

August 13, 2012



## Natural Health Trends Announces Financial Results

DALLAS, Aug. 13, 2012 (GLOBE NEWSWIRE) -- Natural Health Trends Corp. (OTCQB:NHTC) today announced its financial results through June 30, 2012. The Company reported first-half sales of \$20.1 million, up 62% over the \$12.4 million a year ago. In the second quarter, sales, at \$11.0 million, were up 52% over a year ago. First half earnings per share were \$0.12, compared to \$0.02 in 2011. Second quarter earnings per share were \$0.08, a 33% increase over the comparable period in 2011.

"Our rewarding business model that is centered around dedicated field leaders, an enhanced commission structure, systemic training, dedicated support and services, effective promotions and high-quality products offers an ideal opportunity for personal success for our members," said Chris Sharnng, President of Natural Health Trends. "We believe it's our continued focus on these core areas of our business that is driving our business growth. We are pleased with the results and will continue building upon our success."

### **About Natural Health Trends Corp.**

Natural Health Trends Corp. is an international direct-selling and e-commerce company operating through its subsidiaries throughout Asia, North America, and Europe. The company markets premium quality personal care products under the NHT Global brand. Additional information can be found on the company's website, [www.naturalhealthtrends.com](http://www.naturalhealthtrends.com).

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995 -- Forward-looking statements in this release do not constitute guarantees of future performance. Such forward-looking statements are subject to risks and uncertainties that could cause our actual results to differ materially from those anticipated. Such risks and uncertainties include the risks and uncertainties detailed under the caption "Risk Factors" in our Annual Report on Form 10-K filed on March 27, 2012, with the Securities and Exchange Commission. We assume no obligation to update any forward-looking information contained in this press release or with respect to the announcements described herein.

NATURAL HEALTH TRENDS CORP.

CONSOLIDATED BALANCE SHEETS

(In Thousands, Except Share Data)

|                             | December<br>31, 2011 | June 30,<br>2012 |
|-----------------------------|----------------------|------------------|
|                             |                      | (Unaudited)      |
| ASSETS                      |                      |                  |
| Current assets:             |                      |                  |
| Cash and cash equivalents   | \$1,617              | \$4,637          |
| Restricted cash             | 494                  | –                |
| Accounts receivable         | 93                   | 203              |
| Inventories, net            | 1,089                | 1,258            |
| Other current assets        | <u>537</u>           | <u>627</u>       |
| Total current assets        | 3,830                | 6,725            |
| Property and equipment, net | 68                   | 114              |
| Goodwill                    | 1,764                | 1,764            |
| Restricted cash             | 220                  | 221              |
| Other assets                | <u>241</u>           | <u>247</u>       |
| Total assets                | <u>\$6,123</u>       | <u>\$9,071</u>   |

LIABILITIES AND STOCKHOLDERS' EQUITY  
(DEFICIT)

|  |                |                |
|--|----------------|----------------|
| Current liabilities:                                 |                |                |
| Accounts payable                                     | \$2,208        | \$2,480        |
| Income taxes payable                                 | 11             | 66             |
| Accrued distributor commissions                      | 1,177          | 1,513          |
| Other accrued expenses                               | 1,471          | 1,749          |
| Deferred revenue                                     | 967            | 1,627          |
| Deferred tax liability                               | 148            | 148            |
| Other current liabilities                            | <u>950</u>     | <u>903</u>     |
| Total liabilities                                    | 6,932          | 8,486          |
| Commitments and contingencies                        |                |                |
| Stockholders' equity (deficit):                      |                |                |
| Preferred stock                                      | 124            | 124            |
| Common stock   | 11             | 11             |
| Additional paid-in capital                           | 80,493         | 80,532         |
| Accumulated deficit                                  | (81,338)       | (79,985)       |
| Accumulated other comprehensive loss:                |                |                |
| Foreign currency translation adjustments             | <u>(99)</u>    | <u>(97)</u>    |
| Total stockholders' equity (deficit)                 | <u>(809)</u>   | <u>585</u>     |
| Total liabilities and stockholders' equity (deficit) | <u>\$6,123</u> | <u>\$9,071</u> |

NATURAL HEALTH TRENDS CORP.

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(In Thousands, Except Per Share Data)

|   | Three Months Ended June<br>30, |          | Six Months Ended June<br>30, |          |
|---|--------------------------------|----------|------------------------------|----------|
|   | 2011                           | 2012     | 2011                         | 2012     |
| Net sales   | \$7,208                        | \$10,980 | \$12,383                     | \$20,070 |
| Cost of sales   | 1,977                          | 2,884    | 3,506                        | 5,283    |
| Gross profit  | 5,231                          | 8,096    | 8,877                        | 14,787   |
| Operating expenses:   |                                |          |                              |          |
| Distributor commissions   | 2,714                          | 4,886    | 4,476                        | 8,577    |
| Selling, general and administrative expenses                            | 1,836                          | 2,313    | 3,866                        | 4,750    |
| Depreciation and amortization   | 26                             | 8        | 258                          | 20       |
| Total operating expenses  | 4,576                          | 7,207    | 8,600                        | 13,347   |
| Income from operations  | 655                            | 889      | 277                          | 1,440    |
| Other income (expense), net   | 26                             | 2        | (69)                         | (61)     |
| Income before income taxes  | 681                            | 891      | 208                          | 1,379    |
| Income tax provision  | 13                             | 45       | 20                           | 26       |
| Net income  | 668                            | 846      | 188                          | 1,353    |
| Plus: Net loss attributable to the noncontrolling interest              | 1                              | –        | 9                            | –        |
| Net income attributable to Natural Health Trends                        | 669                            | 846      | 197                          | 1,353    |
| Preferred stock dividends   | (4)                            | (4)      | (8)                          | (8)      |
| Net income attributable to common stockholders of Natural Health Trends | \$665                          | \$842    | \$189                        | \$1,345  |
| Income per share of Natural Health Trends – basic and diluted           | \$0.06                         | \$0.08   | \$0.02                       | \$0.12   |
| Weighted-average number of shares outstanding:                          |                                |          |                              |          |
| Basic   | 10,675                         | 10,919   | 10,655                       | 10,891   |
| Diluted   | 10,706                         | 11,219   | 10,659                       | 11,208   |

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Source: Natural Health Trends Corp.