

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised for the purposes of the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities before taking any action. The whole of this document should be read.**

If you have sold or transferred all of your registered holding of ordinary shares in the capital of the Company (“Ordinary Shares”), please forward this document and the accompanying form of proxy as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other party through whom the sale or transfer was effected, for transmission to the purchaser or transferee. If you have sold or transferred only part of your registered holding of Ordinary Shares, you are advised to consult your stockbroker, bank or other agent through whom the sale or transfer was effected.

This document does not comprise a prospectus in accordance with the rules issued by the Financial Services Authority and set out in the FSA Handbook in relation to the contents of a prospectus (the “Prospectus Rules”) and, pursuant to section 85 of the Financial Services and Markets Act 2000 (as amended), has not been drawn up in accordance with the Prospectus Rules. This document has not been approved by the Financial Services Authority or by any other authority in any jurisdiction.

The Existing Ordinary Shares are currently admitted to trading on AIM. Application will be made to the London Stock Exchange for the Second Stage Placing Shares to be admitted to trading on AIM. It is expected that admission of the Second Stage Placing Shares will become effective, and dealings for normal settlement in the Second Stage Placing Shares will commence, at 8.00 a.m. on 2 August 2012. The Second Stage Placing Shares will not be dealt in, or on, any other recognised investment exchange and no other such application will be made.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Neither the London Stock Exchange plc nor the United Kingdom Listing Authority has examined or approved the contents of this document. The rules in relation to securities admitted to trading on AIM (issued from time to time by the London Stock Exchange plc) are generally less demanding than those rules relating to the securities on the Official List. It is emphasised that no application is being made for admission of any Ordinary Shares to the Official List. Neither the Existing Ordinary Shares nor the Second Stage Placing Shares will be dealt on any other recognised investment exchange and no other such application will be made.

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# TRANSENSE TECHNOLOGIES PLC

*(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 1885075)*

**PLACING OF 5,559,496 NEW ORDINARY SHARES AT A PRICE OF 10 PENCE PER SHARE**

**PROPOSAL FOR ADOPTION OF NEW ARTICLES**

**NOTICE OF GENERAL MEETING**

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The Second Stage Placing Shares will, following allotment, rank *pari passu* in all respects with the Existing Ordinary Shares in issue at the date of Admission including the right to receive all dividends and other distributions thereafter declared made or paid on the ordinary share capital of the Company.

Notice of a General Meeting of the Company to be held at 11:00 a.m. on 1 August 2012 at which the resolutions required to effect the Second Stage Placing are to be proposed is set out at the end of this document. All Shareholders are urged to complete and return the enclosed Form of Proxy, whether or not they intend to be present at the meeting, in accordance with the instructions printed thereon so as to arrive as soon as possible and in any event so as to be received by the Company’s registrars, Capita Registrars, at their offices at PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU by not later than 11:00 a.m. on 30 July 2012. Completion and posting of the Form of Proxy will not prevent a Shareholder from attending and voting in person at the General Meeting. A letter from the Chairman of the Company is set out in Part I of this document which contains a unanimous recommendation from the Directors that you vote in favour of the Resolutions to be proposed at the General Meeting.

N+1 Brewin, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as nominated adviser to the Company in connection with the Placing and will not be acting for any other person or otherwise be responsible to any person for providing the protections afforded to customers of N+1 Brewin or for advising any other person in respect of the Proposals. N+1 Brewin’s responsibilities as the Company’s nominated adviser under the AIM Rules for Nominated Advisers are owed solely to London Stock Exchange and are not owed to the Company nor to any other person. N+1 Brewin is not making any representation or warranty, express or implied, and takes no responsibility for the contents of this document or for the General Meeting.

Hybridan, which is authorised and regulated by the Financial Services Authority, is the Company’s broker, is a member of the London Stock Exchange and is acting exclusively for the Company in connection with the Placing. Hybridan will not be responsible to anyone other than the Company for providing the protections afforded to customers of Hybridan or for advising any other person on the Placing. Hybridan is not making any representation or warranty, express or implied, and takes no responsibility for the contents of this document or for the General Meeting.

The release, publication or distribution of this document in or outside the UK may be restricted by law. Persons who come into possession of this document should inform themselves about and observe any applicable restrictions or requirements in their particular jurisdiction. Failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdiction. No action has been taken by the Company or N+1 Brewin or Hybridan LLP that would permit possession or distribution of this document in any jurisdiction (including the United Kingdom) where action for that purpose is required.

The Existing Ordinary Shares and the Second Stage Placing Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended, or under the securities legislation of any state of the United States. The relevant clearances have not been, and will not be, obtained from the Securities Commission of any province or territory of Canada; no document in relation to the Placing has been, or will be, lodged with, or registered by, the Australian Securities and Investments Commission; and no registration statement has been, or will be, filed with the Japanese Ministry of Finance in relation to the Placing.

It is the responsibility of any person receiving a copy of this document outside the United Kingdom to satisfy himself or herself as to the full observance of the laws and regulatory requirements of the relevant territory in connection therewith, including obtaining any government or other consents which may be required or observing any other formalities required to be observed in such territory and paying any other issue, transfer or other taxes due in such other territory.

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## EXPECTED TIMETABLE

Date of publication of this document	6 July 2012
Last date and time for receipt of Forms of Proxy	11:00 a.m. on 30 July 2012
General Meeting	11:00 a.m. on 1 August 2012
Dealings in Second Stage Placing Shares commence on AIM	8.00 a.m. on 2 August 2012
CREST accounts credited with Second Stage Placing Shares in uncertificated form	8.00 a.m. on 2 August 2012
Definitive share certificates in respect of the Second Stage Placing Shares in certificated form despatched	by 16 August 2012

*If any of the details contained in the timetable above should change, the revised times and dates will be notified to Shareholders by means of a Regulatory Information Service announcement. All events listed in the above timetable following the GM are conditional on the passing of the Resolutions at the GM. References to time in this document and the Notice of General Meeting are to British Summer Time.*

## KEY STATISTICS

Placing Price	10 pence
Number of Ordinary Shares in issue as at the date of this document <sup>†</sup>	189,182,452
Number of Second Stage Placing Shares to be issued pursuant to the Second Stage Placing	5,559,496
Number of Ordinary Shares in issue at Admission of Second Stage Placing Shares*	194,741,948
Market capitalisation of the Company on Admission at the Placing Price*	£19,474,194.80
Percentage of the Enlarged Ordinary Share Capital represented by the Second Stage Placing Shares*	2.85%
Estimated gross proceeds of the Placing	£1.75m
Estimated net proceeds of the Placing	£1.6m
Number of options outstanding over Ordinary Shares as at the date of this document	28,400,000
Number of warrants outstanding over Ordinary Shares as at the date of this document	33,605,125
Percentage of the Enlarged Ordinary Share Capital represented by the outstanding options and warrants*	31.83%

\* assuming no warrants or options over Ordinary Shares are exercised before Admission

† includes 12,000,504 Ordinary Shares issued as part of the First Stage Placing (announced on 29 June 2012)

## DEFINITIONS

“Act”	Companies Act 2006 (as amended)
“Admission”	the admission of all of the Second Stage Placing Shares to trading on AIM becoming effective in accordance with the AIM Rules
“AIM”	a market operated by London Stock Exchange plc
“AIM Rules”	AIM Rules for Companies published by the London Stock Exchange (as amended or reissued from time to time)
“Articles”	the articles of association of the Company (as amended from time to time)
“Board” or “Directors”	the board of directors of the Company, as at the date of this document whose names are set out on page 6 of this document
“Company” or “Transense”	Transense Technologies plc
“CREST”	the relevant system (as defined in the Uncertified Securities Regulations 2001 (SI 2001 No 3855)) for the paperless settlement of trades and the holding of uncertificated securities, operated by Euroclear UK & Ireland Limited, in accordance with the same regulations
“Current Articles”	the current articles of association of the Company
“Enlarged Ordinary Share Capital”	the issued Ordinary Share capital of the Company in issue immediately following Admission
“Existing Ordinary Shares”	Ordinary Shares in issue at the date of this document (including the First Stage Placing Shares)
“First Admission”	the admission of the First Stage Placing Shares to trading on AIM having become effective in accordance with the AIM Rules on 5 July 2012
“First Stage Placing”	the placing of the First Stage Placing Shares with certain institutional and other investors at the Placing Price
“First Stage Placing Shares”	the 12,000,504 New Ordinary Shares issued pursuant to the First Stage Placing and admitted to trading on AIM on 5 July 2012
“Form of Proxy”	the form of proxy for use by Shareholders at the General Meeting
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“General Meeting”	the general meeting of the Company, convened for 11:00 a.m. on 1 August 2012, and any adjournment thereof, notice of which is set out in the Notice, which will consider the Resolutions
“Group”	the Company and its subsidiaries
“Hybridan”	Hybridan LLP, the Company’s broker
“IntelliSAW”	a trading division of the Company
“London Stock Exchange”	London Stock Exchange plc
“N+1 Brewin”	Nplus1 Brewin LLP, a limited liability partnership registered in England and Wales, with registered number OC364131, the Company’s nominated adviser

“New Articles”	the proposed new articles of association of the Company that will be adopted if Resolution 5 is passed
“New Ordinary Shares”	new Ordinary Shares in the capital of the Company issued pursuant to the Placing
“Notice”	the notice of General Meeting set out at the end of this document
“Ordinary Shares”	ordinary shares in the capital of the Company having a nominal value of 1 pence each
“Official List”	the list of all securities that have been approved by the UKLA for trading on a UK regulated market
“Placee”	a subscriber of Placing Shares under the Placing
“Placing”	the First Stage Placing and the Second Stage Placing announced by the Company in the Placing Announcement
“Placing Agreement”	the agreement dated 29 June 2012 between the Company and Hybridan relating to the Placing
“Placing Announcement”	the Company’s announcement in relation to the Placing on 29 June 2012
“Placing Price”	10 pence per Placing Share
“Placing Resolutions”	the Resolutions relating to the Second Stage Placing, being Resolutions 1 and 3
“Placing Shares”	the First Stage Placing Shares and the Second Stage Placing Shares
“Resolutions”	the resolutions to be proposed at the General Meeting, details of which are set out in the Notice
“Second Stage Placing Shares”	5,559,496 New Ordinary Shares to be issued pursuant to the Second Stage Placing
“Second Stage Placing”	the conditional placing of the Second Stage Placing Shares pursuant to the Placing Agreement
“Shareholder(s)”	holder(s) of Ordinary Shares from time to time
“Translogik”	Translogik Limited, a subsidiary of the Company
“UK”	the United Kingdom of Great Britain and Northern Ireland
“UKLA”	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of FSMA
“United States”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia

A reference to £ is to pound sterling, being the lawful currency of the UK.

## DIRECTORS, SECRETARY AND ADVISERS

<b>Directors</b>	David Kleeman ( <i>Non-Executive Chairman</i> ) Graham Storey ( <i>Chief Executive Officer</i> ) David Ford ( <i>Executive Director</i> ) Melvyn Segal ( <i>Finance Director</i> ) Rodney Westhead ( <i>Non-Executive Director</i> )
<b>Company Secretary and Registered Office</b>	David Ford 66 Camp Road Upper Heyford Bicester Oxon OX25 5HD
<b>Nominated Adviser</b>	N+1 Brewin 12 Smithfield Street London EC1A 9LA
<b>Broker</b>	Hybridan LLP 29 Throgmorton Street London EC2N 2AT
<b>Solicitors to the Company</b>	Charles Russell LLP 5 Fleet Place London EC4M7RD
<b>Auditors</b>	KPMG International 8 Salisbury Square London EC4Y 8BB
<b>Registrars</b>	Capita Registrars The Registry 34 Beckenham Road Beckenham BR3 4TU
<b>Website</b>	<a href="http://www.transense.co.uk">http://www.transense.co.uk</a>

## PART I

### LETTER FROM THE CHAIRMAN

# Transense Technologies plc

*(Incorporated and registered in England and Wales with registered number 1885075)*

*Directors:*

D G Kleeman *(Non-Executive Chairman)*  
H G Storey *(Chief Executive Officer)*  
D M Ford *(Executive Director)*  
M Segal *(Finance Director)*  
R J Westhead *(Non-Executive Director)*

*Registered Office:*

66 Heyford Park  
Upper Heyford  
Bicester  
Oxon  
OX25 5HD

6 July 2012

*To the holders of Ordinary Shares and, for information only, to holders of options and warrants over Ordinary Shares*

Dear Shareholder,

**Proposed Placing of 5,559,496 New Ordinary Shares at a price of 10 pence per share  
Proposal for adoption of New Articles  
and  
Notice of General Meeting**

## 1. Introduction

This document is being sent to you in connection with the Second Stage Placing, being the proposed placing of 5,559,496 Ordinary Shares with certain existing shareholders and new institutional investors.

The purpose of this document is (i) to explain the background to and the reasons for the Placing, including why the Placing is to be delivered in two parts, (ii) to give notice of the General Meeting to be held at 3 Lloyd's Avenue, London, EC3N 3DS at 11:00 a.m. on 1 August 2012, notice of which is set out at the end of this document, (iii) to explain why the Directors consider that the terms of the Placing, including the Second Stage Placing, will promote the success of the Company for the benefit of its members as a whole and why the Directors recommend that you vote in favour of the Resolutions to be proposed at the General Meeting, and (iv) to explain the actions you should now take in respect of the General Meeting.

The Company is also taking this opportunity to propose the adoption of new Articles, principally in order to enable the Company to send or supply documents and information to Shareholders in electronic form and via our website. Further details of this, and the proposed changes that will be made to the Current Articles in the New Articles, are set out in sections 8 and 9 below.

The Directors are also seeking to obtain a general authority to allot relevant securities (as defined in section 551 of the Act) up to an aggregate nominal value of £649,139.83 (being a third of the Enlarged Ordinary Share Capital) and to issue new equity securities of up to an aggregate nominal amount of £292,112.92 for cash (being 15 per cent. of the Enlarged Ordinary Share Capital) on a non pre-emptive basis. This will give the Directors flexibility to raise additional equity funds in the future, should we think it would be in the best interests of the Company to do so.

The issue of this document also provides the Board with an opportunity to send to Shareholders the Company's interim results for the six and twelve month periods ending 31 December 2011, which are enclosed with this document.

## 2. Background to and reasons for the Placing

Following the Company's fundraising in 2011, the Board have been focused on the ongoing development and commercialisation of its key products for IntelliSAW and Translogik, specifically the IS485 family of electrical switchgear temperature monitoring systems, the iTrack OTR Tyre Monitoring System and the iProbe commercial fleet inspection tool.

Translogik, a trading division of the Company, was established to provide near-term revenues for the Group in order to support the medium and long term strategic goals of the IP licensing business.

In September 2011, Transense announced the formation of a new trading division, IntelliSAW, to develop and market SAW (Surface Acoustic Wave) based wireless sensor systems for Smart-Grid applications. IntelliSAW utilises existing technology from Transense together with proprietary SAW interrogation electronics to provide wireless temperature monitoring, initially targeted at the Electrical Switchgear market, but with potential to be expanded to wider market applications.

In the two year period prior to the Company's last fundraising in December 2011, the Company made substantial progress in opening a range of new sales channels and was seeking to continue to deliver growth from a well diversified base. Subsequent to the 2011 fundraising and during the first six months of 2012, the Company has made substantial progress towards generating revenues from both its IntelliSAW and Translogik subsidiaries.

### ***Translogik***

In the past six months, Translogik has received orders from Bridgestone Brazil/Budini, for its next-generation iProbe commercial tyre inspection tool with further orders anticipated to follow as part of an on-going deployment programme by Bridgestone.

One of the world's largest mining companies has successfully completed field trials of the iTrack Tyre Temperature and Pressure Monitoring System for mining and off-the-road vehicles, and the product is now an approved product for deployment in the southern African region. The mining customer is initially focussing on fitting the iTrack system to its haul trucks while also considering fitment to its ancillary mine vehicles, more than doubling the potential number of vehicles requiring the system.

Translogik has also continued to develop its relationship with its French partner EDP, the leading integrated tyre service and car maintenance network in Europe. In addition to orders for commercial truck tyre inspection kits, Translogik's iProbe+ tyre probes are being used in Michelin's recently announced initiative to improve the safety of buses during the London 2012 Olympics.

As stated in recent announcements, a number of the initial orders that the Company have received have the potential to be extended or to lead to additional contracts. Although neither the timing nor size of any such extension or new orders can be certain, the Board reasonably expects near term progress to be made with further announcements likely to be made. It is possible (although by no means certain) that one such contract may materialise before the General Meeting and the Company will make further announcements as required.

### ***IntelliSAW***

IntelliSAW has also had a successful first six months of 2012 signing distribution agreements with EL PE Engineers in India, a provider of advanced systems technology and engineering support for the electric power industry, and Simpro Engineering Sdn. Bhd., headquartered in Kuala Lumpur, Malaysia, a provider of advanced power protection and control systems technology to the electric power industry. These two agreements will provide exclusive distribution for IntelliSAW's innovative wireless/passive temperature monitoring system in the Indian and South East Asian markets.

Additionally, IntelliSAW has entered into a strategic distribution agreement with the Energy Projects & Services Division of Al Mashariq Trading and Contracting Company, headquartered in Dammam, in the Kingdom of Saudi Arabia, focussing on the power generation, distribution, protection and control fields of medium voltage networks for customers in the oil & gas, utility and industrial markets. Al Mashariq will provide distribution and services support for IntelliSAW's innovative wireless/passive temperature monitoring system in the Saudi Arabian market.

JSW Steel Limited ("JSW"), part of the O.P. Jindal Group, has commissioned a pilot switchgear monitoring system at their Salem Works CPP2 plant. Should the pilot be successful, the Directors believe that full deployment at JSW represents a potential revenue opportunity in excess of USD 3 million.

IntelliSAW has also received orders from Wuhan Fenjin Electric Power Technology Co., Ltd in China.



As at 31 December 2011, the Company held net cash of approximately £1.5 million.

In addition to the amount raised through the First Stage Placing, the Board has decided to raise a further £559,949.60, before expenses, through the Second Stage Placing. The net proceeds of the Placing will be used for the purposes described in paragraph 6 below.

The Board considered a range of options for raising funds to accelerate the development of the Company, and as part of this process consulted with its major Shareholders. These options were considered against a background of volatile and difficult market conditions for smaller companies on AIM. The Board concluded that the Placing provides an attractive and cost effective means to raise funds from new and existing investors.

### **3. The Placing**

The Board announced on 29 June 2012 that the Company has, through its broker Hybridan, raised approximately £1.75 million by way of a placing of 17,560,000 New Ordinary Shares with certain existing shareholders and new institutional investors. Of these New Ordinary Shares, the First Stage Placing Shares (being 12,000,504 New Ordinary Shares) have been placed firm and have been admitted to trading on AIM in accordance with the AIM Rules, with the Second Stage Placing Shares (being 5,559,496 New Ordinary Shares) being placed conditionally. The allotment and issue of the Second Stage Placing Shares is conditional upon:

- (a) First Admission;
- (b) Admission having occurred not later than 8:00 a.m. on Friday 3 August 2012; and
- (c) Shareholders passing the Placing Resolutions.

The First Stage Placing Shares have been issued and allotted, and were admitted to trading on AIM on 5 July 2012.

The Second Stage Placing Shares will represent approximately 2.85 per cent. of the Enlarged Ordinary Share Capital, assuming that no options or warrants are exercised prior to Admission.

The net proceeds of the Placing will be used for the purposes described in paragraph 6 below.

If the Placing Resolutions are not approved at the General Meeting, the Second Stage Placing will not proceed but the First Stage Placing will be unaffected. If the Second Stage Placing does not proceed then the Company may not have sufficient working capital to continue the current rate of growth and take advantage of the strong base that has been built over the past six months.

The Board considered making an offer for subscription to all Shareholders in conjunction with the Placing. However, because of fundraisings carried out by the Company over the past 12 months (including the Placing), it has not been possible at this time to structure an offer to all Shareholders in a way that would be exempt from the requirement to produce a UKLA vetted prospectus. It is the Board's view that the additional subscriptions the Company would receive from an offer to all Shareholders would be unlikely to justify the extra cost and time involved in producing a UKLA approved prospectus. However, the Company intends to keep this under review.

### **4. Details of the Placing**

The Company has already raised £1,200,050.40 before expenses through the First Stage Placing, and has conditionally raised a further £559,949.60 before expenses through the proposed issue of the Second Stage Placing Shares, each at the Placing Price. The expenses of the Placing are estimated to be approximately £150,000.

Following First Admission, the First Stage Placing Shares represented approximately 6.35 per cent. of the Ordinary Shares then in issue (as enlarged by the First Stage Placing). Following Admission, the Second Stage Placing Shares will represent approximately 2.85 per cent. of the Enlarged Ordinary Share Capital, assuming that no options or warrants are exercised prior to Admission.

The Placing Price represents a discount of 13 per cent. to the closing mid market price of the Existing Ordinary Shares on AIM on 28 June 2012, being the last practicable date prior to the Placing Announcement.

Pursuant to the terms of the Placing Agreement, Hybridan as broker to the Company, has conditionally agreed to use reasonable endeavours to procure Places for the Second Stage Placing Shares at the Placing Price. Hybridan's obligations under the Placing Agreement in respect of the Second Stage Placing are conditional upon a number of events, including the passing of the Placing Resolutions and Admission having occurred by not later than 8:00 a.m. on 3 August 2012.

The Placing Agreement contains provisions entitling Hybridan to terminate the Placing Agreement at any time prior to Admission in certain circumstances. If this right is exercised, the Second Stage Placing (in whole or in part) will not proceed, but the First Stage Placing will be unaffected. The Placing has not been underwritten.

The First Stage Placing Shares have been, and the Second Stage Placing Shares will be, issued credited as fully paid and rank *pari passu* in all respects with the Ordinary Shares in issue at the date of Admission, including the right to receive all dividends and other distributions declared on or after the date on which they are issued. It is expected that in respect of the Second Stage Placing Shares CREST accounts will be credited on the day of Admission and that share certificates (where applicable) will be despatched within 14 days of the day of Admission.

Application will be made to the London Stock Exchange for the Second Stage Placing Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Second Stage Placing Shares will commence on AIM at 8.00 a.m. on 2 August 2012.

## 5. Interim Results

The Company announced its interim results for the six and twelve month periods ended 31 December 2011 (following the Company's change in accounting reference date as announced on 11 June 2012) on 29 June 2012. A full copy of the results has been enclosed with this document.

## 6. Use of Proceeds

The Placing will raise approximately £1.75 million (before expenses), which the Company will employ in order to continue the progress made to date by further executing the Company's strategy, in particular, to accelerate the pace at which it addresses the opportunities arising within the Group, and for working capital purposes. The Board proposes investing further in product development and developing its sales and marketing approach. These initiatives support the Company's objectives in taking a leading position in both the rapidly expanding commercial and off-the-road (OTR) tyre management solution market, and the electrical switchgear monitoring market via its respective trading divisions, Translogik and IntelliSAW. The funds will also be used to increase production efficiencies, attract high quality engineers, lease more suitable premises and further reduce operating costs.

The proceeds of the Placing are expected to be applied approximately as follows:

	<i>£000s</i>
Sales, Marketing and Implementation	850
Product Trials	200
Working capital (including stock)	550
Expenses	150
Total	<u>1,750</u>

## 7. Shareholder Approval and General Meeting

For the Second Stage Placing to proceed, Shareholder approval is required to give the Directors the authority to allot the Second Stage Placing Shares and to dis-apply statutory pre-emption rights in respect thereof.

In order to obtain the necessary Shareholder approvals, a General Meeting of the Company is to be held at which the Placing Resolutions, together with the other Resolutions, will be proposed. Further information regarding the Resolutions and the General Meeting is set out in paragraph 10 below.

## **8. Electronic Communications**

Following changes introduced by the Act, we are putting in place arrangements to enable the Company to send or supply documents and information to Shareholders in electronic form and via our website. The Board believes that increased use of electronic communications will deliver significant savings to the Company in terms of administration, printing and postage costs, as well as speeding up the provision of information to Shareholders. The reduced use of paper will also have environmental benefits.

Resolution 5 will, if passed, adopt new articles of association of the Company which will, amongst other things, allow the Company to take advantage of these changes.

Under the provisions of the Act, we are required to ask you individually to confirm your agreement to the Company sending or supplying documents and information to you as a member of the Company electronically. We currently intend to make available the Company's annual accounts and half yearly reports via our website, but we are seeking your authority to send or supply all Shareholder communications electronically, so that going forward we are able to fully utilise the opportunities presented by the new electronic communications regime.

Details of the action that Shareholders will need to take in this respect are set out paragraph 11 of this document.

## **9. Proposed New Articles**

It is proposed that the Company adopt new Articles. The Company made certain amendments to its articles of association, now incorporated into the Current Articles, at a general meeting on 30 June 2010. This included the removal of the majority of the Company's memorandum of association and the Company's authorised share capital. These changes reflected certain provisions of the Companies Act 2006.

We are proposing to adopt the New Articles to allow the Company to take advantage of the electronic communications regime referred to in paragraph 8 above. The New Articles also generally update the Current Articles, primarily to reflect the provisions of the Companies Act 2006. The principal changes that it is proposed are introduced in the New Articles are summarised below. Other changes, which are of a minor, technical or clarifying nature and also some more minor changes which merely reflect changes made by the Companies Act 2006 have not been noted. The New Articles, showing all changes to the Current Articles, are available for inspection, as noted in the notes to the Notice at the end of this document.

### **a. *Form of Resolution***

The Current Articles contain a provision that, where for any purpose an ordinary resolution is required, a special or extraordinary resolution is also effective and that, where an extraordinary resolution is required, a special resolution is also effective. This provision is being amended in the New Articles as the concept of extraordinary resolutions has not been retained under the Act.

### **b. *Extraordinary General Meetings***

The phrase extraordinary general meeting is not used in the Act. Instead, extraordinary general meetings are referred to as general meetings. References to extraordinary general meetings have been replaced by references to general meetings in the New Articles.

### **c. *Convening extraordinary and annual general meetings***

The provisions in the Current Articles dealing with the convening of general meetings and the length of notice required to convene general meetings are different in the New Articles so as to conform to new provisions in the Act. In particular, a general meeting to consider a special resolution can be convened on 14 days' notice whereas previously 21 days' notice was required.

d. ***Adjournments of General Meetings***

The Current Articles state that when a general meeting that is adjourned due to lack of a quorum, the meeting shall be adjourned to a time not less than seven nor more than sixty days later. The Act provides that a meeting so adjourned must be adjourned to a date no less than ten days from the date of adjournment. The New Articles reflect this position.

e. ***Votes of Members***

Under the Act proxies are entitled to vote on a show of hands, whereas under the Current Articles proxies are only entitled to vote on a poll. The New Articles reflect this new provision.

f. ***Age of Directors***

The Current Articles contain a provision requiring a director's age to be disclosed if he has attained the age of 70 years or more in the notice convening a meeting at which the director is proposed to be elected or re-elected. Such provision could now fall foul of the Employment Equality (Age) Regulations 2006 and so has been removed from the New Articles.

g. ***Conflicts of Interest***

The Act sets out directors' general duties which largely codify the existing law but with some changes. Under the Act, a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the company's interests. The requirement is very broad and could apply, for example, if a director becomes a director of another company or a trustee of another organisation. The Act allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the articles of association contain a provision to this effect. The Act also allows the articles of association to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. The New Articles give the directors authority to approve such situations and to include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position.

There are safeguards which will apply when directors decide whether to authorise a conflict or potential conflict. First, only directors who have no interest in the matter being considered will be able to take the relevant decision, and secondly, in taking the decision the directors must act in a way they consider, in good faith, will be most likely to promote the company's success. The directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

It is also proposed that the New Articles should contain provisions relating to confidential information, attendance at board meetings and availability of board papers to protect a director being in breach of duty if a conflict of interest or potential conflict of interest arises. These provisions will only apply where the position giving rise to the potential conflict has previously been authorised by the directors.

h. ***Electronic and web communications***

As referred to in paragraph 8 above, provisions of the Act enable companies to communicate with members by electronic and/or website communications. The New Articles allow communications to members in electronic form and, in addition, they also permit the Company to take advantage of the new provisions relating to website communications. Before the Company can communicate with a member by means of website communication, the relevant member must be asked individually by the Company to agree that the Company may send or supply documents or information to him by means of a website, and the Company must either have received a positive response or have received no response within the period of 28 days beginning with the date on which the request was sent. The Company will notify the member (either in writing, or by other permitted means) when a relevant document or information is placed on the website, and a member can always request a hard copy of that document or information from the Company.

i. ***Refusal to register transfers***

The Act provides that, where the directors refuse to register a transfer of shares, the directors must give reasons for doing so as soon as practicably. The New Articles contain provisions to this effect.

j. **Generally**

Generally the opportunity has been taken to bring clearer language into the articles, and to update statutory references.

## **10. General Meeting**

A notice convening the General Meeting to be held at 3 Lloyd's Avenue, London, EC3N 3DS at 11:00 a.m. on 1 August 2012 is set out at the end of this document. At the General Meeting, the following Resolutions will be proposed:

### **Ordinary Resolutions:**

- (1) an ordinary resolution to authorise the Directors to allot up to 5,559,496 New Ordinary Shares in connection with the Second Stage Placing;
- (2) an ordinary resolution to authorise the Directors to allot relevant securities (as defined in section 551 of the Act) up to an aggregate nominal value of £649,139.83 (representing one-third of the Enlarged Ordinary Share Capital) following the Placing. The authority sought by resolution 2 will last for a period of 15 months from the date of passing of the resolution or, if earlier, until the date of the annual general meeting of the Company to be held in 2012;

### **Special Resolutions:**

- (3) a special resolution to empower the Directors to issue the Second Stage Placing Shares for cash on a non pre-emptive basis;
- (4) a special resolution to empower the Directors to issue new equity securities of up to an aggregate nominal amount of £292,112.92 (representing 15 per cent. of the Enlarged Ordinary Share Capital) for cash on a non pre-emptive basis. The authority sought by resolution 4 will last for a period of 15 months from the date of passing of the Resolution or, if earlier, until the date of the annual general meeting of the Company to be held in 2012; and
- (5) a special resolution to adopt new articles of association of the Company.

## **11. Action to be taken by Shareholders**

### **General Meeting**

#### *Shareholders*

A reply-paid Form of Proxy is enclosed for use at the General Meeting. Whether or not you intend to be present at the meeting you are requested to complete, sign and return this Form of Proxy to the Company's registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible but in any event so as to arrive not later than 11:00 a.m. on 30 July 2012. The completion and return of this Form of Proxy will not preclude you from attending the General Meeting and voting in person should you subsequently wish to do so.

#### *Warrant holders*

Holders of warrants over Ordinary Shares have the right to attend and speak (but not, by virtue solely of holding warrants, to vote) at the General Meeting. Accordingly, in the case of holders of warrants who are not also Shareholders, no Form of Proxy is enclosed for use at the General Meeting.

Furthermore, as the Company's communications with holders of warrants are governed by the terms of the warrant instrument, holders of warrants who are not also shareholders will not be subject to the electronic communications regime detailed below. Accordingly, in the case of holders of warrants who are not also shareholders, no shareholder communications reply slip is enclosed with this letter.

#### *Electronic Communications*

Please find enclosed a shareholder communications reply slip relating to communications from the Company. If we do not receive a response from you within 28 days of the date of this document, then you will be taken to have agreed (under paragraph 10 of Schedule 5 to the Act) that the Company may send or supply documents and information to you via a website. Therefore, if you agree to the Company

sending or supplying documents or information to you via a website, you need take no further action in relation to this part of the letter. If you would prefer to receive documents and information in paper form rather than via a website, you will need to complete Section B of the reply slip and return it to the Company Secretary at Transense Technologies plc, 66 Heyford Park, Upper Heyford, Bicester, Oxfordshire, OX25 5HD.

The Company will notify you when documents and information are available to access on the website and will provide you with:

- the address of the website;
- the place on the website where the documents and information may be accessed; and
- details of how to access the documents or information.

In order to access any documents and information on the website and/or by email, a Shareholder will need software being able to display pdf documents, for example, Adobe Acrobat Reader (which can be downloaded free of charge at [www.adobe.com/products/acrobat/readstep2.html](http://www.adobe.com/products/acrobat/readstep2.html)).

The enclosed shareholder communications reply slip also gives Shareholders the opportunity to confirm agreement to the Company sending or supplying documents and information directly to Shareholders in electronic form. If you agree to this, please provide your electronic address, for example an email address, for these purposes by completing and returning Section A of the reply slip.

Please note that there may be particular circumstances in which the Company needs to send documents or information to you in hard copy rather than by website or email, in which case the Company reserves the right to do so.

## **12. Recommendation**

The Directors consider that the Second Stage Placing and passing of the Resolutions will provide a stronger platform from which to promote the success of the Company for the benefit of its members as a whole. Accordingly, the Directors unanimously recommend Shareholders to vote in favour of the Resolutions at the General Meeting as they intend to do in respect of their own beneficial holdings of 8,510,517 Ordinary Shares representing 4.5 per cent. of the Existing Ordinary Shares at the date of this document.

Yours faithfully

**David Kleeman**

*Chairman*

6 July 2012

## NOTICE OF GENERAL MEETING

### **Transense Technologies plc** (the “Company”)

**NOTICE IS HEREBY GIVEN** that a general meeting of the Company will be held at 3 Lloyd’s Avenue, London, EC3N 3DS at 11:00 a.m. on 1 August 2012 for the purpose of considering and, if thought fit, passing the following resolutions of which Resolution 1 and 2 shall be proposed as ordinary resolutions and Resolutions 3, 4 and 5 shall be proposed as special resolutions:

#### **ORDINARY RESOLUTIONS**

1. **THAT** the directors of the Company be and they are hereby generally and unconditionally authorised (in substitution for all subsisting authorities to the extent unused and otherwise than granted pursuant to resolution 2 below) pursuant to and in accordance with section 551 of the Companies Act 2006 (the “Act”) to allot up to 5,559,496 new ordinary shares in connection with the placing announced by the Company on 29 June 2012 and, unless previously renewed, varied or revoked by the Company in general meeting, this power shall expire at the conclusion of the annual general meeting of the Company to be held in 2012 or 15 months after the passing of this resolution (whichever is earlier) except that the directors of the Company may, before the expiry of such period, make an offer or agreement which would or might require new ordinary shares to be allotted after the expiry of such period, and the directors of the Company may allot new ordinary shares in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.
2. **THAT** the directors of the Company be and they are hereby generally and unconditionally authorised (in substitution for all subsisting authorities to the extent unused and otherwise than granted pursuant to resolution 1 above) pursuant to and in accordance with section 551 of the Act to allot new ordinary shares or grant rights to subscribe for or to convert any securities into new ordinary shares (“Rights”) up to an aggregate nominal amount of £649,139.83 for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the annual general meeting of the Company to be held in 2012 or 15 months after the passing of this resolution (whichever is earlier) except that the directors of the Company may, before the expiry of such period, make an offer or agreement which would or might require new ordinary shares to be allotted or Rights to be granted after the expiry of such period, and the directors of the Company may allot new ordinary shares or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

#### **SPECIAL RESOLUTIONS**

3. **THAT** subject to, and conditional upon, the passing of resolution 1 above, the directors of the Company be and they are hereby empowered (in substitution for all subsisting authorities to the extent unused and otherwise than granted pursuant to resolution 4 below) in accordance with section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act) pursuant to the authority conferred upon them by resolution 1 for cash as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities as detailed in resolution 1.
4. **THAT** subject to, and conditional upon, the passing of resolution 2 above, the directors of the Company be and they are hereby empowered (in substitution for all subsisting authorities to the extent unused and otherwise than granted pursuant to resolution 3 above) in accordance with section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act) pursuant to the authority conferred upon them by resolution 2 for cash as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:
  - 4.1 in connection with an offer of such securities by way of a Rights Issue; and
  - 4.2 otherwise than pursuant to resolutions 1, 2 and 4.1 above, up to an aggregate nominal amount of £292,112.92.

In this resolution 4, “**Rights Issue**” means an offer of equity securities open for acceptance for a period fixed by the directors of the Company to shareholders on the register of the Company on a fixed record date in proportion as nearly as may be to their respective holdings, but subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient to deal with any fractional entitlements or legal or practical difficulties under the laws of, or the requirements of any recognised regulatory body or any stock exchange, in any territory.

5. **THAT** the articles of association produced to the meeting and initialled by the Chairman of the meeting for the purpose of identification be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association.

**By Order of the Board**

**Date: 6 July 2012**

**D Ford**

*Secretary*

Notes:

1. A member entitled to attend and vote at the above meeting convened by the above notice shall be entitled to appoint a proxy (or proxies) to attend, speak and vote in his place. Such proxy need not be a member of the Company.
2. A form of proxy is enclosed. The appointment of a proxy will not prevent a shareholder from subsequently attending and voting at the meeting in person, in which case any votes cast by the proxy will be excluded. You may appoint more than one proxy provided that each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the Company's Registrars (details below).
3. To be valid, the form of proxy (together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority) must be completed in accordance with the instructions set out on the form and deposited at or posted to the offices of the Company's Registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to be received no later than 11:00 a.m. on 30 July 2012. If you hold your shares in uncertificated form, you may use the CREST electronic proxy appointment service as described below. Completion and return of the form of proxy or appointment of a proxy through CREST will not preclude shareholders from attending or voting at the meeting in person.
4. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of any other joint holders. For these purposes, seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.
5. In the case of a corporation, the form of proxy must be executed under its common seal or signed on its behalf by a duly authorised attorney or duly authorised officer of the corporation.
6. As provided in Regulation 41 of the Uncertificated Securities Regulations 2001, only those members registered in the register of members of the Company at 6.00 p.m. on 30 July 2012 (or in the case of an adjournment 48 hours before the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of Ordinary Shares registered in their name at that time. Changes to entries on the relevant register of securities after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
7. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
8. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a “CREST Proxy Instruction”) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by 11:00 a.m. on 30 July 2012. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
9. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
10. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.



11. Electronic proxy appointment is available for this meeting. If you would like to submit your form using the web-based voting facility go to [www.capitashareportal.com](http://www.capitashareportal.com) and follow the on screen instructions. In order to be a valid proxy appointment, the member's electronic message confirming the details of the appointment completed in accordance with those instructions must be transmitted so as to be received no later than 48 hours before the time of the meeting.
12. A copy of the proposed new articles of association of the Company and the existing articles of association marked to show the changes being proposed in Resolution 5 will be available for inspection during normal business hours at the registered office of the Company on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this notice until the date of the meeting, and will also be available for inspection at the place of the meeting for a period of 15 minutes prior to the meeting and until the conclusion of the meeting.
13. As at 5 July 2012 (being the last business day prior to the publication of this Notice) the Company's issued ordinary share capital consists of 189,182,452 shares, carrying one vote each. Therefore, the total voting rights of the Company as at 5 July 2012 are 189,182,452.

# FORM OF PROXY

## TRANSENSE TECHNOLOGIES PLC

### GENERAL MEETING

Name (BLOCK CAPITALS) .....

Address .....

[I][We] being [a] member[s] of Transense Technologies plc (the "Company"), hereby appoint the chairman of the meeting or, failing him

Name of proxy (see Note 1) ..... Number of shares (see Note 2) .....

or failing him/her, the Chairman of the meeting to be my/our proxy and to attend, speak and vote for me/us on my/our behalf at the general meeting of the Company to be held at 3 Lloyd's Avenue, London, EC3N 3DS on 1 August 2012 at 11.00 a.m., and at any adjournment thereof, in respect of my/our above shareholding [see Note 2].

Please indicate by ticking this  box if this is one of more than one appointment of a proxy in respect of your holding [see Note 2].

The proxy will vote as indicated below in respect of the resolutions set out in the notice of meeting. To the extent this form is returned without an indication as to how the proxy is to vote the proxy will vote or abstain from voting at his discretion.

Please mark 'X' to indicate how you wish to vote

	For	Against	Vote withheld
<b>ORDINARY RESOLUTIONS</b>			
1. Authority to allot shares pursuant to the Second Phase Placing			
2. General authority to allot relevant securities up to an aggregate nominal amount of £649,139.83			
<b>SPECIAL RESOLUTIONS</b>			
3. Authority to allot equity securities for cash on a non pre-emptive basis in connection with the Second Phase Placing			
4. General authority to allot equity securities for cash on a non pre-emptive basis up to an aggregate nominal amount of £292,112.92			
5. To adopt new articles of association			

To assist with arrangements, if you intend attending the meeting in person please place a 'X' in the box opposite

Signature ..... Date .....

#### NOTES

- A member wishing to appoint a person other than the Chairman of the meeting as proxy should insert the name and address of such person in the space provided. A proxy need not be a member of the Company.
- You may, if you wish, appoint more than one proxy, but each must be appointed in respect of a specified number of shares within your holding. If you wish to do this, each proxy must be appointed by means of a separate form. Additional forms may be obtained from Capita Registrars by telephoning 0871 664 0300 or if calling from outside the UK, on +44 20 8639 3399. Calls to the Capita Registrars 0871 664 0300 number are charged at 10 pence per minute (including VAT) plus any of your service provider's network extras (lines are open Monday to Friday 8.30 a.m. to 5.30 p.m.). Calls to the Capita Registrars +44 20 8639 3399 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Capita Registrars cannot provide advice on the merits of the Resolutions nor give any financial, legal or tax advice. Alternatively you may photocopy this form the required number of times before completing it. When appointing more than one proxy you must fill in the blank provided on each form to indicate the number of your shares in respect of which the proxy is to be appointed. If you fail to do so, the appointment will be rejected as invalid. You must also tick the box on each form to indicate it is one of more than one appointment in respect of your holding. All the forms should be returned in the same envelope. If you are only appointing one proxy, you can cross out all reference to the number of shares or leave the blank for the number of shares uncompleted, in which case the appointment will be taken to be for your full holding.
- To be effective, the completed Form of Proxy must be deposited with Capita Registrars, PXS, 34 Beckenham Road, Beckenham BR3 4TU not later than 11.00 a.m. on 30 July 2012. If the meeting should be adjourned, this Form of Proxy, if not previously lodged, will be effective for use at the adjourned meeting as long as it is lodged, duly completed, as set out above not later than 48 hours before the adjourned meeting, and if there should be a poll on any of the resolutions which is taken more than 48 hours after it was demanded this form will be effective, if not previously lodged, for use at the poll as long as it is lodged, duly completed, as set out above not later than 24 hours before the time appointed for the taking of the poll.
- Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the time by which a person must be entered on the register of members in order to have the right to attend or vote at the General Meeting is at 6.00 p.m. on 30 July 2012 in respect of the number of shares registered in his name at that time. If the meeting is adjourned, the time by which a person must be entered on the register of members in order to have the right to attend or vote at the adjourned meeting is 48 hours before the date fixed for the adjourned meeting. Changes to entries on the register of members after the relevant time will be disregarded in determining the rights of any person to attend or vote at the meeting.
- Use of this Form of Proxy does not preclude a member from attending and voting in person.
- In the case of joint holders, the signature of only one of the joint holders is required on this Form of Proxy but the vote of the first holder named on the register of members of the Company will be accepted to the exclusion of the other joint holders.
- In the case of a corporation this Form of Proxy must be given under its common seal or signed on its behalf by a duly authorised officer or an attorney.
- If this Form of Proxy is signed and returned without any indication as to how the proxy shall vote, the proxy will exercise his/her discretion as to whether and how he/she votes.
- A "vote withheld" is not a vote in law and will not be counted in the calculation of the votes for or against a resolution.
- As an alternative to completing this hard copy proxy form, (i) CREST members who wish to appoint a proxy or proxies through the CREST electronic appointment service should refer to Notes 7 and 8 of the Notice of General Meeting in relation to the submission of a proxy appointment via CREST and (ii) any member may appoint a proxy or proxies through the Capita Share Portal (see Note 11 of the Notice of General Meeting).