

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

## FORM 10-Q

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

For the quarterly period ended March 31, 1998

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D)  
OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 0-15701

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

Delaware  
(State of other jurisdiction  
of incorporation or organization)

84-1007839  
(I.R.S. Employer  
Identification No.)

1185 LINDA VISTA DRIVE, SAN MARCOS, CALIFORNIA 92069  
(Address of principal executive offices)  
(Zip Code)

(760) 744-7340  
(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

5,724,542

(Number of shares of common stock of the registrant outstanding as of  
April 30, 1998)

NATURAL ALTERNATIVES INTERNATIONAL, INC.  
PART I - FINANCIAL INFORMATION

## CONSOLIDATED BALANCE SHEETS

## ASSETS

March 31 1998	June 30 1997
-----	-----
(unaudited)	

Current Assets:

Cash and cash equivalents	\$ 3,399,360	\$ 3,469,739
Accounts receivable - less allowance for doubtful accounts of \$1,234,000 at March 31, 1998 and \$1,006,000 at June 30, 1997	10,010,074	6,990,121
Inventories	8,724,835	5,690,850
Tax refund receivable	--	842,209
Notes receivable - current portion	392,573	235,613
Prepaid expenses	599,995	404,899
Deferred income taxes	1,616,000	851,000
Deposits	273,371	322,269
Other current assets	243,794	51,279
	-----	-----
Total Current Assets	25,260,002	18,857,979
	-----	-----
Property and equipment, net	9,844,611	8,259,705
	-----	-----
Other Assets:		
Investments	58,862	58,862
Notes receivable, less current portion	77,348	261,697
Other noncurrent assets, net	349,062	290,932
	-----	-----
Total Other Assets	485,272	611,491
	-----	-----
TOTAL ASSETS	\$35,589,885	\$27,729,175
	=====	=====

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NATURAL ALTERNATIVES INTERNATIONAL, INC.  
PART I - FINANCIAL INFORMATION

CONSOLIDATED BALANCE SHEETS (continued)

LIABILITIES AND STOCKHOLDERS' EQUITY

	March 31 1998	June 30 1997
	-----	-----
	(unaudited)	
Current Liabilities:		
Accounts payable	\$ 8,292,952	\$ 6,907,998
Current installments of long-term debt	45,705	164,266
Current installments of capital lease obligations	7,583	25,189
Income taxes payable	323,749	--
Accrued compensation and employee benefits	316,646	321,337
	-----	-----
Total Current Liabilities	8,986,635	7,418,790
Deferred income taxes	431,000	487,000
Long-term debt, less current installments	1,011,842	1,100,285
Capital lease obligations, less current installments	--	23,613
	-----	-----
Total Liabilities	10,429,477	9,029,688
	-----	-----
Stockholders' Equity:		
Preferred stock; \$.01 par value; 500,000 shares authorized; none issued or outstanding	--	--
Common stock; \$.01 par value; 8,000,000 shares		

authorized; issued and outstanding 5,723,986 at March 31, 1998 and 5,429,764 at June 30, 1997	57,240	54,298
Additional paid-in capital	9,348,233	6,675,426
Retained earnings	15,806,185	12,021,013
Net unrealized losses on investments	(51,250)	(51,250)
	-----	-----
Total Stockholders' Equity	25,160,408	18,699,487
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 35,589,885	\$ 27,729,175
	=====	=====

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NATURAL ALTERNATIVES INTERNATIONAL, INC.  
PART I - FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF EARNINGS  
(Unaudited)

	For the Nine Months Ended March 31		For the Three Months Ended March 31	
	1998	1997	1998	1997
Net sales	\$ 47,290,172	\$ 35,473,581	\$ 18,960,255	\$ 11,406,325
Cost of goods sold	34,463,007	26,130,920	13,737,005	8,540,258
GROSS PROFIT	12,827,165	9,342,661	5,223,250	2,866,067
Selling, general & administrative expenses	6,638,910	5,508,856	2,246,932	1,937,328
INCOME FROM OPERATIONS	6,188,255	3,833,805	2,976,318	928,739
Other income (expense):				
Interest income	141,693	127,334	50,625	42,788
Interest expense	(85,347)	(111,992)	(26,961)	(34,890)
Other, net	(44,429)	(8,845)	7,747	--
	11,917	6,497	31,411	7,898
EARNINGS BEFORE INCOME TAXES	6,200,172	3,840,302	3,007,729	936,637
Income taxes	2,415,000	1,530,000	1,184,000	376,000
NET EARNINGS	\$ 3,785,172	\$ 2,310,302	\$ 1,823,729	\$ 560,637
NET EARNINGS PER COMMON SHARE:				
Basic	\$ 0.69	\$ 0.43	\$ 0.33	\$ 0.10
Diluted	\$ 0.66	\$ 0.41	\$ 0.31	\$ 0.10

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NATURAL ALTERNATIVES INTERNATIONAL, INC.  
PART I - FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF EARNINGS  
(Unaudited)

	Common Stock Shares	Amount	Additional Paid-in Capital	Retained Earnings	Net Unrealized Gains (Losses) on Investments	Total
Balance at June 30, 1997	5,429,764	\$ 54,298	\$ 6,675,426	\$12,021,013	(\$ 51,250)	\$18,699,487
Issuance of common stock upon exercise of employee stock options	294,222	2,942	1,432,307	--	--	1,435,249
Income tax benefit from stock options	--	--	1,240,500	--	--	1,240,500
Net earnings	--	--	--	3,785,172	--	3,785,172
Balance at March 31, 1998	5,723,986	\$ 57,240	\$ 9,348,233	\$15,806,185	(\$ 51,250)	\$25,160,408

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NATURAL ALTERNATIVES INTERNATIONAL, INC.  
PART I - FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Unaudited)

	For the Nine Months Ended March 31	
	1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	\$ 3,785,172	\$ 2,310,302
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Bad debt expense	270,000	141,621
Tax benefit on option exercise	1,240,500	85,600
Depreciation and amortization	1,117,273	942,429
Deferred income taxes	(821,000)	(95,000)
(Gain) Loss on disposal of assets	52,177	(9,099)
Other	(20,943)	(19,713)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(3,289,953)	1,038,821
Inventories	(3,033,985)	(2,564,024)
Prepaid expenses	(195,096)	0
Deposits	48,898	(152,341)
Tax refund receivable	842,209	--
Prepaid income taxes	(51,845)	0
Other assets	(198,799)	(159,838)
(Decrease) increase in:		
Accounts payable	1,325,245	1,671,532
Accrued compensation and employee benefits	(4,691)	(33,875)
Income taxes payable	323,749	(380,647)
Net Cash Provided by Operating Activities	1,440,756	2,775,768

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NATURAL ALTERNATIVES INTERNATIONAL, INC.  
PART 1 - FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)  
(Unaudited)

	For the Nine Months Ended March 31	
	1998	1997
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property and equipment	\$ 65,000	\$ --
Receivable from affiliated company	--	(200,000)
Capital expenditures	(2,819,355)	(1,586,063)
Issuance of notes receivable	(4,625)	(82,409)
Repayment of notes receivable	55,942	88,948
Other	4,879	(47,716)
	-----	-----
Net Cash Used in Investing Activities	(2,698,159)	(1,827,240)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on long-term debt and capital leases	(248,225)	(178,536)
Issuance of common stock	1,435,249	273,575
Borrowings on line of credit	--	350,000
	-----	-----
Net Cash Provided by Financing Activities	1,187,024	445,039
	-----	-----
Net Increase (Decrease) in Cash and Cash Equivalents	(70,379)	1,393,567
Cash and Cash Equivalents at Beginning of Period	3,469,739	1,887,427
	-----	-----
Cash and Cash Equivalents at End of Period	\$ 3,399,360	\$ 3,280,994
	=====	=====

NATURAL ALTERNATIVES INTERNATIONAL, INC.  
PART I - FINANCIAL INFORMATION

NOTES TO CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - BASIS OF PRESENTATION

The unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments, consisting of a normal recurring nature considered necessary for a fair presentation, have been included. It is suggested that these consolidated financial statements be read in conjunction with the financial statements and notes thereto included in the Company's annual report on Form 10-K for the year ended June 30, 1997. The results of operations

for the periods ended March 31, 1998 and 1997 are not necessarily indicative of the operating results for the full year.

Certain amounts in prior period financial statements have been reclassified to conform to the current period financial statements.

NOTE 2 - PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Millennium Health International, Inc. (formerly Pro-Lean, Inc. and prior to that Sonergy, Inc.), CellLife International, Inc. and CellLife Pharmaceuticals International, Inc. all of which had been administered and operated out of the Company's facilities. During fiscal 1997, the assets and liabilities of each of the subsidiaries were transferred to the Company and the Company assumed their operations. All significant intercompany accounts and transactions have been eliminated.

NOTE 3 - INVENTORIES

	March 31 1998	June 30 1997
	-----	-----
Raw materials	\$3,901,218	\$2,747,451
Work in progress	4,427,071	2,598,430
Finished goods	396,546	344,969
	-----	-----
	\$8,724,835	\$5,690,850
	=====	=====

NATURAL ALTERNATIVES INTERNATIONAL, INC.  
PART I - FINANCIAL INFORMATION

NOTES TO CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 - NET EARNINGS PER SHARE

Pursuant to Statement of Financial Accounting Standards No. 128 ("SFAS No. 128"), financial statements for periods ending after December 15, 1997 must reflect basic earnings per share and diluted earnings per share as defined. Accordingly, basic earnings per share has been computed based upon the weighted average number of shares outstanding during the period and diluted earnings per share has been computed based upon the weighted average number of shares outstanding during the period plus the dilutive effects of common shares contingently issuable from stock options. Prior period amounts have been restated to conform to SFAS No. 128. Common stock options are excluded from the computation of net earnings per share if their effect is anti-dilutive. Basic and diluted earnings per share have been calculated as follows:

	For the three months ended March 31, 1998			For the nine months ended March 31, 1998		
	Earnings (Numerator)	Weighted Average Shares (Denominator)	Per Share Amount	Earnings (Numerator)	Weighted Average Shares (Denominator)	Per Share Amount
	-----	-----		-----	-----	
BASIC EARNINGS PER SHARE						
Net earnings	\$1,823,729	5,566,956	\$ 0.33	\$3,785,172	5,481,539	\$ 0.69

EFFECT OF DILUTIVE SECURITIES						
Stock options		352,963			270,877	
DILUTED EARNINGS PER SHARE	\$1,823,729	5,919,919	\$ 0.31	\$3,785,172	5,752,416	\$ 0.66

	For the three months ended March 31, 1997			For the nine months ended March 31, 1997		
	Earnings (Numerator)	Weighted Average Shares (Denominator)	Per Share Amount	Earnings (Numerator)	Weighted Average Shares (Denominator)	Per Share Amount
BASIC EARNINGS PER SHARE						
Net earnings	\$ 560,637	5,398,925	\$ 0.10	\$2,310,302	5,385,224	\$ 0.43
EFFECT OF DILUTIVE SECURITIES						
Stock options		267,388			260,882	
DILUTED EARNINGS PER SHARE	\$ 560,637	5,666,313	\$ 0.10	\$2,310,302	5,646,106	\$ 0.41

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NATURAL ALTERNATIVES INTERNATIONAL, INC.  
PART I - FINANCIAL INFORMATION

NOTES TO CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 - STOCKHOLDERS' EQUITY

Effective June 5, 1992, the Company adopted the 1992 Incentive Stock Option Plan for which 500,000 common shares have been reserved for issuance to officers, directors, and key employees of the Company. The plan provides that no option may be granted at an exercise price less than the fair market value of the common stock of the Company on the date of grant. On September 9, 1993, 200,000 options were granted at the fair market value price of \$4.875 per share. On March 10, 1998, 300,000 options were granted at the fair market value price of \$10.50 per share.

Also effective June 5, 1992, the Company adopted the 1992 Nonqualified Stock Option Plan and reserved a total of 250,000 common shares for issuance to officers, employees, and consultants of the Company. On September 9, 1993, 250,000 options were granted at the fair market value price of \$4.875 per share.

Effective December 9, 1994, the Board of Directors approved the 1994 Nonqualified Stock Option Plan for which 500,000 common shares were reserved for issuance to officers, employees, and consultants of the Company. On January 24, 1995, 500,000 options were granted at the fair market value price of \$4.625 per share.

All stock options under each of the plans have five-year terms and all options became fully vested one year after their grant date. On March 10, 1998, the Board of Directors extended the term within which to exercise options under the 1992 Incentive Stock Option Plan by two years.

Stock option activity during the periods indicated is summarized below:

	1992 Incentive Plan	1992 Nonqualified Plan	1994 Nonqualified Plan
Outstanding and exercisable at June 30, 1997	96,169	220,942	451,500
Granted	300,000	--	--





- (a) Percent of total sales
- (b) Sales for the period were less than 10% of total sales.

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NATURAL ALTERNATIVES INTERNATIONAL, INC.  
PART I - FINANCIAL INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION  
AND RESULTS OF OPERATIONS

Except for the historical information contained herein, the following discussion contains forward-looking statements that involve risks and uncertainties. The Company's actual results could differ materially from those projected in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in this section and those discussed in the Company's Annual Report on Form 10-K.

RESULTS OF OPERATIONS

THIRD QUARTER OF FISCAL 1998 AND 1997

The Company's consolidated net sales for the quarter ended March 31, 1998, amounted to \$19.0 million, an increase of \$7.6 million over the \$11.4 million generated during the quarter ended March 31, 1997. Approximately two-thirds of the 66% increase in sales came from sales to new customers and the balance from existing customers. International sales for the quarter ended March 31, 1998, amounted to \$2.6 million compared to \$.5 million for the quarter ended March 31, 1997. The increase in international sales is primarily from expansion into foreign markets by existing customers.

Gross profit margins were 27.5% for the quarter ended March 31, 1998, compared to 25.1% for the quarter ended March 31, 1997. The increase in margins was due to purchasing cost efficiencies.

Selling, general and administrative expenses decreased as a percentage of revenues to 11.9% for the quarter ended March 31, 1998 from 17.0% for the quarter ended March 31, 1997. This decrease is due to the 66% increase in sales noted above while selling, general and administrative expenses, which for the most part, are fixed, increased by 16% from \$1.9 million in 1997 to \$2.2 million in 1998.

Net earnings for the quarter ended March 31, 1998, amounted to \$1.8 million, a \$1.2 million increase from the \$.6 million in net earnings produced for the quarter ended March 31, 1997. The increase in net earnings was due primarily to increased sales and improved gross profit margins partially offset by the increase in selling, general and administrative expenses discussed above.

Diluted earnings per share for the quarter ended March 31, 1998, was \$.31 compared to \$.10 for the quarter ended March 31, 1997. The increase was due to the reasons discussed above.

NINE MONTHS ENDED MARCH 31, 1998 AND 1997

The Company's consolidated net sales for the nine months ended March 31, 1998, amounted to \$47.3 million, an increase of \$11.8 million over the \$35.5 million generated during the nine months ended March 31, 1997. Approximately three-fourths of the 33% increase in sales came from sales to new customers and the balance from existing customers. International sales for the nine months ended March 31, 1998, amounted to \$10.6 million compared to \$1.3 million for the nine months ended March 31, 1997. The increase in international sales is primarily from expansion into foreign markets by existing customers.

Gross profit margins were 27.1% for the nine months ended March 31, 1998, compared to 26.3% for the nine months ended March 31, 1997. The increase in margins was due to manufacturing cost efficiencies.

NATURAL ALTERNATIVES INTERNATIONAL, INC.  
PART I - FINANCIAL INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION  
AND RESULTS OF OPERATIONS (CONTINUED)

NINE MONTHS ENDED MARCH 31, 1998 AND 1997 (continued)

Selling, general and administrative expenses decreased as a percentage of revenues to 14.0% for the nine months ended March 31, 1998 from 15.5% for the nine months ended March 31, 1997. Selling, general and administrative expenses increased to \$6.6 million in 1998 from \$5.5 million in 1997. The increase was primarily due to expenses associated with the employee pension plan, which was adopted on January 1, 1997, and increased costs for research and development and clinical studies.

Net earnings for the nine months ended March 31, 1998, amounted to \$3.8 million, a \$1.5 million increase from the \$2.3 million in net earnings produced for the nine months ended March 31, 1997. The increase in net earnings was due primarily to increased sales and improved gross profit margins partially offset by the increase in selling, general and administrative expenses discussed above.

Diluted earnings per share for the nine months ended March 31, 1998, was \$.66 compared to \$.41 for the nine months ended March 31, 1997. The increase was due to the reasons discussed above.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 1998, the Company had working capital of \$16,273,000 compared to \$11,439,000 as of June 30, 1997. An increase in inventories and accounts receivable was offset by an increase in accounts payable. Inventory levels at March 31, 1998, compared to sales, are in line with historic levels.

The Company has purchase commitments approximating \$450,000 for additional production equipment that is expected to be placed in service in the fourth quarter. These expenditures are expected to be funded from cash flow from operating activities.

The Company believes it has sufficient sources of funds to finance its ongoing operations and meet its capital asset purchases, as well as future growth through a combination of internally generated cash flow, revolving lines of credit and equipment financing. The Company has revolving line of credit agreements permitting borrowings up to \$3,000,000, which are secured by the Company's receivables, inventory, equipment, and vehicles and bear interest at the bank's prime rate. The bank's prime rate at March 31, 1998 was 8.5%. The lines of credit expire in January 1999. The company had no borrowings at March 31, 1998, or at June 30, 1997, under these credit lines.

NATURAL ALTERNATIVES INTERNATIONAL, INC.  
PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, based in part on the advice of counsel, the ultimate disposition of these matters will not have a material adverse impact on the Company's consolidated financial position, operations or cash flows.

ITEM 2. CHANGES IN SECURITIES

During the quarter ending March 31, 1998, 294,222 common shares were issued pursuant to employee stock option exercises.

ITEM 3. DEFAULTS BY THE COMPANY ON ITS SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits: The following exhibits are filed herewith:

27.0. Financial Data Schedule

(b) No reports on Form 8-K were filed during the quarter ended March 31, 1998.

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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.

NATURAL ALTERNATIVES INTERNATIONAL, INC.

MARK A. LE DOUX  
-----

Date: May 13, 1998

Mark A. Le Doux  
Chief Executive Officer

WILLIAM P. SPENCER  
-----

Date: May 13, 1998

William P. Spencer  
President



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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 1997, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1997, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 1997, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

</LEGEND>

<PERIOD-TYPE>	9-MOS	
<FISCAL-YEAR-END>		JUN-30-1997
<PERIOD-START>		JUL-01-1996
<PERIOD-END>		MAR-31-1997
<CASH>		3,280,994
<SECURITIES>		0
<RECEIVABLES>		5,254,316
<ALLOWANCES>		436,000
<INVENTORY>		8,963,616
<CURRENT-ASSETS>		18,789,276
<PP&E>		13,487,896
<DEPRECIATION>		5,547,040
<TOTAL-ASSETS>		27,632,989
<CURRENT-LIABILITIES>		6,304,024
<BONDS>		1,139,633
<PREFERRED-MANDATORY>		0
<PREFERRED>		0
<COMMON>		54,089
<OTHER-SE>		19,748,821
<TOTAL-LIABILITY-AND-EQUITY>		27,632,989
<SALES>		35,473,581
<TOTAL-REVENUES>		35,473,581
<CGS>		26,130,920
<TOTAL-COSTS>		5,508,856
<OTHER-EXPENSES>		0
<LOSS-PROVISION>		15,000
<INTEREST-EXPENSE>		127,334
<INCOME-PRETAX>		3,840,302
<INCOME-TAX>		1,530,000
<INCOME-CONTINUING>		2,310,302
<DISCONTINUED>		0
<EXTRAORDINARY>		0
<CHANGES>		0
<NET-INCOME>		2,310,302
<EPS-PRIMARY>		0.43
<EPS-DILUTED>		0.41



<ARTICLE> 5

<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 1996, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

</LEGEND>

<PERIOD-TYPE>	6-MOS	
<FISCAL-YEAR-END>		JUN-30-1997
<PERIOD-START>		JUL-01-1996
<PERIOD-END>		DEC-31-1996
<CASH>		3,483,474
<SECURITIES>		0
<RECEIVABLES>		5,950,909
<ALLOWANCES>		408,000
<INVENTORY>		6,924,523
<CURRENT-ASSETS>		18,079,579
<PP&E>		12,914,656
<DEPRECIATION>		5,229,348
<TOTAL-ASSETS>		26,642,601
<CURRENT-LIABILITIES>		5,935,518
<BONDS>		1,177,748
<PREFERRED-MANDATORY>		0
<PREFERRED>		0
<COMMON>		53,919
<OTHER-SE>		19,081,804
<TOTAL-LIABILITY-AND-EQUITY>		26,642,601
<SALES>		24,067,255
<TOTAL-REVENUES>		24,067,255
<CGS>		17,590,661
<TOTAL-COSTS>		3,571,529
<OTHER-EXPENSES>		0
<LOSS-PROVISION>		30,000
<INTEREST-EXPENSE>		77,102
<INCOME-PRETAX>		2,903,665
<INCOME-TAX>		1,154,000
<INCOME-CONTINUING>		1,749,665
<DISCONTINUED>		0
<EXTRAORDINARY>		0
<CHANGES>		0
<NET-INCOME>		1,749,665
<EPS-PRIMARY>		0.33
<EPS-DILUTED>		0.31

<ARTICLE> 5

<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 1996, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

</LEGEND>

<PERIOD-TYPE>	3-MOS	
<FISCAL-YEAR-END>		JUN-30-1997
<PERIOD-START>		JUL-01-1996
<PERIOD-END>		SEP-30-1996
<CASH>		1,935,533
<SECURITIES>		0
<RECEIVABLES>		5,681,327
<ALLOWANCES>		410,000
<INVENTORY>		8,347,449
<CURRENT-ASSETS>		18,109,685
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<DEPRECIATION>		4,928,000
<TOTAL-ASSETS>		25,887,634
<CURRENT-LIABILITIES>		6,056,517
<BONDS>		1,208,953
<PREFERRED-MANDATORY>		0
<PREFERRED>		0
<COMMON>		53,759
<OTHER-SE>		18,168,600
<TOTAL-LIABILITY-AND-EQUITY>		25,887,634
<SALES>		11,437,022
<TOTAL-REVENUES>		11,437,022
<CGS>		8,176,382
<TOTAL-COSTS>		1,747,915
<OTHER-EXPENSES>		0
<LOSS-PROVISION>		90,000
<INTEREST-EXPENSE>		42,543
<INCOME-PRETAX>		1,518,373
<INCOME-TAX>		618,000
<INCOME-CONTINUING>		900,373
<DISCONTINUED>		0
<EXTRAORDINARY>		0
<CHANGES>		0
<NET-INCOME>		900,373
<EPS-PRIMARY>		0.17
<EPS-DILUTED>		0.16