



NEWS RELEASE

FOR IMMEDIATE RELEASE

November 5, 2014

VERSAR, INC. ANNOUNCES FIRST QUARTER FISCAL 2015 RESULTS

Springfield, VA – November 5, 2014 – Versar, Inc. (NYSE MKT: VSR) today announced financial results for the fiscal first quarter ended September 26, 2014.

Financial Results

Gross revenue for the first quarter of fiscal year 2015 increased to \$29.6 million, compared to revenues of \$29.1 million during the first quarter of the last fiscal year. Sequentially, revenues increased 18% as compared to the fourth quarter of fiscal 2014. The Company reported a slight decrease in gross margins for the quarter to 9% as compared to gross margins of 10% in the same prior year quarter related primarily to the loss on a construction project managed out of our Knoxville office and the continued wind down of Title II work in Afghanistan, which is anticipated to conclude in fiscal year 2015. The net loss for the quarter was \$89,000 or a loss of \$0.01 per share as compared to net income of \$659,000 or \$0.07 per share in the same period of fiscal 2014.

Increased Funded Backlog

As of September 26, 2014, Versar recorded funded backlog of approximately \$223 million, an increase of 96% compared to \$114 million of funded backlog at the end of fiscal year 2014. Additionally, subsequent to the quarter end, but prior to the federal government's fiscal year end, Versar was awarded an additional \$16 million of funding for our work in the Middle East and reported funded backlog of \$239 million as of September 30, 2014.

During the quarter, Versar announced a \$98.3 million contract with the U.S. Air Force for repairs to runways at Dover Air Force base and it also completed the acquisition of J.M. Waller Associates which has more than \$30 million in annual revenue. Following the close of the quarter, the Company announced the award of two new task orders under its personal services contract in Afghanistan with a total value of \$18.3 million; a \$4.2 million contract to provide fence to fence environmental services at Barksdale Air Force Base in Louisiana and Columbus Air Force Base in Mississippi; a \$3.5 million contract from the Air Force Reserve Command for Facilities Operations Capability and Utilization Surveys at several locations and a \$2.6 million contract to provide construction manager as agent services for the new Department of State Federal Office Building in Charleston, SC.

Versar's wholly owned subsidiary, VersarPPS, a U.K.-based manufacturer of decontamination equipment and personal protective equipment, was awarded a \$5.1 million contract to supply chemical splash protective suits to the U.K.'s Department for International Development in support of emergency response efforts related to the treatment of Ebola. VersarPPS will deliver the suits over the next few months and the contract is expected to be completed by the end of March 2015.

Offices

Headquarters

Springfield, VA

Inside the U.S.

Aiea, HI

Atlanta, GA

Boise, ID

Chandler, AZ

Charleston, SC

Columbia, MD

Denver, CO

Dulles, VA

El Paso, TX

Germantown, MD

Hampton, VA

Louisville, KY

Plano, TX

Sacramento, CA

San Antonio, TX

Outside the U.S.

Abu Dhabi, UAE

Baghdad, Iraq

Kabul, Afghanistan

Clark, Philippines

Milton Keynes, UK

Misawa Air Base, Japan

For more information, please contact Investor Relations at:

6850 Versar Center

Springfield, VA 22151

703.642.6888

www.versar.com

Tony Otten, CEO of Versar said, "During the quarter we saw a significant contribution from J.M. Waller through several contract awards. Our backlog is robust, and a large portion of that can be attributed to contracts we have won due to the expanded capabilities that we are able to offer through our strategic acquisitions of Waller and GMI. Sequentially, we saw a solid uptick in revenue growth as government funding that had been delayed by last fall's sequestration, began to come through.

"Additionally, earlier this week we announced a \$5.1 million contract received by VersarPPS for protective suits to be used as part of the U.K.'s emergency response efforts around Ebola. With the increased concern relating to the transmission of the virus and the focus on minimizing the exposure of healthcare workers and others who may encounter Ebola patients, we are seeing heightened interest in our protective suits and equipment.

"We are seeing traction from our recent acquisitions and believe our wide range of capabilities and our ability to bring our solutions virtually anywhere in the world are a competitive advantage that position us well to continue to expand our customer base and return to profitability in fiscal year 2015," Mr. Otten concluded.

Conference Call:

The Company will hold a conference call at 2:00 PM Eastern Time today, Wednesday, November 5, to discuss the Company's operational performance and financial results for the fiscal first quarter ended September 26, 2014.

The dial in number for the US and Canada is toll free, 877-407-8033. The international dial in number is 201-689-8033. Participants should call in a few minutes before 2:00 PM Eastern Time. For those unable to attend the conference call, a replay will be available on Versar's website, www.versar.com

VERSAR, INC., headquartered in Springfield, Virginia, is a publicly-traded global project management company providing sustainable value-oriented solutions to government and commercial clients in the construction management, environmental services, munitions response, and professional services market areas.

VERSAR operates the corporate web sites, www.versar.com, and www.versarpps.com, and www.jmwaller.com.

This news release contains forward-looking information. The forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be significantly impacted by certain risks and uncertainties described herein and in Versar's Annual Report on Form 10-K filed with the Securities and Exchange Commission for the fiscal year ended June 27, 2014, as updated from time to time in the Company's periodic filings. The forward-looking statements are made as of the date hereof and Versar does not undertake to update its forward-looking statements.

Contact:	David Gray Director of Financial Reporting Versar, Inc. (703) 642-6888 dgray@versar.com	John Nesbett or Jennifer Belodeau Institutional Marketing Services (IMS) (203) 972-9200 jnesbett@institutionalms.com
----------	---	---

For more information, please contact Investor Relations at:

6850 Versar Center Springfield, VA 22151 703.642.6706 Fax: 703.642.6825 www.versar.com

VERSAR, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(In thousands, except share amounts)

	As of	
	Sept 26, 2014	June 27, 2014
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,627	\$ 9,674
Accounts receivable, net	30,179	25,983
Inventory, net	1,380	1,294
Prepaid expenses and other current assets	2,664	1,303
Deferred income taxes	2,254	2,254
Income tax receivable	2,328	2,325
Total current assets	41,432	42,833
Property and equipment, net	2,584	2,389
Deferred income taxes, non-current		533
Goodwill	18,029	8,073
Intangible assets, net	5,429	2,930
Other assets	1,061	1,003
Total assets	\$ 68,535	\$ 57,761
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 10,937	\$ 11,272
Accrued salaries and vacations	3,022	2,912
Other current liabilities	3,868	3,568
Income tax payable	57	-
Notes payable, current	2,767	958
Total current liabilities	20,651	18,710
Notes payable, non-current	8,580	156
Deferred income taxes	449	-
Other long-term liabilities	1,113	1,110
Total liabilities	30,793	19,976
Commitments and contingencies	-	-
Stockholders' equity		
10,020,392 shares issued and 9,715,614 shares outstanding as of September 26, 2014,	100	100
9,849,773 shares issued and 9,708,107 shares outstanding as of June 27, 2014.	30,520	30,393
Capital in excess of par value	8,944	9,032
Retained earnings	(1,396)	(1,396)
Treasury stock, at cost		
Accumulated other comprehensive loss; foreign currency translation	(426)	(344)
Total stockholders' equity	37,742	37,785
Total liabilities and stockholders' equity	\$ 68,535	\$ 57,761

For more information, please contact Investor Relations at:

6850 Versar Center

Springfield, VA 22151

703.642.6706

Fax: 703.642.6825

www.versar.com

VERSAR, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
(Unaudited-in thousands, except per share amounts)

	For the Three Months Ended	
	Sept 26, 2014	Sept 27, 2013
GROSS REVENUE	\$ 29,586	\$ 29,120
Purchased services and materials, at cost	12,228	14,410
Direct costs of services and overhead	14,752	11,758
GROSS PROFIT	2,606	2,952
Selling, general and administrative expenses	2,691	1,870
OPERATING (LOSS) INCOME	(85)	1,082
OTHER (INCOME) EXPENSE		
Interest expense	57	25
(LOSS) INCOME BEFORE INCOME TAXES, from continuing operations	(142)	1,057
Income tax (benefit) expense	(53)	398
NET (LOSS) INCOME	\$ (89)	\$ 659
NET INCOME (LOSS) PER SHARE-BASIC and DILUTED	\$ (0.01)	\$ 0.07
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING-BASIC	9,711	9,585
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING-DILUTED	9,711	9,694

For more information, please contact Investor Relations at:

6850 Versar Center

Springfield, VA 22151

703.642.6706

Fax: 703.642.6825

www.versar.com