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ASX: YPB

ASX/MEDIA ANNOUNCEMENT

1 September 2015

YPB adds US anti-counterfeit packaging capability with CFC acquisition

- **Addition of anti-counterfeiting packaging capability now complete**
- **Ralph Davis appointed Global President – YPB Print Solutions**
- **Anti-counterfeit packaging market growing at 14% CAGR – estimated at \$228.6 bn by 2019**
- **YPB continues strategy of addressing customer demands including packaging, engagement**

Anti-counterfeiting technology company YPB Group Limited (ASX:YPB) has successfully completed the acquisition of US printing company Continuous Forms Control Inc. (CFC). to be renamed YPB Print Solutions Inc. This stems from the binding agreement announced on 1 June 2015.

Based in California, CFC and Ralph Davis have more than 40 years' experience in printing and packaging with existing contracts in consumer packaging including apparel with trim items such as labels, tags, buttons and rivets.

The Company is also pleased to announce the appointment of Ralph Davis as Global President YPB Print Solutions to lead up YPB's print capabilities which are being rolled out throughout China, South-East Asia, Australia, and of course USA.

YPB will use its acquisition of CFC to position itself as a leading player in the growing market for anti-counterfeit packaging and labelling, estimated to be valued at US\$228.6 bn by 2019 in a recently published research report. This market is projected to grow at a healthy CAGR of 14.1% between 2014 and 2019. Authentication technologies are projected to grow at the highest CAGR of 16.3%, because of the increasing awareness about counterfeit products.¹

The global anti-counterfeit clothing and accessories packaging market alone is expected to grow substantially in coming years to reach \$20.5 billion by 2020². The Asia-Pacific region, a focus for YPB, is projected to be the fastest growing market in this period as small-scale clothing industries seek to establish brand image in the region.

High-demand is expected for cost-effective authentication technologies in packaging, paving the way for YPB's tracer-scanner technology coupled with the technical expertise and manufacturing capabilities in packaging of CFC. YPB also envisages strong uptake of its consumer engagement platform, Brand Reporter in the packaging sector.

The integration of Print management will greatly increase YPB's access to revenue streams and add to the opportunities for consumer engagement.

"CFC's printing and packaging expertise provides a significant revenue opportunity that complements the YPB strategy to add revenue streams by providing customers more ways to PROTECT and ENGAGE around product authentication," said YPB Group Executive Chairman and CEO John Houston.

“We’ve already commenced on executing this strategy with CFC having worked with them for the past 6 months and will be aggressively pursuing opportunities in the sector.”

The key terms of the acquisition are as follows:

YPB will acquire 100% of the issued shares in CFC for a total consideration of US\$600,000 comprising the following components:

- YPB fully paid ordinary shares valued at US\$300,000 (converted to AU\$ on 31 July 2015) at an issue price of \$0.35 per share, such shares being escrowed for 12 months
- US\$50,000 paid on signing of the Letter of Intent
- US\$150,000 paid no later than 1 October 2015
- US\$100,000 paid no later than 1 August 2015

Having completed the acquisition YPB senior management warmly welcome Ralph and his team into the YPB family having already seen positive demonstrations of their skills and Ralph’s significant business acumen.

YPB will continue to pursue appropriate strategic acquisitions, which compliment the Company’s business model to be a global leader in the provision of anti-counterfeit products and services.

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About YPB Group

YPB Group (ASX:YPB) is a leading global provider in a world calling for anti-counterfeit and product authentication solutions. Listed on the Australian Securities Exchange and operating in China, USA, Australia and South East Asia, YPB has developed innovative technologies that offer brands solutions to PROTECT and ENGAGE around product authentication and brand protection. YPB’s patented tracer and scanner solutions combine with its anti-counterfeit packaging and forensic services to PROTECT from the risks of counterfeit and diversion. Brand Reporter allows brands to ENGAGE with end consumers on a Software as a Service (SaaS) platform powered by YPB.

YPB’s solutions are customisable to market needs and it continues to create innovative new products for brands, manufacturers, retailers, governments and consumers.

PROTECT

YPB has developed patented invisible tracer material that can be embedded into products and packaging during or after the manufacturing process. The tracers are inexpensive and cannot be seen, removed or destroyed and by using YPB's handheld scanner the tracer can then be detected in products to determine if they are real or fake.

YPB's tracer is used in our packaging solutions to provide anti-counterfeit packaging and labeling in conjunction with YPB's scanner and Brand Reporter applications.

YPB currently has contracts in place with major packaging and product manufacturers in China and is growing in the USA, Australia and Thailand.

ENGAGE

Brand Reporter is YPB's Software as a Service (SaaS) platform designed for brands to ENGAGE with consumers to identify, manage, track and report counterfeit or divergent products within supply chains or at point of sale. The customised solutions are simple and easily deployed applications available on all popular smartphones.

Brand Reporter offers brands interaction-using QR codes, track and trace, product scanning and consumer engagement features which can be customised to specific needs.

Beijing

Los Angeles

Sydney

Bangkok

¹ MarketsandMarkets 2015

² World Anti-counterfeit Clothing and Accessories Packaging - Market Opportunities and Forecasts, 2014 – 2020