



FOR IMMEDIATE RELEASE

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Costar Technologies, Inc. Announces Financial Results
for the Fourth Quarter and Year Ended December 31, 2014
(In thousands except per share amounts)

Coppell, Texas – May 11, 2015 – Costar Technologies, Inc. (the “Company”) (OTC Markets Group: CSTI), reported its financial results for the year ended December 31, 2014 that was audited by the independent accounting firm McGladrey LLP.

The Company previously issued a press release on March 31, 2015 detailing preliminary 2014 financial data. The only changes to the preliminary financials relate to updated determinations of the Company’s tax assets and liabilities and their corresponding impact to the income statement.

Upon finishing the tax work, the Company determined that as of December 31, 2014 it was more likely than not that it will utilize its \$17,700 in NOL carryforwards prior to expiration. The Company also believes that it is more likely than not that it will utilize \$1,034 in a tax credit carryforwards prior to expiration. Based upon the level of projected future taxable income over the period of expiration of the net operating loss carry forwards when temporary differences that give rise to the deferred tax assets are deductible, management released a portion of its valuation allowance resulting in a tax benefit of \$7,688. The Company also re-categorized \$74 from SG&A that was accrued for state income taxes to the current income tax provision line and reduced its current income tax provision by \$14. With the completion of the tax analysis, the Company anticipates returning to its normal filing schedule.

For additional information regarding the Company’s tax analysis, please see Note 8 of the Company’s financial statements for the year ended December 31, 2014. For additional information regarding the financial performance for 2014, please see the Company’s press release dated March 31, 2015.

COSTAR TECHNOLOGIES, INC.

About Costar Technologies, Inc.

Costar Technologies, Inc. develops, designs and distributes a range of security solution products including surveillance cameras, lenses, digital video recorders and high-speed domes. The Company also develops, designs and distributes industrial vision products to observe repetitive production and assembly lines, thereby increasing efficiency by detecting faults in the production process. Headquartered in Coppell, Texas, the Company's shares currently trade on the OTC Markets Group under the ticker symbol "CSTI".

Cautionary Statement Regarding Forward Looking Statements

This document contains forward-looking statements that involve risks and uncertainties, as well as assumptions, that if they never materialize or prove incorrect, could cause the results of the Company to differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements generally are identified by the words "expects," "anticipates," "believes," "intends," "estimates," "should," "would," "strategy," "plan" and similar expressions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. The risks, uncertainties and assumptions include developments in the marketplace for our products, competition, related products and services and general economic conditions, as well as other risks and uncertainties. Accordingly, we cannot give assurance that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what impact they will have on the results of operations or financial condition of the Company.

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COSTAR TECHNOLOGIES, INC.

COSTAR TECHNOLOGIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (AMOUNTS SHOWN IN THOUSANDS)

	December 31, 2014	December 31, 2013 (Reviewed)
ASSETS		
Current assets		
Cash	\$	\$ 1,637
Accounts receivable, less allowance for doubtful accounts of \$75 in 2014 and 2013	7,086	2,136
Inventories, net of reserve for obsolescence of \$379 in 2014 and 2013	7,629	7,180
Promissory note - current		86
Prepaid expenses	307	207
Deferred tax asset - current	408	
Total current assets	15,430	11,246
Non-current assets		
Property and equipment, net	397	69
Deferred financing costs, net	97	
Deferred tax asset, non-current	7,280	
Trade names, net	2,464	925
Distribution agreement, net	844	918
Customer relationships, net	799	80
Covenant not to compete, net	18	14
Goodwill	2,063	
Total assets	\$ 29,392	\$ 13,252
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 3,499	\$ 2,448
Accrued expenses and other	1,899	832
Line of credit	519	
Short-term debt	600	
Contingent purchase price	128	
Total current liabilities	6,645	3,280
Long-Term liabilities		
Long-term debt	2,100	
Total long-term liabilities	2,100	
Total liabilities	8,745	3,280
Commitments and Contingencies		
Stockholders' Equity		
Preferred stock		
Common stock	3	3
Additional paid in capital	156,073	155,912
Accumulated deficit	(130,908)	(141,422)
Less common stock held in treasury, at cost	(4,521)	(4,521)
Total stockholders' equity	20,647	9,972
Total liabilities and stockholders' equity	\$ 29,392	\$ 13,252

COSTAR TECHNOLOGIES, INC.

COSTAR TECHNOLOGIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME (AMOUNTS SHOWN IN THOUSANDS)

	Three Months Ended December 31,		For the Years Ended December 31,	
	2014	2013	2014	2013
	(Unaudited)	(Unaudited)		(Reviewed)
Net revenues	\$ 10,492	\$ 4,331	\$ 36,051	\$ 26,476
Cost of revenues	<u>6,499</u>	<u>3,408</u>	<u>22,489</u>	<u>19,009</u>
Gross profit	<u>3,993</u>	<u>923</u>	<u>13,562</u>	<u>7,467</u>
Selling, general and administrative expenses	2,593	1,108	8,398	5,370
Engineering and development expense	921	55	1,655	224
Transaction and related expense	<u>3,514</u>	<u>1,163</u>	<u>10,450</u>	<u>5,594</u>
Income from operations	<u>479</u>	<u>(240)</u>	<u>3,112</u>	<u>1,873</u>
Other income (expenses)				
Interest expense	(39)	(1)	(93)	(52)
Other income and expense, net	(29)	65	(26)	105
Total other income (expenses), net	<u>(68)</u>	<u>64</u>	<u>(119)</u>	<u>53</u>
Income before taxes	411	(176)	2,993	1,926
Current income tax expense	135	1	167	19
Deferred income tax (benefit)	<u>(7,767)</u>	<u></u>	<u>(7,688)</u>	<u></u>
Net income	<u>\$ 8,043</u>	<u>\$ (177)</u>	<u>\$ 10,514</u>	<u>\$ 1,907</u>
<u>Net income per share:</u>				
Basic	\$ 5.49	\$ (0.12)	\$ 7.19	\$ 1.31
Diluted	\$ 5.28	\$ (0.12)	\$ 6.92	\$ 1.25
Weighted average shares outstanding				
Basic	1,464	1,457	1,462	1,453
Diluted	1,522	1,534	1,520	1,530

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