

SOFTWARE RADIO TECHNOLOGY PLC

FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2007

Software Radio Technology plc (“SRT” or “the Company”), the AIM-quoted developer and licensor of sophisticated digital wireless technology, announces its results for the year ended 31 March 2007.

Highlights:

- TETRA software issues resolved
- First TETRA customers actively planning production
- US Coast Guard approval for AIS Class B
- Turnover of £1.82 million (2006: £3.13 million)
- Loss before exceptional item of £2.59 million in line with market expectations
- Loss per share of 3.83p (2006: 1.93p)
- Successful placing raised £4 million

SRT Chairman Richard Moon said: “Our first customers are now actively planning the production of TETRA handsets and we expect our other customers to commit to production progressively during the year. Demand in the TETRA market continues to grow as networks in over 80 countries expand capacity providing a growing market.

“In addition, we have made strong progress developing our marine business. We have continued to build our international customer base of leading marine electronics companies and now have agreements in place with over 20 companies.

“Having raised additional funds in April 2007, the Company is now well financed to complete the development of existing products and to consider investment in new products. We therefore look forward to the future with confidence.”

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CHAIRMAN'S STATEMENT

Financial Review

Turnover for the year was £1.82 million (2006: £3.13 million), which resulted in a loss for the year of £2.59 million (2006: £0.83 million) before an exceptional item, in line with revised market

expectations. The primary reason for the reduction in turnover was a delay to the expected date of the commencement of production by the Group's TETRA customers, which was announced on 7 December 2006.

Costs were higher than the prior year due to an increased level of development expenditure. However, since December 2006, action has been taken to reduce the ongoing cost base significantly.

Operations

SRT PMR Technology

TETRA

In December 2006 we announced that there would be a delay in the ability of the Group's customers to enter volume production of TETRA handsets due to certain software-related issues which had arisen during extreme field testing by customers. A plan to resolve the issues and to test and verify the resolution was implemented and I am pleased to report that this has been successfully completed.

Our first customers are now actively planning the production of handsets and we expect our other customers to commit to production progressively during the coming year. The current focus of our engineering teams therefore is the provision of support to the customers to enable them to commence production and deploy handsets into the field.

Our development teams have continued to improve our core TETRA technology in terms of features and functions. We have also commenced the development of our own range of TETRA products, which will include our own TETRA handset. We expect that these will be sold to OEMs within the EU, where encryption issues hinder non-EU handset manufacturers from entering the market.

Demand in the TETRA market continues to grow as networks in over 80 countries expand capacity, providing a growing market for the anticipated launch of TETRA products from our customers. Within the next 12 months, we expect that SRT will be providing the core technology for eight TETRA handset manufacturers worldwide.

Other Digital PMR standards

The migration from analogue to digital PMR systems has involved the development of a number of other standards in addition to TETRA. We are working on the evolution of our existing TETRA platform into a generic platform which can be software-configured for other digital PMR standards, particularly those that address the less stringent requirements of non-mission critical user groups. Feasibility work has commenced on this next generation development.

SRT Marine Technology - AIS

During the year we made strong progress developing our marine business. We have continued to build our international customer base of leading marine electronics companies and now have agreements in place with over 20 companies.

In addition to the existing Class A AIS transceiver, we have successfully launched our low cost Class B AIS transceiver, which is targeted at smaller vessels and an AIS Aids to Navigation ("AtoN") product for use primarily on buoys.

Our Class B transceiver received approval from the US Coast Guard. Having received approval from the US Federal Communications Commission ("FCC") in error, we have made an application

under the FCC's waiver approval process. Whilst we await final FCC approval, we understand this is proceeding.

In anticipation of the conclusion of this process, we are expanding our sales and marketing support functions in order to take full advantage of the sales opportunities generated by our customers.

As awareness and availability of competitively priced AIS products grows, we have noted that the increasing levels of interest from Homeland Security agencies, such as the US Coast Guard, which views AIS as a high priority.

Placing

On 29 March 2007 SRT announced a fundraising of £4 million (before expenses) through a placing of 9,523,810 ordinary shares at 42p per share.

Board

In November 2006, the Board was pleased to welcome Nick Jolliffe as a Non-Executive Director. This appointment increases the number of independent directors and strengthens the corporate governance of the Company. We also appointed Neil Peniket, the Managing Director of SRT Marine Technology Limited, to the Board in June 2007.

In December 2006, Shamus Kelly, Managing Director, left the Company. Simon Tucker was appointed interim Managing Director at that time. I am pleased to report that this appointment has now been made permanent.

Outlook

Our first customers are actively planning production of TETRA PMR handsets utilising SRT's technology. We expect our other customers to commit to production progressively during the year.

As investment in homeland security continues around the world, we expect to see substantial revenue growth during the coming years as our technology solutions gain traction in our chosen markets.

Having raised additional funds in April 2007, the Group is now well financed to complete the development of existing products and to consider investment in new products. We therefore look forward to the future with confidence.

Richard Moon
Chairman

Notes for Editors

About Software Radio Technology

SRT has two divisions which are commercialising selected elements of its portfolio of IPR: SRT PMR Technology Limited ("SRT PMR") and SRT Marine Technology Limited ("SRT Marine").

SRT PMR focuses on professional digital communications and SRT Marine on maritime identification and tracking. Our products are designed to meet established international

standards where the core technology must conform to the same identical set of operating rules, thereby creating a common demand for the core technology amongst different products.

SRT PMR has initially focused on the ETSI-defined digital PMR standard known as TETRA. TETRA offers secure and reliable voice and data communications and is the preferred system in over 80 countries where networks are being rolled out. Typically TETRA systems are used by homeland security agencies and commercial users such as police, fire and transport services.

SRT Marine has focused on Automatic Identification Systems (AIS) which was first mandated by the International Maritime Organisation on all vessels worldwide over 300GT. AIS's ability to identify and track vessels precisely has resulted in many countries rolling out coastal networks in preparation for the wider use of AIS on smaller vessels.

SRT generates income from the licensing of its technologies. Customers pay initial support fees followed by ongoing per unit royalties which are secured through the supply of a proprietary component around which the technology has been designed

Today, SRT has a substantial customer base located around the world, each of whom has well established sales and distribution channels. Each customer supplies its own branded final form product containing the SRT core technology solution, paying SRT a royalty on each unit.

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2007

<i>Notes</i>	Stated before exceptional items 2007	Exceptional 2007	Total 2007	2006
	£	£	£	£
				As restated
Turnover	1,817,588	-	1,817,588	3,125,270
Cost of sales	(1,628,531)	-	(1,628,531)	(1,569,125)
Gross profit	189,057	-	189,057	1,556,145
Administrative expenses	(2,861,464)	(376,030)	(3,237,494)	(2,879,077)
Operating loss	(2,672,407)	(376,030)	(3,048,437)	(1,322,932)
Interest receivable	85,791	-	85,791	35,243
Interest payable	-	-	-	(18,616)
Loss on ordinary activities before taxation	(2,586,616)	(376,030)	(2,962,646)	(1,306,305)
Tax on loss on ordinary activities	-	-	-	191,435

Loss for the financial year	(2,586,616)	(376,030)	(2,962,646)	(1,114,870)
Loss per share (basic and diluted)			(3.83)p	(1.93)p

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There were no gains or losses in either year other than those included in the above profit and loss account.

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2007

	2007	2006
	£	£
Fixed assets		
Intangible assets	4,883,768	2,860,875
Tangible assets	522,485	324,199
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	5,406,253	3,185,074
Current assets		
Stocks	161,938	290,091
Debtors	2,971,612	1,903,977
Cash at bank and in hand	317,005	1,233,431
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	3,450,555	3,427,499
Creditors: amounts falling due within one year	(1,589,170)	(890,347)
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Net current assets	1,861,385	2,537,152
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Total assets less current liabilities	7,267,638	5,722,226
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Net assets	7,267,638	5,722,226
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Shareholders' funds		
Called up share capital	78,288	69,045
Share premium account	7,787,787	3,659,873
Profit and loss account	(6,317,820)	(3,731,204)

Other reserves	5,719,383	5,724,512
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	7,267,638	5,722,226
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CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2007

	2007	2006
	£	£
Net cash outflow from operating activities	(2,503,430)	(1,878,024)
Returns on investments and servicing of finance		
Interest received	85,791	35,243
Interest paid	-	(18,616)
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Net cash outflow from returns on investments and servicing of finance	85,791	16,627
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	(2,417,639)	(1,861,397)
Taxation		
Corporation tax received	-	191,435
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	(2,417,639)	(1,669,962)
Capital expenditure		
Payments to acquire intangible fixed assets	(2,218,164)	(1,455,418)
Payments to acquire tangible fixed assets	(412,651)	(293,850)
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	(2,630,815)	(1,749,268)
Net cash outflow for capital expenditure and financial investment	(5,048,454)	(3,419,230)
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Cash outflow before financing	(5,048,454)	(3,419,230)
Financing		
Issue of ordinary share capital	4,330,000	4,093,497
Issue cost of ordinary shares issued	(197,972)	(518,486)
New long-term loans	-	10,000
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Net cash inflow from financing	4,132,028	3,585,011
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(Decrease)/Increase in cash in the year	(916,426)	165,781
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Reconciliation of operating loss to net cash outflow from operating activities	2007	2006
	£	£
		As restated
Operating loss	(3,048,437)	(1,322,932)
Depreciation	214,365	132,154
Amortisation	195,271	146,286
Exceptional item – share option charge	376,030	489,171
Decrease/(Increase) in stocks	128,153	(155,354)
Increase in debtors	(1,067,635)	(1,268,113)
Increase in creditors	698,823	100,764
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Net cash outflow from operating activities	(2,503,430)	(1,878,024)

Reconciliation of net cash flow to movement in net debt	2007	2006
	£	£
(Decrease)/Increase in cash in the year	(916,426)	165,781
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Change in net funds resulting from cash flows	(916,426)	165,781
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Movement in net funds in the year	(916,426)	165,781
Net funds at 1 April 2006	1,233,431	1,067,650
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Net funds at 31 March 2007	317,005	1,233,431

Notes

1. Status of financial information

The information set out in this announcement, which does not constitute the statutory accounts of the Group as defined in section 240 of the Companies Act 1985, is extracted

from the consolidated audited statutory accounts for the year ended 31 March 2007, which were approved by the Board on 4 July 2007. The auditors have reported on those accounts in accordance with section 235 of the Companies Act 1985, their report was unqualified and did not contain a statement under section 237(2) or 237(3) of the Companies Act 1985. The statutory accounts for the period ended 31 March 2006 have been delivered to the Registrar of Companies. Those for 2007 will be delivered to the Registrar after the Annual General Meeting which is scheduled for 31 July 2007. The preliminary announcement was approved by the Board on 4 July 2007.

2. Accounting policies

The results have been prepared on the basis of the accounting policies adopted in the statutory accounts for the period ended 31 March 2006. Accounting standards introduced since that date have no impact on the accounting treatment adopted, except as detailed below.

On 19 October 2005, the Company acquired the entire issued share capital of Software Radio Technology (UK) Limited by means of a share for share exchange. This group reconstruction has been accounted for under merger accounting principles. The substance of the transaction was not the acquisition of a business, but a group reconstruction under which a new holding company has been established with all the former shareholders having the same proportionate interest in the new holding company. The adoption of merger accounting presents Software Radio Technology plc as if it had always been the parent undertaking of the group.

The results included in the profit and loss account for the period ended 31 March 2006 consolidate the results of the parent undertaking from the date of incorporation to the 31 March 2006 and the results of its subsidiary undertakings for the full year to 31 March 2006.

From 1 April 2006, the consolidated profit and loss account and balance sheet include the accounts of the Company and its subsidiary undertakings made up to 31 March 2007. The results of the subsidiaries acquired or sold are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profit are eliminated fully on consolidation.

Included in the profit and loss account is an exceptional charge of £376,030 (2006: £489,171), calculated in accordance with FRS 20, arising on the grant of share options to executive and non-executive directors primarily on admission to AIM. FRS 20 has been applied for the first time in 2007, the charge arising in respect of share options having previously been accounted for in accordance with UITF 17. In accordance with the transitional provisions of FRS 20, the comparatives have been restated to reflect the charge of £489,171 that would have been recorded in the accounts for the period ended 31 March 2006 had FRS 20 been adopted early. The UITF 17 charge of £675,820 previously recognised has been reversed.

3. Dividends

The Board is not recommending the payment of a final dividend.

4. Loss per Ordinary Share

The calculation of basic loss per ordinary share is based on losses of £2,962,646 (2006 - loss £1,114,870) and on 77,355,397 (2006 57,786,194) ordinary shares, being the weighted average number of shares in issue during the year.

5. Annual report and AGM

The annual report and accounts for the year ended 31 March 2007 will be posted to shareholders on or around 6 July 2007 and will be available from the Company's website at www.softwarerad.com from the date of posting. The annual report will include notice of the annual general meeting of the Company which will be convened for 31 July 2007.