AMORIM

CORTICEIRA AMORIM

Consolidated Financial Statement June 30, 2017

First half 2017 (1H17) (Audited)
Second quarter 2017 (2Q17) (Non-audited)

Consolidated Management Report

Shareholders of CORTICEIRA AMORIM,

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

1. SUMMARY OF ACTIVITY

In general terms, the economic conditions observed at the beginning of the year continued during the second quarter. Economic sentiment remains globally positive, with different economies showing greater synchronisation, a factor differentiating the current period from other recent periods of growth.

The US began the second quarter still performing below expectations in the early months of 2017, but gradually began to recover. The slowdown in the first quarter was seen as transitory, given that the economy continued to generate jobs.

Strong European data set the climate in the Euro Zone with a series of positive surprises. Growth remained strong and showed signs of accelerating in comparison with the beginning of the year, with some indicators reaching pre-crisis levels.

At Corticeira Amorim, consolidated first-half sales reached 355 M€, a 6% increase on the first six months of 2016. This sales growth was totally organic, not benefitting from any changes in the group's perimeter. The deceleration in the rate of sales growth in the second quarter, which had been forecast in the first-quarter management report, essentially reflected the greater number of working days in the first three months of 2017 compared with the same period of the previous year. In 2016, this effect occurred in the second three months, the strongest quarter of that year for sales growth, thus, by comparison, penalising the second quarter of 2017. The increase in sales was mainly a result of increased volume sales, with the exchange rate effect (relating essentially to the US dollar) having a positive impact of 3.8 M€.

In terms of business units (BUs), special mention should be made of sales growth at the Cork Stopper BU (8.6%) and the Floor and Wall Coverings BU, which managed to maintain its growth in sales (1.9%). The Composite Cork BU saw the positive impact of the first quarter diluted, having ended the first half with a slight drop in sales (-0.3%).

Increased production implied an increase in operating costs superior to the growth in sales, but this was offset by the gross margin. Earnings before interest, tax, depreciation and amortisation (EBITDA) evolved positively at slightly above the rate of sales growth, reaching 70.6 M€. The increase would have been greater had it not been for impairments in the first quarter resulting from an analysis of the amount recoverable from some previously capitalised development projects and from an industrial site that is expected to be relocated.

The EBITDA/sales ratio reached 19.9%, above the 19.7% registered in the first half of 2016. Performance was stronger in the first quarter than over the first half as a whole due to the exceptional increase in sales in the first quarter not being accompanied at the same level by fixed costs. The evolution of the ratio over the whole first half provides a better benchmark for evaluating Corticeira Amorim's performance.

Financial operations continued to improve due to lower interest rates and debt levels. Net debt at the end of the first half was 11 M€ (1H16: 80 M€).

Estimates of the rate of effective taxation are higher than for the same period in 2016. This is due to the estimate for the first half of 2016 having benefited from a gain relating to the company's tax declaration for 2014.

After earnings attributable to non-controlling interests, net income totalled 37.757 M€, an increase of 7.4% compared with the 35.145 M€ registered in the first half of 2016.

2. OPERATING ACTIVITIES - FIRST HALF 2017

The **Raw Materials BU** kept pace with the Cork Stopper BU's overall increase in activity, registering a sales increase of 3.8%, essentially resulting from internal operations. Production rose 4.3% in line with the increase in sales.

The BU recorded an EBITDA of 10.5 M€, almost the same as in the same period of 2016 (1H16: 10.6 M€).

Preparations for the 2017 cork purchasing campaign advanced according to plan in the first half, achieving the amounts targeted for the period. Cork purchases have almost been completed and point to an increase of about 10%.

The BU continues to seek improvements in its efficiency indicators, in particular through the implementation of several projects for improving processing (Kaizen) and automation as well as improving product quality.

Research continues into the project for cork oak plantations with improved irrigation and better occupation of the available space. Full execution of the project depends on broadening partnerships with forest owners. In this area, it is important to make public bodies aware of the importance of the project for the future of the cork sector in Portugal.

The **Cork Stopper BU** recorded sales of 239.5 M€, an increase of 8.6% on the first half of 2016. The increase was mainly driven by volume sales (+7.5%) and price. The increase in sales was balanced across products and markets. In term of products, capsulated, champagne and Neutrocork® stoppers performed particularly well.

All segments (still, sparking and spirits) achieved significant growth of above 8%. The spirits segment, in particular, stood out with sales growth of more than 17%.

In terms of geographical markets, France, the US, Italy, Spain and Chile registered the biggest sales increases, reflecting the growing "premium-isation" of markets and a growth in sales to large customers. Argentina was the only market where sales fell significantly.

The use of NDtech® technology advanced at the beginning of 2017, reaching a production capacity of 40 million stoppers per year. In June, accumulated sales reached 14 million stoppers.

Increased activity combined with the effect of the BU's sales mix resulted in EBITDA growth of 25.5% to 49.9 M€ on June 30, 2017.

The **Composite Cork BU's** first-half sales totalled 51.9 M€, a slight drop on the first half of 2016 (52.1 M€). A fall in volume sales (impact: -0.4 M€) was partially offset by the exchange rate effect (impact: +0.5 M€). In terms of segments, Resilient & Engineered Flooring Manufacturers (+0.7 M€), Heavy Construction (+0.7 M€) and the supply of inlays for Hydrocork® products produced by the Floor and Wall Coverings BU (+0.8 M€) together accounted for a significant part of the increase recorded. Furnishing (-1.3 M€), Sport Surfaces (-1.0 M€) and Aerospace (-0.4 M€) were the segments that recorded the largest reduction in sales. The Furnishing segment registered a drop in sales in comparison with the same period in 2016 as a result of some specific projects, delimited in time, that were developed in the previous year. Several initiatives are underway aimed at restoring the contribution made by this segment. These include establishing new partnerships and finding innovative solutions that lead to the presentation of new products on the market based on the unique characteristics of cork. A drop in sales to the principal customer of the Sport Surfaces segment explains its first-half sale performance. Efforts are also being made to increase sales to new partners in this segment.

In terms of geographical markets, an increase in sales to Asia deserves special mention, with sales in China exceeding 500 K€. The drop in sales in the US is explained by the previously described performance of the Sport Surfaces segment. Sales in Europe also fell, mainly due to the performance of the Furnishing segment. The remaining variations were spread over different markets, including increased sales in the Middle East (+0.4 M€).

EBITDA totalled 8.3 M€ in the first half, a drop of 15% compared with the same period of 2016. The fall was essentially due to a change in the sales mix. The products for which sales rose in the first half had a lower industrial margin than the products whose sales fell.

The **Floor and Wall Coverings BU** saw the pace of sales growth decelerate in the second quarter of 2017, essentially because of the impact of strong sales combined with more working days in the first quarter. First half sales totalled 62.3 M€, an increase of 1.9% on the same period of 2016.

In terms of products, sales of Hydrocork®, which increased by 2.1 M€, and Authentica®, which rose by 2.5 M€, were particularly strong. Sales of LVT Floating products fell by 1.6 M€ (reflecting to a certain extent their cannibalization by Authentica® sales), while sales of Cork Style products dropped by 2.2 M€.

In relation to geographical markets, Denmark, Germany, Portugal and China stood out in terms of sales growth. The US was prominent among markets where sales fell (-1.9 M€), especially a drop in sales by US Floors (-1 M€). There were signs that the fall in sales in Russia was stabilizing, with first-half sales at the same level as in the first six months of 2016 (2.2 M€).

In spite of increased sales, the BU's EBITDA fell to 4.3 M€. The phenomenon registered in the first quarter continued, so that, in spite of an improved margin percentage, increased commercial costs (larger commercial teams to support investments being made to strengthen the BU's production capacity, setting up a UK operation, marketing costs at Amorim Flooring North America and other outlays) absorbed the improvement.

Sales by the **Insulation Cork BU** totalled 5.6 M€, a drop of 13.2% in relation to the first half of 2016. In 2017, however, there was no supply of granulated cork to the Cork Composite BU. Excluding this effect, the BU's sales to end customers fell 1% (30 K€), while MDFachada® sales increased by 176 K€.

Black agglomerate sales also rose by 2.6%, growing in Italy and Asia, but falling in the Middle East. Sales of re-granulated materials fell 10%, notably in the French and Portuguese markets, but with increased sales in Sweden.

The BU's EBITDA fell 29.3% to 1.1 M€ (1H16: 1.5 M€). The drop resulted from a lower gross margin reflecting an increase in the average price of raw materials and a larger increase in the price of the specific materials used by the BU.

3. CONSOLIDATED PROFIT AND LOSS ACCOUNT AND FINANCIAL POSITION

As previously mentioned, increased volume sales (up by about 50%) were mainly responsible for the overall sales growth registered in the first half, with the exchange rate effect contributing approximately 3.8 M€. The price effect, especially at the Cork Stopper BU, also had some impact on the increase.

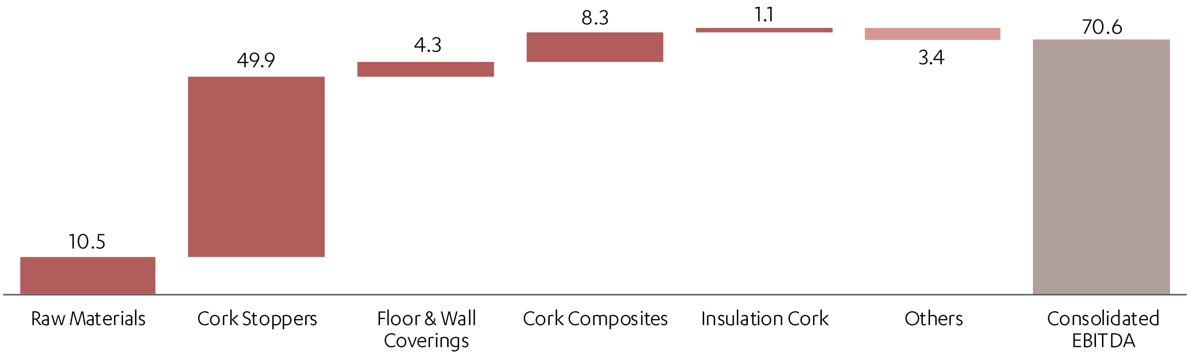
The increase in the absolute value of sales was reflected in the gross margin, which increased in percentage terms. This was essentially due to changes in production resulting from a significant increase in finished products (mainly at the Cork Stopper BU). This led to an improvement of the gross margin percentage (of almost 1 percentage point), which also reflected an improved sales mix.

In terms of operating costs, the increase in activity essentially explains the 4.4 M€ in staff costs (+7.4%). Supplies and external services costs increased 7.5%, also partly reflecting the increase in activity. Other factors that contributed to the increase include an increase in commercial costs (as previously explained) and consulting costs, the impact of which were diluted with respect to the first quarter.

The impairment account is significant and results from impairments recognised in the first quarter of 2017, resulting mainly from an analysis of the recoverable value of some previously capitalised development projects and an industrial site that is expected to be relocated.

In regard to other operating costs affecting EBITDA, the change was unfavourable, resulting in a decrease of 1.3 M€. The main factor contributing to this drop relates to exchange rate differences on receivable asserts and payable liabilities and the hedging of foreign exchange risk involving other operating income/gains, which was negative in the amount of about 1 M€ (1H16: 0.9 M€).

As a result of the evolution of sales, the gross margin and operating costs, EBITDA increased 7.2% to 70.6 M€. This resulted in an EBITDA/sales ratio of 19.9%, which compares favourably with first half of 2016 and represents an increase of 0.8 percentage points in relation to the full-year ratio for 2016 (19.1%).



No non-recurring expenses were recorded in the first half of 2017 (1H16: 3.7 M€).

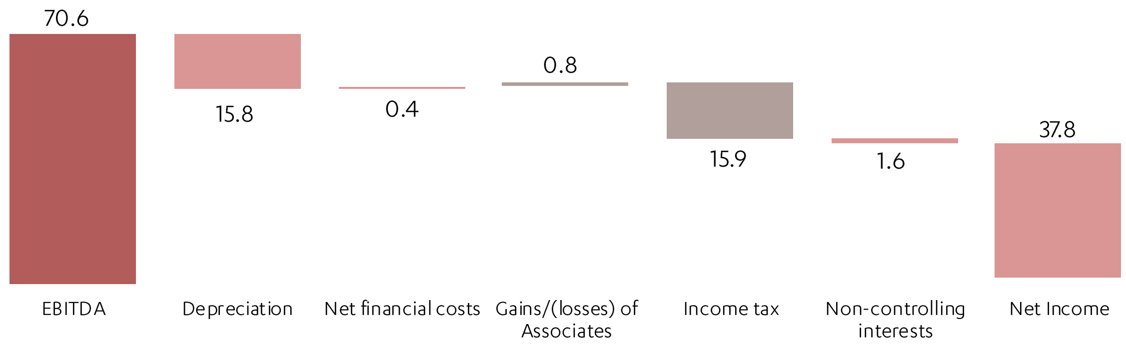
Lower average debt (11.1 M€ on 30/06/2017 compared with 80.1 M€ on 30/06/2016) and interest rates again benefited the Group's financial position. Net financial expenses totalled 0.6 M€ compared with 1.0 M€ in the first half of 2016.

The results contributed by associate companies fell slightly below the amount registered in the first half of 2016. This was essentially due to an impairment recorded for one associate company. The loss of the positive results registered by the associate company US Floors (1H16: 0.8 M€), which no longer belongs to Corticeira Amorim, was partially offset by the increased profitability of stock held in associate companies.

Tax on earnings is estimated at 15.9 M€. As usual, it will only be possible to estimate the value of investment tax benefits (RFAI and SIFIDE) at the end of the year. Thus, any tax gain will be recorded only at the close of accounts for 2017. In comparison with the first half of 2016, it will be recalled that the estimate for 2016 benefitted from a gain relating to the tax declared for 2014.

After estimated taxation and the allocation of results from non-controlling interests, net income attributable to CORTICEIRA AMORIM shareholders totalled 37.757 M€, an increase of 7.4% face on the 35.145 M€ recorded for the first half of 2016.

Earnings per share were 0.2839 €, up from 0.2642 € in the first half of 2016.



Net assets totalled 777.4 M€ at the end of June 2017, an increase of 51 M€ on the total recorded at the end of December 2016 that mainly resulted from the increase in the balance of customers, inventories, cash, and cash equivalents. The increase of about 75 M€ in assets in relation to the first half of 2016 results in large measures from the increase in the value of inventories (+17 M€ due to additional cork purchases), customers (+9 M€ due to increased activity being reflected in the balance of customers) and cash and equivalents (resulting from the amount raised from the sale of US Floors, which was transferred from the US to Portugal at the end of the first quarter).

The change in the second part of the balance sheet for the first six months of 2017 relates to the recognition of the first-half results, the distribution of dividends (23.9 M€) and a 38 M€ increase in liabilities (increases relating to suppliers, other loans and miscellaneous creditors and income tax offset by a reduction in remunerated debt).

In the second part of the balance sheet, the increase in equity compared to June 2016 totalled 71 M€. Under liabilities, a decrease of 22 M€ in remunerated debt, offset by increases in other loans and miscellaneous creditors (7 M€), suppliers (21 M€) and income tax (3 M€) is of particular note.

At the end of the first half, net remunerated debt totalled 11 M€, a reduction of 25 M€ compared with the end of 2016. Funds were released as planned, with EBITDA generated by the Group's activities being sufficient to offset capital expenditure and working capital requirements. Mention should also be made of the impact on the evolution of the Group's debt made by the receipt of 8.5 M€ in government subsidies.

At the end of June 2017, the Group's equity totalled 440 M€. The financial autonomy ratio rose to 56.6%.

4. KEY CONSOLIDATED INDICATORS

		1H2017	1H2016	yoy	2Q2017	2Q2016	yoy
Sales		**354,762**	333,958	6.2%	**183,053**	177,267	3.3%
Gross Margin – Value		**192,121**	176,276	9.0%	**97,135**	93,871	3.5%
	1)	**53.3%**	52.4%	+ 0.9 p.p.	**54.0%**	50.6%	+ 3.5 p.p.
Operating Costs - current		**137,289**	123,574	11.1%	**67,762**	62,278	8.8%
EBITDA - current		**70,622**	65,854	7.2%	**37,064**	38,257	-3.1%
EBITDA/Sales		**19.9%**	19.7%	+ 0.2 p.p.	**20.2%**	21.6%	-1.33 p.p.
EBIT - current		**54,832**	52,703	4.0%	**29,373**	31,593	-7.0%
Non-current costs	2)	**0**	3,730	N/A	**0**	2,050	N/A
Net Income		**37,757**	35,145	7.4%	**20,543**	21,231	-3.2%
Earnings per share		**0.284**	0.264	7.4%	**0.164**	0.169	-3.2%
Net Bank Debt		**11,105**	80,079	-68,974	**-**	-	-
Net Bank Debt/EBITDA (x)	3)	**0.09**	0.71	-0.63 x	**-**	-	-
EBITDA/Net Interest (x)	4)	**230.3**	103.4	126.83 x	**223.7**	126.9	96.78 x
Equity/Net Assets		**56.6%**	52.5%	+ 4.1 p.p.	**-**	-	-

1) Related to Production
2) Figures refer to the provision for labor and customs litigation in Amorim Argentina, deferred costs concerning business started in the previous year and adjustments related to non-controlling interests (2016)
3) Current EBITDA of the last four quarters
4) Net interest includes interest from loans deducted of interest from deposits (excludes stamp tax and commissions)

5. SUBSEQUENT EVENTS

As communicated to the market on July 19, 2017, CORTICEIRA AMORIM, SGPS, SA, through its subsidiary Amorim & Irmãos, SGPS, SA, entered into an agreement with a view to the acquisition of the share capital of SAS ETS CHRISTIAN BOURRASSÉ, Cough (France).

ETABLISSEMENTS CHRISTIAN BOURRASSÉ (société anonyme) holds the capital of SOCORI - SOCIEDADE DE CORTIÇAS DE RIOMEÃO, S.A. (Riomeão, Portugal) and CORPACK BOURRASSÉ S.A. (Santiago, Chile) - the three companies jointly being called BOURRASSÉ.

Under the terms of the agreement, Amorim & & Irmãos, SGPS, SA acquired 60% of the capital stock of ETABLISSEMENTS CHRISTIAN BOURRASSÉ (société anonyme) for a total amount of 29 M€. The remaining 40% will be acquired at a subsequent date or dates, by 2022, at a price which, taking as a reference the value already paid for the first 60%, will also depend on the evolution of BOURRASSÉ's performance during the coming years.

In addition to this event and as of the date of issuance of this report, no other material events have occurred that could materially affect the financial position or future results of CORTICEIRA AMORIM and the affiliated companies included in the consolidated Group.

AMORIM

6. OUTLOOK

As in the first half, CORTICEIRA AMORIM will continue to benefit from investments aimed at improving its operational efficiency.

It is estimated that full year 2017 net results will maintain the first half performance.

As cork needs for next year are fulfilled, in the short term only a rapid deterioration of economic activity, or a significant depreciation of the USD, may adversely influence the performance of CORTICEIRA AMORIM for the next six months.

7. OWNERSHIP INTERESTS

7.1. LIST OF MEMBERS HOLDING QUALIFIED OWNERSHIP INTERESTS AS OF 30 JUNE 2017:

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

The table above also lists holdings in share capital above 10%.

Shareholder Amorim Capital SGPS, S.A.	Shares held	% Voting rights
Directly	67,830,000	51.000%
Total Attributable	**67,830,000**	**51.000%**

Shareholder Amorim Investimentos e Participações, SGPS, S.A. *(a)*	Shares held	% Voting rights
Directly	-	-
Through Amorim Capital SGPS, S.A., 100% owned	67 830 000	51.000%
Total Attributable	**67 830 000**	**51.000%**

(a) The capital of Amorim Investimentos e Participações, SGPS, S.A is wholly owned by three companies (Amorim Holding Financeira, SGPS, SA (5.63%), Amorim Holding II SGPS, SA (44.37%) and Amorim - Sociedade Gestora de Participações Sociais, SA (50%)) none of which has a dominant share in society, being the capital of these three companies in turn, held, respectively, in the case of the first two, by Mr. Americo Ferreira de Amorim, wife and daughters and in the case of the third, by Mr. António Ferreira de Amorim, wife and sons As far as the Company is aware, there are no agreements between the companies for the purpose of concerted exercise of the voting rights in Amorim Investimentos e Participações, SGPS, S.A.

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

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

(b) The capital of Great Prime, S.A. is wholly owned by three companies (API Amorim Participações Internacionais, SGPS, S.A. (33.33%), Vintage Prime, SGPS, S.A. (33.33%) e Stockprice, SGPS, S.A. (33.33%)). Mr. Américo Ferreira de Amorim, holds 85% of each company.

Shareholder Américo Ferreira de Amorim	Shares held	% Voting rights
Directly	-	-
Through Warranties, SGPS, S.A., 70% owned	18,325,157	13.778%
Total Attributable	**18,325,157**	**13.778%**

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

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

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

7.2. TRANSACTIONS BY DIRECTORS & OFFICERS

In accordance with the provisions of Sections 14.6 and 14.7 of Regulation no.5/2008 of the Portuguese Securities Market Commission, no CORTICEIRA AMORIM shares were traded by any of its directors.

During that period no derivatives of CORTICEIRA AMORIM issued securities were traded by its directors or by any of the companies that control the company, neither by any of the persons related with them.

7.3. TREASURY STOCK

During the first half of 2017, CORTICEIRA AMORIM did not acquire or sold treasury shares.

As of June 30, 2017, CORTICEIRA AMORIM held no treasury shares.

8. STATEMENT OF DIRECTORS' RESPONSIBILITIES

In accordance with the requirements of Section 246.1(c) of the Portuguese Securities Market Act, the directors state that, to the best of their knowledge, the financial statements for the half year ended June 30, 2017 and all other accounting documents have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of CORTICEIRA AMORIM, SGPS, SA and the undertakings included in the consolidation taken as a whole. The directors further state that the Directors' Report faithfully describes the development, performance and position of CORTICEIRA AMORIM's business and the undertakings included in the consolidation taken as a whole. The Directors' Report contains a special section describing the main risks and uncertainties that could impact our business in the next six months.

Mozelos, July 28, 2017

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AMORIM

thousand euros

	Notes	june 30, 2017	december 31, 2016	june 30, 2016
Assets				
Property, plant and equipment	IX	194,530	197,454	189,481
Investment property	IX	6,686	7,100	7,233
Investments in associates	VI e X	10,932	9,450	14,143
Intangible assets	IX	2,654	3,776	2,734
Other financial assets	XI	2,463	3,940	3,955
Deferred tax assets	XII	9,653	10,004	10,155
Non-current assets		**226,919**	**231,723**	**227,702**
Inventories	XIII	281,150	268,691	264,641
Trade receivables	XIV	173,029	141,876	163,190
Income tax assets	XV	2,444	4,214	3,595
Other current assets	XVI	32,502	29,249	28,847
Cash and cash equivalents	XVII	61,431	51,119	14,317
Current assets		**550,556**	**495,150**	**474,590**
Total Assets		**777,475**	**726,873**	**702,291**
Equity				
Share capital	XVIII	133,000	133,000	133,000
Other reserves	XVIII	252,514	175,347	186,287
Net Income		37,757	102,703	35,145
Non-Controlling Interest	XIX	16,636	15,892	14,017
Total Equity		**439,907**	**426,943**	**368,449**
Liabilities				
Interest-bearing loans	XX	37,724	38,609	41,179
Other borrowings and creditors	XXII	16,837	10,072	9,633
Provisions	XXIX	29,884	30,661	34,965
Deferred tax liabilities	XIII	6,652	6,856	6,670
Non-current liabilities		**91,098**	**86,198**	**92,447**
Interest-bearing loans	XX	34,812	48,399	53,218
Trade payables	XXI	138,377	109,985	117,182
Other borrowings and creditors	XXII	55,983	49,631	56,199
Income tax liabilities	XV	17,300	5,717	14,796
Current liabilities		**246,471**	**213,732**	**241,395**
Total Liabilities and Equity		**777,475**	**726,873**	**702,291**

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

CONSOLIDATED INCOME STATEMENT

AMORIM

thousand euros

2Q17 (non audited)	2Q16 (non audited)		Notes	1H17	1H16
183,053	177,267	Sales	VIII	354,762	333,958
82,614	83,074	Costs of goods sold and materials consumed		168,227	160,093
-3,304	-323	Change in manufactured inventories		5,586	2,411
28,102	27,296	Third party supplies and services	XXIII	56,011	52,116
32,026	29,803	Staff costs	XXIV	63,618	59,230
194	1,016	Impairments of assets	XXV	2,471	980
2,527	2,065	Other gains	XXVI	5,015	4,792
2,276	-437	Other costs	XXVI	4,414	2,889
37,064	**38,257**	**Current EBITDA**		**70,622**	**65,854**
7,691	6,665	Depreciation	IX	15,790	13,152
29,373	**31,592**	**Current EBIT**		**54,832**	**52,703**
0	-2,050	Non-current costs	XXV	0	-3,730
285	476	Financial costs	XXVII	579	987
51	14	Financial income	XXVII	140	35
847	822	Share of (loss)/profit of associates	X	829	941
29,985	**29,902**	**Profit before tax**		**55,222**	**48,961**
8,732	8,333	Income tax	XII	15,876	13,079
21,253	**21,569**	**Profit after tax**		**39,346**	**35,882**
709	337	Non-controlling Interest	XIX	1,588	737
20,544	**21,232**	**Net Income** attributable to the equity holders of Corticeira Amorim		**37,757**	**35,145**
0.154	**0.160**	**Earnings per share - Basic e Diluted (euros per share)**	XXXII	**0.284**	**0.264**

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

AMORIM

thousand euros

2Q17 (non audited)	2Q16 (non audited)		1H17	1H16
21,253	**21,569**	**Net Income** (before non-controlling Interest)	**39,346**	**35,882**
		Itens that could be reclassified through income statement:		
539	-661	Change in derivative financial instruments fair value	1,488	211
-2,437	600	Change in translation differences and other	-4,022	-51
778	-1	Share of other comprehensive income of investments accounted for using the equity method	653	-103
-31	28	Other comprehensive income	-92	2
-1,151	**-34**	**Net Income directly registered in Equity**	**-1,973**	**59**
20,102	**21,535**	**Total Net Income registered**	**37,373**	**35,941**
		Attributable to:		
19,799	20,979	Corticeira Amorim Shareholders	36,162	34,947
304	556	Non-controlling Interest	1,211	994

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

CONSOLIDATED STATEMENT OF CASH FLOW

AMORIM

thousand euros

2Q17 (non audited)	2Q16 (non audited)		1H17	1H16
		OPERATING ACTIVITIES		
186,363	177,880	Collections from customers	353,653	332,361
-135,383	-125,957	Payments to suppliers	-263,311	-259,087
-27,532	-25,970	Payments to employees	-57,871	-53,921
23,448	**25,952**	**Operational cash flow**	**32,471**	**19,353**
-2,515	-2,520	Payments/collections - income tax	-2,818	-2,359
13,129	14,770	Other collections/payments related with operational activities	26,976	24,153
34,061	**38,203**	**CASH FLOW BEFORE EXTRAORDINARY ITEMS**	**56,629**	**41,148**
		INVESTMENT ACTIVITIES		
		Collections due to:		
56	198	Tangible assets	427	260
50	6	Financial investments	50	6
151	67	Other assets	233	91
91	7	Interests and similar gains	212	17
		Payments due to:		
-8,502	-7,386	Tangible assets	-14,899	-13,615
-469	-24	Financial investments	-480	-31
-200	-169	Intangible assets	-200	-361
-44	0	Other assets	-44	0
-8,867	**-7,302**	**CASH FLOW FROM INVESTMENTS**	**-14,701**	**-13,634**
		FINANCIAL ACTIVITIES		
		Collections due to:		
2,972	0	Loans	5,250	0
572	1,034	Government grants	9,187	1,034
699	431	Others	1,188	1,401
		Payments due to:		
0	-5,973	Loans	-18,683	-3,546
-272	-371	Interests and similar expenses	-746	-1,014
-24,287	-21,706	Dividends	-24,517	-21,706
-40	-3,158	Government grants	-700	-3,158
-111	-116	Others	-224	-213
-20,468	**-29,860**	**CASH FLOW FROM FINANCING**	**-29,245**	**-27,203**
4,727	**1,041**	**Change in Cash**	**12,683**	**311**
-934	**40**	**Exchange rate effect**	**-1,333**	**-22**
-215	**0**	**Perimeter variation**	**0**	**0**
43,156	**-5,451**	**Cash at beginning**	**35,383**	**-4,659**
46,735	**-4,370**	**Cash at end**	**46,735**	**-4,370**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AMORIM

thousand euros

	Notas	Share capital	Treasury Stock - Face Value	Treasury Stock - Discounts and Premiums	Paid-in Capital	Hedge Accounting	Translation Difference	Legal reserve	Other reserves	Net income	Non-controlling interests	Total Equity
		Attributable to owners of Corticeira Amorim, SGPS, S.A.										
Balance sheet as at January 1, 2016		**133,000**	**0**	**0**	**38,893**	**-169**	**1,145**	**14,294**	**98,590**	**55,012**	**13,368**	**354,133**
Profit for the year	**XVIII**	**-**	**-**	**-**	**-**	**-**	**-**	**1,909**	**53,103**	**-55,012**	**-**	**0**
Dividends	**XVIII**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-21,280**	**-**	**-345**	**-21,625**
Perimeter variation	**XIX**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0**
Consolidated Net Income for the period	XVIII e XIX	-	-	-	-	-	-	-	-	35,145	737	35,882
Change in derivative financial instruments fair value	XVIII	-	-	-	-	211	-	-	-	-	-	211
Change in translation differences	XVIII e XIX	-	-	-	-	-	-308	-	-	-	257	-51
Other comprehensive income of associates	X	-	-	-	-	-	-103	-	-	-	-	-103
Other comprehensive income		-	-	-	-	-	-	-	2	-	-	2
Total comprehensive income for the period		**0**	**0**	**0**	**0**	**211**	**-411**	**0**	**2**	**35,145**	**994**	**35,941**
Balance sheet as at June 30, 2016		**133,000**	**0**	**0**	**38,893**	**42**	**734**	**16,203**	**130,415**	**35,145**	**14,017**	**368,449**
Balance sheet as at January 1, 2017		**133,000**	**0**	**0**	**38,893**	**-1,107**	**2,274**	**16,203**	**119,084**	**102,703**	**15,893**	**426,942**
Profit for the year	**XVIII**	**-**	**-**	**-**	**-**	**-**	**-**	**2,567**	**100,136**	**-102,703**	**-**	**0**
Dividends	**XVIII**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-23,940**	**-**	**-468**	**-24,408**
Others	**XIX**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0**
Consolidated Net Income for the period	XVIII e XIX	-	-	-	-	-	-	-	-	37,757	1,588	39,346
Change in derivative financial instruments fair value	XVIII	-	-	-	-	1,488	-	-	-	-	-	1,488
Change in translation differences	XVIII e XIX	-	-	-	-	-	-3,645	-	-	-	-377	-4,022
Other comprehensive income of associates	X	-	-	-	-	-	428	-	225	-	-	653
Other comprehensive income		-	-	-	-	-	-	-	-92	-	-	-92
Total comprehensive income for the period		**0**	**0**	**0**	**0**	**1,488**	**-3,217**	**0**	**133**	**37,757**	**1,211**	**37,372**
Balance sheet as at June 30, 2017		**133,000**	**0**	**0**	**38,893**	**381**	**-943**	**18,770**	**195,413**	**37,757**	**16,636**	**439,907**

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

I - INTRODUCTION

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

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

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

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

Amorim Capital - Sociedade Gestora de Participações Sociais, S.A. held 67,830,000 shares of CORTICEIRA AMORIM as of June 30, 2017 corresponding to 51.00 % of its share capital (December 31, 2016: 67,830,000 shares). Amorim Capital - Sociedade Gestora de Participações Sociais, S.A., is included in the consolidation perimeter of Amorim – Investimentos e Participações, S.G.P.S., S.A., this being its controlling parent company. Amorim – Investimentos e Participações, S.G.P.S. is fully owned by Amorim family.

These financial statements were approved in the Board Meeting of July 28, 2017. Shareholders have the capacity to modify these financial statements even after their release.

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

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

II - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Basis of presentation

Consolidated statements were prepared based on a going concern basis and using the records as stated in the companies' books included in the consolidation which adopted local general accepted accounting principles. Accounting adjustments were made in order to comply with group accounting policies, following the historical cost principle, except for financial instruments, which are registered according to IAS 39. Consolidated statements were prepared based in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union as of June 30, 2017, namely IAS 34 (Interim Report).

b. Consolidation

- Group companies

Group companies, often designated as subsidiaries, are entities (including structured entities) over which CORTICEIRA AMORIM has control. CORTICEIRA AMORIM controls when it is exposed to, or holds the rights over variable generated returns through its involvement with the entity. It must have also the capacity to influence those variable returns through the power it has over the entity activity.

Group companies are consolidated line by line, being the position of third-party interests in the shareholding of those companies stated in the consolidated financial position in the "Non-controlling interest" account. Date of first consolidation or de-consolidation is, in general, the beginning or the end of the quarter when the conditions for that purpose are fulfilled.

Profit or loss is allocated to the shareholders of the mother company and to the non-controlling interest in proportion of their correspondent parts of capital, even in the case that non-controlling interest become negative.

IFRS 3 is applied to all business combinations past January 1, 2010, according to Regulamento no. 495/2009, of June 3, as adopted by the European Commission. When acquiring subsidiaries the purchasing method will be followed. According to the revised IFRS, the acquisition cost will be measured by the given fair value assets, by the assumed liabilities and equity interest issued. Transactions costs will be charged as incurred and the services received. The exceptions are the costs related with debt or capital issued. These must be registered according to IAS 32 and IAS 39. Identifiable purchased assets and assumed liabilities will be initially measured at fair value. The acquirer shall recognized goodwill as of the acquisition date measured as the excess of (i) over (ii) below:

(i) the aggregate of:

- the consideration transferred measured in accordance with this IFRS;
- the amount of any Non-controllable interest in the acquiree; and
- In a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree.

(ii) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed

In the case that (ii) exceeds (i), a difference must be registered as a gain.

The values of assets and liabilities acquired as part of a business combination can be reviewed for a period of 12 months from the date of acquisition.

The acquisition cost is subsequently adjusted when the purchase price / allocation is contingent upon the occurrence of specific events agreed with the seller / shareholder.

Any contingent payments to be transferred by the Group are recognized at fair value at the acquisition date. Subsequent changes in fair value that may occur, evaluated as assets or liabilities are recognized in accordance with IAS 39.

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

The amounts reported by the Group's subsidiaries are adjusted where necessary to conform to the accounting policies of CORTICEIRA AMORIM.

- Non-controlling interest

Non-controlling Interest are recorded at fair value or in the proportion of the percentage held in the net asset of the acquire, as long as it is effectively owned by the entity. The others components of the non-controlling interest are registered at fair value, except if other criteria is mandatory.

Transactions with Non-controlling interests are treated as transactions with Group Equity holders, when no loss of control occurs.

In any acquisition from non-controlling interests, the difference between the consideration paid and the accounting value of the share acquired is recognised in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss.

- Equity companies

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

The accounting policies adopted by the associates are adjusted to the accounting policies of the group.

- Exchange rate effect

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

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

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

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

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

c. Tangible Fixed Assets

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

Tangible fixed assets are subsequently measured at acquisition cost, deducted from cumulative depreciations and impairments.

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

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

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

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

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

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

d. Intangible assets

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

Research expenditures are recognised in the income statement as incurred.

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

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

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

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

e. Investment property

Investment property includes land and buildings not used in production.

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

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

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

f. Goodwill

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

In Business combinations after January 1, 2010, Goodwill will be calculated as referred in b).

For impairment tests purposes, goodwill is allocated to the cash-generating unit or group of cash-generating units that are expected to benefit from the upcoming synergies.

Goodwill will be tested annually for impairment, or whenever an evidence of such occurs; impairment losses will be charged to the income statement and, consequently, its carrying amount adjusted.

g. Non-financial assets impairment

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

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

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

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

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

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

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

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

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

h. Other financial assets

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

i. Inventories

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

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

j. Trade and other receivables

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

Medium and long-term receivables, if applicable, will be measured at amortized cost using the effective interest rate of the debtor for similar periods.

Trade and other receivables are derecognized when the rights to receive cash flows from the investments expire or are transferred, as well as all the risks and rewards of its ownership.

k. Financial assets impairment

At each reporting date, the impairment of financial assets at amortized cost is evaluated.

Financial asset impairment occurs if after initial register, unfavourable cash flows from that asset can be reasonably estimated.

Impairment losses are recognized as the difference between its carrying amounts and expected future cash flows (excluding future losses that yet have not occurred), discounted at the initial effective interest rate of the asset. The calculated amount is deducted to the carrying amount and loss recognized in the earnings statement.

As a rule, Corticeira Amorim grouped the financial assets according to similar credit risk characteristics, the impairments being estimated based on the experience of historical losses.

At the end of each period, an analysis is performed on the quality of customer loans. Given the characteristics of the business it is considered that the balances overdue up to 90 days are not susceptible to impairment. Balances overdue between 90 and 120 days are considered as being able to generate an impairment of around 30% and balances between 120 and 180 days 60%. All balances overdue for more than 180 days, as well as all balances considered as doubtful, will give rise to a total impairment.

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

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

If the impairment loss decreases in a future period, the losses previously recognized against the Income Statement are reversed.

l. Cash and cash equivalents

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

m. Suppliers, other borrowings and creditors

Debts to suppliers and other borrowings and creditors are initially registered at fair value. Subsequently are measured at amortized cost using effective interest rate method. They are classified as current liabilities, except if CORTICEIRA AMORIM has full discretion to defer settlement for at least another 12 months from the reporting date.

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

Liabilities are derecognized when the underlying obligation is extinguished by payment, cancelled or expire.

n. Interest bearing loans

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

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

o. Income taxes – current and deferred

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

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

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

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

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

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

p. Employee benefits

CORTICEIRA AMORIM Portuguese employees benefit exclusively from the national welfare plan. Employees from foreign subsidiaries (about 30% of total CORTICEIRA AMORIM) or are covered exclusively by local national welfare plans or benefit from complementary contribution plans.

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

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

q. Provisions, contingent assets and liabilities

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

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

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

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

r. Revenue recognition

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

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

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

s. Government grants

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

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

Difference between nominal and fair value at initial recognition is included in deferred income - grants, at other loans and creditors, being afterwards recognized in net result.

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

t. Leasing

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

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

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

u. Derivative financial instruments

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

- Fair value hedge

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

- Cash flow hedge

Changes in the fair value of derivatives that qualify as cash flow edges and that are expected to be highly effective, are recognized in equity, being transferred to income statement in the same period as the respective hedged item affects results; the gain or loss relating to the ineffective portion is recognized immediately in the income statement.

- Net investment hedge

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

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

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

v. Equity

Ordinary shares are included in equity.

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

III - FINANCIAL RISK MANAGEMENT

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

Market risk

a. Exchange rate risk

Exchange rate risk management policy established by CORTICEIRA AMORIM Board points out to a total hedging of the assets deriving from sales in the most important currencies and from 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 June 30, 2017, taking into account the relationship between the amount of the group's exposure to financial assets and liabilities in foreign currency and the notional amount of hedges contracted, exchange rates different from the Euro currency (particularly USD), would have no material effect in the consolidated results of the group. As for book orders any effect would be registered in Equity. As for non-euro net investments in subsidiaries/associate, any exchange rate effect would be registered in Equity, because CORTICEIRA AMORIM does not hedge this type of assets. As these investments are not considered relevant, the register of the effects of exchange rates variations was -943 K€ as of June 30, 2017 (December 31, 2016: 2,274 K€).

b. Interest rate risk

As of June 30, 2016 and 2017, from the total interest bearing debt, 25 M€ were linked to fixed interest rate for a 10 year period.

Most of the risk derives from the noncurrent-term portion of that debt at variable rate (16.2 M€ as of 30/06/2016 and 12.7 M€ as of 30/06/2017).

As of June 30, 2017, if interest rates were 0.1 percentage points higher, with the remaining variables remaining constant, the pre-tax result would be lower by around 48 thousand euros (69 thousand euros in 2016) as a result of the increase in Financial costs with variable rate debt. The sensitivity is lower in 2017 compared to 2016 due to the lower volume of variable rate debt.

c. Raw material price risk

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

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

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

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

Credit risk

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

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

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

The maximum credit risk is the one that results from the failure to receive all financial assets (June 2017: 266 million euros and December 2016: 224 million euros).

Liquidity risk

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

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

thousand euros

	Up to 1 year	1 to 2 years	2 to 4 years	More than 4	Total
Interest-bearing loans	48,399	3,140	10,469	25,000	87,008
Other borrowings and creditors	44,509	5,924	6,324	4,589	54,581
Trade payables	109,985				109,985
Total as of December 31, 2016	**202,894**	**6,278**	**16,530**	**25,873**	**251,575**
Interest-bearing loans	34,812	7,332	10,392	20,000	72,536
Other borrowings and creditors	49,538	6,032	6,771	4,034	66,375
Trade payables	138,377				138,377
Total as of June 30, 2017	**222,727**	**13,364**	**17,163**	**24,034**	**277,288**

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

Based in estimated cash flows, 2017 liquidity reserve, composed mainly by non-used credit lines, will be as follows:

million euros

	2017
Opening balance	**168**
Operating cash in and cash out	115
Capex	-39
Interest and dividends	-23
Income tax	-25
Bank debt payments	-70
Closing balance	**126**

Note: includes dividends to be approved in the April 7, 2017 shareholders meeting

Capital risk

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

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

The said ratio register was:

thousand euros

	june 30, 2017	december 31, 2016	december 31, 2015
Equity	439,907	426,943	354,133
Assets	777,475	726,873	667,219
Equity / Assets	**56.6%**	**58.7%**	**53.1%**

Financial assets and liabilities fair value

As of June 30, 2017 and 2016, and as of December 2016, financial instruments measured at fair value in the financial statements of CORTICEIRA AMORIM were composed solely of derivative financial instruments. Derivatives used by CORTICEIRA AMORIM have no public quotation because they are not traded in an open market (over the counter derivatives).

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

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

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

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

As of June 30, 2017, derivative financial instruments recognized as assets in the consolidated statement of financial position reached 1,821 thousand euros as assets (December 31, 2016: 0 thousand euros) and 161 thousand euros as liabilities (December, 31 2016: 2,989 thousand euros)), as stated in notes XVI and XXII.

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

Summary of the financial instruments derivatives fair value:

thousand euros

Nature	Hierarchy	Type	30.06.2017		31.12.2016	
			Notional	Fair Value	Notional	Fair Value
		Cash flow hedge	9,556	548	0	0
		Fair value hedge	33,773	1,238	0	0
		Trading derivatives	0	35	0	0
	Level 2 Total		**43,329**	**1,821**	**0**	**0**
Total Assets			**43,329**	**1,821**	**0**	**0**
		Cash flow hedge	16,940	-72	27,296	-1,395
		Fair value hedge	1,508	-58	14,287	-996
		Trading derivatives	0	-31	17,599	-597
	Level 2 Total		**18,448**	**-161**	**59,182**	**-2,989**
Total Liabilities			**18,448**	**-161**	**59,182**	**-2,989**

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

IV - CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

Still to be noted 9,653 K€ registered in deferred tax assets (31/12/2016: 10,004 K€). These values will be recovered if the business plans of the companies that recorded those assets are materialized in the future (Note XII).

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

V - CONSOLIDATED ACCOUNTS PREPARATION PROCESS

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

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

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

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

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

VI - COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENT

Company		Head Office	Country	1H17	2016
Raw Materials					
Amorim Natural Cork, S.A.		**Vale de Cortiças - Abrantes**	**PORTUGAL**	**100%**	**100%**
Amorim Florestal, S.A.		Ponte de Sôr	PORTUGAL	100%	100%
Amorim Florestal España, SL		San Vicente Alcántara	SPAIN	100%	100%
Amorim Florestal Mediterrâneo, SL		Cádiz	SPAIN	100%	100%
Amorim Tunisie, S.A.R.L.		Tabarka	TUNISIA	100%	100%
Augusta Cork, S.L.		San Vicente Alcántara	SPAIN	100%	100%
Comatral - C. de Maroc. de Transf. du Liège, S.A.		Skhirat	MOROCCO	100%	100%
SIBL - Société Industrielle Bois Liége		Jijel	ALGERIA	51%	51%
Société Nouvelle du Liège, S.A. (SNL)		Tabarka	TUNISIA	100%	100%
Société Tunisienne d'Industrie Bouchonnière		Tabarka	TUNISIA	55%	45%
Vatrya - Serviços de Consultadoria, Lda		Funchal - Madeira	PORTUGAL	100%	100%
Cork Stoppers					
Amorim & Irmãos, SGPS, S.A.		**Santa Maria Lamas**	**PORTUGAL**	**100%**	**100%**
ACI Chile Corchos, S.A.	(e)	Santiago	CHILE	100%	-
ACIC USA, LLC		California	U. S. AMERICA	100%	100%
Agglotap, S.A.		Girona	SPAIN	91%	91%
All Closures In, S.A.		Paços de Brandão	PORTUGAL	75%	75%
Amorim & Irmãos, S.A.		Santa Maria Lamas	PORTUGAL	100%	100%
Amorim Argentina, S.A.		Buenos Aires	ARGENTINA	100%	100%
Amorim Australasia Pty Ltd		Adelaide	AUSTRALIA	100%	100%
Amorim Bartop, S.A.		Vergada	PORTUGAL	75%	75%
Amorim Cork América, Inc.		California	U. S. AMERICA	100%	100%
Amorim Cork Beijing Ltd.		Beijing	CHINA	100%	100%
Amorim Cork Bulgaria EOOD		Plovdiv	BULGARIA	100%	100%
Amorim Cork Deutschland GmbH & Co KG		Mainzer	GERMANY	100%	100%
Amorim Cork España, S.L.		San Vicente Alcántara	SPAIN	100%	100%
Amorim Cork Itália, SPA		Conegliano	ITALY	100%	100%
Amorim Cork South Africa (Pty) Ltd		Cape Town	SOUTH AFRICA	100%	100%
Amorim France, S.A.S.		Champfleury	FRANCE	100%	100%
Amorim Top Series France, S.A.S.		Gensac La Pallue	FRANCE	100%	100%
Amorim Top Series, S.A.		Vergada	PORTUGAL	75%	75%
Bouchons Prioux		Epernay	FRANCE	91%	91%
Chapuis, S.L.		Girona	SPAIN	100%	100%
Corchera Gomez Barris	(c)	Santiago	CHILE	50%	50%
Corchos de Argentina, S.A.	(b)	Mendoza	ARGENTINA	50%	50%
Equipar, Participações Integradas, Lda.		Coruche	PORTUGAL	100%	100%
FP Cork, Inc.		California	U. S. AMERICA	100%	100%
Francisco Oller, S.A.		Girona	SPAIN	92%	92%
Hungarocork, Amorim, RT		Budapeste	HUNGARY	100%	100%
Indústria Corchera, S.A.	(c)	Santiago	CHILE	50%	50%
Korken Schiesser Ges.M.B.H.		Viena	AUSTRIA	69%	69%
Olimpiadas Barcelona 92, S.L.		Girona	SPAIN	100%	100%
Portocork América, Inc.		California	U. S. AMERICA	100%	100%
Portocork France, S.A.S.		Bordéus	FRANCE	100%	100%
Portocork Internacional, S.A.		Santa Maria Lamas	PORTUGAL	100%	100%
Portocork Itália, s.r.l		Milão	ITALY	100%	100%
Sagrera et Cie		Reims	FRANCE	91%	91%
S.A. Oller et Cie		Reims	FRANCE	92%	92%
S.C.I. Friedland		Céret	FRANCE	100%	100%
S.C.I. Prioux		Epernay	FRANCE	91%	91%
Société Nouvelle des Bouchons Trescases	(b)	Perpignan	FRANCE	50%	50%
Trefinos Australia		Adelaide	AUSTRALIA	91%	91%
Trefinos Italia, s.r.l		Treviso	ITALY	91%	91%
Trefinos USA, LLC		Fairfield, CA	U. S. AMERICA	91%	91%
Trefinos, S.L		Girona	SPAIN	91%	91%
Victor y Amorim, Sl	(c)	Navarrete - La Rioja	SPAIN	50%	50%
Wine Packaging & Logistic, S.A.	(b)	Santiago	CHILE	50%	50%

Company		Head Office	Country	1H17	2016
Floor & Wall Coverings					
Amorim Revestimentos, S.A.		**S. Paio de Oleiros**	**PORTUGAL**	**100%**	**100%**
Amorim Benelux, BV		Tholen	NETHERLANDS	100%	100%
Amorim Deutschland, GmbH - AR	(a)	Delmenhorts	GERMANY	100%	100%
Amorim Flooring, SA		S. Paio de Oleiros	PORTUGAL	100%	100%
Amorim Flooring (Switzerland) AG		Zug	SWITZERLAND	100%	100%
Amorim Flooring Austria GesmbH		Viena	AUSTRIA	100%	100%
Amorim Flooring Investments, Inc.		Hanover - Maryland	U. S. AMERICA	100%	100%
Amorim Flooring North America Inc.		Hanover - Maryland	U. S. AMERICA	100%	100%
Amorim Flooring Rus, LLC		Moscovo	RUSSIA	100%	100%
Amorim Flooring UK, Ltd	(e)	Manchester	UNITED KINGDOM	100%	-
Amorim Japan Corporation		Tóquio	JAPAN	100%	100%
Amorim Revestimientos, S.A.		Barcelona	SPAIN	100%	100%
Cortex Korkvertriebs GmbH		Fürth	GERMANY	100%	100%
Dom KorKowy, Sp. Zo. O.	(c)	Kraków	POLAND	50%	50%
Timberman Denmark A/S		Hadsund	DENMARK	51%	51%
Composite Cork					
Amorim Cork Composites, S.A.		**Mozelos**	**PORTUGAL**	**100%**	**100%**
Amorim (UK) Ltd.		Horsham West Sussex	UNITED KINGDOM	100%	100%
Amorim Compcork, Lda		Mozelos	PORTUGAL	100%	100%
Amorim Cork Composites LLC		São Petersburgo	RUSSIA	100%	100%
Amorim Cork Composites Inc.		Trevor - Wisconsin	U. S. AMERICA	100%	100%
Amorim Deutschland, GmbH - ACC	(a)	Delmenhorts	GERMANY	100%	100%
Amorim Industrial Solutions - Imobiliária, S.A.		Corroios	PORTUGAL	100%	100%
Amosealtex Cork Co., Ltd	(b)	Xangai	CHINA	50%	30%
Chinamate (Shaanxi) Natural Products Co. Ltd		Shaanxi	CHINA	100%	100%
Chinamate Development Co. Ltd		Hong Kong	CHINA	100%	100%
Compruss – Investimentos e Participações Lda		Mozelos	PORTUGAL	100%	100%
Corticeira Amorim - France SAS		Lavardac	FRANCE	100%	100%
Florconsult – Consultoria e Gestão, Lda		Mozelos	PORTUGAL	100%	100%
Postya - Serviços de Consultadoria, Lda.		Funchal - Madeira	PORTUGAL	100%	100%
Insulation Cork					
Amorim Isolamentos, S.A.		**Vendas Novas**	**PORTUGAL**	**80%**	**80%**
Holding					
Corticeira Amorim, SGPS, S.A.		**Mozelos**	**PORTUGAL**	**100%**	**100%**
Ginpar, S.A. (Générale d' Invest. et Participation)		Skhirat	MOROCCO	100%	100%
Amorim Cork Research, Lda.		Mozelos	PORTUGAL	100%	100%
Amorim Cork Services, Lda.		Mozelos	PORTUGAL	100%	100%
Amorim Cork Ventures, Lda		Mozelos	PORTUGAL	100%	100%
Ecochic portuguesas – footwear and fashion products, Lda	(b)	Mozelos	PORTUGAL	24%	24%
TDCork - Tapetes Decorativos com Cortiça, Lda	(b)	Mozelos	PORTUGAL	25%	25%
Soc. Portuguesa de Aglomerados de Cortiça, Lda		Montijo	PORTUGAL	100%	100%
Supplier Portal Limited	(e)	Hong Kong	CHINA	100%	-

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

(b) Equity method consolidation.

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

(d) Held directly by Corchera Industry, SA

(e) Set-up during 2017

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

VII - EXCHANGE RATES USED IN CONSOLIDATION

Exchage rates		June 30, 2017	Average 1H17	Average 2016	December 31, 2016
Argentine Peso	ARS	18.9690	16.9997	16.3224	16.6673
Australian Dollar	AUD	1.4851	1.4364	1.4883	1.4596
Lev	BGN	1.9558	1.9557	1.9557	1.9557
Brazilian Real	BRL	3.7600	3.4431	3.8561	3.4305
Canadian Dollar	CAD	1.4785	1.4453	1.4659	1.4188
Swiss Franc	CHF	1.0766	1.0766	1.0902	1.0739
Chilean Peso	CLP	758.980	714.647	748.099	703.620
Yuan Renminbi	CNY	7.7385	7.4448	7.3522	7.3202
Danish Krona	DKK	7.4366	7.4368	7.4452	7.4344
Algerian Dinar	DZD	122.992	118.256	120.725	115.821
Euro	EUR	1.0000	1.0000	1.0000	1.0000
Pound Sterling	GBP	0.8793	0.8606	0.8195	0.8562
Hong Kong Dollar	HKD	8.9177	8.4205	8.5904	8.1519
Forint	HUF	308.970	309.421	311.438	309.830
Yen	JPY	121.780	121.780	120.197	123.400
Moroccan Dirham	MAD	11.0158	10.7814	10.8274	10.6392
Zloty	PLN	4.2259	4.2690	4.3632	4.4103
Ruble	RUB	67.5449	62.8057	74.1446	64.3000
Tunisian Dinar	TND	2.8015	2.5451	2.3720	2.4185
Turkish Lira	TRL	4.0134	3.9391	3.3433	3.7072
US Dollar	USD	1.1412	1.0830	1.1069	1.0541
Rand	ZAR	14.9200	14.3063	16.2645	14.4570

VIII - SEGMENT REPORT

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

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

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

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

thousand euros

1H2017	Raw Materials	Cork Stoppers	Floor & Wall Coverings	Composite Cork	Insulation Cork	Holding	Adjustm.	Consolidated
Trade Sales	5,095	236,843	60,670	46,938	5,072	143	-	354,762
Other BU Sales	77,785	2,637	1,619	4,968	517	994	-88,519	-
Total Sales	**82,879**	**239,480**	**62,289**	**51,906**	**5,590**	**1,137**	**-88,519**	**354,762**
EBITDA (current)	**10,497**	**49,926**	**4,260**	**8,308**	**1,053**	**-3,445**	**23**	**70,622**
Assets	**162,018**	**358,325**	**104,397**	**71,784**	**11,327**	**45,645**	**-635**	**752,861**
Liabilities	**48,319**	**137,917**	**38,766**	**27,791**	**2,360**	**24,605**	**57,810**	**337,569**
Capex	**2,718**	**8,083**	**2,198**	**1,307**	**124**	**185**	**0**	**14,616**
Year Depreciation	**-2,903**	**-8,694**	**-2,453**	**-1,413**	**-282**	**-46**	**0**	**-15,790**
Non-cash cost	**-1,569**	**183**	**73**	**-432**	**38**	**-1,000**	**0**	**-2,708**
Gains/Losses in associated companies	**0**	**1,424**	**0**	**-185**	**0**	**-410**	**0**	**829**

1H2016	Raw Materials	Cork Stoppers	Floor & Wall Coverings	Composite Cork	Insulation Cork	Holding	Adjustm.	Consolidated
Trade Sales	4,821	217,406	59,346	47,381	4,981	22	-	333,958
Other BU Sales	75,007	3,153	1,766	4,680	1,455	993	-87,053	-
Total Sales	**79,828**	**220,559**	**61,112**	**52,060**	**6,436**	**1,015**	**-87,053**	**333,958**
EBITDA (current)	**10,577**	**39,842**	**6,782**	**9,779**	**1,490**	**-2,125**	**-491**	**65,854**
Assets	**155,177**	**355,704**	**103,062**	**72,660**	**12,288**	**-1,052**	**4,451**	**702,291**
Liabilities	**37,790**	**121,510**	**36,721**	**27,348**	**2,711**	**29,175**	**78,587**	**333,842**
Capex	**1,512**	**9,722**	**1,484**	**675**	**278**	**269**	**0**	**13,940**
Year Depreciation	**-1,915**	**-6,722**	**-2,552**	**-1,623**	**-303**	**-37**	**0**	**-13,152**
Non-cash cost	**-57**	**-3,424**	**308**	**-697**	**55**	**6**	**0**	**-3,807**
Gains/Losses in associated companies	**-6**	**85**	**864**	**0**	**0**	**-1**	**0**	**941**

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

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

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

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

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

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

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

Raw Materials BU is, by far, the most integrated in the production cycle of CORTICEIRA AMORIM, with 95% of its sales to others BU, specially to Cork Stoppers BU. Main products are bark and discs.

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

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

Capex was concentrated in Portugal. Assets in foreign subsidiaries totalize 292 million euros, and are mostly composed by inventories (94 million), customers (113 million) and tangible fixed assets (52 million).

Sales by markets:

thousand euros

Markets	1H2017		1H2016	
European Union	217,849	61.4%	204,105	61.1%
From which: Portugal	20,328	5.7%	15,936	4.8%
Other European countries	14,272	4.0%	11,477	3.4%
United States	73,204	20.6%	73,415	22.0%
Other American countries	24,244	6.8%	22,864	6.8%
Australasia	19,859	5.6%	17,771	5.3%
Africa	5,333	1.5%	4,326	1.3%
TOTAL	**354,762**	**100%**	**333,958**	**100%**

IX - TANGIBLE, INTANGIBLE AND PROPERTY INVESTMENT ASSETS

	Land and buildings	Machinery	Other	Tangible Fixed Assets in Progress	Advances for tangible assets	Total tangible assets	Intangible assets	Investment property
Gross Value	239,478	362,075	31,937	9,894	15	643,399	6,332	15,486
Depreciation and impairments	-149,761	-273,869	-29,416	0	0	-453,046	-3,843	-10,478
Opening balance (Jan 1, 2016)	**89,717**	**88,205**	**2,521**	**9,894**	**15**	**190,352**	**2,489**	**5,008**
INCREASE	659	3,353	572	9,010	0	13,594	346	0
PERIOD DEPREC. AND IMPAIRMENTS	-2,893	-9,022	-982	0	0	-12,897	-98	-511
SALES AND OTHER DECREASES	-251	-362	-200	-43	0	-856	0	-4
TRANSFERS AND RECLASSIFICATIONS	-1,789	2,602	-252	-1,209	0	-648	0	2,776
TRANSLATION DIFFERENCES	-137	70	2	-1	0	-66	-4	-35
Gross Value	**225,762**	**366,791**	**32,386**	**17,651**	**15**	**642,605**	**6,667**	**30,897**
Depreciation and impairments	**-140,455**	**-281,944**	**-30,725**	**0**	**0**	**-453,124**	**-3,933**	**-23,664**
Closing balance (Jun 30, 2016)	**85,307**	**84,847**	**1,661**	**17,651**	**15**	**189,481**	**2,734**	**7,233**
Gross Value	232,385	375,088	33,346	5,773	3,400	649,992	8,053	30,897
Depreciation and impairments	-142,664	-278,499	-31,374	0	0	-452,537	-4,277	-23,797
Opening balance (Jan 1, 2017)	**89,720**	**96,589**	**1,972**	**5,773**	**3,400**	**197,454**	**3,776**	**7,100**
IN COMPANIES	251	70	11	0	0	332	0	0
INCREASE	1,889	4,040	1,018	7,472	0	14,420	195	0
PERIOD DEPREC. AND IMPAIRMENTS	-2,849	-10,638	-725	0	0	-14,212	-1,304	-128
SALES AND OTHER DECREASES	14	-1,196	-65	-29	0	-1,276	0	-264
TRANSFERS AND RECLASSIFICATIONS	-662	125	45	-555	0	-1,047	0	0
TRANSLATION DIFFERENCES	-680	-401	-47	-13	0	-1,141	-12	-23
Gross Value	**233,097**	**374,081**	**32,956**	**12,648**	**3,400**	**656,182**	**8,194**	**30,580**
Depreciation and impairments	**-145,413**	**-285,492**	**-30,747**	**0**	**0**	**-461,652**	**-5,540**	**-23,895**
Closing balance (Jun 30, 2017)	**87,684**	**88,589**	**2,209**	**12,648**	**3,400**	**194,530**	**2,654**	**6,686**

Impairment losses recognized in 2017 and 2016 were recognized on the "Depreciation / Amortization" line in the consolidated income statement by nature.

The amount of 6,686 K€, referred as Property Investment (June 2016: 7,233 K€), is due, mainly, to land and buildings that are not used in production. Taking in account the discontinuing of labouring in Corroios (which was completed in the end of 2015), the land and buildings (1,950 K€) were transferred to investment property in the first half of 2016. The value of this property has been determined based on an independent evaluation in previous years.

Expenses related with tangible fixed assets had no impact. No interest was capitalized during 1H2017.

The fair value of the Investment Property related to the lands and buildings of Corroios corresponds to the amount recorded in the accounts. This item also includes a property (Interchampagne with a value of 1,585 K€) with a recent valuation that corresponds to the book value. The remaining Investment Properties include a property with an accounting value of 1,000 K€ whose yield, updated to a 10% wacc, will correspond approximately to the amount by which they are recorded in the financial statements.

The Advance for tangible assets in the amount of 3.4 M€ corresponds to the first payments for the new press of the Floor and Wall Coverings BU.

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

X - INVESTMENTS IN ASSOCIATES

thousand euros

	1H2017	2016	1H2016
Initial Balance	**9,450**	**13,304**	**13,304**
In / Out	0	-6,005	0
Results	829	2,384	941
Dividends	0	-300	0
Exchange Differences	428	23	-141
Other	225	43	38
End Balance	**10,932**	**9,450**	**14,143**

The associates are entities through which the group operates in the markets in which they are based (in the segment of stoppers, except US Floors until their disposal in the Floor and Wall Coverings segment), acting as distribution channels of products. The performance in these markets is done through several channels, so these investments, being important, are not considered strategic.

XI - OTHER FINANCIAL ASSETS

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

XII - INCOME TAX / DEFERRED TAX

The differences between the tax due for the current period and prior periods and the tax already paid or to be paid of said periods is registered as “deferred tax” in the consolidated income statement, according to note II o), and amounts to 715 K€ (1H2016: 1,861 K€).

On the consolidated statement of financial position this effect amounts to 9,653 K€ (30/06/2016: 10,155 K€) as Deferred tax asset, and to 6,652 K€ (30/06/2016: 6,670 K€) as Deferred tax liability.

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

thousand euros

	1H2017	2016	1H2016
Related with Inventories and third parties	5,897	5,743	6,280
Related with Tax Losses	1,704	1,494	1,524
Related with Fixed Tangible Assets / Intang. / P. Inv.	1,175	1,329	794
Others	877	1,438	1,557
Deferred Tax Assets	**9,653**	**10,004**	**10,155**
Related with Fixed Tangible Assets	4,219	4,236	4,514
Related with other taxable temporary differences	2,434	2,620	2,156
Deferred Tax Liabilities	**6,652**	**6,856**	**6,670**
Current Income Tax	-16,591	-39,198	-14,940
Deferred Income Tax	715	1,318	1,861
Income Tax	**-15,876**	**-37,880**	**-13,079**

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

Income Tax Conciliation	1H2017	1H2016
Income Tax - Legal	**21.0%**	**21.0%**
Effect arising from extraordinary taxation (Portugal)	6.1%	6.5%
Effect due to provisions for contingencies	-0.8%	1.7%
Effect due to different tax rates (foreign subsidiaries) and others	2.3%	3.1%
Effect due to reversal of prior year tax estimates	1.2%	-2.9%
Other	-0.6%	-2.2%
Income tax - effective (1)	**29.2%**	**27.2%**

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

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

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

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

Tax losses to be carried forward are related with foreign subsidiaries. Total amounts to 23 M€, of which around 3.5 M€ are considered to be utilized. These losses can be fully used up to 2021 and beyond.

As the tax forms are only filled after year-end closure, values at closure of 2016 were updated by the activity of the first half.

XIII - INVENTORIES

thousand euros

	1H2017	2016	1H2016
Goods	18,694	5,731	4,052
Finished and semi-finished goods	100,676	97,346	111,159
By-products	372	230	244
Work in progress	16,838	15,126	16,809
Raw materials	137,058	153,391	124,509
Advances	13,621	2,347	12,762
Goods impairments	-718	-734	-766
Finished and semi-finished goods impairments	-4,316	-3,567	-2,734
Raw materials impairments	-1,075	-1,179	-1,395
Inventories	**281,150**	**268,691**	**264,641**

thousand euros

Impairment losses	1H2017	2016	1H2016
Initial Balance	**5,480**	**4,073**	**4,073**
Increases	1,447	2,220	987
Decreases	817	812	164
End Balance	**6,110**	**5,480**	**4,896**

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

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

XIV - TRADE RECEIVABLES

thousand euros

	1H2017	2016	1H2016
Gross amount	184,866	153,874	175,957
Impairments	-11,837	-11,998	-12,767
Trade receivables	**173,029**	**141,876**	**163,190**

Impairment losses	1H2017	2016	1H2016
Initial Balance	**11,998**	**12,429**	**12,429**
Increases	2,088	1,993	1,282
Decreases	1,736	1,182	702
Others	-513	-1,242	-243
End Balance	**11,837**	**11,998**	**12,767**

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

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

XV - INCOME TAX

thousand euros

	1H2017	2016	1H2016
Income tax - advances / minimum / excess est.	253	715	1,410
Income tax - advances	1,874	3,317	1,976
Income tax - withholding	316	182	209
Income tax - special payment (RERD)	2,587	2,587	4,265
Income tax - special payment (RERD) impairment	-2,587	-2,587	-4,265
Income tax - special payment (PERES)	5,383	5,383	-
Income tax - special payment (PERES) impairment	-5,383	-5,383	-
Income tax	**2,444**	**4,214**	**3,595**

The amount of 4,265 K€ of RERD in 2015 refers to a payment made under an exceptional regime of regularization of debts to the tax authority and to social security (DL 151-A/2013) (RERD). CORTICEIRA AMORIM has decided to partially adhere. A total of 4,265 K€ was paid in December 2014. This payment refers to stamp tax (1,678 K€) and income tax cases (2,587 K€). The amount related with stamp tax was provisioned. As for the income tax cases, they were already provisioned, including late payment interest.

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

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

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

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

The liability amount under this caption includes essentially the estimated income tax for the 2017 period.

XVI - OTHER ASSETS

thousand euros

	1H2017	2016	1H2016
Advances to suppliers / suppliers	942	3,558	2,965
Accrued income	1,288	773	1,200
Deferred costs	1,466	1,224	1,670
Hedge accounting assets	1,821	0	322
VAT	20,564	18,898	18,465
Stamp tax/VAT - special payment (PERES)	2,051	2,051	0
Stamp tax/VAT - special payment (PERES) impairment	-2,051	-2,051	0
Others	6,422	4,796	4,225
Other current assets	**32,502**	**29,249**	**28,847**

XVII - CASH AND CASH EQUIVALENTS

thousand euros

	1H2017	2016	1H2016
Cash	142	463	140
Bank Balances	55,126	47,938	8,879
Time Deposits	5,495	2,588	5,032
Others	669	131	267
Cash and cash equivalents as for financial position	**61,431**	**51,119**	**14,317**
Overdrafts	-14,697	-15,736	-18,687
Cash and cash equivalents as for cash flow statement	**46,735**	**35,383**	**-4,370**

XVIII - CAPITAL E RESERVES

- Share Capital

As of June 30, 2017, the share capital is represented by 133,000,000 ordinary registered shares, conferring dividends, with a par value of 1 Euro.

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

- Treasury stock

As of June 30, 2017, CORTICEIRA AMORIM held no treasury stock.

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

- Legal reserve and share premium

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

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

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

– Incorporation in share capital.

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

- **Other reserves**

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

- **Dividends**

In the Shareholders' General Meeting of April 7, 2017, a dividend distribution of 0.18 euros per share was approved. The dividend was paid at April, 26. The total distributed was 23.94 M €.

thousand euros

	1H2017	2016	2015
Approved dividends	23,940	31,920	51,205
Portion attributable to own shares	0	0	-1,036
Dividends paid	**23,940**	**31,920**	**50,169**

XIX - NON-CONTROLLING INTEREST

thousand euros

	1H2017	2016	1H2016
Initial Balance	**15,892**	**13,368**	**13,368**
Results	1,588	2,010	737
Dividends	-468	-799	-345
Exchange Differences	-377	529	257
Others	0	785	0
End Balance	**16,636**	**15,892**	**14,017**

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

XX - INTEREST BEARING DEBT

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

thousand euros

	1H2017	2016	1H2016
Overdrafts and Bank loans	34,463	40,399	42,876
Bonds	0	0	9,986
Leasing	349	0	357
Commercial Paper	0	8,000	0
Interest-bearing loans - current	**34,812**	**48,399**	**53,218**

Loans were denominated in euros, except 28% (Dec. 2016: 31%).

thousand euros

	1H2017	2016	1H2016
Bank loans	36,821	38,492	39,957
Reimbursable subsidies	117	117	141
Leasing	786	0	1,081
Interest-bearing loans - non-current	**37,724**	**38,609**	**41,179**

At the end of June 30, 2017, loans were denominated in euros 100% (Dec. 2016: 100%)

As of June 30, 2017, maturity of non-current interest bearing debt was as follows:

	thousand euros
Between 01/07/2018 and 30/06/2019	7,332
Between 01/07/2019 and 30/06/2020	5,392
Between 01/07/2020 and 30/06/2021	5,000
After 01/07/2021	20,000
Total	**37,724**

From non-current and current interest bearing debt, 47,536 K€ carries floating interest rates. Remaining 25,000 K€ carries fixed interest rate. Average cost, during 2017, for all the credit utilized was 1.64% (1H2016: 1.70%).

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

At the end of 1H17, CORTICEIRA AMORIM had credit lines with contractual clauses that include covenants generally used in these type of contracts, namely: cross-default, pari-passu and in some cases negative pledge.

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

As of June 30, 2017, these ratios were as follows:

Net interest bearing debt / current EBITDA (X)	0.09
Equity / Assets	56.6%

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

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

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

XXI - TRADE PAYABLES

thousand euros

	1H2017	2016	1H2016
Trade payables - current account	52,178	56,514	52,920
Trade payables - confirming	67,866	47,409	51,693
Trade payables - accrualls	18,333	6,062	12,570
Trade payables	**138,377**	**109,985**	**117,182**

From the total values, 54% comes from Cork Stoppers BU (Dec. 2016: 51%) and 23% from Raw Materials BU (Dec. 2016: 23%).

XXII - OTHER BORROWINGS AND CREDITORS

thousand euros

	1H2017	2016	1H2016
Non interest bearing grants	14,948	8,702	9,033
Other	1,890	1,370	600
Other borrowings and creditors - non current	**16,837**	**10,072**	**9,633**
Non interest bearing grants	691	1,175	2,180
Accrued costs - staff costs	18,341	12,832	17,518
Accrued costs - supplies and services	4,943	3,023	4,516
Accrued costs - others	8,240	7,496	7,824
Deferred income - grants	6,528	5,244	4,929
Deferred income - others	-163	-123	365
VAT	9,212	6,970	9,751
State and social security - withholding and others	3,781	5,438	3,955
Other	4,409	7,576	5,161
Other borrowings and creditors - current	**55,983**	**49,631**	**56,199**

In Other (current) is included a value of 161 K€ (1H2016: 96 K€), which refers to the fair value of exchange risk and interest rate risk derivatives.

In Other loans and creditors – non-current (16,837 K€), maturity is as follows: 1 to 2 years (5,924 K€), 2 to 4 years (6,324 K€), more than 4 years (4,589 K€).

AMORIM

XXIII - THIRD PARTY SUPPLIES AND SERVICES

thousand euros

	1H2017	1H2016
Subcontractors	636	625
Special Services	2,605	2,625
Advertising	1,858	1,786
Security	1,336	1,291
Professional Fees	6,636	6,583
Commissions	517	529
Maintenance	685	322
Tools	1,050	744
Power	811	936
Oil and gas	519	621
Travel	2,541	2,434
Transports	11,716	11,412
Rentals	621	481
Communications	2,526	2,234
Insurance	4,000	3,678
Representation expenses	5,268	4,239
Data systems	4,289	3,404
Others	4,492	3,862
Capitalized Costs	3,907	4,311
Third party supplies and services	**56,011**	**52,116**

XXIV - STAFF COSTS

	1H2017	1H2016
		thousand euros
Board remuneration	370	303
Employees remuneration	47,214	43,777
Social Security and other	10,277	9,603
Severance costs	1,038	1,028
Other	4,720	4,519
Staff costs	**63,618**	**59,230**
Average number of employees	**3,725**	**3,637**

XXV - IMPAIRMENTS OF ASSETS AND NON-CURRENT COSTS

	1H2017	1H2016
		thousand euros
Receivables	352	581
Inventories	-102	-164
Tangible assets	-173	118
Others	2,394	445
Impairments of assets and non-current costs	**2,471**	**980**

In 1H2017, no impairment of assets was registered.

XXVI - OTHER OPERATING GAINS AND COSTS

	1H2017	1H2016
		thousand euros
Exchange rate hedging (net)	0	926
Gain in fixed assets and p. investment disposals	153	132
Operating subsidies	68	409
Investment subsidies	1,706	618
Other	3,088	2,708
Other operating gains	**5,015**	**4,792**

thousand euros

	1H2017	1H2016
Exchange rate hedging (net)	1,090	0
Taxes (other than income)	337	360
Provisions	164	228
Loss in fixed assets and p. investment disposals	31	92
Bank charges	223	274
Other	2,570	1,935
Other operating costs	**4,414**	**2,889**

XXVII - FINANCIAL COSTS AND FINANCIAL INCOME

thousand euros

	1H2017	1H2016
Interest costs - bank loans	426	644
Interest costs - other entities	111	266
Stamp tax - interest	4	6
Stamp tax - capital	33	50
Interest costs - other	4	20
Financial costs	**579**	**987**
Interest gains - bank deposits	119	7
Interest gains - other loans	7	2
Interest gains - delayed payments	1	3
Interest gains - other	13	22
Financial income	**140**	**35**

XXVIII - RELATED-PARTY TRANSACTIONS

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

As of June 30, 2017, indirect stake of AIP in CORTICEIRA AMORIM was 51% corresponding as 51% of the voting rights.

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

Balances at June 30, 2017 and year-end 2016 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 raging from 2% to 5%

XXIX - PROVISIONS, GUARANTEES, CONTINGENCIES AND COMMITMENTS

- **Provisions:**

thousand euros

	1H2017	2016	1H2016
Income tax	25,135	26,172	30,276
Guarantees to customers	597	536	454
Others	4,152	3,954	4,234
Provisions	**29,884**	**30,661**	**34,965**

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

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

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

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

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

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

It is considered appropriate the total value of 25.1 M€ of provisions related with contingencies regarding income tax and 4.8 M€ regarding other contingencies.

– **Guarantees:**

During its operating activities CORTICEIRA AMORIM issued in favour of third-parties guarantees amounting to 4,470 K€ (31/12/2016: 4,714 K€).

thousand euros

Beneficiary	Amount	Purpose
Government agencies	4,347	Capex grants / subsidies
Other	123	Miscellaneous guarantees
TOTAL	**4,470**	

As of June 30, 2017, future expenditure resulting from long-term motor vehicle rentals totals 1,761 K€. Future expenditure resulting from software and hardware rentals totals 385 K€.

XXX - EXCHANGE RATE CONTRACTS

As of June 30, 2017, forward outright and options contracts related with sales currencies were as follows:

thousand euros

	1H2017		2016		1H2016	
USD	23,763	91%	30,881	90%	44,365	94%
ZAR	2,210	8%	3,279	10%	2,083	4%
HUF	243	1%	162	0%	161	0%
CHF	0	0%	0	0%	555	1%
Forward - long positions	**26,216**	**100%**	**34,322**	**100%**	**47,164**	**100%**
USD	-	-	-	-	3,813	100%
Forward - short positions	**-**	**-**	**-**	**-**	**3,813**	**100%**
USD	13,820	100%	24,860	100%	13,497	100%
Options - long positions	**13,820**	**100%**	**24,860**	**100%**	**13,497**	**100%**
USD	8,470	100%	-	-	925	100%
Options - short positions	**8,470**	**100%**	**-**	**-**	**925**	**100%**

XXXI - ACTIVITY DURING THE YEAR

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

a) O Net profit per share calculation used the average number of issued shares deducted by the number of average owned shares. The non-existence of potential voting rights justifies the same net profit per share for basic and diluted.

	1H2017	2016	1H2016
Total issued shares	133,000,000	133,000,000	133,000,000
Average nr. of treasury shares	0	0	0
Average nr. of outstanding shares	133,000,000	133,000,000	133,000,000
Net Profit (thousand euros)	37,757	102,703	35,145
Net Profit per share (euros)	0.284	0.772	0.264

b) IFRS disclosures - New standards as at 30 June 2017:

Changes in accounting policies and disclosures

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

- **IFRS 9 (new), "Financial instruments - classification and measurement"** (effective for annual periods beginning on or after 1 January 2018). The initial phase of IFRS 9 forecasts two types of measurement: amortised cost and fair value. All equity instruments are measured at fair value. A financial instrument is measured at amortised cost only if the company has it to collect contractual cash flows and the cash flows represents principal and interest. Otherwise, financial instruments are valued at fair value through profit and loss.

- **IFRS 15 (new), "Revenue from Contracts with Customers"** (effective for annual periods beginning on or after 1 January 2018). This standard establishes a single, comprehensive framework for revenue recognition. The framework will be applied consistently across transactions, industries and capital markets, and will improve comparability in the 'top line' of the financial statements of companies globally. IFRS 15 replaces the following standards and interpretations: IAS 18 Revenue, IAS 11 Construction Contracts, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue — Barter Transactions Involving Advertising Services.

The Group is calculating the impact of these changes and will apply these standards as soon as they become effective.

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

- **IFRS 14 (new), "Regulatory Deferral Accounts"** (effective for annual periods beginning on or after 1 January 2016). This standard's main purpose is to improve comparability of financial reports for companies in regulated markets, allowing the companies that currently record assets and liabilities in result of the regulation from the markets where they operate, in accordance with the adopted accounting principles, to not have the need to eliminate those assets and liabilities in the first time adoption of the IFRS. The endorsement by the European Union is suspended.

• **IAS 7 (amendment), "Cash Flow Statements"** (effective for annual periods beginning on or after 1 January 2017). This standard requires that the entity discloses information about changes in liabilities related to financing activities, including: (i) changes in financing cash flows; (ii) changes resulting from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in exchange rates; (iv) fair value changes; and (v) other changes.

• **IAS 12 (amendment), "Recognition of deferred tax assets of unrealised losses"** (effective for annual periods beginning on or after 1 January 2017). The amendments clarify when it should be recognized an asset for deferred tax arising from unrealised losses.

• **Improvements in International Financial Reporting Standards** (2014-2016 cycle effective for periods beginning on or after 1 January 2017/2018). These improvements involve the review of various standards.

These amendments will have no material impact on the consolidated financial statements.

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

• **IFRS 2 (amendment), "Classification and measurement of share-based payments transactions"** (effective for annual periods beginning on or after 1 January 2018). These amendments incorporate in the standard guidance regarding the treatment of payments based on shares and settled in cash, which follow the same approach of payments based and settled in shares.

• **IFRS 4 (amendment), "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"** (effective for annual periods beginning on or after 1 January 2018). The amendments complement the current options in the standard that can be used to bridge the concern related with the temporary volatility of the results.

• **IFRS 10 and IAS 28 (amendments), "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"** (effective date to be designated). The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

• **IFRS 15 (clarification), "Revenue from contracts with customers"** (effective for annual periods beginning on or after 1 January 2018). The clarifications presented are about the transition and not about changes in the underlying principles of the standard.

- **IFRS 16 (new), “Leasings”** (effective for annual periods beginning on or after 1 January 2019, with early application option). This standard sets out recognition, presentation and disclosure of leasing contracts, defining a single accounting model. Aside from contracts shorter than 12 months, leases should be accounted as an asset and a liability.

- **IFRS 17 (new), “Insurance Contracts”** (effective for annual periods beginning on or after 1 January 2021). IFRS 17 establishes the principles for the recognition and measurement of insurance contracts to ensure consistency across companies who issue insurance contracts globally.

- **IAS 40 (amendment), “Investment property transfers”** (effective for annual periods beginning on or after 1 January 2018). The amendments clarify if a property under construction or development, which was previously classified as Inventories, can be transferred to investment property when there is an evident change in use.

- **IFRIC 22 (interpretation), “Foreign currency transactions and advance consideration”** (effective for periods beginning on or after 1 January 2018). Interpretations clarify the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.

- **IFRIC 23 (interpretation), “Uncertainty over income tax treatments”** (effective for annual periods beginning in or after 1 January 2019). The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The Group is calculating the impact of these changes and will apply these standards as soon as they become effective, or previously when permitted.

c) Financial Assets e Liabilities

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

Detail is as follows:

thousand euros

	Loans and receivables	Fair value through profit or loss	Derivatives as hedging	Available for sale assets	Total
Trade receivables	141,876				**141,876**
Other current assets	27,227			3,940	**31,166**
Cash and cash equivalents	51,119				**51,119**
Total as of December 31, 2016	**220,222**	**0**	**0**	**3,940**	**224,162**
Trade receivables	173,029				**173,029**
Other current assets	26,830	35	1,786	2,463	**31,114**
Cash and cash equivalents	61,431				**61,431**
Total as of June 30, 2017	**261,290**	**35**	**1,786**	**2,463**	**265,575**

thousand euros

	Fair value through profit or loss	Derivatives as hedging	Other financial liabilities at amortized cost	Total
Interest-bearing loans			87,008	**87,008**
Other borrowings and creditors	597	2,392	51,593	**54,581**
Trade payables			109,985	**109,985**
Total as of December 31, 2016	**597**	**2,392**	**248,586**	**251,574**
Interest-bearing loans			72,536	**72,536**
Other borrowings and creditors	31	130	66,214	**66,375**
Trade payables			138,377	**138,377**
Total as of June 30, 2017	**31**	**130**	**277,126**	**277,287**

Mozelos, July 28, 2017

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

Building a better working world

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

Limited Review Report on the Consolidated Financial Statements

Introduction

We have performed a limited review on the accompanying consolidated financial statements of Corticeira Amorim, S.G.P.S., S.A. (the Entity), which comprise the Consolidated Statement of Financial Position as at 30 June 2017 (showing a total of 777.475 thousand euros and a total equity of 439.907 thousand euros, including a net profit attributable to equity holders of the Entity of 37.757 thousand euros), the Consolidated Statement of Income by Nature, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the six months period then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

Management responsibilities

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

Auditor's responsibilities

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

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

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements of Corticeira Amorim, S.G.P.S., S.A. as at 30 June 2017, have not been prepared, in all material respects, in accordance with International Financial Reporting Standards as endorsed by the European Union, for the purpose of interim financial reporting (IAS 34).

Porto, 6 September 2017

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

(Signed)

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

About Corticeira Amorim SGPS, S.A.:

Tracing its roots back to the 19th century, Amorim has become the world's largest cork and cork-derived company in the world, generating more than Euro 640 billion in sales to more than 100 countries through a network of dozens of fully owned subsidiaries.
With a multi-million Euro R&D investment per year, Amorim has applied its specialist knowledge to this centuries-old traditional culture, developing a vast portfolio of 100% sustainable products that are used by blue-chip clients in industries as diverse and demanding as wines & spirits, aerospace, automotive, construction, sports, interior and fashion design.
Amorim's responsible approach to raw materials and sustainable production illustrates the remarkable interdependence between industry and a vital ecosystem - one of the world's most balanced examples of social, economic and environmental development.

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