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Q.E.P. CO., INC. REPORTS FISCAL 2016 SIX MONTH AND SECOND QUARTER SALES AND EARNINGS AND ANNOUNCES CHIEF FINANCIAL OFFICER TRANSITION

RECORD SIX MONTH SALES – $160.0 MILLION
RECORD SECOND QUARTER SALES – $81.7 MILLION

SIX MONTH NET INCOME – $3.5 MILLION
SECOND QUARTER NET INCOME – $2.2 MILLION

BOCA RATON, FLORIDA— September 28, 2015—Q.E.P. CO., INC. (OTC: QEPC.PK) (the "Company") today reported its consolidated results of operations for the first six months and second quarter of its fiscal year ending February 29, 2016 and reported that Richard A. Brooke, its Senior Vice President and Chief Financial Officer, is retiring and will be succeeded by Mark S. Walter.

Fiscal Year 2016 Results

The Company reported net sales of $160.0 million for the six months ended August 31, 2015, an increase of $3.2 million or 2.1% from the $156.8 million reported in the same period of fiscal 2015. As a percentage of net sales, gross margin was 27.1% in the first six months of fiscal 2016 compared to 27.4% in the first six months of fiscal 2015.

Net sales for the second quarter of fiscal 2016 were $81.7 million and reflected a gross margin of 27.1% compared to net sales of $77.0 million and a gross margin of 27.0% for the second quarter of fiscal 2015.

Lewis Gould, Chairman of the Company's Board of Directors, commented: "I am pleased with this year's profit improvement. Increased unit sales, cost containment actions and decreases in certain commodity prices along with the hard work and dedication of our associates have made a difference in spite of the headwinds from the continued weakness of foreign currencies." Mr. Gould continued: "Your Company is committed to continued product innovation while maintaining strict cost controls as we move forward."

Net sales for the three and six month periods ended August 31, 2015 as compared to the comparable periods in the prior fiscal year principally reflects growth across multiple product lines in the US and the expansion of product lines in certain of our foreign operations. The impact of changes in foreign currency rates, however, continued to negatively impact both the purchasing power of the Company's international operations and the translation of international results.

The Company's gross margin as a percentage of net sales for both the quarter and year-to-date remained relatively stable compared to the same periods in the prior fiscal year. The Company benefited from changes in the product mix, price increases and reduced raw material costs, offset by the negative impact of changes in foreign currency rates on the purchasing power in our international operations.

Operating expenses for the first six months and second quarter of fiscal 2016 were $37.4 million and $18.4 million, respectively, or 23.4% and 22.5% of net sales in those periods, compared to $39.7 million and $19.6 million, respectively, or 25.3% and 25.4% of net sales in the comparable fiscal 2015 periods. The decrease in operating expenses was driven by targeted decreases in US marketing costs, decreased shipping costs related to customer and product mix and the favorable translation impact of foreign currency movements.

Non-operating income for the first six months and the second quarter of fiscal 2015 represents the settlement of a third party obligation associated with a prior year acquisition.

The decrease in interest expense during fiscal 2016 as compared to fiscal 2015 is principally the result of the repayment of $5.6 million outstanding under a term loan facility in the first quarter of fiscal 2016.

The provision for income taxes as a percentage of income before taxes for the first six months and second quarter of fiscal 2016 was 35.0% in each period, compared to 32.2% and 28.7%, respectively, for the comparable periods of fiscal 2015. The effective tax rate in both fiscal years reflects the relative contribution of the Company's earnings sourced from its international operations. The effective tax rate in fiscal 2015 also reflects the second quarter benefit of certain employment related US state income tax credits.

Net income for the first six months and second quarter of fiscal 2016 was $3.5 million and $2.2 million, respectively, or $1.08 and $0.69, respectively, per diluted share. For the comparable periods of fiscal 2015, net income was $1.6 million and $0.5 million, respectively, or $0.49 and $0.16, respectively, per diluted share.

Earnings before interest, taxes, depreciation and amortization (EBITDA) and non-operating income for the first six months and second quarter of fiscal 2016 was $8.2 million and $4.8 million, respectively, as compared to $5.7 million and $2.5 million, respectively, for the comparable periods of fiscal 2015.

	For the Three Months Ended August 31,		For the Six Months Ended August 31,	
	2015	2014	2015	2014
Net income	$ 2,220	$ 516	$ 3,488	$ 1,605
Add: Interest expense, net	287	350	607	650
Provision for income taxes	1,195	208	1,878	762
Depreciation and amortization	1,115	1,272	2,185	2,591
Settlement of acquisition claim	-	133	-	133
EBITDA before non-operating expense	$ 4,817	$ 2,479	$ 8,158	$ 5,741

Cash provided by operations during the first six months of fiscal 2016 was $3.5 million as compared to $0.4 million in the first six months of fiscal 2015, reflecting both the increase in operating income and additional net investments in working capital. During fiscal 2016, the Company's capital expenditures and treasury stock purchases were funded through cash from operations as additional funds from operations were used, along with cash balances, to reduce debt. During the first six months of fiscal 2015, investments in an acquisition, capital expenditures and the Company's continuing treasury stock program were funded through a combination of borrowings and cash from operations.

Working capital at the end of the Company's fiscal 2016 second quarter was $38.3 million compared to $34.5 million at the end of the 2015 fiscal year. Aggregate debt, net of available cash balances, at the end of the

Company's fiscal 2016 second quarter was $31.9 million or 46% of equity, a decrease of $3.0 million compared to $34.9 million or 53% of equity at the end of the 2015 fiscal year.

Chief Financial Officer Transition

The Company also announced the retirement of Richard A. Brooke, the Company's Senior Vice President and Chief Financial Officer, effective October 2, 2015. Mark S. Walter, 49, will assume the role of Chief Financial Officer. Mr. Walter has served as Senior Vice President Finance of the Company since August 2015. Mr. Walter has over 25 years of experience in finance and accounting, including ten years in various CFO roles, spanning public and private companies, private equity and public accounting. Mr. Walter is a CPA and was most recently President of MTN Satellite Communications, a private equity sponsored software, communications and technology company that was acquired by an affiliate of Abry Partners in July 2015.

Mr. Gould stated, "Earlier in the year Richard indicated his desire to move on to a new phase in his life, but assured us that that he wished to ensure an orderly transition to a new CFO. That transition has now been accomplished. Over the past decade, Richard has served to help shape the Company's overall direction by leading several of the Company's most significant acquisitions, instilling a financial mindset throughout the organization focused on improving performance and expanding our worldwide financing capabilities. We thank him for his many contributions and wish him every success in the future."

The Company will be hosting a conference call to discuss these results and to answer your questions at 11:00 a.m. Eastern Time on Thursday, October 1, 2015. If you would like to join the conference call, dial 1-888-329-8893 toll free from the US or 1-719-785-1753 internationally approximately 10 minutes prior to the start time and ask for the Q.E.P. Co., Inc. Second Quarter Conference Call / Conference ID 357831. A replay of the conference call will be available until midnight October 8, 2015 by calling 1-877-870-5176 toll free from the US and entering pin number 357831; internationally, please call 1-858-384-5517 using the same pin number.

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Q.E.P. Co., Inc., founded in 1979, is a world class, worldwide provider of innovative, quality and value-driven flooring and industrial solutions. As a leading manufacturer, marketer and distributor, QEP delivers a comprehensive line of hardwood and laminate flooring, flooring installation tools, adhesives and flooring related products targeted for the professional installer as well as the do-it-yourselfer. In addition, the Company provides industrial tools with cutting edge technology to the industrial trades. Under brand names including QEP®, ROBERTS®, Capitol®, Harris®Wood, Fausfloor®, Vitrex®, Homelux®, TileRite®, PRCI®, Nupla®, HISCO®, Plasplugs, Ludell®, Porta-Nails®, Tomecanic®, Bénètiere® and Elastiment®, the Company sells its products to home improvement retail centers, specialty distribution outlets, municipalities and industrial solution providers in 50 states and throughout the world.

This press release contains forward-looking statements, including statements regarding economic conditions, sales growth, product development and marketing, cost savings and currency exchange rates. These statements are not guarantees of future performance and actual results could differ materially from our current expectations.

-Financial Information Follows-

Q.E.P. CO., INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
(In thousands except per share data)
(Unaudited)

	For the Three Months Ended August 31,		For the Six Months Ended August 31,	
	2015	2014	2015	2014
Net sales	$ 81,706	$ 77,048	$ 159,973	$ 156,755
Cost of goods sold	59,594	56,244	116,619	113,872
Gross profit	22,112	20,804	43,354	42,883
Operating expenses:				
Shipping	7,106	7,580	14,416	15,096
General and administrative	6,329	6,014	12,585	12,602
Selling and marketing	5,087	6,100	10,578	12,254
Other income, net	(112)	(97)	(198)	(219)
Total operating expenses	18,410	19,597	37,381	39,733
Operating income	3,702	1,207	5,973	3,150
Non-operating expense	-	(133)	-	(133)
Interest expense, net	(287)	(350)	(607)	(650)
Income before provision for income taxes	3,415	724	5,366	2,367
Provision for income taxes	1,195	208	1,878	762
Net income	$ 2,220	$ 516	$ 3,488	$ 1,605
Net income per share:				
Basic	$ 0.69	$ 0.16	$ 1.09	$ 0.49
Diluted	$ 0.69	$ 0.16	$ 1.08	$ 0.49
Weighted average number of common shares outstanding:				
Basic	3,206	3,246	3,209	3,252
Diluted	3,228	3,269	3,231	3,274

Q.E.P. CO., INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)
(Unaudited)

	For the Three Months Ended August 31, 2015	For the Three Months Ended August 31, 2014	For the Six Months Ended August 31, 2015	For the Six Months Ended August 31, 2014
Net income	$ 2,220	$ 516	$ 3,488	$ 1,605
Unrealized currency translation adjustments	(363)	(415)	(481)	(129)
Comprehensive income	$ 1,857	$ 101	$ 3,007	$ 1,476

Q.E.P. CO., INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands except per share values)

	August 31, 2015 (Unaudited)	February 28, 2015
ASSETS		
Cash	$ 6,484	$ 10,576
Accounts receivable, less allowance for doubtful accounts of $411 and $404 as of August 31, 2015 and February 28, 2015, respectively	44,637	39,924
Inventories	45,602	44,121
Prepaid expenses and other current assets	2,488	3,057
Deferred income taxes	661	660
Current assets	99,872	98,338
Property and equipment, net	20,499	21,713
Deferred income taxes, net	3,796	3,835
Intangibles, net	18,079	18,721
Other assets	564	600
Total Assets	$ 142,810	$ 143,207
LIABILITIES AND SHAREHOLDERS' EQUITY		
Trade accounts payable	$ 19,901	$ 18,097
Accrued liabilities	15,108	13,111
Lines of credit	24,395	24,895
Current maturities of notes payable	2,132	7,759
Current liabilities	61,536	63,862
Notes payable	11,841	12,781
Other long term liabilities	732	765
Total Liabilities	74,109	77,408
Preferred stock, 2,500 shares authorized, $1.00 par value; 337 shares issued and outstanding at August 31, 2015 and February 28, 2015	337	337
Common stock, 20,000 shares authorized, $.001 par value; 3,801 shares issued; 3,206 and 3,214 shares outstanding at August 31, 2015 and February 28, 2015, respectively	4	4
Additional paid-in capital	10,708	10,679
Retained earnings	67,467	63,983
Treasury stock, 594 and 586 shares held at cost at August 31, 2015 and February 28, 2015, respectively	(6,714)	(6,584)
Accumulated other comprehensive income	(3,101)	(2,620)
Shareholders' Equity	68,701	65,799
Total Liabilities and Shareholders' Equity	$ 142,810	$ 143,207

Q.E.P. CO., INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	For the Six Months Ended August 31, 2015	For the Six Months Ended August 31, 2014
Operating activities:		
Net income	$ 3,488	$ 1,605
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,185	2,591
Other non-cash adjustments	117	80
Changes in assets and liabilities, net of acquisition:		
Accounts receivable	(5,093)	(2,417)
Inventories	(1,763)	(557)
Prepaid expenses and other assets	591	(730)
Trade accounts payable and accrued liabilities	3,934	(215)
Net cash provided by operating activities	3,459	357
Investing activities:		
Proceeds from sale of property	344	87
Capital expenditures	(592)	(547)
Acquisition	-	(254)
Net cash used in investing activities	(248)	(714)
Financing activities:		
Net borrowings (repayments) under lines of credit	(667)	728
Net borrowings (repayments) of notes payable	(6,568)	9,501
Purchase of treasury stock	(60)	(396)
Dividends	(4)	(4)
Net cash provided by (used in) financing activities	(7,299)	9,829
Effect of exchange rate changes on cash	(4)	-
Net (decrease) increase in cash	(4,092)	9,472
Cash at beginning of period	10,576	2,621
Cash at end of period	$ 6,484	$ 12,093