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PESCANOVA

2011 Consolidated Annual Accounts

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2011 AND 2010

Thousands of Euros

ASSETS	Notes	31/12/2011	31/12/2010
NON-CURRENT ASSETS		**1,120,143**	**1,123,169**
Tangible assets	(11)	1,004,782	999,896
Intangible assets	(10)	37,931	38,876
Goodwill	(8)	70,880	70,770
Investments accounted for under the equity method	(9)	2,242	149
Long-term investments		358	6,295
Deferred taxes	(18)	3,950	7,183
CURRENT ASSETS		**1,156,338**	**1,066,973**
Inventories	(12)	676,805	578,608
Trade and other receivables	(19)	259,259	262,187
Short-term investments		1,748	8,264
Cash and cash equivalents		142,636	131,447
Other assets		20,730	22,024
Assets held for sale	(5g)	55,160	64,443
TOTAL ASSETS		**2,276,481**	**2,190,142**

SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	31/12/2011	31/12/2010
SHAREHOLDERS' EQUITY		**531,890**	**477,166**
Parent Company	(14)	505,610	448,484
Minority shareholders	(14)	26,280	28,682
LONG-TERM LIABILITIES		**924,275**	**810,950**
Deferred income	(15)	111,522	119,677
Long-term provisions	(16)	2,622	3,450
Notes and other negotiable securities	(17)	244,704	104,254
Long-term non-recourse debt	(17)	125,320	120,046
Long-term recourse debt	(17)	390,059	395,543
Other long-term accounts payable	(17)	50,048	67,980
CURRENT LIABILITIES		**820,316**	**902,026**
Short-term non-recourse debt	(17)	4,803	2,170
Short-term recourse debt	(17)	196,041	172,418
Trade creditors and other short-term accounts payable	(19)	619,472	727,438
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**2,276,481**	**2,190,142**

CONSOLIDATED INCOME STATEMENT AT 31 DECEMBER 2011 AND 2010

	Notes	31/12/2011	31/12/2010
		Thousands of Euros	
Turnover	(21)	1,670,664	1,564,825
Other operating income	(21)	16,100	21,355
+/- Change in inventories		15,057	23,217
Supplies		1,117,968	1,057,593
Personnel expenses		168,723	160,012
Other operating expenses		233,792	227,188
Gain/(Loss) on disposal of Fixed Assets		2,188	(1,255)
GROSS OPERATING INCOME (EBITDA)		**183,526**	**163,349**
Depreciation /amortisation		61,671	56,883
OPERATING INCOME		**121,855**	**106,466**
Net financial expenses	(21)	54,976	47,416
Foreign exchange differences	(21)	1,246	(1,163)
Result from companies under the equity method	(9)	(4,286)	(3,569)
Result from short-term investments	(21)	(34)	(763)
Income from equity investments	(21)	2,638	1,057
Translation result	(21)	(60)	(50)
Provision for assets impairment	(8) & (11)	(1,607)	(4,878)
INCOME BEFORE TAX		**64,776**	**49,684**
Corporate income tax	(18)	13,174	11,293
NET INCOME FOR THE YEAR FROM CONTINUING OPERATIONS		**51,602**	**38,391**
Net income for the year from discontinued operations (net of taxes)		(1,181)	(1,531)
NET INCOME FOR THE YEAR		**50,421**	**36,860**
PARENT COMPANY		**50,140**	**36,297**
Minority shareholders		281	563
Earnings from continuing operations per Share (in euros)		**2.65**	**1.96**
Diluted Earnings from continuing operations per Share (in euros)		**2.43**	**1.86**

CONSOLIDATED STATEMENT OF GLOBAL RESULT FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

Thousands Euros

	31/12/2011			31/12/2010		
	Parent Company	Minority Shareholders	Total	Parent Company	Minority Shareholders	Total
OTHER GLOBAL RESULT RECOGNIZED UNDER SHAREHOLDERS' EQUITY	**3,362**	**--**	**3,362**	**(1,311)**	**--**	**(1,311)**
In assets and liabilities revaluation reserves	979	--	979	(3,765)	--	(3,765)
In translation differences	4,083	--	4,083	3,410	--	3,410
In hedging reserve	(1,700)	--	(1,700)	(956)	--	(956)
NET PROFIT FOR THE YEAR	**50,140**	**281**	**50,421**	**36,297**	**563**	**36,860**
TOTAL INCOME AND EXPENSES RECOGNIZED IN THE FINANCIAL YEAR	**53,502**	**281**	**53,783**	**34,986**	**563**	**35,549**

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

Description	Share capital	Issue premium	Legal reserve	Hedging reserve	Reserves for own shares	Translation differences	Assets & liabilities revaluation reserve	Other equity instruments	Retained earnings	Total equity of the parent company	Total equity of minority shareholders	Total Shareholders' Equity
Balance at 01/01/10	**116,683**	**57,043**	**15,600**	**(3,778)**	**(2,901)**	**(2,582)**	**60,862**	**--**	**175,071**	**415,998**	**28,461**	**444,459**
Profit distribution	--	--	1,431	--	--	--	--	--	(1,431)	--	--	--
Income & expenses recognised under equity	--	--	--	(956)	--	3,410	720	--	(4,485)	(1,311)	--	(1,311)
Annual result	--	--	--	--	--	--	--	--	36,297	36,297	563	36,860
Dividend	--	--	--	--	--	--	--	--	(8,751)	(8,751)	--	(8,751)
Other transactions with shareholders or owners	--	--	--	--	--	--	--	6,097	--	6,097	--	6,097
Other	--	--	--	--	154	--	--	--	--	154	(342)	(188)
Balance at 31/12/10	**116,683**	**57,043**	**17,031**	**(4,734)**	**(2,747)**	**828**	**61,582**	**6,097**	**196,701**	**448,484**	**28,682**	**477,166**
Balance at 01/01/11	**116,683**	**57,043**	**17,031**	**(4,734)**	**(2,747)**	**828**	**61,582**	**6,097**	**196,701**	**448,484**	**28,682**	**477,166**
Profit distribution	--	--	1,545	--	--	--	--	--	(1,545)	**--**	--	--
Income & expenses recognised under equity	--	--	--	(1,700)	--	4,083	950	--	29	**3,362**	--	3,362
Annual result	--	--	--	--	--	--	--	--	**50,140**	**50,140**	281	50,421
Dividend	--	--	--	--	--	--	--	--	(9,724)	**(9,724)**	--	(9,724)
Other transactions with shareholders or owners	--	--	--	--	--	--	--	17,854	(5,286)	**12,568**	--	12,568
Other	--	--	--	--	780	--	--	--	--	**780**	(2,683)	(1,903)
Balance at 31/12/11	**116,683**	**57,043**	**18,576**	**(6,434)**	**(1,967)**	**4,911**	**62,532**	**23,951**	**230,315**	**505,610**	**26,280**	**531,890**

CONSOLIDATED CASH FLOW STATEMENT AT 31 DECEMBER 2011 AND 2010

	Thousands Euros	
	31/12/2011	31/12/2010
Earnings before tax and minority shareholders	64,776	49,684
Depreciation/Amortisation	61,671	56,883
Result from discontinued operations	(1,181)	(1,531)
Disposal of assets	(588)	(551)
Corporate income tax	(13,174)	(11,293)
Other non-cash items	(8,262)	(10,512)
CASH FLOW FROM OPERATING ACTIVITIES	**103,242**	**82,680**
Change in operating current assets/liabilities	(192,217)	(49,628)
NET CASH FLOW FROM OPERATING ACTIVITIES	**(88,975)**	**33,052**
Acquisition of tangible and intangible fixed assets	(86,722)	(65,368)
Disposal of assets and collections from investments	12,610	31,362
Disposal of other investments	6,406	7,438
Subsidies and other deferred income	(1,470)	(4,346)
NET CASH FLOW FROM INVESTING ACTIVITIES	**(69,176)**	**(30,914)**
NET CASH FLOW PRIOR TO FINANCING ACTIVITIES	**(158,151)**	**2,138**
Issue of equity instrument	12,568	6,097
Long-term debt proceeds	447,485	294,412
Long-term debt repaid	(307,245)	(128,578)
Net cash flow of short-term debt	26,256	(133,772)
Payment of dividends from the parent company	(9,724)	(8,751)
NET CASH FLOW FROM FINANCING ACTIVITIES	**169,340**	**29,408**
TOTAL NET CASH FLOW	**11,189**	**31,546**
CHANGE IN CASH AND CASH EQUIVALENTS	**11,189**	**31,546**
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	**131,447**	**99,901**
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	**142,636**	**131,447**

NOTES TO THE 2011 CONSOLIDATED ANNUAL ACCOUNTS

1) ACTIVITY OF THE COMPANY

PESCANOVA, S.A. is the Parent Company of an important industrial group, which includes the Pescanova Group companies, 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.

2) SUBSIDIARY AND MULTIGROUP COMPANIES

Below are the most significant subsidiaries and multigroup companies included in the consolidation:

	Shareholding %	Activity
FRINOVA, S.A.- Pol.Ind.Gándaras-PORRIÑO-ESPAÑA	90.36	Seafood processing and trade
EIRANOVA FISHERIES LIMITED.- Dinish Island-Castletownbere-CORK-IRLANDA	100.00	Seafood obtaining and trade
PESQUERÍAS BELNOVA, S.A.- Florida 1613-MONTEVIDEO-URUGUAY	100.00	Seafood obtaining and trade
PESCAFRESCA, S.A.- Puerto Pesquero-Lonja de Altura-Almacén 41/42-VIGO-ESPAÑA	100.00	Seafood trade
NOVAGROUP (Pty) Ltd.- 12th Floor Metlife Centre - 7 Coen Steytler - CAPE TOWN-R.S.A.	92.50	Other services
PESCANOVA FRANCE, S.A.- 1 rue Albert Schweitzer - 14280 Caen - Saint Contest - FRANCIA	100.00	Seafood trade
PESCANOVA LDA.- Av.da Republica 1 B 4º 1495 110 ALGÉS-PORTUGAL	100.00	Seafood trade
PESCANOVA ALIMENTACIÓN, S.A. Rúa José Fernández López-CHAPELA-VIGO-ESPAÑA	100.00	Seafood trade
ARGENOVA, S.A.- Av.Belgrano, 920-924-BUENOS AIRES-REP.ARGENTINA	100.00	Seafood obtaining and trade
PESCANOVA ITALIA, S.R.L.- Vía Independenza, 42-BOLOGNA-ITALIA	100.00	Seafood trade
FRIVIPESCA CHAPELA, S.A.- Rúa J.Fdez.López s/n-CHAPELA-VIGO-ESPAÑA	100.00	Seafood processing and trade
FRIGODIS, S.A.- Jacinto Benavente, 18-2º-VIGO-ESPAÑA	100.00	Other services
BAJAMAR SÉPTIMA, S.A.- Pol.Ind.Sabón parcela 13-ARTEIXO-LA CORUÑA-ESPAÑA	100.00	Seafood processing and trade
NOVAPESCA TRADING S.L..- Rúa J.Fdez.López s/n-CHAPELA-VIGO-ESPAÑA	100.00	Other services
PESCAMAR, LDA.- Rúa Bagamoyo s/n-BEIRA-MOZAMBIQUE	70.00	Seafood obtaining and trade
ACUINOVA, S.L..-Finca El Dique-AYAMONTE-HUELVA-ESPAÑA	100.00	Seafood obtaining and trade
INSUIÑA, S.L..- Rúa J.Fdez.López s/n-CHAPELA-VIGO-ESPAÑA	100.00	Seafood obtaining and trade
PESCA CHILE, S.A.-Pº Peatonal E.Echaurren 2631 Of.61-PROVIDENCIA-CHILE	100.00	Seafood obtaining and trade
AUSTRAL FISHERIES Pty.Ltd.- 14 Neil Street-Osborne Park-6017 PERTH-AUSTRALIA	50.00	Seafood obtaining and trade
PESCAFINA, S.A.- Ferraz, 50 – 5ª planta-28008 MADRID-ESPAÑA	99.00	Seafood trade
PESCANOVA USA- 201 Alhambra Circle Suite 514-33134 MIAMI-FLORIDA-USA	100.00	Seafood trade
PESCANOVA BRASIL, LDA.- Avda.das Americas 297,sala 201-RIO DE JANEIRO-BRASIL	98.50	Seafood trade
PESCAFINA BACALAO, S.A.- Onteniente,12-Pol.Fuente del Jarro-PATERNA-VALENCIA-ESPAÑA	100.00	Seafood processing and trade
ULTRACONGELADOS ANTÁRTIDA, S.A.- Páramo,9-Pol.Ind.Villayuda-BURGOS-ESPAÑA	100.00	Seafood processing and trade
NOVA AUSTRAL, S.A..- Pº Peatonal E.Echaurren 2631 Of.61-PROVIDENCIA-CHILE	100.00	Seafood obtaining and trade
PESCANOVA HELLAS. Achileos 1 A & Trias Str. 152 35 VRILISSIA-ATENAS-GRECIA	100.00	Seafood trade
NOVAPESCA ITALIA, S.R.L. Triggiano (BA)-S. Statale 16, Km.810,250-Bari-ITALIA	100.00	Other services
SEABEL SAS.-Z.I.secteur A 33, Allée des Pêcheurs-6700 ST. LAURENT DU VAR-FRANCIA	100.00	Seafood processing and trade
SERVICONSA. Reparto la Garnacha, s/n-Chinandega-NICARAGUA	67.00	Seafood obtaining and trade
PESCANOVA POLSKA-Sp.z.o.o.-ul.Wladyslawa IV nr 11-70651-SZCZECIN-POLONIA	100.00	Seafood trade
PESCANOVA JAPON KK-104-0061Hinoki Ginza Wing 6F 14-5, Ginza 1, Chome, Chuo-Ku - JAPAN	100.00	Seafood trade
ACUINOVA ACT.PISCÍCOLAS S.A.-Docapesca de Pedrouços-LISBOA-PORTUGAL	100.00	Seafood processing and trade
NOVAPERÚ. S.A.C.-Francisco del Castillo 643-2 Barranco-Lima-PERÚ	100.00	Seafood trade
CAMARONES DE NICARAGUA, SA- Ciudad de Chinandenga-Dpto.de Chinandenga.NICARAGUA	100.00	Seafood obtaining and trade
FRICATAMAR, S.L.-Fusters s/n-Pol.Ind.d'Obradors-46110 Godella-Valencia - ESPAÑA	100.00	Seafood obtaining and trade
NOVAOCEANO, SA DE CV-c/29 s/n-Col.Punta de Lastre-Guaymas-85430 SONORA-MEXICO	100.00	Seafood obtaining and trade
NOVAGUATEMALA, S.A.-Calzada Aguilar Batres,35-35 Zona 12- GUATEMALA	100.00	Seafood obtaining and trade
PROMARISCO, S.A..-Km. 6.5 Vía Durán Tambo, Guayaquil-ECUADOR	100.00	Seafood obtaining and trade
NOVAHONDURAS, S.A.- Los Mangos Costado Sur Iglesia Sagarada Familia - Choluteca-HONDURAS	100.00	Seafood obtaining and trade

The financial year and closing date of the last Financial Statements coincides with the natural year and 31 December respectively for all the subsidiary and multigroup companies.

3) ASSOCIATED COMPANIES

The most significant associated companies are as follows:

	Shareholding %	Activity
NOVANAM LIMITED- Industry Street-9000-LÜDERITZ-NAMIBIA	49.00	Seafood obtaining and trade
BOAPESCA, S.A.- Primo de Rivera,10-1º-LA CORUÑA-ESPAÑA	50.00	Other services
HARINAS Y SÉMOLAS DEL NOROESTE, S.A.- P.Ind.Gándaras-PORRIÑO-ESPAÑA	50.00	Production & trade of special flours
AMERICAN SHIPPING S.A.- Convención 1511 piso 1º-MONTEVIDEO – URUGUAY	19.00	Seafood obtaining and trade
ABAD EXIM PVT LTD.- Plot nº 32833 Kakkanad, Cochin-37 INDIA	32.00	Seafood obtaining and trade
ABAD OVERSEAS PRIVATE LTD.- Plot nº C2-SIPCOT-CHENNAI-INDIA	45.00	Seafood obtaining and trade
EYETHU NOVA.-12th Floor Metlife Centre - 7 Coen Steytler - CAPE TOWN-R.S.A	49.00	Seafood obtaining and trade
PESQUERA YELCHO, S.A.-Pº Peatonal E.Echaurren 2631 Of.61-PROVIDENCIA-CHILE	33.30	Seafood obtaining and trade

4) BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

A) Fair view and Accounting Standards

The 2011 consolidated financial statements of the Group of Companies and of each of the companies that make up the same, on which these notes are based, are still to be ratified by the respective Annual General Meetings of Shareholders. Nevertheless, the Directors believe the same will be ratified as herein presented.

All figures 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.

The consolidated financial statements for 2011 of the Pescanova Group were authorised for issue by the directors, at the Board of Directors' meeting held on February 24, 2012, in accordance with the International Financial Reporting Standards (hereinafter "IFRS") adopted by the European Union, in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council. The Company did not apply in advance any IFRS or any International Financial Reporting Interpretations Committee's (IFRIC) Interpretation.

These financial statements give a true and fair view of the Group's equity and financial position at December 31, 2011, the results of its operations, changes in equity and cash flow statements for the year then ended.

The consolidated financial statements for 2011 of the Pescanova Group were 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.

At 31 December 2011 the consolidated balance sheet shows a working capital of 336,022 thousand euros (164,947 in 2010), therefore, taking into account the projected cash and cash equivalents of the Group and its borrowing capacity in the short term, no incidence is being expected.

B) Comparison of information:

The consolidated financial statements for 2010 included for comparative purposes were also prepared in accordance with the IFRS adopted by the European Union on a basis consistent with that applied in 2011.

The 2010 financial statements of the Pescanova Group were ratified by the Annual General Meeting of Shareholders held on April 8, 2011.

C) Consolidation principles

Subsidiary companies are fully consolidated and all financial statements of the parent and its subsidiaries are combined on a line-by-line basis by adding together like items of assets, liabilities, equity, income and expenses and cash flows after making the adjustments and eliminations relating to intra-group transactions. Subsidiary companies are defined as companies over which the Parent Company controls the majority of the voting rights, or not being this the case, it has the power to govern the financial and operating policies of such companies.

The results of subsidiary companies acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or until the effective date of disposal.

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 their market value. Any excess of the cost of acquisition of the subsidiary over the market value of its assets and liabilities, in proportion to the Parent's ownership interest, is recognised as goodwill. Any deficiency of the cost of acquisition below the market value of the assets and liabilities is credited to the consolidated income statement.

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 balance sheet and under "Profit for the Year – Minority Shareholders" in the consolidated income statement, respectively.

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

   a. Assets and liabilities are translated to euros at the exchange rates prevailing on the date of the consolidated financial statements.

   b. Income and expense items are translated at the average exchange rates for the year.

   c. 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.

Foreign exchange differences arising from the translation of financial statements are recorded, net of their tax effect, under the heading "Shareholders' Equity - foreign exchange differences".

4. Balances and transactions between fully consolidated companies were eliminated in the consolidation process.

The proportionate consolidation method has been applied to joint ventures, understanding as such contractual arrangements whereby two or more parties jointly control operations or assets to the extent that any financial or operating strategic decision requires the consent of all the venturers, but the transactions and assets do not require a financial structure that is separate from the venturers themselves. The only company that is proportionate consolidated is Austral Fisheries Pty. Ltd..

By using this consolidation method, balances additions and subsequent eliminations only take place to the extent of the Group's share in the capital of those entities. The share of the jointly controlled assets and the share of any liabilities for which it is jointly responsible, are recognised in the consolidated Balance Sheet, classified according to their nature. Likewise, the share of any income and expenses generated in a jointly controlled business are recognised in the Consolidated Income Statement according to their nature.

D) Subsidiary companies

Notes 2 and 3 "Subsidiary and Multigroup Companies" and "Associated Companies" list the main companies composing the Pescanova Group.

<u>Changes in the consolidation scope</u>

In the year ended 31 December 2011 there was no change in the consolidation scope for acquisition or disposal of companies.

<u>Investments accounted for using the equity method</u>

Investments in companies over which the Group has joint control with another company or over which it has a significant influence are accounted for using the equity method. In general, significant influence is presumed to exist when the Group has an ownership interest of over 20%.

The equity method consists of recognising the investment in the consolidated balance sheet at the Group's share of net assets of the investee, adjusted, if appropriate, by the effect of transactions with the Group, plus the unrealised gains relating to the goodwill paid on acquisition of the company.

If the resulting amount is negative the share is recognised in the Consolidated Balance Sheet as zero, unless the Group has agreed to restore the company's equity position, if this is so, a provision for risks and expenses is recorded.

Dividends received from these companies are recorded decreasing the value of the share in them, and the results obtained from these companies corresponding to the Parent Company in agreement with the share in them are incorporated, net of tax effect, to the Consolidated Income Statement under "Results from Companies under the Equity Method".

E) Segment reporting

A business segment is a distinguishable component of a company that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of a company that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

The Group is vertically integrated and its companies carry out all the process from the obtaining of seafood resources to their marketing.

In addition, 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 only two products/services clearly differentiable: 1) seafood obtaining (fishing, farming, trading) and 2) other services rendered such as vessels repairs, product storage, etc…

Note 22 shows a breakdown of the Consolidated Balance Sheet and Consolidated Income Statement by these two business segments.

F) Changes in accounting standards

Accounting standards adopted for the preparation of the Consolidated Financial Statements for 2011 are the same as those applied for the preparation of the Consolidated Financial Statements for 2010, 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 not have any impact on the financial position and results of the Group.

5) ACCOUNTING POLICIES

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

A) Tangible assets

Tangible assets are stated at cost less accumulated depreciation and any recognised 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 “Assets in the course of construction”. In 2011, recognised assets for this concept amounted to 1.3 million euros.

The Group, following IFRS 1 “First time adoption of the IFRS”, has considered as initial measurement of certain tangible assets not their carrying amount at transition to IFRS date (January 1, 2004) but an amount showing their fair value at that date. Such fair value is based on the valuation of independent experts. The two types of tangible assets for which, in certain cases, the Group has recognised a value different to the carrying amount are “Land and buildings” and “Fleet”. The methods and assumption taken into consideration for determining such initial measurement are the following:

Land and buildings. Valuations carried out by an appraiser, well-known in the area where the land is located, who determine their value by reference to the real state market in that area;

Fleet. Valuations carried out by independent experts who determine the individual value of each vessel according to their fair market value including all other assets attributable to the said vessel.

Further to this initial measurement for these assets, the Group follows the valuation at cost without altering the initial measurement, depreciating them and carrying out any required impairment test on the said initial measurement.

Total amount of the difference between the carrying amount according to Spanish GAAP at January 1, 2004 and the new attributed value, net of tax effect, is shown under “Shareholders’ Equity: Transition to IFRS Adjustments”.

For the purpose of presenting the Group’s financial statements, the Board of Directors have decided to show in the consolidated balance sheet, the Group’s assets net of the corresponding deferred tax liability.

The costs of expansion, modernisation or improvements leading to increased productivity, capacity or efficiency or to a lengthening of the useful lives of the assets are capitalised.

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.

The Directors of the Company, based on results from impairment tests, consider that the carrying amount of the assets does not exceed their recoverable amount.

Tangible assets, 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:

Land and buildings	3 - 6%
Technical installations and machinery	10 - 25%
Fleet	4 - 20%
Other tangible assets	5 - 25%
Advances and assets under construction	- 0 -

The carrying amount of a tangible asset is derecognised:

(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 a tangible fixed asset is included in the income statement when the asset is derecognised.

The gain or loss arising from derecognition of a tangible fixed asset 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 a tangible fixed 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 recognised in the carrying amount of the tangible fixed asset item 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 in projects

Included within the consolidated scope there is some shareholding in various special purpose entities created for the development of a specific activity which are funded through Project Finance Arrangements (non-recourse financing applied to projects).

The construction of the projects linked to the development of such activity is financed through a long-term finance known as "Project Finance Arrangements" (non-recourse financing applied to projects).

In this regard, the base of the finance agreement between the company and the bank 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.

B) 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 recognised 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 balance sheet.

Goodwill acquired on or after 1 January 2004, is measured at acquisition cost and that acquired earlier is recognised at the carrying amount at 31 December 2003, in accordance with Spanish GAAP. In both cases, since 1 January 2004, goodwill is not amortised, and at the end of each reporting period goodwill is reviewed for impairment, to determine if there has been a reduction in its recoverable amount to below its carrying amount and any such impairment is written down.

The Group at the time of acquisition of a business combination or company, or at the time of first adoption of IFRS:

(a) recognises under assets the goodwill related to acquisition of a business combination or company; and

(b) initially measures such goodwill at cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets acquired and liabilities and contingent liabilities assumed.

After initial recognition, the Group measures the goodwill acquired in the business combination or company at cost less any accumulated impairment losses.

Goodwill represent the excess of the acquisition cost over the Group's interest in the fair value of identifiable assets of the acquired subsidiary/associated/company at acquisition date or the time of first adoption of IFRS. Goodwill related to acquisition of subsidiary companies is recognised under intangible assets. Goodwill related to acquisition of companies accounted under the equity method is recognised under investment in companies accounted under the equity method. Goodwill is reviewed on an annual basis for impairment and is recognised at cost less any accumulated impairment losses. Gains or losses arising from the disposal of a company include the carrying amount of the goodwill related to the company disposed.

For the purpose of impairment testing, goodwill acquired in a business combination/company shall, from the acquisition date or from the time of first adoption of IFRS, be allocated to each of the acquirer's cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquired company are assigned to those units or groups of units.

Each of the cash-generating units, or groups of cash-generating units to which goodwill has been allocated

a) represents the lowest level of the company at which goodwill is controlled for internal management purposes; and
b) is not bigger than a major or secondary segment of the company determined pursuant financial reporting by segments.

A cash-generating unit to which goodwill has been allocated shall be tested for impairment on an annual basis and also whenever there is an indication that impairment may have occurred, by comparing the carrying amount, goodwill included, to its recoverable amount. If recoverable amount is greater than its carrying amount, no impairment loss is recognised for the cash-generating unit and the goodwill allocated to the same. However, if the carrying amount of the unit is higher than the recoverable amount, the Group recognises an impairment loss.

Gains and losses on the disposal of a cash generating unit include the carrying amount of the goodwill relating to the cash generating unit sold. Goodwill shall be allocated to the portion of the disposed activity.

C) Intangible assets

Intangible assets are measured initially at acquisition cost and are subsequently measured at cost less any accumulated amortisation (should they have a finite life) and any accumulated impairment losses.

Internally generated intangible assets are not capitalised, and therefore are recognised as an expense when incurred.

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 recognised as an expense.

Fishing Licenses and Rights

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

Fishing licenses and rights complying with requirement in IFRS 38 for their revaluation (basically the existence of an active market) are recognised at the date for transition to IFRS (January 1, 2004) by reference to an active market. At present, all licenses for which a cost has been recognised have an indefinite useful life and therefore are not amortised. The Group, on a yearly basis, compares the carrying amount with the market value to assess any impairment.

The total difference between the carrying amount according to the Spanish GAAP at January 1, 2004 and the new value, net of the tax effect, is recorded under "Shareholders' Equity: Revaluation Surplus".

Research and Development Expenses

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised 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.

Computer applications (Software)

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.

D) Impairment of Assets

The Group assesses at each balance sheet date whether there is any indication that an assets is impaired. If any such indication exists, or if an annual impairment test is required, the Group estimates the recoverable amount of the asset. The recoverable amount is the higher of the fair value less associated selling costs and value in use of the assets or the asset's cash-generating unit, and is determined for individual assets unless they do not generate cash inflows independent of the cash inflows of other assets or groups of assets.

Whenever the carrying amount of an asset exceeds its recoverable amount, the asset 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 a 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 but an asset is traded in an active market, the Group recognises that the fair value less costs to sell is the asset's market price less the costs of sale or disposal. If there is no current purchase price available, an adequate basis for determining the fair value less cost to sell an asset is the most recent market transaction price, provided that there has not been a significant change in economic circumstances between the date of that transaction and the valuation date.

If there is no binding sale agreement or active market for an asset, fair value less costs to sell is based on the best information available to reflect the amount that an Group could obtain, at the balance sheet date, from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of sale or disposal. If there is no current purchase price available, an adequate basis for determining the fair value less cost to sell an assets is the most recent market transaction price, provided that there has not been a significant change in economic circumstances between the date of that transaction and the valuation date.

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

In assessing value in use, the Group prepares the projections of future pre-tax cash flows on the basis of the budgets most recently approved by the Directors of the Company. These budgets include the best available estimates of the income and costs of the cash-generating units using industry projections, past experience and future prospects.

These projections cover the coming years and the flows for future years are estimated by applying reasonable growth rates that in no case are increasing or exceed the growth rates of prior years.

These flows are discounted at a given pre-tax rate in order to calculate their present value. This rate reflects the cost of capital of the business and the geographical area in which it is carried on. In order to calculate it, the current time value of money and the risk premiums generally used by analysts for the business and the geographical area are taken into account.

The Group discloses, for each class of assets, the amount of impairment losses recognised in the income statement during the period and the line item(s) of the income statement in which those impairment losses are included.

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

E) Financial instruments

The Group classifies its non-current and current financial instruments, excluding investments accounted for using the equity method and assets classified as held for sale, in four categories:

- Loans and accounts receivable and debts and accounts payable:
- Held-to-maturity investments: investments that the Group has the intention and ability to hold to the date of maturity.
- Financial instruments at fair value through profit or loss: these are financial assets and liabilities held for trading, and need to comply with at least one of the following conditions:

  (i) they have been acquired or incurred in principally for the purpose of selling them or repurchasing them in the near term.

  (ii) they are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or

  (iii) a derivative (except for those that are financial guarantee contracts or have been designated and effecting hedging instrument);

  These are basically equity investments negotiated in regulated markets.

- Available-for-sale financial assets: these are all other financial assets that do not fall into any of the aforementioned three categories.

The Group recognizes a financial asset or a financial liability on the Consolidated Balance Sheet, when and only when, it becomes a party to contractual provisions of a financial instrument.

The Group derecognises a financial asset, if and only if:

(a) the contractual rights to the cash flows from the financial asset have expired; or

(b) the financial asset is transferred, provided that the transference complies with all the requirements for its removal.

Purchases or sales of financial assets instrumented in conventional contracts are recognised using the trade date method.

The Group removes a financial liability (or a part of a financial liability) from its balance sheet when, and only when, it is extinguished—i.e. when the obligation specified in the contract is discharged or cancelled or expires.

When a financial asset or financial liability is recognised initially, the Group measures it at its fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

After initial recognition, the Group measures financial assets, including derivatives that are assets, at their fair values, without any deduction for transaction costs it may incur on sale or other disposal, except for the following financial assets:

(a) loans and receivables, which are measured at amortised cost using the effective interest method;

(b) held-to-maturity investments, which are measured at amortised cost using the effective interest method; and

(c) investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, which shall be measured at cost.

After initial recognition, the Group measures all financial liabilities at amortised cost using the effective interest method, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be measured at fair value except for a derivative liability that is linked to and must be settled by delivery of an unquoted equity instrument whose fair value cannot be reliably measured, which shall be measured at cost.

A gain or loss arising from a change in the fair value of a financial asset or financial liability that is not part of a hedging relationship is recognised as follows:

(a) A gain or loss on a financial asset or financial liability classified as at fair value through profit or loss shall be recognised in profit or loss.

(b) A gain or loss on an available-for-sale financial asset shall be recognised directly in equity, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in equity shall be recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the entity’s right to receive payment is established.

For financial assets and financial liabilities carried at amortised cost a gain or loss is recognised in profit or loss when the financial asset or financial liability is derecognised or impaired, and through the amortisation process.

At 31 December 2011 and throughout 2011 the Company did not hold any financial instrument recognised at fair value through profit or loss including derivatives not designed as hedges, except for the share swap agreement mentioned in Note 14 Shareholders' Equity.

F) Inventories

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

The Company measures its biological assets, consisting of farmed seafood at different growth stages, at fair value less estimated point-of-sale costs.

G) Non current assets classified as held for sale and discontinued operations.

Non current assets classified as held for sale

The Group classifies as non-current assets held for sale tangible assets, intangible assets or investments under the heading "Investments Accounted for Using the Equity Method" for which at the date of the consolidated balance sheet active measures had been initiated to sell them and the sale is expected to have been completed within 12 months from that date.

These assets are measured at the lower of carrying amount and fair value less costs to sell.

Non current assets held for sale consist of 5 fishing vessels, all of them in operation, which the Group estimates shall be sold and replaced by more specialised ones. They are valued at the recognised amount (28 million euros) so their new classification did not represent any change and it considered that the net sale price will be equal or higher than their current value. Also, under this heading, there is some land, processing and seafood farming facilities as well as other assets located, mainly, in Europe, Australia, Central and South America, recognised at their carrying amount and whose final sale price is estimated not to be lower than that.

Discontinued operations

The Group classifies as discontinued operations, those that have been sold or otherwise disposed of or have been classified as held for sale and represent a separate major line of business or geographical area of operations, are part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations.

The result after tax from discontinued operations is shown as a separate line-item in the consolidated income statement.

H) Government grants

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

Government grants relating to costs are deferred and credited to the income statement on a straight line basis 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.

I) Provisions

Existing obligations at the Balance Sheet date arising from past events which could give rise to a loss for the Group which is uncertain as to its amount and timing are recognised as provisions in the consolidated balance sheet at the present value of the most probable amount that it is considered the Group 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 consolidated financial statements on the consequences of the event giving rise to them and are reviewed and adjusted at the end of each year.

Contingent liabilities

These are:

a) 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 entity's control; or

b) a present obligation that arises from past events but is not recognised because:

   (i) it is not probable that an outflow of economic benefits will be required to settle the obligation; or

   (ii) the amount of the obligation cannot be measured reliably.

J) Translation of foreign currency balances

Transactions in currencies other than the functional currency of each company are recorded in the functional currency of the Group (euros) 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 31 December each 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.

K) Classification of balances as current and non current

In the accompanying consolidated balance sheet, balances maturing within 12 months are classified as current and those maturing within more than 12 months as non-current.

L) Taxes

Corporate Income Tax

Corporate income tax is recognised in the Consolidated Income Statement or in shareholders' equity accounts in the Consolidated Balance Sheet depending on where the profits or losses giving rise to it have been recognised. Differences between the carrying amount of the assets and liabilities and their taxable base give rise to deferred tax assets and liabilities, which are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled.

Changes in the year in the deferred tax assets and liabilities that do not arise from business combinations are recognised in the Consolidated Income Statement or directly in shareholders' equity accounts in the Consolidated Balance Sheet, as appropriate.

Deferred tax assets are only recognised to the extent that it is expected that there will be sufficient taxable profits against which the tax assets for temporary differences can be utilised.

Tax credits arising from economic events occurring in the year are deducted from the income tax expense, unless there are doubts as to whether they can be realised, in which case they are not recognised until they have effectively been realised, or unless they relate to specific tax incentives, in which case they are recognised as grants.

M) Recognition of income and expenses

Income and expenses are recognised on an accrual basis.

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.

Revenue 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.

N) Earnings per share

Basic earnings per share are calculated by dividing net profit for the year attributable to the Parent by the weighted average number of ordinary shares outstanding during the year, excluding the average number of shares of the Parent held by the Group companies.

Ñ) Dividends

The final dividend for the financial year 2011 proposed by the Board of Directors of Pescanova, S.A. to the shareholders at the Annual General Meeting is not deducted from shareholders' equity until is has been ratified by the latter.

O) Cash flow statements

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

- Cash flows: inflows and outflows of cash and cash equivalents, which are 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: the principal income-producing activities of the Group and other activities that are not investing or financing activities.

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

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

P) Leases

The Group as Lessee

The Group classifies as finance lease those leases that transfers substantially all the risks and rewards incident to ownership of an asset.

At the inception of the lease, finance leases are recognised as assets and liabilities in the balance sheet at amounts equal to the fair value of the leased property or, if lower, at the present value of the minimum lease payments, as determined at the inception of the lease. In calculating the present value of the minimum lease payments the discount factor is the interest rate implicit in the lease, if this is practicable to determine; if not, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are included as part of the amount recognised as an asset.

Lease payments should be apportioned between the finance charge and the reduction of the outstanding liability. The finance charge should be allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Contingent payments are recognised as an expense in the period in which they are incurred.

A finance lease gives rise to a depreciation expense for depreciable assets as well as a finance expense for each accounting period. The depreciation policy for depreciable leased assets is consistent with the other depreciable assets. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset is fully depreciated over the shorter of the lease term or its useful life.

Lease payments under an operating lease are recognised as an expense in the income statement on a straight line basis over the lease term.

Q) Cash and cash equivalents

Cash consist of cash and demand deposits. Cash equivalents consist of short-term investments with great liquidity and readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

In the consolidated cash flow statements, cash and cash equivalents are those defined above.

R) Trade and other receivables

Other assets, that generally have a collection period of less than a year, are recognised at the original amount shown in the invoice or receipt less allowances for uncollectability. Such allowances are recorded whenever there is objective evidence that the Group will be unable to collect the amount. If the asset is considered uncollectible, it is no longer recognised.

This heading also includes loans with Public Bodies and other receivables.

S) 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 Balance Sheet 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". 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".

T) Convertible Notes

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.

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.

6) RISK MANAGEMENT

The Pescanova Group 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.
- 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.

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 Group estimates and debt structure target, hedging may be done by entering derivative contracts to mitigate such risks. At 31 December 2011, the Group has entered derivative contracts as mentioned in Note 17.

Financial risk structure at 31 December 2011, by risk related to a fixed and protected interest rate and risk related to a variable interest rate, once considered contracted derivatives, is shown below:

	Net Position
Fixed or protected interest rate	244,704
Variable interest rate	716,223
TOTAL	**960,927**

Interest rates on debt arranged by the Pescanova Group are mainly related to Euribor.

Foreign currency risk

The foreign currency 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 the foreign exchange risk, the Pescanova Group attempts to achieve a balance between the cash collections and payments relating to its assets and liabilities denominated in foreign currencies.

Liquidity risk

The Group's liquidity policy consists of the arrangement of committed credit facilities and current financial assets for an amount sufficient to cater for the projected needs for a given period based on the status and expectations of the debt and capital markets.

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.

- Liquidity of monetary assets: Cash surpluses are always placed on very short term deposits. For longer than three month deposits an express authorisation is required.
- Maturity diversification for credit lines and control over financing and refinancing.
- Control over remaining life of funding lines.
- Diversification of funding sources.

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 debts. 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.

7) RESPONSIBILITY FOR THE INFORMATION AND FOR THE ESTIMATES MADE

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

In preparing the accompanying consolidated financial statements estimates were occasionally made by the senior executives of the Group in order to quantify certain of the assets, liabilities, income, expenses and commitments reported herein. These estimates relate basically to the following:

- The measurement of assets and goodwill to ascertain whether there are any impairment losses thereon.
- The useful life of tangible and intangible assets.
- The probability of the occurrence and the amount of liabilities which are uncertain as to their amount or contingent liabilities.
- The recoverability of deferred tax assets based on estimated future results.

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 (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively, recognising the effects of the change in estimates in the related future consolidated financial statements.

8) BUSINESS COMBINATIONS THAT HAVE TAKEN PLACE IN 2011

During the year the Group has not made any acquisition.

The movements of goodwill on consolidation were as follows:

	Thousands of Euros
Opening balance 01/01/10	**75,176**
Adjustments to opening balance	
Additions	---
Reduction from assets impairment	(4,406)
Closing balance 31/12/10	**70,770**
Adjustments to opening balance	45
Additions	65
Reduction from assets impairment	---
Closing balance 31/12/11	**70,880**

Goodwill recognised and distributed by each cash generating unit.

Cash generating units (Thousands of Euros)	Goodwill 31/12/10	Adjutments to opening balance	Recognised	Goodwill 31/12/11
Aquaculture Companies	27,584	---	---	27,584
Trading Companies	23,993	76	65	24,134
Processing Companies	19,193	(31)	---	19,162
TOTAL	70,770	45	65	70,880

The determination of the value in use of each of the cash generating unit has been made taking as a basis the projected cash flows based on the budgets of each of the divisions and ratified by the Management. The said budgets, that cover in all cases a period that goes from three to five years, have been prepared by the operating management of each cash generating unit based on their experience and specific knowledge of the business and market situation in which each cash generating unit operates.

The main hypotheses used for the calculation of the value in use have been the following:

Net turnover: it has been considered as a basis the turnover of the previous year, and updating it by the forecast increases or reductions that take into account the economic environment of demand stagnation.

Growth rate: the residual value, cash flows extrapolated to periods subsequent to used projection, has been increased at a growth rate of 0%.

Discount rate: for this calculation it was used and approximation to the average weighted capital cost, taking into account the discount rate applied to each cash generating unit, the interest rate on existing financial debt in corresponding countries. The discount rate applied to cash flow projections has been 10.1% (10.5%).

The discount rate applied to cash flow projections has been determined taking into account the average weighted cost of the corrected Group's capital to show the specific risks associated to the different cash-generating units analysed.

9) INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The movements during the year and the reasons for the same were as follows:

	Thousands of Euros 2011	2010
Opening balance	**149**	**1,654**
Transfers to/from long-term liabilities	6,379	2,064
Share of the result from companies under the equity method	(4,286)	(3,569)
Closing balance	**2,242**	**149**

The Group holds different ownership interest in associated companies. Financial information related to the same is summarised below:

		Thousands of Euros			
Name	Percentage	Assets	Liabilities	Income from ordinary activity	Result attributed to the Group
NovaNam	49.00%	170,185	81,931	47,215	(5,341)
Hasenosa	50.00%	18,266	16,892	15,542	(127)
Others	--	--	--	--	1,182

Guarantees provided for associated companies and joint controlled companies amounted to 112.9 million euros, the most significant of which refer to the NovaNam Group and to American Shipping.

10) INTANGIBLE ASSETS

The movements under this heading during the year and the corresponding accumulated amortisation and provisions were as follows:

	Thousands of Euros		
Description	Concessions & licenses	Other intangible	Total
Gross amount recognised at 1 January 2010	18,046	30,139	48,185
Accumulated amortisation and impairment loss at 1 January 2010	--	(16,605)	(16,605)
Net amount recognised at 1 January 2010	**18,046**	**13,534**	**31,580**
Recognised	5,589	4,198	9,787
Net additions from foreign exchange differences	1,821	559	2,380
Derecognised	(32)	(2,325)	(2,357)
Trasfer to fixed assets classified as held for sale	--	(761)	(761)
Subtotal at 31 December 2010	7,378	1,671	9,049
Amortisation	--	(3,411)	(3,411)
Derecognised	--	1,658	1,658
Subtotal at 31 December 2010	--	(1,753)	(1,753)
Gross amount recognised at 31 December 2010	25,424	31,810	57,234
Accumulated amortisation and impairment loss at 31 December 2010	--	(18,358)	(18,358)
Net amount recognised at 31 December 2010	**25,424**	**13,452**	**38,876**
Recognised	628	914	1,542
Net additions from foreign exchange differences	979	65	1,044
Derecognised	(262)	(2,395)	(2,657)
Trasfer to fixed assets classified as held for sale	--	--	--
Subtotal at 31 December 2011	1,345	(1,416)	(71)
Amortisation	--	(2,306)	(2,306)
Derecognised	--	1,432	1,432
Subtotal at 31 December 2011	--	(874)	(874)
Gross amount recognised at 31 December 2011	26,769	30,394	57,163
Accumulated amortisation and impairment loss at 31 December 2011	--	(19,232)	(19,232)
Net amount recognised at 31 December 2011	**26,769**	**11,162**	**37,931**

At 31 December 2011 and at 31 December 2010, all fishing licenses and concession recorded in the Balance Sheet, at cost, have an indefinite useful life.

Some fishing licenses are recognised by reference to an active market and with an indefinite useful life. These licenses amount to 7.8 million euros and the reason for assuming an indefinite useful life is their ownership for an unlimited period of time and the preservation measures adopted by the Australian Government and fishing industry leading to maintain the marine resources in optimum condition. Acquisition cost of those licenses was 4.9 million euros.

At 31 December 2011 revaluation reserves arising from these fishing licenses amounted to 1,851 thousand euros and have hardly experienced any movement since 1 January 2004.

The carrying amount of these licenses was estimated by reference to the active market for the Northern Prawn Fishery for prawn fishing in the Carpentaria Gulf and adjacent waters (Australia).

The main hypotheses used for the calculation of the value in use have been the following:

Net turnover: it has been considered as a basis the turnover of the previous year, and updating it by the forecast increases or reductions (between 5% and 6%) that take into account the economic environment of demand stagnation.

Growth rate: the residual value, cash flows extrapolated to periods subsequent to used projection, has been increased at a growth rate of 0%.

Discount rate: for this calculation it was used and approximation to the average weighted capital cost (between 9% and 11%), taking into account the discount rate applied to each cash generating unit, the interest rate on existing financial debt in the corresponding countries.

Development items include projects in progress for seafood farming improvement.

Research and development expenditure recognised as expense in the financial year 2011 amounted to 5.7 million euros (5.8 million in 2010).

11) TANGIBLE ASSETS

The movements in each heading of the consolidated balance sheet under this heading and corresponding accumulated depreciation and provisions were as follows:

Description:	Land and Buildings	Technical installat. & machin.	Fleet	Other fixed assets	Advances & work in progress	Total
	Thousands of Euros					
Gross amount recognised at 1 January 2010	297,954	371,139	464,987	20,397	192,240	1,346,717
Accumulated depreciation, provisions and impairment loss at 1 January 2010	(77,922)	(164,253)	(92,631)	(10,284)	--	(345,090)
Net amount recognised at 1 January 2010	**220,032**	**206,886**	**372,356**	**10,113**	**192,240**	**1,001,627**
Additions	7,532	9,315	6,726	381	30,447	54,401
Trasfer from non-current assets classified as held for sale	7,039	4,395	2,446	368	2,023	16,271
Derecognised	(3,753)	(15,381)	(2,497)	(795)	(121)	(22,547)
Other	90,615	47,665	1,821	10,106	(147,655)	2,552
Trasfer to non-current assets classified as held for sale	(13,020)	(1,388)	(7,034)	(3,467)	--	(24,909)
Subtotal at 31 December 2010	88,413	44,606	1,462	6,593	(115,306)	25,768
Derecognised	3,725	15,030	2,309	700	--	21,764
Depreciation	(13,128)	(28,516)	(9,144)	(2,684)	--	(53,472)
Trasfer to non-current assets classified as held for sale	1,326	944	1,456	483	--	4,209
Subtotal at 31 December 2010	(8,077)	(12,542)	(5,379)	(1,501)	--	(27,499)
Gross amount recognised at 31 December 2010	386,367	415,745	466,449	26,990	76,934	1,372,485
Accumulated depreciation, provisions and impairment loss at 31 December 2010	(85,999)	(176,795)	(98,010)	(11,785)	--	(372,589)
Net amount recognised at 31 December 2010	**300,368**	**238,950**	**368,439**	**15,205**	**76,934**	**999,896**
Additions	2,830	2,657	19,186	3,410	39,178	67,261
Net additions from foreign exchange differences	7,036	4,445	4,994	1,169	1,836	19,480
Derecognised	(3,824)	(8,669)	(2,736)	(1,787)	(177)	(17,193)
Other	67,034	29,579	537	736	(97,899)	(13)
Trasfer to non-current assets classified as held for sale	(6,229)	(914)	(13,670)	(4,265)	--	(25,078)
Subtotal at 31 December 2011	66,847	27,098	8,311	(737)	(57,062)	44,457
Derecognised	3,824	8,352	2,680	1,700	--	16,556
Depreciation	(17,733)	(27,028)	(10,900)	(3,704)	--	(59,365)
Trasfer to non-current assets classified as held for sale	606	290	2,321	21	--	3,238
Subtotal at 31 December 2011	(13,303)	(18,386)	(5,899)	(1,983)	--	(39,571)
Gross amount recognised at 31 December 2011	453,214	442,843	474,760	26,253	19,872	1,416,942
Accumulated depreciation, provisions and impairment loss at 31 December 2011	(99,302)	(195,181)	(103,909)	(13,768)	--	(412,160)
Net amount recognised at 31 December 2011	**353,912**	**247,662**	**370,851**	**12,485**	**19,872**	**1,004,782**

"Land and buildings" and "Fleet" include a series of assets whose cost recognised at the transition to IFRS (1 January 2004) was their market value based on valuation of independent experts.

Should the carrying amount of "Land and buildings" and "Fleet" had been the initial carrying amount these would have been 101.4 million euros and 295.4 million euros respectively. At 31 December 2009 revaluation reserves arising from those assets have hardly experienced any movement since 1 January 2004.

There are not significant non-current assets which, on a permanent basis, are not used directly in operations.

Market value of non-current assets serving as collateral at 31 December 2011 amounted to 86 million euros. The corresponding debts amount to 55.5 million euros and are predominantly long-term.

There are no commitments to purchase significant tangible assets, except for those related to non-current assets in projects.

The Group has taken appropriate insurance polices to cover potential risks to which tangible fixed assets are subject.

The cost for capitalised loans during the year reached 0.9 million euros (2 million in 2010) and was related to the investments in aquaculture projects in Latin America. The capitalisation rate used for determining the cost of loans subject to capitalisation was the average rate of the loans used, in particular, for building the above mentioned projects.

Non-current assets in projects

Of the recognised amount in non-current assets, a total of 266.7 million (183.3 in land, 82.3 in installations and 1.1 in work in progress) correspond to non-current assets in projects financed through Project Finance Arrangements. These assets serve as guarantee for the loan through which they a financed.

12) INVENTORIES

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

	Thousands of Euros	
	2011	**2010**
Goods for resale	164,454	162,722
Raw materials and other supplies	135,627	125,238
Work-in-progress and semi-finished goods	268,938	219,160
Finished products	62,161	39,083
By-products, residuals, recycled materials & advances	46,824	33,309
	678,004	**579,512**
Provisions	(1,199)	(904)
Total	**676,805**	**578,608**

There are no firm commitments to buy or sell inventories, nor future contracts relating to them. Inventories may be used freely, without significant limitations due to guarantees, mortgages, deposits, etc..., or due to significant circumstances such as lawsuits, insurance or attachments affecting the ownership, availability, or value of inventories.

“Inventories” does not include any significant fixed amount.

- **BIOLOGICAL ASSETS**

Biological assets refer to farmed seafood at different growth stages.

Biological assets arise from the aquaculture activities and are materialised in live seafood (fish and shellfish) namely salmon, turbot and shrimp. These assets are controlled at the different specialised facilities depending on the life cycle of the animal at each stage. In the first stages they are in hatcheries and nurseries and afterwards are transferred ongrowing facilities that can be located near the coast, in land, or in cages at sea. As a consequence of the aquaculture production process itself, biological assets consist of live fish at different stages, from just born to several months old and close to reaching commercial size.

Biological assets are kept apart by age group and sizes in ponds/tanks and cages. At all times the number of individuals in each facility is known, as records are kept for input, harvest, and mortality. For biomass determination in each pond/cage, systematic samples are carried out on a reasonable number of individuals. These samplings are indispensable and are carried out on a monthly basis to determine at all times the type of feed for each group of individuals and to analyse their transfer to other ponds/cages depending on growth stage. In addition, in the particular case of turbot, the fish is 100% counted when they are moved from one tank to another using laser counters that precisely verify the number of fish.

The Company value the different biological assets by grouping them by age and size.

In the case of turbot, the life cycle, from egg until they reach an optimum size for their sale, is long. The determination of their value at all times (each group of animals of a similar size are in a particular tank) follows a curve whose end is close to the average value of the most recent transactions in the market as an approximation to the fair value at the time when the asset reaches an appropriate size for being sold.

In the case of salmon, whose life cycle, from egg until reaching a suitable size for being sold, is also long, value is determined at all times for each group of salmon separated by size in different cages, following a curve whose end is close to the average value of the most recent transactions in the market as an approximation to the fair value at the time when the asset reaches an appropriate size for being sold.

In the case of shrimp, whose life cycle is short, from 3 to 5 months, until they reach the most suitable size for being sold, value is determined at all times for each group of shrimp separated by size in different ponds in land, following a curve whose end is close to the average value of the most recent transactions in the market as an approximation to the fair value at the time when the asset reaches an appropriate size for being sold.

This curve, which is checked and corrected on an annual basis, is made up with all direct and indirect costs, among which the most significant is feed, human resources employed, energy consumption and other such as maintenance costs, depreciation, financial costs and any other production cost depending on the time the animals are kept alive in water, that is depending on age. Apart from this, the historical average net margin is also added in proportion to the time the animal has been in water.

No gain or loss has been generated from the initial measurement of biological assets, or for the change in fair value less estimated point-of-sale costs.

Below is the movement under this heading of the consolidated balance sheet in 2011:

Biological assets	*Thousands of Euros*
Amount recognised at 31 December 2010	182,596
Change in inventories	77,112
Amount recognised at 31 December 2011	**259,708**

13) ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

At year-end the composition of the assets classified as held for sale and discontinued operations was as follows:

	Thousands of Euros						
	31-12-09	**Recognised**	**Derecognised**	**31-12-10**	**Recognised**	**Derecognised**	**31-12-11**
Tangible assets							
Land and buildings	14,184	13,020	(4,467)	22,737	6,229	(13,432)	15,534
Fleet	39,018	7,034	(13,222)	32,830	13,670	(15,491)	31,009
Other	23,162	5,616	(9,148)	19,630	5,179	(6,537)	18,272
Accumulated depreciation	(7,533)	(4,209)	988	(10,754)	(3,238)	4,337	(9,655)
Non-current assets classified as held for sale	**68,831**	**21,461**	**(25,849)**	**64,443**	**21,840**	**(31,123)**	**55,160**

In 2011, it was considered that the results attained in certain fishing activities with experimental fishing gear and in little explored fishing grounds were encouraging, but it was advisable to postpone the commercial fishing until a more appropriate time, and therefore it was decided to discontinue these operations waiting for a more favourable moment in time. 2011 result from discontinued activities net of taxes reached 1,181 thousand euros in the previous year the amount reached was 1,531 thousand euros.

In 2011 and due to global economic situation, sale of land and vessels have slowed down and more than once sales have been cancelled at a very advanced stage. This situation has lead the Group to maintain the classification of these assets as the intention to sell them continues and its expected that these sales will bear fruit in 2012.

14) SHAREHOLDERS' EQUITY

Share capital

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 €38,683,524.00, through the issue of 6,447,254 new shares 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. amounts to €116,683,524 represented by 19,447,254 shares, 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 authorisation for issue of these Annual Accounts.

All the shares in the Company are listed on the Spanish stock exchanges in Madrid and Bilbao.

The company that at 31 December 2011 held 10% or more of the share capital of Pescanova, S.A. was: Sociedad Anónima de Desarrollo y Control (SODESCO) 14.823%.

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 implies, basically, 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 recorded in the Company's Income Statement.

Shareholders' equity instruments

The Company purchased own shares during the year, at 31 December 2010 the number of own shares held by the Company were 100,761 shares with a nominal value of 6 euros each, which were bought at an average acquisition price of 27.25 euros per share.

There are not any specific circumstances which restrict the availability of reserves, except as regards the establishment and maintenance of legal reserves in keeping with the Spanish Companies Law and the establishment and maintenance of Reserves for Own Shares and Hedging Reserves. At 31 December 2011 the company held 69,428 Pescanova's shares, for which a reserve for own shares of 1.9 million euros was recognised. Likewise, a reserve of 6.4 million euros cover the risks arising from hedging instruments was recognised.

Capital management

The Group has an internal capital management policy related to capitalisation and dividends aimed at providing the companies in the Group, in a rational and objective manner, with the required capital to cover assumed risks. Risk estimations are made through a standard model of certain factors to quantify financial, credit and operational risks.

Capital allocated is determined by estimation, depending on the budgets for the following financial year and is reviewed at least once a year depending on risks evolution.

Certain companies in the Group require a higher capitalisation level than that obtained through the application of the above described standard, either because they operate in different countries with different legal requirements, or because they might require a financial solvency rating corresponding to higher capitalisation levels. In these cases, the Group determines the capitalization level individually taking into account the peculiarities of each company.

On the other hand uncommitted equity items of the Group comply with all requirements as per legislation in force.

REVALUATION RESERVE ROYAL DECREE LAW 7/1996 – 7 JUNE:

This reserve, recorded in the balance sheet that forms part of the consolidated financial statements for 2000, arises from the tangible assets revaluation in agreement with the regulation that rules such procedure, less the 3% tax charge on the increase in value. The revaluations and balance of this reserve have been tacitly ratified on December 31, 1999, and have been destined to increase the share capital.

ISSUE PREMIUM:

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

LEGAL RESERVE:

In accordance with 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.

This is a non free disposition reserve, except in case of winding up; in such case, it can only be used to compensate for losses and to increase the share capital in the terms provided in the Companies Law.

Translation differences

The main translation differences included under shareholders' equity in the consolidated balance sheet are as follows:

	Thousands of Euros	
Subsidiary and Multigroup companies	**31/12/2011**	**31/12/2010**
Pesca Chile	2,232	1,849
Austral Fisheries	4,935	4,299
Promarisco	3,256	2,750
Argenova	2,236	2,336
NovaAustral	1,228	---
Pescanova France	1,048	1,048
Pesquerías Belnova	1,004	1,004
Antartic Polar	998	818
Camanica	687	227
Pescamar	(4,848)	(5,638)
Novagroup	(5,443)	(3,632)
Other	1,846	1,084
	9,179	**6,145**
Associated Companies		
NovaNam	(4,268)	(5,317)
	(4,268)	**(5,317)**

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

15) DEFERRED INCOME

Correspond to grants received from various official bodies for investment in non-current assets, and to subsidise job creation and research & development, mainly in Spain and Portugal. The remaining balance of 111,522 thousand euros (119,677) appears on the consolidated balance sheet.

The movements in capital grants were as follows:

	Thousands of Euros	
	2011	**2010**
Opening balance	119,677	125,831
Additions	137	532
Depreciation	(8,292)	(6,686)
Closing balance	**111,522**	**119,677**

The Group complies with all conditions regulating the use of grants.

16) LONG-TERM PROVISIONS

The movement under this heading was as follows:

	Thousands of Euros	
Provision for tax	**2011**	**2010**
Opening balance	3,450	8,722
Additions	238	2,533
Applications	(1,066)	(7,805)
Closing balance	**2,622**	**3,450**

The provision recognised by the Group refers to tax returns to be settled which have been appealed.

Long-term provisions amount to 2,622 thousand euros (3,450 thousand euros in 2010) that refer to provisions for tax in Spain and other countries. The principal and interest related to the different economic–administrative claims that the Company has lodged with the Supreme Court regarding tax settlements for the years 1990 to 1997, and not yet settled, are recognised under this heading.

17) FINANCIAL AND NON-TRADE DEBT

The amount of debt, under each heading in the consolidated balance sheet, maturing in each of the following five years, at year end, and the remaining amounts until cancellation are detailed below.

Thousands of Euros	Credit Institutions & Issued Notes		Non-trade Debt	
Maturity	**31/12/2011**	**31/12/2010**	**31/12/2011**	**31/12/2010**
2011		174,588		97,818
2012	200,844	170,363	96,416	11,838
2013	103,274	79,314	10,647	10,132
2014	165,350	91,432	9,209	9,861
2015	195,327	166,819	9,250	9,826
2016	28,356	111,915	9,397	26,323
Following years	267,776		11,545	
Total	**960,927**	**794,431**	**146,464**	**165,798**

Part of the short-term balance consists of operating loans and credit facilities falling due in less than one year which the company habitually renews.

Debt in foreign currency amounted to 210.1 million euros, of which 184.9 million correspond to debt in US dollars and the remaining 25.2 million to other debts in yens, meticais, Namibian dollars and Australian dollars.

Convertible Notes

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.

Issue April 2011 (the "Notes 2017")

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.

Average interest rate, on financial debt, for the financial year 2011 was 6.97% (6.83%).

Accrued interest payable at year end amounted to 6,384 thousand euros.

Companies within the consolidation scope have assets securing financial debt amounting to 55.5 million euros. The assets serving as guarantees are certain ships, buildings and investments valued at 86 million euros.

The Group companies had more than 236 million euros (275) available on credit lines.

The Group's financial liabilities contain the covenants that are habitual in contracts of this nature.

At 31 December 2011, neither Pescanova, S.A. nor any of its major subsidiaries were in a situation of non-compliance with their financial or any other obligation that could give rise to the early termination of their financial liabilities. During the year there has been no default in payment of principal or interest or any other breach.

The Group's directors consider that the existence of these clauses will not change the short-term/long-term classification in the accompanying consolidated balance sheet.

NON-RECOURSE FINANCE ARRANGEMENTS

Included within the consolidated scope there is some shareholding in various special purpose entities created for the development of a specific activity which are funded through non-recourse financing applied to projects.

The purpose of this note is to provide a detail of the non-recourse financing as well as other relevant information related to the financing, other than the detail on non-current assets in projects that is reported in Note 11.

The amounts and changes in 2011 related to Project Finance were as follows:

Non-recourse Finance applied to projects	Balance at 31.12.10	Increase	Decrease	Balance at 31.12.11
Long-term	120,046	5,274	--	125,320
Short-term	2,170	2,633		4,803
Total Non-recourse Finance	122,216	7,907	--	130,123

At year end 2011 the projects financed through non-recourse financing arrangements were the following:

Project	Activity	Country	Shareholding %
Insuiña, S.L.	Aquaculture	Spain	100
Acuinova Actividades Piscícolas, S.A.	Aquaculture	Portugal	100

Both non-recourse financing arrangements were entered into in 2008.

The repayment schedule of the non-recourse financing arrangements applied to projects, based on estimated cash-flows to be generated by the projects, is as follows:

2012	2013	2014	2015	2016	Onwards	TOTAL
4,803	6,911	8,879	11,065	11,232	87,233	130,123

Non-recourse financing arrangements bear floating and interest rates and are secured by the following financial instruments:

DERIVATIVE FINANCIAL 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.

At 31 December 2011 the Group held interest rate financial instruments designed as hedges.

The main features of these contracts were the following:

Derivative Type	Hedge Description	Period	Underlying Hedged Amount	Fair Value 31/12/11
Cash flow hedges				
Interest Rate Swap	Cash flow	Up to 2023	90,242	(8,680)

The valuation method used is the standard in the market and no hypothesis or estimation for advanced payments, estimated losses, credit spreads… or any other estimate based on hypothesis not supported by market prices.

Fair value of swaps has been calculated by discount of future cash floes, taking into account future collections (positive) and payments (negative) to be made and to receive by Pescanova.

In the case of the fixed part to be paid, this is calculated by applying the fixed interest rate to the live nominal of the swap for the term for accrual of interest, obviously according to the terms in each swap agreement.

Regarding the amounts to be discounted for variable flows markets rates are calculated for forward terms according to market standard, that is at the implicit rate in the curve for that term. The amount of the variable part is determined as frequently as the basis stipulated and on the live nominal of the swap.

Current values are calculated by applying, to future values calculated in agreement with the above, the corresponding discount rates. These are calculated taking as a basis zero coupon rates obtained of Swaps interest rates observable in the market. The zero coupon rates curve has been calculated using the Bootstrapping method, the usual method in the market.

Deferred income recognised as a consequence of derivatives held for the Group amounts to 2,246 thousand euros (1,714 thousand euros in the previous year) and recorded under deferred tax assets.

In the financial year 2011 the impact of the valuation of positions taken at 31 December 2011 of the above mentioned contracts has represented a reduction of 1,700 thousand euros in the consolidated shareholders' equity.

MARKET RISKS - SENSITIVITY ANALYSIS

Interest risk: it basically refers to Euribor related financial debt. The sensitivity analysis carried out by the Group regarding the interest risk to which the Group is exposed is shown below:

	31/12/2011		31/12/2010	
Description	Result	Shareholders' equity	Result	Shareholders' equity
Change in interest rate by 50 basic points	± 5%	± 0.5%	± 5%	± 0.5%

Foreign exchange risk: the monetary policy followed by the Group tries to reduce any impact arising from currencies fluctuation. Most of the Group's income comes from the Euro zone, where 75% of its sales take place. A similar percentage (78%) of the Group's financial debt is taken in that currency.

As to risks related to costs generated in currencies other than the functional 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 statement or equity. Since these countries are located far away from each other it is not likely that the foreign exchange parity of all of them should evolve contrary to the evolution of the Group's functional currency.

The sensitivity analysis carried out regarding the foreign exchange risk to which the Group is exposed is shown below:

	31/12/2011		31/12/2010	
Description	Result	Shareholders' equity	Result	Shareholders' equity
5% change in foreign exchange rates against the euro	± 1%	± 0.1%	± 1%	± 0.1%

18) TAX SITUATION

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..

	Thousands of Euros	
Deferred tax assets arising from:	**Balance at 31/12/2011**	**Balance at 31/12/2010**
Tax credit for quota deductions pending application	--	2,853
Hedge derivatives	2,246	1,714
Other	1,704	2,616
Total	**3,950**	**7,183**

	Thousands of Euros	
Deferred tax liabilities arising from:	**Balance at 31/12/2011**	**Balance at 31/12/2010**
Deferred taxes related to assets revaluation	21,055	24,255
Other deferred taxes	2,750	2,542
Total	**23,805**	**26,797**

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

	Thousands of Euros	
Reconciliation of accounting income to taxable income	**Balance at 31/12/2011**	**Balance at 31/12/10**
Consolidated accounting income before tax	**63,595**	**48,153**
Permanent differences:		
From individual companies (Spain)	5,333	2,289
From individual companies (abroad)	(5,733)	23,022
Temporary differences:		
Originated in the financial year	(1,489)	(4,353)
Originated in previous years	11,372	22,542
Offsetting of tax losses from previous years	(14,946)	(16,933)
Tax (taxable income)	**58,132**	**74,720**

	Thousands of Euros	
Reconciliation of taxable income to accounting tax expense	**Balance at 31/12/2011**	**Balance at 31/12/2010**
Income before tax	**63,595**	**48,153**
Permanent differences	(400)	25,311
Offsetting of tax losses from previous years	(13,580)	(15,500)
Update from change in tax rate	--	--
Adjusted accounting income	**49,615**	**57,964**
Total tax expense	**14,885**	**17,389**
	(1,711)	(6,096)
	13,174	**11,293**
Average effective tax rate	**20.71%**	**23.45%**

For information purposes it is included the balance sheet at 31 December 2011 in which deferred tax liabilities have not been deducted from deferred tax assets originating them.

Consolidated Balance Sheet at 31/12/2011 (Thousands of Euros)	**Consolidated Balance Sheet 31/12/2011**	**Deferred tax impact**	**Deferred tax not netted off**
Total Non Current Assets	**1,120,143**	**21,055**	**1,141,198**
Tangible assets	1,004,782	21,055	1,025,837
Other non current assets	115,361		115,361
Current Assets	**1,156,338**		**1,156,338**
Total Assets	**2,276,481**	**21,055**	**2,297,536**
Shareholders' equity	**531,890**		**531,890**
Total Long-term Liabilities	**924,275**	**21,055**	**945,330**
Deferred tax liabilities		23,805	23,805
Other Long-term Liabilities	924,275	(2,750)	921,525
Current Liabilities	**820,316**		**820,316**
Total Shareholder's Equity + Liabilities	**2,276,481**	**21,055**	**2,297,536**

The effect on the consolidated income statement arises from the difference between assets and liabilities in both years.

Tax expense of the Company is calculated at the tax rate in force in each of the countries where the Group develops its activities. The tax rate for the year is lower than the Spanish Corporate Income tax rate (30 %), since in most of the countries where the Group operates, the tax rate is much lower (Chile, Australia, Mozambique, Argentina, Portugal, etc.).

At 31 December 2011, once estimated the Corporate Income Tax for the financial year, the Spanish 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.

The Group's other subsidiaries file individual tax returns in accordance with the tax legislation in force in each country.

Tax losses pending offsetting amount to 2 million euros, including those generated by subsidiary companies prior to their incorporation to the Group. All of them are subject to their respective tax legislation, which in general allow a 15 year period for their application.

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 have made the reinvestment in tangible and intangible assets and financial investments, which are duly identified in the accounting records; increasing the taxable income accordingly, pursuant to the tax regulations in force at that time. Notwithstanding the above, in conformity with "Disposición Transitoria Tercera 3" of Act 24/2001, dated 27/12, the Group opted to record the full amount of the deferred capital gains pending of being reversed, generating the 17% deduction on the same, which can be applied in the following ten years, was also recorded that year. Since then other deductions for reinvestments were generated and these are recognised and detailed in the tax returns of the tax Group.

During the year deductions and concessions in investment as well as deductions for job creation have been applied.

Tax returns cannot be considered definite until they have been reviewed by the tax inspection authorities or the four year period during which they are open for review has elapsed. In general, tax returns for the last 4-5 years are open for review by the tax authorities in each country where the Group operates; as regards to the Spanish tax group inspections regarding main taxes of the period 2004-2007 are under way, however, to date inspectors have not stated any discrepancy on the same or the criteria applied by the Company. In opinion of the management of the Company and its tax advisors, no significant contingencies are expected in this respect.

19) SHORT-TERM AMOUNTS RECEIVABLE AND PAYABLE

Trade amounts receivable reached 179.2 million euros and other amounts receivable 80.1 million euro. Trade amounts payable reached 487.2 million and other short-term amounts payable reached 132.3 million.

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 at 31 December 2011 there is no outstanding balance payable to suppliers by the Spanish subsidiary companies which has been deferred for a longer term longer than the legal term.

20) OTHER CONTINGENT ASSETS AND LIABILITIES

There is no knowledge of any significant contingent liabilities which could affect Pescanova Group's equity or results.

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, and the annulment of the Touriñán sectorial project.

21) INCOME AND EXPENSES

Below is a breakdown, by type of activity and geographical market, of Pescanova Group net turnover:

	Percentage		Amount	
Millions of Euros	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Sales to EU	72.0%	74.9%	1,202	1,171
Sales outside the EU	28.0%	25.1%	468	393
Total	**100.0%**	**100.0%**	**1,670**	**1,564**

The Group employed 10,278 (9,331) persons on average during the year.

Sales

The breakdown of this heading in the Consolidated Income Statement for 2011 and 2010 was as follows:

	Thousands of Euros	
	31/12/2011	31/12/2010
Sales	1,630,578	1,532,568
Services rendered	40,086	32,257
Total	**1,670,664**	**1,564,825**

Other operating income

The breakdown of this heading in the Consolidated Income Statement for 2011 and 2010 was as follows:

	Thousands of Euros	
	31/12/2011	**31/12/2010**
Subsidies	8,292	6,686
Other operating income	7,808	14,669
Total	**16,100**	**21,355**

Net financial result

The breakdown of this heading in the Consolidated Income Statement for 2011 and 2010 was as follows:

	Thousands of Euros	
	31/12/2011	**31/12/2010**
Financial income	2,604	294
Financial expenses	54,976	47,416
Foreign exchange differences	1,246	(1,163)
Foreign exchange gains	1,957	580
Foreign exchange losses	(711)	(1,743)
Other financial results	(60)	(50)
Net financial result	**(51,186)**	**(48,335)**

No net gain or loss from the financial assets designated as available-for-sale has been recognised under shareholders' equity. Likewise, no financial assets at fair value through profit or loss were held throughout the year, except for the share swap mentioned in Note 14.

22) REPORTING BY SEGMENTS

The Group is vertically integrated and its companies carry out all the process from the obtaining of seafood resources to their marketing.

In addition, 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 only two products/services clearly differentiable: 1) seafood obtaining/processing/trade and 2) other services rendered such as vessels repairs, product storage…

Transactions between segments are effected at market prices. Income, expenses and results of segments include transactions between them and were eliminated in the consolidation process.

Since the corporate organisation of the Group basically coincides with that of the businesses and, therefore, of the segments, the basis of allocation established in the segment reporting presented below is based on the financial information of the companies making up each segment.

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER

Thousands of Euros

	31/12/2011		31/12/2010	
ASSETS	**Food**	**Services**	**Food**	**Services**
NON-CURRENT ASSETS	**1,105,254**	**14,889**	**1,105,841**	**17,328**
Tangible assets	991,633	13,149	985,980	13,916
Intangible assets	37,931	--	38,876	--
Goodwill	70,580	300	70,415	355
Investments accounted for under the equity method	2,242	--	149	--
Long-term investments	218	140	4,662	1,633
Deferred taxes	2,650	1,300	5,759	1,424
CURRENT ASSETS	**1,132,643**	**23,695**	**1,045,699**	**21,274**
Stocks	672,103	4,702	574,632	3,976
Trade and other receivables	240,625	18,634	246,014	16,173
Short-term investments	1,748	--	8,264	--
Cash and cash equivalents	142,490	146	130,834	613
Other assets	20,517	213	21,512	512
Assets held for sale	55,160	--	64,443	--
TOTAL ASSETS	**2,237,897**	**38,584**	**2,151,540**	**38,602**

SHAREHOLDERS' EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY	**517,294**	**14,596**	**462,020**	**15,146**
Parent Company	492,223	13,387	434,543	13,941
Minority shareholders	25,071	1,209	27,477	1,205
LONG-TERM LIABILITIES	**920,474**	**3,801**	**806,634**	**4,316**
Deferred income	111,522	--	119,677	--
Long-term provisions	2,613	9	3,443	7
Notes and other negotiable securities	244,704	--	104,254	--
Long-term non-recourse debt	128,031	--	120,046	--
Long-term recourse debt	383,556	3,792	391,234	4,309
Other long-term accounts payable	50,048	--	67,980	--
CURRENT LIABILITIES	**800,129**	**20,187**	**882,886**	**19,140**
Short-term non-recourse debt	4,803	--	2,170	--
Short-term recourse debt	193,671	2,370	169,460	2,958
Trade and other short-term amounts payable	601,655	17,817	711,256	16,182
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**2,237,897**	**38,584**	**2,151,540**	**38,602**

CONSOLIDATED INCOME STATEMENT AT 31 DECEMBER

Thousands of Euros

	31/12/2011		31/12/2010	
	Food	**Services**	**Food**	**Services**
Sales	1,630,578	40,086	1,532,568	32,257
Other operating income	15,992	108	21,189	166
+/- Change in stocks	15,057	--	23,217	--
Supplies	1,093,633	24,335	1,038,542	19,051
Personnel expenses	162,111	6,612	153,889	6,123
Other operating expenses	227,185	6,607	221,902	5,286
Gain from the disposal of non-current assets	2,188	--	(1,255)	--
GROSS OPERATING INCOME (EBITDA)	**180,886**	**2,640**	**161,386**	**1,963**
Depreciation /amortization	60,965	706	56,234	649
OPERATING INCOME	**119,921**	**1,934**	**105,152**	**1,314**
Net financial expenses	53,994	982	46,356	1,060
Foreign exchange differences	865	381	(1,328)	165
Result from companies under the equity method	(5,165)	879	(3,777)	208
Result from short-term investments	(34)	--	(763)	--
Income from equity investments	2,427	211	541	516
Translation results	40	(100)	(50)	--
Provision for impairment of assets	(1,607)	--	(4,878)	--
INCOME BEFORE TAX	**62,453**	**2,323**	**48,541**	**1,143**
Corporate income tax	12,529	645	10,990	303
NET INCOME FOR THE YEAR - CONTINUING OPERATIONS	49,924	1,678	37,551	840
Net income for the year from discontinued operations (net of taxes)	(1,181)	--	(1,531)	--
NET INCOME FOR THE YEAR	48,743	1,678	36,020	840
PARENT COMPANY	**48,792**	**1,348**	**35,738**	**559**
Minority shareholders	(49)	330	282	281

23) BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Transactions between the Company and its 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.

Significant shareholders

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

Significant Shareholder	Group Company	Nature of Relationship	Transaction Type	Amount (Million €)
LIQUIDAMBAR	PESCANOVA, S.A.	CONTRACTUAL	Funding & loan arrangements, capital contributions	18.17
LIQUIDAMBAR	INSUIÑA, S.L.	CONTRACTUAL	Funding & loan arrangements, capital contributions	2.00

Directors and Senior Executives

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

A) Remuneration and other benefits.

The Company has adopted the reporting model in Appendix I of the Corporate Governance Annual Report for publicly listed companies implemented by the Spanish Securities and Exchange Commission (CNMV), approved in CNMV Circular 1/2004, of 17 March.

1. Remuneration of directors in 2011 and 2010.

a)Remuneration and other benefits from the Company:

	Thousands of Euros	
Type of Remuneration	**31/12/2011**	**31/12/2010**
Fixed fee	618	618
Variable fee	300	300
Attendance fee	513	562
Payments to Directors as per the Articles of Association	460	472
Total	**1,891**	**1,952**

Consolidated companies have not granted advances or loans nor have pension or life insurance obligations with Board members.

There is no remuneration or other benefits for membership of the Board of Directors of the Company or of Group companies and/or for being senior executives of Group companies.

b)Total remuneration by type of Director:

	Thousands of Euros	
Type of Director	**31/12/2011**	**31/12/2010**
Executive directors	989	993
Non-executive proprietary directors	653	780
Non-executive independent	249	179
Total	**1,891**	**1,952**

c)Total remuneration and percentage with respect to the profit attributed to the Parent:

	Thousands of Euros	
	31/12/2011	**31/12/2010**
Total remuneration of directors	1,891	1,952
Total remuneration of directors / Profit attributed to the Parent Company (expressed as a percentage)	3.77%	5.38%

2. Identification of the senior executives who are not executive directors, and total remuneration earned by them in the year:

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	French 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

	Thousands of Euros	
	31/12/2011	**31/12/2010**
Total remuneration of Senior Executives	**2,161**	**1,982**

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 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..

In 2011 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.

24) OTHER DISCLOSURES

In 2011 auditing fees accrued by the main auditor reached 749 thousand euros (742 thousand euros in 2010), whilst auditing fees accrued by the auditors of other Group companies reached 267 thousand euros (264 thousand euros in 2010).

The main auditors have provided additional services other than auditing, amounting to 60 thousand euros.

REPORT OF THE AUDIT COMMITTEE OF PESCANOVA, S.A. ON THE ACTIVITIES CARRIED OUT IN THE FINANCIAL YEAR

Presentation.-

At the Annual General Meeting of Pescanova, S.A., held on 25 April 2003, it was resolved to amend the Articles of Association to incorporate a first additional disposition setting the rules for the Audit Committee in compliance with the eighteenth additional disposition of Act 24/1988, of 28 July, of the Stock Exchange, under the Article 47 of Act 44/2002 on Financial System Reform Measures.

Composition and appointment:

The Board of Directors, elected three of their number to make up the Audit Committee. Most of the directors appointed are non-executive directors. In 2007 the Board of Directors elected the following members to make up the Audit Committee:
Chairman of the Audit Committee: Mr Fernando Fernández de Sousa–Faro.
Members of the Audit Committee: Mr Robert Williams (Secretary) and Mr Alfonso Paz Andrade.

Duration:

The term of office shall be four years. The members of the Committee may be re-elected for periods of the same duration, except for the Chairman that has to be replaced every four years, though eligible for being re-elected after one year of vacating his office. If a Director ceases to be so he shall also cease to be a member of the Audit Committee. If there is any vacancy, for any reason, during their term of office, such vacancy shall be filled by the appointment of another member at the next Board Meeting.

Duties:

The duties of the Audit Committee are those provided in the Articles of Association.

Summary of the work done:

The Audit Committee held a meeting on 24 February and another on 8 September 2011 at the registered office of the Company in Vigo, at those meetings:

- 2010 financial statements of Pescanova, S.A. and consolidated financial statements for the Group of companies, as well as the notes thereto to be submitted to the Board of Directors were examined. The auditor explained the stages and contents of the work done, and stated that the final review of the financial statements was 100% concluded; he also indicated that the audit reports will be issued once the Board of Directors have passed the same.

- The auditor from BDO presented to the Committee the most important accounting and auditing standards used in the financial year 2010 and expressed his gratitude to all the staff in Pescanova and subsidiary companies for their co-operation.

- The auditor indicated that he will issue unqualified audit reports on the individual accounts of the Parent Company and on the consolidated annual accounts for the Pescanova Group. He also states that the financial reporting and internal control systems in force are reasonable and recommends the Audit Committee to give the Board of Directors a favourable opinion for the ratification of the 2010 individual and consolidated financial statements.

- The rotating plan for internal audit reviews, which is updated, is maintained.

- The Audit Committee gave a favourable opinion to the proposal for the renewal of the appointment of the auditors for the review of the 2011 financial statements of the parent company and consolidated financial statements of the Group of Companies and resolved to recommend the Board of Directors the renewal of the agreement with BDO Auditores for one more year.

- Information was provided about the gradual enforcement of improvements regarding the unification of financial and managerial reporting systems and the standardisation of internal control procedures. Information is provided on the progress made. It is noted the enforcement of new systems for internal control of the divisions engaged in farming, processing and fishing.

- It was considered that net financial debt is well balanced, having increased both, the amount of cash and cash equivalents and borrowing, taking advantage of the most appropriate ways to maintain the best situation possible for the financial structure of the Pescanova Group.

- The auditor presented the Audit Plan for the review of the 2011 financial statements. The auditor also presented new aspects arising from the change in reporting standards to be applied for the consolidated accounts, he also described the purpose and scope of the audit work, and the examination of the Audit companies appointed by each and all the Pescanova Group companies. The auditor presented the schedule for the preliminary and final stages of the auditing of both the Spanish and foreign subsidiary companies. The Audit Committee unanimously ratified the schedule presented.

- The auditor explained the audit plan for 2011, he reports on the consolidation scope of the Pescanova Group which will be similar to that of the previous year since there has hardly been any change in the International Financial Reporting Standards (IFRS).

- He also reports that the consolidation will be co-ordinated from Vigo in close collaboration with BDO’s office in Barcelona. He also explains that the management of the audit plan for the individual accounts and the consolidated accounts will take place in two steps, i.e. a preliminary audit that will take place in September and October 2011 and the final audit for which the audit work will take place until February and March 2012.

- The consolidation scope has not changed in respect of the previous year since there has not been any significant acquisition or disposal of investments. The auditor explains the different audit test and particularly that regarding the usual impairment tests and especially in respect o goodwill and the different valuation systems.
- The Committee unanimously agreed to the audit plan and programme explained.
- The size and specific characteristics of each of the companies in the Pescanova Group are analysed to determine the required audit work during 2011. Particular attention is paid to the different mergers and their impact in the audit work to be undertaken in 2011 as the special circumstances of size increase for other companies.
- The proposal presented by the auditors BDO Auditores, regarding audit fees for the financial year 2011 was accepted by the Audit Committee and was presented to the Board of Directors for its ratification.

25) 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 improvement of nature, either directly, through its own environmentally friendly investments for an utmost respect for nature, or through the promotion of initiatives for the enforcement of laws and regulations for nature 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 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.

26) 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.

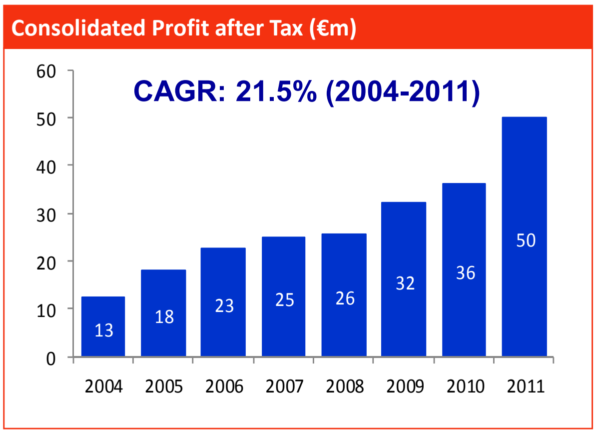
27) RESPONSIBILITY STATEMENT (art. 8 R.D. 1362/2007)

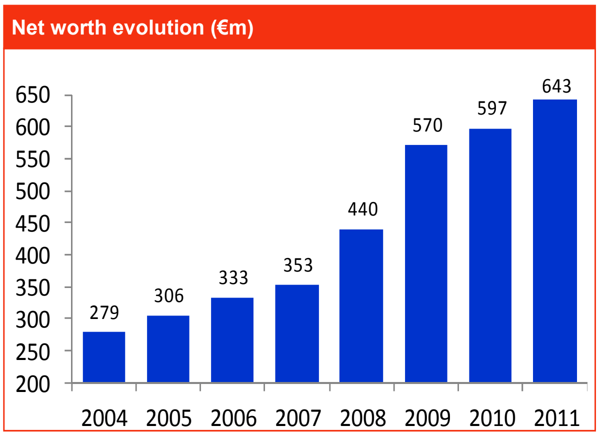
The Directors of Pescanova, S.A. hereby state that, as far as they know, the financial statements prepared in accordance with applicable accounting standards, give a true and fair view of the net equity, financial position and the results of the operations of Pescanova, S.A. and the companies within the consolidation scope taken as a whole, 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 Board members have jointly signed the Annual Financial Statements and the notes thereto, the Management Report as well as the Statement indicating their responsibility for the contents of the above documents as shown in this Note.

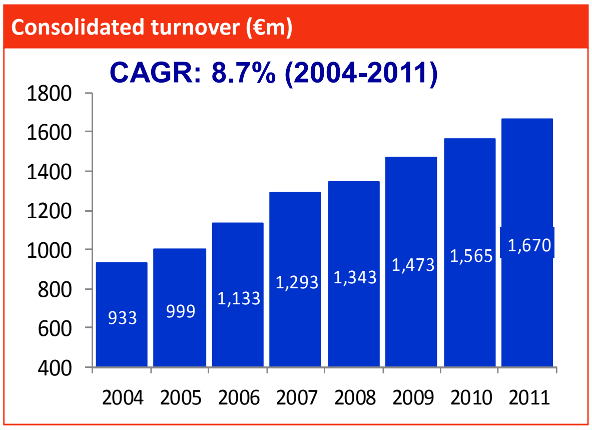
CONSOLIDATED MANAGEMENT REPORT

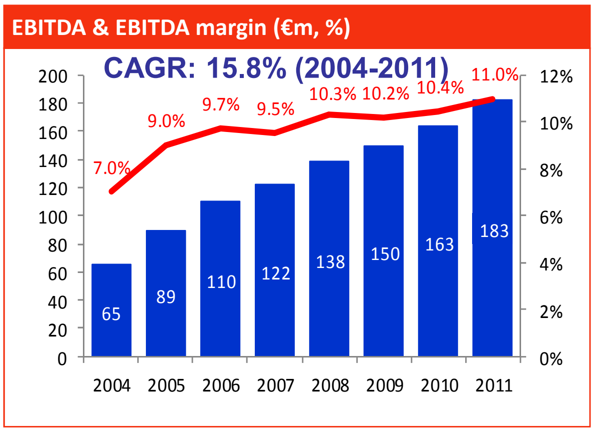
Like last year, the management report on Pescanova, S.A.'s annual accounts was prepared so that the general information that it provides would apply to the entire Pescanova Group as well.





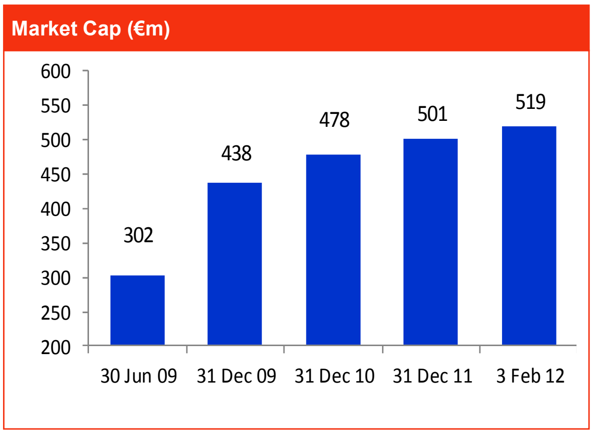
Throughout year 2011, the Pescanova Group has continued to strengthen its business strategy - in terms of seafood harvest (wild caught and farmed), processing and marketing (promotion of its brand name) - in a continuous effort to become sound and deeply rooted in both fields, obtaining of seafood resources and markets, by being strategically positioned in places that provide competitive advantages, that is access to sustainable fisheries and markets where Pescanova brand name, as leader, allows to attain higher prices for its products. The above allowed the consolidated turnover to reach a figure higher than 1,670 million euros.

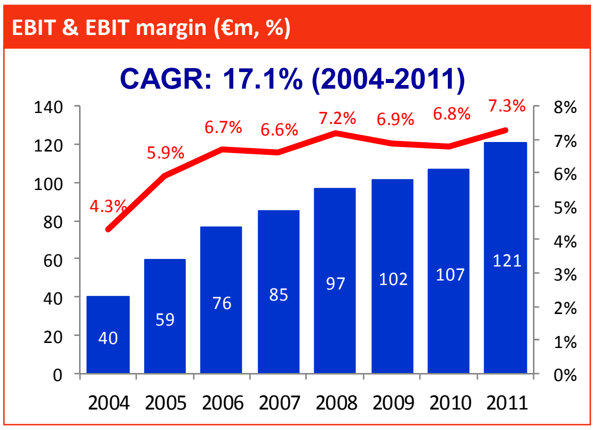




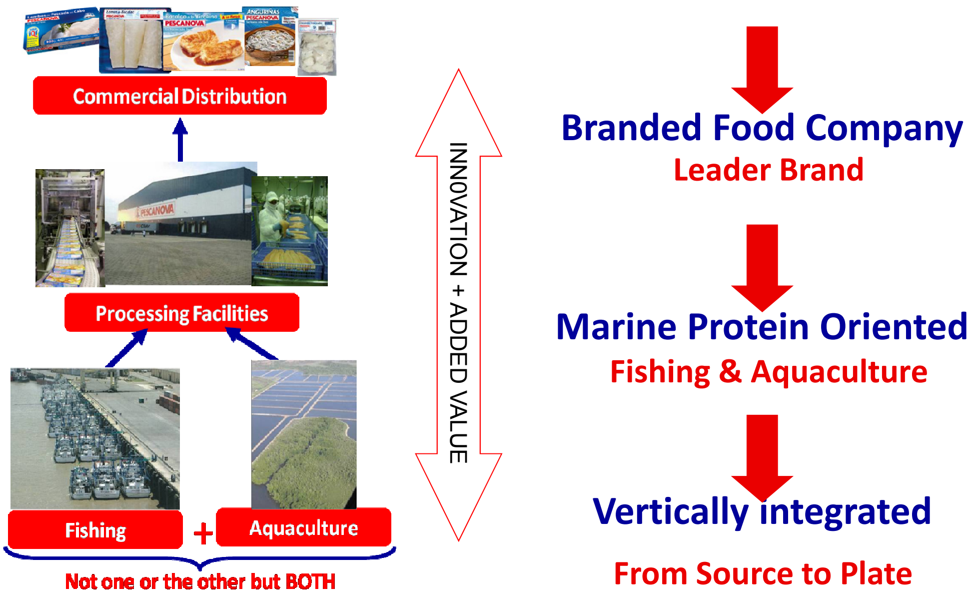
During 2011, the fishing activity involved more than 100,000 tons of seafood, maintaining the quotas awarded to the Group. Also the market share of the Pescanova brand in the frozen food market in Spain grew in line with the previous year trend; the frozen seafood market also grew.

Also in 2011, in respect of the obtaining of seafood resources division, the Group, as part of its strategy of risk diversification and development of its industrial capacity, has intensified its R & D plans, searching new profitable and sustainable fishing grounds. In respect of the seafood farming business, the Pescanova Group has continued its research and improvement of conditions for seafood farming both in land and in offshore facilities. Research and development expense in 2011 was higher than 5.7 million euros.





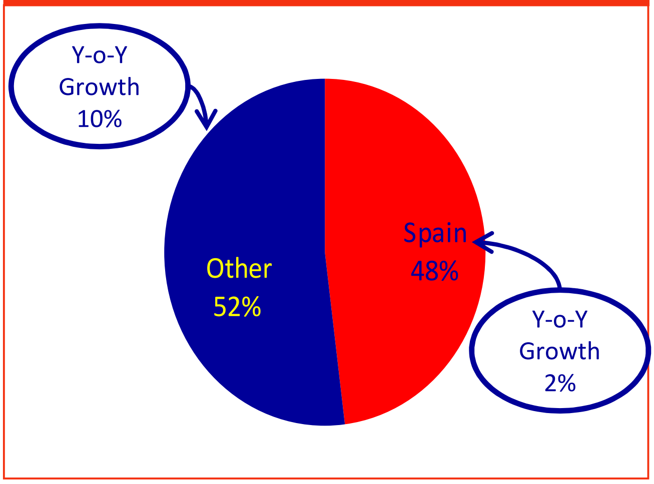
PESCANOVA, faithful of the idea that lead to its foundation 50 years ago, knows that it is most important to have the marine resources adequately and strictly regulated, both from a legal and a biological point of view, since this is the only way to guarantee the perpetuation of sustainable annual catches.



The Group is actively involved with the Governments of the countries where it carries out its fishing activities, providing its knowledge to gradually achieve better regulated fisheries. This philosophy, based on conservation and rationalisation of fishing activities, has prevailed over the years and nowadays is one of the keystones of Pescanova's industrial strategy, which allows PESCANOVA to foresee a highly optimistic future for the marine resources in which it has invested over the last decades.

As regards to the financial statements of year 2011, it is worth mentioning that the consolidated turnover amounted to 1,670 million euros, 6.8% higher than in the previous year, which generated gross consolidated earnings (EBITDA) amounting to 183.5 million euros, 12.4% higher than in 2010.

Geographical turnover breakdown 2011 (€, %)



The Pescanova Group, since its incorporation in 1960, has always pursued the conservation and betterment of the environment, either directly, through its own investments caring for an utmost respect for nature, or through the promotion of initiatives for the enforcement of acts and regulations for its 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 living aquatic resources, by 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.

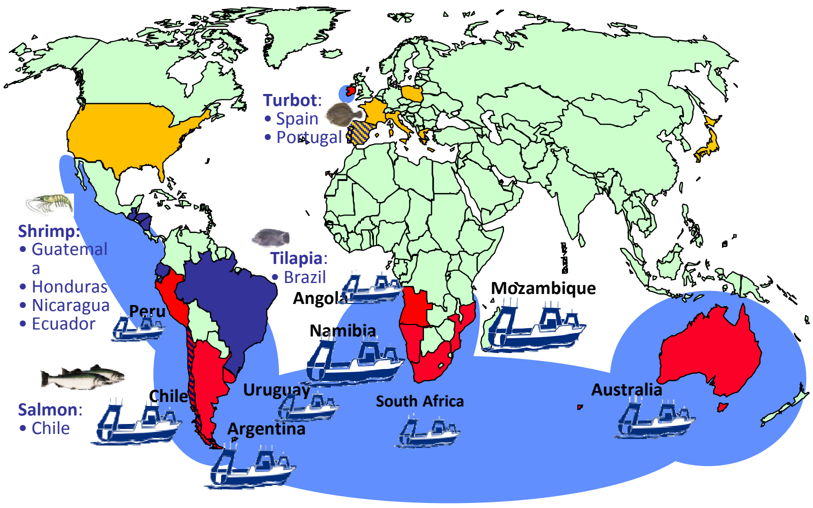
Amortisation/depreciation amounting to 61.6 million euros was recorded, 8.4% higher that in the previous year. Income from ordinary activity reached 121.8 million, 14.5% higher than in the previous year. After the recording of a provision for corporate income tax, net after-tax income totalled 50.1 million, 38% higher than in the previous year. Earnings per share reached 2.65 euros. Result after-tax attributed to the Group totalled 50.1 million, 38% higher than in the previous year

At December 31, 2011, Group Companies held 69,428 own shares for which a non-disposable reserve of 1.9 million euros was provided.

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

Pescanova represents a unique business proposition and differs from its competitors:

- ***Sizeable company in the top ten list of world seafood players.***
- ***Vertically integrated.***
- ***Strong consumer brands.***
- ***Aquaculture: 3 aquaculture projects showing excellent early revenues.***
- ***Fishing: largest European fleet.***
- ***Species and geographic diversification reduces overall risk.***
- ***50 years of uninterrupted organic growth.***



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

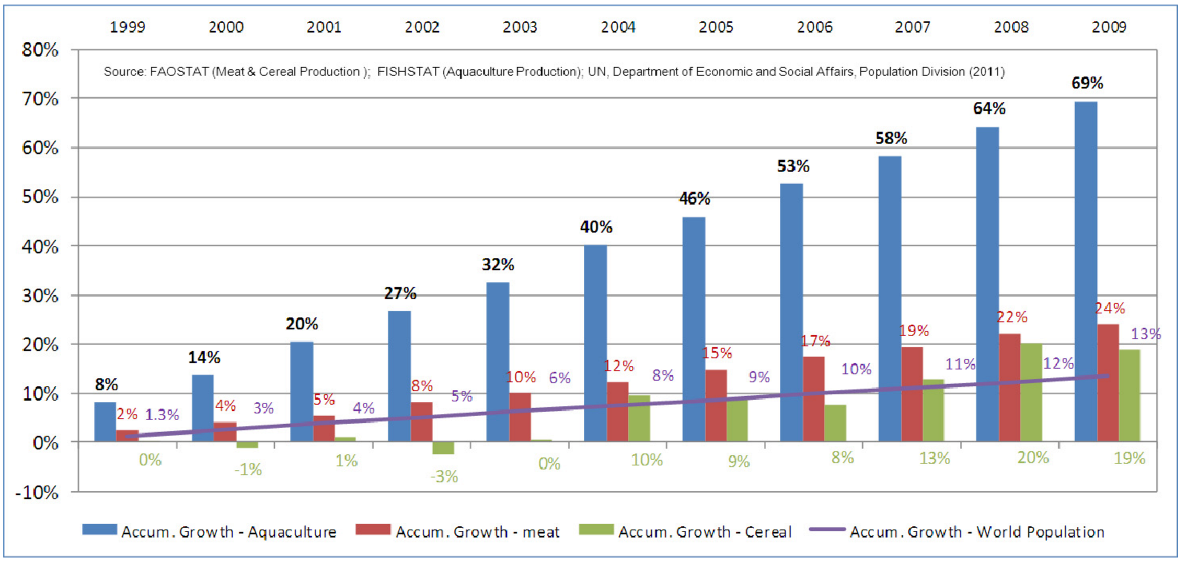
- Comply with the principles of good corporate governance.
- Comply strictly with all Pescanova Group's rules.
- Each business and corporate area defines the markets and product lines in which it can operate on the basis of having sufficient know-how and capabilities to ensure effective risk management.
- 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.

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.

Increasing Consumption of Aquaculture Products



Over the last decade, seafood consumption has increased by 27%, favoured by the increase in aquaculture production, since wild catches have not grown.

"Aquaculture continues to be the fastest-growing animal-food-producing sector and to outpace population growth" (FAO – The State of World Fisheries and Aquaculture 2010)

Foreign currency risk

The foreign currency risk relates mainly to the following transactions:

- Debt denominated in foreign currencies arranged by the Group companies and associates.
- Payments to be made outside the Euro zone for the purchase of any type of service.

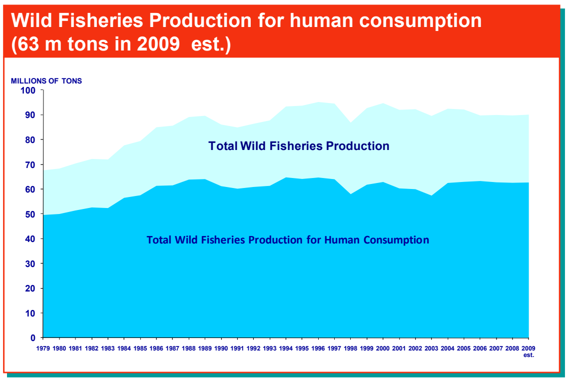
In addition, the new assets relating to net investments in foreign companies whose functional currency is not the euro are exposed to foreign exchange risk in the translation of the financial statements of these foreign operations on consolidation.

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

Liquidity risk

The Group's liquidity policy consists of the arrangement of committed credit facilities and current financial assets for an amount sufficient to cater for the projected needs for a given period based on the status and expectations of the debt and capital markets.

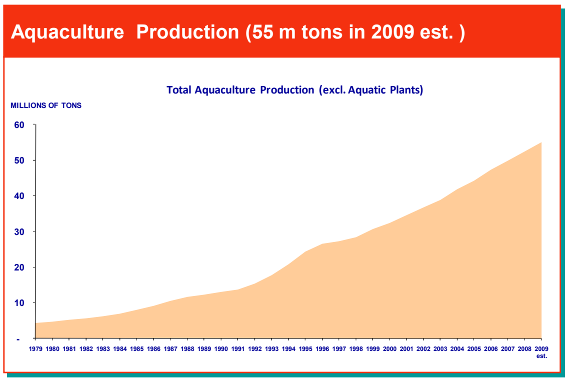
Wild Fisheries and Aquaculture Production



An analysis of FAO's production data from wild fisheries during the last 20 years shows that these have remained stable at around 90 million metric tons.

Of which about 60m mt are used for direct human consumption.

In other words, wild fisheries production has NOT fallen or increased. And the same occurs with its contribution to human consumption.



Also according to FAO's statistics as shown in this chart, aquaculture production has grown at a dizzying rate.

And all signs suggest that in the next 2 years aquaculture products will contribute as much to the human diet as those products from wild fisheries.

From the trading point of view, the Group activities continue to be focussed on the branded market for its products, since we are convinced that the differentiation, innovation, quality and closeness to the end-consumer of our products are the best guarantee for the consolidation of our success and leadership.

Throughout 2011, the consolidation of major retailers/distributors, not only in Spain but also in the rest of Europe has continued. However, within this highly demanding and competitive environment, PESCANOVA brand has managed to increase its market share in these markets.

To sum up, the positive evolution activities in which the PESCANOVA Group is engaged, i.e. the obtaining and marketing of seafood under its brand names, as well as the foreseeable evolution of the European Union and the Euro, allow us to trust that the sustained growth of both turnover and results of the PESCANOVA Group will continue to improve in year 2012.

The following information is provided in compliance with Article 116 bis of the Stock Exchange Act.

Pescanova, S.A. share capital consists of 19,447,254 shares, with a nominal value of 6 euros each, fully subscribed and paid; these are issued to the bearer and represented by accounting entries. All shares in circulation are listed on the stock exchanges in Madrid and Bilbao. There are no founder shares, enjoyment bonds nor similar securities.

As provided in article 10 of the Articles of association, shares are freely transferable, and their transfer is ruled by the Companies Act.

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

Shareholders Name	Nº of direct voting rights	Nº of indirect voting rights	% on total voting rights
MANUEL FERNANDEZ 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	-	5.014
JOSÉ ANTONIO PÉREZ-NIEVAS HEREDERO	-	974,307	5.010
LUXEMPART, S.A.	992,000	-	5.101
GOVERNANCE FOR OWNERS LLP	-	986,827	5.074
SOCIEDAD ANÓNIMA DAMM	-	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 6 April 2010, regarding point 8.1 in the Agenda, the Board was authorised to, as provided in Article 160 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.

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.

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