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### **AXCESS INTERNATIONAL ANNOUNCES THIRD QUARTER 2005 RESULTS**

DALLAS, TX – November 10, 2005 - AXCESS International Inc. (OTC Bulletin Board: AXSI.OB), a leading provider of active Radio Frequency Identification (RFID) solutions with applications in security, physical asset management, and supply chain transportation today reported results for the third quarter ended September 30, 2005.

#### **Third Quarter Highlights Include:**

- Customer growth came in Asset Management, Personnel Tracking and Vehicle Access Control applications
- Gross margin remained within the Company's target range of 40-50 percent
- AXCESS joined the Sun Partner Advantage Program, providing active RFID solutions that complement Sun's current passive supply chain products
- Two new patents were awarded in RFID and digital network video
- Next generation tag development program continued

"In the third quarter, AXCESS increased customer wins in targeted vertical markets where our goal has been to replicate strategic applications and grow the systems installed in existing accounts," commented Allan Griebenow, president and CEO of AXCESS. "We continue to transform our sales strategy to support these replication and growth goals. We also saw a healthy increase in the number of inquires for our active RFID solutions, which we believe is an indicator of good things to come. We strengthened our intellectual property with two new patents, reinforcing what we believe is the best overall system architecture for enterprise RFID tagging."

Total revenue for the third quarter of 2005 was \$204,711 compared to \$301,889 in the third quarter of 2004. RFID revenue for the third quarter 2005 was \$174,899, compared to \$251,788 in the year ago period. Gross margin was 46 percent for the third quarter 2005, in-line with the Company's stated target range of 40 percent to 50 percent. The year-ago gross margin was 53 percent. Operating expenses were \$761,993 for the third quarter 2005, flat with the \$751,168 for the third quarter 2004. Net loss was \$785,720 for the third quarter of 2005 compared to a loss of \$738,260 for third quarter of 2004.

Preferred Stock dividend requirements were \$81,735 for the third quarter 2005, identical to the prior year period. Net loss applicable to common stock was \$867,455 or \$(0.03) per basic and diluted share for the third quarter 2005, compared to \$819,995, or \$(0.03) per basic and diluted share for the third quarter of 2004.

#### **Key Developments During the Quarter**

During the third quarter, AXCESS grew its strategic partner base by joining the Sun Microsystems' Partner Advantage Program. The agreement gives AXCESS a path to embedding Java into its receiver design, supporting Sun's desire to extend their solutions beyond passive RFID logistics-

supply chain applications and provide active RFID solutions on Sun equipment. As a result, Sun will offer its customers a more diverse range of solutions that augment and complement their current passive RFID offerings.

AXCESS continued to see traction in physical asset management, personnel tracking, and vehicle access control that are key targeted applications -- all of which share a common ActiveTag™ system design. The Company grew systems currently installed in the casino sector consistent with its strategy.

Inquires during the quarter jumped from two per day to over a dozen, reflecting the increased awareness of RFID in general, and of the benefits of active RFID in particular. That interest was supported by an industry study released by IDTechEx from their RFID Knowledgebase. The study cited that the 121 previously documented active RFID applications have now risen to 210. The findings in this study estimate that by 2006, the active RFID market will grow to almost 4.5 times its current size and that these figures have the potential to be even higher if more companies adopt and implement active RFID technologies in line with present initiatives.

Two new patents were awarded in RFID and streaming digital video. In video, the patent describes how cameras will respond by changing the composition of the video stream based upon the type of alarm situation or the type of activity it is programmed to capture. Video is integrated into the AXCESS RFID software for investigation and evidence surrounding asset loss. The RFID patent describes how individual RFID tags can "talk" to other individual RFID tags, enabling groups of items to be tagged more economically. These patents strengthen AXCESS' intellectual property portfolio and its product architecture superiority.

Based on this superior architectural design, the Company this week introduced a comprehensive physical asset management solution that combines both active (*i.e.* beaconing) and semi-active (*i.e.* "wake-up on-demand") RFID tags. The new Asset Activator™ solution provides automatic inventory counts, location, tracking and protection of enterprise assets on the existing corporate network. This enables corporations to successfully protect intellectual property and customer privacy data noted under Sarbanes Oxley, as well as avoid penalties outlined in various state laws. Traction was evident in the third quarter with Axcross receiving orders for its IT asset management solution within this market.

To ensure that AXCESS continues as a leader in the Active RFID space, the Company continued development of its new, cutting edge RFID tag and has moved to the next phase of development. The new tag is initially designed to be embedded inside all types of industrial assets across a myriad of sectors.

### **Earnings Conference Call**

In conjunction with the second quarter earnings release, AXCESS invites you to listen to its conference call via its webcast over the Internet at 11:00 a.m. (Eastern), on November 10<sup>th</sup>. The Webcast may be accessed at [www.axcessinc.com](http://www.axcessinc.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 "6684733" from two hours after the end of the call until 11:59 p.m. (Eastern) on November 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 Active and Semi-Active RFID (radio frequency identification) systems for asset management, 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' 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 asset management, and sensor management. 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.*

**ACCESS INTERNATIONAL INC.  
CONSOLIDATED BALANCE SHEETS**

	(Unaudited) September 30, 2005	December 31, 2004
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 81,419	\$ 461,101
Accounts receivable - trade, net of allowance for doubtful accounts of \$19,192 in 2005 and \$8,859 in 2004	96,211	79,965
Inventory, net	204,381	144,714
Prepaid expenses and other	<u>113,425</u>	<u>97,164</u>
<b>Total current assets</b>	<b>495,436</b>	<b>782,944</b>
Property, plant and equipment, net	34,301	49,395
Intellectual property, net	—	133
Deferred debt issuance costs	380,167	506,889
Other assets	<u>2,691</u>	<u>3,906</u>
<b>Total assets</b>	<b><u>\$ 912,595</u></b>	<b><u>\$ 1,343,267</u></b>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 294,425	\$ 490,100
Accrued liabilities	932,830	789,589
<b>Notes payable:</b>		
Convertible notes payable (includes \$80,000 and \$66,667 with related party in 2005 and 2004, respectively)	430,000	483,333
Discounts on convertible debt	(15,296)	(289,482 )
Dividends payable	<u>127,045</u>	<u>316,062</u>
<b>Total current liabilities</b>	<b>1,769,004</b>	<b>1,789,602</b>
Notes payable to stockholders	3,709,070	3,932,092
Convertible notes payable (includes \$13,333 with related party in 2004)	—	236,667
Discount on convertible debt	<u>—</u>	<u>(34,084 )</u>
<b>Total liabilities</b>	<b>5,478,074</b>	<b>5,924,277</b>
<b>Commitments and contingencies</b>		
<b>Stockholders' deficit:</b>		
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, \$0.01 par value, 50,000,000 shares authorized in 2005 and 2004; 27,402,744 shares issued and outstanding in 2005 and 24,720,939 shares issued and outstanding in 2004	274,028	247,209
Shares of common stock to be issued, 5,333 shares in 2005	53	—
Additional paid-in capital	152,599,246	149,898,600
Accumulated deficit	<u>(157,462,956)</u>	<u>(154,750,969 )</u>
<b>Total stockholders' deficit</b>	<b>(4,565,479)</b>	<b>(4,581,010 )</b>
<b>Total liabilities and stockholders' deficit</b>	<b><u>\$ 912,595</u></b>	<b><u>\$ 1,343,267</u></b>

**AXCESS INTERNATIONAL INC.**  
**CONSOLIDATED STATEMENTS OF OPERATION**  
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
Sales	\$ 204,711	\$ 301,889	\$ 652,687	\$ 733,695
Cost of sales	109,797	141,313	357,689	364,986
Gross profit	94,914	160,576	294,998	368,709
Expenses:				
Research and development	177,221	176,791	569,141	528,683
General and administrative	341,286	324,970	1,032,269	1,191,049
Selling and marketing	237,752	238,278	782,867	585,022
Depreciation and amortization	5,734	11,129	22,718	193,195
Operating expenses	761,993	751,168	2,406,995	2,497,949
Loss from operations	(667,079 )	(590,592 )	(2,111,997)	(2,129,240)
Other income (expense):				
Interest expense	(193,785 )	(157,012 )	(605,522)	(814,565)
Gain in vendor settlements	75,144	9,304	248,960	162,056
Other	—	40	—	6,549
Other expense, net	(118,641 )	(147,668 )	(356,562)	(645,960)
Net loss	(785,720 )	(738,260 )	(2,468,559)	(2,775,200)
Preferred stock dividend requirements:				
Recurring	(81,735 )	(81,735 )	(243,428)	(217,746)
Warrant inducement	—	—	(2,060,397)	—
Preferred stock dividend requirements	(81,735)	(81,735 )	(2,303,825)	(217,746 )
Net loss applicable to common stock	\$ (867,455 )	\$ (819,995 )	\$ (4,772,384)	\$ (2,992,946)
Basic and diluted net loss per share	\$ (0.03 )	\$ (0.03 )	\$ (0.18)	\$ (0.13 )
Weighted average shares of common stock outstanding	27,288,181	24,691,500	26,654,901	23,535,807