FORM 10-QSB
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended September 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: 0-25238

NATURAL HEALTH TRENDS CORP.
(Exact Name of Small Business Issuer as Specified in its Charter)

Florida	59-2705336
State or other jurisdiction of incorporation or organization	(I.R.S. Employer Identification No.)

2161 Hutton Drive, #126
Carrollton, Texas 75006
(Address of Principal Executive Office) (Zip Code)

(972) 241-8479
(Issuer's telephone number including area code)

Indicate by check mark whether the issuer (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 and (2) has been subject to such filing requirements for the past 90 days. Yes X No

The number of shares of issuer's Common Stock, $.001 par value, outstanding as of October 31, 2000 were 12,309,047 shares.

NATURAL HEALTH TRENDS CORP.

QUARTERLY PERIOD ENDED SEPTEMBER 30, 2000

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NATURAL HEALTH TRENDS CORP.
CONSOLIDATED BALANCE SHEET

	September 30, 2000	December 31, 1999
ASSETS	(Unaudited)	
Current Assets		
Cash	$ 496,027	$ 434,063
Restricted cash	75,640	152,505
Account receivables	304,432	407,490
Inventory	821,213	847,212
Prepaid expenses and other current assets	37,381	120,481
Total Current Assets	1,734,693	1,961,751
Property and Equipment, net	459,366	567,065
Long Term Prepaids	164,464	54,228
Patents and Customer Lists	7,883,809	7,912,594
Goodwill	690,610	682,654
Deposits and Other Assets	159,806	75,607
Total Assets	$11,092,748	$ 11,253,899

LIABILITIES AND STOCKHOLDERS' EQUITY

	September 30, 2000	December 31, 1999
Current Liabilities:		
Checks written in excess of deposits	$ 350,923	$ 556,884
Accounts payable	5,206,113	4,511,772
Accrued expenses	693,227	404,458
Accrued bonus payable	376,135	472,503
Accrued payroll payable	735,802	668,390
Notes payable	1,215,609	854,684
Notes payable related parties	334,525	112,363
Current portion of long term debt	75,995	75,995
Deferred Revenue	27,589	527,831
Other current liabilities	223,625	231,926
Total Current Liabilities	9,239,543	8,416,806
Capital Lease Obligations, net of current portion	42,607	53,158
Long term notes payable	2,791	-
Total Liabilities	9,284,941	8,469,964
Stockholders' Equity:		
Preferred stock	5,774,542	5,163,695
Common stock	9,345	7,990
Additional paid in capital	21,419,166	21,443,914
Cumulative adjustments on foreign exchange	6,113	-
Deferred Compensation	(631,982)	(666,000)

Accumulated deficit	(24,769,377)	(23,165,664)
Total Stockholders' Equity	1,807,807	2,783,935
Total Liabilities and Stockholders' Equity	$11,092,748	$ 11,253,899

See Notes to Consolidated Financial Statements.

NATURAL HEALTH TRENDS CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

<TABLE>
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	Three Months Ended September 30,		Nine Months Ended September 30,	
	2000	1999	2000	1999
<S>	<C>	<C>	<C>	<C>
Revenues	$ 1,544,067	$ 4,060,979	$ 6,498,739	$ 11,426,468
Cost of Sales	527,814	947,889	1,673,865	2,445,624
Gross Profit	1,016,253	3,113,090	4,824,874	8,980,844
Distributor commissions	682,511	2,007,293	2,801,729	5,538,660
Write-down of patents and goodwill	-	-	-	-
Selling, general and administrative expenses	1,076,072	1,785,513	3,635,712	5,288,876
Operating loss	(742,330)	(679,717)	(1,612,567)	(1,846,692)
Minority interest in loss of subsidiaries	16,199	38,955	80,736	49,570
Gain on foreign exchange	-	-	-	-
Gain (loss) on foreign exchange	23,872	7,760	7,427	10,343
Interest (net)	(41,287)	(12,107)	(59,487)	(50,166)
Net loss from continuing operations	(743,546)	(645,108)	(1,583,891)	(1,836,945)
Discontinued Operations:				
Income (loss) from discontinued operations	-	(106,613)	(4,822)	(129,557)
Gain (loss) on disposal	(15,000)	-	(15,000)	
Loss before extraordinary gain	(758,546)	(751,721)	(1,603,713)	(1,966,502)
Extraordinary gain - forgiveness of debt	-	-	-	1,471
Net loss	(758,545)	(751,721)	(1,603,713)	(1,965,031)
Preferred stock dividends	296,364	114,534	296,568	1,157,573
Net loss to common shareholders	$ (1,054,910)	$ (866,255)	$ (1,900,281)	(3,122,604)
Basic and diluted loss per common share:				
Continuing Operations	$ (0.09)	$ (0.09)	$ (0.19)	(0.29)
		$		
Discontinued Operations	-	(0.02)	(0.00)	(0.02)
Extraordinary gain	-	-	-	
Preferred stock dividend	(0.03)	(0.02)	(0.04)	(0.19)
Net loss to common shareholders	$ (0.12)	$ (0.13)	$ (0.23)	$ (0.50)
Basic and diluted weighted common shares used	8,596,587	6,794,341	8,193,654	6,220,331

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NATURAL HEALTH TRENDS CORP.
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

	Nine Months Ended September 30, 2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$(1,603,713)	$(1,965,031)
Adjustments to reconcile net (loss)to net cash provided by (used in)operating activities:		
Depreciation and amortization	375,505	478,524
Loss on disposal of fixed asset	114,868	-
Gain on forgiveness of debt	-	(1,471)
Increase in income from allocation of minority interest	-	(11,153)
Issuance of common stock in settlement of interest	(485)	(59,087)
Changes in assets and liabilities		
(Increase) decrease in accounts receivable	103,058	(260,785)
Increase in inventories	244,699	66,151
Increase in prepaid expenses	(27,136)	(181,743)
(Increase) decrease in deposits and other assets	(84,199)	252,351
Increase (decrease) in accounts payable and cash overdraft	488,380	(107,353)
Increase in accrued expenses	243,914	433,050
Increase in accrued consulting contract	34,019	-
Decrease in deferred revenue	(500,242)	-
Increase (decrease) in other current liabilities	(2,189)	342,885
Decrease in accrued expenses for discontinued operations	-	(10,000)
Total Adjustments	990,192	941,369
NET USED IN OPERATING ACTIVITIES	(613,521)	(1,023,662)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(548)	(23,345)
Proceeds from the sale of fixed assets	10	-
Business acquisitions, net of cash acquired	(253,326)	(880,939)
(Increase) decrease in Restricted Cash	93,152	(200,497)
NET CASH USED IN INVESTING ACTIVITIES	(160,712)	(1,104,781)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Decrease in due to affiliate	-	250,000
Proceeds from preferred stock	1,000,000	1,201,015
Proceeds from notes payable and long-term debt	389,701	948,929
Payments of notes payable and long-term debt	(194,351)	(363,581)
Redemption of preferred stock	(359,153)	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	836,197	2,036,363
NET INCREASE (DECREASE) IN CASH	61,964	(92,080)
CASH, BEGINNING OF PERIOD	434,063	294,220
CASH, END OF PERIOD	$496,027	$202,140

NATURAL HEALTH TRENDS CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATMENTS

1. BASIS OF PRESENTATION

The accompanying unaudited financial statements of Natural Health Trends Corp. (the "Company") have been prepared in accordance with generally accepted accounting principles for interim financial information and with instructions to Form 10-QSB and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation (consisting of normal recurring accruals) of financial position and results of operations for the interim periods have been presented. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Operating results for the nine month period ended September 30, 2000 are not necessarily indicative of the results that may be expected for the year ending December 31, 2000. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual report on Form 10-KSB for the year ended December 31, 1999.

Reclassifications

Certain prior period amounts have been reclassified to conform to the current period presentation.

The Company had a working capital deficiency of approximately $7,505,000 for the nine months ended September 30, 2000 and $6,597,000 for the year ended December 31, 1999, and they recorded net losses of approximately $1,055,000 and $575,000 respectively, that raise substantial doubt about the Company's ability to continue as a going concern. The Company's continued existence is dependent on its ability to obtain additional debt or equity financing and to generate profits from operations.

2. In March 2000, the Company sold 1,000 shares of Series J Preferred Stock, par value $1,000 per share. The preferred stock pays a dividend at the rate of 10% per annum. The preferred stock and the accrued dividends thereon are convertible into shares of the Company's common stock at a conversion price equal to the lower of the closing bid price on the date of issuance or 70% of the average closing bid price of the common stock for the lowest three trading days during the twenty day period immediately preceding the date on which the Company received notice of conversion from a holder. In connection with the offering of the Series J preferred Stock, the Company issued warrants to purchase 141,907 shares of it's common stock at an exercise price of $1.41 per share.

3. During the first quarter of 2000, the Company received notice of conversion on 359 shares of Series H Preferred Stock. The Company issued 434,660 shares of common stock in settlement of the 359 shares of Series H Preferred Stock and the accrued dividends thereon. The following table sets forth the conversions and the stock price thereof as of the date of conversion.

Conversion Date	Series H Preferred Stock Face Value	Common Stock Conversion Price
01/25/00	$34,000	$1.01
01/27/00	15,154	1.04
02/15/00	125,000	0.95
02/16/00	185,000	1.02

4. During the second quarter of 2000, the Company received notice of conversion on $350,000 convertible Notes Payable. The Company issued 1,958,505 shares of common stock in settlement of $350,000 of Notes Payable and the accrued interest thereon. The following table sets forth the conversions and the

stock price thereof as of the date of conversion.

Conversion Date	Note Payable Face Value	Common Stock Conversion Price
04/28/00	$75,000	$0.19
04/28/00	66,667	0.19
04/28/00	66,667	0.19
04/28/00	33,333	0.19
04/28/00	33,333	0.19
05/11/00	75,000	0.20

In July 2000, the Company rescinded the notice of conversion on the Notes Payable. The Company was in specific violation of certain clauses of the Notes Payable agreements with respect to demand registration rights of the converted common stock.

5. On July 24, 2000, the Company was delisted from the NASDAQ Small Cap trading board. The common stock is now traded on the NASDAQ OTC Bulletin Board, due to the Company's non-compliance with NASDAQ maintenance criteria.

Item 2. Management's Discussion and Analysis or Plan of Operations

The following discussions should be read in conjunction with the condensed consolidated financial statements and notes contained in Item 1 hereof.

Forward Looking Statements

When used in Form 10-QSB and in future filings by the Company with the Securities and Exchange Commission, the words "will likely result", "the Company expects", "will continue", "is anticipated", "estimated", "projected", "outlook" or similar expressions are intended to identify "forward- looking statements" within the meaning of the Private Securities Litigation Act of 1995. The Company wishes to caution readers not to place undue reliance on such forward-looking statements, each of which speak only as of the date made. Such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical earnings and those presently anticipated or projected. The Company has no obligation to publicly release the results of any revisions, which may be made to any forward-looking statements to reflect anticipated or unanticipated events or circumstances occurring after the date of such statements.

Overview

Prior to August 1997, the Company's operations consisted of the operations of Natural Health Care Centers, and vocational schools. Upon the acquisition of Global Health Alternatives, Inc. ("GHA") on July 23, 1997, the Company commenced marketing and distributing a line of natural, over-the-counter homeopathic pharmaceutical products. In February 1999, the Company formed a subsidiary, Kaire Nutraceuticals, Inc. ("KNI"), and acquired substantially all of the assets of Kaire International, Inc. and commenced marketing and distributing a line of natural, herbal based dietary supplements and personal care products through an established network marketing system. The Company discontinued the operations of the natural health care centers during the third quarter of 1997 and sold the vocational schools in August 1998. During most of the year ended December 1997, the Company's ongoing lines of business were not in operation, not having been acquired until July 1997 and February 1999, respectively.

Three Months Ended September 30, 2000 Compared To The Three Months Ended September 30, 1999.

Net Sales. Net sales for the three months ended September 30, 2000 were approximately $1,544,000 as compared to net sales for the three months ended September 30, 1999 of approximately

$4,061,000, a decrease of approximately $2,517,000 or 62.0%. Sales declines were primarily due to the licensing of the GHA product lines resulting in approximately $191,000 decline for the quarter in sales, the closure of KNI's United Kingdom subsidiary, a $140,000 decline. North American sales declined approximately $1,528,000, primarily due to inconsistencies in product delivery and product shortages. The Company's number of independent distributors has declined approximately 25%. This trend is partially offset by the acquisition in July of Network Online, whose sales were approximately $50,000 for the three months ended September 30, 2000. This subsidiary has been folded into the Kaire Nutraceutical's operations at the end of the current quarter and eKaire.com, a subsidiary that began operations on September 18, 2000.

Cost of Goods Sold. Cost of goods sold for the three months ended September 30, 2000 was approximately $528,000 or 34.2% of net sales. Cost of goods sold for the three months ended September 30, 1999 was approximately $948,000 or 23.3% of net sales. The total cost of goods sold decreased by approximately $420,000 or 79.6%. The Company believes that the decrease in total dollars and increase as a percentage of net sales was primarily attributable to KNI and higher fulfillment and shipping costs and its acquisition of Network Online, whose product line yields a lower gross profit.

Gross Profit. Gross profit decreased from approximately $3,113,000 in the three months ended September 30, 1999 to approximately $1,016,000 in the three months ended September 30, 2000. The decrease was approximately $2,097,000 or 206.3%. The decrease is attributable to the decline in sales from both GHA and KNI and higher shipping costs associated with KNI's fulfillment of backordered products.

Commissions. Associate commissions were approximately $683,000 or 44.2% of net sales in the three months ended September 30, 2000 compared with $2,007,000 or 49.4% of net sales in the three months ended September 30, 1999. The decline of approximately $1,324,000 is a result of lower sales attributable to KNI's direct marketing system. The decline as a percentage of net sales is primarily due to the change in KNI's commission structure in late 1999.

Selling, General and Administrative Expenses. Selling, general and administrative costs decreased from approximately $1,786,000 or 44.0% of sales in the three months ended September 30, 1999 to approximately $1,076,000 or 69.7% of sales in the three months ended September 30, 2000, an decrease of approximately $710,000 or 65.9%. The decrease in dollars and corresponding increase as a percentage of sales is primarily attributable to the acquisition of Network Online and the start-up costs associated with eKaire.com.

Loss from Operations. Operating losses increased from approximately $680,000 in the three months ended September 30, 1999 to approximately $743,000 in the three months ended September 30, 2000 representing a 4.6% increase in the loss or approximately $33,000 between comparable periods.

Minority Interest. The loss offset of approximately $16,000 in the three months ended September 30, 2000 compared to approximately $39,000 for the three months ended September 30, 1999, the minority interest is a reflection of the losses of the Australia and New Zealand subsidiaries. KNI owns 51% of such subsidiaries.

Gain(loss) on Foreign Exchange. During the three months ended September 30, 1999, the net gain realized on foreign exchange adjustments was approximately $8,000 compared to a net gain of approximately $24,000 for the three months ended September 30, 2000 reflecting a stronger U.S. dollar than KNI's subsidiaries in Australia, New Zealand and Trinidad and Tobaggo.

Interest Expense (net). Interest expenses of approximately $12,000 or 0.3% of sales in the three months ended September 30, 1999 increased to approximately $41,000 or 2.7% of sales in the three months ended September 30, 2000, a change of approximately $29,000. This increase is due primarily to a increase in interest bearing debt.

Income Taxes. Income tax benefits were not reflected in either period. The anticipated benefits of utilizing net operating losses against future profits was not recognized in the three months ended September 30, 2000 or the three months ended September 30, 1999 under the provisions of Financial Standards Board Statement of Financial Accounting Standards No.109 (Accounting for Income Taxes), utilizing its loss carryforwards as a component of income tax expense. A valuation allowance equal to the net deferred tax asset has not been recorded, as management of the Company has not been able to determine that it is more likely than not that the deferred tax assets will be realized.

Net Loss from Continuing Operations. Net loss from continuing operations was approximately $744,000 in the three months ended September 30, 2000 or 48.2% of net sales as compared to approximately $645,000 or 15.9 % of net sales in the three months ended September 30, 1999. Of the net loss from continuing operations, approximately $20,000 was attributable to eKaire.com marketing efforts, and approximately $350,000 was attributable to legal and accounting fees.

Discontinued Operations. In April 2000, the Company closed its United Kingdom subsidiary. The Company had anticipated $20,000 in liquidation proceeds, however, this value has been reduced to $5,000.

Net Loss. Net loss was approximately $759,000 in the three months ended September 30, 2000 or 49.1% of net sales as compared to approximately $752,000 net loss or 18.5% of net sales in the three months ended September 30, 1999. The increase as a percentage of net sales is primarily related to the decline in KNI's sales volume.

Nine Months Ended September 30, 2000 Compared To The Nine Months Ended September 30, 1999.

Net Sales. Net sales for nine months ended September 30, 2000 were approximately $6,499,000 as compared to net sales for the nine months ended September 30, 1999 of approximately $11,426,000, a decrease of approximately $4,928,000 or 43.1%. Sales declines were primarily due to the licensing of the GHA product lines resulting in approximately $722,000 decline in sales, the closure of KNI's United Kingdom subsidiary, a $400,000. North American sales declined approximately $4,674,000 due to the outsourcing of KNI's fullfillment center at the end of 1999 which negatively impacted it's product distribution. The Company has subsequently reopened it's warehouse operations. In addition, the Company has been inconsistent in it's product shipments, resulting in a decrease in sales.

Cost of Goods Sold. Cost of goods sold for the nine months ended September 30, 2000 was approximately $1,674,000 or 25.8% of net sales. Cost of goods sold for the nine months ended September 30, 1999 was approximately $2,446,000 or 21.4% of net sales. The total cost of goods sold decreased by approximately $772,000 or 31.6%. The Company believes that the decrease in total dollars and increase as a percentage of net sales was primarily attributable to KNI and higher fulfillment and shipping costs and its acquisition of Life Dynamics and Network Online, whose product line yields a lower gross profit.

Gross Profit. Gross profit decreased from approximately $8,981,000 in the nine months ended September 30, 1999 to approximately $4,825,000 in the nine months ended September 30, 2000. The decrease was approximately $4,156,000 or 46.3%. The decrease is attributable to the decline in sales from both GHA and KNI and higher shipping costs associated with KNI's fulfillment issues.

Commissions. Associate commissions were approximately $2,802,000 or 43.1% of net sales in the nine months ended September 30, 2000 compared with $5,539,000 or 48.5% of net sales in the nine months ended September 30, 1999. The decline of approximately $2,737,000 is a result of lower sales attributable to KNI's direct marketing system. The decline as a percentage of net sales is primarily due to the change in KNI's commission structure in late 1999.

Selling, General and Administrative Expenses. Selling, general and administrative costs decreased from approximately $5,289,000 or 46.3% of sales in the nine months ended September 30, 1999 to approximately $3,636,000 or 55.9% of sales in the nine months ended September 30, 2000, a decrease of approximately $1,653,000 or 31.2%. The decrease in dollars and corresponding increase as a percentage of sales is primarily attributable to KNI's operations. KNI reduced staff at the end of April 2000 and closed it's Colorado facility, which resulted in one time costs of approximately $192,000 related to accrued vacation payouts, disposal of fixed assets, and moving expenses.

Loss from Operations. Operating losses decreased from approximately $1,847,000 in the nine months ended September 30, 1999 to approximately $1,613,000 in the nine months ended September 30, 2000 representing a 12.7% decrease in the loss or approximately $234,000 between comparable periods. This decrease is due to minimal losses being incurred by GHA as a result of lower overhead.

Minority Interest. The loss offset of approximately $81,000 in the nine months ended September 30, 2000 compared to approximately $50,000 for the nine months ended September 30, 1999, the minority interest is a reflection of the losses of the Australia and New Zealand subsidiaries. KNI owns 51% of such subsidiaries.

Gain(loss) on Foreign Exchange. During the nine months ended September 30, 1999, the net gain realized on foreign exchange adjustments was approximately $10,000 compared to a net gain of approximately $7,000 for the nine months ended September 30, 2000 reflecting a strong U.S. dollar in KNI's subsidiaries in Australia, New Zealand and Trinidad and Tobaggo.

Interest Expense (net). Interest expenses of approximately $50,000 or 0.4% of sales in the nine months ended September 30, 1999 increased to approximately $59,000 or 0.9% of sales in the nine months ended September 30, 2000, a change of approximately $9,000. This increase is due primarily to an increase in interest bearing debt.

Income Taxes. Income tax benefits were not reflected in either period. The anticipated benefits of utilizing net operating losses against future profits was not recognized in the nine months ended September 30, 2000 or the nine months ended September 30, 1999 under the provisions of Financial Standards Board Statement of Financial Accounting Standards No.109 (Accounting for Income Taxes), utilizing its loss carryforwards as a component of income tax expense. A valuation allowance equal to the net deferred tax asset has not been recorded, as management of the Company has not been able to determine that it is more likely than not that the deferred tax assets will be realized.

Net Loss from Continuing Operations. Net loss from continuing operations was approximately $1,584,000 in the nine months ended September 30, 2000 or 24.4% of net sales as compared to approximately $1,837,000 or 16.1% of net sales in the nine months ended September 30, 1999

Discontinued Operations. In April 2000, the Company closed its United Kingdom subsidiary. During the nine months ended September 30, 2000, the Company wrote off $15,000 of the anticipated liquidation proceeds.

Gain on Forgiveness of Debt. During the nine months ended September 30, 1999, the Company realized a $1,000 gain on the workout of various debt and payables of GHA.

Net Loss. Net loss was approximately $1,604,000 in the nine months ended September 30, 2000 or 24.7% of net sales as compared to approximately $1,965,000 net loss or 17.2% of net sales in the nine months ended September 30, 1999. The decrease as a percentage of net sales is primarily related to KNI's sales volume and a greater gross margin on KNI related sales.

Liquidity and Capital Resources:

We have funded our working capital and capital expenditure requirements primarily from cash provided through borrowings from institutions and individuals, and from the sale of our securities in private placements. Our other ongoing source of cash receipts has been from the sale of Kaire Nutraceuticals' products.

In February 1998, we issued $300,000 face amount of Series B Preferred Stock, net of expenses of $38,500. The Series B Preferred Stock has been converted into 541,330 shares of common stock.

In April 1998, we issued $4,000,000 face amount of Series C Preferred Stock, net of expenses of $492,500 from the proceeds raised, we paid $2,500,000 to retire $1,568,407 face value of Series A Preferred Stock outstanding. The Series C Preferred Stock has been converted into 3,608,296 shares of common stock.

In July 1998, we issued $75,000 face amount of Series D Preferred Stock, which was redeemed in August 1998 for $91,291.

In August 1998, we issued $1,650,000 face amount of Series E Preferred Stock, net of expenses of $210,500. The Series E Preferred Stock pays dividends of 10% per annum and is convertible into shares of common stock at the lower of the closing bid price on the date of issue or 75% of the market value of the common stock. In September 1999, $610,000 of face amount of Series E Preferred Stock was converted into 603,130 shares of common stock. During the quarter ended September 30, 2000, an additional $30,000 face amount of Series E Preferred Stock was converted into 921,138 shares of common stock.

In August 1998, we sold our three vocational schools and certain related businesses for $1,778,333 and other consideration. From the proceeds from the sale of the schools, we paid $1,030,309 to retire the remaining $631,593 face value of Series A Preferred Stock then outstanding, and $91,291 to redeem all of the Series D Preferred Stock outstanding. The remaining proceeds were used to pay down payables.

In March and April 1999, we issued $1,400,000 of Series H Preferred Stock. The Series H Preferred Stock pays dividends of 10% per annum and is convertible into shares of common stock at the lower of the closing bid price on the date of issue or 75% of the market value of the common stock. In the first quarter of 2000, 359.154 shares of Series H Preferred Stock were converted into 434,660 shares of the Company's common stock.

In June 1999, we borrowed $100,000 from Domain Investments, Inc. The loan bears interest at 10% per annum and is payable on demand. The note is convertible into shares of common stock at a discount equal to 60% of the average closing bid price of the common stock on the three days preceding notice of conversion.

In July and August 1999 we borrowed $150,000 from Filin Corporation, and issued a secured promissory note due on the earlier of 60 days from the date of issuance or upon the sale of its securities resulting in gross proceeds of at least $5,000,000 and bearing interest at the rate of 10% per annum, but in no event less than $12,000. In October 1999 we amended the promissory note to provide that the note is payable upon demand and is convertible into shares of common stock at a discount equal to 60% of the average closing bid price of the common stock on the three days preceding notice of conversion.

In October 1999, we borrowed $100,000 from Domain Investments, Inc. The loan bears interest at 10% per annum and is payable on demand. The note is convertible into shares of common stock at a discount equal to 60% of the average closing bid price of the common stock on the three days preceding notice of conversion.

In November 1999, we borrowed $70,000 from Domain Investments, Inc. The loan bears interest at 10% per annum and is payable on demand. The note is convertible into shares of common stock at a discount equal to 60% of the average closing bid price of the common stock on the three days preceding notice of conversion. This note was repaid with interest in March 2000.

During 1999, the Company has not made its payroll tax deposits with the Internal Revenue Service ("IRS") and the various state taxing authorities on a timely basis. The Company has filed all required payroll tax returns and current quarter payments and is currently negotiating a payment plan with the IRS. As of September 30, 2000, the Company owes approximately $663,000 of delinquent payroll tax liabilities including interest and penalties. The Company's failure to pay its delinquent payroll tax liabilities could result in tax liens being filed by various taxing authorities.

During 1999, the Company did not make its sales tax deposits with the various sales tax authorities on a timely basis. The Company has filed all required sales tax returns. As of September 30, 2000, the Company owed approximately $175,000 in current and delinquent sales taxes which is included in other current liabilities. The Company's failure to pay its delinquent sales taxes could result in tax liens being filed by various taxing authorities.

In March 2000, we sold 1,000 shares of Series J Preferred Stock with a stated value of $1,000 per share realizing net proceeds of $1,000,000. The preferred stock pays a dividend at the rate of 10% per annum. The preferred stock and the accrued dividends thereon are convertible into shares of the Company's common stock at a conversion price equal to the lower of the closing bid price on the date of issuance or 70% of the average closing bid price of the common stock for the lowest three trading days during the twenty day period immediately preceding the date on which the Company receives notice of conversion from a holder. In connection with the offering of the Series J Preferred Stock, the Company issued warrants to purchase 141,907 shares of common stock at an exercise price of $1.41 per share.

In September 2000 we converted $2,900 face amount of Series G Preferred stock for 139,926 shares of common stock.

At June 30, 2000, our ratio of current assets to current liabilities was .81 to 1.0 and we had a working capital deficit of approximately $7,505,000.

Cash used in operations for the nine months ended September 30, 2000 was approximately $616,000. Cash used by investing activities during the period was approximately $161,000, which primarily relates to the acquisition of Life Dynamics, Inc.and Network OnLine, Inc.offset by a return of restricted cash in connection with credit card agreements at Kaire. Cash provided by financing activities during the period was approximately $836,000, primarily from the issuance of preferred stock of approximately $1,000,000 and partially offset by the redemption of Series H preferred stock of approximately $359,000. Total cash increased by approximately $62,000 during the period.

Our independent auditors' report on our consolidated financial statements stated as of December 31, 1999 due to net losses and a working capital deficit, there is substantial doubt about the company's ability to continue as a going concern. The Company requires additional financing to continue operations of which there can be no assurance. Management has revised its business plan of marketing development and support for Global Health's products, licensing rights to sell its products. We believe that the Company will require approximately $1,500,000, primarily to finance operations for the next 12 months assuming that we do not have to satisfy certain existing obligations. The Company intends to raise such additional financing through additional debt and equity financings, of which there can be no assurance and for which there are no commitments or definitive agreements. We have not reached satisfactory settlements with Global Health's creditors and we have ceased the operations of Global Health and Global Health may file for protection from creditors under the bankruptcy laws. There can be no assurance that we will be able to achieve satisfactory settlements with our creditors or secure such additional financing. The failure of Natural Health Trends to achieve satisfactory settlements with our creditors and secure additional financing would have a material adverse effect on our business, prospects, financial conditions and results of operations and we may have to curtail or cease operations.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 2. Changes in Securities and Use of Proceeds

The Company rescinded its issuance of 1,958,505 shares of the Company's common stock and re-recorded Notes Payable in the amount of $350,000 that had been redeemed during the second quarter of 2000. The Company was in violation of certain clauses of the Notes Payable relating to demand registration rights.

Item 3. Defaults upon Senior Securities

None

Item 4. Submission of Matters to Vote of Security Holders

None

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

None

(b) Reports on Form 8-K

None

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.

NATURAL HEALTH TRENDS CORP.

By: /S/ Mark D. Woodburn

Mark D. Woodburn
Chief Financial Officer

Date: November 15, 2000

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