

Image Sensing Systems, Inc.
500 Spruce Tree Centre
1600 University Avenue West
Saint Paul, Minnesota 55104-3825

NEWS RELEASE

Contact: Art Bourgeois, Chief Financial Officer
Image Sensing Systems, Inc. Phone: 612.603.7709

FOR IMMEDIATE RELEASE

Image Sensing Systems Announces First Quarter Results

Saint Paul, Minn., April 22, 1997-- Image Sensing Systems, Inc. (NASDAQ/Small Cap: [ISNS](#)) a maker of video-based traffic management systems, announced today financial results for its first fiscal quarter ended March 31, 1997.

Revenue for the first quarter was \$905,000, up 44% from \$630,000 for the same period a year ago. The increase in revenue for the quarter was due primarily to added sales of Autoscope[®] systems, ISS's cornerstone product, by ISS directly to overseas customers and by Econolite Control Products, Inc., its North American distributor.

Net income for the quarter was \$5,000 or \$.002 per share versus a net loss of \$577,000 or \$.23 per share for the comparable period in 1996. The turn-around in earnings resulted primarily from increased revenue and across the board reductions in operating expenses.

Dr. Spiro G. Voglis, President and Chief Executive Officer, said, "We are elated about operating results for the first quarter, our second consecutive profitable quarter. It is especially gratifying since product installation during the winter months is historically low. We invested heavily in marketing and sales activities and in new product development over the past two years and these investments are starting to pay off."

Dr. Voglis reports that revenues were better than originally forecasted for the quarter due to a \$246,000 sale to its Korean distributor while operating expenses have been curtailed in response to a longer than expected sales cycle. "There continues to be a significant number of advanced traffic management projects in the U.S. and overseas in the testing or bidding stage that will be using machine vision technology. We are optimistic that the Autoscope system will be selected for several of these projects."

ISS develops and markets products using video image processing technology for use in advanced traffic management systems and traffic data collection to reduce congestion and improve roadway planning. Also known as machine vision or artificial vision, video image processing uses video cameras and computers to emulate the function of the human eye and is used in a variety of industrial applications. ISS has combined its proprietary machine vision technology, consisting of complex algorithms, software, and special purpose hardware, with commercially available computer hardware and video cameras to create a system that collects, processes, and analyzes video images.

Three-Month Periods Ended March 31, 1997 and 1996*(Dollars in thousands except per share amount)*

	<u>1997</u>	<u>1996</u>
Revenue	\$905	630
Operating (loss)	(23)	(625)
Net income (loss)	5	(577)
Net income (loss) per share	\$.002	\$(.23)
Weighted average number of common shares and common share equivalents outstanding	2,475,000	2,475,000

###