



## PRECISION OPTICS CORPORATION

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

### **NEWS RELEASE**

*POC14-0234*

FOR IMMEDIATE RELEASE

**Thursday, November 13, 2014**

## **Precision Optics Corporation, Inc. Announces Operating Results for the First Quarter of Fiscal Year 2015 ended September 30, 2014**

GARDNER, MA November 13, 2014. Precision Optics Corporation, Inc. (OTCQB: PEYE) (the "Company") today announced operating results on an unaudited basis for its quarter ended September 30, 2014, the first quarter of its fiscal year 2015.

First quarter highlights include:

- Completion of \$1 million financing
- Addition of two new members to the Board of Directors
- Addition of Director of Engineering
- Initiation and continuation of significant development contracts for the design and manufacture of micro-optics based devices
- Advancement of discussions with strategic partners related to medical devices utilizing the Company's Microprecision™ optics and next generation image sensors

Precision Optics' CEO Joseph Forkey commented, "We continue to make progress with the introduction of our unique proprietary technologies into new products for our customers, and the level of interest in our products and capabilities has continued to grow. This is the best indication that we remain on course for long-term growth and success. Our first quarter results demonstrate that our business is still at a stage where revenues associated with specific product programs can vary from quarter-to-quarter and costs of newly launched products can have a material impact on overall margins. We are acutely focused on improving our margins and believe that these efforts, along with ongoing strong interest in our new products, will result in solid financial performance in future quarters.

"We remain convinced our products and technology are market-leading and represent the future of minimally invasive medical devices for applications that require high quality imaging in small size devices. Ongoing interactions with our growing network of partners and customers supports our expectation that there are large existing and developing markets for this new technology. As we further execute on our growth strategy, we will continue to target revenue growth and margin improvement, with a clear focus on maximizing profitability and increasing shareholder value."

### **Quarterly Conference Call Details**

The Company has scheduled a conference call to discuss the fiscal first quarter 2015 financial results for today at 4:30 PM Eastern. To participate in the conference call, please dial 1-866-652-5200 toll free from the U.S., or 1-412-317-6060, and ask to be connected to the Precision Optics conference call.

An audio replay of the conference call will be available approximately one hour after the conclusion of the call and will be made available until February 16, 2015. The audio replay can be accessed by dialing 1-877-344-7529 locally or 1-412-317-0088, toll free then enter conference ID number 10056138.

### **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 global 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.otcmarkets.com/stock/PEYE/quote](http://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 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 the Company's 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 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 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.

Following are the Company's consolidated balance sheets as of September 30, 2014 and June 30, 2014, and statements of operations and cash flows for the three months ended September 30, 2014 and September 30, 2013 (unaudited):

**PRECISION OPTICS CORPORATION, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**(UNAUDITED)**

	<b>September 30, 2014</b>	<b>June 30, 2014</b>
<u><b>ASSETS</b></u>	<u>2014</u>	<u>2014</u>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 527,491	\$ 202,380
Accounts Receivable, net	680,301	531,049
Inventories, net	911,949	988,878
Prepaid Expenses	73,576	91,922
<b>Total Current Assets</b>	<u>2,193,317</u>	<u>1,814,229</u>
<b>PROPERTY AND EQUIPMENT</b>		
Machinery and Equipment	2,400,445	2,368,709
Leasehold Improvements	553,596	553,596
Furniture and Fixtures	148,303	148,303
Vehicles	19,674	19,674
	<u>3,122,018</u>	<u>3,090,282</u>
Less: Accumulated Depreciation	<u>(3,079,610)</u>	<u>(3,075,722)</u>
Net Property and Equipment	<u>42,408</u>	<u>14,560</u>
Patents, net	<u>8,523</u>	<u>7,672</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,244,248</u>	<u>\$ 1,836,461</u>
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 547,886	\$ 715,192
Customer Advances	420	26,200
Accrued Employee Compensation	251,545	200,207
Accrued Professional Services	17,755	60,250
Accrued Warranty Expense	25,000	25,000
Other Accrued Liabilities	8,810	69,028
<b>Total Current Liabilities</b>	<u>851,416</u>	<u>1,095,877</u>
<b>STOCKHOLDERS' EQUITY (DEFICIT)</b>		
Common Stock, \$0.01 par value -		
Authorized - 50,000,000 shares; Issued and Outstanding – 6,262,584		
shares at September 30, 2014 and 4,455,134 shares at June 30, 2014	62,626	44,551
Additional Paid-in Capital	43,077,362	42,146,750
Accumulated Deficit	(41,747,156)	(41,450,717)
<b>Total Stockholders' Equity (Deficit)</b>	<u>1,392,832</u>	<u>740,584</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>	<u>\$ 2,244,248</u>	<u>\$ 1,836,461</u>

**PRECISION OPTICS CORPORATION, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**FOR THE THREE MONTHS ENDED**  
**SEPTEMBER 30, 2014 AND 2013**  
**(UNAUDITED)**

	<b>Three Months</b>	
	<b>Ended September 30,</b>	
	<b>2014</b>	<b>2013</b>
Revenues	\$ 830,714	\$ 907,426
Cost of Goods Sold	<u>718,576</u>	<u>647,192</u>
Gross Profit	<u>112,138</u>	<u>260,234</u>
Research and Development Expenses, net	76,712	134,913
Selling, General and Administrative Expenses	347,147	336,042
Gain on Sale of Assets	<u>(15,282)</u>	<u>-</u>
Total Operating Expenses	<u>408,577</u>	<u>470,955</u>
Net Loss	<u>\$ (296,439)</u>	<u>\$ (210,721)</u>
Loss Per Share:		
Basic	\$ (0.05)	\$ (0.05)
Diluted	\$ (0.05)	\$ (0.05)
Weighted Average Common Shares Outstanding:		
Basic	6,069,131	4,455,134
Diluted	6,069,131	4,455,134

**PRECISION OPTICS CORPORATION, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED**  
**SEPTEMBER 30, 2014 AND 2013**  
**(UNAUDITED)**

	<b>Three Months Ended September 30,</b>	
	<b>2014</b>	<b>2013</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Loss	\$ (296,439)	\$ (210,721)
Adjustments to Reconcile Net Loss to Net Cash Used In Operating Activities -		
Depreciation and Amortization	3,888	8,865
Gain on Sale of Assets	(15,282)	-
Stock-based Compensation Expense	27,000	33,609
Non-cash Consulting Expense	11,250	-
Changes in Operating Assets and Liabilities -		
Accounts Receivable, net	(149,252)	(94,490)
Inventories	76,929	90,791
Prepaid Expenses	18,346	(24,858)
Accounts Payable	(244,207)	56,429
Customer Advances	(25,780)	(18,958)
Accrued Expenses	2,391	12,300
Net Cash Used In Operating Activities	(591,156)	(147,033)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Additional Patent Costs	(851)	(8,524)
Purchases of Property and Equipment	(31,736)	-
Proceeds from Sale of Assets	15,282	-
Net Cash Used In Investing Activities	(17,305)	(8,524)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Gross Proceeds from July 2014 Private Placement of Common Stock	980,291	-
Private Placement Expenses Incurred and Paid as of September 30, 2014	(46,719)	-
Net Cash Provided by Financing Activities	933,572	-
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	325,111	(155,557)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	202,380	1,034,587
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	\$ 527,491	\$ 879,030
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash Paid for Income Taxes	\$ 912	\$ 912
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING ACTIVITIES:</b>		
Issuance of 90,298 Shares of Common Stock to Consultants	\$ 65,016	\$ -
Private Placement Expenses Incurred But Not Yet Paid as of September 30, 2014	\$ 76,901	\$ -