

Operator: Good day, and welcome to the Intelli-Check Mobilisa 2008 Second Quarter Results Conference Call.

Today's conference is being recorded.

At this time, I would like to turn the conference over to Amy Hager, Intelli-Check Mobilisa's Communication Manager. Please go ahead.

Ms. Amy Hager: Thank you very much, and welcome, everyone.

Thank you for joining us today for our 2008 Second Quarter Earnings Conference Call to discuss Intelli-Check Mobilisa's financial results for the fiscal quarter ending June 30, 2008, and to discuss other business developments.

In a moment, I will call upon Dr. Nelson Ludlow, our CEO, to conduct today's call, and introduce the other members of the Intelli-Check Mobilisa management team, who will be participating in today's conference call.

But, before I do that, I will take a few minutes to read the forward-looking statement.

Certain statements in this conference call constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. When used in this conference call, words such as will, believe, expect, anticipate, encouraged and similar expressions, as they are related to the company or its management, as well as assumptions made by and information currently available to the company's management, identify forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995.

These forward-looking statements are based on management's current expectations and beliefs about future events. As with any projection or forecast, they are inherently susceptible to uncertainty and changes in circumstances, and the company is under no obligation to and

expressly disclaims any obligation to update or alter its forward-looking statements, whether as a result of such changes, new information, events or otherwise.

Additional information concerning forward-looking statements is contained under the heading of risk factors listed from time to time in the company's filings with the Securities and Exchange Commission.

Now, with that out of the way, I would like to introduce Dr. Nelson Ludlow, Intelli-Check Mobilisa's Chief Executive Officer, to preside over today's call. Dr. Ludlow?

Mr. Nelson Ludlow: Thanks, Amy.

I would like to thank all the shareholders for taking time to join us this morning for our Second Quarter Earnings Conference Call.

As you know, we recently had a special conference call on July 15, which was four weeks ago today, and the purpose of that call was to announce that Intelli-Check Mobilisa had a good quarter. We wanted to share that news sooner than later without waiting until today's scheduled earnings conference call.

We discussed new sales, the S-3 and S-8 filings that were required by the merger, insider buying and other recent news. And additionally, we held a special conference call to directly answer any questions, to kill rumors with facts, and to give the shareholders the opportunity to learn more about the newly merged company.

So, today, we also welcome any questions that you have. Particularly, we'll discuss the financials in more detail, as we formally reported this morning in a press release, and we will cover last month's accomplishments in new sales.

On the call today with me is our managing team, Steve Williams, our Chief Operating Officer; Pete Mundy, our Key Financial Officer; Russ Embry, our Chief Technical Officer; and John Lange, our General Counsel. And also on the call is Jeffrey Levy, Chairman of the Board, and Guy Smith and John Paxton, two of our directors of the Board of Directors are also on the call.

Now, as you can see from the financials that were reported this morning, they are very good. In Q2 of 2007, Intelli-Check's revenues by itself were approximately 739,000. Mobilisa's revenues by itself were approximately 1.3 million for a combined revenue of close to 2 million.

This year, for Q2 of 2008, the merged companies had revenues over 2.7 million, which resulted in a 266 percent increase, or more than 3-1/2 times the revenue of Intelli-Check by itself for last year at this time.

Now, looking at Q2 2007 revenues for both companies, that's still approximately a 35 percent increase, and we did that during the period of merging the two companies together, so we're very proud of these results.

We also just learned and recently put out a press release last week, that the Puget Sound Business Journal announced the top 50 fastest growing public companies in Washington State. And it evaluated the last three full years of revenue, compared the percentage of growth. Therefore, with the revenue of Intelli-Check, from 2005 to 2007 prior to the merger, so Intelli-Check by itself.

And with those results, they had us listed as number 44. And what was interesting is, Microsoft was listed as number 45. Actually, they had made a mistake in their calculations in

our revenue, and we actually grew even faster, and it should've been closer to position number 31.

As you know, after the combination, our growth rate is even higher now, both organically and inorganically, and we look forward to next year's evaluation.

Now, we don't separate the revenue for just Intelli-Check or just Mobilisa, as we truly are a combined company now. But, however you slice it, all the groups in our company surpassed the revenue for Q2 of last year.

Now, as far as earnings, if you take into account approximately \$400,000 of non-cash expenses which are related to the merger with Mobilisa, which is required by GAAP, our net loss for the quarter was approximately 212,000, or less than one cent per share, compared to a loss of nine cents per share for Q2, in the same period last year.

As we indicated in our special conference call a month ago, we are pleased to report that we had positive earnings before income taxes, depreciation, amortization or EBITDA of approximately 220,000 for the second quarter. This is a first for Intelli-Check Mobilisa. Again, we're very proud of that.

As we stated pre-merger, our goal was that after so many years of losses that the new company's goal was to get as positive as quickly as possible. As I said in the--as I shared in the special conference call, my internal goal was to do that within the first year. Our management team, our employees did it within the first quarter. So, shareholders and employees, we should all be very proud.

While we did spend some cash, our accounts receivable was up. Our accounts payable was down, and the spread is greater than the cash spent. Now, this is not uncharacteristic of a

company that's growing. I call it a health number of taking the cash plus the accounts receivable minus the accounts payable, and in a healthy company, that number should be going up. And if you review the Intelli-Check numbers of the past, they were not.

Again, I believe this is a first ever, but, our cash plus the accounts receivable minus accounts payable is heading in a positive direction.

And you may remember that the company had previously spent over 1 million in just one quarter, which was Q3 of last year, so to go from a rate of about 4 million down for the year to slightly positive is the real result of the hard work that this team has put into our company.

I said in the last call--and I know it's a simple business concept, but, if you make more money than you spend--and that's what we're doing now.

Cash and investments, at the end of the quarter, were approximately 2.1 million. Now, that's better than we reported at the conference call. Cash at the end of June was over 2 million, so I'm repeating that, because we have significantly reduced the cash burn compared to last year. We are not running out of cash. We have a better top line. We have a better bottom line. We are a healthier company. I will let Pete Mundy, our Key Financial Officer give you more specifics on the quarter's financials. Pete, over to you.

Mr. Pete Mundy: Thank you, Nelson. Good morning everyone.

I'd like to discuss some of the pertinent financial information that was contained in our press release for the second quarter, and the six-month period ending June 30, 2008, which we put out this morning. The complete quarterly report on form 10-Q should be filed with the SEC late this afternoon.

I'd like to point out that the information I'm going to address, as well as the reported results in the press release and in the quarterly report include the results of Mobilisa for the period March 15, 2008 through June 30, 2008, since the merger was completed on March 14, 2008.

Revenues for the quarter ending June 30, 2008 increased 266 percent to \$2,710,000 compared to \$739,000 for the previous year. Revenues from the company's historical business increased 57 percent to \$1,157,000, and Mobilisa's revenues contributed \$1,553,000.

Total booked orders decreased 58 percent in the second quarter of 2008 from 2.3 million to \$956,000 in the second quarter of 2008. The second quarter of 2007 included a \$1 million signed contract with a financial institution that would be recognized over a 44-month period, and that was a record quarter for the company also.

As of June 30, 2008, our backlog, which represents non-cancelable sales. Orders for products not yet shipped or services to be performed, was approximately \$10.8 million, compared to \$2.4 million as of June 30, 2007. This significant increase is principally the result of \$9 million added by Mobilisa.

Approximately \$7.5 million of the current backlog would be recognized over one to four years. Mobilisa has a significant amount of multiyear research and development contracts with the US government that will be recognized as the research is performed. In the commercial ID market, the actual revenue recognition periods are determined depending upon the release dates by the customer.

Our gross profit percentage increased to 75.3 percent for the second quarter of 2008, compared to 66.2 percent in the second quarter of 2007. The gross profit percentage increase in

2008 was the result of a change in product mix. The increase in the margin was principally a result of the high-margin Mobilisa revenues in the quarter, including R&D contracts, where the related labor costs are included in research and development costs.

Total operating expenses, which consist of selling, general administrative and research and development expense increased \$672,000, or 42.3 percent to \$2,263,000 for the second quarter of 2008, compared to \$1,591,000 for the second quarter of 2007.

Expenses in the second quarter of 2008 include \$1,085,000 of Mobilisa costs, as well as merger related intangible amortization costs of \$367,000. So, on a comparative basis, Intelli-Check's historical operating costs decreased by \$780,000.

This reduction in expenses is principally attributable to a reduction in non-cash stock-based compensation from the granting of stock options of \$301,000, the elimination of \$153,000 death benefit paid to the former CEO's spouse, and \$326,000 in merger related synergies.

Selling expenses were \$472,000 in 2008, compared to \$441,000 in 2007. General administrative expenses were \$1,123,000 in 2008, compared to \$857,000 in 2007. And research and development fees were \$668,000 in 2008, compared to \$293,000 in 2007.

Interest income decreased by \$32,000 to \$11,000 in 2008, compared to \$43,000 in 2007, principally as a result of lower average invested funds, as well as lower interest rates. We've incurred net losses to date, and therefore we have paid nominal income taxes.

For these reasons, our net loss in the second quarter of 2008 decreased by 80 percent to \$212,000, or one cent per share, compared to a net loss of \$1,058,000, or nine cents per share for the second quarter of 2007.

For the six-month period ended June 30, 2008, revenues increased by \$171,000, or \$2,438,000 to \$3,863,000, from \$1,425,000 for the period ending June 30, 2007. Revenues from the company's historical business increased 57 percent to \$1,157,000, and Mobilisa's revenues contributed \$1,553,000.

Our gross profit percentage as percentage of revenues amounted to 75.3 percent for the six-month period June 30, 2008, compared to 66.2 percent for the same period in 2007. The gross profit percentage increase in 2008, once again, was a results of a change in the product mix. The increase was principally--the increase in the margin was principally a result of the high-margin Mobilisa revenues in the quarter.

Total operating expenses increased by \$847,000, or 31.2 percent, to \$3,563,000 and dollars for the first six months of 2008, compared to \$2,716,000 for the same period in 2007.

Expenses in the second half of 2008 include \$1,287,000 of Mobilisa costs, as well as merger related intangible amortization costs of \$429,000. So, on a comparative basis, Intelli-Check's historical operating costs decreased by \$869,000. This reduction in the expenses is principally attributable to the same items I described above in the quarter.

Selling expenses were \$718,000 in 2008, compared to \$806,000 in 2007. General administrative expenses were \$1,838,000 in 2008, compared to \$1,360,000 in 2007. And research and development fees were \$1,007,000 in 2008 compared to \$550,000 in 2007.

Interest income decreased from 98,000 for the six months ended June 30, 2007, to \$42,000 for the six months ending June 30, 2008, which is the result of a decrease in our cash and short-term investments, as well as lower interest rate received on those investments during 2008.

As a result of the factors noted above, our net loss decreased 60.5 percent to \$664,000, or three cents per share for the six months ended June 30, 2008, from \$1,681,000, or 14 cents per share for the six months ending June 30, 2007.

Now, I'd like to focus on the company's liquidity and capital resources. As of June 30, we had approximately \$2.1 million in cash and cash equivalents and marketable securities and short-term investments. Our cash is currently invested in short-term municipal auction rate securities and money market accounts. We have no bank financing or no long-term debt.

We had total assets of \$56.6 million, and working capital defined as current assets, less current liabilities of \$1.4 million. Our ratio of current assets to current liabilities as of the quarter ending June 30, 2008 was 1.5 to one.

The merger with Mobilisa brought in approximately \$336,000 in cash to the company. Cash proceeds of \$282,000 were received from stock option exercises in the first half of 2008, compared to \$232,000 in the first half of 2007. Excluding the cash received from the merger, we used net cash of \$325,000 during the first half of 2008, compared to \$1,017,000 in the first half of 2007.

We currently anticipate that our cash available on hand and marketable securities, as well as the cash from our operations, will be sufficient to meet our anticipated working capital and capital expenditure requirements for at least the next 12 months.

We may need to raise additional funds, however, to respond to business contingencies, which may include the need to fund more rapid expansion, fund additional market expenditures, develop new markets for our ID check and other technologies, enhance our operating

infrastructure, respond to competitive pressures, or to acquire complementary businesses or necessary technologies.

I'll now turn over the discussion to Nelson to discuss the company business, and then to Steve to discuss our current and future marketing opportunities. Nelson?

Dr. Nelson Ludlow: Okay, thanks, Pete.

Everyone, let me just repeat something that Pete just said here.

On a comparative basis, Intelli-Check's historical operating cost decreased by 869,000. That's for the six months. So, here we reduced costs by what, 1.6, 1.7 million of the historical operating costs, and at the same time, we're bringing in more money. You can see that we are changing things around and all in the right direction.

Also, you saw that the cash burn was significantly down, so we're happy with those results.

Let me mention two other topics that some of the shareholders have asked questions about, and that's why I'd like to talk directly to the--everyone on the conference call. Let's briefly mention intellectual property, and then S-3 and S filings that we recently did.

Now, we are aware of a couple companies that recently announced they may sell a product that can read a drivers license. Metrologic's Honeywell, and Symbol Motorola products are two that I'm aware of. Now, both these products only read bar codes, not magnetic stripes.

So, I just want everyone to understand that while most states have barcodes, most of the populous states do not have 2-D barcodes on their driver's license. So, let me give you some examples. California, Texas, Ohio, Arizona, New Mexico, these states have magnetic stripes,

and one of our systems that's in use in Ohio right now, if you just said, "Hey, we're only going to have a barcode," it isn't going to work.

So, from a competitive standpoint, we believe that our customers will want to seek a national-wide solution, not just something that only works in a few states.

The Intelli-Check Mobilisa system reads all 50 states, and all the Canadian provinces with a machine-readable zone, which is almost all of them. We have the--I believe we have the superior product.

Now, while I can't go into the details in this venue of what we're going to do to protect our intellectual property, let me just say a few things. Metrologic and Symbol are both business partners of ours, and we are in business to negotiate, to make deals, to make money.

However, if someone's clearly violating our patent, then we're going to take steps to resolve it, and if necessary, vigorously defend our patent portfolio to anyone who violates the patent.

So, we're approaching this in a reasonable, prudent manner that's in the best interest of the company, and the best interest of the shareholders. Bottom line - we are aware of it, we're working through this, taking the necessary business steps to protect our intellectual property.

As I said in the last conference call, that was one of the reasons why, when I was at Mobilisa, I wanted to merge with Intelli-Check, because I believe they have a very strong patent portfolio.

I'd like to introduce John Lange, who is our general counsel, who is also intellectual property attorney, to discuss the S-8 and S-3 filings, because we've had a few questions from shareholders. John Lange?

Mr. John Lange: Thank you, Nelson. Good morning.

Yeah, this is just to--mainly to describe what the S-3 and S-8 filings were. These were filings that are part of the process of mergers. They were mentioned in the original proxy that talked about the merger and the merger process.

The S-3 registered the shares that were issued as a result of the acquisition of Mobilisa. Under the merger, Mobilisa shareholders who were issued shares of Intelli-Check Mobilisa. In order to--for those newly issued shares to be treated the same as existing Intelli-Check Mobilisa shares, it was necessary to register these shares via an S-3. This was part of the original agreement and described in the proxy.

While there have been a few separate filings, it is not unusual for the SEC to ask for minor clarifications and asked for another filing before making the final filing effective.

The S-8 filing, which are registered stock options for employees, this was primarily to accommodate the conversion of Mobilisa Stock options to IBM stock options. The amount of options authorized under the company's stock option plans as set forth in the S-8, provides the company the ability to provide stock options to retain and attract talented employees. Almost all publicly traded or high-tech companies today have stock option plans.

Dr. Nelson Ludlow: Thanks, John.

I'd like to add, as part of the merger, all of the prior Mobilisa people who became directors or officers in the combined company, they voluntarily took a lockup on their stock.

So, myself, Bonnie Ludlow, Mr. John Paxton, one of our directors, our Chief Operating Officer Steve Williams and General Buck Bedard, also a Director on the Board, they all voluntarily took that lockup.

Also, insiders have been buying. I bought stock. You can easily confirm this by looking at the Form 4s that are on any website talking about her stock, because, as we said in the last call, no insiders have sold shares at all since our previous CEO Frank Mandelbaum passed away well over a year ago.

In fact, I and the Chief Operating Officer and the Chief Financial Officer and the Chairman, and many of the Board members, all have recently bought shares on the open market.

Several of our Board members are on the phone today. The management team and the Board of Directors, we all have a great interest in seeing this company succeed. We all have a great interest in seeing the stocks rise.

On a different subject, I'm pleased to announce that we recently made a new key hire. We'd like to announce Mr. Rick Sykes, who is our new Director of Business Development for our government work.

Rick is working from our Washington, DC area office, and he has over 25 years experience in working government projects. He's an expert in the identity systems arena, and he was the lead business development person for another identity systems company called EID Passport, and he recently joined us just last week.

Rick is an extremely capable hard-working individual who understands the military, understands homeland security markets, and we are very pleased to have him join me Intelli-Check Mobilisa team.

So, along to business development, I will now introduce Steve Williams, our Chief Operating Officer, to discuss recent projects and business developments. Steve?

Mr. Steve Williams: Thanks, Nelson.

Let's talk about some of our business development accomplishments.

In June, we successfully concluded an annual Navy exercise named Trident Warrior. We had our network engineers on three U.S. Navy ships and successfully established high-speed communications between three moving vessels.

During one period of the exercise, one of the ships lost their satellite communications capability, and operational data was sent using our floating area network technology to support the exercise. Effectively, while we were testing our floating area network, it went from research and development to an operational system.

The Navy commented that the overall quality of work performed under this contract was excellent. They did an excellent job in addressing the technical objectives. We are meeting with the Navy next week to determine next steps. Our goal is to develop the future communications system for the U.S. Navy.

Although there were 140 technologies selected to participate in Trident Warrior '08, we are one of only 12 technologies that the Navy is looking at for further consideration to become a long-term provider to the U.S. Navy. High-speed ship-to-ship data communications makes sense. Our system provides that.

Our port security projects are doing well, and we have been assembling new high-tech protection buoys using our wireless technology. These are paid government research and development contracts with significant backlog.

With regard to our government identity system, first let's talk about the TWIC reader, or Transportation Worker Identification Credential. We have visited several ports run the country, and continue to pursue this opportunity, both from the commercial and government customers.

We recently submitted proposals to the Department of Homeland Security and the United States Coast Guard. The Department of Homeland Security proposal was submitted so that we may be added to the approved products list, so that ports may buy our TWIC reader.

The proposal for the Coast Guard is a competitive solicitation to provide quick handhelds for the Coast Guard nationwide.

Following the successful submission of both of these proposals, we have been requested by both the Department of Homeland Security and the United States Coast Guard to provide demonstrations of our capability. We anticipate a development of this market for almost a year, and have successfully brought the first handheld reader to the market to have the capability to validate all aspects of the TWIC card.

The US military certifications and accreditations continue to progress. Detailed inspections of our network operations center for our defense ID products were completed by the Army and the Navy. We take privacy and personal information as a top priority and thank the Department of Defense for helping us go through many rigorous steps to ensure the safety of our data. This is good for our customers. This is good for us.

We installed new defense ID equipment at four locations in Q2, and installed new software upgrades at over 40 military installations. We also just installed new equipment at two locations in Alaska, made a major sale to a well-known naval base, and delivered equipment to Marine Corps base Quantico, which is near the DC region in Virginia. Quantico is an interesting base. It has a small city surrounded by the base, and it's home to the Marine Corps University, officer training school, as well as the FBI Academy.

We are also pleased to announce the new IM 2525 device, which is an approved version of our IM 2500 product. Although the product looks the same on the outside, this new product is faster, more secure, and has a radically different barcode scanner engine, making scanning high-density barcodes much quicker.

We have already sold and delivered this product to our recent military purchasers, such as Marine Corps Base Quantico. We are offering this upgrade package to all existing customers, and it will be part of our new product offering to all new bases.

By the way, the increased data security not only applies to government customers, but, to our commercial customers as well. These major upgrades for our network operations center will help us provide even better customer service and support.

In the commercial space, we completed the installation of kiosks for credit card applications, and essentially all the stores of L.L. Bean, a well-known major retailer in the northeast. This Intelli-Check Mobilisa kiosk allows customers to quickly and safely apply for credit cards. L.L. Bean experienced a dramatic increase in productivity enhancement, and credit card applications as a result of our product.

Utilizing our product line increases the security of some of your personal information, such as your Social Security number. We have proven through our various financial customers that by using our product suite, you increase security of your information, and the institutions realize increased efficiencies. Our successful demonstration and support of this endeavor led to Target renewing their contract for yet another year.

We have undertaken several pilot projects to incorporate our system in a major retailer's point-of-sale system. Most recently, Rooms to Go and Payless Shoe Stores started their process

of filing our solution, which has resulted in the exceptional results in enhancing their customers' experience.

Our major financial customers continue to present significant business opportunities for IDN. We continue to support efforts with JPMorgan Chase and Barclays. We have several proposals to expand our relationships with our financial institutional partners.

We continue to also remain active in organizations and conferences that show our commitment to be the experts in identity solutions. This month, I will attend the American Association Of Motor Vehicle Administrators 2008 Annual International Conference, and we will also participate as a member of the industry advisory Board of AAMVA.

We will continue to create and pursue opportunities in the wireless, government and commercial ID business units. Now, I'll turn you back over to Nelson.

Mr. Nelson Ludlow: Thanks, Steve.

As you can see, we have a lot of business opportunities in the works. I'm very pleased to see that the Marine Corps recently purchased the up equipment at Quantico. That's a very good one. And Steve Williams has recently led the team, as he mentioned, with the TWIC reader in the Coast Guard program. He was in Washington, DC yesterday and led the team in the presentation of our TWIC reader system to the Coast Guard.

And the credit card application, that thing is working so amazingly well that some of our people that are using the system have found that in less than two weeks they had more new credit card applications using the Intelli-Check Mobilisa system than they did in the entire year of using the system before. So, these are products that make a difference. These are products that people like.

I would like to mention our upcoming shareholders meeting. Our next meeting opportunity will be in October. At--the annual shareholders meeting, it will be Tuesday, October 14 at 10 a.m., and it will be held in the Washington, DC area.

The location is at our company offices at 1800 Diagonal Rd, on the sixth floor, in Alexandria, Virginia, which is old town Alexandria, ZIP code 22314. The office number is 703-683-4313. We will obviously send this information out in a press release and on our website.

Now, we're holding the shareholders meeting in Washington, DC area this year, and we plan to rotate it between New York, San Francisco, Seattle areas, as to give maximum coverage to our many shareholders throughout the country.

I believe holding our shareholders meeting in the Washington, DC area this year is a good opportunity for our shareholders and new investors to see our DC offices and the demonstration room of our new products, particularly that we do for the U.S. government, as well as to attract analysts and large customers that are in the Washington, DC area.

So, in summary, we had a good quarter, and are showing results in our very first quarter of the combined company. I'm very proud of the management team. I'm proud of the employees. People are working very hard. Some of our shareholders have visited our company, and every one of them had commented how dedicated the team really is.

For the shareholders, we've held a few out-of-cycle opportunities for us to meet, such as the proxy vote and merger on 14 March, the special conference call that we did last month on July 15, and this upcoming shareholders meeting on October 14. All of those are in addition to our normally scheduled earnings conference call.

So, hopefully, this gives you an opportunity to learn more about us, the new management team, the new company, the new Board of Directors, and where we're going.

So, we'd like to address any questions, and in respect for the other listeners, please state your name, your organization, and try to clearly and succinctly state your comment or question, and we'll be happy to take questions.

Operator: Thank you.

We will now be conducting a question and answer session.

If you would like to ask a question, please press star-one on your telephone keypad. A confirmation tone will indicate your line is in the question queue.

You may press star-two if you would like to remove your question from the queue.

For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star keys.

One moment please, while we poll for questions.

Our first question or comment comes from the line of Ernie Kaplan, who is a private investor.

Please go ahead with your question.

Mr. Ernie Kaplan: Good morning, gentlemen.

Can you comment--you said before about our competition being able to read different barcodes, as well as other features of the--of a driver's license. Can you expound on that? I thought our product, and no one else's, has the ability to validate and verify, whereas these others are just nothing more than scanners that you could find in a local grocery store.

Mr. Nelson Ludlow: Yeah, good morning, Ernie. This is Nelson.

I'm very--we have not got a copy of the product yet. These products are not for sale at this time. As soon as they do, we will look at it and determine exactly how they do it.

You're right, our patents--if somebody is checking the plate, if someone's checking the jurisdiction, if someone is validating the format, yes, that's our patent. And so, hopefully, no one is doing that technique. And this process is not quick, but we are talking to these guys, both Symbol Motorola and Honeywell are--and Metrologic our partners of ours, and we're working with them. And if anybody is doing that technique, then that does violate our patent.

Operator: Our next question comes from the line of Bart Blout with Sawtooth Capital. Please go ahead with your question.

Mr. Bart Blout: Yeah, I just wanted to say, Nelson, that it's almost unbelievable how you guys have swung from a minus to a plus side, and I speak for a lot of people I think. And I just want to thank you.

And then, the other question I had was Steve Williams--I didn't understand that comment about Steve Williams. Is he--he's still staying with the company, right?

Mr. Nelson Ludlow: Yeah, Bart, this is Nelson. Absolutely--.

Mr. Steve Williams: --Yeah well, this is Steve. Let me answer it. Absolutely, Bart.

Mr. Bart Blout: Okay, I just--I must've heard something wrong.

Mr. Nelson Ludlow: No, what--I think what I said was Steve Williams led the team to the presentation to the Coast Guard yesterday in the Washington, DC area, and that we also-- Steve is our Chief Operating Officer, But, we just added a new key hire, which is a guy named Rick Sykes, who is our--who will be our new director of business development for the government.

Now, obviously, I do business development for the government, Steve Williams does business development for the government. Why? Because bringing in revenue is our number one goal.

But, to add a key hire like Rick Sykes, who--Steve and I are very pleased about this new key addition--this guy is very strong in the government area, and so are Steve and I. We're just adding another player to this good football team.

Mr. Bart Blout: Well, I--the reason I said about the first thing was--is that whether it was our shareholders fault or not, we were abused for so many years, and I think everybody knows how much your company has changed and done, and it's just an incredible thing. To go from worrying about something every day to not even having to worry about it, I mean, that's probably added a few years to a lot of people's lives, so thank you.

Mr. Nelson Ludlow: Bart, thank you, and thank all of the long-term shareholders who have been with the company for a long time, as well as the new people that have got on board.

And let me just add one more thing is you may see that there were some--you know, some new people trying to jump into this market. You know what? That's not a surprise.

The time is right, now - driver's licenses, ID cards, do have machine-readable zones. And although this was a very good idea 10 years ago when Intelli-Check led the way, they followed the patents, they were the first to do this, the time is really now, coming to where this makes sense from a business point of view, that there's really a lot of opportunities out there.

So, part of it is that the time is right, and the other part is that we've got a good strong team here. And so, we put the two together, and things are happening.

Mr. Bart Blout: Yeah, thank you.

Mr. Nelson Ludlow: Thank you.

Operator: Our next question comes from the line of David Richardson, who is a private investor. Please go ahead with your question.

Mr. David Richardson: Good morning, Nelson.

Are you getting tired of my e-mails?

Mr. Nelson Ludlow: No, not at all, David.

Mr. David Richardson: I'm just kidding.

I just wanted you to comment, you know, what great story you put out, even this week. That video that showed up that I was lucky to find--somebody pointed it out, thank heavens--which was a terrific piece. I have no idea how old it was, nor do I care.

The one thing that you haven't addressed yet, and maybe you can, and maybe you can't, is boy, the firm could use a little PR work. And I'd sure like to see a--you know, find a firm that can be a little more proactive than just making the announcements. I don't know--what's the plan there? Maybe you can elaborate.

Mr. Nelson Ludlow: Yeah, Dave.

As you know, we did have an IR firm before. We've stopped retaining them just last month, or about five weeks ago.

Right-- and we've added a person who's a communications manager, Miss Amy Hager. We're trying to do more press releases, and we are trying to contact shareholders that do register on our website or do register--would like to receive information. We're doing that. We have not yet retained a new IR firm.

I want to get this right, and we are interviewing several, and we're--.

Mr. David Richardson: --Just as long you're doing that. I mean, I think it's very important. As I say, that video thing that came out, which I finally got to see, I was just lucky to find out about it.

So, the more we can put out about what's going on with the company in a positive way, rather than, as I say, just waiting for an earnings announcement--that doesn't mean anything, but--

Mr. Nelson Ludlow: --Oh, absolutely, and that video--.

Mr. David Richardson: --You know what I'm saying.

Mr. Nelson Ludlow: The video link was in the press release that I think we sent out last week, and I think that's where we got--we're just going to keep the pressure up, and keep doing that.

And there's some very good investors such as yourself, and we're a team in this, so if the shareholders have a recommendation of someone that they think is an outstanding IR firm, let us know, and we would like to work with someone of that caliber.

Mr. David Richardson: Super, thanks. I just--you know, the sooner the better. We want to get that news out to the public. It's important.

Mr. Nelson Ludlow: Thanks, Dave.

Operator: Ladies and gentlemen, as a reminder, it is star-one to ask a question or make a comment.

Our next question or comment is a follow-up question from the line of Bart Blout.

Please go ahead with your question.

Mr. Bart Blout: Yeah, can you briefly discuss two things. One, if you have all the goodies you need to make an impact, or will you have to acquire a company? And number two, can you just briefly outline, because it's been waiting for Goodeau [sp], why this is the opportune time--I mean, not the opportune, but, the--why this is the time that it's--all this stuff is about ready to happen, and that we've had to wait for it for so long?

Mr. Nelson Ludlow: Yeah, Bart, as far as acquisitions, let me just very directly say, I'm always going to keep M&As as an--as a possibility on the table. I'm always doing that. I believe in both organic and inorganic growth.

Particularly the small company, if somebody is smart and glues together two or three small companies, you can make one outstanding company. And the people that have the vision and the insight of doing that, that's a very good way to grow.

And I think Intelli-Check and Mobilisa was a perfect example of that. I'm the one that proposed this proposal to the original Intelli-Check Board, and I think these two companies make a lot of sense, and you can see how well we're doing already.

Is there--are there a couple other companies out there that maybe we could fit in like that? Very likely, and I'm always on the look for that, so don't--the shareholders should not be surprised if we, as a company, want to do inorganic growth. So, that's not off the table at all.

Is--the other one is, why is now the opportunity? Well, part of it is that we create the opportunity. Steve Williams and I are sitting here together in Seattle area office, and I can tell you that the reason we did so well in the military is because of our sales team, and the team that Steve led. And Steve and I personally visited a lot of these bases, and I don't think that they came to us originally. We had to go to them. We are doing the same thing in homeland security.

So, I think one of the comments that we hear from sometimes, the government, is that we are aggressive. We're aggressive in our sales force, so we're letting them know the new capabilities that are out there. That's what high-tech companies should do.

It's not just one meeting with the right--you know, some high up person, it's both top and bottom driven. And I think the reason it's really starting to make sense, Bart, is if you look at the number of machine-readable zones that were on ID cards, back in early 2000, there weren't that many.

Now, almost every--essentially nearly every identity card out there has some machine-readable zone on it. And we are doing what I would think is the right business plan. Other companies are looking at trying to make their own proprietary card, or saying, "Hey, if we print some new cards, then you can do something interesting with it."

What we've done is we do smart software with dumb cards, with driver's licenses, with current government IDs, and we make applications that work on those. So, I guess it's a push and pull market strategy, but, you know, things are coming together.

Mr. Bart Blout: Well, the reason I asked is because the greatest thing you can have going for you is the wind at your back with a boom market going on, and acceptance of this technology, and then you just have the best solution. So, it makes it--we all feel we need to make a lot of money off this stock to pay for the aggravation of the past.

Mr. Nelson Ludlow: Well, my favorite business book is called Crossing the Chasm by Jeffrey Moore. And Crossing the Chasm is shifting from what I would call a science project, or to some innovator mode, to the early adopter. And to get to that early adopter is a different type of customer, and those customers like reference accounts. They don't want to be the first guy on

their block with new technology. They want a mature technology. They want to know what everyone else is doing.

And every management person in this company reads that book. We believe it, and we are shifting the company from a science project type of level to professional-grade products and -that consumers want.

Mr. Bart Blout: Thank you.

Operator: Gentlemen, there are no further questions in the queue at this time.

I'd like to hand it back over to management for some closing comments.

Mr. Nelson Ludlow: Well, I'd like to thank all the shareholders, the long-term shareholders as well as the new shareholders, that are excited and joined the new company, the new management team.

I'd like to thank the board of directors that are on the phone. I'd like to thank the management team for doing a great job. I'd like to thank the employees that have worked their butts off and have just really done an outstanding job. And most of all, I'd like to thank the shareholders for believing in us, and giving us the opportunity to provide good results for Q2.

I look forward to seeing everyone at the shareholders meeting in October, and at the Q3 conference call. Thank you, everyone.

Operator: Ladies and gentlemen, this does conclude today's teleconference. Thank you for your participation. You may disconnect your lines at this time.