



IRVINE SENSORS CORPORATION NEWS RELEASE

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FOR IMMEDIATE RELEASE

IRVINE SENSORS RELEASES MID-FISCAL 2005 RESULTS \$10.3M Revenues set Mid-Year Record; 2nd Quarter Net Loss reduced to \$134K

COSTA MESA, CALIFORNIA -- May 11, 2005 -- Irvine Sensors Corporation (NASDAQ: IRSN, Boston Stock Exchange: ISC) today reported operating results for its second quarter and first half of fiscal 2005, the 13 and 26 weeks ended April 3, 2005.

Total revenues were up substantially in both periods measured against the comparable periods of last year. Total revenues for the 13 weeks ended April 3, 2005 were \$6,095,100, up 151% from \$2,425,800 in the 13-week period ended March 28, 2004. Total revenues in the current 26-week period were \$10,295,300, up 76% from \$5,866,100 at the mid-year point of fiscal 2004, setting a record for the first half of any fiscal year in Irvine Sensors' history.

Largely as a result of the revenue increase, net loss for the current quarter ended April 3, 2005 was \$134,000, down 92% from the \$1,611,600 net loss for the 13 weeks ended March 28, 2004. In the 26-week period ended April 3, 2005, the net loss was \$1,310,100, a 48% reduction from the \$2,509,400 net loss for the first half of fiscal 2004. Cash and working capital at April 3, 2005 were approximately \$1.0 million and \$2.5 million, respectively.

As previously announced, Irvine Sensors' CEO John Carson and CFO John Stuart will host a web cast conference call to discuss the fiscal 2005 first half results on Thursday, May 12, 2005 at 1:15 PM Pacific Time.

Irvine Sensors Corporation, headquartered in Costa Mesa, California, is primarily engaged in the sale of stacked chip assemblies and infrared cameras and research and development related to high density electronics, miniaturized sensors and cameras, optical interconnection technology, high speed routers, 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

	April 3, 2005	October 3, 2004
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 976,400	\$ 2,064,100
Restricted cash	40,100	43,500
Accounts receivable, net of allowance for doubtful accounts of \$10,000 and \$85,000, respectively	1,893,800	1,327,000
Unbilled revenues on uncompleted contracts	1,737,300	930,600
Inventory, net	1,095,700	980,100
Other current assets	132,900	133,500
Total current assets	5,876,200	5,478,800
Equipment, furniture and fixtures, net	4,996,200	4,926,500
Patents and trademarks, net	756,100	748,300
Deposits	92,200	89,400
Total assets	\$ 11,720,700	\$ 11,243,000
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 1,870,800	\$ 1,320,000
Accrued expenses	1,107,200	824,500
Accrued loss on contracts	91,700	34,600
Advance billings on uncompleted contracts	25,700	33,800
Deferred revenue	111,600	-
Capital lease obligations – current portion	146,100	118,300
Total current liabilities	3,353,100	2,331,200
Capital lease obligations, less current portion	141,200	156,700
Minority interest in consolidated subsidiaries	418,000	419,000
Total liabilities	3,912,300	2,906,900
Commitments and contingencies	-	-
Stockholders' Equity:		
Common stock, \$0.01 par value, 80,000,000 shares authorized; 18,505,800 and 17,806,300 shares issued and outstanding, respectively	185,100	178,100
Common stock warrants; 1,261,400 and 1,508,100 warrants outstanding, respectively	-	-
Unamortized employee stock bonus plan contribution	(380,800)	-
Unamortized deferred compensation	(110,000)	-
Common stock held by Rabbi Trust	(702,000)	(482,000)
Deferred compensation liability	702,000	482,000
Paid-in capital	119,551,300	118,285,100
Accumulated deficit	(111,437,200)	(110,127,100)
Total stockholders' equity	7,808,400	8,336,100
	\$ 11,720,700	\$ 11,243,000

IRVINE SENSORS CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	13 Weeks Ended		26 Weeks Ended	
	April 3, 2005	March 28, 2004	April 3, 2005	March 28, 2004
Revenues:				
Contract research and development revenue	\$ 5,324,400	\$ 2,295,900	\$ 8,949,800	\$ 4,770,000
Product sales	767,700	115,100	1,303,200	1,054,800
Other revenue	3,000	14,800	42,300	41,300
Total revenues	<u>6,095,100</u>	<u>2,425,800</u>	<u>10,295,300</u>	<u>5,866,100</u>
Cost and expenses:				
Cost of contract research and development revenue	3,962,700	1,767,000	6,778,700	3,160,600
Cost of product sales	566,700	214,600	1,109,400	1,280,800
General and administrative expense	1,490,700	1,485,000	3,175,300	2,778,400
Research and development expense	196,200	547,500	516,600	1,097,300
Total costs and expenses	<u>6,216,300</u>	<u>4,014,100</u>	<u>11,580,000</u>	<u>8,317,100</u>
Loss from operations	(121,200)	(1,588,300)	(1,284,700)	(2,451,000)
Interest expense	(9,700)	(11,900)	(19,100)	(45,000)
Loss on disposal of assets	(6,300)	(6,800)	(6,300)	(6,800)
Interest and other income	5,300	400	8,800	400
Loss before minority interest and provision for income taxes	(131,900)	(1,606,600)	(1,301,300)	(2,502,400)
Minority interest in loss of subsidiaries	800	1,800	1,000	5,800
Provision for income taxes	(2,900)	(6,800)	(9,800)	(12,800)
Net loss	<u>(134,000)</u>	<u>(1,611,600)</u>	<u>(1,310,100)</u>	<u>(2,509,400)</u>
Basic and diluted net loss per common share	<u>\$(0.01)</u>	<u>\$(0.11)</u>	<u>\$(0.07)</u>	<u>\$(0.17)</u>
Weighted average number of shares outstanding	<u>18,431,900</u>	<u>15,265,500</u>	<u>18,222,900</u>	<u>14,557,700</u>