



For Immediate Release

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**Universal Security Instruments Announces Results for Fiscal Year
and Update on Canadian Liquidation**

OWINGS MILLS, MD, July 7, 2008: Universal Security Instruments, Inc. (Universal) (AMEX: UUU) today announced results for its fourth quarter and fiscal year ended March 31, 2008.

Universal reported a fourth quarter loss of \$5,042,257 or (\$2.02) per basic and diluted share on sales of \$6,677,293 compared to net earnings of \$850,395, or \$0.35 per basic and \$0.34 per diluted share, on sales on \$8,199,551 for the comparable period of the previous year. Included in the results of the fourth quarter was a loss from discontinued operations of \$5,079,848 and \$489,030 for the same quarter last year. Continuing operations resulted in net income of \$37,591, or \$0.02 per basic and diluted share, compared to net income of \$1,339,425, or \$0.56 per basic and \$0.53 per diluted share, in the comparable quarter last year.

For the 12 months ended March 31, 2008, sales were \$33,871,362 versus \$32,934,388 for the same period last year. The Company reported a net loss of \$5,568,914 or (\$2.24) per basic and (\$2.23) per diluted share, compared to net income of \$5,533,258 or \$2.31 per basic share and \$2.23 per diluted share for the comparable period of the previous year. Included in the results were losses of \$8,393,663 and \$560,108, respectively, from discontinued operations. Continuing operations resulted in income of \$2,824,749, or \$1.14 per basic and \$1.13 per diluted share for the fiscal year ended March 31, 2008, and \$6,093,366, or \$2.54 per basic and \$2.45 per diluted share in the 2007 fiscal year.

As previously reported, the Company stated during its fourth quarter of the 2008 fiscal year, the assets of the Company's Canadian subsidiary which manufactured electrical mechanical steel conduit tubing (EMT) were placed in receivership, and the Company discontinued its Canadian subsidiary's operations. The reported losses from discontinued operations arose from the Canadian subsidiary's operations.

Due to the requirements of accounting standard FAS 5, Universal did not record any gain in the year ended March 31, 2008 from its Canadian operations related to the anticipated abatement of debt to certain unsecured creditors of the discontinued operations. This gain from abatement of debt is estimated to range between \$3,750,000 and \$4,250,000 and will not be recognized until the liquidation is completed which should occur during the fiscal year ending March 31, 2009.

Sales at the Company's USI ELECTRIC division continued to be affected by the softening in the U.S. housing market. The Company has recently introduced a new line of exhaust and bath fans and believes these sales should reduce the impact of slower home building during the current fiscal year.

Sales from the Company's retail division continue to increase with the addition of a major Canadian retailer, and these sales will start in the Company's second fiscal quarter.

UNIVERSAL SECURITY INSTRUMENTS, INC. is a U.S.-based manufacturer (through its Hong Kong Joint Venture) and distributor of safety and security devices. Founded in 1969, the Company has a 39-year history of developing innovative and easy-to-install products, including smoke, fire and carbon monoxide alarms. For more information on Universal Security Instruments, visit our website at www.universalsecurity.com.

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: Certain matters discussed in this news release may constitute forward-looking statements within the meaning of the federal securities laws that inherently include certain risks and uncertainties. Actual results could differ materially from those projected in or contemplated by the forward-looking statements due to a number of factors, including, among other items, our and our Hong Kong Joint Venture's respective ability to maintain operating profitability, currency fluctuations, the impact of current and future laws and governmental regulations affecting us and our Hong Kong Joint Venture and other factors which may be identified from time to time in our Securities and Exchange Commission filings and other public announcements. We do not undertake and specifically disclaim any obligation to update any forward-looking statements to reflect occurrence of anticipated or unanticipated events or circumstances after the date of such statements. We will revise our outlook from time to time and frequently will not disclose such revisions publicly.

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**UNIVERSAL SECURITY INSTRUMENTS, INC.
CONSOLIDATED STATEMENT OF INCOME**

	(UNAUDITED)	
	<u>Three Months Ended March 31,</u>	
	<u>2008</u>	<u>2007</u>
Sales	\$6,677,293	\$8,199,551
Net income from continuing operations	37,591	1,339,425
Income per share from continuing operations:		
Basic	0.02	0.56
Diluted	0.02	0.53
Loss from discontinued operations	(5,079,848)	(489,030)
Loss per share from discontinued operations:		
Basic	(2.04)	(0.20)
Diluted	(2.04)	(0.19)
Net (loss) income	(5,042,257)	850,395
Net (loss) income per share – basic	(2.02)	0.35
Net (loss) income per share – diluted	(2.02)	0.34
Weighted average number of common shares outstanding		
Basic	2,487,867	2,398,284
Diluted	2,487,867	2,520,477

	(AUDITED)	
	<u>Twelve Months Ended March 31</u>	
	<u>2008</u>	<u>2007</u>
Sales	\$33,871,362	\$32,934,388
Net income from continuing operations	2,824,749	6,093,366
Income per share from continuing operations:		
Basic	1.14	2.54
Diluted	1.13	2.45
Loss from discontinued operations	(8,393,663)	(560,108)
Loss per share from discontinued operations:		
Basic	(3.38)	(0.23)
Diluted	(3.35)	(0.23)
Net (loss) income	(5,568,914)	5,533,258
Net (loss) income per share – basic	(2.24)	2.31
Net (loss) income per share – diluted	(2.23)	2.23
Weighted average number of common shares outstanding		
Basic	2,484,192	2,398,284
Diluted	2,502,017	2,484,606

CONSOLIDATED BALANCE SHEET

ASSETS	<u>March 31,</u>	
	<u>2008</u>	<u>2007</u>
Cash	\$ 3,863,784	\$ -
Accounts receivable and amount due from factor	6,144,169	8,473,388
Inventory	5,357,488	8,705,316
Prepaid expenses	206,197	141,577
Current assets of discontinued operations	<u>2,850,731</u>	<u>8,881,921</u>
TOTAL CURRENT ASSETS	18,422,369	26,202,202
INVESTMENT IN HONG KONG JOINT VENTURE	9,986,579	9,072,284
PROPERTY, PLANT AND EQUIPMENT – NET	130,347	146,072
OTHER ASSETS AND DEFERRED TAX ASSET	<u>1,929,622</u>	<u>774,910</u>
TOTAL ASSETS	<u>\$30,468,917</u>	<u>\$36,195,468</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Notes payable	\$ -	\$ 2,254,966
Accounts payable and accrued expenses	2,465,292	3,799,283
Current liabilities of discontinued operations	7,823,450	3,522,549
Accrued liabilities	<u>665,080</u>	<u>1,946,789</u>
TOTAL CURRENT LIABILITIES	10,953,822	11,523,587
LONG TERM OBLIGATION	91,160	-
SHAREHOLDERS' EQUITY		
Common stock, \$.01 par value per share; authorized 20,000,000 shares; issued and outstanding 2,487,867 and 2,475,612 shares at March 31, 2008 and March 31, 2007, respectively	24,879	24,756
Additional paid-in capital	13,453,378	13,214,025
Retained earnings	5,890,023	11,545,304
Other comprehensive loss	<u>55,655</u>	<u>(112,204)</u>
TOTAL SHAREHOLDERS' EQUITY	<u>19,423,935</u>	<u>24,671,881</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$30,468,917</u>	<u>\$36,195,468</u>