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Oculus Innovative Sciences Receives Chinese SFDA Regulatory Approval of Microcyn(R) Technology

PETALUMA, Calif.--(BUSINESS WIRE)--

Oculus Innovative Sciences, Inc. (NASDAQ:OCLS) today announced that the Chinese State Food and Drug Administration (SFDA) has approved Microcyn(R) Technology for use in China. The Chinese agency approved Microcyn Technology for treatment of various acute and chronic wounds including ulcers, cuts, contusions and burns. This approval allows Oculus' Chinese partner to market Microcyn Technology as a technology that provides a moist environment for wounds and accelerates wound healing through the reduction of microorganisms in wounds.

This approval follows the completion and submission of two randomized controlled Chinese clinical trials of Microcyn in December of 2007--a burn wound study with 162 patients and a chronic wound treatment study with 35 patients. The Microcyn Technology will be marketed by Oculus' Chinese partner, China Bao Tai.

"The randomized trials in China followed by the SFDA approval provides Oculus with a significant business opportunity in terms of future sales while focusing our internal resources near-term on the U.S. clinical trials and new drug approval," said Hoji Alimi, founder and CEO of Oculus Innovative Sciences. "The international business is a springboard that can provide Oculus with a stronger future financial model as our partners invest in clinical trials, sales, marketing and distribution of Microcyn Technology. With nearly 1.3 billion people, China represents a major healthcare market opportunity for Oculus and our partners."

Oculus Innovative Sciences entered into an agreement with China Bao Tai in 2007 for the distribution of Microcyn-based products in China. The partnership allows Oculus and the Microcyn Technology to gain a foothold in China through China Bao Tai's expertise in new product launches and its large, well connected distribution network. In addition to wound care, China Bao Tai is evaluating the Microcyn Technology in several other indications.

"As the largest pharmaceutical group in China, we believe that the Chinese medical community will enthusiastically embrace an anti-infective technology that is proven both safe and effective in treating infection in chronic wounds and burns," said Yan Bing, president of Sinopharm, China Bao Tai's sub-distributor for hospitals and pharmacies. "We read the SFDA's rapid approval as a signal that the marketplace is eager for an anti-infective that works as promised and doesn't appear to promote bacterial resistance as is the case for many of today's antibiotics. As well, it is the first anti-infective that we have evaluated which also has demonstrated powerful wound healing benefits."

Chinese Healthcare Market

According to Journal of the American Medical Association, as is the case in much of the rest of the world, the aged proportion of China's population is increasing. The population older than 65 years included 100.4 million persons, or 7.69% of China's total population, in 2005 and is expected to increase at an annual rate of 3.28%. With this increased aged population, total health care needs and expenditures will increase as well. China's proportion of GDP allocated to health care, currently about 5.55%, is likely to increase steadily to become closer to that of developed countries, most of which have comparable rates of 8% to 11%, up to nearly 16% in the United States.

Decision Resources, one of the world's leading research and advisory firms focusing on pharmaceutical and healthcare issues, finds that the prevalence of type 2 diabetes in China is staggering, rivaling that of the United States, Europe, and Japan combined. According to a new Emerging Markets-China report entitled Type 2 Diabetes in China, the type 2 diabetes drug market in China will reach \$1.3 billion in 2010. The report also finds that increasing economic power in China has led to growing numbers of patients with supplementary healthcare insurance and an improved ability to afford Western-branded drugs.

About China Bao Tai Investment Company

China Bao Tai Investment Co., Ltd. is a diversified investment company with a focus on health care, high-tech, new energy sources, and environmental protection. It is registered with the State Administration for Industry and Commerce of the People's Republic of China. China Bao Tai has extensive experience introducing new products and technologies into China and enjoys a productive working relationship with both local and central government agencies. They will utilize various sub-distributors for hospitals, independent pharmacies and retail pharmacies. In that effort, China Bao Tai has reached agreement with two key sub-distributors:

Sinopharm for hospital and pharmacy distribution

Sinopharm (www.sinopharm.com/en) is China's largest pharmaceutical group. Incorporating research with production and service trade, the company has under its jurisdiction 10 wholly owned subsidiaries or shareholding companies. In 2004, its sales revenue from medicines and medical equipment totaled \$2.3 billion US and its imports and exports volume reached \$500 million US.

Lianhua Supermarkets for supermarket distribution

Lianhua Supermarket Holdings Co., Ltd. (www.lhok.com.cn) is a retail chain operator with retail outlets covering the entire Chinese nation, offering a full range of products through direct operations, franchises, mergers and acquisitions. Lianhua Supermarket operates a total of 3,609 outlets spanning 21 provinces and municipalities across the nation.

About Oculus

Oculus Innovative Sciences is a biopharmaceutical company that develops, manufactures and markets a family of products based upon the Microcyn(R) Technology platform, which is intended to help prevent and treat infections in chronic and acute wounds. The Microcyn Technology platform is a biocompatible and shelf-stable solution containing active oxychlorine compounds. The solutions derived from the Microcyn Technology platform have

demonstrated, in a variety of research and investigational studies, the ability to treat a wide range of pathogens, including antibiotic-resistant strains of bacteria (including MRSA and VRE), viruses, fungi and spores. The technology has also demonstrated wound healing in chronic and acute wounds in clinical investigational studies. It has been commercialized outside of the U.S. for the treatment of infected wounds.

Oculus' principal operations are in Petaluma, California, and it conducts operations in Europe, Latin America and Japan through its wholly owned subsidiaries, Oculus Innovative Sciences Netherlands B.V., Oculus Technologies of Mexico, S.A. de C.V. and Oculus Japan K.K. Oculus' website is www.oculusis.com.

Forward-Looking Statements

Except for historical information herein, some matters set forth in this press release are forward-looking within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, including statements about our ability and our partners' ability to market the Microcyn(R) Technology in China and related markets. These forward-looking statements are identified by the use of words such as "will be," "allows," "to provide," "believe," "redefine," "to gain," "evaluating," and "is eager," among others. Forward-looking statements in this press release are subject to certain risks and uncertainties inherent in the Company's business that could cause actual results to vary, including risks inherent in the development and commercialization of potential products, the risk that regulatory clinical and guideline developments may change, the risk that scientific data may not be sufficient to meet regulatory standards or receipt of required regulatory clearances or approvals, the risk that clinical results may not be replicated in actual patient settings, the risk that protection offered by our patents and patent applications may be challenged, invalidated or circumvented by our competitors, the risk that present trends will continue and that the available market for our products will not be as large as expected, the risk that our products will not be able to penetrate one or more targeted markets, the risk that revenues will not be sufficient to fund further development and clinical studies, the Company's future capital needs, and its ability to obtain additional funding and other risks detailed from time to time in the Company's filings with the Securities and Exchange Commission including the quarterly report on Form 10-Q for the quarter ended December 31, 2007. Oculus Innovative Sciences disclaims any obligation to update these forward-looking statements.

Oculus and Microcyn are trademarks or registered trademarks of Oculus Innovative Sciences, Inc. All other trademarks and service marks are the property of their respective owners.

Source: Oculus Innovative Sciences, Inc.