

Edgar Filing: ID SYSTEMS INC - Form 10QSB

ID SYSTEMS INC
Form 10QSB
May 15, 2003

U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-QSB

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: March 31, 2003

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 1-15087

I.D. SYSTEMS, INC.
(Exact name of small business issuer as specified in its charter)

DELAWARE

(State or other jurisdiction of
incorporation or organization)

22-3270799

(I.R.S. Employer
Identification No.)

ONE UNIVERSITY PLAZA, HACKENSACK, NEW JERSEY 07601
(Address of principal executive offices) (Zip Code)

(201) 996-9000
(Issuer's telephone number)

(Former name, former address and former fiscal year, if changed since last report)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period) that the issuer was required to file such reports, and (2) has been subject to such filing requirements for the past 90 days. YES X NO

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDING DURING THE PRECEDING FIVE YEARS

Check whether the issuer filed all documents and reports required to be filed by Section 12, 13, or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court.

Yes ----- No -----

APPLICABLE ONLY TO CORPORATE ISSUERS:

The number of shares outstanding of the Issuer's Common Stock, \$0.01 par value,

Edgar Filing: ID SYSTEMS INC - Form 10QSB

as of the close of business on May 1, 2003 was 6,860,693.

INDEX

I.D. SYSTEMS, INC.

PART I - FINANCIAL INFORMATION

ITEM 1. CONDENSED FINANCIAL STATEMENTS.	Page

Condensed Balance Sheets as of December 31, 2002 and March 31, 2003 (unaudited)	1
Condensed Statements of Operations (unaudited) - for the three months ended March 31, 2002 and 2003	2
Condensed Statements of Cash Flows (unaudited) - for the three months ended March 31, 2002 and 2003	3
Notes to Condensed Financial Statements	4
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	6
ITEM 3. CONTROLS AND PROCEDURES	8
PART II - OTHER INFORMATION	
ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K	9
SIGNATURES	10

PART I - FINANCIAL INFORMATION

ITEM 1. CONDENSED FINANCIAL STATEMENTS

I.D. SYSTEMS, INC.
CONDENSED BALANCE SHEETS

	DECEMBER 31, 2002	MARCH 31, 2003 (UNAUDITED)
	-----	-----
ASSETS		
Cash and cash equivalents	\$ 3,758,000	\$ 2,919,000
Investments	3,031,000	3,592,000

Edgar Filing: ID SYSTEMS INC - Form 10QSB

Accounts receivable, net	1,114,000	1,260,000
Inventory	1,471,000	1,073,000
Investment in sales type leases	159,000	263,000
Interest receivable	73,000	97,000
Officer loan	10,000	10,000
Prepaid expenses and other current assets	147,000	70,000
	-----	-----
Total current assets	9,763,000	9,284,000
Investments	968,000	960,000
Fixed assets, net	679,000	683,000
Investment in sales type leases	522,000	918,000
Installment receivable - non-current portion	867,000	818,000
Officer loan	41,000	39,000
Deferred contract costs	--	63,000
Other assets	107,000	107,000
	-----	-----
	\$ 12,947,000	\$ 12,872,000
	=====	=====
LIABILITIES		
Accounts payable and accrued expenses	\$ 1,205,000	\$ 516,000
Long term debt - current portion	--	182,000
Line of credit	137,000	137,000
Deferred revenue	26,000	26,000
Other current liabilities	100,000	100,000
	-----	-----
Total current liabilities	1,468,000	961,000
Long term debt	--	789,000
Deferred rent	66,000	71,000
	-----	-----
	1,534,000	1,821,000
	-----	-----
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 6,811,000 shares	68,000	68,000
Additional paid-in capital	22,042,000	22,065,000
Treasury stock; 40,000 shares at cost	(113,000)	(113,000)
Accumulated deficit	(10,584,000)	(10,969,000)
	-----	-----
	11,413,000	11,051,000
	-----	-----
	\$ 12,947,000	\$ 12,872,000
	=====	=====

See accompanying notes

1

I.D. SYSTEMS, INC.
CONDENSED STATEMENTS OF OPERATIONS
(Unaudited)

Edgar Filing: ID SYSTEMS INC - Form 10QSB

	THREE MONTHS ENDED	
	MARCH 31,	
	2002	2003
	-----	-----
Revenues	\$ 831,000	\$ 1,609,000
Cost of Revenues	375,000	755,000
	-----	-----
Gross Profit	456,000	854,000
Selling, general and administrative expenses	883,000	1,083,000
Research and development expenses	280,000	232,000
	-----	-----
Loss from operations	(707,000)	(461,000)
Interest income	51,000	86,000
Interest expense	(1,000)	(10,000)
	-----	-----
NET LOSS	\$ (657,000)	\$ (385,000)
	=====	=====
NET LOSS PER SHARE - BASIC AND DILUTED	\$ (0.10)	\$ (0.06)
	=====	=====
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING- BASIC AND DILUTED LOSS PER SHARE	6,444,000	6,804,000
	=====	=====

See accompanying notes

2

I.D. SYSTEMS, INC.
CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

	THREE MONTHS ENDED	
	MARCH 31,	
	2002	2003
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (657,000)	\$ (385,000)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation and amortization	44,000	13,000
Deferred rent expense	6,000	5,000
Bad debt expense	--	2,000
Deferred contract costs	--	(63,000)
Changes in:		

Edgar Filing: ID SYSTEMS INC - Form 10QSB

Accounts receivable	(552,000)	(148,000)
Inventory	(314,000)	398,000
Prepaid expenses and other assets	8,000	77,000
Investment in sale type leases	--	(500,000)
Installment receivable - non-current portion	--	49,000
Accounts payable and accrued expenses	274,000	(689,000)
	-----	-----
Net cash used in operating activities	(1,191,000)	(1,241,000)
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(74,000)	(17,000)
Purchases of investments	(3,081,000)	(1,165,000)
Increase in interest receivable	(44,000)	(24,000)
Maturities of investments	2,549,000	574,000
Amortization of (discount) premium on investments	(6,000)	38,000
Officer loan	--	2,000
	-----	-----
Net cash used in investing activities	(656,000)	(592,000)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of lease obligations	(3,000)	--
Proceeds from term loan, net of repayment	--	971,000
Proceeds from exercise of stock options	153,000	23,000
Net proceeds from private placement	6,145,000	--
	-----	-----
Net cash provided by financing activities	6,295,000	994,000
	-----	-----
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,448,000	(839,000)
Cash and cash equivalents - beginning of period	2,426,000	3,758,000
	-----	-----
CASH AND CASH EQUIVALENTS - END OF PERIOD	\$6,874,000	\$2,919,000
	=====	=====

See accompanying notes

3

I.D. SYSTEMS, INC.

Notes to Condensed Financial Statements
March 31, 2003

NOTE A - BASIS OF REPORTING

The accompanying unaudited condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-QSB. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of

Edgar Filing: ID SYSTEMS INC - Form 10QSB

America for complete financial statements. In the opinion of management, such statements include all adjustments (consisting only of normal recurring items) which are considered necessary for a fair presentation of the financial position of I.D. Systems, Inc. (the "Company") as of March 31, 2003, the results of its operations for the three-month periods ended March 31, 2002 and 2003 and cash flows for the three-month periods ended March 31, 2002 and 2003. The results of operations for the three-month period ended March 31, 2003 are not necessarily indicative of the operating results for the full year. It is suggested that these financial statements be read in conjunction with the financial statements and related disclosures for the year ended December 31, 2002 included in the Company's Annual Report.

NOTE B - NET INCOME (LOSS) PER SHARE OF COMMON STOCK

Basic income (loss) per share is based on the weighted average number of common shares outstanding during each period. Diluted income (loss) per share reflects the potential dilution assuming common shares were issued upon the exercise of outstanding options and warrants and the proceeds thereof were used to purchase outstanding common shares. For the three-month periods ended March 31, 2002 and 2003, the basic and diluted weighted average shares outstanding are the same since the effect from the potential exercise of outstanding stock options would have been anti-dilutive.

NOTE C - REVENUE RECOGNITION

The Company's revenues are derived from contracts with multiple element arrangements, which include the Company's system, training and technical support. Revenues are recognized as each element is earned based on the relative fair value of each element and when there are no undelivered elements that are essential to the functionality of the delivered elements. The Company's system is typically implemented by the customer or a third party and, as a result, revenue is recognized when title passes to the customer, which usually is upon delivery of the system, provided all other revenue recognition criteria are met. Training and technical support revenues are generally recognized at time of performance.

The Company also enters into post-contract maintenance and support agreements. Revenue is recognized over the service period and the cost of providing these services is expensed as incurred.

The Company also derives revenues under leasing arrangements. Such arrangements provide for monthly payments covering the system sale, maintenance and interest. These arrangements meet the criteria to be accounted for as sales-type leases pursuant to Statement of Financial Accounting Standards No. 13, "Accounting for Leases". Accordingly, the system sale is recognized upon delivery of the system, provided all other revenue recognition criteria are met. Upon the recognition of revenue, an asset is established for the "investment in sales-type leases". Maintenance revenue and interest income are recognized monthly over the lease term. The Company recognized \$552,000 of system sales during the quarter ended

4

March 31, 2003 pursuant to such arrangements. These arrangements provide for sixty equal monthly payments and interest has been imputed at approximately 6%.

The Company recognized \$1,536,000 of system sales in 2002 in connection with an installment sale. The arrangement provided for a \$470,000 upfront payment and equal monthly payments of approximately \$26,000 through November 2007, which

Edgar Filing: ID SYSTEMS INC - Form 10QSB

include principal, imputed interest at approximately 7% and approximately \$5,000 of maintenance, which is recognized as revenue monthly. \$188,000 of the system sales is classified as accounts receivable and \$818,000 is classified as "installment receivable - noncurrent portion" at March 31, 2003 in the accompanying financial statements.

NOTE D - STOCK-BASED COMPENSATION

The Company accounts for stock-based employee compensation under Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees", and related interpretations. The Company has adopted the disclosure-only provisions of Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation" and SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure", which was released in December 2002 as an amendment of SFAS No. 123. The following table illustrates the effect on net income and earnings per share if the fair value based method had been applied to all awards.

	THREE MONTHS
	2002
Reported net loss	\$ (657,000)
Stock-based employee compensation expense included in reported net loss, net of related tax effects	0
Stock-based employee compensation determined under the fair value based method, net of related tax effects	(137,000)

Pro forma net loss	\$ (794,000)
	=====
Loss per share (basic and diluted):	
As reported	\$ (0.10)
	=====
Pro forma	\$ (0.12)
	=====

NOTE E - LONG TERM DEBT

In January 2003, the Company closed on a five-year term loan for \$1,000,000 with a financial institution. Interest at the 30 day LIBOR plus 1.75% and principal are payable monthly. To hedge the loan's floating interest expense, the Company entered into an interest rate swap contemporaneously with the closing of the loan and fixed the rate of interest at 5.28% for the five year term. The loan is secured by all the assets of the Company.

Edgar Filing: ID SYSTEMS INC - Form 10QSB

The following discussion and analysis of the financial condition and results of operations of I.D. Systems should be read in conjunction with I.D. Systems' financial statements and notes thereto appearing elsewhere herein.

This Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements that involve a number of risks and uncertainties. The following are among the factors that could cause actual results to differ materially from the forward-looking statements: business conditions and growth in the wireless tracking industries, general economic conditions, lower than expected customer orders or variations in customer order patterns, competitive factors including increased competition, changes in product and service mix, and resource constraints encountered in developing new products. The forward-looking statements contained in this MD&A regarding industry trends, product development and liquidity and future business activities should be considered in light of these factors.

RESULTS OF OPERATIONS

The following table sets forth, for the periods indicated, certain operating information expressed as a percentage of revenue:

	THREE MONTHS ENDED	
	MARCH 31,	
	2002	2003
	-----	-----
Revenues	100.0 %	100.0 %
Cost of Revenues	45.1	46.9
	-----	-----
Gross Profit	54.9	53.1
Selling, general and administrative expenses	106.3	67.3
Research and development expenses	33.7	14.4
	-----	-----
Loss from operations	(85.1)	(28.6)
Net interest income	5.9	4.7
	-----	-----
NET LOSS	(79.2)	(23.9)
	=====	=====

6

THREE MONTHS ENDED MARCH 31, 2003 COMPARED TO THREE MONTHS ENDED MARCH 31, 2002

REVENUES. Revenues were \$1,609,000 in the three months ended March 31, 2003 compared to \$831,000 in the three months ended March 31, 2002. The increase in revenues in the quarter ended March 31, 2003 is attributable to increased sales of the Company's Wireless Asset Net system for tracking and managing fleets of industrial equipment. The Company's customer base now includes Archer Daniels Midland, DaimlerChrysler, Deere & Co., Federal Aviation Administration, Ford Motor Company, Golub Corporation, Hallmark Cards, Target Corporation, Toyota Motor Company, the U.S. Navy and the U.S. Postal Service among others.

COST OF REVENUES. Cost of revenues were \$755,000 in the three months ended March 31, 2003 compared to \$375,000 in the three months ended March 31, 2002. As a percentage of revenues, cost of revenues were 46.9% in the three months ended

Edgar Filing: ID SYSTEMS INC - Form 10QSB

March 31, 2003 as compared to 45.1% in the three months ended March 31, 2002. Gross profit was \$854,000 in the three months ended March 31, 2003 compared to \$456,000 in the three months ended March 31, 2002. As a percentage of revenues, gross profit decreased to 53.1% in the three months ended March 31, 2003 from 54.9% in the three months ended March 31, 2002.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Selling, general and administrative expenses were \$1,083,000 in the three months ended March 31, 2003 compared to \$883,000 in the three months ended March 31, 2002. This increase was primarily attributable to an increase in sales and marketing, payroll expenses and an increase in insurance premiums for the Company's director and officer liability policy. As a percentage of revenues, selling, general and administrative expenses decreased to 67.3% in the three months ended March 31, 2003 from 106.3% in the three months ended March 31, 2002.

RESEARCH AND DEVELOPMENT EXPENSES. Research and development expenses were \$232,000 in the three months ended March 31, 2003 compared to \$280,000 in the three months ended March 31, 2002. This decrease was attributable to the completion of the Company's "universal system" of hardware and software for tracking and managing fleets of industrial vehicles. The Company's research and development efforts during the quarter ended March 31, 2003 were devoted primarily to product enhancements. As a percentage of revenues, research and development expenses decreased to 14.4% in the three months ended March 31, 2003 from 33.7% in the three months ended March 31, 2002.

NET INTEREST INCOME AND EXPENSE. Interest income was \$86,000 in the three months ended March 31, 2003 as compared to \$51,000 in the three months ended March 31, 2002. This increase is attributable to interest income earned in connection with sales type lease arrangements. The Company invests in investment grade commercial paper and corporate bonds, which are classified as held to maturity.

Interest expense was \$10,000 in the three months ended March 31, 2003 as compared to \$1,000 in the three months ended March 31, 2002. This increase is attributable to the Company's working capital line of credit and its five-year term loan.

NET LOSS. Net loss was \$385,000 in the three months ended March 31, 2003 as compared to net loss of \$657,000 in the three-month period ended March 31, 2002. This was due primarily to the reasons described above.

LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2003, the Company had \$7,471,000 of cash, cash equivalents and investments and \$8,323,000 of working capital as compared to \$7,757,000 and \$8,295,000, respectively, at December 31, 2002.

Net cash used in operating activities for the three months ended March 31, 2003 was \$1,241,000 as compared to net cash used in operating activities of \$1,191,000 for the three months ended March 31, 2002. Net cash used in operating activities in the three months ended March 31, 2003 was due to a net loss of \$385,000, an increase in accounts receivable of \$148,000, an increase in investment in sales type leases of \$500,000 and a decrease in accounts payable and accrued expenses of \$689,000, offset by a decrease in inventory of \$398,000. Net cash used in operating activities in the three months ended March 31, 2002 was due to a net loss of \$657,000, an increase in accounts receivable of \$552,000 and an increase in inventory of \$314,000, offset by a decrease in accounts payable and accrued expenses of \$274,000.

Edgar Filing: ID SYSTEMS INC - Form 10QSB

Net cash used in investing activities for the three months ended March 31, 2003 was \$592,000 as compared to net cash used in investing activities for the three months ended March 31, 2002 of \$656,000. Net cash used in investing activities in the three months ended March 31, 2003 was primarily from purchases of investments of \$1,165,000 partially offset by maturities of investments of \$574,000. Net cash used in investing activities in the three months ended March 31, 2002 was for the purchases of investments of \$3,081,000 and the purchases of fixed assets of \$74,000, offset by maturities of investments of \$2,549,000.

Net cash provided by financing activities for the three months ended March 31, 2003 was \$994,000 as compared to net cash provided by financing activities of \$6,295,000 for the three months ended March 31, 2002. Net cash provided by financing activities in the three months ended March 31, 2003 was from the proceeds, net of repayment of \$971,000, received in connection with obtaining a five-year term loan. Net cash provided by financing activities in the three months ended March 31, 2002 was from the proceeds of \$6,145,000 received in connection with the sale of 821,250 shares of common stock and \$153,000 received from proceeds from exercise of stock options.

The Company believes it has sufficient cash, cash equivalents and investments for the next twelve months of operations.

The Company believes its operations have not been and, in the foreseeable future, will not be materially adversely affected by inflation or changing prices.

RECENTLY ISSUED FINANCIAL STANDARDS

The Company believes that recently issued financial standards will not have a significant impact on our results of operations, financial position or cash flows.

ITEM 3. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures:

Disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the reports filed under the Exchange Act is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Within the 90 days prior to the filing of this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based upon and as of

8

the date of that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed in the reports the Company files and submits under the Exchange

Edgar Filing: ID SYSTEMS INC - Form 10QSB

Act is recorded, processed, summarized and reported as and when required.

(b) Changes in Internal Controls:

There were no significant changes in the Company's internal controls or in other factors that could have significantly affected those controls subsequent to the date of the Company's most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

PART II - OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:

99 Certifications of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K:

There were no reports on Form 8-K filed during the quarter ended March 31, 2003.

9

SIGNATURE

In accordance with the requirements of the Exchange Act, the Registrant has caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

I.D. Systems, Inc.

Dated: May 10, 2003

By: /s/ Jeffrey M. Jagid

Jeffrey M. Jagid
Chief Executive Officer
(Principal Executive Officer)

Dated: May 10, 2003

By: /s/ Ned Mavrommatis

Ned Mavrommatis
Chief Financial Officer
(Principal Financial Officer)

10

Edgar Filing: ID SYSTEMS INC - Form 10QSB

CERTIFICATIONS

I, Jeffrey M. Jagid, certify that:

- 1) I have reviewed this quarterly report on Form 10-QSB of I.D. Systems, Inc.;
- 2) Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
- 4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
- 5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
- 6) The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 10, 2003

By: /s/ Jeffrey Jagid

Edgar Filing: ID SYSTEMS INC - Form 10QSB

Jeffrey M. Jagid
Chairman and Chief Executive Officer

11

I, Ned Mavrommatis, certify that:

- 1) I have reviewed this quarterly report on Form 10-QSB of I.D. Systems, Inc.;
- 2) Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
- 4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
- 5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
- 6) The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material

Edgar Filing: ID SYSTEMS INC - Form 10QSB

weaknesses.

Date: May 10, 2003

By: /s/ Ned Mavrommatis

Ned Mavrommatis
Chief Financial Officer