

24 January 2014

ASX Announcement
ETHERSTACK PLC
[ASX:ESK]
("Etherstack" or the "Company")

Legal action involving Etherstack US subsidiary

A general commercial dispute has arisen between Etherstack plc's wholly owned US subsidiary Etherstack Inc. and one of its technology licensees. This has resulted in legal action being initiated between this licensee and our US subsidiary.

Etherstack's management has formed the view, based on legal advice, that this legal action is potentially market sensitive and is therefore advising the ASX in accordance with ASX listing rule 3.1.

Depending on how the matter is resolved, Etherstack may need to make adjustments to amounts receivable of USD \$206,000 from the customer and accrued income on the project of USD \$293,000. A further amount, which is not yet quantifiable, may also become payable depending on the outcome of the dispute.

The Board of Directors has recommended to management that the company consider this amount as a contingent liability. If realised, any amount is likely to be payable no earlier than mid-2015.

In order to mitigate any liability, Etherstack will continue to attempt to recoup payments associated with the project in dispute from the licensee.

About Etherstack plc (ASX:ESK):

Etherstack is a wireless technology company specialising in licensing mission critical radio technologies to equipment manufacturers and network operators around the globe. With a particular focus in the public safety, defence, utilities, transportation and resource sectors, Etherstack's technology can be found in radio communications equipment used in the most demanding situations. The company has R&D facilities in London, Sydney, New York, Yokohama, Barcelona, Berlin and Singapore.

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