

Photon Control Reports Second Quarter 2014 Financial Results

Burnaby, B.C., August 12, 2014 ~ Photon Control Inc. (“Photon Control” or the “Company”) (TSX-V: **PHO**), a leading developer of optical measurement technologies, released its unaudited financial results for the three and six months ended June 30, 2014.

In Q2 2014, Photon Control experienced an increase in sales, gross margins and profit results compared to Q2 of 2013. Photon Control’s product sales for the three months ended June 30, 2014 were \$4.1 million, an increase of \$0.4 million or approximately 11% compared with \$3.7 million reported in the same quarter of 2013. The Company’s profit before taxes for Q2 2014 was \$960,603 an increase of approximately 29% compared with \$743,516 profit before taxes for the same period in 2013.

The significant progress achieved during fiscal 2013 made a positive impact on Photon Control’s current fiscal year, securing the Company’s profitability throughout the first half of 2014. During the first six months of 2014, the Company achieved solid results with a good profitability progression recording \$9.9 million in product sales and \$3,032,714 profit before taxes, representing an increase of approximately 52% and 167% respectively compared to the same period last year.

The second quarter of 2014 continued to demonstrate a solid sales order backlog. As of June 30, 2014, Photon Control’s sales order backlog stood at \$3.3 million, equal to the reported backlog in Q2 2013. Photon Control remains encouraged by the upward trend in its sales order backlog, with the Company’s current backlog standing at \$3.9 million.

During the Normal Course Issuer Bid (the “NCIB”) period that ended on May 7, 2014, a total of 1,950,000 common shares of the Company were repurchased and cancelled. This includes 850,000 common shares purchased under the NCIB during Q1 2014, which were cancelled in Q2 2014.

During Q2 2014, Photon Control continued to build brand presence locally and in international markets through stronger on-line initiatives, with a new “responsive” website launch together with product demonstration videos, direct sales in local markets and continuing strong communication procedures with distributors. The Company participated in the Analytica exhibition in Munich, Germany and the Defense Sensing Security exhibition in Baltimore, Maryland where the Company presented its Spectrometer product line, Optical Temperature Sensors and the new PalmSense2. The Company also promoted its OEM manufacturing capabilities and met with potential distribution companies for the European market. In June 2014, the Company also unveiled the Focus® 2.0 Optical Flow Meter at the Global Petroleum show in Calgary.

To date in 2014, the Company has been recognized by Canadian Business and PROFIT in its 26th annual PROFIT 500, ranked in Business in Vancouver’s “Top 100 Tech Companies in B.C. and has been awarded “Technology Fast-Growth Business of the Year – Canada” in Acquisition International Magazine’s 2014 Business Excellence Awards.

About Photon Control Inc.

Photon Control Inc. designs, manufactures and distributes a wide range of optical sensors & instruments to measure temperature, pressure, position, and flow. These products are used by original equipment manufacturers (OEM) as well as end-users in the Semiconductor, Oil and Gas, Power, Life Science, and Manufacturing industries. Photon Control’s products provide high accuracy and reliability in extreme conditions and are supported by a team of experts that offer onsite installation, training, and support. Photon Control Inc. also provides engineering services for customized optical measurement systems. Headquartered in an ISO 9001:2008 manufacturing facility in Burnaby, BC, Photon Control Inc. is listed on the TSX Venture Exchange, trading under the symbol “PHO”. Additional information about the company can be found at www.photon-control.com/investorrelations.html

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Forward-Looking Statements

This news release contains forward looking statements, including statements regarding the business and anticipated financial performance of the Company, which involve risks and uncertainties. Such statements include, but are not limited to, statements with respect to the Company's objectives, goals, liquidity, sources of capital, expectations of sales and continued development of technologies and products.

Risks and uncertainties may cause the Company's actual results to differ materially from those contemplated by the forward-looking statements. Factors that might cause or contribute to such differences include, among others, risks and uncertainties as to the following: the Company's ability to successfully complete new purchase orders along the timelines expected; the Company's need for funds to achieve its goals and the availability and cost of financing the Company; the continued and future demand for the Company's products; the Company's present reliance on four major customers for the majority of its sales; the Company's reliance on the financial health of the semiconductor industry; the Company's ability to continue and further enhance revenue diversification and open new market opportunities; the development of competing technologies and the possibility of increased competition; the effect of slow growth in the United States, its principal market, as well as in Canada and other economies generally and other economic trends and conditions in the markets that the Company and its customers serve; risks associated with technical difficulties or delays in product introductions, improvements, implementation, product pricing or other initiatives of the Company and its competitors; factors that may result in a reduction in capital expenditures and/or delayed buying decisions affecting demand for the Company's products; currency fluctuations particularly between the Canadian and United States dollars; and risks in pursuing additional development projects to support existing customers or pursue other business opportunities.

Forward-looking statements are based on the beliefs, opinions and expectations of the Company's management at the time they are made, and the Company may, but does not assume any obligation to, update its forward-looking statements if those beliefs, opinions or expectations, or other circumstances, should change except as may be required by applicable securities laws. Readers should not place undue reliance on forward-looking statements.

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