

TIME:L
11 June 2009

Timestrip Plc

PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2008

Timestrip Plc is pleased to announce its audited preliminary results for the 12 months to 31 December 2008.

Timestrip Plc ("Timestrip") develops, manufactures and sells technologies in the field of time and temperature measurement. These technologies comprise Timestrip®, iStrip™ and most recently TimestripPlus™.

Key Points

- 2008 revenues of £673,000, 280% higher than prior year (2007: £177,000)
- Reduced pre-tax loss of £1.3m (2007 pre-tax loss: £1.7m)
- Cash at year end of £812,000
- Two placings post year end to raise £1m
- Two new product ranges launched - TimestripPlus™ and TimestripMedical™

Paul Freedman, Timestrip's joint CEO commented:-

"This has been a very important year for Timestrip. We have achieved substantial growth whilst reducing our cost base and losses incurred. We have significantly broadened our product range and thus expanded the appeal of our products into new markets."

For further information please visit www.timestrip.com or contact:

Paul Freedman, Joint CEO, Timestrip 01462 440700

Geoff Nash/Ed Frisby, Finncap 020 7600 1658

TIMESTRIP PLC

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

The Group has continued to see a marked improvement in sales during 2008 with revenue for the year 280% higher than achieved in 2007. Progression was made throughout the period as demonstrated in the final six months where revenue was four times greater than the comparable period in 2007. I am pleased to report that the group has been consistently achieving increases in its average selling prices and gross profitability, coupled with a reduction in overheads that has been achieved despite the detrimental impact of sterling's weakness on our overseas manufacturing cost base.

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

Financial results

Revenue for the year to 31st December 2008 grew to £673,485 (2007 - £176,900). Pre-tax losses narrowed by 22% to £1,304,902 (2007 - £1,679,927). Included in the pre-tax loss is an additional charge of £150,000 against capitalised R&D in respect of iStrip, which is subject to an ongoing patent dispute in the US. The loss per share of 0.55p (2007 – loss of 0.18p) reflects a charge of £866,247 (2007 – credit of £951,742) relating to a provision against the Group's deferred tax asset in line with recently introduced guidance on the prudent period to be used for recognising tax assets. Cash at the end of 2008 was £812,000. The group has since raised an additional £1m through placings in March and May 2009.

Current Trading and prospects

I am pleased to report that, despite the challenging economic climate, our existing customers continue to see Timestrip® as a beneficial technology that helps encourage consumers to comply with recommended usage instructions. We are encouraged by repeat orders achieved in our core sectors as well as the addition of new customers and the adoption of the technology by existing customers for new products and markets.

The addition of two new product ranges - TimestripPlus™ and TimestripMedical™ - have significantly increased the revenue potential for the group and early sales into the **Cold Chain** and **Healthcare sectors** give us much cause for optimism. These products represent a great achievement by everyone involved in the R&D effort and the group now has a product range that addresses the needs of a wide range of companies interested in communicating time and temperature issues to their customers.

There remains a clear focus on reaching the key milestone of profitability as quickly as possible. Accordingly we are concentrating our resources on the products and markets that are capable of yielding profitable orders in the shortest possible timeframe. With a stronger balance sheet and a greater range of products we look forward to continued progress during 2009.

S.V.Oakes
Chairman

10th June 2009

TIMESTRIP PLC

JOINT CHIEF EXECUTIVES' STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

Operating Review

The group develops, and commercialises patent protected technologies with the capability of radically transforming the markets in which they are targeted. These technologies comprise Timestrip®, iStrip™ and most recently TimestripPlus™, all of which operate in the field of time and temperature measurement and are positioned for adoption within six major mass markets: Food and Beverage, Appliances, Catering/Foodservice, Medical Devices, Pharmaceuticals and Cosmetics/Personal Care.

Having reviewed our progress to date, we have now identified the specific markets and products which offer the group the best way of meeting our key objective of achieving profitability in the shortest possible timeframe. Accordingly, we are focusing our resources on markets and products that combine the shortest sales cycles with the greatest margin potential. This has naturally led us to concentrate on two specific sectors for our core Timestrip® product range - **Consumables** and **Cosmetics/Personal Care** - as well as two sectors in which to launch our new TimestripMedical™ and TimestripPlus™ product ranges - namely the **Cold Chain** and **Healthcare** sectors.

Consumables

In this market Timestrip® is positioned as a cost effective visual reminder device to improve customer compliance with manufacturer's instructions such as "replace every three months". Our technology is currently sold to companies in connection with a wide range of products including air purifiers, aquariums, hearing aids, fridges, freezers, domestic water filtration, anti-rust protection and anti-mould protection. Included in our growing customer base are a number of international blue-chip brands including Whirlpool®, WD40®, and Tetra®.

Repeat orders and orders from existing customers to use Timestrip® with new products give us confidence that the Timestrip® technology has considerable traction in this sector. Regular shipments to **United Pet Group** (Tetra®) started in March 2008 and have helped our production facility to achieve significant operational efficiencies across all our products. Timestrip® has now been adopted for use with four different products by **Whirlpool** and has been extended to new territories including India. We are delighted that the "3-in-One No Rust Shield" with integrated Timestrip® has been well received in the US leading to our first repeat order from **WD40 Company** as part of their roll-out programme across national retail accounts.

Trade advertising highlighting our relationship with brands such as Tetra® has greatly increased the number of sales opportunities in the consumables sector and we will continue to devote considerable focus to this market in order to establish Timestrip® as a 'must-have' technology.

Cosmetics and Personal Care

We have been very encouraged by consumer feedback on the new Cargo® BluRay® lip gloss with Timestrip® technology that is sold in the US and Europe through the leading retail chain Sephora. We are delighted to have already received and shipped our first repeat order to Cargo in early 2009. This project has enabled us to demonstrate our ability to supply a customised Timestrip that can be fully integrated into a product in an aesthetically pleasing way. The association with Cargo has raised our profile in the cosmetics sector significantly and we are actively pursuing a number of other opportunities with companies in the US, Europe and Japan.

We reported in September 2008 that an order had been received that would result in Timestrip® being used by a leading manufacturer to promote the timely replacement of toothbrushes in Northern Europe. This order was delivered but the promotion has not yet taken place. In the meantime we have made significant progress with another European manufacturer looking to integrate the Timestrip® into a toothbrush handle and we are cautiously optimistic that this will generate revenues during 2009 and will start to establish the technology in this global mass market.

Cold Chain

The recently launched **TimestripPlus™** and **DefrostWatch™** are premium priced products based on the patented Timestrip technology platform. They are aimed specifically at identifying breaches in the cold chain for a wide variety of products. TimestripPlus™ not only shows that one or more predefined temperatures have been exceeded, it also registers the cumulative time over which a temperature breach has occurred, making it easy to see if a product is past its best, or safe to use. It uniquely marries low cost (relative to other solutions such as data loggers) and high performance, offering an affordable way to monitor the cold chain with precision and reliability.

Orders have already been taken in the food sector, from Sanipousse (France) and Daymark (USA) as well as several food manufacturers and food retailers who want to monitor temperature breaches in a more affordable way than was previously possible. TimestripPlus™ is manufactured on existing production machinery and with relatively few changes to our production process required, we are optimistic that Cold Chain will become a significant source of revenue and profitability for the group.

Healthcare

There are a number of products in the TimestripMedical™ range which target healthcare providers worldwide. **TimestripIV™** has been designed to help hospitals comply with existing policy directives that stipulate the need to change Peripheral Intravenous Cannulae (PVCs) every 72 hours. Up to 60% of cases of blood infections known as MRSA Bacteraemia are caused by PVC's and the cost of treating MRSA in the UK alone is estimated at £1 billion per annum, according to the National Audit Office. Two leading NHS hospitals have purchased TimestripIV™ for in-use assessments and we are optimistic that these sites will roll-out the use of TimestripIV™ during 2009. The technology has been very well received by all key stakeholders in the healthcare sector and there exists a clear opportunity to supply additional hospitals during the course of 2009. The publicity surrounding the launch has generated leads from the US, South America, Germany, China and Australia in a relatively short space of time. Our partnership with Brenmoor Limited has resulted in the **BrenmoorTimestrip™**, which is fully integrated into a cap that clips onto the market leading Brenmoor printable wristband. Currently sold in over 100 NHS hospitals the integration of our technology with Brenmoor provides an excellent route to market.

We have also identified a number of other time related protocols in the Healthcare sector that would benefit from our TimestripMedical™ products and we hope to provide updates on these in due course.

We are also delighted that **TimestripPlus™** has been very well received by NHS hospital pharmacies, three of which are already using the product to help monitor the storage of temperature sensitive medicines. Other applications for TimestripPlus™ include blood products which are stored at low temperatures, have strict time protocols for use once exposed to elevated temperatures, and are very expensive to collect and store.

With reference sites quickly established we are optimistic that the TimestripMedical™ range can be rolled out both within the NHS and with healthcare providers worldwide.

Food & Beverage and Foodservice

Although we continue to work with a number of companies interested in incorporating the technology into food packaging, the current economic climate, long sales cycles and low margin potential (relative to our other products) have led us to focus our efforts in the **Food & Beverage** and **Foodservice** sectors on selling our premium TimestripPlus™ and DefrostWatch™ products to help guarantee and monitor the correct storage of food through the **Cold Chain** (see above).

iStrip™

We reported in August 2008 that a court action had been instigated in the US, claiming that iStrip infringes another US patent. Further to legal advice received at the time we have temporarily ceased marketing iStrip in North America pending the outcome of the court action. The plaintiff has only been granted a patent in the US at this point in time and we are closely monitoring the progress of their patent application in other territories. Our own patent application, which covers certain key aspects of the iStrip technology, is proceeding to national phase and it is therefore likely that a clearer picture of our respective patents will emerge during the course of 2009. Having considered the situation carefully the Directors have deemed it prudent to revise the useful economic life of iStrip resulting in an additional amortisation charge of £150,000.

Staff and Partners

The group has achieved a number of important milestones during 2008 and early 2009 and we would like to highlight the continued dedication of Timestrip employees and partners who work with great passion and drive to make our products a success.

Strategy

The group's strategy is driven by its revenue model which seeks to sell products directly and ultimately license the rights to manufacture and distribute Timestrip®, TimestripPlus™ and iStrip™ in local markets to customers, joint venture partners and distributors. This strategy is shaped by the manufacturing process and prevailing market dynamics for our product portfolio.

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 group to satisfy initial contracts. Royalty revenues will be enhanced through the supply of key raw materials and technical support to licensees.

We also continually seek to broaden our product range and recent successes from our R&D team with the launch of TimestripPlus™ and DefrostWatch™ products have greatly enhanced the revenue and margin potential of the group as it strives to reach profitability.

Results and dividends

The results for the year are set out in the consolidated income statement.

The directors do not recommend payment of an ordinary dividend.

Paul Freedman
Joint Chief Executive Officer

Reuben Isbitsky
Joint Chief Executive Officer

10th June 2009

10th June 2009

TIMESTRIP PLC

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

		2008	2007
	Notes	£	£
Revenue	2	673,485	176,900
Cost of sales		(241,346)	(112,918)
		<hr/>	<hr/>
Gross profit		432,139	63,982
Administrative expenses		(1,750,619)	(1,833,099)
		<hr/>	<hr/>
Operating loss	3	(1,318,480)	(1,769,117)
Finance income		22,789	98,164
Finance costs	4	(9,211)	(8,974)
		<hr/>	<hr/>
Loss before taxation		(1,304,902)	(1,679,927)
Tax on loss on ordinary activities	5	(717,294)	1,107,310
		<hr/>	<hr/>
Loss for the year	18	(2,022,196)	(572,617)
		<hr/> <hr/>	<hr/> <hr/>
Attributable to:			
Equity holders of the Company		(2,022,196)	(572,617)
		<hr/> <hr/>	<hr/> <hr/>
Loss per share (basic & diluted)	7	(0.0055)	(0.0018)

The income statement 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
BALANCE SHEET
AS AT 31 DECEMBER 2008

	Notes	Group	
		2008	2007
		£	£
Non Current assets			
Intangible assets		7,809,257	7,441,582
Property plant & equipment		380,708	357,223
Deferred tax asset		85,495	951,742
		<u>8,275,460</u>	<u>8,750,547</u>
Current assets			
Inventory		351,221	234,525
Trade and other receivables		308,764	161,862
Cash and cash equivalents		812,186	833,903
Current tax receivable		<u>149,017</u>	<u>131,891</u>
		<u>1,621,188</u>	<u>1,362,181</u>
Current Liabilities			
Bank overdraft and loans		(14,280)	(14,280)
Trade and other payables		(543,876)	(303,042)
Obligations under finance leases		<u>(10,886)</u>	<u>(6,244)</u>
		<u>(569,042)</u>	<u>(323,566)</u>
Net current assets		<u>1,052,146</u>	<u>1,038,615</u>
Total assets less current liabilities		9,327,606	9,789,162
Non Current Liabilities			
Bank loans		(23,816)	(38,101)
Finance lease		<u>(7,781)</u>	<u>(8,615)</u>
		<u>(31,597)</u>	<u>(46,716)</u>
		<u>9,296,009</u>	<u>9,742,446</u>
Equity			
Capital and reserves attributable to equity holders of the Group			
Called up share capital		3,624,462	3,607,991
Share premium account		29,278,455	27,719,167
Share Option Reserve		395,366	395,366
Profit and loss account		<u>(24,002,274)</u>	<u>(21,980,078)</u>
Total Equity		<u>9,296,009</u>	<u>9,742,446</u>

The financial statements were approved and authorised for issue by the board on 10th June 2009

S V Oakes
Director

TIMESTRIP PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2008

	Deferred shares of 24p	Deferred shares of 49.8p	Ordinary shares 0.02p	Share premium	Share Options Reserve	Retained Losses	Total equity
Balance at 1 Jan 2007	3,206,119	337,728	62,774	27,541,931	180,274	(21,407,461)	9,921,365
Loss for the period			-	-	-	(572,617)	(572,617)
Total recognised income and expense for the period	-	-	-	-	-	(572,617)	(572,617)
Shares issued during period	-	-	1,370	177,236	-	-	178,606
Share Option charge	-	-	-	-	215,092	-	215,092
Balance at 31 Dec 2007	<u>3,206,119</u>	<u>337,728</u>	<u>64,144</u>	<u>27,719,167</u>	<u>395,366</u>	<u>(21,980,078)</u>	<u>9,742,446</u>
Balance at 1 Jan 2008	3,206,119	337,728	64,144	27,719,167	395,366	(21,980,078)	9,742,446
Loss for the period	-	-	-	-	-	(2,022,196)	(2,022,196)
Total recognised income and expense for the period	-	-	-	-	-	(2,022,196)	(2,022,196)
Shares issued during period	-	-	16,471	1,709,248	-	-	1,725,719
Share issue expenses in the period	-	-	-	(149,960)	-	-	(149,960)
Share Option charge	-	-	-	-	-	-	-
Balance at 31 Dec 2008	<u>3,206,119</u>	<u>337,728</u>	<u>80,615</u>	<u>29,278,455</u>	<u>395,366</u>	<u>(24,002,274)</u>	<u>9,296,009</u>

Share capital (deferred and ordinary) is the amount subscribed for shares at nominal value.

Share premium represents the excess of the amount subscribed for share capital over the nominal value of the respective shares net of share issue expenses.

Retained loss represents the cumulative loss of the Group attributable to equity shareholders.

Share options reserve relates to increases in equity for services received in equity-settled share based payment transactions.

TIMESTRIP PLC

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008		2007	
		£	£	£	£
Net cash outflow from operating activities		(1,443,245)		(1,837,012)	
Investing Activities					
Investment in intangible assets		(17,372)		(43,412)	
Purchase of property plant & equipment		(144,529)		(65,502)	
Interest received		22,789		98,165	
		<hr/>		<hr/>	
Net cash outflow for returns on investments and servicing of finance		(139,112)		(10,749)	
		<hr/>		<hr/>	
Net cash outflow before management of liquid resources and financing		(1,582,357)		(1,847,761)	
Financing activities					
Issue of ordinary share capital		1,575,759		178,608	
Repayment of long term bank loan		(15,119)		(14,285)	
		<hr/>		<hr/>	
Net cash inflow from financing		1,560,640		164,323	
		<hr/>		<hr/>	
Decrease in cash in the period		(21,717)		(1,683,438)	
Cash and cash equivalents at the start of the year		833,903		2,517,341	
		<hr/> <hr/>		<hr/> <hr/>	
Cash and cash equivalents at the end of the year		812,186		833,903	
		<hr/> <hr/>		<hr/> <hr/>	

TIMESTRIP PLC

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

1 Reconciliation of operating profit to net cash outflow from operating activities	2008	2007
	£	£
Operating loss	(1,318,480)	(1,769,117)
Depreciation, amortisation and impairment charges of intangible assets	303,180	120,927
Depreciation of property plant & equipment	121,044	79,981
Increase in inventories	(116,696)	(51,208)
(Increase)/ decrease in receivables	(146,966)	23,749
Increase / (decrease) in payables	245,476	(104,766)
Cost of Share Options	-	215,092
Research & Development Capitalised	(653,483)	(549,936)
Interest paid	(9,211)	(8,974)
Corporation tax received	131,891	207,240
	<hr/>	<hr/>
Net cash outflow from operating activities	(1,443,245)	(1,837,012)
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2 Cash and cash equivalents

The amounts disclosed in the cash flow statement in respect of cash and cash equivalents are in respect of these balance sheet amounts:

	Group	
	2008	2007
	£	£
Bank accounts	812,186	833,903
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TIMESTRIP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

1 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

Timestrip plc ('the company') is a public limited company incorporated in England & Wales and quoted on the Alternative Investment Market of the London Stock Exchange.

1.1 Basis of Preparation

The financial information set out in this announcement does not constitute the Group's statutory accounts for the year ended 31 December 2008.

These financial statements have been prepared in accordance with IFRS as adopted by the European Union, and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS.

Measurement basis

These financial statements are prepared under the historical cost convention.

Going concern

These financial statements have been prepared on the assumption that the Group is a going concern.

When assessing the foreseeable future, the directors have looked at a period of twelve months from the date of approval of this report. The forecast cash-flow requirements of the business are contingent upon the ability of the group to generate future sales.

The group is still at an early stage of its commercialisation and the success of the business depends on the realisation of projected sales together with existing customers extending the use of Timestrips within their organisations.

The uncertainty as to the timing and volume of the future growth in sales, require the directors to consider the group's ability to continue as a going concern. Notwithstanding this uncertainty, the directors believe that the group has demonstrated progress in achieving its objective of positioning the group as a major supplier of smart labels to the industries served by the group.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Were the Group to be unable to continue as a going concern, adjustments may have to be made to the balance sheet of the Group to reduce balance sheet values of assets to their recoverable amounts, to provide for future liabilities that might arise and to reclassify non-current assets and long-term liabilities as current assets and liabilities.

Preparation of financial statements

The preparation of financial statements under IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the groups accounting policies. Those areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 1.19.

2 Revenue

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

	2008	2007
	£	£
United Kingdom	22,658	913
Europe	161,969	58,098
North America	470,115	38,172
Rest of World	18,743	79,717
	<u>673,485</u>	<u>176,900</u>
Loss for the year		
United Kingdom	(21,419)	(2,956)
Europe	(220,139)	(188,062)
North America	(1,730,823)	(123,562)
Rest of World	(49,815)	(258,037)
	<u>(2,022,196)</u>	<u>(572,617)</u>

There are no separately reportable business segments

3 Operating loss

	2008	2007
	£	£
Operating loss is stated after charging:		
Depreciation of property plant and equipment	121,044	79,981
Amortisation of Patents	49,249	50,633
Amortisation of Website	6,697	5,756
Amortisation of Development	247,234	64,538
Research and development expenditure recognised as an expense	19,370	55,101
Operating lease rentals – buildings & motor	83,608	72,669
Auditors' remuneration (company £12,000) – audit fees	25,959	21,000
Auditors' remuneration – non-audit fees	6,780	6,000
(Profit) or loss on foreign currency translation	<u>(155,638)</u>	<u>3,560</u>

4 Finance costs

	2008	2007
	£	£
On bank loans and overdrafts	<u>9,211</u>	<u>8,974</u>
	<u>9,211</u>	<u>8,974</u>

5 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 368,499,123 (2007 – 318,206,472) and the loss after tax, was £ 2,022,196 (2007 – £ 572,617).

Share options as disclosed in Note 17 are anti-dilutive as they decrease the loss per share. Therefore, for the period ended 31 December 2008, the diluted loss per share is equivalent to the basic loss per share.

After the year end 93,733,637 ordinary shares of 0.02p were issued as disclosed in Note 29, and these would have changed significantly the number of ordinary shares in issue had the transaction occurred prior to the year end.

6 Non Current assets Group

	2008	2007
Deferred Tax asset	£	£
Balance as at 1 January	951,742	-
Profit and Loss account	<u>(866,247)</u>	<u>951,742</u>
Balance as at 31 December	<u>85,495</u>	<u>951,742</u>

The total potential deferred tax asset calculated at 28% at 31 December 2008 was £ (882) (2007: £(1,915)) and £1,159,713 (2007: £953,657) on depreciation in excess of capital allowances and losses carried forward respectively.

As discussed in note 1.19, a deferred tax asset of £85,495 (2007: £951,742) has been recognised to the extent that it is possible that future taxable profit will be available within the next two years against which the unused tax losses can be utilised. This has resulted in a write back of £866,247 in the current year.

If the projected sales do not materialise there is a risk that the total value of the deferred tax asset shown above would not be recoverable.

7 Post Balance Sheet Events

On 12 March 2009 the company issued 53,030,303 ordinary shares of 0.02p. The financial impact is that share capital will increase by £10,606 and share premium by £426,894.

On 8 May 2009 the company issued 40,703,334 ordinary shares of 0.02p. The financial impact is that share capital will increase by £8,141 and share premium by £571,881 net of expenses.

The annual report and accounts, together with a notice of the annual general meeting, will be posted to shareholders shortly.