



**FOR IMMEDIATE RELEASE**  
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**Costar Technologies, Inc. Announces Financial Results for the Fourth Quarter  
and Year Ended December 31, 2012**  
**(\$ in thousands)**

Coppell, Texas – March 29, 2013 – Costar Technologies, Inc., formerly Sielox, Inc. (the “Company”) (OTC Markets Group: CSTI), today announced its unaudited financial results for the years ended December 31, 2012 and 2011 that have been reviewed by the independent accounting firm Rothstein, Kass & Company, P.C.

**Highlights**

- The Company more than tripled its net income to \$592 in the year ended December 31, 2012 from \$162 in the year ended December 31, 2011, resulting in its second consecutive profitable year.
- Revenue of \$19,581, an increase of \$2,240 or 12.9% from the year ended December 31, 2011.
- Earnings per share (shown in whole amounts), for the twelve months ended December 31, 2012 were \$0.41 compared to \$0.11 per share for the 12 months ended December 31, 2011.

**Financial Results, Fourth Quarter of 2012 Compared to Fourth Quarter of 2011**

Revenue for the fourth quarter of 2012 totaled \$4,220 compared to revenue of \$5,289 for the fourth quarter of 2011, a decrease of 20.2%. Management estimates that the large order in the first quarter of 2012, as disclosed in the press release dated May 15, 2012, pulled forward approximately \$933 in revenue from the fourth quarter of 2012. Adjusting for the impact of the large order, revenue would have decreased 2.6% year-over-year.

## COSTAR TECHNOLOGIES, INC.

Gross profit for the fourth quarter of 2012 totaled \$1,215. This compares to gross profit of \$1,161 for the fourth quarter of 2011, an increase of 4.7%. The increased gross profit for the Company's was driven by a better product mix from its security customers.

Selling, general and administrative expenses from continuing operations for the fourth quarter of 2012 totaled \$1,285. This compares to selling, general and administrative expenses from continuing operations of \$1,192 for the fourth quarter of 2011, an increase of 7.8%. The increase of \$93 was primarily due to hiring six employees in the last 16 months, including two sales and marketing personnel, to support Company growth and future initiatives.

Other income (expense) for the fourth quarter of 2012 totaled \$11. This compares to other income (expense) of \$191 for the fourth quarter of 2011. For the fourth quarter of 2012, interest expense was \$14 compared to interest expense of \$55 for the fourth quarter of 2011.

Net (loss) for the fourth quarter of 2012 was approximately \$(59), or (\$0.04) earnings per share. This compares to a profit for the fourth quarter of 2011 of \$160, or \$0.11 earnings per share.

### **Financial Results, Year Ended December 31, 2012 Compared to Year Ended December 31, 2011**

Revenue for the year ended December 31, 2012 totaled \$19,581, an increase of 12.9% compared to revenue of \$17,341 for the same period last year. The IVS acquisition provided approximately \$615 of the increase and the remaining \$1,625 was caused by an uptick from our existing customer base.

Gross profit for the year ended December 31, 2012 totaled \$5,673. This compares to gross profit of \$4,200 for the year ended December 31, 2011.

Selling, general and administrative expenses for the year ended December 31, 2012 totaled \$4,987. This compares to selling, general and administrative expenses of \$4,156 for the year ended December 31, 2011, an increase of 20%. Again, the increase was largely a result of hiring six employees in the last 16 months, including two sales and marketing personnel, to support Company growth and future initiatives. The remainder of the increase was due to increased commissions and other incentive compensation due to the Company's profitable year.

Other income (expense) for the year ended December 31, 2012 totaled \$(94). This compares to other income (expense) of \$119 for the year ended December 31, 2011. For the year ended December 31, 2012 interest expense was \$139, compared to interest expense of \$143 for the year ended December 31, 2011.

## **COSTAR TECHNOLOGIES, INC.**

Net profit for the year ended December 31, 2012 was approximately \$592, or \$0.41 earnings per share, compared to \$162 for the same period in 2011, or \$0.11 earnings per share.

James Pritchett, President and Chief Executive Officer of the Company, stated, “Our year-over-year improvement in a difficult economic environment marked a turnaround year for Costar Technologies, Inc. as we added salespeople and new network product offerings. We delivered on our commitment to increase revenue and profits. Most importantly, we are well positioned to extend our track record of strong earnings growth year-over-year and achieve double digit sales growth in 2013.”

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.costartechnologies.com](http://www.costartechnologies.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. 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 (FORMERLY KNOWN AS SIELOX, INC.)

### CONSOLIDATED BALANCE SHEETS (AMOUNTS SHOWN IN THOUSANDS)

December 31,	2012	2011
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 114	\$ 193
Accounts receivable, less allowance for doubtful accounts of \$67 and \$107 in 2012 and 2011, respectively	2,029	2,907
Inventories, net of reserve for obsolescence of \$675 in 2012 and 2011	4,132	6,859
Promissory note - current	151	
Prepaid expenses	381	483
Total current assets	6,807	10,442
<b>Non-current assets</b>		
Property and equipment, net	105	128
Trade names	925	925
Distribution agreement, net	991	1,064
Customer relationships, net	101	255
Covenant not to compete	30	47
Promissory note	258	500
Total assets	\$ 9,217	\$ 13,361
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 895	\$ 2,722
Accrued expenses and other	109	129
Lines of credit	170	2,974
Current liabilities, contingent purchase price		100
Total current liabilities	1,174	5,925
<b>Stockholders' Equity</b>		
Common stock	2	2
Additional paid in capital	155,893	155,879
Accumulated deficit	(143,329)	(143,921)
Less common stock held in treasury	(4,523)	(4,524)
Total stockholders' equity	8,043	7,436
Total liabilities and stockholders' equity	\$ 9,217	\$ 13,361

# COSTAR TECHNOLOGIES, INC.

## **COSTAR TECHNOLOGIES, INC. AND SUBSIDIARIES** (FORMERLY KNOWN AS SIELOX, INC.)

### CONSOLIDATED STATEMENTS OF OPERATIONS (AMOUNTS SHOWN IN THOUSANDS)

	For the Three Months Ended December 31,		For the Years Ended December 31,	
	2012	2011	2012	2011
Net revenues	\$ 4,220	\$ 5,289	\$ 19,581	\$ 17,341
Cost of revenues	<u>3,005</u>	<u>4,128</u>	<u>13,908</u>	<u>13,141</u>
Gross profit	1,215	1,161	5,673	4,200
Selling, general and administrative expense:	<u>1,285</u>	<u>1,192</u>	<u>4,987</u>	<u>4,156</u>
Income (loss) from operations	<u>(70)</u>	<u>(31)</u>	<u>686</u>	<u>44</u>
Other income (expenses)				
Interest expense	(14)	(55)	(139)	(143)
Other income and expense, net	<u>25</u>	<u>246</u>	<u>45</u>	<u>262</u>
Total other income (expense), net	<u>11</u>	<u>191</u>	<u>(94)</u>	<u>119</u>
Net income (loss) from continuing operations	<u>(59)</u>	<u>160</u>	<u>592</u>	<u>163</u>
Net income (loss) from discontinued operations				<u>(1)</u>
<b>Net income (loss)</b>	<b><u>\$ (59)</u></b>	<b><u>\$ 160</u></b>	<b><u>\$ 592</u></b>	<b><u>\$ 162</u></b>
Per share of common stock				
Income (loss) from continuing operations	\$ (0.04)	\$ 0.11	\$ 0.41	\$ 0.11
Income (loss) from discontinued operations	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(0.00)</u>
Net income (loss) per share	<u>\$ (0.04)</u>	<u>\$ 0.11</u>	<u>\$ 0.41</u>	<u>\$ 0.11</u>
Weighted average shares outstanding	<u>1,447</u>	<u>1,447</u>	<u>1,447</u>	<u>1,438</u>

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