

August 6, 2013



Natural Health Trends Reports Second Quarter 2013 Financial Results

Operating and Net Income Increased 7% Over Last Year

DALLAS, Aug. 6, 2013 (GLOBE NEWSWIRE) --[Natural Health Trends Corp.](#) (OTCQB:NHTC), a leading direct selling company that markets premium quality personal care, wellness and "quality of life" products under the [NHT Global brand](#), today announced financial results for the quarter and six months ended June 30, 2013.

Second Quarter Financial Highlights

- Total revenues were \$10.6 million compared to \$11.0 million in the second quarter last year, and up sequentially from the \$8.7 million in the first quarter. This was the second consecutive sequential quarterly increase in revenues. The year-over-year decrease in revenues for the second quarter reflects a change in the Company's promotional plans, which deploy a full-year cash incentive this year, while last year's comparable campaign ended at the end of June. Additionally, a price increase in Hong Kong for Premium Noni Juice™ may have accelerated orders into the second quarter last year.
- Operating income was \$948,000, an increase of 7% compared to \$889,000 last year.
- Net income was \$904,000, or \$0.08 per diluted share, compared to \$846,000, or \$0.08 per diluted share last year.
- Cash and cash equivalents increased to \$6.7 million as of June 30, 2013 from \$4.2 million at December 31, 2012.
- Net working capital turned positive for the first time since early 2007.

Year-to-Date Financial Highlights

- Total revenues for the six months ended June 30, 2013 were \$19.2 million compared to \$20.1 million in the same period last year.
- Operating income for the first six months was \$1.2 million compared to \$1.4 million in the same period last year.

- Year-to-date net income was \$1.2 million, or \$0.11 per diluted share, compared to \$1.4 million, or \$0.12 per diluted share in the same period last year.

"We are excited to have kept pace with an exceptional first half of 2012, which was a huge 62% increase over 2011, and we have delivered multiple consecutive quarters of sequential revenue increases," said Chris Sharng, President of Natural Health Trends Corp. "We are well positioned to deliver a strong second-half of the year."

Operational Highlights

- The Company continued to make numerous launches of new products:
 - Triotien™ and HerBalance™ at the April Russia event
 - Floraeda Hydrating Primer™, all natural and organic skin care line primer, in China in May
 - Single-serve, 2 oz. travel/sample size Premium Noni™ foil pouch in Hong Kong in June
 - LivaPro™ in our herbal product line at the July Hong Kong event
- Our busy promotional events around the world included:
 - Introduction of the Personal Consumption Program at the April St. Petersburg, Russia event
 - A multi-city European incentive trip for Hong Kong qualifiers, visiting Paris, London, Brussels and Amsterdam in May
 - This year's first Fly High training event in Yunnan, China in May
 - A well-attended Hong Kong Success Forum in early July

"We continue to place great emphasis on our product offering, rolling out new products and supporting our existing lines," Mr. Sharng continued. "This quarter we were pleased to announce exclusive multi-level marketing distribution rights for one of our top selling products, Alura by NHT Global. The exclusive arrangement states that we are the sole organization in our industry with the right to offer Alura's proprietary, patented formula under any brand name. To support this announcement to the field, Dr. Ronald J. Thompson will be a featured guest at many of our upcoming events and trainings held in our markets around the world. These activities, and the many others we have planned for the remainder of the year, provide avenues for member growth, opportunities for learning and sharing, and give our established leaders tools they need to succeed."

Shareholder Conference Call

Management will conduct a conference call to discuss its financial results for the period ended June 30, 2013.

Details of the call are as follows:

- Date: Tuesday, August 6, 2013
- Time: 4:30 p.m. ET/3:30 p.m. CT
- Dial-in number: 1-877-941-1428 (domestic) 1-480-629-9665 (international)
- Webcast link: <http://public.viavid.com/index.php?id=105577>

A replay will be available from 7:30 p.m. ET on August 6 through 11:59 p.m. ET on August 13, by dialing 1-877-870-5176 (domestic) and 1-858-384-5517 (international) and referencing replay pin number 4633616.

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, wellness and "quality of life" products under the NHT Global brand. Additional information can be found on the company's website, www.naturalhealthtrends.com.

Forward Looking Statement

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 12, 2013, 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, 2012 | June 30, 2013 |
|-----------------------------|----------------------|------------------|
| | | (Unaudited) |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$4,207 | \$6,695 |
| Accounts receivable | 122 | 172 |
| Inventories, net | 867 | 1,031 |
| Other current assets | 641 | 515 |
| Total current assets | 5,837 | 8,413 |
| Property and equipment, net | 121 | 136 |

| | | |
|-----------------|----------------|-----------------|
| Goodwill | 1,764 | 1,764 |
| Restricted cash | 239 | 223 |
| Other assets | <u>258</u> | <u>249</u> |
| Total assets | <u>\$8,219</u> | <u>\$10,785</u> |

LIABILITIES AND STOCKHOLDERS'
EQUITY

Current liabilities:

| | | |
|---------------------------------|------------|------------|
| Accounts payable | \$1,385 | \$1,626 |
| Income taxes payable | 10 | 37 |
| Accrued distributor commissions | 1,308 | 1,768 |
| Other accrued expenses | 1,688 | 2,057 |
| Deferred revenue | 836 | 1,120 |
| Deferred tax liability | 92 | 92 |
| Other current liabilities | <u>991</u> | <u>979</u> |
| Total current liabilities | 6,310 | 7,679 |

Commitments and contingencies

Stockholders' equity:

| | | |
|--|----------------|-----------------|
| Preferred stock | 124 | 111 |
| Common stock | 11 | 11 |
| Additional paid-in capital | 80,584 | 80,629 |
| Accumulated deficit | (78,708) | (77,517) |
| Accumulated other comprehensive loss: | | |
| Foreign currency translation adjustments | <u>(102)</u> | <u>(128)</u> |
| Total stockholders' equity | <u>1,909</u> | <u>3,106</u> |
| Total liabilities and stockholders' equity | <u>\$8,219</u> | <u>\$10,785</u> |

NATURAL HEALTH TRENDS CORP.

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(In Thousands, Except Per Share Data)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|-------------------------------------|--------------------------------|--------------|------------------------------|--------------|
| | 2012 | 2013 | 2012 | 2013 |
| Net sales | \$10,980 | \$10,598 | \$20,070 | \$19,249 |
| Cost of sales | <u>2,884</u> | <u>2,570</u> | <u>5,283</u> | <u>4,798</u> |
| Gross profit | 8,096 | 8,028 | 14,787 | 14,451 |
| Operating expenses: | | | | |
| Distributor commissions | 4,886 | 4,443 | 8,577 | 8,117 |
| Selling, general and administrative | 2,313 | 2,609 | 4,750 | 5,054 |
| Depreciation and amortization | <u>8</u> | <u>28</u> | <u>20</u> | <u>40</u> |

| | | | | |
|--|---------------|---------------|----------------|----------------|
| Total operating expenses | <u>7,207</u> | <u>7,080</u> | <u>13,347</u> | <u>13,211</u> |
| Income from operations | 889 | 948 | 1,440 | 1,240 |
| Other income (expense), net | <u>2</u> | <u>(28)</u> | <u>(61)</u> | <u>(21)</u> |
| Income before income taxes | 891 | 920 | 1,379 | 1,219 |
| Income tax provision | <u>45</u> | <u>16</u> | <u>26</u> | <u>28</u> |
| Net income | 846 | 904 | 1,353 | 1,191 |
| Preferred stock dividends | <u>(4)</u> | <u>(4)</u> | <u>(8)</u> | <u>(8)</u> |
| Net income available to common stockholders | <u>\$842</u> | <u>\$900</u> | <u>\$1,345</u> | <u>\$1,183</u> |
| | | | | |
| Income per share – basic and diluted | <u>\$0.08</u> | <u>\$0.08</u> | <u>\$0.12</u> | <u>\$0.11</u> |
| | | | | |
| Weighted-average number of shares outstanding: | | | | |
| Basic | <u>10,919</u> | <u>11,131</u> | <u>10,891</u> | <u>11,100</u> |
| Diluted | <u>11,219</u> | <u>11,269</u> | <u>11,208</u> | <u>11,265</u> |

NATURAL HEALTH TRENDS CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(In Thousands)

| | <u>Six Months Ended June</u> <u>30,</u> | |
|---|--|--------------|
| | <u>2012</u> | <u>2013</u> |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income | \$1,353 | \$1,191 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 20 | 40 |
| Stock-based compensation | 40 | 53 |
| Changes in assets and liabilities: | | |
| Accounts receivable | (118) | (60) |
| Inventories, net | (170) | (183) |
| Other current assets | (97) | 110 |
| Other assets | (6) | (1) |
| Accounts payable | 271 | 242 |
| Income taxes payable | 55 | 28 |
| Accrued distributor commissions | 347 | 483 |
| Other accrued expenses | 278 | 382 |
| Deferred revenue | 661 | 297 |
| Other current liabilities | <u>(48)</u> | <u>(4)</u> |
| Net cash provided by operating activities | <u>2,586</u> | <u>2,578</u> |

CASH FLOWS FROM INVESTING ACTIVITIES:

| | | |
|---|------------|-------------|
| Purchases of property and equipment, net | (65) | (57) |
| Decrease in restricted cash | <u>494</u> | <u>-</u> |
| Net cash provided by (used in) investing activities | <u>429</u> | <u>(57)</u> |

CASH FLOWS FROM FINANCING ACTIVITIES

| | | |
|---------------------------------------|----------|-------------|
| Repurchase of common stock | <u>-</u> | <u>(21)</u> |
| Net cash used in financing activities | <u>-</u> | <u>(21)</u> |

| | | |
|---|----------------|----------------|
| Effect of exchange rates on cash and cash equivalents | <u>5</u> | <u>(12)</u> |
| Net increase in cash and cash equivalents | 3,020 | 2,488 |
| CASH AND CASH EQUIVALENTS, beginning of period | <u>1,617</u> | <u>4,207</u> |
| CASH AND CASH EQUIVALENTS, end of period | <u>\$4,637</u> | <u>\$6,695</u> |

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Source: Natural Health Trends Corp.