

Valencia, (Spain) May 10, 2011

2011 1Q: Results note

In the first quarter of 2011, Natraceutical net profit increased by 27.3% up to € 2.24 million

Important contribution of the Ingredients activity in the income statement of the quarter, compared to a weak start of the year in the Nutritional Supplements Division

- Natraceutical closed 2011 first quarter with a net profit of €2.24 million compared to €1.76 million for the same period last year (+27.3%)
- The company sales, provided entirely by the Food Supplements Division, stood at €11.76 million compared to €14.43 million in the first quarter of 2010 and EBITDA of € 1.1 million compared to € 1.83 million last year.
- As for the Ingredients activity, integrated in the investee company Naturex, which is going to disclose their first quarter results on May 30, Natraceutical incorporated in its accounts a closing estimate of € 3.7 million, of which the Spanish company incorporates in their accounts the proportion to its stake (€1.23 million). At the time of this results note, the value of Natraceutical's stake in Naturex stands at €108.8 million (€ 90,20 million on March 31, 2011).
- At the end of the first quarter, Natraceutical net debt amounted to €80.08 million, with a single maturity in April 2013 for an amount of € 78.08 million, the rest being working capital financing.

1.- Business performance

Food Supplements Division

The revenues of the Food Supplements Division -Forté Pharma- fell by 18.5% in the first quarter of 2011. France, the Division's main market with 70% of turnover, experienced a sales decline of 14.2%.

Forté Pharma's leadership position in the food supplements market for weight control in France allowed the company to maintain the same sales volumes in this range than in the first quarter last year, compared with a drop of 15% in the total food supplements market for weight loss in France.

Regarding the Health range, the turnover in the first quarter decreased by 50% compared to March 2010, although it should be noted that the sales of this range in the first quarter last year had benefited by the "novelty effect" of the Forté Pharma entry in this range and thus the initial stock orders in the pharmacy distribution channel.

Head Office:

Pl. Xavier Cugat, 2, Ed. D, 2 B
08174 St. Cugat del Vallès, Barcelona
Spain
Tel. (+34) 93 584 81 85
Fax. (+34) 93 584 81 90

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The remaining markets where Forté Pharma sells its products has shown similar declines to France in the first quarter of the year, except Spain and Portugal, third and fifth markets for this Division, which experienced a growth of 3.2% and 27.3% respectively.

The drop in sales, along with a decline in gross margin of 2.5% due to higher production costs of the main new launch of the slimming campaign led Natraceutical to conclude the first quarter with an EBITDA of €1.1 million compared to €1.8 million in the first quarter of 2010.

Regarding expansion into new markets, the company continued to strengthen business relationships in new markets started late last year, especially UK and the U.S., while advancing the regulatory process, reformulation of products and business plan in Brazil, which would allow the marketing in that country later this year if the business recovery in Europe provides the necessary guarantees for the implementation in Brazil.

In the second quarter of the year the company will concentrate its efforts on pre-sales campaigns of health products, whose sales to consumers begin late in the third quarter. Additionally, it is expected that trade relations started in the UK, that will lead the launch of the slimming category during the months of April and May in that market, help to complement the position of Forté Pharma in other continental European countries.

Shareholding in Naturex

In line with the excellent results of Naturex throughout the year 2010, the company published on April 25 its first quarter revenues in advance of the results that will be disclosed on May 30.

Naturex has made an excellent start to the 2011 fiscal year, posting very high growth in revenues over the 1st quarter. Turnover is up by 24.0% at €64.0 million, versus €51.6 million the previous year.

This puts Naturex ahead of its annual growth objectives and goal of 2-digit growth in sales, announced end of March 2011 at the publication of 2010 annual results.

Performances over the 1st quarter of 2011 illustrate both the positive effect of a wider product portfolio and the business synergies produced by the diversity of ranges that have been beneficial in all three markets: Food & Beverage, Nutrition & Health, and Personal Care.

The three geographic regions in which Naturex operates (Europe/Africa, Americas, Asia/Oceania) have made an input to the growth in sales over the 1st quarter of 2011, with Europe and North America making particularly high contributions.

Pending the results of Naturex for the first quarter of 2011, Natraceutical has incorporated in its accounts a year-end conservative estimate of € 14.8 million, in the same levels as those obtained by Naturex in the previous year, which the Spanish company includes in its accounts for the first quarter the share of its stake (€1.23 million), as a result of entities accounted by the equity method.

2.- Financial income

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In recent weeks, and until the date of publication of this results note, Natraceutical has undertaken the sale of 146,795 shares of its investee Naturex, representing 2.29% of the French multinational. This divestment was mainly done through private placements to institutional investors.

The proceeds of around €6.5 million from these sales will be allocated to the present year's debt service and debt prepayment of the syndicated loan agreement signed by the company in April last year.

The shares placements held in the first quarter of the year (1.58% stake in Naturex) generated a capital gain of €1.02 million, as reflected in the income statement for the quarter.

3.- Financial debt

In March 2011, Natraceutical net debt amounted to € 80.04 million, with a single maturity in April 2013 for an amount of € 78.08 million, the rest being working capital financing.

After debt restructuring, the main assets that support the financial structure of Natraceutical are the activity of the Food Supplements Division and the shareholding in Naturex. Currently, Natraceutical has the ownership of 2,021,424 shares, representing 31.53% of the French company, whose current market value stands at €108.8 million.

4.- Consolidated profit and loss account of Natraceutical

<i>(thousand Euros)</i>	1Q 2011	1Q 2010
Net business turnover	11.767	14.432
+/- Variation of finished or in-process product stock	(61)	(2)
Procurements	(2.676)	(2.952)
Gross margin	9.030	11.478
Other operating income	60	60
Payroll	(2.773)	(3.304)
Depreciation allocation	(235)	(300)
Variation in operating allowances	0	(5)
Other operating expenses	(5.215)	(6.403)
Operating result	867	1.526
Result from equity-consolidated companies	1.232	848
Financial earnings	1.022	70
Financial expenses	(574)	(1.167)
Currency exchange differences (income and expenses)	(236)	490
Non-current assets disposal result	(69)	0
Income before taxes	2.242	1.767
Income tax		
Year's result	2.242	1.767

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About Natraceutical

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

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

www.natraceuticalgroup.com

For further information

Glòria Folch

Investor Relations and Communication

Tel. (+34) 93 584 81 87

E-mail: gloria.folch@natraceuticalgroup.com