

FOR IMMEDIATE RELEASE

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

Hackensack, NJ, May 9, 2004 —

I.D. Systems, Inc. (NASDAQ: IDSY) today announced its financial results for the first quarter ended March 31, 2005. Revenues increased 12% to \$3,033,000, compared to \$2,705,000 for the three months ended March 31, 2004, as sales of the company's patented Wireless Asset Net™ system for tracking and managing fleets of industrial equipment continued to grow. Selling, general and administrative expenses increased to \$1,853,000, up from \$1,254,000 for the three months ended March 31, 2004, as payroll and travel expenses increased to support growing sales and prepare the company for upcoming system deployments under a national contract from the United States Postal Service. Research and development expenditures also increased to \$395,000, compared to \$155,000 in the first quarter a year ago. As a result, net loss for the quarter was (\$635,000), or (\$.08) per basic and diluted share, compared to net income of \$95,000, or \$.01 per basic and diluted share, for the same period last year.

"We are pleased to report another significant increase in revenues this quarter, in advance of the first system implementations we will be undertaking for the U.S. Postal Service under their national contract with us," said Jeffrey Jagid, I.D. Systems' chairman and chief executive officer. "With the USPS project just starting, and with many other customer programs making excellent progress, we are very excited about our prospects for the rest of the year. We expect to continue rapidly expanding penetration of our wireless asset management technology with both existing and new customers."

"We continue to meet the objectives of our strategic business plan," added Ned Mavrommatis, I.D. Systems' chief financial officer. "In the first quarter of 2005, we again achieved double-digit year-over-year revenue growth and a gross profit margin of more than 50%. At the same time, we added personnel and made additional investments in our business to support our current pace of growth and help win new business. The company's financial condition remains strong. As of March 31, 2005, I.D. Systems had approximately \$8.6 million in cash, cash equivalents and investments, and approximately \$12.1 million of working capital."

Highlights of the first quarter ended March 31, 2005, included:

- A national contract awarded by the U.S. Postal Service (USPS) for I.D. Systems to deploy wireless powered industrial vehicle management systems at up to 460 USPS facilities over the next three years. The contract was awarded to I.D. Systems after a competitive bid process, which the company believes reflects its many significant competitive advantages and the proven high return on investment generated by its wireless asset management technology.
- A Phase II contract expansion of the company's wireless vehicle security program at the Jacksonville, Florida, seaport, funded by the Transportation Security Administration (TSA). I.D. Systems will deploy the homeland security version of its Wireless Asset Net fleet management system on several hundred additional vehicles at the seaport.
- A grant from the TSA, announced in April 2005, for I.D. Systems to integrate RFID (radio frequency identification)-based cargo tracking capability into the company's wireless vehicle security system. I.D. Systems will collaborate with Symbol Technologies, Inc. to develop and prototype a mobile, automated baggage tracking system in which "intelligent" containers and vehicles identify and locate

items tagged with EPC (electronic product code)-compliant RFID tags, and communicate that data through I.D. Systems' wireless vehicle management network.

- A Federal Supply Service Information Technology contract awarded to I.D. Systems by the General Services Administration. Under the contract, which has a maximum duration of 20 years, any U.S. Government entity can order a combination of I.D. Systems' hardware, software and services worth up to \$2.5 million without seeking further competitive bids.
- Continued expansion of business with Ford Motor Company to support Ford's North America-wide roll-out of I.D. Systems' wireless industrial vehicle electronic control systems.
- A new order for the Wireless Asset Net from Wajax Industries, a leading Canadian distributor of mobile equipment and related services, on behalf of a major Canadian retailer.
- The introduction of two new RFID-based products at the ProMat material handling exhibition: the Machine Asset Communicator™ (MAC), and the Battery Charger Monitoring Point™ (Battery ChaMP™). The MAC provides wireless monitoring and control of fixed machinery, with functions such as automatic quality control checks and real-time alerts on out-of-specification machine parameters. The Battery ChaMP provides real-time asset visibility and automatic data uploads for industrial battery fast-charge systems deployed in factories, warehouses, and airports.
- A purchase order for the Battery ChaMP system from AeroVironment, Inc., to support deployment of AeroVironment's PosiCharge™ battery fast-charging system at a major automotive manufacturer.
- The naming of I.D. Systems to the "FL 100" list of 100 prominent technology solution providers in food industry publication *Food Logistics*.

Investor Conference Call

I.D. Systems will hold a conference call for investors and analysts at 4:45 p.m. Eastern Standard Time on May 9, 2005. 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, Daimler Chrysler, 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 and cranes to automobiles and trucks to complex fixed machinery – in real time. For more information on I.D. Systems, Inc., visit www.id-systems.com.

Trademarks

I.D. Systems, Inc., Wireless Asset Net, Machine Asset Communicator, Battery Charger Monitoring Point, and Battery ChaMP are registered or pending trademarks of I.D. Systems, Inc. PosiCharge is a trademark of AeroVironment, Inc.

"Safe Harbor" statement under the Private Securities Litigation Reform Act of 1995

This press release contains forward looking statements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and 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 to differ materially from those expressed in any forward looking statements made by, or on behalf of, I.D. Systems. I.D. Systems assumes no obligation to update the information contained in this press release.

-- Tables to Follow --

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

	Three months ended	
	March 31,	
	<u>2004</u>	<u>2005</u>
Revenues	\$ 2,705,000	\$ 3,033,000
Cost of Revenues	<u>1,274,000</u>	<u>1,506,000</u>
Gross Profit	1,431,000	1,527,000
Selling, general and administrative expenses	1,254,000	1,853,000
Research and development expenses	<u>155,000</u>	<u>395,000</u>
Income (loss) from operations	22,000	(721,000)
Interest income	54,000	62,000
Interest expense	(18,000)	(13,000)
Other income	<u>37,000</u>	<u>37,000</u>
Net income (loss)	<u><u>\$ 95,000</u></u>	<u><u>\$ (635,000)</u></u>
Net income (loss) per share – basic	<u><u>\$ 0.01</u></u>	<u><u>\$ (0.08)</u></u>
Net income (loss) per share – diluted	<u><u>\$ 0.01</u></u>	<u><u>\$ (0.08)</u></u>
Weighted average common shares outstanding- basic	<u><u>7,170,000</u></u>	<u><u>7,719,000</u></u>
Weighted average common shares outstanding- diluted	<u><u>8,114,000</u></u>	<u><u>7,719,000</u></u>

I.D. Systems, Inc.
Condensed Balance Sheets

	December 31, 2004	March 31, 2005 (Unaudited)
ASSETS		
Cash and cash equivalents	\$ 8,440,000	\$ 5,073,000
Short-term investments	3,195,000	3,488,000
Accounts receivable, net	1,432,000	3,609,000
Unbilled receivables	402,000	--
Inventory	1,739,000	2,321,000
Investment in sales type leases	39,000	40,000
Interest receivable	50,000	52,000
Officer loan	10,000	10,000
Prepaid expenses and other current assets	225,000	82,000
Total current assets	15,532,000	14,675,000
Investments	--	--
Fixed assets, net	1,009,000	1,094,000
Investment in sales type leases	34,000	24,000
Officer loan	20,000	18,000
Deferred contract costs	476,000	386,000
Other assets	88,000	87,000
	\$ 17,159,000	\$ 16,284,000
LIABILITIES		
Accounts payable and accrued expenses	\$ 2,541,000	\$ 1,799,000
Long term debt – current portion	199,000	201,000
Line of credit	--	500,000
Deferred revenue	95,000	96,000
Total current liabilities	2,835,000	2,596,000
Long term debt	449,000	398,000
Deferred revenue	191,000	167,000
Deferred rent	112,000	116,000
	3,587,000	3,277,000
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 7,690,000 shares and 7,735,000 shares	77,000	77,000
Additional paid-in capital	24,994,000	25,064,000
Treasury stock; 40,000 shares at cost	(113,000)	(113,000)
Accumulated deficit	(11,386,000)	(12,021,000)
	13,572,000	13,007,000
	\$ 17,159,000	\$ 16,284,000

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

	Three months ended	
	March 31,	
	2004	2005
Cash flows from operating activities:		
Net income (loss)	\$ 95,000	\$ (635,000)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation and amortization	59,000	84,000
Deferred rent expense	6,000	4,000
Deferred revenues	(21,000)	(23,000)
Changes in:		
Accounts receivable	(850,000)	(2,177,000)
Unbilled receivables	--	402,000
Inventory	(17,000)	(582,000)
Prepaid expenses and other assets	41,000	144,000
Investment in sale type leases	9,000	9,000
Deferred contract costs	(28,000)	90,000
Accounts payable and accrued expenses	90,000	(742,000)
	(616,000)	(3,426,000)
Cash flows from investing activities:		
Purchase of fixed assets	(75,000)	(169,000)
Purchases of investments	(386,000)	(500,000)
Increase in interest receivable	(8,000)	(2,000)
Maturities of investments	550,000	225,000
Amortization of (discount) premium on investments	42,000	(18,000)
Officer loan	3,000	2,000
	126,000	(462,000)
Cash flows from financing activities:		
Proceeds from line of credit	--	500,000
Repayment of term loan	(46,000)	(49,000)
Proceeds from exercise of stock options	332,000	70,000
	286,000	521,000
Net decrease in cash and cash equivalents	(204,000)	(3,367,000)
Cash and cash equivalents - beginning of period	3,179,000	8,440,000
	\$ 2,975,000	\$ 5,073,000
Cash and cash equivalents – end of period	\$ 2,975,000	\$ 5,073,000

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