

2012 1H: Results note

**Natraceutical confirms operational improvement
to June and sets profit from operations
at 0.72 M€ compared to -1.54 M€ in the first half of 2011**

- After a decline of 19.5% in turnover in the first quarter of 2012, sales recovery from April to June (+3.4% vs. 2Q 2011) allowed Natraceutical to close the first half of the year with a turnover of 16.86 M€ (-10.9%).
- The company's EBITDA stood at 1.08 M€ as of June 2012 (-0.92 M€ in the first half of 2011). During the months of April to June, where the largest advertising investment is allocated due to the summer campaign of Forté Pharma's Slimming segment, EBITDA stood at -0.74 M€ versus -2.02 M€ in the second quarter last year.
- The negative evolution of Naturex's share price in the first half of the year (-10.2%) impacted in 7.19 M€ Natraceutical's financial result and the company closed June with a net result after interest and taxes of -8.82 M€ compared to 0.91 M€ to June 2011.
- At the end of the semester, the value of the financial investment in Naturex stood at 63.65 M€.
- In the first six months of the year, Natraceutical reduced its net financial debt in 9.8 M€, placing the net financial debt at the end of June at 46.82 M€.

Operating results of Natraceutical

(in million euros)

	2011			2012		
	1Q	2Q	6M	1Q	2Q	6M
Turnover	11,77	7,15	18,92	9,47	7,39	16,86
EBITDA	1,10	-2,02	-0,92	1,82	-0,74	1,08
Profit from operations	0,87	-2,41	-1,54	1,62	-0,90	0,72

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1.- Business performance

Food Supplements Division (Forté Pharma)

The second part of the Slimming campaign, which coincides with the second quarter of the year, showed a growth in the turnover of Forté Pharma in this segment of 1.6% compared to the second quarter of 2011. This fact allowed Forté Pharma to offset the decline of 21.5% of this product range in the first quarter, and close June with a turnover of 13.39 million euros (-12.9% vs. 1H 2011) in the Slimming range.

As mentioned in the results note of the first quarter 2012, the decline of Forte Pharma's sales in Slimming in the first three months of the year was mainly due to the drop in sales of a specific product in this segment. Regardless of this circumstance, the company's sales had remained at similar levels to last year.

For their part, the Health and the Beauty segments, together representing 17.5% of Forte Pharma's turnover in the first half of the year, concluded with a growth of 0.9% and 26.6% respectively compared to the first six months of last year.

The company has continued to focus much of their efforts in protecting and improving operating margins, especially in relation to its major cost items (structure and advertising investment), as well as in complementing the current sales of Slimming products with a greater focus on its key products in the ranges of Health and Beauty.

Due to the beginning of the sales campaign of Slimming products from pharmacies to the final consumer in the second quarter of the year, Forté Pharma allocates most of its advertising budget in this quarter. The decline in advertising spending in the second half of the year, coupled with the operational recovery measures implemented by the company, makes Natraceutical expect a further recovery in margins in Forté Pharma in the third quarter of 2012.

Shareholding in Naturex

In the first half of the year, Natraceutical sold 230,000 shares of Naturex, representing 2.98% of the share capital. The transaction was completed in a single block. At present, Natraceutical's shareholding in Naturex consists of 1,365,002 titles, representing 17.7% of the French company.

The reduction of Natraceutical's shareholding in Naturex along the year 2011 led to the loss of significant influence over the French company and the consequent decision of the Board Directors of Natraceutical in the fourth quarter to exclude Naturex of the scope of consolidation and classify the asset as fair value financial asset with changes in the profit and loss account. At that time, the investment was accounted at market value, being its value updated periodically and registering in the profit and loss account any variation in the share value of this asset.

The negative evolution of the share price of Naturex in the first half of 2012 (-10.2%) impacted Natraceutical's financial result in 7.19 million euros due to the valuation change between 2011 closing and June 30, 2012. This led Natraceutical to close the first half of the year with a negative net result after interest and taxes of 8.82 million euros compared to 0.91 million euros in June 2011.

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2.- Financial debt

At June 30, 2012, Natraceutical's net financial debt amounted to 46.82 million euros, compared to 56.61 million euros at the end of December 2011, representing a net financial debt reduction of 9.8 million euros in the first half of the year.

The main assets that support nowadays Natraceutical's financial structure are the activity of the Food Supplements Division of and the shareholding in Naturex. At the end of the first half of 2012, the market value of the shareholding in Naturex was 63.65 million euros.

3.- Consolidated profit and loss account

<i>(in thousand euros)</i>	2012 1H	2011 1H
Net business turnover	16.859	18.915
+/- Variation of finished or in-process product stock	-25	-86
Procurements	-4.223	-4.478
Gross Margin	12.611	14.351
Other operating income	9	259
Staff expenses	-4.432	-5.160
Depreciation allocation	-354	-619
Other operating expenses	-7.110	-10.371
Profit from operations	724	-1.540
Financial earnings	10	2
Financial expenses	-2.315	-1.708
Currency exchange differences	112	-119
Non-current financial assets disposal results	-99	1.138
Change in fair value of financial assets	-7.192	0
Result of companies accounted for by the equity method	0	3.138
Profit before taxes	-8.760	911
Income tax	-58	0
Net result	-8.818	911

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4.- Consolidated Balance Sheet on June 30, 2012

<i>(in thousand euros)</i>	30/06/2012	31/12/2011
ASSETS		
Non-current assets:		
Intangible assets	59.654	59.720
Tangible assets	242	318
Investment in group and equity companies	0	0
Other non-current financial investments	433	676
Deferred tax assets	2.743	2.736
Derivative financial instruments	0	0
TOTAL NON-CURRENT ASSETS	63.072	63.450
Current assets:		
Inventories	2.014	2.343
Accounts receivable, trade	8.905	6.137
Intercompany accounts receivable	7	0
Fair value financial assets with changes in PL	63.650	82.781
Tax receivables	1.475	1.460
Other current financial assets	0	0
Assets held for sale	8.492	8.492
Cash and cash equivalents	2.825	714
TOTAL CURRENT ASSETS	87.368	101.927
TOTAL ASSETS	150.440	165.377
EQUITY AND LIABILITIES		
Equity:		
Share capital	32.871	32.871
Share premium	103.494	103.494
Other reserves	-1.351	-1.207
Accrued earnings	-57.367	-48.568
TOTAL EQUITY	77.647	86.590
Non-current liabilities:		
Other bank borrowings	0	10.137
Derivative financial instruments	538	525
Other non-current financial liabilities	591	592
Deferred tax liabilities	517	530
Intercompany	6.928	6.927
Non-current provisions	169	169
TOTAL NON-CURRENT LIABILITIES	8.743	18.880
Current liabilities:		
Current allowances	485	585
Payable to credit institutions	49.109	46.657
Intercompany	2.870	0
Trade accounts payable	10.999	10.444
Other current liabilities	169	1.224
Tax liabilities	418	997
TOTAL CURRENT LIABILITIES	64.050	59.907
TOTAL EQUITY AND LIABILITIES	150.440	165.377

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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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For further information

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