



TIMESTRIP PLC

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2006

Company Registration No. 03836605 (England and Wales)

TIMESTRIP PLC

DIRECTORS AND ADVISERS

Directors	S V Oakes P J Freedman R Isbitsky S A Leslie Non-Executive Director J A Steinberg (appointed 07 March 2007)
Secretary	International Registrars Limited
Company number	03836605 (England & Wales)
Registered office	5-7 Cranwood Street London EC1V 9EE
Registered auditors	Jeffreys Henry LLP Finsgate 5-7 Cranwood Street EC1V 9EE
Nominated Adviser and Broker	Evolution Securities Limited 100 Wood Street London EC2V 7AN
Bankers	Allied Irish Bank 10 Old Jewry London EC2R 8DN
Solicitors	Kemp Little LLP Cheapside House 138 Cheapside London EC2V 6BJ

TIMESTRIP PLC

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TIMESTRIP PLC

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2006

The Company has reached an exciting point in its drive towards widespread adoption of its core technology, the Timestrip®, and has also made excellent progress with its more recent development, the iStrip®.

During 2006 we have continued to focus on improving our technology through extensive R&D activity. As a result, Timestrip is now more versatile, easier to integrate into packaging and products, and less expensive to manufacture. Recently announced strategic partnerships with global packaging companies Plastek and CLL Label are the direct consequence of these developments and the ability to deliver fully customised packaging solutions will accelerate the widespread adoption of the technology in key markets.

During 2006, Timestrip has demonstrated its ability to satisfy the technology requirements and production standards of major international customers and has established the foundation for significant growth. We are greatly encouraged by the range of potential customers that the Company is now dealing with and the strength of many of these relationships.

The Company is focused on securing large contracts with major corporations and lengthy evaluation periods and decision-making processes are unavoidable. The deal pipeline is continually reviewed and despite the seemingly lengthy process, we remain very confident of securing some major contracts at the end of it.

Financial Results

We have seen a near four-fold increase in turnover for the year to 31st December 2006 of £378,975 (2005 - £103,303). At the pre-tax level the Company recorded a loss of £1,494,502 (2005 - £1,325,343 as restated) including a charge relating to FRS20 amounting to £113,966 (2005 - £66,308 as restated). The resultant loss per share is 0.46p (2005 – 0.52p). The liquidity position remains healthy with cash resources in excess of £2.5m as at end December 2006.

Current Trading and Prospects

Although sales in the first quarter of 2007 have remained at similar levels to previous quarters, some significant milestones have been reached in a number of key projects, which we are confident will convert into significant levels of revenue in the near future. These milestones include the successful completion of product testing, agreement on graphics and integration methods, and, in certain cases, the start of in home trials and consumer tests. It is important to stress the quality and reliability of the revenues behind these potential contracts, which for the most part relate to products which will adopt the Timestrip technology but which have an established track record in their individual markets.

S.V.Oakes
Chairman

21 May 2007

TIMESTRIP PLC

JOINT CHIEF EXECUTIVES' STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

Operating Review

The Company currently develops and markets two technologies in the field of time and temperature measurement; the Timestrip® and the iStrip®.



Timestrip smart labels address the relatively new problem created by the proliferation of “period after opening” instructions such as “once opened use within xx days” or “replace every month” which feature in a number of international mass markets, including; Appliances and

Consumables, Food and Beverage, Catering/ Foodservice, Cosmetics, Pharmaceuticals and Medical Devices, all of which have been specifically targeted by Timestrip.

Appliances and Consumables

In this sector, Timestrip has developed a visual reminder system which is positioned as a cost effective method of improving customer compliance with manufacturer’s instructions such as “replace every 3 months”.

We have secured deals with **Hamilton Beach/Febreze®** (air filters), **Hygolet** (washroom devices), **DryandStore®** (hearing aids) and most recently **Whirlpool** (fridge filters). Customer feedback indicates that the incorporation of the Timestrip has been well received by end users and is helping increase the frequency of repeat purchase. We are confident that existing development contracts and new supply contracts currently under negotiation will establish Timestrip as the technology of choice, leading to growing revenues in this broad ranging sector.

Food and Beverage

In the F&B sector, Timestrips are positioned as a tool to help consumers gauge the freshness of products, as well as avoid unnecessary waste by providing the opportunity to consume products before they expire.

Despite the length of time required to gain a foothold in this market, the revenue potential is considerable and our effort has been concentrated on methods of seamlessly incorporating the Timestrip technology into, for example, customised label and bottle closure applications. This has culminated in recently announced partnerships with Plastek (closures) and CCL Label. Although these partnerships have only recently been formed, the extra resource now available to us as well as the added credibility, has enabled us to accelerate a number of ongoing projects with major F&B brands.

In parallel, the distribution of consumer packs of Timestrips which can be purchased at retail outlets, through catalogues and online remains key to our strategy to increase awareness of the technology. The product continues to sell online in the UK with Ocado and trials with QVC in the US have shown that more work is required to identify the key messages and price points. Our recently announced partnership with **Curver** will see Timestrips introduced as a promotional item in ranges of Curver food storage containers, which is seen as an important pre-cursor to a retail launch in Europe. A Direct TV campaign that starts shortly will help to refine our proposition for the US market, where we are pleased to report there is significant retail interest in the product.

Catering / FoodService

In this sector, Timestrips are positioned as a simple and fool-proof system to help catering businesses comply with the food safety (HACCP) principles enshrined in the EU Directive on Food Hygiene and in State regulations across North America. Timestrips currently feature on a range of sauces sold by Nestle Foodservices UK and have attracted the attention of other brand owners in this category. In addition, Timestrips are distributed in Northern Europe via our partner NSD / Labellord and in the US by our partner Daymark.

TIMESTRIP PLC

JOINT CHIEF EXECUTIVES' STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

We remain confident that the continued investment in marketing by our partners will lead to Timestrip gaining increased traction in this challenging sector.

Cosmetics, Pharmaceuticals and Medical Devices

A high level of interest in Timestrip continues to be shown in the cosmetic, pharmaceutical and medical device sectors. There is evidence that the EU Directive, requiring all personal care products with a shelf life over 3 years to also state the Period after Opening instruction, is starting to be seen as a marketing opportunity in the cosmetics sector. In pharmaceuticals, we look forward to being able to provide updates on current tests and trials with certain leading pharmaceutical companies. We have also recently appointed agents with specific expertise in the pharmaceutical and medical device sectors in the US, who are already reporting high levels of interest in the technology. We believe our partnerships with packaging experts Plastek and CCL Label will prove invaluable as we continue to make progress in these sectors.



Developed late in 2006, iStrip is a unique, patent pending label that changes colour irreversibly if an accidental freezing event takes place in the cold chain. This cost effective solution can be applied at single unit/dose level on products such as vaccines and blood and can then be individually monitored throughout the cold chain.

The Company has been included in an active programme by PATH (the Seattle based international non-profit organisation) that seeks to identify the incidence of accidental freezing in vaccines. The Company has filed a patent to protect the technology and has been conducting thorough research and development to ensure that the technology is robust. Manufacturing trials have commenced and samples for further field trials and customer testing will shortly become available.

The Board believes that the potential revenue from this technology is significant and our ability to bring it to market has been greatly enhanced by the partnership with CCL Label who have unrivalled access to pharmaceutical customers as well as being able to provide tailored delivery solutions.

Staff

We greatly appreciate the efforts of everyone in the organisation, including our numerous distributors and agents across the world. We are continually looking to strengthen our R&D team, which is key to the Company's future success, as it strives not only to improve its core products but also to develop new technologies in this field.

Strategy

The manufacturing process and prevailing market dynamics for both Timestrip and iStrip lend themselves to a strategy under which Timestrip will license the rights to manufacture and distribute in local markets to customers, joint venture partners and distributors. The implementation of this strategy requires us to maintain in-house production capacity, at a sufficient level to seed markets in the early stages and ensure production machinery is kept at levels that will enable the Company to satisfy initial contracts. Royalty revenues will be enhanced through the supply of key raw materials and technical support to licensees. The Company has received a number of approaches from companies wishing to manufacture under license and will enter into such arrangements at the earliest opportunity.

The Company stipulates the use of its registered trademark on all Timestrip® products, and there has been, to date, no objection to this policy from even the largest of international brand owners. It is the Directors' belief that the exposure to be gained by Timestrip® within the marketing campaigns of leading brands will lead to the creation, over time, of an internationally recognised brand.

TIMESTRIP PLC

JOINT CHIEF EXECUTIVES' STATEMENT (CONTINUED) *FOR THE YEAR ENDED 31 DECEMBER 2006*

Competition

It is anticipated that the ongoing commercialisation of Timestrip will stimulate competition at some point in the future. However, the Directors are currently not aware of any competing technologies. Although competition exists for the iStrip technology it is generally represented by devices that are designed and costed for use at case level, not unit level. When used at unit level on products such as vaccines, the iStrip will enable the product condition to be monitored more accurately and allow brand owners to reduce the cost of rejection.

The award of the main patent for Timestrip in the US announced earlier this year extends the protection for the technology which already exists in Europe, South Africa and Hong Kong. Applications in other territories are expected to be awarded in the current financial year. As the Company gains more exposure to the needs of different markets it continually reviews and, if necessary, expands its Intellectual Property portfolio to protect the technologies as they evolve.

Paul Freedman
Joint Chief Executive Officer
21 May 2007

Reuben Isbitsky
Joint Chief Executive Officer
21 May 2007

TIMESTRIP PLC

CORPORATE GOVERNANCE

FOR THE YEAR ENDED 31 DECEMBER 2006

The Directors acknowledge the importance of the Principles set out in The Combined Code issued by the Committee on Corporate Governance. Although the Combined Code is not compulsory for AIM companies, the Directors have applied the principles as far as practicable and appropriate for a relatively small public company as follows:

The Board of Directors

The Board meets regularly and is responsible for strategy and performance. The appointment and removal of the Company Secretary is a matter for the Board as a whole. In addition, procedures are in place to enable the Directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the Company's expense. A nominations committee is not considered appropriate because of the small size of the Board and the Company, but all appointments are fully discussed by all Board members.

Audit Committee

The Audit Committee consists of Spencer Leslie and Stephen Oakes and meetings are also attended by other executive directors of the Company on invitation. The Audit Committee is responsible for monitoring compliance with accounting and legal requirements, and for reviewing the annual and interim financial statements prior to their submission for approval by the Board.

Remuneration Committee

The Remuneration Committee comprises Spencer Leslie and Stephen Oakes. The Remuneration Committee's role is to consider and approve the remuneration and benefits of the executive directors of the Company. In framing the Company's remuneration policy, the Remuneration Committee will give consideration to Section B of the Combined Code.

Internal Financial Control

The Board is responsible for establishing and maintaining the Group's system of internal financial control and places importance on maintaining a strong control environment. The Group's system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives.

Statement by Directors on Compliance with the Provisions of the Combined Code

The Board consider that they have complied with the provisions of The Combined Code, as far as practicable and appropriate for a public company of this size.

Directors Remuneration

The Remuneration Committee will review the performance of executive Directors and recommend the scale and structure of their remuneration and review the basis of their service agreements with due regard to their interests of Shareholders. No member of the Board will participate in decisions concerning their own remuneration.

Model Code

The Company has adopted and will operate a share dealing code for directors and senior executives on the same terms as the London Stock Exchange Model Code for companies whose shares have been admitted to AIM.

TIMESTRIP PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2006

The directors present their report and financial statements for the year ended 31 December 2006.

Principal activities and review of the business

The principal activity of the group is the design, manufacture and distribution of smart label technology, creating products that can monitor changes in time and temperature.

A review of the group's business and future developments is included in the Chairman's Statement.

Key performance indicators

The Board of Timestrip Plc uses the following financial and non-financial key performance indicators to measure strategic and operational performance.

Group Turnover

This represents the total amount charged to customers for our products and services, including delivery but excluding inter-company sales, and sales taxes such as VAT.

Our aim is to increase turnover each year through a combination of price and volume growth, from our existing and potential market positions. In 2006 we increased turnover by 266%

Machine Production capacity

This represents the quantity of Timestrips that we are able to produce at our plant. Our aim is to increase this capacity by investing in new machinery and continuing to train our staff to deliver operational improvements.

Future demand will also be satisfied by the Group's strategy of licensing manufacturing rights to third parties, who will purchase machines and certain raw materials from the Company and pay a royalty.

Sales into new markets and sectors

Being a new and growing business it is crucial for us to continue to expand our product offering and to make our products attractive to the various market segments that we operate in. The board continually monitors the Group's progress on this measure.

Key risks and uncertainties

The Group is exposed to a number of risks and has an established, structured approach to risk management.

Risks are analysed under three broad headings:

Strategic risks

Packaging and labelling market

Timestrip is a sub set of the larger packaging and labelling market. We continue to work closely with the key players in those markets to achieve the incorporation of Timestrips. Any significant changes in that market away from achieving integration would threaten the Group's level of performance.

TIMESTRIP PLC

DIRECTORS' REPORT (Continued) FOR THE YEAR ENDED 31 DECEMBER 2006

Competitive forces

We do not believe there is a serious competitive threat to the business at the moment. Our product is unique and protected by a number of international patents. However, these factors alone do not protect the Group from competition and we continue to engage in research and development to protect and enhance our competitive position. The market size for an expiry date indicator runs into the many billions of units and the impact of competition would not necessarily have a material effect on the prospects for the Group.

Financial risks

These are risks that arise as a result of movements in financial markets. Principal risks are: movements in foreign currency exchange rates, interest rates, commodity prices and counterparty credit risk. In addition, being a new business we are at risk of liquidity problems due to the uneven revenue stream.

Operational risks

Performance of supply chain

The Groups key raw materials are provided through supply chains external to the Group. Any failure of the supply chain would present a risk to the Group's ability to meet customer requirements and to achieve its financial goals.

The Group's strategy is to simplify the external supply chain, forging deeper, strategic relationships with fewer but stronger suppliers.

The Group is also investing in its manufacturing facilities, enhancing the production base, which will enable it to improve productivity and reduce costs by developing world-class manufacturing facilities and processes.

Results and dividends

The results for the year are set out on page 12.

The directors do not recommend payment of an ordinary dividend.

Directors

The following directors have held office since 1 January 2006:

S V Oakes

P J Freedman

R Isbitsky

S A Leslie

J A Steinberg

(Appointed 7th March 2007)

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of 0.02p each	
	31 December 2006	1 January 2006
S V Oakes	-	-
P J Freedman	38,716,698	38,716,698
R Isbitsky	38,716,698	38,716,698
S A Leslie	8,368,614	8,368,614

At the year end Lloyd Traders Inc, which is owned beneficially by S V Oakes and others, had an interest in 15,408,740 Ordinary shares of 0.02p each.

TIMESTRIP PLC

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

Substantial interest in shares

As at the date of this report, the Company has been notified of the following interests in the issued share capital of the Company in accordance with section 198 of the Companies Act 1985 (as amended).

	Number of Ordinary shares	Percentage of existing issued share capital
Pershing Keen Nominees Limited	47,245,594	15.05%
P J Freedman	38,716,698	12.34%
R Isbitsky	38,716,698	12.34%
D Lerer	19,963,678	6.36%
Brewin Nominees (Channel Islands)	13,087,500	4.17%
Lloyd Traders Inc*	15,408,740	4.91%
Morstan Nominees Limited	14,423,500	4.60%

*Lloyd Traders Inc is owned beneficially by S V Oakes and others.

Employee involvement

The Group is committed to the involvement of employees in the business.

Staff are kept informed of the performance and objectives of the company through publications of results and staff meetings.

Disabled persons

The Group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Creditor payment policy

The Group's current policy on the payment of creditors is to:

- Settle the terms of payment with suppliers when agreeing the terms of each transaction.
- Ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts, and
- Pay in accordance with the company's contractual and other legal obligations.

On average trade creditors at the year end represented 63 (2005 : 67) days' administrative expenses.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Jeffrey's Henry LLP be reappointed as auditors of the company will be put to the Annual General Meeting.

TIMESTRIP PLC

DIRECTORS' REPORT (CONTINUED) *FOR THE YEAR ENDED 31 DECEMBER 2006*

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

(a) So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

S V Oakes
Director
21 May 2007

TIMESTRIP PLC

INDEPENDENT AUDITORS' REPORT *TO THE SHAREHOLDERS OF TIMESTRIP PLC*

We have audited the group and parent company financial statements (the "financial statements") of Timestrip Plc on pages 12 to 30 for the year ended 31 December 2006. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report, the Chairman's Statement and Joint Chief Executives' Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

TIMESTRIP PLC

INDEPENDENT AUDITORS' REPORT (Continued...) *TO THE SHAREHOLDERS OF TIMESTRIP PLC*

Opinion

In our opinion:-

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 December 2006 and of the group's loss for the year then ended; and the financial statements have been properly prepared in accordance with the Companies Act 1985.

-the information given in the directors' report is consistent with the financial statements.

Jeffreys Henry LLP

Chartered Accountants

Registered Auditor

21 May 2007

Finsgate, 5-7 Cranwood Street

London

EC1V 9EE

TIMESTRIP PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2006

		2006	2005
	Notes	£	As restated £
Turnover	2	378,975	103,303
Cost of sales		(281,069)	(66,181)
Gross profit		97,906	37,122
Administrative expenses		(1,706,730)	(1,412,556)
Operating loss		(1,608,824)	(1,375,434)
Other interest receivable and similar income		122,651	55,064
Interest payable and similar charges	4	(8,329)	(4,973)
Loss on ordinary activities before taxation	3	(1,494,502)	(1,325,343)
Tax on loss on ordinary activities	5	89,564	93,999
Loss on ordinary activities after tax	17	(1,404,938)	(1,231,344)
Loss per share	7	(0.0046)	(0.0052)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There is no difference between basic and diluted loss per share.

TIMESTRIP PLC

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2006

		2006	2005
	Notes	£	As restated £
Loss for the financial year		(1,404,938)	(1,231,344)
Prior year adjustment	16	(66,308)	-
		<u>(1,471,246)</u>	<u>(1,231,344)</u>

TIMESTRIP PLC

BALANCE SHEETS

AS AT 31 DECEMBER 2006

	Notes	Group		Company	
		2006 £	2005 As restated £	2006 £	2005 As restated £
Fixed Assets					
Intangible assets	8	6,308,550	6,339,333	-	-
Tangible assets	9	371,702	304,239	-	-
Investments	10	<u>-</u>	<u>-</u>	<u>6,526,637</u>	<u>6,526,637</u>
		<u>6,680,252</u>	<u>6,643,572</u>	<u>6,526,637</u>	<u>6,526,637</u>
Current assets					
Stocks	11	183,317	66,067	-	-
Debtors	12	380,865	194,735	4,107,592	2,654,103
Cash at bank and in hand		<u>2,517,341</u>	<u>2,979,268</u>	<u>1,052,577</u>	<u>1,587,851</u>
		3,081,523	3,240,070	5,160,169	4,241,954
Creditors: amounts falling due within one year	13	<u>(430,465)</u>	<u>(222,513)</u>	<u>(114,674)</u>	<u>(69,620)</u>
Net current assets		<u>2,651,058</u>	<u>3,017,557</u>	<u>5,045,495</u>	<u>4,172,334</u>
Total assets less current liabilities		9,331,310	9,661,129	11,572,132	10,698,971
Creditors: amounts falling due after more than one year	14	<u>(70,556)</u>	<u>(66,666)</u>	<u>-</u>	<u>-</u>
		<u>9,260,754</u>	<u>9,594,463</u>	<u>11,572,132</u>	<u>10,698,971</u>
Capital and reserves					
Called up share capital	15	3,606,621	3,603,331	3,606,621	3,603,331
Share premium account	16	27,541,931	26,587,956	27,541,931	26,587,956
Share Option Reserve		180,274	66,308	180,274	66,308
Profit and loss account	16	<u>(22,068,072)</u>	<u>(20,663,132)</u>	<u>(19,756,694)</u>	<u>(19,558,624)</u>
Shareholders' funds	17	<u>9,260,754</u>	<u>9,594,463</u>	<u>11,572,132</u>	<u>10,698,971</u>
Equity interests		5,716,907	6,050,616	8,028,285	7,155,124
Non-equity interests		<u>3,543,847</u>	<u>3,543,847</u>	<u>3,543,847</u>	<u>3,543,847</u>
		<u>9,260,754</u>	<u>9,594,463</u>	<u>11,572,132</u>	<u>10,698,971</u>

The financial statements were approved by the board on 21 May 2007.

S V Oakes

Director

TIMESTRIP PLC

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

	2006		2005	
	£	£	£	As restated £
Net cash outflow from operating activities		(1,382,455)		(1,294,053)
Returns on investments and servicing of finance				
Interest received	122,651		55,064	
Interest paid	(8,329)		(4,973)	
Net cash inflow for returns on investments and servicing of finance		114,322		50,091
Taxation recovered		-		79,853
Capital expenditure and financial investment				
Payments to acquire intangible assets	(10,272)		(120,971)	
Payments to acquire tangible assets	(116,700)		(16,122)	
Net cash outflow for capital expenditure		(126,972)		(137,093)
Acquisition and disposals				
Net cash acquired on acquisition		-		43,288
Net cash outflow before management of liquid resources and financing		(1,395,105)		(1,257,914)
Financing				
Issue of ordinary share capital	957,096		4,521,750	
Cost of share issue	-		(272,543)	
Repayment of long term bank loan	(23,918)		(11,905)	
Net cash inflow from financing		933,178		4,237,302
(Decrease)/ Increase in cash in the period		(461,927)		2,979,388

TIMESTRIP PLC

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

1	Reconciliation of operating profit to net cash inflow from operating activities		2006	2005
			£	As restated £
	Operating loss		(1,608,824)	(1,375,434)
	Depreciation, amortisation and impairment charges of intangible assets		52,668	276,269
	Depreciation of tangible assets		66,845	40,889
	Increase in stocks		(117,252)	(8,050)
	(Increase) in debtors		(96,566)	(47,834)
	Decrease/ (increase) in creditors within one year		206,708	(246,201)
	Cost of Share Options		113,966	66,308
	Net cash outflow from operating activities		(1,382,455)	(1,294,053)
			Other non-	31 December
		1 January	cash	2006
2	Analysis of net funds	2006	flow	2006
		£	£	£
	Net cash:			
	Cash at bank and in hand	2,979,268	(461,927)	-
				2,517,340
	Bank Loans			
	Debts falling due within one year	(14,286)	(6,244)	-
	Debts falling due after one year	(66,666)	(3,885)	-
		(80,952)	(10,129)	-
				(91,081)
	Net (debt) / funds	2,898,316	(472,057)	-
				2,426,259
3	Reconciliation of net cash flow to movement in net funds		2006	2005
			£	£
	(Decrease)/increase in cash in the period		(461,928)	2,979,388
	Cash outflow from increase in debt and lease financing		(10,129)	(80,952)
	Movement in net (debt)/funds in the period		(472,057)	2,898,436
	Opening net funds/(debt)		2,898,316	(120)
	Closing net funds		2,426,259	2,898,316

TIMESTRIP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 December 2006. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from, the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

1.4 Turnover

Turnover, which excludes value added tax ("VAT"), constitutes the value of goods and services provided by the group as its principal activities, which are the design and manufacture of smart labels. These consist of:

- Turnover from sale of Timestrips, which represents amounts billed for the supply of finished goods.
- Turnover from development projects to research new and enhanced products.

1.5 Goodwill

The goodwill is the difference between the amount paid on the acquisition of Timestrip UK Limited and the aggregate assets.

The directors have concluded that goodwill arising on the acquisition of Timestrip UK Limited should not be amortised as it has an indefinite useful economic life. The goodwill is considered to have indefinite durability that can be demonstrated and its value can be reliably measured.

The acquired business has a product which is unique in the market place and is able to cheaply and easily provide a record of elapsed time in the key ambient temperatures of room, fridge and freezer. In addition, the company has also spent many years working on the research and development associated with the underlying diffusion technology and it is believed that this creates a significant barrier to entry to any potential competition. Timestrip is currently one of the leading companies in the world for understanding micron diffusion. Finally, the company has spent significant money successfully applying for global patents for the technology which further adds to the protection. Hence, based on these facts the directors are of the opinion that it has an indefinite useful economic life.

The non-amortisation of goodwill constitutes a departure from the Companies Act 1985, Part 4 Sch 12, for the over-riding purpose of giving a true and fair view of the group's result. If goodwill arising on acquisitions had been written off over a 20 year period, the operating loss would have increased by £282,137 (2005 - £235,154) in the year ended 31 December 2006. The total amortisation to date would have been £517,251 (2005 - £235,114).

1.6 Intangible Fixed Assets

Patents and trademarks are capitalised and classified as intangible assets on the balance sheet and these are amortised over their estimated useful economic life of 20 years.

Website development costs are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over the estimated useful economic life of 3 years.

TIMESTRIP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

1.7 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Office Equipment, Motor Vehicles	20% per annum straight line basis
Plant & Machinery	20% per annum straight line basis from when the machinery is brought into use.

1.8 Leasing

Rental payable under operating leases are charged against income on a straight line basis over the lease term.

1.9 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.10 Stock and consumables

Stocks and consumables are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

1.11 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

1.12 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.13 Research and Development

Expenditure on research and development is written off in the year it is incurred.

1.14 Share-based payments

The group has applied the requirements of FRS 20, "Share-based Payments".

The group issued equity-settled and cash-settled share-based payments which are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

Fair value is measured by use of a binominal model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

TIMESTRIP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

2 Turnover

Sales are made by the group in the following geographical markets:

	2006 £	2005 £
United Kingdom	18,094	26,086
Europe	157,975	36,083
North America	181,147	37,744
Rest of World	21,759	3,390
	<u>378,975</u>	<u>103,303</u>

3 Operating loss

	2006 £	2005 £
Operating loss is stated after charging:		
Depreciation of tangible assets	66,845	40,889
Amortisation of intangible assets	52,668	276,269
Operating lease rentals	27,845	57,560
Auditors' remuneration (company £7,500)	26,400	21,250
	<u>173,758</u>	<u>396,008</u>

4 Interest payable

	2006 £	2005 £
On bank loans and overdrafts	8,329	4,973
	<u>8,329</u>	<u>4,973</u>

TIMESTRIP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

5 Taxation	2006	2005
	£	As restated £
Domestic current year tax		
U.K. corporation tax	(96,662)	(93,999)
Adjustment for prior years	7,098	-
	<hr/>	<hr/>
Current tax charge	(89,564)	(93,999)
Deferred tax		
Deferred tax charge current year	-	-
	<hr/>	<hr/>
	(89,564)	(93,999)
	<hr/> <hr/>	<hr/> <hr/>
Factors affecting the tax charge for the period		
Loss on ordinary activities before taxation	(1,494,502)	(1,325,343)
	<hr/> <hr/>	<hr/> <hr/>
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2005: 19.00%)	(283,955)	(251,815)
	<hr/>	<hr/>
Effects of:		
Depreciation and amortisation add back	22,707	60,260
Research & Development Tax credit	(89,564)	(93,999)
Other tax adjustments	261,248	191,555
	<hr/>	<hr/>
	194,391	157,816
	<hr/>	<hr/>
Current tax charge	(89,564)	(93,999)
	<hr/> <hr/>	<hr/> <hr/>

TIMESTRIP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

6 Loss for the financial period

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The loss for the financial period is made up as follows:

	2006 £	2005 As restated £
Holding company's loss for the financial period	(198,070)	(126,836)

7 Basic and diluted loss per share

Basic and diluted loss per ordinary share has been calculated using the weighted average number of shares in issue during the financial period. The weighted average number of equity shares in issue was 307,944,104 (2005 – 236,786,705) and the loss after tax, was £1,404,938 (2005 - £1,231,344-as restated).

8 Intangible fixed assets Group

	Goodwill £	Patents £	Website £	Total £
Cost				
At 1 January 2006	5,642,742	972,860	-	6,615,602
Additions	-	10,272	11,613	21,885
At 31 December 2006	5,642,742	983,132	11,613	6,637,487
Amortisation				
At 1 January 2006	235,114	41,155	-	276,269
Charge for the year	-	48,797	3,871	52,668
At 31 December 2006	235,114	89,952	3,871	328,937
Net book value				
At 31 December 2006	5,407,628	893,180	7,742	6,308,550
At 31 December 2005	5,407,628	931,705	-	6,339,333

TIMESTRIP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

9 Tangible fixed assets Group	Motor Vehicles £	Office Equipment £	Plant and Machinery £	Total £
Cost				
At 1 January 2006	-	19,672	358,601	378,273
Disposals	-	-	(79,390)	(79,390)
Additions	33,777	19,814	80,717	134,308
At 31 December 2006	33,777	39,486	359,928	433,191
Depreciation				
At 1 January 2006	-	11,236	62,798	74,034
Charge for the year	3,656	5,410	57,779	66,845
Disposals	-	-	(79,390)	(79,390)
At 31 December 2006	3,656	16,646	41,187	61,489
Net book value				
At 31 December 2006	30,121	22,840	318,741	371,702
At 31 December 2005	-	8,436	295,803	304,239

10 Fixed asset investments Company	Shares in group undertakings £
At 1 January 2006	6,526,637
Additions	-
At 31 December 2006	6,526,637

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

TIMESTRIP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

10 Fixed asset investments (Continued)

Company

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
Timestrip UK Limited	England	Ordinary	100
Timestrip Technical Services Limited	Israel	Ordinary	100

The principal activity of these undertakings for the last relevant financial year was as follows:

	Principal activities
Timestrip UK Limited	Distribute and market time sensitive material for use in the food packaging industry.
Timestrip Technical Services Limited	Develop and manufacture time sensitive material for use in the food packaging industry.

11 Stocks

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Stock and consumables	183,317	66,067	-	-

12 Debtors

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Trade debtors	117,773	34,436	-	-
Amounts owed by group undertakings	-	-	4,104,332	2,599,845
Other debtors	15,770	51,570	3,260	44,258
Called-up share capital not paid	-	10,000	-	10,000
Prepayments and accrued income	52,067	4,730	-	-
Corporation tax recoverable	195,255	93,999	-	-
	380,865	194,735	4,107,592	2,654,103

TIMESTRIP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

13 Creditors : amounts falling due within one year

	Group		Company	
	2006 £	2005 £	2006 £	2005 £
Bank loans	20,524	14,286	-	-
Trade creditors	235,270	144,161	42,527	46,861
Other creditors	59,299	6,152	-	-
Taxes and social security costs	15,632	24,818	-	-
Accruals and deferred income	99,740	33,096	72,147	22,759
	<u>430,465</u>	<u>222,513</u>	<u>114,674</u>	<u>69,620</u>

The bank loan is secured under the Small Firm Loan Guarantee Scheme.

14 Creditors : amounts falling due after more than one year

	Group		Company	
	2006 £	2005 £	2006 £	2005 £
Bank loans	52,386	66,666	-	-
Finance lease	18,170	-	-	-
	<u>70,556</u>	<u>66,666</u>	<u>-</u>	<u>-</u>
Analysis of loans				
Not wholly repayable within five years	91,080	80,952	-	-
Included in current liabilities	(20,524)	(14,286)	-	-
	<u>70,556</u>	<u>66,666</u>	<u>-</u>	<u>-</u>
Loan maturity analysis				
In more than one year but not more than two years	20,524	14,286	-	-
In more than two years but not more than five years	50,032	42,857	-	-
In more than five years	-	9,523	-	-
	<u>-</u>	<u>9,523</u>	<u>-</u>	<u>-</u>

The bank loan is secured under the Small Firm Loan Guarantee Scheme.

TIMESTRIP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

15	Share capital	2006	2005
		£	£
	Authorised		
	12,280,761,700 Ordinary shares of 0.02p each	2,456,152	2,456,152
	678,170 Deferred shares of 49.8p each	337,728	337,728
	13,358,829 Deferred share of 24p each	3,206,119	3,206,119
		<hr/>	<hr/>
	Allotted, called up and fully paid		
	313,868,790 Ordinary shares of 0.02p each	62,774	59,484
	678,170 Deferred shares of 49.8p each	337,728	337,728
	13,358,829 Deferred share of 24p each	3,206,119	3,206,119
		<hr/>	<hr/>
		3,606,621	3,603,331
		<hr/>	<hr/>

Share warrants

The company has the following share warrants outstanding:

	Number	Price	Period of exercise
'B' Warrants	6,018,687	4.00p	25 Feb 05 – 25 Feb 07
'C' Warrants	8,500,000	0.02p	25 Feb 07 – 25 Feb 12
'D' Warrants	4,000,000	4.00p	25 Feb 05 – 25 Feb 07
EMI Scheme	6,450,000	7.37p	15 Apr 06 – 15 Apr 16
EMI Scheme	1,350,000	5.75p	14 Dec 06 – 14 Dec 16

After the year end, all of the "D" warrants and 1,002,580 of the "B" warrants had their exercise period extended by one year to 25 Feb 2008.

In March 2006, 58,791 Ordinary shares of 0.02p were issued to raise £2,352 before expenses subsequent to the exercise of "B" Warrants.

In March 2006, 501,999 Ordinary shares of 0.02p were issued to raise £30,120 before expenses subsequent to the exercise of Placing Warrants.

In April 2006, 263,111 Ordinary shares of 0.02p were issued to raise £10,524 before expenses subsequent to the exercise of "B" Warrants.

In May 2006, 14,456,409 Ordinary shares of 0.02p were issued to raise £867,892 before expenses subsequent to the exercise of Placing Warrants.

In May 2006, 414,733 Ordinary shares of 0.02p were issued to raise £16,251 before expenses subsequent to the exercise of "B" Warrants.

In June 2006, 311,814 Ordinary shares of 0.02p were issued to raise £12,473 before expenses subsequent to the exercise of "B" Warrants.

TIMESTRIP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

15 Share capital (Continued)

In September 2006, 24,454 Ordinary shares of 0.02p were issued to raise £978 before expenses subsequent to the exercise of "B" Warrants.

In October 2006, 31,309 Ordinary shares of 0.02p were issued to raise £1,252 subsequent to the exercise of "B" Warrants.

In December 2006, 322,947 Ordinary shares of 0.02p were issued to raise £12,918 subsequent to the exercise of "B" Warrants.

16 Statement of movements on reserves Group

	Share premium account £	Profit and loss Account £
Balance at 1 January 2006 as previously reported.	26,587,956	(20,596,824)
Prior Year adjustment	-	(66,308)
At the beginning of the year as restated	26,587,956	(20,663,132)
Premium on issue of shares	953,975	-
Loss for the financial year	-	(1,404,938)
Balance at 31 December 2006	27,541,931	(22,068,072)

Company

	Share premium account	Profit and loss account
Balance at 1 January 2006 as previously reported.	26,587,956	(19,492,316)
Prior Year adjustment	-	(66,308)
At the beginning of the year as restated	26,587,956	(19,558,624)
Premium on issue of shares	953,975	-
Loss for the financial year	-	(198,070)
Balance at 31 December 2006	27,541,931	(19,756,694)

TIMESTRIP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

16 Statement of movements on reserves (continued)

Adoption of Financial Reporting Standard (FRS) 20

During the year, the group adopted FRS20 'Share Based Payments'. The adoption of this standard constitutes a change in accounting policy. Therefore, the impact has been reflected as a prior year adjustment in accordance with Financial Reporting Standard 3.

The standard required that where shares or rights to shares are granted to third parties, including employees, a charge should be recognised in the profit and loss account based on the fair value of the shares at the date of grant of shares or right to shares is made.

17 Reconciliation of movements in shareholders' funds	2006	2005
Group	£	As Restated £
Loss for the financial period	(1,404,938)	(1,231,344)
Proceeds from issue of shares	953,975	10,718,530
Shares issued in the period	3,290	52,524
Share Option Reserve	113,966	66,308
	<hr/>	<hr/>
Net (reduction)/addition to shareholders' funds	(333,709)	9,606,018
Opening shareholders' funds	9,594,463	(11,555)
	<hr/>	<hr/>
Closing shareholders' funds	9,260,754	9,594,463
	<hr/> <hr/>	<hr/> <hr/>
 Company		
Loss for the financial period	(198,070)	(126,836)
Proceeds from issue of shares	953,975	10,718,530
Shares issued in the period	3,290	52,524
Share Option Reserve	113,966	66,308
	<hr/>	<hr/>
Net addition to shareholders' funds	873,161	10,710,526
Opening shareholders' funds	10,698,971	(11,555)
	<hr/>	<hr/>
Closing shareholders' funds	11,572,132	10,698,971
	<hr/> <hr/>	<hr/> <hr/>

TIMESTRIP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

18 Share-based Payments

Equity-settled share option plan

The group plan provides for a grant price equal to the average quoted market price of the Company's shares on the date of grant. An option will not normally be exercisable during a closed period, and furthermore can only be exercisable if the performance conditions are satisfied.

Subsisting options will lapse (at the latest) 10 years after the date of grant.

Options which have vested immediately before either the death of a participant or his ceasing to be an eligible employee by reason of injury, disability, redundancy, retirement or dismissal (otherwise than for good cause) shall remain, exercisable (to the extent vested) for 12 months after such cessation, and all non-vested options shall lapse.

	Year ended 31 December 2006		Year ended 31 December 2005	
	Options	Weighted Average Exercise price (in £)	Options	Weighted Average Exercise price (in £)
Outstanding at beginning of period	20,000,000	0.024	-	-
Granted during the period	7,800,000	0.071	20,000,000	0.024
Outstanding at the end of the period	27,800,000	0.037	20,000,000	0.024
Exercisable at the end of the period	27,800,000	0.037	20,000,000	0.024

The inputs into the Black-Scholes model are as follows:-

	2006	2005
Weighted average share price	£0.002	£0.002
Weighted average exercise price	£0.037	£0.024
Expected volatility	40%	40%
Expected life	4	4
Risk free rate	4.4%	4.4%
Expected dividends	0.0%	0.0%

Expected volatility was determined by calculating the historical volatility of the Company's share price since admission of the shares to AIM on 26th February 2005. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The group recognised total expenses of £113,966 (2005: £66,308 as restated) related to equity-settled share-based payment.

TIMESTRIP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

19 Financial commitments

At 31 December 2006 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2006	2005	2006	2005
	£	£	£	£
Expiry date:				
Within one year	56,666	18,000	6,243	-
	<u>56,666</u>	<u>18,000</u>	<u>6,243</u>	<u>-</u>

20 Directors' Emoluments

Directors' remuneration excluding employer's national insurance amounted to:

	Salary, fees and pension £	Bonus £	Benefits in kind £	2006 Total £	2005 Total £
S V Oakes	15,000	-	-	15,000	3,750
P J Freedman	100,000	-	1,900	101,900	140,598
R Isbitsky	100,000	-	1,827	101,827	140,527
S A Leslie	12,000	-	-	12,000	9,000
	<u>227,000</u>	<u>-</u>	<u>3,727</u>	<u>230,727</u>	<u>293,875</u>

Emoluments disclosed above include the following amounts paid to the highest paid director:

	2006 £	2005 £
Emoluments for qualifying services	<u>101,900</u>	<u>140,598</u>

TIMESTRIP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

21 Employees

Number of employees

The average monthly number of employees (including directors) during the period was:

	2006 Number	2005 Number
Management	5	4
Administration	1	1
Sales	2	2
	<hr/>	<hr/>
	8	7
	<hr/> <hr/>	<hr/> <hr/>

Employment costs

	£	£
Wages and salaries	396,774	485,165
Social security costs	45,206	46,611
	<hr/>	<hr/>
	441,980	531,776
	<hr/> <hr/>	<hr/> <hr/>

22 Financial Instruments

The objectives, policies and strategies applied by the group with respect to financial instruments are determined at a group level. The group's principal financial instruments are cash and its bank loans and overdraft facilities.

The group adopts a conservative policy towards the management of its cash and has not engaged in any speculative trades. The group has no derivative instruments, hedging or foreign currency transactions. The group has other financial instruments such as trade creditors, which arise directly from its operations.

23 Control

There is no ultimate controlling party.

24 Related party transactions

During the year, the company paid Mr. Stephen Oakes, a director, £15,000 (2005-£15,000) for professional fees in relations to his services as a director.