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## **NEWS RELEASE**

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### **FOR IMMEDIATE RELEASE**

## **Image Sensing Systems Announces Record 2002 Unaudited Financial Results**

**Saint Paul, Minn., February 12, 2003**-Image Sensing Systems, Inc. (ISS) (NASDAQ Small Cap: ISNS) announced today that its unaudited net income for 2002 was a record \$1,192,000 or \$.38 per undiluted share (\$.35 per diluted share) versus a net loss of \$455,000 or \$.14 per share for 2001. Unaudited net income for the fourth quarter was \$302,000 or \$.10 per undiluted share (\$.09 per diluted share), versus a net loss of \$116,000 or \$.04 per share for the comparable period in 2001.

Revenues for fiscal year 2002 were \$8,085,000, an increase of 21%, from \$6,682,000 in fiscal year 2001. Revenues for the fourth quarter of 2002 increased 6.5% to \$2,204,000 compared with \$2,070,000 for the same period a year ago. The increases in revenue for the fourth quarter and fiscal 2002 were due primarily to increased royalty income from our North and Latin American distribution partner, Econolite Control Products, Inc., and sales by our wholly owned subsidiary, Flow Traffic Limited in Asia.

Jim Murdakes, Chairman and CEO commented, "We are extremely pleased with our financial results for the year, considering we began the year with a loss in the first quarter. The entire Company came together after the restructuring in April 2002. We continued the development of new technologies while supporting Econolite Control Products, Inc. (ECPI) and our international business. ECPI posted a 15.9% increase in Autoscope<sup>®</sup> sales over 2001 resulting in ISS having its best year ever. Besides posting excellent financial results in 2002, we completed development of two new hardware products along with a major software upgrade, all of which were announced at ECPI's annual sales kick-off meeting held earlier this month."

ECPI, based in Anaheim, California, markets and sells Autoscopes exclusively in North America and Latin America providing systems solutions to the intelligent transportation market. Image Sensing Systems sells and markets in Asia through Flow Traffic Ltd., its wholly-owned subsidiary,

and directly in Europe where a significant marketing and technical effort is underway to exploit new applications.

Based in Saint Paul, Minnesota, Image Sensing Systems, Inc. is recognized as the world leader in products applying video imaging technology for implementation in advanced traffic management systems (ATMS) for freeway, intersection control, and traffic data collection. The Company's cornerstone Autoscope products provide traffic managers the means to reduce roadway congestion, improve roadway planning, and improve cost efficiencies. Image Sensing Systems, Inc. and its subsidiary, Flow Traffic Ltd., are particularly suited to provide technical solutions to the growing intelligent transportation systems markets worldwide.

**Safe Harbor Statement:** This release 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 2001 Annual Form 10-KSB.

Three Month Period and Year Ended December 31, 2002 and 2001 (in thousands, except per share information)

	<u>Three-Month Period</u> <u>Ended December 31</u>		<u>Year</u> <u>Ended December 31</u>	
	<u>2002</u> (unaudited)	<u>2001</u>	<u>2002</u> (unaudited)	<u>2001</u>
Revenue	\$2,204	\$2,070	\$8,085	\$6,682
Operating income (loss)	449	(146)	1,341	(596)
Net income (loss)	302	(116)	1,192	(455)
Net income (loss) per share				
Basic	. 10	(.04)	.38	(.14)
Diluted	. 09	(.04)	.35	(.14)
Weighted average number of common shares outstanding:				
Basic	3,161	3,153	3,155	3,153
Diluted	3,280	3,153	3,420	3,153

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