Laboratorio Reig Jofre, S.A., and subsidiaries

Consolidated Financial Statements
December 31, 2015

Consolidated Management Report
FY 2015

(Together with the Independent Audit Report)

KPMG Auditores S.L
Torre Real a
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(Barcelona)

Independent Audit Report on Consolidated Financial Statements

To the shareholders of Laboratorio Reig Jofre, S.A.

Consolidated financial statements report

We have audited the attached consolidated financial statements of Laboratorio Reig Jofre, S.A. (the Company) and its subsidiaries (the Group), which are comprised of the consolidated financial statement at December 31, 2015, the consolidated income statement, the consolidated comprehensive income statement, the consolidated statement of changes in equity, the consolidated cash flow statement and the consolidated memory corresponding to the financial year ended on the mentioned date.

Responsibility of the Directors in relation with the consolidated financial statements

The Directors of the Company are responsible for the preparation of the accompanying consolidated financial statements, in so far as their representing the true image of the consolidated equity, the consolidated financial situation and the consolidated income statement of Laboratorio Reig Jofre, S.A., and of its subsidiaries, under the International Financial Reporting Standards adopted by the European Union (IFRS-EU), and all other provisions of the regulatory financial reporting framework applicable to the Group in Spain, and for the internal control they consider necessary for the preparation of the consolidated financial statements free of material misstatement arising from fraud or error.

Auditor's Responsibility

It is our responsibility to express an opinion on the attached consolidated financial statements based on our audit. We have carried out our audit in accordance with the regulatory standards applicable to accounts auditing in Spain. This regulation requires that we comply with the ethical requirements and that we plan and implement the audit in order to obtain the reasonable certainty that the consolidated financial statements are free of material errors.

An audit requires the application of procedures in order to obtain auditory evidence on the amounts and the information disclosed in the consolidated financial statements. The procedures selected depend on the auditor’s judgement, including the measurement of risks of material misstatement in the consolidated financial statements resulting from acts of fraud or errors. In assessing the risk, the auditor considers internal control relevant to the preparation of the Company’s Directors of the consolidated financial statements in order to design appropriate audit procedures in accordance with the circumstances, rather than with the aim of expressing an opinion on the effectiveness of the Company’s internal control. An audit also includes the assessment of the suitability of the accounting policies applied and the reasonableness of the accounting estimations effected by the management, as well as the assessment of the presentation of the annual financial statements taken as a whole.

We believe that the evidence and the audit evidence that we have obtained have provided a sufficient, suitable basis for our audit opinion.

Opinion

In our opinion, the attached consolidated financial statements express, in all significant aspects, the true image of the consolidated equity and financial situation of Laboratorio Reig Jofre, SA, and subsidiaries at December 31, 2015, as well as the corresponding consolidated results and cash flows from the year ended on the indicated date, in accordance with the International Financial Reporting Standards adopted by the European Union, and all other provisions of financial reporting standards applicable in Spain.

Report on other regulatory and legal requirements

The attached consolidated management report for 2015 contains the explanations that the Directors of Laboratorio Reig Jofre, S.A., consider relevant to the situation of the Group, the evolution of its business and to other matters, and does not form an integral part of the consolidated financial statements. We have verified that the accounting information contained in the mentioned consolidated management report coincides with that of the consolidated financial accounts for 2015. Our work as auditors is limited to the verification of the consolidated management report to the degree mentioned in this paragraph, and does not include the revision of information other than that obtained from the accounts records of Laboratorio Reig Jofre, S.A., and subsidiaries.

KPMG Auditores, S.L.

Juan Ramón Aceytuno Mas

29 April 2016

Col-legí de Censors
Jurats de Comptes
de Catalunya

KPMG

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de comptes a Espanya

CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2015 AND 2014

Consolidated Statements of Financial Position at December 31, 2015 and 2014

(In euros)

	Note	31/12/2015	31/12/2014
Goodwill	6	25,165,817	25,405,979
Other intangible assets	6	32,606,879	32,453,457
Property, plant and equipment	7	28,645,914	24,045,938
Assets available for sale	11	1,185,232	1,126,507
Other non-current financial assets	11	9,088,104	8,835,766
Deferred tax assets	24	15,351,894	16,527,753
Total non-current assets		112,043,840	108,395,400
Inventory	13	24,892,981	23,839,539
Trade and other receivables	11	34,318,332	29,870,526
Current tax assets			958,294
Other current financial assets	11	2,382,742	4,338,579
Other current assets	12	3,975,557	4,991,922
Cash and cash equivalents	14	9,440,170	8,349,509
Total current assets		75,009,782	72,348,369
Total assets		187,053,622	180,743,769

Consolidated Statements of Financial Position at December 31, 2015 and 2014
(In euros)

Equity and Liabilities	Note	31/12/2015	31/12/2014
Capital		126,428,440	126,428,441
Reserves		(4,533,839)	(6,791,795)
Treasury shares		(4,917,032)	(4,901,950)
Profit attributable to the Parent		8,749,701	2,308,394
Translation differences		436,893	1,057,767
Other comprehensive income from assets available for sale		8,978	43,331
Equity attributable to the Parent	15	126,173,141	118,144,188
Non-controlling interests	17	1,344	27,516
Total equity		126,174,485	118,171,704
Grants	18	102,496	144,859
Provisions	19	1,070,453	969,762
Financial liabilities Bank borrowings	20	4,520,937	5,805,594
Financial liabilities from financial leases	9.20	5,828,683	6,408,506
Derivative financial instruments	20	273,998	419,457
Other financial liabilities	20	4,761,639	2,679,845
Deferred tax liabilities	24	3,768,083	4,829,060
Total non-current liabilities		20,326,289	21,257,083
Provisions	19	400,748	419,308
Financial liabilities Bank borrowings	20	6,720,668	10,181,723
Financial liabilities from financial leases	9.20	586,042	596,388
Other financial liabilities	20	889,281	753,210
Trade and other payables	20	27,034,509	24,805,199
Current tax liabilities	24	2,321,162	1,426,954
Other current liabilities	21	2,600,438	3,132,200
Total current liabilities		40,552,848	41,314,982
Total equity and liabilities		187,053,622	180,743,769

The accompanying report forms an integral part of the consolidated financial

Consolidated Income Statements corresponding to the year ended on December 31, 2015, and the three-month financial period ended on December 31, 2014
(In euros)

	Note	31/12/2015	31/12/2014
Revenue	4	156,909,656	33,284,362
Changes in inventories of finished goods and work in progress		(1,610,542)	277,315
Procurements	25	(57,523,146)	(13,689,757)
Other operating income		1,566,784	21,098
Expenses for employee benefits	25	(42,190,845)	(9,500,702)
Other operating expenses	25	(40,044,452)	(6,707,661)
Depreciation and amortization	6.7	(5,398,214)	(898,421)
Allocation of grants for non-financial assets and other	18	42,363	10,591
Operating profit		11,751,604	2,796,825
Financial revenue		211,121	1,513
Finance expenses		(1,075,633)	(247,378)
Change in fair value of financial instruments	20	145,459	41,227
Impairment and loss on disposal of financial instruments	11	(301,335)	
Exchange differences		321,278	(44,679)
Financial income	25	(699,110)	(249,317)
Results of companies measured by the equity method	8	(45,538)	(38)
Profit before tax from continuing operations		11,006,956	2,547,470
Income tax expense	24	(2,257,325)	(236,697)
Profit after tax from continuing operations		8,749,631	2,310,773
Consolidated profit for the year		8,749,631	2,310,773
Income attributable to the parent		8,749,701	2,308,394
Profit attributable to non-controlling interests	17	(70)	2,379
Earnings per share (basic and diluted)	16	0.01	0.17

The accompanying report forms an integral part of the consolidated financial

Consolidated Comprehensive Income Statements corresponding to the year ended on December 31, 2015, and the three-month financial period ended on December 31, 2014

(In euros)

	31/12/2015	31/12/2014
Consolidated profit for the year	8,749,631	2,310,773
Other comprehensive income:		
Items to be reclassified to profit and loss		
Translation differences of financial statements in foreign operations	(620,874)	(92,542)
Financial assets available for sale	(47,712)	(11,083)
Tax effect	13,359	3,325
Other comprehensive income for the year, net of tax	(655,227)	(100,300)
Total comprehensive income for	8,094,404	2,210,473
Total comprehensive income attributable to the Parent	8,094,474	2,208,094
Total comprehensive income attributable to non-controlling interests	(70)	2,379

The accompanying report forms an integral part of the consolidated financial statements.

Consolidated Statements of Changes in Equity corresponding to the year ended on December 31, 2015, and the three-month financial period ended on December 31, 2014

(In euros)

						Other comprehensive income				
In euros	Capital	Treasury Shares	Reserves	Profit attributable the parent	Interim dividend	Translation differences	Financial assets available for sale	Equity attributable to parent company	Non-controlling interests	Equity
Balance at October 1, 2014	2,964,194		31,321,154	9,491,348	(300,000)	1,150,309	51,089	44,678,094	25,137	44,703,231
Profit for the year				2,308,394				2,308,394	2,379	2,310,773
Other comprehensive income						(92,542)	(7,758)	(100,300)		(100,300)
Total comprehensive income for the year				2,308,394		(92,542)	(7.758)	2,208,094	2,379	2,210,473
Business combinations (note 5)	123,464,247	(4,901,950)	(46,504,297)					72,058,000		72,058,000
Dividends			(800,000)					(800,000)		(800,000)
Reserves			9,191,348	(9,491,348)	300,000					
Transactions with shareholders or owners	123,464,247	(4,901,950)	(38,112,949)	(9,491,348)	300,000			71,258,000		71,258,000
Balance at December 31, 2014	126,428,441	(4,901,950)	(6,791,795)	2,308,394		1,057,767	43,331	118,144,188	27,516	118,171,704
Profit for the year				8,749,701				8,749,701	(70)	8,749,631
Other comprehensive income						(620,874)	(34,353)	(655,227)		(655,227)
Total comprehensive income for the year				8,749,701		(620,874)	(34,353)	8,094,474	(70)	8,094,404
Dividends									(26,102)	(26,102)
Reserves			2,308,394	(2,308,394)						
Other transactions	(1)		1							
Net movement in treasury shares		(15,082)	(50,439)					(65,521)		(65,521)
Transactions with shareholders or owners	(1)	(15,082)	2,257,325	(2,308,394)				(65,521)	(26,102)	(91,623)
Balance at December 31, 2015	126,428,440	4,917,032	4,533,839	8,749,701		436,893	8,978	126,173,141	1,344	126,174,485

The accompanying report forms an integral part of the consolidated financial statements.

Consolidated Cash Flow Statements corresponding to the year ended on December 31, 2015, and the three-month financial period ended on December 31, 2014

In euros	31/12/2015	31/12/2014
Cash flows from operating activities		
Profit before tax	11,006,956	2,547,470
Adjustments for depreciation	5,398,214	898,421
Impairment losses in trade receivables	169,580	(5,141)
Impairment losses in inventories	236,211	(315,104)
Impairment losses for other financial assets	301,335	
Changes in provisions	36,593	(19,000)
Allocation of government grants to income	(42,363)	(10,591)
Financial revenue	(211,121)	(1,513)
Finance expenses	1,075,633	247,378
Translation differences	(321,278)	
Change in fair value of financial instruments	(145,459)	(41,227)
Participation in income of companies accounted for using the equity method	45,538	38
Other adjustments to profit	(665,319)	(84,614)
Changes in working capital		
Changes in inventories	(1,289,653)	161,840
Change in trade and other receivables	(4,617,386)	(6,540,115)
Change in other assets	1,016,365	(1,409,317)
Change in trade and other payables	2,550,588	1,439,202
Change in other liabilities	(531,762)	(50,966)
Other flows from operating activities		
Interest payments	(1,075,633)	(247,378)
Interest charges	211,121	1,513
Income tax payments	(276,582)	123,567
Net cash generated by operating activities	12,871,578	(3,305,537)
Cash flows from investing activities Payments for the acquisition of:		
Subsidiaries, net of cash and cash equivalents	(1,904,801)	2,084,994
Property, plant and equipment	(8,895,365)	(3,117,685)
Intangible assets	(1,580,308)	(4,364,004)
Other financial assets	(756,326)	(75,418)
Proceeds from the sale of:		
Property, plant and equipment	18,499	
Other financial assets	3,956,854	548
Net cash generated by investing activities	(9,161,447)	(5,471,565)
Cash flows from financing activities		
Receipts and payments for equity instruments		
Acquisition of the parent's equity instruments Disposal of the	(76,551)	
parent's equity instruments	11,030	
Receipts and payments for financial liability instruments		
Issue		
Bank borrowings and leasings		
Bank borrowings and leasings		9,695,637
Other	2,808,374	
Repayment and depreciation		
Bank borrowings and leasings	(4,745.712)	(408,392)
Other	(590,509)	(175,856)
Dividend payments and remuneration of other equity instruments		
Dividends paid	(26,102)	(800,000)
Net cash generated by financing activities	(2,619,470)	8,311,389
Effect of changes in exchange rates on cash		
Net increase in cash and cash equivalents	1,090,661	(465,713)
Cash and cash equivalents at beginning of year	8,349,509	8,815,222
Cash and cash equivalents at year-end	9,440,170	8,349,509

The accompanying report forms an integral part of the consolidated financial statements.

I. General information

Laboratorio Reig Jofre, S.A., (formerly Natraceutical, S.A.) (the Company or Parent) was incorporated on June 1, 1993, and its registered office is located in Sant Joan Despi (Barcelona), calle Gran Capital, 10.

Its corporate purpose is as follows:

- The preparation of and research into active ingredients and nutraceutical ingredients from natural sources, specifically aimed at disease prevention or for use as nutritional supplements incorporated into products of daily consumption (functional foods). The obtaining of patents for such products and their benefits following their validation, for the subsequent cession of their use and commercialization to third parties.
- The preparation of chemical and food products based on vegetable products by physical and chemical means, as well as the commercialization, importation, exportation and, in general, all types of intermediation in the manufacture and commercialization of the same, their extracts or derivatives, as well as the operation of agricultural plantations and tropical products related to the above-mentioned activities.
- The manufacture, purchase and sale, research, development, innovation and registration, both nationally and internationally, of raw materials, pharmaceuticals, biotechnology products, nutritional supplements, health products, medical devices, cosmetics, pharmacy, food and other products related directly or indirectly to health, cosmetics and/or human or animal food.
- The above-mentioned activities, together with any other activities that are complementary to those which fall within the corporate purpose, may be undertaken by the Company, in whole or in part, directly and indirectly, through the ownership of shares in companies or interests in companies or entities with identical or similar corporate purposes, as well as through the transfer of rights, licensing and/or authorizations of any kind.

The Reig Jofre Group’s main activities are:

- The importing, exporting, purchasing, wholesaling and retailing and exploitation of authorised food supplements and dietary and cosmetic products.
- The manufacture of pharmaceutical products and specialties for marketing and for third-parties, and the undertaking of research and development studies for third-parties.

On June 26, 2014, the Boards of Directors of Natraceutical, S.A., (hereinafter, Natraceutical or the Absorbing Company) and Laboratorio Reig Jofre, S.A., (hereinafter Reig Jofre or the Absorbed Company), approved the merger between the two companies. The merger was effected through the takeover of Reig Jofre (absorbed company), through the dissolution without liquidation thereof and the block transfer of all its assets to Natraceutical (absorbing company), which acquired, by universal succession, its rights and obligations. As the sole shareholder of the absorbed company, it received 74% of the shares of the company resulting from the merger, Reig Jofre is considered the accounting acquirer, making this a "reverse" merger, which is characterized by the presentation, in accounting terms, of the legal acquired company as the accounting acquirer, and the legal acquiring company as the accounting acquiree (see note 5). This structure allowed Natraceutical, S.A., (now called Laboratorio Reig Jofre, S.A.), to maintain its condition as a listed company.

On October 24, 2014, the respective shareholders' meetings approved the aforementioned merger, which for accounting purposes was recorded at December 31, 2014, when it was registered in the Companies Register. An exemption for the obligation to launch a takeover bid had been obtained previously from the National Stock Market Commission.

On October 24, 2014, the General Shareholders Meeting of Natraceutical, S.A., approved the change of the registered offices to the current offices of Laboratorio Reig Jofre, S.A., and the change of the corporate name from Natraceutical, S.A., to Laboratorio Reig Jofre, S.A.

Laboratorio Reig Jofre, SA is the parent company of a group of subsidiaries (hereinafter the Group), which have been fully consolidated. The Group also participates in a joint venture with another party and which is conolidated by the equity method.

The information relative to the subsidiaries included in the scope of consolidation is detailed in Annex 1.

The Group’s main industrial facilities are located in Sant Joan Despi and Toledo (Spain) and Malmoe (Sweden).

2. Basis of presentation

The consolidated financial statements have been prepared from the accounting records of Laboratorio Reig Jofre, S.A., and the consolidated entities.
The consolidated financial statements corresponding to the year ended on December 31, 2015 (FY 2015) have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-EU) and other applicable provisions of the regulatory financial information framework, in order to present a true image of the consolidated equity and the consolidated financial position of Laboratorio Reig Jofre, SA and subsidiaries at December 31, 2015, and the consolidated financial performance, cash flows and changes in consolidated equity for the year ended on the indicated date.

The Group adopted IFRS-EU on October 1, 2011, and on the same date applied IFRS 1 "First-time Adoption of International Financial Reporting Standards".

The Directors of the Company consider that the consolidated financial statements for 2015, which were prepared on March 31, 2016, will be approved without modification by the General Shareholders Meeting.

a) Basis of preparation of the consolidated financial statements

The consolidated financial statements have been prepared using the historical cost basis, with the following exception:

- Derivative financial instruments and financial assets available for sale have been registered at fair value.

b) Comparative information

For comparative purposes, the consolidated financial statements present, in addition to the figures corresponding to 2015 and with each of the items of the consolidated balance sheet, the consolidated income statement, the consolidated cash flow statements, the consolidated statement of changes in equity and the consolidated report, the figures corresponding to the three-month period ended on December 31, 2014 (FY 2014), which have been obtained through the consistent application of IFRS-EU.

As mentioned in note 1, a "reverse" merger took place in 2014. For accounting purposes, the operation was characterized by presenting the legal acquired company as the accounts acquiring company, and the legal acquiring company as the accounts acquired company.

As the figures reflected in the FY 2014 consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement and consolidated annual correspond to a financial period of only 3 months, they are not directly comparable with those for FY 2015, a 12-month period.

The information provided in note 23 of the consolidated report has been prepared in accordance with the Resolution dated January 29, 2016 and published by the Institute of Accounting and Auditing on the information to be included in the notes to consolidated financial statements in relation to the average payment period to suppliers in business transactions. As these are the first consolidated financial statements to which this resolution has been applied, there are no comparative figures.

c) Relevant accounting estimates and assumptions, relevant judgments in the application of accounting policies and changes in estimates

- The preparation of the consolidated financial statements under IFRS-EU requires the application of relevant accounting estimates and judgments, estimates and assumptions in the process of applying the Group's accounting policies. Thus, there follows a summary of a breakdown of the aspects that have required a greater degree of judgement, complexity or in which the assumptions and estimates are significant to the preparation of the consolidated financial statements:
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- Assessment of the recoverability of tax credits, including tax loss carryforwards and rights of deduction. Deferred tax assets are recognized to the extent that taxable profits are to be available in the future against which to charge the temporary differences, based on management assumptions relative to the amount and the schedule for the payment of future tax profits (see note 3 (r) and 24).

- <u>The assumptions used to test the impairment of non-current assets and goodwill: impairment tests are carried out annually in the relevant cash generating units, based on future, risk-adjusted cash flows and discounting the appropriate interest rates.</u> The key assumptions used are specified in Note 6. The assumptions relative to the future cash flows adjusted to risk and discount rates are based on business forecasts and are, therefore, inherently subjective. Future events could cause a change in the assumptions, with a consequent adverse effect on the Group's future revenue. To the extent that has been considered significant, a sensitivity analysis for the effect of the changes in these assumptions and the effect on the recoverable value of the cash-generating unit (CGU) has been revealed. The measurements indicate the existence of sufficient margin, and as such it is unlikely that a reasonably possible change in any of the key assumptions will give rise to an impairment of the corresponding goodwill.

- <u>Useful lives of plant, property and equipment and intangible assets</u>: the estimated useful lives assigned to each category of plant, property and equipment and intangible assets are specified in notes 3 (g) and 3 (h). Although the estimates are calculated by the Group's management based on the best information available at December 31, 2015, it is possible that future events require changes in these estimates in subsequent years. Given the large number of individual items of property, plant and equipment, it is not considered likely that a reasonably possible change in the assumptions trigger a significant adverse effect.

- <u>Impairment loss due to customer insolvencies</u>: the revision of individual balances based on the creditworthiness of customers, current market trends and the aggregate historical analysis of insolvencies implies a high degree of judgement. In relation to the write down derived from the aggregate analysis of the historical experience of bad debt, a reduction in the volume of the balances implies a decrease in write downs, and vice versa (see note 3 (k) (viii) and 11).

- <u>The estimate of net realizable value of inventories: In order to allocate appropriate impairment losses.</u>

There have been no changes in the judgments used in previous years relating to the existing uncertainties.

Furthermore, although the estimates effected by the Company's Directors have been calculated in accordance with the best information available at December 31, 2015, it is possible that events that may occur in the future require their amendment in the coming years. The effect on the consolidated financial statements of the amendments which, when applicable, are derived from the adjustments to be effected in the coming years would be registered prospectively.

d) Standards and interpretations issued that are not effective at January 1st, 2015 and which the Group expects to adopt as of January 1, 2016, or later (they have not been adopted in advance)

- IFRS 9 Financial Instruments. Effective for years beginning as of January 1, 2018. Pending adoption by the EU.
- IFRS 15 Income from customer contracts. Effective date for years beginning as of January 1, 2018. Pending adoption by the EU.
- IFRS 16 Leases. Effective for years beginning as of January 1, 2019. Pending adoption by the EU.
- Amendments to IAS 7. Effective for years beginning on or after January 1, 2017. Pending adoption by the EU.

The Parent's Directors are analyzing the potential impacts of the application of these standards and consider that their application will not have a significant impact on the consolidated financial statements. The standards will be applied by the Group to the consolidated financial statements as of their corresponding effective dates. The standards applicable in 2015 were not material.

3. Accounting principles

a) Subsidiaries

Subsidiaries are understood as those companies over which the Company, directly or indirectly, exercises control. The Company controls a subsidiary when its involvement in the same is exposed, or when it has the right to variable returns and has the capacity to influence these returns through the power it exercises over the same. The Company has such power when it has substantive rights in force which provide it with the ability to direct the relevant activities. The Company is exposed, or has the right, to variable returns for its involvement in the subsidiary when the returns obtained for such involvement vary in accordance with the company's economic performance.

Information on the subsidiaries included in the Group's consolidation is included in Annex I.

The revenues, expenses and cash flows of the subsidiaries are included in the consolidated financial statements from the date of acquisition, understood as the date on which the Group effectively obtains control of the same. Subsidiaries are de-consolidated as of the date on which control is lost.

Transactions and balances with Group companies and non-capitalized profits or losses have been eliminated on consolidation.

The accounting policies of the subsidiaries have been adapted to the Group's accounting policies for transactions and other events which, being similar, have occurred in similar circumstances.

The financial statements of the subsidiaries used in the consolidation process refer to the same presentation date and the same period as those of the Parent.

b) Non-controlling interests

Non-controlling interests are presented in the consolidated equity separately from the equity imputed to the Parent's shareholders. Non-controlling interests in the consolidated income statement and the consolidated comprehensive income for the year are also presented separately in the consolidated income statement and the consolidated statement of comprehensive income.

The Group's interest and the non-controlling interests in the consolidated income statement, consolidated comprehensive income and the changes in equity of the subsidiaries, having taken into account the adjustments and eliminations resulting from consolidation, are determined in accordance with the ownership shares at year-end, without considering the possible exercise or conversion of potential voting rights and after discounting the effect of dividends, agreed or not, from preferential shares with cumulative rights which have been classified in equity accounts.

c) Business Combinations

The Group has applied the exemption under IFRS 1 "First-time Adoption of International Financial Reporting Standards", and as such only the business combinations effected after October 1, 2011, the transition date to IFRS-EU, have been recorded using the purchase method. Acquisitions of entities prior to this date were registered in accordance with the previous GAAP, after considering the necessary corrections and adjustments at the transition date.

The Group has applied IFRS 3 "Business Combinations", revised in 2008, to transactions carried out as of October 1, 2011.

The Groups uses the acquisition method for the accounting of business combinations.

The acquisition date is the date on which the Group obtains control of the acquired business.

The consideration paid for the business combination is determined at the date of acquisition by the sum of the fair values of the assets delivered, the liabilities incurred or assumed, the equity instruments issued and any contingent consideration that depends on future events or the fulfilment of certain conditions in exchange for control of the acquired business.

The consideration paid excludes any disbursement which is not part of the exchange for the acquired business. The acquisition-related costs are recognised as expenses as they are incurred.

At the acquisition date, the Group recognizes the assets acquired and liabilities assumed at fair value. Liabilities assumed include contingent liabilities to the extent that they represent present obligations arising from past events and their fair value can be measured reliably.

Non-current assets or disposable groups of items that are classified as held for sale, liabilities for long-term employee benefits, transactions based on equity payments, deferred tax assets and liabilities and intangible assets arising from the acquisition of previously-granted rights are exempt from the application of this criterion.

The assets and liabilities assumed are classified and designated for further measurement on the basis of contractual agreements, economic conditions, financial and operating policies and other conditions existing at the acquisition date, except for leases and insurance.

The excess between the consideration delivered and the net amount of the assets acquired and the liabilities assumed, less the value allocated to the non-controlling interests, is recorded as goodwill. Where applicable, the defect, after measuring the amount of the consideration paid, the value assigned to non-controlling interests and the identification and measurement of the net assets acquired, is recognized in income.

d) Reverse merger

As mentioned in Note 1, on December 31, 2014, the merger was effected through the takeover of Laboratorio Reig Jofre, S.A.U., (legal acquiree company and the acquirer for accounting purposes), through the dissolution without liquidation thereof and the bulk transfer of all its assets to Natraceutical, S.A., (legal acquiring company and the acquired company for accounting purposes). The consolidated financial statements reflect a continuation of the consolidated financial statements of the acquiring company.

The reverse merger was entered into accounts using the criteria set out in business combinations section, considering that the legal acquirer is the acquired company for accounting purposes. The amount of the consideration paid was determined by the fair value of the number of legal acquiree's equity instruments that it would have been necessary to issue in order to deliver to the shareholders of the legal acquirer company the same percentage of equity in the combined entity.

e) Joint Arrangements

Joint agreements are considered agreements in which there is a contractual agreement to share control over an economic activity, in such a manner that the decisions about relevant activities require the unanimous consent of the Group and the other participants or operators. The assessment of the existence of joint control is carried out considering the definition of control relative to subsidiaries.

(i) Joint ventures

Investments in joint ventures are accounted for using the equity method.

The Group's interest in the profits or losses of the joint ventures obtained as of the date of acquisition is recorded as an increase or decrease in the value of the investments with a credit or charge to "Income from companies accounted for using the equity method" of the consolidated income statement.

The Group's interest in the profit and loss and in the changes in equity of the subsidiaries is determined in accordance with the ownership interest at year-end, without considering the possible exercise or conversion of potential voting rights.

The losses corresponding to the Group are limited to the value of the net investment, except in cases in which the Group has assumed legal or constructive obligations or made payments on behalf of the entities. For the purposes of recognising impairment losses, net investment is considered as the result of adding the carrying amount resulting from the application of the equity method, corresponding to any other item that, in substance, forms part of the investment.

The accounting policies have been subject to timing and measurement homogenization in the same terms referred to in the subsidiaries.

t) Transactions and balances in foreign currency

(i) Functional and presentation currency

The consolidated financial statements are presented in euros, rounded up to the nearest euro, which is the Parent's functional and presentation currency.

(ii) Transactions, balances and flows in foreign currency

Transactions in foreign currencies have been converted into euros applying the spot exchange rates between the functional currency and the foreign currency on the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are converted into Euros applying the rate existing at year end, while non-monetary assets and liabilities valued at historical cost are translated applying the exchange rate corresponding to the date on which the transaction occurred. Finally, conversion to euros of non-monetary assets measured at fair value has been effected with the application of the exchange rate on the date on which the quantification was carried out.

In the presentation of the consolidated cash flow statement, flows from foreign currency transactions are translated into euros at the exchange rates prevailing at the date on which they were produced. The effect of the changes in exchange rates on cash and cash equivalents denominated in foreign currency are presented separately in the cash flow statement as "Effect of exchange differences on cash".

The differences observed in the settlement of foreign currency transactions and the translation into euros of assets and liabilities denominated in foreign currencies are recognized in income.

(iii) Conversion of foreign operations

The conversion to euros of foreign operations whose functional currency is not that of a hyper-inflationary country has been carried out by applying the following criteria:

- The assets and liabilities, including the goodwill and the adjustments to net assets derived from the acquisition of businesses, including the comparative balances, are converted to the exchange rates prevailing on the balance sheet date;
- Revenues and expenses, including comparative balances, are translated at the average exchange rate for the year. This method does not differ significantly from the application of the exchange rate corresponding to the date of the transaction;
- The exchange differences resulting from the application of the previous criteria are recognised in exchange differences on other comprehensive income.

g) PP&E

(i) Initial recognition

Property, plant and equipment is recognized at cost or imputed cost, less accumulated depreciation and, where applicable, accumulated impairment loss.

On October 1, 2011, the Group applied the exemption relative to fair value or remeasurement as imputed cost under IFRS 1 First-time Adoption of International Financial Reporting Standards.

(ii) Amortization

Depreciation of property, plant and equipment is effected by systematically allocating the depreciable amount over the service life. For these purposes, the depreciable amount is understood as the acquisition cost less the residual value. The Group determines the depreciation cost independently for each item which has a significant cost in relation to the total cost of the item and a service life other than that of the rest of the item's components.

Depreciation of property, plant and equipment is determined by applying the criteria listed below:

	Amortization method	Estimated service life
Buildings and constructions	Straight line	33.33
Plant and machinery	Straight line	10
Other fixtures, tools and furniture	Straight line	6.66-10
Other property, plant and equipment	Straight line	4-10

The Group reviews residual values, service lives and the depreciation method of the property, plant and equipment at the end of each year. Amendments to the criteria initially established are recognized as changes to estimations.

Subsequent costs

After initial recognition of the asset, only those costs that will generate future economic benefits that can be classified as probable and the amount of these costs can be measured reliably are capitalized. In this sense, the costs derived from the daily maintenance of property, plant and equipment are registered as they are incurred.

(iii) Impairment of assets

The Group measures and determines impairment losses and reversals of impairment losses of property, plant and equipment in accordance with the criteria described in section (i) below.

h) Intangible assets

(i) *Goodwill*

Goodwill arises from business combinations, corresponding to the excess existing between the consideration delivered and the net amount of the assets acquired and the liabilities assumed, less the value allocated to the non-controlling interests.

Goodwill is not amortized, but is tested for impairment on an annual, or shorter term, basis if there are indications of a potential loss of asset value. For this purpose, the goodwill acquired in the business combination is allocated to each of the cash-generating units (CGU), or groups of cash generating units, that are expected to benefit from the combination's synergies, and the criteria referred to in section (i) below are applied. Following the initial recognition, goodwill is measured at its cost less accumulated impairment losses.

(ii) Internally-generated intangible assets

Any expenses incurred during the research phase of projects are recognized as an expense when incurred.

Costs related to development activities are capitalized from the time the product approval is obtained, provided that the following conditions are met:

- The Group is in possession of technical studies justifying the feasibility of the production process;
- The Group holds a commitment to complete the production of the asset in order that is in a condition to be sold or used internally.
- The asset will generate sufficient profit;
- The Group has the technical and financial resources to complete the development of the asset and has implemented budgetary control and analytical accounting systems that enable the monitoring of the budgeted costs, the amendments introduced and the costs actually charged to the individual projects.

The cost of the assets generated internally by the Group is determined following the same principles as those used in determining the production cost of inventories. Production costs are capitalized through the payment of the costs imputable to the asset in the accounts in "Work performed by the Group for its non-current assets" in the consolidated income statement.

(iii) Patents, trademarks and licenses

Patents, trademarks and licenses are initially recorded at acquisition cost and relate mainly to the registration of trademarks and pharmaceutical specialities acquired from third parties.

(iv) *Service life and Amortizations*

For each intangible asset acquired, the Group assesses whether the useful life is finite or indefinite. For this purpose, an intangible asset is understood as having an indefinite useful life when there is no foreseeable limit to the period during which it is to generate net cash flows.

Intangible assets with indefinite service lives are not amortized, but are tested for impairment on an annual, or shorter, basis if there are indications of a potential loss of value.

Intangible assets with finite service lives are amortized by systematically allocating the depreciable amount the service life by applying the following criteria:

	Amortization method	Estimated service life
Development	Straigh	5
Patents, trademarks and licenses	Straigh	10
Customer base	Straigh	11
Software	Straigh	3

For these purposes, the depreciable amount is understood as the acquisition or attributed cost less the residual value.

The Group reviews residual values, service lives and the depreciation method of the intangible assets at the end of each year. Amendments to the criteria initially established are recognized as changes to estimations.

(v) <u>Impairment of assets</u>

The Group measures and determines impairment losses and reversals of impairment losses of intangible assets in accordance with the criteria described in section (i) below.

i) Impairment of non-financial assets subject to amortization or depreciation

The Group's policy is to evaluate the existence of evidence that may point to the potential impairment of the non-financial assets subject to amortization or depreciation, in order to verify whether the carrying value of the assets exceeds their recoverable value.

The Group also, and independently of the existence of any indication of impairment, checks, at least on an annual basis, the potential impairment that may affect the goodwill, as well as the intangible assets that are not yet available for use.

The recoverable value of assets is the higher of the fair value less sales costs and the value in use. The value in use of assets is determined by the expected future cash flows from the use of the asset, the expectations relative to possible variations in the amount or timing of the flows, the time value of money, the price for bearing the uncertainty inherent in the asset and other factors that market participants would consider in assessing future cash flows related to the asset.

Negative differences resulting from the comparison of the book values of the assets with their recoverable amounts are recognized in income.

The recoverable value must be calculated for individual assets, except when the asset generates cash inputs that are, on the whole, independent of those corresponding to other assets or groups of assets. In such cases, the recoverable amount is determined for the cash-generating unit (CGU) to which it belongs.

Initially, losses related to the impairment of the CGU reduce, where appropriate, the value of the allocated goodwill and, subsequently, the CGU’s remaining assets. They are pro rated in accordance with the carrying value of each of the assets, with the limit for each being the greater of the fair value less disposal costs or disposal by other means, the value in use and zero.

At each reporting date, the Group assesses whether there are any indications that an impairment loss recognized in prior years has ceased to exist or may have decreased. Goodwill impairment losses are not reversible. Impairment losses on other assets are only reversible if there has been a change in the estimates used to determine the recoverable amount.

The reversal of the impairment loss is credited to income. Nevertheless, the reversal of the loss cannot increase the carrying amount of an asset above the carrying amount that it would have had, net of depreciation, had no impairment loss been recorded.

The amount corresponding to the reversion of the impairment of a CGU is allocated among the assets of the same, except for goodwill, and prorated in accordance with the carrying value of the assets, with the limit per asset being the lower of the recoverable value and the book value, net of depreciation, that would have been reflected if no impairment had been registered.

j) Leases

(i) Classification of leases

The Group classifies contracts which initially substantially transfer the assets' risks and rewards of ownership to the lessee as finance leases. To the contrary, the contracts are classified as operating leases.

(ii) Lessee accounting

The Group has the right to use certain assets under lease agreements.

- Financial leases

  At the beginning of the lease term, the Group recognizes an asset and a liability at the lower of the fair value of the leased property or the present value of the minimum lease payments. Initial direct costs are included as higher asset value. Minimum payments are divided between the finance charge and the reduction of outstanding debt. Financial expenses are charged to the consolidated income statement by applying the effective interest rate method.

  The accounting principles applied to the assets used by the Group by virtue of the signing of leasing contracts classified as financial are the same as those detailed in section (g) Property, plant and equipment.

- Operating leases

  Payments under operating leases, net of the incentives received, are recognized as expenses on a straight line basis over the lease term, unless another systematic basis of allocation is more representative by virtue of a more appropriate reflection of the time pattern of the lease's profit.

k) Financial instruments

(i) Classification of financial instruments

Financial instruments are classified on initial recognition as financial assets, financial liabilities or equity instruments, in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument in IAS 32 "Financial Instruments: Presentation".

Financial instruments are recognized when the Group becomes a party to the contract or legal transaction in accordance with the provisions thereof.

For the purpose of measurement, financial instruments are classed in the categories of financial assets and liabilities at fair value through profit and loss, separating those which are designated initially from those held for trading, loans and accounts receivable, held-to-maturity investments, financial assets available for sale and financial liabilities at amortized cost. The classification in the previous categories is based on the nature of the instrument and the Group's intentions at the time of initial recognition.

(ii) Offsetting principles

Financial assets and financial liabilities are offset only when the Group has the enforceable right to legally offset the recognized amounts and intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities at fair value through profit or loss are those that are classified as held for trading or which have been designated from the time of their initial recognition.

A financial asset or financial liability is classified as held for trading if:

- It is acquired or incurred principally for the purpose of selling or repurchasing in the near future;
- In the initial recognition, it forms part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative (except for a derivative that is a designated and effective hedging instrument or a derivative that is a financial guarantee contract).

Financial assets and liabilities at fair value through profit or loss are initially recognised at their fair value. The operation costs directly attributable to the purchase or issue are recognised as expenses as they are incurred.

Subsequent to their initial recognition, they are recognized at fair value and any changes are registered in results. The fair value is not reduced by transaction costs that may be incurred on sale or disposal by other means.

(iv) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market other than those classified in other financial asset categories. These assets are initially recognized at fair value, including transaction costs, and subsequently measured at amortized cost using the effective interest rate.

(v) Financial assets available for sale

The Group classifies non-derivative financial instruments that are designated as such or which do not comply with requirements for inclusion in the above categories in this category.

Financial assets available for sale are initially recognised at fair value plus the operation costs directly attributable to the acquisition.

After initial recognition, financial assets classified in this category are measured at fair value, the gain or loss recognized in other comprehensive income in shareholders' equity, except for impairment losses. The amounts recognized in other comprehensive income are recognized in income when the financial assets are de-registered and, where applicable, there is impairment loss.

(vi) Fair value

To determine the fair value of financial assets or liabilities, the Group uses, to the extent possible, market data. Based on the factors used for measurement, the fair values are ranked in accordance with the following levels:

- Level 1: quoted prices (unadjusted) in existing markets for assets or liabilities that are identical to those that are being considered.
- Level 2: factors other than the prices considered in Level 1 that are derived directly from the asset or liability in question, such as those that may arise directly from the price.

- Level 3: factors which are not based on data obtained directly from the market.

In those cases in which the factors employed to determine the fair value of an asset or a liability are included in different hierarchical levels, the fair value is determined entirely on the significant component located in the lowest hierarchical level.

(vii) Amortized cost

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus, as applicable, the cumulative amortisation using the effective interest rate method of any difference between that initial value and the maturity amount, and minus any reduction for impairment or uncollectibility.

(viii) Impairment of financial assets measured at amortized cost

The amount of the loss impairment of financial assets measured at amortised cost is the difference between the financial asset's carrying amount and the present value of estimated effective future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. For financial assets at a variable interest rate, the effective interest rate corresponding to the measurement date under the contractual terms it is used.

The Group recognizes the impairment losses and defaults on loans and other receivables and debt instruments by recording an allowance account for financial assets. When the impairment loss and default are considered irreversible, the book value is eliminated against the amount in the allowance account.

Impairment loss is recognized against income and is reversible in subsequent years if the decrease can be objectively related to an event subsequent to its recognition. However, the reversal of the loss is limited to the amortized cost that would have corresponded to the assets if the impairment loss had not been registered. The reversal of the loss is recognized against the amount in the allowance account.

The Group reviews the recoverability of customer balances individually, in accordance with the credit quality of the same, current market trends and historical analysis of insolvencies at an aggregate level.

Balances for sales corresponding to Public Administrations are not subject to impairment due to late payment as the Directors do not consider a payment period in excess of one year.

(ix) Impairment of financial assets available for sale

In the case of financial assets available for sale, the reduction in the fair value has been recorded directly in other comprehensive income in equity. It is recognized in income when there is objective evidence of impairment, even though the financial asset has not been de-recognised in the consolidated statement of financial position. The amount of the impairment recognised in income is calculated as the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in income.

The impairment losses corresponding to investments in equity instruments are not reversible, and as such they are registered directly against the asset and not as a corrective provision.

The increase in the fair value of debt instruments, which may be objectively related to an event subsequent to the recognition of the impairment, is credited to income up to the amount of the previously-recognised impairment and the excess, where applicable, which is credited to the other comprehensive income in equity.

(x) De-recognition of financial assets

The Group applies the financial asset de-registration criteria to a part of a financial asset or a part of a group of similar financial assets or to a financial asset or a group of similar financial assets.

Financial assets are de-recognised when the rights to receive the associated cash flows have matured or have been transferred and the Group has substantially transferred all risks and rewards of ownership.

The de-recognition of a financial asset in its entirety implies the recognition of profit from the difference between the carrying amount and the sum of the consideration received, net of transaction costs, including the assets obtained or liabilities assumed and any deferred gain or loss in other comprehensive income.

(xi) Financial liabilities

Financial liabilities, including trade and other payables, which are not classified as at fair value through the income statement, are initially recognized at fair value less, where applicable, any transaction costs that are directly attributable to the issue thereof. Subsequent to initial recognition, liabilities classified under this category are measured at amortized cost using the effective interest rate.

(ix) De-registrations and changes in financial liabilities

The Group de-registers financial liabilities or a part of the same when it has fulfilled the obligation under the liability or is legally released from the primary responsibility for the liability, either by virtue of a judicial process or by the creditor.

1) Inventory

Inventories are measured at the lower of the acquisition or production cost and net realizable value.

The acquisition cost includes the amount invoiced by the vendor after deducting any discounts or other similar items and interest included in the par value of the debts, together with additional expenses incurred until the goods are made available for sale and any others directly attributable to the acquisition, as well as non-recoverable indirect taxes.

The estimate of the products that will be returned in relation to sales for which the customers hold the right of return, net of the effect of any reduction in the value thereof, is recognized as inventory on consignment at the time of sale.

Discounts from providers are recognized when it is probable that they will comply with the conditions governing their concession as a reduction of the cost of the inventories from which they arose and the excess, if any, as a reduction of the procurements item in the consolidated income statement.

The production cost of inventories includes the purchase price of raw materials and other consumables and the costs directly related to the units produced, as well as systematically-calculated part of the indirect, variable or fixed costs incurred during their transformation. The allocation of fixed overhead costs is performed in accordance with the normal production capacity or real production, whichever is the greater of the two.

The cost of raw materials and other procurements, the cost of goods and the cost of processing are allocated to the different SKUs using the weighted average price method.

The Group uses the same cost formula for all inventories having a similar nature and use within the Group.

The cost value of inventories is subject to impairment charged to income in cases in which the cost exceeds the realizable net value. For these purposes, net realizable value is understood as:

- Raw materials and other supplies: replacement cost. Notwithstanding the foregoing, the Group does not make adjustments in cases where it is expected that the finished products to which the raw materials and other supplies are incorporated are to be disposed of for value equal to or greater than their production cost;
- Goods and finished products: the estimated sales price, less the any necessary sales costs;
- Unfinished products: the estimated sales price of the corresponding finished products, less the any estimated costs for the completion of production and those related to their sale.

The reduction in the value previously recognised is reversed against profit if the circumstances that caused the reduction have ceased to exist or when there is clear evidence of an increase in the net realizable value as a consequence of a change in the economic circumstances. The reversal of the decrease in value is limited to the lower of the cost and new net realizable value of the inventories.

m) Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits with banks. This concept also includes other short-term, highly-liquid investments, provided that they are easily convertible into certain amounts of cash and they are subject to an insignificant risk of changes in value. For this purpose, investments with maturities of less than three months as of the date of acquisition are included.

The Group classifies cash flows corresponding to interest received and paid as operating activities, and dividends received and paid as investment and financing activities, respectively.

n) Government grants

Government grants are recognized when there is reasonable assurance of compliance with the conditions attached to the granting and payment of the same.

(i) Capital grants

Capital grants in the form of monetary assets are credited to "Grants" in the consolidated statement of financial position, and they are charged to “Other operating income" as the corresponding financed assets are amortized.

(ii) Revenue grants.

Operating grants are recognized as income and credited to "Other operating income".

o) Short-term employee benefits

The Group recognizes the expected cost of short-term remuneration in the form of paid leave, the rights to which are accumulated as the employees render the services that grant them the right to perceive the same. If the permissions are not cumulative, the expenditure is recognized as the permissions occur.

The Group recognizes the expected cost of profit-sharing or incentive plans when it has a present, legal or implicit obligation resulting from past events and when the value of the obligation can be reliably estimated.

p) Provisions

Provisions are recognised when the Group has a present obligation, either legal or implicit, as a result of past events, an outgoing of resources incorporating future economic profits is likely in order to settle the obligation, and the amount of the obligation can be reliably estimated.

The amounts recognized in the consolidated balance sheet correspond to the best estimate at the closing date of the expenditure required to settle the present obligation, once considered the risks and uncertainties related to the provision and, where significant, the financial effect produced by the discount, provided that the disbursements to be made in each period can be reliably determined. The discount rate is determined before taxes, considering the time value of money and the specific risks that have not been considered in the future flows related to the provision.

The financial effect of the provisions is recognized as interest expense in the consolidated results.

Provisions are reversed when an outflow of resources to settle the obligation is not considered probable. The reversal is charged against the item in results in which the corresponding expenditure was registered and the excess, where applicable, is recognised in "Other operating income".

q) Revenue Recognition

Income from the sale of goods or services is recognized at the fair value of the consideration received or receivable derived from the same. Discounts for prompt payment, volume or other types of discounts, as well as interest compounded into the nominal amount of the credits, are recorded as a reduction of the same.

Discounts given to clients are recognized at the moment in which it is probable that the conditions that may determine their concession as a reduction in income from sales are met.

(i) *Sale of goods*

The Group is dedicated to the marketing of proprietary pharmaceutical specialties and licensed products in the areas of dermatology, women's care, respiratory, anti-infective, paediatrics and consumer healthcare products, as well as the marketing of nutraceutical products. It also has manufacturing activities for third parties specialized in the sterile injectable products, lyophilised products, penicillanic antibiotics and cephalosporins.

Revenue from the sale of goods is recognized when the Group:

- Transfers the risks and rewards of ownership of the goods to the buyer;
- There remains no implication in the current management of the goods sold, to the degree usually accepted with ownership, and there is no effective control of the same;
- The amount of the revenue and costs incurred or to be incurred can be measured reliably; and
- It is probable that the profits associated with the transaction will be received.

The Group sells certain goods, in relation to which the buyer acquires rights of return. In such cases, the sale of the goods is recognized at the time when the above conditions are met and it is possible to make a reliable estimate of the amount of the returns, in accordance with experience and other relevant factors. The estimated reimbursements are recorded against revenue and credited to the provision for sales returns, and the estimated cost value corresponding to the goods that are estimated to be returned, net of the effect of any reduction in value., is recognised as inventory on consignment.

(ii) *Provision of services*

Revenue derived from the provision of services is recognised considering the degree of completion of the provision at the balance sheet date, provided that the outcome of the transaction can be estimated reliably. This circumstance occurs when the amount of revenue, the degree of implementation, the costs already incurred and those to be incurred can be reliably measured and it is probable that the economic profits of the service are to be received.

(iii) *Interest and dividends*

Interest is recognized by the method of effective interest rate, which is the rate that equals the book value of a financial instrument with estimated effective cash flows over the expected life of the instrument, based on the corresponding contractual conditions and without considering future credit risk losses.

Dividend income from investments in equity instruments is recognized in income when the rights have arisen in favour of the Group upon its perception.

r) Income tax

Expenses or income derived from corporate tax includes both current tax and deferred tax.

Current tax is the amount payable or recoverable in the concept of capital gains tax on the consolidated profit or tax loss for the year. Current tax assets and liabilities are measured at the amount expected to be paid or recovered from the tax authorities, using the regulations and rates that are applicable or which have practically been approved at year end.

Deferred taxes liabilities are the amounts payable in the future as taxes related to taxable timing differences, while deferred tax assets are the amounts to be recovered in the concept of tax on earnings due to the existence of deductible timing differences, compensable loss carryforwards or deductions pending application. For this purpose, temporary difference is understood as the difference between the book value of the assets and liabilities and their tax base.

Current or deferred corporate tax is recognized in earnings, except when it arises from a transaction **or financial event which is recognized in the same year or in a different year in equity**, or from a business combination.

At December 31, 2015 and 2014, the parent company and the subsidiaries Laboratorios Medea, SA, Laboratorio Farmacéutico Orraván, SL and Laboratorio Ramon Sala, SL, consolidate taxation with Reig Jofre Investments, SL, head of the tax group, having in 2015 incorporated into the tax group the subsidiary Forte Pharma Iberica, SLU. At December 31, 2015, the tax rate for capital gains tax applicable in Spain is 28%, 22% in Sweden, 20% in UK and 33.3% in France.

(i) Recognition of deferred tax liabilities

The Group recognizes deferred tax liabilities in all cases, except when:

- when they arise from the initial recognition of the goodwill or of an asset or a liability in a transaction other than a business combination that, at the time of the transaction, affects neither the accounting profit nor the tax base;
- **they correspond to differences relating to investments in subsidiaries, associates and joint ventures** over which the Group has control at the time of the reversal and a future reversal is unlikely.

(ii) Recognition of deferred tax assets

The Group recognizes deferred tax assets whenever:

- it is likely that future taxable profits will be sufficient to offset the deferred tax assets, or when the applicable tax law provides for the possibility of the future conversion of deferred tax assets into an enforceable credit against the Public Administration. Notwithstanding, assets that arise from the initial recognition of assets or liabilities in a transaction other than a business combination that, at the time of the transaction, affects neither the accounting profit nor the tax base, are not recognisable;
- **they correspond to temporary differences related to investments in subsidiaries, associates and joint businesses** to the extent that the temporary differences will reverse in the foreseeable future and are expected to generate positive future taxable income to offset the differences;

It is considered probable that the Group has sufficient taxable profit to recover the deferred tax assets, provided that there are sufficient taxable timing differences related to the same taxation authority and the same taxable subject, the reversal of which is expected in the same tax year as the reversal of the deductible timing differences or in fiscal years in which a tax loss arising from a deductible timing difference may be carried back or forward. When the only future tax gains are to derive from the existence of taxable temporary differences, deferred tax assets arising from tax loss carryforwards are limited to 70% of the amount of the deferred tax liabilities recognized.

In order to determine future taxable income, the Group takes into account the tax planning opportunities, providing it intends to adopt them or it is likely that they are to be adopted.

(iii) Measurement of deferred tax assets and liabilities

Deferred tax assets and liabilities are measured at the tax rates that are to be applied in the periods in which the asset or the liability is to be realised, based on the regulations and rates which have been approved or which are pending approval and after having considered the tax consequences derived from the manner in which the Group expects to recover the assets or settle the liabilities. For this purpose, the Group has considered the deduction for reversal of temporary measures developed in the thirty-seventh transitional provision of Law 27/2014, of November 27, on Corporate Income Tax, as an adjustment to the tax rate applicable to the deductible temporary difference associated with the non-deductibility of the amortization carried out in 2013 and 2014 and the updating of the balances of Law 16/2012 of December 27.

At year-end, the Group reviews the book value of deferred tax assets in order to reduce the same to the extent that the existence of sufficient future taxable income against which they can be offset is unlikely.

Deferred tax assets that do not meet the above conditions are not recognized in the consolidated statement of financial position. At year-end, the Group reconsiders whether the conditions have been met to recognize deferred tax assets that had not previously been recognized.

(iv) Offsetting and classification

The Group only offsets current tax assets and liabilities if there is a legal right before the tax authorities and when the Company intends to settle the debts resulting from the net amount or to capitalize the assets and settle the debts simultaneously.

The Group only offsets corporate deferred tax assets and liabilities if there is a legal right to offset them before the tax authorities and the assets and liabilities correspond to the same taxation authority, and to the same tax subject or different taxable subjects who intend to liquidate or write-off the current tax assets and liabilities at their net amount or write-off the assets and liquidate the liabilities simultaneously in each of the future years in which the liquidation or recovery of significant amounts of deferred tax assets or liabilities is expected.

Deferred tax assets and liabilities are recognized in the consolidated statement of financial position as non-current assets or liabilities, irrespective of the date of realization or settlement.

s) Distributions to shareholders

Dividends, whether satisfied in cash or in kind, are recognized as a reduction in equity upon their approval by the General Shareholders Meeting.

For distributions in kind, either in the form of non-monetary assets, business, investments in other entities or disposal groups, which are proportional for all the Company's shareholders, the liability is recognized on the date indicated above, measured at the fair value of the assets to be delivered.

The fair value of the liability is reviewed and adjusted at each reporting date and settlement date against equity. On the settlement date, the difference between the book value of the assets transferred and the liability in the consolidated income statement is recognized.

t) Segment reporting

An operating segment is a Group component that carries out business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's Maximum Decision-Making Authority (MDMA) in order to make decisions about the resources to be allocated to the segment, assess its performance and in relation to which separate financial information is available. The Group MDMA's management is based on two segments, as indicated in note 4.

u) Classification of assets and liabilities between current and non-current

The Group presents the consolidated financial statements classifying assets and liabilities as current and non-current. To these effects, current assets or liabilities meet the following criteria:

- Assets are classified as current when they are expected to be capitalized or intended for sale or consumption during the normal operating cycle of the Group, are held primarily for trading purposes, they are expected to be capitalized within twelve months after the closing date or they are cash or cash equivalents, except in those cases where they cannot be exchanged or used to settle a liability, at least within the twelve months subsequent to the closing date.
- Liabilities are classified as current when they are expected to be settled during the normal operating cycle of the Group, are held primarily for trading purposes, they are expected to be settled within twelve months after the closing date or when the Group does not hold the unconditional right to defer the settlement of the liabilities during the twelve months subsequent to the closing date.
- Financial liabilities are classified as current when they must be settled within the twelve months after the closing although the original term is for a period longer than twelve months and there is a refinancing or restructuring agreement for long-term payments that has concluded subsequent to the closing date or prior to the preparation of the consolidated financial statements.

Derivative financial instruments that are not held for trading are classified as current or non-current, in accordance with their maturity or periodic settlement.

v) Environment

The Group takes measures to prevent, reduce or repair any damage that its activities may have on the environment.

The expenses incurred in environmental activities are recognized as "Other operating expenses" in the period in which they are incurred.

Property, plant and equipment acquired in order to be used permanently in the activity and whose main purpose is to minimize environmental impact and to protect and improve the environment, including the reduction or elimination of future contamination generated by the Group's operations **are recognized as assets through the application of measurement, presentation and disclosure criteria that are consistent** with those mentioned in paragraph (g) above.

4. Segment Reporting

The Group is internally organized into business units based on the countries in which it operates. Management is focused on two business segments, corresponding to “Sale of pharmaceutical products" and “Sale of nutritional supplements."

The "Sale of pharmaceutical products" segment includes the manufacturing and marketing of products for third parties, research and development, and others. The “Sale of nutritional supplements” segment includes the importing, exporting, purchasing wholesaling and retailing and exploitation of authorised food supplements and dietary and cosmetic products.

a) Geographic information

In presenting geographical information, the segment’s revenues are determined using the customers’ geographical location as criterion. The segment’s assets are determined in accordance with the geographical location of the same.

The breakdown of the main figures expressed by geographic areas for the year ended December 31, 2015 and for the three-month financial period ended on December 31, 2014 (which corresponded entirely in FY 2014 to the "Sale of products pharmaceutical” segment), is as follows:

	Sale of pharmaceutical products		Sale of nutritional supplements
In euros	31/12/2015	31/12/2014	31/12/2015
Net turnover			
Domestic	60,281,081	17,150,561	3,690,053
European Union	56,380,141	11,406,259	23,284,520
Rest of Europe	1,536,017	885,067	
Africa	2,461,843	811,584	425,027
America	2,911,247	999,611	207,818
Asia	4,431,792	1,775,383	347,536
Oceania	952,581	255,897	
	128,954,702	33,284,362	27,954,954

The breakdown of non-current assets expressed by segment and by geographical area is as follows:

	Sale of pharmaceutical products		Sale of nutritional supplements	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Domestic non-current assets				
Property, plant and equipment	28,288,337	23,709,649	3,473	8,740
Intangible assets	1,870,582	1,816,086		
Rest of European Union				
Property, plant and equipment	258,164	199,375	1,345	3,128
Intangible assets	11,840,225	11,365,305	25,156,118	25,823,768
Other European countries				
Property, plant and equipment			94,595	125,046
Intangible assets			18,905,771	18,854,277

b) Information on corporate expenses

The Consolidated Income Statements corresponding to the year ended on December 31, 2015, and the three-month financial period ended on December 31, 2014, includes expenditure considered corporate expenditure. The breakdown is as follows:

In euros	31/12/2015	31/12/2014
Personnel expenses	3,468,677	1,022,770
Other operating expenses	3,502,529	989,884
	6,971,206	2,012,654

c) Main customer or product

There are no significant customers, products or services that need to be differentiated.

5. Business Combinations

As mentioned in note 1, June 26, 2014, the respective Boards of Directors of Natraceutical, S.A., (hereinafter, Natraceutical or the Absorbing Company) and Laboratorio Reig Jofre, S.A., (hereinafter Reig Jofre or the Absorbed Company), approved the merger between the two companies. The merger was effected through the takeover of Reig Jofre (acquired company), through the dissolution without liquidation thereof and the block transfer of all its assets to Natraceutical (acquiring company), which acquired, by universal succession, its rights and obligations. As the sole shareholder of the acquired company received 74% of the shares of the company resulting from the merger, Reig Jofre is considered the accounting acquirer, making this a "reverse" merger, which is characterized by the presentation, in accounting terms, of the legal acquired company as the accounting acquirer, and the legal acquiring company as the accounting acquiree. This structure allowed Natraceutical, S.A., (now called Laboratorio Reig Jofre, S.A.) to maintain its condition as a listed company.

On October 24, 2014, the respective shareholders' meetings approved the aforementioned merger, which for accounting purposes was recorded at December 31, 2014, when it was registered in the Companies Register. An exemption for the obligation to launch a takeover bid had been obtained previously from the National Stock Market Commission.

The merger was carried out by means of the exchange of 935,570,462 shares of the Acquiring Company, with a par value of 0.10 Euros each, for 411 shares of the Acquired Company, with par value of 7,212.15 Euros each. The net assets resulting from the reverse merger described reflect the equity structure of the accounting acquiring company. However, the share capital corresponds to the legal acquiring company. Equity also shows the treasury shares of the legal acquiring company, as well as the aggregation of the legal reserve of both companies.

The reason behind the merger was the aim to improve the structure and efficiency of the respective business groups to which the companies involved belong.

The goodwill arising from the acquisition of the Natraceutical business was attributed to the expected benefits from the combination of the Group’s assets and activities, workforce and expected synergies.

If the combination had occurred on October 1, 2014, the Group's revenue and consolidated profit for the three months ended December 31, 2014, would have amounted to 38,003 thousand euros and a loss of 326 thousand euros, respectively.

The cost of the business combination was determined in accordance with the average weighted market capitalization of the Natraceutical, S.A., share during the second half of 2014 (as of the date of the public announcement of the merger until the registration thereof in the Companies Register) for a total of 72,058,000 euros.

The breakdown of the cost of the business combination, the fair value of the net assets acquired and the goodwill is as follows:

	Euros
Business combination cost	72,058,000
Fair value of net assets acquired	53,495,518
Goodwill (note 6)	18,562,482

The amounts recognized by significant classes at the date of acquisition of the assets and liabilities are as follows:

	Euros	
	Fair value	Previous book value
Brands (note 6)	18,461,000	
Customer base (note 6)	7,253,000	
Other intangible assets (note 6)	401,563	401,463
Property, plant and equipment (note 7)	136,914	136,914
Loans to companies	8,550,916	8,550,916
Guarantees	94,411	94,411
Deferred tax assets (note 24)	16,527,753	1,770,418
Inventory	2,401,808	2,401,808
Trade and other receivables	3,948,356	3,948,356
Current tax assets	958,294	958,294
Other current financial assets	3,665,723	3,665,723
Other current assets	606,436	606,436
Cash and cash equivalents	2,084,994	2,084,994
Total assets	65,091,068	24,619,733
Non-current provisions (note 19)	(446,852)	(446,852)
Deferred tax liabilities (note 24)	(3,389,070)	
Current provisions (note 19)	(127,308)	(127,308)
Financial liabilities Bank borrowings	(1,403,171)	(1,403,171)
Trade and other payables	(4,384,650)	(4,384,650)
Current tax liabilities	(926,873)	(926,873)
Other current liabilities	(917,726)	(917,726)
Total liabilities	(11,595,650)	(8,206,580)
Total net assets acquired	53,495,518	16,413,153

Trade and other receivables included impaired loans amounting to approximately 837 thousand euros, the fair value of which is null.

The fair values of the main assets recognized and corresponding to the client portfolio acquired and the Forté Pharma brand were determined as follows:

- Customer base: multi-period excess profits method, consisting of discounting the cash flows generated by the portfolio of existing customers at the time of the merger, throughout the service life, taking into account an estimate of a ratio of decline of the same over time.
- Forte Pharma brand: focus on profit through the royalties method, consisting of the discounting of the cash flows generated by the brand over their estimated useful life, which would be equivalent to the saving of the cost (profit) that the acquired Group would have to bear to obtain a license to use a brand of similar characteristics and attributes and for which it would pay a royalty to its owner.

The Group recognized deferred tax assets corresponding to loss carryforwards and deductions pending offset, estimating their recovery as probable, in accordance with the forecast taxable revenue, considering the fulfilment of the previous years' business plans and taking into account the Group's structure following the merger.

6. Intangible assets

The composition and changes in the accounts included in intangible assets during the three-month period ended on December 31, 2014, and the year ended on December 31, 2015, are as follows:

In euros	**Goodwill**	**Customer base**	**Development**	**Concessions**	**Software**	**Patents, trademarks and licenses**	Total
Cost							
Balance at September 30, 2014	6,843,497		1,453,915	981	1,641,997	17,747,490	27,687,880
Registrations					17,381	4,346,623	4,364,004
Business combinations (note 5)	18,562,482	7,253,000	140,179		73,516	18,648,868	44,678,045
Transfers (note 7)						23,854	23,854
Translation differences						8,916	8,916
Balance at December 31, 2014	25,405,979	7,253,000	1,594,094	981	1,732,894	40,757,919	76,744,867
Registrations			257,111		209,096	1,114,101	1,580,308
Transfers (note 7)			350,075		8,980	28,333	387,388
Translation differences	(240,162)					279,559	39,397
Balance at December 31, 2015	25,165,817	7,253,000	2,201,280	981	1,950,970	42,179,912	78,751,960
Depreciation							
Balance at September 30, 2014			(1,452,681)	(981)	(1,469,132)	(15,690,175)	(18,612,969)
Amortisation for the year			(309)		(29,188)	(126,450)	(155,947)
Translation differences						6,027	6,027
Balance at December 31, 2014			(1,452,990)	(981)	(1,498,320)	(15,810,598)	(18,762,889)
Amortisation for the year		(659,364)	(262,716)		(175,017)	(997,190)	(2,094,287)
Translation differences						454	454
Balance at December 31, 2015		(659,364)	(1,715,706)	(981)	(1,673,337)	(16,807,334)	(20,856,722)
Impairment							
Balance at December 31, 2014						(122,542)	(122,542)
Balance at December 31, 2015						(122,542)	(122,542)
Carrying amount							
At December 31, 2014	25,405,979	7,253,000	141,104		234,574	24,824,779	57,859,436
At December 31, 2015	25,165,817	6,593,636	485,574		277,633	25,250,036	57,772,696

"Patents, trademarks and licenses" includes amounts paid for the right to manufacture and market pharmaceutical products, as well as patent registration costs and the payment for rights to the co-development of a product with another pharmaceutical company. This section includes an amount of 18,461 thousand euros, corresponding to the "Forte Pharma" brand acquired in the business combination effected in 2014 (see note 5), and whose useful life is indefinite.

The registrations during FY 2015 and the three-month period ended on December 31, 2014, correspond mainly to the acquisition of licenses for the sale of dermatological products in the UK.

The R&D expenses recognized as expenses in 2015 and 2014 are included in note 25.

a) Goodwill and impairment analysis by CGU

The composition and changes in the goodwill are as follows:

In euros

CGU	31/12/2014	Business combinations	Exchange differences	31/12/2015
Laboratorio Farmacéutico Orraván, S.L.	14,729			14,729
Bioglán, A.B.	6,828,768		(240,162)	6,588,606
Natraceutical, S.A.	18,562,482			18,562,482
	25,405,979		**(240,162)**	**25,165,817**

CGU	30/09/2014	Business combinations	Exchange difference	31/12/2014
Laboratorio Farmacéutico Orraván, S.L.	14,729			14,729
Bioglán, A.B.	6,828,768			6,828,768
Natraceutical, S.A. (note 5)		18,562,482		18,562,482
	6,843,497	**18,562,482**		**25,405,979**

The goodwill of Laboratorio Farmacéutico Orraván, S.L. and Bioglán, A.B. corresponds to the pharmaceutical products segment, whilst that of Natraceutical, S.A., corresponds to the nutritional supplements segment.

For the purpose of carrying out impairment testing, the goodwill has been allocated to the Group's cash-generating units (CGU) in accordance with the country of operation, which represents the lowest level to which the goodwill is allocated and is monitored for internal management purposes by the Group's management.

The recoverable amount from a cash generating unit (CGU) is determined in accordance with value in use calculations. These calculations use cash flow projections based on financial budgets approved by management and which cover a 5-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates indicated below.

The most significant goodwill within the pharmaceutical products segment comes from Bioglan, AB and includes the premium paid by that company on the carrying value of the dermatological products manufacturing and marketing business which was acquired in 2009.

The key assumptions used in the calculations of the Bioglan A.B., impairment test during the year ended on December 31, 2015, and the three-month period ended on December 31, 2014, are as follows:

In percentage	31/12/2015	31/12/2014
Bioglán, A.B.		
Gross margin on sales	7.4%	7.2%
Average growth rate	2%	2%
Discount rate	9.85%	9.85%

The key assumptions used in the calculations of the Natraceutical, S.A., impairment test during the year ended on December 31, 2015, are as follows:

In percentage	**31/12/2015**
Natraceutical, S.A.	
Gross margin on sales	70.7%
Average growth rate	2%
Discount rate	9.8%

The Group has determined the budgeted gross margin based on past performance and expectations of market development. The weighted average growth rates are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

During the year ended on December 31, 2015, and the three-month financial period ended on December 31, 2014, no impairment loss was recognised for the goodwill.

As the recoverable amount of the CGUs is much higher than the net book value of the net assets of the same, no specific information of the sensitivity analysis of the impairment test is included.

b) Fully-depreciated assets

The cost of the intangible assets that are fully amortised and still in use at December 31, 2015 and 2014 is as follows:

In euros	**31/12/2015**	**31/12/2014**
Patents, trademarks and licenses	13,681,987	13,431,078
Software	2,086,853	1,301,675
Development	1,693,177	1,447,746
Administrative concessions	981	981
	17,462,998	**16,181,480**

7. Property, plant and equipment

The composition and changes in the accounts included in property, plant and equipment during the year ended on December 31, 2015, and the three-month period ended on December 31, 2014, are as follows:

The registrations from the years ended on December 31, 2015 and 2014 relate mainly to the acquisition of plant and machinery needed to improve the productive capacity of the Group's factories, mainly in Sant Joan Despi (Barcelona) and Toledo, and which include new freeze-drying machinery and certain works to prepare the facilities for the FDA audit.

a) Property, Plant and Equipment subject to guarantees

As collateral for a loan held with the Institut Catala de Finances, the Company has taken a real estate mortgage on the property in which the Toledo factory is located. These properties were transferred during the year ended on September 30, 2014, to Reig Jofre Investrnents, S.L., at their market value, amounting to 4,723,000 euros, through the distribution of a dividend in kind. At the time of transmission, the net book value of the transferred property amounted to 1,759,072 euros, while its fair value, in accordance with an independent expert report, was 4.723 million euros, giving rise to the recording of a profit of 2,963,928 euros under “Revenue from the distribution of non-cash assets to shareholders" in the income statement for the year ended September 30, 2014. The transaction did not include the liabilities associated with the property and which were not transferred. At December 31, 2015 and 2014, the outstanding principal corresponding to the loan amounted to 523,904 euros and 1,042,528 euros, respectively. Subsequently, the Company leased, for its own use for a period of 10 years and at an monthly rent of 36 thousand euros, to be updated in accordance with the CPI (without the inclusion of a multiplier), the buildings transmitted to Reig Jofre Investments, SL. The lease contract, which may be renewed by agreement between the parties with notice before its completion, includes a purchase option at market value plus a 7% spread. The Company’s Directors have evaluated the lease of the building, and have concluded that it is an operating lease.

b) Fully depreciated assets

The cost of the property, plant and equipment that is fully amortised and still in use at December 31, 2015 and 2014 is as follows:

In euros	31/12/2015	31/12/2014
Plant and machinery	9,207,803	9,158,375
Other fixtures, tools and furniture	5,684,733	4,309,745
Other property, plant and equipment	1,149,554	1,149,159
	16,042,090	14,617,279

e) Insurance

The Group has contracted several insurance policies to cover the risks to which the property, plant and equipment is subject. The coverage of these policies is considered sufficient.

d) Impairment

The impairment recorded in the "Land" and "Buildings" refers to the impairment losses corresponding to two leased industrial warehouses located in Sant Joan Despi. The adjustment was calculated as the difference between the net book value of these properties and their fair value less sales costs. The fair value is determined by the expert assessment of the property by an independent expert, Tasaciones Inmobiliarias, S.A.

e) Methodology for estimating the fair value of tangible assets

The fair value of real assets corresponding to the dividend paid in kind and the two industrial buildings in Sant Joan Despi were calculated by value comparison approach, taking samples of similar warehouses in the municipality near to the property, which corresponds to level 2 of the hierarchy established by IFRS 13.

8. Joint Arrangements

As detailed in note 1, the Group also has an interest in Geadic Biotec, A.I.E., a group considered as a joint venture which has been consolidated by the equity method. The joint venture has its head office in Calle Josep Samitier, 1-5, Barcelona, and it is dedicated to the research and development of products for the diagnosis, prognosis and detection of cervical cancer. The Group has a 50% ownership interest in the mentioned business.

At December 31, 2015 and 2014, the development project was completed. As of the coming year, the Company will have the right to exploit the product by paying a royalty on the sales registered.

At December 31, 2015 and 2014, the value of the ownership interest in Geadic Biotec, A.I.E. is zero. At the close the mentioned periods, "Long-term provisions" on the liability side includes a provision amounting to 208 thousand euros and 162 thousand euros, respectively, corresponding to the losses incurred by the entity and which the Group must assume in the future as a consequence of its ownership interest (see note 19).

The breakdown of the amounts related to the Group’s interest in the current assets, non-current assets, current liabilities and non-current liabilities, income and expenditure for Geadic Biotec, A.I.E., is as follows:

	Geadic Biotec, A.I.E.	
Balance sheet date	31/12/2015	31/12/2014
Ownership Interest	50%	50%
Non-current assets	161,971	161,971
Current assets	8,247	18,328
Total assets	170,218	180,299
Current liabilities	(564,899)	(507,413)
Total liabilities	(564,899)	(507,413)
Revenue		
Profit for the year	(91,075)	(76)
The Group’s interest in the year’s		

At December 31, 2015 and 2014, Geadic Biotec, A.I.E. has not incurred development expenses.

9. Financial leases

The Group has the following asset classes contracted under leasing agreements:

In euros	Land	Buildings	Plant and machinery	Total
Cost	6,593,09	5,649,776		12,242,875
Accumulated amortization and impairment losses	(2,252,635	(3,131,485)		(5,384,120)
Net book value at December 31, 2015	4,340,46	2,518,291		6,858,755

		Buildings	Plant and machinery	Total
Cost	6,471,64	5,128,360	221,608	11,821,608
Accumulated depreciation and impairment losses	(2,252,635	(2,873,412)	(92,337)	(5,218,384)
Net book value at December 31, 2014	4,219,00	2,254,948	129,271	6,603,224

The most relevant lease contract corresponds to an industrial building in Sant Joan Despi, and was signed on July 30, 2010, with a cash cost of 11,600 thousand euros, a duration of 15 years and a monthly fee of 70 thousands of euros. This contract includes a purchase option equivalent to a **monthly quota**.

The breakdown of the minimum payments and current value of finance lease liabilities, by maturity, is as follows:

	31/12/2015		31/12/2014	
In euros	Minimum Payments	Current value	Minimum payments	Current value
Up to one year	803,740	586,042	832,993	596,388
Between one and five years	3,214,961	2,543,216	3,154,168	2,414,918
More than five years	3,685,606	3,285,467	4,404,490	3,993,588
Total minimum payments and current value	7,704,307	6,414,725	8,391,651	7,004,894
Less current part	(803,740)	(586,042)	(832,993)	(596,388)
Total non-current	6,900,567	5,828,683	7,558,658	6,408,506

10. Operating leases

As mentioned in note 7, during the year ended September 30, 2014, the Group leased, for its own use, for a period of 10 years and at a monthly rent of 36 thousand euros, to be updated in accordance with the CPI, the buildings in which the Toledo factory transmitted to Reig Jofre Investments, SL, is located. The lease contract, which may be renewed by agreement between the parties with notice before its completion, includes a purchase option at market value plus a spread.

The remaining operating leases correspond mainly to car rental and to a warehouse in Sant Joan Despi, for an annual amount of 200 thousand euros, updateable in accordance with the CPI and with maturity in October 2026.

The amount of operating lease payments recognized as expenses is as follows:

In euros	31/12/2015	31/12/2014
Lease expenses (note 25)	3,185,962	554,869

The future minimum payments for non-cancellable operating leases are as follows:

In euros	31/12/2015	31/12/2014
Up to one year	2,073,902	1,279,345
Between one and five years	4,528,931	3,631,384
More than five years	3,429,109	3,577,595
	10,031,942	8,488,324

11. Financial assets

The classification of financial assets by category and class is as follows:

In euros	31/12/2015	31/12/2014
Loans and Receivables		
Deposits and guarantees	181,077	150,493
Loans	8,901,828	8,550,916
Other financial assets	5,199	134,357
Assets available for sale		
Equity instruments	1,185,232	1,126,507
Total non-current financial assets	10,273,336	9,962,273

In euros	31/12/2015	31/12/2014
Loans and Receivables		
Loans	2,084,801	346,335
Deposits and guarantees	262,200	773,626
Other financial assets	35,452	3,218,329
Trade and other receivables	34,318,332	29,870,526
Assets available for sale		
Equity instruments	289	289
Total current financial assets	36,701,074	34,209,105

The book value of financial assets does not differ significantly from their fair value.

11.1 Loans and Receivables

a) Loans

Long-term “Loans" at December 31, 2015, and 2014 corresponds mainly to the consideration pending payment received by Natraceutical S.A., in relation to the sale of a subsidiary in July 2013. The loan matures on June 30, 2017, and accrues interest equal to 1-month Euribor plus a spread of 2%. The original sale operation includes the guarantees customary to such operations, and which would reduce the payment to be received if the potential contingencies were to materialize. The directors of the parent company do not consider probable such contingencies.

Short-term “Loans" at December 31, 2015 mainly include a fully-impaired loan granted to the company Geadic Biotec, A.I.E. for 301,335 euros which accrues interest at rate tied to Euribor plus a spread of 3.5 points, as well as a loan granted to Reig Jofre Investments, SL, amounting 1,904,801 euros.

Deposits and guarantees

"Deposits and guarantees" corresponds to the amounts delivered to lessors as collateral for the leases maintained. These amounts are presented at their paid value, which does not significantly differ from their fair value.

b) Other financial assets

“Other financial assets” includes deposits which, during the financial year ended on December 31, 2015, and the three-month financial period ended on December 31, 2014, have accrued annual interest at rates of between 0.15% and 0.06%.

c) Trade and other receivables

The breakdown of trade and other receivables is as follows:

In euros	**31/12/2015**	**31/12/2014**
Customer receivables for sales and services	35,993,669	31,946,075
Personnel	67,577	58,972
Less value adjustments for bad debts	(1,742,914)	(2,134,521)
Total	**34,318,332**	**29,870,526**

The breakdown of the aging of the debt is included in note 28 (b). The movement of impairment loss through uncollectibility is as follows:

In euros	**31/12/2015**	**31/12/2014**
Balance at beginning of year	**(2,134,521)**	**(2,139,662)**
Allocations	(301,325)	(47,626)
Reversals	131,745	52,767
Applications	561,187	
Balance at end of year	**(1,742,914)**	**(2,134,521)**

11.2 Assets available for sale

"Equity instruments" mainly includes publicly traded shares and cash deposits in mutual funds available for sale, measured at fair (official listing prices), whose changes in value are recorded in equity.

12. Other current assets

The breakdown of "Other current assets" included in the consolidated statements of financial position is as follows:

In euros	31/12/2015	31/12/2014
Prepaid insurance expenses	17,310	299,833
Prepaid lease expenses	151,770	395,277
Value added tax and similar	3,388,040	3,804,866
Other	418,437	491,946
Total	**3,975,557**	**4,991,922**

13. Inventory

The breakdown of inventories is as follows:

In euros	31/12/2015	31/12/2014
Production and distribution business		
Sales staff	2,687,013	1,465,709
Raw and ancillary materials	12,017,119	9,906,268
Semi-finished products	1,929,746	3,618,962
Finished products	8,823,478	9,176,764
Impairment losses	(564,375)	(328,164)
	24,892,981	**23,839,539**

The breakdown of the impairment losses and reversals in the consolidated income statement is as follows:

In euros	31/12/2015	31/12/2014
Production and distribution businesses		
Finished products	(236,211)	315,104
	(236,211)	**315,104**

The Group companies have contracted several insurance policies to cover the risks to which the inventories are subject. The coverage of these policies is considered sufficient.

14. Cash and cash equivalents

The breakdown of cash and cash equivalents is as follows:

In euros	31/12/2015	31/12/2014
Cash and banks	9,440,170	8,349,509
Total	**9,440,170**	**8,349,509**

15. Shareholders equity

The composition and changes in the consolidated equity are presented in the consolidated statement of changes in equity.

a) Capital

At December 31, 2015, the issued capital consists of 63,214,220 ordinary nominative shares with a par value of 2 Euros each, fully-subscribed and paid in (1,264,284,408 ordinary nominative shares, with a par value of 0.1 Euros each, fully-subscribed and paid-in at December 31, 2014). All shares of the share capital bear equal rights. There are no ongoing capital increases or authorised capital increases pending execution.

On June 2, 2015, the Company's General Shareholders Meeting agreed on the reverse split and cancellation of the 1,264,284,408 currently outstanding shares, for their exchange for new shares to be issued, at a ratio of one new share for every twenty existing shares, resulting in a maximum of 63,214,220 shares of two Euros (2 €) par value. On July 29, 2015, the Company's Board of Directors resolved to execute the cancellation and reverse split of the shares, with effect on September 22, 2015, following the registration of the reverse split and the subsequent modification of the bylaws in the Company's record in the Companies Register.

The Company's shares are publicly traded.

At December 31, 2015 and 2014, the companies that hold a shareholding exceeding 10% correspond to Reig Jofre Investments Ltd., which holds 74% of the shares in the Company, and Natra, S.A., which holds 12.96% of the shares in the Company.

The Group manages its capital to ensure that its investees can continue to operate under the principle of going concern. In turn, the Group is committed to maintaining leverage levels consistent with the objectives of growth, solvency and profitability.

b) Reserves

The breakdown of reserves is as follows:

In euros	31/12/2015	31/12/2014
Legal reserve	5,612,828	5,534,073
Reserve for goodwill		
Revaluation reserve	437,003	437,003
Profit from previous years and voluntary reserves	(10,583,670)	(12,762,871)
	(4,533,839)	(6,791.795)

Legal reserve

The legal reserve has been provisioned under Article 274 of the Revised Text of the Corporate Enterprises Act, which establishes that, in all cases, an amount equal to 10 percent of the year's profit shall be allocated to the legal reserve, up to the amount at which such reserve is equivalent to at least 20 percent of the share capital.

It cannot be distributed and if it is used to offset losses, in the event that there are not sufficient alternative reserves available for this purpose, it must be replenished with future profits.

At December 31, 2015 and 2014, the Company has not allocated this reserve with the minimum limit as established in the Revised Text of the Corporate Enterprises Act.

Dividends paid

On October 31, 2014, the company Laboratorio Reig Jofre, S.A.U., distributed to its sole shareholder a dividend amounting to 800,000 euros (1,946.47 euros per share). This dividend was approved in relation to the calculation of the exchange ratio within the framework of the merger process with Natraceutical, S.A., described above, in order to adapt the real value of the assets of both companies to the result of calculation of the exchange ratio.

In accordance with the minutes recording the decisions of the sole shareholder dated October 2, 2014, the decision to distribute extraordinary dividends against voluntary reserves amounting to 300,000 euros agreed on December 2, 2013 was rectified and it was agreed that the dividends would be distributed against the year's profit.

Other comprehensive income

The composition and changes in the accounts included in "Other comprehensive income" during the year ended on December 31, 2015, and the three-month period ended on December 31, 2014, are presented in the consolidated statement of changes in equity.

e) Treasury stock

During 2015, the parent purchased a total of 20,258 treasury shares for the amount of 76,551 euros and sold 2,700 shares for the amount of 11,029 euros.

At December 31, 2015, the Company holds 236,826 treasury shares acquired at an average price of 20.97 euros per share, approximately, and its composition is as follows:

	31/12/2015		
		Euros	
	Number	Nominal	Cost
Laboratorio Reig Jofre, S.A.	236,826	473,652	4,917,032

At December 31, 2014, the Company held 4,385,542 treasury shares acquired at an average price of 1.12 euros per share, approximately, and their composition was as follows:

	31/12/2014		
		Euros	
	Number	Nominal	Cost
Laboratorio Reig Jofre, S.A.	4,385,542	438,554	4,901,950

As a consequence of the reverse split carried out in 2015 and referred to in section a) of this note, the number of treasury shares for 2014 is not directly comparable with 2015, and the mentioned effect must be taken into account.

d) Distribution of Profits

The results of the Parent and the subsidiaries are applied in the manner agreed upon by the respective General Shareholders Meetings.

The distribution of the Parent's results corresponding to the three-month period ended on December 31, 2014, and approved by the Company's shareholders was as follows:

	31/12/2014
Basis of distribution	
Profit for the year	787,548.61
	787,548.61
Distribution	
Reserve for goodwill	803.22
Legal reserve	78,754.86
Other reserves	707,990.53
	787,548.61

The proposed distribution of Parent's profit for the year ended December 31, 2015, is as follows:

	31/12/2015
Basis of distribution Profit for the year	18,959,610.54
	18,959,610.54
Distribution	-
Reserve for goodwill	153,667.00
Legal reserve	1,895,961.05
Other reserves	16,909,982.49
	18,959,610.54

16. Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to holders of the parent's equity instruments between the weighted average number of outstanding ordinary shares during the years, excluding treasury shares.

The breakdown of the calculation of basic earnings per share is as follows:

	31/12/2015	31/12/2014
Profit attributable to holders of equity instruments of the Parent (in euros)	8,749,701	2,308,394
Weighted average of outstanding ordinary shares	928,697,010	13,694,959
Basic earnings per share (in euros per share)	**0.01**	**0.17**

Diluted earnings per share are calculated by dividing the profit attributable to holders of the parent's equity instruments between the weighted average number of outstanding ordinary shares for all the dilutive effects inherent to potential ordinary shares. At December 31, 2015 and 2014, earnings per basic and diluted shares are the same, due to the absence of potential dilutive effects.

The weighted average number of outstanding ordinary shares is determined as follows:

	31/12/2015	31/12/2014
Outstanding ordinary shares at beginning of year	1,259,898,866	411
Effect of share split at September 22 2015 (note 15)	(1,201,070,188)	
Effect of treasury shares (note 15)	17,549	
Effect of treasury shares derived from the merger, at December 31, 2014 (Note 5)		4,385,542
Effect of shares issued at December 31, 2014		1,264,284,408
Weighted average number of outstanding ordinary shares at year-end	928,697,010	13,694,959

17. Non-controlling interests

The composition and movement of non-controlling interests at December 31, 2015, are as follows:

In euros	31/12/2014	Profit for the year	Dividends	31/12/2015
Laboratorios Medea, S.A	585	136	(525)	196
Laboratorio Farmacéutico Orraván, S.L	26,931	9,198	(25,577)	10,552
Reig Jofre Europe PTE. LTD.		(9,404)		(9,404)
Total	27,516	(70)	(26,102)	1,344

The composition and movement of non-controlling interests at December 31, 2014, are as follows:

In euros	30/09/2014	Profit for the **year**	31/12/2014
Laboratorios Medea, S.A.	498	87	585
Laboratorio Farmacéutico Orraván, S.L.	24,639	2,292	26,931
Total	25,137	2,379	27,516

During FY 2015, the Company carried out a capital increase in Reig Jofre UK Limited amounting to 4,055,900 pounds sterling, by means of which it gave entry into the share capital to a partner (Compañia Española de Financiación del Desarrollo, Cofides, S.A.), with a 49% interest. Given the nature of the contract between the parties, the transaction has been recognized for accounting purposes as a financing transaction and not as an equity transaction. As such the Group has recorded the liability corresponding to the current value of the best estimate of the payable amount, amounting to 2,808,374 euros.

18. Grants

The changes in non-repayable grants, subject to conditions attached to the concession of the same, are as follows:

In euros	31/12/2015	31/12/2014
Balance at beginning of year	144,859	155,450
Grants recognized in income	(42,363)	(10,591)
Balance at end of year	102,496	144,859

The total amount reflected in this heading corresponds to a grant awarded in October 2008 by the Ministry of Industry, Tourism and Trade for an initial amount of 403,000 euros and destined for use in an energy-efficiency project in a freeze-drying process.

19. Provisions

The breakdown of the provisions is as follows:

	Non-current	
In euros	**31/12/2015**	**31/12/2014**
Provision for taxes	360,555	360,555
Provision for post-employment compensation	502,005	446,852
Provisions for other liabilities (note 8) ---	207,893	- 162,355
Total non-current provisions	1,070,453	969,762

	Current	
In euros	**31/12/2015**	**31/12/2014**
Provisions for other liabilities	20,748	127,308
Provisions for other business operations	- 380,000	292,000
Total current provisions	400,748	419,308

Non-current "Provisions for other liabilities" corresponds to the losses generated by Geadic Biotec, A.I.E. that the Company will assume through the commitment acquired by absorbing part of the company's negative equity, based on its ownership interest.

"Tax provision" is the best estimate of the amount payable in respect of the municipal capital gain derived from the transfer of the property in Toledo. An appeal has been lodged before the competent body against this tax. As there is estimated date for the resolution of the appeal in the short-term, it has been classified as a **non-current** liability.

"Provisions for other business operations" comprises provisions for sales returns.

The movement of provisions is as follows:

	Provisions for other operations *In euros*	**Provision** for **taxes**	**Provision for remuneratio n**	**Provisions for other responsibilities**	Total
Balance at September 30, 2014	311,000	360,555		162,317	833,872
Net provision	(19,000)			38	(18,962)
Business combinations (note 5)			446,852	127,308	574,160
Balance at December 31, 2014	292,000	360,555	446,852	289,663	1,389,070
Net provision	88,000		55,153	(14,170)	128,983
Payments				(46,852)	(46,852)
Balance at December 31, 2015	380,000	360,555	502,005	228,641	1,471,201

20. Financial liabilities

The classification of financial liabilities by category and class, as well as comparison of the fair value and book value, is as follows:

	31/12/2015				
	At amortized cost or cost				Fair value
In euros	Book value		Fair value		
	Non-current	Current	Non-current	Current	Non-current
Liabilities at fair value through profit or loss					
Derivative financial instruments					273,998
Debts and payables					
Bank borrowings	4,520,937	6,720,668	4,520,937	6,720,668	
Financial leases	5,828,683	586,042	5,828,683	586,042	
Other financial liabilities	4,761,639	889,281	4,697,101	889,281	
Trade and other payables		27,034,509		27,034,509	
Total	**15,111,259**	**35,230,500**	**15,046,721**	**35,230,500**	**273,998**

	31/12/2014				
	At amortized cost or cost				Fair value
In euros	Book value		Fair value		
	Non-current	Current	Non-current	Current	**Non-current**
Liabilities at fair value through profit or loss					
Derivative financial instruments					419,457
Debts and payables					
Bank borrowings	5,805,594	10,181,723	5,805,594	10,181,723	
Financial leases	6,408,506	596,388	6,408,506	596,388	
Other financial liabilities	2,679,845	753,210	2,199,343	753,210	
Trade and other payables .		24,805,199		24,805,199	
Total	**14,893,945**	**36,336,520**	**14,413,443**	**36,336,520**	**419,457**

a) Liabilities at fair value through profit or loss

The Group uses variable to fixed interest rate swaps to minimize the risk of any interest rate fluctuations arising mainly from its bank loans, which mature on July 31, 2017. During the year ended on December 31, 2015, and the three-month financial period ended on December 31, 2014, the change in the fair value of the mentioned derivatives represented an income of 145,459 euros and 41,227 euros, respectively.

The financial derivatives are measured in accordance with the observable market data (Level 2 in the fair value hierarchy), by the method of discounted cash flows from the contract.

The breakdown of the derivative financial instruments is as follows:

	31/12/2015		31/12/2014	
In euros	Notional amount	Fair value	Notional amount	Fair value
Interest rate derivatives				
Interest rate swap	6,451,699	273,998	6,985,590	419,457
Total	6,451,699	273,998	6,985,590	419,457

b) Debits and payables

The Group's main debts correspond to:

- During the three-month financial period ended on December 31, 2014, the Group obtained two bank loans amounting to 4,050,000 euros in total. Of the other loans, one for 1,300,000 euros and with a maturity in November 2015 was settled during 2015.
  The final maturity of the other loan, for 2,714,029 euros at December 31, 2015 and which accrues interest at the market rate, is November 2021.
- In addition to the previous two loans, the Group also has two bank loans amounting to 3,600,000 euros that were granted in the year ended September 30, 2014. These loans have their final maturities in March 2019 and March 2020 and accrue interest at market rates. At December 31, 2015 and 2014, the balance pending amortization amounts to 2,938,081 euros and 3,517,144 euros, respectively.
- At the closure of the three-month period ended on December 31, 2014, the company had bank financing granted in the context of the purchase of Bioglan, A.B., with an outstanding debt, denominated in euro and Swedish krona, amounting to 405,674 euros and 183,063 euros, respectively. These loans have accrued interest at a rate of 3.5% and 3.8%, respectively, and were cancelled during 2015.
- Bank credit facilities with a credit limit of 45,441,265 euros (56,325,000 euros at December 31, 2014), of which 4,508,221 euros had been employed at December 31, 2015 (7,328,013 euros at December 31, 2014). These discount lines accrue market interest rates.
- The Group has recourse factoring arrangement to finance the Nutritional Supplements Division's operating activities. This factoring accrues interest at 3-month Euribor plus 0.5%. The balance at December 31, 2015 and 2014, of the factoring is 930,874 euros and 1,403,171 euros, respectively.
- A mortgage loan granted by the Institut Catala de Finances corresponding to the financing of the Toledo warehouse. At December 31, 2015, the balance pending amortization amounts to 523, 904 euros (1,042,528 euros at December 31, 2014). The loan accrued interest at 1.04% during the financial year ended on December 31, 2015 (1.23% during the three-month financial period ended on December 31, 2014). It has a final maturity in 2016.
- Financial leases include several contracts granted by banks at market interest rates for the financing of property and plant and machinery for the Group's production plants. As mentioned in Note 9, the most relevant lease contract corresponds to an industrial building in Sant Joan Despi, and was signed on July 30, 2010, with a cash cost of 11,600 thousand euros and a duration of 15 years.
- Various loans from CDTI, the value of which at December 31, 2015, was 883,314 euros (948,686 euros at December 31, 2014), with a final maturity in 2017. These loans have accrued interest at a rate of zero or less than 1%.
- A loan from the Ministry of Industry maturing in 2024 and with an interest rate of 3.95%: at December 31, 2015, and 2014, the balance pending amortization was 481,333 euros and 534,814 euros, respectively.

The breakdown of trade and other payables is as follows:

In euros	31/12/2015	31/12/2014
Providers	20,148,247	16,926,039
Creditors	3,119,414	4,210,601
Personnel	3,766,848	3,661,347
Customer advances		7,212
Total	27,034,509	24,805,199

The maturities of the other financial liabilities are as follows:

In euros	31/12/2015	31/12/2014
Up to one year	35,230,500	36,336,520
One to two years	2,406,267	2,622,208
Three to five years	5,735,723	6,717,584
More than five years	7,243,267	5,973,610
Total financial liabilities	50,615,757	51,649,922

21. Other current liabilities

The breakdown of other current liabilities is as follows:

In euros	31/12/2015	31/12/2014
Value added tax and similar	163,817	17,922
Social Security	1,480,652	617,083
Witholdings	709,962	1,579,468
Customer advances		189,900
Remunerations payable		693,193
Other	246,007	34,634
Total	2,600,438	3,132,200

22. Contingencies

At December 31, 2015 and 2014, the Group has extended the following guarantees:

		In euros	
Creditor	Guarantee	31/12/2015	31/12/2014
Ministry of Science & Technology	R&D project		245,513
Ministry of Science & Technology	Industrial research project	3,027	125,118
Pharmaceutical industry	Other	38,265	38,265
State Treasury	Alcohol inspection	477,818	465,258
State Treasury	Sugar production	10,425	10,425
State Treasury	Alcohol inspection	44,029	44,029
Ministry of Science & Technology	Loan	227,634	227,634
Tax Agency	Other	88,195	88,195
Toledo City Council	Municipal capital gain	473,500	455,288
Treasury Social Security	Other	3,851	3,851
Ministry of Economy and Competitiveness	Other	29,993	
Customs	Other	55,148	
Other	Other	125,000	
		1,576,885	1,703,576

The Group does not expect significant liabilities to arise as a result of the guarantees granted.

23. Information on average supplier payment term. Third additional provision. “Duty of Disclosure” of Law 15/2010 of July 5”

The information on deferred payments to suppliers by the consolidated Spanish companies is presented below:

	2015
In euros	**Days**
Average supplier payment term	67
Ratio of operations paid	37
Ratio of operations pending payment	62
	Euros
Total payments effected	70,471,440
Total outstanding payments	14,152,478

24. Income tax

At December 31, 2015 and 2014, the parent company and the subsidiaries Laboratorios Medea, SA, Laboratorio Farmacéutico Orraván, SL and Laboratorio Ramon Sala, SL, consolidate taxation with Reig Jofre Investments, SL, head of the tax group, having in 2015 incorporated into the tax group the subsidiary Forte Pharma Iberica, SLU. The tax rate for capital gains tax applicable in Spain is 28%, 22% in Sweden, 20% in UK and 33.3% in France.

On November 27, 2014, Law 27/2014, of 27 November, on corporate income tax, was approved, establishing a general decrease in the tax rate from 30% to 28% for 2015 and to 25% as of 2016. Notwithstanding, a deduction for reversal of temporary measures was incorporated in order to neutralize the reduction in the tax rate for taxpayers who have been affected by the 30% limitation of the deduction of depreciation or who have benefited from the updating of balances, two measures provided for in Law 16/2012 of December 27, giving rise to the adoption of various tax measures aimed at consolidating public finances and boosting economic activity. The rules for the application of negative tax bases have also been changed, with the elimination of the time limit. Nevertheless, as of 2017 a quantitative limitation in 70 percent of the tax base prior to its compensation is to be introduced, with a minimum amount of 1 million euros (60% in 2016) admitted.

As a result of this reduction in the general tax rate, and considering the other amendments introduced by Law 27/2014, during the 3-month fiscal period ended on December 31, 2014, the deferred tax assets and liabilities were adjusted in accordance with their estimated reversal period. Revenue of 377,460 euros was subsequently recorded.

a) Income tax expense

The breakdown of the income tax expense is as follows:

In euros	31/12/2015	31/12/2014
Current taxes for the year	2,825,805	776,034
Deductions	(494,928)	
	2,330,877	776,034
Deferred taxes		
Origination and reversal of temporary differences	(443,400)	(551,574)
Recognition of unused tax deductions	(54,011)	
Reversal of the provision for the amortization of goodwill	8,583	6,305
Deferred tax assets for losses in consolidated companies	415,276	5,932
	2,257,325	236,697

b) Reconciliation between the accounting and tax income

The relationship between corporate tax expense and profit from the continuing activities is as follows:

In euros	31/12/2015	31/12/2014
Profit for the year before tax	11,006,956	2,547,470
28% Tax (30% in 2014)	3,081,948	764,241
Effect of differences in tax rates	28,374	(2,157)
Non-deductible expenses	123,859	1,647
Effect of changes in rate of deferred taxes	(19,224)	(377,460)
Tax credits and relief for the year	(548,939)	(149,574)
Unrecognized tax credits	6,583	
Income from reversal of a reduction in deferred tax assets	(415,276)	
Expense / (Income) for income tax	2,257,325	236,697

c) Years open for inspection

The Group's Spanish companies have the following years open to inspection for the main applicable taxes by the tax authorities:

Years	Tax open
Corporation Tax	2011-2015
Value Added Tax	2012-2015
Personal Income Tax	2012-2015
Customs revenue	2012-2015
Investment income	2012-2015
Business Tax	2012-2015
Social Security	2012-2015
Alcohol tax	2012-2015

As a result, among other factors, such as different interpretations of existing tax legislation, additional liabilities may arise as a result of an inspection. Notwithstanding, the parent Company's Directors consider that such liabilities, if any, would not significantly affect the consolidated financial statements.

d) Recognised deferred tax assets and liabilities

The breakdown of deferred tax assets and liabilities by asset and liability type is as follows:

	31/12/2015			31/12/2014		
In euros	**Assets**	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Goodwill	29,519	(1,457,274)	(1,427,755)	30,322	(1,502,330)	(1,472,008)
Intangible assets		(3,169,502)	(3,169,502)		(3,389,070)	(3,389,070)
Accelerated depreciation R&D					(231)	(231)
Accelerated depreciation		(1,003,816)	(1,003,816)		(1,328,208)	(1,328,208)
Financial assets available for sale		(2,218)	(2,218)		(15,577)	(15,577)
Leased assets		(163,868)	(163,868)		(205,531)	(205,531)
Provisions	338,031		338,031	176,884		176,884
Disposal of properties in Toledo		(650,843)	(650,843)		(650,843)	(650,843)
Revaluation	185,909		185,909	362,208		362,208
Monetary adjustment	111,113		111,113	111,113		111,113
Non-deductible amortization	242,379		242,379	445,176		445,176
Inventory margin	75,495		75,495			
Credit loss carryforwards and unused tax credits	17,048,886		17,048,886	17,664,780		17,664,780
Net assets and liabilities	18,031,332	(6,447,521)	11,583,811	18,790,483	(7,091,790)	11,698,693

Deferred tax assets and liabilities are presented in the consolidated statement of financial position and are offset to the extent that there is a legal right to offset before the tax authorities and the assets and liabilities correspond to the same tax authority. The breakdown is as follows:

In euros	31/12/2015	31/12/2014
Assets		
Goodwill	21,739	
Provisions	338,031	
Revaluation	185,909	
Monetary adjustment	111,113	
Non-deductible amortization	242,379	
Deductions	54,011	
Credit loss carryforwards	16,219,457	16,527,753
Subtotal assets	17,172,639	16,527,753
Accelerated depreciation R&D		
Accelerated depreciation	(1,003,816)	
Financial assets available for sale	(2,218)	
Leased assets	(163,868)	
Disposal of properties in Toledo	(650,843)	
Subtotal liabilities	(1,820,745)	
Total assets	15,351,894	16,527,753
Liabilities		
Accelerated depreciation R&D		(231)
Accelerated depreciation		(1,328,208)
Financial assets available for sale		(15,577)
Leased assets		(205,531)
Disposal of properties in Toledo		(650,843)
Goodwill	(1,449,494)	(1,472,008)
Intangible assets	(3,169,502)	(3,389,070)
Subtotal liabilities	(4,618,996)	(7,061,468)
Goodwill		
Provisions		176,884
Revaluation		362,208
Monetary adjustment		111,113
Non-deductible amortization		445,176
Inventory margin	75,495	
Credit loss carryforwards	775,418	1,137,027
Subtotal assets	850,913	2,232,408
Total liabilities	(3,768,083)	(4,829,060)

e) Movement in deferred tax balances

The changes in deferred tax assets and liabilities during the year ended on December 31, 2015, and the three-month financial period ended on December 31, 2014, is as follows:

	31/12/2015				
In euros	31 **December** 2014	**Recognized** in **profit/** Losses	**Recognized** in **Equity** Net	**Exchange conversion**	31 **December** 2015
Goodwill	(1,472,008)	(8,583)		52,836	(1,427,755)
Intangible assets	(3,389,070)	219,568			(3,169,502)
Accelerated depreciation R&D	(231)	231			
Accelerated depreciation	(1,328,208)	324,392			(1,003,816)
Financial assets available for sale	(15,577)		13,359		(2,218)
Leased assets	(205,531)	41,663			(163,868)
Provisions	176,884	161,147			338,031
Disposal of properties in Toledo	(650,843)				(650,843)
Revaluation	362,208	(176,299)			185,909
Monetary adjustment	111,113				111,113
Non-deductible amortization	445,176	(202,797)			242,379
Inventory margin		75,495			75,495
Credit loss carryforwards and unused tax credits	17,664,780	(361,265)		(254,629)	16,994,875
Net assets and liabilities	11,698,693	73,552	13,359	(201,793)	11,583,811

	31/12/2014				
In euros	30 **September** 2014	**Recognized** in **profit/** loss	**Recognized** in **Equity** .	**Business combinations**	31 **December** 2014
Goodwill	(1,465,703)	(6,305)			(1,472,008)
Intangible assets				(3,389,070)	(3,389,070)
Accelerated depreciation R&D	(370)	139			(231)
Accelerated depreciation	(1,692,147)	363,939			(1,328,208)
Financial assets available for sale	(21,895)	2,993	3,325		(15,577)
Leased assets	(258,731)	53,200			(205,531)
Provision for losses Geadic Biotec, A.I.E.	3,343	(3.343)			
Provisions	204,895	(28,011)			176,884
Disposal of properties in Toledo	(781,012)	130,169			(650,843)
Revaluation	262,277	99,931			362,208
Monetary adjustment	133,336	(22,223)			111,113
Non-deductible amortization	490,396	(45,220)			445,176
Credit loss carryforwards and **unused tax credits**	1,142,959	(5,932)		16,527,753	17,664,780
Net assets and liabilities	(1,982,652)	539,337	3,325	13,138,683	11,698,693

Deferred tax assets generated by tax losses that are pending application are recognized to the extent that it is probable that sufficient future taxable income against which to offset the asset will be generated. Tax loss carryforwards other than those recognised as a result of the merger in 2014 corresponded entirely to the subsidiary Bioglan, A.B. These carryforwards we generated were generated by the accelerated tax amortization of existing goodwill that is fully-amortized at December 31 2015.

At December 31, 2015, the balance of deferred tax assets in the consolidated statement of financial position includes credit loss carryforwards amounting to 14,353,303 euros and unused tax credits amounting to 2,641,572 euros. The breakdown by company is as follows:

	31/12/2015	31/12/2014
Laboratorio Reig Jofre, S.A.	14,686,822	15,016,074
Forte Pharma Ibérica, S.L.U.	1,532,635	1,511,679
Bioglan, A.B.	775,418	1,137,027
	16,994,875	17,664,780

There is no time limit for the offsetting of credit loss carryforwards, while unused tax credits expire between 2016 and 2023. The Parent’s Directors consider their recovery in subsequent years to be probable, based on the business plans prepared by management.

At 31 December 2015, the Group has not recognised the tax loss carryforwards amounting to 6,022 thousand euros and the unused tax credits amounting to 1,237 euros derived from the acquired company for accounting purposes and from Forté Pharma Ibérica, S.L., as deferred tax assets.

The breakdown of the deferred tax assets and liabilities with a capitalization or reversal period of more than 12 months is as follows:

In euros	31/12/2015	31/12/2014
Deferred tax assets related to temporary differences	925,446	1,085,053
Credit loss carryforwards	15,811,792	16,636,435
Total assets	16,737,238	17,721,488
Deferred tax liabilities	(5,972,788)	(6,454,525)
.	10,764,450	11,266,963

25. Revenue and expenses

a) Procurements

This heading comprises purchases and changes in inventories, the cost of goods sold and other discounts associated with the purchases of such goods.

The breakdown of the procurements is as follows:

In euros	31/12/2015	31/12/2014
Consumption of goods		
Domestic purchases	14,731,988	632,386
Intra-Community acquisitions	895,568	719,977
Import purchases	96,930	
Changes in inventories	(1,221,304)	298,992
	14,503,182	1,651,355
Consumption of raw materials and other		
Domestic purchases	16,356,334	4,457,258
Intra-Community acquisitions	13,706,046	4,783,162
Import purchases	13,795,971	2,668,493
Changes in inventories	(2,110,851)	22,060
	41,747,500	11,930,973
Work performed by other companies	1,272,464	107,429
	57,523,146	**13,689,757**

b) Expenses for employee benefits

The breakdown of expenses for employee benefits is as follows:

In euros	31/12/2015	31/12/2014
Wages and salaries	32,039,232	7,369,483
Social Security paid by the company	9,197,181	1,858,799
Other employee benefit costs	954,432	272,420
	42,190,845	**9,500,702**

c) Other operating expenses

The breakdown of other operating expenses is as follows:

In euros	31/12/2015	31/12/2014
Independent professional services	7,597,470	828,298
Advertising and public relations	7,147,098	221,250
Leases (note 10)	3,185,962	554,869
Repairs and maintenance	2,821,328	972,882
Environmental expenses (note 26)	219,351	54,665
Transport	2,440,860	235,396
Insurance premiums and commissions	941,392	166,026
Supplies and other services	12,051,770	2,843,951
Research and development expenses (note 6)	2,503,612	627,182
Taxes	735,744	149,508
Losses, impairment and changes in provisions	191,175	(5,141)
Other operating expenses	208,690	58,775
	40,044,452	6,707,661

d) Financial result

The breakdown of the financial income is as follows:

In euros	31/12/2015	31/12/2014
Financial revenue	211,121	1,513
Financial debt expenses	(231,770)	(123,205)
Financial leasing finance expenses	(237,640)	(62,416)
Financial expenses for derivative interests	(175,136)	(43,454)
Other finance expenses	(431,087)	(18,303)
Impairment and gains on disposal of financial instruments	(301,335)	
Change in fair value of financial instruments (note 20)	145,459	41,227
Exchange differences	321,278	(44,679)
	(699,110)	(249,317)

26. Other information

a) Information on employees

The Group’s average number of employees during the year ended on December 31, 2015, and the three-month financial period ended on December 31, 2014, broken down by categories, is as follows:

	Average number	
	31/12/2015	31/12/2014
Managerial staff	31	30
Professionals, technicians and similar	271	268
Administrative employees	61	49
Rest of salaried staff		374
Total		721

The gender distribution of the Group’s staff by categories and of the Company’s Directors at December 31, 2015, is as follows:

	31/12/2015		31/12/2014	
	Women	Men	Women	Men
Directors	2	6	2	7
Managerial staff	13	18	11	19
Professionals, technicians and	188	87	235	117
Administrative employees	48	15	52	13
Rest of salaried staff	260	242	167	208
Total	511	368	467	364

b) Audit fees

The auditors KPMG Auditores, S.L., have accrued fees for professional services provided during the year ended on December 31, 2015, and the three-month financial period ended on December 31, 2014, as follows:

In euros	31/12/2015	31/12/2014
Audit services Total	84,800	95,000
	84,800	95,000

The amounts indicated in the table below include the total fees relative to the services provided during the years ended at December 31, 2015, and 2104, independently of when they were invoiced.

During the years ended on December 31 2015 and 2014, other companies from the KPMG group have invoiced the Group the following sums for professional services:

In euros	31/12/2015	31/12/2014
Other services	20,000	5,000
Total	20,000	5,000

During the years ended on December 31, 2015 and 2014, other companies affiliated to KPMG International have accrued fees for professional services in the following amounts:

In euros	31/12/2015	31/12/2014
Audit services Total	38,843	4,320
	38,843	4,320

During the years ended on December 31, 2015 and 2014, other auditors have accrued fees for professional services in the following amounts:

In euros	31/12/2015	31/12/2014
Audit services	34,456	70,256
Total	34,456	70,256

c) Environmental information

Expenses incurred by the Group in environmental protection and improvement corresponding to the cleaning of productive waste during the year ended on December 31, 2015 amounted to 219,351 euros (54,665 euros in three-month period ended on December 31 2014).

27. Related parties

a) Balances with related parties

Short-term loans (note 11.1 (a)) includes a loan granted to the company Geadic Biotec, A.I.E. for 301,335 euros (166,335 euros at December 31, 2014) which is fully impaired. This loan accrues a Euribor-referenced interest plus a spread of 2.8 points, as well as a loan granted to Reig Jofre Investments, SL, amounting 1,904,801 euros.

The amount included in "Current tax liabilities" reflects the balance payable by the Group to its majority shareholder Reig Jofre Investments, S.L., resulting from the tax consolidation.

The item "Trade and other payables" includes a credit balance amounting to 196,234 euros (75,234 euros in 2014) payable by the Group to Reig Jofre Investments, S.L.

b) **Transactions with related parties**

During the year ended on December 31, 2015, and the three-month period ended on December 31, 2014, the Group carried out the following transactions with related parties, which correspond fully to its main shareholder, Reig Jofre Investments, S.L.

In euros	31/12/2015	31/12/2014
Other operating income	2,040	510
Financial revenue	28,823	
Total income	30,863	510
Lease expenses	566,118	130,400
Services received	280,000	45,000
Other operating expenses	50,000	12,500
Total expenditure	896,118	187,900

All transactions with related parties are effected at market prices.

c) Information regarding the Company's Directors and Senior Management

During 2015, remuneration has been accrued in favour of the Directors amounting to 417,197 euros (104,781 euros in the three-month financial period ended on December 31, 2014) in the concept of salaries and wages and 344,000 euros (22,500 euros in the three-month financial period ended December 31, 2014) in the concept of remuneration of the Directors.

During 2015, remuneration has been accrued in favour of the parent's senior management staff amounting to 426,069 euros (173,720 euros in the three-month financial period ended on December 31, 2014).

At December 31, 2015 and 2014, no advances or loans have been granted to members of the Board of Directors. No guarantees have been extended by the Group companies on behalf of the members of their management bodies; neither have any obligations been contracted in relation to pensions in favour of such members.

d) Conflicts of interest involving the directors of the Parent

The Company's Directors and the people related to the same have not incurred in any conflict of interest that has required communication, in accordance with the provisions of Article 229 of the Revised Text of the Corporate Enterprises Act (TRLSC).

28. Risk policy and management

The Group's activities are exposed to various financial risks: market risk (including foreign exchange risk), credit risk, liquidity risk and interest rate risk in the cash flows.. The Group's global risk management programme focuses on the uncertainty of the financial markets and aims to minimise potential adverse effects on the Group's financial performance. The Group uses derivatives to hedge certain risks.

Risk management is controlled and centralized by the Group in accordance with policies approved by the Board of Directors. The parent's financial department assesses and hedges financial risks in close collaboration with the Group's operating units. The Board approves policies for global risk management, as well as for specific areas such as foreign exchange risk, interest rate risk, liquidity risk, use of derivative and non-derivative instruments and investment of excess liquidity.

a) Market risk

The Group is therefore exposed to currency risk on the transactions performed by it in foreign currencies, particularly in relation to the US dollar, the Swedish krona and the pound sterling. The exchange rate risk arises from future commercial transactions, in which the recognised assets and liabilities are denominated in a currency other than the companies' functional currency.

In the year ended December 31, 2014, the Group carried out no significant transactions in currencies other than the functional currency of each company. In the year ended December 31, 2015, the Group carried out the following transactions in foreign currency:

	31/12/2015					
In euros	Dollar USA	Krona **Swedish**	Euros	Pounds sterling	Other	Total
Sales	6,787,512	554,600	1,079,386	2,678,533	744,339	11,844,370
Total sales	6,787,512	554,600	1,079,386	2,678,533	744,339	11,844,370
Purchases	(8,306,043)	(1,282)	(2,270,091)	(1,935,244)	(289,849)	(12.802.509)
Total purchases	(8,306,043)	(1,282)	(2,270,091)	(1,935,244)	(289,849)	(12,802,509)

On December 31, 2015 and 2014, if the Euro had depreciated / appreciated by 10% in relation to the American dollar or the Swedish krona, whilst the other remained variables constant, the consolidated profit after tax would not have been modified by a significant amount.

The breakdown of the Group's exposure to exchange rate risk at December 31, 2015 and 2014 is detailed below. The attached tables reflect the carrying value of the Group's financial instruments or classes of financial instruments denominated in foreign currency (currency other than the functional currency):

	31/12/2015					
In euros	Dollar USA	Krona **Swedish**	Euros	Pounds Sterling	Other	Total
Trade receivables	1,205,312	136,214	102,250	809,438	110,021	2,363,235
Total current assets	1,205,312	136,214	102,250	809,438	110,021	2,363,235
Short-term providers	1,472,522		785,211	137,663	17,107	2,412,503
Total current liabilities	1,472,522		785,211	137,663	17,107	2,412,503

	31/12/2014					
In euros	Dollar USA	Krona **Swedish**	Euros	Pounds sterling	Other	Total
Trade receivables	878,759	76,121	164,893	386,735	80,337	1,586,845
Total current assets	878,759	76,121	164,893	386,735	80,337	1,586,845
Bank borrowings		(183,063)				(183,063)
Short-term providers	382,726		145,657	165,536	29,955	723,874
Total current liabilities	382,726	(183,063)	145,657	165,536	29,955	540,811

b) Credit risk

The Group has no significant concentrations of credit risk. The Group has policies to ensure that sales are made to customers with an appropriate credit history. The Group has policies to limit the amount of risk to which it is exposed from banks.

The breakdown of the Group's exposure to credit risk at December 31, 2015 and 2014 is detailed below. The attached tables reflect the analysis of the financial assets by the dates of the remaining maturities:

In euros	Interest rate	**Maturity**	31/12/2015	31/12/2014
Loans	2%	2017	8,901,828	8,550,916
Other financial assets	0.6% - 3.5%	2015 - 2026	186,276	284,850
Total non-current assets			9,088,104	8,835,766
Trade and other receivables		2016	34,318,332	29,870,526
Other financial assets	0.15% - 3.5%	2016	2,382,453	4,338,290
Current tax assets		2016		958,294
Other assets		2016	3,975,557	4,991,922
Cash and cash equivalents			9,440,170	8,349,509
Total current assets			50,116,512	48,508,541

The yield generated by these financial assets during the year ended on December 31, 2015, was 211,121 euros (1.513 euros during the three-month period ended on December 31, 2014).

The distribution of trade and other receivables at the date of the Consolidated Statement of Financial Position by geographic region is as follows:

In euros	31/12/2015	31/12/2014
Spain	14,047,677	14,517,713
Rest of Europe	16,339,025	10,267,218
Asia	2,870,035	1,997,327
America	776,965	1,062,378
Africa	173,180	1,981,242
Oceania	111,450	44,648
	34,318,332	29,870,526

Commercial loans are initially measured at their nominal value and value adjustments are effected as deemed necessary in accordance with the risk of insolvency, i.e., for those loans with a certain age or for those which, due to their specific circumstances, are considered to be doubtful accounts.

The seniority of the unimpaired trade and other receivables at the date of the Consolidated Statement of Financial Position is as follows:

In euros	31/12/2015	31/12/2014
Ongoing	25,142,573	20,635,655
0-30 days	4,333,573	4,333,159
31-90 days	1,924,219	1,907,934
91-181 days	1,551,659	1,880,912
181-365 days	1,084,374	735,398
More than 365 days	281,934	377,468
	34,318,332	29,870,526

At December 31, 2015, the Group has allocated valuation adjustments for uncollectible trade receivables and other receivables for the amount of 1,742,914 euros (2,134,521 euros at December 31, 2014).

Sovereign risk with Spanish public authorities for outstanding balances for sales at December 31, 2015 and 2014 amounts to 2,114,478 euros and 1,778,148 euros, respectively.

The concentration of the balances of the 10 largest customers amounts to 10,868,271 euros at December 31, 2015 (9,593,361 euros at December 31, 2014).

e) Liquidity risk

The Group conducts prudent liquidity risk management, based on maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the capacity to close out market positions. Given the dynamic nature of the underlying businesses, the Group's Financial Department aims to maintain flexibility in funding through the availability of credit facilities.

The breakdown of the Group's exposure to liquidity risk at December 31, 2015 and 2014 is detailed below. The attached tables reflect the analysis of the estimated future payments of the financial assets by the contractual dates of the remaining maturities:

	31/12/2015						
In euros	**Book value**	Contractual **cash flows**	Up to 1 year	1 to 2 **years**	2 to 3 **years**	3 to 5 **years**	More than 5 **years**
Bank borrowings	11,241,605	11,624,548	6,866,128	1,271,834	1,271,834	1,768,932	445,820
Financial leases	6,414,725	7,704,306	803,740	803,740	803,740	1,607,480	3,685,606
Derivative financial instruments	273,998	268,629	173,894	94,735			
Other financial liabilities	5,650,920	5,667,770	908,174	330,525	329,181	577,644	3,522,246
Trade and other payables	27,034,509	27,034,509	27,034,509				
	50,615,757	52,299,762	35,786,445	2,500,834	2,404,755	3,954,056	7,653,672

	31/12/2014						
In euros	**Book value**	Contractual **cash flows**	Up to 1 year	1 to 2 **years**	2 to 3 **years**	3 to 5 **years**	More than 5 **years**
Bank borrowings	15,987,317	16,332,477	10,317,974	1,365,829	1,225,550	2,395,722	1,027,402
Financial leases	7,004,894	8,391,651	832,993	788,542	788,542	1,577,084	4,404,490
Derivative financial instruments	419,457	416,327	171,936	158,330	86,061		
Other financial liabilities	3,433,055	3,509,825	825,884	777,098	316,853	636,866	953,124
Trade and other payables	24,805,199	24,805,199	24,805,199				
	51,649,922	53,455,479	36,953,986	3,089,799	2,417,006	4,609,672	6,385,016

d) Interest rate risk in cash flows and fair value

As the Group does not possess significant interest-bearing assets during long periods, income and cash flows the Group's operating activities are not significantly affected by the changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings. Borrowings underwritten at variable rates expose the Group to cash flow interest rate risk. The funding is subject to a variable rate. As a result, the Group is exposed to interest rate risk on operating cash flows.

The Group manages the interest rate risk of the cash flows using floating to fixed interest rate swaps. These interest rate swaps have the economic effect of converting borrowings at variable interest rates to fixed rates. Generally, the Group obtains long-term borrowings at a variable rate and swaps them to a fixed rates which are generally lower than those that would be available if the Group had obtained the borrowings directly fixed interest rates. Under the interest rate swaps, the Group agrees with other parties to exchange, at certain intervals (usually monthly), the difference between the fixed interests and the floating interests calculated on the basis of the contracted notional principals.

If, during the years ended December 31, 2015 and 2014, interest rates had been 50 basis points higher or lower, whilst the other remained variables constant, the consolidated profit after tax would not have been modified by a significant amount.

e) Fair value hierarchy

The following table details the financial instruments at fair value, by levels and in accordance with the measurement method. The hierarchy of levels defined by the applicable regulations is as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: data other than the quoted prices included in Level 1, that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e., derived from prices).
- Level 3: Significant unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level variable that is relevant to the fair value measurement in its entirety. For this purpose, the relevance of a variable is assessed with respect to the totality of the measurement at fair value. If a fair value measurement uses observable variables that require significant adjustment based on unobservable inputs, the measurement is Level 3. Assessing the relevance of a particular variable in order to measure the fair value measurement in its entirety requires judgement and the consideration of specific factors to the asset or liability.

The breakdown of the financial instruments measured at fair value of assets and liabilities of the consolidated statement of financial position in accordance with IFRS 13 is as follows:

	31/12/2015			
In euros	Fair value	Level 1	Level 2	Level
Equity instruments	1,185,232	762,569	422,663	
Non-current assets	1,185,232	762,569	422,663	
Equity instruments	289		289	
Current assets	289		289	
Derivative financial instruments	(273,998)		(273,998)	
Non-current liabilities	(273,998)		(273,998)	

	31/12/2014			
In euros	Fair value	Level 1	Level 2	Level 3
Equity instruments	1,126,507	764,199	362,308	
Non-current assets	1,126,507	764,199	362,308	
Equity instruments	289		289	
Current assets	289		289	
Derivative financial instruments	(419,457)		(419,457)	
Non-current liabilities	(419,457)		(419,457)	

The derivative financial instruments correspond to interest rate swaps and are measured by discounting the contract's cash flows. They are calculated using interest rates in line with the projected flows published on the date of measurement. The discount rate includes the Group's own credit risk.

The fair value of unlisted instruments, bank loans, creditors under finance leases and other non-current financial assets and liabilities is estimated by discounting future cash flows using the rates available for debts with similar conditions, credit risk and maturities, and is very similar to the book value (see note 20).

29. Other information

As a continuation of the details outlined in note 1, the merger between Natraceutical, SA, and Laboratorio Reig Jofre, SA, was effected through the takeover of Reig Jofre (legal acquiree company), through the dissolution without liquidation thereof and the block transfer of all its assets to Natraceutical (legal acquiring company), which acquired, by universal succession, its rights and obligations . As the sole shareholder of the acquired company received 74% of the shares of the company resulting from the merger, Reig Jofre is considered the accounting acquirer, making this a "reverse" merger, which is characterized by the presentation, in accounting terms, of the legal acquired company as the accounting acquirer, and the legal acquiring company as the accounting acquiree.

Taking into account the above, the Group's consolidated income statement for 2014 corresponded to the three-month period from October 1, 2014 and December 31, 2014 (see note 2) and detail the operations of the accounting acquirer.

Solely for informational purposes, proforma information is presented on the main aggregate figures for the consolidated income statement of the company resulting from the merger, in the event of the merger having taken effect on January 1, 2014, and having included the transactions from that date until December 31, 2014 of each of the two companies:

In thousands of euros	31/12/2014
Net turnover	152,492
Operating profit	10,032
Consolidated profit for the year	6,857

30. Events after closure

During 2015, a third-party filed a lawsuit in the US against one of the Group companies for alleged breach of contract, among other claims, against which the subsidiary has appealed. The Group had not established a provision, as it considers is its materialization remote. The action was rejected by the competent court in the US on January 5, 2016.

On January 14, 2016, the mentioned third-party filed a new lawsuit for the same reasons in Canada for the amount of $ 3.7 million. At the present date, the process is at a very preliminary stage, but the Group's management and the Company's Directors do not consider likely that its resolution has a significant impact on the Group's consolidated financial statements.

ANNEX 1- Breakdown of the subsidiaries at December 31, 2015

Corporate name	Registered offices	Activity	Auditor	0/0 of ownership direct	0/0 of ownership indirect
Laboratorios Medea, S.A.	C/Gran Capita 10, Sant Joan Despí (Barcelona)	Sale of pharmaceutical specialities and biological products.	KPMG Auditores, S.L.	99.99%	
Laboratorio Farmacéutico Orraván, S.L.	C/Gran Capita 10, Sant Joan Despí (Barcelona)	Marketing of pharmaceutical products and chemical products	KPMG Auditores, S.L.	99.70%	
Laboratorio Ramón Sala, S.L.	C/Gran Capita 10, Sant Joan Despí (Barcelona)	Manufacturing and sale of pharmaceutical and chemical products	Unaudited	-	100.00%
Bioglan, A.B.	Box 503 10, 20213, Malmoe (Sweden)	Manufacturing, marketing and research of pharmaceutical products	KPMG AB	100.00%	
Laboratorios Forte Pharma, SAM	Monaco	Marketing of nutritional, pharmaceutical and Pharmacy products	KPMG GLD & Associés	73.20%	26.80%
Forte Services, SAM	Monaco	Provision of management and Administration services	KPMG GLD & Associés	100.00%	
Forte Pharma Ibérica, S.L.U.	Barcelona	Marketing of nutritional, pharmaceutical and Pharmacy products	Unaudited	100.00%	
S.A., Laboratoires Forte Pharma Benelux	Belgium	Marketing of nutritional, pharmaceutical and Pharmacy products	Unaudited	-	100.00%
Laboratoires Forte Pharma UK Ltd.	United Kingdom	Marketing of nutritional, pharmaceutical and Pharmacy products	Unaudited	-	100.00%
Reig Jofre UK Limited	United Kingdom	Marketing of pharmaceutical specialties	Unaudited	51.00%	
Reig Jofre Europe PTE. LTD.	Singapore	Marketing of pharmaceutical specialties	Unaudited	60.00%	

This Annex forms part of note 1 to the consolidated financial statements.

ANNEX 1- Breakdown of the subsidiaries at December 31, 2014

Corporate name	Registered office	Activity	Auditor	0/0 of ownership direct	0/0 of ownership indirect
Laboratorios Medea, S.A.	C/Gran Capita 10, Sant Joan Despí (Barcelona)	Sale of pharmaceutical specialities and biological products.	KPMG Auditores, S.L.	99.99%	
Laboratorio Farmacéutico Orraván, S.L.	C/Gran Capita 10, Sant Joan Despí (Barcelona)	Marketing of pharmaceutical and chemical products	KPMG Auditores, S.L.	99.70%	
Laboratorio Ramón Sala, S.L.	C/Gran Capita 10, Sant Joan Despí (Barcelona)	Manufacture and sale of pharmaceutical and chemical products	Unaudited	-	100.00%
Bioglan, A.B.	Box 503 10, 20213, Malmoe (Sweden)	**Manufacturing, marketing and** research of pharmaceutical specialties	KPMG AB	100.00%	
Laboratorios Forte Pharma, SAM	Monaco	Marketing of nutritional pharmacy products	PricewaterhouseCoopers	73.20%	26.80%
Forte Services, SAM	Monaco	Provision of management and Administration services	PricewaterhouseCoopers	100.00%	
Forte Pharma Ibérica, S.L.U.	Barcelona	Marketing of nutritional pharmacy products	Unaudited	100.00%	
S.A., Laboratoires Forte Pharma Benelux	Belgium	Marketing of nutritional pharmacy products	Unaudited	-	100.00%
Laboratoires Forte Pharma UK Ltd.	United Kingdom	Marketing of nutritional pharmacy products	Unaudited	-	100.00%
Reig Jofre UK Limited	United Kingdom	Marketing of pharmaceutical specialties	Unaudited	100.00%	

This Annex forms part of note 1 to the consolidated financial statements.

ANNEX 11 - Changes in property, plant and machinery corresponding to the year ended on December 31, 2015, and the three-month financial period ended on December 31, 2014 (in euros)

Land	Cost	Buildings	Plant and machinery	Other fixtures, tools and furniture	Other property, plant and equipment	Unfinished PP&E	Total
Balance at September 30, 2014	6,471,640	5,689,280	28,949,654	8,381,813	1,542,029	3,702,398	54,736,814
Registrations			237,818	478,657	76,525	774,738	1,567,738
Transfers (note 6)			782,128	536,062		(1,342,044)	(23,854)
Business combinations (note 5)				136,914			136,914
Translation differences		(3,766)	(4,385)	(11,275)		(276)	(19,702)
Balance at December 31, 2014	6,471,640	5,685,514	29,965,215	9,522,171	1,618,554	3,134,816	56,397,910
Registrations			346,897	257,116	155,296	7,545,887	8,305,196
De-registrations						(18,499)	(18,499)
Transfers (note 6)		28,954	1,818,076	365,371		(2,599,789)	(387,388)
Translation differences		3,095	30,767	9,245		734	43,841
Balance at December 31, 2015	6,471,640	5,717,563	32,160,955	10,153,903	1,773,850	8,063,149	64,341,060
Depreciation							
Balance at September 30, 2014		(1,203,615)	(18,967,808)	(6,102,639)	(1,312,395)		(27,586,457)
Amortisation for the year		(54,303)	(536,897)	(124,580)	(26,694)		(742,474)
Translation differences		3,526	2,230	8,907			14,663
Balance at December 31, 2014		(1,254,392)	(19,502,475)	(6,218,312)	(1,339,089)		(28,314,268)
Amortisation for the year		(215,069)	(2,296,070)	(671,954)	(120,834)		(3,303,927)
Translation differences		(3,066)	(27,825)	(8,356)			(39,247)
Balance at December 31, 2015		(1,472,527)	(21,826,370)	(6,898,622)	(1,459,923)		(31,657,442)
Impairment							
Balance at September 30, 2014	(2,252,635)	(1,785,069)					(4,037,704)
Allocation for the year	-						
Balance at December 31, 2014	(2,252,635)	(1,785,069)		-			(4,037,704)
Allocation for the year	-						
Balance at December 31, 2015	(2,252,635)	(1,785,069)					(4,037,704)
Carrying amount							
At December 31, 2014	4,219,005	2,646,053	10,462,740	3,303,859	279,465	3,134,816	24,045,938
At December 31, 2015	4,219,005	2,459,967	10,334,585	3,255,281	313,927	8,063,149	28,645,914

This Annex forms part of note 7 to the consolidated financial statements.

Consolidated management report for the year ended on December 31, 2015

REIG JOFRE

Consolidated management report for the year ended on December 31, 2015

The year ended on December 31, 2015, was marked by the merger between Laboratorio Reig Jofre S.A., and Natraceutical, S.A.

As of January 1, 2015, the new company Laboratorio Reig Jofre, SA (hereinafter, the "Company") is the result of the merger of the pharmaceutical company Laboratorio Reig Jofre, SA, by the listed Spanish company Natraceutical, SA, leader in Europe in the field of nutritional supplements sold in pharmacies through its brand Forté Pharma.

The merger has enabled Laboratorio Reig Jofre, S.A., to become the 5th Spanish pharmaceutical company listed on the Spanish stock market in terms of turnover.

The new Reig Jofre is a pharmaceutical group whose activity is focused on the research, development, manufacture and marketing of medicines and nutritional supplements, and on the specialized manufacturing for third parties.

Reig Jofre focuses its R&D activity towards the development of new pharmaceutical products or variations on known active ingredients in order to modify their release, improve their dosage and obtain new routes of administration or indications, as well as to the development of generic specialities for manufacturing by the Company and by licensees. Reig Jofre has extensive experience in the development and manufacture of lyophilised injectables, beta-lactam antibiotics, topical dermatological products and nutraceuticals.

Two major synergies that have arisen from the merger have been the diversification of the product portfolio with OTC medicines and nutritional supplements, and the access to new markets through the Company's own sales networks.

- Research areas

Reig Jofre's R&D team is composed of technicians with ample experience in the following areas of research:

1. Bioequivalence studies.
2. Clinical pharmacokinetics and bioavailability studies.
3. Drug interaction studies.
4. Preclinical pharmacokinetics.
5. Preclinical toxicokinetics.
6. Analysis and identification of metabolites.

Based on this experience, and with a specialized emphasis on the therapeutic areas of dermatology, gynaecology and respiration, the R&D team focuses its activity on:

1. Development of new pharmaceutical products or variations on known active ingredients in order to modify their release, improve their dosage and obtain new routes of administration or indications.

2. Development of generic specialties for licensing to third parties, maintaining manufacturing in the company's production facilities.

With regard to dosage forms, Reig Jofre combines the strengths of its R&D team with a high-end production capacity in three areas of high added-value:

1. Penicillanic antibiotics in all dosage forms (vials with sterile powder, oral forms, envelopes and syrups).
2. Cephalosporin antibiotics in vials with sterile powder.
3. Lyophilized vials for all types of active ingredients, by means of:
4. Thermal analysis in lyophilisation.
5. Application of DSC (differential scanning calorimetry), FDM (lyophilisation microscope) and DTA-ER (differential thermal analysis and electrical resistance) techniques.
6. Development and optimization of lyophilisation recipes in pilot plant.
7. Industrial scale process.

8. Applications in generics, proteins, monoclonal antibodies, vaccines, etc.

The Group also has extensive development and production strength in:

1. Liquid dosage forms: oral and topical solutions in ampoules and sterile vials, syrups, liquids in single-dose sachets and swabs.
2. Semi-solid forms: ointments, emulsions, micro-emulsions, and creams.
3. Solid oral dosage forms: capsules, tablets, coated tablets and lozenges.

Finally, Reig Jofre's R&D team has extensive experience in coordinating and conducting preclinical and clinical (Phase I-IV) ADMET studies required for the development both of proprietary products and of third-party products.

To this end, Reig Jofre has a mass spectrometry (LC_MS/MS) service that is mainly specialized in bioanalysis and covered by a "Good Laboratory Practice" (GLP) certification.

- Regulatory Services

As an added-value service which complements the R&D projects developed for third-parties, Reig Jofre has a technical team with extensive experience in the regulatory field on a worldwide level, and especially in Europe and USA. The team offers:

1. Preparation of registration dossiers for presentation in EU and non-EU countries in SENs and e-CTD formats using specific software.

2. Experience in registration processes at European level, via domestic mutual recognition or decentralized procedures. Regulatory support, from the presentation of the registration to the approval of the drug by answering the allegations requested by the various regulatory authorities, including post-approval regulatory work, such as presenting variations or renewals.

3. The possibility to design the development of products for third-parties, in accordance with the ICH Q8 standards and to prepare the presentation of the commercialization authorization application.

- Manufacturing

Thanks to the high production and technology standards maintained in its manufacturing plants in Spain and Sweden, Reig Jofre provides manufacturing services to large multinational laboratories and local companies. Reig Jofre manufactures for a hundred customers in fifty countries worldwide, mainly in its three areas of expertise:

- Penicillanic antibiotics in all dosage forms (vials with sterile powder, oral forms, envelopes and syrups).
- Cephalosporin antibiotics in vials with sterile powder.
- Lyophilized vials for all types of active ingredients.

As well as:

- Ampoules and vials in sterile liquid forms.
- Liquids: oral and topical solutions, syrups, liquids in single-dose sachets and swabs.
- Semi-solids, ointments, emulsions, micro-emulsions, creams.
- Oral solids: capsules, tablets, coated tablets and lozenges.

With proven experience and a solid scientific focus, Reig Jofre specializes in the stabilization of active ingredients for the manufacture of injectable lyophilized products, as well as in the design and development of release systems to the improve the effectiveness of bio-molecules.

I. Strategy

Reig Jofre's development vectors are based on four strategic pillars, which should ensure the Group's long-term growth and profitability, as well as the generation of value for all its stakeholders:

- R+D

The development of new indications and/or dosage forms of known active compounds, generic drugs with special focus on beta-lactam antibiotics and lyophilised injectables, topical dermatological products, OTCs and the extension of the Forté Pharma nutritional supplements range. Similarly, the identification of collaborative projects with start-ups and research in biotechnology.

- Internationalization

Formalization of agreements with licensees in markets in which the Company does not have a direct presence for the marketing of prescription drugs, OTCs, health products, cosmetics and the Forté Pharma range of nutritional supplements, which were developed by the R&D team (out licensing).

- Specialty products under proprietary brands

Marketing of the entire range of proprietary products in countries in which there is direct presence through medical, pharmaceutical and hospital channels and the active pursuit of strategic marketing opportunities (in licensing).

- Manufacturing services and regulatory advice

Specialized manufacturing for third parties in the Company's four plants in Spain and Sweden, with a special focus on penicillanic antibiotics in all dosage formats, cephalosporin antibiotics in vials, dermatological creams and, especially, lyophilized vials, including biotech.

We provide high-quality processes, with a strong scientific approach based on the design of experiments.

II. Business performance

The 2015 turnover and profitability figures reflect a favourable progression in line with the future growth prospects.

Evolution of turnover and EBITDA 2012-2015

	RJ	NTC	2012	RJ	NTC	2013	RJ	NTC	2014	New RJ 2015
Turnover	105.2	25.9	131.1	121.6	31.4	153	123.0	29.5	152.5	156.9
				15.6%	21.2%	16.7%	1.2%	-6.1%	-0.3%	2.9%
EBITDA	10.6	0.9	11.5	15.7	2.6	18.3	14.5	0.5	15.0	17.2
				48.1%	188.9%	59.1%	-7.6%	-80.8%	-18.0%	14.7%
	10%	3%	9%	13%	8%	12%	12%	2%	10%	11%

(Data from 2012 to 2014 proforma)

Reig Jofre closed 2015 with a turnover of 156.9 million euros, higher than the previous year and representing an increase of 2.9% compared to the 0.3% decrease experienced in the previous year (pro forma data).

The Group registered a highly-positive year-on-year progress during the period 2012-2015, with a growth in sales of 2.9% and a growth in EBITDA of 14.7%.

RJF Pharma, the company's development, manufacturing and marketing division, accounted for 79% of sales and grew by 5.3%, thanks to the advancement of the three units of which it is comprised: antibiotics, injectables and lyophilizes +0.5%; dermatology, respiratory-ENT and gynaecology +22.1%; nutritional supplements and consumer healthcare +3.0%.

RJF CDMO, the development and specialized manufacturing for third parties division, contributed 21% of turnover and fell 5.4%, in the last quarter correcting an 11.4% deviation in sales registered in the first nine months of the year.

The improvement in the gross margin, the increase in operating revenue from deferred price sales in contracts with business partners and maintenance of operating costs situated Reig Jofre's EBITDA at year-end at 17.16 million euros, an increase of 14.6% compared to year-end 2014 and in line with forecasts published by the Group in the first half of 2015.

Despite higher amortization due to the increase in investments, maintaining the financial result allowed the Group to increase its profit before taxes by 19.3%, to 11.0 million euros.

Reig Jofre closed 2015 with a net profit of 8.75 million euros, an increase of 27.8% over the previous year and the result of the relevant operational improvement of the business throughout the year and the synergies resulting from the merger with Natraceutical.

It is considered that there are no risks and uncertainties that may affect the future development of the Group, except those which are inherent to its sector.

(In thousands of euros)	2012	2013	2014	2015	CAGR 12/15
Revenue	135,080	152,936	152,492.00	156,910	5.30%
Changes in inventories	326	670	3,349.00	-1,611	
Procurements	-54,328	-60,196	-58,613.00	-57,523	
Gross margin	81,078	93,410	97,228.00	97,776	6.60%
% sales	60%	61%	64%	1	
Other operating income	934	603	68	1,567	
Personnel expenses	-38,250	-40,680	-41,339.00	-42,191	
% sales	28%	27%	-27%	0	
Other operating expenses	-32,258	-35,115	-40,982.00	-40,044	
% sales	24%	23%	27%	0	
EBITDA	11,504	18,218	14,975.00	17,107	18.30%
% sales	9%	12%	10%	0	
Depreciation and amortization	-5,240	-5,132	-4,943.00	-5,398	
Impairment and gains on disposals	4	328	0	42	
Operating profit	6,268	13,414	10,032.00	11,752	35.30%
Financial revenue	250	322	300	211	
Finance expenses	-6,296	-1,306	-927	-1,076	
Gains on sales of financial instruments	-25	-42	0	145	
Gains on disposal of non-current assets	3,353	-49	99	-301	
Net impairment losses	0	0	0	0	
Change in financial assets at fair value	-504	4	-127	0	
Exchange differences	-31	-233	-144	321	
Interest in the profits (loss) of associates	-278	-99	0	-46	
Profit before tax	2,737	12,011	9,233.00	11,007	111.60%
Corporation tax	134	-3,421	-2,376.00	-2,257	
Net income	2,871	8,590	6,857.00	8,750	68.90%

III. Investments and financial structure

Following the merger with Natraceutical, throughout 20015 Reig Jofre 2015 confirmed its firm commitment to its four strategic pillars: R&D, strengthening its product portfolio in its therapeutic areas of interest, internationalization and increased competitiveness in the productive capacity.

In this regard, the Group has doubled its investments (capex) in its production facilities and R&D projects, which rose from 4.5 million euros in 2014 to 8.8 million euros at the end of 2015. Particularly relevant were the investments in the production capacity in Spain aimed at supporting expansion in Asia (Japan and Indonesia) and, during a second phase, the US market.

Reig Jofre closed 2015 with 59% of its sales outside Spain. In its continuing effort to grow its internalization, the Group established commercial relationships in 7 new international markets on the five continents, including Argentina, Zambia and Sudan. In 2015, European markets concentrated 89.9% of sales and grew as a whole by 2.7%, while countries in the rest of the world contributed 10.1% to turnover and grew by 4.5 %.

With regard to the strengthening of the product portfolio, in 2015 Reig Jofre acquired trading licenses in the UK for four topical dermatological products with consolidated presence in this market, and obtain approval for 35 marketing authorizations for 10 proprietary antibiotic/injectable molecules in 18 international markets. The Group also ongoing registration processes for 21 molecules in 42 markets on the five continents, whose approvals will be obtained over the next 2-3 years.

2015 also saw the start of the sale of two of the Group's own developments: Nife-Par, in the gynaecological area, indicated for preterm labour, and Zalve, in the dermatological area, and 10 new nutritional supplements were launched in Forté Pharma's main markets (France, Belgium, Spain and Portugal).

Reig Jofre ended the year with a net debt of 13.93 million euros, 0.8 times its EBITDA, and maintains a clear commitment to growth, aiming to reach a turnover of 200 million euros and EBITDA of 25 million euros in 2019, according to the business plan submitted by the Group in late 2015.

IV. Business performance

The Group's future prospects are optimistic, with a strong focus on investment in R&D and the launch of proprietary products, as well as export growth.

It is considered that there are no risks and uncertainties that may affect the future development of the Group, except those which are inherent to its sector.

For this year, Laboratorio Reig Jofre has identified a number of industrial and commercial synergies derived from the merger with Natraceutical. Such synergies are structured in the following blocks:

1. Manufacture within Reig Jofre of products which Natraceutical had outsourced to other European producers
2. Cost savings for services that can be integrated into Reig Jofre's existing corporate structures and which are currently outsourced
3. Cross-selling of products from both companies in their sales networks and complementary markets and distribution channels
4. Joint research into new products
5. Shared regulatory services

The Group has also identified opportunities for organic and inorganic growth in its 4 strategic pillars:

1. R&D
2. Internationalization
3. Marketing
4. CDMO (and Contract and Development Manufacturing of specialized products)

As a result of the merger, the financial situation has improved. With a level of debt less than 1 times Ebitda, the Group has very high growth and financing potential. The cash position amounts to 9.4 million euros, which gives an idea of the Company's margin when addressing the medium-term investment plan that has been designed, and which will see the investment of 24 million euros up to 2019.

The Group has a financial asset amounting to 8.5 million euros corresponding to a loan with the French group Naturex, to be repaid no later than June 2017.

Other matters

Subsequent to year-end 2015, there have been no noteworthy aspects that have had an impact on the consolidated financial statements, except as detailed in note 30 in connection with the lawsuit filed by a third party against the Group company for the 3.7 million euros, the materialization of which the Company's directors consider remote.

As mentioned in the 2015 consolidated financial statements, at December 31, 2015, the Company possessed a total of 236,826 treasury shares, having made purchases of a total of 20,258 treasury shares and sales of a total of 2,700 treasury shares during FY 2015.

V. Stock Market Information

On December 31, 2014, the merger by the takeover of Laboratorio Reig Jofre, S.A., by Natraceutical, S.A., was registered with the Valencia Companies Registry. As a result of the merger, and as agreed by the Natraceutical, S.A., Extraordinary General Shareholders Meeting held on October 24, 2014, Natraceutical, S.A., changed its corporate name to "Laboratorio Reig Jofre, S.A.". Nevertheless, neither the Company's tax identification number (NIF), which remains A-96.184.882, nor the identification number of the Company's shares (ISIN), which remains the ES0165359011, were modified.

Since January 13, 2015, Natraceutical S.A., now denominated Laboratorio Reig Jofre, S.A., have been listed under the "RJF" ticker code.

As a consequence of the takeover of Laboratorio Reig Jofre, S.A., Natraceutical, S.A., issued 935,570,462 new shares, resulting in the number of outstanding shares following the merger of both companies reaching 1,264,284,408.

On July 29, 2015, the reverse split agreement relative to all the Company's shares, in the proportion of one new share for each twenty pre-existing shares, was approved, effective at September 22, 2015.

As a consequence, on December 31, 2015, the subscribed share capital amounted to 63,214,220 ordinary, nominative shares with a par value of 2.00 euros each, all fully subscribed and paid-in.

VI. Corporate Governance

Under Articles 262 and 538 of the recently-modified Corporate Enterprises Act (CEA), the Group has attached the Annual Corporate Governance Report as Annex 1 to this consolidated management report for the year ended December 31 2015, which will be submitted for approval to the General Shareholders Meeting.

Signatories:

Reig Jofre Investments, S.L. (represented by Isabel Reig López)	Ignasi Biosca Reig
Alejandro García Reig	Anton Costas Comesaña
Maria Luisa Francolí Plaza	Ramon Gomis i de Barbarà

Ramiro Martinez-Pardo del Valle

Emilio Moraleda Martínez

The directors of Laboratorio Reig Jofre, SA, assembled on March 31, 2016 and in compliance with the requirements of Article 253 of the Revised Text of the Corporate Enterprises Act and of Article 37 of the Commercial Code, proceed to prepare the Consolidated Financial Statements and the Management Report of the financial year from January 1, 2015 and December 31, 2015. The consolidated financial statements and the consolidated management report are comprised of the attached documents preceding this writing.

Signatories:

Reig Jofre Investments, S.L. (represented by Isabel Reig López)	Ignasi Biosca Reig
Alejandro García Reig	Anton Costas Comesaña
Maria Luisa Francolí Plaza	Ramon Gomis i de Barbarà
Ramiro Martinez-Pardo del Valle	Emilio Moraleda Martínez

LABORATORIO REIG JOFRE, S.A. AND SUBSIDIARIES

FORMULATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE CONSOLIDATED MANAGEMENT REPORT FOR FY 2015 UNDER THE PROVISIONS OF ARTICLE 253 AND SUCCESSIVE ARTICLES OF THE CORPORATE ENTERPRISES ACT AND ARTICLE 37 OF THE CODE OF COMMERCE

In its Meeting held on March 31, 2016, the Board of Directors of Laboratorio Reig Jofre S.A., proceeded to formulate these Consolidated Annual Financial Statements and the Consolidated Management Report for the year ended December 31, 2015, for their submission to the approval of the General Shareholders Meeting. These Consolidated Financial Statements are composed of the accompanying documents that precede this text, and have been signed on all their pages by the non-executive Secretary, and on the last page by the following Directors:

Sant Joan Despi (Barcelona), March 31, 2016

The Chair
REIG JOFRE INVESTMENTS, S.L.
Isabel Reig López

Director
Antonio Costas Comesaña

Director
María Luisa Francolí Plaza

Director
Ramón Gomis de Barbarà

Director
Ramiro Martínez-Pardo del Valle

Director
Emilio Moraleda Martínez

Director
Ignasi Biosca Reig

Director
Alejandro García Reig

Non-Director Secretary
Adolf Rousaud Viñas: