



PRECISION OPTICS CORPORATION

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

NEWS RELEASE

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FOR IMMEDIATE RELEASE

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Precision Optics Corporation, Inc. Announces Operating Results for the Fourth Quarter and Year Ended June 30, 2013

GARDNER, MA October 1, 2013– Precision Optics Corporation, Inc. (OTCQB: PEYE) (the “Company”) today announced operating results on an unaudited basis for the fourth quarter and year ended June 30, 2013.

Highlights include:

- Quarter-over-quarter sequential sales increase of 22.4%
- Year-over-year sales increase of 17.1%
- Reduction of year-over-year and quarter-over-quarter operating loss
- Reduction of year-over-year and quarter-over-quarter cash used in operating activities

“We are pleased by our accomplishments during fiscal year 2013, including consistent improvements in revenues and financial performance. We continue to make significant progress in marketing our world-class imaging technologies for use in an expanding array of medical devices and other instruments,” said Joseph Forkey, Precision Optics’ Chief Executive Officer. “Our development efforts over the last several years, particularly in the area of very small, high precision lenses and assemblies, are beginning to pay off as the medical device industry recognizes the value of our unique micro-optics design and manufacturing capabilities. Our proprietary technologies now serve as critical components in the design and manufacture of products used in the developing market of single-use medical imaging devices with the highest level of imaging performance. We look forward to the ongoing adoption of these new devices which are enabled by Precision Optics’ technology.”

The following table summarizes the fourth quarter and year end results for fiscal years ending June 30, 2013 and 2012 (unaudited):

	Three Months Ended June 30,		Year Ended June 30,	
	2013	2012	2013	2012
Revenues	\$ 802,337	\$ 771,609	\$ 2,519,743	\$ 2,152,396
Gross Profit	285,856	296,469	654,428	557,406
Operating Expenses	458,052	514,763	1,886,937	1,842,135
Operating Loss	(172,196)	(218,294)	(1,232,509)	(1,284,729)
Net Income (Loss)	(173,108)	(220,455)	(1,787,680)	960,972
Income (Loss) Per Share:				
Basic	\$ (0.04)	\$ (0.18)	\$ (0.51)	\$ 0.83
Diluted	\$ (0.04)	\$ (0.18)	\$ (0.51)	\$ 0.78

Weighted Average Common Shares Outstanding:				
Basic	4,455,134	1,249,339	3,521,387	1,163,775
Diluted	4,455,134	1,249,339	3,521,387	1,275,938

Revenues for the quarter ended June 30, 2013 were \$802,337 compared to \$771,669 for the same period last year, representing an increase of 4.0%, and compared to revenues of \$655,341 for the quarter ending March 31, 2013, representing a quarter-over-quarter sequential increase of 22.4%. Revenues for the year ended June 30, 2013 were \$2,519,743 compared to \$2,152,396 for the same period last year, representing an increase of 17.1%.

The increase in revenues for the quarter and year ended June 30, 2013 resulted from increases in sales of the Company's products, both previously and newly designed, most of which are designed for use in medical applications.

Operating loss for the quarter ended June 30, 2013 was \$172,196 compared to \$218,294 for the same period last year, representing an improvement of \$46,098. Operating loss for the year ended June 30, 2013 was \$1,232,509 compared to \$1,284,729 for the same period last year, representing an improvement of \$52,220.

The decrease in the operating loss in the quarter and year ended June 30, 2013 over the same periods last year is primarily attributable to lower research and development expenses, and for the fiscal year, higher sales and gross profit partially offset by higher selling expenses.

Net loss for the quarter ended June 30, 2013 was \$173,108 compared to a net loss of \$220,455 for the quarter ended June 30, 2012, representing an improvement of \$47,347.

Net loss for the year ended June 30, 2013 was \$1,787,680 compared to net income of \$960,972 for the year ended June 30, 2012. Net loss in the year ended June 30, 2013 included a non-cash expense for settlement of claims for liquidated damages of \$629,000 and a non-cash gain on settlement of accounts payable of \$76,149. Net income in the year ended June 30, 2012 included a gain on the sale of patents of \$2,276,286.

Cash and cash equivalents were \$1,034,587 at June 30, 2013 compared to \$145,923 at June 30, 2012. During the quarter ended June 30, 2013, the Company used cash in operating activities of \$236,185, a \$137,354 improvement from the cash used in operating activities of \$373,539 recorded for the Company's previous quarter ended March 31, 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, 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. 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.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.