

Timestrip Plc

INTERIM RESULTS FOR THE 6 MONTHS ENDED 30TH JUNE 2006

Timestrip Plc is pleased to announce its unaudited interim results for the 6 months to 30 June 2006.

Timestrip Plc develops, manufactures and sells patented Timestrip smart labels which monitor for how long perishable food and other replaceable products have been open or in use.

Key Points

- Sales exceed £200,000 (2005 - £50,000)
- Significant progress in Food Service markets in Europe
- New orders from North America in diverse market sectors
- Significant progress in Joint Development project with Henkel, a Fortune 500 Global Company
- New Joint Development projects with leading packaging supplier in North America and a European cosmetics manufacturer
- Imminent test launch with leading pharmaceutical product in Europe
- Launch of iStrip™ - a new label technology targeting pharmaceutical and food industries (see today's announcement)

Paul Freedman, Timestrip's joint CEO commented:-

"We are making significant progress in bringing our patented label technology to a diverse range of mass markets. We have now established a core product range that is being sold into multiple markets in Europe and North America with very promising early signs of success. We continue to encourage customer funded Joint Development Projects, some of which have already resulted in supply contracts, and others which have the potential to generate significant revenues in the medium term.

Production capacity remains a key focus for the Company as we strive to improve lead times for the assembly and implementation of new machines that are required to meet the evident demand for the technology. We remain confident in our ability to evolve a revenue model that combines sales from in-house manufacturing with royalty revenues and raw material sales derived from manufacturing licenses."

For further information:

Paul Freedman, Joint CEO, Timestrip	01462-440700
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Fergus Marcroft, Evolution Securities	020 7071 4300

Chairman's Statement

I am pleased to report that we have made significant advances since our last update, as is evidenced by new supply contracts, new development agreements and the launch of a new product to augment our original product, the Timestrip®, which enables the measurement of lapsed time.

Financial Results

We have seen a four-fold increase in turnover for the six months to 30 June 2006 of £215,932 (2005 - £50,283). At the pre-tax level the Company recorded a loss of £538,529 (2005 - £408,786 as restated) including a charge relating to FRS20 (accounting for share based payments) amounting to £36,894 (2005 - £30,140 as restated). The resultant loss per share is 0.16p (2005 - 0.21p). The liquidity position remains healthy with cash resources of £3.4m as at the end of June.

Operations

As is reported in the Joint Chief Executives' statement below, we have made some significant advances in getting recognition and adoption of our products by a number of different organisations.

We are continuing to invest in manufacturing, engineering and R&D to enable us to meet both the present and future demands on the business, which are growing in response to the increasing awareness of our technology. I am pleased to announce the appointment of Jonathan Steinberg as Finance Director to our trading subsidiary Timestrip UK Limited. Jonathan is a Chartered Accountant who has previously worked for Reuters and BT.

Additionally, our employees remain highly motivated and well incentivised to drive forward the Timestrip business and the Board wishes to thank them for their continued hard work and commitment.

Current Trading and Prospects

Timestrips are now being sold into five of our six stated mass-markets and there has been a noticeable increase in the number of customer funded development projects each of which is capable of generating substantial revenue if brought to fruition. The Joint Chief Executives' report below provides more detail but developments in European food services and US retail are particularly encouraging. We have also announced today the launch of a new technology, the iStrip, a unique smart label that is capable of recording whether temperature sensitive products have been accidentally frozen in transit. In particular this technology has significant potential for the monitoring of vaccines, where freezing can compromise their immunological potency.

Timestrip is quite unique in its ability to deliver meaningful benefits to the consumer (who is increasingly interested in product freshness) at the same time as increasing sales to the manufacturer, either through better customer compliance or through the competitive edge that this packaging solution provides. We are looking forward with increasing optimism to the future, as we move towards our goal of establishing Timestrip as a household name and a new standard in product labelling.

Stephen Oakes
Chairman
18th September 2006

Joint Chief Executives' Statement

Operating Review

We are pleased to report significant progress in the six international mass markets in which relative expiry dates are predominantly found:

Catering and Food Services

A wide range of Timestrip products will shortly be on sale in Germany at the leading retailer **Metro**, as part of a food safety range marketed by **Labellord**. The food industry has been one of our initial target markets and we fully expect this market to be an important source of ongoing revenue for the Company.

In **North America** extensive marketing efforts by our distributor **Daymark** are increasing awareness. There has been a marked increase in the number of customer trials and we remain optimistic that this will be converted into meaningful revenue in due course.

Food Retailing

There has been a sharp increase in the level of media coverage for Timestrip in North America, which has undoubtedly contributed to an increased volume of internet orders from US consumers and to an acceleration in negotiations with a major brand name interested in the retail distribution of Timestrips. We have received an order from the leading home shopping channel in North America, **QVC**, who will feature Timestrip on their nationwide show for the first time later this year. It is our belief that US retail sales will begin to build in 2007, which will greatly increase the profile of the technology as an integrated smart label solution for consumer products and their packaging.

In the UK, Timestrip retail packs continue to be sold through **Ocado** and **John Lewis** will start to list the product next month. Widespread expansion into UK retail depends on our ongoing search for a suitable company to market and distribute on our behalf.

We continue to enjoy an excellent relationship with **Nestle Food Services UK**. Work has started on new product development and we are presenting Timestrip to several other areas of the Nestle business across Europe.

Packaging and Promotions: a confidential Joint Development Agreement has been negotiated with one of the leading packaging companies in North America, to develop a comprehensive manufacturing process to integrate Timestrips onto food packaging. Negotiations are in progress with a number of European and North American brands who are evaluating Timestrip as a promotional tool for use in conjunction with their branded products. Not only are the potential volumes in this field significant, but this also represents an important first step towards full integration as a standard label.

Non-food consumables

We have developed a customised smart label in collaboration with Henkel, a Fortune Global 500 company with market leading brands and technologies in three strategic business areas – Home Care, Personal Care and Adhesives, Sealants and Surface Treatment. The project, funded by Henkel, commenced in February 2006 and has successfully reached the technical milestone of delivering samples for consumer testing. This not only demonstrates the relevance of our technology as an integrated solution for the consumer market but also represents a significant technical achievement. Updates will be provided on progress towards commercialisation in due course.

In addition to the ongoing success with **Hamilton Beach/Febreze** and **Bioconservacion**, supply contracts have been agreed with **Hygolet** (washroom equipment), **Dry & Store®** (hearing devices)

and **Aquacure** (water filtration). Previously mentioned development projects with leading household brands continue to make excellent progress.

Cosmetics

A joint development agreement has been signed with **Strand Cosmetics** a highly regarded manufacturer of cosmetics for leading industry brands. Strand showcased Timestrip at the recent Beyond Beauty Paris trade show where it was well received and has generated some encouraging business leads.

Pharmaceuticals and Medical Devices

An order has been received from a leading pharmaceutical company wishing to test launch two products that will include Timestrips aimed at encouraging customer compliance with usage instructions. The test launch, in four countries, will take place later this year.

We have also received a trial order for the use of Timestrips on blood bags in South Africa, where there is currently little if any labeling to indicate remaining shelf life.

Launch of **iStrip™**, (see full press release, 18th September 2006) a label device that undergoes an irreversible colour change and indicates accidental freezing. A patent application has been filed for this device which has been developed for use on products such as vaccines, protein based pharmaceuticals, food stuffs and fertilizers.

Paul Freedman
Joint Chief Executive Officer
18th September 2006

Reuben Isbitsky
Joint Chief Executive Officer
18th September 2006

TIMESTRIP PLC**INTERIM STATEMENT****RESULTS FOR THE 6 MONTHS ENDED 30 JUNE 2006****Profit and Loss Account**

		6 months ended 30 June 2006	6 months ended 30 June 2005	12 months ended 31 December 2005
	Notes	Unaudited £ 000's	Unaudited As restated £ 000's	Audited As restated £ 000's
Turnover		216	50	103
Cost of sales		(139)	(26)	(66)
Gross profit		<u>77</u>	<u>24</u>	<u>37</u>
Administration costs		(679)	(449)	(1,412)
Operating loss		<u>(602)</u>	<u>(425)</u>	<u>(1,375)</u>
Interest payable		0	0	(5)
Interest receivable		64	16	55
Loss on ordinary activities before taxation		<u>(538)</u>	<u>(409)</u>	<u>(1,325)</u>
Taxation		0	0	94
Loss on ordinary activities after taxation	4	<u>(538)</u>	<u>(409)</u>	<u>(1,231)</u>
Retained loss		<u>(538)</u>	<u>(409)</u>	<u>(1,231)</u>
Basic and diluted earnings per ordinary share	5	(0.16)p	(0.21)p	(0.52)p

TIMESTRIP PLC

INTERIM STATEMENT

RESULTS FOR THE 6 MONTHS ENDED 30 JUNE 2006

Statement of total recognised gains and losses

	6 months ended 30 June 2006	6 months ended 30 June 2005	12 months ended 31 December 2005
	Unaudited	Unaudited As restated	Audited As restated
	£ 000's	£ 000's	£ 000's
Loss for the financial year	(538)	(409)	(1,231)
Prior year adjustment	(66)	0	0
Total gains and losses recognised since last financial statements	(604)	(409)	(1,231)

TIMESTRIP PLC

INTERIM STATEMENT

RESULTS FOR THE 6 MONTHS ENDED 30 JUNE 2006

Summary Balance Sheet

		30 June 2006	30 June 2005	31 December 2005
	Notes	Unaudited £ 000's	Unaudited As restated £ 000's	Audited As restated £ 000's
Fixed assets				
Intangible assets	7, 8	6,415	6,490	6,339
Tangible assets		252	312	304
		<u>6,667</u>	<u>6,802</u>	<u>6,643</u>
Current assets				
Stock		72	74	66
Debtors		250	64	195
Cash		3,369	1,206	2,979
		<u>3,691</u>	<u>1,344</u>	<u>3,240</u>
Creditors: amounts falling due within one year		(259)	(122)	(222)
Net current assets		<u>3,432</u>	<u>1,222</u>	<u>3,018</u>
Creditors: amounts falling due over one year		(67)	(138)	(67)
Net Assets		<u><u>10,032</u></u>	<u><u>7,886</u></u>	<u><u>9,594</u></u>
Capital and reserves				
Called-up share capital		4,200	3,593	3,603
Share premium account		26,931	24,103	26,588
Share options reserve		103	30	66
Reserves		(21,202)	(19,840)	(20,663)
Total Equity		<u><u>10,032</u></u>	<u><u>7,886</u></u>	<u><u>9,594</u></u>
Shareholders' Funds				
Equity		6,488	4,342	6,050
Non-equity		3,544	3,544	3,544
		<u><u>10,032</u></u>	<u><u>7,886</u></u>	<u><u>9,594</u></u>

TIMESTRIP PLC

INTERIM STATEMENT

RESULTS FOR THE 6 MONTHS ENDED 30 JUNE 2006

Summary Cash Flow Statement

	6 months ended 30 June 2006	6 months ended 30 June 2005	12 months ended 31 December 2005
	Unaudited £ 000's	Unaudited As restated £ 000's	Audited As restated £ 000's
Net cash outflow from operating activities	(382)	(545)	(1,294)
Returns on investment and servicing of finance			
Interest received	64	16	55
Interest paid			(5)
Net cash outflow from returns on investments and servicing of finance	64	16	50
Taxation recovered	0	0	80
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets	(22)	(108)	(137)
Payments to acquire intangible fixed assets	(235)	0	0
Net cash outflow from capital expenditure and financial investment	(257)	(108)	(137)
Acquisitions and disposals			
Net cash acquired from subsidiary undertakings	0	43	43
Net cash outflow before financing	(575)	(594)	(1,258)
Financing			
Issue and purchase of ordinary shares	939	2,023	4,522
Share issue expenses	0	(273)	(273)
Repayment of bank loan	0	0	(12)
New short term loan	0	50	0
Effect of foreign exchange rate changes	26	0	0
Net cash inflow from financing	965	1,800	4,237
Increase in cash in the period	390	1,206	2,979

TIMESTRIP PLC

INTERIM STATEMENT

RESULTS FOR THE 6 MONTHS ENDED 30 JUNE 2006

Reconciliation of operating loss to net cash outflow from operating activities

	6 months ended 30 June 2006	6 months ended 30 June 2005	12 months ended 31 December 2005
	Unaudited £ 000's	Unaudited As restated £ 000's	Audited As restated £ 000's
Operating loss	(602)	(425)	(1,375)
Depreciation / Amortisation	208	129	317
Increase in stocks	(6)	(16)	(8)
(Increase) / Decrease in debtors	(55)	69	(48)
Increase / (Decrease) in creditors	36	(332)	(246)
Share based payments	37	30	66
Net cash outflow from operating activities	<u>(382)</u>	<u>(545)</u>	<u>(1,294)</u>

Reconciliation of net cash flow to movement in net debt

Increase in cash	390	1,206	2,979
Cash outflow from increase in debt	0	0	(81)
Cash inflow from new loans	0	(50)	0
Loans acquired with subsidiary	0	(88)	0
Movement in net funds	<u>390</u>	<u>1,068</u>	<u>2,898</u>
Opening funds	<u>2,979</u>	<u>0</u>	<u>0</u>
Closing funds	<u>3,369</u>	<u>1,068</u>	<u>2,898</u>

TIMESTRIP PLC

INTERIM STATEMENT

RESULTS FOR THE 6 MONTHS ENDED 30 JUNE 2006

Notes To The Interim Results:-

1. Basis of preparation

The unaudited results for the six months ended 30 June 2006 have been prepared on accounting bases and policies that are consistent with those used in the preparation of the financial statements of the company for the period ended 31 December 2005, except as indicated below.

The financial statements contained in this report do not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985.

Full accounts for the period ended 31 December 2005, upon which the auditors issued an unqualified opinion, have been delivered to the Registrar of Companies.

2. Prior period adjustment

The company has adopted FRS 20, 'Share based payment', in these financial statements. FRS 20 requires an entity to reflect in its profit or loss and financial position the effects of share-based payment transactions, including expenses associated with transactions in which share options are granted to employees. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value is measured using the Black – Scholes formula, taking into account the terms and conditions upon which the options were granted. Previously costs associated with share options have been recognised in the profit and loss account only in the period in which they are exercised. As a result there has been a prior period adjustment that has resulted in the company's net assets and profit and loss reserve in 2005 being reduced by £66,308 and the accounting information shown in this statement for the six months ended 30 June 2005 and the 12 months ended 31 December 2005 has been restated to reflect this adjustment.

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 30 June 2006.

4. Taxation

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

5. Loss per share

The loss per share for the six months ended 30 June 2006 has been calculated on the basis of the loss after taxation for the period of £538,529 (June 2005 - £409,376 and December 2005 - £1,231,264 as restated) and the weighted average number of shares in issue during the period of 333,908,909 (2005 - 194,262,829).

6. Dividends

No dividend is proposed for the period ended 30 June 2006.

TIMESTRIP PLC

INTERIM STATEMENT

RESULTS FOR THE 6 MONTHS ENDED 30 JUNE 2006

Notes To The Interim Results (continued)..:-

7. Goodwill, patents and trademarks

Goodwill, patents and trademarks are capitalised and classified as an intangible asset on the balance sheet. The directors have concluded that goodwill arising on the acquisition of Timestrip UK Limited should be amortised over its useful economic life of 20 years. Patents and trademarks are also amortised over their useful economic life which is estimated to be 20 years.

8. Research and development

Expenditure on research and development has previously been written off in the year in which it is incurred. An amount of £253,000 (2005 - £Nil) has been capitalised in the period to 30 June 2006 as it now meets the recognition criteria in accordance with SSAP 13, 'Accounting for Research and Development' which is also consistent with the requirements of International Accounting Standard 38, 'Intangible assets' which the company will be adopting in due course.

9. Share capital

During the period the following shares and warrants were issued:

On 10th March 2006, 250,000 Placing Warrants over Ordinary Shares of 0.02p were issued at a price of 0.06p raising £15,000.

On 28th March 2006, 58,791 "B" Warrants over Ordinary Shares of 0.02p were issued at a price of 0.04p raising £2,352.

On 28th March 2006, 251,999 Placing Warrants over Ordinary Shares of 0.02p were issued at a price of 0.06p raising £15,120.

On 9th May 2006, 14,456,409 Placing Shares over Ordinary Shares of 0.02p were issued at a price of 0.06p raising £867,385.

On 9th May 2006, 263,111 "B" Warrants over Ordinary Shares of 0.02p were issued at a price of 0.04p raising £10,524.

On 16th May 2006, 273,779 "B" Warrants over Ordinary Shares of 0.02p were issued at a price of 0.04p raising £10,951.

On 31st May 2006, 140,954 "B" Warrants over Ordinary Shares of 0.02p were issued at a price of 0.04p raising £5,638.

On 5th June 2006, 311,814 Placing Warrants over Ordinary Shares of 0.02p were issued at a price of 0.04p raising £12,473.



approved 15th September