
**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): FEBRUARY 9, 2005

000-15701
(Commission file number)

NATURAL ALTERNATIVES INTERNATIONAL, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State of incorporation)

1185 Linda Vista Drive
San Marcos, California 92078
(Address of principal executive offices)

84-1007839
(IRS Employer Identification No.)

(760) 744-7340
(Registrant's telephone number)

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 (17 CFR 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))
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Item 2.02. Results of Operations and Financial Condition.

On February 9, 2005, the registrant issued a press release announcing financial results for the second quarter ended December 31, 2004. A copy of this press release is attached hereto as Exhibit 99.1.

The information in this report furnished pursuant to this Item 2.02 and the exhibits hereto shall not be deemed to be “filed” for the purposes of Section 18 of the Securities and Exchange Act of 1934 or otherwise subject to the liabilities of that Section. The information in this report shall not be incorporated by reference into any filing of the registrant with the SEC, whether made before or after the date hereof, regardless of any general incorporation language in such filings.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits.

99.1 Press release dated February 9, 2005 of the registrant.

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 hereunto duly authorized.

Natural Alternatives International, Inc.

Date: **February 9, 2005**

By: /s/ John Reaves

John Reaves
Chief Financial Officer



Natural Alternatives International, Inc. Reports 68% Increase in Second Quarter Pre-Tax Earnings and 25% Net Sales Growth

SAN MARCOS, CALIF, February 9, 2005 /PRNewswire/ —Natural Alternatives International, Inc. (“NAI”) (Nasdaq: [NAII](#)), a leading formulator and manufacturer of customized nutritional supplements, today announced net income of \$1.6 million or \$0.25 per diluted share on net sales of \$44.3 million for the six months ended December 31, 2004.

For the first six months of fiscal 2005, net sales increased 31% to \$44.3 million from \$33.9 million for the comparable period last year. Net sales growth resulted from a 41% increase in contract manufacturing sales. Income before income taxes doubled to \$2.4 million from \$1.2 million for the comparable period last year. Net income increased to \$1.6 million or \$0.25 per diluted share compared to \$1.1 million or \$0.19 per diluted share in the comparable period last year.

Second quarter net sales increased 25% to \$21.5 million from \$17.2 million for the comparable quarter last year. Net sales growth resulted from a 33% increase in contract manufacturing sales. Income before income taxes increased 68% to \$1.0 million from \$612,000 in the comparable quarter last year. Net income increased to \$785,000 or \$0.12 per diluted share from \$576,000 or \$0.09 per diluted share for the comparable quarter last year.

As of December 31, 2004, NAI had cash and working capital of \$4.6 million and \$14.9 million, respectively, compared to \$7.5 million and \$17.5 million, respectively, at June 30, 2004. Cash flow from operating activities for the first six months of fiscal 2005 was \$2.5 million. We invested \$5.2 million in the expansion of our Vista, California manufacturing facility, which included the acquisition of additional manufacturing equipment. We funded our capital expenditures from available cash on hand. As of December 31, 2004 we had \$7.1 million available under our working capital line of credit.

“We completed our 46,000 square-foot production facility expansion in California,” stated CEO Mark LeDoux. “The new 162,000 square-foot facility will help us improve operational efficiency, increase manufacturing capacity and reduce business risk. We are pleased to have been able to fund this investment in our long-term growth exclusively out of cash from operations.”

President Randell Weaver added, “While we effectively managed our selling, general and administrative expenses to improve profitability over the comparable prior period, we incurred regulatory costs of \$602,000 in the first six months of fiscal 2005 and we expect to continue to incur increased regulatory and other costs during the remainder of fiscal 2005 related, in part, to the scheduled Therapeutic Goods Administration certification review and planned third quarter introduction of upgraded marketing programs for our direct-to-consumer product lines. We do not expect an immediate return on the regulatory and marketing costs. These increased operating expenses, combined with anticipated relatively steady net sales for the remainder of fiscal 2005, will reduce our net income. We expect to remain profitable at reduced levels for the remainder of fiscal 2005.”

NAI, headquartered in San Marcos, California, is a leading formulator and manufacturer of nutritional supplements and provides strategic partnering services to its customers. Our comprehensive partnership approach offers a wide range of innovative nutritional products and services to the client including: scientific research, clinical studies, proprietary ingredients, customer-specific nutritional product formulation, product testing and evaluation, marketing management and support, packaging and delivery system design, regulatory review and international product registration assistance. For more information about NAI, please see our website at www.nai-online.com.

This press release contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934 that are not historical facts and information. These statements represent our intentions, expectations and beliefs concerning future events, including, among other things, our expectations and beliefs with respect to the effect on our operations of the expansion of our Vista, California facility, our future financial and operating results, including our expenditures and sales, and our ability to maintain profitability, maintain and improve long-term revenue growth and implement our strategic plans. We wish to caution readers that these statements involve risks and uncertainties that could cause actual results and outcomes for future periods to differ materially

from any forward-looking statement or views expressed herein. NAI's financial performance and the forward-looking statements contained herein are further qualified by other risks including those set forth from time to time in the documents filed by us with the Securities and Exchange Commission, including our most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q.

SOURCE – Natural Alternatives International, Inc.

CONTACT – John R. Reaves, Chief Financial Officer, Natural Alternatives International, Inc.,

760-736-7700 or investor@nai-online.com.

NATURAL ALTERNATIVES INTERNATIONAL, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

	December 31, 2004	June 30, 2004
	(Unaudited)	
ASSETS		
Cash and cash equivalents	\$ 4,638	\$ 7,495
Accounts receivable, net	7,562	8,889
Inventories, net	13,185	12,863
Deferred income taxes	951	1,010
Other current assets	1,168	633
	<u>27,504</u>	<u>30,890</u>
Property and equipment, net	15,423	11,380
Other assets	185	198
	<u>43,112</u>	<u>42,468</u>
Total Assets	\$ 43,112	\$42,468
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities	\$ 12,614	\$13,422
Long-term debt, less current installments	3,424	3,841
Deferred income taxes	717	717
Deferred rent	292	220
Long-term pension liability	161	140
	<u>17,208</u>	<u>18,340</u>
Total Liabilities	17,208	18,340
Stockholders' Equity	25,904	24,128
	<u>43,112</u>	<u>42,468</u>
Total Liabilities and Stockholders' Equity	\$ 43,112	\$42,468

NATURAL ALTERNATIVES INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except share and per share data)

	Three months ended December 31,		Six months ended December 31,	
	2004	2003	2004	2003
	(Unaudited)		(Unaudited)	
NET SALES	\$ 21,545	\$ 17,195	\$ 44,272	\$ 33,916
Cost of goods sold	16,953	13,300	34,362	25,875
	<u>4,592</u>	<u>3,895</u>	<u>9,910</u>	<u>8,041</u>
Gross profit	4,592	3,895	9,910	8,041
Selling, general & administrative expenses	3,710	3,346	7,634	6,862
	<u>882</u>	<u>549</u>	<u>2,276</u>	<u>1,179</u>
INCOME FROM OPERATIONS	882	549	2,276	1,179
Other income, net	145	63	95	22
	<u>1,027</u>	<u>612</u>	<u>2,371</u>	<u>1,201</u>
INCOME BEFORE INCOME TAXES	1,027	612	2,371	1,201
Provision for income taxes	242	36	734	58
	<u>785</u>	<u>576</u>	<u>1,637</u>	<u>1,143</u>
NET INCOME	\$ 785	\$ 576	\$ 1,637	\$ 1,143
NET INCOME PER COMMON SHARE:				
Basic	\$ 0.13	\$ 0.10	\$ 0.28	\$ 0.20
Diluted	\$ 0.12	\$ 0.09	\$ 0.25	\$ 0.19
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:				
Basic shares	5,928,766	5,821,973	5,928,521	5,821,341
Diluted shares	6,571,995	6,161,851	6,512,099	6,134,798