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

(Mark One)

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

For the Quarterly Period Ended September 30, 1998

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
(Address of Principal Executive Offices)

(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, without par value, outstanding as of November 11, 1998, was 18,140,649.

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

<TABLE>
<CAPTION>

<S>	September 30 1998 <C>	December 31 1997 <C>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 31,727	$ 27,813
Accounts receivable, net	9,390	7,465
Inventories	20,958	19,555
Prepaid expenses and other	8,735	11,197
Total Current Assets	70,810	66,030
PROPERTY, PLANT AND EQUIPMENT, net	26,153	23,711
LONG-TERM INVESTMENTS	3,257	3,468

OTHER ASSETS	3,397	2,587
	$103,617	$ 95,796

</TABLE>

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

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

<TABLE>
<CAPTION>

<S>	September 30 1998 <C>	December 31 1997 <C>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term debt	$ 1,624	$ 2,665
Accounts payable	5,738	5,094
Accrued volume incentives	10,035	9,531
Accrued liabilities	10,855	7,223
Income taxes payable	2,709	2,946
Total Current Liabilities	30,961	27,459
LONG-TERM LIABILITIES	1,877	1,480
SHAREHOLDERS' EQUITY:		
Common stock, no par value, 20,000 shares authorized; 19,446 shares issued	37,218	37,896
Retained earnings	66,371	51,190
Treasury stock, at cost, 1,225 and 861 shares at September 30, 1998 and December 31, 1997, respectively	(25,771)	(17,278)
Receivables due from related parties	---	(77)
Other comprehensive income, net of tax	(7,039)	(4,874)
Total Shareholders' Equity	70,779	66,857
	$103,617	$ 95,796

</TABLE>

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

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

<TABLE>
<CAPTION>

	Three Months Ended September 30	
<S>	1998 <C>	1997 <C>
SALES REVENUE	$73,456	$71,589
COSTS AND EXPENSES:		
Cost of goods sold	13,155	12,756
Volume incentives	33,628	33,424

Selling, general and administrative	17,774	17,272
	64,557	63,452
OPERATING INCOME	8,899	8,137
OTHER INCOME	749	683
INCOME BEFORE PROVISION FOR INCOME TAXES	9,648	8,820
PROVISION FOR INCOME TAXES	3,589	3,414
NET INCOME	$ 6,059	$ 5,406
BASIC NET INCOME PER COMMON SHARE	$ 0.33	$ 0.29
WEIGHTED AVERAGE BASIC SHARES	18,341	18,411
DILUTED NET INCOME PER COMMON SHARE	$ 0.33	$ 0.29
WEIGHTED AVERAGE DILUTED SHARES	18,548	18,850

</TABLE>

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

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

<TABLE>
<CAPTION>

	Nine Months Ended September 30	
	1998	1997
<S>	<C>	<C>
SALES REVENUE	$225,940	$210,825
COSTS AND EXPENSES:		
Cost of goods sold	40,342	38,222
Volume incentives	104,301	98,146
Selling, general and administrative	55,317	51,943
	199,960	188,311
OPERATING INCOME	25,980	22,514
OTHER INCOME	1,778	1,716
INCOME BEFORE PROVISION FOR INCOME TAXES	27,758	24,230
PROVISION FOR INCOME TAXES	10,727	9,567
NET INCOME	$ 17,031	$ 14,663
BASIC NET INCOME PER COMMON SHARE	$ 0.92	$ 0.79

	1998	1997
WEIGHTED AVERAGE BASIC SHARES	18,467	18,671
DILUTED NET INCOME PER COMMON SHARE	$ 0.91	$ 0.77
WEIGHTED AVERAGE DILUTED SHARES	18,764	19,051

</TABLE>

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

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

<TABLE>
<CAPTION>

	Nine Months Ended September 30	
	1998	1997
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from sales revenue	$224,004	$207,933
Cash paid as volume incentives	(103,797)	(96,211)
Cash paid to suppliers and employees	(88,082)	(85,518)
Interest paid	(37)	(141)
Interest received	1,533	1,876
Income taxes paid	(10,714)	(8,498)
Net Cash Provided by Operating Activities	22,907	19,441
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(5,678)	(3,709)
Sale (Purchase) of long-term investments	156	(915)
Payments received on long-term receivables	130	345
Purchase of other assets	(554)	(646)
Minority interest elimination	(293)	156
Net Cash Used in Investing Activities	(6,239)	(4,769)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of cash dividends	(1,849)	(1,868)
Purchase of treasury stock	(10,888)	(19,186)
Repayments of short-term debt	(1,041)	(46)
Proceeds from exercise of stock options	1,397	4,395
Tax benefit from stock option exercise	318	1,436
Issuance of treasury stock	---	30
Net Cash Used in Financing Activities	(12,063)	(15,239)
EFFECT OF EXCHANGE RATES ON CASH	(691)	(339)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,914	(906)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	27,813	27,879
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 31,727	$ 26,973

</TABLE>

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

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
(Amounts In Thousands)
(UNAUDITED)

<TABLE>
<CAPTION>

	Nine Months Ended September 30	
	1998	1997
<S>	<C>	<C>
NET INCOME	$ 17,031	$ 14,663
Bad debt expense	80	65
Depreciation and amortization	3,777	3,363
Gain on sale of property and equipment	(66)	---
Increase in accounts receivable	(2,005)	(2,673)
Increase (decrease) in inventories	(1,403)	2,986
Decrease (increase) in prepaid expenses & other assets	1,982	(1,990)
(Decrease) increase in income taxes payable	(237)	1,031
Increase in accrued liabilities and volume incentives	4,136	1,843
Increase in accounts payable	644	608
Increase in deferred income taxes	251	37
Cumulative translation adjustments	(1,283)	(492)
Total Adjustments	5,876	4,778
Net Cash Provided by Operating Activities	$ 22,907	$ 19,441

</TABLE>

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

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

<TABLE>
<CAPTION>

	Nine Months Ended September 30	
	1998	1997
<S>	<C>	<C>
NET INCOME	$17,031	$14,663
OTHER COMPREHENSIVE INCOME, net of tax		
Foreign currency translation adjustments	(1,974)	(831)
Unrealized losses on securities	(191)	---
Total other comprehensive income, net of tax	(2,165)	(831)
COMPREHENSIVE INCOME, net of tax	$14,866	$13,832

</TABLE>

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

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

(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 following 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 present fairly the financial position as of September 30, 1998, and the results of operations for the periods presented. All of the adjustments which have been made in these consolidated condensed financial statements are of a normal recurring nature. Operating results for the three- and nine-month periods ended September 30, 1998, are not necessarily indicative of the results that may be expected for the year ending December 31, 1998.

It is suggested that these consolidated condensed financial statements be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's latest Annual Report on Form 10-K for the year ended December 31, 1997.

(2) INVENTORIES

Inventories consist of:
<TABLE>
<CAPTION>

	September 30 1998	December 31 1997
Raw materials	$ 6,343	$ 5,912
Work in process	1,840	1,455
Finished goods	12,775	12,188
	$20,958	$19,555

</TABLE>

(3) NET INCOME PER 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. Net income per common share amounts and share data have been restated for all periods presented to reflect basic and diluted per share presentations.

As of September 30, 1998, the Company had a total of 1,120 options outstanding. The options were all granted at market prices and have a weighted average exercise price of $13.96.

Following is a reconciliation of the numerator and denominator of Basic EPS to the numerator and denominator of Diluted EPS for the nine months ended:

<TABLE>
<CAPTION>

	Net Income (Numerator)	Shares (Denominator)	Per Share Amount
September 30, 1998			

Basic EPS	$17,031	18,467	$0.92
Effect of stock options	---	297	
Diluted EPS	$17,031	18,764	$0.91
September 30, 1997			
Basic EPS	$14,663	18,671	$0.79
Effect of stock options	---	380	
Diluted EPS	$14,663	19,051	$0.77

</TABLE>

At September 30, 1998 and 1997, there were outstanding options to purchase 74 and 264 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 41 consecutive quarterly cash dividends. The most recent quarterly cash dividend of 3 1/3 cents per common share was declared October 29, 1998, to shareholders of record on November 12, 1998 and is payable November 20, 1998.

During September 1998, the Company completed its 500,000-share repurchase program that was authorized in January 1998. On September 23, 1998, the Board of Directors authorized the repurchase of an additional 500,000 shares of common stock as market conditions warrant. Since the end of the third quarter, the Company has purchased 95,000 shares.

(5) RECENT ACCOUNTING PRONOUNCEMENTS

In June 1997, the Financial Accounting Standards Board issued SFAS No. 131 "Disclosures about Segments of an Enterprise and Related Information". SFAS No. 131 establishes new standards for public companies to report information about their operating segments, products and services, geographic areas and major customers. This statement is effective for financial statements issued for years beginning after December 15, 1997. Accordingly, the Company will adopt SFAS No. 131 in its December 31, 1998 consolidated financial statements.

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." The Statement establishes accounting and reporting standards requiring that derivative instruments be recorded in the balance sheet as either an asset or liability measured at its fair value and that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. SFAS No. 133 is effective for fiscal years beginning after June 15, 1999. The adoption of this statement will not have a material effect on the Company's consolidated financial statements as the Company does not currently hold any derivative or hedging instruments.

(6) ACCUMULATED OTHER COMPREHENSIVE INCOME

As of January 1, 1998, the Company adopted SFAS No. 130, "Reporting Comprehensive Income." SFAS No. 130 establishes standards for the reporting and display of comprehensive income and its components.

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

<TABLE>
<CAPTION>

<S>	Foreign Currency Items <C>	Unrealized Gains/Losses on Securities <C>	Total Accumulated Other Comprehensive Income <C>
Balance as of December 31, 1997	$(5,290)	$416	$(4,874)
Current period change	(1,974)	(191)	(2,165)
Balance as of September 30, 1998	$(7,264)	$225	$(7,039)

</TABLE>

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 for the year ended December 31, 1997.

RESULTS OF OPERATIONS

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>

(Dollar Amounts in Thousands)
(UNAUDITED)

(i) Income and Expense Items as a Percent of Sales			(ii) Three Months Ended September 30 1998 to 1997	
Three Months Ended September 30				
1998	1997	Income and Expense Items	Amount of Increase (Decrease)	Percent of Change
<C>	<C>	<S>	<C>	<C>
100.0%	100.0%	Sales revenue	$1,867	2.6%
17.9	17.8	Cost of sales	399	3.1
45.8	46.7	Volume incentives	204	0.6
24.2	24.1	SG&A expenses	502	2.9
87.9	88.6	Total operating expenses	1,105	1.7
12.1	11.4	Operating income	762	9.4
1.0	0.9	Other income and expenses	66	9.7
13.1	12.3	Income before provision for income taxes	828	9.4
4.9	4.7	Provision for income taxes	175	5.1
8.2%	7.6%	Net income	$ 653	12.1%

</TABLE>

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

RESULTS OF OPERATIONS

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>

(Dollar Amounts in Thousands)
(UNAUDITED)

(i) Income and Expense Items as a Percent of Sales — Nine Months Ended September 30			(ii) Nine Months Ended September 30 1998 to 1997	
1998	1997	Income and Expense Items	Amount of Increase (Decrease)	Percent of Change
<C>	<C>	<S>	<C>	<C>
100.0%	100.0%	Sales revenue	$15,115	7.2%
17.8	18.1	Cost of sales	2,120	5.5
46.2	46.6	Volume incentives	6,155	6.3
24.5	24.6	SG&A expenses	3,374	6.5
88.5	89.3	Total operating expenses	11,649	6.2
11.5	10.7	Operating income	3,466	15.4
0.8	0.8	Other income and expenses	62	3.6
12.3	11.5	Income before provision for income taxes	3,528	14.6
4.8	4.5	Provision for income taxes	1,160	12.1
7.5%	7.0%	Net income	$ 2,368	16.1%

</TABLE>

SALES REVENUE:

The Company reported record consolidated sales revenue for the three and nine months ended September 30, 1998. Sales revenue for the three months ended September 30, 1998, was $73.5 million compared to $71.6 million in the prior year, an increase of approximately 3 percent. Sales revenue for the nine months ended September 30, 1998, was $225.9 million compared to $210.8 million in the prior year, an increase of approximately 7 percent.

Management believes the increase in sales for the three and nine months ended September 30, 1998, 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 to its independent sales force. Sales revenue in the Company's domestic operations was $145.9 million for the nine months ended September 30, 1998, an increase of approximately 9 percent over the same period in the prior year. The domestic sales revenue growth rate was negatively impacted during the period by increased product and price competition in the nutritional supplement market. The Company expects competition to remain strong for the foreseeable future. Management is evaluating various programs and promotions in an effort to restore current growth rates to those experienced in the past. Domestic sales revenue of the Hispanic market increased approximately 7 percent during the third quarter of 1998, as compared to the same period the prior year, despite several successive quarters of declining sales revenue. These increases were the result of increased focus on and the introduction of several programs directed specifically at the Hispanic market.

The Company's international operations reported sales revenue of $80.1 million for the nine months ended September 30, 1998, an increase of 4 percent compared to the same period in 1997. The declining rate of growth of international sales revenue was primarily the result of the increased valuation of the U.S. dollar against foreign currencies. International operations which reported the most significant foreign currency impacts were Brazil, Colombia, Venezuela, Mexico, Japan and Canada. Price increases are planned in various international markets to adjust for foreign currency devaluations. Management believes that the price increases will be acceptable to its sales force and will result in increased sales revenue. The Company also experienced a decrease in operating income in its Asia Pacific markets which resulted primarily from continued losses associated with the Company's subsidiary in South Korea, which began operations in the fourth quarter of 1997.

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 was 14,783 at September 30, 1998, compared to 13,776 at December 31, 1997, an increase of approximately 7 percent. The number of Distributors at September 30, 1998, was approximately 636,000 compared to approximately 660,000 at December 31, 1997. The decrease in the number of Distributors is primarily the result of restrictions placed on the qualification requirements in Colombia and Mexico.

COST OF GOODS SOLD:

For the nine months ended September 30, 1998, the Company experienced a decrease in cost of goods sold, as a percentage of sales, of 0.30 percent compared to the same period in the prior year. The decrease in cost of goods sold, as a percentage of sales, was primarily related to a price increase of approximately 2 percent that was effected in the Company's domestic operations on April 1, 1998.

Management expects cost of goods sold to remain relatively constant as a percent of sales during the remainder of 1998.

VOLUME INCENTIVES:

Volume incentives are an integral part of the Company's 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.

Management expects volume incentives to remain relatively constant, as a percent of sales, during the remainder of 1998.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES:

Selling, general and administrative expenses for the nine months ended September 30, 1998, decreased slightly, as a percent of sales, as the result of increased budgetary controls and management's efforts to reduce expenses.

Management expects SG&A to slightly decrease, as a percent of sales, for the year ended December 31, 1998, as compared to the year ended December 31, 1997.

SEGMENT INFORMATION:

Segment information for the nine months ended September 30, 1998, compared to the previous year are as follows:

<TABLE>
<CAPTION>

SALES REVENUE	(Dollars in Thousands) (UNAUDITED)	
	1998	1997
<S>	<C>	<C>
DOMESTIC SALES REVENUE	$145,880	$133,805
INTERNATIONAL SALES REVENUE:		
Americas	68,354	65,183
Asia Pacific	8,335	8,643
Other	3,371	3,194
TOTAL INTERNATIONAL	80,060	77,020
TOTAL SALES REVENUE	$225,940	$210,825

</TABLE>

<TABLE>
<CAPTION>

OPERATING INCOME	(Dollars in Thousands) (UNAUDITED) 1998	1997
DOMESTIC OPERATING INCOME	$20,558	$17,947
INTERNATIONAL OPERATING INCOME (LOSS):		
Americas	6,414	4,693
Asia Pacific	(1,649)	(578)
Other	657	452
TOTAL INTERNATIONAL	5,422	4,567
TOTAL OPERATING INCOME	$ 25,980	$ 22,514

<CAPTION>

ASSETS	(Dollars in Thousands) (UNAUDITED) 1998	1997
DOMESTIC ASSETS	$ 64,774	$ 58,700
INTERNATIONAL ASSETS:		
Americas	32,575	31,818
Asia Pacific	5,464	4,685
Other	804	593
TOTAL INTERNATIONAL	38,843	37,096
TOTAL ASSETS	$103,617	$ 95,796

</TABLE>

BALANCE SHEET

ACCOUNTS RECEIVABLE

Accounts receivable increased approximately $2.0 million during the nine months ended September 30, 1998. The increase in receivables is primarily related to credit given for promotions associated with the introduction of new products in the Company's domestic market.

PREPAID EXPENSES AND OTHER

Prepaid expenses and other decreased approximately $2.0 million during the nine months ended September 30, 1998. The decrease resulted from the Company utilizing tax deposits made in Mexico and Brazil during the fourth quarter of 1997 to offset current tax liabilities.

ACCRUED LIABILITIES

Accrued liabilities increased approximately $3.6 million during the nine months ended September 30, 1998. The increase is primarily the result of accruals associated with the Company's sales conventions and travel programs.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents increased approximately $3.9 million for the nine months ended September 30, 1998. The increase in cash is primarily the result of the increased sales and net income as well as increases in accrued liabilities. During the first nine months of 1998, cash totaling $10.9 million was used to repurchase approximately 510,000 shares of common stock.

During the nine months ended September 30, 1998, the Company completed its previously-announced stock buyback program of 500,000 shares and announced a new authorization of 500,000 shares to be repurchased as market conditions warrant. Management believes the Company's stock is an attractive investment and, from time to time pursuant to its previously announced 500,000 share stock buyback program, may utilize a portion of its available cash to purchase up to the remaining balance of approximately 395,000 shares of its stock as market conditions warrant.

During 1997, the Company began expansion of its domestic warehouse and manufacturing facilities. The Company paid approximately $3.5 million during the six months ended June 30, 1998, for continued construction costs. The warehouse portion of the facility was completed during the second quarter of 1998. Total costs associated with the expansion were approximately $6.2 million. The entire amount was financed from working capital.

The Company is a defendant in various lawsuits which are incidental to the Company's business. Management, after consultation with its 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.

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 operations, it may 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 in the event additional sources of funds became necessary.

THE YEAR 2000 ISSUE

The Company has formed a committee to address the Year 2000 issue and is in the process of insuring that its internal computer systems as well as all other systems are Year 2000 compliant. After initial review of the internal systems, the Company has determined that the majority are currently Year 2000 compliant. The Company has estimated that it may need to spend from $.5 million to $1.0 million to insure that all systems are Year 2000 compliant. Most of the costs to replace those systems which are not currently compliant had previously been scheduled to be replaced as part of the Company's ongoing maintenance and upgrading programs. Therefore, management believes that the costs associated with becoming Year 2000 compliant are immaterial. With respect to third-party providers whose services are critical to the Company, the Company intends to monitor the efforts of such providers as they become Year 2000 compliant. Management is not presently aware of any Year 2000 issues that have been encountered by any such third-party which could materially affect the Company's operations. Notwithstanding the foregoing, there can be no assurance that the Company will not experience operational difficulties as a result of Year 2000 issues, either arising out of internal operations or caused by third-party service providers, which individually or collectively could have an adverse impact on business operations or require the Company to incur unanticipated expenses to

remedy any problems. The Company is currently evaluating what contingency plans, if any, may need to be made in the event the Company or third party providers with whom the Company does business experiences Year 2000 problems.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Statements included in this Management's Discussion and Analysis of Financial Condition and Results of Operations and other items 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, capital expenditures, the expected development schedule of existing real estate projects, 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 this "Management's Discussion and Analysis of Financial Condition and Results of Operations", and elsewhere in this Form 10-Q the words "estimates", "expects", "anticipates", "forecasts", "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.

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: November 11, 1998 /s/ Daniel P. Howells

Daniel P. Howells, President & Chief Executive Officer

Date: November 11, 1998 /s/ Craig D. Huff

Craig D. Huff, Chief Financial Officer

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