

FOR IMMEDIATE RELEASE

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

Hackensack, NJ, August 4, 2003 —

I.D. Systems, Inc. (NASDAQ: IDSY), announced today its financial results for the second quarter ended June 30, 2003. Revenues increased to \$2,125,000, up 80% over the second quarter a year ago and 32% over the preceding quarter, as the company's Wireless Asset Net™ system for tracking and managing fleets of industrial equipment continued to gain market share. Gross profit margins for the quarter remained strong and stable at 49%. Net loss for the three months decreased 48% to \$211,000, or \$.03 per basic and diluted share, compared to the net loss of \$405,000, or \$.06 per basic and diluted share, in the second quarter of 2002.

For the six-month period ended June 30, 2003, revenues increased 86% to \$3,734,000, compared to \$2,009,000 for the same period a year ago. Net loss for the six months decreased 44% to \$596,000, compared to \$1,062,000 for the same period last year.

"I.D. Systems continues to meet its short-term objectives and adhere to its long-term strategic plan," said Jeffrey Jagid, Chairman and Chief Executive Officer of I.D. Systems. "We are increasing the market penetration of our patented wireless technology and demonstrating a compelling return on investment for our customers while delving into new applications. We are reporting year-over-year and sequential revenue growth, and achieving robust gross profit margins. We are particularly gratified that in a challenging economic environment, I.D. Systems continues both to build business with existing customers and add new Fortune 500 customers, which we believe reflects a growing acceptance of our technology as a best practice for safety improvements and operating cost reductions."

"I.D. Systems' financial condition remains strong," added Chief Financial Officer Ned Mavrommatis. "At June 30, 2003, the company's cash, cash equivalents, and investments totaled \$8,327,000, with \$8,105,000 in working capital"

Selling, general and administrative (SG&A) expenses for the quarter ended June 30, 2003, were \$1,105,000, compared to \$814,000 for the three months ended June 30, 2002. As a percentage of revenues, SG&A expenses decreased to 52% from 69% in the second quarter of 2002. Research and development (R&D) expenses were \$219,000 for the three months ended June 30, 2003, compared to \$271,000 for the same period last year. As a percentage of revenues, R&D expenses decreased to 10% for the quarter, compared to 23% a year ago.

Highlights in the second quarter of 2003 included:

- Ford Motor Company (NYSE: F) accelerated its corporate-wide deployment of I.D. Systems' wireless Industrial Vehicle Electronic Control System (IVECS). The accelerated plan calls for more than 20 Ford assembly and stamping plants in North America to implement IVECS on a significant portion of their material handling vehicles by the end of 2003.

— Continued —

- The U.S. Postal Service (USPS) ordered I.D. Systems' Wireless Asset Net for a fleet of industrial vehicles at the USPS Buffalo, New York, Processing and Distribution Center, the eighth USPS facility to acquire the system.
- Walgreen Co. (NYSE: WAG), the largest U.S. drugstore chain with 4,029 stores and fiscal 2002 sales of \$28.7 billion, ordered the Wireless Asset Net for material handling fleets at two distribution centers. Walgreens represents I.D. Systems' first opportunity in the retail drug market and is a key addition to the company's growing base of Fortune 500 customers.
- American Axle & Manufacturing Holdings, Inc. (NYSE: AXL) ordered an initial deployment of I.D. Systems' Wireless Asset Net technology at one of its Michigan plants. American Axle, a Tier One automotive driveline systems supplier with 2002 revenues of \$3.5 billion, joins Ford, DaimlerChrysler, Toyota, and other automotive industry leaders as an I.D. Systems customer.
- I.D. Systems continued to work together with Avis Rent A Car System, Inc., a wholly owned subsidiary of Cendant Corporation (NYSE: CD), to implement the Wireless Asset Net system on Avis' 2,000-vehicle rental fleet in Puerto Rico. The deployment is designed to automate various aspects of the car rental and return process, improving customer service and increasing the efficiency of fleet operations. Avis and its subsidiaries operate the world's second largest general-use car rental brand, with more than 1,700 locations worldwide.

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, 2003. Jeffrey Jagid, Chairman and CEO, Kenneth Ehrman, President and COO, Ned Mavrommatis, CFO and Rick Muntz, EVP of Sales & marketing, will discuss the results of the quarter and recent corporate 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 web site at www.id-systems.com. To listen to the live call, go to the web site at least 10 minutes early to download and install any necessary audio software.

About the Company

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 Archer Daniels Midland, DaimlerChrysler, Deere & Co., Ford Motor Company, Hallmark Cards, Target Corporation, Walgreen Co., the U.S. Department of Homeland Security, the U.S. Navy, and the U.S. Postal Service, 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 letters and containers to forklifts and railcars — in real time. For more information on I.D. Systems, Inc., visit www.id-systems.com.

Wireless Asset Net and the I.D. Systems, Inc. logo are trademarks of I.D. Systems, Inc.

“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,	
	2002	2003	2002	2003
Revenues	\$ 1,178,000	\$ 2,125,000	\$ 2,009,000	\$ 3,734,000
Cost of Revenues	593,000	1,076,000	968,000	1,831,000
Gross Profit	585,000	1,049,000	1,041,000	1,903,000
Selling, general and administrative expenses	814,000	1,105,000	1,697,000	2,188,000
Research and development expenses	271,000	219,000	551,000	451,000
Loss from operations	(500,000)	(275,000)	(1,207,000)	(736,000)
Interest income	95,000	79,000	146,000	165,000
Interest expense	--	(15,000)	(1,000)	(25,000)
Net loss	\$ (405,000)	\$ (211,000)	\$ (1,062,000)	\$ (596,000)
Net loss per share - basic and diluted	\$ (0.06)	\$ (0.03)	\$ (0.16)	\$ (0.09)
Weighted average common shares outstanding – basic and diluted loss per share	6,797,000	6,833,000	6,622,000	6,819,000

I.D. Systems, Inc.
Condensed Balance Sheets

	December 31, 2002	June 30, 2003 (Unaudited)
ASSETS		
Cash and cash equivalents	\$ 3,758,000	\$ 3,264,000
Investments	3,031,000	2,991,000
Accounts receivable, net	1,114,000	1,833,000
Unbilled receivables	--	449,000
Inventory	1,471,000	911,000
Investment in sales type leases	159,000	34,000
Interest receivable	73,000	104,000
Officer loan	10,000	10,000
Prepaid expenses and other current assets	147,000	206,000
Total current assets	9,763,000	9,802,000
Investments	968,000	2,072,000
Fixed assets, net	679,000	656,000
Investment in sales type leases	522,000	77,000
Installment receivable - non-current portion	867,000	785,000
Officer loan	41,000	36,000
Deferred contract costs	--	121,000
Other assets	107,000	108,000
	\$ 12,947,000	\$ 13,657,000
LIABILITIES		
Accounts payable and accrued expenses	\$ 1,205,000	\$ 1,265,000
Long term debt – current portion	--	199,000
Line of credit	137,000	137,000
Deferred revenue	26,000	46,000
Other current liabilities	100,000	50,000
Total current liabilities	1,468,000	1,697,000
Long term debt	--	727,000
Deferred revenue	--	156,000
Deferred rent	66,000	77,000
	1,534,000	2,657,000
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 6,799,000 shares and 6,863,000 shares	68,000	69,000
Additional paid-in capital	22,042,000	22,226,000
Treasury stock; 40,000 shares at cost	(113,000)	(113,000)
Accumulated deficit	(10,584,000)	(11,182,000)
	11,413,000	11,000,000
	\$ 12,947,000	\$ 13,657,000

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