



an increase in sales and marketing of \$299,000 and an increase of \$530,700 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 comparable period of the prior year.

Operating income for the quarter, before non-cash charges for stock-based compensation, was \$373,600 as compared to \$143,800 for the three months ended October 31, 2005.

Operating income for the nine months ended October 31, 2006, before non-cash charges for stock-based compensation, was \$882,400 as compared to \$324,100 for the nine months ended October 31, 2005.

Interest expense for the quarter was \$80,800, and interest income was \$83,100 as compared to \$179,500 and \$15,900, respectively, for the comparable quarter of the prior year. The decrease in interest expense of \$98,700 resulted primarily from a decrease in non-cash amortization of debt discount associated with the Company's 2003 convertible promissory notes.

Interest expense for the nine months ended October 31, 2006 was \$2,737,900, and interest income was \$182,400 as compared to \$332,300 and \$41,800, respectively, for the comparable nine months ended October 31st of the prior year. The increase in interest expense of \$2,405,600 resulted primarily from an increase in non-cash amortization of debt discount associated with the Company's 2003 convertible promissory notes.

Net income for the quarter was \$196,400 or \$0.01 per share compared to a net loss for the comparable prior year quarter of (\$25,900) or (\$0.01) per share. Excluding non-cash charges for stock-based compensation and amortization of debt discount, net income for the quarter would have been \$452,400 or \$0.03 per share.

Net loss for the nine months was (\$2,231,400) or (\$0.23) per share compared to net income for the comparable nine months ended October 31, 2005 of the prior year of \$26,100 or \$0.01 per share. Excluding non-cash charges for stock-based compensation and amortization of debt discount, net income for the nine months ended October 31, 2006 would have been \$943,900 or \$0.10 per share.

All but \$250,000 aggregate principal amount of the Company's outstanding convertible promissory notes had been converted into common stock as of October 31, 2006. Future non-cash charges to interest expense for amortization of the debt discount associated with the remaining notes, which mature on December 4, 2006, are estimated to be \$124,700 for the quarter ending January 31, 2007. At October 31, 2006, the Company had cash and short-term investments-Treasury Bills-on hand of \$7,229,200.

"We are very pleased with another quarter of record sales of our branded products. Sales continue to benefit from the results of clinical trial published in the March issue of the journal *Advances in Skin and Wound Care*, which reported 96% greater healing of pressure ulcers among nursing home residents receiving Pro-Stat®. Our recent introductions of Pro-Stat® Advanced Wound Care formula and Fiber-Stat®, have also contributed to sales. We expect that the appointment of David Shapiro as Vice President, Sales, which we announced last week, will further strengthen our sales effort", said Frank A. Newman, Chairman and Chief Executive Officer.

Medical Nutrition USA, Inc. (<http://www.mdu.com>) 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® and Fiber-Stat®, as well as private label products.



Medical Nutrition USA, Inc.
10 West Forest Avenue, Englewood, NJ 07631

There will be a live conference call with its management team to discuss the Company's results for its third quarter fiscal 2007 on Wednesday, December 13, 2006, at 11:30 AM EST. The DIAL-IN NUMBER is (877) 407-0778 (within the US and Canada) and (201) 689-8565 (International).

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 second quarter of fiscal year 2007, filed on September 13, 2006.



MEDICAL NUTRITION USA, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	NINE MONTHS ENDED		THREE MONTHS ENDED	
	OCTOBER	31,	OCTOBER 31,	
	2006	2005	2006	2005
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sales	\$ 7,630,700	\$ 5,410,400	\$ 2,734,700	\$ 1,937,300
Cost of sales	3,603,000	2,612,000	1,318,100	946,300
Gross profit	4,027,700	2,798,400	1,416,600	991,000
Selling, general and administrative expenses	3,676,000	2,474,300	1,218,200	847,200
Operating income	351,700	324,100	198,400	143,800
Other income (expense):				
Interest income	182,400	41,800	83,100	15,900
Interest expense	(2,737,900)	(332,300)	(80,800)	(179,500)
Total other income (expense)	(2,555,500)	(290,500)	2,300	(163,600)
(Loss) income before income taxes	(2,203,800)	33,600	200,700	(19,800)
Income tax expense	(27,600)	(7,500)	(4,300)	(6,100)
Net (loss) income	\$ (2,231,400)	\$ 26,100	\$ 196,400	\$ (25,900)
Earnings per share:				
Basic	\$ (0.23)	\$ 0.01	\$ 0.01	\$ (0.01)
Diluted	\$ (0.23)	\$ 0.01	\$ 0.01	\$ (0.01)
Weighted average shares outstanding:				
Basic	9,796,907	2,914,224	13,485,395	2,932,701
Diluted	9,796,907	2,914,224	15,325,198	2,932,701