

**This document is important and requires your immediate attention. If you are in any doubt about the contents of this document or the action you should take, you should immediately seek your own independent financial advice from your stockbroker, solicitor or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000.**

If you have sold or transferred all of your ordinary shares of 0.1p each in Software Radio Technology plc, you should forward this document, together with the accompanying form of proxy, immediately to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee.

The Placing Shares will rank *pari passu* in all respects with the Existing Ordinary Shares.

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# **Software Radio Technology plc**

*(Incorporated and registered in England and Wales under the Companies Act 1985, registered no. 5459678)*

## **Proposed Placing by Hanson Westhouse Limited of 9,523,810 new Ordinary Shares at 42p per share Notice of Extraordinary General Meeting**

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Hanson Westhouse Limited, which is regulated by the Financial Services Authority, is acting on behalf of Software Radio Technology plc. Hanson Westhouse Limited is not acting for any other persons and will not be responsible to anyone other than Software Radio Technology plc for providing the protections afforded to customers of Hanson Westhouse Limited or for providing advice in relation to the contents of this document or the Placing.

Notice of an Extraordinary General Meeting of the Company to be held at the offices of CMS Cameron McKenna LLP at Mitre House, 160 Aldersgate Street, London EC1A 4DD at 11.00 a.m. on 23 April 2007 is set out at the end of this document. Shareholders are requested to complete and return the enclosed form of proxy to the Company's registrars, Computershare Investor Services PLC, PO Box 1075, Bristol BS99 3ZZ as soon as possible, but in any event so as to arrive no later than 11.00 a.m. on 21 April 2007, whether or not they propose to be present at the Extraordinary General Meeting.

An electronic copy of this document can be downloaded from the Company's website, [www.softwarerad.com](http://www.softwarerad.com).

## DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

“AIM”	the AIM market of the London Stock Exchange
“AIM Rules for Companies”	the rules of the London Stock Exchange governing admission to AIM and the regulation of the companies whose securities are admitted to trading on AIM together with the accompanying guidance notes, in each case as amended or re-issued from time to time
“AIS”	automatic identification system
“Board” or “Directors”	the board of directors of SRT whose names are set out on page 3 of this document
“Company” or “SRT”	Software Radio Technology plc
“Enlarged Share Capital”	the issued share capital of the Company immediately following the Placing
“EU”	European Union
“Existing Ordinary Shares”	the 78,287,082 Ordinary Shares in issue at the date of this document
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company to be held at 11.00 a.m. on 23 April 2007, or any adjournment thereof, notice of which is set out at the end of this document
“First Admission”	admission of the First Placing Shares to trading on AIM and such admission becoming effective in accordance with the AIM Rules for Companies
“First Placing”	the placing of the First Placing Shares pursuant to the Placing Agreement
“First Placing Shares”	the 7,142,857 new Ordinary Shares which are the subject of the First Placing
“Form of Proxy”	the form of proxy for use by Shareholders in connection with the EGM
“HansonWesthouse”	Hanson Westhouse Limited, the nominated adviser and broker to the Company
“London Stock Exchange”	London Stock Exchange plc
“Options”	options to acquire Ordinary Shares
“Ordinary Shares”	ordinary shares of 0.1p each in the capital of the Company
“Placing”	the conditional placing by HansonWesthouse, on behalf of the Company, of the Placing Shares at the Placing Price pursuant to the Placing Agreement
“Placing Agreement”	the conditional agreement dated 29 March 2007 between HansonWesthouse and the Company, further details of which are set out on page 5 of this document
“Placing Price”	42p per Placing Share
“Placing Shares”	together, the First Placing Shares and the Second Placing Shares
“PMR”	professional mobile radio
“Resolution”	the special resolution set out in the notice of EGM on page 7 of this document
“Second Admission”	admission of the Second Placing Shares to trading on AIM and such admission becoming effective in accordance with the AIM Rules for Companies

“Second Placing”	the placing of the Second Placing Shares pursuant to the Placing Agreement
“Second Placing Shares”	the 2,380,953 new Ordinary Shares which are the subject of the Second Placing
“Shareholder(s)”	holder(s) of Existing Ordinary Shares
“TETRA”	terrestrial trunked radio, the European Telecommunications Standards Institute standard for digital trunked radio communications
“Warrants”	warrants of the Company entitling the holders thereof to subscribe for Ordinary Shares

# LETTER FROM THE CHAIRMAN OF SRT

(Incorporated and registered in England and Wales under the Companies Act 1985, registered no. 5459678)

## Directors:

Richard James Moon (*Chairman*)  
Simon Richard Tucker (*Interim Managing Director*)  
Matthew David Rogers (*Finance Director*)  
Andrew Christopher Lapping (*Non-Executive Director*)  
Simon Francis Rogers (*Non-Executive Director*)  
Nicholas William Jolliffe (*Non-Executive Director*)

## Registered Office:

Wireless House  
Westfield Industrial Estate  
Midsomer Norton  
Bath BA3 4BS

29 March 2007

To the holders of Existing Ordinary Shares and, for information only, to holders of Warrants and Options

Dear Shareholder

## Proposed Placing by HansonWesthouse of 9,523,810 new Ordinary Shares at 42p per share Notice of Extraordinary General Meeting

### Introduction

The Company announced today that it had conditionally raised approximately £4 million, before expenses, through a conditional placing by HansonWesthouse of, in aggregate, 9,523,810 new Ordinary Shares at 42p per share.

The existing power granted by Shareholders to the Directors to allot shares for cash is insufficient to allow the issue of all of the Placing Shares. Therefore, the Placing is being carried out in two tranches. The first tranche, which is being carried out under the existing power granted to the Directors, comprises the placing of the 7,142,857 First Placing Shares, which will raise approximately £3 million, and is expected to be completed at 8.00 a.m. on 3 April 2007 (on First Admission). The second tranche, which is conditional, *inter alia*, on the passing of the Resolution at the EGM, comprises the placing of the 2,380,953 Second Placing Shares, which will raise approximately £1 million, and is expected to be completed at 8.00 a.m. on 24 April 2007 (on Second Admission).

The purpose of this letter is to provide you with further information on the Placing, which is being carried out on a non pre-emptive basis, and to seek your approval for the Resolution to be proposed at the EGM in order to effect the Second Placing. Notice of the EGM, which will be held at 11.00 a.m. on 23 April 2007, is set out at the end of this document.

### Background to and reasons for the Placing

The Directors intend to apply the net proceeds of the Placing, which are expected to be approximately £3.8 million, in three areas:

	<b>£000</b>
Working capital for the TETRA business	1,000
Development of new generation of PMR technology	1,300
Product development and working capital for the Marine business	1,500
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	3,800
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### Working capital for the TETRA business

On 7 December 2006, the Company announced its interim results for the six months ended 30 September 2006 and stated that there would be a delay of approximately six months in the ability of the Group's customers to enter volume production of TETRA handsets, and thereby generate royalties for SRT, as a result of certain software-related issues which had arisen during extreme field testing by customers.

Final testing, debugging and approval processes are underway, with some approvals already obtained. The Directors believe that certain customers will shortly be in a position to enter volume production of TETRA handsets which would generate royalties for SRT. In addition, as customers commence production, £2 million (approximately) of initial licence and development fees will become payable.

The delay in the commencement of royalties and in the payment of fixed licence and development fees by customers, coupled with the Group's other activities, resulted in the Directors concluding that the Company should seek to raise further equity funding.

#### *Development of new generation of PMR technology*

Within the PMR market, SRT has concentrated to date on the TETRA market. TETRA is primarily targeted at users for whom effective communications are mission-critical, such as the emergency services and the military and TETRA networks have now been implemented in over 70 countries.

The migration from analogue to digital PMR systems has involved the development of a number of other standards, including P25, which is prevalent in North America, as well as standards that address the less stringent requirements of other user groups. As a result, the Directors believe an opportunity exists to increase SRT's target market and margins through the potential evolution of the existing digital TETRA platform into a generic digital platform which can be software-configured for other digital PMR standards. This would enable SRT to provide technology to manufacturers addressing non-TETRA digital PMR markets.

The development of this platform is already underway and the Directors intend to apply part of the proceeds of the Placing to continue and accelerate the development of technology for adoption in the wider digital PMR market. Funds will also be applied to the development of SRT's own TETRA handset for sale to OEMs within the EU, where encryption issues hinder non-EU handset manufacturers from entering the market.

#### *Product development and working capital for the Marine business*

SRT has made significant progress in developing its Marine business, focusing on the marketing of the Group's AIS Class B technology which provides accurate and secure identification and tracking of moving assets, in particular ships and boats.

SRT's AIS technology has been designed to enable the production of low cost AIS products. The technology can be provided in different formats, including as a finished product, to suit the requirements of marine electronic manufacturers and distributors around the world with their established sales channels.

The Group's AIS Class B transceiver, which was launched at the end of 2006, has received EU type-approval and US Coast Guard Certification. Agreements are in place with over 20 companies, including some of the largest marine electronics companies in the world, for the use of SRT's technology to develop a range of AIS products. Certain SRT customers have been in production since December 2006, generating revenues for SRT.

The Directors believe that the progress of the Marine business to date and the indications in the market justify further investment to enable SRT to meet and support the anticipated demand. Funds will be applied both to reduce component lead times and expand customer technical and sales support. In addition, in order to capitalise on the demand for low cost AIS technology, the Directors intend that SRT will continue to invest in the evolution of its AIS technology with the objective of reducing the end user cost, thereby increasing both the addressable market and SRT's margins.

### **The Placing**

The Company is proposing to raise £4 million (before expenses) through a conditional placing by HansonWesthouse of 9,523,810 Placing Shares at 42p per share. The Placing Shares will represent approximately 10.85 per cent. of the Enlarged Share Capital.

The Placing Agreement, in so far as it relates to the First Placing, is conditional, *inter alia*, on:

- (a) First Admission occurring by not later than 8.00 a.m. on 3 April 2007 (or such later time and/or date as HansonWesthouse and the Company may agree but in any event not later than 17 April 2007); and
- (b) the obligations of HansonWesthouse not having been terminated prior to First Admission.

The Placing Agreement, in so far as it relates to the Second Placing, is conditional, *inter alia*, on:

- (a) Second Admission occurring by not later than 8.00 a.m. on 24 April 2007 (or such later time and/or date as HansonWesthouse and the Company may agree but in any event not later than 4 May 2007);

- (b) the Resolution to be proposed at the EGM having been passed thereat (and not, save with the written consent of HansonWesthouse, at any adjournment thereof) without amendment; and
- (c) the obligations of HansonWesthouse not having been terminated prior to Second Admission.

The Placing Shares are not being offered generally to Shareholders, whether on a pre-emptive basis or otherwise. The Directors believe that the additional cost and delay which a rights issue or an open offer would entail would not be in the best interests of the Company.

### **Extraordinary General Meeting**

You will find at the end of this document a notice of the EGM to be held at the offices of CMS Cameron McKenna LLP at Mitre House, 160 Aldersgate Street, London EC1A 4DD at 11.00 a.m. on 23 April 2007. At the EGM, the Resolution will be proposed to empower the Directors to allot the Second Placing Shares as if section 89(1) of the Companies Act 1985 did not apply thereto in view of the fact that the Placing Shares are not being offered generally to Shareholders for the reasons set out above.

### **Action to be taken**

You will find enclosed with this document the Form of Proxy for use by Shareholders in connection with the EGM.

**Whether or not you propose to attend the EGM in person you are requested to complete the Form of Proxy in accordance with the instructions printed thereon. To be valid, completed Forms of Proxy must be returned by post or by hand to Computershare Investor Services PLC, PO Box 1075, Bristol BS99 3ZZ as soon as possible, but in any event so as to arrive no later than 11.00 a.m. on 21 April 2007, whether or not you propose to be present at the EGM.**

If you complete and return the Form of Proxy, you may still attend and vote at the EGM in person should you decide to do so.

### **Board Recommendation and Voting Undertakings**

**The Board considers the Placing to be in the best interests of the Company and Shareholders as a whole. Accordingly, your Directors unanimously recommend that you vote in favour of the Resolution as they have irrevocably undertaken to do in respect of their holdings of, in aggregate, 15,322,450 Ordinary Shares, representing approximately 19.6 per cent. of the Existing Ordinary Shares.**

Yours faithfully

**Richard Moon**

Chairman

# SOFTWARE RADIO TECHNOLOGY PLC (the “Company”)

(Incorporated in England and Wales under the Companies Act 1985 with registered number 5459678)

## NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE is hereby given that an Extraordinary General Meeting of the Company will be held at the offices of CMS Cameron McKenna LLP at Mitre House, 160 Aldersgate Street, London EC1A 4DD at 11.00 a.m. on 23 April 2007, for the purpose of considering and, if thought fit, passing the following special resolution:

THAT, subject to and conditional upon admission (as defined in the AIM Rules for Companies) of the Second Placing Shares (but such that the resolution takes effect immediately prior to such admission), and without prejudice and in addition to all such existing powers to the extent unused, the directors be and are hereby empowered pursuant to section 95(1) of the Companies Act 1985 to allot equity securities (as defined in section 94(2) of that Act) for cash pursuant to the general authority to allot relevant securities conferred upon them by resolution 9 passed at the annual general meeting of the Company held on 7 August 2006, as if section 89(1) of the Companies Act 1985 did not apply thereto provided that (i) this power shall expire at the conclusion of the annual general meeting of the Company to be held in 2007 and (ii) such power shall be limited to any such allotment(s) of equity securities having an aggregate nominal value not exceeding £2,381. In this resolution the expression “relevant securities” and references to the “allotment of any relevant securities” shall bear the same respective meanings as in section 80 of the Companies Act 1985.

By order of the Board

**Matthew Rogers**  
Company Secretary

29 March 2007

*Registered Office:*

Wireless House  
Westfield Industrial Estate  
Midsomer Norton  
Bath BA3 4BS

### Notes:

- 1 A member of the Company entitled to attend and vote at the above meeting may appoint a proxy/proxies to attend and (on a poll) vote instead of him. A proxy/proxies need not be a member of the Company.
- 2 Completion and return of a form of proxy does not preclude a member from attending and voting at the meeting in person should he so wish.
- 3 A form of proxy is enclosed and to be valid must be completed and returned so as to reach the Company’s registrars, Computershare Investor Services PLC, PO Box 1075, Bristol BS99 3ZZ (together with a letter or power of attorney or other written authority, if any, under which it is signed or a notarially certified or office copy of such power or written authority) not later than 48 hours before the time fixed for holding the meeting or any adjournment thereof.
- 4 In accordance with regulation 41(1) of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders registered in the Company’s register of members at close of business on 21 April 2007 (or in the case of adjournment 48 hours before the time of the adjourned meeting) will be entitled to attend or vote at the meeting.

