

*For immediate release:*

## AXCESS INTERNATIONAL REPORTS SIGNIFICANT INCREASE IN REVENUE FOR FIRST QUARTER 2007 RESULTS

**Dallas – April 30, 2007** – AXCESS International Inc. (OTCBB: AXSI), a leading provider of Radio Frequency Identification (RFID) solutions and Real Time Location Systems (RTLS), today reported results for the first quarter ending March 31, 2007.

### **Highlights for the First Quarter Ended March 31, 2007**

- First Quarter 2007 Revenue Increased 126% over First Quarter 2006 to \$1,023,023
- Quarter Over Quarter Revenue Growth Up 216%
- 2007 Revenue Forecasted to be a Record for Third Consecutive Year
- Large Contract Received for Integrated Port Security Solution
- Gross Margin Decline to 35% Expected to be Recovered in Second Quarter
- Earnings Per Share Loss of \$.14 in Line with Target Including New Product Development and Financing
- Early Stage RFID Market Increasingly Needing AXCESS' System Architecture
- Established Leadership with Physical Asset Management Solutions at 3 Government Agencies
- Further Success in Workforce Management Systems and Personnel Location Awareness Solutions
- Technology Leadership Strengthened via Introduction of World's Smallest High Performance Active RFID Tag for ID and Location Determination
- New Revolutionary Tag Technology, The Dot<sup>TM</sup>, on Target for 2<sup>nd</sup> Half Introduction

"I am pleased to say that AXCESS achieved a significant increase in revenues in the first quarter, up 216% from the previous quarter," said Allan Griebenow, President and CEO of AXCESS. Mr. Griebenow further stated, "We are also forecasting record 2007 revenue. The RFID market continues to mature and evolve toward our robust, low cost active RFID system architecture and application solutions. We continue to be best-of-breed in automating the identification, inventory, location, protection and condition monitoring of personnel, assets, and vehicles in and around the enterprise."

"During the quarter, we announced significant new reference installations in government and in industry. We introduced a new electronic property tag for asset management. We re-affirmed the revolutionary nature of our newest tag technology, The Enterprise Dot<sup>TM</sup> for wireless tracking and sensing capabilities. It remains clear that RFID systems will deliver dramatic business efficiencies in the coming years based on improved personnel and asset visibility, optimization, sensing and security. We remain committed to driving low cost, reliable, value-added tagging solutions in the enterprise."

### **Corporate and Industry Developments**

AXCESS provides complete RFID system solutions for improving productivity and security in industry and government. These systems are based on "active" RFID technology, where wireless "tags" use on-board battery power to transmit signals from a few feet to hundreds of

feet in order to automatically identify, track, monitor, and protect people, assets, and vehicles. In recent years AXCESS has invested in research and development to introduce the industry's most advanced portfolio of active RFID tags and enterprise solutions.

Active RFID systems (as opposed to passive systems which have no battery power on-board) enable flexible implementations which can serve multiple purposes. AXCESS' unique patented technology enables tags to wake-up on-demand as needed to provide precise location determination and enable accurate and reliable information for real-time decision making. The ability to have tags always "on" in a beaconing signal mode plus have the option to transmit their status on demand is called "dual-active" operation. AXCESS' dual-active RFID is the most economical, accurate, reliable, and flexible solution on the market today. The recent industry report by IDTechEx indicated active RFID solutions are growing rapidly and will sustain 28% compound growth through 2016 and reach \$6.8 billion.

Overall, the awareness of RFID globally continues to grow with the continued adoption of all types of RFID and RTLS technologies across multiple industry segments including: the retail supply chain; vehicle toll tagging; contactless payment systems; transportation ticketing; security access control; military container tagging; and AXCESS' enterprise solutions. Wal-Mart continues to mandate that more of its suppliers use low cost, disposable passive tags for identifying cases and pallets. Global awareness continues to translate into increased user demand for applications supported by the more robust and more flexible active (battery-powered) RFID technology which includes Real Time Location Systems (RTLS). AXCESS remains focused on the enterprise market and believe it is developing its business into a distinct, exciting, and large niche within the total market basket of RFID solutions.

During the quarter, the Company announced a large order for a comprehensive enhanced port security solution for The Barbados Port Inc. It includes personnel and vehicle tagging, distributed sensors and an integrated software system which will expand and enhance the security of the Port while not impacting security labor resources. AXCESS took total responsibility for its delivery including design, construction oversight, installation, training, operations support and maintenance. This is the first order of its size the Company has taken total implementation responsibility for and the results to date have been exceptional. The Company has completed the hardware delivery portion of the contract and expects to complete the software delivery and recognize the installation and integration portions of the contract in the second quarter. The entire project value is expected to total approximately \$2,000,000.

The Company's solution for the management and protection of physical assets continues to be best in class. This claim is underscored by the recent announcements of new contract awards for the implementation of three systems for civilian government agencies concerning the management of IT assets, documents, and citizen privacy information. The AXCESS solution prevents theft or loss of assets and data by offering individual asset tracking and protection, dynamic wireless custodian assignments to assets, complete reports, and wireless alerting to exception-based security events. When an item is removed from the premises without authorization the system delivers actionable intelligence through which a reliable security response can be determined and initiated. Recent studies have indicated the data lost on an individual laptop can cost as much as \$4 per record to notifying persons that privacy data such as social security numbers may have been compromised.

In the area of workforce management systems, AXCESS continues to provide solutions where people can be automatically identified and tracked for improved workforce efficiency, accountability, and security through the use of an active RFID personnel credential. During the quarter, AXCESS expanded the system previously deployed at Occidental Petroleum which provides a totally automated solution for personnel identification, providing access control, time and attendance reporting, and automated reporting of government compliance data. This expansion reflects just one way in which AXCESS' business model enables "recurring" revenue streams – accounting for approximately 18% to 20% of total quarterly revenue -- with other

forms of incremental revenue from existing contracts that include additional infrastructure and locations.

The Company began shipping products in the first quarter in support of its relationship with Stemco, a provider of fleet vehicle condition measurement systems. The combined system provides automated access control and sensor data collection for fleets to enable more timely maintenance and better fleet asset utilization.

Sales for AXCESS products and solutions have historically been generated almost entirely through distribution partners. Within recent quarters, the AXCESS sales model was strengthened to utilize both indirect and direct marketing. During the quarter, three new sales and marketing professionals were added. Engineering resources were also augmented with the addition of an experienced wireless design professional.

In an important milestone, the Company introduced a new asset management tag in the world's smallest form factor for active tags. In particular, the new tag offers the most reliable performance in the industry as it can be attached to all objects including those containing metal. The new tag is viewed as a product that yields a significant competitive advantage for AXCESS.

The Company continues to work on its next generation products based on a philosophy of offering the smallest, lowest cost and most reliable tags and infrastructure with multiple features and flexible operating options. AXCESS has announced a new, revolutionary wireless tracking and sensing technology for 2007 called The Enterprise Dot™. Based on a System-on-a-Chip (SoC) design, the patents-pending technology yields the world's lowest cost and smallest multifunctional wireless sub-micro device for delivering visibility oriented data about the assets operating in and around the enterprise.

Devices built on the Dot™ platform will enable widespread and reliable automatic identification, locating, tracking, protecting and monitoring of personnel, physical assets, and vehicles. Dot™ facilitates the capture, processing and delivery of previously unavailable real-time information for dramatic improvements in supply chain visibility, mobile asset management, physical asset security, access control, and industrial condition monitoring. The low cost and flexibility to use existing supply chain infrastructure results in a very low total cost of ownership, yielding short term return on investments ("ROIs") for customers. In an original equipment manufacturer ("OEM") package, it is small enough to be embedded into a variety of shipping/inventory units and business and information technology assets, such as computers, test equipment, medical equipment, credential cards, pallets, and cartons. Dot units will be available for delivery in the second half of 2007.

The Dot™ technology will extend AXCESS' existing time to market advantage. It further eclipses competing architectures such as Wi-Fi based and battery-assisted passive RFID systems where size, cost, signal robustness and power management are problematic. The development of AXCESS' intellectual property portfolio continues in support of the ongoing product development, market strategies, and to re-enforce competitive advantages. These innovation and growth efforts continue to be supported by our shareholder and key financial advisor Amphion Innovations plc.

Bringing together the new functions of the Dot™ and building on the current AXCESS wireless infrastructure for enterprise management creates an open architecture for multiple sources of data to be acquired to deliver previously inaccessible business intelligence. AXCESS sees this as an opportunity to use its time-to-market and technical advantages to serve an ever-expanding market based on its core technology which has been optimized for the exact needs of enterprise tagging.

### **First Quarter 2007 Financial Results**

Revenue was \$1,023,023 for the three months ended March 31, 2007, an increase of 126% from the same quarter in 2006. The increase relates to the previously announced Barbados contract. The Company has recognized 31% of the revenue, relating to the Barbados contract due to revenue recognition requirements. The revenue that has been recognized is for the equipment already delivered to the customer and a small portion of the overall system that has been installed and is operational. Access has not recognized any revenue relating to the installation and integration of the system. The balance of the contract, some 69% of the total, is expected to be recognized during the second quarter.

Gross margin was 35% or \$361,537 in the first quarter 2007 as compared to 39% or \$178,934, in the same quarter in 2006. The margin was adversely affected by the Barbados transaction, which includes lower margin of 29%. Given that significant value of the project relates to the installation and integration of the system, margins in the second quarter are expected to be higher, with the overall project to be above 40%.

Research & development (R&D) expenses for the first quarter totaled \$1,125,334, compared to \$603,690 in the year-ago period. The increase in R&D is due to the timing of the development of the next generation RFID product which will continue to be expensed over the remainder of this year.

Selling, marketing, general & administrative (SMG&A) expenses for the first quarter totaled \$981,759, as compared to \$727,654 in the prior year period. The majority of the increase relates to selling expenses in connection with the Barbados transaction and increased spending for sales and marketing initiatives primarily reflecting the Company's strategy to expand its direct sales effort during the past several months, including higher personnel and travel costs.

Other income (expense) for the first quarter of 2007 totaled (\$60,187), as compared to \$525,126 for the same period in 2006. The majority of the change was due to the \$600,000 gain on the sale of the video patents that occurred in 2006.

Net loss for the first quarter of 2007 was \$1,810,251, as compared to \$632,110 in the prior year's first quarter. The increase in the net loss is a result of the increase in research and development for the next generation RFID platform, the sale of the video patents in 2006 and increased selling and marketing activities offset by increased gross margin.

Recurring preferred stock dividend requirements for the first quarter of 2007 was \$80,573, compared to \$80,847 for the same period in 2006. AXCESS also recorded a one-time dividend of \$2,000,000 for preferred stock issued in the first quarter of 2007, as compared to \$1,489,245 for preferred stock issued in the first quarter of 2006.

Net loss applicable to common stock for the first quarter of 2007 was \$3,890,824, or \$0.14 per share, compared to a loss of \$2,202,202, or \$0.08 per share, for the first quarter of 2006. The difference in loss in the current year period from the prior year is primarily attributable to the preferred stock dividend requirements, the gain on sale of the video patents and the increase in research and development.

### **Conference Call**

In conjunction with the first quarter earnings release, AXCESS invites you to listen to its conference call today, April 30, 2007, at 1:00 p.m. (Eastern). To participate in the call, domestic callers can dial (888) 835-7340 and international callers can dial (706) 634-1946 and enter the reservation code "5801839." Participants should dial into the call about 10 minutes prior to the start time.

For those unable to attend the live conference call, a replay will be available by dialing (800) 642-1687 and entering the replay code "5801839." The replay will be available from

approximately two hours after the end of the call until 11:59 (ET) on May 30, 2007. There is no charge for participants to access the live event or replay.

**About AXCESS International Inc.**

AXCESS International Inc. (OTCBB:AXSI), headquartered in greater Dallas, TX, provides Radio Frequency Identification (RFID) solutions and Real Time Location Systems (RTLS) for asset management, physical security and supply chain efficiencies. The battery-powered “active” and “semi-active” (on-demand) 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, real time location determination, and sensor management. AXCESS is a portfolio company of Amphion Innovations plc.

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| <p>This release contains forward-looking statements as defined in Section 21E of the Securities Exchange Act of 1934, including statements about future business operations, financial performance and market conditions. Such forward-looking statements involve risks and uncertainties inherent in business forecasts.</p> |
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(tables to follow)

Source: AXCESS International, Inc.

**AXCESS INTERNATIONAL INC.  
CONSOLIDATED BALANCE SHEETS**

|   | (Unaudited)<br>March 31,<br>2007 | December 31,<br>2006 |
|---|----------------------------------|----------------------|
| <b>ASSETS</b>   |                                  |                      |
| Current assets:   |                                  |                      |
| Cash and cash equivalents   | \$ 1,270,970                     | \$ 347,361           |
| Accounts receivable - trade, net of allowance for doubtful accounts of \$16,703 for 2007 and \$17,389 for 2006.   | 370,787                          | 252,230              |
| Inventory, net  | 313,309                          | 396,305              |
| Prepaid expenses and other  | 103,538                          | 92,090               |
| <b>Total current assets</b>   | <b>2,058,604</b>                 | <b>1,087,986</b>     |
| Property, plant and equipment, net  | 19,575                           | 18,369               |
| Deferred debt issuance costs  | 126,722                          | 168,963              |
| Other assets  | 2,934                            | 2,934                |
| <b>Total assets</b>   | <b>\$ 2,207,835</b>              | <b>\$ 1,278,252</b>  |
| <b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>  |                                  |                      |
| Current liabilities:  |                                  |                      |
| Accounts payable  | \$ 370,293                       | \$ 101,261           |
| Accrued liabilities   | 1,995,523                        | 1,147,015            |
| Convertible notes payable to stockholders   | 3,118,716                        | 3,365,500            |
| Dividends payable   | 219,167                          | 138,594              |
| <b>Total current liabilities</b>  | <b>5,703,699</b>                 | <b>4,752,370</b>     |
| Notes payable to stockholders   | —                                | —                    |
| <b>Total liabilities</b>  | <b>5,703,699</b>                 | <b>4,752,370</b>     |
| Commitments and contingencies (Notes 1 and 2)   |                                  |                      |
| Stockholders' deficit:  |                                  |                      |
| Convertible preferred stock, 10,000,000 shares authorized in 2007 and 2006, respectively; Without liquidation preferences; \$0.01 par value, 7,008,750 and 7,073,550 shares issued and outstanding in 2007 and 2006, respectively | 70,087                           | 70,735               |
| Common stock, \$0.01 par value, 70,000,000 shares authorized in 2007 and 2006, respectively; 28,731,713 shares issued and outstanding in 2007 and 28,657,313 shares issued and outstanding in 2006                                | 287,317                          | 286,573              |
| Additional paid-in capital  | 160,053,519                      | 158,184,537          |
| Accumulated deficit   | (163,906,787 )                   | (162,015,963 )       |
| <b>Total stockholders' deficit</b>  | <b>(3,495,864 )</b>              | <b>(3,474,118 )</b>  |
| <b>Total liabilities and stockholders' deficit</b>  | <b>\$ 2,207,835</b>              | <b>\$ 1,278,252</b>  |

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

|   | Three Months Ended<br>March 31, |                        |
|---|---------------------------------|------------------------|
|   | 2007                            | 2006                   |
| Sales   | \$ 1,023,023                    | \$ 453,563             |
| Cost of sales                                       | <u>661,486</u>                  | <u>274,629</u>         |
| Gross profit  | 361,537                         | 178,934                |
| Expenses:   |                                 |                        |
| Research and development                            | 1,125,334                       | 603,690                |
| General and administrative                          | 409,163                         | 461,410                |
| Selling and marketing                               | 572,596                         | 266,244                |
| Depreciation and amortization                       | <u>4,508</u>                    | <u>4,826</u>           |
| Operating expenses                                  | <u>2,111,601</u>                | <u>1,336,170</u>       |
| Loss from operations                                | (1,750,064 )                    | (1,157,236 )           |
| Other income (expense):                             |                                 |                        |
| Interest expense, net                               | (83,328 )                       | (95,263 )              |
| Gain in vendor settlements                          | 23,141                          | 20,389                 |
| Gain on sale of intellectual property               | <u>—</u>                        | <u>600,000</u>         |
| Other income (expense), net                         | <u>(60,187 )</u>                | <u>525,126</u>         |
| Net loss  | (1,810,251 )                    | (632,110 )             |
| Preferred stock dividend requirements:              |                                 |                        |
| Recurring   | (80,573 )                       | (80,847 )              |
| 2006C Preferred equity offering                     | (2,000,000 )                    | —                      |
| 2005 Preferred equity offering                      | <u>—</u>                        | <u>(1,489,245 )</u>    |
| Preferred stock dividend requirements               | <u>(2,080,573 )</u>             | <u>(1,570,092 )</u>    |
| Net loss applicable to common stock                 | <u>\$ (3,890,824 )</u>          | <u>\$ (2,202,202 )</u> |
| Basic and diluted net loss per share                | <u>\$ (0.14 )</u>               | <u>\$ (0.08 )</u>      |
| Weighted average shares of common stock outstanding | <u>28,667,849</u>               | <u>27,929,553</u>      |