

SOFTWARE RADIO TECHNOLOGY PLC
(“SRT” or the “Company”) (AIM: SRT)

FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2013

SRT, the AIM-quoted developer and provider of maritime identification and tracking technologies and products, announces its results for the year ended 31 March 2013.

FINANCIAL HIGHLIGHTS

- Revenue £10.0 million (2012: £6.2 million)
- Profit before tax £1.2 million (2012: £0.2 million)
- Earnings per share 1.3p (2012: 0.2p)
- Gross profit margin 46% (2012: 51%), due to product mix and early production costs
- Debt free with cash of £1.5 million

OPERATIONAL HIGHLIGHTS

- New Identifier and Aids to Navigation product platforms completed and customer deliveries commenced
- Multiple customer product integration and customisation projects completed
- Customer base grown to over 110

Simon Tucker, CEO of SRT, commented:

“The global market for AIS has made substantial progress this year with many pending projects entering their implementation phase and many more new projects materialising. In parallel we have continued to execute our strategy to be the global source provider of AIS technologies and products through building our customer network to over 110 customers and broadening and improving our product range. SRT is in pole position to reap the rewards from the global AIS opportunity.”

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About SRT:

Software Radio Technology plc (SRT), and its subsidiaries develop and supply Automatic Identification System (AIS) based maritime domain awareness (MDA) technologies and derivative product and system solutions to the global marine industry. SRT's products are used in a wide variety of applications from vessel tracking to pollution control, improving maritime safety, efficiency and security.

CHAIRMAN'S STATEMENT

I am pleased to report that, due to our market leading position and our growing global customer network, we have seen the continuing growth in the global AIS based maritime domain awareness market reflected in our financial performance.

Revenue increased by 62% from £6.2 million to £10.0 million, resulting in us having achieved an average annual revenue growth rate of 41% over the last four years. The increase in revenue has been driven primarily by a number of market opportunities which have entered their implementation phase and therefore started to create demand into our customers for our products. The most notable during the year have been Mexico, Russia, EU Fisheries and the pending extension of requirements to fit AIS in the United States. These markets are driven by regulatory fit requirements and are in their early stages with further substantial demand expected in the future. As is the nature of these markets, order inflow was lumpy across the year and remains difficult to predict accurately. However, we also saw a steady increase in our core business where customer orders are driven by general non-mandated demand and I am pleased to report that this is considerably easier to forecast.

Gross margin at 46% was below our long term target of 50% due to the higher than expected weighting of lower margin products, together with exceptional costs associated with early production runs of new products. However, we remain confident that our core technology and product investment over the last three years will result in our long term margin across all products exceeding our target in the future and expect this position to normalise in the year ahead.

Despite the substantial development and customer support activities, our cost base was tightly controlled and on a cash basis was consistent with the previous year. Reported administrative costs increased from £3.0 million to £3.4 million due to an increase in the amortisation charge of our intangible assets from £0.4 million to £0.9 million. This all resulted in profit before tax increasing from £0.2 million to £1.2 million.

As at the year end, we had cash of £1.5 million, debtors of £3.4 million and creditors of £1.4 million. Debtors were larger than normal due to the timing of several substantial orders, and have now settled to a more typical level. Inventories stood at £3.4 million, comprising a mixture of finished stock and strategic components valued at cost. Due to the lumpy nature of our target markets this figure has varied substantially throughout the year.

SRT has continued to be managed with a combination of operational aggression and financial prudence. We have again expanded both our product range and customer base into a global market which is starting to yield significant demand.

Operational Review

This year we had three primary operational targets, all of which were delivered. Firstly, to complete our core product range offering by delivering our Identifier and Aids to Navigation product platforms. Both these products have opened new market segments for SRT. Secondly, to grow our customer network to ensure coverage of all identified markets. Finally, to work with new and existing customers to customise and integrate our product platforms into their product portfolios and support them in bringing them to market. This has involved over 20 customer and market specific customisation projects as well as significant sales support activities.

The delivery of these targets is designed to ensure that our products are actively promoted and available from suitably qualified and respected companies throughout the world to an end market. I am pleased to report that today SRT has an established global network of over 110 customers each with their own sales channels.

Our most significant challenge this year and going forward is the management of production timing and therefore inventory levels. To this end our sales teams continue to work with customers and authorities to improve internal forecasting, however, the nature of our target markets means that often our customers are unable to predict market demand patterns.

Market Review

AIS is now a global technology being used in a wide range of maritime domain awareness applications. From national maritime security projects affecting hundreds of thousands of vessels to pollution control and port operations, AIS offers a proven, cost effective and highly capable technology platform to deliver the required functionality. Since launching the world's first low cost AIS transceiver in 2006, SRT has established itself as primary source provider of AIS technology and products to over 110

customers around the world each targeting various segments of the global market: security, commercial and leisure.

During the last year, we have seen a steady increase in non-mandated demand for AIS devices as specific market segments reach a critical mass where it becomes the norm to have an AIS transceiver. We expect this trend to continue with more market segments reaching this critical mass each year. However the current economic climate does mean that growth remains steady rather than explosive and we expect this to remain the case for the foreseeable future.

Most excitingly, we have seen a large increase in the number of mandate market opportunities either where governments are looking to directly acquire AIS devices as part of a national security programme or a local regulation creates market demand. Some of these such as Mexico, India, Middle East, Central America, USA, Russia and EU Fisheries have started to generate orders, but remain in their early implementation stage with only a small percentage of their overall requirements filled to date. In addition, several new mandate opportunities, particularly in South America and South East Asia have materialised, some of which seem likely to generate significant demand for our products and services within a three year time window.

As AIS has proliferated and coastal monitoring networks built, authorities have started to turn their attention to the electronic marking of waterways through the deployment of AIS AtoN devices. Our new AtoN launch in late 2012 has been well received by the market and a specialist network of customers built who are now actively taking this product to market. With many millions of buoys across the world, we expect this market to grow into a substantial revenue stream for SRT, but given its complexity and its linkage to coastal networks, we expect to see this build steadily in the years to come.

Employees

We have grown to a team of 39 full time people with a wide range of skill sets from financial control and sales to world class radio communications development and project management. The commitment and skills of our employees are critical to our future success and, as such, we regularly review remuneration to ensure that our employees are rewarded commensurately with their contribution and our overall financial performance. The last year has presented exceptional challenges in terms of delivering a large number of development projects and managing large scale production requirements as our markets grow. None of this would have been possible without our team and I would like to take this opportunity to thank them for their continuing hard work.

Outlook and Strategy

As stated above, our major challenge is accurately forecasting customer demand and order inflow remains unpredictable. In common with the year under review, our expectations are that the current financial year will be weighted towards the second half.

Over the last three years we have invested heavily in the development of a new sophisticated core technology architecture which has been used this to create a comprehensive range of high quality product platforms. In parallel we have built a global network of competent customers who have been equipped with the knowledge and customised products to address their specific target markets. As the AIS market grows and the many projects commence and accelerate, we expect to see these investments translate into growing sales.

However, as the market grows, we are seeing new opportunities within the marine market and will therefore continue to develop new products and complementary services which allow our customers to meet these requirements. Over the next two years we will be expanding our Identifier and AtoN product range, and developing a new display system for Class A and Class B. We will also start to leverage our new strategic relationship with exactEarth which will enable us to offer bundled data and product solutions into the market generating a new service-related income stream for SRT.

AIS has established itself as an integral part of all maritime domain awareness projects and SRT has established itself as the primary source provider of reliable product solutions. There are multiple projects which have entered their implementation phase in the last two years and started to generate sales for SRT. Many more will enter the implementation phase over the next three years and we therefore look forward with great optimism to the years ahead.

Simon Rogers
Chairman

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH
2013**

	Note	2013 £	2012 £
Revenue		10,011,185	6,171,697
Cost of sales		(5,454,532)	(3,029,270)
Gross profit		<u>4,556,653</u>	<u>3,142,427</u>
Administrative costs		(3,378,669)	(2,989,779)
Operating profit		<u>1,177,984</u>	<u>152,648</u>
Finance income		9,087	21,995
Profit before tax		<u>1,187,071</u>	<u>174,643</u>
Income tax credit		316,686	-
Profit for the year after tax		<u>1,503,757</u>	<u>174,643</u>
Total comprehensive income for the year		<u><u>1,503,757</u></u>	<u><u>174,643</u></u>
Earnings per share:	4		
Basic		1.3p	0.2p
Diluted		1.3p	0.2p

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2013

	2013 £	2012 £
Assets		
Non-current assets		
Intangible assets	4,381,504	3,568,959
Property, plant and equipment	130,630	153,989
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Total non-current assets	4,512,134	3,722,948
Current assets		
Inventories	3,419,521	3,495,650
Trade and other receivables	3,449,786	1,536,701
Cash and cash equivalents	1,535,376	646,202
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Total current assets	8,404,683	5,678,553
Liabilities		
Current liabilities		
Trade and other payables	(1,437,969)	(1,945,163)
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Net current assets	6,966,714	3,733,390
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Total assets less current liabilities	11,478,848	7,456,338
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Net assets	11,478,848	7,456,338
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Shareholders' equity		
Share capital	115,920	106,190
Share premium account	2,471,121	8,484
Retained earnings	3,401,211	1,851,068
Other reserves	5,490,596	5,490,596
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Total shareholders' equity	11,478,848	7,456,338
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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2013

	2013	2012
	£	£
Cash used in operating activities	(157,447)	(268,945)
Corporation tax received	316,686	-
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Net cash generated from / (used in) operating activities	159,239	(268,945)
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Investing activities		
Expenditure on product development	(1,680,532)	(2,063,160)
Purchase of property, plant and equipment	(70,987)	(81,486)
Interest received	9,087	21,995
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Net cash used in investing activities	(1,742,432)	(2,122,651)
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Cash outflow before financing	(1,583,193)	(2,391,596)
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Financing activities		
Net proceeds on issue of shares	2,472,367	12,350
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Net increase / (decrease) in cash and cash equivalents	889,174	(2,379,246)
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Net cash and cash equivalents at beginning of year	646,202	3,025,448
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Net cash and cash equivalents at end of year	1,535,376	646,202
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Notes

1. Status of financial information

SRT is a public limited company incorporated in England and Wales and 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 2013. 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 2013 or 31 March 2012.

The financial information has been extracted from the statutory accounts of the Company for the years ended 31 March 2013 and 31 March 2012. 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 2012 have been delivered to the Registrar of Companies, whereas those for the year ended 31 March 2013 will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

2. Basis of preparation

This financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and International Financial Reporting Interpretations Committee ("IFRIC") recommendations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. For the purposes of the preparation of the consolidated financial information, the Group has applied all standards and interpretations that are effective for accounting periods beginning on or after 1 April 2012. There have been no changes in accounting policies during the year. The financial statements have been prepared under the historical cost convention unless otherwise stated.

3. Dividends

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

4. Earnings per Ordinary Share

The basic earnings per share has been calculated on the profit on ordinary activities after taxation of £1,503,757 (2012: £174,643) divided by the weighted number of ordinary shares in issue of 115,447,244 (2012: 105,950,771).

The calculation of diluted earnings per share has also been calculated on profit on ordinary activities after taxation of £1,503,757 (2012: £174,643). 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 3,997,616 (2012: 4,598,170) and the weighted average number of ordinary shares for the purposes of dilutive earnings per share was 118,190,488 (2012: 109,733,497).

5. Annual Report and AGM

The Annual Report will be available from the Company's website, www.srt-marine.com from 4 June 2013. To locate the report, click "Investors" and "Corporate Media Centre", then scroll down the page. The Annual Report and Notice of AGM will be posted to shareholders on 6 June 2013. The AGM will take place at the Centurion Hotel, Charlton Lane, Midsomer Norton, Radstock BA3 4BD at 11.00 a.m. on 2 July 2013.