



CONSOLIDATED DIRECTORS' REPORT AT 30TH JUNE 2010

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1. Key figures of the consolidated Group

<i>(Thousand euros)</i>	1st half 2010	1st half 2009	Var. %
Sales	473,068	485,173	-2%
EBITDA	30,342	13,612	123%
<i>(Thousand euros)</i>	1st half 2010	31.12.2009	Var. %
Bank borrowing	996,238	880,181	13%
Working capital	-945,271	-955,731	-1%

Sales and EBITDA

See the analysis of sales and EBITDA by Business Unit in section 3. It should be noted that the EBITDA for the first half of 2010 includes certain exceptional expenses which are not considered to be recurring, such as the inherent expenses of the Group restructuring. Additionally, the consolidated EBITDA includes the EBITDA of Artenius Sines PTA, S.A. which is not part of the Group's core business. Accordingly, without these effects, the operating EBITDA of the Group would be as following:

<i>(Thousand euros)</i>	1st half 2010
ACCOUNTING EBITDA	30,342
Exclusion of Artenius Sines PTA, S.A.	2,928
Financial restructuring expenses	3,199
OPERATING EBITDA	36,469

Bank borrowing

The main movements in bank borrowing were as follows:

- In January 2010, Group Management was informed of the positive resolution on the granting of a loan by the Institut Català de Finances for 15 million euros to mitigate immediate liquidity needs (see section 6.1). Drawings from the credit have been made based on compliance with certain conditions precedent, which have been met in full at 30th June 2010. For this reason, at the end of the first half of 2010, the aforesaid loan was drawn in full, for 15 million euros.
- As indicated in section 6.2, the construction of the PTA factory in Artenius Sines PTA, S.A. will be financed using Project Finance. However, because these funds will not be available until the increase in the share capital of La Seda de Barcelona, S.A. has taken place, Caixa Geral de Depósitos, S.A. has granted several bridging loans to finance temporarily the construction of the factory. At 31st December, the loans granted had a limit of 114 million euros and had been drawn in respect of 110,434 thousand euros. During the first quarter of 2010, drawings were made of 3,566 thousand euros to the total limit granted. In addition, on 29th January 2010 a new bridging loan was granted with a limit of 95,000 thousand euros, of which drawings totalling 86,595 thousand euros had been made at the end of the first half of the year.



Working capital

We should point out that an improvement is observed in working capital because the assets and liabilities of Industrias Químicas Asociadas LSB, S.L.U. have been reclassified as “held for sale”, with this reclassification causing an effect of improvement in the working capital of 29 million euros. However, in fact, during the first half of 2010, working capital has continued to worsen compared to the end of the previous year mainly due to the increase in the investment in the plant of Artenius Sines PTA, S.A, financed through short-term borrowing. Therefore, in operating terms, working capital continues to be negative by 974 million euros. However, it should be noted that at this date the Group has obtained ratification of the financial restructuring agreement with the syndicate of banks by the High Court of Justice of England and Wales (Scheme of Arrangement, see section 6.7). Although the enforceability of this agreement is subject to the success of the capital increase planned by the Company. This capital increase, for 300 million euros, was successfully completed on 12th August 2010 and has represented cash contributions of 183 million euros, and adjudications of shares in exchange for offset of credits totalling 117 million euros. In addition, according to the agreement with the syndicate of banks, the rest of the syndicated debt will be reclassified back to long-term. It is estimated that the total of the reclassification to long-term, considering the agreements with financial entities, bilaterals and suppliers, may total 507 million euros.

Furthermore, it should be noted that current liabilities include 203 million euros of financial debt of Artenius Sines PTA, S.A. and 24 million euros of suppliers of this subsidiary which have been repaid on obtaining the Project Finance funds on 5th August 2010. As this financing is repayable in the long term, it is estimated that the working capital after obtaining the Project Finance will improve by a further 227 million euros. Therefore, Group Management considers that in the second half of 2010, taking into account all the matters mentioned above, the Group could have positive working capital.

Key figures of the core business

The main strategy of the Group Restructuring Plan (see section 2) is to focus the Group on the PET solutions business and the Preforms business. In this regard, one of the aims is to divest from the raw materials businesses and one of the actions to be taken in order to achieve it is the reduction in the Group’s participation in the Mega PTA project in Sines. Thus, since this company does not form part of the Group’s core business, we set out below the key figures of the Group excluding the economic impact of this company:

<i>(Thousand euros)</i>	1st half 2010	1st half 2009	Var. %
Sales (*)	473,068	485,173	-2%
EBITDA (*)	33,270	15,156	120%
<i>(Thousand euros)</i>	1st half 2010	31.12.2009	Var. %
Bank borrowing (*)	792,783	768,548	3%
Working capital (*)	-734,518	-767,721	-4%

(*) The company Artenius Sines has been excluded

2. Group strategy

In light of the situation of the equity of the Parent Company, and the need to obtain liquidity and restore the Group's profitability, Group Management drew up a Business Plan for the forthcoming years, which mainly contemplates the following aspects:

1. Existence of a Restructuring Plan for the Seda Group (hereinafter the "Plan"). This Plan was initially approved by the Board of Directors of the Parent Company on 25th July 2009 and subsequently ratified by the same body.

This Plan is in the process of being executed. The advances made in relation to the plan are as follows:

- Divestment from raw material businesses: In this regard reference should be made to the process of closing the PTA plant in Wilton, which is currently in Administration. This will allow an independent administrator to direct the necessary activity so that the effects of the proceeding remain within the entity perimeter of the company that manages the plant (see section 6.3).
- Programme for the disposal of non-strategic assets: Three processes are currently underway for the disposal of three of the Group's production plants, and a contract has been formalized for the sale of the shares in Industrias Químicas Asociadas LSB, S.L.U. (see section 6.9).
- Financial restructuring, described in sections 2 to 4 below.

2. Restructuring of the Parent Company's financial debt. The culmination of the approved Plan requires financial restructuring to match the liquidity of the Parent Company with its payment obligations. There are essentially three actions aimed at this restructuring:

- a) Approval of the Scheme of Arrangement (see details in section 6.7).
- b) Approval of the funds necessary to undertake the construction process of the Sines plant (Portugal) until a new member acquires a stake in the subsidiary's capital. In this regard, the approval of the Project Finance and the release of the bridging loan should be noted (see section 6.2).
- c) Provision of the necessary resources to finance the Company's working capital until the restructuring operations indicated in section 3 below are completed. In this regard, mentioned should be made of the loan granted by the Institut Català de Finances (ICF) (see section 6.1).

3. Restructuring of equity. The Extraordinary General Shareholders' Meeting held on 17th December 2009 passed, among others, the following resolutions:

1. To offset the accumulated losses of previous years as stated in the balance sheet as at 30th September 2010 by the aggregate amount of the share premium account (406,741 thousand euros), other reserves (46,707 thousand euros) and the legal reserve (13,097 thousand euros), i.e. by a total of 466,545 thousand euros, so that after the aforesaid offset and with a view of the capital decrease referred to below, the Company has no reserves of any kind.

2. To reduce the Company's share capital by 466,295 thousand euros, from 626,873 thousand euros at present to 160,578 thousand euros, by reducing the par value of each of the 626,873,401 ordinary shares with voting rights from the present value of 1 euro to 0.256157399155623 euros per share, in order to restore the balance between the Company's share capital and equity which has been diminished by accumulated losses. The aforesaid balance sheet was used as the basis for the capital decrease, in accordance with the provisions of article 168.2 of Royal Legislative Decree 1564/1989 approving the Companies Act (Consolidating Act).
3. Subject to execution of the capital increase indicated in the following point, to reduce the Company's share capital by 97,891 thousand euros, from 160,578 thousand euros to 62,687 thousand euros, by reducing the par value of each of the 626,873,401 ordinary shares with voting rights, from the present value of 0.256157 euros to 0.10 euros, in order to set up reserves.
4. Simultaneously with the aforesaid decrease, and subject to it, it is resolved to increase the Company's share capital by 300,000 thousand euros, by issuing 3,000,000,000 new ordinary shares with a par value of 0.10 euros each, represented by book entries and issued at par. The new shares will be of the same series and class as the existing shares and will have the same economic and voting rights as the shares in circulation.

At the end of 2009, resolutions 1 and 2 had already been executed and therefore in the financial statements for the year ended 31st December 2009 the pertinent accounting operations had already been carried out. At 30th June 2010, the materialization of the rest of the points is still outstanding and therefore no additional accounting operation was recorded.

On 12th August 2010, the public deed of decrease and increase of the share capital of la Seda de Barcelona, S.A. in accordance with points 3 and 4 above was registered. Thus, after carrying out the capital increase, the new capital would be established at 362,687,340.10 euros, divided into 3,626,873,401 fully subscribed and paid-up ordinary shares with a par value of 0.10 euros each.

4. Renegotiation of commercial debt. The Company is carrying out a process of negotiation with the Group's main suppliers of raw materials, the purpose of which is to renegotiate new payment dates of the amounts owed and the corresponding re-establishment of product supply.

During 2009, the main suppliers have shown their willingness to support the Group's restructuring and during the first half of 2010 the repayment of the debts has been negotiated with terms that range from 1 to 3 years, renewing the supply contracts and payment terms with a view of a totally normalized operation of the Group.

3. Analysis by Business Unit

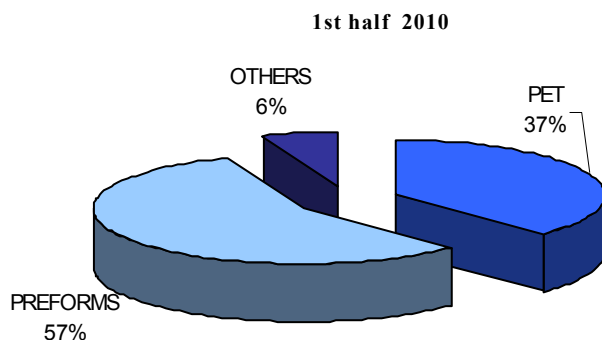
Group Management has decided to change the criterion of presentation of periodic information on the activity supplied to the market from a geographical criterion to a line of business criterion. The lines of business described below have been established according to the nature of the products and services offered:

- **PET / PET recycling:** Artenius Portugal, Industria de Polímeros, S.A., Artenius San Roque, S.A.U., La Seda de Barcelona, S.A., Artenius Italia, S.p.A., Simpe, S.p.A., Erreplast, SRL, Artenius Turkpet Kimyevi Maddeler ve Pet Ambalaj Malzemeleri Sanayi Anonim Sirketi (PET Division), Artenius Hellas, S.A., Artenius Green, S.L.U. and Recyclage Plastique Catalan R.P.C., SAS.
- **PREFORMS:** Artenius PET Packaging Iberia, S.A., Artenius PET Packaging UK, Limited, Artenius PET Packaging Europe, Limited, Artenius PET Packaging Belgium, NV, Artenius PET Packaging Deutschland, GmbH, Artenius PET Packaging France, SAS, Artenius PET Recycling France, SAS, Artenius PET Packaging Maroc, SARLAU, Artenius Turkpet Kimyevi Maddeler ve Pet Ambalaj Malzemeleri Sanayi Anonim Sirketi (Preforms Division), Artenius Romania, SRL.
- **OTHERS:** Industrias Químicas Asociadas LSB, S.L.U. and other companies of minor relevance at Group level.

With this change, Group Management seeks to make the regular information provided more consistent with the management information prepared by the Group, and to increase the transparency of the information provided, given the different nature of the plastic raw material production activities and the packaging production activities, and the different dynamics of their business cycles.

Furthermore, Group Management understands that this presentation criterion is consistent with the redefinition of the Group into two business divisions, reported as a Relevant Event to the Spanish National Securities Market Commission on 8th April 2010.

The distribution of turnover by Business Unit at 30th June 2010 is as follows:



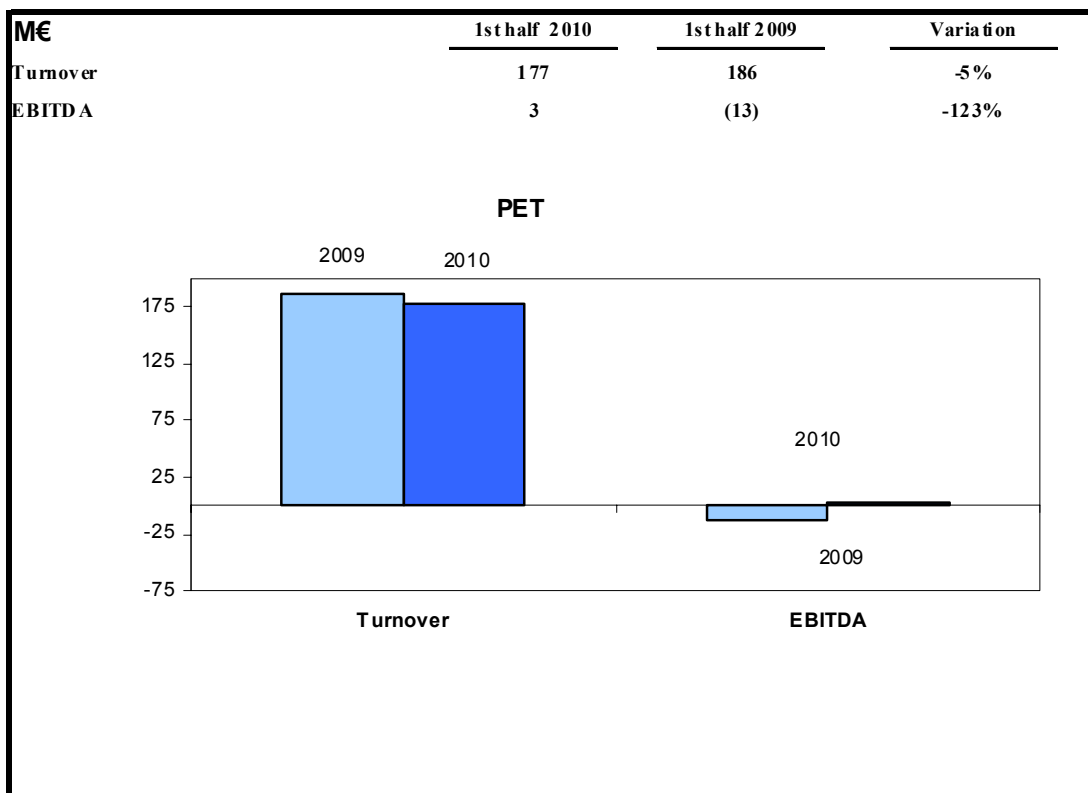
3.1 PET / PET recycling division

In general terms, we would highlight that the first half of 2010 has seen an increase in the price of basic raw materials, as a result of the rise in oil prices and the strength of internal consumption in Asia, especially in China and Korea.

In addition to this, the increase in shipping costs from the main Asian ports to Europe, the progressive strengthening of the dollar compared to the euro, and, temporarily, the adoption by the European Union of anti-dumping and anti-subsidy measures against producers in Pakistan, Iran and the United Arab Emirates have meant that imports of material from Asia have declined considerably due to the uncertainty as to competitiveness during this half of the year and particular as of March/April, which has led to an increase in the demand for local product.

This increase in domestic demand to replace imports has been reflected in an increase in selling prices mainly in the spot market as most of the contracts follow the fluctuation in the reference raw materials.

The figures for consolidated turnover and EBITDA of the PET / PET recycling division of the Seda Group for the first half of 2010, and the comparative figures for the same period last year, are as follows:



NOTE: The impact on the income statement of Artenius UK, Limited in Administration in the first half of 2009 has been eliminated as it has been excluded from the consolidating perimeter and its activities have been considered as interrupted activities.



It should be noted that this division includes Corporate Services of the Seda Group and therefore, in order not to distort the comparison, we include a breakdown of these services:

<i>(Thousand euros)</i>	1st half 2010	1st half 2009
EBITDA PET / RECYCLING	10,212	268
EBITDA CORPORATION	-6,961	-13,306
	3,251	-13,038

In the PET / PET recycling division of the Seda Group, turnover has experienced two contrasting effects which partially offset each other, leading to a reduction of 5%. These effects are as follows:

- Reduction in the volume of business: The production volume of this division has been lower compared to the first half of the previous year, mainly due to the shutdown of production in the El Prat plant in 2010, which has entailed a reduction of 17,000 tonnes in production, and the shutdown in production of a production line in the San Giorgio plant. The San Roque plant has been shut down since October 2008. However, it should be noted that the volume of sales in the rest of the plants has been similar to or higher than the levels of the first half of 2009 and that the volume of internal sales from the PET division to the Preforms division has increased.
- Due to the liquidity difficulties suffered by the Group, the figures for sales corresponding to the first half of 2010 is lower because of a higher number of cash sales, with greater discounts being applied to customers.
- Increase in selling prices: The unit selling prices have been higher in 2010 compared to the same period of 2009, as the selling prices of PET are index-linked to the selling prices of the raw materials used in its manufacture.

Although the production shutdown in the plant in El Prat has entailed overheads without the corresponding contribution to the profit margin, the EBITDA has increased in this division, mainly due to the increase in selling prices as the market situation has been favourable to producers and this has made it possible to have price increases that are higher than the mere variation in costs.

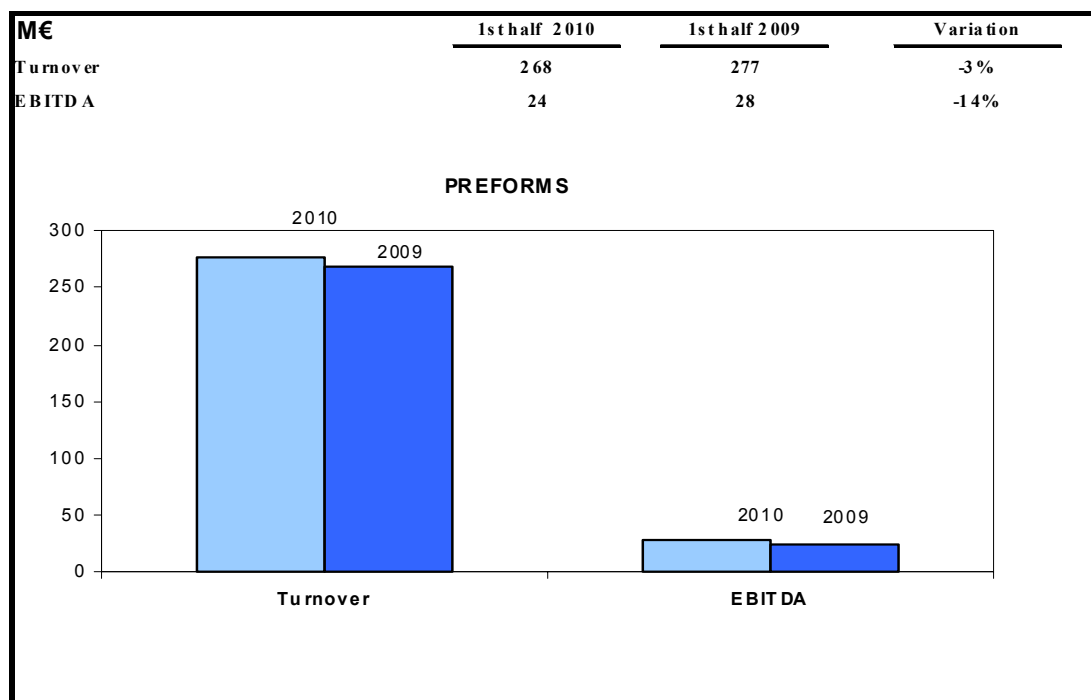
With a view to the next quarter, it is estimated that the market demand will remain at the healthy levels of recent months and average margins are expected to be higher than those for the first half of 2010.

3.2 Preforms division

In general term, sales of preforms have grown by 9.4% in the first half of 2010 in most sectors. Thus, the soft drinks sectors has increased by 3%, the mineral water sector by 24%, juices by 1% and dairy products by more than 172% due to the replacement of other packaging materials for PET. The average growth in the remaining sectors was 10%.

Currency fluctuations (mainly €/£) have had a slight impact, reducing the cost of raw materials in the United Kingdom and slightly increase the value in euros of the results of the UK companies.

The figures for consolidated turnover and EBITDA of the Preforms division of the Seda Group for the first half of 2010, and the comparative figures for the same period last year, are as follows:



In the Preforms division of the Seda Group, turnover has fallen by 3% due to the following two contrasting effects:

- Increase in sales volumes of 7% compared to the first half of 2009. Part of this increase is due to the signing of new contracts, particularly in Spain where Artenius PET Packaging Iberia, S.A. has won a 5-year contract with Leche Pascual which will permit an overall increase in future years of 23%.
- Reduction in turnover in monetary terms due to the implementation with some of the main customer of a new tolling contract starting in May 2009 and the increase in cash sales, with greater discounts applied to customers.

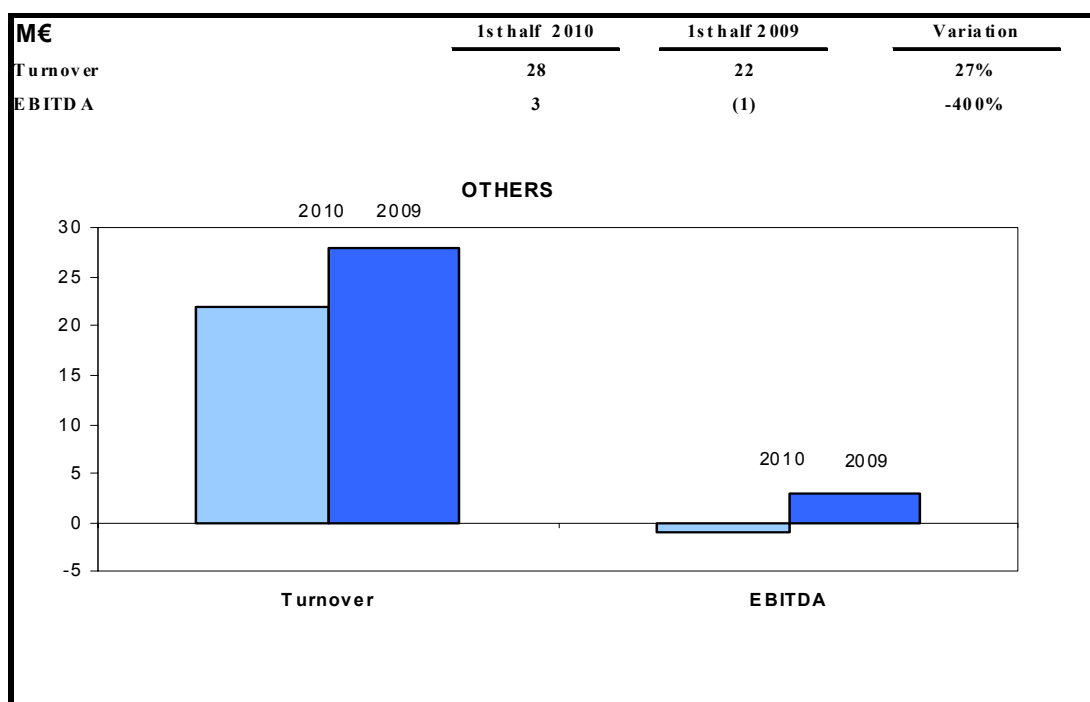
The EBITDA has fallen by 14% mainly due to the increase in the price of raw materials by around 100€/tonne which could not be passed on to the end customer in some areas, mainly in Germany. However, this fact has been minimized thanks to the increase in internal consumption from the group's PET division.

Furthermore, it should be noted that the plants of the Preforms division have been working at full power, especially since March 2010 in order to increase inventories and be able to meeting the demand for the summer high season.

The prospects for the third quarter are positive, with sales volumes estimated to be 8% higher than in 2009 and the EBITDA 5% higher.

3.3 Others

The figures for consolidated turnover and EBITDA of the Others division of the Seda Group for the first half of 2010, and the comparative figures for the same period last year, are as follows:



This business unit mainly includes Industrias Químicas Asociadas LSB, S.L.U. which is engaged in the chemical business and other business of minor relevance.

4. Evolution of the number of employees

The number of employees of the Seda Group at 30th June 2010 and at 30th June 2009 is as follows:

	30.06.10	30.06.09
PET DIVISION	868	1,011
PREFORMS DIVISION	920	927
OTHERS	209	381
	1,997	2,319



The reduction in the number of employees in the PET division mainly relates to:

- The approval, on 20th January 2010, of a Redundancy Process (ERE) involving the loss of 32 jobs in La Seda de Barcelona, S.A. This action is one of the steps envisaged in the Seda Group Restructuring Plan.
- The exclusion from the consolidation perimeter of Artenius UK, Limited (in Administration) dated 27th July 2009.

5. Risk factors

The management of Risks is centralized in General Management of La Seda de Barcelona, S.A., the Parent Company. Senior management of the Company is responsible for continuous monitoring to identify and measure current and potential risks. With this information, it is decided which risks are acceptable and which risks may be mitigated or transferred to third parties by using hedging instruments and insurance. The aim is to reduce the variability of fluctuations in the markets and to protect the value of the Group's assets and liabilities.

The main risks and uncertainties for the second half of 2010 are summarized below:

5.1 Risks related to the Restructuring Plan

According to the Company's forecasts, the Restructuring Plan will allow it to normalize the operational situation and comply with the debt service calendar, maintaining a situation of positive cash flow. This Plan contemplates a multitude of factors that could deviate from the hypotheses used, the principal ones being sales prices and volumes and margins, investments in fixed assets, normalization of working capital conditions, etc.

During the process of executing the Restructuring Plan, in spite of complying with all the milestones considered in it (the most relevant of which is the financial restructuring which includes carrying out a capital increase of a total of 300 million euros which was done on 12th August 2010), deviations in any of these parameters could arise. However, the Plan contemplates a generation of cash flow for debt service of over 105 million euros on every each year during the five-year period.

A sensitivity analysis has been carried out, which is described in the Independent Restructuring Plan Review drawn up by PricewaterhouseCoopers, contemplating hypotheses of negative deviations in these parameters, which shows the generation of cash flow of more than 72 million euros on average, which is sufficient to assure debt service.

Consequently, the Company considers that this risk is very limited.

5.2 Risks relating to the process of selling non-strategic assets

The Restructuring Plan envisages the disposal of assets that are considered non-strategic, and at the date of interim financial reporting the sale of the subsidiaries Artenius San Roque, S.A.U. (Cádiz, Spain) and Simpe, SpA (Italy) has commenced.



Furthermore, it has been agreed to reduce the Group's share in the Sines project, the PTA plant currently under construction. Due to the investment effort this project represents for the Seda Group, conversations are being completed for the entrance of a partner that will make a contribution to equity of 50 million euros and have a stake of 60%, which, combined with the financing obtained, will allow for the culmination of the project with borrowing, without recourse against La Seda. The aim of La Seda is to keep a stake of 25% at the end of the process, to assure access to PTA of the highest quality at a lower cost than any other European producer, as its technology will allow for savings of 70 euros per tonne in energy consumption, which represents 12% of the selling price.

If the sale of the non-strategic assets does not go ahead, the cash planning would be affected as funds will not be available as planned.

5.3 Other risks

In note 31 to the annual consolidated financial statements for the year ended 31st December 2009, the main risk factors identified by the Group and the way they are managed by Management are detailed, and which are summarized below:

5.3.1 Operating risks

Among the operating risks identified by the Company, the risk associated to the management of raw material and the risk due to the cyclical nature of the business are noteworthy.

The Group's main risk related to the raw material management is the evolution of the price of PX (paraxylene), a raw material of both PET and PTA, the price of which is closely linked to the price of fuel / oil. There is no specific hedging system for this risk. However, the Group tries to pass these variations in raw material costs onto its customers, although it is not always able to do so in full and sometimes it occurs with a time lag.

The basic petrochemical activity is highly cyclical which, in turn, is linked to the evolution of the economy and the variations in prices of supplies. As explained in Note 4 of the notes to the consolidated summarized interim financial statements, the activity of the Seda Group, both in the PET and in the preforms business, is highly correlated to the soft drinks sector which is characterized by cyclical activity with a peak in sales during the hotter months. The Group tries to mitigate this risk by diversifying its products for application in the packaging industry in general, such as household cleaning products, cosmetic products, etc.

5.3.2 Commercial risks

As regards commercial risks, the predominant risks are the market and competition risk, as well as the credit risk.

Group Management has identified as the main commercial risk the consolidation of PET as a commodity, governed by cost-market theory. This means that the product is immersed in a market where the selling price prevails, significantly restricting the commercial strategy of positioning and of the costs to be applied. Thanks to the geographical positioning of the Seda Group, a strategy has been established for the consolidation of sales with lead market players to guarantee a stable and regular volume of sales. Furthermore, the joint development of new products with customers has enabled it to create loyalty among consolidated firms of great prestige in the PET market.



With regard to the credit risk, in the current economic and financial crisis, the Group has been affected by insolvencies of some of its customers. A Credit department has been created under the direct supervision of a new Credit Committee which is responsible, among others, for carrying out centralized credit management at Group level. Since 2008 and until the present, the Committee has the presence and direct supervision of the Managing Director. With this, the means have been provided to obtain a considerable improvement in obtaining up-to-date information on the balances of each customer, thus reinforcing the management of collection of balances according to the due date agreed with the customers.

5.3.3 Financial risks

The financial risks identified by the Company are: interest rate risks, liquidity risk, contingent risks deriving from guarantees provided by the parent company and, during the first half of 2010, the exchange rate risk.

It should be noted that the strengthening of the US dollar compared to the euro has caused a fall in imports from Asia to Europe, as both the products and the shipping costs involved in transporting them have become more expensive. Accordingly, the evolution of the US dollar compared to the euro during the second half of 2010 may affect the Group's profitability.

6. Significant events

6.1 Loan granted by the Institut Català de Finances

In January 2010, Group Management was informed of the positive resolution on the granting of a loan by the Institut Català de Finances, for 15 million euros. This credit facility was necessary to undertake the Restructuring Plan approved by the Extraordinary General Shareholders' Meeting held on 17th December 2009.

Drawings from the credit have been made based on compliance with certain conditions precedent, which have been met in full at the date of presenting of this interim financial information.

6.2 Project Finance de Sines

On 22nd January 2010 the definitive Project Finance was formalized between Artenius Sines, PTA, S.A. and Caixa – Banco de Investimento, S.A. (investment bank of Caixa Geral de Depósitos, S.A.), the latter being empowered to organize the financing, structured under a Project Finance arrangement for the sum of 371 million euros.

The above amount will be divided into long-term credit (up to 266,000 thousand euros), reserve to cover debt service (up to 40,000 thousand euros), short-term revolving credit facilities to finance working capital (up to 65,000 thousand euros) and guarantee facility to secure compliance with the obligations in relation to the project (up to 10,000 thousand euros, provided that the guarantees provided plus the drawn amount of the short-term credits do not exceed 65,000 thousand euros). The maximum term for repayment of these credit facilities is 2025 for the first two and 2015 for the working capital financing and the guarantees. The interest rate applied to this loan is referenced to Euribor at one year plus a differential of 3%.



This loan contract establishes compliance with general obligations by Artenius Sines PTA, S.A. including the achievement of certain financial ratios throughout the term of the loan, a limitation on the modifications to the control and shareholder structure of the Company, the purchase of significant assets unrelated to the project or the sale or disposal of assets belonging to the project and necessary for the correct development thereof. The award of the Project Finance also entails a number of present and future standard market guarantees provided by Artenius Sines PTA, S.A., notable among which is the pledge on that company's shares and the mortgage on the right to use the land on which the factory is being built.

As the Project Finance funds were not available until the increase in the share capital of La Seda de Barcelona, S.A. had taken place, Caixa Geral de Depósitos, S.A. granted the company several bridging loans to financial temporarily the construction of the factory, the most recent of which was the loan granted on 29th January 2010 for 95,000 thousand euros, and falling due on 15th July 2010. These funds granted by Caixa Geral de Depósitos, S.A. were released during the month of April.

On 5th August 2010, as a favourable result had been obtained from the share subscription period of the capital increase in La Seda de Barcelona, S.A., and as all the corresponding documents attesting to compliance with the conditions precedent had been granted, the Project Finance became definitively formalized.

6.3 Administration proceedings in Artenius UK, Limited

On 25th March 2010 the Parent Company reached an agreement with the Administrators of Artenius UK, Ltd, (in Administration). The important aspects of the agreement are:

- The Seda Group undertakes the definitive materialization of the loss on its collections rights with Artenius UK, Limited, both in respect of commercial credits and financial loans.
- The Seda Group undertakes the payment guarantees to suppliers of Artenius UK, Limited which it had granted as well as the outstanding debts payable to certain global suppliers who are strategic for the Group, in exchange for the pardoning of the liabilities of the Seda Group to Artenius UK, Limited.

The effects of this agreement were recorded in the individual and consolidated financial statements of La Seda de Barcelona, S.A. for the year ended 31st December 2009.

This agreement was subject to compliance with certain conditions and formalities, the most significant of which is that the capital increase in La Seda de Barcelona, S.A. be carried out.

With the completion of the capital increase in August 2010, all the conditions preceding of the agreement with the Administrators of Artenius UK, Limited (in Administration) have been fulfilled and therefore the agreement has come into full effect.

6.4 Changes in Group governance

At its meeting held on 2nd March 2010 the Board of Directors resolved to appoint up to two new Directors by co-optation to represent members of the syndicated loan who voted in favour of the Lock-up Agreement.



At its meeting held on 16th March 2010, the Board of Directors resolved to appoint by co-optation and with effect from 1st April 2010, Mr Carlos Soria Sendra as a new Director, who will be an independent director. Furthermore, as of the aforesaid date Mr Carlos Soria chaired the Company's Audit Committee.

At its meeting held on 28th April 2010, the Board of Directors resolved to appoint by co-optation with effect from that same date Mr José Luis Riera Andrés as a new Director, who will be an external director ("other external directors"). Mr José Luis Riera represents the creditors of the syndicated debt formalized by the Company and was appointed as a member of the Company's Audit Committee.

At its meeting held on 22nd June 2010, the Board of Directors resolved to appoint by co-optation Mr Emilio Zaffignani as a new Director, who will be an independent director and was appointed as a member of the Company's Audit Committee.

The Company reported that the company Inverland Dulce, S.L., represented by Carlos Gila, concluded its executive functions on 30th June 2010. However, it continues to contribute to the consolidation of the Seda Group by carrying out its tasks as Director of the Company.

6.5 Changes in the Group's organizational structure

The Board of Directors resolved to adopt a new organizational structure for the Group. As a notable aspect, the Group has been divided functionally into two independent divisions: the Packaging division and the PET / Recycled PET division.

From now on the Packaging division will be led by Mr Martin Hargreaves, who will be responsible for the preforms plants, operations and the commercial function.

In turn, the PET and PET recycling division will be led from now on by Mr José Antonio Alarcón, who will be responsible for the PET production plants and the PET recycling plants in Balaguer and Italia.

Furthermore, a Corporate and Financial Management area was created, with Mr Abelardo López being appointed as the new corporate and financial management of the Group. Mr López takes on responsibility for the financial area, organization and systems, and for human resources and legal advising.

Finally, William Schweizer was appointed as the group's head of the supply and commercial chain of the PET division.

6.6 Listed share price and capital increase

On 5th July 2010, the National Securities Market Commission agreed to lift the precautionary suspension from trading of the Company's shares in the Stock Exchange Interconnection System.

On 15th July 2010, the Note on Shares was registered in the National Securities Market Commission, which sets out the terms and conditions of the capital increase resolved on by the Extraordinary General Shareholders' Meeting held on 17th December 2009.



6.7 Presentation of the Scheme of Arrangement

The Scheme of Arrangement (hereinafter “the Scheme”) is a judicial proceeding recognized under English company law, set forth in Part 26 of the Companies Act 2006, whereby the Courts decide on a proposed agreement between interested parties, in this case between La Seda de Barcelona, S.A. and the lenders of the Syndicated Loan formalized by La Seda de Barcelona, S.A. As explained in the consolidated financial statements for the year ended 31st December 2009, La Seda de Barcelona, S.A. has been involved in negotiations to match the payment terms and the amounts of the loan to the new reality of the Group’s business, including the capitalization of debts up to a maximum of 150 million euros. La Seda has managed to obtain the written consent of most of the lenders, who also hold more than 79% of the volume of the syndicated debt (the “Lock-up Agreement”) and with this commitment, the Company filed the Scheme of Arrangement on 30th April so that the English Court ruled to extend the terms of the Lock-up Agreement to the other lenders. The first hearing took place with no opposition, and the voting phase lasted until 21st May. On 26th May, the High Court of Justice of England and Wales ratified the financial restructuring agreement of La Seda de Barcelona, S.A. However, the enforceability of this agreement was subject, in synthesis, to the success of the capital increase planned by the Company. With the completion of the capital increase on 12th August 2010, the Scheme of Arrangement has become fully effective and accordingly the entire syndicated debt has been refinanced.

6.8 Start up of the factory in El Prat

On 16th April 2010, Management of La Seda de Barcelona, S.A. reported the commencement of the start up of the plant in El Prat de Llobregat and that as of the following week product would start to be dispatched to customers.

The recommencement of the industrial activity meant that the entire workforce ceased to be subject to the Temporary Redundancy Process (ETRE).

6.9 Sales of shares in Industrias Químicas Asociadas LSB, S.L.U.

On 3rd June 2010, Company Management reported the formalization with the US industrial group American Industrial Acquisition Corporation (AIAC) of a contract for the sale of the shares in Industrias Químicas Asociadas LSB, S.L.U. for 23 million euros.

The contract was subject to authorization of the sale by the anti-monopoly authorities and also to the waiver by the syndicated loan lenders.

On 30th June and 26th July 2010, the authorizations were obtained from the National Competition Commission and from the lenders of the syndicated loan, respectively.