

August 10, 2009



Natural Health Trends Announces Second Quarter 2009 Results and Early Redemption of Convertible Debentures

DALLAS, TX -- (MARKET WIRE) -- 08/10/09 -- Natural Health Trends Corp. (NASDAQ: BHIP) today announced its financial results for the quarter ended June 30, 2009. The company reported sales of \$8.5 million and an operating loss of \$1.4 million for the quarter.

Chris Sharng, president of Natural Health Trends, said, "Despite a difficult operating environment in the second quarter, we continue to make progress toward the goal of cash flow breaking even. Our cash used in operations was a negative \$92,000, almost breaking even, compared to \$486,000 cash used in the first quarter, or \$1.5 million in the first half of 2008. The other important milestone is that, as of today, we have entered into an early redemption arrangement with the holders of the convertible debentures that were to mature in October 2009 and have paid off the remaining balance. We are debt free once again.

"On the other hand, in the second quarter, orders were not as robust as we anticipated. The orders taken, which are roughly measured as revenue adjusted by the change in deferred revenue, were slightly greater in the second quarter, about \$8.5 million, than the \$8.2 million in the first quarter. During the quarter, we had to reckon with the unexpected development that one of our members' groups in Greater China went through an internal reorganization. Certain sub-groups were re-aligned to work separately. This change required us to make adjustments to our marketing plans and effectively defer some marketing activities into the late third quarter or fourth quarter. The disruptive effect this has had on our marketing programs lingers on into the 3rd quarter, a traditionally slower season."

The company plans to host a conference call at 11:30 a.m. EDT, August 12, 2009. Those who wish to participate may call telephone number (866) 672-2663, or (973) 582-2772 for international callers, 15 minutes before 11:30 a.m. EDT. Callers will need to give the conference identification number, 24633385. If you cannot participate in the call, but wish

to hear it, you may log in to the company's homepage at www.naturalhealthtrendscorp.com and click on the conference call 1 1/2 hours after the completion of the call.

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, and management encourages interested parties to register for updated corporate information via email on the company's home page, www.naturalhealthtrendscorp.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 23, 2009, 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 31, 2008	June 30, 2009
	----- (Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,491	\$ 5,031
Restricted cash	340	377
Accounts receivable	71	99
Inventories, net	2,141	1,607
Other current assets	735	578
	-----	-----
Total current assets	6,778	7,692
Property and equipment, net	1,173	1,006
Goodwill	1,764	1,764
Intangible assets, net	1,800	1,400
Restricted cash	3,646	369
Other assets	1,464	1,082
	-----	-----
Total assets	\$ 16,625	\$ 13,313
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable	\$ 1,746	\$ 2,585
Income taxes payable	187	211

Accrued distributor commissions	554	1,030
Other accrued expenses	2,456	3,007
Deferred revenue	2,841	1,065
Current portion of convertible debentures, net of discount of \$2,320 and \$970 at December 31, 2008 and June 30, 2009, respectively	1,534	1,863
Deferred tax liability	351	351
Other current liabilities	1,170	1,188
	-----	-----
Total liabilities	10,839	11,300
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.001 par value; 5,000,000 shares authorized; 1,761,900 shares designated Series A convertible preferred stock, 138,400 shares issued and outstanding at December 31, 2008 and June 30, 2009, aggregate liquidation value of \$271	124	124
Common stock, \$0.001 par value; 50,000,000 shares authorized; 10,691,582 and 10,788,714 shares issued and outstanding at December 31, 2008 and June 30, 2009, respectively	11	11
Additional paid-in capital	79,711	80,077
Accumulated deficit	(74,853)	(78,946)
Accumulated other comprehensive income:		
Foreign currency translation adjustments	759	734
	-----	-----
Total Natural Health Trends stockholders' equity	5,752	2,000
Noncontrolling interest	34	13
	-----	-----
Total stockholders' equity	5,786	2,013
	-----	-----
Total liabilities and stockholders' equity	\$ 16,625	\$ 13,313
	=====	=====

NATURAL HEALTH TRENDS CORP.

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(In Thousands, Except Per Share Data)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2008	2009	2008	2009
	-----	-----	-----	-----
Net sales	\$ 12,323	\$ 8,472	\$ 23,718	\$ 18,341
Cost of sales	3,445	2,505	6,535	5,302
	-----	-----	-----	-----
Gross profit	8,878	5,967	17,183	13,039
Operating expenses:				
Distributor commissions	4,600	3,322	8,597	7,101
Selling, general and administrative expenses (including stock-based				

compensation expense of \$129 and \$255 during the three months ended June 30, 2008 and 2009, respectively, and \$293 and \$366 during the six months ended June 30, 2008 and 2009, respectively)	4,272	3,718	8,868	7,489
Depreciation and amortization	366	338	752	668
Impairment of long-lived assets	4	-	28	-
	-----	-----	-----	-----
Total operating expenses	9,242	7,378	18,245	15,258
	-----	-----	-----	-----
Loss from operations	(364)	(1,411)	(1,062)	(2,219)
Other income (expense), net:				
Gain (loss) on foreign exchange	(118)	(41)	253	(43)
Interest income	33	10	68	24
Interest expense (including amortization of debt issuance costs and accretion of debt discount of \$449 and \$853 during the three months ended June 30, 2008 and 2009, respectively, and \$811 and \$1,628 during the six months ended June 30, 2008 and 2009, respectively)	(556)	(989)	(943)	(1,855)
Other	(22)	3	(14)	14
	-----	-----	-----	-----
Total other income (expense), net	(663)	(1,017)	(636)	(1,860)
	-----	-----	-----	-----
Loss before income taxes	(1,027)	(2,428)	(1,698)	(4,079)
Income tax provision	(42)	79	(79)	(35)
	-----	-----	-----	-----
Net loss	(1,069)	(2,349)	(1,777)	(4,114)
Plus: Net loss attributable to the noncontrolling interest	-	-	-	21
	-----	-----	-----	-----
Net loss attributable to Natural Health Trends	(1,069)	(2,349)	(1,777)	(4,093)
Preferred stock dividends	(4)	(4)	(8)	(8)
	-----	-----	-----	-----
Net loss attributable to common stockholders of Natural Health Trends	\$ (1,073)	\$ (2,353)	\$ (1,785)	\$ (4,101)
	=====	=====	=====	=====

Loss per share of Natural Health Trends - basic and

diluted \$ (0.11) \$ (0.23) \$ (0.19) \$ (0.41)

Weighted-average number of
shares outstanding 9,619 10,068 9,610 9,986

NATURAL HEALTH TRENDS CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(In Thousands)

 Six Three Three
 Months Months Months
 Ended Ended Ended
 June 30, March June 30,
 2008 31, 2009 2009
 ----- ----- -----

CASH FLOWS FROM OPERATING ACTIVITIES:

Net loss		\$ (1,777)	\$ (1,765)	\$ (2,349)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation and amortization of property and equipment	352	130	138	
Amortization of intangibles		400	200	200
Amortization of debt issuance costs		138	132	146
Accretion of debt discount	673	643	707	
Stock-based compensation		293	111	255
Impairment of long-lived assets		28	-	-
Changes in assets and liabilities:				
Accounts receivable	86	(34)	6	
Inventories, net	712	31	482	
Other current assets	239	(61)	216	
Other assets	142	96	(9)	
Accounts payable	(703)	977	(136)	
Income taxes payable	2	114	(83)	
Accrued distributor commissions		(495)	362	114
Other accrued expenses		(683)	396	158
Deferred revenue	(892)	(1,723)	(52)	
Other current liabilities	(43)	(95)	115	
	-----	-----	-----	
Net cash used in operating activities		(1,528)	(486)	(92)
	-----	-----	-----	

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of property and equipment		(146)	(58)	(41)
Decrease in restricted cash	707	266	2,954	
	-----	-----	-----	
Net cash provided by investing activities		561	208	2,913
	-----	-----	-----	

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from debt	145	-	-	
Payments on debt	-	(490)	(531)	
	-----	-----	-----	

Net cash provided by (used in) financing

activities	145	(490)	(531)	
	-----	-----	-----	
Effect of exchange rates on cash and cash equivalents	(251)	(87)	105	
	-----	-----	-----	
Net increase (decrease) in cash and cash equivalents	(1,073)	(855)	2,395	
CASH AND CASH EQUIVALENTS, beginning of period	6,282	3,491	2,636	
	-----	-----	-----	
CASH AND CASH EQUIVALENTS, end of period	<u>5,209</u>	<u>2,636</u>	<u>5,031</u>	

Contact:
Jean Bono
Natural Health Trends Corp.
[Email Contact](#)