

**DIGITAL ALLY INC.
COMPLETES \$4.7 MILLION PRIVATE PLACEMENT**

**CAPITAL RAISED TO SUPPORT MARKET LAUNCH OF ADVANCED
DIGITAL VIDEO SURVEILLANCE PRODUCTS**

LEAWOOD, Kansas (September 29, 2005) – Digital Ally Inc. (Pink Sheets: DGLY), which designs, develops, manufactures, sales and markets advanced technology products for law enforcement, homeland security and commercial security applications, today announced that it has completed the private placement of approximately 4.7 million shares of Common Stock with qualified investors, for gross offering proceeds of \$4.7 million. Source Capital Groups, Inc. of Scottsdale, Arizona was the Placement Agent.

The Company will use the offering proceeds, among other items, to support the market launch of new advanced digital video surveillance products and for general corporate purposes. The Common Stock sold in the private placement has not been registered with the Securities and Exchange Commission, but the Company has agreed to provide piggyback registration rights covering the stock.

At this week's *112th Annual Conference of the International Chiefs of Police ("IACP")* in Miami, Florida, Digital Ally Inc. introduced its **Compact Digital In-Car Video System integrated into a Rearview Mirror** and its **Digital Video System integrated into a Law Enforcement-Style Flashlight**. Both of these advanced surveillance products incorporate Digital Ally's proprietary digital video technology and are designed to provide law enforcement professionals with a seamless video and audio record of activities inside and outside of police vehicles.

"The introduction of our new digital video products generated very high levels of interest and enthusiasm among law enforcement professionals at the IACP Conference. With the success of our private placement and the expected initial orders for both the in-car video system and the digital video flashlight we have positioned the Company to commence revenue operations," noted Stanton E. Ross, Chief Executive Officer of Digital Ally Inc.

About Digital Ally Inc.

Digital Ally Inc. is involved in the design, development, manufacturing, sales 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.PK".

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; whether there will be a commercial market for one or more of its products; its ability to commercialize its products and production processes, generate sufficient revenues and achieve profitability; whether the Company will be able to adapt its technology to new and different uses; competition from larger, more established companies with far greater economic and human resources; its ability to attract and retain customers and quality employees; 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", "projections", 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:

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Or

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