13 August 2019

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

Interim Results

Starcom (AIM: STAR) which specialises in the development of wireless solutions for the remote tracking, monitoring and protection of a variety of assets, announces its unaudited interim results for the six months ended 30 June 2019 (the "Period").

Highlights

- Revenues for the Period remained stable at $3.1m (H1 2018: $3.1m)
- Gross profits were $1.26m (H1 2018: $1.23m)
- Gross margin increased to 41% (H1 2018 40%)
- EBITDA increased to $75,000 (H1 2018: $40,000 EBITDA loss)
- Recurring Software as a Service ("SaaS") revenues were $900,000 (H1 2018: $890,000)
- Lokies, Starcom's new intelligent padlock, has been launched

Avi Hartmann, CEO of Starcom, commented:

"Although the first half revenues were in line with the equivalent period last year, we are confident that, based on the Company's current sales pipeline, the second half of the year will show an improvement over the second half of 2018. It is pleasing to note that we achieved a positive EBITDA result for the Period and we expect that this will also be the case for the full year. Initial orders for the new Lokies smart padlock are encouraging and we have high expectations for this new product."

For further information please contact

Starcom Plc	
Michael Rosenberg, Chairman	07785 727595
Avi Hartmann, CEO	+972 5477 35663
Allenby Capital Limited (Nominated Adviser and Joint Broker)	020 3328 5656
James Reeve/Jeremy Porter/Asha Chotai	
Peterhouse Capital Limited (Joint Broker)	020 7469 0930
Lucy Williams/Charles Goodfellow/Eran Zucker	
Leander PR (Financial PR)	07795 168 157
Christian Taylor-Wilkinson	

CHAIRMANS STATEMENT

The unaudited results for the period ended 30 June 2019 were in line with management's internal expectations, with revenues level at $3.1m (H1 2018: $3.1m). The gross margin increased to 41% (H1 2018: 40%) and EBITDA increased to approximately $75,000 from a loss of $40,000 in H1 2018.

The main focus of the Company over the last few months has been the launch of the "Lokies", our new revolutionary padlock and the preparations for its mass production. Lokies is a smart keyless padlock with innovative IoT capabilities, enabling remote, over the air connectivity which removes the requirement for a key to unlock it. In addition, Lokies has a specially designed extendable shackle equipped with proprietary technology which can detect any attempts to breach the lock. The board has high expectations for Lokies and is very encouraged by feedback from clients and prospective clients so far.

The second product that is a central to the Company's growth strategy is the Tetis. The Company is collaborating with major companies in the containers monitoring segment, such as Cargo Signal and Swiss based Arviem AG. The Company is building a long-term strategy based around the Tetis devices and, along with the strong relationship it has built with WIMC, the management believes it will be one the catalysts for the Company's future growth.

In parallel, activity across all other products has been at a high level. The percentage of total sales attributed to our traditional Helios product, which is our lower margin product, continues to decrease although from time to time opportunistic contracts, such as the North African distributor contract, which was announced in November 2018, may distort this trend as it expected to make a major contribution to revenue in the current year. This contract is progressing as planned.

We are pleased to report that a new contract for Helios Hybrid products with a value of approximately $400,000 has recently been signed with a West African distributor for delivery in the second half of this year. This contract will lead to recurring SaaS revenue stream in future years.

The strategic relationship with Zero Motorcycles Inc. in the USA is progressing well. Initial orders for the integrated Helios units are, as expected, low at this stage but the response to the new motorbikes has been positive and orders are expected to increase later this year and into next year. The Directors consider that this relationship presents a significant growth opportunity as the market for electric motorbikes increases.

The relationship with CubeMonk in the USA is also very positive, with the Company receiving new orders since the initial contract was signed in February 2019. Cubemonk has developed the world's first smart shipping container and storage unit powered by IoT using Starcom's Kylos Air product.

Initial orders of Kylos Forever units have been received pursuant to the Company's contract with Israel Chemicals Limited. These orders have been delivered and it is expected these will increase in the near future. The Starcom units enable this global business to monitor the dangerous ICL chemicals as they are shipped across the globe. Another version of Kylos is

used by Bosch, which has now launched its Kylos Air product and we await feedback on the results of this launch.

Appointments during the Period

During the period the Board were pleased to welcome Mr Martin Blair to the board as a non-Executive Director. In addition, Mr David Avner was appointed as a consultant to the Company in May 2019 and is working closely with management to develop the strategy in upgrading the marketing and sales capabilities. This is being achieved through engaging with quality partners and capitalising on Starcom's leading technology in the tracking systems.

Update on Auditor

Following the withdrawal of Brightman Almagor Zohar & Co. Certified Public Accountants, a firm in the Deloitte Global Network, to act as auditors to the Company, the Board decided to appoint its previous audit firm, Barzily & Co.

Financial report

Group revenues for the Period were $3.1m, compared with $3.1m for the six months ended 30 June 2018, demonstrating stability of sales within the first half of 2019.

Recurring SaaS revenues improved slightly to $900,000 (H1 2018: $890,000).

The gross margin for the Period was 41%, compared with 40% for the equivalent period in 2018.

Total operating expenditure decreased 4.5% to $1.6m (H1 2018: $1.7m and, as a result, the operating loss in the Period decreased to $0.37m compared with an operating loss of $0.51m for the six months ended 30 June 2018, representing a reduction of 27%.

The Group suffered from the weakness of US dollar exchange rate against the Israeli New Shekel, which resulted in a $69,000 exchange rate loss, despite the mitigating hedging measures undertaken by management.

The Group balance sheet showed a decrease in trade receivables to $1.57m, compared with $1.9m as at 31 December 2018, despite a slight increase in total sales. Group inventories at the Period end were $2.3m, (30 June 2018: $2.3m). Trade payables at the Period end were $1.75m (30 June 2018: £1.8m).

Net cash from operating activities in the Period was $13,000, compared with $0.3m for the six months ended 30 June 2018. However, following the equity fundraise completed in April 2019, net cash at 30 June 2019 was $461,000 (31 December 2018: $89,000).

OUTLOOK

The Company continues to progress the development in particular of Lokies and Tetis, which the Board considers to be Starcom's growth engines for the future. A number of new projects are under active negotiation. The Board considers the current pipeline to be stronger than the current sale pipeline at the same time a year ago. Therefore, the Board is confident that the

full year results will be in line with current market expectations in terms of revenue growth and that the Company will achieve a positive EBITDA result for the year.

STARCOM Plc

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

U.S. Dollars in thousands

	Note	June 30 2019 Unaudited	June 30 2018 Unaudited	December 31 2018 Audited
ASSETS				
NON-CURRENT ASSETS :				
Property, plant and equipment, net		758	502	521
Intangible assets, net	3	2,169	2,376	2,279
Income Tax Authorities		49	46	46
Total Non-Current Assets		2,976	2,924	2,846
CURRENT ASSETS :				
Inventories		2,287	2,329	2,025
Trade receivables (net of allowance for doubtful accounts of $14, $39 and $48 thousand as of June 30, 2019 and 2018 and December 31,2018)		1,568	1,443	1,897
Other receivables		195	129	87
Short-term deposit		55	54	60
Cash and cash equivalents		461	178	89
Total Current Assets		4,566	4,133	4,158
TOTAL ASSETS		7,542	7,057	7,004
LIABILITIES AND EQUITY				
EQUITY		4,245	3,738	3,861
NON-CURRENT LIABILITIES:				
Long-term loans from banks		34	101	50
Leasehold liabilities		173	84	70
Total Non-Current Liabilities		207	185	120
CURRENT LIABILITIES:				
Short-term bank credit		68	44	28
Short-term loans and current maturities of long-term loans		333	232	506
Trade payables		1,751	1,819	1,412
Shareholders and related parties	5	664	714	581
Other payables		136	219	372
Leasehold liabilities		138	106	124
Total Current Liabilities		3,090	3,134	3,023
TOTAL LIABILITIES AND EQUITY		7,542	7,057	7,004

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

STARCOM Plc
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

U.S. Dollars in thousands

	Note	Six Months Ended June 30 2019	Six Months Ended June 30 2018	Year Ended December 31 2018
		Unaudited	Unaudited	Audited
Revenues		3,110	3,092	5,994
Cost of sales		(1,844)	(1,864)	(3,576)
Gross profit		1,266	1,228	2,418
Operating expenses:				
Research and development, net		(81)	(124)	(224)
Selling and marketing		(380)	(292)	(621)
General and administrative		(1,168)	(1,288)	(2,424)
Other income (expenses)		(11)	(34)	(31)
		(1,640)	(1,738)	(3,300)
Operating loss		(374)	(510)	(882)
Net finance income (expenses)	6	(131)	33	51
Total comprehensive loss prior to taxes		(505)	(477)	(831)
Taxes on income due to previous years		- . -	- . -	(89)
Total comprehensive loss for the year		(505)	(477)	(920)
Loss per share:				
Basic and diluted loss per share (in dollars)	4	(0.002)	(0.002)	(0.003)

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

STARCOM Plc
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

U.S. Dollars in thousands

	Share Capital *	Premium on Shares	Capital Reserve	Capital Reserve for Share-based payment	Accumulated Loss	Total
(Unaudited)						
Balance- January 1, 2019	-	11,460	89	687	(8,375)	3,861
Issue of share capital, net of expenses - see Notes 1(a)2 - 1(a)3	-	794	-	-	-	794
Share based payment – Note 4	-	-	-	95	-	95
Comprehensive loss for the period	-	-	-	-	(505)	(505)
Balance- June 30, 2019	-	12,254	89	782	(8,880)	4,245
(Unaudited)						
Balance- January 1, 2018	-	9,796	89	602	(7,455)	3,032
Issue of share capital, net of expenses	-	1,049	-	-	-	1,049
Share based payment	-	-	-	134	-	134
Fortified options and warrants	-	135	-	(135)	-	-
Comprehensive loss for the period	-	-	-	-	(477)	(477)
Balance- June 30, 2018	-	10,980	89	601	(7,932)	3,738
(Audited)						
Balance- January 1, 2018	-	9,796	89	602	(7,455)	3,032
Proceeds from issued share capital, net of expenses	-	1,379	-	-	-	1,379
Exercise of warrants	-	150	-	-	-	150
Share based payment	-	-	-	220	-	220
Share based payment expiration	-	135	-	(135)	-	-
Comprehensive loss for the year	-	-	-	-	(920)	(920)
Balance- December 31, 2018	-	11,460	89	687	(8,375)	3,861

* An amount less than one thousand.

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

STARCOM Plc
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
U.S. Dollars in thousands

	Six Months Ended June 30		Year Ended December 31
	2019	2018	2018
CASH FLOWS FROM OPERATING ACTIVITIES:	Unaudited	Unaudited	Audited
Comprehensive loss	(505)	(477)	(920)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	329	303	623
Interest expense and exchange rate differences	5	(50)	23
Equity settled option-based payment expense	95	134	220
Capital loss (gain)	15	33	-
Changes in assets and liabilities:			
Increase in inventories	(262)	(844)	(540)
Decrease (Increase) in trade receivables	329	329	(125)
Decrease (Increase) in other receivables	(108)	(28)	14
Increase in Income Tax Authorities	(3)	(3)	(2)
Increase (Decrease) in trade payables	340	297	(110)
Increase (Decrease) in other payables	(222)	(32)	122
Net cash provided by (used in) operating activities	13	(338)	(695)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	(202)	(46)	(109)
Proceeds from sales of property, plant and equipment	28	-	-
Decrease (Increase) in short-term deposits	5	1	(5)
Purchase of intangible assets	(112)	(136)	(256)
Net cash used in investing activities	(281)	(181)	(370)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from (Repayment of) short-term bank credit, net	40	(183)	(199)
Proceeds from (Repayment of) a convertible debenture, net	-	(131)	462
Repayment of Short-term loans from banks	(189)	-	(131)
Receipt of long-term loans	-	96	93
Proceeds from (Repayment to) shareholders and related parties, net	83	1	(132)
Repayment of Leasehold liability	(58)	(49)	(109)
Repayment of long-term loans	(16)	(180)	(452)
Proceeds from exercise of warrants	-	-	150
Consideration from issue of shares	780	1,050	1,379
Net cash provided by financing activities	640	604	1,061
Increase (Decrease) in cash and cash equivalents	372	85	(4)
Cash and cash equivalents at the beginning of the period	89	93	93
Cash and cash equivalents at the end of the period	461	178	89

Appendix A – Additional Information

Interest paid during the period	(21)	(25)	(30)
Appendix B – Non-cash financing activities			
Issuance of shares to a related party in payment of debt	14	-	-

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

STARCOM Plc
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
U.S. Dollars in thousands

NOTE 1 - GENERAL INFORMATION

a. The Reporting Entity

1. Starcom Plc ("the Company") was incorporated in Jersey on November 28, 2012.
   The Group 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.

   The Company fully owns Starcom G.P.S. Systems Ltd., an Israeli company that engages in the same field, and Starcom Systems Limited, a company in Jersey.

   The Company's shares are admitted to trading on the London Stock Exchange's market.

   Address of the official Company office in Israel of Starcom G.P.S. Systems Ltd. is:
   16 Hata'as St., Kfar-Saba, Israel.

   Address of the Company's registered office in Jersey of Starcom Systems Limited is:
   Forum 4, Grenville Street, St Helier, Jersey, Channel Islands, JE4 8TQ

2. During April 2019 the Company raised £637.5 ($829) thousand before expenses, through placing 51,000,000 new Ordinary Shares of no par value at a price of 1.25p per Placing Share.

3. During June 2019, the Company granted its Chairman 880,000 new Ordinary Shares of no par value at a price of 1.25p per share in order to partially set off his credit balance.

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

a. Basis of preparation

The interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles for the preparation of financial statements for interim periods, as prescribed in International Accounting Standard No. 34 ("Interim Financial Reporting").

The interim consolidated financial information should be read in conjunction with the annual financial statements as of December 31, 2018 and for the year ended on that date and with the notes thereto.

The significant accounting policies applied in the annual financial statements of the Company as of December 31, 2018 are applied consistently in these interim consolidated financial statements.

b. Use of estimates and judgments

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

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

c. Exchange rates:

	Six Months Ended June 30		Year Ended December 31
	2019	2018	2018
Exchange rate of U.S. $ in NIS	3.566	3.65	3.748
Exchange rate of U.S. $ in GBP	0.79	0.76	0.78
Change of U.S. $ in NIS	(4.86%)	5.28%	8.1%
Change of U.S. $ in GBP	0.86%	2.52%	5.59%

NOTE 3 - INTANGIBLE ASSETS, NET

	Total
	Unaudited
Cost:	
Balance as of January 1, 2019	4,458
Additions during the period	112
Balance as of June 30, 2019	4,570
Accumulated Depreciation:	
Balance as of January 1, 2019	(1,977)
Amortization during the period	(222)
Balance as of June 30, 2019	(2,199)
Impairment of assets	(202)
Net book value as of June 30, 2019	2,169

	Total
	Unaudited
Cost:	
Balance as of January 1, 2018	4,202
Additions during the period	136
Balance as of June 30, 2018	4,338
Accumulated Depreciation:	
Balance as of January 1, 2018	(1,543)
Depreciation during the period	(217)
Balance as of June 30, 2018	(1,760)
Impairment of assets	(202)
Net book value as of June 30, 2018	2,376

	Total
	Audited
Cost:	
Balance as of January 1, 2018	4,202
Additions during the year	256
Balance as of December 31, 2018	4,458
Accumulated Depreciation:	
Balance as of January 1, 2018	(1,543)
Depreciation during the year	(434)
Balance as of December 31, 2018	(1,977)

Impairment of assets	(202)
Net book value as of December 31, 2018	2,279

NOTE 4 - SHARE CAPITAL

a. Composition – ordinary shares of no-par value, issued and outstanding - 345,329,513 shares and 293,449,513 shares as of June 30, 2019 and December 31, 2018, respectively.

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

c. See Note 1(a).

d. Weighted average number of shares used for calculation of basic and diluted loss per share:

	June 30 2019	June 30 2018	December 31 2018
	Unaudited	Unaudited	Audited
Number	314,650,176	265,960,494	272,694,684

The following table lists the number of share options and the exercise prices of share options during the reported period:

	June 30, 2019		**December 31, 2018**	
	Unaudited		**Audited**	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		£		£
Share options outstanding at beginning of period	33,496,480	0.037	32,729,647	0.041
Share options exercised during the period	-	-	(4,440,000)	0.025
Share options expired during the period	492,533	0.04	(5,293,167)	0.06
Share options granted during the period	16,290,000	0.007	10,500,000	0.0325
Share options outstanding at end of period	49,293,947	0.027	33,496,480	0.037
Share options exercisable at end of period	27,587,280	0.038	14,949,640	0.046

e. Share-based payment

During June 2019 the Company granted its senior management and directors' options for purchase of 6,250,000 new Ordinary Shares at exercise price of 1.875p per share.

The Options vest as to third each year, one year after grant. Any unexercised options expire at the end of 10 years from grant.

On same date the company granted its senior management and directors' options for purchase of 10,040,000 new Ordinary Shares at exercise price of zero p per share in place of their fees. The options vest after 9 months.

The following table lists the inputs to the Black and Scholes model used for the grants.

	Directors and Senior Management	**Directors**
Fair value at the measurement date	£0.0087	£0.0087
Quantity	3,000,000	3,250,000
Dividend Yield (%)	-	-
Expected Volatility (%)	71.7	71.7
Risk-free interest rate (%)	0.75	0.75
Share price	£0.0125	£0.0.125
Vesting period (years)	3	3
Expiration period (years)	10	10

Total expenses recorded regarding these Options in the statement of comprehensive income for the reported period amounted $3 thousand.

	Directors and Senior Management	**Directors**
Fair value at the measurement date	£0.0125	£0.0125
Quantity	2,960,000	7,080,000
Dividend Yield (%)	-	-
Expected Volatility (%)	71.7	71.7
Risk-free interest rate (%)	0.75	0.75
Share price	£0.0125	£0.0125
Vesting period (years)	0.75	0.75
Expiration period (years)	10	10

Total expenses recorded regarding these Options in the statement of comprehensive income for the reported period amounted $17 thousand.

NOTE 5 - SHAREHOLDERS AND RELATED PARTIES

a. Related parties that own the controlling shares in the Group are:

Mr. Avraham Hartmann (6.43%), Mr. Uri Hartmann (6.83%), Mr. Doron Kedem (6.83%).

b. Short-term balances

	June 30		December 31
	2019	2018	2018
	Unaudited	Unaudited	Audited
Credit balance			
Avi Hartmann	(196)	(283)	(205
Uri Hartmann	(298)	(260)	(251)
Doron Kedem	(166)	(164)	(173)
Total Credit balance	(660)	(707)	(629)
Loans			
Avi Hartmann	(14)	204	45
Uri Hartmann	(223)	(407)	(210)
Doron Kedem	213	196	213
Total Loans	(4)	(7)	48
	(664)	(714)	(581)

c. Transactions:

	Six Months Ended June 30		Year Ended December 31
	2019	2018	2018
	Unaudited	Unaudited	Audited
Total salaries, services rendered and related expenses for shareholders	193	194	353
Total share-based payment expenses	57	134	127
Interest to related parties	5	16	15

NOTE 6 - NET FINANCE INCOME (EXPENSES)

	Six Months Ended June 30		Year Ended December 31
	2019	2018	2018
	Unaudited	Unaudited	Audited
Exchange rate differences	(69)	108	222
Bank charges	(40)	(34)	(80)
Interest to banks and others	(9)	(25)	(74)
Interest to suppliers	(8)	-	(2)
Interest to related parties	(5)	(16)	(15)

Net finance income (expenses)	(131)	33	51

NOTE 7 - SEGMENTATION REPORTING

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

Segment information regarding the reported segments:

	Hardware	SAS	Total
Period Ended 30.06.2019: (Unaudited)			
Segment revenues	2,210	900	3,110
Cost of sales	(1,735)	(109)	(1,844)
Gross profit	475	791	1,266
Period Ended 30.06.2018: (Unaudited)			
Segment revenues	2,202	890	3,092
Cost of sales	(1,730)	(134)	(1,864)
Gross profit	472	756	1,228
Year Ended 31.12.2018: (Audited)			
Segment revenues	3,959	2,035	5,994
Cost of sales	(3,322)	(254)	(3,576)
Gross profit	637	1,781	2,418

NOTE 8 - SIGNIFICANT EVENTS DURING THE REPORTED PERIOD

1. Based on mutual understandings with an Israeli bank, the Company has converted its short-term facility to a long-term loan, amounted NIS 1 million, for a period of 3 years.