



Medical Nutrition USA, Inc.  
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FOR IMMEDIATE RELEASE

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**Medical Nutrition USA Inc. Announces 29% Increase in Branded Product Sales for Quarter**

**New Product to be Introduced in Second Quarter; To Enter the Retail Market by Year-End**

Englewood, NJ – April 21, 2008/Marketwire. Medical Nutrition USA, Inc. (NASDAQ:MDNU) today announced financial results for the fiscal quarter and year ended January 31, 2008.

**Fourth Quarter Fiscal 2008 vs. 2007**

- Branded sales increased 29% to \$2,945,300 from \$2,285,900;
- Total sales including private label products increased 10% to \$3,196,300 from \$2,900,500;
- Gross margin was 53% compared to 52% in last year's fourth quarter;
- Selling, general and administrative (SG&A) expenses increased by \$157,800 to \$1,302,500 or 41% of sales compared to \$1,144,700 or 39% of sales;
- Operating income increased to \$375,500 from \$282,500;
- Net income was \$434,900 or \$0.03 per share compared to net income of \$1,937,100 or \$0.18 per share. Of note, fourth quarter fiscal 2007 net income included a \$1,692,600 deferred tax benefit.

**Fiscal Year 2008 vs. 2007**

- Branded sales increased 30% to \$10,977,000 from \$8,442,700;
- Total sales including private label products increased 22% to \$12,800,600 from \$10,531,300;
- Gross margin was 53% for both years;
- SG&A expenses increased by \$1,147,100 to \$5,763,700 or 45% of sales compared to \$4,616,600 or 44% of sales;
- Operating income increased to \$934,000 from \$634,200;
- Net income was \$869,100 or \$0.06 per share compared to a net loss of (\$294,300) or (\$0.03) per share.

"We are very pleased to report another year of strong growth in branded product sales and profitability," said Frank A. Newman, Medical Nutrition's Chairman and Chief Executive Officer. "I would like to express my thanks to our entire team for their continued hard work and skillful execution."

Mr. Newman continued, "As announced in December, we plan to further expand our field sales force by approximately 45% during the first half of this year. In addition, during the first quarter, we reduced the price of certain Pro-Stat® formulas by approximately 12% on a weighted average basis. We expect that the combination of additional sales people and more aggressive pricing will further increase our rate of market share growth and strengthen our competitive position. We also expect that we will be able to substantially increase the number of nursing homes and dialysis clinics within our coverage area and improve the frequency of contact with existing users."

## **New initiatives**

The Company also announced additional steps it intends to take during the current fiscal year.

In the second quarter of 2009 fiscal year, the Company will introduce an important new product named UTI-Stat™, which contains a proprietary formulation that helps support urinary tract health and helps prevent recurrence of urinary tract infections. Trials conducted in 10 long-term care facilities in five states showed that 92% of residents with a history of urinary tract infections remained symptom-free while taking UTI-Stat. The Company expects that UTI-Stat will begin contributing to sales towards the end of this year's third quarter.

The Company also announced its intention to begin selling certain of its products through retail stores by the end of its fiscal year. The Company believes that the retail sales opportunities for certain of its products are significantly greater than in its traditional institutional markets and that retail marketing will create greater awareness and be complementary to its continuing efforts in nursing homes and dialysis clinics.

"We are very excited about each of these new initiatives. The expenses for the additional positions will begin to be recognized in the first and second quarters, with the expected revenue impact beginning to be realized in the third and fourth quarters. After offsetting reductions in product costs, we expect that the new pricing will reduce our gross margin by approximately 150 basis points compared to the prior year beginning in the second quarter and by a smaller amount in the first quarter. These actions will add to expenses and reduce our rate of revenue growth during the first half of the year, however, we believe that they have the potential to significantly increase our sales and profits not only towards the end of this year, but also for many years thereafter. Additionally, we believe that the opportunities represented by the launch of UTI-Stat and the addition of retail distribution are very significant," concluded Mr. Newman.

## **Conference call**

The Company will host a conference call to discuss these results on Tuesday, April 22<sup>nd</sup> at 11:00 A.M. EDT. To participate, please call (706) 643-9215. The conference call will also be broadcast live over the Internet. To listen to the live call, please go to [www.mdnu.com](http://www.mdnu.com) and click on the Investor Relations section where the conference call is posted. Please go to the website 15 minutes early to download and install any necessary audio software. If you are unable to listen live, the conference call will be archived and can be accessed for approximately 90 days.

This press release contains forward-looking statements that are subject to certain risks and uncertainties. Although we believe that the expectations reflected in any of our forward-looking statements are reasonable, actual results could differ materially from those projected or assumed. Risks and uncertainties that could cause or contribute to such material difference include, but are not limited to, general economic conditions, changes in customer demand, changes in trends in the nursing home, renal care, health food and bariatric surgery markets, changes in competitive pricing for products, and the impact of our competitors' new product introductions. Our future financial condition and results of operations, as well as any forward-looking statements are subject to change and inherent risk and uncertainties. Other important factors that may cause actual results to differ materially from those expressed in forward-looking statements is contained in the Medical Nutrition USA, Inc. Annual Report on Form 10-KSB for the year ended January 31, 2007 as filed with the Securities and Exchange Commission on May 16, 2007 and Form 10-QSB for the third quarter of fiscal year 2008, filed on December 14, 2007.

**Medical Nutrition USA, Inc.**  
**Statements of Operations**

	<b>For the Three Months ended January 31,</b>		<b>For the Year ended January 31,</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	(unaudited)			
Sales	\$3,196,300	\$2,900,600	\$12,800,600	\$10,531,300
Cost of sales	<u>1,518,300</u>	<u>1,404,000</u>	<u>5,994,900</u>	<u>5,007,000</u>
Gross Profit	1,678,000	1,496,600	6,805,700	5,524,300
Selling, general & administrative	1,302,500	1,144,700	5,763,700	4,616,600
Research & development	<u>-</u>	<u>69,400</u>	<u>108,000</u>	<u>273,500</u>
Operating income	375,500	282,500	934,000	634,200
Interest income	105,600	91,400	416,000	273,800
Interest expense	<u>-</u>	<u>(124,700)</u>	<u>-</u>	<u>(2,862,600)</u>
Income (loss) before income tax provision (benefit)	481,100	249,200	1,350,000	(1,954,600)
Provision for (benefit from) income taxes	<u>46,200</u>	<u>(1,687,900)</u>	<u>480,900</u>	<u>(1,660,300)</u>
Net income (loss)	<u>\$434,900</u>	<u>\$1,937,100</u>	<u>\$869,100</u>	<u>\$(294,300)</u>
Earnings (loss) per share				
Basic	<u>\$0.03</u>	<u>\$0.18</u>	<u>\$0.06</u>	<u>\$(0.03)</u>
Diluted	<u>\$0.03</u>	<u>\$0.18</u>	<u>\$0.06</u>	<u>\$(0.03)</u>

**Medical Nutrition USA, Inc.**  
**Balance Sheets**

	<b>1/31/08</b>	<b>1/31/07</b>
<b>Assets</b>		
Cash and cash equivalents	\$5,208,000	\$8,103,300
Short-term investments	4,336,800	-
Accounts receivable, net	1,054,500	1,050,300
Inventories	401,800	496,200
Deferred income taxes	877,700	250,500
Prepaid income taxes	232,000	-
Other current assets	<u>179,800</u>	<u>57,800</u>
<b>Total current assets</b>	<b>12,290,600</b>	<b>9,958,100</b>
Fixed assets, net	199,000	162,700
<b>Other assets</b>		
Deferred income taxes	480,000	1,442,100
Security deposits	15,300	15,300
Investment in Organics Corp of America	125,000	125,000
Intangible assets, net	<u>252,700</u>	<u>240,700</u>
<b>Total assets</b>	<b><u>\$13,362,600</u></b>	<b><u>\$11,943,900</u></b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current Liabilities</b>		
Accounts payable	\$364,800	\$653,200
Accrued expenses	466,000	276,600
Accrued rebates	<u>61,700</u>	<u>94,000</u>
<b>Total current liabilities</b>	<b><u>892,500</u></b>	<b><u>1,023,800</u></b>
<b>Stockholders' equity</b>		
Common stock	14,000	14,000
Additional paid-in-capital	24,687,900	23,884,400
Accumulated deficit	<u>(12,005,800)</u>	<u>(12,874,900)</u>
	12,696,100	11,023,500
Less: treasury stock	<u>(226,000)</u>	<u>(103,400)</u>
<b>Total shareholders' equity</b>	<b><u>12,470,100</u></b>	<b><u>10,920,100</u></b>
<b>Total liabilities and shareholders' equity</b>	<b><u>\$13,362,600</u></b>	<b><u>\$11,943,900</u></b>