

Investor Relations Counsel

Rudy R. Miller, Chairman, President & CEO

The Miller Group

www.themillergroup.nettel: 602.225.0505 email: virtra@themillergroup.net**VirTra Releases 2014 Second Quarter Financial Results**

Tempe, Arizona (August 15, 2014) -- **VirTra Systems (OTC Pink: VTSI)**, a leading provider of [firearms simulators](#) to military, law enforcement agencies and other organizations, today announced the release of its 2014 second quarter financial statements. The financial statements are available on VirTra's website and [here](#).

Financial Summary:

- Net Sales were \$2.1 million for the quarter ending June 30, 2014, an increase of \$0.5 million, or 34%, compared to the previous year's second quarter sales of \$1.6 million.
- Gross margin for the second quarter 2014 was 54% of Net Sales, compared to 68% last year. The drivers for the decrease are primarily due to client paid customization projects recorded in Cost of Products Sold.
- Sales, general and administrative (SG&A) expenses of \$1.1 million in Q2 2014 decreased 11%, from \$1.2 million in Q2 2013. As a percent of revenue, SG&A was 50% for Q2 2014 compared to 76% in Q2 2013. The decrease is mainly due to a portion of SG&A resources assigned to client paid customization projects.
- Income from operations increased \$0.2 million in Q2 2014 to \$0.1 million, compared to a loss of \$0.1 million in Q2 2013.
- Through June 30, 2014, the Company used \$1.4 million in cash from operating activities to fulfill orders secured by deposits. Cash and cash equivalents were \$0.9 million at the end of Q2 2014, down from \$2.4 million at December 31, 2013.
- The Company has no outstanding balance due on its line of credit as of June 30, 2014.

Bob Ferris, Chief Executive Officer of VirTra, commented, "Recent large international projects involved substantial investment in new technology and a major commitment of man hours, which will continue throughout the balance of 2014. The projects have pushed VirTra's products to new levels of capability. VirTra is expanding its scope and pursuing numerous national and international sales."

About VirTra Systems

VirTra is a global leading provider of the world's most realistic and effective [shooting simulators](#). VirTra is the higher standard in firearms training simulators, offering a variety of simulator platforms, powerful gas-powered recoil kits and the patented Threat-Fire™ simulated hostile return fire system. VirTra's products provide the very best simulation training available for personnel that are entrusted with lethal force and critical missions. The Company's common stock is not registered under the Securities Exchange Act of 1934 and the Company does not currently file periodic or other reports with the Securities and Exchange Commission.

www.VirTra.com**Forward-looking Statements**

This news release includes certain information that may constitute forward-looking statements made pursuant to the safe harbor provision of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are typically identified by terminology such as "will," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates," "proposed," "planned," "potential" and similar expressions, or are those, which, by their nature, refer to future events. All statements, other than statements of historical fact, included herein, including statements about VirTra's beliefs and expectations, are forward-looking statements. Forward-looking information is necessarily based upon a number of assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking information. Although VirTra believes that such statements are reasonable, it can give no assurance that such forward-looking information will prove to be accurate. VirTra cautions investors that any forward-looking statements by the Company are not guarantees of future results or performance, and that actual results may differ materially from those in forward-looking statements as a result of various factors. Accordingly, due to the risks, uncertainties and assumptions inherent in forward-looking information, readers and prospective investors in the Company's securities should not place undue reliance on forward-looking information. All forward-looking information contained in this press release is given as of the date hereof, is based upon the opinions and estimates of management and information available to management as at the date hereof and is subject to change. The Company assumes no obligation to revise or update forward-looking information to reflect new circumstances, whether as a result of new information, future events or otherwise, except as required by law.

- - - -FINANCIALS FOLLOWING- - - -

VIRTRA SYSTEMS, INC. BALANCE SHEETS as of:

	June 30, 2014	December 31,
	(unaudited)	2013
		(audited)
Assets		
Current assets:		
Cash and cash equivalents.....	\$ 931,766	\$ 2,358,955
Accounts receivable.....	1,106,694	786,877
Inventory.....	629,064	407,434
Prepaid expenses and other current assets.....	57,753	44,902
Total current assets.....	2,725,277	3,598,168
Property and equipment, net.....	407,692	460,513
Total assets.....	<u>\$ 3,132,969</u>	<u>\$ 4,058,681</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable.....	\$ 193,597	\$ 289,820
Accrued compensation and related costs.....	458,705	588,097
Accrued expenses and other current liabilities.....	130,837	153,875
Deferred revenue.....	491,848	1,516,792
Total current liabilities.....	1,274,987	2,548,584
Long-term liabilities:		
Accrued rent liability - long-term.....	120,183	144,990
Total liabilities.....	<u>1,395,170</u>	<u>2,693,574</u>
Commitments and contingencies		
Stockholders' equity:		
Preferred stock \$0.005 par value; 2,000,000 shares authorized; no shares issued or outstanding as of December 31, 2013 and 2012.....	-	-
Common stock \$0.005 par value; 500,000,000 shares authorized; 158,328,245 shares issued and 158,285,045 shares outstanding as of December 31, 2013 and 2012, respectively.....	791,641	791,641
Additional paid-in capital.....	13,190,396	13,144,044
Treasury stock at cost, 43,200 common shares as of December 31, 2013 and 2012, respectively.....	(2,981)	(2,981)
Accumulated deficit.....	<u>(12,241,257)</u>	<u>(12,567,597)</u>
Total stockholders' equity.....	1,737,799	1,365,107
Total liabilities and stockholders' equity.....	<u>\$ 3,132,969</u>	<u>\$ 4,058,681</u>

VIRTRA SYSTEMS, INC. STATEMENTS OF OPERATIONS for the period:

	<u>Three months ended June 30,</u>		<u>Six months ended June 30,</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Net revenues.....	\$ 2,107,014	\$ 1,570,243	\$ 4,068,664	\$ 4,059,911
Cost of products sold.....	966,087	508,011	1,717,279	1,260,438
Gross margin.....	1,140,927	1,062,232	2,351,385	2,799,473
General and administrative expenses.....	1,055,591	1,191,893	2,028,472	2,395,772
Income from operations.....	85,336	(129,661)	322,913	403,701
Other income/(expense):				
Other income.....	2,620	1	3,427	29
Other expense.....	-	(2,608)	-	(5,990)
Net other income/(expense).....	2,620	(2,607)	3,427	(5,961)
Income before income taxes.....	87,956	(132,268)	326,340	397,740
Income tax expense/(benefit).....	-	-	-	-
Net income.....	<u>\$ 87,956</u>	<u>\$ (132,268)</u>	<u>\$ 326,340</u>	<u>\$ 397,740</u>
Weighted average of common and common equivalent shares outstanding:				
-Basic.....	158,285,045	158,285,045	158,285,045	158,285,045
Net income per common and common equivalent share:				
-Basic.....	\$ 0.00	\$ (0.00)	\$ 0.00	\$ 0.00

VIRTRA SYSTEMS, INC. STATEMENTS OF STOCKHOLDERS' (DEFICIT)/EQUITY for the period:

	<u>Common stock</u>		<u>Additional paid-in capital</u>	<u>Treasury Stock</u>	<u>Accumulated Deficit</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>				
Balance at January 1, 2013.....	158,285,045	\$791,641	\$ 13,032,498	\$ (2,981)	\$(14,148,373)	\$ (327,215)
Net income.....	-	-	-	-	1,580,776	1,580,776
Stock-based compensation.....	-	-	111,546	-	-	111,546
Balance at December 31, 2013...	158,285,045	791,641	13,144,044	(2,981)	(12,567,597)	1,365,107
Net income.....	-	-	-	-	326,340	326,340
Stock-based compensation.....	-	-	46,352	-	-	46,352
Balance at June 30, 2014.....	<u>158,285,045</u>	<u>\$791,641</u>	<u>\$ 13,190,396</u>	<u>\$ (2,981)</u>	<u>\$(12,241,257)</u>	<u>\$1,737,799</u>

VIRTRA SYSTEMS, INC. STATEMENTS OF CASH FLOWS for the period:

	Six months ended June 30,	
	2014	2013
Cash flows from operating activities:		
Net income.....	\$ 326,340	\$ 397,740
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization.....	100,385	105,797
Stock-based compensation.....	46,352	51,826
Changes in operating assets and liabilities:		
Accounts receivable.....	(319,817)	(239,062)
Inventory.....	(221,630)	(340,300)
Prepaid expenses and other assets.....	(12,851)	20,125
Accounts payable and other accrued expenses.....	(273,460)	189,742
Deferred revenue.....	<u>(1,024,944)</u>	<u>332,543</u>
Net cash provided/(used) by operating activities.....	<u>(1,379,625)</u>	<u>518,411</u>
Cash flows from investing activities:		
Purchase of property and equipment.....	<u>(47,564)</u>	<u>(8,216)</u>
Net cash used in investing activities.....	<u>(47,564)</u>	<u>(8,216)</u>
Cash flows from financing activities:		
Draws on line of credit.....	-	150,000
Repayments of line of credit.....	-	(150,000)
Payments on term loan.....	<u>-</u>	<u>(39,767)</u>
Net cash used in financing activities.....	<u>-</u>	<u>(39,767)</u>
Increase/(decrease) in cash and cash equivalents.....	(1,427,189)	470,428
Cash and cash equivalents, beginning of period.....	<u>2,358,955</u>	<u>372,119</u>
Cash and cash equivalents, end of period.....	<u>\$ 931,766</u>	<u>\$ 842,547</u>
Cash paid during the period for:		
Interest.....	<u>\$ -</u>	<u>\$ 5,247</u>
Taxes.....	<u>\$ -</u>	<u>\$ -</u>

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