Chairman's Operational Update

Interim Results
In the six months to 30 June 2008, total revenue amounted to £104K (2007 - £138K), resulting in an operating loss of £328 (2007 - £799k). The loss after tax for the first six months of the current financial year was £83K (2007 - £762K) and this is after an exceptional credit of £452k relating to an FRS 20 adjustment. The cash held by the Company as at 30 June amounted to £3.334 million, some £103K higher than budget.

The reduced level of invoiced income in the first six months does not reflect the current level of activity within Transense; in fact on all fronts the Company is at its busiest for several years i.e. technical development, marketing, and sales.

Operations
We started 2008 with almost an entirely new Board, as I reported at the time of the Company's annual results for the year to 31 December 2007. The new Board is now complete, with Norman Smith joining us as CEO in early June. Norman brings a wealth of experience gained within the engineering and automotive industries together with relationships at high levels in organisations that we hope will prove beneficial to Transense in future. Norman's appointment allowed us to conclude our strategic review and his insights have proved invaluable in this process. Norman has reported below, on the results of that review. It is my belief that the Board now represents a strong blend of expertise, experience and determination to allow the Company to succeed.

In recent months the Board members have had detailed, face-to-face, high level discussions in the USA, China, Taiwan, Israel and Germany as part of its overall marketing activity. We have initiated discussions which we hope will lead to further development of our activity with Electrical Power Assisted Steering ("EPAS"), Tyre Pressure Monitoring Systems ("TPMS") patch sensors, Saw Die & Packaging, and securing closer links with Formula 1 racing teams expressing interest in our TPMS technology and other cutting edge projects.

It is too early to give any indicative forecasts, but even if a few of the many projects upon which the Company is currently working come to fruition, then, in a year's time, we believe that there will be a more positive message to tell than has been experienced in the immediate past.

The last six months have been a difficult period for our staff, with the changes to the Board and the additional demands placed upon them, but they have responded exceedingly well and risen to the challenge. Morale within the Company is high and we look forward more confidently to the next twelve months.

Jew Kleem

David Kleeman
Non-Executive Chairman

September 4th 2008

CEO's Report on Strategic Review

Strategic Review ("Review")
The Review has been prepared by the executive management and approved by the Board of directors, and has involved an exhaustive and comprehensive assessment of every aspect of the Transense business. The goal of the Review has been to determine whether the current business strategy was working effectively and delivering satisfactory results, and if not, to develop a more appropriate strategy to maximise revenue from the commercialisation of the Company's Surface Acoustic Wave (SAW) technology. The full strategic review document will remain internal to the Company due to the commercially sensitive nature of much of the content; however the Board wishes to communicate the key findings to shareholders.

The review process was broken down into five distinct phases

- Clearly define the Company's mission and objectives
- Evaluate strengths and weaknesses of existing model
- Re-evaluate existing licence agreements and seek updates on commercial prospects
- Develop appropriate strategy
- Develop strategy implementation plans

Mission & Objectives

- Maximise revenue from the commercialisation of our patented technology in conjunction with our licensees
- Increase shareholder value
- Continue to develop new technology based on our core competencies

Existing strategy
Whilst the existing strategy has successfully brought Transense to a point where we have major licensees developing our technology towards commercialisation, several shortcomings were identified:

- Transense has no control over the timing and levels of revenue, and is unable to get firm dates for commercial launch
- The structure of key licence agreements, whilst providing significant royalties on volume sales, provides no ongoing income to cover costs until such time as volume production commences
- Overly optimistic forecasts on dates for commercial launch
- Over reliance on a small number of major licensees makes Transense vulnerable to changes in their commercial plans for our technology
- Incorrect assumption that licensees would promote and market our technology to OEMs to the extent the Company initially envisioned

Revised Strategy
The management team have spent considerable time over the last few months in discussions with our licensees. High level meetings have been held in order to ascertain the current plans for commercial product launch, and the Board has been encouraged by the progress being made, and the continuing enthusiasm shown by the development teams towards our technology. We are striving to reinvigorate our commercial relationships and encourage regular open dialogue. We believe these improved relationships have already proved successful in moving our technology up the priority lists of our licensees.

The major consequence of the issues identified by the strategic review is that whilst these existing licence agreements offer opportunities for meaningful income in the medium to long term, we have little visibility on near term income to support the Company until such time as these revenue streams arrive. It is therefore the Board's intention to adopt a two pronged approach to revenue generation:

- In the first instance the Company will continue with our current projects, looking to accelerate development through a series of measures:
  - o Strengthening our technical team through additional resource
  - o Legislative lobbying
  - o Working more closely with our licensees to actively market our technology
- Additionally the Company will generate additional sources of income to supplement the existing projects. Available options are:
  - o Aggressively target high margin market segments where our technology has unique selling points. We have identified the "Off-the-road" ("OTR"), truck and motorsport sectors as fulfilling these criteria.
  - o Extract additional income from the supply chain:
    - Vertical integration, forward into distribution and/or backwards into assembly
    - Establish joint ventures
    - Strategic alliances
  - o Enter non-automotive market
  - o Actively market our technology in the far east
  - o Demonstration kits for technical evaluation
  - o Engineering consultancy
  - o Licensing of tooling and calibration
  - o Seeking development grants and funding

Strategy Implementation
The Strategic review process has provided us with a clear insight into the business and operational requirements necessary for Transense to fulfil its stated mission. These requirements have coalesced into a series of plans and projects which will form the basis of our activities over the next few years, with quantifiable targets and milestones. It is set against this background that we were delighted to have signed the new license with Vectron International, as signing an additional Surface Acoustic Wave ("SAW") sensor manufacturer is a key element of our new strategy and a direct result of the negotiations carried out by the new commercial team. It is our intention, where possible, to highlight the relationship between future deals and their position within the wider commercial context.

Communications Strategy
The sensitive commercial nature of our licence agreements and ongoing negotiations makes updating the market on progress difficult over and above that required by the AIM Rules. However, the Board wishes to state that it is our intention to give as full an update as possible within those constraints. We fully appreciate shareholders' and the market's wish to receive regular updates on technical progress and guidance on commercial product launch and revenues, but the Company's previous experience has made us extremely wary of jeopardising ongoing negotiations and early stage development projects. A communications plan has been developed to provide a roadmap for improved investor relations and better lines of communication to all our target audiences. A key element of this roadmap is an improved website and work on this has already begun and is likely to be completed in October this year.

Rewarding Transense Team
The Board recognises the staunch effort put in by the Transense staff during a difficult last 12 months and will be proposing offering the Transense team new EMI share options to replace the existing options which are under water following the major fall in the Share Price over the last year.

INCOME STATEMENT
for the 6 months to 30 June 2008

	Unaudited 6 months to 30-Jun-08 £'000	Audited 6 months to 30-Jun-07 £'000
Continuing operations		
Revenue	**104**	138
Cost of sales	**(9)**	(23)
Gross profit	**95**	115
Administrative expenses (Note 3)	**(875)**	(914)
Exceptional share based payments items (Note 3)	**452**	-
Operating Loss	**(328)**	(799)
Financial income	**100**	37
Loss before taxation	**(228)**	(762)
Taxation (Note 4)	**145**	-
Loss from continuing operations for the periods	**(83)**	(762)
Basic and fully diluted loss per share	**(0.0p)**	(1.3p)

BALANCE SHEET
at 30 June 2008

	Unaudited 30-Jun-08 £'000	Audited 31-Dec-07 £'000
Non current assets		
Property, plant and equipment	**14**	14
Intangible assets	**1,536**	1,519
Available for sale investments	**65**	65
Loans receivable	**25**	25
	1,640	1,623
Current assets		
Trade and other receivables	**246**	235
Cash and cash equivalents	**3,334**	901
	3,580	1,136
Total assets	**5,220**	2,759
Current liabilities		
Trade and other payables	**(185)**	(1,199)
Current tax liabilities	**(28)**	(22)
Total liabilities	**(213)**	(1,221)
Net assets	**5,007**	1,538
Capital and reserves		
Share capital	**7,581**	5,791
Share premium	**7,830**	5,668
Accumulated loss	**(10,404)**	(9,921)
Shareholders' funds	**5,007**	1,538

STATEMENT OF CHANGES IN EQUITY

for the six months to 30 June 2008 (unaudited)

	Issued share capital £'000	Share premium account £'000	Accumulated deficit £'000	Total equity £'000
At 1 January 2007	5,646	5,376	(7,601)	3,421
Loss for the year	-	-	(2,570)	(2,570)
Shares issued and share premium	145	292	-	437
Share based transactions	-	-	250	250
At 31 December 2007	5,791	5,668	(9,921)	1,538
Loss for the period	-	-	(83)	(83)
Shares issued and share premium	1,790	2,162	-	3,952
Share based transactions	-	-	(400)	(400)
At 30 June 2008	7,581	7,830	(10,404)	5,007

CASH FLOW STATEMENT

for the 6 months to 30 June 2008

	Unaudited 6 months to 30-Jun-08 £'000	Audited 6 months to 30-Jun-07 £'000
Operating Loss from continuing operations	**(83)**	(762)
Adjustments for:		
Depreciation of property, plant and equipment	**6**	6
Amortisation of intangible assets	**65**	65
Equity settled share based payment	**(400)**	119
Financial income	**(100)**	(37)
Operating cash flows before movements in working capital	**(512)**	(609)
(Increase)/Decrease in receivables	**(11)**	445
Decrease in payables	**(1,008)**	(40)
Cash generated by operations	**(1,531)**	(204)
Taxation recovered	**-**	-
Net cash used in operations	**(1,531)**	(204)
Investing activities		
Interest received	**100**	37
Acquisition of property, plant & equipment	**(5)**	0
Acquisition of intangible assets	**(83)**	(58)
Acquisition of investments	**-**	-
Net cash generated/(used) in investing activities	**12**	(21)
Financing activities		
Proceeds from issue of equity share capital	**1,790**	41
Share premium on issue of equity share capital	**2,162**	156
Net cash from financing activities	**3,952**	197
Net increase/(decrease) in cash and cash equivalents	**2,433**	(28)
Cash and cash equivalents at beginning of period	**901**	1,390
Cash and cash equivalents at end of period	**3,334**	1,362

NOTES TO THE INTERIM RESULTS

for the six months to 30 June 2008

1 **Basis of preparation**

The interim financial information for the six months to 30 June 2008 has been prepared in accordance with International Financial Reporting Standards as adopted by the EU ('IFRS').

The financial statements have been prepared in accordance with the Company's accounting policies under IFRS and the historical cost convention. The financial information does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The comparatives for the full financial year ended 31 December 2007 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 **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 and Exceptional Items**

Administrative expenses include a charge of £52,000 (2006: £119,000) representing the valuation of the notional benefits arising from the Company's employee share option schemes and calculated in accordance with International Financial Reporting Standard (IFRS) 2. Exceptional Items includes a credit of £452,000 (2006: £nil) also in respect of IFRS 2. This credit has arisen due to the departure of various Board members during the six months to 30 June 2008 and the crediting of the cumulative charges under IFRS 2 up to 31 December 2007 in respect of the departing Directors. This credit has been treated as exceptional as it is of a one off nature.

These items have been added back in the statement of Changes in Equity in the financial statements. There are no other recognised gains or losses for the current and prior period.

4 **Corporation tax and Deferred tax**

The Company is entitled to a Corporation Tax credit in respect of expenditure on Research and Development. In the past this tax credit has only been recognised on a cash receipts basis however as a trend has now been established in these claims which have been both queried and subsequently agreed by HM Revenue & Customs the Company has now adopted the more accepted accruals basis for recognising these tax credits.

As a result the Interim accounts include a Corporation Tax credit of £145,000 representing the 2007 claim of £105,000 and an estimated claim for the six months to 30 June 2008 of £40,000.

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

REPORT OF KPMG AUDIT PLC
to Transense Technologies plc

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly report for the six months ended 30 June 2008 which comprises the income statement, balance sheet, cash flow statement, statement of changes in equity and the related explanatory notes. We have read the other information contained in the half-yearly report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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 half-yearly report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly report in accordance with the AIM Rules.

As disclosed in Note 1 the annual financial statements of the company are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly report has been prepared in accordance with the recognition and measurement requirements of IFRSs as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly report for the six months ended 30 June 2008 is not prepared, in all material respects, in accordance with the recognition and measurement requirements of IFRSs as adopted by the EU and the AIM Rules.

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

September 4th 2008

Transense Technologies plc

Announcement of Financial Results for the six months to 30 June 2008