



natraceutical

Valencia (Spain), November 11, 2010

Results Report: 3Q 2010

First quarter of sales recovery in Forté Pharma: +6.5% in the third stand quarter, after a fall of 26% in the year to June

Net result of € -0.23 M compared to € -6.68 M in 3Q 2009, while the unrealized gains in the year from the stake in Naturex reaches € 16 M

- After the change in the consolidation perimeter due to the integration of the Ingredients Division into Naturex, Natraceutical closed the first nine months of the year with a turnover of € 32.42 million, EBITDA of € -0.18 million and net profit of € -0.23 million, compared with € -6.68 million in September of 2009.
- By divisions, the Food Supplements Division (Forté Pharma) closed the third quarter with sales of € 31.89 million and EBITDA of € 2.04 million. The net profit of this Division stood at € 1.14 million, compared with € 3.14 million last year.
- The Ingredients activity, which Natraceutical participates in through its 33.8% shareholding in Naturex, is picking up merger synergies at good pace and, like-for-like, sales up to September increased 21% to € 170.6 million and net result reached an unprecedented level of € 10.8 million. Natraceutical integrates in its accounts the proportion of Naturex's net profit (€ 3.65 million in September 2010), while the unrealized gains in the year from the stake in Naturex reaches € 16 million, after a stock appreciation in the year of 55.5%.

1.- Business performance

Following the Ingredients Division integration into the French multinational Naturex, executed on December 30, 2009, from January 1, 2010 Natraceutical concentrates its operational activity in the development of the Food Supplements Division, which the company sells exclusively in pharmacies under the brand Forté Pharma.

Parallel to that, Natraceutical continues to participate in the sector of natural ingredients for the food, pharmaceutical and cosmetics industry through the 33.8% stake in Naturex -consolidated by the equity method-, thus integrating into their accounts the corresponding part of the French multinational's net profit.

Food Supplements Division

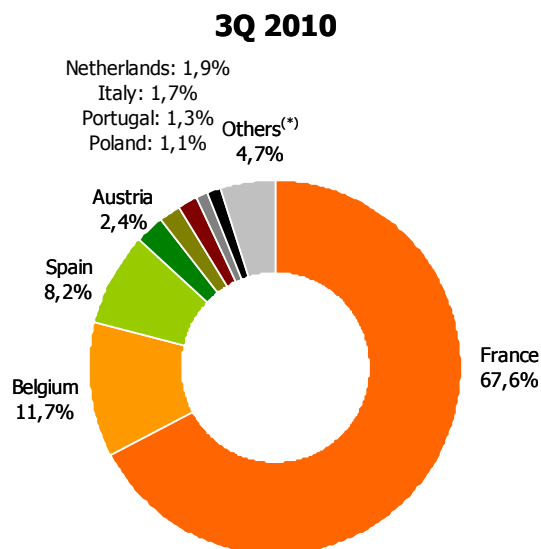
Following the sharp decline in sales in the first half of the year (-30% and -20% in the first and second quarters, respectively) the evolution of the Nutritional Supplements Division (Forté Pharma) in the third stand quarter has shown a growth in turnover of 6.5%.

This recovery trend has been widespread in almost all countries in which the company operates, as well as in its two main product ranges, "Weight Control" and "Health", which account for 90% of Division sales.

Thus, sales in France, Forté Pharma's main market, with 67.5% of the Division sales, have gone from around 30% fall in the first half to a recovery of 8.6 % in the third quarter.

In all the other countries, sales have increased from -27.5% in the first half to an increase of 2% in the third stand quarter, with different behaviour between the various major markets (+6.1% Belgium +1.8% Spain, -35.9% Austria, +97.9% non-European markets).

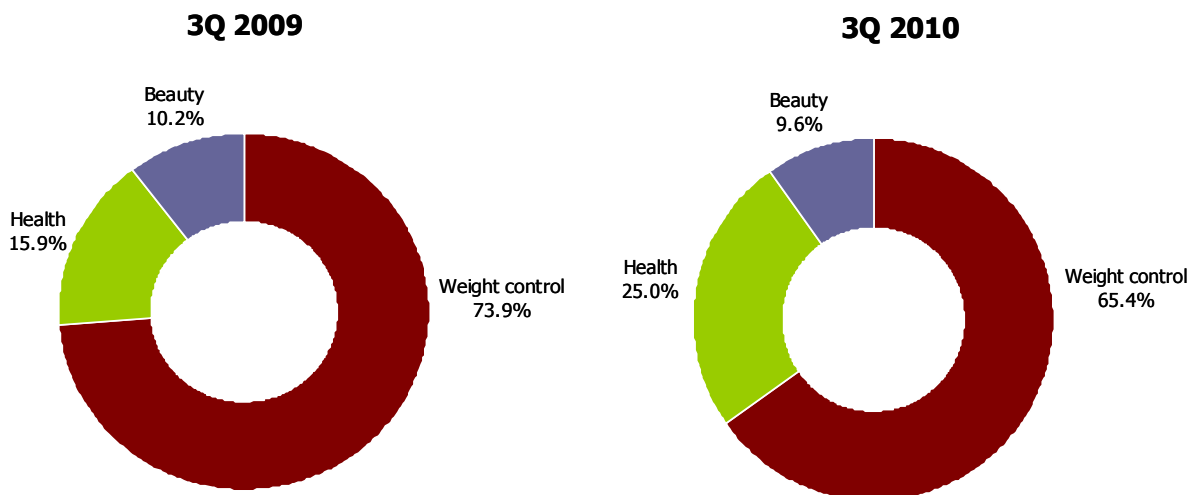
Geographical distribution of sales of the Food Supplements Division



(*) It includes countries where Forté Pharma has no established branch offices: Switzerland, Greece, Romania, Bulgaria, Ukraine, Croatia, Canada, French-speaking Caribbean islands, Mauritius, Morocco, Algeria, Lebanon, Tunisia, South Africa, Singapore and Vietnam.

By products, the "Weight Control" range, representing 65.4% of Forté Pharma turnover, has seen its sales evolve from -33% in the first half of the year to +9% in the third stand quarter. The effect of the economic crisis on consumption, which caused a significant over-stock of nutritional supplements for weight control in the pharmacy channel, was one of the main reasons for poor sales performance in the first half of 2010. Nevertheless, Forté Pharma's commitment to enhance its "Health" range has enabled the company to earn an 18.5% sale growth in this range in the first nine months of the year and increase the weight of these products in the Division total sales, from 16% in September 2009 to 25% at the end of the third quarter of current year.

Sales Distribution of the Food Supplements Division by product ranges



This strategic development is enabling the company to seasonally adjusted sales, traditionally highly concentrated in the first half of the year (70%) for the effect of weight-control campaign in the summer and move to a more balanced model, which has had its effect already in this year, with a reduction of the sales weight in the first half of the year down to 57%.

Despite the above, the recovery of 6.5% in sales in the third quarter has not managed to offset the results of the first half of the year and the Food Supplements Division has closed the first nine months of the year with a turnover of € 31.89 million, versus € 40.04 million in the same period last year.

At an operational level, despite an improvement in the Division gross margin in the first nine months of the year (from 76.5% in September 2009 to 78.0% today) and the containment of the main cost items (-11% in personal spending and -16% in other operating expenses), declining sales in the first half of the year have failed to protect the operating results. The Food Supplements Division has closed September with an EBITDA of € 2.04 million (€ 3.89 million in September 2009) and a net profit of € 1.14 million (€ 3.14 million in 2009).

Shareholding in Naturex

Thanks to the integration of Natraceutical's Ingredients Division into Naturex, which has enabled the creation of the independent world leader in specialty ingredients, in the third quarter of 2010 Naturex has achieved unprecedented results.

Naturex's revenues for the first nine months of 2010 amounted to € 170.6 million after a figure of € 77.3 million one year earlier. At constant scope and in constant currencies, sales grew 16.7% to widen the group's head start on its business plan.

Operating income (EBIT) stood at € 21.7 million at the end of September, generating an operating margin of 12.7% compared to a proforma margin of 9.0% for 2009 as a whole. This 3.7-point improvement is also above target.

At € 10.8 million, Naturex's net earnings for the first nine months of 2010 are already at an unprecedented level with the last quarter still to go, which will mean a new record for the group in 2010.

Naturex has confirmed the new targets for 2010 that were presented in September. The group is now aiming for a 10 to 15% increase in sales and a 2.5 to 3-point improvement in its operating margin on the proforma figure for 2009.

Given the results posted at the end of September, group revenues for 2010 are expected at the top end of the bracket.

As per Naturex Shareholders meeting held in June, the company has proceeded in September to make the payment of dividend for the year 2009. As featured by Naturex, Natraceutical informed the company of its decision to receive such dividend in shares, so that its stake is now composed of 2,168,219 shares, representing 33.81% of the equity.

On November 9, Naturex published its results for the third quarter, which are available on Naturex website (www.naturex.com) and Natraceutical (www.natraceuticalgroup.com).

2.- Financial structure

At the end of September, Natraceutical net debt amounted to € 81.65 million, with a single maturity in 2013.

After debt restructuring, the main assets that support the financial structure of Natraceutical are the activity of the Food Supplements Division and the 33.8% stake in Naturex, comprising 2,168,219 shares. As a guideline, after the close of the markets on November 10, 2010 (43.3 €/share), the value of Natraceutical stake in Naturex amounts to € 93.88 million, after a revaluation in the stock market since beginning of the year of 55.5%.

3.- Relevant Facts after the end of the quarter

On October 7 Natraceutical announced the signing of a memorandum of understanding with Brazilian company Bio Group Brazil, 100%-owned by Davene Group (www.davene.com.br), for the development of a large-scope joint project in Brazil.

This agreement provides for the creation of Forté Pharma Brazil, with 65% and 35% stakes held by Bio Group Brazil (hereafter BGB) and Natraceutical, respectively, for the marketing of Natraceutical nutritional supplements' brand in the Brazilian market, with the support of one of the leading companies in the cosmetics and personal care sector. The agreement also includes the transfer to Forté Pharma Brazil of the brand's marketing license for the entire South American market.



Additionally, Natraceutical is to consider admission to the Sao Paulo stock exchange, with the aim of benefiting from the country's favourable market conditions while developing the brand. Natraceutical's current multinational situation, shaped by the development of Forté Pharma in Europe and its shareholding in Naturex - a multinational leader in the field of natural specialty ingredients -, along with its relatively insignificant business in Spain, have motivated Natraceutical's decision to seek a complementary stock market to the Spanish market in which the company will be able to improve its liquidity and fund its future development projects.

Furthermore, although independently of the strategic development between the two companies, the relevance of this project for Davene and Natraceutical has led BGB to formalize with Natra, principal Natraceutical shareholder, a call option agreement on Natra's 46,8% shareholding in Natraceutical (154 million shares) and the company's 3.89% stake in Naturex (247,261 shares). Both option agreements are to be implemented within four months, with an optional extension of four additional months, and provide for partial or total acquisition of the mentioned shareholdings by Davene's subsidiary at the price of 0.43 euros per share for Natraceutical shares and of 35.3 euros per share for Naturex shares.

In relation to the acquisition of a stake in Natraceutical, the call option contract signed between Natra and BGB commits Davene's subsidiary to making a takeover offer at the same price in the event of the Brazilian company's acquiring shares representing a percentage equal to or higher than 30% of Natraceutical's share capital.

Moreover, given the equity implications that this call option contract could be to Natraceutical, the company announced on November 10 that the requirements of the condition precedent set forth in the contract between Natra and Bio Group Brazil had been complied, thus formalizing the beginning of the period for exercising the option, provided in four months, renewable for four additional months.

Comprehensive briefing papers on the memorandum of understanding between Bio Group Brazil and Natraceutical, as well as the call option granted by Natra to Bio Group Brazil are available on Natraceutical website (www.natraceuticalgroup.com).

4.- Natraceutical's Consolidated Profit and Loss account

<i>(thousand euros)</i>	3Q 2010*	3Q 2009
Net business turnover	32.419	106.029
Gross margin	25.088	57.897
Other operating income	155	214
Staff expenses	-8.931	-14.248
Depreciation allocation	-950	-4.760
Variation in operating allowances	778	-395
Other operating expenses	-16.502	-39.760
Operating results	-361	-1.052
Financial result	-4.080	-4.812
Currency exchange differences	359	-517
Non recurring items	177	-23
Results from equity consolidated companies	3.675	-88
Income before taxes	-230	-6.492
Income tax	0	-196
Net result	-230	-6.688

() It does not include the activity of the Ingredients Division, integrated in December 2009 into French multinational corporation Naturex and accounted by the equity method*

5.- Natraceutical's Balance Sheet on September, 30 2010

<i>(thousand euros)</i>	1H 2010	1H 2009
ASSETS		
Non-current assets:		
Goodwill	102.200	127.938
Other intangible assets	2.888	6.988
Property, plant and units	4.245	37.550
Investments recorded by the equity accounting method	56.038	543
Non-current financial assets	2.175	8.012
Deferred tax assets	10.960	13.655
TOTAL NON-CURRENT ASSETS	178.506	194.686
Current assets:		
Stocks	5.110	35.249
Trade and other receivables	10.774	26.872
Other financial assets	1.424	12.747
Current tax assets	1.360	2.776
Other current assets	2.819	4.893
Cash and other cash-equivalents	2.209	2.537
TOTAL CURRENT ASSETS	23.695	85.074
TOTAL ASSETS	202.201	279.760
EQUITY AND LIABILITIES		
Equity:		
Share capital	32.872	32.872
Share premium	103.494	103.494
Reserves	-39.873	862
Year's results	-230	-6.688
TOTAL EQUITY	96.263	130.540
Non-current liabilities:		
Long-term provisions	106	603
Long-term bank liabilities	77.853	57.794
Derivative financial instrument	526	3.229
Other non-current liabilities	7.327	7.578
Deferred tax liabilities	303	5.982
TOTAL NON-CURRENT LIABILITIES	86.010	74.584
Current liabilities:		
Short-term provisions	365	306
Short-term bank liabilities	5.484	40.716
Trade and other payables	7.368	15.671
Other current liabilities	6.009	15.828
Current tax liabilities	596	1.512
TOTAL CURRENT LIABILITIES	19.823	74.032
TOTAL EQUITY AND LIABILITIES	202.201	279.760



Natraceutical Group

Natraceutical Group is a Spanish multinational which is a reference in the research and development of natural functional ingredients, active elements and nutritional supplements for the food, pharmaceutical and cosmetics industry. The company directs its industrial activity through Laboratoires Forté Pharma, which specializes in nutritional supplements in the fields of health, beauty and weight control and which it sells exclusively in pharmacies and drugstores in Europe, as well as through its shareholding in the quoted French company Naturex, resultant from the recent contribution of its Ingredients Division to the French multinational.

Natraceutical is quoted on the Spanish stock exchange's market under the ticker NTC. Total shares in circulation: 328,713,946.

www.natraceuticalgroup.com

For further information

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