

NEWS RELEASE



UROPLASTY REPORTS RECORD GROWTH FOR THE FOURTH QUARTER AND FISCAL YEAR 2008

- Record Fourth Quarter Net Sales of \$4.1 Million; 57% Increase Year-Over-Year -

- Record Fourth Quarter U.S. Sales of \$2.1 Million; 198% Increase Year-Over-Year -

- Company Reiterates Fiscal 2009 Guidance -

- Conference Call to be Held Today at 3:30 pm Central Time -

MINNEAPOLIS, MN, June 3, 2008 – Uroplasty, Inc. (AMEX: UPI), a medical device company that develops, manufactures and markets innovative proprietary products for the treatment of voiding dysfunctions, today announced record net sales of \$4.1 million for the fourth quarter of fiscal 2008 ended March 31, 2008, an increase of 57% from \$2.6 million in the same quarter last year. Fourth quarter U.S. sales were \$2.1 million, an increase of 198% from \$705,000 over the same quarter last year.

“We are executing on our strategy to build a U.S. market for our Urgent[®] PC System and we are generating strong momentum in the marketplace,” said David Kaysen, President and Chief Executive Officer of Uroplasty, Inc. “Our domestic sales force has become increasingly productive and, as a result, is driving the adoption of our Urgent PC System. We expect the market adoption of our products to accelerate as our customers learn of the very positive clinical data presented on Urgent PC during the recent American Urological Association (AUA) Annual Meeting in Orlando, Florida.”

“Results from the multicenter OrBIT study presented at AUA confirmed that Urgent PC’s percutaneous tibial nerve stimulation (PTNS) reduced the incidence of voiding episodes at a rate comparable to the leading pharmaceutical therapy, tolterodine LA (marketed as Detrol[®] LA), for overactive bladder. Eighty percent of PTNS patients considered themselves cured or improved versus 55% of tolterodine patients. Physicians considered 80% of PTNS patients cured or improved compared with 61% of patients using the leading pharmaceutical therapy. Overall, 73% of patients experienced reduced frequency of voiding episodes. The results demonstrate the effectiveness of Urgent PC as a viable, first line, minimally invasive, cost efficient non-drug option for treating patients with urinary symptoms associated with overactive bladder. We expect adoption of the Urgent PC System will continue to build through the efforts of our sales team.”

“Due to our sales momentum and projected sales force productivity, we plan to phase in our previously announced sales force expansion plan over a longer time period. As a result of our decision, the existing sales team will be able to better focus on their current accounts and leads from the AUA meeting as opposed to working in a realigned territory or leaving the field to train new personnel. Our new plan is to expand the field sales organization by two to three people through the middle of the fiscal year, at which time we will evaluate our progress and adjust our resources accordingly.”

“In addition, based on the solid results from the OrBIT study, we have decided to aggressively step up our spending in fiscal 2009 to fund a new, innovative, clinical study for Urgent PC. We believe this new study will further reinforce the efficacy of Urgent PC for marketing and reimbursement purposes. We are actively working on the protocol for this study at this time. We also plan to step up our spending for marketing and reimbursement support functions to assist our customers and enhance their practices,” Mr. Kaysen added.

Fiscal Fourth Quarter Ended March 31, 2008 Compared to March 31, 2007

- Net sales for the fourth quarter of fiscal 2008 were \$4.1 million, an increase of 57%, compared with \$2.6 million in the fourth quarter of fiscal 2007. Excluding the translation impact of fluctuations in foreign currency exchange rates, sales during the fiscal 2008 quarter increased by approximately 49%.
- U.S. sales in the fourth quarter of fiscal 2008 were \$2.1 million, an increase of 198%, compared with \$705,000 in the year ago quarter. This increase was due to the continued momentum of the company’s sales force driven by the new customer surge we experienced in the third quarter of 2008. Non-U.S. sales in the fourth quarter of fiscal 2008 were \$2.0 million, up 6% from \$1.9 million in fourth fiscal quarter of 2007.
- Net loss for the three months ended March 31, 2008 and 2007 was \$698,545 or \$0.05 per diluted share, and \$1.0 million or \$0.09 per diluted share, respectively.

Fiscal Year Ended March 31, 2008 Compared to March 31, 2007

- Net sales in fiscal 2008 were \$13.9 million, an increase of 67%, compared with \$8.3 million in fiscal 2007. Excluding the translation impact of fluctuations in foreign currency exchange rates, sales during fiscal 2008 increased by approximately 59% over fiscal 2007.
- U.S. sales in fiscal 2008 increased 332% to \$6.3 million compared with \$1.5 million in fiscal 2007. Non-U.S. sales in fiscal 2008 were \$7.6 million, up 10%, compared with \$6.9 million in fiscal 2007.
- Non-GAAP operating loss, which excludes non-cash charges related to stock options, depreciation and amortization, declined to approximately \$1.8 million in fiscal 2008 from \$3.9 million in fiscal 2007. The decrease is primarily attributable to the increase in sales and an improvement in gross margin, partially offset by an increase in operating expenses.

- Net loss for fiscal 2008 was \$3.8 million, or \$0.28 per diluted share, compared with a net loss of \$5.0 million, or \$0.58 per diluted share in fiscal 2007.

At March 31, 2008, cash and cash equivalents, and short-term investments were \$10.1 million compared with \$6.8 million at March 31, 2007 and \$10.3 million at December 31, 2007.

“The entire Uroplasty team continues to execute our game plan. We surpassed our fiscal 2008 guidance, and with our revised strategy for expanding the sales team, we believe we can grow fiscal 2009 sales in excess of 30% over fiscal 2008. In addition, we continue to believe we can grow U.S. sales in fiscal 2009 by more than 70% over fiscal 2008 based on continued market adoption of our Urgent PC system and the expected continued momentum and dedication of our U.S. direct sales team. With the added spending for the field sales organization, the new clinical study and in other areas, we expect operating profit break even, excluding non-cash and unusual charges, to occur at between revenues of \$19 and \$20 million. We believe we have sufficient cash on hand and access to existing credit facilities to meet our projected fiscal 2009 needs,” Mr. Kaysen concluded.

Conference Call

Uroplasty will host an audio conference call today at 3:30 pm Central, 4:30 pm Eastern, to review the financial results for the fourth fiscal quarter and year end. David Kaysen, President and Chief Executive Officer and Medi Jiwani, Vice President, Chief Financial Officer and Treasurer will host the call. Individuals wishing to participate in the conference call should dial (800) 218-0204 (domestic) or (303) 262-2130 (international). An audio replay will be available two hours after the call for 30 days by dialing (800) 405-2236 (domestic) or (303) 590-3000 (international), with the passcode 11115072#.

About Uroplasty, Inc.

Uroplasty, Inc., headquartered in Minnetonka, Minnesota, with wholly-owned subsidiaries in The Netherlands and the United Kingdom, is a medical device company that develops, manufactures and markets innovative proprietary products for the treatment of voiding dysfunctions. Our primary focus is the commercialization of our Urgent PC system, which we believe is the only FDA-approved minimally invasive nerve stimulation device designed for office-based treatment of symptoms often associated with overactive bladder. We also offer Macroplastique® Implants, an injectable bulking agent for the treatment of adult female stress urinary incontinence. Please visit Uroplasty, Inc. at www.uroplasty.com.

Safe Harbor

The Private Securities Litigation Reform Act of 1995 provides a “safe harbor” for certain forward-looking statements. This press release contains forward-looking statements, which

reflect our views regarding future events and financial performance. These forward-looking statements are subject to certain risks and uncertainties, including those identified below, which could cause actual results to differ materially from historical results or those anticipated. The words “aim,” “believe,” “expect,” “anticipate,” “intend,” “estimate” and other expressions, which indicate future events and trends, identify forward-looking statements. Actual future results and trends may differ materially from historical results or those anticipated depending upon a variety of factors, including, but not limited to: the effect of government regulation, including when and if we receive approval for marketing products in the United States; the impact of international currency fluctuations on our cash flows and operating results; the impact of technological innovation and competition; acceptance of our products by physicians and patients, our historical reliance on a single product for most of our current sales; our ability to commercialize our recently licensed product lines; our intellectual property and the ability to prevent competitors from infringing our rights; the ability to receive third party reimbursement for our products; the results of clinical trials; our continued losses and the possible need to raise additional capital in the future; our ability to manage our international operations; our ability to hire and retain key technical and sales personnel; our dependence on key suppliers; future changes in applicable accounting rules; and volatility in our stock price. We cannot assure that we can successfully expand our U.S. field sales force, that our active customer base will continue to grow or that we will be successful in helping our active customers introduce, and our existing customers will continue to market, our Urgent PC technology. Our fiscal 2008 financial performance is not indicative of future performance. We cannot assure that (i) our sales representatives will continue or grow their sales productivity, (ii) future additions to our sales force will increase our sales or profitability, (iii) we can conduct our planned clinical study on budget or achieve the desired objectives from the study, (iv) we will achieve our projected revenue target range for fiscal 2009 or (v) we can achieve our operating profit objective at our targeted revenue level. Uroplasty undertakes no obligation to update or revise these forward-looking statements to reflect new events or uncertainties.

For Further Information:

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| <p><u>Uroplasty, Inc.</u> David Kaysen, President and CEO, or Medi Jiwani, Vice President, CFO, and Treasurer, 952.426.6140</p> | <p><u>EVC Group</u> Doug Sherk/Dahlia Bailey (Investors) 415.896.6820 Steve DiMattia/Chris Gale (Media) 646.201.5445</p> |
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[TABLES TO FOLLOW]

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UROPLASTY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

| | Three Months Ended March 31, (unaudited) | | Fiscal Year Ended March 31, | |
|--|--|----------------------|--------------------------------|----------------------|
| | 2008 | 2007 | 2008 | 2007 |
| Net sales | \$4,138,280 | \$2,627,748 | \$13,855,811 | \$8,311,001 |
| Cost of goods sold | <u>881,927</u> | <u>829,982</u> | <u>2,935,135</u> | <u>2,590,535</u> |
| Gross profit | <u>3,256,353</u> | <u>1,797,766</u> | <u>10,920,676</u> | <u>5,720,466</u> |
| Operating expenses | | | | |
| General and administrative | 937,678 | 730,415 | 3,692,678 | 3,095,989 |
| Research and development | 404,566 | 518,176 | 1,798,062 | 2,276,526 |
| Selling and marketing | 2,509,000 | 1,378,907 | 8,515,598 | 5,216,765 |
| Amortization | <u>210,668</u> | <u>25,188</u> | <u>843,533</u> | <u>103,511</u> |
| | <u>4,061,912</u> | <u>2,652,686</u> | <u>14,849,871</u> | <u>10,692,791</u> |
| Operating loss | <u>(805,559)</u> | <u>(854,920)</u> | <u>(3,929,195)</u> | <u>(4,972,325)</u> |
| Other income (expense) | | | | |
| Interest income | 95,612 | 65,942 | 312,162 | 119,534 |
| Interest expense | (8,125) | (12,960) | (35,266) | (38,096) |
| Warrant expense | - | (179,383) | - | (29,068) |
| Foreign currency exchange gain (loss) | (64,452) | (7,766) | (117,990) | 26,610 |
| Other, net | <u>(2,501)</u> | <u>59,206</u> | <u>1,513</u> | <u>62,791</u> |
| | <u>20,534</u> | <u>(74,961)</u> | <u>160,419</u> | <u>141,771</u> |
| Loss before income taxes | (785,025) | (929,881) | (3,768,776) | (4,830,554) |
| Income tax expense (benefit) | <u>(86,480)</u> | <u>83,623</u> | <u>55,464</u> | <u>146,336</u> |
| Net loss | <u>(\$698,545)</u> | <u>(\$1,013,504)</u> | <u>(\$3,824,240)</u> | <u>(\$4,976,890)</u> |
| Basic and diluted loss per common share | (\$0.05) | (\$0.09) | (\$0.28) | (\$0.58) |
| Weighted average common shares outstanding: Basic and diluted | 14,916,540 | 11,112,250 | 13,839,371 | 8,591,454 |

UROPLASTY, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
March 31, 2008 and 2007

| | <u>2008</u> | <u>2007</u> |
|--|---------------------|---------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents & short-term investments | \$10,146,081 | \$6,763,702 |
| Accounts receivable, net | 2,318,604 | 1,240,141 |
| Income tax receivable | 50,841 | 113,304 |
| Inventories | 558,657 | 823,601 |
| All other | 244,517 | 272,035 |
| Total current assets | <u>13,318,700</u> | <u>9,212,783</u> |
| Property, plant, and equipment, net | 1,638,953 | 1,431,749 |
| Intangible assets, net | 4,200,890 | 308,093 |
| Prepaid pension asset | 26,482 | - |
| Deferred tax assets | 105,298 | 93,819 |
| Total assets | <u>\$19,290,323</u> | <u>\$11,046,444</u> |
| Liabilities and Shareholders' Equity | | |
| Total current liabilities | \$2,739,933 | \$2,005,608 |
| Long-term debt - less current maturities | 413,279 | 427,382 |
| Deferred rent – less current portion | 180,979 | 214,381 |
| Accrued pension liability | 353,411 | 596,026 |
| Total liabilities | <u>3,687,602</u> | <u>3,243,397</u> |
| Total shareholders' equity | <u>15,602,721</u> | <u>7,803,047</u> |
| Total liabilities and shareholders' equity | <u>\$19,290,323</u> | <u>\$11,046,444</u> |

UROPLASTY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended March 31, 2008 and 2007

| | 2008 | 2007 |
|--|---------------|---------------|
| Cash flows from operating activities: | | |
| Net loss | \$(3,824,240) | \$(4,976,890) |
| Adjustments to reconcile net loss to net cash used in operations: | | |
| Depreciation and amortization | 1,072,552 | 299,849 |
| Loss (gain) on disposal of equipment | 27 | (3,568) |
| Warrant expense | - | 29,068 |
| Stock-based consulting expense | 49,749 | 61,972 |
| Stock-based compensation expense | 989,144 | 684,545 |
| Deferred income taxes | 5,262 | 20,230 |
| Deferred rent | (35,000) | (32,083) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (947,869) | (447,709) |
| Inventories | 346,598 | 21,114 |
| Other current assets and income tax receivable | 107,204 | 278,394 |
| Accounts payable | 86,190 | 17,229 |
| Accrued liabilities | 553,757 | 429,919 |
| Accrued pension liability, net | (248,160) | 81,611 |
| | (1,844,786) | (3,536,319) |
| Net cash used in operating activities | | |
| Cash flows from investing activities: | | |
| Proceeds from sale of short-term investments | 6,648,447 | 1,157,867 |
| Purchase of short-term investments | (9,914,484) | (3,020,220) |
| Purchases of property, plant and equipment | (302,457) | (196,417) |
| Proceeds from sales of equipment | 1,847 | 4,294 |
| Payments for intangible assets | (77,469) | - |
| | (3,644,116) | (2,054,476) |
| Net cash used in investing activities | | |
| Cash flows from financing activities: | | |
| Proceeds from financing obligations | 178,374 | 211,000 |
| Repayment of debt obligations | (259,650) | (177,838) |
| Net proceeds from issuance of common stock, warrants and option exercise | 5,352,762 | 7,726,470 |
| | 5,271,486 | 7,759,632 |
| Net cash provided by financing activities | | |
| Effect of exchange rates on cash and cash equivalents | 333,758 | 31,432 |
| | 116,342 | 2,200,269 |
| Net increase in cash and cash equivalents | | |
| Cash and cash equivalents at beginning of year | 3,763,702 | 1,563,433 |
| Cash and cash equivalents at end of year | \$3,880,044 | \$3,763,702 |
| Supplemental disclosure of cash flow information: | | |
| Cash paid during the year for interest | \$32,479 | \$31,693 |
| Supplemental disclosure of non-cash financing and investing activities: | | |
| Employee retirement savings plan contribution issued in common shares | - | 44,385 |
| Property, plant and equipment additions funded by lessor allowance and classified as deferred rent | - | 280,000 |
| Purchase of intellectual property funded by issuance of stock | 4,658,861 | - |

Non-GAAP Financial Measures. The following table reconciles our non-GAAP financial measures that exclude non cash charges attributed to stock options under SFAS 123 (R), and depreciation and amortization expenses from gross profit, operating expenses and operating loss to our GAAP financial statements above. The non-GAAP financial measures used by management and disclosed by us are not a substitute for, or superior to, financial measures and consolidated financial results calculated in accordance with GAAP, and you should carefully evaluate our reconciliations to non-GAAP. We may calculate our non-GAAP financial measures differently from similarly titled measures used by other companies. Therefore, our non-GAAP financial measures may not be comparable to those used by other companies. We have described the reconciliations of each of our non-GAAP financial measures above to the most directly comparable GAAP financial measures.

Management uses our non-GAAP financial measures, and in particular non-GAAP operating loss, for internal managerial purposes because we believe such measures are one important indicator of the strength and the performance of our business because they provide a link to operating cash flow. We also believe that analysts and investors use such measures to evaluate the overall operating performance of companies in our industry, including as a means of comparing period-to-period results and as a means of evaluating our results with those of other companies.

| | Years ended March 31, | |
|-----------------------------------|--------------------------|------------------|
| | 2008 | 2007 |
| Gross Profit | | |
| GAAP gross profit | \$10,920,676 | \$5,720,466 |
| % of sales | 79% | 69% |
| SFAS 123 (R) stock option charges | 22,531 | 1,361 |
| Depreciation expenses | 54,635 | 52,081 |
| Non-GAAP gross profit | <u>10,997,842</u> | <u>5,773,908</u> |
| Operating Expenses | | |
| GAAP operating expenses | 14,849,871 | 10,692,791 |
| SFAS 123 (R) stock option charges | 1,016,362 | 745,156 |
| Depreciation expenses | 174,384 | 144,257 |
| Amortization expenses | 843,533 | 103,511 |
| Non-GAAP operating expenses | <u>12,815,592</u> | <u>9,699,867</u> |
| Operating Loss | | |
| GAAP operating loss | (3,929,195) | (4,972,325) |
| SFAS 123 (R) stock option charges | 1,038,893 | 746,517 |
| Depreciation expenses | 229,019 | 196,338 |
| Amortization expenses | 843,533 | 103,511 |

| | | |
|-------------------------|----------------------|----------------------|
| Non-GAAP operating loss | <u>\$(1,817,750)</u> | <u>\$(3,925,959)</u> |
|-------------------------|----------------------|----------------------|