



FOR IMMEDIATE RELEASE

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I.D. Systems, Inc. Reports Second Quarter Financial Results

Hackensack, NJ, August 4, 2004 —

I.D. Systems, Inc. (NASDAQ: IDSY) today announced its financial results for the second quarter ended June 30, 2004. Revenues increased 77% to \$3,764,000 compared to revenues of \$2,125,000 for the three months ended June 30, 2003. Net income for the quarter increased to \$242,000, or \$.03 per basic and diluted share, compared to a net loss of \$211,000, or (\$.03) per basic and diluted share, for the same period last year. The increase in revenues and net income was primarily attributable to continued customer acceptance and demand of the company's patented Wireless Asset Net™ system for tracking and managing fleets of industrial equipment.

For the six-month period ended June 30, 2004, revenues increased 73% to \$6,469,000 compared to \$3,734,000 for the same period in 2003. Net income for the six months ended June 30, 2004 increased to \$337,000 compared to a net loss of \$596,000 for the same period last year.

"We are very pleased to report another significant increase in revenues and another profitable quarter at I.D. Systems," said Jeffrey Jagid, the company's chairman and chief executive officer. "We continue to expand sales of our core wireless vehicle management technology into key markets, including material handling operations at the plants and distribution centers of Fortune 500 corporations, and the emerging homeland security infrastructure at airports and seaports. I.D. Systems is also making significant progress in the rental fleet market, where a version of our Wireless Asset Net system is demonstrating important benefits in a pilot program with Avis Rent A Car. We look forward to building on our success and leadership in these markets, as well as developing new application solutions, to continue driving product demand and income to higher levels."

"We are gratified that our customers are utilizing I.D. Systems' technology in an effort to improve security, safety, productivity, cost savings, and profitability," added Mr. Jagid, "and I am pleased to note that some of our customers' experiences are portrayed on our newly revised website, www.id-systems.com."

"I.D. Systems continues to adhere successfully to its strategic business plan, balancing rapid growth with cost containment and winning key contracts to fund our research and development investments," said Ned Mavrommatis, I.D. Systems' chief financial officer. "In the second quarter of 2004, we again achieved sequential as well as year-over-year growth of both revenues and net income, and we maintained gross profit margins at 50%. Overall, the company's financial condition remains strong. As of June 30, 2004, I.D. Systems had approximately \$9.5 million in cash, cash equivalents and investments, and approximately \$10.4 million of working capital, compared to approximately \$8.6 million and approximately \$8.2 million, respectively, at December 31, 2003."

Selling, general and administrative (SG&A) expenses for the quarter ended June 30, 2004 were \$1,434,000 compared to \$1,105,000 for the three months ended June 30, 2003 as sales, marketing and customer service payroll expenses increased to support growing sales. As a percentage of revenues, however, SG&A expenses decreased to 38% for the quarter compared to 52% for the three months ended June 30, 2003.

Research and development (R&D) expenditures for the quarter were \$283,000, up from \$219,000 in the second quarter a year ago. As a percentage of revenues, R&D expenses decreased to 7.5% for the quarter compared to 10.3% for the three months ended June 30, 2003.

Highlights of the quarter ended June 30, 2004, included:

- I.D. Systems' wireless vehicle security technology passed a series of key functional tests conducted by the Transportation Security Administration (TSA) and Federal Aviation Administration at Newark Liberty International Airport
- Managers at the TSA and Port Authority of New York and New Jersey won innovation awards for their adaptation of I.D. Systems' Wireless Asset Net to the airport environment in response to a Department of Homeland Security initiative
- I.D. Systems leveraged its success at Newark Airport to win another TSA contract — to deploy a large fleet security system at JAXPORT, the Jacksonville, Fla., seaport — valued at \$1.36 million in 2004 and, at the TSA's discretion, up to an additional \$1.35 million in 2005
- Ford Motor Company issued an order to I.D. Systems for additional industrial vehicle electronic control systems to supplement Ford's previous enterprise-wide order for I.D. Systems technology
- WinCo Foods, Inc. placed a follow-on order with I.D. Systems for a wireless fleet management system at WinCo's newest distribution center
- I.D. Systems won a major new customer when Premier Manufacturing Support Services, Inc., a leading service provider for the automotive industry, placed a \$300,000 opening order for a wireless industrial fleet management system for one of the world's largest automotive parts manufacturers
- Avis Rent A Car System, Inc. and I.D. Systems continued to deploy a rental fleet management version of I.D. Systems' Wireless Asset Net on a fleet of 2,000 Avis vehicles in Puerto Rico

Investor Conference Call

I.D. Systems will be holding a conference call for investors and analysts at 4:45 p.m. Eastern Daylight Time on August 4, 2004. Jeffrey Jagid, chairman and CEO, Kenneth Ehrman, president and COO, Ned Mavrommatis, CFO, and Rick Muntz, EVP of sales and marketing, will discuss the results of the quarter and recent developments. After opening remarks, there will be a question and answer period. The conference call will be broadcast live over the Internet via the Investors section of the company's website at www.id-systems.com. To listen to the live call, go to the website at least 10 minutes early to download and install any necessary audio software.

About I.D. Systems

Based in Hackensack, New Jersey, I.D. Systems, Inc. is a leading provider of wireless solutions for corporate asset management. I.D. Systems' customers include 3M Company, American Axle, Archer Daniels Midland, DaimlerChrysler, Deere & Co., Ford Motor Company, General Dynamics, Hallmark Cards, Northrop Grumman, Target Corporation, Walgreen Co., the U.S. Navy, the U.S. Postal Service, and the U.S. Transportation Security Administration, among others. Using local area networks, wide area networks, and the Internet, the company's systems enable management to control and track the location and status of their assets — from forklifts, tugs and cranes to automobiles and trucks — in real time. For more information on I.D. Systems, Inc., visit www.id-systems.com.

“Safe Harbor” statement under the Private Securities Litigation Reform Act of 1995: This press release contains forward looking statements that are subject to risk and uncertainties, including, but not limited to, the impact of competitive products, product demand and market acceptance risks, fluctuations in operating results and other risks detailed from time to time in I.D. Systems' filings with

the Securities and Exchange Commission. These risks could cause I.D. Systems' actual results for the current fiscal year and beyond to differ materially from those expressed in any forward looking statements made by, or behalf of, I.D. Systems.

-- Tables to Follow --

I.D. Systems, Inc.
Condensed Statements of Operations
(Unaudited)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2003	2004	2003	2004
Revenues	\$ 2,125,000	\$ 3,764,000	\$ 3,734,000	\$ 6,469,000
Cost of Revenues	1,076,000	1,867,000	1,831,000	3,122,000
Gross Profit	1,049,000	1,897,000	1,903,000	3,347,000
Selling, general and administrative expenses	1,105,000	1,434,000	2,188,000	2,707,000
Research and development expenses	219,000	283,000	451,000	438,000
Income (loss) from operations	(275,000)	180,000	(736,000)	202,000
Interest income	79,000	40,000	165,000	94,000
Interest expense	(15,000)	(15,000)	(25,000)	(33,000)
Other income	--	37,000	--	74,000
Net income (loss)	\$ (211,000)	\$ 242,000	\$ (596,000)	\$ 337,000
Net income (loss) per share - basic	\$ (0.03)	\$ 0.03	\$ (0.09)	\$ 0.05
Net income (loss) per share - diluted	\$ (0.03)	\$ 0.03	\$ (0.09)	\$ 0.04
Weighted average common shares outstanding – basic	6,833,000	7,335,000	6,819,000	7,253,000
Weighted average common shares outstanding – diluted	6,833,000	8,634,000	6,819,000	8,374,000

[More....]

I.D. Systems, Inc.
Condensed Balance Sheets

	December 31, 2003	June 30, 2004 (Unaudited)
ASSETS		
Cash and cash equivalents	\$ 3,179,000	\$ 4,705,000
Short-term investments	3,339,000	2,881,000
Accounts receivable	2,204,000	2,498,000
Unbilled receivables	--	983,000
Inventory	676,000	1,242,000
Investment in sales type leases	37,000	38,000
Interest receivable	75,000	73,000
Officer loan	10,000	10,000
Prepaid expenses and other current assets	129,000	30,000
Total current assets	9,649,000	12,460,000
Long-term investments	2,100,000	1,815,000
Fixed assets, net	845,000	905,000
Investment in sales type leases	73,000	54,000
Officer loan	31,000	26,000
Deferred contract costs	675,000	670,000
Other assets	97,000	86,000
	\$ 13,470,000	\$ 16,016,000
LIABILITIES		
Accounts payable and accrued expenses	\$ 1,055,000	\$ 1,645,000
Long term debt – current portion	188,000	193,000
Line of credit	137,000	137,000
Deferred revenue	89,000	92,000
Total current liabilities	1,469,000	2,066,000
Long term debt	648,000	550,000
Deferred revenue	285,000	239,000
Deferred rent	89,000	100,000
	2,491,000	2,956,000
STOCKHOLDERS' EQUITY		
Preferred stock; authorized 5,000,000 shares, \$.01 par value; none issued		
Common stock; authorized 15,000,000 shares, \$.01 par value; issued and outstanding 7,097,000 shares and 7,595,000 shares	71,000	76,000
Additional paid-in capital	22,804,000	24,545,000
Treasury stock; 40,000 shares at cost	(113,000)	(113,000)
Accumulated deficit	(11,783,000)	(11,448,000)
	10,979,000	13,060,000
	\$ 13,470,000	\$ 16,016,000

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