

**SOFTWARE RADIO TECHNOLOGY PLC**  
("SRT" or the "Company")  
(AIM: SRT)

**FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2016**

SRT, the AIM-quoted provider of maritime domain awareness technologies, products and solutions, announces its results for the year ended 31 March 2016.

**FINANCIAL SUMMARY**

- 25% year on year increase in revenues
- 48% gross margin
- No increase in cash overheads
- Profit before tax of £0.3 million (2015: Loss of £0.4 million)
- £70 million contracted future order book
- Growing validated sales opportunity pipeline of over £200 million

**OPERATIONAL HIGHLIGHTS**

- Completion of national MDM System into the Middle East
- Implementation of satellite AIS optimisation technology
- Increase in customer support resources to accommodate multiple projects
- Significant product functionality enhancements

Commenting on today's results, Simon Tucker, CEO of SRT said:

"This has been a landmark year for SRT. We have won and delivered a national MDM system in the Middle East, signed a major contract worth £70 million and made significant progress with many other pending project and market opportunities. Despite delivering 25% revenue growth and increasing our sales and customer support activities to support expected new contracts, we maintained our cash overheads at the same level as the previous year. SRT enters the new financial year with a significant future order book and an even larger pipeline of validated sales opportunities."

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**About SRT:**

SRT develops, manufactures and supplies maritime tracking technology and turn-key system solutions to marine stakeholders across the globe. The Company's products and solutions are used by individual vessel owners, port authorities, maritime infrastructure owners, coast guards and national security agencies to enhance their maritime domain awareness. Applications include the tracking of commercial and leisure vessels; sustainable fishery; anti-collision; search and rescue; waterway management, port and coast security; pollution management; and environmental management.

In early 2006, SRT was the first company to develop a low cost technology platform supporting the International Maritime Organisation (IMO) adopted data communications technology, AIS (Automatic Identification System). This technology transmits vessel type, current co-ordinates, course and speed, and the vessel's unique identifier, in real time – air traffic control for boats. As a result of a global IMO sponsored mandate for the use of AIS, today AIS is being adopted and implemented worldwide in marine market as the next generation of radar. SRT's systems are entirely developed in the UK with 95% of revenues derived from exports.

With circa 26 million vessels operational globally and a growing demand from national authorities enforcing vessels operating in their waters to fit AIS as standard, SRT, the leading global provider of AIS technology, is at the forefront of a rapidly developing and evolving multi-billion dollar maritime market.

## **CHAIRMAN'S STATEMENT**

This year has seen SRT transform into a global maritime system integration company, providing a broad range of maritime domain awareness (MDA) solutions to the leisure, commercial and security market segments. We closed the year having achieved our financial targets with 25% year-on-year revenue growth, a substantial contracted forward order book, and an increasing validated sales opportunity pipeline.

Group revenue increased year-on-year by 25% to £10.7 million with a profit before tax of £0.3 million compared to £8.5 million and a loss of £0.4 million respectively in the previous financial year. The gross profit margin was 48% which is broadly in line with our long term target of 50%. Cash overheads remained tightly controlled at the same level compared to the previous year. Gross cash stood at £1.8 million with saleable stock valued at a cost of £4.3 million.

Revenue growth was primarily driven by our projects business which accounted for approximately 50% of sales, where we provide a customised, turn-key MDA solution to countries in the form of our integrated SRT Maritime Domain Management (MDM) product. During the year we closed and completed a US\$5.3 million project in the Middle East, and signed a contract worth up to US\$100 million for an MDM system for an Asian country which will be supplied in phases over the next three years, of which US\$2.9 million was delivered during the financial year under review. We have a significant and growing pipeline of validated project sale opportunities, most of which have made substantial progress towards contract signing during the year. Coupled with our contracted forward order book, I expect this to be a significant growth driver in the new financial year and further into the future.

Sales from our OEM, module and direct to dealer sales channels which primarily address the global leisure and commercial markets grew 5% year-on-year despite challenging general market conditions. AIS is now a standard technology in the marine industry, sitting alongside radar in terms of importance and utility, and we therefore expect to see steady annual growth for many years across all market segments.

We continued to see demand from the EU Inland Waterway and Fisheries mandates as enforcement action has now started following the fit deadline in early 2015. The USCG AIS transceiver mandate which was announced on 30 January 2015 with a fit deadline of 3 April 2016 has not yet resulted in the expected surge in demand. We believe that this is due to a combination of factors, including a significant percentage of those vessels affected being out of operation due to the poor economic climate and minimal enforcement thus far. It is now our view that this latent demand will show in sales over the next few years as effective enforcement action is applied. We saw additional renewed mandate activity in other markets such as Russia, Mauritius and Colombia which we believe generated some sales for our distribution network during the year and will continue to do so in the future.

We continued to build our market position in the Ports, Waterway & Infrastructure market segment where we offer a range of monitoring solutions leveraging our core GeoVS and AtoN products. Sales during the year were £0.3 million with a high profit margin, but most importantly end customer understanding of these solutions and projects to implement these complex systems have developed significantly over the period which should reflect in increasing contract conversions in the future, generating a highly profitable business segment for SRT.

I am therefore pleased to report that SRT has made significant progress across all MDA geographic and application market segments. The forward visibility of sales opportunities has notably improved during the year primarily due to the progression of our project MDM opportunities and we look forward to continuing our successful delivery of those under contract and adding more to our order book and our pipeline in the future.

## **Operational Review**

We have maintained a significant level of R&D investment, but with a greater proportion focused on our GeoVS display and data management product group to support our MDM system offer. On the transceiver side we have undertaken various software related enhancements to our existing products to include additional functionality. On our GeoVS product we have made significant functionality additions that are focused around enabling users to better harness and understand the large amounts of data generated by these systems. Going forward we shall continue to develop new hardware products to address the evolving international AIS standards and aggressively expand the functionality and capability of our GeoVS VIEWER and GeoVS HUB products.

With the growth in the number of active and soon to be active projects, we have significantly expanded our Customer Support department. We have successfully completed our first phase of this expansion which, in conjunction with our local in-country partners, gives us the resources to simultaneously support several MDM projects.

## **Market Review**

Marine domain awareness is a significant global market. The market covers a wide range of applications from port security, port efficiency, maritime border security, fishery monitoring, search and rescue, environment monitoring and general waterway management. AIS has evolved to become a critical technology in all of these applications due to its proven and flexible functionality which in turn has placed SRT in a strategic position within the MDA market.

AIS is used within the general leisure and commercial markets to improve general maritime security and as more commercial boats comply with expanding rules and regulations requiring its use, we expect to see more non-mandated vessels to elect to acquire an AIS transceiver. With many millions of leisure and commercial boats in the EU and US, we believe that this offers SRT and its OEM and module customers a significant long term market opportunity which will grow gradually. SRT's full range of AIS product solutions and established sales channels into these market segments places SRT in a good position to benefit from this developing market demand.

In recent years, the importance of maritime exclusive economic zones (EEZ) for reasons of security and economics has been recognised by many countries, resulting in new initiatives to implement policies and systems which enhance their protection. The starting point for this is to identify and track marine activity in these zones and through data analysis, identify potential threats and or illegal activities. These are significant national projects which involve the provision of physical infrastructure, intelligent data management and display systems and AIS-based vessel identification transceivers. These national scale projects present a significant opportunity to SRT and one which we have started to crystallise following many years of working with governments and authorities around the world to plan these large national scale projects. Today we have visibility of a significant number of potential projects of which a subset worth over £200 million are sufficiently progressed to qualify for our validated sales opportunity pipeline and thus have the potential to convert within a three year time horizon.

## **Employees**

SRT now has 45 full time employees, operating out of two offices: one in Cardiff and the head office in Somerset. We benefit from a rare capability of being able to develop our own sophisticated products entirely in-house to a standard which we believe is unmatched in our market. Our reputation for high quality, innovative products backed up by robust technical and sales support, is directly attributable to the skills and commitment of the SRT team. I would like to thank all our employees for another year of dedication and hard work towards delivering SRT's objectives.

## **Outlook and Strategy**

SRT's strategy is to maintain our position as the world's leading developer and provider of AIS technologies, products and systems and to provide a range of derivative maritime domain awareness solutions for mariners, infrastructure owners and maritime security agencies such as Coast Guards and Navies with customised turn-key solutions with AIS functionality at their core. The worldwide adoption of AIS as a technology and our proven position in that market, puts SRT in an advantageous position to become one of the world's leading providers of not only black box and module AIS product solutions, but also of sophisticated turn-key maritime security and monitoring system solutions for ports, infrastructure and national maritime borders.

We expect to see the continuing conversion of projects into contracts from our validated sales opportunity pipeline as well as more projects qualifying for inclusion before converting into contracts, thereby generating substantial and sustainable growth in the future. Whilst such growth will not be without challenges, SRT has proven its expertise and capability to successfully design and deliver such systems and has taken steps to ensure that, working in conjunction with its partners, it is well able to handle the implementation of multiple projects simultaneously.

I therefore look forward to a particularly exciting year for SRT and would like to take this opportunity to thank our customers, partners, employees and shareholders for their work and support.

**Simon Rogers, Chairman**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR  
THE YEAR ENDED 31 MARCH 2016**

	Note	2016	2015
		£	£
Revenue		10,683,639	8,522,134
Cost of sales		(5,515,775)	(4,168,698)
<b>Gross profit</b>		5,167,864	4,353,436
Administrative costs		(4,847,591)	(4,687,282)
<b>Operating profit / (loss)</b>		320,273	(333,846)
Finance expenditure		(45,549)	(45,587)
Finance income		645	319
<b>Profit / (loss) before tax</b>		275,369	(379,114)
Income tax credit		158,305	425,469
<b>Profit for the year after tax</b>		433,674	46,355
<b>Total comprehensive income for the year</b>		433,674	46,355
<b>Earnings per share:</b>	4		
Basic		0.34p	0.04p
Diluted		0.33p	0.04p

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016**

	<b>2016</b> £	<b>2015</b> £
<b>Assets</b>		
<b>Non-current assets</b>		
Intangible assets	6,076,204	6,055,165
Property, plant and equipment	139,269	110,543
	Total non-current assets	6,215,473
		6,165,708
<b>Current assets</b>		
Inventories	4,258,556	4,960,959
Trade and other receivables	4,726,522	1,604,422
Cash and cash equivalents	1,862,048	2,151,232
	Total current assets	10,847,126
		8,716,613
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	(2,849,583)	(1,425,846)
Financial liabilities	-	(1,000,000)
	Total current liabilities	(2,849,583)
		(2,425,846)
<b>Net current assets</b>	7,997,543	6,290,767
	Total assets less current liabilities	14,213,016
		12,456,475
<b>Long term liabilities</b>		
Financial liabilities	(1,000,000)	-
Deferred tax	(293,163)	-
	Total long term liabilities	(1,293,163)
		-
<b>Net assets</b>	12,919,853	12,456,475
	Shareholders' equity	12,456,475
Share capital	127,453	127,453
Share premium account	4,855,729	4,844,989
Retained earnings	2,446,015	1,993,437
Other reserves	5,490,596	5,490,596
	Total shareholders' equity	12,456,475

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2016**

	<b>2016</b> £	<b>2015</b> £
<b>Cash generated from operating activities</b>	853,394	1,033,847
Corporation tax received	451,468	425,469
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<b>Net cash generated from operating activities</b>	1,304,862	1,459,316
	<hr/>	<hr/>
<b>Investing activities</b>		
Expenditure on product development	(1,453,370)	(1,932,321)
Purchase of patent	-	(54,160)
Purchase of property, plant and equipment	(106,572)	(19,775)
Interest received	645	319
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	(1,559,297)	(2,005,937)
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<b>Financing activities</b>		
Net proceeds on issue of shares	10,800	1,452,901
Interest paid	(45,549)	(45,587)
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<b>Net cash (used in) /generated from financing activities</b>	(34,749)	1,407,314
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<b>Net (decrease) / increase in cash and cash equivalents</b>	(289,184)	860,693
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<b>Net cash and cash equivalents at beginning of year</b>	2,151,232	1,290,539
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<b>Net cash and cash equivalents at end of year</b>	1,862,048	2,151,232
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## **Notes**

### **1. Status of financial information**

SRT is a public limited company incorporated in England and Wales whose ordinary shares of 0.1p each are traded on the AIM Market of the London Stock Exchange. The Company's registered office is Wireless House, Westfield Industrial Estate, Midsomer Norton, Bath BA3 4BS.

The Board of Directors approved this preliminary announcement on 3 June 2016. Whilst the financial information included in this preliminary announcement has been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union, this announcement does not itself contain sufficient information to comply with all the disclosure requirements of IFRS and does not constitute statutory accounts of the Company for the years ended 31 March 2016 or 31 March 2015.

The financial information has been extracted from the statutory accounts of the Company for the years ended 31 March 2016 and 31 March 2015. The auditors reported on those accounts; their reports were unqualified and did not contain a statement under either Section 498 (2) or Section 498 (3) of the Companies Act 2006 and did not include references to any matters to which the auditor drew attention by way of emphasis.

The statutory accounts for the year ended 31 March 2015 have been delivered to the Registrar of Companies, whereas those for the year ended 31 March 2016 will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

### **2. Basis of preparation**

This financial information has been prepared in accordance with the principles of International Financial Reporting Standards ("IFRS") as adopted by the European Union and International Financial Reporting Interpretations Committee ("IFRIC") recommendations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. For the purposes of the preparation of the consolidated financial information, the Group has applied all standards and interpretations that are effective for accounting periods beginning on or after 1 April 2015. There have been no changes in accounting policies during the year. The financial information has been prepared under the historical cost convention unless otherwise stated.

### **3. Dividends**

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

### **4. Earnings per Ordinary Share**

The basic earnings / (loss) per share has been calculated on the profit on ordinary activities after taxation of £433,674 (2015: £46,355) divided by the weighted number of ordinary shares in issue of 127,485,789 (2015: 125,253,104).

During the year the calculation of diluted earnings per share has also been calculated on profit on ordinary activities after taxation of £433,674 (2015: £46,355). It assumes conversion of all potentially dilutive ordinary shares, all of which arise from share options. A calculation is performed to determine the number of shares that could have been acquired at fair value, based upon the monetary value of subscription rights to outstanding share options. The number of dilutive shares under options was 2,938,447 (2015: 3,005,927) and the weighted average number of ordinary shares for the purposes of dilutive earnings per share was 130,424,235 (2015: 128,259,031).

### **5. Annual Report and AGM**

The Annual Report will be available from the Company's website, [www.softwarerad.com](http://www.softwarerad.com) from 6 June 2016. To locate the report, click "Media Centre" and then scroll down the page. The Annual Report and Notice of AGM will be posted to shareholders on 10 June 2016. The AGM will take place at the Centurion Hotel, Charlton Lane, Midsomer Norton, Radstock BA3 4BD at 11.00 a.m. on 5 July 2016.