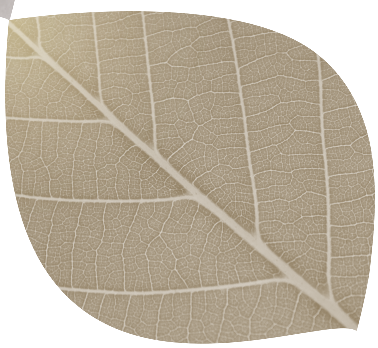
natraceutical

Annual Report 2013



INDEX

01. LETTER FROM THE CHAIRMAN

Dear reader,

It is a pleasure to present through this Annual Report the balance of Natraceutical's activity over 2013 and the major milestones that marked the company's evolution.

If 2012 was the year of Natraceutical's transformation as a result of the profound changes that took place within the company, 2013 was a year of consolidation of the business' operational recovery, following Natraceutical's full focus on the nutritional supplements industry.

Two events were mainly responsible for this positive development. On one hand, the progression registered in 2013 by the nutritional supplements industry in France, which is Natraceutical's main market, and especially by the weight control segment, which grew by over 13% after three years of decline. On the other hand, the possibility of allocating the financial resources generated by the business to provide the company with greater operational strength, following the cancellation in December 2012 of Natraceutical's total syndicated loan.

Following the completion of the divestment in Naturex through various private placements undertaken between the months of October to December 2012, Natraceutical cancelled its entire syndicated loan, the maturity of which was set for April 2013. As a consequence of the optimization of Natraceutical's balance sheet, the company generated a cash surplus of 14.52 million Euros, which allowed the distribution of an extraordinary dividend for a total amount of 12 million Euros.

With this significant milestone achieved, 2013 also highlighted the important work done in Forté Pharma by Natraceutical's. In this regard, the recovery in consumption in France joined major advances in the operational and strategic optimization of Forté Pharma, which led to a growth of the company's turnover by 4.8% to 31.37 million Euros and an increase in operating profits from 0.13 million Euros in 2013 to 2.01 million Euros at year-end 2013. Furthermore, the elimination of the financial costs associated with the syndicated loan, which in 2012 amounted to 4.81 million Euros, enabled Natraceutical to strengthen the company's operational capacity. This gave rise to an adjustment in the average monthly working capital of over 6 million Euros, due mainly to a significant reduction in the suppliers and other accounts payable items.

Independent of the activity in the nutritional supplements industry, in 2013 Natraceutical closed the sale of the final asset related to the ingredients division, which was integrated into the

French multinational Naturex in 2009. Specifically, Natraceutical formalized the sale to Naturex of the company Natraceutical Industrial, SLU, which was the owner, inter alia, of the production plant in Valencia (Spain) that had been leased to Naturex since 2010. The transaction amounted to 8.5 million Euros, payable through a credit maturing in June 2017, which shall provide a new source of revenues in the medium term.

The positive results were reflected in the stock trading prices during the year. Natraceutical shares progressed from 0.13 Euros per share at the close of 2012 to 0.29 Euros per share at the end of 2013, representing a year-on-year revaluation of 122%.

Last but not least, Natraceutical board of directors reinforced its attention to the interests of the company's minority shareholders through the appointment as an independent director of Mrs. Brenda McCabe, a US citizen with extensive experience in strategic consultancy in various sectors, including that of pharmaceuticals.

As a result of all the above, the company's board of directors reiterates the suitability of analysing growth opportunities in new markets that enable an increase in the critical mass and an exponential increase in the business profitability, thanks to an operational structure that is currently prepared for new challenges. This should also lead to a greater visibility for Natraceutical in the financial markets, as well as a gradual increase in the attraction of new domestic and international investors and the restoration of the liquidity of the shares, which is still suffering the negative effects of the recent financial crisis.

I thank you for your interest in Natraceutical and the support to the company if you are already a shareholder.

Yours faithfully,

Galo Álvarez
Chairman

May 2014

02. CURRENT SHAREHOLDER BASE

46.2%
Natra SA

7.7%
Mr. Felix Revuelta

3.7%
Carafal Investment SL

3.0%
Hispanica de Caldereria SAL

0.9%
BMS Promocion y Desarrollo SL

0.2%
Mr. Juan Ignacio Egaña

1.3%
treasury stock

37.0%
free float

03. GOVERNING BODIES IN 2013


Moment/Getty Images

Board of Directors

Chairmain:	Natra SA, represented by Mr. Galo Alvarez
Vice-chairman:	Mr. Felix Revuelta
CEO:	Mr. François Gaydier
Directors:	Mr. Juan Ignacio Egaña, at the request of Natra SA Ibersuizas Alfa SLU, represented by Mr. Ricardo Iglesias Mrs. Maria Teresa Lozano, at the request of Kutxabank SA BMS Promocion y Desarrollo SL, represented by Mr. Jose Luis Navarro
Independent director:	Mrs. Brenda McCabe
Non-director secretary:	Mrs. Maria Jose Busutil

Audit Committee and Appointments and Remunerations Committee

Chairman:	Ibersuizas Alfa SLU, represented by Mr. Ricardo Iglesias
Director:	Natra SA, represented by Mr. Galo Alvarez

04. KEY FIGURES AND RATIOS

(in million euro)

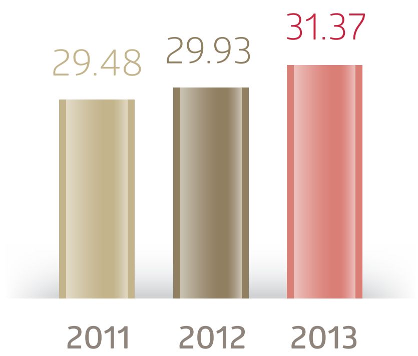
Economic information	2012	2013	2012-2013
Turnover	29.93	31.37	4.8%
EBITDA	0.86	2.57	198.8%
EBIT	0.13	2.01	1446.2%
Net result	-0.01	0.95	
Operating cash flow	-1.21	0.27	
Monthly average operating expenditure	-1.49	4.23	
Capital employed	88.54	72.69	-15.0%
ROCE	0.14%	2.77%	1746.7%
Capex	0.49	0.48	-2.0%
Average workforce	109	100	-8.3%

Financial information	2012	2013	2012-2013
Equity	86.75	75.62	-12.8%
Net debt	1.78	-2.93	-264.6%
Average net debt	47.92	0.21	-99.6%
Total assets	98.06	83.77	-14.6%
Debt to equity ratio	0.02x	-0.04x	
Debt to EBITDA ratio	2.08x	-1.14x	

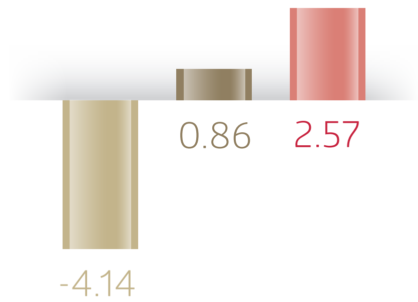
Stock information	2012	2013	2012-2013
Number of shares	328.713.946	328.713.946	
Par value*	0.10	0.10	
Closing price*	0.129	0.287	122.5%
Maximum price*	0.185	0.334	
Minimum price*	0.103	0.125	
Share apreciation	-17.3%	122.5%	
Market cap	42.73	95.33	123.1%
Voting rights controlled by the board	55.4%	59.3%	
Treasury stock	1.3%	1.3%	
Free float	40.3%	36.4%	
Daily average trading volume	166.590	167.244	0.4%
Liquidity	0.1%	0.1%	
Profit per share*	0.00	0.00	
Dividend per share*	-	0.037	
Profitability over closing prior to announcement	-	21.5%	
Book value per share*	0.26	0.23	-12.8%

* *Euro units*

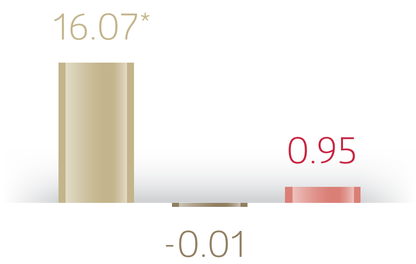
Turnover



EBITDA

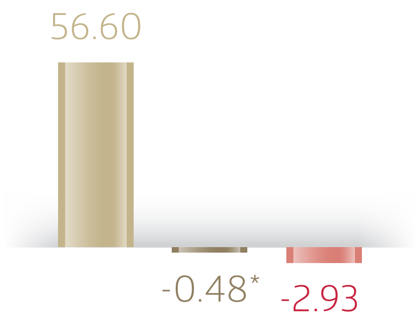


Net result



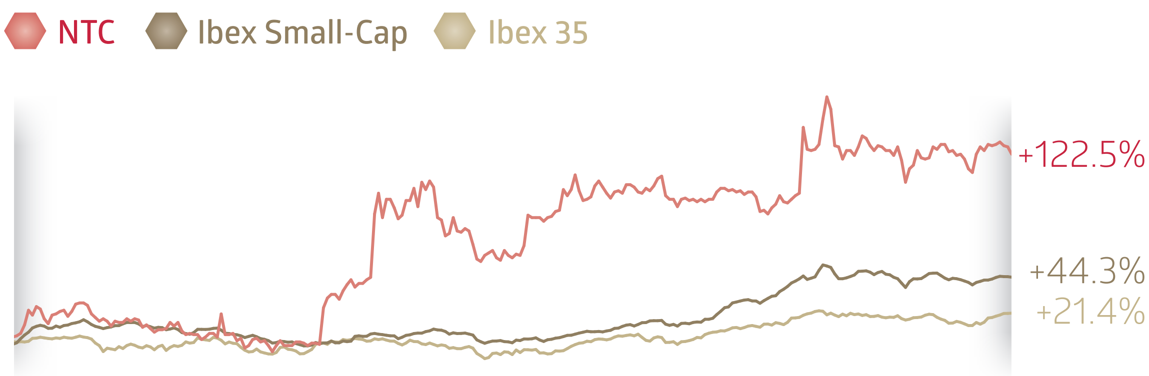
* Extraordinary items due to changes in assets valuation

Net financial debt



* Not including cash position of 14.52 M€ following some assets disposal

Share price evolution in 2013



05. FORTÉ PHARMA

At the end of 2013 Forté Pharma had a portfolio of forty-four products in the weight control, health, beauty, tonics and multivitamins, and OTC segments.

The company undertakes constant research into new formulations, enabling it to offer the market twelve new references in 2013, either through the development of new concepts or the improvement of existing products with more innovative ingredients.

The range of products, all of them of natural origin, includes the following treatments:

12
Products

Weight control

Formulated for a slight weight loss and under no circumstances aimed at severely overweight or obese consumers, the twelve products in this range include effective formulations against fluid retention, swollen legs, the accumulation of fat in the abdominal area, anti-cellulite treatments, digestive wellness facilitators, etc.

Forté Pharma presents specific formulations for male and female consumers, as well as products specially developed for certain age groups.

The top products in this category are **Turbodraine**, **Calorilight**, **Minceur 24** and **Turboslim**.

14
Products

Health

The Forté Pharma health range includes fourteen references, ranging from anti-stress products, formulations to reduce pain in the joints, to improve memory and concentration, to reduce the effects of fatigue or increase the body's defenses, for a better night's rest or to improve intestinal functions, as well as a range specifically formulated to alleviate the symptoms of menopause.

The top products in this category are **Gelée Royale**, **Chondralgic**, **Mémorex** and **Lixifor**.

A 44 product portfolio and 12 new launches in 2013

9
Products

Tonics and Multivitamins

The range of tonics and multivitamins covers nine products for the recovery of energy tone, the improvement of male sexuality and vitamins.

The top products in this category include **Vitalité 4G** and **Acerola**.

5
Products

Beauty

Forté Pharma's range of nutritional cosmetics includes five skin- and hair-care formulations: antiwrinkle, moisturisers and hair strengtheners, mainly.

The top products in this category are **Expert Cheveux** and **Expert Hyaluronic**.

5
Products

Phytotherapy

Five formulations with natural active ingredients extracted from organic farming, without artificial colorants, sweeteners, or preservatives. Products for circulation, weight control, body detoxification and vitality.

2
Products

OTC

Since 2012 and within the context of Forté Pharma's condition as a licensed pharmaceutical laboratory, the company has two OTC products: **Dormicalm** and **Venaclar**.

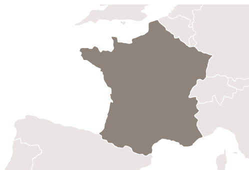
The products mentioned in this section are marketed in France, Forté Pharma's main market. For the product portfolio offered in each country, visit www.fortepharma.com

06. MARKETS

In 2013 Forté Pharma concentrated 65% of its sales in France, where it is one of the leader laboratories in the nutritional supplements market, with a market share of 13.5% in the slimming segment.

Additionally, Forté Pharma is present with its own sales network in Spain, Benelux and Portugal, and through specialized distribution channels in over twenty countries (mainly in the UK, Austria, Greece, Morocco and French-speaking islands of the Caribbean and the Pacific).

2013
sales:
31.37 M€



65%
France

Total pharmacies: **21,000**
Target: **7,000**
Presence[1]: **83%**
Sales rep.: **37**

16%
Spain

Total pharmacies: **21,000**
Target: **4,500**
Presence[1]: **56%**
Sales rep.: **12**

11%
Benelux

Total pharmacies: **5,500**
Target: **3,300**
Presence[1]: **83%**
Sales rep.: **7**

1,8%
United Kingdom

Sold in: **Boots, Lloyds, Superdrug and Holland & Barret**

1,3%
Portugal

Total pharmacies: **3,000**
Target: **1,000**
Presence[1]: **35%**
Sales rep.: **3**

5,2%
Other[2]

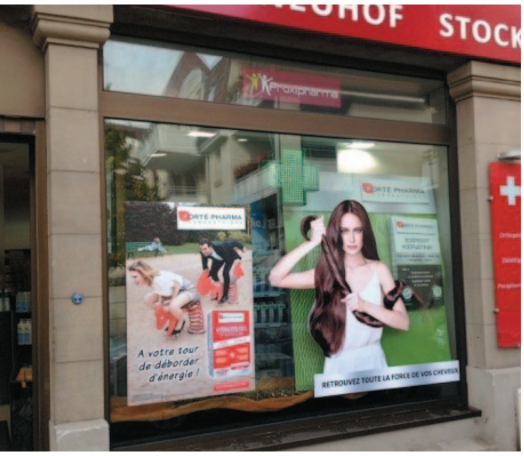
[1] *Calculated over the target*

[2] *Includes: Austria, Bulgaria, Greece, Italy, Lebanon, Morocco, Tunisia, Cameroon, Senegal, Ivory Coast, South Africa, Mauritius, Seychelles, French Antilles (Martinique, Guadeloupe, St. Martin, French Guiana ...), Reunion Island, Madagascar, Mayotte, French Polynesia and New Caledonia.*

07. MARKETING AND ADVERTISING

Together with the local sales force in the company's major markets, investment in marketing and advertising is Natraceutical's second strategic pillar for the positioning of its Forté Pharma brand.

Headcounts and advertising represent, respectively, 26% and 19% of the company's sales, having both been the subject of a major strategic redefinition in recent years. In this regard, the most significant changes have resulted in greater brand presence at points of sale, as well as specific advertising in print medium and radio, aimed at adapting the investment to the consumer circumstances in Europe, bringing the brand closer to consumers and supporting the work of pharmacist prescribers.



Traditionally, the first and third quarters of the year reflect the seasonality of weight control and health sales campaigns to pharmacies, respectively, while the second and fourth quarters concentrate the main advertising spending to support sales to the final consumer. However, finance constraints in Europe, coupled with a lack of visibility relative to the evolution of consumption in the medium term, have led to modifications in the pharmacy channel's procurement habits. Thus, the first quarter of 2014 evidenced the channel's intention to bring its procurement into line with sales trends throughout the semester, which should result in a more linear progression in the evolution of turnover hereafter.

Likewise, the company continued to strengthen its activities aimed at drawing closer to consumers through the addition of two new Facebook pages for the Spanish market to the existing multi-country website and Facebook page created by Forté Pharma France in 2010. Specifically, a page focused on weight control products and another for the multivitamins range.

08. THE SECTOR IN 2013

According to market data company IMS, the nutritional supplements market in France grew in 2013 by 4.7% in value over the previous year. The pharmacy channel experienced an increase of 4.9%, while the para-pharmacy channel registered growth of 3%.

By segment, health supplements, the main category in the French market with 60.5% of total sales, registered growth of 5.4% in 2013.

The tonics segment, which accounted for a volume of 14.7%, registered the highest growth, closing 2013 with an increase of 14%. Weight control, representing 14.5% of the total market in France, grew by 13.4% in 2013, after 2012 seeing a significant reduction in the decline registered in 2010 and 2011.

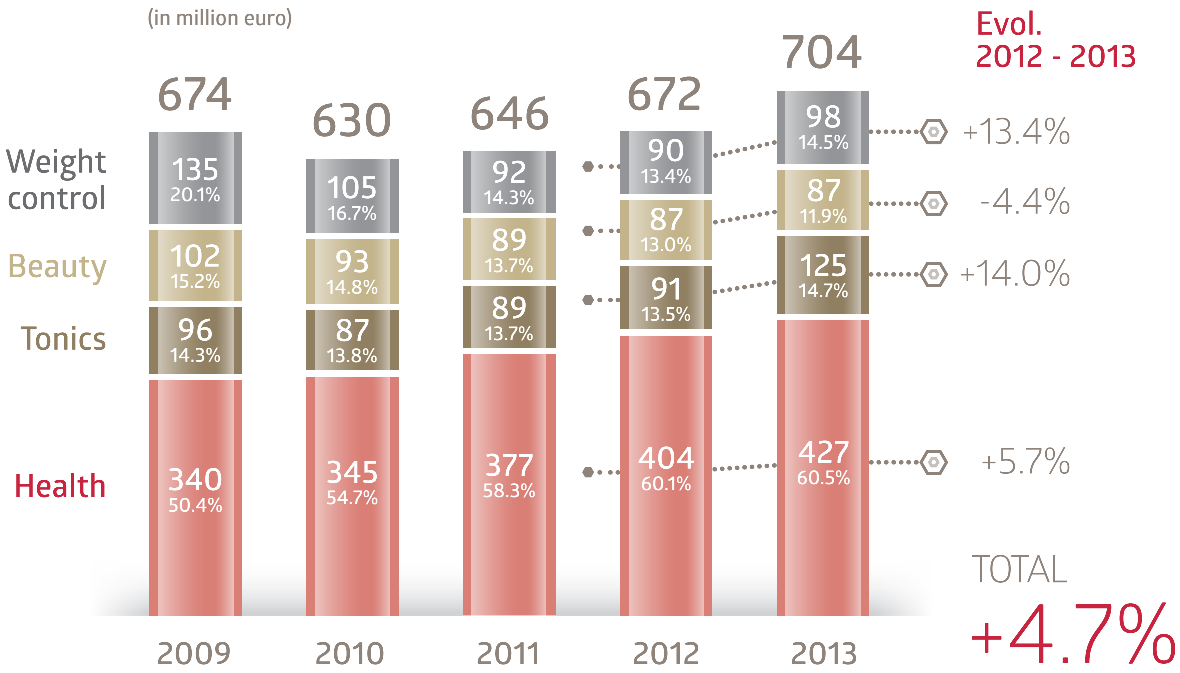
Only the beauty segment registered a drop in 2013, falling 4.4% and representing 11.9% of total sales in France.

The evolution of the nutritional supplements market in France in recent years resulted in greater similarities with the structure of other European markets in terms of the prevalence of the different product segments. In this sense, the positive evolution of the health segment allowed these products to increase their weight in the total market from 50.4% in 2009 to 60.5% in 2013 while, to the contrary, the adjustment experienced in the weight control segment normalized the prevalence of these products from the 20.1% registered in 2009 to 14.5% in 2013.

Evolution of the French market by product category

Sales to end-consumers 2009-2013

(in million euro)



Source: Nielsen: 2009-2012 / IMS: evolution 2013

09. BUSINESS PERFORMANCE

Following the severe contraction between 2009 and 2012 of the food supplements industry for weight control in France, the recovery of the industry since the last quarter of 2012 had a positive translation in the evolution of Natraceutical, which closed 2013 with sales of 31.37 million euro, an increase of 4.8% compared with 2012.

The company is strongly developing the health and beauty ranges to balance its positioning in the weight control segment. The recovery of revenues, along with the optimization of both the marketing strategy and the sales network in the last two years, currently enables Natraceutical to have a highly leverageable operating structure. This was evidenced in the improvement of the business profitability, with EBITDA at year end of 2.57 million euro, compared with 0.86 million euro at the end of 2012, an annual growth of 198.8%.

in million euro	2012	2013	*Evol.*
Turnover	29.93	31.37	**4.8%**
EBITDA	0.86	2.57	**198.8%**
Profit from operations	0.13	2.01	**1446.2%**

Growth in turnover, together with a highly leverageable operating structure and the full outsourcing of production (resulting in low depreciations from capex investments) enabled Natraceutical to achieve 2.01 million euro in profit from operations in 2013, compared with 0.13 million euro the previous year.

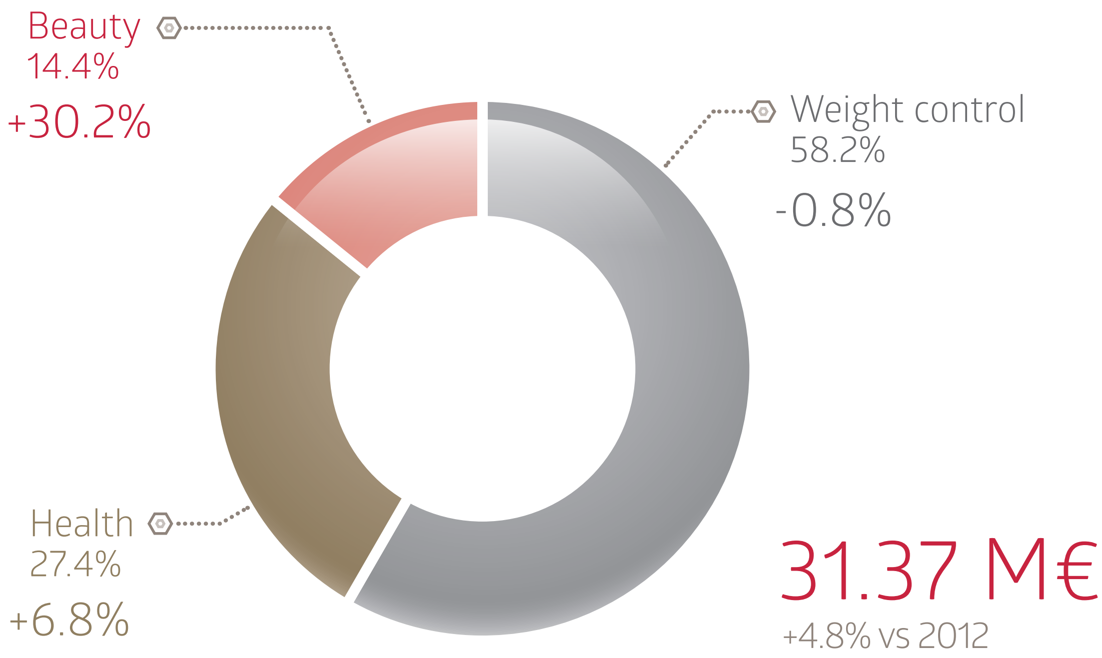
The virtual absence of recurring investments for the business operations, together with positive financial income, favours a high conversion of Natraceutical's gross operating profit (EBITDA) into free cash flow, which in 2013 was predominantly targeted to improve the operating expenditure.

This positive performance was mainly explained by an improvement in gross margin from 73.4% to 74.0%, a 7.3% decrease of personnel costs following some restructuring in 2012 and a 23.2% decrease of depreciations due to the termination of the amortization of the investment made in 2009 for the mechanization of the pick and pack line in Forté Pharma's warehouse, in France.

By product range

In 2013 Natraceutical kept progressing in the diversification of its product portfolio through the health and beauty ranges, while protecting its leadership position in weight control in France.

Segmentation and evolution of Natraceutical's sales by product range, 2013



The moderate decline in turnover in the weight control range originated in bad weather conditions in France and Belgium in the second quarter, which slowed down sales of this category and caused some overstock in the pharma channel throughout the year.

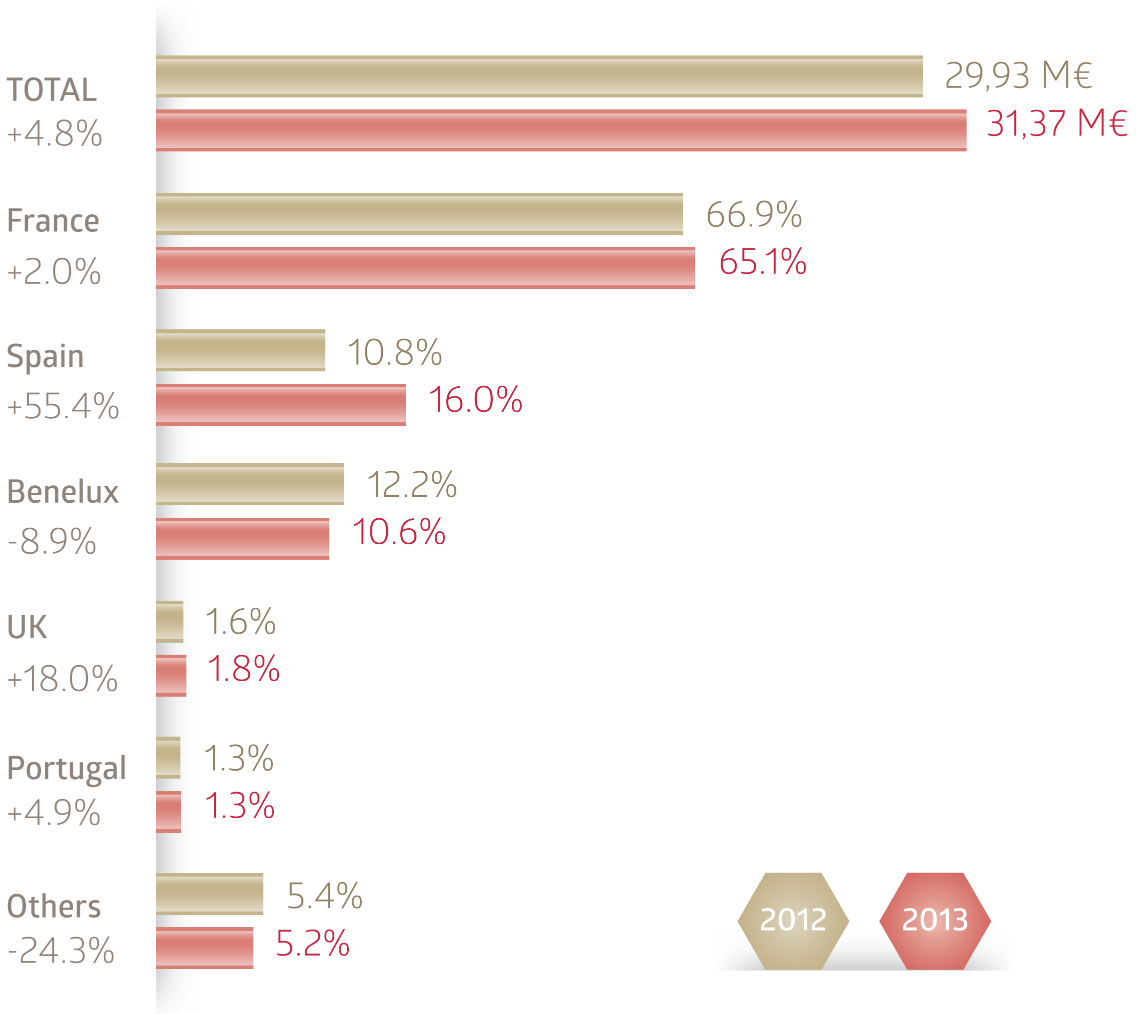
On the contrary, the health and beauty ranges had a positive evolution and gained weight in the company's total sales supported by an excellent performance of the new product launches.

By markets

By geographical markets, France closed the year with a moderate growth of 2.0% and a share in the company sales of 65.1%.

The rest of the markets increased sales by 10.6% in the year.

Sales distribution by countries, 2012-2013



Among the markets outside France, Spain remained the engine of this positive performance, with sales growth of 55.4% in 2013 and it established itself as the company's second largest market, with 16.0% of the business turnover.

Spain's positive evolution contrasted with the 8.9% sales decline in Benelux, Natraceutical's third market, with 10.6% of the turnover. The main reason for this downturn was the effect of adverse weather on weight control sales, although this is a logical development given the larger market of Spain against Benelux.

At the head of more recently established markets, UK achieved total growth of 18.0% over the year and 1.8% of the business sales.

After stabilization of the operating business recovery in 2013, the company keeps as a priority for the coming years the increase in turnover in its different markets.

10. CONSOLIDATED BALANCE

(in thousand euros)

	2012	2013
ASSETS		
Non-current assets:		
Intangible assets	59,515	59,518
Property, plant and equipment	281	183
Investment in group and equity companies	0	0
Other non-current financial assets	149	8,646
Deferred tax assets	3,199	2,035
TOTAL NON-CURRENT ASSETS	**63,144**	**70,382**
Current assets:		
Inventories	2,786	2,574
Trade and other receivables	4,462	3,784
Interercompany accounts receivable	152	5
Other current financial assets	15,544	816
Tax receivables	1,063	845
Other current assets	473	800
Assets held for sale	8,492	0
Cash and cash equivalents	1,943	4,560
TOTAL CURRENT ASSETS	**34,915**	**13,384**
TOTAL ASSETS	**98,059**	**83,766**
EQUITY AND LIABILITIES		
Equity:		
Ordinary capital	32,871	32,871
Share premium	103,494	103,494
Retained earnings	-49,612	-60,748
TOTAL EQUITY	**86,753**	**75,617**
Non-current liabilities:		
Financial debt	0	0
Other non-current financial liabilities	257	0
Deferred tax liabilities	1	0
Non-current provisions	253	973
TOTAL NON-CURRENT LIABILITIES	**511**	**973**
Current liabilities:		
Financial debt	1,467	1,633
Intercompany	88	5
Trade and other payables	6,456	3,796
Other current financial liabilities	59	0
Other currents liabilities	1,489	823
Tax liabilities	1,236	919
TOTAL CURRENT LIABILITIES	**10,795**	**7,176**
TOTAL EQUITY AND LIABILITIES	**98,059**	**83,766**

11. CONSOLIDATED INCOME STATEMENT (in thousand euros)

	2012	2013
Revenue	**29,926**	**31,370**
Changes in inventories	107	56
Procurements	-8,062	-8,198
Gross margin	**21,971**	**23,228**
Other operating income	164	122
Personnel costs	-8,219	-7,617
Depreciation and amortization	-728	-559
Operating allowances	59	0
Other operating expenses	-13,119	-13,164
Impairment of fix assets		4
Profit from operations	**128**	**2,014**
Financial income	160	252
Financial costs	-4,807	-104
Exchange differencies	166	-20
Result from disposal of non-current assets	3,353	-49
Profit before taxes	**-1,000**	**2,093**
Income tax	994	-1,140
Net result	**-6**	**953**

12. EVENTS AFTER THE END OF THE YEAR 2013

Corporate Governance

The following changes took place in Natraceutical SA's board of directors in the first months of 2014:

07/01 2014

Resignation of Mrs. Maria Teresa Lozano, appointed in February 2011 at the proposal of Kutxabank, SA, owner of 4.6% of the share capital of Natraceutical. During the first quarter of 2014, Kutxabank, SA disposed of this shareholding position.

08/01 2014

Resignation of Ibersuizas Alfa SLU after its disposal of its shareholding in Natraceutical. Ibersuizas held 5.0% of Natraceutical's share capital.

03/03 2014

Resignation as director and chairman of Natra SA (represented to date by Mr. Galo Alvarez) and appointment of Mr. Galo Alvarez as chairman of the board. Natra SA keeps the same number of directors appointed at its request.

25/04 2014

Resignation of Mr. Felix Revuelta.

At the date of publication of this annual report, the company's government bodies are comprised of:

Board of Directors

Chairman:	Mr. Galo Alvarez
CEO:	Mr. François Gaydier
Directors:	Mr. Juan Ignacio Egaña, at the request of Natra SA BMS Promocion y Desarrollo SL, represented by Mr. Jose Luis Navarro
Independent director:	Mrs. Brenda McCabe
Non-director secretary:	Mrs. Maria Jose Busutil

Audit Committee and Appointments and Remunerations Committee

Chairman:	Mrs. Brenda McCabe
Director:	Mr. Galo Alvarez

natraceutical

Annual accounts
Directors' report
Corporate governance report
Annual report on the directors' remuneration

2013

NATRACEUTICAL S.A. AND SUBSIDIARIES

Consolidated Financial Statements and Consolidated Management Report at December 31, 2013

The original version of the 2013 Annual Accounts worded in Spanish and submitted to the Spanish Stock Exchange Commission on April 15, 2014 will prevail In case of discrepancy or doubt over any other version, in any other language, including English.

INDEX

pwc

This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation

AUDIT REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

To the Shareholders of Natraceutical, S.A.:

We have audited the consolidated annual accounts of Natraceutical, S.A. (parent Company) and its subsidiaries (the Group), consisting of the consolidated balance sheet at 31 December 2013, the consolidated income statement, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement and related notes to the consolidated annual accounts for the year then ended. As explained in Note 2, the Directors of the Company are responsible for the preparation of these consolidated annual accounts in accordance with the International Financial Reporting Standards as endorsed by the European Union, and other provisions of the financial reporting framework applicable to the Group. Our responsibility is to express an opinion on the consolidated annual accounts taken as a whole, based on the work performed in accordance with the legislation governing the audit practice in Spain, which requires the examination, on a test basis, of evidence supporting the annual accounts and an evaluation of whether their overall presentation, the accounting principles and criteria applied and the estimates made are in accordance with the applicable financial reporting framework.

In our opinion, the accompanying consolidated annual accounts for 2013 present fairly, in all material respects, the consolidated financial position of Natraceutical, S.A. and its subsidiaries at 31 December 2013 and the consolidated results of its operations and the consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards as endorsed by the European Union, and other provisions of the applicable financial reporting framework.

The accompanying consolidated Directors' Report for 2013 contains the explanations which the parent Company's Directors consider appropriate regarding the Group's situation, the development of its business and other matters and does not form an integral part of the consolidated annual accounts. We have verified that the accounting information contained in the consolidated Directors' Report is in agreement with that of the consolidated annual accounts for 2013. Our work as auditors is limited to checking the consolidated Directors' Report in accordance with the scope mentioned in this paragraph and does not include a review of information other than that obtained from the accounting records of Natraceutical, S.A. and its subsidiaries.

PricewaterhouseCoopers Auditores, S.L.

Originally signed by J. Luis González Ferreras
Audit Partner
Abril 11, 2014

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CONSOLIDATED BALANCE SHEET

Amounts in thousands of Euros		At December 31	
	Note	2013	2012
ASSETS			
Non-current assets			
Property, plant and equipment	6	183	281
Intangible assets	7	59.518	59.515
Deferred tax assets	19	2.035	3.199
Other non-current financial assets	10	8.646	149
		70.382	63.144
Current assets			
Inventories	11	2.574	2.786
Trade and other receivables	10	3.789	4.462
Other government receivables	26	845	1.063
Other current financial assets	10	816	15.696
Other current assets	10	800	473
Cash and cash equivalents	13	4.560	1.943
		13.384	26.423
Disposable group assets classified as held for sale	14	-	8.492
Total current assets		13.384	34.915
Total assets		83.766	98.059

The notes on pages 8 to 106 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

Amounts in thousands of Euros		At December 31	
	Note	2013	2012
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Ordinary capital	15	32.871	32.871
Share premium	15	103.494	103.494
Retained earnings	16 a)	(60.748)	(49.612)
Total equity		**75.617**	**86.753**
Liabilities			
Non-current liabilities			
Deferred tax liabilities	19	-	1
Other non-current financial liabilities	18	-	257
Provisions for other liabilities and charges	20	973	253
		973	**511**
Current liabilities			
Trade and other payables	17	3.801	6.544
Other government payables	26	919	1.236
Borrowings	18	1.633	1.467
Other current financial liabilities	18	-	59
Other current liabilities	17	823	1.489
		7.176	**10.795**
Total liabilities		**8.149**	**11.306**
Total equity and liabilities		**83.766**	**98.059**

The notes on pages 8 to 106 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

		Year ended at December 31	
	Note	2013	2012
Continuing operations			
Revenue	21	31.370	29.926
Changes in inventories of finished goods and work in progress	23	56	107
Procurements	23	(8.198)	(8.062)
Other operating income	21	122	164
Staff costs	22	(7.617)	(8.219)
Other operating expenses	23	(13.164)	(13.060)
Depreciation and amortization	6, 7 y 23	(559)	(728)
Impairment and loss on disposal of property, plant and equipment	6	4	-
Operating result		**2.014**	**128**
Financial income	24	252	160
Finance costs	24	(104)	(4.807)
Exchange differences	24	(20)	166
Impairment and loss on disposal of financial instruments	24	(49)	3.353
Net finance costs		**79**	**(1.128)**
Profit before tax		**2.093**	**(1.000)**
Corporate tax	26	(1.140)	994
Income from continuing operations		**953**	**(6)**
Profit for the year		**953**	**(6)**

Attributable to:			
Owners of the parent		953	(6)
Non-controlling interests		-	-
Earnings per share from continuing operations and attributable to owners of the parent (Euros per share)			
Basic earnings per share:			
- From continuing operations	27	0,00	(0,00)
Diluted earnings per share:			
- From continuing operations	27	0,00	(0,00)

The notes on pages 8 to 106 are an integral part of these consolidated financial statements.

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended at December 31	
	Note	2013	2012
Profit for the year		953	(6)
Other comprehensive income:			
Items that will not be reclassified to profit and loss:			
Total items that will not be reclassified to profit and loss		-	-
Items that may be reclassified subsequently to profit and loss:			
Exchange differences		-	839
Cash flow hedges	9	-	368
Total items that may be reclassified subsequently to profit and loss:		-	1.207
Other comprehensive income for the period, net of tax		-	1.207
Total comprehensive income for the year		953	1.201
Attributable to:			
Owners of the parent		953	1.201
Non-controlling interests		-	-
Total comprehensive income for the year		953	1.201

The items shown in this comprehensive income statement are presented net of tax. The corporate tax correspon-ding to each of the components of the Other Comprehensive Income is disclosed in Note 21.

The notes on pages 8 to 106 are an integral part of these consolidated financial statements.

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

Amounts in thousands of Euros	Attributable to owners of the parent						
	Share capital (Note 15)	Share premium (Note 15)	Other reserves (Note 16)	Retained earnings (Note 16)	Total	Non-controlling interests	Total equity
Balance at January 1, 2012	**32.871**	**103.494**	**(1.207)**	**(48.568)**	**86.590**	**-**	**86.590**
Comprehensive income							
Profit or loss	-	-	-	(6)	(6)	-	(6)
Other comprehensive income							
Cash flow hedges, net of tax	-	-	368	-	368	-	368
Exchange difference	-	-	839	-	839	-	839
Total other comprehensive income	-	-	1.207	-	1.207	-	1.207
Total comprehensive income	**-**	**-**	**1.207**	**(6)**	**1.201**	**-**	**1.201**
Transactions with owners							
- Other movements (Note 16)	-	-	-	(1.038)	(1.038)	-	(1.038)
Total transactions with owners	**-**	**-**	**-**	**(1.038)**	**(1.038)**	**-**	**(1.038)**
Balance at December 31, 2012	**32.871**	**103.494**	**-**	**(49.612)**	**86.753**	**-**	**86.753**

The notes on pages 8 to 106 are an integral part of these consolidated financial statements.

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

Amounts in thousands of Euros	Attributable to owners of the parent						
	Share capital (Note 15)	Share premium (Note 15)	Other reserves (Note 16)	Retained earnings (Note 16)	Total	Non-controlling interests	Total equity
Balance at January 1, 2013	32.871	103.494	-	(49.612)	86.753	-	86.753
Comprehensive income							
Profit or loss	-	-	-	953	953	-	953
Other comprehensive income							
Cash flow hedges, net of tax	-	-	-	-	-	-	-
Exchange difference	-	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	953	953	-	953
Transactions with owners							
- Distribution of dividends (Note 16)				(12.000)	(12.000)		(12.000)
- Treasury share transactions (Note 16)				(12)	(12)		(12)
- Other movements	-	-	-	(77)	(77)	-	(77)
Total transactions with owners	-	-	-	(12.089)	(12.089)	-	(12.089)
Balance at December 31, 2013	32.871	103.494	-	(60.748)	75.617	-	75.617

The notes on pages 8 to 106 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

	Year ended at December 31	
	2013	**2012**
Cash flows from operating activities		
Profit before tax	2,093	(1000)
Adjustments for:		
- Amortization of property, plant and equipment (Notes 6 and 23)	128	150
- Amortization of intangible assets (Notes 7 and 23)	431	578
- Impairment and gains on disposal of fixed assets (Note 23)	(4)	-
- Exchange differences (Note 24)	20	(166)
- Finance costs (Note 24)	104	4.807
- Impairment and loss on disposal of financial instruments (Note 24)	49	(3.353)
- Financial income (Note 26)	(252)	(160)
- Change in non-current provisions (Note 20)	720	84
Changes in working capital		
- Changes in inventories	212	(443)
- Change in trade and other receivables	673	1.675
- Change in other current assets	(109)	(76)
- Change in suppliers	(2.763)	(3.900)
- Change in other current liabilities	(1.036)	597
Cash generated from operations	266	(1.207)
Taxes paid	-	(123)
Interest received	266	-
Interest paid	(136)	(4,562)
Net cash generated by operating activities	**396**	**(5.892)**
Cash flows from investing activities		
Acquisitions of property, plant and equipment (Note 6)	(48)	(113)
Acquisitions of intangible assets (Note 7)	(434)	(373)
Acquisition of other financial assets	-	(15.696)
Disposal of other financial assets (Note 10)	14.865	87.124
Net cash generated by investing activities	**14.383**	**70.942**
Cash flows from financing activities		
Acquisition of treasury shares (Note 16)	(12)	-
Dividends paid to owners of the parent (Note 15)	(12.000)	-
Borrowings revenue	166	-
Disbursement for loan cancellation	-	(62.656)
Cancellation of other debts	(257)	-
Changes in other current financial liabilities	(59)	(1.165)
Net cash used in financing activities	**(12.162)**	**(63.821)**
Net increase in cash and cash equivalents	**2.617**	**1.229**
Cash, cash equivalents and bank overdrafts at beginning of year	**1.943**	**714**
Cash and cash equivalents at year end	**4.560**	**1.943**

The notes on pages 8 to 106 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR 2013

1. General information

The parent company Natraceutical, SA, was incorporated on June 1, 1993, and its registered office is located in Paseo Ruzafa nº 9, 11ª (Valencia, Spain).

Its main activity is the provision of financial, accounting and other consulting services, and shareholdings.

The main activity of the Natraceutical Group is the importing, exporting, purchasing wholesaling and retailing and exploitation of authorised food supplements and dietary and cosmetic products.

The Group's companies are located in Monaco, Belgium, Spain and Portugal and United Kingdom. Its products are sold mainly in Europe.

100% of the parent's shares are listed on the continuous market.

Natraceutical Group belongs to a larger consolidated group, Natra Group, whose corporate purpose is the development and marketing of chemicals and foodstuffs, the exploitation of agricultural plantations and tropical products, the promotion, construction and sale of properties , the sale and administration of securities, the provision of management advisory services to other companies and the management of all types of businesses. The Group's Parent is Natra, SA, which is the ultimate parent.

These consolidated financial statements have been prepared by the Board of Directors on February 26, 2014. The Directors shall present these consolidated financial statements to the Shareholders' Meeting, and it is expected that they will be approved without changes.

2. Summary of significant accounting policies

The following significant accounting policies have been adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of presentation

The Group's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union (EU-IFRS) and the IFRIC interpretations in force at December 31, 2013.

The consolidated financial statements have been prepared under the historical cost method, although modified in those cases established by the EU-IFRS in which certain financial assets and liabilities are measured at fair value.

The preparation of financial statements in conformity with EU-IFRS requires the use of certain critical accounting estimates. It also requires the Management to exercise its judgment in the application of the Group's accounting policies. Note 4 details the areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

2.1.1 Going concern

Despite the evolution in recent years of the sectors in which the Group operates, the increased pressure of the competitive environment, largely due to the overall decline in the consumption of food and beauty supplements and, in general, the difficult economic situation, the Group presents a positive EBITDA for the year, demonstrating its ability to adapt to the new conditions in the economic environment in order to continue its development and positive growth. This enables the generation of positive cash from its operations which, coupled with a reduced need for investment in fixed assets due to the type of business and the low financial burden, allows the Group to present sufficient liquid resources for the normal development of the business.

In accordance with the above, at December 31, 2013, the Company has a positive working capital of 6,208 thousand Euros (15.628 thousand Euros at December 31, 2012).

The Directors of the Parent Company consider that the budgets prepared by the Management for 2014, together with the nonexistence of debt at December 31, 2013, will enable the company to consolidate/strengthen its financial position, maintain the normal course of operations and restore the required profitability to its business. This, together with the cash budget prepared by Management, which includes estimates of collections and payments with surplus, removes any doubt about the Group's ability to continue its normal operations and, consequently, about the final recovery of assets and settlement of liabilities through the normal course of the Group's activities.

2.1.2 Comparison of information

The information contained in this consolidated report for 2013 is presented for comparative effects with the information corresponding to 2012.

During 2013, there have been no reclassifications or adjustments to the amounts reflected in the consolidated financial statements for 2012.

2.1.3 Changes in accounting policies and disclosures

2.1.3.1. List and summary of standards, amendments to standards and interpretations published to date

Standards, amendments and interpretations mandatory for all years commencing on January 1, 2013

IAS 1 (Amendment) "Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income"

This amendment changes the presentation of the Other Comprehensive Income Statement, requiring that the items included in Other Comprehensive Income are grouped into two categories according to whether they are to be transferred to the income statement or not. Those items which are not to be transferred to the Income Statement, such as the re-measurements of property, plant and equipment, are presented separately from those which will have a future effect in the Income Statement, such as gains and losses from cash flow hedges.

As in the previous version of IAS 1, the option of presenting items of Other Comprehensive Income before taxes is maintained. Any entity that chooses this option must reflect the tax effect of the two groups of items separately. IAS 1 has also changed the name of the "Comprehensive Income Statement," now renamed "Statement of Profit and Loss and Other Comprehensive Income." The option of using alternative designations is maintained.

This amendment is to apply to all years commencing as of July 1, 2012.

The Group has adopted the amendment without its producing a significant effect on the consolidated financial statements.

IAS 19 (Amendment) "Employee Benefits"

The amendment to IAS 19 significantly changes the recognition and measurement of pension expenses for defined benefit plans and termination benefits, as well as the disclosure of all employee benefits. Among others, the following aspects of IAS 19 have been amended:

- Actuarial gains and losses (renamed "re-measurements") may only be recognised in Other Comprehensive Income. The options of deferring actuarial gains and losses using the corridor approach and their direct recognition in the income statement are eliminated. The re-measurements recognised in Other Comprehensive Income cannot be transferred to the income statement.
- The cost of past services is to be recognised in the year in which the amendment to the plan occurs. The deferral of non-consolidated benefits in a future period of service is not permitted. Reductions occur only when there is a significant decrease in the number of employees affected by the plan. Gains and losses resulting from the reductions are recognised in the same manner as past service costs.
- The annual expense of a financed benefits plan is to include the expense or net interest income, which is to be calculated by applying the discount rate to the net asset or liability for defined benefits.
- Benefits that require the provision of future services are not considered compensation..

The amended IAS 19 is mandatory for all years commencing as of 1 January, 2013.

The application of this amendment has not had a significant effect on these consolidated financial statements.

IFRS 1 (Amendment) "Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters"

The amendments related to severe hyperinflation provide guidance on first-time presentation and the summarisation of the presentation of financial statements prepared under IFRS, following a period during which the company has been unable to meet the IFRS requirements due to its functional currency being subject to severe hyperinflation.

As for the elimination of fixed dates in IFRS 1, the standard replaces references to the date "January 1, 2004" for "the date of transition to IFRS." Therefore, first-time adopters are not required to restate transactions that occurred prior to the date of transition to IFRS.

While this amendment was mandatory for all financial years beginning on or after July 1, 2011, in accordance with the effective date established by the IASB, for the purposes of the European Union the effective date is established as the years commencing as of January 1, 2013.

The application of this amendment has had no effect on these consolidated financial statements, as the Group's functional currency has not been subject to high levels of hyperinflation.

IAS 12 (Amendment) “Deferred Tax: Recovery of Underlying Assets”

The amendment to IAS 12 provides a practical approach to the measurement of deferred tax assets and liabilities related to property investments measured at fair value, one of the measurement options offered by IAS 40 “Investment Property”. Regarding the measurement of these deferred taxes, the amendment introduces a refutable presumption that the economic benefits inherent in investment property measured at fair value are recovered through the sale of the property, and not through its use. The amendment incorporates the guidance previously contained in SIC 21 “Income taxes - Recovery of Remeasured Non-depreciable Assets” under IAS 12, making it clear that its requirements do not apply to investment property measured at fair value.

While this amendment was mandatory for all financial years beginning as of July 1, 2012, in accordance with the effective date established by the IASB, for the purposes of the European Union the effective date is established as the years commencing as of January 1, 2013.

The application of this amendment has had no effect on these consolidated financial statements.

IFRS 13 “Fair Value Measurement”

IFRS 13 is the result of a joint project of the IASB and the FASB (USA Financial Accounting Standards Board) which both explains how to measure items at fair value and aims to improve and expand the disclosure requirements relative to fair value. This standard does not establish the items which are to be measured at fair value, nor does it add new measurement at fair value requirements with respect to those already existing.

Fair value is defined as the amount that would be received for the sale of an asset or which would be paid to transfer a liability in an ordered transaction between market participants at the measurement date (offer price). It is a measurement based on market expectations, not those of the entity. It establishes a hierarchy of three levels (the same as the hierarchy in IFRS 7), for fair value measurements, based on the type of inputs and the measurement techniques employed. The new standard’s disclosure requirements include the requirement to disclose the measurement methods employed, the data employed in the measurements and any changes in the measurement techniques employed.

The application of the standard is mandatory for all financial years beginning on or after July 1, 2013.

The new standard is applied prospectively from the beginning of the tax year in which it is first applied. The disclosure requirements do not apply to comparative information presented in relation to years prior to the first application of IFRS 13.

The application of this amendment has not had a significant effect on these consolidated financial statements.

IFRIC 20 “Stripping Costs in the Production Phase of a Surface Mine”

This interpretation is the result of a request to clarify how and when to include the costs associated with the process of eliminating open-cast mine waste in order to access mineral deposits. IFRIC 20 defines when these costs are to be recognised as an asset in the balance sheet and how they are to be measured both on and subsequent to the date of their initial recognition.

The amended IFRIC 20 is mandatory for all years commencing as of January 1, 2013.

This standard is not applicable to these consolidated financial statements as they do not include reference to open-cast mines.

IFRS 1 (Amendment) “Government Grants”

The IASB has amended IFRS 1 “First-time Adoption of International Financial Reporting Standards” in order to permit entities adopting IFRS for the first time to apply the provisions of IAS 20 “Accounting for Government Grants and Disclosure of Government Assistance”, applicable to entities that already apply IFRS in relation to government grants extended at sub-market rates.

The new exemption in IFRS 1 requires the prospective application of the requirements of IAS 20 and IFRS 9 “Financial Instruments” (or IAS 39 “Financial Instruments: Recognition and Measurement”, where appropriate) in relation to government grants at the date of transition to IFRS. It may be noted that an entity may elect to retrospectively apply the requirements of IAS 20 and IFRS 9 (or IAS 39) to public grants at the date of transition to IFRS, provided the necessary information to do so has been obtained on the date of the initial recognition of the grant.

The application of the amendment to IFRS 1 is mandatory for all years commencing as of January 1, 2013. Earlier application is permitted.

This amendment does not affect these consolidated financial statements as the Group is not a first-time adopter.

Improvements Project 2009 - 2011

IFRS 1 “First-time Adoption of IFRS”

The amendment clarifies that IFRS 1 can be applied more than once by the same entity under certain circumstances. In cases in which an entity that has previously presented its financial statements in accordance with IFRS but has ceased to do so at a later date before adopting the application of IFRS once again, the application of IFRS 1 is permitted, but not mandatory. If this circumstance is relevant, the reasons both for abandoning the presentation of the entity’s financial statements under IFRS and for presenting the financial statements once more in accordance with IFRS must be disclosed.

The application of this amendment is retroactive and mandatory for all years commencing as of January 1, 2013.

This standard is not applicable to these consolidated financial statements as the Group has not ceased to apply IFRS.

IFRS 1 “First-time Adoption of IFRS”

Clarifies that first-time adopters of IFRSs are to maintain borrowing costs capitalised under the previous accounting plan without adjustment. Alternatively, IAS 23 “Borrowing Costs” applies to the accounting treatment of borrowing costs incurred after the date of transition to IFRS, even in the case of qualifying assets under construction at the date of transition to IFRS. The IAS 23 requirements may be applied from a date prior to the date of transition to IFRS for qualifying assets which are initially capitalised on the transition date or earlier.

The application of this amendment is retroactive and mandatory for all years commencing as of January 1, 2013.

This standard is not applicable to these consolidated financial statements as this is not the first occasion on which the Group has adopted IFRS.

IAS 1 "Presentation of Financial Statements"

This amendment clarifies that the comparative information required by IAS 1 forms part of a complete set of financial statements. It also clarifies the minimum requirements for the disclosure of comparative financial information when an entity changes an accounting policy or effects a retrospective restatement or reclassification of items in its financial statements. In such cases, the presentation of a financial statement at the beginning of the applicable comparative period (a "third balance") would be necessary, although it would not be necessary to disclose the notes to the mentioned statement. However, if the management voluntarily discloses additional comparative information in its financial statements (for example, an income statement for a third year, a third balance), the corresponding notes must be attached to the report. This improvement has also amended IFRS 1 "First-time Adoption of IFRS" in order to make clear that a first-time adopter of IFRS must disclose the notes corresponding to all the main statements presented.

The application of this amendment is retroactive and mandatory for all years commencing as of January 1, 2013.

This standard is not applicable to these consolidated financial statements as there have been no changes in accounting policy or the retrospective restatement or reclassification of its items.

IAS 16 "Property, Plant and Equipment"

This amendment clarifies that spare parts and auxiliary equipment must be classified as property, plant and equipment, not inventories, when they meet the conditions for classification as property, plant and equipment. Accordingly, auxiliary equipment that is expected to be used for more than one year is to be classified as property, plant and equipment, rather than as inventory.

The application of this amendment is retroactive and mandatory for all years commencing as of January 1, 2013.

This standard is not applicable to these consolidated financial statements as the Group does not present spare parts or auxiliary equipment.

IAS 32 "Financial Instruments: Presentation"

The amendment resolves a conflict between IAS 32 and IAS 12 "Income Taxes". It clarifies that tax incentives relating to distributions to holders of equity instruments and tax incentives related to the transaction costs corresponding to any equity item must be posted as required by IAS 12. Thus, tax incentives relating to distributions are recognised in the income statement, and tax incentives related transaction costs for equity instruments are recognised in equity.

The application of this amendment is retroactive and mandatory for all years commencing as of January 1, 2013.

The application of this standard has not had a significant effect on these consolidated financial statements.

IAS 34 "Interim Financial Reporting"

This amendment homogenises the disclosure requirements of IAS 34 and IFRS 8 "Operating Segments". It makes clear that an entity which prepares interim financial reports under IAS 34 is only to disclose information on assets and liabilities by segment if such information is regularly provided to the maximum authority responsible for operational decision-making, in the event of having registered a significant change with respect to the amounts shown in the last annual financial statements.

The application of this amendment is retroactive and mandatory for all years commencing as of January 1, 2013.

The application of this standard has not had a significant effect on these consolidated financial statements.

IFRS 7 (Amendment) "Offsetting Financial Assets and Financial Liabilities"

In December 2011, the IASB issued an amendment to IAS 32 "Offsetting Financial Assets and Financial Liabilities", and an amendment to IFRS 7 "Disclosures - Offsetting Financial Assets and Financial Liabilities".

The amendment to IAS 32 "Financial Instruments: Presentation", amends the standard's Application Guide to clarify some of the requirements for offsetting financial assets and financial liabilities in the balance sheet. The amendment does not involve changes to the existing compensation model in IAS 32, which remains applicable when, and only when, an entity currently has a legally enforceable right to offset the recognised amounts and intends to settle the net amount, or to realise the asset and settle the liability simultaneously. The amendment clarifies that the right to offset must be available at the present time - that is, it must be not dependent on a future event. Additionally, the right must be legally enforceable in the ordinary course of operations of the counter-parties involved in the transaction, including in cases of default, insolvency and bankruptcy. The application of the amendment to IAS 32 is mandatory for all years commencing as of January 1, 2014, and is applied retroactively. Earlier application is permitted.

Since the requirements for offsetting financial assets and financial liabilities remain different from the requirements under U.S. GAAP, the IASB simultaneously published an amendment to IFRS 7 "Financial Instruments: Disclosures". The amendment to IFRS 7 requires disclosure of quantitative information on both recognised financial instruments that have been offset in the balance sheet and on financial instruments subject to master netting agreements, regardless of whether they have been offset in the balance sheet. The application of the amendment to IFRS 7 is mandatory for all years commencing as of January 1, 2013, and is applied retroactively.

This amendment has no impact on these consolidated financial statements as they do not present offset financial assets and financial liabilities or financial instruments subject to master netting agreements.

2.1.3.2 Standards, amendments and interpretations that have not yet entered into effect but which can be adopted in advance of the financial years commencing as of January 1, 2012

At the date of the signing of these consolidated financial statements, the IASB and the IFRS Interpretations Committee had published the standards, amendments and interpretations listed below and which are mandatory as of 2014, although the Group has not adopted them in advance.

IFRS 10 "Consolidated Financial Statements"

IFRS 10 introduces changes in the concept of control, which continues to be defined as the determining factor in whether an entity should be included in the consolidated financial statements. IFRS 10 replaces the guidance on control and consolidation contained in IAS 27 "Consolidated and Separate Financial Statements" and eliminates SIC 12 "Consolidation - Special Purpose Entities", which is repealed.

For control to exist, two elements must converge: power over an entity and variable returns. Power is defined as the ability to direct the activities of the entity which significantly affect the performance of the same. The standard provides an extensive application guide for those cases in which it is difficult to determine the existence of control, for example, when an investor holds less than half the voting rights in an entity. The concept of unity of the parent company and its subsidiaries for the purposes of the consolidated financial statements and consolidation procedures remain unchanged with respect to IAS 27 above.

While this standard was mandatory for all financial years beginning as of July 1, 2013, in accordance with the effective date established by the IASB, for the purposes of the European Union the effective date is established as the years commencing as of January 1, 2014.

Early adoption is permitted, provided IFRS 11 "Joint Arrangements", IFRS 12 "Disclosures of Interests in other Entities," IAS 27 (amended 2011) "Separate Financial Statements" and IAS 28 (amended 2011) "Investments in Associates and Joint Ventures" are adopted at the same time.

This standard is not applicable at the current time to the consolidated financial statements. However, the Group will assess the impact that the implementation of this standard may have on the coming year.

IFRS 11 "Joint Arrangements"

IFRS 11 provides the accounting treatment for joint arrangements, based on the rights and obligations arising from the agreement, and not on its legal form. The types of joint agreements are reduced to two: joint operations and joint ventures. Joint operations imply that a participant has direct rights to the assets and obligations under the agreement, and thus the proportionate interest in the assets, liabilities, income and expenses of the entity in which it participates are registered. Meanwhile, joint ventures arise when a participant has a right to the profit or the net assets of the entity in which the interest is held, and therefore uses the equity method to account for the interest in the entity. The posting of interests in joint ventures under the proportionate consolidation method is no longer permitted.

While this standard was mandatory for all financial years beginning as of July 1, 2013, in accordance with the effective date established by the IASB, for the purposes of the European Union the effective date is established as the years commencing as of January 1, 2014. The changes in accounting treatment required by IFRS 11 are reflected at the beginning of the earliest period presented in the financial statements. The standard contains specific guidance on how to complete the transition from proportionate consolidation to the equity method, and vice versa.

Early adoption is permitted, provided IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosures of Interests in other Entities," IAS 27 (amended in 2011) "Separate Financial Statements" and IAS 28 (amended in 2011) "Investments in Associates and Joint Ventures" are adopted at the same time.

This standard is not applicable at the current time to the consolidated financial statements. However, the Group will assess the impact that the implementation of this standard may have on the coming year.

IFRS 12 "Disclosures of Interests in Other Entities"

IFRS 12 contains the disclosure requirements for entities reporting under the new IFRS 10 "Consolidated Financial Statements" and the new IFRS 11 "Joint Arrangements". Additionally, it replaces the disclosure requirements previously contained in the older IAS 28 "Investments in Associates" and IAS 31 "Interests in Joint Ventures". Under IFRS 12, information that enables users of financial statements to evaluate the nature, risks and the financial effects associated with the entity's interest in subsidiaries, associates, joint arrangements and unconsolidated structured entities is to be disclosed. Among other requirements, information on the following must be disclosed:

- The significant assumptions and judgments employed in the determination of control, joint control or significant influence;

- The composition of the group, including the involvement of non-controlling interests in the group's activities and cash flows;
- The risks associated with unconsolidated structured entities, such as agreements that may require financial assistance from the group to the entity;
- The posting of transactions with non-controlling interests in situations in which the control over the subsidiary is maintained and lost;
- Interests in associates and joint arrangements (similar to the requirements of IAS 28 above);
- Regarding interests in unconsolidated structured entities, information concerning the nature, purpose, size, activities and financing, financial information about the entity (income, assets), information on assets and liabilities recognised in the balance and belonging to these structured entities, the maximum losses that could arise from such interests and the financial aid provided to the entity, or a current intention to provide such aid.

While this standard was mandatory for all financial years beginning as of July 1, 2013, in accordance with the effective date established by the IASB, for the purposes of the European Union the effective date is establishled as the years commencing as of January 1, 2014.

To promote the inclusion in the financial statements of the new IFRS 12 disclosures prior to the effective date, the standard makes clear that the disclosure of part of the information required by IFRS 12 does not bind an entity to compliance with all the standard's provisions, nor to simultaneously adopting IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IAS 27 (amended 2011) "Separate Financial Statements" and IAS 28 (amended in 2011) "Investments in Associates and Joint Ventures".

This standard is not applicable at the current time to the consolidated financial statements. However, the Group will assess the impact that the implementation of this standard may have on the coming year.

IAS 27 (Amendment) "Separate Financial Statements"

The requirements previously contained in IAS 27 on the preparation of consolidated financial statements have been included in the new IFRS 10, and therefore the former's scope of application is reduced to the investing entity's posting of investments in subsidiaries, joint ventures and associated companies in the individual financial statements under IFRS, which have not been amended with respect to the previous regulation (i.e., posting at cost or fair value, as required under IFRS 9).

While the amended IAS 27 was mandatory for all financial years beginning as of July 1, 2013, in accordance with the effective date established by the IASB, for the purposes of the European Union the effective date is established as the years commencing as of January 1, 2014.

Early adoption is permitted, provided IFRS 10 "Consolidated Financial", IFRS 11 "Joint Agreements", IFRS 12 "Disclosures of Interests in other Entities" and IAS 28 (amended 2011) "Investments in Associates and Joint Ventures" are adopted at the same time.

This rule shall not apply to the Group as it does not present separate financial statements under IFRS.

IAS 28 (Amendment) "Investments in Associates and Joint Ventures"

IAS 28 has been updated to include references to joint ventures, which under the new IFRS 11 "Joint Arrangements" must be posted under the equity method. At the same time, information on the following aspects has been added:

- The posting of instruments that provide potential voting rights;
- The measurement of interests in associates and joint ventures held by venture capital organizations, mutual entities and similar entities;
- Posting in the event of a reduction in the interest in an associate or joint venture when the equity method still applies; and
- Accounting for the contribution of a non-monetary asset to an associate or a joint venture in exchange for an interest in the entity's equity.

While the amended IAS 28 was mandatory for all financial years beginning as of July 1, 2013, in accordance with the effective date established by the IASB, for the purposes of the European Union the effective date is established as the years commencing as of January 1, 2014.

Early adoption is permitted, provided IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Agreements", IFRS 12 "Disclosures of Interests in other Entities" and IAS 27 (amended 2011) "Separate Financial Statements" are adopted at the same time.

The Group will assess the impact that the implementation of this standard may have on its consolidated financial statements.

IAS 32 (Amendment) "Offsetting Financial Assets and Financial Liabilities"

In December 2011, the IASB issued an amendment to IAS 32 "Offsetting Financial Assets and Financial Liabilities", and an amendment to IFRS 7 "Disclosures - Offsetting Financial Assets and Financial Liabilities".

The amendment to IAS 32 "Financial Instruments: Presentation", amends the standard's Application Guide to clarify some of the requirements for offsetting financial assets and financial liabilities in the balance sheet. The amendment does not involve changes to the existing compensation model in IAS 32, which remains applicable when, and only when, an entity currently has a legally enforceable right to offset the recognised amounts and intends to settle the net amount, or to realise the asset and settle the liability simultaneously. The amendment clarifies that the right to offset must be available at the present time - that is, it must be not dependent on a future event. Additionally, the right must be legally enforceable in the ordinary course of operations of the counter-parties involved in the transaction, including in cases of default, insolvency and bankruptcy. The application of the amendment to IAS 32 is mandatory for all years commencing as of January 1, 2014, and is applied retroactively. Earlier application is permitted.

Since the requirements for offsetting financial assets and financial liabilities remain different from the requirements under U.S. GAAP, the IASB simultaneously published an amendment to IFRS 7 "Financial Instruments: Disclosures". The amendment to IFRS 7 requires disclosure of quantitative information on both recognised financial instruments that have been offset in the balance sheet and on financial instruments subject to master netting agreements, regardless of whether they have been offset in the balance sheet. The application of the amendment to IFRS 7 is mandatory for all years commencing as of January 1, 2013, and is applied retroactively.

Although the Group currently considers that this amendment does not affect these consolidated financial statements, as it does not present offset financial assets and financial liabilities, it will analyse the possible impact of the standard on the financial statements at the close of future years.

IFRS 10 (Amendment), IFRS 11 (Amendment) and IFRS 12 (Amendment) "Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in other Entities: Transition Guide (amendments to IFRS 10, IFRS 11 and IFRS 12) "

The IASB has amended the transitional provisions of IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosures of Interests in Other entities" to clarify that the date of first application is the first day of the first annual period in which IFRS 10 is applied for the first time.

The differences between the concept of "control" under IFRS 10 and IAS 27 / SIC 12 may require the consolidation of previously unconsolidated entities, and vice versa. If the conclusion on the need to consolidate changes in the first application of IFRS 10, the comparative information for the year immediately preceding that in which IFRS 10 is applied for the first time must be restated, in line with the analysis carried out (unless this were to prove impracticable). Any difference that arises from the application of IFRS 10 existing at the beginning of the comparative period is recorded in equity.

On the other hand, when there is no change in the decision on the need to consolidate on the date of first application of IFRS 10 (i.e., the interest would be consolidated both under IAS 27 / SIC 12 and under IFRS 10, or would not be consolidated under either), no accounting adjustments are required. This assistance in the transition to the new regulations also applies with respect to investees disposed of before the date of first application of IFRS 10.

Comparative disclosures relating to subsidiaries, associates and joint ventures are required under IFRS 12. However, they are limited to the comparative period immediately preceding the first annual period in which IFRS 12 is applied for the first time. Furthermore, the disclosure of comparative information on unconsolidated structured entities is not required.

The application of the amendment to the mentioned standards is mandatory for all years commencing as of January 1, 2013, in line with the effective dates of the amended standards. Early adoption is required if the affected standards (IFRS 10, IFRS 11 and IFRS 12) are adopted in advance.

Although these amendments do not currently affect the financial statements, the Group shall take them into account when they enter into force.

IFRS 10 (Amendment), IFRS 12 (Amendment) and IAS 27 (Amendment) "Investment Entities"

Under certain circumstances, the amendment to IFRS 10 implies that similar funds and entities are exempt from consolidating entities over which they exercise control. They are to be measured at fair value through profit or loss, instead. Therefore, these amendments provide an exception to entities that meet the definition of "investment company" and have specific characteristics. There have also been amendments to IFRS 12 to introduce requirements related to information that such companies must include in their consolidated financial statements.

The application of the amendment of the mentioned standards is mandatory for all years commencing as of January 1, 2014. Earlier application is permitted, provided that all such amendments are adopted simultaneously.

This amendment does not affect these financial statements as the Group is not considered an investment entity.

IAS 36 (Amendment) "Disclosure of the Recoverable Amount of Non-Financial Assets"

The IASB has published an amendment to the limited scope of IAS 36 "Impairment of Assets", in relation to disclosures regarding the recoverable amount of impaired assets where the recoverable amount is based on fair value less costs to sale or other means of disposal of the same. Via IFRS 13 "Fair Value Measurement", the corresponding amendments were introduced into the IAS 36 disclosure requirements. One of these amendments was drafted in broader terms than expected. The amendment corrects this situation and, additionally, requires the presentation of complementary information on fair value measurements when there has been an impairment or reversal of the same. Therefore, the IASB has amended IAS 36 as follows:

- Elimination of the requirement to disclose the recoverable amount when a cash-generating unit (CGU) contains goodwill or intangible assets with indefinite useful lives, but without the recording of any impairment loss;
- Requirement of the disclosure of the recoverable amount of an asset or a CGU when an impairment loss is recognised or reversed, and
- Requirement of the detailed disclosure of the method employed for the measurement of the fair value less costs to sale or disposal by other means when an impairment loss has been recorded or reversed.

This amendment is applicable to all years commencing as of January 1, 2014 and is retroactive. Early adoption is permitted once the entity has applied IFRS 13.

This amendment is not applicable at the current time to the consolidated financial statements. However, the Group will assess the impact that the implementation of this standard may have on the coming year.

IAS 39 (Amendment) "Financial Instruments - Novation of Derivatives and Continuation of Hedge Accounting" (June 2013)

Under IAS 39, an entity is required to discontinue hedge accounting when a derivative designated as a hedging instrument is novated to a central counter-party clearing house (CCP), as the original derivative ceases to exist. The new derivative with the CCP is recognized at the time of novation.

The IASB has amended IAS 39 to introduce a restricted scope exemption to the interruption of the hedge accounting when the novation of a hedging instrument to a CCP meets certain requirements.

Specifically, the amendments will not result in the expiration or termination of the hedging instrument if:

- As a consequence of a specific law or regulation, the parties to the hedging instrument agree that a CCP, or an entity (or entities), act as counter-parties in order to effect the compensation as a CCP, replace its original counterpart, and
- Other changes, if appropriate, to the hedging instrument are limited to those necessary to effect the substitution of the counter-party.

These amendments are applicable to all years commencing as of January 1, 2014, although the early adoption is permitted.

This amendment is not applicable at the current time to the consolidated financial statements. However, the Group will assess the impact that the implementation of this standard may have on the coming year.

2.1.3.3 Standards, amendments and interpretations to existing standards that are not subject to early adoption or have not been adopted by the European Union

At the date of the preparation of these consolidated financial statements, the IASB and the IFRS Interpretations Committee had published the standards, amendments and interpretations listed below, which are pending adoption by the European Union.

IAS 19 (Amendment) "Defined Benefit Plans: Employee Contributions"

This amendment applies to employee or third-party contributions to defined benefit plans. The aim is to simplify the accounting treatment of contributions that are independent of the number of years of service, for example, employee contributions which are calculated according to a fixed percentage of salary.

IAS 19 (revised 2011) distinguishes between employee contributions related to the service provided and those which are not related to the service. The current amendment further distinguishes between contributions that are related to the service only in the year in which they arise and those that are related to the service in more than one year. The amendment allows for the deduction of contributions that are related to the service, and which do not vary with the length of employee's service, from the cost of the benefits accrued in the year in which the related service is provided. Contributions related to the service, and which vary in accordance with the employee's length of service, must be extended during the period of the provision of the service using the same method of allocation that applies to the benefits. This implies that the extension be effected either in accordance with the pension plan formula or, if the plan provides a significantly higher level of benefit for the service in subsequent years, on a linear basis.

This amendment is applicable to all years commencing as of July 1, 2014 and is retroactive. Early adoption is permitted.

The Group will assess the effect that the application of this amendment may have on its consolidated financial statements.

IFRS 9 "Financial Instruments"

The issuance of IFRS 9 "Financial Instruments" in November 2009 represented the first step in the IASB's comprehensive project to replace IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 simplifies the posting of financial assets and introduces new requirements for their classification and measurement. It requires that financial assets that are held primarily to collect cash flows representing the payment of principal and interest be measured at amortised cost, while other financial assets, including those held for trading, are measured at fair value. Therefore, an impairment model is only required for financial assets carried at amortised cost. In October 2010, the IASB updated the content of IFRS 9 to incorporate the criteria for recognition and subsequent measurement of financial liabilities and the criteria for the de-recognition of financial instruments. The previous requirements of IAS 39 in relation to these aspects have not been amended, with the exception of the subsequent registration of financial liabilities designated at fair value through profit or loss. The changes in fair value arising from the consideration of the credit risk are recorded as income and expenses recognised directly in equity. The amounts recognised in equity are not recycled to profit, even when they can be reclassified to other equity items. However, if, on the initial recognition of these liabilities, the accounting record is identified as implying a maladjustment with the measurement of the associated financial asset, all changes in value are charged against results. At present, the current requirements of IAS 39 regarding the impairment of financial assets and hedge accounting continue to apply.

The application of the standard will be mandatory for all financial years beginning as of January 1, 2013, although early adoption is permitted.

The Group is analysing the possible impact that this standard may have on its consolidated financial statements.

IFRS 9 (Amendment) and IFRS 7 (Amendment) "Mandatory Effective Date and Transition Disclosures"

The IASB has issued an amendment under which the effective date of IFRS 9 "Financial Instruments" is delayed, becoming mandatory for financial periods beginning as of January 1, 2015. According to its original transitional provisions, the effective date of IFRS 9 was January 1, 2013. The early application of IFRS 9 continues to be allowed.

Furthermore, the IASB has extended the deadline for the completion of the remaining phases of the project to replace IAS 39 "Financial Instruments: Recognition and Measurement" (accounting for impairment losses and hedge accounting). This amendment highlights the importance of allowing the simultaneous implementation of all the phases of the new standard.

It is also worth mentioning that the amendment to IFRS 9 introduces changes regarding the comparative information and additional disclosures that must be provided following the adoption of the new standard, in accordance with the date of the standard's first application, as indicated below:

- If IFRS 9 is applied to financial years beginning before January 1, 2012, comparative figures need not be restated, nor is it mandatory to include the additional disclosures on the date of initial application of the standard;

- If IFRS 9 is applied to financial years beginning as of January 1, 2013 and prior to January 1 2013, either the comparative figures must be restated or the additional disclosures on the date of initial application of the standard must be included;

- If IFRS 9 is applied to financial years beginning as of January 1, 2013, comparative figures need not be restated, but the inclusion of the additional disclosures on the date of initial application of the standard is mandatory;

The Group is analysing the possible impact that this amendment may have on its consolidated financial statements.

IFRS 9 (Amendment) "Financial Instruments: Hedge Accounting and Amendment to IFRS 9, IFRS 7 and IAS 39"

The IASB project to fully replace IAS 39 with IFRS 9 includes the publication of the document "IFRS 9: Financial Instruments - Hedge Accounting", which implements the incorporation into IFRS 9 of the requirements relative to hedge accounting. These amendments to IFRS 9 represent a substantive reform of hedge accounting, bringing it closer into line with risk management and which should result in information of greater use for the taking of decisions by users of financial statements. These new requirements also establish a more principles-based, rather than and approach focused on rules, for hedge accounting, whilst addressing certain inconsistencies and weaknesses in the current IAS 39 model.

The most important changes are:

- Hedge effectiveness tests and the possibility of applying hedge accounting: IFRS 9 relaxes the requirements for hedge effectiveness and, consequently, for the application of hedge accounting. Under IAS 39, a hedge must be highly-effective both prospectively and retrospectively. IFRS 9 replaces this condition with the requirement of an economic relationship between the hedged item and the hedging instrument, as well as the requirement that the hedged ratio is the same as that employed by the entity for risk management.

- Hedged items: The new requirements modify the qualification of hedged items, primarily by removing restrictions that currently prevent certain economically-rational hedging strategies from qualifying as hedge accounting. For example:

- The risk components of non-financial items can be designated as hedged items, provided they are separately identifiable and can be measured reliably.

- Aggregate exposures (i.e., exposures that include derivatives) may be hedged.

- Greater flexibility has been introduced into the hedging of groups of items, although macro-hedging is not covered.

- Hedge accounting for equity instruments measured at fair value through other comprehensive income is allowed, even though there will be no impact on profit and losses from these investments.

- Hedging instruments: The rules relative to the use of certain hedging instruments are relaxed.

- Accounting, presentation and disclosure: The IAS 39requirements relating to the accounting and presentation of hedge accounting remained virtually unchanged in IFRS 9. However, entities will now have to reclassify to retained earnings in equity on cash flow hedges to the carrying amount of a non-financial hedged item when initially recognized. Additionally, further requirements relative to information have been included under the new standard.

Additionally, although unrelated to hedge accounting, IFRS 9 has been modified to permit entities the early adoption of the requirement to recognise in other comprehensive income changes in fair value attributable to changes in the entity's own credit risk (for financial liabilities that are measured at fair value). This can be applied without having to adopt the rest of IFRS 9.

Finally, the effective date of IFRS 9 (January 1, 2015) has been eliminated, although entities can still choose to apply IFRS 9 immediately [although not to the effects of IFRS-EU, as IFRS 9 has not yet approved by the European Union].

IFRS 9 is applied retroactively. However, hedge accounting is to be applied prospectively (with some exceptions).

The Group is analysing the possible impact that this amendment may have on its consolidated financial statements.

IFRIC 21 "Levies"

IFRIC 21 "Levies" is an interpretation of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" which addresses the accounting of government levies other than income taxes and fines and penalties imposed for breaches of the applicable legislation. The main question that arises in this respect is the moment in which an entity must recognize a liability for the obligation to pay a levy posted in accordance with IAS 37. IAS 37 establishes conditions for the recognition of a liability, one of which is that the entity hold a present obligation as a result of a past event. The interpretation clarifies that the obligating event that gives rise to a liability for the payment of a levy is the activity described in the relevant legislation that gives rise to the payment of the same.

The application of the interpretation is mandatory for all years commencing as of January 1, 2014. Earlier application is permitted.

The Group is analysing the possible impact that this amendment may have on its consolidated financial statements.

Improvements Project, Cycles 2010 - 2012 and 2011 - 2013

In December 2013, IASB published the Annual Improvements to IFRSs for the 2010-2012 and 2011-2013 cycles. The annual improvements process provides a vehicle for undertaking non-urgent, but necessary, amendments to the IFRS. Some of these amendments give rise to the corresponding amendments to other

IFRS. The amendments incorporated into these Annual Improvements apply in general to years commencing as of January 1, 2014, although early adoption is permitted. There follows a summary of these amendments:

2010-2012 Cycle:

- IFRS 2 “Share-based Payment”: Definition of vesting condition.
- IFRS 3 “Business Combinations”: Accounting for contingent consideration in a business combination.
- IFRS 8 “Operating Segments” Aggregation of operating segments and reconciliation of the total of the reportable segments’ assets to the entity’s assets.
- IFRS 13 “Fair Value Measurement”: Non-current trade receivables and payables.
- IAS 16 “Property, plant and equipment” Revaluation model - proportionate restatement of accumulated amortization.
- IAS 24 “Related party disclosures” Key management staff.
- IAS 38 “Intangible assets” Revaluation model - proportionate restatement of accumulated amortization.

2011-2013 Cycle:

- IFRS 1 “First-time Adoption of IFRS” Meaning of “effective IFRSs”.
- IFRS 3 “Business Combinations”: Scope exceptions for joint ventures.
- IFRS 13 “Fair Value Measurement”: Scope of paragraph 52 (portfolio exception).
- IAS 40 “Investment property”: Clarifying the interrelationship of IFRS 3 with IAS 40 when classifying property as investment property or owner-occupied property.

The Group is analysing the possible impact that these amendments may have on its consolidated financial statements.

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when it is exposed or is entitled to a variable returns for its involvement with the investee and has the ability to use its power over the investee to affect its return. Subsidiaries are consolidated from the date on which control is transferred to the Group and are de-consolidated on the date that control ceases.
The Group uses the acquisition method for the accounting of business combinations. The consideration transferred for the acquisition of a subsidiary corresponds to the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. The identifiable assets and liabilities acquired and the contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date. For each business combination, the Group may elect to recognise non-controlling interests in the acquiree either at fair value or at the proportionate share of the non-controlling interest in acquiree’s identifiable net assets.

The acquisition-related costs are recognised as expenses in the period in which they are incurred.

If the business combination is effected in stages, the fair value at the date of acquisition of the interest in the acquiree's net assets, previously held by the acquirer, is remeasured at fair value through profit or loss at the acquisition date.
Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed an asset or liability are recognised in accordance with IAS 39 in income or as a change in other outcome. Contingent considerations that are classified as equity are not remeasured and their subsequent settlement is posted in equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value at the acquisition date of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of the consideration transferred, the non-controlling interest recognized and the interest previously maintained is less than the fair value of the net assets of the subsidiary acquired in the case of an acquisition on very favourable terms, the difference is recognized directly in the income statement.

Inter-company transactions, balances and income and expenses in transactions between Group companies are eliminated. Gains and losses arising from intra-group transactions that are recognised as assets are also eliminated. The accounting policies of the subsidiaries have been amended where it has been necessary to ensure consistency with the policies adopted by the Group.

The breakdown of the items included in "other intangible assets" at December 31, 2013 and 2012, is as follows:

December 31, 2013

		Interest					
Company Name	Address	Net investment (thousands of Euros)	% of Nominal	Company Owning the Interest	Consolidation Method	Activity	Auditor
Laboratoires Forte Pharma, SAM	Monaco	75.037	100%	Natraceutical, S.A. y Forte Services, SAM	Comprehensive	Marketing of nutritional pharmaceutical and pharmacy products	Pricewater-house Coopers (1)
Forte Services, SAM	Monaco	4.397	100%	Natraceutical, S.A. y Natraceutical Industrial, S.L.U.	Comprehensive	Provision of Management and Administration services	Pricewater-house Coopers
Forte Pharma Ibérica, S.L.U.	Barcelona	-	100%	Natraceutical, S.A.	Comprehensive	Marketing of nutritional pharmaceutical and pharmacy products	Unaudited
S.A., Laboratoires Forte Pharma Benelux	Belgium	-	100%	Laboratoires Forte Pharma, SAM	Comprehensive	Marketing of nutritional pharmaceutical and pharmacy products	Unaudited
Laboratoires Forte Pharma UK Ltd.	UK	-	100%	Laboratoires Forte Pharma, SAM	Comprehensive	Marketing of nutritional pharmaceutical and pharmacy products	Unaudited

(1) Audited by Janick Rastello for local purposes

		Interest					December 31, 2012
Company Name	Address	Net investment (thousands of Euros)	% of Nominal	Company Owning the Interest	Consolidation Method	Activity	Auditor
Laboratoires Forte Pharma, SAM	Monaco	73.354	100%	Natraceutical, S.A. y Forte Services, SAM	Comprehensive	Marketing of nutritional pharmaceutical and pharmacy products	Pricewater-house Coopers (1)
Forte Services, SAM	Monaco	4.397	100%	Natraceutical, S.A. y Natraceutical Industrial, S.L.U.	Comprehensive	Provision of Management and Administration services	Pricewater-house Coopers
Forte Pharma Ibérica, S.L.U.	Barcelona	-	100%	Natraceutical, S.A.	Comprehensive	Marketing of nutritional pharmaceutical and pharmacy products	Unaudited
S.A., Laboratoires Forte Pharma Benelux	Belgium	-	100%	Laboratoires Forte Pharma, SAM	Comprehensive	Marketing of nutritional pharmaceutical and pharmacy products	Unaudited
Natraceutical Industrial, S.L.U	Valencia	13.058	100%	Natraceutical, S.A.	Comprehensive	Marketing of nutritional pharmaceutical and pharmacy products	Unaudited
Laboratoires Forte Pharma UK Ltd.	UK	-	100%	Laboratoires Forte Pharma, SAM	Comprehensive	Marketing of nutritional pharmaceutical and pharmacy products	Unaudited

(1) Audited by Janick Rastello for local purposes

All subsidiaries close their financial year on December 31.

The significant events that occurred during 2013 were as follows:

- On July 24, 2013 Natraceutical, SA, concluded the contract for the sale of Natraceutical Industrial, SLU, to Naturex SA, within the framework of corporate transaction between Natraceutical, SA, and Naturex SA carried out in December 2009. The transaction amounted to 8,500 million Euros which has given rise to a long-term loan for the same amount, maturing on June 30, 2017 (see Notes 10 and 14). The loan will accrue interest equal to 1-month Euribor plus a margin of 2%. The transaction includes the guarantees customary to such operations, and which would reduce the price of the transaction if the possible contingencies were to materialize. The directors of the parent company do not consider such contingencies as likely to arise at the present time.

The significant events that occurred during 2012 were as follows:

- On September 30, 2012, it was agreed to liquidate the company Natraceutical Canada, Inc., established in

2007 and with registered offices in Alberta (Canada). In October 2012, the month in which the dissolution was effected, Natraceutical, SA, owned 100% of the shares, and thus as sole shareholder received all the assets included in the balance of payment in the amount of 35 thousand Euros resulting in a profit for the same amount recorded in the accompanying consolidated income statement under "Impairment and Gains on Disposal of Financial Instruments" (Note 24).

(b) Changes in ownership interests in subsidiaries without a change of control

The Group posts transactions with non-controlling interests that do not result in loss of control as transactions with the Group's equity owners. For purchases of non-controlling interests, the difference between the consideration paid and the relevant share of the carrying amount of the subsidiary's net assets is recorded in equity. Gains or losses on disposals of non-controlling interests are also recognised in equity.

(c) Disposals of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured at fair value on the date when control is lost, recognising the increased carrying amount of the investment against the income statement. The fair value is the initial carrying amount for the purposes of the subsequent posting of the retained interest as an associate, joint venture or financial asset. Additionally, any amounts previously recognised in other comprehensive income in relation to the entity are posted as if the Group had directly disposed of all the related assets and liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the income statement.

(d) Associates

Associates are all the entities over which the Group has significant influence but not control, which generally accompanies a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method and are initially recognised at cost. The Group's investment in associates includes the goodwill identified on acquisition.

If ownership of an interest in an associate is reduced but significant influence is maintained, only the proportionate part of the amounts previously recognised in other comprehensive income is reclassified to the income statement.

The Group's interest in the profits or losses subsequent to the acquisition of associates is recognised in the income statement, while its interest in the post-acquisition movements in other equity items is recognised in other comprehensive income. The accumulated post-acquisition movements are adjusted against the investment's carrying amount. When the Group's interest in the losses in an associate is equal to or exceeds its interest in the same, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates.

Unrealised losses are also eliminated, unless the transaction provides evidence of impairment of the transferred asset.

Dilution gains and losses arising in investments in associates are recognised in the income statement.

2.3 Changes in accounting policies

During 2013, there have been no significant changes in criteria in relation to the criteria applied in 2012 (see Note 2.1.2).

2.4 Segment Reporting

Information on operating segments is presented in accordance with the internal information provided to the maximum decision-making authority. The Board of Directors, which is responsible for taking strategic decisions, has been identified as the highest decision-making authority, responsible for allocating resources and assessing the performance of the operating segments (see Note 5).

2.5 Foreign currency transactions

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Euros which is the Group's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or the measurements, in the case of items that have been remeasured. Gains and losses on foreign currency resulting from the settlement of such transactions and from the translation to the year-end exchange rates of the monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when they differ in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Exchange rate gains and losses are presented in the consolidated income statement in "Exchange Differences".

(c) Group Companies

The results and financial position of all the Group entities (none of which employs the currency of a hyper-inflationary economy) whose functional currency is different to the presentation currency are translated into the presentation currency as follows:

(i) The assets and liabilities for each balance sheet presented are translated at the exchange rates prevailing on the balance sheet date;

(ii) Income and expenses for each income statement are translated at average exchange rates, unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated on the date of the transactions;

(iii) All resulting exchange differences are recognised in other comprehensive income.

Adjustments to goodwill and fair value arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing exchange rate. All resulting exchange differences are recognised in other comprehensive income.

2.6 Property, plant and equipment

Property, plant and equipment is recognised at cost less accumulated depreciation and any accumulated impairment losses recognised. The cost of property, plant and equipment includes expenses directly attributable to the acquisition of the items. Those acquired prior to 1996 and which are located within the Spanish territory are carried at updated acquisitions cost, pursuant to Royal Decree-Law 7/1996, of June 7. This value has been accepted in accordance with the content of IFRS 1 as a reference value at the date of transition.

Capital gains or net increases in value resulting from the revaluation are amortised over the periods remaining to complete the service life of the remeasured assets.

As a result of the contribution of a business line by Natra, SA in 1993 upon the establishment of the parent company, the company's lands were recorded at market value, in accordance with the option provided for by Law 29/1991 . These lands were subsequently contributed to Natraceutical Industrial, SLU, a subsidiary that was disposed of in 2013.

At the date of transition to IFRS, the Group elected to measure certain land on which certain Group companies develop their productive activity at fair value, in accordance with IFRS 1, and employed this fair value as the attributed cost at that date. This value was determined on the date of transition, based on the appraisals undertaken by independent valuers. Subsequent to the transition date, the Group opted to measure these assets in the same manner as its other assets, using the cost model. These lands were owned by Natraceutical Industrial, SLU, a subsidiary that was disposed of in 2013.

Work implemented for the property, plant and equipment is recognised at accumulated cost, resulting from adding internal costs to external costs, determined on the basis of in-company consumption of warehouse materials and production costs, applied on the basis of hourly rates equal to those used for the measurement of construction projects.

Subsequent expansion, modernisation, improvement or repair and maintenance costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation of other assets is calculated systematically using the straight line method to allocate their cost up to the amount of their residual values during their estimated service lives. Each part of an item of property, plant and equipment which has a cost that is significant in relation to the total cost of the item is depreciated separately. The estimated service lives are:

Buildings	15-33 years
Plant and machinery	8-12 years
Other fixtures, tools and furniture	5-12 years
Other property, plant and equipment	4-10 years

The residual value and service lives of assets are reviewed and adjusted, if necessary, at each balance sheet date.

When an asset's carrying amount exceeds its estimated recoverable amount, the carrying amount is written down immediately to its recoverable amount (Note 2.8).

Gains and losses from the sale of property, plant and equipment are determined by comparing the income obtained with the carrying amount and they are recognised in the income statement under "Impairment and Gains on Disposal of Fixed Assets".

When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

2.7 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the interest held by the Group in the net fair value of the identifiable net assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of carrying out impairment tests, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash generating units, that are expected to benefit from the combination's synergies. Each unit or group of units to which goodwill is allocated represents the lowest level within the entity at which goodwill is monitored for internal management purposes. Goodwill is controlled at the operating segment level.

Goodwill impairment losses are revised annually, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying amount of goodwill is compared with the recoverable amount, which is the value in use or fair value less sales costs, whichever is the greater. Any impairment loss is recognised immediately as an expense and is not subsequently reversed.

(b) Trademarks and licenses

Trademarks and licenses acquired from third parties are shown at historical cost. Trademarks and licenses acquired in business combinations are recognised at fair value at the acquisition date. They have a finite service life and are measured at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated service life of 5 to 6 years.

Acquired software licenses are capitalised on the basis of the costs incurred in their purchase and the pre-use preparation of the specific software. These costs are amortised over their service lives, estimated at between 3 to 4 years.

(c) Software

Costs associated with computer software maintenance are recognised as an expense as and when they are incurred. Development costs directly attributable to the design and testing of software, which are identifiable and unique and capable of being controlled by the Group, are recognised as intangible assets when the following conditions are met:

- It is technically possible to complete the intangible asset so that it can be made available for use or sale;
- The Management intends to complete the intangible asset and use or sell it;

- The entity has the capacity to use or sell the intangible asset;
- It can be demonstrated how the intangible asset will generate probable future economic benefits;
- There are adequate technical, financial or other types of resources available to complete the development and to use or sell the intangible asset, and
- The expenditure attributable to the intangible asset during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include the costs of personnel who develop such programmes and an appropriate proportion of overheads.

Costs that do not meet these criteria are recognised as an expense when they are incurred. Expenditure on an intangible asset initially recognised as an expense is not recognised as intangible assets later.

The development costs of software recognised as assets are amortised over the estimated service life, which does not exceed four years.

(d) Development Activities

Research is original and planned investigation undertaken with the prospect of gaining new scientific or technological knowledge and understanding.

Development is the application of research findings, or any other scientific knowledge, to a specific plan or design for the production of new or substantially improved materials, products, methods, processes or systems prior to the start of its production or commercial use.

The development activities of the Natraceutical Group are internally generated intangible assets. To assess compliance with the accounting criteria for recognition, the Group has classified the generation of the asset as:

- Research phase: the phase in which the Group is unable to demonstrate that an intangible asset exists that will generate probable future economic benefits, i.e., costs incurred to obtain a prototype. Therefore, this expenditure is recognised as an expense when it is incurred.
- Development phase: the more advanced phases of the project, in which the entity is able, in some instances, to identify an intangible asset and demonstrate that it can generate probable future economic benefits.

Development expenditure is recognised only if all of the following conditions are met:

- An identifiable asset is created.
- It is probable that the asset created will generate future economic benefits.
- The development cost of the asset can be reliably measured.

Such assets are amortised at the annual rate of between 20% and 33%, following the finalisation of the project.

The development work performed by the Group is stated at accumulated cost (external costs plus in-house costs determined on the basis of manufacturing costs allocated using hourly absorption rates similar to those used for inventory measurement).

2.8 Impairment losses of non-financial assets

Assets that have an indefinite service life, for example, goodwill or intangible assets that are not in a condition to be used, are not subject to amortisation and are tested annually to determine the need to record of impairment losses. Assets subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount in which the asset's carrying exceeds its recoverable amount. The recoverable amount is the fair value of an asset less sale or value in use costs, whichever is the greater. For the purposes of assessing impairment losses, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash generating units). Impairment losses on non-financial assets, other than goodwill, are reviewed on all dates on which financial information is presented and analysed for possible reversal.

2.9 Non-current Assets (or disposal Groups) Held For Sale

Non-current assets (or disposal groups of elements) are classified as assets held for sale when their value is to be recovered principally through a sales transaction rather than through continuing use, provided the sale is considered highly probable. These assets are measured at either their carrying amount or their fair value less sale costs, whichever is the lower.

2.10 Financial assets

2.10.1 Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets on their initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if it is acquired principally for the purpose of being sold. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within twelve months; otherwise, they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They are included in current assets, except for maturities of more than 12 months as of the balance sheet date, in which case they are classified as non-current assets. The Group's loans and receivables mainly comprise the BSIs "Trade and Other Receivables" , "Other Current- and Non-Current Financial Assets", "Other Current Assets" and "Cash and Cash Equivalents" in the balance.

2.10.2 Recognition and Measurement

Regular acquisitions and sales of investments are recognised at the trading date, i.e., the date on which the Group commits to the purchase or the sale of the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not measured at fair value through profit or loss. Financial assets at fair value through profit or loss are initially recognised at fair value, and the transaction costs are charged to the income statement. Financial assets are de-recognised in the balance sheet when the rights to receive cash flows from the investments have matured or have been transferred and the Group has substantially transferred all risks and rewards of ownership. Financial assets available for sale and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost in accordance with the effective interest rate method.

Gains or losses arising from changes in fair value in the category "Financial Assets at Fair Value through Profit or Loss" are presented in the income statement within "Financial Income and Expenses" in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement.

The interest of securities available for sale calculated using the effective interest rate method is recognised within other income in the income statement. Dividends from equity instruments available for sale are recognised in the income statement as part of other income when the Group's right to receive these payments is established.

2.11 Offsetting of financial instruments

Financial assets and financial liabilities are offset and presented by means of a net in the balance sheet when there is a legally enforceable right to offset the recognised amounts and the Group intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.12 Impairment losses of financial assets

(a) Assets carried at amortized cost

At each balance sheet date, the Group assesses whether there is objective evidence of the impairment of a financial asset or group of financial assets. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that the loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine whether there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- Breaches of contract, such as default or delays in payment of interest or principal;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the it would not otherwise consider;
- It becomes increasingly likely that the borrower will enter into bankruptcy or another situation of financial reorganisation, or

- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since their initial recognition, although the decrease cannot yet be identified with the individual financial assets in the group, including:

(i) Adverse changes in the payment terms of the Group's borrowers, and

(ii) National or local economic conditions that correlate with defaults on the assets in the portfolio.

For the category of loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (regardless of future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan, receivable or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical measure, the Group may estimate the impairment on the basis of the fair value of an instrument using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be objectively attributed to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised reversal of the impairment is recognised in the consolidated income statement.

(b) Assets classified as available for sale

At the end of each reporting period, the Group assesses whether there is objective evidence of the impairment of a financial asset or group of financial assets. For debt instruments, the Group uses the criteria (a) described above. In the case of investments in equity instruments classified as held for sale, a significant or prolonged decline in the fair value of the instrument below its cost is also considered evidence of the impairment of the asset. If such evidence exists for financial assets available for sale, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on the financial asset previously recognized in profit or loss, is removed from equity and recognised in the separate consolidated income statement. Impairment losses on equity instruments recognised in the consolidated income statement are not reversed through the consolidated income statement.

2.13 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date of signing the derivative contract. Subsequent to initial recognition, they are re-measured at fair value. The method for recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group designates certain derivatives as:

(a) hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge);

At the start of a transaction, the Group documents the relationship between the hedging instruments and the hedged items, as well as their goals for risk management and the strategy for undertaking various hedge transactions.

The Group also documents its assessment, both at the beginning and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in the hedged items' cash flows.

The total fair value of a hedging derivative is classified as a non-current asset or liability if the maturity of the remaining hedged item is more than 12 months, and as a current asset or liability if the maturity of the remaining hedged item is less than 12 months. Trading derivatives are classified as current assets or liabilities.

Cash flow hedges

The effective portion of changes in fair value of derivatives, which are designated and qualify as cash flow hedges, are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are reclassified to the income statement in the periods in which the hedged item affects profit or loss (for instance, when the forecast hedged sale occurs). The gain or loss relating to the effective portion of interest rate swaps covering variable rate loans, included in other comprehensive income, is recognised in the financial result in the income statement, in accordance with the maturities of the hedged loans. However, when the forecast hedged transaction involves the recognition of a non-financial asset (for example, inventory or property, plant and equipment), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the asset's cost. The deferred amounts are recorded permanently in the cost of the goods sold, in the case of inventory, or in depreciation, in the case of property, plant and equipment.

When a hedging instrument matures or is sold, or when it ceases to meet the requirements for hedge accounting, any gain or loss accumulated in equity at that time remains in equity, and is transferred to earnings when the forecast transaction is finally recognised in the income statement. In cases in which the forecast transaction is not produced, the cumulative gain or loss in equity is immediately transferred to the income statement.

2.14 Inventories

Inventories are measured at cost or net realisable value, the lesser of the two. Cost is determined by the weighted average cost method. The cost of finished goods and work in progress includes design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), but excludes interest costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.15 Trade receivables

Trade receivables are amounts due from customers for sales of goods or services effected in the normal course of the operation. If the debt is expected to be collected within one year or less (or in the normal operating cycle, whichever is longer), it is classified as a current asset. Otherwise, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently at amortised cost, in accordance with the effective interest rate method, less the impairment provision.

2.16 Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits with credit institutions and other highly liquid current investments with original maturities of three months or less.

2.17 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are presented in equity as a deduction, net of tax, from the income obtained.

Where any Group company purchases the Company's shares (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity, attributable to holders of Company equity instruments, until it is cancelled, reissue or sale. Where such shares are subsequently reissued, any amounts received, net of any incremental costs directly attributable to the transaction and the corresponding income tax effects, are included in equity attributable to holders of Company equity instruments.

2.18 Trade payables

Trade payables are obligations to pay for goods or services purchased from suppliers in the ordinary course of the operation.

Accounts payable are classified as current liabilities if payments are due within one year or less (or mature in the normal operating cycle, whichever is greater). Otherwise, they are presented as non-current assets.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

2.19 Financing debt

Financing debts are initially recognised at fair value, less any transaction costs incurred. Subsequently, the financing debts are measured at amortised cost. Any difference between the proceeds (net of the costs necessary to obtain the same) and the redemption value is recognised in the income statement over the life of the debt, in accordance with the effective interest rate method.

2.20 Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are those that necessarily require a substantial period of time before they are ready for their intended use or sale, are added to the cost of the assets until the moment in which the assets are materially ready for their intended use or sale.

The income earned on the temporary investment of specific borrowing pending use on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

The remaining borrowings are recognised as income in the periods in which they are incurred.

2.21 Current and deferred taxes

Natraceutical, SA is taxed in the tax consolidation regime as head of the tax Group that it forms with Forte Pharma Ibérica, SLU.

The Group subsidiaries file individual tax returns, in accordance with the tax regulations applicable in each country.

The tax expense for the period comprises current and deferred tax. Taxes are recognised in income, except to the extent that they relate to items recognised in other comprehensive income, or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current tax expense is calculated in accordance with the laws enacted or substantively enacted at the balance sheet date in the countries in which the Company and its subsidiaries operate, and in those in which they generate taxable income. The Management periodically assesses the positions adopted in tax returns with respect to situations in which the applicable tax regulation is subject to interpretation, and, if necessary, establishes provisions based on the amounts expected to be paid to the tax authorities.

Deferred taxes are recognised by the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not charged if it arises from the initial recognition 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 taxable profit or loss. Deferred tax is determined using tax rates (and laws) enacted or substantially enacted at the balance sheet date and which are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that future taxable profits are likely to be available against which to offset the temporary differences.

Deferred income tax is recognised for temporary differences arising on investments in subsidiaries and associates, except for those deferred tax liabilities for which the Group is able control the reversal date and which are unlikely to be reversed in the foreseeable future.

Deferred tax assets and deferred tax liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and current tax liabilities and when the deferred tax assets and deferred tax liabilities are derived from income tax corresponding to the same tax authority and apply to the same taxable entity, or to different taxable entities that intend to settle the current tax liabilities and assets on a net basis.

2.22 Employee benefits

(a) Pension obligations

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a fund and is under no obligation, legal or implied, to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to the services rendered in the current and previous years. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans establish the amount of benefit that an employee will receive upon retirement, usually based on one or more factors, such as age, years of service and remuneration.

The liability recognized in the balance sheet in relation to defined benefit pension plans is the current value of the defined benefit obligation at the balance sheet date less the fair value of the assets associated to the plan . The obligation for defined benefits is calculated annually by independent actuaries using the projected unit credit method. The current value of the defined benefit obligation is determined by discounting future cash outflows using estimated cash interest rates of high-quality corporate bonds denominated in the same currency in which the benefits will be paid and that have terms to maturity which are similar to those of the corresponding obligations. In those countries where there is no developed market for such bonds, the market rates of government bonds are used.

Actuarial gains and losses arising from adjustments based on experience and changes in the actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past service costs are recognised immediately in the income statement.

For defined contribution plans, the Group pays contributions to publicly- or privately-managed pension insurance plans on a mandatory, contractual or voluntary basis. Once the contributions have been paid, the Group has no further payment obligations. The contributions are recognised as employee benefits upon their accrual. Benefits paid in advance are recognised as an asset to the extent of any corresponding cash refund or a reduction in future payments.

(b) Termination benefits

Termination benefits are payable to employees as a consequence of the Group's decision to terminate their employment contracts before the normal retirement age, or when an employee accepts voluntary redundancy in exchange for such benefits. The Group recognises these benefits when it is demonstrably committed to terminating the employment of current employees in accordance with a detailed formal plan from which it has no possibility of withdrawal. When making an offer to encourage the voluntary resignation of employees, termination benefits are measured by the number of employees expected to accept the offer. Benefits that are not to be paid within twelve months as of the balance sheet date are discounted at their current value.

2.23 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 is likely in order to settle the obligation, and the amount has been reliably estimated. Restructuring provisions include penalties for cancellation of leases and severance payments to employees. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood of an outgoing of resources in order to settle the obligation is determined by considering each class of obligations as a whole. Although the possibility of an outflow of resources may be small for any specific item, an outflow of resources may well be likely to cancel the type of obligation as a whole. In such cases, the provision is to be recognised.

Provisions are measured at the present value of the expenditures expected to settle the obligation, using a pre-tax rate that reflects the current market value of the time value of money and the risks specific to the obligation. An increase in the provision over time is recognised as an interest expense.

2.24 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities, net of discounts, returns and, value-added tax and after eliminating sales within the Group.

Revenue is recognised when the income can be reliably measured, it is probable that the entity will receive a future economic benefit and when certain conditions are met for each of the Group's activities, as described below. The Group bases its estimates on historical results, considering the type of customer, the type of transaction and the specific circumstances of each agreement.

(a) Sales of goods

The Group manufactures and sells a wide range of nutritional products to pharmacies and drugstores in the market. Sales of goods are recognised when the Group entity has delivered products to the end user, the end user manages the products' channel and sales price, and there is no unfulfilled obligation that could affect the acceptance of the products by the end customer. Delivery does not occur until the product is sent to the specific location, the risks of obsolescence and loss have been transferred to the customer, the customer has accepted the products in accordance with the contract of sale, and the acceptance period has ended or when the Group has sufficient objective evidence that all the acceptance criteria have been met.

The products are sometimes sold with volume discounts. Customers have the right to return defective goods. Sales are recorded based on the price set in the contract of sale, net of estimated volume discounts and returns at the time of sale. The Group employs its accumulated experience to estimate and provide for discounts and returns. Volume discounts are measured in accordance with the annual sales volume expectations. It is assumed that there is no finance component when sales are made with an average collection period of 60 days, which is in line with market practice.

(b) Interest income

Interest income is recognised using the effective interest rate method. When a loan or receivable suffers an impairment loss, the Group reduces the carrying amount to the recoverable amount, which is calculated in accordance with the estimated future cash flows discounted at the instrument's original effective interest rate, and continues to update the account receivable as interest income. Interest income from loans that have suffered an impairment loss is recognised using the original effective interest rate.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

(d) Provision of services

Services rendered are recognised considering the stage of completion of the transaction at the balance sheet date, provided that the outcome of the transaction can be estimated reliably.

2.25 Leases

Leases, where the lessor retains a significant portion of the risks and rewards of ownership, are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the lease term.

2.26 Distribution of dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

3. Financial risk management

3.1 Financial risk factors

The Group's activities expose it to various financial risks: market risk (including foreign exchange risk, fair value interest rate risk and price risk), credit risk and liquidity risk.

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 derivative financial instruments to hedge certain risks.

Risk management is controlled by the Financial Department and is monitored and controlled directly by the Management, which meets regularly to analyse the situation of the financial markets and the situation of existing operations/hedges.

(a) Market risk

(i) Exchange rate risk

The Group operates mainly in European markets, and as such its exposure to exchange rate risk resulting from foreign currency trading is not significant.

The Group has no significant investments in foreign operations whose net assets are exposed to the risk of foreign currency translation.

(ii) Price risk

At December 31, 2013, the Group is not subject to significant exposure to price risk.

Due to the activity undertaken by the Group and the markets in which it operates, it is not exposed to commodity price risk.

(iii) Interest rate risk on cash flows and fair value

The interest rate risk arises from the Group's financial debt. Loans issued at variable rates expose the Group to cash flow interest rate risk. Loans issued at fixed rates expose the Group to fair value interest rate risk. The Group's policy has always been to hold between approximately 50% and 75% of its borrowings in fixed interest rate instruments, a circumstance that was modified in December 2012 with the complete cancellation of the syndicated loan (see Note 18). During 2013 and 2012, the Group's loans are denominated in Euros

In 2013, a change of 100 basis points in the interest rate would not have a significant impact on the profit. According to the simulations for 2012, the impact on the result of a change of 100 basis points in the interest rate would have led to a maximum increase in profit of 276 thousand Euros or a maximum decrease in profit of 276 thousand Euros respectively. This simulation was carried out quarterly to ensure that the maximum potential loss was within the limits set by Management, up until the complete cancellation of the syndicated loan in December 2012.

Based on the various scenarios, the Group has been managing 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 has obtained non-current borrowings at variable rates and has swapped them to fixed rates. The need to establish floating to fixed interest rate swaps has disappeared with the complete cancellation of the syndicated loan in 2012 (see Note 18).

(b) Credit risk

The Group's main financial assets are trade and other receivables and investments recognised in the financial statements net of impairment losses, which represent the Group's maximum exposure to credit risk in relation to financial assets.

The amounts of trade and other receivables are reflected in the balance sheet net of provisions for doubtful accounts, estimated by the Group's Management based on previous years' experience and its assessment of the current economic environment.

The credit risk on liquid funds and derivative financial instruments is limited because the counter-parties are banks with high credit ratings assigned by international credit rating agencies.

(c) Liquidity risk

The Natraceutical Group establishes its cash requirements by drawing up a 12-month cash budget, based on the budgets of each Group company.

In this way, cash requirements in terms of amount and time are identified, and new plans for meeting financing needs are developed.

The financing requirements generated by investment operations are structured and designed in accordance with their effective life, in most cases through long-term loans, such as syndicated loans.

The Management monitors the forecasts of the Group's liquidity reserve, which includes the availability of credit, and cash and cash equivalents, based on expected cash flows.

The following table presents an analysis of the Group's financial liabilities to be settled net and grouped by maturity, in accordance with the periods remaining at the balance sheet date to the maturity date stated in the contract.

	Less than one year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
At December 31, 2013				
Banks (Note 18)	1.633	-	-	-
Trade and other payables	3.801	-	-	-
Other current liabilities	823	-	-	-
At December 31, 2012				
Banks (Note 18)	1.467	-	-	-
Other financial liabilities (Note 18)	59	59	158	40
Trade and other payables	6.544	-	-	-
Other current liabilities	1.489			

3.2 Capital risk management

Natraceutical Group aims primarily to maintain an optimal capital structure to support its capacity to continue as a going concern, which safeguards the performance for its shareholders and the profit for equity holders. This policy allows for the reconciliation of the creation of value for shareholders with access to the financial markets at a competitive cost, which enables the financing needs of the investment plan that not covered by cash generated by the business to be covered. The development of the policy is in line with the Group's overall strategy in relation to sales growth through the expansion of its operations throughout the country and abroad.

The Group's capital structure includes shareholders' equity, comprising capital, reserves and retained earnings, and net financing debt, composed of bank borrowings and cash and cash equivalents.

The Group monitors the capital based on the debt ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "current and non-current borrowings" and "other current and non-current financial liabilities", as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as "equity" in the consolidated balance sheet plus net debt.

The following table shows Natraceutical Group's level of financing debt (net financing debt / total liabilities) at year-end 2013 and 2012 (in thousands of Euros).

	2013	2012
Borrowings	1.633	1.783
Less: Cash and cash equivalents	(4.560)	(1.943)
Net debt		(160)
Total net equity	75.617	86.753
Total Capital	**72.690**	**86.593**
Debt ratio	**(4)%**	**(0)%**

The decrease in the debt ratio is due to the cancellation in 2012 of the syndicated loan obtained in April 2010, resulting in the net financing debt reaching negative levels.

3.3 Fair value estimation

On January 1, 2009, the Group adopted the amendment to IFRS 7 for financial instruments that are measured at fair value in the balance sheet, which requires disclosure of fair value measurements by levels, in accordance with the following hierarchy:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Data other than the quoted price included within Level 1 that are observable for the asset or liability, either directly (i.e., prices) or indirectly (i.e., derived from prices).

Level 3: Data for the asset or liability that are not based on observable market data (i.e., unobservable).

The fair value of financial instruments traded in active markets is based on a representative average of the trading prices. A market is considered active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring current market transactions between parties acting on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in level 1 comprise assets at fair value through profit or loss relating to investments in Euronext equity securities, and refer to the Group's interest in Naturex SA (see Note 12), fully disposed of at December 31, 2012.

The fair value of financial instruments that are not quoted on an active market is determined using measurement techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Other techniques are used to determine the fair value of other financial instruments, such as estimated discounted cash flows. The level 2 category includes the hedging derivatives held by the Group until their cancellation in December 2012.

4. Accounting estimates and judgments

Estimates and judgments are continually assessed and are based on historical experience and other factors, including expectations of future events that are considered reasonable under the circumstances.

4.1 Critical accounting estimates and judgments

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the corresponding actual results. The most significant estimates and judgments are explained below:

(a) Estimated impairment of goodwill

The Group annually monitors whether goodwill has suffered an impairment loss, in accordance with the accounting policy detailed in Notes 2.7. and 2.8. The recoverable amounts from cash generating units (CGU) have been determined based on value in use calculations. These calculations require the use of estimates (Note 7).

(b) Service lives of property, plant and equipment and intangible assets

The Group's management determines the estimated service lives and related depreciation charges for its property, plant and equipment and intangible assets. This estimate is based on the period in which the items of property, plant and equipment and intangible assets are to generate profits. At each balance closure, the Group reviews the service lives of the property, plant and equipment and intangible assets and, if the estimates differ from those made previously, the effect of the change is charged prospectively in the income statement for the year as of which the change is to be effected.

5. Segment Reporting

Management has determined the operating segments based on the reports reviewed by the Board of Directors and which are used for strategic decision-making.

The Board considers the business from a product standpoint.

Income and expenses that cannot be specifically attributed to any operating line or that are the result of decisions affecting the Group as a whole are attributed, when applicable, to a "Corporate Unit".

The Board of Directors analyses the performance of the operating segments based on operating income. The interest income and expenses are not charged to segments, as this type of activity is managed by the central treasury, which is responsible for the Group's cash position.

The Group's financial information, detailed by operating segment, for the years ended December 31, 2013 and 2012 is as follows (in thousands of Euros):

At December 31, 2013	Functional Ingredients	Nutritional supplements	Corporate	Total
Total revenue from the segment	(292)	31.662	-	31.370
Inter-segment revenue	-	-	-	-
Revenue from external customers	(292)	31.662	-	31.370
Procurements	-	(8.198)	-	(8.198)
Staff costs	-	(6.944)	(673)	(7.617)
Amortisation of property, plant and equipment	-	(559)	-	(559)
Operating income	(99)	3.523	(1.410)	2.014
Impairment and loss on disposal of financial instruments	-	-	(49)	(49)
Profit before tax	(99)	3.399	(1.207)	2.093
Financial expense	-	-	(104)	(104)
Financial income	-	-	252	252
Income tax expense	-	(326)	(814)	(1.140)
Total Assets	**-**	**70.716**	**13.050**	**83.766**
Registrations of non-current assets	-	482	-	482
Total liabilities + equity	**-**	**6.214**	**77.552**	**83.766**

At December 31, 2012	Functional Ingredients	Nutritional supplements	Corporate	Total
Total revenue from the segment	511	29.415	-	29.926
Inter-segment revenue	-	-	-	-
Revenue from external customers	511	29.415	-	29.926
Procurements	-	(8.062)	-	(8.062)
Staff costs	(6)	(7.472)	(741)	(8.219)
Amortisation of property, plant and equipment	-	(728)	-	(728)
Operating income	369	1.348	(1.589)	128
Impairment and loss on disposal of financial instruments	(41)	-	3.394	3.353
Profit before tax	316	1.221	(2.537)	(1.000)
Financial expense	-	-	(4.807)	(4.807)
Financial income	-	-	160	160
Income tax expense	529	2	463	994
Total Assets	**8.153**	**70.800**	**19.106**	**98.059**
Registrations of non-current assets	-	486	-	486
Total liabilities + equity	**367**	**8.938**	**88.754**	**98.059**

During 2013 and 2012, the Group's sales were effected in the following geographical areas:

	Thousands of Euros	
	2013	2012
America	-	-
Europe	31.370	29.926
	31.370	**29.926**

Sales in Europe are broken down as follows:

	Thousands of Euros	
	2013	2012
France	20.609	19.676
Spain	5.215	3.267
Belgium	3.101	3.431
Rest	2.445	3.552
	31.370	**29.926**

Non-current assets other than financial instruments, deferred tax assets, assets relating to post-employment benefits and rights arising under insurance contracts allocated by country, are broken down in the following table:

	Thousands of Euros	
	2013	2012
Spain	9	17
Belgium	3	2
UK	3	-
Monaco	59.686	59.777
	59.701	**59.796**

6. Property, plant and equipment

Thousands of Euros	Land and buildings	Plant and machinery	Total
Balance at 01-01-2011	**-**	**318**	**318**
Cost	-	1.514	1.514
Accumulated depreciation	-	(1.196)	(1.196)
Carrying amount	**-**	**318**	**318**
Registrations	-	113	113
De-registrations	-	(8)	(8)
Amortisation of de-registrations	-	8	8
Depreciation and amortization	-	(150)	(150)
Balance at 31-12-2012	**-**	**281**	**281**
Cost	-	1.619	1.619
Accumulated depreciation	-	(1.338)	(1.338)
Carrying amount	**-**	**281**	**281**
Registrations	-	48	48
De-registrations	-	(123)	(123)
Amortisation of de-registrations	-	105	105
Depreciation and amortization	-	(128)	(128)
Balance at 31-12-2013	**-**	**183**	**183**
Cost	-	1.544	1.544
Accumulated depreciation	-	(1.361)	(1.361)
Carrying amount	**-**	**183**	**183**

The land and buildings were reclassified as non-current assets held for sale in 2010, following the signing of a framework agreement with Naturex SA for the sale of Natraceutical Industrial, SLU (see Note 2.2). Of the reclassified amount, 1244 thousand Euros corresponded to land, with the rest corresponding to buildings. In July 2013, Natraceutical Industrial, SLU, which owns the above-mentioned land and buildings, was sold. Note 14 provides more details about the disposable group held for sale.

De-recognitions in 2013 have produced a profit of 4 thousand Euros, against no profit for 2012.

Impairment losses

No impairment losses have been recognised for property, plant and equipment in 2013 and 2012.

Updates effected under Royal Decree-Law 7/1996, of June 7

The Group's property, plant and equipment has not been subject to remeasurement at December 31, 2013, as the land and buildings pertaining to the same have been sold during the year, as mentioned in this note.

The amount of accumulated net re-measurements at December 31, 2012 and the breakdown for each item is as follows:

	Thousands of Euros
	2012
Land	392
Buildings	10
	402

These re-measurements had no effect on the depreciation allocation in 2012, as the land and buildings were reclassified in 2010 as non-current assets held for sale, and as such were not depreciated.

Property, plant and equipment located abroad

At December 31, 2013 and 2012, the Group has the following investments in plant, property and equipment located outside the territory in which the parent company has its registered office:

	Thousands of Euros					
	2011			2012		
Property, plant and equipment	Cost	Accumulated depreciation	Carrying amount	Cost	Accumulated depreciation	Carrying amount
Plant and machinery	1.311	(1.146)	165	1.386	(1.116)	270
	1.311	(1.146)	165	1.386	(1.116)	270

Fully depreciated assets

At December 31, 2013 there is property, plant and equipment with an original cost of 789 thousand Euros (2012: 811 thousand Euros) that is fully depreciated and still in use.

Assets under operating lease

At December 31, 2013, the Group no longer has assets under operating leases.

In its position as lessor, the Group's most significant operating lease up to 2013 was formalized in 2009, following the sale of the Functional Ingredients Division to the listed French company Naturex SA, for an 8-year term, and consisting of the leasing of the land and buildings in Valencia to Naturex, SA.. Under the agreement, the lease payments were established on the basis of market prices and with the following discounts during the first five years: 75% for 2010, 60% for 2011, 45% for 2012, 30% for 2013 and 15% for 2014.

At December 31, 2012, the carrying amount of "Land and buildings" relative to the mentioned contract was as follows:

	Thousands of Euros
	2012
Cost	4.216
Accumulated amortisation at January 1	(1.864)
Carrying amount	**2.352**

The above-mentioned land and buildings were classified as non-current assets held for sale at December 31, 2012.

The future aggregate minimum payments receivable for non-cancellable operating leases at December 31, 2012 are as follows:

	Thousands of Euros
	2012
Less than one year	163
Between one and five years	897
More than five years	-
	1.060

In July 2013, the above-mentioned rental contract was cancelled due to the sale of Natraceutical Industrial, SLU, which owns the property subject to the contract, to Naturex, SA. (Note 14)

The leasing of property, plant and equipment in 2013 has given rise to an annual rental income amounting to 126 thousand Euros (2012: 131 thousand Euros).

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.

Guarantees

At December 31, 2013 and 2012, there are no items of property, plant and machinery subject to guarantees.

7. Intangible Assets

"Intangible assets" includes the consolidation goodwill and other intangible assets, in accordance with the following breakdown:

	Thousands of Euros	
	2013	2012
Goodwill on consolidation	59.027	59.027
Other intangible assets	491	488
Total	**59.518**	**59.515**

Goodwill on consolidation

The movement in goodwill is as follows:

	Thousands of Euros	
	2013	2012
At January 1:	**59.027**	**59.027**
Coste	80.783	80.783
Accumulated impairment	(21.756)	(21.756)
Carrying amount	**59.027**	**59.027**
Value adjustments for impairment	-	-
At December 31	**59.027**	**59.027**

In 2013 and 2012, the Group, based on the impairment test performed, did not consider the recognition of impairment losses for goodwill necessary.

A summary of the allocation of goodwill at the UGE (Large Business Unit) level is shown below:

	Thousands of Euros	
	2013	2012
Laboratoires Forte Pharma Group	59.027	59.027
Total	**59.027**	**59.027**

Goodwill has been allocated to the companies responsible for the generation of the same at the time of purchase as cash-generating units (CGUs), which correspond to the nutritional supplements segment. The cash flows of these CGUs must guarantee the goodwill.

The recoverable amount of this goodwill has been estimated in accordance with its value in use, which is based on assumptions relating to cash flows, cash flow growth rates and discount rates consistent with those used to calculate the market values.

The projections are prepared for each cash-generating unit on the basis of recent developments, and include the Group management's best estimates about the future behaviour of the most significant internal and external economic variables.

The prepared business plans are reviewed and finally approved by the Directors of the parent company.
In order to calculate the value in use of each cash-generating unit, the current value of the cash flows was obtained using financial projections covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates indicated below. The growth rates in the projections are consistent with market circumstances and are updated if the market conditions, specifically those affecting the cash-generating unit or the real business situation, so indicate. Growth rates are expected to average around 8% (11.4% in 2012) for the nutritional supplement market (a rate which does not exceed the rate forecast for the Company's sector of activity), taking into account the market developments of this type of product and the development of the Forte Pharma Group. Average EBITDA growth of around 15.3% is expected (35.7% in 2012). During 2013, the Company has been able to contain its costs and increase its sales, resulting in a considerable increase in EBITDA and compliance with the budget prepared in 2012 for 2013. The Group believes that this same trend will continue in 2014, thus improving its EBITDA in the coming years.

The discount rates employed cover the specific risks of each generating unit with the target debt (leveraged business betas), the average cost of liabilities and the market risk premium. These discount rates, calculated before tax, have been updated this year, resulting in a value of around 8.6% (8.7% for 2012), approximately.

The main variables affecting the calculations of the aforementioned projections are as follows:

- Growth rate of 2% used to extrapolate cash flow projections for the period covered by budgets or forecasts (2% in 2012). In 2013, based on the structure of the business, the geographic areas in which the different companies operate and their future expectations, the average growth rates for the 5-year period employed for the sales were 8%, and 15.3% for EBITDA (11.4% and 35.7% at December 31, 2012, respectively). This high growth in EBITDA arises from the type of product. As turnover increases, overheads remain constant. The margins on the products sold range between 75% and 80%.

- The values in use were calculated for each cash generating unit as the current value of the cash flows resulting from the financial projections discounted at rates that take into account the specific risks of the assets, the average cost of liabilities and Group's target financial structure. In 2013, based on the structure of the businesses, the geographical area in which they operate and their future expectations, the discount rates used were around 8.6% (8.7% for 2012).

  If the EBITDA estimated by management were 10% lower, it would not be necessary for the Group to apply impairment to the goodwill. If the discount rate were 1% higher, it would not be necessary for the Group to record impairment for the goodwill. If the growth rate were 10% lower, it would not be necessary for the Group to record impairment for the goodwill.

  The key assumptions required to balance the recoverable amount of the nutritional supplements cash generating unit with its carrying amount are as follows: The WACC must increase by 18.8%, from 8.6% to 10.2%, the growth rate must be negative and the EBITDA growth rate must decrease 36.6%, from 15.3% to 9.7%.

The mentioned impairment test revealed that there is no need to recognise an impairment of the Laboratoires Forte Pharma Group's goodwill in 2013 or 2012, since the recoverable amount exceeds the carrying amount.

Other intangible assets

The breakdown and movements of the items included in "other intangible assets", at December 31, 2013 and 2012, is as follows:

Thousands of Euros	Development	Patents, licenses and trademarks	Software	Other property, plant and equipment	Total
Balance at 01-01-2012	**274**	**165**	**51**	**203**	**693**
Cost	1.572	174	1.483	203	3.432
Accumulated depreciation	(1.191)	(9)	(1.432)	-	(2.632)
Impairment losses	(107)	-	-	-	(107)
Carrying amount	**274**	**165**	**51**	**203**	**693**
Registrations	274	85	14	-	373
Transfers	158	45	-	(203)	-
De-registrations	(588)	-	(8)	-	(596)
Amortisation of de-registrations	588	-	8	-	596
Depreciation and amortization	(494)	(26)	(58)	-	(578)
Balance at 31-12-2012	**212**	**269**	**7**	**-**	**488**
Cost	1.416	304	1.489	-	3.209
Accumulated depreciation	(1.097)	(35)	(1.482)	-	(2.614)
Impairment losses	(107)	-	-	-	(107)
Carrying amount	**212**	**269**	**7**	**-**	**488**
Registrations	374	-	27	33	434
Transfers	-	-	-	-	-
De-registrations	(630)	-	(8)	-	(638)
Amortisation of de-registrations	630	-	8	-	638
Depreciation and amortization	(362)	(45)	(24)	-	(431)
Balance at 31-12-2013	**224**	**224**	**10**	**33**	**491**
Cost	1.160	304	1.508	33	3.005
Accumulated depreciation	(829)	(80)	(1.498)	-	(2.407)
Impairment losses	(107)	-	-	-	(107)
Carrying amount	**224**	**224**	**10**	**33**	**491**

Research and Development Expenditure

The capitalised development expenses correspond to the following projects:

	Thousands of Euros							
	2013				2012			
	Cost	Accumulated depreciation	Impairment losses	Carrying amount	Cost	Accumulated depreciation	Impairment losses	Carrying amount
Scientific Staff Salaries	792	(540)	(107)	145	735	(593)	(107)	35
Clinical Trials	368	(289)	-	79	681	(504)	-	177
Total	**1.160**	**(829)**	**(107)**	**224**	**1.416**	**(1.097)**	**(107)**	**212**

The total amount of expenditure for research and development recognised as an expense in the income statement during the year amounted to 100 thousand Euros (2012: 67 thousand Euros) (see Note 23).

The additions to development costs for 2013 and 2012 correspond to projects developed by the Group as part of its policy to maintain its rates of growth and competitiveness.

Intangible assets located abroad

At December 31, 2013 and 2012, the Group has the following investments located outside Spanish territory, or whose rights can only be exercised outside Spanish territory:

	Thousands of Euros							
	2013				2012			
Property, plant and equipment	Cost	Accumulated depreciation	Impairment losses	Value amount	Cost	Accumulated depreciation	Impairment losses	Value amount
Development	1.160	(829)	(107)	224	1.416	(1.097)	(107)	212
Patents, licenses, trademarks and similar	304	(80)	-	224	304	(35)	-	269
Software	1.508	(1.498)	-	10	1.489	(1.482)	-	7
Other property, plant and equipment	33	-	-	33	-	-	-	-
Total	**3.005**	**(2.407)**	**(107)**	**491**	**3.209**	**(2.614)**	**(107)**	**488**

Fully amortised intangible assets

At December 31, 2013, the Group had intangible assets, still in use and fully depreciated, with a net carrying amount of 1,841 thousand Euros (2011: 2,080 thousand Euros).

Insurance

The Group has contracted several insurance policies to cover the risks to which the intangible assets are subject. The coverage of these policies is considered sufficient.

8. Financial instruments by category and credit quality

8.1 Financial instruments by category

The carrying value of each of the financial instruments categories is as follows:

December 31, 2013	Loans and Receivables	Assets at fair value through profit or loss	**Hedging derivatives**	Available for sale	Total
Assets in balance					
Trade and other receivables (Note 10)	14.051	-	-	-	14.051
Cash and cash equivalents (Note 13)	4.560	-	-	-	4.560
Total	**18.611**	-	-	-	**18.611**

December 31, 2013	Liabilities at fair value through profit or loss	**Hedging derivatives**	Other financial liabilities at amortised cost	Total
Liabilities in balance				
Borrowings (Note 18)	-	-	1.633	1.633
Trade and other payables (Note 17)	-	-	4.624	4.624
Total	**-**	**-**	**6.257**	**6.257**

December 31, 2012	Loans and Receivables	Assets at fair value through profit or loss	**Hedging derivatives**	Available for sale	Total
Assets in balance					
Trade and other receivables (Note 10)	20.780	-	-	-	20.780
Cash and cash equivalents (Note 13)	1.943	-	-	-	1.943
Total	**22.723**	-	-	-	**22.723**

December 31, 2012	Liabilities at fair value through profit or loss	**Hedging derivatives**	Other financial liabilities at amortised cost	Total
Liabilities in balance				
Borrowings (Note 18)	-	-	1.467	1.467
Other financial liabilities (Note 18)			316	316
Trade and other payables (Note 17)	-	-	8.033	8.033
Total	**-**	**-**	**9.816**	**9.816**

8.2 Credit quality of financial assets

The credit quality of unmatured, unimpaired financial assets can be assessed in terms of the credit rating granted to the Group by external agencies or by means of the NPL record.

The credit quality of unmatured, unimpaired financial assets is assessed internally by the Group.

The Group believes that there is no risk of significant impairment to trade receivables and other financial assets, which do not maintain a specific credit rating, based on historical experience and on the review of the different companies carried out by the risks department.

The fair values do not differ significantly from the nominal.

9. Derivative financial instruments

At December 31, 2013 and 2012, the Group has not presented derivatives.

Interest rate swaps

The changes in measurement and the respective settlements of the interest rate derivatives held by the Group until December 2012, the date on which they were cancelled as a result of the amortisation of the syndicated loan hedged by the same (Note 18), gave rise to a negative impact in the attached 2012 consolidated income statement of 774 thousand Euros, posted in "Financial Expenses".

In determining the fair value of interest rate derivatives, the Group used the discounted cash flows based on the implicit flows determined by the euro interest rates curve, in accordance with the market conditions at the measurement date. The Group also used the implicit volatility of the market to determine the fair value of options or IRSs that contain options, employing measurement techniques such as Black & Scholes and variations thereof applied to interest rate underlyings.

The Group carried out interest rate hedging operations, in accordance with its risk management policy. The purpose of these transactions was to mitigate the effect that changes in interest rates could have on the future cash flows of credit facilities and loans referenced to floating interest rates.

During 2012, the benchmark variable interest rate that affected most of the debt was the EURIBOR.

Analysis of sensitivity to interest rate

The changes in the fair value of the interest rate derivatives arranged by the Group depended on the long-term changes in the Euro interest rate curve.

The Parent Group used hedging transactions to manage its exposure to interest rate variations. The purpose of interest rate risk management was to obtain a balance in the debt structure that would enable the minimisation of the cost of debt over several years, together with reduced volatility in the income statement. The contracted derivative instruments were assigned to a determined funding, with the derivative adjusted to the time structure and the amount of financing.

At December 31, 2013 and 2012, the Group has no fixed rate debt.

10. Trade and other receivables

	Thousands of Euros	
	2013	**2012**
Non-current loans and receivables:		
Other financial assets	8.646	149
Total	**8.646**	**149**
Current loans and receivables:		
Other financial assets	816	15.696
Clients and accounts receivable	4.605	5.875
Clients, group companies and investees	5	-
Provisions for impairment	(821)	(1.413)
Other current assets	800	473
Total	**5.405**	**20.631**
	14.051	**20.780**

The carrying values of the loans and receivables are denominated in the following currencies:

	Thousands of Euros	
	2013	**2012**
Euro	13.972	20.672
GBP	79	108
Total	**14.051**	**20.780**

The breakdown of other non-current and current financial assets at December 31, 2013 and 2012 is as follows:

	Thousands of Euros	
	2013	**2012**
Non-current financial assets:		
Deposits and guarantees	95	98
Non-current loan (Note 12)	8.500	-
Receivables from third parties	51	51
Total non-current financial assets	**8.646**	**149**
Current financial assets		
Fixed-term deposits	-	14.515
Bank deposits	816	1.029
Receivables from related parties (Note 18)	-	152
Total current financial assets	**816**	**15.696**
Total financial assets	**9.462**	**15.845**

At December 31, 2013, the non-current loan of 8,500 thousand Euros corresponds to the consideration received for the sale of the subsidiary Natraceutical Industrial, SLU, in July 2013 (see Note 2.2 and Note 12). The loan matures on June 30, 2017, and accrues interest equal to 1-month Euribor plus a margin of 2%.The transaction includes the guarantees customary to such operations, and which would reduce the price of the transaction if the potential contingencies were to materialize. The directors of the parent company do not consider such contingencies as likely to arise at the present time.

The time deposits presented by the Group at December 31, 2012 were deposited in Spanish banks with maturities ranging from January 18, 2013 to December 20, 2013. The December maturities had the option of early termination or exit windows between 1st and 10th of January, April, July and October. These deposits have been cancelled in 2013.

The above-mentioned deposits have accrued a market interest rate during 2013 and 2012.

The fair values of the financial assets do not differ significantly from the par value.

At December 31, 2013, receivables totalling 1,573 thousand Euros (2,757 thousand Euros at December 31, 2012) had matured. The breakdown of due and overdue accounts receivable by periods, net of the provision for loan losses, at December 31, 2013 and 2012, is as follows:

	Thousands of Euros	
	2013	2012
Unmatured	2.216	1.705
Up to 3 months	554	1.157
Between 3 and 6 months	939	1.600
More than 6 months	80	-
Total	3.789	4.462

The movements in the Group's provision for impairment of trade and other receivables is as follows:

	2013	2012
At January 1	1.413	1.843
Provision for impairment of receivables (Note 23)	71	78
Allocation of impairment of receivables (Note 23)	(5)	(508)
Doubtful accounts (Note 23)	(658)	-
At December 31	821	1.413

During 2013, a provision for impairment of accounts receivable amounting to 71 thousand Euros was allocated (2012: 78 thousand Euros).

The recognition and reversal of impairment loss write-downs for accounts receivable are included in "Other operating expenses" in the attached income statements for 2013 and 2012. Amounts charged to the impairment account are normally de-registered when there is no expectation of recovering any more cash, and the account receivable is also cancelled.

The rest of the accounts included in trade and other receivables do not contain assets that have suffered impairment.

11. Inventories

The breakdown of inventories at December 31, 2013 and 2012, net of provisions, is as follows:

	2013	2012
Raw materials and other supplies	350	603
Work in progress	50	-
Finished goods	2.174	2.183
At December 31	**2.574**	**2.786**

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

At December 31, 2013, the Group has binding finished goods sales commitments amounting to 4,500 thousand Euros and binding purchase commitments amounting to 1,900 thousand Euros (4,089 thousand Euros and 2,043 Euros of binding sale and purchase commitments, respectively, at December 31, 2012).

12. Financial assets at fair value through profit or loss

The fair value of all equity securities is based on current bid prices in an active market.

At December 31, the full amount corresponded to the investment in Naturex SA, which was fully-disposed of in 2012, resulting in a net positive impact of 3,318 thousand Euros in the consolidated income statement for 2012, recognised under "Impairment and Gains on Disposal of Financial Instruments".

The changes in this section of the consolidated balance sheet for 2012 and 2011 were as follows:

	Thousands of Euros
	2013
Opening balance	**82.781**
Registrations (change in fair value)	-
Transfers of interest in associated companies	-
De-registrations (sale of shares)	(82.781)
Closing Balance	**-**
Less: Non-current part	-
Current part	-

13. Cash and cash equivalents

	Thousands of Euros	
	2013	2012
Cash and banks	4.560	1.943
Cash and cash equivalents	**4.560**	**1.943**

There are no circumstances in which the balances of cash and cash equivalents held by the Group may not be available for use by the same.

14. Non-current assets held for sale and discontinued operations

In 2010, the Group proceeded to classify the assets of Natraceutical Industrial, SLU, subject to the agreement signed with Naturex, SA, as "Assets Held for Sale", which were registered at market value in accordance with the price set in the agreement, as at year-end the requirements of IFRS 5 for such classification were met.

These assets include mainly land and buildings and other financial assets.

In 2011, Natraceutical, SA, obtained the corresponding authorisations from the financers of the syndicated loan to carry out the operation.

In July 2013, the Group entered a contract with Naturex for the sale of the subsidiary Natraceutical Industrial, SLU, the last asset related to the Functional Ingredients Division, merged with Naturex in 2009. The transaction amounted to 8,500 million Euros, which has given rise to a long-term loan for the same amount, maturing on June 30, 2017 (see Note 2.2). The loan will accrue interest equal to 1-month Euribor plus a margin of 2%.The transaction includes the guarantees customary to such operations, and which would reduce the price of the transaction if the potential contingencies were to materialize. The directors of the parent company do not consider such contingencies as likely to arise at the present time.

There are no liabilities that must be classified as held for sale at December 31, 2013 as a consequence of the mentioned disposal of Natraceutical Industrial, SLU. AT December 31, 2012, there were no liabilities that had to be classified in this category, given the conditions of the agreement signed.

15. Share capital and share premium

At December 31, 2013 and 2012, the Parent's share capital is represented by 328,713,946 fully-subscribed and paid ordinary shares of 0.10 Euro par value each.

During 2002, this Parent's shares were traded on the Stock Exchange Linking Service within the New Market Section on the Madrid, Valencia, Barcelona and Bilbao Stock Exchanges.

At December 31 2013, Natra, S.A. is the only company with an ownership interest of over 10%, having maintained ownership of 46.86% of the Parent's shares (46.86% at December 31 2012).

At December 31, 2013, the companies holding an interest in the parent's equity equal to or greater than 3% are:

Shareholder's name or company name	% Ownership interest
NATRA, S.A.	46,86%
FÉLIX REVUELTA FERNÁNDEZ	7,688%
CARAFAL INVESTMENT, S.L.	3,736%
KUTXABANK, S.A.	3,04%
HISPANICA DE CALDERERIA, S.A.L.	3,026%

At December 31, 2012, the shareholders with an interest of more than 3% were:

Shareholder's name or company name	% Ownership interest
NATRA, S.A.	46,86%
FÉLIX REVUELTA FERNÁDEZ	7,669%
INVERSIONES IBERSUIZAS HOLDING, S.A.	5,000%
KUTXABANK, S.A.	4,588%
CARAFAL INVESTMENT, S.L.	3,736%
HISPANICA DE CALDERERIA, S.A.L.	3,026%

During 2013, dividends amounting to 12,000 thousand Euros were distributed (there were no dividends in 2012). The distribution of dividends was approved by the General Shareholders Meeting held on May 30, 2013.

Share premium

The Consolidated Companies Law expressly permits the use of the share premium balance to increase capital and does not establish any specific restrictions as to the availability of this balance. At December 31, 2013 and 2012, the amount corresponding to the share premium is 103,494 thousand Euros.

Distribution of the Parent Company's profit

The proposed distribution of the individual profit for 2013, prepared by the Directors of the parent company, pending approval by the General Shareholders Meeting for 2013 and supposing a profit of 3,649 thousand Euros, involves transferring the profits of 365 thousand Euros to "Legal Reserve" and to 3,284 thousand Euros to "Remnant". The proposed distribution of the individual profit for 2012 involved transferring the profits of 36,618 thousand Euros to "Legal Reserve", for the amount of 3,662 thousand Euros, and 32,956 thousand Euros to "Remnant".

Limitations on the distribution of dividends

Up until December 2012, the Company could not pay dividends until the requirements of the syndicated loan agreement described in Note 18 a) were met:

Additionally, the Company could not adopt interim dividend distribution agreements.

Dividends received from investees that are not guarantors of the syndicated loan must be dedicated to the cancellation of the loan.

At December 31, 2012, the limitations to the distribution of dividends were been removed as a result of the amortisation of all syndicated financing in December 2012 (see Note 18). Consequently, the General Sharehol-ders Meeting held on May 30, 2013, approved the distribution of a dividend of 0.037 Euros per share, totalling 12,000 thousand Euros.

16. Retained earnings and other reserves

(a) Retained earnings

At January 1, 2012	(48.568)
Profit for the year	(6)
Other movements	(1.038)
At December 31, 2012	**(49.612)**
At January 1, 2013	(49.612)
Profit for the year	953
Acquisition of treasury shares	(12)
Dividend distribution	(12.000)
Other movements	(77)
At December 31, 2013	**(60.748)**

In 2012, "Other movements" corresponded to the impact of the exclusion from the scope of consolidation of Natraceutical Canada, Inc., due to the liquidation of the same.

Treasury shares

At year-end 2013, the Company held 4,385,542 treasury shares (4,305,677 shares at December 31, 2012) acquired at an average price of 1.12 Euros per share (average price of 1.14 Euros per share at December 31, 2012), approximately. The par value of the treasury shares represents 1.33% of the share capital at December 31, 2013 (1.31% of the share capital at December 31, 2012).

The Parent acquired the treasury shares by virtue of the resolution of the General Shareholders Meeting of June 29, 2005, which is renewed annually and which authorises the Board of Directors to purchase treasury shares at pre-established minimum and maximum prices.

The changes in this section in the balance sheet for 2013 and 2012 are as follows:

	2013		2012	
	Cost (Thousands of Euros)	**No. of shares**	**Cost (Thousands of Euros)**	**No. of shares**
Balance at beginning of year	4.890	4.305.677	4.890	4.305.677
Additions	12	79.865	-	-
Balance at end of year	**4.902**	**4.385.542**	**4.890**	**4.305.677**

(b) Other reserves

At January 1, 2012	(1.207)
Cash flow hedges, net of tax	368
Translation differences	839
At December 31, 2012	**-**
At January 1, 2013	-
At December 31, 2013	**-**

17. Trade and other payables

	Thousands of Euros	
	2013	2012
Trade and other payables:		
- Trade and other payables	3.796	6.534
- Suppliers, Group and associated companies	5	10
Total Trade and Other Payables	**3.801**	**6.544**
Other current liabilities:		
- Remunerations payable	744	1.339
- Unearned income	79	150
Total Other Current Liabilities	**823**	**1.489**
Total current creditors and payables	**4.624**	**8.033**

The fair value of the amount of trade and other payables resembles its nominal value, as the impact of discounting is not significant.

The carrying amount of the Group's debt is denominated in the following currencies:

	Thousands of Euros	
	2013	2012
Euro	4.593	7.923
GBP	31	84
CEP	-	15
USD	-	11
Total	**4.624**	**8.033**

17.1 Supplier payment term

The breakdown of trade payments made during the year by the Group's Spanish companies and payable at closure in relation with the legal deadlines established by Law 15/2010, is as follows:

Outstanding and effected payments on the balance sheet date	2013	
	Thousands of Euros	%
Payments for the year within the legal maximum	5.271	92%
Rest	458	8%
Total payments for the year	**5.729**	**100%**
Average term of late payments (Days)	20 days	
Balance of outstanding payments at closure which exceed the maximum legal limit	287	

Outstanding and effected payments on the balance sheet date	2012	
	Thousands of Euros	%
Payments for the year within the legal maximum	3.511	88%
Rest	479	12%
Total payments for the year	**3.990**	**100%**
Average term of late payments (Days)	**20 days**	
Balance of outstanding payments at closure which exceed the maximum legal limit	**1.291**	

The balance of outstanding payments at year-end 2013 which accumulate a delay exceeding 60 days is 287 thousand Euros At December 31, 2012, the accumulated amount of past due payments which had exceeded a 75-day payment term was 1,291 thousand Euros.

18. Financing debt

	2013	2012
Non-current		
Other financial liabilities	-	257
	-	**257**
Current		
Other bank borrowings	1.633	1.437
Unmatured accrued interests	-	30
Other financial liabilities	-	59
	1.633	**1.526**

The carrying amounts of the borrowings are similar to their fair values. The par value of current borrowings is similar to their fair value, as the impact of applying the discounting is not significant. The Group's borrowings are denominated in Euros.

(a) Bank borrowings

In December 2012, the Group fully repaid its syndicated financing through cash generated from the sale of its interest in Naturex, SA. (See Note 14). As a result, debt reflected in the attached 2013 and 2012 balance sheets corresponds solely to a recourse factoring to finance the Nutritional Supplements Division's operating activities. This factoring accrues interest at 3-month Euribor plus 0.6%, corresponding to an average interest rate of 1.6% in 2013 and 2.06% in 2012. There is no limit.

The Group's borrowings are denominated in Euros.

(b) Other financial liabilities

At December 31, 2013, the Group has not presented other financial liabilities.

The breakdown of the balance of these sections in the attached consolidated balance sheets for at December 31, 2012 is as follows:

	2012
Non-current:	
Other debts	257
	257
Current:	
Other debts	59
	59

The maturities of the "Other Financial Liabilities" at December 31, 2012 were as follows:

Maturity	Thousands of Euros
	2012
2012	-
2013	59
2014	59
2015	59
2016	59
2017 and subsequent years	80
Total	**316**

Up until December 2012, the Group registered a loan granted by Natra, SA, for the amount of 6,927 thousand Euros, classified as non-current liabilities with Group companies, The non-current debts with Group companies, with maturity on September 30, 2013, which was fully repaid in December 2012. The loan's average interest rate was 6.61% during 2012.

At December 31, 2012, the section "Other non-current financial liabilities" included guarantees of 57 thousand Euros and an interest-free loan from PROFIT (Technological Research Promotion Programme) of 200 thousand Euros, with maturities from 2012 to 2018. The loan was measured at its par value, which did not differ significantly from its measurement at amortised cost for the 2012 consolidated financial statements.

The debts with Group companies at 31 December, 2011, corresponded to a bank account held by the Group with Natra, SA and amounting to 1,007 thousand Euros The corresponding credit balance was fully cancelled in 2012, and converted into a liability amounting to 151 thousand Euros (Note 10). The current account's 's average interest rate was 6.61% during 2012.

In 2012, "Other current liabilities" included guarantees amounting to 19 thousand Euros and the part of the PROFIT loan with maturity in 2013, amounting to 40 thousand Euros.

19. Deferred tax

The analysis of deferred tax assets and liabilities recognised in the balance is as follows:

	2013	2012
Deferred tax assets:		
Non-deductible expenses	873	889
Tax credit for losses and deductions	1.162	1.880
Other	-	430
	2.035	**3.199**
Deferred tax liabilities:		
Remeasurement of assets	-	-
Tax credit for losses and deductions	-	1
	-	**1**
Deferred tax assets and liabilities (net)	**2.035**	**3.198**

The movements during the year in assets and deferred tax liabilities are as follows:

	2013	2012
At January 1	**3.198**	**2.206**
Transfers (Note 26)	-	(31)
Charged to income statement (Note 26)	(1.130)	1.149
Tax charged/credited related to items of other comprehensive income (Note 26)	-	(126)
Tax charged/credited directly to retained earnings	(33)	-
At December 31	**2.035**	**3.198**

The movement charged to the income statement mainly corresponds to the de-recognition of tax credits which Natraceutical, SA, and Forte Pharma Iberica, SLU, capitalised in previous years, considering that they would not be applicable in the short-term, in accordance with the forecast taxable profits computed for the coming years.

The amount of 33 thousand Euros reflected under the section “Components of other comprehensive income” has been generated by the de-recognition of deferred assets due to temporary differences that should have been reversed in previous years and which, therefore, have been charged/credited to reserves.

“Charged to income statement” for 2012 mainly includes the reversal of deferred tax liabilities amounting to 529 thousand Euros, generated by the change in the measurement of financial assets at fair value through profit or loss recorded in 2011 (see Note 14). Furthermore, this section contains the deferred assets arising in 2012 in the Group’s Spanish companies due to the limitation of net finance costs (Royal Decree-Law 12/2012), amounting to 589 thousand Euros

The movement of charged deferred tax, related to items of other comprehensive income, arises from the changes in the value of financial derivatives.

Additionally, at year-end 2013 and 2012, the Group has assets and liabilities recorded in the balance in the following amounts:

	2013		2012	
	Maturity	**Income**	**Maturity**	**Income**
Assets for deductible temporary differences				
Loan impairment		750		750
Tax remeasurement of shareholdings		-		2.283
Portfolio impairment		459		2.527
Deductions 2005	2020	1.190	2020	1.190
Deductions 2006	2021	2.863	2021	1.747
Deductions 2007	2022	10	-	-
Deductions 2008	2023	7	2023	7
Tax bases 2007	2025	2.377	2025	2.175
Tax bases 2008	2026	868	2026	868
Tax bases 2009	2027	6.392	2027	6.392
Tax bases 2010	2028	1.800	2028	1.800
Tax bases 2011	2029	5.303	2029	5.303
Tax bases 2012	2030	1.614	2030	1.614
Tax bases 2013	2031	3.831	-	-
Total unrecorded deferred tax assets		**27.464**		**24.373**
Liabilities for deductible temporary differences				
Tax depreciation of Goodwill		66		66
Total unrecorded deferred tax liabilities		**66**		**66**

Tax incentives used during the year or pending deduction

The current legislation regarding corporate income tax provides various tax incentives to encourage research and development, environmental, professional training and export activities.

For the purposes of Spanish law, the deductions to encourage the activities in question, pending application in coming years by the tax Group, are as follows:

PROFESSIONAL TRAINING

Year of Generation	Amount	Year of Maturity
2006	1	2021
2007	-	2022
2008	1	2023
TOTAL	2	

EXPORT COMPANY

Year of Generation	Amount	Year of Maturity
2005	1.190	2020
2006	1.626	2021
2007	9	2022
2008	6	2023
TOTAL	2.831	

In previous years, the Spanish companies have generated the following deduction through reinvestment:

Year of Generation Deduction	Deduction Amount	Income qualifying for deduction	Year of Maturity
2006	1.236	6.178	2021
TOTAL	1.236	6.178	

The Group's Spanish Companies credited deductions for the reinvestment of extraordinary income derived from the transfer of company property, plant and equipment, pursuant to Article 42 of Royal Decree Law 4/ 2004, by virtue of which approval was granted to the Consolidated Corporate Tax Act (TRLIS). The total profit affected by the mentioned deduction amounts to 6,178 thousand Euros, with the proceeds obtained from the transfers of property, plant and equipment in 2004-2007 reinvested in securities representing the capital of other companies, as well as in intangible assets and property, plant and equipment. The accumulated unused reinvestment tax credit amounted to 1,236 thousand Euros.

In 2013, the Group did not recognise tax credits derived from the tax Group's tax bases. At December 31 2013, the Group has not yet offset tax losses incurred in accordance with the following breakdown:

Year of Generation	Amount	Year of Maturity
2007	9.627	2025
2008	5.065	2026
2009	21.307	2027
2010	6.002	2028
2011	17.677	2029
2012	5.379	2030
2013	12.770	2031
TOTAL	77.827	

The reconciliation between the accounting profit and the tax base of the consolidation scope's Corporate Tax is as follows:

	Thousands of Euros			
	Profit and Loss Accounts		Income and expense recognized directly in equity	
	Increases	Decreases	Increases	Decreases
Profit before tax	-	2.093	-	-
Consolidation adjustments	2.689	-	-	-
Permanent differences	1	-	-	-
Temporary differences:			-	-
- Originating during the year	90	-	-	-
- Originating in previous years	950	(18.593)	-	-
Tax base (taxable income)	-	(12.770)	-	-

The section Accumulated Losses mainly reflects an adjustment of 9,757 thousand Euros arising from the inclusion into the accounting profit of the tax profit from the sale of the company Natraceutical Industrial, SLU, as well as the reversal of an adjustment for the tax remeasurement of the land transferred by Natraceutical, SA, to Natraceutical Industrial, SLU, in 2006 and amounting to 7,609 thousand Euros

In accordance with current legislation, a year's tax losses can be offset for tax purposes with the profits from the tax periods ending in the 18 immediately successive years. Nevertheless, the final amount to offset in relation to these tax losses, as with the unused tax credits, may be modified as a result of the verification of the years in which they occurred.

In relation to the posting of the tax credits which the Group has maintains as capitalised activated and the measurement of their recovery within the established time limits, the Directors of the Parent Company have considered the forecast for the generation of positive results as sufficient, based on the established business plans and other income from non-operating activities in future periods.

20. Provisions for other liabilities and charges

The movements in current and non-current provisions for 2013 and 2012 are as follows:

Non-current provisions

2013	Post-employment remunerations	Compensation	Total
At January 1, 2013	**253**	**-**	**253**
Charged / (credited) to the income statement:			
- Additional provisions (Note 22)	36	150	186
- Provisions used	-	(120)	(120)
Transfers	-	654	654
At December 31, 2013	**289**	**684**	**973**

2012	Post-employment remunerations	Compensation	Total
At January 1, 2012	**169**	**-**	**169**
Charged / (credited) to the income statement:			
- Additional provisions	84	-	84
At December 31, 2012	**253**	**-**	**253**

Current provisions

2012	Advertising material provision	Provision for other risks	Total
At January 1, 2012	**283**	**302**	**585**
Charged / (credited) to the income statement:			
- Additional provisions	-	-	-
- Reversed unallocated amounts	(283)	(302)	(585)
At December 31, 2012	**-**	**-**	**-**

There has been no movement in current provisions in 2013.

The transfer in 2013 of non-current provisions corresponds to the employee compensations registered in 2012 in the section remuneration payable. Since the majority were allocated in previous years and payment has not been effected, the Group decided to reclassify them as non-current.

The analysis of the total of these provisions is as follows:

	2013	2012
Non-current	973	253
Current	-	-
	973	**253**

Contingent liabilities

The Directors of the Company consider that there are no material contingent liabilities at December 31, 2013 and 2012.

21. Revenue and other operating income

	2013	2012
Sales	31.370	29.926
Total revenue	**31.370**	**29.926**
Other income	122	164
Total other operating income	**122**	**164**

22. Personnel costs

	Thousands of Euros	
	2013	**2012**
Wages and salaries	5.600	5.775
Social security	1.822	2.078
Compensation (Note 20)	150	355
Other social security charges	45	11
Total Staff Costs	**7.617**	**8.219**

The average number of employees throughout the year of the companies included by full consolidation in the consolidation, by category, is as follows:

	2013	2012
Senior Management	1	1
Executive Staff	2	2
Administrative Staff	24	24
Manufacturing	10	11
Sales staff	58	65
Laboratory	5	6
	100	**109**

The gender distribution of the staff of the fully-consolidated companies included in the consolidation at year-end is as follows:

	2013			2012		
	Men	Women	Total	Men	Women	Total
Senior Management	1	-	1	1	-	1
Executive Staff	1	1	2	1	1	2
Administrative Staff	5	18	23	6	17	23
Manufacturing	6	4	10	5	5	10
Sales staff	23	34	57	21	41	62
Laboratory	-	5	5	1	5	6
	36	**62**	**98**	**35**	**69**	**104**

At December 31, 2013 and 2012, the Group has no disabled employees.

23. Breakdown of expenses

The breakdown by category of the operating expenses in the attached consolidated income statements for 2013 and 2012 is as follows:

	Thousands of Euros	
	2013	2012
Changes in inventories of finished goods and work in progress	**(56)**	**(107)**
Procurements	**8.198**	**8.062**
Advertising and publicity	6.576	5.996
Professional services	2.918	3.267
Leases	988	1.166
Other expenses	742	704
Transportation	1.064	1.062
Banking services	179	350
Insurance premiums	153	277
Utilities	181	149
Taxes	192	150
Research and development (See Note 7)	100	67
Repairs and maintenance	5	28
Trade provisions	66	-
Allocation of trade provisions	(658)	(156)
Doubtful accounts	658	-
Total other operating expenses	**7.617**	**8.219**
Depreciation of property, plant and equipment (see Note 6)	128	150
Amortisation of intangible assets (see Note 7)	431	578
Total depreciation and amortisation	**559**	**728**
Goodwill impairment (see Note 7)	-	-
Gains on disposal of property, plant and equipment (see Note 6)	(4)	-
Total impairment and loss on disposal of property, plant and equipment	**(4)**	**-**

24. Financial income and expenses

	Thousands of Euros	
	2013	2012
Financial income		
Marketable securities and other financial instruments:		
Third parties	252	160
Total	252	160
Financial expenses:		
Debts to Group companies and associates	-	(528)
For debts with third parties	(104)	(3.505)
Total	(104)	(4.033)
Change in fair value of financial instruments:		
Hedging derivatives	-	(774)
Total	-	(774)
Total finance costs	(104)	(4.807)
Exchange differences	(20)	166
Impairment and loss on disposal of financial instruments	(49)	3.353
Financial income	79	(1.128)

The breakdown of the impairment and loss on disposal of financial instruments is as follows:

	Euros	
	2013	2012
Gains on disposals and other and Change in fair value of financial assets at fair value through profit or loss		
Disposal of shares in Group companies, associates and other related parties	(49)	3.353
	(49)	3.353

The income from the disposal of shares in Group companies, associates and other related parties in 2012 corresponded to the profit obtained in the liquidation of the subsidiary Natraceutical Canada, Inc., amounting to 35 thousand Euros (see Note 2.2) and the profit on the sale of the Group's participation in Naturex SA, amounting to 3,318 thousand Euros (see Note 12).

25. Foreign currency transactions

The amounts corresponding to foreign currency transactions are as follows:

	Thousands of Euros	
	2013	2012
Sales	595	456
Services received	(436)	(481)
Services provided	-	5
Financial income	-	6
	159	**(14)**

The foreign currency transactions carried out in 2013 were effected in Canadian dollars and pounds sterling.

The foreign currency transactions carried out in 2013 were effected in Canadian dollars, U.S. dollars, Swiss francs and pounds sterling.

26. Income tax

For the purposes of the payment of corporate income tax, Natraceutical, SA is taxed as the parent company in the consolidated tax group number 0013/08, together with Forte Pharma Ibérica, SLU.

	2013	2012
Current tax:		
Current tax on year's profits	(10)	(124)
Total current tax	**(10)**	**(124)**
Deferred tax:		
Reversal of tax credits	(1.328)	-
Other deferred tax	198	1.118
Total deferred tax	**(1.130)**	**1.118**
Income tax	**(1.140)**	**994**

The income tax (charged)/credited directly to equity is as follows:

	Thousands of Euros	
	2013	2012
Deferred tax		
Opening balance	**-**	**157**
- Derivatives	-	(157)
Total deferred tax expense charged to Other Comprehensive Income	**-**	**-**

The reconciliation between the income tax expense on profit arising from the application of the current tax rate and the expense recorded for the tax is as follows:

	Thousands of Euros	
	2013	2012
Profit (loss) before tax	**2.093**	**(1.000)**
Tax calculated at domestic tax rates applicable to profits in the respective countries	**(10)**	**(587)**
Offsetting of tax losses from previous years	-	463
Deferred tax assets and liabilities	198	1.118
Reversal of tax credits	(1.328)	-
Tax income (expense)	**(1.140)**	**994**
Income from continuing operations	**953**	**(6)**

The various consolidated foreign subsidiaries calculate income tax expense and charges for the various applicable taxes in accordance with their respective legislation and the tax rates prevailing in each country.

As a result of this calculation, the Group has generated a current tax of 10 thousand Euros arising from the liquidation of the taxes corresponding to the company Forte Pharma Benelux. This amount could not be compensated due to the mentioned company's lack of the tax losses from previous years.

The deferred tax assets and liabilities recorded in 2013 relate to deferred tax from the limitation of the Spanish companies' finance costs..

The reversal of tax credits was effected in the Spanish companies Natraceutical S.A. and Forte Pharma Iberica S.L., due to the consideration, in accordance with income estimated for the coming years, that the credits could not be applied in the coming years.

The consolidated companies have the last four years open for inspection for all applicable taxes (five years for corporate tax) The Directors do not expect any material additional liabilities to arise for the Group as a result of a possible inspection of the open years.

The breakdown of Government receivables at December 31, 2013 and 2012, is as follows:

	Thousands of Euros	
	2013	2012
VAT credit	805	941
Tax deductions and prepayments credits	40	88
Corporate income tax credit	-	29
Social Security agencies, receivables	-	5
Total Government receivables	**845**	**1.063**

The breakdown of Government payables at December 31, 2013 and 2012, is as follows:

	Thousands of Euros	
	2013	2012
VAT payable	224	152
Personal income tax payable	75	315
Social Security agencies, payable	620	769
Other Government payables	**919**	**1.236**

27. Earnings per share

The reconciliation at December 31, 2013 and 2012 of the weighted average number of ordinary shares, using the calculation of earnings per share, is as follows:

	Thousands of shares	
	2013	2012
Shares issued at year-end (Note 15)	328.714	328.714
Treasury shares at year-end (Note 16)	4.386	4.306
Average number of treasury shares	4.365	4.306
Average number of shares outstanding	324.349	324.408

(a) Basic

Basic earnings per share are calculated by dividing the profit attributable to holders of the Company's equity instruments between the weighted average number of outstanding ordinary shares during the year, excluding treasury shares acquired by the Company (Note 16).

	Thousands of Euros	
	2013	2012
Net profit (thousands of Euros)	953	(6)
Average number of shares outstanding	324.349	324.408
Basic earnings per share (thousands of Euros)	0,003	(0,000)

(b) Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of outstanding ordinary shares to reflect the conversion of all dilutive potential ordinary shares.

At December 31 2013 and 2012, the diluted earnings per share matched the basic earnings per share.

In 2013 a dividend of 12,000 thousand Euros was distributed. In 2012 there was no distribution of dividends (Note 15).

28. Commitments

(a) Property, plant and equipment purchase commitments

At December 31, 2013 and 2012, the Group has no firm commitments to purchase property, plant and equipment.

(b) Operating lease commitments

The Group leases several offices, warehouses and vehicles, mainly under non-cancellable operating leases.

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

	Thousands of Euros	
	2013	2012
Less than 1 year	216	285
Between 1 and 5 years	196	167
More than 5 years	-	-
Total	412	452

29. Transactions with related parties

In addition to the Natra Group companies, the "key personnel" pertaining to the Company's Management (members of its Board of Directors and members of senior management, along with their close relatives), and the entities over which the key management personnel are able to exercise significant influence or control, are considered "related parties".

The conditions of transactions with related parties are equivalent to those applicable to transactions effected in market conditions and the corresponding contributions in kind have been charged. This note does not include a breakdown of the transactions between the Company and its subsidiaries, as they have been eliminated on consolidation.

The final parent of the Group is Natra, SA.

The breakdown of the transactions with related parties during 2013 and 2012 is as follows:

(a) Sale of goods or services

	2013	2012
Sale of goods:		
- Other related companies (Naturex Spain, SL)	-	511
Total sales of goods	-	511
Service provision:		
- Final Parent	5	1
- Other related parties (Naturex SA)	-	(6)
- Other related companies (Naturex Spain, SL)	-	140
Total service provision	5	135
Total	5	646

(b) Purchase of goods and services

	2013	2012
Service acquisition:		
- Final Parent	175	422
- Directors	-	6
Total service acquisition	**175**	**428**
Total	**175**	**428**

(c) Finance costs

	2013	2012
- Final Parent	-	528
- Significant shareholder (Kutxabank, SA)	-	161
- Other related parties (Banco CAM SA)	-	395
Total	**-**	**1.084**

(d) Financial income

	2013	2012
- Other related parties (Biopolis)	-	1
Total	**-**	**1**

Other related-party transactions carried out by the Group during 2013 and 2012 and which do not affect the income statement are detailed below. Distinction has been made between significant shareholders, members of the Board of Directors and members of Company's senior management and other related parties. The conditions of transactions with related parties are equivalent to those of transactions effected in market conditions and the contributions in kind have been charged.

(e) Financing repayment

	2013	2012
- Final Parent	-	10.185
- Significant shareholder (Kutxabank, SA)	-	3.220
- Other related parties (Banco CAM SA)	-	10.271
Total	**-**	**23.676**

(f) Collection of dividends

	2013	2012
Collection of dividends:		
- Other related parties (Naturex SA)	-	137
Total	**-**	**137**

The breakdown of the balances with related parties at year-end 2013 and 2012 is as follows:

	Thousands of Euros	
	2013	2012
Related-party receivables:		
- Final Parent (Note 10)	5	152
Total	5	152
Related-party payables:		
- Immediate Parent (Note 17)	(5)	(88)
- Directors (BMS Promoción y Desarrollo, S.L.)	-	(6)
Total	(5)	(94)

The accounts receivable from related parties arise from sales transactions and service provisions and which have maturities of 30 days as of the date of sale. Accounts receivable are unsecured. The current receivables do not bear any interest, while non-current receivables accrue market interest.

The accounts payable to related parties arise from purchase transactions and have maturities at 30 days as of the date of purchase. The current payables do not bear any interest, while non-current payables accrue market interest.

30. Events after the balance sheet date

In January 2014, the directors of Natraceutical, SA, Teresa Lozano Jiménez was named on the proposal of the shareholder Kutxabank, SA, and Ibersuizas Alfa, SLU have announced their resignation by means of letters addressed to the Chair of the Board of Directors.

The resignation of Ibersuizas Alfa follows the reduction of the company's shareholding in Natraceutical, SA's share capital.

The resignation of Kutxabank responds to the company's decision to consider its shareholding in Natraceutical as long-term non-strategic asset and its plan to effect an orderly divestiture of the same.

Following the two resignations the Board of Directors is composed of 6 members: 5 men and 1 woman.

31. Accounts auditors fees

The fees for audit services to the Group companies are as follows:

	2013	2012
Auditor's Signature	Audit Accounts	Audit Accounts
PricewaterhouseCoopers Auditores, S.L	44	60
Total	44	60

Similarly, other offices pertaining to the PricewaterhouseCoopers network have invoiced an amount of 44 thousand Euros in 2013, 46 thousand in 2012, for audit services.

The fees for other non-audit services during 2012 amounted to 8 thousand Euros. In 2013, the Group has not received services other than those of the auditors.

32. Remuneration to members of the Board of Directors and senior management

During 2013, the amount accrued by the members of the Board of Directors amounted to 313 thousand Euros (2012: 412 thousand Euros) and consists of the following items and amounts:

	Thousands of Euros	
	2013	**2012**
Salaries	267	286
Per diems	46	126
Total	**313**	**412**

At December 31, 3013 and 2012, there are no advances, pension obligations, life insurance policies or any other obligations relating to current or former Board members.

At December 31, 2013, the parent's Board of Directors is composed of 6 men and 2 women (6 men and 1 woman at December 31, 2012).

Article 229 of the Companies Act, approved by Legislative Royal Decree 1/2010 of July 2, imposes on Directors the duty report to the Board of Directors or, in its absence, to the other Directors, or, in the case of a sole director, to the General Meeting, any direct or indirect conflicts that may be in the interest of society. The director in question must refrain from intervening in agreements or decisions relating to the transaction to which the conflict relates.

Similarly, the Directors must communicate any direct or indirect interests that they and/or persons associated with them have in the capital of other companies dedicated to the same as or similar or complementary activity to that constituting the Group's corporate purpose, as well as the positions held or the functions carried out in the same, and any activities which are the same as or similar or complementary to that constituting the Group's corporate purpose which they carry out under contract or individually.

In this regard, mention may be made of the following information provided to the Company by the Directors:

Director/related person	Company with the same, similar or complementary activity	Position in the Company	Ownership interest Number of shares/ or percentage
Galo Álvarez Goicoechea	Natra, S.A.	Individual representing the Director Barten, S.A.	5,32%
Jose Luis Navarro Fabra	Natra, S.A.	Individual representing the Director BMS Promoción y Desarrollo, S.L.	0,183%
BMS Promoción y Desarrollo, S.L.	Natra, S.A.	Director	5,443%
Félix Revuelta Fernández	Kiluva, S.A.	Chairman and CEO	77,03%
	Housediet, S.L.U.	Joint Administrator	77,03%
	Kiluva Diet, S.L.U	Sole Director	77,03%
	Kiluva Portuguesa Nutriçao e Dietetica, Lda	Management	77,03%
	Naturhouse SP Zoo	Director	77,03%
	Naturhouse SARL	Chair	77,03%
	Naturhouse SRL	Chair	77,03%
	Naturhouse Gmbh	Director	73,95%
	Housediet Llc	Chair	66,74%
	Zamodiet, S.A.	Director	35,89%
	Zamodiet de Mexico, S.A.	Chair	55,89%
	Zamoglas, S.A.	Without position	18,15%
	Gartabo, S.A.	Director	17,59%
	Laboratorios Abad	Joint Administrator	77,03%
	Girofibra	Without position	37,74%
	Nutraceutical Corp.	Without position	0,06%
	Ichem, SP Zoo	Director	27,59%
	HO, SARL	Chair	77,03%
	NH Franchising Co, Ltd	Chair	77,03%
	NH SPRL (Belg)	Chair	77,03%
	Sniace, S.A.	Director	-
François Gaydier	Forte Pharma Ibérica, S.L.U.	Individual representing the sole director Natraceutical, S.A.	-
	Laboratoires Forte Pharma, S.A.M.	Individual representing the Director Natraceutical, S.A.	-
	Forte Services, S.A.M.	Director	
	Forte Services, S.A.M.	Individual representing the Director Natraceutical, S.A.	-
Juan Ignacio Egaña Azurmendi	Natra, S.A.	Chair	1,475%
	Cocoatech	Representative of the Director Natra SA	
	Natra Cacao, S.L.	Director	

In 2013 and 2013, the Company had no staff members considered Senior Management. The Senior Management functions are performed directly by members of the Board of Directors.

CONSOLIDATED DIRECTORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2013

The Situation of the Group

- The Natraceutical Group closed the year with a turnover of 31.37 M€, an increase of 4.8% over the previous year.
- The recovery in sales, combined with the strong operating leverage of Forté Pharma, favoured a 198.8% increase in Natraceutical's EBITDA to 2.75 M€, compared to 0.86 M€ 2012.
- The cancellation of the entire syndicated loan in December 2012 enabled the company to reduce net financial income and expenses of 4.65 M€ negative in 2012 to 01.5 M€ positive at year-end 2013, and to close the year with a pre-tax profit of 2.09 M€, compared with losses of 1.00 M€ at the close of 2012.

Business performance

As a result of the total divestment of stake in Naturex in December 2012, throughout 2013 Natraceutical Group's income statement exclusively reflected the activity of Forté Pharma, a leader in the European nutritional supplement for sale in pharmacies and drugstores market.

Following the pronounced contraction of the nutritional supplements for weight control market in France (Forté Pharma's main market segment) between 2009 and 2012, the industry's subsequent recovery as of the last quarter of 2012 had a positive repercussion on the performance of the Natraceutical Group, which closed 2013 with a turnover of 31.37 M€, representing an increase of 4.8% compared to 2012.

Mention may be made of the fact that the company is implementing a plan for the development of health and beauty ranges in Forté Pharma in order to balance its strong positioning in the weight control segment. Therefore, the first and third quarters of the year reflect the seasonality of weight control and health sales campaigns, respectively, while the second and fourth quarters concentrate the main advertising spending to support sales through the pharmacy channel to the final consumer. Specifically, the fourth quarter is typically used for adjustments relative to Forté Pharma and to the pharmaceutical distribution channel in terms of purchasing and advertising investment, in accordance with the sector's performance during the previous quarters.

The recovery of revenues, along with the optimization of the marketing strategy and the sales network in the last two years, currently affords Natraceutical a highly-leverageable operating structure, evident in the improved profitability in 2013, with an EBITDA of 2.57 M€, compared to 0.86 M€ at year-end 2012, representing a cumulative growth during the year of 198.8%.

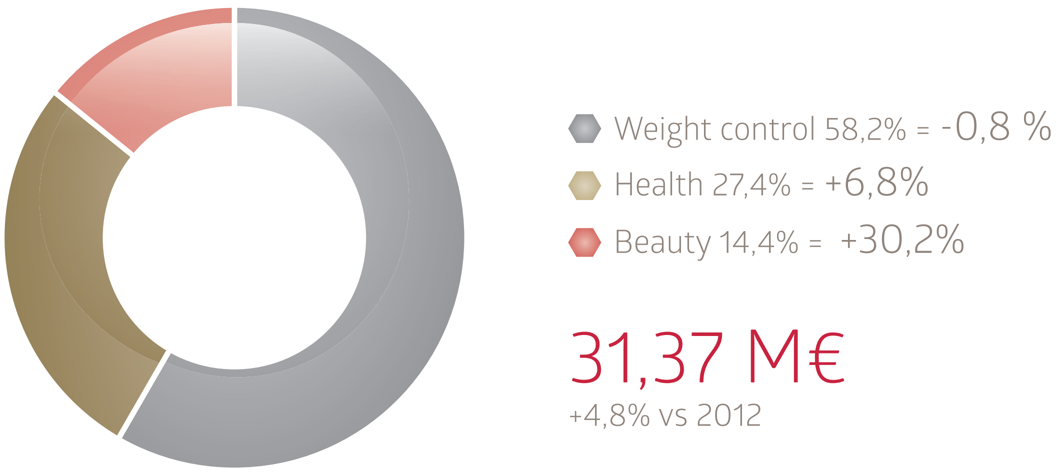
Evolution of Natraceutical operating profit 2012-2013

in million EUR	2012					2013					
	Q1	Q2	Q3	Q4	2012	Q1	Q2	Q3	Q4	2013	Perf.
Turnover	9,47	7,39	6,73	6,34	**29,93**	10,74	7,42	7,14	6,07	**31,37**	**4,8%**
EBITDA	1,82	-0,74	0,70	-0,92	**0,86**	2,94	-0,43	0,85	-0,79	**2,57**	**198,8%**
Operating profit	1,62	-0,90	0,57	-1,16	**0,13**	2,81	-0,54	0,73	-0,99	**2,01**	**1446,2%**

By product range

Throughout 2013, Natraceutical further advanced its strategy to diversify its product offering by placing special emphasis on the health and beauty range, while maintaining its leadership in the weight control range in France, its main market.

Segmentation and evolution of sales by product range, 2013



The moderate decline in turnover in the weight control range was due to bad weather in France and Belgium in the second quarter, which slowed sales in this category and caused a certain accumulation of stock in the channel, the effects of extended throughout the year.

To the contrary, the health and beauty ranges performed well and continued to gain volume in terms of the company's overall sales, supported by a host of excellent new launches.

At year-end 2013, Forté Pharma's product portfolio was composed of 45 references, 15 in the weight control range, 26 in the health range and 5 in the beauty range. In line with the strategy to strengthen the health and beauty ranges, in 2013 the company introduced ten new products in its range of health and one in its line of beauty products. In the health range, special mention may be made of Vitalité 4G Défenses, designed to increase energy and the body's natural defences, Protectan Cholestérol, aimed at naturally regulating cholesterol levels to combat oxidative stress and regulate fat metabolism.

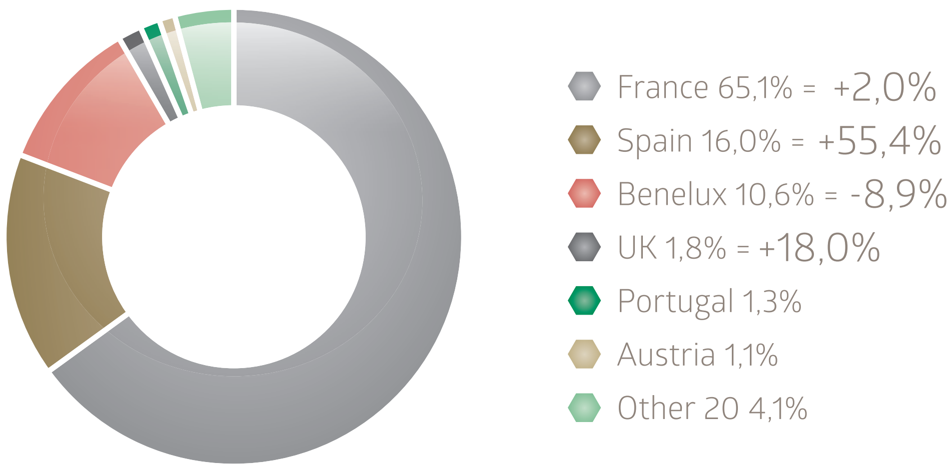
With regard to the beauty range, Expert Hialurónico, which was developed in 2012 and currently number one in sales in this range, was followed in 2013 by Expert Keratina, a hair product with bioactive keratin designed to restore hair strength and quality and enhance its brightness and colour.

By market

By geographical market, France closed the last three months of 2013 with a modest growth of 0.7%, attributable to the reasons already discussed, ending the year with a cumulative growth of 2.0% and a 65.1% share of the company's total sales.

Meanwhile, the rest of the market increased its sales by 9.1% between October and December, giving rise to a global evolution of turnover throughout the year of10.6%.

Segmentation and evolution Natraceutical sales by country, 2013



Among the markets outside France, Spain continued to act as the engine behind this growth, with an increase in sales 55.4% in 2013 and a consolidation of its position as the company's second largest market, accounting for 16.0% of turnover.

Spain's positive performance contrasts with the 8.9% decline in sales registered in Benelux, Natraceutical's third market after France and Spain and responsible for 10.6% of turnover. The main reason for this behaviour was due to the effect of adverse weather on weight control sales, as has already been commented.

Finally, and leading the most recently-created markets, the UK continued to progress in its positioning, registering growth of 18.0% over the year and accounting for 1.8% of the company's total sales.

Operating leverage

The growth in turnover, Forté Pharma's highly leverageable operating structure and complete outsourcing of production (resulting in lower depreciation for investments in capex) enabled Natraceutical to registered operating profits of 2.01 M€, compared to 0.13 M€ in the same period of the previous year.

This positive performance is mainly due to an improvement in the gross margin from 73.4% to 74.0%, a reduction in staff costs of 7.3% following the adjustments carried out in 2012 and a reduction of 23.2% in repayments due to the conclusion of the amortization of the investment undertaken in 2009 for the automation of the sorting and packaging line in the Forté Pharma storage facility in France.

Borrowings

Following the repayment of the total amount of the syndicated loan at the end of 2012, as of January 2013 Natraceutical's only bank financing is that related to the Forté Pharma operation.

At year-end 2013, bank borrowings amounted to 1.63 M€. However, net borrowings (calculated as bank borrowings, less cash and highly liquid financial assets) registered a cash surplus of 2.93 M€.

Sale of Natraceutical Industrial, SLU

On July 24 last year, and within the framework of the corporate operation between Natraceutical and Naturex carried out in December 2009 and by virtue of which Natraceutical contributed its ingredients division to Naturex, Natraceutical entered a contract with Naturex for the sale of the subsidiary Natraceutical Industrial, SLU, the last asset related to the functional ingredients division Natraceutical Industrial possessed, inter alia, the production plant in Valencia which the French company had leased since 2010.

The transaction, which amounted to 85 M€ payable by means of a credit with maturity in June 2017, includes the guarantees customary to such operations, and which would be deducted from the price of the transaction if the potential contingencies were to materialize.

In the company's consolidated balance sheet, the assets subject to this operation were registered under "Assets held for sale" at year-end 2012. Following the operation, the right to collect from the sale of Natraceutical Industrial, SLU was posted under "Other non-current financial assets".

Profit for the year

The Natraceutical Group closed 2013 with a net profit of 0.95 M€, compared with losses of 0.01 M€ in 2012.

This positive development is mainly due to the significant operational turnaround of the business, as well as the lack of financial costs, although the income statement for 2012 contained a positive result due to the disposal of non-current assets (mainly the interest in Naturex) amounting to 3.35 M€.

Significant events after the balance sheet date

No significant events occurred after the balance sheet date.

Outlook for the business

In view of the evolution of Forté Pharma's business throughout 2013, and that of the industry as a whole in 2014, Forté Pharma is to focus its main efforts on increasing its numerical distribution in its three main markets, maintaining a strict control of the cost structure.

Main risks and uncertainties

The Natraceutical Group carries out its activities in various countries, with different socio-economic environments and regulatory frameworks. In this context, it is exposed to a variety of risks inherent to the businesses and sectors in which it operates.

Generally, the risks regarded by the Natraceutical Group as significant are those capable of compromising the economic profitability of its business, the Group's financial solvency, its corporate reputation and the wellbeing of its employees. The main types of risk identified and managed by the Group are summarised as follows:

- Material risk: relates to the risk of possible damage to goods belonging to or under the control of the Group.
- Third-party liability: the liability arising, pursuant to current legislation, from personal and material damage as well as harm to third parties as a result of events arising from the activities carried out by the Group.
- Loss of profit: losses arising from the discontinuation or disruption of business activity or as a consequence of material damage, extraordinary or catastrophic risks or risks attributable to suppliers.
- Financial risk: the risk arising from changes in exchange or interest rates or from credit risk affecting the Company's liquidity.
- Regulatory risk.

Research and Development Activities

The Group continues to undertake research, development and innovation activities in order to create differentiating products in accordance with the strategy that led to the creation of the Group.

Use of financial instruments by the Natraceutical Group

At December 31, 2013, the Group has no significant borrowings. Therefore, it incurs no interest rate-related financial risk.

Natraceutical Group manages the interest rate risk and any other risks that may arise by means of derivative hedges in order to minimise or limit the impact of potential changes in interest and exchange rates.

Transactions between related parties

Transactions between related parties are detailed in Note 29 to the accompanying consolidated financial statements.

Acquisition of treasury shares in the Parent

During 2013, the parent has purchased treasury shares for the amount of 12 million Euros (no purchases or sales were effected during 2012).

At December 31, 2013, the parent holds 4.31 million treasury shares, at an average cost of 1.12 Euros per share (4.31 million treasury shares, at an average cost of 1.14 Euros per share, at December 31, 2012).

No subsidiaries hold any shares or investments in the parent. The treasury shares are owned by Natraceutical, S.A., the Parent of the Group.

Additional disclosures for the purposes of Article 116a of the Spanish Securities Market Law

Pursuant to Article 116a of the Spanish Securities Market Act 24/1988, of 28 July, introduced by Law 6/2007, of 12 April, the following information is disclosed:

(a) The structure of the share capital, including the securities that are not traded on a regulated EU market, indicating, where appropriate, the various classes of shares and, for each class of shares, the rights and obligations conferred and the percentage of share capital represented.

At 31 December 2013 and 2012, the share capital of Natraceutical, S.A. is represented by 328,713,946 fully subscribed and paid ordinary shares of 0.10 euro par value each.

(b) Restrictions on the transfer of securities

There are no Bylaw restrictions on the transfer of securities representing the Company's share capital.

(c) The significant direct or indirect ownership interests in the share capital

Shareholders with significant direct or indirect holdings in the share capital of Natraceutical, SA (over 3% of the share capital) and of which the Parent Company is aware, in accordance with the information contained in the official records of the Spanish National Securities Market Commission on December 31, 2013, are as follows;

Shareholder's name or company name	% Ownership interest
NATRA, S.A.	46,860%
FÉLIX REVUELTA FERNÁNDEZ	7,688%
CARAFAL INVESTMENT, S.L.	3,736%
KUTXABANK, S.A.	3,04%
HISPANICA DE CALDERERIA, S.A.L.	3,026%

(d) Restrictions on voting rights

There are no restrictions on voting rights.

(e) Shareholder agreements

There is a concerted action between BMS Promoción y Desarrollo, SL and Lafuente Group.

With respect to this agreement, in the case of BMS Promoción y Desarrollo, S.L., the percentage of share capital involved is 0.749%, while in the case of Group Lafuente the capital involved amounts to 0.17%.

(f) The rules governing the appointment and replacement of members of the Board of Directors and the amendment of the parent's Bylaws.

Procedure for appointment, reappointment and removal of Directors.

The Board of Directors is governed by the general rules established for this body in the Spanish Companies Act, the Company Bylaws and the implementing regulations included in the Board of Directors' Regulations, which may be consulted on the website www.natraceuticalgroup.com under Information for Shareholders. This website also includes the full text of the Bylaws.

The Board of Directors' Regulations regulate conflicts of interest, the use of corporate assets and non-public information, the exploitation by Directors for their own benefit of business opportunities of which they became aware due to their position, and transactions with Directors and significant shareholders.

Procedure for resignation of directors

Directors must tender their resignation to the Board of Directors and, if deemed appropriate, formalize their resignation in the following cases:

- When they cease to hold the executive positions associated with their appointment as Directors.
- When they are involved in any of the situations of incompatibility or legal prohibition established in law.
- When seriously reprimanded by the Audit and Compliance Committee for having breached their duties as Directors.
- When their continuation on the Board may jeopardise the interests of the Group or when the reasons why they were appointed cease to exist.
- When indicted for an alleged criminal offense or are the subject of disciplinary proceedings for serious or very serious misconduct by the supervisory authorities.

Amendment of Bylaws

The General Shareholders Meeting, duly called and constituted, is the supreme body of the parent and, therefore, is authorised to adopt any resolutions for which it is competent pursuant to the Law and these Bylaws.

(g) Powers of the members of the Board of Directors and, in particular, those relating to the possibility of issuing or repurchasing shares

At the General Shareholders Meeting held on May 30, 2013, the shareholders authorised the Board of Directors to perform derivative acquisitions of the parent's treasury shares, either directly or through investees, within the limits and pursuant to the requirements established in the Spanish Corporations Act.

(h) Significant agreements that may be modified or terminated in the event of a change in control.

There are no significant agreements that may be modified or terminated in the event of a change in control.

(i) Agreements between the Parent and its Directors, officers or employees providing for termination benefits upon the termination of the employment relationship during a takeover.

There is no agreement between the Company and the Directors, officers or employees providing for compensation upon termination of the relationship with the parent company, additional to those described in the accompanying consolidated financial statements.

(j) At the General Shareholders Meeting held on May 30, 2013, it was agreed to establish the number of eight members of the Board of Directors and:

- To appoint Brenda McCabe, North American, resident in Madrid, as Independent Director for a term of five years as of the indicated date.
- To ratify Juan Ignacio Egaña Azurmendi, resident for this purpose in Donostia-San Sebastian, as Director.
- To re-elect the François Gaydier, resident in Esplugues de Llobregat (Barcelona), as a Director for a period of five years as of the indicated date.

Significant agreements that may be modified or terminated in the event of a change in control.

There are no significant agreements that may be modified or terminated in the event of a change in control.

Agreements between the Company and its directors, officers or employees providing for termination benefits upon the termination of the employment relationship during a takeover.

There is no agreement between the Company and the directors, officers or employees providing for compensation upon termination of the relationship with the Company.

ANNUAL CORPORATE GOVERNANCE REPORT

FOR LISTED CORPORATIONS

A Ownership structure

A.1 Complete the following table regarding the company's share capital:

Date last modified	Share capital (€)	Number of shares	Number of voting rights
27/10/2006	32.871.395,00	328.713.946	328.713.946

Indicate the existence of any different types of shares with different associated rights:
NO

A.2 List the direct and indirect holders of significant shares in the company at year end, excluding members of the Board of Directors:

Shareholder's name or company name	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
CARAFAL INVESTMENT, S.L.U.	12.279.834	0	3,74%
HISPANICA DE CALDERERÍA, S.A.L.	9.947.366	0	3,03%
KUTXABANK, S.A.	11.694.057	0	3,55%
NATRA, S.A.	154.034.791	12.279.384	50,60%

Name or company name of indirect holder of shareholding	Through: Name or company name of direct holder of shareholding	Number of voting rights
CARAFAL INVESTMENT, S.L.U.		0
HISPANICA DE CALDERERÍA, S.A.L.		0
KUTXABANK, S.A.		0
NATRA, S.A.	CARAFAL INVESTMENT, S.L.U.	12.279.384

Indicate the most significant changes in the ownership structure during the year:

Shareholder's name or company name	Transaction date	Description of transaction
INVERSIONES IBERSUIZAS, S.A.	15/10/2013	The share capital has been reduced by 3%

A.3 Complete the following tables on voting rights held by members of the Board of Directors:

Name or company name of Director	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
NATRA, S.A.	154.034.791	12.279.384	50,60%
FELIX REVUELTA FERNÁNDEZ	200.000	17.261.588	7,69%
BMS PROMOCION Y DESARROLLO, S.L.	2.460.000	559.374	0,92%
JUAN IGNACIO EGAÑA AZURMENDI	510.261	0	0,15%
MARIA TERESA LOZANO JIMÉNEZ	1.300	0	0,00%

Name or company name of indirect holder of shareholding	Through: Name or company name of direct holder of shareholding	Number of voting rights
NATRA, S.A.	CARAFAL INVESTMENT, S.L.U.	12.279.384
FELIX REVUELTA FERNÁNDEZ	KILUVA, S.A.	17.261.588
BMS PROMOCION Y DESARROLLO, S.L.	GRUPO LAFUENTE	559.374

% of total voting rights held by the Board of Directors	59,33%

Complete the following tables on the members of the Company's Board of Directors holding rights over the company shares.

A.4 Where applicable, indicate any family, commercial, contractual or corporate relationships between owners of significant shareholdings, in so far as they are known to the company (unless they are insignificant or derived from ordinary trading or exchange activities):

A.5 Where applicable, indicate any commercial, contractual or corporate relationships between owners of significant shareholdings and the company and/or its group, unless they are insignificant or derive from ordinary trading or exchange activities:

A.6 Indicate whether the company is aware of the existence of shareholders agreements that may affect its activities, pursuant to Article 530 and 531 of the Corporations Act. When applicable, briefly describe these agreements and indicate the shareholders bound by the same:

NO

Indicate whether the company is aware of the existence of shareholders agreements between company shareholders. Where applicable, describe briefly:
YES

% of share capital affected: 0,92%

Brief description of the agreement: There is a concerted action between BMS Promoción y Desarrollo, SL and Familia Lafuente.

Intervening parties in the shareholders' agreement: BMS PROMOCION Y DESARROLLO, S.L. GRUPO LAFUENTE

Expressly indicate any amendment to or termination of such agreements or concerted actions during the year:

A.7 Indicate whether any individual or company exercises control or may exercise control over the company under article 4 of the Securities Market Act. If so, identify:

YES

Name or company name: NATRA, S.A.

Remarks: At December 31, 2013, NATRA SA is the direct holder of 46.86% of the NATRACEUTICAL, SA. shares.

A.8 Complete the following tables about the company's treasury stock:

At year-end:

Number of direct shares	Number of indirect shares (*)	% of total share capital
4.385.542	0	1,33%

(*) Through:

List any significant changes that have taken place during the year, as provided for in Royal Decree 1362/2007:

A.9 Detail the conditions and the terms of the General Shareholders Meeting's current mandate to the Board of Directors for the issue, acquisition or transfer of treasury shares.

The General Shareholders Meeting held in May 30, 2013, agreed to delegate the power to acquire treasury stock to the Company's Board of Directors in order to provide maximum liquidity, at specific times and when deemed appropriate by the Board, to the company shares quoted on the Stock Market, leaving without effect the authorisation granted on June 28, 2012, within the limits specified for this purpose, with the minimum and maximum price for the proposed acquisition being 0.05 and 2 Euros per share, respectively, and for a period of 18 months as of the mentioned date.

A.10 Indicate the existence of restrictions on the transfer of securities and on voting rights. Specifically, indication is to be given on the existence of any restrictions that may represent obstacles to the takeover of the company by means of share purchases on the market.

NO

A.11 IIndicate if neutralisation measures in the event of a takeover bid were agreed upon at the General Shareholders Meeting pursuant to Law 6/2007.

NO

Where applicable, explain the measures approved and the terms under which the inefficiency of the restrictions would occur:

A.12 Indicate whether the Company has issued securities that are not traded on a regulated EU market.

NO

Where appropriate, indicate the various classes of shares and, for each class of shares, the rights and obligations conferred.

B General Shareholders meeting

B.1 Indicate, and where applicable describe, any differences that exist between the minimum provided in the Corporations Act and the quorum required for the constitution of the General Shareholders Meeting.

YES

	Quorum % different to that established in Art. 193 of the Corporations Act for general circumstances	Quorum % different to that established in Art. 194 of the Corporations Act for special circumstances
Quorum required for 1st call	50,00%	0,00%
Quorum required for 2nd call	0,00%	0,00%

Description of the differences: At first call, sufficient quorum is required in relation to Article 193 of the Corporations Act, which establishes a quorum of 25%.

B.2 Indicate, and where applicable describe, the differences required for adopting shareholder agreements with respect to the provisions of the Corporations Act (LSC).

NO

Describe any differences from the provisions established in the Corporations Act.

B.3 Indicate the rules applicable to the amendment of the company's Bylaws. Specifically, indicate the majorities required for the amendment of the Bylaws, as well as, where appropriate, the rules established for the protection of the shareholders rights in the event of an amendment of the Bylaws.

Article 13 of the Bylaws establishes that the General Shareholders Meeting is the supreme body of the Company and, therefore, is empowered to adopt any resolutions for which it is competent pursuant to the Law and the Company Bylaws Similarly, Article 19 of the Bylaws establishes that, in order for General Shareholders Meetings to validly approve the issue of debentures, promissory notes, bonds and other analogous financial instruments, capital increases or decreases, the transformation, merger or de-merger of the Company and, in general, any amendment of the Company Bylaws, the quorum of shareholders demanded by law for such cases must be present.

B.4 Indicate the attendance figures for the General Shareholders Meetings held during the financial year referred to in this report and for the previous years:

Details of attendance

Date of General Shareholders	% attending in person	% by proxy	% remote voting		Total
			Electronic voting	Others	
28/06/2012	17,15%	53,47%	0,00%	0,00%	70,62%
30/05/2013	68,68%	1,96%	0,00%	0,00%	70,64%

B.5 Indicate any statutory restrictions which establish the minimum number of shares required to attend General Shareholders Meetings.

NO

B.6 Indicate whether an agreement has been adopted by which certain decisions implying a structural modification of the Company ("subsidiarization", sale of key operating assets, operations equivalent to the liquidation of the Company, etc.) must be submitted to the approval of the General Shareholders Meeting, even when not expressly required under Commercial Law.

YES

B.7 Indicate the address and means of access to the company website containing the information on corporate governance and other information on General Shareholders Meeting to be made available to shareholders via the Company website.

Address: http://www.natraceutical.com/es/ Via the "Investors" and corresponding sub-sections, all the information on corporate governance and General Shareholders Meetings may be accessed. The route is "www.natraceutical.com/es/inversores/junta-general-accionistas".

C Corporate management structure

C.1 Board of Directors

C.1.1 Maximum and minimum number of Directors under the Bylaws:

Maximum number of Directors	15
Minimum number of Directors	5

C.1.2 Complete the following table with the Board members' details:

Name or company name of director	Representative	Position on the Board	Date first appointment	Date last appointment	Election procedure
NATRA, S.A.	GALO ALVAREZ GOICOECHEA	CHAIR	28/06/2004	18/06/2009	GENERAL SHAREHOLDERS MEETING AGREEMENT
FELIX REVUELTA FERNÁNDEZ		VICE-CHAIR	21/02/2008	28/06/2012	GENERAL SHAREHOLDERS MEETING AGREEMENT
FRANÇOIS GAYDIER		CHIEF EXECUTIVE OFFICER	19/06/2008	30/05/2013	GENERAL SHAREHOLDERS MEETING AGREEMENT
BMS PROMOCION Y DESARROLLO, S.L.	JOSÉ LUIS NAVARRO FABRA	DIRECTOR	10/09/2002	28/06/2012	GENERAL SHAREHOLDERS MEETING AGREEMENT
IBERSUIZAS ALFA, S.L.U.	RICARDO IGLESIAS BACIANA	DIRECTOR	28/06/2012	28/06/2012	GENERAL SHAREHOLDERS MEETING AGREEMENT
MARIA TERESA LOZANO JIMÉNEZ		DIRECTOR	23/06/2011	23/06/2011	GENERAL SHAREHOLDERS MEETING AGREEMENT
JUAN IGNACIO EGAÑA AZURMENDI		DIRECTOR	13/12/2012	30/05/2013	GENERAL SHAREHOLDERS MEETING AGREEMENT
BRENDA MCCABE		DIRECTOR	30/05/2013	30/05/2013	GENERAL SHAREHOLDERS MEETING AGREEMENT

Total number of Directors	8

Indicate the resignations that have occurred in the Board of Directors during the period subject to information:

C.1.3 Complete the following tables on Board members and their directorships:

EXECUTIVE DIRECTORS

Name or company name of director	Commission which proposed appointment	Position held in the company
FRANÇOIS GAYDIER	Appointments and Pay Commission	CHIEF EXECUTIVE OFFICER

Total number of Executive Directors	1
% of total board	12,50%

EXTERNAL PROPRIETARY DIRECTORS

Name or company name of director	Commission which proposed appointment	Name or corporate name of significant shareholder represented or proposing the appointment
NATRA, S.A.	BOARD OF DIRECTORS	NATRA, S.A.
FELIX REVUELTA FERNÁNDEZ	APPOINTMENTS AND REMUNERATIONS COMMITTEE	KILUVA, S.A.
BMS PROMOCION Y DESARROLLO, S.L.	BOARD OF DIRECTORS	BMS PROMOCION Y DESARROLLO, S.L.
JUAN IGNACIO EGAÑA AZURMENDI	BOARD OF DIRECTORS	NATRA, S.A.
MARIA TERESA LOZANO JIMÉNEZ	APPOINTMENTS AND REMUNERATIONS COMMITTEE	KUTXABANK, S.A.
IBERSUIZAS ALFA, S.L.U.	BOARD OF DIRECTORS	INVERSIONES IBERSUIZAS, S.A.

Total number of proprietary Directors	6
% of total board	75,00%

EXTERNAL INDEPENDENT DIRECTORS

Name or company name of Director:
BRENDA MCCABE

Profile:
Bachelor of Business Studies and Spanish Language and Literature from the University of Berea, Kentucky (USA) and an MBA from the University of Chicago Booth (USA).A North American citizen resident in Spain with a career spanning in strategic consulting more than 25 years at McKinsey, franchise management with the Spanish decor company KA International acquired by private equity fund, strategic development management in the multinational pharmaceutical company AstraZeneca and business development for Southern Europe at Infinia Corporation, a technology startup in the solar thermal sector. Currently Managing Director of DBZ Arrow, SL, a foreign trade advisory company for Spanish SMEs from the engineering, technology and renewable energy sectors. Chair of the Natraceutical SA Audit and Appointments and Remuneration Committees.

Total number of independent Directors	1
% of total Board	12,50%

Indicate whether any Director classed as independent receives from the Company, or from its Group, any amount or benefit for a concept other than that of the Director's remuneration or holds or has held, during the last financial year, a business relationship with the company or any group company, either on their own behalf or as a significant shareholder, Director or senior manager of a company that has or has held such a relationship.
NO

Where applicable, a reasoned statement from the Board on the reasons why it considers that the Director can perform the designated functions as an independent Director is to be included.

OTHER EXTERNAL DIRECTORS

Indicate the reasons why the Director(s) cannot be considered proprietary or independent and their relationships with the company, its directors or shareholders:

List any changes in each Director's classification that may have taken place during the period:

C.1.4 Complete the following table with information on the number of female Directors during the past 4 years, and the nature of such Directors:

	Number of female Directors				% of the total number of Directors of each type			
	Year 2013	Year 2012	Year 2011	Year 2010	Year 2013	Year 2012	Year 2011	Year 2010
Executive	0	0	0	0	0,00%	0,00%	0,00%	0,00%
Proprietary	1	2	1	1	16,00%	33,33%	20,00%	20,00%
Independent	1	0	0	0	100,00%	0,00%	0,00%	0,00%
Other External	0	0	0	0	0,00%	0,00%	0,00%	0,00%
Total:	2	2	1	1	25,00%	28,57%	14,28%	16,00%

C.1.5 Explain the measures which, if applicable, have been adopted in order to include a number of women on the Board that would enable gender parity.

Explanation of the measures: Both the Board of Directors and the Appointment and Remuneration Committee are increasing their efforts to ensure that there is gender parity in the composition of the corporate bodies. The independent Director appointed during the year is a woman.

C.1.6 Explain the measures which, where applicable, have been adopted by the Appointments Committee in order to avoid any implicit bias against female candidates in the procedures for covering Board vacancies, and to ensure that the company makes a conscious effort to include women with the target profile among the candidates for Board posts.

Explanation of the measures: N/A

Explain the reasons justifying the limited or inexistent presence of women Directors in spite of any measures taken to avoid such a situation:

Explanation of reasons: N/A

C.1.7 Explain the method of representation on the Board of the controlling shareholders.

N/A

C.1.8 Explain, if applicable, the reasons why proprietary Directors have been appointed by shareholders whose stakes are less than 5% of the share capital.

Shareholder's name or company name:
BMS PROMOCION Y DESARROLLO, S.L.

Justification:
Holds 0.919% of NATRACEUTICAL SA and is a Director and significant shareholder in NATRA, SA, the Company's controlling shareholder.

Shareholder's name or company name:
KUTXABANK, S.A.

Justification:
Held 4.588% of the share capital (close to 5%).

Indicate any rejection of a formal request for a Board presence from shareholders whose equity stake is equal to or greater than that of others who have successfully applied for a proprietary directorship. If applicable, explain why these requests have been rejected.
NO

C.1.9 Indicate, in the event of any Directors having resigned from their position prior to the expiry of their term, if such Directors have explained the reasons for their respective resignations to the Board and through which means. If such reasons were provided in writing to the full Board, explain, as a minimum, the reasons given below:

C.1.10 Indicate, where applicable, any powers delegated to chief executives:

Name or company name of Director:
FRANÇOIS GAYDIER

Brief description:

1st.- The appointment and removal of all staff, as well as the contracting, payment and cancellation of the obligatory social security and work accident insurance.

2nd.- Administrate, rule and govern all issues and negotiations included in the corporate business and the affected corporate assets, collect rents, debts, profits, earnings, pensions, request, liquidate and charge accounts, issuing receipts, balances and termination settlements, give or receive rural or urban properties on behalf of or for the company as a lease or sharecropping, with the agreements deemed appropriate, terminate or cancel such contracts, evict sharecropping farmers, settlers, tenants, leasers, hold-over tenants and any other type of occupants; sign invoices, data, guides and legal statements, accept and settle accounts, and to provide corporate funds for investment and placement.

3rd.- Contract charters and all kinds of sea, air and land transport; withdraw letters, certificates, shipments, parcels, money or telegraphic and declared values from Communications offices, and forwarded goods and effects from rail, shipping, transport companies in general, and from customs offices and agencies.; lodge protests and claims, make payments on account and payments for goods; open, answer and sign correspondence and maintain business records in accordance with the provisions of the Law; lodge protests for breakdowns, contract insurance against risks derived from transportation, fire and occupational accidents, sign the corresponding policies or documents and receive payment, if any, of compensation, request and withdraw quotas of raw materials or items a commercial nature.

4th- Delegate to the individual or company deemed appropriate and grant, to this effect, the corresponding powers, and each and every one of the powers hereby conferred.

C.1.11 List any Board members holding senior management posts or directorships in other companies belonging to the listed company's group:

Name or company name of director	Name of the group company	Position
NATRA, S.A.	NATRA CHOCOLATE INTERNATIONAL, S.L.	MEMBER OF BOARD OF DIRECTORS
NATRA, S.A.	NATRA OÑATI, S.A.U.	MEMBER OF BOARD OF DIRECTORS
FRANÇOIS GAYDIER	FORTE PHARMA IBERICA,S.L.U.	INDIVIDUAL REPRESENTING THE DIRECTOR NATRACEUTICAL, S.A.
FRANÇOIS GAYDIER	FORTE PHARMA SAM	INDIVIDUAL REPRESENTING THE DIRECTOR NATRACEUTICAL, S.A.
FRANÇOIS GAYDIER	FORTE SERVICES SAM	INDIVIDUAL REPRESENTING THE DIRECTOR NATRACEUTICAL, S.A.
FRANÇOIS GAYDIER	FORTE SERVICES SAM	DIRECTOR
BMS PROMOCION Y DESARROLLO, S.L.	NATRA, S.A.	MEMBER OF BOARD OF DIRECTORS
JUAN IGNACIO EGAÑA AZURMENDI	NATRA, S.A.	CHAIR OF THE BOARD OF DIRECTORS
JUAN IGNACIO EGAÑA AZURMENDI	NATRA CACAO, S.L.U.	MEMBER OF BOARD OF DIRECTORS
JUAN IGNACIO EGAÑA AZURMENDI	COCOATECH, S.L.	INDIVIDUAL REPRESENTING THE SOLE ADMINISTRATOR NATRA, S.A.
NATRA, S.A.	COCOATECH, S.L.	SOLE ADMINISTRATOR

C.1.12 List all board members who are also members of the board of directors of other companies listed on official securities markets, other than your own group, that have been reported to the company:

C.1.13 Indicate and explain if the company has established rules limiting the number of directorships that may be held by its Board members:

NO

C.1.14 Indicate the company's general policies and strategies pending approval by the Board:

Investment and financing policy
YES
The definition of the corporate group structure
YES
Corporate governance policy
YES
Corporate social responsibility policy
YES
The strategic or business plan, management targets and annual budgets
YES
Remuneration and assessment of senior management performance plan
YES
The risk management and control policy, periodic monitoring of the internal information and control systems
YES
The dividend and treasury policies, and in particular their limits
YES

C.1.15 Indicate the total remuneration of the Board:

Remuneration of the Board of Directors (thousands of Euros)	313
Amount of the total remuneration corresponding to the benefits accrued by the Directors in relation to pensions (thousands of Euros)	0
Total remuneration of the Board of Directors (thousands of Euros)	313

C.1.16 List Senior Management members who are not executive Directors and indicate the total remuneration accrued in their favour during the year:

Name or company name: –
Position: –
Total remuneration Senior Management (in thousands of Euros): 0

C.1.17 Indicate, where applicable, the identity of the members of the Board who are also members of the Board of Directors of companies which hold major shareholdings and/or the entities pertaining to the group:

Name or company name of director	Company name of major shareholder	Position
BMS PROMOCION Y DESARROLLO, S.L.	NATRA, S.A.	CONSEJERO
JUAN IGNACIO EGAÑA AZURMENDI	NATRA, S.A.	PRESIDENTE

List, where applicable, any relevant relationships other than those indicated in the section above relating members of the Board of Directors with significant shareholders and/or their group companies:

Name or company name of the related Director:
NATRA, S.A.

Name or company name of related significant shareholder:
NATRA, S.A.

Description of relation:
NATRA, SA is the parent of the consolidated group by virtue of its direct ownership of 46.86% of the shares of NATRACEUTICAL, S.A.

C.1.18 Indicate any changes made to the Board's regulations during the year:

NO

C.1.19 Indicate the procedures for the selection, appointment, re-election, assessment and removal of Directors. Describe the competent bodies, procedures to be followed and criteria to be employed in each of the procedures.

Selection and appointment: Directors shall be appointed by the General Meeting or by the Board of Directors, in accordance with the provisions of the Law. The Board of Directors shall, within the scope of its powers, make every effort to ensure that candidates have recognised solvency, competence and experience, and are willing to dedicate sufficient time to the Company. The Board of Directors may not propose or appoint outside Directors who have a relationship with the Company management or who are related by family, professional or commercial links with the Company's executives or senior management staff.

Reappointment: Proposals for the reappointment of Directors which the Board submits to the General Meeting must be subject to a formal process, during which the quality of the work and the dedication of the proposed Directors during the previous mandate are to be assessed.

Assessment: The Board of Directors Regulations do not formally establish an assessment method for Board members, although assessment is carried out informally.

Termination: Directors are to step down from their posts upon the conclusion of the term for which they were appointed, and when thus deemed appropriate by the General Shareholders Meeting or by the Board of Directors, by virtue of their legal or statutory powers.

Criteria to be followed in the voting:

1. Directors affected by appointment, re-appointment or removal proposals shall refrain from participating in the corresponding deliberations and voting processes.

2. All votes of the Board of Directors relating to the appointment, reappointment or removal of directors shall be secret, if so requested by any member, without prejudice to the each director's right to record their vote in the minutes.

C.1.20 Indicate whether the Board has assessed its activity during the year:
NO

En su caso, explique en qué medida la autoevaluación ha dado lugar a cambios importantes en su organización interna y sobre los procedimientos aplicables a sus actividades:

C.1.21 Indicate the circumstances under which Directors are obliged to resign.

Under Article 12 of the Board Regulation, Directors must tender their resignation to the Board of Directors and, if deemed appropriate by the Board, formalise their resignation in the following cases:

(a) When they cease to hold the executive positions associated with their appointment as Directors.

(b) When they are involved in any of the situations of incompatibility or legal prohibition established in law.

(c) When seriously reprimanded by the Audit and Compliance Committee for having breached their duties as Directors.

(d) When their continuation on the Board may jeopardize the interests of the Company or when the reasons for which they were appointed cease to exist.

(e) When indicted for an alleged criminal offense or are the subject of disciplinary proceedings for serious or very serious misconduct by the supervisory authorities.

C.1.22 Indicate whether the duties corresponding to the CEO are carried out by the Chair of the Board. Where applicable, explain the measures taken to limit the risk of the accumulation of powers in a single person:
NO

Indicate, and explain where applicable, if regulations have been established to empower an independent Director to request the calling of Board Meetings or the inclusion of new items on the agenda; to coordinate and give voice to the concerns of external Directors; and to lead the Board's assessment of the Chair of the Board.
NO

C.1.23 Are qualified majorities, other than those established by law, required for certain decisions?
NO

Where applicable, describe the differences.

C.1.24 Explain if there are any specific requirements, other than those applicable to Directors, for appointment as Chair of the Board.
NO

C.1.25 Indicate whether the Chair has the casting vote:
YES

Matters for which a casting vote is required: In the event of a tie between those present.

C.1.26 Indicate whether the Bylaws or the Board of Directors Regulation establish an age limit for Directors:
NO

C.1.27 Indicate whether the Bylaws or the Board of Directors Regulation establish a limit on the term for independent Directors, other than that provided for in the corresponding legislation:
NO

C.1.28 Indicate whether the Bylaws or Board Regulations establish specific rules for proxy voting in the Board, the manner in which it is effected and, specifically, the maximum number of proxy votes that may be held by a Director, as well as whether the obligation to delegate in a Director of the same type has been established. If applicable, briefly detail these rules.

Under Article 27 of the Board Regulations, Directors may grant a proxy to another member of the Board, as provided in the Bylaws (to be granted in writing and specifically for each call of the Board) , and may issue specific voting instructions in relation to any or all points on the agenda. There is no obligation to delegate to a Director of the same type.

C.1.29 Indicate the number of sessions held by the Board of Directors during the year. Likewise, indicate the number of times, if any, that the Board has met in the absence of its Chair: Non-attendance shall also include proxies with specific instructions:

Number of Board Meetings: 6
Number of Board Meetings held in the absence of the Chair: 0

Indicate the number of Board Committee meetings held during the year:

Committee: AUDIT COMMITTEE
Number of Meetings: 5

C.1.30 Indicate the number of sessions held during the year by the Board of Directors with the presence of all its members. Non-attendance shall also include proxies with specific instructions:

Attendance of Directors: 4
% of attendances of the total votes during the year: 66,66%

C.1.31 Indicate whether the individual and consolidated financial statements are certified prior to their presentation to the Board of Directors for approval:
NO

Identify, where applicable, the person(s) certifying the individual and consolidated financial statements for their formulation by the Board:

C.1.32 Explain, where applicable, the mechanisms established by the Board of Directors to avoid the presentation to the General Shareholders Meeting of individual and consolidated financial statements formulated by the Board with reservations in the audit report.

Pursuant to Article 31 of the Regulation, the Board will establish an objective, professional and continuing relationship with the Company's External Auditor appointed by the General Shareholders Meeting, ensuring its independence and making available all information necessary for the exercise of its functions.

The Audit Committee is to liaise with the external auditors in order to receive information on issues that may jeopardise their independence, in addition to any other issues related to the development of account auditing procedures, and any communications provided for by the account auditing legislation and technical auditing regulations. It will also act as liaison between the Board of Directors and the auditors, assess the results of each audit and the management team's response to its recommendations, and mediate in cases of discrepancy between both in relation to the principles and criteria applicable to the preparation of the financial statements. The Board of Directors is to make every effort to prepare the Financial Statements in such a manner as to avoid the inclusion of reservations on behalf of the Auditors.

C.1.33 Is the Secretary of the Board also a Director?

NO

C.1.34 Explain the procedures for the appointment and removal of the Secretary of the Board and indicate whether his/her appointment and removal were informed by the Appointment and Remuneration Committee and approved by a Board meeting in full.

Appointment and removal procedure:

Pursuant to Article 27 of the Company's bylaws, the Board is to elect a Chair from among its members. The Board will also elect a Secretary. If the Secretary is chosen from among the Directors, he/she will not be eligible to vote during the Board of Directors Meetings.

Chairs and Secretaries who are re-elected as members of the Board by the General Shareholders Meeting will continue to hold the posts held previously in the Board of Directors without the need for a new election, notwithstanding the power to revoke such posts held by the Board.

Is the appointment informed by the Appointment Committee?
YES
Is the removal informed by the Appointment Committee?
YES
Does the Board in full approve the appointment?
YES
Does the Board in full approve the removal?
YES
Is the Secretary of the Board specifically responsible for overseeing the good governance recommendations?
YES

Remarks

The Secretary shall at all time make every effort to ensure the formal and material legality of the Board's actions and make his/her best efforts to ensure that the Board's procedures and rules of governance are respected. The Secretary shall at all time make every effort to ensure the formal and material legality of the Board's actions and make his/her best efforts to ensure that the Board's procedures and rules of governance are respected.

C.1.35 Indicate the mechanisms, if any, established by the Company to preserve the independence of the external auditors, financial analysts, investment banks and rating agencies.

C.1.36 Indicate whether the Company changed its external auditor during the year. If so, identify the incoming and outgoing auditors:

NO

Explain any disagreements with the outgoing auditor and the reasons for the same:

C.1.37 Indicate whether the auditor provides other services to the Company and/or its group other than those related to the audit and, where applicable, indicate the fees received for any such work and the percentage such fees represent in relation to the total fees invoiced by the auditor to the company and/or its group:

NO

C.1.38 Indicate whether the audit report for the previous year's financial statements contains reservations or conditions. Where applicable, detail the reasons given by the Chair of the Audit Committee in explanation of the content and the scope of the mentioned reservations and conditions.

NO

C.1.39 Indicate the number of years during which the current audit company has uninterruptedly audited the financial statements of the company and/or its group. Similarly, indicate the percentage represented by the number of years audited by the current audit company over the total number of years during which the financial statements have been subject to audit:

	Company	Group
Number of consecutive years	4	4
Number of years audited by the current auditor / Number of years during which the company has been audited (in %).	36,36%	36,36%

C.1.40 Indicate and, where applicable, provide details of any procedures through which Directors may receive external advice:

YES

Details of the procedure

Under Article 15 of the Board Regulations, in order to be assisted in the performance of their duties in relation issues of relevance and significant complexity, any Director may propose the appointment of external experts at the expense of the Company. Such appointments must be agreed by a majority of the Board.

C.1.41 Indicate, and where appropriate provide details of, the existence of procedures for facilitating Directors in advance with the information necessary for the preparation of the corporate bodies' meetings.
YES

Details of the procedure:
During Board sessions, the Directors are provided with information on the financial/economic situation of the company and the group sufficiently in advance. The most significant decisions on investment, disinvestment and all relevant issues regarding the company's performance are examined.

In addition to the information provided during Board meetings, the Board members also have the right to request any information that they deem necessary or useful in order to carry out their duties.

C.1.42 Indicate, and where appropriate provide details of, whether the company has established rules binding Directors to inform the Board of any circumstance that might harm the organisation's name or reputation, tendering their resignation as the case may be:
YES

Explain the regulations:
Directors must place their positions at the disposition of the Board of Directors and, if deemed appropriate, formalize their resignation in the following cases:

(a) When they cease to hold the executive positions associated with their appointment as Directors.

(b) When they are involved in any of the situations of incompatibility or legal prohibition established in law.

(c) When seriously reprimanded by the Audit and Compliance Committee for having breached their duties as Directors.

(d) When their continuation on the Board may jeopardize the interests of the Company or when the reasons for which they were appointed cease to exist.

(e) When indicted for an alleged criminal offense or are the subject of disciplinary proceedings for serious or very serious misconduct by the supervisory authorities.

C.1.43 Indicate whether any Directors have notified the company of their prosecution or trial for any of the crimes stated in Article 213 of the Corporations Act:
NO

Indicate whether the Board has examined this case. If yes, explain the reasons for the decision taken on whether or not the Director should continue in the post or, where appropriate, explain the actions taken by the Board up to the date of this report, or those which it intends to take.

C.1.44 List the significant agreements entered into by the Company that will come in effect, alter or terminate upon a change of control of the company following a takeover bid, and their effects.

C.1.45 Provide a summary and indicate, in detail, agreements between the Company and its Directors and executives or employees providing for compensation, guarantee clauses or "golden-parachutes", in the event of their resignation or dismissal without cause or if the employment relationship is terminated as a result of a takeover bid or other type of operation.

Number of beneficiaries: 0
Type of beneficiary:: 0
Description of the Agreement:

Indicate whether these clauses must be reported to and/or authorised by the governing bodies of the company or its group:

	Board of Directors	General Shareholders Meeting
Body authorising clauses	No	No

Is the General Meeting informed of the clauses?
NO

C.2 Board of Directors Committees

C.2.1 List the Board of Directors Committees, their members and the ratio between proprietary/independent Directors:

AUDIT COMMITTEE

Name	Position	Type
BRENDA MCCABE	CHAIR	Independent
NATRA, S.A.	MEMBER	Proprietary
IBERSUIZAS ALFA, S.L.U.	MEMBER	Proprietary

% of executive directors	0,00%
% of proprietary directors	66,66%
% of independent directors	33,33%
% of other external directors	0,00%

THE APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Position	Type
BRENDA MCCABE	CHAIR	Independent
NATRA, S.A.	MEMBER	Proprietary
IBERSUIZAS ALFA, S.L.U.	MEMBER	Proprietary

% of executive directors	0,00%
% of proprietary directors	66,66%
% of independent directors	33,33%
% of other external directors	0,00%

C.2.2 Complete the following table with information on the number of Directors that have sat on the Board Committees during the last four years:

	Number of female Directors							
	2013		2012		2011		2010	
	Number	%	Number	%	Number	%	Number	%
AUDIT COMMITTEE	1	0,33%	0	0,00%	0	0,00%	0	0,00%
APPOINTMENTS AND REMUNERATION COMMITTEE	1	0,33%	0	0,00%	0	0,00%	0	0,00%

C.2.3 Indicate whether the following functions correspond to the Audit Committee.

Supervise the preparation and integrity of company's and, where appropriate, the group's financial reporting, monitoring compliance with legal provisions, the accurate demarcation of the consolidation perimeter and the correct application of accounting principles:
YES

Review internal control and risk management systems on a regular basis in order to correctly identify, manage and disclose the main risks:
YES

Safeguard the independence and efficacy of the internal audit function; propose the selection, appointment, reappointment and removal of the head of internal audit; propose the department's budget; receive regular reports on its activities; and verify that Senior Management is acting on the findings and recommendations of its reports:
YES

Establish and supervise a mechanism whereby staff can report confidentially and, if necessary, anonymously, any irregularities of potential importance, especially those of a financial and accounting nature, detected within the company:
YES

Submit proposals to the Board for the selection, appointment, reappointment and removal of external auditors, and the terms of their engagement:
YES

Receive regular information from the external auditor on the progress and findings of the audit programme, and verify the Senior Management's observance of its recommendations:
NO

Safeguard the independence of the external auditor:
YES

C.2.4 Describe the organisational and operational rules and the responsibilities attributed to each of the Board committees.

AUDIT COMMITTEE. The Audit Committee is to be composed of a minimum of three and a maximum of five Directors appointed by the Board of Directors from among its members. All of the Committee's members must be non-executive Directors. The Chair of the Audit Committee will be appointed by the Board of Directors from among the Committee's members, and must be substituted each four years. A Director may be re-elected Chair of the Audit Committee one year after the termination of his/her previous term. The Audit Committee is to appoint a Secretary, who need not be a member of the same. Every effort is to be made to ensure that the Chair is an Independent Director. The Audit Committee is to have the following minimum competences:

(a) To inform the General Shareholders Meeting, through its Chair and/or Secretary, of the issues raised that are within the Committee's scope of competence;

(b) To propose to the Board of Directors, for submission to the General Shareholders Meeting, the appointment of the Accounts Auditor referred to in article 264 of the consolidated Corporations Act;

(c) To supervise the internal audit;

(d) To be informed of the Company's financial reporting process and internal control systems;

(e) To liaise with the accounts auditors to receive information concerning matters that may jeopardise their independence, in addition to any other issues related to the development of account auditing procedures, as well as any other notifications stipulated in the account auditing legislation and technical audit regulations;

(f) Any other competences defined in the Bylaws. The Audit Committee shall meet at least once every half-year and whenever deemed necessary, subsequent to a call issued by the Chair, either upon the initiative of the Chair or in response to a request by three of its members or by three members of the Executive Committee. The Audit Committee shall be validly constituted with the direct or represented attendance of at least half of its members. Agreements are to be adopted with a majority of votes in favour cast by the members in attendance.

APPOINTMENTS AND REMUNERATION COMMITTEE. The main purpose of the Appointment and Remuneration Committee, which is to meet at least twice a year, is to make proposals to the Board of Directors in relation to:

- The Group's remuneration policy at the highest level.

- The general lines of the remuneration policy of the Group and its subsidiaries.

- Providing the Board of Directors with recommendations, in turn to be presented to the General Shareholders Meeting, on the Directors' retribution systems and on systems of participation in Natraceutical's share capital for managers and employees.

- The analysis of the Company's related-party transactions. In the event of a transaction involving a particular Committee member, s/he is to abstain from participating in the analysis;

- The characteristics and conditions of the Company's share option plans and the managers and employees to whom they are directed. The members of the Appointments and Remuneration Committee do not receive remuneration for their membership of the same.

C.2.5 Indicate, where applicable, any regulations governing the Board committees, the location in which they are made available for consultation and any amendments to the same made during the financial year. Indicate whether an annual report on the activities of each committee has been voluntarily prepared.

The Board Committees are governed by the Bylaws and the Board Regulations, which are available on the company website. No amendments have been effected during the year nor have annual reports been prepared on the activities of each Committee.

C.2.6 Indicate whether the composition of the Executive Committee reflects the participation within the Board of the different types of Directors:
NO

If not, explain the composition of the executive committee.

D Related party and intra-group transactions

D.1 Identify the competent body and explain, where applicable, the procedure for approval of related party and intra-group transactions.

Body responsible for approving related party transactions: Audit Committee

Procedure for the approval of related party transactions:
The Audit Committee is responsible for monitoring and reporting the resolutions or decisions authorizing the awarding of contracts between the Company, its subsidiaries, its Directors and its shareholders, or the Directors and shareholders of the Group's subsidiaries, with special consideration given to the agreements or decisions which:

(a) Are related to the marketing of the Company's products;

(b) Affect the Company's internal or external financing.

(c) Give rise to obligations for the Company for the payment or delivery of products for an individual or aggregate amount, in a single year, in excess of 1,000,000 Euros.

Explain whether the power to approve related party transactions has been delegated, indicating, where appropriate, the body or persons to whom it has been delegated.

D.2 List any transactions considered relevant by virtue of their amount or nature between the company or its group companies and the significant shareholders in the company:

D.3 List any transactions considered relevant by virtue of their amount or nature between the company or its group companies and the company's administrators or Directors:

Name or company name of Directors or managers	Name or company name of related party	Relationship	Nature of transaction	Amount (thousands of Euros)
NATRA, S.A.	Natra, S.A.	Administrator	Provision of services	5
NATRA, S.A.	Natra, S.A.	Administrator	Service reception	175

D.4 Indicate any relevant transactions undertaken by the company with other companies in its group and which are not eliminated during the preparation of the consolidated financial statements and whose object and conditions set them apart from the company's habitual trading activities.

In all cases, indication is to be made of any intra-group operation carried out with companies established in countries or territories considered tax havens:

Corporate name of Group entity:

Amount (thousands of Euros): 0

Brief description of operation:

D.5 Indicate the amount of operations with other related parties.

0 (thousands of Euros).

D.6 List the mechanisms established to detect, determine and resolve any possible conflicts of interest between the company and/or its group and its Directors, management or significant shareholders.

Article 19 of the Board Regulation regulates conflicts of interest, as follows:

1. Directors are to abstain from intervening in deliberations that affect issues in which they are directly or indirectly an interested party.

2. Directors are considered to have personal interest when the issue affects a member of their family or a company in which they hold a management position or a significant ownership interest in its share capital.

3. Directors shall not transact business with the Company or any of the companies in its Group without the previous consent of the Board of Directors. Article 19 of the Board Regulation regulates conflicts of interest, as follows:

   (a) Directors shall not participate in deliberations on matters in which they have a directly or indirect interest.

(b) Directors are considered to have personal interest when the issue affects a member of their family or a company in which they hold a management position or a significant ownership interest in its share capital.

(c) El Consejero no podrá realizar transacciones comerciales con la Sociedad ni con cualquiera de las sociedades que integran su grupo, sin previo acuerdo del Consejo de Administración.

D.7 Is more than one Group company listed in Spain?

YES

Identify the subsidiaries listed in Spain:

Listed subsidiary: NATRA, S.A.

Indicate whether the respective areas of activity and any business dealings between the same, as well as those of the listed subsidiary and other group companies, have been publicly defined:
NO

Identify the mechanisms in place to resolve possible conflicts of interest between the listed subsidiary and other group companies:

Mechanisms to resolve possible conflicts of interest:

E Risk control and management systems

E.1 Explain the scope of the company's Risk Management System.

The Risk Control and Management System established by Natraceutical is based on the methodology of the "Committee of Sponsoring Organizations of the Treadway Commission" (COSO II), which covers all relevant areas and processes within each of the Organisational Units . The Risk Control and Management System covers, among others, financial, fraud and consolidation risks. For the detailed analysis of these risks, the Group has a formalised ICFR updating protocol, which sets out the responsibilities in risk identification and the definition of additional controls.

E.2 Identify the company organs responsible for the development and implementation of the Risk Management System.

Audit Committee

E.3 Describe the main risks that may affect the achievement of the business objectives.

Strategic risks, operational risks, reporting/financial risks and compliance risks

E.4 Identify whether the company has a risk tolerance level.

Natraceutical has a procedure for documenting the Risk Control and Management System, which is adapted both to its activity and to the associated risk profile. It also has a system for the continuous control of the risks within each process and Organisational Unit. Their status and management is reported to the Audit Committee and the Board of Directors through the channels established in this procedure. The Audit Committee is responsible for proposing the assumed risk profile to the Board of Directors, as well as for carrying out the monitoring of the risks, establishing the appropriate measures to ensure its opportune control and management.

E.5 Indicate which risks have materialized during the year.

None

E.6 Explain the response and supervision plans for the company's major risks.

There are procedures for the review and approval of the financial reporting and ICFR description, documenting the control activities and the risks of the processes relative to the Financial Statements in the form of flowcharts, process narratives and risk and control matrices. The Economic-Finance Department is responsible for their review and updating, as well as for coordinating the other areas involved in maintaining the ICFR up to date.

F Internal control and risk management system in relation to the process of financial reporting (ICRF)

Describe the mechanisms that compose the risk control and management systems in relation to the process of financial reporting (ICFR) in your company.

F.1 Company control

Indicate, at least, the following, indicating the key characteristics:

F.1.1 Which organs and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective ICFR, (ii) its implementation, and (iii) its monitoring.

The Board of Directors, as established in its regulations, is responsible for the existence and maintenance of an adequate and effective ICFR. The Finance Department is responsible for the design, implementation and updating of ICFR. The Audit Committee is responsible for overseeing the ICFR, as stated in its bylaws and the Board regulations.

F.1.2 The existence of the following elements, especially in relation to the financial reporting preparation process:

- **Departments and/or mechanisms responsible for: (i) the design and review of the organisational structure, (ii) clearly defining lines of responsibility and authority, with an appropriate distribution of tasks and functions, and (iii) the existence of adequate for appropriate dissemination within the company.**

  Human Resources Management

- **Code of Conduct, approval body, degree of dissemination and training, principles and values included (indicating whether there are specific references to the recording of transactions and the preparation of financial information), the body responsible for analysing non-compliances and proposing corrective actions and sanctions.**

The Natraceutical Internal Code of Conduct, which aims to establish standards of conduct, integrity and ethical behaviour consistent with the Company's image and reputation within the communities in which it operates, was approved by the Natraceutical Board of Directors. The code was presented to the Spanish Securities Market Commission and, as the Code itself provides, was published on the website www.natraceutical.es. The Natraceutical Code of Conduct has been in force since its approval and is applicable to the members of the company's Board of Directors and management, as well as to all the employees of the companies forming Natraceutical.

The purpose of the Code is: To ensure the professional, ethical and responsible behaviour of all Natraceutical employees when undertaking their activities and performing their duties, and to create a business culture based on the integrity of their behaviour, in line with Natraceutical's corporate reputation. Under the provisions of the Internal Code of Conduct, the body responsible for monitoring compliance with the same is the Board of Directors. Nevertheless, the implementation of an Ethics Committee is under study, to act under the supervision of the Audit Committee and the Board of Directors. The main functions of this Committee will be to promote the dissemination and knowledge of and compliance with the Internal Regulation, as well as to establish lines of communication with employees in order to collect or to provide information or to resolve issues regarding compliance with the Code, advising on the actions to be taken in case of doubt.

The Internal Code of Conduct makes express reference to the recording of transactions and to the personnel responsible for preparing the financial information. Employees directly involved in the ICFR have signed a statement by means of which they have committed to safeguarding the confidential information to which they have access and to observing the principles of transparency, accuracy and reliability in the preparation of the financial information with which they are entrusted and in the due accounting of transactions in the Company's files and books. There is a space reserved for the Internal Code of Conduct in the website www.natraceutical.es which may be consulted without restriction.

- **Complaints channel, enabling the communication to the Audit Committee of irregularities of a financial and accounting nature, in addition to possible breaches of the code of conduct and irregular activities in the organisation, indicating, when applicable, if the matter in question is confidential.**

The Complaints Channel, which is called the "Code of Conduct Mailbox", establishes the communication channels through which employees and other stakeholders will be able to provide information to the Ethics Committee (when formally established) on incidents and complaints prior to their examination, when applicable, by the Audit Committee. The complaints channel is currently regulated and its future implementation is being analysed in order to ensure the confidentiality of the entire process.

- **Training and periodic refresher programmes for the staff involved in the preparation and revision of the financial information, as well as the assessment of the ICFR, which cover, as a minimum, accounting, audit, internal control and risk management standards.**

The training provided in Natraceutical planned. A training item is established annually within budget and each Natraceutical department identifies the individual training requirements of each of its staff members. One of the Finance Department's objectives is to be up to date regarding the developments in applicable internal control and accounting material.

Natraceutical employs the services of external advisers who inform on applicable updates relevant to internal control, accounting, International Financial Reporting Standards, Risk Management, consolidation and other relevant areas. The personnel involved in the preparation and review of financial reporting has received courses in accounting, consolidation and management control. They have also attended several seminars given by ASSEF (Spanish Treasurers Association). These training activities are carried out externally, and there are mechanisms to evaluate their effectiveness.

F.2 Financial reporting risk assessment

Indicate, at least:

F.2.1 What are the main characteristics of the risk identification process, including error or fraud, in terms of:

- **If the process exists and is documented.**

  The Risk Control and Management System established by Natraceutical is based on the methodology of the "Committee of Sponsoring Organizations of the Treadway Commission" (COSO II), which covers all relevant areas and processes within each of the Organisational Units .

  The Risk Control and Management System covers, among others, financial, fraud and consolidation risks. For the detailed analysis of these risks, the Group has a formalised ICFR updating protocol, which sets out the responsibilities in risk identification and the definition of additional controls.

- **If the process covers all financial reporting objectives, (existence and occurrence, integrity, assessment, presentation, disclosure and comparability, and rights and obligations), if it is updated and how often.**

  The General Risk Map introduced in 2011 is updated annually with the following objectives:

  1. To identify and assess the key risks.

  2. To identify the risks that must be assumed and the risks to be avoided for the development of the business.

  3. To prepare the action plans necessary to mitigate the main risks. The ICFR covers all the following objectives:

  (a) Existence and occurrence: The transactions, facts and other events reflected in the financial reporting effectively exist and have been recorded at the appropriate time.

  (b) Integrity: The information reflects all the transactions, facts and other events in which the company is an affected part.

  (c) Measurement and accuracy: The transactions, facts and other events are recorded and measured in accordance with applicable regulations.

  (d) Rights and obligations: The financial information reflects, on the relevant date, the rights and obligations through the related assets and liabilities, in accordance with applicable regulations.

  (e) Presentation and disclosure: Transactions, events and other events are categorised, presented and disclosed in the financial reporting in accordance with applicable regulations.

- **The existence of a scope of consolidation identification process, taking into account, among other things, the possible existence of complex corporate structures and special purpose entities.**

  The Economic-Finance Department Management, responsible for the consolidation process, has properly documented the whole process. The consolidation and year-end flowchart process includes the risks and controls relevant to the updating of the perimeter and the consolidation of the Financial Statements.

- **If the process takes into account the effects of other types of risk (operational, technological, financial, legal, reputational, environmental, etc.) to the extent in which they affect the financial statements.**

  In accordance with this methodology, Natraceutical has structured the risks into four groups:

  1. Strategic Risks: referring to those risks that are considered key to the Group and which must be managed pro-actively and with priority (e.g., decisions on investment, entering new segments, personnel replacement, etc).

2. Operational risks: Those risks that affect the operational management and are capable of significantly disrupting the Group's operations (e.g., system failures, accidents in the workplace and environmental accidents, process failures, etc.).

3. Reporting/Financing risks: Those risks that directly affect aspects related to the information reported to the company and/or third parties (e.g., erroneous information to investors and shareholders, etc.). This category also includes financial risks (e.g., credit, market and liquidity risks, etc.).

4. Compliance risk: Those risks affecting the internal or external regulatory compliance with third parties (e.g., compliance with safety and environmental standards, filing and payment of taxes, compliance with personal data protection regulations, etc.). In this manner, the company assesses:

(i) The inherent risks (the risk present for Natraceutical in the absence of any action from the Management aimed at altering the probability of the risk occurring and the impact of the same).

(ii) The residual risks (the risk that remains after the Management has implemented a mitigation measure).

- **Which of the company's governing bodies is to oversee the process.**

  Natraceutical has a procedure for documenting the Risk Control and Management System which is adapted both to its activity and to the associated risk profile. It also has a system for the continuous control of the risks within each process and Organisational Unit. Their status and management is reported to the Audit Committee and the Board of Directors through the channels established in this procedure.

  The Audit Committee has the responsibility to propose the assumed risk profile to the Board of Directors, as well as to carry out the monitoring of the risks, establishing the appropriate measures to ensure its opportune control and management. The Board of Directors is ultimately responsible for overseeing the functioning of the Risk Control and Management System.

F.3 Control Activities

Indicate whether the Company has, at least, the following, indicating the key characteristics:

F.3.1 Procedures for the review and approval of the financial reporting and the description of the ICFR to be published in the securities markets, indicating those responsible for the same, as well as the documentation describing the control and activities flows (including those relating to fraud risk) of the different types of transactions that may significantly affect the financial statements, including the year-end procedure and the specific review of the judgments, estimates, measurements and projections.

There are procedures for the review and approval of the financial reporting and ICFR description, documenting the control activities and the risks of the processes relative to the Financial Statements in the form of flowcharts, process narratives and risk and control matrices. The Economic-Finance Department is responsible for their review and updating, as well as for coordinating the other areas involved in maintaining the ICFR up to date.

In 2012, the processes relevant to financial reporting were updated, following quantitative (impact on financial statements) and qualitative (difficulty of associated transactions, perceived risk, etc.) criteria for their identification.

The following are considered relevant processes for financial reporting in Natraceutical, which in turn are broken down, in some cases, into sub-processes:

- Property, plant and equipment
- Accounts payable
- Accounts receivable
- HR
- Consolidation
- Year-end
- Financial reporting

The areas involved, the risks that impact on the financial information (including fraud) and the associated control activities have been defined for each process and sub-process, including:

- The relevant financial information objectives covered.
- If key or not, considering a key control as that which mitigates, correctly and sufficiently in advance, the existence of fraud or errors which have a significant impact on the financial information issued.
- The person or body responsible, the person or body which implements the control and the frequency of the implementation.
- The type of control and the level of automation. The systems involved in the implementation of the control.

Additionally, the activities destined at implementing an Offence Prevention and Detection Programme have been initiated in 2013 with the collaboration of an external consultant. The model is to include measures such as the adequate segregation of duties, regular checks to detect illegal activities, staff training, etc.

F.3.2 Internal control policies and procedures for the information systems (including access security, monitoring of changes, their operation, operational continuity and segregation of duties, among others) that support the company's relevant processes in relation to the preparation and publication of financial information.

Natraceutical's information systems are currently subject to policies and procedures governing the access to and operation of the systems and applications that enable:

- Management of access to the systems and applications so as to ensure the adequate segregation of duties within the applications, adding access permissions to the system's user profiles. The availability of mechanisms affording continuity to the different systems operated in support of the business in the event of failure. The availability of data recovery mechanisms (backups, fireproof chambers for the storage of backup copies, external servers, etc.).

- Ensuring that the development of new applications or the maintenance of existing applications facilitates a definition, development and testing process that ensures the correct treatment of the information.

- The management of the proper operation of the systems. To do so, the IT Department is responsible for ensuring the correct, efficient operation of the systems and communication networks.

F.3.3 Internal control policies and procedures for monitoring the management of outsourced activities, as well as those aspects of assessment, calculation or measurement entrusted to independent experts and which may significantly affect the financial statements.

Within the processes that make up the Natraceutical value chain, the outsourced activities related to the financial information preparation and ICFR assessment processes are subcontracted to companies of renowned prestige that have certified their competence, training and independence. This procedure is followed in order to avoid relevant risks in the financial reporting. Notwithstanding the above, outsourced activities are always overseen and monitored by the area within Natraceutical affected by the same.

F.4 Information and communication

Indicate whether the Company has, at least, the following, indicating the key characteristics:

F.4.1 A specific function responsible for defining and maintaining updated the accounting policies (accounting policies area or department) and for resolving questions or disputes regarding their interpretation, maintaining fluid communication with those responsible for the organisation's operations, as well as maintaining an updated accounting policies manual and providing the company's operational unit's with access to the same.

The Economic-Finance Department is responsible for maintaining the accounting policies up to date, for defining and maintaining Natraceutical's Accounting Policy Manual and for resolving any questions and conflicts that may arise in its interpretation, and informing all those with a relevant involvement in the preparation of the financial information.

Additionally, Natraceutical has the support of external advisers of recognised standing which inform the company of new accounting standards. The Manual contains the policies and activities necessary for the correct recording of each accountable transaction, in addition to practical examples for the most significant transactions.

The latest update of the Manual was produced in November 2009. However, any changes of legislation affecting the accounts of the subsidiaries are taken into account and communicated to those responsible for preparing and monitoring the financial information.

F.4.2 Financial information collection and preparation mechanisms employing homogeneous formats for application and use by all units of the organization or group, capable of supporting the main financial statements and notes, as well as detailed information about the ICFR.

Natraceutical centralises the financial reporting collection, consolidation and preparation process. Natraceutical employs software that enables the standardisation of the budgeting, monitoring and consolidation processes. In order to cover all risks relevant to financial reporting, the year-end and consolidation process is accompanied by a series of implemented and documented controls with their corresponding flowcharts and risk and control matrices.

F.5 System operation monitoring

Indicate, at least, the following, indicating the key characteristics:

F.5.1 The ICFR monitoring activities carried out by the Audit Committee, as well as the existence of an internal audit function with competences that include providing support to the committee in its supervision of the internal control system, including the ICFR. Information is to be provided on the scope of the ICFR assessment carried out during the period and the procedure by which the person responsible for carrying out the assessment reports its results, whether the company has an action plan that details the applicable corrective measures, and whether it has considered the impact of the same on the financial reporting.

The Audit Committee is responsible for ICFR monitoring activities, which include:

- Approving the audit plans, which are currently being defined by the Internal Audit function (implemented in 2011, as stated in the Audit Committee minutes dated October 27, 2011) and which will have a risk-based approach;

- Determining those responsible for their implementation, assessing the adequacy of the work carried out, reviewing and assessing the results and considering their effect on the financial information; Reviewing and assessing the reliability of the accounting and management financial reporting with regard to compliance with the procedures for its recording and the use of information, accounting management and data processing systems;

- Advising the organization on issues relating to the prevention of fraud, corruption and other illegal activities;

- Implementing the prioritisation and monitoring of corrective actions, and reporting on the evolution of the same to Senior Management;

- Advising on issues relating to corporate governance and the prevention of fraud, corruption and other illegal activities.

The Internal Audit Department is responsible for supporting the Audit Committee in the monitoring of the ICFR, which is defining a three-year plan for the monitoring of all the key controls and processes for the financial statements. This requires the definition of a consistent methodology based on best Internal Control and Internal Audit practices. The Internal Audit function is regulated by the Internal Audit Charter approved by the Board of Directors' Audit Committee. It is functionally dependent on the Audit Committee and hierarchically dependent on the Board of Directors. The rest of the Organisation's Departments have no authority over the Internal Audit Department.

F.5.2 The existence of a discussion process by means of which the accounts auditor (in accordance with the provisions of the NTA), the internal audit function and other experts are able to inform the senior management and the Audit Committee or company directors about the internal control's material weaknesses identified during the financial statements review process or during any other review process which they have been entrusted. Information is also to be provided about the existence of an action plan for the correction or mitigation of the weaknesses observed.

The Audit Committee is subject to a formal procedure that ensures the periodic communications with the external auditors to receive information concerning matters that may jeopardise their independence, in addition to any other issues related to the development of account auditing procedures, and any communications provided for by the account auditing legislation and technical auditing regulations.

It must receive written confirmation from the external auditors on an annual basis of their independence vis-à-vis the Company or entities directly or indirectly related thereto, as well as information on additional services of any kind provided to such entities by such auditors or persons or entities related thereto pursuant to the regulations applicable to the auditing of accounts.

Subsequently, it must inform senior management and the Board of Directors of any material internal control incidents and weaknesses identified during audits. The Internal Audit Department is to regularly report to the Audit Committee on any incidents detected in the course of its work. When considered necessary, other experts are required to present the results of their work to the Audit Committee.

F.6 Other relevant information

N/A

F.7 External auditor's report

Inform whether:

F.7.1 If ICFR information sent to markets has reviewed by the external auditor, in which case the company must include the report as an Annex. To the contrary, it must report its reasons.

Natraceutical has not subjected the ICFR information sent to markets to review by an external auditor. However, Natraceutical's Management plans to commission an external auditor to review the ICFR sent to the markets.

G Degree of compliance with corporate governance recommendations

Indicate the degree of the company's compliance with the Unified Good Governance code.

In the event that any recommendation is not followed, or is partially followed, a detailed explanation of the reasons is to be included in such a manner as to provide shareholders, investors and the market in general with sufficient information with which to evaluate the behaviour of the company. Generalised explanations will not be accepted.

G.1 The Bylaws of the listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of share purchases on the market.

See sections: A.10, B.1, B.2, C.1.23 and C.1.24.

Met

G.2 When both the parent company and a subsidiary are listed, both clearly define:

(a) The respective areas of activity and any business dealings between the same, as well as those of the listed subsidiary and other group companies, have been publicly defined;

(b) The mechanisms designed to resolve possible conflicts of interest.

See sections: D.4 and D.7

Met

G.3 That, although not expressly required under mercantile law, transactions which involve a structural change in the company and, in particular, the following are subject to approval by the General Shareholders Meeting:

(a) The transformation of listed companies into holding companies through the process of subsidiarisation, i.e., reallocating core activities to subsidiaries that were previously carried out by the originating firm, even though the latter retains full control of the former;

(b) The acquisition or disposal of key operating assets that would effectively alter the company's corporate purpose;

(c) Operations that effectively are equivalent to the company's liquidation.

See section: B.6

Partially met

The Board reserves the following matters:

(a) The approval of the financial statements, the allocation of profit and the approval of the corporate management.
(b) The appointment and removal of Directors, liquidators and, where appropriate, accounts auditors, as well as the exercise of corporate responsibility actions against any of the same.
(c) The amendment of the Bylaws.
(d) The increase and reduction of share capital.
(e) The suppression or limitation of preferential subscription and pre-emption rights.
(f) The transformation, merger, division or transfer of assets and liabilities and the transfer abroad of the company's registered offices. g) The dissolution of the company.
(g) The dissolution of the company.
(h) The approval of the final liquidation balance sheet.
(i) Any other matters determined under Law or the Bylaws.

G.4 Detailed proposals of the resolutions to be adopted at the General Shareholders Meeting, including the information stated in Recommendation 27, should be made available simultaneous to the publication of the Meeting notice.

Met

G.5 That the General Shareholders Meeting shall vote separately on matters that are substantially independent in order that shareholders may separately exercise their right to vote. This regulation shall apply in particular to:

(a) The appointment or ratification of Directors, which shall be voted on individually.

(b) In the case of amendments to the Articles of Association, to each substantially different article or group of articles.

Met

G.6 Companies should allow split votes in order that financial intermediaries acting as nominees on behalf of different clients may issue their votes according to instructions.

Met

G.7 The Board is to perform its duties with a unified intention and independent criteria, dispense the same treatment to all the shareholders and be guided by the interests of the company, understood as the sustainable maximisation of the company's economic value.

It should likewise ensure that the company abides by the applicable laws and regulations in its dealings with stakeholders; fulfils its obligations and contracts in good faith; respects the customs and good practices of the sectors and territories in which it operates, and upholds any additional social responsibility principles it has subscribed to voluntarily.

Met

G.8 The Board is to understand the core components of its mission as to approve the company's strategy and authorise the organisational resources to develop the same, and to ensure that the management meets the objectives established and respects the company's interests and corporate purpose. As such, the Board in full reserves the right to approve:

(a) The Company's general policies and strategies, and in particular:

(i) The strategic or business plan, management targets and annual budgets;

(ii) Investment and financing policy;

(iii) The definition of the corporate group structure;

(iv) The corporate governance policy;

(v) The corporate social responsibility policy;

(vi) The remuneration and assessment of senior officer performance;

(vii) The risk management and control policy, periodic monitoring of the internal information and control systems.

(viii) The dividend and treasury policies, and in particular their limits;

See sections: C.1.14, C.1.16, and E.2

(b) The following decisions:

(i) On the proposal of the company's CEO, the appointment and removal of senior officers, as wells as their compensation clauses;

(ii) Directors' remuneration and, in the case of Executive Directors, the additional remuneration for their management duties and other contract conditions.

(iii) The financial reporting that all listed companies must periodically disclose.

(iv) Investments or transactions of any kind which, by virtue of their high amount or special characteristics, are considered strategic in nature, unless their approval corresponds to the General Meeting;

(v) The creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the Group.

(c) Transactions which the company conducts with Directors, significant shareholders or shareholders represented on the Board, or with persons related thereto ("related-party transactions").

Board authorisation will not, however, be required for related-party transactions that simultaneously meet the following three conditions:

1st. They are governed by standard form agreements applied on an across-the-board basis to a large number of clients;

2nd. They are undertaken at general tariffs or prices as established by the person/entity acting as the supplier of the goods or services in question;

3rd. The amount does not exceed 1% of the company's annual revenue.

It is recommendable that related-party transactions should only be approved on the basis of a favourable report from the Audit Committee or another committee with the same function; and that the Directors involved should neither exercise nor delegate their votes, and should withdraw from the meeting room while the Board deliberates and votes.

Ideally, the above powers should not be delegated with the exception of those mentioned in b) and c), which may be delegated to the Executive Committee in urgent cases and later ratified by the full Board.

See sections: D.1 and D.6

Met

G.9 In the interests of maximum effectiveness and participation, the Board of Directors should ideally comprise no fewer than five and no more than fifteen members.

See section: C.1.2

Met

G.10 Proprietary and independent external Directors should occupy an ample majority on the Board, while the number of executive Directors should be the minimum practical, bearing in mind the complexity of the corporate group and the ownership interests they control.

See sections: A.3 and C.1.3.

Met

G.11 The relationship between proprietary and independent external Directors is to reflect the relationship between the capital represented on the Board by proprietary Directors and the remainder of the company's capital.

This proportional criterion can be relaxed in order that the weight of proprietary Directors is greater than would strictly correspond to the total percentage of capital they represent.

1st In heavily capitalised companies with a scarce or null proportion of shares that may legally be considered as major shareholdings, notwithstanding the existence of shareholdings representing a high absolute value.

2nd In the case of companies with multiple, unrelated shareholders represented on the Board.

See sections: A.2, A.3 and C.1.3

Met

G.12 The number of independent Directors is to represent at least one third of all Board members.

See section: C.1.3

Explain

The Company has appointed an independent Director during 2013, which is proportional in relation to the number of Board members.

G.13 The nature of each Director should be explained to the General Shareholders Meeting, which will effect or ratify the appointment, which is to be confirmed or reviewed in each year's Annual Corporate Governance Report, following verification by the Appointment Committee. The above-mentioned report should also contain an explanation of the reasons behind the appointment of proprietary Directors at the request of shareholders representing less than 5% of the company's capital; it should detail the reasons behind the dismissal, when applicable, of any formal requests for presence on the Board received from shareholders holding an ownership interest that is equal to or greater than those of shareholders who have successfully requested the designation of proprietary Directors.

See sections: C.1.3 and C.1.8

Explain

BMS PROMOCIÓN Y DESARROLLO, S.L was appointed due to its condition as a major shareholder in Natra SA and its position as a Director of the same.

G.14 In the event of a reduced or inexistent presence of female Directors, the Appointment Committee is to ensure that, when new vacancies are produced:

(a) The procedures for covering Board vacancies have no implicit bias against female candidates;

(b) The company makes a conscious effort to include women with the target profile among the candidates for Board posts.

See sections: C.1.2, C.1.4, C.1.5, C.1.6, C.2.2 and C.2.4.

Met

G.15 The Chair, as the person responsible for the efficient functioning of the Board of Directors, is to ensure that the Directors are provided with sufficient information in advance of Board meetings, and work to procure a suitable level of debate and the active involvement of all Directors, safeguarding their rights to freely express and adopt positions; he or she is to organise and coordinate regular assessments of the Board and, where appropriate, the company's chief executive, along with the Chairs of the relevant Board Committees.

See sections: C.1.19 and C.1 41

Met

G.16 When the Chair of the Board is also the Company CEO, an independent Director is to be empowered to request the calling of Board Meetings or the inclusion of new items on the agenda; to coordinate and give voice to the concerns of external Directors; and to lead the Board's assessment of the Chair of the Board.

See section: C.1.22

Not applicable

G.17 The Board Secretary shall specifically ensure that the Board's actions:

(a) Adhere to the letter and spirit of the applicable laws and regulations, including those approved by the regulatory bodies;

(b) Comply with the company's Articles of Association and the Board, General Meeting Regulations and other company regulations;

(c) Are informed by the good governance recommendations of the Unified Code to which the company has subscribed.

In order to safeguard the Secretary's independence, impartiality and professionalism, the appointment and dismissal of the same should be informed by the Appointment Committee and approved by a full Board meeting; and this appointment and dismissal procedure must be reflected in the Board's Regulation.

See section: C.1.34

Met

G.18 The Board is to meet with the necessary frequency to properly perform its functions, in accordance with a calendar and agendas established at the beginning of the year, to which each Director may propose the addition of other items.

See section: C.1.29

Met

G.19 Director absences are to be kept to an indispensable minimum and quantified in the Annual Corporate Governance Report. When Directors have no choice but to delegate their vote, they should do so with instructions.

See sections: C.1.28, C.1.29 and C.1.30

Met

G.20 When Directors or the Secretary express concerns about proposals or, in the case of Directors, about the company's performance, and such concerns are not resolved at the Board Meeting, the person responsible for expressing the same may request that they be recorded in the minutes.

Met

G.21 The Board shall evaluate annually:

(a) The quality and efficiency of the Board;

(b) The performance of the Chair and the chief executive, based on a report submitted by the Appointment Committee;

(c) The performance of its committees, based reports submitted by the same.

See sections: C.1.19 and C.1.20

Met

G.22 All Directors must be able to exercise their right to receive any additional information they require on matters within the Board's competence. Unless the bylaws or Board regulations indicate otherwise, such requests are to be addressed to the Chair or Secretary of the Board.

See section: C.1.41

Met

G.23 All Directors must have the right to the advice they require from the company in order to perform their functions. The company is to provide suitable channels for the exercise of this right, extending in special circumstances to external assistance at the company's expense.

See section: C.1.40

Met

G.24 The companies are to establish induction programmes for new Directors in order that they may rapidly acquaint themselves with the workings of the company and its corporate governance rules.
Directors are also be offered refresher programmes when circumstances so advise.

Partially met

Partial compliance. There is currently no defined and structured guidance programme to rapidly provide Directors with appropriate knowledge of the company, however:

(a) Directors have the widest powers for the collection of information on the Company.

(b) In the event of new Directors requiring further information about a specific matter, the Chair or Secretary of the Board must provide the requested information and/or any opportune explanations, or direct the Director to the most appropriate interlocutor.

In the event of such guidance proving insufficient, the Director may request the contracting of external experts.

G.25 Companies are to require their Directors to devote sufficient time and effort to perform their duties effectively, and, as such:

(a) Directors are to inform the Appointment Committee of any other professional obligations which may detract from the necessary dedication;

(b) Companies are to establish rules regarding the number of directorships their Board members may hold.

See sections: C.1.12, C.1.13 and C.1.17

Explain

The general obligations of Directors (Art. 16 of the Regulations of the Board of Directors) do not specifically mention that companies are to establish rules on the number of Boards in which their Directors may participate, although they do contain indications of the necessary time and effort required in order to regularly monitor the issues raised by the Company's Board of Directors and of the requirement for the Directors to actively participate in the Board.

G.26 The proposal for the appointment or renewal of Directors which the Board submits to the General Shareholders Meeting, as well as provisional appointments by the method of co-option, must be approved by the Board:

(a) On the proposal of the Appointments Committee, in the case of independent Directors.

(b) Following a report by the Appointments Committee, in the case of the other Directors.

See section: C.1.3

Met

G.27 The company will disclose, through its website, and maintain updated the following information about it directors:

(a) Professional experience and background;

(b) Other directorships held, independently of whether they correspond to listed companies;

(c) Indication of the category of director to which they belong, including, in the case of outside directors, the shareholder represented or with whom they maintain a relationship.

(d) Date of first appointment as Company director, as well as that of subsequent appointments, and;

(e) Company shares and share options held.

Met

G.28 Proprietary Directors are to tender their resignations when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their shareholding, thereby losing their entitlement to proprietary Directors, the latter's number should be reduced accordingly.

See sections: A.2, A.3 and C.1.2

Met

G.29 The Board of Directors shall not propose the removal of independent Directors before the expiry of their tenure as mandated by the Bylaws, except where just cause is found by the Board, based on a report from the Appointment Committee. Specifically, just cause will be presumed when a Director is in breach of his or her fiduciary duties or incurs one of the disqualifying circumstances, in accordance with the provisions of Order ECC/461/2013.

The removal of independents may also be proposed when a takeover bid, merger or similar corporate operation produces changes in the company's capital structure, in order to meet the proportionality criterion set out in Recommendation 12.

See sections: C.1.2, C.1.9, C.1.19 and C.1.27

Met

G.30 Companies are to establish rules requiring Directors to inform the Board of any circumstance that may damage the organisation's name or reputation, tendering their resignation as the case may be, with particular mention of any criminal charges brought against them and the progress of any subsequent trial.

When a Director is indicted or tried for any of the offences established in Article 213 of the Corporations Act, the Board is to examine the matter as soon as possible and, in view of the particular circumstances, decide whether or not the Director is to continue in his/her position. The Board is to duly reflect the above in a reasoned manner in the Annual Corporate Governance Report.

See sections: C.1.42, C.1.43

Met

G.31 All Directors are to express clear opposition if they believe that a proposal submitted for the Board's approval may damage the corporate interest. In particular, independents and other Directors unaffected by the conflict of interest should challenge any decision that may oppose the interests of shareholders lacking Board representation.

When the Board adopts material or reiterated decisions about which a Director has expressed serious reservations, the Director in question must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the following Recommendation.

The terms of this Recommendation are also to apply to the Secretary of the Board, independently of his/her condition as a Director.

Met

G.32 In the event of the removal of a Director prior to the termination of the appointed term, whether through resignation or other reasons, the Director is to explain the reasons motivating the resignation in writing to all Board members. Irrespective of whether such removal is filed as a significant event, the motive for the same is to be explained in the Annual Corporate Governance Report.

See section: C.1.9

Met

G.33 Remuneration comprising the awarding of shares in the company or other companies in the group, share options or other share-based instruments, payments linked to the company's performance or membership of pension schemes are to be confined to Executive Directors.

The concession of shares is excluded from this limitation when Directors are obliged to retain the same until the end of their tenure.

Met

G.34 The external Directors' remuneration must compensate the dedication, qualifications and responsibility inherent to each position, whilst avoiding reaching sums capable of compromising the corresponding Director's independence.

Met

G.35 In the case of performance-related remuneration, deductions are to be computed for any reservations appearing in the external auditor's report and which reduce the company's profit.

Met

G.36 In the case of variable remunerations, the remuneration policies are to include the limits and necessary technical safeguards to ensure that these concepts reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, atypical or exceptional transactions or similar circumstances.

Not applicable

G.37 When the company has an Executive Committee, the breakdown of its members by Director category should be similar to that of the Board itself. The Secretary of the Board should also act as secretary to the Executive Committee.

See sections: C.2.1 and C.2.6

Not applicable

G.38 The Board is to be kept fully informed of the matters dealt with and the decisions taken by the Executive Committee. To this end, all Board members are to receive a copy of the Committee's minutes.

Not applicable

G.39 The Board of Directors must, in addition to the Audit Committee required by the Securities Market Act, create an Appointment and Retribution Committee, or two separate committees, from among its members.

The rules governing the composition and operation of the Audit Committee and the Appointment and Remuneration Committee or Committees should be set forth in the Board regulations, and include the following:

(a) The Board of Directors is to appoint the members of such committees taking into account the knowledge, aptitudes and experience of its Directors and the tasks entrusted to each committee; deliberate the corresponding proposals and reports; and be responsible for overseeing and evaluating their work, which should be reported to the first Board plenary following each meeting;

(b) Such committees are to be formed exclusively of external Directors and have a minimum of three members. The above is to be interpreted notwithstanding the attendance of Executive Directors or senior managers, in the event of the presence of such figures being expressly agreed upon by the Committee members.

(c) The committees are to be chaired by an independent Director.

(d) The committees may engage external advisors when considered necessary for the discharge of their duties.

(e) Meeting proceedings are to be minuted and a copy sent to all Board members.

See sections: C.2.1 and C.2.4

Met

G.40 The task of supervising compliance with internal codes of conduct and corporate governance rules is to be entrusted to the Audit Committee, the Appointment Committee or, as the case may be, separate Compliance or Corporate Governance Committee.

See sections: C.2.3 and C.2.4

Explain

In accordance with Article 29 of the Board of Directors Regulations and in compliance with Natraceutical S.A.'s Internal Code of Conduct, these duties currently correspond to Secretary of the Board.

G.41 The Audit Committee's members, and specifically its Chair, are to be appointed in accordance with their knowledge and experience in the field of accounts, audits or risk management.

Met

G.42 Listed companies are to have an internal audit function, under the supervision of the Audit Committee, to ensure the proper operation of internal reporting and control systems.

See section: C.2.3

Met

G.43 The person responsible for the internal audit function should present an annual work programme to the Audit Committee; report directly on any incidents arising during its implementation; and submit an activities report at the end of each year.

Explain

While a work plan has not been submitted to the Audit Committee, the Board of Directors has been informed of the work already performed and the incidents that have arisen during its preparation.

G.44 The control policy and risk management shall identify at least:

(a) The different types of risk (operative, technological, financial, legal, reputation, etc.) faced by the company, including contingent liabilities and other off-balance sheet risks;

(b) The determination of the level of risk considered acceptable by the company;

(c) The measures in place to mitigate the impact of the identified risk;

(d) The internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.

See section: E

Met

G.45 The Audit Committee is responsible for:

1st In relation with the information and internal control systems:

(a) The appropriate management and diffusion of the main risks identified as a consequence of the monitoring of the efficiency of the company's internal control and risk management systems.

(b) Safeguarding the independence and efficacy of the internal audit function; propose the selection, appointment, reappointment and removal of the head of internal audit; propose the department's budget; receive regular reports on its activities; and verify that Senior Management is acting on the findings and recommendations of its reports.

(c) Establishing and supervising a mechanism whereby staff can report confidentially and, if necessary, anonymously, any irregularities of potential importance, especially those of a financial and accounting nature, detected within the company.

2nd In relation to the external auditor:

(a) Receiving regular information from the external auditor on the progress and findings of the audit programme, and verifying the Senior Management's observance of its recommendations.

(b) Ensuring the independence of the external Auditor, and to this effect ensure:

(i) That the company reports any change of auditor to the Spanish Securities Market Commission as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.

(ii) The examination of any issues giving rise to the resignation of the external auditor.

See sections: C.1.36, C.2.3, C.2.4 and E.2

Met

G.46 The Audit Committee is to be empowered to meet with any company employee or manager, to the extent that it must be able to require their appearance without the presence of another senior officer.

Met

G.47 The Audit Committee is to report to the Board, prior to the Board's adoption of the corresponding decisions, on the following points indicated in Recommendation 8:

(a) The financial reporting that all listed companies must periodically disclose. The Committee must ensure that interim statements are drawn up under the same accounting principles as those employed for the annual statements and, to this end, may ask the external auditor to conduct a limited revision.

(b) The creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the Group.

(c) Related-party transactions, except where their scrutiny has been entrusted to a separate supervision and control committee.

See sections: C.2.3 and C.2.4

Met

G.48 The Board of Directors is to procure to present the financial statements to the General Shareholders' Meeting without reservations or qualifications in the audit report. Should any such reservations or qualifications exist, both the Chair of the Audit Committee and the auditors are to give a clear account to shareholders of their scope and content.

See section: C.1.38

Met

G.49 The majority of Appointment Committee members – or Appointment and Remuneration Committee members, as the case may be – should be independent Directors.

See section: C.2.1

Explain

The Appointment and Remuneration Committee currently has only two proprietary Directors and one independent Director, with the latter acting as Committee Chair due to the absence of other independent Directors on the Board.

G.50 The Appointments Committee shall have the following functions, in addition to those detailed in previous recommendations:

(a) Assessing the skills, knowledge and experience necessary for Board members, defining the functions and capabilities to be met by the candidates for each vacancy, and determining the time and dedication necessary for them to properly perform their duties.

(b) Examining or organising, in the manner considered most appropriate, the succession of the Chair and chief executive and, where appropriate, making recommendations to the Board in order that the succession occurs in an orderly and well-planned manner.

(c) Providing information relative to the appointments and removals of senior managers proposed to the Board by the CEO.

(d) Reporting to the Board on matters of gender diversity. Recommendation 14 of this Code.

See section: C.2.4

Met

G.51 The Appointment Committee should consult with the Chair and Chief Executive, especially on matters relating to Executive Directors.

Any Board member may suggest directorship candidates to the Appointment Committee for its consideration.

Met

G.52 The Remuneration Committee should have the following functions, in addition to those stated in previous recommendations:

(a) Propose to the Board of Directors:

(i) The remuneration policy for Directors and senior managers;

(ii) The individual remuneration of executive Directors and other terms of their contracts. iii) The basic conditions of the Senior Management contracts.

(b) Safeguard compliance with the remuneration policy established by the Company.

See sections: C.2.4

Met

G.53 The Remuneration Committee should consult with the Chair and Chief Executive, especially on matters relating to Executive Directors and senior management.

Met

H Other relevant information

1. Provide a brief summary of any relevant information relative to corporate governance in the company or in the group companies that has not been detailed in the other sections in this report but which is necessary in order to reflect the most complete and reasoned information on the company's or the group companies' governance structure and practices.

2. This section may also include any other relevant but not re-iterative information, clarification or detail related to previous sections of the report.

   Specifically, indicate whether the Company is subject to the corporate governance legislation of a country other than Spain and, if so, include the compulsory information to be provided when different from that required by this report.

3. The Company may also indicate whether it has voluntarily adopted other codes of ethical principles or good practice, whether international, sectoral or pertaining to other fields. Where applicable, identify the code in question and the corresponding date of adoption.

The parent of the Consolidated Group is Natra, SA, which directly holds a 46.86% stake in the share capital of Natraceutical, SA. Natra SA is also a listed company in Spain.

Events after closure:

1. Resignation of Natra SA as Director (March 3, 2014). The shareholder Galo Alvarez Goicoechea was appointed as a member of the Board by co-optation, and appointed Chair of the same.

2. Natra, SA reduced its 50% on March 5, 2014.

3. Resignation of Directors Teresa Lozano Jiménez and Ibersuizas Alfa, SLU on January 7 and 8, 2014, respectively.

This Annual Corporate Governance Report was approved by the Company's Board of Directors at its Meeting held on 26/02/2014.

Indicate whether any Directors voted against or abstained from voting on the approval of this report.
NO

ANNUAL REPORT ON NATRACEUTICAL S.A.'S DIRECTORS' REMUNERATION

Introduction

This Annual Report on the remuneration of NATRACEUTICAL S.A.'s Directors (hereinafter "NATRACEUTICAL" or the "Company") has been prepared by the Company's Board, on the proposal of the Appointments and Remuneration Committee, in compliance with the provisions of Article 61 3rd of the Securities Market Act, and subject to the provisions of (i) the Order ECC/461/2013, March 20, which implements the content and structure of the Annual Corporate Governance Report, the annual remuneration report and other instruments of information, and (ii) the Circular 4/2003, June 12, of the CNMV, which establishes the models for annual reports on the remuneration of directors of quoted corporations and savings banks that issue securities admitted for trading on official securities markets.

Under the provisions of Article 61 3rd of the Securities Market Act, introduced by Law 2/2011, March 4, on Sustainable Economy, quoted corporations must prepare annual reports on the remunerations of their directors. The CNMV is responsible for determining the content and structure of such reports.

The text of the above-mentioned article, insofar as it affects quoted companies, is reproduced below:

Article 61 3rd. On the annual report on directors' remuneration

1. Together with the Annual Report on Corporate Governance, the Boards of quoted corporations must prepare an annual report on the remuneration of its directors, including complete, clear and understandable information about the company's remuneration policy approved by the Board for current year and, where appropriate, that planned for future years. It is also to include an overall summary of how the remuneration policy was applied during the year, and a breakdown of the individual remuneration earned by each of the directors.

2. The annual report on directors remuneration, the company's remuneration policy approved by the Board for the current year, the policy planned for future years, the global summary of the implementation of the remuneration policy during the year, as well as the breakdown of the individual remuneration earned by each director, are to be distributed and put to the vote, in an advisory capacity and as a separate item on the agenda, at the General Shareholders Meeting.

[....]

4. The annual report on the remuneration of the members of the Board, the company's remuneration policy approved by the Board for the current year, the policy planned for future years, the global summary of the implementation of the remuneration policy during the year, as well as the breakdown of the individual remuneration earned by each director, are to be distributed and put to the vote, in an advisory capacity and as a separate item on the agenda, at the General Assembly.

5. The Minister of Economy and Competitiveness or, under his/her express authorization, the National Secu-

rities Market Commission, shall determine the content and structure of the remuneration report, which may contain information, inter alia, on: the amount of the fixed components, variable remuneration concepts and the performance criteria chosen for their design, as well as the role, if any, interpreted by the Remuneration Committee.

The above-mentioned regulation was implemented by means of Order ECC/461/2013, March 20, which implements the content and structure of the annual corporate governance report, the annual remuneration report and other instruments of information, and the Circular 4/2003, June 12, of the CNMV, which establishes the models for annual reports on the remuneration of directors of quoted corporations and savings banks that issue securities admitted for trading on official securities markets.

In accordance with the above-mentioned regulations and the proposal of the Remuneration and Appointments Committee, this report was unanimously approved by the Company's Board of Directors at its Meeting held on February 26, 2014.

This report is to detail the Company's remuneration policy for the current financial year, the policy scheduled for future years, the summary of the implementation of the remuneration policy in 2013, as well as the details of individual remuneration accrued by each director.

In accordance with the provisions of Article 61 3rd of the Securities Exchange Act, this report will be disseminated and put to the vote, in an advisory capacity and as a separate item on the agenda, at the General Shareholders Meeting.

A Company remuneration policy for current year

A.1 Explain the company's remuneration policy.

General principles and bases of the remuneration policy.

Natraceutical SA's remuneration policy has been developed in accordance with the provisions of Article 33 of the Bylaws and Article 24 of the Board Regulations, which provide the regime for the remuneration of the Board of Directors.

Specifically, it establishes that the Directors are to receive per diems to compensate any costs that they may generate through their attendance at the Board's meetings. Notwithstanding the aforementioned compensation, the Directors are to receive fixed, periodic remuneration for the performance of their duties, to be determined by the General Shareholders Meeting and which will vary annually according to the Consumer Price Index, until such time as the amount is modified by a new General Shareholders Meeting agreement.

By means of an agreement adopted to this effect, the Board of Directors will distribute the aforementioned remuneration among its members in accordance with the criteria, method and amount that it establishes.

Both the aforementioned remuneration and per diems are compatible with and independent of any remuneration that the Directors may perceive for performing any other executive duties within the Company.

Similarly, the Directors' remuneration may consist of shares, share options or other options referenced to the share value, provided that such remuneration agreements are determined by the General Shareholders Meeting in accordance with the provisions of Article 217 of the Corporations Act.

The Board of Directors must approve the remuneration policy, which must be submitted to the consultation of the General Shareholders Meeting. This policy, in accordance with Article 24 of the Board Regulations, must determine at least the amount of the fixed components, variable concepts (the classes of directors to which they apply, performance assessment criteria, fundamental parameters and an estimation of the absolute amount of the variable remuneration), the main characteristics of the prevision systems and the conditions that apply to the contracts of those who hold senior management posts, such as executive directors (duration, notice periods, other clauses such as compensation, "golden-parachutes", etc.).

Significant changes made in the remuneration policy in relation to the policy applied during the previous year, as well as any amendments that have been made during the year to the conditions relative to the exercising of options that have already been granted.

The directors remuneration policy applied during 2013 has responded to the same criteria as those employed for 2012.

Criteria employed to establish the company's remuneration policy.

The remuneration policy for Natraceutical SA's outside directors is mainly aimed at appropriately remunerating directors for the dedication and responsibility assumed by each within the Board and its Committees.

Likewise, every effort shall be made to ensure that Directors receive remuneration which is commensurate with the accepted market rates in companies of similar size and activity as expressly established in the Board Regulations, which also establishes that the Directors' remuneration is to be fully transparent.

With regard to the Executive Directors, the fundamental criterion employed is based on offering a remuneration that makes it possible to attract, retain and motivate the best professionals in order to enable the Company and the Group to meet its strategic objectives within the increasingly competitive and internationalized context in which it operates. Consequently, the remuneration policy for executive directors is aimed at:

(i) Ensuring that the remuneration, in terms of its structure and total amount, meets the best practices and is competitive in relation to other comparable national and international companies, taking into account the situation in the geographical areas in which the Group operates.

(ii) Establishing remuneration with objective criteria

(iii) Including an annual variable component linked to performance and the achievement of specific, predetermined and measurable objectives.

In all cases, the directors' remuneration policy is to be appropriately adapted to the economic climate and the international context.

Relative importance of variable remuneration in relation to fixed remuneration and the criteria used to determine the various components of the directors remuneration package (remuneration mix).

The remuneration received by Directors for the performance of their activities is composed, within the legal and statutory framework, of the following remuneration concepts:

(a) Fixed amount:

Each director is to receive an annual fixed amount adapted to the market standards, in accordance with the posts held within the Board of Directors and the committees to which they belong:

a.1 Board of Directors:

In accordance with the provisions of the Company Bylaws, the Directors are to receive fixed remuneration for the performance of their duties as members of the Board, to be determined by the General Shareholders Meeting, updated each year in accordance with the CPI, and until such time as the amount is modified by a new General Shareholders Meeting agreement.

(b) Delivery of shares or share options.

Article 32 of the Bylaws establishes that Directors' remuneration may consist of shares, share options or other options referenced to the share value, provided that such remuneration agreements are determined by the General Shareholders Meeting in accordance with the provisions of Article 217 of the Corporations Act.

(c) Remuneration of executive directors for the performance of executive functions other than those arising from membership of the Board of Administration.

Article 24 of the Board Regulation establishes that the remuneration received by Directors for their membership of the Board of Directors shall be compatible with the other professional or contractual remuneration corresponding to the Director for any other executive or advisory functions performed in the Company.

(d) Variable remuneration.

A part of the executive directors remuneration is variable, with the aim of emphasizing their commitment to company and encouraging them to carry out their functions to the best of their abilities.

A.2 Information on the preparatory work and decision-making process that has been followed to determine the remuneration policy and the role, if any, of the remuneration committee and other supervisory bodies in shaping policy remuneration.

The Appointments and Remuneration Committee, which is composed of Ibersuizas Alfa, S.L.U., Brenda MacCabe and Natra, S.A., is responsible for the configuration and design of the Board members remuneration policy. Once the policy has been established, it is subject to the approval of the Board.

A.3 Indicate the amount and nature of the fixed components, itemized where necessary, of the executive directors' remuneration for the performance of senior management functions, the additional remuneration received by the Chair or by members of the Board's committees, the expenses for attendance at Board and Committee meetings and any other fixed remunerations received by directors, as well as an estimate of the fixed annual remuneration to which they give rise. Identify other benefits that are not paid in cash and the basic parameters to which they are subject.

The members of the Board of Directors and the Board Committees receive fees for attending the meetings of these bodies, the amount of which is studied and proposed by the Appointments Committee and approved by the Board. In 2013, the fees paid to each of Director amounted to 1,087 Euros for attending each Board Meeting, and 543 Euros for attending each Audit Committee or Appointments and Remuneration Committee Meeting. This amount however, is not payable to the Chief Executive Officer.

In 2013, the CEO received a gross fixed remuneration of 260,002 Euros and remuneration in kind amounting to 7.155 Euros in the concept of a vehicle (BMV Series 5, 530d).

A.4 Explain the amount, nature and main characteristics of the variable components of the remuneration systems.

Specifically:

- Identify each of the remuneration plans of which directors are beneficiaries, their scope, date of approval, implementation date, validity period and main features. In the case of share option plans and other financial instruments, the general features of the plan are to include information on the conditions for exercising the corresponding options or financial instruments.

- Indicate any remuneration in the concept of profit sharing or bonuses, and why they were granted.

- Explain the main parameters and rationale for any annual bonus schemes.

- The classes of directors (executive directors, outside directors, independent directors or other external directors) who are beneficiaries of remuneration systems or plans that incorporate a variable remuneration.

- The rationale for any variable remuneration systems or plans, the performance assessment criteria chosen, as well as the assessment components and methods for determining compliance with the assessment criteria and an estimate of the absolute variable remuneration to which the current remuneration plan would give rise, in accordance with the degree of compliance with the reference hypotheses or objectives.

- Where appropriate, information is to be provided about the deferral periods established and/or periods of retention of shares or other financial instruments, if any.

The CEO, François Gaydier, receives a variable remuneration of up to 30% of his gross fixed remuneration, in accordance with the degree of compliance with the established objectives, the accrual of which is subject to compliance with the objectives agreed between Mr Gaydier and the company, and which are to be aligned with the Group's current bonus plan.

A.5 Explain the main features of the long-term savings systems, including for retirement and any other long-term provision, partially- or fully-financed by the company, with internal or external allocations, with an estimation of their amount or equivalent annual cost, indicating the type of plan, if it is contributory or whether it provides a defined benefit, the conditions governing the consolidation of the economic rights in favour of the directors and the compatibility with any type compensation for the early termination of the contractual relationship between the company and the director.

Natraceutical, SA has no obligations relative to pensions, life insurance or any other system of long-term savings.

A.6 Indicate any indemnities agreed or paid in the event of the termination of a director's functions.

No indemnities have been agreed or paid in the event of the termination of a director's functions.

A.7 Indicate the conditions that apply to the contracts of those performing Senior Management functions, such as executive Directors Among others, information is to be provided on the duration, the limits to the amount of compensation, the permanence clauses, the advance notice terms, as well as payment in substitution of the mentioned advance notice term, and any other clauses relative to contracting bonuses, as well as compensation or "golden parachutes" in the event of the early termination of the contractual relationship between the company and the Executive Director. Include, among others, any agreements or covenants relative to non-competition, exclusivity, permanence or loyalty and post-contractual non-competition.

François Gaydier's contract has the following basic characteristics:

(a) Duration: Indefinite
(b) Compensation: No
(c) Permanence clauses: No
(d) Non-competition: No

In April 2008, when he joined the company as General Manager, compensation, an indemnity was agreed in the event of the termination of the employment relationship by the company which improves the legal compensation for which he was eligible. IN accordance with the contract signed in April 2008, the improvement is as follows: "By decision of the company supposing the termination of the employment relationship with the Company, with advance notice of six months, in which case, and in the absence of a cause justifying the dismissal, he shall have the right to receive an indemnity corresponding to 45 days per year of service, up to a maximum of 42 months, in accordance with art. 56.1 a) of the Workers' Statute, although a minimum of one year of total compensation (fixed remuneration plus the last variable remuneration received) is established."

A.8 Explain any additional remuneration earned by directors for special services rendered outside the scope of the usual functions of a director.

No additional remuneration has been earned by or is contemplated for directors for special services rendered outside the scope of the usual functions of a director.

A.9 Indicate any remuneration paid in the form of advances, credits and guarantees, indicating the interest rate, its key features and any amounts repaid, as well as the obligations assumed in the concept of guarantees.

No directors are beneficiaries of beneficiary of advances, loans or guarantees.

A.10 Explain the main features of the remuneration in kind.

The Company CEO's remuneration in kind amounts to an annual amount of 7,155 Euros, distributed in the following manner:

- Vehicle leasing: 5161.92 Euros. The vehicle is a BMW 5 Series 5330d.
- Health insurance: 1,993.08 Euros. The policy includes full costs with extensive coverage and dental coverage for himself and his family.

A.11 Indicate the remuneration accrued by the director by virtue of the payments made by the quoted company to a third entity in which the director provides services, when such payments are destined to remunerating the services provided by the director to the company.

There is no remuneration for this concept.

A.12 Any other remuneration concept different to those mentioned above, independently of their nature and provenance within the group, especially when considered a related party transaction or when the issue of the same distorts the true and fair view of the total remuneration earned by the director.

With the exception of the information provided in the preceding paragraphs, the members of the Board have not been granted or do not receive any other remuneration from the company.

A.13 Explain the actions taken by the company in relation with the remuneration system to reduce exposure to excessive risk and adjust it to the company's objectives, values and long-term interests, which shall include, where applicable, a reference to: the measures contemplated to ensure that the remuneration policy takes the company's long-term results into account, measures which establish an appropriate balance between fixed and variable remuneration components, measures taken in relation to those categories of staff whose professional activities have a material impact on the company's risk profile, recovery formulas or clauses for claiming the return of the remuneration's results-based variable components when such components are paid on the basis of data which is subsequently revealed as manifestly inaccurate, and measures designed to prevent conflicts of interest, if any.

The actions taken by the company in relation with the remuneration system to reduce excessive risk exposure and adjust the system to the company's long-term objectives, values and interests are primarily the following:

(a) Remunerate the CEOs in accordance with the accepted market rates in companies of similar size and activity.

(b) With regard to external directors, establish remuneration in such a manner as to avoid comprising their independence.

B Remuneration policy planned for future years

B.1 Detail a general prevision of the remuneration policy for the coming years, describing the policy in relation to: fixed components, per diems and variable remuneration, the relationship between remuneration and performance, prevision systems, executive director contract conditions, and a prevision of the most significant changes in the remuneration policy with respect to previous years.

The directors remuneration policy applicable during 2014 shall respond to the same criteria as that employed for 2013.

Consequently, the remuneration structure for 2014 is as follows:

- A fixed amount of 1,087 Euros for each Director for attending each Board Meeting. This amount however, shall not be accrued in favour of the Chief Executive Officer or the Non-Executive Chair.

- A fixed amount of 543 Euros for each Director for attending each Committee Meeting.

- The CEO will maintain the fixed remuneration of 260,002.44 Euros and the remuneration in kind of 7,155 Euros in the concept of a vehicle, which will be increased in accordance with the corresponding CPI.

B.2 Explain the decision-making process for determining the remuneration policy planned for coming years, and the role, if any, of the remuneration committee.

The Appointments and Remuneration Committee is responsible for proposing the Directors remuneration policy to the Board of Directors. Furthermore, in accordance with Article 32 of the Board of Directors Regulation, the Appointments and Remuneration Committee must propose the individual remuneration of executive directors and other terms of their contracts and the basic contract conditions of senior managers.

B.3 Explain the incentives created by the company in the remuneration system to reduce excessive risk exposure and adjust the system to the company's long-term objectives, values and interests.

No significant changes are expected in the Board's remuneration policy in 2014, and as such the actions taken to reduce risks described in section A-13 of this report remain applicable.

C Global summary on method for application of remuneration policy during previous tax year

C.1 Provide a summarised explanation of the main features of the remuneration policy's structure and remuneration concepts applied during the year ended, including a breakdown of the individual remuneration earned by each of the directors reflected in Section D of this report, as well as a summary of the decisions taken by the Board to implement these concepts.

The General Shareholders Meeting held on May 30, 2013 approved the proposal for Directors remuneration for this year, issued by the Board of Directors and formulated on the proposal of the Appointments and Remuneration Commission, in the following manner:

- A fixed amount of 1,087 Euros for each Director for attending each Board Meeting. This amount however, shall not be accrued in favour of the Chief Executive Officer or the Non-Executive Chair.

- A fixed amount of 543 Euros for each Director for attending each Committee Meeting.

- The CEO will maintain the fixed remuneration of 260,002.44 Euros and the remuneration in kind of 7,155 Euros in the concept of a vehicle, which will be increased in accordance with the corresponding CPI.

D Breakdown of individual remuneration accrued by each of directors

D.1 Complete the following tables relative to the individualized remuneration of each of the Directors (including remuneration for the performance of executive functions) accrued during the year:

(a) Remuneration accrued in the company subject to this report:

(i) Payment in cash (in thousands of €)

Name / Type / period of accrual year q	Salary	Fixed remuneration	Per diems	Short-term variable remunera-tion	Long-term variable remuneration	Remuneration for membership of Board committees	Compensation	Other concepts	Total year	Total year M
Natra, S.A.			9.237						9.237	
BMS Promoción y Desarrollo, S.L.			4.348						4.348	
Félix Revuelta Fernández			6.522						6.522	
Mª Teresa Lozano Jiménez			6.522						6.522	
Ibersuizas Alfa, S.L.U.			8.150						8.150	
Juan Ignacio Egaña Azurmendi			6.522						6.522	
Brenda McCabe			4.890						4.890	
François Gaydier		260.002,44						7.155	267.157,44	

(ii) Share-based payment systems

Name / Type / period of accrual year q	Name of plan and implementation date	Owner of options at beginning of year t				Options allocated year t					Shares delivered during year
		No. of options	No. of shares involved	Strike price (€)	Exercise period	No. of options	No. of shares involved	Strike price (€)	Exercise period	Conditions for exercising option	
Director 1	Plan 1										
	Plan 2										

Name / Type / period of accrual year q	Name of plan and implementation date	Options exercised year t				Matured options	Options exercised year t				
		No. of options	No. of shares involved	Strike price (€)	Exercise period	Number of options	No. of options	No. of shares involved	Strike price (€)	Exercise period	Other requirements for exercising option
Director 1	Plan 1										
	Plan 2										

(iii) Share-based payment systems

Name / Type / full accrual period in years	Contribution during year by Company (€ thousands)		Amount of accumulated funds (€ thousands)	
	Year t	Year t-1	Year t	Year t-1
Director 1				

(iv) Other benefits (in thousands of €)

Name / Type	Remuneration in the form of advances, loans		
	Applicable interest rate	Essential features of the operation	Any amounts repaid
Director 1			
Director 2			

Name / Type	Life insurance premiums		Guarantees issued by the company in favour of Directors	
	Year t	Year t-1	Year t	Year t-1
Director 1				
Director 2				

(b) Remuneration earned by company directors for membership of the boards of other group companies:

(i) Remuneration in cash (in thousands of €)

Name / Type / period of accrual year t	Salary	Fixed remuneration	Per diems	Short-term variable remuneration	Long-term variable remuneration	Remuneration for membership of Board committees	Compensation	Other concepts	Total year t	Total year t-1
Director 1										
Director 2										

(ii) Share-based payment systems

Name / Type / period of accrual year t	Owner of options at beginning of year t				Options allocated year t					Shares delivered during year t
	No. of options	No. of shares involved	Strike price (€)	Exercise period	No. of options	No. of shares involved	Strike price (€)	Exercise period	Conditions for exercising option	ND Precio Importe
Director 1										

Name / Type / period of accrual year t	Options exercised year t				Matured, non-exercised options	Options at end of year t				
	No. of options	No. of shares involved	Strike price (€)	Exercise period	Number of options	No. of options	No. of shares involved	Strike price (€)	Exercise period	Other requirements for exercising option
Director 1										

(iii) Long-term savings systems

Name / Type / full accrual period in years	Contribution during year by Company (€ thousands)		Amount of accumulated funds (€ thousands)	
	Year t	Year t-1	Year t	Year t-1
Director 1				

(iv) Other benefits (in thousands of €)

Name / Type	Remuneration in the form of advances, loans		
	Applicable interest rate	Essential features of the operation	Any amounts repaid
Director 1			
Director 2			

Name / Type	Life insurance premiums		Guarantees issued by the company in favour of Directors	
	Year t	Year t-1	Year t	Year t-1
Director 1				
Director 2				

(c) Summary of remuneration (in thousands of €):

The summary must include the amounts for all remuneration concepts included in this report and which have been accrued by the director, in thousands of Euros.

In the case of long-term savings systems, the corresponding contributions are to be included:

	Remuneration earned in the Company				Remuneration earned in group companies				Totals		
Name / Type	Total cash remuneration	Amount corresponding to shares granted	Gross profit of options exercised	Total year t company	Total cash remuneration	Amount corresponding to shares delivered	Gross profit of options exercised	Total year t group	Total year t	Total year t-1	Contribution to saving systems during year
Natra, S.A.	9.237								9.237	91.667	
BMS Promoción y Desarrollo, S.L.	4.348								4.348	7.609	
Félix Revuelta Fernández	6.522								6.522	6.522	
Mª Teresa Lozano Jiménez	6.522								6.522	5.435	
Ibersuizas Alfa, S.L.U.	8.150								8.150	7.609	
Juan Ignacio Egaña Azurmendi	6.522								6.522	-	
Brenda McCabe	4.890								4.890	-	
François Gaydier	267.157,44								267.157,44	267.155	
Total	**313.348,44**								**313.348,44**	**385.997**	

D.2 Report on the relationship between the remuneration perceived by the directors and the profits or other means of measuring the company's performance, explaining, when applicable, how the variations in the company's performance may influence the variations in the director's remuneration.

N/A

D.3 Report on the outcome of the advisory vote of the General Meeting on the annual report on the previous year's remuneration, indicating the number of any negative votes cast:

	Number	% of total
Votes cast	22.210.105	70,64%

	Number	% of total
Votes against	8.547	0,0026%
Votes in favour	232.185.451	70,63%
Abstentions	16.107	0,0049%

E Other relevant information

Provide a brief summary of any relevant information relative to directors remuneration that has not been detailed in the other sections in this report but which is necessary in order to reflect the most complete and reasoned information on the company's remuneration structure and practices in relation to its directors.

This annual remuneration report was approved by the company's Board of Directors at its meeting held on February 26, 2014.

Indicate whether any Directors voted against or abstained from voting on the approval of this report.
NO

Name or company name of the board members who did not vote in favour of the adoption of this report	Reasons (against, abstention, absence)	Explain the reasons

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Copies of this report can be requested from the investors relations department on +34 93 584 81 85 or **info@natraceuticalgroup.com**

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