

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

**HALF YEARLY REPORT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015**

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 2015 (the “Period”).

**Financial Highlights**

- Revenue of £3.6 million
- Loss before tax of £0.7 million
- 50.7% gross profit margin
- Order book of £3.6 million at the Period end
- Cash of £2.4 million at the Period end

**Operational Summary**

- Signing and commencement of customer delivery for the first complete Maritime Domain Management (MDM) system, with a total contract value of US\$5.3 million
- Strong progress with further potential MDM system sales
- ABSEA technology development completed and implemented for Identifier product
- Multiple customer evaluation and validation of ABSEA service has commenced
- New Apollo hardware platform completed which will enable new generation of Class A and Class B products

**Contacts:**

Software Radio Technology plc

[www.softwarerad.com](http://www.softwarerad.com)

+ 44 (0) 1761 409 500

Simon Tucker (CEO)

[simon.tucker@softwarerad.com](mailto:simon.tucker@softwarerad.com)

Louise Coates (Marketing Manager)

[louise.coates@softwarerad.com](mailto:louise.coates@softwarerad.com)

[media@softwarerad.com](mailto:media@softwarerad.com)

WH Ireland Limited

Tim Feather / Liam Gribben

+44 (0) 113 394 6600

**Chairman’s Statement**

For the six months ended 30 September 2015, revenues were £3.6 million generating a gross profit of £1.8 million (gross margin of 50.7%) and a loss before and after tax of £0.7 million and £0.5 million respectively. As at 30 September 2015, the Group had cash of £2.4 million, including drawn down borrowings of £1.0 million, stock valued at cost of £5.2 million, a forward order book of £3.6 million and a validated sales opportunity pipeline worth approximately £200 million.

During the Period, core business generated by our module, OEM and em-trak dealer base grew strongly. In the second half we expect to see baseline business of a similar level, but with additional contributions driven

by market demand created by the new USCG AIS rule which has a compliance deadline of 1 March 2016 and a potential new mandate in Asia.

By far the largest short and medium term opportunity is within the Projects business for the sale of our MDM system to authorities as a solution for tracking, monitoring and managing their national fishing, commercial and, in some cases, leisure boats. The system comprises a bundled package of vessel transceivers, coast stations, supplementary satellite data and GeoVS database and viewing stations which is scaled and customised for individual customer requirements. SRT is actively working on 34 such projects, of which 18 are considered sufficiently mature to qualify for our validated sales opportunity pipeline now valued at approximately £200 million. The first half saw one of these opportunities convert into a contract with a Middle Eastern government worth US\$5.3 million for the provision of an MDM system, the delivery of which commenced during the first half, although the majority of revenues will be during the second half. In addition we saw good progress with other validated opportunities which we expect to yield additional revenues during the second half and the next financial year.

Typically the initial focus for each MDM customer is the implementation of their base monitoring system, including the installation of large numbers of transceivers on vessels. However, once substantially installed, with extended and often problematic coastlines we expect most MDM customers to require supplementary satellite AIS data feeds into their MDM system to ensure full tracking coverage of all vessels operating within their EEZ.

This provides SRT with the potential for significant recurring revenues due to our development and implementation of ABSEA technology with our partner, exactEarth, which endows our Class B and Identifier transceivers with the unique ability to track globally from space.

Our ports, marine infrastructure and waterways business built around our AtoN and GeoVS display products continued to make steady progress. This is a significant target market segment which is at the very early stages of implementing AIS systems for applications beyond simply tracking vessels and one where our investments in technology, products, customers and marketing is generating considerable interest and building a healthy pipeline of opportunities. We therefore look forward to this segment considerably increasing its contribution in the future.

Overheads remained tightly controlled at approximately £2.5 million for the Period on a cash accounting basis consistent with the comparable period last year. The Company continues to innovate and invest in core technology and new products. During the Period we added a new product variant to our AtoN portfolio, continued the development of the Apollo SOTDMA Class A and B product platform, embarked on an upgrade of our existing Cobalt Class B module, and added significant functionality to our GeoVS Viewer and GeoVS HUB products.

Reflecting the increased opportunities across multiple market segments and geographies, we have invested more in sales and marketing, primarily in relation to intensive direct engagement with customers to assist them with the planning of their intended projects and working with new customers who are beginning the planning of their projects. In the second half we will be expanding our customer support function to ensure that we are in a position to continue to deliver the high level of service the market has come to expect from SRT.

Going forward, we will continue to invest aggressively in the development of new technologies and products, but with an increased bias away from hardware towards our display and data management products and the functionality of our transceiver platforms. In parallel we also anticipate a further shift in overhead from development to customer support and sales and marketing activities as the number of projects we are addressing continues to increase.

In the second half we will deliver our £3.6 million order book, plus additional orders that we expect to receive and ship derived from day to day core business including the USCG and Asia mandates, continuing growth in our ports, infrastructure and waterway business, and the conversion of additional projects from our validated sales opportunity pipeline.

SRT has evolved into an established international company. As a result of many years of accumulated investment in technology, products, customers and markets, SRT has become the dominant player in the global market for all things AIS. AIS has become globally adopted by authorities as an integral element of their maritime domain awareness strategies, plans and projects. This position has taken considerable time, investment and strategic decision making to attain, but as can be seen from this report, with a £3.6 million order book, plus multiple additional validated future revenue opportunities, we can look forward positively and optimistically to the second half of this financial year and the years ahead.

**Simon Rogers**  
**Chairman**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015**

		<b>Six months ended 30 Sep 2015 Unaudited</b>	<b>Six months ended 30 Sep 2014 Unaudited</b>	<b>Year ended 31 Mar 2015 Audited</b>
		<b>£</b>	<b>£</b>	<b>£</b>
Revenue		3,635,090	5,410,060	8,522,134
Cost of sales		(1,792,936)	(2,430,584)	(4,168,698)
<b>Gross profit</b>		<b>1,842,154</b>	<b>2,979,476</b>	<b>4,353,436</b>
Administrative expenses		(2,562,323)	(2,439,656)	(4,687,282)
<b>Operating (loss) / profit</b>		<b>(720,169)</b>	<b>539,820</b>	<b>(333,846)</b>
Finance expenditure		(24,590)	(22,860)	(45,587)
Finance income		285	162	319
<b>(Loss) / profit before income tax</b>		<b>(744,474)</b>	<b>517,122</b>	<b>(379,114)</b>
Income tax credit	3	228,874	425,469	425,469
<b>(Loss) / profit for the period</b>		<b>(515,600)</b>	<b>942,591</b>	<b>46,355</b>
<b>Total comprehensive (loss) / income for the period</b>		<b>(515,600)</b>	<b>942,591</b>	<b>46,355</b>
<b>(Loss) / earnings per share:</b>				
Basic	2	(0.40)p	0.77p	0.0p
Diluted	2	(0.40)p	0.75p	0.0p

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2015**

	Notes	As at 30 Sep 2015 Unaudited £	As at 30 Sep 2014 Unaudited £	As at 31 Mar 2015 Audited £
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets		5,975,813	5,847,995	6,055,165
Property, plant and equipment		115,265	142,963	110,543
<b>Total non-current assets</b>		<b>6,091,078</b>	<b>5,990,958</b>	<b>6,165,708</b>
<b>Current assets</b>				
Inventories		5,182,750	4,990,882	4,960,959
Trade and other receivables		1,140,981	2,824,440	1,604,422
Cash and cash equivalents		2,367,002	2,651,359	2,151,232
<b>Total current assets</b>		<b>8,690,733</b>	<b>10,466,681</b>	<b>8,716,613</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables		(1,583,923)	(2,117,881)	(1,425,846)
Financial liabilities		(1,000,000)	(1,000,000)	(1,000,000)
<b>Total current liabilities</b>		<b>(2,583,923)</b>	<b>(3,117,881)</b>	<b>(2,425,846)</b>
<b>Net current assets</b>		<b>6,106,810</b>	<b>7,348,800</b>	<b>6,290,767</b>
<b>Provision for liabilities</b>				
Deferred tax		(222,593)	-	-
<b>Net assets</b>		<b>11,975,295</b>	<b>13,339,758</b>	<b>12,456,475</b>
<b>Shareholders' equity</b>				
Ordinary shares	4	127,513	127,453	127,453
Share premium		4,855,729	4,844,989	4,844,989
Other reserves	6	5,490,596	5,490,596	5,490,596
Retained earnings		1,501,457	2,876,720	1,993,437
<b>Total shareholders' equity</b>		<b>11,975,295</b>	<b>13,339,758</b>	<b>12,456,475</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015**

	Notes	Six months ended 30 Sep 2015 Unaudited £	Six months ended 30 Sep 2014 Unaudited £	Year ended 31 Mar 2015 Audited £
<b>Cash generated from operating activities</b>	5	451,917	514,201	1,033,847
Corporation tax received		461,794	425,469	425,469
<b>Net cash generated from operating activities</b>		<b>913,711</b>	<b>939,670</b>	<b>1,459,316</b>
<b>Investing activities</b>				
Expenditure on product development		(639,601)	(999,892)	(1,932,321)
Purchase of patent		-	-	(54,160)
Purchase of property, plant and equipment		(44,835)	(9,161)	(19,775)
Interest paid		(24,590)	(22,860)	(45,587)
Interest received		285	162	319
<b>Net cash used in investing activities</b>		<b>(708,741)</b>	<b>(1,031,751)</b>	<b>(2,051,524)</b>
<b>Cash inflow / (outflow) before financing</b>		<b>204,970</b>	<b>(92,081)</b>	<b>(592,208)</b>
<b>Financing activities</b>				
Net proceeds from issue of ordinary share capital		10,800	1,452,901	1,452,901
<b>Net cash generated from financing activities</b>		<b>10,800</b>	<b>1,452,901</b>	<b>1,452,901</b>
<b>Net increase in cash and cash equivalents</b>		<b>215,770</b>	<b>1,360,820</b>	<b>860,693</b>
Cash and cash equivalents at beginning of period		2,151,232	1,290,539	1,290,539
<b>Cash and cash equivalents at end of period</b>		<b>2,367,002</b>	<b>2,651,359</b>	<b>2,151,232</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015**

	Share Capital	Share Premium	Retained Earnings	Other Reserves	Total
	£	£	£	£	£
<b>Balance at 31 March 2014</b>	<b>119,003</b>	<b>3,400,538</b>	<b>1,919,143</b>	<b>5,490,596</b>	<b>10,929,280</b>
Issue of equity share capital	8,450	1,512,550	-	-	1,521,000
Costs of issue of equity share capital	-	(68,099)	-	-	(68,099)
Comprehensive income for the period	-	-	942,591	-	942,591
Share based payment expense	-	-	14,986	-	14,986
<b>Balance at 30 September 2014</b>	<b>127,453</b>	<b>4,844,989</b>	<b>2,876,720</b>	<b>5,490,596</b>	<b>13,339,758</b>
Comprehensive loss for the period	-	-	(896,236)	-	(896,236)
Share based payment expense	-	-	12,953	-	12,953
<b>Balance at 31 March 2015</b>	<b>127,453</b>	<b>4,844,989</b>	<b>1,993,437</b>	<b>5,490,596</b>	<b>12,456,475</b>
Comprehensive loss for the period	-	-	(515,600)	-	(515,600)
Share based payment expense	-	-	23,620	-	23,620
Issue of equity share capital	60	10,740	-	-	10,800
<b>Balance at 30 September 2015</b>	<b>127,513</b>	<b>4,855,729</b>	<b>1,501,457</b>	<b>5,490,596</b>	<b>11,975,295</b>

## 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 International Financial Reporting Standards (IFRS) as adopted by the European Union. IFRS is subject to amendment and interpretation by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee 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 2016.

#### *Non-statutory accounts*

Financial information contained in this document does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006 ("the Act"). The statutory accounts for the year ended 31 March 2015 have been filed with the Registrar of Companies. The report of the auditors on those statutory accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Act.

The financial information for the six months ended 30 September 2015 and 30 September 2014 is unaudited. The interim financial statements will be available to download on the Company's website [www.softwarerad.com](http://www.softwarerad.com) from 10 November 2015.

#### *Accounting policies*

The accounting policies as applied by the Group are the same as those applied by the Group in the consolidated financial statements for the year ended 31 March 2015, which are the same policies expected to apply for the year ended 31 March 2016.

### 2. Earnings per share

The basic (loss) / earnings per share have been calculated using the loss for the period of £515,600 (six months ended 30 September 2014 - profit of £942,591; year ended 31 March 2015 - profit of £46,355) divided by the weighted average number of ordinary shares in issue of 127,459,304 (six months ended 30 September 2014, 123,111,982 and year ended 31 March, 2015 125,253,104).

During the six months ended 30 September 2015 the Group has incurred losses for the period and therefore there is no impact of the share options granted on diluted earnings per share. During the six months ended 30 September 2014, the diluted earnings per share have been calculated using weighted diluted shares of 125,919,549 and during the year ended 31 March 2015 the number of weighted diluted shares was 128,259,031.

### 3. Income tax credit

During the period, the Group received income tax credits of £461,794 (six months ended 30 September 2014 and year ended 31 March 2015 £425,469) in respect of its Research and Development activities. A deferred tax liability of £222,593 in relation to timing differences on capitalised development costs and an historical tax charge for a subsidiary of £10,327 are offset against this income tax credit resulting in a net balance of £228,874.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected annual earnings.



#### 4. Called up share capital

	30 Sep 2015 Unaudited £	30 Sep 2014 Unaudited £	31 Mar 2015 Audited £
Allotted: (Ordinary shares of 0.1p each):	127,513	127,453	127,453
<b>Share capital reconciliation:</b>	Number of shares		
<b>Shares outstanding at 31 March 2014</b>	<b>119,002,419</b>		
Placing July 2014	8,450,000		
<b>Shares outstanding at 30 September 2014 and 31 March 2015</b>	<b>127,452,419</b>		
Exercise of employee share options	60,000		
<b>Shares outstanding at 30 September 2015</b>	<b>127,512,419</b>		

- a) The placing in July 2014 took place at 18p per share raising gross proceeds of £1,521,000 before costs of £68,099.
- b) The exercise of employee share options took place in September 2015 at an exercise price of 18p.

#### 5. Cash from operations

	Six months ended 30 Sep 2015 Unaudited £	Six months ended 30 Sep 2014 Unaudited £	Year ended 31 Mar 2015 Audited £
<b>Operating (loss) / profit</b>	<b>(720,169)</b>	<b>539,820</b>	<b>(333,846)</b>
Depreciation of property, plant and equipment	40,113	51,595	94,629
Amortisation of intangible fixed assets	718,953	837,198	1,616,618
Share-based payment charge	23,620	14,986	27,939
Increase in inventories	(221,791)	(820,156)	(790,233)
Decrease / (increase) in trade and other receivables	463,441	(203,615)	1,016,402
Increase / (decrease) in trade and other liabilities	147,750	94,373	(597,662)
<b>Net cash generated from operations</b>	<b>451,917</b>	<b>514,201</b>	<b>1,033,847</b>

**6. Statement of movement in shareholders' equity**

Other reserves consist of: Capital Redemption Reserve £2,857 (31 March 2015: £2,857), Warrants Reserve £62,400 (31 March 2015: £62,400) and Merger Reserve £5,425,339 (31 March 2015: £5,425,339). There were no movements during the period.