

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

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

For the Quarter Ended June 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 (I.R.S. Employer Identification No.)
incorporation or organization)

2001 West Sample Road, Suite 318
Pompano Beach, FL 33064

(Address of Principal Executive Offices)

(305) 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 August 13, 1996 was 11,295,108 shares.

NATURAL HEALTH TRENDS CORP.

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NATURAL HEALTH TRENDS CORP.

CONSOLIDATED BALANCE SHEET

JUNE 30, 1996

(UNAUDITED)

ASSETS

<TABLE>

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CURRENT ASSETS:

Cash	\$	302,392	
Marketable securities		252,584	
Accounts receivable		1,044,473	
Inventories		217,663	
Due from related parties		148,566	
Due from affiliate		-	
Prepaid expenses and other current assets		247,737	

TOTAL CURRENT ASSETS			2,213,415

PROPERTY, PLANT AND EQUIPMENT			3,174,009
DUE FROM OFFICERS		22,524	
GOODWILL		1,516,793	
DEPOSITS AND OTHER ASSETS			89,781

	\$	7,016,522	
		=====	

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

Accounts payable	\$	464,633	
Accrued expenses		142,532	
Revolving credit lines		401,732	
Current portion of long term debt		46,974	
Deferred revenue		562,211	
Other current liabilities		73,033	

TOTAL CURRENT LIABILITIES			1,691,115

LONG-TERM DEBT 1,923,194

DUE TO BANK 41,646

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 June 30, 1996			11,189
Additional paid-in capital		5,481,930	
Retained earnings (accumulated deficit)		(2,132,552)	
Common stock subject to put		(380,000)	

TOTAL STOCKHOLDERS' EQUITY	-----	2,980,567

	7,016,522	
	=====	

</TABLE>

See notes to consolidated financial statements.

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NATURAL HEALTH TRENDS CORP.

CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)

<TABLE>

<CAPTION>

	Three months ended June 30,		Six months ended June 30,		
	1996	1995	1996	1995	
<S>	<C>	<C>	<C>	<C>	
REVENUES	\$ 1,889,193	\$ 926,327	\$ 3,670,430	\$ 1,903,970	
COST OF SALES	1,079,190	508,200	2,090,870	974,170	
GROSS PROFIT	810,003	418,127	1,579,560	929,800	
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	1,009,164	525,096	1,819,120	938,542	
NON-CASH IMPUTED COMPENSATION EXPENSE	-	559,000	-	559,000	
OPERATING INCOME (LOSS)	(199,162)	(665,969)	(239,560)	(567,742)	
OTHER INCOME (EXPENSE):					
Interest (net)	(57,671)	(40,557)	(105,626)	(56,520)	
Write-off of deferred financing costs	(314,523)	-	(347,974)		
TOTAL OTHER INCOME (EXPENSE)	(57,671)	(355,080)	(105,626)	(404,494)	
INCOME (LOSS) BEFORE INCOME TAXES	(256,833)	(1,021,049)	(345,186)	(972,236)	
PROVISION FOR INCOME TAXES	-	-	-	5,000	
NET INCOME (LOSS)	\$ (256,833)	\$ (1,021,049)	\$ (345,186)	\$ (977,236)	
EARNINGS (LOSS) PER COMMON SHARE	\$ (0.02)	\$ (0.12)	\$ (0.03)	\$ (0.12)	
WEIGHTED AVERAGE COMMON SHARES USED	11,189,108	8,645,058	11,132,441	8,442,236	

</TABLE>

See notes to consolidated financial statements.

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NATURAL HEALTH TRENDS CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

<TABLE>
<CAPTION>

	Six months ended June 30,	
	1996	1995
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (345,186)	\$ (977,236)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	112,842	26,503
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	(270,429)	(171,455)
(Increase) decrease in inventories	(92,776)	-
(Increase) decrease in prepaid expenses	(5,027)	(9,999)
(Increase) decrease in deferred registration costs	-	165,421
(Increase) decrease in deposits and other assets	(6,352)	(158,306)
Increase (decrease) in accounts payable	245,408	55,725
Increase (decrease) in accrued expenses	81,554	54,274
Increase (decrease) in deferred revenue	76,967	37,274
Increase (decrease) in deferred taxes	-	5,000
Increase (decrease) in other current liabilities	11,713	39,655
TOTAL ADJUSTMENTS	153,900	830,385
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(191,286)	(146,851)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(399,406)	(2,516,536)
Acquisition expenses	(20,000)	-
Purchase of marketable securities	(252,584)	-
NET CASH USED IN INVESTING ACTIVITIES	(671,990)	(2,516,536)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in due to related parties	(13,958)	(6,800)
Proceeds from mortgage payable	-	1,875,000
Increase (decrease) in due to bank	14,343	
Proceeds from notes payable and long-term debt	551,732	510,522

Payments of notes payable and long-term debt	(197,092)	-
Payment of dividends	(184,173)	-
Issuance of common stock	-	2,752,090
	-----	-----
NET CASH PROVIDED BY FINANCING ACTIVITIES		170,852 5,130,812
	-----	-----
NET INCREASE (DECREASE) IN CASH	(692,424)	2,467,425
CASH, BEGINNING OF PERIOD	994,816	1,763
	-----	-----
CASH, END OF PERIOD	\$ 302,392	\$ 2,469,188
	=====	=====

</TABLE>

See notes to consolidated financial statements.

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NATURAL HEALTH TRENDS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED JUNE 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, 1996, 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 June 30, 1996, the Company had approximately \$152,000 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 \$250,000 is outstanding under this agreement at June 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.

B. On June 26, 1996, the Company acquired all of the stock of Medical Science Consultants, Inc., Diagnostic Services, Inc., Managent Inc. and KBM Consultants doing business as 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 statement of operations attributable to each company:

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	Three months ended June 30,		Six months ended June 30,	
	1996	1995	1996	1995
	<C>	<C>	<C>	<C>
REVENUES:				
Natural Health Trends Corp.	\$ 1,645,587	\$ 725,563	\$ 3,183,219	\$ 1,502,442
Institute of Natural Medicine	243,606	200,764	487,211	401,528
Total	\$ 1,889,193	\$ 926,327	\$ 3,670,430	\$ 1,903,970
NET INCOME (LOSS):				
Natural Health Trends Corp.	\$ (309,162)	\$ (1,046,129)	\$ (450,127)	\$ (1,027,396)
Institute of Natural Medicine	52,471	25,080	104,941	50,160
Total	\$ (256,833)	\$ (1,021,049)	\$ (345,186)	\$ (972,236)

</TABLE>

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 JUNE 30, 1996 AND 1995

Revenues:

Total revenues were \$1,889,193 for the three months ended June 30, 1996 compared to \$926,327 for the three months ended June 30, 1995. This represents an increase of \$962,866 or 104%.

Management believes that the increase is primarily attributable to \$417,698 in fee revenue provided by the alternative health care clinic acquired by the Company in January 1996, a \$42,842 increase from the Institute of Natural Medicine Inc., \$159,208 from the Company's Oviedo school which was acquired in November 1995, \$251,626 in tuition revenue from the previously existing Lauderhill and Miami schools due to increased enrollment and increased tuition rates, and \$29,060 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 \$96,657 for the three months ended June 30, 1996 as compared to \$55,622 for the comparable period in 1995.

Cost of sales:

Cost of sales for the three months ended June 30, 1996 were \$1,079,190 compared to \$462,920 for the comparable period last year. Gross profit as a percentage of revenues was 43% compared with 45% for the three months ended June 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 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 \$1,039,164 for the three months ended June 30, 1996. This represents an increase of \$548,904 over the three months ended June 30, 1995.

Management believes that the increase is primarily due to the new operations of the alternative health care clinics as well as the Company's Oviedo school. As a percentage of revenues, these costs were 55% as compared to 58% in the 1995 period.

Non-cash Imputed Compensation Expense

During the six months ended June 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 its 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 six months ended June 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.

Of such amount, \$183,974 represents amortization of the remaining deferred financing costs in connection with the Bridge Financing. Since the Bridge Financing was repaid in full in the second quarter from the net proceeds of the Initial Public Offering, these deferred financing costs were expensed accordingly.

The remaining amount of \$164,000 represents the assumed fair market value for 66,923 shares of the Company's common stock issued to certain other lenders. The \$164,000 is a non-cash expense and resulted in a corresponding increase in the additional paid-in capital account. The total stockholders' equity amount was not affected by the recording of this \$164,000 non-cash expense.

Interest Expense

Interest expense for the three months ended June 30, 1996 was \$57,671 as compared to \$40,557 for the comparable period of 1995. The increase is primarily due to the interest on the mortgages of the Pompano Property which was acquired in May 1995.

Net Loss

For the three months ended June 30, 1996, the net loss was \$256,833 compared to a net loss of \$1,021,049 for the three months ended June 30, 1995. The decrease in the loss is attributable to the impact of the individual elements discussed above.

SIX MONTHS ENDED JUNE 30, 1996 AND 1995

Revenues:

Total revenues were \$3,670,430 for the six months ended June 30, 1996 compared to \$1,903,970 for the six months ended June 30, 1995. This represents an increase of \$1,766,460 or 93%.

Management believes that the increase is primarily attributable to \$843,606 in fee revenue provided by the alternative health care clinic acquired by the company in January 1996, an \$85,683 increase from the Institute of Natural Medicine Inc., \$308,371 from the Company's Oviedo school which was acquired in November 1995, \$284,904 in tuition revenue from the previously existing

Lauderhill and Miami schools due to increased enrollment and increased tuition rates, and \$106,282 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 \$178,519 for the six months ended June 30, 1996 as compared to \$55,622 for the 1995 comparable period.

Cost of sales:

Cost of sales for the six months ended June 30, 1996 were \$2,090,870 compared to \$974,170 for the comparable period last year. Gross profit as a percentage of revenues was 43% for the six months ended June 30, 1996 compared with 49% for the six months ended June 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 \$1,819,120 for the six months ended June 30, 1996. This represents an increase of \$880,578 over the six months ended June 30, 1995. The increase is primarily due to new operations of the alternative health care clinics as well as the Company's Oviedo school. As a percentage of revenues, these costs were 50% as compared to 49% in the 1995 period.

Non-cash Imputed Compensation Expense

During the six months ended June 30, 1995, the company expensed \$559,000 as described above in the discussion on the three months ended June 30, 1996 and 1995.

Interest Expense

Interest expense for the six months ended June 30, 1996 was \$105,626 as compared to \$56,520 for the comparable period of 1995. The increase is primarily due to interest on the mortgages on the Pompano Property which was acquired in May 1995.

Net Loss

For the six months ended June 30, 1996, the net loss was \$345,186 compared to a net loss of \$972,236 for the six months ended June 30, 1995. The decrease in the loss is 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 payment for tuition, fees and books revenue from the operation of the 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 June 30, 1996 the ratio of current assets to current liabilities was 1.31 to 1.0, and working capital was approximately \$522,000.

Cash used in operations for the period ended June 30, 1996 was approximately \$191,286, attributable primarily to the net loss of \$256,833.

Capital expenditures, primarily related to construction for the preparation for use of the Pompano Property, used approximately \$399,000 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 HOLDERS - NONE
- Item 5. OTHER INFORMATION

a) 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, 1996, 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 June 30, 1996, the Company had approximately \$152,000 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 \$250,000 is outstanding under this agreement at June 30, 1996.

b) ACQUISITION

On June 26, 1996, the Company acquired all of the stock of Medical Science Consultants, Inc., Diagnostic Services, Inc., Managent Inc. and KBM Consultants doing business as 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.

- Item 6. EXHIBITS AND REPORTS ON FORM 8 - K

a) EXHIBIT INDEX

b) REPORTS ON FORM 8 - K - NONE

SIGNATURES

Pursuant to the requirement 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: Neal Heller
President and Chief Executive Officer

Date: August 14, 1996

NATURAL HEALTH TRENDS CORP. EXHIBIT INDEX

<TABLE>
<CAPTION>

Number Description of Exhibit

<S> <C>

- 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.*
- 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.

10.18 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.

<FN>

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

</FN>

</TABLE>

AGREEMENT AND PLAN OF REORGANIZATION dated January 22, 1996, by and between NATURAL HEALTH TRENDS CORP., a Florida corporation, with an office at 2001 West Sample Road, Pompano Beach, Florida ("NHT") and Health Wellness Nationwide Corp., a Florida corporation with an office at 2001 West Sample Road, Pompano Beach, Florida ("Buyer") and SAM LILLY INC., a Florida corporation with offices at 7300 North Federal Highway, Suite 104, Boca Raton, Florida ("Seller"), and/or its successors or assigns.

W I T N E S S E T H :

WHEREAS, Seller is a corporation specializing in alternative medicine;

WHEREAS, Seller desires to sell to Buyer, and Buyer desires to purchase from Seller, substantially all of the assets, property and rights of Seller employed in connection with the business of Seller in a transaction intended to qualify as a "reorganization" within the meaning of Section 368(a)(1)(c) of the Internal Revenue Code; and

WHEREAS, Buyer is a wholly owned Subsidiary of NHT;

THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Buyer and Seller agree that:

1. Purchase and Sale of Assets.

1.1 Purchase and Sale. Subject to the terms and conditions of this Agreement, and in reliance upon the representations, warranties and agreements set forth herein, at Closing (hereafter defined) Seller shall sell, transfer and assign to Buyer, and Buyer shall purchase and acquire from Seller, all of the

right, title and interest of Seller in the "Acquired Assets" (as defined in Section 1.2). The terms and conditions of this Agreement and the Employment Agreements shall survive the Closing.

1.2 Acquired Assets.

1.2.1 The "Acquired Assets" hereunder shall mean all of the right, title and interest in and to the assets, properties and rights of the Seller, of every nature, kind and description, wherever located, tangible and intangible, real, personal and mixed, as the same shall exist on the closing Date, including, without limitation, the following (i) all right, title and interest of the Seller in and to its business as a going concern, its good will, its corporate and business names, telephone and fax numbers, and any derivatives or combinations thereof and all other intangible assets; (ii) all interests in land and building owned or leased by the Seller; (iii) all furniture, equipment, computers, software programs, records, files, supplies, medicines and other items of personal property owned or leased by the Seller exclusive of art work; (iv) all of the Seller's cash and cash equivalents on hand and in banks, certificates of deposit, commercial paper, stocks, bonds and other investments, except as set forth herein; (v) all causes of action, judgments, claims, demands and other rights of the Seller of every kind or nature; (vi) all rights of the Seller in and to insurance policies; (vii) all accounts receivable of the Seller, including, but not limited to, all accounts receivable arising from services rendered prior to the Closing Date notwithstanding that invoices related thereto have not yet been issued; (viii) all rights of the Seller relating to, or arising out of, or under, express or implied warranties from suppliers of the Seller with respect to the assets and properties being transferred to the Buyer; (ix) all prepaid expenses, advances and deposits of the Seller; (x) all books and records of the Seller, including, but not limited to, correspondence, patient records (except for patient records which the patient has requested not be transferred) employment records, accounting records, property records, mailing lists, patient, customer and vendor lists and the records and files of, or relating to, the assets, properties and rights of the Seller being sole to the Buyer; and (xi) all of the Seller's rights, title and interest in and to all leases, contracts, licenses, purchase orders, sales orders,

commitments and other agreements to which the Seller is a party or in which the Seller has rights thereunder; free and clear of all liabilities, obligations, claims liens, and encumbrances, of any kind or nature.

1.2.2 Anything contained in Section 1.2.2 hereof to the contrary notwithstanding, the Assets shall not include the following: (i) the consideration delivered by the Buyer to the Seller pursuant to this Agreement for the Assets; (ii) any rights of the Seller under this Agreement (including without limitation the right to indemnification under Section 12 hereof) or any interests which the Seller may have or acquire under this Agreement; and (iii)

the rights to claims for refunds of taxes which are not assignable by law.

1.3 Assumed Liabilities.

(a) Buyer shall assume all of Seller's obligations on the Lease at Seller's office on 7300 North Federal Highway, Boca Raton, Florida ("Seller's Office")

(b) Buyer shall assume only such other as liabilities listed on Schedule 1.3. (the "Assumed Liabilities").

2. Purchase Price.

2.1 Amount. The purchase price for the Acquired Business and the Acquired Assets (the "Purchase Price") shall be 380,000 shares of Common Stock of NHT.

2.2 Payment. On the day of the Closing and subject to the adjustment provisions of 2.3 herein, the Buyer will direct its transfer agent, Continental Stock Transfer Co., Inc., to issue 380,000 shares of Common Stock ("Purchase Price" and also "Shares") to Seller. The Stock Certificates for the Shares received by the Seller, a copy of which is attached as Exhibit 2.2., shall be subject to the following legend:

The securities represented by this Certificate have not been registered under the Securities Act of 1933, as amended, nor the laws of any state. Accordingly, these securities may not be offered, sold, transferred, pledged or hypothecated in the absence of registration, or the

availability, in the opinion of counsel for the issuer, of an exemption from registration under the Securities Act of 1933, as amended, or the laws of any state. Therefore, the stock transfer agent will effect transfer of this Certificate only in accordance with the above instructions.

2.3 Adjustment of Purchase Price. Feldman Radin & Co., P.C., certified public accountants, ("Auditors"), have provided Buyer with a Balance Sheet dated as of October 31, 1995 ("Seller's Balance Sheet") which shows that the adjusted value of the assets acquired is \$8,464. Within thirty (30) days of the date hereof, Feldman Radin & Co., P.C. will compute a Balance Sheet as of the Closing Date. If the Adjusted Balance of the net assets acquired is less than \$8,464, Seller shall pay Buyer the difference. If the Adjusted Balance of the Net Assets is greater than \$8,464, Seller shall make no payment to Buyer.

3. Other Agreements.

3.1 At the Closing, Samantha Haines and Leonard Haines, M.D. shall enter into Employment Agreements with Buyer in the form of Exhibits A and B, respectively.

3.2 At the Closing Buyer shall enter into a contract with Rejuvenation Unlimited of Florida, Inc. with respect to the Human Growth Hormone.

3.3 Seller shall at any time and from time to time after the Closing execute and deliver such further instruments of transfer and conveyance as shall, in the opinion of Seller's counsel, be deemed necessary.

4. Representations and Warranties of Seller.

Seller warrants and represents to, and covenants with the Buyer that:

4.1 Due Incorporation. On the date hereof Seller is, and on the Closing Date Seller will be, a corporation duly organized, validly existing and in good standing under the laws of the State of Florida, and has the full corporate power and authority to carry on its business as and where conducted, and to own and operate its properties where and as owned leased or operated by it. Seller is qualified to do business in each jurisdiction in which it own or

leases and operates its properties, or in which the nature of its business requires such qualification.

4.2 Full Authority. Seller has the requisite corporate power and authority to enter into this Agreement and each agreement or contract required or contemplated by Seller to be executed or delivered hereunder. The execution and delivery of this Agreement and each other agreement or contract required or contemplated to be executed and delivered by Seller in this Agreement, and the performance by Seller of all of its obligations hereunder or thereunder have been duly and validly authorized by Seller.

4.3 No Violations. Except as specified on Schedule 4.3, neither the execution or delivery of this Agreement or the consummation of the transactions contemplated in this Agreement or in any other agreement or contract the execution and delivery of which is contemplated by this Agreement will result in a violation or breach of, or constitute a default under, any rule, regulation, order, decree, agreement, contract, lease or other restriction or limitation to which Seller is a party or to which Seller or its assets or properties are subject or bound; nor will such execution, delivery or consummation result in the creation of any lien or other charge or encumbrance on the Acquired Assets

or result in the acceleration of any loan or security interest to which the Acquired Assets are subject.

4.4 Binding Obligations. This Agreement and any agreement or contract the execution and delivery of which is contemplated in this Agreement, when executed and delivered, will be the valid, binding obligations of the Seller, enforceable according to its terms or their terms, except as such enforcement may be limited by the laws of bankruptcy or insolvency.

4.5 Good Title. Except as specified on Schedule 4.5, Seller has good and marketable title to the Acquired Assets. When transferred pursuant to the terms of this Agreement, the Acquired Assets will be free of any liens, claims, encumbrances, liabilities or restrictions. The delivery to Buyer of the instruments of transfer and ownership contemplated by this Agreement will vest good and marketable

title to the Acquired Assets in the Buyer, free and clear of any lien, claim, encumbrance, liability or restriction.

4.6 Accounts Receivable and Inventory. (a) Each Account Receivable constitutes a bona fide indebtedness of a patient or customer of Seller arising from bona fide provision of medical services or sale to such customer of Seller. Except as set out on Schedule 4.6, Seller knows of no material charges, offsets, adjustments, discounts or other reductions of any Account Receivable claimed by or due to such customer.

4.7 Authorization. Except as set out on Schedule 4.7, any authorization, approval, order, license, permit, franchise or consent of, declaration to, or filing or registration with, any court, governmental authority or any other person or entity which is not a party to this Agreement which is required in connection with the execution, delivery and performance of this Agreement by the Seller has been obtained or effected or shall be obtained or effected on or prior to the Closing Date.

4.8 Seller's Income Taxes. The Seller has either filed or requested extensions to file all foreign, Federal, state, county or local income, excise, sales, property, withholding, Social Security, franchise, license, information return or other tax return or report due as of the date of this Agreement. Seller shall promptly file all Federal, state, county and local income excise, sales, property, withholding, Social Security, franchise, license, information return and other tax returns and reports required to be filed as a result of the Closing, including short period returns, and will create sufficient reserves to pay all taxes and liabilities incurred by it as a result of the transactions contemplated herein. As of the date hereof, except where a request for extension has been filed, Seller has no known liabilities for any such taxes and has not been notified of the commencement of any audit by any taxing authority.

4.9 Omitted.

4.10 No Litigation. Except as set forth on Schedule 4.10, there is no material litigation or proceeding, including any administrative, arbitration or grievance proceeding, or any governmental investigation, pending or, to the best knowledge of Seller, threatened against, relating to or affecting Seller or its business or the Acquired Assets or the consummation of the transactions contemplated by this Agreement.

4.11 Compliance with Law. To the best knowledge of Seller, Seller is in compliance with all applicable statutes, rules, regulations, ordinances, codes, orders, licenses, franchises, permits, authorizations and concessions, as such apply to Seller or the Acquired Assets including, without limitation, any applicable building, zoning, antipollution, environmental, occupational safety, health or other law, ordinance or regulation in respect of any plant, warehouse, office, structure or the operations or business of Seller. Except as set forth on Schedule 4.11 Seller has received no notification alleging any violation of any of the foregoing or with respect to which adequate corrective action has not been taken.

4.12 Environmental and Safety Compliance. Without limiting the representation and warranties contained in Section 4.12, to the best knowledge of Seller, Seller has obtained all permits, licenses and other authorization which are required under federal, state and local laws relating to dispensing of medicines and controlled substances, public health and safety, worker health and safety and pollution or protection of the environment, including laws relating to emissions, discharges, releases or threatened releases of pollutants, contaminants or hazardous or toxic materials or wastes into ambient air, surface water, ground water, or lands or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of pollutants, contaminants or hazardous or toxic materials or wastes.

To the best knowledge of Seller, Seller is in compliance with all terms and conditions of any and all required permits, licenses, and authorizations, and is also in compliance with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in any federal, state or local law or any regulation, code, plan, order, decrees or judgement relating to public health and safety, worker health and safety, and pollution or protection of the environment, or any notice or demand letter issued, entered, promulgated or approved thereunder. To the best knowledge of Seller, there are no facts, events or conditions relating to the past or present operations or facilities of Seller which interfere with or prevent continued compliance with, or give rise to any legal, common law or statutory liability under, any law, regulation or common law theory related to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling, or the emission, discharge, release or threatened release into the environment, or any pollutant, contaminant, or hazardous or toxic material or waste.

4.13 Employees. Schedule 4.13 annexed hereto is an accurate and complete list of all full time, permanent employees of Seller who, prior to the Closing, devoted all, or substantially all, of their business time and attention to the business of the Seller, including their job description, aggregate annual remuneration rate, any reimbursable expense items to which they may be entitled, and any health, retirement, bonus, deferred compensation, severance, fringe or other employee benefit plan maintained by Seller to which they were party the ("Plans"). After the Closing, Buyer will have no obligation to the employees listed on Schedule 4.14 (except for LH and SH) to continue their employment and for any liability under the Plans.

4.14 Absence of Liabilities. The Seller's Balance Sheet contains all of the liabilities which arose from the operation of the Acquired Business to the date thereof. Except as set forth on Schedules 1.3, 4.5, 4.6, 4.7 and 4.11, after the Closing Date, no person or entity shall have any claim against Buyer for any obligation of the Seller except for obligations of the Seller incurred in the usual course of its business in the period between the date hereof and the Closing Date.

4.15 Compliance. Seller represents that any employee of Seller who provides medical services holds a valid license to practice medicine in Florida and that such employee is in good standing with the Florida Medical Society, all Florida licensing and regulatory bodies having jurisdiction over such person and each professional and medical fraternity of which such person is a member. No employee has ever been disciplined, suspended or remanded as a physician or barred from medical practice, no employer physicians operate any medical practice other than the work done in conjunction with their employment with Seller and Seller's business is conducted in accordance with all applicable ethical standards.

4.16 Disclosure. No representation or warranty by Seller, or any Schedule, statement or document annexed hereto or to be delivered to Buyer, contains or will contain any untrue statement of material fact or omits or will omit to state a material fact necessary in order to make the Schedules, statements, or documents annexed hereto or to be delivered to Buyer not misleading.

5. Post Closing Obligations, Put.

5.1 Seller's Obligations. Seller shall dissolve and the Shares shall be distributed to Seller's shareholders in accordance with a plan of liquidation to be adapted by Seller.

5.2 Buyer's Obligations. Holders of the Shares received by Seller hereunder shall have the right at any time during the three year period commencing January 2, 1996 that the aggregate market value of the Shares as measured by the average bid and asked prices on NASDAQ (or such other nationally recognized quotation system) is less than \$380,000 to sell and the Buyer agrees to buy the Shares for \$380,000 payable in equal annual installments of \$100,000 each, such installments commencing 30 days after the date notice of intent to exercise such put is given. Holders of the Shares further agree that no Shares shall be sold within two years after issuance as required by Rule 144 promulgated under the Securities Act of 1933. Further, after the expiration of such two year period, holders of Shares agree that sales of Shares in any quarter shall not exceed the greater of (i) one percent of the outstanding common shares of the Company or (ii) the average weekly volume of sale as reported on NASDAQ or other reporting system for the prior four weeks.

6. Representations and Warranties of Buyer. Buyer warrants and represents to and covenants with Seller that:

6.1 Due Incorporation. On the date hereof Buyer is, and on the Closing Date Buyer will be, a corporation duly organized, validly existing and in good standing under the laws of the State of Florida, and has the full corporate power and authority to carry on its business as and where conducted, and to own and operate its properties where and as owned leased or operated by it. Buyer is

qualified to do business in each jurisdiction in which it own or leases and operates its properties, or in which the nature of its business requires such qualification.

6.2 Full Authority. Buyer has the requisite corporate power and authority to enter into this Agreement and each agreement or contract required or contemplated by Buyer to be executed or delivered hereunder. The execution and delivery of this Agreement and each other agreement or contract required or contemplated to be executed and delivered by Buyer in this Agreement, and the performance by Buyer of all of its obligations hereunder or thereunder have been duly and validly authorized by Buyer.

6.3 No Violations. Neither the execution or delivery of this Agreement or the consummation of the transactions contemplated in this Agreement or in any other agreement or contract the execution and delivery of which is contemplated by this Agreement will result in a violation or breach of, or constitute a default under, any rule, regulation, order, decree, agreement, contract, lease or other restriction or limitation to which Buyer is a party or to which Buyer or its assets or properties are subject or bound; nor will such execution, delivery or consummation result in the creation of any lien or other charge or encumbrance on the Acquired Assets or result in the acceleration of any loan or security interest to which the Acquired Assets are subject.

6.4 Binding Obligations. This Agreement and any agreement or contract the execution and delivery of which is contemplated in this Agreement, when executed and delivered, will be the valid, binding obligations of the Buyer, enforceable according to its terms or their terms, except as such enforcement may be limited by the laws of bankruptcy or insolvency.

6.5 Authorizations. Except as specified on Schedule 6.5, no authorization, approval, order, license, permit, franchise or consent of, declaration to, or filing or registration with, any court, governmental authority or any other person or entity which is not a party to this Agreement is required in connection with the execution, delivery and performance of this Agreement by the Buyer.

6.6 Purchase Price. The Common Shares representing the Purchase Price will, on the Closing Date, be validly issued, fully paid and nonassessable.

6.7 Public Company. Buyer is a public company having a class of shares registered under the 1933 Act and is subject to the reporting requirements of the 1934 Act. Buyer's shares are included for trading on NASDAQ's small capital trading system.

7. Closing.

7.1 The consummation of the transactions contemplated in this Agreement shall take place at the offices of Buyer at 10:00 A.M. on January 22, 1996.

7.2 Covenants of the Seller

The Seller covenants and agrees as follows:

7.2.1 Between the date hereof and the Closing Date, the Seller shall give to the Buyer and its authorized representatives full access, during regular business hours, to any and all of its premises, properties, contracts, books and records and will cause its officers and employees to furnish to the Buyer and its authorized representatives any and all data and information pertaining to the business and properties of the Seller as the Buyer or its authorized representatives shall from time to time request. Unless and until the acquisition contemplated herein has been consummated, the Buyer shall use reasonable efforts to hold in confidence all information obtained pursuant to this Agreement and, if such acquisition is not consummated, the Buyer shall use reasonable efforts to return to the Seller all documents and other materials received by it hereunder. Such obligation of confidentiality shall not extend to any information which is shown to have been (i) previously known to the Buyer, (ii) generally known to others engaged in the trade or business of the Seller, (iii) part of public knowledge or literature, or (iv) lawfully received by the Buyer from a third party (not including the Seller). The furnishings of any information to the Buyer, or any investigation made by the Buyer or its authorized representatives, shall not affect or otherwise diminish or obviate the representations and warranties made by the seller in this Agreement and the Buyer's right to rely thereon. If the acquisition contemplated herein is consummated, the Buyer covenants and agrees that it shall preserve and keep the records of the Seller delivered to it hereunder for a period of one (1) year from the Closing Date and shall make such records available to the Seller or its authorized representatives as reasonably required by the Seller in connection with any legal proceedings against, or governmental investigations of, the Seller or in connection with any tax examination of the Seller, provided that the Seller shall not be entitled to any such records in connection with any dispute between the Seller and the Buyer arising out of, or relating to, this Agreement.

7.2.2 From the date hereof until the Closing Date, except as otherwise

consented to or approved in writing by the Buyer or as required by this Agreement, the Seller shall not:

(a) authorize, issue, sell or convert any securities or enter into any agreement with respect thereto;

(b) consciously take or cause to be taken any action which results in any damage, destruction or similar loss, whether or not covered by insurance, materially affecting the business or properties of the Seller;

(c) other than in the ordinary course of business, sell, assign or transfer any of its tangible assets or intangible assets;

(d) other than in the ordinary course of business, mortgage, pledge, grant or suffer to exist any lien or encumbrance or charge on any of its assets or properties, tangible or intangible;

(e) other than in the ordinary course of business, waive any rights or material value or cancel, discharge, satisfy or pay any debt, claim, lien, encumbrance, liability or obligation, whether absolute, accrued, contingent or otherwise and whether due or to become due;

(f) incur any obligation or liability (absolute or contingent, liquidated or unliquidated, choate or inchoate) except current obligations and liabilities incurred in the ordinary course of its business;

(g) other than in the ordinary course of business, lease or effect any transfer of any of the Assets, properties or rights of the Seller;

(h) other than in the ordinary course of business and consistent with past practices, enter into, make any amendment of, or terminate any lease, contract, license or other agreement to which the Seller is a party;

(i) effect any change in the accounting practices or procedures of the Seller;

(j) become obligated to make any payment to any stockholder of the Seller in any capacity, or enter into any transaction of any nature with any stockholder of the Seller in any capacity;

(k) increase the compensation payable to any of its directors, officers or employees or become obligated to increase any such compensation;

(l) entered into any transaction other than in the ordinary course of business, or change in any way of the business policies or practices of the Seller.

7.2.3 The Seller shall, from the date hereof through the Closing Date, consult with the Buyer on a regular basis with respect to all operating decisions which could reasonably be expected to result in a change in the business of the Seller as presently operated or which are not in the ordinary course

of the business of the Seller. In connection therewith, and subject to the preceding sentence, the Seller shall operate its business as presently operated and only in the normal and ordinary course, and, consistent with such operation, shall maintain and preserve the Assets and its properties in good condition and repair, reasonable wear and tear excepted, and will use its best efforts to continue sales at not less than the present rate, to preserve intact its present business organization, to keep available to the Buyer the present services of its officers and employees and to preserve for the Buyer the goodwill of its suppliers, customers, landlord and others having business relationships with the Seller.

7.2.4 The Seller will maintain in full force and effect all insurance policies listed in Schedule 7.2.4, will comply with all laws or regulations affecting operation of its business and will give notice to the Buyer of any unusual event of circumstances affecting its business or the Acquired Assets.

7.2.5 The representations and warranties of the Seller contained in this Agreement or in the Schedules hereto shall be true and correct in all material respects at the date hereof and shall also be true and correct in all material respects at and as of the Closing Date. The Seller shall give the Buyer prompt notice of any change in any of the information contained in the representations and warranties of the Seller hereunder, the Schedules hereto or the documents furnished by the Seller in connection herewith which occurs prior to the Closing.

7.2.6 The Seller shall use reasonable efforts to take, or cause to be taken, all actions and do or cause to be done all things necessary, proper or advisable to consummate the transactions contemplated by this Agreement, including, without limitation, to obtain all consents, approvals and authorizations of third parties and to make all filings with, and give all notices to, third parties which may be necessary or required in order to

effectuate the transactions contemplated hereby.

7.2.7 The Seller will not solicit the sale or other disposition of the business of the Seller or any of the Assets or other properties to any person or enter into any agreement, arrangement or understanding with respect to the sale or other disposition thereof or any option call or commitment with

respect thereto, except for the furnishing of services and related activities in the ordinary course of business.

8. Conditions of Closing.

8.1 Buyers Obligations. The obligations of the Buyer under this Agreement are subject to the satisfaction, on or prior to the Closing, of the following conditions, any of which may be waived in whole or in part by the Buyer:

8.1.1 Due Performance. Seller shall have fully performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it on or prior to the Closing.

8.1.2 Certified Copies. The Buyer shall have received a certified copy of resolutions duly adopted by the Board of Directors and the stockholders of the Seller authorizing and approving the transfer of the Acquired Assets pursuant to this Agreement and the performance by the Seller of its obligations hereunder.

8.1.3 Counsel's Opinion. The Buyer shall have received an opinion of Jay Reynolds, Esq., Seller's counsel, dated as of the Closing Date, in the form annexed hereto as Schedule 8.1.3.

8.1.4 No Diminution of Value. There shall have been no damage, destruction or loss, whether or not covered by insurance, adversely affecting any of the Acquired Assets, other than in the ordinary course of business.

8.1.5 No Adverse Changes. Seller shall not have done any act or acts, or refrained from doing any act or acts, which impede(s) the consummation of the transactions contemplated in this Agreement or which results in an adverse material change in the financial condition, operation or prospects of the Acquired Business.

8.1.6 Buyer's Documents. Buyer shall have received:

(a) An executed bill of sale, instruments of assignment, and all other instruments and documents necessary in the reasonable opinion of Buyer to transfer the Acquired Assets to Buyer;

(b) Termination Statements in recordable form with respect to any security interest any person may have in the Acquired Assets or the Acquired Business.

8.1.7 Agreements. The due execution and delivery of:

- (a) Employment Agreement with Leonard Haimes, M.D.;
- (b) Employment Agreement with Samantha Haimes; and
- (c) Growth Hormone Agreement.

8.2 Seller's Obligations. The obligations of the Seller under this Agreement are subject to the satisfaction, on or prior to the Closing, of the following conditions, any of which may be waived in whole or in part by the Seller:

8.2.1 Counsel's Opinion. The Seller shall have received the opinion of Messrs. Gallet Dreyer & Berkey, LLP, Buyer's counsel, in the form annexed hereto as Schedule 8.2.1.

8.2.2 Instruments of Assumption. The Seller shall have received such instruments of Assumption of the Assumed Liabilities in the form reasonably requested by Seller.

8.2.3 Purchase Price. The Seller shall have received a copy of a letter from the Buyer authorizing the Transfer Agent of the Buyer to transfer 380,000 shares of Common Stock of Seller to Buyer and setting forth the address where such shares shall be delivered.

9. Survival of Representations, Warranties, Etc.

All of the representations, warranties, covenants and agreements made by the parties to this Agreement shall survive the consummation of the transactions contemplated hereunder for a period of three (3) years thereafter, except as otherwise provided herein.

10. Indemnification.

10.1 Right to Indemnification. The Buyer and the Seller each indemnify and hold the other harmless from and against all claims, damage, losses, liabilities, costs and expenses (including, without limitation, settlement costs and any legal, accounting or other expenses for investigating or defending any actions or threatened actions) incurred by the other in connection with:

(a) Any material breach of any representation or warranty made in this Agreement by the party against whom indemnification is sought; or

(b) Any material misrepresentation contained in any statement, certificate or schedule to this Agreement furnished by the party against whom indemnification is sought.

10.2 Claims for Indemnification. Whenever any claim shall arise for indemnification hereunder, the party seeking indemnification (the "Indemnified Party") shall promptly notify each party from whom indemnification is sought (the "Indemnifying Party") of the claim and, when known, the facts constituting the basis for the claim. In the event of any such claim for indemnification results from or is in connection with any claim or legal proceedings by a third party, the notice to the Indemnifying Party shall specify, if known, the amount or an estimate of the amount, of the liability arising therefrom. The Indemnified Party shall not settle or compromise any claim by a third party for which it is entitled to indemnification hereunder without the prior written consent of the Indemnifying Party, which shall not be unreasonably withheld or delayed, unless suit shall have been instituted against the Indemnified Party and the Indemnifying Party shall not have taken control of such suit after notification thereof, as provided in Section 10.3 of this Agreement.

10.3 Defense of Claim. If a claim giving rise to indemnity hereunder results from or arises out of any claim or legal proceeding by a person who is not a party to this Agreement, the Indemnifying Party, at its sole cost and expense, may, upon written notice to the Indemnified Party, assume the defense of any such claim or legal proceeding, with counsel reasonably satisfactory to the Indemnified Party. The Indemnified Party shall be entitled to participate in (but not control) the defense of any such action, with its counsel and at its own expense. If the Indemnifying Party does not assume the defense of any such claim or litigation resulting therefrom within ten (10) days after notice of such claim is given to the Indemnified Party, (a) the Indemnified Party may defend against such claim or litigation in such manner as it may deem appropriate, including, but not limited to, settling such claim or litigation, after giving notice of the same to the Indemnifying Party, on such terms as the Indemnified Party may deem appropriate, and (b) the Indemnifying Party shall be entitled to participate in (but not control) the defense of such action, with its counsel and at its own expense. If the Indemnifying Party thereafter seeks to question the manner in which the Indemnified Party defended such third party claim or litigation, or the amount or nature of any such settlement, the Indemnifying Party shall have the burden to prove by a preponderance of the evidence that the Indemnified Party did not defend or settle such third party claim or litigation, in a reasonably prudent manner.

11. Brokers.

Buyer and Seller had no dealings with any broker or finder in connection with this Agreement or the transactions contemplated hereby and no broker, finder or other person is entitled to receive any broker's commission or finder's fee or similar compensation in connection with any such transaction. Each of the parties agrees to defend, indemnify and hold harmless, in the manner herein provided, the other from, against, for and in respect of any and all

of any liability or obligation to any broker or finder on the basis of any arrangement, agreement or acts made by or on behalf of such other party with any person or persons whatsoever.

12. Best Efforts.

The Parties shall use their best efforts to satisfy each obligation each of them has undertaken in this Agreement and to consummate all of the transactions contemplated herein.

13. Miscellaneous.

13.1 Expenses. Each of the parties hereto shall bear and pay, without any right of reimbursement from any other party, all costs, expenses and fees incurred by it on its behalf incident to the preparation, execution and delivery of this Agreement and the performance of such party's obligations hereunder, whether or not the transactions contemplated by this Agreement are consummated, including, without limitation, any broker's or finder's fees, costs

incident to the transfer of any securities and the fees and disbursements of counsel, accountants and consultants (including investment banking advisors) employed by such party.

13.2 Further Assurances. From time to time after the date of this Agreement, each of the parties hereto, at the request of the other, and without further consideration, shall execute and deliver such further documents or instruments and shall take such other actions as the requesting party may reasonably request in order to effect complete consummation of the transactions contemplated by this Agreement.

13.3 Notices. Any notice permitted, required, or given hereunder shall be in writing and shall be personally delivered; or delivered by any prepaid overnight courier delivery service then in general use; or mailed, registered or certified mail, return receipt requested, to the addresses designated herein or at such other address as may be designated by notice given hereunder:

If to the Buyer: Natural Health Trends Corp.
2001 West Sample Road
Pompano Beach, Florida 33064
Attention: Neal Heller, President

with a copy to: Gallet Dreyer & Berkey, LLP
845 Third Avenue
New York, New York 10022
Attention: Martin C. Licht, Esq. and John J. Driscoll, Esq.

If to the Seller: Sam Lilly Corp.
7300 North Federal Highway
Suite 104
Boca Raton, Florida 33487
Attention: Samantha Haimes

with a copy to: Jay Reynolds, Esq.
Reynolds & Reynolds
P.O. Box 490
55 South Federal Highway
Suite 450
Boca Raton, Florida 33429-0490

Delivery shall be deemed made when actually delivered, or if mailed, three days after delivery to a United States Post Office.

13.4 Entire Agreement. This Agreement, together with the Schedules and Exhibits annexed hereto, sets forth the entire understanding of the parties hereto with respect to its subject matter, merges and supersedes all prior and contemporaneous understandings with respect to its subject matter and may not be waived or modified, in whole or in part, except by a writing signed by each of the parties hereto. No waiver of any provision of this Agreement in any instance shall be deemed to be a waiver of the same or any other provision in any other instance. Failure of any party to enforce any provision of this Agreement shall not be construed as a waiver of its rights under such provision.

13.5 Successors and Assigns. This Agreement shall be binding upon, enforceable against and inure to the benefit of, the parties hereto and their respective heirs, administrators, executors, personal representatives, successors and assigns, and nothing herein is intended to confer any right, remedy or

benefit upon any other person. This Agreement may not be assigned by any party hereto except with the prior written consent of all the other party.

13.6 Governing Law. This Agreement shall in all respects be governed by and construed in accordance with the laws of the State of Florida applicable to agreements made and fully to be performed in such state, without giving effect to conflicts of law principles.

13.7 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall

constitute one and the same instrument.

13.8 Construction. Headings contained in this Agreement are for convenience only and shall not be used in the interpretation of this Agreement. As used herein, the singular includes the plural, and the masculine, feminine and neuter gender each includes the others where the context so indicates.

13.9 Severability. If any provision of this Agreement is held to be invalid or unenforceable by a court of competent jurisdiction, this Agreement shall be interpreted and enforceable as if such provision were severed or limited, but only to the extent necessary to render such provision and this Agreement enforceable.

IN WITNESS WHEREOF, each of the parties hereto has executed this Agreement as of the date first set forth above.

Seller:

SAM LILLY CORP.

By: s\Samantha Haimes
President

Buyer:

NATURAL HEALTH TRENDS CORP.

By: s\Neal Heller
President

HEALTH WELLNESS CORP.

By: s\Neal Heller

Exhibit B
EMPLOYMENT AGREEMENT

AGREEMENT made the 18th day of January, 1996 (effective, however, only on the Effective Date below set forth) between HEALTH WELLNESS NATIONWIDE CORP. (the "Company"), a Delaware corporation having an office at 2001 West Sample Road, Suite 318, Pompano Beach, Florida 33064, and SAMANTHA HAIMES (the "Employee"), residing at 7356 Mahogany Court, Boca Raton, Florida.

W I T N E S S E T H:

The Employee is president of Sam Lilly Corp., a Florida Corporation ("Seller"). The Company and Seller are entering into an agreement of even date (the "Agreement and Plan of Reorganization") pursuant to which the Company will acquire the business and assets of Seller. The Company desires to employ the Employee following such acquisition, and the Employee is willing to be so employed, upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, with the foregoing recitals deemed incorporated hereinafter by reference and mae a part hereof, the parties agree as follows:

1. Employment.

1.1 Term. The Company employs the Employee, and the Employee accepts employment with the Company, in the position and with the duties hereinafter set forth, for a term of three (3) years commencing on the Effective Date (as defined in paragraph 1.2 below) unless sooner terminated as hereinbelow provided.

1.2 Effective Date. The "Effective Date" as used in this Agreement shall be deemed to be January 22, 1996.

2. Duties.

2.1 General. The Employee shall be the Managing Director of a division of the Company which operates complementary medical clinics. Employees shall assist in establishing the first clinic at 7300 North Federal Highway, Boca Raton, Florida ("First Clinic") and shall assist in the managements of additional clinics; shall perform services of the same general type as heretofore performed by her for Seller; shall manage the operations of a Health Wellness Center at the office formerly operated by Seller, shall manage and develop other Health Wellness Centers, and shall perform such other services consistent with her position (including, without limitation, services for parents, subsidiaries, divisions and affiliates of the Company) as may from time to time be assigned to her by the Company's Board of Directors or executive officers.

2.2 Performance. During the term of this Agreement and Plan of Reorganization, the Employee shall devote her full time, best efforts and attention to the business, operations and affairs of the Company and the performance of her duties hereunder and, without the Company's consent, shall not engage in any other business activities. Notwithstanding the foregoing, the employee shall have the right to continue her involvement in Wellness International Network Limited (independent MKK Distributor), Fitness For You, Formula Technology and all endorsements, provided such business does not conflict with her duties hereunder.

2.3 Employee's Representations. Employee represents and warrants to and agrees with Company that:

(a) Neither the execution nor performance by the Employee of this Agreement and Plan of Reorganization is prohibited by or constitutes or will constitute, directly or indirectly, a breach or violation of, or will be adversely affected by, any written or other agreement to which Employee is or has been a party.

(b) Neither Employee nor any business or entity in which she has any interest or from which she receives any payments has, directly or indirectly, any interest of any kind in or is entitled to receive, and neither the Employee nor any such business or entity shall accept, from any person any payments of any kind on account of any services performed by the Employee therefore subsequent to the Effective Date. In addition to any of its other rights and remedies, the Company shall be entitled to receive (and shall also have the right to withhold from any payments to Employee under this Agreement and Plan of Reorganization) all amounts paid or payable to Employee or any such other business or entity in breach or violation of this paragraph.

(c) Employee shall indemnify and hold the Company free and harmless from and against and shall reimburse it for any and all liabilities, damages, losses, judgments, costs and expenses (including reasonable counsel fees and other reasonable out-of-pocket expenses) arising out of or resulting from any claim or action by any third party against the Company which constitutes, and the provisions of this 2.3(c) are limited to, a breach or default by the Employee of or under 2.3(a) and 2.3(b) above.

3. Compensation and Related Matters.

3.1 Base Salary. As Base Salary, Employee shall be paid Sixty Five percent (65%) of the Executive Salary Pool. The Executive Salary Pool shall be Forty Six and 76/100 percent (46.76%) of the Company's Gross Revenue for the prior fiscal year. Gross Revenue shall be computed by the Company's auditors within thirty days after the end of the prior fiscal year and shall not include revenue received from Rejuvenation Unlimited of Florida, Inc. Notwithstanding the foregoing, in the event the Executive Salary Pool exceeds \$550,000, the base salary shall not be increased, but Employee shall receive Additional Compensation pursuant to the formula set forth in Paragraph 3.2 hereinafter.

3.2 Additional Compensation. As Additional Compensation, Employee shall be entitled to receive ten percent (10%) of the increase of Gross Revenues of the First Clinic from year to year as long as Employee is employed. The determination of Gross Revenue shall be made by the Company's auditors in accordance with paragraph 3.1. In addition, throughout the term of her employment, Employee shall receive five percent (5%) of the increase in aggregate Gross Revenues from year to year of all Additional Clinics opened during the term of her employment and for five years after that employment is terminated unless it is terminated for cause.

3.3 Stock Options. Employee shall receive Ten Thousand (10,000) Employee stock options for completion of each year hereunder. In addition, Employee shall receive Twenty Thousand (20,000) Employee stock options for each new Health Wellness Center opened during the term of this Agreement.

3.4 Expenses. With the prior approval of the Company, the Employee shall be entitled to reimbursement for all travel and other business expenses incurred in the performance of Employee's duties upon submission of appropriate vouchers and other supporting data.

3.5 Benefits. Employee shall be entitled to (i) participate in all general pension, profit-sharing, bonus, life, medical and other insurance, disability and other employee benefit plans and programs at any time in effect for executive employees of Company, provided, however, that nothing herein shall obligate the Company to establish or maintain any employee benefit plan or program, whether of the type referred to in this clause (i) or otherwise, and (ii) holidays, vacations, and automobile reimbursement in accordance with the Company's policy for executive employees.

4. Termination of Employment; Disability.

4.1 Termination.

(a) Should Employee's employment be terminated either by the Company for any of the reasons or for causes set forth in 4.1(b) below, or by Employee voluntarily, Employee's

compensation under this Agreement and Plan of Reorganization shall end on the effective date of such termination and the Company shall have no

obligation to pay Employee the payment provided for in subparagraph (B) of 4.1 above. In the event of Employee's death, the salary payable hereunder shall be paid to Employee's Estate throughout the term of this Agreement.

(b) The "reasons or causes" for Company's termination of Employee's employment referred to in 4.2(a) above shall mean and include only the following, provided the Employee is given written notice thereof:

- (i) theft or embezzlement by Employee from, or common law fraud committed by Employee against, the Company
- (ii) commission by the Employee of any act which, if successfully prosecuted by the appropriate authorities, would constitute a felony under state or federal law;
- (iii) material breach by the Employee of any of her obligations under paragraphs 5.1 through 5.3 below;
- (iv) material breach by the Employee of any other obligation under this Agreement and Plan of Reorganization not cured within ten days after written notice thereof from the Company to the Employee; or
- (v) material breach of representation and warranty under the Asset Purchase Agreement.

If Employee does not notify Company in writing within 30 days after receipt of the aforesaid written notice of the reason or cause for termination that the Employee disputes the Company's determination of such reason or cause, the Company's determination shall be final and binding on the Employee.

4.2 Disability. Notwithstanding any event of disability, Employee shall be entitled to the salary payable hereunder. Disability shall mean determination that Employee is not able to perform his duties hereunder and shall be determined by a panel of three physicians, one of which is appointed by the Company, of appointed by the Employee and one jointly appointed by the two other appointed physicians. Any payment to Employee under any disability insurance plan maintained by the Company shall be applied against and shall reduce the compensation payable by the Company to Employee under this Agreement.

4.3 Co-terminous. This Agreement shall be co-terminous with the Employment Agreement entered this date between the Company and Leonard Haimes. Any termination of that agreement shall have the effect of terminating this Agreement.

5. Confidential Information; Non-Competition; Discoveries.

5.1 Confidential Information. The Employee shall not, at any time during or following termination or expiration of the term of this Agreement and Plan of Reorganization, directly or indirectly, disclose, publish or divulge to any person (except in the regular course of the Company's business), or appropriate, use or cause, permit or induce any person to appropriate or use, any proprietary, secret or confidential information of the Company including, without limitation, knowledge or information relating to its discoveries, inventions, copyrights, trade secrets, business methods, the names or requirements of its customers or the prices, credit or other terms extended to its customers, all of which the Employee agrees are and will be of great value to the Company and shall at all times be kept confidential. Upon termination or expiration of this Agreement and Plan of Reorganization, the Employee shall promptly deliver or return to the Company all materials of a proprietary, secret or confidential nature relating to the Company together with any other property of the Company which may have theretofore been delivered to or may then be in possession of the Employee.

5.2 Non-Competition. During the term of his employment and for three-year period that this Agreement would have been in effect but for its earlier termination, thereafter, the Employee shall not, without the prior consent of the Company in each instance, directly or indirectly, in any manner or capacity, whether for himself or any other person and whether as proprietor, principal, owner, shareholder, partner, investor, director, officer, employee,

representative, distributor, consultant, independent contractor or otherwise, engage or have any interest in any entity which is engaged in any business or activity which competes, directly or indirectly, with any business or activity then or theretofore conducted or engaged in by the Company including any business within a radius of ten miles from a Clinic or a business which the Company then plans to engage in or conduct. Notwithstanding the foregoing, however, the Employee may at any time own in the aggregate as a passive (but not active) investment not more than 5% of the stock or other equity interest of any, publicly-traded entity which so competes with the Company.

5.3 Discoveries, Etc. The Employee shall promptly disclose to the Company, or its nominee, any and all, and all knowledge of, designs, inventions, discoveries and improvements conceived or made by the Employee during the term of this Agreement and Plan of Reorganization and related to the business or activities of the Company, and without further compensation, hereby assigns and agrees to execute any and all instruments of assignment hereafter necessary in order to assign all of her interests therein to the Company or its nominee. Whenever requested to do so by the Company, the Employee shall execute any and all applications, assignments and other instruments and documents which the Company may deem necessary to apply for and obtain letters patent in the United States or any foreign country or otherwise to protect the Company's interests therein.

5.4 Reasonableness. The Employee agrees that each of the provisions of this Section 5 is reasonable and necessary for the protection of the Company; that each such provision is and is tended to be divisible; that if any such provision (including any sentence, clause or part) shall be held contrary to

law or invalid or unenforceable in any respect in any jurisdiction, or as to any one or more periods of time, areas or business activities, or any part thereof, the remaining provisions shall not be affected but shall remain in full force and effect as to the other and remaining parts; and that any invalid or unenforceable provision shall be deemed, without further action on the part of the parties hereto, modified, amended and limited to the extent necessary to render the same valid and enforceable in such jurisdiction. The Employee further recognizes and agrees that any violation of any of her agreements in this Section 5 would cause such damage or injury to the Company as would be irreparable and the exact amount of which would be impossible to ascertain and that, for such reason, among others, the Company shall be entitled, as a matter of course, to injunctive relief from any court of competent jurisdiction restraining any further violation. Such right to injunctive relief shall be cumulative and in addition to, and not in limitation of, all other rights and remedies which the Company may possess.

5.5 Survival. The provisions of this Section 5 shall survive the expiration or termination of this Agreement and Plan of Reorganization for any reason.

6. Miscellaneous.

6.1 Notices. All notices under this Agreement and Plan of Reorganization shall be in writing and shall be deemed to have been duly given if personally delivered against receipt or it mailed by first class registered or certified mail, return receipt requested, addressed to the Company, attention: Chairman, President or Secretary, and to the Employee, at their respective addresses set forth on the first page of this Agreement and Plan of Reorganization, or to such other person or address as may be designated by like notice hereunder. Any such notice shall be deemed to have been given on the day delivered, if personally delivered, or on the second day after the date of mailing if mailed.

6.2 Parties in Interest. This Agreement and Plan of Reorganization shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective heirs, legal

representatives, successors and assigns, but no other person shall acquire or have any rights under or by virtue of this Agreement and Plan of Reorganization, and the obligations of the Employee under this Agreement and Plan of Reorganization may not be assigned or delegated.

6.3 Governing Law; Severability. This Agreement and Plan of Reorganization shall be governed by and construed and enforced in accordance with the laws and decisions of the State of Florida applicable to contracts made and to be performed therein without giving effect to the principles of conflict of laws. In addition to the provisions of paragraph 5.4 above, the invalidity or unenforceability of any other provision of this Agreement and Plan of Reorganization, or the application thereof to any person or circumstance, in any jurisdiction shall in no way impair, affect or prejudice the balance of this Agreement and Plan of Reorganization, which shall remain in full force and effect, or the application thereof to other persons and circumstances.

6.4 Entire Agreement; Modification; Waiver. This Agreement and Plan of Reorganization contains the entire agreement and understanding between the parties with respect to the subject matter hereof and supersedes all prior negotiations and oral understandings, if any. Neither this Agreement and Plan of Reorganization nor any of its provisions may be modified, amended, waived, discharged or terminated, in whole or in part, except in writing signed by the party to be charged. No waiver of any such provision or any breach of or default under this Agreement and Plan of Reorganization shall be deemed or shall constitute a waiver of any other provisions, breach or default.

IN WITNESS WHEREOF, the parties have duly executed this Agreement and Plan of Reorganization as of the date first above written.

HEALTH WELLNESS NATIONWIDE CORP.

By: s\Neal Heller
Neal Heller, President

EMPLOYEE

s\Samantha Haimes
Samantha Haimes

Exhibit A
EMPLOYMENT AGREEMENT

AGREEMENT made the 18th day of January, 1996 (effective, however, only on the Effective Date below set forth) between HEALTH WELLNESS NATIONWIDE CORP. (the "Company"), a Delaware corporation having an office at 2001 West Sample Road, Suite 318, Pompano Beach, Florida 33064, and LEONARD HAIMES, M.D. (the "Employee"), residing at 7356 Mahogany Bend Court, Boca Raton, Florida.

WITNESSETH:

The Employee is a licensed medical doctor authorized to practice medicine in Florida, engaged in the practice of alternative medicine and employed by Sam Lilly Corp., a Florida Corporation ("Seller"). The Company and Seller are entering into an agreement of even date (the "Agreement and Plan of Reorganization") pursuant to which the Company will acquire the business and assets of Seller. The Company desires to employ the Employee following such acquisition, and the Employee is willing to be so employed, upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, with the foregoing recitals deemed incorporated hereinafter by reference and made a part hereof, the parties agree as follows:

1. Employment.

1.1 Term. The Company employs the Employee, and the Employee accepts employment with the Company, in the position and with the duties hereinafter set forth, for a term of three (3) years commencing on the Effective Date (as defined in paragraph 1.02 below) unless sooner terminated as hereinbelow provided.

1.2 Effective Date. The "Effective Date" shall be deemed to be January 22, 1996.

2. Duties.

2.1 General. The Employee shall be president of a newly-created division of the Company ("Division"), having as a business the operation of clinics specializing in complementary medicine. Employee shall establish the first clinic at 7300 North Federal Highway, Boca Raton, Florida ("First Clinic") and shall perform administrative and executive services and perform advisory medicine services for the Division consistent with his other executive duties, shall manage and develop additional clinics of the Division ("Additional Clinics"), and shall perform such other services consistent with his position (including, without limitation, services for parents, subsidiaries, divisions and affiliates of the Company) as may from time to time be assigned to him by the Company's Board of Directors or executive officers. Employee shall have the title of President of the Division.

2.2 Performance. During the term of this Agreement, the Employee shall devote his full time, best efforts and attention to the business, operations and affairs of the Company and the performance of his duties hereunder and, without the Company's consent, shall not engage in any other business activities. Notwithstanding the foregoing, the Employee shall have the right to continue his involvement in Wellness International Network Limited (independent MKK Distributor), Fitness For You, Formula Technology and all endorsements, provided that such activities do not interfere with Employee's performance hereunder.

2.3 Employee's Representations. Employee represents and warrants to and agrees with Company that:

(a) Employee is a physician duly licensed to practice medicine in the State of Florida, is in good standing with the Florida Medical Society and all licensing and regulatory bodies having jurisdiction over his practice; and is in good standing with all professional and medical societies of which he is a member. Employee has never been disciplined, suspended or

remanded as a physician or barred from medical practice, and has had no legal actions brought against him for medical malpractice.

(b) Neither the execution nor performance by the Employee of this Agreement is prohibited by or constitutes or will constitute, directly or indirectly, a breach or violation of, or will be adversely affected by, any written or other agreement to which Employee is or has been a party.

(c) Except as permitted hereunder or pursuant to the Agreement and Plan of Reorganization, neither Employee nor any business or entity in which he has any interest or from which he receives any payments has, directly or indirectly, any interest of any kind in or is entitled to receive, and neither the Employee nor any such business or entity shall accept, form any person any payments of any kind on account of any services performed by the Employee therefore subsequent to the Effective Date. In addition to any of its other rights and remedies, the Company shall be entitled to receive (and shall also have the right to withhold from any payments to Employee under this Agreement) all amounts paid or payable to Employee or any such other business or entity in breach or violation of this paragraph.

(d) Employee shall indemnify and hold the Company free and harmless from and against and shall reimburse it for any and all liabilities, damages, losses, judgments, costs and expenses (including reasonable counsel fees and other reasonable out-of-pocket expenses) arising out of or resulting from any claim or action by any third party against the Company which constitutes, and the provisions of this 2.3(c) are limited to, a breach or default by the Employee of or under 2.3(a) and 2.3(b) above.

3. Compensation and Related Matters.

3.1 Base Salary. Employee shall be paid Thirty Five percent (35%) of the Executive Salary Pool. The Executive Salary Pool shall be Forty Six and 76/100 percent (46.76%) of the Company's Gross Revenue for the prior fiscal year. Gross Revenue shall be computed by the Company's auditors and shall not include revenue received from Rejuvenation Unlimited of Florida, Inc. The Executive Salary Pool cannot exceed \$550,000 for the term of this Agreement.

3.2 Omitted.

3.3 Expenses. With the prior approval of the Company, Employee shall be entitled to reimbursement for business expenses incurred in the performance of Employee's duties upon submission of appropriate vouchers and other supporting data.

3.4 Benefits. Employee shall be entitled to (i) participate in all general pension, profit-sharing, bonus, life, medical and other insurance, disability and other employee benefit plans and programs at any time in effect for executive employees of Natural Health Trends, provided, however, that nothing herein shall obligate the Company to establish or maintain any employee benefit plan or program, whether of the type referred to in this clause (i) or otherwise, and (ii) holidays, vacations, and automobile reimbursement in accordance with the Company's policy for executive employees, except that Company will pay for a life insurance policy on the life of Employee for \$1,000,000 provided Employee is insurable at commercially acceptable rates with Samantha Haimes as beneficiary.

4. Termination of Employment; Disability.

4.1 Termination.

(a) Should Employee's employment be terminated either by the Company for any of the reasons or for causes set forth in 4.1(b) below, or by Employee voluntarily, Employee's compensation under this Agreement shall end on the effective date of such termination and the Company shall have no obligation to pay Employee the payment provided for in subparagraph (B)

of 4.1 above. In the event of Employee's death, the salary payable hereunder shall be paid to Employee's estate throughout the term of this Agreement.

(b) The "reasons or causes" for Company's termination of Employee's employment referred to in 4.2(a) above shall mean and include only the following, provided the Employee is given written notice thereof:

(i) theft or embezzlement by Employee from, or common law fraud committed by Employee against, the Company

(ii) commission by the Employee of any act which, if successfully prosecuted by the appropriate authorities, would constitute a felony under state or federal law;

(iii) material breach by the Employee of any of his obligations under paragraphs 5.1 through 5.3 below;

(iv) material breach by the Employee of any other obligation under this Agreement not cured within ten days after written notice thereof from the Company to the Employee;

(v) material breach of representation and warranty under the Asset Purchase Agreement; or

(vi) revocation or suspension of license to practice medicine.

If Employee does not notify Company in writing within 30 days after receipt of the aforesaid written notice of the reason or cause for termination that the Employee disputes the Company's determination of such reason or cause, the Company's determination shall be final and binding on the Employee.

4.2 Disability. Should the Employee, by reason of illness, mental or physical incapacity or other disability, be unable to perform his regular duties under this Agreement for any

continuous period of six months or for non-continuous periods aggregating one year, in either such event, the Company may terminate the Employee's employment at any time thereafter upon ten days' prior written notice to the Employee as provided in 4.1(a) above unless prior to the expiration of such ten-day period the Employee returns to full-time work and continues same for a period of at least three months. Any payments to Employee under any disability insurance or plan maintained by the Company shall be applied against and shall reduce the compensation payable by the Company to Employee under this Agreement.

4.3 Co-terminous. This Agreement shall be co-terminous with the Employment Agreement entered this date between the Company and Samantha Haimes. Any termination of that agreement shall have the effect of terminating this Agreement.

5. Confidential Information; Non-Competition; Discoveries.

5.1 Confidential Information. The Employee shall not, at any time during or following termination or expiration of the term of this Agreement, directly or indirectly, disclose, publish or divulge to any person (except in the regular course of the Company's business), or appropriate, use or cause, permit or induce any person to appropriate use, any proprietary, secret or confidential information of the Company including, without limitation, knowledge or information relating to its discoveries, inventions, copyrights, trade secrets, business methods, the names or requirements of its customers or the prices, credit or other terms extended to its customers, all of which the Employee agrees are and will be of great value to the Company and shall at all times be kept confidential. Upon termination or expiration of this Agreement, the Employee shall promptly deliver or return to the Company all materials of a proprietary, secret or confidential nature relating to the Company together with any other property of the Company which may have theretofore been delivered to or may then be in possession of the Employee.

5.2 Non-Competition. During the term of his employment and for three-year period that this Agreement would have been in effect but for its earlier termination, thereafter, the Employee shall

not, without the prior consent of the Company in each instance, directly or indirectly, in any manner or capacity, whether for himself or any other person and whether as proprietor, principal, owner, shareholder, partner, investor, director, officer, employee, representative, distributor, consultant, independent contractor or otherwise, engage or have any interest in any entity which is engaged in any business or activity which competes, directly or indirectly, with any business or activity then or theretofore conducted or engaged in by the Company including any business within a radius of 10 miles from a Clinic or a business which the Company then plans to engage in or conduct. Notwithstanding the foregoing, however, the Employee has the right to continue the business conducted by Metabolic Health System, Inc. and Employee may at any time own in the aggregate as a passive (but not active) investment not more than 5% of the stock or other equity interest of any, publicly-traded entity which so competes with the Company.

5.3 Discoveries, Etc. The Employee shall promptly disclose to the Company, or its nominee, any and all, and all knowledge of, designs, inventions, discoveries and improvements conceived or made by the Employee during the term of this Agreement and related to the business or activities of the Company, and without further compensation, hereby assigns and agrees to execute any and all instruments of assignment hereafter necessary in order to assign all of his interests therein to the Company or its nominee. Whenever requested to do so by the Company, the Employee shall execute any and all applications, assignments and other instruments and documents which the Company may deem necessary to apply for and obtain letters patent in the United States or any foreign country or otherwise to protect the Company's interests therein.

5.4 Reasonableness. The Employee agrees that each of the provisions of this Section 5 is reasonable and necessary for the protection of the Company; that each such provision is and is tended to be divisible; that if any such provision (including any sentence, clause or part) shall be held contrary to law or invalid or unenforceable in any respect in any jurisdiction, or as to any one or more periods of time, areas or business activities, or any part thereof, the remaining provisions shall not be affected but shall

remain in full force and effect as to the other and remaining parts; and that any invalid or unenforceable provision shall be deemed, without further action on the part of the parties hereto, modified, amended and limited to the extent necessary to render the same valid and enforceable in such jurisdiction. The Employee further recognizes and agrees that any violation of any of his agreements in this Section 5 would cause such damage or injury to the Company as would be irreparable and the exact amount of which would be impossible to ascertain and that, for such reason, among others, the Company shall be entitled, as a matter of course, to injunctive relief from any court of competent jurisdiction restraining any further violation. Such right to injunctive relief shall be cumulative and in addition to, and not in limitation of, all other rights and remedies which the Company may possess.

5.5 Survival. The provisions of this Section 5 shall survive the expiration or termination of this Agreement for any reason.

6. Miscellaneous.

6.1 Notices. All notices under this Agreement shall be in writing and shall be deemed to have been duly given if personally delivered against receipt or it mailed by first class registered or certified mail, return receipt requested, addressed to the Company, attention: Chairman, President or Secretary, and to the Employee, at their respective addresses set forth on the first page of this Agreement, or to such other person or address as may be designated by like notice hereunder. Any such notice shall be deemed to have been given on the day delivered, if personally delivered, or on the second day after the date of mailing if mailed.

6.2 Parties in Interest. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective heirs, legal representatives, successors and assigns, but no other person shall acquire or have any rights under or by virtue of this Agreement, and the obligations of the Employee under this Agreement may not be assigned or delegated.

6.3 Governing Law; Severability. This Agreement shall be governed by and construed and enforced in accordance with the laws and decisions of the State of Florida applicable to contracts made and to be performed therein without giving effect to the principles of conflict of laws. In addition to the provisions of paragraph 5.4 above, the invalidity or unenforceability of any other provision of this Agreement, or the application thereof to any person or circumstance, in any jurisdiction shall in no way impair, affect or prejudice the balance of this Agreement, which shall remain in full force and effect, or the application thereof to other persons and circumstances.

6.4 Entire Agreement; Modification; Waiver. This Agreement contains the entire agreement and understanding between the parties with respect to the subject matter hereof and supersedes all prior negotiations and oral understandings, if any. Neither this Agreement nor any of its provisions may be modified, amended, waived, discharged or terminated, in whole or in part, except in writing signed by the party to be charged. No waiver of any such provision or any breach of or default under this Agreement shall be deemed or shall constitute a waiver of any other provisions, breach or default.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first above written.

HEALTH WELLNESS NATIONWIDE CORP.

By: s\Neal Heller

EMPLOYEE

s\Leonard Haimés, M.D.
Leonard Haimés, M.D.

EMPLOYMENT AGREEMENT

AGREEMENT made the 26th day of June, 1996 (effective, however, only on the Effective Date below set forth) between HEALTH WELLNESS NATIONWIDE CORP. (the "Company"), a Delaware corporation having an office at 2001 West Sample Road, Suite 318, Pompano Beach, Florida 33064, and KAYE LENZI (the "Employee"), residing at 2557 S.W. Cranbrook Drive, Boynton Beach, Florida 33436, and Natural Health Trends Corp., a Florida Corporation having an office at 2001 West Sample Road, Suite 318, Pompano Beach, Florida 33064 ("NHTC").

WITNESSETH:

The Employee is president and sole Shareholder of Medical Science Consultants, Inc., Diagnostic Sciences, Inc., Managenet, Inc., KBM Consultants, Inc., all Florida corporations (collectively, "Sellers"). The Company and Seller are entering into an agreement of even date (the "Agreement and Plan of Reorganization") pursuant to which the Company will acquire the business and assets of Sellers. The Company desires to employ the Employee following such acquisition, and the Employee is willing to be so employed, upon the terms and conditions hereinafter set forth. The Company is a wholly-owned subsidiary of NHTC and NHTC wishes to guarantee the obligations of the Company hereunder.

NOW, THEREFORE, with the foregoing recitals deemed incorporated hereinafter by reference and mae a part hereof, the parties agree as follows:

1. Employment.

1.1 Term. The Company employs the Employee, and the Employee accepts employment with the Company, in the position and with the duties hereinafter set forth, for a term of three (3) years commencing on the Effective Date (as defined in paragraph 1.02 below) unless sooner terminated as hereinbelow provided.

1.2 Effective Date. This Agreement shall be effective only if and when the Closing under the Agreement and Plan of Reorganization (as the term "Closing is therein defined) is consummated, and, in such event, the "Effective Date" shall be deemed to be June 26, 1996.

2. Duties.

2.1 General. The Employee shall be Regional Director of the Company and in this connection shall manage a clinic specializing in complementary medicine located at 3400 Park Central Boulevard, Suite 3450, North Pompano Beach, Florida ("Clinic"). Employee shall also perform administrative, executive services and advisory medicine services for the Company including managing and developing additional clinics. Employee shall perform such other services consistent with her position (including, without limitation, services for parents, subsidiaries, divisions and affiliates of the Company) as may from time to time be assigned to her by the Company's Board of Directors or executive officers.

2.2 Performance. During the term of this Agreement, the Employee shall devote her full time, best efforts and attention to the business, operations and affairs of the Company and the performance of her duties hereunder and, without the Company's consent, shall not engage in any other business activities except as set forth herein.

2.3 Personal Liability. During the term of the Agreement, the Employee shall not have any personal liability for payroll taxes for the Company or any of its operating divisions the Company shall indemnify and hold her

harmless for same.

2.4 Employee's Representations. Employee represents and warrants to and agrees with Company that:

(a) Employee is the sole shareholder of four corporations, referred to as the Seller in the Agreement and Plan of Reorganization. The Seller through the Employee operates the Clinic. Neither Employee nor any of her staff has been disciplined, suspended or remanded as a health care practitioner, nor barred from medical practice, nor have had any legal actions brought against any of them for damages resulting from services provided at the Clinic except for Fariss D. Kimball, Jr., M.D.

(b) Neither the execution nor performance by the Employee of this Agreement is prohibited by or constitutes or will constitute, directly or indirectly, a breach or violation of, or will be adversely affected by, any written or other agreement to which Employee is or has been a party.

(c) Except as permitted hereunder or pursuant to the Agreement and Plan of Reorganization, neither Employee nor any business or entity in which she has any interest or from which she receives any payments has, directly or indirectly, any interest of any kind in or is entitled to receive, and neither the Employee nor any such business or entity shall accept, from any person, any payments of any kind on account of any services performed by the Employee therefore subsequent to the Effective Date. Any revenues derived by Employee from publications, articles, books and videos not relating

to the Company are excluded. In addition to any of its other rights and remedies, except as provided in 2.4(c), the Company shall be entitled to receive (and shall also have the right to withhold from any payments to Employee under this Agreement) all amounts paid or payable to Employee or any such other business or entity in breach or violation of this paragraph.

(d) Employee shall indemnify and hold the Company free and harmless from and against and shall reimburse it for any and all liabilities, damages, losses, judgments, costs and expenses (including reasonable counsel fees and other reasonable out-of-pocket expenses) arising out of or resulting from any claim or action by any third party against the Company which constitutes, and the provisions of this 2.3(c) are limited to, a breach or default by the Employee of or under 2.4.

3. Compensation and Related Matters.

3.1 Base Salary.

(a) As compensation for her services hereunder, Employee shall be paid a salary equal to her present yearly salary of \$100,000, provided that the Clinic's yearly revenues are not less than \$710,000.00 per annum. In the event the Clinic's revenues are less than \$355,000.00 in any six-month period (either January 1 to June 30 or July 1 to December 31), Employee's salary shall be adjusted for the following six-month period as follows:

Employee's current salary multiplied by a fraction, the numerator of which shall be gross revenues for the applicable six-month period for the Clinic and the denominator of which is \$355,000.

This calculation shall be determined by the Company's accountant and base salary will represent a percentage of overall gross revenues. Such calculation shall be made every six months and Employee's salary will be adjusted for the following six-month period accordingly. If gross revenues of the Clinic are in excess of \$710,000 per year, Employee shall receive five percent (5%) of such excess. Such amount shall be determined by the Company's regularly employed accountant and paid no later than April 1 of the succeeding year.

(b) Except as provided herein, the Company will have

no obligation to retain any other individual after the Closing and nothing contained herein shall be deemed to create third-party beneficiary rights of any nature whatsoever on behalf of the Seller's employees other than those employees the Company chooses in its discretion to retain. However, with respect to employees of the Clinic, for as long as Employee serves as its Director (or serves in a similar capacity), Employee shall have authority as to the staffing and personnel needs of the Clinic, subject to the consent of the Company, which consent shall not be unreasonably withheld.

(c) The company agrees that Employee shall be entitled to a bonus or other incentive compensation, as determined by the Board of Directors of the Company, based upon Employee's contributions to the growth and development of the business of the

Company, including without limitation, the development of new alternative medical clinics.

3.2 Expenses. The Company shall pay or reimburse the Employee for all pre-approved travel, hotel, entertainment and other business expenses incurred in the performance of Employee's duties upon submission of appropriate vouchers and other supporting data.

3.3 Benefits. Employee shall be entitled to (i) participate in all general pension, profit-sharing, bonus, life, medical and other insurance, disability and other employee benefit plans and programs at any time in effect for executive employees of Company, including the Natural Health Trend Corporation's Executive Level Option Plan under which she will receive a minimum of 2,000 options per year, provided, however, that nothing herein shall obligate the Company to establish or maintain any employee benefit plan or program, whether of the type referred to in this clause (i) or otherwise, and (ii) holidays, vacations, and automobile reimbursement in accordance with the Company's policy for executive employees, and the Company will pay for a life insurance policy on the life of Employee in the amount of \$250,000 provided Employee is insurable at commercially acceptable rates (the beneficiary of which shall be designated by Employee).

4. Termination of Employment; Disability.

4.1 Termination.

(a) Employee's employment may only be terminated either by the Company for any of the reasons or for causes set forth in 4.1(b) below, or by Employee voluntarily, Employee's compensation under this Agreement shall end on the effective date of such

termination and the Company shall have no obligation to pay Employee the payment provided for in subparagraph (a) of 3.1 above. In the event of Employee's death, the salary payable hereunder shall be paid to Employee's estate throughout the term of this Agreement.

(b) The "reasons or causes" for Company's termination of Employee's employment referred to in 4.1(a) above shall mean and include only the following, provided the Employee is given written notice thereof:

(i) theft or embezzlement by Employee from, or common law fraud committed by Employee against, the Company;

(ii) commission by the Employee of any act which, if successfully prosecuted by the appropriate authorities, would constitute a felony under state or federal law;

(iii) material breach by the Employee of any of her obligations under paragraphs 5.1 through 5.3 below;

(iv) material breach by the Employee of any other obligation under this Agreement not cured within ten days after written notice thereof from the Company to the Employee;

(v) material breach of representation and warranty under the Agreement and Plan of Reorganization.

If Employee does not notify Company in writing within 30 days after receipt of the aforesaid written notice of the reason or cause for

termination that the Employee disputes

the Company's determination of such reason or cause, the Company's determination shall be final and binding on the Employee.

4.2 Disability. Should the Employee, by reason of illness, mental or physical incapacity or other disability, be unable to perform her regular duties under this Agreement for any continuous period of three months or for non-continuous periods aggregating one year, in either such event, the Company may terminate the Employee's employment at any time thereafter upon ten days' prior written notice to the Employee as provided in 4.1(b) above unless prior to the expiration of such ten-day period the Employee returns to full-time work and continues same for a period of at least three months. Any payments to Employee under any disability insurance or plan maintained by the Company shall be applied against and shall reduce the compensation payable by the Company to Employee under this Agreement.

5. Confidential Information; Non-Competition; Discoveries.

5.1 Confidential Information. The Employee shall not, at any time during or following termination or expiration of the term of this Agreement, directly or indirectly, disclose, publish or divulge to any person (except in the regular course of the Company's business), or appropriate, use or cause, permit or induce any person to appropriate use, any proprietary, secret or confidential information of the Company including, without limitation, knowledge or information relating to its discoveries, inventions, copyrights, trade secrets, business methods, the names or requirements of its customers or the prices, credit or other terms extended to its customers, all of which the Employee agrees are and will be of great value to the Company and shall at all times be kept confidential. Upon termination or expiration of this Agreement, the

Employee shall promptly deliver or return to the Company all materials of a proprietary, secret or confidential nature relating to the Company together with any other property of the Company which may have theretofore been delivered to or may then be in possession of the Employee.

5.2 Non-Competition. During the term of her employment and for three-year period after termination of her employment, the Employee shall not, without the prior consent of the Company in each instance, directly or indirectly, in any manner or capacity, whether for herself or any other person and whether as proprietor, principal, owner, shareholder, partner, investor, director, officer, employee, representative, distributor, consultant, independent contractor or otherwise, engage or have any interest in any entity which is engaged in any business or activity which competes, directly or indirectly, with any business or activity then or theretofore conducted or engaged in by the Company including any existing business within a radius of 10 miles from a Clinic or a business which the Company then operates at the time of Employee's termination.

5.3 Discoveries, Etc. The Employee shall promptly disclose to the Company, or its nominee, any and all, and all knowledge of, designs, inventions, discoveries and improvements conceived or made by the Employee during the term of this Agreement and related to the business or activities of the Company, and without further compensation, hereby assigns and agrees to execute any and all instruments of assignment hereafter necessary in order to assign all of his interests therein to the Company or its nominee. Whenever requested to do so by the Company, the Employee shall execute any and all applications, assignments and other instruments and documents which the Company may deem necessary to apply for and obtain letters patent in the United States or any foreign country or otherwise to protect the Company's interests therein.

5.4 Reasonableness. The Employee agrees that each of the provisions of this Section 5 is reasonable and necessary for the protection of the Company; that each such provision is and is tended to be divisible; that if

any such provision (including any sentence, clause or part) shall be held contrary to law or invalid or unenforceable in any respect in any jurisdiction, or as to any one or more periods of time, areas or business activities, or any part thereof, the remaining provisions shall not be affected but shall remain in full force and effect as to the other and remaining parts; and that any invalid or unenforceable provision shall be deemed, without further action on the part of the parties hereto, modified, amended and limited to the extent necessary to render the same valid and enforceable in such jurisdiction. The Employee further recognizes and agrees that any violation of any of her agreements in this Section 5 would cause such damage or injury to the Company as would be irreparable and the exact amount of which would be impossible to ascertain and that, for such reason, among others, the Company shall be entitled, as a matter of course, to injunctive relief from any court of competent jurisdiction restraining any further violation. Such right to injunctive relief shall be cumulative and in addition to, and not in limitation of, all other rights and remedies which the Company may possess.

5.5 Survival. The provisions of this Section 5 shall survive the expiration or termination of this Agreement for any reason, but not to exceed the time set forth in paragraph 5.2 herein.

6. Miscellaneous.

6.1 Notices. All notices under this Agreement shall be in writing and shall be deemed to have been duly given if personally delivered against receipt or it mailed by first class registered or certified mail, return receipt requested, addressed to the Company, attention: Chairman, President or Secretary, and to the Employee, at their respective addresses set forth on the first page of this Agreement, or to such other person or address as may be designated by like notice hereunder. Any such notice shall be deemed to have been given on the day delivered, if personally delivered, or on day received for, if mailed.

6.2 Parties in Interest. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective heirs, legal representatives, successors and assigns, but no other person shall acquire or have any rights under or by virtue of this Agreement, and the obligations of the Employee under this Agreement may not be assigned or delegated.

6.3 Governing Law; Severability. This Agreement shall be governed by and construed and enforced in accordance with the laws and decisions of the State of Florida applicable to contracts made and to be performed therein without giving effect to the principles of conflict of laws. In addition to the provisions of paragraph 5.4 above, the invalidity or unenforceability of any other provision of this Agreement, or the application thereof to any person or circumstance, in any jurisdiction shall in no way impair, affect or prejudice the balance of this Agreement, which shall remain in full force and effect, or the application thereof to other persons and circumstances.

6.4 Entire Agreement; Modification; Waiver. This Agreement contains the entire agreement and understanding between the parties with respect to the subject matter hereof and supersedes all prior negotiations and oral understandings, if any. Neither this Agreement nor any of its provisions may be modified, amended, waived, discharged or terminated, in whole or in part, except in writing signed by the party to be charged. No waiver of any such provision or any breach of or default under this Agreement shall be deemed or shall constitute a waiver of any other provisions, breach or default.

7. Guaranty of NHTC. All of the obligations of the Company hereunder are guaranteed by NHTC which owns all of the issued and outstanding shares of the Company.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first above written.

HEALTH WELLNESS NATIONWIDE CORP.

By: s\Neal Heller

EMPLOYEE

s\Kaye Lenzi

Kaye Lenzi

NATURAL HEALTH TRENDS CORP.

By: s\Neal Heller

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