



# NEWS RELEASE

FOR IMMEDIATE RELEASE

September 15, 2015

## VERSAR, INC. ANNOUNCES RECORD REVENUES FOR FOURTH QUARTER FISCAL 2015

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Springfield, VA

#### Inside the U.S.

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Denver, CO

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Baghdad, Iraq

Kabul, Afghanistan

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Milton Keynes, UK

Misawa Air Base, Japan

**Springfield, VA – September 15, 2015** – Versar, Inc. (NYSE MKT: VSR) today announced financial results for the fiscal fourth quarter and year ended June 26, 2015.

### Financial Results

Gross revenue for the fourth quarter of fiscal year 2015 increased 126% to \$56.3 million, compared to revenues of \$24.9 million during the fourth quarter of the last fiscal year. Sequentially, revenues increased 41% as compared to the third quarter of fiscal 2015. Gross margins improved to 8%, compared to 4% in the same prior year quarter. Net income for the quarter was \$954,000 or \$0.09 per share compared to a net loss of \$965,000 or a loss of \$0.10 per share in the same period of fiscal 2014. In the fourth quarter of 2014, net loss included \$(0.01) from discontinued operations and (\$0.09) from continued operations.

Revenues for the fiscal year ending June 26, 2015 increased 45% to \$159.9 million compared to revenues of \$110.3 million in the same prior year period. Gross margin for fiscal 2015 was 9%, an improvement compared to gross margin of 8% for fiscal 2014. Net income for fiscal 2015 was \$1.4 million or \$0.14 per share compared to a net loss of \$334,000 or a loss of \$0.03 per share in the prior fiscal year. The fiscal 2014 net loss included \$0.02 from discontinued operations and (\$0.05) from continued operations.

Tony Otten, CEO of Versar, said, “We achieved record revenues in fiscal 2015, as we saw increased market demand for our unique service offerings and our proven ability to deliver customized solutions in any environment. Our fourth quarter results demonstrated our continued momentum as evidenced by record revenue growth, margin improvement and enhanced profitability. The Dover Air Force Base contract remains a key driver of our revenue growth and we expect to see strong activity related to that contract through 1Q16 and beyond. Funded backlog remains strong at \$179 million and our pipeline is substantial, as recognition of our extensive capabilities, customizable solutions and ability to deliver results in the most challenging circumstances, create more opportunities in the marketplace.”

“Following the close of the quarter, we announced a definitive agreement to acquire Johnson Controls Security Systems (JCSS), a leading security systems integrator serving federal and other clients with design, installation and support of complex physical security, network security and facilities management systems. We believe JCSS is a great strategic fit that will allow us to further expand our portfolio of products and services, allowing us to generate more work with existing clients and to more effectively compete for new customers and projects.”

### Increased Funded Backlog

As of June 26, 2015, Versar recorded funded backlog of approximately \$179 million, an increase of 57% compared to \$114 million of funded backlog at the end of fiscal year 2014.

For more information, please contact Investor Relations at:

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During the quarter, the Company's J.M. Waller subsidiary was awarded a \$2.8 million General Services Administration (GSA) contract to provide engineering, program management and support for civil engineering activities at the Air National Guard Readiness Center at Andrews Air Force Base in Maryland.

Additionally, the Company's Geo-Marine subsidiary was one of five unrestricted firms awarded a prime contract with a maximum value of \$290 million, from the United States Army Corps of Engineers (USACE) to provide repair and renewal services for government facilities throughout the U.S., U.S. territories, Japan and Korea. The contract has a maximum 24-month base period and three 12-month optional order periods, for a total of five years.

"Versar's fiscal 2015 performance benefitted from the full integration of the acquisitions we completed in 2014, which have strengthened our market position by broadening our ability to meet the needs of our existing customers and to win new contracts. As we enter fiscal 2016, we believe we are well positioned for continued growth and profitability," Mr. Otten concluded.

**Conference Call:**

The Company will hold a conference call at 2:00 PM Eastern Time today, Tuesday, September 15, to discuss the Company's operational performance and financial results for the fiscal fourth quarter and year ended June 26, 2015.

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](http://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 following web sites, [www.versar.com](http://www.versar.com) and [www.versarpps.com](http://www.versarpps.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 26, 2015, 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.

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**VERSAR, INC. AND SUBSIDIARIES**

## Condensed Consolidated Balance Sheets

(In thousands, except share amounts)

	As of	
	June 26, 2015 (Unaudited)	June 27, 2014
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 2,109	\$ 9,674
Accounts receivable, net	57,171	25,983
Inventory, net	1,188	1,294
Prepaid expenses and other current assets	1,540	1,303
Deferred income taxes	1,366	2,254
Income tax receivable	2,373	2,325
Total current assets	<u>65,747</u>	<u>42,833</u>
Property and equipment, net	2,084	2,389
Deferred income taxes, non-current	414	533
Goodwill	16,066	8,073
Intangible assets, net	4,643	2,930
Other assets	252	1,003
Total assets	<u>\$ 89,206</u>	<u>\$ 57,761</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable	\$ 35,852	\$ 11,272
Accrued salaries and vacation	3,332	2,912
Other current liabilities	1,114	3,568
Notes payable, current	2,313	958
Total current liabilities	<u>42,611</u>	<u>18,710</u>
Notes payable, non-current	5,835	156
Other long-term liabilities	1,390	1,110
Total liabilities	<u>49,836</u>	<u>19,976</u>
Stockholders' equity		
Common stock \$.01 par value; 30,000,000 shares authorized; 10,124,548 shares issued and 9,802,387 shares outstanding as of March 27, 2015, 9,849,773 shares issued and 9,708,107 shares outstanding as of June 27, 2014.		
	101	100
Capital in excess of par value	30,798	30,393
Retained earnings	10,439	9,032
Treasury stock, at cost	(1,460)	(1,396)
Accumulated other comprehensive loss; foreign currency translation	(508)	(344)
Total stockholders' equity	<u>39,370</u>	<u>37,785</u>
Total liabilities and stockholders' equity	<u>\$ 89,206</u>	<u>\$ 57,761</u>

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

	For the Three Months Ended		For the Fiscal Year Ended	
	June 26, 2015	June 27, 2014	June 26, 2015	June 27, 2014
GROSS REVENUE	\$ 56,344	\$ 24,898	\$ 159,877	\$ 110,280
Purchased services and materials, at cost	38,701	12,017	90,289	55,108
Direct costs of services and overhead	13,281	11,817	55,797	46,653
GROSS PROFIT	4,362	1,064	13,791	8,519
Selling, general and administrative expenses	2,638	2,907	11,003	10,175
Other operating income	-	(1,269)	-	(1,596)
Goodwill impairment	-	1,381	-	1,381
OPERATING INCOME (LOSS)	1,724	(1,955)	2,788	(1,441)
OTHER EXPENSE				
Interest income	(1)	(1)	(2)	(15)
Interest expense	115	30	447	133
INCOME (LOSS) BEFORE INCOME TAXES, from continuing operations	1,610	(1,984)	2,343	(1,559)
Income tax expense (benefit)	656	(1,106)	936	(1,043)
NET INCOME (LOSS) from continuing operations	\$ 954	\$ (878)	\$ 1,407	\$ (516)
Income from discontinued operations, net of tax	-	(86)	-	182
NET INCOME (LOSS)	954	(965)	1,407	(334)
NET INCOME (LOSS) PER SHARE-BASIC and DILUTED				
Continuing operations	\$ 0.09	\$ (0.09)	\$ 0.14	\$ (0.05)
Discontinued operations	-	(0.01)	-	0.02
NET INCOME PER SHARE-BASIC and DILUTED	\$ 0.09	\$ (0.10)	\$ 0.14	\$ (0.03)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING-BASIC	9,771	9,663	9,771	9,663
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING-DILUTED	9,771	9,663	9,771	9,663

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