Naturhouse Health, S.A. and Subsidiaries

Consolidated Financial Statements for the year ended 31 December 2015 and Consolidated Directors' Report, together with Independent Auditor's Report

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.

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INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Naturhouse Health, S.A.,

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Naturhouse Health, S.A. ("the Parent") and Subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

Directors' Responsibility for the Consolidated Financial Statements

The Parent's directors are responsible for preparing the accompanying consolidated financial statements so that they present fairly the consolidated equity, consolidated financial position and consolidated results of Naturhouse Health, S.A. and Subsidiaries in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain (identified in Note 2-a to the accompanying consolidated financial statements) and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the audit regulations in force in Spain. Those regulations require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation by the Parent's directors of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of Naturhouse Health, S.A. and Subsidiaries as at 31 December 2015, and their consolidated results and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Report on Other Legal and Regulatory Requirements

The accompanying consolidated directors' report for 2015 contains the explanations which the Parent's directors consider appropriate about the situation of Naturhouse Health, S.A. and Subsidiaries, the evolution of their business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2015. Our work as auditors was confined to checking the consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Naturhouse Health, S.A. and Subsidiaries.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Javier Pont

25 February 2015

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Naturhouse Health S.A.U. and Subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2015

(Thousands of Euros)

ASSETS	Notes	31/12/2015	31/12/2014
NON-CURRENT ASSETS:			
Intangible fixed assets	Note 7	2.193	2.345
Property, plant and equipment	Note 8	5.025	5.522
Non-current financial assets	Note 10.1	813	757
Investments in associated companies - Holdings consolidated using the equity method	Note 10.2	3.140	2.749
Deferred tax assets	Note 17.3	369	458
Total non-current assets		11.540	11.831
CURRENT ASSETS			
Stock	Note 11	3.541	3.925
Customers receivables for sales and provision of services		4.952	5.182
Customers, related companies	Note 19.1	21	110
Current tax assets and other credits with public administrations	Note 17.1	569	272
Other current assets		876	683
Investments in related companies	Notes 10.2 & 19.1	-	11.007
Current financial assets	Note 10.3	42	42
Cash and other equivalent liquid assets	Note 12	19.830	8.659
Total current assets		29.831	29.880
TOTAL ASSETS		41.371	41.711

EQUITY AND LIABILITIES	Notes	31/12/2015	31/12/2014
EQUITY:			
Capital and reserves-			
Share capital	Note 13	3.000	3.000
Share premium		2.149	2.149
Reserves		8.225	1.631
Shares and participations in own equity	Note 13	(214)	-
Conversion differences	Note 13	(115)	85
Profit for the year		22.860	22.560
Interim dividend		(14.050)	(14.207)
EQUITY ATTRIBUTABLE TO SHAREHOLDERS IN THE PARENT COMPANY		21.855	15.218
EQUITY ATTRIBUTABLE TO THIRD-PARTY SHAREHOLDERS	Note 13	161	153
TOTAL LIABILITIES		22.016	15.371
NON-CURRENT LIABILITIES:			
Non-current provisions	Note 14	1.044	798
Non-current debts	Note 15	2.930	4.363
Deferred tax liabilities	Note 17.5	478	456
Total non-current liabilities		4.452	5.617
CURRENT LIABILITIES:			
Current debts	Note 15	1.960	4.525
Financial liabilities with related parties	Note 19.1	1.445	2.007
Trade creditors and other accounts payable	Note 16	4.776	4.621
Suppliers, related companies	Note 19.1	4.424	6.369
Current tax liabilities and other debts with public administrations	Note 17.1	2.298	3.201
Total current liabilities		14.903	20.723
TOTAL EQUITY AND LIABILITIES		41.371	41.711

Notes 1 to 23 described in the Consolidated Report and Annex 1 attached are an integral part of the consolidated statement of financial position at 31 December 2015.

Naturhouse Health S.A.U. and Subsidiaries

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE 2015 FINANCIAL YEAR

(Thousands of Euros)

	Notes	2015	2014
Net turnover	Note 18.1	95.792	95.731
Supplies	Note 18.2	(27.832)	(28.708)
Gross Margin		**67.960**	**67.023**
Other operating income		808	696
Personnel expenses	Note 18.3	(17.970)	(17.403)
Other operating expenses	Note 18.5	(17.008)	(16.614)
Operating income before amortizations, impairment and other results		**33.790**	**33.702**
Amortization of fixed assets	Notes 7 & 8	(1.135)	(1.216)
Impairment and income from disposal of fixed assets		(181)	(25)
OPERATING INCOME	Note 18.4	**32.474**	**32.461**
Financial income		**38**	**551**
Other financial income		38	551
Financial costs	Note 18.4	**(282)**	**(761)**
Through third-party debts		(282)	(761)
Impairment and profits/losses on disposal of financial instruments	Note 18.4	-	**(1)**
Exchange rate adjustments	Note 18.4	**(17)**	**13**
FINANCIAL EXPENSE		**(261)**	**(198)**
Income from equity accounted companies		**926**	**680**
CONSOLIDATED PRE-TAX INCOME		**33.139**	**32.943**
Corporate tax	Note 17.2	(10.376)	(10.449)
NET PROFIT/LOSS FROM CONTINUING OPERATIONS		**22.763**	**22.494**
CONSOLIDATED NET PROFIT/LOSS		**22.763**	**22.494**
Profit/loss attributable to third party shareholders		97	66
NET PROFIT/LOSS FOR THE FINANCIAL YEAR ATTRIBUTABLE TO PARENT COMPANY	Note 13	**22.860**	**22.560**
Profit/(Loss) per share (in euros per share):			
- Basic		**0,38**	**0,38**
- Diluted		**0,38**	**0,38**

Naturhouse Health S.A.U. and Subsidiaries

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME
CORRESPONDING TO THE 2015 FINANCIAL YEAR
(Thousands of euros)

	Ejercicio 2015	Ejercicio 2014
A- RESULT OF PROFIT AND LOSS ACCOUNT	**22.763**	**22.494**
B- OTHER COMPREHENSIVE INCOME RECOGNISED DIRECTLY IN EQUITY		
Captions not to be transferred to profit:	-	-
Captions that may be subsequently transferred to profits:		
For differences arising from converting financial statements into foreign currency	(241)	(23)
TOTAL CONSOLIDATED COMPREHENSIVE INCOME FOR FINANCIAL YEAR (A+B+C)	**22.522**	**22.471**
Total Comprehensive Income attributable to:		
- Parent Company	22.660	22.521
- Minority Shareholders	(138)	(50)
TOTAL CONSOLIDATED COMPREHENSIVE INCOME	**22.522**	**22.471**

Notes 1 to 23 described in the attached Consolidated Report and Annex 1 are an integral part of the consolidated statement of comprehensive income corresponding to the 2014 financial year.

Naturhouse Health S.A.U. and Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
CORRESPONDING TO THE 2015 FINANCIAL YEAR

(Thousands of Euros)

	Share Capital	Share Premium	Reserve	Own shares	Conversion differences	Profit for the Year attributed to the Parent Company	Interim Dividend	External Partners	Total Equity
Balance at 31 December 2013	**375**	**2.149**	**539**	**-**	**124**	**8.544**	**-**	**875**	**12.606**
Recognised income and expenses	-	-	-	-	(39)	22.560	-	(50)	**22.471**
Distribution of profits for 2013									
- Distribution to reserves	-	-	3.861	-	-	(3.861)	-	-	**-**
- Distribution of dividends	-	-	-	-	-	(4.683)	-	-	**(4.683)**
Other operations with shareholders:									
- Capital increase	2.625	-	(2.525)	-	-	-	-	-	**100**
- Distribution of dividends	-	-	(6.793)	-	-	-	(14.207)	-	**(21.000)**
Variations in scope	-	-	6.549	-	-	-	-	(672)	**5.877**
Balance at 31 December 2014	**3.000**	**2.149**	**1.631**	**-**	**85**	**22.560**	**(14.207)**	**153**	**15.371**
Recognised income and expenses	-	-	-	-	(200)	22.860	-	(138)	**22.522**
Distribution of profits for 2014									
- Distribution to reserves	-	-	6.597	-	-	(20.804)	14.207	-	**-**
- Distribution of dividends	-	-	-	-	-	(1.756)	-	-	**(1.756)**
Operations with own shares:									
- Operations with shares (net)	-	-	(3)	(214)	-	-	-	-	**(217)**
Other operations with shareholders									
- Distribution of dividends	-	-	-	-	-	-	(14.050)	-	**(14.050)**
Variations in scope and other variations	-	-	-	-	-	-	-	146	**146**
Balance at 31 December 2015	**3.000**	**2.149**	**8.225**	**(214)**	**(115)**	**22.860**	**(14.050)**	**161**	**22.016**

Notes 1 to 23 described in the Consolidated Report and Annex 1 attached are an integral part of the consolidated statement of changes in equity corresponding to the 2015 financial year.

Naturhouse Health S.A.U. and subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 2015 FINANCIAL YEAR

(Thousands of Euros)

	Notes	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Pre-tax profits/losses for financial year		**20.946**	**24.871**
Adjustments to profits/losses:		**33.139**	**32.943**
- Depreciation and amortisation of fixed assets (+)		**897**	**790**
- Variation in provisions (+/-)	Notes 7 & 8	1.135	1.216
- Profits/losses for write-off and disposal of fixed assets (+/-)		246	31
- Impairment and profits/losses for write-offs and disposal of financial instruments (+/-)	Notes 7 & 8	181	25
- Financial income (-)	Note 18.4	-	1
- Financial expenses (+)	Note 18.4	(38)	(551)
- Conversion differences (+/-)	Note 18.4	282	761
- Participation in profits (losses) of equity accounted companies net of dividends (+/-)	Note 18.4	17	(13)
Changes in current capital	Note 10.2	(926)	(680)
- Stock (+/-)		**(2.037)**	**(1.268)**
- Debtors and other accounts receivable (+/-)	Note 11	384	(371)
- Other current assets (+/-)		319	698
- Trade and other payables (+/-)		(771)	259
Other cash flows from operating activities		(1.969)	(1.854)
- Interest payments (-)		**(11.053)**	**(7.594)**
- Dividends payable (+)		(282)	(761)
- Interest payable (+)		461	
- Payables (payments) for tax on profit (+/-)		38	551
		(11.270)	(7.384)
CASH FLOWS FROM INVESTMENT ACTIVITIES			
		10.284	**19.511**
Payments on investments (-)			
- Investments in related companies and business units		**(937)**	**(6.189)**
- Intangible assets and property, plant and equipment	Notes 3.c & 10.2	-	(3.127)
- Other financial assets	Notes 7 & 8	(881)	(3.062)
Divestment receipts (+)		(56)	
- Proceeds from related companies		**11.221**	**22.685**
- Intangible assets and property, plant and equipment	Note 10.2	11.007	18.958
- Other financial assets		214	1.512
Business combinations		-	2.215
	Note 3.c.1	-	**3.015**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds and payments from equity instruments		**(20.021)**	**(39.127)**
- Issuance of equity instruments (+)		**(217)**	-
Proceeds and payments from financial liability instruments		(217)	-
- Repayment and amortization of:		**(3.998)**	**(13.444)**
Debts with credit institutions (-)			
Payments for dividends and remuneration of other equity instruments		(3.998)	(13.444)
- Dividends (-)		**(15.806)**	**(25.683)**
		(15.806)	(25.683)
EFFECT OF CHANGES IN EXCHANGE RATE			
NET INCREASE/DECREASE OF CASH OR CASH EQUIVALENTS		**(38)**	**(22)**
Cash or cash equivalents at the beginning of the financial year		**11.171**	**5.233**
Cash or cash equivalents at the end of the financial year		8.659	3.426
		19.830	8.659

Notes 1 to 23 described in the Consolidated Report and Annex 1 attached are an integral part of the consolidated statement of cash flows for the 2015 financial year.

Naturhouse Health, S.A.
and Subsidiaries

Explanatory Notes to the Consolidated Financial Statements for the 2015 financial year

1. Nature and corporate purpose of the Group companies

Naturhouse Health, S.A. (hereinafter, the "Company" or the "Parent Company"), was founded for an indefinite period in Barcelona on 29th July 1991. Its registered offices are at calle Botánica 57-61, L'Hospitalet de Llobregat, Barcelona and it has tax identification number A-01115286.

The Company's corporate purpose, in accordance with its articles of association, is the export and wholesale and retail sales of all kinds of products related to dietetics, medicinal herbs and natural cosmetics, as well as the preparation, promotion, creation, edition, dissemination, sale and distribution of all kinds of magazines, books and brochures and the marketing of dietary products, medicinal herbs and natural cosmetics. This activity is mainly carried out through its own shops and through franchisees. In addition to the operations carried out directly, the Company is the parent of a group of subsidiaries that engage in the same activity and which, together with it, make up Grupo Naturhouse Health (hereinafter, the "Group" or "Naturhouse Group"). Note 3 and Annex I detail the main data related to the subsidiaries in which the Parent Company, directly or indirectly, has a holding that have been included in the scope of the consolidation.

At present, Naturhouse Group mainly operates in Spain, Italy, France and Poland.

On 9th April 2015, the Board of Directors of the Parent Company, exercising the delegation of its Sole Shareholder of 2nd October 2014, requested official listing for trading on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia and the subsequent public stock offering on the Spanish Stock Market, which culminated successfully, consequently, the securities of the Parent Company have been listed since 24th April 2015 (See Note 13.a).

2. Basis of presentation of the consolidated financial statements

a) Basis of presentation

The consolidated financial statements for Naturhouse Health, S.A.U. and Subsidiaries, which have been obtained from the accounting records kept by the Parent Company and the other entities making up the Group, were prepared by the Directors of the Parent Company on 25th February 2016.

These consolidated financial statements for the financial year-ending 31st December 2015 have been prepared in accordance with the provisions of the International Financial Reporting Standards, as approved by the European Union (EU-IFRS), in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and the European Council, as well as taking into consideration all the accounting principles and standards and valuation criteria that are mandatory, as well as the Commercial Code, Spanish Corporate Law and other corporate legislation applicable. They have been prepared from the Parent Company's individual accounts and those of each of the consolidated companies (detailed in Annex I) and they accurately present the assets, financial position, results of the Group, changes in consolidated equity and consolidated cash flows under EU-IFRS and other regulatory financial reporting frameworks applicable.

The financial statements for the 2014 financial year were approved by the Sole Shareholder, Kiluva, S.A., on 5th March 2015 and filed with the Companies Registry of Barcelona.

Under the IFRS, these consolidated financial statements include the Group's following consolidated statements:

- Statement of Financial Position
- Profit and Loss Account
- Statement of Comprehensive Income
- Statement of Changes in Equity
- Statement of Cash Flows

Since the accounting principles and valuation criteria used in preparing the Group's consolidated financial statements for the 2015 financial year (EU-IFRS) on occasion differ from those used by the Group companies (local regulations), during the consolidation process all the adjustments and reclassifications required to standardise such principles and criteria and to adapt them to the International Financial Reporting Standards adopted by the European Union have been introduced.

The consolidated financial statements have been prepared based on the principle of uniformity of recognition and valuation. In the event of new regulations being applicable which modify existing valuation principles, this will be applied in accordance with the standard's own transition criterion.

Certain amounts in the consolidated profit and loss account and consolidated statement of financial position have been grouped together for clarity, duly broken down in the notes to the consolidated financial statements.

The distinction presented in the consolidated statement of financial position between current and non-current items has been made according to the receipt or extinction of assets and liabilities before or after one year.

Additionally, the consolidated financial statements include all the information considered necessary for a fair presentation in accordance with current corporate legislation in Spain.

Finally, the figures contained in all the financial statements forming part of the consolidated financial statements (consolidated statement of financial position, consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows) and the notes to the consolidated financial statements are expressed in thousands of euros, unless otherwise stated.

Also, in order to present the different items making up the consolidated financial statements in a standardised manner, the valuation standards and principles used by the Parent Company have been applied to all the companies included within the scope of the consolidation.

b) Adoption of the International Financial Reporting Standards

Naturhouse Group's consolidated financial statements are presented in accordance with the International Financial Reporting Standards, in accordance with the provisions of Regulation (EC) No. 1606/2002 of the

European Parliament and the Council of 19th July 2002. In Spain, the obligation to present consolidated financial statements under the IFRS adopted by the European Union was also regulated in Final Provision Eleven of Law 62/2003 of 30th December on fiscal and administrative measures and social order.

The main accounting policies and valuation standards adopted by Naturhouse Group are presented in Note 5.

Standards and interpretations in the 2015 financial year

New accounting standards came into effect in the 2015 financial year, therefore, they have been taken into consideration in the preparation of the attached consolidated financial statements.

The following standards have been applied in these consolidated financial statements, but they did not have a significant impact on the figures and breakdown therein:

New standards, amendments and interpretations:	**Contents:**	**Mandatory application for financial years from:**
IFRIC 21 – Liens (published in May 2013)	Interpretation on when to recognise a liability due to encumbrances or tax.	17th June 2014 (1)
Improvements to IFRS 2011-2013 Cycle (published in December 2013)	Minor amendments to a series of standards.	1st January 2015 (2)

(1) The European Union has endorsed IFRIC 21 (EU Bulletin 14th June 2014), amending the original date of entry into force established by IASB (1st January 2014) to 17th June 2014

(2) The IASB date of entry into force of this standard was from 1st July 2014.

Accounting policies issued not in force for the 2015 financial year

At the date of preparing these consolidated financial statements, the following standards and interpretations had been published by the International Accounting Standard Board (IASB) but had not yet entered into force, either because their effective date is later than the date of these consolidated financial statements, or because they have not yet been adopted by the European Union (EU-IFRS):

New standards, amendments and interpretations		**Mandatory application for financial years from:**
Approved for use in the European Union:		
Amendments to IAS 19 - Employee contributions to defined benefit plans (published in November 2013)	The amendment is issued to facilitate the ability to deduct these service cost contributions in the same period in which they are paid if certain requirements are met.	1st February 2015 (1)
Improvements to IFRS 2010-2012 Cycle and 2011-2013 Cycle (published in December 2013)	Minor amendments to a series of standards.	1st February 2015 (1)
Amendments to IAS 16 and IAS 38 - Acceptable methods of depreciation and amortization (published in May 2014)	Clarifying acceptable methods of depreciation and amortization of intangible and tangible fixed assets, which do not include those based on revenue.	1st January 2016

Amendments to IFRS 11 - Accounting for acquisitions of holdings in joint ventures (published in May 2014)	Specifying the accounting for the acquisition of a holding in a joint venture whose activities constitute a business.	1st January 2016
Amendments to IAS 16 and IAS 41: Producing plants (published in June 2014)	Producing plants shall be taken at cost, rather than fair value.	1st January 2016
Improvements to IFRS 2012-2014 Cycle (published in September 2014)	Minor amendments to a series of standards.	1st January 2016
Amendments to IAS 27 Equity Method in Separate Financial Statements (published in August 2014)	The equity application of individual financial statements of an investor will be allowed.	1st January 2016
Amendments to IAS 1: Breakdowns initiative (December 2014)	Various clarifications regarding breakdowns (materiality, aggregation, order of notes etc.).	1st January 2016
Not yet approved for use in the European Union on this document's date of publication (2)		
New standards		
IFRS 15 Revenue from contracts with customers (published in May 2014)	New revenue recognition standard (replaces IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC-31.	1st January 2017 (2)
IFRS 9 Financial Instruments: Classification and valuation (last phase published in July 2014)	Replacing the requirements for classification, valuation, recognition and derecognition of financial assets and liabilities, hedge accounting and impairment of IAS 39.	1st January 2018
IFRS 16 Leases (published in January 2016)	New standard on leases replacing IAS 17. Lessees will include all leases on the balance sheet as if they were financed purchases.	1st January 2019
Amendments and interpretations		
Amendments to IFRS 10 and IAS 28 Sale or assets contribution between an investor and its associate/joint venture (published in September 2014)	Clarification regarding the income from these operations in the case of asset businesses.	1st January 2016
Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Companies (December 2014)	Clarifications on the exception regarding consolidation of investment companies	1st January 2016

(1) The IASB date of entry into force of these standards was from 1st July 2014.

(2) It is advisable to update the state of approval of the standards by the European Union through the EFRAG website.

The Parent Company's Directors have not considered the early application of the aforementioned Standards and Interpretations and, in any case, their application will be considered by the Group once approved, where appropriate, by the European Union.

In any case, the Parent Company's Directors have assessed the potential impact of the future application of these standards.

c) *Functional currency*

These consolidated financial statements are presented in Euros, as this is the functional currency of the primary economic environment in which the Group operates. Foreign operations are accounted for in accordance with the policies described in Note 5.l.

d) *Responsibility for the information and accounting estimates and judgements made*

The preparation of the consolidated financial statements under IFRS requires the Parent Company's Directors to perform certain accounting estimates and to consider certain elements of judgement. These are continually evaluated and are based on historical experience and other factors, including expectations of future events, which have been considered reasonable under the circumstances. While the estimates have been made on the best information available as of the date of preparing these consolidated financial statements, in accordance with IAS 8, any amendment in the future to these estimates would be applied prospectively from such time, recognising the effect of the change in the estimate made in the consolidated profit and loss account for the financial year in question.

The main estimates and judgements considered in preparing the consolidated financial statements are as follows:

- Useful lives of intangible and tangible fixed assets (see Notes 5.a and 5.b).

- Impairment losses of non-financial assets (Note 5.c).

- Evaluation of occurrence and quantification of litigation, commitments, contingent assets and liabilities at close (see Notes 5.h and 14).

- Estimate of impairments for defaults in accounts receivable and inventory obsolescence (see Notes 5.e and 5.f).

- Estimate of income tax expenses and recoverability of deferred tax assets (see Notes 5.k and 17).

e) *Information comparison*

The information contained in this consolidated report referring to the 2015 financial year is presented, for comparison purposes, with information from the 2014 financial year.

f) *Relative importance*

When determining the information to be broken down in the consolidated notes on the different items of the consolidated financial statements or other matters, the Group has taken into consideration the relative importance in relation to these consolidated financial statements for the 2015 financial year.

3. Consolidation criteria

The accounting closing date of the individual financial statements for all the companies included within the scope of the consolidation is the same as that of the Parent Company. Additionally, in order to present the different items comprising these consolidated financial statements in a standardised manner, accounting standardisation criteria have been applied, using the Parent Company's accounting criteria as the basis. The preparation of the consolidated financial statements has been based on applying the following methods:

a) Subsidiaries and associates

"Subsidiaries" are those over which the Parent Company has the capacity to exercise effective control, this capacity is generally manifested, but not exclusively, by the direct or indirect ownership of over 50% of the voting rights of the subsidiaries or, if this percentage is lower or null, there are agreements with other shareholders thereof which give the Company control. Under IFRS 10, control is understood as the power to direct an entity's financial and operating policies so as to obtain benefits from its activities. The most important information on these companies is provided in Annex I of these Notes.

The subsidiaries' financial statements are consolidated with those of the Parent Company by using the full integration method. Consequently, all balances and effects of transactions made between the consolidated companies have been eliminated in the consolidation process. If necessary, adjustments are made to the subsidiaries' financial statements in order to adapt the accounting policies used to those used by the Group.

Additionally, the following must be considered for the participation of third parties:

- The assets of its subsidiaries is presented under "Equity attributable to third-party shareholders" in the consolidated statement of financial position in the chapter on the Group's Equity (see Note 13).

- The income from the financial year is presented under "Income attributable to third-party shareholders" in the consolidated profit and loss account (Note 13).

The consolidation of income generated by the companies acquired during a financial year is made by only taking into consideration those relating to the period between the date of acquisition and the relevant year-end. In parallel, the consolidation of income generated by the companies disposed of during a financial year is made by only taking into consideration those relating to the period between the start of the financial year and the date of disposal.

Furthermore, as is usual practice, the accompanying consolidated financial statements do not include the tax effect which, if appropriate, may arise as a result of the incorporation of the consolidated companies' income and reserves to the Parent Company, as it is considered that no transfers of reserves not taxed at source will be made, and because of considering that these will be used as sources of financing in each company.

Companies over which Naturhouse Health, S.A. has a significant influence or joint control are consolidated by the equity method in cases where the requirements of IFRS 11 to be classified as "joint operations" are not met.

The equity method consists of incorporating, in the consolidated balance line "Investments in associates - Holdings consolidated under the equity method", the value of the net assets and goodwill, if any, corresponding to the holding in the associate. The net result obtained each financial year corresponding to the percentage holding in these companies is reflected in the consolidated statements of income as "Share in profits (losses) from equity accounted companies".

b) Conversion of financial statements in currencies other than the euro

The financial statements of subsidiaries whose records are in currencies other than the euro included in the consolidation process are converted by applying the closing rate to all their assets and liabilities, except for equity, which is valued at the historical exchange rate. The income, in turn, is converted at the average exchange rate for the financial year. The difference arising from applying the conversion process described above is recorded on the Consolidated Statement of Comprehensive Income as "Conversion differences".

c) *Variations in the scope*

The business combinations of entities or businesses under common control are outside the scope of IFRS 3. A business combination between entities or businesses under common control is a business combination in which all the entities or businesses that are combined are controlled, ultimately, by the same party or parties, both before and after the business combination and that control is not transitory.

For business combinations which will be described below, corresponding to the 2014 financial year, for which there already was common control, the Group and its Majority Shareholder established, as a general standard, to set the value of the assets and liabilities acquired, for which there is no specific guidance under IFRS, as the book value. This book value was obtained from the book value, under Spanish Generally Accepted Accounting Principles (Spanish GAAP), of the audited consolidated balance of its majority shareholder, Kiluva, S.A. and converted to IFRS. For these transactions under common control, as will be discussed below, there were no significant differences of such consolidated book value under PGC and IFRS.

Year 2015

The main variations in the scope of the consolidation arising during the 2015 financial year correspond to the creation of three new subsidiaries: Naturhouse d.o.o. (Croatia), UAB Naturhouse (Lithuania) and Naturhouse Inc. (US). The Group has paid approximately 100 thousand euros as share capital, both in Naturhouse d.o.o. (Croatia), as well as in UAB Naturhouse (Lithuania), through its subsidiary Naturhouse S.p zo.o. (Poland), and in Naturhouse Inc. (US).

During the 2015 financial year, there have been no business combinations with entities or businesses under common control.

2014 Financial year-

The main variations in the scope of the consolidation occurring in the 2014 financial year were as follows:

c.1. S.A.S. Non-cash contribution

On June 5, 2014 the Parent Company, Naturhouse Health, S.A.U, made a capital increase with the consideration of shares through the non-monetary contribution of 100% of the shares of the company S.A.S. Naturhouse (France). It was, therefore, a business combination of entities under common control, whose accounting treatment is not specifically stated in IFRS 3. Thus, the acquisition method has not been applied in these financial statements, but rather the pooling of interest - predecessor accounting - on the grounds that this is the most appropriate accounting policy to reflect this transaction.

This has meant that, from an accounting point of view, the non-cash contribution of S.A.S. Naturhouse was accounted for dated 1st January 2014. Therefore, the consolidation process was prepared using the consolidated values for S.A.S. Naturhouse that were pre-existing as of 1st January 2014, with the valuation criteria specified in the Naturhouse Group's consolidated financial statements for the 2014 financial year. Additionally, S.A.S. Naturhouse's income during 2014 has been included in the consolidated profit and loss account from the start of the financial year since, as described, it has been considered that this subsidiary has been part of the Group since the start of the financial year.

Therefore, due to the difference between the book value of S.A.S. Naturhouse's assets and liabilities acquired to date 1st January 2014, amounting to 6,649 thousand euros and the registered capital increase amounting to 100 thousand euros, a difference arose amounting to 6,549 thousand euros, which has been registered as a positive impact on the Group's consolidated equity. The assets and liabilities of S.A.S. Naturhouse recognised in the accompanying consolidated statement of financial position at 1st January 2014 were as follows:

	Thousands of Euros
Intangible assets (*)	17
Tangible fixed assets	327
Non-current financial assets	1,082
Deferred tax assets (*)	77
Non-current assets	**1,503**
Stock	860
Customers receivables for sales and provision of services and other accounts receivable	2,832
Other current assets	695
Investments in related companies	4,306
Cash and other equivalent liquid assets	3,015
Current assets	**11,708**
Total assets	**13,211**
Non-current provisions	24
Non-current debts	1,779
Non-current liabilities	**1,803**
Current debts	1
Financial liabilities with related parties	1,383
Trade creditors and other accounts payable	3,375
Current liabilities	**4,759**
Total liabilities	**6,562**
Net assets acquired	**6,649**

Capital increase	**100**
Impact on reserves	**6,549**
Total	**6,649**

The Group's statement of financial position at 1st January 2014, the date for accounting purposes of the non-cash contribution discussed above, which includes the integration of S.A.S Naturhouse's assets and liabilities at that date, was broken down in the Naturhouse Group's consolidated financial statements for the 2014 financial year.

As a result of this operation, S.A.S. Naturhouse's subsidiaries and associates were incorporated into the scope:

a) Naturhouse Belgium S.P.R.L. (100% of the share capital),

b) Kiluva Portuguesa Nutriçao e Dietética, Lda. (29% of the share capital) and

c) Naturhouse, GmbH (44% of the share capital).

As of 31st December 2014, the Group therefore hold 100% of the share capital of Kiluva Portuguesa Nutriçao e Dietética, Lda. and Naturhouse, GmbH.

c.2. Acquisition of 24.9% of the company Ichem, Sp. zo.o:

On 19th February 2014, the Group, through the Parent Company Naturhouse Health, S.A.U. acquired through its Sole Shareholder, Kiluva, S.A., 99 shares of a total of 398 shares in the capital of the Polish company Ichem, Sp. zo.o, thus holding a 24.9% stake in said company, amounting to 2,275 thousand euros. The price of this transaction determined according to the cost at which the Sole Shareholder had accounted for such share in its consolidated balance sheet. Once this acquisition materialized, as established by IFRS 10, the Group still did not have control over this company as it lacks the majority of the voting rights in its Governing Body. However, as established by IFRS 11, it is considered that there is joint control over such company (joint venture) as the Group, with the voting rights it holds, can veto any significant decision, consequently, decisions on relevant activities require the unanimous consent of the parties sharing control. It should also be noted that, although the Group is one of its largest customers, the purchases made by the Group from Ichem, Sp. zoo in the 2015 financial year represented less than 63% of the company's turnover. The remaining Ichem shareholders are the related company Zamodiet, S.A., with 24.9%, and Polish individuals or entities without any connection to Naturhouse, with 50.2%. All its product purchase transactions are performed at market prices (backed up by a study conducted by the tax advisers BDO Abogados y Asesores Tributarios, S.L. Note 19) and among the other activities that the company performs with other third parties, the sale of pharmaceutical products and other food products representing a significant part of its activity stand out.

During the 2015 financial year, the Group continued to exercise joint control over Ichem, Sp. zo.o given that there have been no changes in the company's governance structure.

4. Distribution of profit

The proposed distribution of profit drawn up by the Parent Company's Directors, subject to approval by the Annual General Meeting, is as follows:

	Thousands of Euros	
	2015	2014
Distribution basis:		
Profit for the financial year	17,964	16,488
	17,964	**16,488**
Distribution:		
To legal reserve	-	525
To interim dividend	14,050	14,207
To dividends	3,914	1,756
Total	**17,964**	**16,488**

Additionally, in drawing up these consolidated financial statements, the Directors expect to agree on an additional dividend distribution of 1,036 thousand euros against reserves, so that the total dividends agreed in the financial year amount to 19,000 thousand euros, after taking into account interim dividends for the financial year and the distribution of profit for the 2015 financial year.

Year 2015

On 5th March 2015, the Directors agreed to distribute an initial interim dividend for the 2015 financial year amounting to 8,500 thousand euros:

	Thousands of Euros
	Provisional Accounting Statement Formulated on 28/02/2015
Profits from 01/01/201528/02/2015	9,103
Estimated Corporate Tax	(313)
Allocation to statutory reserves	-
Maximum amount available for distribution	**8,790**
Liquid Assets and Short-Term Financial Investments (*)	13,405
Interim dividend	(8,500)
Remaining liquid assets after payment	**4,905**

Likewise, on 18th March 2015, the Directors agreed to distribute a second interim dividend for the 2015 financial year amounting to 2,550 thousand euros:

	Thousands of Euros
	Provisional Accounting Statement Formulated on 16/03/2015
Profits from 16/03/2015 to 16/03/2015	12,047
Estimated Corporate Tax	(313)
Allocation to statutory reserves	-
Interim dividend paid earlier	(8,500)
Maximum amount available for distribution	**3,234**
Liquid Assets and Short-Term Financial Investments (*)	4,859
Interim dividend	(2,550)
Remaining liquid assets after payment	**2,309**

Finally, on 27th July, the Directors agreed to distribute a third interim dividend for the 2015 financial year amounting to 3,000 thousand euros:

	Thousands of Euros
	Provisional Accounting Statement Formulated on 31/07/2015
Profits from 01/01/2015 to 31/07/2015	15,852
Estimated Corporate Tax	(761)
Allocation to statutory reserves	-
Interim dividend paid earlier	(11,050)
Maximum amount available for distribution	**4,041**
Liquid Assets and Short-Term Financial Investments (*)	7,283
Interim dividend	(3,000)
Remaining liquid assets after payment	**4,283**

Year 2014

On 30th September 2014, the Directors agreed to distribute an interim dividend for the 2014 financial year amounting to 14,207 thousand euros:

	Thousands of Euros
	Provisional Accounting Statement Formulated on 30/09/2014
Profits from 01/01/2014 to 30/09/2014	16,592
Estimated Corporate Tax	(1,207)
Allocation to statutory reserves	(525)
Maximum amount available for distribution	**14,860**
Liquid Assets and Short-Term Financial Investments (*)	19,886
Interim dividend	(14,207)
Remaining liquid assets after payment	**5,679**

On the other hand, the company S.A.S. Naturhouse distributed dividends to Kiluva, S.A., Sole Shareholder of the Parent Company at that moment, before the commercial formalization of its entering the scope, amounting to 6,500 thousand euros. This dividend has been considered in the distribution of dividends for the 2014 financial year to the Sole Shareholder.

In accordance with the requirements of Article 277 of Spanish Corporate Law, the provisional financial statements prepared by the Company are transcribed, showing the existence of sufficient profits in the periods so as to allow the distribution of interim dividends, proving the existence of sufficient liquidity so as to be able to make such payment.

Therefore, the dividends distributed and paid and those agreed to be distributed in the last 2 financial years, as well as the dividend per share paid and agreed for distribution per share are as follows:

	2015	**2014**
Dividends:		
Dividends distributed and paid (in thousands of euros)	15,806	25,682
Dividends agreed to be distributed (in thousands of euros)	19,000	22,756
Number of shares	60,000,000	60,000,000
Dividend per share distributed and paid (euros)	0,26	0,43
Dividend per share agreed to be distributed (euros)	0,32	0,38

5. Valuation standards

As stated in Note 2, the Group has applied accounting policies in accordance with IFRS and interpretations published by IASB (International Accounting Standards Board) and the IFRS Interpretations Committee (IFRSIC) and adopted by the European Commission for application in the European Union (EU-IFRS).

a) Intangible assets

As a general rule, intangible assets are initially valued at their acquisition price or production cost. Subsequently, they are valued at cost less any accumulated amortization and, if applicable, impairment losses under the criteria described in Note 5.c. These assets are amortized according to their useful life.

Research and Development

The Group's activity, due to its nature, does not involve significant Research and Development expenses, not generating more R&D&I expenses than those relating to registering the brand and product formula with the appropriate department of health. The Group's policy is to directly record as expenses, the expenses incurred in both Research as well as Development, deeming that they do not meet the criteria for activation established by IAS 38 and as they are not significant, given that the majority of these activities are performed directly by the Group's suppliers.

The expenses recorded in the consolidated profit and loss account for the 2015 financial year amounted to 28 thousand euros (47 thousand euros in the 2014 financial year).

Transfer Rights

Correspond to the amounts paid by way of transfer of premises in acquiring new shops. Amortized by the straight-line method over a period of 10 years.

Industrial property

The amounts paid for acquiring property or right of use for the different manifestations of the same, or for expenses incurred in registering the brand developed by the Group are recorded in this account. During the 2014 financial year, brands were acquired as stated in Note 7. The industrial property is amortized by the straight-line method over its useful life, which has been estimated at 10 years.

Software

Licenses for software acquired from third parties, or internally developed software, are capitalized on the basis of the costs incurred to acquire or develop them and to prepare them for use.

Software is amortized by the straight-line method over its useful life, at a rate of between 20% to 33% annually.

Software maintenance costs incurred during the financial year are recorded in the consolidated profit and loss account.

b) Tangible fixed assets

Tangible fixed assets are initially valued at acquisition price or production cost and are subsequently reduced by accumulated amortization and impairment losses, if any, according to the criteria described in Note 5.c.

Upkeep and maintenance costs for the different elements making up the tangible fixed assets are allocated to the consolidated profit and loss account for the financial year in which they are incurred. On the contrary, the amounts invested in improvements contributing to increased capacity or efficiency or extended useful life for these assets are recorded as a higher cost thereof.

Replacements or renewals of complete fixed asset elements are accounted for as assets, with the resulting accounting derecognition of the elements replaced or renewed.

Financial expenses, incurred during the construction or production period prior to commissioning the assets, are capitalized, with both the sources of specific financing intended expressly for acquiring the fixed asset element, as well as the sources of generic financing in accordance with the guidelines established for qualifying assets in IAS 23. During the 2015 and 2014 financial years, there were no financial expenses capitalized as a higher value of an asset.

The years of useful life estimated by the Group for each group of elements are listed below:

	Years of estimated useful life
Buildings	33,33
Other facilities, tools and furnishings	8,33 - 30
Information processing equipment	3 - 4
Transport elements	6,25 - 10

The total tangible fixed assets is amortized by the straight-line method based on the years of estimated useful life.

"Assets in construction" includes the additions made to technical facilities and transport elements that are not yet operational. The transfer of assets in construction to assets in operation is performed when the assets are ready to become operational.

An item in tangible fixed assets is derecognised when sold or when no future economic benefits are expected from the continuing use of the asset. Profits or losses derived from the disposal or derecognition of an item of tangible fixed assets are determined as the difference between the profit from the sale and the book value of the asset, and are recognised in the consolidated profit and loss account.

The investments made by the Group in leased (or assigned) premises, which are not separable from the leased (or assigned) asset, are amortized by the straight-line method over their useful life, which corresponds to the lesser of the duration of the lease (or transfer) contract including the renewal period when there is evidence to support that it will occur, and the asset's economic life.

c) Impairment of non-financial assets

Where there is an indication of impairment, the Group estimates, using the "impairment test", the possible existence of impairments reducing the recoverable value of such assets to an amount below their book value.

Assets subject to amortization are reviewed for impairments whenever events or changes in circumstances indicate that the book value may not be recoverable. An impairment loss is recognised by the amount that the asset book value exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

The Group annually evaluates the existence of impairment indicators (or in interim periods in the event of impairment indicators occurring), determining that on the date of these consolidated financial statements, there is no indication to suggest that these assets' recoverable value is less than their recorded book value, consequently, the Group has not subjected them to impairment, except for what is stated in Note 8 as respects two properties owned in Portugal. On the other hand, the Group has no significant intangible assets or any trade fund as of 31st December 2015, excepting the brands stated in Note 7 which, in accordance with the gross margins obtained in their marketing, have not been subjected to the impairment test as of 31st December 2015 due to there not being any impairment indicators.

d) Operating and financial leases

Leases are classified as financial leases whenever the lease terms and conditions substantially transfer all risks and rewards of ownership to the Group, which usually has the option to acquire it at the end of the contract under the terms and conditions agreed when formalising the transaction. All other leases are classified as operating leases.

The Group recognises financial leases as assets and liabilities in the consolidated statement of financial position, at the start of the lease, at the market value of the leased asset or the current value of the minimum lease payments, whichever is lower. To calculate the current value of the lease payments, the interest rate implied in the contract is used. The cost of the assets acquired under financial lease contracts is presented in the consolidated statement of financial position, according to the nature of the asset covered by the contract.

As regards operating leases, the lease expenses, when the Group is the lessee, are allocated on a straight-line basis to the consolidated profit and loss account during the term of the contract regardless of the way stipulated in said contract for the payment thereof. In the event that the contract had established incentives thereof by the lesser consisting of payments due, the proceeds thereof should correspond to the lessee, charged to the profit and loss account as a reduction in the contract costs in a straight-line manner like these.

Rentals do not have periods of shortages or countervailing clauses that generate a future payment commitment obligation, which could have a significant impact on these consolidated financial statements.

e) Financial instruments

Financial assets and liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

In the 2015 financial year, the Group applied the valuation standards listed below to its financial instruments:

Financial assets

The financial assets held by the Group are classified into the following categories:

- Loans and accounts receivable
- Financial assets available for sale

The classification depends on the financial asset's nature and function and is determined at the time of initial recognition.

1. *Loans and accounts receivable*

   Loans and accounts receivable are non-derivative financial assets with fixed or determinable payments that are not listed on an active market. Loans and accounts receivable (including trade debtors and other accounts receivable, cash and bank balances etc.) are valued at amortized cost using the effective interest rate method, less any impairment loss.

   Interest income is recognised by applying the effective interest rate, except for short term accounts receivable with terms under 12 months, as in this case the effect of discounting is not significant.

   The effective interest rate method is used to calculate the amortized cost of a debt instrument and to allocate interest income over the relevant period. The effective interest rate is that which allows the estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) to be accurately discounted over the expected life of the debt instrument or, where appropriate, for a shorter period until reaching the net book value at the time of initial recognition.

   The Group records the corresponding provisions for the difference between the amount to be recovered from the accounts receivable and the book value by which they are recorded.

2. *Financial assets available for sale*

   Equity instruments that are not classified as loans or receivables, investments held to maturity and financial assets held for trading are included.

   All the financial assets available for sale held by the Group at year-end 2015 mainly relate to shares in companies listed on the Stock Exchanges.

Initial valuation

The financial assets are initially recorded at the fair value of the consideration paid plus the transaction costs that are directly attributable.

Subsequent valuation

Loans, receivables and investments held to maturity are valued at their amortized cost using the effective interest rate method. In the consolidated statement of financial position, loans and accounts receivable with maturities under 12 months from the date of the same are classified as current.

The financial assets available for sale are valued at their fair value, the income from variations in such fair value being recorded in the Consolidated Statement of Comprehensive Income, until the asset is disposed of or has undergone an impairment (stable or permanent), at which time such accumulated income previously recognised in Equity are recorded in the profit and loss account. In this regard, there is a presumption of impairment (permanent) if there has been a decline of over 40% in the asset's list value or if there has been a prolonged decline in the same over a period of one and a half years without the value being recovered.

At year-end, at least, the Group performs an impairment test for the financial assets that are not recorded at fair value. It is considered that there is objective evidence of impairment when a financial asset's recoverable value is less than its book value. When this occurs, the impairment loss is recorded in the consolidated profit and loss account.

The Group derecognises financial assets when they expire or the rights to the cash flows for the financial asset concerned have been transferred and the risks and rewards inherent to their ownership have been substantially transferred. On the contrary, the Group does not derecognise financial assets, and recognizes a financial liability for an amount equal to the consideration received, in transfers of financial assets in which the risks and rewards inherent to their ownership are substantially retained.

Financial liabilities

Financial liabilities are the debits and payables that the Group has and that have arisen from the purchase of goods and services in the ordinary course of business, or those that do not have commercial substance and cannot be considered as financial derivatives.

Debits and payables are initially valued at the fair value of the consideration received, adjusted for directly attributable transaction costs. These liabilities are subsequently valued at amortized cost, considering the effective interest rate.

The Group derecognise financial liabilities when the obligations generated are extinguished.

f) Stock

Stock is valued at the lower of the acquisition price, production cost or net realisable value.

The net realisable value represents the estimated selling price less all estimated costs to finish manufacture and the costs to be incurred in the marketing, sales and distribution processes.

In assigning value to its stock, the Group uses the weighted average price method.

The Group makes the appropriate value adjustments, recognising them as an expense in the consolidated profit and loss account when the net realisable value of the stock is less than the acquisition price (or production cost).

g) Cash and other equivalent liquid assets

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

h) Provisions and contingencies

The Group's Directors make a distinction between the following in preparing the annual consolidated statements:

a) Provisions: credit balances covering current obligations arising from past events, whose cancellation is likely, causing an outflow of resources, but the amount and/or timing of the cancellation is uncertain.

b) Contingent liabilities: possible obligations arising as a result of past events, whose future existence is conditional on the occurrence, or otherwise, of one or more future events beyond the Group's control.

The consolidated statement of financial position attached includes all the provisions with respect to which it is estimated that the likelihood of having to meet the obligation is greater than it not being the case.

Contingent liabilities are not recognised in the financial statements but are disclosed in the notes to the consolidated financial statements, unless they are considered to be remote.

The provisions are valued at the current value of the best estimate possible of the amount required to settle or transfer the obligation, taking into consideration the information available on the event and its consequences, and reporting any adjustments arising from updating such provisions as a financial expense as they accrue.

The compensation received from a third party in settlement of the obligation, provided there are no doubts that such reimbursement will be received, is recorded as an asset, except in the event that there is a legal relationship whereby part of the risk has been externalised and by virtue of which the Group is not obliged to respond; in this situation, the compensation will be taken into consideration when estimating the amount by which, if appropriate, the relevant provision will be included.

i) Redundancies

In accordance with current legislation, the Group is required to pay redundancies to employees with whom, under certain conditions, it terminates their employment relationship. Therefore, redundancies that may be reasonably quantified are recorded as an expense in the financial year in which the decision to terminate employment is made. In the consolidated financial statements attached, no provision for this item has been recorded with a significant amount.

j) Commitments to staff

The long term benefits liability recognised in the consolidated statement of financial position attached represents the current value of the obligations assumed at the date of closure by the Italian subsidiary Naturhouse, S.R.L. (Note 14). The Group recognises as an expense or accrued income by way of long term benefits the net cost of the services provided during the financial year, as well as that corresponding to any reimbursements and the effect of any reduction or settlement of commitments assumed. The Group has considered the effect of updating such provision and the consequent financial impact on the consolidated equity and income to be insignificant.

k) Corporate tax and deferred taxes

The expense or revenue for Spanish corporate tax and similar taxes applicable to the foreign consolidated entities is recognised in the consolidated profit and loss account, except when it is a consequence of a transaction whose results are directly recorded in the consolidated equity, in which case the tax concerned is also recorded in the equity.

The tax on profits represents the sum of the current tax payment and the variation in deferred tax assets and liabilities recognised.

The current tax expense is calculated on the consolidated companies' taxable base for the financial year. The consolidated taxable base differs from the net profit or loss presented in the consolidated profit and loss account as it excludes income or expense items that are taxable or deductible in other financial years and it also excludes items that will never become taxable or deductible. The Group's liability by way of current tax is calculated using tax rates approved on the date of the consolidated statement of financial position.

In Spain, Naturhouse Health S.A. is in the special tax consolidation scheme, in accordance with Spanish Corporate Tax Law, with Kiluva, S.A. being the parent entity of the tax consolidation group identified by number 265/09 and composed of all the subsidiaries that meet the requirements provided by the regulations governing the taxation of consolidated profits of corporate groups in Spain.

The deferred tax assets and liabilities include temporary differences, which are identified as the amounts expected to be payable or recoverable for the differences between the book value of assets and liabilities and their tax value, as well as the negative tax bases to be offset and the credits for tax deductions not applied. These amounts are recorded by applying the tax rate at which they are expected to be recovered or settled to the temporary difference or credit.

The deferred tax assets identified with temporary differences are only recognised if it is deemed likely that the consolidated entities will have sufficient future taxable profits against which to utilize them, not deriving from the initial recognition (except in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The remaining deferred tax assets (negative tax bases and deductions to be offset) are only recognised if it is deemed likely that the consolidated entities will have sufficient future taxable profits against which to utilize them.

Each time the accounts are closed, the deferred tax (both assets as well as liabilities) is reviewed in order to check whether it is still current, making the appropriate adjustments to them according to the results of the analyses performed.

l) Foreign currency

The Group's consolidated financial statements are presented in euros, which is the Parent Company's functional currency. When preparing the financial statements of each individual entity in the Group, the transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the exchange rates prevailing on the date of the transaction. At the close of each financial year, the monetary items denominated in foreign currencies are converted at the rates prevailing on that date. Non-monetary items recognised at fair value and denominated in foreign currencies are converted at the rates prevailing on the date when the fair value was determined. Non-monetary items valued at historical cost in a foreign currency are not re-converted.

Exchange differences in monetary items are recognised in the consolidated profit and loss account in the period in which they occurred.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are converted into euros at the exchange rates prevailing at the close of each financial year. Income and expense items are converted at the average exchange rates for the period, except if the rates significantly fluctuate during such period, in which case those prevailing on the dates of the transactions will be used. Exchange differences, if any, are recognised in other comprehensive income and are accumulated in assets (allocating them to external shareholders, as appropriate).

m) Recognition of income

Income is recognised to the extent that it is likely that the Group will obtain economic benefits and if the income can be reliably measured, regardless of when the payment is made. Income is measured at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before recording income:

<u>Sale of goods</u>

Income from the sale of goods is recognised when the goods are delivered and ownership has been transferred, when all the following conditions are met:

- the Group has transferred to the buyer the main risks and rewards arising from ownership of the goods;
- the Group does not maintain any involvement in the current management of the goods sold, nor does it retain effective control over them;
- the amount of income can be reliably determined;
- it is likely that the Group will receive the economic benefits arising from the transaction;

The sale of goods is primarily carried out through the sale of products to the franchisee customer, or directly to end customers (consumers) through the shops owned by the Group.

There are no significant product returns either from the franchisee customer or the end customer.

<u>Provision of services</u>

The Group's income from the provision of services mainly relates to the annual fee that the Group directly charges its franchisees, as well as "master franchise" contracts, an amount that the Group charges a third party for such third party to directly operate the Group's franchises in a given country. This master franchise is usually signed for a period of 7 years and the amount varies between 50,000 and 300,000 euros, which is billed once.

In application of IAS 18, the Group recognises all the master franchise income when all the risks and rewards associated with the contract have been transferred, which generally occurs at the time of opening the first franchise under such master franchise contract.

<u>Other operating income</u>

Under this heading, the Group mainly records the rebilling of expenses to related companies or franchised thirds parties and, to a lesser extent, income from the photovoltaic plants it owns (see Note 8).

<u>Interest and dividend income</u>

Dividends from investments are recognised when the shareholder's right to receive payment has been established (provided it is likely that the Group will receive the economic benefits and that the amount of income can be reliably measured).

Interest income arising from a financial asset is recognised when it is likely that the Group will receive the economic benefits and the amount of income can be reliably measured. Interest income is accrued on a time proportion basis, depending on the principal outstanding and the effective interest rate applicable, which is the rate that allows the estimated future cash flows to be discounted over the expected life of the financial asset in order to accurately obtain such asset's net book value.

n) Recognition of expenses

Expenses are recognised in the consolidated statement of income when a decrease in future economic benefits related to a reduction of an asset, or an increase of a liability occurs which can be reliably measured. This implies that the recording of expenses occurs simultaneously with the recording of a liability increase or asset reduction.

An expense is immediately recognised when a payment does not generate future economic benefits or when it does not meet the requirements for recognition as an asset.

Additionally, an expense is recognised when incurred in a liability and no asset is recorded, such as a liability for a guarantee.

The Group's main expenses relate to Supplies (purchase of finished products from its suppliers), Other Operating Expenses (leases, advertising, transport, services received from its majority shareholder, and independent professional services, primarily) and Personnel Expenses (salaries, social security contributions and redundancies).

As stated in Note 19.2, the majority of the purchases of finished products are made with related parties.

ñ) Transactions with related parties

The Group conducts its business transactions with related parties (sales, services provided, purchases, services received and leases, see Note 19.2) as defined in IAS 24, at market prices.

The Parent Company's Directors and its tax advisers (BDO Abogados y Asesores Tributarios, S.L.) consider that there are no significant risks in this regard that could lead to significant liabilities in the future.

Transactions with related parties not conducted at market prices are accounted for at their fair value. During the 2015 and 2014 financial years, this situation has not arisen.

o) Environmental information

Assets that are constantly used in the Group's business, whose main purpose is to minimise environmental impact and protect and improve the environment, including the reduction or elimination of future pollution, are considered to be environmental assets.

These assets are valued, as with any other tangible assets, at acquisition price or production cost.

The Group amortizes these elements on a straight-line basis, according to the years of estimated useful life remaining for the different elements.

The environmental expenses for managing the environmental impact of the Group's operations, as well as the prevention of pollution related to the operation thereof and/or treatment of waste and disposals, are allocated to the consolidated profit and loss account based on an accrual basis, regardless of when the resulting monetary or financial flow occurs.

The Group's activity, by its nature, has no significant environmental impact.

p) Segment information

The business segments broken down in the consolidated notes are included consistently based on the internal information available to the Parent Company's Directors. The operating segments are components of Naturhouse Group involving business activities where income is generated and expenses incurred, including ordinary income and expenses from transactions with other Group components. Regarding the segments, the financial information is regularly broken down and the operating income reviewed by the Parent Company's Director in order to decide which resources should be allocated to the segments and to evaluate their performance.

In the Group's consolidated financial statements, the Parent Company's Directors have considered the following segments: Spain, Italy, France, Poland and Other countries (Note 22).

q) Consolidated statement of cash flows

In the consolidated statement of cash flows, the following expressions are used:

- Cash flows: inflows and outflows of cash and cash equivalents, including short-term investments with high liquidity and low risk of variations in value.

- Operating activities: the usual activities of the Group's business operations, as well as other activities that cannot be classified as investment or financing activities.

- Investment activities: those regarding the acquisition, disposal or sale by other means of long-term assets and other investments not included in cash and cash equivalents.

- Financing activities: activities that result in changes in the size and composition of the equity and liabilities that are not part of the operating activities.

r) Earnings per share

The basic earnings per share are calculated as the quotient of the net profit or loss for the financial year attributable to the Parent Company and the weighted average number of ordinary shares outstanding during the period, excluding the Parent Company's average number of shares held by the Group companies.

On the other hand, the diluted earnings per share are calculated as the quotient of the net profit or loss for the financial year attributable to ordinary shareholders adjusted for the effect attributable to the potential dilutive ordinary shares and the weighted average number of ordinary shares outstanding during the financial year, adjusted by the weighted average number of ordinary shares that would be issued if all potential ordinary shares were converted into the Parent Company's ordinary shares. To this end, it is considered that the conversion takes place at the start of the financial year or when the potential ordinary shares are issued, if the latter were issued during the current financial year.

6. Risk Exposure

Financial risks

The Group's activities are exposed to various financial risks: market risk (including exchange rate risk), credit risk, liquidity risk and interest rate risk on cash flows.

1. Credit risk

In general, the Group holds its liquid assets and cash equivalents in financial institutions with high credit ratings. It also performs adequate monitoring of accounts receivable individually, in order to determine situations of potential insolvency.

The Group's principal financial assets are cash and cash equivalents, trade debtors and other accounts receivable and investments, which represent the Group's highest exposure to credit risk in connection with its financial assets.

The Group's credit risk is, therefore, mainly attributable to its trade debtors. The amounts are presented in the consolidated statement of financial position net of provisions for bad debts, estimated by the Group's Directors based on experience from previous financial years and their assessment of the current economic environment. The detail of impairment losses recognised under "Trade Receivables for Sales and Services" on the consolidated statement of financial position attached as of 31st December 2015 is as follows:

	Thousands of Euros	
	31/12/2015	31/12/2014
Provision for bad debts	(268)	(221)

The Group does not have a significant concentration of credit risk, with exposure spread over a large number of customers, markets and areas and their individual amounts being insignificant.

However, the Group's Financial Management considers this risk to be a key aspect in daily business management, focusing all efforts on the appropriate control and monitoring of the development of accounts receivable and arrears, especially in sectors of activity with increased risk of default. Additionally, it is one of the Group's policies to obtain guarantees or deposits from customers in order to ensure compliance with their commitments.

The Group has established a policy of accepting customers based on periodic liquidity and solvency risk assessments and the establishment of credit limits for debtors. Moreover, the Group conducts periodic analysis of the age of the debt with commercial customers in order to cover potential risks of default.

The average collection period varies depending on the country, between 30 and 60 days. Significant balances with third parties overdue for more than 365 days are fully provisioned.

2. Liquidity risk

In order to ensure liquidity and meet all payment obligations arising from its activities, the Group has the liquid assets shown on its statement of financial position, as well as financing and credit lines detailed in Note 15.

In the current market environment, which in recent financial years has been primarily marked by a major financial crisis that led to a widespread credit crunch, the Group has maintained a proactive policy with regard to managing liquidity risk, focusing primarily on preserving its liquidity.

In this regard, the Group performs liquidity risk management, based on maintaining sufficient cash and marketable securities, the availability of financing through an adequate number of credit facilities and sufficient capacity to settle market positions.

On the other hand, it has always sought to utilize the liquid assets available for anticipative payment obligation and debt commitment management.

The schedule of future payments for financial liabilities is included in Note 15.

3. Market risk in the interest rate and the exchange rate:

The Group's operating activities are largely independent with respect to variations in market interest rates.

The interest rate risk of the Group arises from long-term borrowings. Borrowings issued at variable rates expose the Group to interest rate risk on the cash flows. As of year-end 2015 and 2014, 100% of the borrowings were at variable interest rates.

From the net financial debt at year-end 2014, the financial cost implication that could have had a variation of a point in the average interest rate would be the following:

Year 2014

Interest rate variation	+1%	-1%
Financial cost variation (€ thousands)	2	(2)

However, as of year-end 2015, the Group has an amount available in liquid assets that is much higher than its financial debt, consequently, the Directors consider that its exposure to interest rate risk is not significant in any case.

This way, the Group has not considered it necessary to cover such interest rate fluctuations, consequently, it did not take out derivative instruments during the 2015 and 2014 financial years.

With regard to exchange rate risk, the Group does not operate significantly internationally in countries with currencies other than the euro and, therefore, its exposure to exchange rate risk from foreign currency transactions is not significant.

Capital management

The Group manages its capital to ensure that Group companies will be able to continue as profitable businesses. The Group's capital structure includes debt, which is, in turn, composed of loans and credit facilities, cash and liquid assets, detailed in Note 15, and own funds, including capital and reserves as discussed in Note 13. In this regard, the Group is committed to maintaining leverage levels in line with the objectives of growth, solvency and profitability.

The Parent Company's Management, which is responsible for financial risk management, periodically reviews the capital structure.

The net financial debt ratio to Operating Income before amortization, impairment and other income as of 31st December 2015 and 2014 is at -0.4 and 0.01 times, respectively. In calculating this ratio, the Parent Company has considered the headings of the consolidated statement of financial position of net non-current and current debts in cash and cash equivalents as net financial debt.

7. Intangible fixed assets

The changes in this heading in the consolidated statement of financial position for the financial years 2015 and 2014 were as follows:

Cost	Thousands of Euros				
	Transfer rights	Industrial property	Software	Other intangible assets	Total
Balance at 31st December 2013	**13**	**21**	**96**	**62**	**192**
Variations in the scope	-	-	-	17	17
Additions	-	2,345	55	-	2,400
Withdrawals	(1)	(13)	(6)	(4)	(24)
Balance at 31st December 2014	**12**	**2,353**	**145**	**75**	**2,585**
Additions	87	-	42	8	137
Withdrawals	(11)	(6)	-	-	(17)
Balance at 31st December 2015	**88**	**2,347**	**187**	**83**	**2,705**

Accumulated amortization	Thousands of Euros				
	Transfer rights	Industrial property	Software	Other intangible assets	Total
Balance at 31st December 2013	**(9)**	**(20)**	**(59)**	**(11)**	**(99)**
Allocations	-	(135)	(25)	(2)	(162)
Applications	-	13	6	-	19
Conversion differences	-	2	-	-	2
Balance at 31st December 2014	**(9)**	**(140)**	**(78)**	**(13)**	**(240)**
Allocations	(6)	(235)	(39)	(5)	(285)
Applications	11	2	-	-	13
Balance at 31st December 2015	**(4)**	**(373)**	**(117)**	**(18)**	**(512)**

	Thousands of Euros	
Net book value	31/12/2015	31/12/2014
Transfer rights	84	3
Industrial property	1,974	2,213
Software	70	67
Other intangible assets	65	62
Total Intangible Assets	**2,193**	**2,345**

During the 2015 financial year, there have been no significant additions to intangible assets.

On the other hand, the variation in intangible assets in the 2014 financial year mainly relates to the Sole Shareholder's acquisition, on 20th June 2014, of brands amounting to 2,331 thousand euros. This sale was paid, together with the associated VAT, by offsetting the financial account held with the Sole Shareholder to date (Note 10.2).

Additionally, to value the transaction at its fair value, the Group obtained a report from an independent expert, J. Isern Patentes y Marcas, S.L., dated 17th June 2014 and, using as valuation methodology the future discount for 10 financial years (the brands' estimated useful life) of a royalty ranging between 4% and 6.5%, depending on the brand and product, using a discount rate of 6.65%. This report did not include safeguards or limitations.

The brands are, therefore, amortized by the straight-line method over a useful life of 10 years.

In accordance with the margins obtained in marketing these brands' products, the Parent Company has not subjected them to the impairment test as of 31st December 2015, due to impairment indicators not being seen in them.

As of year-end 2015, the Group had fully amortized intangible assets still in use amounting to 102 thousand euros (99 thousand euros in the 2014 financial year).

The intangible assets located outside of Spain as of 31st December 2015 and 2014 are not significant (see Note 22).

8. Tangible fixed assets

The movement during the 2015 and 2014 financial years in the different tangible fixed asset accounts and their corresponding accumulated amortizations were as follows:

Cost	Thousands of Euros						
	Land and natural assets	Buildings	Other facilities, tools and furnishings	Information processing equipment	Transport elements	Assets in construction and advances	Total
Balance at 31st December 2013	**850**	**1,060**	**7,945**	**481**	**162**	**14**	**10,512**
Variations in the scope	-	-	307	10	10	-	327
Additions	-	-	550	23	89	-	662
Withdrawals	(589)	(305)	(2,779)	(96)	(41)	(9)	(3,819)
Conversion differences	-	-	18	-	-	-	18
Balance at 31st December 2014	**261**	**755**	**6,041**	**418**	**220**	**5**	**7,700**
Additions	-	65	636	22	-	21	744
Withdrawals	-	(24)	(563)	(69)	(29)	(5)	(690)
Balance at 31st December 2015	**261**	**796**	**6,114**	**371**	**191**	**21**	**7,754**

Accumulated amortization	Thousands of Euros				
	Buildings	Other facilities, tools and furnishings	Information processing equipment	Transport elements	Total
Balance at 31st December 2013	**(65)**	**(2,522)**	**(247)**	**(20)**	**(2,854)**
Allocations	(28)	(852)	(119)	(55)	(1,054)
Applications	24	1.601	90	23	1.738
Conversion differences	-	(8)	-	-	(8)
Balance at 31st December 2014	**(69)**	**(1,781)**	**(276)**	**(52)**	**(2,178)**
Allocations	(21)	(721)	(61)	(47)	(850)
Applications	6	390	67	36	499
Balance at 31st December 2015	**(84)**	**(2,112)**	**(270)**	**(63)**	**(2,529)**

Impairment	Thousands of Euros		
	Land and natural assets	Buildings	Total
Balance at 31st December 2013	**(428)**	**(121)**	**(549)**
Applications	428	121	549
Balance at 31st December 2014	-	-	-
Applications	-	(200)	(200)
Balance at 31st December 2015	-	**(200)**	**(200)**

Net book value	Thousands of Euros	
	31/12/2015	31/12/2014
Land and natural assets	261	261
Buildings	512	686
Other facilities, tools and furnishings	4,002	4,260
Information processing equipment	101	142
Transport elements	128	168
Assets in construction and advances	21	5
Total Tangible Fixed Assets	**5,025**	**5,522**

The additions to tangible fixed assets for the 2015 financial year mainly relate to other facilities.

Additionally, during the 2015 financial year there have been derecognitions in tangible fixed assets by a net amount of 191 thousand euros related to the sale of material in owned stores transferred to franchise holders or sales to other third parties. During the 2014 financial year, further to the additions to the scope discussed in Note 3.c.1 above, there have been derecognitions of tangible fixed assets amounting to 1,036 and 310 thousand euros corresponding, firstly, to the sale of tangible fixed assets not affecting the Group's activity recorded under "Other facilities, tools and furnishings" and, secondly, to the sale of a commercial property that was owned and recorded under "Land and natural assets" and "Buildings". Both sales were made to a company related to the Sole Shareholder, Tartales, S.L.U., and have been made at the net book value at which the Group had such assets recorded at the time of the sale, consequently, there was no impact on the 2014 consolidated profit and loss account attached.

During the 2015 financial year, the Group re-estimated the recoverable value of two stores owned in Portugal according to valuations made by independent third parties given that their value in use in accordance with the results obtained evidenced impairment indicators. Based on the aforementioned valuations, impairment has been registered amounting to 200 thousand euros as of year-end 2015.

As of 31st December 2015 and 2014 under "Other facilities, tools and furnishings", photovoltaic panels and other fixed assets are included with a net book value amounting to 1,377 and 1,442 thousand euros respectively. These fixed assets are amortized by the straight-line method as with any of the Group's fixed assets, but they do not directly affect the Group's activities. As of 31st December 2015, such fixed assets did not meet the criteria set out by IFRS 5 for classification as "Non-current assets held for sale".

As of 31st December 2015 and 2014, there are elements in the tangible fixed assets with an original cost (gross book value) amounting to and 452 thousand euros, which are held under financial lease contracts and which guarantee the bank debt assumed by those contracts (see Note 9).

The Group's policy is to take out insurance policies to cover the potential risks to which the tangible fixed asset elements are subject. As of year-end 2015, the Parent Company's Directors deem that there was no deficit in insuring against these risks.

The tangible fixed assets located outside the Spanish territory as of 31st December 2015 and 2014 are detailed below:

	Thousands of Euros	
	31/12/2015	31/12/2014
Net book value		
Land and natural assets	261	261
Buildings	512	686
Other facilities, tools and furnishings	1,465	1,514
Information processing equipment	80	84
Transport elements	18	24
Assets in construction	18	1
Total net book value	**2,354**	**2,571**
Total cost	**5,143**	**4,897**
Total impairment and accumulated amortization	**(2,789)**	**(2,326)**

The fully amortized tangible fixed assets still in use at year-end 2015 amount to 1,901 thousand euros (1,286 thousand euros at year-end 2014).

As of year-end 2015 and 2014, the Group had no significant firm commitments to purchase tangible assets.

9. Leases

Financial leases

At year-end 2015 and 2014 the Group, in its capacity as financial lessee, has recognised assets that are leased according to that detailed below:

Year 2015

Concept	Contract length in months	Thousands of Euros				
		Original cost	Fees paid (*)		Fees outstanding (*)	
			From previous years	From the present year	Current outstanding contributions	Non-current outstanding contributions
Land and structures	144	373	264	29	27	53
Transport elements	36-48	79	12	17	18	32
Total		**452**	**276**	**46**	**45**	**85**

Year 2014

Concept	Contract length in months	Thousands of Euros				
		Original cost	Fees paid (*)		Fees outstanding (*)	
			From previous years	From the present year	Current outstanding contributions	Non-current outstanding contributions
Land and structures	144	373	236	28	26	83
Transport elements	36-48	79	-	12	17	50
Total		**452**	**236**	**40**	**43**	**133**

(*) Both regarding fees paid and outstanding contributions, only the portion of the fee corresponding to the cost of the asset, excluding the amount of interest corresponding to the fee, is included.

The net book value of assets associated with leasing contracts at year-end 2015 and 2014 is as detailed below:

	Thousands of Euros	
	31/12/2015	31/12/2014
Land and structures	333	335
Transport elements	67	76
Total	**400**	**411**

At year-end 2015 and 2014 the Group has contracted with lessors the following minimum lease payments (including, where appropriate, purchase options), according to current contracts in force, without taking into account the charging of common expenses, future increases in the CPI or updated future contractual lease payments:

Financial leases Minimum payments	Thousands of Euros	
	31/12/2015	31/12/2014
Less than one year	45	43
Between one and six years	85	133
Total	**130**	**176**

At year-end 2015, leases relate mainly to the premises located in Lisbon (Portugal). During the year 2014, they finished the contracts of leasing photovoltaic panels located in the provinces of Barcelona, Guadalajara and Las Palmas (Spain), and the Group has decided to exercise its option to purchase those technical facilities that are not affected directly by the activity.

Operating leases

At year-end 2015 and 2014 the Group has contracted with lessors the following minimum lease payments, according to current contracts in force, without taking into account the charging of common expenses, future increases in the CPI or updated future contractual lease payments (in thousands of Euros):

Minimum payments	Thousands of Euros	
	31/12/2015	31/12/2014
Less than one year	2,867	2,579
Between one and six years	7,737	6,353
More than five years	2,673	2,076
Total	**13,277**	**11,008**

Operating leases relate primarily to the rental of offices, warehouses and stores owned by the Group. The Group has various leases with a company linked to its majority shareholder, Tartales, SLU, as described in Note 19.2.

The cost of these leases are recorded under "Other operating expenses" in the accompanying consolidated income statement and amount to 3,350 and 2,870 thousand Euros in 2015 and 2014, respectively.

10. Financial assets

10.1 Non-current financial assets

At December 31, 2015 and 2014, the detail under this heading is as follows:

	Thousands of Euros	
	31/12/2015	31/12/2014
Equity instruments		
- Assets available for sale	42	42
- Other equity instruments	76	76
Other financial assets		
- Long term deposits and guarantees	695	639
Total	**813**	**757**

Fair value of financial instruments: Valuation techniques and assumptions applicable to the measurement of fair value

Financial instruments are grouped into three levels according to the degree to which the fair value is observable.

- Level 1: those tied to quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: those referenced to other inputs (other than the quoted prices included in Level 1) observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from the prices).
- Level 3: are referenced to valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The amount recorded under "assets held for sale" in the consolidated statement of financial position attached corresponds, exclusively, to the portfolio on equity instruments, financial instruments Level 1, publicly traded equity securities at fair value.

Assets available for sale

This section shows no transactions for the years 2015 and 2014.

Deterioration of portfolio

Profits and losses arising from changes in fair value of these investments available for sale are recognized directly in the equity of the Group until the asset is disposed of or is determined to have suffered an impairment, at which time the cumulative gains or losses previously recognized in equity are included in net earnings.

It is assumed that there is evidence of impairment if there has been a fall of more than 40% of the value of the asset over a period of 1.5 years, without the value being recovered, notwithstanding entries due to impairment prior to compliance with these parameters.

10.2 Investments in associates and affiliates

Participation in equity-accounted companies

Participation in companies of the equity-accounted method corresponds to the input on the perimeter of the Group during 2014 of the investee Ichem, Sp. Zo.o as described in Note 3.c and the results since its incorporation.

The breakdown on investment in equity accounted companies at year-end 2015 and 2014, as well as the movement occurring during both periods, is as follows:

Year 2015

	Thousands of Euros				
	Balance on 1st January 2015	Participation in results from equity-accounted companies	Dividends	Conversion differences	Balance on 31 December 2015
Ichem Sp. Zo.o	2,749	926	(461)	(74)	3,140

Year 2014

	Thousands of Euros				
	Balance at 1st January 2014	Acquisitions	Participation in results from equity-accounted companies	Dividends	Balance at 31st December 2014
Ichem Sp. Zo.o	-	2,275	680	(206)	2,749

Other information related to this investee is as follows (figures as of 31 December 2015 and in thousands of Euros):

Name and Registered Office	Activity	Total Assets	Equity	Sales (*)	Result after tax (*)
Ichem Sp. Zo.o Dostawcza 12 93-231 Lodz (Poland)	Production and marketing of dietetic products	19,425	12,609	26,792	3,719

(*) Sales and result from Ichem, Sp. Zo.o included that corresponding to the year-ended December 31, 2015. The total assets and equity is presented at the closing rate as of 31st December 2015, while sales and the post-tax profit or loss is presented at the average exchange rate for the 2015 financial year.

Current investments in affiliate companies

During the first half of 2015, the balance registered at 31st December 2014 under the heading "Investments in related companies" was cancelled, totalling 11,007 thousand euros and corresponding to the centralised liquid asset management for the receipts and payments the Group had with Kiluva, S.A. through its distribution of dividends compensation (Note 13).

10.3 Current financial assets

There has been no movement in this heading during the 2015 financial year. Additionally, the book value of the Group's financial assets does not differ significantly from their fair value.

11. Inventory

The detail of "stock" in the consolidated statement of financial position attached, to December 31, 2015 and 2014 is as follows:

	Thousands of Euros	
	31/12/2015	31/12/2014
Goods	3,541	3,925

The Group does not consider it appropriate to make accumulated impairment losses since the net realizable value of stock is higher than their purchase price (or production cost).

12. Cash and cash equivalents

Almost all of the balances of this heading in the consolidated statement of financial position at December 31, 2015 and 2014 correspond to the amount deposited in current accounts and financial deposits for periods less than 3 months that the Group held on those dates with financial institutions, freely disposed and remunerated at market rates, with the amount of cash not being significant.

13. EQUITY

a) Share Capital

On June 5, 2014 the Parent Company, Naturhouse Health, S.A.U, made a capital increase with the consideration of shares through the non-monetary contribution of 100% of the shares of the company S.A.S. Naturhouse. The company that made such contribution was Kiluva, S.A., Sole Shareholder of the Parent Company on the date in question, with the non-cash assets to be contributed the 100% of the shares of the company S.A.S. Naturhouse (France). The value of the capital increase through non-monetary contribution was registered at an amount of 100 thousand Euros.

Also, on June 17, 2014, the Parent Company performed a split of its shares and increased its capital amounting to 2,525 thousand Euros charged to reserves through issuing new shares, reflecting a total of 3 million Euros divided into 60 million shares with a nominal value of 0.05 Euros.

On 9th April 2015, the Board of Directors of the Parent Company, exercising the delegation of the Sole Shareholder dated 2nd October 2014, unanimously agreed to the public new stock offering on the Stock Market.

On 24th April 2015, the Comisión Nacional del Mercado de Valores admitted to trading 15 million shares of the Parent Company's share capital, with a nominal value of 5 euro cents each, which were sold by Kiluva, S.A. at the price of 4.8 euros. Subsequently, on 22nd May 2015, the Green Shoe option was executed, expanding the number of shares admitting to trading by 1,097,637, reaching a total of 16,097,637 shares.

As of 31st December 2015, the Parent Company's share capital is represented by 60,000,000 ordinary shares of 0.05 euros nominal value each, fully subscribed and paid.

In accordance with communications on the number of corporate actions made before the Comisión Nacional del Mercado de Valores, the shareholders with significant holdings in the Parent Company's share capital, both directly as well as indirectly, higher than 3% of the share capital as of 31st December 2015 are as follows:

Shareholder	**%**
Kiluva, SA	73,17
Schroder Investment Management, Ltd.	3,07

The Directors of the Parent Company have no knowledge of other shares equal to or higher than 3% of the Parent Company's share capital or voting rights, or that are lower than the percentage established, allowing significant influence to be exercised over the Parent Company.

b) Distribution of profit and dividends

On 5th March 2015, the Sole Shareholder approved the allocation of the Parent Company's profits for the 2014 financial year, which amounted to 16,488 thousand euros, to dividends amounting to 15,963 thousand euros, of which 14,207 thousand euros had been distributed as interim dividends for the 2014 financial year and 525 thousand euros to the legal reserve.

Additionally, on 5th March 2015, 18th March 2015 and 27th July 2015, the Company distributed interim dividends amounting to 8,500, 2,550 and 3,000 thousand euros, respectively, for the profit for the 2015 financial year.

c) Legal reserve

In accordance with Consolidated Text of Capital Company Law, an amount equal to 10% of the annual profit must be assigned to the legal reserve until said reserve reaches an amount of 20% of the Company's share capital. The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased capital.

With the exception of that mentioned above, and while it does not exceed 20% of the share capital, said reserve may only be used to offset losses, provided that there are no sufficient other reserves available for this purpose.

As of 31st December 2015, this reserve has been completely established.

d) Net equity attributable to minority interests

The detail of this heading in the consolidated statement of financial position attached, to December 31, 2015 and 2014 is as follows:

	Thousands of Euros	
	31/12/2015	31/12/2014
Zamodiet México, S.A de C.V.	161	153
Total	**161**	**153**

The variations in the years 2015 and 2014 in this section of the consolidated statement of financial position is attached below:

	Thousands of Euros
Balance on 31 December 2013	**875**
Profit attributable to minority interests	(66)
Conversion differences	16
Variations in the scope	(672)
Balance on 31 December 2014	**153**
Profit attributable to minority interests	(97)
Conversion differences	(41)
Other movements	146
Balance on 31 December 2015	**161**

e) Conversion differences

The breakdown of the heading "conversion differences" in the consolidated statement of financial position, December 31, 2015 and 2014 corresponds to the exchange differences that occur as a result of the conversion into Euros of financial statements of subsidiaries whose local currency is not the Euro: Naturhouse Franchising Co, Ltd (UK), Naturhouse Sp. zo.o. (Poland), Ichem Sp. zo.o (Poland), Zamodiet México, S.A. (Mexico) and Naturhouse d.o.o. (Croatia).

The impact and exposure to the Group of these conversion differences has not been significant.

f) Treasury Shares

As of year-end 2015, the Parent Company held company shares in accordance with the following breakdown:

Year	Number of shares	Nominal value (euros)	Average purchase price (euros)	Total purchase cost (thousands of euros)
2015	52,816	2,641	4.05	214

As of 31st December 2015, the Parent Company's shares held by it represent 0.09% of the Parent Company's share capital, totalling 52,816 shares with a value of 214 thousand euros and an average purchase price of 4.05 euros per share.

The movement in company shares during the 2015 financial year has been as follows:

Number of shares	2015
Start of the financial year	-
Purchases	64,864
Sales	(12,048)
Year-end	**52,816**

Additionally, profits from the sale of company shares have been registered in equity for a total amount of 3 thousand euros.

During the 2014 financial year, the Company did not perform transactions with company shares.

g) Profit / (loss) per share

The profit or loss per share is calculated based on the profit or loss attributable to shareholders of the parent company by the average number of ordinary shares outstanding during the period. At year-end 2015 and 2014, the profit or loss per share are as follows:

	31.12.2015	31.12.2014
Number of shares	60,000,000	60,000,000
Average number of shares	60,000,000	60,000,000
Consolidated Net Income of the Parent Company (Thousands of Euros)	22,860	22,560
Number of own shares	52,816	-
Number of shares outstanding	60,000,000	60,000,000
Profit /(loss) per share (in Euros per share)(*)		
- Basic	0,38	0,38
- Diluted	0,38	0,38

(*) The Group's earnings per share in accordance with IAS 33.

There are no financial instruments that could dilute the earnings or loss per share.

14. Provisions and contingencies

a) Non-current provisions

The balance of other non-current provisions mainly refers to a commitment that the Group has with certain employees of the Italian company Naturhouse S.R.L. amounting to 686 thousand euros at year-end 2015. The balance of other non-current provisions refers basically to a commitment between the Group and certain employees of the Italian company Naturhouse S.R.L This TFR commitment (end-of-contract severance pay), payable at the time of termination of the employment relationship, regardless of whether the termination is voluntary or not. As of January 1, 2007, with the regulatory change in Italy, the reserve constituted for TFR up until December 31, 2006 remains in the company, and is revalued within the parameters of Law 297/82, and the withholding of wages paid to each employee is paid by the company to INPS (Italian state entity equivalent to Social Security). This commitment is not outsourced and the expense thereof is recorded under "Personnel expenses" in the consolidated income statement, which amounted to 89 and 221 thousand Euros for the years 2015 and 2014, respectively.

The remaining non-current provisions registered correspond to obligations and risks that the Group keeps provisioned due to considering them to be probable.

b) Contingencies

During the first half of the 2015 financial year, the dispute with the related company Zamodiet, S.A. was resolved. The amount of the same corresponded to a commercial debt amounting to 2.2 million euros, with this liability being registered under "Suppliers, related companies" at year-end 2014. For the Group, the resolution meant the payment of the aforementioned debt. However, the Group has received this amount from Kiluva, S.A. in accordance with the guarantee that the company had granted to the Group.

The Directors of the Parent Company consider that there are no contingencies that could lead to unregistered liabilities or that could have a significant impact on the attached consolidated abridged interim financial statements.

15. Financial debt

The breakdown of current and non-current financial debt of the Group at 31 December 2015 and 2014 is as follows:

Year 2015

	Thousands of Euros			
	Amount	Maturity		
	Initial or Limit	Current	Non current	Total
Amounts owed to credit institutions:				
Loans	12,000	1,885	-	1,885
Financial leases (Note 9)	-	45	85	130
Subtotal of debts to credit institutions:	**12,000**	**1,930**	**85**	**2,015**
Other financial liabilities	-	30	2,845	2,875
TOTAL	**12,000**	**1,960**	**2,930**	**4,890**

Year 2014

	Thousands of Euros			
	Amount	Maturity		
	Initial or Limit	Current	Non current	Total
Amounts owed to credit institutions:				
Loans	13,500	4,424	1,885	6,309
Financial leases (Note 9)	-	43	133	176
Subtotal of debts to credit institutions:	**13,500**	**4,467**	**2,018**	**6,485**
Other financial liabilities	-	58	2,345	2,403
TOTAL	**13,500**	**4,525**	**4,363**	**8,888**

Loans

The Group has several loans granted by different credit institutions in which both Kiluva, S.A. (Majority Shareholder) as well as the companies related thereto Finverki, S.L.U. and Tartales, S.L.U. act as guarantors. There are no additional guarantees in relation to such loans.

The breakdown by maturity of the loans held by the Group is, at face value, as follows:

	Thousands of Euros	
Maturity	31/12/2015	31/12/2014
2015	-	4,424
2016	1,885	1,885
Total	**1,885**	**6,309**

The decline in loans to December 31, 2015 relates basically to the payment of fees for the year 2015.

Average interest rate of loans and credit policies

The average interest rate on loans and credit policies for the years 2015 and 2014 was 4.33% and 3.85% per annum respectively.

The book value of the Group's financial debt does not differ materially from its fair value.

Other financial liabilities

The amounts paid as guarantee deposits for the S.A.S. Naturhouse franchise holders in guarantee of compliance with their contractual obligations are included under "Other non-current financial liabilities". In the other Group companies such guarantees are obtained by bank guarantees. At December 31, 2015, these deposits are valued at amortized cost.

16. Trade creditors and other receivables

The balances of this heading in the current liabilities of the consolidated statement of financial position at December 31, 2015 and 2014 have the following composition:

	Thousands of Euros	
	31/12/2015	31/12/2014
Suppliers	1,996	2,059
Various creditors	978	951
Staff (remuneration pending payment)	1,426	1,302
Advances from customers	-	14
Short-term accruals	376	295
Total	**4,776**	**4,621**

The book value of commercial creditors and other accounts payable does not differ materially from its fair value.

Outstanding remuneration relates mainly to the accrual of the summer bonus as well as the variable compensation of certain employees of the Group.

Information on the average payment period to suppliers

The information required by the Third Additional Provision of Law 15/2010 of 5th July (as amended by the Second Final Provision of Law 31/2014 of 3rd December) is detailed below, drawn up according to the ICAC Resolution of 29th January 2016 on the information to be included in the explanatory notes to financial consolidated statements in connection with the average payment period to suppliers in commercial operations.

In accordance with what is allowed by the Additional Provision of the Resolution mentioned above, as this is the first financial year of application of the same, no comparative information is presented.

	2015
	Days
Average payment period to suppliers	66,14
Ratio of paid operations	67,97
Ratio of operations pending payment	53,18
	Thousands of Euros
Total payments made	10,219
Total outstanding payments	1,417

The data presented in the above table on payments to suppliers refers to those made by the Spanish consolidable group companies. In accordance with the ICAC Resolution, in order to calculate the average payment period to suppliers, commercial operations corresponding to delivering goods or providing services accrued from the date of entry into force of Law 31/2014 of 3rd December have been taken into account.

For the sole purpose of providing the information required by this Resolution, suppliers includes trade creditors for debts with suppliers of goods or services included under "Trade creditors and other accounts payable" and "Suppliers, related companies" of the current liabilities of the consolidated balance sheet attached.
"Average payment period to suppliers" is understood to be the time that elapses from the delivery of goods or the provision of services by the supplier and material payment for the operation.

The maximum legal payment period applicable to the Spanish consolidable group companies under Law 3/2014 of 29th December, which establishes measures to combat delays in payments for commercial operations, and in accordance with the transitional provisions established under Law 15/2010 of 5th July, was 60 days before publication of Law 11/2013 of 26th July and 30 days from publication of this Law and to the present (unless the conditions established in the same are met, which would allow the maximum payment period to be raised to 60 days).

17. Tax situation

17.1 Current balances with Public Administrations

The composition of current balances with Public Administrations at 31 December 2015 and 2014 is as follows:

Debit balances

	Thousands of Euros	
	31/12/2015	31/12/2014
VAT (refund) receivable	176	198
Other concepts (refund) receivable	38	-
Corporation tax (refund) receivable	355	74
All other credit with Public Administration bodies	**569**	**272**

Credit balances

	Thousands of Euros	
	31/12/2015	31/12/2014
VAT (refund) payable	144	222
VAT (refund) withholdings payable	533	628
Creditor Social Security Organisms	670	652
Corporation tax (refund) payable	926	1.650
Other concepts (refund) payable	25	49
All other debts with Public Administration bodies	**2,298**	**3,201**

17.2 The reconcilement between income and expenses for Corporation Tax

At December 31, 2015 and 2014, the Group is not established in the consolidated statement regime, therefore the heading "Income Tax Payments" in the consolidated income statement reflects the sum of the amounts reported in the individual statements of each of the Group companies from the time of inclusion in the scope of each one of them. However, the parent company of the group, Naturhouse Health S.A.U, is taxed under the tax consolidation regime, with Kiluva, S.A., majority shareholder, being head of the consolidated tax group.

The expense for income tax payments under the consolidated profit and loss account attached is determined from consolidated profit before tax, increased or decreased by the permanent differences between the taxable income of said tax and book income and the consolidation adjustments. To the adjusted book income is applied the tax rate applicable under the law that applies to each company and which decreases according to tax credits and deductions accrued during the year, adding in turn those differences, positive or negative, between the estimated tax on closure of accounts for the previous year and the subsequent settlement of tax at the time of payment.

The reconciliation between the consolidated profit before tax and income tax expense is as follows:

	Thousands of Euros	
	2015	2014
Consolidated profit before tax	33,139	32,943
Permanent differences and consolidation adjustments	514	(561)
Adjusted profit	**33,653**	**32,382**
Tax rate	*28%*	*30%*
Profit adjusted according to tax rate	**9,423**	**9,714**
Differences according to tax rate	620	327
Other adjustments	333	408
Total tax expense	**10,376**	**10,449**

The other adjustments for the year 2014 include the effect of a changed tax rate in Spain which has been calculated by applying the appropriate amount of the tax rate applicable in the year in which the corresponding item arose, adjusted for the effect caused as a result of the change in the tax law that occurred in the year 2014. In this regard, Law 27/2014 of November 27, concerning Corporation Tax provides, inter alia, the reduction over two years of the general rate of income tax, which until 31 December 2014 stood at 30%, so that said rate is established at 28% and 25% for fiscal years beginning on or after January 1, 2015 and 2016, respectively. Therefore, in the year 2014 the Group has recalculated, taking into account the year in which foreseeable reverse will occur, the amount of deferred tax assets and liabilities recognized in the balance sheet. Consequently, there has been a positive adjustment to income tax that is recorded under the heading of income tax expense in the accompanying consolidated income statement amounting to 64 thousand Euros.

Different companies calculate corporate income tax expense based on their respective legislation. The main tax rates applicable to the Group at year-end 2015 are as follows:

Country	Tax rate
Spain	28%
France	33.33%
Italy	31.4%
Poland	19%
Portugal	21%
Mexico	30%
United Kingdom	20%
Belgium	33.99%
Germany	30%
Croatia	20%
Lithuania	15%
United States	40%

Similarly, the breakdown of tax expense between current and deferred tax is as follows:

	Thousands of Euros	
	2015	2014
Expense/(income) deferred tax	111	130
Expense/(income) current tax	10,265	10,319
Total expense (income) due to tax	**10,376**	**10,449**

The difference between the expense / (income) due to current tax and deferred tax movement relates mainly to changes in the scope.

17.3 Recorded deferred tax assets

The details regarding the balance on this account at the close of the year 2015 and 2014 is as follows:

	Thousands of Euros	
	31/12/2015	31/12/2014
Temporary differences (prepaid taxes):		
Tax effect of the consolidation adjustments	198	274
70% depreciation limit	119	131
Book depreciation higher than the tax limit	-	11
Others	52	42
Total deferred tax assets	**369**	**458**

The deferred tax assets referred to above have been recorded in the consolidated financial statement since the Directors of the Company consider that, in accordance with the best estimation regarding the future results of the Group, including certain tax planning measures, it is likely that said assets will be recovered.

The aforementioned deferred tax assets specified above were registered by applying the tax rate estimated to be recovered.

17.4 Non-recorded deferred tax assets

The Group has not recognized in the attached consolidated financial statement certain deferred tax assets, in consideration that its future compensation does not meet the requirements of probability under the accounting standard.

The detail of these unrecorded assets is as follows:

	Thousands of Euros		Thousands of Euros	
	31/12/2015		31/12/2014	
	Base	Fee (*)	Base	Fee
Deductions generated in 2011	-	21	-	21
Deductions generated in 2012	-	11	-	11
Deductions generated in 2013	-	2	-	2
Tax-loss carry forwards 2012	2.006	502	2.006	502
Total non-recorded deferred tax assets		**536**		**536**

(*) The effect on the rate of tax losses for the year 2012 was calculated at a tax rate of 25%.

The non-recorded deferred tax assets relate mainly to the Parent Company of the Group.

17.5 Deferred tax liabilities

The details regarding the balance on this account at the close of the year 2015 and 2014 is as follows:

	Thousands of Euros	
	31/12/2015	31/12/2014
Temporary differences (deferred taxes):		
Financial leases	362	380
Others	116	76
Total deferred tax liabilities	**478**	**456**

17.6 Years pending approval and auditing actions

The Group's activity, by its nature, is not affected by significant fiscal risks.

The interim statements and income to tax account are made regularly and based on the book record transactions, but are not considered definitive until the tax authorities have inspected them or the statute of limitation has lapsed, which in Spain is five years for Corporation Tax and four years for other applicable taxes.

The companies making up the Group do not currently have any ongoing tax inspections relating to tax for the last five financial years, except for the Italian subsidiary for which, during the 2015 financial year, the Italian tax authorities launched an inspection regarding the tax corresponding to the 2013 financial year. As of the current date, this procedure is ongoing, consequently, there is no resolution in connection thereto. However, the Group believes that in the event of additional liabilities arising, they would not have a significant impact on equity.

However, during the years 2015 and 2014 they have completed the following inspections without significant liabilities thereof derived by the Group:

- Tax audit of all taxes for the years 2008-2010 of the Polish subsidiary, having initiated assessments during the year 2013 amounting to1,500 zlotys, signed and recorded accordingly, corresponding to 2009 and 2010 have been completed in 2014 without significant liabilities being derived thereof.

It is not expected that additional liabilities will be accrued for the Group as a result of the upcoming years pending tax inspections.

The directors of the Parent Company consider that said taxes have been appropriately settled, so that even in the case of discrepancies in the interpretation of standards in effect for tax treatment afforded to the transactions, the contingent liabilities, should they arise, would not significantly affect the consolidated financial statements attached.

18. Income and expenses

18.1 Net amount of revenue

The breakdown of net revenues for the years of 2015 and 2014 of the Group is detailed below:

	Thousands of Euros	
	2015	2014
Sales	95,007	94,352
Provision of services	785	1,379
Total	**95,792**	**95,731**

18.2. Supplies

The amount recorded under "Consumption of Merchandise" for the years 2015 and 2014 has the following composition:

	Thousands of Euros	
	2015	2014
Consumption of merchandise:		
Purchases	27,448	29,079
Variation in stock	384	(371)
Total	**27,832**	**28,708**

The details of the purchases made by the Group during 2015 and 2014, by source, is as follows:

	Thousands of Euros	
	2015	2014
Spain	6,570	9,814
Europe	20,732	19,194
Others	146	71
Total purchases	**27,448**	**29,079**

18.3 Personnel costs

The breakdown of staff expenses accrued during 2015 and 2014 is as follows:

	Thousands of Euros	
	2015	2014
Wages, salaries and similar expense	13,762	12,919
Social security contributions	3,982	3,954
Severance indemnities	226	530
Total	**17,970**	**17,403**

18.4 Financial income and expenses

The details of the financial result of the Group during the year 2015 and 2014 are as follows:

	Thousands of Euros	
	2015	2014
Financial income	**38**	**551**
Securities and other financial instruments		
In related companies (Note 19.2)	-	474
In third parties	38	77
Financial expenses	**(282)**	**(761)**
Debts with third parties	(282)	(761)
Exchange differences	**(17)**	**13**
Impairment losses and income from disposal of financial instruments	**-**	**(1)**
Financial Result	**(261)**	**(198)**

18.5 Other operating expenses

The amount recorded under "Other operating expenses" for the years 2015 and 2014 has the following composition:

	Thousands of Euros	
	2015	2014
Leases	3,350	2,870
Repairs	297	371
Transportation	2,621	2,653
Supplies	697	893
Advertising	5,772	5,611
Services received from its sole shareholder for management fees and other services (Note 19.2)	-	685
Other external services	4,271	3,531
Total	**17,008**	**16,614**

19. Balances and transactions with related parties

The following are considered related parties:

- The sole shareholder of the Parent Company, Kiluva, S.A. and all affiliates of said sole shareholder as defined in IAS 24.

- The Directors and Managers of any company belonging to the Naturhouse Group or its sole shareholder, Kiluva, S.A., and their immediate family, where "Administrator" is understood to be a member of the Board of Directors, and "Manager" is understood to be a person who reports directly to the Board or the Chief Executive of the company.

19.1 Balances with affiliate companies

As of December 31 and 2014, the Group had the following balances with affiliated companies:

	Thousands of Euros			
	Debit balances		Credit balances	
Company	2015	2014	2015	2014
Short-term financial balances				
Kiluva, SA	-	11,007	1,445	2,007
Total short-term financial balances	**-**	**11,007**	**1,445**	**2,007**
Short-term commercial balances				
Gartabo, SA	1	3	-	-
Girofibra, SL	-	-	197	267
House Health Sun, SL	16	22	-	-
Ichem Sp. Zo.o	4	7	3,596	3,288
Indusen, SA	-	-	427	561
Kiluva, SA	-	-	30	-
Abbot Laboratories, SLU	-	78	12	3
Tartales, SLU	-	-	-	5
U.D. Logroñés, SAD	-	-	100	-
Zamodiet, SA	-	-	62	2,245
Total short-term commercial balances	**21**	**110**	**4,424**	**6,369**
TOTAL	**21**	**11,117**	**5,869**	**8,376**

The other current financial liabilities include the amount payable for Corporate Tax on Kiluva, S.A. (Note 17.2) as a result of filing consolidated tax returns.

The Group had an account receivable due to central treasury management with the sole shareholder Kiluva, S.A. at year-end 2014 (see Note 10.2). During the 2014 financial year, said current account accrued market interest of 3.5% on average. On the other hand, during the 2015 financial year, this current account was closed.

The Group recorded as current balances the debit or credit balances of a commercial nature with related companies.

19.2 Transactions with affiliate companies

During the years 2015 and 2014, the Group performed the following transactions with related companies:

	Thousands of Euros	
Company	2015	2014
Sales		
Gartabo, SA	44	56
House Health Sun, SL	9	45
Ichem, Sp. zo.o	107	86
Laboratorios Abad, S.L.U.	11	71
Services provided		
Kiluva, SA	160	687
Total operating revenues	**331**	**945**
Purchases		
Girofibra, SL	1,243	1,149
Ichem, Sp. zo.o	16,897	16,450
Indusen, SA	3,519	3,345
Laboratorios Abad, S.L.U.	83	281
Zamodiet, S.A.	185	1,254
Ichem, Sp. zo.o	28	32
Heatlh House Sun, S.L.	216	70
Kiluva, SA	-	738
Laboratorios Abad, S.L.U.	1	-
Luair, S.L.U. (Directly and indirectly)	47	176
U.D. Logroñés, SAD	173	325
Leasing and Insurance		
Kiluva, SA	30	33
Tartales, SLU	398	488
Total operating expenses	**22,820**	**24,341**

Company	Thousands of Euros	
	2015	2014
Financial income		
Kiluva, SA	-	474
Total financial revenues	**-**	**474**

Services received from the Shareholder, Kiluva S.A. corresponded in 2014 to various contractual agreements for management fees for strategic, operational and financial support and consultancy, as well as the granting of the use of certain brands. During the second half of the 2014 financial year, Naturhouse Group and Kiluva, S.A. cancelled the majority of these existing contracts as part of a reorganisation of the Group's activities.

Additionally, the sales or purchase of assets during the 2014 financial year with the Majority Shareholder and related companies stated in Notes 3.c, 7, 8 and 10.2 and the dividend distribution described in Note 13 must be taken into consideration.

Finally, there are transactions with a company related to a member of the Board of Directors of the Parent Company amounting to 63 thousand euros in the 2015 financial year.

The Directors of the Parent Company and its tax advisers, BDO Abogados y Asesores Tributarios, S.L., consider that the transfer prices are adequately justified on the basis of a report issued by the above parties, and therefore consider that there are no significant risks, in this sense, that they could lead to significant liabilities in the future.

As of the date of drawing up these financial statements, the Parent Company has updated the transfer pricing report corresponding to the 2014 financial year together with its tax advisors, which includes the main transactions that the Company performs with its related companies:

- Royalties from the sale of brands
- Support services to the management (management fees).
- Rental of buildings
- Sale of products
- Purchase of products
- Interest on current account Kiluva, S.A.

The report does not include limitations, cautions or significant safeguards, except for the characteristics inherent to this type of work. Furthermore, in order to examine whether the prices agreed between the related parties as a result of the above-described transactions comply with applicable regulations and in order to determine its suitability to market values, the following methodology has been basically used:

- Obtaining comparable examples, i.e. comparing the circumstances of transactions related to the circumstances of transactions between independent persons or entities that may be comparable (comparable uncontrolled price method "CUP").
- In the absence of comparable examples, the cost plus method ("CPM") has been applied for pricing. Under this method, the service price is determined by the costs incurred by the provider of the services plus, where applicable, a certain market profit margin.

- The resale price method ("RPM") has also been used, where a margin is subtracted from the selling price of a good or service applied by the reseller itself, in identical or similar operations with independent persons or entities, or, in the absence thereof, the margin that independent persons or entities apply to comparable transactions, performing, where applicable, the necessary corrections for equivalence and taking into account the particularities of the transaction.

Additionally, in the particular case of product purchases by related companies, in particular Ichem, Sp. Zo.o, the margin obtained on the sales of such product have been compared with the others, with there not being any significant differences, consequently, the tax advisers have determined that such transactions comply with the tax legislation on transfer pricing.

This report has been issued in relation to transactions with affiliate companies in 2014. The Directors believe that there have been no relevant or significant changes in transfer pricing during the 2015 financial year, consequently, they believe that they are duly backed up.

19.3 *Compensation to Directors and Senior Management of the Parent Company*

During 2015 the current Directors of the Parent Company accrued compensation in fixed allowance and fees for attending meetings of the Board of Directors amounting to 246 (48 thousand Euros). Additionally, they have received remuneration indicated in the following paragraph for the development of their executive positions. On the other hand, a member of the Board of Directors (who in turn is a member of Senior Management) holds an advance amounting to 80 thousand euros at year-end 2015 with the Parent Company. Finally, there are no bank guarantees granted, or other commitments made, regarding pensions or life insurance policies with the Directors. The current Directors of the Parent Company were appointed during the 2014 financial year.

The compensation received in the year 2015 by the senior executives of the Group amounted to 3,218 thousand Euros for salaries and wages (1,932 thousand Euros were received by members of the Board of Directors in the development of their executive positions). The Senior Management of the Group has received no remuneration for other services. The remunerations received by the Group's Senior Management in the 2014 financial year amounted to 3,073 thousand euros (1,714 thousand euros received by members of the Board of Directors in the development of their executive positions).

At year-end 2015 and 2014 the body of the Senior Management of the Group consists of the following persons:

	2015		2014	
Categories	Men	Women	Men	Women
Senior Management	7	1	7	1

As of year-end 2015 and 2014, there are no advances (except for what is stated above), loans granted, pension obligations or life insurance obligations with Senior Management.

The Board of Directors is made up of six men and two women as of year-end 2015 and 2014.

19.4 *Information relating to conflicts of interest by the Directors*

As of year-end 2015, neither the members of the Board of Naturhouse Health, S.A. nor any persons related to them as defined by Spanish Corporate Law, have communicated to the other members of the Board of Directors any situation involving direct or indirect conflict that they or persons related to them, as defined by Spanish Corporate Law, may have with the Company's interests.

20. Environmental information

Given the activities in which the Group is engaged, it has no liabilities, expenses, assets, provisions or contingencies of an environmental nature that could be significant in relation to the assets, financial position and results of the Group. For this reason, specific breakdowns are not included in these consolidated notes.

21. Other information

21.1 Personnel

The average number of employees during the years 2015 and 2014, broken down by category, is as follows:

	Number of employees	
Categories	2015	2014
Senior Management	8	7
Rest of Senior Staff	26	26
Administrative and technical staff	69	48
Commercial, sales' staff and operators	334	347
Total	**437**	**429**

Likewise, the gender distribution of the Group at the end of the years 2015 and 2014, broken down by category, is as follows:

	2015		2014	
Categories	Men	Women	Men	Women
Senior Management	7	1	7	1
Rest of Senior Staff	4	14	15	10
Administrative and technical staff	9	50	15	34
Commercial, sales' staff and operators	52	328	41	314
Total	**72**	**393**	**78**	**359**

21.2 Audit fees

During 2015, the fees for audit services and other services provided by the auditor of the consolidated annual accounts of the Group, Deloitte, S.L. and companies belonging to the Deloitte network, as well as fees for services billed by the auditors of individual annual accounts of the companies included in the consolidation and by entities linked to same by control, common ownership or management, were as follows (in thousands of Euros):

Year 2015

Description	Services provided by the principal auditor	Services provided by other auditors
Audit Services	117	20
Other verification services (*)	25	-
Total auditing and related services	**142**	**20**
Tax Advice Services	-	24
Other services	45	8
Total Professional Services	**187**	**52**

(*) Other Verification Services correspond to the limited review by the auditor of Naturhouse Group's consolidated interim financial statements for the six months ending 30th June 2015.

During 2014, the fees for audit services and other services provided by the auditor of the consolidated annual accounts of the Group, Deloitte, S.L. and companies belonging to the Deloitte network, as well as fees for services billed by the auditors of individual annual accounts of the companies included in the consolidation and by entities linked to same by control, common ownership or management, were as follows (in thousands of Euros):

Year 2014

Description	Services provided by the principal auditor	Services provided by other auditors
Audit Services	93	22
Other verification services (*)	228	33
Total auditing and related services	**321**	**55**
Tax Advice Services	-	24
Other services	55	-
Total Professional Services	**376**	**79**

(*) The Other Verification Services mainly relate to the auditing of the consolidated financial statements for the years 2013, 2012 and 2011 prepared in accordance with International Financial Reporting Standards as adopted by the European Union, as well as limited reviews performed by the auditor of the Group in interim periods of the year 2014, all within the potential placement process and admission to trading of the shares of the Parent Company in the Spanish primary market.

22. Reporting itemized Information

The Group, considering that IFRS 8 mandates the application and disclosure of itemized information for those companies whose equity securities or debt is publicly traded, or companies that are in the process of issuing securities in public equity markets, presents this information in four itemized segments in the accompanying consolidated financial statements.

Segmentation criteria

For management purposes, the Group is currently comprised of the following operating segments which are in the following geographical areas:

- Spain
- France
- Italy
- Poland
- Other countries

The principal activities of the Group are described in Note 1 of the consolidated notes. The Group does not perform activities differentiated by relevant amounts that involve the identification of additional operating segments.

The Directors of the Parent Company have identified these segments based on the following criteria:

- It engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),

- Those whose operating results are regularly reviewed by management, making operational and management decisions of the entity, making decisions about resources to be allocated to the segment, and assess their performance, and

- It has different financial information.

Basis and methodology of the information by business segment

The segment information provided below is based on reports prepared by Group management and is generated using the same software used for all accounting data of the Group.

The ordinary revenue of the segment relates to the ordinary income directly attributable to the segment plus the relevant proportion of overall revenues of the Group which may be assigned to it using reasonable distribution bases.

The expenses of each segment are determined by the costs of operating activities thereof which are directly attributable to same plus the relevant portion of expenses that can be allocated to the segment using reasonable distribution bases.

The segment result is presented before income taxes and any adjustment for minority interests.

In the column "Consolidation Eliminations" of the consolidated income statement it basically includes eliminations of sales and purchases between segments and costs passed on by the Parent Company and other consolidation adjustments.

Information regarding the consolidated income statements for 2015 and 2014, detailed by Segment, is as follows:

	Thousands of Euros													
	Sectors													
	Spain		France		Italy		Poland		Other countries		Others and eliminat.		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
External Sales	18,944	20,940	41,522	40,177	21,384	22,958	11,287	8,998	2,655	2,658	-	-	95,792	95,731
Sales between sectors	5,195	4,363	341	1,109	8	20	47	7	168	86	(5,759)	(5,585)	-	-
Other operating income	239	70	200	32	193	512	147	70	111	211	(82)	(199)	808	696
Total revenues	**24,378**	**25,373**	**42,063**	**41,318**	**21,585**	**23,490**	**11,481**	**9,075**	**2,934**	**2,953**	**(5,841)**	**(5,782)**	**96,600**	**96,427**
Supplies	(6,605)	(7,554)	(12,305)	(12,804)	(6,169)	(6,873)	(4,715)	(3,696)	(976)	(1,060)	2,938	3,279	(27,832)	(28,708)
Personnel	(6,074)	(5,628)	(4,994)	(4,906)	(4,820)	(4,969)	(1,163)	(1,061)	(919)	(839)	-	-	(17,970)	(17,403)
Amortization	(606)	(699)	(148)	(160)	(323)	(314)	(113)	(95)	(90)	(90)	145	142	(1,135)	(1,216)
Other operating costs	(5,664)	(4,710)	(6,668)	(7,141)	(4,744)	(4,940)	(1,757)	(1,499)	(1077)	(829)	2,902	2,505	(17,008)	(16,614)
Impairment losses and income from disposal of fixed assets	(13)	(28)	22	20	-	-	39	(2)	(229)	(15)	-	-	(181)	(25)
Operating results	**5,416**	**6,754**	**17,970**	**16,327**	**5,529**	**6,394**	**3,772**	**2,722**	**(357)**	**122**	**144**	**142**	**32,474**	**32,461**
Financial income	-	-	-	-	-	-	-	-	-	-	38	551	38	551
Financial expenses	-	-	-	-	-	-	-	-	-	-	(299)	(749)	(299)	(749)
Financial Result	-	-	-	-	-	-	-	-	-	-	**(261)**	**(198)**	**(261)**	**(198)**
Results of equity method associated companies	-	-	-	-	-	-	-	-	-	-	**926**	**680**	**926**	**680**
Profit / (loss) before tax	**5,416**	**6,754**	**17,970**	**16,327**	**5,529**	**6,394**	**3,772**	**2,722**	**(357)**	**122**	**809**	**624**	**33,139**	**32,943**

The segment "Other and eliminations" includes consolidation eliminations and financial income and expenses considered as corporate not assignable to any particular segment. There has been no distribution of revenue and general expenses between segments.

The detail per segment of certain items of the consolidated statement of financial position, to December 31, 2015 and 2014 is as follows:

	Thousands of Euros													
	Sectors													
	Spain		France		Italy		Poland		Other countries		Others and eliminat.		**Total**	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014	**31/12/2015**	**31/12/2014**
ASSETS														
Other intangible assets	2,085	2,251	12	12	76	58	1	1	19	23	-	-	**2,193**	**2,345**
Tangible fixed assets	2,671	2,949	556	652	737	627	45	64	1,016	1,230	-	-	**5,025**	**5,522**
Total Assets	**9,983**	**8,254**	**14,757**	**9,103**	**5,521**	**5,553**	**4,957**	**2,012**	**3,121**	**2,895**	**3,032**	**13,901**	**41,371**	**41,711**
Total Liabilities	**3,954**	**6,437**	**4,994**	**8,252**	**3,293**	**3,586**	**1,164**	**619**	**522**	**559**	**5,428**	**6,959**	**19,355**	**26,340**

The segment "Other and eliminations" includes assets and liabilities considered as corporate and not attributable to any particular segment, i.e. under "Investments in related companies" and "Current financial assets" and "Non-Current Liabilities" and " Current liabilities ", respectively, as well as consolidation eliminations.

Other segment information

None of the Group's customers accounts for over 10% of revenues from ordinary activities.

Furthermore, plant and equipment additions and intangible assets by segment were as follows:

	In Thousands of Euros					
	Spain	France	Italy	Poland	Other	**Total**
Additions 2014	2,656	94	213	65	34	**3,062**
Additions 2015	275	35	409	56	106	**881**

23. Subsequent events

On 16th January 2016, there was a capital increase in the Mexican company of the Naturhouse Group, Zamodiet de México S.A. de C.V., consequently, the Naturhouse Health S.A. stake has risen from 51% to 78.73%.

In Hospitalet de Llobregat, February 25, 2016

Board of Directors

Félix Revuelta Fernández

Vanesa Revuelta Rodríguez

Kilian Revuelta Rodríguez

Rafael Moreno Barquero

José María Castellanos

Isabel Tocino Biscarolasaga

Pedro Nueno Iniesta

Juan María Nin Génova

Management Report

REPORT CORRESPONDING TO THE YEAR-ENDING 31 DECEMBER 2014

31 December 2015

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1. Situation and Business Development

Naturhouse Group is a business group dedicated to the dietetic and nutrition sector with its own exclusive business model based on the Naturhouse method. At year-end 2015 it had an active presence in 29 countries through a network of 2,123 centres, with France, Italy, Spain and Poland being its most important markets.

The companies included in full consolidation in the year 2015 are: Naturhouse Health S.A. (Spain), S.A.S. Naturhouse (France), Housediet S.A.R.L. (France), Naturhouse S.R.L. (Italy), Naturhouse Sp Zo.o (Poland), Kiluva Portuguesa - Nutriçao e Dietética, Lda (Portugal), Naturhouse Belgium S.P.R.L. (Belgium), Naturhouse Franchising Co, Ltd (UK), Naturhouse, Gmbh (Germany), Zamodiet México S.A. de C.V. (Mexico), Nutrition Naturhouse Inc. (Canada), Naturhouse d.o.o. (Croatia), UAB Naturhouse (Lithuania and Naturhouse Inc. (US).

During the 2015 financial year, three new subsidiaries have been established: Naturhouse d.o.o. (Croatia), UAB Naturhouse (Lithuania) and Naturhouse Inc. (US). Approximately 100 thousand euros has been paid as share capital, both in Naturhouse d.o.o. (Croatia), as well as in UAB Naturhouse (Lithuania), through the subsidiary Naturhouse S.p zo.o. (Poland), and another 100 thousand euros in Naturhouse, Inc. (US) paid through Naturhouse Health, S.A. (Spain).

The year 2015 is marked by the marketing effort aimed at consolidating existing markets, especially in Europe, and the opening of new international geographic markets.

During the 2015 financial year, two centres have been opened in countries in which Naturhouse was not present, four in Switzerland, one in Lithuania and another in the US.

On 5th March 2015, an advance dividend distribution for the 2015 financial year was made to its Sole Shareholder, amounting to 8,500 thousand euros.

On 18th March 2015, an advance dividend distribution for the 2015 financial year was made to its Sole Shareholder, amounting to 2,550 thousand euros.

On 1st April 2015, the final price of the stock offering was fixed and the agreement for underwriting the offering was signed.

On 24th April 2015, Naturhouse Health, S.A. was listed on the Spanish Stock Market, with the sale by Kiluva, S.A. of 15,000,000 shares of Naturhouse Health, S.A.

On 22nd May 2015, Naturhouse Health, S.A. reported on the exercise of the *Green Shoe* purchase option regarding 1,097,637 shares and operations during the stabilisation period.

On 4th September 2015, an advance dividend distribution for the 2015 financial year was made, amounting to 3,000 thousand euros.

On 14th December 2015, Naturhouse Health, S.A. reported on the signing of a liquidity agreement with Banco Alcalá, S.A.

2. Evolution of the main figures of the consolidated profit and loss account

Consolidated Profit and Loss Account

(Thousands of Euros)	Year 2015	Year 2014
Net amount of revenue	95,792	95,731
Supplies	(27,832)	(28,708)
Gross Margin	**67,960**	**67,023**
Other operating income	808	696
Personnel costs	(17,970)	(17,403)
Other operating costs	(17,008)	(16,614)
Operating income before depreciation and amortization, impairment and other results	**33,790**	**33,702**
Depreciation and amortization	(1,135)	(1,216)
Impairment losses and income from disposal of fixed assets	(181)	(25)
OPERATING INCOME	**32,474**	**32,461**
Financial Result	**(261)**	**(198)**
Share in profits from equity accounted companies	**926**	**680**
CONSOLIDATED PROFIT BEFORE TAX	**33,139**	**32,943**
Corporation Tax	**(10,376)**	**(10,449)**
NET INCOME FROM CONTINUING OPERATIONS	**22,763**	**22,494**
CONSOLIDATED NET INCOME	**22,763**	**22,494**

	31-12-2015	31-12-2014
Average number of employees	**437**	**429**
Gross Margin without Sales	71%	70%
Operating Income without Sales	34%	34%
Net Income without Sales	24%	24%

- The net turnover is composed of two main aspects:

    1. Sale of goods
    Corresponds to the sale of products through the Naturhouse channel (either through franchising, master franchising or centres of our property). Represents the bulk of revenues with 98.88% in 2015.

    2. Provision of services
    €600 annual fee paid by each franchise to subsidiaries of the Group. This represents 1.12% of net turnover for the 2015 financial year.
    In the 2015 financial year, the Master Franchise up front fee was not invoiced, which, in the 2014 financial year, amounted to 0.47% of total turnover.

    3. Product sales to herbalists and other establishments outside the Naturhouse channel ceased in 2014, representing sales in that year of 0.94%.

- Net turnover in the 2015 financial year amounted to 95,792 thousand euros, representing an increase of 0.06% over the previous year. This variation mainly includes the following effects:
    - In France, sales are 41,522 thousand Euros. In the 2014 financial year, there was 40,177 thousand euros, as a result of the net opening of 80 centres during 2015. This represents a sales increase of 3.35% over the 2014 financial year.

- In Spain, sales have fallen by 1,996 thousand euros (-9.53%) due to the reduction of 16 Naturhouse centres during the first quarter of 2015. This reduction has been reversed over the last three quarters of 2015 with the net opening of 13 centres, consequently, we can observe some recovery in the Spanish market.
- In Italy sales have fallen by 1,574 thousand Euros (-6.86%), a decrease derived from the macroeconomic environment in the country. It should be noted that during the 2015 financial year, there has been an increase in net opening of 21 centres.
- Increased sales in Poland amounting to 2,289 thousand euros (+ 25.45%), arising from the good performance of Naturhouse in Eastern Europe and the net opening of 51 centres during the 2015 financial year.

- The gross margin on net turnover has increased by 1 percentage point, from 70% to 71%, as a result of the introduction in mid-2014 of a new product format in sachets with higher gross margins for the Group.

- "Other operating income" corresponds to revenue from activities outside of the Naturhouse business.

- In 2015 there is an average workforce of 437 employees in the Group, of which 76% are direct employees of the Naturhouse centres under self-management and commercial offices that control the smooth running of all the centres, both franchises and the Group's own centres, and the remaining 24% of staff corresponds to general management, administration and accounting, logistics, marketing and technical staff.
  Personnel Expenses represents 18,7% of net revenues.

- Other Operating Expenses has increased by 2.37% over the 2014 financial year due to the following reasons:
  - Increased Lease costs: Arising from the group's strategy of moving into shopping centres.
  - Expenses incurred by the Group being listed on the Stock Exchange and the costs of the Board of Directors that was formed in October 2014.

- As a result of the 24.9% stake of the company Ichem Sp zo.o, in the 2015 financial year, 926,000 euros is registered in the "Share in profits from equity accounted companies" in the attached abridged profit and loss account.

- Net profit on turnover remains at 24%, as in the 2014 financial year, as a result of the business developments explained above.

3. Consolidated Statement of Financial Position

ASSET (Thousands of Euros)	31-12-2015	31-12-2014
NON-CURRENT ASSETS:		
Intangible fixed assets	**2,193**	**2,345**
Tangible fixed assets	**5,025**	**5,522**
Non-current financial assets	**813**	**757**
Investments in associates	**3,140**	**2,749**
Deferred tax assets	**369**	**458**
Non-current assets	**11,540**	**11,831**
CURRENT ASSETS:		
Inventory	**3,541**	**3,925**
Customer receivables for sales and services	**4,952**	**5,182**
Customers, related companies	**21**	**110**
Current tax assets and other receivables with public administrations	**569**	**272**
Other current assets	**876**	**683**
Investments in affiliate companies		**11,007**
Current financial assets	**42**	**42**
Cash and cash equivalents	**19,830**	**8,659**
Total current assets	**29,831**	**29,880**
Total assets	**41,371**	**41,711**

LIABILITIES (Thousands of Euros)	31-12-2015	31-12-2014
NET EQUITY:	-	-
Subscribed capital	3,000	3,000
Issue premium	2,149	2,149
Premium	8,225	1,631
Own shares and company shares	(214)	
Conversion differences	(115)	85
Results of the year	22,860	22,560
Interim dividend	(14,050)	(14,207)
NET EQUITY ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY	**21,855**	**15,218**
	-	-
NET EQUITY ATTRIBUTABLE TO MINORITY INTERESTS	**161**	**153**
Total net equity	**22,016**	**15,371**
NON-CURRENT LIABILITIES:		
Non-current provisions	**1,044**	**798**
Non-current liabilities	**2,930**	**4,363**
Deferred tax liabilities	**478**	**456**
Non-current liabilities	**4,452**	**5,617**
CURRENT LIABILITIES:		
Current liabilities	**1,960**	**4,525**
Financial liabilities with related parties	**1,445**	**2,007**
Trade creditors and other receivables	**4,776**	**4,621**
Suppliers, related companies	**4,424**	**6,369**
Current tax liabilities and other payables with public administrations	**2,298**	**3,201**
Total current liabilities	**14,903**	**20,723**
TOTAL NET EQUITY AND LIABILITIES	**41,371**	**41,711**

- The increase of 391 thousand euros in the "Investments in associates" is as a result of the share in profits from the company Ichem Sp. zo.o, which is consolidated under the equity method.

- During the 2015 financial year, the Group cancelled investments in related companies and does not intend to make further investments of this type.

- On 5th March 2015, Naturhouse Health, S.A. decided to distribute an interim dividend for the 2015 financial year amounting to 8,500 thousand euros. On 18th March 2015, another 2,550 thousand euros were distributed as an interim dividend for the 2015 financial year. On 4th September 2015, another 3,000 thousand euros were distributed as an interim dividend for the 2015 financial year.

- In the 2015 financial year, the Group's current and non-current financial debt was reduced to 4,890 thousand euros (45%). The Group has reduced its financial debt in recent years and will continue in this line. The Company does not anticipate significant investments that require significant funding to banks.

- The average payment period of the Spanish companies included in the Naturhouse Group has been 66 days. However, payments to domestic suppliers have been made within the maximum period set out under the regulations on late payments, and it is the payment term with the main Polish supplier, Ichem, Sp. zo.o which raises the average payment period.

4. Financial risk management and use of hedging instruments

The Group's activities are exposed to various financial risks: market risk (including foreign exchange and interest rate risk), credit risk, liquidity risk and interest rate risk on cash flows.

Market risk in the interest rate and the exchange rate:

The Group's operating activities are largely independent with respect to changes in market interest rates. The interest rate risk of the Group arises from long-term borrowings. At December 31, 2015% of the borrowings was at a variable interest rate. However, the Group has not considered it necessary to cover such interest rate fluctuations because the external financing of the Group is unimportant, so it has not contracted hedging instruments during the years in question

Regarding the exchange rate risk, the Group does not operate internationally outside the Euro Currency to any great extent, so its exposure to exchange rate risk on foreign currency operations is not significant.

Credit risk

In general, the Group maintains its cash and equivalent liquid assets at banks with high credit ratings. It also performs adequate monitoring of accounts receivable individually, in order to determine situations of potential insolvency.

The Group's credit risk is primarily attributable to its trade receivables. There is no significant concentration of credit risk, with exposure spread over a large number of customers, markets and geographic areas.

Liquidity risk

In order to ensure liquidity and be able to meet all payment obligations arising from its activities, the Group has abundant credit lines and financing with credit institutions. It has maintained a proactive policy on the management of liquidity risk, focusing primarily on the preservation of same, maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of credit facilities and the ability to liquidate market positions.

5. Risk Factors

The activities of the companies of the Group are developed in different countries with different socio-economic environments and regulatory frameworks. The authorities of the countries where the Group operates may adopt laws and regulations that impose new obligations which entail an increase in operating costs.

Negative impact due to the difficult economic situation in Europe. The deep financial and consumer crisis has affected the opening of new franchises, the scarce funding provided by financial institutions, and final consumer purchases, inter alia, due to the difficult macroeconomic situation and high rates of unemployment. Although such adjustment is still present in some countries in which the Naturhouse Group operates, in the first half, indicators of improvement can be observed in several European countries, aiding the opening of new franchises.

The competitive environment. The company competes with self-administered weight loss schemes and other commercial programmes from other competitors, along with other suppliers and food retailers that operate in this market. This competition and any future increases in same involving the development of pharmaceuticals and other technological and scientific advances in the field of weight loss could have a negative impact on the business, operating results and financial position of the Group .

6. R + D + i activities

The method used by the Group in relation to research and development of new products is as follows:

It is in the commercial, technical and marketing department where the initial need to consider extending the range of products that Naturhouse offers arises, or simply modify one of the existing offers. This need is transferred to one or more of our current suppliers, according to the product format (sachets, vials or capsules). Suppliers develop and submit proposals according to our needs, and if these are covered from a commercial, technical and economic point of view, we proceed to launch the new product or format. Therefore, the Group does not generate increased costs in R + D + i in the registration of the brand and the formula in the corresponding department for health.

The Group's main supplier is the Polish company Ichem Sp. zo.o, as it accounts for 61% of total consolidated purchases to 31st December 2015. The Group holds 24.9% of its capital. The benefits sought with this holding are:

1. Faster launching of new products, sharing know-how in R & D
2. Ensure supply and reduce dependence on third party manufacturers outside the Group
3. Ensure product quality while maintaining high levels of competitiveness

By doing this Naturhouse Health is able to differentiate itself from its competitors because it is present throughout the entire value chain of the nutritional supplement industry, from R & D and product manufacturing to the final sale and client consultation.

Besides Ichem, the Group is affiliated with two other large groups of suppliers, those suppliers in which Kiluva S.A., majority shareholder of Naturhouse Health, has stakes (Indusen, Girofibra, Laboratorios Abad and Zamodiet), which represent approximately 18% of total purchases in 2015, and those suppliers that are not affiliated, Naturhouse Health and Kiluva S.A., representing 21% of total purchases in 2015.

7. Treasury Shares

As of 31st December 2015, the Parent Company holds a total of 52,816 treasury shares. No affiliate company owns any shares or holdings of the Parent Company.

8. Subsequent events

On 16th January 2016, there was a capital increase in the Mexican company of the Naturhouse Group, Zamodiet de México S.A. de C.V., consequently, the Naturhouse Health S.A. stake has risen from 51% to 78.73%.

9. Capital structure and significant shareholdings

At December 31, 2015, the Naturhouse Group has no restriction on the use of capital resources that, directly or indirectly, have affected or may significantly affect the operations, except those that are legally established.

As of 31st December 2015, the share capital is represented by 60,000,000 shares. The Group's main shareholders are Kiluva, S.A. with a 73.17% stake and Schroder Investment Management Ltd. with 3.07%.

10. Shareholder agreements and restrictions on transferability and vote

There is no shareholders agreement or statutory restrictions on the free transferability of the shares of the Parent Company and there are no statutory restriction or regulatory restrictions on voting rights.

11. Administrative Body, Board

The Parent Company's administrative body is made up of a Board of Directors composed of 8 members, Mr Félix Revuelta Fernández, Mr Kilian Revuelta Rodríguez, Ms Vanesa Revuelta Rodríguez, Mr Rafael Moreno Barquero, Mr José María Castellanos, Ms Isabel Tocino Biscarolasaga, Mr Pedro Nueno Iniesta and Mr Juan María Nin Génova.

12. Significant agreements

No significant agreements is recorded in terms of changes in the control of the Parent Company or between the Parent Company and its Manager and Directors or employees concerning compensation for resignation or dismissal.

In Hospitalet de Llobregat, February 25, 2015

Board of Directors

Félix Revuelta Fernández Vanesa Revuelta Rodríguez Kilian Revuelta Rodríguez

Rafael Moreno Barquero José María Castellanos Isabel Tocino Biscarolasaga

Pedro Nueno Iniesta Juan María Nin Génova

ANNEX I
Companies included in the consolidation

At December 31, 2015 and 2014 the affiliate companies in full consolidation and the information relating to same is as follows:

Year 2015

Company	Activity	Holding %
Naturhouse Health S.A. Calle Botánica 57-61 Hospitalet de Llobregat, Barcelona (Spain)	Marketing of dietary products medicinal herbs and natural cosmetics	
Housediet S.A.R.L. 75 rue Beaubourg 75003 Paris (France)	Marketing of dietary products medicinal herbs and natural cosmetics	100%
Kiluva Portuguesa –Nutriçao e Dietetica, Lda Avenida Dr. Luis SA, 9 9ª Parque Ind Montserrate Fraçao "M" Abruhneira 2710 Sintra (Portugal)	Processing and marketing dietetic products	100%
Ichem Sp. Zo.o (*) ul. Dostawcza 12 93-231 Lodz (Poland)	Production and marketing of dietetic products	24.9%
Naturhouse Belgium S.P.R.L. Rue Du Pont-Gotissart 6 Nijvel, Waals Brabant, 1400 Belgium	Marketing of dietary products medicinal herbs and natural cosmetics	100%
Naturhouse Franchising Co, Ltd 33 church road, Ashford Middlesex (Great Britain)	Marketing of dietary products medicinal herbs and natural cosmetics	100%
Naturhouse, Gmbh Rathausplatz, 5 91052 Erlangen (Germany)	Marketing of dietary products medicinal herbs and natural cosmetics	100%
Naturhouse Inc. 1395 Brickellave 800 STE Miami FL (USA)	Marketing of dietary products medicinal herbs and natural cosmetics	100%
Naturhouse Sp. zo.o. Ul/Dostawcza, 12 93-231 Lodz (Poland)	Marketing of dietary products medicinal herbs and natural cosmetics	100%
Naturhouse S.R.L. Viale Panzacchi, nº 19 Bologna (Italy)	Marketing of dietary products medicinal herbs and natural cosmetics	100%
Nutririon Naturhouse Inc. Rue de la Guachetière Ouest Montréal Québec (Canada)	Marketing of dietary products medicinal herbs and natural cosmetics	100%
Naturhouse d.o.o. Ilica 126, Ciudad de Zagreb (Croatia)	Marketing of dietary products medicinal herbs and natural cosmetics	100%
S.A.S. Naturhouse 12, Rue Philippe Lebon Zone de Jarlard, 81000 Albi, France	Marketing of products dietary	100%
UAB Naturhouse Konstitucijos pr. 7 09308 Vilna (Lithuania)	Marketing of products dietary	100%
Zamodiet México S.A. de C.V. Boulevard Interlomas, nº 5 L4 Lomas Anahuac (Mexico)	Marketing of dietary products	51%

(*) Sole company integrated with the equity-accounted method, and the rest by full consolidation.

Year 2014

Company	Activity	Holding %
Naturhouse Health S.A.U. Calle Botánica 57-61 Hospitalet de Llobregat, Barcelona (Spain)	Marketing of dietary products medicinal herbs and natural cosmetics	
Housediet S.A.R.L. 75 rue Beaubourg 75003 Paris (France)	Marketing of dietary products medicinal herbs and natural cosmetics	100%
Kiluva Portuguesa –Nutriçao e Dietetica, Lda Avenida Dr. Luis SA, 9 9ª Parque Ind Montserrate Fraçao "M" Abruhneira 2710 Sintra (Portugal)	Processing and marketing dietetic products	100%
Ichem Sp. Zo.o (*) ul. Dostawcza 12 93-231 Lodz (Poland)	Production and marketing of dietetic products	24.9%
Naturhouse Belgium S.P.R.L. Rue Du Pont-Gotissart 6 Nijvel, Waals Brabant, 1400 Belgium	Marketing of dietary products medicinal herbs and natural cosmetics	100%
Naturhouse Franchising Co, Ltd 33 church road, Ashford Middlesex (Great Britain)	Marketing of dietary products medicinal herbs and natural cosmetics	100%
Naturhouse, Gmbh Rathausplatz, 5 91052 Erlangen (Germany)	Marketing of dietary products medicinal herbs and natural cosmetics	100%
Naturhouse Sp. zo.o. Ul/Dostawcza, 12 93-231 Lodz (Poland)	Marketing of dietary products medicinal herbs and natural cosmetics	100%
Naturhouse S.R.L. Viale Panzacchi, nº 19 Bologna (Italy)	Marketing of dietary products medicinal herbs and natural cosmetics	100%
Nutrition Naturhouse Inc. Rue de la Gauchetière Ouest Montréal Québec (Canada)	Marketing of dietary products medicinal herbs and natural cosmetics	100%
S.A.S. Naturhouse 12, Rue Philippe Lebon Zone de Jarlard, 81000 Albi, France	Marketing of products dietary	100%
Zamodiet México S.A. de C.V. Boulevard Interlomas, nº 5 L4 Lomas Anahuac (Mexico)	Marketing of dietary products	51%