



PRECISION OPTICS CORPORATION

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NEWS RELEASE

POC14-0199

FOR IMMEDIATE RELEASE

Monday, October 6, 2014

Precision Optics Corporation, Inc. Announces Operating Results for the Fourth Quarter and Year Ended June 30, 2014

GARDNER, MA October 6, 2014 – 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, 2014.

Highlights include:

- Year-over-year sales increase of 44.9%
- Highest annual sales in over 10 years
- Quarter-over-quarter sales increase of 12.5%
- Reduction of year-over-year operating loss

Commenting on fiscal year 2014, Joseph Forkey, Precision Optics’ Chief Executive Officer said, “We are pleased to be able to report sales of over \$3.6 million for fiscal year 2014 – the highest in over 10 years and a 45% increase over the previous year. This is the result of our increased focus on sales and marketing, the associated increase in recognition of our capabilities by our customer base, and significant efforts by our operations team to respond to new opportunities. As we continue to see increases in revenues, we are also committed to improving the Company’s overall gross profit percentage, which was lower in 2014 due in large part to new project startup costs that we believe will be non-recurring in the future. We continue to see increasing opportunities in our traditional medical device engineering and manufacturing business as well as great interest in our recently developed microcameras that are approximately 1 mm in size and enabled by our proprietary Microprecision™ lens technology.”

The following table summarizes the fourth quarter and year results for the periods ended June 30, 2014 and 2013 (unaudited):

	Three Months Ended June 30,		Year Ended June 30,	
	2014	2013	2014	2013
Revenues	\$ 902,587	\$ 802,337	\$ 3,651,181	\$ 2,519,743
Gross Profit	145,913	285,856	800,795	654,428
Operating Expenses	462,031	458,052	1,960,521	1,886,937
Operating Loss	(316,118)	(172,196)	(1,159,726)	(1,232,509)
Net Loss	(317,030)	(173,108)	(1,160,638)	(1,787,680)
Loss Per Share:				
Basic	\$ (0.07)	\$ (0.04)	\$ (0.26)	\$ (0.51)
Diluted	\$ (0.07)	\$ (0.04)	\$ (0.26)	\$ (0.51)

Weighted Average Common Shares Outstanding:				
Basic	4,455,134	4,455,134	4,455,134	3,521,387
Diluted	4,455,134	4,455,134	4,455,134	3,521,387

Revenues for the quarter ended June 30, 2014 were \$902,587, as compared to \$802,337 for the same period in the prior year, and represented an increase of 12.5%. Revenues for the year ended June 30, 2014 were \$3,651,181, as compared to \$2,519,743 for the same period in the prior year, and represented an increase of 44.9%.

The increase in revenues for the quarter and year ended June 30, 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 loss for the quarter ended June 30, 2014 was \$316,118, as compared to \$172,196 for the same period in the prior year, and represented an increase of \$143,922. Operating loss for the year ended June 30, 2014 was \$1,159,726, as compared to \$1,232,509 for the same period in the prior year, and represented an improvement of \$72,783.

The decrease in the operating loss for the year ended June 30, 2014 as compared to the same period in the prior year is primarily attributable to higher sales and gross profit dollars in 2014. Also, research and development expenses were lower in 2014, although in 2014 the Company incurred higher selling, consulting, legal and stock-based compensation expenses. Included in operating expenses for the years ended June 30, 2014 and 2013 are non-cash stock-based expenses of \$205,540 and \$108,422, respectively.

Net loss for the year ended June 30, 2014 was \$1,160,638, as compared to a net loss of \$1,787,680 for the year ended June 30, 2013. 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.

Cash and cash equivalents were \$202,380 at June 30, 2014, as compared to \$1,034,587 at June 30, 2013, representing a decrease in cash of \$832,207. Cash used in operating activities was \$217,173 for the quarter ended June 30, 2014 compared to \$219,236 used during the quarter ended March 31, 2014. Working capital, including cash and cash equivalents at June 30, 2014 was \$718,352, and in July 2014 the Company raised \$1 million from the sale of its common stock to be used for general working capital purposes.

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. 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. 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 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.