2011
CONSOLIDATED FINANCIAL INFORMATION
First Half of the Year

LSB

S u m m a r y

Consolidated Balance Sheet

(Thousands of Euros)

ASSETS		**30.06.2011**	**31.12.2010**
Non-current assets			
Intangible fixed assets		*284.533*	*298.230*
a) Goodwill	Note 8.1	211.847	215.733
b) Other intangible fixed assets	Note 8.2	72.686	82.497
Property, plant and equipment	Note 9	429.775	442.261
Investments registered under the equity method	Note 11	56.693	47.495
Non-current financial assets	Note 12	12.205	8.637
Deferred-tax assets		96.556	104.107
Other non-current assets		5.171	5.767
		884.933	**906.497**
Current assets			
Non-current assets held for sale	Note 13	-	56.635
Inventories	Note 14	126.680	116.260
Trade and other receivables	Note 15	*192.949*	*163.761*
a) Trade receivables for sales and services		165.675	137.321
b) Other receivables		26.727	24.012
c) Current-tax assets		547	2.428
Other current financial assets	Note 12	11.102	16.025
Other current assets		-	-
Cash and cash equivalents		39.244	34.450
		369.975	**387.131**
TOTAL ASSETS		**1.254.908**	**1.293.628**

LIABILITIES AND EQUITY		**30.06.2011**	**31.12.2010**
Equity			
Capital and reserves			
Capital	Note 16.1	362.687	362.687
Share premium		-	-
Reserves		95.309	95.309
Less: Own shares and equity instruments		-	-
Profit (loss) from previous years		(155.878)	(70.173)
Profit (loss) for the year attributed to the Parent Company		(5.546)	(85.444)
Less: interim dividends		-	-
		296.572	**302.379**
Adjustments for changes in value			
Hedging transactions		(7.114)	(9.181)
Translation differences		(50.708)	(37.985)
		(57.822)	**(47.166)**
Minority interest	Note 16.2	**3.943**	**3.065**
		242.693	**258.278**
Non-current liabilities			
Grants		9.422	9.697
Non-current provisions	Note 17	30.420	30.510
Non-current financial liabilities	Note 18	*565.603*	*561.747*
a) Bank loans and marketable securities		518.454	506.332
b) Other financial liabilities		47.149	55.415
Deferred-tax liabilities		49.056	48.993
Other non-current liabilities		849	919
		655.350	**651.866**
Current liabilities			
Non-current liabilities held for sale	Note 13	-	53.748
Current provisions		3.790	3.541
Current financial liabilities	Note 18	*124.732*	*114.719*
a) Bank loans and marketable securities		103.649	101.865
b) Other financial liabilities		21.083	12.854
Trade payables and other accounts payable	Note 19	*228.343*	*211.476*
a) Suppliers		185.119	173.487
b) Other payables		38.198	34.808
c) Current-tax liabilities		5.026	3.181
		356.865	**383.484**
TOTAL EQUITY AND LIABILITIES		**1.254.908**	**1.293.628**

Consolidated Income Statement

(Thousands of Euros)		30.06.2011	30.06.2010
Operating income		**596.808**	**486.812**
Turnover		577.199	473.068
Changes in inventories of finished goods and work in progress		12.843	2.892
Own work capitalised		666	815
Registration of grants in non-financial assets and others		342	340
Other operating income		5.758	9.697
Other income		-	-
Operating expenses		**(591.756)**	**(490.628)**
Supplies		(443.587)	(326.476)
Staff costs	Note 20	(46.298)	(49.928)
Amortisation of fixed assets		(29.896)	(34.874)
Impairment and profit (loss) from disposals of fixed assets (net)		(109)	376
Other operating expenses		(71.866)	(79.726)
Operating profit (loss)		**5.052**	**(3.816)**
Financial and similar income and expenses		**(9.105)**	**(29.504)**
Financial income		2.403	1.468
Financial expenses	Note 21	(18.782)	(21.655)
Changes in fair value of financial instruments (net)		590	11
Exchange differences (net)	Note 22	3.623	(10.991)
Impairment and profit (loss) from disposals of financial instruments (net)	Note 23	4.213	1.704
Profit (loss) from entities registered under the equity method (net)		(1.152)	(41)
Profit (loss) before taxes		**(4.053)**	**(33.320)**
Income tax		(2.806)	760
Profit (loss) for the year from continuing operations		**(6.859)**	**(32.560)**
Profit (loss) for the year from discontinued operations, net of taxes		-	-
Consolidated profit (loss) for the year		**(6.859)**	**(32.560)**
Profit (loss) attributed to minority interest		(1.313)	(252)
Profit (loss) attributed to the Parent Company		**(5.546)**	**(32.308)**
Earnings per share	Note 24		
Basic		(0,003)	(0,052)
Diluted		(0,003)	(0,052)
Continuing operations		(0,004)	(0,052)

Consolidated Statement of Comprehensive Income (Thousands of Euros)		30.06.2011	30.06.2010
A)	**Consolidated profit (loss) for the year (as per profit and loss account)**	**(6.859)**	**(32.560)**
B)	**Income and expenses directly recognised in equity**	**(12.869)**	**11.223**
1	On revaluation (reversed revaluation) of property, plant and equipment and intangible assets	-	-
2	On valuation of financial instruments	-	-
	a) Financial assets held for sale	-	-
	b) Other income (expenses)	-	-
3	On cash flow hedges	(205)	(11.096)
4	Exchange differences	(12.723)	26.272
5	On actuarial gains and losses and other adjustments	-	(29)
6	Entities registered under the equity method	-	-
7	Other income and expenses recognised directly in equity	(3)	(289)
8	Tax effect	62	(3.635)
C)	**Transfers to profit and loss**	**2.211**	**2.859**
1	On valuation of financial instruments	-	-
	a) Financial assets held for sale	-	-
	b) Other income (expenses)	-	-
2	On cash flow hedges	3.159	4.084
3	Exchange differences	-	-
4	Entities registered under the equity method	-	-
5	Other income and expenses recognised directly in equity	-	-
6	Tax effect	(948)	(1.225)
	Comprehensive income for the year (A+B+C)	**(17.517)**	**(18.478)**
	a) Attributed to the Parent Company	(16.183)	(18.210)
	b) Attributed to minority interests	(1.334)	(268)

Consolidated Statement of Changes in Equity (Thousands of Euros)	Equity attributed to the Parent Company - Shareholders' equity							
	Share capital	Share premium and reserves	Own shares and investments in equity	Profit (loss) for the year attributed to the Parent Company	Other equity instruments	Adjustments for changes in value	Minority interest	Total equity
Closing balance as at 31.12.10	**362.687**	**25.136**	**-**	**(85.444)**	**-**	**(47.166)**	**3.065**	**258.278**
Adjustments for changes in accounting criteria	-	-	-	-	-	-	-	-
Adjustments for errors	-	-	-	-	-	-	-	-
Adjusted opening balance	**362.687**	**25.136**	**-**	**(85.444)**	**-**	**(47.166)**	**3.065**	**258.278**
I. Total recognised income (expenses)	**-**	**19**	**-**	**(5.546)**	**-**	**(10.656)**	**(1.334)**	**(17.517)**
II. Transactions with shareholders or owners	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1 Capital increase (decrease)	-	-	-	-	-	-	-	-
2 Financial liabilities converted into equity	-	-	-	-	-	-	-	-
3 Distribution of dividends	-	-	-	-	-	-	-	-
4 Transactions on own shares or interest (net)	-	-	-	-	-	-	-	-
5 Increase (decrease) due to business combinations	-	-	-	-	-	-	-	-
6 Other transactions with shareholders	-	-	-	-	-	-	-	-
III. Other changes in equity	**-**	**(85.724)**	**-**	**85.444**	**-**	**-**	**2.212**	**1.932**
1 Payments on equity instruments	-	-	-	-	-	-	-	-
2 Transfers under equity items	-	(85.444)	-	85.444	-	-	-	-
3 Other changes	-	(280)	-	-	-	-	2.212	1.932
Closing balance as at 30.06.11	**362.687**	**(60.569)**	**-**	**(5.546)**	**-**	**(57.822)**	**3.943**	**242.693**

Consolidated Statement of Changes in Equity (Thousands of Euros)	Equity attributed to the Parent Company - Shareholders' equity							
	Share capital	Share premium and reserves	Own shares and investments in equity	Profit (loss) for the year attributed to the Parent Company	Other equity instruments	Adjustments for changes in value	Minority interest	Total equity
Closing balance as at 31.12.09	**160.578**	**64.876**	**-**	**(118.120)**	**-**	**(48.921)**	**6.578**	**64.991**
Adjustments for changes in accounting criteria	-	-	-	-	-	-	-	-
Adjustments for errors	-	(1.546)	-	(10.751)	-	-	-	(12.297)
Adjusted opening balance	**160.578**	**63.330**	**-**	**(128.871)**	**-**	**(48.921)**	**6.578**	**52.694**
I. Total recognised income (expenses)	**-**	**(295)**	**-**	**(32.308)**	**-**	**14.393**	**(268)**	**(18.478)**
II. Transactions with shareholders	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1 Capital increase (decrease)	-	-	-	-	-	-	-	-
2 Financial liabilities converted into equity	-	-	-	-	-	-	-	-
3 Distribution of dividends	-	-	-	-	-	-	-	-
4 Transactions on own shares or interest (net)	-	-	-	-	-	-	-	-
5 Increase (decrease) due to business combinations	-	-	-	-	-	-	-	-
6 Other transactions with shareholders	-	-	-	-	-	-	-	-
III. Other changes in equity	**-**	**(128.871)**	**-**	**128.871**	**-**	**-**	**-**	**-**
1 Payments on equity instruments	-	-	-	-	-	-	-	-
2 Transfers under equity items	-	(128.871)	-	128.871	-	-	-	-
3 Other changes	-	-	-	-	-	-	-	-
Closing balance as at 30.06.10	**160.578**	**(65.836)**	**-**	**(32.308)**	**-**	**(34.528)**	**6.310**	**34.216**

Consolidated Cash Flow Statement

(Thousands of Euros)

	30.06.2011	30.06.2010
A) CASH FLOWS FROM OPERATING ACTIVITIES (1+2+3+4)	**(1.218)**	**5.616**
1. Profit (loss) before tax	**(4.053)**	**(33.320)**
2. Adjustments to profit (loss):	**42.545**	**49.473**
Amortisation of fixed assets	29.896	34.874
Other adjustments to profit/loss (net)	12.649	14.599
3. Changes in working capital	**(38.721)**	**(9.928)**
4. Other cash flows from operating activities:	**(989)**	**(609)**
Income tax recovered (paid)	(989)	(609)
Other income (payments) due to operating activities	-	-
B) CASH FLOWS FROM INVESTMENT ACTIVITIES (1+2+3)	**4.610**	**(96.218)**
1. Payments due to investments:	**(13.600)**	**(98.637)**
Group companies, associates and business units	-	-
Property, plant and equipment, intangible assets and investment property	(8.829)	(96.885)
Other financial assets	(4.771)	(1.752)
Other assets	-	-
2. Inflows from divestment:	**17.729**	**2.113**
Group companies, associates and business units	-	-
Property, plant and equipment, intangible assets and investment property	1.664	1.647
Other financial assets	16.065	466
Other assets	-	-
3. Other cash flows from investment activities	**481**	**306**
Dividends received	-	-
Interest received	481	233
Other income (payments) due to investment activities	-	73
C) CASH FLOWS FROM FINANCING ACTIVITIES (1+2+3+4)	**154**	**96.716**
1. Income (payments) due to equity instruments:	**-**	**-**
Issue	-	-
Amortisation	-	-
Acquisition	-	-
Disposal	-	-
2. Income (payments) due to financial liabilities:	**11.571**	**103.440**
Issue	17.218	113.040
Repayment and amortisation	(5.647)	(9.600)
3. Dividends and earnings paid from other equity instruments	-	-
4. Other cash flows from financing activities	**(11.417)**	**(6.724)**
Interest paid	(7.859)	(6.707)
Other income (payments) due to financing activities	(3.558)	(17)
D) EFFECT OF EXCHANGE RATE FLUCTUATIONS	**(1.062)**	**1.008**
E) NET INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS (A+B+C+D)	**2.484**	**7.122**
F) CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**36.760**	**22.415**
G) CASH AND CASH EQUIVALENTS AT YEAR-END (E+F)	**39.244**	**29.537**
BREAKDOWN OF CASH AND CASH EQUIVALENTS AT YEAR-END		
Cash and banks	39.244	29.537
Other financial assets	-	-
TOTAL CASH AND CASH EQUIVALENTS AT YEAR-END	**39.244**	**29.537**

LA SEDA DE BARCELONA S.A. AND SUBSIDIARIES

Notes to the Consolidated Interim Summarised Financial Statements

for the six-month period ended 30 June 2011

Note 1. General information

La Seda de Barcelona, S.A. (hereinafter, the Parent Company) was incorporated on 23 May 1925 as a *sociedad anónima* (Spanish company akin to a stock corporation) and its registered office and tax-purposes domicile is at Avda. Remolar, nº2, 08820 de El Prat de Llobregat, Barcelona.

As evidenced in its deed of incorporation, the Parent Company's corporate purpose is the manufacture and sale of artificial silk in all its aspects and derivatives, the production, handling, transformation and sale of all kinds of fibres and textile and technical threads and of artificial and synthetic materials, including the construction of its own machinery, the production of energy and steam to be used in its plants, as well as the development of research in those fields.

Additionally, as a result of different merger processes, its corporate purpose has been extended to the manufacture and trade of polyester resin, polyester fibre, polyethylene telephtalate (PET polymer), the production of eicosapentaenoic acid (EPA), docosahexaenoic acid (DHA) and all types of polyunsaturated poly fatty acids. In 2008, the Parent Company extended its corporate purpose to include the manufacture, transformation and sale of all kinds of polymers and biotechnological materials, the recycling of plastic materials, as well as developing and selling technology licences for the construction of PTA and PET plants.

The Parent Company is currently head of a Group of companies that engage in the following activities:

- Manufacturing and trading continuous chemical fibres, raw-cut and bulk-stained fibres, granules for plastics, laminates and thermo-formed products from synthetic polymer compounds, as well as any industrial or commercial activity related to the chemical industry, including assembling industrial plants and participating in, running and operating chemical companies.

- Manufacturing and trading polyester resins and fibres.

- Manufacturing and trading polyethylene telephtalate (PET polymer).

- Manufacturing and trading PET packaging materials (Preform products).

- Producing, distributing and selling gases.

- Producing electricity through a co-generation plant.

- Recycling farming residues and selling organic fertilisers.

- Developing industrial projects, producing and trading bio-fuels and other energy derivatives obtained from renewable materials.

- Trading, importing, exporting and recovering all kinds of plastic-related products.

- Assessing, promoting, managing, constructing, building and completing all kinds of buildings and constructions.

1.1 Group composition and variation of the consolidation scope

The companies comprising the Group present individual financial statements as per the regulations in force in the countries where they operate. The list of the companies in which the Parent Company holds an interest is set out in the Annex to the consolidated financial statements as at 31 December 2010.

None of the subsidiaries within the Group list their shares on stock exchanges.

The most significant changes affecting the scope of consolidation and in the companies making up that scope during the first six-month period of 2011 against the prior year include the following:

- Sale of equity interests in Artenius San Roque, S.A.U**.**

  The entire shares of Artenius San Roque, S.A.U.'s share capital, the Parent Company's chemical subsidiary located in San Roque (Cádiz), were sold to Cepsa Química, S.A. on 5 January 2011.

- Sale of equity interests in Evertis, SGPS, S.A.

  On 31 January 2011, the Parent Company transferred all of its equity interests to Evertis, SGPS, S.A. (formerly named Begreen, SGPS, S.A.), which totalled a 20% portion of the share capital. The transfer was made in favour of Moura Consulting, S.L., which held the remaining 80% of the shares.

  As a result of this transaction, the Parent Company no longer holds any interests whatsoever in Evertis, SGPS, S.A.

- Dissolution and liquidation of subsidiaries Seda Energy, S.L.U. and Artenius Prat Pet, S.L.U.

  On 31 January 2011, the Parent Company, as sole liquidator of Seda Energy, S.L.U. and Artenius Prat Pet, S.L.U. resolved the simultaneous dissolution and liquidation of the abovementioned subsidiaries, in line with the Group's Strategic Plan to let go of non-strategic assets. These companies were not productive.

- Sale of Artenius Portugal, Industria de Polimeros, S.A.

  On 27June 2011, all shares making up the share capital of the subsidiary Artenius Portugal, Industria de Polimeros, S.A., located in Portugal, were sold to Control PET SGPS, S.A. As a result of this transaction, the Parent Company no longer holds any interest whatsoever in Artenius Portugal, Industria de Polimeros, S.A.

Note 2. Basis of presentation

The accompanying summarised consolidated interim financial statements have been prepared based on the individual accounting records of La Seda de Barcelona, S.A. and of each of the subsidiaries. They represent a fair image of the equity and financial situation as at 30 June 2011 and of the results of their operations, changes in the consolidated statement of comprehensive income and cash flow statement, occurred in the consolidated Group during the six-month period ended on such date.

These summarised consolidated interim financial statements of LSB Group were prepared as per the IAS 34 "Interim Financial Reporting" and have not been audited.

As per the stipulations of IAS 34, the interim financial reporting package is prepared with the sole purpose of updating the latest consolidated financial statements drawn up, focusing on the new activities, events and situations occurred throughout such period, without repeating the information previously published in the consolidated financial statements for the year 2010. Therefore, for a suitable understanding of the information included in these consolidated financial statements, they must be read together with the consolidated financial statements of the Group for the year 2010, which were prepared in accordance with the International Financing Reporting Standards (IFRS) in force.

2.1 Going-concern principle

In 2010 the Parent Company and its subsidiaries attained several especially-relevant milestones in terms of improving their financial position and securing the Group's business continuity.

However, consolidated losses for the first half of the year 2011 amounted to EUR 6,859 thousand, mainly as a result of the impact of the difficulties La Seda de Barcelona Group (hereinafter, LSB Group) had faced in prior years on the profit and loss account and evolution of business. Nevertheless, these summarised consolidated interim financial statements were prepared following the going-concern principle, taking into consideration the following premises and milestones that, in the opinion of the Directors, will allow the Group to continue with the normal course of business:

a) Progressive improvement in the Group's income.

   - Significant increase (22%) in the business turnover over the prior comparative period.
   - A 14.41% improvement in EBITDA over the prior comparative period, as a result of the operating improvements implemented and the decrease in corporate overheads.
   - A 232% increase in operating income, accounting for operating profits totalling EUR 5,052 thousand against losses totalling EUR 3,816 thousand in the prior comparative period.

b) During the first half of 2011, LSB Group continued to execute the Strategic Plan approved by the Board of Directors and has covered part of the objectives set out therein regarding the divestment of the San Roque and Portalegre plants, the latter of which is in Portugal, as well as disposing of 20% of the shareholding in Evertis SGPS, S.A.

c) Fulfilment of the Group's Corporate Governance reorganisation, incorporating three new independent advisors and creating the Strategy Committee.

2.2 Accounting policies

The accouting policies used in the preparation of the summarised consolidated interim financial statements corresponding to the six-month period ended on 30 June 2011 are the same as those applied to the consolidated financial statements of the Group for the year 2010, save for:

- The new IFRS or IFRIC issued, or amendments to the existing ones that were enforced as from 1 January 2011 and whose adoption has not had any significant impact on the financial position of the Group in the application period.

- The expenditure for corporate tax, which, as per IAS 34, is recorded in interim periods based on the best estimate of the weighted average tax rate expected by the Group for the annual period.

There is no accounting principle or policy which has a significant effect and has not been applied in drawing up theses financial statements.

2.3 Comparison of information

Pursuant to current regulations, the Directors present, for comparative purposes, with each of the items on the consolidated balance sheet, consolidated income statement, consolidated statement of recognized income and expenses , consolidated statement of changes in equity, consolidated cash flow statement and the quantitative information required in the explanatory notes to the summarised consolidated interim financial statements, in addition to the figures for the first half of the year 2011, those for the prior year, taking into consideration the effects of the sale of the equity interests in Artenius San Roque, S.A.U. and in Artenius Portugal, Industria de Polimeros, S.A when comparing the figures for both years.

As mentioned in Note 1.1, on 5 January 2011 all shares making up the share capital of the chemical subsidiary, Artenius San Roque, S.A.U. were sold. Likewise, shares of the share capital of the subsidiary Artenius Portugal, Industria de Polimeros, S.A. were sold and on 27 June 2011.

As a result of the abovementioned operations, the financial statements related to those companies have not been included in these summarised consolidated interim financial statements. It is worth noting that as at 31 December 2010, their assets and liabilities were classified as “Non-current assets held for sale” and “Liabilities related to non-current assets held for sale” although the income (loss) from those companies was not stated as discontinued operations. Consequently, figures in the profit and loss account and the cash flow statement are not comparable with those of the prior year.

Note 3. Consolidation principles

(a) Subsidiaries

Subsidiaries are all companies over which the Group has the power to manage their financial and operating policies, which is generally accompanied by a shareholding of over half the voting rights. When evaluating whether the Group controls another company, the factors taken into consideration are the existence and effect of potential voting rights that are currently exercisable or convertible. Subsidiaries are consolidated as of the date on which control is transferred to the Group and are excluded from the consolidation upon the date such control ceases to exist.
The acquisition method is used to account for the acquisition of subsidiaries by the Group. The consideration transferred in exchange for the acquisition of a subsidiary is related to the fair value of the assets transferred, liabilities incurred and equity interests issued by the Group. The transferred consideration also includes the fair value of any asset or liability resulting from a contingent consideration agreement. The direct costs related to

the acquisition were recognised as the higher cost of acquisition for business combinations prior to 31 December 2009. Under IFRS 3 (Revised), as of 1 January 2010 those costs are recognised as expenses in the years in which they are incurred. The identifiable assets acquired and the liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition. For each business combination on or after the year 2010, the Group may opt to recognise any minority interest in the acquired company at fair value or, as was applicable in prior years, the proportional part of the minority interest in the net identifiable assets in the acquired company.

In successive acquisition transactions (purchase in stages), prior to 31 December 2009, each transaction was considered separately using the information on the transaction cost and the fair value of the equity interest acquired on the date of each exchange, so as to determine the amount of any goodwill associated to each of the acquisitions, based on the method described above.

For business combinations on or after 1 January 2010, goodwill is measured as the excess of the sum of the consideration transferred, the amount of any minority equity interest in the acquired company and the fair value on the acquisition date of the shareholding in the acquired company's equity formerly held by the acquiring company over the net amount on the date of acquisition of the identifiable assets acquired and liabilities assumed. In case the amount is less than the fair value of the net assets of the subsidiary acquired and the transactions is considered a purchase in advantageous conditions, the difference is recognised as income directly in the statement of comprehensive income.

Goodwill arising from business combinations prior to 1 January 2004 (initial date of the Group's transition to IFRS) is carried at net value booked as at 31 December 2003, in compliance with the Spanish accounting policies in force at that time.

Intercompany transactions, balances and unrealised gains on transactions carried out between Group companies are eliminated. Likewise, unrealised losses are also eliminated. The accounting policies of the subsidiaries have been changed as necessary to ensure consistency with the accounting policies adopted by the Group.

(b) Transactions and non-controlling shareholdings (minority interests)

The Group records transactions with non-controlling shareholdings as transactions with the owners of the Group's equity. In purchases of non-controlling interests, the difference between the consideration paid and the related proportion of the book amount of the subsidiary's net assets is recorded in equity. Gains or losses from disposing of non-controlling interests are also recognised in equity.

When the Group ceases to have control, any interest retained in the company is revalued at fair value, recognising the higher book value of the investment in the profit and loss account. This fair value is, therefore, the original book value upon loss of control of the interest held in the associate, joint venture or financial asset.

(c) Multi-group companies (joint ventures)

This refers to companies in regard to which there is a contractual agreement with a third party to share control over its business activity and strategic financial and operating decisions, requiring the unanimous consent of all parties sharing control.

The Group's interest in jointly-controlled entities is accounted for using the proportional consolidation method.

The assets and liabilities assigned to jointly controlled operations are shown on the consolidated balance sheet according to their specific nature. Likewise, income and expenses related to joint ventures are shown on the consolidated profit and loss account according to their nature.

Associates

Associates are all companies on which the Group exerts significant influence without having the control over them. The Group generally holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method and are originally recognised at cost. The Group's investment in associates includes the goodwill identified in the acquisition, net of any accumulated impairment losses.

The Group's share in post-acquisition gains or losses of its associates is recognised in the profit and loss account and its share in post-acquisition movements in other comprehensive income of the associate is recognised in other comprehensive income. The accumulated post-acquisition movements are adjusted against the book value of the investment. When the Group's share in the losses of an associate equals or exceeds its stake in that associate, including any other unsecured receivable, the Group does not recognise additional losses unless it had incurred in obligations or made payments on behalf of the associated.

Unrealised gains on transactions between the Group and its associates are eliminated up to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of impairment losses in the asset being transferred. The accounting policies of the associates has been changed to ensure consistency with the policies adopted by the Group.

Note 4. Transactions in foreign currency

(a) Functional and presentation currency

The items included in the financial statements of each of the Group companies are measured using the currency of the main economic environment in which each company operates ("functional currency"). The consolidated financial statements are presented in thousands of Euros, as the Euro is the functional currency of the Parent Company and the Group's presentation currency.

(b) Transactions and balances

Transactions in foreign currency are translated to functional currency applying the exchange rates prevailing upon transaction dates or the valuation dates in the event of items that have been measured. Foreign currency denominated profits and losses resulting from settling these transactions and from converting monetary assets and liabilities denominated in foreign currency at year-end exchange rates are recognised in the profit and loss account under "Exchange differences (net)", unless they are deferred in other comprehensive income as qualified cash flow hedges and qualified net investment hedges.

During the first half of 2011 and the year 2010, the Group has not used cash flow hedging financial instruments for transactions in foreign currency and has not engaged in net investment hedges.

(c) Group Companies

The profit and loss account and balance sheet of all Group companies (none of which uses the currency of a hyperinflationary economy) with functional currencies other than the presentation currency are translated into the presentation currency as follows:

- (i) The assets and liabilities on each balance sheet presented are translated at the year-end exchange rate on the balance sheet date;
- (ii) The income and expenses on each profit and loss account are translated at the average exchange rates of the period covered; and
- (iii) All resulting exchange rate differences are recognised in other comprehensive income.

On consolidation, the exchange rate differences arising from the conversion of a net investment in foreign operations are allocated to equity. When a foreign operation is sold, either in whole or in part, these exchange differences that were booked in equity are recognised in the profit and loss account as part of the loss or gain from the sale.

Adjustments to goodwill and to fair value arising from the purchase of a foreign company are considered assets and liabilities in the foreign company and are converted at the year-end exchange rate.

Note 5. Seasonality nature of the Group's operations

The companies of the beverage sector in general have a cyclic activity based on an increase in sales in hot months, basically due to the increase in the sale of refreshing drinks (bottled water and other refreshments). LSB Group's business activity (PET and preform packaging sector) has a high co-relation with the beverage sector since the highest percentage of the customer portfolio is concentrated in this sector.

In order to meet the increase in demand in hot months, the main customers of the Group order the preforms in advance to manufacture the bottles. That is why May, June and July are months with high sales, but starting in August, the demand for PET and preforms starts to readjust due to the deceleration of the sales of beverages as from September. Consequently, the PET and packaging sector has a seasonal trend with a sales volume that increases in the second quarter and a deceleration of the demand towards the end of the third quarter.

Included below is the sales data of the Artenius PET Packaging Iberia, S.A. plant (in thousands of Euros), for the year 2010, in order to show the seasonality of the sector's activity. This factory manufactures preform products, the part of business of the LSB Group that is in direct contact with the final customer of the sector.

Quarter	Sales	% of total
1	22.359	21,3%
2	29.089	27,7%
3	30.865	29,4%
4	22.729	21,6%

The trend indicates seasonality centred on the hot months, during which the subsidiary experiences an increase in sales. Analysing sales in terms of six-month periods, there is practically no seasonality, as shown in the table above, where the turnover figure for the first six-month period is 49% and 51% for the second.

It should be mentioned that, even if the seasonality is evident on a quarterly basis, there is no seasonality in the operating account when making a six-month period comparison since each one of the six-month periods of the year has a strong and a weak quarter. Nevertheless, the seasonality is perceived in the comparison at balance sheet level, generating a higher volume of working capital on account of the fact that the first half of the year ends in a strong quarter and the second half of the year ends in a weak quarter.

Note 6. Accounting estimates and judgements

The preparation of the summarised consolidated interim financial statements requires that the Group make certain accounting estimates and apply certain elements of judgement.
These are continually evaluated and are based on the historical experience and other factors, including expectations of future events, which have been considered reasonable under the circumstances.

Although the estimates taken into consideration have been made using the best information available at the date of preparation of these summarised consolidated interim financial statements, by definition they may differ from actual results. Any modification of these estimates in the future under IAS 8 would be applied prospectively as from that point in time, recognising the effect of the change in the estimate made in the income statement of the year in question.

The main estimates and judgements taken into consideration in drawing up the financial statements for the six-month period ended 30 June 2011 are as follows:

- Possible impairment of goodwill and other non-financial assets (see Note 10).
- Useful lives of intangible assets and property, plant and equipment (see Notes 8 and 9).
- Likelihood of occurrence and amount of uncertain liabilities or contingencies (see Note 26).
- Fair value of derivatives (see Note 18).
- Fair value of financial instruments (see Note 18).
- Actuarial assumptions used in assessing liabilities involving pension commitments and other commitments to personnel (see Note 17).

Note 7. Segment reporting

The information on the operating segments is presented according to the internal information provided to Management for decision-making purposes. Management has been defined as the Executive Committee responsible for assigning resources, assessing the performance of the operating segments and making strategic decisions.

In 2010, the Group Directors decided to change the disclosure method of the periodic information provided to the market from a geographic criterion to a business-line criterion. The business lines described below have been established in accordance with the nature of the products and services offered by the LSB Group:

- ***PET / Recycled PET:*** La Seda de Barcelona, S.A., Artenius Italia, S.p.A., Erreplast, SRL, Artenius Turkpet Kimyevi Maddeler ve Pet Ambalaj Malzemeleri Sanayi Anonim Sirketi (PET Division), Artenius Hellas, S.A. (PET Division) and Artenius Green, S.L.U.

- ***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 Hellas, S.A. (Preforms Division).

- ***CHEMICAL:*** Industrias Químicas Asociadas LSB, S.L.U.

The information reported to the Group's Management does not include financial information on all companies within the consolidation scope. The most significant scope differences arise because financial information on companies Artenius Portugal, Industria de Polimeros, S.A., Artenius San Roque, S.A.U. and Simpe, S.p.A. is not reported. Additionally, there are some companies that do form part of the Group's consolidation scope, but whose financial figures are insignificant. These companies include: Slir, S.L.U, Biocombustibles La Seda, S.L., Aneriqa, A.I.E., Carb-iqa de Tarragona, S.L., Artenius Romania, SRL, Artenius Hellas Holding, S.A., Inmoseda, S.L.U., and Recyclage Plastique Catalan R.P.C., SAS.

7.1 Basis and methodology for segment reporting

The segment reporting described below is based on the reports periodically drawn up by the Group, which categorise the transactions by business line and which are the source of information used by the Group's Management to manage these business lines.

In the accompanying information, transactions of each segment with the Group companies and with the other segments have been included so that the total figures for the respective year reflect the contribution of each segment to the Group's profit (loss). The adjustments and eliminations made in preparing the Group's summarised consolidated interim financial statements are treated as reconciling items, explaining the differences between the information by segments and the consolidated financial information included in these six-month period financial statements.

The value of the total assets and liabilities of each reported segment has not been included, as it is not regularly furnished to LSB Group's Management for operating decision-making purposes.

Thus, the information on the segments according to the distribution by business line as at 30 June 2011 compared to the same period the prior year is as follows:

(Thousands of Euros)	PET / Recycled PET		Preforms		Chemical		Other		TOTAL	
	30.06.2011	30.06.2010	30.06.2011	30.06.2010	30.06.2011	30.06.2010	30.06.2011	30.06.2010	30.06.2011	30.06.2010
Gross sales	**275.579**	**214.672**	**337.365**	**285.340**	**57.441**	**39.042**	**-**	**-**	**670.385**	**539.054**
Gross margin	29.730	23.837	67.117	71.033	12.501	7.741	(174)	(594)	109.174	102.017
Staff costs	(11.574)	(10.630)	(25.201)	(25.874)	(4.307)	(4.184)	(3.406)	(2.430)	(44.488)	(43.118)
Other fixed costs	(6.114)	(5.718)	(19.614)	(20.608)	(3.542)	(2.545)	(4.018)	(2.042)	(33.288)	(30.913)
Other operating profit (loss)	736	1.603	2.481	1.893	314	238	2	516	3.533	4.250
	-	-								
EBITDA	**12.778**	**9.092**	**24.783**	**26.444**	**4.966**	**1.250**	**(7.596)**	**(4.550)**	**34.931**	**32.236**
	-	-								
Depreciation	(8.664)	(9.109)	(10.206)	(11.631)	(835)	(463)	(6.237)	(5.696)	(25.942)	(26.899)
EBIT	**4.114**	**(17)**	**14.577**	**14.813**	**4.131**	**787**	**(13.833)**	**(10.246)**	**8.989**	**5.337**

The "Other" column includes mainly the corporation's expenses that are not directly attributable to any segment, such as the financial restructuring costs the Group has had to bear in the last two years.

The reconciliation between total income of the reported segments and the net amount of the consolidated Group's business turnover is as follows:

(Thousands of Euros)	30.06.2011	30.06.2010
Gross sales of recorded segments	**670.385**	**539.054**
Consolidation scope differences	624	19.488
Write-offs of intersegment sales	(16.025)	(21.276)
Write-offs of intercompany sales	(77.702)	(63.493)
Other	(83)	(705)
Net business turnover	**577.199**	**473.068**

The reconciliation between the total profit (loss) of the reported segments with the consolidated profit (loss) before corporate tax and the profit (loss) of the discontinued operations is as follows:

(Thousands of Euros)	30.06.2011	30.06.2010
EBIT of recorded segments	**8.989**	**5.337**
Consolidation scope differences	(3.414)	(6.860)
Restructuring costs	(545)	(3.329)
Other extraordinary costs	3.319	3.928
List of customers amortisation (see Note 8)	(3.188)	(3.268)
Impairment and gain (loss) from disposals of fixed assets (net)	(109)	376
Consolidated EBIT	**5.052**	**(3.816)**
Financial and similar income and expenses	(9.105)	(29.504)
Consolidated income before tax	**(4.053)**	**(33.320)**

Note 8. Intangible assets

8.1 Goodwill

Below is a breakdown of the goodwill amounts of the subsidiaries allocated to each of the different cash generating units identified by the Group's Management, related to the six-month period ended on 30 June 2011 compared to the year as at 31 December 2010:

(Thousands of Euros)	CGU	30.06.2011	31.12.2010
Catalana de Polímers, S.A. (company acquired by La Seda de Barcelona, S.A.)	PET	3.500	3.500
Artenius Green, S.L.U.	Recycled PET	2.359	2.359
Artenius Italia, S.p.A.	PET	21.093	21.093
Erreplast, S.R.L.	Recycled PET	1.312	1.312
Artenius PET Packaging Belgium, NV	Preforms	7.460	7.460
Artenius PET Packaging Deutschland, GmbH	Preforms	38.354	38.354
Artenius PET Packaging France, SAS	Preforms	31.691	31.691
Artenius PET Recycling France, SAS	Recycled PET	8.958	8.958
Artenius PET Packaging Uk, Limited	Preforms	87.655	91.374
Artenius PET Packaging Maroc, SARLAU	Preforms	9.465	9.632
Goodwill on consolidation		**211.847**	**215.733**

In accordance with IAS 21, paragraph 47, the goodwill amounts arisen from the acquisition of a foreign business have been stated in the functional currency of the foreign business and have been converted to Euros (Group's functional currency) at the year-end exchange rate. Consequently, the goodwill amounts related to Artenius PET Packaging UK, Limited, and Artenius PET Packaging Maroc, S.A.R.L.A.U have been decreased by EUR 3,719 thousand and EUR 167 thousand, respectively, due to the strengthening of the Euro against the functional currencies of those subsidiaries, with a balancing entry under "Translation differences".

8.2 Other intangible assets

The breakdown as at 30 June 2011 and 31 December 2010 is as follows:

(Thousands of Euros)	30.06.2011	31.12.2010
Development costs	-	-
Concessions, patents, licenses, trademarks and similar	63.231	63.227
Software	28.275	28.343
List of customers	64.363	64.852
Other intangible fixed assets	380	390
Accumulated amortisation	(77.923)	(68.662)
Allowance for impairment	(5.640)	(5.653)
Other intangible assets	**72.686**	**82.497**

The main variations of the first half of 2011 are due to:

- The amount allocated to results for 2011 as an amortisation allowance of "Other intangible assets" was EUR 9,298 thousand and it was posted under the item "Accumulated amortisation".

- The translation differences of the "List of customers" of Artenius PET Packaging UK, Limited. During the first six-month period of 2011 the translation differences have decreased by EUR 464 thousand. This variation is due to the strengthening of the Euro against the pound sterling during the first half of 2011, as the customer portfolio is booked in the functional currency of the foreign business and is then translated into Euros at the closing exchange rate.

Note 9. Property, plant and equipment

The breakdown of property, plant and equipment as at 30 June 2011 and 31 December 2010 is as follows:

(Thousands of Euros)	30.06.2011	31.12.2010
Property, plant and equipment	1.205.335	1.209.126
Accumulated depreciation	(622.765)	(612.398)
Allowance for impairment	(152.795)	(154.467)
Property, plant and equipment	**429.775**	**442.261**

The significant movements of 2011 have been the following:

- During the year 2011, the companies Artenius PET Packaging Belgium, NV and Artenius PET Packaging France, SAS, have eliminated machinery the cost of which totalled EUR 2,767 thousand and which was practically depreciated at EUR 2,737 thousand.
- During the first six period of the year 2011, the company Industrias Químicas Asociadas LSB, S.L.U. acquired a catalyser for a total of EUR 3,245 thousand.
- The Group's preform companies (Artenius PET Recycling France, SAS., and Artenius PET Packaging UK, Limited) have acquired machinery during 2011 for a total of EUR 2,173 thousand.

It is worth noting that during 2011, due to the strengthening of the Euro against the pound sterling and the Turkish lira, the property, plant and equipment, accumulated depreciation and allowance for impairment figures have decreased due to translation differences.

The allocation to results for the year 2011 as a depreciation allowance of property, plant and equipment amounted to EUR 20,598 thousand.

Note 10. Impairment of property, plant and equipment and intangible assets

At 2010 year-end and in compliance with International Accounting Standards (IAS) 36 “Impairment of Assets” tests were conducted on the possible impairment in value of assets of the Cash Generating Units (CGUs), which consisted in estimating the recoverable amounts of the CGUs associated to the acquired companies at the appraisal date. The value in use criterion was thus considered, applying the method of discounted free cash flows before taxes so as to compare the value thus obtained with the book value of the CGUs.

At the closing date of these summarised consolidated interim financial statements, the Group's Management considers that no new or unusual circumstances have arisen that could change the projections and assumptions that have supported the test conducted for 2010 year-end, which is why the assets forming part of the property, plant and equipment and intangible assets are considered recoverable in the amounts and according to the classification with which they appear in the consolidated financial information.

Note 11. Investments registered under the equity method

The breakdown and main movements as at 30 June 2011 are as follows:

(Thousands of Euros)	Balance at 31.12.2010	Profit (loss) for the year	Changes	Balance at 30.06.2011
Artlant PTA, S.A.	44.594	(1.154)	10.350	53.790
Petrolest, S.L.	2.901	2	-	2.903
	47.495	**(1.152)**	**10.350**	**56.693**

During the first half of the year 2011, the Parent Company made a contribution to the equity of the subsidiary Artlant PTA, S.A. for a total of EUR 10,350 thousand, based on the agreements reached with the new shareholders in 2010. This contribution was made simultaneously with the rest of the shareholders based on their respective percentage of equity interests.

Note 12. Financial assets

The breakdown of current and non-current financial assets as at 30 June 2011, against 31 December 2010 is as follows:

(Thousands of Euros)	Financial assets held for sale		Financial assets available for sale		Loans and receivables		Investments held until maturity		Total	
	30.06.2011	31.12.2010	30.06.2011	31.12.2010	30.06.2011	31.12.2010	30.06.2011	31.12.2010	30.06.2011	31.12.2010
Equity instruments	34	34	503	501	-	-	-	-	537	535
Debt securities	-	-	-	-	-	-	-	-	-	-
Other financial assets	1.038	1.689	-	-	10.354	6.133	276	280	11.668	8.102
Long-term / Non-current	**1.072**	**1.723**	**503**	**501**	**10.354**	**6.133**	**276**	**280**	**12.205**	**8.637**
Equity instruments	-	-	236	26	-	-	-	-	236	26
Other financial assets	-	-	-	-	7.863	3.892	3.005	12.107	10.870	15.999
Short-term / Current	-	**-**	**236**	**26**	**7.863**	**3.892**	**3.005**	**12.107**	**11.104**	**16.025**
Financial assets	**1.072**	**1.723**	**739**	**527**	**18.217**	**10.025**	**3.281**	**12.387**	**23.309**	**24.662**

The breakdown as at 30 June 2011 and at 31 December 2010 of the non-current loans and receivables is shown below:

(Thousands of Euros)	30.06.2011			31.12.2010		
	Gross amount	Impairment	Book net amount	Gross amount	Impairment	Book net amount
Participatory loans to Jatroil, S.L.	-	-	-	17.807	(17.807)	-
Loan to Artenius UK, Limited (under Administration)	9.270	(9.270)	-	8.093	(8.093)	-
Loan to Industrias Químicas Téxtiles, S.A.	2.577	-	2.577	2.537	-	2.537
Sale of subsidiary Artenius Portugal, Industria de Polimeros, S.A.	2.624	-	2.624	-	-	-
Sale of interest in Evertis SGPS, S.A. (Begreen SGPS, S.A.)	1.819	-	1.819	-	-	-
Other loans and receivables	4.864	(2.075)	2.789	5.113	(2.000)	3.113
Deposits and guarantees	545	-	545	483	-	483
Non-current loans and receivables	**21.699**	**(11.345)**	**10.354**	**34.033**	**(27.900)**	**6.133**

During 2008, the Parent Company granted two participatory loans to the company Jatroil, S.L. for a nominal amount of EUR 2,400 thousand and EUR 17,400 thousand. The Parent Company filed a complaint against Jatroil, S.L. to claim the amounts owed. Consequently, on 30 June 2011 a provision was set for the full amount of said loans. On 4 March 2011 the company Jatroil, S.L. was ordered to pay the amount of EUR 300 thousand and Nuevo Sol Granadella, S.L. was ordered to pay the amount of approximately EUR 17,400 thousand, with the effect of reclassifying the net receivables from "Non-current loans and receivables" to "Current loans and receivables" (see Note 26.1.1).

As a result of the subsidiary's "Administration" procedure, the balances carried by the Group with the company Artenius UK, Limited (in "Administration"), have not been considered as Group balances and have been reclassified. As at 30 June 2011, the loan granted to that company was fully impaired.

Additionally, during year 2009, the Parent Company delivered a mortgage loan to the company Industrias Químicas Téxtiles, S.A. for a total of EUR 3,135 thousand, to comply with the obligation to pay the debt in favour of the Social Security authorities that this company had undertaken previously on account of the Parent Company. This loan accrues an interest rate of Euribor 1 year + 2%. At 30 June 2011, the amount delivered on account of this loan, including accrued interest not collected totals EUR 2,577 thousand. Industrias Químicas Textiles, S.A. began insolvency proceedings from the year 2008. However, no provision was set for this loan, as it is secured by a second mortgage on a plot of land (see Note 26.1.4).

On 31 January 2011, the Parent Company transferred all of its equity interests in Evertis SGPS, S.A. (formerly named Begreen SGPS, S.A.) in favour of Moura Consulting, S.L., for a total of EUR 3 million, of which EUR 1,819 thousand were classified as non-current.

On 27 June 2011, the Parent Company sold all of its equity interests in Artenius Portugal, Industria de Polímeros, S.A. in favour of Control PET SGPS, S.A., for an estimated amount of EUR 5,643 thousand. The sale transaction is recorded in these summarised consolidated interim financial statements (see Note 13.2). The amount booked as non-current totals EUR 2,624 thousand.

The “Other loans and receivables” heading includes mainly a loan granted to the former chairman of the Company for a total of EUR 2,000 thousand from prior years. The Parent Company filed a complaint to claim such receivable, which was fully impaired at 30 June 2011.

The current “Investments held to maturity” heading is made up mainly of deposits in banks for EUR 2,989 thousand, which includes the fixed-term deposit in La Caixa for a total of EUR 1,847 thousand.

Note 13. Non-current assets held for sale

The breakdown of the “Non-current assets held for sale” heading at 30 June 2011 and 31 December 2010 is as follows:

(Thousands of Euros)	Assets		Liabilities	
	30.06.2011	31.12.2010	30.06.2011	31.12.2010
Artenius San Roque, S.A.U.	-	37.841	-	37.831
Artenius Portugal, Industria de Polimeros, S.A.	-	16.056	-	15.917
Evertis SGPS, S.A. and subsidiaries	-	2.738	-	-
Non-current assets held for sale	**-**	**56.635**	**-**	**53.748**

13.1 Artenius San Roque, S.A.U.

On 18 November 2010, La Seda de Barcelona, S.A. signed a sale agreement of the equity interests in the subsidiary Artenius San Roque, S.A.U. with Cepsa Química, S.A. Consequently, as specified in the effective accounting standards, the assets and liabilities related to Artenius San Roque, S.A.U. were classified as held for sale and, therefore, were presented separately from the rest of the assets and liabilities in the consolidated balance sheet. However, the activities of Artenius San Roque, S.A.U. were not presented as discontinued operations in the profit and loss account as at 31 December 2010 as it was considered that they did not represent a significant business line within the Group.

On 5 January 2011, the final sale was executed. Therefore, the assets and liabilities of the company no longer appear on the consolidated balance sheet. The balance sheet of Artenius San Roque, S.A.U. upon loss of control by the Group, stated in thousands of Euros, was as follows:

Balance sheet of Artenius San Roque, S.A.U. at the time of transfer			
(Thousands of Euros)	31.12.2010		31.12.2010
Non-current assets		**Equity**	
Property, plant and equipment	37.433	Capital	1.134
Financial investments	3.588	Reserves	19.857
	41.021	Profit (loss) for the year	(8.569)
			12.422
Current assets			
Inventories	3.039	**Non-current liabilities**	
Receivables	1.331	Long-term financial liabilities	8.047
Current financial investments	7.477	Deferred-tax liabilities	9.099
Cash and banks	2.308		**17.146**
	14.155		
		Current liabilities	
		Trade and other payables	25.348
		Other short-term financial liabilities	260
			25.608
Total assets	**55.176**	**Total liabilities and equity**	**55.176**

The impact on the profit and loss account for the year 2011 from the sale of Artenius San Roque, S.A.U. has represented a loss of EUR 824 thousand as a result of the establishment of the final transaction price.

13.2 Artenius Portugal, Industria de Polimeros, S.A.

The Parent Company reached an agreement on 11 March 2011 with Portuguese entity Control PET SGPS, S.A. for the sale of the equity interests of its subsidiary Artenius Portugal, Industria de Polimeros, S.A. Due to the advanced state of the negotiations as at 31 December 2010, the assets and liabilities of this affiliate were classified as held for sale and, therefore, were presented separately from the rest of the assets and liabilities on the consolidated balance sheet. However, the activities of Artenius Portugal, Industria de Polimeros, S.A. were not presented as discontinued operations in the profit and loss account at 31 December 2010 as it was considered that they did not represent a significant business line within the Group.

On 27 June 2011 the sale of all shares making up the share capital of the subsidiary Artenius Portugal, Industria de Polímeros, S.A., located in Portugal, was completed in favour of Control PET SGPS, S.A.

The balance sheet of Artenius Portugal Industria de Polímeros, S.A. upon sale of the equity interest, stated in thousands of Euros, was as follows:

Balance sheet of Artenius Portugal, Industria de Polimeros, S.A. at the time of sale			
(Thousands of Euros)	30.06.2011		30.06.2011
Non-current assets		**Equity**	
Property, plant and equipment	15.763	Share capital	10.000
	15.763	Reserves	(37.527)
		Profit (loss) for the year	(3.058)
			(30.585)
Current assets			
Inventories	281	**Non-current liabilities**	
Accounts receivable	2.092	Non-current financial liabilities	161
Cash on hand and banks	2	Deferred-tax liabilities	2.783
	2.375		**2.944**
		Current liabilities	
		Trade payables and other accounts payable	39.722
		Other current financial liabilities	6.057
			45.779
Total assets	**18.138**	**Total liabilities and equity**	**18.138**

The impact on the profit and loss account for the year 2011 arising form the sale of Artenius Portugal, Industria de Polimeros, S.A. amounted to a profit of EUR 4,827 thousand from the upwards readjustment of the estimate of the final transaction price, which has not yet been completed at the closing of these summarised consolidated interim financial statements as at 30 June 2011.

Given the impossibility of estimating a final transaction price, based on the principle of prudent valuation, the transaction price taken into consideration was only the minimum value of EUR 5,463 thousand, there being a contingent asset for the difference until the price is finally stipulated in the future, which has not been reflected in these summarised consolidated interim financial statements.

13.3 Evertis, SGPS, S.A.

On 31 December 2010, given the advanced state of the negotiations related to the sale of the equity interests in the subsidiary Evertis SGPS, S.A. (formerly named Begreen, SGPS, S.A.) and as specified in the accounting standards in effect, the amount of the financial investment was classified as non-current assets held for sale, which was being consolidated using the equity method.

On 31 January 2011, the Parent Company transferred all of its equity interest in Evertis, SGPS, S.A. which represented a 20% of the share capital. The transfer was made in favour of Moura Consulting, S.L., which held the remaining 80% of the shares. As a result of this transaction, the Parent Company no longer holds any interests whatsoever in Evertis, SGPS, S.A.

Given the impossibility of estimating a final transaction price, based on the principle of prudent valuation, the transaction price taken into consideration was only the minimum value of EUR 3,000 thousand, with a contingent asset for the difference until the future final price is stipulated, which has not been reflected in these summarised consolidated interim financial statements.

Note 14. Inventories

The breakdown of this heading at 30 June 2011 and 31 December 2010 is as follows:

(Thousands of Euros)	30.06.2011	31.12.2010
Goods purchased for sale	10.286	10.282
Raw materials and other supplies	33.446	27.437
Semi-finished goods	13.194	10.402
Finished goods	55.178	46.061
Spare parts	15.503	16.309
Advances to suppliers	2.978	10.427
Other	3.441	3.628
Value impairment	(7.346)	(8.286)
Inventories	**126.680**	**116.260**

At 30 June 2011 Inventories have increased with regard to the prior year-end basically due to the seasonality of the Group transactions, as explained in Note 5.

Additionally, we would like to mention that “Merchandise” includes the plot of land belonging to the company of Grupo Inmoseda, S.L.U. for a total of EUR 10,260 thousand, while the “Other” heading includes mainly the returnable packages belonging to the companies whose corporate purpose is the manufacture of preforms.

There are no inventory items appearing under assets on the summarised consolidated interim financial statements for a fixed amount.

Note 15. Trade and other receivables

The breakdown of this heading at 30 June 2011 and 31 December 2010 is as follows:

(Thousands of Euros)	30.06.2011	31.12.2010
Trade receivables for sales and services	274.335	238.397
Other receivables	14.942	19.493
Payables with Public Authorities	12.410	14.221
Current-tax assets	547	2.428
Provision for impairment	(109.285)	(110.778)
Trade and other receivables	**192.949**	**163.761**

The increase registered in "Trade receivables for sales and services" during the first half of 2011 came about mainly due to the following factors:

- Overall increase in the Group's sales volume.
- Seasonality in the sales for the first half of the year.
- Increase in the price of raw materials that has made the turnover figure increase.

The "Other receivables" heading balance includes the current amounts pending collection resulting from the sale of Artenius Portugal, Industria de Polimeros, S.A. for a total of EUR 2,859 thousand, and of Evertis SGPS, S.A. for a total of EUR 964 thousand (see Note 13).

Note 16. Equity

16.1 Share capital

The amount and the movement of these headings during years 2010 and 2011 were as follows:

(Thousands of Euros)	31.12.2009	Capital increase	Capital decrease	31.12.2010	30.06.2011
Share capital	160.578	300.000	(97.891)	362.687	362.687

During 2011 there have been no movements of capital and, consequently, at 30 June 2011, the share capital was made up of EUR 362,687 thousand represented by 3,626,873,401 ordinary shares, fully subscribed and paid up with a par value of EUR 0.10 each. At 30 June 2011, the Group holds no treasury shares of the Parent Company.

Participatory interest in the Parent Company's share capital equal to or higher than 3% is as follows:

Shareholder	% shareholding		
	Direct	Indirect	Total
BA PET, BV	17,92%	0,14%	18,06%
Caixa Geral de Depósitos, S.A.	10,02%	4,75%	14,77%
Liquidambar, Inversiones Financieras, S.L.	5,20%	-	5,20%

The direct holders of ownership interests held indirectly by the main shareholders of the Parent Company are the following:

Indirect holder	Direct holder	No. of direct voting rights	% shareholding
Caixa Geral de Depósitos, S.A.	Caixa Capital Sociedade de Capital de Risco, S.A.	1.000	-
Caixa Geral de Depósitos, S.A.	Caixa Geral de Depósitos, S.A., Spanish branch	153.133.849	4,22%
Caixa Geral de Depósitos, S.A.	Caixa Banco de Investimento, S.A., Spanish branch	19.260.991	0,53%
BA PET, BV	BA Glass, BV	5.202.792	0,14%

16.2 Minority interests

Related to the value of the interest held by minority shareholders in subsidiaries. The breakdown as at 30 June 2011 is as follows:

(Thousands of Euros)	31.12.2010	Other adjustments	Minority profit/loss	30.06.2011
CARB-IQA de Tarragona, S.L.	82	-	51	133
Artenius Hellas, S.A.	3.054	(21)	(264)	2.769
Biocombustibles La Seda, S.L.	1.147	-	(10)	1.137
Simpe, S.p.A.	(3.105)	2.212	(1.210)	(2.103)
Erreplast, S.R.L.	1.887	-	120	2.007
	3.065	**2.191**	**(1.313)**	**3.943**

As one of the necessary steps in the restructuring plan which is being carried out by the subsidiary Simpe, S.p.A., its two main shareholders La Seda de Barcelona, S.A. and N.G.P.S. have made contributions to the subsidiary's share capital of EUR 2,500 thousand and EUR 1,932 thousand, respectively. Consequently, the minority interest balance has increased by 49.89% (percentage of non-controlling interests) of such contributions.

Note 17. Non-current provisions

Non-current provisions at 30 June 2011, vis-à-vis those at 31 December 2010 are broken down as follows:

(Thousands of Euros)	30.06.2011	31.12.2010
Provisions for pensions	4.668	4.607
Other personnel-related obligations	534	461
Other provisions	25.218	25.442
	30.420	**30.510**

17.1 Provisions for pensions

The Group has pension commitments, for both defined benefit and defined contribution plans, with the employees of the different companies making up the Group. "Provisions for pensions" at 30 June 2011, vis-à-vis those at 31 December 2010 are broken down as follows:

(Thousands of Euros)	30.06.2011	31.12.2010
Industrias Químicas Asociadas LSB, S.L.U.	63	63
Artenius Italia, S.p.A.	889	916
Artenius PET Packaging Belgium, NV	252	237
Artenius PET Packaging Deutschland, GmbH	2.940	2.940
Artenius PET Packaging France, SAS	432	432
Artenius PET Recycling France, SAS	135	135
Simpe, S.p.A.	1.363	1.354
Erreplast, S.R.L.	284	259
Artenius Hellas, S.A.	661	661
Artenius Turkpet Kimyevi Maddeler ve Pet Ambalaj Malzemeleri Sanayi Anonim Sirketi	1.097	1.225
Artenius PET Packaging Uk, Limited	(3.448)	(3.615)
	4.668	**4.607**

17.2 Provisions for other personnel-related obligations

"Provisions for other personnel-related obligations" broken down by company at the 30 June 2011 vis-à-vis those at 31 December 2010 are as follows:

(Thousands of Euros)	30.06.2011	31.12.2010
Artenius PET Packaging Belgium, NV	40	51
Artenius PET Packaging Deutschland, GmbH	494	410
	534	**461**

17.3 Other provisions

"Other provisions" at 30 June 2011 vis-à-vis those at 31 December 2010 are broken down as follows:

(Thousands of Euros)	30.06.2011	31.12.2010
Artenius Turkpet Kimyevi Maddeler ve Pet Ambalaj Malzemeleri Sanayi Anonim Sirketi	193	218
Artenius Italia, S.p.A.	3.517	3.517
La Seda de Barcelona, S.A.	20.267	20.406
Artenius PET Packaging Uk, Limited	1.241	1.301
	25.218	**25.442**

The provision registered in Artenius Italia, S.p.A. for a total of EUR 3,517 thousand is related to a provision for likely tax contingencies.

The provision related to La Seda de Barcelona, S.A. includes mainly:

- In 2008, the Company acquired land owned by Fibracat Europa, S.L.U. as accord and satisfaction of debts that the latter owed to La Seda de Barcelona, S.A. This transaction, which did not entail any cash movements, was subject to VAT, which Fibracat Europa, S.L.U. failed to pay over to the Tax Authorities. On 22 January 2010, the Tax Authorities sent notice to La Seda de Barcelona, S.A. to commence actions for administrative proceedings to determine whether it is jointly and severally liable for the payable. A provision was consequently set for the foreseeable impact as at 31 December 2009 for a total of EUR 14,080 thousand. Of the abovementioned amount as at 31 December 2010 a total of EUR 11,288 thousand was recognised as "Other financial liabilities" (see Note 18) as there is an agreement with the Tax Authorities to defer payment of the principal amount. The remaining amount is related to the fine and late-payment interest (EUR 2,792 thousand) and is recognised under "Provision for taxes".

- At 2010 year-end, the Parent Company recognised a total of EUR 13,000 thousand as "Other provisions", related to the ongoing litigation proceeding with Finova Luzern, AG, in which the judgment received was unfavourable to the interests of the Parent Company (see Note 26.1.6.8).

- As at 31 December 2010 the Parent Company had booked a provision in the amount of EUR 4,453 thousand to address possible contingencies related to likely disbursements made in relation to Invitalia's (an Italian listed company) exercise of the option to sell the shares of Simpe, S.p.A.

The provision recorded in Artenius PET Packaging UK, Limited relates to the estimated expenses in which the company will incur upon termination of the lease agreement of the building it currently occupies (2020).

Note 18. Financial liabilities

Current and non-current financial liabilities at 30 June 2011, compared to those at 31 December 2010, are broken down as follows:

(Thousands of Euros)	Financial liabilities held for trading		Debits and accounts payable		Hedging derivatives		Total	
	30.06.2011	31.12.2010	30.06.2011	31.12.2010	30.06.2011	31.12.2010	30.06.2011	31.12.2010
Bank loans	-	-	518.454	506.332	-	-	518.454	506.332
Derivatives	2.955	3.486	-	-	10.358	13.248	13.313	16.734
Other financial liabilities	-	-	33.836	38.681	-	-	33.836	38.681
Long-term / Non-current	**2.955**	**3.486**	**552.290**	**545.013**	**10.358**	**13.248**	**565.603**	**561.747**
Bank loans	-	-	103.649	101.865	-	-	103.649	101.865
Derivatives	-	8	-	-	-	122	-	130
Other financial liabilities	-	446	21.083	12.278	-	-	21.083	12.724
Short-term / Current	**-**	**454**	**124.732**	**114.143**	**-**	**122**	**124.732**	**114.719**
Financial liabilities	**2.955**	**3.940**	**677.022**	**659.156**	**10.358**	**13.370**	**690.335**	**676.466**

18.1 Breakdown of Bank loans

The heading “Bank loans” at 30 June 2011 and 31 December 2010 is broken down as follows:

	Drawn down			
	30.06.2011		31.12.2010	
(Thousands of Euros)	Current	Non-current	Current	Non-current
Loans	40.036	511.674	49.655	499.430
Finance lease	1.626	6.780	1.634	6.902
Credit facilities	40.821	-	32.838	-
Accrued interest payable	6.839	-	6.747	-
Discounted bills	6.156	-	4.642	-
Factoring	8.171	-	6.349	-
	103.649	**518.454**	**101.865**	**506.332**

The main movements in “Bank loans” for the period have taken place under the “Loans” heading. The most significant aspects thereof are described below:

- On 5 March 2011, the Parent Company renegotiated the terms of a loan from Institut Català de Finances (ICF) for a total of EUR 15 million, extending the maturity date of such loan to 5 March 2020 (previously maturing on 5 September 2011) with a grace period of 36 months and maintaining the interest rate terms at Euribor 3 months + 3%. There is still a mortgage tied to this loan on property No. 3,954 registered with the Property Registry of El Prat de Llobregat measuring 70,762 m^2.

- On 30 March 2011, the company Artenius Green, S.L.U. obtained a loan from Institut Català de Finances (ICF) for a total of EUR 1,539 thousand, maturing on 30 March 2021 at an interest rate of Euribor 3 months +3%.

- On 22 June 2011, the Parent Company obtained a new loan from Institut Català de Finances (ICF) for a total of EUR 15 million, maturing on 22 June 2021 at an interest rate of Euribor 3 months + 5%. Mortgages have been created on properties No. 35,250 and No. 28,653 registered with the Property Registry of El Prat.

  On the date of execution a total of EUR 150 thousand was disbursed, with the remaining disbursement expected to be made during the period between July and October 2011.

- As a result of the debt restructuring made during 2010, the Parent Company subscribed a “PIK Loan” / “PIK Facility” (“Payment in Kind”), which is a long-term debt instrument, for a total of EUR 226 million maturing in 8 years’ time, with an amortisation of 3 annual instalments as from 2016, and the repayment of which is subject to the value of the consolidated equity on the 5th anniversary of the instrument being higher than the value defined by the capital increase carried out, capitalised at 1.5% p.a. This loan accrues interest at Euribor + 1.5% capitalisable. The capitalised amount of interest on the PIK loan has totalled EUR 3,325 thousand during 2011.

  The syndicated loan and the PIK loan are secured by different companies of the LSB Group.

18.2 Breakdown of other financial liabilities

The breakdown of this heading at 30 June 2011 and 31 December 2010 is as follows:

(Thousands of Euros)	30.06.2011		31.12.2010	
	Current	Non-current	Current	Non-current
Severance pays	4.807	988	5.405	2.774
Derivatives	-	13.313	130	16.734
Payable to Montefibre	-	13.381	-	15.147
Deferral of the debt to Public Authorities	1.502	13.256	1.420	11.433
Deposits	2.169	70	3.603	64
Negotiation of payables to suppliers	-	5.486	-	8.319
Other debts to associates	12.366	605	2.036	869
Other	239	50	260	75
	21.083	**47.149**	**12.854**	**55.415**

The most significant aspects in relation to this heading are the following:

- Severance pay

  Related to the current values of outstanding severance pay, undertaken by the Parent Company mainly as a result of the restructuring process carried out by the Group. The movements of severance pay during 2011 are related to the following two opposing effects:

  - Registration of the new accruals during 2011, of both current and non-current severance pay.
  - Current severance pay settlements made during 2011.

- Derivative financial instruments

  The decrease in this heading by EUR 3,552 thousand is explained mainly by the evolution in the market of interest rate hedge financial instruments hired by the Group due to the upwards trend of the Euribor. This variation has been booked in the Group's equity, net of its tax effect, under the "Adjustments for changes in value" heading.

- Payable to Montefibre

  The affiliate Simpe, S.p.A. assumed a debt with Montefibre, S.p.A. in the amount of EUR 13,381 thousand, of which EUR 234 thousand are related to interest accrued in 2011 and capitalised as per the agreement.

  As a consequence of the restructuring plan that the affiliate is carrying out, Montefibre has transferred to N.G.P.S. (shareholder in affiliate Simpe S.p.A.) EUR 2,000 thousand, of which EUR 1,932 thousand were contributed by N.G.P.S. to the equity of the subsidiary (see Note 16.2).

- Deferral of the debt to Public Authorities

The amount reflected at of 30 June 2011 in deferrals of debts to Public Authorities is related mainly to:

- The VAT amount pending payment related to a transaction carried out in 2008 by the Parent Company in acquiring land owned by Fibracat Europa, S.L.U. for a total of EUR 11,522 thousand.

- The amount of the deferrals obtained during 2011 from the Social Security authorities related to the Parent Company (EUR 502 thousand in the short term and EUR 2,010 thousand in the long term) and the company Industrias Químicas Asociadas LSB, S.L.U. (EUR 536 thousand in the long term).

The deferrals of the Parent Company as regards the Tax Authorities and the Social Security authorities have been secured with a mortgage on property No. 3,954 registered with the Property Registry of El Prat de Llobregat. The deferral with the Social Security authorities of the company Industrias Químicas Asociadas LSB, S.L.U. is also secured with a mortgage on properties No. 13,570; 13,572; 4,315; 11,535; 11,537 registered with the Property Registry of Tarragona.

- Deposits

This includes mainly deposits received from customers for returnable packaging through which the preforms are sent. These deposits are returned to the customers by the Group's affiliates upon receipt of the packaging.

- Negotiation of payables to suppliers

The total of EUR 5,486 thousand is related to the deferral of payments to suppliers of the Group that was granted due to the negotiations held in the context of the Group's financial restructuring.

- Other debts to associates

The "Other debts to associates" heading includes mainly short-term debts of La Seda de Barcelona, S.A. to the associate Artlant PTA, S.A. for a total of EUR 12,366 thousand. La Seda de Barcelona, S.A. has reached an agreement with the rest of the partners of the affiliate to make the disbursements for pending contributions to equity in three payments made between December 2011 and the first six-month period of the year 2012. This financial aid is secured by the lender's right to exercise a call option on the shares that La Seda de Barcelona, S.A. holds of its subsidiary Artlant PTA, S.A.

Note 19. Trade and other payables

The breakdown of this heading at 30 June 2011 and 31 December 2010 is as follows:

(Thousands of Euros)	30.06.2011	31.12.2010
Suppliers	185.119	173.487
Other payables	25.178	23.093
Credit balances with Public Authorities	13.020	11.715
Current-tax liabilities	5.026	3.181
Trade payables and other payables	**228.343**	**211.476**

The increase registered under "Suppliers" during the first half of the year 2011 came about mainly due to the following factors:

- Overall increase in the Group's purchase volume.
- Increase in the price of raw materials.
- Improvement in the financing conditions offered by suppliers.

This increase was partly offset by the settling of payables to suppliers from prior years, resulting from the financial restructuring that was completed in 2010.

Note 20. Staff costs

Staff costs at 30 June 2011 vis-à-vis those recorded at 30 June 2010 are as follows:

(Thousands of Euros)	30.06.2011	30.06.2010
Wages and salaries	34.448	36.747
Social security contributions	7.311	7.888
Severance pays	643	(67)
Supplementary contributions to pension schemes	1.710	2.661
Other employee benefit costs	2.186	2.699
	46.298	**49.928**

The "Severance pay" item at 30 June 2011 includes mainly the severance pay amounts accrued related to the Parent Company.

The average number of people employed at 30 June 2011 compared to 30 June 2010 is as follows:

	30.06.2011	30.06.2010
Men	1.530	1.719
Women	212	247
Average number of employees	**1.742**	**1.966**

Changes in average headcount at 30 June 2011 compared to the average headcount at 30 June 2010 is explained by the decrease in the average number of workers at the company Artenius PET Packaging UK, Limited by 31 workers. Additionally, the average number of employees at 30 June 2010 includes 94 workers at Artenius San Roque, S.A.U. (excluded from the scope this year), 38 workers at Selenis Serviços Técnicos e Administrativos, Ltda. (undergoing the "Administration" procedure in the last quarter of 2010) and 29 workers at Artlant PTA, S.A. which became an associate in 2010.

Note 21. Financial expenses

The breakdown of the "Financial expenses" heading at 30 June 2011 compared to that at 30 June 2010 is as follows:

(Thousands of Euros)	30.06.2011	30.06.2010
Interests on syndicated loan and PIK	7.627	9.241
Derivative products	3.550	4.388
Other financial expenses	7.605	8.026
	18.782	**21.655**

- Interest on syndicated loan and PIK (Payment in Kind) loan.

  The variation in this heading is explained mainly due to the effects of the debt restructuring in the Parent Company during 2010. As mentioned in Notes 17.1 and 21.1 to the consolidated financial statements for the year ended 2010, during August 2010 EUR 117 million of the principal amount of the syndicated loan were converted into ordinary shares of the Parent Company at a subscription value of EUR 0.10 per share. As a result, the interest accrued by the syndicated loan and the PIK loan during the first six-month period of 2011 is calculated on a nominal loan amount that is significantly lower.

  Additionally, the PIK loan accrues interest at Euribor 1 year + 1.5%, while the syndicated loan accrues variable interest of Euribor plus a difference ranging between 1.75% and 2.5%.

- Derivative products

  The amount recognised in the profit and loss account under "Financial expenses" regarding derivative products is related mainly to the impact of the settlements of these derivative financial instruments of the Parent Company which have totalled EUR 3,550 thousand (EUR 4,388 thousand as at June 2010).

- Other financial expenses

  The variation in this heading is due mainly to the fact that at 30 June 2010 this included financial expenses from companies Artenius San Roque, S.A.U., which has been excluded from the consolidation scope, and Artlant PTA, S.A. which was considered an associate in the second half of 2010.

Note 22. Exchange differences

Profits from foreign exchange differences totals EUR 3,623 thousand in 2011, due to the strengthening of the Euro against the pound sterling and the Turkish lira. This fact has affected the adjustments of balances in foreign currency at the closing date of these consolidated financial statements.

Losses from foreign exchange differences totalled EUR 10,991 thousand in June 2010, due to the strengthening of the pound sterling and the US dollar against the Euro. This fact has affected both the adjustment of the foreign currency balances at 30 June 2010 and the payments to suppliers made in foreign currency.

Note 23. Impairment and profit (loss) from disposals of financial instruments

This heading includes mainly the impacts on the profit and loss account for 2011 from the sale of companies Artenius San Roque, S.A.U. and Artenius Portugal, Industria de Polimeros, S.A. which have amounted to a loss of EUR 820 thousand and to profits of EUR 4,827 thousand, respectively (see Note 13).

Note 24. Earnings per share

Basic earnings per share are calculated by dividing the net profit (attributable to the Group) by the weighted average of the number of outstanding shares within the period, excluding the average number of ordinary shares which were purchased and held by the Group.

The diluted earnings per share are calculated by considering the total of financial instruments giving access to the share capital of the Parent Company, whether they have been issued by the company itself or by any of its subsidiaries. The dilution is calculated on an instrument by instrument basis, by taking into account the terms existing as at the date of the balance sheet, excluding anti-dilution instruments.

The calculation of the basic and diluted earnings per share corresponding to 30 June 2011 vis-à-vis 30 June 2010 is as follows:

(Thousands of Euros)	30.06.2011	30.06.2010
Net profit (loss)	(5.546)	(32.308)
Average number of outstanding shares	1.743.563.812	626.873.401
Earnings per share	(0,003)	(0,052)

Note 25. Transactions with related parties

25.1 Remuneration of Directors and Executive Personnel

a) Remuneration and other benefits of Directors

During the first half of 2011 and 2010 the compensation received by the members of the Board of Directors of the Parent Company have totalled EUR 512 thousand and EUR 298 thousand, respectively, the breakdown of which is shown in the table below:

(Thousands of Euros)	30.06.2011	30.06.2010
Fixed remuneration	228	237
Variable remuneration	-	-
Per diem allowances	278	61
Other - Payments on equity instruments	-	-
Component of remuneration	**506**	**298**

(Thousands of Euros)	30.06.2011	30.06.2010
Loans granted	-	-
Pension scheme and funds: Contributions	6	-
Life insurance premiums	-	-
Other benefits	**6**	**-**

At 30 June 2011 there were no outstanding amounts payable to the members of the Board of Directors.

b) Advances and loans granted to the members of the Board of Directors

At 30 June 2011 a loan had been granted in prior years to a former member of the Board of Directors, for which a provision has been set in full (see Note 12).

c) Remuneration of executive personnel

During the first six-month period of 2011 and 2010, the compensation amounts received by Senior Management executives were as follows:

(Thousands of Euros)	30.06.2011	30.06.2010
Total remuneration received	1.613	1.079
Members of Senior Management	**1.613**	**1.079**

Additionally, contributions to pension plans and funds and life insurance have amounted to EUR 53 thousand and EUR 4 thousand, respectively.

During 2011 and 2010, the Parent Company has not granted loans to executive personnel.

There are some agreements in the employment contracts of approximately 11 employees, mainly those stationed at the Parent Company's registered office, with corporate responsibilities, establishing severance pay in the event of dismissal or a substantial change in work conditions of 1 to 4 years' worth of salary.

25.2 Associates

The financial assets and liabilities held by the Group with associates at 30 June 2011 include the following:

	30.06.2011							
	Financial Assets				Financial Liabilities			
	Credits and other assets		Customers		Loans and other liabilities		Suppliers	
(Thousands of Euros)	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Petrolest, S.L.	-	-	-	5	-	-	605	1.243
Artlant PTA, S.A.	-	3.833	-	313	-	12.366	-	282
Total	**-**	**3.833**	**-**	**318**	**-**	**12.366**	**605**	**1.524**

The current financial liabilities that the Group carries vis-à-vis Artlant PTA, S.A. have arisen mainly due to the increase in share capital that has taken place at the affiliate, and which is still pending disbursement by the Group (see Note 11).

The transactions held by the Group with associates during the first half of 2011 are the following:

(Thousands of Euros)	30.06.2011						
	Income				Expenses		
	Sales	Services rendered	Other operating profit (loss)	Financial income	Purchase	Operating expenses	Financial expenses
Petrolest, S.L.	-	-	4	-	-	(3.282)	-
Artlant PTA, S.A.	-	1	-	-	-	-	-
Total	**-**	**1**	**4**	**-**	**-**	**(3.282)**	**-**

25.3 Other related parties

Below is a detail of the Group's transactions with related parties of the during the first six-month period of 2011:

(Thousands of Euros)	Current period			
	Significant shareholders	Directors and executive staff	Other related companies	Total
Financial expenses	1.376	-	-	1.376
Expenses	**1.376**	**-**	**-**	**1.376**
Income	**-**	**-**	**-**	**-**

<u>**Significant shareholders**</u>

- **Caixa Geral**

Caixa Geral de Depósitos, S.A., shareholder of 14.77% of the share capital of the Parent Company as at 30 June 2011 is at the same time one of the entities participating in the syndicated loan and in the PIK loan. The outstanding amount of that loan, assigned to Caixa Geral de Depósitos, S.A. as at 30 June 2011 totals EUR 60.5 million. Likewise, the company Caixa Banco de Investimento, S.A holds an interest in the abovementioned syndicated loan for EUR 7.6 million.

At 30 June 2011 the amount of the outstanding debt to Caixa Geral de Depósitos, S.A. totalled EUR 61.4 million, which includes interest accrued pending payment for a total of EUR 875 thousand. The amount of the outstanding debt to Caixa Banco de Investimento, S.A. totals EUR 7.7 million, which includes outstanding interest accrued for a total of EUR 110 thousand.

The financial expenses accrued during the first half of 2011 of the loan granted by Caixa Geral de Depósitos, S.A. and by Caixa Banco de Investimento, S.A. total EUR 995 thousand and EUR 125 thousand, respectively.

- **Banco Comercial Portugués, S.A.**

Banco Comercial Portugues (BCP) has been a significant shareholder through 28 February 2011, which was when it ceased to hold more than 3% of the share capital in the Parent Company. BCP is one of the parties with interest in the syndicated loan, the outstanding balance of which has accrued interest in the amount of EUR 256 thousand during the first six-month period of 2011 (until 28 February).

Note 26. Contingencies

26.1 Contentious proceedings

Main ongoing contentious proceedings as at 30 June 2011 include the following:

26.1.1 Jatroil, S.L. and Nuevo Sol Granadella, S.L

Jatroil, S.L. and Nuevo Sol Granadella, S.L.

La Seda de Barcelona, S.A. filed a complaint on 23 October 2009 against Jatroil, S.L, Gestión Integral y Servicios Agroenergéticos S.L and Nuevo Sol Granadella S.L. The subject matter of the claim was to request termination of the loan agreements dated on 21 and 28 February 2008 executed between La Seda de Barcelona, S.A. and Jatroil S.L, and, consequently, the reimbursement of EUR 18,280 thousand by Jatroil S.L. and/or Nuevo Sol Granadella, S.L. as joint and several debtor.

A joinder order was issued on 17 March 2010 uniting this claim with the complaint filed in October 2009 by Jatroil, S.L against La Seda de Barcelona, S.A. for the latter's failure to deliver the abovementioned loan in full, requesting termination and claiming damages. The judgment resolving the joinder proceeding was entered on 4 March 2011 ordering Jatroil, S.L. to pay over to La Seda de Barcelona, S.A. a total of approximately EUR 300 thousand and at the same time ordering Nuevo Sol Granadella S.L. to pay a total of approximately EUR 17,400 thousand (see Note 12).

Both Jatroil, S.L and Nuevo Sol Granadella, S.L have appealed the judgment. In turn, La Seda de Barcelona, S.A. objected this appeal. We consider the possibilities of a successful outcome of the appeal filed by Jatroil, S.L. and Nuevo Sol Granadella, S.L. to be remote.

Nuevo Sol Granadella, S.L.

On 9 October 2009, the Parent Company filed a complaint against Nuevo Sol Granadella, S.L. to claim the unpaid amount of a promissory note in the amount of EUR 5,000 thousand. The court ruling dated 25 March 2010 suspended the proceedings due to the existence of prior civil proceedings, namely the ordinary proceedings described in the previous paragraph to which Nuevo Sol Granadella S.L is a party and on which judgment was entered on 4 March 2011.

La Seda de Barcelona, S.A. has set provisions for the loans granted, in spite of the previous judgments, as it has no evidence, at 30 June 2011, and as at 2010 year-end, of the debtors' repayment capacity (see Note 12).

26.1.2 Corporate liability actions

At the Annual General Shareholders' Meeting of La Seda de Barcelona, S.A. held 8 August 2009, those present approved the filing of two complaints to bring the corporate liability action against Mr. Rafael Español Navarro.

The first of them, filed on 22 October 2009, contains La Seda de Barcelona, S.A.'s claim for compensation in relation to the economic damage amounting to EUR 18,280 thousand resulting from the loans granted to Jatroil, S.L. mentioned in paragraph 26.1.1 above. A joinder of claims brought this action together with another complaint for compensation filed by La Seda de Barcelona, S.A. against Fiatc Mutua de Seguros y Reaseguros a Prima Fija (Fiatc) and Chartis Europe Sucursal en España S.A., based on the civil liability insurance policy for administrators and directors subscribed with these companies to the cap amount of their respective policies, that is, EUR 15,000 thousand from Fiatc and the remaining EUR 3,280 thousand from Chartis.

In the second complaint filed on 16 December 2009, La Seda de Barcelona, S.A. claimed compensation for damages caused by the default on payment of the sale of merchandise to certain companies domiciled in Tunisia and Russia, for a total of EUR 35,070 thousand, plus legal interest.

The defendant in both proceedings filed a plea to the jurisdiction for arbitration, both of which were granted in an order issued on 19 January 2010, confirmed by an order issued on 30 December 2010, which dismissed the appeal filed by La Seda de Barcelona, S.A. against the first order. The parties have already appointed their respective arbitrators and the third arbitrator has also already been appointed, thus commencement of the proceedings should be imminent.

As regards the direct cause of action against the abovementioned insurance companies, the events of the proceedings continue to develop and a hearing has been scheduled for 20 October.

26.1.3 Claims against former executives

La Seda de Barcelona, S.A. has filed two complaints against former executives which are described below:

A complaint filed on 3 March 2010 against a former executive claiming the amount of EUR 4,566 thousand for the repayment of a loan, failure to give notice and damages, pending proceedings with Court in Social and Labour Matters No. 16 in Barcelona. The claim is pending judicial consideration of the final nature of the judgment entered by Court in Social and Labour Matters No. 7 arising from the legal proceedings initiated by a former executive against the Parent company seeking severance pay, a bonus and annuity insurance for a total of EUR 4,504 thousand, which was resolved in favour of the Company and which is currently pending proceedings in an appeal for reversal stage with the Appeals Court in Social and Labour Matters, High Court of Justice of Cataluña, which was filed by the former executive.

A complaint filed on 2 February 2010 against another former executive claiming the amount of EUR 3,404 thousand for damages is pending proceedings with Court in Social and Labour Matters No. 11 in Barcelona. The trial, which was scheduled for 18 May 2011, was postponed, as the court has exhorted the parties, and especially the defendant, to reach an out-of-court settlement. The proceedings consist of two claims, one by La Seda de Barcelona, S.A. against the executive (EUR 3,404 thousand), and another by the executive against La Seda de Barcelona, S.A. (EUR 1,013 thousand).

26.1.4 Industrias Químicas Textiles, S.A

In 2006, La Seda de Barcelona, S.A. sold 100% of the shares in Industria Químicas Textiles, S.A. (Inquitex) to Rumblefish, S.L. As part of the agreements reached in the sale agreement, Inquitex assumed the obligation to pay a debt carried by the Parent Company to the TGSS (General Social Security Treasury) for a total of EUR 9,112 thousand, as joint-and-several guarantor. This debt was secured by a first mortgage on the land on which Inquitex's production facilities stand.

La Seda de Barcelona, S.A. has not shown a debt in its liabilities for this item due to the following circumstances:

- La Seda de Barcelona, S.A. has evidence of the fact that Inquitex and the TGSS have come to an agreement to defer payment of Inquitex's debt, which keeps Inquitex in compliance with payment thereof.

- In the event that Inquitex should default payment, the TGSS has assumed, as per a resolution dated 13 June 2006, a priority foreclosure obligation by liquidating the real property, turning La Seda de Barcelona, S.A. into the *de facto* substitute debtor.

- The value of the real property according to the last appraisal the Parent Company has had access to (2006) totalled approximately EUR 35,000 thousand, which is why its capability for repaying the secured loan is guaranteed even in a scenario of severe loss of the property's value.

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26.1.5 Lawsuits filed against former directors of La Seda de Barcelona, S.A.

As mentioned in the financial statements for 2008, during 2009, the Board of Directors was informed that a former director was charged in a criminal complaint filed with Pre-Trial Investigation Court No. 19 in Barcelona, Inquiry No. 470/2006-J, for a possible tax-related crime. The abovementioned claim states that La Seda de Barcelona, S.A. may be jointly-and-severally liable for the civil law matters of the alleged facts. Even so, it is considered unlikely that the legal proceedings will conclude unfavourably for the Company, which is why in the Company's understanding the possible effects of the abovementioned civil law liability should be treated as a contingent liability, without a specific itemisation in the accompanying financial information and regardless of the outcome of the proceedings.

26.1.6 Lawsuits filed by third parties

26.1.6.1 In February 2009, the Parent Company signed a PET supply agreement with a third party for a total of EUR 3,000 thousand. To secure performance of the supply, the Company delivered three promissory notes for a total of EUR 500 thousand each, falling due in July, August and September 2009, respectively. These promissory notes were not honoured. Thus, the Parent Company was sued by the holder of the notes. Trial Court No. 2 of El Prat de Llobregat entered judgment, substantially sustaining the complaint and ordering the Parent Company to pay EUR 1,452 thousand plus interest and court costs and legal fees. On 9 May 2011, La Seda de Barcelona, S.A. filed an appeal against said judgment. On 4 July 2011 the plaintiff opposed the appeal.

26.1.6.2 Greek company Hellenic Petroleum, S.A, a minority shareholder in the subsidiary Artenius Hellas, S.A, filed a complaint against La Seda de Barcelona, S.A. and its subsidiary Artenius Hellas Holding, S.A with the International Court of Arbitration of the International Chamber of Commerce (ICC). The claim totals approximately EUR 4,050 thousand and is grounded in the alleged breach of a an agreement among the shareholders of Arteinus Hellas, S.A., to which La Seda de Barcelona, S.A. was not a party. The parties have begun discussions to reach an out-of-arbitral tribunal agreement, which is why no provision has been set for this item.

26.1.6.3 On 5 February 2010 a former executive of the Company filed a complaint against La Seda de Barcelona, S.A. for a total of EUR 1,013 thousand, seeking compensation for termination of an agreement plus a retirement bonus, with the proceedings being heard by Court in Social and Labour Matters No. 10 in Barcelona. On 22 February a joinder order was issued for this claim, which was sustained by Court in Social and Labour Matters No. 11 and complied with by Court in Social and Labour Matters No.10. The trial scheduled for 18 May 2011 was postponed, as the Court has exhorted the parties, and especially the defendant, to reach an out-of-court settlement.

The Parent Company has not set a provision for this item as the likelihood of this complaint having a successful outcome is remote. This claim is related to the claim described in Note 26.1.3.

26.1.6.4 On 15 February 2010 a former executive of the Company filed a complaint to claim an amount from La Seda de Barcelona, S.A. for a total of EUR 4,504 thousand, related to unpaid severance pay, failure to give notice and a performance bonus; this case is being heard by Court in Social and Labour Matters No. 7 in Barcelona. The judgment has sustained La Seda de Barcelona, S.A.'s claims. The judgment was appealed by the former executive with the Appeals Court in Social and Labour Matters of the High Court of Justice of Cataluña. The Company has not set a provision for this item due to its low likelihood of a successful outcome. This claim is linked to the claim described in Note 26.1.3.

26.1.6.5 Claim filed by the insolvency administrators of Provimola, S.L. against La Seda de Barcelona, S.A. with Court in Commercial Matters No. 5 in Madrid on 28 October 2010. The plaintiff is seeking the rescission of certain agreements executed between Provimola and La Seda de Barcelona, S.A. (technology rights transfer agreement and its subsequent rescission, credit offsetting agreement for a total of EUR 13,800 thousand, withholding for compensation in relation to the resolution of the agreement in an amount of EUR 1,200 thousand and remission by lack of payment of EUR 14,200 thousand). In case their claim is sustained, La Seda de Barcelona shall have to pay over to the assets-in-bankruptcy a total of EUR 29,250 thousand. La Seda de Barcelona, S.A. has answered the complaint and is awaiting that it be accepted and that a date be set to hold a hearing to examine the evidence. The Parent Company has not set a provision for this item as the likelihood of this complaint having a successful outcome is low.

26.1.6.6 Gestigroup Consulting FT, S.L. and two other shareholders of La Seda de Barcelona, S.A. have filed a claim against the latter requesting that all agreements adopted at the Extraordinary General Meeting of Shareholders of La Seda de Barcelona, S.A. on 17 December 2009, which approved the financial statements for 2009 and the decrease and subsequent increase of share capital of the Parent Company required under the financial restructuring process, among other agreements, be declared null and void by operation of law. La Seda de Barcelona, S.A. has answered this complaint, requesting that it be dismissed. The Company considers the likelihood of this complaint having a successful outcome is remote.

26.1.6.7 Provimola S.L. filed a criminal complaint against La Seda de Barcelona, S.A. for having allegedly committed the criminal offenses of forgery, fraud and/or a criminal violation against the Treasury defined in section 305 of the Criminal Code. The case is currently pending proceedings for both the Prosecutor and the Court to make a decision on our motion for dismissal. The likelihood of a successful outcome for this criminal complaint is low.

26.1.6.8 In 2007, Finova Luzern, AG filed a complaint against La Seda de Barcelona, S.A. claiming the amount resulting from loans and credits granted by West-LB a Markische Viskose GmbH, a former Group company owned by Viscoseda, S.A., the payments of which, guaranteed by the Parent Company, were not honoured. Finova Luzern AG, acquired such loans from West LB under a sale agreement dated 13 July 2006.

The Court of First Instance in Düsseldorf entered judgment on 17 December 2008 dismissing La Seda de Barcelona, S.A.'s claim, which was revoked in the second instance.

Given the enforcement of the judgment by Finova Luzern AG, the parties have reached a settlement agreement whereby La Seda de Barcelona, S.A. shall make the deferred payment of EUR 12,500 thousand for which a provision was duly set (see Note 17.3).

26.1.6.9 On 2 November 2010, La Seda de Barcelona, S.A. was served notice of a complaint filed by Rodsacc, S.A. in which the latter sought the acceptance of the delivery of a share package in the company Fibras Europeas de Poliéster, S.A., as accord and satisfaction of the plaintiff's payable to La Seda de Barcelona, S.A. for a total of EUR 4,921 thousand.

La Seda de Barcelona, S.A. opposed the complaint based on the documents signed with the plaintiff, requesting that the amount be paid in cash. The Parent Company has not booked a liability as the receivable from Rodsacc, S.A. is impaired in full.

Note 27. Subsequent events

27.1 Proceedings filed by Finova Luzern, AG.

As mentioned in Note 26.1.6.8 above, on 15 July 2011, La Seda de Barcelona, S.A. and Finova Luzern, AG have reached a settlement agreement whereby La Seda de Barcelona, S.A. shall pay EUR 12,500 thousand as principal amount and EUR 1,583 thousand as interest, with maturities between years 2011 and 2016.

27.2 Start-up of the subsidiary Artlant PTA, S.A.

La Seda de Barcelona, S.A., through its subsidiary Artlant PTA, brought its PTA (purified terephtalic acid) plant into commission in Portugal in late July 2011, located in the industrial and logistics area of Sines. The PTA production plant in Sines shall have a production capacity of 700 thousand tons a year, estimating an annual turnover of EUR 600 million and representing an investment exceeding EUR 500 million.

In a first phase, during the next three months tests will be conducted on the technology of all equipment installed, to be able to start up PTA production, one of the raw materials of PET, in the last quarter of 2011.