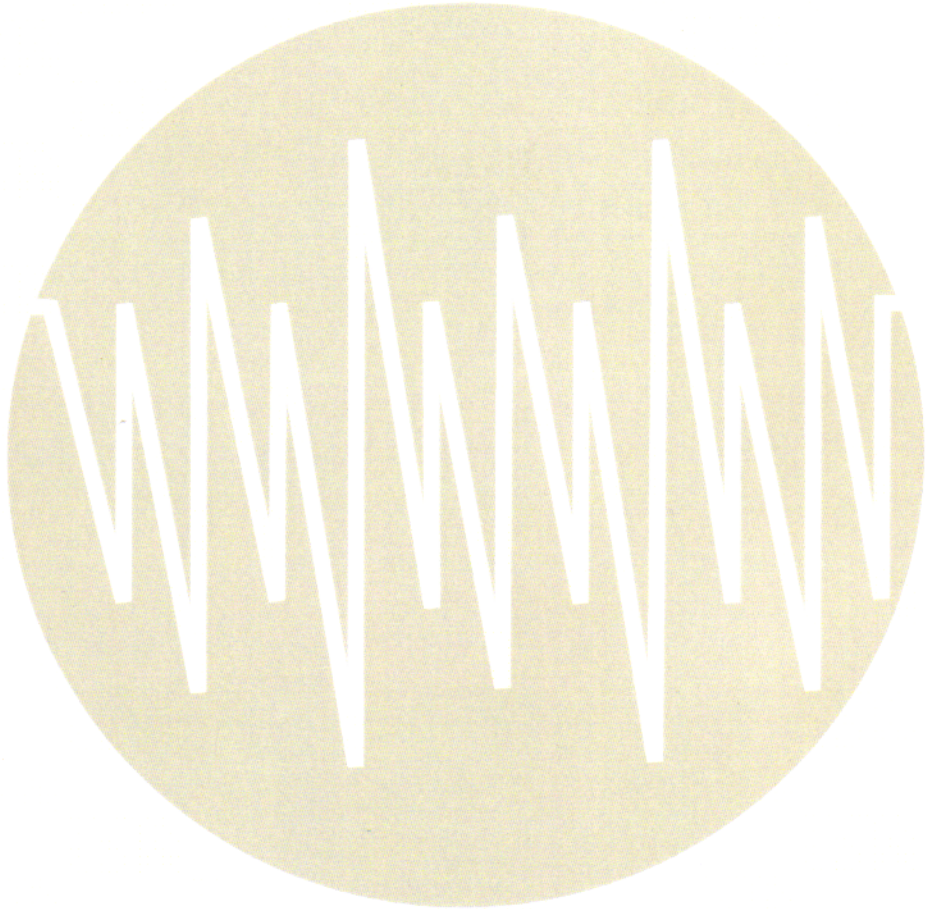




Transense Technologies plc



**Announcement of Financial Results
For the six months to 30 June 2006**



Chairman's Statement

In the six months to 30 June 2006 the Company loss was £809,000 (2005 amended: £672,000). This reflects the impact of FRS20, now requiring a charge for employee share options of £126,000 (2005: £48,000) and the 2005 figure is amended appropriately. The share option charges have no effect on the balance sheet. Turnover for the same period only totalled £17,000 (2005: £52,000) but as in the past two years the second-half will show a considerably higher turnover figure than this.

Excluding this option scheme adjustment the loss was £683,000 (2005: £624,000). Actual costs rose from £686,000 to £735,000 explained by an increasing amortisation charge on patent costs, and higher staff travelling costs, reflecting Tier 1 requests for Transense to increase support for front line development. Cash at bank at the end of June was £2.1 million.

I am delighted to announce that, after many months of negotiations, Transense has signed a non-exclusive licence agreement with Lear Corporation, a \$17 billion turnover Tier1 Group. Lear already supplies 10 million battery tyre pressure sensors systems in the US and Far East, which equates to over 15% of the tyre pressure monitoring system (TPMS) market in America alone. Under terms of the agreement, Transense and Lear will work closely together over the next twelve months to integrate Transense's batteryless TPMS that will also use our SAW sensor technology to communicate with Lear's remote keyless entry receiver (RKE) technology.

Having been a pioneer in the market, Lear is the world's leading supplier of RKE systems, with an estimated 50% of that market. Many of the current battery TPMS suppliers' sensors operate with Lear's transceivers that are needed to collect and display data from their individual tyre pressure monitors. As a result, Lear has an in-depth knowledge of the competition and price, as well as the technology that is already out there, and is in an ideal position to capture a large part of the fast growing TPMS market place.

I reported at the AGM earlier this year that the launch of our TPMS would take place in the last quarter of 2006. Although as you are well aware we do not control the timing, I am pleased to report that we understand that this is still on track. We are looking forward to the publicity it receives and the recognition it gives to our breakthrough technology.

The volume of sales reported in the first six months of 2006 bears little reflection on the actual amount of activity that has been going on at Transense. For instance, our engineers have been fully extended working on new torque systems for two of the largest automotive manufacturers in the world. Having delivered systems to each of these companies for initial testing, they have quickly placed orders for further systems to be delivered in the second half of this year.

We are very proud of our small team for the effort that they have put in to make the testing of these initial systems such a resounding success. Your Board has no hesitation in saying that, led by our technical director, Dr Ray Lohr, they have achieved a major



Chairman's Statement

breakthrough in measuring in-vehicle, engine torque which was not thought possible before.

Although this does not signal a raft of large orders in the short term, the positive responses it has received bodes extremely well for the medium to long term future success of Transense and its ability to commercialise the Company's outstanding technology.

Peter Woods

Chairman

22 September 2006

Notes to the interim results

- 1 The comparatives for the full financial year ended 31 December 2005 are not the Company's full statutory accounts for the year. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain a statement under Section 237 (2) – (3) of the Companies Act 1985.
- 2 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 Administrative expenses includes a charge of £126,000 (2005 £48,000) after valuation of the Company's employee share option schemes in accordance with Financial Reporting Standard 20. The 2005 comparative figures have been adjusted accordingly. These items will be added back in the Statement of Total Recognised Gains and Losses in the annual financial statements. There are no other recognised gains or losses for the current and prior period.
- 4 No deferred tax asset is recognised in these financial statements in respect of trading losses incurred to date.



PROFIT & LOSS ACCOUNT

For the six months to 30 June 2006

	<i>6 months to 30 June 2006</i>	<i>6 months to 30 June 2005 (restated see Note 3)</i>
	<i>£'000</i>	<i>£'000</i>
Turnover	17	52
Cost of sales	<u>(14)</u>	<u>(15)</u>
Gross profit	3	37
Administrative expenses (Note 3)	<u>(861)</u>	<u>(734)</u>
Operating Loss	(858)	(697)
Interest income	<u>49</u>	<u>25</u>
Loss on ordinary activities before taxation	(809)	(672)
Taxation	<u>0</u>	<u>0</u>
Loss for the period	<u><u>(809)</u></u>	<u><u>(672)</u></u>
Loss per share	(1.4p)	(1.3p)

BALANCE SHEET

at 30 June 2006

	<i>30 June 2006 £'000</i>	<i>31 December 2005 £'000</i>
Fixed assets	1,730	1,665
Current assets:		
Debtors	94	598
Cash	<u>2,064</u>	<u>2,399</u>
	2,158	2,997
Current liabilities:		
Creditors	128	175
Accruals	<u>56</u>	<u>113</u>
	184	288
Net current assets	<u>1,974</u>	<u>2,709</u>
Net assets	<u><u>3,704</u></u>	<u><u>4,374</u></u>
Capital and reserves:		
Share capital	5,646	5,641
Share premium	5,376	5,368
Profit and Loss account	<u>(7,318)</u>	<u>(6,635)</u>
Shareholders' funds	<u><u>3,704</u></u>	<u><u>4,374</u></u>



CASH FLOW STATEMENT

For the six months to 30 June 2006

	<i>6 months to 30 June 2006 £'000</i>	<i>6 months to 30 June 2005 £'000</i>	
Net cash outflow from operating activities	(271)	(157)	
Returns on investments and servicing of finance	49	25	
Corporation tax	0	0	
Capital expenditure and financial investment	(126)	(121)	
Cash outflow before management of liquid resources and financing	(348)	(253)	
Management of liquid resources			
Receipts from short term deposits	375	215	
Financing			
Issue of new ordinary shares	13	0	
Increase/(decrease) in cash in the period	<u>40</u>	<u>(38)</u>	
Reconciliation of operating loss to net cash outflow from operating activities			
Operating loss	(858)	(697)	
Depreciation and amortisation	61	44	
Decrease in debtors	504	542	
Decrease in creditors and accruals	(104)	(94)	
Charge on share option schemes	126	48	
	<u>(271)</u>	<u>(157)</u>	
Reconciliation of net cash flow to movement in net debt			
Increase/(decrease) in cash in the period	40	(38)	
Cash inflow from changes in liquid resources	(375)	(215)	
Movement in net funds in the period	(335)	(253)	
Net funds at 1 January	2,399	1,161	
Net funds at 30 June	<u>2,064</u>	<u>908</u>	
Analysis of net funds			
	<i>Liquid resources £'000</i>	<i>Cash £'000</i>	<i>Total £'000</i>
At 1 January 2006	2,300	99	2,399
Cash flow	(375)	40	(335)
At 30 June 2006	<u>1,925</u>	<u>139</u>	<u>2,064</u>



INDEPENDENT REVIEW REPORT

to Transense Technologies plc

Introduction

We have been instructed by the Company to review the financial information for the six months ended 30 June 2006 which comprises the profit and loss account, balance sheet, cash flow statement and related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the Company in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the AIM Rules which require that the interim report must be presented and prepared in a form consistent with that which will be adopted in the Company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Review work performed

We conducted our review having regard to the guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the UK. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Statements on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2006.

KPMG Audit Plc
Chartered Accountants

22 September 2006