

Timestrip Plc

INTERIM RESULTS FOR THE 6 MONTHS ENDED 30TH JUNE 2005

Timestrip Plc is pleased to announce its unaudited interim results for the 6 months to 30 June 2005.

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.

- Maiden interims following reverse takeover of Timestrip UK Limited in March 2005
- A full-scale commercial trial with Nestle FoodServices UK recently announced (16th September 2005)
- Joint Development project agreed with Pfizer for pharmaceutical application
- Significant progress made across core targeted international markets

Highlights include:

- In preparation for the new EU Food Hygiene Directive, distribution secured in Germany and Benelux through a 3-year exclusive supply contract with Label Lord, part of the NSD Labelling Group. Good progress in North America with new orders from Taylor Precision Products, the leading manufacturer of measurement related products in North America, and Daymark Food Safety Systems.
- For the food retailing sector, The Lifetime Cap™ project with Crown Zeller (announced in April 2005) is progressing well with further product development underway.
- New EU labelling regulations driving demand in cosmetic and beauty care sector.
- Additional production machinery on line to fulfill future demand
- Commercialisation strategy moving towards revenue generation
- Directors confident of continued progress

Paul Freedman, Timestrip's joint CEO commented:-

“Timestrip has made significant progress to date in the marketing of our smart label technology in key sectors. Timestrips are now perceived to be a highly desirable packaging innovation for companies wishing either to differentiate their products in competitive markets or improve their compliance with new labelling regulations. We are confident of reporting further progress in due course and delivering significant value to our shareholders.”

For further information:

Paul Freedman, Joint CEO and founding Director, Timestrip	01462-440700
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Chairman’s Statement

The past six months have seen some exciting changes for the Company as it made the transition from Internet Music & Media Plc, a shell company, into Timestrip Plc, a smart label technology business, through the reverse takeover of Timestrip UK Limited in March. At this time, the Company raised just over £2 million by way of an equity placing, most of which was allocated as working capital.

We are making significant progress in commercialising this exciting technology through commercial trials and development projects with a wide range of international customers and are confident that this can be developed into significant future revenue streams.

The addition of key personnel to our Research and Development and Business Development team has enabled us to introduce more customers to the technology and respond to their individual development requirements more effectively than in the past. The Company is operating well within its internal budget forecasts and retains a very disciplined approach to controlling costs.

We expect the current momentum to continue to accelerate over the year ahead as we look to our goal of establishing Timestrip as the new international standard in product labelling.

Stephen Oakes
Chairman
23rd September 2005

Joint Chief Executives’ Statement

Timestrip has developed a patented smart label, the ‘Timestrip’, which enables users of perishable food and other products to monitor for how long an item has been open or in use. The Timestrip is a disposable multi-layer laminated label which contains a timing device consisting of a specialised porous material and a non-toxic liquid. Upon squeezing the label to activate, the liquid starts to move through the porous material by micro-capillary action. A printed calibration on the top layer of the label allows the user to tell at any point in time how long the label has been

active. The label is currently manufactured with adhesive backing enabling it to be attached to perishable goods as a reminder to use or replace the product. The label is designed to be easily customised and is capable of being embedded into the product packaging or the product itself. It can be activated automatically either upon first opening the package or upon first use of the product.

The solution provided by Timestrip relates to the difficulty in monitoring relative expiry dates, such as "Use within two weeks of opening". The Timestrip addresses this problem by reliably monitoring the lapse of time, providing a visual indication that the relative expiry date is approaching, thereby giving the user the opportunity to manage perishable items in a way that was previously problematic.

Current Trading and Future Prospects

We are pleased to report significant progress in the five international mass markets in which relative expiry dates are predominately found, as well as a new market – cosmetics and beauty care:

• *Catering and Food Services*

- Our exclusive distributor in this category for North America, Daymark Food Safety Systems, have now sold packs of Food Service Timestrips to approximately 1000 restaurants in the US. We are delighted with the investment in marketing from Daymark, who are proving to be a dynamic and committed partner.
- We have also increased our market presence in North America by securing an order from Taylor Precision Products, the leading manufacturer of measurement related products, who will launch the "Taylor Timestrip" at the NAFEM Show in California this month.
- For Europe, the adoption of new EU Food Hygiene Legislation in January 2006 represents a significant opportunity for us, as caterers look to improve compliance with the new labelling regulations. Existing distribution in the UK and Ireland has been augmented by a 3-year exclusive distribution agreement covering Germany and Benelux, with LabelLord, part of the NSD Group, leader in Food Safety labels. We expect to open new channels to market across Southern Europe in the coming months.
- Recent efforts to develop the technology for custom applications in this market have yielded a new order from Daymark for a 7-day FoodService Timestrip that will be launched in North America in October. We expect the range of products to expand further in response to customer feedback and market trends.

• *Food Retailing*

- We are now working in partnership with plastic closure, carton and tray manufacturers as well as labelling companies, in order to develop systems for integrating the Timestrip into the packaging of food products. The Lifetime Cap™ project with Crown Zeller (announced in April 2005) is progressing well with further product development underway. Encouraging feedback has been received from a number of international brand owners in the food and beverage sector.
- Ocado (one of the UK's leading online grocers) has reported positively on early sales of Timestrip multipacks since their introduction in May 2005. Demonstrable retail success is creating a platform to take the proposition of a stand alone retail pack to

other retailers both in the UK and abroad. We are also pursuing options for co-branding the retail pack with established brand names, as an alternative route to retail shelves.

- ***Non-Food/Consumables***

- In the last three months we have experienced a significant increase in interest from a wide range of non-food companies that wish to communicate the useful life of their products more effectively to consumers.
- Joint Development projects have produced customised Timestrips that are now undergoing performance testing with a number of companies. We will report progress on these projects as soon as confidentiality restrictions are lifted and supply contracts are secured.
- In the Admission Document of 2nd February reference was made to an order for tooling that had been received from a customer. This project has now yielded working prototypes of a household product with near-universal usage that contain fully integrated Timestrips. Consumer testing and focus groups will commence in the coming weeks.

- ***Pharmaceuticals***

- A Joint Development project was recently started with Pfizer who are interested in using the Timestrip technology to more effectively communicate the lifetime of products once they have been opened.
- We maintain an excellent relationship with Bayer who are currently testing a new batch of Timestrips that have been developed to meet their specific requirements.

- ***Medical Devices***

- We have recently entered into a confidential Joint Development project to integrate the Timestrip technology into a medical device used in hospitals, and hope to report progress in the near future.

- ***Cosmetics/Personal Care Products***

- This is a very exciting new category with the recent introduction of EU labelling regulations which require the addition of a "Period After Opening" instruction on all cosmetic products which have a shelf-life of over 3 years. For example, mascara now carries an instruction to use within six months of opening.
- We have already been approached by two leading cosmetic/personal care brands interested in the potential use of Timestrips and look forward to reporting progress in this sector in the future.

Financial

The interim results include the results of Timestrip UK Limited from the date of acquisition on 25 February 2005. Turnover in the period since the acquisition amounted to £50,283 (2004 : £nil). Pre-tax loss including research and development and re-listing costs amounted to £378,786 (2004 : profit - £2,940). Costs attributable to the re-listing of Timestrip plc amounted to £27,004.

Research and development ("R&D") costs including subcontracted R&D costs in the period since acquisition amounted to £100,338. Loss per share 0.02p (2004 : profit per share – 0.009p).

Staff

In line with strategy, we have strengthened our R&D team with the appointment of a chemical and a mechanical engineer. These appointments will play a key role in strengthening our current production systems as well as developing our future capabilities as we make rapid progress in commercialising our technology. In addition, we have recruited a Business Development Director to consolidate and build upon our strategic partnerships with packaging companies as well as introduce new customers to the technology. We now have in place a dedicated team of professionals who are committed to driving forward the Timestrip business.

Strategy

Our manufacturing process and prevailing market dynamics 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 a level of in-house production in order to seed markets in the early stages and new production machinery has recently increased our production capacity to levels that will enable us to satisfy initial contracts. Royalty revenues will be enhanced through the supply of key raw materials and technical support to licensees.

We stipulate the use of our 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 our 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 of significant value.

Competition

It is anticipated that the commercialisation of Timestrip will stimulate competition at some point in the future, but we are not aware at this time of any direct competition to our technology. Our first patent has now been granted in Europe and South Africa and is pending review in all other territories. It is our intention to continue building an Intellectual Property portfolio to protect the technology as it evolves.

Outlook

We are making very good progress in all relevant market sectors, which we believe will translate into significant revenue generation in the future, building substantial value for our shareholders. Timestrip smart labels are now perceived to be a highly desirable packaging innovation for companies wishing either to differentiate their products in competitive markets or improve their compliance with new labelling regulations. There is clear evidence that the communication to consumers of a product's life has become a high priority with a wide range of brands. The widespread adoption of the Timestrip technology will not happen overnight but we expect momentum to build in the coming months in relation to this exciting and innovative technology.

Paul Freedman
Joint Chief Executive Officer
23rd September 2005

Reuben Isbitsky
Joint Chief Executive Officer
23rd September 2005

TIMESTRIP PLC

INTERIM STATEMENT

RESULTS FOR THE 6 MONTHS ENDED 30 JUNE 2005

Profit and Loss Account

	6 months ended 30 June 2005 Unaudited GBP '000s	6 months ended 30 June 2004 Unaudited GBP '000s	12 months ended 31 December 2004 Audited GBP '000s
Turnover	50	-	-
Cost of sales	(26)	-	-
Gross Profit	24	-	-
Administration costs	(419)	(13)	(34)
Amounts written off investments	-	16	-
Interest payable	-	-	-
Other operating income	16	-	-
Profit/(Loss) on Ordinary Activities before Taxation	(379)	3	(34)
Taxation	-	-	-
Profit/(Loss) on Ordinary Activities After Taxation	(379)	3	(34)
Retained profit/(loss)	(379)	3	(34)
Basic and diluted earnings per ordinary share	(0.02)p	0.009p	(0.12)p

TIMESTRIP PLC**INTERIM STATEMENT****RESULTS FOR THE 6 MONTHS ENDED 30 JUNE 2005****Summary Balance Sheet**

	30 June 2005 Unaudited GBP '000s	30 June 2004 Unaudited GBP '000s	31 December 2004 Audited GBP '000s
Fixed assets			
Investments	-	-	-
Intangible assets	6,490	-	-
Tangible assets	312	-	-
	<u>6,802</u>	<u>-</u>	<u>-</u>
Current assets			
Stock	74	-	-
Debtors	64	10	3
Cash	1,206	-	-
	<u>1,344</u>	<u>10</u>	<u>3</u>
Creditors: amounts falling due within one year	(122)	(2,222)	(15)
	<u>1,222</u>	<u>(2,212)</u>	<u>(12)</u>
Net current liabilities			
Creditors: amounts falling due over one year	(138)	-	-
	<u>7,886</u>	<u>(2,212)</u>	<u>(12)</u>
Total assets less current liabilities			
Capital and reserves			
Called-up share capital	3,593	3,545	3,551
Share premium account	24,103	13,638	15,869
Reserves	(19,810)	(19,395)	(19,432)
	<u>7,886</u>	<u>(2,212)</u>	<u>(12)</u>
Shareholders' Funds			
Equity	4,342	(5,418)	(3,556)
Non-equity	3,544	3,206	3,544
	<u>7,886</u>	<u>(2,212)</u>	<u>(12)</u>

TIMESTRIP PLC**INTERIM STATEMENT****RESULTS FOR THE 6 MONTHS ENDED 30 JUNE 2005*****Summary Cash Flow Statement***

	6 months ended 30 June 2005 Unaudited GBP '000s	6 months ended 30 June 2004 Unaudited GBP '000s	12 months ended 31 December 2004 Audited GBP '000s
Net cash outflow from operating activities	(545)	-	(2,222)
Returns on investment and servicing of finance			
Interest received	16	-	-
Net cash outflow from returns on investments and servicing of finance	<u>(529)</u>	<u>-</u>	<u>(2,222)</u>
Capital expenditure and financial investment			
Capital contributions to subsidiaries	-	-	-
Payments to acquire fixed assets & intangible assets	(108)	-	-
Net cash outflow for capital expenditure and financial investment	<u>(637)</u>	<u>-</u>	<u>-</u>
Acquisitions and disposals			
Net cash acquired from subsidiary undertakings	43	-	-
Net cash outflow before financing	<u>(594)</u>	<u>-</u>	<u>-</u>
Financing			
Issue and purchase of ordinary shares	2,023	-	2,222
Share issue expenses	(273)	-	-
New short term loan	50	-	-
Net cash inflow from financing	<u>1,800</u>	<u>-</u>	<u>2,222</u>
Increase in cash in the period	<u>1,206</u>	<u>-</u>	<u>-</u>

TIMESTRIP PLC

INTERIM STATEMENT

RESULTS FOR THE 6 MONTHS ENDED 30 JUNE 2005

Notes to the Cash Flow Statement

	6 months ended 30 June 2005 Unaudited GBP '000	6 months ended 30 June 2004 Unaudited Consolidated GBP '000	12 months ended 31 December 2004 Audited GBP '000
Net cash outflow from operating activities			
Operating profit/(loss)	(395)	3	(34)
Depreciation	129	-	-
Increase in stocks	(16)	-	-
Decrease in debtors	69	-	7
Decrease in creditors	(332)	(3)	(2,195)
	<u>(545)</u>	<u>-</u>	<u>(2,222)</u>
Reconciliation of net cash flow to movement in net debt			
Increase in cash	1,206	-	-
Cash inflow from new loans	(50)	-	-
Loans acquired with subsidiary	(88)	-	-
	<u>1,068</u>	<u>-</u>	<u>-</u>
Movement in net funds			
Opening funds	-	-	-
Closing funds	<u>1,068</u>	<u>-</u>	<u>-</u>

TIMESTRIP PLC

INTERIM STATEMENT

RESULTS FOR THE 6 MONTHS ENDED 30 JUNE 2005

Notes To The Interim Results:-

1. Basis of preparation

The results for the six months ended 30 June 2005 are unaudited. They 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 2004.

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 2004, upon which the auditors issued an unqualified opinion, have been delivered to the Registrar of Companies.

2. 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 2005. The results of Timestrip UK Limited have been included from the date of acquisition on 25 February 2005.

3. Goodwill, patents and trademarks

Goodwill is the difference between the amount paid on the acquisition of Timestrip UK Limited and the aggregate fair value of its separable net assets. 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.

3. Share capital

On 25 February 2005, the company acquired the entire issued share capital of Timestrip UK Limited for a consideration of £6.4 million. The purchase price was satisfied by the issue of 160,000,000 new Ordinary Shares of 0.02p each at 4p per share to the vendors on the sale of their Timestrip UK Limited shares.

Furthermore on 25 February 2005, 50,581,250 new Ordinary Shares of 0.02p were issued pursuant to a placing to raise a total of £2,023,250 before expenses.

4. Dividends

No dividend is proposed for the period ended 30 June 2005.

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 2005 has been calculated on the basis of the loss after taxation for the period of (£378,786) (June 2004: profit - £2,940 and December 2004: £(33,942)) and the weighted average number of shares in issue during the period of 194,262,829 (2004: 28,484,103).

Approved by PF – 22/9/05

A handwritten signature in black ink, consisting of a stylized 'P' followed by a series of loops and a long horizontal stroke ending in a small dot.