

FOR IMMEDIATE RELEASE

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

Hackensack, NJ, August 2, 2004 —

I.D. Systems, Inc. (NASDAQ: IDSY) today announced its financial results for the quarter and six months ended June 30, 2005. Revenues for the quarter increased 12% to \$4,198,000, up from \$3,764,000 in the second quarter a year ago. Net income for the quarter increased 70% to 412,000, or \$.05 per basic and diluted share, compared to net income of \$242,000, or \$.03 per basic and diluted share, for the same period last year.

“We are very pleased to report double-digit increases in both revenues and net income this quarter, driven primarily by continued strong sales of our patented Wireless Asset Net system for tracking and managing fleets of vehicles and industrial equipment,” said Jeffrey Jagid, I.D. Systems’ chairman and chief executive officer. “Our strategic plan continues to bear fruit, as we expand business with existing customers, like the U.S. Postal Service and Walgreens, and develop new applications, such as our wireless battery monitoring system for PosiCharge and our kiosk check-in software project with Avis Rent A Car and Delta Air Lines.”

Ned Mavrommatis, the company’s chief financial officer, added, “We continue to focus on achieving a high rate of growth while controlling costs and maintaining a robust gross profit margin. As percentage of revenues, our selling, general and administrative expenses decreased further this quarter to 34.6%, compared to 38.1% for the three months ended June 30, 2004, and our gross profit margin remained stable at just over 50%. I.D. Systems’ overall financial condition remains strong. As of June 30, 2005, the company had approximately \$8.7 million in cash, cash equivalents and investments, and approximately \$12.8 million of working capital.”

For the six-month period ended June 30, 2005, revenues increased 12% to \$7,231,000, up from \$6,469,000 for the same period in 2004. Net loss for the six months ended June 30, 2005 was (223,000), or (\$0.03) per basic and diluted share, compared to net income of \$337,000, or \$0.05 per basic and \$0.04 per diluted share, for the same period last year.

Highlights of I.D. Systems’ second quarter included:

- Winning repeat orders from Walgreen Co. for I.D. Systems’ Wireless Asset Net™ industrial fleet management system, to be deployed on material handling equipment at two additional Walgreens distribution centers. These orders increase the number of Walgreens facilities utilizing I.D. Systems’ technology to a total of four.
- Winning a repeat order from AeroVironment, Inc. for I.D. Systems’ wireless Battery ChaMP™ (Charger Monitoring Point™), to support an ongoing roll-out of AeroVironment’s PosiCharge™ industrial battery fast-charging system for a major automotive manufacturer. This order brings the total number of Battery ChaMPs sold to over 1,300 units since the new product was introduced at the end of 2004.
- Continuing implementation of Wireless Asset Net industrial fleet management systems at several U.S. Postal Service (USPS) facilities – the first of up to 460 USPS facilities that could deploy the system over the next three years under an enterprise-wide contract awarded by the USPS to I.D. Systems, as announced in January 2005.

- Continuing expansion of business with other existing customers, including Target Corporation and the U.S. Transportation Security Administration, which awarded I.D. Systems a grant to integrate RFID (radio frequency identification) cargo-tracking capabilities into its wireless vehicle security and management network.
- The award of a United States patent for a fully automated wireless vehicle rental and return system designed to enhance the car rental experience for consumers and increase security, reduce operational costs, and increase revenues for car rental companies.
- The introduction, by Avis Rent A Car System, Inc. and Delta Air Lines, Inc., of the world's first remote airport check-in kiosk at a car rental facility. I.D. Systems developed the software interface for the kiosk, which offers Delta and Avis customers at Hartsfield-Jackson Atlanta International Airport a convenient option to check-in for their flights when returning their rental cars.
- Certification of I.D. Systems as a Microsoft Certified Partner, reflecting I.D. Systems' expertise in creating innovative software solutions, and bringing the full scope and power of Microsoft's support organization to the Wireless Asset Net's SQL Server database platform.

Investor Conference Call

I.D. Systems will hold a conference call for investors and analysts at 4:45 p.m. Eastern Daylight Time on August 2, 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. 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, 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 June 30,		Six months ended June 30,	
	2004	2005	2004	2005
Revenues	\$ 3,764,000	\$ 4,198,000	\$ 6,469,000	\$ 7,231,000
Cost of Revenues	<u>1,867,000</u>	<u>2,081,000</u>	<u>3,122,000</u>	<u>3,587,000</u>
Gross Profit	1,897,000	2,117,000	3,347,000	3,644,000
Selling, general and administrative expenses	1,434,000	1,451,000	2,707,000	3,304,000
Research and development expenses	<u>283,000</u>	<u>342,000</u>	<u>438,000</u>	<u>737,000</u>
Income (loss) from operations	180,000	324,000	202,000	(397,000)
Interest income	40,000	66,000	94,000	128,000
Interest expense	(15,000)	(16,000)	(33,000)	(29,000)
Other income	<u>37,000</u>	<u>38,000</u>	<u>74,000</u>	<u>75,000</u>
Net income (loss)	<u>\$ 242,000</u>	<u>\$ 412,000</u>	<u>\$ 337,000</u>	<u>\$ (223,000)</u>
Net income (loss) per share – basic	<u>\$ 0.03</u>	<u>\$ 0.05</u>	<u>\$ 0.05</u>	<u>\$ (0.03)</u>
Net income (loss) per share – diluted	<u>\$ 0.03</u>	<u>\$ 0.05</u>	<u>\$ 0.04</u>	<u>\$ (0.03)</u>
Weighted average common shares outstanding – basic	<u>7,335,000</u>	<u>7,732,000</u>	<u>7,253,000</u>	<u>7,718,000</u>
Weighted average common shares outstanding – diluted	<u>8,634,000</u>	<u>9,143,000</u>	<u>8,374,000</u>	<u>7,718,000</u>

I.D. Systems, Inc.
Condensed Balance Sheets

	December 31, 2004	June 30, 2005 (Unaudited)
ASSETS		
Cash and cash equivalents	\$ 8,440,000	\$ 6,148,000
Short-term investments	3,195,000	2,534,000
Accounts receivable, net	1,432,000	4,408,000
Unbilled receivables	402,000	--
Inventory	1,739,000	2,047,000
Investment in sales type leases	39,000	40,000
Interest receivable	50,000	48,000
Officer loan	10,000	11,000
Prepaid expenses and other current assets	225,000	30,000
Total current assets	15,532,000	15,266,000
Fixed assets, net	1,009,000	1,191,000
Investment in sales type leases	34,000	14,000
Officer loan	20,000	14,000
Deferred contract costs	476,000	292,000
Other assets	88,000	87,000
	\$ 17,159,000	\$ 16,864,000
LIABILITIES		
Accounts payable and accrued expenses	\$ 2,541,000	\$ 1,767,000
Long term debt – current portion	199,000	151,000
Line of credit	--	500,000
Deferred revenue	95,000	98,000
Total current liabilities	2,835,000	2,516,000
Long term debt	449,000	398,000
Deferred revenue	191,000	141,000
Deferred rent	112,000	110,000
	3,587,000	3,165,000
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 7,763,000 shares	77,000	78,000
Additional paid-in capital	24,994,000	25,343,000
Treasury stock; 40,000 shares at cost	(113,000)	(113,000)
Accumulated deficit	(11,386,000)	(11,609,000)
	13,572,000	13,699,000
	\$ 17,159,000	\$ 16,864,000

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

	Six months ended June 30,	
	2004	2005
Cash flows from operating activities:		
Net income (loss)	\$ 337,000	\$ (223,000)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation and amortization	125,000	178,000
Deferred rent expense	11,000	(2,000)
Deferred revenue	(43,000)	(47,000)
Deferred contract costs	5,000	184,000
Changes in:		
Accounts receivable	(294,000)	(2,976,000)
Unbilled receivables	(983,000)	402,000
Inventory	(568,000)	(308,000)
Prepaid expenses and other assets	110,000	196,000
Investment in sales type leases	18,000	19,000
Accounts payable and accrued expenses	590,000	(774,000)
Net cash used in operating activities	(692,000)	(3,351,000)
Cash flows from investing activities:		
Purchase of fixed assets	(185,000)	(360,000)
Purchase of investments	(487,000)	(500,000)
Decrease (increase) in interest receivable	2,000	2,000
Maturities of investments	1,106,000	1,170,000
Amortization of premium on investments	124,000	(9,000)
Collection of officer loan	5,000	5,000
Net cash provided by investing activities	565,000	308,000
Cash flows from financing activities:		
Proceeds from line of credit	--	500,000
Repayment of term loan	(93,000)	(99,000)
Proceeds from exercise of stock options	721,000	350,000
Net cash provided by financing activities	1,653,000	751,000
Net increase (decrease) in cash and cash equivalents	1,526,000	(2,292,000)
Cash and cash equivalents - beginning of period	3,179,000	8,440,000
Cash and cash equivalents - end of period	\$ 4,705,000	\$ 6,148,000
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest	\$ 33,000	\$ 29,000

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