InnoConcepts N.V.

PRESS RELEASE **Eindhoven, 31 August 2010**

FIRST HALF YEAR RESULTS 2010

InnoConcepts H1 2010 results impacted by the resolution of key legacy issues. First signs of recovery of sales of conventional tooling

- **Sales increased by 25% in Q2 to EUR 4 million vs EUR 3.2 million in Q1 2010**
- **Sales increased by 8% to EUR 7.2 million in H1 2010 vs EUR 7.0 million in H1 2009.**
- **Normalised EBITDA EUR 2.9 million negative in H1 2010 vs EUR 3.7 million negative in H1 2009**
- **Exceptional costs and impairments of EUR 38.6 million and EUR 16.2 million guarantee expense driven principally by the Cheng Meng and Proventec legacy issues**
- **Appointment of new Financial Director**
- **InnoConcepts will propose Mr. Onno van Klinken as third Supervisory Board member to shareholders at the EGM to be held in October**

Comment from the CEO

As has been announced in the first half of this year the bankruptcy of our Chinese partner Cheng Meng and the removal of the Proventec Loan Note guarantee of GBP 15 million dominate our H1 results. With these two major legacy issues now behind us we are fully focussed on the development of the technology and its commercialisation. Clearly the improvement in sales of optical and conventional tooling, especially in HTP in Eindhoven is encouraging as is the reduction in operating costs excluding one-offs and exceptional costs. I am pleased to say that we are on track to achieve our stated objective of EUR 1 million of cost savings in full year 2010.

We are, however, disappointed that the commissioning of the injection moulding technology (IM Technology) mould that was shipped to the US at the end of May has been delayed by problems with the ancillary equipment and processes unrelated to the mould and that this has triggered a disagreement with our US license partner.

I am delighted that Anno Kamphuis has joined us as Financial Director replacing Jeroen de Rijk. I am also delighted that Onno van Klinken has accepted to be proposed to the shareholders at the upcoming EGM in October for a position as a Supervisory Board member. Onno brings with him a wealth of experience in legal and corporate governance affairs underlining our commitment to good Corporate Governance. We wish all three much success with their new assignments.

InnoConcepts N.V.

Financial Highlights for the first half year 2010

(In EUR million)	H1 2010	H1 2009	Variance
Sales	7.2	7.0	8%
Gross Margin	5.2	4.7	10%
Normalised EBITDA*	-2.9	-3.7	22%
Net result	-65.9	-17.4	-278%
Earnings per shares in EUR	-0.80	-0.76	-5%
Solvency (group equity/balance sheet total)	3%	50%	47%

*Normalised EBITDA excludes one-off costs (and impairments and exceptional costs) included in H1 2010 in the impairment of operating assets of EUR 2.3 million and for H1 2009: EUR 3.1 million included in the general administrative expenses.

MANAGEMENT CHANGES

Anno Kamphuis joins InnoConcepts as Financial Director. Anno brings a broad and very relevant financial expertise gained in a variety of different sectors such as banking, consumer goods, insurance, high technology and plastic goods production.
He replaces Jeroen de Rijk who, after 8 years in various senior financial management roles in InnoConcepts the latest as Financial Director, has decided to pursue other interests outside the InnoConcepts group.
Onno van Klinken will be proposed to the shareholders at the EGM planned for October this year for the position of Supervisory Director. He is currently General Counsel at TNT and was previously Company Secretary with Numico.

POST BALANCE SHEET EVENT

Our US license partner is seeking a renegotiation of the terms of the contract in order to (amongst other things) improve the economic conditions for themselves. This is principally a demand for compensation of costs incurred due to the delay in getting the technology operational for their product. The agreements that were signed at the end of 2008 have resulted in an asset on our Balance Sheet which was valued at EUR 23.5 million as at 30th June 2010. Depending on the outcome this asset may have to be impaired.

NOTES TO THE FIGURES

Sales in Q2 showed an encouraging trend with an increase of 25% vs Q1.
Over the first half of 2010, tooling turnover increased to EUR 7.2 million compared to EUR 6.7 million in the first half of 2009. The gross margin, as percentage of sales, increased to 72% in H1 2010 from 67% in H1 2009. The cost base, excluding one-offs and exceptional items decreased to EUR 8.1 million in H1 2010 compared to H1 2009 of EUR 8.4 million.

EBITDA over the first half of 2010 increased to EUR 5.2 million negative from EUR 6.8 million in the first half of 2009 including impairments and one-off costs totalling to EUR 2.3 million (H1 2009: EUR 3.1 million). Normalised EBITDA was therefore EUR 2.9 million negative in H1 2010 (H1 2009: negative EUR 3.7 million).

The net result was further impacted by the impairments resulting from the default of Cheng Meng for EUR 33.8 million, the impairment of the Proventec assets of EUR 3.4 million and the recognition of the guarantee settlement with the loan note holders for a total cost of EUR 16.2 million.

The Net Result in the first half year resulted in a loss of EUR 65.9 million (negative EUR 0.80 per share) compared to a loss of EUR 17.4 million (negative EUR 0.76 per share) a year earlier.

The balance sheet total decreased by 44% to EUR 81.9 million whereby InnoConcepts' solvency decreased to 3% (per 31 December 2009: 46%, per 30 June 2009: 50%).

The negative operational cash flow for the period of EUR 7.2 million (EUR 6.1 million negative H1 2009) is mainly driven by accelerated payment of trade creditors and other current payables of EUR 3.7 million. The net cash flow was further impacted by a voluntarily redemption of our credit facilities with our main lender of EUR 8.2 million. The total facility of EUR 8.2 million remains available in full until December 2012. The negative cash flow has been financed with our credit overdraft facilities with our main lender. The available liquidity per 30 June of 2010 is EUR 10.4 million.

RISK PROFILE

Reference is made to our 2009 Annual Report (pages 8-10, page 17, page 22 and pages 63–66). Reassessment of earlier identified risks and the potential impact on occurrence have not resulted in changes being required in our internal risk management and control systems except for the controls on related party transactions.

The recent events around Cheng Meng and Proventec have resulted in a number of losses and expenses. These losses mainly relate to “legacy” contracts. As a result of the revised and implemented strategy and the simplified earnings model as explained in 2009, the risks involved have been mitigated to the extent that it is not foreseen to enter into these types of economic relationships, either via long term loans or minority shareholdings, in the future.

Furthermore the discovery of some potential related party transaction during the course of 2009 has resulted in strengthening the controls for all members of the key-management and Supervisory Board for reporting, on (key)positions, shareholdings and other economic relations with other companies.

The demands of our US partner are clearly increasing the risk on the valuation of the investment in associates on our balance sheet. (see section on Post Balance Sheet events above).

OUTLOOK

As previously announced we expect the second half of 2010 to show an improvement in sales and a further reduction in the loss at EBITDA level. Our earlier announced cost savings plan of EUR 1 million for the full year 2010 is on track. However, we do not expect to achieve a positive operational result or normalized EBITDA for the current financial year, even if non-recurring items are excluded. We do not expect to have significant capital expenditures in the second half of 2010.

With the current net equity together with the anticipated net result for the second half year and a possible impairment to the assets arising from our US license agreement there is a risk that InnoConcepts will report a negative equity in the course of the second half year. Based on management projections and discussions with amongst others our main lender, management does not believe that a negative equity will create any significant constraints to conduct normal operations.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This announcement contains forward-looking statements. Forward-looking statements are statements that are not based on historical fact, including statements about our beliefs and expectations.
Any statement in this announcement that expresses or implies our intentions, beliefs, expectations or predictions (and the assumptions underlying them) is a forward looking statement. Such statements are based on plans, estimates and projections as currently available to the management of InnoConcepts. The amounts mentioned above may differ depending on a number of factors, such as operational performance, investment levels with customers and the cash requirements in relation to Proventec Plc. Forward-looking statements therefore speak only as of the date they are made and we assume no obligations to publicly update any of them in the light of new information or future events.

InnoConcepts N.V.

STATEMENT FROM THE MANAGEMENT BOARD

The Management Board is responsible for the preparation of the condensed consolidated interim financial statements for the six months ended June 30, 2010, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The responsibility of the Management Board includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The Management Board is also responsible for the preparation of the interim report of the Management Board. In this interim report the Management Board endeavours to present a fair review of the situation of the business at balance sheet date and of the state of affairs in the half year under review. Such an overview contains a selection of some of the main developments in the first six months of the financial year and can never be exhaustive. This interim report also contains the current expectations of the Management Board for the second half of the financial year

As required by section 5:25d(2)(c) of the Dutch act on financial supervision (*Wet op het financieel toezicht*) and on the basis of the foregoing, the Management Board confirms that to its knowledge:

- The condensed consolidated interim financial statements for the six months ended June 30 2010, give a true and fair view of the assets, liabilities, financial position, and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and

- The interim report of the Management Board includes a fair overview of the situation at the balance sheet date, the course of affairs during the first six months of the financial year of the company and the undertakings included in the consolidation taken as a whole, and the expected course of affairs for the second half of 2010.

Eindhoven, August 31, 2010

The Management Board

Niraj Mehra

FOR FURTHER INFORMATION:

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Condensed consolidated financial statements for the six months ended 30 June 2010

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InnoConcepts N.V.

Condensed consolidated statement of financial position at 30 June 2010

in € thousands	30 June 2010	31 December 2009
NON-CURRENT ASSETS:		
Property, plant and equipment	9,371	16,656
Intellectual property rights and development costs	18,629	22,099
Goodwill and acquisition-related intangible assets	5,172	5,412
Investments in associates	25,570	30,000
Loans and non-current receivables	-	27,517
Deferred tax assets	7,907	7,907
Derivatives	-	-
	66.649	109,591
CURRENT ASSETS:		
Inventories	761	830
Trade and other receivables	10,809	10,054
Investment in associates held for sale	1,489	-
Tax receivable	-	2,280
Cash and cash equivalents	2,224	19,505
	15,283	32,669
TOTAL ASSETS	81.932	142,260
EQUITY:		
Share capital	827	826
Reserves	67,235	119,807
Unappropriated result	-65,933	-54,942
Equity attributable to shareholders	2,129	65,691
Minority interests	341	328
Group equity	2,470	66,019
NON-CURRENT LIABILITIES AND PROVISIONS:		
Long term loans and other liabilities	37,643	38,498
Provisions	1,295	1,361
Deferred tax liabilities	8.215	8,314
	47,153	48,173
CURRENT LIABILITIES:		
Trade and other payables	13,826	25,759
Financial guarantee contracts	16,232	-
Tax payable	2,251	2,309
	32,309	28,068
TOTAL EQUITY AND LIABILITIES	81,932	142,260

Condensed consolidated income statement for the period ended 30 June 2010

in € thousands	Six months ended 30th June 2010	30th June 2009
Sales intellectual property rights	-	-
Sales trading activities and production	7,234	6,723
Total sales	7,234	6,723
Interest financial leases	-	252
Total income	7,234	6,975
Cost of sales trading activities and production	-2,055	-2,249
	5,179	4,726
Depreciation of property plant & equipment	-2,058	-2,926
Amortisation of intellectual property rights and development costs	-4,561	-3,515
Amortisation of acquisition-related intangible assets	-240	-241
General administrative expenses	-8,097	-11,537
Impairment of operating assets	-2,281	-
	-17,237	-18,219
Operating profit	-12,058	-13,493
Interest income	669	492
Interest expense	-825	-2,885
Share of profits of associates	-1,063	-5,791
Settlement of financial guarantee contracts	-16,232	-
Impairment of financial assets	-36,366	-
Result before tax	-65,875	-21,677
Taxes	-31	4,232
Net result	-65,906	-17,445
Net result attributable to:		
Shareholders	-65,933	-17,630
Minority interest	27	185
	-65,906	-17,445
Earnings per share		
Basis	€ -0.80	€ -0.76
Diluted	€ -0.71	€ -0.76

Condensed consolidated statement of comprehensive income for the period ended 30 June 2010

in € thousands	Six months ended 30 June 2010	30 June 2009
Net result	-65,906	-17,445
Other comprehensive income		
Exchange differences arising on translation of foreign operations	2,289	3,048
Total comprehensive income for the period	-63,617	-14,397
Comprehensive income attributable to:		
Shareholders	-63,630	-14,591
Minority interest	13	194
	-63,617	-14,397
Comprehensive earnings per share		
Basis	€ -0.77	€ -0.63
Diluted	€ -0.68	€ -0.63

Condensed consolidated cash flow statement for the period ended 30 June 2010

	Six months ended	
in € thousands	30 June 2010	30 June 2009
Net cash flow from operating activities	-7,197	-6,080
Disposals of property, plant and equipment	-	-
Purchases of property, plant and equipment	-71	-904
Purchases of intellectual property rights	-87	-139
Development of intangible assets (non-current)	-	-339
Net cash flow from investing activities	-158	-1,382
Redemption of long-term loans and other liabilities	-	-3,378
Addition to loans from credit institutions	-	8,296
Redemptions of loans from credit institutions	-9,109	-
Loans and long-term receivables granted	-	-148
Interest paid	-825	-994
Interest received	-	-
Net cash flow from financing activities	-9,934	3,776
Net cash flow for the period	-17,289	-3,686
Cash and cash equivalents at 1 January	19,505	4,015
Effect of foreign exchange rate activities	8	73
Cash and cash equivalents at 30 June	2,224	402

Condensed consolidated statement of changes in equity for the period ended 30 June 2010

In € thousands

	Share capital	Share premium	Reserve for translation differences	General reserve	Unappro-priated result	Equity attributable to shareholders	Minority interest	Total group equity
At 1 January 2009	231	42,301	-10,253	70,689	-21,482	81,486	71	81,557
Result for the period					-17,630	-17,630	185	-17,445
Exchange rate difference on investments in foreign associates			3,039			3,039	9	3,048
Total result for the period	-	-	3,039	-	-17,630	-14,591	194	-14,397
Result appropriation				-21,482	21,482	-		-
2008 stock dividend paid		-4,850				-4,850		-4,850
Issue of shares for 2008 stock dividend	13	4,837				4,850		4,850
Issue of shares	14	5,232				5,246		5,246
	27	5,219	-	-21,482	21,482	5,246	-	5,246
At 30 June 2009	258	47,520	-7,214	49,207	-17,630	72,141	265	72,406
At 1 January 2010	826	75,877	-9,382	53,312	-54,942	65,691	328	66,019
Result for the period					-65,933	-65,933	27	-65,906
Exchange rate difference on investments in foreign associates			2,303			2,303	-14	2,289
Total profit for the period	-	-	2,303	-	-65,933	-63,630	13	-63,617
Result appropriation				-54,942	54,942	-		-
Share base payments personnel	1	67				68		68
	1	67	-	-54,942	54,942	68	-	68
At 30 June 2010	827	75,944	-7,079	-1,630	-65,933	2,129	341	2,470

Notes to the condensed consolidated financial statements

1. BASIS OF PREPARATION

The condensed financial statements have been drawn up in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting.

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed financial statements are drawn up on the basis of the historical cost convention, with the exception of derivative financial instruments, which are recognised at fair value.

The accounting policies adopted are consistent with those followed in the preparation of the group's annual financial statements for the year ended 31 December 2009.

The group's activities are only marginally affected by seasonal patterns.

3. TAXES

Interim period income tax is accrued based on the estimated average annual effective income tax rate of 0 % (6 months ended 30 June 2009: 20%).

4. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	Six months ended	
	30 June 2010	30 June 2009
Earnings for the purpose of basic and diluted earnings per share for the period attributable to the equity holders of the parent (in € thousands)	-65,933	-17,630
Weighted average number of shares used in the calculation of basic earnings per share (x 1.000)	82,668	23,114
Shares deemed to be issued in respect of share based payments	10,533	-
Weighted average number of shares used in the calculation of diluted earnings per share	93,201	23,114

5. DIVIDEND

During the interim period ending June 2010 no dividend was settled (for the 6 months ended June 2009 a dividend was settled at € 0.22 per share, payable as stock dividend of ordinary shares).

6. SEGMENT INFORMATION

The following is an analysis of the revenue and results for the period, analysed by business segment, the group's primary basis of segmentation.

In € thousands	Segment revenue		Segment result	
	Six months ended		Six months ended	
Segment	30 June 2010	30 June 2009	30 June 2010	30 June 2009
Intellectual property	-	-	-11,038	-8,932
Trade and production	7,234	6,975	-1,040	-4,561
Unallocated	-	-	-1,043	-5,791
	7,234	6,975	-13,121	-19,284
Unallocated:				
Financial income and expense			-16,388	-2,393
Impairments			-36,366	-
Tax			-31	4,232
Result for the period			-65,906	-17,445

The following is an analysis of the assets, analysed by business segment.

In € thousands	Segment assets	
Segment	30 June 2010	31 December 2009
Intellectual property	44,314	94,916
Trade and production	10,559	17,344
Unallocated	27,059	30,000
	81,932	142,260

7. IMPAIRMENTS

In the 6 months to 30 June 2010 a total of € 2,281,000 of impairments of operating assets and a total of € 36,366,000 of impairments of financial assets have been recognized. The impairment arise mainly out of the default of Cheng Meng in April 2010 and the settlement of the Proventec Guarantee in early July 2010 (see subsequent events).

In € thousands	Operating Assets	Financial Assets
Cheng Meng (including TEA loan and machines)		
Impairments on tangible fixed assets	-	-5,470
Impairments on loans and non-current receivables	-	-27,818
Impairments on trade and other receivables	-500	-
Proventec		
Impairment on investment in associates	-	-2,315
Impairment on loan to investment in associates	-1,043	
Other		
Impairment on loans and non-current receivables	-	-763
Impairment on trade and other receivables	-738	-
Total	-2,281	-36,366

Cheng Meng
InnoConcepts N.V. has been informed in April 2010 that Cheng Meng has ceased trading as it is in default of loan repayments to several Hong Kong banks and the banks and creditors have seized the assets of the factory, which were offered as collateral.
The circumstances, events, and the timing of the information becoming available for InnoConcept N.V. all occurred in the period between late January 2010 and April 2010. On balance sheet date InnoConcepts N.V. had no indications or doubts about the recoverability of her receivables on Cheng Meng and TEA Group Ltd and in relation to that the future cash flow generation of her assets located at the site of Cheng Meng. Following the decision of InnoConcepts N.V. not to inject further funds into Cheng Meng and the fact that Cheng Meng was not able to refinance herself either with the existing banks, other third parties nor her shareholder, resulted in Cheng Meng's default on the bank loans, triggering a seizure of the factory in April 2010. This new event lead to the situation whereby our assets are deemed without value. InnoConcepts N.V. has therefore impaired these amounts in their entirety in April 2010. The carrying amounts of the aforementioned assets and receivables amount to €33,788,000 at 31 March 2010. The increase of the carrying value between 31 December 2009 and 31 March 2010 is due to the new funding up to €300,000, accrued interest, depreciations as well as exchange rate differences.

InnoConcepts N.V. is currently discussing the recoverability process with her legal advisors and is assessing the economic rationale if reclaiming meaningful assets in the People's Republic of China is worthwhile given the projected costs.

Proventec Plc
InnoConcepts N.V. has settled the guarantee for the payment of interest and principal that was issued to a group of institutional investors following the sale of the convertible debenture loan originally extended to Proventec. The maximum guarantee at 31 December 2009 amounted to € 18,083,000. As a result of this settlement both the investment in associate Proventec and the loan to Proventec have been valued at their fair values at 30 June 2010. The carrying amount of the investment of € 3,804,000 has been impaired with € 2,315,000 to the fair value of € 1,489,000. The current loan to Proventec of € 5,216,000 has been impaired with € 1,043,000 to the fair value of € 4,173,000. Both assets have been transferred to the loan note holders as part of the settlement. As a result the investment in associate Proventec has been classified as held for sale at 30 June 2010. For further disclosure see note 8, settlement of financial guarantee contracts.

8. SETTLEMENT OF FINANCIAL GUARANTEE CONTRACTS

On 7 July 2009 InnoConcepts N.V. has reached an agreement on a settlement with the holders of GBP 15 million 8.5% convertible loan notes due 2012 issued by Proventec plc ("Proventec"). These loan notes were guaranteed by InnoConcepts in agreements made in 2006 and 2008.

The terms of the settlement are that the guarantee will terminate once InnoConcepts has issued and/or transferred to the loan note holders:

In € x 1,000	Nominal value Proventec settlement	Carrying & fair value Proventec assets 30-06-2010	Fair Value Guarantee settlement
New loan to provide in cash to Proventec of GBP 2.5 million	3,012	-	3,012
Existing loan of € 5.2 million	5,216	4,173	4,173
Shares of InnoConcepts in Proventec (5.580.923 shares representing 36.2%)	3,804	1,489	1,489
Share issue of InnoConcepts shares of 17,217,465 at an issue price of € 0,228	3,926	-	3,926
New € 5.0 million subordinated debt to the lone note holders	5,000	-	3,482
Compensation for transaction costs with a maximum of € 150,000	150	-	150
	21,108	5,662	16,232

The settlement will be executed after 30 June 2010. The guarantee is valued at fair value per 30 June 2010 at € 16,232,000 and the total expense of € 16,232,000 has been recognised in the 6 months ended 30 June 2010.

Anticipating the settlement of the guarantee with Proventec the current loan to Proventec of € 5,216,000 has been impaired with € 1,043,000 to the fair value of € 4,173.000 and the investment in Proventec of € 3,804,000 has been impaired with € 2,315,000 to the fair value of € 1,489,000 per 30 June 2010. Both assets will be transferred to the loan note holders of Proventec per execution date of the settlement and are incorporated in the valuation of the financial guarantee contract.

The payment in shares will lead to in an increase of the share capital and share premium of € 3,926,000 on 7 July 2010. This increase in equity has not been accounted for at 30 June 2010.

9. BORROWINGS

InnoConcepts has redeemed the overdraft credit facilities with its main lender with € 8,158,000 to nil at 30 June 2010. The credit facility is and remains committed until 31 December 2012 and is fully available for an amount of € 8,158,000 at 30 June 2010.

10. ISSUED CAPITAL

Balance at 1 January 2009	23,069,659
Issue of shares dated 4 February 2009	150,000
Issue of shares dated 29 June 2009	1,243,523
Stock dividend issue dated 18 July 2009	1,289,966
Issue dated 6 August 2009	228,528
Issue dated 28 September 2009	75,000
Issue dated 3 December 2009	75,000
Rights issue dated 23 December 2009	56,473,878
Balance at 31 December 2009 / 1 January 2010	**82,605,554**
Issue of shares dated 1 March 2010	75,000
Balance at 30 June 2010	**82,680,554**

Part of the settlement of the Proventec guarantee will be paid by issuing 17,217,645 shares in the capital of InnoConcepts N.V. The shares have been issued at 7 July 2010 at a price of € 0,228. The issue of shares will lead to an increase of Equity of € 3,926,000. For further information see note 8 settlement financial guarantee contracts.

11. FINANCIAL GUARANTEE

Guarantees for the payment of interest and principal have been issued to a group of institutional investors following the sale of the convertible debenture loan originally extended to Proventec. These guarantees terminate at the earliest of the following moments: (i) 30 working days after 31 December 2012, (ii) the date of the unscheduled repayment or full conversion by Proventec of the convertible debenture loan or (iii) the first moment in time on which the weighted average price of an ordinary Proventec share measured over a period of 60 days amounts to GBP 4.20 or more. The maximum guarantee at the balance sheet date amounts to € 20,085,000. At 30 June 2010 the guarantee is valued at € 16,232,000. See note 8 for further information.

12. CONTINGENCIES AND COMMITMENTS

We have provided certain financial guarantees to Hoogerman Holding B.V.'s bank for a total amount of up to €1,000,000, which will expire in April 2012.

The liabilities under various rental agreements amounted to € 883,000 per year at 30 June 2010. The total annual commitment covers four rental agreements ending, November 2014, June 2016 and December 2018 respectively. As regards these rental commitments, bank guarantees have been furnished to third parties to an amount of €220,000.

The commitments at 30 June 2010 under passenger car lease agreements amounted to € 98,000 per year. The term of the lease agreements is at most four years.

The commitments at 30 June 2010 under operational lease agreements for production resources amounted to €408,000 per year. The term of the relevant lease agreements is at most four years.

The commitments at 30 June 2010 under operational lease agreements for office equipment amounted to €21,000 per year. The term of the relevant lease agreements is at most five years.

InnoConcepts N.V. has in the first half year of 2009 redeemed an equity bridge loan of € 3,000,000 by payment in 1,243,523 shares at a price of € 3.86 per share to Staalhaven B.V. Staalhaven B.V. and InnoConcepts N.V. have a dis pute on the applied issue price for the loan redemption. Staalhaven B.V. has refused to accept these shares and has initiated legal proceedings against the company regarding this issuance, initially claiming that the applied issue price should be "lower" (without quantifying how much). On 14 December 2009 Staalhaven B.V. has quantified its claim mentioning that it is entitled to a maximum of up to 14,227,590 shares. This maximum assumes that (1) the issue price in the rights issue of EUR 0.52 per share should be used as the price per share for the redemption of the loan in June 2009, that (2) Staalhaven B.V. is entitled to interest over the period after redemption and that (3) Staalhaven B.V. is entitled to compensation for underwriting the rights issue even if it has not underwritten anything. Should InnoConcepts N.V. lose the court case, then it may have to issue additional shares to Staalhaven B.V. for no additional consideration, which would dilute InnoConcepts N.V.'s other shareholders. Pending the resolution of the dispute, the 1,243,523 ordinary shares have been deposited with Stichting Derdengelden ANT on behalf of Staalhaven B.V. As a result of the cash neutral rights exercise by Stichting Derdengelden ANT, the amount of shares deposited increased to 1,918,223 shares. InnoConcepts N.V. is confident of a positive outcome of these legal proceedings.

A supplier of InnoConcepts N.V. has initiated legal proceedings against the company regarding the implementation and execution of its supply contract claiming damages of up to € 1,200,000. This claim relates to the delivery of a specific multimedia product where InnoConcepts N.V. has outsourced the required production with this supplier. The project did not materialize for reasons which are completely outside the control of the company. InnoConcepts N.V. has nevertheless fully covered the project related investments of this supplier. We believe therefore that the claim by this supplier is without merit. However, while court proceedings are ongoing, the outcome of such proceedings is uncertain.

13. RELATED PARTY TRANSACTIONS

Waddington North America Inc
Waddington North America Inc (WNA) is an investment in associate of Innoconcepts N.V. During the 6 month ending 30 June 2010 part of the projects for technology moulds ordered in 2009, were manufactured and delivered to WNA. The revenues during the 6 months to30 June 2010 amounted to € 1,000,000 and per 30 June 2010 we had a trade receivable on WNA of € 65,000. The prices of these projects are established at "arm's length basis"

Proventec
Proventec is an investment in associate of InnoConcepts N.V.. During 2010 InnoConcepts provided Proventec with additional funding of € 768,000. The loan to Proventec at 30 June 2010 amounts to € 5,216,000. This receivable has been impaired at 30 June 2010 to the fair value € 4,173,000. After 30 June 2010 InnoConcepts N.V. has reached agreement with the loan note holders of Proventec for settling the guarantee. See note 8 for further information.

Cheng Meng
During 2010 InnoConcepts N.V. provided Cheng Meng with additional funding and charged interest to31 March 2010 amounting to € 300,000. The total receivable of on Cheng Meng per 31 March 2010 of € 28,318,000 has been impaired in full in April 2010. At 30 June 2010 the receivable on Cheng Meng is valued at nil.

Hoogerman Holding B.V
Hoogerman Holding B.V. (Hoogerman) is an investment in associate of InnoConcepts N.V. During the 6 months ending 30 June 2010 InnoConcepts N.V. entered into several moulds projects amounting to € 48,000. The prices of these projects are established at “arm’s length basis”

Furthermore in 2008 InnoConcepts N.V entered into a contract manufacturing agreement with Hoogerman. The contract manufacturing agreement stipulates that penalty payments are due by I-Pac Technology N.V.'s subsidiary I-Pac Manufacturing Services B.V. if certain minimum revenues for the sale of food packaging products by Hoogerman Group using our IM Technology, is not realised. The minimum revenue guarantee is € 10.0 million for 2010 and 2011 and € 5.0 million for 2012. As per 30 June 2010, the maximum remaining liability out of this guarantee is € 2.0 million over a total period of the next two years. At balance sheet date InnoConcepts N.V. has a provision for the total expected liability less anticipated revenues, for the whole contract of € 1,600,000.

At June 30, 2010 InnoConcepts N.V. had a net payable to Hoogerman of € 19,000.

14. SUBSEQUENT EVENTS

On 7 July 2010 InnoConcepts N.V. has reached an agreement on a settlement with the holders of GBP 15 million 8.5% convertible loan notes due 2012 issued by Proventec plc (“Proventec”). InnoConcepts guaranteed these loan notes in agreements made in 2006 and 2008. The total expense accrued for this settlement amounts to € 16,232,000 in the 6 months ended 30 June 2010. For further information see note 8.

Our US license partner is seeking a renegotiation of the terms of the contract in order to (amongst other things) improve the economic conditions for themselves. This is principally a demand for compensation associated with the delay incurred in getting the technology operational for their product. WNA is currently an investment in associate on our balance sheet with a value of € 23,700,000 per 30 June 2010. An outcome of these renegotiations may lead to partial or total impairment of this asset.

15. APPROVAL

The interim financial statements have been approved by the Board of Directors on 31 August 2010.