

PRESS RELEASE

Alanco Closes \$4 Million Long-Term Debt Financing

Tuesday October 3, 12:32 pm ET

SCOTTSDALE, Ariz.--(BUSINESS WIRE)--Alanco Technologies, Inc. (NASDAQ: [ALAN](#) - [News](#)), a leading provider of wireless tracking and asset management solutions, today announced that it has closed a \$4 million debt financing with ComVest Capital LLC, based in West Palm Beach, Florida, to be used to repay short-term notes and provide working capital to fund operations. Midtown Partners & Co., LLC acted as placement agent in this transaction.

Provisions for the four-year loan include interest-only payments for the first year with the loan balance amortized over the remaining three-year period. The loan bears interest at prime plus two and one-half percent per annum, matures in September 2010 and is secured by Company assets. Closing fees to ComVest and the placement agent were paid in cash, common stock and warrants.

Robert R. Kauffman, Alanco Chairman and Chief Executive Officer, stated, "We believe that, at current market prices, our stock is significantly undervalued and, in particular, does not reflect the value contributed by our June 30, 2006 acquisition of StarTrak. Consequently, we determined that a debt financing would best serve our shareholders' interests. This new financing will provide sufficient working capital for Alanco to achieve fiscal year 2007 sales growth projections in both its TSI PRISM and StarTrak Systems wireless tracking business segments."

Larry Lenig, Senior Partner and Portfolio Manager of ComVest Capital, stated, "We are pleased with the opportunity to work with Alanco and its StarTrak and TSI PRISM subsidiaries. We believe the financing provides a foundation to support present operating initiatives and anticipated growth, and we look forward to working with management as the Company develops opportunities in the future."

Alanco Technologies, Inc., headquartered in Scottsdale, Arizona, is a rapidly growing provider of wireless tracking and asset management solutions through its StarTrak Systems and Alanco/TSI PRISM subsidiaries. Corporate website: www.alanco.com.

StarTrak Systems is a leading provider of GPS tracking and wireless asset management services to the transportation industry and the dominant provider of tracking, monitoring and control services to the refrigerated or "Reefer" segment of the transportation marketplace. StarTrak products increase efficiency and reduce costs of the refrigerated supply chain through the wireless monitoring and control of critical Reefer data, including GPS location, cargo temperatures and Reefer fuel levels. StarTrak offers complete integrated solutions for tracking,

monitoring and controlling refrigerated trailers, trucks, railcars, and containers. Additional information is available at www.StarTrak.com.

Alanco/TSI PRISM is the leading provider of RFID real-time tracking technologies for the corrections industry. TSI PRISM systems track and record the location and movement of inmates and officers, resulting in enhanced facility safety and security and significant staff productivity improvements. Utilizing proprietary RFID (Radio Frequency Identification) tracking technology, TSI PRISM provides real-time inmate and officer identification, location and tracking both indoors and out, and is currently utilized in prisons in Michigan, California, Illinois, Ohio, Missouri, and Virginia. Additional information is available at www.TSIPRISM.com.

The Company also participates in the data storage industry through its Excel/Meridian Data, Inc. subsidiary, a manufacturer of Network Attached Storage (NAS) systems. Additional information is available at www.excelmeridian.com.

ComVest Capital LLC is a premier private equity firm focused on restructuring and investing in growth businesses. The firm has a diversified industry focus that includes Information Technology, Healthcare, Aerospace and Defense, Natural Resources, Consumer Packaged Goods, and Telecommunications. Since its founding in 1988, ComVest has raised and invested more than \$1.4 billion of capital. ComVest currently manages three investment portfolios totaling over \$850 million in assets and has offices in New York City and West Palm Beach, Florida. For additional information, please visit www.comvest.com.

Midtown Partners & Co., LLC is an investment bank focused on private placement investment banking opportunities. Originally founded in May 2000, the Investment Banking Group at Midtown Partners & Co. strives to serve emerging growth companies. Additional information can be found at www.midtownpartners.com.

Except for historical information, the statements contained in this press release are forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. All such forward-looking statements are subject to, and are qualified by, risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements. These risks and uncertainties include, but are not limited to, reduced demand for information technology equipment; competitive pricing and difficulty managing product costs; development of new technologies which make the Company's products obsolete; rapid industry changes; failure of an acquired business to further the Company's strategies; the ability to maintain satisfactory relationships with lenders and to remain in compliance with financial loan covenants and other requirements under current banking agreements; and the ability to secure and maintain key contracts and relationships.

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