

 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 September 30, 1997

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
 (Principal Executive Offices)

(801) 342-4300, Ext. 4407
 (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 October 31, 1997, was 18,694,698.

 PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	(Unaudited) September 30 1997	December 31 1996
	-----	-----
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$26,973	\$27,879
Accounts receivable, net	9,305	6,698
Inventories	21,473	24,459
Prepaid expenses and other	9,704	8,014
	-----	-----
Total Current Assets	67,455	67,050
PROPERTY, PLANT AND		
EQUIPMENT, net	20,947	20,197

LONG-TERM INVESTMENTS	2,963	2,048
OTHER ASSETS	2,746	2,701
	-----	-----
	\$94,111	\$91,996
	-----	-----
	-----	-----

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)
(Amounts In Thousands)

	(Unaudited)	
	September 30	December 31
	1997	1996
	-----	-----
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term debt	\$ 2,742	\$ 2,788
Accounts payable	4,833	4,225
Accrued volume incentives	10,665	8,729
Accrued liabilities	9,899	9,992
Income taxes payable	2,787	1,756
	-----	-----
Total Current Liabilities	30,926	27,490
	-----	-----
DEFERRED INCOME TAXES	1,381	1,343
	-----	-----
SHAREHOLDERS' EQUITY:		
Common stock, no par value, 20,000 shares authorized; 19,446 shares issued	37,838	39,406
Retained earnings	46,343	33,549
Treasury stock, at cost, 1,022 and 344 shares at September 30, 1997 and December 31, 1996, respectively	(17,625)	(5,868)
Receivables due from related parties	(80)	(84)
Cumulative translation adjustments	(4,672)	(3,840)
	-----	-----
Total Shareholders' Equity	61,804	63,163
	-----	-----
	\$ 94,111	\$91,996
	-----	-----
	-----	-----

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
(Amounts In Thousands, Except Per-Share Information)

	(Unaudited)	
	Three Months Ended	
	September 30	
	-----	-----
	1997	1996
	-----	-----
SALES REVENUE	\$71,589	\$63,031
	-----	-----
COSTS AND EXPENSES:		
Cost of goods sold	12,756	11,201
Volume incentives	33,424	28,976
Selling, general and administrative	17,272	16,009
	-----	-----
	63,452	56,186
	-----	-----
OPERATING INCOME	8,137	6,845
	-----	-----
OTHER INCOME (EXPENSE):		
Interest and other income	814	504

Interest expense	(119)	(14)
Foreign exchange loss, net	(130)	(42)
Minority interest	118	(129)
	-----	-----
	683	319
	-----	-----
INCOME BEFORE INCOME TAXES	8,820	7,164
PROVISION FOR INCOME TAXES	3,414	2,626
	-----	-----
NET INCOME	\$ 5,406	\$ 4,538
	-----	-----
NET INCOME PER COMMON SHARE	\$ 0.29	\$ 0.23
	-----	-----
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	18,850	19,749
	-----	-----
	-----	-----

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

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

	(Unaudited)	
	Nine Months Ended	
	September 30	
	-----	-----
	1997	1996
	-----	-----
SALES REVENUE	\$210,825	\$186,325
	-----	-----
COSTS AND EXPENSES:		
Cost of goods sold	38,222	33,150
Volume incentives	98,146	85,623
Selling, general and administrative	51,943	48,303
	-----	-----
	188,311	167,076
	-----	-----
OPERATING INCOME	22,514	19,249
	-----	-----
OTHER INCOME (EXPENSE):		
Interest and other income	1,840	1,561
Interest expense	(141)	(51)
Foreign exchange loss, net	(248)	(410)
Minority interest	265	(352)
	-----	-----
	1,716	748
	-----	-----
INCOME BEFORE INCOME TAXES	24,230	19,997
PROVISION FOR INCOME TAXES	9,567	7,841
	-----	-----
NET INCOME	\$ 14,663	\$ 12,156
	-----	-----
NET INCOME PER COMMON SHARE	\$ 0.77	\$ 0.62
	-----	-----
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	19,051	19,681
	-----	-----
	-----	-----

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

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NATURE'S SUNSHINE PRODUCTS, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(Dollar Amounts In Thousands)

(Unaudited)

	Nine Months Ended September 30	
	1997	1996
Increase (Decrease) in Cash and Cash Equivalents		
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from sales revenue	\$207,933	\$184,014
Cash paid as volume incentives	(96,211)	(83,442)
Cash paid to suppliers and employees	(85,518)	(83,067)
Interest paid	(141)	(51)
Interest received	1,876	1,632
Income taxes paid	(8,498)	(7,299)
Net Cash Provided by Operating Activities	19,441	11,787
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(3,709)	(8,607)
Purchase of other assets	(646)	(135)
Payments received on long-term receivables	341	172
Short-term related party receivables, net	4	246
Minority interest elimination	156	---
(Purchase)/Sale of long-term investments	(915)	291
Net Cash Used in Investing Activities	(4,769)	(8,033)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Tax benefit from exercise of stock options	1,436	4,606
Proceeds from exercise of stock options	4,395	3,215
Payment of cash dividends	(1,868)	(1,872)
Purchase of treasury stock	(19,186)	(1,689)
(Payments of)/Proceeds from short-term debt, net	(46)	531
Issuance of treasury stock	30	35
Net Cash Provided by (Used in) Financing Activities	(15,239)	4,826
EFFECT OF EXCHANGE RATES ON CASH	(339)	(159)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(906)	8,421
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	27,879	14,172
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 26,973	\$ 22,593

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

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
(Dollar Amounts In Thousands)

	(Unaudited) Nine Months Ended September 30	
	1997	1997
NET INCOME	\$14,663	\$12,156
Depreciation and amortization	3,363	2,512
Bad debt expense	65	78
Increase in accounts receivable, net	(2,673)	(1,908)
Decrease (increase) in inventories	2,986	(1,710)
Increase in prepaid expenses and other	(1,990)	(5,553)
Increase in income taxes payable	1,031	485
Increase in accrued liabilities and volume incentives	1,843	5,943
Increase (decrease) in accounts payable	608	(617)
Increase in deferred income taxes	37	57
Cumulative translation adjustments	(492)	344
Total Adjustments	4,778	(369)

	-----	-----
Net Cash Provided by Operating Activities	\$19,441	\$11,787
	-----	-----
	-----	-----

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

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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 financial position as of September 30, 1997, and 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. It is suggested that these consolidated, 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:	(Dollars in Thousands)	
	(Unaudited)	
	September 30	December 31
	1997	1996
	-----	-----
Raw materials	\$ 7,190	\$ 7,554
Work in process	1,043	1,146
Finished goods	13,240	15,759
	-----	-----
	\$21,473	\$24,459
	-----	-----
	-----	-----

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(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 and nine month periods ended September 30, 1997 and 1996.

As of September 30, 1997, the Company had a total of 1,686,863 options outstanding. The options were all granted at market prices, with a weighted average exercise price of \$11.34.

The Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 128 effective for years beginning after December 15, 1996. This statement, which is expected to increase earnings per share when implemented, is not expected to have a material effect on the Company's consolidated financial statements.

(4) QUARTERLY CASH DIVIDENDS

The Company has declared 37 consecutive quarterly cash dividends. The most recent quarterly cash dividend of 3 1/3 cents per common share was declared on November 3, 1997, to shareholders of record on November 17, payable November 25, 1997.

(5) TRANSLATION OF FOREIGN CURRENCY

The financial statements of the international subsidiaries have been translated to U.S. dollars in accordance with the provisions of SFAS No. 52.

As a result of its international operations, the Company is subject to foreign currency fluctuations which may impact current earnings.

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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.

(Dollar Amounts in Thousands)
(Unaudited)

<TABLE>

(i) Income and Expense Items as a Percent of Sales ----- Three Months Ended September 30 -----		Income and Expense Items -----	(ii) Three Months Ended September 30 1997 to 1996 ----- Amount of Increase/ (Decrease) ----- Percent of Change -----	
1997 -----	1996 -----		<C> -----	<C> -----
<C> 100.00%	<C> 100.00%	<S> Sales revenue	<C> \$8,558	<C> 13.58%
-----	-----	-----	-----	-----
17.82	17.77	Cost of sales	1,555	13.89
46.69	45.97	Volume incentives	4,448	15.35
24.12	25.40	SG&A expenses	1,263	7.89
-----	-----	-----	-----	-----
88.63	89.14		7,266	12.93
-----	-----	-----	-----	-----
11.37	10.86	Operating income	1,292	18.87
-----	-----	-----	-----	-----
1.14	0.80	Interest and other income	310	61.47
(0.17)	(0.02)	Interest expense	(105)	(747.46)
(0.18)	(0.07)	Foreign exchange gain (loss)	(88)	(210.14)
0.16	(0.20)	Minority interest	247	191.11
-----	-----	-----	-----	-----
0.95	0.51		364	114.25
-----	-----	-----	-----	-----
12.32	11.37	Income before income taxes	1,656	23.12
4.77	4.17	Provision for income taxes	788	30.00
-----	-----	-----	-----	-----
7.55%	7.20%	Net income	\$ 868	19.13%
-----	-----	-----	-----	-----
-----	-----	-----	-----	-----

</TABLE>

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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.

(Dollar Amounts in Thousands)
(Unaudited)

<TABLE>

(i)

Income and Expense Items as a Percent of Sales		(ii) Nine Months Ended September 30 1997 to 1996		
Nine Months Ended September 30			Amount of Increase/ (Decrease)	Percent of Change
1997	1996	Income and Expense Items		
<C>	<C>	<S>	<C>	<C>
100.00%	100.00%	Sales revenue	\$24,500	13.15%
18.13	17.79	Cost of sales	5,072	15.30
46.55	45.96	Volume incentives	12,523	14.63
24.64	25.92	SG&A expenses	3,640	7.54
89.32	89.67		21,235	12.71
10.68	10.33	Operating income	3,265	16.96
0.87	0.84	Interest and other income	279	17.87
(0.07)	(0.03)	Interest expense	(90)	(176.47)
(0.12)	(0.22)	Foreign exchange gain (loss)	162	39.51
0.13	(0.19)	Minority interest	617	175.28
0.81	0.40		968	129.41
11.49	10.73	Income before income taxes	4,233	21.17
4.53	4.21	Provision for income taxes	1,726	22.01
6.96%	6.52%	Net income	\$ 2,507	20.62%

</TABLE>

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

RESULTS OF OPERATIONS

SALES REVENUE:

Consolidated sales revenue for the three and nine months ended September 30, 1997, was \$71.6 million and \$210.8 million compared to \$63.0 million and \$186.3 million, an increase of 14 percent and 13 percent compared to corresponding periods of 1996, respectively.

Management believes the increase in sales for the three- and nine-month periods is attributable to the growth of the Company's independent sales force, increased consumer awareness and interest in natural health and nutritional products and incentives the Company offers its independent sales force. Domestic sales revenue was \$133.8 million for the nine months ended September 30, 1997, an increase of 11 percent compared to the same period in 1996. The Company's sales revenue growth has been enhanced through international expansion. The Company's international operations reported sales revenue of \$77.0 million for the nine months ended September 30, 1997, an increase of 17 percent compared to the same period in 1996.

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 14,417 at September 30, 1997, compared to 11,694 at December 31, 1996, an increase of 23 percent. The number of Distributors increased to 624,000 at September 30, 1997, compared to 522,000 at December 31, 1996, an increase of 19 percent.

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COST OF GOODS SOLD:

The Company experienced a slight increase in cost of goods sold, as a percentage of sales, for the three and nine months ended September 30, 1997,

compared to the same periods last year. The increase in cost of goods sold, as a percentage of sales, was primarily related to certain of the Company's international operations. Management expects cost of goods sold to remain relatively constant as percent of sales during the rest of 1997.

VOLUME INCENTIVES:

The dollar increase in volume incentives, as a percent of sales, for the three and nine months ended September 30, 1997, is directly related to the increase in sales revenue. 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. Volume incentives increased slightly, as a percent of sales, for the three and nine months ended September 30, 1997, compared to the same periods last year. The increase is related to certain of the Company's international operations. Management expects volume incentives to remain relatively constant, as a percent of sales, during the rest of 1997.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES:

The Company experienced a decrease in selling, general and administrative expenses (SG&A) of 1.3 percent, as a percent of sales, during the three and nine months ended September 30, 1997, respectively, compared to the corresponding periods of 1996.

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The decrease in SG&A expenses, as a percentage of sales, resulted from the increase in sales revenue and focused management efforts to reduce dollar increases in SG&A. Management expects SG&A to decrease slightly, as a percentage of sales, during the rest of 1997.

SUBSIDIARY OPERATIONS:

Segment information for the nine months ended September 30, 1997, compared to the previous year are as follows:

SALES REVENUE	(Dollars in Thousands)	
	(Unaudited)	
	1997	1996
	-----	-----
DOMESTIC SALES REVENUE	\$133,805	\$120,368
	-----	-----
INTERNATIONAL SALES REVENUE:		
Americas	65,183	52,230
Asia Pacific	8,643	10,173*
Other	3,194	3,554
	-----	-----
TOTAL INTERNATIONAL	77,020	65,957
	-----	-----
TOTAL SALES REVENUE	\$210,825	\$186,325
	-----	-----

*Includes sales revenue of approximately \$1.5 million from a subsidiary which was sold in 1996.

OPERATING INCOME	(Dollars in Thousands)	
	(Unaudited)	
	1997	1996
	-----	-----
DOMESTIC OPERATING INCOME	\$17,947	\$12,669
	-----	-----
INTERNATIONAL OPERATING INCOME:		
Americas	4,693	6,521
Asia Pacific	(578)	(13)
Other	452	72
	-----	-----
TOTAL INTERNATIONAL	4,567	6,580
	-----	-----
TOTAL OPERATING INCOME	\$22,514	\$19,249
	-----	-----

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(Dollars in Thousands)

ASSETS	(Unaudited)	
	September 30 1997	December 31 1996
DOMESTIC ASSETS	\$54,820	\$58,674
INTERNATIONAL ASSETS:		
Americas	32,841	28,764
Asia Pacific	5,774	3,767
Other	676	791
TOTAL INTERNATIONAL	39,291	33,322
TOTAL ASSETS	\$94,111	\$91,996

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents decreased approximately \$900,000 for the nine months ended September 30, 1997. The decrease in cash and cash equivalents is primarily the result of the Company's ongoing stock buyback program.

The Company recently announced a new stock buyback program, which authorized the purchase of 500,000 shares. During the three months ended September 30, 1997, the Company acquired 196,000 shares under the new program. The Company has acquired 1,108,500 shares, or approximately \$19.2 million of treasury stock, during the first nine months of 1997. Management believes the Company's stock is an attractive investment and, from time to time, may utilize a portion of its available cash to purchase Company stock in the open market should market conditions warrant.

The Company acquired approximately \$3.7 million in machinery, equipment and building improvements during the first nine months of 1997 to improve its manufacturing and administrative

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capabilities. Approximately \$1.9 million was used for the payment of dividends during the first nine months.

The Company has established a new international subsidiary in South Korea. Management believes that this new operation may require additional funding of \$.5 million to \$1.0 million.

The Company is expanding its domestic manufacturing and inventory facilities. Management expects the cost of these projects to be in the range of \$6.0 million to \$7.0 million. The Company may consider long-term financing for these projects.

From time to time, the Company is subject to various lawsuits or changes in governmental regulations which are incidental to the Company's business and/or the markets in which it operates. Management, after consultation with its legal counsel, believes that any liability as a result of these matters should not have a material effect upon the Company's results of operations or financial position.

Management believes that future working capital requirements can be satisfied by cash, which is generated by the Company's operating activities. Management expects cash and investments to increase during 1997, as the result of operations. However, cash and investments may be reduced in the event the Company funds the capital projects mentioned above from working capital.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

The Company has included forward-looking statements concerning its business and operations in this Form 10-Q. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected.

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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.

October 31, 1997 /s/ Daniel P. Howells

Daniel P. Howells, President and Chief Executive Officer

October 31, 1997 /s/ Douglas Faggioli

Douglas Faggioli, Chief Financial Officer

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