



COSTAR
TECHNOLOGIES, INC.

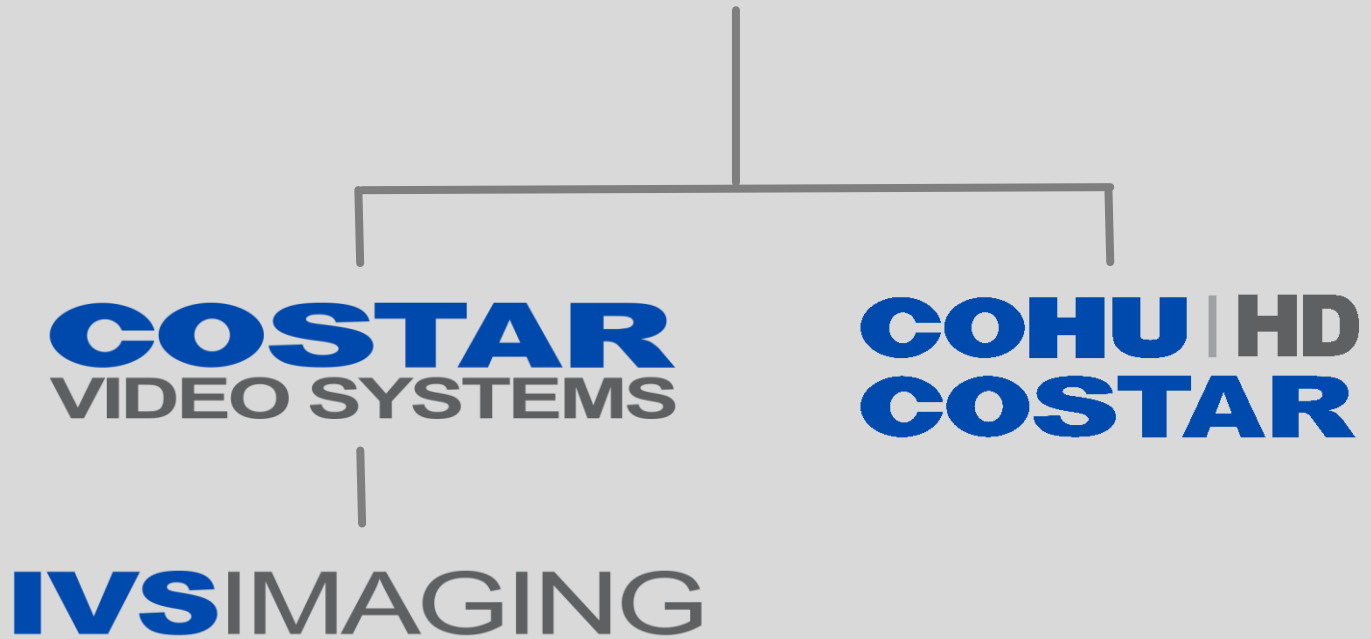
2014 In Review

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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Security Market

ASIS International and IOFM Study Finds U.S. Security Industry to be \$350 Billion Market.

Consolidation appears to be in the early stages, with the top 15 manufacturers accounting for only 22% of the overall market.

According to a new whitepaper from IHS, the global market for video surveillance equipment was expected to grow by more than 12 percent in 2014. In fact, multinationals among the top 50 grew 15.6 percent in 2013, compared to 9.5 percent in 2012. Their profit growth is 15.7 percent on average, double compared to 7.1 percent in 2012.

Sources: SECURITYINFOWATCH.COM
ASMAG.COM

Security Market

asma Rankins 50 SECURITY *Panorama Camera See the World from a Wider Angle*

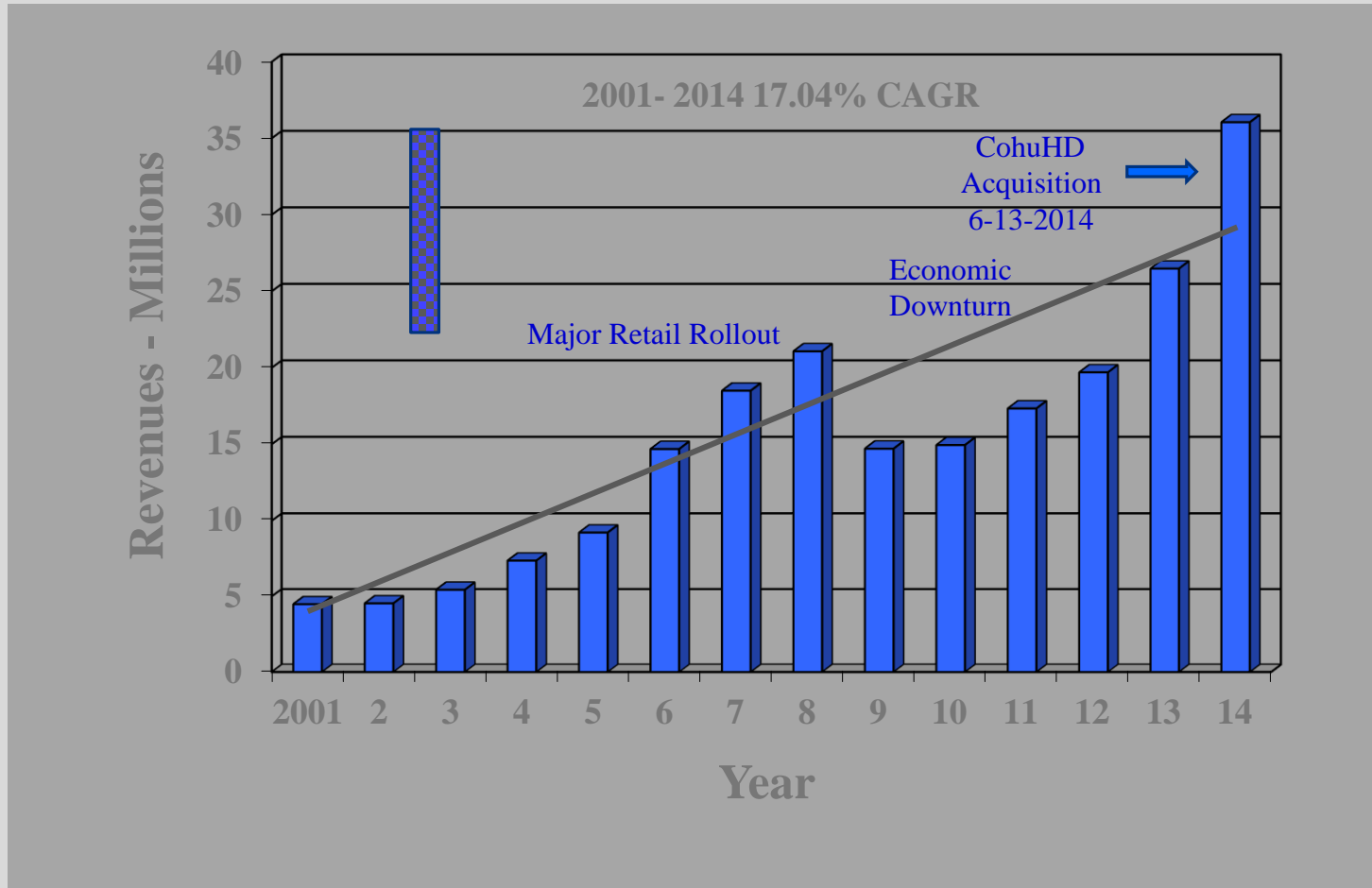
2014 Top Security 50 | 2014 Security 50 by Region | 2014 Security 50 by Product Group

'14	Company	Headquarters	Revenue (in US\$ millions) 2013	Revenue Growth 2012-2013
Video Surveillance				
3	HIKVISION DIGITAL TECHNOLOGY	China	\$1,656.2	50.9%
6	DAHUA TECHNOLOGY	China	\$871.6	53.2%
7	FLIR SYSTEMS (Thermal Vision & Measurement)	U.S.	\$727.9	15.9%
8	AXIS COMMUNICATIONS	Sweden	\$694.4	13.2%
18	INFINOVA	U.S.	\$154.8	26.8%
19	VIVOTEK	Taiwan	\$130.0	21.0%
20	TAMRON (Commercial & Industrial)	Japan	\$121.7	34.7%
21	VERINT SYSTEMS (Video Intelligence)	U.S.	\$120.4	0.8%
23	IDIS	Korea	\$115.4	-22.8%
25	HITRON SYSTEMS	Korea	\$95.0	-17.2%
27	AVTECH	Taiwan	\$87.2	-19.5%
28	ITX SECURITY	Korea	\$81.0	82.8%
29	GEUTEBRÜCK	Germany	\$78.7	10.1%
30	SYNECTICS	U.K.	\$76.7	15.0%
31	DYNACOLOR	Taiwan	\$75.6	8.9%
32	GEOVISION	Taiwan	\$74.7	12.1%
33	MILESTONE SYSTEMS	Denmark	\$74.3	28.0%
37	HDPRO	Korea	\$69.9	-8.9%
38	CNB TECHNOLOGY	Korea	\$64.6	-32.1%
40	INDIGOVISION	U.K.	\$54.8	-
43	DALI TECHNOLOGY	China	\$42.1	-5.9%
44	WINNET	Korea	\$41.1	4.1%
45	VICON	U.S.	\$39.8	-19.7%
46	C-PRO ELECTRONICS	Korea	\$38.9	-13.2%
48	HUNT ELECTRONIC	Taiwan	\$29.9	4.5%
49	HI SHARP ELECTRONICS	Taiwan	\$29.7	-11.9%

#48 at \$36M

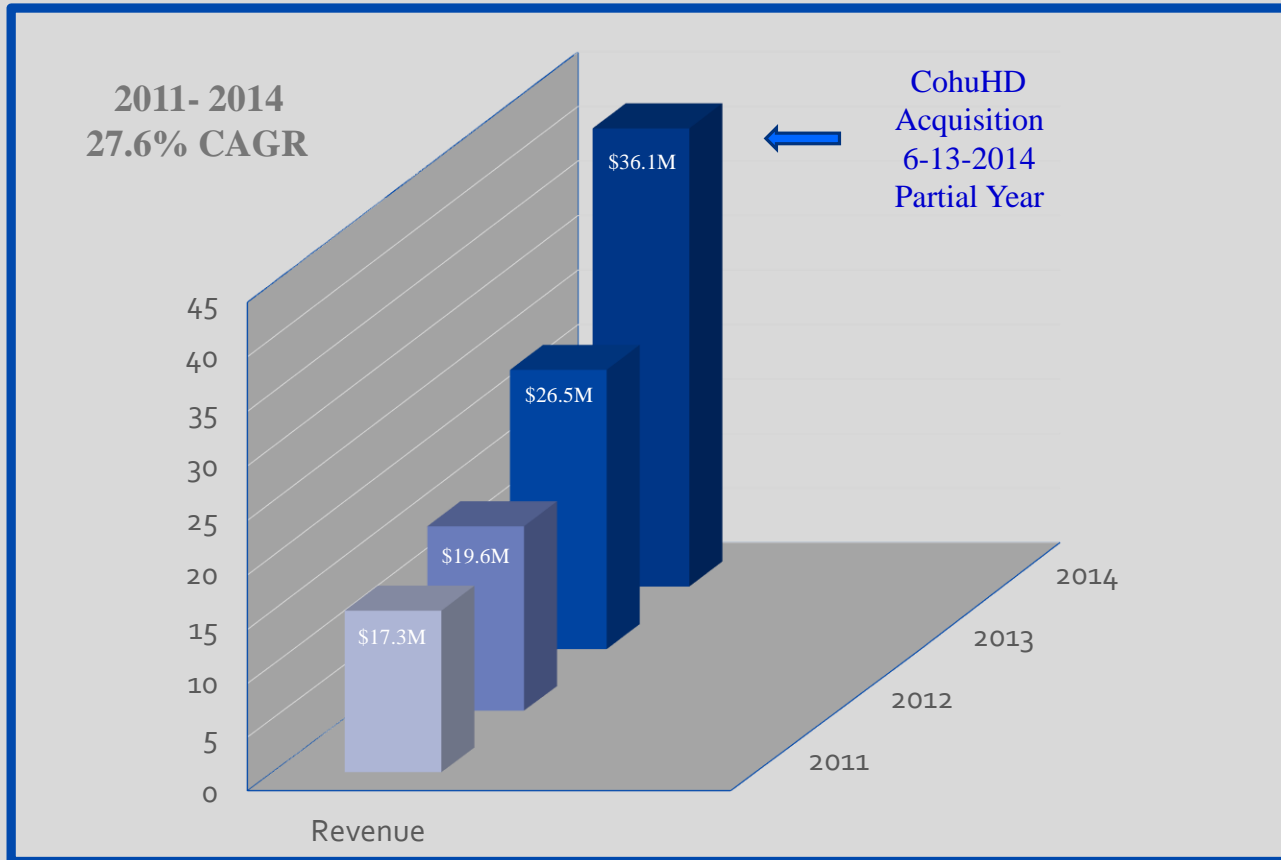
Source: www.asmag.com

Costar Technologies



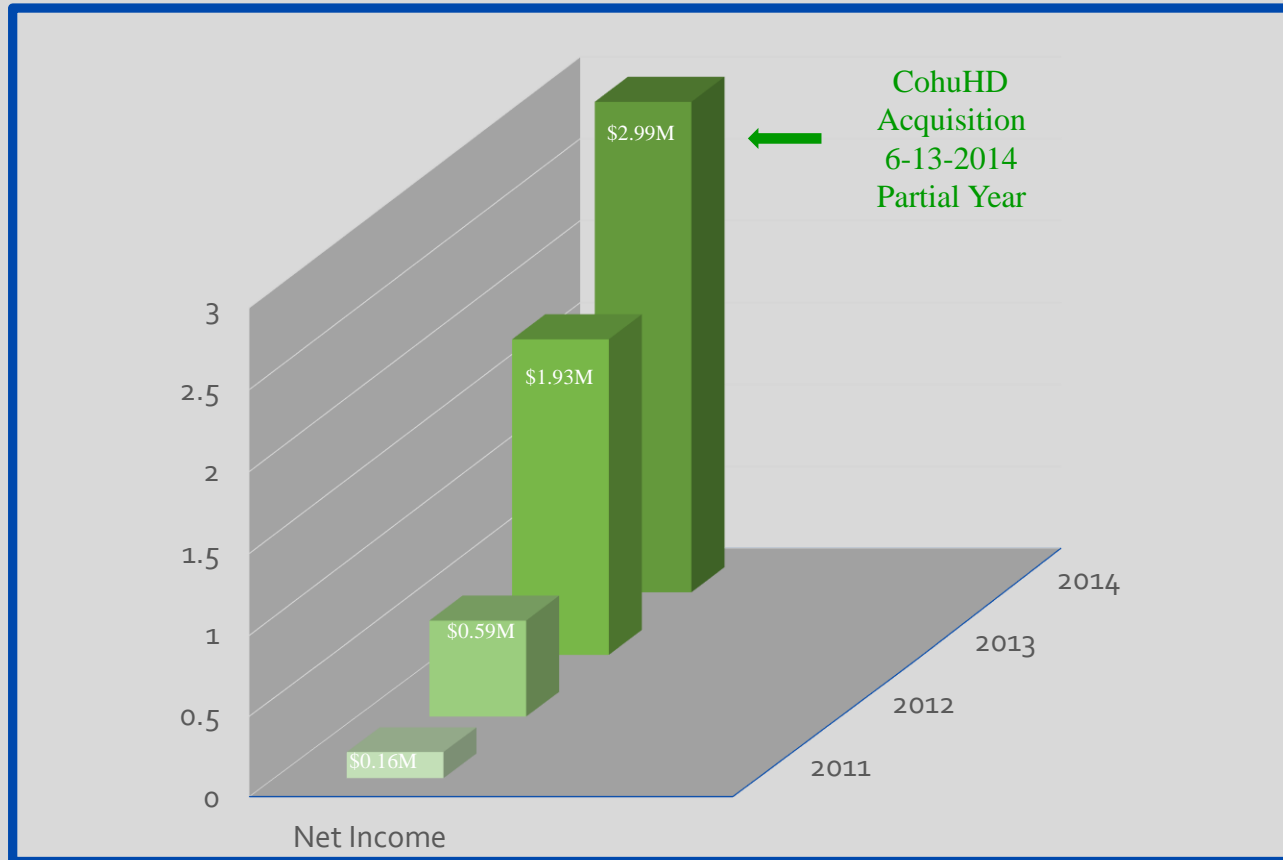
Costar Technologies

Revenue

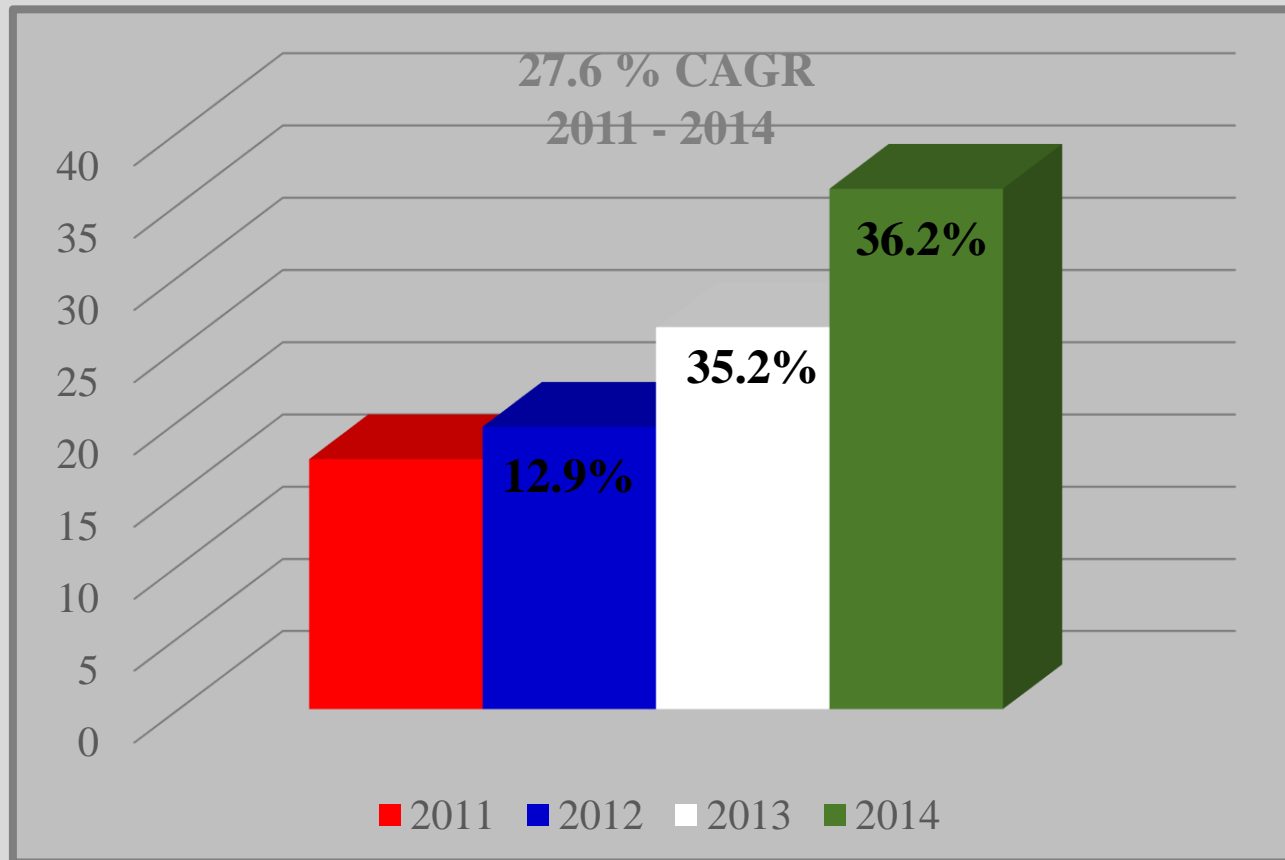


Costar Technologies

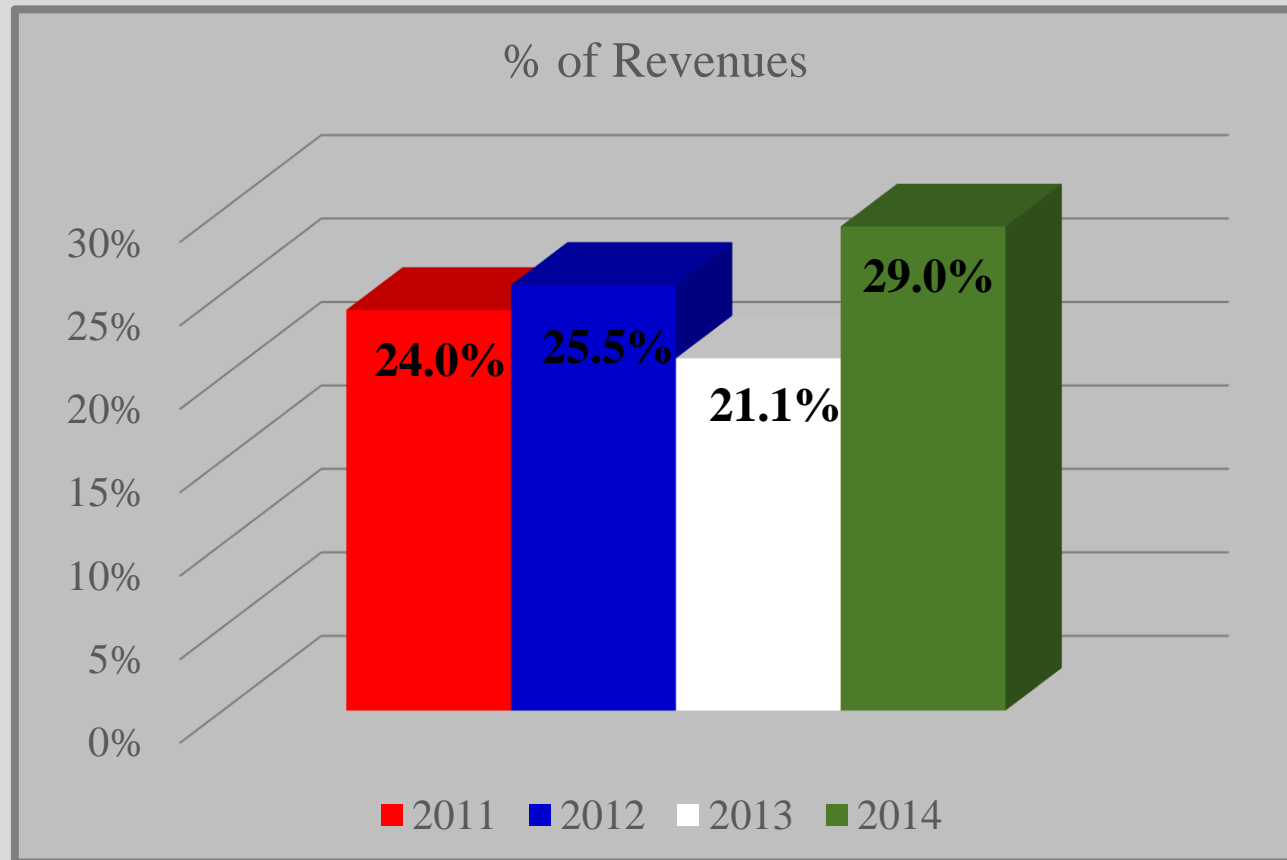
Net Income Before Taxes



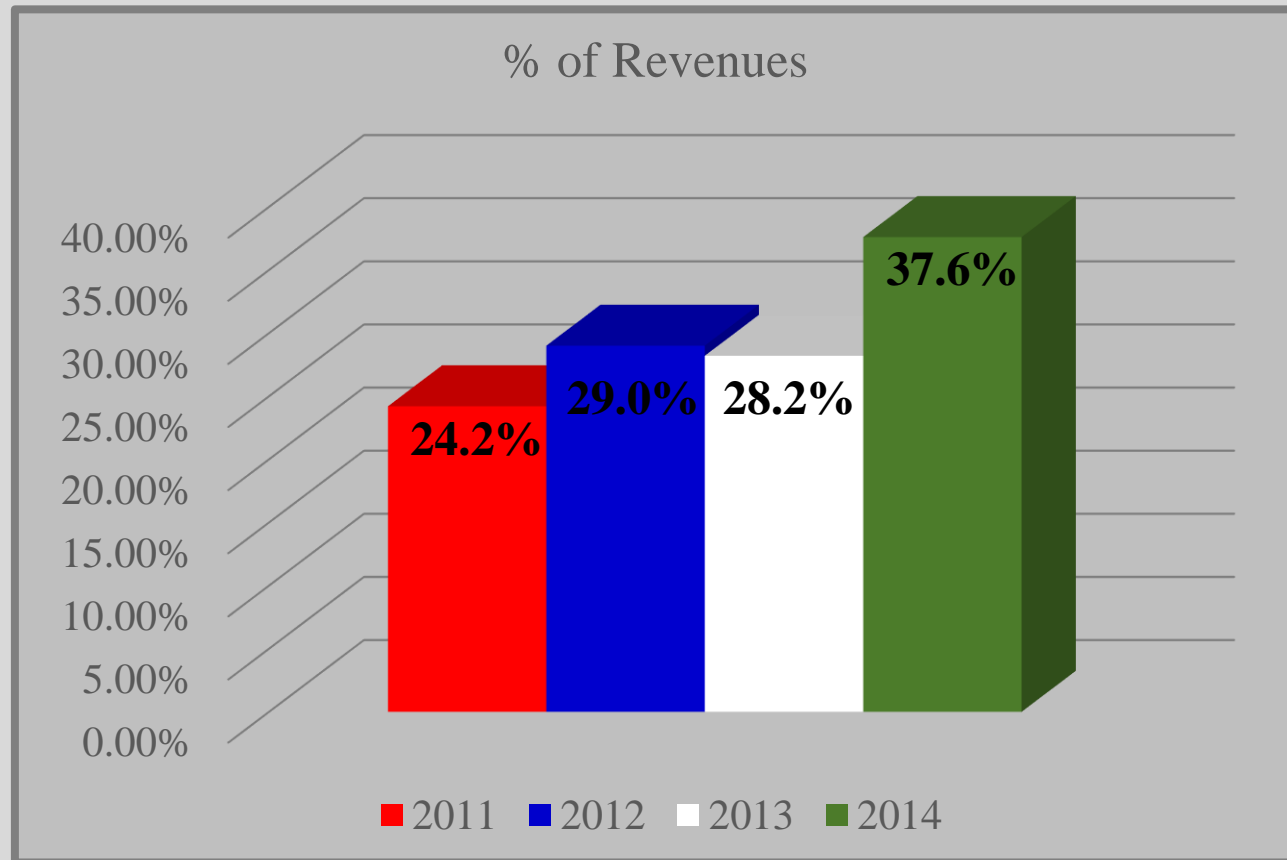
Revenue



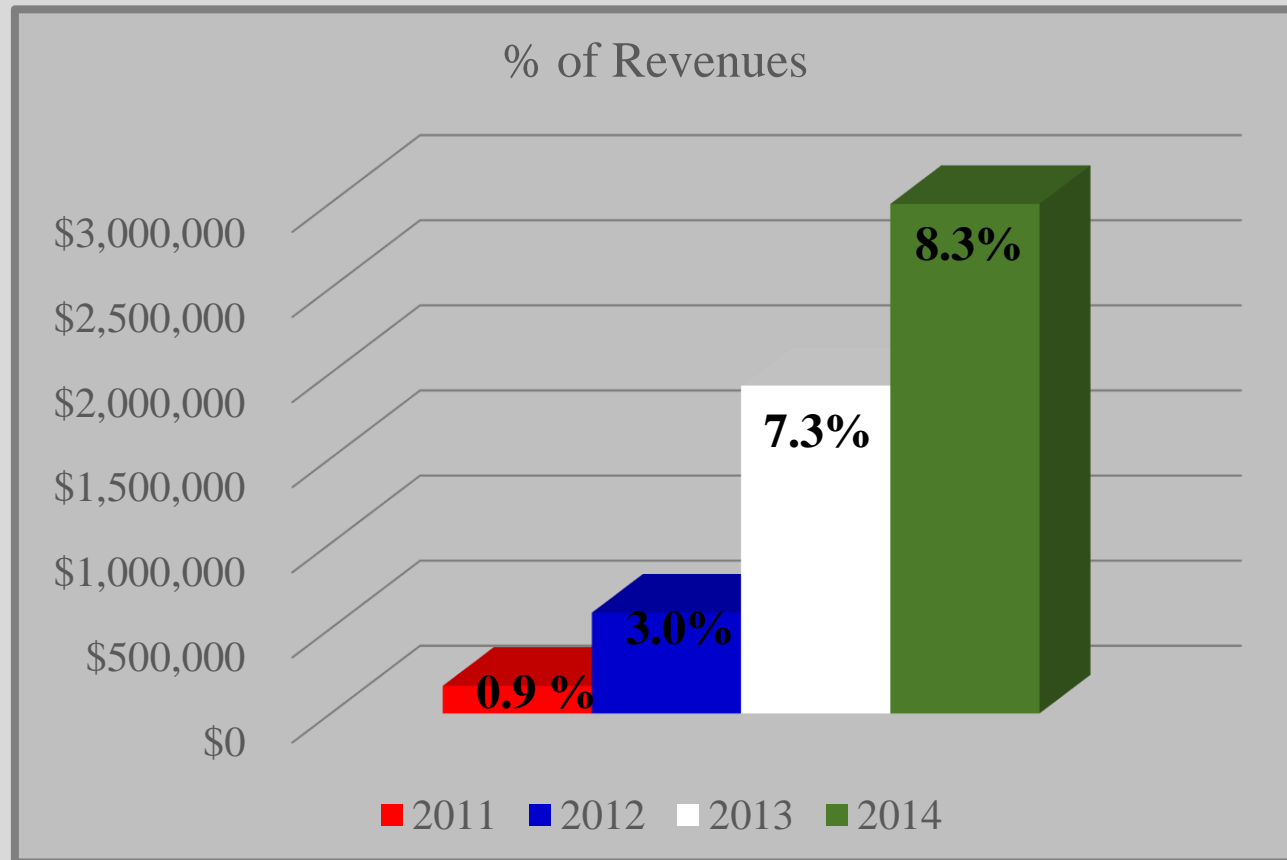
SG & A



Gross Profit Margin



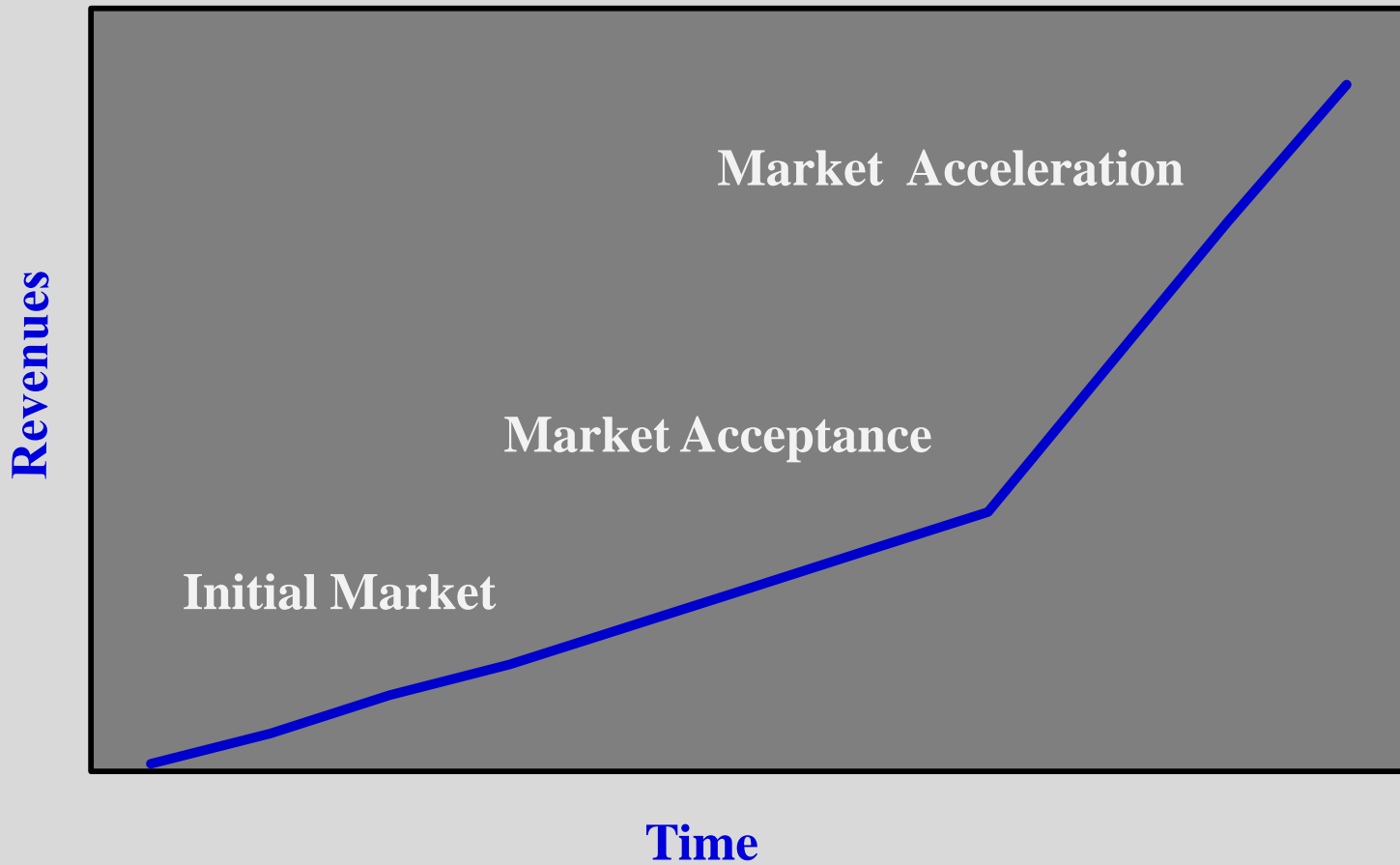
Net Income Before Taxes



2012 - 2014

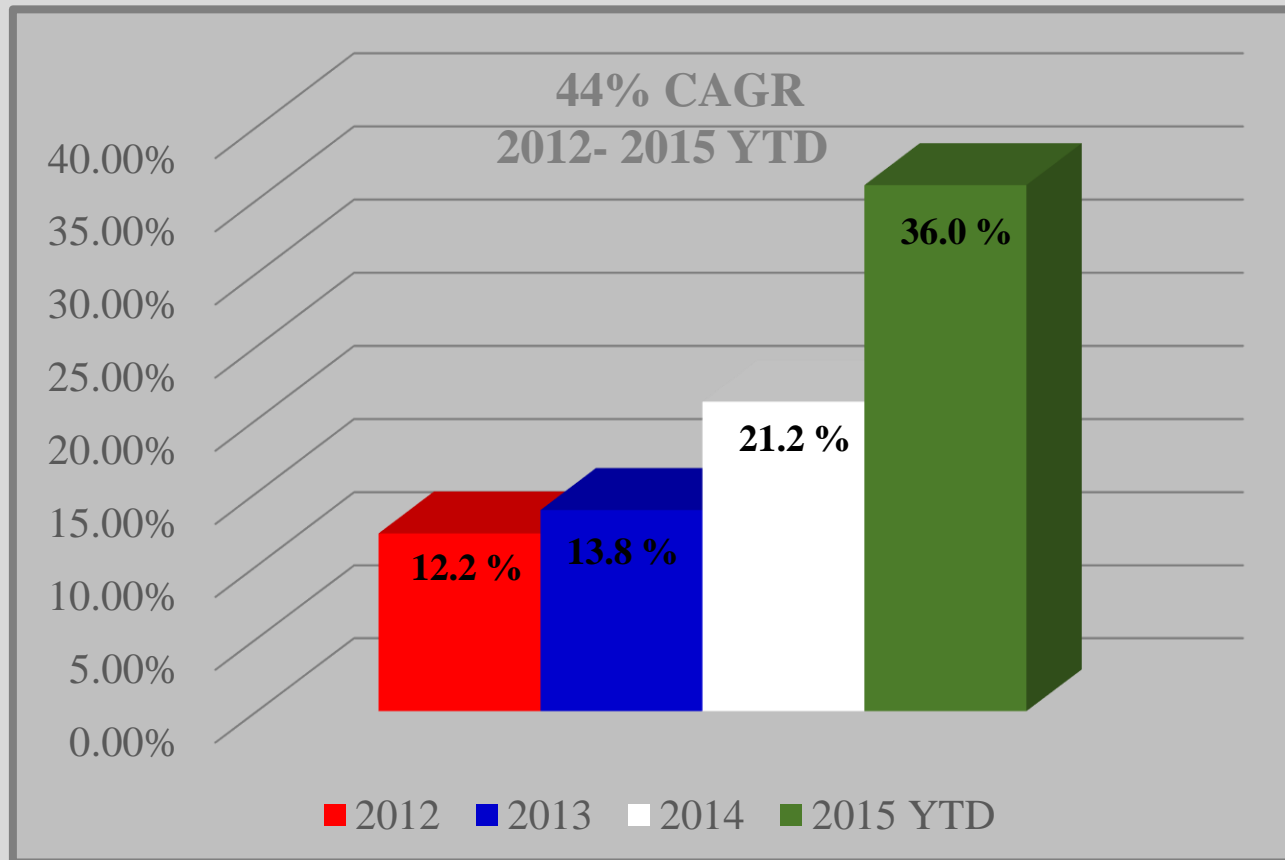
Year	2014	2013	2012	Variance
Revenues	\$ 36.05 M	\$ 26.48 M	\$ 19.58 M	36.1 %
Gross Margin	\$ 13.56 M	\$ 7.47 M	\$ 5.67 M	81.5 %
GM %	37.6 %	28.2 %	29.0 %	
Operating Expenses	\$ 10.45 M	\$ 5.60 M	\$ 4.99M	88.0 %
Oper Exp %	29.0 %	21.1 %	25.5 %	
Operating Income	\$ 3.11 M	\$ 1.87 M	\$ 0.68 M	66.3 %
Int/Inc/Taxes	\$ 7.40 M	(\$ 0.04 M)	\$ 0.09 M	
Net Income/Loss	\$ 10.51 M	\$ 1.91 M	\$ 0.59 M	450.3 %

Product Market



Network Product Sales

Percent of CVS Revenues



Costar Video Systems

Summary

- * Targeted Customers, Efficient Market Channel Economics and Channel Relationships
- * Superior Customer Service, Engineering Design, Sales and Technical Support, Training
- * Expand Geographically – East Coast Rep
- * Productivity
- * Grow Through Acquisition

Costar Video Systems

New Technology

Regardless of whether or not video surveillance is headed toward IP, analog will always have a place in the market. The ease of connection, immediate transmission rate, simple maintenance, and stable applications will all keep analog a mainstay in the market. To support some system integrators needs for analog systems Costar launched its first HD analog system, its HD line of recorders and cameras.

Source: ASMAG.COM

Costar Video Systems

New Technology

* High Definition Resolution

TVI - Transport Video Interface

CVI - Composite Video Interface

AHD - Analog High Definition

HD-SDI - High Definition Serial Digital Interface

* Utilizes Existing Analog Cameras

* Costar chose the TVI Format based on resolution, transmission distance, and bi-directional communication

ET Series HD-TVI

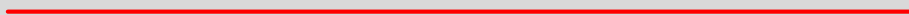
Analog – 640 x 480
HD Analog – 1920 x 1080



Coax



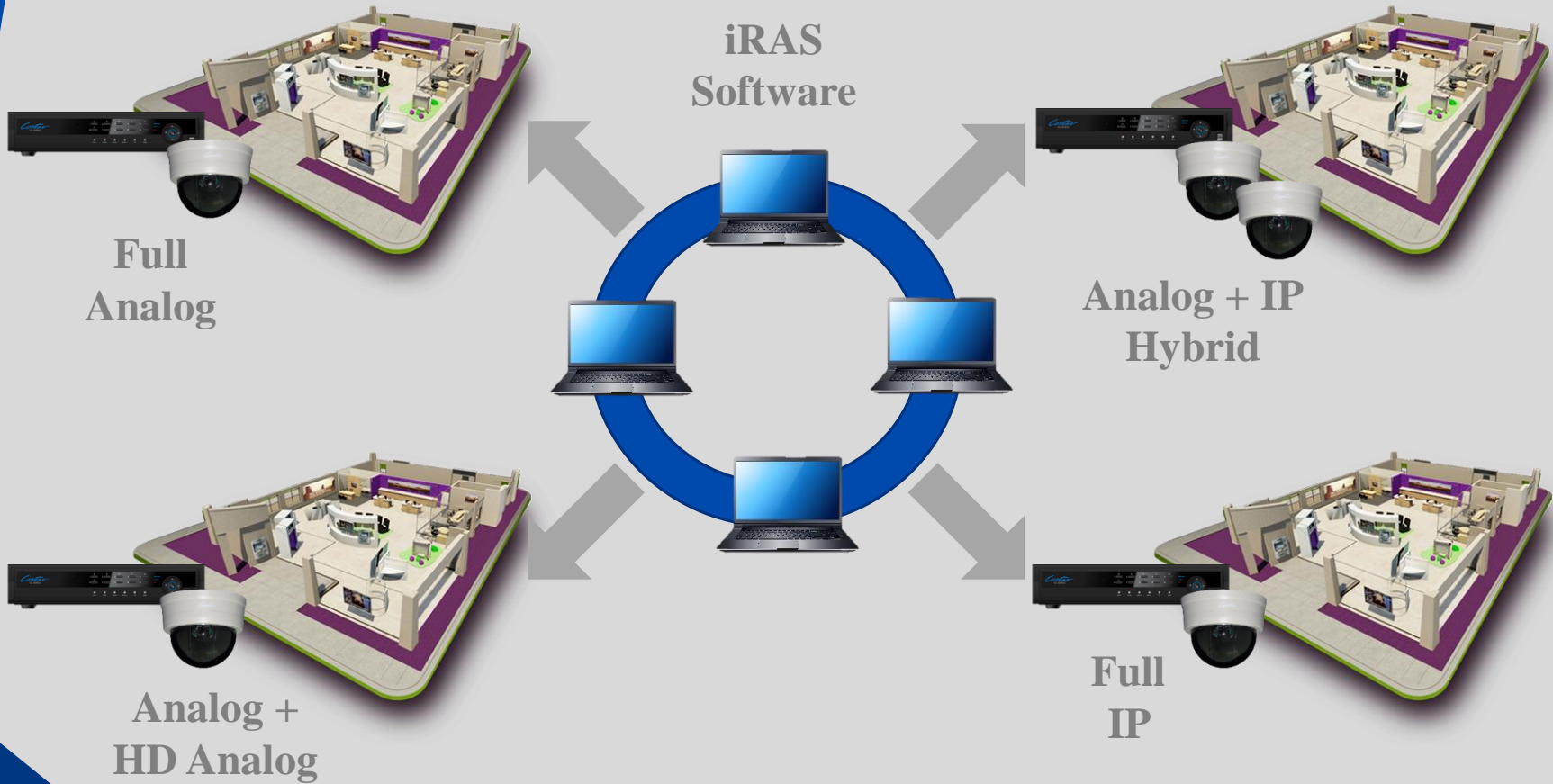
Power



HD Analog



ET Series HD-TVI



CohuHD

Strategy

- * Grow Traffic => **Targeted States**
Vicon, Pelco, Add 2-3 States/Year
- * Replace Two Sales Reps
- * Increase Military Revenues
- * Introduce New “RISE” Product Line
(Rugged Innovation with Superior Endurance)

RISE Product Replaces 10 Year Old Technology

CohuHD



Rugged Innovation with Superior Endurance

- Advanced Optics
- Long Range
- Low Light
- Dynamic Stream
- Power over Ethernet
- Video Analytics
- Rugged: -40 to 75 Degrees C
- IP67 Sealed and Pressurized
- Hurricane Level Holding Torque



COHU | HD
COSTAR

IVS Imaging

Strategy

- * Increase Sales With New Mobile System & Wearables, and Flashlight Camera
- * Utilize Sony Relationship to Increase Sales Of Our Sony HDMI Interface Boards
- * Special Projects – Profit Optical, Stryker, Optex (Military Periscope Camera)

Launch New Mobile Products