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 the Quarter Ended September 30, 1996

[ ] TRANSITION REPORT PURSUANT TO 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.)

2001 West Sample Road, Suite 318
Pompano Beach, FL 33064
(Address of Principal Executive Offices)

(954) 969-9771
(Issuer's telephone number)

Check whether the issuer: (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

The number of shares outstanding of the issuer's Common Stock, $.001 par value, as of November 14, 1996 was 11,195,108 shares.

NATURAL HEALTH TRENDS CORP.

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<TABLE>
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</TABLE>

NATURAL HEALTH TRENDS CORP.

CONSOLIDATED BALANCE SHEET

SEPTEMBER 30, 1996

(UNAUDITED)

ASSETS

CURRENT ASSETS:	
Cash	$ 118,558
Marketable securities	255,714
Accounts receivable	1,389,076
Inventories	224,428
Due from officers	147,770
Prepaid expenses and other current assets	228,702
TOTAL CURRENT ASSETS	2,364,247
PROPERTY, PLANT AND EQUIPMENT	3,137,838
DUE FROM OFFICERS	22,524
GOODWILL	1,518,640
DEPOSITS AND OTHER ASSETS	86,754
	$ 7,130,003

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:	
Accounts payable	$ 355,931
Accrued expenses	158,612
Revolving credit lines	505,465
Notes payable	125,000
Current portion of long term debt	48,083
Deferred revenue	686,402
Other current liabilities	144,803
TOTAL CURRENT LIABILITIES	2,024,295
LONG-TERM DEBT	1,910,750
DUE TO BANK	43,491
COMMON STOCK SUBJECT TO PUT	380,000
STOCKHOLDERS' EQUITY:	
Preferred stock, $.001 par value, 1,500,000 shares authorized; no shares issued and outstanding	-
Common stock, $.001 par value; 20,000,000 shares authorized; 11,189,108 shares issued and	

outstanding at September 30, 1996	11,189
Additional paid-in capital	5,481,930
Retained earnings (accumulated deficit)	(2,341,652)
Common stock subject to put	(380,000)
TOTAL STOCKHOLDERS' EQUITY	2,771,467
	$ 7,130,003

See notes to consolidated financial statements.

NATURAL HEALTH TRENDS CORP.

CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)

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	Three months ended September 30,		Nine months ended September 30,	
	1996	1995	1996	1995
<S>	<C>	<C>	<C>	<C>
REVENUES	$ 1,791,214	$ 1,077,356	$ 5,461,644	$ 2,981,326
COST OF SALES	834,775	493,473	2,925,645	1,467,643
GROSS PROFIT	956,439	583,883	2,535,999	1,513,683
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	1,109,585	874,116	2,928,705	1,812,658
NON-CASH IMPUTED COMPENSATION EXPENSE	-	-	-	559,000
OPERATING INCOME (LOSS)	(153,146)	(290,233)	(392,706)	(857,975)
OTHER INCOME (EXPENSE):				
Interest (net)	(55,952)	(55,800)	(161,578)	(112,320)
Write-off of deferred financing costs	-	-	-	(347,974)
TOTAL OTHER INCOME (EXPENSE)	(55,952)	(55,800)	(161,578)	(460,294)
INCOME (LOSS) BEFORE INCOME TAXES	(209,098)	(346,033)	(554,284)	(1,318,269)
PROVISION FOR INCOME TAXES	-	-	-	5,000
NET INCOME (LOSS)	$ (209,098)	$ (346,033)	$ (554,284)	$ (1,323,269)
EARNINGS (LOSS) PER COMMON SHARE	$ (0.02)	$ (0.03)	$ (0.05)	$ (0.14)
WEIGHTED AVERAGE COMMON SHARES USED	11,189,108	10,673,262	11,159,665	9,185,912

</TABLE>

See notes to consolidated financial statements.

NATURAL HEALTH TRENDS CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

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	Nine months ended September 30, 1996	1995
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (554,284)	$ (1,323,269)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	180,988	54,160
Non-cash imputed compensation expense	-	559,000
Write-off of imputed deferred financing costs	-	227,293
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(615,032)	(321,830)
(Increase) decrease in inventories	(99,541)	(1,224)
(Increase) decrease in prepaid expenses	38,544	(27,804)
(Increase) decrease in deferred registration costs	-	165,421
(Increase) decrease in deposits and other assets	(3,325)	(182,898)
Increase (decrease) in accounts payable	136,706	128,666
Increase (decrease) in accrued expenses	97,634	54,852
Increase (decrease) in deferred revenue	201,158	89,377
Increase (decrease) in deferred taxes	-	5,000
Increase (decrease) in other current liabilities	68,512	56,184
TOTAL ADJUSTMENTS	5,643	806,197
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(548,641)	(517,072)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(433,228)	(2,692,023)
Acquisition expenses	(20,000)	-
Purchase of marketable securities	(255,714)	-
NET CASH USED IN INVESTING ACTIVITIES	(708,942)	(2,692,023)
CASH FLOWS FROM FINANCING ACTIVITIES:		

Increase in due from officer	(22,728)	(6,800)
Proceeds from mortgage payable	-	1,875,000
Increase (decrease) in due to bank	16,188	-
Proceeds from notes payable and long-term debt	780,465	570,000
Payments of notes payable and long-term debt	(208,427)	(761,917)
Payment of dividends	(184,173)	-
Issuance of common stock	-	2,752,090
NET CASH PROVIDED BY FINANCING ACTIVITIES	381,325	4,428,373
NET INCREASE (DECREASE) IN CASH	(876,258)	1,219,278
CASH, BEGINNING OF PERIOD	994,816	57,805
CASH, END OF PERIOD	$ 118,558	$ 1,277,083

</TABLE>

See notes to consolidated financial statements.

NATURAL HEALTH TRENDS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NINE MONTHS ENDED SEPTEMBER 30, 1996

(UNAUDITED)

1. BASIS OF PRESENTATION

The accompanying financial statements are unaudited, but reflect all adjustments which, in the opinion of management, are necessary for a fair presentation of financial position and the results of operations for the interim periods presented. All such adjustments are of a normal and recurring nature. The results of operations for any interim period are not necessarily indicative of the results attainable for a full fiscal year.

2. EARNINGS (LOSS) PER SHARE

Per share information is computed based on the weighted average number of shares outstanding during the period.

3. REVOLVING CREDIT LINES

A. The Company entered into a revolving credit line with Merrill Lynch as of October 4, 1995 in the amount of $300,000. This revolving credit line was activated by the Company on February 29, 1996. The revolving credit line expires on October 31, 1997, at which time the Company is required to pay back any and all amounts borrowed under the revolving credit line. Interest accrues at the rate of prime plus 1%. As of September 30, 1996, the Company had approximately $185,000 outstanding under this revolving credit line. A $250,000 investment that the Company has with Merrill Lynch is restricted as security for any loans under this revolving credit line.

B. In April 1996, the Company entered into a revolving credit agreement with Capital Bank. The agreement provides for advances up to $350,000, carries interest at 7% and matures in April 1997. A total of $320,000 is outstanding under this agreement at September 30, 1996.

4. ACQUISITIONS

A. On January 22, 1996, the Company acquired all of the assets of Sam Lilly, Inc., an alternative health care clinic, in exchange for 380,000 shares of the Company's common stock. The acquisition was accounted for as a purchase. The net assets acquired totaled approximately $9,000. As a result of this acquisition, the Company recorded goodwill of $1,380,000. This goodwill is being amortized over a period of 20 years.

B. On June 26, 1996, the Company acquired the Institute of Natural Medicine, Inc., an alternative health care clinic, in a business combination accounted for as a pooling of interests. The Company acquired 100% of this company in exchange for 110,000 shares of its common stock. The accompanying financial statements have been restated to reflect the combined companies for all periods presented.

The following table presents a breakdown of amounts included in the accompanying statements of operations attributable to each company:

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	Three months ended September 30,		Nine months ended September 30,	
	1996	1995	1996	1995
<S>	<C>	<C>	<C>	<C>
REVENUES:				
Natural Health Trends Corp.	$ 1,602,464	$ 876,592	$ 4,785,683	$ 2,379,034
Institute of Natural Medicine	188,750	200,764	675,961	602,292
Total	$ 1,791,214	$ 1,077,356	$ 5,461,644	$ 2,981,326
NET INCOME (LOSS):				
Natural Health Trends Corp.	$ (222,593)	$ (371,113)	$ (672,720)	$ (1,398,509)
Institute of Natural Medicine	13,495	25,080	118,436	75,240
Total	$ (209,098)	$ (346,033)	$ (554,284)	$ (1,323,269)

</TABLE>

5. WARRANTS

On August 9, 1996, the Company effected a 2:1 split of both its Class A and Class B Warrants. Each Class A Warrant now entitles the holder to purchase one share of Common Stock for an exercise price of $3.00. Each Class B Warrant now entitles the holder to purchase one share of Common Stock for an exercise price of $3.625. Additionally, the redemption price of Class A Warrants was adjusted to $.025 per warrant and the closing bid price at which the Class A Warrants are redeemable was adjusted to $4.50 per share. The redemption price of Class B Warrants was adjusted to $.025 per warrant and the closing bid price at which the Class B Warrants are redeemable was adjusted to $5.00 per share.

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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

On June 26, 1996, the Company acquired the Institute of Natural Medicine, Inc. in a business combination accounted for as a pooling of interest. Accordingly, previous financial statements have been restated and the following discussions include the accounts of the Institute of Natural Medicine, Inc., for all periods.

THREE MONTHS ENDED SEPTEMBER 30, 1996 AND 1995

Revenues:

Total revenues were $1,791,214 for the three months ended September 30,1996 compared to $1,077,356 for the three months ended September 30, 1995. This represents an increase of $718,858 or 66%.

Management believes that the increase is primarily attributable to $359,759 in fee revenue provided by the alternative health care clinic acquired by the Company in January 1996, a decrease in revenue from the Institute of Natural Medicine, Inc. of $12,014, an increase in revenue of $283,144 from the Company's Oviedo school which was acquired in November 1995, $68,943 in tuition revenue from the previously existing Lauderhill and Miami schools due to increased enrollment and increased tuition rates, and $75,644 in rental income which did not commence until property in Pompano Beach, Florida (the "Pompano Property") was acquired in May 1995. Revenues from the Company's on campus bookstores were $73,080 for the three months ended September 30, 1996 as compared to $75,516 for the comparable period in 1995.

Cost of sales:

Cost of sales for the three months ended September 30,1996 were $834,775 compared to $493,473 for the comparable period last year. Gross profit as a percentage of revenues was 53% compared with 54% for the three months ended September 30,1995. Management believes that the decrease in gross profit percentage is related to the change in mix of services provided by the Company, specifically the alternative health care clinics which have higher costs for salaries and products. Additionally, the cost attributable to the Company's

corporate massage service which is in the start-up stage contributed to this decrease as there was minimal revenues from this segment of the business.

Selling, General and Administrative Expenses:

Selling, general and administrative expenses were $1,109,585 for the three months ended September 30,1996. This represents an increase of $235,469 over the three months ended September 30,1995. Management believes that the increase is primarily due to the new operations of the alternative health care clinic as well as the Company's Oviedo school. As a percentage of revenues, these cost were 62% as compared to 81% in the 1995 period.

Interest Expense

Interest expense for the three months ended September 30, 1996 was $55,952 as compared to $55,800 for the comparable period of 1995.

Net Loss

For the three months ended September 30, 1996, the net loss was $209,098 compared to a net loss of $346,033 for the three months ended September 30, 1995. Management believes that the decrease in the loss is primarily attributable to the impact of the individual elements discussed above.

NINE MONTHS ENDED SEPTEMBER 30, 1996 AND 1995

Revenues:

Total revenues were $5,461,644 for the nine months ended September 30,1996 compared to $2,981,326 for the nine months ended September 30, 1995. This represents an increase of $2,480,318 or 83%.

Management believes that the increase is primarily attributable to $1,201,277 in fee revenue provided by the alternative health care clinic acquired by the Company in January 1996, $591,516 from the Company's Oviedo school which was acquired in November 1995, $353,879 in increased tuition revenue from the previously existing Lauderhill and Miami schools due to increased enrollment and increased tuition rates, and $108,501 in rental income which did not commence until the Pompano Property was acquired in May 1995. Revenues from the Company's on campus bookstores were $251,822 for the nine months ended September 30, 1996 as compared to $131,138 for the 1995 comparable period. The Company believes that this increase is primarily attributable to increased enrollment, the addition of the Oviedo school and a wider array of products.

Cost of sales:

Cost of sales for the nine months ended September 30,1996 were $2,925,645 compared to $1,467,643 for the comparable period last year. Gross profit as a percentage of revenues was 46% for the nine months ended September 30, 1996 compared with 50% for the nine months ended September 30,1995. Management believes the decrease in gross profit as a percentage of revenues in 1996 is attributable to there being a change in the mix of services offered by the Company, specifically the alternative health care clinics, which have higher costs for salaries and products, in addition to the inclusion of costs attributable to the Company's corporate massage service, which is still in a start-up stage, contributed to such decrease and has provided minimal revenues to date.

Selling, General and Administrative Expenses:

Selling, general and administrative expenses were $2,928,705 for the nine months ended September 30,1996. This represents an increase of $1,116,047 over the nine months ended September 30,1995. The increase is primarily due new operations of the alternative health care clinic as well as the Company's Oviedo school. As a percentage of revenues, these cost were 54% in the 1996 period as compared to 61% in the 1995 period.

Non-cash Imputed Compensation Expense

During the nine months ended September 30,1995, the Company expensed $559,000 relating to the issuance of 215,000 shares of the Company's common stock to certain officers and individuals within twelve months of the Company's initial public offering of it's securities (the "Initial Public Offering"). Such amount represents the assumed fair market value of the shares of common stock issued to these individuals.

This non cash expense in the second quarter of 1995 was accompanied by a corresponding increase in the additional paid-in capital account and resulted in no change to stockholder's equity.

Writeoff of Deferred Finance Costs

The writeoff of deferred finance costs during the nine months ended September 30, 1995 in the amount of $347,974 represents the remaining deferred finance costs relating to bridge financing in the amount of $350,000 during the first quarter of 1995 (the "Bridge Financing") and a non-cash imputed common stock valuation charge relating to other lenders.

Interest Expense

Interest expense for the nine months ended September 30, 1996 was $161,578 as compared to $112,320 for the comparable period of 1995.The increase is primarily due to interest on the mortgage of the Pompano Property which was acquired in May 1995.

Net Loss

For the nine months ended September 30, 1996, the net loss was $554,284 compared to a net loss of $1,323,269 for the nine months ended September 30, 1995. Management believes that the decrease in the loss is primarily attributable to the impact of the individual elements discussed above.

Liquidity and Capital Resources

The Company has funded its working capital and capital expenditures requirements from cash provided through borrowings from individuals and institutions and from the sale of the Company's securities in a private placement and the Initial Public Offering. The Company's primary source of cash receipts is from the payments for tuition, fees and books revenue from the operation of the Company's alternative health care clinics. The payments related to fees, tuition and books were funded primarily from student and parent educational loans and financial aid under various Federal and state assistance programs and, to a significantly lesser extent, from student and parent resources.

At September 30,1996 the ratio of current assets to current liabilities was 1.17 to 1.0, and working capital was approximately $340,000.

Cash used in operations for the period ended September 30,1996 was approximately $549,000, attributable primarily to the net loss of $554,000.

The Company entered into a revolving credit line with Merrill Lynch as of October 4, 1995 in the amount of $300,000. This revolving credit line was activated by the Company on February 29, 1996. The revolving credit line expires on October 31, 1997, at which time the Company is required to pay back any and all amounts borrowed under the revolving credit line. Interest accrues at the rate of prime plus 1%. As of September 30, 1996, the Company had approximately $185,000 outstanding under this revolving credit line. A $250,000 investment that the Company has with Merrill Lynch is restricted as security for any loans under this revolving credit line.

In April 1996, the Company entered into a revolving credit agreement with Capital Bank. The agreement provides for advances up to $350,000, carries interest at 7% and matures in April 1997. A total of $320,000 is outstanding under this agreement at September 30, 1996.

Capital expenditures, primarily related to construction for the preparation for use of the Pompano Property, used approximately $433,000 of cash.

The Company anticipates that its net cash flow together with available lines of credit will be sufficient to finance the Company's operations during the next twelve months.

PART II - OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS - none
Item 2. CHANGES IN SECURITIES - none
Item 3. DEFAULTS UPON SENIOR SECURITIES - none

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITIES HOLDER

The Company held an annual meeting of stockholders on August 7, 1996. The selection of Feldman Radin & Co., P.C. to serve as independent auditors for the year ending December 31, 1996 by the Board of Directors was ratified by a stockholder vote of 11,012,867 for, 0 against and 100 abstained. The amendment of the Company's certificate of incorporation increasing the number of authorized shares of Common Stock from 20,000,000 to 40,000,000 was approved by the stockholders by a vote of 11,012,867 for and 0 against.

Item 5. OTHER INFORMATION - none
Item 6. EXHIBITS AND REPORTS OF FORM 8-K
a) Exhibit Index
b) Reports on Form 8-K - none

NATURAL HEALTH TRENDS CORP. EXHIBIT INDEX

Number Description of Exhibit
1.1 Form of Underwriting Agreement between the Company and Maidstone Financial Inc. (the "Underwriter").*
3.1 Amended and Restated Certificate of Incorporation of the Company.*
3.2 Amended and Restated By-Laws of the Company.*
4.1 Specimen Certificate of the Company's Common Stock.*
4.2 Form of Class A Warrant.*
4.3 Form of Class B Warrant.*
4.4 Form of Warrant Agreement between the Company and Continental Stock Transfer & Trust Company.*
4.5 Form of Underwriter's Warrants.*
4.6 Form of Class A Warrants issued in the 1995 Bridge Financing.*
4.7 Form of Class B Warrants issued in the 1995 Bridge Financing.*
4.8 Form of Bridge Notes issued in the 1995 Bridge Financing.*
4.9 1994 Stock Option Plan.*
10.1 Form of Employment Agreement between the Company and Neal R. Heller.*
10.2 Form of Employment Agreement between the Company and Elizabeth S. Heller.*
10.3 Letter Agreement, dated December 27, 1993, between the Company and Richard Schuman.*
10.4 Lease, dated April 29, 1993, between Florida Institute of Massage Therapy, Inc., as tenant, and MICC Venture, as landlord, as amended.*
10.5 lease, dated April 10, 1991, between Florida Institute of Massage Therapy, Inc., as tenant, and Superior Investment & Development Corporation, as agent, for SIDCOR 50/50 Associates.*
10.6 Department of Education, Office of Postsecondary Education, Office of Student Financial Assistance Program Participation Agreement, dated March 28, 1994, between the Company and the USDOE.*
10.7 Purchase and Sale Agreement between Merrick Venture Capital, Inc., as seller, and the Company, as buyer.*
10.8 First Mortgage Loan Documents between the Company and Trans Florida Bank in connection with the purchase of the Pompano Property.*

Number Description of Exhibit
10.9 Equity Credit Plan and Note, dated March , 1994, among the Company, F.I.M.T.E., Neal R. Heller, Elizabeth S. Heller and American Bank of

Hollywood.*
10.10 Form of Financial Consulting Agreement between the Company and Maidstone.*
10.11 Intentionally omitted.
10.12 Agreement dated June 7, 1995 between Natural Health Trends Corp. and Justin Real Estate Corp.*
10.13 Property Management Agreement dated June 7, 1995 between Natural Health Trends Corp. and Justin Real Estate Corp.*
10.14 Agreement and Plan of Reorganization by and among the Company, HWNC and Sam Lilly Corp., dated as of January 22, 1996.
10.15 Employment Agreement between HWNC and Samantha Haimes dated January 22, 1996.
10.16 Employment Agreement between HWNC and Leonard Haimes, M.D. dated January 27, 1996.
10.17 Agreement by and among the Company, HWNC, Medical Service Consultants, Inc., Diagnostic Services, Inc., Managenet, Inc. and KBM Consultants.
10.18 Employment Agreement between Health Wellness Nationwide Corp., Kaye Lenzi and Natural Health Trends Corp.
16.1 Letter from Soule & Associates, P.A. on change in certifying accountant.
21.1 List of Subsidiaries.*
27.1 Financial Data Schedule.

* Previously filed with the Company's Registration Statement No. 33-991184

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.

/S/Neal Heller___________________
By: Neal Heller
President and Chief Executive Officer

Date: November 15, 1996

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