Software
Radio Technology

Software Radio Technology plc

Interim Results for the six months ended

30 September 2007

Chairman's statement

I am pleased to report that Software Radio Technology plc (SRT or the Group) continued to make strong progress during the first half of this financial year. In both our PMR-TETRA and Marine businesses, products containing our technologies are in the market. As a result revenues have increased by 127% and operating losses reduced by 22% over the same period last year.

SRT plc develops and provides digital communications technology and product solutions for professional mobile radio (TETRA) and marine identification and tracking (AIS) markets.

SRT PMR Technology Limited – TETRA

The first two licence customers in Asia, TCB and Unimo, have commenced volume production and customer deliveries of their handsets, incorporating our technology. This is a significant milestone for the Company as it signifies the start of royalty income. Initial product runs have been relatively small as expected, however there is now increasing visibility of substantial orders in the future as these customers leverage their competitive advantages. Other licence customers in Asia are expected to commence production in the second half of the financial year.

In March 2007, the Company announced its intention to develop its own TETRA handset for sale as an OEM product

Chairman's statement
continued

within the European Union. The first stage of this project has been delivered on time, with first prototypes completed during October ready for formal type and network interoperability approval testing. Marketing of the handset to partners has commenced and initial reactions have been positive. We expect that first shipments will commence during the first half of the next financial year. If successful, with good margins and high per unit revenue, this could have a significant effect on the financial performance of the Group.

SRT has continued to build and evolve its specialist digital radio development team, which is now focused on the development of next generation development core technology, which will yield an improved platform. This is expected to be completed towards the end of 2008, providing a platform upon which our own OEM and licence customer product ranges can be expanded.

The Board is confident that SRT PMR Technology is now in a strong position to derive sustained and growing revenues from licence customers in Asia and OEM partners in the EU.

SRT Marine Technology Limited – AIS

SRT continues to build its international network of partners and to work with them as their long term AIS technology solution provider, offering a selection of technology licence, module and OEM solutions to fit their needs.

Orders for our AIS Class B solutions have continued to grow steadily throughout the first half as more of our partners enter the market with their products and commence active sales and marketing. Average order size per partner has increased as market demand from a variety of commercial and leisure users increases. The first formal national mandate, covering 15,000 vessels, to fit an AIS transceiver was announced by Turkey in July. Further national mandates are expected. We are still awaiting news on US FCC approval, which would enable AIS Class B products to be sold into the world's largest marine market. This is expected during the second half of the current financial year.

In line with our corporate strategy the Company continues to evolve its AIS technologies and is now focused on the development of the next generation AIS platform.

Results and Trading

The results, which have been prepared in accordance with International Financial Reporting Standards for the first time, show revenues for the six months of £1,910,852 (2006: £842,579), an increase of 127% on the same period last year with a retained loss of £992,184 (2006 £1,322,685). SRT Marine Technology traded profitably (before depreciation) during the first half with gross margins of 40% and has increased visibility of forward orders for the second half. SRT PMR Technology traded at a loss due to expected royalty revenue, with an anticipated gross margin of 80%, falling into the second half of this year.

Overheads, excluding depreciation and non-recurring items, for the period were 22% higher than for the same period last year at £1,491,667 primarily due to an increase in head count to support the Group's expanding activities.

Financing

In April 2007, SRT completed a placing of 9,523,810 shares at 42p, raising £4 million (before costs) to support additional investment in both the TETRA and Marine businesses.

As at 30 September 2007, the Group had net cash balances of £2.02 million (2006 £2.68 million). In addition, since 30 September 2007 the Company has received applications to convert 8,722,882 warrants into ordinary shares at an exercise price of 40p per share, raising additional funding of £3.49 million. The final date for the conversion of warrants was 2 November 2007 and unexercised warrants have now lapsed.

Management

The existing management team of the Group was further strengthened by the joining of Dr. George Kyprios to lead SRT's PMR business in September 2007. Dr. Kyprios, who has now been formally appointed as Managing Director of the PMR subsidiary,

Chairman's statement
continued

has a wealth of international business experience gained in "blue chip" multinationals such as Pirelli Cables & Systems and GEC/Marconi and has expertise of implementing change programmes to increase operational efficiency and competitive advantage.

Outlook

The Board is pleased with the progress that SRT has made during the first half and is expecting further acceleration during the second half. This has already become apparent through the announcement on 24 October of a TETRA order by Unimo which will generate US$3 million of royalties for SRT, of which approximately US$2 million is expected in revenue in the Group's current financial year.

In summary, SRT now has products being produced, marketed and sold by a global network of partners, creating the opportunity for significant and sustained revenue growth. In addition strategic initiatives such as the launch of our own TETRA handset targeting the European market also provide the basis for further growth during the next financial year and beyond.

Richard Moon
Chairman

Consolidated Income Statement
for the six months ended 30 September 2007

	Six months ended 30 Sep 2007 Unaudited £	Six months ended 30 Sep 2006 Unaudited £	Year ended 31 Mar 2007 Unaudited £
Revenue	**1,910,852**	842,579	1,817,588
Cost of sales	**(1,082,571)**	(601,855)	(1,645,610)
Gross profit	**828,281**	240,724	171,978
Administrative expenses	**(1,883,453)**	(1,610,349)	(3,170,198)
Operating loss	**(1,055,172)**	(1,369,625)	(2,998,220)
Finance income	**62,988**	46,940	85,791
Loss before income tax	**(992,184)**	(1,322,685)	(2,912,429)
Taxation	**–**	–	–
Loss for the period	**(992,184)**	(1,322,685)	(2,912,429)
Loss per share (basic and diluted)	**(1.15)p**	(1.80)p	(3.76)p

Consolidated Balance Sheet

as at 30 September 2007

	As at 30 Sep 2007 Unaudited £	As at 30 Sep 2006 Unaudited £	As at 31 Mar 2007 Unaudited £
Assets			
Non-current assets			
Intangible assets	**5,608,422**	3,975,438	4,953,395
Tangible assets	**431,320**	510,854	520,154
Total non-current assets	**6,039,742**	4,486,292	5,473,549
Current assets			
Inventories	**114,008**	240,807	161,938
Trade and other receivables	**3,330,388**	2,284,865	2,971,612
Cash and cash equivalents	**2,024,884**	2,682,088	317,005
Total current assets	**5,469,280**	5,207,760	3,450,555
Total assets	**11,509,022**	9,694,052	8,924,104
Liabilities			
Current liabilities			
Trade and other liabilities	**(1,255,754)**	(1,080,884)	(1,646,566)
Total current liabilities	**(1,255,754)**	(1,080,884)	(1,646,566)
Total liabilities	**(1,255,754)**	(1,080,884)	(1,646,566)
Net assets	**10,253,268**	8,613,168	7,277,538
Shareholders' equity			
Ordinary shares	**89,102**	78,088	78,288
Share premium	**11,645,291**	7,702,858	7,787,787
Other reserves	**5,719,384**	5,724,512	5,719,383
Retained earnings	**(7,200,509)**	(4,892,290)	(6,307,920)
Total equity	**10,253,268**	8,613,168	7,277,538

Consolidated Cash Flow Statement

for six months ended 30 September 2007

	Six months ended 30 Sep 2007 Unaudited £	Six months ended 30 Sep 2006 Unaudited £	Year ended 31 Mar 2007 Unaudited £
Cash flows used in operating activities			
Cash used in operations	**(1,364,253)**	(1,217,969)	(2,503,430)
Interest received	**62,988**	46,940	85,791
Net cash used in operating activities	**(1,301,265)**	(1,171,029)	(2,417,639)
Cash flows from investing activities			
Purchase of intangible fixed assets	**(818,036)**	(1,154,059)	(2,219,784)
Purchase of tangible fixed assets	**(41,139)**	(278,281)	(411,031)
Net cash used in investing activities	**(859,175)**	(1,432,340)	(2,630,815)
Cash flows from financing activities			
Net proceeds from the issue of ordinary share capital	**3,868,319**	4,052,026	4,132,028
Net cash from financing activities	**3,868,319**	4,052,026	4,132,028
Net increase/(reduction) in cash and cash equivalents	**1,707,879**	1,448,657	(916,426)
Cash and cash equivalents at beginning of period	**317,005**	1,233,431	1,233,431
Cash and cash equivalents at end of period	**2,024,884**	2,682,088	317,005

Notes to the Interim Financial Statements

1. Basis of preparation

These unaudited interim financial statements have been prepared under the historical cost convention and on a basis consistent with the UK Companies Act 1985 and International Financial Reporting Standards and IFRIC interpretations as endorsed by the European Union and interpretations expected to be in issue at 31 March 2008. The interim financial statements were approved by the Board of Directors and the Audit Committee on 2 November 2007. The interim financial statements do not constitute statutory financial statements within the meaning of the Companies Act 1985 and have not been audited. Comparative figures in the financial statements for the year ended 31 March 2007 have been taken from the Group's audited UK GAAP statutory financial statements on which the Company's auditors, Nexia Smith & Williamson, expressed an unqualified opinion and amended by adjustments required by IFRS. All periods presented are unaudited.

In anticipation of changes required under IFRS, the Group published an IFRS transition statement on 31 October 2007. This statement set out the effect of adopting IFRS for the Group, the basis of preparation, the accounting policies, and details of significant adjustments in respect of the opening balance sheet at 1 April 2006, the results for the year ended 31 March 2007 and the balance sheet at 31 March 2007. These interim financial statements have been prepared in accordance with the accounting policies outlined in the statement. This statement is available on the Company's website.

The interim financial statements will be sent to shareholders on or around 9 November 2007 and will be available from today on the Company's website and for a period of one month from the Company's registered office, Wireless House, Westfield Industrial Estate, Midsomer Norton, Bath BA3 4BS.

2. Share-based payment

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

	Six months ended 30 Sep 2007 Unaudited £	Six months ended 30 Sep 2006 Unaudited £	Year ended 31 Mar 2007 Unaudited £
Share options – profit and loss charge	**99,595**	201,916	376,030

3. Earnings per share

The basis earnings per share has been calculated using the loss for the period of £992,184 (2006 – loss of £1,322,685) divided by the weighted average number of Ordinary shares in issue of 86,653,590 (2006 – 73,565,805). The weighted average number of shares in issue has been adjusted to reflect the placing in April 2007.

As the Group is currently loss-making, the warrants and share options in issue are not considered dilutive.

4. Statement of movement in shareholders' equity

	Six months ended 30 Sep 2007 Unaudited £	Six months ended 30 Sep 2006 Unaudited £	Year ended 31 Mar 2007 Unaudited £
Loss for the period	**(992,184)**	(1,322,685)	(2,912,429)
Share issue proceeds	**4,001,140**	4,250,000	4,250,000
Share issue costs	**(192,821)**	(197,972)	(197,972)
Share warrant proceeds	**60,000**	–	80,000
Share-based payment credit	**99,595**	201,916	376,030
Movement in shareholders' equity	**2,975,730**	2,931,259	1,595,629
Opening shareholders' equity	**7,277,538**	5,681,909	5,681,909
Closing shareholders' equity	**10,253,268**	8,613,168	7,277,538

Notes to the Interim Financial Statements
continued

5. Cash used in operations

	Six months ended 30 Sep 2007 Unaudited £	Six months ended 30 Sep 2006 Unaudited £	Year ended 31 Mar 2007 Unaudited £
Operating loss	**(1,055,172)**	(1,369,625)	(2,998,220)
Depreciation of tangible fixed assets	**132,304**	91,626	214,365
Amortisation of intangible fixed assets	**160,678**	39,494	127,975
Share-based payment charge	**99,595**	201,916	376,030
Decrease in inventories	**47,930**	49,284	128,153
Increase in trade and other receivables	**(358,781)**	(380,884)	(1,067,635)
(Decrease)/increase in trade and other liabilities	**(390,807)**	150,220	715,902
Cash used in operations	**(1,364,253)**	(1,217,969)	(2,503,430)

6. Reconciliation of operating profit under UK GAAP to IFRS equivalent

	Six months ended 30 Sep 2007 Unaudited £	Six months ended 30 Sep 2006 Unaudited £	Year ended 31 Mar 2007 Unaudited £
Operating loss – UK GAAP	**(1,089,612)**	(1,395,304)	(3,048,437)
Reversal of goodwill amortisation	**33,648**	33,648	67,296
Recognition of vacation pay accrual	**792**	(7,969)	(17,079)
Operating loss – IFRS	**(1,055,172)**	(1,369,625)	(2,998,220)

The adjustments above reflect non-amortisation of goodwill and the recognition of a liability for employees unused entitlement to annual leave as set out in the IFRS transition release.

7. Reconciliation of shareholders' equity at 30 September 2006 under UK GAAP to IFRS

	UK GAAP £	IAS 38 Intangible assets £	IFRS 3 Business combinations £	IAS 19 Employee benefits £	IFRS £
Assets					
Non-current assets					
Intangible assets	3,941,790		33,648		3,975,438
Tangible assets	510,854				510,854
Total non-current assets	4,452,644		33,648		4,486,292
Current assets					
Inventories	240,807				240,807
Trade and other receivables	2,284,865				2,284,865
Cash and cash equivalents	2,682,088				2,682,088
Total current assets	5,207,760				5,207,760
Liabilities					
Current liabilities					
Trade and other liabilities	(1,032,598)			(48,286)	(1,080,884)
Total current liabilities	(1,032,598)			(48,286)	(1,080,884)
Net assets	8,627,806		33,648	(48,286)	8,613,168
Shareholders' equity					
Ordinary shares	78,088				78,088
Share premium	7,702,858				7,702,858
Other reserves	5,724,512				5,724,512
Retained earnings	(4,877,652)		33,648	(48,286)	(4,892,290)
Total equity	8,627,806		33,648	(48,286)	8,613,168

Notes to the Interim Financial Statements
continued

8. Other IFRS reconciliations

As set out in Note 1 above, the Group published an IFRS transition statement on 31 October 2007. This statement included a reconciliation of shareholders' equity at 1 April 2006 and 31 March 2007.

The transition to IFRS has not significantly impacted the presentation of the consolidated cash flow statement.

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