Encision Reports Fourth Quarter and Fiscal Year 2012 Results

The Associated Press

Encision Inc. (ECIA:PK), a medical device company owning patented surgical technology that is emerging as a standard of care in minimally-invasive surgery, today announced financial results for its fiscal 2012 fourth quarter and fiscal year ended March 31, 2012.

The Company posted quarterly revenue of $3.370 million and quarterly net profit of $40 thousand, or $0.01 per diluted share. These results compare to revenue of $2.921 million and net profit of $35 thousand, or $0.01 per diluted share, in the year-ago quarter. Gross margin was 57.5 percent compared to 58.7 percent in the year-ago quarter. Gross margin decreased from the year-ago due to higher labor costs on service revenue, which was offset slightly by lower unit overhead costs as a result of higher product revenue volume.

The Company posted fiscal year revenue of $12.989 million and fiscal year net loss of $531 thousand, or $(0.08) per diluted share. These results compare to revenue of $11.617 million and net profit of $5 thousand, or $0.00 per diluted share, in the year-ago fiscal year.

Gross margin was 54.1 percent compared to 62.1 percent in the year-ago fiscal year. Gross margin decreased from the year-ago due to higher material costs, higher unit overhead costs as a result of lower product revenue volume, and a one-time charge of $430,000, which occurred in the second quarter ended September 30, 2011, for a voluntary recall of certain electrode product, and higher labor costs on service revenue.

"Our fourth quarter net profit was a result of increased revenue and selected expense reductions," said Fred Perner, President and CEO. "On March 30 and April 16, 2012, we completed a private placement of 1,755,000 shares of our common stock at $1.00 a share and raised $1,755,000, before costs. The net proceeds from the sale of the shares were partially used to pay down our line of credit, and, as we announced previously, will be used for sales, marketing and quality programs and needed product development to enable us to execute our business plan and grow revenues and profitability in the future.

However, in the short-term, as we aggressively implement the plan and spend resources for these initiatives, we expect that, at least for the first and second quarters of the current fiscal year, we will not be profitable." Encision Inc. designs, develops, manufactures and markets innovative surgical devices that allow surgeons to optimize technique and patient safety during a broad range of surgical procedures. Based in Boulder, Colorado, the Company pioneered the development of patented AEM@ Laparoscopic Instruments to improve electrosurgery and reduce

the chance for patient injury in minimally invasive surgery.

In accordance with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, the Company notes that statements in this press release and elsewhere that look forward in time, which include everything other than historical information, involve risks and uncertainties that may cause actual results to differ materially from those indicated by the forward-looking statements. Factors that could cause the Company's actual results to differ materially include, among others, its ability to increase net sales through the Company's distribution channels, its ability to compete successfully against other manufacturers of surgical instruments, insufficient quantity of new account conversions, insufficient cash to fund operations, delay in developing new products and receiving FDA approval for such new products and other factors discussed in the Company's filings with the Securities and Exchange Commission. Readers are encouraged to review the risk factors and other disclosures appearing in the Company's Annual Report on Form 10-K for the year ended March 31, 2011 and subsequent filings with the Securities and Exchange Commission. We do not undertake any obligation to update publicly any forward-looking statements, whether as a result of the receipt of new information, future events, or otherwise.

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Condensed Balance Sheets (Amounts in thousands) (Unaudited) March 31, 2012 March 31, 2011 ASSETS Cash and cash equivalents $ 565 $ 120 Accounts receivable, net 1,428 1,160 Inventories, net 2,489 2,604 Prepaid expenses 28 74 Total current assets 4,510 3,958 Equipment, net 1,619 1,169 Patents, net 273 260 Other assets 7 24 Total assets $ 6,409 $ 5,411 LIABILITIES AND SHAREHOLDERS' EQUITY Accounts payable $ 1,040 $ 674 Accrued compensation 283 261 Other accrued liabilities 349 287 Line of credit -- 435 Total current liabilities 1,672 1,657 Common stock and additional paid-in capital 21,297 19,783 Accumulated (deficit) (16,560) (16,029) Total shareholders' equity 4,737 3,754 Total liabilities and shareholders' equity $ 6,409 $ 5,411 Encision Inc.

Condensed Statements of Operations (Amounts in thousands, except per share information) (Unaudited) Three Months Ended Fiscal Years Ended March 31, 2012 March 31, 2011 March 31, 2012 March 31, 2011 Net revenue: Product $ 2,873 $ 2,720 $11,226 $ 11,367 Service 497 201 1,763 250 Total revenue 3,370 2,921 12,989 11,617 Cost of revenue: Product 1,167 1,156 5,148 4,307 Service 265 51 816 97 Total cost of revenue 1,432 1,207 5,964 4,404 Gross profit 1,938 1,714 7,025 7,213 Operating expenses: Sales and marketing 1,020 1,017 4,329 4,242 General and administrative 531 324 1,819 1,457 Research and development 338 328 1,349 1,464 Total operating expenses 1,889 1,669 7,497 7,163 Operating income (loss) 49 45 (472) 50 Interest and other income (expense), net (9) (10) (59) (45) Income (loss) before provision for income taxes 40 35 (531) 5 Provision for income taxes -- -- -- -- Net income (loss) $ 40 $ 35 $ (531) $ 5 Net income (loss) per share-basic and diluted $ 0.01 $ 0.01 $ (0.08) $ 0.00 Basic weighted average number of shares 6,488 6,455 6,463 6,455 Diluted weighted average number of shares 6,490 6,464 6,463 6,465 SOURCE Encision Inc.

-0- 05/14/2012 /Web Site: http://www.encision.com [2] (OTC-PINK:ECIA) / CO: Encision Inc.

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