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DIRECTORS AND ADVISORS

Directors	Simon Tucker Neil Peniket Simon Rogers Andrew Lapping Nick Jolliffe Matthew Rogers (resigned 24 December 2008) George Kyprios (resigned 31 December 2008 Richard Moon (resigned 28 February 2009)
Secretary	Richard Hurd (appointed 28 May 2009)
Registered Office	Wireless House Westfield Industrial Estate Midsomer Norton Bath BA3 4BS
Bankers	Royal Bank of Scotland 10 Gordon Street Glasgow G1 3PL
Auditors	Nexia Smith & Williamson LLP Chartered Accountants Portwall Place Portwall Lane Bristol BS1 6NA
Tax Advisers	Smith & Williamson LLP Chartered Accountants Portwall Place Portwall Lane Bristol BS1 6NA
Solicitors	CMS Cameron McKenna Mitre House 160 Aldersgate Street London EC1A 4DD
Nominated Adviser & Broker	Hanson Westhouse One Angel Court London EC2R 7HJ
Registrars	Computershare Investor Services Plc PO Box 82 The Pavilions Bridgewater Road Bristol BS99 7NH
Company's registered number	5459678

www.softwarerad.com

SUMMARY

FOR THE YEAR ENDED 31 MARCH 2009

Summary	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	• Ceased trading in 2008 due to delay in customer payments and the economic climate. Closure costs fully accounted for • Software Radio Technology plc retains ownership of the TETRA IPR and is seeking to generate value from this asset

CHAIRMAN'S STATEMENT

At the start of the financial year the Software Radio Technology plc group ("SRT" or "the 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.

CHAIRMAN'S STATEMENT - continued

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

SRT 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 company 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 maximise 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

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2009

The directors present their report and the audited accounts for the year ended 31 March 2009.

BUSINESS REVIEW

Activities:

The principal activity of the SRT plc group is the research and development of advanced wireless radio communication technology engines and the provision thereof in a variety of flexible formats, including final form OEM white label products, to enable companies worldwide to have their own unique products. Our engines target specific global security and safety markets.

Results for the Year and Dividends

The Group incurred a loss of £12,177,925 (2008: £199,343) of which £11,043,473 relates to the administration of SRT PMR Technology Limited and £1,134,452 (2008: £936,894) to the continuing operations.

The loss of £1,134,452 in respect of continuing operations is stated after charges of £42,130 (2008: £344,242) related to a share based payment charge and £1,147,918 (2008: £360,131) in respect of development costs.

The Key Performance Indicators (KPIs) used by the Board to monitor progress are revenue growth, gross margin and profit from operations. These are used because they best indicate performance against the Group's strategic objective of delivering profitable growth which in turn will drive shareholder value. Performance against these metrics has been discussed in the Chairman's Statement on page 3 and above in the Directors' Report

Principal risks and uncertainties

Financial risks

Details of the Group's financial instruments and its policies with regard to financial risk management are given in note 27 to the accounts.

Other risks

The directors acknowledge that the Group's ability to attract and retain employees with appropriate expertise and skills cannot be guaranteed and difficulties experienced in this area could affect the trading performance of the Group.

Due to the Group's size and limited resources it may not be able to detect and prevent infringement of its IPR. The directors believe that although adequate steps have been taken to protect its IPR such measures may be inadequate to prevent the misappropriation of its proprietary information or other intellectual property rights.

The Group's existing and potential customers operate in numerous countries, each of which has its own national characteristics in terms of how business is regulated and conducted in terms of economic, political, judicial, administrative, taxation or other regulatory matters. The Group could therefore be affected by any one of these factors, as well as other unforeseen matters, which, particularly given the size of contracts with customers, could have a material adverse effect on its business, operating results or financial condition.

The Group's management regularly assesses its risk areas to ensure that such risk is mitigated so far as reasonably possible.

Investing for the Future

We acknowledge that our chosen market places are still in their very early stages and as a result we need to continue to invest in our organisation in order to meet the challenges that a growing market will bring. This will involve adding to our existing product portfolio as well as evolving our current technology offerings.

DIRECTORS' REPORT - continued

FOR THE YEAR ENDED 31 MARCH 2009

Directors and their Interests

The directors who served during the year and their interests in the share capital of the Company as at 31 March 2009 and at 31 March 2008 were:

	2009	**2008**
	Ordinary 0.1p shares	Ordinary 0.1p shares
Non Executives		
Simon Rogers	13,483,900	13,483,900
Andrew Lapping	1,081,080	1,081,080
Richard Moon	-	-
Nick Jolliffe	-	-
Executives		
Simon Tucker	940,000	940,000
Matthew Rogers	100,000	100,000
Neil Peniket	-	-
George Kyprios	-	-

Dates of appointment and resignation are as shown on page 1.

All directors benefit from the provision of directors' personal indemnity insurance policies.

Share options have been granted to one non-executive director and all of the executive directors. All are detailed in note 4 to the accounts.

Payments of creditors

The Group's policy for all suppliers is to abide by the supplier's terms of payment when entering into a business transaction. At 31 March 2009, the number of day's trade creditors was 36 (2007: 143 days). This has decreased significantly upon last year following the administration of SRT PMR Technology Limited.

Disclosure of information to the auditors

Each director of the Company has confirmed that in fulfilling their duties as a director they have:

- taken all the necessary steps in order to make themselves aware of any information relevant to the audit and to establish that the auditors are aware of that information.
- so far as they are aware, there is no relevant audit information of which the auditors have not been made aware.

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Nexia Smith & Williamson be reappointed as auditors of the Company will be put to the Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

S Tucker
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year, which give a true and fair view of the state of affairs of the group and of the income statement of the group for that year. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departure disclosed and explained in the accounts
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31 MARCH 2009

The directors recognise the importance of, and are committed to, high standards of corporate governance. Whilst under the AIM rules full compliance with the Combined Code is not required, the directors believe that the Company applies the recommendations insofar as is practicable and appropriate for a public company of its size.

The Board of Directors

The Board of Directors at the date of this report consists of two executive and three non-executive directors. The Board believes that the composition and breadth of experience of the Board are appropriate for the Company. The Board meets at least ten times throughout the year and through its chairman and executive directors in particular, maintains regular contact with its advisers in order to ensure that the Board develops an understanding of the views of major shareholders about the Company.

The Board is responsible for such key matters as the approval or monitoring of strategic plans, the annual trading budget, major capital expenditure, treasury policies and financial performance. It delegates responsibility for the day to day operation of the business to the executive directors who are charged with consulting the Board on all significant financial and operational matters.

Audit Committee

The Audit Committee comprises Nick Jolliffe (Chairman) and Andrew Lapping - two of the non-executive directors. Nick Jolliffe remained on the committee when he became Chairman of the company as he has the most relevant experience amongst the non-executive directors.

It meets at least twice per year. The meeting to review and consider the scope of the 2009 audit took place in March 2009. The meeting to review feedback from the 2009 audit took place in May 2009.

Remuneration Committee

The Committee comprises Simon Rogers (Chairman) and Nick Jolliffe; it meets at least twice a year. There have not been any material changes to remuneration or incentives throughout the group, given the difficult economic climate.

Nomination Committee

The Committee comprises Nick Jolliffe (Chairman), Simon Rogers and Andrew Lapping.

The Committee met during the year to review the composition of the board following the departure of the previous Chairman of the board and Finance Director and the demise of SRT PMR Technology Limited. Except for the constitution of board committees, it was felt no further changes or replacements were required. The group has engaged an experienced qualified Financial Controller.

Going Concern

After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SOFTWARE RADIO TECHNOLOGY PLC

We have audited the Company and Group accounts of Software Radio Technology Plc for the year ended 31 March 2009 which comprise the Income Statement, the Company and Group Balance Sheets, the Company and Group Statement of Changes in Equity, the Company and Group Cash Flow Statements, and the related notes 1 to 28. These accounts have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We state in our report whether in our opinion the information given in the Directors' Report is consistent with the accounts. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited accounts. This other information comprises only the Chairman's Statement, Directors' Report and the Corporate Governance Report . We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board except that the scope of our work was limited as explained below. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion:

- the accounts give a true and fair view, in accordance with IFRS as adopted by the European Union applied in accordance with the provisions of the Companies Act 1985, of the state of the Group's and Company's affairs as at 31 March, 2009 and of the Group's loss for the year then ended; and
- the accounts have been properly prepared in accordance with the Companies Act 1985 and
- the Information given in the Directors' Report is consistent with the accounts.

Nexia Smith & Williamson LLP
Chartered Accountants

Registered Auditors
Portwall Place,
Bristol
BS1 6NA

Date : 1 June 2009

CONSOLIDATED INCOME STATEMENT for the year ended 31 MARCH 2009

	Notes	2009 £	2008 Re-presented* £
Continuing operations			
Revenue	2	2,516,489	2,184,617
Cost of sales		(1,565,649)	(1,381,407)
Gross profit		950,840	803,210
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)
Operating loss before share based payments		(1,273,473)	(634,902)
Share based payments charge	3	(42,130)	(344,242)
Operating loss after share based payments		(1,315,603)	(979,144)
Investment revenues	6	33,441	24,238
Loss before income tax	7	(1,282,162)	(954,906)
Income tax credit	8	147,710	18,012
Loss for the year from continuing operations		(1,134,452)	(936,894)
Discontinued operation			
(Loss) / Profit for the year from discontinued operation	10	(11,043,473)	737,551
Loss for the year (including discontinued operation)	21	(12,177,925)	(199,343)
Loss per share (basic and diluted):	26		
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

*see note 10 discontinued operation

CONSOLIDATED BALANCE SHEET as at 31 MARCH 2009

	Notes	2009 £	2008 £
Assets			
Non-current assets			
Intangible assets	11	908,365	6,961,529
Investments	12	-	351,586
Property, plant and equipment	13	82,090	435,898
Total non-current assets		990,455	7,749,013
Current assets			
Inventories	15	897,981	413,019
Trade and other receivables	16	651,854	5,683,915
Cash and cash equivalents		535,692	3,505,484
Total current assets		2,085,527	9,602,418
Liabilities			
Current liabilities			
Trade and other payables	18	(399,300)	(2,538,954)
Net current assets		1,686,227	7,063,464
Total assets less current liabilities		2,676,682	14,812,477
Net assets		2,676,682	14,812,477
Shareholders' equity			
Share capital	19	97,818	97,818
Share premium account	21	15,387,084	15,387,084
Retained earnings	21	(18,298,816)	(6,163,021)
Other reserves	21	5,490,596	5,490,596
Total shareholders' equity		2,676,682	14,812,477

The accounts were approved by the Board of Directors on 1 June 2009 and were signed on its behalf by:

S Tucker
Director

COMPANY BALANCE SHEET as at 31 MARCH 2009

	Notes	2009 £	2008 £
Assets			
Non-current assets			
Investments in subsidiaries	14	1	11,306,181
Property, plant and equipment	13	7,396	-
Total non-current assets		7,397	11,306,181
Current assets			
Trade and other receivables	17	4,373,581	11,454,779
Cash and cash equivalents		103,667	3,297,214
Total current assets		4,477,248	14,751,993
Liabilities			
Current liabilities			
Trade and other payables	18	(252,355)	(10,982,403)
Net current assets		4,224,893	3,769,590
Total assets less current liabilities		4,232,290	15,075,771
Net assets		4,232,290	15,075,771
Shareholders' equity			
Share capital	19	97,818	97,818
Share premium account	21	15,387,084	15,387,084
Retained earnings	21	(11,315,012)	(471,531)
Other reserves	21	62,400	62,400
Total shareholders' equity		4,232,290	15,075,771

The accounts were approved by the Board of Directors on 1 June 2009 and were signed on its behalf by:

S Tucker
Director

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 MARCH 2009

	Notes	2009	2008 Re-presented*
Continuing operations		£	£
Cash used in operating activities	25	(896,609)	(1,191,878)
Interest received		33,441	24,238
Corporation tax received		147,710	18,012
Net cash used in operating activities		(715,458)	(1,149,628)
Investing activities			
Purchase of intangible fixed assets		(213,496)	(350,388)
Purchase of property, plant and equipment		(59,463)	(47,993)
Net cash used in investing activities		(272,959)	(398,381)
Cash outflow before financing		(988,417)	(1,548,009)
Financing activities			
Net proceeds from the issue of ordinary share capital		-	7,357,373
Net cash from financing		-	7,357,373
Net (decrease)/increase in cash and cash equivalents in the year from continuing operations		(988,417)	5,809,364
Discontinued operation			
Cash flows from operating activities		(336,331)	(523,351)
Cash used in investing activities		(1,645,044)	(2,097,534)
Net decrease in cash from discontinued operation		(1,981,375)	(2,620,885)
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
Net cash and cash equivalents at end of year		535,692	3,505,484

*See note 10 discontinued operation

COMPANY CASH FLOW STATEMENT for the year ended 31 MARCH 2009

	Notes	2009 £	2008 £
Cash used in operating activities	25	(3,199,782)	(4,060,159)
Operating activities			
Interest received		16,810	-
Net cash used in operating activities		(3,182,972)	(4,060,159)
Investing activities			
Purchase of property, plant and equipment		(10,575)	-
Net cash used in investing activities		(10,575)	-
Cash outflow before financing		(3,193,547)	(4,060,159)
Financing activities			
Net proceeds from the issue of ordinary share capital		-	7,357,373
Net cash from financing		-	7,357,373
Net increase/ (decrease) in cash and cash equivalents in the year		(3,193,547)	3,297,214
Cash and cash equivalents at the start of the year		3,297,214	-
Cash and cash equivalents at the end of the year		103,667	3,297,214

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 31 MARCH 2009

	Share capital £	Share premium £	Retained earnings £	Other reserves (note 21) £	Total £
At 1 April 2007	**78,288**	**7,787,787**	**(6,307,920)**	**5,719,383**	**7,277,538**
Loss for the year	**-**	**-**	(199,343)	**-**	**(199,343)**
Employee share option scheme – value of employee services	-	-	344,242	-	**344,242**
Issue of shares	19,530	-	-	-	**19,530**
Premium on Issue of shares	-	7,337,936	-	-	**7,337,936**
Exercise of warrants	-	228,787	-	(228,787)	**-**
Exercise of options	-	32,574	-	-	**32,574**
At 31 March 2008	**97,818**	**15,387,084**	**(6,163,021)**	**5,490,596**	**14,812,477**
Loss for the year	-	-	(12,177,925)	-	(12,177,925)
Employee share option scheme – value of employee services	-	-	42,130	-	42,130
At 31 March 2009	**97,818**	**15,387,084**	**(18,298,816)**	**5,490,596**	**2,676,682**

COMPANY STATEMENT OF CHANGES IN EQUITY for the year ended 31 MARCH 2009

	Share capital	Share premium	Retained earnings	Other reserves (note 21)	Total
	£	£	£	£	£
At 1 April 2007	**78,288**	**7,787,787**	**(348,183)**	**291,187**	**7,809,079**
Loss for the year	-	-	(467,590)	-	**(467,590)**
Employee share option scheme – value of employee services	-	-	344,242	-	**344,242**
Issue of shares	19,530	-	-	-	**19,530**
Premium on issue of shares	-	7,337,936	-	-	**7,337,936**
Exercise of warrants	-	228,787	-	(228,787)	**-**
Exercise of options	-	32,574	-	-	**32,574**
At 31 March 2008	**97,818**	**15,387,084**	**(471,531)**	**62,400**	**15,075,771**
Loss for the year	-	-	(10,885,611)	-	**(10,885,611)**
Employee share option scheme – value of employee services	-	-	42,130	-	**42,130**
At 31 March 2009	**97,818**	**15,387,084**	**(11,315,012)**	**62,400**	**4,232,290**

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2009

1. **Accounting policies**

Software Radio Technology plc is a Company incorporated in the United Kingdom under the Companies Act 1985. The address of the registered office is Wireless House, Westfield Industrial Estate, Midsomer Norton, Bath BA3 4BS. The nature of the Group's operations and its principal activities are noted in the Chairman's Statement and Directors' Report.

The principal accounting policies are summarised below. They have all been applied consistently throughout the period covered by these accounts except as indicated in note 10 where certain comparatives have been re-presented to reflect the effect of the discontinued operation.

Basis of preparation

The accounts have been prepared under the historical cost convention.

The accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union applied in accordance with the provisions of the Companies Act 1985. These accounts have been prepared in accordance with the accounting policies stated below.

Basis of consolidation

The Group accounts incorporate the accounts of the Company and entities controlled by the Company prepared to 31 March each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

From 1 April 2008, the consolidated income statement and balance sheet include the accounts of the company and its subsidiary undertakings made up to 31 March 2009. The results of the subsidiaries acquired or sold are included in the income statement up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

At 31 December 2008, the Group placed its 100% subsidiary, SRT PMR Technology Limited, into Administration. Accordingly, the results and cash flows of that company are classified as discontinued operations (note 10).

Critical judgements and key sources of estimation uncertainty

The preparation of the Group's accounts requires management to make judgements on how to apply the Group's accounting policies and make estimates about the future. Due to the inherent uncertainty in making these critical judgements and estimates, actual outcomes could be different.

Critical judgements and estimates that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities in the next financial year relate to:-

- Revenue recognition, where, on a number of support contracts, an estimate of the total delivery hours is required to determine the stage of completion. The group accounting policy on revenue recognition is set out on page 18.
- Other intangible assets are amortised over their useful economic lives. Useful lives are based on management's estimates of the period that the assets will generate revenue, which are periodically reviewed for appropriateness. Changes in estimates could result in significant variations in the carrying value.

Goodwill

Under UK GAAP Goodwill was deemed to have a finite useful life of 5 years and before the transition to IFRS was being amortised over this period and expensed as part of administrative expenses in the income statement. At the transition date of 1st April 2006, the value of Goodwill was frozen at its carrying amount under UK GAAP and reviewed for impairment immediately and at least annually thereafter. During the year, the company wrote off its outstanding balance of goodwill following the administration of the group's subsidiary, SRT PMR Technology Limited (note 10).

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2009

1. Accounting Policies - continued

Research and development

Research expenditure is written off to the income statement in the year in which it is incurred. Development expenditure is deferred and amortised over the period during which the Company is expected to benefit, currently considered to be between four to five years. This cost is included as part of administrative expenses within the income statement. During the year the company reduced the economic life of one of its projects from five to four years. This resulted in increased amortisation of £70,087 during the year.

Development expenditure capitalised represents time spent by company employees, sub-contractor costs, and any other directly attributable costs incurred in creating the asset for the purposes intended by management, valued at cost. The criteria for capitalising development costs are set out in note 11.

Revenue recognition

Revenue comprises the value of sales of licences, royalties arising from the resulting sale of licencees' SRT technology based products, revenues from support, maintenance and training and the sale of product. Revenue is measured at the fair value of the consideration received or receivable and represents amounts recoverable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Revenue arising from the sale of licences is recognised on a percentage-of-completion basis over the period from signing of the licence to final delivery to the customer. Under the percentage-of-completion method, provisions for estimated losses on uncompleted contracts are recognised in the period in which the likelihood of such losses is determined. The percentage-of-completion is measured by monitoring progress using records of actual time incurred to date in the project.

Where invoicing milestones on licence arrangements are such that the receipts fall due significantly outside of its normal payment terms for standard licence agreements, the Group evaluates whether it is probable that economic benefits associated with these milestones will flow to the Group. In particular it considers:-

- Whether there is sufficient certainty that the invoice will be raised in the expected timeframe, particularly if the raising of the invoice is in some way dependent on customer activity;
- Whether it has sufficient evidence that the customer considers that the Group's contractual obligations have been, or will be fulfilled
- The extent to which previous experience with similar product groups and similar customers support the conclusions reached.

If the amount of revenue recognised exceeds the amounts invoiced to customers, the excess amount is recorded as amounts recoverable on contracts within accounts receivable.

Royalty revenues and revenue from the sale of goods is recognised when goods are delivered and title has passed unless the sale conforms to the "bill and hold" sale requirements of IAS 18 where the following conditions have to be met for the revenue to be recognised:-

a) It is probable that delivery will be made
b) The item is on hand, identified and ready for delivery to buyer at the time the sale is recognised
c) The buyer specifically acknowledges the deferred delivery instructions
d) The usual payment terms apply

As disclosed above, in accordance with IAS 8 "Accounting policies, changes in accounting estimates and errors", the Group makes significant estimates in applying its revenue recognition policies. In particular the estimates made in relation to the use of the percentage-of-completion accounting method, which requires that the extent of progress toward completion of contracts may be anticipated with reasonable certainty. The use of the percentage-of-completion method is itself based on the assumption that, at the outset of license agreements, there is an insignificant risk that customer acceptance is not obtained. The Group also makes assessments, based on prior experience of the extent to which future milestone receipts represent a probable future economic benefit to the Group.

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2009

1. Accounting Policies – continued

The complexity of the estimation process and issues related to the assumptions, risks and uncertainties inherent with the application of the revenue recognition policies affect the amounts reported in the accounts. If different assumptions were used it is possible that different amounts would be reported in the accounts.

Property, plant and equipment

Depreciation is provided on cost or revalued amounts in equal annual instalments over the estimated useful lives of the assets concerned. The following annual rates are used:

Plant and machinery	-	2 - 10 years

Impairment of non-current assets

At each balance sheet date the Group reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered any impairment. An impairment loss is recognised as an expense immediately in the income statement. In such instances where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Any goodwill written off cannot be reinstated.

Discontinued operations

A discontinued operation is a component of an entity that has either been disposed of, or that is classified as held for sale, which represents a separate line of business or geographical area of operations and is part of a single coordinated plan to dispose of a separate line of business or geographical area of operations.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. Current tax is based on taxable profits for the year using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided for on a full provision basis on all temporary differences, which have arisen but not reversed at the balance sheet date. Temporary differences represent the accumulated differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is calculated at the tax rates that are expected to apply when the related deferred tax balance is settled. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity in which case the deferred tax is also dealt with in equity.

Deferred tax assets are recognised to the extent that it is probable that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

Pension costs

Contributions to defined contribution schemes are charged to the income statement as they become payable in accordance with the rules of the scheme.

Leases

Leases other than finance leases are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the lease term.

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2009

1. Accounting Policies - continued

Foreign currencies

Transactions denominated in a foreign currency are translated into sterling at the rate of exchange ruling at the date of the transaction. At the balance sheet date, monetary assets and liabilities denominated in foreign currency are translated at the rate ruling at that date. All exchange differences are dealt with in the income statement.

Inventories

Stock and work in progress are stated at the lower of cost and net realisable value. Cost comprises direct materials and other subcontracted manufacturing costs. The costs of finished products are expensed to the consolidated income statement to match against the corresponding revenues from those products. Provision is made against slow and obsolete moving stock to ensure the value at which stock is held in the balance sheet is reflective of anticipated future sales patterns.

Share based payments

The Group operates an equity settled share based compensation plan whereby the company grants share options to employees of all Group companies. The fair values of the options granted under this plan are calculated using an appropriate valuation model which takes into account assumptions about future events and market conditions. Further details are provided in note 20.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service condition are fulfilled, ending on the date on which the relevant employees become fully entitled to the award. The cumulative expense recognised for equity-settled transactions at each reporting date, until the vesting date, reflects the extent to which the vesting period has expired and the Directors' best estimate of the number of equity instruments that will ultimately vest.

In making this judgement consideration must be made as to the likely number of shares that will vest, and the fair value of each award granted. The fair value is determined using a valuation model, which is dependant on further estimates, including the Group's future dividend policy, employee turnover, the timing with which options will be exercised and the future volatility in the price of the Group's shares. Such assumptions are based on publicly available information and reflect market expectations and advice taken from qualified personnel. Different assumptions about these factors to those made by the Group could materially affect the reported value of share based payments.

Long term contracts

Amounts recoverable on long term contracts, which are included in debtors, are stated at net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method. A provision is established when there is objective evidence that the Group will not be able to collect all amounts due. The amount of any provision is recognised in the income statement.

Cash and cash equivalents comprise cash held by the Group.

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2009

1. Accounting Policies – continued

Financial liabilities and equity instruments issued by the Group are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

New accounting standards

A number of new standards, amendments to standards and interpretations are not mandatory for the financial year ended 31 March 2009 and therefore have not been adopted in preparing these accounts.

IAS 1 "Presentation of Financial Statements (Revised)" requires the Group to make new disclosures to enable users of the accounts to evaluate the Group's objectives, policies and processes for managing capital. The main changes relate to providing a comprehensive statement of income for the period and statement of changes in equity, this will become mandatory for the Group's 2010 accounts.

IFRS 8 "Operating Segments" introduces the "management approach" to segment reporting. IFRS 8 which becomes mandatory for the Group's 2010 accounts will require the disclosure of segment information based on the internal reports regularly reviewed by the Board. Currently the Group presents segment information in respect of business segments (see note 2); these segments are not expected to change under the Group's management approach.

IAS 27 (Revised), 'Consolidated and Separate Financial Statements' effective for accounting periods beginning on or after 1 July 2009. The revised standard must be applied prospectively and requires that acquisitions and disposals that do not result in a change of control are accounted for within equity. Any difference between the change in minority interest and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent.

IFRS 3 (Revised), 'Business combinations', must be applied prospectively by the group from 1 April, 2010. The revised standard requires that all acquisition related costs are to be expensed to the income statement in the period incurred.

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2009 - continued

2 **Revenue and segment information**

An analysis of the Group's revenue is as follows:-

Continuing operations	2009 £	2008 £
Sale of goods	2,425,085	2,064,155
Rendering of services	91,404	120,462
	2,516,489	2,184,617

Business and Geographical Segments

Based on the risks and returns the directors consider that the primary reporting format is by business segment. The directors consider that there is only one business segment being the marine business. Therefore the disclosures for the primary segment have already been given in these financial statements.

The secondary reporting format is by geographical analysis by destination.

Geographical segments

A geographical segment is a segment which is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments

The Group's operations are located in the United Kingdom and the geographical analysis shown below is with reference to the location of the Group's customers who are primarily located in the United Kingdom, Europe and Asia.

Segmental analysis by geographical destination:	**2009**	**2008** Re-presented*
	£	£
Continuing operations		
UK and Europe	457,925	1,476,134
Asia	1,664,540	420,661
Other	394,024	287,822
	2,516,489	2,184,617

3 **Share based payment**

Included in the income statement is a non cash charge of £42,130 (2008: £344,242), calculated in accordance with IFRS 2, arising on the grant of share options to executive, non executive directors and employees in the period from admission to Alternative Investment Market.

* see note 10 discontinued operation

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2009 – continued

4 **Directors' emoluments**

The remuneration policy for Directors is set by the Board and is described below. It is determined by the Remuneration committee within the framework of this policy. The remuneration of the Executive Directors is determined by the Remuneration Committee which consists entirely of Non-Executive Directors. The Remuneration Committee comprises of S Rogers (chairman) and N Jolliffe.

The Remuneration Committee consults with S Tucker, The Group Managing Director, as appropriate with regard to its proposals relating to the remuneration of the Executive Directors.

Remuneration policy

The policy of the Remuneration Committee is to review the Executive Directors' Remuneration based on market practice within the Company's market sector. The Group wishes to attract, motivate and retain key executives. Accordingly its policy is to design remuneration packages which, through an appropriate combination of basic salary, performance related bonuses, share options, pension arrangements and certain benefits, reward executives fairly and responsibly for their individual contributions, whilst linking their potential earnings to the performance of the Group as a whole. The overall package, which is reviewed at least annually may contain the following elements:-

a) Basic salaries
Basic salaries for Executive Directors are reviewed annually by the Remuneration Committee and are set at levels which reflect their performance and degree of responsibility.

b) Enterprise Management Incentive Share Option Scheme
The company has had in place, since November 2005, an enterprise management incentive share option scheme under which awards are met at the discretion of the Remuneration Committee. The Share Options held by the Directors are set out on page 25.

c) Performance related bonus
The Remuneration Committee can award discretionary bonuses, which are linked to the achievement of demanding individual, business and corporate objectives.

d) Pension allowance
S Tucker elected not to join the Company's Money Purchase Pension Scheme and in compensation for this the Remuneration Committee agreed to pay him the amount that the Company would have paid to the pension scheme on his behalf, for him to invest as he wishes.

e) Other benefits
Other benefits include the provision of a car allowance and private health insurance and in respect of M Rogers pay in lieu of holiday not taken.

f) Non-Executive Directors
The Non-Executive Directors are independent of management and have no relationship which could materially interfere with the exercise of their independent judgement. The remuneration of the Non-Executive Directors is decided by the Remuneration Committee.

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2009 – continued

4 **Directors' emoluments – continued**

The remuneration of the individual Directors was as follows:-

All £	Salary and fees	Taxable benefits	Termin-ation fee	Pension allowance	Pension contributions	**Total 2009**	**Total 2008**
Executive Directors							
S Tucker	126,000	6,000	-	6,300	-	**138,300**	**175,650**
M Rogers	56,007	4,500	-	-	2,850	**63,357**	**80,051**
N Peniket	75,000	6,000	-	-	4,050	**85,050**	**66,249**
G Kyprios	85,500	4,500	30,000	-	4,275	**124,275**	**40,665**
Non-Executive Directors							
R Moon	31,667	-	-	-	-	**31,667**	**40,000**
S Rogers	13,125	-	-	-	-	**13,125**	**15,000**
A Lapping	11,250	-	-	-	-	**11,250**	**15,000**
N Jolliffe	27,833	-	-	-	-	**27,833**	**15,000**
						494,857	**447,615**

M Rogers, G Kyprios and R Moon resigned during the year. Their resignation dates are shown on page 1.

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2009 - continued

4 **Directors emoluments – continued**

Share Options

Executive

	Total under option	Exercise price	Exercise date	Expiry date
S Tucker				
	733,333	35p	2 November 2007	2 November 2015
	733,333	35p	2 November 2008	2 November 2015
	733,334	35p	2 November 2009	2 November 2015
N Peniket	66,666	57p	1 April 2007	1 April 2016
	66,667	57p	1 April 2008	1 April 2016
	66,667	57p	1 April 2009	1 April 2016
	250,000	42p	1 October 2007	19 July 2017
	250,000	42p	1 October 2008	19 July 2017
	250,000	25.75p	1 January 2010	3 July 2018
	250,000	25.75p	1 August 2010	3 July 2018

S Kelly (no longer employed by the Group)

Under the terms of an agreement dated 10 January 2007 options granted to S Kelly that had not vested have lapsed. 740,000 options of 0.1p and 493,333 options of 35p that had vested at this date are exercisable anytime until 30 June 2009. The exercise period was extended by the Remuneration Committee at their meeting on 15 November 2007 and extended again by the Remuneration Committee at their meeting on 10 June 2008.

Non Executive

N Jolliffe	116,666	45.75p	31 December 2009	8 December 2017
	116,667	45.75p	31 March 2010	8 December 2017
	116,667	45.75p	30 June 2010	8 December 2017

An insurance premium of £3,150 (2008: £3,150) was paid in respect of directors and officers liability.

Retirement benefits are accruing to one (2008: three) director under the money purchase pension scheme.

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2009 - continued

5 **Employee information**

The average number of persons, including directors employed by the continuing Group during the year was:

	2009	2008
		Re-presented*
	No.	No.
Technical	14	11
Administration and sales	12	11
	26	22

	£	£
Staff costs for the above persons were:		Re-presented*
Wages and salaries	1,142,425	795,240
Social security costs	120,187	158,550
Pension costs – defined contribution schemes	38,408	42,050
	1,301,020	995,830

Total wages & salaries, as stated above, exclude costs capitalised and included within deferred development expenditure amounting to £135,180 (2008: £289,430).

Wages and salaries also include £42,130 (2008: £344,242) in respect of share-based payment charges as detailed in note 3.

6 **Investment revenues**

	2009	2008
		Re-presented*
	£	£
Bank interest receivable	33,441	24,238
	33,441	24,238

*See note 10 discontinued operation

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2009 - continued

		2009	2008
7	**Operating loss for the year** is stated after charging/(crediting):		Re-presented*
		£	**£**
	Inventories recognised as an expense	1,439,235	1,093,078
	Amortisation		
	- intangible assets (included in administrative expenses in the income statement)	401,027	295,793
	Depreciation	21,315	1,719
	Auditors' remuneration		
	- audit (including £14,000 (2008: £11,000) in respect of the parent company)	25,000	17,000
	- taxation	3,500	3,500
	Exchange profit	(130,335)	(27,797)
	Operating lease rentals – land & buildings	8,750	-

		2009	2008
8	**Taxation**		Re-presented*
		£	**£**
(a)	UK corporation tax at 28% (2008: 30%)		
	Current tax credit	(147,710)	(18,012)
		(147,710)	(18,012)
(b)	Factors affecting tax charge for year		
	Loss on ordinary activities before tax	(12,325,635)	(954,906)
	Loss on ordinary activities multiplied by standard rate of corporation tax in the UK 28% (2008: 30%)	(3,451,178)	(286,472)
	Effects of:		
	Expenses not deductible for tax purposes	3,107,600	109,144
	Income not taxable	-	(68,484)
	Depreciation in excess of capital allowances	43,285	(4,871)
	Losses carried forward	414,896	249,319
	Additional deduction for R&D	(114,164)	-
	Other short term timing differences	(439)	1,364
	Adjustments to previous periods – R&D tax credit	147,710	18,012
	Current tax credit for year	147,710	18,012

The group has estimated losses of £2,580,021 (2008: £2,100,464) available for carry forward against future trading profits.

No provision has been made in the accounts for a potential net deferred tax asset of £553,220 (2008: £584,811) resulting from the excess of depreciation over accelerated capital allowances and carry forward trading losses. A deferred tax asset would only be recognised where there is reasonable certainty that suitable taxable profits will be generated in the future and that the Group will be able to claim capital allowances in excess of depreciation in the future or where a balancing allowance would arise on disposal of the asset.

*See note 10 discontinued operation

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2009 - continued

9 **Loss for the financial year**

As permitted by section 230 of the Companies Act 1985, the holding company's income statement has not been included in these accounts. The loss for the year is £10,885,611 (2008: £467,590).

10 **Discontinued operation**

On 31 December 2008, the Board decided to discontinue the Group's professional mobile radio division and accordingly placed its 100% subsidiary, SRT PMR Technology Ltd, into Administration. This operation was not classified as discontinued as at March 31 2008 and the comparative income statement and cash flows have been re-presented to show the discontinued operation separately from the continuing operations.

The profit / (loss) for the discontinued operation is stated after charging:

Results of the discontinued operation	**2009** **£**	**2008** **£**
Revenue	624,294	2,555,490
Gross profit	349,920	2,093,693
Administrative expenses	(2,778,260)	(2,010,005)
Operating (loss) / profit	(2,428,340)	83,688
Investment revenues	29,410	101,424
(Loss) / profit before income tax	(2,398,930)	185,112
Income tax credit	400,284	552,439
(Loss) / profit after tax	(1,998,646)	737,551
Loss on disposal of net assets	(9,044,827)	-
(Loss) / profit from discontinued operation	(11,043,473)	737,551

Details of net assets disposed of as a result of the administration of SRT PMR Technology Ltd and the associated loss resulting from this are as follows:

	£
Non current assets	
Intangible assets	6,362,007
Investments	351,586
Property plant and equipment	297,265
Current assets	2,689,544
Current liabilities	(655,575)
Net assets disposed of	9,044,827
Consideration	-
Loss on disposal	9,044,827

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2009 – continued

11 **Intangible assets – Group**

	Goodwill	Development costs	Total
	£	£	£
Cost			
At 1 April 2007	**336,478**	**5,067,950**	**5,404,428**
Additions	-	2,303,927	2,303,927
At 31 March 2008	**336,478**	**7,371,877**	**7,708,355**
Additions	-	1,771,840	1,771,840
Discontinued operation	(336,478)	(7,081,268)	(7,417,746)
At 31 March 2009	**-**	**2,062,449**	**2,062,449**
Impairment and Amortisation			
At 1 April 2007	**224,320**	**226,713**	**451,033**
Charge for the year	-	295,793	295,793
At 31 March 2008	**224,320**	**522,506**	**746,826**
Charge for the year	-	1,232,446	1,232,446
Discontinued operation	(224,320)	(831,419)	(1,055,739)
Impairment	-	230,551	230,551
At 31 March 2009	**-**	**1,154,084**	**1,154,084**
Carrying amount at 31 March 2009	**-**	**908,365**	**908,365**
Carrying amount at 31 March 2008	112,158	6,849,371	6,961,529

Development costs consist largely of those directly attributable costs incurred in generating three technology assets; two (Class A and Class B) automatic identification transponders a professional mobile radio. During the year the development costs in relation to the professional mobile radio by SRT PMR Technology Ltd were written off when that company went into Administration (note 10).

In recognising such development costs as assets consideration is given to each of the following:-

a) The technological feasibility of completing the asset so that it may be used or sold

b) The intention and ability to use or sell the asset

c) How the asset will generate future probable economic benefits, for example by demonstrating that there is a market for the asset's output

d) Availability of adequate technical, financial and other resources to complete the development and to use the asset

e) The ability to measure reliably the expenditure on the asset during its development

Once management have satisfied themselves that the above criteria are met the development costs are carried as assets. The amortisation periods of each of the assets is between four and five years, as this is considered to be the revenue generating life of each asset. This period is subject to annual review by management. The Class A and Class B technology assets have been 24 and 60 months of amortisation remaining. The amortisation charge is included within administrative expenses.

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2009 - continued

12 **Investments - Group**

	Investments
Cost	**£**
At 1 April 2007	351,586
Additions	-
At 31 March 2008	**351,586**
Investment held by discontinued operation	(351,586)
At 31 March 2009	**-**
Amortisation	
At 1 April 2007	-
Charge for the year	-
At 31 March 2008	**-**
Charge for the year	-
At 31 March 2009	**-**
Carrying amount at 31 March 2009	**-**
Carrying amount at 31 March 2008	**351,586**

The investment represents a 19% interest that SRT PMR Technology Limited took in GroupCo of Taiwan during March 2008. This investment was written off when SRT PMR Technology Ltd went into administration on 31 December, 2008 (note 10).

13 **Property, plant and equipment**

	Company Plant & Equipment	Group Plant & Equipment
Cost	**£**	**£**
At 1 April 2007	-	**2,460,916**
Additions	-	191,988
At 31 March 2008	**-**	**2,652,904**
Additions	10,575	146,163
Discontinued operation	-	(2,691,696)
At 31 March 2009	**10,575**	**107,371**
Depreciation		
At 1 April 2007	-	**1,940,762**
Charge for the year	-	276,244
At 31 March 2008	**-**	**2,217,006**
Charge for the year	3,179	202,706
Discontinued operation	-	(2,394,431)
At 31 March 2009	**3,179**	**25,281**
Carrying amount at 31 March 2009	**7,396**	**82,090**
Carrying amount at 31 March 2008	**-**	**435,898**

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2008 - continued

14 **Investment in subsidiaries – Company**

	Shares in group undertakings £
Cost as at 1 April 2008	11,306,181
Discontinued operation	(11,255,700)
Impairment	(50,480)
Cost as at 31 March 2009	1

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of incorporation	Shares held	
Subsidiary undertakings		**Class**	**%**
Software Radio Technology (UK) Limited	England	Ordinary	100
SRT PMR Technology Limited	England	Ordinary	100
SRT Marine Technology Limited	England	Ordinary	100
SRT Software Development (India) Private Limited*	India	Ordinary	100

* not consolidated as non trading

The principal activity of these undertakings for the last relevant financial year was as follows:

	Principal activity
Software Radio Technology (UK) Limited	Non-trading
SRT PMR Technology Limited	Electronic hardware and software engineering and licensing of technology reference designs
SRT Marine Technology Limited	Electronic hardware and software engineering and licensing of technology reference designs
SRT Software Development (India) Private Limited	Non- trading

During the year, the company wrote off the value of its investment in SRT PMR Technology Limited when that company went into Administration as at 31 December 2008. The company retains its shareholding while SRT PMR Technology Limited continues to be in administration. In addition, the company incurred an impairment charge of £50,480 against the full value of its investment in Software Radio Technology (UK) Limited, a company which is non trading.

SRT Marine Technology Limited made a loss of £1,154,408 (2008: £466,078) during the year and had negative capital and reserves of £1,555,608 (2008: £401,200).

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2009 – continued

15 **Inventories – Group**

	2009 £	2008 £
Raw materials and consumables	19,830	190,275
Finished goods	878,151	222,744
	897,981	413,019

16 **Trade and other receivables – Group**

	2009 £	2008 £
Trade receivables	410,359	3,035,063
Amounts recoverable on contracts	-	1,416,143
Other debtors	132,001	459,426
Prepayments and accrued income	109,494	773,283
	651,854	5,683,915

As at 31 March 2009 no trade receivables were considered to be impaired.

As at 31 March 2009 trade receivables of £nil (2008: £350,445) were past due but not impaired. The ageing analysis of these trade receivables is as follows:-

Other receivables do not contain impaired assets.

	2009 £	2008 £
Up to 3 months past due	-	67,069
3 to 6 months past due	-	205,646
Over 6 months past due	-	77,730
	-	350,445

17 **Trade and other receivables – Company**

	2009 £	2008 £
Amounts owed by group undertakings	4,296,920	11,390,062
Other debtors	76,661	64,717
	4,373,581	11,454,779

The inter-company balances are unsecured, interest free and have no fixed dates for repayment and are not expected to be repaid within 12 months.

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2009 - continued

18	**Trade and other payables – Group**	**2009 £**	**2008 £**
	Trade payables	223,608	1,379,621
	Other tax and social security payable	88,624	109,742
	Other creditors	1,853	998
	Accruals and deferred income	85,215	1,048,593
		399,300	2,538,954

Trade and other payables – Company	**2009 £**	**2008 £**
Trade payables	157,579	160,401
Amounts owed to group undertakings	-	10,815,957
Other tax and social security payable	54,613	-
Other creditors	211	-
Accruals and deferred income	39,952	6,045
	252,355	10,982,403

The directors consider that the carrying amount of trade and other payables approximates to fair value.

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2009 - continued

19 **Called up share capital**

	2009 £	2008 £
Authorised		
120,000,000 Ordinary shares of 0.1p each	120,000	120,000
	120,000	120,000
Allotted, called up and fully paid		
(2009: 97,817,107 Ordinary shares of 0.1p each 2008 : 97,817,107 Ordinary shares of 0.1p each)	97,818	97,818
Share capital	97,818	97,818

<u>Share capital reconciliation</u>

	No.
Shares outstanding at 31 March 2007	**78,287,082**
Placing April 2007	9,523,810
Warrant conversion July 2007	150,000
Exercise of options July 2007	1,040,000
Warrant conversion October 2007	305,000
Warrant conversion November 2007	8,417,882
Exercise of options November 2007	93,333
Shares outstanding at 31 March 2008 and 2009	**97,817,107**

Notes to the reconciliation:-

a) The placing in April 2007 took place at 42 pence per share, raising gross funds of £4,000,000 before costs of £192,821
b) The warrant conversion in July 2007 took place at 40 pence per share, raising gross funds of £60,000
c) The options exercise in July 2007 was by S Tucker (940,000) and M Rogers (100,000). The exercise price was 0.1 pence per share.
d) The warrant conversion in October 2007 took place at 40 pence per share, raising gross funds of £122,000
e) The warrant conversion in November 2007 took place at 40 pence per share, raising gross funds of £3,367,153. November 2007 was the deadline for exercising the options and any options that remained outstanding at this date lapsed.
f) The options which were exercised in November 2007 were by an ex-employee. The exercise price was 35 pence per share and this amount is still owed to the company at 31 March 2008.

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2009 - continued

20 Share Based Payment

The Company operates an Enterprise Management Incentive share option scheme and a Non Enterprise Management Incentive scheme for directors and employees. An award has also been made to the Company's Chairman, N Jolliffe.

The general terms of the schemes are that awards are made once an employee has completed a minimum of six months service with the Company. The awards made to employees are at the discretion of the Management Team and those to the directors at the discretion of the Remuneration Committee. Grants to certain directors carry share price performance criteria.

The options generally vest over a three year period and the maximum exercise period for the options is ten years from the date of grant. Upon vesting the options may be equity settled.

Details of the share options outstanding during the year are as follows:-

	Number of share options	**Weighted average exercise price**
Outstanding at beginning of year	8,255,445	28.5p
Granted during the year	950,000	25.2p
Forfeited during the year	(3,498,000)	37.1p
Outstanding at the end of the year	5,707,445	33.8p
Exercisable at the end of the year	3,993,777	30.1p

The value of the options granted during the year has been measured by using the Black Scholes pricing model as adjusted where applicable for market based performance criteria.

For share options granted during the year the inputs into the Black Scholes model were as follows:-

Share price at grant	25p	25.75p
Exercise price	24.5p	25.75p
Volatility	35%	36%
Expected life	5 years	5 years
Risk free rate	5.2%	5.9%
Expected dividend yield	0%	0%

Expected volatility was determined by referencing volatility data received and using historical data for similar sized companies over the previous five years.

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2009 - continued

20 **Share Based Payment – continued**

For share options outstanding at the year end, vesting and expiry dates are as set out below.

Vesting date	Number issued	Exercise price	Expiry date
2 November 2005	740,000	0.1p	30 June 2009
2 November 2007	493,333	35p	30 June 2009
2 November 2007	865,704	35p	3 November 2015
2 November 2008	865,704	35p	3 November 2015
2 November 2009	865,703	35p	3 November 2015
31 March 2007	113,333	57p	1 April 2016
31 March 2008	113,333	57p	1 April 2016
31 March 2009	113,334	57p	1 April 2016
28 February 2008	50,000	48p	1 March 2017
28 February 2009	50,000	48p	1 March 2017
28 February 2010	50,000	48p	1 March 2017
1 October 2007*	250,000	42p	19 July 2017
1 October 2008*	250,000	42p	19 July 2017
31 December 2009**	150,000	45.75p	8 December 2017
31 March 2010**	100,000	45.75p	8 December 2017
30 June 2010**	100,000	45.75p	8 December 2017
31 August 2008	3,333	49p	1 September 2017
31 August 2009	3,333	49p	1 September 2017
31 August 2010	3,334	49p	1 September 2017
24 April 2009	9,000	24.5p	24 April 2018
24 April 2010	9,000	24.5p	24 April 2018
24 April 2011	9,000	24.5p	24 April 2018
1 January, 2010*	250,000	25.75p	3 July 2018
1 August, 2010*	250,000	25.75p	3 July 2018
Total outstanding	**5,707,444**		

* Subject to market related performance criteria.

** Options awarded to N Jolliffe, Non Executive Director, also subject to market related performance criteria

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2009 - continued

21 **Reserves - Group**

	Other reserves	Retained earnings	Share premium account	Total
	£	£	£	£
At 1 April 2007	**5,719,383**	**(6,307,920)**	**7,787,787**	**7,199,250**
Loss for the financial year	-	(199,343)	-	(199,343)
Share options to be exercised	-	344,242	-	344,242
Premium on shares issued in year	-	-	7,337,936	7,337,936
Exercise of warrants (net)	(228,787)	-	228,787	-
Exercise of share options	-	-	32,574	32,574
At 31 March 2008	**5,490,596**	**(6,163,021)**	**15,387,084**	**14,714,659**
Loss for the financial year	-	(12,177,925)	-	(12,177,925)
Share options to be exercised	-	42,130	-	42,130
At 31 March 2009	**5,490,596**	**(18,298,816)**	**15,387,084**	**2,578,864**

Other reserves - Group

	Capital Redemption Reserve	Warrants	Merger	Total
	£	£	£	£
At 1 April 2007	**2,857**	**291,187**	**5,425,339**	**5,719,383**
Exercise of warrants (net)	-	(228,787)	-	(228,787)
At 31 March 2008 and 2009	**2,857**	**62,400**	**5,425,339**	**5,490,596**

Other reserves consist of a capital redemption reserve, warrant reserve and a merger reserve.

The capital redemption reserve arose on 8 March 2005 when 285,714 deferred 1p shares with an aggregate nominal value of £2,857 were repurchased by Software Radio Technology (UK) Limited for the aggregate consideration of 1p.

The merger reserve arose on 19 October 2005 when Software Radio Technology plc acquired the entire share capital of Software Radio Technology (UK) Limited by means of a share for share exchange.

The warrant reserve arose on Software Radio Technology plc listing on the London Alternative Investment Market in November 2005 when for every one share issued one warrant was also issued.

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2009 - continued

21 **Reserves – continued**

Reserves – Company

	Other reserves	Retained earnings	Share premium account
	£	£	£
At 1 April 2007	**291,187**	**(348,183)**	**7,787,787**
Loss for the financial year	-	(467,590)	-
Premium on shares issued in year (net)	-	-	7,337,936
Exercise of warrants in year (net)	(228,787)	-	228,787
Share options to be issued	-	344,242	-
Exercise of options	-	-	32,574
At 31 March 2008	**62,400**	**(471,531)**	**15,387,084**
Loss for the financial year	-	(10,885,611)	-
Exercise of options	-	42,130	-
At 31 March 2009	**62,400**	**(11,315,012)**	**15,387,084**

22 **Reconciliation of movements in Shareholders' funds – Group**

	2009	2008
	£	£
Loss for the financial year	(12,177,925)	(199,343)
Proceeds from issue of shares	-	4,000,000
Costs of share issue	-	(192,827)
Proceeds from exercise of warrants	-	3,549,153
Proceeds from exercise of options	-	33,714
Share options to be exercised	42,130	344,242
	(12,135,795)	7,534,939
Opening shareholder's funds	14,812,477	7,277,538
Closing shareholders' funds	2,676,682	14,812,477

Reconciliation of movements in Shareholders' funds – Company

	2009	2008
	£	£
Loss for the financial year	(10,885,611)	(467,590)
Proceeds from issue of shares	-	4,000,000
Cost of share issue	-	(192,827)
Proceeds from exercise of warrants	-	3,549,153
Proceeds from exercise of share options	-	33,714
Share options to be exercised	42,130	344,242
	(10,843,481)	7,266,692
Opening shareholders' funds	15,075,771	7,809,079
Closing shareholders' funds	4,232,290	15,075,771

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2009 - continued

23 **Operating lease commitments**

At 31 March 2009 the Group has lease agreements in respect of properties and equipment for which the payments extend over a number of years.

	2009	2008
	£	£
Due:		
Within one year	35,000	100,364
Between two and five years	70,000	369,229
After five years	-	860,814
	105,000	1,330,407

24 **Related party transactions**

Key management are those persons having authority and responsibility for planning, controlling and directing the activities of the Group. In the opinion of the Board, the Group's key management are the directors of Software Radio Technology plc.

The Non-Executive Directors invoice the Company for their services through their respective consultancy businesses. During the year an amount of £11,250 (2008: £15,000) was payable to Andrew Lapping, an amount of £13,125 (2008: £15,000) was payable to Newton Court Partnership for services provided by Simon Rogers, an amount of £31,667 (2008: £40,000) was payable to Synergie Business Limited for services provided by Richard Moon and an amount of £27,833 (2008: £15,000) was payable to Skaana Ltd for services provided by Nick Jolliffe. As at the period end £2,500 (2008: £nil) was owed to Andrew Lapping, £9,862 (2008: £13,333) was owed to Synergie Business Limited, £2,083 (2008: £7,693) was owed to Skaana Ltd and £5,094 (2008: £3,750) was owed to Newton Court Partnership.

Each of the Non-Executive Directors service agreements can be terminated immediately by the company and on one month's written notice by the Non-Executives. None of the outstanding balances are secured.

Transactions between the Company and its subsidiaries (including SRT PMR Technology Ltd.) , which are related parties, are as follows:

	Sale of goods		Purchase of goods		Services provided	
	2009	2008	2009	2008	2009	2008
	£	£	£	£	£	£
Subsidiaries	-	-	-	-	1,003,995	1,152,900

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2009 - continued

25 **Cash used in operations – Group: continuing activities**

	2009	2008
		Re-presented*
	£	£
Operating loss	(1,315,603)	(979,144)
Depreciation of property, plant and equipment	21,315	1,719
Amortisation of intangible fixed assets	401,027	295,793
Share based payment charge	42,130	344,242
(Increase) in inventories	(751,197)	(128,614)
Decrease / (Increase) in trade and other receivables	1,606,219	(1,722,532)
(Decrease) / Increase in trade and other payables	(1,131,051)	996,658
Impairment of intangible fixed assets	230,551	-
Net cash used in operations	(896,609)	(1,191,878)

Cash used in operations – Company

	2009	2008
	£	£
Operating profit (loss)	(488,830)	(467,499)
Share based payment charge	42,130	344,242
Depreciation	3,179	-
Increase in trade and other receivables	(11,944)	(52,717)
Increase in amounts owed by group undertakings	(2,830,226)	(3,957,039)
Increase in trade and other payables	85,909	72,854
Net cash used in operations	(3,199,782)	(4,060,159)

26 **Loss per share**

The basic loss per share has been calculated on the loss on ordinary activities after taxation of £12,177,925 (2008: £199,343) divided by the weighted number of Ordinary shares in issue of 97,817,107 (2008: 90,774,729). The weighted average number of shares in issue in 2008 has been adjusted to reflect the placing in April 2007 and the conversion of warrants in July 2007, October 2007 and November 2007 and the exercise of warrants in July 2007 and November 2007. There were no movements in the year ended March 31 2009. A summary of the movements is shown below:-

	2009	2008
	No.	No.
Shares at beginning of year	97,817,107	78,287,082
Placing	-	8,730,160
Exercise of options	-	724,444
Conversion of warrants	-	3,033,043
Weighted average number of shares	97,817,107	90,774,729

* see note 10 discontinued operation

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2009 - continued

27 **Financial instruments**

The Group's financial instruments comprise cash and cash equivalents and items such as trade payables and trade receivables which arise directly from its operations. The main purpose of these financial instruments is to provide finance for the Group's operations.

The Group's operations expose it to a variety of financial risks including credit risk, interest rate risk and foreign currency exchange rate risk. Given the size of the Group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

Credit risk
The Group's credit risk is primarily attributable to its trade receivables. The Group has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by each subsidiary's management team. The carrying amount of financial assets represents the maximum credit exposure. The maximum credit exposure to credit risk at the reporting date was:-

	2009	2008
	£	£
Trade receivables	410,359	3,035,063
Cash and cash equivalents	535,692	3,505,484
	946,051	6,540,547

Interest rate risk

The Group has both interest bearing assets and interest bearing liabilities. Interest bearing assets comprise only cash and cash equivalents which earn interest at a variable rate.

The Group has not entered into any derivative transactions during the period under review.

The Group's cash and cash equivalents earned interest at a variable rate totalling £33,441 (2008; £24,238) during the year.

The Group has no borrowings.

Foreign currency exchange rate risk

The Group is exposed to foreign currency exchange rate risk as a result of trade payables and trade receivables which will be settled in US Dollars and Euros. During the year the Group did not enter into any arrangements to hedge this risk, as the directors did not consider the exposure to be significant given the short term nature of the balances. The Group will review this policy as appropriate in the future.

The Group's currency exposure comprises monetary assets and liabilities that are denoted in currencies other than sterling, principally those denominated in US Dollars.
Such transactions give rise to net currency gains and losses recognised in the income statement.

At the year end this exposure comprised £410,359 (2008: £3,917,313) of assets denominated in US Dollars, £nil (2008: £29,640) of assets denominated in Euros and £235(2008: £425,269) of liabilities denominated in Euros and £22,896 (2008: £244,939) of liabilities denominated in US Dollars.

The table below illustrates the hypothetical sensitivity of the Group's reported profits and equity to a 10% increase and decrease in the US dollar/Sterling and Euro/Sterling exchange rates at the year end date assuming all other variables remain unchanged. The sensitivity rate of 10% represents the Directors assessment of a reasonable possible change.

Positive figures represent an increase in profit and equity.

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2009 – continued

Financial Instruments – continued

Year end exchange rates applied in the analysis below are US Dollar 1.56 (2008 : 1.99) and Euro 1.18 (2008 : 1.38).

	2009	2008
Sterling strengthens by 10%		
US Dollar	43,514	408,043
Euro	(22)	(40,445)
Sterling weakens by 10%		
US Dollar	(34,762)	(333,851)
Euro	26	35,965

28 **Capital risk management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders. The Group defines capital as being share capital plus reserves. The Group is not subject to any externally imposed capital requirements.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Annual General Meeting of the Company will be held at the offices of the Company, Wireless House, Westfield Industrial Estate, Midsomer Norton, Bath, England, BA3 4BS at 11.00 a.m. on 13 August, 2009 for the purpose of considering and, if thought fit, passing the following ordinary resolutions (in the case of resolutions 1 to 5) and special resolutions (in the case of resolutions 6 and 7):

ORDINARY RESOLUTIONS

1. To receive the audited accounts of the Company for the financial year ended 31 March 2009 and the directors' report and the auditors' report on those accounts.

2. To re-appoint Nexia Smith & Williamson LLP as the auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next general meeting of the Company at which audited accounts are laid and to authorise the directors to fix their remuneration.

3. To re-appoint Andrew Christopher Lapping as a director of the Company.

4. To re-appoint Neil Anthony Peniket as a director of the Company.

5. THAT the directors be generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities (within the meaning of section 80(2) of the Companies Act 1985) up to an aggregate nominal amount of £22,276 provided that this authority shall expire (unless previously varied, revoked or renewed by the Company in general meeting) on the fifth anniversary of the day on which this resolution is passed, except that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired, and this authority shall be in substitution of any such previous authorities.

SPECIAL RESOLUTIONS

6. THAT subject to the passing of resolution 5, the directors be empowered pursuant to section 95 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 conferred on them by resolution 5 above and/or to sell equity securities held as treasury shares for cash pursuant to section 162D of that Act, in each case as if section 89(1) of that Act did not apply to any such allotment or sale, provided that this power shall be limited to:

(a) any such allotment and/or sale of equity securities in connection with an issue or offer by way of rights or other pre-emptive issue or offer, open for acceptance for a period fixed by the directors, to holders of ordinary shares (other than the Company) on the register on any record date fixed by the directors in proportion (as nearly as may be) to the respective number of Ordinary shares deemed to be held by them, subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements, legal or practical problems arising in any overseas territory, the requirements of any regulatory body or stock exchange or any other matter whatsoever; and

(b) any such allotment and/or sale, otherwise than pursuant to sub-paragraph (a) above, of equity securities having, in the case of relevant shares (as defined in section 94(5) of the Act), an aggregate nominal value or, in the case of other equity securities, giving the right to subscribe for or convert into relevant shares having an aggregate nominal value, not exceeding the sum of £4,886.

This authority shall expire, unless previously revoked or renewed by the Company in general meeting, at such time as the general authority conferred on the directors by resolution 5 above expires, except that the Company may at any time before such expiry make any offer or agreement which would or might require equity securities to be allotted or equity securities held as treasury shares to be sold after such expiry and the directors may allot equity securities and/or sell equity securities held as treasury shares in pursuance of such an offer or agreement as if the power conferred by this resolution had not expired.

7. THAT the Articles of Association produced to the meeting and initialled by the chairman of the meeting for the purpose of identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

NOTICE OF ANNUAL GENERAL MEETING – continued

The directors believe that the proposed resolutions to be put to the meeting are in the best interests of shareholders as a whole and recommend that shareholders vote in favour of all the resolutions, as they intend to do in respect of their own beneficial shareholdings in the Company.

By order of the Board

Richard Hurd
Company Secretary
1 July 2009

Registered Office:
Wireless House, Westfield Industrial Estate,
Midsomer Norton, Bath BA3 4BS
Registered in England and Wales No. 05459678

NOTICE OF ANNUAL GENERAL MEETING - continued

Notes:

1. A shareholder is entitled to appoint another person as that shareholder's proxy to exercise all or any of that shareholder's rights to attend and to speak and vote at the Annual General Meeting. A shareholder may appoint more than one proxy in relation to the Annual General Meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy does not need to be a shareholder of the Company.

2. A form of proxy for use in connection with the Annual General Meeting is enclosed with the document of which this notice forms part. Completion and return of a form of proxy will not prevent a shareholder from attending and voting at the Annual General Meeting. Addresses (including electronic addresses) in this document are included strictly for the purposes specified and not for any other purpose.

3. To appoint a proxy or proxies shareholders must complete: (a) a form of proxy, sign it and return it, together with the power of attorney or any other authority under which it is signed, or a notarially certified copy of such authority, to the Company Secretary at the Company's offices, or (b) a CREST Proxy Instruction (see note 4 below) in each case no later than 48 hours before the time fixed for holding the meeting or any adjournment thereof.

4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) of the meeting by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members and those CREST members who have appointed any voting service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent by the latest time for receipt of proxy appointments set out in paragraph 3 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed any voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as is necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

5. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only those shareholders included in the register of members of the Company at 6.00 p.m. on 11 August 2009 being the time not less that 48 hours before the time fixed for the meeting or, if the meeting is adjourned, in the register of members at 6.00 p.m. on the day which is two days before the day of any adjourned meeting, will be entitled to attend and to vote at the Annual General Meeting in respect of the number of shares registered in their names at that time. Changes to entries on the share register after 6.00 p.m. on 11 August 2009 or, if the meeting is adjourned, in the register of members after 6.00 p.m. on the day which is two days before the day of any adjourned meeting, will be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING - continued

6. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives – www.icsa.org.uk – for further details of this procedure. The guidance includes a sample form of representation letter if the chairman is being appointed as described in (i) above.

EXPLANATORY NOTES FOR SHAREHOLDERS

The notice of the Annual General Meeting of the Company to be held at 11.00 a.m. on 13 August 2009 is set out on pages 43 to 46 of the annual report and accounts. The following notes provide an explanation as to why the resolutions set out in the notice are to be put to shareholders.

Resolutions 1 to 5 are ordinary resolutions. These resolutions will be passed if more than 50% of the votes cast for or against are in favour.

Resolution 1 – Directors' report and audited accounts for year ended 31 March 2009

The directors are required to present to the Annual General Meeting the accounts and the reports of the directors and auditors for the year ended 31 March 2009. They are contained in the Company's Annual Report and Accounts.

Resolution 2 – Re-appointment of auditors and auditors' remuneration

This resolution proposes the re-appointment of Nexia Smith & Williamson LLP as auditors of the Company and gives authority to the directors to determine their remuneration.

Resolutions 3 to 4 – Directors re-appointment

Andrew Christopher Lapping and Neil Anthony Peniket will retire at this year's Annual General Meeting and offer themselves for re-election.

Resolution 5 – Authority to allot shares

The Companies Act 1985 provides that the directors may not allot shares unless empowered to do so by the shareholders. Such a power cannot be given for longer than five years at any one time and the total nominal value of shares which can be allotted must be specified. In respect of unissued shares in the Company it is accordingly proposed that the directors be granted general authority at any time prior to the fifth anniversary of the day on which the resolution is passed to allot shares up to an aggregate nominal amount of £22,276. Passing this resolution will give the directors flexibility to act in the best interests of shareholders, when opportunities arise, by issuing new shares. The directors have no current plans to make use of this authority.

Resolutions 6 and 7 are special resolutions. These resolutions will be passed if not less than 75% of the votes cast for and against are in favour.

Resolution 6 – Disapplication of pre-emption rights

The Companies Act 1985 requires that, if the Company issues new shares for cash or sells any treasury shares, it must first offer them to existing shareholders in proportion to their current holdings. If passed, resolution 6 will authorise the directors to issue shares for cash and/or sell shares from treasury (if any are so held) up to an aggregate nominal amount of £4,886 (representing approximately 5% of the Company's issued share capital as at the date of the notice of Annual General Meeting) without offering them to shareholders first, and will also modify statutory pre-emption rights to deal with legal, regulatory or practical problems that may arise on a rights or other pre-emptive offer or issue.

This power will provide the directors with the flexibility to take advantage of business opportunities as they arise. If given, this authority will last until the fifth anniversary of the day on which the resolution is passed. The Company does not at present hold any shares in treasury.

Resolution 7 – Calling of general meetings

The Companies Act 2006 ("2006 Act"), s.307(1) has introduced a provision permitting the notice period for all general meetings of a company (other than AGMs) to be reduced to 14 clear days regardless of the type of resolution to be proposed at the general meeting. This replaces the previous rule requiring a notice period of 21 clear days for general meetings at which a special resolution was to be proposed. This resolution, if passed, adopts an updated version of the Company's Articles of Association reflecting this change and enabling the Company to convene all general meetings (other than AGMs) on 14 clear days' notice.