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PESCANOVA

2011 Annual Accounts

BALANCE SHEET AT 31 DECEMBER 2011 AND 2010

Thousands of Euros

ASSETS	Note	DECEMBER '11	DECEMBER '10
NON-CURRENT ASSETS		**201,847**	**203,749**
Tangible assets	(5)	**1,170**	**1,335**
Land and buildings		157	191
Technical installations and other tangible assets		1,013	1,144
Long-term investments in subsidiary and associated companies	(9)	**199,967**	**199,414**
Equity instruments		199,667	197,693
Loans to companies		300	1,721
Long-term financial investments	(9)	**343**	**147**
Equity instruments		132	132
Securities representing debt		196	
Other investments		15	15
Deferred tax assets	(12)	**367**	**2,853**
CURRENT ASSETS		**730,620**	**496,042**
Inventories	(10)	**62,891**	**61,144**
Goods for resale		62,884	61,095
Raw materials and other supplies		7	49
Trade and other receivables		**483,309**	**292,164**
Trade receivables		24,933	20,864
Receivable from subsidiary and associated companies		457,484	270,668
Sundry debtors		345	130
Personnel		265	307
Public Bodies		282	195
Short-term investments in subsidiary and associated companies	(9)	**34,046**	**33,569**
Loans to companies		34,046	33,569
Short-term investments	(9)	**530**	**270**
Loans to companies		230	270
Securities representing debt		300	
Short-term accruals and prepayments		**928**	**976**
Cash and cash equivalents		**148,916**	**107,919**
Cash and cash equivalents		148,916	107,919
TOTAL ASSETS		**932,467**	**699,791**

BALANCE SHEET AT 31 DECEMBER 2011 AND 2010

Thousands of Euros

SHAREHOLDERS' EQUITY + LIABILITIES	Note	DECEMBER '11	DECEMBER '10
SHAREHOLDERS' EQUITY		**262,198**	**242,256**
Shareholders' equity	(9)	**261,949**	**242,132**
Capital		**116,683**	**116,683**
Paid-up capital		116,683	116,683
Issue Premium		**57,043**	**57,043**
Reserves		**50,075**	**49,608**
Legal reserves		18,576	17,031
Other reserves		31,499	32,577
Own shares		**(1,967)**	**(2,747)**
Result for the year		**16,164**	**15,448**
Other Equity Instruments		**23,951**	**6,097**
Subsidies, donations and legacies	(18)	**249**	**124**
LONG-TERM LIABILITIES		**557,299**	**375,199**
Long-term provisions	(14)	**---**	**673**
Other provisions		---	673
Long-term debt	(9)	**557,299**	**374,526**
Debentures and other negotiable securities		244,704	104,254
Debt with credit institutions		311,062	270,000
Other financial liabilities		1,533	272
CURRENT LIABILITIES		**112,970**	**82,336**
Short-term debt	(9)	**81,938**	**57,800**
Debt with credit institutions		81,938	57,800
Short-term debt with subsidiary and associated companies		**2,015**	**1,478**
Trade creditors and other amounts payable		**22,484**	**23,033**
Suppliers		8,149	9,638
Sundry creditors		6,348	4,140
Personnel (accrued salaries)		416	514
Other debt with Public Bodies		7,571	8,741
Short-term accrued expenses		**6,533**	**25**
TOTAL SHAREHOLDERS' EQUITY + LIABILITIES		**932,467**	**699,791**

INCOME STATEMENT AT 31 DECEMBER 2011 AND 2010

		Thousands of Euros	
CONTINUING OPERATIONS	**Note**	**2011**	**2010**
Net turnover	(23)	**629,219**	**575,401**
Sales		625,844	571,812
Services rendered		3,375	3,589
Supplies	(13)	**526,519**	**494,593**
Consumption of goods		519,244	489,583
Consumption of raw material and other consumables		7,275	5,010
Other operating income	(18)	**28**	**42**
Operating grants incorporated to the result for the year		28	42
Personnel expenses		**11,769**	**11,118**
Wages and salaries		10,398	9,725
Social security	(13)	1,371	1,393
Other operating expenses		**49,029**	**45,343**
External services	(8)	44,902	41,605
Taxes other than income tax	(12)	2,793	2,722
Losses, damages and change in provision for trade transactions		289	162
Other operating expenses		1,045	854
Annual amortisation/depreciation		**412**	**445**
OPERATING RESULT		**41,518**	**23,944**
Financial income	(9)	**14,710**	**19,461**
From shares in equity instruments		1,530	1,655
In subsidiary and associated companies		1,529	1,655
In third parties		1	---
From negotiable securities and other financial instruments		13,180	17,806
From subsidiary and associated companies		11,977	17,078
From third parties		1,203	728
Financial expenses	(9)	**32,867**	**26,842**
On debt with subsidiary and associated companies		1,732	1,136
On debts with third parties		31,135	25,706
Foreign exchange differences	(11)	**185**	**(749)**
Deterioro y resultado por enajenaciones de instrumentos financieros		**3,937**	
Deterioro de pérdidas		127	
Resultados por enajenaciones y otras		3,810	
FINANCIAL RESULT		**(21,909)**	**(8,130)**
INCOME BEFORE TAX		**19,609**	**15,814**
Corporate income tax		**(3,445)**	**(366)**
NET INCOME FOR THE YEAR FROM CONTINUING OPERATIONS		**16,164**	**15,448**
NET INCOME FOR THE YEAR		**16,164**	**15,448**

STATEMENT OF RECOGNISED INCOME AND EXPENSES FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

	Note	*Thousands of Euros* 2011	2010
A) Net income for the year		**16,164**	**15,448**
B) Income and expenses directly charged to shareholders' equity		**153**	**122**
III. Subsidies, donations and legacies	(18)	153	122
C) Transfers to the income statement		**(28)**	**(14)**
VIII. Subsidies, donations and legacies	(18)	(28)	(14)
TOTAL INCOME AND EXPENSES RECOGNISED IN THE YEAR		**16,289**	**15,556**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

Thousands of Euros	Capital Issued	Issue Premium	Reserves	(Own shares)	Net income for the year	Other Equity Instruments	Subsidies, donations & legacies	TOTAL
BALANCE AT YEAR END 2009	**116,683**	**57,043**	**44,015**	**(2,901)**	**14,307**	**---**	**16**	**229,163**
BALANCE AT THE BEGINING OF 2010	**116,683**	**57,043**	**44,015**	**(2,901)**	**14,307**	**---**	**16**	**229,163**
I. Total recognised income and expenses	**---**	**---**	**---**	**---**	**15,448**	**---**	**108**	**15,556**
II. Transactions with shareholders or owners	**---**	**---**	**37**	**154**	**(8,751)**	**6,097**	**---**	**(2,463)**
4. (-) Payment of dividends	---	---	37	---	(8,751)	---	---	(8,714)
5. Transactions with own shares (net)	---	---	---	154	---	---	---	154
7. Other transactions with shareholders or owners	---	---	---	---	---	6,097		6,097
III. Other changes in shareholders' equity	**---**	**---**	**5,556**	**---**	**(5,556)**	**---**	**---**	**---**
BALANCE AT YEAR END 2010	**116,683**	**57,043**	**49,608**	**(2,747)**	**15,448**	**6,097**	**124**	**242,256**
BALANCE AT THE BEGINING OF 2011	**116,683**	**57,043**	**49,608**	**(2,747)**	**15,448**	**6,097**	**124**	**242,256**
I. Total recognised income and expenses	**---**	**---**	**---**	**---**	**16,164**	**---**	**125**	**16,289**
II. Transactions with shareholders or owners	**---**	**---**	**(5,257)**	**780**	**(9,724)**	**17,854**	**---**	**3,653**
4. (-) Payment of dividends	---	---	29	---	(9,724)	---	---	(9,695)
5. Transactions with own shares (net)	---	---	---	780	---	---	---	780
7. Other transactions with shareholders or owners	---	---	(5,286)	---	---	17,854		12,568
III. Other changes in shareholders' equity			**5,724**	**---**	**(5,724)**	**---**	**---**	---
BALANCE AT YEAR END 2011	**116,683**	**57,043**	**50,075**	**(1,967)**	**16,164**	**23,951**	**249**	**262,198**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011 AND 2010

		Thousands of Euros	
A) CASH FLOW FROM OPERATING ACTIVITIES	**Notes**	**2011**	**2010**
1. Income before tax		19,609	15,814
2. Income Adjustments		**18,853**	**7,832**
a) Depreciation/amortisation (+)	(5)/(7)	412	445
c) Change in provisions (+/-)	(9)	127	---
d) Subsidies applied (-)	(18)	(28)	(14)
g) Financial income (-)	(9)	(14,710)	(19,460)
h) Financial expenses (+)	(9)	32,867	26,842
i) Foreign exchange differences (+/-)	(11)	185	(749)
k) Other income and expenses (-/+)			768
3. Change in current capital		**(185,272)**	**(72,129)**
a) Inventories (+/-)	(10)	(1,747)	(2,819)
b) Debtors and other receivables (+/-)		(191,146)	(63,542)
c) Other current assets (+/-)		(689)	(4,466)
d) Creditors and other payables (+/-)		(11)	(1,969)
e) Other current liabilities (+/-)		6,508	(500)
f) Other non-current assets and long term liabilities (+/-)		1,813	1,167
4. Other cash flow from operating activities		**(21,787)**	**(8,546)**
a) Interest payable (-)	(9)	(32,867)	(26,842)
b) Collection of dividends (+)	(9)	1,530	1,655
c) Interest receivable (+)	(9)	13,180	17,806
d) Collection (payment) of corporate income tax (+/-)	(12)	(3,445)	(366)
e) Other payments (collections) (+/-)		(185)	(799)
5. Cash flow from operating activities (+/-1+/-2+/-3+/-4)		**(168,597)**	**(57,029)**
B) CASH FLOW FROM INVESTING ACTIVITIES			
6. Payment of investments (-)		**(2,844)**	**(138)**
a) Subsidiary and associated companies	(9)	(2,401)	---
c) Tangible assets	(7)	(247)	(138)
e) Other investments		(196)	
7 Collection from divestments (+)		**1,721**	**30**
a) Subsidiary and associated companies	(9)	1,721	30
8. Cash flow from investing activities (7-6)		**(1,123)**	**(108)**
C) CASH FLOW FROM FINANCING ACTIVITIES			
9. Collection and payments of equity instruments	(9)	**13,530**	**6,373**
a) Issue of equity instruments (+)		17,854	6,097
c) Acquisition of own equity instruments (-)		(5,257)	---
d) Disposal of own equity instruments (+)		780	155
e) Subsidies, donations and legacies (+)		153	121
10. Collection and payments of financial liabilities instruments	(9)	**206,911**	**78,794**
a) Issuance		318,985	211,974
1. Notes and other negotiable securities(+)		163,137	104,254
2. Debt with credit institutions (+)		154,587	107,500
4. Other debt(+)		1,261	220
b) Return and amortisation of:		(112,074)	(133,180)
1.Debentures and other negotiable securities (-)		(22,687)	
2. Debt with credit institutions (-)		(89,387)	(133,180)
4. Other debt (-)			---
11. Payment of dividends and remuneration of other equity instruments	(9)	**(9,724)**	**(8,751)**
a) Dividends (-)		(9,724)	(8,751)
12. Cash flow from financing activities (+/-9+/-10-11)		**210,717**	**76,416**
E) CHANGE IN CASH AND CASH EQUIVALENTS (+/-5+/-8/+/-12+/-D)		**40,997**	**19,279**
Opening balance of cash and cash equivalents		107,919	88,640
Closing balance of cash and cash equivalents		148,916	107,919


Salmon


PESCANOVA


Shrimp


Langostino Vannamei
Camarão Vannamei
Crevettes Tropicales
Γαρίδες Vannamei
Extra
PESCANOVA


Turbot


PESCANOVA

NOTES TO THE 2011 ANNUAL ACCOUNTS

1) BUSINESS OF THE COMPANY

PESCANOVA, S.A., (the "Company" or "Pescanova"), incorporated in June 1960, and with its place of business at Rúa de José Fernández López, s/n, Chapela (Pontevedra), is the Parent Company of an important industrial group, which includes Pescanova Group companies, as it is shown in Note 9.1.3; 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 development of supplementary activities of both an industrial and commercial nature, and the investment in national or foreign companies.

Both, the individual annual accounts of Pescanova, S.A. and the consolidated annual accounts of the Pescanova Group are filed with the Companies Registration Office in Pontevedra.

2) BASIS OF PRESENTATION OF THE ANNUAL ACCOUNTS

1) True and fair view

The financial statements for the financial year 2011 will be submitted to the approval of the shareholders at the Annual General Meeting of Shareholders and are expected to be approved without amendment.

All figures are shown in thousands of euros (except where noted).

The financial statements for 2011 were authorised for issue by the Board of Directors at the meeting held on 24 February 2012, and were prepared in accordance with the Commercial Code, the Spanish Companies Law, and other applicable dispositions and generally accepted accounting principles.

These financial statements give a true and fair view of the net equity, financial position and results of financial transactions of Pescanova at 31 December 2011, as well as of the cash flow shown in the Cash Flow Statement attached herewith.

The financial statements for 2010 were prepared from the accounting records kept by the Company, and in keeping with the current trading legislation and the standards set by the GAP, passed under Royal Decree 1514/2007, of 16 November, applying the amendments to the same, by Royal Decree 1159/2010 of 17 September, in order to give a fair view of the equity, financial position and results of the Company, as well as the truthfulness of the cash flow shown in the Cash Flow Statement.

There has been no exceptional reason for non applying legal dispositions of an accounting nature, in order to show and true and fair view.

2) Crucial aspects in the valuation and estimation of uncertainties

These Financial Statements have been prepared on a going concern basis. The Management of the Company is unaware of material uncertainties related to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

3) Comparison of information

For comparison purposes, and in accordance with mercantile law, the Directors present for each item in the Balance Sheet, Income Statement, Statement of Changes in Shareholders' Equity, and Cash Flow Statement, the figures for 2011 together with those of the previous year. In both years these items are uniform and comparable.

There has been no exceptional reason to justify changes in the structure of the Balance Sheet, Income Statement, Cash Flow Statement and Statement of Changes in Net Shareholders' Equity.

4) Grouping of items

The various Balance Sheet and Income Statement items are presented separately in keeping with prevailing legislation, and thus a special breakdown of these items was considered unnecessary.

5) Items recorded in more than one account

Each item is recorded in a single account, which exists for that purpose only.

6) Changes in accounting standards

During the year, there has been no adjustment resulting from changes in accounting standards.

7) Correction of errors

During the year there has been no significant adjustment due to correction of errors from previous years.

8) Responsibility for the information and for the estimates made

The information in these financial statements is the responsibility of the Company's directors.

In preparing the accompanying financial statements estimates were made by to quantify certain assets, liabilities, income, expenses and commitments reported herein, and that basically relate to the valuation for impairment of certain assets, the useful life of fixed assets and the probability of the occurrence of provisions.

Although these estimates were made on the basis of the best information available at the date of preparation of these financial statements on the events analysed, events that take place in the future might make it necessary to change these estimates in coming years. Changes in accounting estimates would be applied prospectively, recognising the effects of the change in estimates in the related future income statements.

3) PROFIT DISTRIBUTION

As resolved at the Annual General Meeting of Shareholders held on 8 April 2011 the 2010 result was distributed as shown below together with the proposed distribution of 2011 results:

Income to be distributed	2011	2010
Net income for the year	16,164	15,448
TOTAL	**16,164**	**15,448**

Distribution	2011	2010
To legal reserve	1,620	1,545
To voluntary reserve	3,848	4,179
To dividends	10,696	9,724
TOTAL	**16,164**	**15,448**

The proposed distribution shows gross dividends to be paid at a rate of 0.55 euros per share (0.50 euros in 2010) for all the Pescanova shares.

Of the total resolved to be paid as dividend, the amount not paid as dividend for own shares held by the Company is recognised in Voluntary Reserves.

The Annual General Meeting of Shareholders shall determine the date on which the dividends will start to be paid.

No interim dividends were distributed during the year.

There are no limitations for dividends distribution other than those provided in articles 275 and following of the Spanish Companies Act.

4) ACCOUNTING AND VALUATION STANDARDS

The principal accounting standards used in preparing the accompanying financial statements were as follows:

1) Intangible assets.

Computer software

Computer software valued at acquisition cost and amortised on a straight-line basis over a three year period at most.

2) Tangible assets

Tangible assets are carried at cost less any accumulated depreciation.

The costs of any extension, modernization or improvement that enable an increase in productivity, capacity or efficiency or the lengthening of the useful life of an asset are included in the asset's carrying amount.

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

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

Tangible assets are depreciated on a straight-line basis over the years of estimated useful life of the assets, which constitute the period over which the Company expect to use them, according to the following:

	Term	Rate
Land and buildings	16/33 years	3/6.25%
Technical installations and machinery	4/10 years	10/25%
Tools, other installations and furniture	4/16 years	6.25/25%
Computer hardware, vehicles & other non-current assets	4/8 years	4/12.5%

3) Investment properties

The Company has no record under this heading.

4) Leases

There are no financial lease contracts entered into for a significant amount. Operating contracts are accounted for on an accrual basis.

5) Exchange of Assets

During the year, there has been no transaction classified under this heading.

6) Financial instruments

a) Loans and amounts receivable

Under this heading the Company classifies:

a.1) Loans for trade transactions: Financial assets originated by the sale of goods and rendering of services for trade transactions.

a.2) Loans for transactions other than trade: Financial assets which not being equity and derivative instruments, have no trade origin, and whose collection is for a quantified or quantifiable amount, and are not negotiated in an active market.

b) Debts and amounts payable

Under this heading the Company classifies:

b.1) Debts for trade transactions: Financial liabilities originated by the acquisition of goods and services for trade transactions.

b.2) Debts for transactions other than trade: Financial liabilities which not being derivative instruments, have no trade origin.

Initially, financial assets and liabilities included under this heading are recognised at their fair value, i.e. transaction price, and is equivalent to the fair value of the facility, plus the transaction cost directly attributable to the same.

Loss for impairment of the value of loans and amounts receivable corresponds to the difference between the carrying amount and the current value of future cash flows estimated to be generated, discounted at the effective interest rate calculated at initial measurement.

c) Investment in subsidiary, multigroup and associated companies

Securities and equity investments are usually valued at acquisition cost. However, as the Company availed itself of the provisions of Law 9/1983, securities and equity investments instrumented in domestic or foreign currency acquired before January 1, 1983 were revalued in accordance with applicable legislation. Securities and shares in foreign currency were converted using the official exchange rate on the balance sheet date. If at year-end underlying book value is lower than said cost; a provision is recorded for the difference to adjust value accordingly.

d) Loans to companies

Loans to companies are recognised for the amount granted, if necessary, provisions are recorded according to the risk represented by probable uncollectability regarding the collection of the assets involved. Interest accrues on a monthly basis at market rates.

e) Other investments

These consist of several deposits made by the Company as part of its ordinary activity.

They are recognised for the amount paid which coincides with the amount to be repaid.

f) Shareholders' equity instruments held by the Company

These are recognised at acquisition cost, and on disposal are derecognised for their sale price.

g) Convertible Notes

g.1.) On 5 March de 2010, Pescanova, S.A. concluded the placement of the issue of Convertible Notes, for 110,000 thousand euros and a five year maturity, among qualified and institutional investors.

Pursuant to the Terms and Conditions, Notes shall be exchangeable at the option of the noteholders at any time during the life of the notes at a fixed price. The Issuer may, when the note holders exercise their right to exchange the notes, decide to exchange them for shares in the Company, cash or a combination of cash for the nominal amount and shares for the difference. The Issuer, at any time, shall explicitly notify the noteholders the payment option chosen.

On the other hand, the Issuer shall have the option to redeem the Notes at any time if (i) there are less than 15% of the initially issued Notes outstanding, or (ii) as from 20 March 2013, in case the market value of the underlying shares for the Notes during a certain period of time represent a percentage equal or higher than 132% or the nominal value of the Notes.

Pescanova, S.A.'s intention, whatever the future circumstances may be, is to exercise its right to exchange the Notes for shares.

g.2) On 20 April 2011, Pescanova, S.A. concluded the placement of an issue of Convertible Notes, for 180,000 thousand euros, and a six year maturity (20 April 2017), among qualified and institutional investors. This issue of convertible notes included the buy-back of part of the convertible notes issued in March 2010, for a nominal amount of 26,600 thousand euros.

Pursuant to the Terms and Conditions, Notes will be exchangeable for new or existing shares in the Company, at the option of the noteholders, at any time during the life of the Notes at a fixed price. The Issuer may, at the time the noteholders exercise their right to exchange, decide to exchange the notes for shares in the Company, cash, or a combination of cash for the nominal amount and shares for the difference. The Issuer, at any time, shall explicitly notify the noteholders the payment option chosen.

On the other hand, the Issuer shall have the option to, at any time, buy-back the Notes in case (i) there are less than 15% of the issued Notes outstanding, or (ii) as from 5 March 2014, in case the market value of the underlying shares of the Notes, during a certain period of time represent a percentage equal or higher than 132% of the nominal value of the Notes plus the conversion premium corresponding to each period.

Pescanova, S.A.'s intention, whatever the future circumstances may be, is to exercise its right to exchange the Notes for shares.

Pursuant to the International Accounting Standards (IAS) 32, and the Terms and Conditions of the issue, the instrument will give rise to financial liabilities and Pescanova's intention to exercise its right to exchange all the Notes for shares, means that the option is to be classified as an equity instrument. Taking this into account, the instrument arising from the agreement is a compound financial instrument, and includes a liability component for financial debt and an equity instrument regarding the conversion option.

In the case of Convertible Notes that give rise to a compound financial instrument, the Group, in agreement with the provisions in the above mentioned IAS 32, recognises two separate components (liabilities and equity instrument) determining the initial value of the equity instrument as the difference between the fair value of the compound instrument as a whole and the financial liability. For the valuation of the compound instrument the Group has used the binomial model. For the valuation of the principal agreement, coupon with conversion premium, the method used was the amortised cost. For future valuations, the equity instrument does not record changes in the fair value until final conversion.

7) Hedges

The Company has not entered into any significant arrangement classified as a hedge.

8) Inventories

Inventories are recognised at the lower of weighed average cost and net realisable value.

When the net attainable value of inventories is lower than acquisition price, they are appropriately reviewed recognising an expense in the income statement.

When the circumstances that caused the review in value of inventories no longer exist, the expense is reversed and recognised as income in the income statement.

9) Transactions in foreign currency

Transactions in currencies other than euro are recorded in euros by applying the exchange rates prevailing at the date of the transaction. During the year, the differences that arise between the exchange rate prevailing at the date of the transaction and the exchange rate prevailing at the date of collection or payment are recorded as financial result in the income statement.

Also, balances receivable or payable at 31 December each year denominated in currencies other than euro are translated to euros at year-end exchange rates. The resulting translation differences are recognised as financial result in the income statement.

10) Corporate income tax

The Company declares taxes on a consolidated basis. Consequently, in application of the related legislation, taxes are paid on the total results of the tax group consisting of the parent and the companies included in the tax group, as determined in Note 12.

Annual income tax expenses are calculated based on the book result of the companies included in the above mentioned tax group, adding or subtracting, as necessary, any permanent differences from tax results, being this the taxable income.

11) Income and expenses

Income and expenses are recognised on an accrual basis, that is income is recorded when it is earned regardless of when it is actually received and expenses are reported when they are incurred regardless of when they are paid.

However, in agreement with the principle of prudence, the Company only recognises the profits realised at closing date, whilst expected risks and liabilities, even potential ones, are recognised as soon as the Company becomes aware of them.

Income from sales of goods or services rendered are recognised at the fair value of the consideration received or receivable arising from the same which, unless there is evidence to the contrary, is the price agreed for the said goods and services, after deducting the amount of any discount, reduction or similar items that the Company may agree upon, as well as any interest attached to the principal amount of the loans.

12) Provisions, contingent liabilities and contingent assets,

Existing obligations at the Balance Sheet date arising from past events which could give rise to a loss for the Company which is uncertain as to its amount and timing are recognised as provisions in the balance sheet at the present value of the most probable amount that it is considered the Company will have to disburse to settle the obligation.

Provisions are quantified on the basis of the best information available at the date of preparation of the financial statements on the consequences of the event giving rise to them and are reviewed and adjusted at the end of each year.

13) Environmental elements

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

14) Criteria used for the recognition and valuation of personnel expenses

The Company recognises personnel expenses on an accrual basis, and therefore recognises under "Personnel (accrued salaries)", the amounts accrued and not yet paid, not only for salaries but also any other possible indemnities to be paid.

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

The Company has no pension obligations.

15) Payments based on shares

During the year, no payment based on shares has been made. The Company has no commitment based on this type of payments.

16) Subsidies, donations and legacies

During the year, the Company has not received any donation or legacy.

Non-refundable capital grants are recognised at fair value. Initial measurement is recognised as income under shareholders' equity, and is recognised in the income statement in the proportion of the depreciation experienced during the period by the assets financed by such grants, unless related to non-depreciable assets, if this is the case, they shall be charged to the result of the financial year in which they are sold or disposed of.

17) Business combinations

During the year, the Company has not entered into any transaction that could be classified under this heading.

18) Joint venture arrangements

During the year, the Company has entered a joint venture arrangement with Austral Fisheries, Pty. valued in proportion to its interest in the joint venture.

19) Criteria used for recognition of transactions with related parties

For the recognition of transactions with related parties the Company follows the general standard. It is noted that during the year there has been no business lien contribution nor mergers or splits.

20) Non-current assets held for sale

There are no assets or group of elements classified under this heading in the Company's Balance Sheet.

21) Discontinued operations

During the year there has been no operation classified under this heading.

5) TANGIBLE ASSETS

1) The movements and depreciation relating to these accounts were as follows:

YEAR 2010	Balance at 31/12/2009	Recognised	Note	Derecognised	Note	Balance at 31/12/2010
COST						
Land and buildings	1,732	---		---		1,732
Technical installations and other tangible assets	6,205	138	(1)	(17)		6,326
TOTAL	**7,937**	**138**		**(17)**		**8,058**
ACCUMULATED DEPRECIATION						
Land and buildings	(1,475)	(66)	(2)	---		(1,541)
Technical installations and other tangible assets	(4,813)	(373)	(2)	4		(5,182)
TOTAL	**(6,288)**	**(439)**		**4**		**(6,723)**
TANGIBLE ASSETS						
Land and buildings	257					191
Technical installations and other tangible assets	1,392					1,144
TOTAL	**1,649**					**1,335**

YEAR 2011	Balance at 31/12/2010	Recognised	Note	Derecognised	Note	Balance at 31/12/2011
COST						
Land and buildings	1,732	---		---		1,732
Technical installations and other tangible assets	6,326	247	(1)	---		6,573
TOTAL	**8,058**	**247**		**---**		**8,305**
ACCUMULATED DEPRECIATION						
Land and buildings	(1,541)	(34)	(2)	---		(1,575)
Technical installations and other tangible assets	(5,182)	(378)	(2)	---		(5,560)
TOTAL	**(6,723)**	**(412)**		**---**		**(7,135)**
TANGIBLE ASSETS						
Land and buildings	191					157
Technical installations and other tangible assets	1,144					1,013
TOTAL	**1,335**					**1,170**

(1) Purchases
(2) Allowances

2) Disclosures related to tangible assets:

a) Depreciation rates used for each type of asset, the depreciation for the year and accumulated depreciation were as follows:

	Depreciation Rate	Depreciation for the Year		Accumulated Depreciation	
		2011	**2010**	**2011**	**2010**
Buildings	3/7	34	66	1,574	1,540
Machinery	25	---	---	92	92
Other installations	6/34	89	91	1,991	1,902
Tools	25	2	2	49	47
Furniture	10/25	62	59	1,138	1,076
Other tangible assets	12.5/25	225	221	2,291	2,066
TOTAL		**412**	**439**	**7,135**	**6,723**

Tangible assets are depreciated on a straight line basis.

b) There has been no change in residual vale, useful life or depreciation basis in respect of previous year.

c) During the year, no tangible assets were acquired from Subsidiary companies; of the total tangible assets of the Company, 650 thousand euros were acquired from Subsidiary companies, depreciation for the period was recorded for 53 thousand euros, and the carrying amount was 440 thousand euros.

d) The Company has no tangible assets outside Spain.

e) During the year no financial expense has been capitalised.

f) During the year there has been no change in the carrying amount of tangible assets due to impairment.

g) During the year there has been compensation to third parties due to impairment or loss of tangible assets.

h) Tangible assets not directly used in operations are classified under:

- Buildings recognised at an acquisition cost of 214 thousand euros, depreciation for the period reached 7 thousand euros and a carrying amount of 98 thousand euros at 31 December 2011.
- Technical installations and other fixed assets at an acquisition cost of 630 thousand euros, depreciation for the period reached 53 thousand euros and a carrying amount of 440 thousand euros at 31 December 2011.

i) At 31 December 2011/2011, tangible assets fully depreciated and in use, are shown bellow:

	31/12/2011	31/12/2010
Buildings	228	228
Technical installations and machinery	92	92
Other installations, tools and furniture	2,699	2,312
Other tangible assets	1,738	1,581
TOTAL	**4,757**	**4,213**

j) During the year the Company has not received any significant subsidy, donation or legacy related to tangible assets.

k) There is no commitment related to the acquisition or sale of significant tangible assets.

l) There are no leases, litigations, restrictions or similar situations related to tangible assets.

m) The Company has contracted insurance policies to cover potential risks that could affect its tangible assets.

n) During the year there has been no significant disposal of tangible assets.

o) At year end, 2011 and 2010, no tangible assets of the Company were subject to mortgage guarantee.

6) INVESTMENT PROPERTIES

During the year, the Company did not own any asset that could be classified under this heading.

7) INTANGIBLE ASSETS

a) The movements and amortisation relating to these accounts were as follows:

YEAR 2010	31/12/2009	Recognised	Derecognised	31/12/2010
Cost:				
Research and development expense	365	---	---	365
Software	421	---	---	421
TOTAL	**786**	**---**	**---**	**786**
Accumulated amortisation:				
Research and development expense	(365)	---	---	(365)
Software	(415)	(6)	---	(421)
TOTAL	**(780)**	**(6)**	**---**	**(786)**
Net Intangible assets	**6**			**---**

There has been no movement under this heading, during 2011.

b) There is no guarantee, reversion or restriction related to the ownership of intangible assets.

c) Software is amortised on a straight line basis over a three year period.

d) During the year there has been no acquisition of intangible assets from Subsidiary Companies.

e) During the year no financial expense has been capitalised.

f) There are no intangible assets not directly used in operations.

g) During the year the Company has not received any donation or legacy related to intangible assets.

h) There is no firm commitment related to the purchase-sale of intangible assets.

i) There is no lease, litigation, restriction or similar situation related to intangible assets.

8) LEASES AND OTHER TRANSACTION OF SIMILAR NATURE

a) Financial Lease:

The Company does not hold, neither as lesser nor as lessee, any significant financial lease that should be included under this heading.

b) Operational Leases:

As lessee, the Company has incurred in the following expenses, by nature, in 2010 and 2011.

Description	2011	2010
Other leases	4,254	5,652
Levies	54	52

Lease contracts are mainly entered into with Subsidiary Companies, and most of them are renewable on a one-year basis.

9) FINANCIAL INSTRUMENTS

9.1 Disclosure of financial instruments' relevance in the financial position and results of the Company:

9.1.1. Disclosures related to the Balance Sheet:

a) Financial assets other than equity investments in Subsidiary, Multigroup and Associated Companies, are classified and detailed as follows:

	Long-term		Short-term		Total	
	2011	2010	2011	2010	2011	2010
Held to maturity investments	343	147	---	---	343	147
Loans and amounts receivable	300	1,721	34,576	33,839	34,876	35,560
TOTAL	**643**	**1,868**	**34,576**	**33,839**	**35,219**	**35,707**

	Derivative loans and other amounts receivable			
	Long-term		Short-term	
	2011	2010	2011	2010
Assets at fair value with changes in the income statment	**---**	**---**	**148,916**	**107,919**
Cash and cash equivalents	---	---	148,916	107,919
Loans and amounts receivable	**315**	**1,736**	**517,303**	**325,808**
TOTAL	**315**	**1,736**	**666,219**	**433,727**

	Loans and other amounts receivable			
	Balance 2011		Balance 2010	
	Long term	Short term	Long term	Short term
Loans for trade transactions				
Clients - Group Companies	---	457,484	---	270,668
Clients - Third parties	---	24,933	---	20,864
Debtors - Third parties	---	610	---	437
Total loans for trade transactions	**---**	**483,027**	**---**	**291,969**
Loans for transactions other than trade				
To Group companies	---	34,046	1,721	33,569
To Associated companies	300	---	---	---
To other companies	---	230	---	270
Securities and deposits	15	---	15	---
Total loans for transactions other than trade	**315**	**34,276**	**1,736**	**33,839**
TOTAL	**315**	**517,303**	**1,736**	**325,808**

b) The Company's financial liabilities are classified as follows:

	Long-term							
	Type							
	Notes		Debt with credit institutions		Other financial liabilities		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Debt and amounts payable	244,704	104,254	311,062	270,000	1,533	272	557,299	374,526
TOTAL	**244,704**	**104,254**	**311,062**	**270,000**	**1,533**	**272**	**557,299**	**374,526**

	Short-term			
	Type			
	Debt with credit institutions		Total	
	2011	2010	2011	2010
Debt and amounts payable	81,938	57,800	81,938	57,800
TOTAL	**81,938**	**57,800**	**81,938**	**57,800**

c) Classification by maturity of the different financial assets and liabilities is shown below:

	Classification by maturity				
2010 ASSETS	**2012**	**2013**	**2014**	**2015**	**2016 & onwards**
Held to maturity investments	---	---	---	---	147
Loans	1,721	---	---	---	---
TOTAL	**1,721**	**---**	**---**	**---**	**147**

	Classification by maturity				
2010 LIABILITIES	**2012**	**2013**	**2014**	**2015**	**2016 & onwards**
Debt and amounts payable	113,525	39,962	72,937	147,830	---
TOTAL	**113,525**	**39,962**	**72,937**	**147,830**	**---**

	Classification by maturity				
2011 ASSETS	**2013**	**2014**	**2015**	**2016**	**2017& onwards**
Held to maturity investments	---	---	---	---	343
Loans	---	---	300	---	---
TOTAL	**---**	**---**	**300**	**---**	**343**

	Classification by maturity				
2011 LIABILITIES	**2013**	**2014**	**2015**	**2016**	**2017& onwards**
Debt and amounts payable	104,586	113,024	173,837	167	165,685
TOTAL	**104,586**	**113,024**	**173,837**	**167**	**165,685**

d) There are no financial instruments serving as guarantee. The Company does not hold third party assets serving as guarantee.

e) As regards to outstanding loans at year end, there has been no payment default of principal or interest or any other non-compliance granting the lender the right to demand early repayment.

f) The agreements ruling the financial debt of the Company contain the usual covenants for agreements of this nature.

9.1.2. Disclosures related to the Income Statement:

The detail of the main income and expense items related to the different categories of financial instruments is shown below:

a) EXPENSES

	Expenses	
Description	**2011**	**2010**
Interest payable on loans from third parties	31,135	25,706
Interest payable on loans from subsidiary and associated companies	1,732	1,136

b) INCOME

	Income	
Description	**2011**	**2010**
Interest receivable from loans to third parties	1,203	728
Interest receivable from loans to subsidiary and associated companies	11,977	17,078
Dividends from subsidiary and associated companies	1,529	1,655
Dividends from other companies	1	---

9.1.3. Other disclosures:

a) Shares held in Subsidiary, Multigroup and Associated Companies were as follows:

			Thousands of Euros			
			2011		2010	
Subsidiary companies	**Country**	**Activity**	**Investment**	**%**	**Investment**	**%**
Argenova, S.A.	Argentina	1	27,037	94.99	27,037	94.99
Camanica, S.A.	Nicaragua	4	3,047	46.21	3,047	46.21
Bajamar Séptima, S.A.	Spain	3	6,040	100.00	6,040	100.00
Camanica Zona Franca	Nicaragua	4	428	0.10	428	0.10
Corporación Novaperú, S.A.C.	Peru	1	5	0.01	5	0.01
Eiranova Fisheries Ltd.	Ireland	2	3,354	98.48	3,354	98.48
Frigodís, S.A.	Spain	5	8,211	99.99	8,211	99.99
Frinova, S.A.	Spain	2, 3	10,145	90.36	10,145	90.36
Frivipesca Chapela, S.A.	Spain	2,3	781	8.27	781	8.27
Insuiña, S.L.	Spain	4	34,564	99.90	34,564	99.90
Kodeco D. C. S.A	Nicaragua	4	46	98.66	46	98.66
Austral Fisheries Pty.	Australia	1,2	6,356	30.00	6,356	30.00
Nova Austral	Chile	2	13,490	99.90	13,490	99.90
Novapesca Trading, S.L.	Spain	5	11,103	99.99	11,103	99.99
Acuinova Chile, S.A.	Chile	4	2,303	7.41	2,303	7.41
Pesca Chile, S.A.	Chile	1,2	23,112	51.00	23,112	51.00
Pescafina, S.A.	Spain	2	21,248	98.83	19,148	94.94
Pescafresca, S.A.	Spain	2	61	100.00	61	100.00
Pescamar, Ltd.	Mozambique	1	5,528	70.00	5,528	70.00
Pescanova France, S.A.	France	2	48	100.00	48	100.00
Pescanova Inc.	USA	2	7,990	96.49	7,990	96.49
Pescanova Italia SRL	Italy	2	4,565	100.00	4,565	100.00
Pescanova Portugal Ltda.	Portugal	2, 3	4,070	99.99	4,070	99.99
Pesquerías Belnova, S.A.	Uruguay	1, 5	7,113	100.00	7,113	100.00
Río Real, S.A.	Nicaragua	4	980	1.48	980	1.48
Río Tranquilo, S.A.	Nicaragua	4	229	98.00	229	98.00
TOTAL			**201,854**		**199,754**	

Associated Companies						
Boapesca, S.A.	Spain	5	330	50.00	330	50.00
Hasenosa, S.A.	Spain	3	68	50.00	68	50.00
NovaNam Limited	Namibia	2	7,689	49.00	7,689	49.00
TOTAL			**8,087**		**8,087**	

- The percentage shown corresponds to direct participation; the total percentage, direct and indirect, is shown in the Consolidated Financial Statements.

1) Catching and marketing of seafood products
2) Processing and marketing of seafood products
3) Processing and marketing of other food products
4) Aquaculture
5) Other Services

None of the above are listed companies.

During the financial year, impairment losses have been recognised for 0.2 million euros; accumulated impairment loss amounted to 10.3 million euros (10.1 million in 2010).

	Thousands of Euros			
YEAR 2010	**31/12/2009**	**Recognised**	**Derecognised**	**31/12/2010**
Subsidiary Companies				
Shares in subsidiary companies	199,754	---	---	199,754
Provision for depreciation	(2,256)	---	---	(2,256)
Total Subsidiary Companies	**197,498**	**---**	**---**	**197,498**
Associated Companies				
Shares in associated companies	8,087	---	---	8,087
Provision for depreciation	(7,892)	---	---	(7,892)
Total Associated Companies	**195**	**---**	**---**	**195**
Total Equity Instruments	**197,693**			**197,693**

	Thousands of Euros			
YEAR 2011	**31/12/2010**	**Recognised**	**Derecognised**	**31/12/2011**
Subsidiary Companies				
Shares in subsidiary companies	199,754	2,100	---	201,854
Provision for depreciation	(2,256)	---	---	(2,256)
Total Subsidiary Companies	**197,498**	**2,100**	**---**	**199,598**
Associated Companies				
Shares in associated companies	8,087	---	---	8,087
Provision for depreciation	(7,892)	(126)	---	(8,018)
Total Associated Companies	**195**	**(126)**	**---**	**69**
Total Equity Instruments	**197,693**			**199,667**

b) Other disclosures:

- There is no firm commitment related to the purchase-sale of financial assets.
- There are no leases, litigations, restrictions or similar situations affecting the financial assets of the Company.
- Amounts available from the main credit lines of the Company are shown below:

	2011	**2010**
Loan and foreign trade policies	136,680	251,497
Factoring & discount lines	10,167	15,158

9.2. Shareholders’ Equity

a) Pescanova, S.A. subscribed and paid-in share capital at 31 December 2008 amounted to 78 million euros, consisting of 13 million shares with a face value of 6 euros each.

At the General Meeting of Shareholders held on 24 April 2009 it was resolved to delegate to the Board of Directors the power to increase the share capital of the Company; thus, at the Board Meeting held on 1 October 2009, with the attendance of all the Board members, it was resolved to increase the share capital by thirty eight million six hundred and eighty-three thousand five hundred and twenty-four euros (€38,683,524.00), through the issue of six million four hundred and forty-seven thousand two hundred and fifty-four new shares (6,447,254) with a face value of 6 euros each, of the same class and series and with the same rights adhered to them as the other Pescanova, S.A. shares in circulation, as from the date on which the capital increase is declared subscribed and paid, providing expressly the possibility of not being subscribed in full. These new shares are to be subscribed with an issue premium of nine euros and sixty cents (€9.60) per share.

Once the term and conditions for the subscription and payment of the new shares were concluded and complied with, having covered the capital increase in full, the share capital of Pescanova, S.A. was one hundred and sixteen million, six hundred and eighty three thousand, five hundred and twenty four euros (€116,683,524) represented by nineteen million four hundred and forty-seven thousand two hundred and fifty-four shares (19,447,254), with a face value of 6 euros each, all of them of the same class and series, fully subscribed and paid.

The situation remains the same at the date of preparation of these annual accounts.

b) There is no capital increase under way.

c) The Shareholders of the Company at their Annual General Meeting held on 8 April 2011, resolved to grant authority to the Board of Directors for the acquisition of own shares and their application for the purposes provided in the Companies Law. At that meeting the Board was also authorised, for a five-year term, to increase the share capital of the company, with or without premium, up to half of the existing share capital at the time of the authorisation.

d) There are no founder shares, enjoyment bonds nor similar financial instruments.

e) There are no specific circumstances, other than those in the Companies Act, which could restrict the availability of reserves.

f) Making use of the authority granted under item nº 6 in the agenda of the Annual General Meeting of Shareholders, held on 6 April 2010, and item nº 6 of the Agenda of the General Meeting of Shareholders, held on 8 April 2011, at 31 December 2011 the number of own shares held by the Company were 69,428 shares with a nominal value of 6 euros each, which were bought at an average acquisition price of 28.33 euros per share.

g) The company that at 31 December 2010 held 10% or more of the share capital of Pescanova, S.A. was: SOCIEDAD ANÓNIMA DE DESARROLLO Y CONTROL (SODESCO): 14.823%.

h) All the shares of the Company are listed at the stock exchange in Madrid and Bilbao.

i) There are no share options nor any other contract issued by the company related to its own shares, other than those indicated in the paragraph (j) below, and there are no specific circumstances regarding subsidies, donations and legacies granted by shareholders.

j) At 31 December 2011 the Company has entered an agreement ("share swap transaction") with a bank, holder of 777,866 shares, equivalent to 3.99% of the issued capital. The said agreement - that terminates on 25 June 2012 - basically implies Pescanova's entitlement to buy those shares from the holder at a price of 25 euros. In case such right is not exercised, the holder is entitled to sell them to a third party and settle with the Company the difference with the price obtained.

The valuation of the said agreement has meant the recognition under investments in the balance sheet of the Company, and the recognition of financial income for such right of 92,000 euros. In addition a financial expense for the interest rate agreed has been recognised in the Company's Income Statement.

9.3. Convertible Notes

9.3.1 Issue March 2010 (the "Notes 2015")

On 5 March de 2010, Pescanova, S.A. concluded the placement of the issue of Convertible Notes for 110,000 thousand euros among qualified and institutional investors. The terms and conditions of the issue were definitely established as summarised below:

a) The issue amounts to one hundred and ten million euros, with a five year maturity.

b) Notes accrue an annual fixed interest rate of 6.75% payable semi-annually.

c) Notes shall be exchangeable, at the option of the noteholders, for new or existing shares in the Company.

Pursuant to the Terms and Conditions, the Issuer may decide, at the time the noteholders exercise their right to exchange, to exchange the notes for shares of the Company or a combination of cash for the nominal amount and shares for the difference. Pescanova, S.A.'s intention, whatever the future circumstances may be, is to exercise its right to exchange the Notes for shares.

d) In April 2011, the Company proceed to the redemption of notes for a total amount of 27.1 million euros, of the said issue of March 2010.

9.3.2 Issue March 2010 (the "Notes 2015")

On 20 April de 2011, Pescanova, S.A. concluded the placement, among qualified and institutional investors, of the issue of Convertible Notes for 180,000 thousand euros, maturing in April 2017.

Pursuant to the Terms and Conditions, Notes shall be exchangeable for new or existing shares of the Company, at the option of the noteholders, at any time during the life of the Notes at a fixed price. The Issuer may decide, at the time the noteholders exercise their right to exchange, to exchange the notes for shares of the Company, cash, or a combination of cash for the nominal amount and shares for the difference. The Issuer, at any time, shall explicitly notify the noteholders the payment option chosen.

On the other hand, the Issuer shall have the option to, at any time, buy-back the Notes in case (i) there are less than 15% of the issued Notes outstanding, or (ii) as from 5 March 2014, in case the market value of the underlying shares of the Notes, during a certain period of time, represents a percentage equal or higher than 132% of the nominal value of the Notes.

Pescanova, S.A.'s intention, whatever the future circumstances may be, is to exercise its right to exchange the Notes for shares.

The summary of the terms and conditions of the issue were definitely established as summarised below:

a) The issue amounts to 180 million euros, with a 6 year maturity.

b) Notes accrue an annual fixed interest rate, payable semi-annually, of 5.125% plus a conversion premium.

c) Notes shall be exchangeable, at the option of the noteholders, for new or existing shares of the Company.

   Pursuant to the Terms and Conditions, the Issuer may decide, at the time the noteholders exercise their right to exchange, to exchange the notes for shares in the Company or a combination of cash for the nominal amount and shares for the difference. Pescanova, S.A.'s intention, whatever the future circumstances may be, is to exercise its right to exchange the Notes for shares.

   As indicated in Note 4.6.e) of the notes to the parent company annual accounts, and in agreement with International Accounting Standard 32 the fair value of the liabilities side of the Convertible Notes (Notes 2017 and Notes 2015), at 31 December 2011, is recognised for 244,703 thousands of euros (104,254 thousand in 2010). In addition, the valuation of the equity component generated through the issue of Convertible Notes is recognised for 23,950 thousand euros (6,097 thousands of euros in 2010) (see Statement of Changes in Shareholders' Equity). The effect on the 2011 Income Statement for the accrual of the conversion premium amounts to 3,788 thousand euros (1,201 thousands of euros in 2010) and the expense accrued for the Notes (Notes 2015 and Notes 2017) amounts to 14,028 thousand euros (6,183 in 2010), and the financial loss for the buy-back of Notes amounted to 3,810 thousand euros in 2011.

9.4 Description of and risk arising from financial instruments.

The activities of the Company are subject to different financial risks.

Credit Risk

The main financial assets of the Company are cash and cash equivalents, trade debtors and other amounts receivable, and investments that represent the maximum credit risk exposure of the Company regarding financial assets.
The Company's credit risk is mainly attributable to its trade debts. The amounts are shown in the balance sheet net of the provision for uncollectable debt as estimated by the Management of the Company based on the experience from previous years and the assessment of current economic environment.
The Company does not have a significant credit risk concentration, since the exposure is distributed among a larger number of counterparties and customers.

Liquidity risk

Over the last months financial markets, and particularly banks, have been unfavourable to credit applicants. The Company pays permanent attention to the evolution of certain factors and particularly to funding sources and characteristics that could in future help to solve potential liquidity crisis.

Bellow is a summary of the aspects to which the Company pays attention:

- Liquidity of monetary assets: Cash surpluses are always placed on very short term deposits.
- Maturity diversification for credit lines and control over financing and refinancing.
- Control over remaining life of funding lines.
- Diversification of funding sources: at a corporate level, bank finance is essential, due to the easy access to this market at its cost, in many occasions without any competition from alternative sources.

The Company does not exclude the use of other funding sources in future.

Foreign currency risk

The strategy of the Company, regarding the management of foreign currency risk is mainly focussed on hedging future cash flows for transactions based on firm or highly probable commitments.

Foreign exchange risk in the formalisation of contracts in which the collections/payments are made in a currency different from the functional currency are hedged by interest rates derivatives.

In these cases, the risk hedged is the exposure, attributable to a particular risk, which could lead to changes in the value of the transactions to be carried out based on firm or highly probable commitments, to the extent that there is reasonable evidence about their future completion.

Interest rate risk

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

The objective of interest rate risk management is to achieve a balanced debt structure that makes it possible to minimise the cost of the debt over several years with reduced income statement volatility.

Depending on Company's estimates and debt structure targeted, risks may be mitigated by entering derivative arrangements.

Interest rates on Company's debt are mainly Euribor and Libor related.

9.5 Disclosure on deferred payments by suppliers. Third additional disposition (Disposición Adicional Tercera), "Disclosure Requirements" of Law 15/2010 of 5 July.

Pursuant to the provisions in the third additional disposition (Disposición Adicional Tercera), 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, it is disclosed that the outstanding balance payable to suppliers which at 31 December 2011 accumulates a term longer than the legal term does not represent a significant volume, similarly to last year.

10) INVENTORIES

There are no firm commitments to buy or sell inventories, nor future contracts relating to them. Inventories may be used freely, as there is no significant restriction due to guarantees, pledges, sureties, or similar reasons, or due to material circumstances such as lawsuits, insurance policies or confiscation affecting the ownership, availability, or value of inventories.

Since the Company does not own inventories with a productive cycle higher than one year, no financial expenses have been capitalised.

11) FOREIGN CURRENCY

Transactions carried out in currencies other than euro are recognised in euros by applying the exchange rates prevailing at the time of the transaction. During the year, the differences that arise between the exchange rate prevailing at the time of the transaction and the exchange rate prevailing at the date of collection or payment are recorded as financial results in the Income Statement.

Also, balances receivable or payable at 31 December each year denominated in currencies other than euro are translated to euros at the year-end exchange rates. The resulting translation differences are recognised as financial results in the Income Statement.

a) Below is the detail of assets and liabilities denominated in foreign currency:

Element	Amount 2011	Amount 2010	Currency 2011/2010
Equity instruments - Subsidiary companies	105,333	105,353	Mainly Argentinean Peso; Chilean Peso & US Dollar
Trade receivables	309	2,268	US Dollar
Cash and cash equivalents	297	93	US Dollar
Trade payables	1,692	2,871	US Dollar

b) The main transactions carried out in foreign currency during the year are shown below:

	Amount 2011	Amount 2010	Currency 2011/2010
Purchases	20,758	30,132	US Dollar
Sales	10,040	33,769	US Dollar
Services received	943	285	US Dollar/Rand

c) Below is the detail of exchange rate differences, by financial instrument, included in the result of the year:

Instrument	Foreign Exchange Differences 2011	Foreign Exchange Differences 2010
Loans and amounts receivable	694	79
Debts and amounts payable	(509)	(828)

12) TAX SITUATION

As indicated in Note 4, section 10) the Company declares taxes, indefinitely, on a consolidated basis. The Companies that make up the Tax Group are: Pescanova, S.A., 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., Ultracongelados Antártida, S.A., Acuinova, S.L., Fricatamar, S.L. and Marina Esuri, S.L..

The reconciliation of the aggregated income of the Tax Group to consolidated taxable income for Corporate Income Tax is as follows:

	2011
Sum of accounting income for the year	25,419
Permanent differences	
- Increases	6,059
- Reductions	(726)
- Offsetting of tax losses (individual)	(1,745)
Adjusted accounting income	29,007
Temporary differences originated in the year	
- Increases	1,719
- Reductions	(4,586)
Temporary differences originated in previous years	
- Increases	5,935
- Reductions	(959)
Taxable income	31,116
Compensation of negative taxable income	(6,797)
Taxable income	24,319
30% Rate	7,296
Deductions	(1,511)
Deductions for R&D&I	(2,892)
Deductions for donations	(161)
Tax withheld	(233)
Net tax payable	2,499

The Company may still be inspected by the tax authorities in connection with the following years and taxes:

➢ IRPF (personal income tax)	2008 to 2011
➢ Value Added Tax	2008 to 2011
➢ Corporate Income Tax	2008 to 2010
➢ Tax on Income from Securities	2008 to 2011
➢ Customs duties	2008, 20010 and 2011

In 2009 Tax Authorities started audits to check and investigate the following concepts and periods:

➢ Corporate Income Tax	2004 to 2007
➢ Value Added Tax	04/2005 to 12/2007
➢ Retention/income on account of earned income	04/2005 to 12/2007
➢ Retention/income on account of income from securities	04/2005 to 12/2007
➢ Retention/income on account of leaseholds	04/2005 to 12/2007
➢ Retention on account of non-residents taxation	04/2005 to 12/2007
➢ Annual operations statement	2005 to 2007
➢ Recapitulative statement of intra-community deliveries and acquisitions	2005 to 2007

The Company does not expect significant contingencies in this respect.

At 31 December 2011, once estimated the Corporate Income Tax for the financial year, the Tax Group has no tax losses from previous years not yet applied, regardless the tax losses generated by subsidiary companies prior to their incorporation to the Tax Group which can be offset, under certain requirements, with the limit of their own taxable income.

At 31 December 2011, and once estimated the tax calculation for the year closed at that date, the Tax Group, or the companies that make up the same, have yet to apply tax deductions for the following amounts:

Investments (subject to a limit on the quota): The Group has deductions pending application for 2.5 million euros.

Donations: The Group has no deduction pending application for this concept.

Double taxation: The Group has no deduction pending application for this concept.

As regards to deductions for reinvestments, the Group assumed the responsibility for reinvesting, in the following financial years, the amounts arising from the deferment of capital gains attained in 1996 and 1997 by the transfer of assets.

Regarding the commitments arising from the financial year 1996, in 1998 the Company reinvested the total amount agreed. In respect of the transfers made in 1997, various Group Companies made the reinvestment in tangible and intangible assets and investments, which are duly identified in the accounting records; the deferred taxable income increased accordingly, as provided by the legislation then in force. Notwithstanding the above, in conformity with “Disposición Transitoria Tercera 3” of Act 24/2001, of 27 December, the Group opted to record the full amount of its deferred capital gains pending of being reversed, generating a 17% deduction on the same, which can be applied in the following 10 years. Since then other deductions for reinvestments were generated and these are recognised and detailed in the consolidated tax return of the Group.

At present, the status of these deductions is as follows:

Deduction generated in	Income subject to reinvestment	Deduction pending application at 31-12-2011
2001	4,569	0€
2002	562	0€
2003	479	0€
2004	2,061	0€
2005	3,899	0€
2006	10,531	0€
2007	34,748	0€

13) INCOME AND EXPENSES

- Below is the breakdown of supplies:

	2011		2010	
	Goods for resale	Raw Material	Goods for resale	Raw Material
Purchases	521,033	7,233	492,772	4,641
Change in stocks	(1,789)	42	(3,189)	369
TOTAL CONSUMPTION	519,244	7,275	489,583	5,010

- “Social security” consists of social security costs, and does not include any contribution to pension benefits.

- No sale has been done nor service rendered in exchange of non-monetary goods or services.

- There has been no result from any activity other than the ordinary activity of the Company.

14) PROVISIONS AND CONTINGENCIES

a) The movements relating to these accounts were as follows:

Type of provision	31/12/2010	Recognised	31/12/2011
Provision for taxes	673	(673)	---
TOTAL	**673**	**(673)**	**---**

b) The balance at 31/12/2011 and applied in the year corresponded to the principal related to the different economic–administrative claims that the Company has lodged with the Supreme Court regarding tax settlements for the years 1990 to 1993, which have been settled this year.

c) The Company is not aware of any significant negative contingency that could affect the equity or results of Pescanova, and not recognised in these annual accounts.

There are judicial claims against third parties from which contingent assets could arise which have not been recognised in the consolidated financial statements, among which the most important refers to the use of the “Capitán Pescanova” prescriptor.

15) ENVIRONMENTAL INFORMATION

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

16) LONG-TERM EMPLOYEES REMUNERATION

There are no guarantees or “golden parachute” clauses benefiting senior managers, including executive directors, in case of dismissal or change in the control of the Company or its Group of Companies.

The Company has no pension fund for its employees.

17) TRANSACTIONS PAID THROUGH EQUITY INSTRUMENTS

The Company has not entered into any arrangement based on payment with own shares.

18) SUBSIDIES, DONATIONS AND LEGACIES

The movements relating to this grouping of items in the Balance Sheet were as follows:

Balance at 31/12/09	16
Amount awarded	150
Amount applied	(42)
Balance at 31/12/10	**124**
Amount awarded	153
Amount applied	(28)
Balance at 31/12/11	**249**

The Company complies with all conditions regulating the use of subsidies; no return has been made for non-compliance with the awarding conditions.

19) BUSINESS COMBINATIONS

The Company has not entered into any business combination during the year.

20) JOINT VENTURE ARRANGEMENTS

During the year, the Company has not hold significant interest in joint ventures, except for the activity of the company Austral Fisheries Pty. Ltd..

21) TRANSACTIONS WITH RELATED PARTIES

a) Parent Company: Since Pescanova, S.A. is the Parent Company of a group of companies; no other information is required to be disclosed under this entry.

b) Other Subsidiary Companies: During the year there has been no change in value from doubtful debts from Subsidiary Companies, nor expenses arising from uncollectable or doubtful debts.

The main transactions carried out during the year with Subsidiary Companies were as follows:

Description	2011	2010
Services rendered	3,248	3,100
Services received	6,260	15,124
Interest charged	10,176	15,875
Interest paid	1,731	1,136
Dividend received	1,529	1,500
Goods sold	76,380	86,949
Goods purchased	373,099	251,507

c) Associated Companies: During the year there has been no change in value from doubtful debts from Associated Companies, nor expenses arising from uncollectable or doubtful debts.

The main transactions carried out during the year with Associated Companies were as follows:

Decription	2011	2010
Services rendered	123	98
Interest charged	1,801	1,203
Dividend received	---	155
Goods purchased	29,932	29,205

d) Companies under joint control or with significant influence.

As mentioned in note 9.2, the Company holding a significant shareholding in Pescanova, S.A. was SOCIEDAD ANÓNIMA DE DESARROLLO Y CONTROL (SODESCO) 14.823%.

The transactions carried out with these companies are shown under f.1. below, as well as the payment of dividends from 2010 profit distribution.

e) Senior Executives.

The following are senior executives who are not executive directors.

Name	Position
Casal Cabaleiro, Olegario	Division General Manager
De la Cerda López-Baspino, Juan José	Food Technology Manager
Fernández Andrade, Pablo Javier	Division General Manager
Fernández Pellicer, Eduardo	IT Manager
Gallego García, Joaquín	Fleet Manager
García García, Jesús Carlos	Advisor to the Chairman
López Uroz, Alfredo	Accounts Division
Mata Moretón, César	Legal Advisor
Real Rodríguez, César	Division General Manager
San Segundo Fernández, Susana	Human Resources Manager
Táboas Moure, Antonio	Financial Manager
Troncoso García-Cambón, David	Division General Manager
Viña Tamargo, Joaquín	Internal Audit Division

Total remuneration for the above senior executives in 2011, reached 2,161 thousand euros (1,982 thousand euros in 2010), all of them refer to salaries.

f) Related Parties.

f.1. Significant Shareholders

Relevant transactions carried out in 2011 with significant shareholders of the Company, all of which performed on market terms basis, were as follows:

Significant Shareholder/Director	Company Name	Nature of Relationship		Type of transactions	Amount (Thousand €)
LIQUIDAMBAR INVERSIONES	PESCANOVA	Contractual	(1)	Funding & loan arrangement, capital contributions (borrower)	18,170

(1) Through EBN Banco

f.2. Directors

In 2011 the members of the Board of Directors and the shareholders represented on the Board of Directors or the individuals or companies who they represent, did not participate in unusual and/or significant transactions of the Company.

f.2.1. Remuneration

The Company has adopted the reporting format in Annex I of the Annual report on Corporate Governance for listed companies, enforced by the Comisión Nacional del Mercado de Valores (Spanish Securities and Exchange Commission), as passed under Circular 1/2004 of 17 March.

	2011	2010
Type of remuneration	**1,891**	**1,952**
Fixed fee	618	618
Variable fee	300	300
Attendance fee	513	562
Payments to Directors as per the Articles of Association	460	472

Type of Director	**1,891**	**1,952**
Executive directors	989	993
Non-executive nominee directors	653	780
Non-executive independent	249	179

No advances or loans have been given to any of the Board members; there are no pension or life insurance obligations with Board members.

f.2.2. Other Disclosures

Pursuant to Article 229.2 of the Spanish Companies Act, introduced by Law 26/2003, of 17 July, which amends Stock Exchange Act 24/1988, of 28 July, in order to reinforce the transparency of listed companies, it is hereby stated that there is no Company engaging in an activity that is identical, similar or complementary to the activity that constitutes the corporate purpose of Pescanova, S.A. in which the members of the Board of Directors own equity interests, except for the companies belonging to the Pescanova Group.

Also, pursuant to the aforementioned Act, it is hereby stated that there is no record that members of the Board of Directors carry on, or carried on in 2011 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..

22) OTHER DISCLOSURES

1) The average number of employees, in 2010 and 2011, by category and sex is shown below:

	Number of Employees 2010		
Category	Full-time	Temporary	Total
Executive	22	0	22
Sales delegates and salesperson	9	0	9
Other technical staff	34	2	36
Assistant staff	2	0	2
Managers and administration officers	44	0	44
Specialists and operators	20	1	21
	131	**3**	**134**

	Number of Employees 2011		
Category	Full-time	Temporary	Total
Executive	21	0	21
Sales delegates	9	0	9
Other technical staff	34	1	35
Managers and administration officers	41	0	41
Specialists & Operators	19	1	20
TOTAL	**124**	**2**	**126**

Number of Employees 2010		
Female	Male	Total
47	87	**134**

Number of Employees 2011		
Female	Male	Total
45	81	**126**

Below is the distribution, by sex, of the members of the Board of Directors:

Type of Director 2010	Sex	
	Male	Female
Executive directors	1	
Non-executive proprietary directors	9	1
Non-executive independent	2	

Type of Director 2011	Sex	
	Male	Female
Executive directors	1	
Non-executive proprietary directors	8	1
Non-executive independent	3	

2) Since Pescanova, S.A. prepares consolidated annual accounts for its Group of Companies, there is no obligation to disclose possible changes in the Company's net equity and Income Statement, should it had applied the International Financial Reporting Standards as per European Union Regulations.

   Anyhow, these changes are not significant.

3) In 2011 Auditor Fees, for the auditing work, reached 64 thousand euros, 63 thousand euros in 2010.

   During the year the main auditor has provided additional services for 40 thousand euros regarding financial advice, 120 thousand euros in 2010.

   No significant transaction has taken place with any company belonging to the same group as the main Auditor, or with any other company related to the main Auditor either by control, ownership or management.

4) There is not any significant agreement related to the Company and not included in the Balance Sheet, which could assist in determining the financial position of the Company.

5) As mentioned in Note 1, Pescanova, S.A. is part of the Pescanova Group of Companies, and does not have any other business or joint control relationship with any company.

23) SEGMENT REPORTING

Below is the detail of the net turnover by activity and geographical market:

	2011		2010	
	Sales	Services Rendered	Sales	Services Rendered
Domestic	469,379	1,318	427,108	1,410
Other EU countries	54,571	604	46,306	820
Outside the EU	101,894	1,453	98,398	1,359
TOTAL	**625,844**	**3,375**	**571,812**	**3,589**

24) EVENTS SUBSEQUENT TO BALANCE SHEET DATE

- At the Extraordinary General Meeting, held on 30 January, in first calling, the Shareholders unanimously resolved to agree to all the proposals of the Board of Directors contained in the agenda in the notice calling the meeting.

Namely:

a) The ratification as directors of Luxempart, S.A. (represented by Mr François Tesch) and Mr José Carceller Arce, both of them appointed for a five year term pursuant to the articles of association of the company.

b) Delegation of authorities to the Board of Directors for:

- the acquisition of own shares;
- the issue of bonds or other fixed income securities convertible into or exchangeable for shares;
- the increase of the share capital.

- In February 2012 Pescanova has proceed to the issue of Notes, convertible into newly issued shares and/or exchangeable for existing shares of the Company, the terms and conditions of the Issue are shown below:

Issuer	Pescanova, S.A.
Status	Senior, unsecured
Size	160 million Net proceeds of approximately €100 million (before fees and expenses) (following deduction of the proceeds allocated to the buy-back)
Maturity	7 years with an investor put in the fourth anniversary of the Issue
Conversion Premium	25.0% above the volume weighted average price of the shares of the Issuer on the Spanish Automated Quotation System between launch and pricing
Initial conversion price	€32.81
Total number of underlying shares	4.88 million shares (approximately 25.1% of share capital)
Coupon	8.75% per annum, paid semi-annually
Structure	Par / Par structure
Conversion period	Subject to the terms and conditions of the Issue, from 29 March 2012 to the close of business on the date falling 7 calendar days prior to the final maturity date. If the Notes have been called for early redemption at the option of the Issuer, the seventh calendar day before the date fixed for redemption
Settlement election	Shares, cash, or a combination of both, at the Issuer's discretion, and a combination of cash and shares at the noteholders' discretion in certain circumstances established in the Terms and Conditions
Issuer Call	After 4 years and 15 days, at par plus accrued interest, subject to a 130% trigger At any time if more than 85% in principal amount of the notes have been converted, redeemed or purchased and cancelled, at par plus accrued interest
Investor Put	In the fourth anniversary of the Issue, at par plus accrued interest In case of change of control of the Issuer, at par plus accrued interest
Dividend Protection	Adjustment of conversion price for any dividend above the following dividend threshold for each year: 2012 €0.55; 2013 €0.74; 2014 €0.91; 2015 €1.05; 2016 €1.15; 2017 €1.25; 2018 €1.41; and 2019 €1.59
Offering	Regulation S under the US Securities Act 1933
Listing	Luxembourg EuroMTF Market (non regulated)
Use of proceeds	The net proceeds of the Issue will be used to diversify the Issuer's funding sources, to strength its financial resources and part of the proceeds will be used to finance the buy-back

- On 17 February 2012 and following the registration with the Commercial Registry of Pontevedra of the public deed of issue of the Notes (as defined below), the whole issue of convertible and/or exchangeable notes for shares of Pescanova (the "Notes") has been subscribed and disbursed for an aggregate amount of 160 million euros. The Notes have been admitted to listing in the EuroMTF market of the Luxembourg stock exchange.

- In addition, the repurchase by the Company of notes convertible and/or exchangeable for shares of the Company issued by Pescanova in March 2010 and maturing in 2015 for an outstanding aggregate principal amount, prior to the repurchase, of 82.9 million euros (the "2015 Notes") has been executed and settled today for a principal amount of 37.45 million euros and for a total amount of 43.63 million euros, as well as the repurchase of notes convertible and/or exchangeable for shares of the Company issued by Pescanova in April 2011 and maturing in 2017 for an aggregate principal amount of 180 million euros (the "2017 Notes"), that has been executed and settled for a principal amount of 16.15 million euros and for a total amount of 16.03 million euros.

MANAGEMENT REPORT

Throughout year 2011, the Company has continued to consolidate its business strategy - in terms of the obtaining of seafood, either wild caught or farmed, the processing of seafood products as well as their marketing, promoting its brands. The Company has continued to strengthen its brands, as it is certain that the best way to guarantee its success and leadership is through innovation, quality and closeness to end consumers.

In 2011 the financial evolution of the Company can be summarised as an increase in turnover of some 9% if compared to the previous year, reaching more than 629 million euros; the above has generated a profit after tax of 16 million euros, close to a 5% higher than the previous year.

Pescanova, S.A. is exposed to certain risks which it manages by applying risk identification, measurement, concentration limitation and supervising systems.

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.

As regards to the control of financial risks, the Company through the preparation the annual accounts to be reviewed by the Audit Company and external auditors, establishes the required mechanisms to cover those risks.

The following are significant shareholders (holding five per cent or more):

	Nº of direct voting rights	Nº of indirect voting rights	% on total voting rights
MANUEL FERNÁNDEZ DE SOUSA-FARO	25,386	4,454,138	23.034
ALFONSO PAZ-ANDRADE RODRÍGUEZ	2,631	992,120	5.115
LIQUIDAMBAR INVERSIONES FINANCIERAS, S.L.	975,000	0	5.014
JOSE ANTONIO PÉREZ-NIEVAS HEREDERO	0	974,307	5.010
LUXEMPART, S.A.	992,000	0	5.101
GOVERNANCE FOR OWNERS LLP	0	986,827	5.074
SOCIEDAD ANÓNIMA DAMM	0	972,366	5.000

There is no restriction to the right to vote, although as provided in Article 25 of the Articles of Association, the requirement entitling attendance to the Annual General Meeting of Shareholders is the holding of 100 shares.

As regards to the Board of Directors, the Chairman has a casting vote regarding any business conducted by the Board of Directors.

The Company is not aware of any paracorporate agreements existing between shareholders that could have any effect on the Company, as provided in Article 112 of the Stock Exchange Act

The Annual General Meeting of Shareholders is the competent body to appoint persons, who may be shareholders or not, to rule, manage and represent the Company as its permanent body. The persons so appointed will make up a Board of Directors consisting of not less than three members or more than fifteen. Within those limits, the Annual General Meeting of Shareholders shall determine the number of members of the Board of Directors.

At the Annual General Meeting of Shareholders held on 8 April, 2011, regarding item number 9 in the Agenda, the Board was authorised to, as provided in Article 297.1.b of the Companies Act, within a five-year term, increase the share capital of the company, with o without premium, by an amount not higher than half of the existing share capital at the time of the authorisation, in one or several times and at the time and for the amount considered appropriate, and consequently it was also authorised to amend Article 7 of the Articles of Association accordingly.

Pescanova, S.A. has granted full authority, since 1993, to the Chairman of the Board, however such authority does not include the power to issue or repurchase of shares.

There are no agreements entered by the Company which are to become enforced, amended or terminated should there be any change in the control of the Company, except for those contained in the terms and conditions of the Issue of Convertible Notes of March 2010.

There are no guarantees or “golden parachute” clauses benefiting senior managers, including executive directors, in case of dismissal or change in the control of the Company or its Group of Companies.

At 31 December 2011, the Company held own shares representing 0.35% of its share capital (69,428 shares). The total cost of this transaction was 1.9 million euros.