



NEWS RELEASE

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IRVINE SENSORS RELEASES THIRD QUARTER RESULTS

FOR IMMEDIATE RELEASE

COSTA MESA, CALIFORNIA -- August 5, 2009 -- Irvine Sensors Corporation (NASDAQ: IRSN) today reported operating results for its third quarter and first three quarters of fiscal 2009, the 13 and 39 weeks ended June 28, 2009. The current 39-week 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 39-week periods measured against the comparable periods of last year. Total revenues for the 13 weeks ended June 28, 2009 were \$2,774,500, as compared to \$4,679,900 in the 13 weeks ended June 29, 2008. Total revenues in the fiscal 2009 39-week period were \$8,359,200, down from \$13,672,500 in the first three quarters of fiscal 2008.

Net loss in the current 13-week period was \$2,544,900, only slightly improved from the \$2,609,300 net loss for the 13-week period June 29, 2008. However, largely as a result of the Company's current year patent sale, net income through the first three quarters of fiscal 2009 was \$469,000, a \$10,258,700 improvement from the \$9,789,700 net loss for the first 39 weeks of fiscal 2008.

Irvine Sensors Corporation (www.irvine-sensors.com), 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 sale of higher level systems incorporating such products 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)

	June 28, 2009	September 28, 2008
Assets		
Current assets:		
Cash and cash equivalents	\$ 79,700	\$ 638,600
Restricted cash	46,300	41,700
Accounts receivable, net of allowance for doubtful accounts of \$15,000 and \$15,000, respectively	1,011,700	662,400
Unbilled revenues on uncompleted contracts, net of allowance of \$0 and \$18,400, respectively	599,300	1,279,700
Inventory, net	1,355,600	1,126,900
Prepaid expenses and other current assets	170,700	64,800
Current assets of discontinued operations	-	7,494,700
Total current assets	3,263,300	11,308,800
Property and equipment, net	3,241,400	4,328,300
Intangible assets, net	85,600	1,005,500
Deferred costs	-	260,100
Deposits	37,500	101,000
Non-current assets of discontinued operations	-	5,880,300
Total assets	\$ 6,627,800	\$ 22,884,000
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	\$ 1,328,200	\$ 4,047,100
Accrued expenses	3,449,600	4,595,200
Accrued estimated loss on contracts	-	144,500
Advance billings on uncompleted contracts	155,000	21,900
Advances against accounts receivable	448,200	-
Deferred revenue	270,000	385,000
Income taxes payable	8,200	14,400
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	17,000	29,100
Current liabilities of discontinued operations	-	4,009,600
Total current liabilities	8,076,200	27,435,600
Restructured debt, net of discounts	188,400	-
Deferred interest	18,400	-
Executive Salary Continuation Plan liability	3,391,600	3,484,800
Capital lease obligations, less current portion	-	11,200
Minority interest in consolidated subsidiaries	324,400	411,600
Total liabilities	11,999,000	31,343,200
Commitments and contingencies		
Stockholders' deficit:		
Preferred stock, \$0.01 par value, 1,000,000 and 500,000 shares authorized, respectively; 146,900 and 126,000 shares issued and outstanding, respectively (1)	1,500	1,300
Common stock, \$0.01 par value, 150,000,000 and 80,000,000 shares authorized, respectively; 8,023,300 and 3,557,200 shares issued and outstanding, respectively (1)	80,200	35,600
Common stock warrants, 1,187,800 and 717,900 warrants outstanding, respectively (1)	-	-
Prepaid stock-based compensation	(187,500)	-
Common stock held by Rabbi Trust	(1,169,600)	(1,214,100)
Deferred compensation liability	1,169,600	1,214,100
Paid-in capital	162,479,500	159,717,800
Accumulated deficit	(167,744,900)	(168,213,900)
Total stockholders' deficit	(5,371,200)	(8,459,200)
	\$ 6,627,800	\$ 22,884,000

(1) Amounts of preferred stock, common stock and warrants issued and outstanding have been rounded to nearest one hundred (100).

IRVINE SENSORS CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	13 Weeks Ended		39 Weeks Ended	
	June 28, 2009	June 29, 2008	June 28, 2009	June 29, 2008
Revenues:				
Contract research and development revenue	\$ 2,508,500	\$ 4,189,900	\$ 7,247,000	\$ 11,266,100
Product sales	262,700	482,000	1,099,400	2,385,900
Other revenue	3,300	8,000	12,800	20,500
Total revenues	2,774,500	4,679,900	8,359,200	13,672,500
Cost and expenses:				
Cost of contract research and development revenue	1,705,200	3,176,800	5,651,100	8,868,300
Cost of product sales	323,000	332,400	1,110,800	1,775,300
General and administrative expense	2,862,500	2,439,400	6,982,200	7,012,600
Research and development expense	531,300	454,600	1,318,000	1,094,700
Total costs and expenses	5,422,000	6,403,200	15,062,100	18,750,900
Gain on sale or disposal of assets	8,000	314,800	8,640,800	315,600
Income (loss) from operations	(2,639,500)	(1,408,500)	1,937,900	(4,762,800)
Interest expense	(218,400)	(1,464,600)	(1,458,100)	(4,847,400)
Other income	5,000	900	51,700	1,900
Income (loss) from continuing operations before minority interest and provision for income taxes	(2,852,900)	(2,872,200)	531,500	(9,608,300)
Minority interest in income of subsidiaries	-	100	100	200
Credit (provision) for income taxes	308,000	(4,300)	(121,000)	(19,300)
Income (loss) from continuing operations	(2,544,900)	(2,876,400)	410,600	(9,627,400)
Discontinued operations:				
Income (loss) from operations of discontinued operations	-	267,100	58,400	(162,300)
Net income (loss)	\$ (2,544,900)	\$ (2,609,300)	\$ 469,000	\$ (9,789,700)
Basic net income (loss) per common share information				
From continuing operations	\$ (0.35)	\$ (0.97)	\$ 0.01	\$ (3.33)
From discontinued operations	-	0.09	0.01	(0.06)
Basic net income (loss) per common share	\$ (0.35)	\$ (0.88)	\$ 0.02	\$ (3.39)
Diluted net income (loss) per common share information				
From continuing operations	\$ (0.35)	\$ (0.97)	\$ 0.01	\$ (3.33)
From discontinued operations	-	0.09	0.01	(0.06)
Diluted net income (loss) per common share	\$ (0.35)	\$ (0.88)	\$ 0.02	\$ (3.39)
Weighted average number of common shares outstanding	7,708,400	3,059,000	6,257,000	2,917,100