INDEPENDENT REVIEW REPORT
to Transense Technologies plc

Introduction
We have been instructed by the company to review the financial information for the six months ended 30th June 2003 on pages 4 and 5. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities
The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. Where a company is fully listed, the directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed. The directors of Transense Technologies plc have voluntarily complied with this requirement in preparing the interim report.

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

Review conclusion
On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30th June 2003.

BDO Stoy Hayward
Chartered Accountants
Bromley, Kent BR1 3WA

3 September 2003

Chairman's Statement

The first half-year of 2003 has been a period of stability and consolidation for Transense after the world uncertainties of 2001/2. The improvement in 6-month turnover from £37,000 in 2002 to £180,000 in 2003 was comprised primarily of contributions from our licensees for our technical support and also includes a first, albeit very small, contribution from royalties resulting from our tyre pressure monitoring system technology (TPMS). Our costs for the year are under strict control and will be in line with budget.

I am pleased to say that the thorough testing being carried out on TPMS is proving our technology to be very robust and reliable and your Directors are still of the opinion that it continues to demonstrate itself to be the leading non-battery system available.

It came as no surprise to us on 6 August that a Federal Court in America ruled the use of an ABS-based indirect TPMS to be unsafe. This overturned the National Highways Traffic Safety Administration (NHTSA) decision that indirect should be used alongside direct interrogation methods. It is now expected that NHTSA will issue a new rule by next Spring requiring only direct monitoring. Although using the ABS to "deduce" tyre pressure was potentially cheaper than existing direct systems, we did not view this as a threat since it only worked when tyre pressures were well below the recommended safety levels and not at all at certain speeds.

The major push forward for TPMS starts in November this year when it will be obligatory in America for certain categories of new vehicles such as passenger cars to start using pressure warning systems. Undoubtedly, larger commercial vehicles, which are outside current legislation, will also fall into line because of those safety and operating costs associated with tyre blowouts. The first of these systems, which is already in the marketplace, is battery operated. We feel the Transense TPMS still gives us a major edge over these competing products.

The Company also continues to make steady progress in other areas such as electric power steering and have recently developed and patented a new SAW device, which will extend our patents in this area for a further 20 years. Our licensees are still on target for systems incorporating our technology to go into production in 2005.

Although negotiations with a number of new potential licensees are going well and we hope to announce further agreements this year, progress has been somewhat slower than anticipated, due mainly to world market conditions. As a result, investors were naturally beginning to question whether we would have need of further funds - before products using our technology would reach the market place and the expected royalty stream start to flow.

We still have over £1 million on deposit, but it would be imprudent of your Directors to let matters reach a stage where we had no alternative but to ask shareholders for further funds. To reassure our investors and the market therefore, we announced last week that we have raised £1.23 million net of expenses through a placing of approximately 2.5 million new ordinary shares of which 1.5 million were placed with First State Investments, a new shareholder, and the balance with two of our existing investment institutions. The placing, at 50p per share was at a 6% premium to the then market price. Given earlier market turbulence and share price movements this is a satisfactory conclusion leaving us well placed for the medium term.

Peter Woods
Chairman
3 September 2003

CONSOLIDATED PROFIT & LOSS ACCOUNT
For the six months to 30 June 2003

		6 months to 30 June 2003 £'000	6 months to 30 June 2002 £'000
Turnover		**180**	37
Cost of Sales		**(29)**	(21)
Gross profit		**151**	16
Administration expenses		**(916)**	(678)
Operating Loss		**(765)**	(662)
Interest income		**26**	56
Loss on ordinary activities before taxation		**(739)**	(606)
Taxation		**0**	0
Loss on ordinary activities after taxation		**(739)**	(606)
Minority interest		**6**	6
Loss on ordinary activities after minority interest		**(733)**	(600)
Dividends			0
Loss per share:	Basic	**(1.4p)**	(1.2p)
	Fully diluted	**(1.4p)**	(1.1p)

CONSOLIDATED BALANCE SHEET
at 30 June 2003

			30 June 2003		31 December 2002
		£'000	**£'000**	£'000	£'000
Fixed Assets			**1,516**		1,433
Current assets:	Debtors	**94**		269	
	Investment	**34**		51	
	Cash	**1,205**		1,850	

		1,333		2,170	
Current liabilities:	Creditors	**125**		125	
	Accruals	**35**		50	
		160		175	
Net Current assets			**1,173**		1,995
Net assets			**2,689**		3,428
Capital & reserves:	Share capital		**5,066**		5,066
	Share premium		**2,363**		2,363
	Profit & Loss account		**(4,718)**		(3,985)
Shareholders' funds			**2,711**		3,444
Minority interest			**(22)**		(16)
			2,689		3,428

CONSOLIDATED CASH FLOW STATEMENT
For the six months to 30 June 2003

	6 months to 30 June 2003 £'000	6 months to 30 June 2002 £'000
Net cash outflow from operating activities	**(621)**	(531)
Returns on investments and servicing of finance	**26**	56
Corporation tax received	**52**	20
Capital expenditure and financial investment	**(152)**	(218)
Cash outflow before financing	**(695)**	(673)
Financing		
Issue of new ordinary shares	**50**	0
Decrease in cash in the period	**(645)**	(673)

Reconciliation of operating loss to net cash outflow from operating activities

Operating loss	**(765)**	(662)
Depreciation & amortisation	**69**	40
Impairment in value of investment	**17**	0
Decrease in debtors	**73**	62
(Decrease)/increase in creditors	**(15)**	29
	(621)	(531)

Reconciliation of net cash flow to movement in net debt

Decrease in cash in the period	**(645)**	(673)
Decrease in value of current asset investment	**(17)**	0
Movement in net funds in the period	**(662)**	(673)
Net funds at 1 January	**1,901**	3,177
Net funds at 30 June	**1,239**	2,504

Analysis of net funds

	Liquid resources	Cash	Current asset investments	Total
	£'000	£'000	£'000	£'000
At 1 January 2003	1,700	150	51	1,901
Cash flow	(600)	(45)		(645)
Non cash charges			(17)	(17)
At 30 June 2003	**1,100**	**105**	**34**	**1,239**