Disclaimer: This is a free translation of an original Spanish document. In the event of any discrepancy between this translation and the original Spanish document, the original Spanish document shall prevail.

PESCANOVA

Interim condensed consolidated financial statements for the six month period ended on 30 June 2014

PESCANOVA,S.A. AND SUBSIDIARY COMPANIES
Consolidated Statement of Financial Position at 30 June 2014 and 31 December 2013

		Thousands of Euros	
ASSETS	**Notes**	**30/06/2014**	**31/12/2013 (*)**
NON-CURRENT ASSETS		**593,194**	**778,881**
Property, plant and equipment	(6)	474,637	660,370
Intangible assets	(5)	10,371	11,739
Investments accounted for under the equity method	(7)	859	1,386
Other long-term investments	(7)	101,999	93,784
Deferred taxes		5,328	11,602
CURRENT ASSETS		**751,116**	**600,856**
Inventories	(8)	277,995	272,184
Trade and other receivables		142,492	168,177
Other short-term investments	(7)	3,271	16,154
Debt with Public Bodies		34,405	49,515
Other assets		12,886	13,576
Cash and cash equivalents		69,813	77,744
Assets held for sale		210,254	3,506
TOTAL ASSETS		**1,344,310**	**1,379,737**

SHAREHOLDERS' EQUITY AND LIABILITIES	**Notas**	**30/06/2014**	**31/12/2013 (*)**
SHAREHOLDERS' EQUITY	(9)	**(450,198)**	**(2,236,862)**
Share capital		172,426	172,426
Issue premium		121,618	121,618
Translation differences		(15,749)	(16,457)
Reserves from associated companies		923	1,404
Other reserves		(2,522,810)	(1,803,897)
Losses from the financial year		1,790,815	(715,215)
Minority shareholders		2,579	3,259
NON-CURRENT LIABILITIES		**471,060**	**337,380**
Long-term financial debt	(10)	282,288	180,899
Notes and other negotiable securities	(10)	18,559	3
Deferred taxes		118,689	19,426
Long-term provisions		7,281	7,097
Deferred income		19,246	83,434
Other long-term accounts payable		24,997	46,521
CURRENT LIABILITIES		**1,323,448**	**3,279,219**
Trade creditors and other short-term accounts payable		78,321	168,746
Short-term notes and other negotiable securities	(10)	61	396,295
Short-term financial debt	(10)	951,225	2,641,745
Debt with Public Bodies		32,294	44,110
Other liabilities		17,769	28,323
Non-current liabilities classified as held for sale		243,778	--
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,344,310**	**1,379,737**

(*) Figures at 31 December 2013 are included for comparison purposes only.

PESCANOVA,S.A. AND SUBSIDIARY COMPANIES
Consolidated Income Statement of the six month period ended 30 June 2014 (*)

		Thousands of Euros
CONTINUING OPERATIONS	**Notes**	**30/06/2014**
Sales	(11)	433,840
Cost of sales	(11)	(267,199)
GROSS OPERATING RESULT		**166,641**
Other operating income		2,560
Personnel expenses	(13)	(69,389)
Other operating expenses		(72,496)
OPERATING RESULT BEFORE DEPRECIATION, PROVISIONS AND OTHER RESULTS		**27,316**
Non-current assets depreciation	(5) & (6)	(20,973)
Non-current assets impairment loss		(10,389)
Other results		(4,138)
OPERATING RESULT		**(8,184)**
Net financial expenses		1,915,312
Foreign exchange differences		(667)
Result from companies under the equity method	(7)	88
Result from short-term investments		22
Income from equity investments		6
Translation result		(916)
Result from loss of control in companies in the consolidation scope	(3)	84
Impairment loss and result from disposal of financial instruments		(2,903)
RESULT BEFORE TAX		**1,902,842**
Corporate income tax		(100,507)
NET RESULT FOR THE REPORTING PERIOD FROM CONTINUING OPERATIONS		**1,802,335**
Net result for the year from discontinued operations (net of tax)		(13,052)
NET RESULT FOR THE REPORTING PERIOD		**1,789,283**
NET RESULT ATTRIBUTABLE TO THE PARENT COMPANY		**1,790,815**
Net result attributable to Minority Shareholders		(1,532)
Loss per Share (in euros)		**62.43**
From continuing operations		62.89
From discontinued operations		(0.46)
Diluted loss per Share (in euros)		**62.43**
From continuing operations		62.89
From discontinued operations		(0.46)

(*) The figures for the six month period ended 30 June 2013, for comparison purposes, have not been included (see Note 2.d)

PESCANOVA,S.A. AND SUBSIDIARY COMPANIES
Consolidated Statement of Comprehensive Income for the six month period ended 30 June 2014 (*)

	Thousands Euros		
	30/06/2014		
	Parent Company	Minority Shareholders	Total
OTHER COMPREHENSIVE INCOME RECOGNIZED UNDER SHAREHOLDERS' EQUITY	**(1,521)**	**852**	**(669)**
In translation differences	552	(672)	(120)
In disposal of own shares	--	--	--
In reserves	(2,073)	1,524	(549)
NET RESULT FOR THE REPORTING PERIOD	**1,790,815**	**(1,532)**	**1,789,283**
TOTAL COMPREHENSIVE INCOME RECOGNIZED IN THE REPORTING PERIOD	**1,789,294**	**(680)**	**1,788,614**

(*) The figures for the six month period ended 30 June 2013, for comparison purposes, have not been included (see Note 2.d)

PESCANOVA,S.A. AND SUBSIDIARY COMPANIES
Consolidated Statement of Changes in Shareholders' Equity for the six month period ended 30 June 2014, and for the financial year 2013 (**)

Thousands of Euros	Share capital	Issue premium	Legal reserve	Hedging reserve	Reserves for own shares	Translation differences	Retained earnings	Total net equity of the Parent Company	Total Net Equity of Minority Shareholders	Total Net Shareholders' Equity
Balance at 31/12/12	**172,426**	**121,618**	**18,576**	**(8,055)**	**(13,221)**	**16,276**	**(1,804,379)**	**(1,496,759)**	**9,698**	**(1,487,061)**
Adjustments due to errors	--	--	--	--	--	--	--	--	--	--
Balance at 01/01/13	**172,426**	**121,618**	**18,576**	**(8,055)**	**(13,221)**	**16,276**	**(1,804,379)**	**(1,496,759)**	**9,698**	**(1,487,061)**
Profit distribution	--	--	--	--	--	--	--	--	--	--
Income & expenses recognised under equity	--	--	--	1,515	13,221	(31,600)	(5,487)	(22,351)	(1,886)	(24,237)
Annual result	--	--	--	--	--	--	(715,215)	(715,215)	(3,648)	(718,863)
Dividend	--	--	--	--	--	--	--	--	(99)	(99)
Loss of control in consolidated companies	--	--	--	--	--	(1,133)	--	(1,133)	--	(1,133)
Removal from consolidation scope	--	--	--	--	--	--	--	--	(44)	(44)
Other	--	--	--	661	--	--	(5,324)	(4,663)	(762)	(5,425)
Balance at 31/12/13	**172,426**	**121,618**	**18,576**	**(5,879)**	**--**	**(16,457)**	**(2,530,405)**	**(2,240,121)**	**3,259**	**(2,236,862)**
Adjustments due to errors	---	---	---	---	---	---		--	---	--
Balance at 01/01/14	**172,426**	**121,618**	**18,576**	**(5,879)**	**--**	**(16,457)**	**(2,530,405)**	**(2,240,121)**	**3,259**	**(2,236,862)**
Income & expenses recognised under equity	--	--	--	--	--	552	(2,073)	(1,521)	852	(669)
Annual result	--	--	--	--	--	--	1,790,815	1,790,815	(1,532)	1,789,283
Removal from consolidation scope	--	--	--	--	--	156	--	156	--	156
Other	--	--	--	--	--	--	(2,106)	(2,106)	--	(2,106)
Balance at 30/06/14	**172,426**	**121,618**	**18,576**	**(5,879)**	**--**	**(15,749)**	**(743,769)**	**(452,777)**	**2,579**	**(450,198)**

(**) The figures referred to 31 December 2013 are included for comparison purposes only.

PESCANOVA,S.A. AND SUBSIDIARY COMPANIES
Consolidated Cash Flow Statement for the six month period ended 30 June 2014 (*)

		Thousands of Euros
CASH FLOW FROM CONTINUING OPERATIONS	**Notes**	**30/06/2014**
Result before tax from continuing operations		1,902,842
Result before tax from discontinued operations		(13,052)
Depreciation/Amortisation	(5) & (6)	20,973
Result from disposal of assets	(3)	84
Corporate income tax		100,507
Other non-cash items		(1,948,045)
CASH FLOW FROM OPERATING ACTIVITIES		**63,309**
Change in operating current assets/liabilities		(27,208)
NET CASH FLOW FROM OPERATING ACTIVITIES		**36,101**
Acquisition of property, plant and equipment & intangible assets	(5) & (6)	(3,826)
Disposal of assets and collections from investments		---
Acquisition/Disposal of other investments		---
NET CASH FLOW FROM INVESTING ACTIVITIES		**(3,826)**
NET CASH FLOW PRIOR TO FINANCING ACTIVITIES		**32,275**
Issue of equity instrument		---
Long-term debt proceeds		3,488
Repayment and amortisation of financial liabilities		(22,170)
Payment of dividends from the parent company		---
Other cash flow from financing activities		(21,524)
NET CASH FLOW FROM FINANCING ACTIVITIES		**(40,206)**
TOTAL NET CASH FLOW		**(7,931)**
CHANGE IN CASH AND CASH EQUIVALENTS		**(7,931)**
OPENING BALANCE OF CASH AND CASH EQUIVALENTS		**77,744**
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS		**69,813**

(*) The figures for the six month period ended 30 June 2013, for comparison purposes, have not been included (see Note 2.d)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2014

1) ACTIVITY OF THE COMPANY

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

The 2013 Annual Accounts of Pescanova, S.A. and the 2013 Consolidated Annual Accounts of the Pescanova Group of Companies were ratified by the General Meeting of Shareholders held on 1 July 2014. At that same meeting, the shareholders ratified the Redrafted Individual and Consolidated Annual Accounts for the financial years 2011 and 2012.

Insolvent Status

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

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

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

After the date of opening of the insolvency proceedings of Pescanova, S.A., two other subsidiary companies: Acuinova, S.L. and Pescafina, S.A. also filed with the same Court an Insolvency Petition, for their insolvent status. Order dated 28 June 2013 declared the opening of Insolvency Proceedings of Acuinova, S.L., and Order dated 8 July 2013 declared the opening of Insolvency Proceedings of Pescafina, S.A.. Both Orders determined that the administration and disposal authorities of the Companies are to be taken over by the Insolvency Administration appointed, i.e. Deloitte Advisory, S.L..

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

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

Likewise, on 19 March 2014 the notice referred to in article 5 bis of the Insolvency Law was filed in respect of Bajamar Séptima, S.A. and Pescanova Alimentación, S.A., both of them subsidiaries of Pescanova, S.A.. The same notice was filed on 23 June 2014 for the companies Frivipesca Chapela, S.A., Frinova, S.A., Frigodís, S.A., Fricatamar, S.L., Pescafresca, S.A., Pescafina Bacalao, S.A., Novapesca Trading, S.L. and Insuiña, S.L., all of them subsidiaries of Pescanova, S.A..

Afterwards, as mentioned in Note "Events subsequent to the end of the reporting period", on 7 July 2014 the Boards of Directors of Pescanova Alimentación, S.A., Bajamar Séptima, S.A., Frigodís, S.A. and Frivipesca Chapela, S.A., pursuant to the Creditors' Arrangement of Pescanova, S.A., resolved to file Voluntary Insolvency Petitions; the Mercantile Court number 1 in Pontevedra declared the opening of insolvency procedures by Orders issued on 18 July 2014.

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

The insolvency procedure of Pescanova, S.A. has not prevented the Parent Company or its Group of Companies from continuing trading. Pursuant to the Insolvency Law, the declaration of insolvency procedure implies, among other effects, the freezing of payments of any credit accrued prior to the date of insolvency declaration, as well as the suspension of interest accrual as from that date, except for collaterised credits. In this sense, the application for voluntary insolvency procedure allowed Pescanova, S.A. to make use of such instruments, and gave it the opportunity to negotiate an Arrangement with its main creditors.

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

After the filing of the Arrangement Proposal by Pescanova, S.A., on 11 March 2014, the Court issued an Order requiring the company to correct certain terms of the proposal, for which it had three (3) days. On 19 March 2014, the corrected Arrangement Proposal was filed. Pursuant to Order dated 20 March 2014, the new amended proposal was admitted to the proceedings.

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

On 23 May 2014, the mentioned Court issued a Sentence ratifying the Creditors' Arrangement, pursuant to the provisions in article 130 of the Insolvency Law, according to which the Creditors' Arrangement as proposed by Pescanova, S.A. was officially adopted and became firm on 27 June 2014, once the term for filing oppositions to the arrangement was concluded, without any opposition being filed. Furthermore, the structural changes included in the proposal should be ratified by the General Meeting of Shareholders of Pescanova, S.A..

Nevertheless it must be noted that pursuant to article 197.6 of the Insolvency law, the Judge could motivatedly resolve, on its own motion or at the request of a party, the suspension of the effectiveness of all or part of the terms in the Arrangement. The Judge's decision could also be reviewed by the Provincial Court of Appeal at the request of a party, if this is so, the matter should be resolved as a first preference before entering into the merits of the appeal.

In the Interim Condensed Consolidated Financial Statements for the six month period ended on 30 June 2014, the recognised Parent Company's debt is based on the debt determined in the insolvency procedure, taking into account the transactions occurring after 25 April 2013 that modify such debt, as well as the effects arising from the implementation of the Creditors' Arrangement Proposal approved for Pescanova, S.A. and for Pescafina, S.A..

Also, in the preparation of these financial statements, the due dates taken into account were those indicated in the Creditors' Arrangement Proposals of Pescanova, S.A. and of Pescafina, S.A.; for the rest of the companies the due dates considered were those arising from the contractual position in force at the time of preparing these financial statements. In addition, it must be taken into account that most of the financial debt of the Group companies has been classified as short-term debt, considering it overdue, at 30 June 2014.

Creditors' Arrangement Proposal

As indicated above, on 19 March 2014, the Parent Company filed a Proposal for Creditors' Arrangement in order to guarantee the continuity of the businesses of the Pescanova Group; such Proposal was adhered to, within the term provided, by the majority of the creditors.

The said Proposal includes a Payment Schedule consistent with the Viability Plan prepared by an independent consultant, based on economic and financial hypothesis and assumptions contained in the same, it also showed the estimated expected cash flow arising from the activity of all the companies in the Pescanova Group, based on current circumstances and potential future evolution.

In particular, it has been taken into account the historical financial information of the businesses as well as hypothesis on their financial evolution for the next four years. The said assumptions are based on current hypothesis which, naturally, cannot escape from the impossibility to predict with certainty the evolution of the sectors in which Pescanova Group carries out its business in all its features and, accordingly, this involves an inevitable business risk. As a result, the estimates of generated cash flows included in the Business Plan, are highly linked both to the current situation of the different sectors as well as to the specific situation of the Group, by parameters such as catch unpredictability, the risks of diseases in aquaculture, change in the market prices for the different species traded, or products or regulatory risks applicable to the different sectors and industries (food regulations, fishing quotas and licenses, etc.).

Based on the above, the main conclusions of the final Creditors' Arrangement Proposal are the following:

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

  – Financial restructuring of the Spanish Subsidiaries.

  – Corporate restructuring of the Spanish Subsidiaries, including merger and separation of operations leading to the creation of a new Company (Nueva Pescanova) which will be the holding company of almost all the investments and businesses of the Group. This new Company will take over the total restructured debt.

  – Capital increase in the new company, giving entry as shareholders to those creditors whose debt is to be capitalized; current shareholders of Pescanova, S.A. will also be invited to subscribe the capital increase.

- As regards to the contents of each alternative included in the Creditors Arrangement Proposal of Pescanova, S.A., these can be summarised as follows:

  1. Basic proposal: it provides for the following acquittances and deferrals:

     a) Creditors claiming > 100,000 euros: 97.5% acquittance and 8.5 years deferral.
     b) Creditors claiming < 100,000 euros: 0.0% acquittance and 1 year deferral.

  2. Alternative proposal: this proposal provides for different acquittances and deferrals according to a senior tranche and a junior tranche:

     a) The senior tranche would refer to an amount equal to 57.15% of the debt resulting from applying a 90% acquittance, and a 10 year deferral.

     b) On the other hand, the junior tranche would consist of an amount equal to 42.85% of the debt resulting from applying a 90% acquittance; for this tranche credits for up to 10% may be converted into capital at Nueva Pescanova S.L.. This means that with this formula the holders of junior credit will never be allocated, by this procedure, more than 10% of the capital of Nueva Pescanova. The deferral for this tranche is 15 years and will accrue a 1% annual interest.

2) BASIS OF PRESENTATION OF THE CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

a) Basis of presentation

The 2013 Consolidated Financial Statements have been prepared 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, effective for financial years beginning on or after 1 January 2013, the Commercial Code, the Companies Law as amended and any other applicable legislation.

The 2013 Consolidated Financial Statements of the Pescanova Group were prepared by the Insolvency Administration of the Parent Company, in accordance with the International Financial Reporting Standards adopted by the European Union, applying the consolidation standards, accounting policies and valuation criteria described in Note 3 to these consolidated annual accounts to give a fair view of the consolidated equity and consolidated financial position of the Group at December 31, 2013, the consolidated results of their operations, the changes in net consolidated equity and the consolidated cash flows for the year then ended.

These interim condensed consolidated financial statements have been prepared pursuant to IAS 34 regarding Interim Financial Reporting and have been authorised to issue by the Board of Directors of the Parent Company, pursuant to article 12 of Royal Decree 1362/2007. This interim condensed consolidated financial information has been prepared on the basis of the accounting records kept by the Parent Company and by the other Group companies. Each company prepares its financial statements in accordance with the accounting principles and standards in force in the country in which it operates and, therefore, the required adjustments and reclassifications were made on consolidation to unify the policies and methods used and to make them compliant with IFRS.

Pursuant to IAS 34 the interim financial report is intended, only, to provide an update on the latest complete set of annual financial statements prepared by the Group. Accordingly, it focuses on new activities, events, and circumstances and does not duplicate information reported for the immediately preceding period. Therefore, for an adequate understanding of the information included in these interim condensed consolidated financial statements, the same should be read in conjunction with the consolidated annual accounts of the Group for the financial year 2013.

All figures in the Consolidated Annual Accounts are shown in thousands of euros (except where noted) since the euro is the functional currency in which the majority of the transactions of the Pescanova Group are denominated.

The accounting policies and methods used in the preparation of these interim consolidated financial statements are consistent with those applied in the 2013 consolidated annual accounts, except for the standards and interpretations that have become effective in the first half of 2014 and are detailed in the following section.

b) Significant judgements and accounting estimates:

The consolidated results and the determination of the consolidated equity are consistent with the accounting principles and policies, valuation criteria and estimates followed by the Board of Directors of the Parent Company in the preparation of the interim condensed consolidated financial statements. The main accounting principles and policies and valuation criteria are listed in Note 3 to the consolidated annual accounts for the year 2013.

Apart from the usual estimates incorporated in the processes of preparation of financial statements which, basically, refer to the evaluation of impairment losses of certain assets, the useful life of non-current assets and the probability of occurrence of provisions, in these interim condensed consolidated financial statements certain estimates made by the Senior Officers of the Parent Company and of companies in the consolidation scope have been used to quantify some of the assets, liabilities, income, expenses, and commitments that are recorded in them.

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

<u>Recognition of the insolvency debt subject to acquittances and deferral</u>

The interim condensed consolidated financial statements at 30 June 2014 recognizes the impact on the insolvency debt that the creditors' arrangements of Pescanova, S.A. and Pescafina, S.A., both of them ratified by a Court Sentence dated last 23 May 2014.

In spite of a series of assumptions and estimates that have been considered on the basis of the best information available on the date of preparation of these interim consolidated financial statements, it is possible that events that may take place in the future or the obtaining of information in addition to the information currently available may involve subsequent changes.

The main estimates adopted are the following:

- Alternative chosen by creditors: the last information available regarding the option in the Arrangement Proposal as reported to the Court by the different creditors; although no changes are expected on this information, it cannot be ruled out that in some cases the option eventually chosen may be different from that referred to at this interim closing.

- Calculation of debt's fair value: although an updated market rate has been considered, the evolution of the risk and other macroeconomic variables can influence the appropriateness of the rate chosen and the suitability of adapting it to these changes in the future.

Valuation of non-current assets

The current insolvency procedures, as well as those procedures that might start in the future as a result of the implementation of the creditors' arrangement of the Parent Company may significantly affect the entire Group and at the same time create an uncertainty about the continuity of some operations, due to the important link, both at financial and commercial level, existing between all the companies in the Pescanova Group. This means that there is also an uncertainty about the evolution of the business (that is conditional, among other factors, to the fulfilment of the requirements set in the viability plan prepared by an independent consultant, see paragraph c) of this same Note), and as a consequence, about the year end valuation of non-current assets of the Group (mainly tangible and intangible assets and tax credits).

Tax risks and other contingencies

The tax implication of the correction of errors made in the formulation of the 2012 Annual Accounts of the Parent Company as well as the approval of the Creditors' Arrangement of the Parent Company and of certain subsidiaries could mean the existence of other liabilities in addition to those recorded. This circumstance is being analysed, and these Consolidated Annual Accounts recognizes all the liabilities known and which can be objectively quantified.

As indicated in Note 29 to the of the 2013 Annual Accounts, the facts known in the early months of 2013 and the insolvency process arising from the financial situation of the Group, has meant that several lawsuits have been filed against it; the final outcome could be damaging to its interests and have an impact on the Consolidated Annual Accounts. At the date of authorisation for issue of these financial statements, such claims are still in the early stages so it is not possible to objectively estimate their respective final outcomes. In addition, there is a risk of future claims and lawsuits to be filed against the Group. On the other hand and also related to the situation and the facts that are causing these claims against the Group, in the case that Group decides to bring claims against other parties involved, there may be contingent assets, whose future materialization would depend on the final outcome of any claims that the Group could file.

c) Going concern:

The Group's Consolidated Statement of Financial Position at 30 June 2014 recognizes a negative net equity of 450,198 thousand euros, as well as negative working capital of 572,332 thousand euros.

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

However, the approval of the Arrangement Proposal of Pescanova by Sentence of last 23 May 2014, has made it possible to turn into positive both the net equity and the working capital of Pescanova, S. A. and significantly improve those items referred to the Consolidated Group of Companies in respect of those recognized at the end of 2013.

The mentioned Creditors' Arrangement of Pescanova, S.A., provides for the financial restructuring of the rest of the Spanish subsidiary companies, as a necessary step to secure the future viability of the Group and the continuity of its operations.

In this sense, the parent Company hired an independent consultant to prepare an analysis of the potential viability of the business of the Group. The main conclusions of this Report were the following:

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

- The Viability Plan showed the need of injection of funds for operating working capital and investments in the projected financial years.

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

- Also, the Viability Plan did not consider other identified potential improvements, mainly associated to operating, commercial and organization efficiencies, since their success is associated to potential risks of different nature such as biological, regulatory, macro-economic and operating risks.

Based on this Viability Plan and the implementation of the approved Creditors' Arrangement, which means: i) the appropriate restructuring and reshaping of the Group's credit and ii) the cash injection contemplated in the same, the Directors consider that the Pescanova Group will be able to continue with its operations, and therefore these interim condensed financial statements are prepared under the "Going Concern" principle.

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

- In the insolvency field, since some of the Group's companies are under insolvency proceedings (see Note 1), and this intrinsically represents uncertainty about the outcome of the same.
- In the tax field, due to the existing uncertainty regarding tax contingencies originated prior to the declaration of the voluntary insolvency procedure of the Parent Company and its subsidiaries, as well as for the economic impact of the income tax arising from the acquittance and deferral adopted by he Creditors' Arrangement of Pescanova, S.A. that could seriously affect the viability of the Group.

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

d) Comparison of information:

These interim condensed consolidated financial statements for the six month period ended 30 June 2014 does not include information, for comparison purposes, for the equivalent six month period in 2013. The reason for not including such interim information is, as mentioned in the 2013 Consolidated Annual Accounts, that the extraordinary circumstances of the group at that time and the financial and accounting impact identified over the last financial years and the early months of 2013 have made impossible the preparation of interim accounts for 2013 and previous years since part of the supporting documents regarding balances and transactions of the early months of 2013 and previous years were not available.

Despite of the above, the Group's interim consolidated financial statements at 30 June 2014 is shown together with the corresponding figures at 31 December 2013, for comparison purposes only.

e) Enforcement of new accounting standards

In the first half of 2014 new accounting standards have become effective and therefore have been taken into account in the preparation of these interim condensed financial statements. The following standards are being applied since 1 January 2014:

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

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

  The enforcement of this new package of consolidation standards has not represented any significant impact for the Group in these interim condensed financial statements.

– *"Amendment of IAS 32 Financial Instruments: Offsetting financial assets and liabilities"*: This amendment provides that a financial asset and a financial liability shall be offset when, and only when, the entity currently has a legally enforceable right to set off the recognised amounts. The enforcement of this new standard has not represented any significant impact for the Group.

  Similarly, other accounting standards have become effective as from 1 January 2014 ("Amendments to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets" and "Amendments to IAS 39 – 'Novation of Derivatives and Continuation of Hedge Accounting'") however these have not had a significant impact for the Group.

f) Materiality

In determining the information to be disclosed regarding the different items in the financial statements or other subjects, the Group, pursuant to IAS 34, has taken into account the materiality regarding the half-year interim condensed consolidated financial statements.

g) Segment reporting:

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

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 four divisions clearly differentiable: 1) fishing, 2) aquaculture, 3) processing and trade and 4) other services and activities of the holding companies, mainly.

h) Non current assets classified as held for sale and discontinued operations:

Non-current assets and disposable groups are classified as held for sale if their accounting value will be recovered mainly through a sale transaction, instead of by its continuous use. This condition is considered fulfilled only when the sale is highly probable and the non-current asset (or disposable group) is available in its current condition for immediate sale. It also requires that the Management is committed to sell it; this implies that the sale should take place in the financial year following the date on which it has been classified as held for sale. Non-current assets (and disposable groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

In the interim condensed consolidated financial statements at 30 June 2014, the disposable groups considered consist of all the business in the South West Atlantic as well as the turbot farming business in Portugal.

Income and expenses related to these disposable groups are grouped in a single entry in the attached consolidated income statement.

3) CHANGES IN THE GROUP'S COMPOSITION

Note 14 to the Consolidated Annual Accounts for the year ended 31 December 2013 includes relevant information regarding Group companies included in the consolidation scope at that date as well as the companies accounted for under the equity method.

In the first half of 2014 there has not been any business combination or any other acquisitions or increase in shareholding in subsidiary or associated companies.

In the first half of 2014 the Group company Antarctic Polar Ltd., with registered office in Australia, was liquidated, since in the second half of 2013 the Group had sold its share in Austral Fisheries, Ltd., owned by the former and representing its main asset. The result from this transaction amounted to 84 thousand euros, and was recorded under the heading "Result from loss of control in companies in the consolidation scope" in the interim condensed consolidated income statement for the first half of 2014. Similarly, the translation differences existing on disposal date have been transferred to results, and recorded under the heading "*Translation differences"* in the interim condensed consolidated income statement for the first half of 2014, for a negative amount of 156 thousand euros.

4) RESULTS DISTRIBUTION

The proposal for result distribution of the Parent Company for the financial year ended 31 December 2013, that the Directors presented to the Shareholders at the General Meeting, and was then ratified, was to carried forward as Losses from Previous Years the amount of 401,562 thousand euros corresponding to losses in the financial year.

In the first half of 2014 the Parent Company has not resolved any payment of dividends, there is no dividend payable from previous years.

5) INTANGIBLE ASSETS

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

	Thousands of Euros		
Gross balance	Concessions, licenses and brands	Other intangible assets	Total
Balance at 31 December 2013	**4,910**	**26,481**	**31,391**
Recognised		228	228
Net recognition from foreign exchange differences	(12)	(47)	(59)
Derecognised		(372)	(372)
Financial assets available for sale	(152)	(385)	(537)
Transfers and other	184	(832)	(648)
Balance at 30 June 2014	**4,930**	**25,073**	**30,003**
Amortisation and provisions			
Balance at 31 December 2013	**1,201**	**(20,853)**	**(19,652)**
Recognised	(137)	(621)	(758)
Net recognition from foreign exchange differences	(1)	30	29
Derecognised		300	300
Financial assets available for sale	4	256	260
Transfers and other	(2,419)	2,608	189
Balance at 30 June 2014	**(1,352)**	**(18,280)**	**(19,632)**
Net balance			
Balance at 31 December 2013	**6,111**	**5,628**	**11,739**
Balance at 30 June 2014	**3,577**	**6,793**	**10,371**

6) PROPERTY, PLANT AND EQUIPMENT

The movements for each item of the consolidated statement of financial position included under this heading and the corresponding accumulated depreciation and provisions were as follows:

	Thousands of Euros					
Gross balance	Land and buildings	Technical installations and machinery	Fleet	Other property, plant and equipment	Advances & work in progress	Total
Balance at 31 December 2013	525,829	426,425	309,695	12,772	36,067	1,310,788
Recognised	275	1,205	--	122	1,996	3,598
Net recognition from foreign exchange differences	1,510	1,227	(196)	11	210	2,760
Derecognised		(2,632)	(567)	(153)	(261)	(3,613)
Financial assets available for sale	(177,207)	(28,508)	(47,344)	(150)	(816)	(254,025)
Transfers and other	25,473	1,428	--	46	(26,947)	--
Balance at 30 June 2014	**375,880**	**399,143**	**261,588**	**12,648**	**10,250**	**1,059,509**
Depreciation						
Balance at 31 December 2013	(129,164)	(175,685)	(72,386)	(11,020)	--	(388,255)
Recognised	(6,267)	(9,403)	(3,172)	(1,373)	--	(20,215)
Net recognition from foreign exchange differences	(3,038)	(3,354)	(1)	(48)	--	(6,441)
Derecognised	--	2,388	--	139	--	2,527
Financial assets available for sale	26,317	7,699	13,902	86	--	48,004
Transfers and other	--	--	--	--	--	--
Balance at 30 June 2014	**(112,152)**	**(178,355)**	**(61,657)**	**(12,216)**	**--**	**(364,380)**
Provisions						
Balance at 31 December 2013	(83,986)	(55,900)	(122,246)	(31)	--	(262,163)
Recognised	--	--	--	--	--	--
Net recognition from foreign exchange differences	--	26	--	--	--	26
Financial assets available for sale	41,186	--	--	--	--	41,186
Transfers and other		459	--	--	--	459
Balance at 30 June 2014	**(42,800)**	**(55,415)**	**(122,246)**	**(31)**	**--**	**(220,492)**
Net balance						
Balance at 31 December 2013	312,679	194,840	115,063	1,721	36,067	660,370
Balance at 30 June 2014	**220,928**	**165,373**	**77,685**	**402**	**10,250**	**474,637**

7) FINANCIAL ASSETS

Below is the breakdown of other financial assets by nature:

Thousands of Euros

Held-to-maturity investments at amortised cost	30/06/2014	31/12/2013
Notes	--	19

Investments available for sale	30/06/2014	31/12/2013
Shares	10,825	14,146
Share in unlisted companies	141,905	141,905
Impairment loss	(141,905)	(141,905)
	10,825	14,146

Loans at amortised cost	30/06/2014	31/12/2013
Loans to related companies	20,333	30,240
Other loans	148,721	136,132
Impairment loss	(75,452)	(71,425)
	93,602	94,947

Other financial assets	30/06/2014	31/12/2013
Deposits and guarantees	842	826
Total	**105,270**	**109,938**

Current financial assets	3,271	16,154
Non-current financial assets	101,999	93,784
Closing balance	**105,270**	**109,938**

The main changes during the reporting period refer to the impairment losses recorded under amounts receivable from related parties based on an estimated recoverable value of the same.

<u>Investments carried at fair value</u>

Some financial assets of the Group are recognised at market value at the closing of each reporting period. The table below shows investments carried at fair value by category:

Thousands of Euros

Investments available for sale	Level 1	Level 2	Level 3	Total
Shares	10,825	--	--	10,825
Share in unlisted companies	--	--	141,905	141,905
Total	**10,825**	**--**	**141,905**	**152,730**

The measurement of market value for each type of asset, particularly the valuation method and parameters used, is the following:

Shares in listed companies: these are shares listed in regulated markets. They are measured at listed prices on valuation date.

Share in non-listed companies: it refers to the share in the companies that make up the Chilean business. In this case, fair value was estimated based on the existing offers at the date of preparing these interim financial statements, calculating as recoverable value the disposal of these investments. This calculation requires the need to consider a 100% impairment loss of the share and part of the amount receivable from the companies in the Chilean Group.

The Group assesses, at the end of each reporting period, whether there is any indication that a financial asset is impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

Investments recognised under equity method of consolidation

The Group has several shares in associated companies. The movement of the investment is summarised in the table below:

	Thousands of Euros	
	30/06/2014	**31/12/2013**
Opening balance	**1,386**	1,270
Share of results from companies under equity method	88	1,415
Other movements	(615)	(1,299)
Closing balance	**859**	**1,386**

8) INVENTORIES

Below is the breakdown of inventories by type and degree of completion:

	Thousand of Euros	
	30/06/2014	**31/12/2013**
Goods for resale	72,238	72,448
Raw materials and other supplies	82,860	87,756
Work-in-progress and semi-finished goods	55,841	64,571
Finished products	55,943	39,317
By-products, residuals, recycled materials & advances	11,731	10,875
	278,614	**274,967**
Provisions	(619)	(2,783)
Total	**277,995**	**272,184**

The breakdown of inventories by nature is shown below:

	Thousand of Euros	
	30/06/2014	**31/12/2013**
Biological assets	45,412	60,377
Other inventories	232,583	211,807
Total	**277,995**	**272,184**

9) SHAREHOLDERS' EQUITY

Share capital

At 30 June 2014, as well as 31 December 2013, subscribed and paid-in share capital amounted to 172,426,308 euros, represented by 28,737,718 shares to the bearer, with a face value of 6 euros each.

At present, all the shares of the Parent Company are listed in the Stock Exchange Markets in Madrid, Barcelona and Bilbao; however their trade has been suspended.

At present, pursuant to the records of the CNMV, there are no person and/or entity holding 10 per cent or higher shareholding in the company. The members of the Board of Directors of the Parent Company hold, either directly or indirectly, 10.6% of the share capital of the same.

10) FINANCIAL LIABILITIES

Below is the breakdown of financial liabilities at 30 June 2014 and at 31 December 2013:

	Thousands of Euros				
Financial liabilities at 30 June 2014	Financial liabilities held for trading	Other financial liabilities at fair value through profit or loss	Debits and amounts payable	Hedge derivatives	Total
Debts with credit institutions	---	---	282,288	---	282,288
Notes and other negotiable securities	---	---	18,559	---	18,559
Other financial liabilities	---	---	---	---	---
Long-term debt /Non-current financial liabilities	**---**	**---**	**300,847**	**---**	**300,847**
Debts with credit institutions	---	---	951,225	---	951,225
Notes and other negotiable securities	---	---	61	---	61
Other financial liabilities	---	---	---	---	---
Short-term debt /Current financial liabilities	**---**	**---**	**951,286**	**---**	**951,286**
Total	**---**	**---**	**1,252,133**	**---**	**1,252,133**

	Thousands of Euros				
Financial liabilities at 31 December 2013	Financial liabilities held for trading	Other financial liabilities at fair value through profit or loss	Debits and amounts payable	Hedge derivatives	Total
Debts with credit institutions	---	---	180,899	---	180,899
Notes and other negotiable securities	---	---	3	---	3
Other financial liabilities	---	---	---	---	---
Long-term debt /Non-current financial liabilities	**---**	**---**	**180,902**	**---**	**180,902**
Debts with credit institutions	---	---	2,641,745	---	2,641,745
Notes and other negotiable securities	---	---	396,295	---	396,295
Other financial liabilities	---	---		---	---
Short-term debt /Current financial liabilities	**---**	**---**	**3,038,040**	**---**	**3,038,040**
Total	**---**	**---**	**3,218,942**	**---**	**3,218,942**

The main change in financial liabilities in the six month period ended 30 June 2014 has been the reduction arising from the application of the adopted Creditors' Arrangements of the Parent Company and of the Group company Pescafina, S.A.. Similarly, the classification under long-term and short-term has also been changed for the same reason.

11) SEGMENT REPORTING

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

The countries where the Group undertakes the obtaining of seafood resources are different to those where its sales are materialized. In general, most of the sales take place in countries with similar risks and returns so geographical segment reporting is meaningless.

The Group has segmented its activity in the four divisions clearly differentiable: i) fishing, ii) aquaculture, iii) processing and trade and iv) other, which includes services and activities of the holding companies, mainly.

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

Since the corporate structure 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.

	Thousand of Euros	
	Sales	**Operating Result (before amoritisation, provisions and other results)**
Fishing	93,834	12,917
Aquaculture	228,589	10,622
Industrial & Commercial	350,496	8,383
Holding & Other	7,438	(6,163)
Consolidation adjustments	(246,517)	1,557
Total	**433,840**	**27,316**

The Group operates in three different geographical areas – Spain, the European Union and rest of the countries outside the European Union.

Below is the allocation of net turnover, by geographical area, from the ordinary activity of the Pescanova Group:

	Percentage	**Amount**
Thousands of Euros	**30/06/2014**	**30/06/2014**
Sales in Spain	38.9%	168,687
Sales to EU	30.9%	134,090
Sales outside the EU	30.2%	131,063
Total	**100.0%**	**433,840**

The allocation of net turnover, by most relevant products and services, from the ordinary activity of the Pescanova Group is shown below:

Thousands of Euros	Percentage 30/06/2014	Amount 30/06/2014
Wild caught	39.0%	169,311
Farmed	42.4%	183,958
Processed food	12.8%	55,540
Other	5.8%	25,031
Total	**100.0%**	**433,840**

12) RESULT FROM DISCONTINUED OPERATIONS

In the interim condensed consolidated financial statements at 30 June 2014, the disposable groups considered consist of all the business in the South West Atlantic as well as the turbot farming business in Portugal. Results from these businesses are grouped in a single line of the attached consolidated income statement named *Net result for the year from discontinued operations,* whose detail is shown below:

	Thousands of Euros 30/06/2014
Sales	5,115
Cost of sales	7,143
GROSS OPERATING RESULT	12,258
Other operating income	540
Personnel expenses	(5,790)
Other operating expenses	(9,693)
OPERATING RESULT BEFORE DEPRECIATION, PROVISIONS AND OTHER RESULTS	**(2,685)**
Non-current assets depreciation	(6,271)
Non-current assets impairment loss	--
Other results	1,178
OPERATING RESULT	**(7,778)**
Net financial expenses	(5,655)
Foreign exchange differences	(322)
RESULT BEFORE TAX	**(13,755)**
Corporate income tax	703
NET RESULT FOR THE REPORTING PERIOD FROM CONTINUING OPERATIONS	**(13,052)**

NET CASH FLOW FROM DISCONTINUED OPERATIONS	30/06/2014
Net cash flow from operating activities	(377)
Net cash flow from investing activities	(625)
Net cash flow from financing activities	(314)
NET CASH FLOW	**(1,316)**

The comparative figures for the same period in 2013 have not been included for the reasons explained in Note 2.d.

13) RELATED PARTIES

Associated Companies

Transactions with related parties are effected at market prices (at arm's length). The amount for the transactions carried out in the first half of 2014 and existing balances at 30 June 2014 with associated companies are shown below:

	Thousands of Euros	
	Income	**Expense**
Trade Transactions	**30/06/2014**	**30/06/2014**
Related Parties	1,132	4,301
	1,132	**4,301**

	Thousands of Euros			
	Loans to Related Parties		**Receivable from Related parties**	
Loans to Related Parties	**30/06/2014**	**31/12/2013**	**30/06/2014**	**31/12/2013**
Long-term loans	20,333	20,770	--	--
Short-term loans	711	233	1,786	2,652
Total	**21,044**	**21,003**	**1,786**	**2,652**

Directors and Senior Officers

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

- At the meeting of 13 January 2014 the Board of Directors accepted the resignation of Mr. Luis Angel Sánchez–Merlo y Ruiz.
- At the meeting of 12 May 2014 the Board of Directors recorded the effectiveness of the resignation of the Directors Mr. José Carceller Arce and Mr. François Tesch.
- At the meeting of 22 May 2014 the Board of Directors accepted the resignation of its former Chairman, Mr. Juan Manuel Urgoiti López de Ocaña. Also, at that same meeting it was resolved to appoint Mr. César Mata Moretón as Director to fill the vacancy of Mr. Luis Sánchez Merlo.
- At the meeting of 28 May 2014, the Board of Directors accepted the resignation of Mr. Yago Méndez Pascual and the incorporation as Director of Mr. Diego Fontán Zubizarreta.

After those changes, the Board of Directors of Pescanova, S.A., pursuant to a resolution of the General Meeting of Shareholders of 1 July 2014, now consists of 4 members:

- Mr. Alejandro Legarda Zaragüeta
- Mr. Diego Fontán Zubizarreta
- Mr. César Mata Moretón
- Iberfomento, S.A., Represented by Mr. Fernando Herce Meléndrez

In the first half of 2014 the members of the Board of Directors have not been paid any remuneration, except for that arising from the labour relationship in case of being at the same time a director and an employee.

On the other hand, remuneration paid to Senior Officers for the first half of 2014 reached 1,113 thousand euros.

Other related parties

No noteworthy transactions or balances are maintained.

14) WORKFORCE

Below is a detail of employees at 30 June 2014:

	Average number of employees
	30/06/2014
Senior Executives	127
Sales delegates	66
Other technical staff	1,613
Officers & assistants	952
Specialists & operators	9,871
Total	**12,629**

15) TAX SITUATION

The Group has made a calculation of the provision for Corporate Income Tax at 30 June 2014 applying the regulations currently in force. However, if as a result of reforms in the tax regulations reveal tax treatments different to those referred to in the current regulations; these would be immediately applied to the financial statements to be filed subsequent to their enforcement.

The amounts payable from the estimated calculation of the Corporate Income Tax for the half-year period ended 30 June 2014 is recognised under the heading “Amounts payable to Public Bodies” in the attached interim statement of financial position.

On 23 May 2014, the Court issued a sentence given legal status to the creditors' arrangements proposed by Pescanova, S.A. and by Pescafina, S.A. (see Note 1). The said proposals included a Payment Schedule subject to acquittance and deferral regarding the amount an contractual terms of the insolvency debt. Pursuant to the provisions in Query number 1 of BOICAC 76 (Official Gazette of the Institute of Accounting and Accounts Auditing) related to insolvency procedure's accounting treatment, the Directors of the Company consider that the new terms and conditions of the debt differ significantly from the pre-insolvency debt and therefore the original financial liabilities shall be derecognised and new financial liabilities shall be recognised at fair value. The difference is accounted for under "Financial income arising from creditors' arrangements", under the heading "Net financial result" in the consolidated income statement attached. In this sense, article 133 of the Insolvency Law provides that the arrangement shall become effective as from the date of the approval sentence, unless this is appealed and is affected by the consequences of being suspended, if appropriate, by the Judge pursuant to the provisions in paragraph 5 of article 197 of the Insolvency Law.

Pursuant to Royal Decree Law 4/2014 of 7 March 2014, introducing a new paragraph to article 19 of the Corporate Income Tax Law as amended (TRLIS) (setting the rules for interim allowance for Corporate Income Tax), according to which, in case of acquittances and deferrals arising from the application of Law 22/2003, of 9 July, regarding Insolvency:

a. Recognised income is to be included in the taxable base of the debtor as the financial expense arising from such debt and up to the limit of the mentioned income is subsequently recognised.

b. However, when the recognised income is higher than the financial expense arising from the same debt and not yet recognised, it shall be included in the taxable base in the proportion of the financial expense recognised in each taxable period regarding the total financial expense not yet recognised and arising from that same debt.

The recognition of the mentioned income after the approval of the creditors' arrangements of Pescanova, S.A. and Pescafina, S.A. will have a tax impact of 832 million euros, approximately, calculated at the tax rate currently in force. Once applied the existing negative taxable bases in both companies at 30 June 2014, the Directors consider that the tax impact, not set off by those negative taxable bases, amounts to approximately 200 million euros, and therefore recognised as tax expense in the attached half-year consolidated accounts at fair value.

In addition, the Directors of the Parent Company are thoroughly analysing different ways to minimize the possible future tax payment that could arise from these financial liabilities. Since this, very significant, payment was not considered in the officially adopted creditors' arrangement, the same could lead to the default of the payments schedule therein contained and would, inevitably, mean the liquidation of the Company. Should this happen, the Directors consider that the tax losses generated during the Parent Company's liquidation process, would be enough to set off the income generated by the acquittance pending to be included in the taxable base.

16) EVENTS SUBSEQUENT TO REPORTING DATE

Insolvency proceedings of Pescanova, S.A. Subsidiaries

Apart from the insolvency proceedings of Pescanova's subsidiaries filed prior to 30 June 2014, mentioned on Note 1 of this report, since then other insolvency proceedings have been initiated in the following subsidiary companies:

Filling of insolvency proceedings petitions:

On 7 July 2014, the Boards of Directors of the Group's subsidiaries listed below resolved to file voluntary insolvency petitions:

- Pescanova Alimentación, S.A.
- Bajamar Séptima, S.A.
- Frigodís, S.A.
- Frivipesca Chapela S.A.

These procedures were included in the Creditors' Arrangement of Pescanova, S.A. which was adopted by Sentence dated 23 May 2014, regarding the restructuring of the Pescanova Group and therefore they are required to comply with the mentioned Arrangement.

On 18 July 2014, Orders issued by the Mercantile Court number 1 in Pontevedra provided the declaration of voluntary insolvency procedures for the above mentioned subsidiaries.

Harinas y Sémolas del Noroeste, S.A.

On 21 July 2014, the Board of Directors of this Company, filed with the Mercantile Court number 1 in Pontevedra a notice reporting about negotiations to be carried out for a Refinancing Arrangement pursuant to the provisions in article 5 bis of the Insolvency Law. The mentioned notice was deemed acceptable and initiated Proceedings number 237/2014-IF (Prior Notification and Court Approval Procedure).

Events related to corporate issues

Ratification of changes in the Board of Directors

At the Ordinary and Extraordinary General Meeting of Shareholders, held on 1 July 2014, in second call, it was unanimously resolved to reduce the number of members of the Board of Directors to four and to ratify the appointments as Directors of Mr. Diego Fontán Zubizarreta and Mr. César Mata Moretón, who were appointed by co-option. Their appointment as Directors is for a 5 year period as provided in the Articles of Association. These resolutions were approved by 73.38% and 75.49% respectively of the shareholders present at the meeting, either in person or represented by proxy.

Events related to current legal proceedings

The company is party in several proceedings, some of them having started later than 30 June 2014. Below is a list of the most significant proceedings which can have an impact on the financial statements of the Parent Company:

1. Four labour claims from Interpêche employees against the Company and Pescanova France. The latter has been absolved but Pescanova was sentenced, jointly with Interpêche, to pay indemnities for a total amount of 1,119 thousand euros. Pescanova has filed an appeal against this sentence which has not been resolved yet.

2. Dismissal proceedings filed with Labour Court number 3 in Vigo by Manuel Fernández de Sousa-Faro against the Company, for unfair dismissal and asking for a compensation of 663 thousand euros. On 25 November 2013, the Mercantile Court dismissed this petition. The claimant filed an appeal against this Sentence which was opposed by both, the Insolvency Administration and Pescanova, on 10 January 2014. At the date of preparing these Financial Statements, the Orders have been filed with the High Court in Galicia where the case was remitted for decision.

3. Proceedings followed by Pescanova against the Spanish Public Administration filed with the Supreme Court against a Resolution of the Cabinet by which it was dismissed a compensation due to the decision of the EU Commission declaring the amortisation of goodwill as an illegal State subsidy. The not admitted goodwill amortisation amounts to 35 million euros.

4. On 31 July 2014 the Provincial Court of Appeal in Pontevedra gave notice of the resolution of the appeal filed by NCG Banco. The appeal was partially admitted and credit resulting from the credit policy number 550-0501-324-6 as ordinary credit amounting to 9,052 thousands of euros and 29 thousands of euros as subordinated. As regards to the credit arising from policy umber 550-1005-2-6 the Court resolves that 749 thousand euros are ordinary credit and 11 thousand euros are subordinated credit.

Events related to CNMV

The Comisión Nacional del Mercado de Valores (CNMV) has initiated 5 disciplinary proceedings against the Parent Company for presumed infringements classified as serious or very serious pursuant to Law 24/1988, of 28 July on the Securities Market. The presumed infringements are related to the disclosure of wrong, untrue or misleading information in the Notice of Relevant Event given to the CNMV and the market on 14 March 2013; the non-disclosure of periodical financial information; the presumed refusal or resistance to the supervision or control of the CNMV; the practice of market manipulation and non-disclosure of transactions with own shares.

There has not been any relevant event since 30 June 2014 to the date of disclosure of these Interim Condensed Consolidated Financial Statements, that, affecting the same, had not been included in them, or whose knowledge might be useful to a user of the same.