



PRECISION OPTICS CORPORATION

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NEWS RELEASE

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Precision Optics Corporation, Inc. Announces Operating Results for the Third Quarter and Nine Months Ended March 31, 2013

GARDNER, MA May 20, 2013– Precision Optics Corporation, Inc. (OTCQB: PEYE) (the “Company”) announces operating results for the third quarter and nine month period ended March 31, 2013.

The following table summarizes the third quarter and nine month results for the periods ending March 31, 2013 and 2012:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2013	2012	2013	2012
Revenues	\$ 655,341	\$ 382,264	\$ 1,717,406	\$ 1,380,787
Gross Profit	158,761	10,323	368,572	260,937
Operating Expenses	508,755	501,213	1,428,885	1,327,372
Operating Loss	(349,994)	(490,890)	(1,060,313)	(1,066,435)
Net Income (Loss)	(349,994)	(492,139)	(1,614,572)	1,181,427
Income (Loss) Per Share:				
Basic	\$ (0.08)	\$ (0.40)	\$ (0.50)	\$ 1.04
Diluted	\$ (0.08)	\$ (0.40)	\$ (0.50)	\$ 0.97
Weighted Average Common Shares Outstanding:				
Basic	4,279,467	1,245,339	3,211,274	1,135,432
Diluted	4,279,467	1,245,339	3,211,274	1,243,527

Revenues for the quarter ended March 31, 2013 were \$655,341 compared to \$382,264 for the same period last year, representing an increase of 71.4%, and as compared to revenues of \$498,667 for the quarter ended December 31, 2012, increased sequentially by 31.4%. Revenues for the nine months ended March 31, 2013, were \$1,717,406 compared to \$1,380,787 for the same period last year, representing an increase of 24.4%.

The increase in revenues resulted from increases in the Company’s ongoing sales of previously developed products, as well as newly designed products, most of which are used for medical applications.

Operating loss for the quarter ended March 31, 2013 was \$349,994 compared to \$490,890 for the same period last year, representing an improvement of \$140,896. Operating loss for the nine months ended March 31, 2013 was \$1,060,313 compared to \$1,066,435 for the same period last year, representing an improvement of \$6,122.

The decrease in the operating loss in the quarter and nine months ended March 31, 2013 over the same periods last year is primarily attributable to higher gross margins as a result of higher unit sales volumes, substantially offset during the nine month period by higher operating expenses.

Net loss for the quarter ended March 31, 2013 was \$349,994 compared to a net loss of \$492,139 for the quarter ended March 31, 2012.

Net loss for the nine months ended March 31, 2013 was \$1,614,572 compared to net income of \$1,181,427 for the nine months ended March 31, 2012. Net loss in the nine months ended March 31, 2013 includes a non-cash expense for settlement of claims for liquidated damages of \$629,000 and a non-cash settlement of accounts payable of \$76,149. Net income in the nine months ended March 31, 2012 includes a gain on the sale of patents of \$2,276,286.

Cash and cash equivalents were \$1,278,384 at March 31, 2013 compared to \$145,923 at June 30, 2012. During the quarter ended March 31, 2013, the Company used cash in operating activities of \$343,539, a \$142,003 improvement from the cash used in operating activities of \$485,542 recorded for the previous quarter ended December 31, 2012. As previously announced, in September 2012 the Company completed a private offering with net proceeds of approximately \$2.2 million.

Commenting on the results of the quarter, Company President and CEO, Joseph N. Forkey said, “We are pleased by the quarter-over-quarter and year-over-year increases in sales and associated reduction in cash usage as we move towards our goal of profitable operations. We continue to see strong interest in our Microprecision™ lens technology, particularly in connection with CMOS sensor based single-use medical endoscopes. It is now clear that demand for these types of medical devices is developing quickly and that we are well-positioned to play a pivotal role in this market based on our proprietary micro lens and optical assembly technology.”

During January and February 2013, we visited three large medical device companies who are existing customers of ours and conducted successful demonstrations of our latest technology and products. All three of these meetings have led to additional, ongoing discussions related to near- and long-term business opportunities including, in all three cases, customer initiated requests for quotations for new products based on our proprietary technology.

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, Microprecision™ 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. We believe that current advances in our 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 our intentions, beliefs, expectations, strategies, predictions or any other statements related to our future activities or future events or conditions. These statements are based on current expectations, estimates and projections about our business based, in part, on assumptions made by our management. These statements are not guarantees of future performances 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 our annual report on Form 10-K and in other documents that we file from time to time with the SEC. Any forward-looking statements speak only as of the date on which they are made, and we do 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.