

Results note: 3Q 2011

**Net profit up to September stood at 1.48 M €
compared to -0.23 M € in previous year**

Operational optimization led to a further recovery of Natraceutical's net result

- Natraceutical closed September with a consolidated turnover of 25.10 million euros, compared to 32.42 million euros in the same period last year.
- The operational improvement in Forté Pharma, along with the reduction of costs in the corporate structure and the result from Natraceutical Industrial (holding company of former Ingredients Division) by marginal activities, partially offset the effects of the decline in sales at the operating income level.
- This, together with the contribution of Naturex to the result, a 35.5% decrease in financial expenses and financial income by the reduction of the shareholding in Naturex enabled Natraceutical to close the third quarter of the year with an accumulated net profit of 1.48 million euros compared to -0.23 million in the same period last year.

1.- Business performance

Food Supplements Division (Forté Pharma)

In a still complex market environment, Forté Pharma sales in the first nine months stood at 24.74 million euros, compared to 31.89 in September 2010.

In France, Forté Pharma's main market with 69.0% of its turnover, the food supplement industry grew by 1.5% until August 2011, compared to the first eight months of last year. This figure includes an increase of 8.8% of Health food supplements together with declines of 13.8% in Weight Control and 3.2% in Beauty and a stable behaviour in the Tonics range.

Companies with a reference position in the field of nutritional supplements for weight control in France, as it is the case of Forté Pharma, suffered in parallel the setback of the market.

Nevertheless, Forté Pharma was able to maintain its position as the fourth pharma lab of the market, with a share of 4.4%. Also, at the end of August 2011, Forté Pharma maintained its leadership position in the field of weight control in France, with a 17.3% market share.

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Despite the continued decline in the market, Forté Pharma's EBITDA for the third quarter stand-alone stood at 0.48 million euros, representing an EBITDA margin recovery in the quarter to 7.9% versus negative margin of 1.50% at the end of the first half of the year. In the first nine months, Forté Pharma's EBITDA resulted in 0.20 million euros, with an EBITDA margin of 0.81%.

This was made possible mainly by the optimization of personnel and operational cost (marketing and publicity), which at the end of September accumulated a reduction of 20.3% and 18.3% respectively.

Evolution of sales and EBITDA of the Food Supplements Division by quarters (2010-2011)

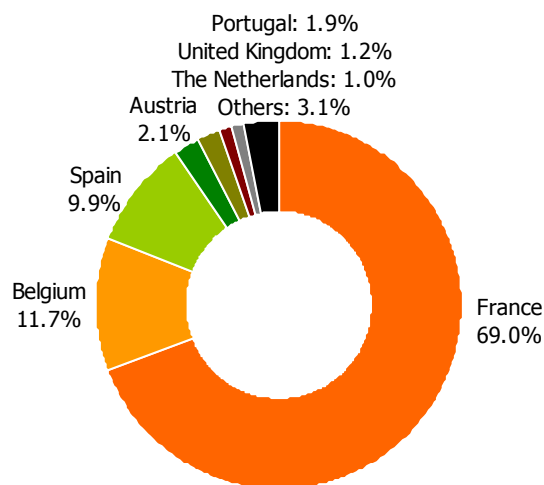
<i>(in thousand euros)</i>		Cumul. H1	Q3	Cumul. M9
2010	Turnover	24,11	7,78	31,89
	EBITDA	1,29	0,86	2,14
	Margin	5,34%	10,99%	6,72%
2011	Turnover	18,70	6,04	24,74
	EBITDA	-0,28	0,48	0,20
	Margin	-1,50%	7,95%	0,81%
	Diff. Turnover	-22,43%	-22,39%	-22,42%

The consumer crisis that has affected the developed markets in recent years, has recently been joined by the effect of the delay of payments to the pharmacy channel by governments in major markets where Forté Pharma operates, which is adding new challenges to the sector.

In this environment, Forté Pharma implemented a strict cost control policy, whose effects are now evident in the results of this quarter and the company is working hard to strengthen its position in its major markets through their leading product references.

In addition and with regard to the expansion into new markets, Forté Pharma is focusing its business development strategy in the UK, where it is already present in 500 points of sale through Boots and Superdrug, with products from the weight control portfolio. Forté Pharma estimates to increase its product references in the slimming campaign starting in January in this market.

Sales geographical distribution of the Food Supplements Division (3rd quarter 2011)



Corporate structure and other activities

In addition to the recovery of margins in Forté Pharma, the impact of the decline in sales on the operating result was also mitigated by the reduction of costs in the corporate structure by 18.3% (-1.23 million euros EBITDA compared to -1.51 million euros at the end of the third quarter of 2010) and the contribution to the result of Natraceutical Industrial, the holding company of the former Ingredients Division, by marginal activities (EBITDA +0.39 million euros compared to - 0.04 million euros in the previous year).

Natural Ingredients Division (shareholding in Naturex)

Pending the results of the third quarter, Naturex published last October 27th a preview on the evolution of its turnover, which reached 191.2 million euros compared to 170.6 million euros the previous year (+12.1%).

Activity in the half-year showed sustained growth in the Food & Beverage and Nutrition & Health markets, driven in particular by the extension of the product range and the move towards perfectly targeted innovative technical solutions.

The commercial relays extended the world over favoured proximity with the local and regional customers, leading to strengthening of the Naturex positions in all regions, both on the developed and on the emerging markets.

On October 3, Naturex announced a capital increase of 49.3 million euros, to be executed through the subscription of preferential rights, which was subscribed almost entirely. After the capital increase, the outstanding Naturex shares were fixed at 7,705,580, of which 6,318,272 ordinary and 1,387,308 preferred (without voting right). The company reported the intention to direct funds from this capital increase to the acquisition of five or six companies in the sector, of which two or three could be formalized before the end of this year.

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On October 24, Naturex announced the acquisition of Burgundy, a French company specializing in the production and marketing of vegetable extracts for the nutraceutical, pharmaceutical and cosmetic industries. The transaction amounted to 16.8 million euros, resulting from applying a multiple of 1.2 times sales.

Burgundy provides Naturex with two manufacturing facilities in France, which have a significant capacity for extraction, purification and drying. Moreover, Burgundy has commercial relationships in 35 countries on the five continents, counting among its major clients with large global pharmaceutical, nutraceutical and cosmetic-related industries.

Burgundy was consolidated in the accounts of Naturex from October 1, 2011.

2.- Financial income

In the context of the financial deleveraging plan Natraceutical has initiated a gradual reduction of its stake in Naturex, which at the end of the third quarter of the year had provided financial resources amounting to 8.62 million euros.

Capital gains from these transactions amounted to 1.70 million euros, recorded as financial gains in the third quarter income statement.

Revenues from these sales were allocated to debt prepayment of the syndicated loan, signed in April last year with a single maturity in April 2013.

On the other hand, Natraceutical decided not to subscribe the capital increase announced by Naturex, and in the month of October, the company sold all its preferential rights and executed an additional sale of shares, which reported additional financial resources around 23.34 million euros. The capital gains of these operations, around 8 million euros, will be incorporated in the last quarter's accounts.

3.- Financial debt

In June 2011, Natraceutical net financial debt amounted to 75.40 million euros.

This figure does not include the debt reduction after obtaining 23.34 million euros from the sale of rights and shares in October.

After the debt restructuring last year, the main assets supporting the financial structure of Natraceutical are the activity of the Food Supplements Division and the shareholding in Naturex.

At the date of this results report, Natraceutical holds 1,595,002 shares of Naturex, representing 20.7% of the share capital. On November 4, 2011, the market value of this asset stood at 86.42 million euros, with an accumulated appreciation in the year of 33%.

4.- Relevant facts after the closing of the third quarter

After the capital increase and the sale of the shares presented in section 2 of this results note, the shareholding of Natraceutical in Naturex is fixed at 20.7%, consisting of 1,595,002 shares (207,694

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ordinary shares and 1,387,308 preferred shares). Natraceutical voting rights in Naturex stand at 3.24%.

The reduction of Natraceutical's voting rights in Naturex below 5% involved the completion of the Shareholders Agreement between Natraceutical and SGD and, consequently, the completion of the concerted action that both parties were keeping in Naturex through the Shareholders Agreement

From that moment on, Natraceutical and SGD act independently as shareholders in Naturex. In accordance with the bylaws of Naturex, in the event of future sales of Naturex shares by Natraceutical, preferred shares held by Natraceutical will recover their voting rights immediately.

Additionally, on October 28 Natraceutical and Naturex resolved the following outstanding issues:

- Pursuant to the Master Agreement dated 30 September 2009, the parties set out the terms and conditions of a potential variable payment for the contribution of the Ingredients Division by Natraceutical to Naturex. An amount of 8 million euros was transferred to an escrow account for this purpose on 30 December 2009. After the revisions carried out by the auditors of each party, it appears that no positive final adjustment is applicable. Therefore, on 28 October 2011, the parties agreed that the full amount of the escrow account is released to the sole benefit of Naturex. Both parties waived any additional payment regarding this transaction without prejudice of the warranties given by each of them according to the Master Agreement dated 30 September 2009.
- In addition to this agreement, the parties decided to formalize the acquisition of the land and buildings of the production plant located in Valencia (Spain) owned by Natraceutical Industrial, which Naturex has been leasing since the acquisition of Natraceutical's Ingredients Division. These assets amount to 8.5 million euros, payable on 30 June 2017. This deal is subject to the completion of various conditions and closing is expected before 31 December 2011.

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5.- Consolidated balance sheet of Natraceutical

<i>(en miles de euros)</i>	30/09/2011	30/09/2010
ASSETS		
Non-current assets:		
Goodwill and other intangible assets	71.108	105.088
Property, plant and equipment	352	4.245
Investment in group and equity companies	76.576	56.038
Non-current financial assets	2.840	2.175
Deferred tax assets	2.757	10.960
TOTAL NON-CURRENT ASSETS	153.634	178.506
Current assets:		
Inventories	3.099	5.110
Accounts receivables, trade	8.015	10.774
Tax receivables	1.394	1.360
Other current assets	336	4.242
Assets held for sale	8.408	0
Cash and cash equivalents	1.796	2.209
TOTAL CURRENT ASSETS	23.048	23.695
TOTAL ASSETS	176.682	202.201
EQUITY AND LIABILITIES		
Equity:		
Share capital	32.872	32.872
Share premium	103.494	103.494
Reserves	-63.528	-39.873
Year's result allocated to parent company	1.482	-230
TOTAL EQUITY	74.320	96.263
Non-current liabilities		
Non-current bank borrowings	74.209	77.853
Derivate financial instruments	661	526
Other non current liabilities	7.385	7.327
Deferred tax liabilities	1	303
Non-current allowances	198	106
TOTAL NON-CURRENT LIABILITIES	82.454	86.115
Current liabilities		
Current liabilities payable to credit institutions	2.323	5.484
Trade accounts payable	10.231	7.369
Other current liabilities	6.894	6.009
Tax liabilities	239	596
Current allowances	221	365
TOTAL CURRENT LIABILITIES	19.908	19.823
TOTAL EQUITY AND LIABILITIES	176.682	202.201

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6.- Consolidated income statement of Natraceutical

<i>(in thousand euros)</i>	09/2011	09/2010
Net business turnover	25.103,5	32.418,9
Cost of sales	-5.786,0	-7.330,5
Gross margin	19.317,5	25.088,4
Other operating income	250,2	155,3
Staff expenses	-7.155,8	-8.930,7
Depreciation allocation	-896,6	-950,4
Payroll	-488,9	778,4
Other operating expenses	-12.567,1	-16.501,6
Profit from operations	-1.540,6	-360,6
Financial expenses	-3.326,0	-5.153,0
Financial earnings	1.691,0	1.073,0
Result of companies accounted for by the equity	4.959,9	3.675,4
Currency exchange differences	-135,1	358,8
Non-recurrent results	-131,5	176,5
Profit before taxes	1.517,7	-229,9
Income tax	-36,0	0,0
Net result	1.481,7	-229,9

About Natraceutical

Natraceutical 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 continuous market under the ticker NTC. Total shares in circulation: 328,713,946.

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