## UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

# FORM 8-K

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

Date of report (Date of earliest event reported): March 28, 2012

# MANNATECH, INCORPORATED

(Exact Name of Registrant as Specified in its Charter)

**Texas** (State or other Jurisdiction of Incorporation or Organization) **000-24657** (Commission File Number) 75-2508900 (I.R.S. Employer Identification No.)

600 S. Royal Lane, Suite 200 Coppell, Texas 75019 (Address of Principal Executive Offices, including Zip Code)

Registrant's Telephone Number, including Area Code: (972) 471-7400

(Former name or former address, if change since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act (17CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

# Item 2.02. Results of Operations and Financial Condition.

On March 28, 2012, Mannatech, Incorporated issued a press release announcing financial and operating results for the fourth quarter and year ended December 31, 2011. A copy of the press release is attached as Exhibit 99.1 to this Current Report on Form 8-K.

## Item 9.01 Financial Statements and Exhibits.

#### (d) *Exhibits*.

#### Exhibit NumberExhibit

99.1\* Press release, dated March 28, 2012, entitled "Mannatech Reports Fourth Quarter and Year End Results."

\*Filed herewith.

## SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

## MANNATECH, INCORPORATED

Dated: March 28, 2012

By: /s/ S. Mark Nicholls
S. Mark Nicholls

S. Mark Nicholls Chief Financial Officer

# Exhibit Number Exhibit

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Press release, dated March 28, 2012, entitled "Mannatech Reports Fourth Quarter and Year End Results." 99.1\*

\*Filed herewith.



# **Mannatech Reports Fourth Quarter and Year End Results**

(COPPELL, Texas) March 28, 2012 – <u>Mannatech, Incorporated</u> (NASDAQ: <u>MTEX</u>), a leading developer and provider of nutritional supplements and skin care products based on <u>Real Food Technology</u><sup>®</sup> solutions, today reported a net loss of \$7.0 million, or \$2.63 per diluted share, for the fourth quarter ending December 31, 2011, compared to net loss of \$2.7 million, or \$1.04 per diluted share, for the fourth quarter results was a \$2.6 million settlement in the previously disclosed lawsuit with a supplier related to contractual purchase commitments.

Fourth quarter net sales for 2011 were \$47.9 million, a decrease of 12.8% compared to \$54.9 million in the fourth quarter of 2010. Net sales for United States and Canada declined 14.6% to \$23.5 million compared to \$27.5 million in the fourth quarter of 2010. International net sales of \$24.4 million decreased 10.9% compared to \$27.4 million in the fourth quarter of 2010.

Annual net sales for 2011 were \$200.7 million, down 12.0% from \$228.1 million for the full year 2010. The company reported a net loss for the full year of \$20.7 million, compared to the full year net loss of \$10.6 million in 2010. The loss per share, as adjusted for a 1-for-10 reverse stock split, was of \$7.80 for the full year 2011 compared to the loss per share of \$4.01 for the full year 2010.

Mark Nicholls, Chief Financial Officer, said "Our losses during 2011 were primarily non-cash in nature as the cash from operations declined \$2.9 million in comparison to the net loss of \$20.7 million. The largest non-cash item is depreciation associated with the 2007 launch of our Enterprise Resource Planning system. It is anticipated future depreciation expenses will decline during 2012 to historical levels."

Total independent Associates and Members based on a 12-month trailing period was approximately 372,000 as of December 31, 2011 compared to 403,000 as of December 31, 2010. New independent Associates and Members for the full year 2011 were 77,000 compared to 89,000 in 2010.

Mr. Nicholls adds "During 2011, we continued addressing the challenges from an overall reduction in recruiting. In June 2011, we announced a restructuring of our U.S. operations and elimination of 98 work force positions. Additionally, as opportunities were identified, other operating costs were reduced internationally. As a result, we were able to increase cash by \$736,000 in the last 6 months of 2011 despite the reduction in revenues."

Dr. Robert Sinnott, CEO & Chief Science Officer, commented, "We launched five new countries, including Mexico, during 2011. We launched sales and marketing initiatives designed to support our Associates in growing their businesses at our annual MannaQuest event in Seattle. We continue to support the accelerating growth of our business among ethnic markets, particularly the Chinese and Korean ethnic markets in Canada and the United States. We also introduced our Omega-3 with Vitamin  $D_3$  supplement to our customers. We believe these activities, along with the collaborative research being conducted on our products, continue to add value to the company."

#### **Conference Call**

Mannatech will hold a conference call and webcast to discuss this announcement with investors on Thursday, March 29, 2012 at 9:00 a.m. Central Daylight Time, 10:00 a.m. Eastern Daylight Time. Investors may listen to the call by accessing Mannatech's website at <u>www.mannatech.com</u>. For those unable to listen to the live broadcast, a replay will be available shortly after the call. The toll-free replay number is 888-286-8010 (International: 617-801-6888); the Conference ID to access the call is 24558486.

Individuals interested in Mannatech's products or in exploring its business opportunity can learn more at mannatech.com.

#### **About Mannatech**

Mannatech, Incorporated, develops high-quality health, weight and fitness, and skin care products that are based on the solid foundation of nutritional science and development standards. Mannatech is dedicated to its platform of Social Entrepreneurship based on the foundation of promoting, aiding and optimizing nutrition where it is needed most around the world. Mannatech's proprietary products are available through independent sales Associates around the globe including the United States, Canada, South Africa, Namibia, Australia, New Zealand, Austria, Denmark, Germany, Norway, Sweden, the Netherlands, the United Kingdom, Japan, Taiwan, Singapore, Estonia, Finland, the Republic of Ireland, Czech Republic, the Republic of Korea and Mexico. For more information, visit <u>Mannatech.com</u>.

Please Note: This release contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. These forward-looking statements generally can be identified by use of phrases or terminology such as "anticipate," "believe," "will" or other similar words or the negative of such terminology. Similarly, descriptions of Mannatech's objectives, strategies, plans, goals or targets contained herein are also considered forward-looking statements. Mannatech believes this release should be read in conjunction with all of its filings with the United States Securities and Exchange Commission and cautions its readers that these forward-looking statements are subject to certain events, risks, uncertainties, and other factors. Some of these factors include, among others, Mannatech's inability to attract and retain associates and members, increases in competition, litigation, regulatory changes, and its planned growth into new international markets. Although Mannatech believes that the expectations, statements, and assumptions reflected in these forward-looking statements are reasonable, it cautions readers to always consider all of the risk factors and any other cautionary statements carefully in evaluating each forward-looking statement in this release, as well as those set forth in its latest Annual Report on Form 10-K and Quarterly Report on Form 10-Q, and other filings filed with the United States Securities and Exchange Commission, including its current reports on Form 8-K. All of the forward-looking statements contained herein speak only as of the date of this release.

**Contact Information:** Kim Welch Senior Reporting Manager 972-471-6512 ir@mannatech.com www.mannatech.com

# **CONSOLIDATED BALANCE SHEETS** (in thousands, except share and per share information)

Restricted cash       Image: Control of Control	December 3			
Sash and cash equivalents       \$ 1.         Restricted cash       Accounts receivable, ent of allowance of \$22 and \$21 in 2011 and 2010, respectively       Accounts receivable         norme tax receivable       1         Prepaid expenses and other current assets       3         Deferred tax assets       4         Property and equipment, net       5         Construction in progress       3         Long-term restricted cash       5         Duer assets       5         Long-term deferred tax assets       5         Total assets       5         LABILITIES AND SHAREHOLDERS' EQUITY       5         Current portion of capital leases       5         Accounts payable       1         Current portion of capital leases       5         Accounts payable       1         Commissions and incentives payable       1         Current deferred tax liability       5         Deferred tax liabilities       2         Duer deferred tax liabilities       2         Darent deferred tax liabilities       3         Commissions and incentives payable       3         Current deferred tax liabilities       3         Duer tong-term liabilities       3         Total liabilities	)11		2010	
Restricted cash       In 2011 and 2010, respectively         Accounts receivable, net of allowance of \$22 and \$21 in 2011 and 2010, respectively       In respin 2010, respectively         norem tax receivable, net of allowance of \$22 and \$21 in 2011 and 2010, respectively       In respin 2010, respectively         Deferred tax assets       In respin 2010, respectively       In respin 2010, respectively         Deferred tax assets       In respin 2010, respectively       In respin 2010, respectively         Construction in progress       In respin 2010, respectively       In respin 2010, respectively         Construction in progress       In respin 2010, respectively       In respin 2010, respectively         Construction in progress       In respin 2010, respectively       In respin 2010, respectively         Current deferred tax assets       In respin 2010, respectively       In respin 2010, respectively         Current protion of capital leases       S       S         Accounts payable       In respin 2010, respin 201				
Accounts receivable, net of allowance of \$22 and \$21 in 2011 and 2010, respectively ncome tax receivable ncente tax receivable reventories, net Total current assets Total assets Total assets Total assets Solution	18,057	\$	21,584	
ncome tax receivable networks and the receivable networks and the current assets 2000 and the current asset 2000 and the current 20	1,263		1,265	
nventories, net       1         Prepaid expenses and other current assets       2         Deferred tax assets       2         Total current assets       4         Property and equipment, net       2         Construction in progress       2         cong-term restricted cash       2         Dother assets       2         cong-term restricted cash       2         Chasters       5         Total assets       5         Current offerred tax assets       2         Current portion of capital leases       5         Accounts payable       2         Accruced expenses       1         Commissions and incentives payable       2         Capital leases, excluding current portion       2         capital leases, excluding current portion       2         cong-term deferred tax liabilities       2         Dotter long-term liabilities       3         Commitments and contingencies       3         Commitments and contingencies       3         Common stock, \$0.001 par value, 99,000,000 shares authorized, no shares issued and 2,649,046 shares outstanding as of December 31, 2011 and 2,769,756 shares issued and 2,649,046 shares outstanding as of December 31, 2011 and 2,769,756 shares issued and 2,649,046 shares outstanding as of December 31, 2011 and 2,7	304		416	
Prepaid expenses and other current assets       4         Total current assets       4         Property and equipment, net       9         Construction in progress       9         Ong-term restricted cash       9         Other assets       9         Construction of capital leases       5         IABILITIES AND SHAREHOLDERS' EQUITY       9         Current portion of capital leases       5         Accounts payable       9         Accounts payable       9         Current deferred tax liability       9         Deferred revenue       9         Total current liabilities       2         Capital leases, excluding current portion       9         Long-term liabilities       2         Commitments and contingencies       3         Shareholders' equity:       9         Prefered stock, \$0.01 par value, 90,000,000 shares authorized, no shares issued or outstanding       2,648,518 shares outstanding as of December 31, 2011 and 2,769,756 shares issued and 2,649,046 shares outstanding as of December 31, 2011 and 2,769,756 shares issued and 2,649,046 shares outstanding as of December 31, 2011 and 2,769,756 shares issued and 2,649,046 shares outstanding as of December 31, 2011 and 2,769,756 shares issued and 2,649,046 shares outstanding as of December 31, 2011 and 2,769,756 shares issued and 2,649,046 shares outstanding as of December 31, 2011 and 2,769,756 shares issued an	888		917	
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Property and equipment, net Construction in progress Cong-term deferred tax assets Total assets Total assets Total assets S CLIABILITIES AND SHAREHOLDERS' EQUITY Current portion of capital leases Accounts payable Current of aphable Current of a liability Current deferred tax liability Ceferred revenue Total current liabilities Cong-term deferred tax liabilities Commitments and contingencies Current sock, \$0.01 par value, 1,000,000 shares authorized, no shares issued and 2,648,518 shares outstanding as of December 31, 2011 and 2,769,756 shares issued and 2,649,046 shares outstanding as of December 31, 2011 and 2,769,756 shares issued and 2,649,046 shares outstanding as of December 31, 2011 and 2,769,756 shares issued and 2,649,046 shares outstanding as of December 31, 2011 and 2,769,756 shares issued and 2,649,046 shares outstanding as of December 31, 2011 and 2,769,756 shares issued and 2,649,046 shares outstanding as of December 31, 2011 and 2,769,756 shares issued and 2,649,046 shares outstanding as of December 31, 2011 and 2,769,756 shares issued and 2,649,046 shares outstanding as of December 31, 2011 and 2,769,756 shares issued and 2,649,046 shares outstanding as of December 31, 2011 and 2,769,756 shares issued and 2,649,046 shares outstanding as of December 31, 2011 and 2,769,756 shares issued and 2,649,046 shares outstanding as of December 31, 2011 and 2,769,756 shares issued and 2,649,046 shares outstanding as of December 31, 2011 and 2,769,756 shares issued and 2,649,046 shares outstanding as of December 31, 2011 and 2,769,756 shares issued and 2,649,046 shares outstanding as of December 31, 2011 and 2,769,756 shares issued and 2,649,046 shares outstanding as of December 31, 2011 and 2,769,756 shares issued and 2,649,046 shares outstanding as of December 31, 2011 and 2,769,756 shares issued and 2,649,046 shares outstanding as of December 31, 2011 and 2,769,756 shares issued and 2,649,046 shares outstanding as of December 31, 2010	936		2,607	
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Construction in progress       Image: Construction in progress         cong-term restricted cash       Image: Construction in progress         Cong-term deferred tax assets       Image: Construction construstic construction construction construction construct	9,566		18,449	
Long-term restricted cash       Image: Construction of the sests         Cong-term deferred tax assets       5         Total assets       5         IABILITIES AND SHAREHOLDERS' EQUITY       5         Current portion of capital leases       \$         Accrued expenses       1         Commissions and incentives payable       1         Current deferred tax liability       2         Deferred revenue       2         Total labilities       2         Commissions and contingencies       3         Computer liabilities       3         Computer liabilities       3         Commitments and contingencies       3         Common stock, \$0.01 par value, 1,000,000 shares authorized, 2,769,756 shares issued and 2,649,046 shares outstanding as of December 31, 2011 and 2,769,756 shares issued and 2,649,046 shares outstanding as of December 31, 2011 and 2,769,756 shares issued and 2,649,046 shares outstanding as of December 31, 2011 and 2,769,756 shares issued and 2,649,046 shares outstanding as of December 31, 2011 and 2,769,756 shares issued and 2,649,046 shares outstanding as of December 31, 2010       4         Additional paid-in capital       4         Accumulated other comprehensive loss       4         Less treasury stock, at cost, 121,237 shares in 2011 and 120,709 shares in 2010       (1			524	
Dther assets	3.386		3,532	
Total assets       \$         Total assets       \$         LIABILITIES AND SHAREHOLDERS' EQUITY       \$         Current portion of capital leases       \$         Accounts payable       \$         Accounts payable       11         Commissions and incentives payable       11         Courrent deferred tax liability       5         Deferred revenue       2         Total current liabilities       2         Capital leases, excluding current portion       2         Long-term liabilities       2         Commitments and contingencies       3         Common stock, \$0.01 par value, 1,000,000 shares authorized, no shares issued or outstanding       3         Common stock, \$0.001 par value, 9,000,000 shares authorized, 2,769,756 shares issued and 2,649,046 shares outstanding as of December 31, 2011 and 2,769,756 shares issued and 2,649,046 shares outstanding as of December 31, 2010       4         Additional paid-in capital       4       4         Actounulated other comprehensive loss       (         Less treasury stock, at cost, 121,237 shares in 2011 and 120,709 shares in 2010       (1)	2,815		3,054	
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LIABILITIES AND SHAREHOLDERS' EQUITY         Current portion of capital leases         Accrued expenses         Commissions and incentives payable         Carved expenses         Commissions and incentives payable         Taxes payable         Current deferred tax liability         Deferred revenue         Total current liabilities         Capital leases, excluding current portion         Long-term liabilities         Dother long-term liabilities         Total liabilities         Commissions and contingencies         Shareholders' equity:         Preferred stock, \$0.01 par value, 1,000,000 shares authorized, no shares issued or outstanding         Common stock, \$0.001 par value, 99,000,000 shares authorized, no shares issued and 2,649,046         shares outstanding as of December 31, 2011 and 2,769,756 shares issued and 2,649,046         shares outstanding as of December 31, 2010         Additional paid-in capital         Accumulated other comprehensive loss         Less treasury stock, at cost, 121,237 shares in 2011 and 120,709 shares in 2010	58,270	¢	81,423	
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Current portion of capital leases       \$         Accounts payable       11         Commissions and incentives payable       11         Commissions and incentives payable       11         Carce of expenses       11         Commissions and incentives payable       11         Current deferred tax liability       20         Deferred revenue       2         Capital leases, excluding current portion       2         Long-term liabilities       2         Other long-term liabilities       3         Commitments and contingencies       3         Shareholders' equity:       3         Common stock, \$0.001 par value, 99,000,000 shares authorized, no shares issued or outstanding       3         Common stock, \$0.001 par value, 99,000,000 shares authorized, 2,769,756 shares issued and       2,648,518 shares outstanding as of December 31, 2011 and 2,769,756 shares issued and 2,649,046         shares outstanding as of December 31, 2010       4         Additional paid-in capital       4         Retained earnings (deficit)       (1         Accumulated other comprehensive loss       5         Less treasury stock, at cost, 121,237 shares in 2011 and 120,709 shares in 2010       (1				
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Accrued expenses       11         Commissions and incentives payable       11         Caxes payable       12         Current deferred tax liability       21         Deferred revenue       22         Capital leases, excluding current portion       22         Cong-term deferred tax liabilities       21         Other long-term liabilities       31         Commitments and contingencies       31         Common stock, \$0.01 par value, 1,000,000 shares authorized, no shares issued or outstanding       31         Common stock, \$0.01 par value, 99,000,000 shares authorized, 2,769,756 shares issued and 2,648,518 shares outstanding as of December 31, 2011 and 2,769,756 shares issued and 2,649,046 shares outstanding as of December 31, 2011 and 2,769,756 shares issued and 2,649,046 shares outstanding as of December 31, 2010       44         Actained earnings (deficit)       (14         Actained earnings (deficit)       (21         Accumulated other comprehensive loss       2         Less treasury stock, at cost, 121,237 shares in 2011 and 120,709 shares in 2010       (11	4,825		5,534	
Commissions and incentives payable       Image: Stress payable         Faxes payable       Image: Stress payable         Current deferred tax liability       Image: Stress payable         Deferred revenue       Image: Stress payable         Total current liabilities       Image: Stress payable         Capital leases, excluding current portion       Image: Stress payable         Long-term deferred tax liabilities       Image: Stress payable         Dther long-term liabilities       Image: Stress payable         Total liabilities       Image: Stress payable         Commitments and contingencies       Image: Stress payable         Stareholders' equity:       Image: Stress payable         Preferred stock, \$0.01 par value, 1,000,000 shares authorized, no shares issued or outstanding       Image: Stress payable         Common stock, \$0.001 par value, 99,000,000 shares authorized, 2,769,756 shares issued and 2,649,046 shares outstanding as of December 31, 2011 and 2,769,756 shares issued and 2,649,046 shares outstanding as of December 31, 2010       Image: Stress payable authorized	10,514		10,318	
Taxes payable       Image: Contrast of the second sec	8,567		9,166	
Current deferred tax liability Deferred revenue Total current liabilities Capital leases, excluding current portion Long-term deferred tax liabilities Dther long-term liabilities Total liabilities Total liabilities 3 Commitments and contingencies Shareholders' equity: Preferred stock, \$0.01 par value, 1,000,000 shares authorized, no shares issued or outstanding Common stock, \$0.001 par value, 99,000,000 shares authorized, 2,769,756 shares issued and 2,648,518 shares outstanding as of December 31, 2011 and 2,769,756 shares issued and 2,649,046 shares outstanding as of December 31, 2010 Additional paid-in capital Accumulated other comprehensive loss Less treasury stock, at cost, 121,237 shares in 2011 and 120,709 shares in 2010	3,364		3,721	
Deferred revenue	185		243	
Total current liabilities       2         Capital leases, excluding current portion       2         Long-term deferred tax liabilities       2         Other long-term liabilities       3         Total liabilities       3         Commitments and contingencies       3         Shareholders' equity:       2         Preferred stock, \$0.01 par value, 1,000,000 shares authorized, no shares issued or outstanding       3         Common stock, \$0.0001 par value, 99,000,000 shares authorized, 2,769,756 shares issued and 2,648,518 shares outstanding as of December 31, 2011 and 2,769,756 shares issued and 2,649,046 shares outstanding as of December 31, 2010       4         Additional paid-in capital       4         Retained earnings (deficit)       (1         Accumulated other comprehensive loss       5         Less treasury stock, at cost, 121,237 shares in 2011 and 120,709 shares in 2010       (1	1,569		1,930	
Capital leases, excluding current portion         Long-term deferred tax liabilities         Dther long-term liabilities         Total liabilities         3         Commitments and contingencies         Shareholders' equity:         Preferred stock, \$0.01 par value, 1,000,000 shares authorized, no shares issued or outstanding         Common stock, \$0.001 par value, 99,000,000 shares authorized, 2,769,756 shares issued and 2,648,518 shares outstanding as of December 31, 2011 and 2,769,756 shares issued and 2,649,046 shares outstanding as of December 31, 2010         Additional paid-in capital       4.         Retained earnings (deficit)       (1.         Accumulated other comprehensive loss       (2.         Less treasury stock, at cost, 121,237 shares in 2011 and 120,709 shares in 2010       (1.	29,876		32,240	
Long-term deferred tax liabilities	1,358		1,204	
Dther long-term liabilities       3         Total liabilities       3         Commitments and contingencies       3         Shareholders' equity:       3         Preferred stock, \$0.01 par value, 1,000,000 shares authorized, no shares issued or outstanding       3         Common stock, \$0.001 par value, 99,000,000 shares authorized, 2,769,756 shares issued and 2,648,518 shares outstanding as of December 31, 2011 and 2,769,756 shares issued and 2,649,046 shares outstanding as of December 31, 2010       4         Additional paid-in capital       4         Retained earnings (deficit)       (1         Accumulated other comprehensive loss       5         Less treasury stock, at cost, 121,237 shares in 2011 and 120,709 shares in 2010       (1	1		1,903	
Total liabilities3Commitments and contingencies3Shareholders' equity: Preferred stock, \$0.01 par value, 1,000,000 shares authorized, no shares issued or outstanding Common stock, \$0.0001 par value, 99,000,000 shares authorized, 2,769,756 shares issued and 2,648,518 shares outstanding as of December 31, 2011 and 2,769,756 shares issued and 2,649,046 shares outstanding as of December 31, 20104Additional paid-in capital4Retained earnings (deficit)(1Accumulated other comprehensive loss(1Less treasury stock, at cost, 121,237 shares in 2011 and 120,709 shares in 2010(1	5,382		4,996	
Commitments and contingencies Shareholders' equity: Preferred stock, \$0.01 par value, 1,000,000 shares authorized, no shares issued or outstanding Common stock, \$0.0001 par value, 99,000,000 shares authorized, 2,769,756 shares issued and 2,648,518 shares outstanding as of December 31, 2011 and 2,769,756 shares issued and 2,649,046 shares outstanding as of December 31, 2010 Additional paid-in capital 4 Retained earnings (deficit) 4 Ccumulated other comprehensive loss Less treasury stock, at cost, 121,237 shares in 2011 and 120,709 shares in 2010	36,617	-	40,343	
Shareholders' equity:         Preferred stock, \$0.01 par value, 1,000,000 shares authorized, no shares issued or outstanding         Common stock, \$0.0001 par value, 99,000,000 shares authorized, 2,769,756 shares issued and         2,648,518 shares outstanding as of December 31, 2011 and 2,769,756 shares issued and 2,649,046         shares outstanding as of December 31, 2010         Additional paid-in capital       4.         Retained earnings (deficit)       (a         Accumulated other comprehensive loss       5.         Less treasury stock, at cost, 121,237 shares in 2011 and 120,709 shares in 2010       (1.	50,017		-0,0-0	
Shareholders' equity:         Preferred stock, \$0.01 par value, 1,000,000 shares authorized, no shares issued or outstanding         Common stock, \$0.0001 par value, 99,000,000 shares authorized, 2,769,756 shares issued and         2,648,518 shares outstanding as of December 31, 2011 and 2,769,756 shares issued and 2,649,046         shares outstanding as of December 31, 2010         Additional paid-in capital       4.         Retained earnings (deficit)       (a         Accumulated other comprehensive loss       5.         Less treasury stock, at cost, 121,237 shares in 2011 and 120,709 shares in 2010       (1.				
Preferred stock, \$0.01 par value, 1,000,000 shares authorized, no shares issued or outstanding         Common stock, \$0.001 par value, 99,000,000 shares authorized, 2,769,756 shares issued and 2,648,518 shares outstanding as of December 31, 2011 and 2,769,756 shares issued and 2,649,046 shares outstanding as of December 31, 2010         Additional paid-in capital       4.         Retained earnings (deficit)       (1.         Accumulated other comprehensive loss       5.         Less treasury stock, at cost, 121,237 shares in 2011 and 120,709 shares in 2010       (1.				
Common stock, \$0.0001 par value, 99,000,000 shares authorized, 2,769,756 shares issued and 2,649,046 shares outstanding as of December 31, 2011 and 2,769,756 shares issued and 2,649,046 shares outstanding as of December 31, 2010 Additional paid-in capital 4. Retained earnings (deficit) (Accumulated other comprehensive loss Less treasury stock, at cost, 121,237 shares in 2011 and 120,709 shares in 2010 (1)				
2,648,518 shares outstanding as of December 31, 2011 and 2,769,756 shares issued and 2,649,046 shares outstanding as of December 31, 2010 Additional paid-in capital Accumulated other comprehensive loss Less treasury stock, at cost, 121,237 shares in 2011 and 120,709 shares in 2010 (1)	—			
shares outstanding as of December 31, 2010 Additional paid-in capital Attained earnings (deficit) Accumulated other comprehensive loss Less treasury stock, at cost, 121,237 shares in 2011 and 120,709 shares in 2010 (1)				
Additional paid-in capital       4.         Retained earnings (deficit)       (1.         Accumulated other comprehensive loss       (1.         Less treasury stock, at cost, 121,237 shares in 2011 and 120,709 shares in 2010       (1.				
Retained earnings (deficit)       (i)         Accumulated other comprehensive loss       (i)         Less treasury stock, at cost, 121,237 shares in 2011 and 120,709 shares in 2010       (1)	_			
Accumulated other comprehensive loss Less treasury stock, at cost, 121,237 shares in 2011 and 120,709 shares in 2010 (1	42,408		42,052	
Less treasury stock, at cost, 121,237 shares in 2011 and 120,709 shares in 2010 (1	(5,532)		15,127	
	(427)		(1,308	
	(14,796)	_	(14,791	
Total shareholders' equity2	21,653		41,080	
	58,270	\$	81,423	

# CONSOLIDATED STATEMENTS OF OPERATIONS – (UNAUDITED)

(in thousands, except per share information)

		Three months ended December 31,				Twelve months ended December 31,		
		2011		2010		2011		2010
Net sales	\$	47,907	\$	54,951	\$	200,689	\$	228,088
Cost of sales		8,257		8,114		30,421		32,754
Commissions and incentives	_	20,781		22,702	_	87,425		97,319
	_	29,038	_	30,816	_	117,846	_	130,073
Gross profit		18,869		24,135		82,843		98,015
Operating expenses:								
Selling and administrative		12,495		15,078		55,697		62,657
Depreciation and amortization		2,565		2,826		10,697		11,517
Other operating		9,899		9,030		33,338		35,322
Total operating expenses		24,959		26,934	_	99,732		109,496
Loss from operations		(6,090)		(2,799)		(16,889)		(11,481)
Interest income		120		172		117		173
Other income (expense), net		(12)		443		(1,106)		268
Loss before income taxes	-	(5,982)		(2,184)	_	(17,878)		(11,040)
(Provision) benefit for income taxes		(986)		(558)		(2,781)		424
Net loss	\$_	<b>(6,968</b> )	\$	(2,742)	\$	(20,659)	\$	(10,616)
Loss per common share:								
-	¢	(2.63)	\$	(1.04)	\$	(7.80)	\$	(4.01)
Basic	\$ <u>-</u>	<u> </u>		(1.04)		(7.80)	=	(4.01)
Diluted	\$ _	(2.63)	\$_	(1.04)	\$ _	(7.00)	\$_	(4.01)
Weighted-average common shares outstanding:								
Basic	_	2,649	_	2,649	_	2,649	_	2,649
Diluted	=	2,649	_	2,649	_	2,649	_	2,649

The approximate number of new and continuing independent associates and members who purchased our packs or products during the twelve months ended December 31 was as follows:

	2011		2010			
New	77,000	21%	89,000	22%		
Continuing	295,000	79%	314,000	78%		
Total	372,000	100%	403,000	<u>100</u> %		