



Medical Nutrition USA, Inc.  
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FOR IMMEDIATE RELEASE

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**Medical Nutrition USA Inc. Announces 56% Branded Product Sales Increase for Year Ended January 31, 2007**

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Englewood, NJ – May 15, 2007/Marketwire. Medical Nutrition USA, Inc. (NASDAQ:MDNU) today announced financial results for the fiscal quarter and year ended January 31, 2007.

Review of Operating Results

Sales for the fiscal year ended January 31, 2007 increased 44% to \$10,531,300 as compared with \$7,310,500 for the prior fiscal year. Sales for the fourth quarter increased 53% to \$2,900,600 as compared to \$1,900,100 in the prior fiscal year. The increase in sales for the quarter and the year resulted primarily from sales of branded products which increased 56% to \$8,442,700 for the fiscal year and 54% to \$2,281,400 for the fiscal quarter. Branded product sales consist primarily of the Company's line of Pro-Stat® hydrolyzed, liquid, modular protein.

Gross profit for the current fiscal year increased approximately 46% to \$5,524,300 or 52% of sales as compared to \$3,786,600, or 52% of sales for the prior fiscal year. Gross profit for the fourth fiscal quarter increased to \$1,496,600 or 52% of sales as compared to \$988,200 or 52% of sales for the fourth fiscal quarter of the prior year. The increase in gross profit for the quarter and year was primarily attributable to increased sales of branded products.

Selling, general and administrative expenses (SG&A) for the fiscal year increased by \$1,359,300 to \$4,616,600, or 44% of sales, from \$3,257,300, or 45% of sales, as compared to the prior fiscal year. SG&A expenses for the fiscal quarter increased by \$361,700 to \$1,144,700, or 39% of sales, as compared to \$783,000, or 41% of sales in the fourth fiscal quarter of the prior year. The fiscal year increase was primarily attributable to an increase in sales and marketing costs of \$497,400 and an increase of \$690,400 in non-cash, stock-based compensation, resulting from the Company's adoption of SFAS 123® on February 1, 2006. No share-based compensation cost was recorded in the prior year. For the fourth quarter, the share based compensation expense was \$150,600.

Operating income for the fiscal year increased to \$634,200 as compared to \$520,300 in the prior fiscal year. Operating income for the fourth quarter increased to \$282,500 as compared to \$196,200 in the fourth quarter of the prior fiscal year. Operating income, excluding stock based compensation expense, would have been \$1,324,600 for the year and \$433,100 for the fourth quarter.

Interest expense for the fiscal year was \$2,862,600 as compared to \$749,500 in the prior fiscal year. The increase was primarily a result of a \$2,243,000 increase in non-cash amortization of debt discount related to the Company's 2003 convertible promissory notes and warrants. All of the notes and warrants had been converted into common stock as of January 31, 2007, and the amortization of the related non-cash amortization of debt discount was completed during the

quarter then ended. At January 31, 2007, the Company had cash and cash equivalents on hand of \$8,103,300.

Because the Company generated taxable income for the year, and expects to continue to generate taxable income going forward, a deferred tax benefit in the amount of \$1,692,600 was recorded in the fourth quarter of the fiscal year. The deferred tax benefit results from the Company's net operating losses in previous years.

Net loss for the fiscal year ended January 31, 2007 was (\$294,300) or (\$0.03) per share, including non-cash charges of \$2,769,300 and \$690,400 respectively for amortization of debt discount and stock-based compensation, compared to a net loss for the fiscal year ended January 31, 2006 or (\$176,900) or (\$0.06) per share including non-cash charges of \$749,500 for amortization of debt discount. Net income for the fourth quarter was \$1,937,100 or \$0.18 per share, including the income tax benefit of \$1,692,600 and non-cash charges of \$124,700 and \$150,600 respectively for amortization of debt discount and stock-based compensation, as compared to a net loss of (\$203,000) or (\$0.07) per share for the fourth quarter of the prior fiscal year, including non-cash charges of \$355,700 for amortization of debt discount.

"We are pleased to report another year of strong growth in sales and profitability. We expect that continued growth will result from increases in the number of long-term care facilities, hospitals and dialysis clinics using our products, the expansion of our sales force as well as the second quarter introduction of Pro-Stat® Profile™ the first ever liquid, collagen-based protein supplement with a Protein Digestibility Corrected Amino Acid Corrected Score (PDCAAS) of 100%. The recent listing of our stock on the Nasdaq Capital Market should benefit shareholders through greater liquidity and investor interest." said Frank A. Newman, Chairman and Chief Executive Officer.

The Company is hosting a conference call to discuss these results today at 11:00 A.M. EDT. To participate, please call 877-407-0778 (US and Canada) and 201-689-8565 (International). Replays will be available shortly after the call at 877-660-6853 (US and Canada) and 201-612-7415 (International). Enter Account # 286 and Conference ID # 237699 to access the replay, which will be available until May 22, 2007.

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, 2006 as filed with the Securities and Exchange Commission on April 24, 2006 and Form 10-QSB for the third quarter of fiscal year 2007, filed on December 14, 2006.

**MEDICAL NUTRITION USA, INC.**

**CONSOLIDATED STATEMENTS OF OPERATIONS**

	Years Ended January 31,	
	<u>2007</u>	<u>2006</u>
Sales	\$ 10,531,300	\$ 7,310,500
Cost of sales	5,007,000	3,523,900
Gross profit	<u>5,524,300</u>	<u>3,786,600</u>
Selling, general and administrative expenses	4,616,600	3,257,300
Research and development	273,500	9,000
Operating income	<u>634,200</u>	<u>520,300</u>
Other (expense) income:		
Interest income	273,800	60,900
Interest expense including debt discount amortization	(2,862,600)	(749,500)
Total other (expense)	<u>(2,588,800)</u>	<u>(688,600)</u>
Loss before income taxes (benefit)	(1,954,600)	(168,300)
Income tax provision (benefit)	<u>(1,660,300)</u>	<u>8,600</u>
Net (loss)	<u>\$ (294,300)</u>	<u>\$ (176,900)</u>
Basic and diluted per common share data:		
Net (loss)	<u>\$ (0.03)</u>	<u>\$ (0.06)</u>
Weighted average number of common shares outstanding	<u>10,800,383</u>	<u>2,930,448</u>