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NEWS RELEASE

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FOR IMMEDIATE RELEASE

IMAGE SENSING SYSTEMS, INC. ANNOUNCES FIRST QUARTER UNAUDITED RESULTS

SAINT PAUL, Minn. — April 30, 2001 — Image Sensing Systems, Inc. (ISS) (Nasdaq SmallCap: ISNS) market leading developer and manufacturer of video-based traffic management systems, announced today financial results for its first fiscal quarter ended March 31, 2001.

Revenues for the first quarter of 2001 were \$1,433,000, an increase of 31 percent from \$1,095,000 for the same period a year ago. Net loss for the quarter was \$224,000, or \$.07 per share, compared income of \$85,000, or \$.03 per share, for the comparable period in 2000. Operating expense included \$213,000 of R&D expenses related to new applications for our Autoscope product. In the same period in 2000 we capitalized \$172,000 of R&D expenses. In addition, business development increased \$120,000 related to developing the Wireless Technology business.

The increase in first quarter revenues was due to increased royalty income. The expected operating results were due to front-end loaded business development and technology spending, which is typical of the beginning of a new business year and in line with the plan for fiscal year 2001.

Bill Russell, Chairman and CEO of ISS said, "Beginning in the fall last year we began an ambitious program to develop new business with new products in expanded markets. Early in the quarter the latest generation of Autoscope Solo was launched with very positive response

from the marketplace. Additionally we have invested in wireless technology business development. Both of these additional expense areas are reflected in our first quarter results. Of particular note is the increase in revenue over previous years during a period that is traditionally slow. We are confident that the initiatives taken will yield positive results earnings throughout the remainder of the year.”

Based in Saint Paul, Minn., Image Sensing Systems, Inc., the developer and marketer of Autoscope[®], is the world leader in products applying video imaging technology for implementation in advanced traffic management systems (ATMS). Autoscope functionality includes intersection detection, freeway incident detection and traffic data collection to help reduce traffic congestion, fuel consumption, air pollution, travel time, enhance motorist safety and improve roadway planning. ISS has more than 3,500 Autoscope systems installed in more than 30 countries around the world, including a large number of U.S. cities. The Company is particularly suited to provide technical solutions to the emerging ITS market worldwide.

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995: This report contains “forward-looking statements” made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. There are certain factors that could cause results to differ materially from those anticipated by some of the statements made, as listed in the Company’s 2000 Annual Form 10-KSB.

Three-Month Periods Ended March 31, 2001 and 2000
(Dollars in thousands except per share amounts)

	<u>2001</u>	<u>2000</u>
Revenue	\$1,433	\$1,095
Operating Income (Loss)	(249)	(61)
Net Income (Loss) before Minority Interest	(222)	85
Minority Interest	(2)	---
Net Income (Loss)	(224)	85
Net Income per share-basic and diluted	\$ (.07)	\$0.03
Weighted average number of common shares outstanding:		
Basic	<u>3,146,400</u>	<u>3,014,600</u>
Diluted	<u>3,146,400</u>	<u>3,270,200</u>

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