further investment in continuous improvement processes as well as in the development of technical and management skills.

The main efforts in this area continued to focus on CORTICEIRA AMORIM's "long-distance challenge": the Group's Skills Recognition, Improvement and Certification (RVCC) programme. The main target of involving more than 300 employees in this process by 2010 was set in 2007. By the end of 2008 about 200 workers had concluded their personal process: several dozen employees achieved basic education qualifications (9th year of schooling) and more than 10 achieved secondary school qualifications (12th year of schooling).

5.3. Social Responsibility

Participation in the wide range of activities of the "Porto of the Future" project⁽¹⁾ consolidated the group's increasingly frequent and generalised practice of interacting with outside communities and partners. Projects that reflect the level of this involvement included the collection of second-hand books, active participation in a number of projects organised in schools, sponsorship of a theatre play and assisting in the reforestation of a Porto city park with cork oaks.

All the group's BUs sought to strengthen relations with local communities (schools and social welfare institutions) by means of internal campaigns, donations, visiting partners and inviting partners to industrial units with the aim of encouraging mutual involvement for the enrichment of all concerned.

Special thematic weeks devoted to the issue of sustainability were held in each BU, strengthening connections with the outside community in a consistent manner and raising awareness of the importance of CORTICEIRA AMORIM and its employees as active participants and contributors to a more sustainable society. The group's involvement and participation in these activities (donations to institutions, "open days" for families and local communities, "no car days" and a range of other activities designed to raise awareness reflect its commitment to and interest in these types of initiatives by its employees.

⁽¹⁾ "Porto of the Future" – a partnership between three organisations: CORTICEIRA AMORIM, the Porto City Council and the Vertical Grouping of Porto City Schools.

5.4. Human Resources Indicators

Number of Employees

In 2008, the average and year-end number of CORTICEIRA AMORIM employees was 3,846 and 3,745 respectively. About 1,000 were employed in industrial and commercial units outside Portugal.

Absenteeism

In a year in which the group invested strongly in a plan to reduce absenteeism, the rate of absenteeism fell by approximately 0.5 percentage points in comparison with the previous year⁽²⁾.

Training

In 2008, the amount of training provided, a total of 57,000 hours, was in line with the previous year. It involved a wide range of employees and focused on different areas of knowledge and technical specialisation.

Workplace health and safety and the development of management skills were the training areas that predominated.

6. CORTICEIRA AMORIM on the Stock Market

6.1. Overview

As expected, the financial crisis spilled over into the real economy in 2008. By the end of 2008, the severe global impact, the extent of which was far greater than expected at the end of 2007, was undermining the confidence of investors who had been severely penalised by the negative performance of financial markets and assets in both the more speculative and defensive segments of the market and by the onset of a generalised climate of recession.

In the **USA**, the main stock market indices hit record lows as major financial institutions became insolvent, affecting world renowned banks such as Lehman Brothers, and as the possibility of forecasting future evolutions became virtually impossible. The Dow Jones index fell 34.9% and the NASDAQ 41.8%.

In **Europe**, equity markets were also heavily penalised, closing 2008 at levels far below those of 2007. In annual terms, the FTSE index (UK) fell 33.3%, the DAX (Germany) 41.6%, while the CAC 40 (France) and the IBEX (Spain) closed the year losing 44.2% and 40.6% respectively.

In **Portugal**, the stock market registered a sharp fall, with the main share price index, the PSI-20, losing 51.3%, to close the year at 6,341.34. Accumulated volatility reached 32.57% (compared with 13.88% in 2007) and volatility in percentage terms⁽³⁾ was 122.2%, a clear

⁽²⁾ Not counting long-term absenteeism.

⁽³⁾ Volatility (%) = (maximum closing level – minimum closing level) divided by the minimum closing level.



Employees: improving skills and qualifications
*Supporting employees in adapting their skills for
the changes and challenges that face the whole
organisation.*

indication of the impact on the Portuguese equity market of the global financial crisis and loss of confidence. However, the Portuguese stock market, less exposed to the high-risk US subprime mortgage market, suffered less significant losses than the main world markets. Total capitalisation of the capital market fell 39.2% to €155,4 billion at the end of 2008, down from €255,3 billion at the close of the previous year. Trading volume fell 53.1% to €121,5 billion, with all asset categories suffering significant reductions in volumes traded.

6.2. CORTICEIRA AMORIM – Share Performance

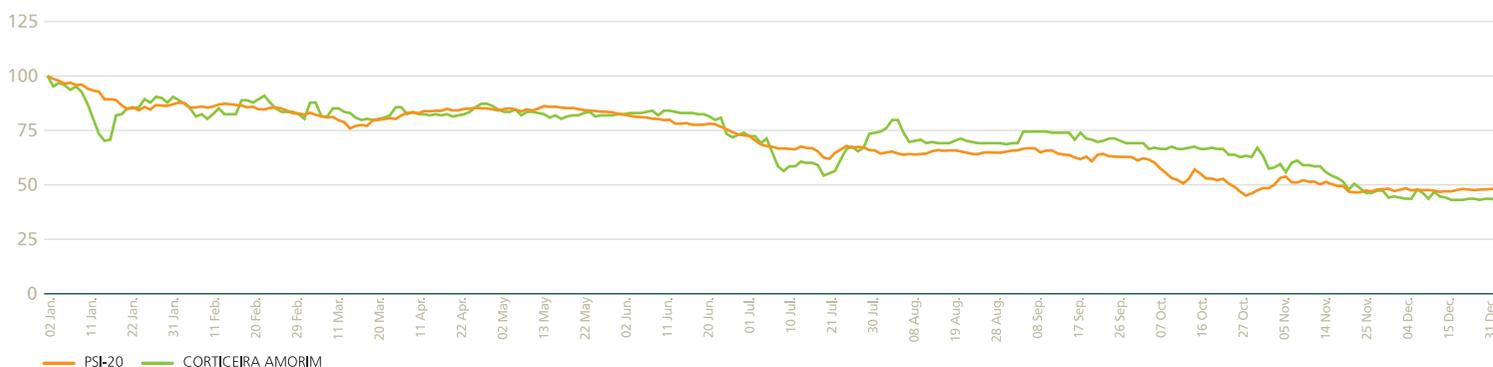
The share capital of CORTICEIRA AMORIM is currently €133 million, represented by 133 million ordinary shares with a face value €1 each. Every share confers the right to receive dividends. Shares issued during the company's capital increase were admitted to trading by the Euronext Lisbon Stock Exchange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

On December 31, 2008, CORTICEIRA AMORIM shares closed at €0.81, representing a 58.7% reduction in value from the end of 2007 as the shares followed the same trend as almost all world markets. More than 8 million CORTICEIRA AMORIM shares were traded in 2008 in 3,488 transactions with a total value of more than €12 million.

The average share price in 2008 was €1.37; the maximum prices of €1.96 a share was reached on January 2; the minimum price of €0.76 was reached during trading on December 31. The volatility of the share price in percentage terms was 38.8%, reflecting the high level of volatility of the stock.

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

Share price performance in 2008



Source: NYSE Euronext

Trading volumes on the regulated market in 2008



Source: NYSE Euronext

Stock market performance in recent years:

| | 2008 | 2007 | 2006 | 2005 |
|---------------------------------------------|-------------|-------------|-------------|-------------|
| Nr. of shares Traded | 12,051,555 | 21,631,823 | 10,564,708 | 235,132,019 |
| Share prices (€): | | | | |
| Maximum | 1.96 | 2.19 | 2.32 | 1.50 |
| Average | 1.37 | 2.03 | 1.85 | 1.23 |
| Minimum | 0.76 | 1.70 | 1.44 | 1.03 |
| Year-end | 0.81 | 1.96 | 1.96 | 1.48 |
| Trading Frequency | 94.9% | 99.6% | 99.6% | 100% |
| Stock market capitalization at year-end (€) | 107,730,000 | 260,680,000 | 260,680,000 | 196,840,000 |

Source: NYSE Euronext

7. Consolidated Income

7.1. Summary

The business outlook underwent successive downward revisions during the first nine months of 2008. Despite the warnings of a small number of economists, the general outlook was for a worst scenario of mild recession lasting for only about two quarters, with a return to normality expected in the second quarter of 2009. It is to be remembered that in mid-2008 the European Central Bank increased reference interest rates.

Everything changed following the collapse of Lehman Brothers. Chaos reigned in financial markets, which experienced a period of great anxiety from the end of September to mid-November. The total erosion of confidence between financial agents came close to paralysing markets altogether.

If during the first three months of the year, the agitation of financial markets, the worsening of credit conditions and a general lack of confidence had begun to spill over in the “real” economy, the financial cataclysm that occurred towards the end of the year had an immediate impact on economic activity that would have been totally unthinkable only one or two months before. Economic forecasts that had previously projected annual growth rates of between 0.5% and -0.5% were rapidly transformed into real data showing contractions of more than 1% for the quarter. In a moment, the word “recession” was replaced by “depression”.

Up to the end of the third quarter, as described in the group’s quarterly reports, CORTICEIRA AMORIM’s business activities has already been negatively affected by the worsening of the economic and financial climate. The worsening in CORTICEIRA AMORIM operating conditions resulted mainly from increases in the prices of energy, transport and other operating costs. Operations were also affected by the depreciation of the group’s main export currencies, particularly the US dollar, and by resistance on the part of customers, especially in North America, to increases in the price of end-user products as a consequence of currency depreciation. In euro terms, this resulted in a drop in sales to those markets. This fall in sales led to a narrowing of margins and a drop in net income, given that the majority of operating costs incurred by CORTICEIRA AMORIM’s export companies are denominated in euros. In terms of finance, the continuing rise of reference interest rates up to the end of October had an impact on the market rates paid by CORTICEIRA AMORIM, further affecting net income.

If up to the end of September, the effect on CORTICEIRA AMORIM’s income could have been described as moderate, the severe slowdown of the so-called real economy that began in the fourth quarter had a strong negative impact. Orders from the core sectors for CORTICEIRA AMORIM’s operations, such as civil construction and the automobile industry, suffered sharp reductions, with sales in November and December falling to

their lowest level for several months. This drop in sales alone had a highly negative impact on income growth, which turned negative in the last quarter.

7.2. Consolidated Income

As a company that depends on exports to more than 100 countries for more than 90% of its sales, CORTICEIRA AMORIM could not escape the consequences of the negative economic environment described above. In 2008, customers increasingly placed orders at the last moment, making it extremely difficult to meet delivery times and creating serious problems in terms of industrial and commercial logistics. These changes in the timing of orders and the resulting narrowing of delivery times were particularly evident among large multinational customers. The monthly sales of CORTICEIRA AMORIM had never previously registered such erratic performance as in 2008, when the group experienced rapid shifts from months of weak sales to months of record sales.

Consolidated sales totalled €468 million, an increase of 3.2% in comparison with 2007. The increase corresponds almost exactly to the contribution of new acquisitions to the consolidated accounts (Oller, Lloset and Cortex (in the second half of the year)). However, this positive effect was offset by the unfavourable impact of exchange rates on the group's export sales. The US dollar, by the far most important export currency for the group, accounting for about 16% of total sales, depreciated 6.8%. Other export currencies also lost value against the euro, particularly Stirling, the South African rand, the Australian dollar and the Chilean peso. Taken together, these currency depreciations had a negative impact of 2.2% on consolidated sales revenue. By BU, positive sales growth was achieved by Cork Stoppers (+4.5%), Floor and Wall Coverings (+5.6%) and Insulation (+10.6%), while Raw Materials (-3.0%) and Composite Cork (-5.4%) recorded negative sales growth.

The Cork Stoppers BU was the main beneficiary of the consolidation of the new acquisitions (+6.3% impact on sales), but was also hardest hit by currency depreciation (-2.7% impact on sales). All cork stopper ranges posted increased sales except for natural and TwinTop® stoppers. Despite the exchange rate effect, average prices were maintained at the same level as in 2007. In terms of specific markets, sales increased in France, due to the acquisitions described above, and in East Europe. The Iberian and South American markets were the first to reflect the impact of the economic crisis, registering substantial drops in sales.

The Floor and Wall Coverings BU increased sales by 5.6%. The contribution of Cortex to the consolidated accounts from the second half of 2008 had only a minor impact (+1.2%). Given that cork floor covering (CFC) sales remained stable, the increase in sales was mainly attributable to the positive performance of non-cork wood floor coverings (NCFC). A slight drop in sales in Central Europe was more than compensated for by sales in East Europe where the effects of the economic situation had a smaller or later impact.

Exporting a 100% natural product guarantees a future as brighter as the past of cork.

Breakdown Sales by Business Unit



Sales to non-group Clients.

The new Composite Cork BU succeeded in recovering in the fourth quarter from the drop in sales suffered in the previous quarter (-5.4%). A recovery of the US dollar in the fourth quarter, although far from compensating for the previous depreciation, had a positive impact on business. However, the negative impact of the currency depreciation for the whole year totalled -2.7%. Decelerating activity in two of its main markets, civil construction and the automobile industry, had the biggest impact on this BU's operations.

Although it suffered from the effects of the economic slowdown at the end of the year, the Insulation BU succeeded in achieving notable sales growth (+10.6%).

The Raw Materials BU, whose main customer is the CORTICEIRA AMORIM supply chain, could not escape being affected by the slowdown in the group's internal production. This, together with a deliberate policy of reducing external sales of cork as a raw material, resulted in a 3% drop in sales.

In percentage terms, the gross margin fell by one percentage point (from 48.7% to 47.8%). This was mainly caused by the adverse effect of exchange rates on the gross margins of the Cork Stopper and Composite Cork BUs, by far the BUs most exposed to currency risk. The gross margin of the Floor and Wall Coverings BU also made a negative contribution in percentage terms due to the increased weight of NCFC products in its total sales. This is because the gross margin percentage from marketing products such as the NCFC ranges is considerably less than the margin on finished products manufactured by the group. The percentage gross margin for the Insulation BU also fell, not only as a result of marketing goods not manufactured by the group, but also due to the consumption of timber and other raw materials acquired in 2007 at an unfavourable price-quality ratio. The increasing weight of sales to Gulf countries (about 20% of the total) by the BU also began to have more than a negligible effect on the its gross margins as the currencies of these markets are indexed to the US dollar. Only the Raw Materials BU recorded a significant increase in its percentage gross margin (+2.7%), due mainly to the consumption of cheaper cork acquired during the 2007 campaign and to improved output at the Coruche industrial unit.

Operating costs totalled €196m (+7.4%). The worsening economic situation resulted in significant disparities in the fourth quarter, with an increase of €1.6 million in comparison with 2007. Compensation payments also increased by €1.1 million. The recognition of a lower level of gains by subsidiaries (-€1.8 million) also had a negative impact on this increase. Taken together, these three factors represented a negative impact of 2.5%. The acquisition of new companies, particularly Oller, increased operating costs by €9.4 million, accounting for 5.2% of the total increase.

EBIT totalled €25.5 million, a decrease of 31% in comparison with 2007. The causes of this reduction, the result of factors detailed above, can be summarised as: increased sales generated by newly acquired companies led to an increase in the gross margin in absolute

Breakdown Sales by Geographical Area



⁽¹⁾ Including Switzerland and Norway; excluding Portugal.

terms (€9.4 million), but the operating costs of the new companies (€9.4 million) eradicated this benefit. Non-recurring costs and the correction of estimates made in previous years also added to the reduction.

Consolidated EBITDA, which fell to €48.3 million (-16.8%), was similarly affected by the factors that impacted on EBIT.

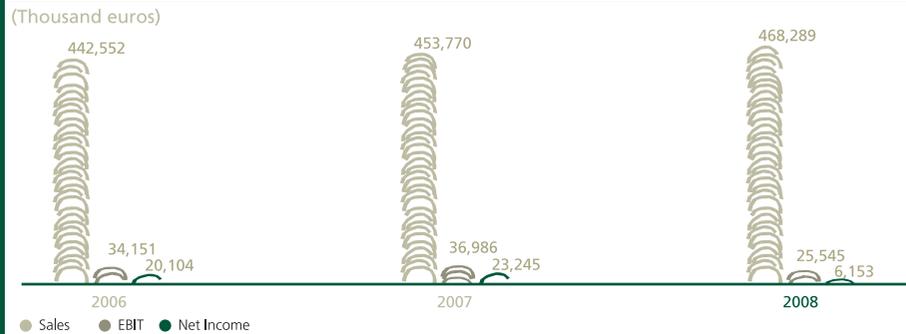
The group's net interest payments rose to €13.4 million (+18.5%). Notwithstanding the lower level of dividend remuneration, the increase in interest rates, which affected operations for almost the entire year, was the determining factor in the deterioration of financial performance.

In regards to taxation, the exceptional circumstances experienced during the year led to extreme caution in calculating an estimate of corporate tax on earnings. The disparity between the amounts reported and the pre-tax figures recorded is due to the non-recognition of active deferred taxes on the negative income of some subsidiaries.

The fourth quarter of 2008 was strongly affected by the simultaneous recording of a number of disparities, of corrections relating to estimates made in previous years, the prudential non-reporting of deferred taxes and a significant reduction in activity. As a consequence, the group posted a net loss of €4.3 million for the final quarter, resulting in an accumulated net loss for the year of €6.153 million. The negative impact on net profit of currency depreciations in the group's main export markets is estimated to have reached €8.5 million.



Sales, EBIT and Consolidated Net Income



Consolidated Figures

Thousand euros

| | 4T08 | 4T07 | 12M08 | 12M07 |
|-----------------------------------|---------|---------|---------|---------|
| Sales | 103,348 | 100,912 | 468,289 | 453,770 |
| Gross Margin – Value | 50,219 | 50,395 | 221,512 | 219,376 |
| Percentage ⁽¹⁾ | 48.66% | 49.60% | 47.85% | 48.73% |
| Operating Costs ⁽²⁾ | 50,973 | 41,728 | 195,967 | 182,390 |
| EBITDA ⁽⁵⁾ | 5,217 | 13,479 | 48,366 | 58,125 |
| EBIT | -754 | 8,666 | 25,545 | 36,986 |
| Net Income | -4,310 | 8,509 | 6,153 | 23,245 |
| Earnings per share ⁽³⁾ | -0.0330 | 0.0652 | 0.0472 | 0.1782 |
| EBITDA/Net Interest (x) | 1.56 | 4.63 | 3.62 | 5.15 |
| Equity/Net Assets ⁽⁴⁾ | — | — | 42.93% | 41.17% |
| Net Bank Debt | — | — | 222,962 | 231,781 |

⁽¹⁾ Related to production; ⁽²⁾ Includes financial costs and revenues other interest, and extraordinary items; ⁽³⁾ Net Income/Average outstanding shares (euros/shares); ⁽⁴⁾ Total Equity/Total Assets (December 31st); ⁽⁵⁾ EBIT + Depreciations + Impairity of Goodwill.

8. Consolidated Balance Sheet

The balance sheets for 2007 and 2008 are considered comparable, given that CORTICEIRA AMORIM began consolidating Oller's balance sheet at the end of 2007 and that the balance sheets of the two other new companies acquired by the group are relatively insignificant.

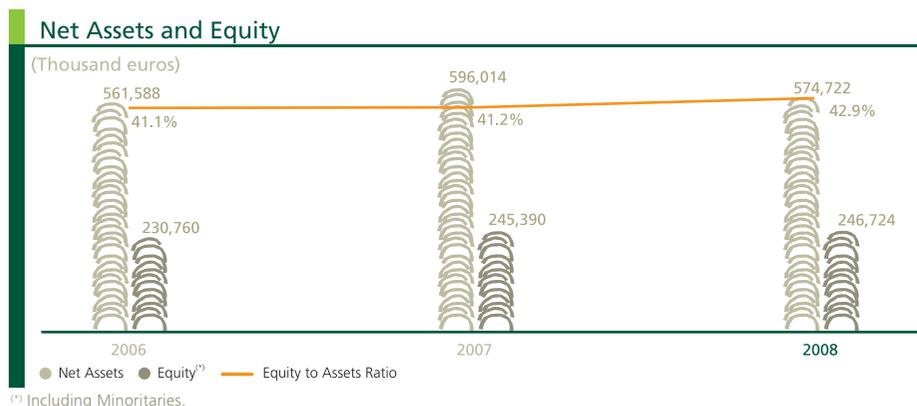
At the end of 2008, the consolidated balance sheet totalled €575 million, a reduction of €21 million in comparison with December 2007.

In terms of assets, the reduction mainly related to inventories/customers (-€32 million), a €4 million increase in the value of tangible fixed assets (investments minus depreciations) and a €7 million increase in investments in associates, due mainly to the acquisition of US Floors at the end of the year. In regard to liabilities, gross remunerated

debt (-€11 million) and a reduction in the suppliers category (-€16 million) due to a reduction in cork purchases are the main items of note.

Net remunerated debt fell by approximately €9 million to €223 million.

Financial autonomy increased from 41.2% to 42.9% at the end of 2008.



9. 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 2008, 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 2008 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.



Cork stopper

The only wine stopper with a positive environmental impact.

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.

10. Outlook

10.1. Economic Outlook 2009

10.1.1. Global Economic Outlook

The year 2009 should be seen as part of the cyclical but also of the structural adjustment to the financial and economic crises that started in 2007. The need for financial companies to diminish leverage and carry on with balance sheet repair will still be the name of the game. Data from a wide range of macroeconomic forecasting organisations show a very negative first half, reflecting the carry-over effects from the last months of 2008, and only tentative signs of recovery after the summer. Economic expansion is only expected to move slowly and on the assumption the credit market recovers. The contraction in the developed world and in the newly industrialized countries, the slowdown in all the remaining ones shall be the dominant feature. Contrary to forecasts released a year ago, BRIC⁽¹⁾ countries and GCC countries will not replace the USA, Euro Zone and Japan as engines of world growth. GDP growth rate should be 0.5% but with negative risks prevailing, prudence is of the essence. It will be the worst performance in the postwar period for the developed economies. Global trade is expected to decrease around 2.8%, something of a difference to the pattern seen in the last few years. Credit supply should be marked by restrictions despite all the measures to provide financial markets with liquidity. The unemployment rate is expected to rise during the year (in the OECD countries alone forecasts show unemployed could increase by 8 million in the next two years). Prices are expected to see gradually lower rates of increase towards the summer, moving sideways afterwards. Deflation will be a permanent worry. The bottoming-out of the housing market in the

⁽¹⁾ Brazil, Russia, India and China.

USA is a prerequisite for confidence to return to markets and for mortgage-backed assets to stop spiraling downwards, something that still weighs in banks and other financial companies' balances. The restructuring of the global banking system, separating good banks from insolvent ones, the recovery of the worldwide financial system and the unclog of credit channels are all conditions that need to be met to guarantee confidence is restored and the economy stabilizes. Lax monetary and fiscal conditions should be the reference in macroeconomic policies during the year.

The Euro Zone GDP is expected to contract in 2009, particularly in the first half, as the 13 member economy will suffer from: (i) less expansionary monetary conditions – the ECB was still raising interest rates by July 2008; (ii) lower, less prompt and poorly coordinated fiscal support; (iii) lagging wealth effects from equity collapse on consumption and investment. The recovery will be slow, and felt only by the end of 2009, early 2010. Forecasts show a contraction of 2.0% of GDP. The United States is expected to grow negatively in the 1st semester, recovering gradually afterwards. The aggressive and permanent actions by USA policy makers should prevent GDP declining by more than 1.6%. Looking at how consumer are retrenching and considering the need not to overlook structural imbalances of the economy, the ensuing recovery should follow a different shape-pattern than is usual, taking a longer time. Both economic power houses will witness a significant decline in inflation – marginally higher than 0.0% in the USA and around 1.0% in the Euro Zone, with negative monthly rates in the USA becoming a real possibility. Japan should also see contraction, around 2.6%. A return to deflation is something that cannot be put aside.

10.1.2. Portugal

Portugal is expected to contract in 2009. It will be the 2nd time it enters technical recession in the past nine years. Following a clearly negative first semester, Portugal should witness a 2nd half with a mild improvement in activity, ending up, forecasts say, with a still negative rate of growth around 0.8%. The economy faces downward risks considering the external context and its own structural imbalances. After the decline in the last months of 2008, both Exports and Investment should see contraction. The strong decrease in business confidence, credit restrictions, and the performance of Portugal's major trading partners (Angola included despite its growth in 2007/08) will weight negatively in corporate activity and imply a negative contribution from capex, perhaps the most negative one since the 1990's. Public Investment in major infrastructures, government's preference to tackle the crisis, will only have a lagging positive effect. Private and public consumption should provide a mildly positive contribution to GDP growth – the high level of household indebtedness, the risk of job losses and the willingness not to lose much room in terms of public accounts consolidation are strong reasons to believe that will be the case. In spite of the high level of unemployment accounted for before the start of the financial crisis, the high degree of openness of the Portuguese economy is sufficient to envisage unemployment rate being pushed to the upside in 2009, to levels higher than 8.5%. Inflation should decline in line with what is forecasted for other European economies – trailing downwards along the year, with chances of negative readings in the 3rd quarter. Budget

consolidation should not be attained in 2009 – according to government own projections, the public deficit will print around 3.9% of GDP, an increase *vs.* the level seen in 2008.

10.2. Operating activities

10.2.1. Raw Materials

The outlook in 2009 for the operating activities of this BU is not favourable. The international crisis has led to a contraction of demand in the markets where CORTICEIRA AMORIM operates, indicating some reduction in the production of cork for stoppers and Twin Top® discs.

Given this outlook, the Raw Materials BU has stepped up efforts to ensure the continuous improvement and innovation of its production processes with a view to improving operating efficiency.

Raw material provisioning strategy will take into account the current financial climate, seeking to delay purchases and negotiate average payment periods and delivery times with a view to reducing the need for working capital.

10.2.2. Cork Stoppers

The current crisis will almost certainly result in reduced consumption in the BU's main target markets in the wine sector. However, the impact on this BU will be attenuated by the previously described measures to adapt its production structure.

The BU expects to face growing downward pressure on its product prices in 2009. In response, it will focus on developing automation technologies and rationalising operating costs, without losing sight of its key concern for product quality and consistency.

An additional priority of this BU will be to reduce capital investment, disposing of non-core assets and implementing stock reductions throughout its supply chain.

Strategic goals for 2009 include:

- **guaranteeing superior product quality by strengthening:**
 - leadership in terms of sensory performance;
 - control of production processes and technical developments to guarantee top quality sealing properties.
- **strengthening operating efficiency by:**
 - giving priority to the rationalisation, technological enhancement and automation of industrial processes;

- improving supply chain management to reduce costs and capital expenditure and improve service levels;
- reducing support service and indirect costs.
- **revitalise commercial activities and expand market shares by:**
 - achieving a balanced volume-price mix, favouring products with the most growth potential and products perceived by customers to offer the best value;
 - identifying target markets for the trading up of natural, champagne and capsulated stoppers;
 - gaining multinational and large-scale domestic customers;
 - exploring opportunities for partnerships with international distributors, particularly in Europe, and consolidating the BU's Australian distribution network;
 - leveraging the operations of the commercial network in a cost-efficient manner, focusing on products with the greatest growth potential;
 - expanding supplies to direct customers in Portugal, offering identical levels of quality and service.

10.2.3. Floor and Wall Coverings

The 2009 sales outlook for this BU is positive, particularly in regard to expected growth in the sales of cork floor coverings, despite the global economic recession and unfavourable trends in the construction sector affecting the markets of Central Europe where the BU has established a leading position.

The launch of new collections will make a significant contribution to growth, with the introduction of new designs and new sizes in the cork and wood collections and the introduction of the **Linocomfort** and **Vinylcomfort**, ranges as part of the **Wicanders®** brand.

The acquisition of an important holding in the American company **US Floors Inc.**, completed at the end of 2008, marks a significant step towards consolidating the BU's position in the US market, which, in accordance with the BU's strategic outlook, is a market with high growth potential.

As a result, the BU's growth strategy, and the orientation and initiatives on which it is based, remain valid.

10.2.4. Composite Cork

The internal process of restructuring the Composite Cork BU, which began in 2008, will be concluded and consolidated in 2009. The current environment of economic recession will have a significant impact on the products produced by the BU, the fall in



Wicanders® Floor and Wall Coverings
*combining the natural and sustainable advantages
of cork with modern and innovative design.*

demand for and sales of components for the automobile industry being a striking example, and will inevitably result in a contraction of activity.

In terms of markets, it will be vitally important to maintain the current level of activity and to promote growth where possible by seeking to take up opportunities that have already been identified.

In 2009, the BU will seek to implement an expansion plan in areas of the world on which it has not previously focused, based on the advantages of a range of products that offer both sustainability and excellent technical performance. A number of commercial initiatives and actions are already in progress to achieve this aim, as part of an effort for a gradual reduction in reliance on sales to the CORTICEIRA AMORIM supply chain. Greater commercial assertiveness and environmentally-friendly products could also lead to growth in more mature markets despite the adverse economic climate.

Facing demanding, but surmountable challenges, the Composite Cork BU expects 2009 to mark a turnaround in its global performance provided it can fulfil its plan for change in the current difficult economic climate.

10.2.5. Insulation Cork

The unique characteristics of the products and solutions supplied by this BU – superior performance, natural and ecologically friendly materials – together with market approaches based on sustainable construction – a new medium-density fibreboard (MDF) system (using panels) and Ecological Cabins/Homes – will contribute to the greater visibility and use of its products.

Investments to increase productivity, diversify markets, expand the traditional range of product uses and the launch of software for sustainable construction will also have a positive impact on the operations of this BU.

10.3. Results

The budget for 2009 was drawn up between September and December 2008 and, in normal circumstances, the outlook for the coming year would be based on that document. However, given the events of the last two months of 2008 and the speed of change in the markets that have an impact on the activities of CORTICEIRA AMORIM, it has become impossible to use that budget as a guide for 2009.

Today more than ever, business activities are marked by uncertainty. CORTICEIRA AMORIM can forecast no more than that 2009 will be its most difficult year since 2001. The slowdowns that have already occurred in the civil construction market and the automobile industry are likely to continue for the whole of the year. The evolution of the bottling market remains uncertain, but no growth is expected.

As a counterpoint to this difficult environment, CORTICEIRA AMORIM may benefit from two external factors: an appreciation of the US dollar and a continuation of the interest rate reductions that began at the end of 2008. However, our main objectives for 2009 are more focused on making our cost structure more flexible, reducing capital expenditure and, as a consequence, lowering debt. Our ultimate aim will always be to achieve a balanced result, but results in 2009 will almost certainly be far below those achieved in previous years.

11. Business Risks and Uncertainties

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

However, recent times – and those approaching – have been negatively affected by the world's first global crisis, which began in the US with the subprime phenomenon and spread by contagion across the world to affect every business sector. Today we face a financial crisis, resulting in a lack of liquidity that has had a strong negative impact on economic activity, particularly investment; an economic crisis leading to a slowdown of business operations resulting in massive job losses; and, most seriously of all, a profound crisis of confidence that has led to a contraction of consumption, investment and financing in what appears to be a continuous vicious circle.

CORTICEIRA AMORIM, like other companies, is operating in a climate of deep economic recession and contracting consumption that is affecting its main exports markets, specifically:

- **the world wine sector** – the crisis is expected to lead to a fall in *per capita* wine consumption and a high level of trading down, with consumers opting to buy lower-priced wines, a trend that will have an impact on the product mix of the Cork Stopper BU. The BU's medium-price product range will be most strongly affected.

As detailed in the R&D chapter of this report, CORTICEIRA AMORIM has, over recent years, developed a range of technical stoppers of a level to meet the requirements of any wine producer in terms of quality, quantity and price. The BU now manufactures a product range that enables companies producing broad portfolios of wines (not only premium wines and champagnes) to use cork stoppers and benefit from their added value in terms of sustainability and CO₂ retention, two indispensable factors of product differentiation at an international level.

- **the construction sector** – the marked deceleration of activity in this sector, in terms of both new building and the renovation of existing buildings, combined with the



Amorim Isolamentos has developed the concept of ecological cabins
Part of a new concept of ecological tourism, eco-cabins add value to cork and promote its use in cutting-edge architecture.

postponement of purchasing decisions by the end users of floor and wall coverings will inevitably result in slowdown in global demand for these products.

This global deceleration will be resisted by acting on previously identified opportunities for growth, strengthening the BU's presence in markets already considered to possess high growth potential and seeking to gain an increased share of more mature markets. These opportunities will be significantly leveraged by the launch of new collections and the development of the BU's product portfolio, including a possible expansion of the range of products produced.

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

- **the automobile sector** – one of the industries most affected by the crisis, it has announced successive cuts in production, jobs and even production units, resulting in a sharp fall in sales of components to the sector, a segment that is particularly important for the Composite Cork BU. The contraction will be strongest in the US and Russian markets, where the role of this BU as a supplier/partner of the automobile sector is particularly expressive.

A strategy of geographic diversification should prove successful in producing immediate results. Product innovation initiatives to increase competitiveness and expand the use of CorkRubber gaskets by the automobile sector are also underway.

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

- **depreciation of the US dollar** – a factor that erodes business margins. Over the short term, the effects of dollar depreciation have been offset by an active policy of substituting invoicing currencies – in 2007 consolidated sales in US dollars accounted for 16% of sales to non-group customers – and by adopting a consistent policy of hedging exchange rate risk (either through natural hedging or appropriate financial instruments); over the long term CORTICEIRA AMORIM is committed to developing new products/solutions with greater added value with a view to establishing a product mix capable of overcoming these limitations. As a result, the company has adopted an organisational model geared to moving up the value chain and neutralising this risk;
- **climate change** – a factor that could potentially reduce the availability of raw materials in that it could destabilise the ecosystem on which the cork oak depends as a result of severe droughts, which would threaten the propagation and growth of the tree. More importantly, the capacity of the cork oak and of cork, both as a raw material and in the form of cork products, to retain carbon helps to mitigate the emission of the greenhouse gases that cause climate change.

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

CORTICEIRA AMORIM products are also important absorbers of carbon, which they retain until the end of their useful life. Each cork stopper, for example, is responsible for the fixation of 8.8 grams of CO₂.

The industrial processing of cork harvested from cork oaks is the best way to guarantee the preservation and development of the *montado* (a sustainable agricultural system based around cork oak forests) and ensuring their economic viability. *Montados* have today become a centre of attention. Specific legislation to protect them has been approved and several non-governmental organisations who seek to protect forests have devised programmes aimed at the improvement and certification of forest managements practices.

This means that, rather than forecasting a reduction in the amount of raw material available, it is expected that the facts described (the fixation of CO₂ and the increased use of cork for thermal insulation with the development of eco-construction) above will provide an opportunity for highlighting the unique advantages of cork products.

- **the development of alternative closures** – the possibility of cork stoppers being replaced by artificial closures such as those made from plastic and aluminium, the common materials of post-war society, has been mooted for many years, but has not, however, materialised.

Synthetic closures, as well as other alternative forms of wine packaging, have been available on the market for several decades. Plastic closures were used in the early 1990s, mainly by countries like Australia for their growing production of low-cost wines for rapid consumption.

The actual use of these closures is falling, reforced during 2008 by the strong price fluctuation of the commodities associated to its production, having the high prices of the raw materials contributed to additional loss of competitiveness, essentially near the major wine companies, consumers of millions of wine closures, in wich such variations may, easily, become a significant higher production cost. But it is also important to consider two other factors in the analisis of the plastic closures market: one of a technical nature and the other related to image. The first relates to the failure to devise manufacturing processes capable of reproducing the clear advantage cork has of achieving a balance between the effort required to extract the stopper and the optimum level of oxygen permeability that it provides for wine development. This crucial technical impasse,



Memoboards CorkNature
Modern cork application, resulting from R&D and design investments.

together with the depreciative association by consumers of plastic closures with low-grade wine has led the market to search rapidly for new artificial closures that imitate cork, which has maintained its position as the closure of choice and the benchmark for quality, performance and image.

In this context, other closure options have appeared on the market led by the aluminium screw-cap. Like plastic closures, the screw-cap is associated with low-grade wine and lower levels of profitability for producers and distributors, having reached its pinnacle in countries that, like the United Kingdom, have seen it emerge as a closure for the very cheap wines that became widely available in the 1970s.

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

- the obvious technical complexities of using an anaerobic closure such as the screw-cap – particularly the phenomenon of reduction – have raised significant barriers to its use and a general adoption of screw-caps, which some had forecast would occur in the 1990s, is far from becoming a global threat to natural cork, the recognised technical advantages of which have been strengthened by its ecological and environmentally-friendly characteristics;
- the rapid process by which modern societies have become aware of the environmental and ecological costs involved in the use of products, created decades ago, that have negative environmental impact that needs to be mediated and controlled and the tendency to avoid using them. As the result, the replacement of a natural product – cork – by a product manufactured by an industrial process that consumes more energy than any other comparable process has met with the natural resistance of consumers.

The debate on wine closures is currently focused on two main aspects, both of them highly positive for cork: questions of sustainability, which are clearly of concern to public opinion, and technical and media recognition that the reduction problems associated with screw-caps are undeniable and more frequent than was previously thought likely.

12. Financial Risk Management

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

13. Proposed Appropriation of Profit

Taking into account that in 2008 the company registered a net profit of €22,246,434.29 (twenty two million, two hundred and forty six thousand, four hundred and thirty four euros and twenty nine cents):

- the Board of Directors proposes that shareholders approve that the above-mentioned net profit of €22,246,434.29 (twenty two million, two hundred and forty six thousand, four hundred and thirty four euros and twenty nine cents) be transferred as follows:
 - to Legal Reserves: €1,112,321.71 (one million, one hundred and twelve thousand, three hundred and twenty one euros and seventy one cents);
 - to Retained Earnings: €3,242,204.80 (three million, two hundred and forty two thousand, two hundred and four euros and eighty cents);
 - to Unrestricted Reserves: €17,891,907.78 (seventeen million, eight hundred and ninety one thousand, nine hundred and seven euros and seventy eight cents).

14. Treasury Stock

During 2008, in several stock market sessions, CORTICEIRA AMORIM acquired 21,500 of its own shares, corresponding to 0.0162% of its share capital, at an average price of €1.757 per share. The total value of these transactions was €37,772.20, as stated below:

| Date | Transaction | Quantity | Price per Share (€) | Total Amount (€) |
|------------|--------------------------------------------------------------------------|----------|---------------------|------------------|
| 07-01-2008 | Instruction: acquisition of 500 shares, in the stock Exchange market | | | |
| | Executed deals: | 1 | 1.77 | 1.77 |
| | | 499 | 1.77 | 883.23 |
| 08-01-2008 | Instruction: acquisition of 20,000 shares, in the stock Exchange markets | | | |
| | Executed deals: | 4,060 | 1.75 | 7,105.00 |
| | | 940 | 1.75 | 1,645.00 |
| | | 4,640 | 1.75 | 8,120.00 |
| | | 500 | 1.75 | 875.00 |
| | | 4,860 | 1.77 | 8,602.20 |
| | | 474 | 1.76 | 834.24 |
| | | 4,340 | 1.76 | 7,638.40 |
| | | 186 | 1.76 | 327.36 |
| 10-01-2008 | Instruction: acquisition of 1000 shares, in the stock Exchange market | | | |
| | Executed deals: | 501 | 1.74 | 871.74 |
| | | 499 | 1.74 | 868.26 |
| | Total in 2008 | 21,500 | | 37,772.20 |



Research, Development and Innovation
RD&I at CORTICEIRA AMORIM seeks answers to essential questions:

How to extend the use of cork beyond traditional uses?

How to create a "new cork"?

(1) New materials that maximise the intrinsic qualities of cork.

No treasury stock was sold.

On December 31, 2008, CORTICEIRA AMORIM's treasury stock totalled 2,589,334 shares, representing 1.947% of the company's share capital.

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

15. Significant Events after December 2008

At the beginning of 2009, the worsening of the global economic and financial crisis aggravated the adverse conditions affecting the business operations of the cork sector.

Taking into accounting a deceleration in economic activity in the sectors that CORTICEIRA AMORIM traditionally supplies, the group opted to adapt production to demand trends, particularly in regard to the Cork Stopper and Composite Cork BUs.

In the case of the Cork Stopper BU, whose operations are intrinsically linked to the international wine market, a reduction in consumption in its main target markets in the wine sector threatens to combine with a loss of market share in the cork stopper segment (which, in spite of everything, CORTICEIRA AMORIM has proved able to resist). The Composite Cork BU, whose product range includes components for the automobile and construction industries, whose difficulties are well known, is also expected to experience a drop in sales.

In a statement to the market on February 3, 2009, CORTICEIRA AMORIM announced that its plans to adapt its production to expected levels of demand would lead to the implementation of a number of measures, including staff reductions at these two BUs, involving the layoff of about 75 workers employed by the Cork Stopper BU and about 118 employed by the Composite Cork BU.

CORTICEIRA AMORIM began negotiations with the employees due to be laid off, seeking to reach an agreement that would minimise the impact of the decision. To comply with current legislation, CORTICEIRA AMORIM was obliged to make a collective dismissal. This was an exceptional measure, used for the first time in the long history of CORTICEIRA AMORIM, that was justified by the absolutely extraordinary conditions of the current world economic climate.

Besides the fact described above, after December 31, 2007 and up to the date of the present report, no significant events occurred that could materially affect the financial position or the future income of CORTICEIRA AMORIM or the group of subsidiary companies included in the consolidated group.

16. Statement of Responsibility

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

17. Final Words

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

- the group's shareholders and investors for their unfailing trust;
- the credit institutions with which the group works for their invaluable cooperation; and
- the Supervisory Board and the Statutory Auditor for the rigour and quality of their work.

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

Mozelos, February 16, 2009

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

António Rios de Amorim, *Chairman of the Board of Directors*

Jorge Viriato de Freitas Barros Diniz Santos, *Vice-Chairman of the Board of Directors*

Joaquim Ferreira de Amorim, *Member of the Board of Directors*

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

Luísa Alexandra Ramos Amorim, *Member of the Board of Directors*

José da Silva Carvalho Neto, *Member of the Board of Directors*

André de Castro Amorim, *Member of the Board of Directors*

CORTICEIRA AMORIM publicises cork RD&I

Raising awareness
of the raw material,
manufacturing processes
and final products,
as well as the creation
of new products and/or
processes.



"You can help Save Miguel by doing what you have done hundreds of times. Drink wine. Just make sure when you do it, you have a little of Miguel  on your wine bottle. I mean: cork!"

Rob Schneider
in www.savemiguel.com:
Rob Schneider Finds Miguel



SECTION III

Corporate Governance Report

Chapter 0 Statement of Compliance

Chapter 1 General Meeting

Chapter 2 Management and Supervisory Boards

Chapter 3 Information



**CORTICEIRA AMORIM
PROMOTES CORK AND
CORK OAK FORESTS**

*More than 400,000 people
around the world knew
Miguel; more than 3,000
adopted a virtual cork oak.*



Corporate Governance Report

Introduction

In 1999, the board of Portugal's Security Markets Commission (CMVM) approved an initial package of recommendations on the governance of listed companies with the aim of improving mechanisms for protecting security market investors. It has subsequently encouraged far-ranging reflection on the subject as part of a prolonged process of public consultation involving all parties associated with the markets.

This led to a reformulation of the first package of recommendations. Some recommendations have been changed to obligations and the content of annual reports relating to corporate governance structures and practices has been standardised.

CORTICEIRA AMORIM welcomed the initial recommendations, as well as the changes to the regulatory framework that followed from the subsequent debate, as an opportune and pertinent initiative that will benefit all individuals and groups with an interest in the company's activities. Thus, the company's position in relation to corporate governance has been critically analysed in the light of the recommendations and the context in which the company operates and due consideration has been given to the real advantages of implementing them in full.

From the publication of the first CMVM recommendations in 1999 until today, CORTICEIRA AMORIM has engaged in a process of analysing its corporate governance, comparing it, on one hand, with what are considered the best existing practices, and, on the other hand, with the circumstances in which it operates and the challenges it has to face. As a result of this process, it has implemented a number of measures with the overall aim of strengthening its internal systems of control and supervision, increasing transparency, encouraging shareholders to participate in company life and guaranteeing the sustained creation of shareholder value.

However, it should be noted that the rapid evolution of CMVM recommendations – which are revised every two years – has required several revisions, including changes to the articles of association. Without neglecting the importance of these recommendations and the commitment that CORTICEIRA AMORIM has shown in seeking to adopt them, it is also important to register the positive advantages of providing the company with a stable internal structure that enables it: (i) to test the aptness of the options it takes and the measures it implements; (ii) to assess improvements achieved by these options, both in regard to the company's governing bodies and – most importantly – to shareholders; and (iii) to avoid any possibility of alarmism resulting from normal changes in corporate governance rules being wrongly interpreted as corrective measures designed in response to a particular event under the pretext of strengthening supervision, transparency and other values that are theoretically of benefit to shareholders.

The information required by articles 447 and 448 of the Portuguese Companies Act is also included in the report.

Chapter 0 – Statement of Compliance

0.1. Location where the public may find the Corporate Governance Codes to which the issuer is subject to or those which the issuer voluntarily abides by.

In matters of corporate governance, CORTICEIRA AMORIM is subject to: (i) current Portuguese legislation as set out in the Portuguese Companies Act (PCA) (Código das Sociedades Comerciais), the Portuguese Securities Code and regulations issued by Portugal's Security Markets Commission (CMVM) (these documents can be consulted at the CMVM Internet website: www.cmvm.pt); (ii) its own articles of association (available at the company's Internet website, www.corticeiraamorim.com); and (iii) the CMVM Corporate Governance Code referred to in CMVM Regulation no. 1/2007, which, despite taking the form only of recommendations, constitutes an important benchmark for good practices (also available at www.cmvm.pt).

CORTICEIRA AMORIM assesses its practices with reference to the CMVM Corporate Governance Code on a comply or explain basis and prepares this report on its corporate governance structures and practices with reference to all the legislation, statutes and recommendations to which the company is subject.

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

Analysis shows CORTICEIRA AMORIM achieved a **high degree of compliance with the CMVM's recommendations** on corporate governance, as indicated by the following table:

CORTICEIRA AMORIM achieves a high degree of compliance with the CMVM's recommendations on corporate governance.

| I. GENERAL MEETING | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|---------------------------|
| | Situation as of 31-12-2008 | Description in the report |
| I.1 GENERAL MEETING BOARD | | |
| I.1.1 The Chair of the General Meeting Board shall be equipped with the necessary and adequate human resources and logistic support, taking the financial position of the company into consideration. | Adopted | 1.1 |
| I.1.2 The remuneration of the Chair of the General Meeting Board shall be disclosed in the annual report on corporate governance. | Not Adopted | 1.3 |
| I.2 PARTICIPATION AT THE MEETING | | |
| I.2.1 The obligation to deposit or block shares before the General Meeting, contained in the articles of association, shall not exceed five working days. | Adopted | 1.4 |
| I.2.2 Should the General Meeting be suspended, the company shall not compel share blocking during that period until the meeting is resumed and shall then follow the standard requirement of the first session. | Adopted | 1.4 |
| I.3 VOTING AND EXERCISING VOTING RIGHTS | | |
| I.3.1 Companies may not impose any statutory restriction on postal voting. | Adopted | 1.8 |
| I.3.2 The statutory deadline for receiving early voting ballots by mail shall not exceed three working days. | Not Adopted (2009: in adoption) | 1.8 |
| I.3.3 The company's articles of association shall provide for the one share-one vote principal. | Not Adopted (2009: in adoption) | 1.6 |
| I.4 QUORUM AND RESOLUTIONS | | |
| I.4.1 Companies shall not set a constitutive or deliberating quorum that outnumbers that which is prescribed by law. | Not Adopted | 1.7 |
| I.5 ATTENDEES LIST, MINUTES AND INFORMATION ON RESOLUTIONS PASSED | | |
| I.5.1 The minutes of the General Meetings shall be made available to shareholders on the company's website within a five day period, irrespective of the fact that such information may not be legally classified as material information. The list of attendees, agenda items of the minutes and resolutions passed during such meetings shall be kept on file on the company's website for a three year period. | Not Adopted (2009: in adoption) | 3.12 |
| I.6 MEASURES ON CORPORATE CONTROL | | |
| I.6.1 Measures aimed at preventing successful takeover bids, shall respect both the company's and the shareholders' interests. | Adopted | 1.13; 1.14; 1.15 |
| I.6.2 In observance to the principle of the previous sub-paragraph, the company's articles of association that restrict/limit the number of votes that may be held or exercised by a sole shareholder, either individually or in concert with other shareholders, shall also foresee for a resolution by the General Meeting, (five year intervals, at least) on whether that statutory provision is to prevail – 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. | Adopted | 1.7 |
| I.6.3 In cases such as change of control or changes to the composition of the Board of Directors, defensive measures should not be adopted that instigate an immediate and serious asset erosion in the company, and further disturb the free transmission of shares and voluntary assessment of the performance of the Board of Directors by the shareholders. | Adopted | 1.13 |

II. MANAGEMENT AND SUPERVISORY BOARDS

| II.1 GENERAL POINTS | Situation as of 31-12-2008 | Description in the report |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|---------------------------|
| II.1.1 STRUCTURE AND DUTIES | | |
| II.1.1.1 The Board of Directors shall assess the adopted model in its governance report and pin-point possible hold-ups to its functioning and shall propose measures that it deems fit for surpassing such obstacles. | Adopted | 2.1 |
| II.1.1.2 Companies shall set up internal control systems in order to efficiently detect any risk to the company's activity by protecting its assets and keeping its corporate governance transparent. | Adopted | 2.1 to 2.7 |
| II.1.1.3 The Management and Supervisory Boards shall establish internal regulations and shall have these disclosed on its website. | Not Adopted (2009: under analysis) | 2.6 |
| Formal internal regulation: | | |
| – of the Board of Directors. | Not Adopted (2009: under analysis) | 2.6 |
| – of the Supervisory Board. | Adopted | 2.6 |
| Disclosure of the regulations on the Society website: | | |
| – of the Board of Directors. | Not Adopted (2009: under analysis) | 2.6 |
| – of the Supervisory Board. | Not Adopted (2009: under analysis) | 2.6 |
| II.1.2 GOVERNANCE INCOMPATIBILITY AND INDEPENDENCE | | |
| II.1.2.1 The Board of Directors shall include a number of non-executive members that ensure the efficient supervision, auditing and assessment of the executive members' activity. | Adopted | 2.1 |
| II.1.2.2 Non-executive members must include an adequate number of independent members. The size of the company and its shareholder structure must be taken into account when devising this number and may never be less than a fourth of the total number of Directors. | Not Adopted | 2.1; 2.9 |
| II.1.3 ELIGIBILITY CRITERIA FOR APPOINTMENT | | |
| II.1.3.1 Depending on the applicable model, the Chair of the Audit Board, the Audit Committee or the Financial Matters Committees shall be independent and be adequately capable to carry out its duties. | Adopted | 2.7; 2.12; 2.13 |
| II.1.4 POLICY ON THE REPORTING OF IRREGULARITIES | | |
| II.1.4.1 The company shall adopt a policy whereby irregularities occurring within the company, are reported. Such reports should contain the following information: | | |
| II.1.4.1. i) – the means through which such irregularities may be reported internally, including the persons that are entitled to receive the reports; | Adopted | 2.12 |
| II.1.4.1. ii) – how the report is to be handled, including confidential treatment, should it be required by the reporter. | Adopted | 2.12 |
| II.1.4.2 The general guidelines on this policy should be disclosed in the corporate governance report. | Adopted | 2.12 |
| II.1.5 REMUNERATION | | |
| II.1.5.1 The remuneration of the members of the Board of Directors shall be aligned with the interests of the shareholders. Thus: | | |
| II.1.5.1. i) – the remuneration of Directors carrying out executive duties should be based on performance and a performance assessment shall be carried out periodically by the competent body or committee; | Adopted | 2.18; 2.20 |
| II.1.5.1. ii) – the level of remuneration shall be consistent with the maximization of the long term performance of the company, and shall be dependent on sustainability of the levels of the adopted performance; | Adopted | 2.18 |
| II.1.5.1. iii) – when the remuneration of non-executive members of the Board of Directors is not legally imposed, a fixed amount should be set. | Adopted | 2.18; 2.20 |
| II.1.5.2 The Remuneration Committee and the Board of Directors shall submit a statement on the remuneration policy to be presented at the Annual Shareholders General Meeting on the Management and Supervisory bodies and other directors as provided for in Article 248/3/b of the Securities Code. The shareholders shall be informed on the proposed criteria and main factors to be used in the assessment of the performance for determining the level (share bonuses; option on share acquisition, annual bonuses or other awards). | Not Adopted (2009: in adoption) | - |
| II.1.5.3 At least one of the Remuneration Committee's representatives shall be present at the Annual Shareholders' General Meeting. | Not Adopted (2009: in adoption) | 1.12 |
| II.1.5.4 A proposal shall be submitted at the General Meeting on the approval of plans for the allotment of shares and/or options for share purchase or further yet on the variations in share prices, to members of the Management and Supervisory Boards and other Directors within the context of Article 248/3/B of the Securities Code. The proposal shall mention all the necessary information for its correct assessment. The proposal shall contain the regulation plan or in its absence, the plan's general conditions. The main characteristics of the retirement benefit plans for members of the Management and Supervisory Boards and other Directors within the context of Article 248/3/B of the Securities Code, shall also be approved at the General Meeting. | Adopted | 3.10 |

| | | | |
|---------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|-------------------------------|
| II.1.5.5 | The remuneration of the members of the Management and Supervisory Boards shall be individually and annually disclosed and, information on fixed and variable remuneration must be discriminated as well as any other remuneration received from other companies within the group of companies or companies controlled by shareholders of qualifying holdings. | Not Adopted | 2.20 |
| II.2 BOARD OF DIRECTORS | | | |
| II.2.1 | Within the limits established by law for each Management and Supervisory structure, and unless the company is of a reduced size, the Board of Directors shall delegate the day-to-day running and the delegated duties should be identified in the Annual Report on Corporate Governance. | Adopted | 2.2; 2.3 |
| II.2.2 | Board of Directors shall ensure that the company acts in accordance with its goals, and should not delegate its duties, namely in what concerns: | | |
| II.2.2. i) | – definition of the company's strategy and general policies; | Adopted | 2.3 |
| II.2.2. ii) | – definition of the corporate structure of the group; | Adopted | 2.3 |
| II.2.2. iii) | – decisions taken that are considered to be strategic due to the amounts, risk and particular characteristics involved. | Adopted | 2.3 |
| II.2.3 | Should the Chair of the Board of Directors carry out executive duties, the Board of Directors shall set up efficient mechanisms for coordinating non-executive members that can ensure that these may decide upon, in an independent and informed manner, and furthermore shall explain these mechanisms to the shareholders in the corporate governance report. | Adopted | 2.3 |
| II.2.4 | The annual management report shall include a description of the activity carried out by the non-executive board members and shall mention any restraints encountered. | Adopted | - |
| II.2.5 | The management body should promote member replacement for financial matters at least after a two year mandate. | Adopted | 2.3 |
| II.3 CHIEF EXECUTIVE OFFICER (CEO), EXECUTIVE COMMITTEE AND EXECUTIVE BOARD OF DIRECTORS | | | |
| II.3.1 | When Directors that carry out executive duties are requested by other board members to supply information, the former shall do so in a timely manner and the information supplied must adequately suffice the request made. | Adopted | 2.3 |
| II.3.2 | The Chair of the Executive Committee shall send the convening notices and minutes of the meetings to the Chair of the Board of the Directors and, when applicable, to the Chair of the Supervisory Board or the Auditing Committee. | Not Adopted (2009: in adoption) | 2.3 |
| II.3.3 | The Chair of the Executive Board of Directors shall send the convening notices and minutes of the meetings to the Chair of the General and Supervisory Board and to the Chair of the Financial Matters Committee. | Not Applicable | - |
| II.4 GENERAL AND SUPERVISORY BOARD, FINANCIAL MATTERS COMMITTEE, AUDIT COMMITTEE AND AUDIT BOARD | | | |
| II.4.1 | Besides fulfilling its supervisory duties, the General and Supervisory Board shall advise, follow-up and carry out on an on-going basis, the assessment on the management of the company by the Executive Board of Directors. Besides other subject matters, the General and Supervisory Board shall decide on: | Not Applicable | - |
| II.4.1. i) | – definition of the strategy and general policies of the company | Not Applicable | - |
| II.4.1. ii) | – the corporate structure of the group; | Not Applicable | - |
| II.4.1. iii) | – decisions taken that are considered to be strategic due to the amounts, risk and particular characteristics involved. | Not Applicable | - |
| II.4.2 | The annual reports and financial information on the activity carried out by the General and Supervisory Committee, the Financial Matters Committee, the Audit Committee and the Audit Board shall be disclosed on the company's website together with the financial statements. | Adopted | - |
| II.4.3 | The annual reports on the activity carried out by the General and Supervisory Board, the Financial Matters Committee, the Audit Committee and the Audit Board shall include a description on the supervisory activity and shall mention any restraints that they may have come up against. | Adopted | - |
| II.4.4 | The Financial Matters Committee, the Audit Committee and the Audit Board (depending on the applicable model) shall represent the company for all purposes at the external auditor, and shall propose the services supplier, the respective remuneration, ensure that adequate conditions for the supply of these services are in place within the company, as well as being the liaison officer between the company and the first recipient of the reports. | Not Adopted (2009: in analysis) | - |
| II.4.5 | According to the applicable model, the Committees for Financial Matters, Audit Committee and the Audit Board, shall assess the external auditor on an annual basis and advise the General Meeting that he/she be discharged whenever justifiable grounds are present. | Adopted | - |
| II.5 SPECIAL COMMITTEES | | | |
| II.5.1 | Unless the company is of a reduced size and depending on the adopted model, the Board of Directors and the General and Supervisory Committees, shall set up the necessary Committees in order to: | | |
| II.5.1. i) | – ensure that a competent and independent assessment of the Executive Directors' performance is carried out, as well as its own overall performance and further yet, the performance of all existing Committees; | Adopted | 1.12 |
| II.5.1. ii) | – study the adopted governance system and verify its efficiency and propose to the competent bodies, measures to be carried out with a view to its improvement. | Adopted | Introduction to the Chapter 2 |
| II.5.2 | Members of the Remuneration Committee or alike, shall be independent from the members of the Board of Directors. | Adopted | 2.19 |
| II.5.3 | All the Committees shall draw up minutes of the meetings held. | Adopted | - |

III INFORMATION AND AUDITING

III.1 GENERAL DISCLOSURE DUTIES

| | Situation as of 31-12-2008 | Description in the report |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|---------------------------|
| III.1.2 Companies shall maintain permanent contact with the market thus upholding the principle of equality for shareholders and ensure that investors are able to access information in a uniform fashion. To this end, the company shall create an Investor Assistance Unit. | Adopted | 3.12 |
| III.1.3 The following information that is made available on the company's Internet website, shall be disclosed in the English language: | | |
| III.1.3. a) The company, public company status, headquarters and remaining data provided for in Article 171 of the Commercial Companies Code; | Adopted | 3.12 |
| III.1.3. b) Articles of association; | Adopted | 3.12 |
| III.1.3. c) Credentials of the members of the Board of Directors and the Market Liaison Officer; | Adopted | 3.12 |
| III.1.3. d) Investor Assistance Unit – its functions and access tools; | Adopted | 3.12 |
| III.1.3. e) Accounts Reporting documents; | Adopted | 3.12 |
| III.1.3. f) Half-yearly calendar on company events; | Adopted | 3.12 |
| III.1.3. g) Proposals sent through for discussion and voting during the General Meeting; | Not Adopted (2009: in adoption) | 3.12 |
| III.1.3. h) Notices convening meetings. | Adopted | 3.12 |

0.3. When the structure or the corporate governance practices deviate from the CMVM's Recommendations or from other Corporate Governance Codes that the company is subject to or had voluntarily applied to, the company shall explain which parts of each code have not been complied with and the reasons therefore.

On December 31, 2008 CORTICEIRA AMORIM was in full compliance with current legislation and statutes. In regard to the CMVM Corporate Governance Code referred to in Point 0.1. above, CORTICEIRA AMORIM had not fully implemented all the recommended practices, as shown in the previous chart.

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

However, as envisaged in the CMVM Recommendations, reflection on the specifics circumstances that surround and shape a company and consideration of the cost/benefits expected to result from implementing some of the recommendations of the Corporate Governance Code that the company has not adopted – in terms of both the balanced and transparent use of executive power and the group's competitiveness – have led to the adoption of some of the recommendations and the non-adoption of others, as detailed in the next page:



A cork oak forest: one of Portugal's greatest natural treasures

Playing a crucial role in soil conservation, regulating the water cycle, capturing carbon dioxide and protecting biodiversity.

Recommendation I.1.2 – Disclosure of the individual remuneration of the Chair of the Board of the General Meeting.

Although the CMVM recommends disclosure of the individual remuneration of the Chair of the Board of the General Meeting, the company opted to disclose only the collective remuneration of the members of the Board of the General Meeting because it considers this information to be more complete and in accordance with the transparency that the Recommendation seeks to encourage – given that the all members of this body are subject to the same rules in terms of nomination and duties – and, at the same time, because it considers it appropriate to preserve the privacy of the Chair of the Board of the General Meeting.

The company also believes that the commitment, professionalism and independence of this body are ensured by appropriate training, technical competence and compliance with a strict legal regime of independence and incompatibility to which its members are subject, not by the remuneration they receive.

Recommendation I.3.2 – The statutory deadline for receiving postal votes.

The company's articles of association require postal votes to be received at least five working days before a General Meeting. The three-day recommendation made by the CMVM was not adopted.

At the General Meeting held on May 28, 2007, shareholders approved a revision to the articles of association to extend the use of postal votes to all business transacted at General Meetings. The five-day deadline was stipulated in consideration of:

- a) questions of internal organisation, specifically the need to allow sufficient time for votes to be properly dealt with;
- b) a simplification of the administrative process that it was felt helpful to introduce, making the statutory minimum period that shares are required to be blocked before a General Meeting the same as the minimum five-day deadline for receiving postal votes.

Because only a short period separated the decision taken at this General Meeting and the publication of the new CMVM Corporate Governance Code, it was considered inopportune to ask shareholders to deliberate on this matter at another General Meeting and shareholders did not express any interest in doing so. It should also be noted that shareholders are always given time at the beginning of each General Meeting to reflect on any postal ballots they may have cast and withdraw them if they wish. To do so, they need only be present or represented at the General Meeting, as stipulated in the company's articles of association.

The Board of Directors proposes that the next General Meeting of Shareholders, scheduled for March 19, 2009, deliberates on altering the articles of association to reduce this deadline to the CMVM recommendation of three working days.

Recommendation I.3.3 – Number of shares corresponding to one vote.

The CORTICEIRA AMORIM's articles of association stipulate that each block of 1,000 shares, corresponding to €1,000 of share capital, held by a shareholder or group of shareholders corresponds to one vote at a General Meeting, in accordance with the stipulations of no. 2, line a) of article 384 of the Portuguese Companies Act.

This matter was also given considerable consideration when alterations to CORTICEIRA AMORIM's model of corporate governance were approved at the General Meeting of May 28, 2007.

Considering that:

- a) the company has properly informed shareholders that each block of 1,000 shares corresponds to one vote and that shareholders can group together to form such blocks and thus exercise their right to vote;
- b) several international studies by renowned researchers have produced no evidence that the adoption of this Recommendation would improve corporate governance;

it was decided at that time that the amount that a shareholder or group of shareholders was required to invest was fully compatible with the desired participation of small shareholders in the life of the company and that it was not likely that adopting the Recommendation would improve the efficiency or the competitiveness of the company and thereby generate effective value for shareholders.

However, in view of the growing interest and attention this matter has aroused, the Board of Directors proposes that the next General Meeting of Shareholders scheduled for March 19, 2009, considers altering the Statutes so that one share corresponds to one vote.

Recommendation I.4.1 – Constitutive and deliberating quorums.

CORTICEIRA AMORIM's articles of association stipulate a constitutive/deliberating quorum that is larger than the quorum stipulated by law⁽¹⁾ in the following situations:

⁽¹⁾ The Portuguese Companies Act establishes the following requirements for validating the decisions approved by a General Meeting:

Quorum (article 383):

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

Majority (article 386):

1. The General Meeting approves decisions by a majority of votes, whatever the percentage of share capital represented, except when otherwise stipulated by law or by contract; abstentions are not counted.
2. When there are competing proposals in decisions on the appointment of members of governing bodies, official auditors or companies of official auditors, the proposal receiving the largest number of votes shall win.
3. Decisions on any of the matters referred to in no. 2 of article 383 must be approved by a majority of two-thirds of the votes cast, whether the meeting is a first or second convocation.
4. If shareholders holding at least half the share capital are present or represented at the second convocation of a General Meeting, decisions on any of the matters referred to in no. 2 of article 383 can be approved by a majority of the votes cast.

CORTICEIRA AMORIM combines a corporate governance structure with good practices that promote greater transparency and high levels of professionalism and competence.

- limitation or suppression of the right of preference in capital increases – the articles of association require shareholders representing at least 50 per cent of paid-up share capital to be present at the General Meeting of Shareholders (article 7);
- removal from office of an elected member of the Board of Directors under the terms of the special rules set out in article 392 of the PCA, when shareholders representing only 20 per cent or less of the share capital have voted against the removal (article 17);
- for a General Meeting convened by shareholders to approve decisions – the articles require the presence of shareholders representing the minimum amount of share capital required by law to legitimise such a meeting (article 22);
- altering the composition of the Board of Directors – the articles require approval by shareholders representing at least two-thirds of the share capital (article 24);
- dissolution of the company – the articles require approval by shareholders representing at least 85 per cent of the paid-up share capital (article 33).

As a consequence of the stipulation described above, non-compliance with the CMVM Recommendation and the imposition of a constitutive/deliberating quorum larger than that required by the Companies Act confers on shareholders, particularly those with smaller shareholdings, an important role in a number of decisions that can have significant impact on the life of the company (dissolution), its corporate governance model (removal of a board member proposed by minority shareholders and the alteration of the composition of the Board of Directors), the property rights of shareholders (limitation or suppression of preference rights in capital increases) and an appropriate participation in General Meetings convened by shareholders.

In consideration of the above, it is felt that maintaining these stipulations promotes and protects the rights and the role of shareholders in important matters of corporate governance – values that the Corporate Governance Code seeks to protect.

Recommendation I.5.1 – The availability of information relating to General Meetings.

CORTICEIRA AMORIM has been providing information on General Meetings since 2005.

Up to the General Meeting of March 31, 2006 inclusive, the following documents were made available with a view to encouraging the participation of shareholders: notice of meetings, the agenda of meetings, information relating to the administrative and legal processes required to validate the presence/representation of shareholders, the postal ballot and the proposals to be discussed; information on the decisions approved by the General Meeting, when this was considered to constitute relevant information (the concept used prior to the current concept of privileged information), it was published in the form of a market statement through the CMVM and the company's Internet websites. These documents remain available on the company's Internet website.

From the General Meeting of March 30, 2007 onwards, the company has, in addition to the information listed in the previous paragraph, made available to shareholders the

ballot sheets required for exercising postal votes and forms for proxy voting. Immediately after a General Meeting, it has also published a market statement on the decisions approved via the CMVM and the company's Internet websites. These documents remain available on the company's Internet website.

Given that the range of documents that is considered good practice to make available on corporate websites has been widened to include statistical information on attendance and the minutes of General Meetings, **CORTICEIRA AMORIM now also includes this information in the archive of historical documents made available online, with a view to ensuring full compliance with this Recommendation (in terms of both content and deadlines) by the next General Meeting.**

Recommendation II.1.1.3.1 and Recommendation II.1.1.3.2 – The existence and disclosure of formal regulations for the Board of Directors.

Although it has not produced written, formal internal regulations envisaged in this Recommendation, the Board of Directors of CORTICEIRA AMORIM scrupulously complies with all the regulations to which it is subject, specifically those stipulated in the Portuguese Companies Act, the articles of association and the regulations issued by the CMVM. The company considers this to constitute legitimate internal regulation that is both appropriate and conducive to the board's proper functioning and to ensuring its collective commitment to working efficiently in the interests of the company and all its shareholders.

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

Given that these internal regulations have not been formalised, they are not available on the company's Internet website. However, all the regulations, stipulated either by legislation (PCA) or by the articles of association, followed by the Board of Directors are available on the CMVM Internet website (www.cmvm.pt) or the company's Internet website (www.corticeiraamorim.com) respectively.

This matter is currently being reconsidered.

Recommendation II.1.1.3.2 – Disclosure of the internal regulations of the Supervisory Board.

In addition to complying with the stipulations of the law and the articles of association, the Supervisory Board of CORTICEIRA AMORIM also complies with its own formal, written internal regulations. These regulations were drawn up with the aim of systematising and formalising the operations of the board – a new corporate governance body introduced following the adoption of the corporate governance system known as the “strengthened Latin model” – in accordance with its legal and statutory obligations.



Cork oak harvesting:
Every nine years without ever harming the tree.

These regulations are not available on the company's Internet website. However, as is the case of the Board of Directors, all the regulations, stipulated either by legislation (PCA) or by the articles of association, followed by the Supervisory Board are available on the CMVM Internet website (www.cmvm.pt) or the company's Internet website (www.corticeiraamorim.com) respectively.

This matter is currently being reconsidered.

Recommendation II.1.2.2 – The Board of Directors should include non-executive independent members.

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

Although, in accordance with the current concept of independence, the Board of Directors does not include any independent non-executive members as recommended by the CMVM Corporate Governance Code, the company believes that, given the existence of a double system of supervision – a Supervisory Board and a Board of Statutory Auditors – whose members are all independent, that the interests envisaged in this recommendation to be fully and appropriately protected. Thanks to the observance of this independence, together with the standards of responsibility required of the members of the Supervisory Board, the company considers the conditions are in place to ensure effective supervision to a high level of impartiality, rigour and independence.

Recommendation II.1.5.2 – The Remuneration Committee and the Board of Directors should submit to the Annual General Meeting of Shareholders a statement on remuneration policy as it applies management and Supervisory Boards and other directors.

The General Meeting of Shareholders appoints a Remuneration Committee, taking into consideration the ability and capacity of its respective members to perform the duties assigned to them in an independent manner for the length of the respective mandate, that is, to determine remuneration policies for the governing bodies that promote, over the medium and long term, the alignment of their respective interests with those of the company.

The strategic alignment of the whole organisation is enhanced by the use of the balanced scorecard method, which enables the Remuneration Committee to determine how well the group performed each year in terms of established targets and to determine on this basis the amount of performance bonuses to be paid.

The Remuneration Committee, appointed, as previously described, by decision of the General Meeting of Shareholders, is not required to disclose to the General Meeting information on these matters, the appreciation of which is delegated to the Committee by the General Meeting itself. However, the company, publishes in its Annual Report (Corporate Governance Report, and, in the specific case of the remuneration of directors,

in the Annex to the Balance Sheet and Financial Statements): its remuneration policy, the mechanisms for aligning the interests of the company and the remuneration awarded to the management and supervisory bodies in the year to which the report refers.

The practice envisaged in this Recommendation will be adopted at the next General Meeting of Shareholders scheduled for March 19, 2009.

Recommendation II.1.5.3 – At least one representative of the Remuneration Committee should be present at the Annual General Meeting of Shareholders.

Representatives of the Remuneration Committee have not attended General Meetings. Although CORTICEIRA AMORIM considers it upholds the CMVM recommendations on remuneration policy and that these are reflected in the remuneration it attributes each year, it has decided that, given the growing visibility and emphasis given to these matters – not to mention the proliferation of analyses and interpretations that, comparing matters that are not always comparable, often result in opinions that are distorted and not in any way related to the specific practices of the company – to ensure that a representative of the Remuneration Committee will be present at the next General Meeting of Shareholders scheduled for March 19, 2009.

Recommendation II.1.5.5 – Disclosure of the individual remuneration of members of management and supervisory bodies.

CORTICEIRA AMORIM discloses the annual remuneration of its management and supervisory bodies, but does not disclose the individual remuneration of each member of these bodies.

In regard to the Board of Directors, the collective remuneration of executive and non-executive members is disclosed separately, specifying the amount of remuneration that is fixed or variable.

The company considers this level of detail is an adequate response to the interests and to the transparency that the Recommendation seeks to protect and to the need to preserve the privacy of the members of these bodies.

Recommendation II.3.2 – The sending of convening notices and minutes of meetings of the Executive Board to the Chair of the Board of Directors and the Chair of the Supervisory Board.

At CORTICEIRA AMORIM, the Chair of the Executive Board is the Chair of the Board of Directors.

The meetings of the Executive Board are held every two weeks and the annual schedule of meetings is drawn up at the beginning of each business year. Although the Chair of the Executive Board does not send convening notices to the Chair of the Supervisory Board, the latter is aware of the dates on which the meetings are due to take place. Although the minutes of the meetings of the Executive Board are not formally sent to

The website
www.corticeiraamorim.com
discloses relevant
information about
the company's activities.

the Chair of the Supervisory Board, they are included in the large amount of information made available to any member of the Supervisory Board.

The procedures envisaged in this Recommendation were implemented at the beginning of 2009.

Recommendation II.4.4 – Representation of the company at the external auditor.

CORTICEIRA AMORIM has been represented at the Statutory Auditor not by the Supervisory Board, but by the Board of Directors.

This matter is being analysed by the company in 2009 with a view to assessing whether the potential advantages of adopting the CMVM Recommendation would justify altering this practice.

Recommendation III.1.3.g) – Disclosures in English on the company's Internet website.

CORTICEIRA AMORIM discloses the following information in Portuguese and English:

- the company, its public company status, head office and other details referred to in article 171 of the Portuguese Companies Act;
- its articles of association;
- the identity of the members of its governing bodies and its market liaison officer;
- its investor relations unit – its functions and the means of access;
- its financial statements;
- a half-yearly calendar of company events;
- convening notices for General Meetings.

Proposals to be discussed and voted on at General Meetings are made available in Portuguese, sufficiently in advance of meetings.

At the next General Meeting of Shareholders scheduled for March 19, 2009, the company will simultaneously disclose these proposals in English.

However, it is not possible to translate into English the documentation that accompanies the proposal for the approval of the financial statements, that is, the financial statements themselves, in time for the General Meeting. In regard to this specific point, the company provides in English an outline of the proposal and foreign shareholders are able to consult the most important elements of the financial statements in the statements issued by the company and published on its Internet website (www.corticeiraamorim.com) in the statements section.

0.4. The corporate body or the committee shall at all times, assess the independency of each of its members and shall inform the shareholders, via a statement included in the corporate governance report, on its assessment both at the time of the appointment and following the loss of independency.

The compliance of all members of the Board of the General Meeting and the Supervisory Board with the regulations on independence and incompatibility set out in articles 414 and 414-A of the Portuguese Companies Act is subject to legal verification. On first appointment, each member of these bodies issues a statement in which they expressly:

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

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

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



Cork production

One of the few examples of truly sustainable forestry practices.

Chapter I – General Meeting

1.1. Identification of the members of the General Meeting Board.

As a result of the alterations to the Portuguese Companies Act introduced by Decree-Law no. 76-A/2006 of March 29, specifically article 374-A regarding special independence and/or incompatibility requirements, the General Meeting of Shareholders held on March 30, 2007 decided that the Board of the General Meeting would be made up of a chairman and a secretary. Joaquim Taveira da Fonseca and Tiago Borges de Pinho were elected respectively chairman and secretary and immediately took office, which they continued to hold up to the date of this report.

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

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

Chairman: Joaquim Taveira da Fonseca

First appointment: March 30, 2007

Renovation of the mandate: March 28, 2008

End of the current mandate: December 31, 2010

Secretary: Tiago Borges de Pinho

First appointment: March 30, 2007

Renovation of the mandate: March 28, 2008

End of the current mandate: December 31, 2010

1.3. Indication of the remuneration of the Chairman of the General Meeting Board.

In 2008, the members of the Board of the General Meeting were attributed a collective remuneration in excess of €6,500.

1.4. Indication of the prior notice for deposit of shares or share-blocking for participation at the General Meeting.

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

1.5. Indication of the applicable rules for share-blocking should the General Meeting be suspended.

As in the case of initial General Meetings, shareholders wishing to participate in a General Meeting resumed at a later date, must ensure their shares have been blocked for a minimum of five working days before the meeting.

1.6. Number of shares that correspond to one vote.

Each block of 1,000 shares corresponds to one vote.

Given the growing interest and attention this matter has attracted, the Board of Directors proposes that the next General Meeting of Shareholders scheduled for March 19, 2009 considers altering the articles of association so that one share corresponds to one vote.

1.7. The existence of statutory rules on the exercise of voting rights, including constitutive or deliberating quorums or systems for equity rights.

In addition to the regulations referred to in points 1.4 to 1.6, 1.8 and 1.11 of this report, the articles of association make specific requirements in regard to constitutive/deliberating quorums in the following situations:

- limitation or suppression of the right of preference in capital increases – the articles of association require shareholders representing at least 50 per cent of paid-up share capital to be present at the General Meeting of Shareholders;
- removal from office of an elected member of the Board of Directors under the terms of the special rules set out in article 392 of the PCA, when only shareholders representing less than 20 per cent of the share capital have voted against the removal;
- exercising the right to vote – the articles of association require shareholders to hold at least 1,000 shares for a minimum of five working days before the date scheduled for the General Meeting. Shareholders holding fewer than 1,000 shares can group together to form blocks of 1,000 shares and be represented at the General Meeting by one member of the group;
- for a General Meeting convened by shareholders to approve decisions – the articles of association require the presence of shareholders representing the minimum amount of share capital required by law to legitimise such a meeting;
- altering the composition of the Board of Directors – the articles of association require approval by shareholders representing at least two-thirds of the share capital;
- dissolution of the company – the articles of association require approval by shareholders representing at least 85 per cent of the paid-up share capital.

The corporate governance model of CORTICEIRA AMORIM improves business efficiency and competitiveness.

There are no limits on the number of votes that can be held or exercised by a single shareholder, individually or in coordination with other shareholders.

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

The articles of association allow shareholders to vote by post, provided the votes arrive at the company a minimum of five working days before the General Meeting.

1.9. Availability of a model format for exercising the right to vote via postal means.

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

1.10. A deadline requirement for the receipt of the postal ballots and the date on which the General Meeting is held.

Postal votes must be received at least five working days before the date of a General Meeting.

Postal votes will be disregarded if they relate to a proposal put forward at a date later than the actual date of postal voting. The postal votes of shareholders who subsequently attend a General Meeting in person will be void.

1.11. The exercise of voting rights via electronic means.

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

Electronic voting is conditional on the Chair of the Board of the General Meeting ensuring before the meeting is held that adequate technical facilities are in place to ensure the security and reliability of the votes cast in this way.

If the Chair of the Board of the General Meeting determines that adequate technical facilities are in place for electronic voting, shareholders will be informed of this fact in the notice convening the meeting. Electronic votes must be received at least five working days before the date of a General Meeting. Electronic votes will be disregarded if they relate to a proposal put forward at a date later than the actual date of postal voting. The postal votes of shareholders who subsequently attend a general meeting in person will be void.

1.12. Information of the intervention by the General Meeting on matters concerning the remuneration policy of the company and the performance assessment of the members of the Board of Directors.

The General Meeting of Shareholders appoints a Remuneration Committee, taking into consideration the ability and capacity of its respective members to perform the duties assigned to them in an independent manner for the length of the respective mandate, that is, to determine remuneration policies for the governing bodies that promote, over the medium and long term, the alignment of their respective interests with those of the company.

The adoption of the balanced scorecard method, which assesses performance on the basis of financial and non-financial indicators, enables the Remuneration Committee to determine annual performance in relation to established targets and to determine on this basis the amount of performance bonuses to be paid.

The Remuneration Committee, appointed, as previously described, by decision of the General Meeting of Shareholders, is not required to disclose to the General Meeting information on these matters, the appreciation of which has been delegated to the



Cork: a natural product

corresponding to superior performance standards.

Committee by the General Meeting itself. The next General Meeting of Shareholders scheduled for March 19, 2009 will consider policy statements issued by the Remuneration Committee and the Board of Directors on the remuneration of the managing and supervisory bodies and of other directors.

1.13. Indication of the defensive measures that are intended to immediately instigate asset erosion in cases such as changes in the control or to the composition of the Board of Directors.

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

1.14. Main agreements to which the company is a part of and that come into force, are changed or end in cases such as change in company control, as well as related outcome, unless the disclosure of same, due to its nature, is highly damaging to the company and save when the company is specifically obliged to disclose such information by force of legal imperatives.

There are no agreements based on these terms.

1.15. Agreements between the company and the Board of Directors, within the meaning of article 248/B/3 of the Securities Code, that provide for compensation if they resign or are made redundant without a valid reason or if their employment ceases following a change in company control.

The company has no agreements with board members or other directors for providing compensation, except where compensation payments are required by law.

Chapter II – Management and Supervisory Boards

Following the alterations to the Portuguese Companies Act introduced by Decree-Law no. 76-A/2006 of March 29, the corporate governance models available to companies such as CORTICEIRA AMORIM were comprehensively studied, leading to the adoption of a model based on a separation between the management and supervisory bodies and a double system of supervision comprising a Supervisory Board and a Board of Statutory Auditors, a model generally known as the "strengthened Latin model".

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

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

- combines a corporate governance structure with good practices that respectively promote greater transparency and high levels of professionalism and competence;
- guarantees an alignment of the interests of the whole organisation, specifically shareholders, members of the governing bodies, directors and other employees;
- encourages the participation of shareholders in the life of the company;
- promotes the efficiency and competitiveness of CORTICEIRA AMORIM.

As mentioned in the introduction to this report, CORTICEIRA AMORIM engaged in a process of internal reflection on the corporate governance structures and practices adopted, comparing the level of efficiency with the potential advantages to be gained by implementing other practices and/or measures envisaged in the CMVM Corporate Governance Code or by other organisations. The Executive Board has analysed this matter together with questions related to the organic development of CORTICEIRA AMORIM. The process of deliberating on the structure of corporate governance itself took place both at the level of the Executive Board – with the presence of the market liaison officer – and the Board of Directors.



Manufacturing cork products:

Cork is 100% natural and pollution from cork manufacturing processes is practically zero.

2.1. Identification and composition of the corporate bodies.

As of December 31, 2008 the corporate bodies were composed as follows:

Board of Directors:

Executive Directors:

Chairman: António Rios de Amorim

Vice-Chairman: Jorge Viriato de Freitas Barros Diniz Santos

Member: Nuno Filipe Vilela Barroca de Oliveira

Non-Executive Directors:

Member: Joaquim Ferreira de Amorim

Member: Luísa Alexandra Ramos Amorim

Member: José da Silva Carvalho Neto

Member: André de Castro Amorim

Supervisory Board:

Chairman: Durval Ferreira Marques

Member: Joaquim Alberto Hierro Lopes

Member: Gustavo José de Noronha da Costa Fernandes

Substitute Member: Alberto Manuel Duarte de Oliveira Pinto

Statutory Auditor:

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

Substitute: Hermínio António Paulos Afonso (ROC)

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

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

- **Adviser to the Board of Directors** – board meetings are attended by an adviser in addition to board members. The position of adviser to the Board of Directors was created in 2001 and, since that date, has been filled by Américo Ferreira de Amorim.
- **Executive Directors** – the Executive Board is composed of three members, a Chair and two board members. On December 31, 2008, the board was composed of the following members, given that the vacancy caused by the resignation of one board member had not yet been filled:

Chairman: António Rios de Amorim

Member: Jorge Viriato de Freitas Barros Diniz Santos

2.3. Organisational structure or functional chart concerning the delegation of responsibilities among the various corporate bodies, committees and/or departments within the company, including information on the scope of delegating responsibilities or distributing duties among the members of the Management or Supervisory bodies, as well as a list of non-delegable subject matters.



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

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

As stipulated in the PCA, the role of the Board of Directors is to manage the activities of the company and deliberate on any matter relating to its administration, giving precedence to decisions made by a General Meeting or to rulings of the Supervisory Board in cases where this is required by law or by the articles of association.

The powers of the Board of Directors include: choosing its chair; co-opting directors; convening General Meetings, preparing annual reports and financial statements; acquiring, selling or leasing real estate; providing personal, real or other guarantees on behalf of the company; opening or closing facilities or important sections of them; significantly expanding or reducing important company activities; establishing or ceasing lasting and important cooperation projects with other companies; changing the company's headquarters and capital increases; implementing the merger, de-merger or transformation of the company; and deliberating on any other matter at the request of any director.



Selecting cork boards:

Highly specialised employees inspect cork – board by board –, ensuring that every piece is used to its full potential.

The articles of association also confer on the Board of Directors the following powers; running, managing and representing the company; transferring the company head office to any other location permitted by law; creating, in any part of Portugal or overseas, delegations, agencies, branches, subsidiaries, branch offices, offices or other local forms of representation; acquiring, transferring and pledging shares and bonds of its own stock belonging to the company and any rights pertaining to them, as well as carrying out any operations in regard to those securities that is deemed appropriate; acquiring, transferring, exchanging and leasing property, by means of any agreement or contract, and to mortgage real estate as security for a debt; exercising and promoting the rights of the company in other companies in which it owns a holding; acquiring, selling, exchanging and leasing personal property in any manner; negotiating finance with credit institutions; operating bank accounts, depositing and withdrawing monies, issuing, accepting, signing and endorsing cheques, letters, promissory notes, invoices and other negotiable instruments; acknowledging, desisting or acquiescing in any legal action, or entering into arbitration.

The Board of Directors may delegate its power as follows:

1. The current management of the company may be delegated to one or more directors or to an Executive Board, setting limits on this delegation or charging one or more directors to assume responsibility for certain management affairs. In this context, the following powers can be delegated:

- choosing the chair of the Board of Directors;
- co-opting directors;
- convening General Meetings;
- annual reports and financial statements;
- acquiring, selling or leasing real estate;
- providing personal, real or other guarantees on behalf of the company;
- opening or closing facilities or important sections of them;
- significantly expanding or reducing important company activities;
- company's significant organisational changes;
- establishing or ceasing lasting and important cooperation projects with other companies;
- changing the company's head offices and capital increases;
- implementing the merger, de-merger or transformation of the company.

2. The execution of the Board of Directors' decisions, the current management of the company, the power to decide on certain administrative matters and the definition of the internal regulations of the Executive Board can be delegated to any board member or to an Executive Board. In this context the following powers can be delegated:

- choosing the chair of the Board of Directors;
- co-opting directors;
- convening General Meetings;
- annual reports and financial statements;
- providing personal, real or other guarantees on behalf of the company;
- changing the company's headquarters and capital increases;
- implementing the merger, de-merger or transformation of the company.

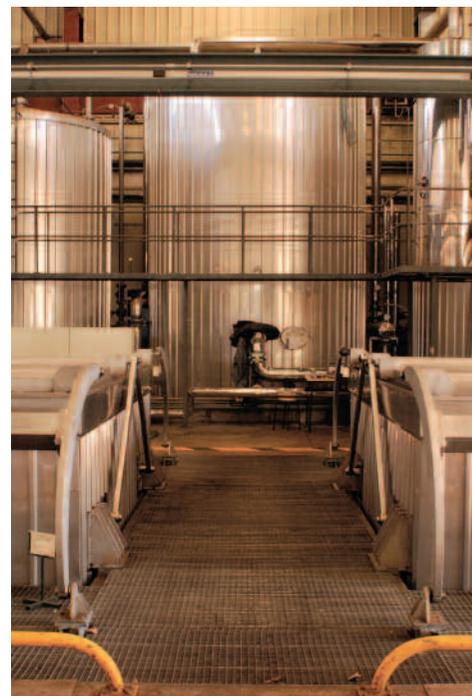
The **Adviser to the Board of Directors**, as the title indicates, advises the Board of Directors on all matters addressed at board meetings, but does not have the right to vote on the decisions taken.

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

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

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

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



Boiling cork – 60 minutes
at 100 degrees Celsius

*This guarantees the hygiene, stability
and flexibility of the raw material.*

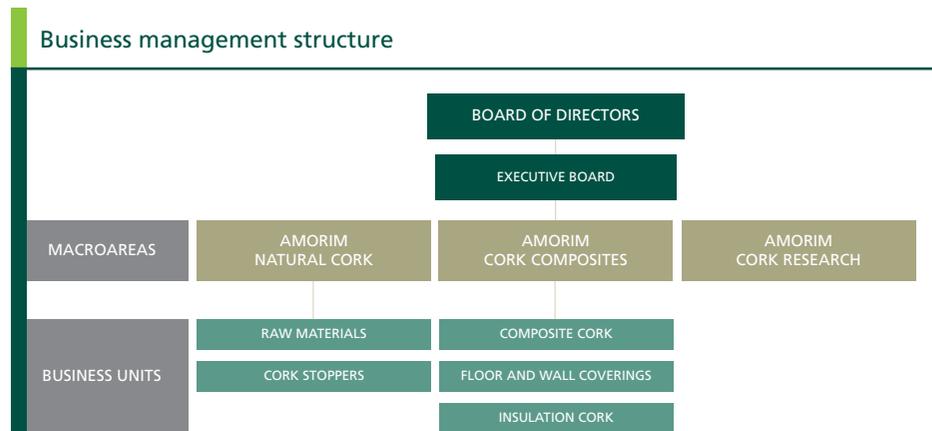
Business management structure

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

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

The strategic alignment of the whole organisation is enhanced by the use of the balanced scorecard method, both globally in CORTICEIRA AMORIM and individually in the BUs. Under this system, approval of strategic objectives and priority initiatives falls to the Board of Directors in terms of both (i) the whole organisation; (ii) matters specifically concerning CORTICEIRA AMORIM and the individual BUs.

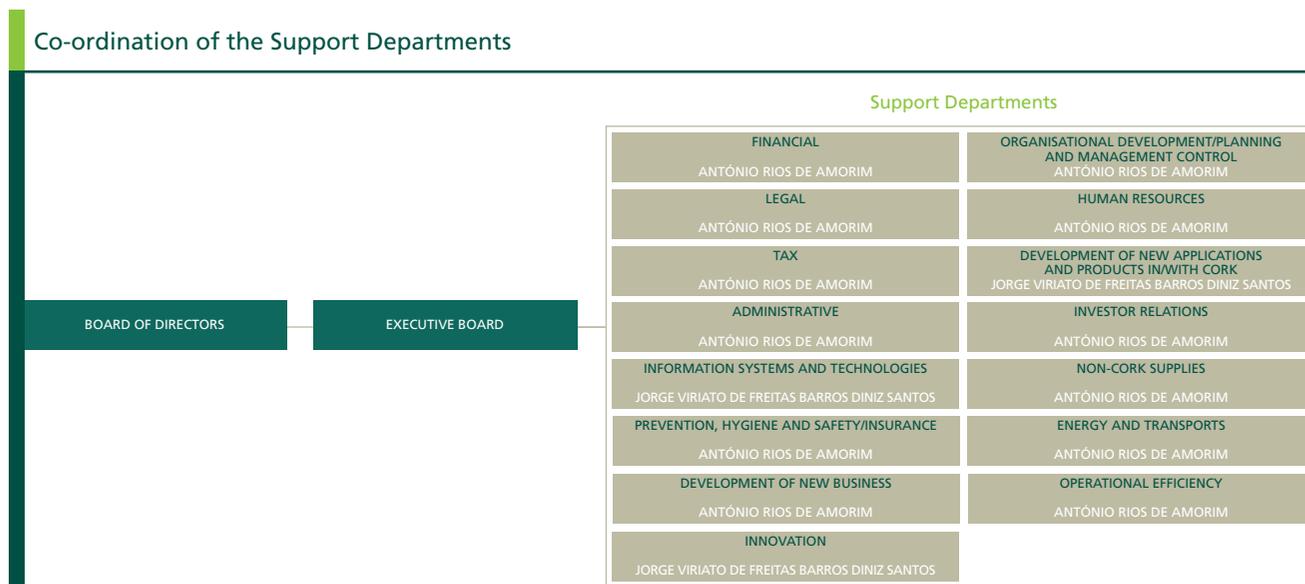
Each BU has a Board of Directors made up of non-executive and executive members, including a managing director. These boards are responsible for decisions on all matters deemed to be of importance. The following diagram shows how the company's management structure is currently organised:



The **Support Departments** are responsible for monitoring and co-ordinating the activities of the BU and their respective operational areas.

Nuno Filipe Vilela Barroca de Oliveira coordinates two support departments: Internal Auditing and Sustainable Development. Objectives and intervention of these areas are coordinated with those of the whole organisation, namely throughout its regular reporting to the Board of Directors.

The remaining **Support Areas** are coordinated by members of the Executive Board, as shown in the following diagram:



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

The directors responsible for each BU and each support department are also moved to other BUs and **support departments** on a regular basis – at least once during each mandate – to ensure the continuing high performance of each of these units, permanently challenging the units to work more cohesively together, become more proactive and promote innovation.

Given the importance and critical nature of the financial operations of CORTICEIRA AMORIM, which has subsidiaries all over the world, sells its products in more than 100 countries (sometimes in the currency of the client country) and has a considerable level of debt, the company monitors these operations at several levels, coordinating them together by means of an information and reporting system as well as through meetings for deliberating on, debating and drawing up conclusions on the company's financial operations.

António Rios de Amorim was responsible for overseeing the financial area in 2008 (taking over from José Araújo Silva, who fulfilled this role in 2007).

The Executive Board and the Board of Directors promote regular analysis of the support areas' activities, considering the need/opportunity for attributing new functions or developing new strategies.

The financial area is structured as follows:

- the General Financial Direction (GFD) coordinates financial operations at a central level. It is responsible for developing policies and measures (for approval by the Executive Board) and implementing them, for global dealings with financial counterparties, for monitoring, developing and making regular reports (to the director responsible for the financial area and to the Executive Board and the Board of Directors);
- financial managers who, at the level of the group's individual companies, manage the financial component of their activities in accordance with predetermined policies and measures, coordinating their activities with the DGF.

The coordination of the whole organic structure is ensured by means of:

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

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

2.4. Description of the internal control and risk management systems within the company, namely as regards the financial information disclosure system.

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

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

Market and business risks:

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

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

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

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

Raw material (cork) risk:

Because of the critical importance of the raw material factor, which affects all the company's BUs, the management of purchasing, storing and preparing raw materials (cork), the single variable common to all of CORTICEIRA AMORIM's operations, has been concentrated into a single autonomous BU since 2002. This has enabled the company to:

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

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



Reproduction authorized by "CTT Correios de Portugal".

The Financial Department:

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

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

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

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

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

1. disclosure complies with all the relevant legislation and the best practices in terms of transparency, relevance and reliability;
2. the information has been properly verified both internally and by the appropriate supervisory bodies;
3. the information has been approved by the appropriate governing body;
4. its public disclosure complies with all the relevant legal requirements and recommendations, specifically those of the CMVM, and is made in the following order: first via the CMVM information system (www.cmvm.pt); second via the company's Internet website (www.corticeiraamorim.com); third, by means of a long list of Portuguese and foreign media contacts; and fourth to CORTICEIRA AMORIM staff and to shareholders, investors, analysts and stakeholders, whose contacts are stored in a database.

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

2.5. Powers of the Management Body, particularly as regards resolutions on capital increase.

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

With specific regard to capital increases, the Board of Directors can, under the terms of article 8 of the articles of association, decide by a unanimous resolution of all its members to increase the company's share capital, once or several times, in accordance with methods envisaged under Portuguese law up to a maximum limit of €250 million. The Board of Directors is also empowered to determine the respective terms and conditions of capital increases as well as the type of subscription and operation and the deadlines involved.

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

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

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

The company's **Supervisory Board Regulations** stipulate those persons who are disqualified from being elected or appointed a member of the Supervisory Board:

- beneficiaries of special advantages from the supervised company^(*);
- persons occupying management positions in the supervised company^(*);
- members of governing bodies of companies that control or have a group relationship with the supervised company^(*);
- partners in companies that collectively control the supervised company^(*);
- persons who directly or indirectly supply services to or have a significant commercial relationship with the supervised company or a company that controls or has a group relationship with the supervised company^(**);

^(*) Including spouses, direct family members, relations and in-laws to the third generation;

^(**) Including spouses.



Industrial process environmentally-friendly:
Nothing is lost, all is valued.

- persons on the staff of competing companies and who act in representation of or on behalf of that company or who are connected by any other means with the interests of a competing company^(*);
- persons who occupy management or supervision positions in five or more companies, with the exception of law firms, auditing companies and statutory auditors;
- statutory auditors that, under the terms of the respective legislation, are incompatible in other ways;
- persons who are banned, even if only temporarily, from holding public office because they are prohibited, debarred, insolvent, bankrupt, or subject to legal punishment.

2.7. Rules applicable to the appointment and replacement of members of the Management and Supervisory Body.

Rules regarding the **appointment and replacement of members of the Board of Directors** are in accordance with Portuguese law, except for the addition of the following criteria, which are contained in the company statutes:

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

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

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

The **mandate** of the members of the Board of Directors lasts for one year and is automatically renewable up to a maximum of three years provided shareholders do not propose replacing any or all of them at the general meeting of shareholders when the management report, the annual financial statement of accounts and the proposal for the appropriation of profits are put forward for approval. Shareholders obligatorily elect the

^(*) Including spouses, direct family members, relations and in-laws to the third generation.

members of the Board of Directors every three years. Board members may be re-elected indefinitely.

Rules regarding the alteration of company statutes are in accordance with Portuguese law with the addition of the following specific provisions contained in the company statutes:

The company is managed by a Board of Directors made up of a Chairman, a Vice-Chairman and between one to nine other members. This statute may be altered only by shareholders representing a minimum of two-thirds of the company's share capital.

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

- candidates are elected in separate lists that specify the post for which each individual candidate is standing;
- members of the Supervisory Board are elected for a mandate of three calendar years. After serving their mandate, they remain in place until they are legally replaced; the calendar year in which they are elected counts as a whole year for calculating the term of their mandate. Members of the Supervisory Board can be re-elected according to the terms stipulated by law;
- the Supervisory Board is composed of three permanent members and one or more reserve members. Permanent members who are temporarily impeded from carrying out or who cease their duties are replaced by reserve members. When the Chair of the Supervisory Board steps down before the period from which he or she was elected or appointed, the other members will appoint one of their number to be Chair until the end of the respective mandate. Reserve members who take over the duties of permanent members who have ceased their duties will remain in the post until the next Annual General Meeting, which will elect or appoint new permanent members. If it is not possible to fill a vacancy left by a permanent member because an insufficient number of reserve members has been elected, the vacant positions of both permanent and reserve members are filled by means of a new election. To this end, the Supervisory Board should advise the Chair of the Board of the General Meeting and the Board of Directors in writing of any such vacancies as soon as they become known;
- the Supervisory Board should include at least one member who has a university degree appropriate to the position, knowledge of auditing or accounting and who is independent;
- the Supervisory Board should have a majority of independent members. Members of the Supervisory Board should immediately advise the Supervisory Board, the Chairman of the Board of the General Meeting and the Board of Directors in writing of any situation or circumstance that might imply the loss of their independence under the terms of the previous paragraph.

Rotation of the Directors responsible for each BU ensures high performance levels, challenging the whole organisation to work together in a forward-looking and innovative way.

Additional reasons that could result in incompatibility or loss of independence (other than those described in point 2.6 above) will also lead to the nullification of appointments. Members of the Supervisory Board should immediately advise the Supervisory Board, the Chairman of the Board of the General Meeting and the Board of Directors in writing of any such occurrences.

2.8. Number of meetings held by the Management and Supervisory Body and other created Committees that are responsible for managing and supervising during that time.

Under the terms of the articles of association, the Board of Directors meets whenever it is in the interest of the company to do so (article 28). In 2008, it met 12 times.

The Executive Board held 20 meetings in 2008.

The Supervisory Board meets whenever a meeting is convened by the Chair or by two other board members and at least every quarter, in accordance with the terms of article 10 of its internal regulations. In 2008, it met four times.

2.9. Identification of the members of the Board of Directors and other Committees created within the company and their distinction between executive and non-executive members and from among the latter, which members comply with the incompatibility rules provided for in article 414/A/1, except for item b/ and the independence criterion mentioned in article 414/5, both from the Commercial Company Code.

Board of Directors:

Executive Members:

Chairman: António Rios de Amorim

Vice-Chairman: Jorge Viriato de Freitas Barros Diniz Santos

Member: Nuno Filipe Vilela Barroca de Oliveira

Non-Executive Members:

Member: Joaquim Ferreira de Amorim

Member: Luísa Alexandra Ramos Amorim

Member: José da Silva Carvalho Neto

Member: André de Castro Amorim

Executive Board:

Chairman: António Rios de Amorim

Member: Jorge Viriato de Freitas Barros Diniz Santos

None of the members of the Board of Directors or the Executive Board fulfils all the independence criteria set out in CMVM Regulation 1/2007.

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

António Rios de Amorim (Chairman):

He has been Chairman of CORTICEIRA AMORIM's Board of Directors and Executive Board since March 2001. He was managing director of Amorim & Irmãos (1996-2001), manager of Sociedade Figueira-Praia (1993-2006), head of operations at Amorim – Empreendimentos Imobiliários, which promoted the Torres de Lisboa and Arrábida Shopping Centre projects (1993-1995), executive director of Amorim Hotéis, S.A., where he was responsible for developing the Ibis and Novotel hotel chains in Portugal. He graduated with a Bachelor of Commerce degree from the Faculty of Commerce and Social Sciences of the University of Birmingham (1989), and attended the Executive Program in Business Administration: Managing the Enterprise at Columbia University Graduate School of Business (1992) and Managerial Skills for International Business –INSEAD (2001). He was a member of the European Round Table of Industrialists, being the only Portuguese entrepreneur to have belonged to this prestigious association (1991-1995). He has been president of the Portuguese Cork Association since 2002 and of the Confédération Européenne du Liège since 2003. In February 2006, the president of Portugal awarded him the title of *Comenda de Grande-Oficial de Ordem de Mérito Agrícola, Comercial e Industrial*, an award for outstanding merit in the field of agriculture, commerce and industry.

First appointment to the Board of Directors: March 29, 1990.

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

End of mandate: December 31, 2010.

As of December 31, 2008, he didn't held, directly, CORTICEIRA AMORIM shares.

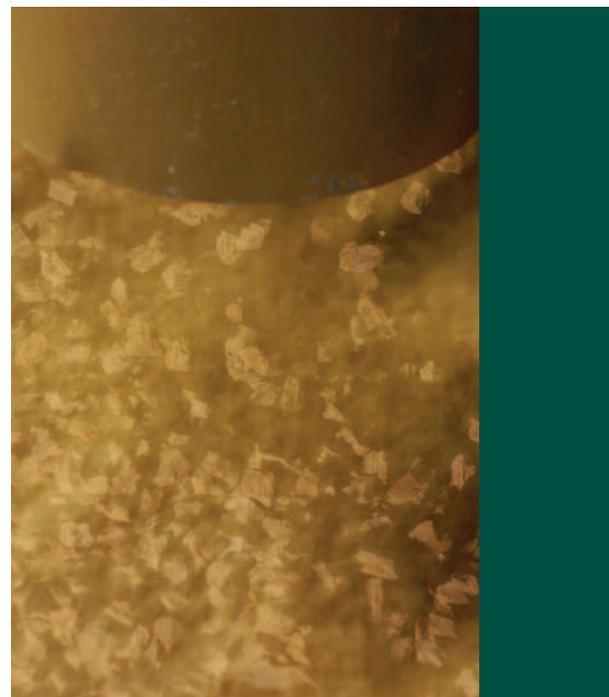
Jorge Viriato de Freitas Barros Diniz Santos (Vice-Chairman):

He graduated in Mechanical Engineering from the University of Luanda (Angola) and began his professional career in 1975 as Director of Equipment and Workshop Services at J.A.E.A. At the end of 1990, he accepted the challenge of restructuring INACOR S.A., a producer of cork insulation and coverings acquired by the Amorim group, where he was responsible for devising a three-year strategic action plan aimed at generating sustained added value from the company's production operations and preparing it for the future. In mid-1994, he was invited to join the management team of Corticeira Amorim – Indústria, S.A., with the goal of introducing a management model for generating added value from the company's business chain. In the second half of 2001, he joined the Board of Directors of Amorim Revestimentos, S.A., with the mission of restructuring its business operations.

First appointment to the Board of Directors: March 28, 2008.

End of mandate: December 31, 2010.

As of December 31, 2008, he didn't held, CORTICEIRA AMORIM shares.



Nothing is lost, everything is transformed
*All waste cork is transformed into granules,
which are incorporated into high value-added
products.*

Joaquim Ferreira de Amorim (Member):

An entrepreneur and company director, he belongs to the third generation of the Amorim family and has accumulated about 50 years of professional experience in the group's cork business. He was part of the management team that implemented the vertical integration of the cork business in the 1960s. In the 1980s and 1990s, he devoted his energies to the internationalisation of the business, gaining world leadership of the cork industry for CORTICEIRA AMORIM.

First appointment to the Board of Directors: October 9, 1987.

End of mandate: December 31, 2010.

As of December 31, 2008, he didn't held, directly, CORTICEIRA AMORIM shares.

Nuno Filipe Vilela Barroca de Oliveira (Member):

He graduated in company administration and management from the Catholic University of Portugal. He was a non-executive director of CORTICEIRA AMORIM from March 2003 to September 2005, when he moved to an executive post. He has been a non-executive director of several companies in the Amorim group (since 2000) and was an executive director of Barrancarnes (2000-2005). After a year in the commercial area of Møre Codfish (Norway), he participated in the Comett programme and worked as an intern at Merrill Lynch (London) before moving to Banco Comercial Português, where for three years he worked in the analysis and planning, international and investment funds department.

First appointment to the Board of Directors: March 28, 2003.

End of mandate: December 31, 2010.

As of December 31, 2008, he didn't held CORTICEIRA AMORIM shares.

Luísa Alexandra Ramos Amorim (Member):

She graduated with a degree (DESE) in marketing from ISAG. She has been a director of Amorim – Investimentos e Participações since 2002; an executive director of Natureza, S.G.P.S. since 2002 and was director of marketing at J. W. Burmester (2000-2002). She joined the Amorim group as an assistant hotel manager at Amorim Hotéis e Serviços and at Sociedade Figueira Praia (1996-1997), having worked in different business areas of the group in Portugal and overseas from 1998 to 2000.

First appointment to the Board of Directors: March 28, 2003.

End of mandate: December 31, 2010.

As of December 31, 2008, she didn't held CORTICEIRA AMORIM shares.

José da Silva Carvalho Neto (Member):

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

First appointment to the Board of Directors: March 31, 2006.

End of mandate: December 31, 2010.

As of December 31, 2008, he didn't held CORTICEIRA AMORIM shares.

André de Castro Amorim (Member):

He is a businessman and company director, a member of the fourth generation of the Amorim family. After completing his studies at the European Business School of London in the United Kingdom in 2005 (from where he graduated with a BA (Hons) degree in International Business and Management Studies and a Master of Arts degree in Entrepreneurial Management), he has occupied management posts in a number of companies.

First appointment to the Board of Directors: March 28, 2008.

End of mandate: December 31, 2010.

As of December 31, 2008, he didn't held, directly, CORTICEIRA AMORIM shares.

2.11. Duties that the members of the Board of Directors carry out in other companies as well as those carried out in companies of the same holding.

António Rios de Amorim (Chairman):

| Company | Position |
|------------------------------------------------------------------|------------------------------------------------|
| CORTICEIRA AMORIM Group | |
| Amorim Natural Cork, S.A. | Chairman of the Board of Directors |
| Amorim Florestal España, S.L. | Chairman of the Board of Directors |
| Amorim & Irmãos IV, S.A. | Chairman of the Board of Directors |
| Amorim & Irmãos, S.A. | Chairman of the Board of Directors |
| Amorim & Irmãos, S.G.P.S., S.A. | Chairman of the Board of Directors |
| Amorim & Irmãos VI, S.A. | Chairman of the Board of Directors |
| Amorim Florestal – Espanha, S.A. | Member of the Board of Directors |
| Amorim Industrial Solutions – Ind. de Cortiça e Borracha I, S.A. | Chairman of the Board of Directors |
| Amorim Isolamentos, S.A. | Chairman of the Board of Directors |
| Amorim Revestimentos, S.A. | Vice-Chairman of the Board of Directors |
| Amorim Cork Composites, S.A. | Chairman of the Board of Directors |
| Amorim Cork Research, Lda. | Manager |
| Francisco Oller, S.A. | Member of the Board of Directors |
| Korke Schiesser GmbH | Manager |
| Oller et Cie | Member of the Board of Directors |
| Société Nouvelle des Bouchons Trescasses, S.A. | Member of the Board of Directors |
| Other Companies | |
| Afaprom – Sociedade Agro-Florestal, S.A. | Member of the Board of Directors |
| Agolal, S.A. | Member of the Board of Directors |
| Amorim, S.G.P.S., S.A. | Member of the Board of Directors |
| Amorim Capital, S.G.P.S., S.A. | Member of the Board of Directors |
| Amorim Desenvolvimento, S.G.P.S., S.A. | Member of the Board of Directors |
| Amorim – Investimentos e Participações, S.G.P.S., S.A. | Second Vice-Chairman of the Board of Directors |
| Amorim – Serviços e Gestão, S.A. | Chairman of the Remuneration Committee |
| Bomsobro, S.A. | Member of the Board of Directors |
| Caneicor, S.A. | Member of the Board of Directors |
| Chapius, S.L. | Chairman of the Board of Directors |
| Cimorim – Sociedade Agro-Florestal, S.A. | Member of the Board of Directors |
| Corpóreo – Compra e Venda de Imóveis, S.A. | Chairman of the Board of Directors |
| Fruticor, S.A. | Member of the Board of Directors |
| Interfamlia II, S.G.P.S., S.A. | Member of the Board of Directors |
| Luxor, S.G.P.S., S.A. | Member of the Board of Directors |
| Mirantes e Freires, S.A. | Member of the Board of Directors |
| Olimpíadas Barcelona 92, S.L. | Chairman of the Board of Directors |
| Resiféria – Construções Urbanas, S.A. | Member of the Board of Directors |
| S21 – Sociedade de Investimento Imobiliário, S.A. | Member of the Board of Directors |
| Other Institutions | |
| Associação Portuguesa da Cortiça | Chairman |
| Confédération Européenne du Liège | Chairman of the Board of Directors |
| EGP – University of Porto Business School | Member of the General Board |

Jorge Viriato de Freitas Barros Diniz Santos (Vice-Chairman):

| Company | Position |
|-----------------------------------------------------------------------|-----------------------------------------|
| CORTICEIRA AMORIM Group | |
| Amorim Cork GmbH | Manager |
| Amorim Benelux, B.V. | Manager |
| Amorim Cork Distribution Netherlands, B.V. | Manager |
| Amorim Flooring Austria GmbH | Director |
| Amorim Revestimentos, S.A. | Chairman of the Board of Directors |
| Amorim Japan Cooperation | Director |
| Amorim Flooring Nordic A/S | Director |
| Amorim Flooring (Switzerland) AG | Chairman of the Board of Directors |
| Amorim Deutschland, GmbH & Co. KG | Manager |
| CORCEMA Verwaltungs GmbH | Manager |
| Amorim Revestimentos, S.A. | Chairman of the Board of Directors |
| Amorim Industrial Solutions – Indústria de Cortiça e Borracha I, S.A. | Member of the Board of Directors |
| Amorim Wood Suplies, GmbH | Manager |
| Corticeira Amorim, S.G.P.S., S.A. | Vice-Chairman of the Board of Directors |
| Amorim Cork Composites, S.A. | Member of the Board of Directors |
| Amorim & Irmãos, S.G.P.S., S.A. | Member of the Board of Directors |
| Amorim & Irmãos, S.A. | Member of the Board of Directors |
| Amorim Natural Cork, S.A. | Member of the Board of Directors |
| Amorim Cork Research, Lda. | Manager |
| Dom KorKowy, Sp. Zo. O. | Member of the Board of Directors |
| Amorim Flooring North America Inc. | Chairman of the Board of Directors |
| Amorim Flooring Investment Inc. | Chairman of the Board of Directors |
| US Floors Inc. | Observer to the Board of Directors |



Joaquim Ferreira de Amorim (Member):

| Company | Position |
|---------------------------------------------------------------|-----------------------------------------------|
| CORTICEIRA AMORIM Group | |
| Amorim & Irmãos, S.G.P.S., S.A. | Vice-Chairman of the Board of Directors |
| Amorim & Irmãos, S.A. | Vice-Chairman of the Board of Directors |
| S.A.M. Clignet & Cie | Chairman of the Supervisory Board |
| Other Companies | |
| Amorim – Investimentos e Participações, S.G.P.S., S.A. | First Vice-Chairman of the Board of Directors |
| Amorim Capital, S.G.P.S., S.A. | Member of the Board of Directors |
| Amorim Desenvolvimento, S.G.P.S., S.A. | Member of the Board of Directors |
| Amorim – Entertainment e Gaming Internacional, S.G.P.S., S.A. | Member of the Board of Directors |
| Amorim Turismo, S.G.P.S., S.A. | Vice-Chairman of the Board of Directors |
| Amorim Turismo – Imobiliária, S.G.P.S., S.A. | Vice-Chairman of the Board of Directors |
| Ancarin Investimentos Imobiliários e Financeiros, S.A. | Chairman of the Board of Directors |
| Casa de Mozelos Gestão de Imóveis, S.A. | Chairman of the Board of Directors |
| CHT – Casino Hotel de Tróia, S.A. | Member of the Board of Directors |
| Evalesco, S.G.P.S., S.A. | Chairman of the Board of Directors |
| Florinvest – Sociedade Agrícola, S.A. | Chairman of the Board of Directors |
| FozPatrimónio – Sociedade Imobiliária e Turística, S.A. | Member of the Board of Directors |
| Goldtur – Hotéis e Turismo, S.A. | Member of the Board of Directors |
| Grano Salis – Investimentos Turísticos, Jogo e Lazer, S.A. | Member of the Board of Directors |
| Interfamília II, S.G.P.S., S.A. | Chairman of the Board of Directors |
| Investife – Investimentos Imobiliários, S.A. | Chairman of the Board of Directors |
| Investife, S.G.P.S., S.A. | Chairman of the Board of Directors |
| Muchbeta, S.A. | Chairman of the Board of Directors |
| Norbrasin, Investimentos Imobiliários, S.A. | Chairman of the Board of Directors |
| Prifalésia – Construção e Gestão de Hotéis, S.A. | Member of the Board of Directors |
| Resinfe – Investimentos e Promoção Imobiliária, S.A. | Vice-Chairman of the Board of Directors |
| Return – Investimentos Hoteleiros e Jogo, S.A. | Member of the Board of Directors |
| Sociedade Agrícola Triflor, S.A. | Chairman of the Board of Directors |
| Sociedade Figueira Praia, S.A. | Member of the Board of Directors |
| Tróia Península Investimentos, S.G.P.S., S.A. | Member of the Board of Directors |
| Turyleader, S.G.P.S., S.A. | Member of the Board of Directors |

Nuno Filipe Vilela Barroca de Oliveira (Member):

| Company | Position |
|--------------------------------------------------------|--------------------------------------|
| Other Companies | |
| Amorim Desenvolvimento, S.G.P.S., S.A. | Member of the Board of Directors |
| Amorim – Investimentos e Participações, S.G.P.S., S.A. | Member of the Remuneration Committee |
| Amorim – Serviços e Gestão, S.A. | Member of the Remuneration Committee |
| Natureza – Investimentos e Participações, Lda. | Manager |

Luísa Alexandra Ramos Amorim (Member):

| Company | Position |
|--------------------------------------------------------------------------------------|----------------------------------|
| Other Companies | |
| Amorim Desenvolvimento, S.G.P.S., S.A. | Member of the Board of Directors |
| Amorim – Investimentos e Participações, S.G.P.S., S.A. | Member of the Board of Directors |
| Bucozal – Investimentos Imobiliários e Turísticos, Lda. | Manager |
| Interfamília II, S.G.P.S., S.A. | Member of the Board of Directors |
| Quinta Nova de Nossa Senhora Carmo – Sociedade Agrícola, Comercial e Turística, Lda. | Manager |

José da Silva Carvalho Neto (Member):

| Company | Position |
|-----------------------------------------------------------------------------------------|------------------------------------|
| Other Companies | |
| Alqueva Verde, S.A. | Chairman of the Board of Directors |
| Amorim Broking – Investimentos e Participações Financeiras, S.A. | Chairman of the Board of Directors |
| Amorim Desenvolvimento, S.G.P.S., S.A. | Member of the Board of Directors |
| Amorim Energia, B.V. | Director |
| Amorim Negócios Internacionais, S.A. | Member of the Board of Directors |
| Amorimgest, Lda. | Manager |
| Bucozal – Investimentos Imobiliários e Turísticos, Lda. | Manager |
| Caribbean Seafood – Trading e Marketing, S.A. | Chairman of the Board of Directors |
| Investimentos Ibéricos, S.G.P.S., S.A. | Chairman of the Board of Directors |
| Imoluanda, S.A. | Chairman of the Board of Directors |
| Paisagem do Alqueva, S.A. | Chairman of the Board of Directors |
| Natureza – Investimentos e Participações, Lda. | Manager |
| Power, Oil & Gas Investments, BV | Director |
| Quinta Nova de Nossa Senhora do Carmo – Sociedade Agrícola, Comercial e Turística, Lda. | Manager |
| Recato da Madeira – Investimentos Financeiros e Gestão, S.A. | Chairman of the Board of Directors |
| Viscolatex – Indústria e Comércio de Fios Têxteis, Lda. | Manager |
| World Fun Telecom – Redes de Telefonía, Lda. | Manager |

André de Castro Amorim (Member):

| Company | Position |
|---------------------------------------------------------|---------------------------------------------|
| Other Companies | |
| Evaesco, S.G.P.S., S.A. | Vice-Chairman of the Board of Directors/CEO |
| Investife, S.G.P.S., S.A. | Vice-Chairman of the Board of Directors |
| Investife – Investimentos Imobiliários, S.A. | Vice-Chairman of the Board of Directors |
| Florinvest, Sociedade Agrícola, S.A. | Vice-Chairman of the Board of Directors |
| Norbrasin, Investimentos Imobiliários, S.A. | Vice-Chairman of the Board of Directors |
| Ancarin, Investimentos Imobiliários e Financeiros, S.A. | Vice-Chairman of the Board of Directors |
| Casa de Mozelos, Gestão de Imóveis, S.A. | Member of the Board of Directors |
| Sociedade Agrícola Triflor, S.A. | Member of the Board of Directors |
| Inacom, S.A. | Member of the Board of Directors |
| Muchbeta, S.A. | Member of the Board of Directors |

2.12. The identification of the members of the Supervisory Board by listing those members that comply with the incompatibility rules provided for in article 414/A/1 and the independency criterion provided for in article 414/5, both from the Commercial Company Code.

Composition of the Supervisory Board:

Chairman: Durval Ferreira Marques

Member: Joaquim Alberto Hierro Lopes

Member: Gustavo José de Noronha da Costa Fernandes

Substitute Member: Alberto Manuel Duarte de Oliveira Pinto

All the permanent and substitute members of the Supervisory Board comply fully with the rules on incompatibility set out in no. 1 of article 414 of the Portuguese Companies Act and the criteria for independence set out in no. 5 of the same article.

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

Durval Ferreira Marques (Chairman):

He graduated in Economics from the Economy Faculty of the University of Porto. He has been a university lecturer in the field of technical education and an assistant technical professor at the Directorate General of Banco de Angola. For 25 years, he held management posts in South Africa in the financial, insurance, media and industrial sectors. He also represented the Portuguese Business Association in South Africa and Mozambique.

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

First appointment to the Supervisory Board: May 28, 2007.

End of mandate: December 31, 2010.

As of December 31, 2008, he didn't held CORTICEIRA AMORIM shares.

Joaquim Alberto Hierro Lopes (Member):

He graduated in Accounting and Business Administration from the Higher Institute of Accounting and Business Administration of Porto. He also graduated in Mathematics from the Faculty of Sciences of the University of Porto, holds a Masters Degree in Business Administration from the University of Porto and attended courses in auditing and tax law.

He has lectured at the University of Porto. He was also Chairman of the board and a member of the Scientific Committee of Portugal's Higher Institute of Administration and Management (ISAG – Instituto Superior de Administração e Gestão). He has held senior management positions and has been a member of the board at a number of

Portuguese and international companies. In recent years, he has held senior executive positions in a number of companies belonging to the GED Group and has been Executive Manager of GED Partners since March 2008. He is also a member of the governing bodies of several companies.

First appointment to the Supervisory Board: May 28, 2007.

End of mandate: December 31, 2010.

As of December 31, 2008, he didn't held CORTICEIRA AMORIM shares.

Gustavo José de Noronha da Costa Fernandes (Member):

He is a lawyer based in Santa Maria da Feira, Portugal. He has held several senior positions in Portugal's Ordem dos Advogados (Law Society): member of the Porto District Commission (1992-1995), the Higher Commission (2002-2004) and the Porto Deontological Commission (2005-2007). He is a practicing lawyer and a director of the law firm Gustavo Fernandes, Domingos Leite e Associados.

First appointment to the Supervisory Board: May 28, 2007.

End of mandate: December 31, 2010.

As of December 31, 2008, he didn't held CORTICEIRA AMORIM shares.

Alberto Manuel Duarte de Oliveira Pinto (Substitute Member):

He graduated in Law from the Universidade Católica Portuguesa and was awarded a Master's Degree in the History of Africa by the Faculty of Letters of the University of Lisbon. In recent years, he has lectured at several higher education institutions: the Faculty of Letters of the University of Lisbon, the Faculty of Sciences and Technology of the University of Coimbra, Independent University and Autonomous University of Lisbon. He is the author of a number of essays, academic studies and works of fiction.

First appointment to the Supervisory Board: May 28, 2007.

End of mandate: December 31, 2010.

As of December 31, 2008, he didn't held CORTICEIRA AMORIM shares.

2.14. The duties that the members of the Supervisory Board carry out in other companies as well as those carried out in companies of the same holding.

Durval Ferreira Marques (Chairman):

| Company | Position |
|-------------------------------------------|----------------------------------------------|
| Other Companies CIFIAL, S.G.P.S., S.A. | Chairman of the Board of the General Meeting |

Joaquim Alberto Hierro Lopes (Member):

| Company | Position |
|------------------------------------------|----------------------------------|
| Other Companies | |
| Aleastur – Asturiana de Aleaciones, S.A. | Member of the Board of Directors |
| GED Iberian Private Equity, S.A. | Member of the Board of Directors |
| GED Partners II, SL | Member of the Board of Directors |
| GED Sur Capital, S.A. | Member of the Board of Directors |
| Neckicesa Packaging, S.A. | Member of the Board of Directors |
| Serlima Services, S.A. | Member of the Board of Directors |
| Soprattuto Cafés, S.A. | Member of the Board of Directors |

Gustavo José de Noronha da Costa Fernandes (Member):

| Company | Position |
|------------------------------------------------|----------|
| Other Companies | |
| Gustavo Fernandes, Domingos Leite e Associados | Manager |
| Clínica Alcaide, Lda. | Manager |

Alberto Oliveira Pinto (Substitute Member):

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

2.15 to 2.17 – Not applicable to the governance model adopted by CORTICEIRA AMORIM.

2.18. A description of the remuneration policy and the alignment of the directors' interests with those of the company and the performance assessment, distinguishing executive from non-executive directors, a summary and reasoning behind the company's policy on compensations negotiated on contracts or via transactions for cases of impeachment or severance pay.

Remuneration policy is structured to promote an alignment between the interests of board members and the interests of the company. The main component is fixed. A smaller, variable component is dependent on the results of the company's operating activities and its economic and financial situation.

The variable component of the remuneration of executive members of the Board of Directors corresponds to a bonus geared to how well the group performed in relation to targets, goals, strategic developments and priority initiatives set by the board over a time horizon of three years including respective annual abatements. This performance is

monitored using the Balanced Scorecard system (for additional information see point 2.3 – Business management structure). The method assesses performance on the basis of financial and non-financial indicators, with performance bonuses being awarded in line with the degree to which targets and objectives, which are defined for periods of three years, are met, allowing for annual abatements.

2.19. Indication of the composition of the Remuneration Committee or similar body, whenever applicable, identifying the relevant members that are likewise members of the Board of Directors, as well as their spouses, next of kin up to and including third-degree lineage.

CORTICEIRA AMORIM's Remuneration Board comprises a Chair and two board members, positions that have been occupied since December 31, 2008 by:

Chairman: José Manuel Ferreira Rios;

Member: Álvaro José da Silva;

Member: Américo Gustavo de Oliveira Ferreira.

All the members of this board are considered to be independent.

No member of this board, nor any of their respective spouses, direct family members or relatives to the third generation occupy positions in the governing bodies of CORTICEIRA AMORIM or in its subsidiaries.

2.20. Indication of the individual and collective remuneration that amply includes performance pay bonuses earned by the members of the Board of Directors. The following information shall also be made available:

- a) Exposition of the relative importance of the fixed and variable components of directors' remuneration and an indication of any possible deferment of payment of the variable component; the difference in the amounts attributed to executive and non-executive directors.

In 2008, the members of the Board of Directors collectively earned a total remuneration of €776,354:

- the executive members earned a total of €731,564 (€657,794 in fixed remuneration and €73,770 in variable remuneration) for their work as board members of CORTICEIRA AMORIM and as board members of associate or subsidiary companies that form part of the consolidated group;
- the non-executive members of the Board of Directors earned only a fixed remuneration, which collectively totalled €44,790, for their work as board members of CORTICEIRA AMORIM and as board members of associate or subsidiary companies that form part of the consolidated group.



Cork floor and wall coverings
Colour and design harmony combined with stylish, modern, high quality materials for interior decoration.

On December 31, 2008, no deferment of any variable component of remuneration was envisaged.

b) Adequate information on the connection between remuneration and performance. Identification of the main parameters and justifications for any system of annual bonuses and any non-monetary benefits:

As described in point 2.18.

The variable component of the remuneration of executive members of the Board of Directors corresponds to a bonus geared to how well the group performed in relation to targets, goals, strategic developments and priority initiatives set by the board (over a time horizon of three years) including respective annual abatements. In 2008, an analysis of the level of attainment in regard to these targets led to the award of an annual bonus to the executive members of the Board of Directors that totalled €73,770.

c) Adequate information on the criteria for awarding rights to shares, stock options or variable components of remuneration. The award of shares and/or rights to acquire options on shares and/or any other system of share incentives:

No shares and/or rights to acquire options on shares were awarded. The company has no incentive system that envisages the award of shares.

d) Remuneration paid in the form of profit sharing and/or the payment of bonuses and the reasons why such bonuses or profit shares were awarded:

No remuneration was paid in the form of profit sharing. Remuneration paid in the form of bonuses was paid in the form of performance bonuses as described in paragraph b) above.

e) Compensation paid or owed to former Executive Board members as a result of their ceasing their activities in 2008:

No compensation was paid or is owed to former board members as a result of their ceasing their activities in 2008.

f) Any amounts paid for any reason by other companies that control or have a group relationship with the company:

The amounts stated in paragraph a) already include such amounts.

g) A description of the main characteristics of complementary pension or early retirement schemes for board members:

There are no complementary pension or early retirement schemes for board members.

h) An estimate of significant non-monetary benefits considered to be remuneration but not covered by any of the circumstances previously described:

There are no non-monetary benefits considered to be remuneration that are not included in the total amount of remuneration stated in paragraph a).

In 2008, the members of the Supervisory Board of CORTICEIRA AMORIM earned a total collective fixed remuneration of €42,900 that was determined and paid by the company. They were not awarded or paid any other amounts, for any reason, by the other companies that make up the CORTICEIRA AMORIM group.

2.21. Individual information on the amounts payable, regardless of its nature, should the duties cease during the respective mandate, whenever they surpass the monthly salary by twofold.

Should a board member cease exercising his or her role before their mandate has ended, the company does not envisage making any payment of any nature that is more than double the fixed monthly remuneration for any member of CORTICEIRA AMORIM's governing bodies.

2.22. Information on the irregularities disclosure policy adopted by the company.

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

Such communications should be addressed to:

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

Address: Head office social of the company:

Rua de Meladas, no. 380 – P.O. Box 20

4536-902 MOZELOS

Telephone: + 351 227 475 400

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

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



A CorkRubber gasket
*compressible, flexible and durable – an excellent
sealing product for the automobile industry.*

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

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

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

Chapter III – Information

3.1. The equity structure including those shares that are not admitted to trading, the different category of shares, rights and duties of these shares and the equity percentage that each category represents.

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

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

3.2. Qualifying holdings in the issuer's equity calculated as per article 20 of the Securities Code.

Qualified shareholdings, as of December 31, 2008:

| Shareholder | Shares Owned (quantity) | Holding (%) |
|---------------------------------------------------------------|-------------------------|-------------|
| Amorim Capital, S.G.P.S., S.A. | 90,162,161 | 67.791% |
| Luxor – Sociedade Gestora de Participações Sociais, S.A. | 3,069,230 | 2.308% |
| Portus Securities – Sociedade Corretora, Lda. | 7,400,000 | 5.564% |
| <i>Directly</i> | 6,400,000 | 4.812% |
| <i>Trough Sareholder/Director</i> | 1,000,000 | 0.752% |
| Bestinver Gestión, SGIC, S.A. through the following holdings: | 6,752,309 | 5.077% |
| <i>BESTINVER BOLSA, F.I.</i> | 4,541,582 | 3.415% |
| <i>BESTINFOND F.I.</i> | 1,267,969 | 0.953% |
| <i>BESTINVER MIXTO, F.I.</i> | 545,929 | 0.410% |
| <i>SOIXA SICAV, S.A.</i> | 163,296 | 0.123% |
| <i>TEXRENTA INVERSIONES SICAV, S.A.</i> | 31,111 | 0.023% |
| <i>CORFIN INVERSIONES SICAV, S.A.</i> | 25,103 | 0.019% |
| <i>RODAON INVERSIONES, SICAV, S.A.</i> | 21,602 | 0.016% |
| <i>TIBEST CINCO, SICAV, S.A.</i> | 18,965 | 0.014% |
| <i>INVERS. EN BOLSA SIGLO XXI, SICAV, S.A.</i> | 17,209 | 0.013% |
| <i>ATON INVERSIONES SICAV, S.A.</i> | 13,384 | 0.010% |
| <i>TIGRIS INVERSIONES, SICAV, S.A.</i> | 11,805 | 0.009% |
| <i>MERCADAL DE VALORES SICAV, S.A.</i> | 11,691 | 0.009% |
| <i>H202 Inversiones SICAV, S.A.</i> | 10,875 | 0.008% |
| <i>DIVALSA DE INVERSIONES SICAV, S.A.</i> | 10,491 | 0.008% |
| <i>PASGOM INVERSIONES, SICAV, S.A.</i> | 9,645 | 0.007% |
| <i>ENTRECAR INVERSIONES, SICAV, S.A.</i> | 8,971 | 0.007% |
| <i>ACCS., CUPS. Y OBS. SEGOVIANAS, SICAV, S.A.</i> | 7,224 | 0.005% |
| <i>Cartera Millennium SICAV, S.A.</i> | 6,592 | 0.005% |
| <i>CAMPO DE ORO, SICAV, S.A.</i> | 5,576 | 0.004% |
| <i>LINKER INVERSIONES, SICAV, S.A.</i> | 5,359 | 0.004% |
| <i>HELDALIN INVERSIONES SICAV, S.A.</i> | 4,133 | 0.003% |
| <i>ZAMARRON SICAV, S.A.</i> | 4,068 | 0.003% |
| <i>Opec Inversiones, SICAV, S.A.</i> | 3,720 | 0.003% |
| <i>TAWARZAR 2-S2 SICAV, S.A.</i> | 3,440 | 0.003% |
| <i>IBERFARMA SICAV, S.A.</i> | 2,569 | 0.002% |
| Total of the Qualified Shareholdings | 107,383,700 | 80.740% |

On December 31, 2007, Amorim – Investimentos e Participações, S.G.P.S., S.A. owned an indirect shareholding in CORTICEIRA AMORIM of 90,162,161 shares, corresponding to 67.791% of the company's share capital. This indirect holding is owned through Amorim Capital – Sociedade Gestora de Participações Sociais, S.A.

Amorim – Investimentos e Participações, S.G.P.S., S.A. is 100% owned by Interfamília II, S.G.P.S., S.A.

On December 31, 2008, CORTICEIRA AMORIM owned 2,589,334 of its own shares registered as treasury stock.

Additional information: according to a statement issued on January 30, 2009, Commerzbank AG has indirectly held 9,203,387 CORTICEIRA AMORIM shares (6.92 per cent) through Dresdner Bank AG since January 12, 2009.

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

There are no company shares or shareholders with special rights.

3.4. Possible restrictions on share-transfer, i.e. consent clauses for their disposal or restrictions on share-ownership.

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

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

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

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

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

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

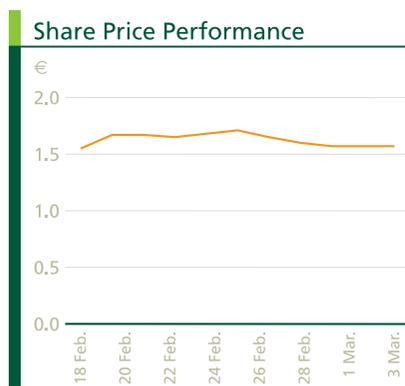
No control mechanisms are envisaged in this area.

3.8. Description concerning the evolution of the issuer's share price and taking the following into account:

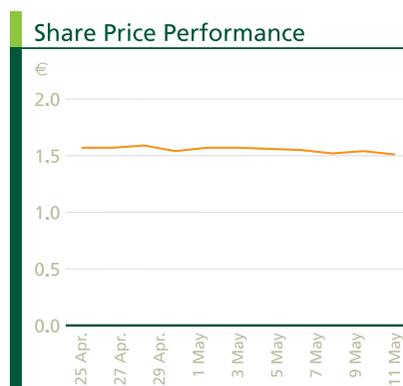
a) The issuance of shares or other securities that entitle the subscription or acquisition of shares

During 2008, the company didn't issue any shares or other securities that entitle the subscription or acquisition of shares.

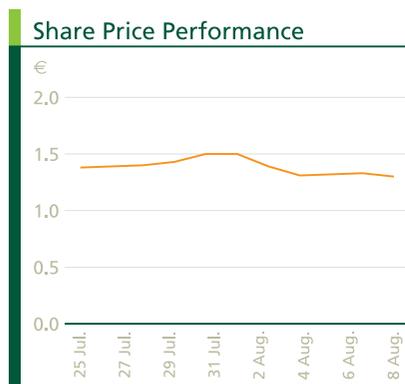
b) The outcome announcement



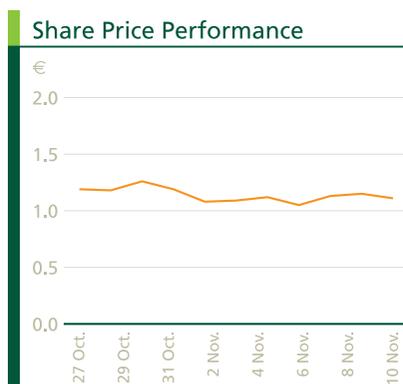
25-02-2008 – Information: activity and consolidated results for 2007 fiscal year.



05-05-2008 – Information: activity and consolidated results for 2008 first quarter.



01-08-2008 – Information: activity and consolidated results for 2008 first semester.



03-11-2008 – Information: activity and consolidated results for 2008 third quarter.

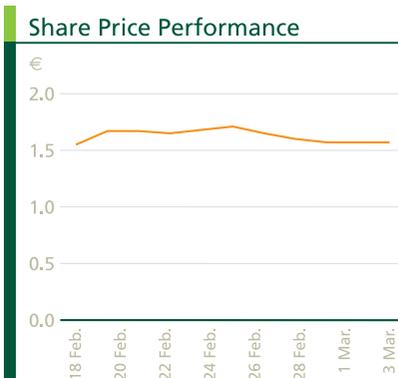


Cork applications:

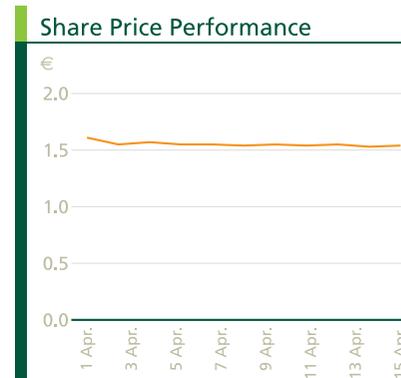
An ancestral wisdom, a prodigious future.

Photo: F700 interior, the new concept car of Mercedes.

c) The dividend payment for each share category including the net value per share

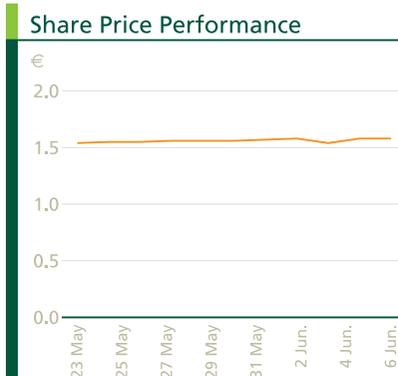


25-02-2008 – The Board of Directors proposes that the General Meeting of Shareholders approves a gross dividend of €0.06 per share.

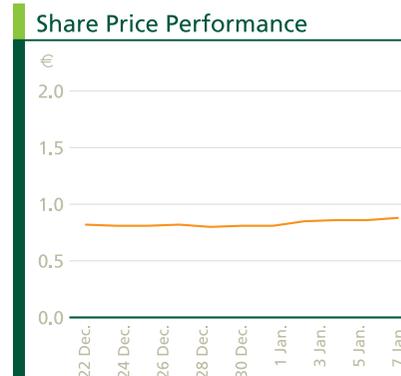


08-04-2008 – The announcement of a dividend payment (gross: €0.06/share; IRS/IRC: €0.012; net: €0.048). Own shares do not confer the right to dividends.

d) Other relevant information disclosure



28-05-2008 – The acquisition, through the subsidiary Amorim Revestimentos, S.A., of 100% of the Cortex Group (Germany).



31-12-2008 – The acquisition, through the subsidiary Amorim Revestimentos, S.A., of 25% of US Floors Inc. (USA).

Share Price Performance in 2008



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

3.9. Description of the dividend distribution policy adopted by the company, including the dividend value per share distributed during the last three periods.

Each year CORTICEIRA AMORIM gives due consideration, in the context of its operations – specifically net income, the level of indebtedness and future investment and financing requirements for ensuring adequate economic and financial balance – to the proposal for the appropriation of profits to be submitted to the general meeting.

CORTICEIRA AMORIM dividend performance – 2005 to 2007

| | Unit | 2005 | 2006 | 2007 |
|---------------------------------|--------|------------|------------|------------|
| Payed/available at | | 28-04-2006 | 30-04-2007 | 28-04-2008 |
| Total dividend | €1,000 | 6,650 | 7,315 | 7,980 |
| Payout ratio | % | 42.2% | 36.4% | 34.3% |
| Dividend per share | € | 0.050 | 0.055 | 0.060 |
| % of nominal value | % | 5.00% | 5.50% | 6.00% |
| % of share price on December 31 | % | 3.38% | 2.81% | 3.06% |

3.10. A description of the main characteristics of the share and stock option plans adopted or valid for the financial year in question, the reason for adopting said scheme and details of the category and number of persons included in the scheme, share-assignment 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 to be distributed, the existence of incentives to purchase and/or exercise options, and the responsibilities of the Board of Directors for executing and/or changing the plan.

CORTICEIRA AMORIM has not adopted and does not currently operate any plan to award shares or options to acquire shares.

However, if such plans were to be proposed, they would be submitted for approval by the General Meeting of Shareholders.

3.11. A description of the main business data and transactions carried out between the company and the members of the Management and Supervisory Board, the owners of qualified holdings or parent companies, affiliates or group companies in an amount that is economically significant for any of the parties involved, except for those businesses or transactions that are cumulatively considered within the bounds of normal market conditions for similar transactions and are part of the company's current business.

There were no relevant transactions such as the described in this issue.

3.12. Reference to an Investor Assistance Unit or a similar service.

CORTICEIRA AMORIM remains, through its **Investor Relations Department**, in permanent contact with the market, respecting the principle of shareholder equality and preventing asymmetries in investor Access to information.

a) The role of said office

The Investor Relations Department is supervised by CORTICEIRA AMORIM'S Market Relations Representative and:

- regularly publishes analyses of the company's operations and financial results, co-ordinating and preparing a twice-yearly public presentation at the group's headquarters (in person or by audio-conference);
- publishes relevant facts;
- publishes information about the company's main stakeholders;
- handles inquiries from investors;
- participates in conferences and meetings with investors and analysts.

Investor relations initiatives in 2008 included:

- participation in Espírito Santo Investment's IBERIAN EVENT (Madrid, January);
- half-yearly presentations of the company's operations and financial results using an audio conferencing system, thereby facilitating interaction;
- one-to-one meetings at the invitation of investment banks and held at their installations;
- meetings at the company's installations with investors and analysts who toured the group's main industrial units.

CORTICEIRA AMORIM uses the information technology at its disposal for the regular publication of economic and financial information, including analyses of the group's operations and financial results and its responses to specific questions raised by investors.

b) Type of information made available

- the company name, its public company status, head-office and remaining data provided for in article 171 of the Commercial Companies Code;
- Articles of Association;
- identification of the members of the Board of Directors and the Investor Relations Officer;
- the Investors Relations Department, its functions and access tools;
- financial reports for the previous five years, including annual report of the structure and practices of corporate governance;
- half-yearly calendar of corporate events disclosed at the beginning of each half-year;
- convening notices for general meetings, 30 days prior to the general meeting date;
- proposals submitted for discussion and vote at the general meeting during the 15 days prior to the general meeting date;
- form to exercise non-presencial vote;
- form for shareholders' proxy representation at the general meetings;
- disclosure of annual, half-yearly and quarterly financial information on the company's activities;
- market releases: results, relevant information, qualified holdings in the company's share capital;
- activity presentations for investors and market analysts.

In 2009, minutes and statistical information on shareholder attendance at General Meetings will also be made available (in accordance with the terms of CMVM Communication 156/EMIT/DMEI/2009/515) within five days of a Meeting taking place. Historical records covering more than three years will also be recovered and maintained.

CORTICEIRA AMORIM
uses the information
technology for the regular
publication of economic
and financial information.



Design Cork for Future, Innovation and Sustainability

Designers, business managers and researchers devise strategies to raise the profile of cork and discover new markets.

c) Access means to the said Office

The Department may be reached at telephone number: +351 22 747 54 00, by fax: +351 22 747 54 07 or through the email address: corticeira.amorim@amorim.com.

d) The company's website

CORTICEIRA AMORIM makes available on the company's Internet website (www.corticeiraamorim.com) a large collection of information about its corporate structure, its operations and its business performance, thus complying fully with the stipulations of article 4 of CMVM Regulation no. 1/2007.

e) The market liaison officer's credentials

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

3.13. Indication of the annual compensation paid to the auditor and to other individuals or groups that belong to the same network supported by the company and/or by any group that bears with it a control or group relationship and the percentage of the total amount paid for the following services:

| Service | Value (thousand euros) | % |
|-------------------------|------------------------|-------|
| Statutory auditing | 396 | 68.8 |
| Other auditing services | 61 | 10.5 |
| Tax consulting | 0 | 0 |
| Other services | 120 | 20.7 |
| Total | 577 | 100.0 |

“Other services” and “Tax consulting” essentially refer to support for the implementation of administrative mechanisms for complying with legal formalities.

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

3.14. Information required under articles 447 and 448 of the Portuguese Companies Act:

a) CORTICEIRA AMORIM, S.G.P.S., S.A. shares owned or traded directly by members of the company's governing bodies:

i) the director André de Castro Amorim, who at the time of his appointment to the Board of Directors, owned 245,038 CORTICEIRA AMORIM shares, acquired on the stock market on September 5, 2008, a further 14,000 shares in the company.

The amount paid was €18,900 (€1.35 per share). On December 31, 2008 he owned 259,038 shares in CORTICEIRA AMORIM;

ii) the other members of the governing bodies do not own and in 2008 did not trade any securities corresponding to the share capital of CORTICEIRA AMORIM.

b) CORTICEIRA AMORIM shares owned and/or traded by companies in which members of the governing bodies hold management or supervisory positions:

i) Luxor, S.G.P.S., S.A., of which the Chairman of the Board of Directors of CORTICEIRA AMORIM, António Rios de Amorim, is a board member, owned on December 31, 2008, 3,069,230 shares in CORTICEIRA AMORIM. Luxor did not trade any CORTICEIRA AMORIM's shares in 2008;

ii) Evalesco, S.G.P.S., S.A., of which Joaquim Ferreira de Amorim and André de Castro Amorim, CORTICEIRA AMORIM board members, owned 90,000 shares in CORTICEIRA AMORIM. Evalesco did not trade any CORTICEIRA AMORIM's shares in 2008;

iii) Sociedade Agrícola Triflor, S.A., of which Joaquim Ferreira de Amorim and André de Castro Amorim, CORTICEIRA AMORIM board members, owned 285,956 shares in CORTICEIRA AMORIM. Sociedade Agrícola Triflor did not trade any shares in CORTICEIRA AMORIM in 2008.

c) Shareholders who own more than 10 percent of the company's share capital:

In compliance with article 448 of The Portuguese Companies Act, it is hereby stated that Amorim Capital – Sociedade Gestora de Participações Sociais, S.A. owned on December 31, 2007, 90,162,161 shares in Corticeira Amorim, S.G.P.S., S.A., corresponding to 67.791% of its total share capital.

Mozelos, February 16, 2009

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

António Rios de Amorim, *Chairman of the Board of Directors*

Jorge Viriato de Freitas Barros Diniz Santos, *Vice-Chairman of the Board of Directors*

Joaquim Ferreira de Amorim, *Member of the Board of Directors*

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

Luísa Alexandra Ramos Amorim, *Member of the Board of Directors*

José da Silva Carvalho Neto, *Member of the Board of Directors*

André de Castro Amorim, *Member of the Board of Directors*

“People thinking of themselves plant a eucalyptus; people thinking of their children plant a pine tree; people thinking of their grandchildren and future generations, plant a cork oak.”

Portuguese proverb



“Everybody can help save the precious cork oak landscapes of the Mediterranean and protect them against desertification, fires and other threats which could lead to their disappearance. Above all, you can choose cork products.”



WWF – World Wildlife Fund



SECTION IV

Consolidated Financial Statements

ARCHITECTURE AND DESIGN

Many contemporary architects and designers incorporate cork in their designs and creations.





SECTION IV

Consolidated Financial Statements

Consolidated Balance sheet

Thousand euros

| | Notes | 2008 | 2007 |
|-------------------------------------|-------|----------------|----------------|
| Assets | | | |
| Property, Plant and Equipment | VIII | 179,777 | 176,130 |
| Investment Property | VIII | 9,349 | 9,709 |
| Goodwill | IX | 13,498 | 13,304 |
| Investments in Associates | V e X | 10,427 | 2,906 |
| Intangible Assets | VIII | 808 | 632 |
| Other Financial Assets | X | 2,490 | 2,265 |
| Deferred Tax Assets | XI | 8,224 | 9,225 |
| Non-Current Assets | | 224,573 | 214,171 |
| Inventories | XII | 205,659 | 227,415 |
| Trade Receivables | XIII | 103,423 | 114,132 |
| Current Tax Assets | XIV | 20,322 | 20,981 |
| Other Current Assets | XV | 16,148 | 12,922 |
| Cash and Cash Equivalents | XVI | 4,596 | 6,393 |
| Current Assets | | 350,149 | 381,843 |
| Total Assets | | 574,722 | 596,014 |
| Equity | | | |
| Share Capital | XVII | 133,000 | 133,000 |
| Own Shares | XVII | -2,501 | -2,463 |
| Other Reserves | XVII | 100,480 | 82,036 |
| Net Income | | 6,153 | 23,245 |
| Minority Interest | XVIII | 9,593 | 9,573 |
| Equity | | 246,724 | 245,390 |
| Liabilities | | | |
| Interest-Bearing Loans | XIX | 118,266 | 162,994 |
| Other Borrowings and Creditors | XXI | 7,728 | 6,521 |
| Provisions | XXX | 4,732 | 5,202 |
| Deferred Tax Liabilities | XI | 5,002 | 4,827 |
| Non-Current Liabilities | | 135,728 | 179,544 |
| Interest-Bearing Loans | XIX | 109,292 | 75,180 |
| Trade Payables | XX | 33,267 | 49,155 |
| Other Borrowings and Creditors | XXI | 37,955 | 36,344 |
| Tax Liabilities | XXII | 11,756 | 10,402 |
| Current Liabilities | | 192,270 | 171,081 |
| Total Liabilities and Equity | | 574,722 | 596,014 |

Earnings Statement by nature of the year

Thousand euros

| | Notes | 12M2008 | 12M2007 |
|--------------------------------------------------------------------|-------|---------|---------|
| Sales | VII | 468,289 | 453,770 |
| Costs of goods sold and materials consumed | | 241,371 | 230,806 |
| Change in manufactured inventories | | -5,406 | -3,588 |
| Gross Margin | | 221,512 | 219,376 |
| | | 47.9% | 48.7% |
| Third Party Supplies and Services | XXIII | 78,804 | 75,637 |
| Staff Costs | XXIV | 93,296 | 87,806 |
| Depreciation | VIII | 21,109 | 21,139 |
| Impairments of Assets | XXV | 2,051 | 441 |
| Other gains (+) and cost (-) | XXVI | -707 | 2,633 |
| EBIT | | 25,545 | 36,986 |
| Net Interest | XXVII | -13,376 | -11,289 |
| Share of (loss)/profit of associates | X | 454 | 269 |
| Profit before tax | | 12,623 | 25,966 |
| Income tax | XI | 5,502 | 1,487 |
| Profit after tax | | 7,121 | 24,479 |
| Minority interest | XVIII | 968 | 1,234 |
| Net Income attributable to the Equity Holders of CORTICEIRA AMORIM | | 6,153 | 23,245 |
| Earnings per share – Basic and Diluted (euros per share) | XXXIV | 0.047 | 0.178 |

Fourth quarter

Thousand euros

| | 4Q2008 | 4Q2007 |
|--------------------------------------------------------------------|---------|---------|
| Sales | 103,348 | 100,912 |
| Costs of goods sold and materials consumed | 52,975 | 51,211 |
| Change in manufactured inventories | -154 | 695 |
| Gross Margin | 50,219 | 50,395 |
| | 48.7% | 49.6% |
| Third Party Supplies and Services | 20,075 | 19,386 |
| Staff costs | 24,588 | 22,192 |
| Depreciation | 4,258 | 4,813 |
| Impairments of Assets | 1,107 | -837 |
| Other gains (+) and cost (-) | -944 | 3,826 |
| EBIT | -754 | 8,666 |
| Net Interest | -3,351 | -2,913 |
| Share of (loss)/profit of associates | -125 | -255 |
| Profit before tax | -4,231 | 5,498 |
| Income tax | -4 | -3,133 |
| Profit after tax | -4,227 | 8,631 |
| Minority interest | 83 | 122 |
| Net Income attributable to the Equity Holders of CORTICEIRA AMORIM | -4,310 | 8,509 |
| Earnings per share – Basic and Diluted (euros per share) | -0.033 | 0.065 |

Earnings Statement by function

Thousand euros

| | 12M2008 | 12M2007 |
|--------------------------------------------------------------------|---------|---------|
| Sales | 468,289 | 453,770 |
| Cost of Sales | 329,594 | 312,841 |
| Gross Margin | 138,695 | 140,929 |
| Marketing and Sales Costs | 42,391 | 38,413 |
| Distribution | 24,258 | 24,090 |
| Support Areas | 46,501 | 41,440 |
| Operating Results | 25,545 | 36,986 |
| Net Interest | -13,376 | -11,289 |
| Gains (Losses) in Associates | 454 | 269 |
| Profit before Tax | 12,623 | 25,966 |
| Income Tax | 5,502 | 1,487 |
| Profit after Tax | 7,121 | 24,479 |
| Minority Interest | 968 | 1,234 |
| Net Income attributable to the Equity Holders of CORTICEIRA AMORIM | 6,153 | 23,245 |
| Net Profit per Share – Basic and Diluted (euros per share) | 0.047 | 0.178 |

Consolidated Cash Flow Statement

Thousand euros

| | 2008 | 2007 |
|----------------------------------------------------------------|----------|-------------|
| Operating Activities | | restatement |
| Collections from Customers | 506,921 | 485,591 |
| Payments to Suppliers | -390,298 | -434,588 |
| Payments to Employees | -93,564 | -86,627 |
| Operational cash flow | 23,058 | -35,624 |
| Payments/collections – income tax | -2,233 | -2,796 |
| Other collections/payments related with operational activities | 43,935 | 77,507 |
| Cash Flow Before Extraordinary Items | 64,761 | 39,088 |
| Investment activities | | |
| Collections due to: | | |
| Tangible Assets | 1,407 | 1,296 |
| Investment property | 65 | 51 |
| Interests and similar gains | 401 | 296 |
| Investment subsidies | 3,622 | 780 |
| Dividends | 100 | 1 |
| Payments due to: | | |
| Tangible Assets | -27,440 | -23,983 |
| Financial investments | -8,999 | -3,729 |
| Intangible Assets | -279 | -425 |
| Cash Flow from Investments | -31,124 | -25,714 |
| Financial Activities | | |
| Collections due to: | | |
| Loans | 0 | 15,079 |
| Others | 316 | 150 |
| Payments due to: | | |
| Loans | -8,472 | 0 |
| Interests and similar expenses | -15,939 | -10,207 |
| Dividends | -8,401 | -9,038 |
| Acquisition of treasury stock | -69 | -7 |
| Others | -571 | -1,169 |
| Cash Flow from Financing | -33,136 | -5,192 |
| Change in cash | 501 | 8,182 |
| Exchange rate effect | -155 | -179 |
| Perimeter effect | 0 | 0 |
| Cash at beginning | -2,835 | -10,837 |
| Cash at end | -2,488 | -2,835 |

Changes in Equity – Consolidated Statement

Thousand euros

| | Balance Beginning | New Cies | Approp. of N-1 profit | Dividends | Net Profit N | Increases | Decreases | Translation Differences | End Balance |
|--------------------------------------------|----------------------|----------|--------------------------|-----------|-----------------|-----------|-----------|----------------------------|----------------|
| December 31, 2008 | | | | | | | | | |
| Equity: | | | | | | | | | |
| Share Capital | 133,000 | - | - | - | - | - | - | - | 133,000 |
| Treasury Stock – Face Value | -2,568 | - | - | - | - | - | -22 | - | -2,589 |
| Treasury Stock – Discounts and Premiums | 105 | - | - | - | - | - | -16 | - | 88 |
| Paid-in Capital | 38,893 | - | - | - | - | - | - | - | 38,893 |
| IFRS Transition Adjustments | -12,312 | - | - | - | - | 3,694 | -57 | - | -8,675 |
| Hedge Accounting | -219 | - | - | - | - | 3,491 | - | - | 3,272 |
| Reserves | 0 | | | | | | | | |
| Legal Reserve | 7,445 | - | - | - | - | - | - | - | 7,445 |
| Other Reserves | 49,909 | - | 23,245 | -7,824 | - | -3,293 | - | - | 62,037 |
| Translation Difference | -1,681 | - | - | - | - | - | - | -812 | -2,493 |
| | 212,572 | 0 | 23,245 | -7,824 | 0 | 3,892 | -95 | -812 | 230,978 |
| Net Profit for the Year | 23,245 | - | -23,245 | - | 6,153 | - | - | - | 6,153 |
| Minority Interests | 9,573 | 260 | - | -571 | 968 | 389 | - | -1,026 | 9,593 |
| Total Equity | 245,390 | 260 | 0 | -8,395 | 7,121 | 4,281 | -95 | -1,838 | 246,724 |
| December 31, 2007 | | | | | | | | | |
| Equity: | | | | | | | | | |
| Share Capital | 133,000 | - | - | - | - | - | - | - | 133,000 |
| Treasury Stock – Face Value | -2,548 | - | - | - | - | - | -19 | - | -2,568 |
| Treasury Stock – Discounts and Premiums | 123 | - | - | - | - | - | -19 | - | 105 |
| Paid-in Capital | 38,893 | - | - | - | - | - | - | - | 38,893 |
| IFRS Transition Adjustments | -12,866 | - | - | - | - | 434 | - | 120 | -12,312 |
| Hedge Accounting | -177 | - | - | - | - | 68 | -110 | - | -219 |
| Reserves | | | | | | | | | |
| Legal Reserve | 7,445 | - | - | - | - | - | - | - | 7,445 |
| Other Reserves | 37,120 | - | 20,104 | -7,175 | - | -140 | - | - | 49,909 |
| Translation Difference | -982 | - | - | - | - | - | - | -699 | -1,681 |
| | 200,008 | 0 | 20,104 | -7,175 | 0 | 362 | -148 | -579 | 212,572 |
| Net Profit for the Year | 20,104 | - | -20,104 | - | 23,245 | - | - | - | 23,245 |
| Minority Interests | 10,648 | - | - | -1,980 | 1,234 | 2,542 | -2,820 | -51 | 9,573 |
| Total Equity | 230,760 | 0 | 0 | -9,155 | 24,479 | 2,904 | -2,968 | -630 | 245,390 |

Green Industry & Green Products

We are not calling for a new form of consumption, but consumption with new values: environmental, social and sustainable values!



Amorim was the first wine packaging company in the world to obtain the prestigious certification from the Forest Stewardship Council (FSC). As far as we're concerned, Amorim has always put the environment first.  But it's nice to have that recognised by others who care.



SECTION V

Notes to the Consolidated Financial Statements

- I. Introduction
- II. Summary of Significant Accounting Policies
- III. Financial Risk Management
- IV. Critical Accounting Estimates and Judgements
- V. Companies Included in the Consolidated Financial Statements
- VI. Exchange Rates Used in Consolidation
- VII. Segment Report
- VIII. Tangible and Intangible Fixed Assets
- IX. Goodwill
- X. Equity Companies and Other Financial Assets
- XI. Income Tax
- XII. Inventories
- XIII. Trade Receivables
- XIV. Recoverable Taxes
- XV. Other Assets
- XVI. Cash and Cash Equivalents
- XVII. Capital and Reserves
- XVIII. Minority Interests
- XIX. Interest Bearing Debt
- XX. Suppliers
- XXI. Other Loans and Creditors
- XXII. Tax Liabilities
- XXIII. Third Party Supplies and Services
- XXIV. Staff Costs
- XXV. Impairments of Assets
- XXVI. Other Operating Gains and Losses
- XXVII. Net Interest
- XXVIII. Financial Stakes Acquisitions
- XXIX. Related-Party Transactions
- XXX. Guarantees, Contingencies and Commitments
- XXXI. Exchange Rate Contracts
- XXXII. Auditor's Fees
- XXXIII. Activity During the Year
- XXXIV. Other Information





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 company.

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

These financial statements were approved in the board meeting of February 16, 2009.

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

CORK AGGLOMERATE

maintains all the excellent qualities of cork: resistance and thermal, acoustic and anti-vibration insulation.

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

II. Summary of Significant Accounting Policies

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

a. Basis of presentation

Consolidated statements were prepared based on a going concern basis and using the records as stated in the companies' books, which adopted Portuguese general accepted accounting principles. Accounting adjustments and reclassifications were made in order to comply with accounting policies followed by the IFRS, as adopted by the European Union (IAS – International Accounting Standards and the IFRS – International Financial Reporting Standards) and legal for use as of January 1, 2008. The transition date from the local GAAP was January 1, 2004.

b. Consolidation

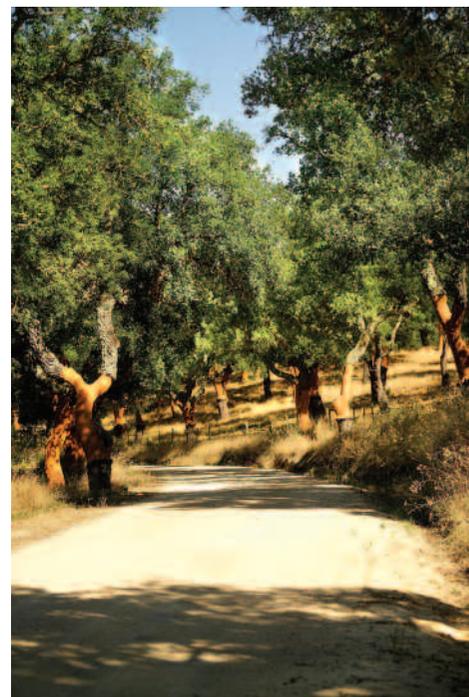
• Group companies

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

Group companies are consolidated line by line, being the position of third-party interests in the shareholding of those companies stated in the balance sheet in the “Minority Interests” account. Date of first consolidation or deconsolidation is, in general, the beginning or the end of the quarter when the conditions for that purpose are fulfilled.

Losses for the period that are attributable to Minority Interests will be debited to the Minority Interest account until its balance equals to zero, being all subsequent losses fully attributed to CORTICEIRA AMORIM. In subsequent reversal of losses, all profits will be attributed to CORTICEIRA AMORIM up to the full recovery of prior losses appropriated. Afterwards the usual appropriation of results between CORTICEIRA AMORIM and third-party interests will be reassumed.

In the rare case where the minority part has the obligation to share its portion for the losses after its balance sheet account is cancelled, a receivable will be recorded in the consolidated balance sheet.



Cork Oak Forest
In the pathway of sustainability!

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

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

- **Equity companies**

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding between 20% and 50% of voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The group's investment in associates includes goodwill. Future impairments of goodwill will be adjusted against the carrying amount of investments. The group's share of its associates post-acquisition profits or losses is recognised in the income statement, in the "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.

Foreign currency translation

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

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

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

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 begins operating.

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

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

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

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

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

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



The use of renewable resources
*Supplies almost 60% of the energy needs
of CORTICEIRA AMORIM.*

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

d. Investment property

Includes land and buildings not used in production.

e. Goodwill

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

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

f. Inventories

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

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

g. Trade and other receivables

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

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

h. 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. Bank overdrafts are also recorded in this caption.

i. Interest bearing loans

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

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

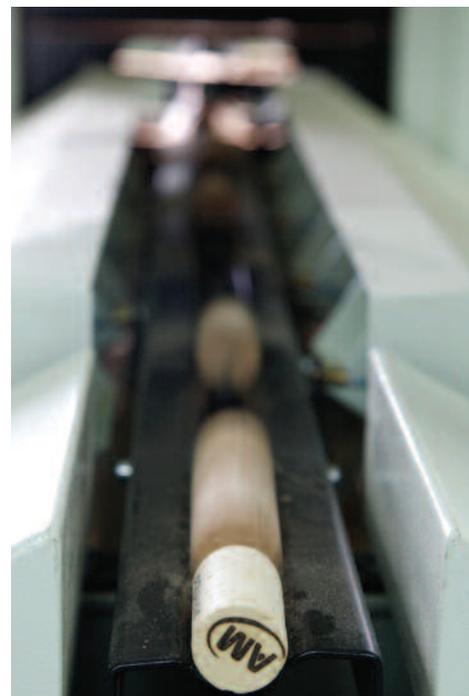
j. Income taxes – current and deferred

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

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

k. Employee benefits

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



Natural, recyclable, biodegradable
and environmentally-friendly

*The cork stopper is extracted from natural
resources and manufactured with cutting
edge technology.*

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

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

l. Provisions

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

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

m. Revenue recognition

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

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

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

n. 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”. Medium and long-term no-interest bearing repayable grants are presented with its net present value, using an interest discount rate similar to CORTICEIRA AMORIM interest bearing debt for same period.

o. 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.

p. Derivative financial instruments

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

- **Fair value hedge**

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

- **Cash flow hedge**

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



Cork certified by FSC.

CORTICEIRA AMORIM

is one of the major promoters of the FSC Forest Management Certification System and to have the first industrial units certified.

- **Net investment hedge**

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

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

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

III. Financial Risk Management

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

Market risk

a. Exchange rate risk

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

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

Exchange rate risk management policy established by CORTICEIRA AMORIM board points out to a total hedging of the assets deriving from sales in the most important currencies and from USD acquisitions. As for book orders up to 90 days, each Business

Unit responsible will decide according to exchange rate evolution. Book orders, considered relevant, due after 90 days, will be presented by the Business Unit responsible to the board. Due to the serious economic situation registered during the fourth quarter, and attending to the 2009 budget, the board has decided to hedge the USD exchange risk. Taking the advantage of a favourable USD rate at the time, severable hedging transactions were achieved. These transactions included plain vanilla options hedging most of the exchange risk for 2009 sales.

As of December 31, 2008, exchange rates different from the actual as of that date, would have no material effect in financial assets or liabilities values, due to the said hedging policy. As for book orders any effect would be registered in Equity. As for non-euro net investments in subsidiaries/associate, any exchange rate effect would be registered in Equity, because CORTICEIRA AMORIM does not hedge this type of assets. As these investments are not considered relevant, the register of the effects of exchange rates variations was, during the prior years within a narrow range (2008: -K€2493, 2007: -K€1681, 2006: -K€982, 2005: +K€698).

b. Interest rate risk

Up to now, CORTICEIRA AMORIM has not considered hedging interest rate risk, meaning all interest bearing debt is linked to variable interest rate. Most of the risk derives from the medium and long-term portion of that debt. As for December 31, 2008, medium and long-term debt was 52% of total interest bearing debt (2007: 70%). As of December 31, 2008, for each 0.1% variation in euro based debt, a total effect of -K€220 in CORTICEIRA AMORIM profits would be registered.

Credit risk

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



WoodComfort cork products
Revolutionary in design, application and comfort.

Liquidity risk

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

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

Million euros

| | 2009 |
|------------------------|------|
| Opening balance | 121 |
| Operating cash in | 500 |
| Operating cash out | -428 |
| Investments | -27 |
| Interest and dividends | -11 |
| Loans payment | -40 |
| New credit lines | 20 |
| Closing balance | 135 |

Capital risk

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

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

Thousands euros

| | 2008 | 2007 |
|---------------------|---------|---------|
| December 31, Equity | 246,724 | 245,390 |
| December 31, Assets | 574,722 | 596,014 |
| Ratio | 42.9% | 41.2% |

The Ratio increase was due, mainly, to the decrease in total Balance Sheet.

Financial assets and liabilities fair value

Derivatives used by CORTICEIRA AMORIM have no public quotation because they are not traded in an open market. A proprietary model of CORTICEIRA AMORIM, developed by Reuters, calculates its fair value. Trade and other receivables, adjusted by any necessary impairment, trade and other payables, investment grants and medium and long-term liabilities were discounted using an interest rate similar to the average interest rate that CORTICEIRA AMORIM registered at year-end (5.31%).

IV. Critical Accounting Estimates and Judgements

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

As for 2008, no estimates and judgements were identified as having important impact in CORTICEIRA AMORIM results if not materialized.

As for assets, goodwill amounts to K€13,498 (2007: K€13,304). This value is supported by impairment tests made at year-end. The judgment used in these tests are key factors in order to decide or not if there is any impairment. Discount rate use in these tests was around 7.1%. Still to be noted K€8,224 registered in deferred tax assets (2007: K€9,225). There will be no impairment if the business plans used in the tests will be accomplished in the future.

V. Companies Included in the Consolidated Financial Statements

| Company | Head Office | Country | 2008 |
|--------------------------------------------------------|--------------------------------------|-----------------|-------------|
| Raw Materials | | | |
| Amorim Natural Cork, S.A. | Vale de Cortiças – Abrantes | Portugal | 100% |
| Amorim & Irmãos – IV, S.A. | Alcántara | Spain | 100% |
| Amorim & Irmãos VII, S.R.L. | Tempio Pausania | Italy | 100% |
| Amorim & Irmãos, S.A. (Raw Materials) | Ponte de Sôr | Portugal | 100% |
| Amorim Florestal Catalunya, S.L. | Cassa de la Selva Girona | Spain | 100% |
| Amorim Florestal España, S.L. | San Vicente Alcántara – Badajoz | Spain | 100% |
| Amorim Florestal Espanha, S.A. | San Roque Cádiz | Spain | 100% |
| Amorim Tunisie | Tabarka | Tunisia | 100% |
| Comatral – C. de Marocaine de Transf. du Liège, S.A. | Skhirat | Morocco | 100% |
| Cork International, S.A.R.L. | Tabarka | Tunisia | 100% |
| SIBL – Société Industrielle Bois Liège | Jijel | Algeria | 51% |
| Société Fabrique Liège de Tabarka, S.A. | Tabarka | Tunisia | 100% |
| Société Nouvelle du Liège, S.A. (S.N.L.) | Tabarka | Tunisia | 100% |
| Société Tunisienne d'Industrie Bouchonnière | Tabarka | Tunisia | 45% |
| Cork Stoppers | | | |
| Amorim & Irmãos, S.G.P.S., S.A. | Santa Maria de Lamas | Portugal | 100% |
| Amorim & Irmãos, S.A. | Santa Maria de Lamas | Portugal | 100% |
| Amorim Argentina, S.A. | Tapiales – Provincia de Buenos Aires | Argentina | 100% |
| Amorim Australasia | Adelaide | Australia | 100% |
| Amorim Benelux, B.V. – A&I | Tholen | Netherlands | 100% |
| Amorim Cork America, Inc. | California | USA | 100% |
| Amorim Cork Australia, Pty Ltd. | Victoria | Australia | 100% |
| Amorim Cork Deutschland GmbH & Co. KG | Mainzer | Germany | 100% |
| Amorim Cork Italia, S.p.A | Conegliano | Italy | 100% |
| Amorim Cork South Africa | Cape Town | South Africa | 100% |
| Amorim France, S.A.S. | Champfleury | France | 100% |
| Aplifin – Aplicações Financeiras, S.A. | Mozelos | Portugal | 100% |
| Carl Ed. Meyer Korken | Delmenhorst | Germany | 100% |
| Champcork – Rolhas de Champanhe, S.A. | Santa Maria de Lamas | Portugal | 100% |
| Chapuis, S.L. | Girona | Spain | 100% |
| Equipar – Indústria de Cortiça, S.A. | Coruche | Portugal | 100% |
| Equipar – Rolha Natural, S.A. | Coruche | Portugal | 100% |
| Equipar, Participações Integradas, Lda. | Coruche | Portugal | 100% |
| FP Cork, Inc. | California | USA | 100% |
| Francisco Oller, S.A. | Girona | Spain | 87% |
| Hungarocork, Amorim, Rt. | Budapest | Hungary | 100% |
| Industria Corchera, S.A. | Santiago | Chile | 49.96% |
| Inter Champanhe – Fabric. de Rolhas de Champanhe, S.A. | Montijo | Portugal | 100% |
| KHB – Kork Handels Beteiligung, GmbH | Delmenhorst | Germany | 100% |
| Korke Schiesser Ges.m.b.H. | Wien | Austria | 68.87% |
| Lloset & Forschner Korke GmbH | Oberwaltersdorf | Austria | 68.87% |
| M. Clignet & Cie | Bezannes | France | 100% |
| Olimpiadas Barcelona 92, S.L. | Girona | Spain | 100% |
| Portocork America, Inc. | California | USA | 100% |
| Portocork France | Bordeaux | France | 100% |
| Portocork Internacional, S.A. | Santa Maria de Lamas | Portugal | 100% |
| S.A. Oller et Cie | Reims | France | 87% |
| S.C.I. Friedland | Céret | France | 100% |
| Société Nouvelle des Bouchons Trescases | Perpignan | France | 50% |
| Victor y Amorim, S.L. | Navarrete – La Rioja | Spain | 50% |

(Continues)

CORTICEIRA AMORIM's operations extend from the acquisition and preparation of cork to its transformation into a wide range of products, as well as the marketing and distribution of these products through its own network covering all the leading world markets.



(Continuation)

| Company | | Head Office | Country | 2008 |
|--------------------------------------------------------------|-----|-----------------------|-----------------|-------------|
| Floor and Wall Coverings | | | | |
| Amorim Revestimentos, S.A. | | Lourosa | Portugal | 100% |
| Amorim Benelux, B.V. – AR | (b) | Tholen | Netherlands | 100% |
| Amorim Cork Distribution Netherlands B.V. | | Tholen | Netherlands | 100% |
| Amorim Cork GmbH | | Delmenhorst | Germany | 100% |
| Amorim Deutschland, GmbH & Co. KG – AR | (d) | Delmenhorst | Germany | 100% |
| Amorim Flooring (Switzerland) AG | | Zug | Switzerland | 100% |
| Amorim Flooring Austria GmbH | | Wien | Austria | 100% |
| Amorim Flooring Investments, Inc. | (g) | Hanover – Maryland | USA | 100% |
| Amorim Flooring Nordic A/S | | Greve | Denmark | 100% |
| Amorim Flooring North America Inc. | | Hanover – Maryland | USA | 100% |
| Amorim Revestimentos, S.A. | | Barcelona | Spain | 100% |
| Amorim Wood Suplies, GmbH | | Bremen | Germany | 100% |
| Cortex Korkvertriebs GmbH | (i) | Fürth | Germany | 100% |
| Corticeira Amorim – France S.A.S. – AR | (c) | Lavardac | France | 100% |
| Dom KorKowy, Sp. Zo. O. | (f) | Kraków | Poland | 50% |
| Inter Craft Coatings | (g) | S. Paio de Oleiros | Portugal | 50% |
| US Floors, Inc. | (j) | Dalton – Georgia | USA | 25% |
| Zodiac Kork- und Holzprodukte GmbH | (i) | Fürth | Germany | 100% |
| Composite Cork | | | | |
| Amorim Cork Composites, S.A. | | Mozelos | Portugal | 100% |
| Amorim (UK) Ltd. | | Horsham West Sussex | UK | 100% |
| Amorim Benelux, B.V. – ACC | (b) | Tholen | Netherlands | 100% |
| Amorim Cork Composites Inc. | | Trevor Wisconsin | USA | 100% |
| Amorim Deutschland, GmbH & Co. KG – ACC | (d) | Delmenhorst | Germany | 100% |
| Amorim Industrial Solutions – Ind. de Cortiça de Borracha I | | Corroios | Portugal | 100% |
| Chinamate (Xi'an) Natural Products Co. Ltd. | | Xi'an | China | 100% |
| Chinamate Development Co. Ltd. | | Hong Kong | China | 100% |
| Corticeira Amorim – France SAS – ACC | (c) | Lavardac | France | 100% |
| Drauvil Europea, S.L. | | San Vicente Alcántara | Spain | 100% |
| Samorim (Joint Stock Company Samorim) | (e) | Samara | Russia | 50% |
| Insulation Cork | | | | |
| Amorim Isolamentos, S.A. | | Mozelos | Portugal | 80% |
| Holding – Other | | | | |
| Corticeira Amorim, S.G.P.S., S.A. | | Mozelos | Portugal | 100% |
| Ginpar, S.A. (Générale d'Investissements et Participation) | | Skhirat | Morocco | 100% |
| Amorim Cork Research, Lda. | (h) | Mozelos | Portugal | 100% |
| Sopac – Sociedade Portuguesa de Aglomerados de Cortiça, Lda. | | Montijo | Portugal | 100% |
| Vatrya – Serviços de Consultadoria, Lda. | | Funchal – Madeira | Portugal | 100% |
| Postya – Serviços de Consultadoria, Lda. | | Funchal – Madeira | Portugal | 100% |

(a) One single company: Amorim & Irmãos, S.A.

(b) One single company: Amorim Benelux, B.V.

(c) One single company: Corticeira Amorim – France SAS.

(d) One single company: Amorim Deutschland, GmbH & Co. KG.

(e) Equity method consolidation.

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

(g) Set-up during 2008.

(h) During 2008 the company changed its name (ex-Labcork).

(i) Acquired during 2008. Consolidation started as of July 1, 2008.

(j) Acquired during 2008. Consolidation by the Equity Method will start as of January 1, 2009.

(k) Merged in Amorim & Irmãos, S.A.

(l) During 2008 the company was liquidated.

Immaterial companies Amorim Cork Bulgaria, Moldamorim, Amorim Japan, Amorim Cork Beijing were not consolidated.

VI. Exchange Rates Used in Consolidation

| Consolidation December 31, 2008 | | Year End | Average |
|---------------------------------|-----|----------|----------|
| Argentine Peso | ARS | 4.82590 | 4.64332 |
| Australian Dollar | AUD | 2.02740 | 1.74162 |
| Brazilian Real | BRL | 3.24360 | 2.67418 |
| Canadian Dollar | CAD | 1.69980 | 1.55942 |
| Swiss Franc | CHF | 1.48500 | 1.58739 |
| Chilean Peso | CLP | 888.750 | 763.311 |
| Yuan Renminbi | CNY | 9.54400 | 10.22568 |
| Danish Krone | DKK | 7.45060 | 7.45599 |
| Algerian Dinar | DZD | 97.107 | 94.075 |
| Euro | EUR | 1 | 1 |
| Pound Sterling | GBP | 0.95250 | 0.79628 |
| Hong Kong Dollar | HDK | 10.8413 | 11.4553 |
| Forint | HUF | 266.700 | 251.512 |
| Yen | JPY | 126.14 | 154.45 |
| Moroccan Dirham | MAD | 11.2357 | 11.3100 |
| Norwegian Krone | NOK | 9.7500 | 8.2237 |
| Zloty | PLN | 4.1535 | 3.5121 |
| Ruble | RUB | 41.2480 | 36.4479 |
| Swedish Kronor | SEK | 10.8700 | 9.61524 |
| Tunisian Dinar | TND | 1.8316 | 1.8024 |
| US Dollar | USD | 1.39170 | 1.47076 |
| Rand | ZAR | 13.06670 | 12.05899 |

VII. Segment Report

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

- Raw Materials;
- Cork Stoppers;
- Floor and Wall Coverings;
- Composite Cork;
- Insulation Cork.

For purposes of this report, the Business approach was selected as the primary segment. This is consistent with the formal organisation and evaluation of business. The following table shows the main indicators of the said units, and, whenever possible, the reconciliation with the consolidated indicators:

Thousand euros

| 2008 | Raw Materials | Cork Stoppers | Floor & Wall Coverings | Composite Cork | Insulation Cork | Holding | Adjust. | Consolid. |
|--------------------------------------|----------------|----------------|------------------------|----------------|-----------------|------------|-----------------|----------------|
| Trade Sales | 6,346 | 257,787 | 131,817 | 63,421 | 8,862 | 55 | 0 | 468,289 |
| Other BU Sales | 94,868 | 4,401 | 2,134 | 14,319 | 854 | 593 | -117,170 | 0 |
| Total Sales | 101,215 | 262,188 | 133,951 | 77,741 | 9,716 | 649 | -117,170 | 468,289 |
| EBIT | 6,708 | 14,626 | 5,046 | -1,750 | 1,302 | -988 | 601 | 25,545 |
| Assets | 113,141 | 249,809 | 120,937 | 84,503 | 11,707 | 3,816 | -9,192 | 574,721 |
| Liabilities | 19,072 | 36,278 | 24,891 | 20,252 | 1,668 | 4,125 | 221,711 | 327,997 |
| Capex | 1,118 | 8,875 | 12,430 | 3,830 | 738 | 56 | 0 | 27,046 |
| Year Depreciation | -3,108 | -9,052 | -4,878 | -3,422 | -601 | -49 | 0 | -21,109 |
| Non-cash cost | 207 | -431 | -342 | -1,274 | -43 | -45 | -18 | -1,946 |
| Gains/Losses in associated companies | 18 | 436 | 0 | 0 | 0 | 0 | 0 | 454 |
| 2007 | Raw Materials | Cork Stoppers | Floor & Wall Coverings | Composite Cork | Insulation Cork | Holding | Adjust. | Consolid. |
| Trade Sales | 7,969 | 246,272 | 124,714 | 66,919 | 7,844 | 52 | 0 | 453,770 |
| Other BU Sales | 96,391 | 4,516 | 2,144 | 15,241 | 943 | 605 | -119,840 | 0 |
| Total Sales | 104,360 | 250,788 | 126,858 | 82,160 | 8,787 | 657 | -119,840 | 453,770 |
| EBIT | 5,450 | 20,133 | 10,129 | 2,110 | 1,175 | -3,154 | 1,142 | 36,986 |
| Assets | 150,926 | 258,762 | 105,036 | 83,889 | 10,218 | 3,050 | -15,867 | 596,014 |
| Liabilities | 28,753 | 56,520 | 19,700 | 16,339 | 1,549 | 2,010 | 225,754 | 350,625 |
| Capex | 875 | 9,620 | 8,392 | 5,719 | 699 | 81 | 0 | 25,386 |
| Year Depreciation | -3,180 | -8,266 | -4,764 | -4,246 | -622 | -62 | 0 | -21,139 |
| Non-cash cost | 220 | -60 | -541 | -298 | 18 | 6 | 93 | -562 |
| Gains/Losses in associated companies | 15 | 285 | 0 | -31 | 0 | 0 | 0 | 269 |

Notes:

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

EBIT = Profit before interests, minorities and income tax.

Provisions and asset impairments were considered the only relevant material cost.

Segments assets do not include DTA (deferred tax asset) and non-trade group balances.

Segments liabilities do not include DTL (deferred tax liabilities), bank loans and non-trade group balances.

As for 2007, Composite Cork values were restated in order to include values from the CorkRubber BU merged in the Composite Cork BU.

The decision to report EBIT figures allows a better comparison of the different BU performances, disregarding the different financial situations of each BU. This is also

coherent with the existing Corporate Departments, as the Financial Department is responsible for the bank negotiations, being the tax function the responsibility of the Holding Company.

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

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

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

Major markets for flooring and insulation products are in Europe and for CorkRubber 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 235 million euros, and are mostly composed by inventories (80 million), customers (65 million) and tangible fixed assets (39 million).

CORTICEIRA AMORIM

Leading the cork industry for over 130 years;
responsible for 30 percent of the cork manufactured in the world;
75 companies in the world.

Sales by markets

Thousand euros

| Markets | 2008 | 2007 |
|-----------------------------|---------|---------|
| European Union | 302,776 | 290,079 |
| <i>From which: Portugal</i> | 24,351 | 21,946 |
| Other European countries | 29,991 | 23,093 |
| United States | 67,535 | 69,675 |
| Other American countries | 32,278 | 34,917 |
| Australasia | 26,046 | 25,587 |
| Africa | 8,399 | 10,251 |
| Others | 1,265 | 169 |
| Total | 468,289 | 453,770 |

VIII. Tangible and Intangible Fixed Assets

Thousand euros

| | Land and Buildings | Plant Equipment | Other | Advances and In-progress | Tangible Fixed Assets | Intangible Fixed Assets |
|---------------------------------|--------------------|-----------------|---------|--------------------------|-----------------------|-------------------------|
| Gross Value | 223,392 | 240,624 | 39,118 | 6,834 | 509,968 | 0 |
| Depreciation and impairments | -127,351 | -172,106 | -34,792 | 0 | -334,249 | 0 |
| Opening balance (Jan 1, 2007) | 96,041 | 68,518 | 4,326 | 6,834 | 175,719 | 0 |
| In companies | 9,060 | 2,166 | 449 | 186 | 11,861 | 0 |
| Increase | 1,225 | 7,086 | 1,594 | 13,871 | 23,776 | 784 |
| Period deprec. and impairments | -5,681 | -13,280 | -1,978 | 0 | -20,939 | -152 |
| Sales and other decreases | -4 | -619 | -191 | -224 | -1,038 | 0 |
| Transfers and reclassifications | -10,911 | 5,556 | 290 | -7,486 | -12,551 | 0 |
| Translation differences | -264 | -314 | -69 | -50 | -697 | 0 |
| Gross Value | 213,510 | 250,323 | 39,036 | 13,883 | 516,752 | 784 |
| Depreciation and impairments | -124,045 | -181,962 | -34,616 | 0 | -340,623 | -152 |
| Closing balance (Dec 31, 2007) | 89,465 | 68,361 | 4,420 | 13,883 | 176,129 | 632 |
| Gross Value | 213,510 | 250,323 | 39,036 | 13,883 | 516,752 | 784 |
| Depreciation and impairments | -124,045 | -181,962 | -34,616 | 0 | -340,623 | -152 |
| Opening balance (Jan 1, 2008) | 89,465 | 68,361 | 4,420 | 13,883 | 176,129 | 632 |
| In companies | 97 | 72 | 20 | 0 | 189 | 0 |
| Increase | 2,713 | 8,433 | 2,023 | 13,593 | 26,762 | 275 |
| Period deprec. and impairments | -5,913 | -13,615 | -1,621 | 0 | -21,149 | -99 |
| Sales and other decreases | -617 | -667 | -1 | -344 | -1,629 | 0 |
| Transfers and reclassifications | 1,779 | 8,189 | 163 | -9,935 | 196 | 0 |
| Translation differences | -107 | -575 | -37 | 2 | -718 | 0 |
| Gross Value | 215,568 | 248,109 | 34,035 | 17,196 | 514,907 | 1,059 |
| Depreciation and impairments | -128,152 | -177,911 | -29,068 | 0 | -335,130 | -251 |
| Closing balance (Dec 31, 2008) | 87,416 | 70,198 | 4,967 | 17,196 | 179,777 | 808 |

Accordingly with d) of point II (accounting policies), as of Dec., 31, 2008, the net effect of the said revaluation, amounts to 26.1 million of euros, of which 19.2 refers to land. Applying the same policy, the effect of the Fixed Assets revaluation (as for pgf. 16 of IFRS 1) was 14.4 million euros at transition date. At closing balance date it was 7.4 million euros.

As for 2007, the value registered as Transfers and Reclassifications is due, mainly, to the reclassification of land and buildings not used in production to Investment Property.

In Companies 2007 value refers to effects of the entry of Oller Group companies in the consolidation perimeter.

IX. Goodwill

Thousand euros

| | Opening | Increases | Impairment | Translation Differences | Closing |
|---------------------------|---------|-----------|------------|-------------------------|---------|
| Raw Materials BU | 4,197 | | | -2 | 4,195 |
| Cork Stoppers BU | 4,836 | 164 | | | 5,000 |
| Floor & Wall Coverings BU | 4,160 | 1,745 | -1,602 | | 4,303 |
| Composite Cork BU | 111 | | -110 | | 0 |
| Goodwill | 13,304 | 1,909 | -1,712 | -2 | 13,499 |

The increase is due to the acquisition of Lloset (K€164) and to Cortex (K€1,602). The Impairment is due to the 2007 star-up of the Chinese companies (-K€110), and to Cortex Group (-K€1,602), which was acquired during the first half of the year, but only materialized at the end of the semester. During second half, economic conditions related with this acquisition changed dramatically. In a prudent approach the board decided to write-off the goodwill. The rest of the increase is due to the acquisition of the remaining shares of Amorim Benelux.

X. Equity Companies and Other Financial Assets

- Equity Companies:

Thousand euros

| | 2008 | 2007 |
|----------------------|--------|-------|
| Initial Balance | 2,906 | 2,717 |
| In / Out | 7,185 | 0 |
| Results | 454 | 269 |
| Dividends | -100 | -80 |
| Exchange Differences | 7 | 15 |
| Other | -25 | -15 |
| End Balance | 10,427 | 2,906 |

In / Out value of K€7,185 refers to US Floors acquisition.

Most important equity company is Société Nouvelle des Bouchons Trescases, of which a summary of its financial situation is presented:

Thousand euros

| | 2008 | 2007 |
|---------------------|--------|--------|
| Current Assets | 9,703 | 11,188 |
| Current Liabilities | 4,821 | 7,199 |
| Non-current Assets | 1,613 | 1,449 |
| Equity | 6,145 | 5,438 |
| Sales | 26,421 | 27,067 |
| Operating Profits | 1,552 | 998 |
| Profits before Tax | 1,399 | 719 |
| Income Tax | 491 | 261 |
| Results | 908 | 458 |

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

XI. Income Tax

The differences between the tax due for the current period and prior periods and the tax already paid or to be paid of said periods is registered as “deferred tax” in the consolidated income statement, according to note II j), and amounts to K€2,057 (2007: K€61).

On the balance sheet this effect amounts to K€8,223 (31/12/2007: K€9,225) as deferred tax asset, and to K€5,002 (31/12/2007: K€4,826) as Deferred tax liability.

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

Thousands euros

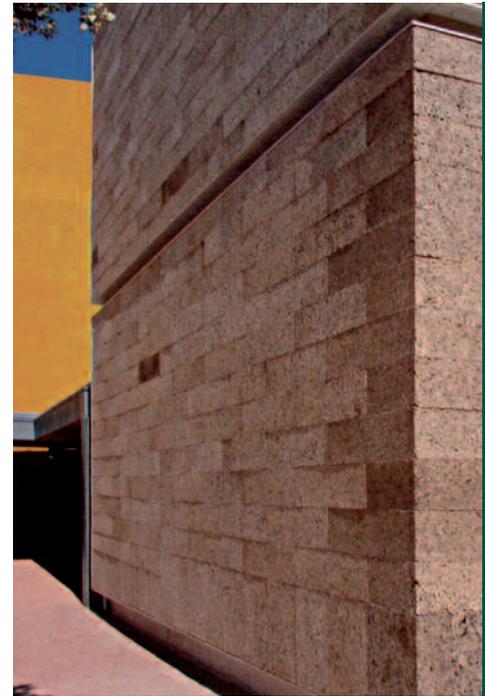
| | 2008 | 2007 |
|--------------------------------------------------------------|--------|--------|
| Related with Intangible Fixed Assets Cancelled | 409 | 589 |
| Related with Inventories / Customers and Debtors Impairments | 3,774 | 1,180 |
| Related with Tax Losses | 3,089 | 5,219 |
| Related with Tax Benefits | 951 | 2,146 |
| Other | 0 | 91 |
| Deferred Tax Assets | 8,223 | 9,225 |
| Related with Fixed Tangible Assets | 4,369 | 3,999 |
| Related with Inventories | 533 | 702 |
| Other | 100 | 125 |
| Deferred Tax Liabilities | 5,002 | 4,826 |
| Current Income Tax | 3,445 | -1,548 |
| Deferred Income Tax | -2,057 | 61 |
| Income Tax | -5,502 | -1,487 |

As of December 2008, companies included in the tax consolidation (RETGS), had an investment tax benefit of around 2.8 million euros, which, conservatively, was not booked.

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

| Income Tax Conciliation | |
|------------------------------------------------------------------------------------------------------------|--------|
| Income Tax – Legal | 26.50% |
| Effect arising from current losses that did not generated DTA (due to impossibility or due to prudence) | 8.1% |
| Effects due to complementary taxation and to costs non accepted as tax costs | 10.2% |
| Other effects | -2.7% |
| Income tax – effective ⁽¹⁾ | 42.10% |

⁽¹⁾ Income Tax / PBT, Equity Gains and Minority Interests.



Cork Insulation

A perfect solution in harmony with Nature.

During 2008, it was booked a 1.8 million euros tax benefit write-off, and also an adjustment of the complementary taxation of 2007 (0.3 million euros). Positively it was registered the deferred tax asset related with inventories and the deferred tax liability associated with fixed assets.

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

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

No material effects in the financial statements as of December 31, 2008, are expected by the board of CORTICEIRA AMORIM and its subsidiaries from the revisions of tax declarations that will be held by the tax authorities.

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

Thousands euros

| | 2009 | 2010 | 2011 | 2012 | 2013 and further | Total |
|----------------------------|------|------|-------|------|---------------------|--------|
| RETGS | | | | | 22,404 | 22,404 |
| Other Portuguese companies | | 256 | 2,572 | 439 | | 3,267 |
| Foreign companies | | | | | 22,714 | 22,714 |
| Non utilised tax losses | 0 | 256 | 2,572 | 439 | 45,118 | 48,385 |

As for the foreign companies, the year 2013 and further was considered for those situations that correspond to tax losses to carry forward with no limit of utilization.

In RETGS there are doubts regarding the future utilisation of around 20.5 million euros as for Portuguese companies and 10 million euros for foreign companies.

XII. Inventories

Thousands euros

| | 2008 | 2007 |
|----------------------------------------------|---------|---------|
| Goods | 18,808 | 14,681 |
| Finished and semi-finished goods | 77,288 | 86,406 |
| By-products | 275 | 259 |
| Work in progress | 13,927 | 10,887 |
| Raw materials | 98,331 | 118,399 |
| Advances | 290 | 199 |
| Goods impairments | -908 | -854 |
| Finished and semi-finished goods impairments | -2,145 | -2,342 |
| Raw materials impairments | -205 | -220 |
| Inventories | 205,659 | 227,415 |

XIII. Trade Receivables

Thousands euros

| | 2008 | 2007 |
|-------------------|---------|---------|
| Gross amount | 113,817 | 123,271 |
| Impairments | -10,394 | -9,139 |
| Trade receivables | 103,423 | 114,132 |

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

Due and past due balances are as follows:

Million euros

| | 2008 | 2007 |
|-------------------------------------|------|------|
| Due | 72.6 | 78.5 |
| Past due between 0 and 120 days | 28.6 | 26.4 |
| Past due between 120 and 180 days | 2.5 | 1.9 |
| Doubtful and past due over 180 days | 10.1 | 8.6 |
| Impairment | 10.4 | 9.1 |



CorkRubber gasket

The combination of these two materials results in products that meet the most exacting demands of the automobile industry.

Balances stated in the above chart don't include the in and out effect in the consolidation perimeter.

XIV. Recoverable Taxes

Thousands euros

| | 2008 | 2007 |
|-------------------|--------|--------|
| Value added tax | 16,705 | 15,866 |
| Other taxes | 3,617 | 5,115 |
| Recoverable taxes | 20,322 | 20,981 |

XV. Other Assets

Thousands euros

| | 2008 | 2007 |
|-------------------------|--------|--------|
| Advances to suppliers | 1,707 | 2,497 |
| Deferred assets | 4,426 | 4,076 |
| Hedge accounting assets | 3,330 | 837 |
| Others | 6,685 | 5,512 |
| Other current assets | 16,148 | 12,922 |

A total amount of K€2,979 (95 for 2007) of receivable subsidies is included in Others.

XVI. Cash and Cash Equivalents

Thousands euros

| | 2008 | 2007 |
|---------------------------|-------|-------|
| Cash | 134 | 383 |
| Bank Balances | 2,740 | 5,946 |
| Others | 1,722 | 64 |
| Cash and cash equivalents | 4,596 | 6,393 |

XVII. Capital and Reserves

• Share Capital

As of December 31, 2008, the share capital is represented by 133,000,000 ordinary registered shares, conferring dividends, with a par value of 1 Euro.

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

• Treasury stock

In several trading sessions, CORTICEIRA AMORIM bought 21,500 of its own shares, representing 0.0162% of its total share capital, with an average unit price of €1,761, totalling €37,861.11 (including acquisition costs).

No sales were held.

As of December 31, 2008, CORTICEIRA AMORIM held 2,589,334 of its own shares, representing 1.947% of its share capital.

During 2007, CORTICEIRA AMORIM bought 19,477 of its own shares, representing 0.0146% of its share capital, at an average unit price of €1,958 and a total amount of €38,131.62.

During 2007, no shares were sold.

• Dividends

In the Annual General Shareholders Meeting of March 31, 2008, a dividend totalling €7,980,000.00 (seven million, nine hundred and eighty thousand euros), corresponding to a €0.060 (six cents of euro) per share was approved. Payment was made at April, 28.

Thousands euros

| | 2008 | 2007 |
|------------------------------------------------------------------|-------|-------|
| Dividends approved – 2008:0.060 and 2007:0.055 (euros per share) | 7,980 | 7,315 |
| Portion attributable to own shares | -155 | -140 |
| Dividends paid | 7,825 | 7,175 |

XVIII. Minority Interests

Thousands euros

| | 2008 | 2007 |
|----------------------|--------|--------|
| Initial Balance | 9,573 | 10,648 |
| In / Out | 260 | 0 |
| Results | 968 | 1,234 |
| Dividends | -571 | -1,980 |
| Exchange Differences | -1,026 | -51 |
| Others | 389 | -278 |
| End Balance | 9,593 | 9,573 |

XIX. Interest Bearing Debt

As of December 31, 2008, interest bearing loans was as follows:

Thousands euros

| | 2008 | 2007 |
|----------------------------------|---------|--------|
| Bank Loans | 100,208 | 63,952 |
| Overdrafts | 7,084 | 9,228 |
| Commercial Paper | 2,000 | 2,000 |
| Interest-Bearing Loans – Current | 109,292 | 75,180 |

Loans were denominated in euros, except 21% (2007: 11%), being most of it USD.

Thousands euros

| | 2008 | 2007 |
|--------------------------------------|---------|---------|
| Bank Loans | 29,981 | 70,708 |
| Reimbursable Subsidies | 16,285 | 16,285 |
| Commercial Paper | 72,000 | 76,000 |
| Interest-Bearing Loans – Non Current | 118,266 | 162,993 |

As of the end of 2008 and 2007, loans were almost totally denominated in euros.

As of December 31, 2008, maturity of non-current interest bearing debt was as follows:

| | Thousands euros |
|-----------------------------------|-----------------|
| Between 01/01/2010 and 31/12/2010 | 39,486 |
| Between 01/01/2011 and 31/12/2011 | 76,916 |
| Between 01/01/2012 and 31/12/2012 | 162 |
| Between 01/01/2013 and 31/12/2013 | 88 |
| After 01/01/2014 | 1,613 |
| Total | 118,266 |

As of that date, around 89% of total interest bearing debt was euro based. The remaining was mostly USD based.

Non-current and current interest bearing debt carries floating interest rates. Average cost, during 2008, for all the credit utilized was 5.31% (2007: 5%).

At the same date, three subsidiaries had a 3.8 million euros loan mortgage guarantee.

Non-utilized loan facilities amounted to 121 million euros as of December 31, 2008.

XX. Suppliers

| | Thousands euros | |
|-----------------------------|-----------------|---------------|
| | 2008 | 2007 |
| Suppliers – current account | 29,411 | 41,368 |
| Suppliers – accruals | 3,856 | 7,787 |
| Suppliers | 33,267 | 49,155 |

The reduction in cork raw material acquisition is the reason behind the drop in this caption.



“By choosing cork closures, leading wineries are helping to preserve a unique natural and cultural heritage”.

In “Choose Cork”, a WWF Cork Initiative.

XXI. Other Loans and Creditors

Thousands euros

| | 2008 | 2007 |
|-----------------------------------------|--------|--------|
| Non interest bearing grants | 4,887 | 1,390 |
| Other | 2,841 | 5,131 |
| Other loans and creditors – non current | 7,728 | 6,521 |
| Non interest bearing grants | 791 | 2,517 |
| Deferred costs | 17,157 | 16,985 |
| Deferred gains – grants | 9,018 | 9,284 |
| Hedge accounting – deferred liabilities | 0 | 141 |
| Other | 10,989 | 7,417 |
| Other loans and creditors – current | 37,955 | 36,344 |

In deferred costs the part related with salaries (vacations and vacations paid) at year-end amounted to K€8,347 (end 2007: K€8,426).

In Other creditors – non-current, K€2,502 refers to the fair value of the debt deriving from the Oller Group acquisition. The remaining K€329 refers to loan made by a minority stakeholder of a CORTICEIRA AMORIM subsidiary.

In Other creditors – current, K€2,382 refers to the fair value of the debt deriving from the Oller Group acquisition and to US Floors acquisition (K€3,593).

Thousands euros

| Non-reimbursable subsidies | |
|-------------------------------|--------|
| Opening Balance | 9,284 |
| Transfer to gains | -1,065 |
| Additions | 766 |
| Reclassifications / Transfers | 810 |
| Others | -777 |
| Closing Balance | 9,018 |

Thousands euros

| Reimbursable subsidies | |
|--------------------------------------------|--------|
| Opening Balance | 3,907 |
| Payments | -1,174 |
| Additions | 3,640 |
| Fair Value Correction (zero interest rate) | 115 |
| Reclassifications / Transfers | -810 |
| Closing Balance | 5,678 |

XXII. Tax Liabilities

Thousands euros

| | 2008 | 2007 |
|-----------------|--------|--------|
| Income Tax | 2,426 | 1,521 |
| Value Added Tax | 5,086 | 4,275 |
| Social Security | 2,814 | 2,736 |
| Others | 1,430 | 1,870 |
| Tax Liabilities | 11,756 | 10,402 |

XXIII. Third Party Supplies and Services

Thousands euros

| | 2008 | 2007 |
|-----------------------------------|--------|--------|
| Communications | 1,782 | 1,742 |
| Insurance | 3,800 | 4,087 |
| Subcontractors | 2,174 | 1,106 |
| Power | 7,275 | 7,408 |
| Tools | 1,387 | 1,629 |
| Oil and gas | 1,175 | 1,111 |
| Rentals | 4,833 | 4,441 |
| Transports | 15,119 | 15,569 |
| Travel | 3,843 | 3,904 |
| Commissions | 5,026 | 4,366 |
| Special Services | 8,734 | 7,847 |
| Advertising | 6,828 | 5,965 |
| Maintenance | 6,253 | 5,367 |
| Others | 10,575 | 11,097 |
| Third party supplies and services | 78,804 | 75,637 |

The careful harvesting of cork embodies a biological harmony between man and the cork oak, a mutually advantageous and mutually sustaining partnership.



XXIV. Staff Costs

Thousands euros

| | 2008 | 2007 |
|-----------------------------|--------|--------|
| Boards Remuneration | 826 | 1,087 |
| Employees Remuneration | 69,711 | 66,261 |
| Social Security and Other | 15,142 | 15,650 |
| Severance Costs | 3,817 | 2,696 |
| Other | 3,799 | 2,113 |
| Staff Costs | 93,296 | 87,806 |
| Average Number of Employees | 3,846 | 3,795 |
| End Number of Employees | 3,745 | 3,758 |

Boards remuneration includes Fiscal Board. Amounts stated in this chart derive from the companies books, and so refers to amounts expensed during the period.

XXV. Impairments of Assets

Thousands euros

| | 2008 | 2007 |
|-----------------------|-------|------|
| Receivables | 2,486 | 493 |
| Inventories | -356 | -51 |
| Others | 79 | -1 |
| Impairments of Assets | 2,051 | 441 |

XXVI. Other Operating Gains and Losses

Thousands euros

| | 2008 | 2007 |
|------------------------------------------|--------|--------|
| Indirect taxes | -1,592 | -1,516 |
| Provisions | 122 | -121 |
| Net exchange differences | -1,433 | -1,569 |
| Gains (losses) in disposal of assets | 169 | 2,907 |
| Subsidies – operating | 464 | 427 |
| Subsidies – equipment | 1,065 | 2,879 |
| Other | 497 | -375 |
| Other operating gains (+) and losses (-) | -707 | 2,633 |

Gains (losses) in disposal of assets (2,907) includes K€2,481 related with the badwill associated with the Oller Group acquisition. The amount of 2,879 is due to 2007 register of prior years depreciations associated with an equipment subsidy.

XXVII. Net Interest

Thousands euros

| | 2008 | 2007 |
|-----------------------------------|--------|--------|
| Interest Costs – bank loans | 8,826 | 7,744 |
| Interest Costs – commercial paper | 3,560 | 3,007 |
| Interest Costs – delayed payments | 1 | 32 |
| Stamp tax – interest | 139 | 180 |
| Stamp tax – capital | 67 | 102 |
| Interest costs – other | 1,160 | 470 |
| | 13,753 | 11,535 |
| Interest gains – bank deposits | -80 | -58 |
| Interest gains – delayed payments | -26 | -29 |
| Interest gains – other | -272 | -159 |
| | -378 | -246 |
| Net interest | 13,376 | 11,289 |

In Interest costs – other (1,160), a total of K€511 is due to non interest bearing liabilities fair value.

XXVIII. Financial Stakes Acquisitions

During the 2008, the following acquisitions were achieved: a 25% stake of US Floors Inc. (10 million euros), 100% of Cortex Group (3.25 million euros) and 100% of Lloset (0.4 million euros). US Floors acquisition was made at the end of 2008, 50% paid at that moment, being the remaining to be paid at the end of 2009. As for Cortex, K€1,300 were paid during 2008. The rest of it is to be paid in 2009.

As US Floors 2008 accounts are not available it was not possible to estimate its goodwill. Cortex goodwill (K€1,602) was written-off (note IX). Lloset goodwill amounted to K€154.

As Oller consolidated its balance sheet at the end of 2007, and due to the fact that the balances of the two other companies are considered to be immaterial, we can say that consolidated balance sheets at the end of 2008 and 2007 are comparable. As for the activity, Oller entry in 2008 had an important impact, both for gains and costs. Summarized effect of the entry of Oller and of the two other companies (Cortex and Lloset) is as follows:

| | Thousands euros |
|-----------------------------------|-----------------|
| Sales | 17,509 |
| Gross margin | 9,369 |
| Staff costs | 4,438 |
| Depreciation | 805 |
| Third party supplies and services | 4,022 |
| Other Costs | 137 |

XXIX. Related-Party Transactions

CORTICEIRA AMORIM consolidates indirectly in AMORIM – INVESTIMENTOS E PARTICIPAÇÕES, S.G.P.S., S.A. (AIP) with head-office at Mozelos (Santa Maria da Feira, Portugal), Amorim group holding company.

As of December 31, 2008, indirect stake of AIP in CORTICEIRA AMORIM was 69.126% of the voting rights.

CORTICEIRA AMORIM related party transactions are, in general, due to the rendering of services through some of AIP subsidiaries (Amorim Serviços e Gestão, S.A., Amorim Viagens e Turismo, S.A., OSI – Sistemas Informáticos e Electrotécnicos, Lda.). Total sales of these subsidiaries to the remaining CORTICEIRA AMORIM companies totalled K€4,784 (2007: K€4,236).

Balances at year-end 2008 and 2007 are those resulting from the usual payment terms (from 30 to 60 days) and so are considered to be immaterial.

Services rendered from related-parties are based on the “cost plus” basis ranging from 2% to 5%.

During 2008 no transactions were made and no balances booked with related parties AMORIM CAPITAL, S.G.P.S., S.A., VERTENTE FINANCEIRA, S.G.P.S., S.A., AMORIM INVESTIMENTOS E PARTICIPAÇÕES, S.G.P.S., S.A. and INTERFAMÍLIA II, S.G.P.S., S.A.



Cork Nature

A range of functional, modern and stylish home and office products.

Total CORTICEIRA AMORIM key staff short-term remuneration reached K€1,520 during 2008 (2007: K€2,364). No payments were made related with post-employment benefits, other long-term benefits, termination benefits and equity compensation benefits.

XXX. Guarantees, Contingencies and Commitments

During its operating activities CORTICEIRA AMORIM issued in favour of third-parties guarantees amounting to K€194,472 (2007: K€196,767).

Thousands euros

| Beneficiary | Amount | Purpose |
|------------------------|----------------|--------------------------|
| Government agencies | 8,321 | Capex grants / subsidies |
| Value added tax agency | 1,311 | VAT refund |
| Tax authority | 5,533 | Tax lawsuits |
| Banks | 169,817 | Loans guarantees |
| Other | 9,490 | Miscellaneous guarantees |
| Total | 194,472 | |

In Other, guarantees related with the acquisition of Oller explains most of the value.

The total amount of K€2,943 recorded as “provisions” is considered to be adequate to face any tax lawsuit effect. As for the press-release of June 18, 2008, no new developments were registered.

As of December 31, 2008, future expenditure resulting from long-term motor vehicle rentals totals K€1,652, and for computer hardware and software totals K€424.

Commitments related with fixed assets suppliers are no recorded and amount to K€2,480.

XXXI. Exchange Rate Contracts

As of December 31, 2008, forwards outright contracts related with sales currencies were as follows:

- Hedging long positions – USD (70%), ZAR (13%) and AUD (11%);
- Hedging short positions – K€7,149. This amount refers exclusively to USD.

As of that date the options contracts were as follows:

- Hedging long positions – K€46,082. This amount refers exclusively to USD;
 - a) in the worst case scenario, the guaranteed exchange rate is 1.3565;
 - b) K€18,886 relates to Plain Vanilla options;
 - c) K€27,196 relates to multi options structures;
- Hedging short positions – K€139. This amount refers exclusively to USD.

XXXII. Auditor's Fees

PricewaterhouseCoopers auditor's remuneration for the group of subsidiaries and for CORTICEIRA AMORIM was K€396 (2007: K€424).

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) Gross margin (percentage)

Gross margin (percentage) as shown in the Earnings Statement (by nature of expenses) calculation used as denominator the value of Production (Sales + Change in manufactured inventories).

- b) Net profit per share calculation used the average number of issued shares deducted by the number of average owned shares. The non-existence of potential voting rights justifies the same net profit per share for basic and diluted.

| | 2008 | 2007 |
|-----------------------------------|-------------|-------------|
| Total issued shares | 133,000,000 | 133,000,000 |
| Average nr. of treasury shares | 2,578,584 | 2,558,096 |
| Average nr. of outstanding shares | 130,421,416 | 130,441,904 |
| Net Profit (thousand euros) | 6,153 | 23,245 |
| Net Profit per share (euros) | 0.0472 | 0.1782 |

c) Cash Flow Statement

Cash and cash equivalents includes now credit balances of current bank accounts (overdrafts). For this reason it was necessary to restate 2007 cash flow statement. This also included the effects resulting from considering the VAT from customers, which was not included before.

d) IFRS standards for future application

Changes in IAS 1, IAS 23, IAS 27, IFRS 3, and the new IFRS 8, mandatory as of 2009, would have no material effect if applied during 2008.

e) 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:

| | Thousands euros | |
|-----------------------------|-----------------|---------|
| | 2008 | 2007 |
| Customers | 103,423 | 114,132 |
| Recoverable Taxes | 20,322 | 20,981 |
| Cash and Cash Equivalents | 4,596 | 6,393 |
| Others | 14,212 | 10,274 |
| Total Financial Assets | 142,553 | 151,780 |
| Interest Bearing Debt | 227,558 | 238,174 |
| Other Loans and Creditors | 19,508 | 16,455 |
| Suppliers | 33,267 | 49,155 |
| Others | 11,756 | 10,402 |
| Total Financial Liabilities | 292,089 | 314,186 |

Customers balances are denominated in USD (8.0%), CLP (6.1%), ARS (2.9%), ZAR (1.0%), AUD (3.1%), being the remaining almost totally euro based. Exchange differences are due, mainly, to non euro based customers balances.

Mozelos, February 16, 2009

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

António Rios de Amorim, *Chairman of the Board of Directors*

Jorge Viriato de Freitas Barros Diniz Santos, *Vice-Chairman of the Board of Directors*

Joaquim Ferreira de Amorim, *Member of the Board of Directors*

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

Luísa Alexandra Ramos Amorim, *Member of the Board of Directors*

José da Silva Carvalho Neto, *Member of the Board of Directors*

André de Castro Amorim, *Member of the Board of Directors*

As the 21st century progresses, CORTICEIRA AMORIM is committed to encouraging interaction with the international scientific community, which continues to research and engage with cork, a product that offers endless challenges and possibilities.



SusDesign project images. Made by Choice

“Bolstered by scientific research and meticulous use, CORK is a prodigious material full of capacities and uses, founded on a priceless natural habitat, such a great treasure of virtuousness.”



Américo Amorim
Chairman of AMORIM GROUP



SECTION VI

Legal Opinion

TRADITION FORMED
THE ROOTS
Research shows the future.





SECTION VI

Legal Opinion

“In our opinion, the consolidated financial statements referred, present fairly in all material respects, the consolidated financial position of CORTICEIRA AMORIM, S.G.P.S., S.A. as at 31 December 2008.”

PricewaterhouseCoopers & Associados, S.R.O.C., Lda.

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

REPORT AND OPINION OF THE SUPERVISORY BOARD

To the Shareholders,

In accordance with the law and the mandate conferred on us, we herewith submit for your appreciation the report of our supervisory activities and our opinion on the Management Report and the corresponding financial statements presented by the Board of Directors of CORTICEIRA AMORIM, S.G.P.S., S.A. relating to the financial year that ended on December 31, 2008.

I –WORKING PROCEDURES

During the course of the year, we have followed the evolution of the Company's activities as and when we deemed necessary. We have verified the timeliness and adequacy of the accounting records and we are not aware of any violation of the law or the Company code. We have also considered the Statutory Auditor's Report presented by PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda. These verifications were made in relation to both the individual and the consolidated accounts of CORTICEIRA AMORIM, S.G.P.S., S.A., both of which were prepared in accordance with the relevant legislation.

The procedures carried out included:

- monitoring the Company's activities through meetings with the Board of Directors and other officials and by consulting the relevant minutes of meetings of the Board of Directors and the Executive Board, having requested and obtained all the explanations we considered necessary;
- assessing the appropriateness and consistency of the accounting practices used by the Company;
- analysing the internal control system used by the Company;
- analysing the financial information publicly disclosed by the Company.

We would like to commend the important and diligent contribution made by the whole Organisation – the Board of Directors and service departments – in enabling this Board to carry out its mission in a diligent and efficient manner.

We would also like to commend the professionalism, technical capacity and competence with which PricewaterhouseCoopers & Associados, SROC, Lda., and in particular José Pereira Alves, its representative on the Company's Statutory Audit Board, and his team, performed their mission in 2008.

II – CONCLUSION

Within the scope of our mandate, we have verified that:

- the Balance Sheet, the Statements of Income and other accounting reports and the respective explanatory notes for both parent company accounts and the consolidated accounts were prepared in accordance with the relevant legal requirements;
- the adequacy of the accounting principles and valuation methods used, which are duly described in the explanatory notes;
- the report of the Board of Directors is sufficiently clear as to the evolution of the business and the position of the Company and highlights the most significant aspects;
- the proposed appropriation of profit is properly justified.

III - OPINION

Based on the information supplied by the Board of Directors and the Company's employees and taking into account the conclusions of the Statutory Auditor' Report, we are of the opinion that:

- i. the Company's Management Report should be approved;
- ii. the parent company financial statements and consolidated financial statements should be approved;
- iii. the proposed appropriation of profit should be approved.

IV – STATEMENT OF RESPONSABILITY

In accordance with line c) of number 1 of article 245 of the Portuguese Securities Code, the members of the Supervisory Board 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 and give a true and accurate account of the assets and debts and 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.

We 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.

V - ACKNOWLEDGMENTS

Finally, we would like to express our gratitude to:

- the Board of Directors, for their availability, cordiality and transparency;
- the Organisation, for all the human and material resources we judged necessary for our work were timely made available; and
- PricewaterhouseCoopers and its team for their important role in providing public confirmation of the high standards of internal control and financial reporting that CORTICEIRA AMORIM, S.G.P.S., S.A has consistently practiced.

Mozelos, March 2, 2009

The Supervisory Board

Durval Ferreira Marques

Joaquim Alberto Hierro Lopes

Gustavo José de Noronha da Costa Fernandes

**Report of Statutory Auditors and Audit Report on
Consolidated Financial Statements**

(Free Translation from the original in Portuguese)

Introduction

1 In accordance with the Portuguese Securities Market legislation (“Código dos Valores Mobiliários”) we present the statutory report and the audit report on the consolidated financial statements of **Corticeira Amorim, S.G.P.S., S.A.**, comprising the consolidated balance sheet as at 31 December 2008, (which shows total assets of Euros 574,722 thousand and total shareholder's equity of Euros 246,724 thousand, which includes Minority Interests of Euros 9,593 thousand and a net profit of Euros 6,153 thousand), the consolidated statements of income by nature and by functions, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and the corresponding notes to the accounts.

Responsibilities

2 It is the responsibility of the Company's Management: (i) to prepare consolidated financial statements which present fairly, in all material respects, the financial position of the company and its subsidiaries, the consolidated changes in equity, the consolidated results of their operations and their consolidated cash flows; (ii) to prepare consolidated financial statements applying the International Financial Reporting Standards (IFRS) as adopted in the EU and the principles requested by the Portuguese Security Market legislation; (iii) to adopt appropriate accounting policies and criteria; (iv) to maintain adequate systems of internal accounting controls; and (v) to disclose any relevant fact that has influenced the activity of the company and its subsidiaries, its financial position or results.

3 Our responsibility is to verify the consolidated financial information presented on these documents, in particular if it is complete, true, actual, comprehensible, objective and lawful, in accordance with Portuguese Security Market legislation with the objective of expressing an independent and professional opinion on this information based on our audit.

Corticeira Amorim, SGPS, SA

Scope

4 We conducted our examination in accordance with the Standards and Technical Recommendations approved by the Institute of Statutory Auditors which require that we plan and perform the examination to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. Accordingly, our examination included: (i) verification that the subsidiary's financial statements have been examined and for the cases where such an examination was not carried out, verification, on a test basis, of the evidence supporting the amounts and disclosures in the consolidated financial statements, and assessing the reasonableness of the estimates, based on the judgments and criteria of Management, used in the preparation of the consolidated financial statements; (ii) verification of the consolidation operations and of the use of the equity method; (iii) assessing the appropriateness and consistency of the accounting principles used and their disclosure, as applicable; (iv) assessing the applicability of the going concern basis of accounting; (v) evaluating the overall presentation of the consolidated financial statements; and (vi) verification of the completeness, truth, actuality, comprehensiveness, objectivity and lawfulness of the information presented, in accordance with the Portuguese Securities Market legislation.

5 Our audit also included the verification of the consistency of the consolidated Management Report with the information contained in the financial statements

6 We believe that our examination provides a reasonable basis for our opinion.

Opinion

7 In our opinion, the consolidated financial statements referred to above, present fairly in all material respects, the consolidated financial position of **Corticeira Amorim, S.G.P.S., S.A.** as at 31 December 2008, the consolidated changes in equity, the consolidated results of their operations and their consolidated cash flows for the year then ended in conformity with International Financial Reporting Standards (IFRS) as adopted in the EU and the information there included is complete, true, actual, comprehensible, objective and lawful.

Porto, 2 March 2009

PricewaterhouseCoopers & Associados, S.R.O.C., Lda.
represented by:

José Pereira Alves, R.O.C.

CORTICEIRA AMORIM:
A unique portfolio of
products and solutions
exported to more than
100 countries, a clear
illustration of the infinite
potential of a raw material
that is 100% natural – cork.



Technical Data

Title

Annual Report and Accounts 2008 – CORTICEIRA AMORIM, S.G.P.S., S.A.

Coordination

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

Ownership

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

Public Company

Edifício Amorim I – Rua de Meladas, no. 380

P.O. Box 20

4536-902 MOZELOS VFR CODEX – PORTUGAL

Telephone no.: +351 227 475 400

Fax no.: +351 227 475 410

corticeira.amorim@amorim.com

www.corticeiraamorim.com

Share capital: EUR 133,000,000.00

Reg. and Corporate Tax Identification Number: 500 077 797

Company registered at the Companies Registry Office of Santa Maria da Feira (Portugal)

Design, typesetting, print and finishing

Choice – Comunicação Global, Lda.

Av. 5 de Outubro, no. 122, 9.º Dto.

1050-061 Lisboa

Telephone no.: + 351 21 798 14 70

Fax no.: + 351 21 798 14 79

choice@choice.pt

www.choice.pt

Print run

200 copies

Paper

INASET PLUS, certified in conformity with FSC and PEFC standards.

Printed in April 2009

ISSN

1646-9534

Legal deposit

275848/08

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

Public Company

Rua de Melóidas, no. 380 – P.O. Box 20
4536-902 MOZELOS VFR CODEX - PORTUGAL

Phone: + 351 227 475 400 • Fax: +351 227 475 410

E-mail: corticeira.amorim@amorim.com

www.corticeiraamorim.com