

UROPLASTY REPORTS FIRST FISCAL QUARTER RESULTS

*- Macroplastique[®] year-over-year U.S. Sales Double -
- SUmIT Trial Nears Completion -
- Conference Call to be Held Today at 3:30 pm Central Time -*

MINNEAPOLIS, MN, August 3, 2009 – Uroplasty, Inc. (AMEX: UPI), a medical device company that develops, manufactures and markets innovative proprietary products to treat voiding dysfunctions, today reported financial results for the first fiscal quarter ended June 30, 2009.

“Our team is successfully executing the strategy we communicated at the beginning of the fiscal year of growing U.S. Macroplastique sales and accumulating the clinical data for seeking a unique CPT code for Urgent PC[®] treatments,” said David Kaysen, President & CEO. “While our fiscal first quarter financial performance is below year-ago results, we are encouraged by our U.S. Macroplastique sales that have doubled from last year’s fiscal first quarter. Our European Macroplastique sales were impacted by a recently resolved distributor over-stock issue, change in a distributor in a key market, and a new competitive product entry we noted earlier this year. At the same time, we have been managing expenses to conserve cash while investing in R&D, namely the SUmIT clinical study.”

Fiscal First Quarter Results for the Period Ended June 30, 2009

Net sales for the three months ended June 30, 2009 were \$2.8 million versus \$4.5 million for the same period a year ago.

Sales to customers in the U.S. during the three months ended June 30, 2009 totaled \$1.5 million, representing a 34% decrease, over net sales of \$2.2 million for the three months ended June 30, 2008. Sales of our Urgent PC of \$1.0 million declined from \$2.0 million in the year-ago quarter. The trend in decline of our Urgent PC sales over corresponding year-ago periods began in the second half of fiscal 2009 due to reimbursement related issues. Partially offsetting this decline was an increase in Macroplastique sales to \$0.4 million from \$0.2 million in the year-ago quarter. Sales of Macroplastique product have steadily increased because of increased sales and marketing focus.

Sales to customers outside of the U.S. for the three months ended June 30, 2009 were \$1.4 million, down 41% from \$2.3 million in the year-ago period. Excluding the translation impact of fluctuations in foreign currency exchange rates, sales to customers outside of the U.S. declined approximately 31%. The sales decrease is mainly attributed to the strengthening of the U.S. dollar against the Euro and the British pound, increased competition from a newly-introduced product against the Macroplastique product, inventory buildup in the previous quarters at one of the European distributors, a change in distributor in another European country and discontinuation of our I-Stop urethral sling product in the United Kingdom.

Net loss for the first fiscal quarter ended June 30, 2009 was \$1.4 million, or \$0.09 per diluted share, versus a net loss of \$0.4 million, or \$0.03 per diluted share for the first quarter of last year.

At June 30, 2009, cash and cash equivalents, and short-term investments were \$6.3 million compared with \$7.8 million at March 31, 2009 and \$8.6 million at December 31, 2008.

“Our first quarter Urgent PC results reflect the continued challenging environment for our Urgent PC system due to the ongoing reimbursement uncertainties in the U.S. market,” continued Mr. Kaysen. “As we have noted in the past, we expect these uncertainties to continue until after the Urgent PC is assigned a new listed CPT code by the American Medical Association (AMA) and payors create coverage policies that provide adequate reimbursement. A major part of our strategy to expand and support third-party reimbursement coverage of Urgent PC treatment is the SUMiT clinical study, which we announced in October 2008. The study is designed to directly compare the effectiveness of Urgent PC treatment to a non-active sham treatment with 219 enrolled subjects at 22 urology and urogynecology centers across the United States. The study is evaluating reductions in urinary urgency, urge incontinence, and frequency of urinary voids, as well as patient quality of life measures. Currently, study data are being analyzed and a manuscript for publication is under development. We expect the manuscript will be submitted for publication by the early fall, slightly ahead of our original plan,” Mr. Kaysen added.

“Macroplastique continues to build sales momentum in the U.S.,” said Mr. Kaysen. “In the U.S., we are benefiting from our sales and marketing strategy that highlights the clinical and competitive advantages of Macroplastique and the sales force is doing a good job of adding customers. At the same time, our European sales momentum with Macroplastique has been challenged by the launch of a competitive product, the strengthening of the U.S. dollar against the Euro and the British pound, and, as previously noted, distributor issues in a few key markets. We have now resolved the distributor issues, expect the competitive product impact on sales to stabilize and, overall, we remain optimistic the Macroplastique line will continue to be viewed as the “gold standard” for bulking agents,” said Mr. Kaysen.

“Looking ahead, we expect sales of our Macroplastique product in the U.S. to continue to grow during the remainder of the year as we expect to benefit from our increased sales and marketing effort,” continued Mr. Kaysen. “However, we do not expect that we will be able to return to significant sales growth or return to the historic sales level of Urgent PC in the U.S. until a new listed CPT code is assigned and payors create coverage policies that provide adequate reimbursement.

“For the past three quarters we have been implementing a comprehensive program designed to educate Medicare carriers and private payer medical directors around the country about the benefits and clinical study results of Urgent PC. During the quarter no Medicare or private payer carrier changed or eliminated Urgent PC coverage. We continue to generate additional peer-reviewed publications on percutaneous tibial nerve stimulation (PTNS) treatments, and, to date, 12 articles have been published in U.S. peer-reviewed medical and nursing journals. And, we understand that the 12-week results of our earlier OrBIT clinical study have been accepted for publication in the September issue of the *Journal of Urology*, and the 12-month follow-up results from the same study have been accepted for publication in the January 2010 issue of the same journal. We are hopeful these publications will lead the medical directors to reaffirm or reinstate reimbursement, as well as aid us in our application to the AMA for the CPT code. Our overall goal remains to receive a listed CPT code that will encourage broader use of our Urgent PC. We are confident that we are continuing to move toward that objective,” 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 first fiscal quarter of 2010. 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 877-941-1466 (domestic) or 480-

629-9644 (international). An audio replay will be available for 30 days following the call at 800-406-7325 (domestic) or 303-590-3030 (international), with the passcode 4119644#.

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 focus is the continued 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 urinary urgency, urinary frequency and urge incontinence – symptoms often associated with overactive bladder.

We also offer Macroplastique Implants, an injectable urethral bulking agent for the treatment of adult female stress urinary incontinence primarily due to intrinsic sphincter deficiency. For more information on the company and its products, please visit Uroplasty, Inc. at www.uroplasty.com.

Forward-Looking Information

This press release contains forward-looking statements, which reflect our best estimates regarding future events and financial performance. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from our anticipated results. We discuss in detail the factors that may affect the achievement of our forward-looking statements in our Annual Report on Form 10-K filed with the SEC. Further, we cannot assure you that our SUMiT clinical trial will produce favorable results, that even if it does produce favorable results third-party payors will provide or continue to provide coverage and reimbursement, or reimburse the providers an amount sufficient to cover their costs and expenses, or that we will timely obtain, or even succeed at all at obtaining, a specific “listed” CPT reimbursement code from the AMA for Urgent PC treatments. We further cannot assure that reimbursement or other issues will not further impact our fiscal 2010 results.

For Further Information: <u>Uroplasty, Inc.</u> David Kaysen, President and CEO, or Medi Jiwani, Vice President, CFO, and Treasurer 952.426.6140	<u>EVC Group</u> Doug Sherk (Investors) 415.896.6820 Chris Gale (Media) 646.201.5431
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UROPLASTY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended	
	June 30,	
	2009	2008
Net sales	\$2,825,929	\$4,525,622
Cost of goods sold	551,970	707,967
Gross profit	<u>2,273,959</u>	<u>3,817,655</u>
Operating expenses		
General and administrative	848,551	1,038,714
Research and development	527,815	405,519
Selling and marketing	2,057,288	2,620,035
Amortization	211,813	210,975
	<u>3,645,467</u>	<u>4,275,243</u>
Operating loss	<u>(1,371,508)</u>	<u>(457,588)</u>
Other income (expense)		
Interest income	31,399	75,115
Interest expense	(7,907)	(6,834)
Foreign currency exchange loss	(7,330)	(5,770)
Other, net	(2,183)	-
	<u>13,979</u>	<u>62,511</u>
Loss before income taxes	<u>(1,357,529)</u>	<u>(395,077)</u>
Income tax expense	<u>8,245</u>	<u>11,571</u>
Net loss	<u><u>\$(1,365,774)</u></u>	<u><u>\$(406,648)</u></u>
Basic and diluted loss per common share	\$(0.09)	\$(0.03)
Weighted average common shares outstanding:		
Basic and diluted	14,937,771	14,916,540

UROPLASTY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2009 (unaudited)	March 31, 2009
Assets		
Current assets:		
Cash, cash equivalents & Short-term investments	\$6,263,649	\$7,776,299
Accounts receivable, net	1,327,112	1,214,049
Inventories	491,252	495,751
Other	392,241	279,898
Total current assets	8,474,254	9,765,997
Property, plant, and equipment, net	1,388,109	1,401,229
Intangible assets, net	3,166,835	3,378,648
Prepaid pension asset	83,405	66,130
Deferred tax assets	74,172	68,793
Total assets	\$13,186,775	\$14,680,797
 Liabilities and Shareholders' Equity		
Current liabilities:		
Current portion – deferred rent	\$35,000	\$35,000
Accounts payable	527,655	604,593
Income tax payable	61,776	56,785
Accrued liabilities	834,324	1,231,620
Total current liabilities	1,458,755	1,927,998
Deferred rent – less current portion	138,921	147,576
Accrued pension liability	358,268	296,646
Total liabilities	1,955,944	2,372,220
Total shareholders' equity	11,230,831	12,308,577
Total liabilities and shareholders' equity	\$13,186,775	\$14,680,797

UROPLASTY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
Three Months Ended June 30, 2009 and 2008
(Unaudited)

	Three Months Ended	
	June 30,	
	2009	2008
Cash flows from operating activities:		
Net loss	\$(1,365,774)	\$(406,648)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	284,040	280,822
Loss on disposal of equipment	2,186	-
Share-based consulting expense	-	16,029
Share-based compensation expense	172,649	266,962
Deferred income taxes	(969)	(2,637)
Deferred rent	(8,750)	(8,750)
Changes in operating assets and liabilities:		
Accounts receivable	(54,213)	129,863
Inventories	30,618	32,627
Other current assets	(106,949)	(167,223)
Accounts payable	(87,783)	(208,510)
Accrued liabilities	(414,828)	(784,377)
Accrued pension liability, net and income tax payable	35,291	48,922
Net cash used in operating activities	<u>(1,514,482)</u>	<u>(802,920)</u>
Cash flows from investing activities:		
Proceeds from sale of short-term investments	-	4,500,000
Purchase of short-term investments	(1,000,000)	(2,542,267)
Purchases of property, plant and equipment	(16,487)	(50,750)
Net cash (used in) provided by investing activities	<u>(1,016,487)</u>	<u>1,906,983</u>
Cash flows from financing activities:		
Repayment of debt obligations	-	(58,187)
Net cash used in financing activities	<u>-</u>	<u>(58,187)</u>
Effect of exchange rates on cash and cash equivalents	<u>18,319</u>	<u>6,314</u>
Net (decrease) increase in cash and cash equivalents	(2,512,650)	1,052,190
Cash and cash equivalents at beginning of period	<u>3,276,299</u>	<u>3,880,044</u>
Cash and cash equivalents at end of period	<u><u>\$763,649</u></u>	<u><u>\$4,932,234</u></u>
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	\$-	\$6,850
Cash paid during the period for income taxes	7,908	19,759

Non-GAAP Financial Measures: The following table reconciles our financial results calculated in accordance with accounting principles generally accepted in the U.S. (GAAP) to non-GAAP financial measures that exclude non-cash charges for share-based compensation, and depreciation and amortization expenses from gross profit, operating expenses and operating loss. 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.

We use these 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 as 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.

Our non-GAAP operating loss of approximately \$(915,000) for the three months ended June 30, 2009 decreased from a \$106,000 operating gain in same period fiscal 2009. We attribute the fiscal 2010 non-GAAP operating loss primarily to the decrease in sales and a lower gross margin rate, offset partially by a decrease in cash operating expenses.

	Three Months Ended	
	June 30,	
	2009	2008
Gross Profit		
GAAP gross profit	\$2,273,959	\$3,817,655
% of sales	80%	84%
SFAS 123 (R) share-based compensation	13,544	16,375
Depreciation expense	14,150	12,790
Non-GAAP gross profit	<u>2,301,653</u>	<u>3,846,820</u>
Operating Expenses		
GAAP operating expenses	3,645,467	4,275,243
SFAS 123 (R) share-based compensation	159,105	266,616
Depreciation expense	58,077	57,057
Amortization expense	211,813	210,975
Non-GAAP operating expenses	<u>3,216,472</u>	<u>3,740,595</u>
Operating Loss		
GAAP operating loss	(1,371,508)	(457,588)
SFAS 123 (R) share-based compensation	172,649	282,991
Depreciation expense	72,227	69,847
Amortization expense	211,813	210,975
Non-GAAP operating income (loss)	<u>\$(914,819)</u>	<u>\$106,225</u>

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