

6th December 2012

ASX Announcement

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

TRADING UPDATE

Highlights:

- FY2012 Revenue USD\$7.7m, EBITDA USD\$0.7m
- Major New Technology Contract Signed with JVCKENWOOD in Japan
- Two New Digital Radio Network Contracts for International Police Forces
- Successful completion of US electric utility Digital Radio Network
- Successful delivery of first stage of major Australian energy contract
- FY2013 outlook strong on expected order flow from existing clients

Current trading and outlook

During the current financial year, the Company expanded its management and engineering team, relocated its largest engineering facility in Sydney (over 300% increase in space), and successfully listed on the Australian Stock Exchange (ASX) in preparation for growth activities in 2013 & 2014. The Company expects that revenue for the financial year ending 31 December 2012 will be USD\$7.7m with an EBITDA of USD\$0.7m and NPAT of USD(\$0.6). Both the EBITDA and NPAT numbers were affected by a one off charge of USD\$0.23m associated with ASX listing costs.

The Company, as a matter of policy and practicality, cannot provide guidance or a forecast due to uncertainties in timing and volumes of 3rd party royalty payments to the Company for the use of the Company's technologies and also due to timing of project related revenues. However, management estimates that financial year 2013 will significantly outperform FY2012 based on predicted deal flow from the Company's existing client base, independently of new client business. As previously disclosed, the Company will not pay a dividend in 2012 and the Board expects that the Company will return to paying dividends in 2013. These are management estimates only, are un-audited, are not a formal profit forecast and do not reflect potentially major fluctuations caused by a number of factors.

New Technology Licensing Deal

Etherstack today announced a new technology licensing deal with JVCKENWOOD, a longstanding client. Details of the deal were announced under a separate notice to the ASX today.

International Police Digital Radio Networks

The Company has been awarded two digital radio network deployments for its APCO P25 network products for police forces in American Samoa and Russia via its distribution partners. While the initial orders are not material, the first stage of the Russian network has already been deployed, and the American Samoa network is currently under construction. Subsequent stages of the Russian network are expected to be material if ordered.

Both wins were through Etherstack expanding its international distribution operations in new markets after previous successful police radio network deployments in the United States and Canada.

English Registered Company No. 7951056 | ARBN 156 640 532

Sydney
+61 2 8399 7500
info.au@etherstack.com

Yokohama
+81 45 342 9050
info.jp@etherstack.com

Singapore
+65 8189 6200
info.sg@etherstack.com

Barcelona
+34 93 487 4929
info.eu@etherstack.com

New York
+1 917 661 4110
info.na@etherstack.com

Successful Completion of US Electric Utility Radio Network

In Q3 2012, the Company completed its deployment obligations for a large regional utility digital radio network on the East Coast of the United States utilising Etherstack's APCO P25 wireless products. The utility operating the radio network was in a region directly affected by Hurricane Sandy last month. The radio network remained operational and performed well during and after the storm.

Successful First Stage Delivery to Australian Energy Company

In Q4 2012, the Company completed the first stage of a large scale digital radio network rollout to an Australian electricity distribution company. The deployment saw a range of new industrial wireless products deployed for the first time on top of the Company's proven core network technology already deployed in the utility sector in Canada and the United States.

The technology has already had strong interest from international utility operators, and the company expects this interest to be translated into new business awards in North America during 2013.

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 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.

For further information, contact:

David Carter
Chief Financial Officer
Etherstack plc
+61 2 8399-7500