

Results note: 1st half 2011

Net profit up to June grows 16.2% and stands at € 0.91 million

The investment in the natural ingredients sector balances the difficulties of recovery
of the nutritional supplements market

- Natraceutical closed 2011 first half with a net profit of € 0.91 million compared to € 0.78 million for the same period last year, an increase of 16.2%.
- The company sales, provided almost entirely by the Food Supplements Division, stood at € 18.91 million compared to € 24.57 million in the first half of 2010. After corporate costs, Natraceutical's EBITDA stood at € -0.92 million compared to € 0.92 million in June 2010.
- As for the ingredients activity, integrated in the investee company Naturex, the French multinational closed the first half of the year with a net profit of € 9.7 million, 28% above the same period in 2010. Natraceutical incorporates in their accounts the proportion of this result (€ 3.14 million) as result of companies accounted for by the equity method.
- At the end of first half of the year, the market value of Natraceutical's 31.5% shareholding in Naturex stood at € 121.4 million.
- On June 30, Natraceutical's net financial debt amounted to € 74.85 million, with a single maturity in April 2013, compared to € 83.07 million on December 31, 2010.

1.- Business performance

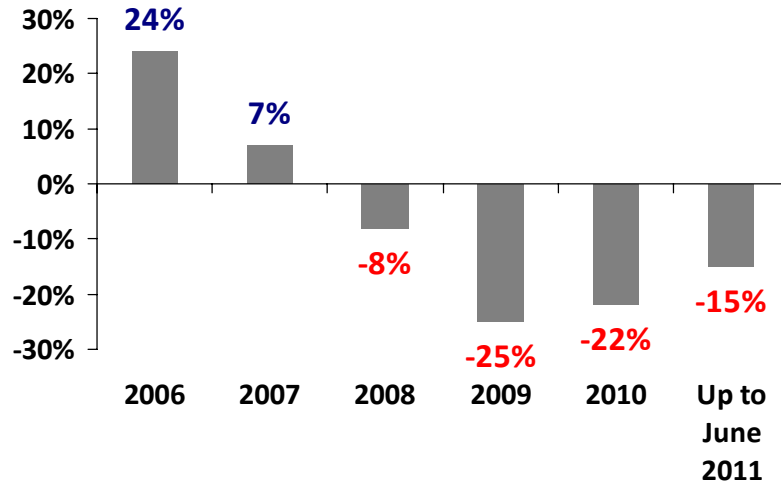
Food Supplements Division (Forté Pharma)

The food supplements industry in Europe continues to be affected by a slow recovery in consumption in the sector. In France, Forté Pharma's main market with 70% of the turnover, the health category of food supplements has been a driving force for the last months and has offset the drop of the weight control market. In particular, the food supplement market in France has grown by 1.8% in the first half of the year, compared to a reduction of the weight control market of 15% after four years of significant decreases.

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Market development of food supplements for weight control in France
2006-June 2011



It should be noted that the overall weight control market in France has fallen over 20% in the first six months of the year and the difference with the figure shown up to June in the chart above is a result of the new launch in the market of a OTC weight control product.

Due to the high concentration of Forté Pharma's sales in France (70% of turnover), as well as for their focus in weight control products (80% of turnover), Natraceutical's Food Supplements Division sales have fallen by 23.0% in the first half of 2011 (€ 18.91 million vs. € 24.57 million in June 2010), compared with a decline of 26.3 % in the first half of 2010.

However, Forté Pharma remains one more year as number four laboratory in France, with a 4.5% market share, with leading pharma companies as direct competition.

As for the healthcare market in France, it has grown 10% in the first half of the year. This is a very fragmented market, with several laboratories specializing in the same product category. Two large laboratories account each of them for around 13% of the market share, having the rest of market players less than 5% each.

Forté Pharma health range has fallen by 45% compared to June 2010, although it should be noted that sales of this range in the first half of last year were positively impacted at the point of sale by the "novelty effect" of the new entry of Forté Pharma in this range and, therefore, by orders for initial provisioning of the channel.

The drop in sales, coupled with a decline in gross margin of 2.8 percentage points due to higher production cost of the main new slimming launch this year, has led Natraceutical to conclude the first half of the year with an EBITDA of € -0.92 million compared to € 0.92 million in the first half of 2010, after recurrent corporate costs of € 0.95 million compared to € 1,43 million in June 2010.

With regard to the expansion into new markets, the company has continued to work on trade relations in new markets started late last year, and secured projects in the UK and Japan. In the former, Forté Pharma is present in Boots since May and in Superdrug since July with the two main references of the weight control portfolio and the company expects to expand the range in the coming months. As for Japan, it is expected that the product is available next November, after solving out some production difficulties to adjust the format of the tablets to the needs of this market.

Given the complex circumstances of the market, in the second half of the year the company will concentrate its efforts on improving its development in the French market, the driving force of the company, as well as on the monitoring the policies to streamline operating costs.

Natural Ingredients Division (shareholding in Naturex)

On August 25 Naturex published its first half results for the year.

At the end of June, Naturex sales rose 14.1% and net profit increased 28% to € 9.7 million.

In million euros

	1H 2011	1H 2010	Diff. %	Year 2010
Revenue	127,9	112,1	14,1%	226,3
Gross margin	75,4	65,2	15,7%	132,1
<i>% gross margin</i>	<i>59,0%</i>	<i>58,2%</i>		<i>58,4%</i>
Operating income	16,0	14,3	11,7%	27,3
<i>% operating margin</i>	<i>12,5%</i>	<i>12,7%</i>		<i>12,1%</i>
Cost of net financial debt	-2,8	-2,8		-5,6
Other financial income and expenses	1,0	-0,3		-0,7
Income before tax	14,1	11,2	26,3%	21,1
Tax expense	-4,4	-3,6	22,8%	-6,2
Net income	9,7	7,6	28,0%	14,8
<i>% net profitability</i>	<i>7,6%</i>	<i>6,8%</i>		<i>6,5%</i>

Naturex has solid operating performance over the 1st half of 2011 thanks to very well-orientated activity, the increasing application of the measures for optimising resources and the creation of synergies:

- The consolidated gross margin is in line with the revenue and stands at € 75.4 million, up 15.7% compared to the 1st half of 2010. The gross margin rate accounted for 59.0% of revenue and has improved by 0.8 point compared to the 1st half of 2010.
- Operating income, up 11.7% stands at € 16.0 million compared to € 14.3 million in the 1st half of 2010 and confirms the good control of personnel costs and external expenses in light of the growth in the activity. The operating margin has reached 12.5% of revenue, in line perfectly

with the yearly targets concerning operating profitability for fiscal 2011 (12-13% of the annual revenue for 2011).

- Net income. Group share is up 28.0% at € 9.7 million, after taking € 4.4 million in tax expense into account; in the 1st half of 2010, it was € 7.6 million, after tax expense of € 3.6 million. Net profitability as such represents 7.6% of revenue.

Shareholders' equity stand at € 175.9 million at 30 June 2011 compared to € 168.8 million at 31 December 2010.

Financial debt is well under control with a net debt ratio of 58.0% for net financial debt of € 102.1 million at 30 June 2011, compared to a ratio of 60.5% and the same net financial debt at 31 December 2010.

Natraceutical consolidates its stake in Naturex by the equity method, by incorporating in its results the share of Naturex's net profit. Natraceutical's accounts of the first half of the year contain € 3.14 million as result of entities accounted for by the equity method.

2.- Financial income

In the context of the financial deleveraging plan, during the first half of the year Natraceutical has sold 101,840 shares of its investee Naturex, representing 1.6% of the French multinational. This divestment was mainly done through private placements among institutional investors.

Revenues of around € 6.7 million from these sales have been allocated to the present year's debt service and debt prepayment of the syndicated loan, signed in April last year, whose single maturity is set for April 2013.

The mentioned shares placement generated a capital gain of € 1.28 million, as reflected in the income statement of the first half of the year as non-current assets disposal result.

3.- Financial debt

In June 2011, Natraceutical net financial debt amounted to € 74.85 million, with a single maturity in April 2013, compared to € 83.07 million on 31 December 2010.

After the debt restructuring, the main assets that support the financial structure of Natraceutical are the activity of the Food Supplements Division and the shareholding in Naturex. At the end of the first half of the year, the market value of Natraceutical's shareholding in Naturex (31.5%) stood at € 121.4 million

4.- Consolidated balance sheet of Natraceutical

<i>(thousand euros)</i>	30/06/2011	31/12/2010
ASSETS		
Non-current assets:		
Goodwill	70.245	70.245
Other intangible assets	972	1.061
Property, plant and equipment	398	631
Investments accounted for by the equity method	76.660	78.808
Non-current financial assets	3.149	3.442
Deferred tax assets	2.650	2.735
TOTAL NON-CURRENT ASSETS	154.074	156.922
Current assets:		
Inventories	3.673	5.162
Trade and other receivables	7.512	7.765
Other current financial assets	484	872
Current tax assets	2.302	2.483
Cash and cash equivalents	1.909	1.392
TOTAL CURRENT ASSETS	15.880	17.674
Non-current assets held for sale	8.435	8.492
TOTAL ASSETS	178.389	183.088
EQUITY AND LIABILITIES		
Equity:		
Share capital	32.871	32.871
Share premium	103.494	103.494
Reserves (accrued earnings)	(28.338)	(13.432)
Reserves in fully consolidated companies	(36.580)	(24.510)
Reserves in companies consolidated by the equity method	7.703	3.229
Treasury stock	(4.890)	(4.890)
Translation differences	(591)	(790)
Year's result allocated to parent company	911	(22.618)
TOTAL EQUITY	74.580	73.354
Non-current liabilities:		
Non-current bank borrowings	75.127	205
Other non-current financial liabilities	7.688	7.878
Deferred tax liabilities	1	1
Non-current procurements	198	198
TOTAL NON-CURRENT LIABILITIES	83.013	8.282
Current liabilities:		
Bank borrowings	1.328	83.766
Trade and other payable	15.397	13.395
Current procurements	280	595
Current tax liabilities	604	1.195
Other current financial liabilities	3.186	2.501
TOTAL CURRENT LIABILITIES	20.795	101.452
TOTAL EQUITY AND LIABILITIES	178.389	183.088

5.- Consolidated income statement of Natraceutical

<i>(thousand euros)</i>	1H 2011	1H 2010
Net business turnover	18.915	24.568
+/- Variation of stock	(86)	(1.002)
Procurements	(4.478)	(4.316)
Gross margin	14.351	19.250
Other operating income	259	182
Staff expenses	(5.160)	(6.248)
Depreciation allocation	(619)	(509)
Payroll	(52)	654
Other operating expenses	(10.319)	(12.919)
Profit from operations	(1.540)	410
Result of companies accounted for by the equity method	3.138	2.590
Financial earnings	2	1.306
Financial expenses	(1.708)	(4.152)
Currency exchange differences (income and expenses)	(119)	629
Non-current assets disposal results	1.279	
Non-current assets impairment results	(141)	
Profit before taxes	911	783
Income tax		
Net result	911	783

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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