3 June 2009

Sarantel Group PLC

Interim results for the six months to 31 March 2009

Sarantel Group PLC (AIM: SLG, "the Group"), a manufacturer of revolutionary antennas for mobile and wireless devices, announces unaudited interim results for the six month period ended 31 March 2009.

Highlights

- Revenues up 64 per cent to £1.7 million, proving resilience of markets;
- High-value markets (military and satellite) 50 per cent of sales (H1 2008: 16 per cent);
- Consumer GPS revenues reduced but stable;
- Gross margins improved to 43.6 per cent;
- Cash balance of £2.2 million as at 31 March 2009;
- Sale and leaseback agreement completed realising an additional £0.3 million (see separate announcement);
- Tight cost controls reduce operating loss from £2.0 million to £1.4 million;
- Wide base of 150 customers in H1 demonstrates diversity of product demand.

David Wither, CEO said:

"We made considerable progress in the first half, improving all our key financial metrics and retaining a cash balance of £2.2 million. We have maintained our GPS business despite difficult economic conditions and have commenced deliveries of antennas to Iridium for satellite phones. Encouragingly, we continue to see opportunities developing in the high value military markets, which we are actively pursuing."

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NOTES TO EDITORS:

Sarantel (www.sarantel.com)

Sarantel is a leader in the design of high-performance miniature antennas for portable wireless applications including hand-held navigation, satellite radio and laptop computers.

Sarantel's revolutionary ceramic filtering antennas offer dramatically improved performance over existing antenna designs, resulting in a clearer signal, better range and a 90 per cent reduction in the amount of signal radiation absorbed by the body. Because of their smaller size and higher capabilities, Sarantel's antennas enable manufacturers to create innovative high-volume consumer products incorporating technologies such as GPS, Wi-Fi, WiMax, 3G, GPRS, Satellite Radio and Bluetooth.

Interim Results

Sarantel achieved an excellent set of results in the six months to 31 March 2009, despite the poor economic environment. Group revenues grew 64 per cent to £1.7 million (H1 2008: £1.0 million), driven by a significant increase in high-value applications such as satellite phones and military equipment. These now make up 50 per cent of revenues, compared with around 16 per cent of sales in H1 2008. Sales in the consumer GPS market reduced but remained stable.

Sales of antennas almost doubled to £1.63 million (H1 2008: £0.85 million), slightly more than the total value of antennas sold in the whole of 2008. The strengthening of the US Dollar contributed approximately £0.3 million to Group revenue.

Gross margins continued to improve to 43.6 per cent (H1 2008: 25.3 per cent), as a result of cost reductions in manufacturing processes and a more favourable product mix.

Operating costs before depreciation grew by 11 per cent to £1.6 million. The 22.4 per cent increase in R&D costs is the result of the development and launch of several new antennas during the period. Following the Group's decision to invest in additional sales capabilities, sales and distribution costs increased by 87.5 per cent to nearly £0.3 million. However, as a percentage of Group revenues, the proportion invested in sales and distribution has increased only slightly, from 15.1 per cent in H1 2008 to 17.3 per cent in H1 2009.

Losses before depreciation, interest and tax were reduced by 26 per cent to £0.9 million (H1 2008: loss £1.2 million). Losses before tax were £1.3 million (H1 2008: loss £2.0 million), a reduction of 35 per cent, and the loss per share was 0.6p (H1 2008: 2.5p).

As a result of tight cash control, the Group had cash balances of £2.2 million at the end of March 2009 (30 September 2008: £3.0 million). The Group announced separately today the signing of a sale and leaseback agreement with Close Leasing Limited, for a total value of £600,000, which will realise an additional £311,000.

Sarantel's markets

Sarantel's technology enables the design and manufacture of high-performance antennas for a number of wireless applications. At present Sarantel addresses the consumer Global Positioning System ("GPS"), military GPS and satellite phone markets, but the technology has wider applications in other emerging markets.

Product portfolio

Compared with 2008, the Group has a wider and more advanced range of products serving more diverse and high-value markets. During the first half, Sarantel sold antennas to more than 150 customers, demonstrating the widening demand for high-performance GPS in both popular and niche markets. Additionally, Sarantel offers more than 10 different antenna designs to suit the varied and demanding needs of customers, with new designs already planned or in development.

Consumer GPS market

Although the economic downturn affected the consumer market in general, revenues from the consumer GPS market remained stable because the Group has steadily built a diverse base of more than 150 customers serving specialised applications, where design activity remains healthy.

Whilst many of the Group's customers are clearly serving niche markets, such as golf rangefinders, the increasing use of GPS in major markets such as mobile phones is clear evidence that the technology is making the transition from being niche and discretionary, to becoming a "must-have" feature in popular consumer products. This represents an enormous breadth of opportunities, any one of which has the potential to generate reasonable volumes. For this reason, Sarantel has engaged an experienced director of sales to focus on the consumer GPS market.

During the first half, Sarantel announced the following design wins:

- The world's first GPS locator specifically designed for children, the Num8.
  Sarantel's antenna was selected because it enables the most compact and superior performing GPS locating products on the market and is ideally suited for the small size and supreme accuracy requirements of the Num8 product.

- The G-Core Mini Caddy Golf GPS device.
  Sarantel's antenna was selected because of its ability to maintain outstanding performance in a very small device.

On 2 April 2009, Gartner Group named Sarantel as one of five "Cool Vendors in Mobile and Wireless 2009" in a new and influential report. Gartner defines a "Cool Vendor" as a company whose technology is innovative, impactful and intriguing, with a strong emphasis on enabling new possibilities. It highlighted Sarantel's ceramic antenna technology because of its improved signal quality, which enables superior accuracy and more efficient use of battery power – essential features for the new generation of GPS-equipped handheld devices. Gartner believes that this will enable a new wave of location-based consumer services.

Military GPS market

Sarantel continues to make good progress in the US military and navy markets and during the first half of 2009, the Group extended its engagement with organisations serving the high-value military markets.

Although military sales cycles tend to be longer because of the more rigorous design evaluation and product qualification, the Group believes that early success in military applications will strengthen Sarantel's position as a trusted supplier in a high-value market.

In May, the Group announced a design and development contract win to develop a dual-band GPS/Iridium antenna for the US Navy. Sarantel was selected as sole supplier because the US Navy recognised the potential of the Group's GeoHelix antennas, which offer high performance in a small size.

Satellite phone market

The Mobile Satellite Services (MSS) market is currently experiencing significant activity, with US operators busy developing their services and preparing new hand-held satellite phones. In Europe, the European Commission has recently announced the award of licences to Inmarsat and Solaris Mobile to provide next-generation telecommunications services across member states of the European Union through a hybrid satellite-terrestrial network. These services will include live TV to mobile handsets, in-car entertainment and information systems, and wide-ranging communications and data services.

Sarantel began shipments of antennas to Iridium in September 2008, ahead of the official launch of its new satellite phone in November 2008. Further shipments have been delivered, but like the wider mobile phone industry, the MSS market has experienced some build up of inventory which the Group believes will be corrected this summer.

Outlook

Trading to date is broadly in line with the Board's expectations. The Consumer GPS market is expected to remain stable in the second half, and sales to Iridium are expected to settle after the initial peak of deliveries prior to the launch of the Iridium phone and the subsequent inventory build-up.

The Group will remain focused on tight management of costs whilst developing the opportunities for its antenna technology. The Board is optimistic that Sarantel's technology will continue to find an increasing number of applications in both consumer and high-value markets.

UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 31 MARCH 2009

	Note	**Six months to 31 March 2009**	Six months to 31 March 2008	12 months to 30 September 2008
		Unaudited	Restated	Restated
		£	£	£
Revenue	2	**1,662,326**	**1,013,607**	1,858,463
Cost of sales		(936,865)	(757,017)	(1,791,069)
Gross profit		**725,461**	**256,590**	67,394
Research and development costs*	3	**(594,634)**	**(485,777)**	(1,173,334)
Selling and distribution costs		**(287,216)**	**(153,140)**	(401,696)
Administration costs		**(1,211,563)**	**(1,599,196)**	(3,221,475)
Total operating costs		**(2,093,413)**	**(2,238,113)**	(4,796,505)
Operating loss before depreciation and amortisation		*(878,479)*	*(1,188,169)*	*(2,781,460)*
Depreciation and other amounts written off property, plant and equipment and intangible assets		*(489,473)*	*(793,354)*	*(1,947,651)*
Operating loss		**(1,367,952)**	**(1,981,523)**	(4,729,111)
Investment revenue		**71,075**	43,791	126,973
Fair value movement on derivatives		**(5,992)**	-	(40,700)
Finance costs		**(30,745)**	(18,235)	(23,438)
Other Income	4	**8,200**	-	-
Loss before tax		**(1,325,414)**	**(1,955,967)**	(4,666,276)
Tax	5	**99,714**	**69,100**	198,171
Loss after tax		**(1,225,700)**	**(1,886,867)**	(4,468,105)
Basic and diluted loss per share	6	(0.6)p	(2.5)p	(3.5)p

All of the activities of the Group are classed as continuing.
* Research and Development costs have been adjusted to include the amortisation of Patents. See Note 3.

UNAUDITED CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2009

	Note	As at 31 March 2009	As at 31 March 2008	As at 30 September 2008
		Unaudited	Restated	Restated
		£	£	£
ASSETS				
Non-current assets				
Property, plant and equipment	7	**1,751,263**	**2,950,159**	2,055,483
Intangible assets	7	**1,312,879**	**1,199,551**	1,270,515
Total non-current assets		**3,064,142**	**4,149,710**	3,325,998
Current assets				
Inventories		**196,629**	**552,191**	344,862
Trade and other receivables		**582,994**	**832,121**	653,273
Cash and cash equivalents		**2,215,923**	**997,829**	2,957,626
Total current assets		**2,995,546**	**2,382,141**	3,955,761
Total assets		**6,059,688**	**6,531,851**	7,281,759
EQUITY				
Share capital		**8,788,562**	**7,643,554**	8,788,562
Share premium		**16,165,487**	**14,252,078**	16,165,487
Merger reserve		**13,389,536**	**13,389,536**	13,389,536
Warrant reserve		**83,162**	**-**	75,600
Share scheme reserve		**431,549**	**264,753**	334,081
Profit and loss account		**(34,139,731)**	**(30,332,793)**	(32,914,031)
Total equity		**4,718,565**	**5,217,128**	5,839,235
LIABILITIES				
Non-current liabilities				
Amounts due under hire purchase agreements		**71,820**	**454**	203,991
Current liabilities				
Trade and other payables		**1,269,303**	**1,314,269**	1,238,533
Total liabilities		**1,341,123**	**1,314,723**	1,442,524
Total equity and liabilities		**6,059,688**	**6,531,851**	7,281,759

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 31 MARCH 2009

	Six months to 31 March 2009 Unaudited £	Six months to 31 March 2008 Restated £	12 months to 30 September 2008 Restated £
Cash flows from operating activities			
Loss before tax	**(1,325,414)**	**(1,955,967)**	(4,666,276)
Depreciation	**489,473**	**793,354**	1,947,651
Net finance income	**(40,330)**	**(25,556)**	(42,759)
Share option expense	**105,030**	**61,288**	130,616
Decrease in inventories	**148,233**	**189,090**	396,418
(Increase)/Decrease in receivables	**(36,607)**	**(57,555)**	103,680
Increase in payables	**16,372**	**95,796**	105,597
Taxation received	**206,600**	**-**	146,686
Net cash used in operating activities	**(436,643)**	**(899,550)**	(1,878,387)
Cash flows from investing activities			
Purchases of property, plant and equipment	**(97,491)**	**(172,896)**	(327,346)
Purchase of intangible assets	**(130,126)**	**(135,733)**	(311,868)
Interest receivable	**41,860**	**44,124**	126,973
Decrease in short term deposits	**-**	-	47,812
Net cash used in investing activities	**(185,757)**	**(264,505)**	(464,429)
Cash flows from financing activities			
Discharge of finance lease liability	**(117,773)**	**(249,618)**	(172,319)
Proceeds from share issue	**-**	**-**	3,134,017
Interest paid	**(1,530)**	**(18,569)**	(43,514)
Net cash (used in)/generated from investing activities	**(119,303)**	**(268,187)**	2,918,184
Net (decrease)/increase in cash and cash equivalents	**(741,703)**	**(1,432,242**)	575,368
Cash and cash equivalents at beginning of period	**2,957,626**	**2,430,071**	2,382,258
Cash and cash equivalents at end of period	**2,215,923**	**997,829**	2,957,626

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS TO 31 MARCH 2009

	Share capital £	Share premium £	Share scheme reserve £	Warrant reserve £	Merger reserve £	Retained earnings £	Total equity £
For the six months to 31 March 2009							
Balance at 1 October 2008	8,788,562	16,165,487	334,081	75,600	13,389,536	(32,914,031)	5,839,235
Net result for the period	-	-	-	-	-	(1,225,700)	(1,225,700)
Share based payments	-	-	97,468	7,562	-	-	105,030
Balance at 31 March 2009	**8,788,562**	**16,165,487**	**431,549**	**83,162**	**13,389,536**	**(34,139,731)**	**4,718,565**
For the six months to 31 March 2008							
Balance at 1 October 2007	7,643,553	14,252,078	203,465	-	13,389,536	(28,445,926)	7,042,706
Net result for the period	-	-	-	-	-	(1,886,867)	(1,886,867)
Share based payments	-	-	61,289	-	-	-	61,289
Balance at 31 March 2008	**7,643,553**	**14,252,078**	**264,754**	**-**	**13,389,536**	**(30,332,793)**	**5,217,128**
For the 12 months to 30 September 2008							
Balance at 1 October 2007	7,643,554	14,252,078	203,465	-	13,389,536	(28,445,926)	7,042,707
Net result for the period	-	-	-	-	-	(4,468,105)	(4,468,105)
Share based payments	-	-	130,616	-	-	-	130,616
Warrants issued	-	-	-	75,600	-	-	75,600
Shares issued net of expenses	1,145,008	1,913,409	-	-	-	-	3,058,417
Balance at 30 September 2008	**8,788,562**	**16,165,487**	**334,081**	**75,600**	**13,389,536**	**(32,914,031)**	**5,839,235**

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 MARCH 2009

1 BASIS OF PREPARATION

The Unaudited interim accounts have been prepared on the same basis and using the same accounting policies as used in the audited financial statements for the year ended 30 September 2008, except for the reclassification of Amortisation of Patents costs, which is now included under Research and development costs instead of Administration costs.

The financial information set out in these interim accounts does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The figures for the year ended 30 September 2008 have been extracted from the Group's financial statements upon which the auditors' opinion is unqualified. The Group's financial statements, which have been filed with the Registrar of Companies, have been prepared in accordance with International Financial Reporting Standards.

2 REVENUE

	Six months to 31 March 2009 Unaudited £	Six months to 31 March 2008 Unaudited £	12 months to 30 September 2008 Audited £
Sale of antennas	**1,626,109**	850,315	1,621,436
Sale of Non-Recurring Engineering services	**36,217**	163,292	237,027
Total Revenues	**1,662,326**	1,013,607	1,858,463

3 RESEARCH AND DEVELOPMENT COSTS

	Six months to 31 March 2009 Unaudited £	Six months to 31 March 2008 Unaudited £	12 months to 30 September 2008 Audited £
As previously reported	**506,872**	417,769	1,037,317
Amortisation of Patents	**87,762**	68,008	136,017
Total Research and development costs	**594,634**	485,777	1,173,334

Following a review of the classification of expenses, the Amortisation cost of Patents has been reclassified as Research and development costs instead of Administration costs. The directors believe that this better reflects the nature of the expense. There is no impact of this reclassification on the profit or loss of the company in this or future accounting periods.

4 OTHER INCOME

	Six months to 31 March 2009 Unaudited £	Six months to 31 March 2008 Unaudited £	12 months to 30 September 2008 Audited £
Regional development grant received	**8,200**	-	-

5 TAX ON LOSS

	Six months to 31 March 2009 Unaudited £	Six months to 31 March 2008 Unaudited £	12 months to 30 September 2008 Unaudited £
Current tax:			
UK corporation tax based on the results for six months to 31 March 2009	**(99,714)**	(69,100)	(198,171)

The taxation credit arises in respect of research and development expenditure and is subject to agreement with H M Revenue & Customs.

A deferred tax asset, calculated using a tax rate of 28 per cent, amounting to approximately £5.5 million (2008: £5.2 million) arising from taxable trading losses has not been recognised on the grounds that, at the current time, there is insufficient evidence that the asset will be recoverable in the foreseeable future.

6 LOSS PER SHARE

The calculation of the basic loss per share is based on the earnings attributable to shareholders divided by the weighted average number of ordinary shares of the Company in issue during the year.

Reconciliations of the loss and weighted average number of shares used in the calculations are set out below.

	Six Months to 31 March 2009 Unaudited £	Six Months to 31 March 2008 Unaudited £	12 Months to 30 September 2008 Audited £
Losses	**1,225,700**	1,886,867	4,468,105
Weighted average number of shares	**190,936,331**	76,435,531	126,313,962
Per share amount pence (Basic and Diluted)*	**(0.6)p**	(2.5)p	(3.5)p

* The effect of options and warrants are anti-dilutive.

7 NON-CURRENT ASSETS

Additions to non-current assets during the period amounted to £97,491 of property, plant and equipment and £130,126 of intangible assets.