

Torotrak plc
("Torotrak" or the "Company")

Annual General Meeting and Interim Management Statement
for the first quarter ended 30 June 2011

Torotrak today publishes its interim management statement for the first quarter of the financial year ending 31 March 2012. This also includes the trading update to be delivered at the Company's Annual General Meeting which takes place today.

Since reporting results for the financial year ended 31 March 2011 on 25 May 2011, progress across our programmes has been in line with plan and we are continuing to see increasing levels of interest in our technology from prospective vehicle customers and suppliers driven by the need to improve fleet fuel efficiency and reduce emissions.

The new, slimmer organisational structure is in place with annualised operational savings of £1.8 million being achieved as targeted, with a board led by the new Chairman, John Weston, who joined on 1 June 2011.

Cash balances in the first quarter were strengthened with the receipt of £3.5 million of licence payments from Allison Transmission Inc., as expected.

Our engineering programmes continue to focus on our core priority areas:

- Supporting our key commercial vehicle customers towards commercialisation.
- Delivering demonstration prototype vehicles equipped with a Torotrak designed variable drive supercharger, both through our joint venture "Rotrak" and in conjunction with an international Tier 1 supplier. These vehicles will be used to gather test data and will be available for customer assessment later this financial year. Rotrak's own programme has progressed from rig testing to vehicle installation, with the test vehicle and configuration being displayed today at Torotrak's Annual General Meeting.
- Working with Volvo, SKF, Jaguar Land Rover, Ricardo, Flybrid Systems and others in the assessment and further testing of Torotrak equipped variable drive mechanical flywheel systems ("Mild Hybrid" or "Enhanced Stop Start System").
- Working with Tata to support their concept "Pixel" small car programme.

In addition, we are engaging with a number of other vehicle manufacturers and tier 1 equipment suppliers with a view to forming potential new licensing or other forms of collaboration

arrangements on specific programmes. With these potential customers we are seeking to capitalise on their own engineering capability and development investment in order to commercialise our technology. Our objective is to ensure that our lead programmes are protected in terms of our own engineering resources so as to provide sufficient focus and attention on gaining market introduction in those areas.

John Weston, Torotrak's new chairman said:

"Torotrak knows that to be successful, we have to take confident first steps into the market place with products that we and our customers are prepared to invest in and see through into production. In focusing our attention on very specific areas of the market Torotrak is also ensuring that with each opportunity it has more than one way of achieving success.

"Torotrak is very well placed to exploit the opportunities that are now so evident as vehicle manufacturers face tough legislation to reduce fleet emissions and improve fuel economy."

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