

**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, is pleased to provide an update with regards to the results for the six months ended 30 June 2018.

The preliminary draft of the unaudited accounts shows an increase of over 50% in first half revenues compared with the same period last year. Revenues for the period are expected to be around \$3 million (H1 2017: \$1.92 million).

Gross margin is expected to be 39% (2017: FY 38%, H1 47%) due to the still dominant proportion of the low margin Helios product in the sale mix in the first four months. This mix has improved since then, resulting in higher gross margins. Moving towards the higher margin products is our main focus going forward.

EBITDA for the first six months of the year is expected to show a loss (before options provisions) of less than \$100,000, a significant improvement over the previous year (2017 FY: loss of \$193,000, H1 2017: loss of \$283,000).

The increase in revenues results from our intensified efforts to acquire larger, more strategic and world class clients who need our advanced and flexible technology to resolve the unique mission-critical problems they face in their respective businesses. This is also how an improvement in margins will develop going forward. In the first six months of 2018, two such clients, mentioned in our previous reports, contributed most of the \$1m first half revenue increase: CropX (irrigation-agricultural control) and WIMC (insurance - cargo tracking).

Good progress is being made with other strategic clients:

- We have delivered the first order for the major European industrial group with whom we have a collaboration agreement, as well as the modifications and adjustments they subsequently requested. We expect as a result of this to see further orders during the second half of 2018. We have obtained their agreement to disclose their details within the upcoming financial report.
- Good progress has been made with regards to the electric motor bike company, where our technology will be integrated during manufacturing - an initial order has been received for delivery this year, with more expected to follow during 2019 and 2020.
- After some delay caused by internal changes, Xplosive Solutions in South Africa is in the final stages of development with its customer to produce a collar for the protection and tracking of livestock in South Africa and Australia. We expect to receive initial orders for units later this year.
- Work is being done with one of the largest suppliers of management and control systems for concrete production factories. Integrating Starcom's technology with its system will meet the challenge of monitoring and better assuring the quality of concrete during its journey from the factory to the construction sites.
- A new opportunity in Kenya, where all vehicles will soon be required to have telematic devices fitted, has been presented to the Company. We are incorporating our technology inside a portable handheld printer which will be used by local police to inspect suspicious vehicles. The printer links up to the vehicle's telematic system to download a record of the vehicle's movements. Orders are expected to be received during the second half of 2018.

The Watchlock Cube was launched in the second quarter of 2018 and has been well received in the market. So far, we have sold 500 units at a good margin, with further orders expected. The Company continues its efforts to develop its unique and innovative Watchlock Bluetooth, which is already supported by orders of approximately \$250,000, conditional on satisfactory delivery. This new product is expected to be ready by the final quarter of 2018.

Overall, the level of activity is extremely high and we are now entering a number of new areas for our technology as well as constantly exploring other new opportunities. Some will take longer to mature but others, including some of those described above, are already contributing to revenues. Meanwhile, our regular clients continue to place repeat orders for our range of products. As a result, we remain confident that we will significantly improve on the level of revenues and gross margin this year compared to last year and that EBITDA for the year will turn positive.

It is expected that the Interim Results will be released in the week commencing 27 August 2018.

**Michael Rosenberg, Chairman of Starcom, commented,** "For the first time in our history we are beginning to see a truly global opportunity for Starcom. We are receiving a record number of enquires for our unique tracking systems from significant multi-national businesses and organisations, including the major European industrial group. We are becoming the 'go to' company to provide specialised solutions in areas which, to date, have never had the technical knowhow to deploy tracking and monitoring products, such as air cargo, livestock tracking and crop moisture level monitoring.

"Our flexibility and many years of experience in this market is allowing us to innovate to new levels, developing specific monitoring systems which our clients can deploy to create opportunities otherwise unheard of. We foresee this strategy continuing as our reputation grows in the industry."

*This announcement contains inside information.*

For further information, please contact:

**Starcom Plc**

Michael Rosenberg, Chairman 07785 727 595

Avi Hartmann, CEO +972 5447 35663

**Northland Capital Partners Limited** (Nominated Adviser and Broker) 020 3861 6625

Matthew Johnson / Edward Hutton (Corporate Finance)

Rob Rees (Sales and Broking)

**Peterhouse Corporate Finance** (Joint Broker) 020 7469 0930

Lucy Williams / Charles Goodfellow / Eran Zucker

**Leander PR** (Financial PR) 07795 168 157

Christian Taylor-Wilkinson