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06

annual report

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



AMORIM



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CORTIÇA
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chairman's letter

Dear Shareholder,

Portuguese economy grew three times more in the last twelve months than in the previous year, nevertheless 2006 represented the seventh consecutive year that Portuguese economy grew below European Union average. In contrast with previous years, however, this evolution was mainly driven by external demand, and it is expected that this growth driver will continue to make a crucial contribution to the national economy.

The world economy registered a growth of 5.1%, benefiting from the high rates of growth achieved in a relevant part of Asia as well from the economic recovery of the Euro Zone, factors which combined clearly offset the slowing down of the US economy.

This evolution of the world economy continues to have positive effects on the performance of a multinational like CORTICEIRA AMORIM, which achieved in 2006 significant growth in both volume and profitability level, thus registering new historical maximum for these indicators.

The financial year was positively marked by the high profitability of the raw material (cork) deriving from the 2005 campaign, especially those lots which originated in the Iberian Peninsula. Special mention should be made of the important contribution of the Raw Materials Business Unit, in raw materials' purchasing and integrated processing. The gathering and systematisation of information about the cork oak forests (historical productivity, cork oak health, among other factors) has proved to be an important tool for the efficient intervention of this Business Unit in cork supply in the main cork producing countries.

By remaining in close contact with the main markets CORTICEIRA AMORIM has been able to anticipate the respective evolutionary trends and thus guide and align the entire Organisation in an effective response to the increasingly demanding needs of its target markets. Although all the Business Units have shown the positive effects of this strategy in 2006, the performance of the Floor and Wall Coverings Business Unit stands out in particular because of the visibility it has achieved with the gradual increase in its activity and profitability, supported not only by its traditional European markets but also new high potential geographical markets.

In the Cork Stoppers Business Unit, the emphasis goes also to the acquisition of a relevant stake of Société Nouvelle des Bouchons Trescases, S.A., a prestigious company in the French stoppers market, with excellent commercial positioning, above all in the natural cork stoppers for top-of-the-range wines, a segment with high added value, thus clearly strengthening CORTICEIRA AMORIM's distribution capacity in the biggest world market faithful to the high quality cork stopper.

In respect of its strategic and permanent commitment to Innovation, an orientation intended to reinforce the leadership of CORTICEIRA AMORIM and its Business Units, the Research & Development areas have been developing important projects, some of which have already had an impact in 2006.

To be highlighted, in the sphere of innovation of processes, the restructuring implemented in the Cork Rubber and Cork Stopper Business Units. This has permitted substantial efficiency gains and subsequent competitiveness gains in their activity segments, as well as better matching of service levels to the growing demands of their respective markets. Especially noteworthy, because of the resources involved and the potential impact on CORTICEIRA AMORIM's performance, is the investment in creating specialised industrial units, in the Cork Stoppers Business Unit. This process originated the best and most modern technical cork stoppers production unit in the world.

The emergence of a new paradigm - the viability of the activities developed in a perspective that simultaneously integrates the economic, social and environmental aspects of these activities - has established the growing importance of the contribution of each Agent, whether a company or a consumer, to the construction of a better world. In this sense, the ecological nature of the product emerges as a distinctive factor in responsible consumption. The strengthening of CORTICEIRA AMORIM in the insulation market segment is a prime example and result of this new reality.

In this area, in addition to benefiting from a gift of Nature - transforming a natural raw material, extracted cyclically from the trees without damaging them, promoting the economic and social sustainability of zones at risk of desertification, making available high added value products that retain the unique, intrinsic characteristics of cork, in an integrated transformation process that produces virtually no waste -, CORTICEIRA AMORIM has conducted its activity by adopting and strengthening practices of sustainable development.

There has always been a culture of sustainability in CORTICEIRA AMORIM that we are keen to disseminate, encouraging shared reflection on the way that we carry out our activity and our thinking, with the contribution of our stakeholders, about potential improvements, for the benefit of us all. With this in mind, this year CORTICEIRA AMORIM began a project with a view to publish its first Sustainability Report in 2007.

CORTICEIRA AMORIM continues to have confidence in the future. The growing demand of the markets for high quality natural products reinforces this confidence. And it is with this confidence that we face the new challenges, in pursuit, at one and the same time, of economic prosperity, social justice and environmental quality.

Finally, on behalf of the Board of Directors, I should like to express our most sincere gratitude to our Clients and Shareholders, for the trust they have placed in us, to our Suppliers, for their support, and all our Staff, for their continuing dedication and professionalism.

Yours truly,



António Rios de Amorim

Chairman & CEO
CORTICEIRA AMORIM, S.G.P.S., S.A.

board members*

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António Joaquim Brochado Correia (ROC)

Substitute

Hermínio António Paulos Afonso (ROC)

* Board Members as of December 31, 2006.



significant events



january

Amorim & Irmãos received a visit from students on the Universidade Católica MBA programme. These students came from various European countries, and the initiative was intended to strengthen links between the Company and the University.

Corticeira Amorim Indústria was present at PAPERWORLD, in Frankfurt, Germany, where it presented the latest items in the Cork Nature range.

Amorim Isolamentos took part in BIOCLIMA in Bolzano, Italy, an important trade show in the ecological insulation product sector.

Amorim & Irmãos took part, as a partner, in the 7th edition of WINE EVOLUTION, held in Paris, France, an important event that is intended to make relevant information available to international executives in the wine and spirits trade.

The company's stand made available detailed information about their activities, products, and the fight against TCA. In parallel, the company organised a conference to present the latest developments in marketing and R&D in the cork stopper sector. All of these initiatives awoke significant interest from both the big world wine producers (Racke International, Bouvet Ladubay, Casa Lapostolle, Constellation Europe, Gaja, KWV International, Môt Hennessy) and important journalist from the international media (Decanter, Harpers, Sud Ouest, Business Week, France 2, Guia Peñín and Drinks Business).

Corticeira Amorim Indústria took part in SURFACES, Las Vegas, USA, with the aim of reinforcing the positioning of the AcoustiCORK range of products as the best underlay solution for insulating impact noise.

Amorim Revestimentos was present at HEIMTEXTIL in Frankfurt, Germany, where the company launched the new Ambiance wall coverings collection. This new collection was designed to develop the cork wall coverings market, at the same time offering the market a varied and

diversified choice. Throughout 2006, the collection has clearly been accepted by the market.

Amorim Revestimentos was present at DOMOTEX - INTERNATIONAL FAIR FOR FLOOR COVERINGS, Hanover, Germany, where the company launched the new cork (Nuances) and wood-look (Vintage) collections for floor coverings, and presented Ambiance, a new collection of wall coverings. This event made it possible to disseminate Xtreme WRT, an innovative technology for surface finishes, and to rebrand Wicanders, now more up-to-date and creative, which was greatly appreciated by visitors.

Wicanders was awarded a **Special Distinction** for the Acousticork NRT (Noise Reduction Technology) flooring, awarded by AIT: Architektur, Innenarchitektur, Technischer, a leading magazine in the field of architecture, interior design and technical construction. The prize was awarded for Acousticork NRT's performance in respect of significant reduction of impact and step noise.

Also in the course of the exhibition, readers of the professional interior design magazine *Eurodecor* chose Amorim Deutschland as their company of the year, in the category of **Best Product of Quality**, a reward for their constant search for high standards in cork floors and rigorous quality control - from the raw material to the finished product.

Amorim Industrial Solutions joined the ACECIA Consortium Integrated Components for the Automotive Industry, for the development of the prototype of the seat module, one of the most innovative projects in the auto-motive industry, with the collaboration of various companies in the sector and universities. This consortium will develop a physical prototype of the seat module, integrating new solutions among which the innovative cork compound that has been developed stands out.

february

As in previous years, Amorim & Irmãos sponsored the award REVISTA DE VINHOS' BEST OF THE YEAR, an event that took place in the Quinta do Roseiral in Ericeira, Portugal, where

significant events 2006

institutions, wines and companies in the wine-producing sector are honoured every year.

Corticeira Amorim Indústria was present at the AMBIENTE FAIR in Frankfurt, Germany, where they presented the latest articles in their range of Cork Nature products, with particular emphasis on the Stripes and Flower collections (patterned paper towels, trays and trivets).

CORTICEIRA AMORIM acquired the remaining 50% of the Equipar Group, which it now controls in full.

march

Holding of the Annual General Shareholders Meeting of CORTICEIRA AMORIM, SGPS, S.A., at which 71.6% of the Shareholders were present or represented.

CORTICEIRA AMORIM held an audio-conference to present the activities and the consolidated results obtained in the financial year 2005.

Sales reached 428 million euros. Due to, above all, the rationalisation of costs, a substantial improvement was seen in the EBITDA (+5.2%). Net Consolidated Results are 15.7% million euros and shareholders equity to net assets ratio reached 40%, allowing a proposed dividend of 0.05 €/share, an increase of 43% in respect of the 2004 dividend.

Amorim & Irmãos was present at the CONGRESS OF THE ASSOCIATION OF CATALAN OENOLOGISTS (ACE), dedicated to sensorial oenology. The congress welcomed the participation of well-known names in the field, including Juan Cacho (University of Saragossa), Dominique Delteil (international assessor and expert in the French market for the OIV, International Organisation of Vine and Wine), Jane Masters (Master of Wine) and Miguel Cabral (director of the R&D department of the Cork Stopper Business Unit).

CORTICEIRA AMORIM contributed to the organisation of the exhibition MADE OF CORK - FROM THE FOREST TO OUR HOUSE - promoted by the Faculty of Architecture of the Technical University of Lisbon, through the donation of insulating products, Wicanders coverings, and gaskets, among other items.

During the exhibition, a lecture was delivered on the topic of Cork - From Production to Application - given by Luís Gil of INETI (Portuguese National Institute of Engineering, Technology and Innovation), who drew attention to the unequalled characteristics of cork and the diversity of

applications of this raw material.

Wicanders established an important business alliance with Gradus Carpets in order to promote and distribute Wicanders floor coverings.

This partnership renews and strengthens Wicanders' presence in the United Kingdom.

april

Amorim & Irmãos received, in the Coruche unit, a visit from WSET - Wine and Spirit Education Trust, an organisation based in the United Kingdom specialised in the training of staff and technicians for wineries, hotels, catering, distributors and wine buffs in general.

Amorim Benelux took part in the fourth edition of the EUROPARKET FAIR in Maastricht, Holland, in order to present the new collections Nuances and Vintage, the Xtreme WRT finish, of Wicanders, and the Ipowood Kentucky Plank collection.

The Amorim Benelux stand was one of the most visited, in a fair with representation of 218 exhibitors from 24 different countries.

Amorim & Irmãos sponsored the BRUSSELS WORLD COMPETITION, one of the most prestigious wine and spirits competitions in the world, which, for the first time since it was created in 2004, took place outside Brussels. The event included the presentation of 5,450 samples, submitted for the appreciation of a jury made up of 200 international tasters, from 43 countries. Because this international competition was held in Lisbon, Portugal, it was possible for participants to view *in situ* the transformation of cork into stoppers in the biggest and most technologically advanced industrial unit in the world - owned by CORTICEIRA AMORIM, located in Coruche (Portugal).

Corticeira Amorim Indústria took part in important international exhibitions:

- INTERBUILD (Birmingham, United Kingdom);
- NATIONAL WOOD FLOORING ASSOCIATION (Baltimore, USA).

For the first time **Amorim & Irmãos** took part in the **WINE AND BEVERAGES EXHIBITION in Krasnodar**, the capital of Russia's main wine-producing region. Their presence at this trade fair reinforced the image of CORTICEIRA AMORIM as a world leader in cork stoppers in a market with strong potential for growth.



may

CORTICEIRA AMORIM presents Consolidated Results as of 31 March 2006

In the first quarter of 2006, Sales reached 114.5 million euros, an important increase of 7.4% as compared with the same period of the previous year, to which all the Business Unites made a positive contribution. Net Consolidated Results rose to 3.8 million euros.

Amorim Revestimentos again attended TEKTÓNICA - INTERNATIONAL BUILDING AND CONSTRUCTION FAIR in Lisbon, Portugal. In the Innovation Space - Selective Display of Innovative Products, intended to foreground products, services or equipment that are innovative in technical, functional or aesthetic terms, **Wicanders Xtreme WRT-Mele** high resistance varnish received an Honourable Mention for its high performance, presentation and quality.

Corticeira Amorim Indústria took part in important international exhibitions:

- COVERINGS (Orlando, Florida - USA);
- LINEAPELLE (Bologna - Italy).

Amorim Isolamentos was present at important events in the building materials sector:

- SAIE (Bologna - Italy);
- TEKTÓNICA (Lisbon - Portugal).

june

Amorim & Irmãos was present at the 3rd edition of TECNOVIS - SALÃO DE TÉCNICAS E EQUIPAMENTOS PARA VITICULTURA E ENOLOGIA na Exponor (Portugal), the biggest meeting of the wine-producing sector in Portugal, organised jointly by EXPOVINIS, TECNOVINIS and the SALÃO GOURMET. Aimed at professionals in the sector, TECNOVIS aims to disseminate, promote and strengthen commercial relations between professionals in the field, as well as contribute to the internationalisation of Portuguese companies, hence the presence of important foreign purchasing agents.

Amorim & Irmãos received a visit from TV Galiza, to film CORTICEIRA AMORIM's industrial units and the cork oak forest, for the weekly programme *Labranza*, which aimed to demonstrate the close relationship between nature and the economy.

Over the course of two days the TV Galiza team was shown

the entire production process of Amorim cork stoppers, from the forest to the end product.

The programme, broadcast in July, attracted a large audience and led to numerous contacts and recognition from clients and suppliers in the North of Spain.

Corticeira Amorim Indústria launched the website www.acousticcork.eu with technical information about the products, aimed especially at professionals in the building sector.

The site for acoustic underlays is designed as an important communication tool for the AcoustiCORK brand, which has already been extremely successful in the USA and is already very well imbedded in the European market.

Amorim Cork South Africa made a gift of cork floors to the community day centre for agricultural workers, playing an active role in the official launch of the Fairhills Association, a project recognised by Fairtrade. Cork floors have been used in nurseries, additional classrooms and kitchens.

The internationally recognised Albariño Wine now has a label that specifies the kind of stopper, the natural cork stopper, supplied by Amorim & Irmãos. José Araújo Peña, wine producer from the Spanish winery Viña Araújo, states that the choice of cork is due to the fact that it is a natural, sustainable product that allows the wine to develop naturally and that the choice of Amorim cork stoppers is in itself a guarantee of quality and consistency.

july

CORTICEIRA AMORIM announced the process to acquire 50% of the French company Société Nouvelle des Bouchons Trescases, S.A., clearly increasing their capacity to distribute high quality cork closures in the biggest and most faithful world market.

Corticeira Amorim Indústria was present at the INTERNATIONAL STATIONERY AND OFFICE PRODUCTS FAIR (ISOT) in Tokyo, Japan, the most important Asian fair for stationery and office articles. New cork pin boards and tableware were exhibited, with special emphasis on the Trendy and Futebol collections, two collections developed internally by the company designers, and the Flower collection, by the designers of Bleach Design.

Amorim & Irmãos - Industrial Unit PTK - obtained FSC certification-Forest Stewardship Council. With this

significant events 2006

recognition, Amorim & Irmãos has achieved Chain of Custody Certification - the path travelled by the cork from the forest to the consumer, giving the client a guarantee that the product originates from a certified forest.

In Portugal only 18 institutions have been certified by the FSC, three of which belong to CORTICEIRA AMORIM.

august

CORTICEIRA AMORIM held an audio-conference to present its activity and consolidated results for 2006 first half.

With a positive contribution from all the Business Units, Sales reached 234.9 million euros, which represents a growth of 5.9% in comparison with the same period of 2005. A progressive improvement was observed in Gross Margin, which registered the historical value of 50%. Net Consolidated Results reached 8.2 million euros.

september

Amorim Revestimentos sponsored the HISTORY AND TRADITIONS OF JAPAN EXHIBITION, the biggest cultural exhibition held in Oporto in recent years.

Amorim Isolamentos organised the 1st INTERNATIONAL CONFERENCE - COMPOSITE CORK PRODUCTS IN INSULATION, in Lisbon, Portugal, with the aim of exchanging technical know-how in applying insulation corkboard, regranulated and coconut fibre, in thermal and acoustic insulation, in accordance with the legislation in force and prevailing culture in each of the participating countries.

Forty technicians from fourteen countries attended the event, and had the opportunity to see the cork oak forest, the process for producing insulation corkboards and coconut, as well as the quality control procedures. There was also time to travel to the Coruche Industrial Unit Equipar, the Cork Stopper Business Unit, where they were shown the transformation of cork into stoppers in the biggest and most technologically advanced industrial unit in the world.

Corticeira Amorim Indústria took part in various international events:

- NATIONAL FLOORING SHOW (Harrogate-United Kingdom);
- AMBIENTE FAIR (Moscow - Russia);
- BUSINESS MISSION TO THE BALTIC STATES (Latvia, Lithuania and Estonia), organised by the ICEP.

The Big Five range of wines with Amorim cork stoppers. In collaboration with WWF, the African Dawn Wines launched The Big Five range of wines, intended to support five species of African animal: the buffalo, lion, African elephant, leopard and rhinoceros.

The Big Five wines are carefully produced from vines that obey South African wineproducing industry guidelines on biodiversity, with the aim of minimising loss of natural habitat and contributing to the sustainable development of wine production.

The selected closure was the cork stopper, specifically the Amorim cork stopper, the first and, to date, only cork company in the world to have its chain of custody certified by the FSC (Forest Stewardship Council). FSC certification of the cork oak forest and Amorim & Irmãos' own transformation units guarantee the preservation of the natural heritage, natural resources and endangered species.

october

Amorim Deutschland was present at the HOLZLAND EXPO, held in Hanover, Germany, with the exhibition of Ipcork's Xtreme WRT covering, articles from the Ipcork Selection and new products for 2007.

Amorim & Irmãos received an important Australian Parliamentary Delegation, which included His Excellency, the Australian Ambassador to Portugal, Mr Luke Williams. In a visit to the industrial unit at Coruche, they were shown the Amorim cork stopper production process, the cork at the stabilisation phase, show the raw material is chosen, the CONVEX® boiling system and the manufacture of discs for champagne corks.

Amorim Industrial Solutions has affiliated with the Massachusetts Institute of Technology (MIT) Programme, celebrated with the Portuguese Government. This agreement, signed with ten companies from the automotive sector, aims at an undertaking to double investment in R&D and encourage the international registration of patents. In addition, the companies involved have guaranteed to contract graduates with a PhD in numbers that correspond to the best international practice, which will provide this sector with important resources for success in R&D.



Amorim Cork South Africa celebrated its 25th anniversary and received a business prize from the ICEP - Instituto das Empresas para os Mercados Externos, in recognition of their 25-year presence in South Africa, supporting and actively promoting Portuguese cork products.

The ceremony, which took place in the Arabella Sheraton, was also marked by the presentation of a collection of Portuguese-South African wines, an innovative wine-making alliance between Europe and Africa, wine-producing countries in the Old and New Worlds, based on the grape varieties Touriga Nacional (Quinta Nova) and Pinotage (Bottelary Hills).

Tomas Cordes, Managing Director of Amorim Deutschland, is the new President of the German Cork Association. The new board of management, elected unanimously, intends to carry on the work already begun, in order to maintain the trend that has taken place in the covering and insulation markets, which have presented continuing rates of growth for more than ten years.

november

CORTICEIRA AMORIM presents Consolidated Results as of 30 September 2006

In the first nine months of 2006, Accumulated Sales reached 335.6 million euros. EBITDA and EBIT registered significant growth resulting from increased Sales, maintenance of the Gross Margin at higher values and containment of the level of operating costs. The Net Consolidated Results reached 13.8 million euros, an improvement of 16.7% in respect of the same period in 2005.

Amorim Isolamentos obtained renewal of the ICEA ecological certificate (Istituto per la Certificazione Etica e Ambientale), which includes the raw material, the production process, the environment and the product.

Amorim Industrial Solutions was present at the 2006 SMALL ENGINEERING TECHNOLOGY CONFERENCE in Texas (USA), to display their corkrubber solutions developed specifically for this market segment.

Among those taking part in the conference were designers, engineers and the managers of the biggest world manufacturers of Small Engines, such as Honda, Kohler, Kawasaki and Briggs & Stratton.

The US market is a high priority for Amorim Industrial Solutions since it involves an annual production of 22 million small engines.

Amorim & Irmãos organised two WINE FAULTS WORKSHOPS, in London, United Kingdom, with the cooperation of the independent wine producer and scientist Pascal Chatonnet. The participants had the occasion to test the odours of wines affected by TCA, TBA, TeCA and, for the first time in the United Kingdom, reduction aromas typical of the defects created by screw caps.

The sessions were aimed at the press, trainers, critics, caterers, dealerships, merchants and agents, who regularly communicate with the end user and who are ideal ambassadors to convey accurate information about the cork stopper.

december

Corticeira Amorim Indústria and Amorim Industrial Solutions took part in the INTER-NOISE USA/JAPAN EXHIBITION & CONFERENCE, in Hawaii, USA, to present their insulation products to a broad panel of international acoustics specialists.

Amorim Revestimentos installed their products from different ranges, throughout 2006, in landmark works:

- Offices of legal firm CMS, in Brussels-Wicanders Series 4000 Wood-o-Cork;
- Eijerkamp Furniture and Decoration Company, in the Netherlands - Wicanders Series 4000;
- Wieltjesgracht Assisted Living Accommodation, in Western Flanders - Wicanders Series 3000;
- Alba Resort & SPA Suites, Portugal - Wicanders WRT "Cherry";
- Flemish Institute for Technological Research, Belgium - Wicanders Series 1000;
- Westfries Archive Museum, Holland - Wicanders Series 4000 and Wicanders Access Floors;
- De Strijp-Waterhof Reception Centre, Holland - Wicanders Series 200;
- Siebel Juweliers Jewellery Chain, Holland - Wicanders Series 3000;
- Funda Offices, Holland - Wicanders Acousticork NRT Series 3000.

Amorim Isolamentos obtained "R" certification, certification that identifies the main composition of the product, granting company products the classification of ecological product. This distinctive marking is extremely important in the main European markets, especially Germany.

significant events 2006

CORTICEIRA AMORIM inaugurated the Museu do Fundador (Founder's Museum) in Santa Maria de Lamas, Portugal, in the building that housed CORTICEIRA AMORIM's first industrial premises.

The Founder's Museum is where the history of cork and the Amorim Family come together and interact. In an homage to the founder, António Alves de Amorim, his successors and the people who have worked on behalf of the cork sector, the Museum has recovered all the elements that constitute the heritage of this industry: written material, historical documents, photographs, illustrative panels, work tools and instruments and many other objects of interest.



**consolidated
management report**



To the Shareholders.

In compliance with article 65th of the Portuguese Companies' Act (Código das Sociedades Comerciais) and "Regulamento" (CE) nr. 1606/2002 of the European Parliament and of the Council, of June 19th, 2002, regarding the use of the international accounting policies, namely its clause nr. 4 that rules the adoption of the said policies when elaborating the consolidated accounts for publicity traded companies, we respectfully submit for attention the Consolidated Management Report, the Consolidated Accounts for the financial year 2006 and those other documents which pertain to CORTICEIRA AMORIM, S.G.P.S., S.A. (henceforth designated CORTICEIRA AMORIM) required by law for rendering accounts.

1

macroeconomic overview 2006

global overview

In 2006, the World Economy showed strong and sustainable growth together with low inflationary pressures, estimates pointing to a rate of 5,1%. It was the fifth year in a row it has printed a growth rate above 4,0%, in what becomes the longer period of steady and meaningful expansion in world history. Though seeing a positive and unexpected improvement in the last three months of the year, the US economy slowed down during 2006 as forecasted. The Japanese economy, in turn, has strengthened previous gains, benefiting from a significant increase in Fixed Investment and should have overcome the deflationary context it was living in. But it was the Euro Area economy that surprised on the upside by growing above its potential medium-to-long term rate, an outcome nothing could even imply a year ago. Emerging Asia kept showing high rates of growth, determining a change in world wide economic order. World trade maintained the strong rates of increase seen in recent years (8,9% in 2006 according to the IMF) now representing more than 30% of world GDP. In most economies, monetary policy was conducted in a way to gradually reduce previous expansionary conditions. Inflation was structurally moderate even if commodities trended upwards, estimates assuming it has register a 2,6% increase in developed economies and 5,2% in developing ones.

euro area

2006 was the recovery year for the Euro Area - growth surprised even the more optimists, printing, estimates say, a year-on-year change of 2,7%. In practice, it was almost double the rate of increase of 2005. A diverging path was seen among its main members, with a clear lead from Germany and something of a slower pace coming from France. Economic recovery was lead by external demand (an estimated gain of 0,3%) and by fixed investment (an increase around 4,3%) but as the year went by it started to spread even to private consumption. Domestic demand should have raised 2,5%. A favourable trend in employment, an essential pre-condition to higher propensity to spend by households, was another positive development in 2006, with estimates assuming that unemployment rate must have fallen from 8,7% a year ago to 8,0% now. Fiscal consolidation efforts and higher tax revenues from an improved macro context resulted in the reduction of the budget deficit from 2,5% to 2,3% of GDP between 2005 and 2006. Public expenditure should have trended upward although moderately, around 2,0%. The ECB kept the policy of gradual reduction of monetary support to the economy, having raised the Refi Rate to 3,5% by the end of 2006. Once again, and for the seventh consecutive time, inflation printed above the price stability target, registering 2,2%.

united states

The United States should have grown at an estimated rate of 3,3% in 2006, reflecting, from the second quarter onwards, the joint impacts from the housing bubble correction, the contraction at the automotive sector level and the lagging effects from the continuous increase in interest rates - a tightening cycle that started in July 2004 and saw the Federal Reserve take the Fed Funds Rate till a maximum of 5,25% in August 2006, having agreed for steady rates with a tightening bias since then. Economic expansion reached its mature phase and the signs of slowdown became visible. Regardless of the negative impact of higher fuel costs in consumers confidence, private consumption (estimated change of 3,2%) and non-residential investment (an increase of 7,6% due to a strong set of corporate earnings) were the engines of the economy, with external demand subtracting less from economic expansion than before (it should have taken 0,1% from GDP growth) . The public deficit should have diminished to 2,2% of GDP benefiting from good results at the tax revenues level. The external deficit should have reached 6,6% of GDP but stabilized afterwards. Inflation trended on the upside, ending 2006 at 3,3%. Labour market conditions improved allowing the US economy to post an unemployment rate of 4,7%.

portugal

In 2006, Portugal should have registered a growth rate of 1,2%, trebling the rhythm of expansion in comparison to the previous year, and giving start to the economic recovery. Still, the country has grown less than the European average, a result that it repeats for the seventh consecutive time since the inception of the Euro. Differently from previous years, external demand was the leading component of economic growth. Investment, both public and private, should have contracted more than in 2005 and negatively biased economic performance while private consumption should have decelerated to levels near 1,0%. Public accounts

should have printed according to the planned in Stability and Growth Programme reflecting consolidation measures and so assuring the fiscal deficit should have reached 4,6% of GDP. Contrary to what was expected (assuming the path seen in the first year half), unemployment should have augmented to end the year at a rate of 7,7%. As to inflation, it should have accelerated to near 3,0% a reflex of the increase in tobacco taxes and the lagging effect of the rise in the VAT standard rate that happened in 2005. The basic balance, the sum of the current account and the capital account, should have reached a gap of 7,6% of GDP, comparing favourably with the level seen in 2005 but showing how dependent and sensitive is the Portuguese economy to external developments.

2

operating activities

The companies that constitute the perimeter of CORTICEIRA AMORIM are structured in Business Units (BU). The most relevant events that have taken place in the financial year 2006 are reported in reference to these units.

raw materials



This Business Unit (BU) brings together the management of purchasing, storage and preparation of the sole variable common to all the activities of CORTICEIRA AMORIM, which is the raw material, cork.

In terms of purchasing policy, during 2006, the BU proceeded a sustained and continuous purchasing strategy intended to assure, both at quantity and quality levels, the raw material (cork) necessary for the activity of the different BUs of CORTICEIRA AMORIM.

As anticipated, the quantity of cork extracted in 2006 was exceptional, in addition to the quantity that would be extracted in the year in normal conditions - 2006 was one of the highest harvest in the nine-year cycle - an exceptional increase was noted, resulting from the cork that remained on the tree in 2005 (because of the effect of the drought that affected the Iberian Peninsula in that year).

However, the expected drop in the price of cork, stemming from the exceptional amount harvested, did not take place. There was even a slight increase in the average price of the campaign in relation to 2005, partially explained by greater investment in top grades.

It should be emphasised that in 2006 the centralisation of disc production in the industrial units in the South of Portugal was concluded, with an impact on the growth in industrial efficiency already visible in the year under consideration.

The mission of this BU is to optimise the purchase of the raw material and apply it as well as possible. So, the profitability of an area as strategic as this cannot be measured by traditional means, like the net results obtained. The principal objective of this BU is to supply the raw materials to be rendered profitable in CORTICEIRA AMORIM's chain of value. Because of this, since it is an activity that cuts across the entire Organisation, the performance of this unit necessarily exerts an influence on the performance of the other BUs.

In 2006 this BU began to transform the cork acquired in 2005. This fact gave rise to growth of more than 15% in the year's gross margin, the effect of an extremely positive quality/price pairing, which demonstrates the good performance in the 2005 purchases. The EBITDA and EBIT thus had an impressive growth, around 19% and 28%, respectively.

cork stoppers

During the financial year, the remaining 50% of Equipar were acquired giving CORTICEIRA AMORIM complete control of this entity. 50% of Trescases have also been acquired. These acquisitions represent the strengthening of industrial presence alongside forest production (Coruche, Portugal) and reinforced distribution to the biggest world market in cork stoppers (France), with special emphasis on top-of-the-range wines.

Because of its potential impact on levels of industrial efficiency, it should also be pointed out that industrial restructuring of the BU was concluded at the end of July. This made it possible for industrial units to specialise by product, and modernise their respective manufacturing processes.

With all of these measures coming into effect at the beginning of September, it is possible to state that by the end of the financial year the conditions were met for full use of the benefits planned for this project which began in 2005.



After a good performance in the 1H06, with growth in volume and value, sales in the Cork Stoppers BU were adversely affected by a weak 3Q06, due to problems, now solved, in getting the new industrial units started. The good performance of the Natural cork and Neutrocork® stoppers, with increases of 5% and 24% respectively, has made it possible to offset both that effect and the expected slowing that was seen in Twin Top® cork stoppers, especially in the Australian market. At the level of markets, the good performance registered in France, USA and Chile should be highlighted. As a result of the political conditions prevailing in the region, sales to the Republic of Moldova were severely affected.

Sales in the financial year present a break of 1.3% in respect of 2005, having also been negatively influenced by the fall in sales of low added value merchandise, which explains all that deviation.

Although the restructuring costs have impacted the year 2006, and the positive effects will be seen in full in the years to come, the good performance in sales mix and the main operating costs, have led to an increase in EBIT of 4.6%. It should be emphasised that this variation does not take account of the company Trescases which, from 2006, will consolidate through the equity method and which has contributed 0.2 M€ to the consolidated results.

At the end of 2006, invested capital shows an increase of 1.3% as compared with December 2005, the result above all of investments associated with the industrial restructuring, which gave rise to a global level of investments in fixed assets superior to the depreciations of the financial year.

floor and wall coverings

Confirming the evolution of the previous financial year, throughout the financial quarters the Floor and Wall Coverings BU presented a set of indicators that support a fairly positive view of this BU. Sales reached 121.6 M€ (+7.6%), with sales of core products (cork floor coverings and decorative wall coverings) presenting even higher growth (+9.7%). This increase is supported in equal parts by volume, price and product mix. Non cork floor coverings (woods and laminates) registered a more modest increase (+2%) and the remaining products (varnishes, glues and products from other BUs) showed stability.

The introduction of the new high resistance Wicanders® Xtreme WRT® products, an innovative product launched at the Domotex Fair in 2006, had also a significant contribution to the improvement in Sales and Results.

Supported by the growth in sales of its core products and by maintaining high margins, the BU's EBIT reached 11.2 M€, an increase of 34% as compared with 2005.

composite cork

In 2006 this BU registered a growth of 4.5% in sales, as compared with 2005, reflecting the reinforcement of its commercial presence in the main markets. This strengthening of activity was particularly visible in the products and applications intended for external clients.

At the same time, the supply of granulates to the Cork Stoppers BU suffered an anticipated decrease in 2H06, as a consequence of the greater production capacity that it had itself acquired. In comparison with 2005, this factor led to a reduction in sales in this specific segment but did not, however, prevent overall growth in the BU's sales (in value and in quantity).

In general, the Construction and Footwear segments maintained the upward trend seen in recent years, with significant growth in the main markets. The remaining industrial applications segment also showed a positive performance vis-à-vis 2005, making good the loss registered that year as compared with previous years, while the trading in products aimed at mass consumption (Home and Office) has remained relatively stable over the last financial year.

In an analysis made by product lines, what stands out is the growth in sales of composite products, which are effectively the great driver of the global growth that has taken place, contrasting with the maintenance of the activity level in granulates and cork articles for home and office.

As regards gross margin, despite increased sales, it was not possible to avoid a fairly expressive break in the indicator. More than the competitive pressure on prices in the markets or than the actual sales mix, it was above all the increase in average cost of the components, raw and subsidiary materials incorporated into the manufacturing processes that contributed most to this unfavourable evolution.

Despite the abovementioned increase in activity, operating costs remained at practically the same level as 2005, largely due to Staff Costs which fell more than 4.5%.

In the light of the above, the EBIT of this BU decreased, from 4.9 M€ in 2005, to 2.4 M€ in the current financial year.

At the end of 2006 invested capital registered an increase of 1.8% as compared with the same period of the previous year, due in particular to the growth of capital invested in stock.



cork rubber

In 2006 sales in this BU showed an important increase of 6.6% in comparison with the previous year. Attention should be drawn to the following:

- sales of cork rubber in line with those of the previous year, with the decrease in sales to the automotive sector offset by the growth in sales for other applications (mainly acoustic and vibratic insulation and industrial applications);
- increased sales of cork composition sheets;
- growth in sales of products made of recycled rubber, especially in applications that generate a better margin.

Gross margin increased 6% in respect of the previous year. This growth should be emphasised, due especially to a more favourable sales mix and increased efficiency in the industrial processes, with better indices of use of the materials.

Despite the good performance in gross margin, it is the operating costs (and their strong reduction) that explain the significant improvement in the EBIT.

As a result of the reorganisation carried out during 2005 and 2006, which involved a strong reduction in operating costs, the Cork Rubber BU recovered from an extremely negative EBIT in 2005, of around -4.1 M€, to a near break even in the current financial year (-0.3 M€).

Despite the abovementioned increase in activity, capital invested at the end of 2006 remained at practically the same level as in December 2005.

insulation cork

Sales of this BU in 2006 registered an increase of 8.3% in respect of the previous year, giving continuity to the significant growth shown in previous financial years.

This growth demonstrates the strong and growing enthusiasm throughout all the markets for the ecological products that constitute this BU's offer.

In terms of geographical areas, this evolution is supported by an excellent performance in the main markets of Europe, Asia and the Middle East.

As a result of the increase in activity, the gross margin of the financial year registered a growth of 11.4% as compared with 2005.

This increased level of activity was accompanied by an increase in the main costs indexed to production, namely the energy costs, which did not prevent the BU from registering a significant growth in the EBITDA and EBIT of approximately 24% and 32%, respectively.

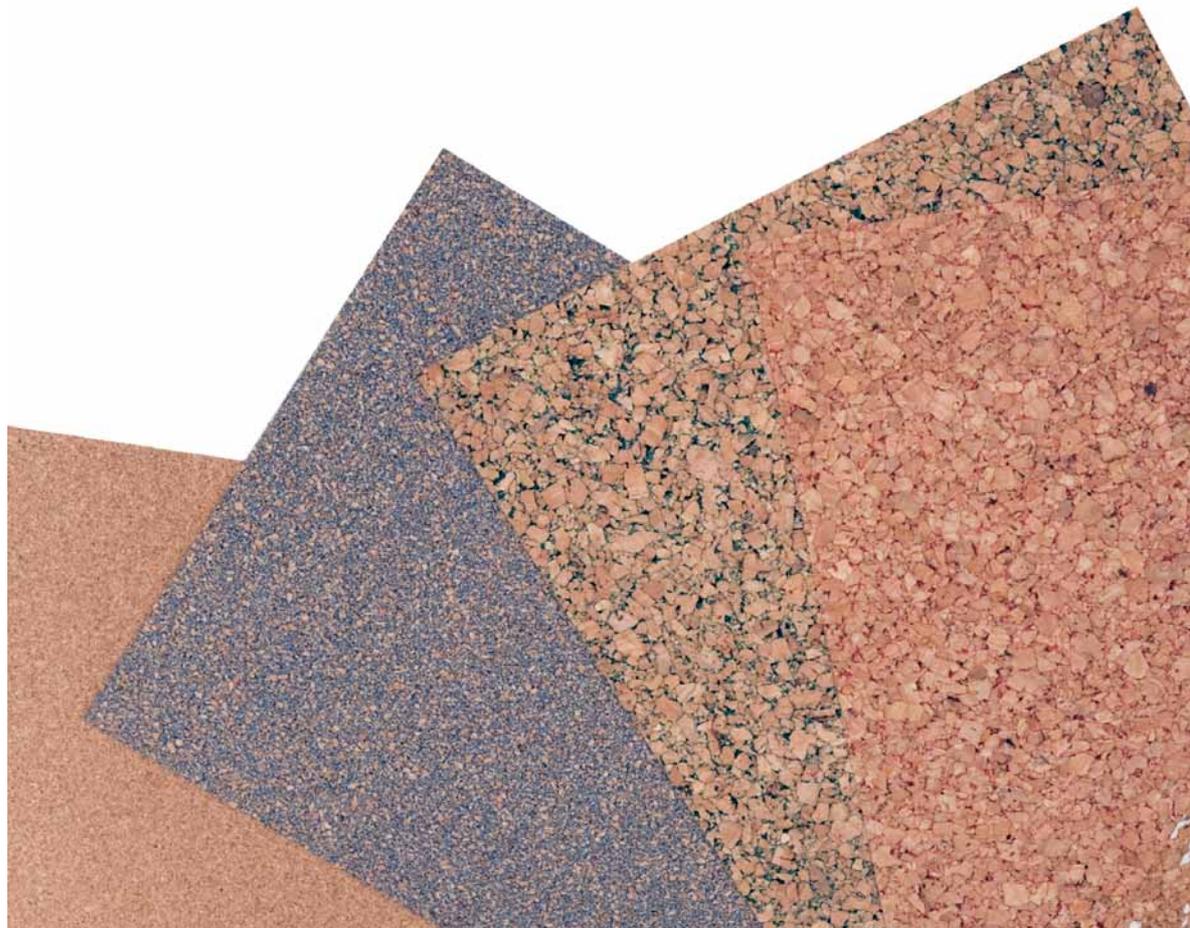
Despite the increase in activity, the invested capital at the end of 2006 shows a decrease of 6.3% as compared with the same period of the previous year, resulting especially from a reduction in the capital invested in clients and stocks.

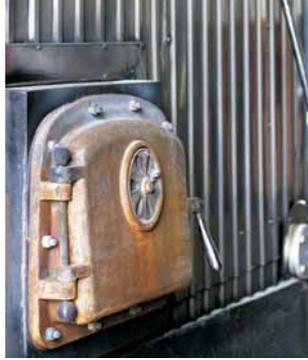
3

research & development

In 2006, CORTICEIRA AMORIM reaffirmed its permanent strategic commitment to innovation, by reinforcing the resources for Research & Development (R&D) and by obtaining results that clearly differentiate CORTICEIRA AMORIM's products and that strengthen its leadership in Innovation and Technological Development.

The establishment of a knowledge network within CORTICEIRA AMORIM has it made possible the increase Research & Development synergies, through sharing and transferring knowledge between Business Units. Some of the new products launched in 2006 are a good example of this interaction.





Development of New Applications and Products in/with Cork (DNAPC)

This research group was established in 2004 with the strategic purpose of coming up with and developing new applications and new products for cork, in addition to those which are currently manufactured by the cork industry. Among those projects undertaken in 2006, the following should be singled out for attention:

- the conclusion of the absorption project: the studies carried out to date have revealed the potential of cork for use as a material to absorb different kinds of oils. In 2006, in a joint undertaking with the Composite Cork BU, a partner was identified and work began to develop functional packaging solutions. CORTICEIRA AMORIM applied for patent for this new cork application;
- the valuing of components extracted from cork: the activities undertaken in 2006 were intended both to optimise the extraction of components from the cork, and to proceed to their characterisation with a view to transforming them for higher added value applications;
- the activities associated with the European project STREP WaCheUp, due to finalise in May 2008: this involves eight European partners and aims to transform the residues (and by-products) of the cork and wood pulp industries into high added value chemical products, and, at the same time, develop ecological methods integrated into the cork/wood pulp production cycle in order to obtain the abovementioned products and study possible applications of components obtained in this way. Activities relating to this project will continue in 2007;
- the study of glues and adhesives obtained from cork: with this project it is intended to develop a more natural glue, obtained from the components extracted from cork, that may then be used in the cork industry itself. The activities relating to this project will continue in 2007.

cork stoppers

The Cork Stoppers BU has continued to frame its activities within the following strategic orientations:

- 1.resolving the TCA question;
- 2.improving product performance;
- 3.increasing product knowledge;
- 4.optimising the production processes;
- 5.developing new types of cork stoppers.

For the issue "Resolving the TCA question" it stands out the progresses registered in the ROSA®*Evolution* process, namely the excellent results obtained with the prototype. This evolution of the ROSA® system for application in natural cork stoppers not only makes it possible to improve the performance indicator, but above all it does not deform the natural cork stoppers and thus avoids the later correction phase. The importance of this process should be emphasised, because of its potential impact on winning market share, especially in the top wine segment. Given the good results obtained, the first industrial equipment will be installed at the beginning of 2007.

The development of a new glue for gluing discs has resulted from projects implemented to obtain new glues, under the strategic orientation "improving the performance of the product". This will be put into effect in 2007 in one of the industrial units.

Research into new agglomeration glues has been stepped up, with the result that by the end of 2006 different solutions were being tested.

Concerning the "increase of knowledge of the product", because of the impact it has had in the main markets, attention should be drawn to the publication of another article¹ on the comparative permeability of synthetic stoppers, aluminium capsules and natural cork stoppers, where there are clear advantages in the use of cork stoppers.

Studies on permeability will continue in 2007, in order to strengthen leadership in knowledge about the interaction between wine and different types of stopper. With this purpose, in 2006 a new doctoral graduate was contracted for the Research & Development of this Business Unit and it was decided to sponsor a new doctoral researcher in 2007.

The year 2006 saw the beginning of far-reaching studies on the impact of the type of bottle (bottleneck) and the importance of the composition of the stopper, in the performance of champagne stoppers. This project, developed in partnership with an important winery, will continue in 2007.

In the strand "Optimising the production processes", the project to develop new processes for boiling cork deserves a special mention. Given the good results obtained with the prototype, this project will continue in 2007.

Under "Developing new types of cork stoppers", attention should be focused on the conclusion of the second phase - identifying viable formulations - of a project developed in partnership with a research centre in the United Kingdom. This will continue in 2007 when tests are conducted on the formulations that have been developed.

floor and wall coverings

Research & Development in this BU has responded to the global trends of the coverings market, as well as the specific characteristics of particular geographical areas, and 2006 has demonstrated the effects of some of the projects that have been developed. Thus, among the activities and projects carried out in this financial year, the following are worthy of attention:

- the launch, in January 2006, of the new cork look (Nuances) and wood look (Vintage) collections for floor coverings, and the new Ambiance collection for wall coverings;
- the finalisation of the project to increase resistance to ultraviolet rays, which resulted in an upgrade of the Ambiance collection for wall coverings, which then presented a surface finish with increased resistance to ultraviolet rays, through the introduction of UV absorbers;
- the finalisation of the project to develop innovative floors, which will lead to the launch of a new collection, at the beginning of 2007;

¹ - Lopes, P.; Saucier, C.; Teissedre, P.L.; Glories, Y. Impact of Storage Position on Oxygen Ingress through Different Closures into Wine Bottles . J. Agric. Food Chem. 2006, 54(18); 6741-6746.



- the finalisation of the study of the properties of cork floors that reveal the degree of comfort experienced by the users, through the study of their biomechanical properties. In the first phase, aspects relating to the comfort experienced in the short or medium term were identified; then a relationship was established between this perceived comfort and the biomechanical properties. This study, by making it possible to increase technical knowledge of the product, will promote the development of new products and reinforce differentiating characteristics;
- the development of the new HPS varnish (High Protection Surface), for application to PVC, which not only bestows a natural look on the product, but also increases resistance to scratching, stains and shoe marks. This new solution will be presented to the market in 2007;
- the project to increase resistance to fire, aimed at obtaining a solution that will strengthen resistance to abrasion and to fire, which will continue in 2007;
- the Ecobinders project: Amorim Revestimentos is one of the partners in this project with various European partners, including Amorim & Irmãos - of the Cork Stoppers BU. The aim of the project is to obtain an ecological agglomerant, using cork components as the agglomerating agent. This project will continue in 2007.

composite cork

Among the Research & Development activities and projects developed by the Business Unit during 2006, those aimed at the Construction and Industry segments stand out in particular:

construction

- the partnerships undertaken with Portuguese universities, which have made it possible to enhance technical information about the products, their dissemination among architects, civil engineers and clients;
- the development and launch of new backing products for floating floors, with three available solutions, one with expanded cork and two with corkrubber, that register excellent performance in the reduction of impact and step noise;
- the finalisation of the development of a waterproof cork membrane. As a result of this project the waterproof membrane was launched at the Surfaces Fair at the beginning of 2006. This product, in addition to being impermeable to water, makes it possible to deaden the vibrations caused by the movement of tectonic plates, thus preventing fissures in ceramic floors;
- the launch of underlays of composite cork with rubber for the DIY (do-it-yourself) segment. This solution was based on the underlay made of composite cork with coconut fibre, which is positioned at the top of the market in terms of acoustic performance, but which demands a level of expertise in the application that is not compatible with the DIY segment. For this reason the BU offers a product with high performance in acoustic insulation, for both the professional segment and the DIY segment;

- the European Technical Approval (ETA) for three of the BU's main underlays. This technical evaluation has validated CE marking of these products for the use in ceramic floors, marking which is currently required in various construction projects in the European market;
- the development of the new ProfileCORK acoustic underlay, with a wavy structure that significantly improves insulation from impact noise, allowing air to circulate between the floor and the cement screed. It is precisely this mass of air retained below the underlay that explains the excellent acoustic performance and improvement in comfort when walking. ProfileCORK may be used in different types of floor covering, such as floating floors or stick down wood.

industry

- characterisation of cork, in accordance with the specifications of the European Space Agency (ESA). An industrial partner has been identified for the development of the new Application/system with cork;
- participation in the ATPJ Project (High Performance Damping Technology for Aircraft Vibration Attenuation and Thermo-phonic Insulation), technically led by AIRBUS, with a view to developing a vibratic and thermo-phonic insulation for aeroplanes, based on cork;
- development of the project to use agglomerated cork as the core material for composite Materials, in partnership with a Portuguese faculty (Instituto Superior Técnico).

cork rubber

Among those projects developed by the Cork Rubber BU, the homologation and development of new products stand out in particular, namely:

- development and approval of the fourth moulded gasket for Heavy Duty Diesel (fourth gasket in the space of three years of cooperation with the client);
- extension of the range of acoustic insulation products to means of transportation - by land and by sea - with the introduction of high performance fire resistant materials;
- development of the CPGC - Cork Pu Gel Composite - range of products, with a view to their use in medical applications;
- continued development of components for integration into the "Seats" module under development by the Complementary Grouping of Companies ACECIA: this project has demonstrated that cork can make it possible to reduce the volume of seats to less than half, offering the same comfort. In addition to being recyclable, it contributes to reducing Automobile consumption and emissions. This project already in the functional prototype phase will continue in 2007.

Mention should also be made of the work developed by the Research and Development Department of the Business Unit in Structuring and consolidating know-how relating to the advantages of cork rubber vis-à-vis the alternative technologies, in industrial sealing applications and acoustic applications. This know-how is an essential infrastructure to support the development of new business in these applications.



4

integrated management system

Quality, Environment, Safety and Forest Sustainability

The year 2006 was marked by the consolidation of the integration of processes into the strategic perspectives of the balanced scorecard, reinforcing the sustained development of the Organisation by aligning different management subsystems that promote efficiency. Thus, in respect of 2006, the following should be singled out for attention:

- The Forest Stewardship Council (FSC) certification of Amorim & Irmãos, S.A. - Industrial unit PTK, the third CORTICEIRA AMORIM unit to be certified by this International Organisation. This certification is exceedingly important, since it makes it possible to offer Clients increased guarantees of business ethics throughout the chain of custody: from the forest to the end product, at the same time preserving the cork oak forest;
- Amorim Isolamentos renewed the ICEA (Istituto per la Certificazione Etica e Ambientale, Italy) ecological certification, having obtained the "R" certificate, the certification that identifies the main composition of the product, classifying expanded insulation cork boards as an ecological product;
- the certification of Amorim & Irmãos S.A.'s four main distribution units with International Standard NP EN ISO 22000 (Food Safety Management System); the "Amorim Distribuição" unit retained International Standard NP EN ISO 14001 Certification (Environmental Management System);
- Corticeira Amorim - Indústria, S.A. implemented an Environmental Management System and a Safety and Hygiene in the Workplace Management System, in keeping with International Standards NP EN ISO 14001 and OHSAS 18001, respectively;
- CIPR certification (International Code of Good Bottle Closure Practices) of Corticeira Amorim- Indústria, S.A., with a view to producing granulates for cork stoppers;
- Amorim Cork South Africa maintained accreditation by the Wine Industry Ethical Trade Association (WIETA), as well as by International Standards ISO 9001:2000 and HACCP 0330 (Hazard Analysis Critical Control Points);
- the maintenance and improvement of ISO 9001:2000 quality management systems in the remaining industrial units;
- the retention and improvement of CIPR certification (International Code of Good Bottle Closure Practices) in all the units that produce cork stoppers.

5

human resources

Qualifying and Valorising

This has been a year of change, characterised by the restructuring of some industrial activities, the commitment to development and to valorising employees' competencies was reinforced.

To be highlighted here: the two cycles of Recognition, Validation and Certification of Competencies (RVCC), in the Floor and Wall Coverings and Cork Stoppers BUs, with significant participation by the workforce.

Also in the sphere of qualification of Human Resources, training in Hygiene and Safety in the workplace continues to be the foremost training priority in operational areas.

Pursuing the policy of developing knowledge, competencies and exchanging experiences between employees from the different companies, the first edition of a General Management Course was held in association with the Portuguese Catholic University, tailored to CORTICEIRA AMORIM's specific needs.

In both the technical and behavioural spheres, the focus on continuing education stands intense. In 2006, this involved around 45,500 training hours, which represents a growth of more than 19%, as compared with 2005.

In respect of the development of competencies, the definition of a model of transversal management and behavioural competencies should also be highlighted. This model will, in future, support the training processes and analysis of the performance of CORTICEIRA AMORIM's senior staff, with a view to developing and strengthening a culture that encourages adoption of leadership and management styles befitting the harmonious development of the business.

Communicating and Developing

In 2006, the strategic guidelines for the development of internal communication, as a tool to promote the sharing of good practice and transversal reinforcement of the values that characterise the Organisation, were defined. Annual surveys of organisational climate, as well as the implementation of action plans associated with them, are consistent practices in three BU (Cork Stoppers, Floor and Wall Coverings and Composite Cork).

The different ways of informing and raising the awareness of all employees about the aims and objectives of CORTICEIRA AMORIM and its Business Units are taking on increasing importance: from the quarterly meetings with senior staff, to investment in the information posted in different parts of the workplace, to the personalised letters sent to the entire workforce, different means are used to keep all workers informed and align their performance with the company strategy.

Adapting and Improving

Permanent Staff

As a result of industrial and company restructuring, developments in technology and the market, variations in the number of staff in the different BU differed, some due to rationalisation of the permanent staff (Cork Stoppers) and others matching a growth in activity with an increase in permanent staff (Floor and Wall Coverings).

In the general count of the companies that constitute the perimeter of CORTICEIRA AMORIM, the number of employees at the end of 2006 was 3847 (as opposed to 3880 in 2005).

Absenteeism

The overall index of absenteeism shows a recovery of around 0.5% as compared with 2005. To be highlighted: this recovery occurred, fundamentally, in the Cork Stoppers and Floor and Wall Coverings BUs, which moved back to the better levels of previous years, Cork Rubber and Insulation Cork which, in comparison with their past performance, reached impressive levels.



Prevention, Hygiene and Safety

In the areas of Hygiene and Safety, investment has been made in training and development/adaptation of the equipment. The results of the implemented actions translate into a decrease of 19% in the number of days lost in consequence of workplace accidents and the reduction of accident index.

6

stock market

A) Stock Market

The year 2006 confirmed the sustained recovery that had been observed in the stock markets. In fact, shares were the type of assets whose evolution was most favourable, thanks to a combination of various factors: the excellent performance of the companies, maintenance of low long-term interest rates, apparent control of inflationist pressures and the positive effect of innumerable concentration movements.

In the **USA**, maintenance of interest rates at low levels and the control of inflation offset the negative effect of the economic slowing that had been anticipated.

Unlike 2005, the main share indices registered relevant gains in 2006: Standard & Poor's gained 13.6% and the NASDAQ was valued at 6.8%. The DOW JONES closed the year with a gain of 16.3%.

As in 2005, **Europe** showed strong dynamism at entrepreneurial level in 2006. The stock markets, in particular the Iberian markets, benefited from mergers and acquisitions, namely in the electrical, energy, financial and construction sectors. Despite the rise in director interest rates, these still held at historically low levels, making the stock markets more appealing. The main European indices registered notable values in respect of those registered at the end of 2005. In annual terms, the FOOTSE 100 has raised by 10.7%, the DAX-ZETRA has raised by 22%, the CAC 40 closed on an upward trend at 17.5% and the EUROSTOXX50 has raised by 15.1%.

In **Portugal**, the stock exchange closed on a positive note, with its main index, the PSI-20, registering an increase of 29.9%, thus reaching 11,197.59 points on the last day of trading in 2006. This expressive value illustrates the euphoria observed throughout the year, supported both by the positive evolution of the results presented by companies, and the interest generated by the public acquisition offers launched throughout 2006.

Share capitalisation of the capital market grew 34%, registering 238.3 thousand million euros at the end of the year. Although the volume of trade decreased 2.4% in 2006, to 196 thousand million euros, share trading registered a rise of 51.1%. Interest was clearly demonstrated in this segment, which registered one of the most notable performances in world terms.

B) CORTICEIRA AMORIM's Shares in the Stock Market

Currently, CORTICEIRA AMORIM's share capital amounts to 133 million euros, represented by 133 million ordinary shares with a nominal value of 1 euro, which grant the right to dividends.

Admittance to trading on the Euronext Lisbon - Sociedade Gestora de Mercados Regulamentados, S.A. - of the shares issued in the operation to increase capital took place on 19 December 2000, adding these to the remaining shares of the Company already quoted on the BVL since the beginning of 1991, part of the continuous national trading system in effect since 11 December 1991.

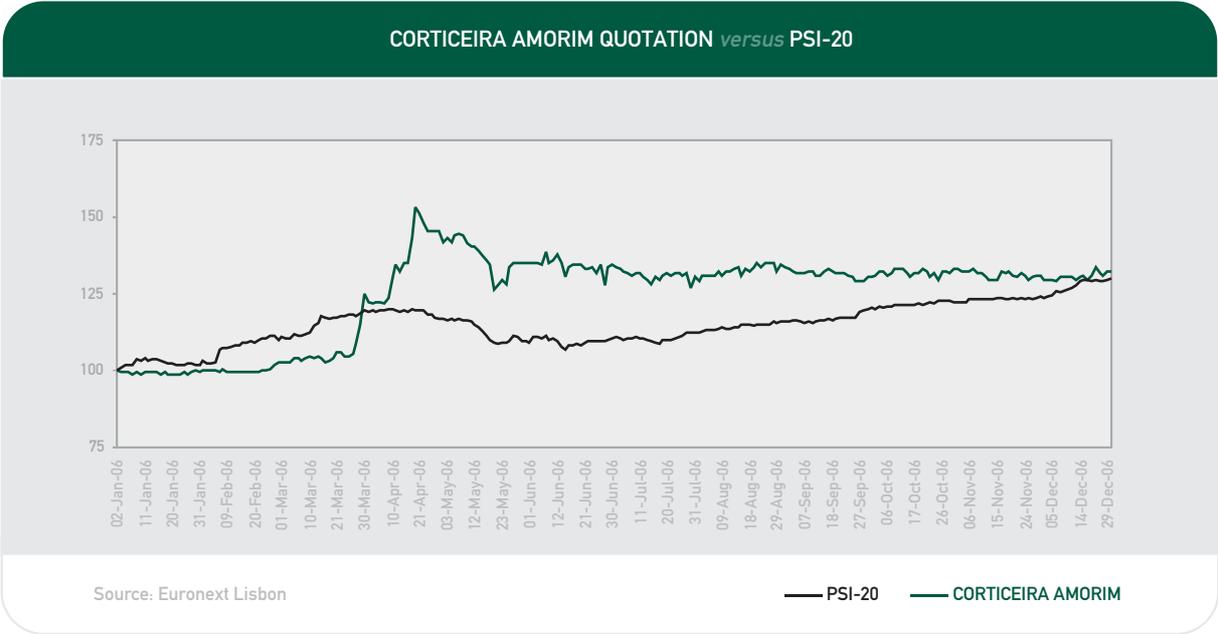
On 29 December CORTICEIRA AMORIM'S shares ended the session dealing at 1.96 euros, end of year quotation, which represents a valuation of around 31.5% in relation to the same quotation at the close of the previous year. Around 10.6 million shares were traded in the Portuguese Stock Market in 4,480 transactions, which exceeded 19.6 million euros.

Thus, for the share "CORTICEIRA AMORIM", the year is marked by an excellent performance, always moving upwards in terms its valuation, despite the reduction in the volume of transactions.

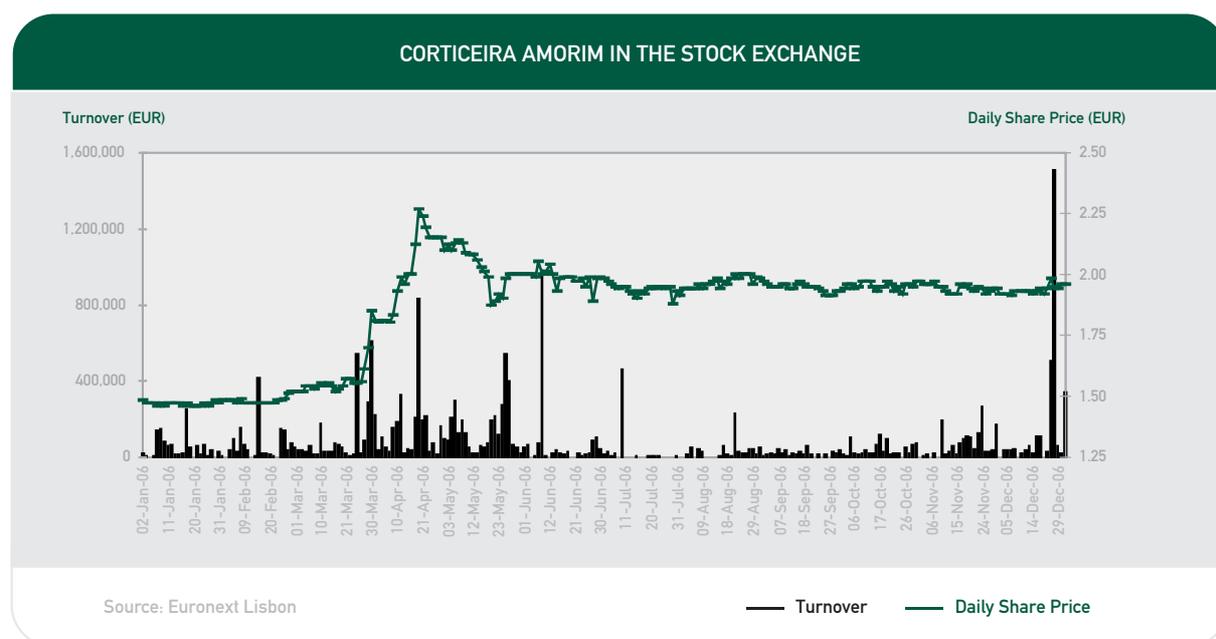
The maximum share price reached during the period in question was 2.32 euros per share, on 20 April; the minimum was 1.44 euros and occurred during the session of 9 January. The transaction average share price in the year was 1.85 euros per share.

The graph below shows CORTICEIRA AMORIM's performance in the Stock Market.

B.1) Evolution of the quotation in 2006:



B.2) Value of the transactions in the Portuguese Stock Market throughout 2006:



B.3) Share indicators evolution in the last years:

	2006	2005	2004	2003
No. of shares traded	10,564,708	35,132,019	22,716,018	21,617,313
Quotations (€)				
Maximun	2.32	1.50	1.30	1.15
Average	1.85	1.23	1.17	0.74
Minimum	1.44	1.03	1.05	0.64
At close of year	1.96	1.48	1.06	1.15
Tradind Frequency	99.6%	100%	99,6%	99.2%
Market capitalisation at the end of year (€)	260,680,000	196,840,000	140,980,000	152,950,000

Source: Euronext Lisbon

7

consolidated results

As a summary, we can say that prior years intensive work led by the management team of CORTICEIRA AMORIM, set the stage for the highly positive 2006 set of results.

As for the 2006 activity, strong contribution for the year-end profits was due to the second half, mainly the fourth quarter. This trend, also registered during 2005, should be the result, among other reasons, of the higher importance of Corkflooring BU in consolidated sales and, as of a consequence, in consolidated profits. The more homogeneous distribution of quarterly sales in this BU, compensates the usual variation of Corkstoppers sales that occurs from the first half to the second half of the year. As it is known, bottling season in the North Hemisphere wine countries, still the most important producers, occurs during first half. To be noted that sales of these two BU represents 80% of CORTICEIRA AMORIM consolidated sales.

At the end of July, the industrial restructuring of Corkstoppers BU was completed. All the planned benefits of this very important project, started during 2005 and with start-up as of September 2006, will be fully impacting this BU activity by year end.

Still to be registered the acquisition, as properly disclosed, of the remaining 50% of Equipar, and also the acquisition of 50% of Trescases, of which 18,75% was materialized during January 2007. These acquisitions represent a reinforcement of CORTICEIRA AMORIM presence close to forest production (Coruche) and in the most important world corkstoppers market (France).

Operating at the source of CORTICEIRA AMORIM activities, Raw Materials BU main customer is Corkstoppers BU. As referred in the first half report, it was only during 2Q06 that this BU started working the cork acquired in the 2005 campaign. This allowed a considerable improvement in the Gross Margin, due to a quality/price factor highly favourable, which lasted through the second half. EBIT registered an important increase, about 28%, in line with consolidated figures, rousing to 11,4 M€.

In opposition to the good performance in sales registered in 1H06, both in volume and price, Corkstoppers BU was adversely impacted during 3Q06, due to problems related with the start up of the new industrial units. These problems were, in the meantime, solved. Sales increase in natural corkstoppers and Neutrocork® corkstoppers offset that impact and the impact of the expected slowdown in TwinTop® corkstoppers sales, namely to Australia. Good showing in sales to France, United States and Chile. Due to political adverse conditions, sales to Moldova were severely cut.

Sales reached 236,7 M€ (-1,3%) and were also negatively impacted by a decrease in sales of low value added goods which corresponded to the said decrease.



EBIT evolution for this BU more than compensated flat sales, reached 11,1 M€, up 4,6% from 2005 values.

Confirming last year evolution, Corkflooring BU posted in all quarters a set of indicators that supports the highly positive appreciation of this BU activity. Sales reached 121,6 M€ (7,6%) driven by higher sales of its core products (corkfloor and corkwall coverings) (9,7%). This increase was justified equally by volume, price and product mix. Non-corkflooring (wood and laminates) sales increase was moderate (+2%), and all other products (varnish, glue, and other BU products) were stable.

Part of this good performance (Sales and Profits) was due to the introduction of a new set of products (Wicanders® Xtreme WRT®) highly resistant and innovative products launched at the Domotex 2006.

Driven by the sales growth of its core products and the maintenance of high Gross Margins, EBIT for this BU soared to 11,2 M€ (+34%).

To point out the performance of the Insulation BU, which confirmed all the good indicators showed in 2005. Representing only about 2% of the consolidated activity, this BU sales increase of 8,2% (8,2 M€) and EBIT increase of 32% (1,2 M€), impacted CORTICEIRA AMORIM final figures for the year well above its dimension. Its continual emphasis on highly specialized niche segments (100% natural acoustic and thermal products) has been successful in markets as demanding as the french and italian markets.

Corkrubber and Corkcomposition BU's registered a 6,6% and 4,5% increase in sales, reaching 29,2 M€ and 61,4 M€, respectively; yet EBIT evolution was not identical in these two BU. Reaping the benefits of the restructuring achieved during 2005 and 2006, leading to a strong reduction in operating costs, Corkrubber BU almost turned around its highly negative 2005 EBIT (around 4 M€) to a near break even in 2006 (-0,3 M€). Corkcomposition was adversely impacted by a price increase of its main raw materials, justifying most of its EBIT unfavourable variation (from 4,9 M€ during 2005, to 2,4 M€ during 2006).

CORTICEIRA AMORIM consolidated sales reached 442,6 M€, up 3,4%. Gross Margin was slightly below 2005, adversely affected by a 6 M€ increase in finished products inventories. Gross Margin increased 10 M€ in value, due to the said increase in Sales. In relation with an increase of 6% in production (sales + stock variation), operating costs were up only 1,3% (2,4 M€), driven by the staff costs reduction (2,2 M€).

Due to the good performance in Sales, Gross Margin and Operating Costs, EBITDA and EBIT increased 13% and 27,4%, reaching 56 M€ and 34,2 M€ respectively.

Interests costs were affected by a higher interest rate (around 1%), explaining most of the 1,6 M€ increase of this item.

Earnings before taxes registered 25,4 M€ (+30,9%). Deducting an estimate of 4 M€ for Corporate tax and 1,3 M€ for Minority Interests, Net Profit attributed to CORTICEIRA AMORIM shareholders reached 20,104 M€, up 27,7% from 15,747 M€ registered at 2005 year end.

Audited Indicators as of December, 31

Thousand euros

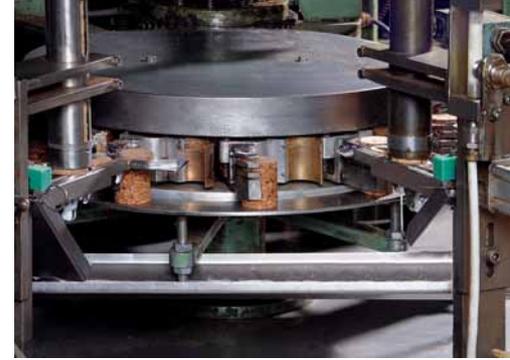
	4Q06	4Q05	Variation	12M06	12M05	Variation	
Sales	106.999	99.822	+ 7,19%	442.552	428.010	+ 3,40%	
Gross Margin – Value	53.412	48.914	+ 9,20%	217.424	207.749	+ 4,66%	
	1)	47,10%	49,42%	-2,32 p.p.	48,45%	49,09%	-0,64 p.p.
Operating Costs	2)	42.331	42.539	- 0,49%	183.273	180.937	+ 1,29%
EBITDA		15.557	12.240	+ 27,10%	55.948	49.510	+ 13,00%
EBIT		11.081	6.375	+ 73,82%	34.151	26.812	+ 27,37%
Net Income		7.550	4.653	+ 62,26%	21.397	16.519	+ 29,53%
Net Income (attributable to Shareholders)		7.261	4.406	+ 64,80%	20.104	15.747	+ 27,67%
Earnings per share	3)	0,0557	0,0338	+ 64,67%	0,1541	0,1207	+ 27,65%
EBITDA/Net Interest (x)		6,04	6,49	- 0,44 X	6,19	6,66	- 0,47 X
Equity/Net Assets	4)	-	-	-	41,09%	40,04%	+1,05 p.p.
Net Bank Debt		-	-	-	225.331	218.683	+ 3,04%

1) Related to Production
 2) Includes financial costs and revenues other than interest, and extraordinary items(POC)
 3) Net Income / Average outstanding shares (euros/share)
 4) Total Equity / Total Assets (December 31ST)

8

Consolidated balance sheet

Consolidated Assets totalled 562 M€, an increase of 12 M€ when compared to year-end 2005. This derives, naturally, from the increase showed in the activity, leading to an increase in the Working Capital figures, customers (+4,5 M€) and inventories (+6,8 M€), justifying all the said variation. Other variations are to be noted, though they compensate each other. Tangible Assets were up 5,3 M€, justified by a CAPEX of 25,9 M€ and depreciation costs of 21,8 M€, being the difference the result of other movements in Tangible Assets (translation differences, write-offs, etc).



CAPEX is around 10 M€ above usual value for CORTICEIRA AMORIM, and is the consequence of the investment made during the industrial restructuring of the Corkstoppers BU.

Offsetting the increase in Fixed Assets, to be noted the decrease in Deferred Taxes (justified by the income tax expensed by the portuguese subsidiaries) and the decrease registered in Cash.

Total Liabilities stood at around 330 M€, meaning that the increase in Assets and the payment of dividends was financed through the operating cash flow. To point out the restructuring of the Bank Debt, which increased 30 M€ in the medium and long-term portion, corresponding to an equal decrease in the short-term portion.

Total Equity (including Minority Interests) reached 230 M€, increasing 10 M€ from 2005 year end. This increase reinforced CORTICEIRA AMORIM financial position, meaning a better Equity / Total Assets ratio which went from 40,0% in 2005, to 41,1% at 2006 year end.

9

economic outlook for 2007

global economic outlook

The year 2007 should see the strengthening of the strong and sustainable growth path that has characterized the global expansion since 2002. Forecasts point to a growth rate in the vicinity of 5,0% with a more balanced contribution from each of the several economic power plays being accompanied by less tensions between them. Failure of the Doha Round notwithstanding, more recent news allow for positive expectations in terms of trade talks resumption and global trade increase. The Euro Zone should slow down from the strong growth rate seen in 2006, though keeping close to its long term potential that available estimates consider to be around 2,0% of GDP. As referred a year ago, the United States should see a soft-landing while Japan should endure a period of gentle economic deceleration resulting from a decrease in external demand and diminishing investment intentions. As before, emerging markets with higher potential, especially from Asia, should perform strongly, leading world expansion. Monetary conditions will become, gradually, more restrictive. Moderate price increases will be part of the developments as energy input prices follows a steady course.

euro area

Estimates assume the Euro Zone will grow 2,1% in 2007, moderating slightly from the rhythm reached last year. Constraints arising from a tighter fiscal policy in Germany and especially in Italy, together with the lagging effects of the increase in the interest rates that started in December 2005 and a marginally lower global economic growth, should limit economic expansion. Such an influence should be counterbalanced by structural changes in the labour market - positive effects at the productivity level and the lowering of the natural unemployment rate have been seen - and the margin of improvement still available to raise private consumption through diminishing savings and higher indebted level. Higher consumer and business confidence is expected and should support the more positive forecasts, though lower than in 2006, for Private Consumption (1,6%) and Capex (3,0%). Public Consumption should grow around 1,4%, a lower outcome than in 2006. Net external demand, estimates point out, will add less to economic growth than before (0,2%). The fiscal deficit should maintain the downward trend it has seen in the past two years, this time around through a decrease in expenditures, and should end 2007 at 2,0% of GDP. Unemployment, on its turn, should follow a decreasing path, nearing a rate of 7,7%. The ECB could consider raising its main interest rate to neutral levels, around 4,0%. Inflation should trend downwards in the first half of 2007, even if negatively affected by the increase of 3 p.p. in the German VAT rate in the 1st day of January, only to return to levels marginally higher than 2,0% in the second half. All in all, estimates assume it will be 2,1% in 2007.

united states

The US economy should grow around 2,3% in 2007, the lowest rate since 2002. It will be a year of moderation and macro adjustments, with housing market corrections exerting its effects around the economic spectrum - the economic landscape will ultimately depend on the degree of these corrections and its impact on the rest of the economy. Growth will pick up as we move towards the year end. Private consumption, the economic engine of the last few years, will reflect the negative wealth effect resulting from the decrease of house prices, and so, estimates assume it will print somewhere between 2,4% and 3,0%. Fixed Investment should follow a lower rate of increase due to the aforementioned reasons (projections assume a gain of around 1,0%). Net external demand will not subtract to economic growth due to improvements in US exports market share and steady world demand. Public deficit should weaken slightly as fiscal revenues improve at a slower pace and public expenditure rise. The Federal Reserve should maintain close monitoring of inflation regardless of expectations pointing to easing price pressures and its own assumptions of contained inflation expectations - forecasts look to an inflation rate around 2,4%. A period of stable monetary conditions is discounted. Unemployment should stay low, marginally under 5,0% even if keeping the pace of job creation faces rising difficulties. Productivity, is assumed, will see lower improvements as the year progresses.

portugal

Portugal should grow in 2007 at a higher rate than the one seen for 2006, something in the vicinity of 1,8%. It will be another year of adjustments to the structural imbalances that characterize the Portuguese economy and a year of implementation of long term reforms and, as such, a year of constrained and lower than potential growth. Net external demand should keep leading the way to economic expansion although projections assume a deceleration of exports. Favourably developments expected in the Spanish and Angolan economies will have a positive impact making up for the slowdown in other export markets. Fiscal consolidation, mainly through public expenditures curbing, will limit the economic value added by this GDP component, with forecasts looking to a 0,0% change in Public Consumption. National authorities will do their utmost to guarantee that the public deficit will decrease to the level of 3,7% of GDP. Still, it is forecasted that slowly but surely the improvement in economic confidence will translate into an increase in fixed investment. The rate of unemployment in 2007 should keep along the lines of that seen in the year before (projections centre around 7,5%), allowing a more supportive outlook to households that, in turn, will smooth the negative impact arising from higher borrowing costs. Forecasts assume private consumption will increase almost 1,5%. Internal demand should, in the same way, deliver a positive though moderate contribution to GDP growth, estimates referring a 1,1% gain in this component. Inflation should register a decrease to levels around 2,3% reflecting the technical changes from the removal of July's 2005 VAT increase from the index. The Current Account should still be reflecting the Portuguese economic pattern behaviour and the external funds dependency, with a gap only marginally lower than 9,0% of GDP - one of the highest in the world - exposing the economy to any developments in world financial markets.

operating activities

raw materials



A strategy of sustained and continuous purchase of reproduction cork will be pursued in 2007, with the intention of minimising pressure to obtain the quantity needed, obeying the parameters of quality and price considered most suitable for the activity of CORTICEIRA AMORIM'S BUs.

The increase in the purchasing price of cork noted in 2006, although partially justified by higher quality cork stocks' strengthening, will naturally have some impact on costs evolution. These will, however, be offset by an activity increase on the one hand, and the intensification on efforts leading to improved levels of industrial efficiency on the other.

It should however be stressed that, given the mission and the objectives of this BU, its performance will naturally be conditioned by the activity of the remaining BUs.

cork stoppers

In 2007 the wine-producing market main players, namely multinationals and large domestic companies, should maintain the emphasis on reduction of costs, which will naturally continue to have an impact on this BU activity. Aiming the strengthening of these clients' quota, the BU will focus on increasing the operations efficiency and matching service levels to the market demands, including cooperation with the client in developing technical solutions.

In this context, attention should be drawn to the industrial restructuring concluded in 2006 whose impact, especially on the gross margin and on operating costs, will be seen in full from 2007 onwards.

Among the objectives assumed in the strategic and operational plan for 2006, the following stand out:

- profitable quota growth in the Neutrocork®, Champagne and Natural cork stoppers for top-of-the-range wines;
- leadership in the main markets and clients, with special emphasis on multinational and large domestic companies;
- improvement in the mix of products sold as an important means of growing margins and reducing operating costs;
- technical development of the current range of products and launching of new products;
- clear differentiation, in respect of the competition's offer, in range of products, technical and sensorial performance and service to clients;
- implementation of actions to rationalise processes and reduce costs in the industrial and distribution units;
- optimisation of levels of service and logistics, aiming to reduce invested capital.

floor and wall coverings

An increase in this BUs activity is foreseen for 2007, thus giving continuity to the gradual and sustained growth demonstrated in recent years.

To support this evolution, a strategy to reduce geographical risk will be pursued, reinforcing activity in the high potential growth markets, as well as launching the HPS (High Performance Surface) varnish for application to PVC and the new Royal and President looks at the beginning of 2007.



Pressure will be kept up to increase the cost of some of the main raw materials, as is the case with HDF, but this will be offset by efficiency in procurement and by offering products with greater added value as well as high technical performance and attractive visuals.

Given the growth registered in recent years and the favourable prospects for evolution of activity, during 2007 this BU will start the implementation of a plan for technological modernisation and industrial expansion that will allow the strengthening of its capacity to offer products with greater added value.

composite cork

This BU's strategic and operational plan for 2007 has three essential strands: investment focused on applications with expressive potential; creation of value through differentiation and operating efficiency. These are the pillars that support the objective of consolidating world leadership in the sector in all geographical markets and in all applications for the BU's cork products.

The year 2006 confirmed the expectations of this BU's market growth; for 2007 the challenge will be to recover profitability to values appropriated to the level of invested capital, through specific adjustments in the conditions of sale and evolution of costs.

At the industrial level, attention should be paid to the significant reduction in supplies to the Cork Stoppers BU which in 2006 increased its capacity to produce granulates, with a consequent impact on this BU activity.

Given the evolution noted in some R&D projects, interesting results are forecasted for 2007 regarding the introduction of new products in the construction sector and the development of new industrial applications.

During 2007, the BU will materialise its project for industrial implantation in China, which will have positive contribute, mainly in the second half of the year, to reinforcing their commercial presence in that region of the globe.

cork rubber

A slight growth in sales of cork rubber and recycled rubber is predicted for 2007, despite the unfavourable trend, vis-à-vis 2006, namely the evolution of the North American dollar.

As far as operating costs is concerned, the worsening trend in the price of raw materials should be flagged up. However, this should be offset by efficiency gains resulting from the industrial reorganisation, the implementation of which should be finished at the beginning of the year.

In this context, it is anticipated that in 2007 the BU will consolidate the significant improvement in profitability levels noted in 2006.

insulation cork

The ecological characteristics of the products and their technical performance, namely in the area of thermal and acoustic insulation, will continue to underpin the market's receptivity to this BU's products.

The implementation of a cluster of initiatives and actions in line with the global strategy, will make it possible to achieve the objectives of profitable growth in the majority of products and to optimise the capital invested in the business.

results

After the excellent performance observed in 2006, the challenge launched for 2007 is all the more demanding.

On the positive side, mention should be made of the industrial restructuring of the Cork Stopper BU, the effects of which, it is hoped, will be experienced in full in 2007. In this BU the effect of including, Trescases will be felt in the twelve months of 2007, which will have a positive impact vis-à-vis the effects of just half a year during 2006. Also to be noted: the benefits resulting from the reduction in operating costs of the Cork Rubber BU and hoped for continuation of the good performance of the Floor and Wall Coverings and Insulation Cork BUs.

As a counterpoint, the clearly adverse exogenous effects relating to the devaluing of the US dollar and to the prices of the raw materials (cork and waste) to be included. These increases, along with existing pressure with regard to energy and transport costs, will cancel out a significant part of the positive effects mentioned above. Mention should also be made, because of its negative effects, of the continuing rise in interest rates.

To sum up, growth in activity and industrial efficiency gains should be enough to cover the different negative effects already pointed out, allowing moderate growth in CORTICEIRA AMORIM's net consolidated results, as compared with those results For 2006.

10

appropriation of net results

Bearing in mind that the individual net result presented at the end of 2006 is negative to the value of € 2,668,809.32 (two million six hundred and sixty eight thousand, eight hundred and nine euros and thirty two cents), the existence of distributable reserves to the value of € 7,315,000.00 (seven million three hundred and fifteen thousand euros), the Board of Directors

proposes:

1. that the shareholders decide to approve that above-mentioned negative net result of € 2,668,809.32 (two million six hundred and sixty eight thousand, eight hundred and nine euros and thirty two cents), be recorded as "Retained Earnings".



2. that € 7,315,000.00 (seven million three hundred and fifteen thousand euros), part of the value in the "Free Reserve" account, be distributed as dividends corresponding to € 0.055 (five and half cents) per share.

11

treasury stock

In accordance with paragraph d) of article 66 of the Portuguese Companies Act [Código das Sociedades Comerciais], it is announced that the company acquired in the Stock Exchange, during 2006, 12,500 of treasury stock, representing 0.009% of its share capital, for the average unit price of € 1.881 and the total price of € 23,512.62.

At the end of the financial year, 2,548,357 of treasury stock, representing 1.9161% of its share capital, remained in the portfolio.

12

significant events after december 2006

After December 31, 2006, and up to the date of the present report, no relevant events have occurred that will materially affect the financial position and future results of CORTICEIRA AMORIM and the group of affiliated companies included in the consolidated company.

13

close of the report

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

- the Shareholders and Investors, for the unfailing trust they have demonstrated;
- the Credit Institutions, for their important cooperation;
- the Auditor, for the high standard and rigour of his work.

To all our Staff, whose willingness and dedication have so greatly contributed to the development and growth of the companies that constitute CORTICEIRA AMORIM, we hereby express our deepest gratitude.

Mozelos, 26 February 2007

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

20
06

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



corporate governance





introduction

In 1999 the Board of the Securities Market Commission (CMVM) approved the first package of recommendations concerning the governance of quoted companies, setting out to improve mechanisms to protect investors in the security markets. Since then, it has encouraged far-ranging reflection on the subject, in prolonged processes of public consultation in which all the agents of the market have generally taken part.

As a result, this first package of recommendations has been reformulated, and some of the recommendations have been transformed into obligations, standardising the content of the annual report on the structure and practices of the corporate governance that have been implemented.

CORTICEIRA AMORIM welcomed the initial recommendations, as well as the subsequent reflections and consequent changes to the applicable regulatory framework, as an opportune and pertinent contribution whose adoption will favour all entities, private or collective, whose interests are involved in the company activity. Their positioning in relation to company governance has been analysed critically in the light of these recommendations. Due consideration has been given to the effective advantages of implementing them in full, and the circumstances in which the company operates.

Over all, the main purpose of the changes has been to strengthen the audit system within the company and to increase transparency.

The publication of Decree-Law no. 76-A/2006, of 29 March, which approved the reformulation of the Portuguese Companies' Act (Código das Sociedades Comerciais), changes the models of corporate governance, strengthening the role and the independence of the members of the governing bodies with competencies in auditing the company activity. Thus, throughout recent months, the Structure and Practices of Corporate Governance Committee has been promoting a process of reflection which was intended not only to review and improve the internal norms and processes of corporate governance, guaranteeing the fulfilment of the new law requirements as well as the governance model efficacy in safeguarding the respective interests, but also to analyse the new structural models and their fitness for the reality of CORTICEIRA AMORIM.

The present Report has thus been drawn up in compliance with the provisions of article 245-A of the Portuguese Securities Code and no. 1 of article 1 of CMVM Regulation no. 7/2001, incorporating the alterations introduced by CMVM Regulations no. 11/2003, 10/2005 and 3/2006.

The information stipulated in articles 447 and 448 of the Portuguese Companies' Act has also been included.

**CHAPTER 0:
DECLARATION OF COMPLIANCE**

The analysis carried out makes it possible to state that CORTICEIRA AMORIM demonstrates a **good degree of adoption of the Recommendations** issued by the CMVM on the Governance of Companies, as may be inferred from the explanations presented in the following notes:

"I - Disclosure of Information

1. The company must ensure the existence of permanent contact with the market, respecting the principle of equality of shareholders and preventing asymmetries in access to information by the Investors. To such an effect the company must create an investor relations office."

RECOMMENDATION FULLY ADOPTED.

CORTICEIRA AMORIM has a Department of Investor Relations, described in paragraph 8 of Chapter 1, which guarantees complete compliance with this recommendation.

"II - The Exercise of Voting Rights and Representation Rights by Shareholders

2. The active exercising of voting rights, whether directly, by post or by proxy, should not be restricted. To this end, the following examples are considered to restrict the active exercise of voting rights:
 - a) the imposition of a period of more than five working days between the deposit or blocking of shares and permission to participate in the general meeting;
 - b) any statutory restriction on postal voting;
 - c) the imposition of a requirement that postal votes be received more than 5 days in advance;
 - d) the non-availability of voting slips for shareholders wishing to submit their vote by post."

RECOMMENDATION PARTIALLY ADOPTED.

In accordance with the company statutes, in the General Meetings the Shareholders' vote by correspondence is admitted only in specific situations (the alteration of the company statutes and election of members of the Board of Directors).

In these cases, the reception of the vote declaration must occur in the five working days before the General Meeting is held, thus adopting the period of time proposed by the Recommendation.

A model for exercising the right to vote by correspondence (postal voting), in compliance with the regulation, complying with the Recommendation, is available at company headquarters.

The blocking of shares for participation in the General Meeting must be carried out for a period not less than twenty days.

“III - Corporate Rules

3. It is recommended that companies establish an internal control system, for the efficient detection of risks linked to their activity, as a mean of safeguarding their assets and enhancing the transparency of their corporate governance practices”.

RECOMMENDATION FULLY ADOPTED.

CORTICEIRA AMORIM has at its disposal a manual of internal control procedures, drawn up in collaboration with PricewaterhouseCoopers, that clearly sets out responsibilities and procedures to prevent and reduce situations of risk. Furthermore, organic units considered necessary to reduce risk and improve the quality and integrity of the information disseminated to the market have been created, as described in paragraph 3 of Chapter 1.

“4. Measures adopted to prevent the success of takeover bids should respect the interests of the company and its shareholders. Measures considered contrary to these interests include defensive clauses intended to cause an automatic erosion of company assets in the event of the transfer of control, or of changes to the composition of the board which prove detrimental to the free transferability of shares and the free assessment by shareholders of the performance of members of the board.”

RECOMMENDATION FULLY ADOPTED.

To the best of CORTICEIRA AMORIM's knowledge, there are no limits to the voting rights, restrictions on the transfer of shares, special shareholders' rights and para-social agreements.

“IV - Board of Directors

5. The board should be composed of a number of members who provide effective guidance for the management of the company and the persons responsible for said management.

5-A. The board of directors should include a sufficient number of non-executive directors, whose role it is to continuously monitor and assess the management of the company by the executive members of the board. Members of other corporate bodies may exercise ancillary roles or, at the very most, substitute board members, if the supervisory powers involved are equivalent and exercised in fact.”

RECOMMENDATION FULLY ADOPTED.

The Board of Directors, the body which is responsible for effective direction in managing the company, is made up of seven members, four of whom are not executives and three of whom carry out executive functions, thus proving the existence of an adequate number of non-executive directors.

corporate governance

“6. The non-executive members of the board of directors must include a sufficient number of independent members. When there is only one non-executive director, he/she must also be independent. Independent members of other corporate bodies may exercise ancillary roles or, at the very most, substitute board members, if the supervisory powers involved are equivalent and exercised in fact.”

RECOMMENDATION NOT ADOPTED.

In the meeting of the General Assembly, held 31 March 2005, the board members were elected for the mandate of three years in course (2005-2007). No independent director was part of this.

It is important to mention that, at the date of the election referred to above, the CMVM Recommendation in force at that date was fully adopted, in respect of the existence of independent members on the board of directors, namely through the nomination of Mr José Fernando Maia de Araújo e Silva, member of the Board of Directors with executive functions not associated with any other interest group. Nevertheless, given the alteration to the Recommendation, in November 2005, the non-adoption of the same is noted, insofar as the abovementioned director exercises executive functions.

“7. The board of directors should create internal audit committees, with the power to assess the corporate structure and its governance.”

RECOMMENDATION FULLY ADOPTED.

The company has a Structure and Practices of Corporate Governance Committee, which promotes those activities necessary for the revision or improvement of the internal norms and procedures of corporate governance, guaranteeing their efficacy in safeguarding the respective interests, as well as analysing the new structural models, such as those resulting from the recent reformulation of the Portuguese Companies Act, and ensuring their fitness for the reality of CORTICEIRA AMORIM.

“8. The remuneration of members of the board of directors should be structured in such a way as to permit the interests of board members to be in line with those of the company, and should be disclosed annually in individual terms.”

RECOMMENDATION PARTIALLY ADOPTED.

CORTICEIRA AMORIM discloses the remuneration received by the members of the Board of Directors, identifying the remunerations received by the group of executive members, as well as those received by the group of non-executive members. The company considers that this level of detail is an adequate response to the interests and transparency that the Recommendation is intended to safeguard and so the remuneration received by individual members of the Board of Directors is not disclosed.

"8-A. A declaration on the policy for remunerating members of a company's corporate bodies should be submitted to the attention of shareholders at the annual general meeting."

RECOMMENDATION NOT ADOPTED.

The remunerations committee will not submit for the scrutiny of the next General Meeting, to be held 30 March 2007, a declaration on the remunerations policy of the governing bodies, in the terms suggested by the Recommendation.

"9. Members of the remuneration committee or equivalent should be independent as regards the members of the board of directors."

RECOMMENDATION FULLY ADOPTED.

In the light of the concept of independence defined in the Recommendations, the members carrying out the functions of the Remunerations Committee meet the conditions of independence in relation to the Board of Directors of the company.

"10. A proposal should be submitted to the general meeting with regard to the approval of plans for the allotment of shares, and/or options to purchase shares or based on variations in share prices, to members of the board of directors and/or employees. Said proposal should contain all information necessary to ensure that the plan is correctly assessed. The proposal should be accompanied by the rules of procedure for the plan, or, if these have not yet been drafted, by the general conditions for the plan."

RECOMMENDATION FULLY ADOPTED.

Although this specific situation has not yet arisen in CORTICEIRA AMORIM, it is company policy to facilitate all elements relevant for an appropriate and well founded appreciation of the proposals presented for discussion and deliberation in the Shareholders' General Meeting.

"10-A. The company should adopt a policy whereby alleged irregularities occurring within the company are reported, containing the following information: the method through which the irregular practices are reported internally, including the persons permitted to receive such information, the manner in which such reports are to be dealt with, including confidential treatment of the information, if such is the wish of the person making the declaration. The general direction of this policy should be disclosed in the corporate governance report."

RECOMMENDATION NOT ADOPTED.

CORTICEIRA AMORIM does not have a policy of communicating irregularities in the terms of this recommendation. However, given the importance of the interests that this subject seeks to safeguard, the Structure and Practices of Corporate Governance Committee is giving due thought to the means most suitable for such communications, in order to assure the protection of data and workers, as well as the attribution of competencies for receiving communications and overseeing the policy to be implemented.

"V - Institutional Investors

11. Institutional investors should take into consideration their responsibility to contribute to the diligent, efficient and critical use of the rights conferred on them by the securities they hold or whose management has been entrusted to them, particularly with regard to information and voting rights."

RECOMMENDATION NOT APPLICABLE TO CORTICEIRA AMORIM.

**CHAPTER I
DISCLOSURE**

1. Distribution of competencies between the various bodies and departments of the company in the framework of the company decision-making process.

The Board of Directors of CORTICEIRA AMORIM is responsible for the effective control in directing the activity of the company, being the body competent to take decisions of a strategic nature.

In addition to the members who constitute the Board of Directors, meetings of this body include the presence of their Adviser. The role of Adviser to the Board of Directors was created in 2001, and has to date been carried out by Mr Américo Ferreira de Amorim.

The Board of Directors of CORTICEIRA AMORIM is made up of four non-executive members and three executive members, in addition to the decision-making referred to in the first paragraph of this paragraph, in its meetings the Board of Directors scrutinises the most important aspects of the company's activity, including the relevant matters which have been decided, or simply analysed by the Executive Board.



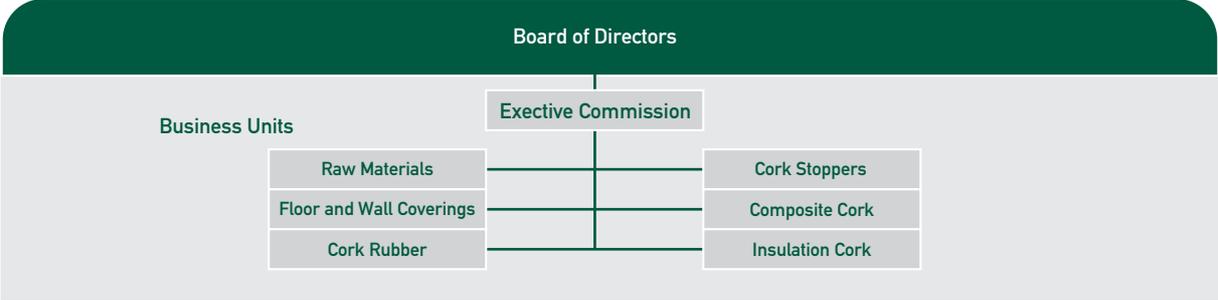
CORTICEIRA AMORIM's operating activity is structured in six Business Units (BU). Adopting a management model based on the concept of Strategic-Operational Holding, the Business Units are co-ordinated by the Executive Commission of CORTICEIRA AMORIM, which has wide-ranging powers of management, with the exception of those powers which for legal or statutory reasons are reserved to the Board of Directors.

The Executive Commission is made up of three members, being constituted, at 31 December 2006, by:

- António Rios de Amorim (Chairman);
- José Fernando Maia de Araújo e Silva;
- Jorge Viriato de Freitas Barros Diniz Santos.

The strategic alignment of the whole organisation is strengthened by the use of the balanced scorecard methodology, in CORTICEIRA AMORIM and in its Business Units. In this context, approval of the strategic objectives, strategic initiatives and priority actions of CORTICEIRA AMORIM and each BU falls to the Board of Directors of CORTICEIRA AMORIM.

Each BU has a Board of Directors made up of non-executive and executive members, including the Director General of the BU, this being the body competent to make decisions concerning all matters deemed relevant. The scheme below shows how the structure of the management of the business is currently organised:



The Support Areas are directed towards monitoring and co-ordinating the activity of the BU and their respective functional areas. While in two of these areas - internal audit and control of capital employed - the monitoring is done by the director Mr. Nuno Filipe Vilela Barroca de Oliveira, in the remaining areas monitoring is carried out by members of the Executive Commission, as shown in the following diagram:



2. Specific committees created in the company.

CORTICEIRA AMORIM has a Structure and Practices of Corporate Governance Committee which promotes those activities necessary for the revision or improvement of the internal norms and procedures of corporate governance, guaranteeing their efficacy in safeguarding the respective interests.

3. Company's risk management system.

At the level of the Board of Directors and the Executive Commission, the main objective is the integrated vision of those factors considered critical, because of the possible yield and/or associated risks, for the sustained creation of value for the company and the Shareholder.

At an operating level, because of the specific characteristics of CORTICEIRA AMORIM'S operating activity, two critical factors have been identified, whose management is the responsibility of the BU, namely the market and business risks and the raw material factor (cork).

Market risk and business risk in operating activities:

The management of the market and business risks is in the first instance assured by the five BU that intervene in the market of CORTICEIRA AMORIM end products, that is, Cork Stoppers, Floor and Wall Coverings, Composite Cork, Cork Rubber and Insulation Cork. In the strategic planning of these BUs, supported by the balanced scorecard methodology, key factors for the creation of value have been identified, following a multi-perspective logic that encompasses finance, market/Clients, processes and infrastructures.

Following this logic, strategic objectives and their respective goals are defined, as well as the initiatives to be developed in order to achieve them.

The methodology adopted makes it possible to strengthen the alignment between the delineated strategy and the operational planning, where priority actions to be developed in order to reduce risk and sustain the creation of value are defined for a shorter period. The processes which permit the systematic monitoring of these actions are implemented in the Business Units, and are subject to periodic auditing and monthly evaluation at the headquarters of the Business Unit's Board of Directors.

The raw material factor (cork):

Aware of how critical this factor is, cutting across all of the BU, the management of purchasing, storage and preparation of the single variable common to all of CORTICEIRA AMORIM's activities, which is the raw material (cork), has since 2002 been concentrated in one autonomous BU, thus making possible:

- specialisation of a team dedicated exclusively to the raw material;
- making the most of synergies and integration of the processing of all the kinds of raw material (cork) transformed in the remaining units;
- managing the raw materials from a multinational perspective;

- reinforcement of presence in producer countries;
- maintaining a historical register of production, updating records of cork-producing forest units;
- reinforcement of the dialogue with production, promoting forest certification, enhancing the technical quality of the product and development of partnerships in the areas of research & development applied to the forest;
- preparing, discussing and deciding within the Board of Directors the direction and pluriannual supplies policy to be developed;
- ensuring the mix of raw materials best suited to the needs of the end products market;
- ensuring the stability of this variable, critical for CORTICEIRA AMORIM's activity, over the course of time.

Within the dependency of the Board of Directors, accompanied by the Executive Commission or an executive director, are Support Areas that act decisively in managing critical factors, including risk prevention and detection. The Financial, Organisational Development/Planning and Management Control and Internal Auditing Areas intervene in this sphere.

Finance:

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

While responsible for prevention, audit and management of the abovementioned risks, the main objective of Finance is to support the definition and implementation of global strategies at the financial level and to co-ordinate the financial management of the different Business Units.

Organisational Development/Planning and Management Control and Area of Internal Audit:

Within the dependency of the Executive Commission, these two support area work together to reduce the functioning risks of the Organisation. Their two main functions are to assess and review the internal control systems, aiming both to optimise resources and safeguard assets, and to scrutinise the activities carried out, allowing management a reasonable level of certainty that business targets will be met.

4. Description of the stock market behaviour of the shares.

As described in Paragraph 6 B) of the Consolidated Management Report.

5. Information about the policy of distributing dividends adopted by the company.

In each financial year, CORTICEIRA AMORIM gives due consideration, in the light of the context of its activity, to the proposal for application of results of the financial year to be submitted for the approval of the General Meeting.

In respect of the financial years 2004 and 2005, given the net results obtained and the indebtedness of the company, the General Meeting of Shareholders approved the distribution of an illiquid dividend of € 0.035 and € 0.05 per share, respectively.

With respect to the financial year under consideration, given the net results obtained, more than 20 million euros, and the consistency observed in the company's financial balance, the Board of Directors will propose to the Shareholders' General Meeting the distribution of a gross dividend per share of 0.055 euros.

6. Plans to award shares and plans to award options to acquire shares adopted or in force during the financial year.

CORTICEIRA AMORIM has not adopted nor has in force any plan to award shares or to award options to acquire shares.

7. Business and operations carried out between the company and members of its Board of Directors and Auditors, and stakeholders or directors of Companies with which there is a dominating or group relationship.

No significant operations or business were carried out in the terms set out in this paragraph.

8. Market and Investor Relations.

CORTICEIRA AMORIM ensures the existence of permanent contact with the Market, respecting the principle of equality of shareholders and preventing asymmetries in access to information by the Investors.

Thus, the Department of Investor Relations, supervised by CORTICEIRA AMORIM'S Representative for Investor Relations, performs the following duties, namely:

- periodic dissemination of analyses of the evolution of the company's activity and the results obtained, including the co-ordination and preparation of their twice-yearly public presentation delivered in the company headquarters (in person or through audio-conferencing);
- dissemination of relevant facts;
- dissemination of information about main stakeholders;
- reception and centralisation of all questions formulated by the investors and the explanations made available;
- participation in conferences and meetings with investors and analysts.

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.

CORTICEIRA AMORIM has been using the information technology at its disposal for the periodic dissemination of economic and financial information, namely the reports analysing the evolution of the activity and results obtained, as well as in response to specific questions raised by the Investors.

As set out in CMVM Regulation no. 11/2003, CORTICEIRA AMORIM makes available on its website www.amorim.com/cortica.html a vast array of information about its company structure, its activity and the evolution of its business.

The role of Representative for CORTICEIRA AMORIM's Investor Relations is carried out by Mrs Cristina Rios de Amorim Baptista.

Of the actions carried out in 2006, regarding contact with investors, the following are especially noteworthy:

- Participation in the BPI Iberian Small & Mid Caps Conference(Oporto, September);
- Presentation of the activity and half-yearly results, through the audio-conferencing system, thus promoting interaction in the dissemination of that information;
- One-on-one meetings, held by invitation in the premises of investment banks;
- Meetings in the company premises with investors and teams of analysts, who were introduced to the main industrial units.

9. Composition of the remunerations committee or equivalent body.

CORTICEIRA AMORIM'S Remunerations Committee is composed of a Chairman and two Board Members, positions occupied as of 31 December 2006 by:

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

10. Amount of the annual remuneration of the auditor and other individual and collective persons belonging to the same network, supported by the company and/or by collective persons in a dominating or group relationship.

Service	Value (thousand euros)	%
Legal reviewing of account	381	86.2%
Other services to guarantee trustworthiness	27	6.2%
Tax consultancy	0	0.0%
Other services	34	7.6%
Total	442	100%

The heading "Other services" essentially comprises support for the implementation of administrative mechanisms for compliance with formalities established by law. As far as these services are concerned, these entities do not assume leadership of the subjacent projects, which is always taken on by the appropriate department of CORTICEIRA AMORIM, therefore there can be no question as to the independent functioning of the same.

CHAPTER II SHAREHOLDER REPRESENTATION AND VOTING RIGHTS

CORTICEIRA AMORIM encourages participation by the Shareholders in the General Meetings of the company, namely by making available, as stipulated in the Portuguese Companies Act, the information required by law for consultation prior to the holding of the General Meeting, with the intention of making available to the Shareholder the information required to make

decisions on the matters placed on the agenda for each General Meeting, whether this decision is expressed by the Shareholder himself, by correspondence or by his proxy. In order to facilitate this access, in accordance with the Regulations of the CMVM, such information is also available on the website www.amorim.com/cortica.html.

In relation to the process of representation, the Presiding Committee of the General Meeting checks the validity and compliance of the proxy documents presented, in accordance with what is stipulated by Law and by the company's statutes.

1. Statutory rules on the exercise of voting rights.

CORTICEIRA AMORIM actively encourages Shareholders to exercise their right to vote in the General Meetings of the company, whether by direct vote, by correspondence or by proxy, namely by clarifying the legal procedures necessary for the right to vote to be exercised.

As established in the company statutes, in the General Meetings the Shareholders' vote by correspondence is admitted in the alteration of the company statutes and in the election of members of the Board of Directors.

2. Existence of a model for exercising voting rights by post.

In situations in which this mode of voting is allowed, as set out in the preceding paragraph, CORTICEIRA AMORIM makes available in its headquarters to Shareholders a model for exercising the right to vote by correspondence.

3. Possibility and exercise voting rights by electronic means.

The statutes of CORTICEIRA AMORIM do not allow voting by electronic means. This limitation has not yet been altered because it is believed that the technical conditions that would make it possible to assure verification of the authenticity of the vote declarations and guarantee the integrity and confidentiality of their content are not met.

4. Notice required for depositing or blocking shares for participation in the general meeting.

The period of antecedence established by the statutes of CORTICEIRA AMORIM is twenty days before the date designated for the General Meeting.

5. The period required between the date of receipt of voting rights sent by mail and the date of the general meeting.

In the cases in which voting by correspondence is permitted, as established by paragraph 1 above, the reception of the vote declaration must occur within five working days prior to the date when the General Assembly is held.

6. Number of shares equivalent to one vote.

One vote corresponds to every group of one thousand shares.

CHAPTER III CORPORATE RULES

1. Existence, at the level of the internal organisation, of specific rules destined to regulate situations of conflict of interests between the members of the Board of Directors and the company.

Although there are no formal codes of conduct or internal regulations that correspond directly to this point, CORTICEIRA AMORIM considers that the principles of good business practice are part of the entrepreneurial values upheld by both the members of the company boards and by the other employees.

2. Internal measures adopted to control risk in the company's activity.

In accordance with the provisions of paragraph no. 3 of Chapter 1 of this Report.

3. Measures that may interfere with the success of takeover bids.

To the best of CORTICEIRA AMORIM's knowledge, there are no limits to the voting rights, restrictions on the transfer of shares, special shareholders' rights and para-social agreements.

CHAPTER IV

BOARD OF MANAGEMENT

1. Composition and characterisation of the Management Board

The Board of Directors of CORTICEIRA AMORIM is composed of the Chairman, Vice-Chairman and five Board Members. As of 31 December 2006, these duties are carried out by:

Executive Members

Chairman:

António Rios Amorim

Vice-Chairman:

José Fernando Maia de Araújo e Silva

Board Member:

Nuno Filipe Vitela Barroca de Oliveira

Non-executive Members:

Vice-Chairman:

José Américo Amorim Coelho

Board Member:

Joaquim Ferreira de Amorim

Board Member:

José da Silva Carvalho Neto

Board Member:

Luísa Alexandra Ramos Amorim

In the Shareholders' General Meeting, held on 31 March 2005, the Board Members including the Board of Directors of the company were elected for a mandate of three years. It should be stated that on this date the CMVM recommendation concerning the presence of independent members in the management board was fully adopted, concretely through the nomination of Mr José Fernando Maia de Araújo e Silva, member of the Board of Directors with executive functions not associated with any specific interest groups. Nevertheless, given the alterations introduced by CMVM Regulation no. 10/2005, since that director carries out executive duties, there is non independence of the non-executive members, because they fit into at least one of the categories listed under no. 2 of article 1 of CMVM Regulation no. 11/2003. Given the resignation of the member of the Board of Directors Mr Rui Miguel Duarte Alegre, Mr José da Silva Carvalho Neto was elected in his place by the decision taken in the General Meeting of 31 March 2006. Mr Carvalho Neto is also a non-executive member and not independent because he fits into at least one of the categories listed in the abovementioned legal ruling.

In respect of the members of the Board of Directors of CORTICEIRA AMORIM, in post, the following information should be noted:

António Rios de Amorim (Chairman):

Chairman of the Board of Directors and Executive Board of CORTICEIRA AMORIM since March 2001. He was Delegated Director of Amorim & Irmãos (1996-2001), Administrator of Sociedade Figueira-Praia (1993-2006), responsible for operations in Amorim - Empreendimentos Imobiliários - which promoted the Torres de Lisboa and Arrábida Shopping projects (1993-1995), Executive Administrator of Amorim Hotéis, SA, with responsibility for developing the Ibis and Novotel chains in Portugal. He was awarded the degree Bachelor of Commerce by the Faculty of Commerce and Social Sciences of the University of Birmingham (1989), and attended *The Executive Program in Business Administration: Managing the Enterprise* - Columbia University Graduate School of Business (1992) and Managerial Skills for International Business - INSEAD (2001). He was an associate of the European Round Table of Industrialists - the only Portuguese entrepreneur to belong to this association (1991-1995). President of the Portuguese Cork Association (since 2002) and of the Confédération Européenne du Liège (since 2003). In February of 2006 he was honoured, by His Excellency the President of the Republic of Portugal, with the title of Comenda de Grande-Oficial da Ordem de Mérito Agrícola, Comercial e Industrial, a Portuguese honorific order which recognises major agricultural, commercial and industrial merit.

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

Date of first appointment as Chairman of the Board of Directors: 31 March 2001

Date of end of mandate: 31 December 2007

Positions held in other companies:

Company	Position Held
CORTICEIRA AMORIM Group	
Amorim Florestal - Indústria, Comércio e Exploração, SA	Chairman of the Board of Directors
Amorim Florestal España, SL	Chairman of the Board of Directors
Amorim & Irmãos IV, SA	Chairman of the Board of Directors
Amorim & Irmãos, SA	Vice Chairman of the Board of Directors
Amorim & Irmãos, SGPS, SA	Vice Chairman of the Board of Directors
Amorim & Irmãos VI, SA	Chairman of the Board of Directors
Amorim Florestal - Espanha, SA	Member of the Board of Directors
Amorim Industrial Solutions - Indústria de Cortiça e Borracha I, SA	Chairman of the Board of Directors
Amorim Industrial Solutions - Indústria de Cortiça e Borracha II, SA	Chairman of the Board of Directors
Amorim Industrial Solutions - SGPS, SA	Chairman of the Board of Directors
Amorim Isolamentos, SA	Chairman of the Board of Directors
Amorim Isolamentos II, Lda	Manager
Amorim Revestimentos, SA	Vice-Chairman of the Board of Directors
Corticeira Amorim - Indústria, SA	Chairman of the Board of Directors
Korke Schiesser GmbH	Manager
Other Companies	
Afaprom - Sociedade Agro-Florestal, SA	Member of the Board of Directors
Amorim, SGPS, SA	Member of the Board of Directors
Amorim Capital, SGPS, SA	Member of the Board of Directors
Amorim Desenvolvimento, SGPS, SA	Member of the Board of Directors
Amorim - Investimentos e Participações, SGPS, SA	Member of the Board of Directors
Amorim - Serviços e Gestão, SA	Chairman of the Remunerations Committee
Cimorim - Sociedade Agro-Florestal, SA	Member of the Board of Directors
Corpóreo - Compra e Venda de Imóveis, SA	Member of the Board of Directors
Interfamília II, SGPS, SA	Member of the Board of Directors
Luxor, SGPS, SA	Vice-Chairman of the Board of Directors
Resiféria - Construções Urbanas, SA	Member of the Board of Directors
S21 - Sociedade de Investimento Imobiliário, SA	Member of the Board of Directors
Other Organizations	
Associação Portuguesa da Cortiça	Chairman of the Board of Directors
Confédération Européenne du Liège	Chairman of the Board of Directors

José Américo Amorim Coelho (Vice-Chairman):

He studied in the Faculty of Economics of Oporto University (1974-1976). He is Vice-Chairman of the Board of Directors of CORTICEIRA AMORIM, non-executive from September 2005. Up to this date he was Vice-Chairman of the Executive Board of the company, with responsibility for permanently accompanying the Composite Cork, CorkRubber and Insulation Cork Business Units and joint responsibility for accompanying the Raw Materials Business Unit. In the last 27 years he has been executive director of various affiliates of the company. His leadership of the Composite Cork Business Unit (1982-1992) and the Floor and Wall Coverings Business Unit (1992-2002) deserve particular mention.

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

Date of end of mandate: 31 December 2007

Positions held in other companies:

Company	Position Held
Other Companies	
Amorim - Entertainment e Gaming International, SGPS, SA	Member of the Board of Directors
Amorim - Hotéis e Serviços, SGPS, SA	Member of the Board of Directors
Amorim Participações Mobiliárias, SGPS, SA	Chairman of the Board of Directors
Amorim Turismo, SGPS, SA	Member of the Board of Directors
Bingo Plus - Turismo e Animação, SA	Member of the Board of Directors
CHT - Casino Hotel de Tróia, SA	Member of the Board of Directors
Ebanus - Investimentos Imobiliários e Turísticos, SA	Member of the Board of Directors
Goldtur - Hotéis e Turismo, SA	Member of the Board of Directors
Grano Salis - Investimentos Turísticos, Jogo e Lazer, SA	Member of the Board of Directors
Having - Investimentos Hoteleiros, SA	Member of the Board of Directors
IHP - Investimento Hoteleiro de Portugal, SA	Member of the Board of Directors
Portis - Hotéis Portugueses, SA	Member of the Board of Directors
Portotel - Sociedade de Investimento e Gestão de Hotéis, SA	Member of the Board of Directors
Prifalésia - Construção e Gestão de Hotéis, SA	Member of the Board of Directors
Return - Investimentos Hoteleiros e Jogo, SA	Member of the Board of Directors
Soamco - Investimentos, Lda	Manager
Sociedade Figueira Praia, SA	Member of the Board of Directors
Tróia Península - Investimentos, SGPS, SA	Member of the Board of Directors
Turyleader, SGPS, SA	Member of the Board of Directors
Upsite - Investimento Hoteleiro de Portugal, SA	Member of the Board of Directors

Joaquim Ferreira de Amorim (Board Member):

Entrepreneur and company director. He belongs to the third generation of the Amorim Family and has around fifty years of professional activity in the area of cork in the Group. He joined the management team which undertook the verticalisation of the cork business in the 60s, and in the 80s and 90s, he invested in the internationalisation of the business, taking CORTICEIRA AMORIM to world leadership in the cork sector.

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

Date of end of mandate: 31 December 2007

Positions held in other companies:

Company	Position Held
CORTICEIRA AMORIM Group	
Amorim & Irmãos, SGPS, SA	Member of the Board of Directors
Amorim & Irmãos, SA	Member of the Board of Directors
Moraga - Comércio e Serviços, SA	President of the Board of Directors
S.A.M. Clignet & Cie	President of the Audit Committee
Other Companies	
Amorim - Investimentos e Participações, SGPS, SA	First Vice-Chairman of the Board of Directors
Amorim Capital, SGPS, SA	Member of the Board of Directors
Amorim Desenvolvimento, SGPS, SA	Member of the Board of Directors
Amorim - Entertainment e Gaming Internacional, SGPS, SA	Member of the Board of Directors
Amorim Turismo, SGPS, SA	Vice-Chairman of the Board of Directors
Ancarin - Investimentos Imobiliários e Financeiros, SA	Chairman of the Board of Directors
Bingo Plus - Turismo e Animação, SA	Member of the Board of Directors
Casa de Mozelos Gestão de Imóveis, SA	Chairman of the Board of Directors
CHT - Casino Hotel de Tróia, SA	Member of the Board of Directors
Evaesco, SGPS, SA	Chairman of the Board of Directors
Famorin - Sociedade Financeira e Mobiliária, SGPS, SA	Chairman of the Board of Directors
Florinvest - Sociedade Agrícola, SA	Chairman of the Board of Directors
Grano Salis - Investimentos Turísticos, Jogo e Lazer, SA	Member of the Board of Directors
Interfamília II, SGPS, SA	Member of the Board of Directors
Interfamília VI, SGPS, SA	Chairman of the Board of Directors
Investife - Investimentos Imobiliários e Financeiros, SA	Chairman of the Board of Directors
Norbrasin, Investimentos Imobiliários, SA	Chairman of the Board of Directors
Prifalésia - Construção e Gestão de Hotéis, SA	Member of the Board of Directors
Resinfe - Investimentos e Promoção Imobiliária, SA	Vice-Chairman of the Board of Directors
Return - Investimentos Hoteleiros e Jogo, SA	Member of the Board of Directors
Sociedade Agrícola Triflor, SA	Chairman of the Board of Directors
Sociedade Figueira Praia, SA	Member of the Board of Directors
Tróia - Península Investimentos, SGPS, SA	Member of the Board of Directors
Turyleader, SGPS, SA	Member of the Board of Directors
Vatrya - Consultadoria e Marketing, Lda	Manager

José Fernando Maia de Araújo e Silva (Board Member):

Graduate in Economics from the Faculty of Economics of the University of Oporto (1974). Executive Director of CORTICEIRA AMORIM since 2002. He was Vice-Chairman of Sonae Indústria (1999-2002) and member of the Board of Directors of Spred (1998-1999), Sonae Participações Financeiras (1996-1998) and Tafisa (1993-1995). Responsible for the financial co-ordination and control of management of the industrial area of the Sonae Group (1989-1990) and the financial co-ordination of Sonae Investimentos (1991-1993). He was Director of Soserfin (1987-1988) and Director of the International Department of the BESCL (1984-1986). He began his professional activity in the Faculty of Economics of the University of Oporto as a lecturer in various subjects (1975-1983). Also in this Faculty he was responsible for the subject of International Financial Management (1987-1988) in the postgraduate course for Financial Analysts. Since 1991, he has been a guest lecturer at the Catholic University of Portugal, where he is responsible for the subject of International Financial Management, in the Management course.

Date of first appointment to the Board of Directors: 16 September 2002

Date of end of mandate: 31 December 2007

Positions held in other companies:

Company	Position Held
CORTICEIRA AMORIM Group	
Amorim & Irmãos, SGPS, SA	Chairman of the Board of Directors
Amorim & Irmãos, SA	Chairman of the Board of Directors
Amorim Revestimentos, SA	Member of the Board of Directors
Amorim Florestal - Indústria, Comércio e Exploração, SA	Member of the Board of Directors
Amorim Industrial Solutions - Indústria de Cortiça e Borracha I, SA	Member of the Board of Directors
Amorim Industrial Solutions - Indústria de Cortiça e Borracha II, SA	Member of the Board of Directors
Amorim Industrial Solutions, SGPS, SA	Member of the Board of Directors
Amorim Isolamentos, SA	Member of the Board of Directors
Amorim Isolamentos II, Lda	Manager
Champcork - Rolhas de Champanhe, SA	Member of the Board of Directors
Corticeira Amorim - Indústria, SA	Member of the Board of Directors
Portocork Internacional, SA	Member of the Board of Directors

Nuno Filipe Vilela Barroca de Oliveira (Board Member):

He graduated in Company Administration and Management from the Catholic University of Portugal. Non-executive director of CORTICEIRA AMORIM, from March 2003 until September 2005, he then proceeded to carry out executive functions from that date. Non-executive director of various companies in the Amorim Group (from 2000) and executive director of Barrancarnes (2000-2005). After a year in the commercial area of Møre Codfish (Norway), he took part in the Comett programme and held an internship in Merrill Lynch (London), then began his professional activity in the Banco Comercial Português Group, where, for three years, he collaborated in the areas of Studies and Planning, International Area and Investment Funds.

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

Date of end of mandate: 31 December 2007

Positions held in other companies:

Company	Position Held
Other Companies	
Amorim - Investimentos e Participações, SGPS, SA	Member of the Compensation Committee
Amorim - Serviços e Gestão, SA	Member of the Compensation Committee
Natureza, SGPS, SA	Member of the Board of Directors

Luísa Alexandra Ramos Amorim (Board Member):

Degree (DESE) in Marketing from ISAG. Director of Amorim - Investimentos e Participações (since 2002). Executive Director of Natureza, S.G.P.S. (since 2002) and Director of Marketing of J. W. Burmester (2000-2002). She began her professional activity in the Amorim Group as Assistant in Hotel Management in Amorim Hotéis e Serviços and the Sociedade Figueira Praia (1996-1997), having collaborated in different business areas of the Group, in Portugal and abroad, between 1998 and 2000.

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

Date of end of mandate: 31 December 2007

Positions held in other companies:	
Company	Position Held
Other Companies	
Amorim - Investimentos e Participações, SGPS, SA	Member of the Board of Directors
Bucozal - Investimentos Imobiliários e Turísticos, Lda	Manager
Quinta Nova de Nossa Senhora Carmo - Sociedade Agrícola, Comercial e Turística, Lda	Manager

José da Silva Carvalho Neto (Board Member):

He graduated from the University of Oporto with a degree in Chemical Engineering. Administrator of various companies in the Amorim Group since January 2004. He began his professional career in Mabor Portugal, which later became part of the Continental Group, where for more than 30 years he has carried out the following functions:

Head of Personnel and Management of Human Resources in Mabor Portugal (1 year); Director of Production, Mabor Portugal (4 years); Director and Administrator of the Mabor Factory in Luanda, Angola (18 months); Commercial Director of Continental and Mabor in Portugal (2 years); Director of Restructuring Project, Administrator and Chairman of the Continental Group - tyres - in Portugal (8 years) and Chairman of the Continental Group in Mexico.

Date of first appointment to the Board of Directors: 31 March 2006

Date of end of mandate: 31 December 2007

Positions held in other companies:	
Company	Position Held
Other Companies	
Amorim & Ruas, SA	Legal Representative
Amorim Broking - Investimentos e Participações Financeiras, SA	Chairman of the Board of Directors
Amorim Broking, SGPS, SA	Member of the Board of Directors
Amorim Desenvolvimento, SGPS, SA	Member of the Board of Directors
Amorim Energia, BV	Director
Amorim Investimentos Energéticos, SGPS, SA	Member of the Board of Directors
Amorim Trading - Comércio de Importação e Exportação, SA	Member of the Board of Directors
Amorimgest, Lda	Manager
Bucozal - Investimentos Imobiliários e Turísticos, Lda	Manager
Cores da Paisagem, SA	Chairman of the Board of Directors
Época Global, SGPS, SA	Chairman of the Board of Directors
Investimentos Ibéricos, SGPS, SA	Chairman of the Board of Directors
Imoeuro, SGPS, SA	Member of the Board of Directors
Maporal - Matadouro de Porco de Raça Alentejana, SA	Chairman of the Board of Directors
Natureza, SGPS, SA	Member of the Board of Directors
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, SA	Member of the Board of Directors
Resultactual, SGPS, SA	Chairman of the Board of Directors
Tendência Verde, SA	Chairman of the Board of Directors

2. Other bodies with management competence

Adopting a management model based on the concept of Strategic-Operational-Holding, the BU are co-ordinated by the Executive Commission of CORTICEIRA AMORIM, which possesses wideranging powers of management, with the exception of those powers which for legal or statutory reasons are reserved to the Board of Directors.

The Executive Commission is made up of three members, being constituted, at 31 December 2006, by:

- António Rios de Amorim (Chairman);
- José Fernando Maia de Araújo e Silva;
- Jorge Viriato de Freitas Barros Diniz Santos.

This Committee's activity makes it possible to strengthen internal control systems, introducing continuous evaluations and implementing actions intended to improve the levels of performance of the business, as well as to contribute to more effective detection of risks linked to the activity, as presented in paragraphs 1 and 3 of Chapter I of the present Report.

3. Exercise of functions by the administrative body of the company.

The Board of Directors of CORTICEIRA AMORIM is responsible for the effective control in directing the activity of the company, being the body competent to take decisions of a strategic nature.

There is no specific delimitation of competencies between the Chairman of the Board of Directors and the Executive Commission, apart from that deriving from Law. Currently, the role of Chairman of these two bodies is carried out by the same person, although this is through choice, not imposed by law or statute.

The Executive Commission is prohibited from making decisions which, in legal terms, cannot be delegated by the Board of Directors, namely, the co-opting of administrators, the request for the convocation of general meetings, annual reports and accounts, to stand bail or give personal or real guarantees on behalf of the company, change headquarters, increase capital, mergers, demergers and transformations of companies.

The conditions of procedures, decision-making procedures, interaction and reporting are guaranteed, so that the Administrative Organ is at all times informed of relevant matters, and decisions taken by the Executive Committee.

No list has been drawn up of conflicts of interest between exercising the role of company director and any other roles carried out in other companies or organisations, just as no limit has been set for the number of positions that may be accumulated.

Nine meetings of the Board of Directors of the company and twenty-one meetings of the Executive Commission were held in 2006.

4. Remuneration policy.

The remuneration of the Administration is structured in such a way as to promote the alignment of the board members' interests with the company's interests, on a fixed basis, with a variable component which derives from the results of the activity carried out and the economic and financial situation of the company.

5. Remuneration received by the members of the administrative body as a whole.

The whole group of members of the Board of Directors who, in the terms of paragraph 1 of Chapter IV of the present Report, carry out executive duties, received remunerations amounting to 867 thousand euros (729 thousand euros of fixed remuneration and 138 thousand euros of variable remuneration), for the performance of duties either in the governing body of CORTICEIRA AMORIM or in the governing bodies of the associated or affiliated companies that constitute that company. The non-executive members of this body are not remunerated.

As set out in paragraph 1 of Chapter I: “The strategic alignment of the whole organisation is strengthened by the use of the balanced scorecard methodology, in CORTICEIRA AMORIM and in its Business Units.”

Thus, the variable component of the remuneration of the executive members of the Board of Directors corresponds to a performance-related bonus that derives from the verifiable extent to which those goals, objectives, strategic initiatives and priority actions set out have been fulfilled.

The adoption of the abovementioned methodology, which considers financial and non-financial indicators in evaluating performance, permits the Remunerations Committee to assess in each financial year the objective degree of fulfilment of these goals, deciding, as a result of this fulfilment, whether to attribute the abovementioned bonus.

In respect of the financial year 2006, since fulfilment of such aims has been noted, it has been decided to award a bonus to the executive members of the Board of Directors to the total value of 138 thousand euros.

6. Description of the general policy lines for communicating irregularities that have allegedly occurred within the company.

CORTICEIRA AMORIM does not have a formal policy for communicating irregularities in the terms of the CMVM recommendation. However, giving consideration to the importance of the interests which this matter seeks to safeguard, the Committee for Structure and Practices of Corporate Governance is giving due thought to the means most suitable for such communications, in order to ensure the protection of data and workers, as well as the attribution of competencies for receiving communications and overseeing the policy to be implemented.

CHAPTER V

OTHER INFORMATION

1. Information stipulated in terms of article 245-A of the Portuguese Securities Code

a) Structure of capital, including indication of shares not admitted to trading, different categories of shares, rights and duties inherent to the same and percentage of capital that each category represents

CORTICEIRA AMORIM's share capital amounts to 133 million euros, represented by 133 million ordinary shares with a nominal value of 1 euro, which grant the right to dividends.

All of the shares issued by the company are admitted to trading on the Euronext Lisbon - Sociedade Gestora de Mercados Regulamentados, S.A..

b) Any restrictions on the transmissibility of shares, such as the need to obtain approval for the transfer or limitations on the holding of shares

The company statutes do not include any restriction of this type and, to the best of the company's knowledge, there is no other kind of restriction on the transfer of shares.

c) Major stakeholders in the company

Major stockholders, as of 31 December 2006:

Stockholders	Number of shares	Percentage of holding	Number of votes	Percentage of voting rights
Amorim Capital - Sociedade Gestora de Participações Sociais, S.A.	90,162,161	67.791%	90,162	69.116%
Luxor - Sociedade Gestora de Participações Sociais, S.A.	3,069,230	2.308%	3,069	2.353%
Millennium BPC - Investimentos - Fundos Mobiliários, S.A., representing the following funds under its management:	3,936,855	2.960%	3,936	3.017%
FIM Millennium Ações Portugal	1,977,105	1.487%	1,977	1.516%
FIM Millennium PPA	1,959,750	1.473%	1,959	1.502%
Portus Securities - Sociedade Corretora, Lda.	7,400,000	5.564%	7,400	5.673%
Directly	6,400,000	4.812%	6,400	4.906%
Through Shareholder / Stockholder	1,000,000	0.752%	1,000	0.767%

As of 31 December 2006, Amorim - Investimentos e Participações, S.G.P.S., S.A., has an indirect financial stake in CORTICEIRA AMORIM, S.G.P.S., S.A., of 90,162,162 shares which correspond to 69.116% of the voting rights. This indirect stake is held through Amorim Capital - Sociedade Gestora de Participações Sociais, a company held in its entirety on that date by Amorim - Investimentos e Participações, S.G.P.S., S.A..

Amorim - Investimentos e Participações, S.G.P.S., S.A., is held, as of 31 December 2006, by Interfamilia II, S.G.P.S., S.A.. It should be mentioned that as of 31 December 2006, the company had 2,548,357 of its own shares, registered as treasury stock.

d) Identification of shareholders who hold special rights and description of these rights

There are no company shares or shareholders with special rights.

e) Mechanisms of control included in any system of worker participation in the capital, insofar as they will not directly exercise voting rights

No mechanisms of control are anticipated in this respect.

f) Any restrictions on voting rights, such as limitations on voting depending on holding a number or percentage of shares, time limits imposed for exercising the right to vote or systems to flag up rights pertaining to assets

As set out in Chapter II of the present document.

g) Para-social agreements known to the company that may lead to restrictions in transmissibility of shares or voting rights

To the company's knowledge, there are no para-social agreements that might lead to the abovementioned restrictions.

h) Rules applicable to the appointment and distribution of members of the Board of Directors and the alteration of the company statutes

The rules applicable to the **appointment and replacement of members of the Board of Directors** are those contemplated in the Law with the following specific aspects contained in the company statutes:

The **election** is done through lists, specifying the office held by each member. Voting is done in two stages:

First: the isolated election of one director from among people proposed in lists signed by groups of shareholder who hold between 10 and 20% of the share capital. Each list must propose at least two electable people for each one of the offices to be filled. No shareholder may sign more than one of the lists. If in this isolated election lists are presented by more than one group of shareholders, the voting will first deal with all of the lists and then on the people indicated in the list that wins. The lists may be presented up the beginning of the discussion, in the general meeting, of the point in the agenda concerning the election of members of the Board of Directors;

Second: the general meeting proceeds to the election of the other directors. All of the shareholders who are present may take part in the respective discussion, whether or not they have signed or voted in any of the lists of the first phase. The general meeting may not proceed to the election of the remaining board members as long as one of the people proposed in the first stage lists has not been elected, unless no list has been proposed.

The **mandate** of the members of the Board of Directors lasts for one year, renewable automatically, to a maximum of three years, as long as at the time of the voting on the management report, accounts of the financial year and application of the results, the shareholders do not suggest replacing one, any or all of them. Every three years, shareholders obligatorily proceed to the election of the members of the Board of Directors, who may be re-elected one or more times.

The rules applicable to the alteration of company statutes are included in the Law, with the following specific provisions contained in its statutes:

The Administration of the company is carried out by a Board of Directors made up of a Chairman, a Vice-Chairman and from one to nine Board Members. This statute may only be altered through deliberation by a majority of shareholders corresponding to two thirds of the share capital.

i) Powers of the management board, namely in respect of deliberations concerning increase of capital

The powers of the Board of Directors are expressed in the Law with the following specific provisions included in the company statutes:

The Board of Directors is, generally speaking, responsible for carrying out all the functions of direction, management, administration and representation of the company and, in particular:

- transfer the company headquarters to any other locale permitted by law, as well as create, in any part of the national territory or abroad, delegations, agencies, branches, subsidiaries, branch offices, offices or other local forms of representation of the company;
- acquire, transfer and charge shares and government bonds belonging to the company and any rights, as well as carry out on any of those operations deemed appropriate;
- acquire, transfer, exchange and lease property, by any acts or contracts, as well as charge them, even through the constitution of real guarantees;
- exercise and promote the exercising of the rights of the company in the companies in which it has a holding;
- acquire, transfer, exchange and encumber real estate in any way;
- negotiate financial borrowing-lending operations with credit institutions, in the terms, conditions and forms that it deems appropriate;
- move bank accounts, deposit and withdraw monies, issue, accept, sign and endorse cheques, letters, promissory notes, invoices and other negotiable instruments;
- confess, desist or acquiesce in any actions, as well as act as arbitrators.

The Board of Directors establishes the rules of its functioning and may delegate to any of its constituent elements the execution of its own decisions, the current management of the company, and competence to decide certain administrative matters. Such delegation may be made to an Executive Commission, whose terms of reference are defined by the Board of Directors. The Board of Directors may name a Consultative Committee whose role it is to give a view, at the request of the Board of Directors, on the company's plans and strategy and on proposals to alter the company statutes, increase capital, issue bonds, merger, demerge, transform and dissolve the company. The Board of Directors establishes the composition, period of functioning and the terms of reference of the Consultative Committee.

The Board of Directors may designate a company Secretary and his substitute and request that a General Meeting of the company be held.

The powers of the Board of Directors concerning deliberations on increase of capital are those stipulated in the Law and the specific provisions of the company statutes. These establish that the Board of Directors may decide to increase the share capital, once or more, in the ways allowed by law, to the amount of 250,000,000.00 euros. It is also their responsibility to establish the respective terms and conditions, as well as the form and periods of time for subscription and realisation.

j) Any significant agreements to which the company is a party and which take effect, alter or terminate upon a change of control of the company following a takeover bid, and the effects thereof, except where their nature is such that their disclosure would be seriously prejudicial to the company; this exception shall not apply where the company is specifically obliged to disclose such information on the basis of other legal requirements

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

l) Any agreements between the company and its board members or employees providing for compensation if they resign or are made redundant without valid reason or if their employment ceases because of a takeover bid

The company has not made any agreement with board members or works providing compensation in situations where it is not required by law.

m) Internal control and risk management systems implemented in the company

As described in paragraph 3 of Chapter 1 of the present document.

2. Information included in articles 447 and 448 of the Portuguese Companies Act

2.1. - CORTICEIRA AMORIM, S.G.P.S., S.A. shares held and/or traded by the board members

In compliance with the stipulations of article 447 of the Portuguese Companies Act, it is hereby stated that:

- i) the director Mr José Américo Amorim Coelho continues to hold 20,339 company shares, having not carried out any share transaction during 2006;
- ii) the remaining Board Members do not own, nor have traded any company share capital.

2.2 Stockholders holding more than 10% of the shares

In compliance with article no. 448 of the Portuguese Companies Act, it is stated that at 31 December 2006, it is hereby stated that as of 31 December 2006, Amorim Capital - Sociedade Gestora de Participações Sociais, S.A., holds 90,162,161 shares of CORTICEIRA AMORIM, S.G.P.S., S.A., Corresponding to 67.791% of the shares and 69.116% of the voting rights.

Mozelos, February 26, 2007

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



**consolidated financial
statements**



Thousand euros

a) Consolidated Balance Sheet		December 2006	December 2005
	Notes		
Assets			
Property, plant and equipment	VI	175,719	170,387
Investment property		2,519	2,282
Goodwill	VII	13,253	13,618
Investments in associates	XIX	2,717	296
Intangible assets	VI	0	31
Other financial assets		2,053	937
Deferred tax assets	VIII	9,719	12,787
Other non current assets		306	596
Non-current assets		206,285	200,934
Inventories	IX	212,139	205,346
Trade receivables	X	104,761	100,230
Current tax assets	XI	21,311	23,550
Other current assets	XII	13,094	11,173
Cash and cash equivalents		3,997	8,666
Current assets		355,302	348,965
Total Assets		561,588	549,899
Equity			
Share capital	XIII	133,000	133,000
Own shares	XIII	-2,425	-2,402
Other reserves	XIII	69,433	62,085
Net income		20,104	15,747
Minority interest		10,648	11,753
Equity		230,760	220,183
Liabilities			
Interest-bearing loans	XIV	153,115	122,324
Other borrowings and creditors	XV	3,172	5,734
Provisions	XXI	4,386	4,836
Deferred tax liabilities	VIII	4,009	4,532
Non-current liabilities		164,682	137,426
Interest-bearing loans	XIV	76,213	105,024
Trade payables		43,965	41,418
Other borrowings and creditors	XV	36,520	36,373
Tax liabilities		9,449	9,474
Current liabilities		166,147	192,290
Total Liabilities and Equity		561,588	549,899

consolidated financial statements

Thousand euros

b) Earnings Statement		12M2006	12M2005
I. Of the year			
	Notes		
Sales	V	442,552	428,010
Costs of goods sold and materials consumed		231,307	215,456
Change in manufactured inventories		6,179	-4,805
Gross Margin		217,424	207,749
	XXIV	48.5%	49.1%
Third party supplies and services		73,783	69,764
Staff costs	XVI	91,627	93,808
Depreciation	VI	21,798	22,698
Impairments of assets		620	936
Other gains (+) and cost (-)	XVII	4,555	6,269
EBIT		34,151	26,812
Net interest	XVIII	-9,039	-7,429
Share of (loss)/profit of associates		264	1
Profit before Tax		25,377	19,384
Income tax	VIII	3,979	2,865
Profit after Tax		21,397	16,519
Minority interest		1,293	773
Net Income attributable to the equity holders of Corticeira Amorim		20,104	15,747
Earnings per Share - Basic e Diluted (euros per share)	XXIV	0.154	0.121

Thousand euros

II. Fourth quarter	4T2006	4T2005
Sales	106,999	99,822
Costs of goods sold and materials consumed	59,983	50,068
Change in manufactured inventories	6,396	-840
Gross Margin	53,412	48,914
	47.1%	49.4%
Third party supplies and services	19,509	17,062
Staff costs	22,617	23,758
Depreciation	4,477	5,868
Impairments of assets	-104	-335
Other gains (+) and cost (-)	4,167	3,814
EBIT	11,080	6,376
Net interest	-2,574	-1,887
Share of (loss)/profit of associates	205	-11
Profit before Tax	8,712	4,478
Income tax	1,162	-176
Profit after Tax	7,550	4,654
Minority interest	289	248
Net Income attributable to the equity holders of Corticeira Amorim	7,261	4,406
Earnings per Share - Basic e Diluted (euros per share)	0.056	0.034

consolidated financial statements

Thousand euros

c) By function	12M2006	12M2005
Sales	442,552	428,010
Cost of sales	302,452	296,261
Gross margin	140,100	131,749
Marketing and sales costs	38,112	36,884
Distribution	23,978	22,988
Support areas	43,859	45,065
Operating Results	34,151	26,812
Net interest	-9,039	-7,429
Gains (losses) in Associates	264	1
Profit before Tax	25,376	19,384
Income Tax	3,979	2,865
Profit after Tax	21,397	16,519
Minority interest	1,293	772
Net Income attributable to the equity holders of Corticeira Amorim	20,104	15,747
Net Profit per Share - Basic and Diluted - euros per share	0.154	0.121

Thousand euros

d) Consolidated Cash Flow Statement	December 2006		December 2005	
OPERATING ACTIVITIES				
Collections from customers	+	461,914	461,776	
Payments to suppliers	-	363,034	- 361,204	
Payments to employees	-	92,201	- 93,190	
Operational Cash Flow		6,679	7,382	
Payments/collections - income tax	-	1,958	- 1,672	
Other collections/payments related with operational activities	+	33,820	25,895	
Cash Flow before Extraordinary Items	+	38,541	31,605	
INVESTMENT ACTIVITIES				
Collections due to:				
Tangible assets	+	5,231	3,545	
Investment property	+	65	334	
Dividends	+	285	0	
Investment subsidies	+	284	726	4,605
Payments due to:				
Tangible assets	-	25,413	- 17,227	
Financial investments	-	5,211	- 948	- 18,174
Cash Flow from Investments		- 24,759	- 13,570	
FINANCIAL ACTIVITIES				
Collections due to:				
Others	+	135	135	0
Payments due to:				
Loans	-	1,664	- 6,078	
Interests and similar expenses	-	8,787	- 7,775	
Dividends	-	6,968	- 4,928	
Acquisition of treasury stock	-	24	- 4	
Others	-	798	- 18,241	- 18,785
Cash Flow from Financing		- 18,106	- 18,785	
Change in Cash		- 4,324	- 749	
Exchange Rate Effect		- 344	454	
Perimeter Effect		0	654	
Cash at Beginning		8,666	8,306	
Cash at the End		3,998	8,666	

Thousand euros

e) Changes in Equity - Consolidated Statement

	Balance Beginning	New Cies	Appropriation of N-1 profit	Dividends	Net Profit N	Increases	Decreases	Translation Differences	Change in Consolidation Method	End Balance
December 31ST, 2006										
Equity:										
Share Capital	133,000	-	-	-	-	-	-	-	-	133,000
Treasury Stock - Face Value	-2,535	-	-	-	-	-12	-	-	-	-2,548
Treasury Stock - Discount and Premiums	134	-	-	-	-	-11	-	-	-	123
Paid-in Capital	38,893	-	-	-	-	-	-	-	-	38,893
IFRS Transition Adjustments	-13,020	33	-	-	-	-	-	121	-	-12,866
Hedge Accounting	18	3	-	-	-	103	-301	-	-	-177
Reserves										
Legal Reserve	7,445	-	-	-	-	-	-	-	-	7,445
Other Reserves	28,051	-	15,747	-6,523	-	-	-155	-	-	37,120
Translation Difference	698	-	-	-	-	-	-	-1,680	-	-982
	192,684	36	15,747	-6,523	0	80	-456	-1,559	0	200,008
Net Profit for the Year	15,747	-	-15,747	-	20,104	-	-	-	-	20,104
Minority Interests	11,752	-1,149	-	-433	1,293	84	-	-899	-	10,648
Total Equity	220,183	-1,113	0	-6,956	21,397	164	-456	-2,458	0	230,760
December 31ST, 2005										
Equity:										
Share Capital	133,000	-	-	-	-	-	-	-	-	133,000
Treasury Stock - Face Value	-2,530	-	-	-	-	-60	55	-	-	-2,535
Treasury Stock - Discounts and Premiums	164	-	-	-	-	-12	-18	-	-	134
Pain-in Capital	38,893	-	-	-	-	-	-	-	-	38,893
IFRS Transition Adjustments	-14,271	-	-	-	-	-	1,406	-155	-	-13,020
Hedge Accounting	-41	-	-	-	-	76	-17	-	-	18
Reserves										
Legal Reserve	6,538	-	907	-	-	-	-	-	-	7,445
Other Reserves	19,799	-	14,253	-4,564	-	-1,437	-	-	-	28,051
Translation Difference	-1,003	-	-	-	-	-	-	1,701	-	698
	180,549	0	15,160	-4,564	0	-1,433	1,426	1,546	0	192,684
Net Profit for the Year	15,160	-	-15,160	-	15,747	-	-	-	-	15,747
Minority Interests	8,146	1,322	-	-245	773	-	-	1,244	512	11,752
Total Equity	203,855	1,322	0	-4,809	16,520	-1,433	1,426	2,790	512	220,183



**notes to the consolidated
financial statements**



1

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., S.A. 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 millions euros, and is represented by 133 millions 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 26, 2007.

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

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

2

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, 2006. 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 de-consolidation is, in general, the beginning or the end of the quarter when the conditions for that purpose are fulfilled.

Losses for the period that are attributable to 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.

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.

c. Foreign currency translation

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

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

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

d. Tangible fixed assets

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

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

notes to the consolidated financial statements

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 equipmet	4 to 8

Depreciation is charged since the financial year in which the asset is brought into use. 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.

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

e. 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 it refers to a subsidiary; if it refers to an associate it will be included in the amount of the cost of acquisition. 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 receivables

Trade 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 recorded within the interest bearing loans line in the current liabilities on the balance sheet.

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.

notes to the consolidated financial statements

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.

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.

- **Net investment hedge**

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

notes to the consolidated financial statements

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 derecognised the instrument.

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companies included in the consolidated financial statements

Company		Head office	Country	2006
Raw Materials				
Amorim Florestal Espanha, S.A.		San Roque - Cádiz	SPAIN	100%
Amorim Florestal - Indústria, Comércio e Exploração, S.A.		Vale de Cortiças - Abrantes	PORTUGAL	100%
Amorim Florestal Catalunya, SL		Cassa de la Selva - Girona	SPAIN	100%
Amorim & Irmãos VII, SRL		Tempio Pausania	ITALY	100%
Amorim & Irmãos, S.A. (Matérias-Primas)	(a)	Ponte Sôr - Coruche	PORTUGAL	100%
Amorim & Irmãos - IV, S.A.		Alcântara	SPAIN	100%
Cork Consulting		Tabarka	TUNISIA	100%
Cork International, SARL		Tabarka	TUNISIA	100%
Comatral - C. Marocaine de Transf. du Liège, S.A.		Skhirat	MOROCCO	100%
Société Fabrique Liège de Tabarka, S.A.		Tabarka	TUNISIA	100%
Matagalpa	(g)	Madeira	PORTUGAL	100%
SIBL - Société Industrielle Bois Liège		Jijel	ALGERIA	51%
Société Nouvelle du Liège, S.A. (SNL)		Tabarka	TUNISIA	100%
Société Tunisienne d'Industrie Bouchonnière	(i)	Tabarka	TUNISIA	45%
Amorim Florestal Espanha, SL		San Roque - Cádiz	SPAIN	100%
Cork Stoppers				
Amorim Benelux, BV - A&I	(b)	Tholen	NETHERLANDS	100%
Amorim Cork Deutschland GmbH & Co KG		Mainzer	GERMANY	100%
Amorim Cork South Africa		Cape Town	SOUTH AFRICA	100%
Amorim France, S.A.S.		Champfleury	FRANCE	100%
Amorim & Irmãos, SGPS, S.A.		Santa Maria Lamas	PORTUGAL	100%
Amorim & Irmãos, S.A.	(a)	Santa Maria Lamas	PORTUGAL	100%
Aplifin - Aplicações Financeiras, S.A.		Mozelos - Sta. Maria da Feira	PORTUGAL	100%
Amorim Argentina, S.A.		Tapiales - Prov. de Buenos Aires	ARGENTINA	100%
Champcork - Rolhas de Champanhe, S.A.		Santa Maria de Lamas	PORTUGAL	100%
M. Clignet & Cie		Bezannes	FRANCE	100%
Carl Ed. Meyer Korken		Delmenhorst	GERMANY	100%
Indústria Corchera, S.A.	(j)	Santiago	CHILE	50%
Amorim Cork Austrália, Pty Ltd		Vic	AUSTRALIA	100%
Equípar - Indústria de Cortiça, S.A.	(h)	Coruche	PORTUGAL	100%
Equípar, Participações Integradas, Lda.	(h)	Coruche	PORTUGAL	100%
Equípar - Rolha Natural, S.A.	(h)	Coruche	PORTUGAL	100%
Amorim Cork América, Inc.		California	UNITED STATES	100%
FP Cork, Inc.		California	UNITED STATES	100%
Hungarocork, Amorim, RT		Budapeste	HUNGARY	100%
Inter Champanhe - Fabricante de Rolhas de Champanhe, S.A.		Montijo	PORTUGAL	100%
Amorim Cork Itália, SPA		Conegliano	ITALY	100%
KHB - Kork Handels Beteiligung, GMBH		Delmenhorst	GERMANY	100%
Korke Schiesser Ges.M.B.H.		Viena	AUSTRIA	69%
Oenorope		Aix-en-Provence	FRANCE	100%
Portocork France	(g)	Bordéus	FRANCE	100%
Portocork Internacional, S.A.		Santa Maria Lamas	PORTUGAL	100%
Portocork América, Inc.		California	UNITED STATES	100%
S.C.I. Friedland		Céret	FRANCE	100%
Société Nouvelle des Bouchons Trescases	(l)	Perpignan	FRANCE	50%
Victor y Amorim, SL	(j)	Navarrete - La Rioja	SPAIN	50%

notes to the consolidated financial statements

Company		Head office	Country	2006
Floor and Wall Coverings				
Amorim Benelux, BV - AR	(b)	Tholen	NETHERLANDS	100%
Amorim Cork GmbH		Delmenhort	GERMANY	100%
Amorim Cork Distribution Netherlands BV		Tholen	NETHERLANDS	100%
Amorim Revestimentos, S.A.		Lourosa	PORTUGAL	100%
Amorim Wood Suplies, GmbH		Bremen	GERMANY	100%
Corticeira Amorim - France SAS - AR	(c)	Lavardac	FRANCE	100%
Amorim Revestimentos, S.A.		Barcelona	SPAIN	100%
Amorim Deutschland, GmbH & Co. KG - AR	(d)	Delmenhort	GERMANY	100%
Dom KorKowy, Sp. Zo. O.	(j)	Kraków	POLAND	50%
Amorim Flooring North America Inc		Hanover - Maryland	UNITED STATES	100%
Amorim Flooring Austria GesmbH - AR	(f)	Viena	AUSTRIA	100%
Amorim Flooring Nordic A/s		Greve	DENMARK	100%
Amorim Flooring (Switzerland) AG		Zug	SWITZERLAND	100%
Composite Cork				
Amorim Benelux, BV - CAI	(b)	Tholen	NETHERLANDS	100%
Corticeira Amorim - France SAS - CAI	(c)	Lavardac	FRANCE	100%
Corticeira Amorim Indústria, S.A.		Mozelos - Sta. Maria da Feira	PORTUGAL	100%
Amorim Deutschland, GmbH & Co. KG - CAI	(d)	Delmenhort	GERMANY	100%
Draivil Europea, SL		San Vicente Alcantara	SPAIN	100%
Amorim Industrial Solutions Inc. - CAI	(e)	Trevor Wisconsin	UNITED STATES	100%
Amorim Flooring Austria GesmbH - CAI	(f)	Viena	AUSTRIA	100%
Cork Rubber				
Amorim (UK) Ltd.		Horsham West Sussex	UNITED KINGDOM	100%
Amorim Industrial Solutions - Indústria de Cortiça e Borracha II, S.A.		Mozelos - Sta. Maria da Feira	PORTUGAL	100%
Amorim Industrial Solutions - Indústria de Cortiça e Borracha I, S.A.		Corroios	PORTUGAL	100%
Amorim Industrial Solutions Inc. - BOR	(e)	Trevor Wisconsin	UNITED STATES	100%
Samorim (Joint Stock Company Samorim)	(i)	Samara	RUSSIAN FEDERATION	50%
Amorim Industrial Solutions, SGPS, S.A.		Mozelos - Sta. Maria da Feira	PORTUGAL	100%
Insulating Cork				
Amorim Isolamentos II, Lda.		Mozelos - Sta. Maria da Feira	PORTUGAL	80%
Amorim Isolamentos, S.A.		Mozelos - Sta. Maria da Feira	PORTUGAL	80%
Holding - Other				
Corticeira Amorim, SGPS, S.A.		Mozelos - Sta. Maria da Feira	PORTUGAL	100%
Ginpar, S.A. (Générale d' Investissements et Participation)		Skhirat	MOROCCO	100%
Labcork - Laboratório Central do Grupo Amorim, Lda.		Mozelos - Sta. Maria da Feira	PORTUGAL	100%
Moraga - Comércio e Serviços, S.A.		Funchal - Madeira	PORTUGAL	100%
Sopac - Sociedade Portuguesa de Aglomerados de Cortiça, Lda.		Montijo	PORTUGAL	100%
Vatrya - Serviços de Consultadoria, Lda.		Funchal - Madeira	PORTUGAL	100%

(a) One single company: Amorim & Irmãos, S.A.

(b) One single company: Amorim Benelux, BV.

(c) One single company: CORTICEIRA AMORIM - France SAS.

(d) One single company: Amorim Deutschland, GmbH & Co. KG.

(e) One single company: Amorim Industrial Solutions, Inc.

(f) One single company: Amorim Flooring Austria GesmbH.

(g) Set-up during 2006.

(h) Equipar group was acquired in the beginning of 2005 (50%). At the beginning of 2006 the remaining 50% was acquired.

(i) Equity method consolidation.

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

(l) Acquired during 2006. Equity method consolidation.

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exchange rates used in consolidation

Consolidation - December 31, 2006		Year End	Average
Argentine Peso	ARS	4.03533	3.8612
Australian Dollar	AUD	1.6691	1.66681
Canadian Dollar	CAD	1.5281	1.42369
Swiss Franc	CHF	1.6069	1.57288
Chilean Peso	CLP	702.27	666.379
Danish Krone	DKK	7.456	7.4591
Algerian Dinar	DZD	92.5242	90.6885
Euro	EUR	1.000	1.000
Pound Sterling	GBP	0.6715	0.68173
Forint	HUF	251.77	264.263
Yen	JPY	156.93	146.015
Moroccan Dirham	MAD	11.1119	11.0257
Norwegian Krone	NOK	8.238	8.04719
Zloty	PLN	3.831	3.89586
Ruble	RUB	34.6715	34.1194
Swedish Kronor	SEK	9.0404	9.25439
Tunisian Dinar	TND	1.7136	1.6679
US Dollar	USD	1.317	1.2556
Rand	ZAR	9.2124	8.53118

5

segment report

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

Cork Stoppers	Floor and Wall Coverings	Cork Rubber
Raw Materials	Composite Cork	Insulation Cork

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

notes to the consolidated financial statements

Thousand euros									
2006	Raw Materials	Cork Stoppers	Floor and Wall Coverings	Composite Cork	Cork Rubber	Insulation Cork	Holding	Adjustments	Consolidated
Trade Sales	17.450	232.064	118.029	42.373	25.134	7.491	11		442.552
Other BU Sales	96.820	4.615	3.533	19.021	4.089	672	654	-129.404	
Total Sales	114.270	236.679	121.562	61.394	29.223	8.162	665	-129.404	442.552
EBIT (i)	11.426	11.106	11.226	2.426	-285	1.215	-2.265	-698	34.152
Assets	154.890	232.843	95.429	55.221	28.501	9.472	3.010	-17.779	561.588
Liabilities (ii)	23.705	48.957	19.027	13.702	7.427	1.808	24.582	191.618	330.828
Capex	2.414	15.835	4.518	1.026	1.598	480	61	-	25.931
Year Depreciation	-3.742	-8.397	-4.641	-2.837	-1.760	-356	-65	-	-21.797
Non-cash cost (iii)	-676	2	349	-72	-909	4	-20	-	-1321
Gains/Losses in associated companies	8	229	-	-	31	-	-4	-	264
Thousand euros									
2005	Raw Materials	Cork Stoppers	Floor and Wall Coverings	Composite Cork	Cork Rubber	Insulation Cork	Holding	Adjustments	Consolidated
Trade Sales	15.068	232.878	110.349	38.813	24.505	6.385	12		428.010
Other BU Sales	95.492	6.836	2.624	19.957	2.896	1.155	623	-129.583	
Total Sales	110.560	239.713	112.973	58.770	27.402	7.540	635	-129.583	428.010
EBIT (i)	8.932	10.620	8.381	4.870	-4.127	921	-2.022	-761	26.812
Assets	153.368	221.452	91.913	51.470	27.571	9.891	2.196	-7.963	549.899
Liabilities (ii)	25.832	39.994	19.741	10.761	7.485	1.764	1.491	222.647	329.716
Capex	2.197	6.422	4.778	1.322	1.248	319	147	-	16.433
Year Depreciation	-3.810	-8.817	-4.749	-2.907	-2.006	-349	-60	-	-22.698
Non-cash cost (iii)	-39	-471	-661	-133	78	30	0	-	-1.195
Gains/Losses in associated companies	2	-1	-	-	-	-	-	-	1

(i) Adjustments = eliminations inter-BU and amounts not allocated to BU.

(ii) EBIT = Profit before interests, minorities and income tax.

(iii) Provisions and asset impairments were considered the only relevant material cost.

(iv) Segments assets do not include DTA (deferred tax asset) and non-trade group balances.

(v) Segments liabilities do not include DTL (deferred tax liabilities), bank loans and non-trade group balances.

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

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

Raw Materials BU is, by far, the most integrated in the production cycle of CORTICEIRA AMORIM, with 80% of its sales to others BU, specially to Cork Stoppers BU. Main products are bark and discs.

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

Major markets for flooring and insulation products are in Europe and for cork rubber 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 220 million euros, and are mostly composed by inventories and customers balances in sales companies, and raw materials inventories in spanish and north african subsidiaries.

Sales by markets (values in thousand EUR):

Markets	2006	2005
European Union	277,327	263,164
From which: Portugal	32,940	34,937
Other European countries	20,085	17,315
United States	71,089	73,259
Other American countries	29,862	27,147
Australasia	33,659	35,940
Africa	10,320	10,952
Others	210	233
	442,552	428,010

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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	209,711	224,075	42,758	6,849	483,393	105
Depreciation and impairments	-114,717	-160,246	-36,366	-	-311,330	-54
Opening balance (Jan, 1, 2005)	94,993	63,829	6,392	6,849	172,063	51
IN COMPANIES	1,595	2,274	81	-	3,950	-
INCREASE	1,642	6,021	1,231	7,199	16,093	9
PERIOD DEPRECIATION AND IMPAIRMENTS	-6,751	-13,397	-2,467	-	-22,615	-29
SALES AND OTHER DECREASES	-731	-1,642	-213	-	-2,586	-
TRANSFERS AND RECLASSIFICATIONS	1,541	7,230	-579	-6,986	1,206	-
TRANSLATION DIFFERENCES	762	158	56	-	976	-
OUT COMPANIES	517	508	161	114	1,300	0
Gross Value	216,257	235,828	40,469	7,176	499,729	114
Depreciation and impairments	-122,688	-170,848	-35,807	-	-329,342	-83
Closing balance (Dec, 31, 2005)	93,568	64,981	4,662	7,176	170,387	31
Gross Value	216,257	235,828	40,469	7,176	499,729	114
Depreciation and impairments	-122,688	-170,848	-35,807	-	-329,342	-83
Opening balance (Jan, 1, 2006)	93,568	64,981	4,662	7,176	170,387	31
IN COMPANIES					0	-
INCREASE	6,238	11,947	1,640	6,123	25,948	-
REVALUATION	3,574	0	0	0	3,574	-
PERIOD DEPRECIATION AND IMPAIRMENTS	-6,674	-13,134	-2,048	0	-21,856	-31
SALES AND OTHER DECREASES	-689	-2,349	-481	-62	-3,581	-
TRANSFERS AND RECLASSIFICATIONS	458	7,607	640	-6,357	2,348	-
TRANSLATION DIFFERENCES	-433	-534	-87	-45	-1,099	-
Gross Value	223,392	240,624	39,118	6,834	509,968	-
Depreciation and impairments	-127,351	-172,106	-34,792	0	-334,249	-
Closing balance (Dec, 31, 2006)	96,041	68,518	4,326	6,834	175,719	0

Accordingly with d) of point 2 (accounting policies), as of Dec, 31, 2006, the net effect of the said revaluation, amounts to 20,1 million of euros, of which 14,6 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 9,3 million euros.

Revaluation value of 3,574 K € in buildings refers to the difference between the fair value and the book value of the building belonging to Equipar - Indústria de Cortiça as for January 2006. This register derives from the difference between the cost of the acquisition at this date of the remaining 50% of Equipar, and the fair value of the net assets acquired. This difference was booked only at closing date, because its evidence was realised during the last quarter of 2006. Two events influenced this register: the first was the acquisition of the land and industrial building which was leased by a real estate fund (Fundimo); this building was close to the referred one, and its market value was higher than the book value of the said building. The second event was the finishing of a third industrial building with a construction cost pointing to the same conclusion. Under these conditions, after considering conservative adjustments, it was considered its market value. In consolidation, its value was adjusted, and the resulting badwill booked as a gain for the period.

7

goodwill

	Opening	Increases	Impairment Losses (through P&L)	Translation Differences	Closing
December 2006					
Raw material BU	4,089	116	-	-3	4,202
Cork Stoppers BU	5,905	1,989	-3,004	-	4,890
Flooring BU	3,624	537	-	-	4,160
Goodwill	13,618	2,642	-3,004	-3	13,253

The increase was due, mainly, to the previously announced acquisition of 50% of S.N.B. Trescases (K€ 1,715). The remaining was the result of additional acquisitions of capital in the subsidiaries Amorim Benelux and Amorim Cork Italia.

Cost of acquisition of 50% of Trescases (including share capital increase)	4.000
50% of fair value of net assets acquired	2.285
Goodwill	1.715

Impairment losses were due to the write-off of the goodwill associated with Interchampanhe, General Cork and Manuel Pereira de Sousa. These former subsidiaries were merged, at the end of 2002, with Amorim & Irmãos, S.A. (to be noted that at the same time a new company was set-up with the same designation - Interchampanhe). The reasons behind this impairment are the growing difficulty in calculating the margins of the business that those ex-subsidiaries generate. On top of this, a new difficulty occurred in Interchampanhe/General Cork: at the end of the first half, the former factory facilities were closed and its land and buildings put for sale.

notes to the consolidated financial statements

As for Manuel Pereira de Sousa, though its industrial facility is in full utilization, during 2006 its activity was changed totally from what was its original scope. The industrial restructuring that was implemented in the Cork Stoppers BU led that facility to produce exclusively Neutrocork® technical corks, when at the date of acquisition its specialty was the production of natural cork stoppers and its distribution was directly, mainly, to the US market.

As of December 31, 2006, Goodwill was tested for impairment purposes using the “discounted cash flow” method and a discount rate of 7%. No evidence of impairment was found.

8

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 2 j), and amounts to K€ -2,538 (2005: K€ -1,100).

On the Balance sheet this effect amounts to K€ 9,719 (31/12/2005: K€ 12,787) as Deferred tax asset, and to K€ 4,009 (31/12/2005: K€ 4,532) 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.

	Dec-06	Dec-05
Related with Intangible Fixed Assets cancelled	901	834
Related with Inventories / Customers and Debtors impairments	1,305	603
Related with Tax Losses	6,966	11,350
Other	547	-
Deferred Tax Assets	9,719	12,787
Related with Fixed Tangible Assets	2,972	3,317
Related with Inventories	784	924
Other	252	292
Deferred Tax Liabilities	4,009	4,532
Current Income Tax	-1,441	-1,765
Deferred Income Tax	-2,538	-1,100
Income Tax	-3,979	-2,865

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	27.50%
Effect arising from non-taxed profit, from reduced income-taxes and from tax losses with no Deferred Tax Assets (DTA)	-3.8%
Effect arising from the recognition of DTA related with prior tax losses, from the reduction of income tax in Portugal and from expensing non used DTA	-12.9%
Effect arising from current losses that did not generated DTA (due to impossibility or due to prudence)	1.6%
Effect arising from non taxed consolidated results, and non consolidated taxed results	3.4%
Effect due to complementary taxation	0.8%
Effect due to costs non accepted as tax costs	1.4%
Effect due to tax benefits	-2.9%
Other effects	0.5%
Income tax - effective (1)	15.70%

(1) Income Tax / PBT

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.

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

	2007	2008	2009	2010	2011 and further	Total
RETGS	1,444					1,444
Other Portuguese companies	159	1,495	911	1,454	5,192	9,211
Foreign companies	98	0	217	832	19,111	20,258
Non utilised tax losses	1,701	1,495	1,128	2,286	24,303	30,913

notes to the consolidated financial statements

As for the foreign companies, the year 2011 and further was considered for those situations that correspond to tax losses to carry forward with no limit of utilization.

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, 2006, 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.

9

inventories

	Dec-06	Dec-05
Goods	11,802	11,251
Finished and semi-finished goods	89,228	87,445
By-products	593	161
Work in progress	8,613	8,867
Raw materials	104,372	100,814
Advances	1,116	289
Goods impairments	-752	-684
Finished and semi-finished goods impairments	-2,607	-2,670
Raw materials impairments	-227	-128
Inventories	212,139	205,346

10

trade receivables

	Dec-06	Dec-05
Gross amount	113,807	111,413
Impairments	-9,045	-11,184
Trade receivables	104,761	100,230

11

recoverable taxes

	Dec-06	Dec-05
Value added tax	17,807	21,208
Other taxes	3,504	2,343
Recoverable taxes	21,311	23,550

12

other assets

	Dec-06	Dec-05
Advances to suppliers	3,705	3,534
Deferred assets	3,920	4,014
Hedge accounting assets	1,266	73
Other	4,203	3,552
Other current assets	13,094	11,173

13

capital and reserves

Share Capital

As of December 31, 2006, 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.

notes to the consolidated financial statements

Treasury stock

During 2006, CORTICEIRA AMORIM bought 12,500 of its own shares, representing 0.009% of its share capital, at an average unit price of € 1.881 and a total amount of € 23,512.62. During 2005, 60,000 shares were bought, representing 0.045% of its share capital, at an average unit price of € 1.1997 and a total amount of € 71,982.27.

During 2006, no shares were sold.

During 2005, CORTICEIRA AMORIM sold 54,500 of its own shares, representing 0.041% of its share capital, at an average unit price of € 1.2403, and a total amount of € 67,594.23, with a total gain of 31,016.17 euros.

At year-end 2006, treasury stock was 2,548,357 in volume (2005: 2,535,857), representing 1.9161% of its share capital (2005: 1.9071%).

Dividends

In the Shareholders' General Meeting of March 31, 2006, a dividend totalling € 6,650,000.00 (six million, six hundred and fifty thousand euros), corresponding to a € 0.05 (five cents of euro) per share was approved. Payment was made at April, 28.

In 2005 it was approved a dividend totalling € 4,655,000.00 (four million, six hundred and fifty five thousand euros), corresponding to a € 0.035 (three and half cents of euro) per share.

	Dec-06	Dec-05
Dividends approved - 2006:0,05 Euros per share; 2005:0,035	6.650	4.655
Portion attributable to own shares	127	91
Dividends paid	6.523	4.564

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interest bearing debt

As of December 31, 2006, interest bearing loans was as follows:

	Dec-06	Dec-05
Overdrafts	14,835	11,842
Bank loans	61,378	90,327
Commercial Papers	-	2,856
Interest-bearing loans - current	76,213	105,024

Loans were denominated in euros, except 14% (2005: 10%), being most of it USD.

	Dec-06	Dec-05
Bank loans	68,327	72,324
Commercial Papers	84,788	50,000
Interest-bearing loans - non-current	153,115	122,324

As of the end of 2006 and 2005, loans were almost totally denominated in euros.

As of December 31, 2006, maturity of non-current interest bearing debt was as follows:

Between 2008/1/1 and 2008/31/12	479
Between 2009/1/1 and 2009/31/12	40,237
Between 2010/1/1 and 2010/31/12	50,853
After 2011/1/1	61,546
Total	153,115

During 2006, CORTICEIRA AMORIM and its subsidiaries reinforced its long-term credit facilities, mainly in commercial paper programs. These facilities are more in tune with CORTICEIRA AMORIM credit requirements. As of December 31, 2006 this facilities were as following:

Contractual amount: five commercial paper programs accorded with two important Banks totalling 86 million euros, of which 68,6% were CORTICEIRA AMORIM programs and 31,4% were subsidiaries programs.

notes to the consolidated financial statements

Utilized amount: issued commercial paper totalled 84,78 million euros, of which 69,6% was CORTICEIRA AMORIM utilization and 30,4% was subsidiaries utilization.

Non-current and current interest bearing debt carries floating interest rates. Average cost, during 2006, for all the credit utilized was 3,9%.

At the same date, two subsidiaries had a 2,7 million euros loan mortgage guarantee.

Non-utilized loan facilities amounted to 126 million euros as of December 31, 2006.

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other loans and creditors

	Dec-06	Dec-05
Non interest bearing grants	2,445	5,079
Other	727	655
Other loans and creditors - non current	3,172	5,734
Non interest bearing grants	2,279	3,292
Deferred costs	16,153	15,420
Deferred gains - grants	10,541	11,237
Hedge accounting - deferred liabilities	14	774
Other	7,533	5,651
Other loans and creditors - current	36,520	36,373

In Deferred costs the part related with salaries (vacations and vacations paid) at year-end amounted to K€ 8,393 (end 2005: K€ 8,238).

In Other - current (Dec-06) special note to 1,8 million euros related with the purchasing of a building and 1,5 million euros related with the acquisition of 50% of Trescases.

Non-reimbursable subsidies	
Opening Balance	11,237
Transfers to reimbursable subsidies	-304
Prior year correction	775
Current year gain	-1,924
Increases	756
Closing Balance	10,540

Reimbursable subsidies	
Opening Balance	8,371
Transfers from non-reimbursable subsidies	304
Fair value adjustment (zero interest rate subsidy)	144
Reimbursed subsidies	-4,095
Closing Balance	4,724

16

staff costs

	2006	2005
Board remuneration	867	751
Employees remuneration	67,592	69,554
Social Security and other	16,172	16,393
Severance costs	4,779	4,990
Other	2,217	2,121
Staff costs	91,627	93,808
Average number of employees	3,918	4,126
End number of employees	3,847	3,880

According to k) of point 2, total amount expended in 2006 for the pensions plan reached K€ 145 (2005: K€ 148). In the foreign subsidiaries total amount was K€ 47 (2005: K€ 63).

17

other operating gains and losses

	2006	2005
Indirect taxes	-1,527	-1,571
Provisions	-702	-259
Net exchange differences	807	162
Gains (losses) in disposal of assets	-605	1,094
Subsidies - operating	138	606
Subsidies - equipment	1,924	3,970
Other	4,520	2,267
Other operating gains (+) and losses (-)	4,555	6,269

In Other (2006) a value of 3,574 refers to the difference between the fair value and the book value of a building belonging to Equipar - Indústria de Cortiça, as referred in point 6. In Gains (losses) in disposal of assets (2006) is included a loss of 3,004 related with the write-off of the goodwill of to ex-subsidiaries, as referred in said point 6. In the same line, also to be noted 2,4 million euros from fixed asset sales, most of it coming from the sale of a building of the ex-subsidiary Amorim Plus.

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net interest

	2006	2005
Interest costs - bank loans	6,355	7,009
Interest costs - commercial paper	2,201	146
interest costs - delayed payments	1	115
Stamp tax - interest	155	20
Stamp tax - capital	70	57
Interest costs - other	498	304
	9,280	7,651
Interest gains - bank deposits	-68	-61
Interest gains - delayed payments	-11	-105
Interest gains - other	-162	-56
	-241	-222
Net interest	9,039	7,429

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financial stakes acquisitions

As timely disclosed during the first half 2006, CORTICEIRA AMORIM acquired, directly or indirectly, the following material financial stakes:

- 50% of Equipar - Participações Integradas S.G.P.S., Lda. (the first 50% were acquired in the beginning 2005);
- 50% of Société Nouvelle des Bouchons Trescases, S.A.

The acquisition of Trescases was achieved at the end of the first half: its cost of acquisition is registered in Investments in associates (31/12/2006: K€ 2,514).

As of December, 31, 2006, Trescases total assets amounted to 13,2 million euros, of which 5,6 million from inventories and 5,1 million from customers; total equity was 5,0 million euros; sales for the year reached 27,1 million euros.

The cost of acquisition of these two stakes reached K€ 4,650.

20

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, 2006, indirect stake of AIP in CORTICEIRA AMORIM was 69.12% 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 - Organização e Sistemas Informáticos, Lda.).

	Dec-06	Dec-05
Sales	2	38
Services rendered	1,530	1,504
Other revenue	194	206

notes to the consolidated financial statements

Balances at year-end 2006 and 2005 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 2006 no transactions were made and no balances booked with related parties Amorim Capital, S.G.P.S., S.A., Vertente Financeira, S.G.P.S., S.A., Amorim Investimentos e Participações, S.G.P.S., S.A. and Interfamília II, S.G.P.S., S.A..

Total CORTICEIRA AMORIM key staff short-term remuneration reached K€ 1,960 during 2006. No payments were made related with post-employment benefits, other long-term benefits, termination benefits and equity compensation benefits. Key staff will benefit, as all other Portuguese staff, from a defined contribution pension plan, as described in k) of point 2; this future benefit is not considered to be material.

21

guarantees, contingencies e commitments

During its operating activities CORTICEIRA AMORIM issued in favour of third-parties guarantees amounting to K€ 215,100 (2005: K€ 226,010).

Beneficiary	Amount	Purpose
Government agencies	17,291	Capex grants/subsidies
Value added tax agency	1,772	VAT refund
Tax authority	5,023	Tax lawsuits
Banks	188,675	Loans guarantees
Other	2,338	Miscellaneous guarantees

The total amount of k€ 2,927 recorded as "provisions" is considered to be adequate to face any tax lawsuit effect.

As of December 31, 2006, future expenditure resulting from long-term motor vehicle rentals totals K€ 1,033, and for computer hardware and software totals K€ 323.

Commitments related with fixed assets suppliers are no recorded and amount to K€ 728.

Two foreign subsidiaries booked a liability related with a pension plan totalling K€ 351 (2005: K€ 320).

22

exchange rate contracts

As of December 31, 2006, a total of K€ 14,458 of forward contracts concerning currencies used in CORTICEIRA AMORIM transactions were in place. From that total, the USD represents 53%, ZAR 17%, GBP 4% and AUD 14%.

At the same date, there were USD option contracts, with a total nominal amount of K€ 29,403.

23

auditor's fees

PricewaterhouseCoopers auditor's remuneration for the group of subsidiaries and for CORTICEIRA AMORIM was K€ 381 (2005: K€ 352).

24

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) Earnings Statement by function (2005) was subject to reclassifications in the following lines: Cost of sales, Distribution and Support Areas. These reclassifications were justified by deeper analysis of its scope, in order to a better comparison to 2006 lines.

notes to the consolidated financial statements

c) 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.

	2006	2005
Nr. Shares issued	133 000 000	133 000 000
Average nr. of own shares	2 542 107	2 561 697
Average nr. of outstanding shares	130 457 893	130 438 303
Net profit (thousand euros)	20 104	15 747
Net profit per share (euros)	0,154	0,121

Mozelos, February 26, 2007

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



auditor's report



**Report and Opinion
of the Statutory Auditors**

(Free Translation from the original in Portuguese)

To the Shareholders

1 In accordance with the law and our mandate, we herewith present the report on our supervisory activity and our opinion on the Directors' Report and the corresponding Consolidated Financial Statements **Corticeira Amorim, SGPS, SA** with respect to the year ended 31 December 2006.

2 During the course of the year, we have accompanied the evolution of the company's activities, as and when deemed necessary, and have verified the timeliness and adequacy of the accounting records and supporting documentation. We have also ensured that the law and the company's statutes have been complied with.

3 As a consequence of our work, we have issued the attached Statutory Audit report. Furthermore we have considered the Statutory Auditors' Report sent to the Board of Directors in which the audit procedures undertaken are described.

4 Within the scope of our mandate, we have verified that:

i) the Consolidated Balance Sheet, the Consolidated Statements of Income by nature and by functions, the consolidated statement of changes in equity, the Consolidated Cash Flow Statements, and the Notes to the accounts present adequately the financial position and the results of the company and its subsidiaries;

ii) the accounting policies and valuation methods applied are appropriate;

iii) 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 more significant aspects.

Corticeira Amorim, SGPS, SA

5 On this basis, and taking into account the information obtained from Board of Directors and the company's employees, together with the conclusions in the statutory auditor's report on the accounts, we are of the opinion that:

- i) the Report of the Board of Directors be approved;
- ii) the Consolidated Financial Statements be approved.

Porto, 12 March 2007

The Statutory Auditor

PricewaterhouseCoopers & Associados, S.R.O.C., Lda.
represented by:

José Pereira Alves, R.O.C.

**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, SGPS, SA**, comprising the consolidated balance sheet as at 31 December 2006, (which shows total assets of Euros 561.588 thousand and total shareholder's equity of Euros 230.760 thousand, which includes Minority Interests of Euros 10.648 thousand and a net profit of Euros 20.104 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 and the consolidated results of their operations and their cash flows; (ii) to prepare consolidated financial statements applying the International Financial Reporting Standards (IFRS) as adopted in the UE 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, SGPS, SA** as at 31 December 2006, the consolidated changes in equity and the consolidated results of their operations and their cash flows for the year then ended in conformity with International Financial Reporting Standards (IFRS) as adopted in the UE and the information there included is complete, true, actual, comprehensible, objective and lawful.

Porto, 12 March 2007

PricewaterhouseCoopers & Associados, S.R.O.C., Lda.
represented by:

José Pereira Alves, R.O.C.

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

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Companies Office of Santa Maria da Feira

"Sociedade Aberta"