SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K/A
Amendment No. 1

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report: March 27, 1998
(Date of earliest event reported)

NU SKIN ASIA PACIFIC, INC.
(Exact name of Registrant as specified in its charter)

Delaware	1-12421	87-0565309
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

75 West Center Street, Provo, Utah	84601
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (801) 345-6100

The Index to Exhibits appears on page 11.

Item 2. Acquisition or Disposition of Assets.

On March 27, 1998, Nu Skin Asia Pacific, Inc., a Delaware corporation ("NSAP"), completed the previously announced acquisition of the capital stock of Nu Skin International, Inc., a Utah corporation ("NSI"), its primary supplier and the owner of rights to the worldwide Nu Skin distributor network, the Nu Skin product formulas and trademarks and the rights to future markets for Nu Skin products worldwide. In addition, NSAP acquired the capital stock of NSI affiliates operating in Europe, South America, Australia and New Zealand and certain other NSI affiliates, including Nu Skin Europe, Inc., a Delaware corporation; Nu Skin U.K., Ltd., a United Kingdom corporation, domesticated in Delaware under the name Nu Skin U.K., Inc.; Nu Skin Germany, GmbH, a German corporation, domesticated in Delaware under the name Nu Skin Germany, Inc.; New Skin France, SARL, a French corporation, domesticated in Delaware under the name Nu Skin France, Inc.; Nu Skin Netherlands, B.V., a Netherlands corporation, domesticated in Delaware under the name Nu Skin Netherlands, Inc.; Nu Skin Italy, (SRL.), an Italian corporation, domesticated in Delaware under the name Nu Skin Italy, Inc.; Nu Skin Spain, S.L., a Spanish corporation, domesticated in Delaware under the name Nu Skin Spain, Inc.; Nu Skin Belgium, N.V., a Belgium corporation, domesticated in Delaware under the name Nu Skin Belgium, Inc.; Nu Skin Personal Care Australia, Inc., a Utah corporation; Nu Skin New Zealand, Inc., a Utah corporation; Nu Skin Brazil, Ltda., a Brazilian corporation, domesticated in Delaware under the name Nu Skin Brazil, Inc.; Nu Skin Argentina, Inc., a Utah corporation; Nu Skin Chile, S.A., a Chilean corporation, domesticated in Delaware under the name Nu Skin Chile, Inc.; Nu Skin Poland Spa., a Polish corporation, domesticated in Delaware under the name Nu Skin Poland, Inc.; Nu Skin International Management Group, Inc., a Utah corporation ("NSIMG"); and Cedar Meadows, L.C. (together with NSI, the "Acquired Entities").

The initial consideration paid by NSAP to the stockholders of the Acquired Entities (the "NSI Stockholders") consisted of 2,986,663 shares of a newly created series of preferred stock of NSAP (the "Series A Preferred Stock") and long-term notes payable to the NSI Stockholders totaling approximately $23.7 million. Contingent upon NSI and NSAP meeting certain earnings growth targets, NSAP may pay up to $100 million in cash (up to $25 million per year) to the NSI Stockholders over the next four years. In connection with the acquisition, NSAP also assumed the liabilities of the Acquired Entities, including the obligation to repay approximately $156.3 million principal amount of promissory notes (the "S Distribution Notes") previously distributed to the NSI Stockholders for payment of earned and undistributed S corporation earnings in the Acquired Entities. The S Distribution Notes bear interest at 8% per annum and mature on December 31, 2004.

The shares of Series A Preferred Stock are automatically convertible on a one-to-one basis, subject to adjustment, into shares of Class A Common Stock of NSAP if stockholder approval for such conversion is obtained. NSAP intends to seek approval for conversion at its next annual meeting, scheduled for May 5, 1998. If stockholder approval for conversion is not received prior to September 30, 1998, NSAP may, at its option, redeem the Series A Preferred Stock at a redemption price per share equal to the lesser of (i) $14.0625 (the "Preference Value") or (ii) 60% of the average of the last sales prices per share of the Class A Common Stock of the Company on the New York Stock Exchange for the 20 consecutive trading days ending on the trading day five days prior to the redemption date. The redemption price would be payable 25% in cash on the redemption date and the remaining 75% in equal installments on the anniversary of the redemption date in each of the three succeeding years. If stockholder approval for conversion is not received prior to September 30, 1998, the Series A Preferred Stock will also be entitled to cumulative dividends at the rate of 7% of the Preference Value per share per annum, payable quarterly. If such dividends become in arrears in an amount equal to at least six quarterly dividends, holders of the Series A Preferred Stock will have the right to elect two new directors, provided that such right will terminate when all accrued and unpaid dividends are paid. The shares of Series A Preferred Stock are entitled to a liquidation preference equal to the Preference Value per share.

Several of the NSI Stockholders were at the time of the acquisition and continue to be significant holders of the Class A Common Stock of NSAP and collectively the NSI Stockholders held and continue to hold all of the outstanding shares of the Class B Common Stock of NSAP. In addition, several of the NSI Stockholders were at the time of the acquisition and continue to be directors and/or officers of NSAP. The acquisition was approved by a special committee of NSAP's board of directors consisting solely of members of the board who were not NSI Stockholders.

Item 7. Financial Statements and Exhibits.

(a) Financial Statements of Businesses Acquired.

The combined financial statements as of and for the year ended December 31, 1997 and report of independent certified public accountants for the Acquired Entities are included as Exhibit 99.15.

(b) Pro Forma Financial Information.

On March 27, 1998, the Company completed the acquisition of the capital stock of the Acquired Entities (the "NSI Acquisition") for $70 million in convertible preferred stock that is anticipated to convert to Class A Common Stock upon stockholder approval and long-term notes payable to the NSI Stockholders totaling approximately $23.7 million. In addition, contingent upon NSI and NSAP meeting certain earnings growth targets, NSAP may pay up to $25 million in cash per year over the next four years. Also, as part of the NSI Acquisition, NSAP assumed approximately $156.3 million in S Distribution Notes. The contingent consideration paid, if any, will be accounted for as an adjustment to the purchase price and allocated to the Acquired Entities' assets and liabilities.

The NSI Acquisition was accounted for by the purchase method of accounting, except for the portion of the Acquired Entities under the common control of a group of stockholders, which portion was accounted for in a manner similar to a pooling of interests. The common control group is comprised of the stockholders of NSAP and the Acquired Entities that are immediate family members.

COMBINED FINANCIAL STATEMENTS

Inasmuch as a portion of the NSI Acquisition was accounted for in a manner similar to a pooling of interests, all prior period financial statements presented have been combined and restated as if NSAP and the Acquired Entities had been combined during all periods presented.

The following Combined Balance Sheet (Unaudited) as of December 31, 1997 and the Combined Statements of Income (Unaudited) for the years ended December 31, 1997, 1996 and 1995 include the accounts of NSAP and its subsidiaries, including the Acquired Entities, and all significant intercompany accounts and transactions have been eliminated in consolidation. Intercompany eliminations include receivables, payables, profit-in-inventory, other assets, revenues, cost of sales and selling, general and administrative expenses. The minority interest represents the NSI Stockholders who are not immediate family members. The statements of income include a pro forma presentation for income taxes which would have been recorded if the Acquired Entities had been taxed as C corporations instead of as S corporations for all periods presented.

PRO FORMA FINANCIAL STATEMENTS

Inasmuch as a portion of the NSI Acquisition was accounted for by the purchase method of accounting, the combined and restated financial statements for the most recent year have been adjusted to give effect to the events directly attributable to the NSI Acquisition.

The following Pro Forma Combined Balance Sheet (Unaudited) as of December 31, 1997 reflects the combined and restated financial statements of NSAP and its subsidiaries, including the Acquired Entities, as if the NSI Acquisition had occurred at December 31, 1997, and the following Pro Forma Combined Statement of Income (Unaudited) for the year ended December 31, 1997 reflects the combined and restated financial statements of NSAP and its subsidiaries, including the Acquired Entities, as if the NSI Acquisition had occurred at January 1, 1997.

The following pro forma financial information is presented for informational purposes only and is not necessarily indicative of the actual results of operations which might have occurred had the NSI Acquisition been consummated as of those earlier dates, nor are they indicative of the results of operations which may occur in the future.

Nu Skin Asia Pacific, Inc.
Combined Balance Sheet (Unaudited)
As of December 31, 1997
(in thousands, except share amounts)

	Nu Skin Asia Pacific, Inc.	Acquired Entities	Combined
ASSETS			
Current assets			
Cash and cash equivalents	$ 166,305	$ 7,995	$ 174,300
Accounts receivable	9,585	1,489	11,074
Related parties receivable	10,686	43,332	23,008
Inventories, net	52,448	45,037	69,491
Prepaid expenses and other	37,238	1,478	38,716
	276,262	99,331	316,589
Property and equipment, net	10,884	16,262	27,146
Other assets, net	65,303	11,402	61,269
Total assets	$ 352,449	$ 126,995	$ 405,004
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Accounts payable	$ 9,412	$ 13,847	$ 23,259
Accrued expenses	132,727	7,888	140,615
Related parties payable	32,782	17,808	10,038
Notes payable to stockholders, current portion	--	19,457	19,457
	174,921	59,000	193,369
Notes payable to stockholders, less current portion	--	116,743	116,743
Minority interest	--	--	(15,753)
Commitments and contingencies			
Stockholders' equity			
Preferred stock - 25,000,000 shares authorized, $.001 par value, 1,941,331 shares issued and outstanding	--	--	2
Class A common stock - 500,000,000 shares authorized, $.001 par value, 11,758,011 shares issued and outstanding	12	--	12
Class B common stock - 100,000,000 shares authorized, $.001 par value, 70,280,759 shares issued and outstanding	70	--	70
Capital stock	--	287	--
Additional paid-in capital	115,053	--	115,053
Retained earnings	105,139	(43,920)	33,541
Deferred compensation	(3,998)	(5,457)	(9,455)
Notes receivable from Nu Skin affiliates	(9,828)	--	--
Accumulated other comprehensive income	(28,920)	342	(28,578)
	177,528	(48,748)	110,645
Total liabilities and stockholders' equity	$ 352,449	$ 126,995	$ 405,004

Nu Skin Asia Pacific, Inc.
Combined Statement of Income (Unaudited)
For the Year Ended December 31, 1997
(in thousands, except per share amounts)

	Nu Skin Asia Pacific, Inc.	Acquired Entities	Combined
Revenue	$ 890,548	$ 308,920	$ 953,422
Cost of sales	248,367	138,516	191,218
Gross profit	642,181	170,404	762,204
Operating expenses			
Distributor incentives	346,117	16,078	362,195
Selling, general and administrative	139,525	109,738	201,880
Distributor stock expense	17,909	--	17,909
Total operating expenses	503,551	125,816	581,984
Operating income	138,630	44,588	180,220
Other income (expense), net	10,726	(1,753)	8,973
Income before provision for income taxes and minority interest	149,356	42,835	189,193
Provision for income taxes	55,710	(3)	55,707
Minority interest	--	--	14,993
Net income	$ 93,646	$ 42,838	$ 118,493
Net income per share:			
Basic			$ 1.42
Diluted			$ 1.36
Weighted average common shares outstanding:			
Basic			83,331
Diluted			87,312
Pro forma data:			
Income before pro forma provision for income taxes and minority interest			$ 189,193
Pro forma provision for income taxes			71,856
Pro forma minority interest			9,299
Pro forma net income			$ 108,038
Pro forma net income per share:			
Basic			$ 1.30
Diluted			$ 1.24

Nu Skin Asia Pacific, Inc.
Combined Statement of Income (Unaudited)
For the Year Ended December 31, 1996
(in thousands, except per share amounts)

	Nu Skin Asia Pacific, Inc.	Acquired Entities	Combined
Revenue	$ 678,596	$ 265,030	$ 761,638
Cost of sales	193,158	124,429	171,187
Gross profit	485,438	140,601	590,451
Operating expenses			
Distributor incentives	249,613	32,975	282,588
Selling, general and administrative	105,477	92,639	168,706
Distributor stock expense	1,990	--	1,990
Total operating expenses	357,080	125,614	453,284
Operating income	128,358	14,987	137,167
Other income (expense), net	2,833	24,188	10,771
Income before provision for income taxes and minority interest	131,191	39,175	147,938
Provision for income taxes	49,494	32	49,526
Minority interest	--	--	13,700
Net income	$ 81,697	$ 39,143	$ 84,712
Net income per share:			
Basic			$ 1.07
Diluted			$ 1.02
Weighted average common shares outstanding:			
Basic			79,194
Diluted			83,001
Pro forma data:			
Income before pro forma provision for income taxes and minority interest			$ 147,938
Pro forma provision for income taxes			54,752
Pro forma minority interest			8,630
Pro forma net income			$ 84,556
Pro forma net income per share:			
Basic			$ 1.07
Diluted			$ 1.02

Nu Skin Asia Pacific, Inc.
Combined Statement of Income (Unaudited)
For the Year Ended December 31, 1995
(in thousands, except per share amounts)

	Nu Skin Asia Pacific, Inc.	Acquired Entities	Combined
Revenue	$ 358,609	$ 179,407	$ 435,855
Cost of sales	96,615	82,036	101,474
Gross profit	261,994	97,371	334,381
Operating expenses			
Distributor incentives	135,722	3,773	139,495
Selling, general and administrative	67,475	63,699	115,950
Distributor stock expense	--	--	--
Total operating expenses	203,197	67,472	255,445
Operating income	58,797	29,899	78,936
Other income (expense), net	511	139	650
Income before provision for income taxes and minority interest	59,308	30,038	79,586
Provision for income taxes	19,097	44	19,141
Minority interest	--	--	10,498
Net income	$ 40,211	$ 29,994	$ 49,947
Net income per share:			
Basic			$ .64
Diluted			$ .61
Weighted average common shares outstanding:			
Basic			78,645
Diluted			82,459
Pro forma data:			
Income before pro forma provision for income taxes and minority interest			$ 79,586
Pro forma provision for income taxes			29,423
Pro forma minority interest			6,617
Pro forma net income			$ 43,546
Pro forma net income per share:			
Basic			$ .55
Diluted			$ .53

Nu Skin Asia Pacific, Inc.
Pro Forma Combined Balance Sheet (Unaudited)
As of December 31, 1997
(in thousands, except share amounts)

	Combined	Pro Forma Adjustments		Pro Forma Combined
ASSETS				
Current assets				
Cash and cash equivalents	$ 174,300			$ 174,300
Accounts receivable	11,074			11,074
Related parties receivable	23,008			23,008
Inventories, net	69,491	$ 21,600	(a)	91,091
Prepaid expenses and other	38,716			38,716
	316,589			338,189
Property and equipment, net	27,146			27,146
Other assets, net	61,269	39,598	(a)(b)	100,867
Total assets	$ 405,004			$ 466,202
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities				
Accounts payable	$ 23,259			$ 23,259
Accrued expenses	140,615	3,000	(b)	143,615
Related parties payable	10,038			10,038
Notes payable to stockholders, current portion	19,457			19,457
	193,369			196,369
Notes payable to stockholders, less current portion	116,743	43,800	(b)	160,543
Minority interest	(15,753)	15,753	(g)	--
Commitments and contingencies				
Stockholders' equity				
Preferred stock - 25,000,000 shares authorized, $.001 par value, 1,941,331 and 2,986,663 shares issued and outstanding	2	1	(b)	3
Class A common stock - 500,000,000 shares authorized, $.001 par value, 11,758,011 shares issued and outstanding	12			12
Class B common stock - 100,000,000 shares authorized, $.001 par value, 70,280,759 shares issued and outstanding	70			70
Capital stock	--			--
Additional paid-in capital	115,053	(1,356)	(b)	113,697
Retained earnings	33,541			33,541
Deferred compensation	(9,455)			(9,455)
Notes receivable from Nu Skin affiliates	--			--
Accumulated other comprehensive income	(28,578)			(28,578)
	110,645			109,290
Total liabilities and stockholders' equity	$ 405,004			$ 466,202

The accompanying notes are an integral part of these unaudited pro forma combined financial statements.

Nu Skin Asia Pacific, Inc.
Pro Forma Combined Statement of Income (Unaudited)
For the Year Ended December 31, 1997
(in thousands, except per share amounts)

	Combined	Pro Forma Adjustments		Pro Forma Combined
Revenue	$ 953,422			$ 953,422
Cost of sales	191,218		(c)	191,218
Gross profit	762,204			762,204
Operating expenses				
Distributor incentives	362,195			362,195
Selling, general and administrative	201,880	$ 1,707	(d)	203,587
Distributor stock expense	17,909			17,909
Total operating expenses	581,984			583,691
Operating income	180,220			178,513
Other income (expense), net	8,973	(14,400)	(e)	(5,427)
Income before provision for income taxes and minority interest	189,193			173,086
Provision for income taxes	55,707	10,016	(f)	65,723
Minority interest	14,993	(14,993)	(g)	--
Net income	$ 118,493			$ 107,363
Net income per share:				
Basic				$ 1.29
Diluted				$ 1.21
Weighted average common shares outstanding:				
Basic				83,331
Diluted			(h)	88,357

The accompanying notes are an integral part of these unaudited pro forma combined financial statements.

Nu Skin Asia Pacific, Inc.
Notes to Unaudited Pro Forma Combined Financial Statements

(a) The following table sets forth the calculation of NSAP's acquisition costs and its preliminary allocation to the Acquired Entities' assets and liabilities using the estimated purchase accounting adjustments, which are subject to post-closing adjustments. Final purchase accounting adjustments may differ from the amounts shown below.

Calculation of acquisition costs:	
Preferred stock (2,986,663 shares at $23.44 per share)	$ 70,000,000
Long-term notes payable to stockholders	23,735,000
Assumed S Distribution Notes	156,265,000
Estimated acquisition expenses	3,000,000
	253,000,000
Net book value of net assets acquired	114,720,000
Excess of cost over net book value	138,280,000
Less: portion under common control	(89,882,000)
Portion not under common control	$ 48,398,000 *

* The portion of the excess of cost over net book value not under common control was allocated as follows: (1) inventory step-up of $21,600,000; (2) marketing rights --intangible of $7,000,000; (3) distributor network --intangible of $7,350,000; and (4) tradename/trademark --intangible of $12,448,000.

(b) Reflects the issuance of 1,045,332 shares of preferred stock, $.001 par value, at $23.44 per share. The 1,941,331 shares of preferred stock issued to the common control group are already reflected in the combined and restated financial statements for all periods presented. Also reflects $20,065,000 of the total $156,265,000 assumed S Distribution Notes, as only $136,200,000 of the notes were actually issued as of December 31, 1997. Also reflects the issuance of long-term notes payable to the NSI Stockholders totaling $23,735,000, estimated accrued acquisition expenses totaling $3,000,000, termination of the Acquired Entities' S corporation status and the effect of recording long-term deferred tax assets totaling $12,800,000 upon conversion of the Acquired Entities from S to C corporations.

(c) The unaudited pro forma statement of income does not reflect additional cost of sales related to the one-time inventory step-up totaling $21,600,000.

(d) Reflects increased amortization expense totaling $1,707,000 on the intangible assets. The marketing rights and the tradename/trademark assets will be amortized on a straight-line basis over 20 years, and the distributor network asset will be amortized on a straight-line basis over 10 years.

(e) Reflects increased interest expense totaling $14,400,000 on the notes payable to the NSI Stockholders. The assumed S Distribution Notes totaling $156,265,000 are due in equal monthly installments over seven years and the long-term notes totaling $23,735,000 are due in 2005. The notes bear interest at 8% per annum.

(f) Reflects adjustments of U.S. Federal and state income taxes as if the Acquired Entities had been taxed as C corporations rather than as S corporations during the year using the combined Company's effective tax rate of 37.98%. Also reflects the tax effect of the above pro forma adjustments. The statement of income does not reflect the one-time effect of recording deferred tax assets totaling approximately $12,800,000 upon conversion of the Acquired Entities from S to C corporations.

(g) Reflects the purchase of the minority interest in the Acquired Entities. The minority interest represents the NSI Stockholders who are not immediate family members.

(h) Diluted weighted average common shares outstanding are computed as if the 2,986,663 preferred shares had been converted to Class A Common Stock as of the beginning of the year.

(c) Exhibits.

2.1 Stock Acquisition Agreement dated as of February 27, 1998 among Nu Skin Asia Pacific, Inc. and the NSI Stockholders (incorporated by reference to Exhibit 2.1 of the Annual Report on Form 10-K filed by Nu Skin Asia Pacific, Inc. on March 13, 1998 with the Securities and Exchange Commission).

99.15 Combined financial statements as of and for the year ended December 31, 1997and report of independent certified public accountants for the Acquired Entities.

SIGNATURES:

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

NU SKIN ASIA PACIFIC, INC.
(Registrant)

By: /s/ M. Truman Hunt
M. Truman Hunt
Vice President of Legal Affairs
and Investor Relations

Dated: April 28, 1998

INDEX TO EXHIBITS

Exhibit	Description
2.1	Stock Acquisition Agreement dated as of February 27, 1998 among Nu Skin Asia Pacific, Inc. and the NSI Stockholders (incorporated by reference to Exhibit 2.1 of the Annual Report on Form 10-K filed by Nu Skin Asia Pacific, Inc. on March 13, 1998 with the Securities and Exchange Commission).
99.15	Combined financial statements as of and for the year ended December 31, 1997 and report of independent certified public accountants for the Acquired Entities.

99.15 Combined financial statements as of and for the year ended December 31, 1997 and report of independent certified public accountants for the Acquired Entities.

Nu Skin Acquired Entities

Combined Financial Statements And Report Of Independent Certified Public Accountants

December 31, 1997

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Report Of Independent Certified Public Accountants

Boards of Directors
Nu Skin Acquired Entities

We have audited the accompanying combined balance sheet of Nu Skin Acquired Entities (collectively, the Entities) as of December 31, 1997, and the related combined statements of earnings, shareholders' deficit, and cash flows for the year then ended. These financial statements are the responsibility of the Entities' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of Nu Skin Acquired Entities as of December 31, 1997, and the combined results of their operations and their combined cash flows for the year then ended, in conformity with generally accepted accounting principles.

/S/ GRANT THORNTON LLP

Provo, Utah
April 1, 1998

Nu Skin Acquired Entities

Combined Balance Sheet
(in thousands, except share data)

December 31, 1997

ASSETS

Current assets		
Cash and cash equivalents		$ 7,995
Receivables		
Affiliated companies (Note H)	$ 42,725	
Related parties (Note H)	607	
Other	1,489	44,821
Inventories, net (Note B)		45,037
Other current assets		1,478
Total current assets		99,331
Property and equipment, at cost (Note C)	51,884	
Less accumulated depreciation and amortization	35,622	16,262
Deferred tax asset (Note L)		174
Other assets (Note D)		11,228
		$ 126,995

LIABILITIES AND SHAREHOLDERS' DEFICIT

Current liabilities		
Accounts payable		$ 13,847
Accrued liabilities (Note E)		7,888
Affiliated company payable (Notes G and H)		7,980
Payable to NSAP (Note G)		9,828
Current maturities of long-term obligations to affiliates (Note K)		19,457
Total current liabilities		59,000
Long-term obligations to shareholders, less current maturities (Note K)		116,743
Commitments and contingencies (Notes F, J and K)		--
Shareholders' deficit (Notes G, J, K and M)		
Common stock $.001 to $8.265, par values	287	
Capital in excess of par values	--	
Accumulated deficit	(43,920)	
Unearned compensation	(5,457)	
Cumulative foreign translation adjustments	342	(48,748)
		$ 126,995

The accompanying notes are an integral part of this financial statement.

Nu Skin Acquired Entities

Combined Statement Of Earnings
(in thousands)

Year ended December 31, 1997

Revenue (Note H)	$ 308,920
Cost of products sold (Notes B and H)	138,516
Gross profit	170,404
Distributor incentives (Note H)	16,078
Selling, general, and administrative expenses (Note H)	109,738
	125,816
Operating profit	44,588
Other expense, net	1,753
Earnings before income taxes	42,835
Income tax benefit (Note L)	(3)
Net Earnings	$ 42,838
Pro forma income taxes (Note L):	
Earnings before pro forma provision for income taxes	$ 42,835
Pro forma income taxes	15,829
Pro forma net earnings	$ 27,006

The accompanying notes are an integral part of this financial statement.

Nu Skin Acquired Entities

Combined Statement Of Shareholders' Deficit
(in thousands)

Year ended December 31, 1997

	Par values	Capital in excess of par values	Retained earnings (accumulated deficit)	Unearned compensation	Cumulative foreign translation adjustments	Total
Balance at January 1, 1997	$ 287	$ 2,308	$ 47,757	$ (8,468)	$ (91)	$ 41,793
Capital contribution by shareholders	-	29,845	-	-	-	29,845
Net change in foreign currency translation adjustments	-	-	-	-	433	433
Forfeiture of available-for-sale securities to employees (Note G)	-	-	-	215	-	215
Amortization of securities granted to employees	-	-	-	2,086	-	2,086
Amortization of distributor stock options	-	-	-	629	-	629
Adjustment to distributor stock options (Note G)	-	-	-	81	-	81
Dividends to shareholders						
Cash	-	(30,468)	-	-	-	(30,468)
Notes to shareholders (Note K)	-	-	(87,114)	-	-	(87,114)
Investment in Nu Skin USA, Inc.	-	(1,685)	(47,401)	-	-	(49,086)
Net earnings	-	-	42,838	-	-	42,838
Balance at December 31, 1997	$ 287	$ -	$ (43,920)	$ (5,457)	$ 342	$ (48,748)

The accompanying notes are an integral part of this financial statement.

Nu Skin Acquired Entities

Combined Statement Of Cash Flows
(in thousands)

Year ended December 31, 1997

Increase (decrease) in cash and cash equivalents		
Cash flows from operating activities		
Net earnings		$ 42,838
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation and amortization	$ 4,890	
Forfeiture of employee stock awards granted	215	
Gain on sale of property and equipment	(443)	
Amortized unearned compensation	2,715	
Adjustment of distributor compensation	81	
Deferred taxes	(3)	
Changes in assets and liabilities		
Receivables	(4,319)	
Inventories, net	(6,428)	
Other assets	7,004	
Accounts payable	516	
Accrued liabilities	2,967	
Related party payable	(43,222)	
Total adjustments		(36,027)
Net cash provided by operating activities		6,811
Cash flows from investing activities		
Proceeds from sale of property and equipment	695	
Purchase of property and equipment	(7,038)	
Net cash used in investing activities		(6,343)

(Continued)

Nu Skin Acquired Entities

Combined Statement Of Cash Flows - Continued
(in thousands)

Year ended December 31, 1997

Cash flows from financing activities		
Capital contributions from shareholders	29,845	
Cash dividends to shareholders	(30,468)	
Net cash used in financing activities		(623)
Effect of exchange rate changes on cash		433
Net increase in cash and cash equivalents		278
Cash and cash equivalents at beginning of year		7,717
Cash and cash equivalents at end of year		$ 7,995
Supplemental disclosures of cash flow information		
Cash paid during the year for		
Income taxes		$ 142

Noncash investing and financing activities

During 1997, certain of the Entities distributed their accumulated earnings to shareholders in the form of notes payable totaling $136,200. In addition, NSI's investment in Nu Skin USA, Inc. of $49,086 was contributed to the shareholders of NSI at December 31, 1997. Also during 1997, the Entities changed the estimated number of options reserved for distributors (Note G) resulting in a $2,716 reduction in the payable to Nu Skin Asia Pacific, Inc. (Note K).

The accompanying notes are an integral part of this financial statement.

Nu Skin Acquired Entities

Notes To Combined Financial Statements

December 31, 1997

Note A - Summary Of Significant Accounting Policies

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements follows. Dollar amounts in these notes to the combined financial statements are in thousands, except for per share and per option data.

1. Business activity

Nu Skin International, Inc. (NSI) was incorporated in 1984, pursuant to the laws and regulations of the State of Utah. NSI is a global leader in the direct selling industry specializing in the development and distribution of personal care and nutrition products. NSI markets products to independent distributors throughout the United States and sells products to various Nu Skin affiliated entities operating in foreign jurisdictions. At December 31, 1997, NSI spun-off the assets relating to its sales to independent distributors in the United States into a related entity named Nu Skin USA, Inc. (NSUSA). The financial results of NSUSA and the results of operations relating to the assets within NSUSA are not included in the combined financial statements of the Nu Skin Acquired Entities (the Entities).

The financial statements of the Entities consist of the combined statements of NSI (excluding the operations of NSUSA), Nu Skin Europe, Inc. (NSE) and its European affiliated entities, Nu Skin Personal Care Australia, Inc., Nu Skin New Zealand, Inc., Nu Skin Brazil, Inc., Nu Skin Argentina, Inc., Nu Skin Chile, Inc., Nu Skin Poland, Inc., Cedar Meadows, L.C. and Nu Skin International Management Group, Inc. Inasmuch as these entities are under common control and will be acquired by Nu Skin Asia Pacific, Inc. (NSAP), an affiliated entity, they have been reported herein on a combined basis. All significant intercompany accounts and transactions among the Entities have been eliminated.

NSE markets products throughout Europe by selling products to or through the following European affiliated entities: Nu Skin U.K. Inc. (NSUK), Nu Skin Germany, Inc. (NSGR), Nu Skin France, Inc. (NSF), Nu Skin Netherlands, Inc. (NSNL), Nu Skin Italy, Inc. (NSIT), Nu Skin Spain, Inc. (NSSP) and Nu Skin Belgium, Inc. (NSB). Each of these companies are incorporated in their respective geographic areas and domesticated in the State of Delaware. These entities were organized from January to December of 1995.

Nu Skin Personal Care Australia, Inc. (NSAU), and Nu Skin New Zealand, Inc. (NSNZ) are the affiliated companies servicing the product orders of the distributors in their respective geographic areas. NSAU and NSNZ were organized in January of 1993.

Nu Skin International Management Group, Inc. (NSIMG), a Utah corporation, provides support services to the Entities and other affiliated companies. These services consist primarily of development, marketing, legal, accounting and other managerial services. NSIMG was organized in January of 1993.

1. Business activity - continued

Nu Skin Brazil, Inc. (NSBR), Nu Skin Chile, Inc. (NSCH), Nu Skin Argentina, Inc. (NSAR), and Nu Skin Poland, Inc. (NSPL) are non-operating, start-up companies which will service the product orders of distributors in each of their respective geographic areas. NSBR, NSCH and NSPL are incorporated in their respective geographic areas and are domesticated in the State of Delaware. NSAR is a Utah corporation. NSBR, NSCH, NSAR and NSPL were organized in July of 1997, November of 1996, December of 1996, and September of 1997, respectively.

Cedar Meadows L.C., a limited liability company, was organized in September of 1994, holds certain property and equipment which are rented to related parties.

2. Cash and cash equivalents

Cash equivalents are short-term, highly liquid instruments with original maturities of 90 days or less.

3. Inventories

Inventories consist of merchandise purchased for resale and are stated at the lower of cost or market using the first-in, first-out method.

4. Depreciation and amortization

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. Leasehold improvements are amortized over the lesser of their economic lives or the lives of the respective leases. For financial reporting purposes, the straight-line method of depreciation is followed for all assets.

5. Other assets

Video production and trademark costs are capitalized and amortized over their estimated useful lives ranging from 2 to 15 years.

6. Forward exchange contracts

As part of its risk management activities, the Entities enter into forward exchange contracts to reduce the impact of foreign currency fluctuations on certain receivables transactions with foreign affiliates. The contracts are transacted in Japanese Yen. The Entities hold no other derivatives or similar instruments.

6. Forward exchange contracts -continued

Gain or loss on a forward contract, determined based on the difference between the spot rate at the balance sheet date and at the last valuation date, is recognized each period. The premium or discount on the forward exchange contract, calculated as the difference between the contract rate and the spot rate at the inception of the contract is amortized over the contract period. Net gains and losses on forward contracts entered into during 1997 approximate $1,467 (gain) and are included in operating activities in the Statement of Cash Flows as a component of Net Earnings. The Entities held forward exchange contracts at December 31, 1997 with notional amounts totaling approximately $8,160 which are due through March of 1998.

7. Revenue recognition

NSI records sales to affiliates when product is shipped, or when license fees and royalties are earned. Royalties are based upon trademark rights owned by NSI and are earned as product is sold by affiliates. License fees are based upon NSI's rights to distributors and the worldwide distribution system, as utilized by affiliates, and are earned as distributors purchase product.

The Entities which sell products to independent distributors generally receive the sales price of products in cash at the time orders are made by an independent distributor. Sales are generally recorded when the product is shipped. Payments received for unshipped products are recorded as deferred revenue.

8. Distributor incentives

Distributor incentives are billable by NSI to the affiliated entities originating the commisionable sale at an agreed-upon rate of 42% of product sales. Distributor incentives in excess of 42% are absorbed by NSI. If total distributor incentives are less than 42%, NSI receives the benefit.

9. Income taxes

Foreign entities are required to pay income taxes to the appropriate foreign governmental organizations on profits derived from sales in the respective countries. Accordingly, when the Entities have net earnings, a provision is provided to recognize such taxes.

9. Income taxes - continued

Pursuant to the foreign taxes described above, the foreign Entities utilize the liability method of accounting for income taxes. Under the liability method, deferred tax assets and liabilities are measured using enacted tax rates and laws that will be in effect when the differences are expected to reverse. An allowance against deferred tax assets is recorded when it is more likely than not that such tax benefits will not be realized.

Income taxes on the earnings applicable to the United States are payable personally by the shareholders pursuant to an election under Subchapter S of the Internal Revenue Code. Pro forma income taxes are disclosed in Note L to present what income taxes would have been if all of the Entities would have been subject to income taxes.

10. Product return policy

The refund program of NSAU, NSNZ, and combined NSE generally provides that a distributor may return product and sales aids in excess of monthly consumption, re-order requirements. Returned items will be refunded at 90% of the sales price to the distributor, less respective commissions paid. Product returns are not significant for the year ended December 31, 1997.

11. Foreign currency transactions

Gains or losses from foreign currency transactions, such as those resulting from the settlement of payables to, or receivables from, foreign affiliates, are included in the combined statement of earnings. Also included in this amount are gains and losses from forward contract transactions. Included in other expense, net is $3,879 of foreign transaction losses.

12. Fair value of financial instruments

The fair value of financial instruments including, cash and cash equivalents, receivables, investments, accounts and commissions payable, accrued liabilities and long-term obligations approximate book values. The fair values of open letters of credit approximate their face values.

13. Use of estimates

In preparing the Entities' financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

14. Recently issued accounting pronouncements not yet adopted

Comprehensive income

In September 1997, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 130 (SFAS 130), "Reporting Comprehensive Income." SFAS 130 requires entities presenting a complete set of financial statements to include details of comprehensive income that arise in the reporting period. Comprehensive income consists of net earnings or loss for the current period and other comprehensive income, which consists of revenue, expenses, gains, and losses that bypass the statement of earnings and are reported directly in a separate component of equity. Other comprehensive income includes, for example, foreign currency items, minimum pension liability adjustments, and unrealized gains and losses on certain investment securities. SFAS 130 requires that components of comprehensive income be reported in a financial statement that is displayed with the same prominence as other financial statements. This statement is effective for fiscal years beginning after December 15, 1997 and requires restatement of prior period financial statements presented for comparative purposes.

Disclosure of segments

Also in September 1997, the FASB issued Statement of Financial Accounting Standards No. 131 (SFAS 131), "Disclosures about Segments of an Enterprise and Related Information." This statement requires an entity to report financial and descriptive information about their reportable operating segments. An operating segment is a component of an entity for which financial information is developed and evaluated by the entity's chief operating decision maker to assess performance and to make decisions about resource allocation. Entities are required to report segment profit or loss, certain specific revenue and expense items and segment assets based on financial information used internally for evaluating performance and allocating resources. This statement is effective for fiscal years beginning after December 15, 1997 and requires restatement of prior period financial statements presented for comparative purposes.

Management does not believe that the adoption of SFAS 130 or 131 will have a material effect on the Entities combined financial statements.

Note B - Inventories

Inventories, net of reserves, consist of the following (in thousands):

Product inventory	$ 39,473
Sales aids inventory	5,564
	$ 45,037

As of December 31, 1997, the Company had reserved for approximately $8,500 for inventory estimated as obsolete.

Note C - Property And Equipment

Property and equipment, at cost, and estimated useful lives are as follows (dollar amounts in thousands):

	Years	
Furniture and equipment	5-7	$ 50,005
Leasehold improvements	5-20	1,260
Motor vehicles	5	619
		$ 51,884

Note D - Other Assets

Other assets consist of the following (in thousands):

Trademarks, net of accumulated amortization of $276	$ 5,346
9.5% long-term notes receivable from affiliates	3,193
Video production costs, net of accumulated amortization of $1,517	424
All other	2,265
	$ 11,228

Note E - Accrued Liabilities

Accrued liabilities consist of the following (in thousands):

Wages, payroll taxes and vacation	$ 3,453
Contingent liabilities	1,657
All other	2,778
	$ 7,888

Note F - Commitments And Contingencies

1. Litigation

The Entities are involved in litigation and claims arising in the normal course of business. Management of the Entities do not expect the liability from these matters, if any, will have a significant impact on the financial condition of the Entities in excess of amounts accrued.

2. Leases

The following is a schedule of future minimum annual rental payments, primarily due to related parties (Note H), for real property and equipment required under operating leases having initial or remaining non-cancelable lease terms in excess of one year which expire from 2000 to 2014 (in thousands):

Year ending December 31,	
1998	$ 5,001
1999	4,357
2000	3,456
2001	2,644
2002	2,583
Thereafter	20,253
	$ 38,294

Rent expense totaled $6,207 for the year ended December 31, 1997.

Note F - Commitments And Contingencies - Continued

3. Self Insurance

The Entities are generally self-insured for health care up to predetermined amounts above which third party insurance applies. Accruals are made based upon estimates of the aggregate liability for claims incurred based upon the Entities experience. Health care claims accrued at December 31, 1997 are not significant.

4. Line of credit

The Entities have an unused, unsecured domestic line of credit in the amount of $2,500 at December 31, 1997 that expires in June of 1998. There are no compensating balance arrangements with the bank.

5. Letters of credit

At December 31, 1997, the Entities had approximately $350 in open letters of credit. The letters expire in April and July of 1998.

Note G - Stock Based Incentives

1. Distributor stock option plan

In November of 1996 the operating entities, other than NSUK and NSIT, adopted the Nu Skin International, Inc., 1996 Distributor Stock Option Plan (the Plan). Pursuant to the Plan, the Entities were initially allocated approximately 638,000 options, each to purchase one share of NSAP Class A common stock for $5.75 per share. The estimated fair value of the options at December 31, 1996 approximated $13,140 ($20.59 per option). Of the options acquired by the Entities, approximately 600,000 options were assigned to the Entities' affiliates at fair value in exchange for notes receivable.

The Plan allowed distributors who achieved certain performance criteria through August 31, 1997 to receive options. The options vested ratably from September 1, 1997 through December 31, 1997 and are exercisable through December 31, 2001.

Note G - Stock Based Incentives - Continued

In accordance with the Plan, the number of options to be issued to each distributor was finalized as of August 31, 1997. The actual number of options allocated to the Entities at August 31, 1997 was approximately 517,000 with an estimated value of $9,828 ($19.00 per option). Of these options approximately 480,000 were assigned to the Entities' affiliates.

The options were purchased in 1996 by the Entities in exchange for a $13,140 ten year note payable to NSAP. As discussed above, the number of distributor stock options to be issued to each distributor in each market was revised through August 31, 1997 and the note payable to NSAP was adjusted to $9,828 as of December 31, 1997. The note bears interest at 6% annually and payments begin in January of 1998. Principal on this note includes unpaid interest. Interest accrues on the principal and unpaid interest and approximated $684 as of December 31, 1997.

2. Employee stock awards

In November of 1996, the Entities acquired approximately 347,000 shares of NSAP Class A common stock in exchange for a $7,980 note from an affiliate to be distributed as employee stock awards. The awards were immediately granted to employees. During 1997, employees of the Entities forfeited approximately 9,400 shares ($215) which were transferred to NSUSA. Shares granted to employees vest over a four-year period. Compensation expense is recognized ratably over the vesting period and totaled approximately $2,086 during 1997.

Note H - Related Party Transactions

In addition to the related party transactions discussed in Notes D, F, G and K, the Entities also entered into the following:

1. Sales, management, licensing, and royalty agreements

NSI has entered into agreements with other of the Entities, NSAP, Nu Skin Canada, Inc. (NSC), Nu Skin Mexico, Inc. (NSM), Nu Skin Guatemala, Inc. (NSG), Nu Skin Puerto Rico (NSPR), and NSUSA, affiliated companies with common shareholders. Under the terms of the agreements, NSI grants these affiliated companies the right to use the Nu Skin name and distributor network, purchase management services and NSI's products. NSI's transactions with the Entities and the affiliated companies are governed by the agreements described above and include sales of product, and collection of royalty, license, and management fees. The Entities' revenue is derived primarily from transactions with affiliates.

2. Receivables from affiliates

The Entities transactions with affiliated companies create receivables, which bear interest at 8%, from these companies. At December 31, 1997, the Entities held net receivables from affiliates as follows (in thousands):

NSAP	$ 27,288
NSUSA	7,980
NSM	3,622
NSC	2,397
NSG	878
NSPR	560
	$ 42,725

3. Sale of marketing and distribution rights

During the year ended December 31, 1996, NSI sold certain marketing and distribution rights to NSAP. These rights were sold for $25,000 of which $10,000 was received during 1997. The remaining $10,000 is due January 15, 1998 and is included in the financial statements as part of the receivables from affiliated companies.

4. Direct expense reimbursements

The Entities received $1,698 of direct expense reimbursements from affiliates during the year ended December 31, 1997. These reimbursements are included as a reduction in selling, general, and administrative expenses.

5. Transactions with related parties

The Entities have entered into transactions with the other related parties as follows:

a. Purchases of sales aids

The Entities purchase sales aids from a related party. These purchases totaled approximately $698, during the year ended December 31, 1997. Management believes these purchases were at fair market value.

Note H - Related Party Transactions - Continued

b. Receivables

The Entities had related party receivables of approximately $607 at December 31, 1997. No allowance for doubtful accounts is considered necessary.

c. Shareholder distributors

Two major shareholders of the Entities have been independent distributors of the Entities since 1984. These shareholder distributors receive commission payments at the highest level of distributor compensation.

Note I - Employee Benefit Plan

NSI and NSIMG have established an employees savings plan under section 401(k) of the Internal Revenue Code. This plan covers all employees who are at least 21 years of age, have at least one year of service and work at least 1,000 hours per year. NSI and NSIMG match 100% of the first 2% of employee contributions and 50% of the next 2% of employee contributions up to 3% of the employee salary. NSI and NSIMG's matching contributions vest at a rate of 25% per year. NSI and NSIMG also may contribute a discretionary amount to the plan. This discretionary amount vests from 20% after 3 years to 100% after 7 years. NSI and NSIMG contributed approximately $474 during the year ended December 31, 1997.

Note J - Stock Purchase Agreement

The shareholders and certain of the Entities have entered into a stock purchase agreement whereby, upon the death of a shareholder, the Entities are obligated to purchase the shares from the shareholder's estate at market value. The commitment under such arrangement is partially funded by shareholders' insurance policies owned by the Entities.

Note K - Long-Term Obligations To Shareholders

On December 31, 1997, certain of the Entities entered into agreements with the S Corporation shareholders of the respective Entities whereby the accumulated and previously undistributed earnings of the Entities were distributed to the shareholders according to their proportionate holdings. The distributions were in

Note K - Long-Term Obligations To Shareholders - Continued

the form of 8% notes payable with payments of $1,621 plus accrued interest due monthly, and mature on December 31, 2004. The notes are not collateralized.

Aggregate maturities of long-term obligations are as follows (in thousands):

Year ending December 31,	
1999	$ 19,457
2000	19,457
2001	19,457
2002	19,457
Thereafter	38,915
Long-term portion	116,743
Current portion (due in 1998)	19,457
Total	$ 136,200

Note L - Income Taxes

The Entities operating outside the United States are required to pay income taxes to the appropriate foreign government on profits derived from sales in those countries. The provision for income taxes represents income taxes paid in foreign countries.

Income taxes on earnings applicable to the United States are payable personally by the shareholders pursuant to an election under Subchapter S of the Internal Revenue Code. Accordingly, when the Entities have earnings, a provision for United States income taxes will not be provided.

Pro forma provision for income taxes

The combined statement of earnings includes a pro forma presentation for income taxes which would have been recorded as if the Entities had been able to file consolidated income taxes returns and had been subject to U.S. federal and state tax laws.

Note L - Income Taxes - Continued

The pro forma provision for income taxes (benefit) consists of the following (in thousands):

Current	
Federal	$ 19,528
State	2,728
Foreign	5,526
Deferred	
Federal	(8,402)
State	(1,173)
Foreign	(2,378)
	$ 15,829

The principal components of pro forma deferred tax assets (liabilities) are as follows (in thousands):

Depreciation	$ 416
Capitalized expenses	8,256
Amortization	(1,292)
Uniform capitalization	2,433
Foreign exchange transactions	1,619
Inventory reserve	3,178
Sale of marketing rights	(3,739)
Accrued expenses	327
Capitalized start up costs	1,209
Stock incentives	372
All other	55
	$ 12,834

A reconciliation of the Entities' pro forma effective tax rate compared to the statutory U.S. federal tax rate is as follows:

Income taxes at statutory rate	35.00 %
State taxes, net of federal benefit	2.36 %
Tax exempt interest income	(0.62)%
Nondeductible expenses	0.22 %
	36.96 %

Note M - Subsequent Event (unaudited)

On March 27, 1998, NSAP completed the acquisition of the capital stock of the Entities for $70,000 in convertible preferred stock and long-term notes payable to the shareholders of the Entities totaling approximately $23,700. In addition, contingent upon NSI and NSAP meeting certain earnings growth targets, NSAP may pay up to $25,000 in cash per year over the next four years. Also, as part of the acquisition of the Entities, NSAP assumed the obligation to repay the principal amount of certain promissory notes (Note K).