

press release

IPS reports 2010 results and publishes agenda for the Annual Shareholder Meeting, which has been rescheduled to 27 May 2011

Baar, 31 March 2011

2010 – Strategic realignment and readiness for mass production reached

In 2010, apart from the time and resource consuming strategic realignment, major milestones in the development of Airopack have been reached. Airopack passed all relevant technical tests and reached technical readiness for mass production and acceptance by major market participants. Furthermore, with Resilux Switzerland a “perfect fit” joint venture partner for mass production has been found. The Resilux Group is one of the global market leaders in the manufacturing of PET preforms and PET bottles. On 10 June 2010, the joint-venture company Air0-Lux AG was incorporated. Airolux will further develop, manufacture and sell Airopack on a global basis.

As in 2010 no substantial sales have been realized the consolidated accounts of IPS Group show a loss of EUR 2.3 million. This result is in line with expectations and includes onetime costs of EUR 0.7 million for the strategic realignment. The major assets of the Group are machines and intellectual property. Machines include the first machines for the assembly and filling of Airopack. Intellectual property includes development costs and patent costs for Airopack. As mass production only starts in 2011 depreciation and amortization has not started in 2010.

As at 31 December 2010, the cash position of the Group amounted to EUR 0.6 million. Based on the pipeline of customer projects the Group Management expects a strong cash generation to commence already in 2012. To bridge the expected cash shortage in 2011 and to finance the next capacity expansion necessary to support the strong volume growth in 2012 the Board of Directors proposes to the General Assembly of the Shareholders to issue new authorized capital of a maximum of 1.6 million shares and a maximum aggregate amount of CHF 8 Mio. A capital increase is planned to take place in the third quarter of 2011.

The detailed figures can be found in the enclosed consolidated financial statements (income statement, balance sheet, cash flow statement and statement of shareholder’s equity). The complete annual report will be released on 29 April 2011.

Annual Shareholder Meeting

The Board of Directors announces that the General Assembly of the Shareholders has been rescheduled from 5 May 2011 to 27 May 2011. The Assembly will take place at 11:00 hours in the Lorzensaal in Cham. The invitation and the proposals of the Board of Directors have also been released today (see page 7 and 8).

Next dates:

29.04.2011 Annual report 2010
27.05.2011 General meeting of shareholders 2011
30.09.2011 Half year report 2011

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This press release is also available in german.

I.P.S. Innovative Packaging Solutions AG is a Swiss holding company. The shares are listed on the Domestic Standard of SIX Swiss Exchange. (Ticker: IPS; ISIN: CH 0002013826).

IPS is a leading innovator and active investor in primary packaging with strong knowledge and specialized in dispensing technologies. Today, the developed and patented Air0Pack-technology represents the most important asset of the group. Air0Pack represents an innovative technology to bottle a substance (liquid, gel, foam, etc.) in plastic instead of the usual tinplate or aluminum cans, and to dispense the substance with a constant pressure using a unique pressure control system, which operates with air pressure instead of propellants.

CONSOLIDATED INCOME STATEMENT

	in 1'000 EUR 2010	in 1'000 EUR 2009
Net sales	123	80
Cost of sales and services	-66	0
Gross operating profit	57	80
Profit from disposal of tangible fixed assets	16	290
Income from capitalization of internally generated assets	120	0
Other income	136	290
Research and Development cost	-132	0
Personnel expense	-396	-3
Other operating expense	-1'795	-463
Operating expense	-2'323	-466
Earnings before interest, taxes, depreciation and amortization (EBITDA)	-2'130	-96
Depreciation of tangible fixed assets	-14	-6
Amortization of intangible assets	-78	0
Earnings before interest and taxes (EBIT)	-2'222	-102
Financial result	-38	-3
Earnings before taxes (EBT)	-2'260	-105
Income taxes	0	0
Net result	-2'260	-105
Net result per share in EUR	-0.29	-0.01

CONSOLIDATED BALANCE SHEET

	in 1'000 EUR 31.12.2010	in 1'000 EUR 31.12.2009
Assets		
Cash and cash equivalents	632	239
Trade accounts receivable	39	0
Other receivables	1'866	54
Inventories	67	0
Prepayments and accrued income	76	0
Current assets	2'680	293
Other receivables	595	0
Tangible fixed assets	2'728	675
Intangible assets	6'594	1'823
Non current assets	9'917	2'498
Total assets	12'597	2'791
Liabilities and Shareholder's equity		
Financial liabilities		
Bank overdrafts	398	0
Short term portion of long term financial liabilities	284	0
Trade accounts payable	882	121
Other current payables **	20	3'457
Accrued liabilities and deferred income	249	0
Tax liabilities	21	0
Current liabilities	1'854	3'578
Financial liabilities*	6'716	0
Provisions	79	0
Non current liabilities	6'795	0
Liabilities	8'649	3'578
Share capital	33'536	130
Capital reserves	-26'201	0
Cumulative translation adjustments	-374	-129
Accumulated losses	-3'013	-788
Shareholder's equity	3'948	-787
Total liabilities and Shareholder's equity	12'597	2'791
* thereof subordinated	1'190	0
** thereof subordinated	0	643

CONSOLIDATED CASH FLOW STATEMENT

	in 1'000 EUR 2010	in 1'000 EUR 2009
Net result	-2'260	-105
Depreciation, impairments and amortization	92	6
Profit from disposal of tangible fixed assets	-16	0
Other positions with no impact on liquidity	68	33
Operating cash flow	-2'116	-66
Change in trade accounts receivable	-39	83
Change in other receivables	-620	299
Change in inventories	-67	0
Change in prepayments and accrued income	-56	0
Change in trade accounts payable	706	-68
Change in other current payables	-2'664	-532
Paid income tax and received tax refunds (net)	-15	0
Change in accrued liabilities and deferred income	120	0
Cash flow from operating activities	-4'751	-284
Tangible and intangible assets		
Investments	-4'820	-244
Divestments	69	165
Reverse acquisition (cash acquired)	7'002	0
Cash flow from investing activities	2'251	-79
Change in current financial liabilities third parties	278	528
Repayment of current part of shareholder loan	-5'252	0
Change in long-term financial liabilities	2'007	0
Capital restructurings (capital paid in)	5'900	0
Sale of treasury shares	173	0
Cash flow from financing activities	3'106	528
Total Cash flow	606	165
Cash and cash equivalents as at 1 January	239	74
Total Cash flow	606	165
Impact of currency translation	-213	0
Cash and cash equivalents as at 31 December	632	239
Paid interest (included in Cash flow from operating activities)	-14	-19
Received interest payments (included in Cash flow from operating activities)	11	137

CONSOLIDATED STATEMENT OF SHAREHOLDER'S EQUITY

	Share capital		Capital reserves IPS Group			Treasury shares	Accumulated exchange differences	Accumulated losses	Total Equity
	Number of shares	in 1'000 EUR	Capital reserves parent company (premium) in 1'000 EUR	Other Capital reserves in 1'000 EUR	Total Capital reserves in 1'000 EUR	in 1'000 EUR	in 1'000 EUR	in 1'000 EUR	in 1'000 EUR
Shareholders' equity at 31 Dec. 2008	7'100'181 *	130	0	0	0	0	-162	-683	-715
Net result of the period		-	-	-	-	-	-	-105	-105
Exchange differences		-	-	-	-	-	33	-	33
Shareholders' equity at 31 Dec. 2009	7'100'181	130	0	0	0	0	-129	-788	-787
Capital restructurings	-	5'770	-	1'180	1'180	-	-	-	6'950
Acquisition of I.P.S. Innovative Packaging Solutions AG	1'887'390	7'043	-	2'051	2'051	-138 **	-	-	8'956
Adjustment to legal presentation	-	20'593	7'195	-27'788	-20'593	-	-	-	0
Cash component of reverse acquisition	-	-	-	-8'839	-8'839	-	-	-	-8'839
Sale of treasury shares	-	-	-	-	-	138 **	-	35 **	173
Net result of the period	-	-	-	-	-	-	-	-2'260	-2'260
Exchange differences	-	-	-	-	-	-	-245	0	-245
Shareholders' equity at 31 Dec. 2010	8'987'571	33'536	7'195	-33'396	-26'201	0	-374	-3'013	3'948

* Number of bearer shares of I.P.S. Innovative Packaging Solutions AG which had been issued for the acquisition of I.P.S. Holding B.V.

** At the time of acquisition I.P.S. Innovative Packaging Solutions AG held 28'988 treasury shares which have been sold realizing a profit of TEUR 35 which has been recognized in retained earnings.

To the Shareholders of I.P.S. Innovative Packaging Solutions AG

Invitation to the ordinary Shareholders' Meeting

Friday, 27 May 2011, 11 a.m. (admission 10.30 a.m.)
Rigisaal at Lorzensaal in Cham

Agenda and Motions of the Board

1. Approval of the annual report 2010, the annual financial statements 2010 and the consolidated financial statements 2010; presentation of the reports of the auditors

Motion of the Board: approval of the annual report, annual financial statements and consolidated financial statements for the business year 2010.

2. Use of balance sheet loss

Motion of the board: balance sheet loss of CHF 269'684 to be carried forward.

Profit carried forward	+ CHF	4'116'080
dissolution of reserves for own shares	+ CHF	931'300
Loss for the financial year	- CHF	5'317'064
Balance sheet loss	- CHF	269'684

Motion of the Board:		
Loss carried forward	- CHF	269'684

3. Release of the members of the Board of Directors and Management Board

Motion of the Board: release for the business year 2010.

4. Election of a member of the Board of Directors

Motion of the Board: re-election of Daniel Gutenberg as member of the Board of Directors for a period of two years.

5. Election of auditors

Motion of the Board: re-election of BDO AG, Zurich, as auditors for another year.

6. Amendment of Articles of Association

6.1 Creation of authorized capital

Article 3bis of the Articles of Association provides for an authorized capital. The respective authorization of the Board to increase the share capital expires on 7 May 2011. In order to maintain the ability to implement new projects, the Board proposes to the shareholders' meeting to maintain and create, respectively, a new authorized share capital of up to CHF 8'000'000 through the issuance of up to 1'600'000 fully paid bearer shares with a nominal value of CHF 5 each. Increases by firm underwriting are allowed.

The Board shall be authorized to execute this capital increase until 27 May 2013. The issue price shall be determined by the Board. As already now, in accordance with article 3bis of the Articles of Association the Board shall be authorized to restrict or exclude the pre-emptive rights of existing shareholders and to convey them to third parties, provided that the newly issued shares are used (1) for the takeover of enterprises, divisions thereof or participations by exchange of shares or newly planned investments, (2) for the financing or refinancing of the acquisition of enterprises, divisions thereof or participations or of newly planned investments, (3) for the placement of shares on the capital market.

Motion of the Board: maintenance or creation of authorized share capital and replacement of article 3bis of the Articles of Association as follows (unofficial translation of the German original text):

"Art. 3bis

The Board of Directors is authorised, at any time until 27 May 2013, to increase the share capital by a maximum aggregate amount of CHF 8'000'000 through the issuance of a maximum of 1'600'000 bearer shares, which shall be fully paid-in, with a nominal value of CHF 5 each. Increases by way of partial increases and increases by firm underwriting are allowed. The respective amount of the issue, the beginning of the dividend entitlement and the type of the contribution will be determined by the board of directors.

The board of directors is entitled to restrict or withdraw the preemptive rights of the shareholders and to allocate them to third persons, if the new shares are used (1) for the takeover of enterprises, divisions thereof or participations by exchange of shares or newly planned investments, (2) for the financing or refinancing of the acquisition of enterprises, divisions thereof or participations or of newly planned investments, (3) for the placement of shares on the capital market. Shares, for which preemptive rights have been granted but not exercised shall be used by the board of directors on behalf of the Company."

6.2 Creation of conditional capital

Article 3ter of the Articles of Association contains a conditional capital of up to CHF 1'463'075 through the issuance of up to 292'615 fully paid bearer shares with a nominal value of CHF 5 each, through the exercise of option rights which are granted to the employees according to a stock option plan of the Company or of group companies. Pre-emptive rights are to be excluded. The board proposes the creation of a conditional capital of up to CHF 2'250'000 through the issuance of up to 450'000 fully paid bearer shares with a nominal value of CHF 5 each through the exercise of option rights which shall be granted to the employees and members of the Board of Directors of the Company or of group companies according to a stock option plan to be prepared by the Board of Directors.

Motion of the Board: increase of conditional capital and replacement resp. amendment of article 3ter of the Articles of Association as follows (unofficial translation of the German original text):

"Art. 3ter

The share capital shall be increased through the issuance of a maximum of 450'000 bearer shares, which shall be fully paid-in, with a nominal value of CHF 5 each by a maximum aggregate amount of CHF 2'250'000, through the exercise of option rights which are granted to the employees and members of the Board of Directors of the Company or of group companies according to a stock option plan to be prepared by the Board of Directors. Pre-emptive rights of shareholders are excluded."

6.3 Amendment of the purpose of the Company

Motion of the Board: amendment of article 2 of the Articles of Association as follows (amendments are marked; unofficial translation of the German original text):

"Art. 2

The purpose of the Company is the acquisition, the administration, advising and coordination of participations, mainly in the packaging industry.

The Company may establish subsidiaries and branch offices in Switzerland and abroad and carry out all acts implicated by its business purpose, in particular grant guarantees in favour of affiliated companies."

7. Miscellaneous

The business report 2010 with the annual report, the annual financial statements 2010 of I.P.S. Innovative Packaging Solutions AG, the consolidated financial statements 2010 of the IPS Group as well as the reports of the auditors are available for inspection at the Company's headquarter and can be ordered there.

The admission cards may be obtained against evidence of the shareholding the latest **Wednesday, May 18, 2011** at the branch offices of the following banks:

Credit Suisse / Neue Aargauer Bank / Clariden Leu / UBS.

Shareholders who are unable to participate in the shareholders' meeting may appoint as a representative another shareholder, a third party, a representative of the Company or Mr. Daniel Bill, Vorstadt 32, 6300 Zug, as an independent proxy holder in the sense of Article 689c CO.

In such cases the power of attorney on the back of the admission card has to be filled in accordingly and returned to the representative, including the voting coupons.

Proxy holders of deposited shares in the sense of Article 689d CO are kindly asked to indicate to the Company as early as possible, but at the latest at the admission control, the number of shares represented by them.

Admission shall be at 10.30 a.m. The shareholders are kindly asked to present the admission cards for inspection between 10.30 a.m. and 10.45 a.m. at the entrance of the Rigisaal at the Lorzensaal.

Baar, 31 March 2011

I.P.S. Innovative Packaging Solutions AG
On behalf of the Board of Directors:

Dr. Alexander Vogel, Chairman

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