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NEWS RELEASE

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FOR IMMEDIATE RELEASE

Image Sensing Systems Announces Record Second Quarter Financial Results

Saint Paul, Minn., July 22, 2003--Image Sensing Systems, Inc. (ISS) (NASDAQ Small Cap: ISNS) market leading developer and manufacturer of video- based traffic management systems, announced today record financial results for its second quarter ended June 30, 2003.

Net income for the quarter was \$ 827,000 (\$.24 per fully diluted share), a 47% increase compared with net income of \$562,000 (\$.18 per fully diluted share) for the comparable period in 2002.

Net income for the six month period ended June 30, 2003 was \$1,078,000 (\$.31 per fully diluted share), a 221% increase compared to net income of \$336,000 (\$.11 per fully diluted share) for the same period a year ago.

Jim Murdakes, Chairman, and CEO said, "Our second quarter performance in revenues, income and earnings per share was outstanding. We were extremely pleased as we continued our consistent and profitable financial performance over the past five quarters."

Murdakes added, "We were particularly pleased with product sales to Asian and European customers, which increased by 77% over the comparable quarter in 2002. Flow Traffic, our Asian subsidiary, exceeded last year's second quarter revenues by 107%. Our new European oriented Autoscope RackVision product announced in the first quarter had a significant impact on European revenues and income in the second quarter with major wins in both the United Kingdom and on the European continent."

Headquartered in St. Paul, Minnesota, Image Sensing Systems, Inc. combines expertise in image processing, hardware and software engineering, and communications to develop video vehicle

detection systems for traffic management and control applications. The Autoscope vehicle detection system is the world leader in video detection for advanced traffic management systems for highways, tunnel incident detection, intersection control, and traffic data collection. The Autoscope system provides traffic managers the means to reduce roadway congestion, improve roadway planning, and improve cost efficiencies.

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 2002 Annual Form 10-KSB.

Three and Six Month Periods Ended June 30, 2003 and 2002 (in thousands, except per share information)

	Three-Month Period ended June 30		Six-Month Period ended June 30	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Revenue	\$2,597	\$2,236	\$4,153	\$3,846
Operating income (loss)	1,074	560	1,397	331
Net income (loss)	827	562	1,078	336
Net income (loss) per share				
Basic	.26	.18	.34	.11
Diluted	.24	.18	.31	.11
Weighted average number of common shares outstanding				
Basic	3,182	3,153	3,180	3,153
Diluted	3,475	3,153	3,464	3,153

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