

INNOCONCEPTS

EGM, 29th Oct 2010

Amsterdam

Disclaimer

Cautionary note regarding forward-looking statements

This announcement contains forward-looking statements. Forward-looking statements are statements that are not based on historical fact, including statements about our beliefs and expectations.

Any statement in this announcement that expresses or implies our intentions, beliefs, expectations or predictions (and the assumptions underlying them) is a forward looking statement. Such statements are based on plans, estimates and projections as currently available to the management of InnoConcepts.

Forward-looking statements therefore speak only as of the date they are made and we assume no obligation to publicly update any of them in the light of new information or future events.

Agenda

- Looking Backwards
 - Risk Management
 - Proventec – History, The Loan Notes, The Guarantee, The Deal, The AGM week Events, The Final Deal
 - Related Party Transactions and Recent Events
 - The Changes
- Q3 Trading Update
- Risks in next 12 months
 - Balance Sheet
 - Cash Flow

Risk Management

Cheng Meng

- Additional Loan of 1,2m€ to CM agreed in Q3 '09 after presentation of Business Plan in China by CvdJ who agreed to leave InnoConcepts and become the Manager of CM.
- In 4th Qtr '09 we made several requests for updates which were only responded to verbally.
- In Jan '10 we grew concerned at lack of information and at end Jan we started to get information that the company had serious management issues.
- Early Feb. we sent a Consultant to investigate.
- Mid Feb. we get information that CvdJ is no longer employed by CM. We interact with local management who send us an incomprehensible business plan.
- End Feb. early March local management informs us of acute funding problems and an inability to repay loans to local banks. Machines (including ours) are held as collateral.
- Mid March, InnoConcepts sends Finance Director to investigate and discuss potential funding by the local banks
- By end March it is clear that CM will need at least 1.5m€ and we were not willing to provide this.
- Throughout April extremely confusing information emerges from CM as to the exact status of company
- End April it becomes clear that the factory has been taken over by the supplier of the machines who had guaranteed the loans and we issue our press release.
- After legal advice that as the cost to try and prosecute our claim would be high and the potential for success very "uncertain" we have decided to close the chapter and not take any further action unless new information surfaces

Risk Management

Proventec

- Shortly after our 2009 equity raise, Proventec contacted us asking for extra funding
- We had received financial statements , had visits to assess their latest technology, presentations by management, updates on commercial prospects and a very detailed business plan.
- We worked very diligently throughout the 1st half of 2010 to find a solution that would result in the restructuring of the Proventec debt, a Proventec equity raise and a concurrent termination of the guarantee in accordance with its terms.

Proventec

History

- In 2005 InnoConcepts N.V., Mint, and Flintstone combined certain of their assets to form Proventec PLC. InnoConcepts contributed their Cleaning technology companies.
- InnoConcepts received approx 38% of the equity of the company, a series of Warrants and Loan Notes to the value of 10.5mGBP (which had an 8% interest rate with maturity date Dec 2012).
- In 2006 InnoConcepts sold these LN's to investors (LNH's) who demanded that InnoConcepts guarantee these LN's for their face value plus One year's interest.
- InnoConcepts received 10.5mGBP of which 2.6mGBP was loaned to Proventec to fund their working capital requirements (the "Old Loan")
- In 2008 Proventec raised a further 4.5mGBP by issuing further LN's for an acquisition which were also guaranteed by InnoConcepts.

Proventec

History (2)

- In mid 2010 Proventec raised 1,5mGBP by issuing new shares at 0,5GBP (each in which InnoConcepts participated in proportion to her holding) to fund her Working Capital requirements including payment of the LN interest.
- On the 23rd Dec 2010 Proventec management contacted us to explain their acute liquidity issues and requested some short term funding whilst we worked on a “Structural” solution to their financing

Proventec

The Proposed Deal

- Proventec required between 2.0 and 2,5m GBP in funding which would be accomplished through an equity raise (not much appetite in the market) and a New Loan from InnoConcepts.
- The condition for InnoConcepts to participate would be that the pricing of the equity raise would nullify the LN Guarantee
- InnoConcepts and Proventec would then negotiate with the LNH's to restructure the debt

Proventec

The “AGM” week events

- The weekend before the AGM it became evident that we could not find any party that would participate with InnoConcepts in an equity raise for Proventec.
- On Thursday 17th we received confirmation from Proventec management there was little likelihood of InnoConcepts being able to be the sole equity investor without risking having to buy out the remaining shareholders.
(Potential cash out of 5mGBP)
- On 17th and 18th InnoConcepts analysis was that it had 2 alternatives:-
 - Provide the entire funding for Proventec itself plus the likelihood of having to fund the next year’s (or longer) interest payments
 - Or not fund Proventec and start a negotiation with the LNH’s

Related Party Transactions and Recent Events

- Q4 2009 – frustrated at lack of the organisation's ability to try and recover funds owed (that had been impaired).
- End 2009 appoints an external consultant to start a recovery process.
- H1 2010 Consultant discovers that many of these impaired receivables may have constituted undeclared Related Party Transactions.
- Recent discoveries shed significant new light on these transactions and show a pattern.
- We believe that these transactions merit investigation by the public prosecutor .

Going Forward – the CHANGES

- New Management & Supervisory Board
- Corporate Governance
 - Registration of Shareholdings
- Change of Strategy
 - Focus on Cash Income

Q3 Trading Update

- Sales

- Sales in Q3 increased 25% vs Q3 last year
- Q4 sales expected to be back around the 4.0m€ level for conventional tooling
- No new orders for IM Technology Moulds but a significant increase in number of Requests for Quotation – over 3m€ in value quoted in Sept/Oct period.
- We are making progress in the discussions with our US license partner to resolve the disagreement which has caused a delay to the roll out of the technology.

Risks in next 12 months

- Balance Sheet

- Result of the disagreement with US Partner causing delay to the rollout of the technology may affect the value of the related asset and the carrying value of our IP asset.
- A new medium term plan will be formulated once the negotiations are concluded
- The valuations of some fixed assets will need to be impaired as a result of the findings concerning the Related Party transactions. We estimate these to be less than 5m€.
- These impairments and the Net Loss result in negative equity

Risks in next 12 months

- Cash
 - Current forecasts of Cash Flow from conventional moulds show a gap of approx. 7 million€ to meet the liquidity requirements of the business
 - To be filled by IM TECHNOLOGY sales and extension of debt facility
 - Part of funding gap was created by the related party transactions