

FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

(Mark One)

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

For the Quarterly Period Ended March 31, 1995

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 #0-8707

NATURE'S SUNSHINE PRODUCTS, INC.

(Exact Name of Registrant)

Utah

87-0327982

(State of Incorporation)

(I.R.S. Employer Identification Number)

75 East 1700 South
Provo, Utah 84606
(801) 342-4300

(Address of Principal Executive Offices)

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, without par value, outstanding as of April 28, 1995, was 12,160,650.

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

NATURE'S SUNSHINE PRODUCTS, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS

<TABLE>
<CAPTION>

	(Unaudited) March 31 1995	December 31 1994
	-----	-----
<S>	<C>	<C>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$13,831,868	\$11,200,550
Accounts receivable, net	4,713,599	4,787,333
Inventories	17,454,348	17,277,762
Notes receivable due from related parties	100,000	205,000
Prepaid expenses and other	3,324,712	3,092,438
	-----	-----
Total Current Assets	39,424,527	36,563,083
PROPERTY, PLANT AND EQUIPMENT, net	9,849,479	9,918,699
LONG-TERM INVESTMENTS	3,009,616	3,053,156
OTHER ASSETS	3,013,049	2,922,621
	-----	-----

\$55,296,671 \$52,457,559
 =====

</TABLE>

The accompanying notes to the financial statements are an integral part of these consolidated condensed balance sheets.

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

<TABLE>
 <CAPTION>

	(Unaudited) March 31 1995	December 31 1994
	-----	-----
<S>	<C>	<C>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term debt	\$ 1,675,932	\$ 1,533,042
Accounts payable	3,743,832	4,472,689
Accrued volume incentives	7,744,888	5,877,083
Accrued liabilities	6,497,473	4,818,173
Income taxes payable	2,037,143	1,064,239
	-----	-----
Total Current Liabilities	21,699,268	17,765,226
	-----	-----
DEFERRED INCOME TAXES	852,568	971,434
	-----	-----
MINORITY INTEREST	215,826	441,684
	-----	-----
SHAREHOLDERS' EQUITY:		
Common stock, no par value, 20,000,000 shares authorized; 13,278,544 shares issued	29,845,544	29,849,452
Retained earnings	11,183,622	9,778,478
Treasury stock, at cost, 1,120,378 and 1,033,278 shares at March 31, 1995 and December 31, 1994, respectively	(4,812,182)	(3,742,495)
Receivables due from related parties	(402,436)	(404,804)
Cumulative translation adjustments	(3,285,539)	(2,201,416)
	-----	-----
Total Shareholders' Equity	32,529,009	33,279,215
	-----	-----
	\$55,296,671	\$52,457,559
	-----	-----
	-----	-----

</TABLE>

The accompanying notes to the financial statements are an integral part of these consolidated condensed balance sheets.

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NATURE'S SUNSHINE PRODUCTS, INC. AND SUBSIDIARIES
 CONSOLIDATED CONDENSED STATEMENTS OF INCOME

<TABLE>
 <CAPTION>

	Three Months Ended March 31	

	(Unaudited)	
	1995	1994
	-----	-----
<S>	<C>	<C>
SALES REVENUE	\$47,061,760	\$37,336,982
	-----	-----

COSTS AND EXPENSES:		
Cost of goods sold	9,229,373	7,048,537
Volume incentives	21,793,528	17,717,774
Selling, general and administrative	13,051,809	9,503,470
	-----	-----
	44,074,710	34,269,781
	-----	-----
OPERATING INCOME	2,987,050	3,067,201
	-----	-----
OTHER INCOME (EXPENSE):		
Interest and other income	398,676	146,647
Interest expense	(44,144)	(902)
Foreign exchange loss	(127,018)	(211,085)
Minority interest	225,858	35,859
	-----	-----
	453,372	(29,481)
	-----	-----
INCOME BEFORE INCOME TAXES	3,440,422	3,037,720
PROVISION FOR INCOME TAXES	1,426,535	1,336,602
	-----	-----
NET INCOME	\$ 2,013,887	\$ 1,701,118
	-----	-----
NET INCOME PER COMMON SHARE	\$ 0.16	\$ 0.14
	-----	-----
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	12,403,582	12,526,690
	-----	-----

</TABLE>

The accompanying notes to the financial statements are an integral part of these consolidated condensed balance sheets.

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

<TABLE>
<CAPTION>

	Three Months Ended March 31	
	(Unaudited)	
	1995	1994
	-----	-----
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from sales revenue	\$46,980,158	\$37,284,297
Cash paid as volume incentives	(19,925,723)	(14,366,134)
Cash paid to suppliers and employees	(21,768,746)	(17,155,370)
Interest paid	(44,144)	(902)
Interest received	426,994	82,462
Income taxes paid	(442,500)	(120,200)
	-----	-----
Net Cash Provided by Operating Activities	5,226,039	5,724,153
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(652,372)	(758,441)
Purchase of other assets	(212,000)	(1,374,562)
Investment in joint venture	---	890,602
Minority interest elimination	(225,858)	---
Payments received on long-term receivables	41,702	46,517
Payments on short-term related party receivables	2,368	87,084
Proceeds from sale of assets	257,566	---
Purchase(Sale) of long-term investments	43,540	(212,663)
	-----	-----
Net Cash Used in Investing Activities	(745,054)	(1,321,463)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		

Payment of cash dividends	(612,651)	(557,268)
Purchase of treasury stock	(1,069,687)	---
Proceeds from short-term debt	142,890	---
Issuance of treasury stock	---	200,003
Proceeds from exercise of stock options	---	128,620
	-----	-----
Net Cash Used in Financing Activities	(1,539,448)	(228,645)
	-----	-----
EFFECT OF EXCHANGE RATES ON CASH	(310,219)	(132,707)
	-----	-----
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,631,318	4,041,338
	-----	-----
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	11,200,550	8,666,915
	-----	-----
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$13,831,868	\$12,708,253
	=====	=====

</TABLE>

The accompanying notes to the financial statements are an integral part of these consolidated condensed balance sheets.

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NATURE'S SUNSHINE PRODUCTS, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS (CONTINUED)
Reconciliation of Net Income to Net Cash Provided by Operating Activities

<TABLE>
<CAPTION>

	Three Months Ended March 31	
	(Unaudited)	
	1995	1994
	-----	-----
<S> NET INCOME	<C> \$2,013,887	<C> \$1,701,118
	-----	-----
Bad debt expense	59,870	225,840
Depreciation and amortization	741,592	656,669
Loss on sale of fixed assets	---	920
(Increase) decrease in accounts receivable	73,734	(131,625)
Increase in inventories	(176,586)	(54,242)
Increase in prepaid expenses and other assets	(384,840)	(548,062)
Increase in income taxes payable	972,904	1,333,255
Increase in accrued liabilities and volume incentives	3,547,105	2,412,751
Increase (decrease) in accounts payable	(728,857)	91,621
Increase (decrease) in deferred income taxes	(118,866)	191,574
Cumulative translation adjustments	(773,904)	(155,666)
	-----	-----
Total Adjustments	3,212,152	4,023,035
	-----	-----
Net Cash Provided by Operating Activities	\$5,226,039	\$5,724,153
	-----	-----

</TABLE>

The accompanying notes to the financial statements are an integral part of these consolidated condensed balance sheets.

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NATURE'S SUNSHINE PRODUCTS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

(1) INTERIM FINANCIAL STATEMENT POLICIES AND DISCLOSURES

The unaudited, consolidated, condensed financial statements of Nature's Sunshine Products, Inc. and subsidiaries included herein have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally required in financial statements

prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading.

These consolidated, condensed financial statements reflect all adjustments, which in the opinion of management, are necessary to a fair statement of the results of operations for the interim periods presented. All of the adjustments which have been made in these consolidated, condensed financial statements are of a normal recurring nature.

Weighted average shares outstanding and all per share amounts included in the condensed financial statements have been adjusted to reflect the ten percent stock dividend effected in February of 1995.

It is suggested that these condensed financial statements be read in conjunction with the financial statements and the notes thereto included in the Company's latest Annual Report on Form 10-K.

(2) INVENTORIES

Inventories consist of:

<TABLE>
<CAPTION>

	(Unaudited)	
	March 31	December 31
	1995	1994
	-----	-----
<S>	<C>	<C>
Raw materials	\$ 6,266,704	\$ 6,124,791
Work in process	1,155,349	1,303,024
Finished goods	10,032,295	9,849,947
	-----	-----
	\$17,454,348	\$17,277,762
	=====	=====

</TABLE>

NATURE'S SUNSHINE PRODUCTS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (CONTINUED)

(3) EARNINGS PER SHARE

Outstanding stock options are considered common stock equivalents and are included in the computation of primary earnings per share for the three-month periods ended March 31, 1995 and 1994.

As of March 31, 1995, the Company had a total of 1,273,614 options outstanding. The options were all granted at market prices, which vary from \$2.69 to \$12.73 per share.

(4) QUARTERLY CASH DIVIDENDS

The Company has declared 27 consecutive quarterly cash dividends. The most recent quarterly cash dividend of \$.05 per common share was declared May 5, 1995, to shareholders of record on May 17, 1995, payable May 30, 1995.

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

SUMMARY

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

<TABLE>
<CAPTION>

(i) Income and Expense Items as a Percent of Sales		(ii) Three Months Ended March 31			
Three Months Ended March 31		----- 1995 to 1994 1994 to 1993 -----			
1995	1994	Income and Expense Items	Amount of Increase/ (Decrease)	Percent of Change	Percent of Change
<C>	<C>	<S>	<C>	<C>	<C>
100.00%	100.00%	Sales revenue	\$9,724,778	26.05%	25.16%
19.61	18.88	Cost of sales	2,180,836	30.94	17.01
46.31	47.46	Volume incentives	4,075,754	23.00	30.31
27.73	25.45	SG&A expenses	3,548,339	37.34	16.70
93.65	91.79		9,804,929	28.61	23.43
6.35	8.21	Operating income	(80,151)	(2.61)	48.42
0.85	0.39	Interest and other income	252,029	171.86	15.19
(0.09)	---	Interest expense	(43,242)	(4,794.01)	(100.00)
(0.28)	(0.56)	Foreign exchange (loss)	84,067	39.83	(17,943.20)
0.48	0.10	Minority interest	189,999	529.85	100.00
0.96	(0.07)		482,853	1,637.84	(122.94)
7.31	8.14	Income before income taxes	402,702	13.26	38.39
3.03	3.58	Provision for income taxes	89,933	6.73	29.01
4.28%	4.56%	Net income	\$ 312,769	18.39%	46.77%

</TABLE>

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

RESULTS OF OPERATIONS

SALES REVENUE:

The Company reported record consolidated sales for the three months ended March 31, 1995. Sales revenue for the three months ended March 31, 1995, was \$47.1 million compared to \$37.3 million in the same period the prior year, an increase of 26 percent.

Management believes the increase in sales for the three-month period is attributable to the expansion of the Company's independent sales force, a continued increase of consumer awareness and interest in natural health and nutritional products and incentives the Company offers its independent sales force. In addition, the Company's sales revenue growth has been enhanced by its international expansion. Despite a sales decrease of 38 percent in Mexico as a result of the devaluation of the Peso and related economic turmoil, the Company's international operations reported sales revenue of \$15.0 million for the three-month period in 1995, an increase of 47 percent compared to the same period in 1994.

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 increased to 10,616 at March 31, 1995, from 7,367 at March 31, 1994. The number of Distributors at March 31, 1995, was 262,453 compared to 160,044 at March 31, 1994.

VOLUME INCENTIVES:

The increase in volume incentives, for the three months ended March 31, 1995, is directly related to the increase in sales revenue. Volume incentives are an integral part of the Company's

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direct sales marketing program and are payments to independent sales force members for reaching certain levels of sales performance and organizational development. Volume incentives vary slightly, on a percentage basis, by product due to the Company's pricing policies. Volume incentives decreased approximately one percent, as a percentage of sales for the three-month period ended March 31, 1995, primarily as the result of lower volume incentive payments in the Company's newest operations, Japan and Brazil. Lower volume incentive payments are generally expected initially from newer operations.

Management expects volume incentives to decrease slightly, as a percent of sales, during the rest of 1995. The decrease is anticipated as the result of increasing sales from Japan and Brazil, which have comparatively lower volume incentive payments.

COST OF GOODS SOLD:

The Company has experienced a slight increase in cost of goods sold, as a percentage of sales, for the three months ended March 31, 1995, compared to the same period last year. The increase in cost of goods sold, as a percentage of sales, was primarily related to the Company's operations in Mexico, as a result of the recent devaluation in the Mexican peso. Management expects cost of goods sold to decrease slightly as a percent of sales during the rest of 1995.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES:

The Company experienced increased selling, general and administrative expenses (SG&A) as a percent of sales during the period ended March 31, 1995, increasing from less than 26 percent to more than 27 percent of sales.

The increase in SG&A expenses, as a percentage of sales, results primarily from the incremental costs of approximately \$2.1 million incurred in the Company's newest operations in Japan and Brazil. Management expects SG&A to decrease slightly, as a percentage of sales, for the entire year as sales increase in both Brazil and Japan in the remainder of 1995.

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SUBSIDIARY OPERATIONS:

Domestic and international sales for the three months ended March 31, 1995, compared to the previous year are as follows:

<TABLE>
<CAPTION>

SALES	(Dollars in Thousands)	
THREE MONTHS ENDED MARCH 31	1995	1994
-----	-----	-----
<S>	<C>	<C>
DOMESTIC SALES	\$32,057	\$27,108
	=====	=====
INTERNATIONAL SALES:		
Mexico	\$ 4,204	\$ 6,728
Colombia	1,920	767
Canada	1,868	1,553
Japan	1,549	---
Brazil	1,446	---
Venezuela	1,413	161
Great Britain	914	690
Costa Rica	808	---
Malaysia	521	140
Export	362	190
	-----	-----

TOTAL INTERNATIONAL	\$15,005	\$10,229
	-----	-----
	-----	-----

</TABLE>

Domestic and international operating income for the three months ended March 31, 1995, compared to the previous year are as follows:

<TABLE>		
<CAPTION>		
OPERATING INCOME	(Dollars in Thousands)	
THREE MONTHS ENDED MARCH 31	1995	1994
	-----	-----
<S>	<C>	<C>
DOMESTIC OPERATING INCOME	\$2,201	\$1,839
	-----	-----
	-----	-----

INTERNATIONAL OPERATING INCOME:		
Mexico	\$ 317	\$1,393
Colombia	296	13
Canada	93	18
Japan	(513)	---
Brazil	(116)	(35)
Venezuela	126	(194)
Great Britain	28	(28)
Costa Rica	353	---
Malaysia	30	(85)
Export	172	146
	-----	-----
TOTAL INTERNATIONAL	\$ 786	\$1,228
	=====	=====

</TABLE>

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Domestic and international assets as of March 31, 1995, compared to December 31, 1994, balances are as follows:

<TABLE>		
<CAPTION>		
	(Dollars in Thousands)	
ASSETS	March 31	December 31
	1995	1994
	-----	-----
<S>	<C>	<C>
DOMESTIC ASSETS	\$ 36,862	\$34,973
	-----	-----
	-----	-----
INTERNATIONAL ASSETS:		
Mexico	\$ 4,874	\$ 5,885
Colombia	2,271	1,967
Canada	1,843	1,598
Japan	3,038	2,677
Brazil	1,765	1,598
Venezuela	1,936	1,635
Great Britain	1,192	1,028
Costa Rica	685	287
Malaysia	831	810
	-----	-----
TOTAL INTERNATIONAL	\$18,435	\$17,485
	-----	-----
	-----	-----

</TABLE>

BALANCE SHEET

ACCRUED VOLUME INCENTIVES

Accrued volume incentives increased approximately \$1.9 million during the first three months of the year as a direct result of increased sales.

ACCRUED LIABILITIES

The balance of accrued liabilities increased approximately \$1.7 million during the period ended March 31, 1995. The increase in accrued liabilities reflects the increased level of sales and related accruals for sales incentives such as conventions and other travel awards.

INCOME TAXES PAYABLE

Income taxes payable increased approximately \$1.0 million since year end. The increase in income taxes payable is primarily related to the increase in pre-tax income for the three months ended March 31, 1995.

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LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents increased approximately \$2.6 million for the three months ended March 31, 1995. The increase in cash is primarily the result of the increased sales and income as well as increases in short-term liabilities.

The Company acquired approximately \$.7 million in machinery, equipment and building improvements during the first three months of 1995 to improve its manufacturing and administrative capabilities. During the period ended March 31, 1995, the Company acquired approximately \$1.1 million of treasury stock in the market. Approximately \$.6 million was used for the payment of dividends during the first quarter.

Management believes the Company's stock is an attractive investment and, from time to time pursuant to its previously announced 440,000 share stock buyback program, may utilize a portion of its available cash to purchase up to the remaining balance of 102,210 shares of its stock should market conditions warrant. The Company purchased 94,150 treasury shares during the first quarter of 1995.

The Company is evaluating the need to expand its domestic manufacturing, inventory and other facilities. The Company may consider long-term financing for these projects in the event that they require significant capital outlays.

Management believes that future working capital requirements can be internally funded. Management expects cash and investments to increase during 1995, as the result of operations. However, cash and investments may be reduced in the event the Company proceeds with the capital projects mentioned above.

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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: 5/12/95

/s/ Alan D. Kennedy

ALAN D. KENNEDY, President
Chief Executive Officer

Date: 5/12/95

/s/ Douglas Faggioli

DOUGLAS FAGGIOLI, Chief Financial Officer

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<ARTICLE> 5

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