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PESCANOVA

2014

CONSOLIDATED ANNUAL ACCOUNTS

PESCANOVA, S.A. AND SUBSIDIARY COMPANIES
Consolidated statement of financial position at 30 November 2014
(In thousands of euros)

ASSETS	Notes	30/11/2014	31/12/2013
NON-CURRENT ASSETS		-	763,684
Intangible assets		-	6,852
Property, plant and equipment	9	-	650,060
Investments accounted for using the equity method of consolidation		-	1,386
Long-term investments	11	-	93,784
Deferred tax assets	7	-	11,602
CURRENT ASSETS		1,165,457	588,297
Group of assets subject to change in control	1	1,165,457	3,506
Inventories	12	-	260,642
Trade and other accounts receivable	13	-	168,177
Other current financial assets	11	-	16,154
Public Bodies	7	-	48,498
Other current assets		-	13,576
Cash and cash equivalents	3	-	77,744
TOTAL ASSETS		1,165,457	1,351,981

EQUITY AND LIABILITIES	Notas	30/11/2014	31/12/2013
EQUITY		(616,571)	(2,268,243)
Capital	14	172,426	172,426
Issue premium	14	121,618	121,618
Reserves	14	(2,550,903)	(1,833,874)
Consolidated result for the reporting period	14	1,654,402	(715,215)
Translation differences	14	(8,320)	(16,457)
Total net equity attributable to the shareholders of the Parent Company		(610,777)	(2,271,502)
Minority shareholders	14	(5,794)	3,259
NON-CURRENT LIABILITIES		-	338,557
Long-term provisions	17	-	8,274
Long-term liabilities	15	-	180,899
Notes and other negotiable securities	15	-	3
Other long-term financial liabilities		-	46,521
Deferred income		-	83,434
Deferred tax liabilities	7	-	19,426
CURRENT LIABILITIES		1,782,028	3,281,667
Liabilities related to Group of assets subject to change in control	1	1,782,028	-
Short-term financial debt	15	-	2,641,745
Short-term notes and other negotiable securities	15	-	396,295
Trade and other amounts payable	16	-	168,746
Payable to Public Bodies	7	-	44,110
Other current liabilities		-	30,771
TOTAL EQUITY AND LIABILITIES		1,165,457	1,351,981

Notes 1 to 24 attached are integral part of the consolidated statement of financial position at 30 November 2014

PESCANOVA, S.A. AND SUBSIDIARY COMPANIES
Consolidated income statement for the eleven month period ended 30 November 2014

(In thousands of euros)

	Notes	2014 (11 months) 30/11/2014	2013 (12 months) 31/12/2013
CONTINUING OPERATIONS			
Result from continuing operations		-	-
DISCONTINUED OPERATIONS			
Income from sales	5	901,079	1,046,997
Supplies	5	(551,956)	(685,719)
GROSS PROFIT		349,123	361,278
Other operating income	5	6,639	5,265
Personnel expenses	5	(147,313)	(159,785)
Other operating expenses	5	(145,005)	(174,785)
OPERATING RESULT BEFORE DEPRECIATION, PROVISIONS AND OTHER RESULTS		63,444	31,973
Non-current assets depreciation	9	(42,140)	(52,449)
Impairment loss and result form disposal of non-current assets	9	(41,276)	(138,877)
Other result		(37,823)	(148,489)
GROSS OPERATING RESULT		(57,795)	(307,842)
Net financial result	5	1,781,897	(219,809)
Other results from discontinued operations	5	(59,709)	(157,616)
RESULT FROM DISCONTINUED OPERATIONS BEFORE TAX		1,664,393	(685,267)
Corporate income tax	5	(14,829)	(33,596)
RESULT FROM DISCONTINUED OPERATIONS AFTER TAX		1,649,564	(718,863)
CONSOLIDATED RESULT		1,649,564	(718,863)
Attributed to			
Shareholders of the Parent Company		1,654,402	(715,215)
Minority shareholders	14	(4,838)	(3,648)
Result per share:			
From continuing operations		-	-
From discontinued operations	8	57.57	(24.93)

Notes 1 to 24 attached are integral part of the consolidated income statement
for the eleven month period ended 30 November 2014

PESCANOVA, S.A. AND SUBSIDIARY COMPANIES
Consolidated statement of comprehensive income for the eleven month period ended 30 November 2014
(In thousands of euros)

	30/11/2014	31/12/2013
Result from discontinued operations recognized in the income statements	1,649,564	(718,863)
From cash flow hedges	(130)	1,515
Translation differences	8,137	(33,486)
Total income and expenses directly recognized under equity	8,007	(31,971)
Total transferred to the income statement	-	-
TOTAL RECOGNIZED INCOME AND EXPENSES	1,657,571	(750,834)
Attributed to:		
Shareholders of the Parent Company	1,662,539	(745,300)
Minority shareholders	(4,968)	(5,534)

Notes 1 to 24 attached are integral part of the consolidated statement of comprehensive income for the eleven month period ended 30 November 2014

PESCANOVA, S.A. AND SUBSIDIARY COMPANIES
Consolidated statement of total changes in net equity for the eleven month period ended 30 November 2014
(In thousands of euros)

	Share capital	Issue premium	Reserves	Consolidated result	Valuation adjustments	Minority shareholders	TOTAL SHAREHOLDERS' EQUITY
BALANCE AT 31 DECEMBER 2012	172,426	121,618	(1,031,458)	(775,621)	16,276	9,698	(1,487,061)
Corrections and change in criteria adjustments (Nota 2.d)	-	-	(31,381)	-	-	-	(31,381)
ADJUSTED BALANCE, BEGINNING OF 2013	172,426	121,618	(1,062,839)	(775,621)	16,276	9,698	(1,518,442)
Total recognized income and expenses	-	-	1,515	(715,215)	(31,600)	(5,534)	(750,834)
Transactions with shareholders or owners							
Dividends paid	-	-	-	-	-	(99)	(99)
Other changes in equity							
Tranfer between equity items	-	-	(775,621)	775,621	-	-	-
Loss of control over companies in the consolidation scope	-	-	-	-	(1,133)	-	(1,133)
Changes in the consolidation scope	-	-	-	-	-	(44)	(44)
Other changes	-	-	3,071	-	-	(762)	2,309
BALANCE AT 31 DECEMBER 2013	172,426	121,618	(1,833,874)	(715,215)	(16,457)	3,259	(2,268,243)
ADJUSTED BALANCE, BEGINNING OF 2014	172,426	121,618	(1,833,874)	(715,215)	(16,457)	3,259	(2,268,243)
Total recognized income and expenses	-	-	-	1,654,402	8,137	(4,968)	1,657,571
Other changes in equity							
Tranfer between equity items	-	-	(715,215)	715,215	-	-	-
Other changes	-	-	(1,814)	-	-	(4,085)	(5,899)
BALANCE AT 30 NOVEMBER 2014	172,426	121,618	(2,550,903)	1,654,402	(8,320)	(5,794)	(616,571)

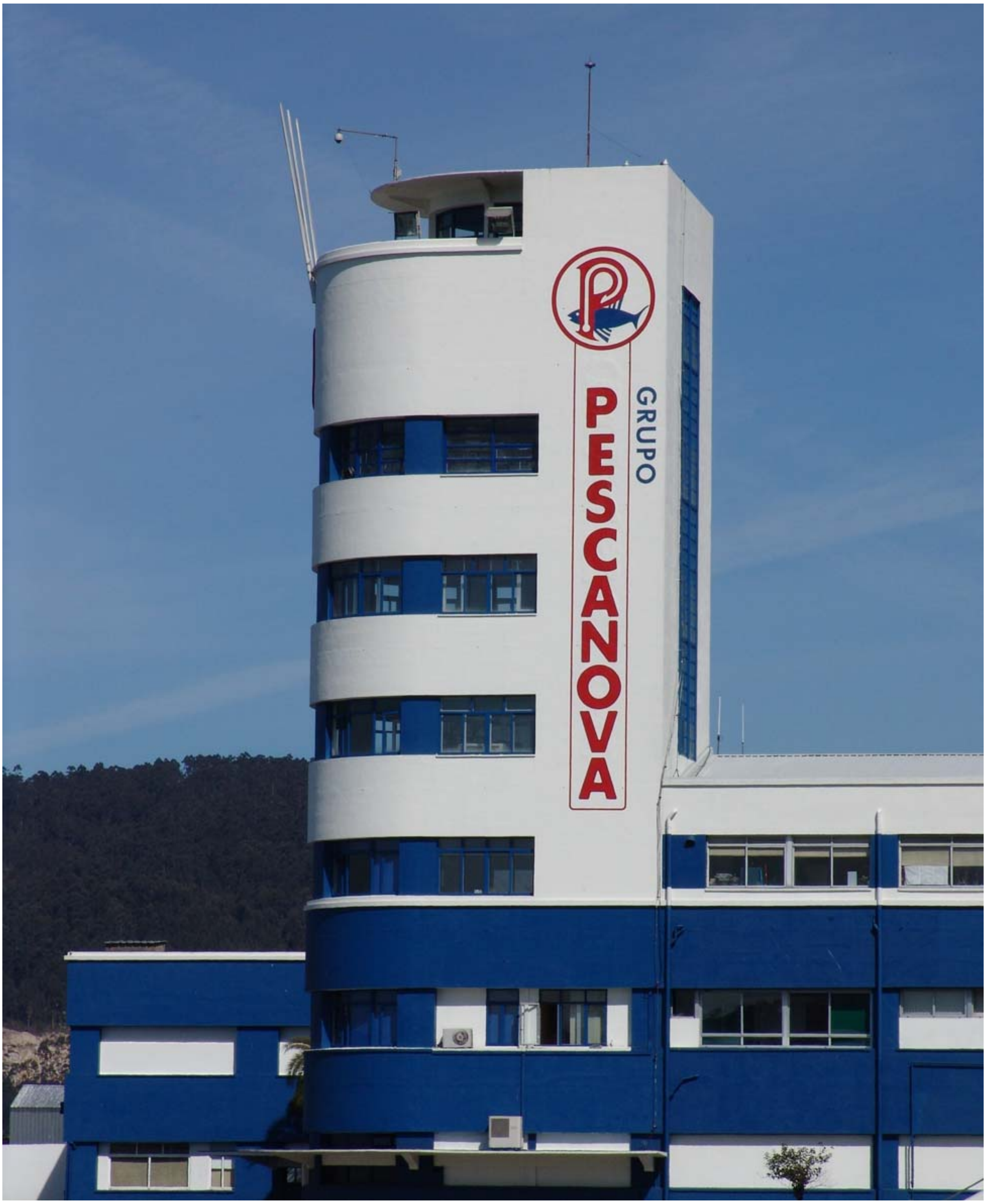
Notes 1 to 24 attached are integral part of the consolidated statement of total changes in net equity for the eleven month period ended 30 November 2014

PESCANOVA, S.A. AND SUBSIDIARY COMPANIES
Consolidated cash flow statement for the eleven month period ended 30 November 2014
(In thousands of euros)

	Notes	30/11/2014 (11 months)	31/12/2013 (12 months)
Cash flow from continuing operations		-	-
Cash flow from discontinued operations	21	(18,261)	(219,532)
NET CHANGE IN CASH AND CASH EQUIVALENTS		(18,261)	(219,532)
Cash or cash equivalents at the beginning of the financial year		77,744	297,276
Cash or cash equivalents at the end of the financial year (*)		59,483	77,744

Notes 1 to 24 attached are integral part of the consolidated cash flow statement for the eleven month period ended 30 November 2014

(*) The balance of cash and cash equivalents at 30 November 2014 is recorded under "Group of assets subject to change in control" in the attached consolidated statement of financial position at that date.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PESCANOVA

NOTES TO THE FINANCIAL STATEMENTS FOR THE ELEVEN MONTH PERIOD STARTED ON 1 JANUARY AND ENDED ON 30 NOVEMBER 2014

1) ACTIVITY OF THE PESCANOVA GROUP

PESCANOVA, S.A. (hereinafter “the Parent Company” or “Pescanova”) incorporated in June 1960, with its registered address at Rúa de José Fernández López, s/n, Chapela (Pontevedra), is the Parent Company of an important industrial group its activity being the industrial exploitation of all business activities relating to food for human or animal consumption, including its production, transformation, distribution and marketing, as well as the development of supplementary activities of both an industrial and commercial nature, and the investment in national or foreign companies..

The individual accounts of Pescanova, S.A., as well as the Consolidated Accounts of the Pescanova Group of Companies have been filed with the Companies Registration Office in Pontevedra.

Insolvent Status of the Parent Company

Pursuant to article 2 of the Insolvency Law 22/2003, of 9 July, (hereinafter “the Insolvency Law”), on 15 April 2013, Pescanova, S.A. filed with the Mercantile Court number 1 in Pontevedra a Voluntary Insolvency Petition due to its inability to meet, regularly and timely, its payment obligations.

On 25 April 2013, the Judge of the Mercantile Court number 1 in Pontevedra issued an Order declaring the opening of Insolvency Proceedings of the Parent Company and at the same time resolving the suspension of the Administrators and disposal authorities of the Company to be taken over by an Insolvency Administrators.

At the proposal given by the Comisión Nacional del Mercado de Valores (hereinafter “CNMV”), the company Deloitte Advisory, S.L. (hereinafter “Deloitte”) was appointed as Insolvency Administrators. Deloitte accepted such appointment on 29 April 2013.

The declaration of insolvency of Pescanova, S.A. has not prevented the Parent Company or its Group of Companies from continuing trading. Pursuant to the Insolvency Law, the declaration of insolvency implies, among other effects, the freezing of payment of any credit accrued prior to the date of insolvency declaration, as well as the suspension of interest accrual as from that date, except for collaterized credits. In this sense the filing of voluntary insolvency petition allowed Pescanova to benefit from insolvency regulations and negotiate a proposal for Composition with its main creditors.

Pursuant to Order dated 29 January 2014, the Court declared the completion of the common phase of the insolvency proceedings of Pescanova, S.A. and the opening of the composition phase and written procedure of the same; the deadline set for the filing of proposals was 28 February 2014, and the deadline for the filing of votes in favour and against the possible proposals was 31 March 2014.

After the filing of the Composition Proposal by Pescanova, S.A., on 11 March 2014, the Court issued an Order requiring the company to correct certain terms in the proposal, which were filed on 19 March 2014. Pursuant to Order dated 20 March 2014, the new amended proposal was admitted to the proceedings.

On 2 May 2014, the Mercantile Court number 1 in Pontevedra published a decree sanctioning the result of the adhesions to the composition proposal, determining that the proposal was adhered to by 63.65% of the ordinary liabilities in the insolvency proceedings.

On 23 May 2014, the Court issued a Sentence, pursuant to the provisions in article 130 of the Insolvency Law, according to which the Composition with Creditors as proposed by Pescanova, S.A. was officially adopted; the Composition with Creditors became firm on 27 June 2014, once the term for filing oppositions to the composition was concluded, without any opposition being filed. The Composition approved by the creditors, without any opposition or challenge from any of them, includes certain structural corporate changes which can only be executed if so is approved by the General Meeting of Shareholders at the proposal of the Board of Directors.

Pursuant to the Composition with Creditors, on 30 May 2014 a Monitoring Commission, whose purpose is to ensure the correct implementation of the Composition, was set up.

Framework of the Composition approved

The Composition with Creditors, approved without opposition, includes a Payment Schedule consistent with the Viability Plan prepared by an independent consultant, based on economic and financial hypotheses and assumptions contained in the same, providing an estimate regarding expected cash flows arising from the activity of all the companies in the Pescanova Group, based on current circumstances and potential future evolution. In particular, the historical financial information of the businesses as well as hypotheses on their financial evolution for the next four years were taken into account. The said assumptions are based on current hypothesis which, obviously, cannot escape from the impossibility to predict with certainty the evolution of the sectors in which Pescanova Group carries out its business in all aspects and, accordingly, implies an inevitable business risk. As a result, the estimates on generated cash flows included in the Business Plan are highly conditioned to both the current situation of the different vectors as well as to the particular situation of the Group, by parameters such as catch unpredictability, the risks of diseases in aquaculture, change in the market prices for the different species or products traded, or risks regarding regulations applicable to the different sectors and industries (environmental and food related regulations, fishing quotas and licenses, etc.) concerned.

Based on the above, the main parameters of the Composition with Creditors are the following:

a) It contemplates a global solution for the whole Group and not only for Pescanova, S.A., which, among other measures, includes the following:

   - Financial restructuring of the Spanish Subsidiaries.
   - Corporate restructuring of the Spanish Subsidiaries, including merger and separation of operations leading to the creation of a new Company (Nueva Pescanova) which will be the holding company of almost all the investments and businesses of the Group, and in turn will become the holder of the total restructured debt.
   - Capital increase in Nueva Pescanova, giving entry as shareholders to those creditors whose debt is to be capitalized; as well as the current shareholders of Pescanova, S.A. subscribing, pursuant to the terms in the Composition proposal, the related capital increase.

b) As regards to the contents of each alternative included in the proposal for Composition with Creditors of Pescanova, S.A., these can be summarised as follows:

- Basic proposal: it provides for the following acquittances and deferrals depending on the amount of the debt:
    a. Creditors claiming more than 100,000 euros: 97.5% acquittance and 8.5 years deferral.
    b. Trade creditors claiming less than 100,000 euros: 0.0% acquittance and 1 year deferral.
- Alternative proposal: this proposal provides for different acquittances and deferrals according to a senior tranche and a junior tranche:
    a. The senior tranche would refer to an amount equal to 57.15% of the debt resulting from applying a 90% acquittance, and a 10 year deferral and will accrue a 3% annual interest.
    b. On the other hand, the junior tranche would consist of an amount equal to 42.85% of the debt resulting from applying a 90% acquittance; for this tranche credits for up to 10% may be converted into capital at Nueva Pescanova S.L.. This means that with this formula the holders of junior credit will never be allocated, by this procedure, more than 10% of the capital of Nueva Pescanova. The deferral for this tranche is 15 years and will accrue a 1% annual interest.

<u>Insolvent status of Group Subsidiaries</u>

After the date of opening of the insolvency proceedings of Pescanova, S.A., two other subsidiary companies: Acuinova, S.L. and Pescafina, S.A. also benefited from the same regulation and filed with the same Court an Insolvency Petition, them being in a situation of actual insolvency. Orders dated 28 June 2013 and 8 July 2013 declared the opening of Insolvency Proceedings of Acuinova, S.L. and Pescafina, S.A. respectively. Both Orders determined that the Administrators and disposal authorities of the Companies were to be taken over by the Insolvency Administrators appointed, i.e. Deloitte.

Order dated 8 November 2013 resolved the opening of the liquidation phase of the insolvency process of Acuinova, S.L. as well as the cessation of its corporate managers who were replaced by the Insolvency Administrators. Also, on 14 January 2014 the Court issued an Order ratifying the Liquidation Plan presented by the Insolvency Administrators.

As regards to the Insolvency Proceedings of Pescafina, S.A., on 18 November 2013, the Interim Report prepared by the Insolvency Administrators was filed with the Court; the final wording of the said report was filed on 13 February. Order dated 30 January 2014 declared the end of the common phase and the opening of the composition phase. After the presentation of the proposal to creditors the company held a Creditors' Meeting, on 30 April 2014, at which the said proposal was approved by the favourable vote of 68.89% of the ordinary liabilities in the insolvency case which represented creditors holding a 447 million euros.

Likewise, on 19 March 2014 the notice referred to in article 5 bis of the Insolvency Law was filed in respect of the subsidiary companies Bajamar Séptima, S.A. and Pescanova Alimentación, S.A.. The same notice was filed on 23 June 2014 for the subsidiary companies Frivipesca Chapela, S.A., Frinova, S.A., Frigodís, S.A., Fricatamar, S.L., Pescafresca, S.A., Pescafina Bacalao, S.A., Novapesca Trading, S.L. and Insuiña, S.L.. Throughout the second half of the year, the Board of Directors of these subsidiaries, as provided in the Composition with Creditors of Pescanova, S.A., have filed their respective petitions for voluntary insolvency, which were accordingly declared by Orders of the Mercantile Court number 1 in Pontevedra. For the time being, all these proceedings are progressing as planned and it is expected that in the following months all of them will file their proposals for Composition with Creditors. The Directors of Pescanova, S.A. are confident that they will be able to reach agreements with the creditors of all these subsidiary companies to get the approval of the majority of them and, thus, keep the ownership of these subsidiary companies. However, it is true that such decision rests with the creditors of each Company and therefore it is possible that, in case the proposals for Composition are not approved by the majority of the respective creditors, some of these subsidiary companies could end in liquidation as provided by Law.

On the other hand, the Subsidiary companies Pesca Chile, S.A. and Argenova, S.A. were declared bankrupt, the first of them, and under precautionary insolvency procedure the latter, on 2 May and 4 June 2013 respectively, as they were unable to meet all their debt obligations. Furthermore, on 27 May 2013, Pescanova Brasil Ltda applied for a “procedimiento de recuperação” (Rescue Procedure), which was officially confirmed on 19 February 2014. Afterwards, on 25 April, Pescanova Brasil Ltda filed with the Court the “plano de recuperação”, (Rescue Plan), which is equivalent to a proposal for composition with creditors. And last, on 27 January 2014, the Chilean company Acuinova Chile, S.A. was declared bankrupt.

Accounting and Corporate implications arising from the Composition with Creditors

In the preparation of the consolidated annual accounts for the eleven month period ended 30 November 2014 (hereinafter the “financial year 2014”), both the restructuring process (subject to the approval of the General Meeting of Shareholders of Pescanova, S.A.) and the different alternatives for acquittances and deferrals included in the Composition play a significant role to the extent that, in opinion of the Directors of the Parent Company, are the framework for the most probable scenario regarding the future evolution of the Group.

The main implications arising from the foreseeable execution of the Composition with Creditors are the following:

1. Application of IFRS 5, “Non current assets classified as held for sale and discontinued operations” for all of the Group's operations. To the extent that the corporate restructuring process provided in the Composition with Creditors requires the creation of a new company (Nueva Pescanova) which, in case of being approved by the Shareholders in General Meeting, would be the holder of all the current businesses of the Group, from the point of view of the Parent Company, the future recovery of the businesses would not be the continued use but a transaction - ceteris paribus - equivalent to a sale, whose price ha been estimated from the approved Composition with Creditors. It is for this reason that all assets and liabilities to be assigned are grouped under the headings “Group of assets subject to change in control” and “Liabilities related to Group of assets subject to change in control” in the attached Consolidated Statement of Financial Position at 30 November 2014, since, in 2014, all the operations of those businesses are classified under “Discontinued Operations” in the attached Consolidated Income Statement for the financial year 2014.

In applying the mentioned financial reporting standard, the Consolidated Income Statement for the financial year 2013 is shown accordingly. The date considered for the group of assets and related liabilities to comply with the requirements for being classified as non-current and as discontinued operations, has been 30 November 2014, closing date for these annual accounts, as the Directors of the Parent Company understand that on this date all the requirements for this classification are met, mainly the one-year period so that all the steps agreed upon and leading to Pescanova, S.A. losing control of the current business are concluded, whilst in previous reporting periods such circumstance was not met. Therefore the classification of assets and liabilities and the result from discontinued operations is the transfer of the accounting data of continuing operations up to 30 November 2014.

2. Recognition and measurement of the insolvency debt subject to acquittances and deferrals. The debt of the Parent Company and of the Subsidiary Company Pescafina, S.A. has been recognized based on the respective Composition with Creditors both approved by Sentence dated 23 May 2014 and the option chosen by creditors. Likewise, for the preparation of these annual accounts, it has been taken into account the maturity dates in the proposals for Composition with Creditors, for both companies, whilst for the rest of the cases the maturity dates in the existing contractual position at the date of preparing of these annual accounts have been maintained. However the debt of Pescanova, S.A. and Pescafina, S.A. which was guaranteed by other companies belonging to the Pescanova Group, even when subject to acquittance pursuant to the above mentioned Sentence, is recognized as Group's debt until the approval of the Composition with Creditors of the rest of the Companies, being this one of the reasons why the individual accounts of Pescanova, S.A. show a debt which is significantly lower than the debt recognized in these consolidated annual accounts. In addition, all the debt of the Spanish subsidiary companies has been classified as current debt, for the same being considered due on 30 November 2014 as a consequence of their insolvent status. Despite of having considered a series of hypotheses and estimates based on the best information available at the date of preparation of these annual accounts, it is possible that events that may take place in the future or the obtaining of additional information other than the information currently available, could involve subsequent changes.

   The main estimate adopted refers to the calculation of the fair value of the novated debt: for which it has been considered an update market rate, for a business in the situation in which it is expected that the Pescanova Group will be after the acquittances provided.

3. Recognition of tax assets and tax liabilities. Deferred tax liabilities for a significant amount have been recognized, mainly, as a result of the application of acquittances as provided in the Composition with Creditors of Pescanova, S.A. and Pescafina, S.A.. At 30 November 2014, the Group has deferred tax assets to compensate almost all the mentioned liabilities. For the above mentioned corporate restructuring the said assets would be used in the short-term. On the other hand, pursuant to the prudence concept, at 30 November 2014, the Group has recognized deferred tax assets for an amount not higher than deferred tax liabilities.

4. Calculation of impairment loss of the different businesses of the Group. The calculation of the estimated fair value of the different businesses of the Group has been carried out by an independent and well known expert, pursuant to the going concern principle, taking into account the most likely scenario after the transactions in the proposal for Composition with Creditors have taken place.

In any case, the corporate restructuring included in Pescanova, S.A. Composition with Creditors, which has been taken as a basis for the preparation of these annual accounts, must be previously approved by its shareholders, pursuant to article 511 bis of the Companies Law, at an Extraordinary General Meeting of Shareholders of the Parent Company which is expected to be held in the second half of 2015.

For a better understanding of these annual accounts below is a proforma consolidated statement of financial position, prior to the recognition of the accounting impact arising from the corporate restructuring as provided in the Composition with Creditors of Pescanova, S.A.:

(In thousands of euros)

ASSETS	30/11/2014	31/12/2013
NON-CURRENT ASSETS	**498,597**	**763,684**
Intangible assets	2,739	6,852
Property, plant and equipment	427,243	650,060
Investments accounted for using the equity method of consolidation	74	1,386
Long-term investments	32,099	93,784
Deferred tax assets	36,442	11,602
CURRENT ASSETS	**666,860**	**588,297**
Non-current assets classified as held for sale	81,391	3,506
Inventories	283,351	260,642
Trade and other accounts receivable	176,180	168,177
Other current financial assets	25,009	16,154
Public Bodies	34,243	48,498
Other current assets	7,203	13,576
Cash and cash equivalents	59,483	77,744
TOTAL ASSETS	**1,165,457**	**1,351,981**

EQUITY AND LIABILITIES	30/11/2014	31/12/2013
EQUITY	**(616,571)**	**(2,268,243)**
Capital	172,426	172,426
Issue premium	121,618	121,618
Reserves	(2,550,903)	(1,833,874)
Retained consolidated earnings	1,654,402	(715,215)
Translation differences	(8,320)	(16,457)
Total net equity attributable to the shareholders of the Parent Company	(610,777)	(2,271,502)
Minority shareholders	(5,794)	3,259
NON-CURRENT LIABILITIES	**362,607**	**338,557**
Long-term provisions	7,683	8,274
Long-term liabilities	256,445	180,899
Notes and other negotiable securities	16,634	3
Other long-term financial liabilities	7,211	46,521
Deferred income	22,010	83,434
Deferred tax liabilities	52,624	19,426
CURRENT LIABILITIES	**1,419,421**	**3,281,667**
Liabilities related to Group of assets subject to change in control	176,699	-
Short-term financial debt	1,061,358	2,641,745
Short-term notes and other negotiable securities	-	396,295
Trade and other amounts payable	128,672	168,746
Payable to Public Bodies	36,521	44,110
Other current liabilities	16,171	30,771
TOTAL EQUITY AND LIABILITIES	**1,165,457**	**1,351,981**

<u>Change of date for the closing of the financial year of the Parent Company and its Group of Companies.</u>

In order to preserve a stable legal framework, which is indispensable in the complex context of the restructuring of Pescanova, arising from the application of the Composition with Creditors, the Shareholders at the Extraordinary General Meeting held on 27 November 2014 resolved to change the date for the closing of the financial year to 30 November and the amendment of the Articles of Association of the Parent Company accordingly. Thus, the Consolidated Income Statement for 2014 shows the performance of the operations carried out by the Group in the eleven month period started on 1 January and ended on 30 November 2014, whilst the 2013 Consolidated Income Statement, included for comparison purposes, summarizes the performance of the operation of the year (twelve months) 2013.

2) BASIS OF PRESENTATION OF THE CONSOLIDATED ANNUAL ACCOUNTS

A) True and fair view and accounting standards

The Consolidated Financial Statements of the Pescanova Group were prepared in accordance with the International Financial Reporting Standards (hereinafter "IFRS") adopted by the European Union, pursuant to Regulation (EC) Number 1606/2002 of the European Parliament and of the Council, effective for financial years starting on or after 1 January 2014, as well as the Commercial Code, the Companies Law and other applicable mercantile legislation

These annual accounts are prepared to give a fair view of the consolidated equity and consolidated financial position of the Group at December 31, 2014, the consolidated results of their operations, the changes in net consolidated equity and the consolidated cash flows in the Group for the eleven month period then ended (hereinafter the "financial year 2014").

These consolidated annual accounts of the Pescanova Group have been prepared on the basis of the accounting records kept by the Parent Company and by the other Group companies. Each company prepares its financial statements in accordance with the accounting principles and standards in force in the country in which it operates and, therefore, the required adjustments and reclassifications were made on consolidation to unify the policies and methods used and to make them compliant with IFRS.

The 2014 consolidated annual accounts of the Pescanova Group and the 2014 individual annual accounts of the companies that make up the Pescanova Group are still to be ratified by the respective General Meetings of Shareholders.

On the other hand, the 2013 individual annual accounts of Pescanova, S.A. and the 2013 consolidated annual accounts of the Pescanova Group were ratified by the Annual General Meeting of Shareholders held on July 1, 2014. At that same meeting, the shareholders ratified the redrafted individual and consolidated annual accounts for the financial years 2011 and 2012.

All figures in these consolidated annual accounts are shown in thousands of euros, except where noted, since the euro is the functional currency in which the majority of the transactions of the Pescanova Group are denominated.

As already mentioned in these notes, at 30 November 2014, almost all assets and liabilities of the Pescanova Group meet the "held for sale" definition, and the operations generated by the same are considered as discontinued operations.

Despite of the above, the management of the Group understands that the date on which assets and liabilities meet the requirements for being considered a held for sale is 30 November 2014, so the attached notes to the annual accounts show the movement under each heading that requires breakdown for the 11 month period ended on 30 November 2014, and the final balance of each of those tables is the balance transferred to the group of assets and liabilities classified as held for sale.

On the other hand, it is not compulsory to prepare segment reporting for the group of assets and liabilities classified as held for sale and it is only required to disclose subtotal cash flows. However, the management of the Pescanova Group has included detailed disclosures rather than the minimum requirement disclosures to make easier to understand the management of the business in 2014 and its comparison with 2013 for any user of these annual accounts.

B) Significant judgements and accounting estimates

The consolidated results and the determination of the consolidated equity are consistent with the accounting principles and policies, valuation criteria and estimates followed by the Board of Directors of the Parent Company in the preparation of the consolidated annual accounts.

Apart from the usual estimates incorporated in the processes of preparation of annual accounts which, basically, refer to the evaluation of impairment losses of certain assets, the useful life of non-current assets and the probability of occurrence of provisions, and in addition to what is mentioned in “Accounting and Corporate implications arising from the Composition with Creditors” in Note 1, for these consolidated annual accounts certain estimates made by the Management of the Parent Company and of companies in the consolidation scope have been used to quantify some of the assets, liabilities, income, expenses, and commitments that are recorded in them.

The Management of the Parent Company has made all estimates related to the duration of the business, negotiation timing and calculation of variables affecting estimates considering that the acquittance process as a whole and future corporate operations previously explained will take place as disclosed to the market. Thus the market value of the novated debt has been calculated considering the financial position once the insolvency process is concluded and taking into account the proposed acquittances, the resulting updated interest rate for the said debt being 8%. Also, for the calculation of the recoverable amount of the business in impairment testing projections have been made on a going concern basis and a discount rate has been calculated taking into account an average capital cost similar to that of a company with a risk and service profile similar to the corporate structure resulting from the insolvency proceedings and the acquittances proposed.

Below is the description of other most relevant judgements and estimates:

Valuation of non-current assets

The insolvency procedures currently underway may significantly affect the entire Group and at the same time create an uncertainty about the continuity of some operations, due to the important existing link, both at financial and commercial level, between all the companies in the Pescanova Group. This means that there is also an uncertainty about the evolution of the business (that is conditional, among other factors, to the fulfilment of the requirements set in the viability plan prepared by an independent consultant, see paragraph c) of this same Note), and as a consequence, about the year end valuation of non-current assets of the Group (mainly property, plant and equipment, intangible assets and tax assets) carried out by an independent expert.

Notwithstanding the above, the carrying amount recognized and obtained from the impairment test conducted on net assets classified as held for sale until the final approval of the composition with creditors of the subsidiary companies still underway is significantly negative and lower than the estimated market value.

Tax risks and other contingencies

The tax implication of the correction of errors made in the formulation of the 2012 annual accounts of the Parent Company as well as the approval of the Composition with Creditors of the Parent Company and of certain subsidiaries could mean the existence of other liabilities in addition to those recorded. All liabilities known and which can be objectively quantified have been recognized in these annual accounts.

As indicated in Notes to the 2013 Annual Accounts, and in Note 20 to these annual accounts, the facts known in the early months of 2013 and the insolvency process arising from the financial situation of the Group, has meant that several lawsuits have been filed against it; the final outcome could be damaging to its interests and have an impact on the consolidated annual accounts. At the date of preparing these consolidated annual accounts, such claims are still in the early stages so it is not possible to objectively estimate their respective final outcomes. In addition, there is a risk of future claims and lawsuits to be filed against the Group. On the other hand and also related to the situation and the facts that are causing these claims against the Group, in the case that the Group decides to bring claims against other parties involved, there may be contingent assets, whose future materialization would depend on the final outcome of any claims that the Group could file.

<u>Issues affecting the amounts recognized in the 2013 consolidated income statement which is included for comparison purposes:</u>

In the first months of 2013, until de opening of Pescanova, S.A. insolvency proceedings as well as in previous years, the Company formalized documentary credits based on proforma invoices which were not directly related to an effective trade of goods. In previous years, such transactions were not appropriately disclosed in the annual accounts of the Parent Company and some of its subsidiaries. In the 2013 annual accounts, financial debt was recognized based on the debt determined in the insolvency proceedings, taking into account the transactions carried out after 25 April 2013 and modifying the same. The calculation of financial expense from this procedure, accrued in 2013 and in previous years, was estimated based on the information available at the date of preparation of the 2013 annual accounts, and any possible difference between this figure and the amounts in fact accrued in each financial year are recognized under equity at 31 December 2013.

Taking into account all the above, and given the circumstances, the amounts arising from this procedure and recognized in the 2013 consolidated income statement attached are considered to be a reasonable and proper estimate.

On the other hand, in the first months of 2013, until de opening of Pescanova, S.A. insolvency proceedings, as well as in previous years, the Parent Company and other Group companies recorded a large number of purchase-sale transactions lacking economic substance and movement of goods. The purpose of these transactions, carried out with Group companies and companies outside the Group, was the obtaining of funds from banks by discounting promissory notes received for those transactions.

An extensive and detailed work was carried out in the preparation of the 2013 consolidated annual accounts in order to identify all transactions lacking economic substance and proceed to revert the estimated impact in the income statement of purchases and sales recognized in each relevant financial year.

C) Going concern

The Group's Consolidated Statement of Financial Position at 30 November 2014 recognizes a negative net equity of 616 million euros, working capital at that date is also negative.

This imbalance, mainly due to historic losses and the recognition of off-balance sheet financial liabilities or liabilities which have been netted with other items in accounting periods closed prior to the financial year 2012, involves the existence of an uncertainty about the Group's ability to continue operating.

However, the approval of the Proposed Composition with Creditors of Pescanova by Sentence of last 23 May 2014 has made possible to turn into positive the net equity of Pescanova, S.A., at 30 November 2014, and significantly improve the same in the Group of Companies in the consolidation scope in respect of those recognized at the end of 2013.

The mentioned Composition with Creditors of Pescanova, S.A., provides for the financial restructuring of the rest of the Spanish subsidiary companies, currently underway, as a necessary step to secure the future viability of the Group and the continuity of its operations. In this sense, the parent Company hired an independent consultant to prepare a viability plan of the Group's business (see Note 1). The main conclusions of this Report were the following:

- The Viability Plan concluded that the vertically integrated model of the Group is the appropriate one and also includes a separate analysis of all the Group's businesses.

- The Viability Plan showed the need for fresh money for operating working capital and investments in the projected financial years.

- With the said fresh money injection and in normal market conditions the Plan considers that the Group would achieve stability and a normal volume of transactions with a significant improvement in its operating result in the following years.

On the other hand, the Viability Plan did not consider other identified potential improvements, mainly associated to operating, commercial and organization efficiencies, while its implementation is associated to potential risks of different nature such as biological, regulatory, macroeconomic and operating risks.

Based on the fulfilment of this Viability Plan and the implementation of the approved Composition with Creditors, subject to: i) the appropriate restructuring and reshaping of the Group's debt and ii) the injection of fresh money included in the same, the Directors of the Parent Company understand that the businesses of the Pescanova Group will have the opportunity to continue with its operations, and therefore these annual accounts are prepared under the "Going Concern" principle.

Despite of this, the uncertainty over the Group's capacity to continue with its operations is still present under current circumstances, mainly referred to two fields:

- In the insolvency field, since some of the Group's companies are under insolvency proceedings (see Note 1), and therefore there is an intrinsic uncertainty about the outcome of the mentioned procedures.

- In the tax field, due to the existing uncertainty regarding tax contingencies originated prior to the declaration of the voluntary insolvency of the Parent Company and its subsidiaries, as well as for the economic impact of the income tax arising from the acquittance and deferral adopted by the Composition with Creditors of Pescanova, S.A. that could seriously affect the viability of the Group.

In these two fields, both the Board of Directors and the Monitoring Committee have focussed their efforts in the mitigation, to the possible extent, of such uncertainties and in making the sought continuity of the operations target to become true.

It has to be borne in mind that the Composition with Creditors of the Parent Company, reported to the market by relevant Event Notice given on 5 March 2014 and afterwards approved, considers several mergers and splits of Group companies that will end with the transfer of all current businesses of the Group, a well as its already restructured debt, to a new company (Nueva Pescanova), in which the Parent Company will hold 4.99% of the share capital. These operations will be submitted to the approval of the relevant General Meetings of Shareholders and, if approved, will likely be materialized earlier than 30 November 2015.

Apart from the above, the Directors of the Parent Company have considered that the financial position of the same is as described in Note 14.8.

D) Comparison of information.

As mentioned in Note 1, the Group has changed the date for the closing of the financial year, now being 30 November each year instead of 31 December. It is for this reason that the Consolidated Income Statement for 2014 shows the performance of the operations carried out by the Group over eleven months rather than over the 12 months as it w in the previous financial year.

On the other hand, and due to the application of IFRS 5 (see Note 1), all assets and liability items in the Consolidated Statement of Financial Position have been grouped under a single line under assets and liabilities respectively, while at 31 December 2013 these were separately recognized by nature.

These circumstances need to be taken into account for a proper interpretation of these annual accounts.

In the Consolidated Statement of Financial Position at 31 December 2013, which has been included for comparison purposes with the statement at 30 November 2014, shows the correction of certain errors detected affecting the financial year 2012 and previous years, for approximately 31 million euros. This correction of errors in previous years affecting mainly the headings property, plant and equipment and intangible assets (15 million euros), inventories (12 million euros), and amounts payable (1 million euros), have been made charged to reserves at 31 December 2012, pursuant to applicable accounting regulations.

E) Changes in accounting standards

Accounting standards used for the preparation of the 2014 consolidated annual accounts are the same as those used in the preparation of the 2013 consolidated annual accounts, except for the standards, amendments and interpretations published by IASB and the IFRIC adopted by the European Union for their application in Europe. The application of these standards has had no impact on the consolidated equity, financial position and results of the Pescanova Group.

F) New accounting standards and their impact on the consolidated annual accounts.

In 2014 new accounting standards have become effective and therefore have been taken into account in the preparation of these annual accounts. The following standards are being applied since 1 January 2014:

- "New package of consolidation standards: IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities, IAS 27 (Revised) Individual Financial Statements and IAS 28 (Revised) Investments in Associates and Joint Ventures": The amendment of the standards in the consolidation package has changed the definition of control; this new definition consists of three elements that must be fulfilled: the power over the controlled, the exposure or the entitlement to variable returns on the investment and the capacity to use such power so as to influence in the amount of such returns.

  Also, IFRS 11 Joint Arrangements, that replaces IAS 31, has introduced as its main change the elimination of the option of proportional consolidation for joint controlled entities (Joint Arrangements), which from now onwards will be accounted for using the equity method of consolidation.

- "Amendment of IAS 32 Financial Instruments: Offsetting financial assets and liabilities": This amendment provides that a financial asset and a financial liability shall be offset when, and only when, the entity currently has a legally enforceable right to set off the recognised amounts.

Similarly, other accounting standards have become effective as from 1 January 2014 (“Amendments to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets” and “Amendments to IAS 39 – 'Novation of Derivatives and Continuation of Hedge Accounting'”),

None of these have had a significant impact for the Group.

All accounting standards and measurement basis with a material effect on the 2014 consolidated annual accounts have been applied in their preparation.

G) Segment reporting

A business segment is a group of assets and transactions engaged in providing products or services subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment which is subject to risks and returns that are different from those other segments operating in other economic environments.

Most of the Group operations are vertically integrated and all the production processes, from the obtaining of seafood resources to their marketing, are carried out internally.

In addition, the countries where the Group undertakes the obtaining of seafood resources are not always those where its sales are materialized. In general, most of the sales take place in countries with similar risks and returns so geographical segment reporting is meaningless.

The Group has segmented its activity in the four divisions clearly differentiable: 1) fishing, 2) aquaculture, 3) processing and trade and 4) other services and activities of the holding companies, mainly.

After the forecast assignment of businesses mentioned in Note 1, the activity of Pescanova, S.A. will be the holding of financial investments.

The consolidated statement of financial position and the consolidated income statement in Note 6 provides detailed information by each of these four segments, even when segmented reporting is no longer relevant bearing in mind the classification as discontinued operations. The purpose of this segmented reporting if to give a view of the business management until the transfer of the businesses to “Discontinued Operations” and “Group of asses and liabilities subject to change in control”.

3) ACCOUNTING STANDARDS AND VALUATION RULES

The principal accounting standards and valuation rules used in preparing the accompanying consolidated financial statements were as follows:

3.1. Consolidation principles

a) Subsidiary Companies

Subsidiary companies are fully consolidated. “Subsidiary Companies” are those over which the Group has effective power, i.e. those companies over which the Parent Company exercises or is able to exercise, directly or indirectly, the power and control understood as the ability to manage the financial and operating policies of a company in order to obtain returns from its activities. In general, this circumstance is given, though not only in this cases, in which the Parent Company controls the majority of the voting rights, so this consolidation method has been used for all the companies in which the Parent Company has a higher than 50% shareholding.

The operations of the Parent and of the subsidiaries are consolidated in accordance with the following basic principles:

1. On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at fair value. Any excess of the cost of acquisition of the subsidiary over the fair value of its assets and liabilities, in proportion to the Parent’s ownership interest, is recognized as “goodwill”. Any deficiency of the cost of acquisition below the fair value of the assets and liabilities is credited to the consolidated income statement. Minority Shareholders’ ownership interest is recognized for the respective proportion of the fair value of identified assets and liabilities.

2. The interest of minority shareholders in the equity and results of the fully consolidated subsidiary companies is presented under “Shareholders’ Equity – Minority Shareholders” in the consolidated statement of financial position and under “Net result attributed to Minority Shareholders” in the consolidated income statement, respectively.

   When the losses attributable to minority shareholders are higher than their share in the capital of the parent company, such loss shall be allocated to minority shareholders even in the case of giving rise to a debit balance.

3. Financial statements of foreign companies with a functional currency other than the euro are translated to euros as follows:

   i. Assets and liabilities are translated to euros at the exchange rates prevailing on the date of the consolidated annual accounts.

   ii. Items in the Statement of Comprehensive Income are translated at the average weighed exchange rates for the year.

iii. Shareholders' equity items are translated using the historical exchange rate at acquisition date or at the average exchange rate of the year in which they were generated, (either as retained earnings or contribution made), as appropriately.

iv. Foreign exchange differences arising from the translation of financial statements are recorded under the heading "Shareholders' Equity – translation differences". (See Note 14.5).

4. The results from subsidiary companies acquired or disposed of in the reporting period are recognized in the Statements of Income from the effective date of acquisition or until the effective date of disposal.

5. Significant transactions and balances between fully consolidated companies have been eliminated in the consolidation process. Capital gains from the disposal of subsidiary companies within the Group are also eliminated.

6. Whenever necessary, the Annual Accounts of the subsidiary companies are adapted taking into consideration the uniformity of the respective accounting policies with those of the Group.

b) Business Combinations

An acquisition by which the Parent Company obtains the control of a subsidiary company constitutes a business combination which is to be accounted using the acquisition method. In subsequent consolidations, the elimination of the investment-net equity of the subsidiary companies shall be made, in general, based on the measurements resulting from applying the acquisition method described below on the date when control is obtained.

Business combinations are accounted using the acquisition method, for which it is necessary to determine the date of acquisition and the cost of the business combination, recognizing the identifiable acquired assets and assumed liabilities at fair value at that date.

The goodwill or the negative goodwill of the business combination is determined as the difference between the fair value of the assets acquired and liabilities assumed recognized and the cost of the combination, all of which referred to acquisition date.

The cost of the combination is determined as the sum of:

- The fair value of assets assigned, liabilities incurred or assumed and equity instruments issued at acquisition date; and

- The fair value of any contingent consideration dependable on future events or on the fulfilment of predetermined conditions.

Expenses related to the issue of equity instruments or financial liabilities in exchange of elements acquired are not part of the cost of the combination.

Subsequent changes of the contingent consideration fair value are adjusted against results, unless such consideration has been classified as equity, if this is so subsequent changes in fair value are not recognized.

In the exceptional case of a negative difference in the combination, this is charged to the consolidated result as income.

If at closing date of the financial year in which the business combination takes place the required valuation procedures to apply the acquisition method above described cannot be concluded this accounting is considered provisional and such interim measurements are reviewed over the time necessary, but never longer than one year, to obtain the required information. The effect of the review carried out in this period is accounted for retroactively, if necessary the information included for comparison purposes shall be amended.

c) Investments accounted for using the equity method of consolidation

An associated company is an entity over which the Group has significant influence, it has the power to participate in financial and operating policy decisions of the investee, but does not have control or joint control over those policies. Significant influence is generally presumed to exist when the Group owns (directly or indirectly) over 20% of the voting rights of the company.

Investments in associated companies are accounted for using the equity method of consolidation, initially measured at acquisition cost. In case the acquisition cost is higher than fair value of identifiable net assets, the excess is called goodwill and is recorded as a higher value under the heading “Investments accounted for under the equity method of consolidation”. In case the acquisition cost is lower than fair value of identifiable net assets, the difference is recorded as profit in the consolidated income statement of the reporting period.

Pursuant to the equity method of consolidation, the investment is initially recorded at acquisition cost, periodically these values are adjusted for the measurement of the share in the result from associated companies (see Note 15) and other changes arising from their equity (as a counterpart to free disposal reserves), as well as for the recognition of impairment losses.

Losses in associated companies higher than the investment made in the said entities are not recognized, except when the Group has assumed commitments with the said associated company.

Also, dividends received from these companies are recorded by decreasing the value of “Investments accounted for using the equity method of consolidation”.

Unrealized gains arising from transactions with associated companies are eliminated proportionally to the share in the associated company. Unrealized losses are equally eliminated but only if there is no evidence that the loss from the transferred assets arises from impairment.

At the end of the reporting period in 2014 and 2013, the value of investments accounted for using the equity method of consolidation was not significant.

d) Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group’s interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition.

The assets and liabilities acquired are measured provisionally at the date on which control is acquired, and the resulting value is reviewed in a maximum period of one year from the date of acquisition. Until the fair value of the assets and liabilities has been definitively determined, the difference between the cost of acquisition and the carrying amount of the company acquired is recognized provisionally as goodwill.

Goodwill is treated as an asset of the acquired company and, therefore, in the case of a subsidiary with a functional currency other than the euro, it is measured in the functional currency of that subsidiary and is translated to euros at the exchange rate prevailing at the date of the consolidated statement of financial position.

Goodwill was written off in full, for impairment losses, in the financial year 2012.

3.2 Intangible assets

Intangible assets mostly refer to the amounts paid in specific projects with future economic value and are recorded at acquisition cost, accumulated depreciation deducted, as well as impairment losses, if any.

Costs related to software maintenance are recorded when incurred as expense in the statement of comprehensive income, but not if those costs are associated to projects which future economic benefits for the Group are likely. In these cases, those costs are capitalized as intangible assets.

Intangible assets' useful lives can be finite or indefinite.

For intangible assets with a finite useful live amortisation is allocated on a systematic basis over the useful life. The amortisation method used reflects the pattern in which the assets are expected to be consumed by the Group. If such pattern cannot be reliably determined, the asset is amortised on a straight line basis. The amortisation charge for each period is recognized as an expense.

Intangible assets from which no foreseeable limit to the period over which the asset is expected to generate economic benefits are called indefinite useful life intangible assets. These assets are not amortised and are subject to annual impairment tests.

At the end of the reporting period in 2014 and 2013 the Group had the following assets of this type:

<u>Fishing licenses and rights</u>

They are recognized at cost less accumulated amortisation and accumulated impairment losses.

Licenses for which a cost has been recognized which have an indefinite useful life are not amortised. The Group, on a yearly basis, compares the carrying amount with the market value to assess any impairment. The net value of these assets at the end of the reporting period in 2013 and 2014 was not significant.

<u>Research and development expenses</u>

Expenditure on research (or on the research phase of an internal project) is recognized as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, the Group can demonstrate all of the following:

(a) The technical feasibility of completing the intangible asset so that it will be available for use or sale.

(b) Its intention to complete the intangible asset and use or sell it.

(c) Its ability to use or sell the intangible asset.

(d) How the intangible asset will generate probable future economic benefits. Among other things, the Group can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.

(e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

(f) Its ability to measure the expenditure attributable to the intangible asset during its development reliably.

After initial recognition, intangible assets arising from development are carried at cost less any accumulated amortisation and any accumulated impairment losses. Any expense qualified as asset is amortised over the period during which the output of the intangible asset is estimated to generate future sales.

The Group, on an annual basis, reviews each asset in this category for impairment. The net value of these assets at the end of the reporting period in 2013 and 2014 was not significant.

<u>Computer applications (Software)</u>

Licenses for acquired computer software, other than operating systems and programs without which the computers cannot work, are capitalized based on the cost incurred for buying them and getting them ready for use the specific programme.

These costs are amortised over an estimated useful life of 4 years.

The net value of these assets at the end of the reporting period in 2013 and 2014 was not significant.

3.3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognized impairment loss. Cost includes, as appropriate, the following:

1) Borrowing costs incurred during the construction period. The interest rate used is that which relates to specific-purpose financing or, if no such rate exists, the average financing rate of the company making the investment.

2) Personnel expenses directly related to assets in the course of construction. Capitalised amounts are recorded in the Consolidated Income Statement as expense under “Personnel Expenses” and as income under “Work in progress”.

The costs of expansion, modernisation or improvements leading to increased productivity, capacity or efficiency or to a lengthening of the useful lives of the property, plant and equipment are capitalised as a greater cost of the asset.

Replacements or renewals of complete items that lead to a lengthening of the useful life of the property, plant and equipment or to an increase in their economic capacity are recorded as additions to property, plant and equipment, and the items replaced or renewed are derecognized.

Periodic maintenance, upkeep and repair expenses are recognized in the income statement on an accrual basis as incurred.

Property, plant and equipment less, where appropriate, their residual value, are depreciated on a straight-line basis over the years of estimated useful life of the assets, which constitute the period over which the companies expect to use them, as shown in the table below:

	Depreciation rate %
Land and buildings	3 - 6 %
Technical installations and machinery	10 - 25 %
Fleet	4 - 20 %
Other property, plant and equipment	5 - 25 %

The carrying amount of property, plant and equipment is derecognized:

(a) on its sale or disposal by some method other than by sale; or

(b) when no future economic benefits are expected from its use, sale or disposal by some method other than sale.

The gain or loss arising from derecognition of property, plant and equipment is included in the income statement when the asset is derecognized.

The gain or loss arising from derecognition of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset.

The residual value and useful life of an asset is reviewed, at least, at each financial year end, if expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

Major inspection costs are recognized in the carrying amount of property, plant and equipment items as a replacement if the recognition criteria are satisfied.

The resulting carrying amount of such assets is reviewed for impairment, whenever events or changes in circumstances indicate that recoverable amount is below carrying amount.

Non-current assets related to “Project Finance”

Included in the consolidated scope there are serval companies whose corporate purpose is, in general, the development of a specific activity. The construction of the projects related to the development of such activity is funded through Project Finance Arrangements (non-recourse financing applied to a project).

In this regard, the base of the finance agreement between the company and the financial institution lies in the allocation of the cash flows the project generates to the repayment of the financing and to satisfying the financial load, with exclusion or quantified payment of whatsoever other asset resource, in such a way that the recovery of the investment by the bank is exclusively through the cash flows of the project financed, with subordination to whatsoever other debt to which the Non-Recourse Financing Applied to Projects is derived as long as the said finance has not been fully repaid.

Therefore, these non-recourse finance arrangements are applied only to specific business projects. Non-recourse financing applied to projects are usually secured by:

- Pledge of the shares of the project developers, granted by the shareholders.
- Assignment of collection rights.
- Limitations upon the availability of assets relating to the project.
- Compliance of debt coverage ratios.
- Payment of interest and dividends to the shareholders are subordinated to the compliance with such ratios.

3.4 Impairment of assets

The Group has assessed at the closing of 2014 and 2013 whether there was any indication that an asset or Cash Generating Unit (CGU), understood as each of the countries were the Group develops its activities, is impaired. If any such indication exists, or if an annual impairment test is required (in the particular case of intangible assets with indefinite useful life), the Group estimates the recoverable amount of the asset/CGU. The recoverable amount is the higher of the fair value less associated selling costs and value in use of the asset/CGU, and is determined for individual assets or for the CGU as a whole.

Whenever the carrying amount of an asset/CGU exceeds its recoverable amount, the asset/CGU is considered impaired, and its value is decreased to its recoverable amount.

The Group considers that the best evidence of an asset's fair value less costs to sell is the existence of an active market or price in a binding sale agreement in an arm's length transaction, adjusted for incremental costs that would be directly attributable to the sale or disposal of the asset.

If there is no binding sale agreement or active market for an asset/CGU, fair value less costs to sell is based on the best information available (by applying multiples of listed companies operating in the same activity sector, similar transactions, or by discounted future cash flow valuation method).

Sale or disposal costs, other than those recognized as liabilities, are deducted when calculating the fair value less cost to sell.

The Group has mainly based its assessments for recoverable amount in the estimated future cash-flows prepared by an independent advisor. These estimates incorporate an average annual accumulated growth in consolidated sales of 5% over a 3 year period. Most of the growth in projected sales in the Viability Plan attached to the proposal for Composition with Creditors arises from obtaining higher sales volume and maintaining the same selling prices. The Viability Plan also estimates a significant growth in operating margin (average consolidated EBITDA).

These projections cover the next 3 years, estimating the cash flow for future years by applying a global growth rate of 1% taking into account the existing link between all group businesses, which represents the estimated average Consumer Price Index (CPI) for the 2015-2019 period in Spain, Italy, France and Portugal that are the main consumer markets of the Pescanova Group.

These estimates are discounted to calculate their current value at a discount rate that reflects the weighted average cost of capital by business and geographical area. The latter has been determined using techniques such as the CAPM (Capital Asset Pricing Model). Its calculation takes into account the current cost of capital and the risks associated to the business and geographical area. For the purpose of this study the discount rates for each business segment range as follows:

	%
Fishing	8 - 13 %
Aquaculture	10 - 19 %
Processing	7 - 13 %
Trade	8 - 16 %

The Group discloses, for each class of assets, the amount of impairment losses recognized in the income statement and the line item or items of the consolidated income statement in which those impairment losses are included.

The Group assesses, at each closing date, whether there is an indication of reversal of impairment losses for an asset/CGU, other than goodwill, recognised in previous years. If such and indication exists, the Group estimates once again the recoverable amount of the asset/CGU. Impairment losses on goodwill are not reversible.

3.5 Financial instruments

A “financial instrument” is a contract that gives rise to a financial asset of one entity and, simultaneously, a financial liability or equity instrument of another entity.

a) Cash and other cash equivalents

Amounts included under the heading “Cash and other cash equivalents”, comprises cash on hand, demand deposits, time deposits and other cash applications, maturing in the short-term (three months or less) from date of contract, which are highly liquid and are readily convertible to cash and which are subject to an insignificant risk of changes in value.

At the closing of 2014, the balance under this heading consists of cash on hand and demand deposits amounting to 55,991 and 3,492 thousand euros, respectively (76,474 and 1,270 thousand euros, respectively, at the closing of 2013).

b) Accounts receivable

Accounts receivable are initially recognized at fair value and subsequently are measured at amortised cost using the effective interest method. In case the effect of financial updates is not significant, it shall be recognized at nominal value. When there is evidence of impairment losses, this loss is recorded in the income statement. The adjustment is measured by the difference between recognized receivables and the current value of cash flow estimated to be received, discounted at the effective interest.

c) Other financial assets

The recognition or derecognition of financial assets is recorded on the date when their inherent risks and advantages are substantially transferred, regardless the date of financial settlement.

Financial assets are initially recognized at acquisition cost, which is equivalent to the fair value of the compensation given, including expenses incurred in the transaction (except for financial assets carried at fair value with changes in profit and loss, which are charged to results).

These assets are classified under the following categories:

– Financial assets held to maturity.

– Financial assets at fair value through profit and loss.

– Financial assets held for sale

Financial assets held to maturity are investments negotiable in an active market with a definite maturity, that the Group has the intention and ability to hold to the date of maturity, they are classified as non-current assets except when their maturity is less than twelve months since the date of the statement of financial position. These assets are carried at amortized cost using the effective interest method, net of capital amortization and interests received. Impairment losses are recognized when the measured value is higher than the estimated value of discounted cash-flows at the effective interest rate determined at the time of initial recognition. If, in a subsequent reporting periods, the amount of the impairment loss decreases and the decrease is clearly attributable to an event which occurred after the impairment loss was recognized, the previously recognized impairment loss is reversed to the extent of the decrease. The reversal may not result in a carrying amount that exceeds the amortized cost that would have been determined as if no impairment loss had been recognized.

Financial assets carried at fair value with changes in profit and loss are recorded at fair value, by reference to their market value at the date of the statement of financial position, by deducting any transaction costs that may be necessary to incur until its sale. In situations where the investments are in equity instruments not admitted to trading on a regulated market, and for which it is not possible to reliably estimate their fair value, these assets are recognized at acquisition cost deducting any impairment loss, which will not be recoverable, except in the case of disposal of the corresponding asset.

Financial assets held for sale are recognized at fair value without deducting sale costs and are classified as non-current assets. Profit or loss arising from a change in fair value are recorded under shareholders' equity until the disposal of the investment, or when the said assets are impaired, at that time the accumulated profit or loss is recorded in the statement of comprehensive income. Those assets which are not publicly traded on a regulated market, and whose value cannot be reliably measured, are carried at acquisition cost adjusted for impairment losses.

d) Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Group are classified in accordance with their economic substance, regardless their legal form.

Equity instruments issued by the company are recorded under net shareholder' equity for the consideration received net of issue costs.

e) Bank loans

Loans are initially recorded under liabilities for the nominal amount received, net of associated issue expenses, which is equivalent to their fair value at that date. Subsequently, loans are measured using the amortised cost method, calculated pursuant to the effective interest method.

f) Accounts payable

Accounts payable are initially recognized at fair value and, subsequently, are measured for their amortised cost, in agreement with the effective interest method. In case the effect of financial updates is not significant, payables are recognized at nominal value, both initially and in subsequent reporting periods.

g) Derivative and hedge instruments

Derivatives held by the Group refer to interest rate hedging for the purpose of offsetting or significantly mitigate such risk in the underlying hedged operations.

Derivatives are initially measured at acquisition cost in the consolidated statement of financial position and are subsequently reviewed to show their fair value at any time, gains are recorded under the heading “Other Financial Investments – Financial Derivatives” while losses are recorded under the heading “Derivative Financial Instruments” in the consolidated statement of financial position. Gains or losses arising from such fluctuation are recorded, in case such derivative is designed as a hedging instrument and this is highly effective, and to the extent that such hedging instruments are effective, under the heading “Shareholders’ equity: Hedging Reserve”.

3.6 Inventories

Inventories are stated at the lower of weighted average acquisition cost and net realisable value.

In general, the Group measures its biological assets, consisting of farmed seafood at different growth stages, at fair value less estimated point-of-sale costs.

Biological assets arise from the aquaculture activity in which the Group is involved and refer to live fish (fish and crustaceans). The farmed species are salmon, turbot, shrimp and, to a lower extent, tilapia. These assets are always under control at the different farming sites according to the stage of their life-cycles. The first life stages take place in hatcheries and nurseries and afterwards are moved to grow-out sites located in coastal areas or in offshore sites. Due to the farming process, biological assets consist of live fish of different sizes, from newly born hardly days old to larger sizes, several months old or close to reaching their commercial size.

Biological assets are kept separately in tanks/ponds and offshore cages by age group and size. The number of individuals in each facility is known at any time by the tally of releases, harvest and deaths. To determine the biomass in each tank/pond and offshore cage, samplings of a reasonable number of individuals are made systematically. These samplings are indispensable and are done on a monthly basis to determine at any time the type of feed to be fed to each group of individuals and to study the need to transfer them to other tanks/ponds of cages as they grow.

Apart from these samplings, in the case of turbot, 100% the fish is counted since as they grow they are moved to different tanks, using laser counter sensors which accurately check the number of specimens moved.

The Group measures the different biological assets by grouping them by age and size.

For turbot, with a long life-cycle from birth to optimum commercial size, the measurement of the value at any time (similar size fish are kept in differentiated tanks) follows a curve that ends at the average value of the most recent market transactions which is used as an approximation to the fair value when the asset has reached the appropriate size for being sold.

For shrimp, with a short life-cycle of between 3 and 5 months to reach the most suitable commercial size, the measurement of the value at any time for each group which are kept at different ponds according to size, follows a curve that ends at the average value of the most recent market transactions which is used as an approximation to the fair value when the asset has reached the appropriate size for being sold.

These curves, which are reviewed and corrected every year, are drawn by including all direct and indirect costs, among which it is worth mentioning feed, labour, power, and other such as maintenance, amortisation, financial costs related to all the other production costs, according to the age of the fish/crustacean. It is also added the historical average net margin proportionally to the time that the fish or crustacean has been kept in the water.

3.7 Non-current assets held for sale and discontinued activities

The Group classifies non-current assets and disposal groups as held for sale if their carrying amount will be recoverable, mainly, through a sale transaction, rather than through their continuous use in the business. This condition is considered met only when the sale is highly probable and the non-current assets (or disposal groups) is, in present conditions, available for immediate sale. The Management is committed to the plan to sell the asset which implies that the sale is expected to be completed in the financial year following its classification as held for sale.

When the Group is committed to a sell plan associated to the loss of control of a subsidiary company, all the assets and liabilities in that subsidiary are classified as held for sale, when the above criteria have been met, regardless of the fact that the Group will keep a non-controlling equity interest in the subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Income and expenses from non-current assets held for sale and disposal groups that do not comply with the requirements to be classified as discontinued operations are included in the corresponding income statement lines according to their nature. When the requirements in IFRS 5 are complied with, entities must show in a single line of the statement of comprehensive income, the results from non-current assets held for sale and disposal groups. In addition, information shall be provided in the notes to the financial statements in accordance with the disclosure requirements described in IFRS 5.

Pursuant to IFRS 5.34, the Group includes, for comparison purposes, the 2013 disclosures regarding all activities which have been classified as discontinued operations in 2014, on a consistent basis.

As mentioned in Note 1, at 30 November 2014, all operations of the Group have been considered discontinued operations.

3.8 Deferred income

Official grants, including non-monetary grants at fair value, are recognised at their fair value when there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Official grants are systematically recognized as income over the period necessary to match them with the costs that they are intended to compensate or over the useful life of the related assets.

Amounts recognized for this concept, at 30 November 2014, are related to capital grants for which the requirements in each of the individual resolution for their granting are complied with and therefore their repayment is not expected. The difference between 31 December 2013 and 30 November 2014 corresponds; basically, to the transfer of grants received by the subsidiary company Acuinova Actividades Piscícolas to “non-current liabilities classified as held for sale”, since it is expected that the Parent Company will lose control over the assets of this company.

3.9 Provisions and contingent liabilities

Pursuant to IAS 37, in the formulation of the Consolidated Annual Accounts a difference is made between:

a) Provisions: creditor balances to cover present obligations arising from past events, whish will probably require an outflow or economic benefits to settle the obligation; and is a liability of uncertain amount and/or timing for its settlement.

b) Contingent liabilities: possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the Group's control.

The Statement of Financial Position includes all provisions regarding which it is considered that the probability to have to meet the obligation is greater than the probability that it will not. Unless considered remote, contingent liabilities are not recognized in the statement of financial position, but are reported in the notes to the financial statements.

Provisions are measured as the best estimate of the expenditure required to settle or transfer the present obligation at the end of the reporting period, taking into consideration the information available about the event and its consequences, the adjustments arising from the updating of such provisions are recorded as a financial expense as it becomes due.

Consideration received from third parties at the time of settlement of the obligation is recognized only when it is certain that the consideration will be received, the consideration is recorded as an asset except in case there is a legal link by which part of the risk has been externalized and pursuant to which the Group is not liable to meet the obligation; if this is so, the consideration will be taken into account to estimate the amount of the corresponding provision.

Contingent assets are not recognized in the Consolidated Annual Accounts but are reported in the notes when future economic benefits are expected.

3.10 Balances and transactions in foreign currency

Transactions in currencies other than the functional currency of each company are recorded in the functional currency of each company by applying the exchange rates prevailing at the date of the transaction. During the year, the differences that arise between the balances translated at the exchange rate prevailing at the date of the transaction and the balances translated at the exchange rate prevailing at the date of collection or payment are recorded as results in the consolidated income statement.

Also, balances receivable or payable at the closing of each financial year denominated in currencies other than the functional currencies in which the financial statements of the consolidated companies are denominated are translated to euros at the year-end exchange rates. The resulting translation differences are recognised as results in the consolidated income statement.

3.11 Current and non-current classification in financial statements

Current assets are those related to the normal operating cycle of the business, which in general is considered to be of one year (longer for the aquaculture business), and also those other assets whose maturity, disposal or realization is expected to occur within 12 months from the end of the financial year. Assets that do not meet these requirements will qualify as non-current.

Similarly, current liabilities are those related to the normal operating cycle of the business and, in general, all liabilities becoming due or extinct within 12 months. Otherwise, they are classified as non-current.

In case prior to the end of the reporting period the Group does not have an unconditional right to defer the settlement of the liability for at least twelve months after the date of the balance sheet, such liability is classified as current.

3.12 Income tax

Income tax expense or income comprises both current and deferred tax.

a) Current tax

Current tax is the tax payable by the Group for the financial year. Deductions and other tax benefits on the tax quota, excluding tax withheld and prepayments, as well as tax losses from previous years in fact offset in the financial year, give rise to a lower current tax.

b) Deferred tax

Deferred Tax expense or income corresponds to the recognition and settlement of deferred tax assets and liabilities. These include temporary differences between the carrying amount of the assets and liabilities and their taxable base, as well as the negative taxable bases pending offsetting and tax credit for deductions not applied.

Those amounts are recorded by applying the temporary difference or credit at the tax rates that are expected to be applied in the period when the asset is realised or the liability is settled.

All temporary taxable differences are recognized as deferred tax liabilities, except for those arising from the initial recognition of goodwill or of an asset or a liability in a transaction other than a business combination and that at the time of the transaction does not affect the accounting or taxable result.

Deferred tax assets are recognized for all deductible temporary differences, deductions pending application to the extent that it is probable that a taxable profit will be available against which the deductible temporary difference, the tax credit or the unused negative taxable bases can be used, except when the deferred tax asset regarding the deductible temporary difference arises from the initial recognition of an asset or a liability in a transactions other than a business combination and that at the time of the transaction, it does not affect the accounting or taxable result.

As regards to temporary deductible taxable differences related to investments in subsidiary companies, associated entities and joint ventures, deferred tax assets are recognized only to the extent that it is probable that those temporary differences are reverted in a foreseeable future and that there is a tax profit against which those temporary differences can be used.

At the end of each reporting period, the carrying amount of deferred tax assets is reviewed and adjusted when there are doubts about their future recovery. Deferred tax assets not recognized are reassessed at the closing date and are recognized to the extent that it is probable the future tax profit will allow the recovery of the deferred tax asset.

Deferred tax assets and liabilities are measured at the taxable rates that are expected to be applied in the period when the asset is realised or the liability is settled, based on the taxable rates (and tax legislation) enacted or about to be enacted at the end of the reporting period.

Deferred tax related to off income statement items are to be recorded off income statement. Deferred tax assets and liabilities are recorded in correlation with the related transaction, either in the statement of comprehensive income or directly under shareholders' equity.

Deferred tax assets and liabilities are offset when there is a legal right in force to offset current tax assets and liabilities and the deferred tax assets correspond to the same company and tax administration.

Taxable profit acquired as part of a business combination, which does not comply with the criteria for recognition at acquisition date, is subsequently recognized if there is information that facts or circumstances have changed. The adjustment is recorded as less value of goodwill (provided it is not higher than the amount of goodwill) when they are recorded in the assessment period, or in the income statement if otherwise recorded.

The Management of the Pescanova Group discloses in the statement of financial position the net amount for deferred tax liabilities corresponding to the debt acquittance of the Parent Company and deferred tax assets from negative taxable bases applicable to the Company arsing from impairment losses and loss of its own activity and the different Group businesses to the extent they can be realized in a foreseeable future, taking into account it is legally entitled to offset those assets and liabilities for them being of the same nature and being related to income taxes enforced by the same Tax Authorities, and furthermore, the existing tax position can be cancelled for the net amount which, in this case, is estimated to be null.

3.13 Income and expenses recognition

Income and expenses are recognised on an accrual basis.

Ordinary income is recognised when the gross inflow of economic benefits arising in the course of the Group's ordinary activities in the year, provided that this inflow of economic benefits results in increases in shareholders' equity other than those relating to contributions from equity participants and that these benefits can be measured reliably. Income is valued at the fair value of the consideration received or receivable arising there from

Income associated with the rendering of services is only recognised if it can be estimated reliably, by reference to the stage of completion of the transaction at the balance sheet date.

3.14 Result per share

Basic result per share is calculated by dividing the net result of the period attributable to the Parent Company by the weighted average number of ordinary shares in circulation during the period; the average number of own shares held by the Group are excluded for the calculation.

3.15 Dividends

Dividends from investees are recognized when the Group's right to receive the corresponding payment is established, which in general occurs when the shareholders resolve the payment of the dividend.

3.16 Cash-flow statements

The following terms are used in the consolidated cash flow statement prepared in agreement with the indirect method, with the meanings below specified:

Cash flows: inflows and outflows of cash and cash equivalents the latter being understood as investments with a term of less than three months, which are highly liquid and subject to an insignificant risk of changes in value.

Operating activities: these are the principal income-producing activities of the Group and activities other than investing or financing activities.

Investing activities: these consist of the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.

Financing activities: these are activities that result in changes in the size and composition of shareholders' equity and financial liabilities.

To the extent that at the closing of 2014 all the operations of the Group have been classified as held for sale (see Note 1), for the financial years 2014 and 2013 cash flow are also disclosed as from discontinued operations, though broken down as per the above concepts.

3.17 Leases

Leases are classified as: (i) financial lease if it transfers substantially all the risks and rewards incidental to ownership; and as (ii) operating lease, if it does not transfer substantially all the risks and rewards incidental to ownership.

Whether a lease is a finance lease or an operating lease depends on the substance of the transaction rather than the form of the contract.

Property, Plant and Equipment acquired through financial lease contracts, as well as the corresponding debt is accounted for using the financial method. Pursuant to this method, the cost of the asset is recognizes as property plant and equipment (the lower of, an amount equal to the fair value of the leased asset, or the current value of minimum payments for the lease), the corresponding debt is recognized under liabilities and the interest included in the quotas paid and the calculated depreciation, a described in section 4 of this Note, is recognized as an expense in the consolidated statement of comprehensive income in the corresponding period.

For operating leases, quotas paid are recorded as an expense in the consolidated statement of comprehensive income, on a straight line basis, for the duration of the lease contract.

3.18 Convertible Notes

In previous years, Pescanova concluded the placement of three issues of Convertible Notes among qualified and institutional investors.

At 31 December 2013, the Parent Company decided to recognize the total existing liability of the 3 Issues of Convertible Notes under current financial liabilities, since due to the conditions of those issues the Company was in default and therefore the notes were immediately redeemable by the holders of the same. This financial liability has been restructured in the financial year 2014 pursuant to the conditions of the Composition with Creditors previously described.

3.19 Severance payments

Pursuant to the legislation currently in force, the Parent Company and subsidiary companies are liable for severance payments to those employees who, under certain conditions, terminate their labour relationship and the Company has created a valid expectation on the part of those other parties that it will discharge those responsibilities. Therefore, severance pays susceptible of being reasonably quantified are recorded as an expense in the year when the dismissal decision is adopted.

4) PROFIT DISTRIBUTION/ALLOCATION

The proposal for distribution of the Parent Company's profit for the financial year 2014, that the Directors shall put to the vote of the Shareholders in General Meeting consists in the transfer to Negative Results from Previous Years the amount of 1,927,196 thousand euros corresponding to the profit for the year.

In the other hand, the General Meeting of Shareholders held on 1 July 2014 resolved the transfer to Negative Results from Previous Years the amount of 401,562 thousand euros corresponding to the loss for the year 2013.

There are no more limits for the payment of dividends other than those provided in articles 275 and following of the Companies Law.

5) DISCONTINUED OPERATIONS AND GROUP OF ASSETS SUBJECT TO CHANGE IN CONTROL

As explained in section "Accounting and Corporate consequences arising from the Composition with Creditors" in Note 1, And to the extent that the corporate restructuring process provided in the Composition with Creditors ratified for the Parent Company requires the incorporation of a new company (Nueva Pescanova) which, after the corresponding approval by the Shareholders in General Meeting, would be the holder of all the current businesses of the Group, and over which Pescanova, S.A. will have no control, from the point of view of Pescanova, S.A., the future recovery of the businesses would not be through the continued use but a transaction equivalent to a sale, whose price has been estimated from the approved Composition with Creditors. It is for this reason that all assets and liabilities to be assigned are grouped under the headings "Group of assets subject to change in control" and "Liabilities related to Group of assets subject to change in control" in the attached Consolidated Statement of Financial Position at 30 November 2014, since, in 2014, all the operations of those businesses are classified under "Discontinued Operations" in the attached Consolidated Income Statement for the financial year 2014. In applying the mentioned financial reporting standard, the Consolidated Income Statement for the financial year 2013 is shown accordingly. The date considered for the related group of assets and liabilities to comply with the requirements for being classified as non-current and as discontinued operations, has been 30 November 2014, closing date for these annual accounts, as the Directors of the Parent Company understand that on this date all the requirements for this classification are met, mainly the one-year period so that all the steps agreed upon and leading to Pescanova, S.A. losing control of the current business are concluded, whilst in previous interim closing periods such circumstance was not met. Therefore the classification of assets and liabilities and the result from discontinued operations is the transfer of the accounting data of a going concern up to 30 November 2014.

Despite of the fact that pursuant to IFRS 5 disclosures requirements related to discontinued operations are quite limited, the Group has decided to provide additional information to improve the understanding of the operations in the financial year 2014.

5.1 Discontinued operations

A) Ventas

Below is the allocation of net turnover of the Pescanova Group for the financial years 2014 and 2013:

(Thousand of euros)	2014 (11 months)	2013 (12 months)
Sales	881,656	1,024,358
Services rendered	19,423	22,639
	901,079	**1,046,997**

In Note 6 there is a detail of sales by business and geographical areas.

B) Supplies

The breakdown of this heading in the Consolidated Income Statement for 2014 and 2013 is as follows:

(Thousands of euros)	2014 (11 months)	2013 (12 months)
Purchase of goods for resale	320,171	427,695
Purchase of raw material and other	198,683	214,005
Purchase of consumables and other	50,709	58,295
Volume discount	(1,041)	(400)
+/- Change in inventories	(16,566)	(13,876)
	551,956	**685,719**

The breakdown of purchases made by the Group in the financial year 2014 by geographical origin is as follows:

(Thousands of euros)	2014 (11 months)
Spain	112,956
Euroepan Union	44,195
Other countries	411,371
	568,522

C) Personnel expenses

The breakdown of this heading in the Consolidated Income Statement for 2014 and 2013 is as follows:

(Thousands of euros)	2014 (11 months)	2013 (12 months)
Wages and salaries	114,697	127,106
Social security	32,616	32,679
	147,313	**159,785**

Average headcount by category, including permanent and temporary employees, in 2014 and 2013 is as follows:

	2014	2013
Senior executives	132	151
Sales delegates	65	128
Other technical staff	1,608	1,860
Managers and administration officers	925	1,031
Qualified & unqualified w orkers	9,615	8,436
	12,345	**11,605**

Headcount at 31 November 2014 consists of 8,267 men and 4,695 women.

At 30 November 2014, the Group had hired 49 employees with a higher than 33% disability.

D) Other operating expenses

The breakdown of this heading in the Consolidated Income Statement for the financial years 2014 and 2013 is as follows:

(Thousands of euros)	2014 (11 months)	2013 (12 months)
External services	119,886	137,890
Taxes otehr than income tax	10,306	11,942
Other operating expenses	14,813	24,953
	145,005	**174,785**

E) Net Financial Result

The breakdown of this heading in the Consolidated Income Statement for the financial years 2014 and 2013 is as follows:

(Thousands of euros)	2014 (11 months)	(12 months)
Financial income	1,954,195	7,446
Financial expense	(103,961)	(211,465)
Result from companies under the equity method of consolidation	(2,269)	(1,299)
Foreign exchange differences, net	2,440	(12,673)
Other financial results	(198)	(725)
Result from loss of control over companies in the consolidation scope	-	4,674
Impairment loss and result from disposal of financial instruments	(68,310)	(5,767)
	1,781,897	**(219,809)**

Almost all the “Financial income” for the financial year 2014 corresponds to the recognition, on a consolidated basis, of the acquittance resulting from the approval of the composition with creditors of the Parent Company and the subsidiary company Pescafina, S.A. (see Note 1), as well as to the recognition of the financial update of the novated debt.

F) Other results from discontinued operations

In 2014 the result from the operations carried out by the company Acuinova Actividades Piscícolas is recognized under this heading, to the extent that they have been considered “Discontinued Operations” since the beginning of the financial year and are operations over which the Group foresee the loss of control; this heading includes, among other the impairment loss on non-current assets amounting to 41,320 thousand euros (see Notes 9.2 and 9.3). The balance recognized for the financial year 2013 also includes the operations undertaken by the subgroup of Chilean companies whose operations were discontinued in the financial year 2013.

G) Income Tax

Income tax for the financial years 2014 and 2013 is as follows:

(Thousands of euros)	2014 (11 months)	2013 (12 months)
Current tax:		
Corporate income tax expense for the financial year	(12,322)	(33,596)
Deferred tax:		
Temporary differences expense	(2,507)	-
Corporate tax on income from continuing and discontinued operations recognized in the income statement	**(14,829)**	**(33,596)**

The calculation of the income tax expense of the Pescanova Group for the financial year 2014 is shown below:

(Thousands of euros)	2014 (11 months)
Consolidated income before tax	**1,664,393**
Permanent differences	
Consolidation adjustments from reverted acquittance (note 7.3)	668,000
Other differences, net (mainly tax non deductible provisions)	(85,829)
Loss from companies for which no tax credit has been recognized	129,262
Adjusted income	**2,375,826**
Corporate income tax expense calculated at the tax rate of the Parent Company (30%)	712,748
Effect from the use of different tax rates and other	3,070
Net income from the capitalization of tax credits	(700,989)
Corporate income tax expense	**14,829**

Corporate tax expense is calculated at the tax rate in each of the countries where the Group undertakes its activities. The tax rate of the year is lower than the general tax rate for the Spanish Corporate Tax (30%), since in many countries where the Group operates the tax rate can be lower.

On 23 May 2014, the Court issued a Sentence pursuant to which the Compositions with Creditors as proposed by Pescanova, S.A. and Pescafina, S.A. (see Note 1) were officially adopted. This Composition proposals included a Payment Schedule that takes into account the acquittances and payment deferrals regarding amounts and contractual terms of the insolvency debt. The Directors of the Parent Company consider that the new terms for the debt repayment are substantially different, and therefore the original financial liabilities have been derecognized, and now financial liabilities have been recognized at fair value. The difference has been recognized under “Financial income arising from composition with creditors”, under the heading “Net financial result” in the 2014 consolidated income statement attached. In this sense, article 133 of the Insolvency Law provides that a composition will become fully effective since the date of the sentence approving it, unless a remedy of appeal is lodged and it becomes affected by the consequences of the suspension agreement adopted by the Judge pursuant to section 5 of article 197 of the Insolvency Law.

Pursuant to Royal Decree Law 4/2014 of 7 March 2014, a new section is included in article 19 of the Corporate Tax Law (ruling on the temporary charge of the Corporate Income Tax), according to which, for the assumption of acquittances and deferrals arising from the application of Law 22/2003, of 9 July, on Insolvency:

a. The recognized accounting income shall be included in the taxable base of the debtor while financial expenses arising from that debt are subsequently recognized up to the limit of the mentioned income.

b. However, if the accounting income is higher than the financial expenses arising from the same debt and pending recognition, its inclusion in the taxable base shall be made proportionally to the financial expenses recognized in each taxable period in respect of the total financial expenses pending recognition and arising from the same debt.

The recognition of the accounting income after approval of the compositions of Pescanova, S.A. and Pescafina, S.A., has meant a tax impact of 731 million euros, approximately, calculated at the tax rate currently in force. Once applied the negative taxable bases existing in both companies at 30 November 2014 and taking into account the remaining tax assets of the Pescanova Group (basically arising from losses in companies in the consolidation scope which had not recognized tax credits and impairment losses on assets), the Directors of the Parent Company consider that at 30 November 2014, the total amount of recoverable tax assets of the Group is higher than that the amount of tax liabilities and, consequently, enough deferred tax assets have been recognized to offset the tax liabilities and up to the limit of the same (see section "Accounting implications arising from the Composition with Creditors" in Note 1 and Note 7).

The breakdown of Group's tax assets at 30 November 2014 to offset the mentioned liabilities is as follows:

(Millions of euros)	**2014**
Accounting income from acquittance recognized in individual companies	2,436
Less - Part of reverted acquittance in the consolidated annual accounts (from cross-collateralization - see Note 15)	(668)
Net tax income from acquittance in the consolidated annual accounts	**1,768**
Tax assets for offsetting purposes:	
Tax loss carryforw ard from Pescanova, S.A. and Pescafina, S.A. arising from impairment losses fron ow n assets or from assets in other companies	
- Financial year 2009	524
- Financial year 2010	247
- Financial year 2011	260
- Financial year 2012	89
- Financial year 2013	135
- Financial year 2014	55
Financial expenses not deducted in previous financial years by Pescanova, S.A. and Pescafina, S.A.	373
Impairment loss on assets recognized in the consolidated annual accounts	367
Minimum amount of the Group's tax assets at 30 November 2014	**2,050**

From the above table it is noted that at 30 November 2014 the Group's tax assets are higher than its tax liabilities. Nevertheless, for prudence reasons, the Group has decided not to recognize tax assets higher than its tax liabilities. On the other hand, and in applying the financial reporting standards applicable to the Group, at 30 November 2014, deferred tax assets and deferred tax liabilities have been offset in those case where it was possible to do so (see Note 7).

The reconciliation of the accounting income of the Group to consolidated taxable income for Corporate Income Tax in 2013 was as follows:

(Thousands of euros)	**2013**
Consolidated accounting income before tax	(686,198)
Permanent differences:	
From individual companies (Spain)	(13,856)
Temporary differences:	
Originated in the financial year	469,578
Offsetting of tax losses from previous years	(511)
Other adjustments	122,104
Tax basis (taxable income)	**(108,883)**

The calculation of the Group's tax expense in 2013 is shown below:

(Thousands of euros)	2013
Consolidated income before tax	**(686,198)**
Permanent differences:	(13,856)
Offsetting of tax losses from previous years	(511)
Adjusted accounting income	**(700,565)**
Total tax expense	(32,665)
Deductions originated in the financial year	-
Total tax expense	**(32,665)**
Average effective tax rate	**4.66%**

5.2 Group of assets and liabilities subject to change in control

The following Notes provide details of the main assets and liabilities subject to change in control, as included in Note 1, by nature.

6) SEGMENT REPORTING

6.1 Segment reporting by business division

The Group is vertically integrated and its companies carry out the whole process from the obtaining of seafood resources to their marketing. The countries where the Group undertakes the obtaining of seafood resources are different to those where its sales are materialized. In general, most of the sales take place in countries with similar risks and returns so geographical segment reporting is meaningless.

The Group has segmented its activity in the four divisions clearly differentiable: 1) fishing, 2) aquaculture, 3) processing and trade and 4) other services and activities of the holding companies, mainly.

Transactions between segments are made at market prices, expenses and results for each segment include transactions between them that have been eliminated on the consolidation process.

Since the corporate structure of the Group coincides, basically, with the business structure and segments the disclosure by segments is based on the financial information of the companies making up each segment.

As mentioned in Note 1, at the closing of 2014, all the operations of the Group have been classified as "Discontinued Operations".

Below is the detail of the main concepts of the discontinued operations of the Group by segment, for the financial years 2014 and 2013:

Financial Year 2014

Consolidated income statement

Thousands of euros	Fishing	Aquaculture	Processing & Trade	Holding & Other	Consolidation adjustments	Consolidated result
CONTINUING OPERATIONS	**--**	**--**	**--**	**--**	**--**	**--**
DISCONTINUED OPERATIONS						
Sales	192,966	451,625	709,842	60,884	(514,238)	901,079
Supplies	(65,122)	(349,341)	(585,213)	(51,085)	498,805	(551,956)
GROSS PROFIT	**127,844**	**102,284**	**124,629**	**9,799**	**(15,433)**	**349,123**
Personnel expenses	(58,827)	(43,694)	(40,455)	(4,337)	--	(147,313)
Other operating expenses, net	(49,224)	(32,655)	(68,721)	(1,951)	14,185	(138,366)
OPERATING RESULT BEFORE DEPRECIATION, PROVISIONS AND OTHER	**19,793**	**25,935**	**15,453**	**3,511**	**(1,248)**	**63,444**
Non-current assets depreciation	(7,302)	(23,969)	(9,644)	(1,463)	238	(42,140)
Impairment loss on non-current assets	(14,440)	(24,256)	(780)	(1,800)	--	(41,276)
Other results	(13,428)	(8,605)	(567)	(12,831)	(2,393)	(37,824)
GROSS OPERATING RESULT	**(15,377)**	**(30,895)**	**4,462**	**(12,583)**	**(3,403)**	**(57,796)**
Net financial result	(15,301)	(49,565)	21,228	1,866,065	(40,529)	1,781,898
Other result from discontinued operations	--	(57,954)	(10)	--	(1,745)	(59,709)
RESULT BEFORE TAX	**(30,678)**	**(138,414)**	**25,680**	**1,853,482**	**(45,677)**	**1,664,393**
Corporate income tax	(2,781)	(3,073)	(7,783)	(1,192)	--	(14,829)
CONSOLIDATED RESULT	**(33,459)**	**(141,487)**	**17,897**	**1,852,290**	**(45,677)**	**1,649,564**
NET RESULT ATTRIBUTABLE TO THE PARENT COMPANY	**(30,641)**	**(139,933)**	**18,363**	**1,852,290**	**(45,677)**	**1,654,402**
Net result attributable to minority shareholders	(2,818)	(1,554)	(466)	--	--	(4,838)

"Consolidation adjustments" for sales and supplies correspond, mainly, to the elimination of transactions carried out between different Group companies.

Consolidated statement of financial position

Thousands of euros	Fishing	Aquaculture	Processing & Trade	Holding & Other	Consolidation adjustments	Consolidated result
NON-CURRENT ASSETS	**105,281**	**304,668**	**151,087**	**1,963,094**	**(2,025,533)**	**498,597**
Property, plant and equipment	94,597	247,396	69,961	51,964	(36,675)	427,243
Other non current assets	7,337	56,475	48,827	1,911,130	(1,988,857)	34,912
Deferred tax	3,347	797	32,299	--	(1)	36,442
CURRENT ASSETS	**134,952**	**293,531**	**317,248**	**75,279**	**(154,150)**	**666,860**
Inventories	48,524	99,848	126,700	8,279	--	283,351
Trade and other amounts receivable	53,723	91,341	152,495	28,363	(149,742)	176,180
Other current assets	21,176	11,066	18,072	20,549	(4,408)	66,455
Cash and cash equivalents	11,529	9,885	19,981	18,088	--	59,483
Non-current assets classified as held for sale	**--**	81,391	--	--	--	81,391
TOTAL ASSETS	**240,233**	**598,199**	**468,335**	**2,038,373**	**(2,179,683)**	**1,165,457**
SHAREHOLDERS' EQUITY	**(28,275)**	**(261,651)**	**71,395**	**1,164,897**	**(1,562,937)**	**(616,571)**
Share capital	250,667	111,028	88,508	196,018	(473,795)	172,426
Issue premium	250	1,435	1,650	912,565	(794,282)	121,618
Other reserves	(217,827)	(227,865)	(36,611)	(1,796,331)	(272,970)	(2,551,604)
Reserves from Associated companies	185	--	--	--	516	701
Translation differences	(29,851)	(4,762)	(49)	355	25,987	(8,320)
Retained earnings	(30,641)	(139,933)	18,363	1,852,290	(45,677)	1,654,402
Minority shareholders	(1,058)	(1,554)	(466)	--	(2,716)	(5,794)
NON-CURRENT LIABILITIES	**138,807**	**276,798**	**99,761**	**164,022**	**(316,781)**	**362,607**
Long-term financial debt	32,455	58,488	34,833	130,666	--	256,442
Notes and other negotiable securities	3	--	--	16,634	--	16,637
Deferred tax	8,871	--	43,753	--	--	52,624
Other non-current liabilities	97,478	218,310	21,175	16,722	(316,781)	36,904
CURRENT LIABILITIES	**129,701**	**583,052**	**297,179**	**709,454**	**(299,965)**	**1,419,421**
Trade and other short-term amounts payable	82,845	213,304	135,459	42,664	(345,600)	128,672
Short-term recourse financial debt	35,362	181,776	144,921	653,665	45,634	1,061,358
Payable to Public Bodies	7,788	6,523	9,817	12,393	--	36,521
Other current liabilities	3,706	4,750	6,982	732	1	16,171
Non-current liabilities classified as held for sale	**--**	176,699	--	--	--	176,699
TOTAL EQUITY AND LIABILITIES	**240,233**	**598,199**	**468,335**	**2,038,373**	**(2,179,683)**	**1,165,457**

Financial year 2013

Consolidated income statement

Thousands of euros	Fishing	Aquaculture	Processing & Trade	Holding & Other	Consolidation adjustments	Consolidated result
CONTINUING OPERATIONS	--	--	--	--	--	--
DISCONTINUED OPERATIONS						
Sales	222,833	465,870	850,787	86,308	(578,801)	1,046,997
Supplies	(100,545)	(368,487)	(708,798)	(85,883)	577,994	(685,719)
GROSS PROFIT	**122,288**	**97,383**	**141,989**	**425**	**(807)**	**361,278**
Personnel expenses	(57,953)	(48,309)	(45,231)	(7,064)	(1,228)	(159,785)
Other operating expenses, net	(46,162)	(35,286)	(85,499)	(8,518)	5,945	(169,520)
OPERATING RESULT BEFORE DEPRECIATION, PROVISIONS AND OTHER	**18,173**	**13,788**	**11,259**	**(15,157)**	**3,910**	**31,973**
Non-current assets depreciation	(8,062)	(30,792)	(11,156)	(1,412)	(1,027)	(52,449)
Impairment loss on non-current assets	(36,946)	(92,230)	(10,588)	(2)	889	(138,877)
Other results	(13,794)	(26,353)	(16,658)	(99,279)	7,595	(148,489)
GROSS OPERATING RESULT	**(40,629)**	**(135,587)**	**(27,143)**	**(115,850)**	**11,367**	**(307,842)**
Net financial result	(26,045)	(22,819)	(20,522)	(139,362)	(11,061)	(219,809)
Other result from discontinued operations	(4,436)	(60,272)	(44)	--	(92,864)	(157,616)
RESULT BEFORE TAX	**(71,110)**	**(218,678)**	**(47,709)**	**(255,212)**	**(92,558)**	**(685,267)**
Corporate income tax	(29,881)	608	(303)	240	(4,260)	(33,596)
CONSOLIDATED RESULT	**(100,991)**	**(218,070)**	**(48,012)**	**(254,972)**	**(96,818)**	**(718,863)**
NET RESULT ATTRIBUTABLE TO THE PARENT COMPANY	**(97,839)**	**(217,798)**	**(47,788)**	**(254,972)**	**(96,818)**	**(715,215)**
Net result attributable to minority shareholders	(3,152)	(272)	(224)	--	--	(3,648)

Consolidated statement of financial position

Thousands of euros	Fishing	Aquaculture	Processing & Trade	Holding & Other	Consolidation adjustments	Consolidated result
NON-CURRENT ASSETS	**211,213**	**423,981**	**131,668**	**1,317,361**	**(1,320,539)**	**763,684**
Property, plant and equipment	170259	390,135	81,335	18,571	(10,240)	650,060
Other non current assets	34785	29,741	49,005	1,298,790	(1,310,299)	102,022
Deferred tax	6,169	4,105	1,328	--	--	11,602
CURRENT ASSETS	**159,098**	**288,328**	**408,498**	**224,492**	**(492,119)**	**588,297**
Inventories	57,216	107,528	107,516	2,554	(14,172)	260,642
Trade and other amounts receivable	58,577	133,677	220,543	22,737	(267,357)	168,177
Other current assets	25,588	28,698	45,012	47,621	(68,691)	78,228
Cash and cash equivalents	17,717	16,290	35,427	8,304	6	77,744
Non-current assets classified as held for sale	--	2,135	--	143,276	**(141,905)**	3,506
TOTAL ASSETS	**370,311**	**712,309**	**540,166**	**1,541,853**	**(1,812,658)**	**1,351,981**
SHAREHOLDERS' EQUITY	**(30,746)**	**(82,494)**	**59,988**	**(1,965,846)**	**(249,145)**	**(2,268,243)**
Share capital	278,619	125,708	90,067	186,965	(508,933)	172,426
Issue premium	944	1,436	1,651	121,618	(4,031)	121,618
Other reserves	(182,181)	4,756	16,743	(2,019,457)	344,861	(1,835,278)
Reserves from Associated companies	190	--	--	--	1,214	1,404
Translation differences	(29,047)	3,682	(461)	--	9,369	(16,457)
Retained earnings	(97,839)	(217,798)	(47,788)	(254,972)	(96,818)	(715,215)
Minority shareholders	(1,432)	(278)	(224)	--	5,193	3,259
NON-CURRENT LIABILITIES	**120,351**	**432,824**	**28,772**	**10,337**	**(253,727)**	**338,557**
Long-term financial debt	14,085	163,616	3,198	--	--	180,899
Notes and other negotiable securities	3	--	--	--	--	3
Deferred tax	12,468	4,417	2,541	--	--	19,426
Other non-current liabilities	93,795	264,791	23,033	10,337	(253,727)	138,229
CURRENT LIABILITIES	**280,706**	**361,979**	**451,406**	**3,497,362**	**(1,309,786)**	**3,281,667**
Trade and other short-term amounts payable	187445	176,890	153,439	965,043	(1,314,071)	168,746
Short-term notes and other negotiable securities	--	--	--	396,295	--	396,295
Short-term non-recourse financial debt	--	83,434	--	--	46,925	130,359
Short-term recourse financial debt	80053	89,325	278,368	2,110,567	(46,927)	2,511,386
Payable to Public Bodies	5121	5,560	13,365	17,578	2,486	44,110
Other current liabilities	**8,087**	6,770	6,234	7,879	1,801	30,771
TOTAL EQUITY AND LIABILITIES	**370,311**	**712,309**	**540,166**	**1,541,853**	**(1,812,658)**	**1,351,981**

6.2 Segment reporting of income by most relevant products and services

The breakdown of net turnover from ordinary activity of the Pescanova Group, by most relevant products and services, is as follows:

	2014 (11 months)		2013 (12 months)	
	Percentage	(Thousand euros)	Percentage	(Thousand euros)
Wild caught	45.0%	405,485	46.6%	487,900
Farmed	38.3%	345,113	38.5%	403,094
Processed	11.0%	99,119	10.4%	108,888
Other	5.7%	51,362	4.5%	47,115
	100.0%	**901,079**	**100.0%**	**1,046,997**

6.3 Segment reporting of income by geographical area

The Group operates in three differentiated geographical areas – Spain, the European Union and other countries outside the European Union. The breakdown of net turnover from ordinary activity of the Pescanova Group in the financial years 2014 and 2013, by geographical areas, is as follows:

	2014 (11 months)		2013 (12 months)	
	Percentage	(Thousand euros)	Percentage	(Thousand euros)
Sales in Spain	40.7%	366,739	39.2%	410,423
Sales in the EU	31.1%	280,236	29.3%	306,770
Sales outside the EU	28.2%	254,104	31.5%	329,804
	100.0%	**901,079**	**100.0%**	**1,046,997**

6.4 Segment reporting of income by most relevant customers

In 2014 and 2013, there is no customer representing more than 10% of the total turnover of the Group.

7) TAXES

Until 2011 the Parent Company was declaring taxes on a consolidation basis as the Parent Company of the Group 19/90; the following companies made up this Group: Frigodís, S.A., Frinova, S.A., Pescafresca, S.A., Bajamar Séptima, S.A., Frivipesca Chapela, S.A., Pescanova Alimentación, S.A., Novapesca Trading, S.L., Insuiña, S.L., Pescafina, S.A., Pescafina Bacalao, S.A., Acuinova, S.L., Fricatamar, S.L., and Marina Esuri, S.L.

In 2013, pursuant to Order dated 25 April 2013, declaring the opening of Insolvency Proceedings of the Parent Company, meant the break-up of the Tax Group at 31 December 2013. However, the redrafting of the 2011 individual annual accounts of the Parent Company showed an equity imbalance inferred at year end 2010 (through the analysis of the figures included for comparison purposes in the said redrafted accounts) which continued at year end 2011. The mentioned individual annual accounts of the Parent Company showed losses emerging as part of the insolvency proceedings, which proved that the equity imbalance already existed in 2010; therefore it is considered that the last year for declaring taxes on a consolidated basis was 2009.

The retrospective redrafting of the 2011 annual accounts of the Parent Company and the emergence of the tax group break-up in 2010 made necessary to retrospectively file, in 2014, the corporate tax returns of the companies that made up the said tax group, by filing supplementary consolidated tax returns for 2009 and individual tax self-assessments for the following years of each of the companies previously incorporated in the Tax Group.

Tax returns cannot be considered definite until they have been reviewed by the tax inspection authorities or the relevant period during which they are open for review has elapsed. In general, at 30 November 2014, tax returns, of the last 4-5 years, are open for review by the tax authorities in each country were the Pescanova Group operates.

In July 2013, the tax authorities started the inspection and review of Parent Company's tax returns for the following concepts and periods:

- Corporate income tax: from 2008 to 2011

At the time of preparation of these annual accounts the above reviews are still underway.

7.1 Tax recognized under Shareholders' Equity

At the closing of the financial years 2014 and 2013, there is no tax recognized under Shareholders' Equity for a significant amount.

7.2 Balances with Public Bodies

The breakdown of the current balances kept with Public Bodies at the closing of the financial years 2014 and 2013 is as follows:

Receivable from Public Bodies (Thousands of euros)	30/11/2014(*)	31/12/2013
Corporate tax	8,434	7,020
Income tax	1,378	114
Indirect taxes	22,043	38,745
Other	2,388	2,619
	34,243	**48,498**

Payable to Public Bodies (Thousands of euros)	30/11/2014(*)	31/12/2013
Corporate tax	19,740	10,726
Income tax	1,444	1,829
Indirect taxes	1,609	5,662
Payable to Social Security	6,335	5,734
Other	7,393	20,159
	36,521	**44,110**

(*) At 30 November 2014, all these balances are classified as "Group of assets and liabilities subject to change in control".

7.3 Deferred tax

At the end of the financial years 2014 and 2013, the detail and movement of assets and liabilities for deferred tax is shown below:

(Thousands of euros)	30/11/2014(*)	31/12/2013
Deferred tax assets		
Tax loss carryforward	34,093	-
Temporary differences	2,349	11,602
	36,442	**11,602**
Deferred tax liabilities		
Temporary differences	(52,624)	(19,426)
	(52,624)	**(19,426)**
Net amount	**(16,182)**	**(7,824)**

(*) At 30 November 2014, all these balances are classified as "Group of assets and liabilities subject to change in control".

(Thousands of euros)	Assets	Liabilities
Balance at 31 December 2012	**50,565**	**24,505**
Derecognition of tax credit from tax losses carryforward	(37,296)	-
Other movements	(1,667)	(5,079)
Balance at 31 December 2013	**11,602**	**19,426**
Liabilities related to the insolvency acquittance	-	730,710
Consolidated adjustments	-	(200,400)
Tax assets arising from tax losses carryforward	387,324	-
Tax assets from financial expenses from previous years	112,019	-
Tax assets from other temporary differences	30,967	-
Other movements	(16,760)	(8,402)
Offsetting of assets and liabilities for tax return purposes	(488,710)	(488,710)
Balance at 30 November 2014	**36,442**	**52,624**

All the companies in the Group file their individual tax returns pursuant to applicable tax regulations in each country.

At the closing of the 2014 financial year the balances for deferred tax assets and tax liabilities are basically, deferred tax assets and deferred tax liabilities which have not been recognized for their net value as they are related to companies other than the Parent Company and, as it happens with the rest of the items under assets and liabilities, they are part of the assets and liabilities subject to change in control. The balances related to the Parent Company for these concepts are recognized for their net value as they comply with the requirements to do so, as already mentioned in previous Notes.

7.4 Tax loss carryforward

At 30 November 2014, the different Spanish companies that make up the Pescanova Group have, approximately, 1,324 million euros tax loss carried forward, according to the detail below:

(Millions of euros)	
- Financial year 2009	524
- Financial year 2010	247
- Financial year 2011	260
- Financial year 2012	89
- Financial year 2013	149
- Financial year 2014	55
	1,324

In addition, some of the foreign companies also have tax losses carried forward for significant amounts.

At 30 November 2014, the Group has carried forward tax credits related to the above mentioned tax losses for, approximately, 392 million euros.

8) EARNINGS PER SHARE

The weighted average number of ordinary shares used for the calculation of the diluted and simple earnings per share is the same, since in 2014 and 2013 there were no shares or securities susceptible to adjustment such as uncalled ordinary shares or convertible securities. .

The breakdown of earnings per share from continuing and discontinued operations in 2014 and 2013 is as follows:

	2014	2013 (*)
From continuing operations	-	(622,307)
From discontinued operations	1,654,402	(92,908)
Financial year result attributable to the Parent Company (Thousands of euros)	**1,654,402**	**(715,215)**
Average weighted number of ordinary shares used for calculation purposes	28,737,718	28,685,088
Net basic and diluted earnings per share (Euros)	**57.57**	**(24.93)**

(*) This information refers to the disclosures in 2013 annual accounts and do not take into account the effect of the application of IFRS 5 in the financial year 2014. .

The high earnings per share in 2014 shown above have their origin, mainly, in the financial result arising from the acquittance and deferrals in the Compositions with Creditors of Pescanova, S.A. and Pescafina, S.A. (see Notes 1 and 5); these earnings cannot offset losses from previous years, and therefore 2014 earnings per share are not distributable among the shareholders of the Parent Company.

9) PROPERTY, PLANT AND EQUIPMENT

The movements and corresponding accumulated depreciation and impairment losses under this heading of the consolidated statement of financial position were as follows:

Financial year 2014

(Thousands of euros)	Opening balance	Additions	Translation differences	Derecog-nition	Transfers & other	Closing balance(*)
Cost						
Land and buildings	522,328	899	19,573	(11,899)	(139,376)	391,525
Technical installations and machinery	407,456	3,940	14,159	(22,723)	(3,386)	399,446
Fleet	314,997	350	6,881	(56,684)	(89,192)	176,352
Other property, plant and equipment	25,473	5,365	728	(345)	(3,447)	27,774
Advances and work in progress	36,067	3,839	3,316	(2,668)	(36,843)	3,711
	1,306,321	14,393	44,657	(94,319)	(272,244)	998,808
Accumulated depreciation						
Land and buildings	(111,853)	(12,292)	(4,915)	748	26,599	(101,713)
Technical installations and machinery	(183,589)	(21,425)	(6,200)	6,109	5,551	(199,554)
Fleet	(82,118)	(5,790)	(905)	18,623	23	(70,167)
Other property, plant and equipment	(16,826)	(1,174)	(412)	344	19	(18,049)
	(394,386)	(40,681)	(12,432)	25,824	32,192	(389,483)
Impairment losses						
Land and buildings	(90,010)	(64,258)	(2,757)	34,057	41,495	(81,473)
Technical installations and machinery	(55,929)	(18,284)	(4,120)	22,738	(309)	(55,904)
Fleet	(115,700)	(27,800)	(301)	16,800	85,300	(41,701)
Other property, plant and equipment	(236)	(2,744)	(24)	-	-	(3,004)
	(261,875)	(113,086)	(7,202)	73,595	126,486	(182,082)
Net carrying amount	**650,060**					**427,243**

(*) At 30 November 2014, all the above balances have been classified as group of assets/liabilities subject to change in control.

Financial year 2013

(Thousands of euros)	Opening balance	Additions	Translation differences	Derecog-nition	Transfers & other	Closing balance(*)
Cost						
Land and buildings	569,295	7,364	(11,678)	(24,350)	(18,303)	522,328
Technical installations and machinery	536,384	4,587	(2,094)	(20,710)	(110,711)	407,456
Fleet	636,459	4,487	(27,482)	(18,445)	(280,022)	314,997
Other property, plant and equipment	37,924	1,901	(5,596)	(4,451)	(4,305)	25,473
Advances and work in progress	104,439	5,822	(638)	(3,384)	(70,172)	36,067
Accumulated depreciation						
Land and buildings	(110,013)	(18,852)	1,532	6,679	8,801	(111,853)
Technical installations and machinery	(220,272)	(23,242)	650	15,812	43,463	(183,589)
Fleet	(108,087)	(8,365)	2,925	2,953	28,456	(82,118)
Other property, plant and equipment	(23,303)	(5,869)	574	3,005	8,766	(16,826)
	(461,675)	(56,328)	5,682	28,449	89,486	(394,386)
Impairment losses						
Land and buildings	(6,024)	(83,986)	-	-	-	(90,010)
Technical installations and machinery	(29)	(55,900)	-	-	-	(55,929)
Fleet	(274,854)	(36,946)	-	-	196,100	(115,700)
Other property, plant and equipment	(205)	(31)	-	-	-	(236)
Net carrying amount	**(461,675)**					**(394,386)**

9.1 Transfers

This are mainly related to the assets of the fish farming business in Portugal (see Note 5-F) for a net amount of 107,860 thousand euros, that were classified as “Non-current assets held for sale” at the beginning of 2014.

9.2 Impairment losses recognized in the financial year

At the closing of the financial year 2014 and 2013, pursuant to paragraph 8 of IAS 36, there are indications (the adverse situation in with the Parent Company is – Note 1 Insolvency Status) for the Group to assess whether there are assets that may be impaired.

At the closing of 2014 the Group has made a formal estimate of the recoverable amount of each of the business units, based on a report prepared by an independent expert, tanking into consideration the Viability Plan prospects (see Note 2.C). The main assumptions used for the calculation of the value in use are described in Note 3.4 to these consolidated financial statements.

Based on the results attained in 2014, the Group has decided to recognize impairment losses on Property, Plant and Equipment for a total of 39,491 thousand euros as shown in the above table recording the full amount under the heading “Property, Plant and Equipment impairment loss” in the consolidated income statement for the financial year 2014 attached (176,863 thousand euros in 2013, of which 41,186 thousand euros we reclassified as “Other result from discontinued operations”).

The impairment test carried out for all cash generating units of the Group has meant the recognition of impairment losses in addition to those recognized in 2013 as well as the reversion of impairment loses recognized in the previous year, mainly related to the fishing business less dependant on the commercial strategy of the Group, taking into consideration the business plans prepared by the Management, based on cash generating units rather than the global business.

9.3 Sensitivity analysis on impairment

The Pescanova Group has undertaken a thorough analysis of the value in use of the cash generating units based on the hypothesis of the continuity of business and activities of the Group, as indicated in Note 2. An analysis of this kind includes estimates on both business evolution and discount rates to be used.

A 5% change, upwards or downwards, in expected cash flow would mean a decrease or increase in recognized impartment loss of, approximately, 15.7 million euros.

Also, a 0.5% upwards or downwards change in the discount rates used would mean an approximate reduction and increase of 12.7 and 14.4 million euros, respectively.

9.4 Property, Plant and Equipment serving as guarantee

Of the balance under property, plant and equipment at the closing of 2014, 188.6 million euros are serving as mortgage guarantees (221.2 million euros at year-end 2013), in addition to the property, plant and equipment related to project finance arrangements.

Non-current assets related to project finance arrangements

Of the above mentioned non-current assets, a total of 270.26 million euros (185.5 under land, 82.1 million under installations and 2.6 million under work in progress) are related to non- current assets in projects financed through Project Finance Arrangements. Those assets serve as guarantee for the loans used in their financing.

9.5 Result from sale of property, plant and equipment

In 2014 the Group sold items of property, plant and equipment for 131 thousand euros (5,478 thousand euros in 2013) recorded under the heading “Other Results” in the attached consolidated income statement.

9.6 Other disclosures

The Group has taken appropriate insurance polices to cover potential risks to which Property, Plant and Equipment assets are subject.

At the closing of 2014 and 2013, the Group has not recognized non-current assets which are not used directly in operations, for a significant amount, in the consolidated statement of financial position.

10) COMPANIES INCLUDED IN THE CONSOLIDATION SCOPE

10.1 Group composition

Below are the most significant subsidiaries associated companies included in the consolidation:

Main companies in the Group	Country	Shareholding %	Type of company	Activity [1]
Acuinova Actividades Piscícolas, S.A.	Portugal	100%	Subsidiary company	2
American Shipping, S.A.	Uruguay	100%	Subsidiary company	6
Argenova, S.A.	Argentina	100%	Subsidiary company	1-3
Bajamar Séptima, S.A.	Spain	100%	Subsidiary company	3-5
Eiranova Fisheries Limited	Ireland	100%	Subsidiary company	3
Entreposto Frigorífico de Pesca (Efripel) de Mozambique,	Mozambique	97%	Subsidiary company	6
Fricatamar, S.L.	Spain	100%	Subsidiary company	3-5
Frigodis, S.A.	Spain	100%	Subsidiary company	6
Frinova, S.A.	Spain	90%	Subsidiary company	3
Frivipesca Chapela, S.L.	Spain	100%	Subsidiary company	3
Insuiña, S.L.	Spain	100%	Subsidiary company	2
Ittinova, S.R.L.	Italy	100%	Subsidiary company	6
Nova Guatemala, S.A.	Guatemala	100%	Subsidiary company	2
Novaocéano, S.A.	Mexico	100%	Subsidiary company	3
Novaperú, S.A.C.	Peru	100%	Subsidiary company	3
Novapesca Italia, S.R.L.	Italy	100%	Subsidiary company	6
Novapesca Trading, S.L.	Spain	100%	Subsidiary company	6
Pescafina Bacalao, S.A.	Spain	100%	Subsidiary company	3
Pescafina, S.A.	Spain	99%	Subsidiary company	5
Pescafresca, S.A.	Spain	100%	Subsidiary company	5
Pescanova (Portugal) - Productos Alimentares, Lda.	Portugal	100%	Subsidiary company	5
Pescanova Alimentación, S.A.	Spain	100%	Subsidiary company	5
Pescanova Brasil, Ltda	Brazil	95%	Subsidiary company	2
Pescanova France, SAS	France	100%	Subsidiary company	5
Pescanova Hellas	Greece	100%	Subsidiary company	5
Pescanova Inc.	USA	100%	Subsidiary company	5
Pescanova Italia, S.R.L.	Italy	100%	Subsidiary company	5
Pescanova Japan K.K.	Japan	100%	Subsidiary company	5
Pescanova Polska, S.P.	Poland	99%	Subsidiary company	5
Pesquerías Belnova, S.A.	Uruguay	100%	Subsidiary company	1
Servicios y Contrataciones, S.A.	Nicaragua	67%	Subsidiary company	2
Subgrupo Camanica	Nicaragua	100%	Subsidiary company	2
Subgrupo Nova Honduras	Honduras	100%	Subsidiary company	2
Subgrupo Novagroup	South Africa	92%	Subsidiary company	1-6
Subgrupo Novanam[2]	Namibia	49%	Subsidiary company	1-3-5
Subgrupo Pescamar	Mozambique	70%	Subsidiary company	1-5
Subgrupo Promarisco	Ecuador	100%	Subsidiary company	2
Subgrupo Seabel	France	100%	Subsidiary company	3-5
Harinas y Sémolas del Noroeste, S.A.	Spain	50%	Associated company	4
Asociación Pesqueira Edipesca (Marnova)	Angola	50%	Associated company	1

[1] Activities

- 1 - Fishing
- 2 - Aquaculture
- 3 - Processing of seafood products
- 4 - Processing of other food products
- 5 - Marketing of food products
- 6 - Other activities or services

[2] Pursuant to IFRS, it is fully consolidated due to the Group's control over its relevant activities

Companies that make up ach subgroup	Country	Shareholding %	Type of company
Promarisco Subgroup			
Promarisco, S.A.	Ecuador	100%	Subsidiary company
Balanceados Nova, S.A.C. (Balnova)	Ecuador	49%	Associated company
Megashak, S.A.	Ecuador	100%	Subsidiary company
Sombracorp, S.A.	Ecuador	100%	Subsidiary company
Seabel Subgroup			
Seabel, SAS	France	100%	Subsidiary company
Krustanord, SAS	France	100%	Subsidiary company
Krustanova, SAS	France	100%	Subsidiary company
Sofranor, SAS	France	100%	Subsidiary company
Sofranova, SAS	France	100%	Subsidiary company
Nova Honduras Subgroup			
Nova Honduras S.A.	Honduras	100%	Subsidiary company
Camarones y Derivados Marinos, S.R.L.	Honduras	100%	Subsidiary company
Elizmar, S.R.L.	Honduras	100%	Subsidiary company
Lorette, S.R.L.	Honduras	100%	Subsidiary company
Nova Honduras Zona Libre, S.A.	Honduras	100%	Subsidiary company
Pescamar Subgroup			
Sociedade de Pesca de Mariscos, LDA. (Pescamar)	Mozambique	70%	Subsidiary company
Estaleiros Navais da Beira, S.A.R.L. (Beiranave)	Mozambique	50%	Subsidiary company
Pescabom, LDA.	Mozambique	70%	Subsidiary company
Compañía de Pesca del Océano Índico, Ltda (Copoic)	Mozambique	70%	Subsidiary company
Pescas Carrelo, Ltda (Carrelomar)	Mozambique	36%	Subsidiary company
Novanam Subgroup			
Novanam Limited	Namibia	49%	Subsidiary company
CMI Trawling (Propietary) Limited	Namibia	48%	Subsidiary company
Conbaroya Fishing (Pty) LTD	Namibia	48%	Subsidiary company
Deep Ocean Fishing Namibia (PTY) LTD	Namibia	48%	Subsidiary company
Empire Trawling (Pty) Ltd	Namibia	48%	Subsidiary company
Gendor Fishing (Pty) LTD	Namibia	47%	Subsidiary company
Gendor Holding (Pty) LTD	Namibia	48%	Subsidiary company
Gendor Resource Development (Pty) LTD	Namibia	48%	Subsidiary company
Glomar Fisheries (Pty) LTD	Namibia	48%	Subsidiary company
Kalahari Trawling, Limited	Namibia	48%	Subsidiary company
Lalandii Holdings (Propietary) Limited	Namibia	48%	Subsidiary company
Nautilus Fishing Enterprises (Pty) Limited	Namibia	47%	Associated company
Neavera Trawling (Pty) LTD	Namibia	47%	Associated company
Novafish Shop, PTY, LTD (antes Novadiaz Fish Shop)	Namibia	47%	Subsidiary company
Novafish Trawling Limited (antes Diaz Trawling PTY LTD)	Namibia	47%	Subsidiary company
Novanam Fishing Industries of Namibia (Pty) LTD	Namibia	47%	Subsidiary company
Novanam Holdings of Namibia Limited	Namibia	47%	Subsidiary company
Omuhuka Trawling, PTY, LTD	Namibia	48%	Associated company
Oya Namibia, (Pty) Limited	Namibia	19%	Subsidiary company
Pamwe Fishing (Propietary) Limited	Namibia	23%	Subsidiary company
Skeleton Coast Trawling (Pty) LTD	Namibia	23%	Subsidiary company
Pomona Lobster Packers (Pty) LTD	Namibia	2%	Associated company
Camanica Subgroup			
Camarones de Nicaragua, S.A.	Nicaragua	100%	Subsidiary company
Camanica Zona Franca, S.A.	Nicaragua	100%	Subsidiary company
Pescanova Nicaragua, S.A.	Nicaragua	100%	Subsidiary company
Zona Franca Rio Real, S.A.	Nicaragua	100%	Subsidiary company
Novagroup Subgroup			
Novagroup Proprietary Limited	South Africa	92%	Subsidiary company
Novacargo Namibia (PTY) LTD.	South Africa	42%	Subsidiary company
Novaship Logistics (PTY) Limited	South Africa	92%	Subsidiary company
Novaship Namibia (PTY) LTD.	South Africa	92%	Subsidiary company
Novaspace Proprietary LTD.	South Africa	92%	Subsidiary company
Novatech Proprietary LTD.	South Africa	55%	Subsidiary company
Pilar Properties Proprietary Limited	South Africa	92%	Subsidiary company
Pescanova Agents Namibia	South Africa	92%	Subsidiary company
Eyethu Nova Joint Venture	South Africa	49%	Associated company
Suidor Fishing Pty Ltd	South Africa	49%	Associated company
Suidor Trawling Pty Ltd	South Africa	49%	Associated company
Group of jigging companies			
Arkofish, S.A.	Argentina	100%	Subsidiary company
Fukucho, S.A.	Argentina	100%	Subsidiary company
Pesquera Arnippo, S.A.	Argentina	100%	Subsidiary company
Pesquera Latina, S.A.	Argentina	100%	Subsidiary company

Below is the detail of smaller companies which at 31 November 2014 belonged to the Group or in which the Group had and indirect equity interest of little significance and whose impact in the consolidation is not relevant:

Company name	Country	Shareholding %	Activ.
Abad Exim Private, LTD	India	32%	3
Abad Overseas Private, LTD	India	45%	3
Acuicola el Rincón, S.A.	Guatemala	50%	-
Pescafina Tampico, S.A.	Mexico	99%	-
Pescanova Real Estate, LLC.	USA	100%	6

10.2 Changes in the consolidation scope

In the financial year 2014 there has been no significant change in the consolidation scope.

On the other hand, on 4 December 2013, Pescanova, S.A. sold all equity interest held by the Group in the company Austral Fisheries Pty. Ltd. to the Japanese company Maruha Nichiro Seafoods Inc.

The result from this transaction amounted to 4,674 thousand euros, and translation differences until disposal date were recorded under the heading “Translation Differences” in Shareholders' equity in the consolidated income statement for a negative amount of 2,417 thousand euros.

The attached 2013 consolidated income statement includes the result from the proportional consolidation of this business until the date on which it was sold.

<u>Derecognition from loss of control over companies in the consolidation scope</u>

Since 2 May 2013 Pesca Chile, S.A. is in insolvency proceedings date of the sentence of the Civil Court in Santiago (Chile) declaring the bankruptcy of this subsidiary.

The same Court appointed Mr Herman Chadwick Larraín as receiver for the insolvency proceedings, and to take over from the former administrator, Pescanova, S.A., the capacity to decide or control that it could have. This fact made the Insolvency Administration of the Parent Company to determine, in 2013, the loss of control over the businesses in Chile and their classification as financial investment held for sale, under the heading “Other long-term financial assets” in the attached 2013 statement of financial position.

11) OTHER FINANCIAL ASSETS

The detail of other financial assets, by nature, at the closing of the financial years 2014 and 2013 is as follows:

(Thousands of euros)	30/11/2014(*)	31/12/2013
Investments held to maturity at amortized cost:		
Notes (securities)	-	19
Financial investments held for sale:		
Securities representing debt and other, net	7,931	6,373
Loans:		
Loans to related companies, net	1,208	14,056
Other amounts receivable, net	46,828	88,664
	48,036	102,720
Other financial assets		
Deposits and guarantees	1,141	826
Total	**57,108**	**109,938**

(*) At 30 November 2014, all the above balances have been classified as group of assets/liabilities subject to change in control".

Securities representing debt and other refer, mainly, to a deposit in Argentina.

Loans are basically related to receivables from third parities and from companies no longer in the Group, in some cases for non-current assets sale asset sale with deferred payment.

The Group assesses at each statement of financial position date whether there is any indication that an investment is impaired. If any such indication exists, the Group estimates the recoverable amount of such investment.

In 2014 the Management of the Group has made an individualized analysis of the value of these assets, resulting on the recognition of an impairment loss of 68,310 thousand euros (see Note 5-E).

12) INVENTORIES

Below is the breakdown of inventories by type and degree of completion, as well as the corresponding provisions for impairment loss:

(Thousands of euros)	30/11/2014(*)	31/12/2013
Goods for resale	103,484	72,448
Raw material and other supplies	92,893	87,756
Work in progress and semi-finished products	41,557	53,029
Finished products	45,794	39,317
By-products, residuals, recycled materials & advances	1,428	10,875
	285,156	263,425
Provisions	(1,805)	(2,783)
Total	**283,351**	**260,642**

(*) At 30 November 2014, all the above balances have been classified as group of assets/liabilities subject to change in control".

At the end of the 2014 reporting period, the Group had no pledged inventories for significant amounts while at 31 December 2013, the Group had recognized, approximately, 189 million euros as pledged inventories serving as collateral for financial transactions with credit institutions, which affect their availability.

Below is the breakdown of inventories by nature at the closing of financial years 2014 and 2013:

(Thousands of euros)	30/11/2014(*)	31/12/2013
Biological assets	33,149	48,835
Other inventories	250,202	211,807
Total	**283,351**	**260,642**

(*) At 30 November 2014, all the above balances have been classified as group of assets/liabilities subject to change in control".

Biological assets

Biological assets consist of farmed seafood at different growth stages. Their measurement method is explained in Note 3.6 to these Consolidated Financial Statements.

The movements in 2014 and 2013 under this heading of the consolidated statement of financial position are shown below:

Biological assets	2014	2013
Opening Balance	48,835	157,983
Changes in the consolidation scope	-	(80,200)
Transfers	(16,843)	-
Changes in inventories	1,157	(28,948)
Closing balance	**33,149**	**48,835**

Provisions for impairment of inventories

The movements in 2014 and 2013 under provisions for impairment of inventories are shown below:

(Thousands of euros)	2014	2013
Opening balance	2,783	918
Recognition	2,041	2,418
Derecognition	(3,019)	(553)
Closing balance	**1,805**	**2,783**

The allocation to provisions for impairment of inventories is recognized under the heading "other results" in the consolidated income statement.

13) AMOUNTS RECEIVABLE

The detail of trade receivables and other amounts receivable at the closing of the financial years 2014 and 2013 is as follows:

(Thousands of euros)	30/11/2014(*)	31/12/2013
Trade recivables	175,239	149,401
Receivable from associated companies	465	233
Personnel	633	522
Other amounts receivable	17,126	34,804
Impairment loss	(17,283)	(16,783)
Total	**176,180**	**168,177**

(*) At 30 November 2014, all the above balances have been classified as group of assets/liabilities subject to change in control".

Provisions for impairment of amounts receivable

The movement under this heading in the financial years 2014 and 2013 was as follows:

(Thousands of euros)	2014	2013
Opening balance	16,783	6,291
Recognition	5,156	15,732
Reversals	(4,656)	(5,240)
Closing balance	**17,283**	**16,783**

Allowances and reversions in the provision for impairment of amounts receivable are recognized under the heading "Other results" in the consolidated income statement.

14) SHARE CAPITAL AND RESERVES

Composition and movements in the Group's Shareholders' Equity are detailed in the Consolidated Statement of Changes in Consolidated Shareholders' Equity" which is part of the Consolidated Annual Accounts

14.1 Share capital

At the closing of financial years 2014 and 2013, subscribed and paid-in share capital amounted to 172,426,308 euros represented by 28,737,718 shares to the bearer with a face value of 6 euros each.

The situation remains the same at the date of authorisation for issue of these Consolidated Annual Accounts.

At year end, all the shares in the Parent Company are listed on the Spanish stock exchanges in Madrid and Bilbao, however at the date of authorization for the issue of these Annual Accounts these shares are suspended from trading.

14.2 Issue premium

The Companies Law expressly allows the use of an issue premium for a capital increase and does not establish any specific restriction to the availability of the said balance.

14.3 Legal reserve

Pursuant to the Companies Law, Companies are to provide 10% of the profit of the financial year for a Legal Reserve until reaching a reserve amounting to, at least, 20% of the share capital.

The legal reserve may be used to increase the share capital in the part of its balance in excess of 10% of the capital already increased. Except for the purpose mentioned above, and while not exceeding the 20% of the capital, this reserve may be used only to offset losses and provided that there are no other reserves available sufficient for this purpose.

14.4 Other reserves

Their composition is shown below:

(Thousands of euros)	30/11/2014	31/12/2013
Attributed to other Parent Company	(1,784,670)	(1,422,714)
Subsidiaries and Multigroup Companies		
Fishing	(255,370)	(234,614)
Aquaculture	(315,095)	(93,915)
Processing & Trade	(102,175)	(47,894)
Holding & Other	(94,294)	(36,141)
Associated Companies		
Fishing	185	190
Processing & Trade	516	1,214
Total	**(2,550,903)**	**(1,833,874)**

14.5 Translation differences

The main translation differences included under shareholders' equity in the consolidated statement of financial position are as follows:

(Thousands of euros)	30/11/2014	31/12/2013
Companies in US Dollar context	10,285	2,986
Companies in Meticai context	(22,560)	(23,135)
Other companies	3,955	3,692
Total	**(8,320)**	**(16,457)**

The movements reflect translation differences, results for the year, as well as the application of results from previous years.

14.6 Own shares

No transaction with own shares has been made in the eleven month financial year ended 30 November 2014.

At 31 December 2012, the Parent Company held 88,460 own shares, at an average acquisition price of 27.20 euros per share. In 2013, all own shares held by the Parent Company were sold at and average price of 15.51 euros. Also, in 2013, 425,350 shares of the Parent Company held by one of its subsidiaries were sold for a nominal value of 2,552 thousands of euros. These shares were recognized in the consolidated statement of financial position at 31 December 2012 as less shareholders' equity for 10,816 thousand euros.

The change between the acquisition price and the consideration received at sale is recognized under "Shareholders' Equity" in the in the attached Statement of Financial Position.

There are no options or contracts issued by the Group on its own shares, except for those mentioned in the foregoing paragraph, nor specific circumstances regarding subsidies, donations and legacies granted by shareholders.

14.7 Other disclosures

At 30 November 2014, there is no company holding an equity interest higher than 10% of the capital in any of the Group companies and joint ventures.

None of the shares of subsidiary companies are or have ever been listed in a stock exchange.

14.8 Equity position of the Parent Company

At 30 November 2014, Shareholders' equity of the Parent Company has fallen below half its share capital. However, pursuant to the final provision seven of Royal Decree Law 4/2014, of 7 March, and only for the purpose of calculating shareholders' equity in case of dissolution, as provided in article 363.1.e) of the Companies Law, impairment losses arising from property, plant and equipment, investment property, inventories or loans and other amounts receivable recognized in the annual accounts have not been taken into account. By doing so, Pescanova, S.A. shareholders equity at 30 November 2014 is higher than half its share capital, and therefore there are no grounds for dissolution of the parent Company at that date.

In addition, Sentence of the Supreme Court dated 15 October 2013, provides that during the composition phase a company should not be dissolved on the grounds of equity imbalance, since this situations are ruled by their own regulations. Consequently the legal advisors of the Company consider that, in the event of cause of compulsory dissolution due to equity imbalance, the Company and its directors would not need to adopt measures accordingly since the mercantile regulations are not applicable provided that the composition with creditors is complied with.

14.9 Minority shareholders

The movements under this heading in shareholders' equity in the financial years 2014 and 2013 were as follows:

(Thousands of euros)	2014	2013
Opening balance	3,259	9,698
Translation differences	(130)	(1,886)
Dividends	-	(99)
Loss for the reporting period attributed to minority sharehol	(4,838)	(3,648)
Other movements	(4,085)	(806)
Closing balance	**(5,794)**	**3,259**

The composition by concepts and segments of this heading in the consolidated statement of financial position is as follows:

30 November 2014

(Thousands of euros)	Paid up capital	Reserves	Result	Total
Fishing	9,204	(12,279)	(2,818)	(5,893)
Processing & Trade	1,304	1,488	(466)	2,326
Aquaculture	168	(841)	(1,554)	(2,227)
Total	**10,676**	**(11,632)**	**(4,838)**	**(5,794)**

31 December 2013

(Thousands of euros)	Paid up capital	Reserves	Result	Total
Fishing	12,752	(8,489)	(3,137)	1,126
Processing & Trade	1,198	454	(239)	1,413
Aquaculture	168	824	(272)	720
Total	**14,118**	**(7,211)**	**(3,648)**	**3,259**

14.10 Contribution to consolidated income

The contribution of the different companies in the Pescanova Group to the 2014 consolidated income is shown below:

(Thousands of euros)	Consolidated result for the reporting period	Atributted to Minority Shareholders	Atributted to Shareholders of the Parent Company
Parent Company	1,819,039	-	1,819,039
Subsidiaries and Multigroup Companies			
Aquaculture	(136,847)	(1,554)	(135,293)
Processing & Trade	13,423	(466)	13,889
Fishing	(34,807)	(2,818)	(31,989)
Holding & Other	(11,244)	-	(11,244)
Total	**1,649,564**	**(4,838)**	**1,654,402**

15) FINANCIAL DEBT

The detail of financial debt at 30 November 2014 and at 31 December 2013 is as follows:

(Thousands of euros)	30/11/2014(*)	31/12/2013
Debts with credit institutions	256,445	180,899
Notes and other negotiable securities	16,634	3
Long-term debt / Non-current financial liabilities	**273,079**	**180,902**
Debts with credit institutions	1,043,116	2,513,344
Interest payable	18,242	128,401
Notes and other negotiable securities	-	396,295
Short-term debt / Current financial liabilities	**1,061,358**	**3,038,040**
Total	**1,334,437**	**3,218,942**

(*) At 30 November 2014, all the above balances have been classified as group of assets/liabilities subject to change in control".

The detail of financial debt, by geographical area and concept at 30 November 2014 is as follows:

(Millions of euros)	Pescanova, S.A.	Pescafina, S.A.	Other Spanish subsidiaries	Foreign subsidiaries	Total
Novated debt:					
Nominal	266	42	-	-	308
Financial update	(121)	(19)	-	-	(140)
Debt in insolvency proceedings:					
Direct	-	-	159	21	180
Indirect	-	-	632	36	668
Factoring debt	-	8	30	-	38
Syndicated credit line	15	-	1	-	16
Debt related to export finance	12	-	-	-	12
Foreign subsidiaries debt	-	-	-	234	234
Interest payable	3	-	8	7	18
Total, net debt	**175**	**31**	**830**	**298**	**1,334**

15.1 Financial debt with credit institutions

Novated debt

As indicated in Note 1, pursuant to the composition with creditors of Pescanova, S.A. and Pescafina, S.A. approved in the financial year 2014, debt with financial institutions was set at, approximately, 277 million euros. The mentioned composition provides, for this debt, interest accrual and a schedule of payments. The accounting recognition of this debt at its fair value (taking into account a 8% discount rate, calculated as the fair financing cost for the Group once the insolvency proceedings of he Spanish subsidiary companies are concluded), has meant a financial income for 140 million euros for the Group.

Debt in insolvency proceedings

In the financial year 2014, and a continuation of the insolvency proceedings started by Parent Company, several Spanish companies, within the consolidation scope, have filed voluntary insolvency petitions (see Note 1).

To the extent that many of these subsidiaries were severally liable for financial debt held by the Parent Company, the Group has decided to recognize, at 30 November 2014, the whole amount of this debt (668 million euros, approximately), pending the approval of the compositions with creditors of these subsidiaries, which is expected to take place in the coming months.

Syndicated credit facility and Factoring

As part of the insolvency proceedings, and in order to preserve the continuity of Pescanova, S.A. and its subsidiary companies, on 28 June 2013, the Insolvency Administration of Pescanova, S.A. entered a syndicated credit line with the following financial institutions: Banco de Sabadell, Banco Popular, NCG Banco, Caixabank, Bankia, BBVA, Banco Santander and the Xunta de Galicia, through Xesgalicia/Sodiga, for up to 56 million euros, to meet the most urgent working capital requirements. 50% of the principal amount of this credit line was repaid in December 2013; the disposed balance at the end of the mentioned reporting period amounted to 16 million euros. Afterwards in the financial year 2014, this credit facility was successively renewed. At the beginning of the 2015 financial year, this credit facility was renewed until March 2015 (see Note 23).

In addition, in the financial year 2014 the Group has entered a factoring with recourse arrangement, for up to 45 million euros of which, at 30 November 2014, 38 million euros had been draw down. This factoring facility, maturing in March 2015, is extendable for a further 6 month period.

Debt by maturity

The amount of debt, at 30 November 2014 (debt in insolvency proceedings excluded), maturing in each of the five years following the end of the reporting period, and the remaining amounts until cancellation are detailed below:

(Thousands of euros)	**2014**
2015	233,358
2016	13,959
2017	28,629
2018	13,403
2019	12,203
Follow ing years	188,248
Total	**489,800**

Despite of the maturities in the table above, and as a consequence of the breach of terms established in finance agreements, the Group has reclassified as short-term most of its financial debt.

15.2 Notes and other negotiable securities

In previous years the Parent Company undertook the placement of 3 issues of convertible notes. Debt recognized for this concept was affected by the insolvency proceedings of Pescanova, S.A. and became subject to acquittance and deferral. The amount recognized at 30 November 2014 is the current value of novated debt, which takes into account acquittances and deferrals approved in the Composition with Creditors.

All this debt matures as from 2019.

15.3 Other disclosures on financial debt

Average interest rate on financial debt (novated debt excluded) in the 2014 reporting period was 4.5% (6.80% in 2013).

Companies within the consolidation scope have assets securing financial debt, which at 0 November 2014, amounted to 98 million euros (99.5 million euros at 31 December 2013). The assets serving as guarantees are certain ships, buildings and other property investments valued at, approximately, 143 million euros.

The Group’s financial liabilities contain the covenants that are customary in contracts of this nature, which include the compliance with certain financial ratios related to net financial debt, equity, EBITDA,…

The values set for these financial ratios vary according to the loan contracts and terms however, in general, covenant requirements have been breached.

15.4 Derivative financial instruments

There is no significant transaction with financial instruments.

16) SHORT-TERM AMOUNTS PAYABLE

At 30 November 2014, trade amounts payables reached 96 million euros and other short-term amounts payable 32.6 million euros (137.4 and 31.3 million euros at year end 2013).

Pursuant to the provisions in the Third Additional Provision, Disclosure Requirements in Law 15/2010 of 5 July, amending Law 3/2004, of 29 December, establishing measures to fight against delay in payments in trade transactions, the Implementation Resolution dated 29 December 2010 of the Instituto de Contabilidad y Auditoría de Cuentas (Accounting and Auditing Institute) and taking into account the provisions in the Second Additional Provision of the said Resolution, it is the duty of the Directors to inform that due to the insolvency proceedings in which certain Pescanova Group companies are involved and, in compliance with the Insolvency Law 22/2003, all the amounts payable by the same, at the date of the Orders declaring the initiation of insolvency proceedings are still unpaid and have been unpaid for a term longer than the maximum term of 60 days (30 days for perishable goods) provided by Law.

As regards to the payments to suppliers, for goods and services, made by the insolvent companies since the start of the insolvency proceedings until 30 November 2014, it is worth mentioning that all of them have been made within the maximum term provided by Law. Similarly, at 30 November 2014, there is no outstanding balance payable to suppliers, which has been deferred for a term longer than the term provided by Law.

It is also reported that at 30 November 2014 there was no overdue balance payable to suppliers by the Spanish subsidiary companies which has been deferred for a longer term longer than the legal term provided by Law.

17) PROVISIONS FOR RISKS AND EXPENSES

There is no knowledge of any significant negative contingencies which could affect the equity or results of the Pescanova Group other than those mentioned in this consolidated annual report.

Long-term provisions, at 30 November 2014, amounted to 7,683 thousand euros (8,274 thousand euros in 2013) that refer to provisions for tax in Spain and other countries.

In addition, the principal and corresponding interest related to the different economic–administrative claims that the Pescanova Group has filed with different Spanish or foreign Courts, most of them filed with the Supreme Court, opposing to tax settlements made by the Tax Authorities and mainly referred to the years 1990 to 1997, are recognised under this heading.

18) FINANCIAL RISK POLICIES

18.1 Capital management

The main target of the capital management policy of the Pescanova Group consists of safeguarding the Group’s ability to continue with its activity in order to comply with the composition with creditors approved.

18.1.1 Leverage ratio

Both at 30 November 2014 and at 31 December 2013, the leverage ratio of the Group is negative. The table below shows the comparison of the calculation at the end of both reporting periods. The improvement, in 2014, arises from the approved acquittance on the insolvency debt:

(Thousands of euros)	30/11/2014	31/12/2013
Short and long-term financial debt	1,333,555	3,218,942
Cash and cash equivalents		
(including those held for sale)	59,483	77,744
Net debt	**1,274,072**	**3,141,198**
Total equity atributted to the Parent Company	**(610,777)**	**(2,271,502)**
Net debt/equity ratio	**(2.09)**	**(1.38)**

18.2 Financial risk management policy

The Pescanova group is exposed to certain risks that are managed by the application of identification, measurement, concentration limitation and supervision.

The main principles defined by the Pescanova Group when establishing its policy for the management of the principal risks are as follows:

- Compliance with the principles of good corporate governance.

- Strict compliance with all Pescanova Group's rules.

- Each business and corporate area defines the markets and product lines in which it can operate on the basis of having sufficient know-how and capabilities to ensure effective risk management.

- The businesses and corporate divisions establish for each market in which they operate the level of risk that they are prepared to assume on a basis that is consistent with the strategy defined.

- The businesses, corporate divisions, business lines and companies establish the risk management controls required to ensure that the transactions are performed in the markets in accordance with the policies, principles and procedures of the Pescanova Group.

18.2.1 <u>Interest rate risk</u>

Foreign exchange risk relates mainly to the following transactions:

- Debt denominated in foreign currencies arranged by Subsidiary and Associated Companies.

- Payments to be made outside the Euro zone for the purchase of any type of service.

In addition, the new assets relating to net investments in foreign companies whose functional currency is not the euro are exposed to foreign exchange risk in the translation of the financial statements of these foreign operations on consolidation.

In order to mitigate foreign exchange risks, the Pescanova Group attempts to achieve a balance between the cash collections and payments relating to its assets and liabilities denominated in foreign currencies.

<u>Calculation of foreign exchange risk:</u> the monetary policy followed by the Group is aimed to lessen any impact arising from currencies fluctuation. Most of the Group's income comes from the Euro zone, where 72% of its sales take place. A similar percentage, 88.03% of total financial debt, is taken in euros.

As to risks related to costs generated in currencies other than the Group's reporting currency, these are much diversified (more than 15 countries) so any change in the exchange of these currencies against the euro would not have a significant impact on the consolidated income or equity.

The sensitivity analysis carried out regarding foreign exchange risk to which the Group is exposed showed that a 5% change in the exchange rate of foreign currencies in respect of the euro would have a lower than 1% impact on consolidated results and equity.

18.2.2 Interest rate risk

Interest rate fluctuations change the fair value of assets and liabilities that bear a fixed interest rate as well as the future flows from assets and liabilities bearing interest at a floating rate.

The target of interest rate risk management is to achieve a balanced debt structure to facilitate the minimization of debt's cost over several years with a reduced volatility in its income statement.

Depending on the estimates prepared by the Group and the targeted debt structure, interest rates can be hedged, through derivatives to mitigate such risks. Derivatives held by the Group, at 30 November 2013, are mentioned in Note 15.

The reference interest rate on the debt taken by the Pescanova Group is basically Euribor related.

Calculation of interest rate risk: arising form financial debt basically Euribor related. The sensitivity analysis carried out by the Group regarding the interest risk to which the Group is exposed represents approximately the increase/reduction in financial result (before tax):

(Thousands of euros)	**30/11/2014**		**31/12/2013**	
Change in interest rate	+ 0,5%	- 0,5%	+ 0,5%	- 0,5%
Financial expense	**(5,738)**	**5,738**	**(16,783)**	**16,783**

18.2.3 Credit risk

The main financial assets of the Group are cash and cash equivalents, trade debtors and other amounts receivable, and investments that represent the maximum credit risk exposure of the Group regarding financial assets.

The Group's credit risk is mainly attributable to its trade amounts receivable. The amounts are shown in the consolidated balance sheet net of the provision for uncollectable debt as estimated by the Management of the Group based on the experience from previous years and the assessment of current economic environment.

The Group does not have a significant credit risk concentration, since the exposure is distributed among a larger number of counterparties and customers. Also historical default can be classified as very low.

18.2.4 Liquidity risk

After the events taking place at the beginning of 2013, the Group's financial resources are limited. In this sense, in order to be able to meet its payment obligations arising from its activity and to finance the working capital needed for the Group's activities, the Parent Company obtained, in June 2013, a syndicated loan of up to 56 million euros to finance its working capital needs, this loan has allowed the Group to, since then, maintain its operation as usual.

At the date of preparing these annual accounts, the outstanding balance of this loan is approximately, 15 million euros, maturing (while this transitory situation of the Group persists) is being extended for very short periods of time, at the time of formulating these annual accounts this loan matures on 22 March. The renewal of this credit facility is indispensable to guarantee liquidity to the extent that capital contributions and additional funding as provided in the composition with creditors will not take place until the insolvency proceedings of the Spanish subsidiary companies are concluded and the change of the Group's structure occurs.

19) BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Transactions between the different subsidiaries, which are related parties, form part of the Company's normal business activities and have been eliminated on consolidation. Therefore, they are not disclosed in this Note.

19.1 Market transactions

The detail of transactions with related parties, manly referred to associated companies, during the 2014 and 2013 reporting periods is shown below:

(Thousands of euros)	Income		Expenses	
	2014 (11 months)	2013 (12 months)	2014 (11 months)	2013 (12 months)
Related companies	1,399	6,501	9,982	41,813
Total	**1,399**	**6,501**	**9,982**	**41,813**

19.2 Balances with related parties

The detail of balances with related parties, Directors and Senior Officers excluded, at the end of 2014 and 2013 reporting periods is shown below:

(Thousands of euros)	Receivable from related companies		Payable by related companies	
	30/11/2014	31/12/2013	30/11/2014	31/12/2013
Long-term	2,206	13,756	26	-
Short-term	465	233	1,493	2,652
Total	**2,671**	**13,989**	**1,519**	**2,652**

19.3 Benefits for Key Senior Officers

<u>Directors and Senior Officers</u>

The composition of the Board of Directors of Pescanova, S.A. has changed in several occasions in 2014.

- At the meeting held on 13 January 2014, the Board of Directors of Pescanova resolved to accept the resignation of Mr Luis Ángel Sánchez–Merlo y Ruiz.

- At the meeting held on 12 May 2014, the Board of Directors recorded the effectiveness of the resignation of the Directors Mr José Carceller Arce and Mr François Tesch.

- At the meeting held on 22 May 2014, the Board of Directors resolved to accept the resignation of its former Chairman, Mr Juan Manuel Urgoiti López de Ocaña. Also, at that same meeting the Board resolved to appoint, by co-option, Mr César Mata Moreton to fill the vacancy of Mr Luis Sánchez Merlo.

- Pursuant to sentence dated 23 May 2014, approving the composition with creditors of Pescanova, S.A., the Board of Directors of the Parent Company recovered the equity administration and disposal authorities, that were suspended pursuant Order declaring the opening of insolvency proceedings dated 25 April 2013.

- At the meeting held on 28 May 2014, the Board of Directors resolved to accept the resignation of Mr Yago Méndez Pascual and the incorporation, by co-option, of Mr Diego Fontán Zubizarreta as a new member of the Board of Directors.

Consequently, and after the approval of the appointments by co-option by the General Meeting of Shareholders held on 1 July 2014 the Board of Directors has 4 members:

- Mr Alejandro Legarda Zaragüeta

- Mr Diego Fontán Zubizarreta

- Mr César Mata Moretón

- Iberfomento, S.A., represented by Mr. Fernando Herce Meléndrez

At the end of the reporting periods 2014 and 2013 and at the date of formulating these consolidated annual accounts; according to the records kept by the CNMV, there is no person and/or entity holding 10% or more of the subscribed capital..

At the end of the reporting period 2014, and also according to this same source, 0.0035% of the share capital of the Parent Company is held, directly and indirectly by the members of the Board of Directors of the Parent Company (5.86% at year end 2013).

Based on the information available at the date of authorising the issue of these consolidated annual accounts, the members of the Board of Directors, the people in charge of the management of Pescanova, S.A., at the top level, as well as the shareholders represented in the Board of Directors, or the individuals or companies they represent, have not participated in any unusual and/or relevant transaction of the Group in the financial year 2014.

A) Remunerations and other benefits

The Group has adopted the reporting model in Appendix I of the Annual Report on Corporate Governance for listed Companies enforced by the Comisión Nacional del Mercado de Valores, ratified by circular 1/2004, of 17 March, of this Organism.

1. Directors' remuneration in the reporting periods 2014 and 2013.

The remuneration of the members of the Board of Directors in 2014 and 2013 is shown below:

a) Remuneration and other benefits in the Parent Company:

(Thousands of euros)	2014 (11 months)	2013 (12 months)
Fixed fee	99	218
Attendance fee	130	242
Payments as per the Articles of Association	76	113
Total	**305**	**573**

The Parent Company has not granted advances or loans nor have pension or life insurance obligations with Board members.

There is no remuneration or other benefits for the members of the Board of Directors of the Company for being members of the Boards of Directors of Group companies and/or for being Chief Officers of Group companies.

b) Total remuneration by type of Director:

(Thousands of euros)	2014 (11 months)	2013 (12 months)
Executuve directors	119	241
Non-executive proprietary directors	124	232
Non-executive independent directors	62	100
Total	**305**	**573**

2. Identification of senior officers, who are not executive directors, and total remuneration earned by them in the reporting period 2014:

Name	Position
Álvaro Ozores Aguirre	Chief Aquaculture Division Officer
Ángel Matamoro Irago	Chief Human Resources and IT Management Officer
Antonio Janeiro Ramos	Chief Commercial Division Officer
César Real Rodríguez	Chief Commercial Division Officer
David Troncoso García-Cambón	Chief Fishing Business Officer
Francisco Estévez Luaña	Chief Internal Control Officer
Ignacio Pesquera Plazaola	Chief Commercial Division Officer
Jaime Pérez Pena	Chief Fishing Business Officer
Javier Díaz López	Chief Integration and Projects Corporate Officer
José Fafián Seijo	Chief Processing Division Officer
José Luis Lago Cao	Chief Management Officer
Rafael Prieto Rodríguez	Chief Aquaculture Division Officer
Santiago Gómara Millán	Chief Processing Division Officer

(Thousands of euros)	2014 (11 months)	2013 (12 months)
Total remuneration of Senior Officers	2,775	2,477

B) Other disclosures concerning the Board of Directors

Pursuant to the provisions in the Spanish Companies Law, in order to reinforce the transparency of publicly listed companies, it is reported that the members of the Board of Directors hold no interest in companies with identical, similar or complementary type of activity to the corporate purpose of Pescanova, S.A..

Also, pursuant to the aforementioned Law, there is no record that any members of the Board of Directors carry on, or carried on in 2014, activities, as independent professionals or as employees that are identical, similar or complementary to the activity that constitutes the corporate purpose of Pescanova, S.A..

In 2014 there were no cases of conflict of interest involving the Directors or persons related to them, except for the abstentions recorded, even though no conflict existed and with a view to taking the utmost precaution, in the Minutes of the meetings of the Governing Bodies of the Company.

19.4 Other balances and transactions with related parties

Significant shareholders

In the financial year 2014 there has been no transaction with significant shareholders.

Relevant transactions carried out in 2013 with significant shareholders, all of which were performed in arm's length basis, were as follows:

Significant Shareholder	Group Company	Nature of Relationship	Transaction Type	Amount (Million €)
LIQUIDAMBAR	PESCANOVA	CONTRACTUAL	Funding & loan arrangements, capital contributions	9.76
LIQUIDAMBAR	INSUIÑA, S.L.	CONTRACTUAL	Funding & loan arrangements, capital contributions	0.21

Other related parties

At 31 December 2013 balances and transactions with the companies Pesca Chile, Nova Austral and Acuinova Chile are considered as transactions with other related parties due to the fact that the Group lost control over those businesses; at year end the balance for loans granted reached 46 million euros. In addition, the transactions carried out with the same in 2013 correspond to operating income for 157 million euros, purchases for 2,831 thousand euros and financial income for 3,865 thousand euros which were recorded in the attached consolidated income statement.

Also, at 31 December 2013 there was a loan granted by the shareholder SODESCO to the Parent Company for 9,300 thousand euros, recognized under the heading "trade and other amounts payable" in the attached consolidates statement of financial position.

20) CONTINGENT ASSETS AND LIABILITIES

In the financial year 2014, the Board of Directors of Pescanova, S.A. ratified a criminal prevention risks plan. In this sense, it first prepared a preliminary inventory of such risks as well as the identification of controls and the resultant action plan. Finally the Board ratified a Code of Conduct for the Pescanova Group, a Training Plan and a system for the supervision and monitoring of those risks.

The main contingencies affecting the Group refer to events taking place prior to the declaration of insolvency proceedings, which, if any, would considerably mitigate its hypothetical negative impact on the annual accounts. The most relevant proceedings that could affect the Group are the following:

- Criminal procedure dealt with before the Central Court of Preliminary Investigations nº 5 in Madrid, Pre-Trial Inquiry 31/2013-T pursuant to which Pescanova, S.A., as legal person, is accused. Order dated 16 August 2013 initially settled the potential liability of Pescanova in approximately 55 million euros however the Company was exempted to pay this bail pursuant to decision of the Criminal Division of the National High Court. However, given the novelty of potential criminal liability of legal persons, the special circumstances of the procedure being tried and the existence of many arguments for the defence in the criminal procedure, it is not possible to determine objectively the possible consequences for Pescanova, while, in the opinion of the legal advisers of the Parent Company, the potential economic sanction would be, in any case, affected by the insolvency proceedings.

- The Spanish Securities and Exchange Commission (CNMV) has initiated five disciplinary proceedings against the Parent Company, for the alleged commission of several infringements classified as serious or very serious in Law 24/1988 of 28 July on the Securities Market. The alleged infringements are related to giving inaccurate, untrue or misleading information in the Relevant Event Notice given to the CNMV and he Securities Market on 14 March 2013, the failure to send to the CNMV and disclose periodical financial disclosures, and allegedly refuse or put up resistance to the surveillance of the CNMV, by using market manipulation practices and the non disclosure of transactions with own shares. The Directors and legal advisors of the Company consider that the economic impact of these proceedings is not significant in respect of these annual accounts.

21) CASH FLOW STATEMENT

The detail of cash flow from discontinued operations is shown below:

Consolidated cash flow statement for the eleven month period ended 30 November 2014
(In thousands of euros)

	30/11/2014 (11 months)	31/12/2013 (12 months)
Result before tax	**1,664,393**	**(685,267)**
Adjustments		
(+) Amortization/Depreciation and impairment losses	42,140	52,449
Value correction for impairment	41,276	138,877
(+/-) Other adjustments (net)	(1,791,060)	51,616
Changes in current capital	**18,494**	**524,278**
Cash flow from operating activities	**(24,757)**	**81,953**
Investments		
(-) Property, plant & equipment; intangible assets; property investments	(14,393)	(24,161)
(-) Other assets	-	(20,403)
Disposals		
(+) Property, plant & equipment; intangible assets; property investments	5,610	72,892
Cash flow from investing activities	**(8,783)**	**28,328**
Collections from & payments for financial instruments as liabilities		
Issue of financial debt, net	14,059	-
Financial debt repayment and amortization, net	-	(326,329)
Other cash flow from financing activities		
(+/-) Other collections/(payments) from financing activities	-	(3,484)
Cash flow from financing activities	**14,059**	**(329,813)**
INTEREST RATE CHANGE EFFECT	**1,220**	**-**
NET INCREASE/REDUCTION OF CASH AND CASH EQUIVALENTS	**(18,261)**	**(219,532)**
Cash or cash equivalents at the beginning of the reporting period	**77,744**	**297,276**
Cash or cash equivalents at the end of the reporting period	**59,483**	**77,744**

22) OTHER DISCLOSURES

Auditor's remuneration

In 2014 auditing fees accrued by the main auditor reached 1,187 thousand euros (778 thousand euros in 2013), whilst auditing fees accrued by the auditors of other Group companies reached 28 thousand euros (402 thousand euros in 2013).

The main auditors have provided additional services other than auditing, amounting to 423 thousand euros (50 thousand euros in 2012).

Environmental Information

The Group is actively involved with the Governments of the countries where it carries out its fishing activities in the preparation of regulations for a gradual and better conservation of marine resources. This philosophy, based on conservation and rationalisation of fishing activities has prevailed over the years and is nowadays a cornerstone of Pescanova's industrial strategy and provides optimistic prospects for the status of marine resources in those places where it has invested over the last decades.

The Pescanova Group, since its incorporation in 1960, has pursued the protection and enhancement of the environment, either directly, through its own environmentally friendly investments with an utmost respect for nature, or through the promotion of initiatives for the enforcement of laws and regulations for environment protection. In the first case, Pescanova reports that all factories and vessels of the Group are equipped to achieve the greatest respect for the environment; and in the latter, bearing in mind the fishing activity of the Group, the aim is to seek the enforcement of responsible practices with a view to ensuring the effective conservation of living aquatic resources, through the establishment of fishing quotas or of long enough close seasons to ensure a sustainable exploitation, year after year, of the fishing grounds where Pescanova operates.

The Group has no assets devoted to environmental issues and has not incurred in expenses to minimise the environmental impact or the protection and enhancement of the environment. No provision has been made to cover risks and expenses related to the protection and improvement of the environment.

23) EVENTS SUBSEQUENT TO THE STATEMENT OF FINANCIAL POSITION DATE

On 31 January 2015, the credit facility entered by Pescanova, S.A. with a group of financial institutions for, approximately, 16 million euro became due. The Parent Company has renegotiated an extension of the said facility until 22 March 2015.

There has been no other significant event since 30 November 2013 until the date of the authorisation for issue of these consolidated annual accounts which, affecting the same or whose knowledge could be useful to a user of the same has not been included.

24) RESPONSIBILITY STATEMENT (art. 8 R.D. 1362/2007)

The Directors of Pescanova, S.A. hereby state that, as far as they know, the financial statements prepared in accordance with reporting standards applicable to the Group, give a true and fair view of the net equity, financial position and the results of the operations of Pescanova, S.A. and the companies within the consolidation scope taken as a whole, they also state that the Management Report includes a true analysis of the business evolution, results and position of Pescanova, S.A. and the companies within the consolidation scope taken as a whole, as well as a description of the risks and uncertainties faced.

The Directors of the Parent Company have jointly signed the consolidated annual financial statements and the notes thereto and the consolidated management report, as well as the statement indicating their responsibility for the contents of the above documents as shown in this Note.

CONSOLIDATED MANAGEMENT REPORT FOR THE ELEVEN MONTHS PERIOD STARTING ON 1 JANUARY AND ENDED ON 30 NOVEMBER 2014

This Consolidated Management Report was prepared so that the general information that it provides applies, unless otherwise stated, to Pescanova, S.A. and to the entire Pescanova Group.

Introduction and Insolvency Proceedings

As describe in Note 1 of the attached Consolidated Annual Report, during the first months of 2014 the insolvency proceedings of Pescanova, S.A. progressed as expected until the proposal for composition was adhered to by the majority of the creditors, in May.

Once the Composition with Creditors of the Parent Company was approved as well as that of Pescafina, S.A. which on the same date was also approved, it started the process for the enforcement and compliance of the compositions which include the financial restructuring of most of the Spanish subsidiary companies. Such restructuring is being instrumented through insolvency proceedings applied for by each of these companies. At present, those insolvency proceedings are progressing normally and it is expected they will be concluded in the following months.

Business evolution

Turnover in the 2014 reporting period (11 months) reached 901 million euros. This figure is not comparable to the turnover for the reporting period 2013 (12 months) due to the effect of the change of the closing of financial years to 30 November 2014. Anyhow, turnover (unaudited) in the calendar year 2014 (12 months) was higher than 1,000 million euros, which is similar, considering a comparable consolidation scope, to the figure obtained in 2013. In view of the difficulties experienced over the last two years, the evolution of the Group business is considered very positive, as the insolvency proceedings did not affected the supply and service to our customers and end consumers.

For the 11 month period in 2014, the operating result, before amortization, depreciation, impairment losses and other non-operating results, reached 63 million euros, and close to 70 million if considering a 12 month period (calendar year 2014) comparable to the financial year 2013. The operating profit of 2014, that nearly doubles the result obtained in the previous year, shows the strength and potential of the main businesses of the Pescanova Group.

Below is a summary of the evolution of the main business divisions in the reporting period:

a. Southern Cone

The evolution of the Argentinean Shrimp business has been satisfactory and, despite of the interim insolvency protection applied for by the subsidiary company Argenova, S.A., turnover has increased in respect of the previous year.

b. Africa

In general terms, the different Group businesses in Africa have evolved positively. Cost savings, improved productivity in fishing and processing and market diversification, have allowed the Group to improve the results obtained.

At present, debt is being renegotiated with local financial institutions, in order to achieve a more stable funding environment for the following years.

c. Vannamei Shrimp

Thanks to having achieved a more stable environment in the management of the operations and financing levels, together with the favourable market prices, the result of this division has been significantly better than in the previous year and has become one of the main levers for the increase in the Group's operating result.

d. Turbot

In 2014, the trade of turbot reared at Phase I in the farm in Mira (Acuinova Portugal) has increased. The trade of the production from the farm in Xove (belonging to the subsidiary company Insuiña, S.L.) has been kept at the same level. Even when production levels in both farms are positive the result of the year has been negatively affected by low market prices.

e. Processing

The Group's processing activity has performed normally in 2014; the main companies in this division have generated positive operating results.

f. Trade

Despite of the difficulties arising from the insolvency status the business relationship with the main customers has not been significantly affected, the same applies to the brand name.

Main risks and uncertainties

23 May 2014, date of the sentence pursuant to which the Court declared the approval of the Composition with Creditors of Pescanova, S.A. and Pescafina, S.A., was the first and most important milestone in the overall financial restructuring and economic viability of the Pescanova Group.

In this sense, the composition proposal approved considers a global solution for the whole Group, and not only for Pescanova, S.A. It is for this reason that a road map was prepared with a series of actions aimed at the restructuring of the financial debt not only in the Parent Company but also in the rest of the Spanish subsidiary companies. The foreign subsidiary companies are making every effort in trying to renegotiate their current debt which will allow a long-term financial stability for those businesses.

Therefore the main risks ad uncertainties faced by the Group are related to the enforcement of the composition proposal and the honouring of the payment schedule therein contained.

In this sense, at the end of 2014, Pescanova, S.A. and Pescafina, S.A. made the first payment of interest accrued on the insolvency debt, according to the conditions in the respective compositions with creditors.

Similarly, the accomplishment of the business plan on which the mentioned payment schedule is based, is affected by a series of risks and uncertainties inherent to the activities and geographical area in which the Group carries out its operations mainly related to environmental, regulatory and macro-economic issues.

Apart from the above risks and uncertainties, the circumstance surrounding Pescanova and the Pescanova Group of Companies in the last year add other difficulties related to issues mentioned in the Consolidated Annual Report, among which the most relevant are: (i) the evolution of the insolvency proceedings of the different Spanish and foreign companies, (ii) the resolution of the tax contingencies and uncertainties arising from the insolvency proceedings and the enforcement of the composition with creditors, and (iii) the evolution of the different lawsuits in which the Group companies are involved.

Research and development activities

Pescanova, S.A. and the Group of companies, despite of their financial difficulties, have continued to undertake research and development activities as part of its usual activity, though involving lower amounts. The amount of the expenses incurred is not significant.

Share capital

The share capital of Pescanova, S.A. consists of 28,737,718 shares with a face value of 6 euros each, fully subscribed and paid, issued to the bearer and represented by book entries.

All the shares are listed in the Stock Exchanges in Madrid, Barcelona and Bilbao, however, at present, their trade was been suspended.

According to the information in the CNMV records, the following are significant shareholders of the Company:

	Shareholding %
Shareholders represented in the Board of Directos	**10.649**
Crisgadini, S.L.	7.130
Golden Limit, S.L.	3.512
Other	0.007
Other shareholders holding more than 3%	**25.540**
Corporación Económica Damm, S.A.	6.200
Luxempart, S.A.	5.837
Sociedad Anónima de Desarrollo y Control (SODESCO)	5.476
Silicon Metals Holding, L.L.C.	5.000
Nova Ardara Equities, S.A.	3.027
Other shareholders holding less than 3%	**63.811**
Total	**100.000**

Own shares

In January 2013, the Parent Company disposed of all the 88,460 own shares it held for 1,372 thousand euros. Similarly, the 452,350 Pescanova, S.A. shares held by a subsidiary company were sold that same year for 6,364 thousand euros. In 2014 no transaction has been made with own shares.

Consequently, at year end 2014, neither the Parent Company nor any subsidiary company held Pescanova, S.A. shares. .

Financial instruments

The annual report attached to this management report includes the description of the target and policies regarding financial risk of The Parent Company and the Group of companies, as well as about their exposure to credit, liquidity and cash flow risks.

Headcount

In 2014 average headcount of the Group was slightly higher than in the previous year, mainly since in 2014 there were no incidents (production stoppage in companies abroad), which was the main reason for the lower figure in 2013.

Environmental Information

The Group is actively involved with the Governments of the countries where it carries out its fishing activities in the preparation of regulations for a gradual and better conservation of marine resources. This philosophy, based on conservation and rationalisation of fishing activities has prevailed over the years and is nowadays a cornerstone of Pescanova's industrial strategy and provides optimistic prospects for the status of marine resources in those places where it has invested over the last decades.

The Pescanova Group, since its incorporation in 1960, has pursued the protection and enhancement of the environment, either directly, through its own environmentally friendly investments with an utmost respect for nature, or through the promotion of initiatives for the enforcement of laws and regulations for environment protection. In the first case, Pescanova reports that all factories and vessels of the Group are equipped to achieve the greatest respect for the environment; and in the latter, bearing in mind the fishing activity of the Group, the aim is to seek the enforcement of responsible practices with a view to ensuring the effective conservation of living aquatic resources, through the establishment of fishing quotas or of long enough close seasons to ensure a sustainable exploitation, year after year, of the fishing grounds where Pescanova operates.

The Group has no assets devoted to environmental issues and has not incurred in expenses to minimise the environmental impact or the protection and enhancement of the environment. No provision has been made to cover risks and expenses related to the protection and improvement of the environment.

Foreseeable evolution

It is expected that Group's businesses will continue to perform in 2015, as already started in 2014. However, 2015 will be marked by the accomplishments of the milestones in the road map of the composition with creditors of the Parent Company.

Events subsequent to the end of the reporting period and other matters

The main events subsequent to the end of the eleven months period ended 30 November 2014 are included in the Notes to the Consolidated Annual Accounts attached to this Management Report.

The Annual Report on Corporate Governance that is part of this Consolidated Management Report is also attached.

The Directors of PESCANOVA, S.A. hereby state that, as far as they know, the consolidated annual accounts of PESCANOVA, S.A., closed at 30 November 2014, prepared in accordance with applicable accounting standards, give a true and fair view of the net equity, financial position and the results of the operations of PESCANOVA, S.A. and the companies within the consolidation scope taken as a whole and that the consolidated management report includes a true analysis of the business evolution, results and position of PESCANOVA S.A. and the companies within the consolidation scope taken as a whole, as well as a description of the risks and uncertainties faced.

Chapela, 27 February 2015

ALEJANDRO LEGARDA ZARAGÜETA

IBERFOMENTO. S.A.
Represented by FERNANDO HERCE MELÉNDREZ

DIEGO FONTÁN ZUBIZARRETA

CÉSAR MATA MORETÓN