SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

Quarterly Report under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the Quarterly Period Ended June 30, 1999 Commission file number 0-18761

HANSEN NATURAL CORPORATION
(Exact name of Registrant as specified in its charter)

Delaware 39-1679918
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization Identification No.)

2380 Railroad Street, Suite 101,
Corona, California 92880-5471
(Address of principal executive offices) (Zip Code)

(909) 739 - 6200
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 X No

The registrant had 9,975,568 shares of common stock
outstanding as of July 30, 1999

HANSEN NATURAL CORPORATION AND SUBSIDIARIES
June 30, 1999

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HANSEN NATURAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
JUNE 30, 1999 AND DECEMBER 31, 1998 (Unaudited)

	June 30, 1999	December 31, 1998
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 2,891,338	$ 3,806,089
Accounts receivable (net of allowance for doubtful accounts, sales returns and cash discounts of $408,224 in 1999 and $378,641 in 1998 and promotional allowances of $2,310,023 in 1999 and $1,608,123 in 1998)	4,810,843	1,827,544
Inventories, net	6,502,521	5,211,077
Prepaid expenses and other current assets	415,923	244,318
	14,620,625	11,089,028
PROPERTY AND EQUIPMENT, net	625,136	601,523
INTANGIBLE AND OTHER ASSETS:		
Trademark license and trademarks (net of accumulated amortization of $2,835,758 in 1999 and $2,687,462 in 1998)	9,855,120	10,003,417
Note receivable from director		20,861
Deposits and other assets	523,956	211,903
	10,379,076	10,236,181
	$ 25,624,837	$ 21,926,732
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 5,064,146	$ 1,870,253
Accrued liabilities	369,127	403,864
Accrued compensation	314,899	476,001
Current portion of long-term debt	1,024,042	2,072,818
Income taxes payable	1,104,960	1,269,185
	7,877,174	6,092,121
LONG-TERM DEBT, less current portion	630,008	1,334,967
DEFERRED INCOME TAX LIABILITY	756,986	557,461
SHAREHOLDERS' EQUITY:		
Common stock - $.005 par value; 30,000,000 shares authorized; 9,959,143 and 9,911,905 shares issued and outstanding in 1999 and 1998, respectively	49,796	49,560
Additional paid-in capital	11,228,229	11,207,765
Retained earnings	5,082,644	2,684,858
Total shareholders' equity	16,360,669	13,942,183
	$ 25,624,837	$ 21,926,732

HANSEN NATURAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE-MONTHS AND SIX-MONTHS ENDED JUNE 30, 1999 AND 1998 (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	1999	1998	1999	1998
NET SALES	$ 19,142,247	$ 13,950,530	$ 34,371,351	$ 25,215,385
COST OF SALES	10,161,707	7,009,343	17,983,133	12,622,771
GROSS PROFIT	8,980,540	6,941,187	16,388,218	12,592,614
OPERATING EXPENSES:				
Selling, general and administrative	6,481,186	5,283,867	12,252,432	9,562,351
Amortization of trademark license and trademarks	74,148	73,800	148,296	147,600
Other expenses	15,000	15,000	30,000	30,000
Total operating expenses	6,570,334	5,372,667	12,430,728	9,739,951
OPERATING INCOME	2,410,206	1,568,520	3,957,490	2,852,663
NET INTEREST AND FINANCING EXPENSE	16,216	102,824	53,088	211,657
INCOME BEFORE PROVISION FOR INCOME TAXES	2,393,990	1,465,696	3,904,402	2,641,006
PROVISION FOR INCOME TAXES	953,800	450,000	1,555,300	920,123
NET INCOME	$ 1,440,190	$ 1,015,696	$ 2,349,102	$ 1,720,883
NET INCOME PER COMMON SHARE:				
Basic	$ 0.14	$ 0.11	$ 0.24	$ 0.19
Diluted	$ 0.14	$ 0.10	$ 0.22	$ 0.17
NUMBER OF COMMON SHARES USED IN PER SHARE COMPUTATIONS:				
Basic	9,951,147	9,140,948	9,938,112	9,135,936
Diluted	10,638,447	10,361,279	10,567,539	10,391,250

HANSEN NATURAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTHS ENDED JUNE 30, 1999 AND 1998 (Unaudited)

	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 2,349,102	$ 1,720,883
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of trademark license and trademarks	148,297	147,600
Depreciation and other amortization	72,761	100,899
Compensation expense related to issuance of stock options	48,684	16,229
Deferred income taxes	199,525	
Effect on cash of changes in operating assets and liabilities:		
Accounts receivable	(2,983,299)	(1,340,137)
Inventories	(1,291,444)	(80,756)
Prepaid expenses and other current assets	(171,605)	50,825
Accounts payable	3,193,893	660,244
Accrued liabilities	(34,737)	29,914
Accrued compensation	(161,102)	125,137
Income taxes payable	(164,225)	908,790
Net cash provided by operating activities	1,205,850	2,339,628
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(96,374)	(310,538)
Increase in trademark license and trademarks		(29,217)
Decrease in note receivable from director	20,861	21,699
Increase in deposits and other assets	(312,053)	(18,215)
Net cash used in investing activities	(387,566)	(336,271)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on long-term debt	(1,753,735)	(252,045)
Issuance of common stock	20,700	
Net cash used in financing activities	(1,733,035)	(252,045)
NET (DECREASE) INCREASE IN CASH	(914,751)	1,751,312
CASH, beginning of period	3,806,089	395,231
CASH, end of period	$ 2,891,338	$ 2,146,543
SUPPLEMENTAL INFORMATION Cash paid during the year for:		
Interest	$ 117,508	$ 193,520
Income taxes	$ 1,520,000	$ 2,400

NONCASH TRANSACTIONS:
During the six-month period ended June 30, 1999, the Company issued 32,238 shares of common stock to employees in connection with a net exercise of options to purchase 41,800 shares of common stock.

1. BASIS OF PRESENTATION

Reference is made to the Notes to Consolidated Financial Statements, in the Company's Form 10-K for the year ended December 31, 1998, which is incorporated by reference, for a summary of significant policies utilized by Hansen Natural Corporation ("Hansen" or "Company") and its subsidiaries, Hansen Beverage Company ("HBC") and CVI Ventures, Inc. The information set forth in these interim financial statements is unaudited and may be subject to normal year-end adjustments. The information reflects all adjustments, which include only normal recurring adjustments, which in the opinion of management are necessary to make the financial statements not misleading. Results of operations covered by this report may not necessarily be indicative of results of operations for the full fiscal year.

2. INVENTORIES

Inventories consist of the following at:

	June 30, 1999	December 31, 1998
Raw materials	$2,849,025	$1,815,040
Finished goods	3,881,545	3,664,270
	6,730,570	5,479,310
Less inventory reserves	(228,049)	(268,233)
	$6,502,521	$5,211,077

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

General

During the three-months ended June 30, 1999 the Company continued to make progress towards achieving its goal of expanding both the Hansen's(R) brand product range and distribution of such products into new markets outside of California.

The redesign of the graphics for the Company's Natural Sodas and Smoothie products in cans was completed during the second quarter of 1999. The Company anticipates introducing its new line of premium functional Smoothies in cans during the third quarter of 1999 and in bottles later in the year.

The increase in net sales was primarily attributable to sales of the Company's new Signature Soda line, which was introduced in the first quarter of 1999, sales of two flavors of Smoothies in 64-ounce polyethylene terephthalale ("P.E.T.") plastic bottles, which package was introduced in the fourth quarter of 1998, increased sales of the Company's energy and other functional drinks in 8.2-ounce slim cans, and increased sales of the Healthy Start(TM) juice line, which was introduced during the second quarter of 1998. The increase in net sales was also attributable, to a lesser extent, to sales of the Company's new Gold Standard Premium functional iced tea line which was introduced in the second quarter of 1999, and increased sales of the Company's apple juice product lines, and Smoothies in 13.5-ounce bottles. The increase in net sales was partially offset by decreased sales of teas, lemonades and juice cocktails. Sales of Smoothies and Natural Sodas in cans were marginally lower than the comparable quarter of 1998.

The Company continues to incur expenditures in connection with the development and introduction of new products and flavors.

Results of Operations For The Three-Months Ended June 30, 1999 Compared to the Three-Months Ended June 30, 1998

Net Sales. For the three-months ended June 30, 1999, net sales were $19.1 million, an increase of $5.2 million or 37.2% over the $14.0 million net sales for the three-months ended June 30, 1998. The increase in net sales was primarily attributable to sales of the Company's new Signature Soda line, which was introduced in the first quarter of 1999, sales of two flavors of Smoothies in 64-ounce P.E.T. plastic bottles, which package was introduced in the fourth quarter of 1998, increased sales of the Company's energy and other functional drinks in 8.2-ounce slim cans, and increased sales of the Healthy Start(TM) juice line, which was introduced during the second quarter of 1998. The increase in net sales was also attributable, to a lesser extent, to sales of the Company's new Gold Standard Premium functional iced tea line which was introduced in the second quarter of 1999, and increased sales of the Company's apple juice product lines, and Smoothies in 13.5-ounce bottles. The increase in net sales was partially offset by decreased sales of teas, lemonades and juice cocktails. Sales of Smoothies and Natural Sodas in cans were marginally lower than the comparable quarter of 1998.

Gross Profit. Gross profit was $9.0 million for the three-months ended June 30, 1999, an increase of $2.0 million or 29.4% over the $6.9 million gross profit for the three-months ended June 30, 1998. Gross profit as a percentage of net sales decreased to 46.9% for the three-months ended June 30, 1999 from 49.8% for the three-months ended June 30, 1998. The increase in gross profit was primarily attributable to increased net sales. The decrease in gross profit as a percentage of net sales was primarily attributable to lower margins achieved as a result of a change in the Company's product mix.

Total Operating Expenses. Total operating expenses were $6.6 million for the three-months ended June 30, 1999, an increase of $1.2 million or 22.3% over total operating expenses of $5.4 million for the three-months ended June 30, 1998. Total operating expenses as a percentage of net sales decreased to 34.3% for the three-months ended June 30, 1999 from 38.5% for the three-months ended June 30, 1998. The increase in total operating expenses was primarily attributable to increased selling, general and administrative expenses. The decrease in total operating expenses as a percentage of net sales was primarily attributable to the increase in net sales and the comparatively smaller increase in selling, general and administrative expenses from the comparable period in 1998.

Selling, general and administrative expenses were $6.5 million for the three-months ended June 30, 1999, an increase of $1.2 million or 22.7% over selling, general and administrative expenses of $5.3 million for the three-months ended June 30, 1998. Selling, general and administrative expenses as a percentage of net sales decreased to 33.9% for the three-months ended June 30, 1999 from 37.9% for the three-months ended June 30, 1998. The increase in selling expenses was primarily attributable to increases in distribution (freight) costs, promotional expenditures and allowances, and expenditures incurred for in-store demonstrations and sampling, particularly in club stores. The increase in selling expenses was partially offset by a decrease in expenditures incurred for merchandise displays and point of sale materials. The increase in general and administrative expenses was primarily attributable to increased payroll and other costs in connection with the Company's expansion activities into additional states and operating activities to support the increase in net sales.

Amortization expense was $74,000 for each of the three-months ended June 30, 1999 and 1998.

Other expenses were $15,000 for each of the three-months ended June 30, 1999 and 1998.

Operating Income. Operating income was $2,410,000 for the three-months ended June 30, 1999, an increase of $841,000 or 53.7% over operating income of $1,569,000 for the three- months ended June 30, 1998. Operating income as a percentage of net sales increased to 12.6% for the three-months ended June 30, 1999 from 11.2% in the comparable period in 1998. The increase in operating income was attributable to the $2.0 million increase in gross profit which was partially offset by the increase of $1.2 million in operating expenses.

Net Nonoperating Expense. Net nonoperating expense expense was $16,000 for the three-months ended June 30, 1999, a decrease of $87,000 from net nonoperating expense expense of $103,000 for the three-months ended June 30, 1998. Net nonoperating expense consists of interest and financing expense and interest income. Interest and financing expense was $40,000 for the three-months ended June 30, 1999 as compared to $109,000 for the comparable period in 1998. The decrease in interest and financing expense was attributable to a reduction in financing fees that were completely amortized in 1998 and to the fact that the principal amounts outstanding on the Company's term loan were lower in 1999 than during the comparable period in 1998. Interest income was $24,000 for the three-months ended June 30, 1999, as compared to interest income of $6,000 during the comparable period in 1998. The increase in interest income is attributable to an increase in cash invested in interest bearing securities.

Provision for Income Taxes. Provision for income taxes was $954,000, for the three-months ended June 30, 1999, an increase of $504,000 over the provision for income taxes of $450,000 for the comparable period in 1998. The effective tax rate for the three-months ended June 30, 1999 was 39.8% as compared to 30.7% for the comparable period in 1998. The increase in provision for income taxes was attributable to the increase in income before provision for income taxes and the increase in the effective tax rate for the three-months ended June 30, 1999. Certain net operating loss carryforwards resulted in a lower effective tax in 1998. Such net operating loss carryforwards were not available in 1999.

Net Income. Net income was $1,440,000 for the three-months ended June 30, 1999, compared to net income of $1,016,000 for the three-months ended June 30, 1998. The $424,000 increase in net income consists of an increase in operating income of $841,000 and a decrease of $87,000 in net interest and financing expense which was partially offset by a $504,000 increase in provision for income taxes.

Results of Operations For The Six-months Ended June 30, 1999 Compared to The Six-months Ended June 30, 1998

Net Sales. For the six-months ended June 30, 1999, net sales were approximately $34.4 million, an increase of $9.2 million or 36.3% over the $25.2 million net sales for the six-months ended June 30, 1998. The increase in net sales was primarily attributable to increased sales of the Healthy Start(TM) juice line, which was introduced during the second quarter of 1998, sales of the Company's new Signature Soda line, which was introduced in the first quarter of 1999, sales of two flavors of Smoothies in 64-ounce P.E.T. plastic bottles, which package was introduced in the fourth quarter of 1998, increased sales of the Company's energy and other functional drinks in 8.2-ounce slim cans, and, to a lesser extent, sales of the Company's new Gold Standard Premium functional tea line which was introduced in the second quarter of 1999, and increased sales of the Company's apple juice product lines, Smoothies, and Natural Soda in cans. The increase in net sales was partially offset by decreased sales of teas, lemonades and juice cocktails and Smoothies in 13.5-ounce bottles.

Gross Profit. Gross profit was $16.4 million for the six-months ended June 30, 1999, an increase of $3.8 million or 30.1% over the $12.6 million gross profit for the six-months ended June 30, 1998. Gross profit as a percentage of net sales decreased to 47.7% for the six-months ended June 30, 1999 from 49.9% for the six-months ended June 30, 1998. The increase in gross profit was primarily attributable to increased net sales. The decrease in gross profit as a percentage of net sales was primarily attributable to lower margins achieved as a result of a change in the Company's product mix.

Total Operating Expenses. Total operating expenses were $12.4 million for the six-months ended June 30, 1999, an increase of $2.7 million or 27.6% over total operating expenses of $9.7 million for the six-months ended June 30, 1998. Total operating expenses as a percentage of net sales decreased to 36.2% for the six-months ended June 30, 1999 from 38.6% for the six-months ended June 30, 1998. The increase in total operating expenses was primarily attributable to increased selling, general and administrative expenses. The decrease in total operating expenses as a percentage of net sales was primarily attributable to the increase in net sales and the comparatively smaller increase in selling, general and administrative expenses from the comparable period in 1998.

Selling, general and administrative expenses were $12.3 million for the six-months ended June 30, 1999, an increase of $2.7 million or 28.1% over selling, general and administrative expenses of $9.6 million for the six-months ended June 30, 1998. Selling, general and administrative expenses as a percentage of net sales decreased to 35.6% for the six-months ended June 30, 1999 from 37.9% for the comparable period in 1998. The increase in selling expenses was primarily attributable to increases in distribution (freight) costs, promotional expenditures and allowances, and expenditures incurred for in-store demonstrations and sampling, particularly in club stores. The increase in selling expenses was partially offset by a decrease in expenditures incurred for merchandise displays and point of sale materials. The increase in general and administrative expenses was primarily attributable to increased payroll and other costs in connection with the Company's expansion activities into additional states and operating activities to support the increase in net sales.

Amortization expense was $148,000 for each of the six-months ended June 30, 1999 and 1998.

Other expenses were $30,000 for each of the six-months ended June 30, 1999 and 1998.

Operating Income. Operating income was $3,957,000 for the six-months ended June 30, 1999, an increase of $1,104,000 or 38.7% over operating income of $2,853,000 for the six- months ended June 30, 1998. Operating income as a percentage of net sales increased to 11.5% for the six-months ended June 30, 1999 from 11.3% in the comparable period in 1998. The increase in operating income was attributable to a $3.8 million increase in gross profit which was partially offset by an increase of $2.7 million in operating expenses.

Net Nonoperating Expense. Net nonoperating expense was $53,000 for the six-months ended June 30, 1999, a decrease of $159,000 from net nonoperating expense of $212,000 for the six-months ended June 30, 1998. Net nonoperating expense consists of interest and financing expense and interest income. Interest and financing expense was $103,000 for the six-months ended June 30, 1999 as compared to $219,000 for the comparable period in 1998. The decrease in interest and financing expense was attributable to a reduction in financing fees that were completely amortized in 1998 and to the fact that the principal amounts outstanding on the Company's term loan were lower in 1999 than during the comparable period in 1998. Interest income was $50,000 for the six-months ended June 30, 1999, as compared to interest income of $7,000 during the comparable period in 1998. The increase in interest income is attributable to an increase in cash invested in interest bearing securities.

Provision for Income Taxes. Provision for income taxes was $1,555,000 for the six months ended June 30, 1999, an increase of $635,000 over the provision for income taxes of $920,000 for the comparable period in 1998. The effective tax rate for the six-months ended June 30, 1999 was 39.8% as compared to 34.8% for the comparable period in 1998. The increase in provision for income taxes was attributable to the increase in income before provision for income taxes and the increase in the effective tax rate for the six-months ended June 30, 1999. Certain net operating loss carryforwards resulted in a lower effective tax in 1998. Such net operating loss carryforwards were not available in 1999.

Net Income. Net income was $2,349,000 for the six-months ended June 30, 1999 compared to net income of $1,721,000 for the six-months ended June 30, 1998. The $628,000 increase in net income consists of an increase in operating income of $1,104,000 and a decrease of $159,000 in net interest and financing expenses which was partially offset by a $635,000 increase in provision for income taxes.

Liquidity and Capital Resources

As of June 30, 1999, the Company had working capital of $6,743,000 compared to working capital of $4,997,000 as of December 31, 1998. The increase in working capital was primarily attributable to net income earned after adjustments for certain noncash expenses, primarily amortization of trademark license and trademarks, depreciation and other amortization, and deferred income taxes. The increase in working capital was partially offset by repayments made in reduction of HBC's term loan, increases in deposits and other assets, and acquisitions of property and equipment.

Net cash provided by operating activities decreased to $1,206,000 for the six-months ended June 30, 1999 as compared to net cash provided by operating activities of $2,340,000 for the comparable period in 1998. The decrease in net cash provided by operating activities was primarily attributable to increases in inventories and accounts receivable to support the increase in net sales, which was partially offset by an increase in accounts payable.

Net cash used in investing activities was $388,000 for the six-months ended June 30, 1999 as compared to net cash used in investing activities of $336,000 for the comparable period in 1998. Net cash used in investing activities was primarily attributable to increased deposits and other assets and purchases of property and equipment. Deposits and other assets include certain graphic design expenses which are amortized over a number of years.

Net cash used in financing activities was $1,733,000 for the six-months ended June 30, 1999 as compared to net cash used in financing activities of $252,000 for the comparable period in 1998. The increase in net cash used in financing activities was primarily attributable to increased principal payments made in reduction of HBC's term loan.

As of June 30, 1999, $1,649,000 was outstanding under the term loan, as compared to $3,400,000 outstanding on December 31, 1998. Effective June 14, 1999, the Company's bank reduced the annual interest rate on the term loan from the bank's base rate ("prime") plus 1 1/2% to prime plus 1/2%.

HBC's revolving line of credit has been renewed by its bank until May 1, 2000. The effective borrowing rate under the revolving line of credit is prime plus 1/4%. HBC anticipates that the revolving line of credit will be renewed when it expires on May 1, 2000; however, there can be no assurance that it will in fact be renewed or, if renewed, that the terms of such renewal will not be disadvantageous to HBC and its business.

The acquisition of increased inventories and increases in accounts receivable, acquisition of property and equipment, increases in trademark licenses and trademarks, repayment of the Company's long-term debt, repurchase of the Company's common stock, as well as HBC's acquisition and development plans are, and for the foreseeable future, expected to remain HBC's principle recurring use of cash and working capital funds. Although the Company has no current plans to incur any material capital expenditures, management, from time to time, considers the acquisition of capital equipment, particularly coolers, merchandise displays, vans and promotional vehicles, trademarks, and businesses compatible with the image of the Hansen's(R) brand as well as the development and introduction of new product lines. The Company may require additional capital resources in the event of any such transaction, depending upon the cash requirements relating thereto. Any such transaction will also be subject to the terms and restrictions of HBC's credit facilities.

Management believes that cash generated from operations and the Company's cash resources and amounts available under HBC's revolving line of credit, will be sufficient to meet its operating cash requirements in the foreseeable future, including purchase commitments for raw materials, debt servicing, expansion and development needs as well as any purchases of capital assets or equipment.

Year 2000 Compliance

Many currently installed computer systems and software products are coded to accept only two digit entries in the date code field. These date code fields will need to accept four digit entries or be modified in some fashion to distinguish twenty-first century dates from twentieth century dates. This problem could force computers to either shut-down or provide incorrect data. Incomplete or untimely resolution of Year 2000 issues by the Company, by critically important suppliers, co-packers or customers of the Company could have a material adverse impact on the Company's business, operations or financial condition in the future.

The Company's Year 2000 compliance efforts are ongoing and its overall plan, as well as the consideration of contingency plans, will continue to evolve, as new information becomes available. While the Company anticipates no major interruption of its business activities, this will be dependent in part, upon the ability of third parties to be Year 2000 compliant. Although the Company has implemented the actions described below to address third party issues, it has no direct ability to influence compliance actions by such third parties or to verify their representations that they are Year 2000 compliant. The Company's most significant potential risk is the temporary inability of certain key suppliers to supply raw materials and/or key co-packers to pack some of the Company's products in certain locations and/or certain of the Company's major customers to order and pay on a timely basis, should their systems not be Year 2000 compliant by January 1, 2000.

The Company is in the process of investigating its information technology ("IT") systems as well as its non-information technology ("NIT") systems. Based upon such investigation, the Company believes that the majority of its IT and NIT systems are Year 2000 compliant. However, certain systems such as the communication and voice mail system still require remediation. To date, the expenses incurred by the Company in order to become Year 2000 compliant, including computer software costs, have been approximately $90,000 and the current estimated cost to complete remediation is expected not to exceed $35,000. Such costs, other than software, have been and will continue to be expensed as incurred. Remediation and testing activities are well underway with approximately 90% of the Company's systems already compliant. The Company estimates that it will complete the required remediation, including testing of all of its IT and NIT systems, and be fully compliant, by the end of the third quarter of 1999.

An assessment of Year 2000 compliance issues by third parties with whom the Company has relationships, such as critically important suppliers, co-packers, customers, banking institutions, payroll processors and others is ongoing. The Company has inquired and continues to inquire of such third parties as to their readiness with respect to Year 2000 compliance issues and has to date received indications from certain of them that their systems are compliant or in the process of remediation. The Company will continue to monitor these third parties to determine the possible impact of their non-compliance or otherwise on the business of the Company and the actions the Company can take, if any, in the event of non-compliance by any of these third parties. The Company believes there are multiple vendors of many of the goods and services it receives from its suppliers and thus Year 2000 compliance issue risks with respect to any particular supplier is mitigated by this factor. However, certain flavors and ingredients used by the Company are unique to certain suppliers and the Company does not have and may not be able to secure alternative suppliers therefor or alternatively, alternative suppliers that are able to supply flavors or ingredients of the same or similar quality and/or with the same and similar taste. The Company also is dependent on customers for sales and for cashflow. Interruptions in customers' operations due to Year 2000 issues could result in decreased revenue, increased inventory and cash flow reductions.

Contingency plans for Year 2000 related interruptions will be developed during 1999 where necessary and possible and will include, but not be limited to, the development of emergency back-up and recovery procedures, remediation of existing systems parallel with the installation of new systems, replacing electronic applications with manual processes, identification and securing of alternative suppliers and increasing raw material and finished goods inventory levels and alternative sales strategies. All plans are expected to be completed by the end of 1999.

The Company's plans, which continue to evolve, including estimated costs and dates for completion of Year 2000 remediation, are based in important part on numerous assumptions about future events. Certain of these assumptions, involving key matters such as the availability of certain resources, third party remediation plans and other factors, involve inherent uncertainties or are not within the Company's control. Given the numerous and significant uncertainties involved, there can be no assurance that these estimates will be achieved and therefore, actual results could differ materially. Specific factors that might cause material differences include, but are not limited to, the ability to identify and correct all relevant computer codes and imbedded chips, unanticipated difficulties or delays in the implementation of project plans and the ability of third parties to remediate their respective systems.

European Monetary Union

Within Europe, The European Economic and Monetary Union (the "EMU") introduced a new currency, the euro, on January 1, 1999. The new currency is in response to the EMU's policy of economic convergence to harmonize trade policy, eliminate business costs associated with currency exchange and to promote the free flow of capital, goods and services.

On January 1, 1999, the participating countries adopted the euro as their local currency, initially available for currency trading on currency exchanges and noncash transactions such as banking. The existing local currencies, or legacy currencies, will remain legal tender through January 1, 2002. Beginning on January 1, 2002, euro-denominated bills and coins will be used for cash transactions. For a period of up to six-months from this date, both legacy currencies and the euro will be legal tender. On or before July 1, 2002, the participating countries will withdraw all legacy currencies and exclusively use the euro.

The Company's transactions are recorded in U.S. Dollars and the Company does not currently anticipate future transactions being recorded in the euro. Based on the lack of transactions recorded in the euro, the Company does not believe that the euro will have a material effect on the financial position, results of operations or cash flows of the Company. In addition, the Company has not incurred and does not expect to incur any significant costs from the continued implementation of the euro, including any currency risk, which could materially affect the Company's business, financial condition or results of operations.

The Company has not experienced any significant operational disruptions to date and does not currently expect the continued implementation of the euro to cause any significant operational disruptions.

Forward Looking Statements

The Private Security Litigation Reform Act of 1995 (the "Act") provides a safe harbor for forward looking statements made by or on behalf of the Company. The Company and it's representatives may from time to time make written or oral forward looking statements, including statements contained in this report and other filings with the Securities and Exchange Commission and in reports to shareholders and announcements. Certain statements made in this report, including certain statements made in management's discussion and analysis, may constitute forward looking statements (within the meaning of Section 27.A of the Securities Act 1933 as amended and Section 21.E of the Securities Exchange Act of 1934, as amended) regarding the expectations of management with respect to revenues, profitability, adequacy of funds from operations and the Company's existing credit facility, among other things. All statements which address operating performance, events or developments that management expects or anticipates will or may occur in the future including statements related to new products, volume growth, revenues, profitability, adequacy of funds from operations, and/or the Company's existing credit facility, earnings per share growth, statements expressing general optimism about future operating results and non-historical Year 2000 information, are forward looking statements within the meaning of the Act.

Management cautions that these statements are qualified by their terms and/or important factors, many of which are outside the control of the Company that could cause actual results and events to differ materially from the statements made including, but not limited to, the following:

Company's ability to generate sufficient cash flows to support capital expansion plans and general operating activities; Changes in consumer preferences; Changes in demand that are weather related, particular in areas outside of California; Competitive products and pricing pressures and the Company's ability to gain or maintain share of sales in the marketplace as a result of actions by competitors; The introduction of new products; Laws and regulations, and/or any changes therein, including changes in accounting standards, taxation requirements (including tax rate changes, new tax laws and revised tax law interpretations) and environmental laws as well as the Federal Food Drug and Cosmetic Act, the Dietary Supplement Health and Education Act, and regulations made thereunder or in connection therewith, especially those that may affect the way in which the Company's products are marketed as well as laws and regulations or rules made or enforced by the Food and Drug Administration; Changes in the cost and availability of raw materials and the ability tomaintain favorable supply arrangements and relationships and procure timely and/or adequate production of all or any of the Company's products; The Company's ability to achieve earnings forecasts, which may be based on projected volumes and sales of many product types and/or new products, certain of which are more profitable than others. There can be no assurance that the Company will achieve projected levels or mixes of product sales;

The Company's ability to penetrate new markets; The marketing efforts of distributors of the Company's products, most of which distribute products that are competitive with the products of the Company; Unilateral decisions by distributors, grocery chains, specialty chain stores, club stores and other customers to discontinue carrying all or any of the Company's products that they are carrying at any time; The terms and/or availability of the Company's credit facilities and the actions of it's creditors; The effectiveness of the Company's advertising, marketing and promotional programs; Adverse weather conditions, which could reduce demand for the Company's products; The Company's customers', co-packers' and suppliers' ability to replace, modify or upgrade computer programs in ways that adequately address Year 2000 issues; and The Company's project plans, which continue to evolve, including estimated costs and dates for completion of Year 2000 remediation, are based in important part on numerous assumptions about future events. Certain of these assumptions, involving key matters such as the availability of certain resources, third party remediation plans and other factors, involve inherent uncertainties or are not within the Company's control. Given the numerous and significant uncertainties involved, there can be no assurance that these estimates will be achieved and actual results could differ materially. Specific factors that might cause material differences include, but are not limited to, the inability to identify and correct all relevant computer codes and imbedded chips, unanticipated difficulties or delays in the implementation of project plans and the ability of third parties to remediate their respective systems.

The foregoing list of important factors is not exhaustive.

Inflation

The Company does not believe that inflation has a significant impact on the Company's results of operations for the periods presented.

PART II - OTHER INFORMATION

Items 1 - 5. Not Applicable

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits - See Exhibit Index

(b) Reports on Form 8-K - None

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.

HANSEN NATURAL CORPORATION
Registrant

Date: August 13, 1999

/s/ Rodney C. Sacks
Chairman of the Board and
Chief Executive Officer

Date: August 13, 1999

/s/ Hilton H. Schlosberg
Vice Chairman of the Board,
President, Chief Operating
Officer, Chief Financial
Officer and Secretary

EXHIBIT INDEX

Exhibit 10 (jjj)	Stock Repurchase Agreement dated as of August 3, 1998, by and between Hansen Natural Corporation and Rodney C. Sacks
Exhibit 10 (kkk)	Stock Repurchase Agreement dated as of August 3, 1998, by and between Hansen Natural Corporation and Hilton H. Schlosberg
Exhibit 27	Financial Data Schedule

STOCK REPURCHASE AGREEMENT

AGREEMENT (the "Agreement"), dated as of August 3, 1998, by and between Hansen Natural Corporation, a Delaware corporation (the "Company"), and Rodney C. Sacks (the "Stockholder").

W I T N E S S E T H :

WHEREAS, on August 3, 1998, (i) the Stockholder has exercised options to purchase a total of 387,500 shares (the "Stockholder Option Shares") of common stock, par value $.005 per share, of the Company (the "Common Stock") pursuant to the terms of certain stock option agreements between the Stockholder and the Company, and (ii) Hilton H. Schlosberg ("Schlosberg") has exercised options to purchase a total of 337,500 shares (the "Schlosberg Option Shares") of Common Stock pursuant to the terms of certain stock option agreements between Schlosberg and the Company;

WHEREAS, by reason of the positions of the Stockholder and Schlosberg as the senior officers and as directors of the Company, their knowledge of the day-to-day affairs of the Company, and the substantial number of Stockholder Option Shares and Schlosberg Option Shares, the Stockholder recognizes that it would be detrimental to the interests of the Company if the Stockholder disposed of the Stockholder Option Shares or if Schlosberg disposed of the Schlosberg Option Shares;

WHEREAS, the Stockholder believes it would be detrimental to the value of the Stockholder Option Shares and his other equity interests in the Company if Schlosberg were to sell the Schlosberg Option Shares on the open market; and

WHEREAS, in order to induce Schlosberg to simultaneously herewith enter into a Stock Repurchase Agreement with the Company subjecting the Schlosberg Option Shares to restrictions on transfer (the "Schlosberg Stock Repurchase Agreement"), the Stockholder is willing to subject the Stockholder Option Shares to the restrictions on transfer set forth in this Agreement;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and obligations set forth in this Agreement and in the Schlosberg Stock Repurchase Agreement, the parties hereto hereby agree as follows:

1. (a) The Stockholder may not sell, transfer or otherwise dispose of (a "Disposition") any of the Stockholder Option Shares except as provided in this Agreement. Any purported Disposition in violation of this Agreement shall be null and void ab initio, and the Company shall not recognize any such Disposition or accord to any purported transferee any rights as a stockholder of the Company.

(b) Subject to the provisions of paragraph 2 below, if the Stockholder desires at any time on or before December 31, 2000 to effect a Disposition of any of the Stockholder Option Shares, then the Stockholder shall give written notice to the Company (the "Sale Notice") specifying the number of Stockholder Option Shares that the Stockholder desires to Dispose of (the "Offered Shares").

(c) Upon receipt of the Sale Notice, the Company shall have the right to elect to purchase all or a portion of the Offered Shares at a purchase price equal to $1.25 per share for the first 150,000 Offered Shares, $1.59 per share for the next 37,500 Offered Shares and $1.75 per share for the next 200,000 Offered Shares. The determination of whether the Company shall elect to purchase the Offered Shares shall be made by the Board of Directors of the Company, without the participation of the Stockholder. Such election is to be made by written notice ("Notice of Election") to the Stockholder within 60 days after the Company's receipt of the Sale Notice (the "Acceptance Period").

(d) If the Company gives a Notice of Election to the Stockholder within the Acceptance Period, the Stockholder shall sell and the Company shall purchase the Offered Shares pursuant to the Notice of Election. If the Company does not give a Notice of Election to the Stockholder within the Acceptance Period or if the Notice of Election does not cover all of the Offered Shares, the Stockholder may Dispose of the Offered Shares, or a portion thereof, as the case may be, free of the restrictions set forth in this Agreement.

2. Upon a Change of Control, the restrictions on the transfer of the Stockholder Option Shares pursuant to paragraph 1 of this Agreement shall terminate. For purposes of this Agreement, "Change of Control" means (i) any transaction or series of transactions in which the Stockholder and Schlosberg together cease to be the beneficial owners (as such term is defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, as amended) of at least 10% of the outstanding Common Stock, (ii) the sale of all or substantially all of the assets of the Company or any of its subsidiaries, the operations of which would constitute a material part of the business or operations of the Company and its subsidiaries, taken as a whole, (iii) the liquidation of the Company or any of its subsidiaries, the operations of which would constitute a material part of the business or operations of the Company and its subsidiaries, taken as a whole, or (iv) the combination of the Company or any of its subsidiaries, the operations of which would constitute a material part of the business or operations of the Company and it subsidiaries, taken as a whole, with another entity, as a result of which (A) the shareholders of the Company hold less than 50% of the total of all voting shares outstanding of the combined entity or (B) the directors of the Company constitute less than a majority of the Board of Directors of the combined entity.

3. (a) The certificate for the Stockholder Option Shares shall be deposited in escrow with the Controller of Hansen Beverage Company, the Company's wholly-owned subsidiary, to be held in escrow in accordance with the provisions of this paragraph 3. The deposited certificate shall be accompanied by a duly executed Assignment Separate from Certificate in the form of Exhibit A. The deposited certificate shall remain in escrow until such time as the certificate is to be released in accordance with paragraph 3(b) below.

(b) If the Company exercises its right to purchase pursuant to paragraph 1(c) with respect to any Stockholder Option Shares, the escrowed certificate for such Stockholder Option Shares shall be delivered to the Company, concurrently with the payment to the Stockholder in cash of an amount equal to the aggregate purchase price for such Stockholder Option Shares, and the Stockholder shall have no further rights with respect to such Stockholder Option Shares. The Stockholder shall be entitled to a certificate for any Stockholder Option Shares which the Stockholder is entitled to Dispose of free of restrictions in accordance with the provisions of this Agreement.

4. Any notice required in connection with this Agreement shall be given in writing and shall be deemed effective upon personal delivery, upon deposit with a nationally recognized courier service, or upon deposit in the United States mail, registered or certified, postage prepaid and addressed as follows:

If to the Company:

Hansen Natural Corporation
2380 Railroad Street
Corona, California 91720
Attention: Chairman

If to the Stockholder:

Rodney C. Sacks
14 Vienne
Irvine, California 92606

or to any other address as either party may designate by written notice under this paragraph 4 to the other party to this Agreement.

5. This Agreement constitutes the entire contract between the parties with respect to the subject matter hereof.

6. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, without regard to the principles of conflicts of law of such State.

7. The provisions of this Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns and the Stockholder and his legal representatives, heirs, legatees, distributes, assigns and transferees by operation of law, whether or not any such person shall have become a party to this Agreement.

IN WITNESS WHEREOF, the parties have memorialized their Agreement on April 15, 1999, effective as of the date first indicated above.

HANSEN NATURAL CORPORATION

By: /s/ Hilton H. Schlosberg
Vice-Chairman

/s/ Rodney C. Sacks
Rodney C. Sacks

EXHIBIT A
Assignment Separate From Certificate

FOR VALUE RECEIVED Rodney C. Sacks ("Stockholder") hereby sells, assigns and transfers unto ____________________, ________ shares of Common Stock of Hansen Natural Corporation, a Delaware corporation (the "Company") represented by Certificate No. ____ herewith and does hereby irrevocably constitute and appoint ___________________ Attorney to transfer the said stock on the books of the Company with full power of substitution in the premises.

Dated:_______________________

Signature

STOCK REPURCHASE AGREEMENT

AGREEMENT (the "Agreement"), dated as of August 3, 1998, by and between Hansen Natural Corporation, a Delaware corporation (the "Company"), and Hilton H. Schlosberg (the "Stockholder").

W I T N E S S E T H :

WHEREAS, on August 3, 1998, (i) the Stockholder has exercised options to purchase a total of 337,500 shares (the "Stockholder Option Shares") of common stock, par value $.005 per share, of the Company (the "Common Stock") pursuant to the terms of certain stock option agreements between the Stockholder and the Company, and (ii) Rodney C. Sacks ("Sacks") has exercised options to purchase a total of 387,500 shares (the "Sacks Option Shares") of Common Stock pursuant to the terms of certain stock option agreements between Sacks and the Company;

WHEREAS, by reason of the positions of the Stockholder and Sacks as the senior officers and as directors of the Company, their knowledge of the day-to-day affairs of the Company, and the substantial number of Stockholder Option Shares and Sacks Option Shares, the Stockholder recognizes that it would be detrimental to the interests of the Company if the Stockholder disposed of the Stockholder Option Shares or if Sacks disposed of the Sacks Option Shares;

WHEREAS, the Stockholder believes it would be detrimental to the value of the Stockholder Option Shares and his other equity interests in the Company if Sacks were to sell the Sacks Option Shares on the open market; and

WHEREAS, in order to induce Sacks to simultaneously herewith enter into a Stock Repurchase Agreement with the Company subjecting the Sacks Option Shares to restrictions on transfer (the "Sacks Stock Repurchase Agreement"), the Stockholder is willing to subject the Stockholder Option Shares to the restrictions on transfer set forth in this Agreement;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and obligations set forth in this Agreement and in the Sacks Stock Repurchase Agreement, the parties hereto hereby agree as follows:

1. (a) The Stockholder may not sell, transfer or otherwise dispose of (a "Disposition") any of the Stockholder Option Shares except as provided in this Agreement. Any purported Disposition in violation of this Agreement shall be null and void ab initio, and the Company shall not recognize any such Disposition or accord to any purported transferee any rights as a stockholder of the Company.

(b) Subject to the provisions of paragraph 2 below, if the Stockholder desires at any time on or before December 31, 2000 to effect a Disposition of any of the Stockholder Option Shares, then the Stockholder shall give written notice to the Company (the "Sale Notice") specifying the number of Stockholder Option Shares that the Stockholder desires to Dispose of (the "Offered Shares").

(c) Upon receipt of the Sale Notice, the Company shall have the right to elect to purchase all or a portion of the Offered Shares at a purchase price equal to $1.25 per share for the first 150,000 Offered Shares, $1.59 per share for the next 37,500 Offered Shares and $1.75 per share for the next 150,000 Offered Shares. The determination of whether the Company shall elect to purchase the Offered Shares shall be made by the Board of Directors of the Company, without the participation of the Stockholder. Such election is to be made by written notice ("Notice of Election") to the Stockholder within 60 days after the Company's receipt of the Sale Notice (the "Acceptance Period").

(d) If the Company gives a Notice of Election to the Stockholder within the Acceptance Period, the Stockholder shall sell and the Company shall purchase the Offered Shares pursuant to the Notice of Election. If the Company does not give a Notice of Election to the Stockholder within the Acceptance Period or if the Notice of Election does not cover all of the Offered Shares, the Stockholder may Dispose of the Offered Shares, or a portion thereof, as the case may be, free of the restrictions set forth in this Agreement.

2. Upon a Change of Control, the restrictions on the transfer of the Stockholder Option Shares pursuant to paragraph 1 of this Agreement shall terminate. For purposes of this Agreement, "Change of Control" means (i) any transaction or series of transactions in which the Stockholder and Sacks together cease to be the beneficial owners (as such term is defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, as amended) of at least 10% of the outstanding Common Stock, (ii) the sale of all or substantially all of the assets of the Company or any of its subsidiaries, the operations of which would constitute a material part of the business or operations of the Company and its subsidiaries, taken as a whole, (iii) the liquidation of the Company or any of its subsidiaries, the operations of which would constitute a material part of the business or operations of the Company and its subsidiaries, taken as a whole, or (iv) the combination of the Company or any of its subsidiaries, the operations of which would constitute a material part of the business or operations of the Company and it subsidiaries, taken as a whole, with another entity, as a result of which (A) the shareholders of the Company hold less than 50% of the total of all voting shares outstanding of the combined entity or (B) the directors of the Company constitute less than a majority of the Board of Directors of the combined entity.

3. (a) The certificate for the Stockholder Option Shares shall be deposited in escrow with the Controller of Hansen Beverage Company, the Company's

wholly-owned subsidiary, to be held in escrow in accordance with the provisions of this paragraph 3. The deposited certificate shall be accompanied by a duly executed Assignment Separate from Certificate in the form of Exhibit A. The deposited certificate shall remain in escrow until such time as the certificate is to be released in accordance with paragraph 3(b) below.

(b) If the Company exercises its right to purchase pursuant to paragraph 1(c) with respect to any Stockholder Option Shares, the escrowed certificate for such Stockholder Option Shares shall be delivered to the Company, concurrently with the payment to the Stockholder in cash of an amount equal to the aggregate purchase price for such Stockholder Option Shares, and the Stockholder shall have no further rights with respect to such Stockholder Option Shares. The Stockholder shall be entitled to a certificate for any Stockholder Option Shares which the Stockholder is entitled to Dispose of free of restrictions in accordance with the provisions of this Agreement.

4. Any notice required in connection with this Agreement shall be given in writing and shall be deemed effective upon personal delivery, upon deposit with a nationally recognized courier service, or upon deposit in the United States mail, registered or certified, postage prepaid and addressed as follows:

If to the Company:

Hansen Natural Corporation
2380 Railroad Street
Corona, California 91720
Attention: Chairman

If to the Stockholder:

Hilton H. Schlosberg
2 Nidden
Irvine, California 92612

or to any other address as either party may designate by written notice under this paragraph 4 to the other party to this Agreement.

5. This Agreement constitutes the entire contract between the parties with respect to the subject matter hereof.

6. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, without regard to the principles of conflicts of law of such State.

7. The provisions of this Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns and the Stockholder and his legal representatives, heirs, legatees, distributes, assigns and transferees by operation of law, whether or not any such person shall have become a party to this Agreement.

IN WITNESS WHEREOF, the parties have memorialized their Agreement on April 15, 1999, effective as of the date first indicated above.

HANSEN NATURAL CORPORATION

By: /s/ Rodney C. Sacks
Chairman

/s/ Hilton H. Schlosberg
Hilton H. Schlosberg

EXHIBIT A
Assignment Separate From Certificate

FOR VALUE RECEIVED Hilton H. Schlosberg ("Stockholder") hereby sells, assigns and transfers unto ____________________, ________ shares of Common Stock of Hansen Natural Corporation, a Delaware corporation (the "Company") represented by Certificate No. ____ herewith and does hereby irrevocably constitute and appoint ___________________ Attorney to transfer the said stock on the books of the Company with full power of substitution in the premises.

Dated:_______________________

Signature

WARNING: THE EDGAR SYSTEM ENCOUNTERED ERROR(S) WHILE PROCESSING THIS SCHEDULE.

Exhibit 27 Financial Data Schedule

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAO INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEETS AND CONSOLIDATED STATEMENTS OF INCOME FOUND ON PAGES 3 AND 4 OF THE COMPANY'S FORM 10Q FOR THE PERIOD PRESENTED, AND IS QUALIFIED IN ITS ENTERETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

3-MOS
DEC-31-1999
APR-01-1999
JUN-30-1999
2,891,338
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7,529,090
2,718,247
6,502,521
14,620,625
1,501,928
876,792
25,624,837
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16,310,873
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19,142,247
19,166,111
10,161,707
6,555,334
15,000
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90,080
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953,800
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.14
.14