CONTENTS **PAGES**

DIRECTORS AND ADVISORS

Directors	Simon Tucker Neil Peniket Richard Hurd Simon Rogers Andrew Lapping
Secretary	Richard Hurd
Registered Office	Wireless House Westfield Industrial Estate Midsomer Norton Bath BA3 4BS
Bankers	Barclays Bank plc 4th Floor, Bridgwater House, Counterslip, Finzels Reach Bristol BS1 6BX
Auditor	Nexia Smith & Williamson Audit Limited Chartered Accountants Portwall Place Portwall Lane Bristol BS1 6NA
Tax Advisors	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 Advisor & Broker	WH Ireland Limited 24 Martin Lane London EC4R 0DR
Registrars	Computershare Investor Services PLC PO Box 82 The Pavilions Bridgewater Road Bristol BS99 7NH
Company' registered number	5459678
Website	www.softwarerad.com

ABOUT SOFTWARE RADIO TECHNOLOGY PLC

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.

AIS is an international radio communications technology standard which was developed and continues to be maintained and evolved under the auspices of the International Maritime Organisation (IMO). AIS was originally created in the 1990's as an anti-collision system for ocean going vessels and, in 2002 was mandated globally by the IMO on all ships over 300GT, thus immediately establishing AIS as a globally adopted MDA technology.

AIS is a complex radio based data communications system that enhances maritime domain awareness for the benefit of authorities and mariners. Simultaneous real time data exchange between multiple entities on the water and shore provide a reliable communications system which can be used for a variety of applications; from anti-collision as originally intended, to the tracking of fishing boats, pollution control, marine environment management, port and coastal security and search and rescue.

AIS provides accurate, real time maritime domain awareness to mariners and authorities

Since its creation in the 1990's and first global mandate in 2002, AIS has established itself as a major maritime technology which directly complements existing long established MDA technologies such as radar. Significant cost reduction in 2006, coupled with an increase in product availability, has resulted in AIS being actively adopted and increasingly implemented into government maritime regulations, systems and projects.

Global MDA Facts

- 362 million square km of oceans
- 850,000 km of coast lines
- Over 10,000 ports
- 26 million boats
- 95% of global trade travels by sea

SRT's role in the development of the global AIS market is as a core technology and product enabler. In 1999 we completed our first AIS development and in 2006 launched the world's first low cost, miniature AIS transceiver which, for the first time, made AIS a viable option for even the smallest vessel. Today we provide an extensive global network of customers with a broad range of AIS based core technology module and white label OEM product solutions which are customised to their specific brand and target market requirements. These products are deployed across all AIS applications and markets worldwide.

ANNUAL REPORT HIGHLIGHTS

FINANCIAL:

- Revenues of £6.1 million – expected project and mandate business delayed into current financial year (year ended March 2015)
- Loss before tax of £1.5 million
- Gross profit margin of 43% - high revenue weighting of core business with lower margin than project business
- Cash overheads £4.4 million – increase of 7% over year before primarily due to acquisition of GeoVS in October 2013

OPERATIONAL:

- Acquisition and integration of GeoVS – added network and display capability to SRT product portfolio
- Customer base increased
- Multiple customer module integration projects supported and completed
- AtoN product range expanded and successfully launched
- Significant increase in active project and mandate opportunities

CHAIRMAN'S STATEMENT

This year was financially challenging for SRT primarily due to the unexpected implementation timing changes of two significant project opportunities which resulted in us missing market expectations for revenue and profit. However, our financial performance was in stark contrast to our operational and target market progress which bodes well for the future.

Year on year, revenues decreased by 39% from £10.0 million to £6.1 million with a loss before tax of £1.5 million compared to a profit of £1.2 million in the previous year. The high weighting of our lower margin core business resulted in a gross profit margin of 43% (below our long term target of 50%). Overheads remain tightly controlled and increased to £4.4 million on a cash basis, an increase of 7%, primarily as a result of our acquisition of GeoVS Limited in October 2013.

Revenue from our core business, where demand for AIS products arises from unregulated markets such as the EU and US leisure boat segments, was flat during the year. This was primarily due to the prevailing economic conditions which depressed new boat purchases where AIS is increasingly fitted as standard. However, we achieved our distribution penetration objectives into this segment by increasing our customer base and the number of our products embedded within their respective product portfolios. Our core business is following the long term market trend for non-regulated AIS installations and therefore we expect to see steady and increasing annualised growth over the long term. Revenues derived from government-regulated project and mandate opportunities were minimal. This was primarily due to a delay in two projects which have reached their implementation phase and the enforcement lag in a mandate opportunity which moved the expected revenues into the new financial year. As expected, our new Aids to Navigation (AtoN) business and vessel tracking systems business did not contribute any significant revenues.

Our global customer base has continued to grow during the year. We support this diverse customer base with a portfolio of 20 core module and OEM platform products, which we customise to their specific requirements. Our primary operational challenge is to match component procurement and product production with end market demand and thus orders from our customers. The delays to expected project and mandated orders this year resulted in us carrying larger than expected quantities of stock for longer than expected. As the delayed and other new projects convert into orders we expect our stock position to normalise. This resulted in us drawing down on our £1 million bank facility and stocks rising to £4.2 million at cost with a year end cash position of £1.3 million.

Operational Review

We have continued to execute our long term strategy of developing a core technology and product offering for the global AIS based maritime domain awareness market and embed this within a worldwide customer network with existing MDA sales channels.

During the year, we embarked on two new product developments; AtoN Express, an innovative low cost AtoN, suitable for very small buoys, and a major new AIS product platform which we expect to start shipping during the summer of 2015. In addition, we have continued to support existing customers with customising and refining their existing products to improve and differentiate their product offerings for a wide range of applications.

The year also saw us make two significant strategic moves to enhance and expand our market position. Firstly, we entered a joint development and commercialisation agreement with Canadian based AIS satellite operator, exactEarth, to develop technology to enable transmissions from small AIS transceivers to be reliably and consistently received and decoded by satellite based AIS receivers and then commercialise the tracking data. This was a significant innovation in our core technology, resulting in a technology called ABSEA which we jointly own with exactEarth. This will enable vessels fitted with a small AIS transceiver to be tracked beyond the range of coast networks which have a typical range of up to 50 miles. SRT will benefit from a unique capability with its transceivers and a significant percentage of the revenues generated from the sale of the satellite tracking data.

CHAIRMAN'S STATEMENT - continued

The second strategic move was the acquisition of GeoVS Limited in October 2013. GeoVS is a specialist maritime displays business with a unique real time 3D visualisation technology which enhances maritime situational awareness. GeoVS enables SRT to offer complete end-to-end maritime domain system solutions which comprise transceivers, coastal networks, display systems and supplementary satellite data. The primary target of our acquisition was the core 3D visualisation technology and development team.

Since then we have expanded the team and invested in the creation of products built around the core visualisation technology which we will start delivering to the market during the current financial year.

As a result of the expansion of our customer base, product portfolio and systems offer to an increasingly broad market, we have undertaken a significant restructure and redesign of our marketing. This has included new websites, videos, brochures, product support documentation and case studies. The objective of this exercise has been to improve customer service, understanding and access to our products and provide the end market with an important reference to assist them with how they embed AIS into their maritime domain awareness, systems, projects and regulations.

Recognising that our most significant challenge is the matching of production to market demand, we have continued with our layered supply chain strategy whereby we invest in long lead time components, product kits and standard finished stock which is then customised in our premises for the specific ordering customer and market. This makes optimal use of our available capital whilst ensuring that we are able to be a reliable supplier to customers and to react quickly when project and mandate opportunities convert.

Market Review

AIS is an international maritime technology standard originally developed as an anti-collision system. The standards continue to be managed and evolved by a series of independent technical committees operating under the auspices of the International Maritime Organisation. Today AIS is an established global technology which is being adopted across all marine segments and applications. These range from anti-collision as originally intended, to the tracking of fishing boats, pollution control, marine environment management, port and coastal security and search and rescue. High profile NGOs such as the World Wildlife Fund are now publically campaigning for the use of AIS to track the world's fishing vessels to be fitted with an AIS transceiver to assist with the implementation of sustainable fishing.

SRT's role in the AIS market is as the primary developer and provider of market solutions to those companies seeking to supply end market demand. Therefore our success is directly linked to end market demand for AIS products and services.

Of the world's estimated 18 million leisure boats, mostly based in Europe and USA, knowledge of AIS and its benefits has significantly grown in recent years, but we estimate that penetration remains very low at below 0.5%. Increased availability and understanding of AIS products from established vendors coupled with new applications for AIS data on smart phones, tablets and other display systems are making AIS more valuable and useful to leisure boaters. We believe that this core market is in its early stages of adoption. We expect a long term growth trajectory which will see accelerating market penetration towards an equalisation with technologies such as radar and VHF radio.

Globally there are approximately 8 million commercial vessels of varying size and type. Many countries and authorities have active plans to implement AIS as part of their long term maritime domain awareness programmes. The programmes are at different stages of planning and execution, however I am pleased to report that the number of project and mandate opportunities on which we are actively working with our customers is at an all time high with a potential future value to SRT of up to approximately £200 million, with more expected to be added in the coming years.

As AIS has proliferated, authorities are already looking at how to enhance their benefits from the AIS system through additional applications and functionality. We believe that the next significant growth sector in the AIS market will be devices for AtoN including buoys, docks and infrastructure.

CHAIRMAN'S STATEMENT - continued

This is a new and complex area as AIS AtoN integrates with other external devices such as weather stations and lanterns located on the buoys. During the last three years, SRT has invested to develop the product range and customer network to deliver AIS AtoN to the market. We expect this market to grow into a significant new revenue contributor.

In the future we expect to see more competition entering the market. We have long expected this and it is why we have continued with an aggressive technology and product development road map to create innovative, high quality products which our customers and the end market trust. These products and solutions are all supported by attentive and reliable customer support.

Employees

With the acquisition and expansion of GeoVS, we have grown to a team of 47 full time people located in two offices: one in Cardiff and the head office in Somerset. Our capabilities across all disciplines, from sophisticated core technology development to high quality products and customer support are well known and appreciated by our customers and the end market. This reputation is entirely the result of our employees' dedication to SRT, with many going well beyond their contractual obligations in our pursuit of success. I would therefore like to take this opportunity to formally thank them for their continuing hard work.

Outlook and Strategy

Our strategy remains to focus on developing AIS core technologies, from which we can manufacture and deliver a range of customisable products and system solutions to a network of customers addressing the global end market. Whilst the last financial year was disappointing, we believe this was a short term issue caused by variable demand timing, typical of an end market in its early stages of implementation. With AIS now an internationally adopted marine technology and our position with the market well established, we believe this will translate into long term financial success for SRT.

Our core business addresses a market of up to 18 million boats, of which less than 0.5% have AIS fitted. Whilst growth will not be linear, increased adoption will drive annual sales growth towards a much higher penetration percentage commensurate with that of other marine technologies such as radar. We currently have active and validated AIS project and mandate market opportunities with a potential future value to SRT of approximately £200 million. With visibility of these opportunities improving, we can break these down regionally: North America: £17 million, South & Central America: £24 million, Europe & Russia: £9 million, Middle East: £38 million and Asia: £130 million. These are all sales opportunities which are in progress, but due to the nature of government driven regulations the exact timing remains challenging to predict. In the first month of this financial year we announced a Frame Order worth US$6.7 million derived from one project opportunity in the Middle East. This area of our business offers significant future growth opportunities and is a focus for us, and our customers.

As end market awareness of this AIS product type grows, we expect that buoys and other maritime markers will be fitted with an AIS AtoN to complement lanterns and RACONS. We therefore expect to see a steady growth in this new revenue stream. Small but regular orders are already ahead of expectation.

Last but not least, the acquisition of GeoVS and our exactEarth agreement has opened the opportunity for SRT to develop new streams of recurring revenues through the licensing of services and data sales. This is a new area for SRT and one which will take time to develop, but is directly complementary to the sale and use of our transceivers. The initial response from our customers to this new sales opportunity has been excellent and we will now start to develop this segment.

I firmly believe that our financial performance this past year is not an indicator of the future. Our entrenched position in the AIS supply chain means that we are well placed to benefit as AIS continues to be adopted and implemented around the world.

Simon Rogers, Chairman

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2014

The directors present their group strategic report for the year ended 31 March 2014.

Business Review

The principal activity of the Software Radio Technology plc group is the research and development of advanced wireless radio communication technologies and products for the identification and tracking of primarily maritime based assets. The company sells its products in a range of flexible formats which enable customers to create their own unique products without technical risk and with minimal financial and time investment. The final products are used in a variety of applications which include maritime safety, improving commercial efficiency and homeland security.

The Key Performance Indicators (KPIs) used by the Board to monitor progress are revenue growth, gross margin, profit from operations and cash flow. 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 pages 5-7.

Principal Risks and Uncertainties

The early stage of the market within which the Group operates, means that future revenues are often unpredictable and difficult to forecast. The Group mitigates this risk to the extent possible by maintaining regular communication with its customers and industry experts.

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 Intellectual Property Rights ("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 relating to 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 these 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 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.

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

S Tucker
Director

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2014

General information

Software Radio Technology plc is a public limited company which is listed on the AIM market of the London Stock Exchange and is incorporated and domiciled in the UK.

Results for the Year and Dividends

The Group incurred a loss after tax of £1,506,374 (2013: profit £1,503,757). The directors have not recommended the payment of a dividend (2013: £nil).

Future developments and strategy

These are considered in the chairman's statement on page 7.

Financial instruments and risk management

Details of the Group's financial instruments and its policies with regard to financial risk management are given in note 24 to the accounts.

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 2014 and at 31 March 2013 were:

	2014 Ordinary 0.1p shares	**2013** Ordinary 0.1p shares
Non Executives		
Simon Rogers	13,508,900	13,508,900
Andrew Lapping	1,218,080	1,131,080
Executives		
Simon Tucker	940,000	940,000
Neil Peniket	-	200,000
Richard Hurd	25,000	25,000

All directors benefit from the provision of directors' personal indemnity insurance policies. Share options have been granted to all of the executive directors. All are detailed in note 3 to the accounts.

Disclosure of Information to the Auditors

In the case of each person who was a director at the time this report was approved:

- so far as that director was aware there was no relevant available information of which the company's auditors were unaware; and
- that director had taken all steps that the director ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the company's auditors were aware of that information.

This information is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

DIRECTORS' REPORT – continued

Auditors

A resolution to appoint the auditors, Nexia Smith & Williamson Audit Limited, will be proposed at the next 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

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company accounts, as applied in accordance with the provisions of the Companies Act 2006. Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing these accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state that the accounts comply with IFRSs as adopted by the European Union;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are also responsible for ensuring that they meet their responsibilities under the AIM Rules.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31 MARCH 2014

The directors recognise the importance of, and are committed to, high standards of corporate governance. Whilst under the AIM rules full compliance with the UK Corporate Governance Code is not required, the directors believe that the Company applies a number of 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 three Executive and two 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 8 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 Andrew Lapping (Chairman) and Simon Rogers – the two Non-Executive directors. It meets at least once per year. The meeting to review feedback from the 2014 audit took place in June 2014.

Remuneration Committee

The Committee comprises Andrew Lapping (Chairman) and Simon Rogers; it meets at least twice a year. During the year, the Committee met to discuss the remuneration of the Executive directors.

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 consults with Simon Tucker, the Group Chief Executive Officer, as appropriate with regard to its proposals relating to the remuneration of the Executive Directors.

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.

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31 MARCH 2014 - continued

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 29.

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

Simon 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.

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 in consultation with the Executive Directors.

Nomination Committee

The Committee comprises Simon Rogers (Chairman) and Andrew Lapping. The Nomination Committee met during the year to discuss the appointment of new members of the senior management team.

Independent auditor's report to the shareholders of Software Radio Technology Plc

We have audited the financial statements of Software Radio Technology Plc for the year ended 31 March 2014 which comprise the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Company and Consolidated Statements of Financial Position, the Company and Consolidated Statements of Changes in Equity, the Company and Consolidated Statements of Cash Flows, and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the parent company accounts, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 Auditor

As explained more fully in the Statement of Directors' Responsibilities in respect of the Accounts set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2014 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

James Keeton
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants
Portwall Place
Bristol
BS1 6NA June 16, 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the year ended 31 MARCH 2014

	Notes	2014 £	2013 £
Revenue	2	6,110,359	10,011,185
Cost of sales		(3,479,159)	(5,454,532)
Gross profit		2,631,200	4,556,653
Administrative costs		(4,141,823)	(3,378,669)
Operating (loss) / profit	6	(1,510,623)	1,177,984
Finance income	5	4,249	9,087
(Loss) / profit before tax		(1,506,374)	1,187,071
Income tax credit	7	-	316,686
(Loss) / profit for the year after tax		(1,506,374)	1,503,757
Total comprehensive (loss) / income for the year		(1,506,374)	1,503,757
(Loss) / earnings per share:			
Basic	23	(1.3)p	1.3p
Diluted	23	(1.3)p	1.3p

CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 MARCH 2014

	Notes	2014	2013
		£	£
Assets			
Non-current assets			
Intangible assets	9	5,685,301	4,381,504
Property, plant and equipment	11	185,397	130,630
Total non-current assets		5,870,698	4,512,134
Current assets			
Inventories	13	4,170,726	3,419,521
Trade and other receivables	14	2,620,825	3,449,786
Cash and cash equivalents		1,290,539	1,535,376
Total current assets		8,082,090	8,404,683
Liabilities			
Current liabilities			
Trade and other payables	15	(2,023,508)	(1,437,969)
Financial liabilities	16	(1,000,000)	-
Total current liabilities		(3,023,508)	(1,437,969)
Net current assets		5,058,582	6,966,714
Total assets less current liabilities		10,929,280	11,478,848
Net assets		10,929,280	11,478,848
Shareholders' equity			
Share capital	17	119,003	115,920
Share premium account		3,400,538	2,471,121
Retained earnings		1,919,143	3,401,211
Other reserves	19	5,490,596	5,490,596
Total shareholders' equity		10,929,280	11,478,848

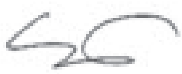
The accounts were approved by the Board of Directors on June 16, 2014 and were signed on its behalf by:

S Tucker
Director

COMPANY STATEMENT OF FINANCIAL POSITION as at 31 MARCH 2014

	Notes	2014	2013
		£	£
Assets			
Non-current assets			
Investments in subsidiaries	12	932,503	3
Property, plant and equipment	11	40,934	49,290
Total non-current assets		973,437	49,293
Current assets			
Trade and other receivables	14	9,979,905	9,154,028
Cash and cash equivalents		264,872	216,157
Total current assets		10,244,777	9,370,185
Liabilities			
Current liabilities			
Trade and other payables	15	(140,928)	(138,358)
Financial liabilities	16	(1,000,000)	-
Total current liabilities		(1,140,928)	(138,358)
Net current assets		9,103,849	9,231,827
Total assets less current liabilities		10,077,286	9,281,120
Net assets		10,077,286	9,281,120
Shareholders' equity			
Share capital	17	119,003	115,920
Share premium account		3,400,538	2,471,121
Retained earnings		6,495,345	6,631,679
Other reserves	19	62,400	62,400
Total shareholders' equity		10,077,286	9,281,120

The accounts were approved by the Board of Directors on June 16, 2014 and were signed on its behalf by:



S Tucker
Director

Company's registered number: 5459678

CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended 31 MARCH 2014

	Notes	2014	2013
		£	£
Cash generated from / (used in) operating activities	22	509,013	(157,447)
Corporation tax received		-	316,686
Net cash generated from operating activities		509,013	159,239
Investing activities			
Expenditure on product development		(1,596,901)	(1,680,532)
Cash acquired (note 10)		1,973	-
Purchase of property, plant and equipment		(163,171)	(70,987)
Interest received		4,249	9,087
Net cash used in investing activities		(1,753,850)	(1,742,432)
Cash outflow before financing		(1,244,837)	(1,583,193)
Financing activities			
Short term loan		1,000,000	-
Net proceeds on issue of shares		-	2,472,367
Net cash generated from financing activities		1,000,000	2,472,367
Net (decrease) / increase in cash and cash equivalents		(244,837)	889,174
Net cash and cash equivalents at beginning of year		1,535,376	646,202
Net cash and cash equivalents at end of year		1,290,539	1,535,376

COMPANY STATEMENT OF CASH FLOWS for the year ended 31 MARCH 2014

	Notes	2014	2013
		£	£
Cash used in operating activities	22	(928,649)	(2,607,300)
Investing activities			
Purchase of property, plant and equipment		(26,885)	(38,648)
Interest received		4,249	9,070
Net cash used in investing activities		(22,636)	(29,578)
Cash outflow before financing		(951,285)	(2,636,878)
Financing activities			
Short term loan		1,000,000	-
Net proceeds on issue of shares		-	2,472,367
Net cash generated from financing activities		1,000,000	2,472,367
Net increase / (decrease) in cash and cash equivalents		48,715	(164,511)
Net cash and cash equivalents at beginning of year		216,157	380,668
Net cash and cash equivalents at end of year		264,872	216,157

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 31 MARCH 2014

	Share capital	Share premium	Retained earnings	Other reserves (note 19)	Total
	£	£	£	£	£
At 31 March 2012	106,190	8,484	1,851,068	5,490,596	7,456,338
Total comprehensive income for the year	-	-	1,503,757	-	1,503,757
Issue of equity share capital	9,500	2,555,500	-	-	2,565,000
Costs of issue of equity share capital	-	(100,615)	-	-	(100,615)
Cancellation of shares	(93)	-	-	-	(93)
Share options exercised	323	7,752	-	-	8,075
Share based payment charge	-	-	46,386	-	46,386
At 31 March 2013	115,920	2,471,121	3,401,211	5,490,596	11,478,848
Total comprehensive loss for the year	-	-	(1,506,374)	-	(1,506,374)
Shares issued on acquisition	3,083	929,417	-	-	932,500
Share based payment charge	-	-	24,306	-	24,306
At 31 March 2014	119,003	3,400,538	1,919,143	5,490,596	10,929,280

COMPANY STATEMENT OF CHANGES IN EQUITY for the year ended 31 MARCH 2014

	Share capital £	Share premium £	Retained earnings £	Other reserves £	Total £
At 31 March 2012	106,190	8,484	6,743,166	62,400	6,920,240
Total comprehensive loss for the year	-	-	(157,873)	-	(157,873)
Issue of equity share capital	9,500	2,555,500	-	-	2,565,000
Costs of issue of equity share capital	-	(100,615)	-	-	(100,615)
Cancellation of shares	(93)	-	-	-	(93)
Share options exercised	323	7,752	-	-	8,075
Share based payment charge	-	-	46,386	-	46,386
At 31 March 2013	115,920	2,471,121	6,631,679	62,400	9,281,120
Total comprehensive loss for the year	-	-	(160,640)	-	(160,640)
Shares issued on acquisition	3,083	929,417	-	-	932,500
Share based payment charge	-	-	24,306	-	24,306
At 31 March 2014	119,003	3,400,538	6,495,345	62,400	10,077,286

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2014

1. **Accounting policies**

Software Radio Technology plc is a Company incorporated in the United Kingdom. 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 Strategic Report.

The principal accounting policies are summarised below. They have all been applied consistently throughout the period covered by these accounts.

Basis of preparation

The accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, applied in relation to the company accounts in accordance with the provisions of the Companies Act 2006. These accounts have been prepared in accordance with the accounting policies stated below.

The accounts have been prepared under the historical cost convention.

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.

All intra-group transactions and balances and any unrealised gains and losses arising from intra-group transactions are eliminated in preparing the consolidated accounts.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in the business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of accounts in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the year end date and the reported amounts of revenues and expenses during the year.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2014 - continued

1. Accounting Policies - continued

- 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 below.

- 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.

- Recoverability of receivables (page 25)

- Capitalisation of development costs, whereby the recognition of such costs is dependent on a number of criteria as set out below.

- Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units (CGU) to which goodwill has been allocated (note 9). The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and apply a suitable discount rate in order to calculate the present value.

Research and development

Research expenditure is written off to profit or loss in the year in which it is incurred. Development expenditure is capitalised and amortised over the period during which the Company is expected to benefit, currently considered to be five years. This cost is included as part of administrative expenses within profit or loss.

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

- The technological feasibility of completing the asset so that it may be used or sold
- The intention and ability to use or sell the asset
- How the asset will generate future probable economic benefits, for example by demonstrating that there is a market for the asset's output
- Availability of adequate technical, financial and other resources to complete the development and to use the asset
- 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 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 AIS technology assets have between 12 and 60 months of amortisation remaining.

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, long term contract revenue from product development and the sale of products. 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.

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2014 - continued

1. Accounting Policies – continued

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:-

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

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. Revenues from the sale of support services, maintenance and training are recognised according to the time period to which they relate.

Property, plant and equipment

Property, plant and equipment are valued at net book value, being the cost less accumulated depreciation. Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets concerned. Annual lives of 3-4 years are used for plant and equipment.

Taxation

Where an income tax credit arises, this represents the sum of the tax currently receivable 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 statement of financial position date.

Deferred tax is provided for on a full provision basis on all temporary differences, which have arisen but not reversed at the statement of financial position 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 to profit or loss, 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 profit or loss 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 profit or loss on a straight-line basis over the lease term.

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 statement of financial position 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 profit or loss.

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2014 – continued

1. Accounting Policies – continued

Inventories

Inventories 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 profit or loss to match against the corresponding revenues from those products. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Provision is made against slow and obsolete moving inventories to ensure the value at which inventories are held in the statement of financial position 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 18.

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.

Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position 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 profit or loss. Cash and cash equivalents comprise cash held by the Group. Trade and other payables and financial liabilities (note 16) are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

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 fair value of the proceeds received, net of direct issue costs.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker as required by IFRS 8 "Operating Segments". The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2014 – continued

1. Accounting Policies – continued

Segment expenses are expenses that are directly attributable to a segment together with the relevant portion of expenses that can be reasonably allocated to the segment. Unallocated expenses relate to corporate head office expenses not recharged to the Company's subsidiaries or allocated to a business segment. Segment assets and liabilities include items that are directly attributable to a segment. Corporate assets and liabilities are not included in business segments and are thus unallocated.

New accounting standards

There were a number of amendments to existing standards and interpretations that were effective for the current period, but the adoptions of those amendments to existing standards and interpretations did not have a material impact on the accounts of the Group. There are a number of new standards, amendments to standards and interpretations that are not mandatory for the financial year ended 31 March 2014 and which are not expected to materially impact the financial statements of the Group over the next 12 months.

The directors are considering the disclosure requirements of IFRS 12 together with the financial impact of the introduction of IFRS 15.

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2014 – continued

2 Revenue and segment information

Business and Geographical Segments

The directors have given due consideration to the requirements of IFRS 8. Operating segments have been determined by considering the business from both a product and geographical perspective.
The primary business segment is its Marine technology business ("Marine"). In addition, the company also earns income from the ownership of a suite of Tetra communications handset technology ("Tetra").

From a geographical perspective, the Group earns revenue from a number of countries. Financial information from a product and geographical perspective are set out below.

Year ended 31 March 2014	**Marine**	**Tetra**	**Unallo-cated**	**Total**
Segmental information by product	**£**	**£**	**£**	**£**
Revenue	6,110,359	-	-	6,110,359
Operating (loss) / profit	(1,345,733)	118,142	(283,032)	(1,510,623)
Investment revenues	-	-	4,249	4,249
(Loss) / profit before income tax	(1,345,733)	118,142	(278,783)	(1,506,374)
Income tax	-	-	-	-
(Loss) / profit for the year	(1,345,733)	118,142	(278,783)	(1,506,374)
Total assets	12,944,057	-	1,008,731	13,952,788
Total liabilities	(1,873,580)	-	(1,149,928)	(3,023,508)
Net assets	11,070,477	-	(141,197)	10,929,280
Capital expenditure	1,733,187	-	26,885	1,760,072
Depreciation and amortisation	1,305,384	-	35,241	1,340,625
Share based payment costs	-	-	24,306	24,306

Revenue by geographical destination:	**2014**
	£
Europe	3,051,650
North America	688,715
UK	295,568
Other	2,074,426
	6,110,359

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2014 - continued

2 **Revenue and segment information - continued**

Included within revenues is 1 customer (2013: 4) with amounts exceeding 10% of the Group's total revenue. In both years, all of these customers were within the Marine business segment. Sales to the Group's largest customer amounted to £1,113,834 (2013: £2,323,447). In 2013, sales to the Group's second largest customer amounted to £1,321,536, the Group's third largest customer £1,283,462 and the Group's fourth largest customer £1,041,075.

Year ended 31 March 2013	**Marine**	**Tetra**	**Unallo-cated**	**Total**
Segmental information by product	**£**	**£**	**£**	**£**
Revenue	9,981,553	29,632	-	10,011,185
Operating profit / (loss)	1,344,925	29,632	(196,573)	1,177,984
Investment revenues	19	-	9,068	9,087
Profit / (loss) before income tax	1,344,944	29,632	(187,505)	1,187,071
Income tax	316,686	-	-	316,686
Profit / (loss) for the year	1,661,630	29,632	(187,505)	1,503,757
Total assets	12,560,081	-	356,736	12,916,817
Total liabilities	(1,299,611)	-	(138,358)	(1,437,969)
Net assets	11,260,470	-	218,378	11,478,848
Capital expenditure	1,712,873	-	38,646	1,751,519
Depreciation and amortisation	926,490	-	35,843	962,333
Share based payment costs	-	-	46,386	46,386

Revenue by geographical destination:	**2013**
	£
Europe	3,931,927
North America	4,715,917
UK	394,064
Other	969,277
	10,011,185

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2014 - continued

3 Directors' emoluments

The remuneration of the individual Directors was as follows:

Year ended 31 March 2014 **All £**	**Salary**	**Taxable Benefits**	**Pension allowance**	**Bonus**	**Pension Contribu-tions**	**Total 2014**
	£	**£**	**£**	**£**	**£**	**£**
Executive Directors						
S Tucker	157,167	500	525	6,000	-	164,192
N Peniket	98,833	500	-	3,750	5,154	108,237
R Hurd	64,167	-	-	7,438	3,484	75,089
Non Executive Directors						
S Rogers	11,250	-	-	-	-	11,250
A Lapping	11,250	-	-	-	-	11,250
Total	342,667	1,000	525	17,188	8,638	370,018

Year ended 31 March 2013 **All £**	**Salary**	**Taxable Benefits**	**Pension allowance**	**Bonus**	**Pension Contribu-tions**	**Total 2013**
	£	**£**	**£**	**£**	**£**	**£**
Executive Directors						
S Tucker	126,000	6,000	6,300	4,950	-	143,250
N Peniket	86,000	6,000	-	3,225	5,211	100,436
R Hurd	55,000	-	-	2,063	2,748	59,811
Non Executive Directors						
S Rogers	7,500	-	-	-	-	7,500
A Lapping	7,500	-	-	-	-	7,500
Total	282,000	12,000	6,300	10,238	7,959	318,497

Share options at 31 March 2014 and 2013

	Total options	**Exercise price**	**Expiry date**
Executive Directors			
S Tucker	2,200,000	9p	18 February 2020
N Peniket	1,300,000	2.5p	20 July 2019
R Hurd	500,000	20p	18 December 2022
R Hurd	75,000	2.5p	20 July 2019

The market based criteria for all of the executive share options have been met and therefore all are exercisable immediately except for 500,000 of the options granted to R Hurd of which 167,000 which are exercisable from December 18 2014 and 167,000 which are exercisable from December 18 2015.

An insurance premium of £3,321 (2013: £3,316) was paid in respect of directors' and officers' liability.

Retirement benefits are accruing to two directors (2013: two) under the money purchase pension scheme.

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2014 - continued

4 Employee Information

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

	2014 No.	2013 No.
Technical	28	24
Administration and sales	18	18
	46	42

Staff costs for the above persons were:

	2014 £	2013 £
Wages and salaries	1,302,818	1,155,858
Social security costs	148,913	122,565
Pension costs - defined contributions	40,935	30,738
	1,492,666	1,309,161

Total wages & salaries, as stated above, exclude costs capitalised and included within deferred development expenditure amounting to £765,857 (2013: £694,153).

Wages and salaries also include £24,306 (2013: £46,386) in respect of share-based payment charges.

5 Finance income

	2014 £	2013 £
Bank interest receivable	4,249	9,087

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2014 – continued

6 Operating (loss) / (profit)

Operating (loss) / profit for the year is stated after charging / (crediting):

	2014	2013
	£	£
Inventories recognised as an expense	3,369,557	5,248,651
Amortisation of intangible assets	1,221,656	867,987
Depreciation	118,969	94,346
Auditors' remuneration		
Fees payable to the company's auditor for the audit of the company's accounts	31,500	29,500
Fees payable to the company's auditor for other services:		
- audit of the company's subsidiaries	20,000	18,000
- audit-related assurance services	2,080	2,050
- tax compliance services	9,750	10,500
- tax advisory services	3,780	3,820
Exchange (gain) / loss	171,698	(41,246)
Other operating income	(118,142)	-
Operating lease rentals - land & buildings	64,000	41,572
Research and development costs not capitalised	54,238	82,887

7 Taxation

	2014	2013
	£	£
Income tax charge / (credit)		
UK corporation tax at 23% (2013: 24%):		
Current tax credit	-	(316,686)
Factors affecting tax charge for the year		
(Loss) / Profit on ordinary activities before tax	(1,506,374)	1,187,071
(Loss) / Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 23% (2013: 24%)	(346,466)	284,897
Effects of:		
(Income) / Expenses not deductible for tax purposes	14,477	(16,795)
Depreciation in deficit of capital allowances	(97,083)	(184,080)
(Utilised) / Unrelieved tax losses and other deductions	794,811	304,785
Additional deduction for R&D	(365,739)	(388,807)
Adjustment to tax charge in previous year	-	(316,686)
Current tax credit for year	-	(316,686)

The group has estimated losses of £5,491,635 (2013: £2,987,262) available for carry forward against future trading profits. No provision has been made in the accounts for a potential deferred tax asset of £152,551 calculated at a rate of 20%. This has resulted from assets arising from carry forward trading losses and unexercised share options offset by timing differences on development expenditure and accelerated capital allowances.

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2014 - continued

7 **Taxation – continued**

The Finance Act 2013 included legislation to reduce the main rate of corporation tax from 23% to 21% from 1 April 2014, and to 20% from 1 April 2015.

8 **Company Loss for the financial year**

The Company has taken advantage of the exemption under Section 408 of the Companies Act 2006 not to publish its individual income statement. The loss for the year ended 31 March 2014, dealt with in the accounts of the Company, was £160,640 (2013: loss £157,873). The company made no gains or losses which would be reported in other comprehensive income in the years ended 31 March 2014 and 2013 and therefore the Company has not published its individual Statement of Comprehensive Income.

9 **Intangible assets**

	Development costs	Goodwill	Total
	£	£	£
Cost			
At 1 April 2012	6,146,763	-	6,146,763
Additions	1,680,532	-	1,680,532
At 31 March 2013	7,827,295	-	7,827,295
Acquisition (note 10)	294,907	633,645	928,552
Additions	1,596,901	-	1,596,901
At 31 March 2014	9,719,103	633,645	10,352,748
Amortisation			
At 1 April 2012	2,577,804	-	2,577,804
Charge for the year	867,987	-	867,987
At 31 March 2013	3,445,791	-	3,445,791
Charge for the year	1,221,656	-	1,221,656
At 31 March 2014	4,667,447	-	4,667,447
Net book value			
At 31 March 2014	5,051,656	633,645	5,685,301
At 31 March 2013	4,381,504	-	4,381,504
At 1 April 2012	3,568,959	-	3,568,959

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2014 - continued

9 **Intangible assets – continued**

Goodwill acquired in a business combination (see note 10) is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination identified according to operating segments. The carrying amount of goodwill has been allocated to the Marine CGU.

The recoverable amount of the goodwill has been determined based on a value in use calculation. That calculation uses cash flow projections covering a five-year period, and a discount rate of 10%. Management estimated the discount rate using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the market in which the Marine CGU operates.

Cash flows beyond that five-year period have been extrapolated using a steady growth rate. This growth rate does not exceed the long-term average growth rate for the market in which the Marine CGU operates.

The main assumption in the cash flow projections is the budgeted sales which have been determined using in-house estimates.

None of the goodwill is expected to be tax deductible.

10 **Acquisition of subsidiary**

On October 11 2013, the Group obtained control of SRT Marine System Solutions Ltd (formerly Geovs Ltd) through the purchase of 100% of the share capital of that company. SRT Marine System Solutions Ltd's principal activity is the processing of real time maritime domain data and traffic movements into interactive 3D display presentation. The acquisition of this entity will enhance the Group's ability to bundle its AIS products as a system incorporating a unique 3D display.

Accordingly, goodwill arising from the acquisition of SRT Marine System Solutions Ltd is attributable to the existing Marine segment of the group.

Net assets acquired - amounts recognised at acquisition date	**£**
Intangible assets	294,907
Property plant and equipment	10,565
Trade and other receivables	194
Cash and cash equivalents	1,973
Trade and other payables	(8,784)
Net assets	298,855
Goodwill	633,645
Consideration in shares (note 17)	932,500

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2014 - continued

An exercise was performed to fair value the separately identifiable net assets which resulted in the recognition of intangible assets of £294,907. Other assets were recognised at book amount.

Transaction costs of £35,252 relating to the acquisition of SRT Marine System Solutions Ltd have been recognised as an expense and included within administrative expenses in profit or loss.

If the acquisition of SRT Marine System Solutions Ltd had been completed on the first day of the financial year, group revenue for the year would have been unchanged, however the group loss attributable to equity holders of the parent would have been £1,511,177.

SRT Marine System Solutions Ltd incurred a loss of £47,349 for the period from the date of acquisition to the year-end date.

11 Property, plant and equipment

	Company Plant & Equipment £	Group Plant & Equipment £
Cost		
At 1 April 2012	106,154	375,106
Additions	38,648	70,987
At 31 March 2013	144,802	446,093
Acquisition (note 10)	-	10,565
Additions	26,885	163,171
At 31 March 2014	171,687	619,829
Depreciation		
At 1 April 2012	59,668	221,117
Charge for the year	35,844	94,346
At 31 March 2013	95,512	315,463
Charge for the year	35,241	118,969
At 31 March 2014	130,753	434,432
Net book value		
At 31 March 2014	40,934	185,397
At 31 March 2013	49,290	130,630
At 1 April 2012	46,486	153,989

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2014 – continued

12 Investment in subsidiaries – Company

Cost - Shares in group undertakings	£
At 1 April 2013	3
Additions (note 10)	932,500
At 31 March 2014	932,503

Holdings of more than 20%

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

Subsidiary	Country of Incorporation	Shares held Class	%
SRT Marine Technology Limited	UK	Ordinary	100
Em-trak Marine Electronics Limited	UK	Ordinary	100
SRT Software Development (India) Private Limited*	India	Ordinary	100
SRT Marine Technology System Solutions Ltd	UK	Ordinary	100
SRT Marine System Solutions Limited	UK	Ordinary	100

** not consolidated as non-trading*

The principal activities of these undertakings for the last relevant financial year were as follows:

SRT Marine Technology Ltd	Electronic hardware and software engineering of marine tracking equipment
Em-trak Marine Electronics Ltd	Distribution of marine tracking equipment
SRT Marine Technology System Solutions Ltd	Electronic hardware and software engineering of marine tracking equipment
SRT Marine System Solutions Ltd	Processing of real time maritime domain data and traffic movements into interactive 3D display presentation
SRT Software Development (India) Private Ltd	Non-trading

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2014 – continued

13 Inventories

Group	2014	2013
	£	£
Raw materials and consumables	364,309	490,288
Finished goods	3,806,417	2,929,233
	4,170,726	3,419,521

14 Trade and other receivables

Group	2014	2013
	£	£
Trade receivables	2,410,453	3,226,686
Other receivables	131,318	102,586
Prepayments and accrued income	79,054	120,514
	2,620,825	3,449,786

As at 31 March 2014 no trade receivables or other receivables were considered to be impaired (2013: £nil).

As at 31 March 2014 trade receivables of £108,161 (2013: £36,189) were past due but not impaired. The ageing analysis of these trade receivables is as follows:-

Group	2014	2013
	£	£
Up to 3 months past due	43,760	-
3 to 6 months past due	7,435	36,189
Over 6 months past due	56,966	-
	108,161	36,189

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2014 – continued

Company	2014	2013
	£	£
Amounts owed by group undertakings	9,910,626	9,062,743
Prepayments and accrued income	57,836	73,443
Other receivables	11,443	17,842
	9,979,905	9,154,028

The inter-company balances are unsecured, interest free and have no fixed dates for repayment. They are not expected to be repaid within 12 months. Prepayments and accrued income and other receivables do not contain impaired assets.

15 **Trade and other payables**

Group	2014	2013
	£	£
Trade payables	1,706,218	1,177,977
Other tax and social security payable	68,272	54,399
Other payables	13,165	9,566
Accruals and deferred income	235,853	196,027
	2,023,508	1,437,969

Company	2014	2013
	£	£
Trade payables	78,167	99,385
Other tax and social security payable	12,034	9,664
Other payables	776	1,480
Accruals and deferred income	49,951	27,829
	140,928	138,358

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 2014 – continued

16 **Financial liabilities**

Bank borrowings	**2014**	**2013**
	£	**£**
Current bank loan	1,000,000	-

Bank borrowings are secured by a floating charge over the Group's assets. The borrowings mature in 6-12 months with interest charged at a variable rate of 4% above the base rate. There are no material differences between the fair value of the borrowings and the actual book value.

17 **Called up share capital**

Allotted: Ordinary shares of 0.1p each	**2014**	**2013**
	No.	**No.**
Number of shares allotted	119,002,419	115,919,774
	£	**£**
Value of shares allotted	119,003	115,920

Reconciliation of movements in share capital:

	No.
Shares outstanding at 31 March 2012	106,190,107
Placing of shares April 2012	9,500,000
Employees' exercise of options	323,000
Cancellation of shares	(93,333)
Shares outstanding at 31 March 2013	115,919,774
Shares issued on acquisition (note 10)	3,082,645
Shares outstanding at 31 March 2014	119,002,419

Notes:

(a) The placing in April 2012 took place at 27p per share raising gross proceeds of £2,565,000 before costs of £100,615

(b) The employees' exercise of options during the year ended March 2013 occurred at various dates during the year. The exercise prices were 2.5p per share.

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2014 – continued

17 **Called up share capital - continued**

(c) During the year ended March 2013, the Company cancelled 93,333 shares that it held previously issued pursuant to an employee share options plan

(d) The shares issued on acquisition were as consideration for the investment in SRT Marine System Solutions Limited (formerly Geovs Ltd) as set out in note 10. The shares were issued at a price of 30.25p per share resulting in a total consideration for the acquisition of £932,500.

18 **Share based payment**

The Company operates an Enterprise Management Incentive share option scheme and a Non Enterprise Management Incentive scheme for directors and employees. 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.

The options are expected to vest over a period of up to three years and the maximum exercise period for the options is ten years from the date of grant. Upon vesting the options are equity settled. Details of the share options outstanding during the year and previous year are as follows:-

	No. of options	**Weighted average exercise price**
Balance at 1 April 2012	4,378,000	9.0p
Granted during the year	920,000	19.4p
Exercised during the year	(323,000)	2.5p
Balance at 31 March 2013	4,975,000	11.4p
Granted during the year	372,000	24.2p
Lapsed during the year	(180,000)	37.0p
Balance at 31 March 2014	5,167,000	11.4p
Balance exercisable at 31 March 2014	3,810,000	7.2p
Balance exercisable at 31 March 2013	3,614,000	6.5p

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 and in the previous year, the inputs into the Black Scholes model were as follows:-

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2014 – continued

18 **Share based payment - continued**

	2014	2014
Share price at grant	25p	23p
Exercise price	25p	23p
Volatility	52%	52%
Expected life (years)	3	3
Risk free rate	3.50%	3.50%
Expected dividend yield	0%	0%

	2013	2013	2013
Share price at grant	18p	23p	20p
Exercise price	18p	23p	20p
Volatility	52%	52%	52%
Expected life (years)	3	3	3
Risk free rate	0.5%	0.5%	0.5%
Expected dividend yield	0%	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 2014 – continued

18 **Share based payment - continued**

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

Vesting date/criteria	Number issued	Exercise price	Expiry date
Vested and exercisable immediately	2,200,000	9p	Feb 2020
Vested and exercisable immediately	1,414,000	2.5p	July 2019
Vested and exercisable immediately	30,000	32p	Oct 2021
Vested and exercisable immediately	166,000	20p	Dec 2022
Share price criteria not met	141,000	37p	May 2021
Share price criteria not met	60,000	32p	Oct 2021
Share price criteria not met	30,000	23p	May 2021
Not vested and exercisable not before:			
June 2014	120,000	18p	Dec 2022
June 2015	120,000	18p	Dec 2022
June 2016	120,000	18p	Dec 2022
July 2014	20,000	23p	Jan 2023
July 2015	20,000	23p	Jan 2023
July 2016	20,000	23p	Jan 2023
December 2014	167,000	20p	Dec 2022
December 2015	167,000	20p	Dec 2022
February 2015	30,000	23p	Aug 2023
February 2016	30,000	23p	Aug 2023
Februay 2017	30,000	23p	Aug 2023
June 2015	94,000	25p	Dec 2023
June 2016	94,000	25p	Dec 2023
June 2017	94,000	25p	Dec 2023
Total outstanding options	5,167,000		

19 **Reserves**

Reserves for the Group and Company are set out in the Statement of Changes in Equity on pages 20 and 21 respectively.

Other reserves consist of a capital redemption reserve, warrant reserve and a merger reserve as set out below:

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2014 – continued

19 **Reserves - continued**

	Capital redemption reserve	Warrant reserve	Merger reserve	Total
	£	£	£	**£**
At 31 March 2012, 2013, 2014	2,857	62,400	5,425,339	5,490,596

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. This reserve represents the other reserve within the Company.

20 **Operating lease commitments**

At 31 March 2014, the Group has lease agreements in respect of properties and equipment for which the payments extend over a number of years.

Group	**2014**	**2013**
	£	**£**
Due:		
Within one year	85,125	41,500
Between two and five years	54,000	31,125
After five years	-	-
	139,125	72,625

21 **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 compensation of the directors of Software Radio Technology plc is disclosed in note 3.

During the year, there were transactions between the Company and its subsidiaries which are related parties for services provided. The subsidiaries to whom these services were provided were SRT Marine Technology Ltd, SRT Marine System Solutions Ltd and SRT Marine Technology System Solutions Ltd. These transactions amounted to £628,988 (2013: £565,968).

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2014 – continued

22 Cash used in operations

Group	2014	2013
	£	£
Operating (loss) / profit	(1,510,623)	1,177,984
Depreciation of property, plant and equipment	118,969	94,346
Amortisation of intangible fixed assets	1,221,656	867,987
Share based payment charge	24,306	46,386
(Increase) / decrease in inventories	(751,205)	76,129
Decrease / (increase) in trade and other receivables	829,155	(1,913,085)
Increase / (decrease) in trade and other payables	576,755	(507,194)
	509,013	(157,447)

Company	2014	2013
	£	£
Operating loss	(164,892)	(166,941)
Depreciation of property, plant and equipment	35,241	35,843
Share based payment charge	24,306	46,386
Decrease / (increase) in trade and other receivables	22,007	(19,740)
Increase in amounts owed by group undertakings	(847,882)	(2,436,417)
Increase / (decrease) in trade and other payables	2,571	(66,431)
	(928,649)	(2,607,300)

23 Basic and diluted (loss) / earnings per share

The basic (loss) / earnings per share has been calculated on the loss on ordinary activities after taxation of £1,506,374 (2013: profit £1,503,757) divided by the weighted number of ordinary shares in issue of 117,355,526 (2013: 115,447,244).

The Group incurred a loss on ordinary activities before taxation for the year ended 31 March 2014 and therefore there is no dilution of the impact of the share options granted. During the year ended 31 March 2013 the calculation of diluted earnings per share has also been calculated on profit on ordinary activities after taxation of £1,503,757. 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 and the weighted average number of ordinary shares for the purposes of dilutive earnings per share was 118,190,488.

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2014 – continued

24 Financial instruments

The Group and Company'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 and Company's operations.

The Group and Company'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 and Company, 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 Company had no trade receivables at 31 March 2014 (2013: £nil). 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:-

	2014 £	2013 £
Trade receivables	2,410,453	3,226,686
Cash and cash equivalents	1,290,539	1,535,376
	3,700,992	4,762,062

The Company has cash and cash equivalents of £264,872 (2013: £216,157).

Interest rate risk

The Group and Company have interest bearing assets and liabilities which comprise of cash and cash equivalents and a short term loan (see note 16) which earn interest at a variable rate.

The Group and Company have not entered into any derivative transactions during the period under review.

The Group and Company's cash and cash equivalents earned interest at a variable rate totalling £4,249 (2013: £9,087) during the year. Interest payable on the short term loan at a variable rate amounted to £6,008 (2013: £ nil) for the Group and Company.

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. The Company had no material exposure to foreign exchange risk. 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.

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2014 – continued

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

At the year end this exposure comprised £1,875,517 (2013: £3,762,408) of assets denominated in US Dollars, £793,905 (2013: £160,948) of assets denominated in Euros and £1,285,985 (2012: £785,326) of liabilities denominated in US Dollars and £20,117 (2013: £37,265) of liabilities denominated in Euros.

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.

Year-end exchange rates applied in the analysis below are US Dollar 1.66 (2013: 1.52) and Euro 1.21 (2013: 1.19).

	2014	2013
Sterling strengthens by 10%	**£**	**£**
US Dollar	(53,594)	(270,644)
Euro	(70,344)	(11,244)
Sterling weakens by 10%		
US Dollar	58,953	297,708
Euro	77,379	12,638

25 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.

26 Financial commitments

As at 31 March 2014, the Group had financial purchase order commitments with its contract manufacturer and other significant component suppliers amounting to £1,344,190 (2013: £1,406,345).

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all your ordinary shares in the Company, please forward this document to the purchaser or transferee or to the stockbroker, bank or other person through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Notice of Annual General Meeting

NOTICE is hereby given that the Annual General Meeting of Software Radio Technology plc (the "Company") will be held at the Centurion Hotel, Charlton Lane, Radstock, England BA3 4BD at 11.00 a.m. on July 15th, 2014 for the purpose of considering and, if thought fit, passing the following ordinary resolutions (in the case of resolutions 1 to 6) and special resolution (in the case of resolution 7):

ORDINARY RESOLUTIONS

1. To receive the audited accounts of the Company for the financial year ended 31 March 2014 and the directors' report and the auditors' report on the accounts.

2. To re-appoint Nexia Smith & Williamson Audit Limited 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.

3. To authorise the directors to determine Nexia Smith & Williamson Audit Limited's remuneration as the auditors of the Company.

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

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

6. THAT the directors be generally and unconditionally authorised to exercise all the powers of the Company to allot shares, and to grant rights to subscribe for or to convert any security into shares up to an aggregate nominal amount of £39,667 provided that this authority shall expire (unless previously varied, revoked or renewed by the Company in general meeting) on October 15th, 2015, or, if earlier, at the conclusion of the Annual General Meeting in 2015, except that the Company may before such expiry make an offer or agreement which would or might require shares to be allotted or rights to be granted after such expiry and the directors may allot shares or grant such rights 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 RESOLUTION

7. THAT subject to the passing of resolution 6, the directors be empowered pursuant to section 570 of the Companies Act 2006 to allot equity securities (as defined in section 560 of that Act) for cash pursuant to the general authority conferred on them by resolution 6 above and/or to sell equity securities held as treasury shares for cash pursuant to section 727 of the Companies Act 2006, in each case as if section 561 of that Act did not apply to any such allotment or sale, provided that this power shall be limited to:

Notice of Annual General Meeting (continued)

(a) any such allotment and/or sale of equity securities in connection with an offer or issue by way of rights or other pre-emptive offer or issue, 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 ordinary shares, an aggregate nominal value or, in the case of other equity securities, giving the right to subscribe for or convert into ordinary shares having an aggregate nominal value, not exceeding the sum of £11,900.

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 6 above expires, except that the Company may 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.

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.

On behalf of the Board

Richard Hurd
Company Secretary
June 16th, 2014

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.

Notice of Annual General Meeting (continued)

5. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), only those shareholders included in the register of members of the Company at 6.00 p.m. on July 13th, 2014 being the time not less than 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 July 13th, 2014 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.

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 July 15th, 2014 is set out on pages 46-49 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 6 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 2014
The directors are required by the Companies Act 2006 to present to the shareholders of the Company at a general meeting the audited accounts and the reports of the directors and auditors for the year ended 31 March 2014. The report of the directors and the audited accounts have been approved by the directors, and the report of the auditors has been approved by the auditors, and both reports are contained in the Company's Annual Report and Accounts.

Resolution 2 – Re-appointment of auditors
The Companies Act 2006 requires that auditors be appointed at each general meeting at which accounts are laid, to hold office until the next such meeting. This resolution seeks shareholder approval for the reappointment of Nexia Smith & Williamson Audit Limited. The Audit Committee keeps under review the independence and objectivity of the external auditors. After considering relevant information the Audit Committee recommended to the board of directors that Nexia Smith & Williamson Audit Limited be reappointed. This resolution proposes the re-appointment of Nexia Smith & Williamson Audit Limited as auditors of the Company.

Resolution 3 – Auditors' remuneration
This resolution gives authority to the directors to determine the remuneration of Nexia Smith & Williamson Audit Limited as auditors of the Company.

Resolutions 4 & 5 – Directors' re-appointment
Neil Peniket and Andrew Lapping will retire at this year's Annual General Meeting and offer themselves for re-election.

Resolution 6 – Authority to allot shares
The Companies Act 2006 provides that the directors may only allot shares or grant rights to subscribe for or to convert any security into shares if authorised by shareholders to do so. Resolution 6 will, if passed, authorise the directors to allot shares up to a maximum nominal amount of £39,667.

It is accordingly proposed that the directors be granted general authority at any time prior to October 15th 2015, or, if earlier, at the conclusion of the Annual General Meeting in 2015, to allot shares up to an aggregate nominal amount of £39,667. 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.

Resolution 7 is a special resolution. This resolution will be passed if not less than 75% of the votes cast for and against are in favour.

Resolution 7 – Disapplication of pre-emption rights
The Companies Act 2006 requires that, if the Company issues new shares, or grants rights to subscribe for or to convert any security into 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 7 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 £11,900 (representing approximately 10% 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. If passed, this authority will expire at the same time as the authority to allot shares given pursuant to Resolution 6. The Company does not at present hold any shares in treasury.