SOFTWARE RADIO TECHNOLOGY PLC
("SRT" or the "Group")

SRT, the AIM-quoted developer and supplier of maritime identification and tracking technologies, announces its unaudited interim results for the six months ended 30 September 2011.

- **Revenues up by 5.3% to £4.66 million**
- **Profit before tax up by 9.3% to £1.20 million**
- **Gross profit margin increased from 48.0% to 54.9%**
- **Cash of £2.89 million and no borrowings**

During the first six months, revenues increased by 5.3% to £4.66 million compared to the same period last year (6 months ended 30 September 2010: £4.42 million), with an improvement in gross margin to 54.9% (6 months ended 30 September 2010: 48.0%) and a profit before tax of £1.20 million (6 months ended 30 September 2010: profit £1.10 million). Administrative expenses increased by £357,000 (36.8%) against the same period last year, primarily due to our previously announced reorganisation to support our future growth which saw an increase in staff from 26 to 33 people. The Group remains free of borrowing and with cash balances of £2.89 million as at 30 September 2011.

We set ourselves two primary objectives this year; firstly to accelerate our next generation product development programme and secondly to migrate our customers to this new range of products as they come on stream. This will significantly update and broaden the product portfolio each of our customers is able to offer their target markets. I am pleased to report that we have made excellent progress with these two objectives. In respect of the first objective we have commenced volume production of our new Class B, Receiver and Antenna splitter products and are aggressively pushing forward with our dual mode satellite/AIS Class B, Identifier, SART and AtoN product developments which we expect to start shipping within the next six months. Looking further out, we will also launch a new range of Class A and B products towards the end of 2012, incorporating touch screen colour displays as well as our innovative Man Overboard System.

The development of these new products coupled with the work required to migrate multiple customers from their old product range to a broader new product range is a significant task requiring considerable investment on the part of both SRT and its customers. This work is expected to continue at the current pace for the next twelve months. However, given the continued rapid growth in future market opportunities we believe that this is a necessary strategic investment for SRT to secure and consolidate our global market position in order to maximise future revenue streams from all market segments.

During the first half of the financial year, SRT has made its first investment into applications. The objective of this first small investment is to improve our understanding of the potential market opportunity and refine our business plan before further development and rollout in 2012. In this regard we are now embarking on the development of an initial series of targeted vessel tracking applications which we expect to produce our first recurring revenue in the second half of 2012.

During the last financial year, we undertook a reorganisation of the business, which included the hiring of additional people and investment in an integrated business management system, to ensure that we would be able to manage and control this growth. As a result of this investment we have been able to successfully accelerate our product development activities whilst simultaneously supporting more active customers addressing multiple markets with a relatively small increase in our core overheads. As our business grows we expect to expand our workforce incrementally in the next 12 months, primarily on the supply chain and customer support side.

During the first half of the financial year, some of our key customers announced that they would be launching a new range of products and started the migration from old to new which, as expected, caused some short term demand delay as end users await the arrival of the new products. We now expect demand for these products to normalise during the second half. Over the next twelve months we expect to see the second surge in demand from the EU inland waterway market as the remainder of the market seek to be compliant with the rules by the middle of 2012. Additionally we expect to see mandates which have already been formally announced, such as in India, Russia, China and the EU fishing market, to generate material and sustained demand.

We are actively working with our customers to address a wide range of markets ranging from China and India to the EU, Middle East, South and Central America, Africa, USA and Russia. Excluding the leisure market, and pending mandates yet to be formally announced, we estimate the current aggregate active opportunity being addressed by SRT and our customers to be worth up to £400 million over the next four years. This is a significant opportunity which we expect to grow further in the future and for which SRT is now very well positioned in respect of product portfolio and customer network.

Each mandate and project has its own specific dynamics in terms of quantum, timescales and, ultimately, demand pattern over their specific implementation phase. This fact makes it difficult to accurately forecast short and medium term demand. As such, our expectation for this financial year is to report revenue of between £10 million and £16 million with a profit before tax of between £2 million and £5 million. Over the next year as more of the mandates coming into effect establish their specific demand patterns, we expect our ability to provide more accurate financial forecasts between reporting deadlines to improve.

I am also pleased to report that we are undertaking a capital reorganisation to enable SRT to pay a dividend in the future when appropriate. This requires Court approval and we expect this process to be complete by the end of this financial year.

In summary we have worked hard to completely update and broaden our product range and commence its introduction to the market through our customer networks. In turn our customers are now addressing an increasing range of opportunities around the world varying in size from a single vessel to multiple hundreds of thousands of vessels. In addition, some of our new products such as the Identifier and AtoN will open new and significant market segments. The Board is delighted with progress and believe these results demonstrate the solid foundations upon which the SRT business is being built and which create the potential to deliver exceptional future growth.

Simon Rogers
Chairman

Enquiries

Software Radio Technology plc	**01761 409500**
Simon Tucker	simon.tucker@softwarerad.com
Westhouse Securities Limited	**020 76016100**
Tim Feather	
Matthew Johnson	
Cenkos Securities plc	**020 73978900**
Andy Roberts	
Leander PR	**07795 168 157**
Christian Taylor-Wilkinson	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

	Six months ended 30 Sep 2011 Unaudited	Six months ended 30 Sep 2010 Unaudited	Year ended 31 Mar 2011 Audited
		£	£
Revenue	4,659,714	4,424,497	9,154,708
Cost of sales	(2,100,848)	(2,301,267)	(4,724,980)
Gross profit	**2,558,866**	**2,123,230**	**4,429,728**
Administrative expenses	(1,324,882)	(968,213)	(2,397,082)
Operating profit before share based payments	1,233,984	1,155,017	2,032,646
Share based payments charge	(44,893)	(55,125)	(102,521)
Operating profit after share based payments	1,189,091	1,099,892	1,930,125
Investment revenues	12,783	112	7,626
Profit before income tax	**1,201,874**	**1,100,004**	**1,937,751**
Income tax credit	-	232,030	232,029
Profit for the period	**1,201,874**	**1,332,034**	**2,169,780**
Total comprehensive profit for the period	**1,201,874**	**1,332,034**	**2,169,780**
Earnings per share:			
Basic	1.14p	1.36p	2.2p
Diluted	1.10p	1.30p	2.1p

CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2011

	Notes	As at 30 Sep 2011 Unaudited £	As at 30 Sep 2010 Unaudited £	As at 31 Mar 2011 Audited £
Assets				
Non-current assets				
Intangible assets		2,713,081	1,705,389	1,899,472
Property, plant and equipment		165,492	159,283	159,617
Total non-current assets		**2,878,573**	**1,864,672**	**2,059,089**
Current assets				
Inventories		1,256,515	692,996	1,910,818
Trade and other receivables		2,680,884	1,120,953	1,738,826
Cash and cash equivalents		2,886,647	1,386,610	3,025,448
Total current assets		**6,824,046**	**3,200,559**	**6,675,092**
Liabilities				
Current liabilities				
Trade and other payables		(1,261,055)	(1,190,111)	(1,542,984)
Net current assets		5,562,991	2,010,448	5,132,108
Net assets		**8,441,564**	**3,875,120**	**7,191,197**
Shareholders' equity				
Ordinary shares	4	105,924	98,209	105,864
Share premium		17,823,312	15,396,492	17,819,772
Other reserves	6	5,490,596	5,490,596	5,490,596
Retained earnings		(14,978,268)	(17,110,177)	(16,225,035)
Total shareholders' equity		**8,441,564**	**3,875,120**	**7,191,197**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

	Share Capital	Share Premium	Retained Earnings	Other Reserves	Total
	£	£	£	£	£
Balance at 31 March 2010	**97,818**	**15,387,084**	**(18,497,336)**	**5,490,596**	**2,478,162**
Profit for the period	-	-	1,332,034	-	1,332,034
Other comprehensive income	-	-	-	-	-
Share options to be exercised	-	-	55,125	-	55,125
Share options exercised	391	9,408	-	-	9,799
Balance at 30 September 2010	**98,209**	**15,396,492**	**(17,110,177)**	**5,490,596**	**3,875,120**
Profit for the period	-	-	837,746	-	837,746
Other comprehensive income	-	-	-	-	-
Issue of equity share capital	6,250	2,493,750	-	-	2,500,000
Cost of issue of equity share capital	-	(104,189)	-	-	(104,189)
Share options exercised	1,405	33,719	-	-	35,124
Share options to be exercised	-		47,396	-	47,396
Balance at March 31 2011	**105,864**	**17,819,772**	**(16,225,035)**	**5,490,596**	**7,191,197**
Profit for the period	-	-	1,201,874	-	1,201,874
Other comprehensive income	-	-	-	-	-
Share options exercised	60	3,540	-	-	3,600
Share options to be exercised	-	-	44,893	-	44,893
Balance at September 30 2011	**105,924**	**17,823,312**	**(14,978,268)**	**5,490,596**	**8,441,564**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

	Notes	Six months ended 30 Sep 2011 Unaudited £	Six months ended 30 Sep 2010 Unaudited £	Year ended 31 Mar 2011 Audited £
Net cash from operating activities	5	870,893	652,207	405,982
Corporation tax received		-	232,030	232,029
Net cash from operating activities		**870,893**	**884,237**	**638,011**
Investing activities				
Expenditure on product development		(979,662)	(401,368)	(906,745)
Purchase of property, plant and equipment		(46,415)	(56,955)	(105,163)
Interest received		12,783	112	7,626
Net cash used in investing activities		**(1,013,294)**	**(458,211)**	**(1,004,282)**
Cash inflow / (outflow) before financing		**(142,401)**	**462,026**	**(366,271)**
Financing activities				
Net proceeds from issue of ordinary share capital		3,600	8,099	2,439,234
Net increase / (decrease) in cash and cash equivalents		**(138,801)**	**434,125**	**2,072,963**
Cash and cash equivalents at beginning of period		3,025,448	952,485	952,485
Cash and cash equivalents at end of period		**2,886,647**	**1,386,610**	**3,025,448**

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. Accounting Policies

Basis of preparation

The interim financial information in this report has been prepared using accounting policies consistent with IFRS as adopted by the European Union. IFRS is subject to amendment and interpretation by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) and there is an ongoing process of review and endorsement by the European Commission. The financial information has been prepared on the basis of IFRS that the Directors expect to be adopted by the European Union and applicable as at 31 March 2012.

Non-statutory accounts

Financial information contained in this document does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006 ("the Act"). The statutory accounts for the year ended 31 March 2011 have been filed with the Registrar of Companies. The report of the auditors on those statutory accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Act.

The financial information for the 6 months ended 30 September 2011 and 30 September 2010 is unaudited.

The interim financial statements will be available to download on the Company's website www.softwarerad.com.

2. Share-based payment

In line with the requirements of IFRS 2, the Group has recognised the following profit and loss charges in respect of issued share options:

	Six months ended 30 Sep 2011 Unaudited £	Six months ended 30 Sep 2010 Unaudited £	Year ended 31 Mar 2011 Audited £
Share options – profit and loss charge	44,893	55,125	102,521

3. Earnings per share

The basic earnings per share have been calculated using the profit for the period of £1,201,874 (six months ended 30 September, 2010 – £1,332,034; year ended 31 March, 2011 £2,169,780) divided by the weighted average number of ordinary shares in issue of 105,878,479 (six months ended 30 September, 2010 98,204,085 and year ended March 31, 2011 – 100,863,487). The diluted earnings per share for the period have been calculated using weighted diluted shares of 109,516,311 (six months ended 30 September 30 -102,607,525, year ended 31 March 2011 105,433,091).

NOTES TO THE INTERIM FINANCIAL STATEMENTS – continued

4. Called up share capital

	30 Sep 2010 Unaudited £	30 Sep 2010 Unaudited £	31 Mar 2010 Audited £
Allotted: (Ordinary shares of 0.1p each):	105,924	98,209	105,864

Share capital reconciliation:	Number
Shares outstanding at 30th September 2010	98,209,107
Placing November 2010	6,250,000
Exercise of options December 2010	850,000
Other exercise of options	555,000
Shares outstanding at 31st March 2011	105,864,107
Other exercise of options	60,000
Shares outstanding at 30th September 2011	**105,924,107**

a) The placing in November 2010 took place at 40p per share raising gross proceeds of £2,500,000 before costs of £104,189

b) The option exercise in December 2010 related to N Peniket (700,000) and R Hurd (150,000). The exercise price was 2.5p per share

c) The other exercise of options were by employees of the group at various dates. The exercise prices ranged from 2.5p to 6p.

5. Cash from operations

	Six months ended 30 Sep 2010 Unaudited £	Six months ended 30 Sep 2010 Unaudited £	Year ended 31 Mar 2010 Audited £
Operating profit	**1,189,091**	**1,099,892**	**1,930,125**
Depreciation of property, plant and equipment	40,540	21,431	69,305
Amortisation of intangible fixed assets	166,053	266,408	577,702
Share-based payment charge	44,893	55,125	102,521
Decrease / (increase) in inventories	654,303	201,396	(1,016,426)
(Increase) in trade and other receivables	(942,058)	(800,491)	(1,418,564)
(Decrease) / increase in trade and other liabilities	(281,929)	(191,554)	161,319
Net cash generated from operations	**870,893**	**652,207**	**405,982**

NOTES TO THE INTERIM FINANCIAL STATEMENTS – continued

6. Statement of movement in shareholders' equity

Other reserves consist of: Capital Redemption Reserve £2,857 (2010: £2,857), Warrants Reserve £62,400 (2010: £62,400) and Merger Reserve £5,425,339 (2010: £5,425,339). There were no movements during the period.