

SOFTWARE RADIO TECHNOLOGY PLC

FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2009

Software Radio Technology plc ("SRT" or the "Group"), the AIM-quoted developer and licensor of sophisticated digital wireless technology, announces its results for the year ended 31 March 2009.

Key events:

Marine:

- 15% increase in revenues
- Gross margin increased slightly to 38%
- Marine product range broadened
- Customer base continues to grow
- Further mandates for AIS announced by authorities in various countries

Professional mobile radio (PMR):

- Ceased trading in 2008 due to delay in customer payments and the economic climate. Closure costs fully accounted for
- SRT retains ownership of the TETRA IPR and is seeking to generate value from this asset

The Group is reporting revenues of £2.5million and a loss for the year of £12.2 million after incurring exceptional write-offs amounting to £11.0million in respect of its discontinued PMR/TETRA business and £0.6m of capitalised marine development costs.

SRT Chairman Nick Jolliffe said: "SRT Marine has continued to grow through the provision of its Automatic Identification System ("AIS") technology and OEM product solutions to a global customer base. Revenues from continuing operations increased by 15% to £2.5 million (2008: £2.2 million) with a gross margin of 38% (2008: 37%)."

During the year we worked with our growing customer base to embed our solutions into a wide range of AIS products and support their launch into the market. We also broadened our AIS product range.

We have further increased both the number of our customers and the distribution of 'SRT inside' products throughout the marine market. Our mission of providing a high quality, low cost solution coupled with an aggressive solution-provider strategy, has enabled us to become the primary global supplier of AIS to the trade."

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SOFTWARE RADIO TECHNOLOGY PLC

FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2009

The Directors of SRT, the AIM-quoted developer and licensor of advanced wireless radio communication technology engines and the provision thereof in a variety of flexible formats, are pleased to provide the preliminary announcement of the results for the year ended 31 March 2009.

CHAIRMAN'S STATEMENT

At the start of the financial year the Software Radio Technology plc group comprised two subsidiaries: SRT Marine Technology Limited ("SRT Marine") which continues to make significant progress and is the main focus of this report and SRT PMR Technology Limited ("SRT PMR").

The harsh economic environment has affected the Group and its partners and in December, SRT PMR went into Administration when, following delays in the project and specifically in payments from customers, it was not possible to secure the additional finance required to continue to trade. Although SRT has retained ownership of the TETRA Intellectual Property Rights ("IPR") and is seeking to generate value from this asset, the Administration of SRT PMR resulted in a loss of approximately £11 million.

SRT Marine has continued to grow through the provision of its Automatic Identification System ("AIS") technology and OEM product solutions to a global customer base. Revenues from continuing operations increased by 15% to £2.5 million (2008: £2.2 million) with a gross margin of 38% (2008: 37%). An operating loss was incurred from continuing operations of £1.3 million (2008: £0.6 million) before share based payments. This loss includes development costs and amortisation of £1.1 million (2008: £0.4 million).

Operational Review

Our primary focus is the expansion of SRT Marine which has established itself as the global leader in the provision of AIS technology and product solutions.

During the year we worked with our growing customer base to embed our solutions into a wide range of AIS products and support their launch into the market. We also broadened our AIS product range. Our patented antenna splitter, which simplifies the installation of AIS through enabling the sharing of a single antenna with existing VHF radios, has received an excellent response from the market with our first production run selling out before it was completed. We have further increased both the number of our customers and the distribution of 'SRT inside' products throughout the marine market. Our mission of providing a high quality, low cost solution, coupled with an aggressive solution-provider strategy, has enabled us to become the primary global supplier of AIS to the trade.

As a result we saw 15% growth in revenues within SRT Marine, despite mandate delays and slow leisure markets and achieved a gross margin of 38%.

In non-mandate markets we are working actively with our partners to formulate marketing campaigns to increase the awareness of AIS. Despite the global credit crisis, where these have been implemented we have seen a slow but steady increase in sales.

Interest from authorities in mandating AIS has continued to grow. China, Turkey, India, the EU and USA have all announced mandates of varying sizes. As with many government projects, the

timing of implementation is difficult to predict, however as the world's leading provider of AIS solutions, SRT Marine stands to generate significant revenues when these mandates take effect.

During the next 18 months we will launch two new products, a Class A unit and a low cost Dual Channel Receiver, which will complete our core AIS solution offering. The Class A unit is primarily targeted at commercial vessels where mandates commencing in 2010 have been announced. The receiver-only product is aimed at providing a first, low cost step on the AIS ladder for non-mandate markets. We believe that our technology and development expertise will enable us to create a low cost, high margin product which will generate significant revenues in the future.

SRT's in-house development team has world class radio development skills and significant AIS experience. The team has a track record of delivering high quality, high performance solutions. With disciplined management, we are confident that we will continue to provide our partners with the AIS products to address the market.

Board Composition and Governance

The financial year saw several changes to the board. Finance Director, Matthew Rogers left in December 2008 and Chairman, Richard Moon, resigned in February 2009 with Nick Jolliffe appointed as Chairman. Dr George Kyprios left the board following the administration of SRT PMR. I would like to record here the Board's gratitude for their contribution. There are no plans to replace these directors as the Group is smaller now and the Board maintains a suitable balance of skills.

Employees

The Group operates in challenging markets and technologies, which in turn, places large demands on our staff. We are fortunate in having an expert and dedicated workforce which has enabled us to progress. I would like to thank them personally and on behalf of the Board for their continued hard work and support.

Strategy and the future

SRT's primary focus will be its Marine business, which will continue to broaden its range of AIS technologies and products to meet growing international demand. The Group has built an excellent international reputation for delivering solutions of the highest quality and performance at a competitive price.

AIS market opportunities have clarified and increased during the last year. We expect that non-mandated markets will continue to grow slowly, whilst mandates are only likely to have a substantial impact in 2010. However, we believe that the outlook for 2010 and beyond is positive and that the investment in developing our AIS product range, and securing sales channels will deliver significant long term returns.

The coming year will inevitably be challenging given the state of the world economy, but we expect to see continuing growth in the Marine business and a meaningful contribution from the residual TETRA business.

Nick Jolliffe
Chairman

CONSOLIDATED INCOME STATEMENT for the year ended 31 MARCH 2009

	2009	2008									
	£	Re-presented £									
<u>Continuing operations</u>											
Revenue	2,516,489	2,184,617									
Cost of sales	(1,565,649)	(1,381,407)									
	<hr/>	<hr/>									
Gross profit	950,840	803,210									
<table> <tr> <td>Development costs</td> <td style="text-align: right;">(1,147,918)</td> <td style="text-align: right;">(360,131)</td> </tr> <tr> <td>Other administrative costs</td> <td style="text-align: right;">(1,076,395)</td> <td style="text-align: right;">(1,077,981)</td> </tr> <tr> <td>Total administrative costs</td> <td style="text-align: right;">(2,224,313)</td> <td style="text-align: right;">(1,438,112)</td> </tr> </table>			Development costs	(1,147,918)	(360,131)	Other administrative costs	(1,076,395)	(1,077,981)	Total administrative costs	(2,224,313)	(1,438,112)
Development costs	(1,147,918)	(360,131)									
Other administrative costs	(1,076,395)	(1,077,981)									
Total administrative costs	(2,224,313)	(1,438,112)									
	<hr/>	<hr/>									
Operating loss before share based payments	(1,273,473)	(634,902)									
Share based payments charge	(42,130)	(344,242)									
	<hr/>	<hr/>									
Operating loss after share based payments	(1,315,603)	(979,144)									
Investment revenues	33,441	24,238									
Loss before income tax	(1,282,162)	(954,906)									
Income tax credit	147,710	18,012									
	<hr/>	<hr/>									
Loss for the year from continuing operations	(1,134,452)	(936,894)									
<u>Discontinued operation</u>											
(Loss) / Profit for the year from discontinued operation	(11,043,473)	737,551									
	<hr/>	<hr/>									
Loss for the year (including discontinued operation)	(12,177,925)	(199,343)									
	<hr/> <hr/>	<hr/> <hr/>									
Loss per share (basic and diluted):											
Continuing operations	(1.2)p	(1.03)p									
Discontinued operations	(11.3)p	0.81p									
Continuing and discontinued operations	(12.5)p	(0.22)p									

CONSOLIDATED BALANCE SHEET as at 31 MARCH 2009

	2009	2008
	£	£
Assets		
Non-current assets		
Intangible assets	908,365	6,961,529
Investments	-	351,586
Property, plant and equipment	82,090	435,898
	<hr/>	<hr/>
Total non-current assets	990,455	7,749,013
Current assets		
Inventories	897,981	413,019
Trade and other receivables	651,854	5,683,915
Cash and cash equivalents	535,692	3,505,484
	<hr/>	<hr/>
Total current assets	2,085,527	9,602,418
Liabilities		
Current liabilities		
Trade and other payables	(399,300)	(2,538,954)
	<hr/>	<hr/>
Net current assets	1,686,227	7,063,464
	<hr/>	<hr/>
Total assets less current liabilities	2,676,682	14,812,477
	<hr/>	<hr/>
Net assets	2,676,682	14,812,477
	<hr/>	<hr/>
Shareholders' equity		
Share capital	97,818	97,818
Share premium account	15,387,084	15,387,084
Retained earnings	(18,298,816)	(6,163,021)
Other reserves	5,490,596	5,490,596
	<hr/>	<hr/>
Total shareholders' equity	2,676,682	14,812,477
	<hr/>	<hr/>

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 MARCH 2009

	2009	2008
		Re-presented
<u>Continuing operations</u>	£	£
Cash used in operating activities	(896,609)	(1,191,878)
Interest received	33,441	24,238
Corporation tax received	147,710	18,012
	<u> </u>	<u> </u>
Net cash used in operating activities	<u>(715,458)</u>	<u>(1,149,628)</u>
Investing activities		
Purchase of intangible fixed assets	(213,496)	(350,388)
Purchase of property, plant and equipment	(59,463)	(47,993)
	<u> </u>	<u> </u>
Net cash used in investing activities	<u>(272,959)</u>	<u>(398,381)</u>
Cash outflow before financing	(988,417)	(1,548,009)
Financing activities		
Net proceeds from the issue of ordinary share capital	-	7,357,373
	<u> </u>	<u> </u>
Net cash from financing	<u>-</u>	<u>7,357,373</u>
Net (decrease)/increase in cash and cash equivalents in the year from continuing operations	<u>(988,417)</u>	<u>5,809,364</u>
<u>Discontinued operation</u>		
Cash flows from operating activities	(336,331)	(523,351)
Cash used in investing activities	(1,645,044)	(2,097,534)
	<u> </u>	<u> </u>
Net decrease in cash from discontinued operation	<u>(1,981,375)</u>	<u>(2,620,885)</u>
Net (decrease)/increase in cash and cash equivalents	(2,969,792)	3,188,479
Net cash and cash equivalents at beginning of year	3,505,484	317,005
	<u> </u>	<u> </u>
Net cash and cash equivalents at end of year	<u>535,692</u>	<u>3,505,484</u>

Notes

1. Status of financial information

Software Radio Technology plc ("the company") is a public limited company incorporated in England and Wales and whose Ordinary shares of £0.1p each are traded on the Alternative Investment Market of the London Stock Exchange. The Company's registered office is Wireless House, Westfield Industrial Estate, Midsomer Norton, Bath, BA3 4BS, England.

The Board of Directors approved this preliminary announcement on 29th May 2009. Whilst the financial information included in this preliminary announcement has been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union, this announcement does not itself contain sufficient information to comply with all the disclosure requirements of IFRS and does not constitute statutory accounts of the Company within the meaning of section 240 of the Companies Act.

The auditors have reported on the results for the year ended 31 March 2009 and have provided an unqualified audit report.

2. Basis of preparation

This financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and International Financial Reporting Interpretations Committee ("IFRIC") recommendations and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS. For the purposes of the preparation of the consolidated financial information, the Group has applied all standards and interpretations that are effective for accounting periods beginning on or after 1 April 2008. There have been no changes in accounting policies during the year although certain comparatives have been re-presented to reflect the effect of the discontinued operation. The financial statements have been prepared under the historical cost convention unless otherwise stated.

3. Dividends

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

4. Loss per Ordinary Share

The calculations of basic loss per ordinary share are based on losses for continuing operations of £1,134,452 (2008 – loss £936,894) and losses for continuing and discontinued operations of £12,177,925 (2008 – loss £199,343). The weighted average number of shares in issue during the year were 97,817,107 (2008 – 90,774,729).

5. Income Tax Credit

The income tax credit received was in respect of research and development tax credit which is accounted for on a cash basis.

6. Annual Report

The Annual Report will be available from the Company's website, www.softwarerad.com from 5 June 2009.