transense
technologies plc

to 30 June 2015

ANNUAL REPORT & ACCOUNTS

Transense Group Structure

transense technologies plc

Transense Technologies is the parent Company. Holding Group IP and providing technical and R&D resource to the two trading divisions. Developer of wireless, battery-less and battery based sensor systems using Surface Acoustic Wave (SAW) and Radio Frequency (RF) technologies.

www.transense.co.uk

I Landscape Close
Weston on the Green
Bicester, Oxon,
OX25 3SX, UK

Two Trading Divisions

Leveraging the Company's IP and expertise

translogik

Tyre Management Solutions for the mining, commercial vehicle and passenger car markets. A range of products for remotely monitoring tyre temperatures, pressures, tread depths and a variety of other key parameters to extend the life of tyres, reduce fuel costs and improve safety.

www.trans-logik.com

SAW sense

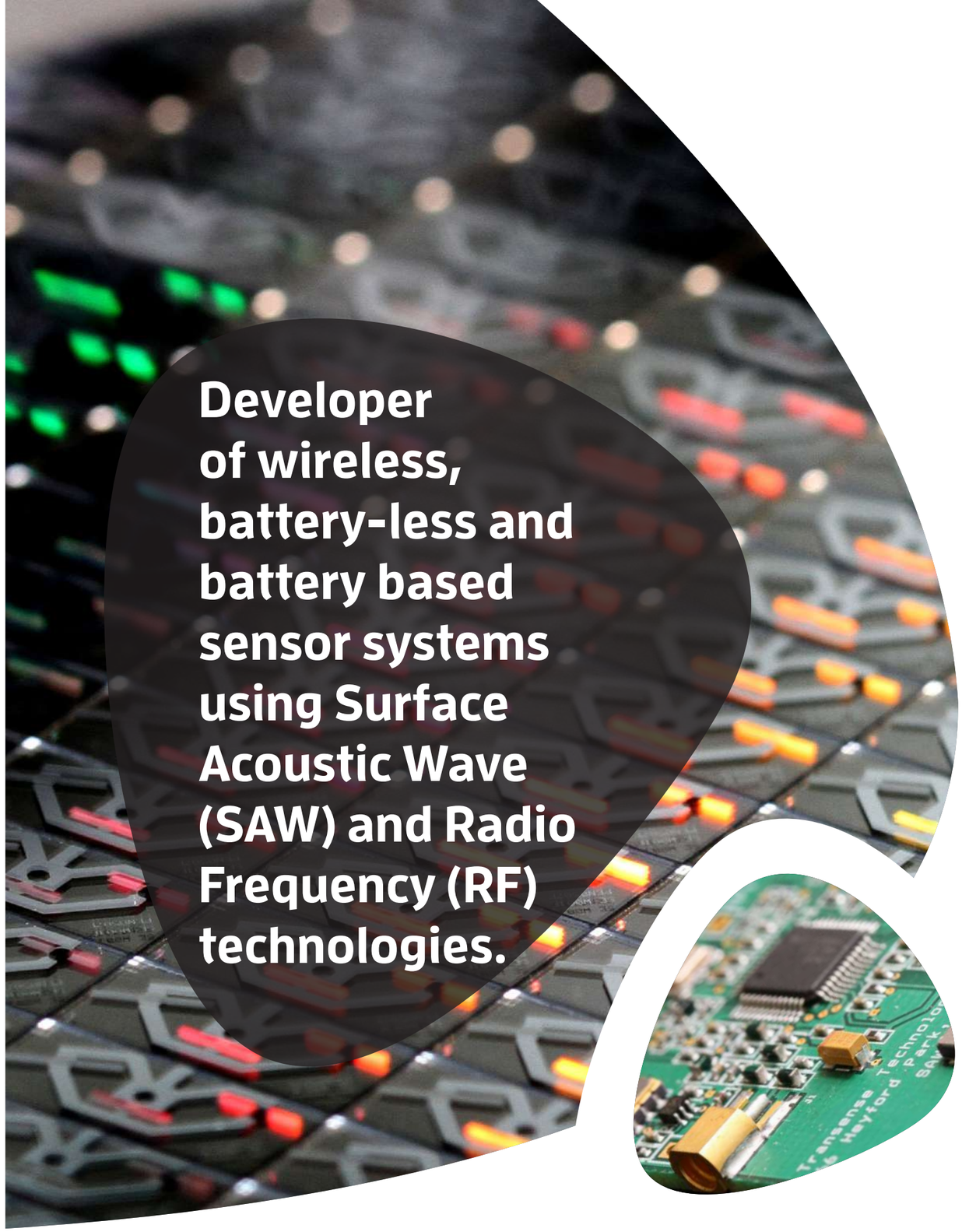
Trading division focused on commercialising the Company's torque, temperature and pressure sensors. Supporting longer-term development projects with existing partners as well as in other new areas of opportunity, both in the automotive and non-automotive fields.

www.sawsense.com

Welcome Transense Annual Report & Accounts 2015

The Transense Group consists of two Trading Divisions. These have been established to target specific global markets where the Group's technology offers significant advantages over competing technologies and products.

Contents



Financial Highlights

- Revenue* of £1.2m (FY14: £3.4m) in line with revised expectation
- Overheads** fairly constant at £2.4m (FY14: £2.5m)
- Adjusted EBITDA** loss of £1.6m (FY14: profit of £0.0m)
- Loss before taxation** of £1.8m (FY14: £0.1m)
- Loss on discontinued activity (IntelliSAW) after taxation of £1.0m (FY14: £1.0m)
- Net closing cash balance £0.5m (FY14: £3.1m)
- Post year-end fund raise of £2.5m (net of expenses) through placing and offer for subscription

* Excludes Discontinued Operations
** Excludes Discontinued Operations and bad debt charge of £357,000

EBITDA is the Earnings Before Interest, Taxation, Depreciation & Amortisation, and is calculated by taking operating loss, and adding back depreciation (£88,000), and amortisation (£160,000). Adjusted EBITDA is calculated by taking EBITDA, and adding back Bad debt (£357,000) and adjusting discontinued depreciation (£21,000)

Overheads are calculated by taking other administrative expenses and deducting depreciation & amortisation

Operational Highlights

- Increased iTrack market penetration in major geographic markets
- Launched lease rental financing option for iTrack customers
- Created wholly owned sales and service support centre for Latin American region
- Signed up new iTrack channel partner in Australia
- Post year end discussions are ongoing with potential new partners in the USA and Japan
- SawSense entered MoU with GE for multiple applications
- Discussions regarding the sale of IntelliSAW are ongoing

Chairman's statement

2015

Transense is pleased to report results in line with the revised expectations set out towards the end of a challenging year for the Company. As previously stated, these results were disappointing, with revenues reducing significantly compared with the prior year. Whilst we broadly maintained overheads at a steady level in order to continue developing products and sales channels, inevitably this led to an increase in operating losses and depletion of our cash reserves.

Financial results and condition

Revenue from continuing activities reduced to £1.2m from £3.4m in the prior year, and the loss before taxation from continuing activities (before bad debt) was £1.8m (FY14: £0.1m).

The total loss attributable to shareholders was £3.1m (FY14: £1.0m) resulting in a loss per ordinary share of 1.06 pence (FY14: 0.38 pence). The board do not recommend payment of a dividend.

Net cash balances at 30 June 2015 were £0.5m (30 June 2014: £3.1m).

In July 2015, we were encouraged by shareholder support when the company raised £2.5m (net of attributable expenses) by a placing and offer of ordinary shares at a price of 1.5 pence each.

Accordingly, the Company now has access to adequate financial resources to consider future investment in further product development, opening of new sales channels, and offering more flexible financing solutions to customers. Our goal is to ensure that our existing business activities become financially self-sufficient in the near term, and that investment in longer term projects with high levels of potential return is provided from internal resources.

Market conditions

As we have previously reported, there was a sharp downturn in demand for commodities and consequent contraction in capital expenditure in the mining sector in the early part of the financial year. This had an adverse effect on revenues for iTrack, which came after such promising momentum had been generated in the prior year.

We have now repositioned the sales proposition and offer a lease rental solution for customers, allowing them to achieve a short payback when lease rental costs are measured against the savings in operating costs and increased production yields that iTrack delivers.

Throughout the year commodity prices have been falling and this weakness has continued into the new financial year , and the effect on mining companies has been well documented. We continue to have confidence that gains in productivity and reductions in overall operating costs offered by iTrack provide a compelling case when the marginal profitability of mining operations falls under close scrutiny.

Our Translogik tyre related products are primarily delivered into the automotive aftermarket through a range of OEM tyre producers, channel partners, and value added resellers. This sector has until recently been relatively conservative in the adoption of new technology, but there are signs of a more progressive approach by a number of leading companies within our current reach.

Meanwhile, our key markets for surface acoustic wave ("SAW") sensor technology in industrial, automotive and green energy have shown steady growth, and our focus is on gaining traction for market acceptance of new volume applications in these areas.

Disposal of IntelliSAW

The Board remains in discussions regarding the possible sale of the IntelliSAW business.

Board composition

Following seven years of service to the Company as Chairman and then Deputy Chairman, David Kleeman decided to step down from the Board on 31 December 2014. I would like to take this opportunity to thank David for his contribution to the Company during his time as a Director which was much appreciated and will be missed.

In July 2015, Nigel Rogers joined the board as Non-Executive Deputy Chairman. Nigel began his career as a Chartered Accountant, and has had many years experience as CEO of AIM listed industrial companies. We welcome him to the Board, and look forward to working together on the development and implementation of our commercial strategy.

Prospects

We anticipate that market conditions in mining will continue to be challenging in the current financial year. As a result our sales proposition into this sector is now closely aligned with the pressing need to maximise output and minimise costs. We have continued to see successful implementation of our equipment in response to these pressures as companies seek optimal deployment of assets including mine trucks. Our initial focus will be to increase penetration of geographical markets in which we have an established presence, namely Chile, Australia and Southern Africa. We believe, however, that the strong relationships we are building in these markets can act as a bridgehead into new territories in which our current customers are already active.

> ***We have now repositioned the sales proposition and offer a lease rental solution for customers, allowing them to achieve a short payback when lease rental costs are measured against the savings in operating costs and increased production yields that iTrack delivers.***

We also aim to build on the progress made with the new probe products and the launch of our new Passenger Car Audit System (PCAS) into the passenger car tyre inspection market. Entry into this large new market presents new opportunities and we believe we are adopting the right strategy of partnering with companies that already have a strong presence in this market.

SAWSense's many projects are progressing well, with one particular industrial partner expected to launch a commercial torque solution product in 2016. It is anticipated that going forward, income received from the commercialised torque project and other ongoing engineering work should start to exceed the division's costs.

Overall, the board is satisfied with the progress made in recent months having overcome some difficult challenges. The company has developed valuable technology, a growing reputation, and an enviable customer base across multiple geographic and industry sectors. With the financial resources now available, we believe that the company is well placed to capitalise on these exciting opportunities and we view the future with renewed confidence.

David M Ford
Group Chairman

6th October 2015

CEO's Report

2015

After a difficult 2014 and early 2015 due to the continuing downturn in the global mining industry, a key market for Translogik's iTrack Mining Tyre Monitoring System, a positive market response to the systems new finance lease and rental pricing models has resulted in the aggregate sale or rental of 131 iTrack systems during the last six months of the financial year and a further 47 ITrack systems due to be despatched in September.

Additionally, the emergence of a valuable new market for the division's range of tyre inspection probes in the passenger car space, offers new opportunities for updated versions of the tyre inspection probe, and a complementary new software system built around it, that we refer to as Passenger Car Audit System (PCAS).

Translogik

iTrack

Australia

The first success with the new iTrack pricing model was a contract win through our Australian distributor, Brownfield, to supply 23 iTrack mining tyre monitoring systems for large haul trucks to the Glencore Ravensworth mine and its entire fleet of Caterpillar 797 vehicles. 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. This confirms our belief that the iTrack system has several significant advantages over competing products. Glencore is one of the largest miners in Australia and we look forward to their use of iTrack expanding further during the coming years.

In August, Translogik secured a second contract in Australia, with agreement to supply 47 iTrack systems to the Saraji coal mine in the Bowen Basin, Queensland, owned by the BHP Billiton Mitsubishi Alliance (BMA). The contract includes the sale of equipment on a finance lease. In addition to the sale there will be income from service and rental for a minimum period of two years. The important role of tyre monitoring as part of a total safety and performance monitoring strategy within the mining sector is an increasingly major focus in Australia as the large mining companies seek to extract the maximum possible productivity from their existing asset base.

Chile

In April we secured a contract to supply iTrack to the entire fleet of 46 large haul trucks at the Spence copper mine in Chile, owned by BHP Billiton. This deployment was supported by Translogik's new Chile based technical sales staff. Chile is a key market for iTrack, with over 2,000 large haul trucks currently operating. Having local technical sales expertise available to provide rapid customer support has been very important in building strong client relationships with the major mining and mine service companies and has been a significant factor in closing this deal with BHP Billiton.

iTrack was deployed much more rapidly at the Spence mine than we have seen achieved previously, with in excess of forty trucks fitted in a month, as BHP were keen to start gaining the proven benefits of ITrack. BHP have several large mine fleets in the region and we are hopeful that the productivity and safety benefits provided by having real-time tyre data will open up further opportunities for us.

Another large mine in Chile, maintained by Otraco, is now operating more than 100 live iTrack systems. It has taken approximately twelve months to deploy this number of systems as vehicles are fitted as they come in for maintenance and servicing. This mine is continuing to expand and adding further large mine haul trucks.

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. However, follow-on orders have not yet been received, although Squarerigger remain confident that they will materialise later this year.

In May Translogik had its Wireless Tyre Inspection Probe integrated into the new 'Connected Workshop' system from Bosch Automotive Service Solutions. The system was launched at the Automechanika Show in Germany. The cloud-based, tablet driven system, has two components, 'Entrance Check' and 'Connected Repair', which are linked to allow vehicle information and test results to be shared across workshop equipment, workshop users and the customer. The probe will be used at the 'Entrance Check' level, a 5-minute vehicle health check which includes tread depth and tyre pressure measurements. The system supports OEM and Aftermarket customers globally.

In March Translogik signed an exclusive agreement to supply its tyre inspection probe to Rema Tip Top Holdings UK Limited ('Rema') for use in Rema's new passenger car tyre inspection system, 'Tip Top Tread'. Rema is part of the larger Rema Tip Top AG group of companies that had 2013 turnover of EUR 728.6m. It has 5,253 employees in more than 170 countries. The system is based on Translogik's proprietary tyre probe technology, provides a quick, efficient and accurate wireless car tyre inspection system to the tyre sales and fitment industry.

Rema's exclusivity applies only to use of the probes in conjunction with the Tip Top Tread system, which is focused on the passenger car market and is contingent upon achieving agreed, rising quarterly minimum levels of UK sales totalling at least £1.1m in aggregate over the next three years.

Rema have a powerful market position both in the UK and in Europe. We believe their established sales network and market expertise is capable of driving probe sales into the car tyre market much faster than would otherwise be achievable, and supports our strategy of diversifying into the substantial passenger vehicle market.

Translogik recently launched its own Passenger Car Audit System (PCAS). This system uses the the existing tyre inspection probe in conjunction with our new proprietory software system for desktop and iOS to offer a complete rapid car tyre inspection system to the tyre retail and car servicing market.

"In April we secured a contract to supply iTrack to the entire fleet of 46 large haul trucks at the Spence copper mine in Chile, owned by BHP Billiton."

CEO's Report (continued)

2015

SAWSense

A major recent development, is the signing of a memorandum of understanding with GE, a provider of products to the global Power and Water, Oil and Gas, Energy Management, Aviation, Healthcare, and Transportation industries. It is developing new instrumentation applications utilising its core wireless, passive Surface Acoustic Wave (SAW) measurement technology in association with SAWSense. This development aligns the Transense SAW technology expertise with GE's proficiency in large scale production and product delivery, to open up new global opportunities.

Working with an industry leading developer of world-class technology applications is exactly the right platform for Transense's SAW technology to enter the commercial environment. We look forward to working further with GE to strengthen their product offerings, bringing the benefits of our technology to the infrastructure markets GE serves.

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 2016. The customer has a global interest in SAW technology for multiple applications.

The two existing automotive flexplate projects continue to progress, and have recently been joined by a further US based automotive OEM, taking the total number of projects to three.

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

Graham Storey
Group CEO

6th October 2015

Financial Report

2015

Results for the year

Revenue (excluding Discontinued Operations) reduced by 63% compared with the prior year as core mining markets contracted sharply during the summer of 2014. Approximately 69% of revenues in the prior year were derived from the sale of iTrack equipment in large individually significant contracts based on capital expenditure by our customers. During the period under review, equipment was also offered on more flexible lease rental terms, which generated some £0.06m of revenues in the current year. This arrangement involves an increased working capital commitment by the company to fund the initial outlay, but offers the benefits of accelerating market penetration and giving greater visibility of future revenue streams.

Gross margins reduced from 74% in 2014 to 67% . The reduction is due to the change in mix of Sales being heavily weighted to iTrack Kit Sales as referred to above. Going forward the mix will change further as the rental income stream grows and as this income has no Cost of Sales charge as the costs of rented kit is capitalised and depreciated over the asset life (the depreciation charge being included in Overheads).

As a result of the reduced level of activity, gross profit reduced to £0.83m (FY14 £2.5m), and the board carefully considered the approach to maintaining overhead spend at previous levels in order to support product and sales channel development. Overheads were generally stable over the two years £2.4m (excluding discontinued operations and bad debt charge) (FY14 £2.5m).

The resulting loss before taxation from continuing activities and before bad debt amounted to £1.8m (FY14 £0.1m). Underlying adjusted EBITDA was a loss of £1.6m (FY14 profit £0.0m), and it is the aim of the group to generate underlying profits against this measure as soon as practicable.

After taking account of the bad debt expense, taxation and the loss on discontinued activity, the total loss attributable to shareholders was £3.12m (FY14 £1.03m), equivalent to 1.06 pence per share (FY14: 0.38 pence). The loss attributable to shareholders from continuing activities before the exceptional bad debt charge was 0.58 pence per share (FY14: 0.02 pence).

Taxation

The group had UK tax losses carried forward at 30 June 2015 of approximately £17.7m.

Certain elements of development expenditure undertaken by the company are eligible for enhanced Research and Development tax relief which generally relates to salary costs of technical staff. As a result of claims in 2014 and 2013 the Company has received Tax Credits of £0.07m and £0.06m respectively.

Cash flow and financial position

There was a net cash outflow of £2.61m (FY14 £1.09m inflow) during the year, most of which was the result of losses set out above.

At 30 June 2015 the group had net cash balances of £0.47m (FY14 £3.08m) and had embarked upon a fundraising exercise resulting in the raising of £2.5m of additional equity capital (net of attributable expenses) in a placing and offer for subscription approved by the shareholders on 27 July 2015.

The financial position of the group has been strengthened significantly as a result of the successful fund raising.

The financial results for the year ended 30 June 2015 may be summarised as follows:

Year	2014/15	2013/14
	£000	£000
Revenue *	1,248	3,370
Gross Profit *	839	2,510
Gross margin % *	67%	74%
Loss before tax **	(1,770)	(118)
Loss from Discontinued Operations	(1,041)	(993)
EBITDA Adjustments:		
Net Interest	(74)	(62)
Depreciation *	67	42
Amortisation	160	162
EBITDA **	(1,617)	24
Share-based payments	8	8
Adjusted EBITDA **	(1,609)	32
Loss per Share	1.06p	0.38p
Adjusted Loss per Share **	0.58p	0.02p
Bad Debt Charge	357	0

* Excludes Discontinued Operations
** Excludes Discontinued Operations and bad debt charge

Depreciation on discontinued operations was £21,000

Strategic Report 2015

transense technologies plc

Corporate Information

The Board of Directors are ultimately responsible for the management of the Company's business strategy, optimising performance, investment objectives, approving significant items of expenditure and consideration of significant financing and legal matters. The Directors are responsible for overseeing and maintaining the relationship between the Company, investors, partners and customers. The Company is currently led by a Board consisting of three Executive Directors and two Non-executive Directors.

Executive Directors

David M Ford
Chairman

David qualified as a solicitor in 1980. He specialised in Intellectual Property (IP) law. In the late 1980's he dealt with the acquisition by his firm, Tarlo Lyons, of the entire consumer debt recovery department of HSBC and negotiated a long term contract to deal with all branch consumer debt. In 1990 he became the firm's first Managing Partner. In 1993 he left the firm to move into a general business environment. Since then he has been involved with a variety of companies in various industries in a non-executive or semi-executive capacity. In 1998 he led the management buyout of the consumer debt recovery department of his old firm, Tessera Group, and is still a non-executive director of that company.

Graham Storey
Group CEO

Graham commenced work for a courier business in the late 1980's and quickly took over the running of a subsidiary company operating a Tropical Plant hire business. Graham then effected a management buy out of that business and through both organic growth and acquisitions, he built up The Moyses Stevens Group to become the biggest commercial and retail florist in the UK and personally held three Royal Warrants.

Melvyn Segal FCA
Finance Director

Melvyn is a chartered accountant and experienced company Finance Director, having previously held Finance Director positions at various high growth private and public businesses. Prior to entering the commercial sector Melvyn was a partner for 22 years at the accountancy firm Arram Berlyn Gardner (ABG). During his tenure at ABG the firm grew from 3 partners and 20 staff to 7 partners and over 70 staff and was rated in the top 60 firms.

Non-Executive Directors

Nigel Rogers (Deputy Chairman) - Joined the company in July 2015

Rodney James Westhead - Joined the Company in April 2007

Company Secretary & Registered Office

Melvyn Segal - 1 Landscape Close, Weston on the Green, Oxon, OX25 3SX

Remuneration Committee - Nigel Rogers & Rodney Westhead

Audit Committee - Nigel Rogers & Rodney Westhead

Nomad & Broker

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60 New Broad Street
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020 7220 0500

Bankers

HSBC Bank Plc
1 Sheep Street
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Patent Agents

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Patent and Trade Mark Attorneys
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Faraday Wharf
Holt Street
Birmingham,B7 4BB
www.ip-active.com

Auditor

KPMG LLP
Arlington Business Park
Theale
Reading, RG7 4SD

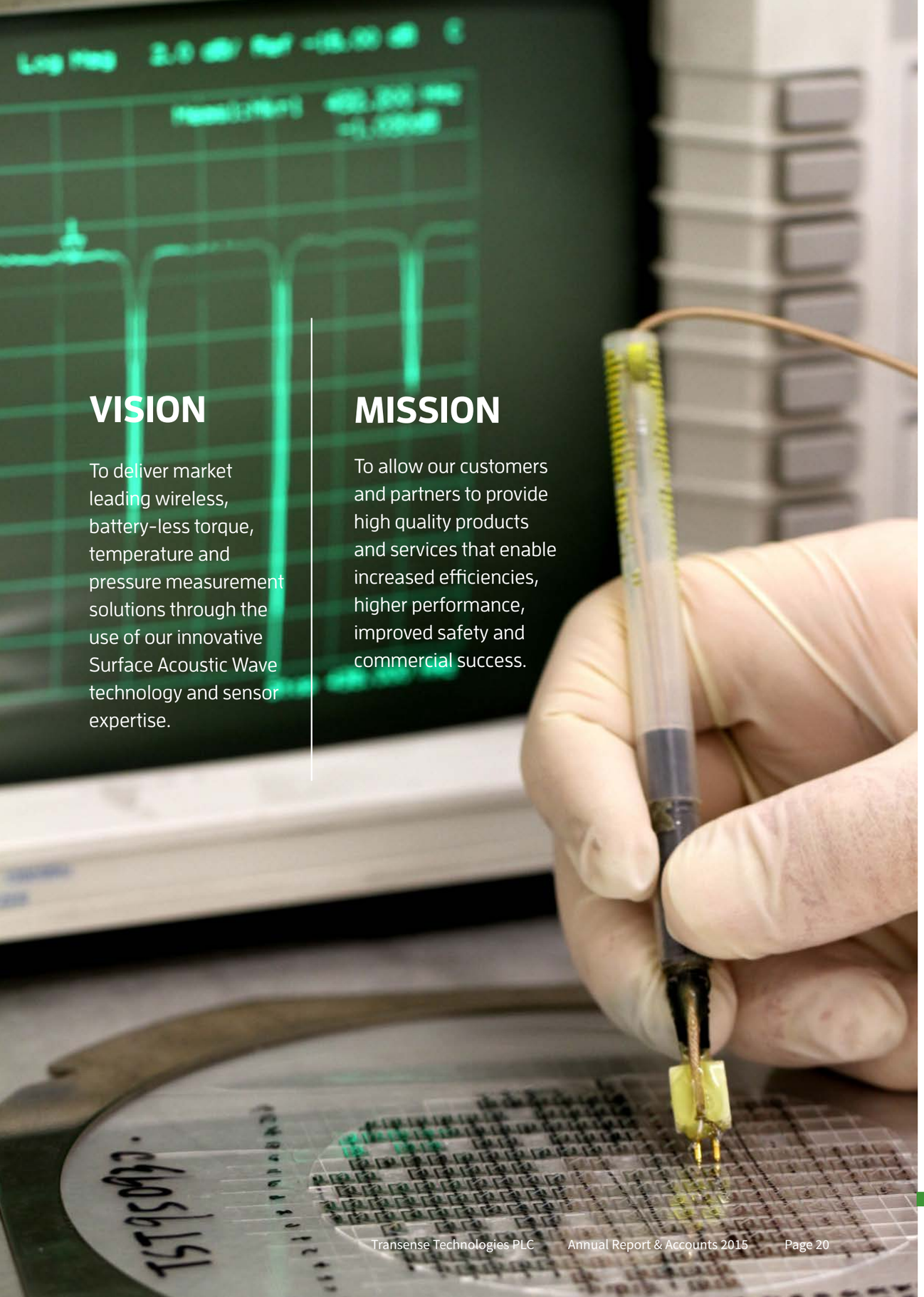
Company & Intellectual Property Lawyers

Charles Russell
8 - 10 New Fetter Lane
London, EC4A

Registrars

Neville Registrars Limited
Neville House
18 Laurel Lane
Halesowen
B63 3DA
0121 585 1131
www.nevilleregistrars.co.uk

Company Number - 01885075



VISION

To deliver market leading wireless, battery-less torque, temperature and pressure measurement solutions through the use of our innovative Surface Acoustic Wave technology and sensor expertise.

MISSION

To allow our customers and partners to provide high quality products and services that enable increased efficiencies, higher performance, improved safety and commercial success.

Group Business Model

- Maximise revenue from the commercialisation of Transense's patented technology in conjunction with licensees and partners
- Develop additional routes to market through wholly-owned trading divisions and joint development agreements
- Increase shareholder value
- Continue to develop new technology based on Transense's core competencies

Strategy

- Working with our licensees & partners to actively market our technology
- Aggressively targeting high margin market segments where our technology has unique selling points. We have identified the mining, commercial vehicle, aviation, heavy industrial and electrical sectors as fulfilling these criteria
- Develop products leveraging our IP and expertise to exploit these identified market opportunities
- Establishing joint ventures & strategic alliances
- Entering non-automotive markets
- Actively marketing our technology in emerging markets
- Providing engineering consultancy

translogik
www.trans-logik.com

Tyre Management solutions division. Targeting the growing need to maximise the effective life of tyres within the mining, commercial vehicle and passenger car tyre markets.

Increase tyre life, Reduce fuel consumption & Improve safety

Mining & Earthmoving
Large haul trucks

The large tyres used in the mining and earthmoving industries are extremely expensive. Consequently, extending the life and efficiency of these valuable assets is of critical importance to mine owners and operators. Translogik's iTrack OTR tyre monitoring system offers a compelling solution for extending tyre life, avoiding breakdowns, increasing production, improving fuel economy and keeping vehicles and drivers safe. In addition, the accurate, real-time data helps drive operational efficiencies.

www.trans-logik.com/itrack

Commercial Vehicles
Heavy truck & LCV

The same operational cost imperatives that exist within the OTR tyre market also exist for commercial vehicle operators and owners. Maintaining their vehicle tyres in optimum condition allows fleets to reduce running costs, minimise the occurence of expensive tyre blowouts and meet the increasingly stringent legal requirements that commercial vehicles are required to achieve around the world, in terms of minimum safe tyre condition. The Translogik tyre inspection probes provide a quick, reliable and efficient means of electronically monitoring key tyre performance parameters.

www.trans-logik.com/iprobe

Passenger Cars
Tyre service providers

The Translogik tyre inspection probes are increasingly being used by passenger car tyre service centres. The drivers for adoption in this market are similar, but in addition, the rapid, high precision tyre data collected for each tyre can be used to generate a visual audit report that allows the provider to better explain the vehicle's tyre condition to its owner. This ensures that the full 'story' of the tyre is provided, for instance identifying issues such as uneven wear. This gives the customer higher levels of confidence which translates into higher sales for the operator.

www.trans-logik.com

iTrack
TPMS 24/7

iTrack provides a rugged and reliable solution with a range of features that allow mine operators to track their vehicle's tyre temperature and pressure, speed, braking and location in real-time and receive early warning of potential problems or hazards. This live data allows swift remedial action to be taken, which can be the difference between safe mine operation and a major incident. By ensuring the vehicle's tyres are operating within recommended temperature and pressure limits, iTrack brings increased levels of safety to both the vehicle drivers and the technicians that work on them. From a commercial perspective, by ensuring that tyres are correctly inflated, tyre life is extended and costly down-time from repairs and intervention is reduced, improving productivity.

The Translogik Off-the-Road (OTR) 'iTrack' Tyre Monitoring System provides fast, accurate, reliable real-time data on the condition of vehicle tyres, combined with live tracking of vehicle location and status.

Making mines safer & more productive

- Increase productivity
- Avoid breakdowns
- Extend tyre life by up to 25%*
- Improve fuel efficiency by up to 8%*
- Maximise haul speeds
- Reduce vehicle down-time
- Reduce tyre maintenance costs
- Improve driver & technician safety
- Real-time temperature & pressure monitoring
- Live GPS tracking of vehicle status
- User configurable alarms & automated alerts
- Remote monitoring via web or mobile device
- TKPH Calculations

Geo-Fencing

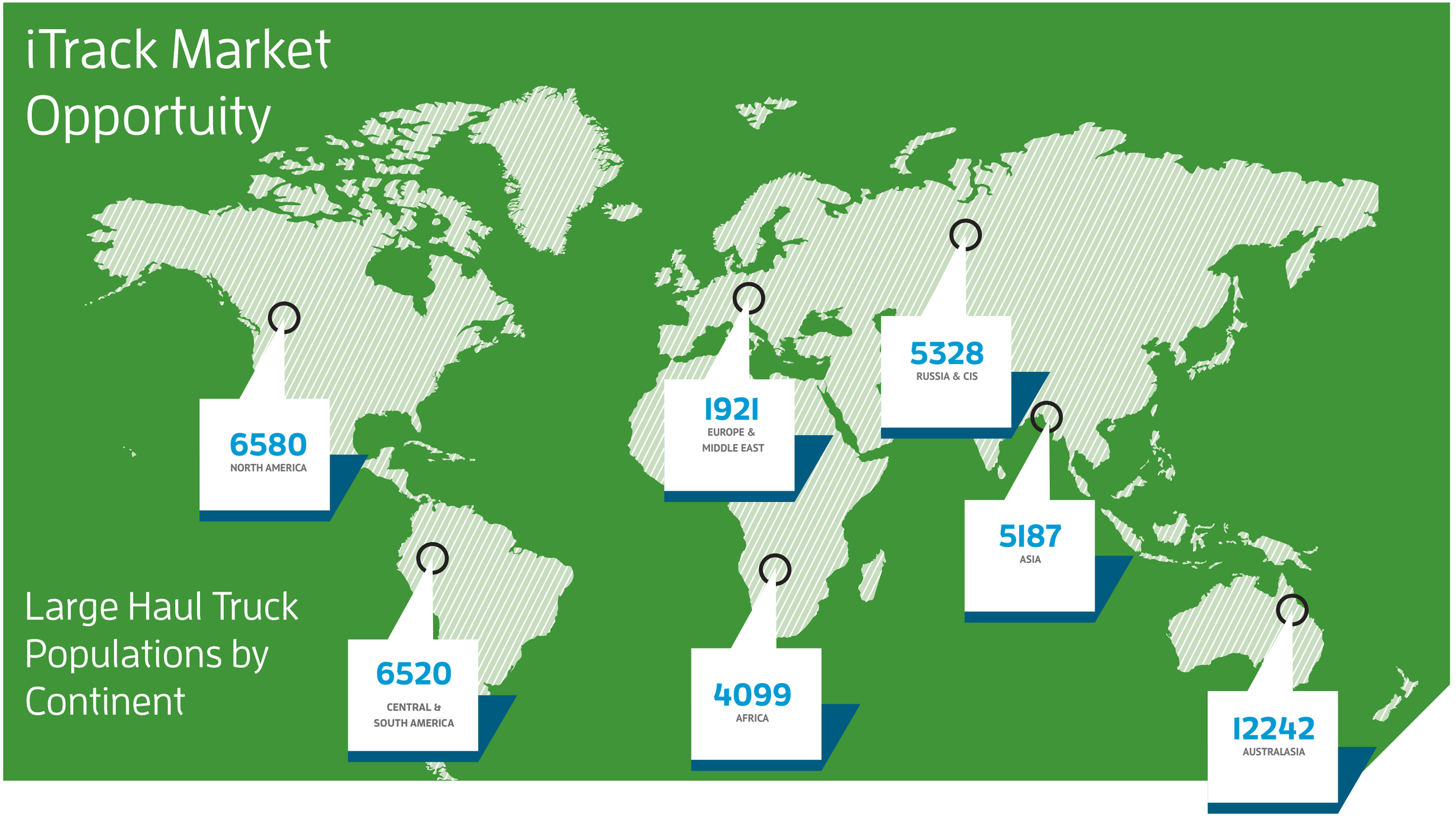
Keep your employees and assets safe.
A Geo-fence is a predetermined area or boundary that is set for a particular vehicle fitted with iTrack. If the vehicle crosses that virtual boundary or geo-fence area, then the tracking software can alert you. The system allows for multiple concurrent geo-fence zones to be defined to ensure that vehicles are only operating in approved areas, further increasing the safety of the mine.

MobiTrack

Translogik's new mobile application for Android.

- Check tyre status quickly by the side of the vehicle with no need to gain access to the cab.
- Configure iTrack systems & update tyre positions.
- Settings such wheel layout/numbering, vehicle registration, in-cab warning levels, and enabling/disabling atmospheric pressure compensation can be accessed through the MobiTrack configuration.

iTrack Market Opportuity



Large Haul Truck Populations by Continent

There are over 40,000 large mine trucks in operation around the world, which alone represents a potential annual iTrack rental market of **£140m**. Including large ancillary vehicles this number rises to 100,000.

iTrack data has allowed mines to run vehicles **20% faster** on avaerage than before – a significant gain for production.

Major iTrack partners & customers

iTrack is now used by some of the world's largest mining companies, and marketed and supported by mine service providers with global reach.

bhpbilliton

OTRACO Global Tyre Management

CODELCO

GLENCORE

ANGLO AMERICAN

BMA BHP Billiton Mitsubishi Alliance

"Real time monitoring of the temperature and pressure of our tyres allows us to manage our fleet of trucks in a way that directly increases the productivity of the mine. We are also able to reduce our costs by increasing tyre life and preventing breakdowns such as thermal separations without actually stopping the equipment. The rental option allows us these benefits as an Operational Cost which was an important factor in our choice of iTrack."

iTrack Operator in Chile.

Tyre Inspection Probes

Translogik's range of tread depth & tyre pressure probes provide fast, accurate, reliable data on the condition of tyres wirelessly

Key Features

- Wireless tyre pressure measurement
- Wireless tread depth measurement
- Accurate data capture via Bluetooth
- Rechargeable
- Lightweight
- Rugged Construction

60%*

* The average time saved carrying out an inspection with a probe compared to a manual inspection

Increase Tyre Life

By ensuring tyres are correctly inflated using fast, accurate, wireless data provided by Translogik's solutions

Improve Safety

By ensuring that tyres are managed correctly,and gaining early warning of potential tyre failure, accidents caused by blowouts or delaminations can be reduced.

Reduce Fuel Costs

By ensuring tyres are correctly inflated using fast, accurate, wireless data provided by Translogik's solutions

iProbe+

Customer Integration

Translogik works closely with its global partners to integrate the probes into their tyre management systems, providing technical development support to some of the largest companies in the tyre industry.

The ability to provide customers with accurate tyre data is a significant value-add to retailers and service providers.

Translogik is seeing increased levels of interest in the probes from the passenger car tyre market, which opens up a significant new revenue stream.

Below are a few of the companies currently using the probes.

BRIDGESTONE

Continental

DUNLOP TIRES

GOODYEAR

REMA TIP TOP

SQUARERIGGER SOFTWARE

MICHELIN

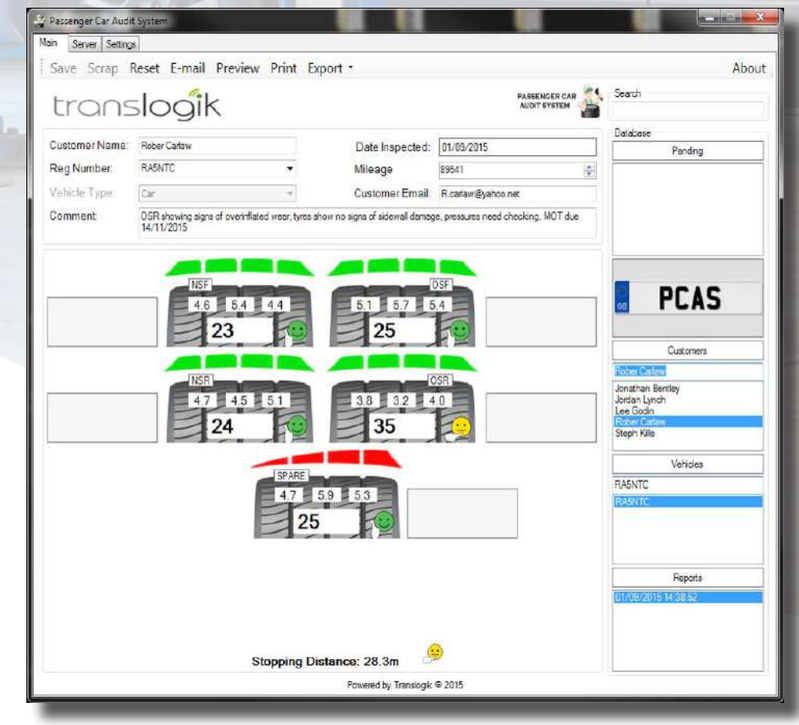
PIRELLI

BOSCH
Invented for life

PCAS – Passenger Car Audit System

In around one minute a technician is able to use the PCAS system to perform a full inspection on a 4-wheel vehicle. The data is automatically transmitted via Bluetooth to the workstation ensuring the data is accurate and error-free, for superb ease of use.

- Simplicity & clarity make it effective
- Provides clear customer understanding
- Promotes good procedure and best practice
- Improves closing rates
- Rapid return on investment
- Digital data stored for easy re-marketing



SAWSense is focused on commercialising the Group's valuable intellectual property, in association with its partners and licensees, in the automotive, industrial and motorsport markets.

Automotive

Multiple Applications

There is a global demand to improve vehicle fuel efficiency which is driven by decreasing oil reserves and the desire to reduce greenhouse gasses. Examples of how this can be achieved is by direct control of driveline torque rather than using mathematical models and by replacing Hydraulic Power Assisted Steering (HPAS) with Electric Power Assisted steering (EPAS) which is only applied when needed. Unlike evolutionary changes, replacing one type of sensor with another, driveline torque sensing is considered a revolutionary change by automotive manufacturers.

Torque driveline

SAWSense is currently working with several large multi-nationals on automotive applications of the Company's technology. It has already been made public that SAWSense is working in partnership with General Motors on a torque driveline project, but as previously discussed this application is seen by automotive manufacturers as a revolutionary change and they are cautious regarding the release of information. However we can say that we are working with several other automotive manufacturers in the US and Europe and are currently at various stages of product validation.

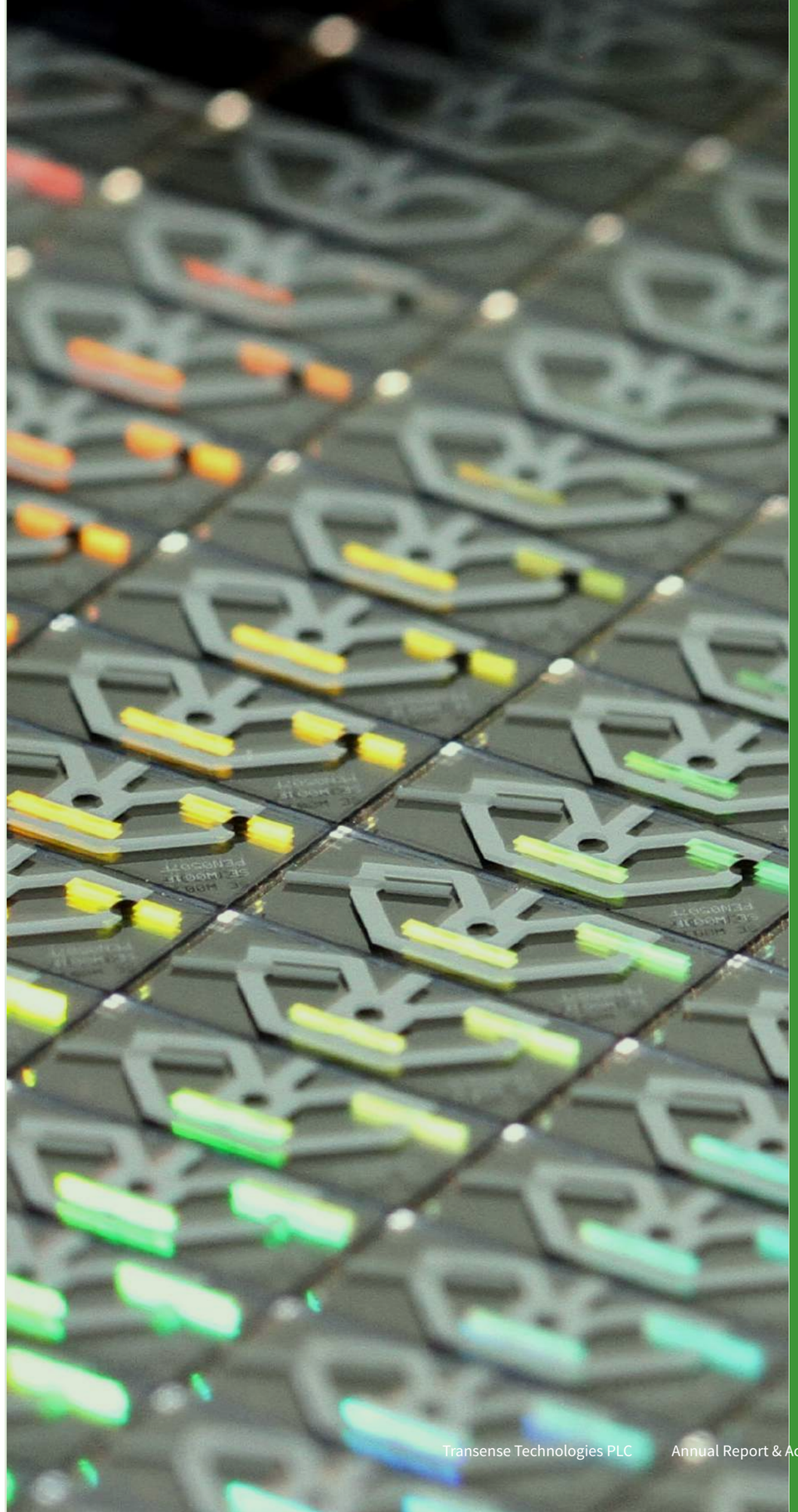
EPAS

There has been a transition in the automotive industry for many years moving away from HPAS towards the use of EPAS. The benefit of using a SAW based non-compliant sensor is that there does not need to be major mechanical or material modifications to the steering shaft. SAW sensors are also unaffected by magnetic fields. This is often a problem if the sensor is placed close to an electric motor. SAWSense are currently working on an EPAS project which is hoped to begin commercialisation in 2015.

18,000rpm

The speed the Transense SAW sensor has to operate at while attached to the drive shaft in a McLaren F1 car

Image (right) shows a Transense SAW wafer



Torque

Temperature

Pressure

Non-automotive
Large diameter shaft

The initial focus of the Company was automotive but following the increasing interest in the technology for non-automotive applications SAWSense has re-developed and adapted Its torque sensor technology for several niche applications. One of the first projects was to develop a sensor for use on large diameter shafts. This was a European FP7 funded project named “Intelwind” and SAWSense were part of a consortium of 9 companies. The project objective was to develop a condition monitoring system which included a torque sensor for wind turbines. The product developed under this project could also be used be used for other large diameter shaft applications such as marine and static engines for power generation and pumping.

Industrial
Wind Turbine

As an alternative to exploring individual markets SAWSense is currently working with a major European manufacturer who supplies product to all of these applications. Our patented SAW technology is currently being industrialised by the customer with commercialisation expected in 2015

There has also been interest from European and North American customers in our torque technology for use in avionic applications. This has necessitated further adaptation of the technology for this harsh environment. Combined with aggressive timescales in avionic terms this has presented yet another set of challenges for the Transense engineering team.

Motorsport
Torque & TPMS

Interest in the technology is increasing in this niche market. TPMS systems continue to be marketed by our licensee Stack and their parent company Autometer who are located in the US. As part of the Joint Development Agreement (JDA) with McLaren signed in August 2011 and following on from the success of the KERS project, Transense is continuing to manufacture torque sensor shafts for Indycar. These torque sensors are used across the Indycar grid to marshal the engine output power.

The following Youtube link shows the component and description of its use:

www.youtube.com/watch?v=Oodd1zmkvzU

> “There has also been interest from European and North American customers in our torque technology for use in avionic applications”

The Inherent Benefits of SAW Sensor Technology

Surface Acoustic Wave (SAW) resonant sensor systems have been the subject of development by Transense Technologies over the past 15 years for a variety of measurement applications. First it may be useful to review the basic technology and physical characteristics of the system:

SAW Technology:

SAW devices, as deployed by Transense, are realised as crystalline quartz substrates (dies) typically 6 x 4 mm by 350 microns thick. On each die up to 3 resonators, with natural frequencies around 433MHz, are laid down in thin film aluminium, using photo-lithographic techniques. Each resonator comprises a central inter-digitated transducer (IDT) with a series of reflecting strips distributed on either side. Overall resonator dimensions are 2 to 3 mm long x 0.3 to 0.4 mm wide. The spacing between individual features in the IDT and reflectors is of the order of 2 microns so you need a microscope to resolve the fine detail. SAW resonators respond to both mechanical and thermal strain by changing their natural frequency of vibration.

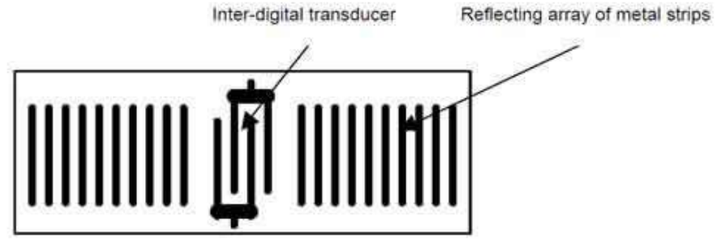
In practice, Transense SAW dies are either bonded directly to structural components to sense local strains or packaged inside small stainless steel buttons. The buttons, typically 11 mm diameter by 3 mm thick, are then either bonded or welded to structural components. Because the resonators would be adversely affected by dust or contamination, it is preferable to use hermetically sealed button packages in most automotive or industrial sensing applications.

The piezo-electric nature of crystalline quartz means that an oscillatory electrical input to the IDT will induce a mechanical vibration (SAW) on the surface of the die. Further, when the electrical input signal is stopped, vibration of the SAW resonator at its natural frequency persists for perhaps 20 micro seconds and a portion of that mechanical energy will be converted, due to the piezo-electric effect, back into an electrical signal at the IDT.

Transense have developed SAW Interrogation Units (SIU) comprising patented electronic hardware and embedded software. The SIU generates a radio frequency (RF) pulse which is transmitted to the IDT of the SAW sensor, exciting the resonator into mechanical vibration. When the interrogation signal is paused, the SAW resonator “rings” at its natural frequency. The returning (back scattered) electrical signal is received by the SIU, which analyses it determining the natural frequency of the SAW sensor and hence the surface strain on the die.

Interrogation can be via wired connections or by non-contacting means - either a broadcast radio signal or by use of RF couplers. A coupler comprises a stator and a rotor which may be a pair of disks or a pair of co-axial cylinders. The rotor is mounted directly to the structural component and rotates with it. It carries a 360° microstrip which is wired to the SAW sensor. The stator is mounted to the chassis side and, as its name suggests, does not rotate. It too carries a 360° microstrip, which faces its partner on the rotor, and is wired to the SIU. Electromagnetic coupling allows transmit / receive signals to pass between the couplers so the SIU can interrogate the SAW sensor.

By mounting 3 resonators in specific locations and directions on a single SAW die, it is possible to determine both mechanical strain and temperature independently. The mechanical strains may be directly converted, via traceable calibration standards, into engineering parameters, such as pressure or force or torque, depending on the design of the sensor button and its mounting orientation on the structural component, eg shaft or disk. The accurate sensing of temperature, on the same die, enables these parameters to be temperature compensated over the range -40°C to 125°C and significantly higher for specialist applications.



Benefits of SAW Technology

The principal benefits of Transense resonant SAW sensing systems are the abilities to measure engineering parameters such as torque, pressure and temperature on rotating components wirelessly and passively - that is to say no power has to be separately applied to the sensor as it gets the energy to excite the SAW and transmit its response from the interrogating RF pulse.

As a result, torque measurement in automotive powertrains and electric power assisted steering (EPAS) systems, or pressure measurement in car or truck tyres, or dynamic torque / force / pressure / temperature measurement in industrial applications, is straightforward in principle.

Conventional strain sensing technologies, eg. foil strain gauges applied to components in order to sense torque, require either direct wired connections with slip rings to enable transmission of power and signal across the rotary / stationary boundary, or on-board electronics comprising typically a battery, local signal conditioner and receive / transmit radio components.

Even when the battery is replaced by a kinetic energy harvesting device, there still needs to be energy storage (small rechargeable battery or capacitor) on the component with attendant weight and cost.

Further SAW benefits include:

Low Mass: a typical Torque or TPMS button package weighs 2 grams. This is very beneficial in motorsport applications where every gram counts.

Small Size: enables the addition of one or two buttons to existing components such as shafts or disks with only minimal intrusion or modification. Modern automobile engines, transmissions and drivelines are engineered to minimum size and weight so that free space is always a rare commodity.

No Special Material required for the component: Again the structural materials in modern automotive designs are optimised for strength, fatigue life and cost. The only requirement for an effective SAW sensor is that the material be elastic, ie. free from plastic deformation in use, which is the normal specification for any structural component.

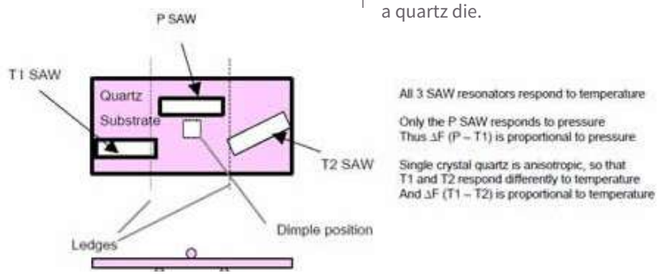
No Sensitivity to Magnetic Fields: Many automotive applications require that torque sensing is required in proximity to electric motors and solenoids. In addition the earth's magnetic field varies with altitude and proximity to mountains.

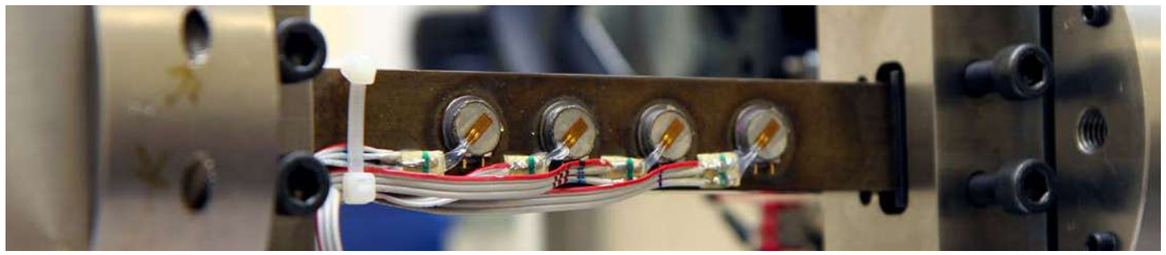
Mechanically Rugged: In manufacturing environments, components may be knocked or dropped applying high shock loads. In service, high speed rotation involves very high centripetal forces often thousands of "g". Also in service significant vibration levels may be present. SAW sensors have demonstrated considerable tolerance to these loadings.

Good Dynamics: SAW sensors can be sampled at 2 kHz enabling for example, torque measurement in engines and powertrains every few degrees of shaft or disk rotation (eg. every 3 degrees at 1000 rpm).

Good Measurement Accuracy: SAW torque sensors can deliver better than 1% of full scale accuracy over the temperature range -40°C to +125°C together with low hysteresis and drift.

Cost Effective: A typical Transense SAW torque or TPMS button is an intrinsically low cost device. It contains no electronic components, just a stainless steel can and a quartz die.





The above resonant SAW sensor system benefits are not all achieved by the competing torque sensing magneto-elastic (M-E) technologies. In these systems, a shaft is magnetised or has a magnetic ring fitted tightly or deposited thereon. Surrounding the shaft, a sense coil detects changes in the magnetic field within the shaft or ring from which the torque in the shaft may be determined.

M-E sensors are susceptible to unwanted magnetic fields, however they can be shielded. Where the shaft itself is magnetised then there are special material requirements. Mechanical knocks can cause changes in the shaft's magnetisation. There are also practical minimum coil size issues, axial lengths are typically 30 - 50 mm. Achieving low hysteresis and zero stability are significant measurement challenges.

Conclusions:

This article has reviewed resonant SAW sensing technology as developed and applied by Transense Technologies plc.

In principle, RF pulses, circa 433MHz, excite SAW resonators deposited on a piezo-electric quartz die, which ring at a natural frequencies determined by the mechanical and thermal strain applied to it by the component on which it is mounted. The back scattered RF signals can be analysed to measure the frequencies and determine the mechanical strain and temperature.

Resonant SAW sensing systems are particularly relevant to measuring dynamic engineering parameters, especially on rotating components, eg. pressure in tyres and torque in powertrains.

There are a number of other benefits including small size and mass, good measurement performance over a wide temperature range and dynamic band and tolerance to extraneous loads and stray magnetic fields.

Transense resonant SAW sensing systems compare favourably with competing strain sensing technologies.

Article written by Dr. Ray Lohr

Graham Storey
Group CEO

6th October 2015

Benefits of SAW:

Low Mass

Small Size

Mechanically Rugged

Statement of corporate governance

The Company is quoted on the AIM Market of the London Stock Exchange and is therefore not required to comply with the provisions of the UK Corporate Governance Code. Nevertheless, by continuous review, the Company ensures that proper standards of corporate governance are in operation and the principles of the Combined Code are followed so far as is practicable and appropriate given the size and nature of the Company.

A statement of the Directors' responsibilities in respect of the financial statements is set out on page 48. Below is a brief description of the role of the Board and its Committees.

The Board

The Board, which presently consists of three executive and two non-executive Directors, meets regularly throughout the year and receives timely information in a form and of a quality appropriate to enable it to discharge its duties.

Non-executive Directors are not appointed for specified terms nor have an automatic right of reappointment.

Directors are subject to election by shareholders at the first AGM after their appointment and to retirement by rotation and re-election by shareholders in accordance with the Articles of Association whereby one third of the Directors retire every year or, where there is not a multiple of three, the number nearest to but not exceeding one third retire from office.

Audit and Risk Committee

The Audit and Risk Committee is under the Chairmanship of Rodney Westhead, with Nigel Rogers also sitting. The Committee meets at least twice a year and has adopted terms of reference which give it responsibility for reviewing a wide range of financial matters. The Committee advises the Board on the appointment of external auditors and it discusses the nature and scope of their work.

Nomination Committee

Given its relatively small size, the Board as a whole fulfils the function of the Nomination committee.

Remuneration Committee

The policy on Directors' remuneration is formulated by the Remuneration Committee, which consists of Nigel Rogers as Chairman and Rodney Westhead. The Committee is responsible for determining the contract terms, remuneration and other benefits of the executive Directors. The non-executive directors' salaries are reviewed and set by the Board.

The report of the Remuneration Committee is set out on pages 42 to 44 below.

Accountability, Internal Control and Risk Management

The Directors consider that these financial statements, reports and supplementary information present a fair and accurate assessment of the Company's position and prospects.

Statement of corporate governance *(continued)*

Going Concern

The financial report has been prepared on the going concern basis. The Group has made a loss for the year of £3,120,000 (2014: Loss of £1,036,000). The Group has Accumulated Losses of £22,994,000 (2014: Accumulated Losses of £19,882,000). The balance of cash and cash equivalents at 30 June 2015 is £472,000 (2014: Cash and cash equivalents £3,082,000). During June and July 2015 the Company embarked on a successful fundraising by way of a placing and offer for subscription. The fundraising resulted in the introduction of new funds totalling £2.5m (net), which was received in July & August 2015.

The Group meets its day to day working capital requirements through existing cash reserves and does not currently have an overdraft facility. The Directors have prepared cash flow forecasts for the period to 31 December 2016. These forecasts indicate that the Group will continue to be able to operate within its current cash resources for the foreseeable future.

Internal Financial Control

The Board is responsible for the Group's system of internal control including financial, operational and compliance controls and risk management, and for reviewing its effectiveness. The Board has introduced procedures designed to meet the particular needs of the Group in managing the risks to which it is exposed, consistent with the guidance provided by the Turnbull Committee. These procedures include an annual review of the significant risks faced by the Group and an assessment of their potential impact and likelihood of occurrence. The Board is satisfied with the effectiveness of internal controls but, by their very nature, these procedures can only provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board has reviewed the need for an internal audit function. The Board has decided that, given the nature of the Group's business and assets and the overall size of the Group, the systems and procedures currently employed provide sufficient assurance that a sound system of internal control, which safeguards shareholders' investment and the Group's assets, is in place. An internal audit function is therefore considered unnecessary.

Remuneration report

Remuneration Policy

The remuneration policy is to ensure that all staff, including the executive Directors, are adequately motivated and rewarded in relation to companies of similar size and type.

The salaries paid compare adequately with the salaries of Directors and senior executives in public companies in similar development situations. Although a bonus scheme was in place during the year no bonuses were awarded to the Directors.

The Remuneration Committee can also grant options over ordinary shares under its Enterprise Management Incentive Option Schemes (EMI) and options granted outside Company schemes, but approved by shareholders. These schemes potentially offer long term incentives to Directors and key personnel.

In addition to the vote to be held on this Remuneration Report, shareholders will be given the opportunity to question the Remuneration Committee Chairman, Nigel Rogers, on any aspect of the Company's remuneration policy.

The Board as a whole sets the remuneration of the non-executive Directors, which consists of fees for their services in connection with Board and Board Committee meetings. The non-executive Directors are not eligible for pension scheme membership, but they are eligible to participate in the Company's Unapproved Directors Share Option Scheme (UDSOS).

Each element of remuneration paid to all Directors is shown in detail below.

Base Salary and Benefits

The base salaries for the executive Directors are reviewed annually, but not necessarily increased, by the Remuneration Committee. Salary increases based on performance may be made.

Salaries including board members were not changed during the year.

Executive Share Option Schemes

The Committee considers that potential for share ownership and participation in the growing value of the Group increases the commitment and loyalty of Directors and senior executives.

Directors' Pension Policy

All executive Directors are entitled to enter, and are members of, the Company's defined contribution pension scheme, to which the Company contributes the equivalent of 10% of their basic salary. Executive Directors participate in the Company's pension scheme on the same basis as other full time employees, but did not choose to participate in the scheme during the year ended 30 June 2015.

Remuneration report *(continued)*

Service contracts

The notice period required by either the Company or Graham Storey, David Ford or Melvyn Segal to terminate their contracts is 12 months;

There is no notice period with respect to Rodney Westhead's contract;

There is a 3 month notice period with respect to Nigel Rogers Contract;

If the Company terminates without notice, the individual is entitled to a payment in lieu of notice being the value of the maximum notice period in his contract.

In the event of termination for unsatisfactory performance (if necessary decided by an independent tribunal) or for reasons of misconduct, no compensation is payable.

Directors' Emoluments

Information on Directors' emoluments is as follows:

This table excludes the fair value of Directors' share based payment options as defined by International Financial Reporting Standard (IFRS) 2. Details of all options granted to Directors are shown on page 44.

Information on directors' emoluments is as follows:

					Total emoluments	
	Basic Salary £	**Fees** £	**Benefits** £	**Pension** £	**12 Months ended 30 June 2015** £	12 Months ended 30 June 2014 £
Executive directors						
G Storey	158,400	-	3,598	-	**161,998**	160,215
M Segal	106,250	-	1,843	-	**108,093**	91,822
D Ford	109,050	-	2,750	-	**111,800**	110,632
Non-executive directors						
D Kleeman	-	10,000	-	-	**10,000**	21,667
R Westhead	12,600	-	-	-	**12,600**	12,500
Total 2015	**386,300**	**10,000**	**8,191**	**-**	**404,491**	
Total 2014	367,937	21,667	7,232	-	396,836	

Remuneration report *(continued)*

Share based payment options have been granted under EMI for executive Directors and under the Unapproved Directors Share Option Scheme (UDSOS) for Non Executives. The details of these are set out below:

The options can only be exercised once the share price has met or exceeded the hurdle price at any point since the date of grant of the option.

	At 1 July 2014	At 30 June 2015	Earliest exercise date	Exercise price per share	Hurdle price per share
Directors' interests in the UDSOS were:					
G Storey	805,000	805,000	22/12/12	4p	9p
Directors' interests in the EMI were:					
G Storey	3,195,000	3,195,000	22/12/12	4p	9p
G Storey	2,000,000	2,000,000	01/03/14	4p	9p
D Ford	3,195,000	3,195,000	22/12/12	4p	9p
D Ford	305,000	305,000	01/03/14	4p	9p
M Segal	1,500,000	1,500,000	02/08/14	10.25p	20p

Share price performance

The share price performance is disclosed in the Directors' Report on page 46.

On behalf of the Board

N F Rogers
Remuneration Committee
6th October 2015

Directors' report

The Directors present their annual report and audited financial statements for the year ended 30 June 2015.

Business activities, review of the business and future developments

Translogik, a trading division of Transense, was formed in April 2009 and the principal activities of this division includes the provision of tyre management solutions for the truck and OTR markets, by developing, manufacturing and selling of specialist Tyre probes and TPMS monitoring solutions and associated technologies.

The Company continues the development of non-contact batteryless sensors and their electronic interrogation systems for measuring pressure, temperature and torque in automotive applications and extending that to various, non-automotive, industrial applications with regards the electronic interrogation. These activities continue to be carried out by our SAWsense division.

Following the formation of IntelliSAW, a trading division of Transense, the principal activities of the group were further extended to include the provisions of electrical switchgear management.

A review of the Company's business and research and development activities for the year together with developments since the year end and for the future is included in the Chairman's and CEO's and Statements on pages 8 to 13.

Results and Dividends

The results for the year ended 30 June 2015 show a loss of £3,120,000 (30 June 2014: £1,036,000 loss). The Directors do not recommend the payment of a dividend (30 June 2014: £nil).

Directors

The present Directors are listed on pages 18 and 19.

There are no contracts of significance in which the Directors had a material interest during the year.

Substantial Shareholdings

At 30 June 2015, the following substantial shareholdings of 3% or more of the Company's share capital have been notified to the Company:

	Ordinary shares of 1p each	**%**
John Peter Lobbenberg	40,115,689	13.6
TD Direct Investing Nominees (Europe) Limited	26,869,419	9.1
Hargreaves Landsdown (Nominees) Limited	25,733,630	8.7
Nortrust Nominees Limited*	20,000,560	6.8
Rock (Nominees) Limited	18,235,008	6.2
Barclayshare Nominees Limited	16,819,541	5.7
HSDL Nominees Limited	12,821,728	4.3
Octopus Investments Nominees Limited	11,475,086	3.9
Lynchwood Nominees Limited	9,565,333	3.2

* Legal & General Investment Management Limited holds 20,000,000 of the Nortrust Nominees holding.

Directors' report *(continued)*

Directors' interests

The number of shares in the Company in which the current Directors were deemed to be interested at the beginning and end of the period, all of which are beneficially held, were as follows:

	Ordinary shares of 1p each	
	30 June 2015	1 July 2014
G Storey	3,934,353	3,934,353
R J Westhead	282,777	282,777
D Ford	277,777	277,777
M Segal	1,144,444	1,144,444

Share price

The mid price of the shares in the Company at 30 June 2015 was 1.55p (30 June 2014: 6.25p) and the range during the period was 0.90p to 6.50p (30 June 2014: 5.25p to 10.12p).

Share based payment option schemes

The Remuneration Committee is responsible for the operation and administration of the Company's UDSOS and EMI Schemes. In an increasingly competitive market the Committee regards the provision of options as an important incentive for other members of staff as well as Directors.

Details of share based payment options granted to Directors are disclosed in the Remuneration Report on page 44.

Financial Instruments

The Directors adopt a low risk financial objective. The financial instruments are denominated in sterling, euros and US dollars and the Group does not trade in derivative instruments, (see note 26 to the financial statements).

Indemnification of Directors

Qualifying third party indemnity provisions (as defined in Section 413 of the Companies Act 2006) are in force for the benefit of the Directors who held office during 2014/15.

Policy and practice on payment of suppliers

The Group's policy is to settle the terms of payment with suppliers when agreeing the terms of each transaction and then abide by these terms. At 30 June 2015 trade creditors represented 33 days' purchases (30 June 2014: 59 days).

Disclosure of information to auditor

The Directors who hold office at the date of approval of this Directors' report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' report *(continued)*

Auditors

In accordance with Section 489 of the Companies Act 2006, a resolution to appoint KPMG LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

D M Ford
Chairman

G Storey
CEO

1 Landscape Close
Weston on the Green
Oxon
OX25 3SX

6th October 2015

Statement of directors' responsibilities in respect of the Strategic Report, Directors' Report and the Financial Statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange they are required to prepare the group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent company financial statements on the same basis.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

KPMG LLP
Arlington Business Park
Theale
Reading
RG7 4SD
United Kingdom

Independent Auditor's report to the members of Transense Technologies plc

We have audited the financial statements of Transense Technologies plc for the year ended 30 June 2015 set out on pages 51 to 80. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 48, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2015 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's report to the members of Transense Technologies plc
(Continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Peter Selvey (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Arlington Business Park
Theale
RG7 4SD

7th October 2015

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2015

	Note	**Year ended 30 June** **2015**	**2015**	Year ended 30 June 2014 Restated*	2014 Restated*
		£000	**£000**		£000
Continuing operations					
Revenue	4		**1,248**		3,370
Cost of sales			**(409)**		(860)
Gross profit			**839**		2,510
Administrative expenses					
Bad debt		**(357)**		(8)	
Other administrative expenses		**(2,683)**		(2,682)	
			(3,040)		(2,690)
Operating loss			**(2,201)**		(180)
Financial income	10		**74**		62
Loss before taxation			**(2,127)**		(118)
Taxation	11		**48**		75
Loss from continuing operations			**(2,079)**		(43)
Discontinued operations					
Loss from discontinued operation	5		**(1,041)**		(993)
Loss for the year			**(3,120)**		(1,036)
Basic and fully diluted loss per share (pence)	25		**(1.06)**		(0.38)

*see note 5

There are no other recognised income or expenses in either period.

Notes to the financial statements are from pages 56 to 80.

Consolidated Balance Sheet
at 30 June 2015

	Note	**Year ended 30 June 2015**	**2015**	Year ended 30 June 2014	2014
		£000	**£000**	£000	£000
Non current assets					
Property, plant and equipment	12	**316**		153	
Intangible assets	14	**806**		906	
			1,122		1,059
Current assets					
Inventories	17	**584**		738	
Corporation tax		**45**		136	
Trade and other receivables	18	**1,323**		2,087	
Cash and cash equivalents	20	**472**		3,082	
		2,424		6,043	
Assets held for sale	6	**307**		-	
			2,731		6,043
Total assets			**3,853**		7,102
Current liabilities					
Trade and other payables	21	**(418)**		(638)	
Current tax liabilities		**(48)**		(44)	
		(466)		(682)	
Liabilities held for sale	6	**(79)**		-	
Total liabilities			**(545)**		(682)
Net assets			**3,308**		6,420
Equity					
Issued share capital	23		**9,779**		9,724
Shares to be issued			**-**		249
Share premium			**16,523**		16,329
Warrant reserve	29		**-**		-
Accumulated loss			**(22,994)**		(19,882)
Total equity			**3,308**		6,420

These financial statements were approved by the board of directors on 6th October 2015 and were signed on its behalf by:

D M Ford
Chairman

G Storey
CEO

Company registered number: 1885075

Notes to the financial statements are from pages 56 to 80.

Company Balance Sheet
at 30 June 2015

	Note	**Year ended 30 June 2015**	**2015**	Year ended 30 June 2014	2014
		£000	**£000**	£000	£000
Non current assets					
Property, plant and equipment	13	**291**		123	
Intangible assets	15	**806**		903	
Investments	16	**3**		3	
			1,100		1,029
Current assets					
Inventories	17	**584**		738	
Corporation tax		**45**		136	
Trade and other receivables	18	**1,309**		2,087	
Cash and cash equivalents	20	**415**		3,017	
		2,353		5,978	
Assets held for sale	6	**249**		-	
			2,602		5,978
Total assets			**3,702**		7,007
Current liabilities					
Trade and other payables	21	**(408)**		(643)	
Current tax liabilities		**(40)**		(43)	
		(448)		(686)	
Liabilities held for sale	6	**(102)**		-	
Total liabilities			**(550)**		(686)
Net assets			**3,152**		6,321
Equity					
Issued share capital	23		**9,779**		9,724
Shares to be issued			**-**		249
Share premium			**16,523**		16,329
Warrant reserve	29		**-**		-
Accumulated loss			**(23,150)**		(19,981)
Total equity			**3,152**		6,321

These financial statements were approved by the board of directors on 6th October 2015 and were signed on its behalf by:

D M Ford
Chairman

G Storey
CEO

Company registered number: 1885075

Notes to the financial statements are from pages 56 to 80.

Statement of Changes in Equity

Group

	Share Capital £000	Share premium £000	Shares to be issued £000	Warrant reserve £000	Cumulative losses £000	Total equity £000
Balance at 1 July 2013	9,102	13,144	-	378	(19,232)	3,392
Loss for the year	-	-	-	-	(1,036)	(1,036)
Shares and warrants issued and share premium	622	3,185	249	-	-	4,056
Transfer between reserves	-	-	-	(378)	378	-
Share based payments	-	-	-	-	8	8
Balance at 30 June 2014	**9,724**	**16,329**	**249**	**-**	**(19,882)**	**6,420**
Loss for the year	-	-	-	-	(3,120)	(3,120)
Shares and warrants issued and share premium	-	-	-	-	-	-
Transfer between reserves	55	194	(249)	-	-	-
Share based payments	-	-	-	-	8	8
Balance at 30 June 2015	**9,779**	**16,523**	**-**	**-**	**(22,994)**	**3,308**

Company

	Share Capital £000	Share premium £000	Shares to be issued £000	Warrant reserve £000	Cumulative losses £000	Total equity £000
Balance at 1 July 2013	9,102	13,144	-	378	(19,291)	3,333
Loss for the year	-	-	-	-	(1,076)	(1,076)
Shares and warrants issued and share premium	622	3,185	249	-	-	4,056
Transfer between reserves	-	-	-	(378)	378	-
Share based payments	-	-	-	-	8	8
Balance at 30 June 2014	**9,724**	**16,329**	**249**	**-**	**(19,981)**	**6,321**
Loss for the year	-	-	-	-	(3,177)	(3,177)
Shares and warrants issued and share premium	-	-	-	-	-	-
Transfer between reserves	55	194	(249)	-	-	-
Share based payments	-	-	-	-	8	8
Balance at 30 June 2015	**9,779**	**16,523**	**-**	**-**	**(23,150)**	**3,152**

Consolidated and Company Cash Flow Statement
For the year ended 30 June 2015

	Note	Group		Company	
		Year ended 30 June 2015	Year ended 30 June 2014	**Year ended 30 June 2015**	Year ended 30 June 2014
			Restated*		Restated*
		£000	£000	**£000**	£000
Loss before taxation		**(2,127)**	(118)	**(3,267)**	(1,181)
Adjustments for:					
Financial income	10	**(74)**	(62)	**(74)**	(62)
Depreciation	12,13	**88**	58	**67**	42
Amortisation of intangible assets	14,15	**160**	162	**160**	162
Share based payment	22	**8**	8	**8**	8
(Loss)/profit on discontinued operation	5	**(1,041)**	(993)	**42**	30
Operating cash flows before movements in working capital		**(2,986)**	(945)	**(3,064)**	(1,001)
Decrease/(increase) in receivables	18	**764**	(1,647)	**778**	(1,647)
(Decrease)/increase in payables	21	**(216)**	150	**(238)**	158
Decrease /(Increase) in inventories	17	**154**	(423)	**154**	(423)
Cash used in operations		**(2,284)**	(2,865)	**(2,370)**	(2,913)
Taxation recovered		**139**	(7)	**139**	(8)
Net cash used in operations		**(2,145)**	(2,872)	**(2,231)**	(2,921)
Investing activities					
Interest received	10	**74**	62	**74**	62
Acquisitions of property, plant and equipment	12,13	**(251)**	(74)	**(235)**	(70)
Acquisitions of intangible assets	14,15	**(60)**	(79)	**(63)**	(79)
Assets/Liabilities held for sale	6	**(228)**	-	**(147)**	-
Net cash used in investing activities		**(465)**	(91)	**(371)**	(87)
Financing activities					
Proceeds from issue of equity share capital and warrants	23	**-**	4,056	**-**	4,056
Net cash from financing activities		**-**	4,056	**-**	4,056
Net (decrease)/increase in cash and cash equivalents		**(2,610)**	1,093	**(2,602)**	1,048
Cash and equivalents at the beginning of year		**3,082**	1,989	**3,017**	1,969
Cash and equivalents at the end of year	20	**472**	3,082	**415**	3,017

*see note 5

Notes to the Financial Statements

1 General Information

Transense Technologies plc (the "Company") is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 2. The consolidated financial statements of the Company as at and for the year ended 30 June 2015 comprise the Company and its subsidiaries (together referred to as "the Group" and individually as "Group entities"). The nature of the Group's operations and its principal activities are discussed in the business review on page 45.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates.

2 Basis of preparation

Both the Parent Company financial statements and the Group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). On publishing the Parent Company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual statement of comprehensive income and related notes that form a part of these approved financial statements.

Going Concern

The financial statements have been prepared on a going concern basis, which the Directors believe to be appropriate for the reason below.

At 30 June 2015, the Group had net assets of £ 3.3 million and a positive cash balance of £ 0.5 million.

The Group meets its day to day working capital requirements through existing cash reserves and does not currently have an overdraft facility. The Directors have prepared cash flow forecasts for the period to 31 December 2016. These forecasts indicate that the Group will continue to be able to operate within its current cash resources for the foreseeable future and reflects the June and July 2015 fundraising which introduced new funds net of fees £2.5m into the company.

3 Accounting policies

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these consolidated financial statements.

There were no new standards, amendments to standards or interpretations that were mandatory for the first time for the financial year beginning 1 July 2014 that resulted in any material impact on the Groups 2015 consolidated financial statements.

The following Adopted IFRSs have been issued but have not been applied in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

- IFRS 9 Financial Instruments (effective date to be confirmed).
- IFRS 14 Regulatory Deferral Accounts (effective date to be confirmed).
- IFRS 15 Revenue from Contract with Customers (effective date to be confirmed).
- Defined Benefit Plans: Employee Contributions – Amendments to IAS 19 (effective date to be confirmed).
- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 (effective date to be confirmed).
- Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38 (effective date to be confirmed).
- Agriculture: Bearer Plants – Amendments to IAS 16 and IAS 41 (effective date to be confirmed).
- Equity Method in Separate Financial Statements – Amendments to IAS 27 (effective date to be confirmed).
- Sale or Contribution of Assets between and Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (effective date to be confirmed).

Notes *(continued)*

3 Accounting policies *(continued)*

Significant accounting judgements and sources of estimation uncertainty

The accounting policy descriptions set out areas where management make certain judgements and estimations. The key areas that might have a significant risk of causing material adjustment within the next financial year are as follows:

- Management have considered the basis of preparation as disclosed in note 2.
- Estimations focus on areas such as carrying values, values in use and estimated lives of intangible assets;
- Determining when intangible assets are impaired is a judgement which requires an estimate of the value in use of the asset based on management's best estimate of the future cash flows that the assets are expected to generate. This requires significant judgement as there are limited historic cash flows to base the future cash flows on. Discussions are held within the Company between the relevant technical, commercial and finance employees on the expected future cash flows of patents in individual territories; and
- Judgement is applied when patent costs are reviewed in particular relating to patents in territories that were not integral to the future business plans.

Measurement convention

The financial statements are prepared on the historical cost basis. Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Revenue recognition

Revenue is recognised to the extent that economic benefits will flow to the Group and the revenue can be reliably measured:

- Royalty income is recognised in the year in which the royalties have been earned;
- Engineering support income, being payments for support work to assist third parties in the development of the Group's technology for their own use, is recognised when the work is completed and invoiced; and
- Product sales to customers are recognised on customer acceptance of the goods.

Revenue represents sales to external customers at invoiced amounts net of VAT and other sales related taxes.

Segment reporting

As referred to in the Chairman's statement the Company is in discussions with a preferred bidder with respect to the sale of IntelliSAW, and as a result the Group now has two reportable segments being the unique trading divisions, SAWsense and Translogik, which make use of technology developed by the Transense group to measure and record temperature, pressure and torque.

The business revenues include royalties, engineering support and sale of product in relation to this technology.

Information regarding the Group's segments is included in the primary statements and notes to the financial statements. Revenue and EBITDA are the Group's key focus and in turn is the main performance measure adopted by management.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any provision for impairment.

Notes *(continued)*

3 Accounting policies *(continued)*

Depreciation of property, plant and equipment

Depreciation is charged to the statement of comprehensive income on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Plant and Equipment 3 – 5 years; and

Motor Vehicles 4 years

The assets' estimated residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Research and development

All new expenditure on research and development activities is recognised as an expense in the year in which it is incurred.

Historic expenditure on development activities has been capitalised and is being amortised over 10 years on a straight line basis.

Patent fees

Externally acquired patent fees are capitalised at cost and treated as an intangible asset. Amortisation is charged to administrative expenses in the statement of comprehensive income over the period to which the patent relates which is generally 15 to 20 years.

In the event that a patent is superseded and the original intellectual property is embedded in a new patent, the costs of that patent and the later patents are regarded as the costs of the original patent and amortised over the life of the new patent.

Any impairment in value is recognised immediately in the statement of comprehensive income.

Intangible assets and goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries and is the difference between the cost of the acquisition and the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its net selling price and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the asset does not generate cash flows that are largely independent from other assets, the recoverable amount is assessed by reference to the cash generating unit to which the asset belongs.

Whenever the carrying amount of an asset, or its cash generating unit, exceeds its recoverable amount, an impairment loss is recognised as an expense in the statement of comprehensive income.

Non-current asset investments

Investments classified as available for sale are measured at value through other comprehensive income.

An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through profit and loss. If the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit and loss.

Notes *(continued)*

3 Accounting policies *(continued)*

Investments in subsidiary undertakings

In the company's financial statements, investments in subsidiary undertakings are stated at cost unless, in the opinion of the directors, there has been an impairment to their value in which case they are immediately written down to their estimated recoverable amount.

Pension costs

Contributions to the Company's defined contribution scheme are charged to the statement of comprehensive income in the year to which they relate.

Operating lease agreements

Rental payments under operating leases are charged to the statement of comprehensive income on a straight line basis over the term of the lease.

Current taxation

The tax currently payable is based on taxable profit for the year. Taxable profit may differ from the net profit shown in the statement of comprehensive income because it excludes income or expenses that are taxable or deductible in other years and furthermore it might exclude other items that are never taxable or deductible.

Current tax is provided at amounts expected to be paid or recovered using tax rates and laws enacted or substantially enacted at the balance sheet date.

Deferred taxation

Deferred tax is provided in full, using the liability method. It represents the tax payable on temporary differences between the carrying amounts of assets and liabilities in the financial statements as compared to corresponding tax values used in the computation of taxable profit.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred tax assets and liabilities are measured using tax rates enacted or substantially enacted at the balance sheet date.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purposes only of the statement of cash flows.

Foreign currencies

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency Sterling at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve or non-controlling interest, as the case may be.

Share-based payment transactions

The Company issues equity settled share based payments to certain employees. Equity settled share based payments are measured at fair value at the date of grant. The fair value so determined is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest. The amount recognized as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is due only to share prices not achieving the threshold for vesting.

The fair value of services received in return for share options granted is measured by reference to the fair value of the share options. The estimate of the fair value of the services received is measured based on the Black-Scholes Option Pricing Model. This model takes into account the following variables: exercise price, share price at date of grant, expected term, expected share price volatility, risk free interest rate and expected dividend yield. Expected volatility is estimated by considering historic average share price volatility.

Notes *(continued)*

3 Accounting policies *(continued)*

Warrants

Fair value is measured using a Black-Scholes-Merton option pricing model. The key assumptions used in the model have been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Provisions

Provisions are recognised when the Group has a present obligation as result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure. Provisions are discounted if the effect of doing so is material. A pre-tax rate that reflects risks specific to the liability is applied to the expected cash flows.

Trade receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Loans receivable

Loans receivable are stated at their nominal value, less any impairment if the loan is not considered fully recoverable.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Lessor accounting

Leases in which a significant portion of the risks and rewards of ownership are transferred to the lessee are classified as finance leases. Revenue is recognised at the point of sale and interest is recognised in the income statement over the term of the lease.

Notes *(continued)*

4 Revenue and segmental reporting

The tables below sets out the Group's revenue split and operating segments.

Revenue

	Year ended 30 June 2015 £000	Year ended 30 June 2014 £000
Sale of goods	**927**	3,124
Royalties	**19**	**-**
Engineering support income	**302**	246
Total revenues	**1,248**	3,370

	Year ended 30 June 2015 £000	Year ended 30 June 2014 £000
North America	**316**	382
United Kingdom & Europe	**301**	532
Rest of the World	**631**	2,456
	1,248	3,370

Segments

Year ended 30 June 2015	**Translogik £000**	**Saw Sense £000**	**Total £000**
Sales	**922**	**326**	**1,248**
Gross Profit	**562**	**277**	**839**
Allocated Overheads	**(578)**	**(644)**	**(1,222)**
Contribution	**(16)**	**(367)**	**(383)**
Group Overheads			**(1,743)**
Loss from discontinued operations			**(1,042)**
Loss before taxation			**(3,168)**
Taxation			**48**
Loss for the year			**(3,120)**

Notes *(continued)*

4 Revenue and segmental reporting *(continued)*

***Segments** (continued)*

Year ended 30 June 2014	Translogik	Saw Sense	Total
	£000	£000	£000
Sales	3,031	339	3,370
Gross Profit	2,245	265	2,510
Allocated Overheads	(612)	(632)	(1,244)
Contribution	1,633	(367)	1,266
Group Overheads			(1,384)
Loss from discontinued operation			(993)
Loss before taxation			(1,111)
Taxation			75
Loss for the year			(1,036)

During the year ended 30 June 2015 there was 1 (year ended 30 June 2014: 2) customers whose turnover accounted for more than 10% of the Group's total revenue as follows:

Year ended 30 June 2015	**Turnover £000**	**Percentage of total**
Customer A	**391**	**31%**

Year ended 30 June 2014	Turnover £000	Percentage of total
Customer A	992	29%
Customer B	928	28%

All non-current assets are held in the UK except for property, plant and equipment of £44,000 (year ended 30 June 2014: £53,000) which is held in the United States of America and China.

Notes *(continued)*

5 Discontinued operation

During the year the board made the strategic decision to sell the IntelliSAW business, and as referred to in the Chairman's statement the Company are in discussions with a preferred bidder, consequently the comparative consolidated statement of comprehensive income has been re-presented to show the discontinued operation separately from continuing operations.

Results of Discontinued operation

	Year ended 30 June 2015 £000	Year ended 30 June 2014 £000
Revenue	**389**	233
Expenses	**(1,430)**	(1,226)
Loss for the year	**(1,041)**	(993)

Cash flows from (used in) discontinued operations

	Group		**Company**	
	2015 £000	2014 £000	**2015 £000**	2014 £000
(Debt)/cash used in operating activities	**(1,041)**	(993)	**42**	30
(Debt)/cash used in investing activities	**-**	-	**-**	-
(Debt)/cash from financing activities	**-**	-	**-**	-
(Debt)/cash from discontinued operations	**(1,041)**	(993)	**42**	30

6 Assets held for sale

Assets classified as held for sale

	Group Year ended 30 June 2015	Company Year ended 30 June 2015
Inventories	**170**	170
Trade and other receivables	**137**	79
	307	249

Liabilities classified as held for sale

	Group Year ended 30 June 2015	Company
Trade and other payables	**79**	102
	79	102

Notes *(continued)*

7 Expenses and auditor's remuneration

Included in the loss are the following:

	Year ended 30 June 2015 £000	Year ended 30 June 2014 £000
Depreciation of property, plant and equipment	**88**	58
Amortisation of intangible assets	**160**	162
Operating lease rentals payable – Land & Building	**129**	100

Auditors' remuneration for the Group and Company:

	Year ended 30 June 2015 £000	Year ended 30 June 2014 £000
Audit of these financial statements	**35**	30

8 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	Year ended 30 June 2015	Year ended 30 June 2014
Management and technical	**25**	25
Administration	**5**	4
Non-executive directors	**2**	2
	32	31

The aggregate payroll costs of these persons were as follows:

	Year ended 30 June 2015 £000	Year ended 30 June 2014 £000
Wages and salaries	**1,968**	1,865
Share based payments (note 22)	**8**	8
Social security costs	**194**	175
Contributions to defined contribution pension plans	**16**	17
	2,186	2,065

Notes *(continued)*

9 Directors' remuneration

	Year ended 30 June 2015 £000	Year ended 30 June 2014 £000
Directors' emoluments	**386**	368
Directors benefits	**8**	7
Employers national insurance	**49**	47
Share based payments (note 22)	**-**	3
Fees payable for consulting services	**10**	22

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £161,998 (2014: £160,215). No company pension contributions were made to a money purchase scheme on his behalf (2014: nil). During the year, the highest paid director did not receive any additional share options awards. The highest paid director did not exercise share options under long term incentive schemes and no shares were received or receivable by the director in respect of qualifying services under a long term incentive scheme (2014: Nil).

	Year ended 30 June 2015	Year ended 30 June 2014
	Number of directors	
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	**-**	-
The number of directors who exercised share options was	**-**	-
The number of directors in respect of whose services shares were received or receivable under long term incentive schemes was	**-**	-

10 Finance income and expense

Recognised in profit or loss

	Year ended 30 June 2015 £000	Year ended 30 June 2014 £000
Finance income		
	65	56
Interest income on cash on deposit	**9**	6
Total finance income	**74**	62

Notes *(continued)*

11 Taxation

Recognised in the statement of comprehensive income

	Year ended 30 June 2015 £000	Year ended 30 June 2014 £000
Current tax expense		
Current year	**45**	62
Adjustment for previous year	**3**	13
Tax credit in statement of comprehensive income	**48**	75

Reconciliation of effective tax rate

	Year ended 30 June 2015 £000	Year ended 30 June 2014 £000
Loss for the year	**(3,120)**	**(1,036)**
Total tax credit	**(48)**	**(75)**
Loss before tax	**(3,168)**	**(1,111)**
Tax using UK Corporation tax rate of 20.75% (2014: 22.5%)	**657**	250
Non deductible expenses	**(59)**	(75)
Current year losses for which no deferred tax asset was recognised	**(550)**	(105)
Research and development credit	**48**	75
Losses surrendered for research and development credit	**(48)**	(70)
Total tax credit	**48**	**75**

Deferred tax

A deferred tax asset has not been recognised in respect of the following items:

Tax Losses	**3,671**	**3,312**
	3,671	**3,312**

Notes *(continued)*

11 Taxation *(continued)*

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and to 20% (effective from 1 April 2015) have been enacted. This will reduce the company's future current tax charge accordingly. Deferred tax has been calculated at the rate of 20% substantively enacted at the balance sheet date. The effect of this change is that profits arising in 2015 are taxable at a rate of approximately 20.75%. The deferred tax asset as at 30 June 2013 has been calculated based on the rate of 21% substantively enacted at the balance sheet date.

The Group has tax losses, subject to agreement by HM Revenue and Customs, in the sum of £17,692,000 (2014: £14,847,000), which are available for offset against future profits of the same trade. There is no expiry date for tax losses. An appropriate asset will be recognised when the Group can demonstrate a reasonable expectation of sufficient taxable profits to utilise the temporary differences.

The June 2015 Budget announced that the rate will further reduce to 19% by 2017 and a further reduction to 18% by 2020. These further reductions in the main UK corporation tax rate have yet to be enacted.

As a result the effective tax rate used to calculate the current tax for the period ended 30 June 2015 was 20.75% (2014:22.5%).

Notes *(continued)*

12 Property, plant and equipment – Group

	Plant and Equipment £000	Fixtures and Fittings £000	Motor Vehicles £000	Total £000
Cost				
Balance at 1 July 2013	573	-	11	584
Additions	45	34	10	89
Disposal	(20)	-	(11)	(31)
Currency adjustment on non UK assets	(7)	-	-	(7)
Balance at 30 June 2014	591	34	10	635
Balance at 1 July 2014	591	34	10	635
Additions	113	136	-	249
Disposal	-	-	-	-
Currency adjustment on non UK assets	7	-	-	7
Balance at 30 June 2015	**711**	**170**	**10**	**891**
Depreciation and impairment				
Balance at 1 July 2013	436	-	11	447
Depreciation charge for the period	54	2	2	58
Disposal	(9)	-	(11)	(20)
Currency adjustment on non UK assets	(3)	-	-	(3)
Balance at 30 June 2014	478	2	2	482
Balance at 1 July 2014	478	2	2	482
Depreciation charge for the period	52	34	2	88
Disposal	-	-	-	-
Currency adjustment on non UK assets	5	-	-	5
Balance at 30 June 2015	**535**	**36**	**4**	**575**
Net book value				
At 1 July 2013	137	-	-	137
At 1 July 2014	113	32	8	153
At 30 June 2015	**176**	**134**	**6**	**316**

Notes *(continued)*

13 Property, plant and equipment – Company

	Plant and Equipment £000	Fixtures and Fittings £000	Motor Vehicles £000	Total £000
Cost				
Balance at 1 July 2013	501	-	11	512
Additions	45	26	10	81
Disposal	(20)	-	(11)	(31)
Balance at 30 June 2014	526	26	10	562
Balance at 1 July 2014	526	26	10	562
Additions	110	125	-	235
Disposal	-	-	-	-
Balance at 30 June 2015	**636**	**151**	**10**	**797**
Depreciation and impairment				
Balance at 1 July 2013	406	-	11	417
Depreciation charge for the period	39	1	2	42
Disposal	(9)	-	(11)	(20)
Balance at 30 June 2014	436	1	2	439
Balance at 1 July 2014	436	1	2	439
Depreciation charge for the period	47	18	2	67
Disposal	-	-	-	-
Balance at 30 June 2015	**483**	**19**	**4**	**506**
Net book value				
At 1 July 2013	95	-	-	95
At 1 July 2014	90	25	8	123
At 30 June 2015	**153**	**132**	**6**	**291**

Notes *(continued)*

14 Intangible assets – Group

	Goodwill £000	Patents rights and trademarks £000	Development costs £000	Total £000
Cost				
Balance at 1 July 2013	50	1,356	1,079	2,485
Additions	-	79	-	79
Balance at 30 June 2014	50	1,435	1,079	2,564
Balance at 1 July 2014	50	1,435	1,079	2,564
Additions	-	63	-	63
Adjustment	-	(3)	-	(3)
Balance at 30 June 2015	**50**	**1,495**	**1,079**	**2,624**
Amortisation and impairment				
Balance at 1 July 2013	-	885	611	1,496
Amortisation for the period	-	54	108	162
Balance at 30 June 2014	-	939	719	1,658
Balance at 1 July 2014	-	939	719	1,658
Amortisation for the period	-	52	108	160
Balance at 30 June 2015	**-**	**991**	**827**	**1,818**
Net book value				
At 1 July 2013	50	471	468	989
At 1 July 2014	50	496	360	906
At 30 June 2015	**50**	**504**	**252**	**806**

Amortisation and impairment charge

The amortisation is recognised in the following line items in the statement of comprehensive income:

	2015 £000	2014 £000
Administrative expenses	**160**	162
	160	162

Notes *(continued)*

14 Intangible assets – Group *(continued)*

Impairment testing

Impairment testing has been performed over the total balance of intangible assets which are allocated to the one cash generating unit of the Group, that of the development and sales of SAW technology.

The recoverable amount of goodwill and intangible assets is determined from value-in-use calculations, which use budgeted cash flows for year one and cash flow projections for years 2 to 5, an average growth rate of 8% has been applied to these. For cash flow after year 5 and up to the useful life of the intangible assets, a steady state based on year 5 cash flow has been assumed.

The key assumptions forming inputs to cash flows are revenues and margins. The forecasts have been discounted at a pre-tax discount rate of 10%.

15 Intangible assets – Company

	Goodwill	Patents rights and Trademarks	Development costs	Total
	£000	£000	£000	£000
Cost				
Balance at 1 July 2013	50	1,356	1,079	2,485
Additions	-	76	-	76
Balance at 30 June 2014	50	1,432	1,079	2,561
Balance at 1 July 2014	50	1,432	1,079	2,561
Additions		63	-	63
Balance at 30 June 2015	**50**	**1,495**	**1,079**	**2,624**
Amortisation and impairment				
Balance at 1 July 2013	-	885	611	1,496
Amortisation for the year	-	54	108	162
Balance at 30 June 2014	-	939	719	1,658
Balance at 1 July 2014	-	939	719	1,658
Amortisation for the year	-	52	108	160
Balance at 30 June 2015	**-**	**991**	**827**	**1,818**
Net book value				
At 1 July 2013	50	471	468	989
At 1 July 2014	50	493	360	903
At 30 June 2015	**50**	**504**	**252**	**806**

Notes *(continued)*

15 Intangible assets – Company *(continued)*

Amortisation and impairment charge

The amortisation and impairment charge has been charged to the parent company loss for the period.

	Year ended 30 June 2015 £000	Year ended 30 June 2014 £000
Other operating expenses	**160**	162
	160	162

16 Investments in subsidiaries

The Group and Company have the following investments in subsidiaries:

	Status	**Country of Incorporation**	**Class of shares held**	**Ownership 2015**	2014
Translogik RFID Ltd	Dormant	UK	Ordinary Shares	**100%**	100%
IntelliSAW Inc.	Trading	USA	Ordinary Shares	**100%**	100%
Translogik Ltd (Formerly Cranwick Ltd)	Dormant	UK	Ordinary Shares	**100%**	100%
Transense K.K.	Dormant	Japan	Ordinary Shares	**100%**	100%
Transense Technologies Chile SPA	Trading	Chile	Ordinary Shares	**100%**	N/A
Transense Electronics Technology (Shanghai) Co. Ltd	Dormant	China	Ordinary Shares	**100%**	N/A

During the year a new subsidiary Transense Technologies Chile SPA was set up to service the Chilean market.

The investments are included in the Company balance sheet at £3,000. (2014: £3,000).

	Company Year ended 30 June 2015 £000	Year ended 30 June 2014 £000
Transense KK	**3**	3
	3	3

Notes *(continued)*

17 Inventories

	Group		Company	
	30 June 2015 £000	30 June 2014 £000	**30 June 2015 £000**	30 June 2014 £000
Raw materials	**174**	311	**174**	311
Finished goods	**410**	427	**410**	427
	584	738	**584**	738

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year ended 30 June 2015 amounted to £639,000 (2014: £ 987,000). The write-down of inventories to net realisable value amounted to £nil (2013: £nil).

18 Trade and other receivables

	Group		Company	
	30 June 2015 £000	30 June 2014 £000	**30 June 2015 £000**	30 June 2014 £000
Trade receivables	**1,097**	1,611	**1,085**	1,611
Amounts due from group undertakings	**-**	-	**-**	-
Other receivables	**94**	424	**92**	424
Prepayments	**132**	52	**132**	52
	1,323	2,087	**1,309**	2,087

Included in the Trade receivables are funds that are expected to be received in greater than 12 months – £628,000 (2014 : £763,000). There is a bad debt provision of £75,000 (2014 : £10,000) and the gross value of trade receivables is £1,302,000 (2014 : 1,621,000).

19 Trade leases and unearned finance income

	Group and Company	
	30 June 2015 £000	30 June 2014 £000
Gross investment in lease	**972**	1,013
Unearned finance income	**(73)**	(108)
Minimum lease payments	**899**	905

	Group and Company			
	30 June 2015 Gross investment in lease £000	**30 June 2015 Minimum lease payments £000**	30 June 2014 Gross investment in lease £000	30 June 2014 Minimum lease payments £000
Less than one year	**304**	**258**	240	186
Between one and five	**668**	**641**	773	719
More than five years	**-**	**-**	-	-
	972	**899**	1,013	905

Notes *(continued)*

20 Cash and cash equivalents

	Group		Company	
	30 June 2015 £000	30 June 2014 £000	**30 June 2015 £000**	30 June 2014 £000
Cash and cash equivalents per balance sheet	**472**	3,082	**415**	3,017
Cash and cash equivalents per cash flow statements	**472**	3,082	**415**	3,017

21 Trade and other payables

	Group		Company	
	Year ended 30 June 2015 £000	Year ended 30 June 2014 £000	**Year ended 30 June 2015 £000**	Year ended 30 June 2014 £000
Current				
Trade payables	**148**	311	**144**	293
Amounts due to group undertakings	**-**	-	**-**	49
Non-trade payables and accrued expenses	**270**	327	**264**	301
	418	638	**408**	643

22 Employee benefits

Defined contribution plans

The Group operates a defined contribution pension plan.

The total expense relating to these plans in the year ended 30 June 2015 was £16,000 (year ended 30 June 2014: £17,000).

Share-based payments – Group and Company

The Group and Company has two share option plans, the Unapproved Discretionary Share Option Scheme and Enterprise Management Share Option scheme the principal provisions of which are summarised below:

Options to subscribe for Ordinary Shares of the Company may be granted (at the discretion of the Board) to selected employees or directors of the Company. No consideration is payable for the grant of an option. Options are not transferable or assignable.

The fair value of share options granted is recognised as an employee expense, within administrative expenses, with a corresponding increase in reserves. All options are settled by the physical delivery of shares.

The fair value of services rendered in return for share-based payments granted is measured by reference to the fair value of those share-based payments. The estimate of the fair value of services received is measured with reference to the Black-Scholes options pricing model. The Black-Scholes model takes into account the exercise price, share price at grant date, expected term and expected share price volatility. The volatility level depends on the date of grant and for the current live options has varied from 59.2% to 108.0%. (2014: 59.2% to 108.0%). The risk free interest rate adopted was 0.65% (2014: 0.65 %) and an expected dividend yield of nil pence (2014: nil). The key variable is share price volatility.

Notes *(continued)*

22 Employee benefits *(continued)*

Unapproved Discretionary Share Option Scheme

At 30 June 2015 the following share options remained outstanding under the Company's Unapproved Discretionary Share Option Scheme. The new Share Options granted on 27 October 2014 were in respect of an US employee.

Number of Options					*Option Price*	*Date of Grant*	*Date of Exercise*	
1 July 2014	Granted	Cancelled/ Expired	Exercised	30 June 2015			*First*	*Last*
805,000	-	-	-	805,000	04.00p	22.12.11	22.12.12	22.12.17
7,612,354	250,000	(1,158,118)	-	6,704,236	07.50p	15.08.13	15.08.13	06.03.22

The assumptions used in the valuation of the current share options are as follows, the value attributable to the older options has been accounted in earlier periods:

Date of grant	**Estimated fair value**	**Share price**	**Option price**	**Expected volatility** %	**Expected Life – Years**	**Risk free rate** %	**Expected dividends** %
27.10.14	£0.0115	£0.0625	£0.0750	72.26%	1.50	0.65%	Nil

Enterprise Management Incentive Option Scheme

At 30 June 2015, the following shares remained outstanding under an Enterprise Management Incentive Option Scheme.

Number of Options					*Option Price*	*Date of Grant*	*Date of Exercise*	
1 July 2014	Granted	Cancelled	Exercised	30 June 2015			*First*	*Last*
13,390,000	-	(150,000)	-	13,240,000	04.00p	22.12.11	22.12.12	22.12.17
1,000,000	-	-	-	1,000,000	07.05p	05.03.12	05.03.13	05.03.22
1,000,000	-	-	-	1,000,000	06.25p	10.05.12	25.12.12	10.05.22
1,500,000	-	-	-	1,500,000	10.25p	02.08.12	02.08.13	02.08.22
800,000	-	-	-	800,000	07.25p	09.07.13	09.07.16	09.07.23
250,000	-	-	-	250,000	07.25p	13.01.14	13.01.17	13.01.24
250,000	-	(250,000)	-	-	07.25p	13.01.14	13.01.15	13.01.24
2,305,000	-	-	-	2,305,000	04.00p	05.02.14	01.03.14	31.01.18

Notes *(continued)*

22 Employee benefits *(continued)*

The assumptions used in the valuation of the share options are as follows:

Date of grant	Estimated fair value	Share price	Option Price	Expected volatility %	Expected Life - Years	Risk free rate %	Expected dividends %
02.08.12	£0.0307	£0.1425	£0.1025	94.20%	1.50	0.65%	Nil
09.07.13	£0.0262	£0.0725	£0.0725	108.00%	3.00	0.65%	Nil
13.01.14	£0.0147	£0.0550	£0.0725	90.20%	3.00	0.65%	Nil
13.01.14	£0.0147	£0.0550	£0.0725	90.20%	3.00	0.65%	Nil
05.02.14	No P&L Charge as these options were a like for like replacement of original options issued 22.12.2011						

23 Share Capital

Issued Share Capital	Ordinary shares of 1 pence **30 June 2015**	30 June 2014	Deferred shares of 9 pence **30 June 2015**	30 June 2014
On issue at 1 July 2014	**290,131,984**	227,950,718	**75,807,138**	75,807,138
Issued for cash Ordinary Shares at £0.01 on 2 July 2013	**-**	16,133,330		
Issued for cash Ordinary Shares at £0.01 on 11 July 2013	**-**	14,000,000		
Issued for cash Ordinary Shares at £0.01 on 12 July 2013	**-**	8,651,998		
Issued for cash Ordinary Shares at £0.01 on 31 July 2013	**-**	100,000		
Employee options exercised for Ordinary Shares at £0.01	**-**	1,390,000		
Warrents exercised for Ordinary Shares at £0.01 to 30 June 2014	**-**	21,905,938		
Issued for cash Ordinary Shares at £0.01 on 9 July 2014	**5,539,110**	-	**-**	-
On issue at 30 June 2015– fully paid	**295,671,094**	290,131,984	**75,807,138**	75,807,138

	30 June 2015 £000	30 June 2014 £000
Allotted, called up and fully paid		
Ordinary shares of £0.01 each	**2,956**	2,901
Deferred shares of £0.09 each	**6,823**	6,823
	9,779	9,724
Shares classified as liabilities		-
Shares classified in shareholders' funds	**9,779**	9,724
	9,779	9,724

Notes *(continued)*

23 Share Capital *(continued)*

Each Ordinary Share resulting from the Share Re-organisation has the same rights (including voting and dividend rights and rights on a return of capital) as each Existing Ordinary Share.

The Deferred Shares have very limited rights which are deferred to the Ordinary Shares and effectively carry no value as a result. Accordingly, the holders of the Deferred Shares are not entitled to receive notice of, attend or vote at general meetings of the Company, nor are they entitled to receive any dividends or any payment on a return of capital until at least £10,000,000 has been paid on each Ordinary Share. No application was made for the Deferred Shares to be admitted to trading on AIM. The Company was given power to arrange for all the Deferred Shares to be transferred to a custodian or to be purchased for nominal consideration only without the prior sanction of the holders of the Deferred Shares. No share certificates for the Deferred Shares were issued.

24 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Group and Company			
	Land & Buildings 30 June 2015 £000	**Other Lease 30 June 2015 £000**	Land & Buildings 30 June 2014 £000	Other Lease 30 June 2014 £000
Less than one year	**122**	**-**	63	-
Between one and five	**449**	**-**	252	-
More than five years	**221**	**-**	300	-
	792	**-**	615	-

The operating lease relates to the lease of premises which is used by the Group and Company. During the period £114,000 was recognised as an expense in the statement of comprehensive income in respect of operating leases (year ended 30 June 2014: £179,000).

25 Basic and fully diluted loss per share

Basic loss per share is calculated by dividing the loss after taxation of £3,120,000 (2014: £ 1,036,000) by the weighted average number of ordinary shares in issue during the year of 295,534,513 (2014: 274,953,352). Unexercised options and warrants over the ordinary shares are not included in the calculation of diluted loss per share.

Notes *(continued)*

26 Financial instruments

Financial risk management overview

The Group has exposure to the following risks, to varying degrees, from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

This note presents information about the Group's exposure to liquidity and market risks, the companies' objectives, policies and processes for measuring and managing risk, and the companies' management of capital.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group has a cash balance at period end totalling £472,000 (2014: £3,082,000). Note 2 describes the potential uncertainties relating to the liquidity risk. The Group has no external borrowing and finances its operations by raising equity finance on the Alternative Investment Market (AIM).

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, equity price and interest rate risk will affect the Group's income or the value of its holdings of financial instruments.

Foreign exchange rate risk is insignificant as substantially all sales are denominated in sterling the Group's functional currency.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	30 June 2015	30 June 2014
	£'000	£'000
Variable rate instruments	**151**	896
Financial assets	**1,293**	3,199

The fair values of the Group's financial instruments are measured using inputs other than quoted prices that are directly or indirectly observable

There were no funds held in non-accessible saving accounts at the year end date (2014: £1,000,000).

There was £972,000 of trade finance lease assets held on the balance sheet at the year end date. (2014: £1,013,000)

Financial Assets and Liabilities

The carrying value and fair value for each of the trade and other payables, trade leases and unearned finance income and trade and other receivables are the same.

Cash flow sensitivity analysis for variable rate instruments

Due to the current unprecedented low rates of interest a change of 100 basis points in interest rates at the reporting date would not have created any material change in the profit or loss for 2015 or 2014.

The directors consider that the Group's exposure to interest rates is low (2014: low). Cash is invested in deposits with UK high street banks. Low and falling interest rates will reduce returns on these balances.

This note is in relation to the company's compliance with IFRS 7.

Notes *(continued)*

26 Financial instruments *(continued)*

Management of capital

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. In order to do this the group may issue new shares in the future. There were no changes to the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

27 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Financial instruments that may subject the Group to credit risk consist of cash, cash equivalents, unsecured loan stock receivables and trade and other receivables. The maximum credit exposure was £1,302,000 (2014: £1,621,000) which is the respective carrying amounts (which is not significantly different to their fair value and contractual cash flow). There were no material financial assets that were past due at the period end.

At 30 June 2015 the Group's cash was divided between current accounts £151,000 (2014: £903,000) and £321,000 in fixed rate monthly deposits (2014: £2,186,000) with a weighted average interest rate for the year of 0.25% (2014: 0.25%). Cash and cash equivalents are held only in high street banks.

The Group offers trade credit to customers, who are well established and major companies, in the normal course of business. The Group operates stringent credit control procedures on potential customers before allowing credit.

The Group continually monitors its position with, and the credit quality of, the financial institutions, which are counterparts to its financial instruments, and does not anticipate non-performance or that there is a concentration of credit risk. Credit risk is considered to be low given the cash position of the Group and that there is a low exposure level in the trade and other receivables.

28 Contingencies and commitments

Group

The Group had no capital commitments or contingent liabilities as at 30 June 2015 (2014: £nil).

Company

The Company has no capital commitments or contingencies as at 30 June 2015 (2014: £nil).

29 Warrants

412,434 warrants were outstanding as of 30 June 2015 and these are exercisable at a price of 7.5p per share and will expire on 6 June 2016.

Notes *(continued)*

30 Related parties

Group

Transactions with key management personnel who are defined as the Directors of the Company and their immediate relatives control 1per cent of the voting shares of the Company.

The compensation of key management personnel (being the directors) is as follows:

	Group and Company	
	Year ended 30 June 2015 £000	Year ended 30 June 2014 £000
Key management emoluments including social security costs	**162**	160
Social security costs	**21**	22
Company contributions to money purchase pension plans	**-**	-
Compensation for loss of office	**-**	-
Share related awards		-
	183	182

Company

Other related party transactions

	Sales to		**Administrative expenses incurred from**	
	Year ended 30 June 2015 £000	Year ended 30 June 2014 £000	**Year ended 30 June 2015 £000**	Year ended 30 June 2014 £000
IntelliSAW Inc	**-**	-	**1,254**	1,056
	-	-	**1,254**	1,056

	Receivables outstanding		**Payables outstanding**	
	Year ended 30 June 2015 £000	Year ended 30 June 2014 £000	**Year ended 30 June 2015 £000**	Year ended 30 June 2014 £000
IntelliSAW Inc	**-**	-	**74**	49
	-	-	**74**	49


transense
technologies plc