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FOR IMMEDIATE RELEASE

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Medical Nutrition USA Announces 72% Sales Increase for 2nd Quarter and Completion of Clinical Trial

Highlights

- **Sales increase 72%**
- **Branded product sales increase 114%**
- **Clinical trial shows benefits of Pro-Stat™ on pressure ulcers**
- **314 additional nursing homes and clinics start using Pro-Stat™ in the quarter**

ENGLEWOOD, NJ — September 8, 2005. Medical Nutrition USA, Inc., (MDNU.OB) today announced financial results for the second quarter ended July 31, 2005, and reported the completion of a clinical trial on the effectiveness of Pro-Stat™ in the treatment of pressure ulcers.

Review of Operating Results

Total sales for the second quarter increased 72% to \$1,925,700 from \$1,116,900 for the second quarter of the prior year. The increase in sales resulted primarily from increased sales of branded products; including the company's line of Pro-Stat™ hydrolyzed, liquid, modular proteins. Total branded product sales increased 114% to \$1,331,472 from \$621,100 in the second quarter of the prior year.

Gross profit for the second quarter increased 82% to \$991,900 or 51.5% of sales, from \$545,100 or 48.8% of sales in the second quarter of the prior year. The increase in gross margin for the quarter was primarily attributable to increased sales of branded products.

Operating cash flow increased to \$103,100 for the second quarter as compared to negative cash flow of (\$267,000) in the second quarter of the prior year.

Net income for the second quarter increased to \$95,100 or \$0.03 per share, compared to a loss of \$24,200 or (\$0.01) per share, for the second quarter of the prior year.

"We are pleased with the momentum we're building at this early stage of our growth. Our products are receiving daily validation from clinicians across the country as evidenced by the addition of approximately 314 user facilities in the quarter. Sales, margins and cash flow are solid and the entire team is doing an excellent job," said Frank A. Newman, chairman and chief executive officer.

Clinical Trial Results

The Company also announced the completion of a multi-state, randomized, double-blind placebo controlled clinical trial of Pro-Stat™ as an aid in the treatment of pressure ulcers. The trial protocol and outcomes are being reviewed by an independent medical panel and are expected to be released before the end of the company's current fiscal year. "The trial is the first that we are aware of to measure the effect of nutritional intervention on the rate of pressure ulcer healing among long-term care residents. The results are very encouraging. We expect the trial to add materially to the body of observational and clinical data supporting the benefits of Pro-Stat," said Newman.

Guidance

For its current fiscal year ending January 31, 2006 the company expects net income of \$0.02 - \$0.03 a share on a fully diluted basis on revenue of \$8,000,000 - \$9,000,000. For its fiscal year ending January 31, 2007 the company expects net income of \$0.15 to \$0.22 a share on a fully diluted basis on revenue of \$14,000,000 - \$16,000,000. The company expects to have approximately 14,860,412 fully diluted shares as of 1/31/07 of which 2,904,965 are currently issued and outstanding, 4,181,111 are issuable upon the conversion of the company's outstanding convertible notes and 5,622,736 are issuable upon the exercise of the company's outstanding warrants. The notes are convertible into shares of common stock at a weighted average price of \$0.79 per share. The Company expects that the notes, which represent substantially all of its debt, will be converted into equity if the price of its stock remains at or near current levels. The warrants are exercisable at a weighted average price of \$0.77 per share. Were all warrants to be exercised the Company would receive proceeds of approximately \$4,304,896. Substantially all of the notes and the warrants must be converted or exercised prior to 8/1/06.

Medical Nutrition USA, Inc (<http://www.pro-stat.info>) develops and distributes products for the nutritionally at risk who are under medical supervision. Its products are used primarily in long-term care facilities, hospitals, dialysis clinics and bariatric clinics. The company's product lines include Pro-Stat™, Fiber-Stat™, Collagen Plus™ and the **pbs** Nutritional Support System™, as well as private label products.

Forward-Looking Statements

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 statement are discussed in the Company's Securities and Exchange Commission filings including its Form 10-QSB for the period ending April 30, 2005.

MEDICAL NUTRITION USA, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	SIX MONTHS ENDED		THREE MONTHS ENDED	
	JULY 31,		JULY 31,	
	2005	2004	2005	2004
Sales	\$ 3,473,100	\$ 2,357,500	\$ 1,925,700	\$ 1,116,900
Cost of Sales	1,665,700	1,200,400	933,800	571,800
Gross Profit	1,807,400	1,157,100	991,900	545,100
Selling, general and administrative expenses	1,628,600	1,127,300	847,300	509,600
Operating Income	178,800	29,800	144,600	35,500
Other income (expense):				
Interest income	26,000	15,100	14,300	8,000
Interest expense	(100,100)	(134,400)	(63,800)	(67,700)
Total other income (expense)	(74,100)	(119,300)	(49,500)	(59,700)
Net income (loss)	\$ 104,700	\$ (89,500)	\$ 95,100	\$ (24,200)
Income (loss) per common share:				
Basic	\$ 0.04	\$ (0.03)	\$ 0.03	\$ (0.01)
Diluted	\$ 0.02		\$ 0.01	
Weighted average number of shares outstanding				
Basic	2,904,695	2,783,759	2,904,695	2,783,759
Diluted	12,091,557		12,299,519	

MEDICAL NUTRITION USA, INC.

BALANCE SHEETS

	<u>JULY</u> <u>31, 2005</u> (Unaudited)	<u>JANUARY</u> <u>31, 2005</u> (Audited)
ASSETS		
Current Assets:		
Cash	\$ 2,018,300	\$ 2,002,700
Accounts receivable, net of allowance of \$20,900 and \$9,600 at July 31, 2005 and January 31, 2005, respectively	675,500	498,900
Inventories	208,800	71,300
Other current assets	<u>95,300</u>	<u>65,800</u>
Total current assets	2,997,900	2,638,700
Fixed assets, net of accumulated depreciation of \$144,900 and \$133,400, respectively	87,100	71,900
Other assets:		
Security Deposits	15,300	15,300
Investment in Organics Corporation of America	125,000	125,000
Intangible assets, net of amortization	<u>277,700</u>	<u>205,700</u>
	<u>\$ 3,503,000</u>	<u>\$ 3,056,600</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 539,800	\$ 307,200
Convertible promissory notes	3,052,500	-
Accrued interest payable	510,100	-
Total current liabilities	<u>4,102,400</u>	<u>307,200</u>
Non-current Liabilities:		
Convertible promissory notes	250,000	3,302,500
Accrued interest payable	-	410,000
Total Liabilities	<u>4,352,400</u>	<u>4,019,700</u>
Shareholders' Equity:		
Common stock, \$0.001 par value; 20,000,000 shares authorized; 2,904,965 and 2,892,965 issued and outstanding at July 31, 2005 and January 31, 2005, respectively	10,928,100	10,919,100
Accumulated deficit	<u>(11,767,100)</u>	<u>(11,871,800)</u>
	(839,000)	(952,700)
Less: treasury stock, at cost	<u>(10,400)</u>	<u>(10,400)</u>
Total stockholders' equity (deficit)	<u>(849,400)</u>	<u>(963,100)</u>
	<u>\$ 3,503,000</u>	<u>\$ 3,056,600</u>