

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

CONSOLIDATED ACCOUNTS

**First half 2016 (1H16)
(Audited)**

**Second quarter 2016 (2Q16)
(Non-audited)**

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

Capital Social: EUR 133 000 000,00
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Dear Shareholders,

In accordance with the law, the Directors of CORTICEIRA AMORIM, SGPS, SA, a Public Company, present their:

CONSOLIDATED MANAGEMENT REPORT

1. SUMMARY OF THE ACTIVITY

Overall, continued during the second quarter macroeconomic conditions observed in the first three months of the year. The downturns registered in the major economies have been less severe than announced in late 2015. In particular the feared inflection of the Chinese economy has been managed effectively and presented so far the desired soft landing of its growth rate.

CORTICEIRA AMORIM continued to take advantage of the reasonably favourable economics of its main markets. The second quarter more than confirmed the good performance of its activity both in terms of sales and results. And like the first quarter, it can be said that the exchange rate effects on these indicators was almost negligible.

Cumulative sales in the half year end amounted to 334 M €, representing an increase of 8% over the same period of 2015. This record result of better second quarter (+ 9.5%) versus the increase in the first quarter (+ 6.3%). The perimeter effect remains at the level of 1%. The volume effect continued to have a majority weight in sales growth.

All Business Units (BU) registered sales growth, either total or to end customers. Special reference to the Cork Stoppers BU, which continued to show a remarkable performance (+ 9.3% in the first half vs. + 7.8% in the first quarter). Also to be taken in account the confirmation of the sales growth in the Floor & Wall Coverings BU (+ 6.3% in the first half vs. + 4.1% in the first quarter).

A good record in terms of operating costs allowed the EBITDA to have a very positive growth, reaching 65.9 M €, an increase of almost 21%. This performance allowed the semester to register a 19.7% ratio on sales (17.6% in the first half of 2015). Increased operational efficiency and a consolidated sales mix more favourable have allowed a sustained improvement of this important performance indicator. Note that this indicator reached 21.6% in the 2Q16.

The financial function continues to enjoy the combined effects of a low interest rate and a successively lower debt. The estimated income tax did not suffer the effects of provisions for tax procedures. Additionally the cost registered in the first half benefited from a 0.9 M € gain resulting from the review of the 2014 tax declaration, and from the correction of the 2015 tax estimation.

After the results attributed to non-controlling interests, net income for the period reached 35.145 M €, an increase of 34% compared to the value of 26.222 M € booked in the first six months of 2015.

The results for the second quarter amounted to 21.232 M € (2Q15: 17.776 M €).

As from the Shareholder Meeting decision held on 30 March, were distributed on 28 April dividend equivalent to 0.16 euros per share, totalling 21.28 million euros.

2. OPERATING ACTIVITY 1H16

Raw Materials BU showed an increase in activity directed into the Group (+ 7.8%), accompanying the increase recorded in Cork Stoppers BU, its main customer.

The value of EBITDA recorded was 10.6 M €, a slight decline compared to the same 2015 period (11.1 M €). This unfavourable variation, already felt during the last quarters of 2015, had its origin in the absorption by this BU of the cork price increase of the 2014 and 2015 cork campaign. The control of operating costs and the said increased activity allowed the mitigation of that effect.

The preparation of the 2016 cork campaign took place as planned, having met the targets set for this period.

Cork Stoppers BU sales reached 220.6 M €, a rise of 9.3%, driven by volume and also by the mix effect (more natural cork stoppers). This record has been possible since the second quarter performance (+ 10.7%) was even stronger than

the one presented in the first three months of the year (+ 7.8%). Also noteworthy is the effect of the set-up, in the second half of 2015, of two new distribution companies (USA and Portugal).

Good registers in terms of natural cork stoppers and Neutrocork® stoppers, with emphasis on the performance of the new Neutrocork Premium® stoppers. In the first half began the sales of NDtech stopper.

As for markets, we must note the improvement of the three major geographical destinations of sales. To be also noted that the French market resumed its dynamics after the unfavourable 2014 harvest, which affected the previous year.

The increased activity in conjunction with the positive effect of the sales mix and stable operating costs, resulted in a growth of about 24% of this BU EBITDA (39.8 M €).

EBITDA / Sales ratio reached 18.1% in the semester (1H15: 16%). When considering activity of this BU together with the activity of the Raw Materials BU, this ratio was 22.1% (1H15: 21%).

Composite Cork BU, though hardly benefiting from the exchange rate effect, sales in the half year amounted to 52.1 M €, an increase of 6.2% (1Q16: + 5%). The three main business segments (Retail, Industry and Construction) recorded sales increases. Another highlight is the supply of the inlay to the Hydrocork production of the Floor & Wall. Sales to Asian markets continued to show, in general, increases. The United States maintained the growth dynamics presented in recent years.

The improvement of the percentage gross margin, which benefited from the price decrease and better performance of some of the raw materials, increased activity and stable operating costs led to an EBITDA 9.8 M €, an increase of 48% over the value achieved in the first half of 2015.

Floor & Wall Coverings BU achieved in the second quarter a remarkable increase in sales (+ 8.4%), resulting in an acceleration of the growth rate recorded in the first quarter (+ 4.1%). Reaching 61.1 M € in the six months of 2016 (+ 6.3%), sales seemed to have managed to reverse a decline cycle that lasted for several quarters, except for the slight increase observed in 3Q15. Note that the improvement is due to the performance registered in the sales of manufactured products (+ 7.1%). Of these, the highlight is the Hydrocork. Sales of this new product began in early 2015, representing in 1H16 more than 10% of the total sales. The enormous potential associated with this product and the successive growth of its sales mark certainly a new beginning in the activity of this Business Unit.

Although the percentage gross margin has deteriorated as a result of the change in the sales mix, increased activity and some reduction in operating costs led to a rise in EBITDA to 6.8 M € (1H15: 5.4 M €). The BU goal is not only to maintain a satisfactory rate of growth of sales of manufactured products, but also be able to improve the margins of several new products brought to the market recently, especially the Hydrocork. The restart of the Russian market is another major objective of the BU.

Insulation Cork BU reached 6.4 M € sales, showed the most significant sales growth of all BU (+ 29%). To note, however, that part of this increase relates to higher cork granules sales to Composites Cork BU. In terms of sales to end customers, Sales increased by 17.1%. Sales of its flagship product, expanded cork agglomerate (+10%), and the increase also recorded in sales of specialties such as MDFachada and regranelate, justify such variation.

In split of the activity growth operating costs remained stable. As a consequence, EBITDA presented a favourable variation of 81%, reaching € 1.5 million (23% of sales).

3. NDTECH

Culminating a five years R&D project developed in partnership with a British company specializing in gas chromatography, a truly innovative technology for the cork industry was implemented, which for the first time, allows to offer wine producers natural cork stoppers, with a guaranteed no detectable TCA*. NDTech is a revolution in quality control top technology, as it introduces individual control of each cork stopper in production lines.

NDTech is able to detect any cork with more than 0.5 nanograms / liter (parts per trillion) of TCA, removing it immediately from the automatic production line. This level of accuracy on an industrial scale is surprising, given that the detection threshold of 0.5 nanograms / liter may be equivalent to a drop of water in 800 Olympic swimming pools.

The performance of NDTech was validated by the world's leading organizations in research associated with the wine industry - Geisenheim University, Germany, and Australian Wine Research Institute, being the only quality control technology and detection of TCA to receive validation by both organizations.

NDTech is being initially applied to the range of premium natural cork stoppers of CORTICEIRA AMORIM, having already begun their marketing. The receptivity of wine producers has been, as expected, very positive, given its importance in premium packaging wine.

The development of NDTech is the culmination of a series of measures aimed at an impeccable sensory control of natural cork, which is long been considered to be the benchmark of the sealing industry and the one that adds more value to the wine.

* Content of releasable TCA less than 0.5 ng / L quantification limit; analysis conducted in accordance with the ISO 20752 standard.

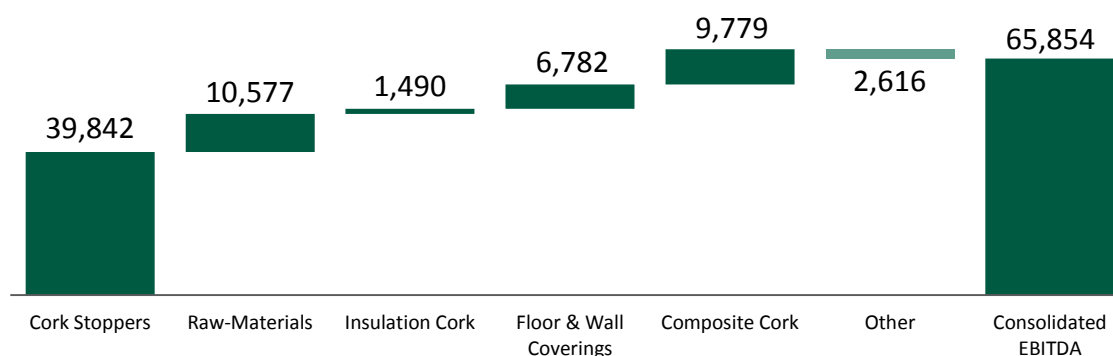
4. CONSOLIDATED PROFIT AND LOSS ACCOUNT

As mentioned, the increase in sales of the first six months of 2016 was mainly due to the volume effect felt in all business units. The sales mix effect, especially the one in Cork Stoppers BU, eventually also have some weight in that increase. Contrary to what occurred in all 2015 quarters, in which the exchange rate effect benefited all activity, in the two quarters of 2016 this effect may be considered immaterial.

In comparison with 1H15, growth of 25 M € in sales turned out to be somewhat mitigated by the Change in manufactured inventories (decrease of 18 M €). The ongoing effort aimed at better planning and allocation of the finished product to distribution subsidiaries, particularly in Cork Stoppers BU, has somehow also affected such a register. A better percentage margin, the result of a better sales mix, allowed the gross margin value to increase by 11 M €.

As for the operating costs, the increase in about 2.7 M € in Staff costs and Third party supplies and services is explained mostly by the effect of the entry of new subsidiaries. Of the remaining constituents operating costs EBITDA, the change was positive in about 3.2 M €. Note that this favourable variance is more than explained by the fact that the exchange rate differences of the assets receivables and liabilities payables and respective currency hedges recorded in 1H16 were favourable by 0.9 M €, while the same register of comparable period was negative by 2.5 M €.

As a result of the effects of the significant increase in sales, improved percentage gross margin and the favourable evolution of operating costs, EBITDA increased by 21.1%, reaching 65.9 M €. As mentioned above, this absolute value is a percentage of 19.7% of sales, which compares favourably with either obtained in the same half (17.6%) or with that obtained in year 2015 (16.7%).



During the six months were recorded non-recurring expenses in the amount of 3.73 million euros. This figure is essentially the recording of a provision relating to labour, customs procedures and with the Argentine Central Bank regarding Amorim Argentina. Note that this subsidiary is turned off for more than four years, with an ongoing complex process of legal liquidation of the company. Additionally, in the area of the stoppers it was also registered expenditures concerning business started in the previous year, as well as a settlement related to non-controlling interests originated in a northern Africa subsidiary.

Lower average debt and interest rates benefited once again the financial function. The net amount of the expenses of this function was 952 K €, which compares with the value of 1138 K € in the same period 2015.

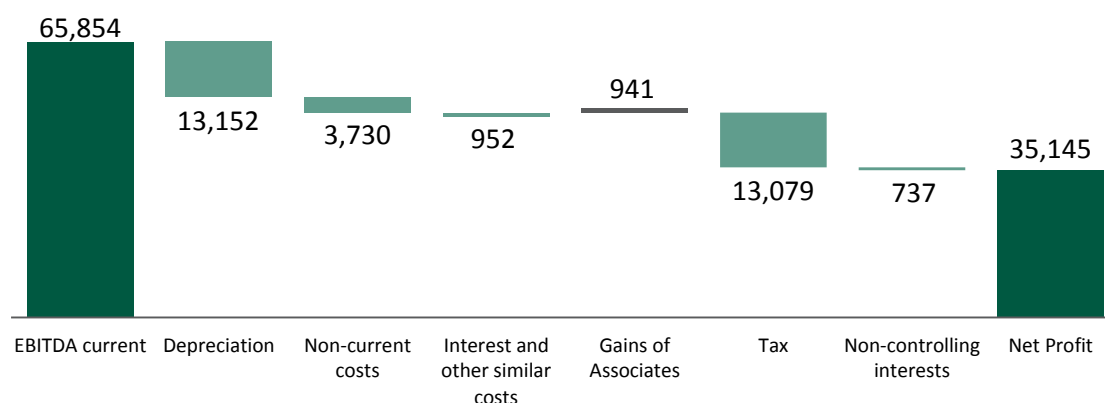
The result of associates amounted to 941 K €, slightly less than the same period 2015.

As mentioned, the estimated income tax, unlike what happened in 1H15, was not affected by provisions related to tax procedures. On the contrary, the estimate has benefited from gain resulting from the review of the 2014 tax declaration, and from the correction of the 2015 tax estimation. As usual tax benefits to investment (RFAI and SIFIDE) will only be possible to estimate at the end of the year. Thus the possible tax gain will only be recorded in 2016 end accounts.

After an 13.1 M € income tax estimate and non-controlling interests, net profit attributable to CORTICEIRA AMORIM shareholders reached 35.145 M €, up 34% compared to the results of 26.222 M € of first six months of 2015.

The result for the second quarter was 21.232 M € (2Q15: 17.776 M €).

Earnings per share were € 0.264, with earnings per share in the 1H15 been € 0.209.



The balance at the end of the first half 2016 reached 702 M €, a higher value in about 35 M € that recorded in December 2015 and June 2015. Of this increase in assets, about 7 million are from the growth in the value of cash and cash equivalents. The remaining value is due, mainly, from the movements relating to Trade receivables and Inventories resulting from the increase in CORTICEIRA AMORIM activity.

In the second sheet of Balance sheet equity changes in the first six months of 2016 (+14 M €) is explained practically by the results of the period (+35 M €), less dividends distributed (21 M €).

At the end of the period, net debt amounted to 80.1 M €, a decrease of 3.8 M € compared to the 2015 year-end. Cash flow originated in operations was enough to offset the value of CAPEX and the increase of working capital and also the value of the dividends distributed. The amount paid for interest and income taxes was immaterial. Payments related to this income tax are concentrated almost entirely in the second half.

At the end of June 2016 equity was 368.5 M €. Equity / Assets ratio amounted to 52.5%.

5. CONSOLIDATED KEY INDICATORS

	1H2016	1H2015	Variation	2Q2016	2Q2015	Variation
Sales	333,958	309,197	8.0%	177,267	161,846	9.5%
Gross Margin – Value	176,276	165,259	6.7%	93,871	86,083	9.0%
	¹⁾ 52.4%	50.2%	+ 2.2 p.p.	50.6%	50.6%	-0.01 p.p.
Operating Costs - current	123,574	124,938	-1.1%	62,278	63,356	-1.7%
EBITDA - current	65,854	54,379	21.1%	38,257	30,576	25.1%
EBITDA/Sales	19.7%	17.6%	+ 2.1 p.p.	21.6%	18.9%	+ 2.7 p.p.
EBIT - current	52,703	40,321	30.7%	31,593	22,727	39.0%
Non-current costs	²⁾ 3,730	2,912	N/A	2,050	3	N/A
Net Income	35,145	26,222	34.0%	21,231	17,775	19.4%
Earnings per share	0.264	0.209	26.6%	0.169	0.142	19.4%
Net Bank Debt	80,079	91,865	- 11,786	-	-	-
Net Bank Debt/EBITDA (x)	³⁾ 0.71	0.94	-0.23 x	-	-	-
EBITDA/Net Interest (x)	⁴⁾ 103.4	73.4	30.04 x	126.9	100.0	26.95 x
Equity/Net Assets	52.5%	49.0%	+ 3.5 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) and write-off of Goodwill (2015)

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)

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6. OUTLOOK FOR THE SECOND HALF OF 2016

Although it is expected a slowdown in economic growth in some of its main markets, CORTICEIRA AMORIM should continue to enjoy the economic moment.

However, cyclical factors and policy, particularly in the EU context itself can affect the progression of the markets, and generate even some instability.

CORTICEIRA AMORIM will continue to benefit from investments aimed at improving its operational efficiency.

Thus, and taking in consideration the performance recorded in the first six months of the year, it is estimated that the result of the full year 2016 to exceed that recorded in 2015.

7. BUSINESS RISKS AND UNCERTAINTIES

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.

8. TREASURY STOCK

During the first half of 2016, CORTICEIRA AMORIM did not acquire or sold treasury shares.

As of June 30, 2016, CORTICEIRA AMORIM held no treasury shares.

9. QUALIFIED OWNERSHIP INTERESTS IN THE SHARE CAPITAL OF THE ISSUER

List of members holding qualified ownership interests as of 30 June 2016:

Shareholder	Shares held (quantity)	Participation (%)	Voting rights (%)
Amorim Capital, S.G.P.S., S.A.	67 830 000	51.000%	51.000%
Investmark Holdings, B.V.	24 975 157	18.778%	18.778%
Amorim International Participations, B.V.	20 064 387	15.086%	15.086%

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.	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%

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

(a) The capital of Interfamlia II 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 Interfamlia II, SGPS, S.A..

Shareholder Investmark Holding BV	Shares held	% Voting rights
Directly	24 975 157	18.778%
Total Attributable	24 975 157	18.778%

Shareholder Warranties, SGPS, S.A.	Shares held	% Voting rights
Directly	-	-
Through Investmark Holding BV, 100% owned	24 975 157	18.778%
Total Attributable	24 975 157	18.778%

Shareholder Américo Ferreira de Amorim	Shares held	% Voting rights
Directly	-	-
Through Warranties, SGPS, S.A., 70% owned	24 975 157	18.778%
Total Attributable	24 975 157	18.778%

Shareholder Amorim International Participations, BV	Shares held	% Voting rights
Directly	20 064 387	15.086%
Total Attributable	20 064 387	15.086%

Shareholder Amorim, Sociedade Gestora de Participações Sociais, S.A. (b)	Shares held	% Voting rights
Directly	-	-
Through Amorim International Participations BV, 100% owned	20 064 387	15.086%
Total Attributable	20 064 387	15.086%

(b) The capital of Amorim, Sociedade Gestora de Participações Sociais, SA is held by Mr. António Ferreira de Amorim, wife and sons, does not hold any of them a society domain share.

From June 30, 2016 to the date of this report, no changes were reported.

10. 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.

11. SHAREHOLDERS OWNING MORE THAN 10% OF THE SHARE CAPITAL

- Amorim Capital - Sociedade Gestora de Participações Sociais, S.A. held 67,830,000 shares, corresponding to 51% of the share capital;
- Investmark Holdings, B.V. held 24,975,157 shares, corresponding to 18.778% of the share capital;
- Amorim International Participations, B.V. held 20,064,387 shares, corresponding to 15.086% of the share capital.

Since June 30, 2016, to the date of this report, no changes in those stakes have been recorded.

12. SUBSEQUENT EVENTS

After June 30, 2016 and up to the date hereof, no other relevant events have occurred which might materially affect the financial position and future profit or loss of CORTICEIRA AMORIM and its subsidiaries included in the consolidation taken as a whole.

13. 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, 2016 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, 28 July 2016

The Board of Directors of CORTICEIRA AMORIM, SGPS, SA

António Rios de Amorim

Chairman

Nuno Filipe Vilela Barroca de Oliveira

Vice-President

Fernando José de Araújo dos Santos Almeida

Member

Cristina Rios de Amorim Baptista

Member

Luísa Alexandra Ramos Amorim

Member

Juan Ginesta Viñas

Member

FINANCIAL REPORT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

thousand euro

	Notes	June 2016	December 2015	June 2015
Assets				
Property, plant and equipment	IX	189,481	190,352	181,036
Investment property	IX	7,233	5,008	4,930
Investments in associates	VI e XI	14,143	13,304	12,302
Intangible assets	IX	2,734	2,489	1,264
Other financial assets	XII	3,955	4,177	3,886
Deferred tax assets	XIII	10,155	8,359	8,826
Non-current assets		227,702	223,690	212,245
Inventories	XIV	264,641	271,705	261,928
Trade receivables	XV	163,190	132,545	155,821
Income tax	XVI	3,595	3,139	2,480
Other current assets	XVII	28,847	28,678	26,610
Cash and cash equivalents	XVIII	14,317	7,461	6,940
Current assets		474,590	443,530	453,778
Total Assets		702,291	667,219	666,023
Equity				
Share capital	XIX	133,000	133,000	133,000
Treasury stock	XIX	0	0	-7,197
Other reserves	XIX	186,287	152,754	160,894
Net Income		35,145	55,012	26,222
Non-Controlling Interest	XX	14,017	13,368	13,591
Total Equity		368,449	354,133	326,509
Liabilities				
Interest-bearing loans	XXI	41,179	41,211	61,503
Other borrowings and creditors	XXIII	9,633	10,015	10,251
Provisions	XXXI	34,965	32,227	28,961
Deferred tax liabilities	XIII	6,670	6,743	7,036
Non-current liabilities		92,447	90,196	107,751
Interest-bearing loans	XXI	53,218	50,146	37,302
Trade payables	XXII	117,182	121,184	129,987
Other borrowings and creditors	XXIII	56,199	49,518	51,682
Income tax	XXIV	14,796	2,042	12,792
Current liabilities		241,395	222,890	231,762
Total Liabilities and Equity		702,291	667,219	666,023

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

CONSOLIDATED INCOME STATEMENT BY NATURE - OF FIRST HALF AND SECOND QUARTER

				thousand euro	
2Q16	2Q15		Notes	1H16	1H15
non audited	non audited				
177,267	161,846	Sales	VIII	333,958	309,197
83,074	84,167	Costs of goods sold and materials consumed		160,093	164,229
-323	8,403	Change in manufactured inventories		2,411	20,290
27,296	27,005	Third party supplies and services	XXV	52,116	51,414
29,803	29,107	Staff costs	XXVI	59,230	57,209
1,016	215	Impairments of assets	XXVII	980	827
2,065	1,920	Other gains	XXVIII	4,792	3,633
-437	1,100	Other costs	XXVIII	2,889	5,063
38,257	30,576	Current EBITDA		65,854	54,379
6,665	7,849	Depreciation	IX	13,152	14,058
31,592	22,727	Current EBIT		52,703	40,321
-2,050	-3	Non-current results	XXVII	-3,730	-2,912
476	553	Financial costs	XXIX	987	1,208
14	63	Financial income	XXIX	35	70
822	716	Share of (loss)/profit of associates	XI	941	1,084
29,902	22,952	Profit before tax		48,961	37,356
8,333	5,275	Income tax	XIII	13,079	11,081
21,569	17,676	Profit after tax		35,882	26,274
337	-99	Non-controlling Interest	XX	737	53
21,232	17,776	Net Income attributable to the equity holders of Corticeira Amorim		35,145	26,222
0.160	0.142	Earnings per share - Basic e Diluted (euros per share)	XXXIV	0.264	0.209

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - OF FIRST HALF AND SECOND QUARTER

		thousand euro	
2Q16	2Q15	1H16	1H15
non audited	non audited		
21.569	17.676	35.882	26.274
Net Income (before Non-controlling interest)			
Items that could be reclassified through income statement:			
-661	177	211	219
603	-1.041	-50	2.460
-1	-549	-103	-382
-59	-1.413	59	2.297
Other comprehensive income net of tax			
21.510	16.263	35.941	28.571
Total Net Income registered			
Attributable to:			
20.954	16.790	34.947	28.325
556	-527	994	246
Corticeira Amorim Shareholders			
Non-controlling Interest			

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

CONSOLIDATED STATEMENT OF CASH FLOW - OF FIRST HALF AND SECOND QUARTER

thousand euro

2Q16	2Q15		1H16	1H15
(non audited)	(non audited)			
OPERATING ACTIVITIES				
177,880	164,525	Collections from customers	332,361	308,232
-125,957	-129,198	Payments to suppliers	-259,087	-247,510
-25,970	-29,608	Payments to employees	-53,921	-52,221
25,952	5,720	Operational cash flow	19,353	8,501
-2,520	-1,237	Payments/collections - income tax	-2,359	-1,859
14,770	19,081	Other collections/payments related with operational activities	24,153	18,201
38,203	23,564	CASH FLOW BEFORE EXTRAORDINARY ITEMS (1)	41,148	24,843
INVESTMENT ACTIVITIES				
		Collections due to:		
198	125	Tangible assets	260	273
6	0	Financial investments	6	0
67	49	Other assets	91	79
7	15	Interests and similar gains	17	23
1,034	0	Investment subsidies	1,034	0
		Payments due to:		
-7,386	-7,276	Tangible assets	-13,615	-10,829
-24	-11	Financial investments	-31	-108
-169	-166	Intangible assets	-361	-194
-3,158	0	Investment subsidies	-3,158	0
-9,426	-7,264	CASH FLOW FROM INVESTMENTS (2)	-15,758	-10,756
FINANCIAL ACTIVITIES				
		Collections due to:		
0	0	Loans	0	1,572
431	514	Others	1,401	805
		Payments due to:		
-5,973	-4,402	Loans	-3,546	0
-371	-521	Interests and similar expenses	-1,014	-1,364
-21,706	-17,631	Dividends	-21,706	-17,631
-116	-104	Others	-213	-210
-27,736	-22,143	CASH FLOW FROM FINANCING (3)	-25,079	-16,828
1,041	-5,844	Change in Cash (1) + (2) + (3)	311	-2,741
40	-75	Exchange rate effect	-22	39
-5,451	-2,582	Cash at beginning	-4,659	-5,799
-4,370	-8,501	Cash at end	-4,370	-8,501

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

thousand euro

	Balance Beginning	Appropri- ation of N-1 profit	Divi- dends	Net Profit N	Inc/ Dec/ Recl	Translation Differences	End Balance
June 30, 2016							
Equity:							
Share Capital	133,000	-	-	-	-	-	133,000
Paid-in Capital	38,893	-	-	-	-	-	38,893
Hedge Accounting	-169	-	-	-	211	-	42
Reserves							
Legal Reserve	14,294	1,909	-	-	-	-	16,203
Other Reserves	98,590	53,103	-21,280	-	2	-	130,415
Translation Difference	1,145	-	-	-	-	-411	734
	285,753	55,012	-21,280	0	213	-411	319,287
Net Profit for the Year	55,012	-55,012	-	35,145	-	-	35,145
Minority interests	13,368	-	-345	737	-	257	14,017
Total Equity	354,133	0	-21,625	35,882	213	-154	368,449
June 30, 2015							
Equity:							
Share Capital	133,000	-	-	-	-	-	133,000
Treasury Stock - Face Value	-7,399	-	-	-	-	-	-7,399
Treasury Stock - Discounts and Premiums	201	-	-	-	-	-	201
Paid-in Capital	38,893	-	-	-	-	-	38,893
Hedge Accounting	-45	-	-	-	219	-	174
Reserves							
Legal Reserve	12,243	2,051	-	-	-	-	14,294
Other Reserves	89,300	33,705	-17,584	-	1	0	105,422
Translation Difference	226	-	-	-	-	1,884	2,110
	266,419	35,756	-17,584	0	220	1,884	286,695
Net Profit for the Year	35,756	-35,756	-	26,222	-	-	26,222
Minority interests	13,393	-	-47	52	0	193	13,591
Total Equity	315,569	0	-17,631	26,274	220	2,077	326,509

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2016

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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, 2016 corresponding to 51.00 % of its share capital (December 2015: 67,830,000 shares). Amorim Capital - Sociedade Gestora de Participações Sociais, S.A., is included in the consolidation perimeter of Interfamília II, S.G.P.S., S.A., this being its controlling parent company. Interfamília II, S.G.P.S. is fully owned by Amorim family.

These financial statements were approved in the Board Meeting of July 28, 2016. 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, 2016, 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 with 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:

	<u>Number of years</u>
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.

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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:

	<u>Number of years</u>
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 more 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.

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

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

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

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 amortised cost using the effective interest rate of the debtor for similar periods.

Trade and other receivables are derecognised 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 amortised 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 recognised in the earnings statement.

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 amortised 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

Liabilities are derecognised 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 capitalised and charged to the specific asset under construction. Capitalisation 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 utilisation. 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 derecognised.

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 recognised as employee benefit expense when they are due.

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

q. Provisions, contingent assets and liabilities

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

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

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. Revenue is shown, net of value-added tax, returns, rebates, and discounts, including cash discounts. Revenue is also adjusted by any prior period's sales corrections.

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

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

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 recognised as income on a systematic basis over the useful life of the related asset. Repayable interest bearing grants are presented as interests bearing debt; if no-interest bearing, they are presented as "Other borrowings". Reimbursable grants with "out of market" interest rates are measured at fair value when they are initially recognised. Difference between nominal and fair value at initial recognition is treated as an income to be recognised. This will be presented in other gains during the useful life span of the said asset. Subsequently, these grants are measured at amortised cost.

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 recognising is as follows:

▪ Fair value hedge

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

▪ Cash flow hedge

Changes in the fair value of derivatives that qualify as cash flow edges and that are expected to be highly effective, are recognised in equity, 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 recognised immediately in the income statement.

▪ Net investment hedge

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

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

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

v. Equity

Ordinary shares are included in equity.

When CORTICEIRA AMORIM acquires own shares, acquisition value is recognised 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

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

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

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

As of June 30, 2016, exchange rates different from the actual as of that date, would have no material effect in financial assets or liabilities values, due to the said hedging policy. As for book orders any effect would be registered in Equity. As for non-euro net investments in subsidiaries/associate, any exchange rate effect would be registered in Equity, because CORTICEIRA AMORIM does not hedge this type of assets. As these investments are not considered relevant, the register of the effects of exchange rates variations was 734 K€ as of June 30, 2016 (December 31, 2015: 1.145 K€).

b. Interest rate risk

As of June 30, 2015 and 2016 from the total interest bearing debt, 25 M€ had a ten year fixed interest rate.

Most of the risk derives from the noncurrent-term variable rate portion of that debt (June 30, 2015: 36.5 M€ and June 30, 2016: 16.2 M€).

As of June 30, 2016, for each 0.1% variation in euro based debt, a total effect of -69 K€ in CORTICEIRA AMORIM profits would be registered.

Credit risk

Credit risk is due, mainly, to receivables from customers related to trade sales. Credit risk is monitored by the operating companies Financial Departments, taking in consideration its history of trade relations, financial situation as well as other types of information that CORTICEIRA AMORIM business network has available related with each trading partner. Credit limits are analysed and revised, if necessary, on a regular basis. Due to the high number of customers, spread through all continents, the most important of them weighting less than 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 2016: 209 million euros and December 2015: 170 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 euro				
	Up to 1 year	1 to 2 years	2 to 4 years	More than 4 years	Total
Interest-bearing loans	50,146	1,916	5,916	33,379	91,357
Other borrowings and creditors	44,259	3,538	6,287	191	54,275
Trade payables	121,184				121,184
Total as of December 31, 2015	215,589	5,454	12,203	33,570	266,816
Interest-bearing loans	53,218	2,628	10,547	28,004	94,396
Other borrowings and creditors	56,395	3,078	6,372	184	66,029
Trade payables	117,182				117,182
Total as of June 30, 2016	226,795	5,706	16,919	28,188	277,607

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

Based in estimated cash flows, 2015 liquidity reserve, composed mainly by non-used credit lines, will be as follows:

	thousand euros
	2016
Opening balance	139
Operating cash in and cash out	95
Investments	-26
Interest and dividends	-23
Income tax	-17
Non-current debt payment	-10
Saldo final	158

Note: Includes dividends approved at the AG of March 30, 2016

Capital risk

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

The key indicator for the said combination is the Equity / Assets ratio. CORTICEIRA AMORIM considers that a 40% ratio is a clear sign of a perfect combination, and 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:

Thousands euros			
	June 2016	2015	2014
Equity	368,449	354,133	315,569
Assets	702,291	667,219	617,446
Ratio	52.5%	53.1%	51.1%

Financial assets and liabilities fair value

As of June 30, 2016 and 2015, and as of December 2015, 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, 2016, derivative financial instruments recognised as assets in the consolidated statement of financial position are not material, reaching 322 thousand euros as assets (December 31, 2015: 1,051 thousand euros) and 96 thousand euros as liabilities (December, 31 2015: 449 thousand euros)), as stated in notes XVII and XXIII.

CORTICEIRA AMORIM uses forward outright and options to hedge exchange rate risk, as stated in note XXXII. Evaluating exchange rate hedge instruments requires the utilisation 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 outright. As for options, it is used the Black & Scholes model.

milhares de euros						
Nature	Hierarchy	Type	30.06.2016		31.12.2015	
			Notional	Fair Value	Notional	Fair Value
		Cash flow hedge	6,026	25	2,961	123
		Fair value hedge	12,925	297	8,821	529
		Trading derivatives	0	0	17,374	398
		Level 2 Total	18,951	322	29,157	1,051
		Total Assets	18,951	322	29,157	1,051
		Cash flow hedge	15,160	-23	24,220	-374
		Fair value hedge	29,498	-41	20,745	-139
		Trading derivatives	1,790	-31	29,095	64
		Level 2 Total	46,448	-96	74,061	-449
		Total Liabilities	46,448	-96	74,061	-449

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 10,155 K€ registered in deferred tax assets (December 31, 2015: 8,359 K€). These values will be recovered if the business plans of the companies that recorded those assets are materialized in the future (Note XIII).

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 XXXI).

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 [art. C-508/5 / f) and 8 CSC], 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, approved by the Board which must be adopted by all companies 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 statements

COMPANY		HEAD OFFICE	COUNTRY	1H16	2015
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 Marocaine de Transf. du Liège, S.A.		Skhirat	SPAIN	100%	100%
SIBL - Société Industrielle Bois Liège		Jijel	ALGERIA	51%	51%
Société Nouvelle du Liège, S.A. (SNL)		Tabarka	TUNISIA	100%	100%
Société Tunisienne d'Industrie Bouchonnière	(b)	Tabarka	TUNISIA	45%	45%
Vatrya - Serviços de Consultadoria, Lda		Funchal - Madeira	PORTUGAL	100%	100%
Cork Stoppers					
Amorim & Irmãos, SGPS, S.A.		Santa Maria Lamas	PORTUGAL	100%	100%
ACIC USA, LLC		California	U. S. AMERICA	100%	100%
Agglotap, SA		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.		Mozelos	PORTUGAL	100%	100%
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%
Bouchons Prioux		Epernay	FRANCE	91%	91%
Chapuis, S.L.		Girona	SPAIN	100%	100%
Corchera Gomez Barris	(d)	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, SI	(c)	Navarrete - La Rioja	SPAIN	50%	50%
Wine Packaging & Logistic, S.A.	(b)(d)	Santiago	CHILE	50%	50%

COMPANY		HEAD OFFICE	COUNTRY	1H16	2015
Floor & Wall Coverings					
Amorim Revestimentos, S.A.		Lourosa	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		Vienna	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	(e)	Moscou	RUSSIA	100%	-
Amorim Japan Corporation		Tokyo	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		Hadsun	DENMARK	51%	51%
US Floors, Inc.	(b)	Dalton - Georgia	U. S. AMERICA	25%	25%
Composites Cork					
Amorim Cork Composites, S.A.		Mozelos	PORTUGAL	100%	100%
Amorim (UK) Ltd.		Horsham West Sussex	UNITED KINGDOM	100%	100%
Amorim Compocork, Lda		Mozelos	PORTUGAL	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%
AmorLink		Istambul	TURKEY	25%	25%
Amosealtex Cork Co., Ltd		Shanghai	CHINA	30%	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	(e)	Mozelos	PORTUGAL	100%	-
Corticeira Amorim - France SAS - ACC		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%
Corkyn Composites, Lda	(b) (f)	Mozelos	PORTUGAL	-	25%
Ecochic portuguesas – footwear and fashion products, Lda	(b)	Mozelos	PORTUGAL	24%	24%
TDCork - Tapetes Decorativos com Cortiça, Lda	(b) (e)	Mozelos	PORTUGAL	25%	-
Soc. Portuguesa de Aglomerados de Cortiça, Lda		Montijo	PORTUGAL	100%	100%

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

(b) Equity method consolidation.

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

(d) Held directly by Corchera Industry, SA

(e) Set-up during 2016

(f) Liquidated during 2016

VII. Exchange rates used in consolidation

Exchange rates		First Half End 2016	First Half Average 2016	Year end 2015	Average 2015
Argentine Peso	ARS	16.6838	15.9897	10.2803	14.0484
Australian Dollar	AUD	1.49290	1.52198	1.47766	1.48970
Lev	BGN	1.95580	1.95573	1.95573	1.95570
Brazilian Real	BRL	3.58980	4.12955	3.70044	4.31170
Canadian Dollar	CAD	1.43840	1.48444	1.41856	1.51160
Swiss Franc	CHF	1.08670	1.09605	1.06786	1.08350
Chilean Peso	CLP	734.530	768.883	725.899	768.730
Yuan Renminbi	CNY	7.37550	7.29646	6.97333	7.06080
Danish Krone	DKK	7.43930	7.44972	7.45870	7.46260
Algerian Dinar	DZD	122.234	121.018	111.109	116.071
Euro	EUR	1	1	1	1
Pound Sterling	GBP	0.82650	0.77877	0.72584	0.73395
Hong Kong Dollar	HKD	8.61560	8.67200	8.60559	8.41660
Forint	HUF	317.060	312.714	309.996	315.980
Yen	JPY	114.050	124.414	134.314	131.070
Moroccan Dirham	MAD	10.8572	10.8561	10.8028	10.7376
Norwegian Krone	NOK	9.30080	9.41975	8.94963	9.60300
Zloty	PLN	4.43620	4.36882	4.18412	4.26390
Ruble	RUB	71.5200	78.2968	67.9298	79.2500
Swedish Kronor	SEK	9.42420	9.30187	9.35346	9.18950
Tunisian Dinar	TND	2.42800	2.28871	2.17523	2.21090
Turkish Lira	TRL	3.20600	3.25927	3.02546	3.17650
US Dollar	USD	1.11020	1.11594	1.10951	1.08870
Rand	ZAR	16.4461	17.1983	14.1723	16.9530

VIII. Segment report

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

For purposes of this Report, the Business approach was selected as the primary segment. This is consistent with the formal organization and evaluation of business. 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 euro								
1H2016	Raw Materials	Cork Stoppers	Cork Floor Coverings	Composite Cork	Insulation Cork	Holding	Ajustm.	Consolidated
Trade Sales	4,821	217,406	59,346	47,381	4,981	22	0	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
Current EBITDA	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

1H2015	Raw Materials	Cork Stoppers	Cork Floor Coverings	Composite Cork	Insulation Cork	Holding	Ajustm.	Consolidated
Trade Sales	3,270	199,541	56,265	45,855	4,252	14	0	309,197
Other BU Sales	69,560	2,202	1,225	3,173	724	905	-77,789	-
Total Sales	72,830	201,743	57,490	49,028	4,976	919	-77,789	309,197
Current EBITDA	11,063	32,231	5,352	6,604	824	-1,763	67	54,379
Assets	139,672	338,526	93,108	83,326	13,282	574	-2,466	666,023
Liabilities	37,622	127,404	30,864	29,910	2,470	25,814	85,428	339,513
Capex	1,771	6,437	802	1,405	65	127	0	10,608
Year Depreciation	-1,475	-6,407	-2,568	-3,255	-334	-19	0	-14,058
Non-cash cost	-38	-3,660	-181	-56	-40	0	0	-3,976
Gains/Losses in associated companies	-7	875	228	-12	0	0	0	1,084

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 293 million euros, and are mostly composed by inventories (107 million), customers (102 million) and tangible fixed assets (50 million).

Sales by markets:

thousand euros				
Markets	1H16		1H15	
European Union	204,105	61.1%	185,780	60.1%
<i>From which: Portugal</i>	15,936	4.8%	17,156	5.5%
Other European countries	11,477	3.4%	13,025	4.2%
United States	73,415	22.0%	68,936	22.3%
Other American countries	22,864	6.8%	21,494	7.0%
Australasia	17,771	5.3%	15,706	5.1%
Africa	4,326	1.3%	4,255	1.4%
TOTAL	333,958	100%	309,197	100%

IX. Tangible, intangible and property investment assets

thousand euros

	Land and buildings	Machinery	Other	Total tangible assets	Intangible assets	Investment property
Gross Value	229,817	348,850	37,020	615,687	4,670	15,432
Depreciation and impairments	-143,133	-260,835	-28,826	-432,794	-3,579	-10,242
Opening balance (Jan 1, 2015)	86,684	88,015	8,194	182,893	1,091	5,190
INCREASE	1,690	2,949	5,776	10,415	193	0
PERIOD DEPREC. AND IMPAIRMENTS	-3,957	-8,685	-1,056	-13,698	-100	-260
SALES AND OTHER DECREASES	-3	-83	-108	-193	0	0
TRANSFERS AND RECLASSIFICATIONS	1,847	500	-1,672	675	80	0
TRANSLATION DIFFERENCES	635	243	67	945	0	0
Gross Value	234,208	352,707	40,395	627,310	4,896	15,432
Depreciation and impairments	-147,312	-269,768	-29,194	-446,274	-3,632	-10,502
Closing balance (Jun 30, 2015)	86,897	82,939	11,201	181,037	1,264	4,930
Gross Value	239,478	362,075	41,846	643,399	6,332	15,486
Depreciation and impairments	-149,761	-273,869	-29,416	-453,046	-3,843	-10,478
Opening balance (Jan 1, 2016)	89,717	88,205	12,430	190,352	2,489	5,008
INCREASE	659	3,353	9,582	13,594	346	0
PERIOD DEPREC. AND IMPAIRMENTS	-2,893	-9,022	-982	-12,897	-98	-511
SALES AND OTHER DECREASES	-251	-362	-243	-856	0	-4
TRANSFERS AND RECLASSIFICATIONS	-1,789	2,602	-1,461	-648	0	2,776
TRANSLATION DIFFERENCES	-137	70	1	-66	-4	-35
Gross Value	225,762	366,791	50,052	642,605	6,667	30,897
Depreciation and impairments	-140,455	-281,944	-30,725	-453,124	-3,933	-23,664
Closing balance (Jun 30, 2016)	85,307	84,847	19,327	189,481	2,734	7,233

The amount of 7,233 K€, referred as Property Investment (June 2015: 5,008 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.

The increase in depreciation / impairments in 1H2015 is related to an impairment loss of 1,434 K€ recognized in fixed assets of the group in China, coupled with the decision of the management to change the Composite Cork BU strategy for this market.

Expenses related with tangible fixed assets had no impact. No interest was capitalised during 1H2016.

X. Goodwill

thousand euros					
1H2015	Opening	Increases	Decreases	Reclassification	Closing
Oller et cie	751		751		0
Industria Corchera	1,314		1,314		0
Amorim France	159		159		0
Amorim Cork Italia	250		250		0
Korken Schiesser	274		274		0
Amorim Deutschland	164		164		0
Goodwill	2,911	0	2,911	0	0

As stated in point II f), goodwill impairment test is made each year.

Exceptionally an impairment test to the goodwill was achieved in 1H15, resulting in an impairment registered of 2,911 K€.

This was done utilizing the value in use.

Cash flows were estimated, based on budget and plans approved by management. The growth assumptions had in mind the expected growth in the wine market, champagne and sparkling wine, as well as the evolution of the market share of CORTICEIRA AMORIM in this business.

In the first half 2015, the profitability of the subsidiary Industria Corchera changed significantly, accompanied by a drop in sales and increased operating costs. These changes impacted the expected cash flows of this subsidiary. As a result, the test performed led to the need to write-off of the goodwill associated with this subsidiary. In that test, the growth rates were used in 1% to 2% for the period 2016-2018 and 1.5% for the following years. The discount rate used was 8%. Compared to the test performed in 2014, a drop was observed of approximately 30% in the estimated cash flows for the implied period and about 40% regarding perpetuity.

The volumes expected from the underlying business goodwill of the subsidiary SA Oller et Cie are not being met, due to the substitution effect on customers by other group's products. The test performed in this period considered a growth rate of 1% and an 8% discount rate.

From June 30, 2015 to June 30, 2016, there were no movements in this item.

XI. Equity Companies

thousand euros			
	1H16	2015	1H15
Initial Balance	13.304	10.841	10.841
In / Out	0	5	5
Results	941	3.091	1.084
Dividends	0	-250	0
Exchange Differences	-141	-414	366
Other	38	32	6
End Balance	14.143	13.304	12.302

Exchange Differences are due mainly to US Floors and Corchos de Argentina.

XII. Other Financial Assets

Assets included refer essentially to equity instruments available for sale, which have no quotation in active market and whose fair value cannot be estimated reliably and are therefore measured at cost.

XIII. Income Tax

The differences between the tax due for the current period and prior periods and the tax already paid or to be paid of said periods is registered as “deferred tax” in the consolidated income statement, according to note II o), and amounts to 1,861 K€ (1H15: 1,745 K€).

On the consolidated statement of financial position this effect amounts to 10,155 K€ (1H15: 8,826 K€) as Deferred tax asset, and to 6,670 K€ (1H15: 7,036 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		
	1H16	2015	1H15
Related with Inventories and third parties	6,280	5,198	5,296
Related with Tax Losses	1,524	939	1,236
Related with Fixed Tangible Assets / Intag. / P.Inv	794	1,068	1,237
Others	1,557	1,154	1,057
Deferred Tax Assets	10,155	8,359	8,826
Related with Fixed Tangible Assets	4,514	4,531	4,807
Related with other taxable temporary differences	2,156	2,212	2,230
Deferred Tax Liabilities	6,670	6,743	7,036
Current Income Tax	-14,940	-19,423	-12,826
Deferred Income Tax	1,861	1,927	1,745
Income Tax	-13,079	-17,496	-11,081

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

Income Tax Conciliation	1H16	1H15
Income Tax - Legal	21.0%	21.0%
Effect arising from extraordinary taxation (Portugal)	6.5%	6.0%
Effect due to provisions for contingencies	1.7%	2.0%
Effect due to different tax rates (foreign subsidiaries) and other	3.1%	0.8%
Effect due to reversal of prior year tax estimates	-2.9%	-2.3%
Other	-2.2%	-0.2%
Income tax - effective (1)	27.2%	27.3%

(1) Income Tax / Pre-tax Profit, Equity Gains, Non-controlling Interests and non-taxable costs

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 33 M€, of which around 4.5 M€ are considered to be utilised. These losses can be fully used up to 2020 and beyond.

As the tax forms are only filled after year-end closure, values at closure of 2015 were updated by the activity of the first half.

XIV. Inventories

	tho usand euros		
	1H16	2015	1H15
Goods	4,052	7,818	7,154
Finished and semi-finished goods	111,159	109,585	109,575
By-products	244	247	511
Work in progress	16,809	15,244	17,090
Raw materials	124,509	141,313	119,042
Advances	12,762	1,571	11,797
Goods impairments	-766	-1,036	-1,091
Finished and semi-finished goods impairments	-2,734	-1,782	-1,988
Raw materials impairments	-1,395	-1,255	-162
Inventories	264,641	271,705	261,928

	tho usand euros		
Impairment losses	1H16	2015	1H15
Initial Balance	4,073	2,413	2,413
Increases	987	2,179	1,138
Decreases	164	519	104
Others	0	0	-205
End Balance	4,896	4,073	3,242

Impairment increases hit costs of sales in income statement.

The increase in impairment losses in the first half of 2015, 1,076 K€ resulted from the revision of the estimate of the impairment of finished products Composites Cork BU.

XV. Trade receivables

	thousand euros		
	1H16	2015	1H15
Gross amount	175,957	144,975	166,180
Impairments	-12,767	-12,429	-10,359
Trade receivables	163,190	132,546	155,821

	milhares de euros		
Impairment losses	1H16	2015	1H15
Initial Balance	12,429	9,777	9,777
Increases	1,282	3,408	1,195
Decreases	702	511	264
Others	-243	-245	-349
End Balance	12,767	12,429	10,359

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.

XVI. Income tax

	thousand euros		
	1H16	2015	1H15
Income tax - advances / minimum / excess est.	1,410	811	481
Income tax - advances	1,976	1,983	1,775
Income tax - withholding	209	345	225
Income tax - special payment (RERD)	4,265	4,265	4,265
Income tax - special payment (RERD) impairment	-4,265	-4,265	-4,265
Income tax	3,595	3,139	2,481

The amount of 4,265 K€ refers to a payment made under an exceptional regime of regularisation 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. 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 (1996, 1997, 1998 and 2008), but, in circumstance of unfavourable ruling by the court, the outcome could impose heavy penalties and late payment interests. RERD 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 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.

XVII. Other assets

	thousand euros		
	1H16	2015	1H15
Advances to suppliers / suppliers	2,965	2,133	3,183
Accrued income	1,200	996	129
Deferred costs	1,670	2,565	980
Hedge accounting assets	322	1,051	722
TVA	18,465	18,771	18,408
Others	4,225	3,162	3,186
Other current assets	28,847	28,678	26,609

XVIII. Cash and cash equivalents

	thousand euros		
	1H16	2015	1H15
Cash	140	167	144
Bank Balances	8,879	6,412	5,628
Time Deposits	5,032	794	1,149
Others	267	89	19
Cash and cash equivalents according to Balance Sheet	14,317	7,461	6,940
Overdraft	-18,687	-12,120	-15,440
Cash and cash equivalents according to Cash Flow Stat.	-4,370	-4,659	-8,501

XIX. Capital and reserves

- Share Capital

As of June 30, 2015, the share capital is represented by 133,000,000 ordinary registered shares, conferring dividends, with a par value of 1 Euro.

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

- Treasury stock

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

As of June 30, 2015, CORTICEIRA AMORIM held 7,399,262 of its own shares, representing 5.563% of its share capital. As of June 30, 2016, there were no own shares in the portfolio due to the sale in the second half of 2015.

- 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, SA books.

- **Other reserves**

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

- **Dividends**

In the Shareholders' General Meeting of March 30, 2016, a dividend distribution of 0.16 euros per share was approved. The dividend was paid at April, 28. The total distributed was 21.28 M €.

	thousand euros		
	1H16	2015	2014
Dividends paid:	21,280	51,205	25,270
Portion attributable to own shares	0	-1,036	-1,406
Dividends paid	21,280	50,169	23,864

XX. Non-Controlling Interest

	thousand euros		
	1H16	2015	1H15
Initial Balance	13,368	13,393	13,393
In / Out	0	13	0
Results	737	558	53
Dividends	-345	-293	-47
Exchange Differences	257	-303	193
End Balance	14,017	13,368	13,591

XXI. Interest bearing debt

At the end of the period, interest bearing loans was as follows:

	thousand euros		
	1H16	2015	1H15
Bank loans and Overdrafts	42,876	40,143	37,280
Bonds	9,986	9,967	0
Leasing	357	36	22
Interest-bearing loans - current	53,218	50,146	37,302

Loans were denominated in euros, except 34% (Dec. 2015: 41%).

	thousand euros		
	1H16	2015	1H15
Bank loans	39,957	39,939	40,517
Bonds	0	0	19,947
Reimbursable subsidies	141	1,271	1,039
Leasing	1,081	1	0
Interest-bearing loans - non-current	41,179	41,211	61,503

Loans were denominated in euros, except 7% (Dec. 2015: 9%).

As of June 30, 2016, maturity of non-current interest bearing debt was as follows:

	thousand euros
Between 01/07/2017 and 30/06/2018	2,628
Between 01/07/2018 and 30/06/2019	5,000
Between 01/07/2019 and 30/06/2020	5,546
After 01/07/2020	28,004
Total	41,179

Non-current and current interest bearing debt value 69,397 K€ carries floating interest rates. The remaining 25,000 K€ carries fixed interest rates. Average cost, during the first half, for all the credit utilized was 1.70% (1H2015: 2.25%).

Note that at the end of the first quarter 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 1H16, 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. The most common ratio was the one that relates Debt with EBITDA (net interest bearing debt/current EBITDA). Other ratios that relate EBITDA with interest costs (current EBITDA/net interest) and Equity with total assets are part of the said contracts.

At the same date, CORTICEIRA AMORIM had utilized credit lines with associated financial covenants. These are based essentially in compliance ratios for monitoring the financial situation of the company, including its ability to guarantee debt service, including the ratio that relates debt to EBITDA generated by the Company (net interest bearing debt / EBITDA current) - and also the structure of the balance sheet.

As of June 30, 2016, these ratios were as follows:

Net interest bearing debt / current EBITDA (X)	0.71
Equity / Assets	52.5%

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 131 M€.

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

XXII. Trade payables

	thousand euros		
	1H16	2015	1H15
Suppliers - current account	52,920	53,502	53,998
Suppliers - confirming	51,693	62,036	63,152
Suppliers - accruals	12,570	5,646	12,837
Suppliers	117,182	121,184	129,987

From the total values, 53% comes from Cork Stoppers BU (Dec. 2015: 49%) and 19% from Raw Materials BU (Dec. 2015: 25%).

XXIII. Other borrowings and creditors

	thousand euros		
	1H16	2015	1H15
Non interest bearing grants	9,033	8,794	9,474
Other	600	1,221	777
Other borrowings and creditors - non current	9,633	10,015	10,251
Non interest bearing grants	2,180	3,381	1,881
Deferred costs	29,858	21,815	26,826
Deferred income - grants	4,929	5,148	5,556
Deferred income - others	365	110	256
TVA	9,751	7,136	8,308
State and social security - withholding and others	3,955	6,214	4,003
Other	5,161	5,714	4,851
Other borrowings and creditors - current	56,199	49,518	51,682

Changes in Deferred costs are related with variation of salaries (vacations and Christmas bonus and vacations paid).

In Other borrowings and creditors – current, it is included a value of 96 K€ (1H2015: 1,502 K€), which refers to the fair value of exchange risk derivatives.

In Other borrowings and creditors – non-current (9,633 K€), maturity is as follows: 1 to 2 years (3,078 K€), 2 to 4 years (6,372 K€), more than 4 years (184 K€).

XXIV. Income tax

Includes income tax estimate to be paid.

XXV. Third party supplies and services

	thousand euros	
	1H16	1H15
Communications	625	576
Information systems	2,625	2,256
Insurance	1,786	1,781
Subcontractors	1,291	1,498
Power	6,583	6,265
Security	529	523
Professional Fees	322	500
Tools	744	782
Oil and gas	936	865
Royalties	621	663
Rentals	2,434	2,360
Transports	11,412	11,106
Travel - Board	481	431
Travel	2,234	2,093
Commissions	3,678	3,328
Special Services	4,239	5,207
Advertising	3,404	3,821
Maintenance	3,862	4,179
Others	4,311	3,177
Third party supplies and services	52,116	51,414

XXVI. Staff costs

	thousand euros	
	1H16	1H15
Board remuneration	303	388
Employees remuneration	43,777	41,741
Social Security and other	9,603	9,213
Severance costs	1,028	542
Other	4,519	5,326
Staff costs	59,230	57,209
Average number of employees	3,637	3,662

XXVII. Impairments of Assets and non-current results

thousand euros		
	1H16	1H15
Receivables	581	931
Inventories	-164	-104
Tangible assets	118	0
Others	445	0
Impairments of Assets	980	827

During the first half of 2016 were recorded non-recurring expenses in the amount of 3.73 million euros. This value resulted, essentially, from the registration of a provision relating to labour, customs processes and with the Argentine Central Bank regarding Amorim Argentina. Note that this subsidiary is turned off for more than four years, with an ongoing complex process of legal liquidation of the company. This register resulted from a management review regarding the probability of losing those processes. Additionally, in the area of the stoppers it was also registered expenditures concerning business started in the previous year, as well as a settlement related to non-controlling interests originated in a northern Africa subsidiary.

In 1H15, goodwill impairment was registered in the amount of 2.911 million euros, which were considered as non-current results, as stated in Note X.

XXVIII. Other gains and costs

thousand euros		
	1H16	1H15
Net exchange differences	926	0
Gain in fixed assets disposals	132	187
Operating subsidies	409	491
Investment subsidies	618	671
Other	2,708	2,284
Other gains	4,792	3,633

thousand euros		
	1H16	1H15
Net exchange differences	0	2,453
Taxes (other than income)	360	391
Provisions	228	181
Loss in fixed assets disposals	92	60
Bank charges	274	209
Other	1,935	1,769
Other losses	2,889	5,063

Exchange differences include also the effect due to the changes in the derivatives fair value.

XXIX. Financial costs and financial income

thousand euros		
	1H16	1H15
Interest costs - bank loans	644	808
Interest costs - other entities	266	369
Stamp tax - interest	6	8
Stamp tax - capital	50	46
Interest costs - other	20	-24
	987	1,208
Interest gains - bank deposits	7	63
Interest gains - other loans	2	0
Interest gains - delayed payments	3	7
Interest gains - other	22	0
	35	70
Net financial costs	952	1,138

XXX. 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, 2016, 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, and year-end 2015 are those resulting from the usual payment terms (from 30 to 60 days) and so are considered to be immaterial.

Services rendered from related-parties are based on the “cost plus” basis ranging from 2% to 5%

XXXI. Provisions and guarantees

- Provisions

thousand euros			
	1H16	2015	1H15
Income tax contingencies	30,276	29,896	26,444
Guarantees to customers	454	364	691
Others	4,234	1,967	1,826
Provisions	34,965	32,227	28,961

The variation in the first half of 2016 provision for tax contingencies refers essentially to the estimated value of the arrears interest of the tax processes. For the same period, the change in "Others" results mainly from the processes associated with the liquidation of Amorim Argentina, as mentioned in Note XXVII.

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 30.3 M€ of provisions related with contingencies regarding income tax and 4.7 M€ regarding other contingencies.

- **Guarantees**

During its operating activities CORTICEIRA AMORIM issued in favour of third-parties guarantees amounting to 116,644 K€ (31/12/2015: 113,501 K€).

thousand euros

Beneficiary	Amount	Purpose
Government agencies	5,223	Capex grants / subsidies
Tax authority	7,672	Tax lawsuits
Banks	102,759	Credit lines
Other	990	Miscellaneous guarantees
TOTAL	116,644	

As of June 30, 2016, future expenditure resulting from long-term motor vehicle rentals totals 1,647 K€. Future expenditure resulting from software and hardware rentals totals 296 K€.

XXXII. Exchange rate contracts

As of June 30, 2016, forward outright and options contracts related with sales currencies were as follows:

	thousand euros					
	1H16		2015		1H15	
USD	44,365	94%	43,307	95%	35,091	93%
ZAR	2,083	4%	2,027	4%	2,303	6%
HUF	161	0%	161	0%	165	0%
CHF	555	1%	0	0%	0	0%
Forward - long positions	47,164	100%	45,495	100%	37,559	100%
USD	3,813	100%	4,503	100%	3,450	100%
Forward - short positions	3,813	100%	4,503	100%	3,450	100%
USD	13,497	100%	26,321	100%	16,911	100%
Options - long positions	13,497	100%	26,321	100%	16,911	100%
USD	925	100%	6,900	100%	2,163	100%
Options - short positions	925	100%	6,900	100%	2,163	100%

XXXIII. Activity during the year

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

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XXXIV. Other information

- a) 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.

	1H16	2015	1H15
Total issued shares	133,000,000	133,000,000	133,000,000
Average nr. of treasury shares	0	5,290,979	7,398,429
Average nr. of outstanding shares	133,000,000	127,709,021	125,601,571
Net Profit (thousand euros)	35,145	55,012	26,222
Net Profit per share (euros)	0.264	0.431	0.209

b) IFRS disclosures - New standards as at 30 June 2016:

1. The impact of the adoption of the standards and interpretations that became effective as of 1 January 2016 is as follows:

Standards

- **Annual Improvements 2010 – 2012.** The 2010-2012 annual improvements affects: IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16 and 38, and IAS 24. The adoption of these improvements had no significant impact on the consolidated financial statements of the entity.
- **IAS 19** (amendment), ‘Defined benefit plans – Employee contributions’. This amendment applies to contributions from employees or third parties to defined benefit plans and aims to simplify the accounting when contributions are not associated to the number of years of service. The adoption of this amendment had no impact on the consolidated financial statements of the entity.
- **IAS 1** (amendment), ‘Disclosure initiative’. This amendment provides guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements, the disclosure of accounting policies and OCI items presentation when arising from investments measured at equity method. The adoption of this amendment had no significant impact on the consolidated financial statements of the entity.
- **IAS 16 and IAS 38** (amendment), ‘Acceptable methods of depreciation and amortisation calculation’. This amendment clarifies that the use of revenue-based methods to calculate the depreciation / amortization of an asset is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an asset. It shall be applied prospectively. The adoption of this amendment had no impact on the consolidated financial statements of the entity.
- **IAS 16 and IAS 41** (amendment), ‘Agriculture: bearer plants’. This amendment defines the concept of a bearer plant and removes it from the scope of IAS 41 – Agriculture, to the scope of IAS 16 – Property, plant and equipment, with the consequential impact on measurement. However, the produce growing on bearer plants will remain within the scope of IAS 41 - Agriculture. The adoption of this amendment had no impact on the consolidated financial statements of the entity.
- **IAS 27** (amendment), ‘Equity method in separate financial statements’. This amendment allows entities to use equity method to measure investments in subsidiaries, joint ventures and associates in separate financial statements. This amendment applies retrospectively. The adoption of this amendment had no impact on the consolidated financial statements of the entity.
- **IFRS 11** (amendment), ‘Accounting for the acquisition of interests in joint operations. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business, through the application of IFRS 3’s principles. The adoption of this amendment had no impact on the consolidated financial statements of the entity.
- **Annual Improvements 2012 - 2014.** The 2012-2014 annual improvements affects: IFRS 5, IFRS 7, IAS 19 and IAS 34. The adoption of these improvements had no significant impact on the consolidated financial statements of the entity.

2. The following amendments to existing standards have been published and are mandatory for the accounting periods beginning on or after 1 January 2016, but that are not yet endorsed by the EU:

Standards

- **Amendment to IFRS 10, 12 and IAS 28**, ‘Investment entities: applying consolidation exception’ (effective for annual periods beginning on or after 1 January 2016). This amendment is still subject to endorsement by the European Union. This amendment clarifies that the exemption from the obligation to prepare consolidated financial statements by investment entities applies to an intermediate parent which is a subsidiary of an investment entity. The policy choice to apply the equity method, under IAS 28, is extended to an entity which is not an investment entity, but has an interest in an associate, or joint venture, which is an investment entity. The future adoption of this amendment will have no impact on the consolidated financial statements of the entity, because it is not an investment entity.

3. The following standards and amendments to existing standards have been published and are mandatory for the accounting periods beginning on or after 1 January 2017, but that are not yet endorsed by the EU:

- **IAS 7**, ‘Cashflow statement – Disclosure initiative’ (effective for annual periods beginning on or after 1 January 2017). This amendment is still subject to endorsement by the European Union. This amendment introduces an additional disclosure about the changes in liabilities arising from financing activities, disaggregated between cash changes and non-cash changes and how it reconciles with the reported cash flows from financing activities, in the Cash Flow Statement. No significant impacts are expected of the future adoption of this amendment on the consolidated financial statements of the entity.
- **IAS 12**, ‘Income taxes – Recognition of deferred tax assets for unrealised losses’ (effective for annual periods beginning on or after 1 January 2017). This amendment is still subject to endorsement by the European Union. This amendment clarifies how to account for deferred tax assets related to assets measured at fair value, how to estimate future taxable profits when temporary deductible differences exist and how to assess recoverability of deferred tax assets when restrictions exist in the tax law. No significant impacts are expected of the future adoption of this amendment on the consolidated financial statements of the entity.
- **IFRS 2**, ‘Classification and measurement of share-based payment transactions’ (effective for annual periods beginning on or after 1 January 2018). This amendment is still subject to endorsement by the European Union. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications to a share-based payment plan that change the classification an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee’s tax obligation associated with a share-based payment and pay that amount to the tax authority. The adoption of this amendment will have no impact on the consolidated financial statements of the entity.
- **IFRS 9** (new), ‘Financial instruments’ (effective for annual periods beginning on or after 1 January 2018). This standard is still subject to endorsement by the European Union. IFRS 9 replaces the guidance in IAS 39, regarding: (i) the classification and measurement of financial assets and liabilities; (ii) the recognition of credit impairment (through the expected credit losses model); and (iii) the hedge accounting requirements and

recognition. No significant impacts are expected of the future adoption of this standard on the consolidated financial statements of the entity.

- **IFRS 15** (new), 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 January 2018). This standard is still subject to endorsement by European Union. This new standard, applies only to contracts with customers to provide goods or services, and requires an entity to recognise revenue when the contractual obligation to deliver the goods or services is satisfied and by the amount that reflects the consideration the entity is expected to be entitled to, following a five step approach. No impacts are expected of the future adoption of this standard on the consolidated financial statements of the entity.
- **Amendments to IFRS 15** 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 January 2018). These amendments are still subject to endorsement by European Union. These amendments refer to additional guidance for determining the performance obligations in a contract, the timing of revenue recognition from a license of intellectual property, the review of the indicators for principal versus agent classification, and to new practical expedients to simplify transition. No impacts are expected of the future adoption of these amendments on the consolidated financial statements of the entity.
- **IFRS 16** (new), 'Leases' (effective for annual periods beginning on or after 1 January 2019). This standard is still subject to endorsement by European Union. This new standard replaces the IAS 17 with a significant impact on the accounting by lessees that are now required to recognise a lease liability reflecting future lease payments and a "right-of-use asset" for all lease contracts, except for certain short-term leases and for low-value assets. The definition of a lease contract also changed, being based on the "right to control the use of an identified asset". The impacts of the future adoption of this standard on the consolidated financial statements of the entity are being evaluated.

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	132,545				132,545
Other current assets	24,919	398	652	4,177	30,146
Cash and cash equivalents	7,461				7,461
Total as of December 31, 2015	164,925	398	652	4,177	170,153
Trade receivables	163,190				163,190
Other current assets	26,854	0	322	3,955	31,131
Cash and cash equivalents	14,317				14,317
Total as of June 30, 2016	204,361	0	322	3,955	208,638

	thousand euros			
	Fair value through profit or loss	Derivatives as hedging	Other financial liabilities at amortized cost	Total
Interest-bearing loans			91,357	91,357
Other borrowings and creditors	-64	514	53,825	54,275
Trade payables			121,184	121,184
Total as of December 31, 2015	-64	514	266,366	266,816
Interest-bearing loans			94,396	94,396
Other borrowings and creditors	31	65	60,443	60,539
Trade payables			117,182	117,182
Total as of June 30, 2016	31	65	272,022	272,117

Mozelos, July 28, 2016

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

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Chairman

Nuno Filipe Vilela Barroca de Oliveira
Vice-President

Fernando José de Araújo dos Santos Almeida
Member

Cristina Rios de Amorim Baptista
Member

Luísa Alexandra Ramos Amorim
Member

Juan Ginesta Viñas
Member

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