

**DIGITAL ALLY, INC. REPORTS RECORD SALES AND
FIRST PROFITABLE QUARTER
IN THREE MONTHS ENDED MARCH 31, 2007**

**COMPANY'S SALES TOTAL \$7.4 MILLION DURING FIRST TWELVE MONTHS
OF PRODUCT AVAILABILITY**

LEAWOOD, Kansas (April 25, 2007) – Digital Ally, Inc. (OTC: DGLY), which develops, manufactures and markets advanced video surveillance products for law enforcement, homeland security and commercial security applications, today announced record revenue and net income for the first quarter of 2007. The Company's financial statements have been posted on the Internet at <http://www.pinksheets.com> and <http://www.digitalallyinc.com>. An investor conference call is scheduled for 4:15 p.m. EDT today, April 25, 2007 (see details below).

For the three months ended March 31, 2007, the Company's revenue reached approximately \$3.4 million, compared with minimal revenues of approximately \$12,000 in the first quarter of 2006. Revenue in the most recent quarter compared with approximately \$1.8 million in the fourth quarter of 2006 and approximately \$1.4 million in the third quarter of 2006, and continued a trend of impressive sequential growth in quarterly sales that has been evident since Digital Ally began shipping its advanced digital surveillance products in March 2006.

Gross profits totaled \$2,076,166 in the first quarter of 2007, when gross profit margin approximated 60.3% of revenue. This compared with gross profit margins of 56.2% and 56.3% of revenue, respectively, in the third and fourth quarters of 2006. The Company reported net income of \$236,514, or \$0.02 per diluted share, in the quarter ended March 31, 2007, versus a net loss of (\$1,016,559), or (\$0.08) per share, in the corresponding period of the previous year. The weighted average number of diluted shares outstanding totaled 13,309,027 in the most recent quarter, compared with 12,200,027 in the first quarter of 2006.

Digital Ally CEO Stanton E. Ross, noted that the Company generated revenue of approximately \$7.4 million during the twelve months ended March 31, 2007. Impressive sequential growth in revenue has been evident in each quarter, as follows:

- First Quarter 2006 = \$0.01 million
- Second Quarter 2006 = \$0.8 million
- Third Quarter 2006 = \$1.4 million
- Fourth Quarter 2006 = \$1.8 million
- First Quarter 2007 = \$3.4 million

"I am extremely pleased to report that our first quarter 2007 sales increased more than 90% when compared with the fourth quarter of 2006, and we achieved profitability less than twelve months after the Company began shipping products to law enforcement agencies. We generated first quarter earnings before non-cash items, including, but not limited to, interest, depreciation, and stock option expense (a non-GAAP measure) of \$743,259, and I am happy to report that the Company has been cash-flow-positive every month since December 2006." (Note: See table at the end of this release for further information on non-GAAP information.)

"The number of municipal, county, state, regional, federal and international law enforcement agencies ordering our In-Car Video Systems (DVM) continued to expand in the quarter ended March 31, 2007. The addition of our Digital Video Flashlight (DVF) to the Company's product line has also been well-received by customers, and our research and development team is working on a number of complementary new products that will advance the practical applications for our digital surveillance technology."

"Looking towards the balance of 2007, we believe Digital Ally should be profitable and cash-flow-positive for the full year, on sharply higher sales when compared with 2006 levels," concluded Ross.

The Company will host an investor conference call at 4:15 p.m. Eastern Time today, April 25, 2007, to discuss its first quarter operating results and the outlook for the balance of 2007. Shareholders and other interested parties may participate in the conference call by dialing 888-243-1152 (international/local participants dial 973-582-2868) and referencing the ID code 8728678, a few minutes before 4:15 p.m. EDT on April 25, 2007. A replay of the conference call will be available from April 25, 2007 until May 2, 2007 by dialing 877-519-4471 (international/local participants dial 973-341-3080) and entering the conference ID 8728678.

About Digital Ally, Inc.

Digital Ally, Inc. is involved in the development, manufacturing and marketing of advanced technology products for law enforcement, homeland security and commercial security applications. The Company's primary development focus involves the field of Digital Video Imaging and Storage. For additional information, visit www.digitalallyinc.com

The Company is headquartered in Leawood, Kansas, and its shares are traded on the Pink Sheets under the symbol "DGLY".

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Act of 1934. These forward-looking statements are based largely on the expectations or forecasts of future events, can be affected by inaccurate assumptions, and are subject to various business risks and known and unknown uncertainties, a number of which are beyond the control of management. Therefore, actual results

could differ materially from the forward-looking statements contained in this press release. A wide variety of factors that may cause actual results to differ from the forward-looking statements include, but are not limited to, the following: the Company's ability to raise sufficient capital to implement its business plan; its ability to have all of its product offerings perform as planned or advertised; whether there will be a commercial market for one or more of its products; its ability to commercialize its products and production processes, increase revenues significantly and achieve profitability; whether the Company will be able to adapt its technology to new and different uses, including being able to introduce new products; competition from larger, more established companies with far greater economic and human resources; its ability to attract and retain customers and quality employees; its ability to obtain patent protection on any of its products and, if obtained, to defend such intellectual property rights; the effect of changing economic conditions; and changes in government regulations, tax rates and similar matters. These cautionary statements should not be construed as exhaustive or as any admission as to the adequacy of the Company's disclosures. The Company cannot always predict or determine after the fact what factors would cause actual results to differ materially from those indicated by the forward-looking statements or other statements. The reader should consider statements that include the words "believes", "expects", "anticipates", "intends", "estimates", "plans", "projects", or other expressions that are predictions of or indicate future events or trends, to be uncertain and forward-looking. The Company does not undertake to publicly update or revise forward-looking statements, whether as a result of new information, future events or otherwise.

For Additional Information, Please Contact:

Stanton E. Ross, CEO at (913) 814-7774

or

RJ Falkner & Company, Inc., Investor Relations Counsel at (800) 377-9893 or via email at info@rjfalkner.com

Digital Ally, Inc.
Balance Sheets

	(Unaudited)	(Audited)
	March 31, 2007	December 31, 2006
	<u> </u>	<u> </u>
Assets		
Current assets		
Cash (Note 3)	\$ 97,814	\$ 57,160
Accounts receivable-trade (Note 2)	1,563,214	977,826
Accounts receivable-other	209,209	225,716
Inventories (Note 2 and 4)	1,276,624	1,526,222
Prepaid expenses	437,840	422,279
Total current assets	<u>3,584,701</u>	<u>3,209,203</u>
Equipment (Note 2)	655,636	622,592
Less accumulated depreciation	<u>155,294</u>	<u>114,851</u>
	<u>500,342</u>	<u>507,741</u>
Other assets	<u>93,887</u>	<u>59,305</u>
Total Assets	<u>\$ 4,178,930</u>	<u>\$ 3,776,249</u>
Liabilities and Stockholders' Equity		
Current liabilities		
Note payable (Note 2)	\$ 500,000	\$ 500,000
Line of credit (Note 2)	500,000	500,000
Accounts payable	304,316	651,902
Accrued expenses	77,251	180,573
Customer deposits	185,322	20,899
Total current liabilities	<u>1,566,889</u>	<u>1,853,374</u>
Unearned income	<u>9,682</u>	<u>5,248</u>
Commitments (Note 6)		
Stockholders' equity		
Common stock, \$0.001 par value; 75,000,000 shares authorized;		
Shares issued and outstanding: 13,309,027 2006,	13,309	13,309
12,200,027 2005		
Additional paid in capital	9,884,984	9,436,766
Accumulated deficit	<u>(7,295,934)</u>	<u>(7,532,448)</u>
Total stockholders' equity	<u>2,602,359</u>	<u>1,917,627</u>
Total Liabilities and Stockholders' Equity	<u>\$ 4,178,930</u>	<u>\$ 3,776,249</u>

Digital Ally, Inc.
 Statements of Operations

	(Unaudited)	
	For the Three Months Ended	
	March 31, 2007	March 31, 2006
	<u> </u>	<u> </u>
Revenue	\$ 3,440,209	\$ 11,985
Cost of revenue	<u>1,364,043</u>	<u>7,650</u>
Gross profit	2,076,167	4,335
Operating expenses	<u>1,824,355</u>	<u>1,024,738</u>
Operating income (loss)	251,811	(1,020,403)
Financial income (expense)		
Interest income	2,787	12,474
Interest expense (Note 2)	<u>(18,084)</u>	<u>(8,630)</u>
	<u>(15,297)</u>	<u>3,844</u>
Income (Loss) before provision for income taxes	236,514	(1,016,559)
Income tax provision (Note 7)	<u>-</u>	<u>-</u>
Net income (loss)	<u>\$ 236,514</u>	<u>\$ (1,016,559)</u>
Basic and diluted loss per share	<u>\$ 0.02</u>	<u>\$ (0.08)</u>
Weighted average shares outstanding	<u>13,309,027</u>	<u>12,200,027</u>

Digital Ally, Inc.
 Statements of Cash Flows
 (Unaudited)

	For the Three Months Ended	
	March 31, 2007	March 31, 2006
	<u> </u>	<u> </u>
Cash Flows From Operating Activities		
Net income (loss)	\$ 236,514	\$ (1,016,559)
Adjustments to reconcile net (loss) to cash flows (used in) operating activities		
Depreciation	40,443	10,490
Stock option expense	448,218	283,009
Change in assets and liabilities		
(Increase) decrease in		
Accounts receivable - trade	(585,388)	(8,035)
Accounts receivable - other	16,507	(11,357)
Inventories	249,597	(213,089)
Prepaid expenses	(15,560)	(288,821)
Other assets	(28,277)	-
Increase in		
Accounts payable	(347,586)	158,801
Accrued expenses and other liabilities	67,303	(38,837)
Customer deposits	(1,769)	27,320
Net cash (used in) operating activities	<u>80,002</u>	<u>(1,097,078)</u>
Cash Flows From Investing Activities		
Purchases of equipment	(33,043)	(103,024)
Other assets - deposits	(6,305)	-
Net cash (used in) investing activities	<u>(39,348)</u>	<u>(103,024)</u>
Net cash provided by financing activities	<u>-</u>	<u>-</u>
Increase (decrease) in cash	40,654	(1,200,102)
Cash, beginning of period	<u>57,160</u>	<u>1,807,922</u>
Cash, end of period	<u>\$ 97,814</u>	<u>\$ 607,820</u>
Supplemental disclosures of cash flow information		
Cash payments for interest	<u>\$ 18,084</u>	<u>\$ 8,630</u>
Supplemental schedule of noncash investing and financing activities	<u>\$</u>	<u>\$</u>

DIGITAL ALLY, INC.
Reconciliation of Net Income to Earnings Before Non-Cash Items
For the Quarter Ending March 31, 2007

<u>Description</u>	March 31, <u>2007</u>
Net Income	\$ 236,514
Interest Expense	\$ 18,084
Depreciation	\$ 40,443
Stock Option Expense	<u>\$ 448,218</u>
Income Before Non-Cash Items, Including but not limited to Interest, Depreciation and Stock Option Expense	<u>\$ 743,259</u>

Management believes that the presentation of income before non-cash items including, but not limited to, interest, depreciation and stock option expense presents a meaningful measure of performance that is relevant to investors.