



For Immediate Release

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Universal Security Instruments Reports First-Quarter Results

OWINGS MILLS, MD, August 12, 2009 – Universal Security Instruments, Inc. (NYSE Amex: UUU) today announced results for its fiscal first quarter ended June 30, 2009.

The Owings Mills, MD-based designer and marketer of safety and security equipment reported its net income rose for the quarter to \$611,465, or \$0.25 per basic and diluted share, from \$403,480, or \$0.16 per basic and diluted share, for the comparable quarter last year. Sales for its first quarter were \$5,914,905 compared to \$6,192,801 for last year. Results for the first quarter of 2009 include an increase in the Company's Hong Kong Joint Venture earnings of \$428,335. Included in this increase is the recognition by the Company of a \$246,180 gain on intercompany sales of inventory from prior periods which, in accordance with GAAP, may only be recognized as income upon sales by the Company to customers, and a gain on currency holdings of \$117,050. Included in last year's results was a charge of \$53,659 from discontinued operations.

"We are cautiously optimistic that the housing market has turned the corner and demand for our USI Electric line of products has stabilized at lower levels. At the same time, we continue to increase market share in the retail segment of our operation. We are very pleased with the results from our first quarter, especially during this difficult and challenging operating environment. We also have been highly focused on strengthening our balance sheet, while aggressively pursuing new opportunities," said CEO, Harvey Grossblatt.

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 40-year heritage 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 STATEMENTS OF INCOME
(UNAUDITED)

| | <u>Three Months Ended June 30,</u> | |
|---|------------------------------------|-------------|
| | <u>2009</u> | <u>2008</u> |
| Sales | \$5,914,905 | \$6,192,801 |
| Net income from continuing operations | 611,465 | 457,139 |
| Income per share from continuing operations: | | |
| Basic | 0.25 | 0.18 |
| Diluted | 0.25 | 0.18 |
| Loss from discontinued operations | - | (53,659) |
| Loss per share from discontinued operations: | | |
| Basic | - | (0.02) |
| Diluted | - | (0.02) |
| Net income: | \$ 611,465 | \$ 403,480 |
| Net income per share – basic | \$0.25 | \$0.16 |
| Net income per share – diluted | \$0.25 | \$0.16 |
| Weighted average number of common shares outstanding: | | |
| Basic | 2,417,338 | 2,487,867 |
| Diluted | 2,422,379 | 2,487,867 |

CONSOLIDATED BALANCE SHEETS

| ASSETS | <u>June 30, 2009</u> | <u>March 31, 2009</u> |
|--|----------------------|-----------------------|
| Cash | \$ 934,820 | \$ 284,030 |
| Accounts receivable and amount due from factor | 4,704,299 | 5,076,217 |
| Inventory | 7,407,697 | 8,997,231 |
| Prepaid expenses | 252,059 | 255,745 |
| Assets held for sale | <u>69,988</u> | <u>202,565</u> |
| TOTAL CURRENT ASSETS | 13,368,863 | 14,815,788 |
| INVESTMENT IN HONG KONG JOINT VENTURE | 11,271,479 | 10,550,373 |
| PROPERTY, PLANT AND EQUIPMENT – NET | 240,148 | 251,366 |
| OTHER ASSETS AND DEFERRED TAX ASSET | <u>2,208,392</u> | <u>2,160,151</u> |
| TOTAL ASSETS | <u>\$27,088,882</u> | <u>\$27,777,678</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Accounts payable and accrued expenses | \$ 1,900,734 | \$ 2,761,438 |
| Accrued liabilities | 536,125 | 752,452 |
| Liabilities held for sale | <u>69,988</u> | <u>202,565</u> |
| TOTAL CURRENT LIABILITIES | 2,506,847 | 3,716,455 |
| LONG TERM OBLIGATION | 96,034 | 95,324 |
| SHAREHOLDERS' EQUITY: | | |
| Common stock, \$.01 par value per share; authorized 20,000,000 shares; issued and outstanding 2,387,887 at June 30, 2009 and 2,408,220 at March 31, 2009 | 23,879 | 24,083 |
| Additional paid-in capital | 13,096,862 | 13,186,436 |
| Retained earnings | <u>11,365,260</u> | <u>10,755,380</u> |
| TOTAL SHAREHOLDERS' EQUITY | <u>24,486,001</u> | <u>23,965,899</u> |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | <u>\$27,088,882</u> | <u>\$27,777,678</u> |