

15 January 2014

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

Pre-close Trading Update

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, provides the following pre-close trading update for the year ended 31 December 2013.

Following a stronger second half, which accounted for over 65 per cent. of the year's sales, the Board expects turnover and operating profit to be broadly in line with market expectations at \$10m (2012: \$8m) and \$2.4m (2012: \$2m) respectively. Profit after tax is expected to be at \$1.4m, after one off expenses (2012: \$1.3m).

Trade receivables at the period end are expected to be materially higher than anticipated at \$7.3m (30 June 2013, \$4.79m (unaudited)).

The increase in trade receivables was the result of a significant proportion of sales for 2013 arising in the final quarter and, in some cases, on credit terms that are longer than the Company's historic average. This has impacted cash generation and the year-end cash position was therefore below market expectations. The Directors have been reviewing their banking facilities and short term working capital requirements in light of this.

Product sales by unit:

Product	2013	2012	% Change
Helios	29,884	45,359	(34%)
WatchLock	20,637	5,879	251%
Triton	1,278	57	2142%
Kylos	484	164	195%
Rainbow	86	64	34%

At 31 December 2013 there were 43,787 (2012: 50,000) registered subscribers to Starcom Online, the Company's web application for online fleet and asset management.

Unit sales for the Helios were lower than expectations and were mainly impacted by the Company ceasing to trade with one of its large South American distributors. In addition, due to increased competition, there was pricing pressure on the Helios and the Directors took the decision to maintain their margin at the expense of unit volumes. The Directors are optimistic that the next, lower cost, generation of the Helios, the Helios TT, launched in the last few months of 2013, will see the product regain its sales momentum. The Helios TT also addresses, for the first time, the motorcycle market.

Unit sales and revenues for the WatchLock were ahead of market expectations. A higher than expected proportion was sold directly by the Company rather than through its joint venture partner, Mul-T-Lock, which resulted in a higher revenue contribution from this particular product than would otherwise have been the case. In its first full year of sales

since its launch, the WatchLock has become the largest contributor to the Company's revenues. Discussions continue with Mul-T-Lock on its plans for the product in 2014 which the Directors hope will gain momentum in the coming year.

Work continues on the next generation of all the Company's products and the Directors expect to make further announcements on this in the coming months.

The Board expects to announce the Company's audited results for the year ended 31 December 2013 by 31 March 2014.

Avi Hartmann, CEO, commented: "The provisional results for 2013 see satisfactory progress for the Company. We are encouraged by our first full year of WatchLock sales which benefited from strong focus by the sales force on this product. This focus contributed to the fall in Helios sales during the year but we anticipate reversing this trend in 2014. With the strong increase in sales towards the year end, we are monitoring our working capital and cash flows closely."

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