



NEWS RELEASE

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IRVINE SENSORS RELEASES THIRD QUARTER RESULTS

Revenues continue at record pace; 3rd Quarter Net Loss reduced to near breakeven

FOR IMMEDIATE RELEASE

COSTA MESA, CALIFORNIA -- August 11, 2005 -- Irvine Sensors Corporation (NASDAQ: IRSN, Boston Stock Exchange: ISC) today reported operating results for its third quarter and first three quarters of fiscal 2005, the 13 weeks and 39 weeks ended July 3, 2005.

For the fifth successive fiscal quarter, total revenues were up substantially compared to the comparable prior year period. Total revenues for the 13 weeks ended July 3, 2005 were \$6,205,100, up 75% from \$3,542,600 in the 13-week period ended June 27, 2004. Total revenues in the current 39-week period were \$16,500,400, up 75% from \$9,408,700 for the first three quarters of fiscal 2004. This \$16.5 million total revenue figure not only set a record for the first three quarters, but also exceeded total revenues for any full fiscal year in Irvine Sensors' history.

For the second quarter in a row, net loss for the current 13-week period was reduced 92% from the net loss of the comparable prior-year quarter. Net loss for the quarter ended July 3, 2005 was \$58,800 as compared to the net loss of \$720,000 in the 13 weeks ended June 27, 2004. In the 39-week period ended July 3, 2005, the net loss was \$1,368,900, a 58% reduction from the \$3,229,400 net loss for the first three quarters of fiscal 2004. Cash and working capital at July 3, 2005 were approximately \$1.1 million and \$2.7 million, respectively, each up approximately \$0.1 million in the current 13-week period.

As previously announced, Irvine Sensors' CEO John Carson and CFO John Stuart will host a web cast conference call to discuss these results on Monday, August 15, 2005 at 1:15 PM Pacific Daylight 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.

IRVINE SENSORS CORPORATION
CONSOLIDATED BALANCE SHEETS

(Unaudited)

	July 3, 2005	October 3, 2004
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,108,500	\$ 2,064,100
Restricted cash	38,500	43,500
Accounts receivable, net of allowance for doubtful accounts of \$10,000 and \$85,000, respectively	1,576,300	1,327,000
Unbilled revenues on uncompleted contracts	1,572,100	930,600
Inventory, net	1,152,300	980,100
Other current assets	142,400	133,500
Total current assets	5,590,100	5,478,800
Property and equipment, net	5,133,500	4,926,500
Patents and trademarks, net	767,600	748,300
Deposits	81,800	89,400
Total assets	\$ 11,573,000	\$ 11,243,000
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 1,820,600	\$ 1,320,000
Accrued expenses	893,200	824,500
Accrued loss on contracts	33,100	34,600
Advance billings on uncompleted contracts	28,700	33,800
Capital lease obligations – current portion	147,900	118,300
Total current liabilities	2,923,500	2,331,200
Capital lease obligations, less current portion	119,200	156,700
Minority interest in consolidated subsidiaries	417,400	419,000
Total liabilities	3,460,100	2,906,900
Commitments and contingencies	-	-
Stockholders' equity:		
Common stock, \$0.01 par value, 80,000,000 shares authorized; 18,566,600 and 17,806,300 shares issued and outstanding, respectively	185,700	178,100
Common stock warrants; 1,261,400 and 1,508,100 warrants outstanding, respectively	-	-
Unamortized employee stock bonus plan contribution	(152,400)	-
Unamortized deferred compensation	(55,000)	-
Common stock held by Rabbi Trust	(702,000)	(482,000)
Deferred compensation liability	702,000	482,000
Paid-in capital	119,630,600	118,285,100
Accumulated deficit	(111,496,000)	(110,127,100)
Total stockholders' equity	8,112,900	8,336,100
	\$ 11,573,000	\$ 11,243,000

IRVINE SENSORS CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	13 Weeks Ended		39 Weeks Ended	
	July 3, 2005	June 27, 2004	July 3, 2005	June 27, 2004
Revenues:				
Contract research and development revenue	\$ 5,598,900	\$ 3,257,000	\$ 14,548,700	\$ 8,027,000
Product sales	575,200	281,300	1,878,400	1,336,100
Other revenue	31,000	4,300	73,300	45,600
Total revenues	6,205,100	3,542,600	16,500,400	9,408,700
Cost and expenses:				
Cost of contract research and development revenue	4,078,400	2,048,200	10,857,100	5,208,800
Cost of product sales	491,900	280,900	1,601,300	1,561,700
General and administrative expense	1,530,200	1,496,000	4,705,500	4,274,400
Research and development expense	151,500	397,200	668,100	1,494,500
Total costs and expenses	6,252,000	4,222,300	17,832,000	12,539,400
Loss from operations	(46,900)	(679,700)	(1,331,600)	(3,130,700)
Interest expense	(11,400)	(30,700)	(30,500)	(75,700)
Gain (loss) on disposal of assets	2,300	(9,600)	(4,000)	(16,400)
Interest and other income	200	800	9,000	1,200
Loss before minority interest and provision for income taxes	(55,800)	(719,200)	(1,357,100)	(3,221,600)
Minority interest in loss of subsidiaries	600	1,400	1,600	7,200
Provision for income taxes	(3,600)	(2,200)	(13,400)	(15,000)
Net loss	\$ (58,800)	\$ (720,000)	\$ (1,368,900)	\$ (3,229,400)
Basic and diluted net loss per common share	\$ (0.00)	\$(0.05)	\$(0.07)	\$(0.21)
Weighted average number of shares outstanding	18,514,100	15,945,800	18,325,500	15,085,300