

Timestrip Plc

INTERIM RESULTS FOR THE 6 MONTHS ENDED 30TH JUNE 2008

Timestrip Plc is pleased to announce its unaudited interim results for the 6 months to 30 June 2008.

Timestrip Plc ("Timestrip") develops, manufactures and sells two technologies in the field of time and temperature measurement. The patented Timestrip smart label monitors how long perishable food and other replaceable products have been open or in use. The patent pending iStrip undergoes an irreversible colour change when exposed to freezing temperatures and is designed to indicate whether the efficacy of products, such as vaccines, has been compromised.

Key Points

- Steady progress achieved during period under review
- Revenue streams continue to strengthen and build – up 144% on H1 2007
- Balance Sheet strengthened by Placings in May and post-period end in July 2008
- Progress achieved within significant new markets:
 - Pharmaceuticals: Timestrip to feature as Shipping Quality Indicator for leading Pharma brand in Q4 2008
 - Toothbrushes: Order shipped to leading European brand to support upcoming nationwide promotion in encouraging consumers to replace their toothbrushes regularly
- Repeat revenues streams expected to grow via established clients such as WD40 and United Pet Group which have recently launched new product ranges in the US

Paul Freedman, Timestrip's joint CEO commented:-

"I am pleased to report a period of steady progress for the Group, which is now achieving good momentum in the commercialisation of its core Timestrip® technology. Our in-house production facility continues to see improved efficiencies as a result of the larger order volumes being processed and we continue to focus on opportunities to leverage our successes through an expanding sales and distribution footprint in Europe, North America and Asia. Although the macro economic conditions are challenging across all industry sectors, we remain confident that Timestrip presents a unique and compelling proposition that benefits brands and consumers alike, and I look forward to reporting continued progress in due course."

For further information:

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Chairman's statement

Although 2007 was a challenging year for the group I am pleased to report some encouraging progress in relation to both sales and funding during the first half of 2008. Revenues for the period were 144% higher than the comparable period in 2007, and indeed were 50% higher than the revenues for the whole of 2007. This trend has continued in the period since the end of June.

Two share issues, one conducted in July after the period end, have significantly strengthened the cash resources of the group. We are delighted to welcome Graham Platts who has joined the Board as a Non-Executive Director, and I would like to thank Spencer Leslie, who resigned his position as Non-Executive Director in May, for his contribution to the Company.

Financial Results

Turnover for the six months to 30 June 2008 was £267,572 (30 June 2007 - £109,647). At the pre-tax level the Company recorded a loss of £625,649 (2007 – (loss) £657,404). The resultant loss per share is 0.19p (2007 – 0.21p). The Company had cash resources of £0.9m as at the end of June. An additional £0.56m was raised through a placing of new shares in July 2008, at which time the Company entered into an unconditional put option agreement allowing it to raise, in the future, a further £0.44m through an additional placing of shares.

Current Trading and Prospects

The Company has made good progress in improving its sales and marketing operations and in expanding its reach into markets with the greatest revenue potential. The Board remains optimistic that the fruits of these efforts and investment will translate into significant revenue growth in the future.

A proportion of the revenues in 2008 have been derived from orders for new consumer product launches, and it is too soon to have seen the repeat orders that we anticipate once they are widely available at retail. WD40, for example, have in recent weeks launched the “3-in-One No Rust Shield” in the US, and we anticipate repeat orders as they progress with plans to roll-out the product. It is also encouraging to see that United Pet Group has now launched Tetra branded products with the integrated Timestrip technology, including the new Whisper EX filtration system for aquariums.

We are pleased to report that we have also recently converted business in the pharmaceutical and Personal Care sectors. Timestrips will soon appear as a shipping quality indicator with a leading pharmaceutical brand in the UK and will feature with a well-known toothbrush brand in Europe as part of a promotion to encourage more regular replacement of toothbrushes.

There is great resolve within the group to fulfill the enormous potential presented by the unique technologies that have been developed. We remain focused on quickly delivering a number of important contracts and transformational deals that we believe will establish Timestrip as a global mass market technology.

Stephen Oakes
Chairman
16th September 2008

Joint Chief Executives' Statement

Operating Review

The group has developed and is now commercializing two technologies, both of which are capable of radically transforming the markets in which they are targeted. Timestrip® and iStrip® operate in the field of time and temperature measurement and are positioned for adoption within six major mass markets: Food and Beverage, Appliances, Catering/Foodservice, Medical Devices, Pharmaceuticals and Cosmetics/Personal Care.

Our in-house production facility continues to see improved efficiencies as a result of the larger order volumes being processed. We remain committed to the R&D process and are pleased to report that we have successfully developed two new variants of the Timestrip, one of which is known as Threshold Plus and is described in greater detail below.

Our primary focus is to build substantial and sustainable revenues. Despite long sales cycles and challenging macro economic conditions we remain optimistic that significant and transformational contracts can be delivered. We have extended our sales network through the addition of new agents in North America who are already delivering promising results. We are actively seeking to expand the sales network in Europe and Asia.

Our product offering for **Appliances and Routine Reminders** remains our most successful to date. WD40 has now launched the "3-in-One No Rust Shield" on Direct TV in the US and we are expecting new orders as they execute their plan to roll out this exciting and unique product with mass retailers. We are making regular shipments to United Pet Group and Timestrip now features prominently in new products such as the Whisper EX filtration system (<http://www.tetra-fish.com>).

Whirlpool have introduced Timestrip integrated products into new markets such as India and we recently shipped a new product that is designed for use as a reminder to replace cooker-hood filters. Another new customer, IBA Bouchard are successfully integrating Timestrip into their range of food freshening technologies, one of which - "Market Day" - sells throughout France and is now selling at Tesco in the UK. We continue to receive repeat orders from existing customers, including DryandStore who have successfully adopted the technology for use with their hearing aid desiccant.

We are continuing to progress some exciting opportunities in the **Pharmaceutical** sector and are pleased to report that an order has been received from a leading pharmaceutical company who will use Timestrip to help guarantee the quality of their leading brand during shipping. The initial launch will take place in the UK and if successful it is expected that the adoption will be extended to the larger US market. We look forward to updating shareholders in greater detail in due course.

In the **Cosmetic and Personal Care** sector we are pleased to report that we have successfully delivered a custom order for Timestrips that have been purchased by a leading European toothbrush brand for use with a nationwide promotion to encourage people to replace their toothbrush regularly. We believe that the connection of Timestrip with toothbrushes in this way will be a catalyst for much larger opportunities that we are pursuing in this sector in Europe and the US. We continue to make good progress towards the integration of Timestrip products into cosmetic packaging and are optimistic that the first product in this sector with our technology will be launched in early 2009.

The adoption of Timestrip within the **Food & Beverage** sector has to date been disappointing. Widely publicised inflationary trends within this sector have led many potential customers to focus more on cost reduction than adding value through innovation and consequently our progress has been slow. In addition to our ongoing discussions with Premier Foods we are progressing a number of other opportunities in the US with premium brands where the price/value proposition lends itself more readily to our technology given the current macro-economic climate.

New independent research conducted on Timestrip in the US has confirmed a high level of interest in the technology from consumers. It appears that the trends towards food safety awareness, avoiding waste and other "green issues" are tipping consumer preferences in favour of Timestrip. We anticipate retail uptake for Timestrip consumer packs both in the US and Europe towards the end of the year and look forward to reporting on progress in this sector.

We are pleased to confirm solid progress in the **Catering/Foodservice** sector. Our product range has been enhanced by the addition of several new products. Threshold Plus uses the core Timestrip technology to monitor temperature abuse, showing the cumulative time above a threshold temperature in a highly cost effective manner. We have also negotiated distribution rights for an existing range of irreversible temperature abuse indicators that show instantaneously when a threshold temperature has been breached. It is our intention to replicate the success of these indicators in the US with existing pipeline customers in Europe. We have also agreed to distribute an exciting new RFID based electronic time and temperature tracking system known as Log-ic and are encouraged by the sale of a number of systems in a short period of time for trial and evaluation purposes to existing customers.

iStrip

It was recently announced to shareholders that a complaint has been filed in the US District Court of New Jersey alleging that iStrip infringes a recently granted US patent. The Directors are taking legal advice on this matter and it is our belief that there is no liability and that the complaint will not have a material effect on the business. Shareholders will be updated on any developments in due course.

Paul Freedman
Joint Chief Executive Officer
16th September 2008

Reuben Isbitsky
Joint Chief Executive Officer
16th September 2008

Consolidated Income statement

	6 months to 30 June 2008 Unaudited £ 000's	6 months to 30 June 2007 Unaudited £ 000's	12 Months to 31 December 2007 Audited £ 000's
Revenue	268	110	177
Cost of sales	<u>(128)</u>	<u>(57)</u>	<u>(113)</u>
Gross profit	140	53	64
Administrative expenses	(843)	(831)	(1,833)
Loss from operations	(703)	(778)	(1,769)
Finance Income	10	54	98
Finance costs	(4)	(6)	(9)
Loss before tax	<u>(697)</u>	<u>(730)</u>	<u>(1,680)</u>
Taxation	72	73	1,107
Loss for the period	<u>(625)</u>	<u>(657)</u>	<u>(573)</u>
Attributable to:			
Loss for the period attributable to equity holders of the Company	<u>(625)</u>	<u>(657)</u>	<u>(573)</u>
Basic and diluted loss per share	(0.19) p	(0.21) p	(0.18) p

Summary Consolidated Balance Sheet

	June 30 2008 Unaudited £ 000's	June 30 2007 Unaudited £ 000's	December 31 2007 Audited £ 000's
Non current assets			
Goodwill	5,407	5,643	5,408
Other intangible assets	2,289	1,637	2,034
Property, plant & equipment	427	370	357
Deferred tax asset	952	-	952
	<u>9,075</u>	<u>7,650</u>	<u>8,751</u>
Current assets			
Inventory	263	225	234
Trade and other receivables	210	213	162
Current tax receivable	204	181	132
Cash and cash equivalents	942	1,831	834
	<u>1,619</u>	<u>2,450</u>	<u>1,362</u>
Total Assets	<u>10,694</u>	<u>10,100</u>	<u>10,113</u>
Current Liabilities			
Trade and other payables	(500)	(447)	(303)
Bank overdrafts and loans	(14)	(14)	(14)
Obligations under finance leases	(9)	(6)	(6)
	<u>(523)</u>	<u>(467)</u>	<u>(323)</u>
Non-current liabilities			
Bank Loans	(31)	(45)	(39)
Obligations under finance leases	(10)	(14)	(9)
	<u>(41)</u>	<u>(59)</u>	<u>(48)</u>
Total Liabilities	<u>(564)</u>	<u>(526)</u>	<u>(371)</u>
Net Assets	<u>10,130</u>	<u>9,574</u>	<u>9,742</u>
Equity			
Share capital	3,619	3,608	3,608
Share premium account	28,721	27,719	27,719
Share options reserve	395	318	395
Retained losses	(22,605)	(22,071)	(21,980)
Total equity	<u>10,130</u>	<u>9,574</u>	<u>9,742</u>

Consolidated statement of changes in equity

	Share capital £ 000's	Share Premium £ 000's	Share Options reserve £ 000's	Retained losses £ 000's	Total Equity £ 000's
Balance at 1 January 2007	3,607	27,542	180	(21,414)	9,915
Loss for the period	-	-	-	(657)	(657)
Total recognised income and expense for the period	3,607	27,542	180	(22,071)	9,258
Shares issued during period	1	177	-	-	178
Share Option charge	-	-	138	-	138
Balance at 30 June 2007	3,608	27,719	318	(22,071)	9,574
Balance at 1 January 2008	3,608	27,719	395	(21,980)	9,742
Loss for the period	-	-	-	(625)	(625)
Total recognised income and expense for the period	3,608	27,719	395	(22,605)	9,117
Shares issued during period	11	1,002	-	-	1,013
Balance at 30 June 2008	3,619	28,721	395	(22,605)	10,130

Summary Cash Flow Statement

	6 months to 30 June 2008	6 months to 30 June 2007	12 Months to 31 December 2007
	Unaudited	Unaudited	Audited
	£ 000's	£ 000's	£ 000's
Net cash outflow from operating activities	<u>(768)</u>	<u>(832)</u>	<u>(1,837)</u>
Investing activities			
Investment in intangible assets	(16)	(40)	(43)
Purchase of property plant & equipment	(126)	(36)	(66)
Interest received	10	54	98
Net cash outflow from investing activities	<u>(132)</u>	<u>(22)</u>	<u>(11)</u>
Net cash outflow before management of liquid resources and financing	(900)	(854)	(1,848)
Financing activities			
Issue of ordinary share capital	1,013	179	179
Repayment of long term bank loan	(5)	(11)	(14)
Net cash inflow from financing activities	<u>1,008</u>	<u>168</u>	<u>165</u>
Increase / (Decrease) in cash in the period	108	(686)	(1,683)
Cash and cash equivalents at the start of the period	834	2,517	2,517
Cash and cash equivalents at end of period	<u><u>942</u></u>	<u><u>1,831</u></u>	<u><u>834</u></u>

Notes to the cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities	6 months to 30 June 2008	6 months to 30 June 2007	12 Months to 31 December 2007
	Unaudited £ 000's	Unaudited £ 000's	Audited £ 000's
Operating loss	(703)	(778)	(1,769)
Amortisation and impairment charges of Intangible assets	60	27	121
Depreciation of property plant & equipment	56	37	80
Decrease/(Increase) in inventories	(29)	(41)	(51)
Decrease/(Increase) in receivables	(48)	(28)	24
(Decrease)/Increase in payables	199	37	(105)
Cost of share options	-	137	215
Research & development capitalised	(299)	(304)	(550)
Interest paid	(4)	(6)	(9)
Corporation tax received	-	87	207
Net cash outflow from operating activities	£ (768)	£ (832)	£ (1,837)

Notes To The Interim Results:-

1. Basis of preparation

The Group's interim results for the half year ended 30 June 2008 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. They have not been audited and do not constitute statutory financial statements of the Group within the meaning of section 240 of the Companies Act 1985 and section 435 of the Companies Act 2006

Statutory financial statements for the year ended 31 December 2007 have been filed with the Registrar of Companies for England and Wales and have been reported on by the Group's auditors. The report of the auditors was not qualified and did not contain a statement under section 273(2) or (3) of the Companies Act 1985. The comparative figures for the year ended 31 December 2007 are an abridged version of these full financial statements.

2. Basis of consolidation

The consolidated income statement and balance sheet include the financial statements of the company and its subsidiary undertakings for the period ending 30 June 2008.

3. Share capital

During the period the following shares and warrants were issued:

On 31st March 2008, 536,000 options were exercised at par value to Ordinary Shares of 0.02p raising £107.

On 6th May 2008, 53,820,000 ordinary Shares of 0.02p were issues at a price of 2.16p raising £1,162,512 gross and £1,012,552 net, after issuing expenses.

4. Dividends

No dividend is proposed for the period ended 30 June 2008.

5. Taxation

No taxation is expected to arise on the results for the period.

6. Loss per Share

The loss per share for the six months ended 30 June 2008 has been calculated on the basis of the loss after taxation for the period of: (£625,649), June 2007:(£657,404), and December 2007: (£572,617) and the weighted average number of shares in issue during the period of 337,255,025 (June 2007: 315,822,799 and December 2007: 318,206,472).

7. Segmental reporting

The Geographical segmental reporting by destination of sales was as follows:

	June 30 2008 £ 000's	June 30 2007 £ 000's	December 31 2007 £ 000's
<u>Revenue</u>			
UK	10	3	1
Europe	46	48	58
North America	198	50	38
Rest of World	14	9	80
	<u>268</u>	<u>110</u>	<u>177</u>
<u>Loss for the period</u>			
UK	(23)	(18)	(3)
Europe	(107)	(287)	(188)
North America	(462)	(298)	(124)
Rest of World	(33)	(54)	(258)
	<u>(625)</u>	<u>(657)</u>	<u>(573)</u>

8. Post balance sheet events

On 28th July 2008, 25,000,000 new ordinary shares of 0.02 pence were issued at a price of 2.25 pence per share raising £562,500.

In addition the Company has also entered into an unconditional put option agreement, exercisable at the Company's sole discretion at any time between 1 January 2009 and 1 January 2011, to raise a further £437,500 through a further placing of shares.

9. Distribution

The interim statement will be made available on the company's website at www.timestrip.com. Copies may also be obtained from Company Secretary: International Registrars Limited, Finsgate, 5-7 Cranwood Street, London, EC1V 9EE