

# QPC LASERS REPORTS 317% REVENUE GROWTH FOR THE FIRST QUARTER 2007

## Product Revenue Increases 178% Year-Over-Year

SYLMAR, Calif. -- (May 15, 2007) -- QPC Lasers, Inc. (OTCBB:[QPCI](#)), a world leader in the development and commercialization of high brightness, high power semiconductor lasers for the industrial, defense, and medical markets, today announced its financial results for the first quarter, ended March 31, 2007.

### First Quarter Highlights

- Total revenue of \$1.1 million, a 317% increase over Q106 representing a quadrupling of revenue
- Product revenue of \$653,000, a 178% increase over Q106 and a 19% increase over Q406
- Partnership with Northrop Grumman Space Technology Cutting Edge Optronics for integration of high power semiconductor lasers
- Initial Shipment of a next-generation BrightLase(TM) Direct-Diode Laser for military and industrial applications,
- Shipment of next-generation, eye-safe laser engines to U.S. defense contractors developed under a U.S. Army project
- More than 30 new orders in the first quarter, many from new customers

### Financial Discussion

"We achieved several significant milestones for the Company during the first quarter," said Dr. Jeffrey Ungar, Chairman and Chief Executive Officer of QPC. "The company has begun the transition from the R&D stage to the production stage. During the quarter we announced the availability our next generation BrightLase(TM) Direct-Diode Laser modules and made continued progress with our military applications,. We continued to receive strong orders for our medical lasers, and currently have \$2 million in contracts and purchase orders for our generation II medical module, a significant milestone as we target the large and growing medical laser sector."

George Lintz, CFO & Executive Vice Chairman added "We are continuing to position the Company for strong growth in 2007 and beyond. Our pipeline of product solutions continues on track, and we currently anticipate significant growth throughout the remainder of the year."

### Financial Results

Total revenue for the first quarter of 2007 was \$1.1 million, up 317% when compared to approximately \$266,000 reported in the first quarter of 2006. The increase is attributable to an increase in commercial sales and government contracts due to the increased product offerings and expanded sales and marketing efforts.

Product revenue for the first quarter of 2007 was \$653,000, an increase of 178% compared to product revenue of \$235,000 reported in the first quarter of 2006, and an increase of 19% compared to product revenue of \$548,000 reported in the fourth quarter of 2006. Strong growth in product revenue is primarily attributable to initial production shipments of the Generation II fiber coupled products to defense, industrial and medical customers along with ongoing shipments of the Generation I varicose vein treatment laser.

Total operating expense for the first quarter of 2007 was \$2.2 million, flat when compared to the \$2.2 million reported in the first quarter of 2006. Net loss for the first quarter of 2007 was \$(2.4) million, or \$(0.06) per share, an improvement over net loss of \$(3.3) million, or \$(0.14) per share, reported in the first quarter of 2006. The improvement in net loss was primarily attributable to the growth in product revenues year-over-year, as well as a reduction in interest expenses. Per share calculations are based on 38.6 million shares in 2007 versus 23.0 million shares in 2006.

Gross Margin for the first quarter of 2007 was 23%, a substantial improvement as compared to the (5)% reported in the first quarter of 2006.

Cash and cash equivalents (including restricted cash) at March 31, 2007 was \$4.7 million.

### **Business Outlook**

"In April we closed a \$7.4 million financing, which will enhance our ability to focus on growing our product pipeline by successfully introducing and marketing our dynamic products. As we look forward in 2007, we believe it is too early to provide formal guidance; however we are currently targeting revenues to be in the range of \$6 to \$7.5 million for the full year versus \$3.1 million for 2006." Lintz concluded.

### **Conference Call Information**

A live conference call scheduled for 2:00 p.m. PT today can be accessed at:

800-218-0713 (toll free)  
303-275-2170 (international)

Please dial-in 5 minutes prior to the start time and give the company name "QPC Lasers" to the operator.

### **Conference Call Replay**

A replay of today's conference call can be accessed at:  
800-405-2236 (US and Canada)  
303-590-3000 (International)  
Passcode: 11090176#

### **Forward Looking Statements**

This release and other materials released by the Company from time to time contain or may contain forward looking statements and information that are based upon beliefs of, and information currently available to, the Company's management as well as estimates and assumptions made by the Company's management. When used in the materials the words "anticipate", "believe", "estimate", "expect", "future", "intend", "plan" or the negative of these terms and similar expressions as they relate to the Company or the Company's management identify forward looking statements. Such statements reflect the current view of the Company with respect to future events and are subject to risks, uncertainties, assumptions and other factors (including the risks contained in the sections of the Company's reports filed with the Securities and Exchange Commission entitled "Factors That May Affect Future Performance") relating to the Company's industry, the Company's operations and results of operations and any businesses that may be acquired by the Company. Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove incorrect, actual results may differ significantly from those anticipated, believed, estimated, expected, intended or planned. Although the Company believes that the expectations reflected in the forward looking statements are reasonable, the Company cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law, including the securities laws of the United States, the Company does not intend to update any of the forward-looking statements to conform these statements to actual results. The foregoing discussion should be read in conjunction with the Company's reports filed with the Securities and Exchange Commission.

### **Purchase Orders and Contracts**

The Company's purchase orders and contracts are subject to standard commercial cancellation terms and conditions.

### **About QPC Lasers, Inc.**

QPC Lasers, Inc. ([www.QPClasers.com](http://www.QPClasers.com)) is a world leader in the development and commercialization of high-brightness, high-power semiconductor lasers for the defense, homeland security, industrial, and medical markets. Founded in the year 2000, QPC is vertically integrated from epitaxy through packaging and performs all critical fabrication processes at its state-of-the-art high-technology facility in the Los Angeles suburb of Sylmar, CA. QPC is a publicly traded U.S. company (OTCBB: QPCI) and is ISO certified.

### **Contact QPC Lasers, Inc.**

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