

SOFTWARE RADIO TECHNOLOGY PLC
(“SRT” or the “Group”)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010

Software Radio Technology plc, the AIM-quoted developer and supplier of maritime identification and tracking technologies, announces its unaudited interim results for the six months ended 30 September 2010.

HIGHLIGHTS

- **Revenues up by 94% to £4.42 million (H1 09: £2.28 million)**
- **Profit after tax of £1.33 million (H1 09: Loss £31,000)**
- **Cash increased from year end by 46% to £1.39 million**
- **Gross margin of 48% (H1 09: 36%)**
- **No borrowings**
- **Order book of US\$6.6m at 1 November 2010**

Simon Rogers, SRT’s Chairman, commented: “Demand in the AIS market continues to grow as existing mandates start to take effect and we are now seeing the start of this reflected in the figures we are reporting today. We expect the market to continue to grow and see many opportunities arising for our technologies and new products in the future.”

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About SRT:

Software Radio Technology plc develops advanced radio communications technologies which are used to create enabling modules and OEM products. SRT Marine Technology Limited focuses on VHF and AIS technologies for use in navigation and homeland security identification and tracking applications. SRT Marine Technology provides its solutions in a variety of module and OEM product formats.

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010

SRT, the AIM-quoted developer and supplier of maritime identification and tracking technologies, announces its unaudited interim results for the six months ended 30 September 2010.

- **Revenues up by 94% to £4.42 million**
- **Profit after tax of £1.33 million**
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- **No borrowings**
- **Order book of US\$6.6m at 1 November 2010**

During the first six months, compared to the same period last year, revenues increased by 94% to £4.42 million (6 months ended 30 September 2009: £2.28 million), with an improvement in gross margin to 48% (6 months ended 30 September 2009: 36%) and a profit after tax of £1.33 million (6 months ended 30 September 2009: loss £31,000). The Group remains free of borrowing and increased its cash balances by 46% from £952,000 as at 31 March 2010 to £1.39 million as at 30 September 2010.

Revenues have been driven by demand from customers around the world as a result of mandates taking effect and the continuing general increased awareness of AIS. As stated in the 2010 Annual Report, we have focused on careful control of our overheads while managing increasing demand for our range of AIS solutions and maintaining our desired level of technology and product development. During the first six months of this year, the main operational challenge has been the introduction and production ramp up of our new Class A product, and I am pleased to report that, despite the usual issues associated with new products of such complexity, our team has been able to manage this complex task without undue delays to customers.

Today there are mandates in effect which require approximately one million vessels to be fitted with an AIS device within the next four years, of which we estimate that 80,000 have now been fitted, with more mandates expected in the future. In addition, the uses for AIS are broadening to include personal tracking and other safety, security and tracking applications. This growth and segmentation of the global market presents significant opportunities for SRT to apply its technologies in different products and applications and consequently leverage its established sales channels. During the first six months, we continued to invest in new core AIS technologies to develop significantly improved modules around which we are now seeking to expand and accelerate the development of derivative products. We expect this investment in new technologies and products to start generating additional revenues from Q1 2011.

We see significant future growth in our target markets and are evolving our operations and product development and commercialisation strategies to ensure that we continue to benefit from this expected growth.

Our development strategy is to deploy our talented in-house team to create more integrated, intelligent and ultimately flexible core technologies (modules) based upon advanced software radio architectures. These modules will be used to create a much broader range of products and applications which in turn enable our customers to match market demand and address new segments. We are therefore now accelerating our development process to launch a series of new products during the course of 2011 which we expect will open additional markets and generate new revenue streams to complement our traditional standard AIS products. Examples of this will be a new product called the IDENTIFIER which will enable even the smallest vessel to be fitted with AIS at a highly competitive price point, a man over board (MOB) beacon and long range tracking systems.

Operationally this year we have invested in a new integrated business control system to improve internal efficiencies and controls to enable us to better manage growth. In the year ahead we are planning to increase our permanent staff levels from 26 to 33 with a focus on sales, project management, customer service and supply chain management to support the acceleration of product developments. As part of our drive to improve customer service, we will be deploying more capital in our supply chain in order to shorten lead times for customers and enable us to fill unexpected demand on shorter notice.

Our strategy is aimed at consolidating our position as the world's leading provider of AIS solutions through the provision of the best core technology, innovative products and a high level of reliable service to our customers. This will enable SRT to continue its growth trajectory in line with the AIS market.

The Board therefore believes that the results announced today demonstrate that SRT is making excellent progress in a lucrative, yet challenging, growing global market. The market remains in its early stages and is driven by multiple factors from commercial imperatives to national homeland security programmes. These programmes vary from region to region, are difficult to predict accurately and are subject to delays. However, their implementation is creating significant new opportunities for SRT. This is demonstrated by the current order book of US\$6.6 million at 1 November 2010.

Finally, I would like to take this opportunity to thank all our staff for their tireless, passionate and innovative work, without which SRT would not have been able to develop market leading technologies and establish itself as the leading provider of AIS solutions in the world today.

Simon Rogers
Chairman

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010**

		Six months ended 30 Sep 2010 Unaudited	Six months ended 30 Sep 2009 Unaudited	Year ended 31 Mar 2010 Audited
	Notes		£	£
<u>Continuing operations</u>				
Revenue		4,424,497	2,279,594	3,558,124
Cost of sales		(2,301,267)	(1,454,884)	(2,180,119)
Gross profit		2,123,230	824,710	1,378,005
Administrative expenses		(968,213)	(975,950)	(1,876,383)
Share based payment charge		(55,125)	(58,403)	(22,004)
Other net operating income		-	12,453	132,129
Operating profit / (loss)		1,099,892	(197,190)	(388,253)
Investment revenues		112	491	2,067
Profit / (loss) before income tax		1,100,004	(196,699)	(386,186)
Income tax credit		232,030	165,662	165,662
Profit / (loss) for the period		1,332,034	(31,037)	(220,524)
Earnings / (loss per share):				
Basic	3	1.36p	(0.03)p	(0.2)p
Diluted		1.30p	(0.03)p	(0.2)p

**CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2010**

	Notes	As at 30 Sep 2010 Unaudited £	As at 30 Sep 2009 Unaudited £	As at 31 Mar 2010 Audited £
Assets				
Non-current assets				
Intangible assets		1,705,389	1,137,593	1,570,429
Property, plant and equipment		159,283	86,260	123,759
Total non-current assets		1,864,672	1,223,853	1,694,188
Current assets				
Inventories		692,996	709,372	894,392
Trade and other receivables		1,120,953	354,982	318,762
Cash and cash equivalents		1,386,610	704,926	952,485
Total current assets		3,200,559	1,769,280	2,165,639
Liabilities				
Current liabilities				
Trade and other payables		(1,190,111)	(289,085)	(1,381,665)
Net current assets		2,010,448	1,480,195	783,974
Net assets		3,875,120	2,704,048	2,478,162
Shareholders' funds				
Ordinary shares		98,209	97,818	97,818
Share premium		15,396,492	15,387,084	15,387,084
Other reserves	4	5,490,596	5,490,596	5,490,596
Retained earnings		(17,110,177)	(18,271,450)	(18,497,336)
Total funds		3,875,120	2,704,048	2,478,162

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010**

	Share Capital	Share Premium	Retained Earnings	Other Reserves	Total
	£	£	£	£	£
Balance at 1 April 2009	97,818	15,387,084	(18,298,816)	5,490,596	2,676,682
Loss for the period	-	-	(31,037)	-	(31,037)
Other comprehensive income	-	-	-	-	-
Share options to be exercised	-	-	58,403	-	58,403
Balance at 30 September 2009	97,818	15,387,084	(18,271,450)	5,490,596	2,704,048
Loss for the period	-	-	(189,487)	-	(189,487)
Other comprehensive income	-	-	-	-	-
Share options to be exercised	-	-	(36,399)	-	(36,399)
Balance at 31 March 2010	97,818	15,387,084	(18,497,336)	5,490,596	2,478,162
Profit for the period	-	-	1,332,034	-	1,332,034
Other comprehensive income	-	-	-	-	-
Share options to be exercised	-	-	55,125	-	55,125
Issue of ordinary share capital	391	9,408	-	-	9,799
Balance at 30 September 2010	98,209	15,396,492	(17,110,177)	5,490,596	3,875,120

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010**

	Notes	Six months ended 30 Sep 2010 Unaudited £	Six months ended 30 Sep 2009 Unaudited £	Year ended 31 Mar 2010 Audited £
Net cash from operating activities	5	652,207	460,251	1,391,790
Corporation tax received		232,030	165,662	165,662
Net cash from operating activities		884,237	625,913	1,557,452
Investing activities				
Expenditure on product development		(401,368)	(433,665)	(1,073,269)
Purchase of property, plant and equipment		(56,955)	(23,505)	(101,087)
Proceeds from the sale of property, plant and equipment		-	-	31,630
Interest received		112	491	2,067
Net cash used in investing activities		(458,211)	(456,679)	(1,140,659)
Financing activities				
Net proceeds from issue of ordinary share capital		8,099	-	-
Net cash from financing activities		8,099	-	-
Net increase in cash and cash equivalents		434,125	169,234	416,793
Cash and cash equivalents at beginning of period		952,485	535,692	535,692
Cash and cash equivalents at end of period		1,386,610	704,926	952,485

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. Accounting Policies

Basis of preparation

The interim financial information in this report has been prepared using accounting policies consistent with IFRS as adopted by the European Union. IFRS is subject to amendment and interpretation by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) and there is an ongoing process of review and endorsement by the European Commission. The financial information has been prepared on the basis of IFRS that the Directors expect to be adopted by the European Union and applicable as at 31 March 2011.

The accounting policies are consistent with those of the annual financial statements for the year ended 31 March 2010. For the period ended 30 September 2010 the Group is required to adopt IFRS 3 Business Combinations (revised) and IAS 27 Consolidated and Separate Financial Statements (revised). The adoption of these revised standards has had no impact on the financial information for the six months ended 30 September 2010, the year ended 31 March 2010 or the six months ended 30 September 2009.

Non-statutory accounts

The financial information for the year ended March 31 2010 set out in this interim report does not constitute the Group's statutory accounts for that period. The statutory accounts for the year ended 31 March 2010 have been delivered to the Registrar of Companies. The auditors reported on those accounts; their report was unqualified, did not contain a statement under either Section 498 (2) or Section 498 (3) of the Companies Act 2006 and did not include references to any matters to which the auditor drew attention by way of emphasis.

The financial information for the 6 months ended 30 September 2010 and 30 September 2009 is unaudited.

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

2. Share-based payment

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

	Six months ended 30 Sep 2010 Unaudited £	Six months ended 30 Sep 2009 Unaudited £	Year ended 31 Mar 2010 Audited £
Share options – profit and loss charge	55,125	58,403	22,004

3. Earnings per share

The basic earnings per share have been calculated using the profit for the period of £1,332,034 (six months ended September 30, 2009 – loss of £31,037; year ended March 31, 2010 loss of £220,524) divided by the weighted average number of ordinary shares in issue of 98,204,085 (six months ended September 30, 2009 and year ended March 31, 2010 – 97,817,107). The diluted earnings per share for the period have been calculated using weighted diluted shares of 102,607,525.

4. Statement of movement in shareholders' equity

Other reserves consist of: Capital Redemption Reserve £2,857 (2009: £2,857), Warrants Reserve £62,400 (2009: £62,400) and Merger Reserve £5,425,339 (2009: £5,425,339). There were no movements during the period.

5. Cash from Operations

	Six months ended 30 Sep 2010 Unaudited £	Six months ended 30 Sep 2009 Unaudited £	Year ended 31 Mar 2010 Audited £
Operating profit / (loss)	1,099,892	(197,190)	(388,253)
Depreciation of property, plant and equipment	21,431	19,335	39,418
Amortisation of intangible fixed assets	266,408	204,437	411,205
Share-based payment charge	55,125	58,403	22,004
Decrease in inventories	201,396	188,609	3,589
(Increase) / decrease in trade and other receivables	(800,491)	296,872	333,092
(Decrease) / increase in trade and other liabilities	(191,554)	(110,215)	982,365
Profit on disposal of equipment	-	-	(11,630)
Net cash generated from operations	652,207	460,251	1,391,790