

FOR IMMEDIATE RELEASE

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**Medical Nutrition USA, Inc. Reports 26% Increase in Branded Products Unit Sales in the Third Quarter**

Englewood, NJ, December 10, 2008 — Medical Nutrition USA, Inc. (NASDAQ:MDNU) today announced financial results for the third fiscal quarter and the nine months ended October 31, 2008.

**Third Quarter Fiscal 2009 vs. 2008**

- Branded product revenue increased 11% to \$3,048,200 from \$2,746,600 on a 26% increase in unit sales offset by price reductions;
- Total sales increased to \$3,426,700 compared to \$3,419,800 on higher branded product sales offset by lower private label sales of \$378,700 compared to \$673,200;
- Gross margin was stable at approximately 53% of sales (\$1,812,000 compared to \$1,795,200);
- Selling, general and administrative expenses increased to \$1,899,600, or 55% of sales, compared to \$1,519,900, or 44% of sales, primarily as a result of increased Sales and Marketing expenses of \$305,900 for the Company's previously announced increase in its sales force and other marketing expenses, and \$55,000 in expenses for impending retail introductions;
- Net cash provided by operating activities was \$492,200 compared to \$598,600 in the prior year period;
- Net loss was (\$50,900) or (\$0.00) per share compared to net income of \$220,000 or \$0.01 per share.
- Strong cash position with over \$9.6 million in cash and short term investments and no debt

**Nine Months ended October 31 - Fiscal 2009 vs. 2008**

- Branded product revenue increased 13% to \$9,043,100 from \$8,032,600 on a 28% increase in unit sales offset by price reductions;
- Total sales increased 5% to \$10,063,200 from \$9,604,300 on higher branded product sales offset by lower private label sales (\$1,020,100 compared to \$1,571,800);
- Gross profit increased to \$5,345,400, or 53% of sales, from \$5,127,700, also at 53% of sales.
- Selling, general and administrative expenses increased to \$5,898,800, or 59% of sales, compared to \$4,461,200, or 46% of sales, primarily as a result of increased Sales and Marketing expenses of \$1,029,300 for the Company's previously announced increase in its sales force and other marketing expenses, and \$117,000 in expenses for impending retail introductions;
- Net cash provided by operating activities was \$995,900 compared to \$1,308,500 in the prior year period.
- Net loss was (\$356,000) or (\$0.03) per share compared to net income of \$434,200 or \$0.03 per share.

"Our results reflect the ongoing successful implementation of our plan to accelerate market penetration through expansion of our sales force and more aggressive pricing. Unit sales of branded products continue to increase handsomely, growing at 26% for the quarter and 28% for the nine months as a result of sales to both new and existing customers as well as new products. Private label sales are expected

to continue to decline modestly over time as part of our long-term strategy to deemphasize private label sales in favor of branded product sales. Overall, we remain very much on track and are pleased with our performance for the quarter”, Chairman and Chief Executive Officer Frank A. Newman, said.

“We continue to add new nursing homes and hospitals at historical rates, including important teaching hospitals of national repute. Looking ahead to the first anniversary of our price reductions of last March, we expect strong unit sales growth to result in strong year-over-year revenue growth, offset somewhat by the recent introduction of a competitive product to Pro-Stat® from a national competitor. In addition, current economic conditions are likely to soften demand as institutions become more cost conscious.

“We are currently in discussion with national and regional retail chains to secure placement for Proantinox®, the retail formulation of our UTI-Stat product, one of two product lines we expect to introduce at retail during the coming year. During the fourth quarter, we will be ramping up inventory to meet an anticipated roll-out in the first half of 2009.

“In 2009, we are also planning to enter the Canadian market, which is a logical extension of the U.S. market as institutions there are often served by the same distributors,” Mr. Newman said.

“Finally, we have agreed to participate in a study to measure the effect of Pro-Stat® supplementation on muscle mass, muscle strength, muscle quality and inflammatory/immune markers in healthy older adults. This is a one-year, double blind, placebo-controlled study at Donald W. Reynolds Center on Aging. The Chief investigator is William J. Evans, Ph.D., Director Nutrition, Metabolism & Exercise and Professor of Geriatrics, Physiology & Nutrition at University Arkansas Medical Sciences. In 2006, Dr. Evans conducted a clinical study of the ‘Effects of Pro-Stat on Nitrogen Balance in Older Women.’ ”

### **New product introduction**

Medical Nutrition USA plans to introduce in the first half of 2009 an enhanced formulation of its Pro-Stat® Advanced Wound Care (AWC) which is used to help reduce pressure ulcers (bed sores) in patients and help institutions meet new and more stringent federal standards intended to reduce the incidence and cost of treating pressure ulcers. The enhanced formulation is designed to aid in increasing oxygen delivery and blood flow to the wound, and increasing collagen formation and cross-linking of tissues, thereby accelerating healing.

### **Conference call**

Management will host a conference call on Thursday, December 11, at 11:00 a.m. EDT to discuss these results, recent activities, corporate news and the strategic direction of the Company. A live webcast of the conference call can be accessed through the company's web site at: [www.mdu.com](http://www.mdu.com). The live conference call dial-in number is: 866-379-6256 (United States and Canada) with the ID: 75856725. In addition, an archive of the webcast can be accessed through the same link above; and an audio-only replay of the call will be available following the conference call by dialing 800-642-1687 or 706-645-9291 and providing the same ID shown above. The audio-only replay will be available through Saturday, December 13.

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-K for the year ended January 31, 2008 as filed with the Securities and Exchange Commission on April 29, 2008 and Form 10-Q for the quarter ended July 31, 2008 filed on September 15, 2008.

**MEDICAL NUTRITION USA, INC.**  
**CONDENSED STATEMENTS OF OPERATIONS**

	NINE MONTHS ENDED		THREE MONTHS ENDED	
	OCTOBER 31,		OCTOBER 31,	
	2008	2007	2008	2007
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sales	\$ 10,063,200	\$ 9,604,300	\$ 3,426,700	\$ 3,419,800
Cost of sales	4,717,800	4,476,600	1,614,700	1,624,600
Gross profit	<u>5,345,400</u>	<u>5,127,700</u>	<u>1,812,000</u>	<u>1,795,200</u>
Selling, general and administrative expenses	5,898,800	4,461,200	1,899,600	1,519,900
Research and development	51,500	108,000	0	16,600
Operating (loss) income	(604,900)	558,500	(87,600)	258,700
Interest income	<u>184,900</u>	<u>310,400</u>	<u>63,100</u>	<u>111,100</u>
(Loss) income before income taxes	(420,000)	868,900	(24,500)	369,800
Income tax (benefit) expense	(64,000)	434,700	26,400	149,800
Net (loss) income	<u>\$ (356,000)</u>	<u>\$ 434,200</u>	<u>\$ (50,900)</u>	<u>\$ 220,000</u>
(Loss) earnings per common share:				
Basic	<u>\$ (0.03)</u>	<u>\$ 0.03</u>	<u>\$ (0.00)</u>	<u>\$ 0.02</u>
Diluted	<u>\$ (0.03)</u>	<u>\$ 0.03</u>	<u>\$ (0.00)</u>	<u>\$ 0.01</u>
Weighted average common shares outstanding				
Basic	<u>13,898,967</u>	<u>14,113,806</u>	<u>13,834,616</u>	<u>14,172,265</u>
Diluted	<u>13,898,967</u>	<u>15,591,788</u>	<u>13,834,616</u>	<u>15,541,512</u>

**MEDICAL NUTRITION USA, INC.**

**CONDENSED BALANCE SHEETS**

	October 31,	January 31,
	2008	2008
<b>ASSETS</b>	(unaudited)	
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 7,595,300	\$ 5,208,000
Short term investments	2,000,000	4,336,800
Accounts receivable, net of allowance of \$49,700 and \$45,000, respectively	1,163,200	1,054,500
Inventories	520,600	401,800
Deferred income taxes	350,000	877,700
Prepaid income taxes	10,500	232,000
Other current assets	142,000	179,800
<b>Total current assets</b>	11,781,600	12,290,600
<b>Fixed Assets</b> , net of accumulated depreciation and amortization of \$316,900 and \$248,500, respectively	277,900	199,000
<b>Other Assets:</b>		
Deferred income taxes	1,116,400	480,000
Security deposits	15,300	15,300
Investment in Organics Corporation of America	125,000	125,000
Intangible assets, net of amortization	270,300	252,700
	\$ 13,586,500	\$ 13,362,600
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 519,400	\$ 364,800
Accrued expenses	767,000	466,000
Accrued rebates	49,900	61,700
<b>Total current liabilities</b>	1,336,300	892,500
<b>Stockholders' Equity:</b>		
Preferred stock \$0.001 par value, 5,000,000 shares authorized; no shares issued or outstanding at October 31, 2008 and January 31, 2008	-	-
Common stock, \$0.001 par value; 20,000,000 shares authorized; 13,854,833 and 14,045,483 issued, respectively	13,900	14,000
Additional paid-in-capital	24,828,400	24,687,900
Accumulated deficit	(12,361,800)	(12,005,800)
	12,480,500	12,696,100
Less: treasury stock, at cost; 53,842 and 52,562 shares, respectively	(230,300)	(226,000)
<b>Total stockholders' equity</b>	12,250,200	12,470,100
	\$ 13,586,500	\$ 13,362,600