**FOR IMMEDIATE RELEASE**
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# Costar Technologies, Inc. Announces Financial Results for the Third Quarter and Nine Months Ended September 30, 2011
**($ in thousands)**

Coppell, Texas – November 15, 2011 – Costar Technologies, Inc., formerly Sielox, Inc. (the "Company") (OTC Markets Group: SLXN), reported its unaudited financial results for the third quarter ended September 30, 2011.

## Highlights

- The Company posted its second consecutive profitable quarter, resulting in a year to date profit.
- Sales increased 14.1% for the nine months ended September 30, 2011 after adjusting for intercompany sales in the 2010 period.
- The Company secured a new three year $3,500 credit facility with Briar Capital.

## Financial Results, Third Quarter of 2011 Compared to Third Quarter of 2010

Revenue from continuing operations for the third quarter ended September 30, 2011 was $4,231, as compared to $3,403 for the same period in 2010. The increase was due in part to $670 of video sales to Sielox, LLC, sold to the Sielox, LLC dealer base, which was eliminated in consolidation for the 2010 results. The remaining 4% increase was due to increased sales to our existing customer base. Total revenue from discontinued operations in the third quarter ended September 30, 2010 was $1,817.

Gross profit for the three months ended September 30, 2011 totaled $1,096. This compares to gross profit of $945 for the three months ended September 30, 2010, an increase of 16%. Gross profit for the second quarter of 2010 excludes gross profit from discontinued operations of $614.

Selling, general and administrative expenses for the three months ended September 30, 2011 totaled $948. This compares to selling, general and administrative expenses of $884 for the three months ended September 30, 2010, an increase of 7%. Selling, general and administrative expenses for the three months ended September 30, 2010 excludes selling, general and administrative expenses from discontinued operations of $542.

Other income (expense) for the three months ended September 30, 2011 totaled $(30). This compares to other income (expense) of $(35) for the same period in 2010. For the three months ended September 30, 2011, interest expense was $31, compared to interest expense of $37 for the three months ended September 30, 2010.

Net profit for the third quarter of 2011 was approximately $118, compared to a net profit for the same period in 2010 of $57. Profitability was attained primarily as a result of increased sales and gross margins for video products. Video gross margins improved from an unconsolidated 23.2% in the third quarter 2010 to 25.9% in the third quarter 2011. Part of the margin gains were due to the Company obtaining discounts for the prepayment of products, which helped support some of our supply partners who were negatively impacted by the Japanese tsunami.

**Financial Results, Nine Months Ended September 30, 2011 Compared to Nine Months Ended September 30, 2010**

Revenue from continuing operations for the nine months ended September 30, 2011 totaled $12,052, an increase of 34% compared to revenue of $9,011 for the same period last year. Revenue for the nine months ended September 30, 2010 excludes revenue from discontinued operations of $5,101. Consolidation removed revenue from continuing operations for intercompany video sales to Sielox, LLC, sold to the Sielox, LLC dealer base. For the nine months ended September 30, 2010, intercompany sales were $1,553, compared to $0 for the same period in 2011, which coincides with the December 31, 2010 sale of Sielox, LLC. Sales increased 14.1% for the 2011 nine month period after adjusting for intercompany sales.

Gross profit for the nine months ended September 30, 2011 totaled $3,039. This compares to gross profit of $2,374 for the nine months ended September 30, 2010, an increase of 28%. Gross profit for the nine months ended September 30, 2010 excludes gross profit from discontinued operations of $1,871.

Selling, general and administrative expenses for the nine months ended September 30, 2011 totaled $2,964, including $73 in expenses related to its relocation from Carrollton, TX to Coppell, TX. This compares to selling, general and administrative expenses of $2,779 for the nine months ended September 30, 2010, an increase of 6.7%. Selling, general and administrative expenses for the nine months ended September 30, 2010 excludes selling, general and administrative expenses from discontinued operations of $1,679.

Other income (expense) for the nine months ended September 30, 2011 totaled $(72). This compares to other income (expense) of $(95) for the nine months ended September 30, 2010. For the nine months ended September 30, 2011, interest expense was $88, compared to interest expense of $98 for the nine months ended September 30, 2010.

Net profit for the nine months ended September 30, 2011 was approximately $2, compared to a loss for the same period in 2010 of $(436). The improved results were due to increased sales to existing customers combined with first quarter sales to a new distributor added in the second quarter of 2010.

## Briar Capital Credit Facility

On September 23, 2011, the Company entered into a new three year $3,500 credit facility with Briar Capital. Further information can be found in note 7 of the Company's financial statements for the third quarter of 2011.

## Industrial Vision Source Purchase

As previously disclosed, on October 21, 2011, Costar Video Systems, LLC. purchased certain assets and liabilities of IVS from Mace Security International, Inc. IVS is the oldest industrial camera distributor in the United States and has been distributing machine vision, factory automation, microscopy and video teleconferencing products since 1989. Further information can be found in note 12 of the Company's financial statements for the third quarter of 2011.

James Pritchett, President and CEO of Costar Technologies, Inc. stated, "We have continued to make progress in challenging economic conditions through a concentrated focus on expanding sales to our existing customer base." Mr. Pritchett added, "Our new Briar credit facility enabled us to purchase IVS, a strong name in the industrial vision segment, permitting us to become one of the leading industrial vision distributors in the country."

The Company's outside independent accountants completed their analysis of the Company's financial condition. The Independent Accountants Review Report, including financial statements and applicable footnote disclosures, is available on our website at www.sieloxinc.com.

## 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. Founded in 1979 and headquartered in Coppell, Texas, Costar Technologies, Inc.'s shares currently trade on the OTC Markets Group under the ticker symbol "SLXN".

**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. AND SUBSIDIARY**
**CONSOLIDATED BALANCE SHEET**
**( $ in thousands)**

**ASSETS**

| | September 30, 2011 (Unaudited) | December 31, 2010 (Unaudited) |
|---|---|---|
| **Current Assets** | | |
| Cash | $ 189 | $ 407 |
| Accounts receivable, less allowance for doubtful accounts of $105 and $140 in 2011 and 2010, respectively | 2,389 | 2,023 |
| Inventories, net of reserve for obsolescence of $390 and $264 in 2011 and 2010, respectively | 5,167 | 4,694 |
| Prepaid expenses | 391 | 335 |
| Promissory note, current portion | 167 | 167 |
| Current assets of discontinued operations | - | 10 |
| **Total current assets** | 8,303 | 7,636 |
| Property and equipment, net | 132 | 48 |
| Trade Name - Costar | 800 | 800 |
| Distribution agreement, net | 1,083 | 1,137 |
| Customer relationships, net | 200 | 400 |
| Promissory note - net of current portion | 333 | 333 |
| **Total assets** | $ 10,851 | $ 10,354 |

**LIABILITIES AND STOCKHOLDERS EQUITY**

| | September 30, 2011 | December 31, 2010 |
|---|---|---|
| **Current Liabilities** | | |
| Accounts payable | $ 1,568 | $ 1,574 |
| Accrued expenses and other | 68 | 285 |
| Contingent purchase price, current portion | - | 285 |
| Lines of credit | 1,681 | 626 |
| Current liabilities of discontinued operations | - | 75 |
| **Total current liabilities** | 3,317 | 2,845 |
| Long term liability, contingent purchase price | - | 9 |
| **Total liabilities** | 3,317 | 2,854 |
| **Stockholders' equity** | | |
| Common stock | 42 | 42 |
| Additional paid in capital | 155,837 | 155,805 |
| Accumulated other comprehensive income | 260 | 260 |
| Accumulated deficit | (144,081) | (144,083) |
| Less common stock held in treasury | (4,524) | (4,524) |
| **Total stockholders' equity** | 7,534 | 7,500 |
| **Total liabilities and stockholders' equity** | $ 10,851 | $ 10,354 |

**COSTAR TECHNOLOGIES, INC. AND SUBSIDIARY**
**CONSOLIDATED STATEMENT OF OPERATIONS**
**($ in thousands, except per share amounts)**

| | Three Months Ended September 30, 2011 | Three Months Ended September 30, 2010 | Nine Months Ended September 30, 2011 | Nine Months Ended September 30, 2010 |
|---|---|---|---|---|
| **Net revenues** | $ 4,231 | $ 3,403 | $ 12,052 | $ 9,011 |
| **Cost of revenues** | 3,135 | 2,458 | 9,013 | 6,637 |
| **Gross profit** | 1,096 | 945 | 3,039 | 2,374 |
| **Selling, general and administrative expenses** | 948 | 884 | 2,964 | 2,780 |
| **Profit (loss) from operations** | 148 | 61 | 75 | (406) |
| Other income (expenses) | | | | |
| Interest expense | (31) | (37) | (88) | (98) |
| Other income | 1 | 2 | 16 | 4 |
| Total other income (expense), net | (30) | (35) | (72) | (94) |
| Net profit (loss) from continuing operations | 118 | 26 | 3 | |
| Net profit (loss) from discontinued operations (see Note 3) | - | 31 | (1) | 64 |
| **Net profit (loss)** | $ 118 | $ 57 | $ 2 | $ (436) |
| Per share of common stock | | | | |
| Profit (loss) from continuing operations | 0.00 | 0.00 | 0.00 | (0.01) |
| Profit (loss) from discontinued operations | 0.00 | 0.00 | (0.00) | 0.00 |
| Net profit (loss) per share | 0.00 | 0.00 | 0.00 | (0.01) |
| Weighted average shares outstanding | 36,444 | 35,982 | 36,213 | 35,982 |

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