

December 18, 2007



Oculus Innovative Sciences Announces Completion of Two Randomized Controlled Clinical Trials of Microcyn(R) Technology in China

162 Patients Enrolled in Burn Wound Study; 35 Patients Enrolled in Chronic Wound Treatment Study

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

Oculus Innovative Sciences, Inc. (NASDAQ:OCLS), today announced completion of two randomized and controlled clinical trials of Microcyn(R) Technology in China conducted by Oculus' partner, China Bao Tai. The trial data has been submitted to the Chinese State Food and Drug Administration (SFDA) as the final step in securing agency approval to market Microcyn-based products in China. Results will be made available upon publication of the studies in the appropriate medical journals.

"We are pleased to report our Chinese partner's completion of the Microcyn trials in both burn and chronic wounds, and its submission for SFDA approval. This is in full alignment with our strategy to expand access to Microcyn globally through our various partners," said Hoji Alimi, chairman and CEO of Oculus Innovative Sciences. "We are confident that these randomized and controlled studies will again validate the already positive results we have seen to date in 20 clinical studies in over 700 patients worldwide."

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 Microcyn to gain a foothold in China through China Bao Tai's expertise in new product launches and a large, well-connected distribution network. Outside of wound care, China Bao Tai is evaluating the Microcyn technology in several indications. One intended study is designed to test Microcyn's safety and efficacy as a vaginal rinse for the treatment of yeast infections.

"As the largest pharmaceutical group in China, we believe that we can be instrumental in establishing Microcyn Technology as China's standard of care for chronic wounds and burns," said Yan Bing, president of Sinopharm, China Bao Tai's sub-distributor for hospitals and pharmacies. "We have a high level of confidence that the data from these randomized studies will bring timely SFDA approval and allow us to move into marketing the Microcyn-based products in early 2008."

The strength of Oculus Innovative Sciences' global partnerships allow the company to achieve a global presence while pursuing a corporate strategy focused on the U.S. clinical

development of Microcyn technology in order to support FDA approval as a therapeutic with antimicrobial label claims. As recently announced, Oculus completed patient enrollment and randomization of 67 patients at 15 U.S. sites in an open-label Phase II clinical trial evaluating the safety and efficacy of Microcyn Technology in the treatment of mildly infected diabetic foot ulcers. The study is not a superiority study, but rather is designed to demonstrate that topical Microcyn has sufficiently similar rates of cure and improvement versus the oral antibiotic levofloxacin. The company expects to report top-line preliminary data from this trial in the first quarter of 2008.

Burn Wound Study

The 162-patient burn wound study, initiated in June of this year at four hospitals in China, including the General Hospital of Beijing Military District, Beijing Ji Shui Tan Hospital, General Hospital of the China People's Liberation Army and Affiliated Hospital of the Medical College of the Chinese Armed Police Force, was designed to demonstrate both Microcyn's safety and efficacy in healing second-degree and above burns. The control group was treated with silver sulfadiazine (SD-Ag) cream. Measurements included speed of wound healing, antibacterial properties and adverse effects on skin surrounding the wound.

Chronic Wound Study

A randomized, controlled 35-patient clinical trial in chronic wounds was initiated in May of this year at four hospitals in China, including the General Hospital of Beijing Military District, Beijing Ji Shui Tan Hospital, General Hospital of the Chinese People's Liberation Army and Affiliated Hospital of the Medical College of the Chinese Armed Police Force. This study was designed to demonstrate both Microcyn's safety and efficacy in healing chronic wounds, which include diabetic foot ulcers, radiation ulcers, and venous leg ulcers. The control group was treated with iodine gauze. Measurements included reduction of odor, speed of wound healing, antibacterial properties and adverse effects on skin surrounding the wound.

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 RMB 18 billion and its imports and exports volume reached \$500 million U.S.

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 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 to replicate the results of the test in clinical trials, if at all, or for such trials or other tests to establish the conclusions suggested by the results of the test. These forward-looking statements are identified by the use of words such as "believe," "reporting," "remain," "expects," "designed," "will provide," "will pursue," "intend," and "examined," among others. These forward-looking statements are based on Oculus Innovative Sciences, Inc.'s current expectations. Investors are cautioned that such forward-looking statements in this press release are subject to certain risks and uncertainties inherent in the Company's business, including risks inherent in the development and commercialization of potential products, the risk that scientific data may not be sufficient to meet regulatory standards or receive required regulatory clearances or approvals, risks that revenues will not reach expected levels, 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 September 30, 2007, and Form 10-K for the fiscal year ended March 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 services marks are the property of their respective owners.

Source: Oculus Innovative Sciences, Inc.