

SOFTWARE RADIO TECHNOLOGY PLC

FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2010

Software Radio Technology plc (“SRT” or the “Group”), the AIM-quoted developer and provider of maritime identification and tracking technologies and products, announces its results for the year ended 31 March 2010.

Key events:

- 41% increase in revenue
- 78% increase in cash
- Gross profit margin increased to 38.7%
- Losses reduced by 81%
- SRT is debt free
- \$4 million forward order book as of 1st April 2010
- New products developed and launched
- Multiple new mandates announced and activated affecting up to 500,000 vessels over next 3 years.

The Group is reporting a 41% increase in revenues to £3.56 million and an 81% reduction in losses for the year to £221,000, with a 78% increase in cash to £952,000.

SRT Chairman Simon Rogers said: “I am delighted to report that 2009/10 has been a transformational year for SRT and that our heavy investment in AIS technologies and the development of a global customer base are now starting to be reflected in financial performance. With a \$4 million order book, new higher value and margin products and mandates affecting many thousands of vessels underway, the outlook for 2010/11 and beyond is very positive.

“In 2009/10 we saw our business grow by 41%, compared to 15% during 2008/09. This acceleration in growth has been caused by the activation of long planned mandates, such as in Singapore, Turkey and China during 2009 and the subsequent commencement of orders. Each of these mandates is over a period of years and therefore we have only just started to see their effect which will continue to grow in the future.

“We enter the new financial year with a strong order book and improving visibility on future demand for our products. The combination of our proven market leading technology, our customers’ sales channels and strongly growing global demand mean that we look forward to continuing strong growth in the coming year and beyond.”

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CHAIRMAN'S STATEMENT

I am delighted to report that 2009/10 has been a transformational year for SRT and that our heavy investment in AIS technologies and the development of a global customer base are now starting to be reflected in financial performance.

The past financial year has again seen us increase our growth rate, with a 41% year on year increase in revenue to £3.56 million (2009: £2.52 million), an increase in gross profit margin to 38.7%, an 81% reduction in losses to £221,000 (2009: £1,134,000) and a 78% increase in cash to £952,000 (2009: £536,000) with no debt.

In 2009/10 we saw our business grow by 41%, compared to 15% during 2008/09. This acceleration in growth has been caused by the activation of long planned mandates, such as in Singapore, Turkey and China during 2009 and the subsequent commencement of orders. Each of these mandates is over a period of years and therefore we have only just started to see their effect which will continue to grow in the future.

During 2009, SRT broadened its product range which now includes high value, high margin products such as the new AIS Class A Transceiver and as at 1st April 2010, our forward order book was worth \$4 million. With mandates which affect hundreds of thousands of vessels now underway and gaining pace, an established global customer base, and proven world class products your Board is looking forward to the year ahead with optimism.

Operational Review

The focus of the business is to be the world's leading provider of vessel identification and tracking technologies with a primary focus on AIS technology.

During the year we have managed the business carefully to ensure that overheads and costs are strictly controlled whilst expanding our technology and product portfolio to ensure that we meet the expected expanding market demand for all types of AIS products, now and in the future. I am pleased to report that this has been successfully achieved. On a cash basis our overheads were the same as in 2009, yet we have developed and launched two new market leading products which we are confident will drive significant new revenues for SRT in the current financial year.

Our new Dual Channel AIS Receiver is a miniature device which enables AIS receiver capability to be instantly integrated into existing marine devices at low cost. It enables our customers to offer an exceptionally low cost product to those mariners who may wish to start experimenting with AIS before moving voluntarily on to more expensive and complex transmit-type devices.

The main product development focus has been on our Class A Transceiver. Class A, which is the most complex of all the AIS devices, offers an extensive array of sophisticated features and functions, all of which must be formally tested and approved against the international AIS standard by accredited independent test houses. This was successfully completed in April 2010 and started shipping to customers in May 2010 against orders already placed during the last quarter of the 2009/10 financial year.

As the AIS market grows we remain constantly vigilant of potential competition. As such during the year we have also instigated new core technology development programs which will support the launch of additional new products during the course of the coming year. These will make use of a new and innovative AIS platform which we have developed internally and will enable a considerable size and cost reduction across most of our product range and raise the barrier to entry for any potential competition. We believe that the continued investment in our core technologies is essential for SRT to remain the market leader and maximise all market opportunities.

In parallel with the development and launch of our new products, we have continued to improve the quality of our sales channels and customer relationships to reflect our enhanced product portfolio and the growth in the market. During 2009 we rationalised our customer base and negotiated new longer term contracts for the benefit of both customers and SRT. The most notable aspect of these contracts has been a change in the ordering and payment process with the effect that the burden of production forecasting and stock holding is shared more equally between SRT and the customer, rather than being

wholly borne by SRT. This initiative should enabled us to improve the deployment of our capital and provide our customers with reduced lead times and improved service.

Our products and solutions are now marketed under 25 different brands around the world through an extensive network of sales channels. Our customers provide AIS products to markets from Singapore, China, South Korea, Turkey, USA and Europe. Often we are unaware of the exact driver for a particular order, but increasingly as large mandates are announced and come into force we are able to have clarity. For example in January 2010, the Turkish AIS Class B mandate took effect and we are now receiving regular orders from our longstanding local partners. In November 2009 one of our customers won a government tender to supply approximately 1,000 Class B transceivers in Singapore. This is in addition to the various other mandates and tenders which continue to roll out.

As we reported last year, our investment in technology and supporting customers to use our solutions placed us in an ideal position to benefit from the commencement of mandates as they come into force. This year has seen the start of the effect of these mandates coming into play, with many more yet to come.

Board Composition and Governance

The financial year saw several changes to the board. Nick Jolliffe resigned as Chairman in December to pursue personal interests and Simon Rogers was appointed as Chairman of the Board. In October, Richard Hurd joined the Board as Chief Financial Officer.

Employees

SRT's defining advantage in the competitive world of complex radio communications stems from its people without which we would be unable to develop the technology our customers rely upon and now expect from SRT. As a business seeking to dominate a fast moving global market, we place large demands and expectations on our staff. We are fortunate in having an expert and dedicated team at SRT who, at all levels in the organisation, take their responsibilities seriously and have continued to deliver against challenging specifications and deadlines. We recognise the importance of attracting, motivating and retaining key staff and accordingly during the year granted share options to key employees. I would like to thank them personally on behalf of the Board and shareholders for their continuing hard work and support.

Strategy and the Future

The global demand for AIS products continues to accelerate. Mandates affecting up to 500,000 vessels in Korea, India, Turkey, US and the EU are now underway or pending. SRT has a portfolio of proven AIS products which are embedded in an extensive network of established customers, each with its own sales networks. As such we are in an excellent position to benefit from growing demand for AIS devices and will continue to work closely with our selected customers to maximise their success.

We will continue to invest in new technologies and products to take advantage of opportunities and consolidate our position in the market, whilst carefully managing our overheads. We are also conscious that we are faced with the challenges of large markets and potentially significant growth. We will therefore continue to manage our business and work with our customers to ensure that we trade within our means.

Our new products, in particular our Class A, mean that we expect to see our ARPU (average revenue per unit) and gross margins to increase during the coming financial year whilst maintaining cash overheads at a similar level to last year.

We enter the new financial year with a strong order book and improving visibility on future demand for our products. The combination of our proven market leading technology, our customers' sales channels and strongly growing global demand mean that we look forward to continuing strong growth in the coming year and beyond.

Simon Rogers
Chairman

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 MARCH 2010

	2010 £	2009 £
<u>Continuing operations</u>		
Revenue	3,558,124	2,516,489
Cost of sales	(2,180,119)	(1,565,649)
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Gross profit	1,378,005	950,840
Administrative costs	(1,876,383)	(2,224,313)
Other operating income	132,129	-
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Operating loss before share based payments	(366,249)	(1,273,473)
Share based payments charge	(22,004)	(42,130)
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Operating loss after share based payments	(388,253)	(1,315,603)
Investment revenues	2,067	33,441
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Loss before income tax	(386,186)	(1,282,162)
Income tax credit	165,662	147,710
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Loss for the year from continuing operations	(220,524)	(1,134,452)
<u>Discontinued operation</u>		
Loss for the year from discontinued operation	-	(11,043,473)
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Loss for the year (including discontinued operation)	(220,524)	(12,177,925)
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Other comprehensive income	-	-
Total comprehensive loss for the period	(220,524)	(12,177,925)
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Loss per share (basic and diluted):		
Continuing operations	(0.2)p	(1.2)p
Discontinued operations	-	(11.3)p
Continuing and discontinued operations	(0.2)p	(12.5)p

CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 MARCH 2010

	2010	2009
	£	£
Assets		
Non-current assets		
Intangible assets	1,570,429	908,365
Property, plant and equipment	123,759	82,090
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Total non-current assets	1,694,188	990,455
Current assets		
Inventories	894,392	897,981
Trade and other receivables	318,762	651,854
Cash and cash equivalents	952,485	535,692
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Total current assets	2,165,639	2,085,527
Liabilities		
Current liabilities		
Trade and other payables	(1,381,665)	(399,300)
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Net current assets	783,974	1,686,227
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Total assets less current liabilities	2,478,162	2,676,682
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Net assets	2,478,162	2,676,682
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Shareholders' equity		
Share capital	97,818	97,818
Share premium account	15,387,084	15,387,084
Retained earnings	(18,497,336)	(18,298,816)
Other reserves	5,490,596	5,490,596
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Total shareholders' equity	2,478,162	2,676,682
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CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 MARCH 2010

	2010	2009
	£	£
<u>Continuing operations</u>		
Cash generated from/ (used in) operating activities	1,391,790	(896,609)

Corporation tax received	165,662	147,710
Net cash generated from / (used) in operating activities	1,557,452	(748,899)
Investing activities		
Purchase of intangible fixed assets	(1,073,269)	(213,496)
Purchase of property, plant and equipment	(101,087)	(59,463)
Proceeds from the sale of property, plant and equipment	31,630	-
Interest received	2,067	33,441
Net cash used in investing activities	(1,140,659)	(239,518)
Cash inflow/ (outflow) before financing	416,793	(988,417)
	-	-
Financing activities		
Net increase/ (decrease) in cash and cash equivalents in the year from continuing operations	416,793	(988,417)
<u>Discontinued operation</u>		
Cash flows from operating activities	-	(336,331)
Cash used in investing activities	-	(1,645,044)
Net decrease in cash from discontinued operation	-	(1,981,375)
Net increase/ (decrease) in cash and cash equivalents	416,793	(2,969,792)
Net cash and cash equivalents at beginning of year	535,692	3,505,484
Net cash and cash equivalents at end of year	952,485	535,692
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 4 June 2010. 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 Group for the years ended 31 March 2010 or 31 March 2009.

The financial information has been extracted from the statutory accounts of the Company for the years ended 31 March 2010 and 31 March 2009. The auditors reported on those accounts; their reports were unqualified and did not contain a statement under either Section 498 (2) or Section 498 (3) of the Companies Act 2006 and did not include references to any matters to which the auditor drew attention by way of emphasis.

The statutory accounts for the year ended 31 March 2009 have been delivered to the Registrar of Companies, whereas those for the year ended 31 March 2010 will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

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 2006 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 2009. There have been no changes in accounting policies during the year. 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 £220,524 (2009 – loss £1,134,452) and losses for continuing and discontinued operations of £220,524 (2008 – loss £12,177,925). The weighted average number of shares in issue during the year was 97,817,107 (2009 – 97,817,107).

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 7 June 2010.