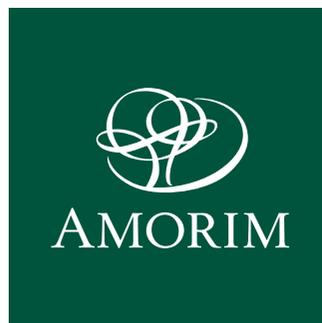


transparency

Annual Report and Accounts
CORTICEIRA AMORIM, S.G.P.S., S.A.

'09



vision

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sustainability

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“Protecting the environment is core to CORTICEIRA AMORIM’s mission: choosing cork is to make a fundamental contribution to preserving biodiversity, sequestering CO₂ and combating desertification.”

Chairman's Message

Dear Shareholder,

The world experienced a serious recession in 2009, which having begun as a financial crisis quickly spread to the real economy. The amount of wealth produced throughout the world fell significantly, unemployment reached record levels, individual consumption contracted and corporate investment stagnated. In response to this situation, relatively coordinated measures were taken all over the world, aimed at restoring, not so much wealth creation, liquidity or jobs, but what appeared to be at the centre of a vicious circle: lost confidence.

The cork industry as a whole faced an extremely difficult year. A sharp drop in exports, together with the unstable finances that characterise most of the industry, had a devastating impact on many companies in the sector.

Although CORTICEIRA AMORIM was affected by the existing difficult climate, the company succeeded in resisting the crisis thanks to the solid financial position it has built up in recent years, the effectiveness of the strategic measures formulated in due time and the speed with which they were implemented. This enabled the group to adapt its structure to the difficult business environment that ensued.

Despite a fall in sales volume – albeit not in market share – and a level of earnings that failed to correspond to our efforts, 2009 was not a lost year. On the contrary; we engaged in a thorough scrutiny of every activity and process, seeking synergies and maximising the integrated efficiency of the whole organisation.

We readjusted our priorities in response to two crucial challenges: improving our internal operating efficiency, as part of a permanent search for excellence, and strengthening our market leadership through profitable and sustainable growth.

The year of 2010 remains full of uncertainties. Economic recovery remains hesitant and will take time, requiring absolute concentration and diligence from everyone.

CORTICEIRA AMORIM is today a stronger Organisation benefiting from a clear business strategy, adept at anticipating trends and flexible in performance. Its continuous investment in research, innovation and design also sets it apart, producing vital know-how for improving and developing the group's large portfolio of products and solutions.

We continue to be inspired by the goal the group set when it was founded – the international promotion of cork and its use in high quality products and solutions. Today, 140 years later, this objective has been combined with the pressing need to protect the environment and our global home: in choosing cork we make a fundamental contribution to protecting biodiversity, sequestering CO₂ and combating desertification.

This is why we look to the future with confidence and face our day-to-day challenges with determination and thoroughness.

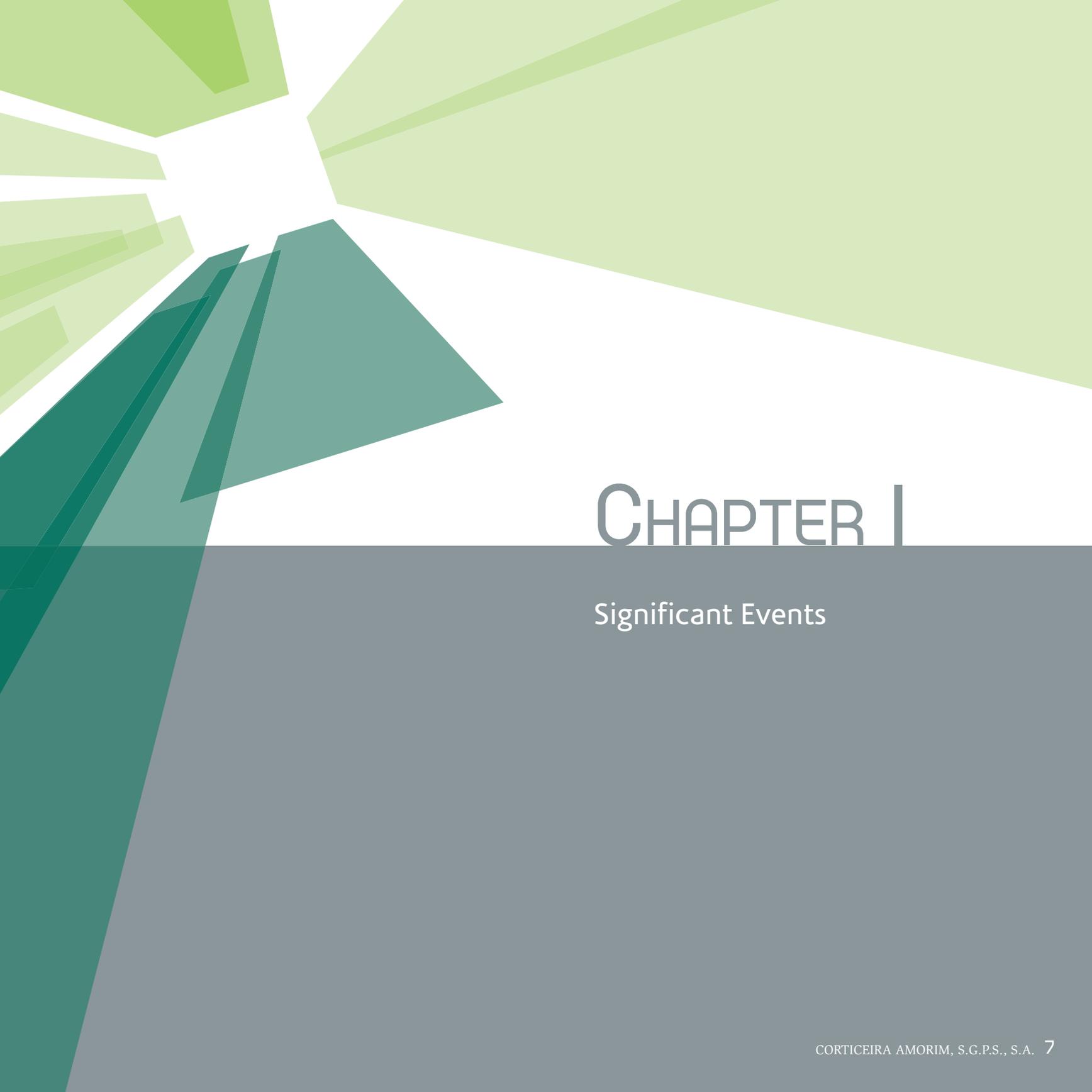
On behalf of every member of the Board of Directors, I would like to express my appreciation and gratitude to our customers and shareholders for the trust they place in us; to the wide range of organisations with whom we have dealings for their support; and to our employees for their professionalism and dedication.

Yours cordially,



António Rios de Amorim



The background features abstract geometric shapes in various shades of green and teal. On the left, several overlapping triangles and trapezoids in lighter green tones point towards the center. A larger, darker teal shape extends from the bottom left towards the center. On the right, a large, light green trapezoidal shape is positioned. The bottom half of the page is a solid dark grey color.

CHAPTER I

Significant Events

THE POTENTIAL
APPLICATIONS
OF NATURAL CORK
IN SUSTAINABLE
CONSTRUCTION
ARE INFINITE.



CONCRETA 09 best stand

Photo by António Chaves

CHAPTER I

Significant Events

January

CORTICEIRA AMORIM inaugurated the world's first cork stopper recycling plant, located at Mozelos (Portugal), as part of the Green Cork recycling programme, an innovative project that in addition to extending the lifecycle of cork as a raw material uses the value created by the recycling process to help restore and conserve native Portuguese forests.

Amorim Cork Composites and Amorim Revestimentos took part in **BAU and DOMOTEX**, two important trade fairs held in Germany, where they promoted their AcousticCORK range – which provides solutions with clear advantages in terms of their thermal and acoustic performance in buildings – and their new Wicanders flooring collections – Corkcomfort, Woodcomfort, Linocomfort, Vinylcomfort and Parquet.

Participation in international trade fairs and exhibitions:

- Amorim Cork Composites: PAPERWORLD (Frankfurt, Germany);
- Amorim Floor and Wall Coverings: HEIMTEXTIL (Frankfurt, Germany).

February

CORTICEIRA AMORIM announced an internal restructuring plan aimed at adapting the group's production capacity to the operating level required to respond to expected product demand.

CORTICEIRA AMORIM sponsored the ERVIDEIRA TT RALLY 2009 with a gift of 450 cork oaks, which were planted by drivers and journalists. This pioneering initiative helped raise awareness among participants of the environmental benefits of cork oak plantations.

Amorim Isolamentos took part in the ARCHITECTURE AND MATERIALS SYMPOSIUM organised by the Portugal's Architects' Association in Porto (Portugal), presenting to the architects and surveyors in the construction, design and decoration markets who participated the technical and environmental advantages of their materials and application systems for the eco-construction sector.

Amorim Flooring North America took part in SURFACES 2009, an important trade fair for the floor and wall coverings sector held in Las Vegas (US), where it presented the new collections of its premium brand, Wicanders. The sophisticated design of the Corkcomfort and Vinylcomfort ranges, which have the texture and appearance of wood, succeeded in changing perceptions of cork coverings.

In cooperation with ITeCons of the University of Coimbra (Portugal), Amorim Isolamentos organised a joint presentation of Alsol+, a software programme for making thermal calculations for cork agglomerate insulation solutions. The event was attended by 100 Portuguese experts in the Regulation of Thermal Behaviour Characteristics in Buildings.

CORTICEIRA AMORIM presented its consolidated accounts for 2008. Consolidated sales reached €468.3 million, but net profit, which fell to €6.2 million, was heavily affected by the serious global economic and financial crisis and by currency depreciations in its main export markets.

Participation in international trade fairs and exhibitions:

- Amorim Isolamentos: MADE EXPO (Milan, Italy);
- Amorim Cork Composites: AMBIENTE (Frankfurt, Germany).

March

CORTICEIRA AMORIM published its third annual Sustainability Report, a document that again earned considerable prestige for the group – which is the only company in the cork industry to publish its commitments and objectives in this area – and underlined its strategic commitment to sustainable development.

Amorim Revestimentos received a visit from Manuel Pinho, then Portugal's Economy Minister. At one of the world's most modern floor and wall coverings industrial production units, the minister and other guests had the opportunity to observe the advanced technology used in the company's new production lines.

Amorim Revestimentos launched a new product collection, reflecting a new marketing strategy. The new collections extend the range of its product offerings with the introduction of new materials and looks, a big investment in design, improved technical characteristics and enhanced decorative components.

CORTICEIRA AMORIM took part in the celebration of the DAY OF THE TREE AND WATER, which was held in Batalha (Portugal) and aimed mainly at primary school children. Aware of the importance of promoting the environmental advantages of cork among young audiences, CORTICEIRA AMORIM gave each child gifts for the future: ecological shopping bags, the educational CD "David and the Cork Adventure", a film that explains to children how products are manufactured from cork.

Amorim Cork Composites participated in JEC in Paris, France, an international trade fair in the area of composite agglomerates, presenting its CORECORK solutions, which are specifically designed for the composite market. The range was very well received by the market, which is eager for products that are environmentally friendly, that guarantee good performance and that are easily integrated into existing industrial processes.

CORTICEIRA AMORIM was considered one of the most influential international companies in terms of the environment, earning a place in the TOP 25 of the GREEN LIST, the most prestigious professional publication in the United Kingdom's wine and drink sector, in recognition of the its commitment to protecting cork oak plantations and its work on the environmental footprint of cork stoppers.

Amorim Revestimentos took part in DOMOTEX ASIA CHINAFLOOR in Shanghai, China, Asia's biggest international floor and wall coverings trade fair and the second largest in the world, presenting the different ranges of its Wicanders® collection, which involve innovative ideas that incorporate new materials and a high level of technical performance.

Amorim Isolamentos took part in ECOBUILD in London, United Kingdom, the world's biggest event in the area of sustainable design and construction, presenting its 100% natural cork insulation products designed for eco-construction.

CORTICEIRA AMORIM held its Annual General Shareholders Meeting, which was attended by 71 % of the company's shareholders or their representatives.

April

CORTICEIRA AMORIM's Sustainability Report was recognised in the Corporate Register Reporting Awards (CRRA) for the second consecutive year as one of the 10 best in the world for the importance of the information it sets out for understanding sustainability issues in the corporate world.

Amorim & Irmãos took part in the sixth ENOFORUM event, the wine sector's biggest technical and scientific congress, held every two years in Italy, with a presentation on "applied innovation in the use of cork and a study of oxygen permeability in different types of closures", the conclusions of which demonstrated the superior technical qualities of cork stoppers.

CORTICEIRA AMORIM again sponsored the CONCOURS MONDIAL DE BRUXELLES, which was held in Valencia, Spain, an important trade fair in the wine world, where about 6,300 wines from 54 producing countries were in competition. Reflecting the importance of the competition and again with the aim of raising awareness of the benefits of recycling cork, four recipients for collecting used stoppers were installed at the event.

In partnership with Amorim Cork South Africa, Amorim Revestimentos took part in DECOREX in Cape Town (South Africa), presenting its Wicanders floor solutions, with a special focus on its Corkcomfort range and its Dekwall brand of wall coverings. The event was attended by about 38,000 visitors. In addition to demonstrating the visual potential of these ranges and how they can be adapted to suit different ambiances, Amorim's participation also focused on the benefits of cork in terms of thermal and acoustic comfort.

Amorim Cork Composites joined the AEROCORK CONSORTIUM, which is studying the use of cork in ultralight aircraft instead of synthetic materials. The CORECORK range is seen as one of the most promising alternatives to synthetic materials for building sandwich panels, which are fundamental to the structural integrity of these aircraft and which also help reduce the environmental impact of the aeronautical industry.

Amorim Revestimentos and Amorim Cork Composites took part in MOSBUILD 2009 in Moscow (Russia), where they presented their Wicanders floor and wall covering products and their AcousticCORK thermal and acoustic insulation solutions for subfloors.

May

CORTICEIRA AMORIM presented its results for the first quarter of 2009. In a particularly adverse economic climate, the group focused on managing its operations more efficiently, succeeding in maintaining sales volume and improving current EBITDA. Sales reached €102 million and earnings, excluding non-recurring income, totalled -€1.7 million.

CORTICEIRA AMORIM's Save Miguel campaign garnered two awards at the prestigious International Vine and Wine Film Festival, where it won the "Most Original Script" and "Audience Choice" categories. Launched in August 2008 and starring the actor Rob Schneider, the campaign raises awareness of the social, environmental and economic benefits of using cork products, particularly the positive impact of buying bottles of wine sealed with cork stoppers.

Amorim Revestimentos received a visit from the first commercial mission of the Iberian Forest Trade Network (GFTN Ibérica) dedicated to cork certification. The network is part of a World Wildlife Fund organisation aimed at disseminating the importance of cork oak forests and the added value they represent in terms of sustainability and at raising awareness of the advantages of Forest Stewardship Council (FSC) certification for the cork sector.

Participation in international trade fairs and exhibitions:

- Amorim Revestimentos: BATIBOUWN (Belgium), VAKBEURS VLOEREN (Netherlands) e YAPI FAIR (Istanbul);
- Amorim Cork Composites: CWIEME (Berlin, Germany).

June

Saint John's University (USA) awarded an Honorary Degree in Commercial Science to Américo Amorim for his outstanding business career and for the environmental cause that has marked his life – defending the cork oak.

Spier, a leading South African wine company, joined the CORTICEIRA AMORIM recycling programme, the success of which is due to the active participation of market leaders and consumers. The cork recovered from recycling stoppers is used in other applications – floor and wall coverings, insulation and decorative products, among others – and the revenue is invested in ecologically sustainable local projects.

CORTICEIRA AMORIM organised its second SUSTAINABILITY WEEK, an annual event held from June 1 – Portugal's National Cork Oak Day – to June 5 – World Environment Day, with the aim of raising awareness of the importance of sustainability among employees and the general public. The main activities included promoting the Earth Condominium, a voluntary system aimed at caring for the shared parts of the planet in an integrated

fashion; cork stopper recycling; and a number of initiatives involving environmental education and the promotion of sustainable mobility.

Wine Business Monthly (USA) considered cork to be a key factor in the success of USA wines: in its highly reputed annual analysis of wine closures, WBM again underlined the superior performance of natural cork, which it recognised in several categories, from the quality of the product itself to its performance in bottling lines and its acceptance by consumers. The online edition of the British magazine **Decanter** also reported that a New Zealand wine had become the biggest selling sauvignon blanc in the USA as a result of using cork stoppers, which are considered a key factor in its sales success.

Amorim Cork Composites was invited by the European Space Agency to participate in the third SPACE FORUM 2009 in Lisbon (Portugal), an exhibition dedicated to the aerospace market, where the company presented its thermal shield solutions and its most recent developments in the aeronautics area.

Amorim Isolamentos organised a visit to Portugal by a group of Italian architects with the aim of demonstrating its insulation solutions based on expanded cork agglomerate. The programme included a visit to a cork oak forest and to one of the company's industrial units with a view to giving them a holistic overview of the production process and the final product, as well as a technical seminar on the use of insulation in sustainable construction.

Amorim Revestimentos held a number of roadshows in Switzerland with the aim of introducing the latest Wicanders products from the **Corkcomfort, Woodcomfort, Linocomfort, Vinylcomfort** and **Parquet** ranges into the Swiss market. Over a period of four weeks, display settings were created in spaces of about 200 square metres, where it was possible to demonstrate not only the new visual potentialities of these solutions, but also the excellent thermal and acoustic performance they ensure.

August

CORTICEIRA AMORIM presented its results for the first half of 2009. In spite of the difficult international economic climate and the falloff in demand, business benefited from continuing low interest rates and, from the second quarter, a more favourable average EUR/USD exchange rate. Sales reached €212 million and profits, although negative in the first quarter, were positive in the second, an important factor for strengthening confidence and enthusiasm within the group.

Fernando Ayala, Chile's ambassador to Portugal, visited CORTICEIRA AMORIM, in the company of Vicente Undurraga, the managing director of the Belgian group LVD. The programme included a visit to a cork-producing forest and several of the company's industrial units, providing the visitors with a complete view of the cork manufacturing process from cork oak to final product.

Amorim Cork Deutschland was accredited with Geisenheim certification, an important step towards implementing its quality control system and which provides independent confirmation of the group's compliance with the standards required to guarantee the high quality of the cork stoppers it supplies to customers.

September

Amorim Cork Composites developed CorkGel, an innovative technological platform that includes CorkSteps footwear. CorkGel is a unique product that combines the natural properties of cork (thermo-hydro control inside the shoe, resilience, weight distribution and shock absorption) with the properties of the gel (comfort and cushioning effect).

American Airlines' network of Admirals Club lounges and Sodexo joined CORTICEIRA AMORIM's cork stopper recycling programme called ReCORK America. The 24 Admirals Club, located in the busiest USA airports, will now collect all their used cork stoppers for recycling. Since its launch only two years ago, ReCORK America has already collected more than three million used cork stoppers in the USA.

Amorim Cork Composites was awarded the Energy Efficiency prize in a European Commission initiative known as THE MOTOR CHALLENGE in recognition of the energy efficiency measures implemented by the company. These have resulted in an annual reduction of energy consumption and CO₂ emissions estimated at respectively at 491,000 Kw/h and 238 tonnes.

In partnership with Castellane (Laurent-Perrier Group) and Georges Duboeuf, Amorim France launched a cork stopper collection and recycling programme with the goal of collecting 230,000 stoppers by the end of 2009. The stoppers will be taken to CORTICEIRA AMORIM's recycling unit where they will be processed for subsequent use in a range of different applications, from insulation material to products for the aeronautical industry.

CORTICEIRA AMORIM sponsored 2009 WHISKY LIVE GLASGOW (Scotland), an event that brings together the leading names in the international whisky market, consolidating awareness of Amorim and strengthening the group's image in the market for the world's most enjoyed spirits.

Amorim Cork Composites sponsored a sculpture called ONION PINCH, an artwork made from cork by the architects Eduardo Benamor Duarte and Caterina Tiazzoldi for Experimenta Design, a prestigious international biennale devoted to design, architecture and creativity. The sculpture was exhibited at the Cais de Sodré metro station in Lisbon, Portugal.

October

For the second consecutive year, CORTICEIRA AMORIM supported the EUROPEAN WINE BLOGGERS CONFERENCE (EWBC), which was held in Lisbon, Portugal. It brought together about 120 participants, who were

given the opportunity to visit the Cork Stopper BU's industrial unit at Coruche (Portugal). The conference was the culmination of a large number of interactions begun online between bloggers and was attended by wine industry professionals, including producers, retailers, oenologists, critics, journalists, consumers and others with a passionate interest in wine.

At CONCRETA 2009 in Porto (Portugal), a construction and public works trade fair, Amorim Isolamentos' stand was elected best in the show. Built totally from expanded cork agglomerate boards, the stand was designed by the architect Nuno Graça Moura and the interior designer António Queirós. Because of its different aesthetic and the potential it demonstrated for using natural cork in sustainable construction, it succeeded in capturing the interest of the construction sector.

Amorim & Irmãos sponsored the WINEFUTURE 2009 congress in Rioja, Spain. Organised by the Spanish Wine Academy, the congress brought together leading personalities from the world of wine for two days of discussion on the current situation in the wine industry and to reflect on trends and strategies for the future. Robert Parker, one of the world's most important and influential wine critics, said during a wine-tasting event that the quality of cork stoppers had significantly improved, indicating that all wines should use them (screwcaps were acceptable, he said, for white wines intended for rapid consumption).

Amorim Cork Composites upgraded its Internet presence with the launch of a new image for the corporate site of the Cork Composite BU – www.corkcomposites.amorim.com – and a new site – www.amorimsportsfloor.com – devoted to floor covering solutions for sports areas, a range of products with an excellent level of technical performance and an extensive range of visual solutions adapted to the differing requirements of the market.

ReCORK America announced a partnership with the Canadian company SOLE, a leading footwear manufacturer that distributes throughout North America, with the aim of ensuring the efficient and sustainable collection and recycling of a significant portion of the millions of wine and champagne stoppers used every year in the US and Canada.

Amorim Revestimentos took part in the 45th ISOCARP CONGRESS – LOW CARBON CITIES organised by the Engineering Faculty of the University of Porto (Portugal) with the goal of promoting innovative international planning and cooperation practices for the sustainability of cities. The company presented "Amorim Cork Products – Sustainable by Nature", as an example of products and a business that promote the sustainability of cities and simultaneously contribute to the economic viability of the company.

Participation in international trade fairs and exhibitions:

- Amorim Isolamentos: CONSTROI ANGOLA (Luanda), SAIE – International Construction Exhibition (Italy) and FILDA – Luanda International Trade Fair (Angola);

- Amorim Cork Composites: **CONSTROI ANGOLA** (Luanda); **COMPOSITES EUROPE** (Stuttgart, Germany) and **GREEN BUILDING EXPO** (South Africa).

November

CORTICEIRA AMORIM reported its results for the first nine months of 2009. Although affected by the uncertainty that characterised the world economy, business in the third quarter contributed to a recovery in consolidated net profit, which reached €2.2 million. Despite a reduction in sales, operating efficiency improved and debt and financial costs were lower.

CORTICEIRA AMORIM awarded its Prize for Cork Oak Sustainability and Related Biodiversity to the Herdade da Machoqueira do Grou, located in Coruche (Portugal). Launched in 2009 with the aim of promoting and rewarding forest businesses that develop and implement what are considered to be exemplary practices in the management of cork oaks, the competition attracted ten candidates. Machoqueira do Grou was judged to be an example of intelligent and dynamic planning that promoted the sustainability of cork oak plantations – one of the few ecosystems able to support an economic activity and also guarantee protection and support for biodiversity.

At the invitation of AICEP Portugal Global, Amorim Isolamentos took part in INNOVATING PORTUGAL in London (United Kingdom). Under the theme “Innovation in Construction and Building Materials”, the company presented its 100% natural insulation products, demonstrating to an audience of architects, engineers and surveyors their technical capacities and ecological credentials.

CORTICEIRA AMORIM's champagne stopper was chosen as the closure for Los Amaya premium cider. As part of a commercial repositioning of the product, the Amorim cork stopper was selected for Argentina's only premium cider because of the unrivalled technical efficiency that it ensures and the added value of the sustainability of the raw material involved.

The President of the Portuguese Republic bestowed on the Portuguese Cork Association (APCOR) the title of Honorary Member of the Order of Agricultural, Commercial and Industrial Merit–Industrial Merit Class, in recognition of its work on behalf of one of the vital sectors of the Portuguese economy.

Amorim Isolamentos and Amorim Cork Composites took part in BIG 5 SHOW – the Dubai International Fair, where they presented solutions for the construction industry developed especially for the United Arab Emirates market.

Amorim Revestimentos announced a partnership with Al Aqili Furnishings LLC of the United Arab Emirates for the distribution of floor and wall coverings in this important market for the construction industry. The ecological nature of the products together with their excellent acoustic and thermal qualities were determining factors in the selection of Amorim floor solutions.

December

Amorim Cork Composites joined the ISEAT Consortium for the Integrated Research and Development of Railway Components, a research project aimed at developing railway carriage seating using new materials geared towards sustainability, such as cork, as well as innovative manufacturing processes. In addition to Amorim Cork Composites, the partners in the consortium are: Caetano Components, Couro Azul, INEGI, AlmaDesign and Alstom Portugal.

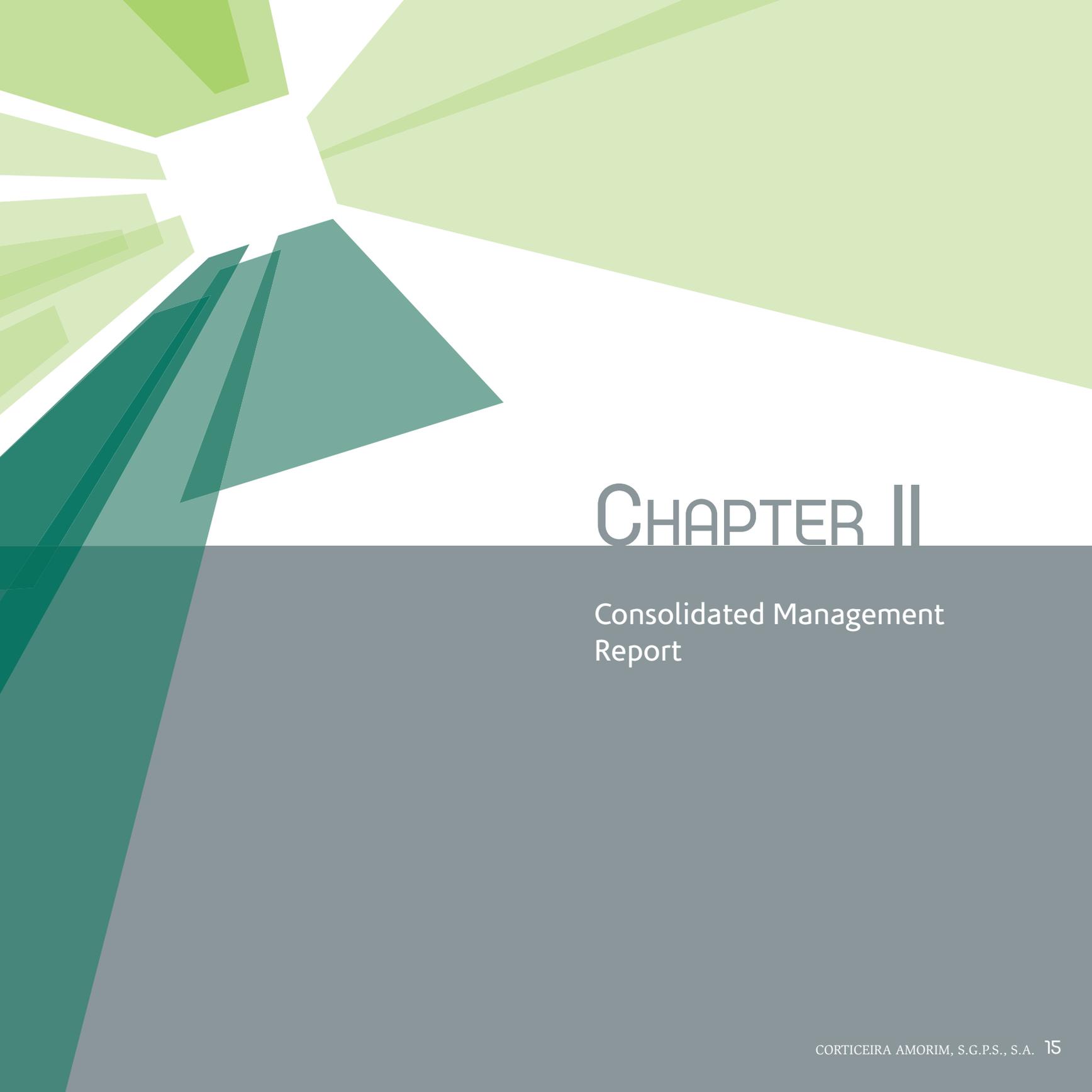
CORTICEIRA AMORIM launched an innovative and exclusive collection of luxury capsulated stoppers designed to meet the needs of premium spirited drinks producers. The new natural cork stopper collection, called TOP SERIES, reflects CORTICEIRA AMORIM's strategic commitment to innovation and is the product of advanced technological processes that culminated in the launch of four ranges for different market segments – Prestige, Elegance, Premium and Classic Value.

Amorim Cork Composites launched its Soul Mate collection, a range of highly distinctive products for the homeware sector created in partnership with Matceramica. Adopting an innovative approach to cork and ceramics, two important materials in the tradition of Portuguese design, a number of designers conceived products specifically designed to respond to the requirements of eco-consumers. The collection has already been selected for inclusion in the Destination Portugal area at the Museum of Modern Art in New York (MoMA).

In 2009, Amorim Revestimentos installed its products in a number of outstanding international buildings, including:

- BMW and Toyota Stands (Germany) – Wicanders **Wood**comfort HPS;
- Aveda Frederic's Institute (USA) – Wicanders **Wood**comfort Gluedown HPS;
- Krakow Valley Golf & Country Club (Poland) – Wicanders **Vinyl**comfort;
- Orbis Ziekenhuis Hospital (Netherlands) – Wicanders **Wood**comfort HPS;
- Borealis Group Offices (Belgium) – Wicanders UP;
- Van Tilburg Mode & Sport Shop (Netherlands) – Wicanders **Wood**comfort HPS;
- Hollow on the Square Hotel (South Africa) – Wicanders **Cork**comfort.

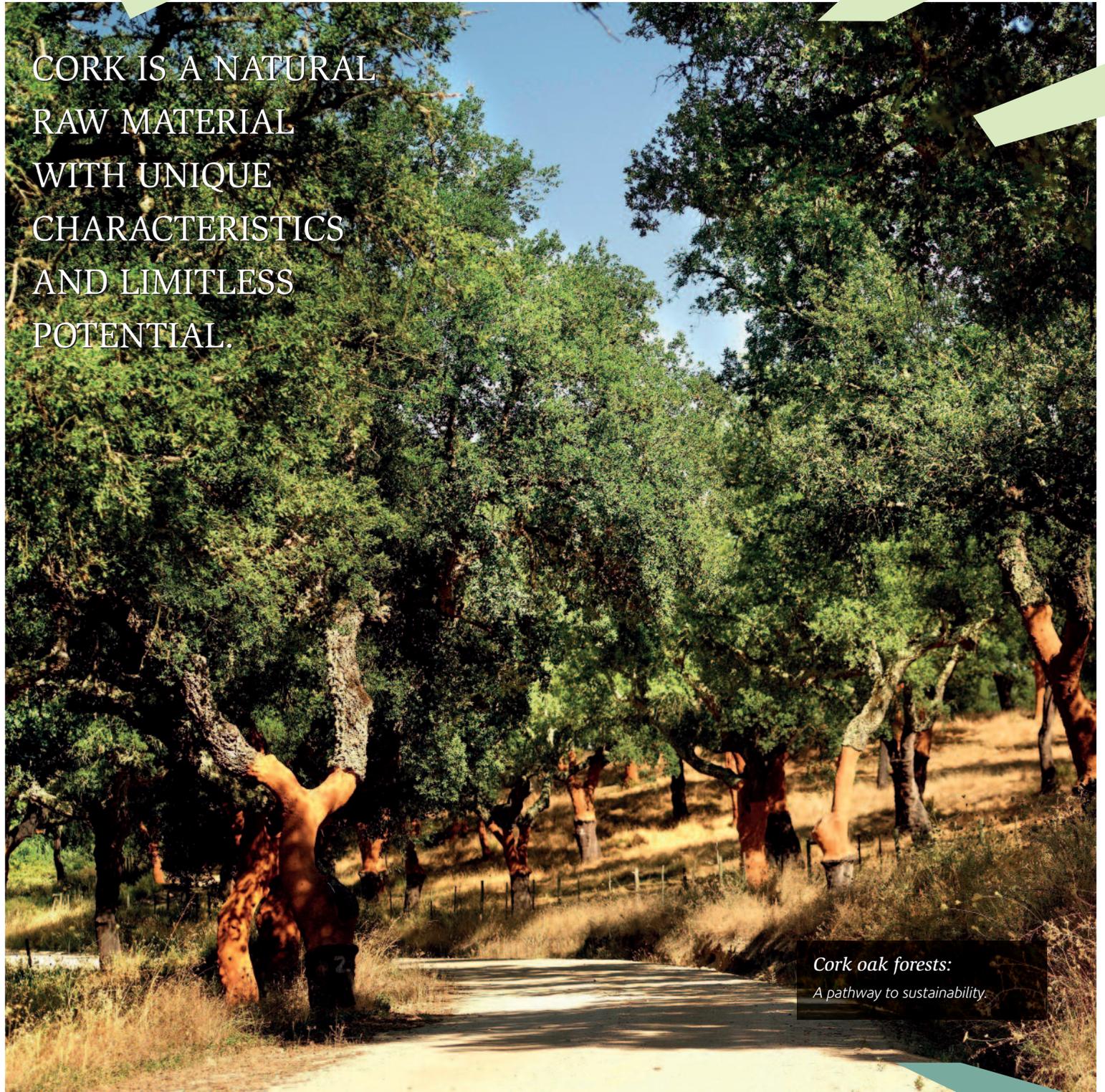


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CHAPTER II

Consolidated Management Report

CORK IS A NATURAL
RAW MATERIAL
WITH UNIQUE
CHARACTERISTICS
AND LIMITLESS
POTENTIAL.



*Cork oak forests:
A pathway to sustainability.*

CHAPTER II

Consolidated Management Report

Dear Shareholders,

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

1. Macroeconomic Overview 2009

1.1. Global overview

The year was characterised by two distinct periods: up to mid-March, economic sentiment was in general decline and financial markets suffered serious setbacks. This climate was borne out by the figures for economic growth, with most developed and emerging economies experiencing sharp contractions in GDP in the first quarter. Fast and significant corrections to inventory levels and the knock-on affect that impacted industry at the end of 2008 continued into the first quarter. After March, economic sentiment began to recover as financial markets stabilised and gradually returned to an upward trend that continued until the end of the year. Emerging economies led a trend towards a moderate recovery in economic growth. Quarterly GDP growth gradually turned positive, particularly from July onwards. Demand from countries like China and India made a positive contribution to a recovery in the net exports of developed economies. However, the falloff in economic

activity at the beginning of the year was of such magnitude that the world economy contracted in 2009 by an estimated 1.1%. Stock replacements were again one of the key factors contributing to positive growth in the second half of the year. Some international imbalances, such as the US trade deficit, underwent corrections, reaching the lowest possible levels.

Aggressive monetary policy measures introduced in 2008, ranging from cuts in official funding rates to historic lows to large scale liquidity injections and even unorthodox measures such as the purchase of risk assets by central banks, continued during 2009. The European Central Bank continued the policy of cutting interest rate that began in the third quarter of 2008, lowering its refinance rate from 2% at the end of 2008 to 1% in April 2009.

The use of fiscal policy to support economies was also prevalent in 2009 – numerous support programmes were implemented, from those targeted at banks to others designed for the automobile industry. One of the most important, in terms of its immediate impact, was the chinese fiscal plan.

By the end of the year, there were indications suggesting the possibility of a reduction in these extraordinary support measures for the world economy.

Economic growth in the Euro Zone contracted by an estimated 4.2% in 2009. In the USA, the contraction was approximately 2.7%, while Japan suffered its second consecutive year of negative growth, an accumulated contraction of 5.4%. Despite slower growth than in 2008, the Chinese and Indian economies grew 8.5% and 5.4% respectively. Brazil's GDP growth contracted by less than 1%.

Inflation fell across the board in 2009, in comparison with the previous year. The average inflation rate for developed economies was estimated at 0.1% – with countries such as the United States and Japan registering negative inflation rates – and 5.5% in emerging and developing economies.

1.2. Portugal

The Portuguese economy is estimated to have contracted by approximately 2.7% in 2009, a significantly more severe rate of negative growth than in the two previous recessionary periods of the past 20 years. Positive growth, as yet slight, was registered in the second half. Every component of GDP, except public spending, contracted. Domestic demand fell, reflecting a sharp contraction in investment caused mainly by private sector deleveraging. Negative export growth, partly reflecting the economic difficulties affecting Spain, reached double digits and was paralleled by a substantial contraction in imports. As a consequence, it is estimated that the trade deficit as a percentage of GDP fell to levels close to those of 2007. The financial crisis and the world economic crisis combined to produce a collapse in international trade. Unemployment grew, especially during the final months of the year, and is estimated to have reached 9%. Labour market conditions deteriorated sharply. Inflation fell to -0.9%, a significant reduction in comparison with recent years.

2. Operating Activities by Business Unit (BU)

The Companies that make up the CORTICEIRA AMORIM group are structured in **Business Units (BUs)**. The most relevant events in 2009 are reported in reference to these units.

2.1. Raw Materials

The Raw Materials BU focuses its operations on three key areas carefully aligned with CORTICEIRA AMORIM's strategic planning and intervenes where it can make an important difference – the procurement and acquisition of raw materials (cork), making a decisive contribution to the operating efficiency of the integrated value chain of all the group's BUs.

In the context of the significant difficulties experienced by the cork manufacturing sector in 2009, a fact that reduced demand for raw materials from forest plantations, the BU's initial procurement policy

had to be adapted in anticipation of market trends in an effort to encourage the harvesting of cork and ensure an adequate supply of good quality cork to meet the requirements of CORTICEIRA AMORIM manufacturing processes.

Profitability was negatively affected in 2009 by the use of cork acquired in 2007 at higher prices than the market prices practiced in 2009.

Supply to the group's other BUs, reflecting the negative growth of consolidated turnover, fell by approximately 18.5%. Sales in North Africa dropped 30%, which affected margins and reduced profitability.

Sales prices also fell, reflecting the evolution of raw material market prices, and internal buyers became more demanding in terms of quality.

Several measures aimed at optimising operating costs were implemented in 2009, strengthening the BU's culture of permanent improvement. A number of continuous improvement Kaizen initiatives were implemented in the BU's industrial areas, resulting in significant efficiency gains in processing operations. (Fig 1).

Fig. 1 Sales and EBITDA(*) – Raw Material

thousand euros



(*) EBITDA without the effects of restructuring HR

2.2. Cork Stoppers

Over the past 20 years, the world wine industry has grown increasingly globalised and sophisticated. The wine market has reflected this evolution, becoming more fragmented, international and multilingual as well as operating in different currencies and making intensive use of information.

The international wine market is currently seeing moves aimed at business consolidation. However, no single company or wine accounts for more than one percent of the global wine market.

The current global crisis is expected to produce a structural change in the wine industry as consumers alter their habits, drinking less and trading down to less expensive brands. This is reflected in the fact that 2009 was the third consecutive year in which global wine consumption fell.

Sales at the Cork Stopper BU fell 8.6% in value and 3.8% in volume, reflecting a change in the mix of stoppers sold as a result of wine industry measures to rationalise operating costs.

Fig. 2 Sales and EBITDA^(*) – Cork Stoppers

thousand euros



(*) EBITDA without the effects of restructuring HR

In terms of markets, the BU registered an overall reduction in sales, especially in the mature markets of the “old world”. However, positive sales growth was achieved in Russia, China, Canada and Belgium.

Sales of the BU’s most important product – Natural Cork Stoppers – fell overall in the most important reference markets, as, rather than purchase premium stoppers, customers opted to replace them with less expensive cork stoppers with a high physical-mechanical performance such as cork agglomerate stoppers and Neutrocork stoppers. Sales of champagne stoppers also showed positive growth.

Measures implemented to improve operating efficiency and service quality were crucial in sustaining the BU’s profitability. The following, in particular, are expected to produce lasting benefits:

- gaining the preference of large domestic multinational wine companies thanks to product quality and price and service excellence;
- a more active presence in important reference markets such as the United States, Chile, Australia, France, Italy and Spain;
- technical product developments, applying innovations to solutions made available in the market, expanding the group’s product portfolio and responding to increasingly exacting customer requirements;
- improved efficiency in supply chain management, improving service levels, which had a positive impact on the amount of capital invested.

The gross margin fell by 1.46% in comparison with 2008, a decrease that was fully justified by the reduction in sales referred to above. In percentage terms, an improvement of 2.9 points was achieved as a result of industrial efficiency measures and the changed sales mix.

Operating costs dropped 7.1%, reflecting measures to improve the efficiency of industrial processes, the distribution network and support areas.

Thus, despite the drop in sales, earnings before interest, taxes, depreciation and amortisation (EBITDA), discounting the impact of restructuring, increased 24.1% on 2008; the EBITDA/sales ratio was 12.3% (against 9% in 2008), clearly reflecting the gains in operating efficiency achieved (Fig.2).

Successful measures to control and reduce the amount of capital invested were also of note, resulting in an overall reduction of 9.1% compared with 2008.

2.3. Floor and Wall Coverings

Reflecting the global climate, total sales fell 15.9% compared with 2008. Sales of manufactured products were down 9%. The drop in sales of marketed products was more aggressive at 24%. The main causes of this overall fall in sales were a contraction of the new building and replacement real estate market and the climate of uncertainty, which led to a postponement of consumer purchasing decisions. This had a direct impact on the do-it-yourself and traditional retail market, where the BU has a considerable presence. The need to reconvert stocks delayed purchases by distributors, particularly in East Europe. Pressure on prices also diverted consumption to less expensive products.

A number of new collections and a new product range were launched in 2009, which required a high level of advertising investment. The BU's participation in Portuguese and international promotional fairs as well as the replacement of market communication instruments are also worthy of note. Sales of new products made an impact only in the second half of the year.

The new products expanded the BU's portfolio to include new technical solutions that combine cork with other covering materials. This will

further its goal of being recognised in the market as a supplier of coverings that are differentiated by the incorporation of cork, providing its products with an unrivalled level of technical performance.

In terms of operations, a Lean Production programme was launched in 2009 involving a revision of work processes and methods aimed at providing the organisation with a more flexible response capacity.

Efforts were made to adapt the company's operating structure to an adverse market situation. This resulted in adjustments in the deployment of resources, including human resources. The resulting compensation costs had a negative impact on the BU's profitability in 2009 (Fig. 3).

2.4. Cork Composites

The sales of this BU registered a significant contraction and, despite signs of a slight inversion of the downward trend during the final months of 2009, fell 16.8% in volume terms on the previous year.

This performance had a direct impact on the gross margin, which, in relative terms, increased 2.5 percentage points on 2008 as a result of the combined effect of a more favourable average EUR/USD exchange rate in 2009, the sales mix, improved operating efficiency and a drop in the purchase prices of supplementary material against a background of cost stability in the acquisition of cork.

The fallback in activity and consequent demand was similar in practically every regional market and for practically every application and every customer. It became possible to halt the drop in sales from the middle of the year and to gradually invert the downward trend, partly by gaining new customers and maintaining the BU's market shares.

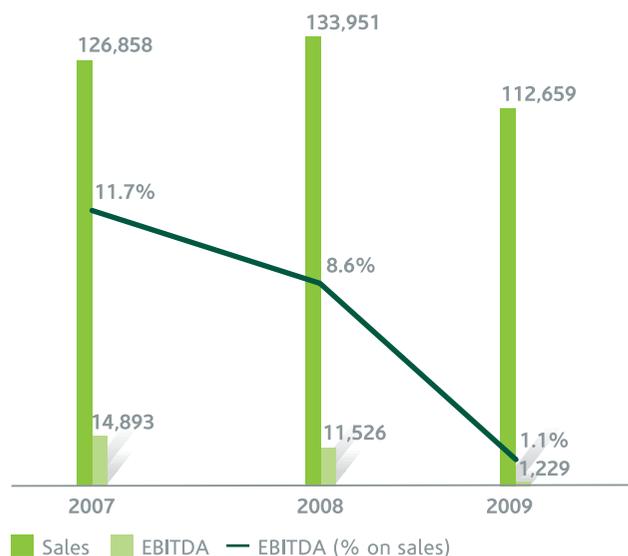
The drop in sales affected almost every geographical area, with falls in East Europe, particularly Russia and Ukraine, and the United States having the biggest impact because of their relative weight in the BU's sales. There was also a general decline in terms of applications, with the fall in sales of applications to the construction and industrial sectors, particularly automobile manufacturing, having the biggest impact because of their weight in the BU's business portfolio.

In comparison with 2008, subflooring sales were significantly affected by the sharp fall in new real estate construction and a substantial contraction in the refurbishing market. The automobile sector was among the industries hit hardest by the international economic crisis, which had a particularly strong impact in 2009. Demand for materials and components for the auto sector fell considerably in comparison with the previous year. Overall, most industries cut back their capacity and their purchasing requirements, resulting in a drop in demand in comparison with 2008.

This contraction affected every product line from materials to finished products, with the CorkRubber range suffering more than cork agglomerates.

Fig. 3 Sales and EBITDA – Floor and Wall Coverings

thousand euros



Bearing in mind the adverse economic and financial situation, it is important to note a reduction in the BU's exposure to customer credit risk, which enabled it to recover some of the credit adjustments made in previous year.

However, all the BU's operations were negatively affected by the reduction in business and the adjustments in resources that became absolutely necessary to adapt to the new situation. For the first time in its long history, the BU had no alternative but to reduce its staff as a result of an extraordinary fallback in activity, adjusting to the drop in demand that began in 2008.

In addition to human resources, all other resources used by the BU were studied in detail, leading to the implementation of a number of measures for controlling costs and scrutinising expenditure.

In contrast with a reduction in external financing costs due to lower interest rates and a reduction in the amount of capital invested, operating profit fell 10.3%, although a sizeable component of this drop was attributable to the impact of the restructuring operation described previously.

In terms of capital invested, the BU achieved a significant reduction, particularly in regard to working capital and, to a lesser extent, net fixed assets. The reduction in activity made it easier to attain this objective, but a number of measures were also implemented with this goal in mind, namely in relation to stocks and suppliers. In spite of these limitations, the BU's investment plan was carried out as envisaged and involved an investment of approximately €1.8 million.

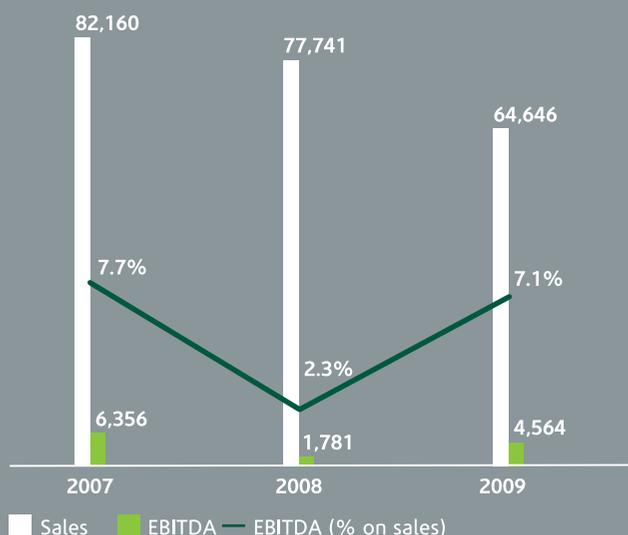
Despite the fall in sales, EBITDA, discounting the impact of restructuring, more than doubled in comparison with the previous year to more than €4.56 million, as shown on Fig. 4.

2.5. Insulation Cork

The Insulation Cork Business Unit registered an 8.2% drop in sales in 2009, a direct result of the impact of the adverse economic climate on public and private consumption and investment, which affected every segment of the insulation sector due to the postponement or cancellation of new construction and refurbishments of existing buildings.

Fig. 4 Sales and EBITDA(*) – Cork Composites

thousand euros



(*) EBITDA without the effects of restructuring HR

Fig. 5 Sales and EBITDA – Insulation Cork

thousand euros



Despite the fall in sales, which was most evident in European and Middle Eastern markets, the gross margin increased substantially in relation to the previous year as a result not only of the increases in the price of sale of finished products, but also of a decrease in the average price of raw materials.

Operating costs were also lower as a result of the implementation of a number of Kaizen initiatives in the BU's industrial units, which produced significant efficiency gains in manufacturing processes. EBIT and EBITDA increased 12.2% and 11.1% respectively in comparison with 2008 (Fig.5).

The same amount of capital was invested in 2009 as in 2008, notwithstanding the investment made in the grinding production line at the Silves Industrial Unit.

3. Research, Development & Innovation (R&DI)

3.1. New Applications

MOR for Cork – Market Oriented Research

In recent years, CORTICEIRA AMORIM has made a strong commitment to Research, Development and Innovation (R&DI), leading to a substantial upgrading of the group's resources in this area with a view to developing new products and new business.

In addition to each BU's R&D teams, which carry out research and make innovations with the aim of developing their current businesses, CORTICEIRA AMORIM has also established an R&D team charged with the mission of conceiving and developing new cork products and providing technical support for the development of new businesses. This horizontal operation, which serves the whole group, is led by a unit known as **MOR for Cork**, the department of Market Oriented Research (previously known as DNAPC, the research unit for the Development of New Cork Applications and Products).

In 2009 this team worked intensively in partnership with CORTICEIRA AMORIM's new business development unit, particularly on the technical issues involved in entering the hydrocarbon, grease and solvent absorbent market. New research projects in partnership with scientific and technical bodies will be launched in 2010 with a view to improving the absorption potential of cork.

In 2009, composite materials for joining cork to natural and synthetic thermoplastics were developed, creating a material that enables the unique characteristics of cork to be incorporated into thermoplastics. The next phase of the project will be implemented in 2010 and will focus on defining a market for the commercialisation of these materials.

Advancing research in an area developed over recent years, the development of components extracted from cork made significant advances in 2009 and contacts were made with potential industrial

partners. This will remain a priority research area, with new research projects in partnership with scientific and technological organisations expected to be launched in 2010.

CORTICEIRA AMORIM is strongly committed to protecting the intellectual property rights pertaining to these research projects to ensure the viability and profitability of marketing the products and/or processes developed.

CORTICEIRA AMORIM sees R&DI as a strategic pillar in its leadership of the cork industry and will maintain its commitment to and investment in advancing knowledge about cork and in setting up suitable partnerships with research groups and industrial partners in Portugal and overseas. This will enable the group to accumulate knowledge and complementary know-how with a view to marketing innovative products and solutions with a high value-added component to strengthen its leadership of strategic sectors.

3.2. Cork Stoppers

In 2009, the Cork Stopper BU's investment in research and development was aimed at improving the quality of the stoppers it produces, furthering its knowledge of the interaction between stoppers and wine and advancing product innovation. Improving the quality of the stoppers produced by the BU involves reducing the presence of contaminating compounds with unpleasant aromas, namely 2,4,6-Trichloroanisole (TCA). Efforts to reduce TCA in 2009 focused on introducing vaporisation into the cork stopper production, a process that is already used at the earlier stage of cork board preparation in, an initial decontamination that is estimated to reduce TCA by about 40%.

In the natural cork stopper segment, extra efforts were made in relation to the installation of the ROSA Evolution system, which currently involves six active machines. Upgrading and optimising these machines increases their decontamination potential to 80%, compared with an initial level of 60%. This means that TCA – if present – is reduced by about 80% in all natural cork stoppers produced.

Tests will begin in 2010 on new technology installed in 2009 for the production of technical stoppers aimed at improving the efficiency of the existing ROSA system from 80% to 90%.

A sensory analysis process for premium cork stoppers was also implemented in 2009 with the objective of improving their sensorial quality, mainly in regard to other non-TCA compounds that also produce unpleasant aromas.

Other TCA-related projects underway include the detection of TCA or early indications of it in the soil of cork plantations, an analysis system aimed at measuring the risk of contamination in cork harvested from specific locations. A method for analysing early signs of TCA was developed in 2009 and soil samples from a number of Portuguese and

Spanish cork estates were examined as part of a research project that will be developed in 2010.

A study into the migration of TCA through bottle closures was also concluded in 2009. The study produced extremely interesting and important results for cork stoppers, showing that volatile compounds present in the atmosphere surrounding bottles sealed with synthetic closures were found to be present in the wine six months after bottling. No such presence was found in wine in bottles sealed with natural and technical cork stoppers 24 months after bottling. The results of the study were presented at the June 2009 congress of the American Society for Enology and Viticulture in Napa, California.

A number of studies were made in 2009 into **wine/cork stopper interaction** including a comparison between bottle closures made in cooperation with the Enology Faculty of the University of Bordeaux. The results were very favourable for cork stoppers and not at all encouraging for screw caps and synthetic closures. The full results of the study were published in a specialist US scientific journal.

In the area of **product innovation**, a joint research project with Portugal's Instituto Superior de Engenharia (Higher Institute for Engineering) at the Lisbon Technical University was launched. In the current phase, the project will provide improved images of the internal structure of natural cork stoppers and their influence on the oxygen transfer rate.

3.3. Floor and Wall Coverings

The main mission of the R&D activities of this BU in 2009 was to broaden its product range, offering new technical solutions that combine cork with other covering materials. This strategic enlargement of the BU's portfolio of products and solutions is aimed at achieving clear recognition in the market as a flooring supplier differentiated for competitors by the use of cork and by all the technical, sensory and comfort benefits associated with this natural raw material. The BU's promotional portfolio was revised not only in terms of technical and decorative solutions but also in terms of image.

Activities and projects developed and launched in 2009 included:

- **Corkcomfort** and **Woodcomfort** ranges: the presentation of new-look ranges resulting from the development of new insertions and the use of innovative painting and stamping technologies for the cork industry. These new-look products, rich in texture, colour and design, enable the range to be used in a wide variety of contexts, enriching them with the advantages of cork. Applying the stamping system described above to the HPS range allows for the creation of textured coverings, an innovative characteristic that distinguishes these products from the alternatives available on the market, which use PVC film.

- **Vynilcomfort** range: this range was upgraded by developing dimensions and technical characteristics better suited for use in commercial areas; to these advantages were added exclusive new-look visuals.

Projects under way that are expected to be concluded in 2010 include:

- developing new visuals for the **Ipcork** and **Corklife** brands;
- updating the wall coverings collection;
- developing new surface finishes;
- developing cork and wood collections with visuals targeted as less affluent market segments;
- incorporating a new technical solution in the **Vynilcomfort** range for bonding the product to the floor;
- introducing a new fitting system (5G System) for floating flooring that makes installation easier and faster.

3.4. Cork Composites

The R&D activities of this BU focused on advancing its strategy for enlarging its product portfolio to include products that meet demanding technical standards and have a high value-added component.

The results of R&D activities in 2009 included the launch of solutions for a range of different industries and sectors:

- construction: a range of materials for insulating screeds against impact noise, complementing the **AcoustiCORK** subflooring range for the acoustic correction of floating, wood and ceramic flooring (impact and percussive noise); and the new **AcoustiCORK T31**, for wood flooring installed with adhesive, which provides for the installation of both sub-flooring and the final layer in a single operation;
- for the floating floor industry: the launch of the **NRT 94**, a new solution that guarantees acoustic and thermal insulation, providing the flooring manufacturer with an enormously flexible range of construction and design options;
- for the railway infrastructure segment: the development and certification of a number of **CorkRubber** materials for the insulation of railway vibration (rail pads), strengthening the technically advanced image of cork composites;
- in the area of **CorkRubber** sealing materials and products, a new gasket was launched for new low-emission diesel engines produced by an international original equipment manufacturer;

- a fire-resistant product for the FRP (fibre reinforced polymer) composite industry was developed with the reference NL 11 and M1F1 (NF F16-101) certification to enrich the CORECORK range.

The following IT support applications were also launched to support the BU's commercial activities, as a complement to its other operations and an innovation in the technical services that it provides for the market. These software programmes are designed not only to consolidate all the product and application information deemed of interest for the market, but above all to serve as design guides for target users:

- **Joint Analysis QTool R2.0** for analysing general sealing applications (Techseal and T&D ranges) that includes technical information on sealing materials and their use. The programme is aimed at OEM engineering offices. The inclusion of an optional simpler and more intuitive interface makes this an ideal application for gasket manufacturers and specialist distributors;
- **NRS v2009** for simulating aerial noise insulation in composite sandwich panels used in dividing walls, doors and acoustic floors in transport, among other applications. The current version of this software includes the new fire-resistant materials from the ACM range and allows for many combination options between materials;
- **ISIS (Beta Release)**, a software programme for estimating impact noise insulation in homes, aimed mainly at planning and architectural offices, which assists in the selection of AcoustiCORK materials for sub-floors in relation to the type of screed and top floor used.

With the goal of being an active player in areas of advanced technology and critical know-how, such as aeronautics, road and rail transport and the automobile industry, the BU launched the Aerocork, I-Bus, I-Seat and Plascork projects in cooperation with a number of different partners. The aim is to achieve results that will enable it to launch new products on the market over the short to medium term.

Internationally, the BU is involved in two space industry projects: Aerofast, launched in 2009 with the aim of conceiving and developing an unmanned spacecraft for the next mission to Mars. The role of the Agglomerates BU is to develop new heat protective materials (cooling shields) from cork composites, and, in partnership with the European Space Agency, carry out research into new applications for cork composite in the space sector.

Consolidating and promoting the green identity of the BU, thanks to the consolidation and traceability of all the group's environmentally-friendly practices, has increasingly become a positive differentiation factor for its products and services. At the beginning of 2010, the BU will launch All Ways Green, a project designed to mobilise all its internal know-how with a view to:

- in terms of products – developing new cork composite materials that maximise the use of natural raw or subsidiary materials,

including biomass; studying new production technologies for manufacturing these innovative materials;

- in terms of applications – initiating RDI projects to encourage technological networking and leverage the potential for developing new applications and components in cooperation with Portuguese and international industrial partners and technological centres, particularly in the space, railway and sustainable construction sectors.

3.5. Insulation Cork

In 2009, CORTICEIRA AMORIM's New Business Development Unit made an important contribution to expanding the Insulation Cork BU's product portfolio. One result, following a R&D process, was the development of a pollution control solution based on the use of cork.

The BU has already placed on the market a line of materials for absorbing oil, hydrocarbon and organic solvent spills, marketed under the brand name CorkSorb.

The business was created following a research project lasting several years and constitutes the first results of R&D focused on discovering new applications for cork, with the added value that using cork to protect the environment maintains a close link between this new solution and the sustainability policies and practices adopted by the whole group.

4. Integrated Management System

Quality, Environmental Protection and Safety

Aligning different management subsystems aimed at improving efficiency and integrating them with the strategic objectives of the balanced scorecard approach constitute an important guarantee of CORTICEIRA AMORIM's sustained development.

In this context, the following achievements merit special note:

- the quality control system of the Cork Stopper BU's Coruche industrial unit was awarded NP EN ISO 9001 certification. The same unit was awarded chain of custody certification by the Forest Stewardship Council, enabling the world biggest cork stopper manufacturing plant to use the FSC registered trademark on its Twin Top stoppers, a guarantee of the contribution made by this product and the group to sustainable forestry management;
- the strengthening of CORTICEIRA AMORIM's strategic commitment to sustainable forestry management also led to Amorim France being awarded chain of custody accreditation by the FSC and to chain of custody auditing of Amorim & Irmãos facilities. The certification of these facilities will enable the company to add the FSC registered trademark to champagne, capsule and Neutrocork stoppers;
- membership of the Global Forest & Trade Network Iberia, initiated in 2008 by Amorim Revestimentos, was expanded to include the

Cork Stopper and Cork Composites BUs at the end of 2009. This strengthens CORTICEIRA AMORIM's commitment to this global network of companies, which promotes the responsible consumption of forestry products and seeks to prevent forestry degradation across the world;

– the group retained or upgraded all its other certifications, specifically:

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

5. Human Resources

In a year of extensive restructuring, caused by the economic and financial situation (CORTICEIRA AMORIM underwent a significant reduction in employees), the group's main objectives in terms of human resources were to maintain an appropriate social and motivational climate, to invest in the essential qualifications of a significant percentage of its employees and in ensuring the responsiveness required of all staff to adapt to economic, technological and sales volume trends.

5.1. A Year of Internal Communication Responding to economic challenges

During 2009, a particularly challenging year, a number of communication initiatives were planned and implemented, ranging from quarterly communications with middle and senior managers to information sessions at different levels about the group's operations, results and objectives and highlighting points to be focused on in each area during the year. Maintaining a social climate suited to the different moments and phases the group experienced was one of the main achievements of 2009.

Another two BUs – Raw Materials and Cork Composites – launched regular newsletters, strengthening their internal communication capacities. These two units, together with the Cork Stopper and the Floor and Wall Coverings BUs, already publish regular newsletters, an important resource for internal communication and alignment.

5.2. Employee Development Continuing to prepare for the future

The 2009 climate of containment and internal restructuring led to a concentration of training efforts and the development of two specific areas:

technological evolution and work organisation processes, mainly at the operating level, and Skills Recognition, Improvement and Certification (RVCC) processes. During the year, the group also fulfilled its goal of helping another 300 employees complete their basic and secondary education. In parallel with this process, all the training initiatives associated with technological and management development projects were continued.

5.3. Human Resource Indicators Training, motivating and preventing Training

The total amount of training provide in 2009 was about 50,000 hours, a slight decrease compared with years of greater investment. This trend will be inverted in 2010, reverting to the gradual growth of previous years, with noticeable increases in the annual number of training hours per employee. Training indicators also underwent an important change in 2009: a proportional increase in the number of training hours provided for employees directly employed in manufacturing.

Absenteeism

The level of absenteeism remained virtually unchanged at about 3.5%, with one CORTICEIRA AMORIM BU – Cork Composites – lowering its absenteeism rate by about one percentage point (from 4% to 3%).

Accidents

Investments and initiatives undertaken in recent years, in terms of management and technology as well as employee education and training, produced positive results: absenteeism per work accident continued on downward trend in 2009.

6. CORTICEIRA AMORIM on the Stock Market

6.1. Overview

Following the virtual collapse of financial markets in 2008, a positive growth trend emerged in 2009, despite a bad start, as governments and central banks announced strategies and measures to stabilise financial markets, particularly credit markets, making finance available to companies and families at a time of reduced liquidity and strong risk aversion.

Equity markets were the greatest beneficiaries of these measures. Liquidity injections, access to credit made possible by guarantee systems, maintaining interest rates at historic lows, among other measures, provided for a gradual, if still timorous, recovery in corporate business activity. This was reflected in profit announcements, boosting the confidence of analysts and investors. Growing confidence and low interest rates also made the equity market more attractive.

By the end of 2009, share markets had registered substantial gains compared with the previous year. The Eurostoxx 50 (European Union) rose 22%; the CAC 40 (France) was up 22.32%; the Nasdaq 100 and the Dow Jones Industrial (USA) increased 53.54% and 18.82% respectively; and the PSI 20 (Portugal) gained 33.47%.

6.2. CORTICEIRA AMORIM – Share Performance

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

On 31st December of the year under review, CORTICEIRA AMORIM shares ended the session at €0.94, a gain of 16% over the year-end 2008 share price, in line with the major stock exchange markets in the world. In 2009 more than 18.7 million shares were traded on the stock exchange (up 131% over 2008) and there were 5337 share transactions (up 53% compared to 2008), exceeding in the whole €16.2 million (up 34% over 2008).

In 2009, the average price per share was €0.84: the maximum price per share reached €1.05 on 8 April and the minimum share price was €0.54 on the Stock Exchange sessions of 9 September and 9 October 2009. The percent amplitude stood at 51.4% (38.8% in 2008), thus highlighting the security's volatility, in line with the high volatility recorded by most of the stock exchanges.

The following charts illustrate CORTICEIRA AMORIM's stock market performance (Fig.6, Fig.7 and Fig.8):

Fig. 6 Share Price Performance in 2009



Source: NYSE Euronext

7. Consolidated Income

7.1. Summary

The beginning of 2009 was dominated by a severe and widespread lack of confidence. The fourth quarter of 2008, marked by the virtual collapse of the global financial system, indicated the crisis would spread to the so-called real economy. During the first quarter of 2009, the full range of economic and financial indicators sank to lows that in many cases had not been seen since the end of World War II. Record falls were recorded from equity markets to world trade, producing other highly negative effects: galloping unemployment and severely restricted credit access. Industrial companies suffered declines in sales that often exceeded 20% and 30%.

In response to this situation, agile companies began to adapt their cost structures to the reduced level of activity. In reaction to the difficult climate experienced since November 2008, CORTICEIRA AMORIM announced on February 3, 2009 measures to adapt its production capacity to the current levels of demand. This, together with other internal measures, which, naturally, did not have the same impact in the media, were aimed at making the group's operations economically and financially sustainable in response to a significant reduction in sales. This adaptation continued during the rest of the year, affecting almost every Business Unit (BU).

Fig. 7 Trading Volumes on the Regulated Market in 2009

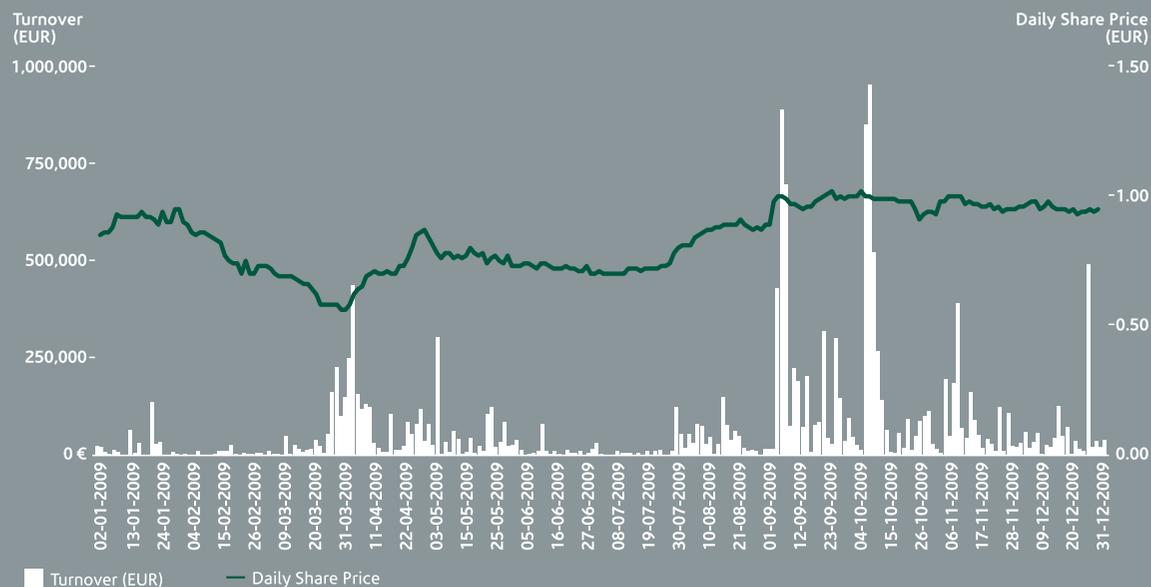


Fig. 8 Stock Market Performance in Recent Years

	2006	2007	2008	2009
Nr. of shares traded	10,564,708	21,631,823	12,051,555	18,680,284
Share prices (€):				
Maximum	2.32	2.19	1.96	1.05
Average	1.85	2.03	1.37	0.84
Minimum	1.44	1.70	0.76	0.54
Year-end	1.96	1.96	0.81	0.94
Trading frequency	99.6%	99.6%	94.9%	94.1%
Stock market capitalization at year end (€)	260,680,000	260,680,000	107,730,000	125,020,000

Source: NYSE Euronext

Liquidity injections by central banks aimed at stimulating economic growth resulted in a slight upturn in confidence. The falloff in activity began to ease significantly from the second quarter. CORTICEIRA AMORIM's sales figures gradually began to recover. This, together with the impact of the cost reductions described above, inverted the negative trend in quarterly income growth. After two consecutive quarters of negative growth (Q408 and Q109), the final three quarters of 2009 produced positive income growth (Fig. 9)

As forecasted by some economists, the positive economic impact of successive support actions by governments and central banks began to grow weaker. Unemployment rates remained stubbornly high and consumers continued to show a general lack of confidence. As a result, fourth quarter figures proved a little disappointing. Another cause for concern also emerged. In fact, apprehension over the finances of some Euro Zone members, Portugal among them, appeared to confirm the fears expressed by some analysts only six months earlier that the imminent recovery, forecast by others as a certainty, could face serious difficulties.

The cork industry in general faced an extremely difficult year. The fall in the value of its exports, which fell 18.5% in accumulated terms over the first 10 months of 2009, was clear proof of this. It should be noted, however, that this was in line with the average fall for Portuguese exporting industries as a whole. This, combined with the high level of financial instability that characterises the cork industry, had a devastating effect on many companies in the sector. CORTICEIRA AMORIM, although negatively affected by the extremely difficult climate, was able to resist, due not only to the solid financial situation it had built up in recent years, but also to the rapidity with which it adapted its structures to the difficult business conditions.

Fig. 9 Quarterly Changes

	Sales Variation a)	Net profit/Net loss (M€)
4Q08	2.4%(a)	-4.3
1Q09	-17.4%	-4.6
2Q09	-11.4%	1.1
3Q09	-11.6%	5.7
4Q09	-3.8%	2.9
2009	-11.3%	5.1

a) In comparison with the same period of the previous year.

7.2. Consolidated Income

Sales totalled €415.2 million in 2009, a fall of 11.3% on 2008. The decline was general across almost every market and product family.

As previously mentioned, the drop in sales eased over the year. The Insulation Cork BU even achieved higher sales in the final quarter than in the same period in 2008. In accumulated terms, however, sales for the Insulation BU were 8.2% down on the previous year. The performance of the Cork Stoppers BU was also noteworthy. Its 8.5% drop in annual sales in fact represented an increase in market share, given the overall contraction of the market.

The two other BU who market products to end consumers, Floor and Wall Coverings and Composite Cork, registered sales declines of approximately 16% to 17%. (Fig. 10 and Fig.11)

If 2009 proved anything, it was CORTICEIRA AMORIM's capacity for resistance. The group was able to protect its essential markets and products, increasingly underlining its position as the only global player in the cork world. It also strengthened its financial solidity, in marked contrast with most of the sector, and, last but not least, it achieved the objective it had announced at the height of the crisis, of delivering positive income at the end of 2009.

In absolute terms, the group's sales fell by €53 million. Offsetting the negative impact on income of a sales decline of this magnitude seems like an almost impossible task. However, three factors contributed to the group's success: maintaining gross margin percentage, reducing operating costs and the positive impact of sound finances.

As the year progressed, the significant improvement in the gross sales margin enabled the group to end the year with its gross margin as a

percentage of sales at the same level as in 2008. Ceasing use of cork from the 2007 harvest in manufacturing made an important contribution to this improvement. From the fourth quarter of 2009, the group began using cork from the 2008 harvest, the acquisition price of which was about 20% lower. Maintaining the sales prices of CORTICEIRA AMORIM's final products and, to a certain extent, a slightly more favourable US dollar exchange rate, together with improvements in the manufacturing process, also contributed to the positive evolution of the gross margin.

If maintaining the gross margin percentage had an important impact on income, the reduction of operating costs was fundamental. Cutting these costs by about €17 million, excluding planned restructuring costs of about €4.5 million, resulted in a current EBITDA of €38.5 million, equal to 9.3% of sales and close to the 10% achieved in 2008. In absolute terms, however, EBITDA fell by about 17% on 2008 to €46.6 million.

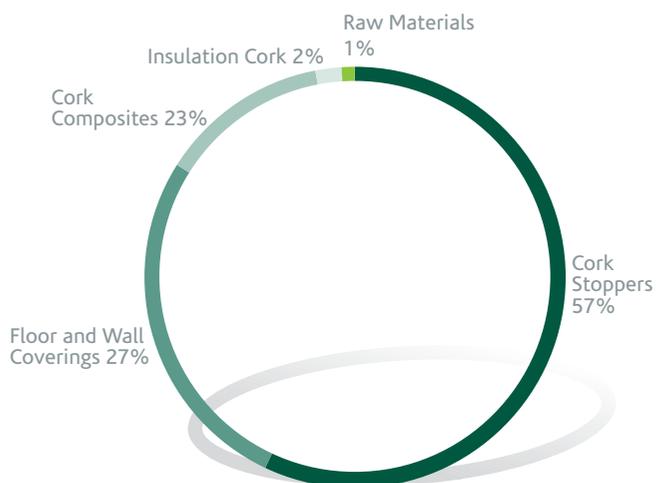
Performance by the Cork Stoppers BU was again noteworthy, achieving current EBITDA growth of about 20% thanks to the combined effect of

a strong gross margin as a percentage of sales and a reduction in operating costs that was greater than the decline in sales. The Insulation Cork BU also achieved an increase of about 10% in current EBITDA, although at much lower absolute values because of its smaller size.

In regard to the other BUs, the Cork Composites succeeded in lifting current EBITDA to about €4.6 million, a considerable increase on its 2008 performance of €2.1 million. It should be noted that significant restructuring affected this BU in 2008, including the incorporation of the former CorkRubber BU, resulting in a low level of EBITDA.

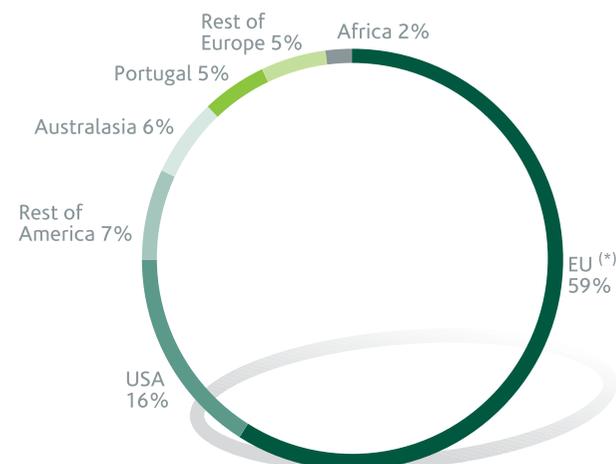
EBITDA performance at the Raw Materials and Floor and Wall Coverings BUs also deteriorated in 2009. The former was negatively affected by having to use more expensive cork for most of the year and not being able to reflect this in the transfer price at which is sold raw materials to other BUs, especially the Cork Stoppers BU. At the Floor and Wall Coverings BU, the negative impact of a 15% drop in sales was aggravated by restructuring costs, particularly in the final quarter of 2009. The positive effects of these changes will only be felt in 2010 (Fig.12).

Fig. 10 Breakdown Sales by Business Unit(*)



(*) Sales to non-Group Clients

Fig. 11 Breakdown Sales by Geographical Area



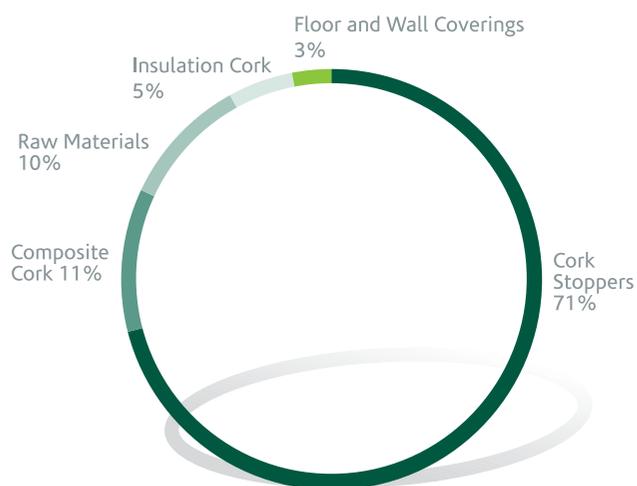
(*) Including Switzerland and Norway; excluding Portugal.

The third and final factor contributing to positive income growth was the group's financial solidity. As an analysis of the consolidated balance sheet shows, remunerated debt was reduced by 37.83% in 2009 compared the end of 2008. In addition to this important reduction, the average interest rates paid by CORTICEIRA AMORIM also fell. The combination of these two factors resulted in the biggest reduction in interest paid in the group's history, from €13.4 million in 2008 to €5.7 million in 2009.

The negative impact of lower sales combined with the three positive effects described above resulted in CORTICEIRA AMORIM posting a pre-tax profit of €8.1 million in 2009, about 35% lower than in the previous year.

Allowing for estimated taxes on income and after minority interests, net profit for the year totalled €5.11 million, down 16.9% on 2008 earnings of €6.15 million (Fig.13).

Fig. 12 Business Unit's Contribution to Current EBITDA



8. Consolidated Balance Sheet

For the second consecutive year, CORTICEIRA AMORIM's consolidated balance sheet registered a reduction. The disinflation that affected the price of most materials consumed and the lower level of activity resulted in an overall decrease from €575 million at the end of 2008 to €525 million at the end of 2009.

In terms of assets, the greater proportion of the total balance sheet reduction of €50 million was attributable to inventories (€31 million), of which €20 million related to raw materials, due to the lower prices at which they were acquired. Tangible fixed assets also fell in value given that total depreciation was €5 million greater than total investments made in 2009 (€21 million against investments of €16 million). Customer assets and tax payments to be returned (VAT) also increased by €9 million, largely due to the lower level of activity registered in 2009. The €50 million reduction in assets contributed to a €3 million increase in shareholders' equity and a €47 million increase in liabilities.

Fig. 13 Sales, EBIT and Net Profit

thousand euros



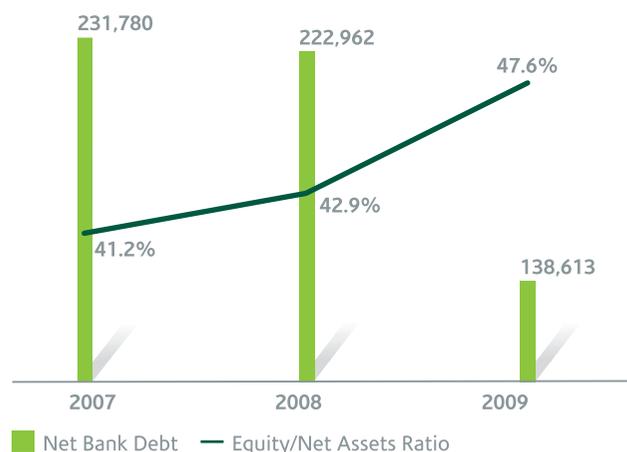
Equity naturally benefited from the net profit for the year (€5.1 million) and from the contrary effect of some movements in the own shares account and exchange rate differences, among other factors.

In terms of liabilities, 2009 saw two significant developments in opposite directions. The first was an increase of €41 million in accounts payable to suppliers. This exceptional increase was a consequence of a new relationship with a significant proportion of CORTICEIRA AMORIM's suppliers. A suitable financial instrument was made available that enabled the group to extend the time taken to pay suppliers without any negative impact on them. The other important development in terms of liabilities was a reduction of about €81 million in remunerated debt. This significant decrease was another positive consequence of the evolution of assets and liabilities described above. One of the objectives set at the height of the crisis experienced at the beginning of the year was thus fully attained: strengthening CORTICEIRA AMORIM's financial position. As previously referred to in analysing the group's results, the debt reduction had a very positive impact on financial profits and, consequently on CORTICEIRA AMORIM's net profit for the year.

The profit obtained and, principally, the reduction in the value of the balance sheet resulted in a substantial improvement in the debt-to-equity ratio, which rose from 42.9% at the end of 2008 to 47.6% at the end of 2009 (Fig. 14).

Fig. 14 Net Bank Debt and Equity

thousand euros



9. The Activities of CORTICEIRA AMORIM's Non-Executive Board Members

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

During 2009, the non-executive members of the Board of Directors regularly attended the monthly meetings of the Board, where all matters that could not be delegated or were included on the agenda because of their importance, scale or critical timing were discussed and analysed.

The meetings were organised administratively to ensure that all Board Members, executive and non-executive, could adequately prepare beforehand, encouraging the active participation of all members in the debate, analysis and tabling of decisions in benefit of the productivity of the meetings and the efficiency of the group. The calendar of ordinary meetings of the Board of Directors was agreed at the beginning of 2009 to enable all members to attend. Any board member, including non-executive members, could submit points or discussion subjects for inclusion in the agenda up to two working days before each meeting.

“CORTICEIRA AMORIM ACHIEVED THE OBJECTIVE IT HAD ANNOUNCED AT THE HEIGHT OF THE CRISIS, OF DELIVERING POSITIVE INCOME AT THE END OF 2009.”

A system has been implemented that enables the Executive Board to report to the Board of Directors in such a way as to ensure that the activities of the two bodies are properly aligned and that all members of the Board of Directors are informed in a timely fashion of the activities undertaken by the Executive Board.

As a consequence, and excepting matters that are of the exclusive competence of the Board of Directors, non-executive board members were informed of and able to follow:

- the development of operating activities and the main economic and financial indicators of all the BU that comprise CORTICEIRA AMORIM;
- information relation to the group's consolidated finances: financing, investment, financial autonomy and extra-patrimonial responsibilities;
- activities carried out by different support services and their impact on the group;
- the development of R&DI activities;
- the calendar of the main events involving CORTICEIRA AMORIM and its BU, given that the group is often represented at international events, such as trade missions, by one or more non-executive member of the Board of Directors.

10. Outlook

10.1. Economic Outlook

10.1.1. Global Overview

International organisations forecast global economic growth of about 3.1% in 2010 against a background of recovery from the biggest global financial crisis since the Great Depression of 1929. Developing economies, especially in Asia, are expected to lead the recovery, with China and India in the lead. Only moderate growth is forecast for developing economies, with growth fluctuating at low levels. The need by all business sectors to reduce indebtedness will act as an obstacle to growth. The risks related to this central forecast are decidedly negative. After the deep crisis that began in May 2007 and reached its height between September 2008 and March 2009, extraordinary support measures for economic growth in general and for the financial system are expected to be phased out in 2010. Business and financial market sentiment and the evolution of the main economic indicators will be determined to a large extent by the form and timing of the termination of these support programmes. World trade is expected to grow by about 6% after a sharp contraction of approximately 12.5% in 2009. Stabilising demand at a global level (encouraging domestic demand growth in countries with large current account surpluses and export growth in countries with external deficits) is essential for positive growth. Sovereign risk is also expected to be an important issue in 2010, the impact that

Fig. 15 Consolidated Figures

thousand euros

	4Q09	4Q08	Variation	12M09	12M08	Variation
Sales	99,430	103,348	-3.79%	415,210	468,289	-11.33%
Gross Margin – Value	50,168	50,219	-0.10%	196,907	221,512	-11.11%
– Percent	1) 50.70%	48.66%	+ 2.04 p.p.	47.98%	47.85%	+ 0.12 p.p.
Operating Costs	2) 44,928	50,973	-11.86%	178,972	195,967	-8.67%
Current EBITDA	10,705	5,217	5) 105.19%	38,522	48,366	-20.35%
Current EBIT	5,240	-754	N/A	17,935	25,545	-29.79%
Restructuring Costs	0	0	N/A	4,515	0	N/A
Net Profit (attributable to shareholders)	2,862	-4,310	N/A	5,111	6,153	-16.93%
Earnings per Share	3) 0.022	-0.033	N/A	0.039	0.047	-16.70%
EBITDA/Net Interest (x)	14.18	1.56	13 x	6.77	3.62	3 x
Equity/Net Assets	4) -	-	-	47.6%	42.9%	+ 4.7 p.p.
Net Bank Debt	-	-	-	138,613	222,962	-37.83%

1) Related to production.

2) It includes financial costs and revenues, other interest, and extraordinary items.

3) Net Profit/Average outstanding shares (Euros/share) (excluding shares owned by CORTICEIRA AMORIM).

4) Total Equity/Total Assets (December, 31).

5) Current EBITDA for 4Q08 and year 2008 includes 1,712 K€ of Goodwill impairment.

concerns over sovereign default risk will have on world economic growth already being perceptible at the time of writing this report. Maintaining the 2009 trend, unemployment is expected to remain high, exceeding two digits in many parts of the world. Prices are forecast to rise by about 1% in developed economies and by about 4.4% in emerging and developing economies. The end of falling price trends for energy and some instances of credit concession overheating could have an unwelcome impact. The main central banks will need to meet two objectives that are not always compatible – guaranteeing both price stability and financial system stability.

The Euro Zone is expected to register marginal growth, forecast at about 0.3%. The restrictions inherent in stability and growth regulations and the fiscal deterioration that occurred in 2009 as a result of exceptional government support measures for the economy and the financial sector will prevent the high 2009 levels of public spending continuing into 2010. Inflation is projected to increase by about 0.8%. A continued rise in unemployment and increased sovereign risk premiums are factors that will limit economic recovery, which is likely to be slow and gradual. Economic growth in the United States should reach about 1.5% as the country gradually moves out of one of its worst recessions on record. Despite renewed confidence, private consumption growth is expected to be restrained – correcting past imbalances, reducing indebtedness and increasing assets are likely to be dominant concerns. Investment should expand. In comparison with the Euro Zone, the US economy should see a clearer increase in prices, with inflation expected to reach 1.4%. Economic growth in Japan should reach 1.7%, with exports making a fundamental contribution. Unemployment is projected to remain high for Japan at about 5.5%. The deflationary climate should continue in 2010.

10.1.2. Portugal

Economic growth in Portugal is expected to be weak in 2010 at between 0.3% and 0.8%. Recovery will be restricted by private sector deleveraging, raising the possibility of a further contraction in growth – 2010 began with a substantial increase in the country's risk premium and the approval of a containment budget. Portugal's updated Stability and Growth Programme is due to be unveiled shortly and is expected to include a package of tough measures to control the public finances and reduce the budget deficit to below 3.0% of GDP in 2013. Fiscal policy will seek to invert the tendency for increasing public indebtedness registered in 2009, when the budget deficit reached 9.3% of GDP, higher than even the most recent previous forecast. Domestic demand is expected to make a zero contribution to GDP growth and a forecast marginal gain in private consumption is likely to be offset by a contraction in investment. Marginal export growth is projected – Spain, which accounts for a quarter of Portuguese exports, is expected to register negative economic growth while Portugal's other trading partners are not likely to enjoy sufficient growth to offset the drop in Spanish demand. Imports are forecast to register slightly negative growth in 2010.

Unemployment is expected to remain high at above 10%, with long-term unemployment increasing. Inflation is projected to register a moderate increase reflecting the impact of higher energy prices. The risks facing the economy are incontrovertibly negative.

10.2. Operating Activities

10.2.1. Raw Materials

Provisioning raw materials will remain the fundamental concern in 2010 through a continuation of the purchasing policy followed in 2009, based on increasing rigour with the aim of acquiring cork of the best possible quality (in terms of suitability for the operations/applications for which it is intended), at the best possible price (compatible with the expected price trends of both cork and finished products), and at the best possible time (in terms of upholding the previous aims – quality and price – and ensuring continuous operations).

Profitability is expected to improve in relation to 2009 as a result of new incorporation prices (the cork to be processed in 2010 will have been acquired in 2008/2009) and, above all, because of the better quality of the cork acquired.

Planned investments are aimed at technological development, progressing with the implementation of measures identified through continuous improvement Kaizen practices; the replacement and upgrading of installed capacity to meet more demanding industrial requirements; and the certification and traceability of products.

10.2.2. Cork Stoppers

The year of 2010 is expected to be very demanding: at a time when all types of consumption are in retreat, the BU will have to respond to increasing demands from both the wine industry (for quality and service) and end consumers (for competitive prices), requiring a continued commitment to the quality of its cork stoppers through the implementation of technological development and industrial efficiency projects.

At a commercial level, the BU's large commercial network, together with a full-coverage distribution policy, will be critical success factors. Providing every customer with the best, 100% natural closure solutions, high and uninterrupted service levels and distribution and service proximity will enable the unit to expand its current market shares.

The main strategic objectives to be achieved in 2010 are to:

- achieve a balanced “volume-value mix”, favouring products with greater growth potential and which are perceived by customers to have greater value;
- gain business from multinational and large domestic customers;
- increase the potential of the commercial network to expand full-coverage distribution and service, giving priority to products with the greatest growth potential;

- improve supply chain management – in terms of both raw materials and finished products;
- implement measures to reduce costs and invest in technological development to improve operating efficiency.

10.2.3. Floor and Wall Coverings

Sales forecasts for 2010 are based on forecasts of slight growth in the world economy, which will remain fragile in developed countries. New product collections, consolidating the shareholding in US Floors (United States), opportunities for sales to new customers and the results of an international promotional campaign for cork by the Portuguese Cork Association (APCOR) should support a growth in sales, albeit moderate, in relation to 2009.

The BU's activities in 2010 should benefit from the reorganisation carried out in 2009 with the aim of streamlining the operational structure and from the resulting reduction in operating costs.

The combined effect of the initiatives described above is expected to result in a significant turnaround in terms of income and a return to profitability.

10.2.4. Cork Composites

While action was taken in 2009 to adapt this BU's activities to current and forecast demand, more attention will be given in 2010 to planning and implementing initiatives aimed at stimulating market activity and growth.

In terms of new applications with strong growth potential, specifically in regard to core materials, the probabilities of success over the short term are today substantially greater than in the recent past. In the market for traditional applications, the trend towards recovery that appears to have begun in the final months of 2009 is expected to gain momentum, albeit slowly. Greater focus by business teams on applications, reflected in a recent reorganisation of sales, customer service and technical assistance teams should support this trend.

The operations plan also includes a number of geographical diversification projects involving both mature and emerging markets as well as the introduction of new products. The aim is to build on potential synergies involving technology and materials with the aim of complementing the existing range with other applications.

Internally, initiatives to increase productivity and competitiveness will remain a focus of resources allocation and management attention in all departments and at all levels. The 2010 investment and training plans are based on a careful selection of projects and initiatives and a corresponding allocation of resources with the aim of creating added value.

10.2.5. Insulation Cork

The unique characteristics of this BU's natural and environmentally-friendly products and solutions, particularly their superior performance, will contribute to their greater visibility and utilisation, as will a marketing approach that highlights the benefits of sustainable construction – the new medium-density fibreboard (MDF) system and Ecological Homes.

Investments aimed at increasing productivity, market diversification and expanding innovative product uses into new market segments should also have a positive impact on its activities and profitability.

10.3. Results

Continuing high unemployment and the new threats to the public finances of some member countries, including Portugal, will be the main factors restricting the Euro Zone to sluggish growth.

Unlike 2008, when the budget for 2009 was already considered to be out of date when the Annual Report was written, the 2010 budget serves as an adequate guide for the coming year.

The 2010 budget envisages a slight recovery in CORTICEIRA AMORIM markets, estimated at 1% to 2% of consolidated sales. However, a real increase in income will not be driven by sales. An improved performance in terms of the Gross Margin as a result of using cork with a better price/quality ratio and an earnings recovery by the Floor and Wall Coverings BU are expected to be the main contributors to a forecast improvement in profits in 2010.

No significant improvement on 2009 is expected in the financial area. The benefits resulting from a forecast reduction in indebtedness are expected to be offset by a slight increase in interest rates.

11. Business Risks and Uncertainties

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

A long way from being over, the global crisis that the world is experiencing has greatly restricted economic activity. The lack of liquidity that has had a strong negative impact on corporate activity, particularly investment; the slowdown in business operations continues to cause significant job losses; but, most seriously of all, a profound crisis of confidence has led to vicious circle of contracting consumption, investment and finance.

CORTICEIRA AMORIM, like other companies, continues to operate in an adverse economic climate and contracting consumption that is affecting its main exports markets, specifically:

- **the construction sector** – the marked deceleration of activity in this sector, in terms of both new building and the renovation of existing buildings, combined with the postponement of purchasing decisions by the end users of floor and wall coverings and insulation materials has resulted in a slowdown in global demand for these products.

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

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

- **the world wine sector** – because of the ongoing crisis, there is no expectation of a recovery in *per capita* wine consumption or a reversal of the trend for trading down, with consumers opting to buy lower-priced wines, a trend affecting the product mix of the Cork Stoppers BU.

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

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

- **depreciation of the US dollar** – a factor that erodes business margins. Over the short term, the effects of dollar depreciation have been offset by an active policy of substituting invoicing currencies – in 2007 consolidated sales in US dollars accounted for

16.7% of sales to non-group customers – and by adopting a consistent policy of hedging exchange rate risk (either through natural hedging or appropriate financial instruments); over the long term CORTICEIRA AMORIM is committed to developing new products/solutions with greater added value with a view to establishing a product mix capable of overcoming these limitations. As a result, the company has adopted an organisational model geared to moving up the value chain and neutralising this risk;

- **climate changes** – a factor that could potentially reduce the availability of raw materials in that it could destabilise the ecosystem on which the cork oak depends as a result of severe droughts, which would threaten the propagation and growth of the tree. More importantly, the capacity of the cork oak and of cork, both as a raw material and in the form of cork products, to retain carbon helps to mitigate the emission of the greenhouse gases that cause climate change.

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

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

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

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

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

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

The use of these closures is falling for the third consecutive year, a trend reinforced over the past year by positive signals by the North American and British markets by fluctuations in the price of commodities associated with its production, the high prices of raw materials having contributed to additional losses of competitiveness, especially among the major wine companies, consumers of millions of wine closures, in which such variations may, easily, become a significantly higher production cost. But it is also important to consider two other factors in the analysis of the plastic closures market: one of a technical nature and the other related to image. The first relates to the failure to devise manufacturing processes capable of reproducing the clear advantage cork has of achieving a balance between the effort required to extract the stopper and the optimum level of oxygen permeability that it provides for wine development. This crucial technical impasse, together with the depreciative association by consumers of plastic closures with low-grade wine has led the market to search rapidly for new artificial closures that imitate cork, which has maintained its position as the closure of choice and the benchmark for quality, performance and image.

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

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

- the obvious technical complexities of using an anaerobic closure such as the screw-caps – particularly the phenomenon of reduction – have raised significant barriers to its use and a general adoption of screw-caps, which some had forecast would occur in the 1990s, is far from becoming a global threat to natural cork, the recognised technical advantages of which have been strengthened by its ecological and environmentally-friendly characteristics;

- modern awareness of the environmental and ecological costs involved in the use of manufactured products is now an irreversible reality, requiring these costs to be mediated and controlled and, as far as possible, avoided. As the result, the replacement of a natural product – cork – by a product manufactured by an industrial process that consumes more energy than any other comparable process has met with the natural resistance of consumers.

The debate on wine closures is currently focused on two main aspects, both of them highly positive for cork: questions of sustainability, which are clearly of concern to public opinion, and technical and media recognition that the reduction problems associated with screw caps are undeniable and showing a tendency to increase.

12. Financial Risk Management

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

13. Proposed Appropriation of Profit

Taking into account that in 2009 the company registered a net profit of €46,595,073.27 (forty six million, five hundred and ninety five thousand, seventy three euros and twenty seven cents), the Board of Directors proposes that shareholders approve that the above-mentioned net profit of €46,595,073.27 (forty six million, five hundred and ninety five thousand, seventy three euros and twenty seven cents) be transferred as follows:

- to Legal Reserves: €2,329,753.66 (two million, three hundred and twenty nine thousand, seven hundred and fifty three euros and sixty six cents);
- to Unrestricted Reserves: €44,265,319.61 (forty four million, two hundred and sixty five thousand, three hundred and nineteen euros and sixty one cents).

14. Treasury Stock

During 2009, in several stock market sessions, CORTICEIRA AMORIM acquired 498,349 of its own shares, corresponding to 0.375% of its share capital, at an average price of €0.60 per share. The total value of these transactions was €298,642.51, as indicated on Fig.16:

Fig. 16 Treasury Stock

Date	Transaction					
09-04-2009	Instruction(s): acquisition of 170,000 shares in the stock exchange market – executed deals:					
	Quantity	Price per Share (€)	Total Amount (€)	Quantity	Price per Share (€)	Total Amount (€)
	10,000	0.56	5,600.00	3,457	0.58	2,005.06
	3,234	0.56	1,811.04	793	0.58	459.94
	8,400	0.57	4,788.00	4,207	0.58	2,440.06
	2,000	0.57	1,140.00	5,000	0.58	2,900.00
	1,366	0.57	778.62	5,000	0.57	2,850.00
	6,034	0.57	3,439.38	5,000	0.57	2,850.00
	1,966	0.57	1,120.62	5,000	0.57	2,850.00
	3,700	0.58	2,146.00	5,000	0.57	2,850.00
	6,300	0.58	3,654.00	5,000	0.57	2,850.00
	5,700	0.58	3,306.00	10,000	0.57	5,700.00
	4,300	0.58	2,494.00	10,000	0.57	5,700.00
	5,000	0.58	2,900.00	6,792	0.57	3,871.44
	5,000	0.58	2,900.00	793	0.58	459.94
	5,000	0.58	2,900.00	2,415	0.58	1,400.70
	543	0.58	314.94	1,585	0.58	919.30
	2,500	0.58	1,450.00	5,415	0.58	3,140.70
	3,500	0.58	2,030.00	585	0.58	339.30
				19,415	0.58	11,260.70
14-04-2009	Instruction(s): acquisition of 227,675 shares in the stock exchange market – executed deals:					
	10,000	0.59	5,900.00	10,000	0.61	6,100.00
	146	0.61	89.06	10,000	0.61	6,100.00
	5,000	0.61	3,050.00	40,000	0.61	24,400.00
	4,000	0.61	2,440.00	10,000	0.61	6,100.00
	1,000	0.61	610.00	1,000	0.61	610.00
	35,000	0.61	21,350.00	9,000	0.61	5,490.00
	10,000	0.61	6,100.00	8,854	0.61	5,400.94
	1,000	0.61	610.00	1,251	0.61	763.11
	10,000	0.61	6,100.00	6,424	0.61	3,918.64
	33,854	0.61	20,650.94	3,576	0.61	2,181.36
	6,146	0.61	3,749.06	26,424	0.61	16,118.64
	3,854	0.61	2,350.94	5,000	0.61	3,050.00
	11,146	0.61	6,799.06	5,000	0.61	3,050.00
				10,000	0.61	6,100.00
15-04-2009	Instruction(s): acquisition of 50,674 shares in the stock exchange market – executed deals:					
	7,150	0.62	4,433.00	686	0.63	432.18
	1,210	0.62	750.20	9,314	0.63	5,867.82
	9,314	0.63	5,867.82	10,000	0.63	6,300.00
				13,000	0.63	8,190.00
	Total in 2009			498,349	298,642.51	

No treasury stock was sold.

On December 31, 2009, CORTICEIRA AMORIM's treasury stock totalled 3,087,683 shares, representing 2.322% of the company's share capital.

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

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

15. Subsequent Events

Subsequent to December 31, 2009 and until the date of this report, there were no other relevant facts that may have a material adverse effect on the financial position and future results of CORTICEIRA AMORIM and the subsidiaries included in the consolidation.

16. Statement of Responsibility

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

17. Final Words

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

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

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

Mozelos, 18th February 2010

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

António Rios de Amorim

Chairman of the Board of Directors

Fernando José Araújo Santos Almeida

Vice-Chairman of the Board of Directors

Joaquim Ferreira de Amorim

Member of the Board of Directors

Nuno Filipe Vilela Barroca de Oliveira

Member of the Board of Directors

Luísa Alexandra Ramos Amorim

Member of the Board of Directors

José da Silva Carvalho Neto

Member of the Board of Directors

André de Castro Amorim

Member of the Board of Directors

“Portugal was the first country to raise awareness of the environmental, biodiversity and ecological sustainability issues related to the manufacturing of cork products. Prized as part of the country’s national heritage, cork oak forests have been legally protected for centuries.”

APCOR

from “A Fileira da Cortiça” (The Cork Industry)







CHAPTER III

Corporate Governance Report



CORK: THE NATURAL
CHOICE. SUPERIOR
PERFORMANCE,
UNIQUE
ENVIRONMENTAL
CHARACTERISTICS.

*Cork oak forests
improve CO₂ sequestration.*

CHAPTER III

Corporate Governance Report

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

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

Chapter 4 hereof includes information required under Sections 447 and 448 of the Companies Act, Sections 14.6 and 14.7 of Regulation No. 5/2008 of the Portuguese Securities Market Commission (Transactions involving the company's Board members and Officers) and Section 3 of Law No. 28/2009 of 19th July (Remuneration Committee).

Chapter 0 – Statement of Compliance

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

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

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

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

Analysis shows CORTICEIRA AMORIM achieved a **high degree of compliance with the CMVM's recommendations** on corporate governance, as indicated by the following table (Fig.17):

Fig. 17 Compliance with the CMVM's Recommendations

I. General Meeting		
I.1. General Meeting Board	Situation as of 31-12-2009	Description in the Report
I.1.1. The Chair of the General Meeting Board shall be equipped with the necessary and adequate human resources and logistic support, taking the financial position of the company into consideration.	Adopted	1.1.
I.1.2. The remuneration of the Chair of the General Meeting Board shall be disclosed in the annual report on corporate governance.	Adopted	1.3.
I.2. Participation at the Meeting		
I.2.1. The obligation to deposit or block shares before the General Meeting, contained in the articles of association, shall not exceed five working days.	Adopted	1.4.
I.2.2. Should the General Meeting be suspended, the company shall not compel share blocking during that period until the meeting is resumed and shall then follow the standard requirement of the first session.	Adopted	1.4.
I.3. Voting and Exercising Voting Rights		
I.3.1. Companies may not impose any statutory restriction on postal voting.	Adopted	1.8.
I.3.2. The statutory deadline for receiving early voting ballots by mail shall not exceed three working days.	Adopted	1.8.
I.3.3. The company's articles of association shall provide for the one share-one vote principal.	Adopted	1.6.
I.4. Quorum and Resolutions		
I.4.1. Companies shall not set a constitutive or deliberating quorum that outnumbers that which is prescribed by Law.	Not Adopted	1.7.
I.5. Attendees List, Minutes and Information on Resolutions Passed		
I.5.1. The minutes of the General Meetings shall be made available to shareholders on the company's website within a five day period, irrespective of the fact that such information may not be legally classified as material information. The list of attendees, agenda items of the minutes and resolutions passed during such meetings shall be kept on file on the company's website for a three year period.	Adopted	3.12.
I.6. Measures on Corporate Control		
I.6.1. Measures aimed at preventing successful takeover bids, shall respect both the company's and the shareholders' interests.	Adopted	1.13.; 1.14.; 1.15.
I.6.2. In observance to the principle of the previous sub-paragraph, the company's articles of association that restrict/limit the number of votes that may be held or exercised by a sole shareholder, either individually or in concert with other shareholders, shall also foresee for a resolution by the General Meeting, (five year intervals, at least) on whether that statutory provision is to prevail – without super quorum requirements as to the one legally in force – and that in said resolution, all votes issued be counted, without applying said restriction.	Not applicable	-
I.6.3. In cases such as change of control or changes to the composition of the Board of Directors, defensive measures should not be adopted that instigate an immediate and serious asset erosion in the company, and further disturb the free transmission of shares and voluntary assessment of the performance of the Board of Directors by the shareholders.	Adopted	1.13.

II. Management and Supervisory Boards		
II.1. General Points		
II.1.1. Structure and Duties		
II.1.1.1. The Board of Directors shall assess the adopted model in its governance report and pin-point possible hold-ups to its functioning and shall propose measures that it deems fit for surpassing such obstacles.	Adopted	2.1.
II.1.1.2. Companies shall set up internal control systems in order to efficiently detect any risk to the company's activity by protecting its assets and keeping its corporate governance transparent.	Adopted	2.1. to 2.7.
II.1.1.3. The Management and Supervisory Boards shall establish internal regulations and shall have these disclosed on its website.	Not Adopted	
II.1.1.3. 1. Formal internal regulation: – of the Board of Directors. – of the Supervisory Board.	Not Adopted (2010: under analysis)	2.6.
	Adopted	2.6.
II.1.1.3. 2. Disclosure of the regulations on the Society website: – of the Board of Directors – of the Supervisory Board.	Not Adopted (2010: under analysis)	2.6.
	Adopted	2.6.
II.1.2. Governance Incompatibility and Independence		
II.1.2.1. The Board of Directors shall include a number of non-executive members that ensure the efficient supervision, auditing and assessment of the executive members' activity.	Adopted	2.1.
II.1.2.2. Non-executive members must include an adequate number of independent members. The size of the company and its shareholder structure must be taken into account when devising this number and may never be less than a fourth of the total number of Directors.	Not Adopted	2.1.; 2.9.
II.1.3. Eligibility Criteria for Appointment		
II.1.3.1. Depending on the applicable model, the Chair of the Audit Board, the Audit Committee or the Financial Matters Committees shall be independent and be adequately capable to carry out its duties.	Adopted	2.7.; 2.12.; 2.13.
II.1.4. Policy on the Reporting of Irregularities		
II.1.4.1. The company shall adopt a policy whereby irregularities occurring within the company, are reported. Such reports should contain the following information:		
II.1.4.1. i) – the means through which such irregularities may be reported internally, including the persons that are entitled to receive the reports;	Adopted	2.12.
II.1.4.1. ii) – how the report is to be handled, including confidential treatment, should it be required by the reporter.	Adopted	2.12.
II.1.4.2. The general guidelines on this policy should be disclosed in the corporate governance report.	Adopted	2.12.

II.1.5. Remuneration	Situation as of 31-12-2009	Description in the Report
II.1.5.1. The remuneration of the members of the Board of Directors shall be aligned with the interests of the shareholders. Thus:		
II.1.5.1. i) – the remuneration of Directors carrying out executive duties should be based on performance and a performance assessment shall be carried out periodically by the competent body or committee;	Adopted	2.18.; 2.20.
II.1.5.1. ii) – the level of remuneration shall be consistent with the maximization of the long term performance of the company, and shall be dependent on sustainability of the levels of the adopted performance;	Adopted	2.18.
II.1.5.1. iii) – when the remuneration of non-executive members of the Board of Directors is not legally imposed, a fixed amount should be set.	Adopted	2.18.; 2.20.
II.1.5.2. The Remuneration Committee and the Board of Directors shall submit a statement on the remuneration policy to be presented at the Annual Shareholders General Meeting on the Management and Supervisory bodies and other directors as provided for in Article 248/3/b of the Securities Code. The shareholders shall be informed on the proposed criteria and main factors to be used in the assessment of the performance for determining the level (share bonuses; option on share acquisition, annual bonuses or other awards).	Adopted	-
II.1.5.3. At least one of the Remuneration Committee’s representatives shall be present at the Annual Shareholders’ General Meeting.	Adopted	1.12.
II.1.5.4. A proposal shall be submitted at the General Meeting on the approval of plans for the allotment of shares and/or options for share purchase or further yet on the variations in share prices, to members of the Management and Supervisory Boards and other Directors within the context of Article 248/3/B of the Securities Code. The proposal shall mention all the necessary information for its correct assessment. The proposal shall contain the regulation plan or in its absence, the plan’s general conditions. The main characteristics of the retirement benefit plans for members of the Management and Supervisory Boards and other Directors within the context of Article 248/3/B of the Securities Code, shall also be approved at the General Meeting.	Adopted	3.10.
II.1.5.5. The remuneration of the members of the Management and Supervisory Boards shall be individually and annually disclosed and, information on fixed and variable remuneration must be discriminated as well as any other remuneration received from other companies within the group or companies controlled by shareholders of qualifying holdings.	Adopted	2.20.
II.2. Board of Directors		
II.2.1. Within the limits established by Law for each Management and Supervisory structure, and unless the company is of a reduced size, the Board of Directors shall delegate the day-to-day running and the delegated duties should be identified in the Annual Report on Corporate Governance.	Adopted	2.2.; 2.3.
II.2.2. Board of Directors shall ensure that the company acts in accordance with its goals, and should not delegate its duties, namely in what concerns:		
II.2.2. i) – definition of the company’s strategy and general policies;	Adopted	2.3.
II.2.2. ii) – definition of the corporate structure of the group;	Adopted	2.3.
II.2.2. iii) – decisions taken that are considered to be strategic due to the amounts, risk and particular characteristics involved.	Adopted	2.3.

II.2.3. Should the Chair of the Board of Directors carry out executive duties, the Board of Directors shall set up efficient mechanisms for coordinating non-executive members that can ensure that these may decide upon, in an independent and informed manner, and furthermore shall explain these mechanisms to the shareholders in the corporate governance report.	Adopted	2.3.
II.2.4. The annual management report shall include a description of the activity carried out by the non-executive board members and shall mention any restraints encountered.	Adopted	-
II.2.5. The management body should promote member replacement for financial matters at least after a two year mandate.	Adopted	2.3.
II.3. Chief Executive Officer (CEO), Executive Committee and Executive Board of Directors		
II.3.1. When Directors that carry out executive duties are requested by other Board Members to supply information, the former shall do so in a timely manner and the information supplied must adequately suffice the request made.	Adopted	2.3.
II.3.2. The Chair of the Executive Committee shall send the convening notices and minutes of the meetings to the Chair of the Board of the Directors and, when applicable, to the Chair of the Supervisory Board or the Auditing Committee.	Adopted	2.3.
II.3.3. The Chair of the Executive Board of Directors shall send the convening notices and minutes of the meetings to the Chair of the General and Supervisory Board and to the Chair of the Financial Matters Committee.	Not applicable	-
II.4. General and Supervisory Board, Financial Matters Committee, Audit Committee and Audit Board		
II.4.1. Besides fulfilling its supervisory duties, the General and Supervisory Board shall advise, follow-up and carry out on an on-going basis, the assessment on the management of the company by the Executive Board of Directors. Besides other subject matters, the General and Supervisory Board shall decide on:	Not applicable	-
II.4.1. i) – definition of the strategy and general policies of the company;	Not applicable	-
II.4.1. ii) – the corporate structure of the group;	Not applicable	-
II.4.1. iii) – decisions taken that are considered to be strategic due to the amounts, risk and particular characteristics involved.	Not applicable	-
II.4.2. The annual reports and financial information on the activity carried out by the General and Supervisory Committee, the Financial Matters Committee, the Audit Committee and the Audit Board shall be disclosed on the company's website together with the financial statements.	Adopted	-
II.4.3. The annual reports on the activity carried out by the General and Supervisory Board, the Financial Matters Committee, the Audit Committee and the Audit Board shall include a description on the supervisory activity and shall mention any restraints that they may have come up against.	Adopted	-
II.4.4. The Financial Matters Committee, the Audit Committee and the Audit Board (depending on the applicable model) shall represent the company for all purposes at the external auditor, and shall propose the services supplier, the respective remuneration, ensure that adequate conditions for the supply of these services are in place within the company, as well as being the liaison officer between the company and the first recipient of the reports.	Not Adopted (2010: in analysis)	-
II.4.5. According to the applicable model, the Committees for Financial Matters, Audit Committee and the Audit Board, shall assess the external auditor on an annual basis and advise the General Meeting that he/she be discharged whenever justifiable grounds are present.	Adopted	-

II.5. Special Committees	Situation as of 31-12-2009	Description in the Report
II.5.1. Unless the company is of a reduced size and depending on the adopted model, the Board of Directors and the General and Supervisory Committees, shall set up the necessary Committees in order to:		
II.5.1. i) – ensure that a competent and independent assessment of the Executive Directors' performance is carried out, as well as its own overall performance and further yet, the performance of all existing Committees;	Adopted	1.12.
II.5.1. ii) – study the adopted governance system and verify its efficiency and propose to the competent bodies, measures to be carried out with a view to its improvement.	Adopted	Introduction to the Chapter 2.
II.5.2. Members of the Remuneration Committee or alike, shall be independent from the Members of the Board of Directors.	Adopted	2.19.
II.5.3. All the Committees shall draw up minutes of the meetings held.	Adopted	-
III. Information and Auditing		
III.1. General Disclosure Duties		
III.1.2. Companies shall maintain permanent contact with the market thus upholding the principle of equality for shareholders and ensure that investors are able to access information in a uniform fashion. To this end, the company shall create an Investor Assistance Unit.	Adopted	3.12.
III.1.3. The following information that is made available on the company's Internet website, shall be disclosed in the English language:		
III.1.3. a) The company, public company status, headquarters and remaining data provided for in Article 171 of the Commercial Companies Code;	Adopted	3.12.
III.1.3. b) Articles of Association;	Adopted	3.12.
III.1.3. c) Credentials of the members of the Board of Directors and the Market Liaison Officer;	Adopted	3.12.
III.1.3. d) Investor Assistance Unit – its functions and access tools;	Adopted	3.12.
III.1.3. e) Accounts Reporting documents;	Adopted	3.12.
III.1.3. f) Half-yearly calendar on company events;	Adopted	3.12.
III.1.3. g) Proposals sent through for discussion and voting during the General Meeting;	Adopted	3.12.
III.1.3. h) Notices convening meetings.	Adopted	3.12.

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

On December 31, 2009 CORTICEIRA AMORIM was in full compliance with current legislation and statutes. In regard to the CMVM Corporate Governance Code referred to in Point 0.1. above, CORTICEIRA AMORIM had not fully implemented all the recommended practices, as shown in the previous chart.

CORTICEIRA AMORIM recognises the CMVM Code as a benchmark for good practices and an important contribution and incentive for reflection on and adoption of a corporate organisational model that safeguards the rights of shareholders, the transparency of

corporate governance and is a stimulus to greater business efficiency and competitiveness.

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

Recommendation I.4.1 – Constitutive and deliberating quorums.

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

¹ The Portuguese Companies Act establishes the following requirements for validating the decisions approved by a General Meeting: Quorum (article 383):

1. The General Meeting can approve decisions, at a first convocation, whatever the number of shareholders present or represented, except when otherwise stipulated in the following paragraph or in the contract.

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

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

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

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

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

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

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

This matter is currently being reconsidered.

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

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

Although, in accordance with the current concept of independence, the Board of Directors does not include any independent non-executive members as recommended by the CMVM Corporate Governance Code, the company believes that, given the existence of a double system of supervision – a supervisory board and a board of statutory auditors –

2. For the General Meeting to approve decisions, at a first convocation, on alterations to the contract, merger, de-merger, transformation or dissolution of the company or other matters for which the law requires an unspecified qualified majority, shareholders holding shares representing one third of the share capital must be present or represented.

3. At a second convocation, the General Meeting can approve decisions whatever the number of shareholders present or represented or the amount of share capital they represent.

Majority (article 386):

1. The General Meeting approves decisions by a majority of votes, whatever the percentage of share capital represented, except when otherwise stipulated by law or by contract; abstentions are not counted.

2. When there are competing proposals in decisions on the appointment of members of governing bodies, official auditors or companies of official auditors, the proposal receiving the largest number of votes shall win.

3. Decisions on any of the matters referred to in No. 2 of article 383 must be approved by a majority of two-thirds of the votes cast, whether the meeting is a first or second convocation.

4. If shareholders holding at least half the share capital are present or represented at the second convocation of a General Meeting, decisions on any of the matters referred to in No. 2 of article 383 can be approved by a majority of the votes cast.

whose members are all independent, that the interests envisaged in his recommendation to be fully and appropriately protected. Thanks to the observance of this independence, together with the standards of responsibility required of the members of the Supervisory Board, the company considers the conditions are in place to ensure effective supervision to a high level of impartiality, rigour and independence.

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

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

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

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

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

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

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

Chapter I – General Meeting

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

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

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

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

Chairman: Joaquim Taveira da Fonseca

First appointment:	March 30, 2007
Renovation of the mandate:	March 28, 2008
End of the current mandate:	December 31, 2010

Secretary: Tiago Borges de Pinho

First appointment:	March 30, 2007
Renovation of the mandate:	March 28, 2008
End of the current mandate:	December 31, 2010

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

The Chairman of the group chairing the Annual General Meeting earned five thousand euros during the financial year 2009, and the total remuneration paid to all members of the group chairing the Annual General Meeting amounted to six thousand five hundred euros.

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

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

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

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

1.6. Number of shares that correspond to one vote.

One share corresponds to one vote.

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

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

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

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

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

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

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

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

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

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

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

1.11. The exercise of voting rights via electronic means.

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

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

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

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

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

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

As stated above, although the Remuneration Committee – whose appointment results from a resolution passed by the General Annual Meeting – is not required to provide information to the General Annual Meeting on this matter – as the responsibility for this matter rests with the

Remuneration Committee – from 2009 onwards it has been adopted the practice of submitting to the consideration of the Annual General Meeting, the report of the Remuneration Committee on the remuneration policy for members of the Board of Directors and the Supervisory Board as well as the Report of the Directors on the remuneration policy for other officers.

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

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

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

There are no agreements based on these terms.

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

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

Chapter II – Management and Supervisory Boards

The company adopts a governance model commonly known as "reinforced Latin model", which advocates the separation of the role of the directors and the members of the supervisory body, as well as a double supervisory mechanism, consisting of a supervisory board and a statutory auditor.

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

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

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

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

The Executive Board has analysed this matter together with questions related to the organic development of CORTICEIRA AMORIM. The process of deliberating on the structure of corporate governance itself took place both at the level of the Executive Board – with the presence of the market liaison officer – and the Board of Directors.

2.1. Identification and composition of the corporate bodies.

As of December 31, 2009 the corporate bodies were composed as follows:

Board of Directors:

Executive Directors:

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

Non-executive Directors:

Member:	Joaquim Ferreira de Amorim
Member:	Lúcia Alexandra Ramos Amorim
Member:	José da Silva Carvalho Neto
Member:	André de Castro Amorim

Supervisory Board:

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

Statutory Auditor:

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

Substitute: Hermínio António Paulos Afonso (ROC)

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

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

- **Adviser to the Board of Directors**

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

- **Executive Directors**

The Executive Board is composed of three members, a Chair and two Board Members. On December 31, 2009, the Board was composed of the following members:

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

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

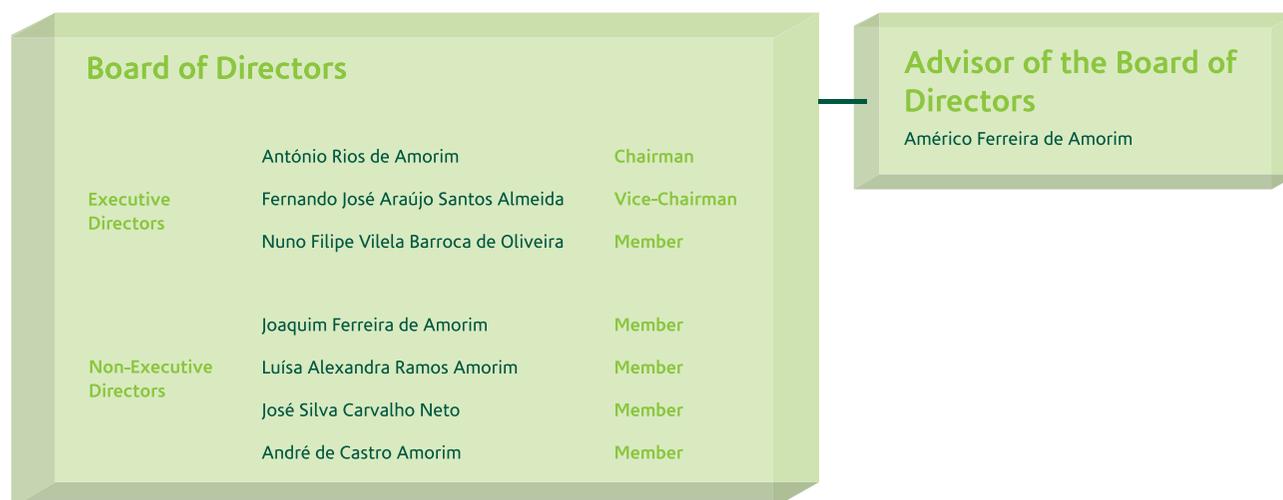
The **Board of Directors** is composed of four non-executive members and three executive members (Fig.18).

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

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

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

Fig. 18 Board of Directors



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

The Board of Directors may delegate its power as follows:

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

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

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

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

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

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

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

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

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

The **Chairman of the Executive Committee**, who serves simultaneously as Chairman of the Board of Directors, provides, on a timely basis, the notice and the agenda for Executive Committee meetings and Board meetings as well as their minutes to the Chairman of the Supervisory Board.

Business Management Structure

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

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

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

Each BU has a Board of Directors made up of non-executive and executive members, including a managing director. These boards are responsible for decisions on all matters deemed to be of importance. The following diagram shows how the company's management structure is currently organised (Fig19).

The **Support Departments** are responsible for monitoring and coordinating the activities of the BU and their respective operational areas, under the

coordination of the members of the Executive Board, as shown in Fig.20.

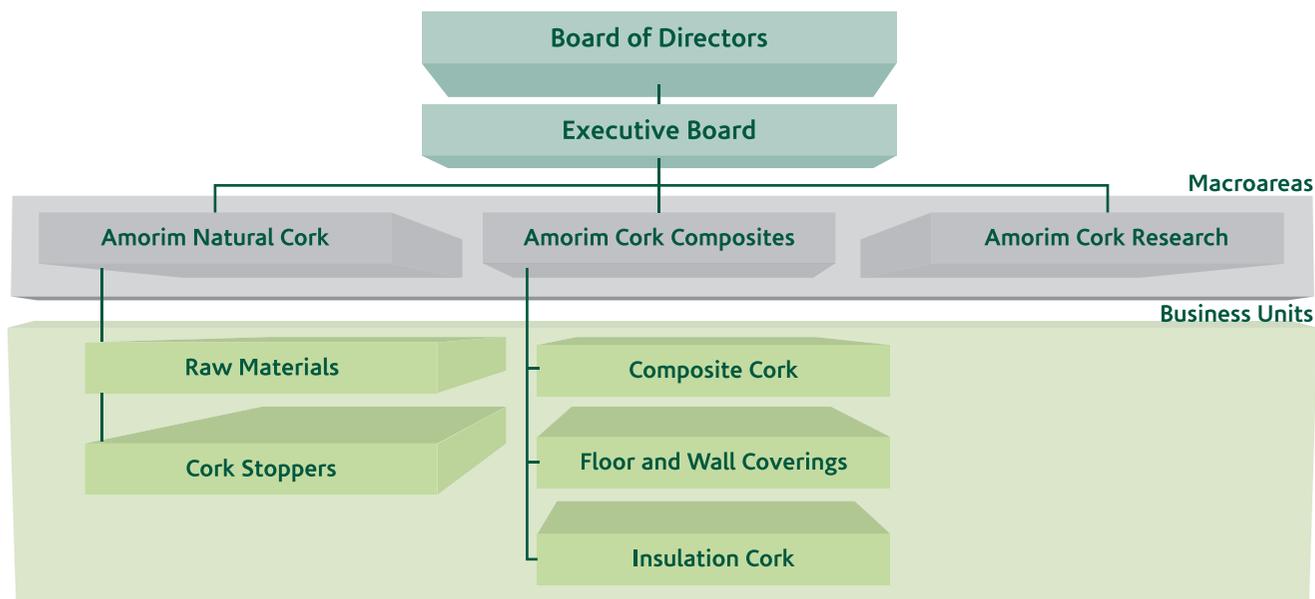
At intervals considered to be the most suitable/appropriate, the managing director of the support department, the Executive Board and Board of Directors can request – and do so – an analysis of the activities of the support departments so that the Board of Directors can consider the need/opportunity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

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

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

António Rios de Amorim was responsible for overseeing the Financial Area.

Fig. 19 Business Management Structure



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

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

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

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

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

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

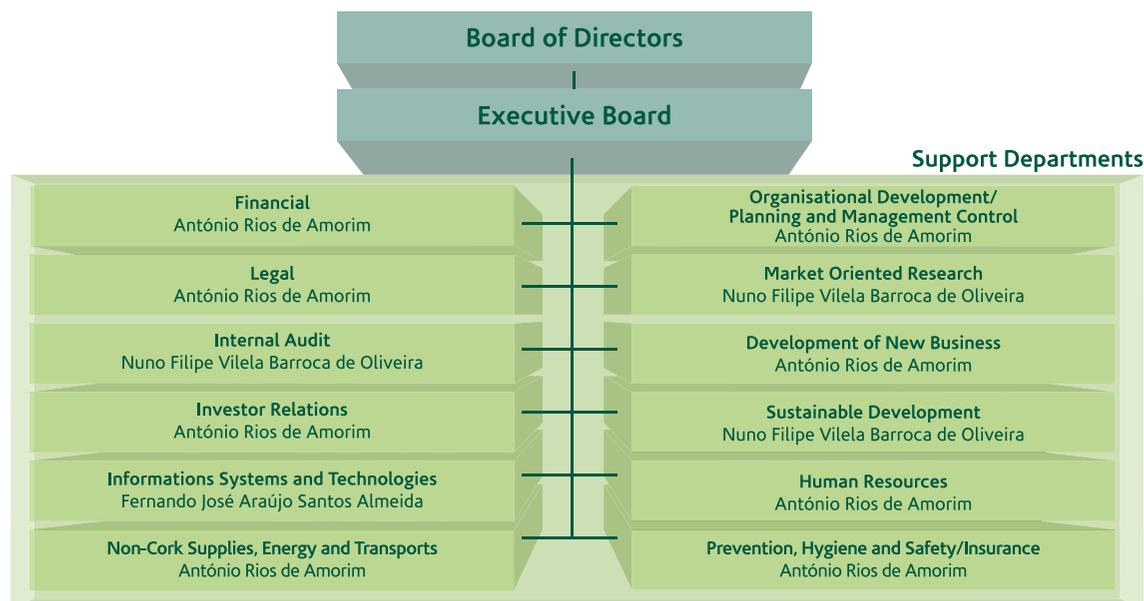
In terms of the Board of Directors and the Executive Board, the main aim is to establish an integrated overview of critical factors in terms of profitability and/or associated risks with a view to sustained value creation for the company and its shareholders.

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

Market and business risks:

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

Fig. 20 Support Departments



In their strategic planning, these BUs, supported by the balanced scorecard methodology, have identified key factors for value creation, using a multi-faceted approach that encompasses finance, markets and customers and processes and infrastructures. Using this approach, strategic objectives and intermediate goals are defined, together with the actions required to achieve them.

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

Raw material (cork) risk:

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

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

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

The Financial Department:

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

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

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

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

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

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

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

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

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

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

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

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

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

Among other issues, the **Company's Supervisory Board Regulations** stipulate those persons who are disqualified from being elected or appointed a member of the Supervisory Board:

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

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

(**) including spouses.

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

The Company's Supervisory Board Regulations is available at www.corticeiraamorim.com.

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

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

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

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

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

The **mandate** of the members of the Board of Directors lasts for one year and is automatically renewable up to a maximum of three years

provided shareholders do not propose replacing any or all of them at the General Meeting of shareholders when the management report, the annual financial statement of accounts and the proposal for the appropriation of profits are put forward for approval. Shareholders obligatorily elect the members of the Board of Directors every three years. Board members may be re-elected indefinitely.

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

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

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

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

advise the Supervisory Board, the Chairman of the Board of the General Meeting and the Board of Directors in writing of any situation or circumstance that might imply the loss of their independence under the terms of the previous paragraph.

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

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

Under the terms of the articles of association, the Board of Directors meets whenever it is in the interest of the company to do so (article 28). In 2009, it met ten times.

The Executive Board held eighteen meetings in 2009.

The Supervisory Board meets whenever a meeting is convened by the Chair or by two other board members and at least every quarter, in accordance with the terms of article 10 of its internal regulations. In 2009, it met four times.

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

Board of Directors:

Exececutive Members:

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

Non-Executive Members:

Member:	Joaquim Ferreira de Amorim
Member:	Luísa Alexandra Ramos Amorim
Member:	José da Silva Carvalho Neto
Member:	André de Castro Amorim

Executive Board:

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

None of the members of the Board of Directors or the Executive Committee meets all the requirements of independence set forth in Regulation 1/2007 of the Portuguese Securities Market Commission.

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

António Rios de Amorim (Chairman):

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

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

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

End of mandate: December 31, 2010.

As of December 31, 2009, he didn't held, directly, CORTICEIRA AMORIM shares.

Fernando José Araújo Santos Almeida (Vice-Chairman):

Graduated from the Faculdade de Economia da Universidade do Porto (Faculty of Economics, University of Porto) with a degree in Economics (1983/84). He joined CORTICEIRA AMORIM in 1991 and held several positions in various Amorim group member companies. In 2002 he took office as Manager of Organizational Development and Planning & Management Control of CORTICEIRA AMORIM.

Date of first appointment to the Board of Directors: July 31, 2009 (he was co-opted onto the Board).

End of mandate: December 31, 2010.

As of December 31, 2009 he didn't held CORTICEIRA AMORIM's shares.

Joaquim Ferreira de Amorim (Member):

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

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

End of mandate: December 31, 2010.

As of December 31, 2009, he didn't held, directly, CORTICEIRA AMORIM shares.

Nuno Filipe Vilela Barroca de Oliveira (Member):

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

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

End of mandate: December 31, 2010.

As of December 31, 2009, he didn't held CORTICEIRA AMORIM shares.

Luísa Alexandra Ramos Amorim (Member):

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

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

End of mandate: December 31, 2010.

As of December 31, 2009, she didn't held CORTICEIRA AMORIM shares.

José da Silva Carvalho Neto (Member):

He graduated in chemical engineering from the Universidade do Porto (University of Porto).

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

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

End of mandate: December 31, 2010.

As of December 31, 2009, he didn't held CORTICEIRA AMORIM shares.

André de Castro Amorim (Member)

A businessman and a director of several companies. He is a member of

the fourth generation of the Amorim Family. In 2005 he completed his BA (Hons) degree in International Business and Management Studies and Master of Arts in Entrepreneurial Management from the European Business School of London, United Kingdom and, since then, he has held executive management positions with several companies.

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

End of mandate: December 31, 2010.

As of December 31, 2009, he held, directly, 259,038 CORTICEIRA AMORIM shares.

2.11. Duties that the members of the Board of Directors carry out in other companies as well as those carried out in companies of the same holding (Fig.21).

Fig. 21 Duties of the Board of Directors in other Companies

António Rios de Amorim (Chairman):

Company	Position
CORTICEIRA AMORIM Group	
Amorim Natural Cork, S.A.	Chairman of the Board of Directors
Amorim Florestal España, S.L.	Chairman of the Board of Directors
Amorim & Irmãos IV, S.A.	Chairman of the Board of Directors
Amorim & Irmãos, S.A.	Chairman of the Board of Directors
Amorim & Irmãos, S.G.P.S., S.A.	Chairman of the Board of Directors
Amorim Florestal Catalunha, S.A.	Chairman of the Board of Directors
Amorim Florestal – Espanha, S.A.	Member of the Board of Directors
Amorim Industrial Solutions – Ind. de Cortiça e Borracha I, S.A.	Chairman of the Board of Directors
Amorim Isolamentos, S.A.	Chairman of the Board of Directors
Amorim Revestimentos, S.A.	Chairman of the Board of Directors
Amorim Cork Composites, S.A.	Chairman of the Board of Directors
Amorim Cork Research, Lda.	Manager
Francisco Oller, S.A.	Member of the Board of Directors
Korke Schiesser GmbH	Manager
Oller et Cie	Member of the Board of Directors
S.C.I. Friendland, S.L.	Manager
Société Nouvelle des Bouchons Trescasses, S.A.	Member of the Board of Directors
Other Companies	
Afaprom – Sociedade Agro-Florestal, S.A.	Member of the Board of Directors
Agolal, S.A.	Member of the Board of Directors
Amorim, S.G.P.S., S.A.	Member of the Board of Directors
Amorim Capital, S.G.P.S., S.A.	Member of the Board of Directors
Amorim Desenvolvimento, S.G.P.S., S.A.	Member of the Board of Directors
Amorim – Investimentos e Participações, S.G.P.S., S.A.	Second Vice-Chairman of the Board of Directors
Amorim – Participações Agro-Florestal, S.G.P.S., S.A.	Member of the Board of Directors

Continues

Continuation

Amorim – Participações imobiliárias, S.G.P.S., S.A.	Member of the Board of Directors
Amorim – Serviços e Gestão, S.A.	Chairman of the Remuneration Committee
Bomsobro, S.A.	Member of the Board of Directors
Caneicor, S.A.	Member of the Board of Directors
Chapius, S.L.	Chairman of the Board of Directors
Cimorim – Sociedade Agro-Florestal, S.A.	Member of the Board of Directors
Corpóreo – Compra e Venda de Imóveis, S.A.	Chairman of the Board of Directors
Fruticor, S.A.	Member of the Board of Directors
Interfamília II, S.G.P.S., S.A.	Member of the Board of Directors
Luxor, S.G.P.S., S.A.	Member of the Board of Directors
Mirantes e Freires, S.A.	Member of the Board of Directors
Olimpiadas Barcelona 92, S.L.	Chairman of the Board of Directors
Resiféria – Construções Urbanas, S.A.	Member of the Board of Directors
S21 – Sociedade de Investimento Imobiliário, S.A.	Member of the Board of Directors
Other Institutions	
Associação Portuguesa da Cortiça	Chairman
Confédération Européenne du Liège	Chairman of the Board of Directors
EGP – University of Porto Business School	Member of the General Board
UTAD – Universidade de Trás-os-Montes e Alto Douro	Member of the General Board

Fernando José Araújo Santos Almeida (Vice-Chairman):

Company	Position
CORTICEIRA AMORIM Group	
Amorim Revestimentos, S.A.	Member of the Board of Directors

Joaquim Ferreira de Amorim (Member):

Company	Position
CORTICEIRA AMORIM Group	
Amorim & Irmãos, S.G.P.S., S.A.	Vice-Chairman of the Board of Directors
Amorim & Irmãos, S.A.	Vice-Chairman of the Board of Directors
S.A.M. Clignet & Cie	Chairman of the Supervisory Board
Other Companies	
Amorim – Investimentos e Participações, S.G.P.S., S.A.	First Vice-Chairman of the Board of Directors
Amorim Capital, S.G.P.S., S.A.	Member of the Board of Directors
Amorim Desenvolvimento, S.G.P.S., S.A.	Member of the Board of Directors
Ancarin Investimentos Imobiliários e Financeiros, S.A.	Chairman of the Board of Directors
Casa de Mozelos Gestão de Imóveis, S.A.	Chairman of the Board of Directors
Evalesco, S.G.P.S., S.A.	Chairman of the Board of Directors
Florinvest – Sociedade Agrícola, S.A.	Chairman of the Board of Directors
Interfamília II, S.G.P.S., S.A.	Chairman of the Board of Directors
Investife – Investimentos Imobiliários, S.A.	Chairman of the Board of Directors
Investife, S.G.P.S., S.A.	Chairman of the Board of Directors
Muchbeta, S.A.	Chairman of the Board of Directors
Norbrasin, Investimentos Imobiliários, S.A.	Chairman of the Board of Directors
Resinfe – Investimentos e Promoção Imobiliária, S.A.	Vice-Chairman of the Board of Directors
Sociedade Agrícola Triflor, S.A.	Chairman of the Board of Directors

Nuno Filipe Vilela Barroca de Oliveira (Member):

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

Lúisa Alexandra Ramos Amorim (Member):

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

José da Silva Carvalho Neto (Member):

Company	Position
Other Companies	
Alqueva Verde, S.A.	Chairman of the Board of Directors
Amorim Broking – Investimentos e Participações Financeiras, S.A.	Chairman of the Board of Directors
Amorim Desenvolvimento, S.G.P.S., S.A.	Member of the Board of Directors
Amorim Energia, B.V.	Director
Amorim Negócios Internacionais, S.A.	Member of the Board of Directors
Bucozal – Investimentos Imobiliários e Turísticos, Lda.	Manager
Caribbean Seafood – Trading and Marketing, S.A.	Chairman of the Board of Directors
Investimentos Ibéricos, S.G.P.S., S.A.	Chairman of the Board of Directors
Imoluanda, S.A.	Chairman of the Board of Directors
Paisagem do Alqueva, S.A.	Chairman of the Board of Directors
Natureza – Investimentos e Participações, Lda.	Manager
Quinta Nova de Nossa Senhora do Carmo – Sociedade Agrícola, Comercial e Turística, Lda.	Manager
Recato da Madeira – Investimentos Financeiros e Gestão, S.A.	Chairman of the Board of Directors

André de Castro Amorim (Member):

Company	Position
Other Companies	
Evaesco, S.G.P.S., S.A.	Vice-Chairman of the Board of Directors/CEO
Investife, S.G.P.S., S.A.	Vice-Chairman of the Board of Directors
Investife – Investimentos Imobiliários, S.A.	Vice-Chairman of the Board of Directors
Florinvest, Sociedade Agrícola, S.A.	Vice-Chairman of the Board of Directors
Norbrasin, Investimentos Imobiliários, S.A.	Vice-Chairman of the Board of Directors
Ancarin, Investimentos Imobiliários e Financeiros, S.A.	Vice-Chairman of the Board of Directors
Casa de Mozelos, Gestão de Imóveis, S.A.	Member of the Board of Directors
Sociedade Agrícola Triflor, S.A.	Member of the Board of Directors
Inacom, S.A.	Member of the Board of Directors
Muchbeta, S.A.	Member of the Board of Directors
CHT – Casino Hotel de Tróia, S.A.	Vice-Chairman of the Board of Directors
Turyleader, S.G.P.S., S.A.	Vice-Chairman of the Board of Directors
Grano Salis – Investimentos Turísticos, Jogo e Lazer, S.A.	Vice-Chairman of the Board of Directors
Goldtur – Hotéis e Turismo, S.A.	Vice-Chairman of the Board of Directors
Amorim – Entertainment e Gaming International, S.G.P.S., S.A.	Vice-Chairman of the Board of Directors
Prifalésia – Construção e Gestão de Hotéis, S.A.	Vice-Chairman of the Board of Directors
Amorim Turismo – Imobiliária, S.G.P.S., S.A.	Vice-Chairman of the Board of Directors
Tróia Península Investimentos, S.G.P.S., S.A.	Vice-Chairman of the Board of Directors
Amorim Turismo, S.G.P.S., S.A.	Vice-Chairman of the Board of Directors
Sociedade Figueira Praia, S.A.	Vice-Chairman of the Board of Directors
FozPatrimónio – Sociedade Imobiliária e Turística, S.A.	Vice-Chairman of the Board of Directors

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

Composition of the Supervisory Board:

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

All the permanent and substitute members of the Supervisory Board comply fully with the rules on incompatibility set out in nr. 1 of article 414 of the Portuguese Companies Act and the criteria for independence set out in nr. 5 of the same article.

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

Durval Ferreira Marques (Chairman):

He graduated in Economics from the Faculdade de Economia da Universidade do Porto (Faculty of Economics, University of Porto). He has been a university lecturer in the field of technical education and an assistant technical professor at the Directorate General of Banco de Angola. For 25 years, he held management posts in South Africa in the

financial, insurance, media and industrial sectors. He also represented the Portuguese Business Association in South Africa and Mozambique.

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

First appointment to the supervisory board: May 28, 2007.

End of mandate: December 31, 2010.

As of December 31, 2009, he didn't held CORTICEIRA AMORIM shares.

Joaquim Alberto Hierro Lopes (Member):

He graduated in Accounting and Business Administration from the Instituto superior de Contabilidade e Administração do Porto (Higher Institute of Accounting and Business Administration of Porto). He also graduated in Mathematics from the Faculdade de Ciências da Universidade do Porto (Faculty of Sciences, University of Porto), holds a Masters Degree in Business Administration from the Universidade do Porto (University of Porto) and attended courses in auditing and tax law.

He has lectured at the Universidade do Porto (University of Porto). He was also Chairman of the Board and a member of the Scientific Committee of ISAG – Instituto Superior de Administração e Gestão (Portugal's Higher Institute of Administration and Management). He has held senior management positions and has been a member of the board at a number of Portuguese and international companies. In recent years, he has held senior executive positions in a number of companies belonging to the GED group and has been Executive Manager of GED Partners since March 2008. He is also a member of the governing bodies of several companies.

First appointment to the supervisory board: May 28, 2007.

End of mandate: December 31, 2010.

As of December 31, 2009, he didn't held CORTICEIRA AMORIM shares.

Gustavo José de Noronha da Costa Fernandes (Member):

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

First appointment to the supervisory board: May 28, 2007.

End of mandate: December 31, 2010.

As of December 31, 2009, he didn't held CORTICEIRA AMORIM shares.

Alberto Manuel Duarte de Oliveira Pinto (Substitute Member):

He graduated in Law from the Universidade Católica Portuguesa

(Portuguese Catholic University) and was awarded a Master's Degree in the History of Africa by the Faculdade de Letras da Universidade de Lisboa (Faculty of Letters of the University of Lisbon). In recent years, he has lectured at several higher education institutions: the Faculdade de Letras da Universidade de Lisboa (Faculty of Letters of the University of Lisbon), the Faculdade de Ciências e Tecnologia da Universidade de Coimbra (Faculty of Sciences and Technology of the University of Coimbra), Universidade Independente (Independent University) and Universidade Autónoma de Lisboa (Autonomous University of Lisbon). He is the author of a number of essays, academic studies and works of fiction.

First appointment to the supervisory board: May 28, 2007.

End of mandate: December 31, 2010.

As of December 31, 2009, he didn't held CORTICEIRA AMORIM shares.

2.14. The duties that the members of the Supervisory Board carry out in other companies as well as those carried out in companies of the same holding (Fig.22).

Fig. 22 Duties of the Members of Supervisory Board in Other Companies

Durval Ferreira Marques (Chairman):

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

Joaquim Alberto Hierro Lopes (Member):

Company	Position
Other Companies Aleastur – Asturiana de Aleaciones, S.A. Cellullem Bloc, S.A. FASE – Estudos e Projectos, S.A. GED Iberian Private Equity, S.A. GED Partners II, S.L. GED Sur Capital, S.A. Interinvest, S.A. Neckicesa Packaging, S.A. Serlima Services, S.A. Soprattutto Cafés, S.A.	Member of the Board of Directors Member of the Board of Directors Chairman of the Board of Directors Member of the Board of Directors Member of the Board of Directors Member of the Board of Directors Chairman of the Board of Directors Chairman of the Board of Directors Member of the Board of Directors Member of the Board of Directors

Gustavo José de Noronha da Costa Fernandes (Member):

Company	Position
Other Companies Gustavo Fernandes, Domingos Leite e Associados Cínica Alcaide, Lda.	Manager Manager

Alberto Oliveira Pinto (Substitute Member):

Company	Position
Other Companies CIMPOMÓVEL IMOBILIÁRIA, S.A.	Member of the Supervisory Board

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

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

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

The variable component of the remuneration of executive members of the Board of Directors corresponds to a bonus geared to how well the group performed in relation to targets, goals, strategic developments and priority initiatives set by the Board over a time horizon of three years, including respective annual abatements. This performance is monitored using the balanced scorecard system (for additional information see point 2.3 – Business management structure). The method assesses performance on the basis of financial and non-financial indicators, with performance bonuses being awarded in line with the degree to which targets and objectives, which are defined for periods of three years, are met, allowing for annual abatements.

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

CORTICEIRA AMORIM's Remuneration Board comprises a Chair and two Board Members, positions held, as of December 31, 2009 by:

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

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

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

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

In 2009, the members of the Board of Directors collectively earned a total remuneration of €394,721.30:

- for performing their duties and responsibilities as members of the Board of Directors of CORTICEIRA AMORIM, the Executive Directors, as a whole, earned only fixed remunerations in a total amount of € 394,721.30 (Mr. António Rios de Amorim: € 208,714.20; Mr Fernando José Araújo Santos Almeida: € 54,214.20; Mr. Viriato Jorge dos Santos Dinis: € 14,288.00; Mr. Nuno Filipe Vilela Barroca de Oliveira: € 117,504.90). These directors did not receive any remuneration for performing their duties as members of the Board of Directors in subsidiaries or associated companies consolidated in CORTICEIRA AMORIM;
- non-executive directors did not earn any remuneration for carrying out their duties and responsibilities either in the Board of Directors of CORTICEIRA AMORIM or as members of the Board of Directors in subsidiaries or associated companies consolidated in CORTICEIRA AMORIM.

No deferred payment of any variable remuneration was recorded on December 31, 2009.

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

As described in point 2.18. above.

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

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

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

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

Not applicable to remunerations paid in the year under review.

e) Compensation paid or owed to formmembers as a result of their ceasing their activities in 2009:

No compensation was paid or is owed to former board members as a result of their ceasing their activities in 2009.

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

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

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

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

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

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

In 2009, CORTICEIRA AMORIM paid a fixed remuneration to the members of its Supervisory Board in a total amount of € 42,900.00 (Supervisory Board's Chairman: € 13,200.00; each Supervisory Board's member: € 9,900.00). No other amounts were paid to these officers, for whatever reason whatsoever, by other member companies of the CORTICEIRA AMORIM group.

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

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

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

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

Such communications should be addressed to:

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

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

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

It is the duty of the Supervisory Board to analyse any reports of irregularities it receives and to solicit any clarifications it requires from

the company's other governing bodies and structures. In dealing with concrete situations, it has the power to:

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

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

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

Chapter III – Information

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

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

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

3.2. Qualifying holdings in the issuer's equity calculated as per article 20 of the Securities Code (Fig.23).

On December 31, 2009, Amorim – Investimentos e Participações, S.G.P.S., S.A. owned an indirect shareholding in CORTICEIRA AMORIM of 90,162,161 shares, corresponding to 67.791% of the company's share capital. This indirect holding is owned through Amorim Capital – Sociedade Gestora de Participações Sociais, S.A.

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

On December 31, 2009, CORTICEIRA AMORIM owned 3,087,683 of its own shares registered as treasury stock.

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

There are no company shares or shareholders with special rights.

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

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

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

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

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

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

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

No control mechanisms are envisaged in this area.

3.8. Description of the issuer's share price performance, with particular attention being given to the issue of shares or for or purchase shares, the announcement of financial results and dividend payment.

No shares or other securities giving shareholders the right to subscribe for or purchase shares were issued and no dividends were paid in 2009 (Fig.24).

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

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

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

Fig. 23 Qualified Shareholdings, as of December 31, 2009

Shareholder	Shares Owned (quantity)	Holding (%)
Amorim Capital, S.G.P.S., S.A.	90,162,161	67.791%
Amorim – Sociedade Gestora de Participações Sociais, S.G.P.S., S.A.	3,069,230	2.308%
Portus Securities – Sociedade Corretora, Lda.	7,400,000	5.564%
<i>Directly</i>	6,400,000	4.812%
<i>Through Shareholder/Director</i>	1,000,000	0.752%
Bestinver Gestión, SGILC, S.A. through the following holdings:	7,112,684	5.348%
BESTINVER BOLSA, F.I.	2,657,788	1.998%
BESTINFOND F.I.	2,281,287	1.715%
BESTINVER MIXTO, F.I.	471,246	0.354%
SOIXA SICAV, S.A.	428,025	0.322%
BESTINVER BESTVALUE SICAV	409,194	0.308%
BESTINVER GLOBAL, F.P.	405,305	0.305%
BESTINVER AHORRO, F.P.	240,219	0.181%
TEXRENTA INVERSIONES SICAV, S.A.	113,704	0.085%
LOUPRI INVERSIONES	29,978	0.023%
BESTINVER EMPLEO F.P.	20,659	0.016%
DIVALSA DE INVERSIONES SICAV, S.A.	19,008	0.014%
ACCS., CUPS. Y OBS. SEGOVIANAS, SICAV, S.A.	14,592	0.011%
ABEDUL 1999, S.A., SICAV	10,875	0.008%
LINKER INVERSIONES, SICAV, S.A.	10,804	0.008%
Commerzbank AG through the following holdings:	9,203,387	6.920%
Dresdner Bank AG	9,203,387	6.920%
Total of the qualified shareholdings	116,947,462	87.930%

appropriation of profits to be submitted to the general meeting (Fig.25).

3.10. A description of the main characteristics of the share and stock option plans adopted or valid for the financial year in question, the reason for adopting said scheme and details of the category and number of persons included in the scheme, share-assignment conditions, non-transfer of share clauses, criteria on share-pricing and the exercising option price, the period during which the options may be exercised, the characteristics of the shares to be distributed, the existence of incentives to purchase and/or exercise options,

and the responsibilities of the Board of Directors for executing and/or changing the plan.

CORTICEIRA AMORIM did neither adopt nor has any present plan to allot shares in the company or to grant rights to purchase shares.

It is understood, however, that if such a plan were proposed, it should be submitted to the Annual General Meeting for approval.

Fig. 24 Stock Performance – 2009



— Closing price

1. 03-02-2009 – Corporate restructuring;
2. 16-02-2009 – Disclosure of consolidated annual financial statements for the year ended 31 December 2008;
3. 08-05-2009 – Presentation of the Company’s activities and disclosure of consolidated financial statements for the quarter ended March 31, 2009;
4. 07-08-2009 – Disclosure of consolidated financial statements for the half year ended 30 June 2009;
5. 04-11-2009 – Disclosure of consolidated financial statements for the quarter ended 30 September 2009;
6. 15-12-2009 – Subsidiary joins the R&D core for designing components for the railway industry.

Source: NYSE Euronext

3.11. A description of the main business data and transactions carried out between the company and the members of the Management and Supervisory Board, the owners of qualified holdings or parent companies, affiliates or group companies in an amount that is economically significant for any of the parties involved, except for those businesses or transactions that are cumulatively considered within the bounds of normal market conditions for similar transactions and are part of the company's current business. There were no relevant transactions such as the described in this issue.

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

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

a) The role of said office

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

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

Within the scope of activities carried out in 2009 regarding contact with investors, the following are especially noteworthy:

- business & half-year results presentation through the use of an audio-conferencing system, thereby promoting interaction in the dissemination of that information;
- one-on-one meetings held by invitation at the premises of investment banks;
- on-site meetings with investors and teams of analysts, to whom the main industrial plants were presented.

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

b) Type of information made available

- the company name, its public company status, head-office and remaining data provided for in article 171 of the Commercial Companies Code;
- articles of Association;
- identification of the members of the Board of Directors and the Investor Relations Officer;
- the Investors Relations Department, its functions and access tools;
- financial reports for the previous five years, including annual report of the structure and practicces of corporate governance;
- half-yearly calendar of corporate events disclosed at the beginning of each half-year;
- convening notices for general meetings, 30 days prior to the general meeting date;

Fig. 25 CORTICEIRA AMORIM dividend performance – 2005 a 2008

	Unit	2005	2006	2007	2008
Payed/available at		28-04-2006	30-04-2007	28-04-2008	-
Total dividend	€ 1,000	6,650	7,315	7,980	0
Payout ratio	%	42.2%	36.4%	34.3%	-
Dividend per share	€	0.050	0.055	0.060	0
% of nominal value	%	5.00%	5.50%	6.00%	-
% of share price on December 31	%	3.38%	2.81%	3.06%	-

- proposals submitted for discussion and vote at the general meeting during the 15 days prior to the general meeting date;
- form to exercise non-presential vote;
- form for shareholders' proxy representation at the general meetings;
- disclosure of annual, half-yearly and quarterly financial information on the company's activities;
- market releases: results, relevant information, qualified holdings in the company's share capital;
- activity presentations for investors and market analysts.

From the beginning of 2009 onwards – and according to notice 156/EMIT/DMEI/2009/5 15 of the Portuguese Securities Market Commission – the minutes and statistical information on the members' attendance at the Annual General Meeting are also made available for consultation within five working days after the holding of the Annual General Meeting. Records relating to more than three years were collected and are duly kept by the company.

c) Access means to the said office

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

d) The company's website

A wide range of information on CORTICEIRA AMORIM's ownership structure, its trade and business performance is made available by the company on its website www.corticeiraamorim.com, and thus the company fully complies with the provisions and requirements set forth in Section 4 of Regulation No. 1/2007 of the Portuguese Securities Market Commission.

e) The market liaison officer's credentials

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

3.13. Indication of the annual compensation paid to the auditor and to other individuals or groups that belong to the same network supported by the company and/or by any group that bears with it a control or group relationship and the percentage of the total amount paid for the following services (Fig.26):

"Other services" essentially refers to support for the implementation of administrative mechanisms for complying with legal formalities.

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

Fig. 26 Annual Remuneration

Service	Value (thousand euros)	%
Statutory auditing	377.9	80.5
Other auditing services	38.7	8.3
Tax consulting	0.0	0.0
Other services	52.6	11.2
Total	469.2	100.0

Chapter IV – Information required under other legislation

4.1. Remuneration policy for members of the managerial and supervisory bodies as approved by the Company's Annual General Meeting.

In compliance with Section 3 of Law No. 28/2009 of 19 July, please find below the remuneration policy for members of the Board of Directors and the Supervisory Board submitted to the Annual General Meeting of CORTICEIRA AMORIM on 19 March 2009:

The **members of the Board of Directors** shall be paid adequate remuneration taking into account:

- the remuneration package agreed upon by the company and each Director;
- the principles of internal equity and external competitiveness;
- that, whenever appropriate and feasible, such remuneration package shall consist of a fixed component – for executive and non-executive directors –, to which a variable component shall accrue – for Executive Directors only – based on the effective contribution, on an individual and/or collective level, of these Executive Directors, to a sustainable development of the company's business, its medium to long term profitability prospects and the creation of value for its shareholders.

The **members of the Supervisory Board** shall be paid a fixed remuneration in twelve monthly amounts, in line with market practice and according to the duties and responsibilities inherent in the position held and the technical and professional knowledge and skills demonstrated.

4.2. Transactions involving the company's Board members and Officers.

In compliance with the provisions set forth in Sections 14.6 and 14.7 of Regulation No. 5/2008 of the Portuguese Securities Market Commission

and in accordance with notices received from individuals/entities subject to this rule, it is hereby reported that no transactions in shares of CORTICEIRA AMORIM (except for the transaction described in item 4.3.b) (i) below) or in financial instruments relating to the company have been made in 2009 by the company's Board members or Officers or by CORTICEIRA AMORIM's controlling companies or by persons in close relation to such Board members and/or Officers.

4.3. Information required under sections 447 and 448 of the Companies Act.

a) CORTICEIRA AMORIM's shares held and/or directly traded by members of the governing bodies of the company:

- i) on December 31, 2009, Mr. André de Castro Amorim (a company director) held 259,038 CORTICEIRA AMORIM's shares; during the year 2009 he did not trade in any securities of the company;
- ii) the remaining members of the governing bodies did neither hold nor trade in any securities of the company.

b) CORTICEIRA AMORIM's shares held and/or directly traded by companies in which members of the company's governing bodies perform managerial or supervisory functions:

- i) Luxor, S.G.P.S., S.A., a company in which Mr. António Rios de Amorim (the Chairman of the Board of Directors of CORTICEIRA AMORIM) performed managerial duties, held 3,069,230 CORTICEIRA AMORIM's shares until 22 December 2009.

On December 22, 2009, Luxor, S.G.P.S., S.A. – through the transfer of all of its assets – was incorporated into Amorim – Sociedade Gestora de Participações Sociais, S.G.P.S., S.A.. Among such transferred assets were 3,069,230 CORTICEIRA AMORIM's shares representing approximately 2.3% of CORTICEIRA AMORIM's issued share capital. As a result of that merger process, such 3,069,230 CORTICEIRA AMORIM's shares were transferred to Amorim – Sociedade Gestora de Participações Sociais, S.G.P.S., S.A., a company in which Mr. António Rios de Amorim (the Chairman of the Board of Directors of CORTICEIRA AMORIM) performed managerial duties.

- ii) Evaluesco, S.G.P.S., S.A., a company in which Mr Joaquim Ferreira de Amorim and Mr André de Castro Amorim – both directors of CORTICEIRA AMORIM – performed managerial duties, held 90,000 CORTICEIRA AMORIM's shares. In 2009 no CORTICEIRA AMORIM's shares were traded by Evaluesco, S.G.P.S., S.A.

- iii) Sociedade Agrícola Triflor, S.A., a company in which Mr Joaquim Ferreira de Amorim and Mr André de Castro Amorim – both directors of CORTICEIRA AMORIM – performed managerial duties, held 285,956 CORTICEIRA AMORIM's shares. In 2009 no CORTICEIRA AMORIM's shares were traded by Sociedade Agrícola Triflor, S.A.

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

On December 31, 2009, Amorim Capital – Sociedade de Participações Sociais, S.A. held 90,162,161 CORTICEIRA AMORIM's shares representing 67.791% of the company's issued share capital.

Mozelos, February 18, 2010

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

António Rios de Amorim

Chairman of the Board of Directors

Fernando José Araújo Santos Almeida

Vice- Chairman of the Board of Directors

Joaquim Ferreira de Amorim

Member of the Board of Directors

Nuno Filipe Vilela Barroca de Oliveira

Member of the Board of Directors

Luísa Alexandra Ramos Amorim

Member of the Board of Directors

José da Silva Carvalho Neto

Member of the Board of Directors

André de Castro Amorim

Member of the Board of Directors

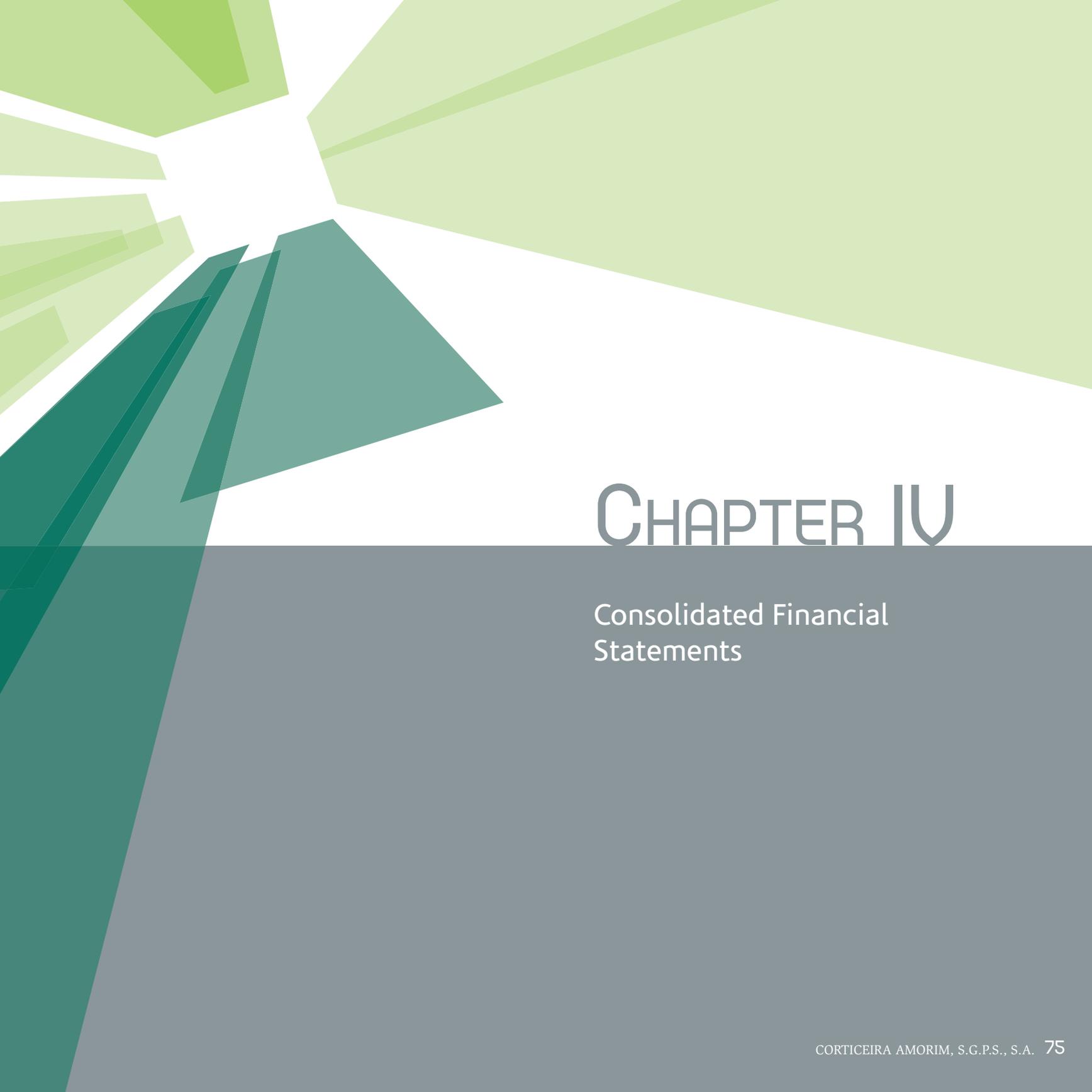
“Cork continues to reinvent itself in multiple ways. From traditional wine bottle stoppers to ecological building materials; from kayaks to spacecraft; from environmentally-friendly bags and shoes to badminton shuttlecocks, cork has an enormous range of applications and uses. Its most important role, however, is in the protection of biodiversity and ecosystems, the prevention of desertification and the combat against climate change. Cork does all this naturally.”

C.E. Liège

CONFÉDÉRATION EUROPÉENNE DU LIÈGE





The background features abstract geometric shapes in various shades of green and teal. On the left, several overlapping triangles and trapezoids in lighter green and yellow-green tones point towards the center. On the right, a large, light green trapezoidal shape extends from the top edge. The bottom half of the page is a solid, dark grey-blue color.

CHAPTER IV

Consolidated Financial Statements



THE PAIRING OF A CORK
STOPPER WITH WINE
MAXIMISES THE
SPLENDOUR OF A
FASCINATING PRODUCT.

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with a positive environmental impact.*

CHAPTER IV

Consolidated Financial Statements

Fig. 27 Consolidated Statement of Financial Position

thousand euros

	Notes	December 2009	December 2008
Assets			
Property, plant and equipment	VIII	174,872	179,777
Investment property	VIII	9,308	9,349
Goodwill	IX	18,704	13,498
Investments in associates	V and X	5,231	10,427
Intangible assets	VIII	685	808
Other financial assets	X	2,453	2,490
Deferred tax assets	XI	8,100	8,224
Non-Current Assets		219,353	224,573
Inventories	XII	174,789	205,659
Trade receivables	XIII	98,584	103,423
Current tax assets	XIV	16,570	20,322
Other current assets	XV	7,693	16,148
Cash and cash equivalents	XVI	7,740	4,596
Current Assets		305,376	350,149
Total Assets		524,730	574,722
Equity			
Share capital	XVII	133,000	133,000
Own shares	XVII	-2,800	-2,501
Other reserves	XVII	103,851	100,480
Net Income		5,111	6,153
Minority interest	XVIII	10,684	9,593
Total Equity		249,845	246,724
Liabilities			
Interest-bearing loans	XIX	93,472	118,266
Other borrowings and creditors	XXI	2,131	7,728
Provisions	XXIX	4,581	4,732
Deferred tax liabilities	XI	5,254	5,002
Non-Current Liabilities		105,439	135,728
Interest-bearing loans	XIX	52,881	109,292
Trade payables	XX	74,601	33,267
Other borrowings and creditors	XXI	32,589	37,955
Tax liabilities	XXII	9,375	11,756
Current Liabilities		169,446	192,270
Total Liabilities and Equity		524,730	574,722

Fig. 28 Consolidated Statement of Income by Nature – of the Year

thousand euros

	Notes	December 2009	December 2008
Sales	VII	415,210	468,289
Costs of goods sold and materials consumed		213,492	241,371
Change in manufactured inventories		-4,811	-5,406
Gross Margin		196,907	221,512
		48.0%	47.9%
Third party supplies and services	XXIII	71,078	78,804
Staff costs	XXIV	88,991	93,296
Impairments of assets	XXV	613	2,051
Other gains (+) and cost (-)	XXVI	2,297	-707
Current EBITDA		38,522	46,654
Depreciation	VIII	20,587	21,109
Current EBIT		17,935	25,545
Restructuring costs	XXIV	4,515	0
Net interest	XXVII	-5,694	-13,376
Share of (loss)/profit of associates	X	381	454
Profit Before Tax		8,106	12,623
Income tax	XI	2,204	5,502
Profit After Tax		5,902	7,121
Minority interest	XVIII	791	968
Net Income Attributable to the Equity Holders of CORTICEIRA AMORIM		5,111	6,153
Earnings per Share – Basic and Diluted (euros per share)	XXXIII	0.039	0.047

Fig. 29 Consolidated Statement of Income by Nature – Fourth Quarter (non audited)

thousand euros

	4Q 2009	4Q 2008
Sales	99,430	103,348
Costs of goods sold and materials consumed	48,773	52,975
Change in manufactured inventories	-489	-154
Gross Margin	50,168	50,219
	50.7%	48.7%
Third party supplies and services	17,609	20,075
Staff costs	23,785	24,588
Impairments of assets	-1,685	1,107
Other gains (+) and cost (-)	246	-944
Current EBITDA	10,705	3,505
Depreciation	5,465	4,258
Current EBIT	5,240	-754
Net interest	-755	-3,351
Share of (loss)/profit of associates	-188	-125
Profit before Tax	4,298	-4,231
Income tax	1,231	-4
Profit after Tax	3,067	-4,227
Minority interests	205	83
Net Income Attributable to the Equity Holders of CORTICEIRA AMORIM	2,862	-4,310
Earnings per Share – Basic and Diluted (euros per share)	0.022	-0.033

Fig. 30 Consolidated Statement of Comprehensive Income – of the Year

thousand euros

	December 2009	December 2008
Net Income (before Min. Interest)	5,902	7,121
Change in derivative financial instruments fair value	-3,236	3,491
Change in translation differences	456	-468
Net Income Directly Registered in Equity	-2,780	3,023
Total Net Income registered	3,122	10,144
Attributable to:		
CORTICEIRA AMORIM Shareholders	2,331	9,176
Minority interests	791	968

Fig. 31 Consolidated Statement of Comprehensive Income – Fourth Quarter (non audited)

thousand euros

	4Q 2009	4Q 2008
Net Income (before Min. Interest)	3,067	-4,227
Change in derivative financial instruments fair value	-295	3,258
Change in translation differences	701	-884
Net Income Directly Registered in Equity	406	2,374
Total Net Income Registered	3,473	-1,853
Attributable to:		
CORTICEIRA AMORIM Shareholders	3,268	-1,936
Minority interests	205	83

Fig. 32 Consolidated Statement of Income by Function – of the Year

thousand euros

	December 2009	December 2008
Sales	415,210	468,289
Cost of sales	289,612	329,594
Gross Margin	125,598	138,695
Marketing and sales cost	40,605	42,391
Distribution	24,563	24,258
Support areas	42,495	46,501
Operating Results (EBIT)	17,935	25,545
Restructuring costs	4,515	0
Net interest	- 5,694	- 13,376
Gains (losses) in associates	381	454
Profit Before Tax	8,106	12,623
Income tax	2,204	5,502
Profit After Tax	5,902	7,121
Minority interests	791	968
Net Income Attributable to the Equity Holders of CORTICEIRA AMORIM	5,111	6,153
Net Profit per share – Basic and Diluted (euros per share)	0.039	0.047

Fig. 33

Consolidated Statement of Cash Flow

thousand euros

	December 2009	December 2008	4Q 2009 (non audited)	4Q 2008 (non audited)
Operating Activities				
Collections from customers	428,410	506,921	106,727	122,927
Payments to suppliers	-246,836	-390,298	-42,640	-93,983
Payments to employees	-94,693	-93,564	-25,273	-23,946
Cash Flow from Operations	86,881	23,058	38,813	4,997
Payments/collections - income tax	-3,054	-2,233	-538	56
Other collections/payments related with operating activities	29,244	43,935	-9,323	35,447
Cash Flow from Operating Activities	113,071	64,761	28,952	40,501
Investment Activities				
Collections due to:				
Tangible assets	726	1,407	536	345
Investment property	0	65	-22	-351
Interests and similar gains	270	401	-70	279
Investment subsidies	1,698	3,622	-2,035	1,108
Dividends	180	100	80	0
Payments due to:				
Tangible assets	-15,681	-27,440	-2,844	-7,431
Financial investments	-6,259	-8,999	-6,213	-7,986
Intangible assets	-259	-279	-244	-259
Cash Flow from Investments	-19,325	-31,124	-10,813	-14,295
Financial Activities				
Collections due to:				
Loans	0	0	0	0
Others	274	316	145	47
Payments due to:				
Loans	-81,782	-8,472	-20,747	-22,435
Interests and similar expenses	-7,072	-15,939	-1,545	-6,278
Dividends	-474	-8,401	-37	-184
Acquisition of treasury stock	-299	-69	0	-69
Others	-600	-571	36	-106
Cash Flow from Financing	-89,955	-33,136	-22,148	-29,025
Change in cash	3,792	501	-4,009	-2,819
Exchange rate effect	248	-155	268	-115
Perimeter effect	0	0	0	0
Cash at beginning	-2,488	-2,835	5,291	445
Cash at end	1,552	-2,488	1,552	-2,488

Fig. 34

Consolidated Statement of Changes in Equity

thousand euros

	Balance Beginning	New Cies	Appropriation of N-1 profit	Dividends	Net Profit N	Increases	Decreases	Translation Differences	End Balance
DECEMBER 31, 2009									
Equity:									
Share capital	133,000	-	-	-	-	-	-	-	133,000
Treasury stock-face value	-2,589	-	-	-	-	-499	-	-	-3,088
Treasury stock-discounts and premiums	88	-	-	-	-	199	-	-	287
Paid-in capital	38,893	-	-	-	-	-	-	-	38,893
IFRS transition adjustments	-8,675	-	-	-	-	115	-	-	-8,560
Hedge accounting	3,272	-	-	-	-	-	-3,236	-	36
Reserves:	0	-	-	-	-	-	-	-	-
Legal reserve	7,445	-	1,113	-	-	-	-	-	8,558
Other reserves	62,037	-	5,040	-	-	-	-199	-	66,878
Translation difference	-2,493	-	-	-	-	-	-	540	-1,953
Net profit for the year	230,978	0	6,153	0	0	-185	-3,435	540	234,051
Minority interests	6,153	-	-6,153	-	5,111	-	-	-	5,111
Minority interests	9,593	-	-	-486	791	-	-217	1,003	10,684
Total Equity	246,724	0	0	-486	5,902	-185	-3,652	1,543	249,845
DECEMBER 31, 2008									
Equity:									
Share capital	133,000	-	-	-	-	-	-	-	133,000
Treasury stock-face value	-2,568	-	-	-	-	-	-22	-	-2,589
Treasury stock-discounts and premiums	105	-	-	-	-	-	-16	-	88
Paid-in capital	38,893	-	-	-	-	-	-	-	38,893
IFRS transition adjustments	-12,312	-	-	-	-	3,694	-57	-	-8,67a
Hedge accounting	-219	-	-	-	-	3,491	-	-	3,272
Reserves	0	-	-	-	-	-	-	-	-
Legal reserve	7,445	-	-	-	-	-	-	-	7,445
Other reserves	49,909	-	23,245	-7,824	-	-3,293	-	-	62,037
Translation difference	-1,681	-	-	-	-	-	-	-812	-2,493
Net profit for the year	212,572	0	23,245	-7,824	0	3,892	-95	-812	230,978
Minority interests	23,245	-	-23,245	-	6,153	-	-	-	6,153
Minority interests	9,573	260	-	-571	968	389	-	-1,026	9,593
Total Equity	245,390	260	0	-8,395	7,121	4,281	-95	-1,838	246,724

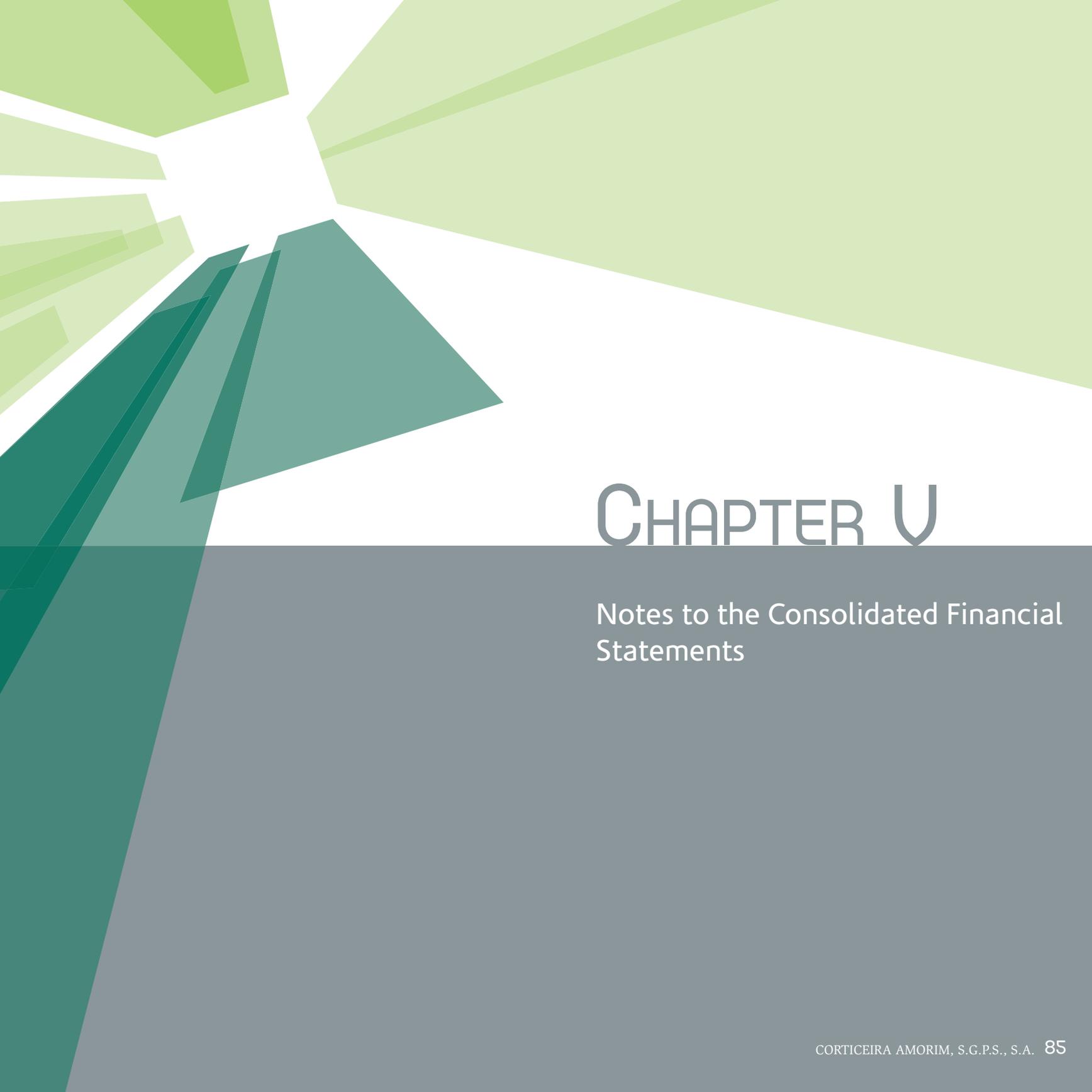
“Cork renews its pre-eminence and durability: a cultural image, but also the fruit of increasingly advanced technology capable of producing the ideal stopper for every wine. The work of the Amorim family on behalf of cork, particularly the cork stopper, merits special esteem.”

Robert Tinlot

Honorary General Director of the OIV
OIV - International Organisation of Vine and Wine





The background features abstract geometric shapes in various shades of green and teal. On the left, there are several overlapping, semi-transparent shapes that resemble rays or segments of a sunburst, pointing towards the center. The right side of the page is dominated by a large, light green shape that tapers towards the top right. The bottom half of the page is a solid, dark grey-blue color.

CHAPTER U

Notes to the Consolidated Financial Statements

CORK: NATURE
SUPERIOR
PERFORMANCE
AT YOUR FEET.



Wicanders
Seducing comfort and beauty.

CHAPTER U

Notes to the Consolidated Financial Statements

I. Introduction

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

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

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

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

These financial statements were approved in the Board Meeting of February 18, 2010.

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

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

II. Summary of Significant Accounting Policies

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

a. Basis of Presentation

Consolidated statements were prepared based on a going concern basis and using the records as stated in the companies' books, which adopted Portuguese general accepted accounting principles. Accounting adjustments

and reclassifications were made in order to comply with accounting policies followed by the IFRS, as adopted by the European Union (IAS – International Accounting Standards and the IFRS – International Financial Reporting Standards) and legal for use as of January 1, 2009. The transition date from the local GAAP was January 1, 2004.

b. Consolidation

• Group Companies

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

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

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

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

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

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

• Equity Companies

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding between 20% and 50% of voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The group's investment in associates includes goodwill. Future impairments of goodwill will be adjusted against the carrying amount of investments. The group's share of its associates post-acquisition profits or losses is recognised in the income statement, in the “Gain/(losses) in associates” account, and its share of post-acquisition movements in reserves is recognised in reserves. The carrying amount is also adjusted by dividends received. When the group's share of losses in an associate equals or exceeds its interest in the associate, the group does not recognise further losses, unless it has incurred obligation on behalf of the associate, in this case the liabilities will be recorded in a “Provisions” account.

c. Foreign Currency Translation

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

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

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

d. Tangible Fixed Assets

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

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

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

Depreciation is calculated on the straight-line basis, over the following years, which represent a reasonable estimate of the useful lives (Fig.35).

Fig. 35 Depreciation

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

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

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

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

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

e. Investment Property

Includes land and buildings not used in production.

f. Goodwill

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

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

g. Inventories

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

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

h. Trade and Other Receivables

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

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

i. Cash and Cash Equivalents

Cash includes cash in hand, deposits held at call in banks, time deposits and other no-risk short-term investments with original maturities of three months or less. In the Consolidated Statement of Cash Flow, this caption includes Bank overdrafts.

j. Interest Bearing Loans

Includes interest bearing loans amounts. Any costs attributable to the lender, will be deducted to the loan amount and charged, during its life, using the effective interest rate.

Interests are usually charged to the income statement as they occur. Interests arising from loans related with capital expenditure for periods longer than 12 months will be capitalised and charged to the specific asset under construction. Capitalisation will cease when the project is complete or suspended.

k. Income Taxes – Current and Deferred

Except for companies included in groups of fiscal consolidation, income tax is calculated separately for each subsidiary, on the basis of its net result for the period adjusted according to tax legislation.

In the consolidated financial statements differences between the tax due for the current period and prior periods and the tax already paid or to be paid by each of the group companies are registered whenever it is likely that, on an individual company basis, a deferred tax will have to be paid or to be recovered in the foreseeable future (liability method).

l. Employee Benefits

CORTICEIRA AMORIM Portuguese employees benefit exclusively from the national welfare plan. Employees from foreign subsidiaries (about 25% of total CORTICEIRA AMORIM) or are covered exclusively by local national welfare plans or benefit from complementary plans, being it defined contribution plans or defined benefit plans.

As for the defined contribution plans, contributions are recognised as employee benefit expense when they are due. The liability recognised in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation, less the fair value of plan assets, as calculated annually by pension fund experts.

CORTICEIRA AMORIM recognises a liability and an expense for bonuses attributable to a large number of directors. These benefits are based on estimations that take in account the accomplishment of both individual goals and a pre-established CORTICEIRA AMORIM level of profits.

m. Provisions

Provisions are recognised when CORTICEIRA AMORIM has a present legal or constructive obligation as a result of past events, when it is more likely than not an outflow of resources will be required to settle the obligation and when a reliable estimation is possible.

Provisions are not recognised for future operating losses. Restructuring provisions are recognised with a formal detail plan and when third parties affected are informed.

n. Revenue Recognition

Revenue comprises the value of the consideration received or receivable for the sale of goods and finished products. Revenue is shown, net of value-added tax, returns, rebates, and discounts, including cash discounts. Revenue is also adjusted by any prior period's sales corrections.

Services rendered are immaterial and, generally, are refunds of costs related with finish product sales.

Sales revenue is recognised when the significant risk and rewards of ownership of the goods are transferred to the buyer and its amount can be reliably measured. Revenue receivable after one year will be discounted to its fair value.

o. Government Grants

Grants received are related generally with fixed assets expenditure. No-repayable grants are present in the balance sheet as deferred income, and recognised as income on a systematic basis over the useful life of the related asset. Repayable interest bearing grants are presented as interests bearing debt; if no-interest bearing, they are presented as "Other borrowings". Medium and long-term no-interest bearing repayable grants are presented with its net present value, using an interest discount rate similar to CORTICEIRA AMORIM interest bearing debt for same period.

p. Leasing

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

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

q. Derivative Financial Instruments

CORTICEIRA AMORIM uses derivatives financial instruments as forward and spot exchange rate contracts, options and swaps; these are intended to hedge its business financial risks and are not used for speculative purposes. CORTICEIRA AMORIM accounts for these instruments as hedge accounting, following all its standards. Dealing is carried out by a central treasury department (dealing room) on behalf of the subsidiaries, under policies approved by the Board of Directors.

Derivatives are initially recorded at cost and subsequently re-measured at their fair value.

The method of recognising is as follows:

• Fair Value Hedge

Changes in the fair value of derivatives that qualify as fair value hedges and that are expected to be highly effective, are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

• Cash Flow Hedge

Changes in the fair value of derivatives that qualify as cash flow hedges and that are expected to be highly effective, are recognised in equity; the gain or loss relating to the ineffective portion is recognised immediately in the income statement.

• Net Investment Hedge

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

CORTICEIRA AMORIM has fully identified the nature of its activities' risk exposure and documents entirely and formally each hedge; uses its information system to guarantee that each hedge 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-recognise the instrument.

III. Financial Risk Management

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

Market Risk

a. Exchange Rate Risk

CORTICEIRA AMORIM operates in various international markets, being, consequently, exposed to exchange rates variations in the local currencies in which conducts its business. Around 30% of its total sales are denominated in currencies other than its reporting currency (euro), being half of it USD. The remaining sales are concentrated in South African rand, Chilean peso, British pound, Australian dollar and Danish krone. About 90% of the goods and services acquired are euro based. Most of the remaining value is denominated in USD.

Exchange rate risk derives not only from the effects of the exchange rates variations in non-euro assets and liabilities euro counter value, but also from the effects in the book orders (future transactions) and from net investments in operating units located in non-euro areas.

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

As of December 31, 2009, exchange rates different from the actual as of that date, would have no material effect in financial assets or liabilities values, due to the said hedging policy. As for book orders any effect would be registered in Equity.

As for non-euro net investments in subsidiaries/associate, any exchange rate effect would be registered in Equity, because CORTICEIRA AMORIM does not hedge this type of assets. As these investments are not considered relevant, the register of the effects of exchange rates variations was, during the prior years within a narrow range (2009: -1,953K€, 2008: -2,493K€, 2007: -1,681K€, 2006: -982K€).

b. Interest Rate Risk

Up to now, CORTICEIRA AMORIM has not considered hedging interest rate risk, meaning all interest bearing debt is linked to variable interest rate. Most of the risk derives from the medium and long-term portion of that debt. As for December 31, 2009, medium and long-term debt was 64% of total interest bearing debt (2008: 52%). As of December 31, 2009, for each 0.1% variation in euro based debt, a total effect of -120 K€ in CORTICEIRA AMORIM profits would be registered.

Credit Risk

Credit risk is due, mainly, to receivables from customers related to trade sales. Credit risk is monitored by the operating companies Financial Departments, taking in consideration its history of trade relations, financial situation as well as other types of information that CORTICEIRA AMORIM business network has available related with each trading partner. Credit limits are analysed and revised, if necessary, on a regular basis. Due to the high number of customers, spread through all continents, the most important of them weighting less than 2.5% of total sales, credit risk is naturally diminished.

Liquidity Risk

Liquidity is defined as the capacity to settle assumed responsibilities. Liquidity risk hedging is accomplished through the availability of a certain number of credit lines, which are not used. With these lines, CORTICEIRA AMORIM

can settle positions in a very short period, allowing for the necessary flexibility in conducting its business.

Liquidity reserve is composed mainly, by non-used credit line facilities. Based in estimated cash flows, liquidity reserve performance will be as Fig.36.

Fig. 36 Liquidity Reserve

million euros

	2010
Opening Balance	154
Operating cash in	425
Operating cash out	-415
Investments	-14
Interest and dividends	-8
VAT reimbursement	48
Loans payment	-50
New credit lines	10
Closing Balance	150

Capital Risk

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

The key indicator for the said combination is the Equity/Assets ratio. CORTICEIRA AMORIM considers that a 40% ratio is a clear sign of a perfect combination, and a range between 35%-45%, depending on actual economic conditions and of the cork sector in particular, is the objective to be accomplished. The said ratio register was as follows (Fig.37).

Fig. 37 Equity to Assets Ratio

thousand euros

	2009	2008
December 31, Equity	249,845	246,724
December 31, Assets	524,730	574,722
Ratio	47.6%	42.9%

The Ratio increase was due, mainly, to the decrease in total Balance Sheet.

Financial Assets and Liabilities Fair Value

Derivatives used by CORTICEIRA AMORIM have no public quotation because they are not traded in an open market. A proprietary model of CORTICEIRA AMORIM, developed by Reuters, calculates its fair value. Trade and other receivables, adjusted by any necessary impairment, trade and other payables, investment grants and medium and long-term liabilities were discounted using an interest rate similar to the average interest rate that CORTICEIRA AMORIM registered at year-end (2.94%).

IV. Critical Accounting Estimates and Judgements

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

As for 2009, no estimates and judgements were identified as having important impact in CORTICEIRA AMORIM results if not materialized.

As for assets, goodwill amounts to 18,704 K€ (2008:13,498 K€). This value is supported by impairment tests made at year-end. The judgment used in these tests are key factors in order to decide or not if there is any impairment. Discount rate use in these tests was around 6.3%. Still to be noted 8,100 K€ registered in deferred tax assets (2008: 8,224 K€). There will be no impairment if the business plans used in the tests will be accomplished in the future.

V. Companies Included in the Consolidated Financial Statements

Fig. 38 Companies Included in the Consolidated Financial Statements

Company		Head Office	Country	2009
Raw Materials				
Amorim Natural Cork, S.A.		Vale de Cortiças – Abrantes	Portugal	100%
Amorim & Irmãos – IV, S.A.	(i)	Alcantara	Spain	100%
Amorim & Irmãos, S.A. (Raw Materials)	(a)	Ponte Sôr	Portugal	100%
Amorim Florestal Catalunya, S.L.	(i)	Cassa de la Selva Girona	Spain	100%
Amorim Florestal España, S.L.	(i)	San Vicente Alcántara – Badajoz	Spain	100%
Amorim Florestal Espanha, S.A.	(i)	San Roque Cádiz	Spain	100%
Amorim Tunisie, S.A.R.L.		Tabarka	Tunisia	100%
Comatral – C. de Marocaine de Transf. du Liège, S.A.		Skhirat	Morocco	100%
Cork International, S.A.R.L.		Tabarka	Tunisia	100%
SIBL – Société Industrielle Bois Liège		Jijel	Algeria	51%
Société Fabrique Liège de Tabarka, S.A.		Tabarka	Tunisia	100%
Société Nouvelle du Liège, S.A. (S.N.L.)		Tabarka	Tunisia	100%
Société Tunisienne d'Industrie Bouchonnière	(e)	Tabarka	Tunisia	45%
Cork Stoppers				
Amorim & Irmãos, S.G.P.S., S.A.		Santa Maria Lamas	Portugal	100%
Amorim & Irmãos, S.A.	(a)	Santa Maria Lamas	Portugal	100%
Amorim Argentina, S.A.		Tapiales – Buenos Aires	Argentina	100%
Amorim Australasia		Adelaide	Australia	100%
Amorim Benelux, B.V. – A&I	(b)	Tholen	Netherlands	100%
Amorim Cork America, Inc.		California	U. S. America	100%
Amorim Cork Australia, Pty Ltd.		Vic	Australia	100%
Amorim Cork Deutschland GmbH & Co KG		Mainzer	Germany	100%
Amorim Cork Italia, S.p.A.		Conegliano	Italy	100%
Amorim Cork South Africa		Cape Town	South Africa	100%
Amorim France, S.A.S.		Champfleury	France	100%
Carl Ed. Meyer Korke		Delmenhorst	Germany	100%
Chapuis, S.L.	(h)	Girona	Spain	100%
Equipar, Participações Integradas, Lda.		Coruche	Portugal	100%
FP Cork, Inc.		California	U. S. America	100%
Francisco Oller, S.A.		Girona	Spain	87%
Hungarokork, Amorim, Rt.		Budapeste	Hungary	100%
Industria Corchera, S.A.	(f)	Santiago	Chile	50%
KHB – Kork Handels Beteiligung, GmbH		Delmenhorst	Germany	100%
Korken Schiesser Ges.m.b.H.		Viena	Austria	69%
M. Clignet & Cie		Bezannes	France	100%
Olimpiadas Barcelona 92, S.L.	(h)	Girona	Spain	100%
Portocork America, Inc.		California	U. S. America	100%
Portocork France		Bordeaux	France	100%
Portocork Internacional, S.A.		Santa Maria Lamas	Portugal	100%
Portocork Italia, S.A.	(g)	Conegliano	Italy	100%
S.A. Oller et Cie		Reims	France	87%
S.C.I. Friedland		Céret	France	100%
Société Nouvelle des Bouchons Trescases	(e)	Perpignan	France	50%
Victory Amorim, S.L.	(f)	Navarrete – La Rioja	Spain	50%

Continues

Continuation

Company		Head Office	Country	2009
Floor & Wall Coverings				
Amorim Revestimentos, S.A.		Lourosa	Portugal	100%
Amorim Benelux, BV – A.R.	(b)	Tholen	Netherlands	100%
Amorim Cork Distribution Netherlands B.V.		Tholen	Netherlands	100%
Amorim Cork GmbH		Delmenhorst	Germany	100%
Amorim Deutschland, GmbH & Co. KG – A.R.	(d)	Delmenhorst	Germany	100%
Amorim Flooring (Switzerland) AG		Zug	Switzerland	100%
Amorim Flooring Austria GesmbH		Vienna	Austria	100%
Amorim Flooring Investments, Inc.		Hanover – Maryland	U. S. America	100%
Amorim Flooring Nordic A/S		Greve	Denmark	100%
Amorim Flooring North America Inc.		Hanover – Maryland	U. S. America	100%
Amorim Japan Corporation	(g)	Tokyo	Japan	100%
Amorim Revestimentos, S.A.		Barcelona	Spain	100%
Amorim Wood Supplies, GmbH		Bremen	Germany	100%
Cortex Korkvertriebs GmbH		Fürth	Germany	100%
Corticeira Amorim – France SAS – A.R.	(c)	Lavardac	France	100%
Dom KorKowy, Sp.Zo.O.	(f)	Kraków	Poland	50%
Inter Craft Coatings	(f)	S. Paio de Oleiros	Portugal	50%
US Floors, Inc.	(e)	Dalton – Georgia	U. S. America	25%
Zodiac Kork- und Holzprodukte GmbH		Fürth	Germany	100%
Composite Cork				
Amorim Cork Composites, S.A.		Mozelos	Portugal	100%
Amorim (UK) Ltd.		Horsham West Sussex	United Kingdom	100%
Amorim Benelux, BV – ACC	(b)	Tholen	Netherlands	100%
Amorim Cork Composites Inc.		Trevor Wisconsin	U. S. America	100%
Amorim Deutschland, GmbH & Co. KG – ACC	(d)	Delmenhorst	Germany	100%
Amorim Industrial Solutions – Imobiliária		Corroios	Portugal	100%
Chinamate (Xi'an) Natural Products Co. Ltd.		Xi'an	China	100%
Chinamate Development Co. Ltd.		Hong Kong	China	100%
Corticeira Amorim – France SAS – ACC	(c)	Lavardac	France	100%
Drauvil Europea, S.L.		San Vicente Alcantara	Spain	100%
Samorim (Joint Stock Company Samorim)	(e)	Samara	Russia	50%
Insulation Corck				
Amorim Isolamentos, S.A.		Mozelos	Portugal	80%
Holding				
CORTICEIRA AMORIM, S.G.P.S., S.A.		Mozelos	Portugal	100%
Ginpar, S.A. (Générale d' Investissements et Participation)		Skhirat	Morocco	100%
Amorim Cork Research, Lda.		Mozelos	Portugal	100%
Sopac – Soc. Portuguesa de Aglomerados de Cortiça, Lda.		Montijo	Portugal	100%
Vatrya – Serviços de Consultadoria, Lda.		Funchal – Madeira	Portugal	100%
Postya – Serviços de Consultadoria, Lda.		Funchal – Madeira	Portugal	100%

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

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

(c) – One single company: Corticeira Amorim - France SAS.

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

(e) – Equity method consolidation.

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

(g) – Consolidates starting January 1st 2009.

(h) – Company in a merger process with Francisco Oller, S.A.

(i) – Companies in a merging process.

During 2009, subsidiaries Amorim & Irmãos VII, SRL and Aplifin – Aplicações Financeiras, S.A. were liquidated. Subsidiaries Lloset & Forscher Korken GmbH and Société Fabrique de Liège de Tabarka, S.A. merged with subsidiaries Korken Schiesser GmbH and Société Nouvelle du Liège, S.A., respectively.

VI. Exchange Rates Used in Consolidation

Fig. 39 Exchanges Rates

		Year end	Average
Argentine Peso	ARS	5.43760	5.20701
Australian Dollar	AUD	1.60080	1.7727
Brazilian Real	BRL	2.5113	2.76735
Canadian Dollar	CAD	1.51280	1.58496
Swiss Franc	CHF	1.48360	1.51002
Chilean Peso	CLP	726.110	776.215
Yuan Renminbi	CNY	9.77260	9.52488
Danish Krone	DKK	7.44180	7.44624
Algerian Dinar	DZD	100.8227	99.7991
Euro	EUR	1	1
Pound Sterling	GBP	0.88810	0.89094
Hong Kong Dollar	HDK	11.1003	10.8088
Forint	HUF	270.420	280.327
Yen	JPY	133.160	130.337
Moroccan Dirham	MAD	11.2746	11.2273
Metical	MZM	40.59	37.96
Norwegian Krone	NOK	8.3000	8.72783
Zloty	PLN	4.10450	4.32762
Ruble	RUB	43.2355	44.1168
Swedish Kronor	SEK	10.25200	10.61905
Tunisian Dinar	TND	1.8921	1.8764
US Dollar	USD	1.44060	1.39478
Rand	ZAR	10.66600	11.67366

VII. Segment Report

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

- Raw Materials;
- Cork Stoppers;

- Floor and Wall Coverings;
- Composite Cork;
- Insulation Cork.

For purposes of this Report, the Business approach was selected as the primary segment. This is consistent with the formal organization and evaluation of business. The following table shows the main indicators of the said units, and, whenever possible, the reconciliation with the consolidated indicators (values in thousand EUR) (Fig. 40).

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

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

Raw Materials BU is, by far, the most integrated in the production cycle of CORTICEIRA AMORIM, with 90% of its sales to others BU, specially to Cork Stoppers BU. Main products are bark and discs.

The remaining BU produce and sell a vast number of cork products made from cork stoppers waste. Main products are cork floor tiles, cork rubber for the automotive industry and antivibratic systems, 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 212 million euros, and are mostly composed by inventories (61 million), customers (60 million) and tangible fixed assets (38 million).

Sales by markets (Fig. 41).

Fig. 40 Segment Report

thousand euros

2009	Raw Materials	Cork Stoppers	Floor & Wall Coverings	Composite Cork	Insulation Cork	Holding	Ajustments	Consolidated
Trade Sales	5,652	236,191	111,162	53,963	8,242	0	-	415,210
Other BU Sales	77,354	3,572	1,497	10,683	675	987	-94,768	-
Total Sales	83,006	239,763	112,659	64,646	8,917	987	-94,768	415,210
EBIT	1,317	20,715	-3,975	1,288	1,491	-2,690	-211	17,935
Assets	98,027	238,063	114,462	67,041	11,892	3,354	-8,110	524,729
Liabilities	27,858	62,294	23,647	15,053	1,766	4,968	139,298	274,884
Capex	939	7,144	5,367	1,995	562	36	-	16,043
Year depreciation	-2,762	-8,659	-5,203	-3,276	-623	-63	-	-20,586
Non-cash cost	-334	215	-585	207	-95	2	0	-590
Gains/Losses in associated companies	14	230	136	-	-	-	-	380
2008	Raw Materials	Cork Stoppers	Floor & Wall Coverings	Composite Cork	Insulation Cork	Holding	Ajustments	Consolidated
Trade Sales	6,346	257,787	131,817	63,421	8,862	55	-	468,289
Other BU Sales	94,868	4,401	2,134	14,319	854	593	-117,170	-
Total Sales	101,215	262,188	133,951	77,741	9,716	649	-117,170	468,290
EBIT	6,708	14,626	5,046	-1,750	1,302	-988	601	25,545
Assets	113,141	249,809	120,937	84,503	11,707	3,816	-9,192	574,721
Liabilities	19,072	36,278	24,891	20,252	1,668	4,125	221,711	327,997
Capex	1,118	8,875	12,430	3,830	738	56	-	27,046
Year depreciation	-3,108	-9,052	-4,878	-3,422	-601	-49	-	-21,109
Non-cash cost	207	-431	-342	-1,274	-43	-45	-18	-1,946
Gains/Losses in associated companies	18	436	-	-	-	-	-	454

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

EBIT = Profit before interests, Equity method, minorities and income tax.

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

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

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



Fig. 41 Sales by Markets

thousand euros

Markets	2009		2008	
European Union	266,172	64.1%	302,776	64.7%
From which: Portugal	21,232	5.1%	24,351	5.2%
Other European countries	21,030	5.1%	29,991	6.4%
United States	65,493	15.8%	67,535	14.4%
Other American countries	29,638	7.1%	32,278	6.9%
Australasia	24,857	6.0%	26,046	5.6%
Africa	6,810	1.6%	8,399	1.8%
Others	1,210	0.3%	1,265	0.3%
Total	415,210	100%	468,290	100%

VIII. Tangible and Intangible Fixed Assets

Fig. 42 Tangible and Intangible Fixed Assets

thousand euros

	Land and Buildings	Plant Equipment	Other	Advances and in-progress	Tangible Fixed Assets	Intangible Fixed Assets
Gross value	213,510	250,323	39,036	13,883	516,752	784
Depreciation and impairments	-124,045	-181,962	-34,616	0	-340,623	-152
Opening Balance (Jan 1, 2008)	89,465	68,361	4,420	13,883	176,129	632
In companies	97	72	20	0	189	-
Increase	2,713	8,433	2,023	13,593	26,762	275
Period deprec. and impairments	-5,913	-13,615	-1,621	0	-21,149	-99
Sales and other decreases	-617	-667	-1	-344	-1,629	-
Transfers and reclassifications	1,779	8,189	163	-9,935	196	-
Translation differences	-107	-575	-37	2	-718	-
Gross value	215,568	248,109	34,035	17,196	514,907	1,059
Depreciation and impairments	-128,152	-177,911	-29,068	0	-335,130	-251
Closing Balance (Dec 31, 2008)	87,416	70,198	4,967	17,196	179,777	808
Gross value	215,568	248,109	34,035	17,196	514,907	1,059
Depreciation and impairments	-128,152	-177,911	-29,068	0	-335,130	-251
Opening Balance (Jan 1, 2009)	87,416	70,198	4,967	17,196	179,777	808
In companies	0	0	0	0	0	-
Increase	929	6,126	796	7,894	15,745	298
Period deprec. and impairments	-5,266	-13,344	-1,722	0	-20,332	-255
Sales and other decreases	-155	-358	-176	-1	-690	-8
Transfers and reclassifications	728	13,338	568	-14,912	-278	-157
Translation differences	15	603	59	-28	649	-1
Gross value	217,006	264,889	33,714	10,149	525,758	1,257
Depreciation and impairments	-133,339	-188,326	-29,221	0	-350,886	-572
Closing Balance (Dec 31, 2009)	83,667	76,563	4,493	10,149	174,872	685

The amount of 9,308 K€, referred as Property Investment (2008: 9,349 K€), is due, mainly, to land and buildings that are not used in production.

IX. Goodwill

Fig. 43 Goodwill

thousand euros

	Opening	Increases	Translation Differences	Closing
Raw Materials	4,195			4,195
Cork Stoppers	5,000			5,000
Flooring & Wall Coverings	4,303	5,377	-171	9,509
Goodwill	13,499	5,377	-171	18,705

Increase is due to the 2008 year-end acquisition of associate US Floors.

X. Equity Companies and Other Financial Assets

• Equity Companies

Fig. 44 Equity Companies

thousand euros

	2009	2008
Initial Balance	10,427	2,906
In/out	0	7,185
Results	381	454
Dividends	-180	-100
Transfer to Goodwill	-5,390	0
Exchange differences	-10	7
Other	3	-25
End Balance	5,231	10,427

In/out value of 7,185 K€ refers to US Floors acquisition. As of 2009, goodwill was calculated and then transferred to proper balance sheet account.

Most important Equity Companies are Société Nouvelle des Bouchons Trescases and US Floors, Inc, of which a summary of its financial situation are presented (Fig. 45 e 46).

Fig. 45 Trescases

thousand euros

	2009	2008
Current assets	9,955	9,703
Current liabilities	4,770	4,821
Non-current assets	1,603	1,613
Equity	6,245	6,145
Sales	22,760	26,421
Operating profits	832	1,552
Profits before tax	689	1,399
Income tax	229	491
Results	460	908

Fig. 46 US Floors

thousand USD

	2009	2008
Current assets	29,064	-
Current liabilities	11,812	-
Non-current assets	8,716	-
Equity	10,761	10,000
Sales	54,106	-
Operating profits	1,816	-
Profits before tax	1,229	-
Income tax	468	-
Results	761	-

• Other Financial Assets

In Other Financial Assets the most important values refers, mostly to financial applications and deposits acting as guaranties.

XI. Income Tax

The differences between the tax due for the current period and prior periods and the tax already paid or to be paid of said periods is registered as "deferred tax" in the consolidated income statement, according to note II j), and amounts to K€ 401 (2008: K€ 2,057).

On the Balance sheet this effect amounts to K€ 8,099 (31/12/2008: K€ 8,223) as Deferred tax asset, and to K€ 5,254 (31/12/2008: K€ 5,002) as Deferred tax liability.

It is conviction of the Board that, according to its business plan, the amounts registered in deferred tax assets will be recovered as for the tax carry forward losses concerns (Fig.47).

As of December 2009, companies included in the tax consolidation (RETGS), had an investment tax benefit of around 1.0 million euros, which, conservatively, was not booked.

Following chart explains the effective income tax rate, from the original income tax rate of most of Portuguese companies (Fig. 48).

CORTICEIRA AMORIM and a large group of its Portuguese subsidiaries are taxed since January 1, 2001, as a group special regime for tax purposes (RETGS), as according to article 63, of the income tax code (CIRC). The option for this special regime is renewable every five years.

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

No material effects in the financial statements as of December 31, 2009, are expected by the Board of CORTICEIRA AMORIM and its subsidiaries from the revisions of tax declarations that will be held by the tax authorities.

In the Fig. 49 of tax losses, amounts and its time limits for utilisation are presented.

As for the foreign companies, the year 2014 and further was considered for those situations that correspond to tax losses to carry forward with no limit of utilization.

Fig. 47 Income Tax

thousand euros

	2009	2008
Related with intangible fixed assets cancelled	386	409
Related with Inventories/customers and debtors impairments	2,948	3,774
Related with tax losses	3,410	3,089
Related with tax benefits	1,356	951
Deferred Tax Assets	8,100	8,223
Related with fixed tangible assets	4,484	4,369
Related with inventories	768	533
Other	2	100
Deferred Tax Liabilities	5,254	5,002
Current income tax	-1,803	-3,445
Deferred income tax	-401	-2,057
Income Tax	-2,204	-5,502

Fig. 48 Income Tax Conciliation

Income Tax-Legal	26.50%
Effect arising from current losses that did not generated DTA (due to impossibility or due to prudence)	11.40%
Effect due to complementary taxation, to costs non accepted as tax costs and to tax benefits	3.90%
Effect arising from local taxation being estimated only by positive results	2.60%
Effect due to dividend taxation	3.40%
Effect arising from the recognition of DTA regarding tax losses prior to 2009	-18.94%
Other effects	-0.34%
Income Tax-Effective ⁽¹⁾	28.52%

⁽¹⁾ Income Tax/PBT, Equity Gains and Minority Interest.

Fig. 49 Tax Losses

thousand euros

	2010	2011	2012	2013	2014 and further	Total
RETGS				9,522		9,522
Other Portuguese companies		1,894	439			2,333
Foreign companies					30,777	30,777
Non Utilised Tax Losses	0	1,894	439	9,522	30,777	42,632

XII. Inventories

Fig. 50 Inventories

thousand euros

	2009	2008
Goods	12,538	18,808
Finished and semi-finished goods	75,251	77,288
By-products	660	275
Work in progress	10,686	13,927
Raw materials	78,250	98,331
Advances	298	290
Goods impairments	-796	-908
Finished and semi-finished goods impairments	-1,898	-2,145
Raw materials impairments	-200	-205
Inventories	174,789	205,659

XIII. Trade Receivables

Fig. 51 Trade Receivables

thousand euros

	2009	2008
Gross amount	109,986	113,817
Impairments	-11,402	-10,394
Trade Receivables	98,584	103,423

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

Due and past due balances are as follows (Fig. 52).

Fig. 52 Due and Past Due Balances

thousand euros

	2009	2008
Due	69	73
Past due between 0 and 120 days	26	29
Past due between 120 and 180 days	2	3
Doubtful and past due over 180 days	13	10
Impairment	11	10

XIV. Recoverable Taxes

Fig. 53 Recoverable Taxes

thousand euros

	2009	2008
Value added tax	12,473	16,705
Other taxes	4,097	3,617
Recoverable Taxes	16,570	20,322

XV. Other Assets

Fig. 54 Other Assets

thousand euros

	2009	2008
Advances to suppliers	1,812	1,707
Deferred assets	2,927	4,426
Hedge accounting assets	19	3,330
Others	2,935	6,685
Other Current Assets	7,693	16,148

XVI. Cash and Cash Equivalents

Fig. 55 Cash and Cash Equivalents

thousand euros

	2009	2008
Cash	162	134
Bank balances	4,381	2,740
Time deposits	3,190	453
Others	7	1,269
Cash and Cash Equivalents	7,740	4,596

XVII. Capital and Reserves

• Share Capital

As of December 31, 2009, the share capital is represented by 133,000,000 ordinary registered shares, conferring dividends, with a par value of 1 Euro.

The Board of CORTICEIRA AMORIM is authorised to raise the share capital, one or more times, respecting the conditions of the commercial law, up to € 250,000,000.

• Treasury Stock

In several trading sessions, CORTICEIRA AMORIM bought 498,349 of its own shares, representing 0.375% of its total share capital, with an average unit price of € 0.60, totalling € 298,642.51.

No sales were held.

As of December 31, 2009, CORTICEIRA AMORIM held 3,087,683 of its own shares, representing 2.322% of its share capital.

During 2008, CORTICEIRA AMORIM bought 21,500 of its own shares, representing 0.0162% of its share capital, at an average unit price of € 1.761 and a total amount of € 37,861.11.

During 2008, no shares were sold.

• Dividends

In the Shareholders' General Meeting of March 19, 2009, no dividend distribution was approved. (Fig. 56).

Summary of changes in Equity (Fig. 57).

Fig. 56 Dividends

thousand euros

	2009	2008
Dividends paid:		
2009: 0,000 and 2008: 0,060 (euros per share)	0	7,980
Portion attributable to own shares	0	-155
Dividends Paid	0	7,825

Fig. 57 Summary of Changes in Equity

thousand euros

	2009	2008
Initial Balance	246,724	245 390
Change in treasury stock	-300	-38
Dividends paid	0	-7,825
Change in hedge accounting adjustments	-3,236	3,491
Change in translation differences	540	-812
Others	-84	345
Net Income	5,111	6,153
Change in Minority Interests (note XXVIII)	1,091	20
End Balance	249,846	246,724

XVIII. Minority Interests

Fig. 58 Minority Interests

thousand euros

	2009	2008
Initial Balance	9,593	9,573
In/Out	0	260
Results	791	968
Dividends	-486	-571
Exchange differences	1,003	-1,026
Others	-217	389
End Balance	10,684	9,593

XIX. Interest Bearing Debt

At year-end, interest bearing loans was as follows (Fig. 59):

Fig. 59 Interest Bearing Debt

thousand euros

	2009	2008
Bank loans	44,197	100,208
Overdrafts	6,188	7,084
Reimbursable subsidies	496	0
Commercial paper	2,000	2,000
Interest-Bearing Loans – Current	52,881	109,292

Loans were denominated in euros, except 50% (2008: 21%), being most of it USD. (Fig. 60).

Fig. 60 Interest Bearing Loans Non-Current

thousand euros

	2009	2008
Bank loans	28,636	29,981
Reimbursable subsidies	17,362	16,285
Commercial paper	47,474	72,000
Interest-Bearing Loans Non-Current	93,472	118,266

As of the end of 2009 and 2008, loans were almost totally denominated in euros.

As of December 31, 2009, maturity of non-current interest bearing debt was as follows (Fig. 61):

Fig. 61 Debt Maturity

thousand euros

Between 01/01/2011 and 31/12/2011	79,244
Between 01/01/2012 and 31/12/2012	12,670
Between 01/01/2013 and 31/12/2013	72
After 01/01/2014	1,486
Total	93,472

As of that date, around 81% of total interest bearing debt was euro based. The remaining was mostly USD based.

Non-current and current interest bearing debt carries floating interest rates. Average cost, during 2009, for all the credit utilized was 2.94% (2008: 5.31%).

At the same date, three subsidiaries had a 2.0 million euro loan mortgage guarantee.

Non-utilized loan facilities amounted to 154 million euro as of December 31, 2009.

XX. Suppliers

Fig. 62 Suppliers

thousand euros

	2009	2008
Suppliers – current account	69,172	29,411
Suppliers – accruals	5,429	3,856
Suppliers	74,601	33,267

The increase in Suppliers is due mainly to a new relationship with most of them. The availability of an appropriate financial instrument allowed for a substantial increase in the payment terms.

XXI. Other Loans and Creditors

Fig. 63 Other Loans and Creditors

thousand euros

	2009	2008
Non interest bearing grants	1,361	4,887
Other	770	2,841
Other Loans and Creditors – Non Current	2,131	7,728
Non interest bearing grants	1,070	791
Deferred costs	14,657	17,157
Deferred gains – grants	9,182	9,018
Other	7,680	10,989
Other Loans and Creditors - Current	32,589	37,955

In Deferred costs the part related with salaries (vacations and vacations paid) at year-end amounted to K€ 7,394 (end 2008: K€ 8,347).

Fig. 64 Subsidies

thousand euros

Non-Reimbursable Subsidies	2009	2008
Opening Balance	9,018	9,284
Transfer to gains	-2,997	-1,065
Additions	0	766
Received during the year	709	0
Reclassifications/Transfers	2,452	810
Others	0	-777
Closing Balance	9,182	9,018
Reimbursable Subsidies		
Opening Balance	5,678	3,907
Paid during the year	-2,038	-1,174
Received during the year	1,176	3,640
Fair value correction (zero interest rate)	0	115
Reclassifications/Transfers	-2 385	-810
Closing Balance	2,431	5,678

XXII. Tax Liabilities

Fig. 65 Tax Liabilities

thousand euros

	2009	2008
Income tax	1,618	2,426
Value added tax	3,405	5,086
Social security	2,640	2,814
Others	1,712	1,430
Tax Liabilities	9,375	11,756

XXIII. Third Party Supplies and Services

Fig. 66 Third Party Supplies and Services

thousand euros

	2009	2008
Communications	1,628	1,782
Insurance	2,783	3,800
Subcontractors	2,621	2,174
Power	6,973	7,275
Tools	1,005	1,387
Oil and gas	712	1,175
Rentals	4,205	4,833
Transports	13,490	15,119
Travel	3,288	3,843
Commissions	4,378	5,026
Special Services	9,026	8,734
Advertising	7,112	6,828
Maintenance	5,315	6,253
Others	8,542	10,575
Third Party Supplies and Services	71,078	78,804

XXIV. Staff Costs

Fig. 67 Staff Costs

thousand euros

	2009	2008
Boards remuneration	444	826
Employees remuneration	67,036	69,711
Social security and other	14,149	15,142
Severance costss	7,974	3,817
Other	3,903	3,799
Staff Costs	93,506	93,296
Average Number of Employees	3,422	3,846
Final Number of Employees	3,243	3,745

Board's remuneration includes Fiscal Board and the General Meeting members. Amounts stated in this chart derive from the company's books, and so refers to amounts expensed during the period.

Restructuring costs (4,515 K€), as stated in the income statement by nature is included in the Severance costs line.

XXV. Impairments of Assets

Fig. 68 Impairments of Assets

thousand euros

	2009	2008
Receivables	1,007	2,486
Inventories	-488	-356
Others	94	-79
Impairments of Assets	613	2,051

XXVI. Other Operating Gains and Losses

Fig. 69 Other Operating Gains and Losses

thousand euros

	2009	2008
Indirect taxes	-1,576	-1,592
Provisions	26	122
Net exchange differences	1,382	-1,433
Gains (losses) in disposal of assets	-36	169
Subsidies – operating	128	464
Subsidies – equipment	2,995	1,065
Other	-622	497
Other Operating Gains (+) and Losses (-)	2,297	-707

XXVII. Net Interest

Fig. 70 Net Interest

thousand euros

	2009	2008
Interest costs – bank loans	4,250	8,826
Interest costs – commercial paper	1,119	3,560
Interest costs – delayed payments	8	1
Stamp tax – interest	115	139
Stamp tax – capital	71	67
Interest costs – other	660	1,160
	6,223	13,753
Interest gains – bank deposits	-184	-80
Interest gains – delayed payments	-170	-26
Interest gains – other	-174	-272
	-529	-378
Net Interest	5,694	13,376

In Interest costs – other (660 K€), a total of 228 K€ is due to non interest bearing liabilities fair value. (2008: 511 K€).

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 December 31, 2009, indirect stake of AIP in CORTICEIRA AMORIM was 69.402% of the voting rights.

CORTICEIRA AMORIM related party transactions are, in general, due to the rendering of services through some of AIP subsidiaries (Amorim Serviços e Gestão, S.A., Amorim Viagens e Turismo, S.A., OSI – Sistemas Informáticos e Electrotécnicos, Lda.). Total sales of these subsidiaries to the remaining CORTICEIRA AMORIM companies totalled 6,442 K€ (2008: 4,784 K€).

Cork acquired during 2009, from companies held by the main indirect shareholders of CORTICEIRA AMORIM, amounted to 102 K€. This corresponds to less than 0.5 % of total acquisitions of that raw-material.

Balances at year-end 2009 and 2008 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 raring from 2% to 5%.

During 2009 no transactions were made and no balances booked with related parties Amorim Capital, S.G.P.S., S.A., Vertente Financeira, S.G.P.S., S.A., Amorim Investimentos e Participações, S.G.P.S., S.A. and Interfamília II, S.G.P.S., S.A.

Total CORTICEIRA AMORIM key staff short-term remuneration reached K€ 1,744 during 2009 (2008: 1,520 K€). No payments were made related with post-employment benefits, other long-term benefits, termination benefits and equity compensation benefits.

XXIX. Guarantees, Contingencies and Commitments

During its operating activities CORTICEIRA AMORIM issued in favour of third-parties guarantees amounting to K€ 162,859 (2008: K€ 194,472) (Fig. 71).

In Other, guarantees related with the acquisition of Oller explains most of the value.

The total amount of K€ 2,962 recorded as “provisions” is considered to be adequate to face any tax lawsuit effect. As for the press-release of June 18, 2008, no new developments were registered.

Fig. 71 Guarantees, Contingencies and Commitments

thousand euros

Beneficiary	Amount	Purpose
Government agencies	5,176	Capex grants/subsidies
Tax authority	5,185	Tax lawsuits
Banks	149,191	Loans guarantees
Other	3,308	Miscellaneous guarantees
Total	162,859	

As of December 31, 2009, future expenditure resulting from long-term motor vehicle rentals totals K€ 1,397, and for computer hardware and software totals K€ 386. Total is due 2010 (713 K€), 2011 (535 K€), 2012 (357 K€) and 2013 and further (178K€).

Commitments related with fixed assets suppliers are no recorded and amount to K€ 2,215.

XXX. Exchange Rate Contracts

As of December 31, 2009, forwards outright contracts related with sales currencies were as follows:

- hedging long positions – K€ 5,266 (a -52% variation from same period last year). This amount refers to AUD (34%), USD (26%) and ZAR (25%);
- hedging short positions – K€ 546. This amount refers exclusively to USD.

As of that date no options contracts were alive.

XXXI. Auditor's Fees

PricewaterhouseCoopers auditor's remuneration for the group of subsidiaries and for CORTICEIRA AMORIM was K€ 378 (2008: K€ 396).

XXXII. Activity During the Year

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

XXXIII. Other Information

a) Gross margin (percentage)

Gross margin (percentage) as shown in the Earnings Statement (by nature of expenses) calculation used as denominator the value of Production (Sales + Change in manufactured inventories).

b) Net profit per share calculation used the average number of issued shares deducted by the number of average owned shares. The non-existence of potential voting rights justifies the same net profit per share for basic and diluted (Fig. 72).

Fig. 72 Net Profit per Share

	2009	2008
Total issued shares	133,000,000	133,000,000
Average nr. of treasury shares	2,949,243	2,578,584
Average nr. of outstanding shares	130,050,757	130,421,416
Net profit (thousand euros)	5,111	6,153
Net profit per share (euros)	0.039	0.047

c) IFRS standards:

- During 2009, the following standards became mandatory:
 - o IAS 1 (revised);
 - o IAS 23 (Borrowing costs 2007);
 - o IFRS 7 (Change in disclosures).

The adoption of these standards produced no material impact in the group financial statements.

- Approved standards mandatory for the future:
 - o IAS 27 (revised);
 - o IFRIC 17;
 - o IFRS 3 (revised).

No material impacts in 2009 statements if applied.

d) Financial Assets and Liabilities

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

Detail is as follows in (Fig. 73):

Fig. 73 Financial Assets and Liabilities

thousand euros

	2009	2008
Customers	174,789	103,423
Recoverable taxes	16,570	20,322
Cash and cash equivalents	7,740	4,596
Others	7,218	14,212
Total Financial Assets	206,317	142,553
Interest bearing debt	146,353	227,558
Other loans and creditors	10,880	19,508
Suppliers	74,601	33,267
Others	9,375	11,756
Total Financial Liabilities	241,209	292,089

Customers' balances are denominated in USD (3.3%), CLP (3.4%), ARS (1.9%), ZAR (0.5%), AUD (0.8%), being the remaining almost totally euro based. Exchange differences are due, mainly, to non euro based customers' balances, as well as foreign currency loans used as a hedge accounting instrument.

Mozelos, February 18, 2010

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

António Rios de Amorim

Chairman of the Board of Directors

Fernando José Araújo Santos Almeida

Vice-President of the Board of Directors

Joaquim Ferreira de Amorim

Member of the Board of Directors

Nuno Filipe Vilela Barroca de Oliveira

Member of the Board of Directors

Lúisa Alexandra Ramos Amorim

Member of the Board of Directors

José da Silva Carvalho Neto

Member of the Board of Directors

André de Castro Amorim

Member of the Board of Directors

“Cork floor and wall coverings are clearly superior in terms of eco-efficiency. Eco-efficiency analysis focuses on a combination of environmental and economic criteria, including balance, resource consumption, impacts on health and wellbeing, and emissions, particularly of greenhouse gases.”

BASF





The background features abstract geometric shapes in various shades of green and teal. On the left, several overlapping triangles and trapezoids in lighter green and yellow-green tones point towards the center. On the right, a large, light green trapezoidal shape extends from the top edge. The bottom half of the page is a solid, dark grey-blue color.

CHAPTER VI

Legal Opinion



FULLY INTEGRATED
INDUSTRIAL PROCESS
THAT VALUES EVERY
PIECE OF CORK.

*Cork products & solutions:
Up to the limits of creativity.*

CHAPTER VI

Legal Opinion

“THE DIRECTORS’ REPORT IS SUFFICIENTLY CLEAR AS TO THE BUSINESS PERFORMANCE AND THE STATE OF AFFAIRS OF THE COMPANY AND THE GROUP AND HIGHLIGHTS THE MOST SIGNIFICANT ASPECTS.”

Supervisory Board

“THE CONSOLIDATED FINANCIAL STATEMENTS PRESENT FAIRLY IN ALL MATERIAL RESPECTS, THE CONSOLIDATED FINANCIAL POSITION OF CORTICEIRA AMORIM, S.G.P.S., S.A.”

PricewaterhouseCoopers & Associados, S.R.O.C., Lda.

CORTICEIRA AMORIM, S.G.P.S., S.A.
SUPERVISORY BOARD'S REPORT AND OPINION

To the Company's Shareholders,

In accordance with the law and the power and duties conferred upon us, we are hereby submitting the report on our supervisory activities for your consideration and we issue our opinion on the Directors' Report and the financial statements prepared by the Board of Directors of CORTICEIRA AMORIM, S.G.P.S., S.A. for the year ended 31 December 2009.

I – WORKING PROCEDURES

During the year under review, we have monitored the business of the Company at regular intervals and to the extent deemed appropriate. No situation disrespecting the law or the Company's Articles of Association has been noted by us on checking the accuracy of the bookkeeping. We have also considered the Statutory Auditors' Reports prepared by PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda. (Chartered Accountants and Registered Auditors). These examinations covered both the corporate accounts and the consolidated accounts of CORTICEIRA AMORIM, S.G.P.S., S.A., both of which were prepared in accordance with the relevant legislation.

The procedures carried out included:

- monitoring the business of the Company, both by holding regular meetings with the Board of Directors, the Executive Committee and other officers of the Company and by perusing the relevant minutes; we have requested and obtained all explanatory information deemed necessary;
- assessing the appropriateness and consistency of application of the accounting policies adopted by the Company;
- examining the Company's system of internal control;
- examining the financial information disclosed by the Company.

We would like to highlight the important and diligent contribution by the whole Organization – from the Board of Directors to Service Departments - that enabled us to carry out our work accurately and efficiently.

We would also like to highlight the professional approach, expertise and competence that PricewaterhouseCoopers & Associados, SROC, Lda, in particular Mr José Alves Pereira - a representative of PricewaterhouseCoopers & Associados, SROC, Lda. on the Company's Statutory Audit Committee - and his team demonstrated throughout the year ended 31 December 2009.

II - CONCLUSION

Within the scope of our work, we have confirmed:

- that the Balance Sheet, the Income Statement and other accounting records and their explanatory notes in respect to both the corporate accounts and the consolidated accounts were prepared in accordance with the relevant legal requirements;
- the appropriateness of the accounting policies and evaluation criteria used by the Company, which accounting policies and evaluation criteria are duly described in the explanatory notes;
- that the Directors' Report is sufficiently clear as to the business performance and the state of affairs of the Company and the Group and highlights the most significant aspects;
- that the proposal for appropriation of profit is properly substantiated.

III - OPINION

Based on the information provided by the Board of Directors and a number of employees of the Company and taking the conclusions of the Statutory Auditors' Report into account, we are of the opinion that:

- i) the Directors' Report should be approved;
- ii) the financial statements of the Company and the consolidated financial statements should be approved;
- iii) the proposal for appropriation of profit should be approved.

IV - STATEMENT OF RESPONSIBILITY

In compliance with the provision set forth in Section 245.1(c) of the Portuguese Securities Market Act and in our capacity as members of the Supervisory Board, we hereby state that, to the best of our knowledge, the annual accounts and other documents included in the statement of accounts were prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, the financial position and the results of the operations of CORTICEIRA AMORIM, S.G.P.S., S.A. and of the companies included in the consolidation.

We further state that the Directors' Report fairly presents the business performance and state of affairs of CORTICEIRA AMORIM, S.G.P.S., S.A. and of the companies included in the consolidation. The Directors' Report includes a special chapter identifying the major risks and uncertainties that affect the Company's business.

V - ACKNOWLEDGEMENTS

Finally, a word of appreciation to:

- the Board of Directors for the availability, cordiality and transparency of its members;
- the Organization, for making readily available all human and material resources deemed necessary to assist us in our work, and
- PricewaterhouseCoopers and its team for their important role in providing public evidence of the high standards of internal control and financial reporting that CORTICEIRA AMORIM, S.G.P.S., S.A. consistently practices.

Mozelos, March 2, 2010

THE SUPERVISORY BOARD

Durval Ferreira Marques

Alberto Joaquim Hierro Lopes

Gustavo José de Noronha da Costa Fernandes

**Report of Statutory Auditors and Audit Report on
Consolidated Financial Statements**

(Free Translation from the original in Portuguese)

Introduction

1 In accordance with the Portuguese Securities Market legislation (“Código dos Valores Mobiliários”) we present the statutory report and the audit report on the consolidated financial statements of **Corticeira Amorim, SGPS, SA**, comprising the consolidated statement of financial position as at 31 December 2009, (which shows total assets of Euros 524.730 thousand and total shareholder’s equity of Euros 249.845 thousand, which includes Minority Interests of Euros 10.684 thousand and a net profit of Euros 5.111 thousand), the consolidated statements of income by nature and by functions, the statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and the corresponding notes to the accounts.

Responsibilities

2 It is the responsibility of the Company’s Management: (i) to prepare consolidated financial statements which present fairly, in all material respects, the financial position of the company and its subsidiaries, the consolidated changes in equity, the consolidated results of their operations and their consolidated cash flows; (ii) to prepare consolidated financial statements applying the International Financial Reporting Standards (IFRS) as adopted in the UE and the principles requested by the Portuguese Security Market legislation; (iii) to adopt appropriate accounting policies and criteria; (iv) to maintain adequate systems of internal accounting controls; and (v) to disclose any relevant fact that has influenced the activity of the company and its subsidiaries, its financial position or results.

3 Our responsibility is to verify the consolidated financial information presented on these documents, in particular if it is complete, true, actual, comprehensible, objective and lawful, in accordance with Portuguese Security Market legislation with the objective of expressing an independent and professional opinion on this information based on our audit.

Corticeira Amorim, SGPS, SA

Scope

4 We conducted our examination in accordance with the Standards and Technical Recommendations approved by the Institute of Statutory Auditors which require that we plan and perform the examination to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. Accordingly, our examination included: (i) verification that the subsidiary's financial statements have been examined and for the cases where such an examination was not carried out, verification, on a test basis, of the evidence supporting the amounts and disclosures in the consolidated financial statements, and assessing the reasonableness of the estimates, based on the judgments and criteria of Management, used in the preparation of the consolidated financial statements; (ii) verification of the consolidation operations and of the use of the equity method; (iii) assessing the appropriateness and consistency of the accounting principles used and their disclosure, as applicable; (iv) assessing the applicability of the going concern basis of accounting; (v) evaluating the overall presentation of the consolidated financial statements; and (vi) verification of the completeness, truth, actuality, comprehensiveness, objectivity and lawfulness of the information presented, in accordance with the Portuguese Securities Market legislation.

5 Our audit also included the verification of the consistency of the consolidated Management Report with the information contained in the financial statements

6 We believe that our examination provides a reasonable basis for our opinion.

Opinion

7 In our opinion, the consolidated financial statements referred to above, present fairly in all material respects, the consolidated financial position of **Corticeira Amorim, SGPS, SA** as at 31 December 2009, the consolidated changes in equity, the consolidated results of their operations and their consolidated cash flows for the year then ended in conformity with International Financial Reporting Standards (IFRS) as adopted in the UE and the information there included is complete, true, actual, comprehensible, objective and lawful.

Porto, 2 March 2010

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

José Pereira Alves, R.O.C.

(2)

“We’d like you to choose cork aware of its benefits, of the value it adds to the products in which it is used and of the extraordinary contribution it makes to sustaining cork oak groves, an invaluable safeguard of biodiversity. We feel sure you will recognise this. Our only uncertainty is whether you will identify it as cork or as Amorim. For that reason, we offer you some help: the extraordinary material is cork; all the rest – vision, know-how, quality, performance, design, research and innovation – is AMORIM.”

António Rios de Amorim



Title

Annual Report and Accounts CORTICEIRA AMORIM, S.G.P.S., S.A.

Coordination

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

Ownership

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

Public Company

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