



NEWS RELEASE

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IRVINE SENSORS RELEASES 1st QUARTER RESULTS

FOR IMMEDIATE RELEASE

COSTA MESA, CALIFORNIA -- February 10, 2010 -- Irvine Sensors Corporation (NASDAQ: IRSN) today reported operating results for its first quarter of fiscal 2010, the 13 weeks ended December 27, 2009.

Total revenues for the fiscal 2010 first quarter were \$3,210,200, up from \$2,743,500 in the first quarter of fiscal 2009. The current period net loss attributable to the Company decreased, from \$2,114,100 in the 13-week period ended December 28, 2008 to \$1,716,700 in the current 13-week period ended December 27, 2009. The reduction in net loss attributable to the Company in the first fiscal quarter of 2010 as compared to the first fiscal quarter of 2009 reflected both an improvement in gross margins in the current period and a decline in current period interest expense resulting from partial repayment and conversion of debt in fiscal 2009.

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. Irvine Sensors also conducts 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 STATEMENTS OF OPERATIONS
(Unaudited)

	13 Weeks Ended	
	December 27, 2009	December 28, 2008
Revenues:		
Contract research and development revenue	\$ 2,759,400	\$ 2,443,200
Product sales	447,000	290,800
Other revenue	3,800	9,500
Total revenues	3,210,200	2,743,500
Cost and expenses:		
Cost of contract research and development revenue	2,036,200	1,937,400
Cost of product sales	402,800	378,000
General and administrative expense	1,651,400	1,860,800
Research and development expense	755,200	350,400
Total costs and expenses	4,845,600	4,526,600
Gain on sale or disposal of assets	12,500	-
Loss from operations	(1,622,900)	(1,783,100)
Interest expense	(114,900)	(409,100)
Provision for litigation judgment	(20,200)	-
Change in fair value of derivative instrument	45,500	-
Interest and other income (expense)	(1,000)	31,600
Loss from continuing operations before provision for income taxes	(1,713,500)	(2,160,600)
Provision for income taxes	(3,200)	(18,900)
Loss from continuing operations	(1,716,700)	(2,179,500)
Discontinued operations:		
Income from discontinued operations	-	65,300
Net loss	\$ (1,716,700)	\$ (2,114,200)
Less net loss attributable to noncontrolling interests in subsidiary	-	100
Net loss attributable to Company	<u>\$ (1,716,700)</u>	<u>\$ (2,114,100)</u>
Basic and diluted net income (loss) per common share information		
From continuing operations attributable to Company	\$ (0.33)	\$ (0.43)
From discontinued operations attributable to Company	-	0.01
Basic and diluted net loss attributable to Company per common share	<u>\$ (0.33)</u>	<u>\$ (0.42)</u>
Weighted average number of common shares outstanding, basic and diluted	<u>10,141,400</u>	<u>5,298,900</u>

IRVINE SENSORS CORPORATION
CONSOLIDATED BALANCE SHEETS

	December 27, 2009 (Unaudited)	September 27, 2009
Assets		
Current assets:		
Cash and cash equivalents	\$ 122,500	\$ 125,700
Accounts receivable, net of allowance for doubtful accounts of \$15,000 and \$15,000, respectively	1,106,900	1,396,300
Unbilled revenues on uncompleted contracts	675,400	885,300
Inventory, net	387,800	441,100
Prepaid expenses and other current assets	321,000	53,200
Total current assets	2,613,600	2,901,600
Property and equipment, net	2,530,900	2,845,200
Intangible assets, net	56,400	67,300
Deposits	37,400	37,500
Total assets	\$ 5,238,300	\$ 5,851,600
Liabilities and Stockholders' Equity (Deficit)		
Current liabilities:		
Accounts payable	\$ 2,895,600	\$ 3,427,100
Accrued expenses	3,811,200	3,730,800
Accrued estimated loss on contracts	2,800	-
Advance billings on uncompleted contracts	424,100	249,600
Advances against accounts receivable	492,300	985,800
Deferred revenue	18,900	180,000
Income taxes payable	3,200	-
Restructured debt, net of discounts	188,400	188,400
Promissory note payable – related party	400,000	400,000
Capital lease obligations	5,300	11,200
Total current liabilities	8,241,800	9,172,900
Executive Salary Continuation Plan liability	996,800	1,057,600
Total liabilities	9,238,600	10,230,500
Commitments and contingencies		
Stockholders' equity (deficit):		
Preferred stock, \$0.01 par value, 1,000,000 and 1,000,000 shares authorized, respectively; Series A-1 – 83,200 (unaudited) and 99,900 shares issued and outstanding, respectively (1); liquidation preference of \$ 3,172,500 (unaudited) and \$3,586,200 respectively; Series A-2 – 25,000 (unaudited) and 25,000 shares issued and outstanding, respectively (1); liquidation preference of \$1,070,100 (unaudited) and \$1,043,500 respectively; Series B -3,500 (unaudited) and 0 shares issued and outstanding, respectively (1); liquidation preference of \$3,490,000 (unaudited) and \$0 respectively	1,100	1,200
Common stock, \$0.01 par value, 150,000,000 and 150,000,000 shares authorized, respectively; 10,944,500 and 9,694,500 shares issued and outstanding, respectively (1)	109,400	96,900
Common stock held by Rabbi Trust	(1,169,600)	(1,169,600)
Deferred compensation liability	1,169,600	1,169,600
Paid-in capital	161,921,100	162,497,700
Accumulated deficit	(166,356,300)	(167,299,100)
Irvine Sensors Corporation stockholders' (deficit) equity	(4,324,700)	(4,703,300)
Noncontrolling interest	324,400	324,400
Total stockholders' (deficit) equity	(4,000,300)	(4,378,900)
Total liabilities and stockholders' deficit	\$ 5,238,300	\$ 5,851,600

(1) The number of shares of preferred stock and common stock issued and outstanding have been rounded to nearest one hundred (100).