Transense Technologies plc

Announcement of Financial Results
For the six months to 30 June 2007

Chairman's Statement

Since the beginning of 2007 Transense has concentrated on working with Honeywell, our exclusive licensee for automotive powertrain torque sensing, on three major torque projects, two for large US Original Equipment Manufacturers (OEMs) and one for a prestige European OEM. Each of these projects generates cash along with a royalty contribution, which has contributed to a revenue increase to £138,000 compared with £17,000 during the equivalent period in 2006. With costs tightly controlled and below budgeted levels, the loss for the period has fallen from £809,000 to £762,000. Cash and cash equivalents at £1.36 million remain similar to the end of last year.

The two US powertrain projects are for engine flexplate torque sensing, which has the potential to improve fuel consumption, reduce CO2 emissions and improve the shift smoothness of automatic transmissions – a key quality parameter in the US. Although the production launch dates for these systems are not yet cast in stone, the larger of the OEMs has indicated that, subject to our technology passing critical gates, Surface Acoustic Wave (SAW) torque sensing will be utilised across their range of passenger vehicles from V8s to in-line 4s. Together these projects represent a substantial share of the US passenger vehicle market.

The European OEM project concerns driveshaft torque sensing, a key enabler for "torque vectoring", one of the latest techniques for enhancing vehicle stability when cornering. Transense met its project objectives, again proving technically superior to the competing magneto-elastic technology. Honeywell is now engaged in commercial negotiations with the OEM.

We are now receiving royalties from the supply chain to Michelin who continue to commercialise our Tyre Pressure Monitoring System (TPMS) technology in its US truck tyres. Dedicated systems using multiple TPMS sensors per tyre are also being actively considered for off-highway vehicles. We continue to fine tune our batteryless TPMS technology for passenger vehicles and, although it is taking longer than anticipated to bring to the OEM market, we are still confident that our approach is both technically and environmentally superior to the first generation battery powered or indirect Antilock Braking System (ABS) speed sensor based competition. We anticipate entry via the specialist after-market suppliers during the next twelve months.

The recently announced agreement with Schott of Germany demonstrates our ongoing development of commercial partnerships. Together with our licensees, we are pro-actively seeking to broaden our SAW "pressure plus temperature" sensor application coverage to the medical, food processing, aeronautical and industrial sectors.

I thank the Transense team for their diligence and all shareholders for their continued support.

Peter Woods
Chairman
28 September 2007

INCOME STATEMENT

For the six months to 30 June 2007

	6 months to 30 June 2007 £'000	*6 months to 30 June 2006 £'000*
Continuing operations		
Revenue	**138**	17
Cost of sales	**(23)**	(14)
Gross profit	**115**	3
Administrative expenses (Note 3)	**(914)**	(861)
Operating loss	**(799)**	(858)
Financial income	**37**	49
Loss before taxation	**(762)**	(809)
Taxation	**–**	–
Loss for the period attributable to equity holders of the Company	**(762)**	(809)
Basic and diluted loss per share	**(1.3p)**	(1.4p)

BALANCE SHEET

at 30 June 2007

	30 June 2007 £'000	*31 December 2006 £'000*
Non current assets		
Property, plant and equipment	**17**	23
Intangible assets	**1,560**	1,567
Available for sale investments	**65**	65
Loans receivable	**25**	25
	1,667	1,680
Current assets		
Trade and other receivables	**194**	639
Cash and cash equivalents	**1,362**	1,390
	1,556	2,029
Total assets	**3,223**	3,709
Current liabilities		
Trade and other payables	**(226)**	(267)
Current tax liabilities	**(22)**	(21)
Total liabilities	**(248)**	(288)
Net assets	**2,975**	3,421
Capital and reserves:		
Share capital	**5,687**	5,646
Share premium	**5,532**	5,376
Accumulated loss (Note 4)	**(8,244)**	(7,601)
Shareholders' funds	**2,975**	3,421

STATEMENT OF CHANGES IN EQUITY

For the six months to 30 June 2007 and the year to 31 December 2006

	Issued share capital £'000	*Share premium account £'000*	*Accumulated deficit £'000*	*Total equity £'000*
At 1 January 2006	5,641	5,368	(6,635)	4,374
Loss for the year	–	–	(1,210)	(1,210)
Shares issued and share premium	5	8	–	13
Share based transactions	–	–	244	244
At 31 December 2006	5,646	5,376	(7,601)	3,421
Loss for the period	–	–	(762)	(762)
Shares issued and share premium	41	156	–	197
Share based transactions	–	–	119	119
At 30 June 2007	5,687	5,532	(8,244)	2,975

CASH FLOW STATEMENT

For the six months to 30 June 2007

	6 months to 30 June 2007 £'000	*6 months to 30 June 2006 £'000*
Cash flow from operating activities		
Loss before taxation	**(762)**	(809)
Adjustments for:		
Depreciation of property, plant and equipment	**6**	10
Amortisation of intangible assets	**65**	51
Equity settled share based payment	**119**	126
Financial income	**(37)**	(49)
Operating cash flows before movements in working capital	**(609)**	(671)
Decrease in receivables	**445**	504
Increase in payables	**(40)**	(104)
Cash used in operations	**(204)**	(271)
Investing activities		
Interest received	**37**	49
Acquisition of intangible assets	**(58)**	(86)
Acquisition of investments	**–**	(40)
Net cash used in investing activities	**(21)**	(77)
Financing activities		
Proceeds from issue of equity share capital	**41**	5
Share premium on issue of equity share capital	**156**	8
Net cash from financing activities	**197**	13
Net decrease in cash and cash equivalents	**(28)**	(335)
Cash and cash equivalents at beginning of periods	**1,390**	2,399
Cash and cash equivalents at end of period	**1,362**	2,064

NOTES TO THE INTERIM RESULTS

For the six months to 30 June 2007

1. Basis of preparation

The AIM Rules require that the next annual financial statements of the company, for the year ending 31 December 2007, be prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU (adopted IFRSs).

This interim financial information has been prepared on the basis of the recognition and measurement requirements of IFRSs in issue that either are endorsed by the EU and effective (or available for early adoption) at 31 December 2007 or are expected to be endorsed and effective (or available for early adoption) at 31 December 2007, the Company's first annual reporting date at which it is required to use adopted IFRSs. The conversion to IFRS has involved no impact on the income statement and cash flows of the Company although there are a number of presentational differences and a reclassification of a debtor to Loans Receivable in the Balance Sheet. The conversion has also involved no significant impact on the Company's existing accounting policies.

The financial information set out above does not constitute the Company's statutory accounts for the year ended 31 December 2006. The statutory accounts for 2006, which were prepared under UK GAAP, have been delivered to the Registrar of Companies. The auditors reported on these accounts; their report was i) unqualified, ii) did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their reports and iii) did not contain statements under section 237 (2) or (3) of the Companies Act 1985. The interim financial information for the six months ended 30 June 2006 has been restated in accordance with IFRS. The auditors gave an independent review report on the UK GAAP financial information.

2. 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.

3. Share options

Administrative expenses includes a charge of £119,000 (2006: £126,000) after valuation of the Company's employee share option schemes in accordance with IFRS2 Share-based payments. Under this standard, the fair value of the options at the grant date is spread over the vesting period. These items have been added back in the Statement of Changes in Equity.

4. Deferred tax

No deferred tax asset is recognised in these financial statements in respect of trading losses to date.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors of Transense Technologies plc ('the directors') have accepted responsibility to prepare these Interim Financial Statements for the six month period ended 30 June 2007 on the basis set out in note 1 to the Interim Financial Statements.

In preparing these Interim Financial Statements, the directors have:

- selected suitable accounting policies and then applied them consistently;
- made judgments and estimates that are reasonable and prudent; and
- prepared the Interim Financial Statements on the going concern basis as they believe that the entity will continue in business.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the entity and to prevent and detect fraud and other irregularities.

REPORT OF KPMG AUDIT PLC
to Transense Technologies plc

We have audited the Interim Financial Statements of Transense Technologies plc for the 6 month period ended 30 June 2007 which comprise Income statement, Balance sheet, Statement of changes in equity, Cash flow statement and the related notes. The Interim Financial Statements have been prepared for the reasons and on the basis of the accounting policies set out in note 1 to the Interim Financial Statements.

Our report was designed to meet the agreed requirements of the Company determined by the Company's needs at the time. Our report should not therefore be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Company for any purpose or in any context. Any party other than the Company who obtains access to our report or a copy and chooses to rely on our report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, KPMG Audit Plc will accept no responsibility or liability in respect of our report to any other party.

Respective responsibilities of directors and KPMG Audit Plc

As described on page 4, the directors of Transense Technologies plc have accepted responsibility for the preparation of these Interim Financial Statements in accordance with the basis of preparation as set out in note 1 to the Interim Financial Statements.

Our responsibility is to audit the Interim Financial Statements in accordance with the terms of our engagement letter dated 18 July 2007 and having regard to International Standards on Auditing (UK and Ireland).

Under the terms of engagement we are required to report to you our opinion as to whether the Interim Financial Statements have been properly prepared in accordance with the basis of preparation set out in note 1 to the Interim Financial Statements. We also report to you if, in our opinion, we have not received all the information and explanations we require for our audit.

We read the other information accompanying the Interim Financial Statements and consider whether it is consistent with the audited Interim Financial Statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Interim Financial Statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit having regard to International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Interim Financial Statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the Interim Financial Statements, and of whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Interim Financial Statements are free from material misstatement, whether caused by fraud or other irregularity or error. In view of the purpose for which these Interim Financial Statements have been prepared, however, we did not evaluate the overall adequacy of the presentation of the information which would have been required if we were to express an audit opinion under International Standards on Auditing (UK and Ireland).

Opinion

In our opinion the Interim Financial Statements of the Company for the period ended 30 June 2007 have been properly prepared in accordance with the basis of preparation set out in note 1 to the Interim Financial Statements.

KPMG Audit Plc
Chartered Accountants
Arlington Business Park
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Reading RG7 4SD

28 September 2007

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