
**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): JANUARY 22, 2007

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 1.01 Entry into a Material Definitive Agreement.

On January 24, 2007, Natural Alternatives International, Inc., a Delaware corporation (“NAI”), completed certain amendments to its credit facility with Wells Fargo Bank, National Association. The amendments extend the maturity date for the working capital line of credit from November 1, 2007 to November 1, 2008, and maintain the ratio of total liabilities/tangible net worth covenant at 1.25/1.0 for the remainder of the term of the credit facility.

Item 2.02. Results of Operations and Financial Condition.

On January 22, 2007, NAI issued a press release announcing financial results for the second quarter ended December 31, 2006. 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 Exchange Act of 1934 or otherwise subject to the liabilities of such Section 18. The information in this report shall not be incorporated by reference into any filing of NAI with the United States Securities and Exchange Commission (“SEC”), whether made before or after the date hereof, regardless of any general incorporation language in such filings.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information provided in Item 1.01 above is hereby incorporated by reference into this Item 2.03.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

99.1 Press release dated January 22, 2007 of NAI.

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: January 24, 2007

By: /s/ John Reaves

John Reaves
Chief Financial Officer



**Natural Alternatives International, Inc.
Announces 20% Increase in Second Quarter Net Income**

Highlights

- *Second quarter fiscal 2007 net income of \$554,000, an increase of \$93,000, or 20%, from \$461,000 in the same quarter last year.*
- *Second quarter fiscal 2007 revenue of \$24.0 million, an increase of \$4.1 million, or 21%, from \$19.9 million in the same quarter last year.*

SAN MARCOS, CALIF, January 22, 2007 /PRNewswire/ — Natural Alternatives International, Inc. (“NAI”) (Nasdaq-GM: NAI), a leading formulator, manufacturer and marketer of customized nutritional supplements, today announced revenue of \$24.0 million and net income of \$554,000 or \$0.08 per diluted share for the three months ended December 31, 2006.

Revenue of \$24.0 million in the second quarter of fiscal 2007 represented an increase of \$4.1 million from the same quarter last year. The increase was due to a \$2.7 million, or 16%, increase in private label contract manufacturing sales and a \$1.4 million increase in revenue from branded products sales resulting primarily from our acquisition of Real Health Laboratories, Inc.

Net income in the second quarter of fiscal 2007 improved to \$554,000 or \$0.08 per diluted share from \$461,000 or \$0.07 per diluted share in the comparable quarter last year. Income from operations in the second quarter of fiscal 2007 improved to \$965,000 from \$843,000 in the comparable quarter last year.

Cash flows from operating activities for the six months ended December 31, 2006 were \$9.6 million. As of December 31, 2006, NAI had cash and working capital of \$3.2 million and \$14.7 million, respectively, compared to \$2.2 million and \$13.2 million, respectively, as of June 30, 2006. As of December 31, 2006, we had \$5.1 million available under our working capital line of credit.

President Randell Weaver stated, “We are pleased to see our investments in state-of-the-art certified facilities and Good Manufacturing Practices contribute to improvements in revenue and profitability. We have continued to diversify our sources of revenue by investing in marketing and distributing our branded nutritional supplements and other lifestyle products in direct-to-consumer marketing programs, the food, drug and mass market retail channel and our *As We Change*[®] catalog. We anticipate revenue in the third quarter of fiscal 2007 will exceed revenue from the third quarter of the prior year while maintaining profitability.”

CEO Mark LeDoux added, “During the second quarter Alvin McCurdy joined our executive team as Vice President of Operations. Mr. McCurdy brings a wealth of knowledge and experience in leading international manufacturing operations and creating a culture that focuses on execution and responsiveness to customers needs. Mr. McCurdy is already having a positive impact on our customer service levels and operational efficiencies.”

NAI, headquartered in San Marcos, California, is a leading formulator, manufacturer and marketer 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 our clients 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 future financial and operating results, including the amount of our future revenue and profits, the impact on revenue and profitability of our investments in our facilities, our ability to continue to diversify our sources of revenue and the means by which we may be able to do so, any future positive impact on our customer service levels or operational efficiencies, and our ability to continue to implement our strategic plans, to expand and

successfully market our brands, and to develop, maintain or increase sales to new and existing customers. We wish to caution readers 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)
(Unaudited)

	December 31,	June 30,
	2006	2006
ASSETS		
Cash and cash equivalents	\$ 3,212	\$ 2,157
Accounts receivable, net	4,689	12,839
Inventories, net	17,521	17,054
Deferred income taxes	1,251	1,059
Other current assets	<u>1,828</u>	<u>1,916</u>
Total current assets	28,501	35,025
Property and equipment, net	15,627	15,943
Goodwill and purchased intangibles, net	11,466	11,303
Other assets	<u>168</u>	<u>182</u>
Total Assets	<u>\$ 55,762</u>	<u>\$ 62,453</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities	\$ 13,770	\$ 21,853
Long-term debt, less current installments	3,723	4,596
Deferred income taxes	1,260	1,260
Deferred rent	1,248	1,262
Long-term pension liability	<u>220</u>	<u>191</u>
Total Liabilities	20,221	29,162
Stockholders' Equity	<u>35,541</u>	<u>33,291</u>
Total Liabilities and Stockholders' Equity	<u>\$ 55,762</u>	<u>\$ 62,453</u>

NATURAL ALTERNATIVES INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except share and per share data)
(Unaudited)

	Three Months Ended		Six Months Ended	
	December 31,		December 31,	
	2006	2005	2006	2005
NET SALES	\$ 24,049	\$ 19,945	\$ 49,210	\$ 41,845
Cost of goods sold	<u>18,347</u>	<u>15,755</u>	<u>37,993</u>	<u>33,599</u>
Gross profit	5,702	4,190	11,217	8,246
Selling, general & administrative expenses	<u>4,737</u>	<u>3,347</u>	<u>9,420</u>	<u>6,725</u>
INCOME FROM OPERATIONS	965	843	1,797	1,521
Other expense, net	<u>119</u>	<u>93</u>	<u>349</u>	<u>120</u>
INCOME BEFORE INCOME TAXES	846	750	1,448	1,401
Provision for income taxes	<u>292</u>	<u>289</u>	<u>507</u>	<u>528</u>
NET INCOME	<u>\$ 554</u>	<u>\$ 461</u>	<u>\$ 941</u>	<u>\$ 873</u>
NET INCOME PER COMMON SHARE:				
Basic	<u>\$ 0.08</u>	<u>\$ 0.07</u>	<u>\$ 0.14</u>	<u>\$ 0.14</u>
Diluted	<u>\$ 0.08</u>	<u>\$ 0.07</u>	<u>\$ 0.13</u>	<u>\$ 0.13</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:				
Basic	<u>6,840,314</u>	<u>6,185,816</u>	<u>6,780,240</u>	<u>6,099,603</u>
Diluted	<u>7,184,910</u>	<u>6,485,091</u>	<u>7,189,213</u>	<u>6,477,097</u>