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NEWS RELEASE

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FOR IMMEDIATE RELEASE

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***Precision Optics Corporation, Inc. Operating Results for Six Months
 Ended December 31, 2012 and Recent Operating Activities***

GARDNER, MA February 25, 2013—Precision Optics Corporation, Inc. (OTCQB: PEYE) (the “Company”) today announced operating results for the three and six month periods ended December 31, 2012, as filed with the Securities and Exchange Commission on February 14, 2013.

The following table summarizes the results for the three and six months ended December 31, 2012 and 2011, presented in accordance with generally accepted accounting principles (GAAP):

	Three Months Ended December 31,		Six Months Ended December 31,	
	2012	2011	2012	2011
Revenues	\$ 498,667	\$ 493,774	\$ 1,062,065	\$ 998,523
Operating Loss	(353,475)	(312,343)	(710,319)	(575,545)
Other income (expense)				
Gain on Sale of Patents	-	-	-	2,276,286
Non-Cash Provision for Claims for Liquidated				
Damages	(629,000)	-	(629,000)	-
Other	75,991	(12,532)	74,741	(27,175)
Net Income (Loss)	\$ (906,484)	\$ (324,875)	\$ (1,264,578)	\$ 1,673,566
Income (Loss) Per Share:				
Basic	\$ (0.22)	\$ (0.27)	\$ (0.47)	\$ 1.55
Diluted	\$ (0.22)	\$ (0.27)	\$ (0.47)	\$ 1.47
Weighted Average Common Shares Outstanding:				
Basic	4,035,656	1,191,138	2,688,788	1,081,075
Diluted	4,035,656	1,191,138	2,688,788	1,160,355

Revenues for the quarter ended December 31, 2012 were \$498,667 compared to \$493,774 for the same period in the prior year, representing an increase of 1.0%. Revenues for the six months ended December 31, 2012 were \$1,062,065 compared to \$998,523 for the same period in the prior year, representing an increase of 6.4%.

The year-over-year increase in revenues resulted from increases in the Company’s ongoing sales of previously developed products, as well as a newly designed addition to the Company’s line of advanced surgical visualization products for use in spinal surgery.

Operating loss for the quarter ended December 31, 2012 was \$353,475 compared to \$312,343 for the same period in the prior year, representing an increase of 13.2%. Operating loss for the six months ended December 31, 2012 was \$710,319 compared to \$575,545 for the same period in the prior year, representing an increase of 23.4%.

The increase in the operating loss in the quarter and six months ended December 31, 2012 over the same periods in the prior year is primarily attributed to lower gross margins as a result of new product start-up manufacturing costs and higher research and development expenses.

Net loss for the quarter ended December 31, 2012 was \$906,484, or \$0.22 per fully-diluted share, compared to a net loss of \$324,875, or \$0.27 per fully-diluted share for the same period in the prior year. Net loss in the quarter ended December 31, 2012 includes a non-cash provision for claims for liquidated damages of \$629,000, and a gain on the settlement of accounts payable of \$76,149.

Net loss for the six months ended December 31, 2012 was \$1,264,578, or \$0.47 per fully-diluted share, compared to net income of \$1,673,566, or \$1.47 per fully-diluted share for the same period in the prior year. Net income in the six months ended December 31, 2011 included a gain on the sale of patents of \$2,276,286.

After removal of the non-cash provision for claims for liquidated damages and the gain on the sale of patents described above, the pro forma (non-GAAP) net loss for the three and six months ended December 31, 2012 was \$277,484 and \$635,578, respectively, compared with a pro forma net loss of \$324,875 and \$602,720, respectively, for the three and six months ended December 31, 2011. The decrease in the pro forma net loss of \$47,391 for the quarter ended December 31, 2012 as compared to the same period in the prior year is primarily attributed to a gain on the settlement of accounts payable of \$76,149, partially offset by lower gross margins as a result of new product start-up manufacturing costs and higher research and development expenses. The increase in the pro forma net loss of \$35,858 for the six months ended December 31, 2012 as compared to the same period in the prior year is primarily attributed to lower gross margins as a result of new product start-up manufacturing costs and higher research and development expenses, partially offset by the gain on the settlement of accounts payable of \$76,149. The Company has provided this non-GAAP financial information to aid investors in better understanding the Company's performance.

Cash and cash equivalents were \$1,635,422 at December 31, 2012 compared to \$145,923 at June 30, 2012. As previously announced, in September 2012, the Company completed a private offering to accredited investors for the sale and purchase of units consisting of common stock and common stock purchase warrants, generating gross proceeds of approximately \$2.5 million and net proceeds of approximately \$2.2 million. Such funds are currently available for the Company's general working capital needs.

Recent Production and Marketing Activities

We are excited about the continued development, commercialization, and market acceptance of our new products and technical innovations based upon our unique proprietary technology. As previously disclosed in our Current Report on Form 8-K filed with the Securities and Exchange Commission on April 18, 2012, we accepted an order from a customer to purchase very small diameter endoscopes that incorporate our proprietary Microprecision™ lens technology, for a total purchase amount of \$1,032,000 (the "April 2012 Order"). We have successfully completed all substantive pre-production validation testing and are awaiting final customer approval to begin production and shipment of this product, which we expect to begin within the next few months.

We have also focused recent operational efforts on sales and marketing activities intended to broaden awareness of the benefits of our new technology platforms, which we believe are ready for general application to medical device projects requiring surgery-grade visualization from sub-millimeter sized devices and handheld 3D endoscopy. During the last two weeks of January, we visited two of our largest customers, both major medical device companies, and conducted successful demonstrations of our latest technology and products. From February 5 through February 7, 2013, we attended the SPIE Photonics West Conference in San Francisco, California, where we exhibited our latest technology, and from February 12 through February 14, 2013, we continued to exhibit our technology in Anaheim, California at the Medical Design & Manufacturing (MD&M) West show. Our new technology has been well received during these recent customer visits and trade shows, both of which have already resulted in follow-up discussions with a number of existing and new potential customers.

About Precision Optics Corporation

Precision Optics Corporation has been a leading developer and manufacturer of advanced optical instruments since 1982. Using proprietary optical technologies, the Company designs and produces next generation medical instruments, MicroprecisionTM micro-optics with characteristic dimensions less than 1 millimeter, and other advanced optical systems for a broad range of customers including some of the largest world-wide medical device companies. The Company's innovative medical instrumentation line includes state-of-the-art endoscopes and endocouplers as well as custom illumination and imaging products for use in minimally invasive surgical procedures. The Company believes that current advances in its proprietary micro-optics and 3D imaging technologies present significant opportunities for expanding applications to numerous potential medical products and procedures. The Company's website is www.poci.com. Investors can find Real-Time Quotes and market information for the Company on www.otcmarkets.com/stock/PEYE/quote.

About Forward-Looking Statements

This press release contains forward-looking statements. Forward-looking statements include, but are not limited to, statements that express the Company's intentions, beliefs, expectations, strategies, predictions or any other statements related to its future activities or future events or conditions. These statements are based on current expectations, estimates and projections about the Company's business based, in part, on assumptions made by its management. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in the forward-looking statements due to numerous factors, including those risks discussed in the Company's annual report on Form 10-K and in other documents that it may file from time to time with the SEC. Any forward-looking statements speak only as of the date on which they are made, and the Company does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this report, except as required by law.