

NATURES SUNSHINE PRODUCTS INC  
Form 10-Q  
November 09, 2004

## SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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### FORM 10-Q

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

For the Quarterly Period Ended  
September 30, 2004

Commission File Number  
0-8707

### NATURE S SUNSHINE PRODUCTS, INC.

(Exact name of Registrant as specified in its charter)

**Utah**  
(State or other jurisdiction of  
incorporation or organization)

**87-0327982**  
(IRS Employer  
Identification No.)

**75 East 1700 South**  
**Provo, Utah 84606**  
(Address of principal executive offices and zip code)

**(801) 342-4300**  
(Registrant s telephone number including area code)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (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  No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

The number of shares of Common Stock, no par value, outstanding on November 7, 2004 was 15,390,269 shares.

When we refer in this Form 10-Q to the Company, we, our, and us, we mean Nature's Sunshine Products, Inc., a Utah corporation, together with our subsidiaries.

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NATURE S SUNSHINE PRODUCTS, INC.

FORM 10-Q

For the Quarter Ended September 30, 2004

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## PART I FINANCIAL INFORMATION

## Item 1. FINANCIAL STATEMENTS

## NATURE S SUNSHINE PRODUCTS, INC. AND SUBSIDIARIES

## CONDENSED CONSOLIDATED BALANCE SHEETS

(Amounts in Thousands)

(Unaudited)

	September 30, 2004	December 31, 2003
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 39,521	\$ 30,665
Accounts receivable, net	6,920	5,567
Inventories, net	35,087	26,528
Deferred income tax assets	4,747	3,553
Prepaid expenses and other	13,261	9,723
Total current assets	99,536	76,036
PROPERTY, PLANT AND EQUIPMENT, net	33,874	32,318
LONG-TERM INVESTMENTS	7,554	6,416
DEFERRED TAX ASSETS LONG TERM	5,619	5,359
DEFINITE-LIVED INTANGIBLE ASSETS, net	1,832	2,094
OTHER ASSETS	2,053	3,335
	\$ 150,468	\$ 125,558
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Line of credit	\$	\$ 5,000
Accounts payable	6,519	4,003
Accrued volume incentives	14,323	12,093
Accrued liabilities	24,993	18,009
Income taxes payable	8,561	6,879
Total current liabilities	54,396	45,984
DEFERRED COMPENSATION	2,010	2,232
<b>SHAREHOLDERS EQUITY:</b>		
Common Stock, no par value; 20,000 shares authorized, 19,446 shares issued	19,904	25,437
Retained earnings	135,178	124,997
Treasury stock, at cost, 4,352 and 5,267 shares, respectively	(41,142)	(54,833)
Accumulated other comprehensive loss	(19,878)	(18,259)
Total shareholders equity	94,062	77,342
	\$ 150,468	\$ 125,558

See accompanying notes to condensed consolidated financial statements.



NATURE S SUNSHINE PRODUCTS, INC. AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS)  
 AND COMPREHENSIVE INCOME (LOSS)

(Amounts in Thousands, Except Per-Share Information)

(Unaudited)

	<b>Three Months Ended September 30,</b>	
	<b>2004</b>	<b>2003 (As Restated, See Note 1)</b>
NET SALES REVENUE (net of the rebate portion of volume incentives of \$8,823 and \$9,600, respectively)	\$ 83,617	\$ 63,470
<b>COST AND EXPENSES:</b>		
Cost of goods sold	15,312	13,228
Volume incentives	33,363	23,503
Selling, general and administrative	28,160	27,787
<b>OPERATING INCOME (LOSS)</b>	<b>6,782</b>	<b>(1,048)</b>
<b>OTHER INCOME (EXPENSE)</b>		
Interest income	94	110
Interest expense	(59)	(77)
Other income (expense), net	140	187
	175	220
<b>INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES</b>	<b>6,957</b>	<b>(828)</b>
<b>PROVISION (BENEFIT) FOR INCOME TAXES</b>	<b>2,350</b>	<b>(264)</b>
<b>NET INCOME (LOSS)</b>	<b>4,607</b>	<b>(564)</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS), net of tax:</b>		