AMORIM

CORTICEIRA AMORIM

Consolidated Financial Statement June 30, 2018

First half 2018 (1H18) (Audited)
Second quarter 2018 (2Q18) (Non-audited)

Consolidated Management Report

Dear Shareholders,

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

1. SUMMARY OF ACTIVITY

The outlook during the second quarter of 2018 remained unchanged from the first quarter. Among CORTICEIRA AMORIM's main markets, the US showed substantial and generalised expansion, growing above the rate of both the first quarter and the average for the four quarters of 2017. In the Eurozone, the second quarter was the worst registered since the end of 2016, confirming the deceleration of economic growth witnessed in the first quarter. An acceleration in growth in June, especially in the services sector, failed to offset the more moderate performance registered in April and May.

On January 10, 2018, CORTICEIRA AMORIM announced the acquisition of 70% of Elfverson. The acquired company, which has a portfolio of premium products and outstanding customers, will strengthen the Group's supply sources for high quality wooden stopper caps, enabling it to keep pace with growing customer demand in the capsule stopper segment. Elfverson was integrated into the consolidation perimeter of Corticeira Amorim and the Cork Stopper Business Unit (BU) from the beginning of 2018.

CORTICEIRA AMORIM's total sales increased 12.7% to 399.9 M€. Growth in business activity and the change in the consolidation perimeter (mainly due to the integration of Bourrassé and Elfverson) contributed to sales growth, more than compensating for the negative impact of the depreciation of the US dollar on group sales (-102 M€). Excluding the changes in the consolidation perimeter and the exchange rate effect, sales would have increased 5.5%.

Sales growth was not uniform across BUs. Sales by the Cork Stopper (+18%), Raw Materials (+15.2%) and Insulation (+8.3%) BUs increased strongly. Sales for the other BUs fell, however the decrease being more pronounced in the first quarter. As previously mentioned, the variation in sales was influenced by changes in the consolidation perimeter (+35.7 M€) and the exchange rate effect (-10.2 M€). The impact of sales volume changes was almost nil, with the effect of prices accounting for the remaining changes in sales revenue.

EBITDA rose to 77.4 M€, up 9.6% on the first six months of 2017. The EBITDA/sales ratio fell slightly in comparison with the first half of last year (from 19.9% to 19.4%). Excluding the changes in the consolidation perimeter and the exchange rate effect, EBITDA would have increased 9.7% and the EBITDA margin would have been 20.7%.

In a context of increased pressure on the gross margin, it was particularly important to achieve gains in operational efficiency together with tight cost control and reduced impairments.

At the end of the first half of 2018, net interest-bearing debt totalled 102.1 M€, compared with 11.1 M€ at the end of the same period of 2017 and 92.8 M€ at the end of December 2017. Despite low interest rates, the financial function registered a slight increase, due to an increase in average indebtedness, caused mainly by the Group's recent acquisitions: Bourassé, Sodiliège and Elfverson.

After earnings attributable to non-controlling interests, net income totalled 41.214 M€, an increase of 9.2% on the 37.757 M€ recorded for the first six months of 2017.

In compliance with the decision of the General Shareholders' Meeting held on April 13, a dividend of 0.185 euro per share, totalling 24.6 M€, was distributed on April 30.

2. OPERATING ACTIVITIES – FIRST HALF 2018

The **Raw Materials BU** recorded sales of 95.4 M€, an increase of 15.2% over the same period last year. The BU's sales were mainly to other companies in the Corticeira Amorim group, although the weight of sales outside the group also increased. EBITDA reached 18.5 M€, a significant increase over the same period last year (1H17: 10.5 M€).

The increase in EBITDA reflected higher sales, cost control, efficiency gains and the consumption of raw material acquired in the 2016 and, partly, 2017 raw material purchasing campaigns. Profitability is expected to decelerate in the second half of 2018, reflecting the use in production of higher-priced raw materials.

The 2018 cork purchasing campaign progressed as planned in terms of quantity and prices (+17%), with the market evolving as expected. Price pressure on other cork raw materials (specifically "falca", that is, cork from the branches rather than the trunk of the cork oak, and granulated cork) remained unchanged.

The first phase of Systems, Applications and Products (SAP) implementation at the BU was completed successfully. Projects for increasing automation and efficiency are also proceeding as planned.

The **Cork Stopper BU** recorded sales of 282.5 M€, an increase of 18% over the same period of 2017. The change in the consolidation perimeter accounted for a large part of the increase. Sales would have increased 3.1% if the perimeter had remained unchanged. Additionally, excluding the exchange rate effect, sales would have grown 5.9%. Sales growth accelerated in the second quarter.

Excluding the change in the consolidation perimeter and exchange rate effect, the sales increase mainly related to prices, although increased volume sales also contributed to growth (+1.8%). Sales growth was balanced between different segments: spirits (+14%), still wines (+4%) and sparkling wines (+3%). Sales of NDtech® service stoppers reached 25 million units in the first half.

Performance was positive across most markets, especially in traditional markets (Spain, France and Italy), the only exceptions being the US (due to the exchange rate effect) and Argentina.

EBITDA increased to 54 M€, while the EBITDA/sales ratio fell to 19.1%, lower than in the same period of 2017 (20.8%). Excluding changes in the consolidation perimeter and the exchange rate effect, EBITDA would have grown by 3.5% and the EBITDA margin would have been 20.4% (close to that for the same period last year).

A non-recurring (net) income of 1.5 M€ was recorded, reflecting the reversal of provisions related to legal processes in the areas of labour and customs as well as a process involving the Argentine Central Bank relating to Amorim Argentina. Provisions totalling 2 M€ were made in 2016 during the liquidation of Amorim Argentina, a process completed in the first half of 2018. There were no materially significant financial outflows at the end of this process. Non-recurring transaction expenses related to the acquisition of subsidiary companies reduced the income resulting from the provision reversals detailed above.

First-half sales by the **Composite Cork BU** totalled 51.3 M€, down 1.2% over the same period last year. Excluding the exchange rate effect, sales would have grown by 3.3%. Sales growth in the second quarter reversed the downward trend of the first quarter.

Grow was strongest in the footwear and sport surfaces segments. As expected, the BU ceased supplying inlay for the Floor and Wall Coverings BU's Hydrocork® products. Sales fell in the distribution flooring and related products segment as well as for panels and composites.

In terms of regional markets, sales growth was strong in Europe, the Middle East and Africa, but dropped in Asia.

EBITDA totalled 5.4 M€ in the first half of 2018, while the EBITDA margin decreased to 10.4% (1H17: 16.0%) as a result of the evolution of exchange rates (excluding the exchange rate effect, the EBITDA margin would have been 13.1%), higher raw material (cork and non-cork) prices and a reduction in the production efficiency of grinding operations. These factors were partially offset by higher end-product prices and a more favourable product mix.

Sales by the **Floor and Wall Coverings BU** fell 7.9% to 57.4 M€. Excluding the exchange rate effect, sales would have dropped 6.4%. The BU's activities were affected by lower sales in the US, Germany and Russia. Sales to Scandinavia and Portugal offset some of this decrease. Sales of Hydrocork® and Authentica® products (up by an average of 14.7%) continued to expand, with Hydrocork® becoming the BU's second best-selling product.

Affected by lower sales, increased impairments (0.86 M€), higher raw material (cork and HDF) prices and an increase in commercial expenses, EBITDA totalled 1.3 M€. A broad range of measures was taken to improve efficiency and reduce costs.

The BU recorded non-recurring expenses of 0.85 M€ reflecting new restructuring measures and management changes.

The BU acquired the percentage (49%) of the subsidiary Timberman that it did not already own for 2.4 M€.

Sales by the **Insulation BU** totalled €6.1 million, an increase of 8.3% compared with the same period last year, reversing a first-quarter fall in sales (-4.1%). Rising prices and increased activity supported the increase in sales. In terms of markets, sales in Europe offset decreases in Asia and the Middle East.

EBITDA totalled 0.8 M€ (1H17: 1.1 M€). Despite the increase in sales, consumption of more expensive raw materials, increased expenses, higher impairments and a less favourable product mix saw EBITA fall in comparison with the first half of 2017.

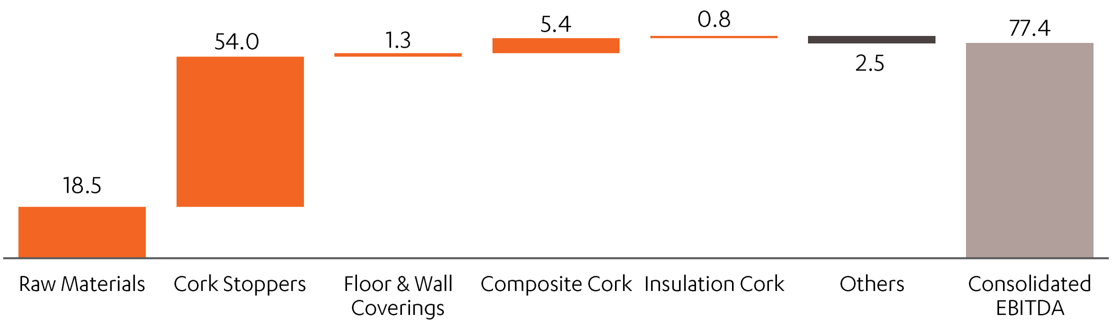
3. CONSOLIDATED PROFIT AND LOSS ACCOUNT AND FINANCIAL POSITION

The increase in sales was mainly a result of the change in the consolidation perimeter, the impact of which largely exceeded the unfavourable exchange rate effect, including a 10.2 M€ impact resulting from the evolution of the EUR/USD exchange rate. The change in the gross margin (from 53.3% to 49.3%) reflects increased production costs, mainly resulting from increases in the cost of raw materials.

In terms of operating costs, the increase of approximately 7.3 M€ in staff costs (+11.5%) was largely a result of the change in the consolidation perimeter (the increase in this cost would have been +0.4% without the change in the perimeter). The cost of external supplies and services increased 9.2%. Without the change in the consolidation perimeter, this cost would have fallen 0.3% as a result of the cost containment efforts the Group has undertaken. Impairment charges were close to zero.

In regard to the other operating income/expenditures items impacting EBITDA, the change was positive, totalling about 3 M€. It should be noted that the impact of exchange rate differences on assets receivable and liabilities payable together with the respective foreign exchange hedging measures, included under other operating income/gains, was positive in the amount of approximately 0.1 M€ (1H17: -1.1 M€).

The changes in the consolidation perimeter, the exchange rate effect and other variations resulted in EBITDA increasing by 9.6% to 77.4 M€. The EBITDA/sales ratio was 19.4% (1H17: 19.9%). Excluding the change in the consolidation perimeter and the exchange rate effect, the ratio would have been 20.7%.



As previously mentioned, non-recurring income (net) reflects the reversal of provisions for Amorim Argentina, the recognition of the transaction costs of subsidiary companies and the restructuring of the Floor and Wall Coverings BU.

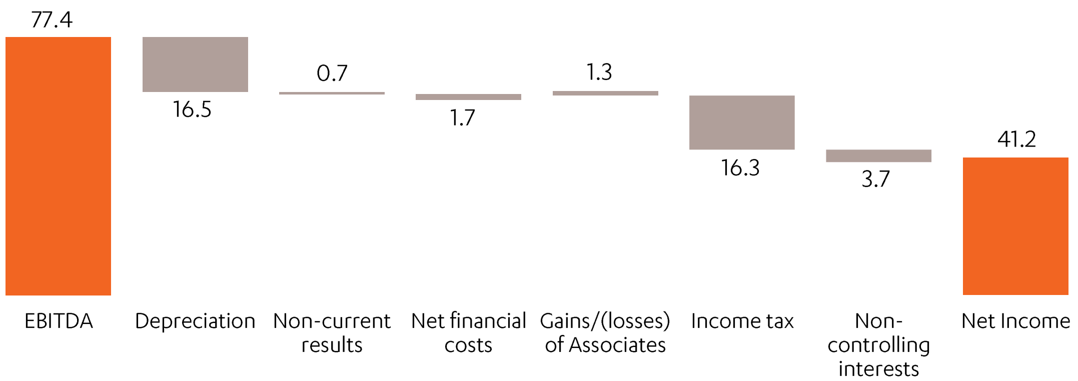
The increase in financial expenditure reflects the update of Bourrassé's agreement to acquire non-controlling interest, while the increase in interest costs results from an increase in average debt.

Income from associate companies totalled 1.3 M€, essentially due to the recognition as earnings of part of the contingent amount receivable from the sale of US Floors in 2016. The outstanding amount is expected to be settled by the end of 2018.

As usual, it will only be possible to estimate the value of investment tax benefits (RFAI and SIFIDE) at the end of the year. For this reason, any tax gains will be recorded only at the closing of accounts for 2018.

After estimated tax of 16.3 M€ and the allocation of profits to non-controlling interests, total net income attributable to CORTICEIRA AMORIM shareholders totalled 41.214 M€, an increase of 9.2% compared with the 37.757 M€ posted for the first half of 2017.

Earnings per share were 0.310 euro, compared with 0.284 euro in the first half of the previous year.



Net assets at the end of June 2018 totalled 932 M€. Changes in the items affected by the change in the consolidation perimeter mainly reflect the integration of Bourrassé, but also of Sodiliège and Elfverson. The increase in relation to December 2017 was 63 M€. The only change in the consolidation perimeter reflected in this period is the acquisition of Elfverson. Elfverson's goodwill was valued at 4.2 M€, representing the amount that could not be identified in the fair value of the assets and liabilities of the acquired company.

Other changes in comparison with December 2017 include an increase in the customer balance (+35.2 M€, reflecting increased sales and seasonal effects) and other assets (+13 M€).

The change in the second item of the balance sheet (equity and liabilities) is justified by recognition of first-half earnings (41.2 M€), dividend distribution, an increase in remunerated debt (14.8 M€) and in other loans and other creditors (+15.8 M€).

At the end of the first half, net interest-bearing debt totalled 102.1 M€, an increase of 9.3 M€ in comparison with the end of 2017. EBITDA generated by business activity was offset by CAPEX, working capital needs, dividend payments and the investment made in Elfverson. Excluding any extraordinary factors, net interest-bearing debt is expected to decrease in the second half of 2018 as a result of lower cash flow requirements in terms of working capital.

At the end of June 2018, the Group's shareholder equity totalled 475 M€. The financial autonomy ratio stood at 51%.

4. CONSOLIDATED KEY INDICATORS

		1H17	1H18	yoy	2Q17	2Q18	yoy
Sales		354,762	**399,865**	12.7%	183,053	**214,505**	17.2%
Gross Margin – Value		192,121	**206,977**	7.7%	97,135	**107,023**	10.2%
	1)	53.3%	**49.3%**	-4.1 p.p.	54.0%	**47.9%**	-6.1 p.p.
Operating Costs - current		137,289	**146,034**	6.4%	67,762	**74,828**	10.4%
EBITDA - current		70,622	**77,424**	9.6%	37,064	**40,583**	9.5%
EBITDA/Sales		19.9%	**19.4%**	-0.5 p.p.	20.2%	**18.9%**	-1.3 p.p.
EBIT - current		54,832	**60,943**	11.1%	29,373	**32,195**	9.6%
Non-current results	2)	-	**681**	N/A	-	**820**	N/A
Net Income		37,757	**41,214**	9.2%	20,543	**22,393**	9.0%
Earnings per share		0.284	**0.310**	9.2%	0.164	**0.178**	9.0%
Net Bank Debt		11,105	**102,134**	91,029	-	**-**	-
Net Bank Debt/EBITDA (x)	3)	0.09	**0.73**	0.64 x	-	**-**	-
EBITDA/Net Interest (x)	4)	230.3	**136.6**	-93.65 x	223.7	**145.3**	-78.40 x
Equity/Net Assets		56.6%	**51.0%**	-5.61 p.p.	-	**-**	-

1) Related to Production
2) Figures refer to the reversal of provisions for Amorim Argentina, Amorim Revestimentos restructuring and transaction costs for subsidiaries acquisition
3) Current EBITDA of the last four quarters
4) Net interest includes interest from loans deducted of interest from deposits (excludes stamp tax and commissions)

5. OUTLOOK FOR THE SECOND HALF OF 2018

In the second half of 2018, the reduced impact of the change in the consolidation perimeter resulting from the consolidation of Bourrassé, which began on July 1, 2017, will be of note. The variations resulting from the perimeter effect will be diluted in the second half.

Excluding the change in the consolidation perimeter and not withstanding expectations of a slowdown in economic growth in some of the Group's main markets (except for the US), CORTICEIRA AMORIM is likely to maintain its current level of activity. The exchange rate issue will be key to the final outcome. In the European Union, factors of a conjunctural and political nature (Italy, Brexit and others) could affect market growth and even generate some instability.

As in the first half, CORTICEIRA AMORIM should continue to benefit from the investments made in improving its operational efficiency.

6. BUSINESS RISKS AND UNCERTAINTIES

Because raw material cork supplies are already guaranteed for the coming year, only a rapid deterioration in economic activity or a significant depreciation of the US dollar could adversely affect CORTICEIRA AMORIM's performance over the next six months.

7. OWN SECURITIES

During the first half of 2018, CORTICEIRA AMORIM did not acquire or dispose of any treasury shares.

As of June 30, 2018, CORTICEIRA AMORIM held no treasury shares.

8. SHAREHOLDERS' EQUITY

List of shareholders holding qualifying holdings, as of June 30, 2018:

Shareholder	Shares held (quantity)	Participation (%)	Voting rights (%)
Qualifying interests:			
Amorim Investimentos e Participações, S.G.P.S, S.A.	67,830,000	51.000%	51.000%
Investmark Holdings, B.V.	18,325,157	13.778%	13.778%
Amorim International Participations, B.V.	13,414,387	10.086%	10.086%
Freefloat	33,430,456	25.136%	25.136%
Total	**133,000,000**	**100.000%**	**100.000%**

Shareholder Amorim Investimentos e Participações, SGPS, S.A. *(a)*	Shares held	% Voting rights
Directly	67,830,000	51.000%
Total Attributable	**67,830,000**	**51.000%**

(a) The capital of Amorim Investimentos e Participações, SGPS, S.A is wholly owned by three companies (Amorim Holding Financeira, SGPS, SA (5.63%), Amorim Holding II SGPS, SA (44.37%) and Amorim - Sociedade Gestora de Participações Sociais, SA (50%)) without any of them having a controlling stake in the company, thereby terminating in this, the imputation chain, under the terms of Article 20 of Cod.VM. The share capital and voting rights of the three companies are held, respectively, in the case of the two companies, directly and indirectly (through Imoeuro SGPS, SA and Oil Investment0, BV) by Ms Maria Fernanda Ramos Oliveira Amorim and daughters, and, in the case of the third, by Mr. António Ferreira de Amorim, wife and children.

Shareholder Investmark Holding BV	Shares held	% Voting rights
Directly	18,325,157	13.778%
Total Attributable	**18,325,157**	**13.778%**

Shareholder Great Prime S.A. *(b)*	Shares held	% Voting rights
Directly	-	-
Through Investmark Holding BV, 100% owned	18,325,157	13.778%
Total Attributable	**18,325,157**	**13.778%**

Maria Fernanda Ramos Oliveira Amorim	Shares held	% Voting rights
Directly	-	-
Through Warranties, SGPS, S.A., 70% owned	18,325,157	13.778%
Total Attributable	**18,325,157**	**13.778%**

(b) The capital of Great Prime, S.A. is wholly owned by three companies (API Amorim Participações Internacionais, SGPS, S.A. (33.33%), Vintage Prime, SGPS, S.A. (33.33%) e Stockprice, SGPS, S.A. (33.33%)). Mrs. Maria Fernanda Ramos Oliveira Amorim, holds 95% of each company.

Shareholder Amorim International Participations, BV	Shares held	% Voting rights
Directly	13,414,387	10.086%
Total Attributable	**13,414,387**	**10.086%**

Shareholder Amorim, Sociedade Gestora de Participações Sociais, S.A. *(c)*	Shares held	% Voting rights
Directly	-	-
Through Amorim International Participations BV, 100% owned	13,414,387	10.086%
Total Attributable	**13,414,387**	**10.086%**

(c) The capital of Amorim, Sociedade Gestora de Participações Sociais, SA is held by Mr. António Ferreira de Amorim, wife and sons, but none of them holds a controlling interest in the company.

The situation described was as on 30 June, 2018 and remained unchanged on the date of publication of this report.

9. TRANSACTIONS BY DIRECTORS & OFFICERS

In compliance with the provisions of paragraphs 6 and 7 of article 14 of CMVM Regulation no. 5/2008, we declare that in the first half of 2018 no transactions of CORTICEIRA AMORIM shares were carried out by its Directors.

There were no transactions in financial instruments related to securities issued by the Company, either by its Directors, or by the companies that dominate CORTICEIRA AMORIM, or by persons closely related to them.

10. LIST OF SHAREHOLDERS OWNING MORE THAN ONE TENTH OF THE COMPANY'S SHARE CAPITAL

i. Amorim Investimentos e Participações, SA held 67,830,000 Corticeira Amorim shares, corresponding to 51% of its share capital and 51% of the voting rights;

ii. Investmark Holdings, B.V. held 18,325,157 Corticeira Amorim shares, corresponding to 13.778% of its share capital and 13.778% of the voting rights;

iii. Amorim International Participations, B.V. held 13,414,387 Corticeira Amorim shares, corresponding to 10.086% of its share capital and 10.086% of the voting rights

The situation described was as on 30 June, 2018 and remained unchanged on the date of publication of this report.

11. SUBSEQUENT EVENTS

Subsequent to June 30, 2018 and up to the date of publication of this report, no other material events occurred that would materially affect the financial position or future results of CORTICEIRA AMORIM or any of the subsidiary companies that it consolidates.

12. STATEMENT OF DIRECTORS' RESPONSIBILITIES

In accordance with the requirements of Section 246.1(c) of the Portuguese Securities Market Act, the directors state that, to the best of their knowledge, the financial statements for the half year ended June 30, 2018 and all other accounting documents have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of CORTICEIRA AMORIM, SGPS, SA and the undertakings included in the consolidation taken as a whole. The directors further state that the Directors' Report faithfully describes the development, performance and position of CORTICEIRA AMORIM's business and the undertakings included in the consolidation taken as a whole. The Directors' Report contains a special section describing the main risks and uncertainties that could impact our business in the next six months.

Mozelos, July 27, 2018

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AMORIM

thousand euros

	Notes	june 30, 2018	december 31, 2017	june 30, 2017
Assets				
Property, plant and equipment	IX	235,597	227,905	194,530
Investment property	IX	5,582	5,678	6,686
Goodwill	IX	14,000	9,848	0
Investments in associates	VI e X	10,300	11,006	10,932
Intangible assets	IX	4,627	4,077	2,654
Other financial assets	XI	2,282	2,520	2,463
Deferred tax assets	XII	12,215	13,146	9,653
Non-current assets		**284,604**	**274,180**	**226,919**
Inventories	XIII	356,690	359,141	281,150
Trade receivables	XIV	202,817	167,604	173,029
Income tax assets	XV	14,167	13,297	2,444
Other current assets	XVI	51,168	38,180	32,502
Cash and equivalents	XVII	22,461	17,005	61,431
Current assets		**647,303**	**595,228**	**550,556**
Total Assets		**931,907**	**869,407**	**777,475**
Equity				
Share capital	XVIII	133,000	133,000	133,000
Other reserves	XVIII	268,614	224,439	252,514
Net Income		41,214	73,027	37,757
Non-Controlling Interest	XIX	32,221	29,524	16,636
Total Equity		**475,049**	**459,991**	**439,907**
Liabilities				
Interest-bearing loans	XX	40,897	48,094	37,724
Other borrowings and creditors	XXII	37,942	36,774	16,837
Provisions	XXIX	38,828	41,320	29,884
Deferred tax liabilities	XIII	6,550	7,187	6,652
Non-current liabilities		**124,217**	**133,375**	**91,098**
Interest-bearing loans	XX	83,697	61,695	34,812
Trade payables	XXI	160,616	157,096	138,377
Other borrowings and creditors	XXII	69,677	55,019	55,983
Income tax liabilities	XV	18,651	2,231	17,300
Current liabilities		**332,640**	**276,042**	**246,471**
Total Liabilities and Equity		**931,907**	**869,407**	**777,475**

(this statement should be read with the attached notes to the consolidated financial statements)

CONSOLIDATED INCOME STATEMENT

AMORIM

thousand euros

2Q18 (non audited)	2Q17 (non audited)		Notes	1H18	1H17
214,505	183,053	Sales	VIII	399,865	354,762
116,209	82,614	Costs of goods sold and materials consumed		213,154	168,227
8,727	-3,304	Change in manufactured inventories		20,265	5,586
31,364	28,102	Third party supplies and services	XXIII	61,188	56,011
35,854	32,026	Staff costs	XXIV	70,964	63,618
289	194	Impairments of assets	XXV	349	2,471
2,641	2,527	Other gains	XXVI	5,734	5,015
1,574	2,276	Other costs	XXVI	2,786	4,414
40,583	**37,064**	**Current EBITDA**		**77,424**	**70,622**
8,388	7,691	Depreciation	IX	16,481	15,790
32,195	**29,373**	**Current EBIT**		**60,943**	**54,832**
820	0	Non-current results	XXV	681	0
1,347	285	Financial costs	XXVII	1,756	579
12	51	Financial income	XXVII	44	140
514	847	Share of (loss)/profit of associates	X	1348	829
32,194	**29,985**	**Profit before tax**		**61,260**	**55,222**
7,691	8,732	Income tax	XII	16,302	15,876
24,503	**21,253**	**Profit after tax**		**44,958**	**39,346**
2,109	709	Non-controlling Interest	XIX	3,743	1,588
22,394	**20,544**	**Net Income** attributable to the equity holders of Corticeira Amorim		**41,214**	**37,757**
0.168	**0.154**	**Earnings per share - Basic e Diluted (euros per share)**	XXXII	**0.310**	**0.284**

(this statement should be read with the attached notes to the consolidated financial statements)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

AMORIM

thousand euros

2Q18 (non audited)	2Q17 (non audited)		Notes	1H18	1H17
24,503	**21,253**	**Net Income** (before non-controlling Interest)		**44,958**	**39,346**
		Itens that could be reclassified through income statement:			
-330	539	Change in derivative financial instruments fair value	XIII	-745	1,488
-416	-2,437	Change in translation differences and other	XIII	-667	-4,022
-426	778	Share of other comprehensive income of investments accounted for using the equity method	XIII	-1,275	653
621	-31	Other comprehensive income	XIII	602	-92
-551	**-1,151**	**Net Income directly registered in Equity**		**-2,085**	**-1,973**
23,952	**20,102**	**Total Net Income registered**		**42,873**	**37,373**
		Attributable to:			
21,489	19,799	Corticeira Amorim Shareholders		38,895	36,162
2,463	304	Non-controlling Interest		3,978	1,211

(this statement should be read with the attached notes to the consolidated financial statements)
(items in this Statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in note XIII)

CONSOLIDATED STATEMENT OF CASH FLOW

AMORIM

thousand euros

2Q18 (non audited)	2Q17 (non audited)		1H18	1H17
		OPERATING ACTIVITIES		
188,032	186,363	Collections from customers	370,069	353,653
-124,418	-135,383	Payments to suppliers	-284,220	-263,311
-25,077	-27,532	Payments to employees	-57,754	-57,871
38,537	**23,448**	**Operational cash flow**	**28,095**	**32,471**
-544	-2,515	Payments/collections - income tax	-267	-2,818
-15,498	13,129	Other collections/payments related with operational activities	12,851	26,976
22,496	**34,061**	**CASH FLOW BEFORE EXTRAORDINARY ITEMS**	**40,679**	**56,629**
		INVESTMENT ACTIVITIES		
		Collections due to:		
153	56	Tangible assets	218	427
3	0	Intangible assets	43	0
83	50	Financial investments	850	50
95	151	Other assets	141	233
80	91	Interests and similar gains	149	212
		Payments due to:		
-13,848	-8,502	Tangible assets	-21,734	-14,899
-250	-469	Financial investments	-4,662	-480
-521	-200	Intangible assets	-841	-200
0	-44	Other assets	0	-44
-14,205	**-8,867**	**CASH FLOW FROM INVESTMENTS**	**-25,835**	**-14,701**
		FINANCIAL ACTIVITIES		
		Collections due to:		
16,115	2,972	Loans	0	5,250
1,900	572	Government grants	1,997	9,187
97	699	Others	1,445	1,188
		Payments due to:		
0	0	Loans	7,521	-18,683
-334	-272	Interests and similar expenses	-932	-746
-25,374	-24,287	Dividends	-25,374	-24,517
-607	-40	Government grants	-925	-700
-124	-111	Others	-244	-224
-8,327	**-20,468**	**CASH FLOW FROM FINANCING**	**-16,510**	**-29,245**
-36	**4,727**	**Change in Cash**	**-1,666**	**12,683**
-57	**-934**	**Exchange rate effect**	**-159**	**-1,333**
0	**-215**	**Perimeter variation**	**0**	**0**
-7,080	**43,156**	**Cash at beginning**	**-5,348**	**35,383**
-7,173	**46,735**	**Cash at end**	**-7,173**	**46,735**

(this statement should be read with the attached notes to the consolidated financial statements)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

thousand euros

	Notas	Share capital	Paid-in Capital	Hedge Accounting	Translation Difference	Legal reserve	Other reserves	Net income	Non-controlling interests	Total Equity
		Attributable to owners of Corticeira Amorim, SGPS, S.A.								
Balance sheet as at January 1, 2017		**133,000**	**38,893**	**-1,107**	**2,274**	**16,203**	**119,084**	**102,703**	**15,893**	**426,942**
Profit for the year	**XVIII**	**-**	**-**	**-**	**-**	**2,567**	**100,136**	**-102,703**	**-**	**0**
Dividends	**XVIII**	**-**	**-**	**-**	**-**	**-**	**-23,940**	**-**	**-468**	**-24,408**
Consolidated Net Income for the period	XVIII e XIX	-	-	-	-	-	-	37,757	1,588	39,346
Change in derivative financial instruments fair value	XVIII	-	-	1,488	-	-	-	-	-	1,488
Change in translation differences	XVIII e XIX	-	-	-	-3,645	-	-	-	-377	-4,022
Other comprehensive income of associates	X	-	-	-	428	-	225	-	-	653
Other comprehensive income		-	-	-	-	-	-92	-	-	-92
Total comprehensive income for the period		**0**	**0**	**1,488**	**-3,217**	**0**	**133**	**37,757**	**1,211**	**37,372**
Balance sheet as at June 30, 2017		**133,000**	**38,893**	**381**	**-943**	**18,770**	**195,413**	**37,757**	**16,636**	**439,907**
Balance sheet as at January 1, 2018		**133,000**	**38,893**	**468**	**-1,045**	**18,770**	**167,353**	**73,027**	**29,524**	**459,991**
Profit for the year	**XVIII**	**-**	**-**	**-**	**-**	**2,725**	**70,303**	**-73,027**	**-**	**0**
Dividends	**XVIII**	**-**	**-**	**-**	**-**	**-**	**-24,605**	**-**	**-770**	**-25,375**
Changes in the percentage of interest retaining control	**XIX**	**-**	**-**	**-**	**-**	**-**	**-1,928**	**-**	**-511**	**-2,439**
Consolidated Net Income for the period	XVIII e XIX	-	-	-	-	-	-	41,214	3,743	44,958
Change in derivative financial instruments fair value	XVIII	-	-	-745	-	-	-	-	-	-745
Change in translation differences	XVIII e XIX	-	-	-	-377	-	-	-	-290	-667
Other comprehensive income of associates	X	-	-	-	-2,177	-	902	-	-	-1,275
Other comprehensive income		-	-	-	-	-	78	-	524	602
Total comprehensive income for the period		**0**	**0**	**-745**	**-2,554**	**0**	**980**	**41,214**	**3,978**	**42,873**
Balance sheet as at June 30, 2018		**133,000**	**38,893**	**-277**	**-3,599**	**21,495**	**212,102**	**41,214**	**32,221**	**475,049**

(this statement should be read with the attached notes to the consolidated financial statements)

I - INTRODUCTION

At the beginning of 1991, Corticeira Amorim, S.A. was transformed into CORTICEIRA AMORIM, S.G.P.S., S.A., the holding company for the cork business sector of the Amorim Group. In this report, CORTICEIRA AMORIM will be the designation of CORTICEIRA AMORIM, S.G.P.S., S.A., and in some cases the designation of CORTICEIRA AMORIM, S.G.P.S. together with all of its subsidiaries.

CORTICEIRA AMORIM, directly or indirectly, holds no interest in land properties used to grow and explore cork tree. Cork tree is the source of cork, the main raw material used by CORTICEIRA AMORIM production units. Cork acquisition is made in an open market, with multiple agents, both in the demand side as in the supply side.

CORTICEIRA AMORIM is mainly engaged in the acquisition and transformation of cork into a numerous set of cork and cork related products, which are distributed worldwide through its network of sales company.

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

Amorim Capital, S.A. held, as of June 30, 2017, 67,830,000 shares of CORTICEIRA AMORIM, corresponding to 51.00% of the capital stock. As a result of the merger of this company with Amorim - Investimentos e Participações, S.G.P.S, S.A. occurred in the second half of 2017, these shares are now held by this company. Accordingly, the company Amorim - Investimentos e Participações, S.G.P.S, S.A. held, on June 30, 2018, 67,830,000 shares of CORTICEIRA AMORIM as of June 30, 2018 corresponding to 51.00 % of its share capital (December 31, 2017: 67,830,000 shares). Corticeira Amorim, Sociedade Gestora de Participações Sociais, S.A., is included in the consolidation perimeter of Amorim – Investimentos e Participações, S.G.P.S., S.A., this being its controlling parent company. Amorim – Investimentos e Participações, S.G.P.S. is fully owned by Amorim family.

These financial statements were approved in the Board Meeting of July 27, 2018. Shareholders have the capacity to modify these financial statements even after their release.

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

II - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Basis of presentation

Pursuant to Decree No. 35/2005, dated 17 February, as subsequently amended by Decree-Law No. 98/2015 of 2 July, which transposed into Portuguese legislation the provisions of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002, these consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IAS/IFRS) issued by the International Accounting Standards Board (IASB) and the Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC), adopted by the EU, effective as of 1 January 2017. Consolidated statements were prepared based on a going concern basis and using the records as stated in the companies' books included in the consolidation which adopted local general accepted accounting principles. Accounting adjustments were made in order to comply with the International Financial Reporting Standards (IFRS) as adopted in the European Union as of June 30, 2018, particularly with IAS 34 (Interim Report). These are based on the historical cost principle, except for financial instruments measured at fair value.

b. Consolidation

- Group companies

The consolidated financial statements include, in reference to December 30, 2018, assets, liabilities, profit and loss of the companies in the Group, understood as the entirety of CORTICEIRA AMORIM and its subsidiaries, which are presented in Note VI.

An entity is classified as a subsidiary when it is controlled by the Group. Control exists only where the Group has, cumulatively:

(a) power over the investee;

(b) exposure to or rights over variable results derived from its relationship with the investee; and

(c) the ability to use its power over the investee to affect the amount of the results for investors.

Generally, it is assumed that there is control when the Group holds the majority of voting rights. In order to support this assumption and in cases where the Group does not hold the majority of voting rights in the investee, all relevant facts and circumstances are taken into account when determining the existence of power and control, such as:

(a) Any contractual agreements with other holders of voting rights;

(b) Any rights arising from other contractual agreements;

(c) Existing and potential voting rights.

The existence of control by the Group is re-evaluated whenever there is a change in any facts and circumstances that lead to changes in one of the three factors of control mentioned above.

Subsidiaries are included in the consolidation according to the full consolidation method, from the date when control is acquired until the date it effectively ends.

Intergroup balances and transactions, as well as any unrealised gains on transactions between companies in the Group, are eliminated. Unrealised losses are also eliminated, unless the transaction evidences impairment of a transferred asset.

The accounting policies of subsidiaries are changed whenever necessary to ensure consistency with the policies adopted by the Group.

A change in the participating interest in a subsidiary that does not entail loss of control is recorded as a transaction between shareholders. If the Group loses control over the subsidiary, the corresponding assets (including goodwill), liabilities, non-controlling interests and other equity components are derecognised and any gains or losses are recognised in the income statement. Investments retained are recognised at fair value at the time of the loss of control.

In situations where the Group has substantial control of entities created for a specific purpose, even if it has no direct shareholdings in these entities, they shall be consolidated using the full consolidation method.

Net assets of subsidiaries consolidated through the full consolidation method attributable to the equity stake or shares held by any third parties are recorded in the consolidated statement of financial position, in the line item

Interests held by any third parties over the net income of subsidiaries are identified and adjusted by deduction from the equity attributable to the Group shareholders and recorded in the consolidated income statement, in the line item Non-Controlling Interests.

- Financial holdings in associates and joint ventures

Associates are companies over which CORTICEIRA AMORIM exercises significant influence, understood as the power to participate in the financial and operating policy-making process, without, however, exercising control or joint control. Generally, it is assumed that there is a significant influence whenever the holding percentage exceeds 20%.

The classification of financial investments in joint ventures is determined based on the existence of shareholders' agreements that demonstrate and regulate joint control, which is understood to exist when decisions on activities relevant to the venture require a unanimous agreement between the parties.

The Group owns no interest in joint ventures, as defined in IFRS 11.20.

The existence of significant influence or joint control is determined based on the same type of facts and circumstances applicable in the assessment of control over subsidiaries.

These holdings are consolidated by the equity method; i.e., the consolidated financial statements include the Group's interest in the total recognised gains and losses of the associate/joint venture, from the date on which significant influence/control begins until the date on which it effectively ends. Dividends received from these companies are recorded as a reduction in the value of financial investments.

The Group's share of gains and losses in associates/joint ventures is recognised in the income statement, and its share of operations in Post-acquisition Reserves are recognised in Reserves. The cumulative postacquisition operations are adjusted according to the cumulative operations in the financial investment. When the Group's share of losses in an associate/joint venture equals or exceeds its investment in that entity, including any unsecured receipt transaction, the Group does not recognise any further losses, unless it has incurred obligations or made payments on behalf of the associate/joint venture.

Any excess of the cost of acquisition of a financial investment over the Group's share in the fair value of the assets, liabilities and contingent liabilities identified on the date of acquisition of the associate/joint venture is recognised as goodwill, which is included in the value of the financial holding and whose recovery is assessed annually as part of the financial investment. If the cost of acquisition is lower than the fair value of the net amount of the assets of the associate/joint venture, the difference is recorded directly in the consolidated income statement.

Unrealised gains from transactions between the Group and its associates/joint ventures are eliminated to the extent of the Group's share in the respective associates/joint ventures. Unrealised losses are also eliminated, unless the transaction evidences impairment of a transferred asset.

The accounting policies of associates/joint ventures are changed whenever necessary to ensure consistency with the policies adopted by the Group.

Following the application of the equity method, the Group assesses the existence of impairment indicators; should they exist, the Group calculates the recoverable amount of the investment and recognises an impairment loss if the recoverable amount is lower than the carrying amount of the investment, in the line item “Gains/losses in associates and joint ventures” of the income statement.

After the loss of significant influence or joint control, the Group initially recognises the retained investment at fair value, and the difference between the carrying value and the fair value held plus the revenue from the sale, are recognised in the income statement.

- Exchange rate effect

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

In non-euro subsidiaries, all assets and liabilities denominated in foreign currency are translated to euros using year-end exchange rates. Net exchange differences arising from the different rates used in transactions and the rate used in its settlements is recorded in the income statement. These differences are recognized in operating results because they are not financial.

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

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

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

- Business combinations and goodwill

The acquisition method is the method used to recognise the entry of subsidiaries in the Group upon their acquisition.

In the acquisition method, the difference between: (i) the consideration transferred along with the non-controlling interests and the fair value of the equity interests previously held, and (ii) the net amount of identifiable assets acquired and liabilities assumed, is recognised, on the date of acquisition, as goodwill, if positive, or as a gain, if negative.

The consideration transferred is measured at fair value, calculated as the aggregate amount of fair values, on the date of acquisition, of assets transferred, liabilities incurred and equity instruments issued by Corticeira Amorim. For the purpose of determining goodwill/gains resulting from the combination, the transferred consideration is removed from any part of the consideration that concerns another transaction (e.g. remuneration for the provision of future services or settlement of pre-existing relationships) whose margin is recognised separately in profit or loss.

The transferred consideration includes the fair value, on the date of acquisition, of any contingent consideration. Subsequent changes in this value are recognised: (i) as equity if the contingent consideration is classified as equity, (ii) as an expense or income in profit or loss or as other comprehensive income if the contingent consideration is classified as a financial asset or liability and (iii) as expenses, pursuant to IAS 37 or other applicable standards, in remaining cases.

Expenses related to the acquisition are not part of the transferred consideration, so they do not affect the determination of goodwill/gains resulting from the acquisition and are recognised as expenses in the year they occur.

On the date of acquisition, the classification and designation of all assets acquired and liabilities transferred are reassessed in accordance with IFRS, with the exception of lease and insurance contracts, which are classified and designated based on the contractual terms and conditions, on the commencement date.

Assets arising from contractual indemnities paid by the seller concerning the outcome of contingencies related, in whole or in part, to a specific liability of the combined entity, shall be recognised and measured using the same principles and assumptions of the related liabilities.

The determination of the fair value of assets acquired and liabilities assumed takes into account the fair value of contingent liabilities arising from a present obligation caused by a past event (if the fair value can be reliably measured), regardless of whether an outflow is expected or not.

For each acquisition, the Group can choose to measure "non-controlling interests" at their fair value or by their respective share in the assets and liabilities transferred from the acquiree. The choice of a method influences the determination of the amount of goodwill to be recognised. When the business combination is achieved in stages, the fair value on the date of acquisition of the interests held is remeasured to the fair value on the date when control is obtained, by contra entry of the income for the period in which control is achieved, affecting the determination of goodwill.

Whenever a combination is not completed on the reporting date, the provisional amounts recognised on the date of acquisition shall be adjusted retrospectively, for a maximum period of one year from the date of acquisition and any additional assets and liabilities shall be recognised if new information is obtained on facts and circumstances existing on the date of acquisition which would result in the recognition of such assets and liabilities, should it have been known on that date.

Goodwill is considered to have an indefinite useful life and thus is not amortisable, being subject to annual impairment tests, regardless of whether or not there is any indication of impairment.

For the purpose of impairment testing, goodwill is allocated, on the date of acquisition, to each of the cash generating units expected to benefit from the business combination, regardless of the remaining assets and liabilities also associated with the cash-generating unit. When the operation, or part of it, associated with a cash generating unit is disposed of, the allocated goodwill is also derecognised and included in the balance of gains/losses of the disposal, calculated as the base for its relative value.

Goodwill related to investments in companies based abroad, is recorded in those companies' reporting currency and translated into Euro at the exchange rate in force on the balance sheet date.

Agreement to acquire non-controlling interest

Corticeira Amorim chooses to treat multiple transactions in a business combination as separate acquisitions.

When the facts and circumstances indicate that Corticeira Amorim has no control over the shares subject to the agreement, Corticeira Amorim chooses the approach of full recognition of non-controlling interest, in which non-controlling interest continue to be recognized in equity until the moment when the subsequent agreement is implemented. The recognized value of non-controlling interest changes due to allocation of results, changes in other comprehensive income and dividends declared in the reporting period as referred to in note II letter b).

When there is an agreement to acquire an additional interest in a subsidiary, a financial liability is recorded. The financial liability for the agreement is accounted for under IFRS 9. On initial recognition, the corresponding debit is made to another component of "Equity" attributable to the parent company. Subsequent changes in the value of the financial liability that result from the remeasurement of the present value payable are recognized in the profit or loss attributable to the parent company.

When the agreement is realized, Corticeira Amorim accounts for an increase in its ownership interests. At the same time, the financial liability and recognizes an offsetting credit in the same component of equity reduced on initial recognition.

c. Tangible Fixed Assets

Tangible fixed assets are recorded at acquisition cost net of accumulated depreciation and impairment losses.

Subsequent costs are included in the carrying amount of the asset or recognized as separate assets when it is probable that future economic benefits that exceed the originally measured level of performance of the existing asset will flow to the enterprise and the cost of the asset to the enterprise can be measured with reliability. All other subsequent expenditures are recognized as an expense in the period in which they are incurred.

Financial charges related to financing for production / acquisition of assets are added to the cost of these assets.

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	4 to 10
Motor vehicles	4 to 7
Office equipment	4 to 8

Depreciation is charged since the beginning of the moment in which the asset is ready to use. The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

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

An asset's carrying amount is written down to its recoverable amount and charged to the income statement if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses and disposals are included in the income statement.

d. Intangible assets

Intangible assets are initially measured at cost. Subsequently they are measured at cost less accumulated depreciation.

Research expenditures are recognised in the income statement as incurred.

Development expenditure is recognised as intangible asset when the technical feasibility being developed can be demonstrated and the company has the intention and capacity to complete their development and start trading or using them and that future economic benefits will occur.

Amortisation of the intangible assets is calculated by the straight-line method, and recorded as the asset qualifies for its required purpose:

	Number of years
Industrial Property	10 to 20
Software	3 to 6

The estimated useful life of assets are reviewed and adjusted when necessary, at the balance sheet date.

e. Investment property

Investment property includes land and buildings not used in production.

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

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

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

f. Non-financial assets impairment

Assets with indefinite useful lives are not amortised but are annually tested for impairment purposes, or more frequently if there are events or changes in circumstances that indicate impairment.

Assets under depreciation are tested for impairment purposes whenever an event or change of circumstances indicates that its value cannot be recovered.

For the estimate of impairments, assets are allocated to the lowest level for which there is separate identifiable cash flows (cash generating units).

In assessing impairment, both internal and external sources of information are considered. Tests are carried out if the level of profitability of cash-generating units is consistently below a minimum threshold, from which there is risk of impairment of assets. Impairment tests are also performed whenever management makes significant changes in operations (for example, total or partial discontinuation of the activity).

Impairment tests are performed internally. Whenever impairment tests are performed, future cash flows are discounted at a specific rate for the cash-generating unit, which includes the risk of the market where it operates.

The group uses external experts (appraisers) only to determine the market value of land and buildings in situations of discontinuation of operations, where they are no longer recovered by use.

Impairment losses are recognized as the difference between its carrying amount and its recoverable amount. Recoverable corresponds to the higher of its fair value less sales expenses and its value for use.

Impairment losses, if any, are allocated specifically to the individual assets that are part of the cash flow generating unit.

Non-financial assets, except goodwill, that generated impairment losses are valued at each reporting date regarding reversals of that losses.

g. Financial assets

Financial assets are recognised in the statement of financial position of CORTICEIRA AMORIM on the trade or contract date, which is the date on which the Group undertakes to purchase or sell the asset.

At the initial time, with the exception of commercial accounts receivable, financial assets are recognised at fair value plus directly attributable transaction costs, except for assets at fair value through income in which transaction costs are immediately recognised in income. Trade accounts receivable, at the initial time, are recognised at their transaction price, as defined in IFRS 15.

The financial assets are derecognised when: (i) the Group's contractual rights to receive their cash flows expire; (ii) the Group has substantially transferred all the risks and benefits associated with their ownership; or (iii) although it retains part but not substantially all of the risks and benefits associated with their ownership, the Group has transferred control of the assets.

The financial assets and liabilities are offset and shown as a net value when, and only when, CORTICEIRA AMORIM has the right to offset the recognised amounts and intends to settle for the net value.

CORTICEIRA AMORIM classifies its financial assets into the following categories: financial assets at fair value through profit or loss, financial assets measured at amortised cost, financial assets at fair value through other comprehensive income. Its classification depends on the entity's business model to manage the financial assets and the contractual characteristics in terms of the cash flows of the financial asset.

Financial assets at fair value through profit and loss

This category includes financial derivatives and equity instruments that CORTICEIRA AMORIM has not classified as financial assets through other comprehensive income at the time of initial recognition. This category also includes all financial instruments whose contractual cash flows are not exclusively capital and interest.

Gains and losses resulting from changes in the fair value of assets measured at fair value through profit or loss are recognised in results in the year in which they occur, including the income from interest and dividends.

Financial assets at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income are those that are part of a business model whose objective is achieved through the collection of contractual cash flows and the sale of financial assets, being that these contractual cash flows are only capital and interest reimbursement on the capital in debt.

Financial assets measured at amortised cost

Financial assets measured at amortised cost are those that are included in a business model whose purpose is to hold financial assets in order to receive the contractual cashflows, being that these contractual cash flows are only capital reimbursement and interest payments on the capital in debt.

Other financial assets

This caption is primarily related to investments in equity instruments available for sale, which have no stock exchange share price and whose fair value cannot be estimated reliably and are therefore measured at cost. Dividends, if any, are recognized in the period in which they occur, when the right to receive is established.

Cash and equivalents

The amounts included in “Cash and equivalents” correspond to the amounts of cash, bank deposits, term deposits and other investments with maturities of less than three months which may be immediately realisable and with a negligible risk of change of value.

For the purposes of the statement of cash flows, “Cash and equivalents” also includes bank overdrafts included in the statement of financial position under “Net Debt”.

h. Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to their contractual substance irrespective of their legal form. Equity instruments are contracts that show a residual interest in CORTICEIRA AMORIM assets after deducing the liabilities. The equity instruments issued by Group companies are recorded at the amount received, net of the costs incurred in their issue. Financial liabilities are derecognised only when extinguished, i.e. when the obligation is settled, cancelled, or extinguished.

In accordance with IFRS 9, financial liabilities are classified as subsequently measured at amortised cost, except for:

a) Financial liabilities at fair value through profit or loss. These liabilities, including derivatives that are liabilities, should subsequently be measured at fair value;

b) Financial liabilities that arise when a transfer of a financial asset does not meet the conditions for derecognition or when it is applied the continued involvement approach;

c) Financial guarantee contracts;

d) The commitments to grant a loan at a lower interest rate than the market;

e) The recognised contingent consideration by a buyer in a concentration of business activities too which IFRS 3 applies. Such contingent consideration shall be subsequently measured at fair value, with changes recognised in profit or loss.

The group contracts confirming operations with financial institutions, which will be classified as reverse factoring agreements. These agreements are not used to manage the liquidity needs of the group as long as the payment remains on the due date of the invoices (on that date the advance amounts are paid to the financial institution by the group). For this reason, and since they do not give rise to financial expenses for the group, the amounts of the invoices advanced to the suppliers that adhere to these contracts are kept in the Liabilities, in the Suppliers account, and the payments at the due time are treated as operational payments. The supplier confirming operations are classified as operating in the Statement of Cash Flows.

Financial liabilities of the Group include: borrowings, accounts payable and derivative financial instruments.

i. Impairment of financial assets

At each date of the financial position statement, CORTICEIRA AMORIM analyses and recognises expected losses on its debt securities, loans and accounts receivable. The expected loss results from the difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive, discounted at the original effective interest rate.

The objective of this impairment policy is to recognise expected credit losses over the respective duration of financial instruments that have undergone significant increases in credit risk since initial recognition, assessed on an individual or collective basis, taking into account all reasonable and sustainable information, including prospects. If, at the reporting date, the credit risk associated with a financial instrument has not increased significantly since the initial recognition, the Group measures the provision for losses relating to that financial instrument by an amount equivalent to the expected credit losses within a period of 12 months.

This rule does not overlap the analysis of each specific case. The analysis of the specific cases is determined on the individual accounts receivable, taking into account the historical information of the clients, their risk profile and other observable data in order to assess if there is objective proof of impairment for these accounts receivable.

Impairment of Other Financial Assets is verified through the analysis of the companies' approved financial statements, as well as the evaluation of the expected future cash flows of their activity.

The Group did not find any impact on its balance sheet or equity, as a result of the application of the impairment requirements of IFRS 9, since the impairments found and recognised by the Group already include an estimate of expected losses.

j. Derivative financial instruments

The Group has a policy of contracting derivative financial instruments with the objective of hedging the financial risks to which it is exposed, resulting from variations in exchange rates. The Group does not contract derivative financial instruments for speculative purposes, and the use of this type of financial instruments complies with the internal policies determined by the Board.

In relation to financial derivative instruments which, although contracted in order to provide hedging in line with the Group’s risk management policies, do not meet all the requirements of IFRS 9 Financial instruments: in terms of their classification as hedge accounting or which have not been specifically assigned to a hedge relationship, the related changes in fair value are stated in the income statement for the period in which they occur.

Derivative financial instruments are recognised on the respective trade date at their fair value. Subsequently, the fair value of the derivative financial instruments is revalued on a regular basis, and the gains or losses resulting from this revaluation are recorded directly in profit and loss for the period, except in the case of hedge derivatives. Recognition of the changes in fair value of hedge derivatives depends on the nature of the risk hedged and the type of hedge used.

Hedge accounting

The possibility of designating a (derivative or non-derivative) financial instrument as a hedging instrument meets the requirements of IFRS 9 - Financial instruments.

Derivative financial instruments used for hedging purposes can be classified as hedges for accounting purposes when they cumulatively meet the following conditions:

a) At the start date of the transaction, the hedge relationship is identified and formally documented, including the identification of the hedged item, the hedging instrument and the evaluation of effectiveness of the hedge;

b) There is the expectation that the hedge relationship is highly effective at the start date of the transaction and throughout the life of the operation;

c) The effectiveness of the hedge can be reliably measured at the start date of the transaction and throughout the life of the operation;

d) For cash flow hedge operations, it must be highly probable that they will occur.

Exchange rate risk

Whenever expectations of changes in exchange rates and interest rates so warrant, the Group aims to anticipate any adverse impact through the use of derivatives.

The method of recognizing 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 recognized in equity, being transferred to income statement in the same period as the respective hedged item affects results; the gain or loss relating to the ineffective portion is recognized immediately in the income statement.

- Net investment hedge

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

CORTICEIRA AMORIM has fully identified the nature of its activities' risk exposure and documents entirely and formally each hedge; uses its information system to guarantee that each edge is supported by a description of: risk policy, purpose and strategy, classification, description of risk, identity of the instrument and of the risk item, description of initial measurement and future efficiency, identification of the possible derivative portion which will be excluded from the efficiency test.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, or the forecasted transaction no longer remains highly provable or simply is abandoned, or the decision to consider the transaction as a hedge, the company will de-recognized the instrument.

k. Inventories

Inventories are valued at the lower of acquisition cost or production cost and net realisable value. Acquisition cost includes direct and indirect expenses incurred in order to have those inventories at its present condition and place. Production cost includes used raw material costs, direct labour, other direct costs and other general fixed production costs (using normal capacity utilisation).

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.

Where the net realisable value is lower than production cost, inventory impairment is registered. This adjustment will be reversed or reduced whenever the impairment situation no longer takes place.

The raw materials usually present alternative use without significant loss of value (for example through changes in caliber, reprocessing or use as raw material in other units). In these cases a specific analysis of impairment is made, being that impairment situations in this instance are very reduced.

The intermediate and finished products are not as susceptible of alternative use. In these cases, the amount by which inventories are expected to be realized is influenced by the age of those inventories. Thus, in addition to the specific analysis (priority form of determination of net realizable value), the group applies a criteria based on the rotation to estimate the reduction of expected value of these materials in function of their ageing.

l. Income taxes – current and deferred

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

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

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

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

Deferred tax liabilities are recognized for all taxable temporary differences, except those related to i) the initial recognition of goodwill; or ii) the initial recognition of assets and liabilities that do not result from a business combination, and that at transaction date does not affect the accounting or tax result.

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

Deferred tax liabilities are not recognized in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

m. Employee benefits

CORTICEIRA AMORIM Portuguese employees benefit exclusively from the national welfare plan. Employees from foreign subsidiaries or are covered exclusively by local national welfare plans or benefit from complementary defined contribution plans.

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

CORTICEIRA AMORIM recognizes 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.

n. Provisions, contingent assets and liabilities

Provisions are recognized 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 recognized for future operating losses. Restructuring provisions are recognized with a formal detail plan and when third parties affected are informed.

The main items of provisions were recorded based on their nominal value. Provisions for ongoing tax proceedings are annually increased by the calculation of interest and fines, as defined by law. In all other cases, given the uncertainty regarding the timing of the outflow of resources to cover liability, it is not possible to reliably estimate the effect of the discount, which is estimated to be not material.

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

Contingent assets are not recognized in the financial statements but disclosed when it is probable the existence of an economic future inflow of resources.

o. Revenue recognition

The Group's revenue is based on the five-step model established by IFRS 15:

1) Identification of the contract with the customer;

2) Identification of performance obligations;

3) Determining the price of the transaction;

4) Allocation of the price of the transaction to the performance obligations; and

5) Recognition of revenue.

The transactions carried out by the companies of the CORTICEIRA AMORIM universe may assume several characteristics:

- Formalized through specific agreement that defines the terms of the transaction;

- Informal, in the sense that there is no written contract, but whose transaction terms are defined in the client order and the order acceptance request issued by the Group company that participates in the transaction. The acceptance of the order formalizes the terms in which the transaction will be effected. In both situations, the terms of the transaction are perfectly identified.

Thus, at the beginning of each contract, CORTICEIRA AMORIM evaluates the promised goods or services and identifies, as a performance obligation, every promise to transfer to the client of any good or service (or package of goods or services). These promises in customer contracts may be express or implied, provided such promises create a valid expectation in the client that the entity will transfer a good or service to the client, based on the entity's published policies, specific statements or usual business practices.

The recognition of revenue occurs at the time of performance of each performance obligation.

Interest income is recognized using the effective interest method, provided that it is probable that economic benefits will flow to the Group and its amount can be measured reliably.

p. Government grants

Grants received are related generally with fixed assets expenditure. No-repayable grants are present in the balance sheet as deferred income, and recognized as income on a systematic basis over the useful life of the related asset. Repayable interest bearing grants are presented as interests bearing debt.

Reimbursable grants with “out of market” interest rates are measured at fair value when they are initially recognized. For each grant, the fair value determination at the initial time corresponds to the present value of the future payments associated with the grant, discounted at the company's financing rate at the date of recognition, for loans with similar maturities.

Difference between nominal and fair value at initial recognition is included in no-repayable grants, at other loans and creditors, being afterwards recognized in net result, in “other gains” during the estimated useful life for the asset. Afterwards this grants are measured at amortized cost.

The grants received are classified as a financial activity in the Statement of Cash Flows.

q. Leasing

When a contract indicates that the significant risks and rewards of the ownership of the asset are transferred to CORTICEIRA AMORIM, leasing contracts will be considered as financial leases.

All other leasing contracts are treated as operating leases. Payments made under operating leases are charged to the income statement.

Whenever CORTICEIRA AMORIM qualifies as lessee of finance leases, assets under lease are recognized as Tangible Fixed Assets and are depreciated over the shorter of the term of the contract and the useful life of the assets.

r. Equity

Ordinary shares are included in equity.

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

s. Non-recurrent results

Non-recurring operating results that due to their material or nature may distort the financial performance of Corticeira Amorim, as well as their comparability, are presented in a separate line on the Consolidated Income Statement by Nature. These results include, but are not limited to, restructuring costs, transaction costs for the acquisition of subsidiaries and expenses for leaving from certain countries.

t. Subsequent events

Corticeira Amorim recognizes in the financial statements the events that, after the balance sheet date, provide additional information on the conditions that existed on the balance sheet date, including the estimates inherent in the preparation of the financial statements. The group does not recognize events that, after the balance sheet date, provide information on conditions that occur after the balance sheet date.

III - FINANCIAL RISK MANAGEMENT

CORTICEIRA AMORIM activities expose it to a variety of financial risks: market risks (including currency risk and interest rate risk), credit risk, liquidity risk and capital risk.

Market risk

a. Exchange rate risk

Exchange rate risk management policy established by CORTICEIRA AMORIM Board points out to a total hedging of the assets deriving from sales in the most important currencies and from purchasing in USD. As for book orders up to 90 days, each Business Unit responsible will decide according to exchange rate evolution. Book orders, considered relevant, due after 90 days, will be presented by the Business Unit responsible to the Board.

As of June 30, 2018, taking into account the relationship between the amount of the group's exposure to financial assets and liabilities in foreign currency and the notional amount of hedges contracted, exchange rates different from the Euro currency (particularly USD), would have no material effect in the consolidated results of the group. As for book orders any effect would be registered in Equity. As for non-euro net investments in subsidiaries/associate, any exchange rate effect would be registered in Equity, because CORTICEIRA AMORIM does not hedge this type of assets. As these investments whose functional currency is not "Euro" are not considered relevant, the effect is not material. The amount of the effects of exchange rates variations was -4,036 K€ as of June 30, 2018 (December 31, 2017: -1,045 K€).

b. Interest rate risk

As of June 30, 2017 and 2018, from the total interest bearing debt, 25 M€ were linked to fixed interest rate for a 10 year period.

Most of the risk derives from the noncurrent-term portion of that debt at variable rate (15.9 M€ as of 30/06/2018 and 12.7 M€ as of 30/06/2017).

As of June 30, 2018, if interest rates were 0.1 percentage points higher, with the remaining variables remaining constant, the pre-tax result would be lower by around 100 thousand euros (85 thousand euros in 2017) as a result of the increase in Financial costs with variable rate debt.

c. Raw material price risk

In view of the critical nature of this factor, the procurement, storage and preparation management of the only variable common to all CORTICEIRA AMORIM activities, which is the raw material (cork), is assembled in an autonomous BU, which, among other objectives, makes it possible to prepare, discuss and decide within the Board of Directors the orientation or the multiannual supply policy to be developed.

The Group's cork procurement team is made up of a group of highly specialized staff, mainly in Portugal, Spain and North Africa. The objective of the buyers team is to maximize the price / quality ratio of the purchased cork and simultaneously ensure the purchase of sufficient quantity for the desired level of production.

The cork market is an open market where price is determined by the supply and demand law. The price offered by CORTICEIRA AMORIM is determined business by business, and depends essentially on the estimated quality of cork. CORTICEIRA AMORIM does not have the ability to set the purchase price of the campaign, and this is a result of the operation of the market.

The purchase is concentrated in a certain period of the year, in which the raw material supply is guaranteed for the whole of the following year, the sales prices of the finished products and margins of the business are defined taking into account the cost of acquiring the raw material.

Credit risk

Credit risk is due, mainly, to receivables from customers related to trade sales. Credit risk is monitored by the operating companies Financial Departments, taking in consideration its history of trade relations, financial situation as well as other types of information that CORTICEIRA AMORIM business network has available related with each trading partner. Credit limits are analysed and revised, if necessary, on a regular basis. Due to the high number of customers, spread through all continents, the most important of them weighting less than 3% of total sales, credit risk is naturally diminished.

Normally no guarantees are due from customers. CORTICEIRA AMORIM does not make use of credit insurance.

Credit risk derives also from cash and cash equivalents balances and from financial derivative instruments. CORTICEIRA AMORIM previously analyses the ratings of the financial institutions so that it can minimize the failure of the counterparts.

The maximum credit risk is the one that results from the failure to receive all financial assets (June 2018: 276 million euros and December 2017: 224 million euros).

Liquidity risk

CORTICEIRA AMORIM financial department regularly analyses future cash flows so that it can deliver enough liquidity for the group to provide operating needs, and also to comply with credit lines payments. Excess of cash is invested in interest bearing short-term deposits. This police offer the necessary flexibility to conduct its business.

Financial liabilities estimated non-discounted cash flows maturities are as follows:

thousand euros

	Up to 1 year	1 to 2 years	2 to 4 years	More than 4	Total
Interest-bearing loans	61,695	10,170	12,914	25,011	109,789
Other borrowings and creditors	49,654	11,331	15,851	9,592	86,428
Trade payables	157,096				157,096
Total as of December 31, 2017	**268,445**	**21,501**	**28,765**	**34,602**	**353,313**
Interest-bearing loans	83,697	9,175	12,017	19,705	124,594
Other borrowings and creditors	64,647	12,665	15,162	10,116	102,590
Trade payables	160,616				160,616
Total as of June 30, 2018	**308,959**	**21,839**	**27,179**	**29,821**	**387,799**

Liquidity risk hedging is achieved by the existence of non-used credit line facilities and, eventually bank deposits.

Based in estimated cash flows, 2018 liquidity reserve, composed mainly by non-used credit lines, will be as follows:

million euros

	2018
Opening balance	**176**
Operating cash in and cash out	132
Capex	-50
Interest and dividends	-26
Income tax	-28
Bank debt payments	-14
Closing balance	**190**

Note: includes dividends approved in the April 13, 2018 shareholders meeting

The financial flow assumes that at the end of 2018, the level of unused credit lines is equal to that of the beginning of the year and cash and cash equivalents will be approximately 10 M€.

Capital risk

CORTICEIRA AMORIM key objective is to assure business continuity, delivering a proper return to its shareholders and the correspondent benefits to its remaining stakeholders. A careful management of the capital employed in the business, using the proper combination of capital in order to reduce its costs, obtains the fulfilment of this objective. In order to achieve the proper combination of capital employed, the Board can obtain from the General Shareholders Meeting the approval of the necessary measures, namely adjusting the dividend pay-out ratio, the treasury stock, raising capital through new shares issue, sale of assets or other type of measures.

The key indicator for the said combination is the Equity/Assets ratio. CORTICEIRA AMORIM establishes as a target a level of not less than 40% of Equity/Assets ratio, and should not deviate significantly from the range 40%-50%, depending on actual economic conditions and of the cork sector in particular, is the objective to be accomplished.

The said ratio register was:

thousand euros

	june 30, 2018	december 31, 2017	december 31, 2016
Equity	475,049	459,991	426,943
Assets	931,907	869,407	726,873
Equity / Assets	**51.0%**	**52.9%**	**58.7%**

Financial assets and liabilities fair value

As of June 30, 2018 and 2017, and as of December 2017, financial instruments measured at fair value in the financial statements of CORTICEIRA AMORIM were composed solely of derivative financial instruments. Derivatives used by CORTICEIRA AMORIM have no public quotation because they are not traded in an open market (over the counter derivatives).

According to the accounting standards, a fair value hierarchy is established that classifies three levels of data to be used in measurement techniques at fair value of financial assets and liabilities:

Level 1 data – public quotation (non-adjusted) in liquid markets for comparable assets or liabilities;

Level 2 data – different data of public quotation observable for the asset or the liability, directly or indirectly;

Level 3 data – non observable data for the assets or the liability.

During the financial period, there were no transfers between the levels mentioned above.

As of June 30, 2018, derivative financial instruments recognized as assets in the consolidated statement of financial position reached 48 thousand euros as assets (December 31, 2017: 800 thousand euros) and 1,380 thousand euros as liabilities (December, 31 2017: 265 thousand euros), as stated in notes XVI and XXII. The agreement for the acquisition of additional ownership interest in a subsidiary is described in Note VI.

CORTICEIRA AMORIM uses forward outrights and options to hedge exchange rate risk, as stated in note XXX. Evaluating exchange rate hedge instruments requires the utilization of observable inputs (level 2). Fair value is calculated using a proprietary model of CORTICEIRA AMORIM, developed by Reuters, using discounted cash flows method for forwards outrights. As for options, it is used the Black & Scholes model.

Summary of the financial instruments derivatives fair value:

thousand euros

Nature	Hierarchy	Type	30.06.2018 Notional	30.06.2018 Fair Value	31.12.2017 Notional	31.12.2017 Fair Value
		Cash flow hedge	154	12	0	416
		Fair value hedge	4,123	36	16,168	445
		Trading derivatives	0	0	0	-61
	Level 2 Total		**4,277**	**48**	**16,168**	**800**
Total Assets			**4,277**	**48**	**16,168**	**800**
		Cash flow hedge	13,857	271	14,866	0
		Fair value hedge	25,117	1,056	8,051	266
		Trading derivatives	0	53	0	-1
	Level 2 Total		**38,974**	**1,380**	**22,917**	**265**
		Agreement for the acquisition of additional ownership interest in a subsidiary	20,834	19,985	20,000	19,035
	Level 3 Total		**20,834**	**19,985**	**20,000**	**19,035**
Total Liabilities			**59,808**	**21,365**	**42,917**	**19,300**

The main inputs used in valuation are forward exchange rate curves and estimates of currency volatility.

IV - CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

When evaluating equity and net income, CORTICEIRA AMORIM makes estimates and assumptions concerning events only effective in the future. In most cases, estimates were confirmed by future events. In such cases where it doesn't, variations will be registered when they'll be materialized.

The useful lives used represent best estimate for the expected period of use of property. They are periodically reviewed and adjusted if necessary, as described in Note II. c.

Still to be noted 12,215 K€ registered in deferred tax assets (31/12/2017: 13,146 K€). These values will be recovered if the business plans of the companies that recorded those assets are materialized in the future (Note XII).

Provisions for tax contingencies and other processes are based on the best estimate of management regarding losses that may exist in the future that are associated with these processes (Note XXIX).

V - CONSOLIDATED ACCOUNTS PREPARATION PROCESS

The description of the main elements of the internal control system and risk management of the group, in relation to the process of the consolidated accounts, is as follows:

The financial information preparation process is dependent on the actors in the registration process of operations and support systems. In the group there is an Internal Control Procedures Manual and Accounting Manual, implemented at the level of the CORTICEIRA AMORIM Group. These manuals contain a set of rules and policies to ensure that in the financial information preparation process homogeneous principles are followed, and to ensure the quality and reliability of financial information.

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

Every quarter, the consolidated financial information by business unit is assessed, validated and approved by the management of each of the group's business units.

Before its release, the consolidated financial information of CORTICEIRA AMORIM is approved by the Board of Directors and presented to the Supervisory Board.

VI - COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENT

AMORIM

Company		Head Office	Country	1H18	2017
Raw Materials					
Amorim Natural Cork, S.A.		**Vale de Cortiças - Abrantes**	**PORTUGAL**	**100%**	**100%**
Amorim Florestal, S.A.		Ponte de Sôr	PORTUGAL	100%	100%
Amorim Florestal España, SL		San Vicente Alcántara	SPAIN	100%	100%
Amorim Florestal Mediterrâneo, SL		Cádiz	SPAIN	100%	100%
Amorim Tunisie, S.A.R.L.		Tabarka	TUNISIA	100%	100%
Augusta Cork, S.L.	(f)	San Vicente Alcántara	SPAIN	-	100%
Comatral - C. de Maroc. de Transf. du Liège, S.A.		Skhirat	MOROCCO	100%	100%
SIBL - Société Industrielle Bois Liége		Jijel	ALGERIA	51%	51%
Société Nouvelle du Liège, S.A. (SNL)		Tabarka	TUNISIA	100%	100%
Société Tunisienne d'Industrie Bouchonnière	(c)	Tabarka	TUNISIA	55%	55%
Vatrya - Serviços de Consultadoria, Lda		Funchal - Madeira	PORTUGAL	100%	100%
Cork Stoppers					
Amorim & Irmãos, SGPS, S.A.		**Santa Maria Lamas**	**PORTUGAL**	**100%**	**100%**
ACI Chile Corchos, S.A.		Santiago	CHILE	100%	100%
ACIC USA, LLC		California	U. S. AMERICA	100%	100%
Agglotap, S.A.		Girona	SPAIN	91%	91%
All Closures In, S.A.		Paços de Brandão	PORTUGAL	75%	75%
Amorim & Irmãos, S.A.		Santa Maria Lamas	PORTUGAL	100%	100%
Amorim Argentina, S.A.		Buenos Aires	ARGENTINA	100%	100%
Amorim Australasia Pty Ltd		Adelaide	AUSTRALIA	100%	100%
Amorim Bartop, S.A.		Vergada	PORTUGAL	75%	75%
Amorim Cork América, Inc.		California	U. S. AMERICA	100%	100%
Amorim Cork Beijing Ltd.		Beijing	CHINA	100%	100%
Amorim Cork Bulgaria EOOD		Plovdiv	BULGARIA	100%	100%
Amorim Cork Deutschland GmbH & Co KG		Mainzer	GERMANY	100%	100%
Amorim Cork España, S.L.		San Vicente Alcántara	SPAIN	100%	100%
Amorim Cork Itália, SPA		Conegliano	ITALY	100%	100%
Amorim Cork South Africa (Pty) Ltd		Cape Town	SOUTH AFRICA	100%	100%
Amorim France, S.A.S.		Champfleury	FRANCE	100%	100%
Amorim Top Series France, S.A.S.		Gensac La Pallue	FRANCE	100%	100%
Amorim Top Series, S.A.		Vergada	PORTUGAL	75%	75%
Biocape - Importação e Exportação de Cápsulas, Lda	(d)	Mozelos	PORTUGAL	60%	-
Bouchons Prioux		Epernay	FRANCE	91%	91%
Chapuis, S.L.		Girona	SPAIN	100%	100%
Corchera Gomez Barris	(c)	Santiago	CHILE	50%	50%
Corchos de Argentina, S.A.	(b)	Mendoza	ARGENTINA	50%	50%
Corpack Bourrasse, S.A.		Santiago	CHILE	60%	60%
Elfverson & Co. AB	(d)	Parid	SWEDEN	53%	-
Equipar, Participações Integradas, Lda.		Coruche	PORTUGAL	100%	100%
S.A.S. Ets Christian Bourassé		Tosse	FRANCE	60%	60%
FP Cork, Inc.		California	U. S. AMERICA	100%	100%
Francisco Oller, S.A.		Girona	SPAIN	92%	92%
Hungarocork, Amorim, RT		Budapeste	HUNGARY	100%	100%
Indústria Corchera, S.A.	(c)	Santiago	CHILE	50%	50%
Korken Schiesser Ges.M.B.H.		Viena	AUSTRIA	69%	69%
Olimpiadas Barcelona 92, S.L.		Girona	SPAIN	100%	100%
Portocork América, Inc.		California	U. S. AMERICA	100%	100%
Portocork France, S.A.S.		Bordéus	FRANCE	100%	100%
Portocork Internacional, S.A.		Santa Maria Lamas	PORTUGAL	100%	100%
Portocork Itália, s.r.l		Milão	ITALY	100%	100%
Sagrera et Cie		Reims	FRANCE	91%	91%
S.A. Oller et Cie		Reims	FRANCE	92%	92%
S.C.I. Friedland		Céret	FRANCE	100%	100%
S.C.I. Prioux		Epernay	FRANCE	91%	91%
Socori, S.A.		Rio Meão	PORTUGAL	60%	60%
Sodiliège		Cognac	FRANCE	75%	75%
Société Nouvelle des Bouchons Trescases	(b)	Perpignan	FRANCE	50%	50%
Trefinos Australia		Adelaide	AUSTRALIA	91%	91%
Trefinos Italia, s.r.l		Treviso	ITALY	91%	91%
Trefinos USA, LLC		Fairfield, CA	U. S. AMERICA	91%	91%
Trefinos, S.L		Girona	SPAIN	91%	91%
Victor y Amorim, Sl	(c)	Navarrete - La Rioja	SPAIN	50%	50%
Wine Packaging & Logistic, S.A.	(b)	Santiago	CHILE	50%	50%

Company		Head Office	Country	1H18	2017
Floor & Wall Coverings					
Amorim Revestimentos, S.A.		**S. Paio de Oleiros**	**PORTUGAL**	**100%**	**100%**
Amorim Benelux, BV		Tholen	NETHERLANDS	100%	100%
Amorim Deutschland, GmbH - AR	(a)	Delmenhorts	GERMANY	100%	100%
Amorim Flooring, SA		S. Paio de Oleiros	PORTUGAL	100%	100%
Amorim Flooring (Switzerland) AG		Zug	SWITZERLAND	100%	100%
Amorim Flooring Austria GesmbH		Viena	AUSTRIA	100%	100%
Amorim Flooring Investments, Inc.		Hanover - Maryland	U. S. AMERICA	100%	100%
Amorim Flooring North America Inc.		Hanover - Maryland	U. S. AMERICA	100%	100%
Amorim Flooring Rus, LLC		Moscovo	RUSSIA	100%	100%
Amorim Flooring UK, Ltd		Manchester	UNITED KINGDOM	100%	100%
Amorim Japan Corporation		Tóquio	JAPAN	100%	100%
Amorim Revestimientos, S.A.		Barcelona	SPAIN	100%	100%
Cortex Korkvertriebs GmbH		Fürth	GERMANY	100%	100%
Dom KorKowy, Sp. Zo. O.	(c)	Kraków	POLAND	50%	50%
Timberman Denmark A/S	(e)	Hadsund	DENMARK	100%	51%
Composite Cork					
Amorim Cork Composites, S.A.		**Mozelos**	**PORTUGAL**	**100%**	**100%**
Amorim (UK) Ltd.		Horsham West Sussex	UNITED KINGDOM	100%	100%
Amorim Compcork, Lda		Mozelos	PORTUGAL	100%	100%
Amorim Cork Composites LLC		São Petersburgo	RUSSIA	100%	100%
Amorim Cork Composites Inc.		Trevor - Wisconsin	U. S. AMERICA	100%	100%
Amorim Deutschland, GmbH - ACC	(a)	Delmenhorts	GERMANY	100%	100%
Amorim Industrial Solutions - Imobiliária, S.A.		Corroios	PORTUGAL	100%	100%
Amosealtex Cork Co., Ltd	(b)	Xangai	CHINA	50%	50%
Chinamate (Shaanxi) Natural Products Co. Ltd		Shaanxi	CHINA	100%	100%
Chinamate Development Co. Ltd		Hong Kong	CHINA	100%	100%
Compruss – Investimentos e Participações Lda		Mozelos	PORTUGAL	100%	100%
Corticeira Amorim - France SAS		Lavardac	FRANCE	100%	100%
Florconsult – Consultoria e Gestão, Lda		Mozelos	PORTUGAL	100%	100%
Postya - Serviços de Consultadoria, Lda.		Funchal - Madeira	PORTUGAL	100%	100%
Insulation Cork					
Amorim Isolamentos, S.A.		**Vendas Novas**	**PORTUGAL**	**100%**	**100%**
Holding					
Corticeira Amorim, SGPS, S.A.		**Mozelos**	**PORTUGAL**	**100%**	**100%**
Ginpar, S.A. (Générale d' Invest. et Participation)		Skhirat	MOROCCO	100%	100%
Amorim Cork Research, Lda.		Mozelos	PORTUGAL	100%	100%
Amorim Cork Services, Lda.		Mozelos	PORTUGAL	100%	100%
Amorim Cork Ventures, Lda		Mozelos	PORTUGAL	100%	100%
Ecochic portuguesas – footwear and fashion products, Lda		Mozelos	PORTUGAL	12%	12%
Corecochic - Corking Shoes Investments, Lda	(b)	Mozelos	PORTUGAL	50%	50%
Gröwancork - Estruturas isoladas com cortiça, Lda	(b)	Mozelos	PORTUGAL	25%	25%
PrimaLynx - Sustainable Solutions, Lda.	(b)	Mozelos	PORTUGAL	24%	24%
TDCork - Tapetes Decorativos com Cortiça, Lda	(b)	Mozelos	PORTUGAL	25%	25%
Soc. Portuguesa de Aglomerados de Cortiça, Lda		Montijo	PORTUGAL	100%	100%
Supplier Portal Limited		Hong Kong	CHINA	100%	100%

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

(b) Equity method consolidation.

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

(d) Company acquired in 2018

(e) Increase in the percentage of interest

(f) Company merged in Amorim Florestal España

For entities consolidated by the full consolidation method, the percentage of voting rights held by "Non-Controlling Interests" is equal to the percentage of share capital held.

Acquisition of ELFVERSON

In early 2018, CORTICEIRA AMORIM acquired 70% of Elfverson (for SEK 50.5 million), which has been consolidated since January 1 of this year. This company has a portfolio of premium products and a portfolio of outstanding customers, allowing the reinforcement of sources of supply of wooden tops of recognized quality, which will allow to keep up with the growth of the needs of the customers in the segment of capped caps.

The group chose to measure the non-controlling interest at the proportionate share of the acquiree's net assets and liabilities.

Acquiree's net assets and liabilities

The fair values of the assets and liabilities identified under this transaction are shown in the table below:

millions euros

Fair value recognised on the date of acquisition	
Tangible assets	0.9
Inventory	0.7
Accounts receivable	0.7
Other debtors	0.1
Deferred tax	0.0
Assets	**2.4**
Provisions	0.4
Accounts payables	0.2
Other creditors	0.6
Net financial debt	-0.2
Liabilities	**1.0**
Net Assets	**1.4**
70% of identifiable net assets	**1.0**
Goodwill	**4.2**
Non-Controlling Interest on the date acquisition	**0.4**

No significant differences were identified between the fair value and the respective carrying amount. Goodwill represents the remaining amount that could not be identified in the acquiree. Goodwill recognized in the accounts is not expected to be deductible for tax purposes.

The fair value of the non-controlling interest results from the participation being acquired by a subsidiary that is not 100% owned.

Transaction costs of 139 thousand euros were recorded as non-recurring expense

For the first quarter financial statements, an adjustment was made to the acquisition price effective for Goodwill.

VII - EXCHANGE RATES USED IN CONSOLIDATION

Exchange rates		Average 1H18	June 30, 2018	December 31, 2017	Average 2017
Argentine Peso	ARS	26.0599	33.7417	22.3054	18.7356
Australian Dollar	AUD	1.5688	1.5787	1.5346	1.4732
Lev	BGN	1.9557	1.9558	1.9557	1.9557
Brazilian Real	BRL	4.1415	4.4876	3.9729	3.6054
Canadian Dollar	CAD	1.5457	1.5442	1.5039	1.4647
Swiss Franc	CHF	1.1697	1.1569	1.1702	1.1117
Chilean Peso	CLP	739.987	763.730	737.330	732.134
Yuan Renminbi	CNY	7.7086	7.7170	7.8044	7.6290
Danish Krona	DKK	7.4476	7.4525	7.4449	7.4386
Algerian Dinar	DZD	138.717	137.073	137.539	125.091
Euro	EUR	1.0000	1.0000	1.0000	1.0000
Pound Sterling	GBP	0.8798	0.8861	0.8872	0.8767
Hong Kong Dollar	HKD	9.4842	9.1667	9.3720	8.8048
Forint	HUF	314.113	329.770	310.330	309.193
Yen	JPY	131.606	129.040	135.010	126.711
Moroccan Dirham	MAD	11.2426	11.0738	11.2091	10.9494
Zloty	PLN	4.2207	4.3732	4.1770	4.2570
Ruble	RUB	71.9601	73.1582	69.3920	65.9383
Swedish Krona	SEK	10.1508	10.4530	9.8438	9.6351
Tunisian Dinar	TND	2.9769	3.0812	2.9444	2.7198
Turkish Lira	TRL	4.9566	5.3385	4.5464	4.1206
US Dollar	USD	1.2104	1.1658	1.1993	1.1297
Rand	ZAR	14.8913	16.0484	14.8054	15.0490

VIII - SEGMENT REPORT

CORTICEIRA AMORIM is organized in the following Business Units (BU): Raw Materials, Cork Stoppers, Floor and Wall Coverings, Composite Cork and Insulation Cork.

There are no differences between the measurement of profit and loss and assets and liabilities of the reportable segments, associated to differences in accounting policies or centrally allocated cost allocation policies or jointly used assets and liabilities.

For purposes of this Report, the Business approach was selected as the primary segment. This is consistent with the formal organization and evaluation of business. Business Units correspond to the operating segments of the company and the segment report is presented the same way they are analysed for management purposes by the board of CORTICEIRA AMORIM.

The following table shows the main indicators of the Business Units, and, whenever possible, the reconciliation with the consolidated indicators (values in thousand EUR):

thousand euros

1H18	Raw Materials	Cork Stoppers	Floor & Wall Coverings	Composite Cork	Insulation Cork	Holding	Adjustm.	Consolidated
Trade Sales	11,258	278,454	55,707	49,174	5,211	61	-	399,865
Other BU Sales	84,186	4,042	1,644	2,100	840	1,665	-94,479	-
Total Sales	**95,444**	**282,497**	**57,351**	**51,275**	**6,052**	**1,726**	**-94,479**	**399,865**
EBITDA (current)	**18,488**	**54,019**	**1,272**	**5,352**	**830**	**-2,111**	**-427**	**77,424**
Assets (non-current)	**24,128**	**156,188**	**39,537**	**34,007**	**3,998**	**1,264**	**25,481**	**284,604**
Assets (current)	**183,103**	**342,975**	**61,026**	**50,596**	**10,441**	**2,000**	**-2,838**	**647,303**
Liabilities	**45,007**	**197,908**	**41,987**	**40,791**	**2,522**	**25,272**	**103,371**	**456,858**
Capex	**2,666**	**16,106**	**2,110**	**2,302**	**249**	**20**	**0**	**23,452**
Depreciation	**-1,820**	**-9,888**	**-2,886**	**-1,541**	**-288**	**-57**	**0**	**-16,481**
Gains/Losses in associated companies	**0**	**582**	**779**	**0**	**0**	**-13**	**0**	**1,348**

1H17	Raw Materials	Cork Stoppers	Floor & Wall Coverings	Composite Cork	Insulation Cork	Holding	Adjustm.	Consolidated
Trade Sales	5,095	236,843	60,670	46,938	5,072	143	-	354,762
Other BU Sales	77,785	2,637	1,619	4,968	517	994	-88,519	-
Total Sales	**82,879**	**239,480**	**62,289**	**51,906**	**5,590**	**1,137**	**-88,519**	**354,762**
EBITDA (current)	**10,497**	**49,926**	**4,260**	**8,308**	**1,053**	**-3,445**	**23**	**70,622**
Assets (non-current)	**21,146**	**125,801**	**34,894**	**31,064**	**3,945**	**990**	**9,080**	**226,919**
Assets (current)	**155,800**	**246,989**	**66,821**	**38,358**	**7,649**	**44,655**	**-9,715**	**550,556**
Liabilities	**48,319**	**137,917**	**38,766**	**27,791**	**2,360**	**24,605**	**57,810**	**337,569**
Capex	**2,718**	**8,083**	**2,198**	**1,307**	**124**	**185**	**0**	**14,616**
Depreciation	**-2,903**	**-8,694**	**-2,453**	**-1,413**	**-282**	**-46**	**0**	**-15,790**
Gains/Losses in associated companies	**0**	**1,424**	**0**	**-185**	**0**	**-410**	**0**	**829**

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

EBITDA = Profit before interests, depreciation, equity method, non-controlling interests and income tax.

Provisions and asset impairments were considered the only relevant non-cash material cost.

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

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

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

Cork Stoppers BU main product is the different kinds of existing cork stoppers. The main markets are the production and bottling wine 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 85% of its sales to others BU, specially to Cork Stoppers BU. Main products are bark and discs.

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

Major markets for flooring and insulation products are in Europe and for composites products the USA. Major production sites are in Portugal, where most of the invested capital is located. Products are distributed in practically all major markets through a fully owned network of sales companies. About 70% of total consolidated sales are achieved through these companies.

Capex was concentrated in Portugal. Assets in foreign subsidiaries totalize 376 million euros, and are mostly composed by inventories (123 million), trade receivables (124 million) and tangible fixed assets (58 million).

Sales by markets:

thousand euros

Markets	1H18		1H17	
European Union	268,570	67.2%	217,849	61.4%
From which: Portugal	*30,288*	*7.6%*	*20,328*	*5.7%*
Other European countries	15,158	3.8%	14,272	4.0%
United States	67,670	16.9%	73,204	20.6%
Other American countries	21,827	5.5%	24,244	6.8%
Australasia	21,528	5.4%	19,859	5.6%
Africa	5,111	1.3%	5,333	1.5%
TOTAL	**399,865**	**100%**	**354,762**	**100%**

IX - TANGIBLE, INTANGIBLE, PROPERTY INVESTMENT ASSETS AND GOODWILL

	Land and buildings	Machinery	Other	Tangible Fixed Assets in Progress	Advances for tangible assets	Total tangible assets	Intangible assets	Investment property
Gross Value	232,385	375,088	33,346	5,773	3,400	649,992	8,053	30,897
Depreciation and impairments	-142,664	-278,499	-31,374	0	0	-452,537	-4,277	-23,797
Opening balance (Jan 1, 2017)	**89,720**	**96,589**	**1,972**	**5,773**	**3,400**	**197,454**	**3,776**	**7,100**
INCREASE	1,889	4,040	1,018	7,472	0	14,420	195	0
PERIOD DEPREC. AND IMPAIRMENTS	-2,849	-10,638	-725	0	0	-14,212	-1,304	-128
SALES AND OTHER DECREASES	14	-1,196	-65	-29	0	-1,276	0	-264
TRANSFERS AND RECLASSIFICATIONS	-662	125	45	-555	0	-1,047	0	0
TRANSLATION DIFFERENCES	-680	-401	-47	-13	0	-1,141	-12	-23
Gross Value	**233,097**	**374,081**	**32,956**	**12,648**	**3,400**	**656,182**	**8,194**	**30,580**
Depreciation and impairments	**-145,413**	**-285,492**	**-30,747**	**0**	**0**	**-461,652**	**-5,540**	**-23,895**
Closing balance (Jun 30, 2017)	**87,684**	**88,589**	**2,209**	**12,648**	**3,400**	**194,530**	**2,654**	**6,686**
Gross Value	256,656	402,649	33,620	28,040	0	720,964	10,217	22,127
Depreciation and impairments	-158,628	-304,938	-29,103	-390	0	-493,059	-6,140	-16,449
Opening balance (Jan 1, 2018)	**98,029**	**97,711**	**4,516**	**27,650**	**0**	**227,905**	**4,077**	**5,678**
IN COMPANIES	138	903	73	0	0	1,114	0	0
INCREASE	2,310	3,045	899	16,354	0	22,608	841	0
PERIOD DEPREC. AND IMPAIRMENTS	-2,704	-11,968	-1,113	0	0	-15,785	-251	-542
SALES AND OTHER DECREASES	47	76	-84	-69	0	-30	-42	-1
TRANSFERS AND RECLASSIFICATIONS	-134	816	-15	-1,110	0	-444	0	447
TRANSLATION DIFFERENCES	125	-15	-15	87	0	181	3	0
Gross Value	**259,432**	**407,123**	**34,017**	**43,300**	**0**	**743,872**	**10,848**	**22,119**
Depreciation and impairments	**-161,622**	**-316,556**	**-29,707**	**-390**	**0**	**-508,275**	**-6,221**	**-16,537**
Closing balance (Jun 30, 2018)	**97,810**	**90,567**	**4,310**	**42,910**	**0**	**235,597**	**4,627**	**5,582**

Impairment losses recognized in 2018 and 2017 were recognized on the "Depreciation / Amortization" line in the consolidated income statement by nature.

The amount of 5,582 K€, referred as Property Investment (June 2017: 6,686 K€), is due, mainly, to land and buildings that are not used in production.

Expenses related with tangible fixed assets had no impact. No interest was capitalized during 1H2018.

The fair value of the Investment Property related to the lands and buildings of Corroios corresponds to the amount recorded in the accounts. This item also includes a property (Interchampagne with a value of 1,513 K€) with a recent valuation that corresponds to the book value. The remaining Investment Properties include a property with an accounting value of 963 K€ whose yield, updated to a 10% wacc, will correspond approximately to the amount by which they are recorded in the financial statements.

Intangible Assets essentially include autonomous product development projects and innovative solutions.

Detail of goodwill according to the following table:

thousand euros

	Opening balance	Increase	Decrease	Clossing balance
Bourrassé	9,745	0	0	9,745
Sodiliège	103	0	0	103
Elfverson	0	3,926	0	3,926
Biocape	0	226	0	226
Goodwill	**9,848**	**4,152**	**0**	**14,000**

As stated in point II f), impairment tests are made each year.

Cash flows were estimated, based on the budget and plans approved by management. The growth assumptions contemplated the expected growth in the wine, champagne and sparkling wine markets, as well as the evolution of the market share of the subsidiaries in this business. In those tests, growth rates of 4% for the period 2018-2022 and 2% for the following years were used. The discount rate used was 7.8%.

X - INVESTMENTS IN ASSOCIATES

thousand euros

	1H18	2017	1H17
Initial Balance	**11,006**	**9,450**	**9,450**
In / Out	0	393	0
Gains	569	1,039	829
Gain on the disposal of associates	779	0	0
Dividends	0	-500	0
Exchange Differences	-2,177	662	428
Other	123	-37	225
End Balance	**10,300**	**11,006**	**10,932**

The associates are entities through which the group operates in the markets in which they are based, acting as distribution channels of products. The performance in these markets is done through several channels, so these investments, being important, are not considered strategic.

A portion of the contingent amount receivable from the sale of US Floors occurred in 2016 amounting to 779 K€ was recognized in the associates' income.

XI - OTHER FINANCIAL ASSETS

Assets included in Other financial assets refer essentially to available-for-sale equity instruments, which are not quoted on an active market and whose fair value is not reliably estimated, and are therefore measured at cost. The assets were acquired with the main purpose of sale or resale, as appropriate, and in certain cases ensuring the maintenance and survival of entities that Corticeira Amorim considers partners for its business. The effective management of the underlying operations and assets continues to be exclusively provided by the partners, serving the financial participation as a mere "guarantee" of the investment made.

XII - INCOME TAX / DEFERRED TAX

The differences between the tax due for the current period and prior periods and the tax already paid or to be paid of said periods is registered as "deferred tax" in the consolidated income statement, according to note II n), and amounts to 25 K€ (1H2017: 715 K€).

On the consolidated statement of financial position this effect amounts to 12,215 K€ (30/06/2017: 9,653 K€) as Deferred tax asset, and to 6,550 K€ (30/06/2017: 6,652 K€) 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.

thousand euros

	1H18	2017	1H17
Related with Inventories and third parties	5,573	5,946	5,897
Related with Tax Losses	1,561	1,921	1,704
Related with Fixed Tangible Assets / Intang. / P. Inv.	1,272	1,577	1,175
Others	3,810	3,701	877
Deferred Tax Assets	**12,215**	**13,146**	**9,653**
Related with Fixed Tangible Assets	3,839	3,898	4,219
Related with other taxable temporary differences	2,711	3,289	2,434
Deferred Tax Liabilities	**6,550**	**7,187**	**6,652**
Current Income Tax	-16,327	-28,359	-16,591
Deferred Income Tax	25	4,096	715
Income Tax	**-16,302**	**-24,263**	**-15,876**

Following chart explains the effective income tax rate, from the original income tax rate of most of Portuguese companies:

Income Tax Conciliation	1H18	1H17
Income Tax - Legal	**21.0%**	**21.0%**
Effect arising from extraordinary taxation (Portugal)	5.1%	6.1%
Effect due to provisions for contingencies	-2.2%	-0.8%
Effect due to different tax rates (foreign subsidiaries) and others	3.4%	2.3%
Effect due to reversal of prior year tax estimates	1.1%	1.2%
Other	-0.2%	-0.6%
Income tax - effective (1)	**28.1%**	**29.2%**

(1) Income Tax / Pre-tax Profit, Equity Gains, Non-controlling Interests, non-fiscal impairments and stamp tax provisions

CORTICEIRA AMORIM and a large group of its Portuguese subsidiaries are taxed since January 1, 2001, as a group special regime for tax purposes (RETGS), as according to article 69, of the income tax code (CIRC). The option for this special regime is renewable every five years.

According to law, tax declarations for CORTICEIRA AMORIM and its Portuguese subsidiaries are subject of revision and possible correction from tax authorities generally during the next four years.

No material effects in the financial statements are expected by the Board of CORTICEIRA AMORIM from the revisions of tax declarations that will be held by the tax authorities.

Tax losses to be carried forward are related with foreign subsidiaries.

As the tax forms are only filled after year-end closure, values at closure of 2017 were updated by the activity of the first half.

XIII - INVENTORIES

thousand euros

	1H18	2017	1H17
Goods	14,081	11,054	18,694
Finished and semi-finished goods	125,045	109,086	100,676
By-products	706	153	372
Work in progress	28,878	24,910	16,838
Raw materials	189,981	212,042	137,058
Advances	5,605	8,101	13,621
Goods impairments	-682	-745	-718
Finished and semi-finished goods impairments	-5,003	-4,415	-4,316
Raw materials impairments	-1,920	-1,045	-1,075
Inventories	**356,690**	**359,141**	**281,150**

thousand euros

Impairment losses	1H18	2017	1H17
Initial Balance	**6,206**	**5,480**	**5,480**
Increases	2,074	1,710	1,447
Decreases	673	985	817
End Balance	**7,606**	**6,206**	**6,110**

Raw materials essentially include reproduction cork ("amadia") and virgin cork from pruning the tree ("falcas") (Raw Material BU), products and work in progress essentially include boiled cork and discs (Raw Materials BU) and finished products essentially include a variety of types of cork stoppers (Cork Stoppers BU), coverings (Floor and Wall Coverings BU) and composite products (Composite Cork BU).

Increases and decreases in inventories impairment are booked on Costs of goods sold and materials consumed in the income statement.

XIV - TRADE RECEIVABLES

thousand euros

	1H18	2017	1H17
Gross amount	215,080	179,464	184,866
Impairments	-12,263	-11,860	-11,837
Trade receivables	**202,817**	**167,604**	**173,029**

Impairment losses	1H18	2017	1H17
Initial Balance	**11,860**	**11,998**	**11,998**
Increases	2,262	2,692	2,088
Decreases	1,336	2,456	1,736
Others	-523	-375	-513
End Balance	**12,263**	**11,860**	**11,837**

Increases and decreases were recognized under impairment of assets caption in the income statement.

At the end of each period, Trade receivables credit quality is analysed. Due to specific business environment, balances unpaid up to 90 days are not impaired. From 90 to 120 days a 30% impairment register is considered and from 120 to 180 days 60%. Over 180 days as well as all doubtful balances are fully impaired. These rules do not overcome specific cases analysis.

XV - INCOME TAX

thousand euros

	1H18	2017	1H17
Income tax - advances / minimum / excess est.	80	240	253
Income tax - advances	13,816	12,853	1,874
Income tax - withholding	272	204	316
Income tax - special payment (RERD)	2,587	2,587	2,587
Income tax - special payment (RERD) impairment	-2,587	-2,587	-2,587
Income tax - special payment (PERES)	5,383	5,383	5,383
Income tax - special payment (PERES) impairment	-5,383	-5,383	-5,383
Income tax (assets)	**14,167**	**13,297**	**2,444**
Income tax (liabilities)	**18,651**	**2,231**	**17,300**

The amount of RERD refers to a payment made under an exceptional regime of regularization of debts to the tax authority and to social security (DL 151-A/2013)

(RERD). CORTICEIRA AMORIM has decided to partially adhere. A total of 4,265 K€ was paid in December 2014. This payment refers to stamp tax (1,678 K€) and income tax cases (2,587 K€). The amount related with stamp tax was provisioned. As for the income tax cases, they were already provisioned, including late payment interest.

During 2016, CORTICEIRA AMORIM was notified that its appeal regarding the tax procedure related to the Stamp tax paid in the RERD was almost entirely won. The value of the reversal of the respective provisions was of 1.7 M€, positively affecting the financial result. As these processes were included in the 2013 RERD, and consequently paid to date, CORTICEIRA AMORIM was reimbursed at approximately 1.2 M€.

At the end of 2016, a special Plan for the Reduction of Indebtedness to the State (PERES) was approved by Decree-Law no. CORTICEIRA AMORIM decided to partially adhere to that measure. In December, approximately 7.4 M€ were paid in respect of Stamp Tax / VAT (2 M€) and Income Tax (IRC) in the amount of 5.4 M€.

To be noted that CORTICEIRA AMORIM was not a debtor to the social security and to the tax authority. Those amounts were subject to court ruling. The cases that were chosen to adhere are old cases but, in circumstance of unfavourable ruling by the court, the outcome could impose heavy penalties and late payment interests.

RERD and PERES allowed for the payment of the capital without any payment regarding late payment interests and other costs. Due to the fact that adhesion to RERD and PERES does not imply a mandatory abandonment of the court cases and those processes are still in court, CORTICEIRA AMORIM will continue to fight for its rights.

The liability amount under this caption includes the estimated income tax payable by some foreign subsidiaries when filing the tax return for the year 2017.

XVI - OTHER ASSETS

thousand euros

	1H18	2017	1H17
Advances to suppliers / suppliers	21,092	5,568	942
Accrued income	1,142	1,415	1,288
Deferred costs	2,299	1,367	1,466
Hedge accounting assets	48	800	1,821
VAT	20,465	23,078	20,564
Stamp tax/VAT - special payment (PERES)	2,051	2,051	2,051
Stamp tax/VAT - special payment (PERES) impairment	-2,051	-2,051	-2,051
Others	6,121	5,951	6,422
Other current assets	**51,168**	**38,180**	**32,502**

XVII - CASH AND EQUIVALENTS

thousand euros

	1H18	2017	1H17
Cash	329	357	142
Bank Balances	16,262	12,695	55,126
Time Deposits	5,639	3,809	5,495
Others	230	143	669
Cash and equivalents as for financial position	**22,461**	**17,005**	**61,431**
Overdrafts	-29,634	-22,353	-14,697
Cash and equivalents as for cash flow statement	**-7,173**	**-5,348**	**46,735**

XVIII - CAPITAL E RESERVES

- **Share Capital**

As of June 30, 2018, 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 authorized to raise the share capital, one or more times, respecting the conditions of the commercial law, up to 250,000,000 euros.

- **Treasury stock**

As of June 30, 2018, CORTICEIRA AMORIM held no treasury stock.

During the first half, CORTICEIRA AMORIM did not acquire or sell its own shares.

- **Legal reserve and share premium**

Legal reserve and share premium are under the legal reserve rule and can only be used for (art. 296 CSC):

– Offset losses in the financial position that cannot be offset by the use of other reserves;

– Offset losses of prior year that cannot be offset by the profit of the year nor the use of other reserves;

– Incorporation in share capital.

Legal reserve and share premium values are originated from Corticeira Amorim, SGPS, S.A. books.

- **Other reserves**

Value is composed from other reserves account and prior year's results of Corticeira Amorim, SGPS, S.A. books, as well as non-distributed cumulative results of Corticeira Amorim, SGPS, S.A. subsidiaries.

- **Dividends**

In the Shareholders' General Meeting of April 13, 2018, a dividend distribution of 0.185 euros per share was approved. The dividend was paid at April, 30. The total distributed was 24.6 M€.

thousand euros

	1H18	2017	2016
Approved dividends	24,605	34,580	31,920
Portion attributable to own shares	0	0	0
Dividends paid	**24,605**	**31,920**	**31,920**

XIX - NON-CONTROLLING INTEREST

thousand euros

	1H18	2017	1H17
Initial Balance	**29,524**	**15,892**	**15,892**
In	0	12,800	0
Out	-511	-1,923	0
Results	3,743	3,551	1,588
Dividends	-770	-575	-468
Exchange Differences	-290	-317	-377
Others	524	96	0
End Balance	**32,221**	**29,524**	**16,635**

The amount of Dividends corresponds to the amounts paid by the entities to non-controlling interests.

XX - INTEREST BEARING DEBT

At year-end, interest bearing loans was as follows:

thousand euros

	1H18	2017	1H17
Overdrafts and Bank loans	65,340	60,903	34,463
Leasing	356	612	349
Factoring	0	180	0
Commercial Paper	18,000	0	0
Interest-bearing loans - current	**83,697**	**61,695**	**34,812**

Loans were denominated in euros, except 19% (Dec. 2017: 15%).

thousand euros

	1H18	2017	1H17
Bank loans	40,317	47,362	36,821
Reimbursable subsidies	94	94	117
Leasing	486	638	786
Interest-bearing loans - non-current	**40,897**	**48,094**	**37,724**

At the end of June 30, 2017, loans were denominated in euros 100% (Dec. 2017: 100%).

As of June 30, 2018, maturity of non-current interest bearing debt was as follows:

	thousand euros
Between 01/07/2019 and 30/06/2020	9,175
Between 01/07/2020 and 30/06/2021	5,210
Between 01/07/2021 and 30/06/2022	6,807
After 01/07/2022	19,705
Total	**40,897**

From non-current and current interest bearing debt, 99,594 K€ carries floating interest rates. Remaining 25,000 K€ carries fixed interest rate. Average cost, during 2018, for all the credit utilized was 1.40% (1H2017: 1.64%).

Note that at the end of the first quarter 2015 CORTICEIRA AMORIM effected a loan agreement with the EIB. This ten year loan, in the amount of 35 M€, with a grace period of four years, was negotiated at an all-in cost lower than any existing loan to date. With this financing CORTICEIRA AMORIM could substantially lengthen the terms of its debt and, at same time, lowering considerably average rate of interest-bearing debt.

At the end of 1H18, CORTICEIRA AMORIM had credit lines with contractual clauses that include covenants generally used in these type of contracts, namely: cross-default, pari-passu and in some cases negative pledge.

At the same date, CORTICEIRA AMORIM had utilized credit lines with associated financial covenants. These included, namely, ratios accomplishment that allowed for an accompaniment of the financial position of the company, most of all its capacity to pay its debt, of which the most important is Debt to EBITDA ratio (net interest bearing debt/current EBITDA). Also ratio related with balance sheet structure.

As of June 30, 2018, these ratios were as follows:

Net interest bearing debt / current EBITDA (X)	0.73
Equity / Assets	51.0%

Ratios above fully and easily accomplished the demands of the contracts that formalized said loans. If by chance they did not accomplish the possibility of an early payment was conceivable.

On top of the said full accomplishment, it has to be noted that the capacity of full repayment was reinforced by the existence, as of that date, of approved non-used credit lines that amounted to 142 M€.

In the ratio “Net interest bearing debt / current EBITDA (X)”, current EBITDA is calculated using the sum of the last four quarters.

XXI - TRADE PAYABLES

m ilhares de euros			
	1H18	**2017**	**1H17**
Trade payables - current account	59,698	72,581	52,178
Trade payables - confirming	87,670	76,440	67,866
Trade payables - accrualls	13,247	8,075	18,333
Trade payables	**160,616**	**157,096**	**138,377**

From the total values, 60% comes from Cork Stoppers BU (Dec. 2017: 53%) and 16% from Raw Materials BU (Dec. 2017: 26%).

XXII - OTHER BORROWINGS AND CREDITORS

thousand euros			
	1H18	**2017**	**1H17**
Non interest bearing grants	16,600	15,717	14,948
Agreement to acquire non-controlling interests	19,985	19,035	0
Other	1,357	2,022	1,890
Other borrowings and creditors - non current	**37,942**	**36,774**	**16,837**
Non interest bearing grants	2,430	1,540	691
Accrued costs - staff costs	20,658	16,913	18,341
Accrued costs - supplies and services	4,709	4,122	4,943
Accrued costs - others	9,290	9,222	8,240
Deferred income - grants	4,629	5,342	6,528
Deferred income - others	401	23	-163
VAT	12,023	6,831	9,212
State and social security - withholding and others	4,380	6,143	3,781
Other	11,156	4,882	4,409
Other borrowings and creditors - current	**69,677**	**55,019**	**55,983**

In Other (current) is included a value of 1,380 K€ (1H2017: 161 K€), which refers to the fair value of exchange risk and interest rate risk derivatives.

In Other loans and creditors – non-current (37,942 K€), maturity is as follows: 1 to 2 years (12,665 K€), 2 to 4 years (15,162 K€), more than 4 years (10,116 K€).

XXIII - THIRD PARTY SUPPLIES AND SERVICES

thousand euros

	1H18	1H17
Communications	664	636
Data systems	3,248	2,605
Insurance	2,115	1,858
Subcontractors	2,389	1,336
Power	7,513	6,636
Security	547	517
Professional Fees	498	685
Tools	1,013	1,050
Oil and gas	919	811
Royalties	473	519
Rentals	3,212	2,541
Transports	12,851	11,716
Representation expenses	585	621
Travel	2,459	2,526
Commissions	4,571	4,000
Special Services	5,023	5,268
Advertising	3,985	4,289
Maintenance	5,125	4,492
Others	4,001	3,907
Third party supplies and services	**61,188**	**56,011**

XXIV - STAFF COSTS

thousand euros

	1H18	1H17
Board remuneration	345	370
Employees remuneration	52,107	47,214
Social Security and other	11,419	10,277
Severance costs	1,715	1,038
Other	5,378	4,720
Staff costs	**70,964**	**63,618**
Average number of employees	**4,350**	**3,725**

XXV - IMPAIRMENTS OF ASSETS AND NON-CURRENT RESULTS

thousand euros

	1H18	1H17
Receivables	926	352
Inventories	-541	-102
Tangible assets	-53	-173
Others	17	2,394
Impairments of assets and non-current costs	**349**	**2,471**

During the first half of 2018, net non-recurring income of 681 K€ was recorded. These revenues include the reversal of the provision related to legal processes in the areas of labour, customs as well as a process involving the Argentine Central Bank relating to Amorim Argentina in the amount of 2 M€. These provisions were created in 2016 during the liquidation of Amorim Argentina, a process completed in the first half of 2018. There were no materially significant financial outflows at the end of this process. Transaction costs related to the acquisition of subsidiaries and the restructuring of Floor & Wall coverings BU are recorded, offsetting this income.

XXVI - OTHER OPERATING GAINS AND COSTS

thousand euros

	1H18	1H17
Exchange rate hedging (net)	139	0
Gain in fixed assets and p. investment disposals	220	153
Operating subsidies	37	68
Investment subsidies	820	1,706
Other	4,517	3,088
Other operating gains	**5,734**	**5,015**

thousand euros

	1H18	1H17
Exchange rate hedging (net)	0	1,090
Taxes (other than income)	579	337
Provisions	90	164
Loss in fixed assets and p. investment disposals	32	31
Bank charges	241	223
Other	1,845	2,570
Other operating costs	**2,786**	**4,414**

XXVII - FINANCIAL COSTS AND FINANCIAL INCOME

thousand euros

	1H18	1H17
Interest costs - bank loans	585	426
Interest costs - other entities	1,086	111
Stamp tax - interest	7	4
Stamp tax - capital	71	33
Interest costs - other	6	4
	1,756	**579**
Interest gains - bank deposits	19	119
Interest gains - other loans	6	7
Interest gains - delayed payments	0	1
Interest gains - other	20	13
	44	**140**
Net financial costs	**1,712**	**439**

XXVIII - RELATED-PARTY TRANSACTIONS

CORTICEIRA AMORIM consolidates indirectly in AMORIM - INVESTIMENTOS E PARTICIPAÇÕES, S.G.P.S., S.A. (AIP) with head-office at Mozelos (Santa Maria da Feira, Portugal), Amorim Group holding company.

As of June 30, 2018, indirect stake of AIP in CORTICEIRA AMORIM was 51% corresponding as 51% of the voting rights.

CORTICEIRA AMORIM related party transactions are, in general, due to the rendering of services through some of AIP subsidiaries (Amorim Serviços e Gestão, S.A., Amorim Viagens e Turismo, S.A., OSI – Sistemas Informáticos e Electrotécnicos, Lda.).

Balances at June 30, 2018 and year-end 2017 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%

XXIX – PROVISIONS AND GUARANTEES

– **Provisions:**

thousand euros

	1H18	2017	1H17
Income tax	35,381	36,347	25,135
Guarantees to customers	418	408	597
Others	3,030	4,565	4,152
Provisions	**38,828**	**41,320**	**29,884**

Tax processes are in general related with Portuguese companies. Open processes, in judicial phase as in graceful stage, which can affect adversely CORTICEIRA AMORIM, correspond to fiscal years of 1997, 1998, 1999, and from 2003 to 2014. The most recent fiscal year analysed by Portuguese tax authorities was 2014. It should be noted, however, that the approval of the tax benefits cannot be considered as complete, since their obligations continue for several years.

These tax cases are basically related with questions like non-remunerated guarantees given between group companies, group loans (stamp tax), interest costs of holding companies (SGPS), and with the acceptance as fiscal costs of losses related with the closing of subsidiaries.

Claims by the tax authorities are related with income tax, stamp tax and marginally TVA.

Income tax provisions refer to live tax cases, in court or not, as well as situations that can raise question in future inspections.

At the end of each year, an analysis of the tax cases is made. The procedural development of each case is important to decide new provisions, or reverse or reinforce existing ones. Provisions correspond to situations that, for its procedural development or for doctrine and jurisprudence newly issued, indicate a probability of an unfavourable outcome for CORTICEIRA AMORIM and, if that happens, a cash outflow can be reasonably estimated.

Note that during the period there were no developments worthy of note in the processes mentioned above.

It is considered appropriate the total value of 35.4 M€ of provisions related with contingencies regarding income tax and 3.4 M€ regarding other contingencies.

– **Guarantees:**

During its operating activities CORTICEIRA AMORIM issued in favour of third-parties guarantees amounting to 2,423 K€ (31/12/2017: 3,470 K€).

thousand euros

Beneficiary	Amount	Purpose
Government agencies	2,305	Capex grants / subsidies
Other	118	Miscellaneous guarantees
TOTAL	**2,423**	

As of June 30, 2016, future expenditure resulting from long-term transportation equipment rentals totals 1,666 K€. Future expenditure resulting from software and hardware rentals totals 421 K€.

XXX - EXCHANGE RATE CONTRACTS

As of June 30, 2018, forward outright and options contracts related with sales currencies were as follows:

thousand euros

	1H18		2017		1H17	
USD	40,692	94%	30,183	90%	23,763	91%
ZAR	2,479	6%	3,038	9%	2,210	8%
HUF	80	0%	326	1%	243	1%
Forward - long positions	**43,251**	**100%**	**33,547**	**100%**	**26,216**	**100%**
USD	-	-	3,353	100%	-	-
Forward - short positions	**-**	**-**	**3,353**	**100%**	**-**	**-**
USD	-	-	-	-	13,820	100%
Options - long positions	**-**	**-**	**-**	**-**	**13,820**	**100%**
USD	-	-	2,185	100%	8,470	100%
Options - short positions	**-**	**-**	**2,185**	**100%**	**8,470**	**100%**

XXXI - ACTIVITY DURING THE YEAR

CORTICEIRA AMORIM sales are composed by a wide range of products that are sold through all the five continents, over 100 countries. Due to this notorious variety of products and markets, it is not considered that this activity is concentrated in any special period of the year. Traditionally first half, especially the second quarter, has been the best in sales; third and fourth quarter switch as the weakest one.

XXXII - OTHER INFORMATION

a) O 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.

	1H18	2017	1H17
Total issued shares	133,000,000	133,000,000	133,000,000
Average nr. of treasury shares	0	0	0
Average nr. of outstanding shares	133,000,000	133,000,000	133,000,000
Net Profit (thousand euros)	41,214	73,027	37,757
Net Profit per share (euros)	0.310	0.549	0.284

b) IFRS disclosures - New standards as at 30 June 2018:

Changes in accounting policies and disclosures

The standards and interpretations that became effective as of 1 January 2018 are as follows:

- **IFRS 2, "Classification and Measurement of Share-based Payment Transactions" (amendment)** that is effective for annual periods beginning on or after 1 January 2018. These amendments incorporate the standard payment transactions based on shares and settled in cash.
- **IFRS 4, "Application of the IFRS 9 Financial Instruments with the IFRS 4 Insurance Contracts" (amendment)** that is effective for annual periods beginning on or after 1 January 2018. The amendments complement the current options in the standard that can be used to bridge the concern related with the temporary volatility of the results.
- **IFRS 9, "Financial instruments - classification and measurement" (new)** that is effective for annual periods beginning on or after 1 January 2018. The initial phase of IFRS 9 forecasts two types of measurement, amortised cost and fair value. All equity instruments are measured at fair value. A financial instrument is measured at amortised cost only if the company has it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise, financial instruments are measured at fair value through profit and loss.
- **IFRS 15, "Revenue from Contracts with Customers" (new)**, that is effective for annual periods beginning on or after 1 January 2018. This standard establishes a single, comprehensive framework for revenue recognition. The framework will be applied consistently across transactions, industries and capitals markets, and improve comparability in the 'top line' of the financial statements of companies globally. IFRS 15 replaces the following standards and interpretations: IAS 18 Revenue, IAS 11 Construction Contracts, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue — Barter Transactions Involving Advertising Services.
- **IFRS 15, "Revenue from contracts with customers" (clarification)** that is effective for annual periods beginning on or after 1 January 2018. The clarifications presented are about the transition and not about changes in the underlying principles of the standard.

- **IFRIC 22 (interpretation)**, “Foreign currency transactions and advance consideration” (effective for periods beginning on or after 1 January 2018). Interpretations clarify the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.
- **IAS 40 (amendment)**, “Investment property transfers” (effective for annual periods beginning on or after 1 January 2018). The amendments clarify if a property under construction or development, which was previously classified as Inventories, can be transferred to investment property when there is an evident change in use.
- **Improvements to international financial reporting standards (2014-2016 cycle that is effective for annual periods beginning on or after 1 January 2017/2018**). These improvements involve the review of various standards.

These changes had no material impact on the Group's consolidated financial statements. With respect to IFRS 15, CORTICEIRA AMORIM verified the fulfilment of the recognition criteria in the established transactions. The impacts of the adoption of IFRS 15 in the consolidated statements of CORTICEIRA AMORIM were immaterial.

The impacts of the adoption of IFRS 15 in the consolidated statements of comprehensive income were null and in the consolidated statement of cash flows were immaterial.

At the date of approval of these financial statements, the standards and interpretations endorsed by the European Union, with mandatory application in future financial years are the following:

- **IFRS 9: “Prepayment features with negative compensation” (amendment)** that is effective for periods beginning on or after 1 January 2019. Amendments to IFRS 9 clarify that a financial asset meets the SPPI criteria regardless of the event or circumstances that caused the anticipated termination of the contract and regardless of which party pays or receives reasonable compensation for the early termination of the contract.
- **IFRS 16, “Leasings” (new)** that is effective for annual periods beginning on or after 1 January 2019, and early application is permitted. This standard sets out recognition, presentation, and disclosure of leasing contracts, defining a single accounting model. Aside from lower contracts than 12 months, leases should be accounted as an asset and a liability.

The following standards, interpretations, amendments and revisions, with mandatory application in future financial years have not yet been endorsed by the European Union, at the date of approval of these financial statements:

- **IFRS 17, “Insurance Contracts” (new)** that is effective for periods beginning on or after 1 January 2021. The general objective of IFRS 17 is to provide a more serviceable and consistent accounting model for insurance contracts between entities that issue them globally.
- **IAS 19, “Plan amendment, curtailment, or settlement” (amendment)** that is effective for periods beginning on or after 1 January 2019, and early application is permitted. The objective of the amendment is to harmonise the accounting practices and provide relevant information on decision-making.
- **IFRIC 23: “Uncertainty over Income Tax Treatments” (interpretation)** that is effective for periods beginning on or after 1 January 2019. The interpretation addresses accounting for income taxes, when there is uncertainty over income tax treatments that affect

the application of the IAS 12. The interpretation is not applicable to taxes and charges that are outside the scope of the IAS 12, nor include specific requirements relating to interest and penalties associated with uncertainty over tax treatments.

- **IAS 28: "Clarification that measuring associates at fair value through profit or loss is a choice that is made for each investment" (amendment)** that is effective for periods beginning on or after 1 January 2019. The improvement clarified that (i) a company that is a risk capital company, or any other qualifying company, might choose to measure, its investments in associates and/or joint ventures at fair value through profit or loss at the moment of initial recognition and in relation to each investment. (ii) If a company that is not itself an investment entity holds an interest in an associate or joint venture that is an investment entity, the company might decide to maintain the fair value that those associates apply when measuring its subsidiaries by the application of the equity method. This option is taken separately for each investment on the later date considering (a) the initial recognition of the investment in that subsidiary; (b) this subsidiary as becoming an investment entity; and (c) when that subsidiary will be a parent company.
- **Improvements to International Financial Reporting Standards (2015-2017 cycle)** that is effective for periods beginning on or after 1 January 2019. The improvements involve the review of the IFRS 3 Business combination - interest previously held in a joint operation, IFRS 11 Joint arrangements - interest previously held in a joint operation, IAS 12 Income taxes – consequences for income tax resulting from payments for financial instruments, which are classified as equity instruments and IAS 23 Borrowing costs - borrowing costs eligible for capitalization.
- **Improvements to international financial reporting standards (issued on 29 March 2018, to be applied for annual periods beginning on or after 1 January 2020).** These improvements involve reviewing various standards.

The Group has been evaluating the impact of these amendments. It will apply this standard once it becomes effective or when earlier application is permitted.

c) Financial Assets e Liabilities

Financial Assets are mainly registered in the Loans and Other Receivables caption. As for Financial Liabilities they are included in the Amortized Liabilities caption.

Detail is as follows:

thousand euros

	Loans and receivables	Fair value through profit or loss	Derivatives as hedging	Available for sale assets	Total
Trade receivables	167,604				**167,604**
Other current assets	36,012	-61	861	2,520	**39,332**
Cash and cash equivalents	17,005				**17,005**
Total as of December 31, 2017	**220,621**	**-61**	**861**	**2,520**	**223,941**
Trade receivables	202,817				**202,817**
Other current assets	48,821	0	48	2,282	**51,151**
Cash and cash equivalents	22,461				**22,461**
Total as of June 30, 2018	**274,099**	**0**	**48**	**2,282**	**276,429**

thousand euros

	Fair value through profit or loss	Derivatives as hedging	Other financial liabilities at amortized cost	Total
Interest-bearing loans			109,789	**109,789**
Other borrowings and creditors	19,034	266	67,128	**86,428**
Trade payables			157,096	**157,096**
Total as of December 31, 2017	**-1**	**266**	**353,048**	**353,313**
Interest-bearing loans			124,594	**124,594**
Other borrowings and creditors	20,038	1,327	81,225	**102,590**
Trade payables			160,616	**160,616**
Total as of June 30, 2018	**51**	**1,327**	**386,422**	**387,800**

The value of the agreement for acquisition of additional participation in subsidence (19,035 K€) on December 31, 2017 was restated from the column Other financial liabilities at amortized cost to Fair value through profit and loss.

Mozelos, July 28, 2017

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

Building a better working world

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(Translation from the original Portuguese language. In case of doubt, the Portuguese version prevails.)

Limited Review Report on the Consolidated Financial Statements

Introduction

We have performed a limited review on the accompanying consolidated financial statements of Corticeira Amorim, S.G.P.S., S.A. (the Group), which comprise the Consolidated Statement of Financial Position as at 30 June 2018 (showing a total of 931.907 thousand euros and a total equity of 475.049 thousand euros, including a net profit attributable to equity holders of the Group of 41.214 thousand euros), the Consolidated Statement of Income by Nature, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the six months period then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

Management responsibilities

Management is responsible for the preparation of consolidated financial statements in accordance with International Financial Reporting Standards as endorsed by the European Union, for the purpose of interim financial reporting (IAS 34), and for the design and maintenance of an appropriate internal control system to enable the preparation of consolidated financial statements that are free from material misstatement due to fraud or error.

Auditor's responsibilities

Our responsibility is to express a conclusion on the accompanying consolidated financial statements. We conducted our review in accordance with ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, and other technical and ethical standards and guidelines as issued by the Institute of Statutory Auditors. These standards require that our work is performed in order to conclude whether anything has come to our attention that causes us to believe that the consolidated financial statements are not prepared in all material respects in accordance with International Financial Reporting Standards as endorsed by the European Union, for the purpose of interim financial reporting (IAS 34).

A limited review of financial statements is a limited assurance engagement. The procedures performed consisted primarily of making inquiries and performing analytical procedures, and evaluating the evidence obtained.

The procedures performed in a limited review are substantially less in scope than those performed in an audit conducted in accordance with International Standards of Audit (ISA). Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements of Corticeira Amorim, S.G.P.S., S.A. as at 30 June 2018, have not been prepared, in all material respects, in accordance with International Financial Reporting Standards as endorsed by the European Union, for the purpose of interim financial reporting (IAS 34).

Porto, 28 September 2018

Ernst & Young Audit & Associados – SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Represented by:

(Signed)

Rui Manuel da Cunha Vieira - ROC nr. 1154
Registered with the Portuguese Securities Market Commission under licence nr. 20160766

About Corticeira Amorim SGPS, S.A.:

Tracing its roots back to the 19th century, Amorim has become the world's largest cork and cork-derived company in the world, generating more than Euro 700 million in sales to more than 100 countries through a network of dozens of fully owned subsidiaries.
With a multi-million Euro R&D investment per year, Amorim has applied its specialist knowledge to this centuries-old traditional culture, developing a vast portfolio of 100% sustainable products that are used by blue-chip clients in industries as diverse and demanding as wines & spirits, aerospace, automotive, construction, sports, interior and fashion design.
Amorim's responsible approach to raw materials and sustainable production illustrates the remarkable interdependence between industry and a vital ecosystem - one of the world's most balanced examples of social, economic and environmental development.

AMORIM

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