

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

**Litigation update**

The Company announces an update on the suit which was filed by Top-Alpha Capital Ltd. ("Top Alpha") against Avi Hartmann (Chief Executive Officer), Doron Kedem (Chief Operating Officer) and the Company and its subsidiary companies (the "Starcom Group") as announced on 3 December 2014.

The Company announced at the time that it considered that the claim was unlikely to impact the Company in any way because (i) it had received expert legal advice that the suit was based on very weak foundations and contentions and (ii) Messrs. Hartmann and Kedem had confirmed, pursuant to an agreement dated 19 November 2012 between Top Alpha and Messrs. Hartmann and Kedem, that they would personally discharge any liability or obligation falling upon members of the Starcom Group.

A recent court judgement in Israel has concluded that there may be a claim (though unquantified) against the Company's principal operating subsidiary in Israel and Messrs Hartmann and Kedem, in apparent ignorance of the agreement dated 19 November 2012. The earlier claim was for £950,000 at current exchange rates.

The Company's legal advisors have re-confirmed their previous advice and their strong view is that the substantive part of the court judgement is without merit and will be overturned in a higher court. The court's decision has therefore been appealed. The Directors consider it likely that this process will take many months if not years to be resolved.

Further announcements will be made in due course.

*This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No 596/2014.*

END

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