

Sharps Compliance Corp., 9220 Kirby Drive, Suite 500, Houston, TX 77054

IMMEDIATE RELEASE

**Sharps Compliance Corp. Reports Revenue More Than Doubles  
in Third Quarter Fiscal 2009**

- *Third quarter revenue doubles to \$6.0 million*
- *Operating margin in third quarter expands to 33% from (3.5)% on significant operating leverage*
- *Net income for nine-month period of \$3.5 million*
- *Diluted earnings per share of \$0.09 for the quarter up from loss of \$0.01 in 2008*
- *U.S. Government contract ahead of plan*
- *Building pipeline of prospects for Sharps® Medical Waste Management System™*
- *Strong, flexible balance sheet with no debt*

HOUSTON, Texas, April 28, 2009 - Sharps Compliance Corp. (OTCBB: SCOM) ("Sharps" or the "Company"), a leading provider of cost-effective disposal solutions for medical and pharmaceutical waste generated outside the hospital setting, today reported revenue of \$6.0 million in the third quarter of fiscal 2009, more than double the \$2.9 million in revenue in the corresponding period of the prior fiscal year. Approximately \$2.9 million of the increase in revenue for the quarter was related to the Company's recently announced \$40 million contract with an agency of the U.S. Government. Customer billings, which the Company believes is an appropriate measure of performance and progress of the business, increased 92.7% to \$5.8 million in the third quarter of fiscal 2009, compared with \$3.0 million in the same period the prior fiscal year. Third quarter 2009 billings included \$2.9 million associated with the government contract. For the nine-month period ended March 31, 2009, revenue increased \$3.5 million, or 35%, to \$13.6 million, compared with the first nine months of fiscal 2008. Year-to-date customer billings were \$13.7 million in fiscal 2009 and \$10.4 million in fiscal 2008, an increase of 32%. The increase in year-to-date revenue and customer billings was primarily driven by the impact of the U.S. Government contract as well as increases in the pharmaceutical, retail and professional markets.

Dr. Burton J. Kunik, Chairman and Chief Executive Officer of Sharps Compliance, commented, "Our third quarter results reflect the success of our full-service medical waste management solutions and the business model that we have developed as we execute our first large scale government contract. We have created a convenient, cost-effective and safe method to properly dispose of medical and pharmaceutical waste in locations outside of the hospital setting to include homes, alternative care facilities, retail clinics, industrial and commercial facilities and emergency management programs. In addition, we have created an efficient and effective operation that provides significant operating leverage as we grow revenue. We believe that the need for the Sharps Compliance line of medical waste management solutions are gaining traction and the pipeline we are building reflects that need."

**Successful Launch of \$40 million U.S. Government Contract**

The Company recently announced that it was awarded a contract to provide its Sharps Medical Waste Management System ("Sharps®MWMS™") to an agency of the United States Government. The Sharps®MWMS™, a Medical Waste Management System, is a comprehensive medical waste solution

## **Sharps Compliance Corp. Reports Third Quarter Results**

**April 28, 2009**

**Page 2 of 8**

which includes an array of services and products necessary to effectively collect, store and dispose of medical waste outside of the hospital or large healthcare facility setting. The System, which is designed for rapid deployment, features the Sharps Disposal By Mail System® products combined with warehousing, inventory management, training, data and other services necessary to provide a comprehensive solution. The Sharps®MWMS™ is designed to be an integral part of government and commercial emergency preparedness programs.

The total contract is valued at approximately \$40 million and is expected to be executed over a five-year period. The Company received a purchase order for \$28.5 million for product and services to be provided during the first contract year ending February 1, 2010. The following four option years represent payment for program maintenance. The Company recorded \$2.9 million of revenue during the quarter ended March 31, 2009 related to this U.S. Government contract and expects to record the same amount during the quarter ending June 30, 2009. Sharps currently estimates that approximately \$22.5 million in revenue will be recorded in its fiscal year 2010, which ends June 30, 2010.

### **Third Quarter and Year-to-Date Fiscal 2009 Operating Performance**

Gross margin was 59.2% in the third quarter of fiscal 2009 and 49.0% for the fiscal year-to-date period ended March 31, 2009. The considerable increase in the gross margin over the prior periods is a result of the significant operating leverage inherent in our business. With the launch of the U.S. Government contract and the opportunities available in government and other market served we expect revenue to continue to increase and at a higher rate than fixed costs allowing us to maintain and likely exceed gross margins of 50%.

Selling, general and administrative (SG&A) expense was \$1.4 million for the third quarter of fiscal year 2009, an increase of \$268 thousand, or 23% over the corresponding period of the prior year. For the nine-months ended March 31, 2009, SG&A expense was \$4.0 million compared with \$3.5 million for the corresponding period of the prior year, an increase of 15%. The increase in the SG&A for both the third quarter and fiscal year-to-date periods was a result of increased non-cash 123R stock-based compensation expense of \$150 thousand and \$275 thousand, respectively, and compensation-related expenses.

Operating income for the third quarter of fiscal 2009 was \$2.0 million, or 33.2% of revenue, compared with an operating loss of \$0.1 million in the third quarter of fiscal 2008. Operating income for the nine-months ended March 31, 2009 was \$2.4 million, or 17.4% of revenue, compared with operating income of \$0.5 million, or 4.7% of sales, in the same period of the prior fiscal year period. The increase in operating margin was a result of the growth in revenue and gross profit without a significant increase in SG&A.

Net income was \$1.3 million, or \$0.09 per diluted share, for the third quarter of fiscal 2009 compared with a net loss of \$84 thousand, or \$0.01 per diluted share, in the third quarter of fiscal 2008. Net income was \$3.5 million, or \$0.25 per diluted share, for the nine months ended March 31, 2009 compared with net income of \$0.5 million, or \$0.04 per diluted share, in the corresponding period of prior fiscal year. The net income for the nine months ended March 31, 2009 was positively impacted by a \$1.8 million, or \$0.13 per diluted share, income tax benefit recorded in the quarter ended December 31, 2008.

### **Liquidity and Balance Sheet Strength**

Working capital was \$3.6 million at March 31, 2009, up from \$1.9 million at June 30, 2008. At March 31, 2009, stockholders' equity and total assets were \$8.3 million and \$11.8 million, respectively, up from \$2.9 million and \$5.7 million at June 30, 2008, respectively. Although Sharps maintains a \$2.5 million line of credit with JPMorgan Chase (the "Bank"), no amounts were outstanding at March 31, 2009. The line of credit is available to finance working capital, expansion and/or potential acquisition

opportunities. The Company has completed negotiations and received a favorable term sheet from the Bank to increase its line of credit from \$2.5 to \$4.5 million. While no assurances can be made, the Company believes it should have its new line of credit in place by the end of the fiscal year 2009.

***Interest Growing for RxTakeAway™***

Designed for individual consumers, retail pharmacies, alternate care facilities and community programs, the Company's RxTakeAway™ line of products facilitate the proper disposal of unused patient medications. This solution consists of a variety of sizes of containers (from a special-use envelope to 10 and 20 gallon products) and return packaging with pre-paid postage to the Company's treatment facility. The Company recently introduced its proprietary tracking system, DrugTracer™, designed for the unused patient medication products. Our marketing and sales efforts are gaining traction as we are experiencing increased interest with prospective customers who recognize the importance of proper disposal of unused patient medications.

With as many as 35% of the dispensed medications going unused associated with the approximate 4 billion prescriptions written every year in the United States, the Company estimates over 200 million pounds of pharmaceuticals are adversely affecting our rivers, streams, municipal water systems and also placing our children at risk for accidental overdose.

Kunik commented, "We believe our new line of products address a very serious disposal issue in the country that is currently harming our environment and placing our children at risk. Our existing solutions and infrastructure are uniquely positioned to facilitate the proper and cost-effective disposal of unused medications in the consumer / community markets."

***Pharmaceutical Manufacturer Patient Support Program***

The Company expects to launch its next patient compliance and persistency support program with a major pharmaceutical manufacturer during the quarter ending June 30, 2009. The program will be an integral part of a new indication of an existing self-injected drug and is expected to contribute approximately \$500 thousand to the Company's fourth quarter revenue.

Sharps' vendor managed inventory program includes the direct fulfillment of the Sharps Disposal By Mail System® to the pharmaceutical manufacturers' self-injecting patient support program participants, who use the product as a convenient means of disposing of used syringes. The Company's SharpsTracer™ system tracks the return of the Sharps Disposal By Mail System® by the patient to the treatment facility, where the package is processed prior to destruction utilizing the Company's proprietary and customizable system. This data is electronically transmitted and available to the pharmaceutical manufacturer via the Company's proprietary data warehouse which assists the customer in monitoring drug usage and provides them with a touch point for individual patient follow-up.

***Sales and Growth Opportunities – Medical Waste Management Systems™***

The Company is actively marketing its Sharps®MWMS™ to federal, state and local governmental agencies. The solution has been well received and recognized as an integral component to an emergency preparedness program. The System, which is designed for rapid deployment, features the Sharps Disposal By Mail System® products combined with warehousing, inventory management, training, data and other services necessary to provide a comprehensive solution.

Dr. Kunik concluded, "The U.S. Government contract represents a significant milestone for the Company as we pursue opportunities of similar size and nature. We have been very pleased with the interest shown in the services and solutions that we provide including custom-designed flexible, rapid deployment systems that we can implement for federal, state and municipal agencies as well as corporations. Additionally, our solutions offering the direct delivery and convenience we provide for alternate site, home health care organizations and pharmaceutical manufacturers are developed for

## **Sharps Compliance Corp. Reports Third Quarter Results**

**April 28, 2009**

**Page 4 of 8**

each to achieve their goals of accomplishing their missions and serving their customers well. As a first mover in this newly-defined market, we believe we have a solid competitive advantage to continue to win new customers and expand our business.”

### **Third Quarter 2009 Webcast and Conference Call**

The Company will host a teleconference today beginning at 1:00 p.m. Eastern Time. During the teleconference, Dr. Burton J. Kunik, Chairman and Chief Executive Officer, and David P. Tusa, Executive Vice President and Chief Financial Officer, will review the financial and operating results for the period and discuss Sharps' corporate strategy and outlook. A question-and-answer session will follow.

The Sharps conference call may be accessed the following ways:

- The live webcast may be found at <http://www.sharpsinc.com>. Participants should go to the website 10 - 15 minutes prior to the scheduled conference in order to register and download any necessary audio software. Webcast listeners will have the opportunity to submit questions to the speakers (verbal or via e-mail). Select questions will be summarized and addressed during the question-and-answer portion of the call.
- The teleconference can be accessed by dialling (201) 689-8560 and requesting conference ID number 320528, approximately 5 - 10 minutes prior to the call.

To listen to the archived call:

- The archived webcast will be at <http://www.sharpsinc.com>. A transcript will also be posted once available.
- A replay may also be heard by calling (201) 612-7415, and entering account number 3055 and conference ID number 320528.

The telephonic replay will be available from 4:00 p.m. Eastern Time the day of the teleconference until 11:59 p.m. Eastern Time on Tuesday, May 5, 2009.

### **About Sharps Compliance Corp.**

Headquartered in Houston, Texas, Sharps Compliance is a leading provider of cost-effective disposal solutions for medical and pharmaceutical waste generated outside the hospital setting. The Company's flagship product, the Sharps Disposal by Mail System®, is a cost-effective and easy-to-use solution to dispose of medical waste such as hypodermic needles, lancets and any other medical device or objects used to puncture or lacerate the skin (referred to as “sharps”).

The Sharps®MWMS™, a Medical Waste Management System, is a comprehensive medical waste solution which includes an array of services and products necessary to effectively collect, store and dispose of medical waste outside of the hospital setting. The System, which is designed for rapid deployment, features the Sharps Disposal By Mail System® products combined with warehousing, inventory management, training, data and other services necessary to provide a comprehensive solution. The Sharps®MWMS™ is designed to be an integral part of governmental and commercial emergency preparedness programs.

The Company also offers a number of products specifically designed for the home healthcare market and products for the safe disposal of unused pharmaceuticals, RxTakeAway™. Sharps Compliance focuses on targeted growth markets such as the pharmaceutical, retail, commercial, and hospitality markets, as well as serving a variety of additional markets. Sharps is a leading proponent and participant in the development of public awareness and solutions for the safe disposal of needles, syringes and other sharps as well as unused pharmaceuticals in the community setting.

**Sharps Compliance Corp. Reports Third Quarter Results**

**April 28, 2009**

**Page 5 of 8**

As a fully integrated manufacturer providing customer solutions and services, Sharps Compliance's solid business model, with strong margins and significant operating leverage, and early penetration into emerging markets, uniquely positions the company for strong future growth.

More information on Sharps Compliance can be found on its website at: [www.sharpsinc.com](http://www.sharpsinc.com)

**Safe Harbor Statement**

The information made available in this press release contains certain forward-looking statements which reflect Sharps Compliance Corp.'s current view of future events and financial performance. Wherever used, the words "estimate", "expect", "plan", "anticipate", "believe", "may" and similar expressions identify forward-looking statements. Any such forward-looking statements are subject to risks and uncertainties and the company's future results of operations could differ materially from historical results or current expectations. Some of these risks include, without limitation, the company's ability to educate its customers, development of public awareness programs to educate the identified consumer, customer preferences, the Company's ability to scale the business and manage its growth, the degree of success the Company has at gaining more large customer contracts, managing regulatory compliance and/or other factors that may be described in the company's annual report on Form 10-K, quarterly reports on Form 10-Q and/or other filings with the Securities and Exchange Commission. Future economic and industry trends that could potentially impact revenues and profitability are difficult to predict. The company assumes no obligation to publicly update or revise its forward-looking statements even if experience or future changes make it clear that any projected results express or implied therein will not be realized.

**For more information contact:**

David P. Tusa  
Executive Vice President, Chief Financial  
Officer & Business Development

Phone: (713) 660-3514  
Email: [dtusa@sharpsinc.com](mailto:dtusa@sharpsinc.com)

**- OR -**

Deborah Pawlowski  
Kei Advisors LLC  
Investor Relations

Phone: (716) 843-3908  
Email: [dpawlowski@keiadvisors.com](mailto:dpawlowski@keiadvisors.com)

FINANCIAL TABLES FOLLOW.

**SHARPS COMPLIANCE CORP. AND SUBSIDIARIES**  
**Consolidated Statements of Operations**  
*(unaudited)*

	Three-Months Ended			Nine-Months Ended		
	March 31,			March 31,		
	2009	2008	% Change	2009	2008	% Change
<b>Revenue</b>	\$ 5,970,534	\$ 2,927,700	103.9%	\$13,609,716	\$10,069,614	35.2%
Cost of revenue	2,436,131	1,786,892	36.3%	6,937,914	5,890,095	17.8%
Gross profit	3,534,403	1,140,808	209.8%	6,671,802	4,179,519	59.6%
<i>Gross margin</i>	59.2%	39.0%		49.0%	41.5%	
SG&A expense	1,442,113	1,174,449	22.8%	4,043,084	3,514,876	15.0%
Depreciation and amortization	108,030	69,684	55.0%	267,264	193,301	38.3%
<b>Operating income (loss)</b>	1,984,260	(103,325)		2,361,454	471,342	401.0%
<i>Operating margin</i>	33%	(3.5%)		17.4%	4.7%	
Other income (expense)	(169)	21,065		32,196	73,461	
Net income (loss) before income taxes	1,984,091	(\$82,260)		\$2,393,650	\$544,803	339.4%
Income taxes (benefit)	653,742	1,329		(1,126,912)	6,884	
<b>Net income (loss)</b>	<u>\$ 1,330,349</u>	<u>\$ (83,589)</u>		<u>\$ 3,520,562</u>	<u>\$ 537,919</u>	554.5%
<b>Net income (loss) per share</b>						
Basic	<u>\$ 0.10</u>	<u>\$ (0.01)</u>		<u>\$0.27</u>	<u>\$0.04</u>	
Diluted	<u>\$ 0.09</u>	<u>\$ (0.01)</u>		<u>\$0.25</u>	<u>\$0.04</u>	
<b>Weighted Average Shares Outstanding</b>						
Basic	12,905,821	12,478,315		12,802,421	12,231,333	
Diluted	14,083,630	12,478,315		13,874,180	13,515,878	

**SHARPS COMPLIANCE CORP. AND SUBSIDIARIES**  
**Consolidated Balance Sheets**

	<b>March 31, 2009</b>	<b>June 30, 2008</b>
	(Unaudited)	
	<u>                    </u>	<u>                    </u>
<b><u>ASSETS:</u></b>		
Current assets:		
Cash and cash equivalents	\$ 589,501	\$ 2,035,219
Restricted cash	-	10,010
Accounts receivable, net	4,150,872	1,183,975
Inventory	1,137,568	580,861
Prepaid and other assets	523,500	359,894
Deferred income taxes	17,352	-
Total current assets	<u>6,418,793</u>	<u>4,169,959</u>
Property and equipment, net	2,605,608	1,375,657
Deferred income taxes, net	2,590,304	-
Intangible assets, net	152,841	130,702
Total assets	<u><u>\$ 11,767,546</u></u>	<u><u>\$ 5,676,318</u></u>
 <b><u>LIABILITIES AND STOCKHOLDERS' EQUITY:</u></b>		
Current liabilities:		
Accounts payable	\$ 1,386,185	\$ 778,423
Accrued liabilities	386,258	432,971
Current portion of deferred revenue	1,088,388	1,063,016
Total current liabilities	<u>2,860,831</u>	<u>2,274,410</u>
Long-term deferred revenue	597,390	516,372
Total liabilities	<u>3,458,221</u>	<u>2,790,782</u>
Stockholders' equity:		
Total stockholders' equity	<u>8,309,325</u>	<u>2,885,536</u>
Total liabilities and stockholders' equity	<u><u>\$ 11,767,546</u></u>	<u><u>\$ 5,676,318</u></u>

**SHARPS COMPLIANCE CORP. AND SUBSIDIARIES**  
**Supplemental Customer Billing and Revenue Information**  
*(unaudited)*

	Three-Months Ended March 31,				Nine-Months Ended March 31,			
	2009	% Total	2008	% Change	2009	% Total	2008	% Change
<b>BILLINGS BY MARKET:</b>								
Government	\$2,972,696	51.3%	\$ 17,759		\$ 3,093,493	22.6%	\$ 158,910	
Health Care	1,824,398	31.5%	1,734,401	5.2%	5,440,095	39.7%	5,629,418	(3.4%)
Retail	60,273	1.0%	43,951	37.1%	1,356,112	9.9%	1,044,502	29.8%
Professional	214,585	3.7%	190,433	12.7%	776,183	5.7%	529,934	46.5%
Hospitality	275,455	4.8%	244,377	12.7%	706,699	5.2%	914,391	(22.7%)
Pharmaceutical	66,592	1.1%	413,296	(83.9%)	1,085,717	7.9%	869,579	24.9%
Commercial	92,256	1.6%	136,796	(32.6%)	386,967	2.8%	413,044	(6.3%)
Non-Mailable	160,945	2.8%	106,920	50.5%	384,269	2.8%	348,443	10.28%
Agriculture	92,303	1.6%	96,848	(4.7%)	358,931	2.6%	363,846	(1.4%)
Other	37,668	0.6%	22,863	64.8%	112,460	0.8%	107,136	4.97%
Subtotal	5,797,171	100.0%	3,007,644	92.7%	13,700,926	100.0%	10,379,203	32.0%
GAAP Adjustment *	173,363		(79,944)		(91,210)		(309,589)	
Revenue Reported	<u>\$5,970,534</u>		<u>\$ 2,927,700</u>	<u>103.9%</u>	<u>\$ 13,609,716</u>		<u>\$ 10,069,614</u>	<u>35.2%</u>

\* Represents the net impact of the revenue recognition adjustments to arrive at reported GAAP revenue. Customer billings include all invoiced amounts for products shipped during the period reported. GAAP revenue includes customer billings as well as numerous adjustments necessary to reflect, (i) the deferral of a portion of current period sales and (ii) recognition of certain revenue associated with product returned for treatment and destruction. The difference between customer billings and GAAP revenue is reflected in the Company's balance sheet as deferred revenue.