



MEDICAL NUTRITION USA, INC.

Medical Nutrition USA Reports Results for Quarter and Year

Profits Driven by Continuing 20%+ Branded Product Revenue Gains

ENGLEWOOD, NJ, Apr 01, 2010 (MARKETWIRE via COMTEX News Network) -- Medical Nutrition USA, Inc. (NASDAQ: MDNU), a developer and distributor of nutrition-medicine products, announced today financial results for the fourth quarter and fiscal year ended Jan. 31, 2010.

Fourth Quarter Fiscal 2010 vs. 2009

- Branded product revenue increased 22% to \$4,129,200 from \$3,395,000;
- Total sales increased 22% to \$4,482,500 from \$3,684,000 on higher branded product sales offset by lower private label sales;
- Gross profit increased to \$2,482,200 or 55% of sales, from \$1,927,600 or 52% of sales;
- Selling, general and administrative expenses decreased to \$1,992,300 or 44% of sales, compared to \$2,022,900, or 55% of sales.
- Net cash provided by operating activities was \$839,800 compared to \$222,000; and
- Net income was \$216,700 compared to a net loss of (\$136,100).

Year ended January 31 - Fiscal 2010 vs. 2009

- Branded product revenue increased 19% to \$14,856,600 from \$12,438,000 on a 19% increase in unit sales;
- Total sales increased 17% to \$16,089,000 from \$13,747,200 on higher branded product sales offset by lower private label sales;
- Gross profit increased to \$8,701,100 or 54% of sales, from \$7,273,000, or 53% of sales.
- Selling, general and administrative expenses decreased to \$7,805,900 or 49% of sales, compared to \$7,973,200 or 58% of sales;
- Net cash provided by operating activities was \$2,065,000 compared to \$1,217,900; and
- Net income was \$482,600 or \$0.03 per fully diluted share compared to a loss of (\$492,100) or (\$0.04) per fully diluted share.
- The Company ended the year with \$11,498,200 in cash and short term investments and no debt.

"We are pleased to report our third consecutive quarter in which branded product sales increased by more than 20 percent. The strategic investments we made in FY2009, which included expanding the sales force, implementing more aggressive pricing and ramping up our new product development, have clearly had the desired effects as evidenced by significant growth in both sales and profits during FY2010," Medical Nutrition USA Chairman and Chief Executive Officer Frank A. Newman, said. "We expect this momentum to continue and that our operating strategy will result in sustained growth in revenue and profit in FY2011 and beyond.

"An important element in our growth has been the introduction of new and improved products for chronic conditions affecting long-term care residents and acute care patients. Also, our ongoing support for independent clinical trials to study the effectiveness of our products is a key factor in their rate of adoption by clinicians.

"The year just ended was especially productive for us as we introduced three new products: Pro-Stat Advanced Wound Care with Citrulline(R) for hard-to-heal pressure ulcers; Fiber-Stat(R) with Prune Juice for chronic irregularity; and Diff-Stat(TM) for antibiotic associated diarrhea and C-diff.

"In addition to our product introductions, in fiscal 2010 we also entered into a licensing agreement for retail sales of our urinary

tract infection product, and saw the publication of two more peer-reviewed clinical studies attesting to the effectiveness of our products.

"Despite ongoing investments in the business, our cash position continues to build and we remain debt free. We also continue to actively consider opportunities to add complementary products and capabilities to accelerate growth above and beyond our organic rate," Mr. Newman said.

FY2011 outlook

The Company announced that it expects its total sales to increase approximately 20% for FY2011, with stable gross margins and improved SG&A leverage.

Conference call

Management will host a webcast conference call today at 11:00 a.m. EDT to discuss these results, recent activities, corporate news and Company strategy.

A live webcast of the conference call can be accessed through the company's web site at: <http://ir.medicalnutritionusa.com/events.cfm>. The live conference call dial-in number is: (866) 639-9991 (United States and Canada) or (678) 302-3571 (international callers); ask the operator to connect you to the Medical Nutrition USA Investor Call.

An archive of the webcast with audio can be accessed through the same link above. An audio-only replay of the call will be available following the conference call by dialing (866) 510-4862 (United States and Canada) or (678) 302-3562 (international callers) and entering the code, 4804300# followed by 4 and the following confirmation code: 201002225104127#. The audio-only replay will be available through Saturday, April 3.

About Medical Nutrition USA, Inc.

Medical Nutrition USA 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(R), Fiber-Stat(R), UTI-Stat(TM) and Diff-Stat(TM) as well as private label products. Additional information is available at www.mdnu.com.

Forward-Looking Statements

This news 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 are contained in the Medical Nutrition USA, Inc. Annual Report on Form 10-K for the year ended January 31, 2009 as filed with the Securities and Exchange Commission on April 24, 2009 and Form 10-Q for the quarter ended Oct. 31, 2009 filed on Dec. 4, 2009.

MEDICAL NUTRITION USA, INC. BALANCE SHEETS

	January 31,	
	2010	2009
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ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 4,416,900	\$ 9,654,300
Short-term investments	7,081,300	--
Accounts receivable, net of allowance of \$52,200 and \$65,600, respectively	1,479,100	1,377,400
Inventories	596,100	510,600
Deferred income taxes	480,400	406,500
Prepaid income taxes	--	8,300
Other current assets	188,800	191,900
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Total current assets	14,242,600	12,149,000
Fixed assets, net of accumulated depreciation and amortization of \$471,900 and \$345,400, respectively	251,000	318,800
Other assets:		
Deferred income taxes	442,300	969,000
Security deposits	15,300	15,300
Investment in Organics Corporation of America	125,000	125,000
Intangible assets, net of amortization	277,300	276,800
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	\$ 15,353,500	\$ 13,853,900

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:

Accounts payable	\$ 797,200	\$ 530,700
Accrued expenses	1,011,000	967,600
Income taxes payable	149,800	--
Accrued rebates	54,200	73,700
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Total current liabilities	2,012,200	1,572,000

Stockholders' Equity:

Preferred stock \$0.001 par value, 5,000,000 shares authorized; no shares issued and outstanding at January 31, 2010 and 2009	--	--
Common stock, \$0.001 par value; 20,000,000 shares authorized, 14,437,425 shares issued as of January 31, 2010 and 14,128,614 shares issued as of January 31, 2009	14,400	14,100
Additional paid-in-capital	25,434,000	25,067,600
Accumulated deficit	(12,015,300)	(12,497,900)
Accumulated other comprehensive income	11,600	--
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	13,444,700	12,583,800
Less: treasury stock, at cost; 22,851 and 98,080 shares, respectively	(103,400)	(301,900)
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Total stockholders' equity	13,341,300	12,281,900
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	\$ 15,353,500	\$ 13,853,900

MEDICAL NUTRITION USA, INC.

STATEMENTS OF OPERATIONS

	Years Ended January 31,	
	2010	2009
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Sales	\$ 16,089,000	\$ 13,747,200
Cost of sales	7,387,900	6,474,200
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Gross profit	8,701,100	7,273,000
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Selling, general and administrative expenses	7,612,600	7,921,700
Research and development expenses	193,300	51,500
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Operating income (loss)	895,200	(700,200)
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Interest income	190,100	237,800
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Income (loss) before income tax expense	1,085,300	(462,400)
Income tax expense	602,700	29,700
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Net income (loss)	\$ 482,600	\$ (492,100)
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Earnings (loss) per common share:

Basic	\$	0.04	\$	(0.04)
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Diluted	\$	0.03	\$	(0.04)
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