INNOCONCEPTS ANNUAL REPORT **2009**

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Rotterdam

Supervisory Board
Mr G. Jansen Venneboer (chairman)
Mr F.J. Sneep
Mr H.W. Verloop

Management Board
Mr N. Mehra

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To the Annual Meeting of Shareholders of the public limited liability company InnoConcepts N.V. having its statutory seat in Rotterdam.

REPORT OF THE SUPERVISORY BOARD

Pursuant to Article 25 of InnoConcepts N.V.'s Articles of Association we hereby present to you the annual report for 2009 prepared by the Management Board. The annual report includes the financial statements 2009 audited by Deloitte Accountants B.V. The auditor's unqualified report is enclosed on page 82 and 83 of this report.

The Supervisory Board and the Management Board held extensive discussions on the annual report for 2009 and the preparation of the report during meetings attended by the auditor. These discussions have convinced us that the annual report complies with the transparency requirements, and we are of the opinion that it constitutes a good basis for the accountability of the Supervisory Board for its supervision and advice during the year under review.

The Supervisory Board recommends that the General Meeting of Shareholders to be held on 16 June 2010 adopts these financial statements and discharges the members of the Management Board and of the Supervisory Board of responsibility in respect of their respective management and supervision.

HIGHLIGHTS SUPERVISION

Following the resignation of Mr P.A. Pruijssers as a member of the Management Board on 5 June 2009 Mr N. Mehra was appointed CEO of InnoConcepts N.V.

As of September 2009, the strategic focus of the company was changed in two respects. First, at company level, we decided to focus on the exploitation of our Injection Moulding Technology (IM Technology), which is our most valuable asset. Second, to improve our expected cash flow we decided to focus our exploitation of the IM Technology on selling moulds to converters with an implied license fee per individual mould.

In order to implement the company's new strategy, to improve our working capital, to strengthen our balance sheet, to finance ongoing developments and operations of group companies and to reduce our net debt level, a successful rights offering was realised in December 2009.

COMPOSITION OF THE SUPERVISORY BOARD

In March 2009 Mr C. Lieve stepped down as a member; Mr F.J. Sneep was appointed as a new member during the Annual General Meeting of Shareholders in June 2009. At the same time Mr N. Mehra stepped down as a member of the Supervisory Board in order to take up the position of CEO. Mr A. Langerak resigned as a member on 6 August 2009. During the Extraordinary General Meeting of Shareholders on 8 September 2009 Mr H.W. Verloop was appointed as a member. Details of the members of the Supervisory Board can be found on page 84.

The Supervisory Board is of the opinion that all members of the Supervisory Board are considered independent and that it complies with the independence requirements stipulated by the Dutch Corporate Governance Code.

The General Meeting of Shareholders appoints the members of the Supervisory Board on the proposal of the Supervisory Board, striving for diversity and an appropriate combination of knowledge and experience among its members in relation to the activities of the company. Consequently, the Supervisory Board aims for an appropriate level of market knowledge and experience in manufacturing, financial, fiscal, economical, technical, social and legal aspects.

MEETINGS

During 2009 the Supervisory Board met with the Management Board on 14 occasions in person and in a great number of conference calls. Furthermore, the Supervisory Board had a few meetings and conference calls without the Management Board participating.

In these meetings, the boards discussed strategy, operations, business risks and market developments, organization, management and financial structure and performance. The internal risk management and control systems received full attention. More information is enclosed in the risk management section on page 63 and following of this report.

In the absence of the Management Board, the Supervisory Board discussed the functioning of the Supervisory Board and its individual members, the relationship between the Supervisory Board and the Management Board, the composition of the Management Board and its performance.

None of the members of the Supervisory Board was frequently absent at these meetings.

CORPORATE GOVERNANCE

Among the responsibilities of the Supervisory Board, one is to oversee the company's compliance with corporate governance standards and best practices. In a separate section of this annual report the company indicates that it complies to a large extent with the governance requirements and best practices set out by the Dutch Corporate Governance Code.

The remuneration of individual members of the Management Board is the responsibility of the Supervisory Board and is thus an agenda item for the annual meeting of the Supervisory Board held in the absence of the member of the Management Board. The amount and composition of the remuneration will be assessed annually and determined using market standards and considering the extent to which the predetermined targets have been achieved. The current remuneration policy of the company was adopted by the General Meeting of Shareholders held on 8 September 2009 and can be found on the company's website. Any proposal for the remuneration in shares or rights to subscribe for shares will be submitted to the General Meeting of Shareholders in accordance with the Dutch Civil Code. We will submit the remuneration policy for new members of the Management Board for adoption by the General Meeting of Shareholders, when applicable.

The Supervisory Board has reviewed the need of a seperate audit committee and is of the opinion that in view of the limited size of the company this is not appropriate.

Deviations from the Dutch Corporate Governance Code, where applicable, are explained in the separate section.

WORD OF THANKS

The Supervisory Board thanks the Management Board and all InnoConcepts N.V.'s employees for their contribution and efforts in the difficult year 2009.

Eindhoven, 7 May 2010

Supervisory Board
G. Jansen Venneboer
H.W. Verloop
F.J. Sneep

At 31 December 2009, the authorised share capital of InnoConcepts N.V. consisted of ordinary shares. The ordinary shares have a nominal value of €0.01.

A total of 82,605,554 votes can be cast at general meetings.

AUTHORITY TO ISSUE SHARES

Pursuant to Article 5 of the articles of association, the Management Board has the authority, after obtaining the prior approval of the Supervisory Board, to issue shares including the granting of rights up to a maximum number of 73,868,324 ordinary shares, for a period of 12 months up to 4 December 2010 of which 56,548,878 shares have been issued.

POTENTIAL ANTI-TAKEOVER MEASURES

There are no potential anti-takeover measures in place.

ORDINARY SHARES

InnoConcepts N.V. shares are quoted on EuroNext Amsterdam. The table below reflects the average daily trading volumes of the past 5 years.

Average daily trading volumes:

2009	2008	2007	2006	2005
294,669	66,344	93,288	45,407	55,926

Earnings per share are based on the weighted average number of shares in issue in the financial year concerned. Historical earnings per share:

2009	2008	2007	2006	2005
-2.08	-0.94	0.81	0.71	1.48

SHARE PRICE TREND

The graph below shows the movements in the share price over the past five years.

Koersverloop aandeel InnoConcepts 1 januari 2005 tot en met 31 december 2009

DIVIDEND POLICY

InnoConcepts N.V. dividend policy is to aim for a pay out ratio of up to 30% of our operating result to shareholders either by way of a cash dividend or stock dividend or a combination of both, at the option of each individual shareholder. Our dividend policy is subject to:

- factors such as future earnings, financial performance, cash requirements and the requirements under Dutch law;
- the discretion of our Management Board, Supervisory Board and General Meeting of Shareholders; and
- restrictive covenants agreed with our lenders as part of our financing arrangements, limit our ability to pay dividend or to pay dividends in cash.

INVESTOR RELATIONS

InnoConcepts N.V. is monitored by a number of financial analysts with whom InnoConcepts N.V. maintains regular contact. In addition, one-on-one meetings are periodically held with institutional investors, especially following press releases. Meetings were held with various European institutional investors during the year under review. The majority of these meetings were initiated and coordinated by InnoConcepts N.V.'s principal banks and brokers.

SHAREHOLDER INTERESTS

In pursuance of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*), whose requirements include the obligation of shareholders to disclose to the company that they hold 5% or more of its ordinary shares in issue, the company is aware of the following shareholders with an interest of more than 5% in the ordinary shares in issue:

- Aviva Plc.
- KBC Groep N.V.
- A. Strating
- N. Mehra

FURTHER INFORMATION

On the website www.inno-concepts.com you will find the most recent press releases and half-year figures, which can be viewed and downloaded.

As of September 2009, InnoConcepts N.V. has changed its strategic focus in two respects. First, at company level, we decided to focus on the exploitation of our Injection Moulding Technology (IM Technology), which is InnoConcepts N.V.'s most valuable asset. Second, to improve our expected cash flow we decided to focus our exploitation of the IM Technology on selling moulds to converters with an implied license fee per individual mould.

Historically, we started building InnoConcepts N.V.'s through marketing innovations. In the recent past, InnoConcepts N.V. has focused on two specific business-to-business technologies: (i) plastic packaging technology via I-Pac Technologies N.V. and (ii) cleaning and coating technology via InnoCleaning Concepts B.V.

Our key technology in I-Pac Technologies N.V. relates to a specific IM Technology that enables plastic packaging producers to realise substantial cost reductions.

We have to date exploited our IM Technology in five markets: media packaging, returnable transport packaging, food packaging, automotive and consumer electronics packaging. The roll-out of our IM Technology started in 2001 as a joint operation based on a cooperation agreement for media packaging with Cheng Meng (also known as Founders), a contract manufacturer in the People's Republic of China. In 2005, we licensed our IM Technology for use in returnable transport packaging (e.g. pallets and crates) to Schoeller Arca Systems N.V. Subsequently, we licensed our IM Technology to various parties in the food packaging markets, most importantly Waddington North America Inc. In 2007, we granted an exploratory license for our IM Technology to International Automotive Components Group for the automotive industry.

Finally, in 2008 we granted a license to Hoogerman Holding B.V. to explore the potential for our IM Technology in the consumer electronics packaging area. In the near future we expect revenues related to our IM Technology from the media packaging and returnable transport packaging segment to be limited and we will therefore primarily focus on food packaging and automotive. In addition, we continue to explore possibilities in returnable transport packaging and consumer electronics packaging on a case-by-case basis. The current stage of commercialisation of our IM Technology in each of these five markets differs, but in none of these markets have we yet reached the stage of achieving multiple IM Technology mould sales to specific customers on an ongoing basis.

With respect to commercialising our technology, initially we aimed at (i) licensing of our IM Technology to converters, often in consideration for an equity participation, and (ii) marketing, product development and production of packaging products for multinational producers of food and beverage products. Although this strategy held the promise of significant value creation in the long term, it did not allow the operational costs of our business to be covered by cash income in the short term (as illustrated by the complete lack of license income in 2009), thus creating a negative cash flow and resulting in the necessity to obtain additional debt or equity financing on a regular basis.

Following the appointment of our new CEO, Mr N. Mehra, in June 2009, we decided to adopt a cash-focused strategy in order to be less dependent on the availability of additional financing and to improve our financial performance in a sustainable way. This new strategy is primarily aimed at exploiting our IM Technology by selling moulds to converters with an implied license fee per individual mould and in certain cases ongoing royalties. Nevertheless, I-Pac Technologies N.V. could still decide to license the IM Technology on an exclusive basis for a specific market segment if and when appropriate. By implementing this new strategy, we expect our business to generate more cash on a short term and create fewer hurdles for potential business partners to start using the technology. In addition, we expect that we can implement our new strategy with a more streamlined organisation and thereby reduce our costs.

BUSINESS ACTIVITIES

Following our recent change in strategy, InnoConcepts N.V.'s business activities can now be grouped in four distinct areas:

A "Mould Sales": the operational core of our business consists of advanced engineering and mould making units. It includes the production and sales of generic and IM Technology-based moulds for a specific product. Our main mould production capacity is located at Eindhoven and the Czech Republic, resulting from the acquisitions of HTP Technologies B.V. and Formy Tachov Sro. (100% owned and 75% owned respectively). This activity will be presented in the Results of operations as Sales mould making.

B "Intellectual property rights": the management of our portfolio of intellectual property rights, including the development of our IM Technology base. It includes the entering into of license agreements related to our IM Technology to specific market segments or for multiple products. This activity will be presented in the Results of operations as Sales IPR.

C "Investment in converters": existing strategic (equity) investments in converters, such as Founders-SAS Production Ltd and Wadding North America Inc. (owned by I-Pac Technologies N.V. through AFP Licensing Inc. (98%)). This activity will be presented in Results of operations as Investments in associates.

D "Non-core investments": (equity) investments in assets that are considered to be non-core, given InnoConcepts N.V.'s current strategy. At present, these non-core investments mainly consist of our 36.2% equity interest, indirectly held in Proventec Plc, a provider of specialist steam cleaning solutions and preventative coating technologies. We may resolve to divest our participation in Proventec Plc in the future, by way of a private sale, a distribution to our shareholders or otherwise.

I-PAC REVENUE MODEL

With the current revised strategy of InnoConcepts N.V., focusing on I-Pac Technologies N.V.'s unique IM Technology as core activity, in combination with the mould making activities, the revenue model has been aligned with the strategy and is essentially focused on generating cash and improving our financial performance in a sustainable way.

In our new strategy, revenues are expected to be generated as follows:

- the sale of moulds (both generic and those equipped with the IM Technology);

- royalty income over our converters' future revenues produced with a mould containing our IM Technology;

- upfront license fees and ongoing royalties resulting from licensing specific market segments or multiple products; and

- with certain converters we may have revenues which are a mix of several of the above.

Rationale

Our IM Technology, being an integral part of the mould, enables our customers to reach cost savings on their own production costs. The cost savings relate to less capital expenditure (or higher output on existing capital expenditure), material savings and energy savings. Further to that, our technology allows for a bigger design and manufacturing freedom and allows for a reduction of the emission of CO_2 gasses through the reduction in the usage of plastic materials and energy.

The sale to the customer consists of the hardware (the mould itself) plus a license for the use of this hardware in one or more of the forms stated above.

The converters own working capital accessibility enables them to fund the purchase of the moulds and a portion of the license fee until the converter receives income derived from the sale of the plastic parts produced using the mould. Therefore, most converters prefer to spread license fees over the useful life of the mould, contrary to our interests. The proportion of license fees paid "upfront" ultimately depends on the strength of our negotiating position.

For the purpose of cash generation, we have essentially abandoned the model of receiving a participation in the business of the customer in return for the granting of the license. In the past, such participations have generated significant value for the Company, but the conversion of this value into cash may take several years.

Our approach of focusing on a small number of key converters enables us to provide them with moulds and technology on a per mould basis. This reduces the initial investment of our customers, thus making it easier for them to adopt the technology. Once the equipment is installed and the IM Technology is proven inside the converters own production process, it may be expected that the amount of orders for new IM Technology moulds will substantially increase.

Risk management

InnoConcepts N.V.'s risk management consists of the management of its operations over the long term and the mitigation of the related business risks to the maximum possible extent. Depending on the nature and the relative significance of the risks associated with InnoConcepts N.V.'s diversity of sales markets, clients, regions and its intellectual property portfolio, the risks are quantified where possible.

The Group is exposed to the following risks:

- strategic risks;
- operational risks;
- credit risks;
- liquidity risks;
- currency risks; and
- interest rate risks.

These notes provide information about InnoConcepts N.V.'s exposure to each of the abovementioned risks, the objectives, principles and processes used to control and measure these risks and InnoConcepts N.V.'s management of its capital.

The goal of InnoConcepts N.V.'s risk policy is to identify the risks faced by InnoConcepts N.V., analyse them, determine appropriate limits and control measures for them and monitor the risks and compliance with the defined limits. Risk management policies and systems are regularly evaluated and adjusted where necessary to changes in market circumstances and InnoConcepts N.V.'s activities.

Strategic risks

The main risk associated with our decision to focus on the marketing of intellectual property is infringement of the intellectual property developed and registered by us as patents or otherwise. We try to keep maximum know-how confidentiality and to disseminate (public) information on a need to know basis only so as to prevent others infringing our intellectual property rights. In order to prevent others from capitalising on our technology, in other ways than infringement we also use a layered patent strategy for our technology and products. In this strategy we combine various patents with varying lifetimes and partly overlapping scopes in order to try and achieve the best (also in terms of duration) protection for our technologies, services and products.

Furthermore, there is also the risk of competing innovations being introduced to the market which could be superior to our innovations and that could adversely impact our business. We aim to keep to the forefront of technology and to that end maintain good relationships with various innovators and inventors in an effort to stay ahead of or keep as close as possible to the next competitive technology.

Operational risks

Our organisation depends on a limited number of employees. In order to limit this risk, we have built up a network of specialists to support us in certain business functions, which we can call on in the event of a possible shortage of in-house capacity, whether temporary or otherwise. With regard to our daily operations, in our business model we define various go/no go decision moments to manage development and sales processes as effectively as possible.

Our financial controls consist of controls such as procedures, management reporting, security measures but also less tangible systems such as standards, values and culture. Given the nature and scope of our organisation, our controls are relatively informal.

Credit risks

Credit risk is the risk of financial loss to InnoConcepts N.V. in cases where the buyer or counterparty to a financial instrument does not respect the contractual commitments made. Credit risks primarily result from granted loans, non-current receivables, trade receivables, loan guarantees to third parties and current receivables related to licenses. In addition, credit risks can result from our (conditional) interests in, amongst other companies, Proventec Plc and Waddington North America Inc., and our participation in joint ventures or other forms of cooperation.

InnoConcepts N.V.'s exposure to credit risk is primarily determined by the individual characteristics of individual debtors and licensees and the countries in which they are vested.

If loans are provided to associates, they are assessed by the Management Board in terms of their creditworthiness and where possible a conversion right is exacted. To the extent possible, an assessment is carried out to determine whether the associate can provide sufficient certainty in the form of a security.

Non-current and current receivables from licenses are secured using the underlying patents that continue to be the property of InnoConcepts N.V. until the last instalment is paid. In granting licenses, a contract is signed stipulating that if payment conditions are not met, InnoConcepts N.V. is entitled to withdraw the license without any other obligations on its part. Licensees are assessed in terms of their creditworthiness.

Non-current and current receivables from financial leases are secured on the basis of the underlying asset, over which InnoConcepts N.V. continues to exercise legal ownership. Receivables from trading activities and production are assessed ahead of time for creditworthiness. Progress payments that match the progress of the project are requested for receivables from production when the order is issued. The right to retain title is maintained for receivables from trading activities. Title to the goods is transferred to the client once the last payment is received. If payment terms are exceeded, this is ultimately reported to the Management Board that subsequently takes stricter measures: suspending the project, suspending the service and initiating legal proceedings.

Liquidity risk
The liquidity risk is the risk that InnoConcepts N.V. is not able to meet its financial commitments at the required point in time. The basic premise of the liquidity risk management approach is to, as far as possible, maintain sufficient cash and cash equivalents to be able to meet current and future financial commitments, under normal and difficult circumstances, without incurring unacceptable losses or endangering InnoConcepts N.V.'s reputation in the process.
InnoConcepts N.V. monitors its cash flows on a regular basis. A summary of the InnoConcepts Group's cash and cash equivalents is produced on a daily basis. A summary of the movements in the liquidity position is produced on a weekly basis. A cash flow analysis of the past quarter and a forecast for the coming quarter is prepared each quarter. A multi-year (3-5 years) cash flow forecast including bank covenant tests is prepared every 6 months. These reports help ensure that the InnoConcepts Group has access to sufficient liquid assets over the short as well as long term in order to meet its operating and financial commitments. The cash flow reports do not take extreme circumstances into consideration.

Since the financing of intellectual property (non-current intangible assets) is not a standard banking product, we require a high level of solvency to finance our operations.

Currency risks
Currency risk is the risk that InnoConcepts N.V.'s income or the value of assets is adversely affected by fluctuations in exchange rates. The objective of managing currency risk is to maintain this risk within acceptable limits with an optimal return.

InnoConcepts N.V.'s conduct of business exposes the operation and the reported financial results and cash flows to risks due to fluctuating exchange rates. InnoConcepts N.V.'s business operations are exposed to exchange rate differences if the proceeds of sales are received in a foreign currency that is different from the currency in which the costs related to these sales were incurred. To the extent that sales and costs can be netted using the same foreign currency, the balance will be affected by foreign exchange rate fluctuations in relation to the euro. We aim to conclude international licensing agreements in euros as much as possible.

To mitigate the impact of currency exchange rate fluctuations, InnoConcepts N.V. continuously assesses its foreign currency exchange rate position. If required, a portion of these risks will be hedged with financial instruments, such as forward exchange transactions and currency options. InnoConcepts N.V. did not make use of such instruments on the 31 December 2009 balance sheet.

Interest rate risks
Interest rate risk is the risk that InnoConcepts N.V.'s income or the value of assets is adversely affected by fluctuations in interest rates. The objective of managing interest rate risk is to maintain this risk within acceptable limits with an optimal return.

The InnoConcepts Group's liabilities are subject to variable as well as fixed interest rates. All borrowings in Euros are subject to variable interest rates based on Euribor plus a premium, which is considered to provide natural protection against fluctuations in the operating result. If necessary based on risk and yield considerations, InnoConcepts N.V. will commit to interest rates for longer periods or build in an interest rate ceiling.

Where applicable, InnoConcepts N.V.'s assets are subject to interest rates that are linked to market rates with a higher premium than the interest rate paid by InnoConcepts N.V.

If necessary from a risk management point of view, InnoConcepts N.V. will consider fixing interest rates for longer periods or putting an interest rate ceiling in place. Interest rate coverage is the leading parameter for managing interest rate risks.

Research and Development and Intellectual Property Rights

Research and development
The core technology which forms the basis of our current business is the energy controlled IM Technology for which we have a license to exploit in packaging and (partly) automotive. We have insourced and developed in-house an array of associated patented developments significantly increasing the barrier to entry for competitors who may try to overcome the patents.

Commercial exploitation of the IM Technology requires a second development phase for each product segment – e.g. thin walled packaging, thick walled packaging, automotive, returnable transport packaging etc. This second development phase usually involves close collaboration with a (potential) customer. This process usually takes the form of theoretical computer based simulations, followed by the choice of a product for which a prototype mould is produced. Thereafter, further empirical testing is conducted until all the interactions between the product and process parameters are modeled. This enables a clear decision by the customer on moving to the next phase: ordering the first mould.

The technical know-how required to develop our IM Technology resides within our technical development section based in Eindhoven. Here our development and testing equipment is located. The same locations houses the engineering and production of the moulds. This enables close collaboration between various engineering functions and the seamless transfer of a customer as we move from a development to a production phase.

The development activity is a key enabler of any potential transaction with a customer. It is our intention to strengthen this activity by appointing dedicated "customer development engineers" whose responsibility will be to further the penetration of our IM Technology within the customer base following the first mould order.

Intellectual property rights
Our patent portfolio consists of purchased patents, licenses to use third party patents, patents based on inventions developed in-house and rights to follow-up patents on inventions developed by licensees under the patents in our portfolio. Our licensees in turn, can exercise certain limited rights under our patents. Part of our patents portfolio consists of pending patent applications. We cannot provide any assurances that any of those patent applications will result in an enforceable patent or a patent that sufficiently protects our interests. We have a number of intellectual property rights that we do not exploit commercially today and we will be investigating the possibility of licensing or selling out these intellectual property rights.

Our intellectual property strategy is aimed at creating an intellectual property portfolio in which the scope of our patents overlaps to a degree, e.g. by applying for a patent on a particular technology and for a patent on a method to apply that technology.

Our patent portfolio is completed by a strategy of additional and complementary know-how protection. This

additional know-how is often kept secret by us. In this way we seek to create an additional layer of protection to prevent reverse engineering by competitors of the invention published in the patent application.

In order to protect our proprietary know-how, we generally require our employees, subcontractors and other independent contractors as well as our licensees to enter into non-disclosure, non-competition and non-usage agreements with us. In addition, our agreements with these parties also provide for the transfer and assignment to us of intellectual property rights resulting from ideas, developments, discoveries and inventions arising in the course of the provision of services to us or the use of the invention. Alternatively, our agreements provide for such intellectual property rights to be licensed to us. These agreements may not effectively prevent disclosure of our confidential information, provide meaningful protection for our confidential information or assign to us all such intellectual property rights. In addition, the enforceability of these agreements may vary from jurisdiction to jurisdiction.

CONSOLIDATED KEY FIGURES

	IFRS 2009	IFRS 2008	IFRS 2007	IFRS 2006	IFRS 2005
RESULT					
In € 000s					
Sales	12,342	50,409	27,632	19,018	27,211
Revenue	12,583	51,057	28,540	20,396	27,211
Gross profit	9,017	45,289	22,170	19,430	22,778
Operating result	-43,916	15,081	13,665	15,062	13,044
EBITDA [1]	-30,957	23,020	16,533	16,340	19,075
Net result attributable to shareholders	-54,942	-21,482	17,918	13,053	24,571
Free cash flow [2]	-10,952	-29,754	-8,202	-25,272	3,360
EQUITY					
In € 000s					
Balance sheet total	142,260	137,337	150,678	108,540	97,391
Equity attributable to shareholders	65,691	81,486	105,397	77,226	57,682
Group Equity	66,019	81,557	106,125	77,226	67,384
Solvency [3]	46.4%	59.4%	70.4%	71.2%	69.2%
Current ratio	1.16	1.22	2.84	5.95	3.29
Quick ratio	1.13	1.18	2.00	4.43	2.99
DATA PER SHARE [4]					
x € 1					
Result for the year per share	-2.08	-0.94	0.81	0.71	1.48
Diluted earnings per share	-2.06	-0.94	0.81	0.71	1.48
Free cash flow [2]	-0.41	-1.30	-0.37	-1.38	0.20
Dividend	-	0.20	0.24	0.21	0.20
Equity attributable to shareholders	0.80	3.53	4.65	3.63	3.30
Closing price	0.85	3.30	14.40	11.60	9.37
NUMBER OF SHARES					
At financial year-end	82,605,554	23,069,659	22,672,139	21,278,967	17,503,119
Weighted average	26,480,410	22,847,965	22,066,738	18,269,927	16,620,603
Potential shares	-	-	-	-	-
Weighted average	-	-	-	-	-
Average number of FTE personnel	223	225	46	13	20

1) EBITDA = Operating result less depreciation and amortisation
2) Free cash flow = Net cash flow from operating activities less net cash flow from investing activities
3) Solvency is calculated using group equity as the basis.
4) Data per share is calculated based on the weighted average number of shares, with the exception of equity attributable to shareholders which is calculated on the basis of the number of shares in issue at the end of the financial year.

OVERVIEW AND KEY EVENTS

- Change of strategy to focus on cash based earnings from development and sales of Injection Moulding Tooling incorporating our proprietary technology.
- No Revenue from sales of license of intellectual property in FY ’09 compared to €33.6 million in FY ’08.
- Revenue from sales of Goods and Services declined by 26% in FY ’09 (€12.3 million compared to €16.7 million in FY ’08) arising essentially from the general economic downturn.
- Conclusion of a framework agreement with the Obeikan Group.
- Balance sheet strengthening with €27 million rights issue and €4.0 million private placement in combination with a revised debt package.
- Restructuring of head office and of direct sales activity of food packaging products lays foundation of a reduced cost base in 2010.
- Impairments on financial and operating assets to the amount of €22.0 million.
- The opening price of the InnoConcepts N.V. share at 1 January 2009 was €3.30.
- The closing price at 31 December 2009 was €0.85
- The net result for the year attributable to shareholders amounted to minus €54.9 million.
- Earnings per share amounted to minus €2.08

REVIEW OF ACTIVITIES AND OPERATIONS

The year under review has been a year of significant change for InnoConcepts N.V. It was a year in which we began the transformation of the company in a very challenging environment. The market conditions for our sector have remained difficult with capex spending by the majority of current and potential customers remaining at “maintenance” levels and very little appetite for investment of cash in new technology.

We have used this period to develop our expertise in large multi-cavity thin walled food packaging with the commissioning of a tool for the North American market, which we plan to be in operation by mid 2010. We believe this will be a significant testimonial to the efficacy of our technology and as such a showpiece to attract further business.

Despite the signing of a license agreement for the Mid-East our lack of concrete business in that region since has been disappointing.

The organization has been significantly reshaped with two new Supervisory Board members, a new CEO, appointments from internally in the organization of the Directors of Finance, Technology and Operations. Furthermore the head office structure has been reduced and relocated to the site of operations in Eindhoven, bringing together all the key personnel and activities in one location.

The strategic direction for the company has been defined with a clear focus on developing and commercializing its IM Technology.

In turn the commercial strategy has been defined and activated with dedicated resources in North America and in Europe. In both geographies the interest shown by prospective new customers to our offering in both the food and automotive sectors is encouraging.

We commenced the simplification of the legal structure of the organization with the purchase of the remaining shares in HTP Technologies B.V. and HTP Tooling B.V. to bring it into full ownership of InnoConcepts N.V. and the sale of Special Cleaning Industries GmbH, our investment in IPR Tooling & Engineering B.V. and the liquidation of Robby Ltd.

Financially our focus during the year was to strengthen our balance sheet, which we did with a rights offering amounting to €27 million and a private placement of €4 million to the CEO. This enabled us to repay an existing bridge loan facility of € 10 million and restructure the remaining debt facility of € 45 million on exceptionally favourable terms. Our ongoing operational focus is clearly on generating, maintaining and recovering cash. During 2008 and 2009 we impaired and provisioned €8.1 million of receivables. At the end of 2009, we launched a project to assess the extent to which some of these receivables could be recovered, to launch the process of recovery and to ensure a robust process for receiving payments from debtors as and when they become due. During the "fact gathering" phase of this project we have uncovered information that some previous transactions may have been conducted with related parties without adequate disclosure. This is further explained in the section on potential related party transactions on page 68.

EVENTS AFTER THE BALANCE SHEET DATE

During April 2010 we were informed that Cheng Meng Plastic Production (Dongguan) Limited ("Cheng Meng"), the production facility of our Chinese partner "Founders", had ceased to operate and its assets had been seized by its creditors. As a result we will impair an expected amount of € 33.8 million during 2010. Reference is made to the information as provided in the Events after the balance sheet date in the Financial Statements.

FINANCIAL REVIEW

InnoConcepts N.V. uses the following key concepts:

- Operating result
- Result for the Year
- Total result
- EBITDA

The operating result is defined as the result before the balance of financial income and expense, impairment losses of financial assets, the result on associates, the result on the sale of group companies and dilution profit, and before taxes.

The result for the year is defined as sales and other income recognised in the financial year less allocated expenses, charges and taxes.

The total result is the result for the year, including the profit after taxes recognised directly in equity. In 2009, these direct changes in equity are related to foreign exchange rate fluctuations and translation differences.

The EBITDA is the operating result before deduction of depreciation and amortisation.

The adjusted EBITDA is the EBITDA adjusted for those items in the operational results that are of a non-operational character.

Condensed income statement

In €000s	2009	2008	Variance
Total revenue	12,583	51,057	-75%
Operating result	-43,916	15,081	-391%
Financial income and expenses	-3,536	296	
Impairment of derivative financial instruments	-118	-258	
Result of associates	-7,185	-84	
Profit on sale of group companies	140	-	
Dilution gains and losses and negative goodwill	-	-16	
Impairments of financial assets	-3,480	-36,980	
Taxes	3,189	-193	
Result for the year	-54,906	-22,154	148%
EBITDA	-30,957	23,020	-234%
Adjusted EBITDA	-8,296	28,201	-129%

Total revenue

Total revenue was down by 75%, from €51.1 million to €12.6 million. This is due to the lack of sales of intellectual property rights (2008: €33.6 million) and a reduction in the sales from trading activities and production of €4.4 million.

Operating result

The operating result decreased, from positive € 15.1 million to negative €43.9 million. This decline of €59.0 million was caused by the decline in sales of €38.5 million, additional impairments of operating assets of €13.4 million, an increase of depreciation and amortisation of €5.0 million and one off expenses as a result of the valuation of 10,526,315 personnel options granted to the CEO of €4.1 million. These shares were awarded pursuant to his investment of €4.0 million in a private placement (as agreed in his employment contract) in December 2009.

General administrative expenses increased from €17.0 million to €21.4 million.
This increase is due to the one off expense of €4.1 million for personnel options mentioned above. See 4.6 of this annual report for further information.

Financial income and expenses

Financial income and expenses are made up of the following:

In €000s	2009	2008	Variance
Interest income	1,317	2,503	-1,186
Interest expenses	-4,853	-2,207	-2,646
Balance of financial income and expenses	-3,536	296	-3,832

Result for the year

The result for the year is made up of the following:

In €000s	2009	2008	Variance
Result attributable to:			
Shareholders	-54,942	-21,482	-33,460
Minority interests	36	-672	708
Result for the year	-54,906	-22,154	-32,752

Total result

The total result is made up as follows:

In €000s	2009	2008	Variance
Result for the year	-54,906	-22,154	-32,752
Foreign exchange rate fluctuations and translation differences	1,239	-312	1,551
Reclassification adjustments relating to foreign operations disposed of in the year	-336	-	-336
Total result	-54,003	-22,466	-31,537

The result for the year recognised directly in equity relates to translation differences and foreign exchange rate fluctuations, and in particular the translation differences between the EUR and the HKD resulting from activities in Asia and between the EUR and GBP in relation to Proventec Plc.

EBITDA

The EBITDA is made up as follows:

In €000s	2009	2008	Variance
Operating result	-43,916	15,081	-58,997
Depreciation and amortisation	12,959	7,939	5,020
EBITDA	-30,957	23,020	-53.977

Adjusted EBITDA

The adjusted EBITDA is made up as follows:

In €000s	2009	2008	Variance
Operating result	-43,916	15,081	-58,997
Depreciation and amortisation	12,959	7,939	5,020
Impairment of operating assets	18,556	5,181	13,375
One of expense personnel options	4,105	-	4,105
Adjusted EBITDA	-8,296	28,201	-36,497

Condensed Balance Sheet

In €000s	2009	2008	Variance
Non-current assets	109,591	114,345	-4,754
Current assets	32,669	22,992	9,677
Total assets	142,260	137,337	4,923
Equity	65,691	81,486	-15,795
Group equity	66,019	81,557	-15,538
Non-current liabilities	48,173	36,913	11,260
Current liabilities	28,068	18,867	9,201
Total equity and liabilities	142,260	137,337	4,923
Solvency (group equity)	46%	59%	-13%

As a result of the equity raise and increased cash position at year end the balance sheet total increased from €137.3 million to €142.3 million.

Group equity in 2009 decreased by € 15.5 million to €66.0 million, as a result of which solvency decreased to 46% (2008: 59%). The decrease is made up as follows:

Movement in group equity (in €000s):	
Result for the year	-54,906
Shares issued	37,091
Share based payments	377
Personnel options issued	4,105
Cost incurred on the issue of ordinary shares	-2,439
Goodwill on acquisition of minority interests	-858
Foreign exchange rate/translation differences	1,092
Total	-15,538

ORGANISATION AND EMPLOYEES

The average number of full-time employees decreased with 2 to 223 during the year under review (2008: 225).

FINANCING AND SOLVENCY

59,535,895 shares were issued during the year under review. The terms and conditions of the existing credit line with ING Bank was amended during the year under review. The total facility amounts to €45 million.

Group equity declined from €81.6 million to €66.0 million as a result of the appropriation of the net result, being largely offset by the proceeds of the rights offering and the share placements during 2009. The balance sheet total increased from € 137.3 million to € 142.3 million, in part due to the abovementioned impairments being offset by the proceeds of the rights offering and the share placements and in part due to the increased cash position at year end. Solvency consequently declined to 46% from 59% in 2008.

DIVIDEND

InnoConcepts N.V. dividend policy is to aim for a payout ratio of up to 30% of our operating result to shareholders either by way of a cash dividend or stock dividend or a combination of both, at the option of each individual shareholder. Our dividend policy is subject to:

- factors such as future earnings, financial performance, cash requirements and the requirements under Dutch law;
- the discretion of our Management Board, Supervisory Board and General Meeting of Shareholders; and
- restrictive covenants agreed with our lenders as part of our financing arrangements, limit our ability to pay dividend or to pay dividend in cash.

The company proposes to the Annual General Meeting of Shareholders not to pay out a dividend for 2009.

OUTLOOK

As said earlier, 2009 was a year of change, a year when the turnaround started. It is our firm objective that 2010 should be the year when the turnaround is firmly in place, the historical issues resolved and, most importantly, ensuring that growth in revenues from the sale of both conventional moulding and our IM Technology picks up. If the volume growth being witnessed by our current and prospective customers is maintained we believe this will ease their willingness to (re)invest in conventional tooling and in our IM Technology moulds thereby facilitating our recovery from the second half of 2010 onwards.

STATEMENT OF THE MANAGEMENT BOARD

The Management Board of InnoConcepts N.V. is responsible for the design, implementation and operation of the internal risk management and control systems. These comprise policy formulation, processes and tasks, and influencing the conduct and other aspects of the organisation, which together enable the objectives to be realised and potentially material errors, losses, fraud or the breaching of laws and regulations to be either prevented or reported promptly.

Adequate and effective risk management and control systems can, however, never provide a cast-iron guarantee that corporate objectives will be accomplished, nor can they fully prevent material errors, losses, fraud or the breaching of laws and regulations. Bearing in mind the foregoing, the Management Board believes that the internal risk management processes and control systems that were in place provided reasonable assurance that the financial reporting is free of material misstatements and that these systems functioned adequately in the year under review. However, the discovery of several transactions that were possibly with related parties and have not been disclosed as such has led the Management Board (in close collaboration with the Supervisory Board) to initiate a strengthening of its risk management processes and control systems. InnoConcepts N.V. believes that these strengthened risk management processes and control systems will prove adequate during the coming year.

Pursuant to Section 5:25c, paragraph 2 sub c of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*), the Management Board states that to the best of its knowledge:

- The 2009 financial statements give a true and fair view of the assets, liabilities, financial position and the loss of the company and the undertakings included in the consolidation as a whole;
- The annual report give a true and fair view of the position as at the balance sheet date and the business development during the financial year of the company and its undertaking, whose details are included in its financial statements; and
- The annual report includes a description of the principal risks and uncertainties that the company faces.

The Management Board has signed the report in accordance with its obligations as defined in Article 2:101, section 2 of the Dutch Civil Code.

Eindhoven
7 May 2010

Management Board
N. Mehra

GENERAL

On 9 December 2003, the Dutch Corporate Governance Code was published. The provisions of the Code took effect on 1 January 2005, and apply to annual reports for financial years starting on or after 1 January 2004. The Code was amended in December 2008 and applies to annual reports for the financial year starting on or after January 2009. The text of the Code can be found at www.commissiecorporategovernance.nl. Dutch companies whose shares are listed on a government-recognised stock exchange must discuss compliance with the Code in their annual report. If a company does not apply the best practice provisions of the Code, it must explain the reasons why it does not apply them. Save as outlined below, we comply with the best practice provisions of the Code relevant to us.

InnoConcepts N.V. will devote a section in its annual report each year to its corporate governance policy and the manner in which it has applied the Code's principles.

InnoConcepts N.V. reviewed its corporate governance policy in relation to the Code and concludes that to a large extent it meets the provisions of the Code. InnoConcepts N.V. supports this Code and will therefore strive to bring its policy as much as possible in line with the best practice provisions of the Code. The explanation below in summary indicates the thrust of the best practice provisions for each body, as well as the material variances inherent in InnoConcepts N.V.' s current policy.

During the annual meetings, we informed shareholders that, as a Small Cap fund, we did not expect to meet all the best practice provisions of the Code. In view of the limited number of people and resources, as well as the available time, it is not possible or economically desirable to meet all of these best practice provisions.

During the year under review, we devoted specific attention to improving the internal risk management and control systems. The analysis of strategic, operating and financial risks provided further insight into the specific and significant risks for the company.

MANAGEMENT BOARD

InnoConcepts N.V.'s Management Board is charged with managing the company, which entails, inter alia, that it is responsible for the realisation of the objectives of the company, the strategy and the policy and the resulting profit/loss development. The Management Board is accountable in this respect to the Supervisory Board and to the General Meeting of Shareholders. The Management Board is responsible for ensuring all relevant laws and regulations are complied with, for managing the risks attached to the business activities and for the financing of the company. The Management Board reports on these matters to and discusses the internal risk management and control systems with the Supervisory Board.

InnoConcepts N.V. subscribes to the best practice provision II.1.1 of the Code that members of the Management Board are appointed for a maximum term of four years with a reappointment for a term of not more than four years at a time.

The remuneration of individual members of the Management Board is a responsibility of the Supervisory Board and is thus an agenda item for the annual meeting of the Supervisory Board held in the absence of the members of the Management Board. The amount and composition of the remuneration for the members of the Management Board will be assessed annually and determined using market standards and considering the extent to which the predetermined targets have been achieved. InnoConcepts N.V. will submit the remuneration policy for new members of the Management Board for adoption by the General Meeting of Shareholders. The current remuneration policy has been adopted by the Extraordinary General Meeting of Shareholders held on 8 September 2009. When shares or rights to subscribe for shares are granted to a Management Board member a proposal thereto will be submitted to the General Meeting of Shareholders.

InnoConcepts N.V. subscribes to the best practice provision II.2.8 of the Code that a severance pay may not be greater than one annual salary. If exceptional circumstances so require, we wish to be able to depart from this. No severance arrangements are currently in place for the sole member of the Management Board.

Information about the amount and structure of the remuneration of the Management Board is included in the notes to the annual report on pages 56 & 57. In view of the limited size of the company, as well as the number of Management Board members, a separate remuneration report as required for in best practice provision II.2.12 will not be prepared.

InnoConcepts N.V. does not apply best practice provision III.6.5 concerning the ownership of and transactions in securities by members of the Management Board other than those issued by the company itself. InnoConcepts N.V. is of the opinion that this is the responsibility of each individual Management Board member and that as a company, we should not be involved in this. Should this happen at any time in the future, we will be guided by the relevant best practice provisions.

Our CEO, Mr N. Mehra, holds shares in our capital. Additionally, Mr N. Mehra (i) will annually be granted additional shares as part of his fixed remuneration, (ii) has been granted options on shares at the time of the rights offering in December 2009, and (iii) may be granted additional share options dependent on the achievement of satisfactory performance results, laid down by the Supervisory Board. Consequently, Mr N. Mehra may have a conflict of interest in operating and representing the Company. As a result of authorisation by the Annual General Meeting of Shareholders held on 4 December 2009 and the appointment by the Supervisory Board as evidenced by the resolution of the Supervisory Board dated 18 November 2009 and the minutes of the Supervisory Board meeting dated 4 December 2009, Mr N. Mehra was authorised to represent InnoConcepts N.V. in connection with the rights offering in December 2009.

Except as is mentioned above, there are at this point in time no conflicts of interest between the company and its Management Board. Should this nevertheless be the case at some point in the future, InnoConcepts N.V. will address the matter in accordance with the best practice provisions II.3.2 through II.3.4.

SUPERVISORY BOARD

It is the responsibility of InnoConcepts N.V.'s Supervisory Board to oversee the policies of the Management Board and the general state of the company's affairs and that of its affiliated companies, and to support the Management Board with advice. The members of the Supervisory Board are appointed by the General Meeting of Shareholders. The Supervisory Board consists currently of three members. As a result of this limited size and according to principle III.5, the duties which could be given to separate audit, remuneration and selection and appointment committees are the responsibility of the full Supervisory Board. The Supervisory Board has drawn up a set of board regulations, which are available on our website. Given the size of the company and the limited number of members of the Supervisory Board, the role of vice-chairman as provided for in best practice provisions III.4.4 is not currently being filled.

The company endorses best practice provision III.2.1 of the Code concerning the independence of the members of the Supervisory Board in its generality, on the understanding that it wants to be able to deviate from this provision in the interests of the company if a given situation warrants such action. The Supervisory Board will report on such cases, as they occur, in the Report of the Supervisory Board.

At this point in time there are no conflicts of interest between the company and members of the Supervisory Board. Future decisions to enter into transactions that could involve conflicting interests on the part of members of the Supervisory Board that are of material importance to the company and/or the members concerned require the approval of the Supervisory Board.
InnoConcepts N.V. does not comply with best practice provision III.6.5 concerning the ownership of and transactions in securities by members of the Supervisory

Board other than those issued by the company itself. InnoConcepts N.V. is of the opinion that this is the responsibility of each individual Supervisory Board member and that as a company, we should not be involved in this.

Under the Articles of Association the Supervisory Board is required to approve the following resolutions of the Management Board:

a. issue and acquisition of shares in the company and debt instruments issued by the company or of debt instruments issued by a limited partnership or a general partnership of which the company is the general partner with full liability;
b. cooperation in the issue of depositary receipts for shares;
c. application for listing or withdrawal of the official listing of the securities referred to under a. above on any exchange;
d. entry into or termination of a lasting cooperation by the company or a dependent company with another legal person or company or as a general partner with full liability in a limited partnership or general partnership, if such cooperation or the termination thereof is of far reaching significance for the company;
e. acquisition of a participation by the company or by a dependent company in the capital of another company, the value of which equals at least the sum of one quarter of the issued capital and the reserves of the participating company as shown in its balance sheet with explanatory notes, and any far reaching change in the size of such participation;
f. investments requiring an amount of at least the sum of one quarter of the issued capital and the reserves of the company as shown in its balance sheet with explanatory notes;
g. a proposal to amend the articles of association;
h. a proposal to dissolve (wind up) the company;
i. application of bankruptcy and for suspension of payments;
j. termination of the employment of a considerable number of employees of the company or of a dependent company at the same time or within a short time-span;
k. a far reaching change in the working conditions of a considerable number of employees of the company or of a dependent company;
l. a proposal to reduce the issued capital;
m. repurchase of own shares;
n. appointment of proxy-holders, and the determination of their title and authorities;
o. the board regulations and allocation of duties by the Management Board;
p. conflict of interest situation between a member of the Management Board and the company; and
q. reservation of profits.

Furthermore, the Supervisory Board decides on a distribution of interim dividends and of non-cash dividends in the form of shares in the capital of the company.

GENERAL MEETING OF SHAREHOLDERS

Proper Corporate Governance assumes that shareholders participate fully in the decision-making process in the General Meeting of Shareholders. InnoConcepts N.V. endorses this principle and wants to promote dialogue with its providers of capital. InnoConcepts N.V. still has to assess the degree to which remote voting fits into this concept. This expansion must be approached from a practical perspective, and must most certainly involve an assessment of the costs and available resources. The General Meeting of Shareholders must be able to exercise influence on the policies pursued by the Management Board and the Supervisory Board of the company, such that it plays a meaningful role in the company's system of checks and balances. Any resolutions by the Management Board that would cause an important change to the identity or character of the company are submitted to the General Meeting of Shareholders for approval.

InnoConcepts N.V. endorses best practice provision IV.1 if and insofar as applicable. Best practice provision IV.2 regarding depositary receipts for shares in its entirety is not applicable to the company. The Management Board or the Supervisory Board, as the case may be, will inform all shareholders and parties on the financial market equally and simultaneously of all matters that could affect share price. The contacts between the Management Board on the one hand and the media and financial analysts on the other will be treated and structured with care, and the company will not undertake any actions that could affect the independence of the analysts in relation to the company and vice versa.

We will attempt to provide all shareholders and other parties in the financial markets with equal and simultaneous information about matters that may influence the share price. We will meet with many investors, potential investors and analysts during the course of the year. We feel it is not practical to announce these meetings in advance or to make provisions for all shareholders to follow these meetings and presentations in real time. We will restrict the information presented in these meetings to publicly available material.

At this point in time there are no conflicts of interest between the company and legal or natural persons who hold at least 10 percent of the shares in the company. InnoConcepts N.V. endorses best practice provision III.6.4 if and insofar as applicable.

The main powers of the General Meeting of Shareholders relate to:

a. the appointment, suspension and dismissal of the members of the Management Board and the Supervisory Board;
b. approval of the remuneration policy of the Management Board;
c. approval of the remuneration of the Supervisory Board;
d. the adoption of the annual accounts and the declaration of dividends;
e. release from liability of the members of the Management Board and the Supervisory Board;
f. issuance of the shares or rights to shares, restriction or exclusion of pre-emptive rights of shareholders and repurchase or cancellation of shares;
g. amendments to the Articles of Association; and
h. decisions of the Management Board that would entail a significant change in the identity or character of the company or its business.

FINANCIAL REPORTING

The Management Board is responsible for the quality and completeness of the published financial statements. The Supervisory Board ensures that the Management Board carries out this function. InnoConcepts N.V. endorses this best practice provision, with the exception of the provisions concerning the audit committee and the internal auditor, which, in view of the limited size of the number of members on the Supervisory Board and the company, are not considered appropriate. InnoConcepts N.V. endorses best practice provision V.3.3. if and insofar as applicable.

ARTICLE 10 OF DIRECTIVE 2004/25

With regard to the information referred to in the Resolution of article 10 of the EC Directive pertaining to a takeover bid which is required to be provided according to Dutch law, the following can be reported:

- the authorised capital of the Company is divided into ordinary shares.
- the transfer of registered shares requires the approval of the Management Board;
- the company owns one major shareholding, I-Pac Technologies N.V.;
- there are no special statutory rights related to the shares of the Company;
- there is no employee participation arrangement;
- there are no voting right restrictions;
- there are no shareholders agreements that could cause share transfer restrictions, voting right restrictions or the issuance of depositary receipts of shares with the cooperation of the company;
- the General Meeting of Shareholders appoints and dismisses the members of the Management Board and the Supervisory Board upon a binding nomination of the Supervisory Board. The General Meeting of Shareholders resolves to the amendment of the articles of association, subject to the prior approval of the Supervisory Board;
- the General Meeting delegated its authority to resolve to the issuance of shares and the repurchase of own shares to the Management Board for 12 months, which appointment may be extended. The delegated authority of the Management Board to

resolve to the issuance of shares did not exceed the total number of 73,868,324 shares and included the right to restrict or exclude the Shareholders' pre-emptive rights;
- there are no significant agreements to which the company is a party that are concluded, amended or terminated subject to the condition of a change of control of the company after a public offer as referred to in Section 5:70 of the Financial Supervision Act, as well as the consequences of these agreements, unless such notification would seriously harm the company;
- there are no agreements between the company and a member of the Management Board or an employee that provide for a distribution upon the termination of their employment in response to a public offer as referred to in Section 5:70 of the Financial Supervision Act.

RISK MANAGEMENT

On the basis of the above and in accordance with best practice provision II.1.5 of the Code and Article 5:25c of the Financial Supervision Act, the Management Board confirms that having reinforced its internal controls over financial reporting and that these provide a reasonable level of assurance that the financial reporting does not contain any material inaccuracies. The Management Board further confirms that these reinforced controls will function properly in the future. The financial statements fairly represent the company's financial condition and the results of the company's operations and provide the required disclosures.

It should be noted that the above does not imply that these systems and procedures provide absolute assurance as to the realization of operational and strategic business objectives, or that he can prevent all misstatements, inaccuracies, errors, fraud and non-compliances with legislation, rules and regulations.

In view of all of the above, the Management Board confirms that, to the best of its knowledge, the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the annual report includes a fair review of the position at the balance sheet date and the development and performance of the business during the financial year together with a description of the principal risks and uncertainties that the company faces.

CORPORATE SOCIAL RESPONSIBILITY

The Management Board is committed to corporate social responsibility and discussed the corporate social responsibility issues the company encounters with the Supervisory Board. There are no major issues to report.

7 May 2010

The Management Board
N. Mehra

INNOCONCEPTS FINANCIAL STATEMENTS **2009**

CONSOLIDATED BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER 2009 (BEFORE RESULT APPROPRIATION)

In €000s	Notes	2009	2008
NON-CURRENT ASSETS:			
Property, plant and equipment	3.2	16,656	26,875
Intellectual property rights and development costs	3.3	22,099	24,468
Goodwill and acquisition-related intangible assets	3.4	5,412	5,893
Investments in associates	3.5	30,000	37,399
Loans and non-current receivables	3.6	27,517	19,592
Derivatives	3.7	-	118
Deferred tax assets	3.10	7,907	-
		109,591	**114,345**
CURRENT ASSETS:			
Inventories	3.8	830	792
Trade and other receivables	3.9	10,054	17,713
Tax receivable	3.10	2,280	472
Cash and cash equivalents	3.11	19,505	4,015
		32,669	**22,992**
TOTAL ASSETS		**142,260**	**137,337**
EQUITY:			
Share capital	3.12	826	231
Reserves	3.12	119,807	102,737
Result for the year	3.12	-54,942	-21,482
Equity attributable to shareholders	3.12	65,691	81,486
Minority interests	3.13	328	71
Group equity		**66,019**	**81,557**
NON-CURRENT LIABLILITIES:			
Long-term loans and other liabilities	3.14	38,498	35,268
Provisions	3.15	1,361	216
Deferred tax liabilities	3.10	8,314	1,429
		48,173	**36,913**
CURRENT LIABILITIES:			
Trade and other payables	3.17	25,759	15,144
Tax payable	3.10	2,309	3,723
		28,068	**18,867**
TOTAL EQUITY AND LIABILITIES		**142,260**	**137,337**

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

In €000s	Notes	2009	2008
Sales intellectual property rights	4.1	-	33,661
Sales trading activities and production	4.1	12,342	16,748
Total sales		12,342	50,409
Interest on financial lease	4.1	241	648
Total revenue		12,583	51,057
Cost of material sales trading activities and production		-3,566	-5,768
		-3,566	-5,768
		9,017	45,289
Depreciation of property, plant and equipment	4.2	-5,567	-3,181
Amortisation of intellectual property rights and development costs	4.2	-7,392	-4,758
General administrative expenses	4.3 - 4.4 - 4.5 - 4.6	-21,418	-17,088
Impairments of operating assets and provisions for onerour contracts	4.7	-18,556	-5,181
		-52,933	-30,208
Operating result		-43,916	15,081
Interest income		1,317	2,503
Interest expenses		-4,853	-2,207
Impairment on derivatives		-118	-258
Result of associates	3.5	-7,185	-84
Result on sale of group companies		140	-
Dilution gains and losses		-	-16
Impairment of financial assets	4.7	-3,480	-36,980
Result before taxes		**-58,095**	**-21,961**
Taxes	4.8	3,189	-193
Result for the year		**-54,906**	**-22,154**
Result attributable to:			
Shareholders		-54,942	-21,482
Minority interests		36	-672
		-54,906	**-22,154**
Earnings per share			
Basic	4.9	€-2.08	€-0.94
Diluted	4.9	€-2.06	€-0.94

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2009

In € 000s	2009	2008
Net result	**-54,906**	**-22,154**
Other comprehensive income:		
Exchange differences arising on translation of foreign operations	1,239	-312
Reclassification adjustments relating to foreign operations disposed of in the year	-336	-
Total comprehensive income for the period	**-54,003**	**-22,466**
Comprehensive income attributable to:		
Shareholders	-54,071	-21,809
Minority interest	68	-657
	-54,003	**-22,466**
Comprehensive earnings per share		
Basic	€-2.04	€-0.95
Diluted	€-2.02	€-0.95

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

In €000s	Notes	2009	2008
Cash flow from operating activities			
Net result		**-54,906**	**-22,154**
Adjustments for:			
Depreciation of property, plant and equipment	3.2 - 4.2	5,567	3,181
Amortisation of intellectual property rights and development costs	3.3 - 4.2	7,392	4,758
Non-cash revenue		-	-29,591
Impairment of assets	4.7	22,036	36,980
Share-based payments		4,482	-
Taxes	3.10 - 4.8	-3,189	193
Interest income		-1,317	-2,503
Interest expenses		4,853	2,207
Derivatives		118	258
Result on associates		7,185	84
Profit on sale of group company		-140	-
Dilution gains and losses		-	16
		46,987	**15,583**
Cash flow before movements in working capital and provisions		-7,919	-6,571
Movements in trade and other receivables	5	-3,664	-1,125
Movements in inventories	5	-261	-688
Movements provisions	5	-167	-
Movements in trade and other payables	5	3,632	-2,514
		-460	**-4,327**
		-8,379	**-10,898**
Tax paid	3.10	-179	-2,552
Net cash flow from operating activities		**-8,558**	**-13,450**
Cash flow from investing activities			
Disposals of property, plant and equipment	3.2	-	1,325
Share issue investments in associates	3.5	-639	-
Additions to property, plant and equipment	3.2 - 5	-899	-1,222
Additions to intellectual property rights	3.3	-283	-9,968
Development of intangible assets	3.3	-573	-6,439
Net cash flow from investing activities		**-2,394**	**-16,304**
Cash flow from financing activities			
Share issue	3.12	27,901	-
Additions to long-term loans and other liabilities	3.14	15,000	37,900
Repayment of long-term loans and other liabilities	3.14	-16,374	-23,257
Additions to loans from credit institutions	3.17	3,892	615
Dividend paid		-	-2,102
Loans granted and non-current receivables	3.6	-872	-2,084
Repayments received on loans and non-current receivables	3.6	-	7,131
Interest paid		-3,108	-2,139
Interest received		-	2,503
Net cash flow from financing activities		**26,439**	**18,567**
Net cash flow for the year		**15,487**	**-11,187**
Cash and cash equivalents at 1 January		4,015	14,181
Effect on foreign exchange rate fluctuations on cash and cash equivalents on hand		3	1,021
Cash and cash equivalents at 31 December		19,505	4,015

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2009

In €000s	Share capital	Share premium	Reserve for translation differences	General reserve	Result for the year	Equity attributable to shareholders	Minority interests	Total group equity
At 1 January 2008	227	42,305	-9,926	54,873	17,918	105,397	728	106,125
Result for the year 2008 before dividend	-	-	-	-	-21,482	-21,482	-672	-22,154
Exchange rate fluctuations on investments in foreign assets	-	-	-327	-	-	-327	15	-312
Total result for the year 2008	-	-	-327	-	-21,482	-21,809	-657	-22,466
Result appropriation	-	-	-	17,918	-17,918	-	-	-
2007 dividend paid in cash	-	-	-	-2,102	-	-2,102	-	-2,102
2007 stock dividend paid	-	-3,339	-	-	-	-3,339	-	-3,339
Issue of shares for stock dividend	4	3,335	-	-	-	3,339	-	3,339
	4	-4	-	15,816	-17,918	-2,102	-	-2,102
At 31 December 2008 / 1 January 2009	231	42,301	-10,253	70,689	-21,482	81,486	71	81,557
Result for the year 2009 before dividend	-	-	-	-	-54,942	-54,942	36	-54,906
Exchange rate fluctuations on investments in foreign assets	-	-	1,207	-	-	1,207	32	1,239
Reclassification adjustments relating to foreign operations disposed of in the year			-336			-336		-336
Total result for the year 2009	-	-	871	-	-54,942	-54,071	68	-54,003
Result appropriation	-	-	-	-21,482	21,482	-	-	-
2008 dividend paid in cash	-	-	-	-	-	-	-	-
2008 stock dividend paid	-	-4,850	-	-	-	-4,850	-	-4,850
Issue of shares for stock dividend	13	4,837	-	-	-	4,850	-	4,850
Issue of ordinary shares	580	36,511	-	-	-	37,091	-	37,091
Share based payments personnel	2	375	-	-	-	377	-	377
Cost incurred on the issue of ordinary shares	-	-2,439	-	-	-	-2,439	-	-2,439
Goodwill on acquisition of minority interests	-	-858	-	-	-	-858	189	-669
Personnel options issued	-	-	-	4,105	-	4,105	-	4,105
	595	33,576	-	-17,377	21,482	38,276	-	38,465
At 31 December 2009	826	75,877	-9,382	53,312	-54,942	65,691	328	66,019

1. GENERAL INFORMATION

InnoConcepts N.V. is a public limited liability company (*Naamloze Vennootschap*) governed by Dutch law, established in the Netherlands and listed on EuroNext Amsterdam. The company's registered office is in Rotterdam. Its office address is Esp 430, 5633 AJ Eindhoven.

The consolidated financial statements of InnoConcepts N.V. consist of the company's financial statements and those of its subsidiary companies. For a list of all the subsidiary companies, reference is made to page 71 of the financial statements.

InnoConcepts N.V.'s core activity is the exploitation of its Injection Moulding technology. This technology enables plastic packaging producers to realise substantial cost reductions. Our technology is exploited via the selling of moulds to plastic packaging producers with an implied license fee being included in the price of the individual mould and/or a royalty being paid upon sales of products produced from the mould and/or a straight license fee being applied.

For it's company income statement, InnoConcepts N.V. availed itself of the excemption pursuant to Article 402, Part 9 of Book 2 of the Dutch Civil Code.

The Management Board and Supervisory Board signed the financial statements on 7 May 2010 and gave their permission to publish them. The adoption of the financial statements and the dividend is the prerogative of the shareholders in the General Meeting of Shareholders.

2. SIGNIFICANT ACCOUNTING POLICIES AND PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Adoption of IFRS

The consolidated financial statements have been drawn up in accordance with International Financial Reporting Standards and the interpretations agreed to by the International Accounting Standards Board (IASB), as endorsed by the European Union (hereafter: IFRS).

In the financial year under review, InnoConcepts N.V. applied all new and revised standards as well as the interpretations as issued by the IASB and the International Financial Reporting Interpretations Committee (IFRIC) as far as relevant to the operations and annual reporting as from 1 January 2009. Application of these new and/or revised standards and interpretations did not result in any change in InnoConcepts N.V.'s accounting policies.

Adoption of new and revised Standards
The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported in these financial statements. Details of other Standards and Interpretations adopted in these financial statements but that have had no effect on the amounts reported are set out in this section.

Standards affecting presentation and disclosure:
- IAS 1 – Presentation of Financial Statements

Standards and Interpretations adopted with no effect on financial statements:
- IFRS 8 – Operating Segments
- Amendments to IFRS 5 – Non Current Assets Held for Sale and Discontinued Operations
- Amendments to IAS 7 – Statement of Cash Flows
- IAS 27 – Consolidated and Separate Financial Statements
- IAS 28 – Investments in Associates
- IFRIC 13 – Customer Loyalty Programs

- Amendments to IAS 38 – Intangible Assets
- Amendments to IAS 40 – Investment Property
- Amendments to IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance
- Amendments to IAS 39 – Financial Instruments: Recognition and Measurement and IFRS 7 Financial instruments: Disclosures regarding reclassifications of financial assets
- Amendments to IFRS 1 – First Time Adoption of IFRS
- Amendments to IFRS 2 – Share Based Payments
- Amendments to IAS 23 – Borrowing Costs
- Amendments to IAS 32 – Financial Instruments: Presentation
- IFRIC 15 – Agreements for the Construction of Real Estate
- IFRIC 16 – Hedges of a Net Investment in a Foreign Operation
- IFRIC 17 – Distributions of Non-cash Assets to Owners
- IFRIC 18 – Transfers of Assets from Customers

Standards and Interpretations in use not yet adopted:
- Amendments to IAS 17 – Leases
- Amendments to IFRS 2 – Share Based Payments
- IFRS 3 (as revised in 2008) Business Combinations

InnoConcepts N.V. has not opted for early implementation of the standards, changes and interpretations applicable to it. These new standards are not expected to affect the recognition and presentation of InnoConcepts N.V.'s assets and liabilities for future periods.

2.2 Basis of Consolidation

The reporting currency of these financial statements is the euro; this currency is InnoConcepts N.V.'s functional currency. The financial statements are drawn up based on the historical cost convention, with the exception of derivative financial instruments, which are recognised at fair value. Both current (settlement within one year) and non-current (settlement after one year) assets and liabilities are directly presented as such in the balance sheet. Current receivables and payables are not discounted. The preparation of the financial statements requires management to make estimates, assessments and assumptions, which can affect the valuation of assets, liabilities, revenue and expenses. The assessments made and the related assumptions are based on experience and various other factors considered reasonable under the given circumstances. Actual results can vary from assessments made. Management estimates involving a significant risk of material adjustments to the financial statements and the control measures in this regard are explained in more detail in Section 2.6 and Section 7. The accounting policies as set out below have been consistently applied in all the periods covered by these financial statements.

2.3 Consolidation Principles

The consolidated financial statements consist of the accounts of InnoConcepts N.V. and of its subsidiary companies. Subsidiary companies are legal entities whose financial and operating activities can be controlled directly or indirectly by InnoConcepts N.V. through a shareholding that entitles it to cast more than 50% of the votes. Subsidiary companies are consolidated from the initial moment of control until the time this control ends. Inter-company balances, revenue and costs resulting from intra-group transactions and unrealised profits on intra-group supplies are eliminated. Unrealised profits and losses on inter-company transactions are likewise eliminated, unless the assets transferred are the subject of impairment.

2.4 Business Combinations

Business combinations resulting in a controlling interest in the acquired entities are recognised using the acquisition method of accounting. The cost of an acquisition is determined based on the fair value of the assets given, the issued equity instruments and the liabilities contracted or assumed on the acquisition date, including directly attributable acquisition costs.

The business combination's cost of acquisition is subsequently allocated to the assets and liabilities of a business taken over which are recognised at their fair value on the acquisition date, including the estimated fair value of identified intangible assets and contingent liabilities. If the cost of the net assets acquired is higher than their fair value, the excess is recognized as goodwill. Goodwill is taken to the income statement the moment the subsidiary company is disposed of. Negative goodwill or badwill in connection with an acquisition is taken directly to the income statement.

The equity transaction method is used for the expansion of interests in subsidiary companies that InnoConcepts N.V. already controls. Under this method, the acquisition of the additional interest is perceived as a transaction between owners, with goodwill being charged to equity.

Goodwill is allocated to the cash-generating units for impairment testing purposes. For impairment testing purposes, goodwill is attributed to the cash-generating units or groups of cash-generating units to which the benefits of the acquisition that gave rise to the goodwill are expected to accrue. Goodwill is tested whenever indications suggest that impairment is a possibility but at least once a year. Management determines the realisable value of cash-generating units for which goodwill has been recognized by identifying the higher of the fair value less selling costs and the value in use.

Value in use is arrived at using the discounted cash flow method allowing for any residual value. These calculations are based on the future cash flows of current operating results and the expected future operating results based on business plans and market developments. These business plans, which are drawn up by management, basically cover a period of 5 to 10 years. Cash flows subsequent to this period are extrapolated, using growth rates regarded as acceptable based on developments expected in the cash-generating units' industry. In principle, these growth rates will not exceed the average of the industry in which the cash-generating unit operates, unless a higher growth rate is justified. The discount rate used in the calculations consists of the risk-free market interest rate, plus a surcharge for the risks attaching to the asset.

2.5 Impairment of Assets

The carrying amount of assets, save for deferred tax assets, is reviewed for impairment every time events or changes in circumstances indicate that the carrying amount might not be realised. Where such indications are present, the realisable value of the asset concerned is determined. Where this is not possible, the realisable value of the cash-generating unit of which the asset forms part is determined. For the purpose of impairment testing, assets are grouped at the lowest level on which separate cash flows are identified (cash-generating units). An impairment loss is recognised whenever the carrying amount of an asset is higher than its realisable value; realisable value is the higher of recoverable amount and value in use. Value in use is determined based on the present value of estimated future cash flows. The capital borrowing rates that are used to discount future cash flows are based on both the current market rate, whose term is equal to the term of the estimates, and on the specific risks of the asset and/or the activity itself. An impairment loss is charged directly to the income statement.

Goodwill is allocated to cash-generating units for impairment testing purposes, and is so tested at least annually. Impairment losses related to a cash-generating unit are initially allocated to the carrying amount of the goodwill of the cash-generating unit concerned and are then deducted pro rata from the carrying amount of the other assets of that cash-generating unit. The realisable value of loans and long-term receivables kept until maturity, i.e. non-current financial assets, is determined by discounting the estimated future cash flows to their present value using the original effective interest rate (the effective rate of interest used when these non-current financial assets were initially recognised). Impairment of goodwill is not reversed. Impairment of loans and long-term receivables kept until maturity is reversed if the increase in the realisable value can be objectively attributed to an event that occurred after the moment of impairment. Impairment of other assets is reversed if the estimates used to determine realisable value have changed. An impairment loss is reversed only insofar as the carrying amount of the asset item does not exceed the carrying amount that is determined as if the impairment had not been recognised and which takes into account the original depreciation.

2.6 Critical Judgements and Key Sources of Estimation Uncertainty

InnoConcepts N.V. makes estimates and assumptions regarding the future. The resultant budgeted and accounting outcomes will rarely be the same as the actual results. Estimates and assumptions are evaluated on an ongoing basis and are based on experience and other factors, including expectations of future events that are perceived as reasonable based on the circumstances. The following estimates and assumptions bear a significant inherent risk, which could result in material adjustments to the carrying amount of assets and liabilities in the coming year:

Impairment of Intangible and Financial Assets
Where there are indications of impairment and at least once a year, InnoConcepts N.V. tests intangible assets and financial assets for impairment. The realisable value of intangible assets, including cash-generating entities, and financial assets is determined using generally accepted valuation techniques, including value-in-use calculations. These calculations and valuations require the use of estimates. Based on these tests, possible impairment must be reported. However, where the actual performance of the underlying activities, businesses and cash-generating units is substantially worse, impairment losses could be incurred and/or differ from the reported impairment losses. These impairment losses could have a material impact on the carrying amount of intangible and financial assets.

Carrying value of deferred tax assets
Assumptions play a major role in the determination of deferred tax assets. Many uncertain factors can affect the amount of carry-forward tax losses. InnoConcepts N.V. values the carrying amounts of deferred tax assets relating to carry-forward tax losses on the basis of its best estimates. Where actual outcomes differ from the original estimates, the differences will affect taxes and the income statement, as well as the deferred tax assets in the period in which these differences occur.

2.7 Foreign Currency Translation

InnoConcepts N.V. operates in countries with different currencies. All companies use the currency of the country in which they operate, i.e. their principal economic environment, as their functional currency. The functional currency of the parent company and that of many of its subsidiary companies is the euro. The reporting currency is the euro. Transactions denominated in currencies other than the functional currency of the company in question are translated at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in currencies other than the functional currency of the companies in question are translated at the exchange rates prevailing on the balance sheet date. Non-monetary assets and liabilities denominated in currencies other than the functional currency of the companies in question and recognised at historical cost are translated at the exchange rates prevailing on the date of the transaction. Non-monetary assets and liabilities that are denominated in currencies other than the functional currency of the companies in question and recognised at fair value, are translated at the exchange rates prevailing on the date the fair value was determined. Exchange rate differences relating to cash and cash equivalents, interest-bearing debts and other balance sheet items are included in general administrative expenses. In the case of foreign activities, the assets and liabilities relating to activities – including goodwill and fair value adjustments on consolidation – denominated in currencies other than the euro, are translated at the exchange rates prevailing on the balance sheet date. The income statements regarding these activities denominated in currencies other than the euro are translated at average rates of exchange. On acquisition of a subsidiary company that has a currency other than the euro, the balance sheet on the date of acquisition is translated at the exchange rate prevailing on the date of acquisition. Translation differences on consolidation resulting from the translation of the net investment in subsidiary companies denominated in currencies other than the euro are included in a separate component of equity. In the event of disposing of the foreign activity, these translation differences are transferred to the income statement where they form part of the result on disposal. The net investment in subsidiary companies denominated in a currency other than the euro includes the reporting entity's monetary interest in the net assets of these subsidiary companies and where appropriate the reporting entity's loans to these subsidiary companies that are neither expected nor planned to be withdrawn in the near future.

2.8 Property, Plant and Equipment

Property, plant and equipment are recognised at historical cost net of accumulated depreciation and impairment. Whenever an asset consists of several components with differing useful lives, depreciation is calculated straight-line in accordance with the useful lives of the various components.

2.9 Intangible Assets

Goodwill and acquisition-related intangible assets
If the cost of acquisition of a business combination exceeds the net fair value of the identifiable assets, liabilities and contingent liabilities, the excess thereof, the goodwill, is initially recognised at cost. Goodwill created during acquisitions represents payments made by InnoConcepts N.V. in the expectation of future economic benefits from assets that are not individually identifiable and separately recognisable.

Following initial recognition, the goodwill is recognised at cost less any cumulative impairment costs. Goodwill created during the acquisition of subsidiaries (in case of business combinations) is reported as an intangible asset. Goodwill created as part of the acquisition of associates in which the company does not exercise or acquire control, is included in the acquisition cost of the associate.

Goodwill is taken to the income statement the moment the subsidiary company is disposed of. Negative goodwill or badwill in connection with an acquisition is taken directly to the income statement. Acquisition-related intangible assets, such as technology, knowledge, intellectual property rights, order books, client files and trademarks acquired by InnoConcepts N.V. on the basis of a business combination are recognised at cost less cumulative amortisation and impairments. The cost of acquiring acquisition-related intangible assets is equal to the fair value at the time of acquisition. The fair value is based on the estimated amount that an entity would have paid in a transaction between independent well-informed parties who are prepared to enter into a transaction based on the best available information at the time. If the fair value of an asset cannot be reliably determined, the relevant asset is recognised as part of the goodwill rather than as a separate item.

Intellectual property rights and development costs
Intellectual property rights are recognised at cost, net of amortisation. The period of amortisation is based on estimated useful economic life currently being between 3 and 5 years. Impairment is taken into account when appropriate. The costs of research, undertaken with the object of acquiring new scientific and technical knowledge, are charged to the income statement as and when incurred.

The costs incurred on development work, in which the results of research are applied among other things for the production and creation of substantially improved or new products, processes and technologies, are deferred if the process, product or technology is technically and commercially viable and InnoConcepts N.V. has sufficient resources to complete the development work. The cost of development work – and notably the deferred costs of direct and hired staff and of materials, if any – is made up of the costs incurred, net of the amortisation based thereon, and spread over the expected useful economic life, subject to a maximum of five years. Impairment is taken into account as applicable.

2.10 Financial Assets

Associates
Investments in non-consolidated associates are recognised in accordance with the equity method of accounting. Under this method, an investment in an associate is initially recognised at cost. The carrying amount of the associate is then increased or decreased by the share in the associate's post-acquisition profit or loss. Distributions (dividends) received from an associate reduce the carrying amount of the investment. Direct changes in the equity of an associate, such as currency translation differences and revaluations, are taken directly to equity. Currency translation differences on foreign associates are taken directly to equity. On disposal or termination of the investment, cumulative exchange rate gains and losses are taken to the income statement. The carrying amount of associates is adjusted for impairment when appropriate. If a stock price is available it is first used for determining the impairment. If a stock price is not available or if it does not produce an accurate statement of the value due to insufficient liquidity, then the share of InnoConcepts N.V.'s in the present value of the estimated future cash flows that are projected to be generated by the associate will be used.

Finance Leases
A lease qualifies as a finance lease when substantially all the risks and benefits associated with ownership of an asset are transferred under the lease. Assets held under a finance lease are presented in the balance sheet as receivables at an amount equal to the gross investment in the lease, less the unrealised financial income: i.e. the net investment in the lease. The financial income is recognised in the income statement on an annuity basis over the term of the lease.

Loans and Non-current Receivables
Convertible loans are compound financial instruments consisting of a loan constituent and a derivative: the conversion right. The conversion right is presented separately as a derivative. Loans, excluding any financial instruments forming part of the loans, and long-term receivables are initially recognised at fair value and subsequently at amortised cost using the effective interest method, less impairment adjustments, such as provisions for bad debts. Impairment adjustments are recognised based on objective factors and indications.

Derivatives
Derivative financial instruments are recognised at fair value using generally accepted valuation techniques. If there is an active market for the derivative financial instruments, they are recognised at the quoted market price. If fair value cannot be determined in a reliable manner, derivative financial instruments are recognised at cost. Compound derivative financial instruments are separated from the basic contract and recognised at fair value using generally

accepted valuation techniques. If there is an active market for the derivative financial instruments, they are recognised at the quoted market price. If the fair value of the separated individual derivative financial instrument cannot be determined in a reliable manner, the entire compound contract is held as a financial asset or financial liability for trading purposes.

Other Financial Assets
Other financial assets are recognised at cost. Movements in the carrying amount of other financial assets are taken directly to the income statement.

2.11 Inventories

Inventories are recognised at the lower of cost and fair value less costs to sell. The cost of inventories includes all purchasing costs, conversion costs and other costs to bring the inventories to their current location and in their current state. The cost of inventories is determined using the weighted average transfer pricing method.

2.12 Construction contracts

Construction contracts consist of agreements specifically negotiated for the manufacture of an asset or combination of assets that in terms of their purpose or use are closely related. Construction contracts are valued using the Percentage of Completion method, whereby the costs and revenues of the project are taken to the income statement as income and expenses in proportion to the project's stage of completion at the balance sheet date. Expected losses on the projects in progress are immediately recognised in the income statement as an expense.
Instalments invoiced in advance on construction contracts are reduced by provisions for future losses recognised under other receivables, if any. Instalments on construction contracts that have been invoiced in advance are augmented by provisions for future losses recognised under other liabilities, if any.

2.13 Trade and Other Receivables

Trade and other receivables are initially stated at fair value and thereafter at amortised cost, using the effective interest method, less a provision for impairment. A provision for the impairment of trade and other receivables is formed whenever it is likely that InnoConcepts N.V. will not be in a position to collect these receivables. The amount of the provision is equal to the difference between the carrying amount of the receivable and the present value of the estimated future cash flows. Impairment losses are charged to the income statement.

2.14 Cash and Cash Equivalents

Cash and cash equivalents comprise bank balances, short-term deposits, cash and other liquid investments that are convertible into cash at a known amount. Cash and cash equivalents are recognised at their face value.

2.15 Equity

Ordinary shares are classified as equity. The dividend distribution on ordinary shares is recognised as a liability in the period in which the dividend is declared by the shareholders of the company. In the case of a new share issue, the proceeds less directly attributable costs are included in equity under share capital and, where applicable, under share premium.

2.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.16.1 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

2.17 Non-current and Other Liabilities

Interest-bearing loans (bank and other loans) are initially recognised at fair value less directly attributable transactions costs. Thereafter, the interest-bearing loans are recognised at amortised cost. Finance lease liabilities are recognised as liabilities at the start of the lease period at amounts equal to the lower of fair value of the leased asset and the present value of the minimum lease payments. Both are determined at the time the lease is entered into. The discount rate is the contractual interest rate of the lease agreement. The minimum lease payments are then recognised partly as repayment and partly as finance charges. The finance charges are allocated to each period of the lease in such a way as to result in a constant periodic amount of interest for the remaining term.

2.18 Financial Guarantee Contracts

Financial guarantee contracts are initially recognised at fair value plus transaction costs, if any. They are subsequently recognised at the higher of the amount determined in accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets or the amount originally recognised less, where applicable, cumulative amortisation recognised in accordance with IAS 18 – Revenue.

2.19 Tax Receivable and Payable

Tax amounts for the current and past periods receivable and payable forthwith are recognised at the amount expected to be received from, or paid to the tax authorities based on tax rates for which the enactment process has been substantially completed on the balance sheet date. Amounts of tax refundable and due for payment forthwith are presented as tax recoverable and tax payable respectively. Deferred tax assets and liabilities are recognised at the tax rates expected to apply in the period in which the tax asset crystallises or the tax liability is to be settled, and for which the enactment process has been substantially completed on the balance sheet date.

2.20 Sales

Sales of intellectual property rights are understood to mean the fair value of all amounts charged to third parties and considered to have been realised regarding the use of intellectual property rights, including the proceeds of any rights and related client files sold, less discounts and sales tax.

Income from trading activities is understood to mean the fair value of all amounts charged to third parties for the supply of goods and services, less discounts and sales tax.

Sales from production are understood to mean the fair value of all amounts charged and to be charged to third parties in relation to Construction contracts, less discounts and sales tax.

2.21 Cost of the sale of trading activities and production

The cost of trading activities and production includes the cost of the goods and services sold and all directly related costs such as materials, energy, handling, transport, storage, and value adjustments to inventories. The costs of labour and the depreciation of equipment and machines are not included in the cost, but are respectively recognised under general administrative expenses and the depreciation of property, plant and equipment.

2.22 Cost of the sale of intellectual property rights

The cost of the sale of intellectual property rights includes the forfeited amounts related to the realised sales. This cost concerns the carrying amount of the intellectual property portfolios sold that are transferred in their entirety to a licensee and which are not subject to any right of retention.

2.23 General Administrative Expenses

General administrative expenses consist of employee benefits, inclusive of social security contributions and pension contributions, as well as the other general administrative expenses. The costs of research and intellectual property maintenance costs are also recognised under general administrative expenses.

Pensions
InnoConcepts N.V. operates several pension plans in accordance with local customs, conditions and laws of the countries in which it has a presence.

One such plan is the Metalektro Industrial Pension Fund. This plan qualifies as a defined benefit plan under the IFRS. This fund has indicated that it is unable to provide information that could serve as a basis for making a calculation in line with the IFRS, because there does not exist a reliable and consistent basis for allocating the pension commitments, the fund's investments and the income and expenditures to individual subscribers of the fund. Further to the above, the referenced plan has been accounted for as a defined benefit plan. There is no reason to suspect that on the basis of the financial position of the fund at 31 December 2009, the amount of the chargeable premiums will change in the future. At 31 December 2009, the funding ratio for the Metalektro Industrial Pension Fund was 100% calculated on the basis of the accounting policies of the Netherlands Pensions Act. The pension fund developed a recovery plan in March 2009 designed to improve the fund's funding ratio. The most important impact on the company is the increase of the total premium to be contributed from 22% to the maximum of 23%. This maximum premium will remain in effect throughout the entire recovery period (2009 – 2013).

The other plans qualify as defined contribution or defined benefit plans funded by contributions to pension institutions not related to InnoConcepts N.V. InnoConcepts N.V. does not have any legally enforceable or actual obligations to make supplementary contributions if these institutions unrelated to InnoConcepts N.V. were to have insufficient resources to make payments to all employees in connection with pensions relating to the services performed by employees in current and past periods. The standard contributions as such are recognised as employee benefits for the year in which the obligation arises.

Operating Lease Costs
Operating lease costs are recognised in the income statement for the period to which they relate.

2.24 Interest Income and Expense

Interest income and expense are recognised in the income statement on a time-prorated basis using the effective interest method.

2.25 Taxes

Taxes on the profit for the year consist of the taxes owing for the reporting year, taxes available for set-off and prior year adjustments in accordance with the tax rates ruling in the countries of establishment. The taxes owing and available for set-off in the reporting period, and the deferred taxes relating to items that have been recognised directly in equity in the reporting period or that were recognised in prior periods, are likewise recognised directly in equity in the reporting period.

2.26 Segment Information

Operating segments have been identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. Information reported to the Group's chief operating decision maker is focussed at components engaged in providing services that are subject to risks and returns that are different from those of other segments.

2.27 Consolidated Cash Flow Statement

The cash flow statement is prepared using the indirect method. Cash flows in foreign currency are translated at average rates of exchange. Foreign exchange rate differences related to cash resources are shown separately in the cash flow statement. Taxes paid are included in the cash flow from operating activities. Interest paid and received and dividends paid are included in the cash flow from financing activities. The cost paid for the acquisition of associates and the proceeds received for associates disposed of are included under the cash flow from investing activities. The movements in assets and liabilities resulting from the acquisition and disposal of associates are taken into account in determining cash flows. Cash and cash equivalents comprise bank balances, short-term deposits, cash and other liquid investments convertible into cash at a known amount. Expenditures for investing in intellectual property rights and for development are recognised under the cash flow from investing activities.

3. NOTES TO THE CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2009

Subsequent events

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.

InnoConcepts N.V.'s exposure to Cheng Meng as per 31 December 2010 is the receivable on Cheng Meng of €23,566,000 included in Loans and Non-current Receivables and €500,000 included in Trade and Other Receivables for the portion due within one year. The total exposure per 31 December 2009 is therefore €24.066.000. This total exposure includes the new funding up to an amount of €872,000 provided as from 1 September 2009 to 31 December 2009. In addition, the creditors have also seized collateralised machines of InnoConcepts N.V. located in the Cheng Meng facility with a carrying value of €5,438,000 at 31 December 2009. Furthermore, due to the fact that our convertible debenture loan is granted to the TEA Group Ltd, with as main operating company Cheng Yi Tools Ltd, and that this entity was operating on the same site as Cheng Meng, InnoConcepts N.V. has an exposure of her loan to the TEA Group Ltd with a carrying value of €3,207,000 at 31 December 2009. The total carrying value of the assets and receivables under exposure above is €32,711,000 per 31 December 2009. Cheng Meng's default leaves a number of unanswered questions. InnoConcepts N.V. has started an enquiry into the circumstances behind the demise of the Cheng Meng business, and our legal position in the People’s Republic of China, in general, to ascertain whether any of InnoConcepts N.V.'s claims can be retrieved. InnoConcepts N.V. will report on the outcome of this enquiry in the future.

Adjusting or non-adjusting event at balance sheet date
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 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. will therefore impair these amounts in their entirety in 2010. The carrying amounts of the aforementioned assets and receivables amount to approximately €33,800,000 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.

3.1 Business combinations

On 1 and 27 March 2009 the remaining 52% in the shares of I-Pac Manufacturing Services B.V. were acquired as part of the reversal of our European food packaging activities in 2008. The impact on revenue was negligible. The impact on the net result of the increased 52% interest is €4,300 negative. The negative result is caused by the changed strategy in the course of 2009 in which it was decided that direct sales and production of food packaging products was to be abandoned. The 52% of the assets acquired and liabilities assumed at the date of the acquisition are as follows:

Non-current assets:	
Property, plant and equipment	2,760
Intellectual property rights and development costs	1,969
Current assets:	
Inventories	11
Trade and other receivables	114
Non-current liabilities	-1,342
Current liabilities	-3,512
Net assets acquired	-
Consideration	-
Goodwill	-

3.2 Property, Plant and Equipment

Property, plant and equipment comprise buildings and premises, plant and machinery (production resources, factory set-up, moulds, and tools) and other operating assets (office furniture and equipment and computer hardware).

In €000s	Plant and Machinery	Other Operating Assets	Total
Balance at 1 January 2008			
Cost	23,008	5,098	28,106
Accumulated depreciation and impairments	-10,375	-4,171	-14,546
Carrying value at 1 January 2008	12,633	927	13,560
Carrying value at 1 January 2008	12,633	927	13,560
Additions	18,331	76	18,407
Disposals	-1,325	-	-1,325
Exchange fluctuations on assets held abroad	-3	-1	-4
Impairments	-582	-	-582
Depreciation	-2,949	-232	-3,181
Carrying value at 31 December 2008	26,105	770	26,875
Balance at 31 December 2008			
Cost	39,906	5,203	45,109
Accumulated depreciation and impairments	-13,801	-4,433	-18,234
Carrying value at 31 December 2008	26,105	770	26,875
Balance at 1 January 2009	26,105	770	26,875
Additions	1,607	72	1,679
Acquired via business combinations	5,307	2	5,309
Exchange fluctuations on assets held abroad	3	1	4
Impairments	-11,644	-	-11,644
Depreciation	-5,347	-220	-5,567
Carrying value at 31 December 2009	16,031	625	16,656
Balance at 31 December 2009			
Cost	44,930	5,189	50,119
Accumulated depreciation and impairments	-28,899	-4,564	-33,463
Carrying value at 31 December 2009	16,031	625	16,656

The investments made in 2009 involve the purchase of machines that will be used for the development and production of moulds.

The plant and equipment acquired via business combinations include machines and moulds for the manufacturing of packaging and resulted from the reversal of our European foodpackaging activities. We refer to section 3.1 Business combinations.

Plant and machinery are depreciated straight-line over their expected useful economic lives, which vary from 3-20 years. At the end of 2009, the average remaining life expectancy amounted to 7.5 years. The other operating assets are likewise depreciated straight-line over their expected useful economic lives, which vary from 3-10 years. At the end of 2009, the average remaining life expectancy amounted to 3.5 years. The Plant and Machinery item includes production resources with a carrying value of €5,428,000 that are financed on the basis of a finance lease. The company does not own the legal title to these production resources.

Our tangible fixed assets have been subject to an impairment test during the third quarter of 2009 as a result of the changed company strategy. This impairment test resulted in an impairment on the carrying value of our machinery of €11,644,000. It was anticipated that this machinery would be exploited in the direct production and exploitation of food packaging products by InnoConcepts N.V.

Our tangible fixed assets have also been subject to an impairment test at the 31st of December 2009. This impairment test did not lead to additional impairments.

As a result of the defaults of our Chinese partner Cheng Meng and the seizure of our machines located at the premises of Cheng Meng we will take an additional impairment on these machines in April 2010. The carrying value of these specific assets per 31st of December is €5,438,000. For further disclosure we refer to Subsequent events on page 39.

Property, plant and equipment are not expected to have any residual value.

3.3 Intellectual Property Rights (IPRs) and Development Costs

Intellectual property rights (IPRs) are understood to mean contractual and other rights to the exploitation of knowledge, technology and patents.

Development costs relate to the costs incurred on developing ideas, techniques and inventions into marketable technologies, products and processes.

In € 000s	IPR	Development	Total
Balance at 1 January 2008			
Cost	8,149	7,433	15,582
Accumulated depreciation	-1,291	-2,150	-3,441
Carrying value at 1 January 2008	6,858	5,283	12,141
Carrying value at 1 January 2008	6,858	5,283	12,141
Additions	9,968	6,439	16,407
Depreciation	-2,768	-1,312	-4,080
Carrying value at 31 December 2008	14,058	10,410	24,468
Balance at 31 December 2008			
Cost	17,453	13,585	31,038
Accumulated depreciation	-3,395	-3,175	-6,570
Carrying value at 31 December 2008	14,058	10,410	24,468
Carrying value at 1 January 2009	14,058	10,410	24,468
Additions	283	573	856
Acquired via business combinations	3,776	12	3,788
Exchange fluctuations on assets held abroad	-8	-94	-102
Depreciation	-5,450	-1,461	-6,911
Carrying value at 31 December 2009	12,659	9,440	22,099
Balance at 31 December 2009			
Cost	21,432	14,087	35,519
Accumulated depreciation	-8,773	-4,647	-13,420
Carrying value at 31 December 2009	12,659	9,440	22,099

The intellectual property rights and development costs are primarily related to injection moulding technologies for the plastics and packaging industry.

Our portfolio of intellectual property rights and development costs have been subject to an impairment test. The outcome of this impairment test is that no impairment was applied on our portfolio of intellectual property rights and development costs at 31st of December 2009.

3.4 Goodwill and Acquisition of Related Intangible Assets

The goodwill and acquisition-related intangible assets are related to the following interests acquired in 2007:

	Activity	Acquisition	Interest	Country
HTP Technologies B.V.	Production Moulds	30.09.2007	100%	The Netherlands
Formy Tachov Sro.	Production Moulds	30.12.2007	100%	Czech Republic

The goodwill and acquisition related intangible fixed assets of HTP Technologies B.V. relates to the assets acquired in the acquisition of the 50.1% interest in 2007. During 2009, we have increased our interest in HTP Technologies B.V. to 100%. For this increase in the interest in HTP Technologies B.V., already under control of InnoConcepts N.V., the equity transaction method is used since this increase in interest classified as a transaction between owners. The goodwill arising out of this transaction is charged directly to the equity.

In €000s	Acquisition-related Intangible Assets	Goodwill	Total
Balance at 1 January 2008			
Cost	6,948	3,984	10,932
Accumulated depreciation and impairments	-83	-	-83
Carrying value at 1 January 2008	6,865	3,984	10,849
Carrying value at 1 January 2008	6,865	3,984	10,849
Impairments	-1,549	-2,729	-4,278
Depreciation	-678	-	-678
Carrying value at 31 December 2008	4,638	1,255	5,893
Balance at 31 December 2008			
Cost	6,948	3,984	10,932
Accumulated depreciation and impairments	-2,310	-2,729	-5,039
Carrying value at 31 December 2008	4,638	1,255	5,893
Carrying value at 1 January 2009	4,638	1,255	5,893
Depreciation	-481	-	-481
Carrying value at 31 December 2009	4,157	1,255	5,412
Balance at 31 December 2009			
Cost	6,948	3,984	10,932
Accumulated depreciation and impairments	-2,791	-2,729	-5,520
Carrying value at 31 December 2009	4,157	1,255	5,412

The acquisition-related intangible assets primarily involve technology that is related to the cash flow generating entities HTP Technologies B.V. and Formy Tachov Sro. These intangible assets are amortised on a straight-line basis over their expected economic life. In addition, these assets are tested for impairment.

Goodwill represents the value by which the cost of the business combination(s) exceeds the net fair value of the acquired identifiable assets, liabilities and unconditional liabilities. Goodwill is fully related to the cash flow-generating entity Formy Tachov Sro.

The acquisition related intangible fixed assets and goodwill have been subject to an impairment test at 31st of December 2009. The outcome of this impairment test is that no impairment needs to be applied to these assets.

3.5 Investments in Associates

Investments in associates are investments in entities on which significant influence can be exercised and which do not qualify as a subsidiary company or a joint venture.

Movements in investments in associates are as follows:

In €000s	
At 1 January 2008	18,553
Direct movements in the equity of investments in associates	1,943
Investments in associates	29,591
Translation differences on foreign associates	-3,806
Charged to the provision for receivables due from associates	4,143
Dilution gains and losses	-16
Impairments	-12,925
Share in the result	-84
At 31 December 2008	37,399
At 1 January 2009	37,399
Direct movements in the equity of investments in associates	-1,501
Investments in associates	635
Transaction cost	-29
Translation differences on foreign associates	2,250
Impairments	-1,573
Share in the result	-7,181
At 31 December 2009	30,000

At 31 December 2009, investments in associates consisted of the following:

	Interest	Voting Rights
Proventec Plc, Liverpool, United Kingdom	36.2%	36.2%
Waddington North America Inc., Covington KY, United States of America	20.0%	20.0%
Hoogerman Holding B.V., Tilburg, The Netherlands	35.0%	35.0%
Founders-SAS Production Ltd, Hong Kong, People’s Republic of China	45.0%	45.0%

Proventec Plc’s principal activity is the development, marketing and distribution of innovative cleaning concepts, fire retarding solutions and protective coatings.

Proventec Plc prepares its financial statements as of 31 March each year. The last published interim figures were for the six months ended 30 September 2009 and these were used to determine the net equity value at 31 December 2009, allowing for the effect of significant transactions in the period of 30 September 2009 to 31 December 2009. It is not possible for the financial year-end dates of Proventec Plc and InnoConcepts N.V. to be synchronised.

Waddington North America Inc. (WNA) is an international leading manufacturer of a broad line of upscale, plastic disposable tableware and packaging.

WNA prepares its financial statements as of 31 March each year. The financials statements of 31 March 2009, released July 2009, were used to determine the net equity value per 31 of March 2009. Further the net equity value of our investment in WNA has been adjusted with the management accounts to 31 of December 2009 of WNA, to account for significant transactions and events between 31 March 2009 and 31 December 2009.

The 20% interest, which we currently have in WNA, is subject to certain performance goals which will be tested in March 2014. The 20% equity stake in WNA is based upon estimates and forecasts that both management of WNA and I-Pac made independently. The final equity stake I-Pac receives can be higher than 20% or lower than 20%, depending on the levels of EBITDA, which the technology generates for WNA. In the event that the EBITDA generated by the technology as percentage of total WNA EBITDA will be less than that estimated by management, our final interest in WNA may be lower than 20% and may result in negative revenue for the Company.

Hoogerman Holding B.V. is a leading company in the design, development and production of plastic components, packaging and assemblies. Hoogerman Holding B.V. prepares its financial statements as of 31 December each year.

Founders-SAS Production Ltd is a manufacturer of transport packaging. Founders-SAS Production Ltd prepares its financial statements as of 31 December each year.

The investments in associates were tested for impairment in the third quarter of 2009 and at 31 December 2009. As a result of these impairment tests our investment in associate Founder-SAS Production Ltd has been impaired in full at 30 September 2009 leading to an impairment of €1,573,000. No impairments were needed on our other investments in associates.

The associates' financial information as at 31 December 2009 can be summarised as follows:

In €000s	2009	2008
Total assets	387,770	451,603
Total liabilities and obligations	333,648	374,863
Equity	54,122	76,740
Share of the group in the equity of associates	14.358	12,186
Sales	215,760	246,469
Result for the year	-27,587	-12,315
Share of the group in the operating result for the year of associates	-7,185	-84

3.6 Loans and Non-current Receivables

In €000s	Finance Leases	Loans	Non-current receivables	Total
At 1 January 2008	6,823	10,517	19,244	36,584
Contracted in the financial year	-	20	-	20
Add interest	648	465	725	1,838
Present value calculation	-	-	197	197
Exchange rate movements in loans and foreign currency	334	-807	335	-138
Less repayments (unscheduled)	-	-	-1,250	-1,250
Negative equity in associates	-	-	-4,143	-4,143
Impairments	-	-1,728	-6,592	-8,320
Transfer to trade and other receivables	-2,901	-	-2,295	-5,196
At 31 December 2008	4,904	8,467	6,221	19,592
At 1 January 2009	4,904	8,467	6,221	19,592
Contracted in the financial year	-	872	148	1,020
Transfer to trade and other receivables	-1,091	-4,404	-400	-5,895
Transfer from trade and other receivables		14,274	-	14,274
Revision of loans	-4,070	8,254	-4,184	-
Business combinations			-876	-876
Add interest	242	840	-	1,082
Present value calculation	-	-	54	54
Exchange rate movements in loans and foreign currency	15	201	-70	146
Impairments	-	-1,732	-148	-1,880
At 31 December 2009	-	26,772	745	27,517

The finance leases were contracted for production resources made available to the Chinese multimedia partner. The contract was in US dollars and ended on 31 December 2015. In September 2009 this contract, which contained finance leases, loans and non current receivables, is changed into a new agreement in Euro's with counterparty Cheng Meng (formerly known as Founders) In this agreement additional loans are made available totalling €1,200,000 to revitalise the business activities of Cheng Meng. The loan agreement carries an interest of 6% and ends 30 September 2018. As additional collateral I-Pac Technologies N.V. obtained the right to convert its outstanding loan into equity of Cheng Meng with a declining percentage varying with the outstanding principal. Until the moment of full redemption of this loan conversion can lead to an equity interest declining from 99.9% to 51% just for the final and last redemption in September 2018. The carrying value of this loan contained in the Loans and Non-current receivables is at 31st of December 2009 €23,566,000.

The convertible debenture loan involving a 7% interest-bearing loan granted to the TEA Group Ltd in 2005 was reviewed in mid-2007 for strategic reasons. The loan is redeemable together with the accumulated interest on 31 December 2010 (was 31 December 2008), or can be converted during the period 1 January 2010 (was 1 January 2008) to 31 December 2010 (was 31 December 2008), whereby the overall conversion will result in 90% of the issued and fully paid up capital after conversion. Partial conversion would result in a pro rata share in the issued and fully paid up capital of the company. No value has been assigned to the conversion right. The remaining conditions remain unchanged. The carrying value of the loan at 31 December 2009 is €3,207,000.

As a result of the default of our Chinese partner Cheng Meng in April 2010 we will have to impair the loan granted to Cheng Meng in full in April 2010. The carrying value of this loan contained in the Loans and Non-current receivables is at 31st of December 2009 €23,566. The carrying value contained in Trade and other receivables, for the portion due within one year at balance sheet date, is €500,000. Furthermore, due to the fact that our convertible debenture loan is granted to the TEA Group Ltd, with as main operating company Cheng Yi Tools Ltd, and that this entity was operating on the same site as Cheng Meng, we have to impair our convertible debenture loan as well in April 2010. The carrying value of this loan at 31 December 2009 is €3,207,000. For further disclosure we refer to Subsequent events at page 39

The non-current receivables relate to the long term portion of a receivable with a licence partner. The receivable carries the legal interest over terms that are past due. The final repayment date of this receivable is 31 December 2012. The carrying value of this receivable at 31 December 2009 is €745,000.

3.7 Derivatives

In €000s	2009	2008
Warrants	-	118
	-	118

The warrants on shares Proventec Plc, totalling 3,455,872, consist of four series of equal numbers and have exercise prices of £ 2.80, £ 5.60, £ 8.40 and £ 11.20 respectively. All the warrant series mature on 24 August 2014. The fair value of the warrants at the balance sheet date was determined by means of the ‘Black & Scholes’ model. The carrying value of the warrant at 31 December 2009 is nil.

3.8 Inventories

Inventories

In €000s	2009	2008
Raw materials	747	546
Finished goods	83	245
Work in progress	-	1
	830	792

The inventories contain mainly materials and components for the manufacturing of moulds. There was no provision taken for obsolete inventories.

3.9 Trade and other receivables

In €000s	2009	2008
Receivables from trading activities	2,170	1,514
Receivables from intellectual property rights (IPRs)	1,029	654
Loans to investments in associates	3,904	-
Finance leases receivable	-	2,671
Amounts due from customers under construction contracts	1,021	1,915
Receivables on shareholders	-	125
Taxes	919	374
Other receivables, prepayments and accrued income	1,011	10,460
	10,054	17,713

The carrying amount of trade and other receivables is equal to their fair value. The average payment term of receivables due from trading activities is 45 days. Of the receivables due from trading activities approximately €416,000 is overdue with an average aging balance of 90 days. The average payment term of the receivables due from intellectual property rights is 220 days. Of the receivables due from intellectual property rights approximately €230,000 is overdue with an average aging balance of 450 days. The remaining term of the other receivables was less than one year.

Loans to investments in associates is a bullet loan to Proventec Plc, that was reinvested after the sale of the convertible debenture loan in mid-2006. The loan bears interest at the average of the interest rate from the lender plus 0.5%. The term of this loan was revised in mid-2007. The accumulated interest and principal following this revision are payable on 31 March 2010. The loan is repayable either in cash or in shares. It is anticipated that the conditions and the term of this loan are amended to 31 March 2012. The carrying value of this loan at 31 December 2009 is €3,902,000.

A total amount of €2,931,000 in provisions for receivables was recorded during 2009.
The movement in the provision for receivables is as follows:

In €000s	2009	2008
At 1 January	4,431	-
Additions to the provision	2,931	5,181
Withdrawal from the provision	-	-750
Balance at 31 December	7,362	4,431

The following amounts from construction contracts were recognised at 31 December 2009 under trade and other receivables, as well as under trade and other payables:

In €000s	2009	2008
Production costs including recognised profits minus recognised losses	1,861	2,497
Advance payments	-1,081	-1,448
	780	1,049
Recognised under other receivables	1,021	1,915
Recognised under current liabilities	-241	-866
	780	1,049

3.10 Deferred and Current Taxes

Deferred tax assets
Deferred tax assets relate to carry-over tax losses. The amount of these deferred tax assets is based on management's estimates on the balance sheet date of these assets crystallising. The valuation of our deferred tax assets is based upon available temporary differences, hence deferred liabilities, and an estimate of available future compensation derived from our five year business plan. Total tax losses available amount to €45,000,000. These will expire in 2018. Deferred tax assets amounting to €3,694,000 (2008: €87,000), relating to taxable losses amounting to €14,500,000, which are not deemed likely to crystallise, are not recognized.

Deferred tax liabilities
Deferred tax assets mainly refer to timing differences calculated on the difference between the carrying amount of intangible fixed assets and investments in associates for financial reporting purposes and the carrying amount of these items for taxation purposes. The portion of the deferred tax liabilities expected to be settled within one year is estimated at €129,000.

In €000s	Deferred tax asset	Current income tax receivable	Deferred tax liability	Current income tax payable	Total
Balance at 1 January 2008	-	64	-2,238	-4,927	-7,101
Paid/received during the year	-	-	-	2,552	2,552
Charged to the profit and loss account	-	408	809	-1,410	-193
Directly debited/credited to equity	-	-	-	-	-
Translations gains / (losses)	-	-	-	62	62
Balance at 31 December 2008	-	472	-1,429	-3,723	-4,680
Balance at 1 January 2009	-	472	-1,429	-3,723	-4,680
Paid/received during the year	-	-	-	179	179
Credited to the profit and loss account	7,072	1,808	-6,944	1,253	3,189
Credited directly to equity	835	-	-	-	835
Translations gains / (losses)	-	-	59	-18	41
Balance at 31 December 2009	7,907	2,280	-8,314	-2,309	-436

3.11 Cash and Cash Equivalents

An amount of €222,000 is not freely at the company's disposition in connection with bank guarantees issued. The company can freely dispose of the other cash and cash equivalents of €19,283,000.

3.12 Equity

The consolidated statement of changes in equity is set out on page 28 of these financial statements. Movements in the number of shares in 2008 and 2009 were as follows:

Balance at 1 January 2008	22,672,139
Stock dividend issue dated 28 July 2008	397,520
Balance at 31 December 2008	23,069,659
Balance at 1 January 2009	23,069,659
Issue dated 4 February 2009	150,000
Issue 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
	82,605,554

The authorised capital amounts to € 1,000,000 and consists of 100,000,000 ordinary shares. At the end of 2009, 82,605,554 ordinary shares were issued and paid up.

On 18 July 2009, 1,289,966 ordinary shares, each having a nominal value of €0.01, were issued in connection with a dividend distribution in the form of ordinary shares chargeable to the tax-exempt share premium.

The translation differences reserve consists of all the translation differences as from 1 January 2004 resulting from the translation of the net investment in activities denominated in a currency other than the euro. These foreign exchange differences are initially recognised in this reserve. In the event of disposing of the foreign net investment in question, the related part recognised in the reserve is transferred to the income statement.

Option rights:

	2009	2008
Outstanding at 1 January	-	-
Granted in the year	10,526,315	-
Outstanding at 31 December	10,526,315	-
Excercise price	€0.95	-
Expiry date	2017	-

All outstanding personnel options concern options granted unconditionally to the CEO following his participation in the private placement. These options can be excercised between three and eight years after grant date being 23 December 2009. The shares bought may not be sold for a period of five years after the purchase thereof. Upon termination of the employment agreement by law of the CEO, other than through valid summary dismissal for an urgent cause, the CEO can exercise these options immediately and is free to sell the shares.

3.13 Minority Interests

Minority interests are the shares of third parties in the equity of the acquired companies HTP Technologies B.V. and Formy Tachov Sro. For further details, reference is made to Section 3.4 Goodwill and Acquisition-related Intangible Assets. Movement is as follows:

In €000s	2009	2008
Balance at 1 January	71	728
Result for the year	36	-672
Exchange differences	32	15
Acquisition of minority interest	189	-
Balance at 31 December	328	71

On 5 August 2009, I-Pac Technologies N.V. acquired the remaining 43% of the share capital of HTP Technologies B.V. from Varova B.V., Saratoga B.V. and from local management, making it a wholly owned subsidiary. In addition, HTP Technologies B.V. acquired the remaining shares (12%) in the share capital of HTP Tooling B.V. The purchase price was paid in shares. The share in the assets and liabilities acquired as a result of this transaction is as follows:

In €000s	
Cash and cash equivalents	65
Receivables	161
Other assets	327
Liabilities	-742
Minority interest at 5 August 2009	-189
Goodwill	858
Total purchase price	669
Settled in shares	669
Settled in cash	-

3.14 Non-current Liabilities

In €000s	2009	2008
Bank loans	37,734	39,087
Finance lease liabilities	4,318	2,011
Other liabilities	37	60
Less: due within 1 year	-3,591	-5,890
	38,498	35,268

Repayment terms and conditions	Bank loans	Finance Lease Liabilities	Other Liabilities	Total
Within one year	842	2,731	18	3,591
In the second year	150	1,587	19	1,756
In the third year	-	-	-	-
In the fourth year	36,742	-	-	36,742
In the fifth year	-	-	-	-
After five years	-	-	-	-
	37,734	4,318	37	42,089

New loans, as well as a current account facility, were negotiated with ING Bank in mid-2008. The InnoConcepts N.V. and I-Pac Technologies N.V. existing loans and credit lines with Rabobank were redeemed as part of this process.

The ING Bank loan consists of two facilities:
Loan A: in the amount of €20,000,000. The interest rate on this loan is equal to the Euribor rate for the selected interest rate period plus 1.5%. The interest rate period can never be longer than the period up to the next repayment instalment. The interest is payable at the end of the selected interest rate period, at least once every three months in sync with the repayment schedule. The loan is repaid in 19 equal instalments of €1,052,000 each, with the first instalment due on 1 March 2009 and the last instalment on 1 September 2013.

Loan B: in the total amount of €20,000,000 consists of a revolving facility with a term-out option. The interest rate is equal to the Euribor rate for the selected interest rate period plus 1.5%. The interest rate period can never be longer than the period up to the next repayment instalment. The interest is payable at the end of the selected interest rate period, at least once every six months if a longer interest rate period is agreed upon. This loan is redeemed in 12 equal quarterly instalments, with the first instalment due on the first day of the 7th calendar quarter following the date on which the loan is taken out. The facility can be withdrawn in amounts of €500,000 or a multiple thereof.

Furthermore, a current account facility has been negotiated for an amount of €5,000,000. The interest rate on this account is equal to the 3-month Euribor rate and is payable every 3 months on 1 January, 1 April, 1 July and 1 October of every year. The current account facility is reported under current liabilities.

The following conditions apply to the entire €45,000,000 facility, for which positive pledge, negative pledge and pari passu declarations have been submitted: solvency greater than 60%, debt service cover ratio equal to or greater than 1.2, total net senior leverage not greater than 2. Furthermore, 80% of the total assets and 80% of the EBITDA must be owned or originate from the guarantors InnoConcepts N.V., I-Pac Technologies N.V., I-Pac Patents B.V., I-Pac Manufacturing Asia Ltd, InnoSpecial Products B.V. and InnoCleaning Concepts Holding B.V.

We agreed with ING on the following amendment to the Facilities Agreement:

- The repayment of instalments of Facility A and Facility B will be postponed during the period from 31 December 2009 up to and including 31 December 2011;
- For the period from 1 January 2012 up to and including 31 December 2012, redemptions on Facilities A and B will be made out of 75% of the excess cash flow (which definition is to be agreed upon between parties). The Facilities A and B need to be negotiated in the course of 2012 and are currently defined as bullet repayments per 31 December 2012. ING has expressed a positive attitude towards continuing both Facility A and B after 31 December 2012;
- The €5.0 million of the Uncommitted Overdraft Facility will be increased with €3.2 million to €8,158,000. The total Uncommitted Overdraft Facility will be committed for three years until 31 December 2012; The total commitment of Facility A, Facility B and the Committed Overdraft Facility will be €45.0 million until 31 December 2011, consisting of €8.2 million overdraft facilities and €36.8 million long term loans;
- The covenants related to the ratio of total net debt to EBITDA, the ratio of cash flow to total funding costs and the solvency ratio (each ratio as described in the Facilities Agreement) will be waived until 31 December 2012; and
- The interest rate is equal to the Euribor rate for the selected interest rate period plus 1.5%. Interest has to be paid quarterly in arrears on 1 January, 1 April, 1 July en 1 October of each calendar year.

Next to the declarations of positive and negative pledge InnoConcepts N.V. and/or here subsidiaries have pledged the following assets to ING Bank N.V. in 2009:

- the shares of I-Pac Technologies, HTP Technologies B.V., HTP Tooling B.V., InnoCleaning Concepts Holding B.V., InnoEssentials International B.V., InnoSpecial Products B.V., I-Pac Manufacturing Services B.V., I-Pac Patents B.V., Founders-SAS Production Ltd and IS Development B.V.;

- Pledge of moveable assets of InnoConcepts N.V. and its subsidiaries;
- Disclosed pledge of intercompany receivables of InnoConcepts N.V. and its subsidiaries;
- Disclosed pledge of insurance receivables of InnoConcepts N.V. and its subsidiaries;
- Undisclosed pledge of receivables of InnoConcepts N.V. and its subsidiaries;
- Pledge of intellectual property rights of I-Pac Technologies N.V. and I-Pac Patents B.V.;
- Deed of Charge of all assets and/or undertaking of I-Pac Manufacturing Asia Ltd; and
- Share Charge in respect of the shares of Founders-SAS Production Ltd.

The other loan concerns the loan acquired by HTP Tooling B.V. from Rabobank and is repayable over five years in 60 equal monthly instalments of which the last one is due on 30 September 2011. The loan bears interest based on the three-month Euribor rate plus 1%. The principle amount outstanding is €350,000 per 31 December 2009. In addition, HTP Tooling B.V. has an overdraft facility of € 900,000 at the same bank with an interest rate of the one-month Euribor rate plus 1.5%. The amount outstanding is €673,000 at 31 December 2009. For these facilities, there are no covenants agreed with the bank.

The finance leases consist of a total of 8 lease agreements. The terms of the finance leases vary from 36 to 72 months, with the end date of the longest lease being 30 June 2011. The interest rates vary from 4.1% to 10.7%.

Furthermore, InnoConcepts N.V. has entered into several financial lease contracts via its subsidiaries I-Pac Manufacturing Services B.V. and Formy Tachov Sro. These financial and operational leases relate to the financing of mould making equipment, injection moulding machines and moulds for unbranded food packaging.

The key terms of these financial lease contracts, for which the liability has been fully accounted for in our balance sheet, are as follows. I-Pac Manufacturing Services B.V. in total 11 contracts with interest rates varying from 6.11% to 8.02% and maturity dates varying from May 2010 to December 2011.

For Formy Tachov Sro in total six contracts are in place with interest rates varying from 5.4% to 12.7% and maturity dates varying from February 2010 to June 2014. All these financial leases are on an annuity basis with monthly or quarterly redemptions.

The other liabilities refer to an annuity loan bearing interest at a fixed rate of 8%. Interest and principal are payable quarterly, ending on 30 September 2011.

3.15 Provisions

In €000s	2009	2008
Onerous contract	1,077	-
Other provisions	284	216
	1,361	216

The provision for onerous contracts represents the present value of the future payments that the Group is presently obligated to make under a non-cancellable onerous contract manufacturing agreement with the Hoogerman Group, less revenue expected to be earned. The estimate may vary as a result of changes in the actual revenues earned. The contract manufacturing agreement stipulates that penalty payments are due by I-Pac's subsidiary I-Pac Manufacturing Services B.V. if certain minimum revenues for the sale of food packaging products. The minimum revenue guarantee is € 7.4 million for 2009, € 10.0 million for 2010 and 2011 and € 5.0 million for 2012. As per 31 December 2009, the expected maximum liability out of this onerous contract is €1.9 million over a total period of the next three years of which €0.8 million is recognised under current liabilities.

Other provisions consist of a provision for anniversary payments related to the length of service. The provision is determined on an actuarial basis. The movement over 2009 is as follows:

In € 000s	
At 1 January 2009	216
Disbursed	-
Change in actuarial calculation	68
At 31 December 2009	284

3.16 Financial Guarantee Contracts

Financial guarantee contracts are agreements in pursuance of which InnoConcepts N.V. is required to make certain payments to compensate the holder of these agreements if a third party debtor fails to comply with certain obligations to the holder. The financial guarantee contracts were not assigned any value at the balance sheet date. For more details, reference is made to section 8.2 Off-Balance Sheet Commitments.

We entered into a loan note guarantee in relation to the sale of the loan notes in which we guarantee, subject to certain conditions, the due and punctual payment by Proventec Plc of the principal and interest payments, amounting to a maximum contingent liability, of € 18,083,000 as at 31 December 2009. This guarantee will expire on the earlier of (i) the date falling 30 business days after the final repayment date of the Loan Notes, 31 December 2012; (ii) the date on which the Loan Notes are repurchased by Proventec Plc, redeemed, converted or cancelled in full; and (iii) the first occasion on which the volume weight average price of an ordinary share in Proventec Plc over any period of 60 days is 150% or more of the conversion price of the loan notes. The conversion price is linked to the last applied issue price of shares Proventec and is currently 50p. The conversion price remains subject to any further adjustment in accordance with the terms of the loan notes. The maximum guarantee at the balance sheet date amounts to € 18,083,000. As at 31 December 2009 this guarantee was valued at nil.

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. As at 31 December 2009 this guarantee was valued at nil.

3.17 Trade and Other Payables

In € 000s	2009	2008
Repayment of non-current liabilities	3,591	5,890
Liabilities to credit institutions	8,004	615
Provisions for onerous contracts	841	-
Trade payables	5,274	2,862
Taxes and social security premiums	576	414
Amounts due to customers under construction contracts	241	866
Other liabilities, accrued expenses and deferred income	7,232	4,497
	25,759	15,144

The average payment term of trade payables is 68 days. The remaining term of the other liabilities, accrued expenses and deferred income is less than one year.

4. NOTES TO THE CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

4.1 Sales and revenue

x € 1.000	2009	2008
Sale of intellectual property rights	-	33,661
Sale of trading activities and production	12,342	16,748
Total sales	12,342	50,409
Interest on finance leases	241	648
Total revenue	12,583	51,057

4.2 Depreciation

Depreciation of property, plant and equipment

In € 000s	2009	2008
Plant and machinery	5,347	2,949
Other operating assets	220	232
	5,567	3,181

Amortisation of intangible assets

In € 000s	2009	2008
Intellectual property rights	5,450	2,768
Development costs	1,461	1,312
Acquisition-related intangible assets	481	678
	7,392	4,758

4.3 Employee Benefits

Total salaries and wages, social charges and pension costs included in general administrative expenses amounted to:

In € 000s	2009	2008
Salaries and wages	7,340	6,997
Social charges	932	960
Pension costs	383	693
	8,655	8,650

The pension plans of InnoConcepts N.V. qualify as defined contribution plans. The standard contributions are expensed as such in the year in which the liability arises, and are accordingly recognised in the income statement. The average number of FTE personnel employed by the group in the year under review was 223 (2008: 225). The number of FTE personnel employed at the end of 2009 was 223.

4.4 Costs of Research

Costs of research amounting to € 107,000 (2008: € 12,000), including patent research and maintenance, were recognised as general administrative expenses in the year under review. Deferred development costs are explained in more detail under section 3.3.

4.5 Operating Lease Costs

Operating lease costs amounting to €3,128,493 (including the rental of buildings) (2008: €1,812,000, including the rental of buildings) were recognised in the income statement in the year under review.

4.6 Emoluments paid to members of the company's Supervisory Board, Management Board and Key Management

The following gross amounts were paid to members of the company's Supervisory Board in the year under review:

In €	2009	2008
G. Jansen Venneboer (voorzitter)	27,000	27,000
A. Langerak	12,833	22,000
C.A. Lieve	5,500	22,000
N. Mehra	9,167	11,000
F.J. Sneep	12,658	-
H.W. Verloop	6,750	-

The company paid the following remuneration and benefits in respect of its managing director in the year under review:

In €		
P.A. Pruijssers	2009	2008
Gross salary	70,206	128,210
Bonus	38,083	37,524
Pension contribution	7,389	14,410

In €		
N. Mehra	2009	2008
Gross salary	70,000	-
Share based payments	377,000	-
Options granted	4,105,000	-

The bonuses granted by the Supervisory Board to the Management Board and key management are based on the agreed bonus plan. Of the bonus to be paid, 60% is related to the EBIT budget approved by the Supervisory Board, 30% to the achievement of personal objectives and 10% is at the discretion of the Supervisory Board.

The remuneration package for Mr N. Mehra comprises of the following relevant parts, which have been approved by the shareholders at the Extraordinary Meeting of Shareholders of 8 September 2009:

- InnoConcepts N.V. will pay Mr N. Mehra annually a cash salary of €120,000 per annum. In addition, InnoConcepts N.V. will grant Mr N. Mehra annually 300,000 shares in the capital of InnoConcepts N.V. up to an amount of €1 million euro, payable quarterly on 1 September, 1 December, 1 March and 1 June of each year. These shares are part of the fixed remuneration of Mr N. Mehra and are not subject to the fulfilment of performance criteria. The shares shall be retained by Mr N. Mehra for a period of at least five years, unless selling of the shares is necessary to pay for taxes on those shares. The shares will be issued from the share premium reserve of the company.

- InnoConcepts N.V. will grant Mr N. Mehra a performance related award of a maximum of 350,000 share options on 1 April 2010 and a maximum of 600,000 share options annually dependent on the achievement of satisfactory performance results, laid down by the Supervisory Board.

- All of the share options granted to Mr N. Mehra may only be exercised after a period of three years, and lapse eight years after the award thereof or until the termination of his contract.

- There are no pension, or severance arrangements applicable. In the event of a change of control or termination by InnoConcepts N.V. other than for "serious cause" then all share options granted to Mr N. Mehra may be exercised and the lock–up on sales of shares held by Mr N. Mehra lapses.

- The exercise price of these share options shall deemed to be the average daily closing price of the previous five trading days prior to and including the day on which the option is granted.

Mr N. Mehra has been granted 10,526,315 options. Following his participation for an amount of €4.0 million in the private placement, he was rewarded a number of options equal to 2.5 times the number of ordinary shares subscribed and paid for by Mr N. Mehra in the private placement at a strike price equal to TERP (€0.95).

The fair value of the share options granted during the financial year is €0.39. Options were priced using a binomial option pricing model. The expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions, and behavioural considerations. Expected volatility is based on the historical share price volatility over the past 8 years.

Inputs into the model

Grant date share price	€0.82
Exercise price	€0.95
Option life	8 years
Dividend yield	0%
Risk free interest rate	3.22%
Expected volatility	42.12%

The following compensation was awarded to key management, consisting of 3 persons (2008: 3 persons), during the year under review:

Key management	2009	2008
Gross salary	440,900	391,812
Bonus	105,000	25,000
Pension contribution	11,430	25,340

Previous key management	2009
Gross salary	314.755
Bonus	-
Pension contribution	19.809

4.7 Impairment of assets

During the year under review a total of €18,556,000 in impairments were charged to the operating result in relation to the operating assets identified below:

In €000s	2009	2008
Property, plant and equipment	11,644	-
Current receivables and other receivables	2,931	5,181
Provisions and other	3,981	-
	18,556	5,181

Our tangible fixed assets have been subject to an impairment test during the third quarter of 2009 as a result of the changed company strategy. This impairment test resulted in an impairment on the carrying value of our machinery of €11,644,000. This machinery was anticipated to be exploited in the direct production and exploitation of food packaging products. This strategy has been abandoned. As a result the value in use of these machines has been determined on a different cash flow generating method. During 2008 it was anticipated that cash flows would be generated out of the direct exploitation of food packaging products. In 2009, the third quarter, the value in use has been determined based upon an anticipated model whereby cash flows would be generated via leasing or making capacity available via contract manufacturing type arrangements to some of our partners. These assets are part of our segment "trade and production" for which we refer to section 6 of this annual report. The discount rate used to determine the value in use in 2009 is 12.47% ,the pre-tax WACC of the injection moulding activities. Further we assumed a probability of 50% for these future cash flows. For the impact of Cheng Meng's default in 2010 to this equipment we refer to Subsequent events section 3 on page •.

Provisions and other, are costs expected to arise due to the change of company strategy as explained above. The main portion refers to the provision for the onerous contract with Hoogerman Holding B.V. of €2,151 being attributed to the profit and loss account in 2009. The provision is determined by offsetting the total maximum liability of €2.5 million with the anticipated revenues. Out of this total provision €232 was paid and the remaining carrying value of the total provision at 31 December 2009 is €1,919. We refer to section 3.15 Provisions and section 8.1 related parties for further disclosures.

During the year under review a total of €3,480,000 in impairments were charged to the result in relation to the financial assets identified below:

In €000s	2009	2008
Property, plant and equipment	-	582
Acquisition related intangible fixed assets	-	1,549
Goodwill	-	2,729
Investments in associates	1.573	12,925
Loans and non-current receivables	1,759	8,320
Current receivables and other receivables	148	10,875
	3,480	36,980

The impairment of associates involves Founders-SAS Production Ltd, in the amount of €1,573,000. The asset is valued at fair value less costs to sell, being 70% of the carrying value of the underlying tangible fixed assets less expected cost of dismantling the operation. The estimated value is nil. The event, which caused the impairment, is the change in strategy as explained earlier and for which we refer to the section strategy and objectives earlier in this report

The impairment of loans and non-current receivables primarily involves a loan to TEA Group Ltd in the amount of € 1,759,000. The cause of this impairment is the change in strategy and part of the dismantling of the TEA Group Ltd.

We have valued the TEA convertible assuming a 90% conversion in estimated the net equity value of one the TEA Group entities, Cheng Yi Tools Ltd, who has a role in the future strategy of InnoConcepts N.V. The value in use is determined at estimating the net equity value based of Cheng Yi Tools Ltd upon common market multiples and an anticipated normal capacity utilization of Cheng Yi Tools Ltd of 70%. For the impact of Cheng Meng's default in 2010 to this equipment we refer to Subsequent events section 3 on page 39.

4.8 Taxes

The effective tax burden on the 2009 result before tax was -5.5%, (2008: -0.9%). The reconciliation between the Dutch standard tax rate, the applicable weighted average tax rate and the average effective tax rate is as follows:

Taxes

	2009	2008
Dutch standard rate	25.5%	25.5%
Effect of tax rates in other jurisdictions	-9,3%	-6.3%
Applicable weighted average tax rate	16.2%	19.2%
Exempted result constituents	-11.7%	-19.9%
Effect of prior years and changes in tax rates	-1.7%	0.3%
Deferred tax assets not recognised	-8.3%	-0.5%
Average effective tax rate	-5.5%	-0.9%

The change in the applicable weighted average tax rate in 2009 when compared to 2008 is due to a different mix in the results of group companies in countries with different tax rates. The exempted result constituents refer in particular to the non-deductible impairments of assets. The effects of prior years and tax rate changes notably refer to the change in the recognition of deferred tax liabilities resulting from the change in the standard tax rate in the Netherlands, as well as prior year adjustments.

4.9 Earnings per Share

Basic earnings per share are calculated by dividing the profit for the year attributable to the shareholders of InnoConcepts N.V. by the weighted average number of shares in issue between 1 January 2009 and 31 December 2009. Diluted earnings per share are calculated by adjusting the weighted average number of shares in issue assuming that all potential ordinary shares that can result in dilution have been converted into ordinary shares. The weighting of the average number of shares in issue is based on weeks.

Movements in the weighted average number of shares in issue in 2009 were as follows:

	2009	2008
Number of shares at 1 January	23,069,659	22,672,139
Effect of stock dividend issue	1,289,966	175,826
Effect of issues during the year	2,120,785	-
Weighted average number of shares	26,480,410	22,847,965
Result attributable to shareholders (in €000s)	-54,942	-21,482
Total comprehensive income attributable to shareholders (in €000s)	-54,071	-21,809
Weighted average number of shares in issue (in 000s)	26,480	22,848
Result per share (in €)	-2.08	-0.94
Comprehensive income per share	-2.04	-0.95

The weighted average number of ordinary shares for the purposes of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	2009	2008
Weighted average number of ordinary shares used in the calculation of basic earnings per share	26,480,410	22,847,965
Shares deemed to be issued in respect of:		
- Share based payments	230,714	-
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	26,711,124	22,847,965
Weighted average number of shares in issue (in 000s)	26,711	22,848
Diluted result per share (in €)	-2.06	-0.94
Diluted comprehensive income per share	-2.02	-0.95

4.10 Auditor's fees

During the year under review, the following amounts were expended on audit fees and other services provided by Deloitte.

In € 000s	Deloitte Accountants B.V.	Member firms / affiliates	Total 2009	Deloitte Accountants B.V.	Member firms / affiliates	Total 2008
Audit fees	136	-	136	135	-	135
Audit related fees	162	228	390	-	43	43
Tax advisory fees	-	-	-	-	-	-
Other non-audit fees	-	-	-	-	-	-
	298	228	526	135	43	178

5. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

For the majority of the items making up the consolidated cash flow statement, reference is made to the notes to the consolidated balance sheet and the consolidated income statement. Set out below is an overview of the other significant parts, showing the reconciliation between the amounts in the cash flow statement and those in the balance sheet.

In €000s	2009	2008
Additions to property, plant and equipment		
Addtions by means of a finance lease	780	-
Increase due to commissioning of inventories	-	17,185
Movement in cash flow statement	899	1,222
Total investments in the financial year	1,679	18,407
Trade and other receivables		
Balance at 1 January	17,713	27,013
Portions of loans and non-current receivables due within 1 year	3,904	-
Transferred to non-current receivables	-12,201	-
Decrease due to business combinations	-281	-
Impairments	-2,745	-10,947
Translation differences	-	522
Movement in cash flow statement	3,664	1,125
Balance at 31 December	10,054	17,713
Inventories		
Balance at 1 January	792	17,289
Increase due to acquisition of group companies	22	-
Decrease due to commissioning as property, plant and equipment	-	-17,185
Impairments	-245	-
Movement in cash flow statement	261	688
Balance at 31 December	830	792
Trade and other payables		
Balance at 1 January	15,144	15,692
Increase due to acquisition of group companies	5,382	-
Portion of non-current borrowings and other liabilities due within 1 year	-4,244	656
Portion of provision onerous contracts due within 1 year	841	-
Additions to loans from credit institutions	3,892	615
Impairments	1,319	-
Translation differences	-208	695
Movement in cash flow statement	3,632	-2,514
Balance at 31 December	25,759	15,144

6. SEGMENT INFORMATION

The Group is divided into two segments: 'Intellectual Property' (IPR) and 'Trade and Production'. IPR concerns the development and marketing of the IPR portfolio related to injection moulding technologies. Trade and Production concerns the manufacture and marketing of injection moulding equipment and moulds.

Income Statement

	Intellectual Property		Trade and Production		Unallocated		Consolidated	
In € 000s	2009	2008	2009	2008	2009	2008	2009	2008
Sale of intellectual property rights	-	33,661	-	-	-	-	-	33,661
Sale of trading activities and production	-	-	12,342	16,748	-	-	12,342	16,748
Interest on finance leases	-	-	241	648	-	-	241	648
Depreciation	-9,598	-6,292	-3,361	-1,538	-	-109	-12,959	-7,939
Segment costs	-10,799	-5,148	-14,185	-17,708	-	-	-24,984	-22,856
Impairment of operating assets	-4,573	-5,181	-13,983	-	-	-	-18,556	-5,181
Segment's result	-24,166	17,040	-18,946	-1,850	-	-109	-43,916	15,081
Financial income and expenses	-3,529	-438	-183	35	58	441	-3,654	38
Result on associates	-	-	-2,065	-	-5,120	-84	-7,185	-84
Profit on sale of group companies	140	-	-	-	-	-	140	-
Impairment of financial assets	-1,759	-19,193	-	-4,862	-1,721	-12,925	-3,480	-36,980
Segment's result	-30,118	-2,591	-21,194	-6,677	-6,783	-12,677	-58,095	-21,945
Dilution gains and losses							-	-16
Result before taxes							-58,095	-21,961
Tax							3,189	-193
Result for the year							-54,906	-22,154

Balance Sheet

	Intellectual Property		Trade and Production		Unallocated		Consolidated	
In € 000s	2009	2008	2009	2008	2009	2008	2009	2008
Assets	94,916	67,073	17,344	29,301	3,904	3,564	112,260	99,938
Associates	-	-	-	-	30,000	37,399	30,000	37,399
Consolidated assets	94,916	67,073	17,344	29,301	33,904	40,963	142,260	137,337
Liabilities	47,671	48,375	28,570	7,405	-	-	76,241	55,780
Additions	4,080	16,494	7,552	18,301	-	19	11,632	34,814

Personnel

	Intellectual Property		Trade and Production		Unallocated		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008
Personnel in FTE	12	13	211	212	-	-	223	225

Geographic Information

	Europe		Asia		RoW		Consolidated	
In € 000s	2009	2008	2009	2008	2009	2008	2009	2008
Total revenue	9,191	13,996	314	5,554	3,078	31,507	12,583	51,057
Carrying value of intangible assets and of property, plant and equipment	32,616	34,626	11,551	22,610	-	-	44,167	57,236
Additions	11,632	11,414	-	23,400	-	-	11,632	34,814

7. FINANCIAL RISK MANAGEMENT

InnoConcepts N.V.'s risk management consists of the management of its operations over the long term and the mitigation of the related business risks to the maximum possible extent. Depending on the nature and the relative significance of the risks associated with InnoConcepts N.V.'s diversity of sales markets, clients, regions and its intellectual property portfolio, the risks are quantified where possible.

The Group is exposed to the following risks in relation to the use of financial instruments:
- Credit risk
- Liquidity risk
- Currency risk
- Interest rate risk

These notes provide information about InnoConcepts N.V.'s exposure to each of the abovementioned risks, the objectives, principles and processes used to control and measure these risks and InnoConcepts N.V.'s management of its capital.

The goal of InnoConcepts N.V. risk policy is to identify the risks faced by InnoConcepts N.V., analyse them, determine appropriate limits and control measures for them and monitor the risks and compliance with the defined limits. Risk management policies and systems are regularly evaluated and adjusted where necessary to changes in market circumstances and InnoConcepts N.V.'s activities.

7.1 Credit Risk

Credit risk is the risk of financial loss to InnoConcepts N.V. in cases where the buyer or counterparty to a financial instrument does not respect the contractual commitments made. Credit risks primarily result from granted loans, non-current receivables, trade receivables and current receivables related to licenses.

InnoConcepts N.V.'s exposure to credit risk is primarily determined by the individual characteristics of individual debtors and licensees and the countries in which they are vested.

If loans are provided to associates, they are assessed in terms of their creditworthiness and where possible a conversion right is exacted. To the extent possible, an assessment is carried out to determine whether the associate can provide sufficient certainty in the form of a security.

Non-current and current receivables from licenses are secured using the underlying patents that continue to be the property of InnoConcepts N.V. until the last instalment is paid. In granting licenses, a contract is signed stipulating that if payment conditions are not met, InnoConcepts N.V. is entitled to withdraw the license without any other obligations on its part. Licensees are assessed in terms of their creditworthiness.

Non-current and current receivables from financial leases are secured on the basis of the underlying asset, over which InnoConcepts N.V. continues to exercise legal ownership.

Receivables from trading activities and production are assessed ahead of time for creditworthiness. Progress payments that match the progress of the project are requested for receivables from production when the order is issued. The right to retain title is maintained for receivables from trading activities. Title to the goods is transferred to the client once the last payment is received.

In case of new clients, additional security is usually requested in the form of bank guarantees, letters of credit, etc.

If payment terms are exceeded, this is ultimately reported to the Management Board that subsequently takes stricter measures: suspending the project, suspending the service and initiating legal proceedings.

Due to the often extended payment terms of the current and non-current receivables related to licenses and joint ventures, such as associates, the short-term risk is significant. The long-term risk is significantly lower, however. Indeed, the recovered rights and/or patents can be resold on a renewed basis over time. In relation to the extended, subject to impairment, current and non-current receivables and loans, the relevant rights were recovered in 2009 where applicable.

Our credit risk is concentrated with two parties at the same geographical site in China being our long-term loan on Cheng Meng and the remaining portion of our convertible loan note on the TEA Group Ltd, Cheng Yi Tools Ltd. The amounts absorbed in loans and long term receivables in the table below amount to €23,566,000 for Cheng Meng and €3,207,000 for the TEA loan note at 31 December 2009. The amount absorbed in Trade and other receivables is €500,000 being the short term portion of our loan to Cheng Meng.

As collateral the Group obtained the right to convert its outstanding loan into equity of Cheng Meng with a declining percentage varying with the outstanding principal. Until the moment of full redemption of this loan, conversion can lead to an equity interest declining from 99.9% to 51% just for the final and last redemption in September 2018. As collateral on the TEA Group Ltd, the group has a conversion right whereby overall conversion will result in 90% of the issued and fully paid up capital after conversion. For the impact of Cheng Meng's default in 2010 to these loans and receivables we refer to Subsequent events on page 39

The terms of the loans, non-current receivables, and trade and other receivables at 31 December 2009 are illustrated below.

In €000s

Loans and non-current receivables	2009	2008
1 - 2 years	7,088	11,606
2 - 3 years	4,263	1,545
3 - 4 years	4,300	1,180
4 - 5 years	4,300	524
Greater than 5 years	7,566	4,737
	27,517	19,592

In €000s

Trade and other receivables	2009	2008
0 - 60 days	3,476	3,721
61 - 90 days	4,693	2,593
91 - 120 days	32	1,017
120 days and over	1,853	10,382
	10,054	17,713

7.2 Liquidity Risk

The liquidity risk is the risk that InnoConcepts N.V. is not able to meet its financial commitments at the required point in time. The basic premise of the liquidity risk management approach is to, as far as possible, maintain sufficient cash and cash equivalents to be able to meet current and future financial commitments, under normal and difficult circumstances, without incurring unacceptable losses or endangering InnoConcepts N.V.'s reputation in the process.

InnoConcepts N.V. monitors its cash flows on a regular basis. A summary of the Group's cash and cash equivalents is produced on a daily basis. A summary of the movements in the liquidity position is produced on a weekly basis. A cash flow analysis of the past quarter and a forecast for the coming quarter is prepared each quarter. A multi-year (3-5 years) cash flow forecast is prepared every 6 months. These reports help ensure that the Group has access to sufficient liquid assets over the short as well as long term in order to meet its operating and financial commitments. The cash flow reports do not take extreme circumstances into consideration. In addition to the external financing reported in the balance sheet, InnoConcepts N.V. has access to the following credit facilities:

- A €8,158,000 revolving credit facility negotiated with ING Bank with a definite term ending 31 December 2012.
- A €900,000 revolving credit facility negotiated with Rabobank with an indeterminate term of renewal.
- A €1,000,000 (CZK 28,000,000) revolving credit facility with Raiffeisen Bank with a term ending 31 March 2010, renewable for a 1 year term each time.

The contractual terms of the financial commitments, including the estimated interest payments, are as follows:

In €000s	Total	< 6 mths	6-12 mths	1-2 yrs	2-5 yrs	> 5 yrs
ING Bank Amsterdam	39,498	459	459	919	37,661	-
Rabobank Venlo	360	104	103	153	-	-
Raiffeisenbank	652	652	-	-	-	-
Other commitments	28,071	14,322	10,774	2,389	302	284

7.3 Currency Risk

Currency risk is the risk that InnoConcepts N.V.'s income or the value of assets is adversely affected by fluctuations in exchange rates. The objective of managing currency risk is to maintain this risk within acceptable limits with an optimal return.

InnoConcepts N.V.'s conduct of business exposes the operation and the reported financial results and cash flows to risks due to fluctuating exchange rates. InnoConcepts N.V.'s business operations are exposed to exchange rate differences if the proceeds of sales are received in a foreign currency that is different from the currency in which the costs related to these sales were incurred. To the extent that sales and costs can be netted using the same foreign currency, the balance will be affected by foreign exchange rate fluctuations in relation to the euro.

The Group's investments in finance leases and long-term loans to associates denominated in USD are partially hedged via a USD loan. This loan reduces the risk of the net assets financed in USD.

To mitigate the impact of currency exchange rate fluctuations, InnoConcepts N.V. continuously assesses its foreign currency exchange rate position. If required, a portion of these risks will be hedged with financial instruments, such as forward exchange transactions and currency options. InnoConcepts N.V. did not make use of such instruments on the balance sheet date.

The key exchange rates during the year under review were as follows:

	At 31 December		Average Rate	
	2009	2008	**2009**	2008
GBP	0.900	0.974	0.892	0.796
USD	1.433	1.410	1.395	1.471
HKD	11.117	10.946	10.820	11.462
CZK	26.422	26.643	26.478	24.990

Sensitivity Analysis

A 10% increase in the euro in relation to the above currencies at year end would have increased/(decreased) equity and the operating result by the following amounts. All other variables, in particular the currency exchange rates, are kept constant. A 10% decrease in the euro in relation to the above currencies would have produced a similar, albeit opposite, result. The impact of the HKD and the CZK is not materially significant to this analysis.

Impact in €000s	2009		2008	
	Operating Result	Other Reserves	Operating Result	Other Reserves
USD	1,125	-1,373	-68	-4,594
GBP	362	-355	-7	-313

7.4 Interest Rate Risk

Interest rate risk is the risk that InnoConcepts N.V.'s income or the value of assets is adversely affected by fluctuations in interest rates. The objective of managing interest rate risk is to maintain this risk within acceptable limits with an optimal return.

The Group's liabilities are subject to variable as well as fixed interest rates. All borrowings in euros are subject to variable interest rates based on Euribor plus a premium, which is considered to provide natural protection against fluctuations in the operating result. If necessary based on risk and yield considerations, InnoConcepts N.V. will commit to interest rates for longer periods or build in an interest rate ceiling.

Where applicable, InnoConcepts N.V.'s assets are subject to interest rates that are linked to market rates with a higher premium than the interest rate paid by InnoConcepts N.V. An increase of 100 basis points in the interest rate effective at 31 December 2009 and 2008 would have produced the following increase/(decrease) in equity and operating result. All other variables, in particular the interest rates, are kept constant. A decrease of 100 basis points at 31 December 2009 and 2008 would have produced a similar, albeit opposite, result. The impact on equity is the same as the impact on result before tax.

Impact in €000s	2009	2008
	Result Before Tax	Result Before Tax
Loans and non-current receivables	51	279
Trade and other receivables	124	103
Long-term loans and other liabilities	-349	-122
Trade and other payables	-151	-61

7.5 Fair Value

The fair value of the financial assets and liabilities recorded on the balance sheet is equal to the carrying value. Besides the investment in associates Proventec Plc and the relating warrants fair values have been determined using inputs that are not based on observable market data.

7.6 Management of Capital

In 2009 the return on equity was -84% (2008: -26%). By way of comparison, the weighted average interest rate on interest-bearing loans was 11.7% (2008: 6.5%). At the end of 2009 the solvency ratio was 46% (2008: 59%). This will further deteriorate in the coming period. InnoConcepts N.V. believes that the restoration of financial health of the company must start with the generation of positive cash flows and a higher quality of income and assets that will not degenerate in severe markets downturns. This in turn will enable us to build the strong financial position needed to maintain the confidence of investors, creditors and markets and to safeguard the future development of business operations. This is the prerequisite to realising healthy shareholders returns in the future.

8. SUPPLEMENTARY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

8.1 Related Parties

Waddington North America Inc
Waddington North America Inc (WNA) is an investment in associate of InnoConcepts N.V. During 2009, InnoConcepts N.V. entered into several projects for the manufacturing of moulds for WNA. The prices of these projects are established at "arm's length" basis. The receivable on WNA at 31 December 2009 amounts to €600,000 on balance sheet date. The total value of the projects entered into during 2009 amounts to €1,300,000.

Hoogerman Holding B.V.
Hoogerman Holding B.V. (Hoogerman) is an investment in associate of InnoConcepts N.V. During 2009, InnoConcepts N.V. entered into several projects for the manufacturing of moulds for Hoogerman. The prices of these projects are established at "arm's length" basis. The total value of the projects entered into during 2009 amounts to €284,000. At balance sheet date InnoConcepts N.V. had a receivable on Hoogerman of €41,000.

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 €7.4 million for 2009, €10.0 million for 2010 and 2011 and €5.0 million for 2012. As per 31 December 2009, the maximum liability under this guarantee is € 2.5 million over a total period of the next three years. At balance sheet date InnoConcepts N.V. has a provision for the total expected liability less anticipated revenues, for the whole term of the contract of €1,919,000. During 2009 an amount of €232,000 was paid under this contract.

Proventec Plc
Proventec Plc (Proventec) is an investment in associate during 2009. During 2009 InnoConcepts N.V. participated in an equity placement upto her interest of 36,2% amounting to €635,000. Furthermore InnoConcepts N.V. has an outstanding loan to Proventec Plc with a carrying amount of €3,903,000 at balance sheet date. The loan bears an interest at "arm's length" basis. After balance sheet date InnoConcepts N.V. increased it's loan with £ 400,000. In addittion InnoConcepts guaranteed an amount of €18,083,000 to the loan note holders of Proventec Plc. We refer to section 8.2 and section 3.16.

Novem International B.V. / Caterbrands B.V.
During 2009 Novem International B.V. is a major shareholder of InnoConcepts N.V. During 2009, InnoConcepts N.V. has hired staff and management services of Novem International B.V. The prices paid for these services are at "arm's length" basis. During 2009 InnoConcepts N.V has paid €440,000 for these services.

Furthermore during 2008 and 2009 InnoConcepts N.V., Novem International B.V. and Caterbrands B.V., shared premises, facilities and staff. The prices of these "cost sharing" arrangements were at cost. As a result of this InnoConcepts N.V. has a receivable on Novem International B.V. and Caterbrands B.V. amounting to €438,000. In the course of 2009 we entered into discussions with respect to the charges made during 2008 and 2009. As a result of these discussions InnoConcepts N.V. has formed a provision of €438,000 on these receivables due to the uncertainty of the recoverability of this receivable.

Cheng Meng
During 2009 our receivable on "Founders" has been reconfirmed with the signing of a new agreement with amongst other entities of the Founders Group, Cheng Meng. Cheng Meng qualifies as a related party, hence invest-

ment in associate, via the indirect 45% interest of InnoConcepts N.V. in Cheng Meng. The indirect interest of 45% in Cheng Meng was an administrative action by the Founders Group and resulted from a legal corporate restructuring of the Founders Group earlier. This has become evident to the new management of InnoConcepts N.V. in late 2009. As a result, it was anticipated in the new loan agreement that the indirect interest of 45% was to be transferred back to the Founders Group and her owners. Although economically the interest of 45% in Cheng Meng was owned by the Founders Group the shares have not been legally transferred and as a result the receivable of InnoConcepts N.V. on Cheng Meng of €24,066,000 qualifies as a receivable on a related party. The receivable itself originates from transactions with entities from the Founders Group, which were all third parties at that time. These transactions do and did not qualify as related party transactions. This receivable will be impaired in 2010. We refer to the section Subsequent events on page 39.

Potential related party transactions

During 2009 InnoConcepts N.V. has launched a number of actions in order to retrieve receivables and assets, which were subject of impairment or have been provisioned in 2008 or 2009. Analysing a number of the transactions and the historical context has provided InnoConcepts N.V. with information, which indicates that some of the counterparties to the transactions entered into in the period between 2007 and 2009 could potentially qualify as transactions with related parties. These transactions are currently under further investigation. If some of these transactions qualify as related party transactions and if in addition the transactions have not been carried out on an at arm's length basis, it might be appropriate to adjust for the values arising out of these transactions currently on the balance sheet. InnoConcepts N.V. believes that if these adjustments are required they are unlikely to be material. Nevertheless, InnoConcepts N.V. believes full disclosure of these risks is warranted should they indeed prove to be related party transactions.

The transactions of which InnoConcepts N.V. has indications that they might qualify as related party are summarized as follows:

In 2008 InnoConcepts N.V. entered into several sale and leaseback arrangements of moulds via her investment in associate I-Pac Manufacturing Services B.V. (in 2008: 48%). The interest in this investment was increased to 100% in the first half of 2009. The majority of these moulds were sold by HTP Tooling B.V. to a third party and were subsequently repurchased by I-Pac Manufacturing Services B.V. at a higher price via lease arrangement. We are currently investigating the pricing of these moulds and whether they have been purchased at arm's length conditions. The carrying value of these assets at 31 December 2009 is €2,973,000. InnoConcepts N.V. believes therefore, that an adjustment to the value of these assets as a result of any findings we may make in our investigation will not be material.

In 2007 and 2008 InnoConcepts N.V. entered into several transactions with a former contract manufacturer and provider of capacity to I-Pac Technologies N.V. In 2007 we purchased injection-moulding equipment, amounting to €8,000,000 which was paid partly in cash and in part via the takeover of an operational lease. Additional transactions took place which resulted in a receivable being due from this party, which was provisioned in 2009 due to the uncertainty of its recoverability. We cannot substantiate if these transactions do not qualify as a related party. If these transactions are shown to have been between related parties and if the prices paid for the equipment are not found to have been determined on an arm's length basis, then an impairment may have to be made on these assets. These assets currently have a carrying value of €2,000,000 on the balance sheet per 31 December 2009, therefore a potential impairment is not likely to be material.

In 2005 InnoConcepts N.V. entered into a transaction for the sale of license rights with a party which, at the date of the transaction was not a related party. The transaction resulted in a receivable being owed to InnoConcepts

N.V. However subsequent change in the ownership of this party changed the nature of the party into one that may be related. In 2008 the value remaining of this receivable was €885,000 which was impaired. The receivable has no carrying value at 31 December 2009 and therefore any further information will not lead to any adjustment on the balance sheet.

In 2007 InnoConcepts N.V. entered into a sale of license rights with a party, which we now believe may qualify as a related party. As a result of this license sale InnoConcepts N.V., carries a receivable on it's balance sheet of €1,850,000. We have no information that the price established for this license sale was not at arm's length and therefore we believe that the carrying value of the receivable reflects the fair value. The receivable itself carries an arm's length interest equal to the legal interest for terms past due. The counterparty is currently in default of the arrangements to repay this receivable and therefore, under this agreement the entire receivable is now due. The counterparty is now contesting the validity of its obligations and we have initiated court proceedings to recover this receivable and InnoConcepts N.V. is confident of a positive outcome.

8.2 Contingent Liabilities

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 31 December 2009. 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 31 December 2009 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 31 December 2009 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 31 December 2009 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.

We entered into a loan note guarantee in relation to the sale of the loan notes in which we guarantee, subject to certain conditions, the due and punctual payment by Proventec Plc of the principal and interest payments, amounting to a maximum contingent liability, of €18,083,000 at 31 December 2009. This guarantee will expire on the earlier of (i) the date falling 30 business days after the final repayment date of the Loan Notes, 31 December 2012; (ii) the date on which the Loan Notes are repurchased by Proventec Plc, redeemed, converted or cancelled in full; and (iii) the first occasion on which the volume weight average price of an ordinary share in Proventec Plc over any period of 60 days is 150% or more of the conversion price of the loan notes. The conversion price is linked to the last applied issue price of shares Proventec Plc and is currently 50p. The conversion price remains subject to any further adjustment in accordance with the terms of the loan notes. This guarantee was valued at nil per 31 December 2009.

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 dispute 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.

InnoConcepts N.V has filed a request for dissolution of the employment contract of the former CEO of I-Pac Technologies N.V. without compensation. InnoConcepts N.V. estimates that it has a strong position in this case. The contingent liability for these proceedings is valued at nil. However, while court proceedings are ongoing, the outcome of such proceedings is uncertain.

8.3 List of Subsidiary Companies at 31 December 2009

InnoEssentials International B.V.	Eindhoven, The Netherlands	100%	
InnoSpecial Products B.V.	Eindhoven, The Netherlands	100%	
InnoCleaning Concepts Holding B.V.	Eindhoven, The Netherlands	100%	
I-Pac Technologies N.V.	Eindhoven, The Netherlands	100%	
Formy Tachov Sro.	Tachov, Czech Republic		75%
HTP Technologies B.V.	Eindhoven, The Netherlands		100%
HTP Tooling B.V.	Eindhoven, The Netherlands		100%
HTP Tooling Inc.	Jacksonville, United States of America		100%
I-Pac Manufacturing Asia Ltd	Hong Kong, People’s Republic of China		100%
I-Pac Patents B.V.	Eindhoven, The Netherlands		100%
IS Development B.V.	Eindhoven, The Netherlands		80%
AFP Licensing Inc.	Wilmington, Delaware, United States of America		98%

9. COMPANY 2009 FINANCIAL STATEMENTS

COMPANY BALANCE SHEET AT 31 DECEMBER 2009 (BEFORE RESULT APPROPRIATION)

In €000s	Notes	2009	2008
NON-CURRENT ASSETS			
Property, plant and equipment	10.2.1	70	20
Financial assets	10.2.2	68,070	108,241
		68,140	108,261
CURRENT ASSETS			
Receivables, prepayments and accrued income	10.2.3	3,658	1,151
Cash and cash equivalents		25,729	3,326
		29,387	4,477
TOTAL ASSETS		97,527	112,738

COMPANY BALANCE SHEET AT 31 DECEMBER 2009 (BEFORE RESULT APPROPRIATION)

In €000s	Notes	2009	2008
EQUITY			
Share capital	10.2.4	826	231
Share premium reserve	10.2.4	75,877	42,301
Legal reserves	10.2.4	18	1,852
General reserves	10.2.4	43,912	58,584
Result for the year	10.2.4	-54,942	-21,482
Equity		65,691	81,486
Provisions	10.2.5	31	32
LIABILITIES			
Non-current liabilities and provisions	10.2.6	7,849	877
Current liabilities, accrued expenses and deferred income	10.2.7	23,956	30,343
		31,805	31,220
TOTAL EQUITY AND LIABILITIES		97,527	112,738

COMPANY INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

In €000s	**2009**	2008
Result on subsidiaries and tax	-47,787	-17,315
Other income and expenses after tax	-7,155	-4,167
	-54,942	-21,482

COMPANY STATEMENT OF CHANGES IN EQUITY

In €000s

	Share capital	Share premium	Legal reserve for investments in associates	Legal reserve for translation differences	General reserve	Result for the year	Total group equity
At 1 January 2008	227	42,305	4,207	-9,926	50,666	17,918	105,397
Result for the year 2008 before dividend	-	-	-	-	-	-21,482	-21,482
Exchange rate fluctuations on investments in foreign assets	-	-	-	-327	-	-	-327
Total result for the year 2008	-	-	-	-327	-	-21,482	-21,809
Result appropriation	-	-	-	-	17,918	-17,918	-
2007 dividend paid in cash	-	-	-	-	-2,102	-	-2,102
2007 stock dividend paid	-	-3,339	-	-	-	-	-3,339
Issue of shares for stock dividend	4	3,335	-	-	-	-	3,339
Movement in legal reserve for nvestments in associates	-	-	7,898	-	-7,898	-	-
	4	-4	7,898	-	7,918	-17,918	-2,102
At 31 December 2008 / 1 January 2009	231	42,301	12,105	-10,253	58,584	-21,482	81,486
Result for the year 2009 before dividend	-	-	-	-	-	-54,942	-54,942
Exchange rate fluctuations on investments in foreign assets	-	-	-	871	-	-	871
Total result for the year 2009	-	-	-	871	-	-54,942	-54,071
Result appropriation	-	-	-	-	-21,482	21,482	-
2008 stock dividend paid	-	-4,850	-	-	-	-	-4,850
Issue of shares for stock dividend	13	4,837	-	-	-	-	4,850
Issue of ordinary shares	580	36,511	-	-	-	-	37,091
Share based payments to personnel	2	375	-	-	-	-	377
Cost incurred on the issue of ordinary shares	-	-2,439	-	-	-	-	-2,439
Goodwill on acquisition of minority interests	-	-858	-	-	-	-	-858
Personnel options issued	-	-	-	-	4,105	-	4,105
Movement in legal reserve for investments in associates	-	-	-2,705	-	2,705	-	-
	595	33,576	-2,705	-	-14,672	21,482	38,276
	826	75,877	9,400	-9,382	43,912	-54,942	65,691

10. NOTES TO THE COMPANY 2009 FINANCIAL STATEMENTS

10.1 Significant Accounting Policies for the Company Financial Statements

Significant Accounting Policies applied in the Company Financial Statements.

InnoConcepts N.V.'s company financial statements are drawn up based on the legal provisions of Part 9, Book 2 of the Dutch Civil Code. Pursuant to section 362, sub-section 8, Part 9, Book 2 of the Dutch Civil Code, the company prepares its company financial statements based on the reporting policies applied in its consolidated financial statements. Subsidiaries are recognised at net asset value, based on the same accounting policies that are applied in the consolidated financial statements.

Significant accounting policies as well as a summary of critical judgements and assumptions are included in Section 2. For its company income statement, InnoConcepts N.V. availed itself of the exemption pursuant to section 402, Part 9, Book 2 of the Dutch Civil Code.

10.2 Notes to Company Balance Sheet

10.2.1 Property, plant and equipment

Property, plant and equipment relate to office furniture and equipment and computer hardware.

In € 000s	Other Operating Assets
Balance at 1 January 2008	
Cost	96
Accumulated depreciation	-62
Carrying value at 1 January 2008	34
Carrying value at 1 January 2008	34
Additions	5
Depreciation	-19
Carrying value at 31 December 2008	20
Balance at 31 December 2008	
Cost	102
Accumulated depreciation	-82
Carrying value at 31 December 2008	20
Carrying value at 1 January 2009	20
Additions	68
Depreciation	-18
Carrying value at 31 December 2009	70
Balance at 31 December 2009	
Cost	112
Accumulated depreciation	-42
Carrying value at 31 December 2009	70

10.2.2 Financial Assets

In € 000s	2009	2008
Subsidiaries	59,477	107,152
Receivables from license agreements	744	1,089
Deferred tax assets	7,849	-
	68,070	108,241

Subsidiaries		
In € 000s	2009	2008
Balance at 31 December of the previous year	107,152	124,507
Charged to the provision for receivables on subsidiaries	-3,505	-3,219
	103,647	121,288
Movements during the year:		
Exchange rate fluctuations on foreign subsidiaries	870	-326
Recapitalisation	-	-
Recognition of goodwill on monority interests acquired	-859	-
Dividend paid	-	-
Disposal of associate	-	-
Share in the operating result of subsidiaries	-47,787	-17,315
	55,871	103,647
Charged to the provision for receivables on subsidiaries	3,575	3,473
Charged to the provision for subsidiaries in relation to the negative net capital value	31	32
	59,477	107,152

10.2.3 Receivables, Prepayments and Accrued Income

In € 000s	2009	2008
Receivables due from group companies	3,575	3,473
Provision for receivables due from subsidiary companies	-3,575	-3,473
	-	-
Other receivables	3,658	1,151
	3,658	1,151

10.2.4 Equity

The legal reserve for investments in associates relates to group companies' retained earnings, insofar as these profits are not at the free disposition of InnoConcepts N.V., being the legal reserves for development costs and for retained earnings at associates formed by these group companies.
The legal translation differences reserve consists of all the translation differences as from 1 January 2004 resulting from the translation of the net investment in activities denominated in a currency other than the euro. These foreign exchange differences are initially recognised in this reserve. In the event of disposing of the foreign net investment in question, the related part recognised in the reserve is transferred to the income statement.
For details on the equity, reference is made to the Company Statement of Movements in Equity on page 75 and the Notes to the Consolidated Financial Statements, on page 50.

10.2.5 Provisions

In €000s	2009	2008
Provision for group companies related to the negative net capital value	31	32
	31	32

10.2.6 Non-current liabilities and provisions

In €000s	2009	2008
Deferred tax liabilities	7,849	877
	7,849	877

10.2.7 Current Liabilities

In €000s	2009	2008
Repayments of non-current liabilities	-	6
Liabilities to credit institutions	2	5,051
Trade payables	2,310	972
Taxes	2,084	3,429
Other liabilities, accrued expenses and deferred income	19,560	20,885
	23,956	30,343

We entered into a loan note guarantee in relation to the sale of the loan notes in which we guarantee, subject to certain conditions, the due and punctual payment by Proventec Plc of the principal and interest payments, amounting to a maximum contingent liability, of €18,083,000 as at 31 December 2009. This guarantee will expire on the earlier of (i) the date falling 30 business days after the final repayment date of the Loan Notes, 31 December 2012; (ii) the date on which the Loan Notes are repurchased by Proventec Plc, redeemed, converted or cancelled in full; and (iii) the first occasion on which the volume weight average price of an ordinary share in Proventec Plc over any period of 60 days is 150% or more of the conversion price of the loan notes. The conversion price is linked to the last applied issue price of shares Proventec and is currently 50p. The conversion price remains subject to any further adjustment in accordance with the terms of the loan notes. The maximum guarantee at the balance sheet date amounts to €18,083,000. As at 31 December 2009 this guarantee was valued at nil.

10.3 Contingent Liabilities

The obligations at 31 December 2009 under lease agreements for passenger cars amount to €86,000 per year. The term of the lease agreements is at most four years.

Together with InnoEssentials International B.V., InnoSpecial Products B.V., I-Pac Technologies N.V. and I-Pac Patents B.V., the company forms a single fiscal entity for corporation tax purposes. Together with InnoEssentials International B.V. and InnoSpecial Products B.V., the company forms a single fiscal entity for VAT purposes. Under this arrangement, the company is jointly and severally liable to the tax authorities for the single taxable entity's liabilities.

For InnoEssentials International B.V., InnoSpecial Products B.V., InnoCleaning Concepts Holding B.V., I-Pac Technologies N.V. and I-Pac Patents B.V. the company has issued a liability undertaking in pursuance of section 403, Part 9, Book 2 of the Dutch Civil Code.

10.4 Notes to the Company Income Statement for the Year Ended 31 December 2009

The average number of FTE personnel employed by the company in the year under review was 11 (2008: 12).

SIGNED

InnoConcepts N.V.
7 May 2010

Management Board
Mr N. Mehra

Supervisory Board
Mr G. Jansen Venneboer (chairman)
Mr F.J. Sneep
Mr H.W. Verloop

OTHER INFORMATION

Profit appropriation provisions pursuant to the Memorandum and Articles of Association

Article 26 of the Memorandum and Articles of Association of the company stipulates that, to the extent that the equity of the company is greater than its paid-up and called-up share capital plus its statutory reserves, the profit, disclosed in the financial statements after these have been adopted, is at the disposal of the General Meeting of Shareholders. This is subject to the reserves being formed, as the Management Board shall determine subject to the approval of the Supervisory Board.

2009 result appropriation proposal

Subject to the approval of the Supervisory Board, the Management Board proposes that the net loss attributable to shareholders, amounting to minus €54,942,000 for 2009, shall be deducted from the company's general reserves. InnoConcepts N.V. proposes not to pay out a dividend for 2009.

Events after the balance sheet date

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.

InnoConcepts N.V.'s exposure to Cheng Meng as per 31 December 2010 is the receivable on Cheng Meng of €23,566,000 included in Loans and Non-current Receivables and €500,000 included in Trade and Other Receivables for the portion due within one year. The total exposure per 31 December 2009 is therefore €24.066.000. This total exposure includes the new funding up to an amount of €872,000 provided as from 1 September 2009 to 31 December 2009. In addition, the creditors have also seized collateralised machines of InnoConcepts N.V. located in the Cheng Meng facility with a carrying value of €5,438,000 at 31 December 2009.

Furthermore, due to the fact that our convertible debenture loan is granted to the TEA Group Ltd, with as main operating company Cheng Yi Tools Ltd, and that this entity was operating on the same site as Cheng Meng, InnoConcepts N.V. has an exposure of her loan to the TEA Group Ltd with a carrying value of €3,207,000 at 31 December 2009.

The total carrying value of the assets and receivables under exposure above is €32,711,000 per 31 December 2009.

Cheng Meng's default leaves a number of unanswered questions. InnoConcepts N.V. has started an enquiry into the circumstances behind the demise of the Cheng Meng business, and our legal position in the People’s Republic of China, in general, to ascertain whether any of InnoConcepts N.V.'s claims can be retrieved. InnoConcepts N.V. will report on the outcome of this enquiry in the future.

Adjusting or non-adjusting event at balance sheet date
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 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. will therefore impair these amounts in their entirety in 2010. The carrying amounts of the aforementioned assets and receivables amount to approximately €33,800,000 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.

To the General Meeting of Shareholders of InnoConcepts N.V.

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying 2009 financial statements of InnoConcepts N.V., Rotterdam. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December, 2009, income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The company financial statements comprise the company balance sheet as at 31 December, 2009, the company profit and loss account for the year then ended and the notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the annual accounts in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the report from the Board of Directors in accordance with Part 9 of Book 2 of the Dutch Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of matter

We draw attention to the disclosure on events after the balance sheet date included at page 39, which describes the events after the balance sheet date regarding Cheng Meng and the impairment of € 32,711,000 to be recognized in 2010. Our opinion is not qualified in respect of this matter.

Opinion with respect to the consolidated financial statements
In our opinion, the consolidated financial statements give a true and fair view of the financial position of InnoConcepts N.V. as at 31 December, 2009, and of its result and its cash flow for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of The Dutch Civil Code.

Opinion with respect to the company financial statements
In our opinion, the company financial statements give a true and fair view of the financial position of InnoConcepts N.V. as at 31 December, 2009, and of its result for the year then ended in accordance with Part 9 of Book 2 of The Dutch Civil Code.

Report on other legal and regulatory requirements
Pursuant to the legal requirement under 2:393 sub 5 part f of the Dutch Civil Code, we report, to the extent of our competence, that the report of the management board is consistent with the financial statements as required by 2:391 sub 4 of the Dutch Civil Code.

Rotterdam, 7 May 2010

Deloitte Accountants B.V.

Was signed
K.G. Tan RA

SUPERVISORY BOARD MEMBERS' PERSONAL PARTICULARS

Chairman
Mr G. Jansen Venneboer, born in 1941
Nationality: Dutch
Self-employed Management Consultant
Member of the Board since 17 February 1998
Current term of office ends in 2011
Does not hold any other supervisory board positions for any other listed companies in The Netherlands

Member
Mr F.J. Sneep, born in 1951
Nationality: Dutch
During 2009, Mr Sneep was Senior Vice President of Sara Lee International
Member of the Board since 5 June 2009
Current term of office ends in 2013
Does not hold any other supervisory board positions for any other listed companies in The Netherlands

Member
Mr H.W. Verloop, born in 1951
Nationality: Dutch
During 2009 Mr Verloop had the following functions:
Chairman Supervisory Board Prins autogassystemen B.V.
Chairman Supervisory Board Plasticum Group B.V.
Chairman Supervisory Board Samco B.V.
Chairman Supervisory Board and member Investment Committee SOVEC Funds
Member of the Board since 8 September 2009
Current term of office ends in 2013
Does not hold any other supervisory board positions for any other listed companies in The Netherlands

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