



## PRECISION OPTICS CORPORATION

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### **NEWS RELEASE**

**POC15-0242**

FOR IMMEDIATE RELEASE

**Thursday, November 12, 2015**

## **Precision Optics Corporation, Inc. Announces Operating Results for the First Quarter of Fiscal Year 2016 Ended September 30, 2015**

GARDNER, MA, November 12, 2015. Precision Optics Corporation, Inc. (OTCQB: PEYE) (the "Company") today announced operating results on an unaudited basis for its first quarter ended September 30, 2015.

First quarter highlights include:

- Revenues of \$858 thousand, representing a 3.3% increase over the first quarter of fiscal 2015;
- Gross margin of 15.4%, an improvement compared to 13.5% in the first quarter of fiscal 2015;
- On October 19, 2015, the Company completed a Private Placement of 1,044,776 shares of stock at a price of \$0.67 per share, raising gross proceeds of \$700,000;
- Increase in engineering / design projects using Company's Microprecision™ optics for reusable and single-use medical devices

Commenting on the first quarter results, Joseph Forkey, Company CEO said, "Our sales include products such as complete medical devices, sub-assemblies and optical components, but they also include engineering services, usually for design and prototype of new products. While our revenues for the first quarter were lower than the previous quarter, we are very excited about the increased level of interest from many medical device companies to engage us for engineering services relating to development of new products, many using CMOS based micro camera modules. We expect revenues from engineering services will increase in the near term, but more importantly, they will ultimately lead to greater revenue increases as those development projects transition into production."

Dr. Forkey continued, "The largest category for requests of our engineering services relates to the OV6946 CMOS camera module announced in June as part of our partnership with OmniVision Technologies, Inc. and Fujikura Ltd. We are receiving a great reception due to the superior image quality, small size and cost structure we have achieved with this 1.6 mm camera module, but we are also very encouraged by our customers' appreciation for our broader ability to design customized CMOS based micro imaging systems for use in their existing and future medical devices. It is particularly encouraging to see a number of new development projects entering our development pipeline just at the time when a number of other projects are moving from the development process toward full production. Progress in building this pipeline reinforces our confidence that our technology is ideally suited for next generation reusable and single-use imaging devices based on micro CMOS based cameras with diameters in the range of 1mm or less."

The following table summarizes the first quarter results for the periods ended September 30, 2015 and 2014 (unaudited):

	<b>Three Months Ended September 30,</b>	
	<b>2015</b>	<b>2014</b>
Revenues	\$ 858,427	\$ 830,714
Gross Profit	132,338	112,138
Operating Expenses	514,228	408,577
Net Loss	(381,890)	(296,439)
Loss Per Share:		
Basic	\$ (0.06)	\$ (0.05)
Diluted	\$ (0.06)	\$ (0.05)
Weighted Average Common Shares Outstanding:		
Basic and Diluted	6,389,806	6,069,131

### **Quarterly Conference Call Details**

The Company has scheduled a conference call to discuss the fiscal first quarter 2016 financial results for Thursday, November 12, 2015 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 November 26, 2015. The audio replay can be accessed by dialing 1-412-317-0088 locally or 1-877-344-7529, toll free then enter conference ID number 10076232.

### **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, 2015 and June 30, 2015, and statements of operations for the three months ended September 30, 2015 and 2014 and statements of cash flows for the three months ended September 30, 2015 and 2014 (unaudited):

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

	<u>September 30,</u> <u>2015</u>	<u>June 30,</u> <u>2015</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 111,718	\$ 241,051
Accounts Receivable, net	459,128	588,042
Inventories, net	1,018,727	1,073,256
Prepaid Expenses	57,988	65,182
Total Current Assets	<u>1,647,561</u>	<u>1,967,531</u>
<b>PROPERTY AND EQUIPMENT</b>		
Machinery and Equipment	2,435,499	2,431,127
Leasehold Improvements	553,596	553,596
Furniture and Fixtures	148,303	148,303
Vehicles	19,674	19,674
	<u>3,157,072</u>	<u>3,152,700</u>
Less: Accumulated Depreciation	<u>(3,102,534)</u>	<u>(3,096,993)</u>
Net Property and Equipment	<u>54,538</u>	<u>55,707</u>
Patents, net	<u>20,087</u>	<u>18,644</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,722,186</u></b>	<b><u>\$ 2,041,882</u></b>
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 871,341	\$ 912,150
Customer Advances	122,300	118,800
Accrued Employee Compensation	192,417	222,222
Accrued Professional Services	95,950	60,735
Accrued Warranty Expense	25,000	25,000
Other Accrued Liabilities	29,857	36,087
Total Current Liabilities	<u>1,336,865</u>	<u>1,374,994</u>
<b>STOCKHOLDERS' EQUITY</b>		
Common Stock, \$0.01 par value - Authorized - 50,000,000 shares; Issued and Outstanding – 6,389,806 shares at September 30, 2015 and June 30, 2015	63,898	63,898
Additional Paid-in Capital	43,332,823	43,232,500
Accumulated Deficit	<u>(43,011,400)</u>	<u>(42,629,510)</u>
Total Stockholders' Equity	<u>385,321</u>	<u>666,888</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b><u>\$ 1,722,186</u></b>	<b><u>\$ 2,041,882</u></b>

**PRECISION OPTICS CORPORATION, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**FOR THE THREE MONTHS ENDED**  
**SEPTEMBER 30, 2015 AND 2014**  
**(UNAUDITED)**

	<b>Three Months</b>	
	<b>Ended September 30,</b>	
	<b>2015</b>	<b>2014</b>
Revenues	\$ 858,427	\$ 830,714
Cost of Goods Sold	<u>726,089</u>	<u>718,576</u>
Gross Profit	<u>132,338</u>	<u>112,138</u>
Research and Development Expenses, net	150,768	76,712
Selling, General and Administrative Expenses	365,026	347,147
Gain on Sale of Assets	<u>(1,566)</u>	<u>(15,282)</u>
Total Operating Expenses	<u>514,228</u>	<u>408,577</u>
Net Loss	<u><u>\$ (381,890)</u></u>	<u><u>\$ (296,439)</u></u>
Loss Per Share:		
Basic	\$ (0.06)	\$ (0.05)
Diluted	\$ (0.06)	\$ (0.05)
Weighted Average Common Shares Outstanding:		
Basic	6,389,806	6,069,131
Diluted	6,389,806	6,069,131

**PRECISION OPTICS CORPORATION, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED**  
**SEPTEMBER 30, 2015 AND 2014**  
**(UNAUDITED)**

	<b>Three Months</b>	
	<b>Ended September 30,</b>	
	<b>2015</b>	<b>2014</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Loss	\$ (381,890)	\$ (296,439)
Adjustments to Reconcile Net Loss to Net Cash Used In Operating Activities -		
Depreciation and Amortization	5,541	3,888
Gain on Sale of Assets	(1,566)	(15,282)
Stock-based Compensation Expense	100,323	27,000
Non-cash Consulting Expense	4,500	11,250
Changes in Operating Assets and Liabilities -		
Accounts Receivable, net	128,914	(149,252)
Inventories	54,529	76,929
Prepaid Expenses	7,194	18,346
Accounts Payable	(40,809)	(244,207)
Customer Advances	3,500	(25,780)
Accrued Expenses	(5,320)	2,391
Net Cash Used In Operating Activities	<u>(125,084)</u>	<u>(591,156)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Additional Patent Costs	(1,443)	(851)
Purchases of Property and Equipment	(4,372)	(31,736)
Proceeds from Sale of Assets	1,566	15,282
Net Cash Used In Investing Activities	<u>(4,249)</u>	<u>(17,305)</u>
<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	<u>-</u>	<u>933,572</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(129,333)	325,111
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>241,051</u>	<u>202,380</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u><u>\$ 111,718</u></u>	<u><u>\$ 527,491</u></u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash Paid for Income Taxes	<u><u>\$ 912</u></u>	<u><u>\$ 912</u></u>
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING ACTIVITIES:</b>		
Issuance of 90,298 Shares of Common Stock to Consultants	<u><u>\$ -</u></u>	<u><u>\$ 65,016</u></u>