STARCOM Plc

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2013

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March 30, 2014

CHAIRMAN'S STATEMENT

Overview

I am pleased to report further operational improvements and sales growth for Starcom, following a strong second half performance, with revenues of $5.5m. We ended 2013 with total sales for the year of $9m compared to $8m for the previous year. As referred to in more detail below, revenue would have been $1m higher but for the unfortunate events in the Ukraine which resulted in a long-standing customer being unable to honour his contract with us. This event also impacted our bottom line and, therefore, we report a lower profit after taxation of $0.7m compared with $1.3m for 2012. Further, our 2013 profits were also impacted by certain one off, non-recurring costs totalling $585,000 and exchange rate losses of $439,000. However, we were pleased to see gross margins increase to 56% compared with 52% in 2012, proving the success of our business model.

To ensure sufficient resources to successfully implement our strategy for the coming year, it was decided to raise further capital in the London market in February 2014. A total of £2m was raised by a placing of 13.3m shares at a price of 15p. The Board is confident that these additional resources will enable growth to continue as planned, including an increase in support staff to help facilitate the anticipated evolution of the business.

Operational Review

The Company continued to promote its main products into the global markets and, during 2013, we released updated versions of two of our products, as we looked to stay ahead of our competitors. We have now begun improving the build and technical abilities of WatchLock and should release WatchLock 2 in 2015.

We are pleased to report that Starcom increased the number of companies with which it works and only lost one customer in the year, further details of which are provided in the Helios section below. We are determined to be very selective of who we use as distribution partners at this early stage in our development, as we are focused on building a strong and reliable partner pipeline, which will see us become a much more competitive company in the future.

Unit Sales for the year were as follows:

Product	2013	2012	% Change
Helios	29,884	45,359	(34)%
WatchLock	16,637	5,879	183%
Triton	1,278	57	2,142%
Kylos	484	164	195%

Watchlock

Unit sales of WatchLock were ahead of expectations with sales of over 16,000 units during the year (2012: 5,879). A higher proportion was sold by the Company directly to the end user, rather than through its joint venture partner, Mul-T-Lock and this naturally resulted in a higher revenue contribution to the Company. In its first full year of sales since the product's initial launch in 2012 the WatchLock has now become the

largest contributor to the Company's revenues. Since the start of 2014 our partners in this project have reorganised their approach to the marketing of WatchLock and are now actively embracing the product across all their globally recognised brand names within their group. A major launch of the product was initiated in the UK in February 2014 and a similar launch will follow in the USA later in the year.

As was reported on 21 March 2014, a major purchase order for 4,000 units, which had been previously included in sales for the year, has been impacted by the events in Ukraine. The Company has worked with a local distributor in that country for many years but unfortunately the current political and economic turbulence has changed the relationships previously held by that distributor, in particular with government agencies which were purchasing the products. Accordingly the Company has decided to cancel the order and now has possession of all the units which will be sold in due course to other customers.

Helios

As already announced unit sales of Helios, the vehicle tracking system, were lower than expected and were mainly impacted by the decision taken by the Company to cease trading with one of its large South American distributors due to concerns about their financial viability. A total of approximately 30,000 units were sold during the year (2013: 45,000). In addition the Directors decided to maintain prices in the face of increased market competition, thus maintaining margin but with lower sales. The Company feels that this strategy is the correct course to take, especially following the release, at the end of 2013, of a new generation of Helios products. This lower cost and much smaller unit, called the Helios TT also addresses, for the first time, the motorcycle market. Although we are still at an early stage in promoting Helios TT, the initial reaction from the market has been positive.

Triton

We are pleased with the release for commercial testing of the Triton 2. This product, which provides a simple and effective way to track and monitor freight containers in transit, and which now has the ability to monitor temperature and humidity, is being field tested by a major pharmaceutical company. Although we are still in the early days of testing and it is unlikely that sales for 2014 will be of significance, we have been informed that it is being well received by the market and we are confident that Triton 2 will widen the market opportunities available to us by entering the food and pharmaceutical industries. In 2013 the Company sold 1,278 units of Triton 1.

Kylos and Rainbow

This device is designed to track merchandise or personal goods. The Directors believe it is the world's smallest tracking device that contains light, temperature, humidity and location detectors. Customers are currently testing the product for a variety of applications. Commercial sales are not expected to start until 2015.

Despite some promising sales leads for the Rainbow, sales for 2013 were slow and did not contribute materially to revenues. The directors have taken the decision to focus on their more established products for 2014 and will review the prospects for the Rainbow later in the year but in the meantime do not anticipate meaningful revenues from the product in the current financial year

Starcom Online

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. Since a large number of sales of Helios and WatchLock took place towards the end of 2013, the impact on revenues from online customers will not be felt, in any meaningful way, until later in 2014.

Financial Review

We recorded a very strong second half with sales of over $5.5m compared to $3.5m for the first half of the year in line with the release of new products and new version of existing products as well as better traction with some of our distributors.

As indicated above, the gross margin for the year showed an increase over 2013, with final figure at 56% (2013: 52%).

Sales and marketing expenses increased following the recruitment of additional staff and ancillary costs. General and administrative costs also increased due to additional staff and expenses related to the Company becoming an AIM listed public company.

Our operating profit increased to $1.8m compared with $0.6m in the first half of the year, and compared to $2m for the full year 2012.

Our net profit for the year was $0.7m compared to a loss of $89,000 in the first half and a profit of $1.3m for the full year 2012. The main impact on the profits were finance costs of which the majority were one-time costs as follows: The final settlement with Keren Hagshama Ltd in respect of the early repayment of their loans caused a one off expense of $340,000 and a sum of $89,000 due to the expiration of the repurchase option. In addition, profits were impacted by the calculation of the value attributable to options granted at the time of the IPO. This amounted to approximately $45,000. Exchange losses of $439,000 were also recorded. Following a change in the employment terms of certain senior management and due to recent changes in the Israeli severance law, it was necessary to make a one-time provision for notional termination of $110,000. No payment was made to the employees and no change made in the remuneration they receive and the effect is to remove the need for annual provisions under Israeli law to be made in the future.

Year end trade receivables were $6.2m, mainly reflecting the increase in sales towards the end of the year.

Outlook

The Directors expect further growth in 2014 due to the Company's enlarged range of products and stronger relations with its distribution and sales partners. They are also focused on replacing the lost sales revenue in the Ukraine, either through a new customer relationship or pending a hopeful return to stability in that country. As in 2013, they anticipate that the majority of our expected revenue growth in 2014 will fall into the second half of the year, due to the seasonal nature of our customers' purchasing activities.

Starcom Plc

Directors Report

for the year ended 31 December 2013

The directors present the annual report together with the financial statements and auditors report for the year ended 31 December 2013.

The Company was incorporated in Jersey and two wholly-owned trading subsidiaries; Starcom Systems Limited and Starcom G.P.S. Systems Limited, incorporated in Jersey and Israel, respectively.

Principal activities and review of business

The Group's principal activity is in the development of wireless solutions for the remote tracking, monitoring and protection of various types of assets and people. Further information on the results of the Group for the period under review can be found in the Chairman's Statement.

Accounts production

The financial statements for the year ended 31 December 2013 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS")

Dividends

The directors do not propose a final dividend.

Directors

The directors were appointed in Feb 2013 and following the restructuring of the Group prior to its admission to trading on AIM.

M Rosenberg

A Hartmann

M Bloom

E Yanuv

Charitable and political Donations

The Group did not make any charitable or political contributions during the year.

Corporate governance

Under the AIM rules the Group is not obliged to implement the provisions of the Consolidated Code. However, the Group is committed to applying the principles of good governance contained in the Consolidated Code as appropriate to a Group of this size. The Board will continue to review compliance with the Code at regular intervals.

In common with other organizations of a similar size, the Executive Directors are heavily involved in the day to day running of the business and meet regularly on an informal basis as well as at Board Meetings.

The Board of Directors meets regularly and is responsible for formulating strategy, monitoring financial performance and approving major items of capital expenditure.

Statement of director's responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under that law the directors are required to prepare the Group and parent Company financial statements in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS")

The financial statements are required by law to give a true and fair view of the state of affairs of the Group and parent Company and of the profit and loss of the Group for that period.

In preparing each of the Group and parent Company financial statements the directors are required to:

Select suitable accounting policies and then apply them consistently;

Make judgments and accounting estimates that are reasonable and prudent; and

State whether they have been prepared in accordance with IFRS as adopted by the EU subject to any material departures disclosed and explained in the parent Company financial statements; and prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and parent Company and to enable them to ensure that the financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They have general responsibility for taking such steps as are reasonably open to safeguard the assets of the Group and parent Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Directors Report to comply with that law and those regulations.

In determining how amounts are presented within terms in the income statement and balance sheet the directors have had regard to the substance of the reported transaction or arrangement in accordance with generally accepted accounting principles or practice.

So far as each of the directors is aware at the time the report is approved:

There is no relevant audit information of which the Company's auditors are unaware; and

The directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Going concern

The directors have prepared and reviewed sales forecasts and budgets for the next twelve months and having considered these cash flows and the availability of other financing sources if required, have concluded that the Group will remain a going concern. After this process and having made further relevant enquiries, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Risks

Foreign exchange risks

Most of the Groups sales and income are in US Dollars and the US Dollar is the currency in which the Company reports. The expenses however are divided between the US Dollar and the Israeli Shekel. The cost of goods (components) are paid in US Dollars and part of the operational costs such as rent and other service providers quote their fees in US Dollars. Labour costs are paid in Israeli Shekels. The Company has therefore a partial currency risk in the event the Israeli Shekel strengthens against the US Dollar which could influence the bottom line of the Group's financial results.

The Group consults with foreign currency experts from main Israeli banks regarding the main financial institutions expectations for foreign currency changes. The management reviews them carefully and will consider with the board whether it should purchase financial instruments sold by local banks, to protect itself from this foreign exchange risk. There are no financial instruments in use at the date of this report.

Interest Rate Risks

The Company is exposed to interest risks as it uses credit lines and loans from its banks. Changes in the effective Prime interest rate published monthly by the bank of Israel can influence the financing costs of the Company.

Credit Risk

The Group is exposed to credit risks if its customers fail to pay for goods supplied by the Group. In order to minimize this risk the Group has a policy of:

(a) Selling only to respectable integrators and distributors and not to the end customer.

(b) Orders from customers in certain regions are shipped only after an approved letter of credit is received by the Group's bank.

(c) New customers must pay 50% before initial shipping.

Capital Risk management

The Group manages its cash carefully. In order to reduce its risk, the Group may take measures to reduce its fixed costs (labour) if performance is below the Group's expectations. The Group may conduct a placing for new shares of the Company to raise additional capital as required when monitoring its performance, to continue its operations.

Supplier payment policy

It is the Group's policy to settle the terms of payment with suppliers when agreeing the terms of the transaction, to ensure that suppliers are aware of these terms and to abide by them.

Crest

The Company's ordinary shares are eligible for settlement through CREST, the system for securities to be held and transferred in electronic form rather than in paper. Shareholders are not obliged to use CREST and can continue to hold and transfer shares on paper without loss of rights.

Auditors

A resolution reappointing Barzily as the Group’s auditors will be proposed at the AGM in accordance with S485 of the Companies Act 2006.

Electronic Communications

The Company may deliver shareholder information including Annual and Interim Reports, Forms of Proxy and Notices of General Meetings in an electronic format to shareholders.

If you would like to receive shareholder information in electronic format, please register your request on the Company's Registrar's electronic database at www.capitaregistrars.com. You will initially need your unique investor code which you will find at the top of your share certificate. There is no charge for this service. If you wish to subsequently change your mind, you may do so by contacting the Company's Registrars by post or through their website.

If you elect to receive shareholder information electronically, please note that it is the shareholder's responsibility to notify the Company of any change to their name, address, email address or other contact details. Shareholders should also note that, with electronic communication, the Company's obligations will be satisfied when it transmits the notification of availability of information or such other document as may be involved to the electronic address it has on file. The Company cannot be held responsible for any failure in transmission beyond its control any more than it can for postal failure.

In the event of the Company becoming aware that an electronic notification is not successfully transmitted, a further two attempts will be made. In the event that the transmission is still unsuccessful a hard copy of the notification will be mailed to the shareholder. In the event that specific software is required to access information placed on the Company's website it will be available via the website without charge.

Before electing for electronic communications shareholders should ensure that they have the appropriate equipment and computer capabilities sufficient for the purpose. The Company takes all reasonable precautions to ensure no viruses are present in any communication it sends out but cannot accept responsibility for loss or damage arising from the opening or use of any email or attachments from the Company and recommends that shareholders subject all messages to virus checking procedures prior to use. Any electronic communication received by the Company that is found to contain any virus will not be accepted.

Shareholders wishing to receive shareholder information in the conventional printed form will continue to do so and need take no further action.

Should you have any further questions on this, please contact the Company's Registrars, Capita Registrars.

On behalf of the board,

M Rosenberg

Chairman

March 30, 2014

Jerusalem, March 30, 2014

Report of Independent Auditors
to the Board of Directors and Stockholders of
Starcom Plc

We have audited the accompanying consolidated financial position of Starcom Plc (hereinafter - “the Group”) as of December 31 2013 and 2012 and the related consolidated statements of comprehensive income, statement of changes in shareholders' equity and statements of cash flows for the two years then ended. These financial statements are the responsibility of the Starcom Plc's board of directors and management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Israel, including those prescribed by the Israeli Auditors’ Regulations (Auditor’s Mode of Performance – 1973). Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the board of directors and management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31 2013 and 2012 and the consolidated results of its operations, changes in shareholders' equity and cash flows for the two years then ended in conformity with international financial reporting standards (IFRS).

Barzily & Co.
Certified Public Accountants.
A Member of MSI Worldwide

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
U.S. Dollars in thousands

	Note	December 31, 2013	2012
ASSETS			
NON-CURRENT ASSETS:			
Long-term bank deposit		-	* 47
Property, plant and equipment, net	6	270	285
Intangible assets	7	2,003	1,560
Repurchase option	11c	-	89
Total Non-Current Assets		2,273	1,981
CURRENT ASSETS:			
Cash and cash equivalents		49	118
Short-term deposit	5	136	* 58
Trade receivables	3C	6,196	3,761
Other accounts receivable	3B	403	565
Inventories	4	2,146	1,236
Income Tax Authorities		50	34
Deferred issuance costs		-	107
Total Current Assets		8,980	5,879
TOTAL ASSETS		11,253	7,860
EQUITY AND LIABILITIES			
EQUITY	13	6,491	2,738
NON-CURRENT LIABILITIES:			
Long-term loans from banks, net of current maturities	11A	533	571
Deferred tax liability	8b	210	116
Long-term loan from non-controlling interest	11C	-	303
Total Non-Current Liabilities		743	990
CURRENT LIABILITIES:			
Short term bank credit		111	80
Short-term loans and current maturities of long-term loans from banks	9	354	288
Trade payables		3,146	2,940
Other accounts payable	10	249	162
Short-term loan from non-controlling interest	11c	-	506
Shareholders	3A, 18	159	156
Total Current Liabilities		4,019	4,132
TOTAL LIABILITIES AND EQUITY		11,253	7,860

* Reclassified.

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

March 30, 2014		
Date of Approval of the Financial Statements	Eitan Yanuv - CFO	Avi Hartmann - CEO

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

U.S. Dollars in thousands (except shares data)

	Note	Year Ended December 31 2013	2012
Revenues		9,016	8,093
Cost of sales	14	(3,952)	(3,874)
Gross profit		5,064	4,219
Operating expenses:			
Research and development		(152)	(98)
Selling and marketing		(758)	(299)
General and administrative	15	(2,348)	(1,786)
Operating profit		1,806	2,036
Finance income	16A	2	2
Finance costs	16B	(1,014)	(385)
Net finance costs		(1,012)	(383)
Profit before deferred income tax expense		794	1,653
Deferred income tax expense	8	(94)	(315)
Total comprehensive income for the year		700	1,338
Attributable to :			
Owners of the Company		703	1,345
Non-controlling interest		(3)	(7)
Comprehensive income		700	1,338
Earnings per share:			
Basic and diluted earnings per share	17	0.01	1,339

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

U.S. Dollars in thousands

	Share Capital *	**Premium on Shares**	**Receipts on Account of Shares**	**Capital Reserve**	**Capital Reserve in Regard to Share-Based Payment Transactions**	**Accumulated Earnings**	**Non-controlling Interest**	**Total**
Balance as of January 1 2011	-	-	-	-	-	151	-	151
Receipts on account of shares (see Note 11B)	-	-	225	(197)	-	-	-	28
Comprehensive income for the year	-	-	-	-	-	789	-	789
Dividends distributed	-	-	-	-	-	(16)	-	(16)
Balance as of December 31 2011	-	-	225	(197)	-	924	-	952
Receipts (refunds) on account of shares (see Note 11B)	-	28	(225)	197	-	-	-	-
Issuance to others of shares in a subsidiary (see Note 11C)	-	-	-	447	-	-	1	448
Comprehensive income for the year	-	-	-	-	-	1,345	(7)	1,338
Balance as of December 31 2012	-	28	-	447	-	2,269	(6)	2,738
Proceeds from issued share capital, net of mobilization costs (see Note 13c)	-	2,939	-	-	-	-	-	2,939
Exchange of Keren Hagshama shares (see Note 13c)	-	349	-	(358)	-	-	9	-
Share based payment (see Note 13d)	-	(195)	-	-	309		-	114
Comprehensive income for the year	-	-	-	-	-	703	(3)	700
Balance as of December 31 2013	-	3,121	-	89	309	2,972	-	6,491

* Amount less than one thousand.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
U.S. Dollars in thousands

	Year Ended December 31,	
	2013	**2012**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Profit for the year	700	1,338
Adjustments to reconcile net profit to net cash used in operating activities:		
Depreciation and amortization	234	184
Interest expense and exchange rate differences	289	212
Equity settled option- based payment expense	114	-
Expiration of repurchase option	89	-
Deferred income tax expense	78	315
Capital loss	3	-
Interest to shareholders	-	2
Interest expense in regard to options	-	28
Changes in assets and liabilities:		
Increase in inventories	(910)	(324)
Increase in trade receivables	(2,442)	(2,800)
Decrease (Increase) in other accounts receivable	152	(364)
Increase in Income Tax Authorities	(12)	(8)
Increase in deferred issuance costs	(72)	(107)
Increase in trade payables	193	938
Increase in other accounts payable	80	60
Net cash used in operating activities	(1,504)	(526)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(81)	(18)
Proceeds from sales of property, plant and equipment	23	-
Decrease in long-term bank deposits *	47	119
Increase in short-term deposits *	(69)	(50)
Cost of intangible assets	(607)	(582)
Net cash used in investing activities	(687)	(531)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from (Repayment of) short-term bank credit, net	(97)	80
Short-term loan from a bank, net	(27)	(13)
Repayment from (Proceeds to) shareholders	(3)	165
Proceeds from receipt of long-term loans	262	1,327
Repayment of Put Options	-	(225)
Repayment of long-term loans	(1,134)	(288)
Consideration from issue of shares, net	3,121	-
Net cash provided by financing activities	2,122	1,046
Decrease in cash and cash equivalents	(69)	(11)
Cash and cash equivalents at the beginning of the year	118	129
Cash and cash equivalents at the end of the year	49	118
Appendix A – Additional Information		
Interest received during the year	2	2
Interest paid during the year	(112)	(142)

* Reclassified.

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

NOTE 1 - GENERAL INFORMATION

a. The Reporting Entity

1. 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 Ltd., 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. Systems Ltd., 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. Systems Ltd., where Company operations are conducted.

   During the reported period, the Company acquired the remaining 3% of Starcom G.P.S. Systems Ltd.

   Since all the assets, liabilities and operations have been transferred from Starcom Systems S.A. to the Company, it is appropriate in these Audited Consolidated Financial Statements to present the Company's operations as if the abovementioned transaction always existed, while adjusting the capital structure to the Company capital structure.

   On February 19, 2013, the Company issued 18,783,333 Ordinary Shares to each of the controlling interests, pro-rata to their holdings in the Company.
   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 ($21.53) million.
   The Company issued 13.6 million new shares at £0.2 per share to new investors.
   The Company issued upon admission an additional 1,150,000 Ordinary Shares to a lender to the Company – “Keren Hagshama Ltd” (hereinafter: Keren Hagshama).

2. Address of the Company’s registered office in Jersey of Starcom Systems Limited is:
   13-14 Esplanade, St Helier, Jersey JE1 1BD.

3. Address of the official company office in Israel of Starcom G.P.S. Systems Ltd. is:
   33 Jabotinsky St., Migdal Hateomim 1, Ramat Gan, Israel.

NOTE 1 - GENERAL INFORMATION (cont.)

b. Definitions in these financial statements:

1. International Financial Reporting Standards (hereinafter: "IFRS") – Standards and interpretations adopted by the International Accounting Standards Board (hereafter: "IASB") that include international financial reporting standards (IFRS) and international accounting standards (IAS), with the addition of interpretations to these Standards as determined by the International Financial Reporting Interpretations Committee (IFRIC) or interpretations determined by the Standards Interpretation Committee (SIC), respectively.
2. The Company - Starcom Plc.
3. The subsidiaries - Starcom G.P.S. Systems Ltd. And Starcom Systems Limited.
4. Starcom Jersey – Starcom Systems Limited.
5. Starcom Israel – Starcom G.P.S. Systems Ltd.
6. The Group – Starcom Plc. and the Subsidiaries.
7. Related party - As determined by International Accounting Standard No. 24 in regard to related parties.

Note 2A - BASIS OF PREPARATION

a. Basis of preparation:

The Company's operations are the continuation of the operations of Starcom Systems S.A., (including its holdings in Starcom Israel) held by the same shareholders as the Company. In February 2013, Starcom Systems S.A. transferred all its operations, assets and liabilities to the Company without consideration.

Since all the assets, liabilities and operations have been transferred from Starcom Systems S.A. to the Company, it is appropriate in these financial statements to consolidate the relevant data of Starcom Systems S.A. and the subsidiary for the year ending December 31, 2012.

The relevant data has been consolidated so that the results, net assets, share capital and accumulated earnings of Starcom Systems S.A. and the subsidiary are aggregated, with intercompany balances and transactions eliminated.

b. Declaration in regard to implementation of International Financial Reporting Standards (IFRS)

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (hereinafter – "IFRS") and related clarifications published by the International Accounting Standards Board ("IASB").

c. Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments at fair value through profit or loss that are stated at fair value.

NOTE 2A - BASIS OF PREPARATION (cont.)

d. Operating Turnover Period

The ordinary operating period turnover for the Group is a year. As a result, the current assets and current liabilities include items that are expected and intended to be realized at the end of the ordinary operating turnover period for the Group.

e. Functional and Presentation Currency

The consolidated financial statements are presented in U.S. dollars (hereinafter: "dollars") that is the functional currency of the Group and is rounded to the nearest thousand, except when otherwise indicated.
The dollar is the currency that represents the economic environment in which the Group operates.
The Group's transactions and balances denominated in dollars are presented at their original amounts. Non-dollar transactions and balances have been remeasured to dollars. All transaction gains and losses from remeasurement of monetary assets and liabilities denominated in non-dollar currencies are reflected in the statements of comprehensive income as financial income or expenses, as appropriate.

NOTE 2B - USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with IFRS requires management to 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.

Upon formulation of accounting estimates used in preparation of the Group financial statements, management is required to make assumptions in regard to circumstances and events that are significantly uncertain. Management arrives at these decisions based on prior experiences, various facts, external items and reasonable assumptions in accordance with the circumstances related to each assumption.
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgment in applying accounting policies that have a significant effect on the amounts recognized in the consolidated financial statements is included in the following Note:
Note 7 – Capitalization of development costs and amortization of these costs.

Information about assumptions and estimations regarding depreciation that have significant risk of resulting in a material adjustment is included in the following Notes:

Information about assumptions and estimations regarding depreciation that have significant risk of resulting in a material adjustment is included in the following Notes:
Note 7 – Calculation of amortization.
Note 8 – Utilization of tax losses.
Note 11B – Calculation of the fair value of the PUT option.
Note 11C – Calculation of a loan from a non-controlling interest.
Note 13d – Options to related parties.

NOTE 2C - SIGNIFICANT ACCOUNTING POLICIES

a. Basis of consolidation

All intra-Group transactions, balances, income and expenses of the companies are eliminated on consolidation.
See also Note 2Aa.

b. Foreign currency and linkage basis

Balances stated in foreign currency or linked to a foreign currency have been included in the consolidated financial statements according to the prevailing representative exchange rates at the balance sheet date. Balances linked to the Consumer Price Index in Israel are included in accordance with the Index published prior to balance sheet date. Linkage and exchange rate differences are included in the statement of comprehensive income when incurred.

	December 31,	
	2013	2012
CPI (in points) *	124.6	122.4
Exchange Rate of U.S. $ in NIS	3.471	3.733

	Year Ended December 31,	
	2013	2012
Change in CPI	1.8%	1.66%
Change in Exchange Rate of U.S. $	(7.02%)	(2.3%)

* Base Index 2002 = 100.

c. Financial instruments

(i) Non-derivative financial assets
The Group initially recognizes loans and receivables on the date that they are originated. All other financial assets (including assets designated as at fair value through profit or loss) are recognized initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Group classified non-derivative financial assets into the following categories: Financial assets at fair value, through profit or loss, held-to-maturity financial assets, loans and receivables, and available-for-sale financial assets.

NOTE 2C - SIGNIFICANT ACCOUNTING POLICIES (cont.)

c. Financial instruments (cont.)

(i) Non-derivative financial assets (cont.)

Financial assets at fair value through profit or loss:
A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Financial assets are designated as at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, which takes into account any dividend income, are recognized in profit or loss.

Financial assets designated as at fair value through profit or loss comprise equity securities that otherwise would have been classified as available for sale.

Loans and receivables:
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

(ii) Non-derivative financial liabilities
The Group initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated as at fair value through profit or loss) are recognized initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

NOTE 2C- SIGNIFICANT ACCOUNTING POLICIES (cont.)

c. Financial instruments (cont.)

(iii) Compound financial instruments
Compound financial instruments issued by Starcom Israel comprised: an interest bearing loan for which shares were issued to the lender. In addition, the Company maintained an option to repurchase these shares.

The purchase option component was recognized initially at its fair value using a binomial calculation.

The liability component was recognized initially at its fair value as the gap between fair value of Company assets and fair value of shareholders' equity.

The equity component was recognized initially as the difference between the loan amount plus the purchase option component and the fair value of the liability component.

Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

Interest related to the financial liability is recognized in profit or loss.

d. Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

e. Share capital
Ordinary shares:
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

f. Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation.
Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, at the following annual rates:

	%
Computers and software	33
Office furniture and equipment	7 – 15
Vehicles	15
Laboratory equipment	15

NOTE 2C - SIGNIFICANT ACCOUNTING POLICIES (cont.)

f. Property, plant and equipment (cont.)

Leasehold improvements are depreciated by the straight-line method over the term of the lease, ten year period, (including option terms) or the estimated useful lives of the improvements, unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

At each balance sheet date, the Group examines the residual value, the useful life and the depreciation method it uses. If the Group identifies material changes in the expected residual value, the useful life or the future pattern of consumption of future economic benefits in the asset that may indicate that a change in the depreciation is required, such changes are treated as changes in accounting estimates. In the reported periods, no material changes have taken place with any material effect on the financial statements of the Group.

g. Intangible assets: Research and Development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if developments costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalized includes the cost of materials, direct labor, overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognized in profit or loss as incurred.

Capitalized development expenditure is measured at cost less accumulated amortization and accumulated impairment losses. Amortization is calculated using the straight-line method over the estimated useful lives of the assets: ten years.

At each balance sheet date, the Group reviews whether any events have occurred or changes in circumstances have taken place, which might indicate that there has been an impairment of the intangible assets. When such indicators of impairment are present, the Group evaluates whether the carrying value of the intangible asset in the Group's accounts can be recovered from the cash flows anticipated from that asset, and, if necessary, records an impairment provision up to the amount needed to adjust the carrying amount to the recoverable amount.

h. Short-term deposit

Deposits with maturities of more than three months but less than one year are included in short-term deposits.

NOTE 2C - SIGNIFICANT ACCOUNTING POLICIES (cont.)

i. Leases

(1) Lease payments
Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.
Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(2) Determining whether an arrangement contains a lease
At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:
- The fulfillment of the arrangement is dependent on the use of a specific asset or assets; and
- the arrangement contains a right to use the asset(s).

At inception or on reassessment of the arrangement the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognized at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance cost on the liability is recognized using the Group's incremental rate.

j. Inventories

Inventories are stated at the lower of cost or market value.
Cost is determined using the "first-in, first -out" method.
Inventory write-downs are provided to cover risks arising from slow-moving items, technological obsolescence, excess inventories, and discontinued products and for market prices lower than cost, if any. At the point of loss recognition, a new lower cost basis for that inventory is established.

k. Impairment in value of assets

During every financial period, the Group examines the book value of its tangible assets to determine any signs of loss from impairment in value of these assets. In the event that there are signs of impairment, the Group examines the realization value of the designated asset. In the event that the realization cannot be measured for an individual asset, the Group estimates realization value for the unit where the asset belongs. Joint assets are assigned to the units yielding cash on the same basis. Joint assets are designated to the smallest groups of yielding assets for which one can identify a reasonable basis that is consistent to the allocation.

NOTE 2C - SIGNIFICANT ACCOUNTING POLICIES (cont.)

k. Impairment in value of assets (cont.)

The realization value is the higher of net sale price of the asset as compared with its useful life that is determined by the present value of projected cash flows to be realized from this asset and its realization value at the end of its useful life.
In the event that the book value of the asset or cash-yielding unit is greater than its realization value, a devaluation of the asset has occurred in the amount of the difference between its book value and its realization value. This amount is recognized immediately in the statements of comprehensive income.

In the event that prior devaluation of an asset is nullified, the book value of the asset or of the cash-yielding unit is increased to the estimated current fair value, but not in excess of the asset or cash-yielding unit book value that would have existed had there not been devaluation. Such nullification is recognized immediately in the statements of comprehensive income.

l. PUT Option

The Group classifies in the long-term liabilities category the PUT Option liability for reacquisition of shares to be issued. Such financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

m. Revenue recognition

The Group generates revenues from sales of products, which include hardware and software, software licensing, professional services and maintenance. Professional services include mainly installation, project management, customization, consulting and training. The Group sells its products indirectly through a global network of distributors, system integrators and strategic partners, all of whom are considered end-users, and through its direct sales force.

Revenue from products and software licensing is recognized when persuasive evidence of an agreement exists, delivery of the product has occurred, the fee is fixed or determinable and collectability is probable.
Revenues from maintenance and professional services are recognized ratably over the contractual period or as services are performed, respectively.

Revenues from "bill and hold" sales are recognized before delivery provided that:

1. It is probable that delivery will be made;
2. The item is on hand, identified and ready for delivery to the buyer at the time the sale is recognized;
3. The buyer specifically acknowledges, preferably in writing, the deferred delivery instructions;
4. The usual payment terms apply.

NOTE 2C - SIGNIFICANT ACCOUNTING POLICIES (cont.)

n. Allowance for doubtful accounts

The Group evaluates its allowance for doubtful accounts on a regular basis through periodic reviews of the collectability of the receivables in light of historical experience, adverse situations that may affect the repayment abilities of its customers, and prevailing economic conditions. This evaluation is inherently subjective, as it requires estimates that are susceptible to significant revision as more information becomes available.

The Group performs ongoing credit evaluations of its customers and generally does not require collateral because (1) management believes it has certain collection measures in-place to limit the potential for significant losses, and (2) because of the nature of its customers that comprise the Group's customer base. Receivables are written off when the Group abandons its collection efforts. An allowance for doubtful accounts is provided with respect to those amounts that the Group has determined to be doubtful of collection.

o. Concentrations of credit risk

Financial instruments that potentially subject the Group to concentrations of credit risk consist principally of cash and cash equivalents, short-term deposits and trade receivables.

p. Provisions

Provisions are recognized when the Group has a current obligation (legal or derived) as a result of a past occurrence that can be reliably measured, that will in all probability result in the Group being required to provide additional benefits in order to settle this obligation. Provisions are determined by capitalization of projected cash flows at a rate prior to taxes that reflects the current market preparation for the money duration and the specific risks for the liability.

q. Employee benefits

The Group has several benefit plans for its employees:

1. Short-term employee benefits -
   Short-term employee benefits include salaries, vacation days, recreation and deposits to the National Insurance Institute that are recognized as expenses when rendered.
2. Benefits upon retirement -
   Benefits upon retirement generally funded by deposits to insurance companies and pension funds are classified as restricted deposit plans or as restricted benefits.
   All Group employees have restricted deposit plans, in accordance with Section 14 of the Severance Pay Law (Israel), whereby the Group pays fixed amounts without bearing any legal responsibility to pay additional amounts thereto even if the fund did not accumulate enough amounts to pay the entire benefit amount to the employee that relates to the services he rendered during the current and prior periods. Deposits to the restricted plan are classified as for benefits or for compensation, and are recognized as an expense upon deposit to the plan concurrent with receiving services from the employee and no additional provision is required in the financial statements.

NOTE 2C - SIGNIFICANT ACCOUNTING POLICIES (cont.)

r. Finance income and expenses

Finance income includes interest in regard to invested amounts, changes in the fair value of financial assets presented at fair value in the statements of comprehensive income and gains from changes in the exchange rates and interest income that are recognized upon accrual using the effective interest method.

Finance expenses include interest on loans received, changes in the time estimate of provisions, changes in the fair value of financial assets presented at fair value in the statements of comprehensive loss and losses from changes in value of financial assets. Gains and losses from exchange rate differences are reported net. Exchange rate differences in regard to issuance of shares are charged to equity.

s. Taxes

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same Tax Authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

NOTE 2C - SIGNIFICANT ACCOUNTING POLICIES (cont.)

s. Taxes (cont.)

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets and liabilities are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit (taxes on income) will be realized.

t. Basic and Diluted Earnings per Share

Basic earnings per share are computed based on the weighted average number of common shares outstanding during each year.

Diluted earnings per share is computed based on the weighted average number of common shares outstanding during each year, plus dilutive potential common shares considered outstanding during the year.

u. Statement of cash flows

The statement of cash flows from current operations is presented using the indirect method, whereby interest amounts paid and received by the Group are included in the cash flows in current operations.

v. Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Group's shareholders.

w. Segment reporting

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses and tax.

NOTE 2C - SIGNIFICANT ACCOUNTING POLICIES (cont.)

x. New Amendments and Interpretations not yet adopted

New Standards, amendments and interpretations issued but not effective for the financial year beginning January 1 2013 and not early adopted:

a) Amendments to IAS 32, "Financial Instruments: Presentation regarding Offsetting Financial Assets and Financial Liabilities":

The IASB issued amendments to IAS 32 ("the amendments to IAS 32") regarding the offsetting of financial assets and financial liabilities. The amendments to IAS 32 clarify, among others, the meaning of "currently has a legally enforceable right of set-off" ("the right of set-off"). Among others, the amendments to IAS 32 prescribe that the right of set-off must be legally enforceable not only during the ordinary course of business of the parties to the contract but also in the event of bankruptcy or insolvency of one of the parties. The amendments to IAS 32 also state that in order for the right of set-off to be currently available, it must not be contingent on a future event, there may not be periods during which the right is not available, or there may not be any events that will cause the right to expire.

The amendments to IAS 32 are to be applied retrospectively from the financial statements for annual periods beginning on January 1, 2014 or thereafter. Earlier application is permitted.

The Company believes that the amendments to IAS 32 are not expected to have a material impact on the financial statements.

b) IFRS 9, "Financial Instruments":

1. The IASB issued IFRS 9, "Financial Instruments", the first part of Phase 1 of a project to replace IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 ("IFRS 9") focuses mainly on the classification and measurement of financial assets and it applies to all financial assets within the scope of IAS 39.
According to IFRS 9, all financial assets (including hybrid contracts with financial asset hosts) should be measured at fair value upon initial recognition. In subsequent periods, debt instruments should be measured at amortized cost only if both of the following conditions are met:

- The asset is held within a business model whose objective is to hold assets in order to collect the contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notwithstanding the aforesaid, upon initial recognition, the Company may designate a debt instrument that meets both of the abovementioned conditions as measured at fair value through profit or loss if this designation eliminates or significantly reduces a measurement or recognition inconsistency ("accounting mismatch") that would have otherwise arisen.

NOTE 2C - SIGNIFICANT ACCOUNTING POLICIES (cont.)

x. New Amendments and Interpretations not yet adopted (cont.)

New Standards, amendments and interpretations issued but not effective for the financial year beginning January 1 2013 and not early adopted (cont.):

Subsequent measurement of all other debt instruments and financial assets should be at fair value. When an entity changes its business model for managing financial assets, it shall reclassify all affected financial assets. In all other circumstances, reclassification of financial instruments is not permitted.

Financial assets that are equity instruments should be measured in subsequent periods at fair value and the changes recognized in profit or loss or in other comprehensive income (loss), in accordance with the election by the Company on an instrument-by-instrument basis (amounts recognized in other comprehensive income cannot be subsequently reclassified to profit or loss). If equity instruments are held for trading, they should be measured at fair value through profit or loss.

The IASB did not set a mandatory effective date for IFRS 9. Early application is permitted. Upon initial application, IFRS 9 should be applied retrospectively by providing the required disclosure or restating comparative figures, except as specified in IFRS 9.

2. Amendments regarding derecognition and financial liabilities (Phase 2) were published. According to those amendments, the provisions of IAS 39 will continue to apply to derecognition and to financial liabilities for which the fair value option has not been elected (designated as measured at fair value through profit or loss); that is, the classification and measurement provisions of IAS 39 will continue to apply to financial liabilities held for trading and financial liabilities measured at amortized cost.

   Pursuant to the amendments, the amount of the adjustment to the liability's fair value that is attributable to changes in credit risk should be presented in other comprehensive income. All other fair value adjustments should be presented in profit or loss. If presenting the fair value adjustment of the liability arising from changes in credit risk in other comprehensive income creates an accounting mismatch in profit or loss, then that adjustment should also be presented in profit or loss rather than in other comprehensive income.

   The IASB did not set a mandatory effective date for IFRS 9. Early application is permitted provided that the Company also adopts the provisions of IFRS 9 regarding the classification and measurement of financial assets (the first part of Phase 1). Upon initial application, the amendments are to be applied retrospectively by providing the required disclosure or restating comparative figures, except as specified in the amendments.

   The Company believes that IFRS 9 (including all its phases) is not expected to have a material impact on the financial statements.

NOTE 2C - SIGNIFICANT ACCOUNTING POLICIES (cont.)

x. New Amendments and Interpretations not yet adopted

New Standards, amendments and interpretations issued but not effective for the financial year beginning January 1 2013 and not early adopted:

c) Amendments to IAS 36, "Impairment of Assets":

In May 2013, the IASB issued amendments to IAS 36, "Impairment of Assets" ("the amendments") regarding the disclosure requirements of fair value less costs of disposal. The amendments include additional disclosure requirements of the recoverable amount and fair value. The additional disclosures include the fair value hierarchy, the valuation techniques and changes therein, the discount rates and the principal assumptions underlying the valuations.

The amendments are effective for annual periods beginning on January 1, 2014 or thereafter. Earlier application is permitted.

The appropriate disclosures will be included in the Company's financial statements upon the first-time adoption of the amendments.

d) IFRIC 21, "Levies":

In May 2013, the IASB issued IFRIC 21, "Levies" (IFRIC 21") regarding levies imposed by governments through legislation. According to IFRIC 21, the liability to pay a levy will only be recognized when the activity that triggers payment occurs.

IFRIC 21 is effective for annual periods beginning on January 1, 2014 or thereafter. Earlier application is permitted.

The Company is evaluating the possible impact of the adoption of IFRIC 21 but is presently unable to assess its effect, if any, on the financial statements.

NOTE 3A - SHAREHOLDERS

Credit balances are linked to the New Israel Shekel ("NIS") and the Israeli Consumer Price Index ("CPI").

NOTE 3B - OTHER ACCOUNTS RECEIVABLE

	December 31	
	2013	**2012**
Advances to suppliers	321	417
Government institutions	82	137
Prepaid expenses	-	11
	403	565

NOTE 3C - TRADE RECEIVABLES

	December 31	
	2013	2012
Group receivables	6,404	3,937
Net of allowance for doubtful accounts	(208)	(176)
	6,196	3,761

NOTE 4 - INVENTORIES

	December 31	
	2013	2012
Raw materials	1,669	1,002
Work-in-progress	187	137
Finished goods	290	97
	2,146	1,236

Inventory write-downs for the years ended December 31, 2013 and 2012 were $20 and $44 thousand, respectively, and have been included in cost of sales.

NOTE 5 - SHORT-TERM BANK DEPOSIT

The deposit sums of $93 and $48 for the years ended December 31, 2013 and 2012, respectively, serve as a security deposit for repayment of a long-term bank loan. In accordance with terms of the loan, the deposit constitutes approximately 15% of the loan balance. The deposit bears yearly interest at the rate of 1%.

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT, NET

	Computers and Software	Office Furniture and Equipment	Laboratory Equipment	Leasehold Improvements	Vehicles	Total
Cost:						
Balance as of January 1 2013	88	95	66	39	175	463
Additions during the year	29	11	-	41	-	81
Decrease	-	-	-	-	(45)	(45)
Balance as of December 31 2013	117	106	66	80	130	499
Accumulated Depreciation:						
Balance as of January 1 2013	61	29	21	16	51	178
Depreciation during the year	21	9	10	5	25	70
Decrease	-	-	-	-	(19)	(19)
Balance as of December 31 2013	82	38	31	21	57	229
Net book value as of December 31 2013	35	68	35	59	73	270

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT, NET (cont.)

	Computers and Software	Office Furniture and Equipment	Laboratory Equipment	Leasehold Improvements	Vehicles	Total
Cost:						
Balance as of January 1 2012	74	91	66	39	175	445
Additions during the year	14	4	-	-	-	18
Balance as of December 31 2012	88	95	66	39	175	463
Accumulated Depreciation:						
Balance as of January 1 2012	41	22	12	13	25	113
Depreciation during the year	20	7	9	3	26	65
Balance as of December 31 2012	61	29	21	16	51	178
Net book value as of December 31 2012	27	66	45	23	124	285

NOTE 7 - INTANGIBLE ASSETS

a. Composition:

	Cost of Materials (including overhead costs)	Direct Labour	Total
Cost:			
Balance as of January 1 2013	1,097	617	1,714
Additions during the year	405	202	607
Balance as of December 31 2013	1,502	819	2,321
Accumulated Depreciation:			
Balance as of January 1 2013	127	27	154
Amortization during the year	97	67	164
Balance as of December 31 2013	224	94	318
Net book value as of December 31 2013	1,278	725	2,003

	Cost of Materials (including overhead costs)	Direct Labour	Total
Cost:			
Balance as of January 1 2012	798	334	1,132
Additions during the year	299	283	582
Balance as of December 31 2012	1,097	617	1,714
Accumulated Depreciation:			
Balance as of January 1 2012	28	7	35
Amortization during the year	99	20	119
Balance as of December 31 2012	127	27	154
Net book value as of December 31 2012	970	590	1,560

b. Detail of remaining life of instruments as of December 31, 2013:

Instrument	Cost	Remaining Useful Life (in years)
Set 1	566	7.75
Set 2	340	7.75
Set 3	534	8.50
Set 4	273	8.50
Set 5	132	9.50
Set 6	71	10.00
Set 7	95	10.00
Set 8	238	10.00
Set 9	72	10.00
Total	2,321	

NOTE 7 - INTANGIBLE ASSETS (cont.)

The expenditure capitalized includes the cost of materials and direct labour that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognized in profit or loss as incurred.
Capitalized development expenditure is measured at cost less accumulated amortization and accumulated impairment losses. Amortization is calculated using the straight-line method over the estimated useful lives of the assets: ten years.
See also Note 2C g.

NOTE 8 - TAXES ON INCOME

a. Israeli taxation
Taxable income of Starcom Israel is subject to tax at the rate of 25% for the years 2013 and 2012.

On August 5, 2013, the "Knesset" (the Israeli parliament) issued the Law for Changing National Priorities (Legislative Amendments for Achieving Budget Targets for 2013 and 2014), 2013 ("the Budget Law"), which consists, among others, of fiscal changes whose main aim is to enhance the collection of taxes in those years. These changes include, among others, increasing the corporate tax rate from 25% to 26.5%.

b. Detail of tax expense:

	Year Ended December 31,	
	2013	**2012**
Deferred taxes	(210)	(116)

c. Reconciliation of effective tax rate:

	2013	**2012**
Profit before taxes	794	1,653
Group's domestic tax rate	25%	25%
Tax according to statutory rate	(198)	(413)
Increase (decrease) in income taxes derives from:		
Fixed provisions and others	(118)	(359)
Change in the tax rate	(7)	8
Deferred taxes for prior years	-	130
Tax exempt revenues	229	319
Total tax expense	(94)	(315)

NOTE 9 - SHORT-TERM AND CURRENT MATURITIES OF LONG-TERM LOANS FROM BANKS

	December 31	
	2013	**2012**
Short-term loan	-	27
Current maturities of long-term loans	354	261
	354	288

NOTE 10 - OTHER ACCOUNTS PAYABLE

	December 31	
	2013	**2012**
Employees and payroll accruals	226	156
Accrued expenses	23	6
	249	162

NOTE 11A - LONG-TERM LOANS FROM BANKS

1. Composition:

	December 31	
	2013	**2012**
Long-term liability	887	832
Less: current maturities	(354)	(261)
	533	571

2. Aggregate maturities of long-term loans for years subsequent to December 31, 2013 are as follows:

	Amount
First year	354
Second year	251
Third year	128
Fourth year and after	154
	887

NOTE 11A - LONG-TERM LOANS FROM BANKS (cont.)

3. Additional information regarding long-term loans:

Loan #	Date Received	Amount Received NIS (U. S. dollars)	Annual Interest Rate	Loan Terms and Maturity Dates	Interest Payment Terms
1.	December 18, 2011	400 ($ 107)	8.8%	36 equal monthly installments including principal and interest	Monthly commencing 17 January 2012
2.	March 1, 2011	216 ($ 62)	Prime + 0.5%	One inclusive repayment on February 1, 2014	Monthly commencing 1 March, 2011
3.	January 19, 2011	192 ($ 55)	Prime + 0.5%	36 equal monthly installments including principal and interest	Monthly commencing 1 March 2011
4.	December 13, 2010	2,000 ($ 554)	7%	54 equal monthly installments that commenced on July 13, 2011, including principal and interest	Monthly commencing 13 January 2011
5.	August 8, 2012	1,200 ($ 300)	Prime + 0.9%	60 equal monthly installments including principal and interest	Monthly commencing 9 September 2012
6.	September 20, 2013	950 ($ 270)	Prime + 0.9%	60 equal monthly installments including principal and interest	Monthly commencing 20 October 2013

NOTE 11B - PUT OPTION

1. Starcom S.A. signed a PUT option agreement on December 30 2011.

   In accordance with an agreement between the parties, Starcom S.A. received an amount of $225 thousand from a third party (hereinafter: "Top Alpha") as consideration for issuance of shares that would give to Top Alpha 3.3% holdings of Starcom S.A. while Top Alpha would have the option, until July 2013, to put the shares back to Starcom S.A. for the original purchase price of $225 thousand.
   In actuality, the Company did not issue the shares and, therefore, these amounts were recorded on the day received in the financial statements as receipts on account of shares.

   The options were recognized initially at fair value. Subsequent to initial recognition, this financial liability was measured at amortized cost using the effective interest method.

2. In July 2012, the funds were returned to Top Alpha in accordance with their decision, and the rights that they had for shares were cancelled.

NOTE 11C - LONG-TERM LOAN FROM NON-CONTROLLING INTEREST

During April 2012, Starcom Israel received a loan through Keren Hagshama in the amount of $1 million for a period of four years that will be repaid in four equal installments of principal and interest at the end of every year. The loan bears monthly interest at the rate of 0.8%. In addition Starcom Israel received $50 thousand through Keren Hagshama as an investment in the share capital of Starcom Israel.
The Company has an option for early repayment as well as to lengthen the loan period in a year.
In consideration for the loan, the Company will transfer an amount of shares contingent upon the duration of the loan period and whether the Company will offer shares in an Initial Public Offering (IPO), as detailed in the agreement.

Upon completion of registration of shares the Company has an option to repurchase the public Company shares within a six month period commencing from the Initial Public Offering (IPO) date in accordance with the realization price per ordinary share as computed in accordance with the Company valuation of $18 million. In the event that the public Company valuation will exceed $23 million, the realization price will be higher, as detailed in the agreement.

As of the loan grant date, the Company transferred 3.3% of Starcom Israel share capital to Keren Hagshama.
The Company paid $50 thousand as fees for mobilization of a loan through Keren Hagshama.

The loan was evaluated and divided to different components by independent appraisers as follows (in thousands):
Repurchase option - $89
Liability (short and long term) - $670
Capital reserve - $469.
The mobilization costs were allocated according to the components ratio.
The loan was assessed assuming a fifty-percent likelihood that the loan will be repaid within a year and fifty percent likelihood according to the original terms.
Effective annual interest rate was determined as 42.46%.
On February 27, 2013 Starcom Israel and the Company agreed with Keren Hagshama pursuant to the Hagshama agreement that upon admission the Company will issue 1,150,000 Ordinary Shares, that present 2% of the Company shares before the IPO, to Keren Hagshama and repay $1,150 thousand which is composed of $ 1,000 loan principal, interest in the amount of $100 thousand and expenses in regard to clearing of the loan in the amount of $50 thousand. Keren Hagshama will transfer its respective shares in Starcom Israel to the Company, following which no further rights or obligations exist under the Hagshama Loan Agreement save as set out below.
As a result of the early repayment, the Company recorded financial expenses in the amount of approximately $340 thousand.
The Ordinary Shares are subject to limitations on sale for a period of six months from admission in which the Company is entitled (but not obliged) to acquire Keren Hagshama Ordinary Shares.
This option expired on August 26, 2013 and the Company did not acquire Keren Hagshama Ordinary Shares.

NOTE 12 - COMMITMENTS AND CHARGES

a. Operating lease commitments:

1. Starcom Israel rents offices and signed operating leases commencing March 2011 for a period of five years with an option for five additional years. Rent expenses for the years ended December 31, 2013 and 2012 were in the amounts of $145 thousand and $133 thousand, respectively.
   Total of future minimum lease payments under non-cancellable operating leases for each of the following periods as of December 31, 2013:

Not later than one year	159
Later than one year and not later than five years	180
	339

2. Starcom Israel signed operating leases for rental of vehicles for a period of 36 months. Rent expenses for the vehicles for the years ended December 31, 2013 and 2012 were in the amounts of $77 thousand and $88 thousand, respectively.
   Total of future minimum lease payments under non-cancellable operating leases for each of the following periods as of December 31, 2013:

Not later than one year	35
Later than one year and not later than four years	31
	66

b. Other commitments:
During December 2009 Starcom Israel signed a cooperative agreement with Multilock Ltd. (hereinafter: "Multilock") for development, production and marketing of a consolidated system that includes the operating system of Multilock contained in the follow-up system of the Group.

In order to produce the consolidated system, each side obligated to sell to his counterpart, at a price equal to the cost of SAP with the addition of 15%, the component that he manufactures.

Cost of SAP is the cost of a completed product, including direct and indirect production costs but not including research and development costs or general and administrative expenses. Thus, cost of a consolidated system is the SAP of the Company plus the SAP of Multilock with the addition of 15%. The system was completed and is marketed under the logo Watchlock. Sales commenced in March 2012. The Group capitalized the research and development costs relevant to development of the system.

Price of the marketed system will be uniform and will be determined in advance by both parties. At the end of each quarter, each company pays $20 for each device sold by the other company. Starcom and Multilock are currently renegotiating the terms of the mutual payments.
Provisions were recorded according to the anticipated outcome of these negotiations.

c. A lawsuit was filed against the subsidiary in Israel regarding breach of an agreed compromise settled in 2012 for material amount, the Company filed a counterclaim. According to legal advisors to the Company, chances of the suit to be accepted are slim whilst chances for counterclaim are reasonable. The Company did not provide for the abovementioned claim.

NOTE 12 - COMMITMENTS AND CHARGES (cont.)

d. Charges:

1. A first class current general charge in favor of a bank was placed on all the subsidiary's assets.

2. A charge in favor of a bank was placed on subsidiary vehicles.

3. A first class charge in favor of a bank was placed on all subsidiary bank accounts.

NOTE 13 - SHARE CAPITAL

a. Composition – common stock of no par value, authorized – 118,500,000 shares; issued and outstanding – 71,100,000 shares as of December 31 2013.

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

c. Issue of Shares and Mobilization of Capital

On February 19, 2013, the Company issued 18,783,333 Ordinary Shares to each of the controlling interests pro-rata to their holdings in the Company.
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.
The Company issued 13.6 million new shares at £0.2 per share to new investors.
In the framework of the IPO, the Company signed agreements with an advisor, brokers and others, including granting of Options (see below).
The Company issued upon admission an additional 1,150,000 Ordinary Shares to Keren Hagshama (see also Note 11c).

d. Options issued

1. During February 2013, the Company issued to its directors 1,422,000 Options for purchase of 1,422,000 of Company shares at the exercise price of £0.2 per share. The Options will be vested in three equal parts during three intervals commencing February 2013 and will expire at the end of ten years. Total expenses recorded in regard to these Options in the statement of comprehensive income for the reported period amounted to $114 thousand.
2. During February 2013, the Company issued to professional consultants and brokers 1,610,500 Options at the exercise price of £0.2 per share. The Options are fully vested. Approximately one million Options will expire in February 2018 and approximately 600 thousand will expire in February 2014. Fair value of the Options that was recorded as an offset against receipts from issuance is in the amount of $195 thousand.

NOTE 14 - COST OF SALES

	Year Ended December 31, 2013	2012
Purchases	4,698	4,065
Amortization	164	86
Outsourcing	-	47
Increase in inventory	(910)	(324)
	3,952	3,874

NOTE 15 - GENERAL AND ADMINISTRATIVE EXPENSES

	Year Ended December 31, 2013	2012
a. Salaries and related expenses	1,025	734
Professional services (1)	556	217
Office rent and maintenance	393	320
Depreciation	70	98
Doubtful accounts	32	144
Other	272	273
	2,348	1,786

(1) Including share based payment in the amount of $114 and $0 thousand for the year ended December 31, 2013 and 2012, respectively.

	Year Ended December 31, 2013	2012
b. Cost of defined contribution plans	147	132

c. Average Number of Staff Members by Category:

	Year Ended December 31, 2013	2012
Sales and marketing	5	2
Research and development	3	4
General and administrative	11	12
	19	18

NOTE 16A - FINANCE INCOME

	Year Ended December 31, 2013	2012
Interest from bank	2	2

NOTE 16B - FINANCE COSTS

	Year Ended December 31, 2013	2012
Exchange rate differences	439	45
Interest to non-controlling interest	338	168
Expiration of repurchase option	89	-
Interest to banks and others	56	87
Bank charges	53	44
Interest to suppliers	39	39
Interest to shareholder	-	2
	(1,014)	(385)
Net finance costs	(1,012)	(383)

NOTE 17 - EARNINGS PER SHARE

Weighted average number of shares used in computing basic and diluted earnings per share:

	Year Ended December 31,	
	2013	2012
Number of shares	71,100,000	999

NOTE 18 - RELATED PARTIES

a. The related parties that own the controlling shares in the Group are:
Mr. Avraham Hartman (26.4%), Mr. Uri Hartman (26.4%), Mr. Doron Kedem (26.4%).

b. Balances: *

	December 31	
	2013	2012
	(159)	(156)

* See also Note 3A.

c. Transactions:

	Year Ended December 31,	
	2013	2012
Key management compensation:		
Short-term employee benefits	95	179
Post-employment benefits	76	23
Total salaries and related expenses for shareholders	171	202

d. The Company entitled the related parties mentioned in Note 18a monthly management fees. The shareholders waived their right for management fees for the period of October to December, 2013 in light of the market situation.

e. Directors and the shareholders of the Group are each entitled to benefits, in addition to salaries, that include a vehicle, meals, cellular phones and a professional enrichment fund. Concurrently, the Group deposits for them amounts in a restricted benefit plan for implementation upon completion of their employment.

NOTE 19 - FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL RISKS

a. Financial Risk Factors:
The Group's operations expose it to a variety of financial risks, including: market, currency, credit and liquidity risks. The comprehensive Group plan for risk management focuses on the fact that it is not possible to predict financial market behavior and an effort to minimize possible negative effects on Company financial performance.

In this Note, information is stated in regard to Group exposure to each of the risks abovementioned and the handling of these risks. Risk management and capital are handled by the Group management that identifies and evaluates financial risks.

1) Exchange rate risk
Group operations are exposed to exchange rate risks arising mainly from exposure of loans from banks, suppliers and others that are linked to the NIS.

NOTE 19 - FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL RISKS (cont.)

2) **Credit risk**
Credit risks are handled at the Group level. These risks arise from cash and cash equivalents, bank deposits and unpaid receivable balances. Cash and cash equivalent balances of the Group are deposited in an Israeli banking corporation. Group management is of the opinion that there is insignificant credit risk regarding these amounts.

3) **Liquidity risks**
Cautious management of liquidity risks requires that there be sufficient amounts of cash to finance operations. Group management currently examines projections regarding liquidity surpluses deriving from cash and cash equivalents. This examination is based on projected cash flows, in accordance with procedures and limitations determined by the Group.

b. **Linkage terms of financial instruments:**
Group exposure to Index and foreign currency risks, based on par value, except for derivative financial instruments is as follows:

	December 31, 2013				
	NIS		U.S. Dollar	Euro	Total
	Unlinked	Variable Interest	Unlinked		
Financial Assets:					
Cash and Cash Equivalents	(2)	-	50	1	49
Short-term Deposit	136	-	-	-	136
Trade Receivables	56	-	5,817	323	6,196
Other Accounts Receivable	-	-	262	-	262
Financial Liabilities:					
Short-term Bank Credit	(111)	-	-	-	(111)
Trade Payables	(2,699)	-	(404)	(11)	(3,114)
Other Accounts Payable	(190)	-	-	-	(190)
Shareholders	(151)	-	(8)	-	(159)
Long-term Loans From Banks	(299)	(588)	-	-	(887)
	(3,260)	(588)	5,717	313	2,182

NOTE 19 - FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL RISKS (cont.)

	December 31, 2012				
	NIS		U.S. Dollar	Euro	Total
	Unlinked	Variable Interest	Unlinked		
Financial Assets:					
Cash and Cash Equivalents	2	-	100	16	118
Short-term Deposit	58	-	-	-	58
Trade Receivables	69	-	3,296	396	3,761
Other Receivables	554	-	-	-	554
Repurchase Option	-	-	89	-	89
Long-term Bank Deposit	47	-	-	-	47
Financial Liabilities:					
Short-term Bank Credit	(80)	-	-	-	(80)
Short-term Loans from Banks	(199)	(89)	-	-	(288)
Trade Payables	(2,699)	-	(241)	-	(2,940)
Loan from Non-controlling Interest	-	-	(809)	-	(809)
Other Payables	(76)	-	-	-	(76)
Shareholders	-	-	(156)	-	(156)
Long-term Loans From Banks	(240)	(331)	-	-	(571)
	(2,564)	(420)	2,279	412	(293)

Analysis of Sensitivity to Changes in the Exchange Rate of the U.S. Dollar Against the NIS:

For the Year Ended December 31	5% Increase in Exchange Rate	5% Decrease in Exchange Rate
2013	192	(192)
2012	158	(158)

Analysis of Sensitivity to Changes in the Exchange Rate of the U.S. Dollar Against the Euro:

For the Year Ended December 31	5% Increase in Exchange Rate	5% Decrease in Exchange Rate
2013	16	(16)
2012	21	(21)

Analysis of Sensitivity to Changes in the Prime (Variable) Interest :

For the Year Ended December 31	5% Increase in Prime (Variable) Interest	5% Decrease in Prime (Variable) Interest
2013	(29)	29
2012	(4)	4

NOTE 19 - FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL RISKS (cont.)

c. Fair value

The table below is a comparison between the carrying amount and fair value of the Company's financial instruments that are presented in the financial statements not at fair value (other than those whose amortized cost is a reasonable approximation of fair values):

	Carrying amount December 31,		Fair value December 31,	
	2013	2012	2013	2012
Financial liabilities:				
Interest-bearing loans	887	832	852	827
Financial assets:				
Repurchase option	-	89	-	89

NOTE 20 - CUSTOMERS AND GEOGRAPHIC INFORMATION

a. Major customers' data as a percentage of total sales to unaffiliated customers:

	Year Ended December 31,		
	2013	2012	2011
Customer A	14%	15%	0.6%
Customer B	11%	12%	16.2%
Customer C	11%	0%	0%

b. Breakdown of Consolidated Sales to unaffiliated Customers according to Geographic Regions:

	Year Ended December 31,		
	2013	2012	2011
Latin America	15%	46%	49%
Europe	37%	18%	20%
Africa	30%	10%	12%
Asia	10%	20%	13%
Middle East	8%	6%	6%
Total	100%	100%	100%

c. As of December 31, 2013: $1,549 thousand of the consolidated depreciated assets are located in Israel and $724 thousand in Jersey.

As of December 31, 2012: $1,409 thousand of the consolidated depreciated assets are located in Israel and $436 thousand in Jersey.

NOTE 21 - SEGMENTATION REPORTING

The Group has four main reportable segments, as detailed below:
Reported operating segments include: sets, accessory, web and other.
For each of the strategic divisions, the Group's CEO reviews internal management reports on at least a quarterly basis.
There are no inter-segment sales. Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before financial expenses and tax is included in the internal management reports that are reviewed by the Group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments.

Segment information regarding the reported segments:

	Sets	Web	Accessory	Other	Total
Year Ended 31.12.2013:					
Segment revenues	7,217	1,478	131	190	9,016
Cost of sales	(3,407)	(184)	(170)	(191)	(3,952)
Gross profit (loss)	3,810	1,294	(39)	(1)	5,064
Research and Development expenses	(106)	(46)	-	-	(152)
Selling and marketing expenses	(758)	-	-	-	(758)
Operating profit (loss) before general and administrative expenses	2,946	1,248	(39)	(1)	4,154
Unattributed general and administrative expenses					(2,348)
					1,806
Year Ended 31.12.2012:					
Segment revenues	5,961	1,647	185	300	8,093
Cost of sales	(3,521)	(47)	(77)	(229)	(3,874)
Gross profit	2,440	1,600	108	71	4,219
Research and Development expenses	(78)	(20)	-	-	(98)
Selling and marketing expenses	(299)	-	-	-	(299)
Operating profit before general and administrative expenses	2,063	1,580	108	71	3,822
Unattributed general and administrative expenses					(1,786)
					2,036

NOTE 22 - SIGNIFICANT EVENTS AFTER THE REPORTED YEAR

On February 4, 2014 the Company issued new shares on London's Alternative Investment Market ("AIM") following a placing and raised £2 ($3.27) million prior to expenses, reflecting a company value of £12.6 ($20.57) million.

The Company offered 13.3 million shares at £0.15 per share.