

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 June 30, 2000

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 August 2, 2000, was 16,738,804.

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>

	June 30, 2000 -----	December 31, 1999 -----
<S>	<C>	<C>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 23,880	\$ 18,433
Accounts receivable, net	10,019	7,090
Inventories	28,576	26,660
Deferred income tax assets	2,982	2,565
Prepaid expenses and other	7,924	8,575
	-----	-----
Total Current Assets	73,381	63,323

PROPERTY, PLANT AND

EQUIPMENT, net	24,425	25,193
LONG-TERM INVESTMENTS	12,178	12,368
INTANGIBLE AND OTHER ASSETS, net	7,310	6,551
	-----	-----
	\$117,294	\$107,435
	=====	=====

</TABLE>

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

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

<TABLE>
<CAPTION>

	June 30, 2000	December 31, 1999
	-----	-----
<S>	<C>	<C>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term debt	\$ 698	\$ 1,018
Accounts payable	5,921	5,279
Accrued volume incentives	11,545	10,685
Accrued liabilities	12,525	8,479
Income taxes payable	2,255	2,268
	-----	-----
Total Current Liabilities	32,944	27,729
	-----	-----
LONG-TERM LIABILITIES:		
Deferred income tax liabilities	1,020	1,116
Deferred compensation	1,257	1,053
	-----	-----
Total Long-Term Liabilities	2,277	2,169
	-----	-----
SHAREHOLDERS' EQUITY:		
Common stock, no par value; 20,000 shares authorized, 19,446 shares issued	37,659	37,659
Retained earnings	95,713	87,463
Treasury stock, at cost, 2,697 and 2,318 shares, respectively	(41,246)	(38,174)
Accumulated other comprehensive loss	(10,053)	(9,411)
	-----	-----
Total Shareholders' Equity	82,073	77,537
	-----	-----
	\$ 117,294	\$ 107,435
	=====	=====

</TABLE>

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

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

<TABLE>
<CAPTION>

	Three Months Ended June 30,	
	-----	-----
	2000	1999
	-----	-----
<S>	<C>	<C>

SALES	\$ 78,381	\$ 71,639
	-----	-----
COSTS AND EXPENSES:		
Cost of goods sold	13,797	12,284
Volume incentives	35,325	32,764
Selling, general and administrative	21,561	19,210
	-----	-----
	70,683	\$ 64,258
	-----	-----
OPERATING INCOME	7,698	7,381
OTHER INCOME, net	357	545
	-----	-----
INCOME BEFORE PROVISION FOR INCOME TAXES	8,055	7,926
PROVISION FOR INCOME TAXES	3,164	3,130
	-----	-----
NET INCOME	4,891	4,796
	-----	-----
OTHER COMPREHENSIVE INCOME (LOSS), net of tax:		
Foreign currency translation adjustments	(778)	(109)
Unrealized holding gains (losses)	(108)	54
Reclassification adjustment for gains included in net income	(41)	(31)
	-----	-----
	(927)	(86)
	-----	-----
COMPREHENSIVE INCOME	\$ 3,964	\$ 4,710
	=====	=====
BASIC NET INCOME PER COMMON SHARE	\$ 0.29	\$ 0.27
	=====	=====
WEIGHTED AVERAGE BASIC SHARES	16,930	17,725
	=====	=====
DILUTED NET INCOME PER COMMON SHARE	\$ 0.29	\$ 0.27
	=====	=====
WEIGHTED AVERAGE DILUTED SHARES	16,992	17,825
	=====	=====

</TABLE>

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

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

<TABLE>
<CAPTION>

	Six Months Ended June 30,	
	2000	1999
	-----	-----
<S>	<C>	<C>
SALES	\$ 158,358	\$ 143,817
	-----	-----
COSTS AND EXPENSES:		
Cost of goods sold	28,162	25,141
Volume incentives	71,892	65,887
Selling, general and administrative	43,671	37,749
	-----	-----
	143,725	128,777
	-----	-----
OPERATING INCOME	14,633	15,040
OTHER INCOME, net	761	1,142
	-----	-----
INCOME BEFORE PROVISION FOR INCOME TAXES	15,394	16,182
PROVISION FOR INCOME TAXES	6,007	6,396

NET INCOME	9,387	9,786
OTHER COMPREHENSIVE INCOME (LOSS), net of tax:		
Foreign currency translation adjustments	(519)	(2,546)
Unrealized holding gains (losses)	(82)	47
Reclassification adjustment for gains included in net income	(41)	(31)
	(642)	(2,530)
COMPREHENSIVE INCOME	\$ 8,745	\$ 7,256
BASIC NET INCOME PER COMMON SHARE	\$ 0.55	\$ 0.55
WEIGHTED AVERAGE BASIC SHARES	17,026	17,850
DILUTED NET INCOME PER COMMON SHARE	\$ 0.55	\$ 0.54
WEIGHTED AVERAGE DILUTED SHARES	17,174	17,961

</TABLE>

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

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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>

	Six Months Ended June 30,	
	2000	1999
	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 9,387	\$ 9,786
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,302	2,808
Gain on sale of fixed assets	(19)	(7)
Deferred income taxes	(513)	133
Deferred compensation	204	647
Changes in assets and liabilities:		
Accounts receivable, net	(2,929)	271
Inventories	(1,916)	1,625
Prepaid expenses and other assets	584	(715)
Accounts payable	642	(1,062)
Accrued volume incentives	860	834
Accrued liabilities	4,046	2,184
Income taxes payable	(13)	(167)
Cumulative currency translation adjustments	(311)	(1,555)
Net Cash Provided by Operating Activities	13,324	14,782
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(1,927)	(2,371)
Purchase of long-term investments, net	67	(485)
Payments received (advances) on long-term receivables	(296)	41
Purchase of other assets	(1,028)	(1,402)
Proceeds from sale of property and equipment	44	25
Net Cash Used in Investing Activities	(3,140)	(4,192)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of cash dividends	(1,137)	(1,190)
Purchase of treasury stock	(3,072)	(4,533)
Repayments of short-term debt	(320)	(506)
Net Cash Used in Financing Activities	(4,529)	(6,229)

EFFECT OF EXCHANGE RATES ON CASH	(208)	(992)
	-----	-----
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,447	3,369
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	18,433	22,099
	-----	-----
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 23,880	\$ 25,468
	=====	=====

</TABLE>

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

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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 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 that 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 June 30, 2000, and the results of operations 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 and six months ended June 30, 2000, are not necessarily indicative of the results that may be expected for the year ending December 31, 2000.

It is suggested that these condensed consolidated financial statements be 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, 1999.

(2) 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

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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 June 30, 2000, the Company had a total of 3,491 common stock options outstanding. These options were all granted at fair market value and have a weighted average exercise price of \$8.65.

Following is a reconciliation of the numerator and denominator of Basic EPS to the numerator and denominator of Diluted EPS for the three and six months ended at June 30, 2000 and 1999:

<TABLE>
<CAPTION>

	Net Income (Numerator)	Shares (Denominator)	Per Share Amount
	-----	-----	-----
<S>	<C>	<C>	<C>
Three Months Ended June 30, 2000			
Basic EPS	\$4,891	16,930	\$ 0.29
Effect of stock options	--	62	
	-----	-----	-----
Diluted EPS	\$4,891	16,992	\$ 0.29

	=====	=====	=====
Three Months Ended June 30, 1999			
Basic EPS	\$4,796	17,725	\$ 0.27
Effect of stock options	--	100	
	-----	-----	-----
Diluted EPS	\$4,796	17,825	\$ 0.27
	=====	=====	=====

</TABLE>

<TABLE>
<CAPTION>

	Net Income (Numerator)	Shares (Denominator)	Per Share Amount
	-----	-----	-----
<S>	<C>	<C>	<C>
Six Months Ended June 30, 2000			
Basic EPS	\$9,387	17,026	\$ 0.55
Effect of stock options	--	148	
	-----	-----	-----
Diluted EPS	\$9,387	17,174	\$ 0.55
	=====	=====	=====
Six Months Ended June 30, 1999			
Basic EPS	\$9,786	17,850	\$ 0.55
Effect of stock options	--	111	
	-----	-----	-----
Diluted EPS	\$9,786	17,961	\$ 0.54
	=====	=====	=====

</TABLE>

For the three months ended June 30, 2000 and 1999, there were outstanding options to purchase 1,125 and 26 shares of common stock, respectively, that were not included in the computation of Diluted EPS, as their effect would have been anti-dilutive. For the six months ended June 30, 2000 and

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1999, there were outstanding options to purchase 926 and 142 shares of common stock, respectively, that were not included in the computation of Diluted EPS, as their effect would have been anti-dilutive.

(3) 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 July 27, 2000, to shareholders of record on August 8, 2000 and is payable on August 18, 2000.

For the six months ended June 30, 2000, the Company repurchased approximately 379 shares of its common stock. On October 28, 1999, the Board of Directors authorized the repurchase up to 1,000 shares of the Company's common stock as market conditions warrant. As of June 30, 2000, the Company had repurchased approximately 499 shares of common stock under this approval. Subsequent to June 30, 2000, the Company repurchased an additional 10 shares of common stock under this approval.

(4) ACCUMULATED OTHER COMPREHENSIVE LOSS

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

<TABLE>
<CAPTION>

	Foreign Currency Adjustments	Unrealized Gains/(Losses) on Available-for Sale Securities	Total Accumulated Other Comprehensive Income (Loss)
	-----	-----	-----
<S>	<C>	<C>	<C>
Balance as of December 31, 1999	\$ (9,748)	\$337	\$ (9,411)
Current period change	(519)	(123)	(642)
	-----	-----	-----
Balance as of June 30, 2000	\$ (10,267)	\$214	\$ (10,053)
	=====	=====	=====

</TABLE>

(5) 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 in

assessing performance. The Company evaluates performance based on operating income (loss).

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The Company's operating segments are based on geographic operations and include a domestic segment (United States) and three international segments (Latin America, Asia Pacific and other regions). Intersegment sales, eliminated in consolidation, are not material.

Operating segment information for the three and six months ended June 30, 2000 and 1999, are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2000	1999	2000	1999
<S>	<C>	<C>	<C>	<C>
Sales Revenue:				
Domestic	\$ 42,919	\$ 46,392	\$ 90,929	\$ 94,972
International:				
Latin America	20,537	17,520	39,321	34,652
Asia Pacific	10,450	3,705	18,995	6,707
Other	4,475	4,022	9,113	7,486
	-----	-----	-----	-----
	78,381	71,639	158,358	143,817
	-----	-----	-----	-----
Operating Expenses:				
Domestic	36,808	39,790	79,573	81,581
International:				
Latin America	19,734	16,836	37,579	32,636
Asia Pacific	9,597	3,992	17,815	7,832
Other	4,544	3,640	8,758	6,728
	-----	-----	-----	-----
	70,683	64,258	143,725	128,777
	-----	-----	-----	-----
Operating Income:				
Domestic	6,111	6,602	11,356	13,391
International:				
Latin America	803	684	1,742	2,016
Asia Pacific	853	(287)	1,180	(1,125)
Other	(69)	382	355	758
	-----	-----	-----	-----
	7,698	7,381	14,633	15,040
	-----	-----	-----	-----
Other Income (Expense)	357	545	761	1,142
	-----	-----	-----	-----
Income Before Provision for Income Taxes	\$ 8,055	\$ 7,926	\$ 15,394	\$ 16,182
	=====	=====	=====	=====

</TABLE>

Segment assets as of June 30, 2000 and December 31, 1999, are as follows:

	June 30, 2000	December 31, 1999
<S>	<C>	<C>
Assets		
Domestic	\$ 69,290	\$ 66,372
International:		
Latin America	31,068	29,343
Asia Pacific	12,528	8,670
Other	4,408	3,050
	-----	-----
	\$117,294	\$107,435
	=====	=====

</TABLE>

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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, 1999.

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)

(i) Income and Expense Items as a Percent of Sales		(ii) Three Months Ended June 30 2000 to 1999		
Three Months Ended June 30		Income and Expense Items	Amount of Increase (Decrease)	Percent of Change
2000	1999			
<S>	<C>	<C>	<C>	<C>
100.0%	100.0%	Sales	\$6,742	9.4%
17.6	17.2	Cost of goods sold	1,513	12.3
45.1	45.7	Volume incentives	2,561	7.8
27.5	26.8	SG&A expenses	2,351	12.2
90.2	89.7	Total operating expenses	6,425	10.0
9.8	10.3	Operating income	317	4.3
0.5	0.8	Other income, net	(188)	(34.4)
10.3	11.1	Income before provision for income taxes	129	1.6
4.1	4.4	Provision for income taxes	34	1.1
6.2%	6.7%	Net income	\$ 95	2.0%

</TABLE>

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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 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)

(i) Income and Expense Items as a Percent of Sales		(ii) Six Months Ended June 30 2000 to 1999		
Six Months Ended June 30		Income and Expense Items	Amount of Increase (Decrease)	Percent of Change
2000	1999			
<S>	<C>	<C>	<C>	<C>
100.0%	100.0%	Sales	\$14,541	10.1%
17.8	17.5	Cost of goods sold	3,021	12.0
45.4	45.8	Volume incentives	6,005	9.1
27.6	26.2	SG&A expenses	5,922	15.7
90.8	89.5	Total operating expenses	14,948	11.6

9.2	10.5	Operating income	(407)	(2.7)
0.5	0.8	Other income, net	(381)	(33.4)
-----	-----		-----	
9.7	11.3	Income before provision for income taxes	(788)	(4.9)
3.8	4.5	Provision for income taxes	(389)	(6.1)
-----	-----		-----	
5.9%	6.8%	Net income	\$ (399)	(4.1)%
=====	=====		=====	

</TABLE>

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

SALES

Sales for the three months ended June 30, 2000, were \$78.4 million compared to \$71.6 million in the prior year, an increase of approximately 9 percent. Sales for the six months ended June 30, 2000, were \$158.3 million compared to \$143.8 million in the same period the prior year, an increase of approximately 10 percent. Management believes the increase in sales for the three and six months ended June 30, 2000, is attributable to strong sales increases throughout its international operations.

Sales in the Company's domestic operations for the three and six months ended June 30, 2000, were \$42.9 million and \$90.9 million, a decrease of approximately 7 percent and 4 percent, respectively, over the same periods in the prior year. The domestic sales decrease was caused by increased product and price competition in the nutritional supplement market. The Company expects competition to remain strong for the foreseeable future. However, the total number of domestic Distributors was approximately 215,000 as of June 30, 2000, up 30,000 from June 30, 1999.

The Company's international operations reported sales of \$35.5 million and \$67.4 million for the three and six months ended June 30, 2000, an increase of 40 percent and 38 percent, respectively, compared to the same periods in 1999. Year-to-date, international sales accounted for approximately 43 percent of consolidated sales.

Sales in Latin America were \$20.5 million and \$39.3 million for the three and six months ended June 30, 2000, an increase of 17 percent and 14 percent, respectively, compared to the same periods in 1999. The sales growth experienced in Latin America was primarily due to increased sales reported in Mexico and Brazil as well as more stable currencies experienced throughout the region.

Sales in Asia Pacific were \$10.5 million and \$19.0 million for the three and six months ended June 30, 2000, an increase of 182 percent and 183 percent, respectively, compared to the same periods

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

in 1999. The sales growth experienced in the Company's Asia Pacific markets is the result of increased product demand supported by educational and promotional programs implemented in South Korea.

Sales in the Company's other markets were \$4.5 million and \$9.1 million for the three and six months ended June 30, 2000, an increase of 11 percent and 22 percent, respectively, compared to the same periods in 1999. The sales growth experienced in the Company's other markets is primarily due to the growth of its operations in Russia, which was launched in April 1999, as well as the commencement of its operations in Israel during April 2000.

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 June 30, 2000, was 16,290 compared to 15,559 at June 30, 1999. The number of Distributors at June 30, 2000, was approximately 560,000, an increase of approximately 5 percent compared to the same period of the prior year.

COST OF GOODS SOLD

For the three and six months ended June 30, 2000, 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 increase in international sales where cost of goods sold is slightly higher than in the Company's domestic operations. Management expects cost of goods sold to remain relatively constant as a percent of sales during the remainder of 2000, as compared to the six months ended June 30, 2000.

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

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

sales marketing program. Volume incentives vary slightly, on a percentage basis, by product due to the Company's pricing policies. For the six months ended June 30, 2000, 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 where volume incentives are lower than in the domestic operations. Management expects volume incentives to remain relatively constant, as a percent of sales, during the remainder of 2000, as compared to the six months ended June 30, 2000.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses for the three and six months ended June 30, 2000, 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 domestic market. Increased expenditures in expanding the Company's international markets also contributed to the increase in selling, general and administrative expenses. Management expects selling, general and administrative expenses to decrease slightly as a percent of sales, for the year ending December 31, 2000, compared to the six months ended June 30, 2000.

SEGMENT INFORMATION

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

BALANCE SHEET

ACCRUED LIABILITIES

Accrued liabilities increased approximately \$4.0 million as of June 30, 2000, as compared to December 31, 1999, as a result of accruals associated with the Company's sales conventions and travel programs.

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

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents increased approximately \$5.4 million for the six months ended June 30, 2000. The increase in cash and cash equivalents is primarily the result of net income as well as the increases in accrued liabilities. During the six months ended June 30, 2000, cash totaling \$3.1 million was used to repurchase approximately 379,000 shares of common stock. Management believes the Company's stock is an attractive investment and pursuant to its recently announced 1,000,000 common share buyback program, the Company purchased an additional 10,000 shares of its common stock subsequent to June 30, 2000.

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 in the event additional sources of funds became necessary.

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 are in progress. Management expects that construction will begin during the third quarter of 2000. The cost of this project is expected to be approximately \$14 million and will take approximately two years to complete. The Company anticipates the facility expansion as well as other capital projects will be funded from working capital.

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

LEGAL PROCEEDINGS

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.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Statements included in Management's Discussion and Analysis of Financial Condition and Results of Operations and other items within 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, 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 has investments, which by nature are subject to market risk. At June 30, 2000, the Company had investments of \$12.2 million of which \$10.0 million were held as municipal obligations and carry fixed interest rates. Approximately \$9.8 million mature between one and five years and carry a weighted average interest rate of 5.7 percent. The remaining balance of \$0.2 million matures after five years and carries a weighted average interest rate of 4.1 percent.

PART II OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Annual Meeting of Shareholders of the Company was held on May 26, 2000. At the meeting, the following persons were re-elected as Directors of the Company to serve until the next Annual Meeting or until their successors are elected and qualified.

<TABLE>
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NOMINEE -----	FOR -----	WITHHOLD AUTHORITY -----
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Pauline T. Hughes	14,736,535	927,051
Douglas Faggioli	14,738,785	924,801

</TABLE>

At the meeting, the shareholders also adopted and approved an amendment to the Company's 1995 Stock Option Plan increasing the number of shares authorized for issuance under the Plan from 1,650,000 to 4,150,000 shares, as further described in the Company's Proxy Statement for the meeting. The proposal to approve the amendment received 7,158,523 shares FOR, 5,193,276 shares AGAINST, and 29,984 shares ABSTAINED. There were also 3,281,803 broker non-votes.

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: August 8, 2000

/s/ Daniel P. Howells

Daniel P. Howells, President &
Chief Executive Officer

Date: August 8, 2000

/s/ Craig D. Huff

Craig D. Huff, Chief Financial Officer

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