



PRECISION OPTICS CORPORATION

22 EAST BROADWAY  
 GARDNER, MASSACHUSETTS 01440-3338  
 Telephone 978 / 630-1800  
 Telefax 978 / 630-1487

**NEWS RELEASE**

**POC14-0094**

FOR IMMEDIATE RELEASE

**Tuesday, May 20, 2014**

**Precision Optics Corporation, Inc. Announces Operating Results for the Third Quarter and Nine Months Ended March 31, 2014**

GARDNER, MA May 20, 2014– Precision Optics Corporation, Inc. (OTCQB: PEYE) (the “Company”) today announced operating results on an unaudited basis for the third quarter and nine months ended March 31, 2014.

Highlights include:

- Quarterly year-over-year sales increase of 27.2%
- Nine months year-over-year sales increase of 60.0%
- Reduction of year-over-year year-to-date operating loss
- Reduction of year-over-year cash used in operating activities

Commenting on the quarter, Joseph Forkey, Chief Executive Officer of Precision Optics said, “We are pleased with the significant and ongoing year-over-year increases in revenue and we believe there is opportunity for continuing revenue growth combined with increasing gross profit percentage in our existing business areas, particularly in engineering and manufacturing of high quality optical systems for medical device applications. In addition, we continue to pursue substantial future opportunities in the developing area of single-use, CMOS-based, small endoscopes that rely on POC’s proprietary Microprecision™ lens and assembly technology.”

The following table summarizes the third quarter and nine months results for the periods ended March 31, 2014 and 2013 (unaudited):

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2014	2013	2014	2013
Revenues	\$ 833,451	\$ 655,341	\$ 2,748,594	\$ 1,717,406
Gross Profit	189,232	158,761	654,882	368,572
Operating Expenses	569,666	508,755	1,498,490	1,428,885
Operating Loss	(380,434)	(349,994)	(843,608)	(1,060,313)
Net Loss	(380,434)	(349,994)	(843,608)	(1,614,572)
Loss Per Share:				
Basic	\$ (0.09)	\$ (0.08)	\$ (0.19)	\$ (0.50)
Diluted	\$ (0.09)	\$ (0.08)	\$ (0.19)	\$ (0.50)

Weighted Average Common Shares Outstanding:

Basic	4,455,134	4,279,467	4,455,134	3,211,274
Diluted	4,455,134	4,279,467	4,455,134	3,211,274

Revenues for the quarter ended March 31, 2014 were \$833,451, as compared to \$655,341 for the same period in the prior year, and represented an increase of 27.2%. Revenues for the nine months ended March 31, 2014 were \$2,748,594, as compared to \$1,717,406 for the same period in the prior year, and represented an increase of 60.0%.

The increase in revenues for the quarter and nine months ended March 31, 2014 resulted from increases in the Company's ongoing sales of previously developed products, as well as sales of newly designed products, most of which are used for medical applications.

Operating and net loss for the quarter ended March 31, 2014 was \$380,434, as compared to \$349,994 for the same period in the prior year, and represented an increase of \$30,440. Operating loss for the nine months ended March 31, 2014 was \$843,608, as compared to \$1,060,313 for the same period in the prior year, and represented an improvement of \$216,705.

The decrease in the operating loss for the nine months ended March 31, 2014 as compared to the same period in the prior year is primarily attributed to lower research and development expenses incurred by the Company, along with higher reported sales and gross profit, partially offset by higher selling, consulting, legal and stock-based compensation expenses incurred. Non-cash stock-based expenses including consulting expenses of \$182,822 and \$73,913 are included in operating expenses for the nine months ended March 31, 2014 and 2013, respectively, and \$88,606 and \$52,898 in the three months ended March 31, 2014 and 2013, respectively.

Net loss for the nine months ended March 31, 2014 was \$843,608, as compared to a net loss of \$1,614,572 for the nine months ended March 31, 2013. Net loss in the nine months ended March 31, 2013 included a non-cash expense for settlement of claims for liquidated damages of \$629,000, a non-cash gain on settlement of accounts payable of \$76,149, and interest expense of \$1,408.

Cash and cash equivalents were \$364,863 at March 31, 2014, as compared to \$1,034,587 at June 30, 2013, and represented a decrease in cash of \$669,724. Cash used in operating activities was \$219,236 for the quarter ended March 31, 2014, as compared to \$343,539 for the quarter ended March 31, 2013, and represented an improvement of \$124,303. Working capital (current assets minus current liabilities) at March 31, 2014 was \$951,775, and represented a decrease of \$726,366 as compared to working capital at June 30, 2013.

### **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<sup>TM</sup> micro-optics with characteristic dimensions of 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](http://www.poci.com). Investors can find Real-Time Quotes and market information for the Company on [www.otcm Markets.com/stock/PEYE/quote](http://www.otcm Markets.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 the Company's 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 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 the Company's annual report on Form 10-K and in other documents that it files 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.