

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended March 31, 2001

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 0-8707

NATURE'S SUNSHINE PRODUCTS, INC.

-----  
(Exact Name of Registrant as Specified in Its Charter)

UTAH

87-0327982

----

-----

(State or Other Jurisdiction of  
Incorporation or Organization)

(I.R.S. Employer  
Identification No.)

75 East 1700 South  
Provo, Utah 84606

(Address of Principal Executive Offices, including Zip Code)

(801) 342-4300

(Registrant's Telephone Number, including Area Code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934, during the preceding 12 months (or such shorter period that the Registrant was required to file such report(s)), and (2) has been subject to such filing requirements for the past 90 days.

Yes    X                      No  
-----                      -----

The number of shares of common stock, no par value, outstanding as of May 11, 2001, was 16,247,085.

=====

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

NATURE'S SUNSHINE PRODUCTS, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(Amounts In Thousands)  
(UNAUDITED)

<TABLE>  
<CAPTION>

	March 31, 2001	December 31, 2000
	-----	-----
<S>	<C>	<C>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 33,080	\$ 28,803
Accounts receivable, net	7,907	7,326
Inventories	25,189	26,043
Deferred income tax assets	1,947	2,174
Prepaid expenses and other	7,324	8,631
	-----	-----
Total Current Assets	75,447	72,977

PROPERTY, PLANT AND

EQUIPMENT, net	27,219	25,293
LONG-TERM INVESTMENTS	10,767	10,715
INTANGIBLE AND OTHER ASSETS, net	10,971	9,462
	-----	-----
	\$124,404	\$118,447
	=====	=====

</TABLE>

The accompanying notes are an integral part of these condensed consolidated financial statements.

2

<TABLE>  
<CAPTION>

NATURE'S SUNSHINE PRODUCTS, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS (CONTINUED)  
(Amounts In Thousands)  
(UNAUDITED)

	March 31, 2001	December 31, 2000
	-----	-----
<S>	<C>	<C>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term debt	\$ 230	\$ 385
Accounts payable	4,769	4,961
Accrued volume incentives	12,441	9,807
Accrued liabilities	12,688	12,060
Income taxes payable	2,181	2,194
	-----	-----
Total Current Liabilities	32,309	29,407
	-----	-----
LONG-TERM LIABILITIES:		
Deferred income tax liabilities	4,456	2,814
Deferred compensation	1,399	1,342
	-----	-----
Total Long-Term Liabilities	5,855	4,156
	-----	-----
SHAREHOLDERS' EQUITY:		
Common stock, no par value; 20,000 shares authorized, 19,446 shares issued	37,413	37,435
Retained earnings	105,827	102,347
Treasury stock, at cost, 3,179 and 3,020 shares, respectively	(44,489)	(43,391)
Accumulated other comprehensive loss	(12,511)	(11,507)
	-----	-----
Total Shareholders' Equity	86,240	84,884
	-----	-----
	\$ 124,404	\$ 118,447
	=====	=====

</TABLE>

The accompanying notes are an integral part of these condensed consolidated financial statements.

3

<TABLE>  
<CAPTION>

NATURE'S SUNSHINE PRODUCTS, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
AND COMPREHENSIVE INCOME  
(Amounts In Thousands, Except Per-Share Information)  
(UNAUDITED)

Three Months Ended  
March 31,

	2001	2000
<S>	<C>	<C>
SALES	\$81,694	\$81,426
COSTS AND EXPENSES:		
Cost of goods sold	14,613	14,365
Volume incentives	36,283	36,567
Selling, general and administrative	24,393	23,559
	75,289	74,491
OPERATING INCOME	6,405	6,935
OTHER INCOME (EXPENSE), net	(41)	404
INCOME BEFORE PROVISION FOR INCOME TAXES	6,364	7,339
PROVISION FOR INCOME TAXES	2,342	2,843
NET INCOME	4,022	4,496
OTHER COMPREHENSIVE INCOME (LOSS), net of tax:		
Foreign currency translation adjustments	(1,006)	259
Unrealized holding gains on marketable securities	2	27
	(1,004)	286
COMPREHENSIVE INCOME	\$ 3,018	\$ 4,782
BASIC NET INCOME PER COMMON SHARE	\$ 0.25	\$ 0.26
WEIGHTED AVERAGE BASIC SHARES	16,287	17,122
DILUTED NET INCOME PER COMMON SHARE	\$ 0.25	\$ 0.26
WEIGHTED AVERAGE DILUTED SHARES	16,344	17,357

</TABLE>

The accompanying notes are an integral part of these condensed consolidated financial statements.

4

NATURE'S SUNSHINE PRODUCTS, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
Increase (Decrease) in Cash and Cash Equivalents  
(Amounts In Thousands)  
(UNAUDITED)

<TABLE>  
<CAPTION>

	Three Months Ended March 31,	
	2001	2000
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 4,022	\$ 4,496
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,860	1,404
(Gain) loss on sale of property, plant and equipment	9	(15)
Deferred income taxes	(9)	343
Deferred compensation	57	148
Changes in assets and liabilities:		

Accounts receivable, net	(581)	(2,858)
Inventories	854	(633)
Prepaid expenses and other assets	1,308	289
Accounts payable	(192)	282
Accrued volume incentives	2,634	2,975
Accrued liabilities	628	2,289
Income taxes payable	(13)	1,036
Cumulative currency translation adjustments	(519)	272
	-----	-----
Net Cash Provided by Operating Activities	10,058	10,028
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(3,274)	(748)
Purchase of long-term investments, net	(51)	(24)
Payments received (advances) on long-term receivables	91	(388)
Purchase of other assets	(278)	(241)
Proceeds from sale of property, plant and equipment	35	24
	-----	-----
Net Cash Used in Investing Activities	(3,477)	(1,377)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of cash dividends	(542)	(571)
Purchase of treasury stock	(1,136)	(341)
Repayments of short-term debt	(155)	(154)
Proceeds from exercise of stock options	16	---
	-----	-----
Net Cash Used in Financing Activities	(1,817)	(1,066)
	-----	-----
EFFECT OF EXCHANGE RATES ON CASH	(487)	(13)
	-----	-----
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,277	7,572
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	28,803	18,433
	-----	-----
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	\$ 33,080	\$ 26,005
	=====	=====

</TABLE>

The accompanying notes are an integral part of these condensed consolidated financial statements.

5

NATURE'S SUNSHINE PRODUCTS, INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(AMOUNTS IN THOUSANDS, EXCEPT PER-SHARE INFORMATION)  
(UNAUDITED)

(1) INTERIM FINANCIAL STATEMENT POLICIES AND DISCLOSURES

The unaudited, condensed consolidated financial statements of Nature's Sunshine Products, Inc. and subsidiaries included herein have been prepared pursuant to the rules and regulations of the United States Securities and Exchange Commission. Certain information and footnote disclosures normally required in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to such rules and regulations, although the Company believes the following disclosures are adequate to make the information presented not misleading.

These condensed consolidated financial statements reflect all adjustments, which in the opinion of management are necessary to present fairly the financial position as of March 31, 2001, and the results of operations and cash flows for the periods presented. All of the adjustments which have been made in these condensed consolidated financial statements are of a normal recurring nature. Operating results for the three months ended March 31, 2001, are not necessarily indicative of the results that may be expected for the year ending December 31, 2001.

The Company suggests that these condensed consolidated financial statements are read in conjunction with the consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2000.

(2) INVENTORIES

Inventories consist of the following:

<TABLE>  
<CAPTION>

	March 31, 2001	December 31, 2000
	-----	-----
<S>	<C>	<C>
Raw materials	\$ 6,916	\$ 6,400
Work in process	1,344	1,345
Finished goods	16,929	18,298
	-----	-----
	\$ 25,189	\$ 26,043
	=====	=====

</TABLE>

6

(3) NET INCOME PER COMMON SHARE

Basic net income per common share (Basic EPS) excludes dilution and is computed by dividing net income by the weighted-average number of common shares outstanding during the period. Diluted net income per common share (Diluted EPS) reflects the potential dilution that could occur if stock options or other contracts to issue common stock were exercised or converted into common stock. The computation of Diluted EPS does not assume exercise or conversion of securities that would have an anti-dilutive effect on net income per common share.

As of March 31, 2001, the Company had a total of 4,349 common stock options outstanding. These options were all granted at fair market value and have a weighted-average exercise price of \$8.43 per share.

Following is a reconciliation of the numerator and denominator of Basic EPS to the numerator and denominator of Diluted EPS for the three months ended March 31, 2001 and 2000:

<TABLE>  
<CAPTION>

	Net Income (Numerator)	Shares (Denominator)	Per Share Amount
	-----	-----	-----
<S>	<C>	<C>	<C>
THREE MONTHS ENDED MARCH 31, 2001			
	-----	-----	-----
Basic EPS	\$4,022	16,287	\$0.25
Effect of stock options	--	57	
	-----	-----	-----
Diluted EPS	\$4,022	16,344	\$0.25
	-----	-----	-----
THREE MONTHS ENDED MARCH 31, 2000			
	-----	-----	-----
Basic EPS	\$4,496	17,122	\$0.26
Effect of stock options	--	235	
	-----	-----	-----
Diluted EPS	\$4,496	17,357	\$0.26
	-----	-----	-----

</TABLE>

For the three months ended March 31, 2001 and 2000, there were outstanding options to purchase 1,246 and 647 shares of common stock, respectively, that were not included in the computation of Diluted EPS, as their effect would have been anti-dilutive.

## (4) EQUITY TRANSACTIONS

The Company has declared consecutive quarterly cash dividends since 1988. The most recent quarterly cash dividend of 3 1/3 cents per common share was declared on April 23, 2001, to shareholders of record on May 3, 2001, and is payable on May 11, 2001.

For the three months ended March 31, 2001, the Company repurchased approximately 162 shares of its common stock. On February 6, 2001, the Board of Directors authorized an additional repurchase of up to 1,000 shares of the Company's common stock as market conditions warrant. As of March 31, 2001, the Company had not repurchased any shares of common stock under this approval.

## (5) ACCUMULATED OTHER COMPREHENSIVE LOSS

The composition of accumulated other comprehensive loss, net of tax, is as follows:

<TABLE>  
<CAPTION>

Comprehensive	Foreign Currency Adjustments	Unrealized Gains on Available-for Sale Securities	Total Accumulated Other Loss
<S>	<C>	<C>	<C>
Balance as of December 31, 2000	\$ (11,710)	\$203	\$ (11,507)
Current period change	(1,006)	2	(1,004)
Balance as of March 31, 2001	\$ (12,716)	\$205	\$ (12,511)

</TABLE>

## (6) SEGMENT INFORMATION

The Company has four operating segments. These operating segments are components of the Company for which separate information is available that is evaluated regularly by management in deciding how to allocate resources and assess performance. The Company evaluates performance based on operating income (loss).

The Company's operating segments are based on geographic operations. Intersegment sales are eliminated in consolidation and are not material.

Operating segment information for the three months ended March 31, 2001 and 2000, is as follows:

<TABLE>  
<CAPTION>

	2001	2000
<S>	<C>	<C>
Sales Revenue:		
United States	\$46,044	\$49,416
Latin America	19,864	18,784
Asia Pacific	10,264	8,545
Other	5,522	4,681

	81,694	81,426
-----		
Operating Expenses:		
United States	41,596	44,171
Latin America	18,361	17,845
Asia Pacific	10,290	8,218
Other	5,042	4,257
	-----	-----
	75,289	74,491
-----		
Operating Income:		
United States	4,448	5,245
Latin America	1,503	939
Asia Pacific	(26)	327
Other	480	424
	-----	-----
Other Income (Expense)	6,405	6,935
	(41)	404
	-----	-----
Income Before Provision for Income Taxes	\$ 6,364	\$ 7,339
=====		

</TABLE>

Segment assets as of March 31, 2001 and December 31, 2000, are as follows:

<TABLE>  
<CAPTION>

	March 31, 2001	December 31, 2000
-----		
<S>	<C>	<C>
Assets		
United States	\$ 71,911	\$ 66,232
Latin America	32,342	29,434
Asia Pacific	15,097	17,858
Other	5,054	4,923
	-----	-----
	\$ 124,404	\$ 118,447
=====		

</TABLE>

9

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the consolidated financial statements, the notes thereto and management's discussion and analysis included in the Company's Annual Report on Form 10-K for the year ended December 31, 2000.

RESULTS OF OPERATIONS

The following table identifies (i) the relationship that net income items disclosed in the condensed consolidated financial statements have to total sales, and (ii) the amount and percent of change of such items compared to the corresponding prior period.

(Dollar Amounts in Thousands)  
(UNAUDITED)

<TABLE>  
<CAPTION>

<S>	(i)	<C>	<C>	(ii)
	Income and Expense Items as a Percent of Sales			Three Months Ended March 31 2001 to 2000
	-----			-----
	Three Months Ended March 31	Income and Expense Items	Amount of Increase (Decrease)	Percent of Change
	-----	-----	-----	-----
	2001	2000		
	-----	-----		
	100.0%	100.0%	\$ 268	0.3%
	-----	-----	-----	-----
	17.9	17.7	248	1.7
		Cost of goods sold		

44.4	44.9	Volume incentives	(284)	(0.8)
29.9	28.9	SG&A expenses	834	3.5
-----	-----		-----	
92.2	91.5	Total operating expenses	798	1.1
-----	-----		-----	--
7.8	8.5	Operating income	(530)	(7.6)
---	0.5	Other income, net	(445)	(110.1)
-----	-----		-----	
7.8	9.0	Income before provision for income taxes	(975)	(13.3)
2.9	3.5	Provision for income taxes	(501)	(17.6)
-----	-----		-----	
4.9%	5.5%	Net income	\$ (474)	(10.5)%
=====	=====		=====	

</TABLE>

10

MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

SALES

Sales for the three months ended March 31, 2001, were \$81.7 million compared to \$81.4 million compared to the same period in the prior year, an increase of approximately 0.3 percent. The increase in sales for the three months ended March 31, 2001, is attributable to strong sales increases throughout the Company's international operations offset, in part, by decreased sales in the United States.

Sales in the Company's United States operation for the three months ended March 31, 2001, were \$46.0 million, a decrease of approximately 7 percent compared to the same period in the prior year. Increased product competition in the nutritional supplement market, as well as increased competition for Distributors caused the sales decrease in the United States. The Company expects competition to remain strong for the foreseeable future.

The Company's international operations reported record sales of \$35.7 million for the three months ended March 31, 2001, an increase of approximately 11 percent compared to the same period in the prior year. International sales accounted for approximately 44 percent of consolidated sales.

Sales in Latin America were \$19.9 million for the three months ended March 31, 2001, an increase of 5.8 percent compared to the same period in the prior year. The sales growth experienced in Latin America was primarily due to increased sales in Mexico, Venezuela and Ecuador.

Sales in Asia Pacific were \$10.3 million for the three months ended March 31, 2001, an increase of 20.2 percent compared to the same period in the prior year. The sales growth experienced in the Company's Asia Pacific markets is the result of continued sales increases experienced in South Korea, as well as sales increases generated from Synergy Japan, which the Company acquired on October 31, 2000.

Sales in the Company's other markets were \$5.5 million for the three months ended March 31, 2001, an increase of 18 percent compared to the same period in the prior year. The sales growth

11

experienced in the Company's other markets is primarily due to the results of its operations in Russia and Israel.

The Company's independent sales force consists of Managers and Distributors. A Distributor interested in earning additional income by committing more time and effort to selling the Company's products may attain the rank of "Manager." Appointment as a Manager is dependent upon attaining certain purchase volume levels and demonstrating leadership abilities. The number of Managers at March 31, 2001 was approximately 18,900 compared to approximately 16,100 at December 31, 2000. The number of Distributors at March 31, 2001 was approximately 585,000 compared to approximately 589,000 at December 31, 2000.

COST OF GOODS SOLD

For the three months ended March 31, 2001, the Company experienced a slight increase in cost of goods sold, as a percentage of sales, compared to the same period in the prior year. The increase in cost of goods sold was primarily the result of the currency devaluations in certain international markets, as



well as the increase in international sales where cost of goods sold is slightly higher than in the Company's United States operation. Management expects cost of goods sold to remain relatively constant as a percent of sales during the remainder of 2001, compared to the three months ended March 31, 2001.

#### VOLUME INCENTIVES

Volume incentives are payments to independent sales force members for reaching certain levels of sales performance and organizational development and are an integral part of the Company's direct sales marketing program. Volume incentives vary slightly, on a percentage basis, by product due to the Company's pricing policies. For the three months ended March 31, 2001, the Company experienced a slight decrease in volume incentives, as a percentage of sales, compared to the same period the prior year. The decrease in volume incentives is primarily the result of the increase in international sales

12

where volume incentives are lower than in the United States operation. Management expects volume incentives to remain relatively constant, as a percent of sales, during the remainder of 2001, compared to the three months ended March 31, 2001.

#### SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses for the three months ended March 31, 2001, increased as a percent of sales compared to the same period of the prior year as a result of the decrease in sales in the Company's United States market and increased expenditures associated with the integration of Synergy. Management expects selling, general and administrative expenses to decrease slightly as a percent of sales for the remainder of 2001, compared to the three months ended March 31, 2001.

#### SEGMENT INFORMATION

See information included in the condensed consolidated financial statements under Item 1 Note 5.

#### BALANCE SHEET

#### ACCRUED VOLUME INCENTIVES

Accrued volume incentives increased approximately \$2.6 million as of March 31, 2001, compared to December 31, 2000, as a result of increased domestic sales during March 2001 in anticipation of a price increase of approximately 1.5 percent which became effective April 1, 2001.

#### LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents increased approximately \$4.3 million for the three months ended March 31, 2001 compared to December 31, 2000. The increase in cash and cash equivalents is primarily the result of net income as well as the increases in accrued volume incentives and other accrued liabilities. During the three months ended March 31, 2001, cash totaling \$1.1 million was used to repurchase approximately 162 shares of common stock.

13

Management believes that working capital requirements can be met through the Company's available cash and cash equivalents and internally-generated funds for the foreseeable future; however, a prolonged economic downturn or a decrease in the demand for the Company's products could adversely affect the long-term liquidity of the Company. In the event of a significant decrease in cash provided by the Company's operating activities, it might be necessary for the Company to obtain external sources of funding. The Company does not currently maintain a credit facility or any other external sources of long-term funding; however, management believes that such funding could be obtained on competitive terms.

On March 2, 2000, the Company announced its plans to complete the manufacturing, research and development and quality assurance areas of its recent facility expansion. Construction began during the third quarter of 2000. The cost of this project is expected to be approximately \$14.0 million of which \$4.0 million had been paid as of March 31, 2001. Completion of this project is scheduled for the second quarter of 2002, and the Company anticipates this expansion as well as other capital projects to be funded from working capital.

On May 10, 2001, the Company announced that it had entered into an agreement with Cetalon Corporation to manufacture a proprietary, uniquely formulated, line of herbs and vitamins. Terms of the agreement include Innovative Botanical Solutions acquiring approximately 460,000 Cetalon common shares, or approximately 10 percent of the company's outstanding stock. Innovative Botanical Solutions also has the option to invest an additional

\$1.5 million in Cetalon. In exchange, Nature's Sunshine granted a warrant to Cetalon to purchase up to 5 percent of Nature's Sunshine's common stock at \$11.13 per share, of which 20 percent of the warrant becomes exercisable each year that Cetalon meets its minimum annual product purchase requirements.

#### LEGAL PROCEEDINGS

The Company is a defendant in various lawsuits which are incidental to the Company's business. Management, after consultation with legal counsel, believes that the ultimate disposition of these matters will not have a material effect upon the Company's consolidated results of operations or financial position.

#### SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Management's Discussion and Analysis of Financial Condition and Results of Operations and other sections of this Form 10-Q may contain forward-looking statements. Such forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements may relate but not be limited to projections of revenues, income or loss,

14

capital expenditures, plans for growth and future operations, financing needs, as well as assumptions relating to the foregoing. Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. When used in "Management's Discussion and Analysis of Financial Condition and Results of Operations", and elsewhere in this Form 10-Q the words "estimates", "expects", "anticipates", "projects", "plans", "intends" and variations of such words and similar expressions are intended to identify forward-looking statements that involve risks and uncertainties. Future events and actual results could differ materially from those set forth in, contemplated by or underlying the forward-looking statements.

#### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company conducts its business in several countries and intends to continue to expand its foreign operations. Sales revenue, operating income and net income are affected by fluctuations in currency exchange rates, interest rates and other uncertainties inherent in doing business and selling product in more than one currency. In addition, the Company's operations are exposed to risks associated with changes in social, political and economic conditions inherent in foreign operations, including changes in the laws and policies that govern foreign investment in countries where it has operations as well as, to a lesser extent, changes in United States laws and regulations relating to foreign trade and investment.

#### FOREIGN CURRENCY RISK

During the three months ended March 31, 2001, approximately 44 percent of the Company's revenue and expenses were realized outside of the United States. Inventory purchases are transacted primarily in U.S. dollars from vendors located in the United States. The local currency of each international subsidiary is considered the functional currency, and all sales and expenses are translated at average exchange rates for the reported periods. Therefore, the Company's sales and expenses will be positively impacted by a weakening of the U.S. dollar and will be negatively impacted by a

15

strengthening of the U.S. dollar. Given the uncertainty of exchange rate fluctuations, the Company cannot estimate the affect of these fluctuations on the Company's future business, product pricing, results of operations or financial condition. Changes in currency exchange rates affect the relative prices at which the Company sells its products. The Company regularly monitors its foreign currency risks and periodically takes measures to reduce the impact of foreign exchange rate fluctuations on the Company's operating results. The Company does not use derivative instruments for hedging, trading or speculating on foreign exchange rate fluctuations.

The following table sets forth average currency exchange rates of one U.S. dollar into local currency for each of the countries in which sales revenue exceeded \$10.0 million during any of the previous two years.

<TABLE>  
<CAPTION>

Three Months Ended March 31	2001	2000
Brazil	2.0	1.8

Japan	118.1	107.0
Mexico	9.7	9.4
South Korea	1,270.6	1,124.9
Venezuela	702.2	659.2

</TABLE>

INTEREST RATE RISK

The Company has investments, which by nature are subject to market risk. At March 31, 2001, the Company had investments totaling \$15.9 million of which \$7.3 million were equity investments and \$8.6 million were municipal obligations, which carry a fixed interest rate of 5.4 percent and mature between one and five years. A hypothetical one percent change in interest rates would not have a material affect on the Company's liquidity, financial condition or results of operations.

16

PART II OTHER INFORMATION

ITEM 6. Exhibits and Reports on Form 8-K

- a) No exhibits are required to be filed by Item 601 of Regulation S-K.
- b) No reports were filed on Form 8-K during the quarter for which this report is filed.

OTHER ITEMS

There were no other items to be reported under Part II of this report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NATURE'S SUNSHINE PRODUCTS, INC.

Date: May 11, 2001

/s/ Daniel P. Howells  
-----  
Daniel P. Howells, President &  
Chief Executive Officer

Date: May 11, 2001

/s/ Craig D. Huff  
-----  
Craig D. Huff, Chief Financial Officer

17