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AXCESS INTERNATIONAL ANNOUNCES IMPROVED FIRST QUARTER 2005 RESULTS

RFID Revenue Grows 47% Sequentially

DALLAS, TX – May 10, 2005 - AXCESS International Inc. (OTC Bulletin Board: AXSI.OB), a leading provider of active Radio Frequency Identification (RFID) solutions with applications in the security, supply chain and sensing industries, today reported results for the first quarter ended March 31, 2005.

First Quarter Highlights Include:

- RFID revenue increased 47% to \$221,494 compared with fourth quarter RFID revenue of \$151,080. Total revenue rose 35% to \$241,158 versus fourth quarter total revenue of \$177,870 and \$206,678 in the year ago period
- Continued adoption of AXCESS' RFID technology as ActiveTag™ & FleetTag™ solutions secured key customer wins across a range of verticals, including Bechtel Hanford & JFK International Airport
- Signed GTSI, a \$1.2 billion federal distributor as an AXCESS strategic integrator
- Formalized the design and engineering efforts required to develop the Company's next generation tag

"The pieces we put into place last year enabled us to maintain positive momentum into the first quarter of 2005 as we grew revenue, added new RFID solutions to our portfolio and signed a new strategic integrator," commented Allan Griebenow, President & CEO of AXCESS. "We experienced 47% growth in our RFID revenue, as our expanded offering has seen greater adoption throughout a range of industries, including critical sectors such as HAZMAT tracking, airport access and healthcare. The increasingly broad awareness and acceptance of RFID has facilitated our expansion into these new sectors, and will only increase the opportunities we see for utilization of our technology in the future."

RFID revenue of \$221,494 increased 47% for the quarter, compared to \$151,080 in 2004 fourth quarter. The year ago RFID revenue was \$174,307. The sequential and year-over-year increase is due to the Company's growing traction, focus and available product in the active RFID market. Total revenue rose 35% for the quarter to \$241,158, compared to total revenue of \$177,870 in the fourth quarter and \$206,678 in the year ago period.

Net loss applicable to common stock was \$2,884,676 or \$0.11 per basic and diluted share for the quarter, compared to a net loss applicable to common stock of \$723,087 or \$0.03 per basic and diluted share in the 2004 fourth quarter. The year-ago loss was \$1,043,488 or \$0.05 per basic and diluted shares. Preferred stock dividend requirements for the three months ending March 31, 2005 were \$2,141,244 compared to \$81,735 in the fourth quarter of 2004 and \$65,520 for the first quarter in 2004.

As a result of raising cash during the quarter, the Company's balance sheet improved with a cash balance of \$1.2 million at March 31, 2005 compared to \$461,101 at December 31, 2004.

First Quarter Product Developments

New product development continued at a robust pace in the first quarter, as the Company introduced several key new additions to the portfolio and saw recently introduced technology incorporated by several key customers. Building on the patented ActiveTag technology, the Company introduced its active RFID hospital patient ID tag, released its FleetTag tracking solution for commercial fleets and expanded access control solutions to gated communities and secure areas such as JFK International Airport.

The patient ID tag marks an important expansion into the healthcare sector, as it allows long range automatic identification, tracking and protection for hospital patients as well as securely facilitating a doctor's ability to rapidly access patient records and information. This solution, developed with Creative Healthcare is already being implemented in a medium-sized hospital and is among the first to enable compliance with the upcoming HIPAA Privacy Mandate.

The Company also recently announced its latest ActiveTag development, with the signing of an agreement with Bechtel Hanford to automate its HAZMAT truck payload management. This client win is a strong endorsement of the FleetTag system, and continued adaptation is expected in the coming quarters. The continued success of the ActiveTag solution, most recently at JFK International, together with the new FleetTag offering, creates a comprehensive range of secure tracking and access capabilities. AXCESS now has the capability to securely and effectively track all manner of items, from hospital patients to industrial gravel trucks.

Outlook

"As reflected by the new business wins, we continue to grow our business and reaching profitability remains our key objective," continued Griebenow. "We believe we have the strategy to achieve this goal, as our RFID technology has an important role to play in the broad markets of security, homeland defense and supply chain management. Additionally, we have formalized the design and engineering efforts required to develop our next generation tag as we continue to develop the potential of our technology. RFID is increasingly seen as the solution to myriad issues in the asset management space, and with the progress we have made over the quarter AXCESS is in an excellent position to take full advantage of this opportunity."

Earnings Conference Call

In conjunction with the first quarter earnings release, AXCESS invites you to listen to its conference call via its webcast over the Internet at 4:45 p.m. (Eastern), on May 10th. The Webcast may be accessed at www.axsi.com. To participate in the conference call, domestic callers can dial (800) 322-0079 and international callers can dial (973) 409-9258.

For those who cannot access the live broadcast, a replay will be available by dialing (877) 519-4471 for domestic callers and (973) 341-3080 for international callers and entering "5630329" from two hours after the end of the call until 11:59 p.m. (Eastern) on May 17, 2005. A replay of the conference call will also be available on the company's website approximately two hours after the end of the call for thirty days.

About AXCESS International Inc.

AXCESS International Inc. (OTCBB:AXSI), headquartered in greater Dallas, TX, provides patented active RFID (radio frequency identification) and video surveillance systems for physical security and supply chain efficiencies. The battery-powered (active) RFID tags locate, identify, track, monitor, count, and protect people, assets, inventory, and vehicles. AXCESS' active RFID solutions are supported by its integrated network-based, streaming digital video (or IPTV) technology. Both patented technologies enable applications including: automatic "hands-free" personnel access control, automatic vehicle access control, automatic electronic asset management, sensor management, and network-based security surveillance. AXCESS is a portfolio company of Amphion Capital Partners LLC.

This news release contains "forward-looking statements" within the meaning of the "safe-harbor" provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve known and unknown risks, uncertainties and other factors that could cause the actual results of the Company to differ materially from the results expressed or implied by such statements, including changes from anticipated levels of sales, future national or regional economic and competitive conditions, changes in relationships with customers, access to capital, difficulties in developing and marketing new products, marketing existing products, customer acceptance of existing and new products, and other factors disclosed in the Company's Annual Report on Form 10KSB for the year ended Dec. 31, 2004 and all of the Company's subsequent Quarterly Reports on Form 10QSB, especially in the "risk factors" sections of these annual and quarterly reports. Accordingly, although the

Company believes that the expectations reflected in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. The Company has no obligation to update the forward-looking information contained in this news release.

**AXCESS INTERNATIONAL INC.
CONSOLIDATED BALANCE SHEETS**

	(Unaudited) March 31, 2005	December 31, 2004
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,236,620	\$ 461,101
Accounts receivable - trade, net of allowance for doubtful accounts of \$8,859 in 2005 and 2004	48,553	79,965
Inventory, net	174,651	144,714
Prepaid expenses and other	122,643	97,164
Total current assets	1,582,467	782,944
Property, plant and equipment, net	41,213	49,395
Intellectual property, net	—	133
Deferred debt issuance costs	464,648	506,889
Other assets	2,674	3,906
Total assets	<u>\$ 2,091,002</u>	<u>\$ 1,343,267</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	\$ 346,693	\$ 490,100
Accrued liabilities	849,032	789,589
Notes payable:		
Convertible notes payable (includes \$80,000 and \$66,667 with related party in 2005 and 2004, respectively)	613,333	483,333
Discounts on convertible debt	(258,605)	(289,482)
Dividends payable	396,909	316,062
Total current liabilities	1,947,362	1,789,602
Notes payable to stockholders	3,766,973	3,932,092
Convertible notes payable (includes \$13,333 with related party in 2004)	—	236,667
Discount on convertible debt	—	(34,084)
Total liabilities	5,714,335	5,924,277
Commitments and contingencies		
Stockholders' deficit:		
Convertible preferred stock, 7,000,000 shares authorized, \$0.01 par value, 2,415,000 shares issued and outstanding in 2005 and 2004.	24,150	24,150
Common stock, \$.01 par value, 50,000,000 shares authorized in 2005 and 2004; 26,594,850 shares issued and outstanding in 2005 and 24,720,939 shares issued and outstanding in 2004	265,949	247,209
Shares of common stock to be issued, 5,333 shares in 2005	53	—
Additional paid-in capital	151,661,762	149,898,600
Accumulated deficit	(155,575,247)	(154,750,969)
Total stockholders' deficit	(3,623,333)	(4,581,010)
Total liabilities and stockholders' deficit	<u>\$ 2,091,002</u>	<u>\$ 1,343,267</u>

AXCESS INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended March 31,	
	2005	2004
Sales	\$ 241,158	\$ 206,678
Cost of sales	<u>124,348</u>	<u>98,886</u>
Gross profit	116,810	107,792
Expenses:		
Research and development	184,181	185,359
General and administrative	355,463	404,215
Selling and marketing	255,097	174,583
Depreciation and amortization	<u>9,073</u>	<u>93,632</u>
Operating expenses	<u>803,814</u>	<u>857,789</u>
Loss from operations	(687,004)	(749,997)
Other income (expense):		
Interest expense, net	(165,138)	(322,723)
Gain in vendor settlements	108,710	88,243
Other	<u>—</u>	<u>6,509</u>
Other expense, net	<u>(56,428)</u>	<u>(227,971)</u>
Net loss	(743,432)	(977,968)
Preferred stock dividend requirements:		
Recurring	(80,847)	(65,520)
Warrant inducement	<u>(2,060,397)</u>	<u>—</u>
Preferred stock dividend requirements	<u>(2,141,244)</u>	<u>(65,520)</u>
Net loss applicable to common stock	<u>\$ (2,884,676)</u>	<u>\$ (1,043,488)</u>
Basic and diluted net loss per share	<u>\$ (0.11)</u>	<u>\$ (0.05)</u>
Weighted average shares of common stock outstanding	<u>25,728,563</u>	<u>21,594,791</u>