

TRANSENSE TECHNOLOGIES PLC

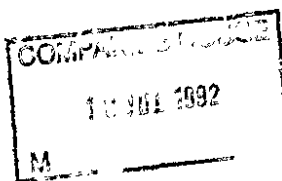
(Registered No: 1885075)

DIRECTORS' REPORT AND FINANCIAL ACCOUNTS

FOR THE YEAR ENDED

31 DECEMBER 1991

Burgis & Bullock
Chartered Accountants
2 Chapel Court
Holly Walk
Leamington Spa
Warwickshire
CV32 4YS



TRANSENSE TECHNOLOGIES PLC

INDEX TO FINANCIAL ACCOUNTS

YEAR ENDED

31 DECEMBER 1991

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TRANSENSE TECHNOLOGIES PLC

Directors

J A H Perry - Chairman and Chief Executive
E G Fishlock-Lomax B.Sc - Non Executive
J F George B.Sc - Non Executive
A Lonsdale - Technical
B Lonsdale - Technical

Secretary

D A Gomez-Sall F.C.A.

Registered Office

2 Chapel Court
Holly Walk
Leamington Spa
Warwickshire
CV32 4YS

Auditors

Burgis & Bullock
Chartered Accountants
2 Chapel Court
Holly Walk
Leamington Spa
Warwickshire
CV32 4YS

Solicitors

Bower & Bailey
35 High Street
Banbury
OX16 8ER

Bankers

Lloyds Bank plc
P O Box 663
79-81 Brompton Road
London
SW3 1DD

TRANSENSE TECHNOLOGIES PLC

CHAIRMAN'S STATEMENT

Dear Shareholder

It gives me great pleasure to present the first report and accounts of Transense Technologies Plc. You will recall that we changed the name of our company from Amphoterics Plc when we acquired Transense last September, following the sale of the Intellectual Property Rights to Nobel of Sweden.

Since last September I can report that we are now members of the consortium PERA International formed, for a DTI LINK programme. Together with the Science and Engineering Research Council, corporate members and the DTI, £500000 has been committed to fund the programme, our contribution is £25000.

I am pleased to say that, so far, we are all very pleased with the progress that has been made, in such a short time. A revolutionary prototype piece of equipment has now been made, utilising the non-contact sensor and everyone concerned is excited by the potential.

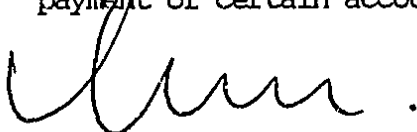
Some shareholders may be technically minded, so I thought an insert on the technology would be of great interest.

As you are aware our interest in the non-contact sensor is for the automotive industry, for which Transense has the exclusive rights. We are, at present, working with a major car manufacturer for use of the sensor in ABS braking systems.

Talks have also started with other potential users, such as a major supplier of drive systems for the fork lift truck industry. Our interest here lies in the use of our technology in electric steering mechanisms.

As we progress with the research and development many more uses will undoubtedly be found for the new sensor so broadening the product base the company will be able to work from.

Shareholders should be aware that the secretarial contract with Robert Justice has been terminated and Roberts & Richards no longer act for us in legal matters. We have instigated legal proceedings against Roberts & Richards for the recovery of monies which they have received on our behalf and which they have kept in payment of certain accounts from them to the company. We dispute those accounts.



J A H Perry
Chairman

20 May 1992

TRANSENSE TECHNOLOGIES PLC

REPORT OF THE DIRECTORS

The Directors submit their Report and audited Accounts for the year ended 31 December 1991.

Principal Activities and Review of Business Developments

The principal activities of the company is in the development of a revolutionary non-contact sensor for use in automotives.

Following the sale of its Intellectual Property Rights to Nobel Industries, Amphoterics Plc acquired Transense Technologies Limited last September and changed its name to that of the present on 4 October 1991.

Since that time the company has joined a consortium of Companies put together by PERA International under a DPI/Link programme. This programme is carrying out research into ways of speeding up the output of existing machinery in various market sectors with the use of a new type of non-contact sensor. The research is expected to highlight a number of uses for the new technology, one of which will be for Automatic Braking Systems for the automotive industry.

Results and Dividends

The profit for the year amounts to £200015 and this is shown in the Profit and Loss Account. The Directors do not recommend the payment of a dividend in respect of the current year.

Registered Office

Shareholders should note that the registered office of the company has been changed to the address indicated on page 1.

Fixed Assets

Movements in tangible fixed assets are detailed in Note 9 to the Accounts.

Directors

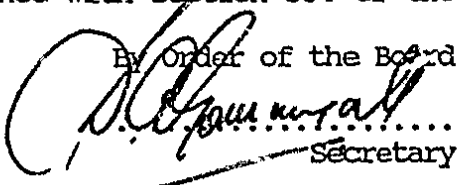
The following have served as Directors during the year and their interests in the shares of the Company were as follows:-

	Ordinary Shares of 1p	
	At 31.12.91	At 31.12.90
J A H Perry	562299	588
E G Fishlock-Lomax (resigned 25 April 1991, reappointed 24 September 1991)	382590	377754
J F George	29768	-
A Lonsdale (appointed 24 September 1991)	711539	-
B Lonsdale (appointed 24 September 1991)	674089	-
L Samuelson (resigned 25 April 1991)	-	-
M B Fischier (resigned 25 April 1991)	-	-

Auditors

Messrs Burgis & Bullock, Chartered Accountants, have signified their willingness to stand for re-appointment as Auditors, in accordance with Section 384 of the Companies Act 1985.

2 Chapel Court
Holly Walk
Leamington Spa

By Order of the Board

Secretary

REPORT OF THE AUDITORS
TO THE MEMBERS OF
TRANSENSE TECHNOLOGIES PLC

We have audited the Accounts on Pages 5 to 15 in accordance with Auditing Standards.

In our opinion the Accounts give a true and fair view of the state of affairs of the Group and Company at 31 December 1991 and of the Group Profit and Source and Application of Funds for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Burgess & Bullock.

Registered Auditor
Chartered Accountants

2 Chapel Court
Holly Walk
Leamington Spa
Warwickshire
CV32 4YS

..9... June... 1992 Date

TRANSENSE TECHNOLOGIES PLC
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1991

	Notes	1991 £	1990 £
Turnover	2	584020	1129007
Cost of Sales		<u>317679</u>	<u>835962</u>
Gross Profit		266341	293045
Distribution Costs		(11922)	(44230)
Administration Expenses		<u>(245459)</u>	<u>(236698)</u>
Operating Profit	5	8960	12117
Other Income		244252	143140
Interest Payable and Similar Charges	6	<u>(14697)</u>	<u>(41673)</u>
Profit on Ordinary Activities before Taxation		238515	113584
Taxation on Profit on Ordinary Activities	7	<u>(38500)</u>	<u>(11250)</u>
Profit on Ordinary Activities after Taxation			
Transferred to Reserves	16	<u><u>£200015</u></u>	<u><u>£102334</u></u>

TRANSENSE TECHNOLOGIES PLC

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 1991

	Notes	1991		1990	
		£	£	£	£
Fixed Assets					
Tangible Assets	9		4864		23542
Intangible Assets	10		26214		-
			<u> </u>		<u> </u>
			31078		23542
Current Assets					
Stocks	12	-		82447	
Debtors	13	67559		264044	
Cash at Bank and in Hand		129084		7685	
		<u> </u>		<u> </u>	
		196643		354176	
		<u> </u>		<u> </u>	
Creditors: Amounts Falling Due Within One Year					
Hire Purchase and Finance Leases		-		7785	
Trade Creditors		8674		308673	
Corporation Tax		49750		11250	
Other Taxes and Social Security Costs		1385		4690	
Other Creditors		-		100733	
Accruals		18482		9545	
		<u> </u>		<u> </u>	
		78291		442676	
		<u> </u>		<u> </u>	
Net Current Liabilities			118352		(88500)
			<u> </u>		<u> </u>
Total Assets less Current Liabilities			149430		(64958)
Creditors: Amounts Falling Due After One Year					
Hire Purchase and Finance Leases			-		(11841)
			<u> </u>		<u> </u>
			£149430		£(76799)
			<u> </u>		<u> </u>
Capital and Reserves					
Called Up Share Capital	14		37449		10000
Share Premium Account	15		234852		236087
Profit and Loss Account	16		(122871)		(322886)
			<u> </u>		<u> </u>
			£149430		£(76799)
			<u> </u>		<u> </u>

.....
 J A H Perry Director

.....9/6/92..... Date

TRANSENSE TECHNOLOGIES PLC

PARENT COMPANY BALANCE SHEET AS AT 31 DECEMBER 1991

	Notes	1991		1990	
		£	£	£	£
Fixed Assets					
Tangible Assets	9		4864		-
Investments	11		26216		2
			<u> </u>		<u> </u>
			31080		2
Current Assets					
Debtors	13	70088		131500	
Cash at Bank and in Hand		126555		473	
		<u> </u>		<u> </u>	
		196643		131973	
		<u> </u>		<u> </u>	
Creditors: Amounts Falling Due Within One Year					
Trade Creditors		8674		-	
Corporation Tax		49750		11250	
Other Taxes and Social Security Costs		1385		-	
Accruals		18482		850	
		<u> </u>		<u> </u>	
		78291		12100	
		<u> </u>		<u> </u>	
Net Current Assets			118352		119875
			<u> </u>		<u> </u>
			149432		£119875
			<u> </u>		<u> </u>
Capital and Reserves					
Called Up Share Capital	14		37449		10000
Share Premium Account	15		234852		236087
Profit and Loss Account	16		(122869)		(126212)
			<u> </u>		<u> </u>
			£149432		£119875
			<u> </u>		<u> </u>

..... Director
J A H Perry

9/6/92 Date

TRANSENSE TECHNOLOGIES PLC
 CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS
 FOR THE YEAR ENDED 31 DECEMBER 1991

	1991		1990	
	£	£	£	£
Source of Funds				
Profit on Ordinary Activities before Taxation		238515		113584
Adjustment for items not involving the movement of Funds:				
Depreciation and Amortisation	4747		11717	
Profit on Disposal of Tangible Fixed Assets	(5620)		(1194)	
		<u>(873)</u>		<u>10523</u>
Funds Generated by Operations		237642		124107
Funds from Other Sources				
Proceeds from issue of new shares	26214		-	
Loans Advances	-		23082	
Proceeds of Sale of Tangible Fixed Assets	22500		3050	
		<u>48714</u>		<u>26132</u>
		286356		150239
Application of Funds				
Hire Purchase Repayments	19626		4319	
Purchase of Tangible Fixed Assets	2949		30390	
Purchase of Intangible Fixed Assets	26214		-	
		<u>48789</u>		<u>34709</u>
Increase in Working Capital		<u>£237567</u>		<u>£115530</u>
Components of Increase in Working Capital				
Stocks	(82447)		36751	
Debtors	(196485)		194437	
Creditors	395100		(119553)	
		116168		111635
Movements in Net Liquid Funds				
Cash at Bank and in Hand		<u>121399</u>		<u>3895</u>
		<u>£237567</u>		<u>£115530</u>

TRANSENSE TECHNOLOGIES PLC

NOTES TO THE ACCOUNTS

YEAR ENDED 31 DECEMBER 1991

1 Accounting Policies

a) Accounting Convention

The Accounts are prepared under the historical cost convention.

b) Depreciation

Depreciation is provided on all Tangible Fixed Assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, or lease period if shorter, as follows:-

Plant and Equipment 20% Reducing balance

c) Deferred Taxation

Deferred Taxation is provided on the liability method on all short term timing differences. Provision is also made for long term timing differences, except for those which are not expected to reverse in the future.

d) Leases and Hire Purchase Agreements

Fixed assets leased under finance leases and purchased under hire purchase agreements are capitalised and depreciated over their expected useful lives. The finance charges are allocated over the primary period of the lease or hire purchase agreement in proportion to the capital element outstanding. The costs of operating leases are charged to the profit and loss account as they accrue.

e) Research and Development

Research and Development expenditure is written off as incurred.

f) Foreign Currency Translation

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date.

All exchange differences are dealt with through the profit and loss account.

g) Pensions

Contributions are normally charged against profits as they are made.

h) Basis of Consolidation

The Consolidated Accounts consolidate the Accounts of the Company and all subsidiaries for the year ended 31 December 1991.

TRANSENSE TECHNOLOGIES PLC

NOTES TO THE ACCOUNTS

YEAR ENDED 31 DECEMBER 1991

2 Turnover

Turnover represents the invoiced amount of goods sold stated net of Value Added Tax.

The Turnover and pre-tax profit is attributable to one activity. An analysis of Turnover by market is given below:-

	1991 £	1990 £
United Kingdom	432645	704331
Europe	149345	401702
America	-	4316
Far East	2030	18658
	<u>£584020</u>	<u>£1129007</u>

3 Staff Costs

The average weekly number of employees (including Directors) during the year was 3 (1990: 3) made up as follows:-

	1991 No.	1990 No.
Management and Office	3	3
	<u>3</u>	<u>3</u>

	1991 £	1990 £
Staff Costs (for the above Employees)		
Wages and Salaries	98326	87698
Social Security Costs	5390	8526
Other Pension Costs	4008	9992
	<u>£107724</u>	<u>£106216</u>

TRANSENSE TECHNOLOGIES PLC

NOTES TO THE ACCOUNTS

YEAR ENDED 31 DECEMBER 1991.

4	Directors' Emoluments	1991	1990
		£	£
	Fees	11248	5750
	Remuneration, Including Pension Contributions	67979	63964
		<u> </u>	<u> </u>
		£79227	£69714
		<u> </u>	<u> </u>

The directors remuneration primarily arises from the services provided by the directors to Amphoterics International Limited and in relation to the business and intellectual property rights that were sold to Nobel of Sweden. Of the total remuneration, £57513 relates to the discontinued business, and £21714 relates to the continuing business of Transense Technologies Plc.

The Emoluments of Directors, excluding pension contributions, were as follows:-

	1991	1990
Chairman	£16797	£5000
	<u> </u>	<u> </u>
Highest Paid Director	£55714	£56254
	<u> </u>	<u> </u>
Other Directors in Scale:-	No.	No.
Not more than £5000	-	1
£5001 to £10000	1	-
	<u> </u>	<u> </u>

5	Operating Profit	1991	1990
		£	£
	This is stated after charging/(crediting):		
	Depreciation of Tangible Fixed Assets:		
	Owned by the Company	1367	798
	On Hire Purchase and Finance Leases	3380	10919
	Profit on Sale of Tangible Fixed Assets	(5620)	(1194)
	Directors' Emoluments	79227	69714
	Auditors' Remuneration	3000	2800
		<u> </u>	<u> </u>

6	Interest Payable and Similar Charges	1991	1990
		£	£
	On Borrowings Repayable Within Five Years:		
	Bank Overdraft	523	209
	Hire Purchase	5902	1398
	Other	8272	40066
		<u> </u>	<u> </u>
		£14697	£41673
		<u> </u>	<u> </u>

TRANSSENSE TECHNOLOGIES PLC

NOTES TO THE ACCOUNTS

YEAR ENDED 31 DECEMBER 1991

7 Tax on Profit on Ordinary Activities

The charge based on the Profit for the year comprises:-

	1991	1990
Corporation Tax at 25%	£38500	£11250

8 Profit/(Loss) of Parent Company

As permitted by Section 230 of the Companies Act 1985, the Profit and Loss Account of the parent company is not presented as part of these accounts. The consolidated profit for the year includes a profit of £3343 (1990 loss £14483) which is dealt with in the Accounts of the Parent Company. This includes a provision of £80708 (1990 £14824 release) against the amounts owed by Peartone Ltd which has negative net assets.

9 Tangible Fixed Assets

The Group	Plant & Equipment £	Motor Vehicles £	Total £
Cost			
At 1 January 1991	20758	53490	74248
Additions	2949	-	2949
Disposals	-	(53490)	(53490)
At 31 December 1991	23707	-	23707
Depreciation			
At 1 January 1991	17476	33230	50706
Charge for the Year	1367	3380	4747
Released on Disposal	-	(36610)	(36610)
At 31 December 1991	18843	-	18843
Net Book Value			
At 31 December 1991	£4864	-	4864
At 31 December 1990	£3282	20260	23542

Motor Vehicles with a net book value of £Nil (1990 £20260) together with Plant and Equipment with a net book value of £Nil (1990 £91) are being acquired under Hire Purchase and Finance Lease agreements.

TRANSENSE TECHNOLOGIES PLC

NOTES TO THE ACCOUNTS

YEAR ENDED 31 DECEMBER 1991

9	Tangible Fixed Assets - (Continued)	Plant & Equipment	Total
	Parent Company	£	£
	Cost:		
	Additions	2949	2949
	Transfer from Subsidiary	20758	20758
		-----	-----
	At 31 December 1991	23707	23707
		-----	-----
	Depreciation:		
	Charge for the Year	485	485
	Transfer from Subsidiary	18358	18358
		-----	-----
	At 31 December 1991	18843	13843
		-----	-----
	Net Book Value		
	At 31 December 1991	4864	4864
		=====	=====
10	Intangible Fixed Assets	Patent Rights	Total
	Cost:		
	Additions	26214	26214
		-----	-----
	At 31 December 1991	£26214	£26214
		=====	=====
	The patent rights will be amortised from the commencement of income being generated from the technology involved.		
11	Investments held as Fixed Assets	Parent Company	
		1991	1990
	Shares in subsidiary undertakings	£26216	£ 2
		=====	=====
12	Stocks	1991	1990
	Finished Goods and goods for resale	£ -	£82447
		=====	=====

TRANSENSE TECHNOLOGIES PLC

NOTES TO THE ACCOUNTS

YEAR ENDED 31 DECEMBER 1991

13 Debtors	The Group		Parent Company	
	1991	1990	1991	1990
	£	£	£	£
Due Within One Year:-				
Trade Debtors	27236	256144	6841	131500
Other Debtors	34345	5632	34345	-
Prepayments	5978	2268	5978	-
Amounts receivable from Subsidiaries	-	-	22924	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	£67559	£264044	£70088	£131500
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

14 Share Capital	1991	1990
	Authorised	
5000000 Ordinary Shares of 1p each	£50000	£50000
	<u> </u>	<u> </u>
Issued and Fully Paid		
3744940 Ordinary Shares of 1p each	£37449	£10000
	<u> </u>	<u> </u>

During the year the company had a bonus issue of 123482 shares followed by an issue of 2621458 shares in order to acquire Transense Technologies Research Limited, together with the patent rights owned by that company.

15 Share Premium Account	1991	1990
	£	£
1000000 ordinary shares of 1p each, issued for consideration over nominal value	273519	273519
Formation costs written off	(37432)	(37432)
Bonus Issue during the year	<u>(1235)</u>	<u>-</u>
	£234852	£236087
	<u> </u>	<u> </u>

TRANSENSE TECHNOLOGIES PLC

NOTES TO THE ACCOUNTS

YEAR ENDED 31 DECEMBER 1991

16	Profit and Loss Account Reserve	The Group £	Parent Company £
	At 1 January 1991	(322886)	(126212)
	Retained profit for the year	200015	3343
		-----	-----
	At 31 December 1991	<u>(122871)</u>	<u>(122869)</u>

17 Additional Information on Subsidiaries

Pearstone Limited
 Zeta Euro-American Technical Services Limited
 Transense Technologies Research Limited

All subsidiaries are wholly owned by the company and incorporated in Great Britain. None of the subsidiaries were trading at the year end.

18 Contingencies

The company is in dispute with its former legal advisers Messrs Roberts & Richards concerning the value of certain invoices received. The accounts include the full amounts the directors believe are due for the services performed. There is a further sum claimed by Roberts & Richards, in addition to that agreed by the directors, totalling approximately £20000 which would become payable if the company lost its case against them.