

2 March 2016

**Transense Technologies Plc**  
("Transense" or "the Company")

**Interim results for six months ended 31 December 2015**

Transense Technologies Plc (AIM: TRT), the provider of sensor systems for the transportation and industrial markets, is pleased to report positive results for the six months ended 31 December 2015.

The Group has achieved commercial progress in each of its continuing business activities, although revenue growth has been constrained by tough market conditions in the mining sector. The sale of the IntelliSAW division (with associated licensing income) in October 2015 has both transformed the financial position of the Group and validated the high value potential for our core technology across a wide range of major global applications in the longer term.

**Highlights:**

- Adjusted revenues\* up 33% to £1.04m (Dec 2014: £0.78m)
- Adjusted loss\* from continuing operations of £0.62m (Dec 2014 loss of £1.15m)
- Sale of IntelliSAW division to Emerson for £2.96m (including associated licence income of £2.74m) in October 2015
- Net profit for the period of £1.70m (Dec 2014 loss of £1.72m)
- Net cash generated from operations of £1.43m (Dec 2014: £1.43m net cash consumed)
- Net cash at end of period of £4.56m (Jun 2015: £0.47m)
- Further engagement with world class partners in commercialising SAW technology
- Increased penetration of iTrack system in tough market conditions

\* from continuing operations and adjusted to exclude licence fee income associated with the disposal of IntelliSAW.

**Executive Chairman of Transense Technologies, David Ford, said:**

*"The sale of the IntelliSAW division to Emerson last October increased the resources available to the Company. More importantly, this transaction has signalled to the industrial marketplace that SAW (Surface Acoustic Wave) sensing is not only a mature technology, but also a valuable one.*

*Reasonable progress has been made in commercialising products and services sold through our Translogik division, although this has been constrained to an extent by ongoing difficulties experienced by our customers in the mining sector.*

*We continue to be optimistic about prospects for each of our current business streams, although our approach to the short-term outlook is more cautious whilst these conditions prevail."*

For further information please visit [www.transense.co.uk](http://www.transense.co.uk) or contact:

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### **About Transense Technologies**

Based in Oxfordshire, UK, Transense has developed patent-protected sensor systems and supporting technology for use in a variety of diverse high growth markets. Transense's Surface Acoustic Wave (SAW), wireless, battery-less, sensor systems offer significant advantages over legacy wireless sensor systems. Transense is targeting the transport and mining industries, and the global torque, temperature and pressure sensing markets, via its trading divisions, Translogik and SAWSense.

Transense's shares are admitted to trading on AIM, a market operated by the London Stock Exchange (AIM: "TRT").

[www.transense.co.uk](http://www.transense.co.uk)

## **Transense Technologies Plc**

### **Chairman's statement**

The financial results for the six months ended 31 December 2015 show that reasonable progress has been made in commercialising products and services sold through our Translogik division, although this has been constrained to an extent by ongoing difficulties experienced by our customers in the mining sector.

The sale of the IntelliSAW division to Emerson last October increased the resources available to the Company. More importantly, this transaction has signalled to the industrial marketplace that SAW (Surface Acoustic Wave) sensing is not only a mature technology, but also a valuable one. SAWSense has seen an increase in the number of live projects in conjunction with major global industrial companies, building confidence in the prospects of these leading to successful commercialisation in the longer term.

### **Financial results**

Revenues for the six months increased to £3.77m (Dec 2014 : £0.78m) and included a one-off license fee received from Emerson for use of the intellectual property required by IntelliSAW. Excluding the effects of this license fee, the adjusted revenue was £1.04m, representing an increase of 33%.

The adjusted net loss before taxation from continuing operations, also excluding the license fee, was £0.61m, an improvement of 47% compared with the corresponding period (Dec 2014: £1.15m). Total comprehensive income for the period was £1.70m (Dec 2014: loss of £1.72m) and earnings were 0.38 pence per share and adjusted to exclude IntelliSAW a loss of 0.13 pence, (Dec 2014: loss of 0.39 pence).

### **Financial position and cash flow**

Net cash generated from operations was £1.43m (Dec 2014: £1.43m used by operations). This includes net cash received in respect of the license fee of £2.45m. The balance of the license fee of £0.26m is held in Escrow until the first anniversary of the transaction in October 2016 and is reflected in the Company's Balance Sheet under other receivables.

Taken together with the proceeds of the issue of equity of £2.46m earlier in the period, the company is now in a strong financial position with net cash and cash equivalents at the end of the period of £4.56m (30 June 2015: £0.47m).

As at 31 December 2015 Shareholders' funds totalled £7.53m which included an accumulated deficit in reserves of £21.24m. The board is considering the steps that may be taken to eliminate this deficit, and will provide further information in due course.

## **Strategy**

The business strategy of the Group is to develop innovative sensing solutions across a range of applications, which are commercialised either through launch of products and services to customers or by forming strategic alliances with partner organisations. Value is realised through a combination of commercial income, royalties, licensing income and capital gains on disposals.

## **Operational review**

### ***SAWSense***

SAWSense is a leader in the development of Surface Acoustic Wave (“SAW”) wireless, battery-less, sensor systems that offer significant advantages over legacy systems in common use. It has engaged with a select group of world class companies to develop applications to full commercialisation; a process that is ongoing and can take many years to bring to realisation.

Technical and commercial activities are continuing to move ahead. The signing of a Memorandum of Understanding (MOU) in May 2015 with GE, a provider of products to the global Power and Water, Oil and Gas, Energy Management, Aviation, Healthcare, and Transportation industries, has provided a catalyst for new developments and an excellent working relationship is developing between the respective technical teams, bringing together SAWSense’s SAW technology expertise with GE’s proficiency in large-scale production and product delivery. The transfer of technology continues with the qualification and industrialisation process ongoing between several sites and locations. We are increasingly positive about the commercial prospects of this collaboration and have already seen both a deepening and widening of the potential adoption of our technology in GE applications.

We are also working with another major global partner, based in Europe, which following the transfer from their R & D facilities has placed orders for initial low volume production.

Projects continue with major US automotive OEMs for both new project developments and repeat evaluation orders following successful initial technology trials. Motorsport continues to provide a modest revenue stream via the sale of product and provision of royalties, and the division overall is moving towards a point whereby customer funded projects will cover attributable costs.

### ***Translogik***

Translogik has developed and markets a range of products and services for tyre pressure and temperature monitoring of mining haul vehicles under the name, iTrack. The division also markets a range of probes and associated monitoring systems for use in passenger car, bus and truck sectors. Our short-term aim is to generate revenues and margins in this business sufficient to enable the Group to be profitable and self-sustaining.

### ***Translogik – iTrack***

It is evident that the mining sector has come under increasingly severe financial pressure in recent months as a result of unprecedented reductions in the prices of most major commodities. Our customers, amongst the largest global players in this field, are suffering abnormally high levels of volatility, uncertainty and cost cutting.

Our products and services to this sector are proven to reduce operating costs and increase productivity. In field trials, we have a consistent track record of outperforming alternative providers, with regard to product features, support services and reliability. We have been able to offer more flexible financing terms such as operating lease rentals, to facilitate buying decisions to be made more easily. Despite these benefits, there is an inevitable adverse effect as current market conditions extend the decision making cycle.

Until global conditions improve, we have continued to focus on our key target markets in Chile and Australia, and we have deepened our presence in these regions. In Chile, we now have three full-time staff based in Antofagasta, both to support the live iTrack systems and new sales efforts both in Chile, and in the wider South American market. They all have previous experience of working within the Chilean mining industry, understand the needs of our customers and are able to deliver considerable value to mine operators through regular meetings where insights gained through the system can be used to drive efficiency gains and cost savings. The increasing amount of live data that is being gathered and analysed provides a compelling body of evidence regarding the commercial value of the system. Specific studies carried out by Translogik Chile, have allowed mine vehicles to operate faster within the existing operating constraints of the tyres, which is a major benefit to operators in the current cost-conscious economic climate.

In Australia, several trials are continuing and commencing shortly, and we now have a full-time employee, with many years' experience managing the tyres of large mining vehicle fleets, running our new dedicated iTrack control room. This is a new service that provides live support for our iTrack fleets, and allows us to offer real-time alerts and communications on individual vehicle performance.

The Board continues to monitor developments closely, but is maintaining a cautious stance towards increasing our footprint further until there are clear signs of improved conditions. Whilst this may be viewed as a short-term setback, we continue to have confidence in our offering and our channel partners, and in the medium to longer-term prospects.

### ***Translogik – probes***

In December 2015, we announced an agreement with Continental Reifen Deutschland GmbH, to supply its ContiTrade unit with the new iOS compatible version of our TL-G1 Tyre Inspection Probe. Deployment has commenced, with further orders anticipated in due course.

The tyre inspection probes will be used as part of ContiTrade's tyre management system, "FleetFox". This customer-focused system provides accurate, real-time information on tyre pressure, tread depth and overall tyre condition, including any potential damage, to provide recommendations on optimal usage and estimates for remaining tyre life and anticipated replacement dates.

With several major tyre companies now employing Translogik tyre inspection probes within the new breed of electronic diagnostic reporting systems, it is becoming recognised as an industry standard.

Our probe offerings, while continuing to sell steadily, have not yet achieved the market traction that we were anticipating. We have established channel relationships with major players in the various regional marketplaces and are well positioned to benefit when end user adoption starts to accelerate.

## **Outlook**

We continue to make solid progress in developing valuable intellectual property, and moving from application towards commercial success. The rate of conversion to revenue has been somewhat constrained, especially in the current unprecedented climate in mining; one of our key sectors in which short-term success has been beckoning.

The realisation of our investment in IntelliSAW has demonstrated the inherent worth of our core technology, and provided the additional financial resources to take the business forward.

We continue to be optimistic about prospects for each of our current business streams, although our approach to the short-term outlook is more cautious whilst these conditions prevail.

**David M Ford**

Chairman

2 March 2016

**Transense Technologies plc**  
**Condensed Consolidated Statement of Comprehensive Income**

	<b>Half year to 31 Dec 15 (Unaudited) £'000</b>	Half year to 31 Dec 14 (Unaudited) £'000	Full Year 30 Jun 15 (Audited) £'000
<b>Continuing operations</b>			
Revenue	<b>3,777</b>	777	1,248
Cost of sales	<b>(368)</b>	(267)	(409)
<b>Gross profit</b>	<b>3,409</b>	510	839
Administrative expenses	<b>(1,318)</b>	(1,709)	(3,040)
<b>Operating profit/(loss)</b>	<b>2,091</b>	(1,199)	(2,201)
Financial income	<b>28</b>	41	74
<b>Profit/(loss) before taxation</b>	<b>2,119</b>	(1,158)	(2,127)
Taxation	<b>20</b>	4	48
Profit/loss from continuing operations	<b>2,139</b>	(1,154)	(2,079)
<b>Discontinued operations</b>			
Loss from discontinued operation	<b>(473)</b>	(565)	(1,041)
Sale of goodwill from disposal of discontinued operation	<b>32</b>	-	-
<b>Total comprehensive income for the period</b>	<b>1,698</b>	(1,719)	(3,120)

**Transense Technologies plc**  
**Condensed Consolidated Statement of Financial Position**

	<b>31 Dec 15</b> <b>(Unaudited)</b>	31 Dec 14 (Unaudited)	30 Jun 15 (Audited)
	<b>£'000</b>	£'000	£'000
<b>Non current assets</b>			
Property, plant and equipment	<b>273</b>	258	316
Intangible assets	<b>741</b>	852	806
	<u><b>1,014</b></u>	<u>1,110</u>	<u>1,122</u>
<b>Current assets</b>			
Inventory	<b>500</b>	762	584
Corporation tax receivable	<b>68</b>	141	45
Trade and other receivables	<b>1,830</b>	1,852	1,323
Cash and cash equivalents	<b>4,560</b>	1,526	472
	<u><b>6,958</b></u>	<u>4,281</u>	<u>2,424</u>
Assets held for sale	-	-	307
	<u><b>6,958</b></u>	<u>4,281</u>	<u>2,731</u>
<b>Total assets</b>	<u><b>7,972</b></u>	<u>5,391</u>	<u>3,853</u>
<b>Current liabilities</b>			
Trade and other payables	<b>(397)</b>	(590)	(418)
Current tax liabilities	<b>(46)</b>	(41)	(48)
	<u><b>(443)</b></u>	<u>(631)</u>	<u>(466)</u>
Liabilities held for sale	-	-	(79)
<b>Total liabilities</b>	<u><b>(443)</b></u>	<u>(631)</u>	<u>(545)</u>
<b>Net assets</b>	<u><b>7,529</b></u>	<u>4,760</u>	<u>3,308</u>
<b>Capital and reserves</b>			
Share capital	<b>11,546</b>	9,779	9,779
Share premium	<b>17,219</b>	16,523	16,523
Accumulated deficit	<b>(21,236)</b>	(21,542)	(22,994)
<b>Shareholders' funds</b>	<u><b>7,529</b></u>	<u>4,760</u>	<u>3,308</u>



**Transense Technologies plc**  
**Condensed Consolidated Statement of Changes in Equity**  
**(Unaudited)**

	Issued share capital £'000	Share premium account £'000	Shares to be issued £'000	Accumulated deficit £'000	Total equity £'000
<b>Balance at 1 July 2014</b>	9,724	16,329	249	(19,882)	6,420
Loss for the period	-	-	-	(3,120)	(3,120)
Transfer between reserves	55	194	(249)	-	-
Share based transactions	-	-	-	8	8
<b>Balance at 30 June 2015</b>	<b>9,779</b>	<b>16,523</b>	-	<b>(22,994)</b>	<b>3,308</b>
Profit/(loss) for the period	-	-		1,698	1,698
Shares issued and share premium	1,767	696	-	-	2,463
Share based transactions	-	-	-	60	60
<b>Balance at 31 December 2015</b>	<b>11,546</b>	<b>17,219</b>	-	<b>(21,236)</b>	<b>7,529</b>

**Transense Technologies plc**  
**Condensed Consolidated Statement of Cash Flows**

	<b>Half year to 31 Dec 15 (Unaudited) £'000</b>	Half year to 31 Dec 14 (Unaudited) £'000	Full year to 30 Jun 15 (Audited) £'000
<b>Cash flow from operating activities</b>			
<b>Profit/(loss) for the period</b>	<b>2,119</b>	(1,158)	(2,127)
Adjustments for			
Financial income	<b>(28)</b>	(41)	(74)
Depreciation of property, plant and equipment	<b>51</b>	32	88
Amortisation and impairment of intangible assets	<b>87</b>	81	160
Equity settled share based payment	<b>60</b>	60	8
Loss on discontinued operation	<b>(473)</b>	(565)	(1,041)
<b>Operating cash flows before movements in working capital</b>	<b>1,816</b>	(1,591)	(2,986)
Change in receivables	<b>(212)</b>	231	764
Change in payables	<b>(69)</b>	(52)	(216)
Change in Inventories	<b>(101)</b>	(24)	154
<b>Cash used in operations</b>	<b>1,434</b>	(1,436)	(2,284)
Taxation (paid)/recovered	<b>(3)</b>	5	139
<b>Net cash generated/(used) in operations</b>	<b>1,431</b>	(1,431)	(2,145)
<b>Cash flows from investing activities</b>			
Interest received	<b>28</b>	41	74
Acquisition of property, plant & equipment	<b>(29)</b>	(139)	(251)
Acquisition of intangible assets	<b>(22)</b>	(27)	(60)
Proceeds from sale of net assets of discontinued operation	<b>186</b>		
Assets/liabilities held for sale	<b>-</b>	-	(228)
<b>Net cash used in investing activities</b>	<b>163</b>	(125)	(465)
<b>Cash flows from financing activities</b>			
Proceeds from issue of equity share capital	<b>2,462</b>	-	-
Sale of goodwill	<b>32</b>	-	-
<b>Net cash used for financing activities</b>	<b>2,494</b>	-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>4,088</b>	(1,556)	(2,610)
<b>Cash and cash equivalents at beginning of period</b>	<b>472</b>	3,082	3,082
<b>Cash and cash equivalents at end of period</b>	<b>4,560</b>	1,526	472

## 1 Accounting Policies

The Condensed Consolidated Financial Statements for the half yearly report for the 6 months ended 31 December 2015 have been prepared using accounting policies and methods of computation consistent with those set in Transense Technologies Plc's Annual Report and Financial Statements for the year ended 30 June 2015.

## 2 Reporting Entity

Transense Technologies Plc. ("the Company") is a company incorporated in the United Kingdom under the Companies Act 2006. These condensed consolidated interim financial statements of the Company as at and for the six months ended 31 December 2015 comprises the Company and its subsidiaries (together referred to as "the Group" and individually as "Group entities"). These condensed consolidated interim financial statements are presented in pounds sterling, rounded to the nearest thousand.

The consolidated financial statements of the Group are available upon request from the Company's registered office or at [www.transense.co.uk](http://www.transense.co.uk)

These condensed consolidated interim financial statements are unaudited.

## 3 Earnings per share

	31 December 2015	31 December 2014	30 June 2015
	Shares	Shares	Shares
<b>Weighted average number of shares</b>			
Issued at start of period	295,671,094	290,131,984	290,131,984
Effect of shares issued in period	148,309,072	5,296,963	5,417,371
Weighted average number of shares at end of period	443,980,166	295,428,947	295,549,355
Basic Earnings per share	0.38p	(0.58p)	(1.06p)
Basic Earnings per share excluding license fee and discontinued operations	(0.13p)	(0.39p)	(0.70p)

#### 4 Revenue

Revenue	6 Months 31 Dec 2015	6 Months 31 Dec 2014	12 Months 30 Jun 2015
	£000	£000	£000
Sale of Goods	825	564	872
Royalties	11	16	19
Engineering Support Income	137	197	302
Operating Lease Rentals	67	0	55
License Fees	2,737	0	0
<b>Total</b>	<b>3,777</b>	<b>777</b>	<b>1,248</b>

#### 5 Sale of IntelliSAW

Transense Allocation of proceeds	6 Months 31 Dec 2015
	£000
Sale of Goodwill	32
IntelliSAW Net Assets	186
License Fees	2,737
<b>Total</b>	<b>2,955</b>

On 20 October 2015 an agreement was signed with Emerson regarding the disposal of the IntelliSAW business and assets and the granting of an exclusive license of Transense IP relating to the IntelliSAW business.

#### 6 Going Concern

The interim financial information has been prepared on a going concern basis, which assumes that the Company will have adequate resources to continue in operational existence for the foreseeable future.

#### 7 Corporation tax and Deferred tax

The Company is entitled to a Corporation Tax credit in respect of expenditure on Research and Development. No deferred tax asset is recognised in these financial statements in respect of trading losses to date.

#### 8 Consolidated Accounts

These accounts reflect the trading of IntelliSAW inc as discontinued operations following the disposal of the business on 20 October 2015.