

Timestrip Plc

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2009

Timestrip Plc is pleased to announce its unaudited interim results for the six months to 30 June 2009.

The Group develops, and commercialises patent protected technologies with the capability of radically transforming the markets in which they are targeted. These technologies comprise Timestrip®, iStrip™ and most recently TimestripPlus™, all of which 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.

Key Points

- Revenues increased by 44% to £0.39m compared to H1 2008, gross profit margin improved to 69%
- Loss from operations reduced by 35% compared to H1 2008
- Significant progress with TimestripMedical range:
 - 20 new NHS trial sites for TimestripIV product
 - Positive feedback on TimestripPlus from NHS pharmacy trials (separate announcement made today)
 - Distribution deals signed with Vygon UK for TimestripIV and TimestripPlus
- Cuno, a 3M company added to growing list of prestigious international customers

Paul Freedman, Timestrip's joint CEO commented:

"I am pleased with the very encouraging developments in our TimestripMedical range, where hospital trials on both the TimestripIV and TimestripPlus products have been very favourable and potentially significant distribution deals in our home market have been successfully concluded on both products. We are also encouraged by the recent adoption of our products by a number of new customers including Cuno, a 3M company. The marked improvement in gross profitability has been maintained in this period and we remain focused on delivering sufficient revenues to enable us to meet our goal of achieving profitability as quickly as possible."

For further information:

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Chairman's statement

The Group is starting to see some success from its stated aim of focusing on markets and products that combine the shortest sales cycles with the greatest margin potential. Although the Group has yet to achieve its main goal of reaching profitability, there are a number of encouraging trends to note. Compared with the same period in 2008, revenues for this period are up by 44% and gross profit is much improved at 69% (compared to 52%). When combined with a reduction in overheads of 15%, the resultant pre-tax loss has been reduced by 35% to £435,000. Although cash outflow from operations was £67,000 higher than the same period in 2008, this was due to an unusually high trade debtor figure, which included a balance of £180,000 that was received two days after the period end.

During this period we have further strengthened the cash resources of the Group through two share placings as we look to build on sales of our existing products and to roll out recently launched products into the Healthcare and Cold Chain markets.

Financial Results

Turnover for the six months to 30 June 2009 was £386,000 (30 June 2008 - £268,000). At the post-tax level the Company recorded a loss of £384,000 (2007 – (loss) £625,000). The resultant loss per share is 0.09p (2007 – 0.19p). The Company had cash resources of £0.9m as at the end of June. An additional £1.0m was raised through placings of new shares in March 2009 and May 2009.

Current Trading and Prospects

The Company has made excellent progress in its commercialisation of the **TimestripMedical** range. An important deal has been signed with Vygon UK to distribute the **TimestripIV** product to hospitals in the UK and Ireland. An additional 20 hospital trials have recently been initiated by Vygon and we look forward to reporting progress with sales now that the product has entered its launch phase. Today's announcement regarding the use of **TimestripPlus** by NHS hospital pharmacists also gives us great cause for optimism. It is now clear that TimestripPlus can help deliver increased patient safety at the same time as generating considerable cost savings for the NHS. Further detail is provided in the Joint Chief Executives' commentary. The Company is actively pursuing opportunities to sell the TimestripMedical range internationally and it is clear that success in this field will play an important role in our goal of achieving profitability.

The **Timestrip Cold Chain** range has also been very well received. We are delighted with the initial feedback from several new customers in the Food Service and Food & Beverage sector and look forward to reporting increased levels of uptake in the near future. **DefrostWatch** now features in a leading Food Service catalogue in the US and retail listings for a consumer version of the product are likely to materialise in the US and UK.

The global slow-down in consumer spending has led to longer sales cycles in the **Consumables** sector, where Timestrip products are used to indicate when a change of filter or other consumable device is due. Nevertheless we are encouraged that existing customers continue to re-order and we are pleased to have added Cuno, a 3M company, to our growing list of leading international customers that already includes Whirlpool, United Pet Group and WD40.

Growing awareness of the Company's innovative and cost-effective solutions is clear from the significant increase in enquiries received over recent months from all sectors and markets, and we continue to build our presence internationally through the appointment of local partners. We look forward to reporting further progress in the coming months.

Stephen Oakes
Chairman
14th September 2009

Joint Chief Executives' Statement

Operating Review

The Group develops, and commercialises patent protected technologies with the capability of radically transforming the markets in which they are targeted. These technologies comprise Timestrip®, iStrip™ and most recently TimestripPlus™, all of which 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 focus remains on selling products with the highest margin potential and shortest time to market in order to reach profitability as quickly as possible. To that end we continue to allocate our resources into several key international mass market sectors with our two main products – **Timestrip** and **TimestripPlus**. These sectors are Consumables, Personal Health, Medical and Cold Chain.

We continue to invest in our R&D and Production facility in order to further improve service levels, production efficiency, quality and innovation. Given that increased revenues are central to our future success, investment in sales and marketing activities has increased along with the appointment of more local partners to give us a growing international presence.

We are very encouraged by the successful launch of two products in our **Medical** range. The appointment in July of Vygon UK as distributor of the **TimestripIV** product is a major step for the Company as it looks for widespread adoption of the technology in connection with the replacement of Peripheral Intravenous cannulae every 72 hours. Vygon is a leading company in this field with a large sales force and successful track record introducing new products to the NHS. TimestripIV has now been listed in the NHS Supply Chain Catalogue as a stand-alone product and will also be available as a component in IV packs for hospitals wishing to use the product as part of their IV protocol. We are delighted with the level of commitment shown by Vygon, who have already secured 20 new hospital trials and continue to receive high levels of interest from IV specialists throughout the UK. We are also pleased to report that interest in the product has been shown in the US and Europe and we hope to appoint international distributors over the coming months in order to capitalise on the revenue potential of this exciting product.

Our second product in the Medical range is **TimestripPlus**, which is based on the same technology platform as our patented Timestrip product, but which monitors the cumulative amount of time that a product spends above its threshold storage temperature. We have previously reported that a number of NHS hospital pharmacies have been trialling the product for use with temperature sensitive drugs that are dispensed to wards. Today's announcement reports that feedback has been received which confirms that TimestripPlus has allowed one Trust to make a net saving of £4,000 over a four week period, by using TimestripPlus on just one of its temperature sensitive drugs. Extrapolating this cost saving to a wider group of drugs and across all Trusts provides a compelling insight into the potential for TimestripPlus to establish a significant business within the Hospital Pharmacy sector in the NHS and in hospitals worldwide. The appointment of Vygon UK to distribute this product in addition to TimestripIV allows the Company to build on an already established relationship with a committed partner who has excellent access to the target market. Vygon will launch TimestripPlus later in the year, and sales will be generated in the second half of the year as trial sites start to order in bulk, new trial sites become established, and Vygon build inventory for the launch.

TimestripPlus has also been successfully launched into the Cold Chain sector where it offers a cost effective way for companies involved in the transportation of products such as refrigerated **Food & Beverages** to guarantee the quality of the products throughout the cold chain. We are delighted with progress to date in respect of trials conducted by a leading Food Service operator with operations worldwide, who are evaluating TimestripPlus as a potential addition to its Standard Operating Procedure in food preparation sites throughout the US. We are also encouraged by the reaction to our consumer variant of the TimestripPlus product – **DefrostWatch** – which identifies if food held in a freezer is safe after a power failure. A number of leading retailers in the UK and US have expressed interest in listing the product for sale to consumers and we hope to be able to announce some of these listings over the coming months.

The Company has now added Cuno, a 3M company and world leader in filtration products, to its growing list of world famous brands that use the Timestrip technology in connection with **Consumable** products such as filters. Sales cycles into this sector have lengthened as result of the global recession, which has affected sales of some of the consumer related products targeted by the Company. Nevertheless, our customers remain very satisfied and continue to re-order.

We continue to make progress in the **Personal Health** sector, which includes product groups such as cosmetics and dental care. Our previously stated goal of supplying Timestrips for use in conjunction with toothbrushes remains on course and we look forward to updating shareholders on progress in due course. There remains great interest in the cosmetics sector for the integration of Timestrip into product packaging.

Paul Freedman
 Joint Chief Executive Officer
 14th September 2009

Reuben Isbitsky
 Joint Chief Executive Officer
 14th September 2009

Consolidated Income statement

	6 months to 30 June 2009 Unaudited £ 000's	6 months to 30 June 2008 Unaudited £ 000's	12 Months to 31 December 2008 Audited £ 000's
Revenue	386	268	673
Cost of sales	(119)	(128)	(241)
Gross profit	267	140	432
Administrative expenses	(718)	(843)	(1,750)
Loss from operations	(451)	(703)	(1,318)
Finance income	1	10	22
Finance costs	(3)	(4)	(9)
Loss before tax	(453)	(697)	(1,305)
Taxation	69	72	(717)
Loss for the period	(384)	(625)	(2,022)
Attributable to:			
Loss for the period attributable to equity holders of the Company	(384)	(625)	(2,022)
Basic and diluted loss per share	(0.09) p	(0.19) p	(0.55) p

Summary Consolidated Balance Sheet

	June 30, 2009 Unaudited	June 30, 2008 Unaudited	December 31, 2008 Audited
	£ 000's	£ 000's	£ 000's
Non current assets			
Goodwill	5,407	5,407	5,407
Other intangible assets	2,618	2,289	2,402
Property, plant & equipment	335	427	381
Deferred tax asset	86	952	86
	<u>8,446</u>	<u>9,075</u>	<u>8,276</u>
Current assets			
Inventory	282	263	351
Trade and other receivables	454	210	309
Current tax receivable	218	204	149
Cash and cash equivalents	965	942	812
	<u>1,919</u>	<u>1,619</u>	<u>1,621</u>
Total Assets	<u>10,365</u>	<u>10,694</u>	<u>9,897</u>
Current Liabilities			
Trade and other payables	(388)	(500)	(544)
Bank overdrafts and loans	(14)	(14)	(14)
Obligations under finance leases	(10)	(9)	(11)
	<u>(412)</u>	<u>(523)</u>	<u>(569)</u>
Non-current liabilities			
Bank Loans	(17)	(31)	(24)
Obligations under finance leases	(2)	(10)	(8)
	<u>(19)</u>	<u>(41)</u>	<u>(32)</u>
Total Liabilities	<u>(431)</u>	<u>(564)</u>	<u>(601)</u>
Net Assets	<u>9,934</u>	<u>10,130</u>	<u>9,296</u>
Equity			
Share capital	3,643	3,619	3,624
Share premium account	30,277	28,721	29,279
Share options reserve	400	395	395
Retained losses	(24,386)	(22,605)	(24,002)
Total equity	<u>9,934</u>	<u>10,130</u>	<u>9,296</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 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
Balance at 1 January 2009	3,624	29,279	395	(24,002)	9,296
Loss for the period	-	-	-	(384)	(384)
Total recognised income and expense for the period	3,624	29,279	395	(24,386)	8,912
Shares issued during period	19	998	-	-	1,017
Share Option charge	-	-	5	-	5
Balance at 30 June 2009	3,643	30,277	400	(24,386)	9,934

Summary Cash Flow Statement

	6 months to 30 June 2009 Unaudited £ 000's	6 months to 30 June 2008 Unaudited £ 000's	12 Months to 31 December 2008 Audited £ 000's
Net cash outflow from operating activities	(835)	(768)	(1,443)
Investing activities			
Investment in Intangible assets	(4)	(16)	(17)
Purchase of Property plant & equipment	(19)	(126)	(145)
Interest received	1	10	23
Net cash outflow from investing activities	(22)	(132)	(139)
Net cash outflow before management of liquid resources and financing	(857)	(900)	(1,582)
Financing activities			
Issue of ordinary share capital	1,017	1,013	1,575
Repayment of long term bank loan	(7)	(5)	(15)
Net cash inflow from financing activities	1,010	1,008	1,560
Increase (decrease) in cash in the period	153	108	(22)
Cash and cash equivalents at the start of the period	812	834	834
Cash and cash equivalents at the end of the period	965	942	812

Notes to the cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities	6 months to	6 months	12 Months to
	30 June 2009	to 30 June	31 December
	Unaudited	Unaudited	Audited
	£ 000's	£ 000's	£ 000's
Operating loss	(451)	(703)	(1,318)
Depreciation, amortisation and impairment charges of Intangible assets	60	60	303
Depreciation of property plant & equipment	64	56	121
Decrease/(Increase) in inventories	69	(29)	(117)
Increase in receivables	(145)	(48)	(147)
(Decrease)/Increase in payables	(162)	199	245
Cost of share Options	5	-	-
Research & Development Capitalised	(272)	(299)	(653)
Interest paid	(3)	(4)	(9)
Corporation tax received	-	-	132
Net cash outflow from operating activities	£ (835)	£ (768)	£ (1,443)

Notes To The Interim Results:-

1. Basis of preparation

The Group's interim results for the half year ended 30 June 2009 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 2008 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 2008 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 2009.

3. Share capital

During the period the following shares and warrants were issued:

On 12th March 2009, 53,030,303 ordinary Shares of 0.02p were issued at a price of 0.825p raising £437,500.

On 8th May 2009, 40,703,334 ordinary Shares of 0.02p were issued at a price of 1.5p raising £610,550.

4. Dividends

No dividend is proposed for the period ended 30 June 2009.

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 2009 has been calculated on the basis of the loss after taxation for the period of £383,853, June 2008 loss of £625,649, and December 2008: loss of £2,022,196 and the weighted average number of shares in issue during the period of 447,225,756 (June 2008: 337,255,025 and December 2008: 368,499,123).

7. Segmental reporting

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

	6 months to 30 June 2009 Unaudited £	6 months to 30 June 2008 Unaudited £	12 Months to 31 December 2008 Audited £
<u>Revenue</u>			
UK	18	10	22
Europe	36	46	162
North America	276	198	470
Rest of World	56	14	19
	<u>386</u>	<u>268</u>	<u>673</u>
<u>Loss for the period</u>			
UK	8	(23)	(21)
Europe	-12	(107)	(220)
North America	-350	(462)	(1,731)
Rest of World	-30	(33)	(50)
	<u>(384)</u>	<u>(625)</u>	<u>(2,022)</u>

8. Post balance sheet events

No post balance sheet events were recorded.

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