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 March 31, 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.)

380 Lashley Street
Longmont, Colorado 80501
(Address of Principal Executive Office) (Zip Code)

(303) 682-0110
(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 March 31, 2000 was 8,424,511 shares.

NATURAL HEALTH TRENDS CORP.

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NATURAL HEALTH TRENDS CORP.

CONSOLIDATED BALANCE SHEET

	March 31, 2000 (unaudited)	December 31, 1999
ASSETS		
Current Assets		
Cash	$ 275,494	$ 434,063
Restricted cash	119,667	152,505
Account receivables	836,097	407,490
Inventories	1,117,127	847,212
Prepaid expenses and other current assets	69,647	120,481
Total Current Assets	2,418,032	1,961,751
Property and Equipment, net	456,491	567,065
Long Term Prepaids	139,692	54,228
Patents and Customer Lists	7,873,170	7,912,594
Goodwill	682,654	682,654
Deposits and Other Assets	151,556	75,607
Total Assets	$ 11,721,595	$ 11,253,899
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Checks written in excess of deposits	$ 407,475	556,884
Accounts payable	4,708,620	4,511,772

Accrued expenses	642,167	404,458
Accrued bonus payable	421,383	472,503
Accrued payroll payable	729,984	668,390
Notes payable	515,163	854,684
Notes payable related parties	148,929	112,363
Current portion of long term debt	75,995	75,995
Deferred revenue	--	527,831
Other current liabilities	291,774	231,926
Total Current Liabilites	7,941,490	8,416,806
Long Term Notes Payable	21,568	--
Capital Lease Obligations, net of current portion	43,203	53,158
Total Liabilities	8,006,261	8,469,964
Stockholders' Equity:		
Preferred stock	5,804,542	5,163,695
Common stock	8,425	7,990
Additional paid in capital	22,365,236	21,443,914
Accumulated deficit	(23,822,850)	(23,165,664)
Deferred compensation	(638,250)	(666,000)
Cummulative currency translation adjustment	(1,769)	--
Total Stockholders' Equity	3,715,334	2,783,935
Total Liabilities and Stockholders' Equity	$ 11,721,595	$ 11,253,899

See Notes to Consolidated Financial Statements.

NATURAL HEALTH TRENDS CORP.

CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)

	Three Months Ended March 31, 2000	1999
Revenues	$ 3,186,218	$ 2,804,920
Cost of sales	682,197	667,759
Gross profit	2,504,021	2,137,161
Distributor commissions	1,295,905	1,261,502
Selling, general and administrative expenses	1,234,110	1,431,434
Operating loss	(25,994)	(555,775)
Minority interest in loss of subsidiaries	25,099	(849)
Gain (loss) on foreign exchange	2,641	(8,476)
Other expense	1,050	-

Interest (net)	(6,914)	(10,343)
Net loss	(4,118)	(575,443)
Preferred stock dividends	625,103	758,136
Net loss to common shareholders	$ (629,221)	$ (1,333,579)
Basic and diluted loss per common share:		
Continuing operations	$ (0.00)	$ (0.09)
Preferred stock dividend	(0.08)	(0.12)
Net loss to common shareholders	$ (0.08)	$ (0.21)
Basic and diluted weighted common shares used	8,220,350	6,220,331

See Notes to Consolidated Financial Statements.

NATURAL HEALTH TRENDS CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

	Three Months Ended March 31, 2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (4,118)	$ (575,443)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	85,346	192,202
Issuance of common stock in settlement of interest	46	-
Changes in assets and liabilities		
Increase in accounts receivable	(428,607)	(137,541)
(Increase) decrease in inventories	(269,915)	151,265
(Increase) decrease in prepaid expenses	50,834	(75,790)
(Increase) decrease in deposits and other assets	(75,949)	69,670
Increase in accounts payable and cash overdraft	(47,439)	(1,618,917)
Increase in accrued expenses	331,833	1,274,630
Decrease in deferred revenue	(527,831)	-
Increase (decrease) in other current liabilities	59,848	(38,481)
Increase in accrued expenses for discontinued operations	-	91
Total Adjustments	(821,834)	(182,871)

NET CASH USED IN OPERATING ACTIVITIES	(825,952)	(758,314)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	-	(21,701)
Business acquisitions	-	(106,587)
Decrease in restricted cash	32,838	-
NET CASH USED IN INVESTING ACTIVITIES	32,838	(128,288)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Decrease in due to affiliate	-	250,000
Proceeds from preferred stock	937,500	849,015
Increase in revolving credit line	-	314,593
Proceeds from notes payable and long-term debt	36,566	-
Payments of notes payable and long-term debt	(339,521)	(192,687)
NET CASH PROVIDED BY FINANCING ACTIVITIES	634,545	1,220,921
NET (DECREASE) INCREASE IN CASH	(158,569)	334,319
CASH, BEGINNING OF PERIOD	434,063	294,220
CASH, END OF PERIOD	$ 275,494	$ 628,539

See notes to consolidated financial statements.

NATURAL HEALTH TRENDS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2000

(UNAUDITED)

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 three month period ended March 31, 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.

The Company had a working capital deficiency of approximately $5,523,000 for the quarter ended March 31, 2000 and $6,597,000 for the year ended December 31, 1999, and they recorded net losses of approximately $4,000 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

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

The following discussions should be read in conjunction with the 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 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 the fourth quarter of 1999, the Company ceased GHA activity and in February 2000 granted certain licensing agreements to two parties to distribute the GHA products.

Three Months Ended March 31, 2000 Compared To The Three Months Ended March 31, 1999

Net Sales. Net sales for three months ended March 31, 2000 were approximately $3,186,000 as compared to net sales for the three months ended March 31, 1999 of approximately $2,805,000, an increase of approximately $381,000 or 13.6%. The increase in sales is primarily attributable to KNI's recognition of previously deferred sales of approximately $528,000.

Cost of Goods Sold. Cost of goods sold for the three months ended March 31, 2000 was approximately $682,000 or 21.4% of net sales. Cost of goods sold for the three months ended March 31, 1999 was approximately $668,000 or 23.8% of net sales. The total cost of goods sold increased by approximately $14,000 or 2.1%.

Gross Profit. Gross profit increased from approximately $2,137,000 in the three months ended March 31, 1999 to approximately $2,504,000 in the three months ended March 31, 2000. The increase was approximately $367,000 or 17.2%. The increase was attributable to higher sales volume in 2000 and lower cost of goods sold.

Commissions. Associate commissions were approximately $1,296,000 or 40.7% of net sales in the three months ended March 31, 2000 compared to approximately $1,262,000 or 45.0% of net sales for the three months ended March 31, 1999. This decrease is attributable to a new commission structure, that was started in December 1999, having full effect.

Selling, General and Administrative Expenses. Selling, general and administrative costs decreased from approximately $1,431,000 or 51.0% of sales in the three months ended March 31, 1999 to approximately $1,234,000 or 38.7% of sales in the three months ended March 31, 2000, a decrease of approximately $197,000 or 13.8%. The decrease is due primarily to KNI's reduction of expenses.

Loss from Operations. Operating losses decreased from approximately $556,000 in the three months ended March 31, 1999 to approximately $26,000 in the three months ended March 31, 2000 representing a 95.3% decrease in the loss of approximately $530,000 between comparable periods. This decrease is due to a reduction of overhead at GHA and the closure of the New York corporate offices in December 1999.

Minority Interest. The loss offset of approximately $25,000 in the three months ended March 31, 2000 for minority interest was a reflection of the decreased profitability of the Australia and New Zealand subsidiaries. KNI owns 51% of such subsidiaries.

Gain (Loss) on Foreign Exchange. The Company operates KNI's subsidiaries in Australia, New Zealand, Trinidad and Tobago. During the three months ended March 31, 2000, the net gain on foreign exchange adjustments was approximately $3,000 compared to a net loss of approximately $9,000 in the three months ended March 31, 1999.

Other Expenses. Other expenses of approximately $10,000 or 0.4% of sales in the three months ended March 31, 1999 declined to approximately $8,000 or 0.2% of sales in the three months ended March 31, 2000, a change of approximately $2,000. This decrease is due primarily to overall reduction in interest bearing liabilities.

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 March 31, 2000 or the three months ended March 31, 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. Net loss from continuing operations was approximately $4,000 in the three months ended March 31, 2000 or 0.1% of net sales as compared to approximately $575,000 or 20.5% of net sales in the three months ended March 31, 1999. Of the decrease in net loss from continuing operations, approximately $15,000 was attributable to GHA's operations and the remaining net income is primarily attributable to KNI's recognition of previously deferred sales of approximately $528,000.

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 Global Health's and 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.

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 is currently negotiating a payment plan with the IRS. As of March 31, 2000, the Company owes approximately $730,000 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 March 31, 2000, the Company owed approximately $289,000 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.

At March 31, 2000, our ratio of current assets to current liabilities was .30 to 1.0 and we had a working capital deficit of approximately $5,523,000.

Cash used in operations for the three months ended March 31, 2000 was approximately $529,000. Cash provided by investing activities during the period was approximately $33,000, which primarily relates to the return of restricted cash in connection with credit card agreements at Kaire. Cash provided by financing activities during the period was approximately $338,000, primarily from the issuance of preferred stock of approximately $1,000,000 and partially offset by the repayment of certain notes payable of approximately $340,000. Total cash decreased by approximately $159,000 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 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

Pursuant to the exemption from the registration requirement under Section 4(2) of the Securities Act of 1933, as amended, and/or Regulation S promulgated thereunder, on March 2,2000 the Company sold an aggregate of 1,000 shares of Series J Convertible Preferred Stock at a purchase price of $1,000 per share to one accredited investor.

The Company received four notices of conversion on its Series H Preferred Stock during the three months ended March 31, 2000 and redeemed $359.154, face value in exchange for 434,600 shares of the Company's common stock.

Item 3. Defaults upon Senior Securities

None

Item 4. Submission of Matters to Vote of Security Holders

None

Item 5. Other Information

The Company has received notice from Nasdaq that the Company is not in compliance with Nasdaq's meeting requirements and proxy solicitation requirements. The Company has filed a preliminary proxy statement for a shareholders' meeting in attempt to regain compliance. Th eCompany has been granted a hearing which is scheduled for June 15, 2000 to contest the Company's lack of compliance with Nasdaq's maintenance criteria. In the event that the Company is not in compliance with Nasdaq's maintenance requirement and the Company's securities are delisted from Nasdaq, there could be a material adverse effect on the price of the Company's Common Stock.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

None

(b) Reports on Form 8-K

The Company filed current reports on Form 8-K on March 17, 2000.

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: May 22, 2000

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