

9 March 2015

Transense Technologies PLC
("Transense" or the "Company")

Interim Results

Transense Technologies plc (AIM: TRT), the provider of sensor systems for the transportation and industrial markets, announces its unaudited interim results for the six month period ended 31 December 2014.

Comparative data is stated for the six months ended 31 December 2013 ("H1 2014") unless otherwise stated.

Key Financial Points:

- Total revenue of £0.93m (H1 2014: £2.22m), reflecting restricted capital expenditure on the mining industry and
- Loss after taxation of £1.72m (H1 2014: £0.084m), stated after one-off provisions and office relocation expenses
- Cash resources of £1.53m at period end (30 Dec 2013: £3.16m, 30 Jun 2014: £3.08m)

Operational Highlights:

Translogik - tyre management solutions

- Launch of Opti-Tread, a wireless car tyre inspection system with US partner, Squarerigger Software, opening up passenger car tyre market
- Initial order of 220 probes for Opti-Tread with Snap-on in the USA
- Decision to implement a new rental sales model
- First rental model contract for iTrack after competitive trial – announced separately today

IntelliSAW – continuous, wireless, passive critical asset monitoring systems for the electrical transmission and distribution industries

- More than 3,200 IntelliSAW systems and 20,000 sensors now installed across 17 countries
- Working with almost 100 companies on live deployments and pilot projects
- Initial IntelliSAW sales to two of the largest US utility companies, one after period end
- Launch of IntelliSAW CAM4 system increases technology lead

SAWSense – SAW (surface acoustic wave) sensing for temperature, pressure and torque

- Good progress continues on a number of projects with production anticipated in H1 2016
- Early stage interest from a new Japanese automotive customer for driveline torque sensors
- Expansion into the marine market, with large potential for torque sensors
- Recently received EU initial funding (Horizon 2020) to assess the feasibility of torque sensors for tidal power generation

David Ford, Chairman, commented:

“Sales in the first half were disappointing, due in large part to the dramatic reduction in capital expenditure by the mining industry. However, our move to offering Translogik’s iTrack system via a

rental model is starting to gain some traction and we are pleased to announce today our first success with this new sales model.

The consequence of this new business model for one of the Company's key products is that revenue will now be received on an on-going basis rather than one-off upfront payments. To mitigate the combined impact of this and the lower-than-expected first-half sales on the Company's cash position, the Board is taking a number of actions including reviewing its strategic options regarding IntelliSAW and exploring funding options. Although trading conditions remain challenging, the Directors believe that, with access to capital, a self-sustaining business can be established from identified commercial opportunities."

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About Transense Technologies

Based in Oxfordshire, UK, Transense has developed patent-protected sensor systems for use in diverse high growth markets. Developed in conjunction with partners including McLaren Electronic Systems and General Motors, Transense's Surface Acoustic Wave (SAW), wireless, battery-less, sensor systems offer significant advantages over legacy wireless sensor systems. Via three wholly owned divisions, IntelliSAW, Translogik and SAWSense, Transense is targeting the high growth global electrical Smart Grid applications market, the automotive and mining industries, and torque, temperature and pressure sensing markets respectively.

Transense's shares are admitted to trading on AIM, a market operated by the London Stock Exchange (AIM: "TRT"). Further information is available at www.transense.co.uk

Chairman's Statement

Since our last comment at the time of the AGM in November 2014, sales for the period have continued to be slow. This is due in large part to the dramatic reduction in capital expenditure by the mining industry, which has made it challenging to continue the initial success seen by Translogik. However, as highlighted in November 2014 in the last AGM statement, we have sought to mitigate this downturn in one of our key markets by offering Translogik's iTrack system via a new rental model. This allows customers to purchase through operating expenditure ('OpEx') budgets as opposed to making a capital expenditure. This allows mining companies to benefit from the safety improvements, productivity gains and overhead savings provided by using the system without significant capital cost, while providing Translogik with a recurring revenue stream.

The Company is pleased to have separately announced today Translogik's first success with this new sales model by winning a contract, against industry competition, via Australian distributor, Brownfield Engineering, to supply 23 iTrack mining tyre monitoring systems for large haul trucks to the Ravensworth mine owned by Glencore Mining ("Glencore").

The Board is very encouraged that the iTrack system was selected against industry competition by a company the size of Glencore, whose large vehicle fleet offers further major sales potential. The positive response received from the wider market to this new purchasing option, both from Glencore and other prospects in the sector, offers encouragement that this sales model is starting to overcome the delays in purchase decisions caused by constraints on capital expenditure within the mining industry.

The consequence of what is a new business model for one of the Company's key products is that the previously anticipated large, one-off orders, are now expected to be replaced with ongoing recurring monthly revenue. While this is expected to provide increased income in the future, it means that the Company will not achieve its revenue targets for the current financial year. Although the pipeline of prospects is still strong, the Board cannot be certain that revenue in the second half of the year will exceed or even equal the first half, in what was a disappointing first half. Accordingly the future cash position of the Company carries significant uncertainty.

As a result the Board decided that it was necessary to take certain mitigating actions. So, whilst progress at IntelliSAW has been encouraging and the Board believes in the technology and its market opportunity, the Board is reviewing its strategic options regarding IntelliSAW, as the Board feels that it has a value above that which is currently reflected in the Transense Group's overall market valuation. It is the opinion of the Board that a strategic company in the Smart Grid segment of the power generation and distribution industry could better capitalise on the disruptive technology and products developed at IntelliSAW than the Company can achieve at the present time. A sale of IntelliSAW will enable the Company to focus on the Translogik division, in which it sees greater potential for accelerating sales traction in the short term. The Company has employed US-based advisers to manage the sale process and the initial response from prospective buyers has been positive. The anticipated timeframe is to achieve a sale shortly after the Company's current year end. To date no formal offers have been received and there is no guarantee that a sale will be agreed at all or within the timeframe referred to above. Announcements will be updated as appropriate.

In the meantime, the Board believes that it is prudent to seek further capital to strengthen the Company's balance sheet and working capital position. The Board will explore a number of funding options and shareholders will be updated as appropriate. Although trading conditions remain

challenging, the Directors believe that, with access to capital, a self-sustaining business can be established from identified commercial opportunities.

David M Ford
Chairman
9 March 2015

Chief Executive's Review

Translogik

Probes

As well as targeting the mining and commercial vehicle tyre markets, Translogik is now directly addressing the much larger passenger car tyre market through a variety of new automated inspection systems that use the Translogik tyre inspection probe as their key component.

The Opti-Tread system developed by Translogik's North American partner, Squarerigger Software, is being marketed in the USA by Snap-on Equipment through its John Bean brand. An initial order of 220 systems was supplied to Snap-on Equipment to serve as product demonstrators and initial inventory for its North American sales network and early feedback is that the system has been well received and follow-on orders are expected. Although not all of those expected in the first half materialised, expectations for further orders remain intact.

A further system launched by a major European OEM at the Automechanika Show in Frankfurt last year is also now being actively marketed.

iTrack

As highlighted in the November 2014 AGM statement, the Company saw, and is continuing to see, reduced capital expenditure budgets among its potential customers in the mining industry. The Board believes this is a result of the worldwide drop in commodity prices. Various discussions with potential customers stalled during the second half of 2014 due to a lack of available budget. By offering iTrack on an operating expense basis, the Board believes that mining companies can continue to benefit from the productivity gains and overhead savings provided by using the system without the associated capital cost, while providing Translogik with a visible recurring revenue stream. As noted above, the first success with this new pricing model has been a contract win through Australian distributor, Brownfield, to supply 23 iTrack mining tyre monitoring systems for large haul trucks to the Ravensworth mine, owned by Glencore. It is of additional significance that this win was achieved after iTrack was selected as the preferred system against those offered by Translogik's competitors. The Company believes this is in large part due to the systems continuing reliability. Discussions are already ongoing with both Glencore and other Brownfield clients regarding further orders.

IntelliSAW

IntelliSAW continues to work with numerous companies, now approaching 100, with both pilots and live deployments. More than 3,200 IntelliSAW systems and 20,000 sensors are now installed across 17 countries. Recent successes have come in the form of initial orders from two of the largest US

utility companies, that have the potential to scale into significant further sales opportunities.

Other significant pilots continue at sites in Asia, South America and the Middle East, with some of the world's largest industrial conglomerates. Test and functionality milestones continue to be met and passed but the critical nature of the assets being monitored means that testing and purchase approval processes are extremely lengthy. To this end IntelliSAW distributors are working closely with customers to provide regional support.

The IntelliSAW system continues to develop to meet the increasing demands of the market with humidity monitoring and continuous partial discharge (PD) detection now offered alongside thermal monitoring. The Board believes that the ability to offer continuous, wireless and passive PD detection in a relatively low-cost and non-invasive manner represents a significant breakthrough approach in the market.

IntelliSAW has also now developed, in response to demand from potential customers, a continuous real-time, online solution for early warning and trending of internal and surface discharges and combined this with the existing temperature and humidity monitoring functionality to produce the new CAM4 (Critical Asset Monitoring) system. The IntelliSAW CAM4 unit provides the vital measurements required for predictive condition-based monitoring of electrical power critical assets such as switchgear, circuit breakers, and bus ducts. Immediate measurement feedback is available on the local HMI (Human Machine Interface), or through an industry standard communication interface (Modbus-RTU) for easy substation SCADA integration.

As noted above, the Board is actively seeking to sell IntelliSAW and the initial response from prospective buyers has been positive.

SAWSense

Progress continues in partnership with one of the largest European industrial electronic system manufacturers on a SAW application as part of a condition monitoring system. The project has been underway for two years developing prototypes with SAWSense providing paid engineering support. The customer has started the industrialisation process with production expected to follow in the first half of calendar 2016. The customer has a global interest in SAW technology for multiple applications.

In addition, SAWSense progress continues on a major torque related project with one of the world's largest industrial companies. This company has the in-house capability to develop, build and deploy SAWSense torque sensing solutions in multiple applications across a host of industrial sectors with a mixture of both medium and longer term timescales for development and implementation. As the client is both the developer of the applications, as well as the end-user, this represents an excellent opportunity.

The existing automotive flexplate projects continue to progress, and there has recently been early stage interest from a new Japanese automotive customer in driveline torque sensor technology.

The torque sensor developed in the FP7 wind turbine project, is now attracting early stage interest in other applications with large diameter shafts and early stage discussions with a Marine engine company are expanding the potential opportunities for the technology.

We have recently received initial EU funding (Horizon 2020) to assess the feasibility of torque sensors for tidal power generation.

Work continues on a diverse range of applications of Transense's SAW technology for measuring torque (electric power assisted steering and driveline), temperature and pressure with new companies. This entails different periods of paid engineering support and application development work and the Board is hopeful that in a number of cases this will lead in the medium term to industrialisation with the consequential grant of intellectual property licences by the Company, subject to the satisfactory conclusion of commercial discussions in each case.

Outlook

While the Company is seeing increasing customer interest in both the IntelliSAW and SAWsense divisions and the growing success of our tyre probe products is very encouraging, the delay in the receipt of orders and the impact of moving to an 'OpEx' (operating expenditure) sales model for iTrack has clear cashflow implications: early cash receipts are reduced, although future revenue visibility will be enhanced by the signing of additional rental or 'OpEx' contracts.

The Board believes that it now has a more attractive sales model for larger end clients and, with Translogik's move into the passenger car tyre market, is seeking to remove reliance on any one market segment.

Progress at IntelliSAW has been encouraging and the Board feels that it has a value above that which is currently reflected in the Company's overall market valuation. While there is an opportunity to build value in IntelliSAW over the longer term, several parties have expressed initial interest in acquiring that business, which operates as a standalone entity within Transense. To date no formal offers have been received and there is no guarantee that a sale will be agreed on terms acceptable to Transense or in the timeframe referred to above. Further announcements will be made as appropriate.

In the meantime and as noted above, the Board will be exploring all available avenues to raise further capital (including via the potential sale of IntelliSAW) in order to fund the business sufficiently for a further period and allow it to demonstrate progress in building recurring income streams. The Directors share shareholders' frustrations at recent delays in achieving revenue, but are encouraged by recent and anticipated further success in the rental or OpEx sales model for Translogik solutions. Customers and prospects continue to see the Group's applied technology as well differentiated and value-adding, with contracts having been won following competitive test pilots.

Graham Storey
CEO
9 March 2015

Finance Director Financial Review

The Group's Financial Highlights for the period were as follows:

Highlights	6 Months Dec 2014 £'000	6 Months 31 Dec 2013 £'000	12 Months 30 Jun 2014 £'000
Group Revenue	930	2,215	3,603
EBITDA	(1,650)	24	(953)
Net Loss after Taxation	(1,719)	(84)	(1,036)
Loss per Share	(0.58p)	(0.03p)	(0.38p)
Shareholders' Funds	4,760	8,062	6,420
Group Cash Balances	1,526	3,158	3,082

Summary of Financial Review

- Both the EBITDA & Net Loss after Taxation were disappointing and the reasons for the fall in these numbers are explained in the Chairman and CEO reports. In addition, and as explained below, the overheads and losses were increased by one-off costs relating to moving premises and a provision against bad debts.
- Group cash resources at the end of the period totalled £1.53m. This reflects the funding of the trading losses referred to above and has also been affected by the switch from selling iTrack kit to offering a monthly payment alternative on either a finance or operating lease basis.
- The Company continues to have net cash, but in order to see the business through to anticipated positive cash generation, actions are being taken to put in place a sale of IntelliSAW and explore other fundraising options.
- A sale of IntelliSAW, while by no means certain or quantifiable at this stage, would introduce some new funding. A sale would, based on historical numbers, reduce the Company's net cash burn by around £100k per month.
- During the period, the underlying overhead run rate increased broadly in line with expectations, reflecting increased total staff costs and overseas sales channel expansion in South America, South Africa, Australia and the Far East, which was part of our stated business development plans.
- There were, however, additional one-time costs, referred to above, which increased the total overhead spend in the period and these were with regards to the premises move and two bad debt provisions totalling £363k. Whilst the amounts have been provided for in full, action is being taken to recover the sums due.

Transense Technologies plc
Condensed Consolidated Statement of Comprehensive Income

	Half year to 31 Dec 2014 (Unaudited) £'000	Half year to 31 Dec 2013 (Unaudited) £'000	Full Year 30 Jun 2014 (Audited) £'000
Continuing operations			
Revenue	930	2,215	3,603
Cost of sales	(366)	(575)	(987)
Gross profit	564	1,640	2,616
Administrative expenses	(2,328)	(1,735)	(3,789)
Operating loss	(1,764)	(95)	(1,173)
Financial income	41	11	62
Loss before taxation	(1,723)	(84)	(1,111)
Taxation	4	-	75
Total comprehensive income for the period	(1,719)	(84)	(1,036)
Basic and fully diluted loss per share	(0.58)	(0.03)	(0.38)

Transense Technologies plc
Condensed Consolidated Statement of Financial Position

	31 Dec 2014 (Unaudited) £'000	31 Dec 2013 (Unaudited) £'000	30 Jun 2014 (Audited) £'000
Non current assets			
Property, plant and equipment	258	117	153
Intangible assets	852	932	906
	1,110	1,049	1,059
Current assets			
Inventory	762	483	738
Corporation tax receivable	141	61	136
Trade and other receivables	1,852	2,008	2,087
Cash and cash equivalents	1,526	3,158	3,082
	4,281	5,710	6,043
Total assets	5,391	6,759	7,102
Current liabilities			
Trade and other payables	(590)	(433)	(638)
Current tax liabilities	(41)	(46)	(44)
Total liabilities	(631)	(479)	(682)
Net assets	4,760	6,280	6,420
Capital and reserves			
Share capital	9,779	9,536	9,724
Shares to be issued	-	-	249
Share premium	16,523	15,675	16,329
Warrant reserve	-	330	-
Accumulated deficit	(21,542)	(19,261)	(19,882)
Shareholders' funds	4,760	6,280	6,420

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

	Issued share capital	Share premium account	Shares to be issued	Warrant Reserve	Accumulated deficit	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 July 2013	9,102	13,144	-	378	(19,232)	3,392
Loss for the period	-	-	-	-	(1,036)	(1,036)
Shares issued and share premium	622	3,185	249	-	-	4,056
Transfer between reserves	-	-	-	(378)	378	-
Share based transactions	-	-	-	-	8	8
Balance at 30 June 2014	9,724	16,329	249	-	(19,882)	6,420
Loss for the period	-	-	-	-	(1,719)	(1,719)
Shares issued and share premium	-	-	-	-	-	-
Transfer between reserves	55	194	(249)	-	-	-
Share based transactions	-	-	-	-	60	60
Balance at 31 December 2014	9,779	16,523	-	-	(21,542)	4,761

Transense Technologies plc
Condensed Consolidated Statement of Cash Flows

	Half year to 31 Dec 2014 (Unaudited) £'000	Half year to 31 Dec 2013 (Unaudited) £'000	Full year to 30 Jun 2014 (Audited) £'000
Cash flow from operating activities			
Loss for the period	(1,723)	(84)	(1,111)
Adjustments for			
Financial income	(41)	(11)	(62)
Depreciation of property, plant and equipment	32	37	58
Amortisation and impairment of intangible assets	81	82	162
Loss on disposal of fixed assets	-	-	-
Equity settled share based payment	60	8	8
Operating cash flows before movements in working capital	(1,591)	32	(945)
Change in receivables	231	(1,568)	(1,647)
Change in payables	(52)	(61)	150
Change in Inventories	(24)	(168)	(423)
Cash used in operations	(1,436)	(1,765)	(2,865)
Taxation recovered	5	-	(7)
Net cash used in operations	(1,431)	(1,765)	(2,072)
Cash flows from investing activities			
Interest received	41	11	62
Acquisition of property, plant & equipment	(139)	(17)	(74)
Acquisition of intangible assets	(27)	(25)	(79)
Proceeds from sale of fixed assets	-	-	-
Net cash used in investing activities	(125)	(31)	(91)
Cash flows from financing activities			
Proceeds from issue of equity share capital	-	2,965	4,056
Share premium refund of issuance fees	-	-	-
Net cash used for financing activities	-	2,965	4,056
Net (decrease)/increase in cash and cash equivalents	(1,556)	1,169	1,093
Cash and cash equivalents at beginning of period	3,082	1,989	1,989
Cash and cash equivalents at end of period	1,526	3,158	3,082

1 Accounting Policies

The accounting policies and presentation applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 June 2014, except as noted below.

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 2014 comprises the Company and its subsidiary (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 as at and for the period ended 30 June 2014 are available upon request from the Company’s registered office or at www.transense.co.uk

These condensed consolidated interim financial statements are unaudited.

3 Going Concern

The Company’s business activities, together with the factors likely to affect its future development, performance and position are set out in the CEO’s and the Chairman’s reports.

As described in both those reports, the current operating climate is challenging, particularly in the mining sector, and this has resulted in disappointing half yearly results, which show an operating loss for the half-year. The Directors consider that the outlook presents significant challenges in terms of sales volumes and the Directors have reviewed internal cash flows based on reasonable assumptions and believe that there is a material uncertainty that may cast doubt on the Company’s ability to continue as a going concern as it will require additional funding.

The Directors will seek to put in place a further fund raising and/or sell part of the business, whilst continuing to seek to drive sales. However if the fund raising or sale is unsuccessful, and material sales do not materialise, the Company will no longer be a going concern.

The Directors have concluded that the combination of these circumstances represents a material uncertainty that casts significant doubt upon the Company’s ability to continue as a going concern and that, therefore, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, after making enquiries and considering the uncertainties described above, the Directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the interim financial statements.

4 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.

5 Consolidated Accounts

These accounts reflect the trading of IntelliSAW inc for the six months to 31 December 2014