

29 July 2010

## **Annual General Meeting and Interim Management Statement For the first quarter ended 30 June 2010**

ToroTrak Plc today publishes its interim management statement describing progress made in the first quarter of the financial year ending 31 March 2011. This also includes the trading update to be delivered at ToroTrak's Annual General Meeting which takes place today.

Since reporting results for the financial year ended 31 March 2010 on 25 May 2010, ToroTrak's trading has been in line with management's expectations and those of the market. Our engineering support activities continue to be focused on our major licensee programmes with a high level of committed order values that will run throughout this financial year. We continue to engage with a number of new and targeted prospects and with potential licensees. Interest in ToroTrak's technology is at a high level, particularly in the 'green technology' area where our energy efficiency solutions are seen as being increasingly relevant.

As reported in May 2010, the results for this financial year will be impacted materially by the timing and outcome of potential licence discussions and, in particular, by the choices to be made by Allison relating to their take-up of further options under their agreement with us.

We continue to have strong net cash resources providing a resilient level of financial capital to support our plan.

### **Main drive transmissions**

Progress has been strong with our two major commercial vehicle customers, Allison Transmission, Inc ("Allison") and the European Truck and Bus Manufacturer ("ETBM") where both programmes are on track and achieving their respective milestone objectives. The technology transfer programme for Allison is now virtually complete with a further £0.7m of licence income recognised since the year end. The two client programmes have each progressed from the design stage to hardware evaluation, with prototype transmissions now undergoing rig tests prior to vehicle testing which is due to start imminently.

Field testing on our joint venture, Infinitrak's, new Single Toroidal Transmission ("STT") has confirmed the significant benefits that our technology provides when compared to the incumbent hydrostatic alternatives. Durability of ToroTrak's core variator technology has been confirmed although field trials have revealed the need for further development and validation of Infinitrak's novel traction epicyclic arrangement. ToroTrak's objective remains, as previously reported, for Infinitrak to target those areas of the outdoor power equipment market which can sustain premium pricing, rather than pursuing volume for its own sake. We expect to provide a full update on our strategy for Infinitrak prior to announcement of our Interim Results in November.

### **Energy efficiency solutions**

We are encouraged by the progress made by our new joint venture company, Rotrak. We see significant value potential in the company's variable-drive supercharger concept. The Rotrak integrated unit, incorporating a combination of the JV partners' technologies, is seen as highly relevant to the automotive industry's drive to substantially downsize engines in response to tightened fuel economy and emissions targets. Through Rotrak, we are now implementing a development plan to have a first prototype unit installed in a test vehicle which we will progress rapidly this financial year. This first prototype installation is intended to confirm the functional performance of the Rotrak concept, and to provide a platform from which we will communicate the results and benefits to prospective customers.

We are equally encouraged with progress on our energy recovery projects where we are partnering with flywheel technology providers such as Ricardo and Flybrid Systems. We are engaged in three programmes which are in the public domain, and a further two which are led by partners working with their own clients.

# NEWS RELEASE



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Within the three visible programmes, we enjoy the support of consortia partners which include Allison, Optare and Jaguar Land Rover. The most advanced of these programmes will be yielding initial test results in the next few months.

The feedback we have had from our initial work on Rotrak and our joint work in the flywheel-hybrid consortia confirms a material and growing opportunity for Torotrak arising from the challenge to reduce CO<sub>2</sub> emissions.

**For further information, please visit [www.torotrak.com](http://www.torotrak.com) or contact:**

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