



NEWS RELEASE

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IRVINE SENSORS RELEASES FISCAL 2009 FIRST HALF RESULTS Patent Sale Contributes to ~\$3 Million Net Income

FOR IMMEDIATE RELEASE

COSTA MESA, CALIFORNIA -- May 13, 2009 -- Irvine Sensors Corporation (NASDAQ: IRSN) today reported operating results for its second quarter and first half of fiscal 2009, the 13 and 26 weeks ended March 29, 2009. Both current period results were substantially and favorably affected by an approximate \$8.6 million gain on the Company's sale of its patents in March 2009.

Total revenues were down in both the 13-week and 26-week periods measured against the comparable periods of last year, reflecting fiscal 2009 second quarter revenues only slightly increased from the first quarter of the year. Total revenues for the 13 weeks ended March 29, 2009 were \$2,841,200, as compared to \$5,434,100 in the 13 weeks ended March 30, 2008. Total revenues in the fiscal 2009 26-week period were \$5,584,700, down from \$8,992,600 in the first half of fiscal 2008.

Net income in the current 13-week period was \$5,128,000, which represents a nearly \$8.6 million improvement from the \$3,466,900 net loss for the 13-week period March 30, 2008, largely as a result of the Patent Sale. Net income through the first half of fiscal 2009 was \$3,013,900, as compared to the \$7,180,400 net loss for the first 26 weeks of fiscal 2008.

Irvine Sensors Corporation, headquartered in Costa Mesa, California, is a vision systems company engaged in the development and sale of miniaturized infrared and electro-optical cameras, image processors and stacked chip assemblies and research and development related to high density electronics, miniaturized sensors, optical interconnection technology, high speed network security, image processing and low-power analog and mixed-signal integrated circuits for diverse systems applications.

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IRVINE SENSORS CORPORATION
CONSOLIDATED BALANCE SHEETS

(Unaudited)

	March 29, 2009	September 28, 2008
Assets		
Current assets:		
Cash and cash equivalents	\$ 803,500	\$ 638,600
Restricted cash	47,400	41,700
Accounts receivable, net of allowance for doubtful accounts of \$15,000 and \$15,000, respectively	907,700	662,400
Receivable, patent sale	1,330,000	-
Unbilled revenues on uncompleted contracts, net of allowance of \$0 and \$18,400, respectively	811,500	1,279,700
Inventory, net	1,244,200	1,126,900
Prepaid expenses and other current assets	252,600	64,800
Current assets of discontinued operations	-	7,494,700
Total current assets	5,396,900	11,308,800
Property and equipment, net	3,592,100	4,328,300
Intangible assets, net	103,000	1,005,500
Deferred costs	-	260,100
Deposits	37,500	101,000
Non-current assets of discontinued operations	-	5,880,300
Total assets	\$ 9,129,500	\$ 22,884,000
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	\$ 1,628,800	\$ 4,047,100
Accrued expenses	3,708,800	4,595,200
Accrued estimated loss on contracts	-	144,500
Advance billings on uncompleted contracts	28,100	21,900
Deferred revenue	290,000	385,000
Income taxes payable	384,900	14,400
Senior promissory notes	330,000	-
Restructured debt, net of discounts	-	11,788,800
Promissory note payable	400,000	400,000
Subordinated term loan	2,000,000	2,000,000
Capital lease obligations – current portion	19,300	29,100
Current liabilities of discontinued operations	-	4,009,600
Total current liabilities	8,789,900	27,435,600
Restructured debt, net of discounts	1,188,400	-
Deferred interest	3,700	-
Executive Salary Continuation Plan liability	3,422,600	3,484,800
Capital lease obligations, less current portion	2,000	11,200
Minority interest in consolidated subsidiaries	324,400	411,600
Total liabilities	13,731,000	31,343,200
Commitments and contingencies		
Stockholders' deficit:		
Preferred stock, \$0.01 par value, 1,000,000 and 500,000 shares authorized, respectively; 126,000 and 126,000 shares issued and outstanding, respectively	1,300	1,300
Common stock, \$0.01 par value, 150,000,000 and 80,000,000 shares authorized, respectively; 5,981,400 and 3,557,200 shares issued and outstanding, respectively	59,800	35,600
Common stock warrants, 1,243,200 and 717,900 warrants outstanding, respectively	-	-
Prepaid stock-based compensation	(306,000)	-
Common stock held by Rabbi Trust	(1,169,600)	(1,214,100)
Deferred compensation liability	1,169,600	1,214,100
Paid-in capital	160,843,400	159,717,800
Accumulated deficit	(165,200,000)	(168,213,900)
Total stockholders' deficit	(4,601,500)	(8,459,200)
	\$ 9,129,500	\$ 22,884,000

IRVINE SENSORS CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	13 Weeks Ended		26 Weeks Ended	
	March 29, 2009	March 30, 2008	March 29, 2009	March 30, 2008
Revenues:				
Contract research and development revenue	\$ 2,295,300	\$ 4,364,500	\$ 4,738,500	\$ 7,076,200
Product sales	545,900	1,066,600	836,700	1,903,900
Other revenue	-	3,000	9,500	12,500
Total revenues	2,841,200	5,434,100	5,584,700	8,992,600
Cost and expenses:				
Cost of contract research and development revenue	2,008,500	3,368,200	3,945,900	5,691,500
Cost of product sales	409,800	766,300	787,800	1,442,900
General and administrative expense	2,258,900	2,518,400	4,119,700	4,573,200
Research and development expense	436,300	295,500	786,700	640,100
Total costs and expenses	5,113,500	6,948,400	9,640,100	12,347,700
Gain (loss) on sale or disposal of assets	8,632,800	(1,600)	8,632,800	800
Income (loss) from operations	6,360,500	(1,515,900)	4,577,400	(3,354,300)
Interest expense	(830,600)	(1,772,800)	(1,239,700)	(3,382,800)
Other income	15,100	600	46,700	1,000
Income (loss) from continuing operations before minority interest and provision for income taxes	5,545,000	(3,288,100)	3,384,400	(6,736,100)
Minority interest in income of subsidiaries	-	-	100	100
Provision for income taxes	(410,100)	(9,100)	(429,000)	(15,000)
Income (loss) from continuing operations	5,134,900	(3,297,200)	2,955,500	(6,751,000)
Discontinued operations:				
Income (loss) from operations of discontinued operations	(6,900)	(169,700)	58,400	(429,400)
Net income (loss)	\$ 5,128,000	\$ (3,466,900)	\$ 3,013,900	\$ (7,180,400)
Basic and diluted net income (loss) per common share information				
From continuing operations	\$ 0.87	\$ (1.11)	\$ 0.50	\$ (2.36)
From discontinued operations	-	(0.06)	0.01	(0.15)
Basic and diluted net income (loss) per common share	\$ 0.87	\$ (1.17)	\$ 0.51	\$ (2.51)
Weighted average number of common shares outstanding	5,790,500	2,976,800	5,544,700	2,861,300