

27 February 2017

Starcom Plc
("Starcom" or the "Company")

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, is pleased to provide shareholders with an update in respect of the results for the year ended 31 December 2016, which are subject to final audit.

The Board expects turnover of not less than US\$5.2m (FY 2015: US\$5.1m).

The growth in revenues from the new Watchlock Pro has been held back due to delays in deliveries by Mul-T-Lok. An order of US\$200,000, originally planned for delivery in 2016, will now be shipped and recognised in the 2017 financial year. The Company has now addressed this problem to ensure that it can meet the demand in a timely manner.

SAS revenues are expected to increase to US\$1.7m during 2016, compared to US\$1.6m in 2015. This growth was below plan due to one customer, who has so far connected only 1,500 Helios units out of over 10,000 ordered units by that customer. The customer continues to purchase further units and it is hoped more will be connected during this year.

The Board anticipates that the Company will report a loss before tax of approximately US\$1.5m (FY 2015: loss of US\$1.76m) after inventory write-downs of US\$450,000, but before provisions referred to below. The preliminary results announcement is expected to be released by 31 March 2017.

The anticipated loss before tax is before any additional provisions which may be made in respect of receivables. In addition, the Board anticipates that it will shorten the amortisation period in respect of research and development costs to more properly reflect the speed of technology changes, resulting in a higher charge than would otherwise be the case.

Although the 2017 financial year is at a relatively early stage, the Board expects that the results for 2017 will show an improvement on those for 2016 based on the remedial actions mentioned above regarding Watchlock and the good level of new customer enquiries now being processed.

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This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014.

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