

## PRESS RELEASE

Capelle aan den IJssel, 23 April 2009

## **RESULTS INNOCONCEPTS UNDER PRESSURE DUE TO IMPAIRMENTS**

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- **Turnover 2008 rises to EUR 50 million;**
- **EBITDA amounted to EUR 23 million (2007: EUR 16.5 million; including exceptional items EUR 23.5 million);**
- **Economic crisis and unpredictable outlook lead to substantial impairments on assets of EUR 37 million;**
- **Net loss including impairments EUR 22.2 million (2007 net profit EUR 17.9 million); without impairments profit of EUR 14.8 million;**
- **Two new alliances were started during the year 2008;**
- **Commenced repositioning of organisation model; proposed changes to Executive Board and management.**

### NOTES TO THE FIGURES

Over 2008, InnoConcepts has recorded a rise in turnover of 82% to EUR 50 million. This increase is the result of the organic growth in licensing income by EUR 14.9 million, as well as the full consolidation of the subsidiaries HTP Tooling and Formy Tachov, which were acquired during 2007. Despite a strong downswing in the second half of the year, the operational course of business was satisfactory.

Gross margin increased by EUR 23.1 million to EUR 45.3 million. Due to the earlier mentioned consolidation, costs also increased accordingly from EUR 5.6 million to EUR 22.3 million (including provisions) leaving on balance an EBITDA of EUR 23 million. This means an increase of 39% compared to EUR 16.5 million over 2007<sup>1</sup>. Regular amortisation increased by EUR 5.1 million to EUR 7.9 million, existing of amortisation on non current assets of EUR 3.2 million and amortisation on intellectual property of EUR 4.7 million. The result of minorities decreased, and amounted to a loss of EUR 0.1 million, which was mainly the result of start up costs and disappointing operational results.

During 2008, there were additional impairments for a total amount of EUR 37 million, leading to a net loss of EUR 22.2 million. Without these impairments, profit would have come in at EUR 13.6 million.

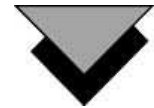
### ADDITIONAL IMPAIRMENTS

As a direct result of the current economic circumstances and the changed risk assessments and valuation models resulting from that, InnoConcepts has taken one-off impairments of EUR 37 million during 2008.

For the largest part (EUR 25.3 million), the impairments are accounting (IFRS) corrections to the market value of the equity and the receivables on non-consolidated minorities and goodwill paid on the acquisition of minorities respectively. The largest items here are: Proventec (EUR 6.7 million),

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<sup>1</sup> 2007: Excluding the one-off gain from the partial sale of the European market for food packaging in the amount of EUR 7 million. Adjusted EBITDA 2007: EUR 23.5 million.



HTP/Formy (EUR 4.8 million), TEA (EUR 5.3 million), Founders-SAS (EUR 6.3 million). These amortisations have no effect on liquidity and operating cash flows of the company.

The remaining EUR 11.7 million mainly concerns the termination of the European joint venture for food packaging and the resulting royalties and other related payments, which were already accounted for. The original partners for the European market for food packaging were unable to free up enough resources in the present economic climate to adequately develop the market. To minimise dependency, I-Pac decided to take its European strategy for food packaging into its own hands and use its contractually laid down termination option. As a consequence, I-Pac has bought back or marked down the participations and rights of the initial partners. This gives I-Pac the opportunity to work directly together with large market players, now that the benefits of the technology are more easily to be seen.

Lastly, provisions (increased general costs, pre-EBITDA) increased by EUR 5.2 million regarding (licensing) debtors, as the value of these claims is hard to assess and unsure in the present economic climate.

The impairments have led to a substantial balance sheet reduction, despite the strong growth in turnover, with a balance sheet total of EUR 142.7 million compared to EUR 150.7 million per year-end 2007. With a solvency of 57% the balance sheet remains very solid.

## **CASH FLOW AND BALANCE SHEET DEVELOPMENTS**

InnoConcepts is strongly oriented on realising long-term value deals instead of generating short-term cash. Over 2008, InnoConcepts realised a total of EUR 33.7 million from intellectual property. EUR 29.6 million of this related to income, which was paid by licensees (WNA and Hoogerman) in newly issued shares of the relevant companies. This in fact means that InnoConcepts has reinvested its proceeds in stakes in strategically relevant partners. InnoConcepts expects that the value of these stakes might substantially increase in the future.

The negative operational cash flow is mainly caused by the fact that InnoConcepts has agreed to a payment in shares instead of cash for these licences.

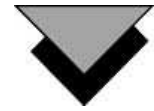
## **I-PAC TECHNOLOGIES**

The technology of I-Pac Technologies is provided to customers by supplying steel moulds with accessories and the necessary know-how. For clients, these costs are part of the investment budgets (capex). Like many industrial suppliers of metal, I-Pac has seen a strong decline in a very large number of projects or a complete drop in demand from some buyers who have come into financial difficulties since the third quarter of 2008. Although no improvement is visible yet, it seems like the complete apathy of the market has reached its low point and customers and prospects have started planning and executing projects again. In order to offset declining demand, I-Pac has implemented a cost reduction plan with some of its subsidiaries, to lower the cost base on the one hand and make the costs more flexible on the other.

During the fiscal year, I-Pac secured two important strategic alliances. I-Pac has taken a 20% participation in Wadington North America (“WNA”), market leader in plastic products for the catering industry. WNA has 5 facilities in North America and annual sales of EUR 250 million. The potential for the roll-out of I-Pac technology is considerable and various projects are already worked on intensively. WNA serves a long list of leading American multinationals and local businesses. A second important acquisition was the 35% participation in Hoogerman Group, with production plants in Tilburg, Vyskov (Czech Republic) and Jiangmen (China). Hoogerman is strongly represented in the international packaging markets for consumer electronics and medical packaging. I-Pac and Hoogerman have already made the first joint efforts to further shape the market for food packaging.

High investments and the anticipated possibilities and breakthrough in the market make

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I-Pac extra vulnerable for the current economical circumstances. Some large licensees have been heavily affected financially, which resulted in forced delays in investments. Existing license obligations could not be fulfilled by our partners for the food packaging in Europe and multimedia packaging in China. In cooperation with local activities from the acquired Hoogerman, Chinese partnerships are now being restructured and repositioned.

## **PROVENTEC**

InnoConcepts holds 36.2% of the shares in UK listed Proventec. Proventec's results are therefore not consolidated in the group figures of InnoConcepts, but are included as income from participating interests. Difficult economical circumstances have affected Proventec too, which experienced a difficult year.

Despite the bad condition of the English economy and the devaluation of the British pound, Proventec has managed to report several appealing successes both in the public and the private sector. Especially the industrial and healthcare sector, in which hygiene and safety are becoming more important focal points, offer a lot of potential for the technology of Proventec. Also new markets have shown interest in the technology.

## **ORGANISATIONAL CHANGES**

Because of the uncertain market circumstances, InnoConcepts' and I-Pac's management attention going forward will mainly be focused on optimizing the existing technology and infrastructure and direct monitoring the current investments and projects in progress. InnoConcepts has therefore decided to make several (proposed) changes in the management structure and the rearrangement of responsibilities.

The management organisation will be transformed to a primarily geographical focused organization. The present CEO of InnoConcepts, Peter Pruijssers, has made his wish known to leave the company. At InnoConcepts' request he will stay involved as an advisor. He will support the Supervisory Board in finding a new CEO, who preferably has experience in European industry and operations. The Supervisory Board expects to introduce and appoint a new CEO during the Annual General Meeting (AGM) for Shareholders on the 5<sup>th</sup> of June.

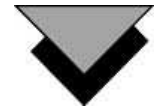
To establish optimal efficiencies, InnoConcepts and I-Pac management will be reduced to one administrative body, in which the new CEO will also be responsible for all European activities of I-Pac. Peter Teerlink will then step down as CEO of I-Pac. He will remain Chairman of Proventec. Besides his responsibilities at Proventec, he will focus on the development of several new markets for both I-Pac and Proventec, covering Eastern-Europe, the Middle East and India. He will also step up to the Board of Waddington North America, in which InnoConcepts recently acquired a stake. Since several months, Financial manager Cees van der Jagt is responsible for China and for reshaping the total Asian group activities with local partners.

Furthermore, InnoConcepts intends to strengthen its Supervisory Board. For that purpose, at the next AGM Mr Folkert Sneep will be nominated for appointment. Mr Sneep (1951) has extensive international management experience. From 1978 to 1996, he held various management positions at Unilever in countries including China, Korea, Turkey, Singapore and Spain. Afterwards, he became the CEO for McCain Northern Europe and his most recent job was Senior Vice President Global Brands at Sara Lee.

## **DIVIDEND**

InnoConcepts has a policy of providing shareholders one-third of normalised net income as dividend. InnoConcepts will propose to its shareholders to keep this policy as it is, assuming net income

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adjusted for one-off impairments. This means InnoConcepts will propose to its shareholders a dividend of EUR 4.5 million, which will be paid in stock amid current exceptional circumstances. The issue price will be determined at the next AGM.

The Annual General Meeting of InnoConcepts will be held on June 5 in Rotterdam. The meeting will be convened in the customary manner.

## **OUTLOOK**

For the short term, and especially during the first half of 2009, InnoConcepts expects tough market circumstances will continue. For the longer term, prospects are good, since the various business units hold a strong intellectual property position which saves costs and actively contributes to the environment.

## **FOR MORE INFORMATION:**

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# InnoConcepts N.V.



## CONSOLIDATED BALANCE SHEET\*

(before profit appropriation)

| <i>x EUR 1,000</i>                                 | 2008           | 2007           |
|--|----------------|----------------|
| <b>Non-current assets:</b>                         |                |                |
| Property, plant and equipment                      | 26.875         | 13.560         |
| Intellectual property rights and development costs | 29.106         | 19.006         |
| Goodwill   | 1.255          | 3.984          |
| Investments in associates                          | 37.399         | 18.553         |
| Loans and non-current receivables                  | 19.592         | 36.584         |
| Derivative financial instruments                   | 118            | 444            |
|  | <u>114.345</u> | <u>92.131</u>  |
|  | .....          | .....          |
| <b>Current assets:</b>                             |                |                |
| Inventories  | 792            | 17.289         |
| Trade and other receivables                        | 18.115         | 27.013         |
| Tax receivable                                     | 472            | 64             |
| Cash and cash equivalents                          | 8.966          | 14.181         |
|  | <u>28.345</u>  | <u>58.547</u>  |
|  | .....          | .....          |
| <b>TOTAL ASSETS</b>                                | <u>142.690</u> | <u>150.678</u> |
|  | =====          | =====          |
| <b>Equity:</b>                                     |                |                |
| Share capital                                      | 231            | 227            |
| Reserves   | 102.737        | 87.252         |
| Retained earnings                                  | - 21.482       | 17.918         |
|  | <u>81.486</u>  | <u>105.397</u> |
| Equity attributable to shareholders                |                |                |
| Minority interest                                  | 71             | 728            |
|  | <u>81.557</u>  | <u>106.125</u> |
| <b>Group equity</b>                                | .....          | .....          |
| <b>Non-current liabilities and provisions:</b>     |                |                |
| Loans and other liabilities                        | 35.484         | 21.696         |
| Deferred tax liabilities                           | 1.429          | 2.238          |
|  | <u>36.913</u>  | <u>23.934</u>  |
|  | .....          | .....          |
| <b>Current liabilities:</b>                        |                |                |
| Trade and other payables                           | 20.497         | 15.692         |
| Tax payable  | 3.723          | 4.927          |
|  | <u>24.220</u>  | <u>20.619</u>  |
|  | .....          | .....          |
| <b>TOTAL EQUITY AND LIABILITIES</b>                | <u>142.690</u> | <u>150.678</u> |
|  | =====          | =====          |

\* the 2008 annual accounts of InnoConcepts N.V. has not yet been prepared. The annual figures included in this press release have not been audited

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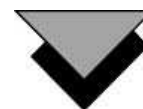


## CONSOLIDATED INCOME STATEMENT\*

| <i>x EUR 1.000</i>   | 2008            | 2007          |
|--|-----------------|---------------|
| Sales intellectual property                                      | 33.661          | 18.712        |
| Sales trading activities and production                          | 16.748          | 8.920         |
| <b>Total sales</b>   | <b>50.409</b>   | <b>27.632</b> |
| Interest financial leases  | 648             | 908           |
| <b>Total income</b>  | <b>51.057</b>   | <b>28.540</b> |
| Cost of sales intellectual property                              | -               | - 980         |
| Cost of sales trading activities and production                  | - 5.768         | - 5.390       |
|  | 45.289          | 22.170        |
|  | .....           | .....         |
| Depreciation expense non-current assets                          | - 3.181         | - 439         |
| Amortisation expense intellectual property and development costs | - 4.758         | - 2.429       |
| General administrative expenses                                  | - 22.269        | - 5.637       |
|  | - 30.208        | - 8.505       |
|  | .....           | .....         |
| <b>Operating profit</b>  | <b>15.081</b>   | <b>13.665</b> |
| Interest income  | 2.503           | 2.120         |
| Interest expense   | - 2.207         | - 2.064       |
| Change in fair value of derivative financial instruments         | - 258           | - 242         |
| Share of profit associates                                       | - 84            | 249           |
| Result on sale of group companies                                | -               | 6.996         |
| Dilution result  | - 16            | 262           |
| Badwill  | -               | 947           |
| Impairments  | - 36.980        | -             |
|  | - 21.961        | 21.933        |
| <b>Result before tax</b>   | <b>- 21.961</b> | <b>21.933</b> |
| Taxes  | - 193           | - 4.072       |
|  | - 22.154        | 17.861        |
| <b>Net result</b>  | <b>- 22.154</b> | <b>17.861</b> |
|  | =====           | =====         |
| <b>Result attributable to:</b>                                   |                 |               |
| Equity holders   | - 21.482        | 17.918        |
| Minority interests   | - 672           | - 57          |
|  | - 22.154        | 17.861        |
| <b>Net result</b>  | <b>- 22.154</b> | <b>17.861</b> |
|  | =====           | =====         |

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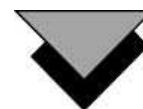
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## CONSOLIDATED CASH FLOW STATEMENT 2008\*

| <i>x EUR 1.000</i>   | <i>2008</i>     | <i>2007</i>     |
|--|-----------------|-----------------|
| Cash flow from operating activities:                       |                 |                 |
| <b>Net result</b>  | <b>- 22.154</b> | <b>17.861</b>   |
|  | .....           | .....           |
| Adjustments for:   |                 |                 |
| Depreciation expense non-current assets                    | 3.838           | 439             |
| Amortisation intellectual property and development costs   | 4.080           | 2.429           |
| Non cash proceeds  | - 29.591        | - 6.234         |
| Impairments  | 36.980          | -               |
| Taxes  | 193             | 4.072           |
| Interest income  | - 2.503         | - 2.120         |
| Interest expense   | 2.207           | 2.064           |
| Change in fair value of derivative financial instruments   | 258             | 242             |
| Share of profit associates                                 | 84              | - 249           |
| Result on sale of group companies                          | -               | - 6.996         |
| Dilution results   | 16              | - 262           |
| Badwill  | -               | - 947           |
|  | -----           | -----           |
|  | <b>15.562</b>   | <b>- 7.562</b>  |
|  | .....           | .....           |
| Cash flow before changes in working capital and provisions | <b>- 6.592</b>  | <b>10.299</b>   |
|  | .....           | .....           |
| Changes in trade and other receivables                     | - 1.506         | 1.449           |
| Changes in inventory                                       | - 688           | - 6.424         |
| Changes in trade and other payables                        | - 2.112         | 292             |
|  | -----           | -----           |
|  | <b>- 4.306</b>  | <b>- 4.683</b>  |
|  | .....           | .....           |
| Paid taxes   | <b>- 10.898</b> | <b>5.616</b>    |
|  | - 2.614         | - 443           |
|  | -----           | -----           |
| <b>Net cash flow from operating activities</b>             | <b>- 13.512</b> | <b>5.173</b>    |
|  | .....           | .....           |
| Cash flow from investing activities:                       |                 |                 |
| Divestments non-current assets                             | 1.325           | 99              |
| Divestments in intellectual property rights                | -               | 980             |
| Acquisition of group companies                             | -               | - 2.988         |
| Sale group companies                                       | -               | 2.487           |
| Investments in non-current assets                          | - 1.238         | - 8.618         |
| Investments in intellectual property rights                | - 9.968         | - 2.590         |
| Development of intangible non-current assets               | - 6.179         | - 2.745         |
|  | -----           | -----           |
| <b>Net cash flow from investing activities</b>             | <b>- 16.060</b> | <b>- 13.375</b> |
|  | .....           | .....           |

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## Cash flow from financing activities:

|   |                |               |
|---|----------------|---------------|
| Issuance of shares                                  | -              | 19.391        |
| Additions loans and other liabilities               | 37.900         | -             |
| Redemptions loans and other liabilities             | - 23.257       | - 1.615       |
| Additions to loans from credit institutions         | 5.566          | -             |
| Dividend paid                                       | - 2.102        | - 2.170       |
| Loans and other liabilities granted                 | - 2.084        | - 14.522      |
| Redemptions received on loans and other liabilities | 7.131          | 8.389         |
| Interest paid                                       | - 2.139        | - 2.064       |
| Interest received                                   | 2.503          | 2.120         |
| <b>Net cash flow from financing activities</b>      | <b>23.518</b>  | <b>9.529</b>  |
|   | .....          | .....         |
| <b>Net cash flow for the period</b>                 | <b>- 6.054</b> | <b>1.327</b>  |
| Cash and cash equivalents at 1 January              | 14.181         | 12.577        |
| Effect of foreign exchange rate activities          | 839            | 277           |
| <b>Cash and cash equivalents at 31 December</b>     | <b>8.966</b>   | <b>14.181</b> |
|   | =====          | =====         |

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