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Oculus Innovative Sciences and Sinopharm Announce Introduction of Dermacyn(TM) to Hospitals in China

Dermacyn Launched At Health Tech Forum 2008 and New Drugs China Expo 2008 in Shandong Province

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

Oculus Innovative Sciences, Inc. (NASDAQ:OCLS) today announced the launch of its Dermacyn(TM) product in China through one of its key Chinese distributors, Sinopharm. Dermacyn was introduced at the Health Tech Forum 2008 and New Drugs China Expo 2008 held this past week in Yantai City, Shandong Province. Dermacyn is initially being sampled to hospitals in as many as 10 provinces in China for treatment of various acute and chronic wounds including ulcers, cuts, contusions and burns.

"The sampling of Dermacyn in hospitals across China marks an important milestone in the implementation of our commercial strategy," said Hoji Alimi, CEO and founder of Oculus. "Our alliance with China National Bohai Pharmaceutical Group Corp (Sinopharm) along with an additional 20 sub-distributors provides a strong entry into a market with enormous potential, and positions Dermacyn as a high-quality, effective alternative to current treatments. Our commercial plans in China call for entry into the retail pharmacy market as well."

In March 2008, the Chinese State Food and Drug Administration (SFDA) approved Microcyn(R) Technology for treatment of various acute and chronic wounds including ulcers, cuts, contusions and burns, allowing the Microcyn Technology to be promoted as a moist environment for wounds and accelerating wound healing through the reduction of microorganisms in wounds. This approval followed the completion and submission in December 2007 of two randomized controlled clinical trials conducted in China, including a burn wound study with 162 patients and a chronic wound treatment study with 35 patients.

About Dermacyn

Dermacyn is a topical formation based upon the Microcyn Technology platform. Microcyn Technology is capable of producing a potent broad-spectrum antimicrobial designed to treat a wide range of pathogens, including viruses, fungi, spores and antibiotic-resistant strains of bacteria such as Methicillin-resistant Staphylococcus aureus (MRSA) and Vancomycin-resistant Enterococcus (VRE), all of which cause disease or inhibit the healing in both acute and chronic wounds. Microcyn is a non-irritating, shelf-stable solution containing oxychlorine compounds; its safety profile has been established as comparable to saline through treatment of more than 750,000 patients to date, and efficacy has been reinforced through

25 clinical studies.

Microcyn is capable of producing a pH-neutral, non-irritating solution of shelf-stable oxychlorine compounds that replicate the action of the body's neutrophils. Neutrophils are the most abundant type of white blood cells in humans and form an integral part of the immune system. The mechanism of action of oxychlorine compounds against single-cell organisms, due to their reactivity with lipids and proteins in cell membranes, can cause these organisms to rupture and die rapidly as demonstrated via in vitro test models. Meanwhile, the product remains biocompatible to mammalian cells, which have evolved mechanisms to tolerate and regulate the active ingredients in Microcyn. Pathogens lack this capability. It has also been reported in research studies that Microcyn induces vasodilation and has demonstrated biocompatibility with fibroblast and granulation tissue.

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 Sinopharm

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 USD.

About Oculus

Oculus Innovative Sciences develops, manufactures and markets a family of products based upon the Microcyn Technology platform, which is intended to help prevent and treat infections in chronic and acute wounds. The Microcyn Technology platform features a biocompatible, shelf-stable solution containing active oxychlorine compounds that is currently commercialized primarily in Europe, India and Mexico for the treatment of infected wounds. The solutions derived from this 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.

A recent Phase II clinical trial of Microcyn Technology conducted in the U.S. met its primary endpoints of safety and efficacy for the treatment of mildly infected diabetic foot ulcers.

Oculus also develops, manufactures and markets a number of devices and products under 510(k) regulatory approvals to professionals and consumers. The company's headquarters are in Petaluma, California, with operations in Europe, Latin America and Japan. More information can be found at 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 the company's commercial plans and market opportunity for Dermacyn in China, Oculus' ability to penetrate both the Chinese hospital and pharmacy market, Microcyn's safety, efficacy and wound healing capabilities, and the ability of Microcyn to become a new type of drug for comprehensive treatment of diverse inflammatory conditions. These forward-looking statements are identified by the use of words such as "being sampled," "implementation," "provides," and "entry," 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 annual report on Form 10-K for the year ended March 31, 2008. Oculus Innovative Sciences disclaims any obligation to update these forward-looking statements.

Oculus, Microcyn and Dermacyn 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.