21 August 2015

Starcom PLC
("Starcom" or the "Company")

Interim Results
For the Six Months ended 30 June 2015

Starcom (AIM: STAR), which specialises in the development of wireless solutions for the remote tracking, monitoring and protection of a variety of assets and people, announces its interim results for the six months ended 30 June 2015.

Highlights

- Revenue for the period of $2.64m (H1 2014: $2.63m)
- Gross margin of 44% (H1 2014:48%)
- Loss for the period of $691,000 (H1 2014: $985,000)
- Successful fundraising of £475,000

For further information, please contact:

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CHAIRMAN'S STATEMENT

I am pleased to present the Company's unaudited results for the six months ended 30 June 2015. Revenues for the period were $2,634,626 (2014: $2,627,127). The net loss before and after tax was $691,000 (2014: loss $985,000).

The Company continues to implement its new growth strategy whereby it redirects its efforts towards new market segments where its superior technology can achieve a stronger competitive position. To this end, the Company continues to refine its new tracking products described in the 2014 Annual Report released last May, such as:-

- **Helios Hybrid -** innovatively integrating and selectively utilizing cellular and satellite communications to secure tracking continuity across large and remote territories. With this unique product, the Company has recently won a small tender by a major international organization, which endorses its competitive advantage;
- **Tetis (**previously named Triton) - tracking and monitoring temperature fluctuations and light penetration within containers in addition to location-tracking as these containers travel around the globe; and
- **The New Watchlock** - a new model developed in partnership with Mul-T-Lock to reduce the unit size and extend battery life, expected to be ready for market towards the end of 2015.

The new products are being successfully tested with first clients while the Company is focusing on putting in place suitable distribution networks. For example, a new distribution arrangement has been entered into with a large organisation in the Middle East which should lead to good orders for Watchlock during 2016. Once orders are placed, we shall report further on this arrangement which covers certain defined territories in that area. We are also pursuing some major opportunities in Asia which inevitably will take time to mature.

In the meantime, sales of the new products are still low and 60% of sales in the first half were derived from the Helios product and the more traditional and competitive car tracking market. This competition has resulted in price reductions and consequently margins being eroded. However, these sales enable the Company to increase the installed base of subscribers to its tracking control software. This recurring high margin SAS revenue stream for the use of the web based software and mobile applications constitutes a supplementary growth engine for the Company. These web based revenues increased by 15.8% during the period and represented 30.1% of total revenues, as compared with 26.1% in the equivalent period last year.

Financial Review

As previously reported, the Company has ceased to recognise revenues from bill and hold contracts until actual orders are shipped. The board believes this is a more accurate and conservative method of accounting. The major impact of this change was reflected in the final 2014 results

The impact of tougher price competition in the Helios car tracking market, partially compensated for by the increase in the high margin software revenues, resulted in consolidated gross margins being slightly lower in the period than before, at 44 per cent, compared with 48 per cent in the corresponding period. However, the resulting loss before tax is significantly reduced from the same period in 2014 mainly due to cost cutting measures referred to below.

We have placed strong focus on the cost base of the Company and, as a result, approximately $130,000 of savings in operating expenses have been achieved in the first half of 2015. It is expected that further savings of approximately $400,000 will be achieved in the second half of this year, resulting in total expected savings of approximately $530,000 for 2015.

A placing of new shares in June 2015 raised $701,000 net and as a result net assets improved to $4,400,000 after taking account of the trading loss (31 December 2014:$4,368,000). Inventories decreased by 15% over the period but remain relatively high. Consequently revenues from new sales in the coming months will generate stronger cash flow as stock levels are reduced.

We announced in June 2015 that Udi Shenig had been appointed as our CFO following Eitan Yanuv's decision to step down from the board for personal reasons. We wish Eitan well and thank him for his contribution since the IPO.

Outlook

Based on the very positive market reception the new products have attracted as they are being presented to potential clients and distributors, the board believes that the shifting of the emphasis to the less price-sensitive but still very large market segments for which the new products are designed will bring about over time the desired growth in revenues and the return to profitability. The Company is therefore intensifying its efforts in order to increase distribution channels for the new products. A number of marketing initiatives that are under way should begin to impact on sales in the second half of the year.

STARCOM Plc

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

U.S. Dollars in thousands

	Note	June 30		December 31
		2015	2014	2014
		Unaudited	Unaudited	Audited
ASSETS				
NON-CURRENT ASSETS:				
Property, plant and equipment, net		358	413	395
Intangible assets	4	2,462	2,193	2,312
Total Non-Current Assets		2,820	2,606	2,707
CURRENT ASSETS:				
Inventories		2,877	2,636	3,382

Trade receivables		2,200	3,242	1,943
Other receivables		203	417	114
Income Tax Authorities		58	50	56
Short-term deposit		103	110	101
Cash and cash equivalents		204	107	103
Total Current Assets		5,645	6,562	5,699
TOTAL ASSETS		8,465	9,168	8,406
LIABILITIES AND EQUITY				
EQUITY				
		4,400	6,204	4,368
NON-CURRENT LIABILITIES:				
Long-term loans from banks		722	930	698
CURRENT LIABILITIES:				
Short-term bank credit		421	129	309
Short-term loans and current maturities from banks		281	271	331
Trade payables		2,144	1,211	2,167
Shareholders	6	306	182	374
Other payables		191	241	159
Total Current Liabilities		3,343	2,034	3,340
TOTAL LIABILITIES AND EQUITY		8,465	9,168	8,406

The accompanying notes are an integral part of the interim condensed consolidated interim financial statements.

August 20, 2015
Date of Approval of the Financial Statements

Michal Rosenberg
Chairman of the Board

Avi Hartman
CEO

STARCOM Plc

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

U.S. Dollars in thousands

	Note	Six Months Ended June 30 2015 Unaudited	Six Months Ended June 30 2014 Unaudited	Year Ended December 31 2014 Audited
Revenues		2,635	2,627	5,005
Cost of sales		(1,482)	(1,360)	(2,499)
Gross profit		1,153	1,267	2,506
Operating expenses:				
Research and development, net		(67)	(108)	(253)
Selling and marketing		(236)	(396)	(687)
General and administrative		(1,349)	(1,678)	(4,251)
Other expenses		-	-	(221)
		(1,652)	(2,182)	(5,412)
Operating loss		(499)	(915)	(2,906)
Finance income		-	-	233
Finance expenses	7	(192)	(70)	(145)
Net finance income (costs)		(192)	(70)	88
Total comprehensive loss for the period		(691)	(985)	(2,818)
Loss per share:				
Basic and diluted loss per share (in dollars)	5	(0.01)	(0.01)	(0.04)

The accompanying notes are an integral part of the interim condensed consolidated interim financial statements.

STARCOM Plc

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

U.S. Dollars in thousands

	Share Capital *	Premium on Shares	Capital Reserve	Capital Reserve for Share-based payment	Accumulated Earnings	Total
(Unaudited)						
Balance- January 1, 2015	-	6,240	89	373	(2,334)	4,368
Proceeds from issued share capital, net of mobilization costs - see Note 3a	-	701	-	-	-	701
Share based payment	-	-	-	22		22
Comprehensive loss for the period	-	-	-	-	(691)	(691)
Balance- June 30, 2015	-	6,941	89	395	(3,025)	4,400
(Unaudited)						
Balance- January 1, 2014	-	3,121	89	309	484	4,003
Proceeds from issued share capital, net of mobilization costs	-	3,119	-	-	-	3,119
Share based payment	-	-	-	67	-	67
Comprehensive loss for the period	-	-	-	-	(985)	(985)
Balance- June 30, 2014	-	6,240	89	376	(501)	6,204
(Audited)						
Balance- January 1, 2014	-	3,121	89	309	484	4,003
Proceeds from issued share capital, net of mobilization costs	-	3,119	-	-	-	3,119
Share based payment	-	-	-	64	-	64
Comprehensive loss for the year	-	-	-	-	(2,818)	(2,818)
Balance- December 31, 2014	-	6,240	89	373	(2,334)	4,368

* An amount less than one thousand.

The accompanying notes are an integral part of the interim condensed consolidated interim financial statements.

STARCOM Plc

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. Dollars in thousands

	Six Months Ended June 30		Year Ended December 31
	2015	**2014**	**2014**
CASH FLOWS FROM OPERATING ACTIVITIES:	**Unaudited**	**Unaudited**	**Audited**
Comprehensive loss	(691)	(985)	(2,818)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	149	134	461
Interest expense (income) and linkage differences	100	(259)	(146)
Equity settled option-based payment expense	22	67	64
Capital loss	-	20	19
Changes in assets and liabilities:			
Decrease (Increase) in inventories	505	161	(585)
Decrease (Increase) in trade receivables	(264)	(154)	1,133
Decrease (Increase) in other receivables	(89)	(15)	289
Increase in Income Tax Authorities	(2)	-	-
(Decrease in trade payables	(23)	(1,934)	(1,220)
Increase (Decrease) in other payables	32	(7)	(75)
Net cash used in operating activities	(261)	(2,972)	(2,878)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	(1)	(247)	(267)
Proceeds from sales of property, plant and equipment	-	46	53
Increase (Decrease) in short-term deposit	(2)	25	45
Purchase of intangible assets	(261)	(286)	(700)
Net cash used in investing activities	(264)	(462)	(869)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from short-term bank credit, net	99	18	197
Short-term loans from banks	(89)	-	87
Receipt of long-term loans	158	737	737
Repayment from (proceeds to) shareholders	(68)	269	204
Repayment of long-term loans	(127)	(406)	(543)
Consideration from issue of shares	701	2,874	3,119
Net cash provided by financing activities	674	3,492	3,801
Increase in cash and cash equivalents	149	58	54
Net foreign exchange difference	(48)	-	-
Cash and cash equivalents at the beginning of the period	103	49	49
Cash and cash equivalents at the end of the period	204	107	103
Appendix A - Additional Information			
Interest paid during the period	(28)	(29)	(58)

The accompanying notes are an integral part of the interim condensed consolidated interim financial statements.

NOTE 1 - GENERAL INFORMATION

a. **The Reporting Entity**

Starcom plc ("the Company") was incorporated in Jersey on November 28, 2012. During February 2013 the Company signed an asset purchase agreement with Starcom Systems S.A., a Panamanian company that specializes in easy-to-use practical wireless solutions that combine advanced technology, telecommunications and digital data for the protection and management of people, fleets of vehicles, containers and assets and engages in production, marketing, distribution, research and development of G.P.S systems.

In accordance with the agreement, Starcom Systems S.A. sold to the Company for a nominal consideration its business and assets, including its holdings in Starcom G.P.S. Systems Limited, an Israeli company that engages in the same field.

Subsequent to completion of the transaction, the Company transferred to an additional company in Jersey, Starcom Systems Limited, its entire activity, except for its holdings in Starcom G.P.S Limited, for a nominal consideration. Thus, the Company became a holding company, holding 100% of Starcom Systems Limited and approximately 97% of Starcom G.P.S Limited, where Company operations are conducted.
During 2013, the Company acquired the remaining 3% of Starcom G.P.S. Limited.

On February 27, 2013 the Company's shares were admitted to trading on London's Stock Exchange Alternative Investment Market ("AIM") following a successful Initial Public Offering ("IPO") raising £ 2.72 ($ 4.09) million before expenses, reflecting a Company valuation of £ 14.2 ($ 27.53) million.
On February 3, 2014 the Company raised £ 2 million before expenses.
On June 1, 2015 the Company raised £ 475 ($723) thousand before expenses. For additional detail in regard to the infusion of capital see note 3.

b. **Definitions in these financial statements**

1. <u>The Company</u> - Starcom Plc
2. <u>Starcom Israel</u> - Starcom G.P.S. Systems Ltd.
3. <u>Starcom Jersey</u> - Starcom GPS Limited
4. <u>The Group</u> - Starcom Plc and its subsidiaries

NOTE 2 - BASIS OF PREPARATION AND CHANGE IN THE GROUP'S ACCOUNTING POLICIES

a. Basis of preparation

The interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles for the preparation of financial statements for interim periods, as prescribed in International Accounting Standard No. 34 ("Interim Financial Reporting").
The interim consolidated financial information should be read in conjunction with the annual financial statements as of 31 December, 2014 and for the year ended on that date and with the notes thereto.
The significant accounting policies applied in the annual financial statements of the Company as of December 31, 2014 are applied consistently in these interim consolidated financial statements, *except adoption of new standards and interpretations effective as of 1 January 2015*, as detailed in Note 2c below.

b. Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management of make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The judgment of management, when implementing the Group accounting policies and the basic assumptions utilized in the estimates that are bound up in uncertainties are consistent with those that were utilized to prepare the annual financial statements.

c. Changes in the accounting policies

The Group applies, for the first time, certain standards and amendments as detailed below. As required by IAS 34, the nature and the effect of these changes are disclosed below.

IFRS 2 Share-based Payment
This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions, which are vesting conditions, including:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied

The above definitions are consistent with how the Group has identified any performance and service conditions which are vesting conditions in previous periods, and thus these amendments do not impact the Group's accounting policies.

IFRS 8 Operating Segments
The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

The Group has not applied the aggregation criteria in IFRS 8.12. The Group didn't present the reconciliation of segment assets to total assets in previous periods and continues not to disclose it as the total assets are not reported to the chief operating decision maker for the purpose of his decision making.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. The Group did not record any revaluation adjustments during the current interim period.

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is relevant for the Group as it receives management services from its shareholders. See also note 6.

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable). The Group does not apply the portfolio exception in IFRS 13.

NOTE 3 - SIGNIFICANT EVENTS DURING THE REPORTED PERIOD

Issue of Shares and Mobilization of Capital

On June 1, 2015, the Company issued 11,875,000 Ordinary Shares raising £475 ($723) thousand before expenses.

In connection with the share issuance, the Company has granted Northland Capital Partners Limited options to subscribe for 430,000 new Ordinary Shares at 4p per share, exercisable at any time for a period of 5 years following Admission.

NOTE 4 - INTANGIBLE ASSETS

Composition:

	Cost of Materials (including overhead costs)	Direct Labour	Total
Cost:			
Balance as of January 1 2015	2,040	981	3,021
Additions during the year	51	210	261
Balance as of June 30 2015	2,091	1,191	3,282
Accumulated Depreciation:			
Balance as of January 1 2015	(334)	(173)	(507)
Depreciation during the year	(71)	(40)	(111)
Balance as of June 30 2015	(405)	(213)	(618)
Impairment of assets	(121)	(81)	(202)
Net book value as of June 30 2015	1,565	897	2,462

	Cost of Materials (including overhead costs)	Direct Labour	Total
Cost:			
Balance as of January 1 2014	1,502	819	2,321
Additions during the year	145	141	286
Balance as of June 30 2014	1,647	960	2,607
Accumulated Depreciation:			
Balance as of January 1 2014	(224)	(94)	(318)
Depreciation during the year	(46)	(50)	(96)
Balance as of June 30 2014	(270)	(144)	(414)
Net book value as of June 30 2014	1,377	816	2,193

	Cost of Materials (including overhead costs)	Direct Labour	Total
Cost:			
Balance as of January 1 2014	1,502	819	2,321
Additions during the year	538	162	700
Balance as of December 31 2014	2,040	981	3,021
Accumulated Depreciation:			
Balance as of January 1 2014	(224)	(94)	(318)

Depreciation during the year	(110)	(79)	(189)
Balance as of December 31 2014	(334)	(173)	(507)
Impairment of assets	(121)	(81)	(202)
Net book value as of December 31 2014	1,585	727	2,312

NOTE 5 - SHARE CAPITAL

a. Composition - as of June 30 2015 common stock of no par value, authorized 118,500,000 shares; issued and outstanding - 96,308,333 shares.

b. A Company share grants to its holder voting rights, rights to receive dividends and rights to net assets upon dissolution.

c. See Note 3.

NOTE 6 - SHAREHOLDERS

a. Related parties that own the controlling shares in the Group are:
Mr. Avraham Hartman (20.1%), Mr. Uri Hartman (20.1%), Mr. Doron Kedem (20.1%).

b. Balances:

	June 30		December 31
	2015	2014	2014
Current balance	(306)	(182)	(374)

c. Transactions:

	Six Months Ended June 30		Year Ended December 31
	2015	2014	2014
Total salaries, services rendered and related expenses for shareholders	274	523	645

NOTE 7 - FINANCE INCOME (EXPENSES)

	Six Months Ended June 30		Year Ended December 31
	2015	2014	2014
Interest to banks and others	(31)	(29)	(87)
Exchange rate differences	(104)	(10)	233
Bank charges	(50)	(30)	(50)
Interest to suppliers	(7)	(1)	(8)
Net finance (income) expenses	(192)	(70)	88

NOTE 8 - SEGMENTATION REPORTING

Segments' differentiation policy:
The Company's management has defined its segmentation policy based on the financial essence of the different segments. This refers to services versus goods, delivery method and allocated resources per sector.
On this basis, the following segments were defined:

Segment information regarding the reported segments:

	Sets	Web	Accessory	Other	Total
Period Ended 30.06.2015:					
Segment revenues	1,757	793	34	51	2,635
Cost of sales	(1,410)	(34)	(7)	(31)	(1,482)
Gross profit	347	759	27	20	1,153
Operating expenses					(1,652)
Operating loss					(499)
Period Ended 30.06.2014:					
Segment revenues	1,759	685	50	133	2,627
Cost of sales	(1,255)	(88)	(13)	(4)	(1,360)
Gross profit	504	597	37	129	1,267
Operating expenses					(2,182)
Operating loss					(915)
Year Ended 31.12.2014:					
Segment revenues	3,276	1,504	48	177	5,005
Cost of sales	(2,370)	(66)	(24)	(39)	(2,499)
Gross profit	906	1,438	24	138	2,506
Operating expenses	(915)	(25)	-	-	(940)
Operating profit (loss) before general and administrative expenses	(9)	1,413	24	138	1,566
Unattributed general and administrative expenses and other expenses					(4,472)
					(2,906)