

2011: Results note

Natraceutical closed 2011 with a net profit of 13.91 M € compared to losses of 22.62 M € from previous year

Despite the consumption downturn, which still has its effects on the company turnover, the main profit drivers in 2011 were some improvement in the business operating ratios, together with the decrease of financial costs and the income from the shareholding in Naturex.

1.- Business performance

Food Supplements Division (Forté Pharma)

The consumption downturn that has affected developed markets in recent years was joined in 2011 by some constraints in the pharmacy channel resulting from several situations this sector had to face in their relations with governments in the major countries where Forté Pharma operates.

In France, Forté Pharma's main market, representing 70.2% of its turnover, the food supplements industry in the field of weight control products suffered a further contraction in 2011, of 12.6%. Throughout the year 2011, the "Health" sector led the industry in this country, with a growth of 9.6% and 58% of the total consumption of food supplements in France.

Under this circumstances, Forté Pharma continued focusing its efforts on maintaining its position in the market, while implementing a strict monitoring and control policy of the operating performance to make it more efficient in processes and flexible in its cost structure (especially in terms of advertising investment), for a faster recovery of results in the future.

In 2011, Forté Pharma managed to maintain its position as the fourth pharmaceutical lab of the market and also its leadership position in the field of "Weight Control" in France, with 16.9% of market share, although company sales at the end of 2011 stood at 29.09 million euros, compared to 38.19 million euros in December 2010.

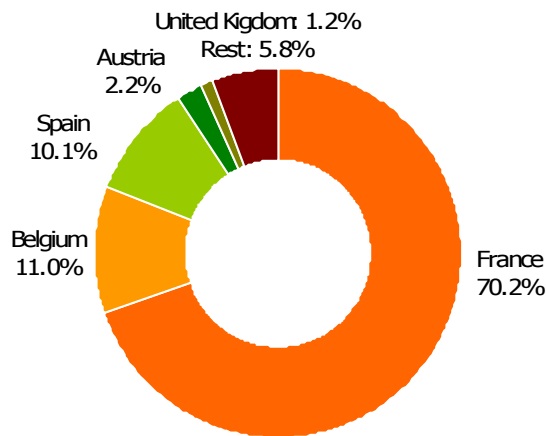
Despite the contraction in turnover, initiatives taken to protect the result of the company allowed Natraceutical to close the year with an EBITDA of -4,14 million euros compared to -6,33 million euros in 2010, on a consolidated turnover of 29.48 million euros, by the additional contribution of some residual business of the former Ingredients Division.

In addition to maintaining its position in its core markets, Forté Pharma has worked throughout 2011 to further develop its entry in the UK, where the company is already present in 500 points of sale through Boots and Superdrug chains.

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Sales distribution by country in the Food Supplements Division



For the year 2012, and given the lack of visibility on a significant recovery of the food supplements market in the short term, especially with regard to the segment of weight control products in France, the company plans to implement the last stage of the cost control strategy and also complement current sales of weight control products with a greater focus on its key products in the ranges of Beauty and Health.

Shareholding in Naturex

Since Natraceutical integrated its Ingredients Division into the French multinational Naturex, thus becoming its largest shareholder, the stake obtained through that transaction had been consolidated into Natraceutical accounts by the equity method, that is, incorporating the corresponding part of Naturex' net income.

This was so until October 2011, when a reduction of the stake in Naturex led to the loss of significant influence over that company and the subsequent decision of the Board of Directors of Natraceutical to exclude Naturex of the consolidation perimeter and classify the asset as available for sale. From that moment, the stake was accounted at market value, that is, at the market price of year-end 2011, which meant the addition of 21.12 million in the income statement for the year 2011 by the unrealized gains of this investment, generated in the last two years since Natraceutical became a shareholder in Naturex. This financial income shall compensate the losses in 2009, when following the corporate operation with Naturex, Natraceutical had to account its shareholding in the French company at market value at the time, instead of at the value of the assets of the Ingredients Division contributed to Naturex.

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Additionally, the consolidated income statement for the year 2011 includes 5.47 million euros for the results of Naturex between January and October 2011 and 8.75 million euros of capital gains from the divestments throughout, which resulted in an additional cash of 28.54 million euros

2.- Financial structure

The financial resources obtained in 2011 through the partial divestment in Naturex have been allocated primarily to this year's debt service and the early repayment of the syndicated loan, signed in April last year, with a single maturity in April 2013.

At December 31, 2011, Natraceutical's financial debt amounted to 56.60 million euros, compared to 83.07 million euros at the end of 2010, a debt reduction of 26,47 million euros in the year 2011.

The main assets supporting the financial structure of Natraceutical are the activity of the Food Supplements Division and the shareholding in Naturex. At the end of 2011, Natraceutical held 1,595,002 shares of Naturex, representing 20.7% of the share capital, with a market value on December 31, 2011 of 82.78 million euros.

3.- Natraceutical's Consolidated Profit and Loss account

<i>(in thousand euros)</i>	2011	2010
Net business turnover	29.485	38.841
+/- Variation of finished or in-process product stock	-2.904	812
Procurements	-4.927	-10.430
Other operating income	285	182
Staff expenses	-8.467	-10.423
Other operating expenses	-17.608	-25.309
Depreciation allocation	-1.197	-1.386
Impairment and fix gain/loss on fix assets disposal	-11.343	-11.453
Profit from operations	-16.676	-19.166
Financial earnings	26	1.033
Financial expenses	-4.884	-6.594
Currency exchange differences	107	689
Impairment and fix profit/loss on financial instruments	30.403	-502
Result of companies accounted for by the equity method	5.470	5.032
Profit before taxes	14.446	-19.508
Income tax	-537	-3.110
Net result	13.909	-22.618

4.- Natraceutical's Consolidated Balance Sheet

<i>(in thousand euros)</i>	31/12/2011	31/12/2010
ASSETS		
Non-current assets:		
Property, plant and equipment	318	631
Goodwill and other intangible assets	59.720	71.306
Investment in group and equity companies	0	78.808
Financial assets held for sale	0	1.937
Deferred tax assets	2.736	2.735
Other non-current financial assets	676	1.505
TOTAL NON-CURRENT ASSETS	63.450	156.922
Current assets:		
Inventories	2.343	5.162
Accounts receivables, trade	6.137	7.765
Financial assets held for sale	0	44
Financial assets at market value	82.781	0
Tax receivables	1.460	2.483
Other current financial assets	0	828
Cash and cash equivalents	714	1.392
TOTAL CURRENT ASSETS	93.435	17.674
Assets held for sale	8.492	8.492
TOTAL ASSETS	165.377	183.088
EQUITY AND LIABILITIES		
Equity:		
Share capital	32.871	32.871
Share premium	103.494	103.494
Other reserves	-1.207	2.097
Accrued earnings	-48.568	-65.108
TOTAL EQUITY	86.590	73.354
Non-current liabilities		
Non-current bank borrowings	55.137	205
Derivate financial instruments	525	489
Deferred tax liabilities	530	1
Other non-current financial liabilities	7.519	7.389
Non-current allowances	169	198
TOTAL NON-CURRENT LIABILITIES	63.880	8.282
Current liabilities		
Current liabilities payable to credit institutions	10.444	13.395
Trade accounts payable	997	1.195
Other currents liabilities	1.657	83.766
Tax liabilities	1.224	2.501
Current allowances	585	595
TOTAL CURRENT LIABILITIES	14.907	101.452
TOTAL EQUITY AND LIABILITIES	165.377	183.088

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Natraceutical is a Spanish multinational which is a reference in the research and development of natural functional ingredients, active elements and nutritional supplements for the food, pharmaceutical and cosmetics industry. The company directs its industrial activity through Laboratoires Forté Pharma, which specializes in nutritional supplements in the fields of health, beauty and weight control and which it sells exclusively in pharmacies and drugstores in Europe, as well as through its shareholding in the quoted French company Naturex, resultant from the recent contribution of its Ingredients Division to the French multinational.

Natraceutical is quoted on the Spanish stock exchange's continuous market under the ticker NTC. Total shares in circulation: 328,713,946.

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