



YPB Group Ltd.
ABN 68 108 649 421
ASX code: YPB

GLOBAL LEADER IN ANTI COUNTERFEIT TECHNOLOGY
Level 29, 66 Goulburn Street, Sydney NSW 2000
T: +612 8263 4000 F: +612 8263 4111
www.ypbsystems.com www.brandreporter.com

ASX: YPB

ASX/MEDIA ANNOUNCEMENT
29th February 2016

Appendix 4E Commentary

Strong foundation for accelerating revenue growth

- **Development of the world's first end to end anti-counterfeit and brand protection solution through YPB's Protect, Detect and Connect model**
- **Revenue up to \$1.7 million (FY 2014: \$0.085 million), with strong Q4**
- **EBITDA loss to \$5.6 million (FY 2014: \$4.2 million) as YPB invests in significant R&D and marketing to exploit its outstanding platform**

Global anti-counterfeit and brand protection solution company YPB Group Limited (**ASX: YPB**) is pleased to announce its unaudited financial results for the 12 months ended 31 December 2015 in the attached Appendix 4E.

YPB has built an outstanding end-to-end solution which is now generating global revenue. Key achievements in 2015 include:

- **Accelerating global sales** – YPB now generates revenues from the two largest economies in the world, USA and China. YPB's China operations have now started to generate meaningful revenues with two large supply contracts. YPB's full suite of technology is being sold in the USA to a wide and growing range of applications. With operations in USA, China, Australia, Thailand and recently Mexico, YPB has a growing, highly motivated and talented team.
- **Three acquisitions** – YPB completed the Protect, Detect and Connect model with three acquisitions which have now been integrated, most recently including the nTouch business which enables YPB to offer a complete "consumer connect" technology suite. nTouch is a Melbourne-based proximity marketing and consumer engagement platform that facilitates connectivity of brand owners with their consumers.
- **Government** – In 2015 YPB entered the Government document market with excellent initial results including, through its acquisition of IPP Thailand, the technology being supplied to millions of first world passports. The recently announced JV in Mexico with Affrymx should see further contract success in 2016 and ongoing. These sources are generating meaningful revenue and offer significant growth potential in 2016.
- **R&D** – 2015 saw material investment in R&D (both directly and via acquisition) to ensure that YPB is the only company in the world that is able to offer completely covert, indestructible, highly versatile and cost effective tracer technology, and at the same time provide consumer interaction technology to brand owners.

Outlook

YPB expects exponential growth in earnings and revenue in 2016. YPB will continue to build on its market position by leveraging its core technology and world's first end-to-end anti-counterfeit and brand protection solution across all markets. Key drivers for YPB's growth in 2016 will come from its ability to provide a complete solution suite to governments, brands and businesses – and to connect them with consumers.

YPB's Executive Chairman John Houston commented: "YPB is well positioned to deliver strong growth in revenue and is focused on becoming cash flow positive. We have generated strong momentum over the past six months integrating the various acquisitions and are now well positioned to commercialise all YPB's capabilities."

For further information please contact;

Mr. John Houston
CEO

YPB Group Limited

T: +61 458 701 088

E: john.houston@ypbsystems.com

W: www.ypbsystems.com

Mr. Robert Whitton

CFO and Company Secretary

YPB Group Limited

T: +61 457 666 309

E: rob.whitton@ypbsystems.com

Media and Investor Enquiries

Matthew Wright

NWR Communications

+61 451 896 420

matt@nwrcommunications.com.au

About YPB

YPB Group (ASX: YPB) is a pioneer in advanced brand protection solutions. Listed on the Australian Securities Exchange, we are expanding our global footprint with an established presence in China, USA, Australia and South East Asia.

YPB's patented anti-counterfeit technology combined with its security packaging solutions, consulting and forensic services enables businesses to protect their high value brands from the risks of counterfeit and product diversion.

YPB's full range of services will give businesses the ability to cost effectively protect their brands, easily detect counterfeits and give them the opportunity to connect with their consumers about the authenticity of their brand.

PROTECT

Security print packaging and labeling

YPB offers a wide range of intelligent security packaging and labeling solutions that can be included into almost any material and is a cost effective brand protection solution for companies wanting to protect the integrity and value of their brands in high-risk markets.

IP solutions & forensic services

YPB's IP solution specialists will work with quality brands and Governments, to develop personalised brand protection strategies and solutions that will deliver real protection and safety for brands, products and consumers.

DETECT

Scanner and tracer protection solutions

YPB's patent protected state-of-the art tracer technology is invisible, cannot be copied or destroyed. Brand owners that include YPB's tracers in their packaging can use YPB's scanners to verify their product's authenticity. If a counterfeit is detected YPB's forensic services will consult with a brand owner to develop strategic solutions to protect the brand counterfeiting and product diversion.

CONNECT

Smartphone applications to detect and connect

YPB's sophisticated, user friendly and powerful smartphone applications allow brand owners and consumers to identify and report suspected counterfeit or divergent products and allows brands to connect and engage with consumers via QR codes, near field communication, track and trace, product scanning and consumer engagement. Giving brand owners valuable and actionable "big data" about their consumers and products through a powerful data analytics capability.

Beijing

Los Angeles

Sydney

Melbourne

Brisbane

Bangkok

YPB Group Ltd
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	YPB Group Ltd
ACN:	108 649 421
Reporting period:	For the year ended 31 December 2015
Previous period:	For the year ended 31 December 2014

2. Results for announcement to the market

			2015 \$'000	2014 \$'000
Revenues from ordinary activities	up	1916.5% to	1,714	85
Loss from ordinary activities after tax attributable to the owners of YPB Group Ltd	up	46.4% to	(6,556)	(4,478)
Loss for the year attributable to the owners of YPB Group Ltd	up	46.4% to	(6,556)	(4,478)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the Group after providing for income tax amounted to \$6,556,000 (31 December 2014: \$4,478,000).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	13.40	11.20

4. Control gained over entities

Name of entities (or group of entities)	<p>Acquisition 1: Intellectual Property Protection Co Ltd <i>[YPB Group Co., Ltd.]</i> Intellectual Product Protection Inc <i>[YPB Intellectual Product Protection Inc.]</i></p> <p>Acquisition 2: Continuous Forms Control Inc <i>[YPB Print Solutions Inc.]</i></p> <p>Acquisition 3: nTouch Holdings Pty Ltd</p>
Date control gained	<p>Acquisition 1: 7 May 2015 Acquisition 2: 31 August 2015 Acquisition 3: 31 October 2015</p>

\$'000

Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities after income tax during the period (where material)

(273)

Profit/(loss) from ordinary activities after income tax of the controlled entity (or group of entities) for the whole of the previous period (where material)

(769)

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

The financial statements are in the process of being audited.

11. Signed



Signed

Date: 29 February 2016

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YPB Group Ltd
Unaudited Statement of profit or loss and other comprehensive income
For the year ended 31 December 2015

		Consolidated	
		12 months to	6 months to
		31 December	31 December
	Note	2015	2014
		\$'000	\$'000
Revenue	2	1,714	85
Expenses			
Consulting fees		(1,377)	(258)
Depreciation and amortisation expense		(902)	(315)
Directors' fees		(197)	(56)
Employee benefits expense		(1,038)	(293)
Finance costs		(222)	(68)
Impairment of goodwill		-	(2,206)
Rental expenses		(304)	(89)
Research and development		(1,344)	(505)
Marketing		(234)	-
Traveling expense		(646)	-
Options expense		-	(97)
Share-based payments		(282)	(113)
Commissions expense		(624)	(118)
Regulatory expenses		(254)	(167)
Professional fees		(146)	(23)
Other expenses		(700)	(255)
Loss before income tax expense		(6,556)	(4,478)
Income tax expense		-	-
Loss after income tax expense for the year attributable to the owners of YPB Group Ltd		(6,556)	(4,478)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		731	1,060
Other comprehensive income for the year, net of tax		731	1,060
Total comprehensive income for the year attributable to the owners of YPB Group Ltd		(5,825)	(3,418)
		Cents	Cents
Basic and diluted earnings per share	15	(5.27)	(4.32)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

YPB Group Ltd
Unaudited Statement of financial position
As at 31 December 2015

		Consolidated	
		31 December 2015	31 December 2014
	Note	\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents	3	2,875	2,405
Trade and other receivables	4	4,905	174
Inventories	5	398	136
Total current assets		<u>8,178</u>	<u>2,715</u>
Non-current assets			
Plant and equipment	6	313	26
Intangibles	7	16,176	11,096
Trade and other receivables	8	1,417	-
Total non-current assets		<u>17,906</u>	<u>11,122</u>
Total assets		<u>26,084</u>	<u>13,837</u>
Liabilities			
Current liabilities			
Trade and other payables	9	1,530	364
Total current liabilities		<u>1,530</u>	<u>364</u>
Non-current liabilities			
Borrowings	10	3,104	2,748
Total non-current liabilities		<u>3,104</u>	<u>2,748</u>
Total liabilities		<u>4,634</u>	<u>3,112</u>
Net assets		<u>21,450</u>	<u>10,725</u>
Equity			
Issued capital	11	33,606	17,449
Reserves	12	3,056	1,932
Accumulated losses		<u>(15,212)</u>	<u>(8,656)</u>
Total equity		<u>21,450</u>	<u>10,725</u>

The above statement of financial position should be read in conjunction with the accompanying notes

YPB Group Ltd
Unaudited Statement of changes in equity
For the year ended 31 December 2015

Consolidated	Issued capital \$'000	Issued options \$'000	Foreign currency translation reserve \$'000	Accumulated losses \$'000	Share based payment reserve \$'000	Total equity \$'000
Balance at 1 July 2014	10,399	-	775	(4,178)	-	6,996
Loss after income tax expense for the year	-	-	-	(4,478)	-	(4,478)
Other comprehensive income for the year, net of tax	-	-	1,060	-	-	1,060
Total comprehensive income for the year	-	-	1,060	(4,478)	-	(3,418)
<i>Transactions with owners in their capacity as owners:</i>						
Shares issued, net of transaction costs	7,050	-	-	-	-	7,050
Options granted during the period	-	-	-	-	97	97
Balance at 31 December 2014	17,449	-	1,835	(8,656)	97	10,725
Consolidated	Issued capital \$'000	Issued options \$'000	Foreign currency translation reserve \$'000	Accumulated losses \$'000	Share based payment reserve \$'000	Total equity \$'000
Balance at 1 January 2015	17,449	-	1,835	(8,656)	97	10,725
Loss after income tax expense for the year	-	-	-	(6,556)	-	(6,556)
Other comprehensive income for the year, net of tax	-	-	731	-	-	731
Total comprehensive income for the year	-	-	731	(6,556)	-	(5,825)
<i>Transactions with owners in their capacity as owners:</i>						
Shares issued, net of transaction costs	16,144	-	-	-	-	16,144
Options exercised during the year	13	-	-	-	-	13
Options issued during the year	-	393	-	-	-	393
Balance at 31 December 2015	33,606	393	2,566	(15,212)	97	21,450

The above statement of changes in equity should be read in conjunction with the accompanying notes

YPB Group Ltd
Unaudited Statement of cash flows
For the year ended 31 December 2015

	Consolidated	
	12 months to	6 months to
	31 December	31 December
Note	2015	2014
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	792	6
Payments to suppliers and employees	(6,474)	(2,081)
Interest received	78	11
Finance costs	(222)	(1)
	<u> </u>	<u> </u>
Net cash used in operating activities	(5,826)	(2,065)
Cash flows from investing activities		
Payments for property, plant and equipment	(329)	(17)
Payments for acquisitions (net of cash acquired)	(414)	(144)
	<u> </u>	<u> </u>
Net cash used in investing activities	(743)	(161)
Cash flows from financing activities		
Proceeds from issue of shares (net of costs)	6,752	4,900
Proceeds from issue of options	393	-
Proceeds from loans provided by related party	20	-
Repayment of loan from related party	(126)	(394)
	<u> </u>	<u> </u>
Net cash from financing activities	7,039	4,506
Net increase in cash and cash equivalents	470	2,280
Cash and cash equivalents at the beginning of the financial year	2,405	125
	<u> </u>	<u> </u>
Cash and cash equivalents at the end of the financial year	3 <u>2,875</u>	<u>2,405</u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Operating segments

Identification of reportable operating segments

The Consolidated Entity is organised into operating segments as outlined below:

The operating segments are based on internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on at least a monthly basis.

Types of products and services

The principal products and services of each of these operating segments are as follows:

Covert Forensic Products	These are patented hidden, invisible particles fused into a product or packaging during or after the manufacturing process. The tracers are inexpensive and can be used in all key product manufacturing and packaging industries including plastics, paper, inks, textiles and coatings. They cannot be seen or removed, are non-toxic and meet food contact specifications. YPB owns two patents over its tracer products and is the only Company currently licensed in China to supply invisible tracers.
	YPB's proprietary scanner detects YPB's forensic tracers. They are low cost and can be used at any point in the supply chain - from manufacture through to point-of-sale.
Digital Solutions	A patent pending application based platform designed for governments, brands and consumers to identify, manage, track and report counterfeit or diverted products within supply chains or at point-of sale. It provides opportunities for consumer engagement between the brand owner and customer in a simple and easily deployed application suite available on all popular smartphones.
Forensic Laboratory Services	A well-equipped laboratory service currently operating out of the Thailand office which is made available to brands to forensically examine potential counterfeit products.
Consulting Services	A security consulting service that provides governments, corporations and intellectual property owners with solutions for deterrence of counterfeiting, grey markets, production diversions and fraud.
Print Solutions	The provision of anti-counterfeiting solutions to brands and resellers in packaging and labelling.

YPB Group Ltd
Notes to the financial statements
31 December 2015

Note 1. Operating segments (continued)

Operating segment information

	Covert Forensic Products and Services	Digital Solutions	Print Solutions	Corporate	Total
Consolidated - 12 months to 31 December 2015	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue					
Sales to external customers	893	-	744	-	1,637
Interest revenue	-	-	3	74	77
Total revenue	<u>893</u>	<u>-</u>	<u>747</u>	<u>74</u>	<u>1,714</u>
EBITDA	(715)	(575)	310	(4,675)	(5,655)
Depreciation and amortisation	(54)	(179)	-	(668)	(901)
Profit/(loss) before income tax expense	<u>(769)</u>	<u>(754)</u>	<u>310</u>	<u>(5,343)</u>	<u>(6,556)</u>
Income tax expense					-
Loss after income tax expense					<u>(6,556)</u>
Assets					
Segment assets	894	524	491	24,175	26,084
Total assets					<u>26,084</u>
Liabilities					
Segment liabilities	626	1,451	370	2,187	4,634
Total liabilities					<u>4,634</u>
	Covert Forensic Product and Services	Digital Solutions	Print Solutions	Corporate	Total
Consolidated - 6 months to 31 December 2014	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue					
Sales to external customers	33	37	-	4	74
Interest revenue	-	-	-	11	11
Total revenue	<u>33</u>	<u>37</u>	<u>-</u>	<u>15</u>	<u>85</u>
EBITDA	(666)	(171)	-	(1,120)	(1,957)
Depreciation and amortisation	(8)	-	-	(307)	(315)
Impairment of assets	-	-	-	(2,206)	(2,206)
Loss before income tax expense	<u>(674)</u>	<u>(171)</u>	<u>-</u>	<u>(3,633)</u>	<u>(4,478)</u>
Income tax expense					-
Loss after income tax expense					<u>(4,478)</u>
Assets					
Segment assets	380	623	-	12,834	13,837
Total assets					<u>13,837</u>
Liabilities					
Segment liabilities	744	794	-	1,574	3,112
Total liabilities					<u>3,112</u>

Note 1. Operating segments (continued)

Geographical information

	Sales to external customers		Geographical non-current assets	
	12 months to 31 December 2015 \$'000	6 months to 31 December 2014 \$'000	31 December 2015 \$'000	31 December 2014 \$'000
Australia	74	52	10,985	1,172
Peoples Republic of China and HK	379	33	13,872	12,665
Thailand	489	-	702	-
United States of America	772	-	525	-
	<u>1,714</u>	<u>85</u>	<u>26,084</u>	<u>13,837</u>

Note 2. Revenue

	Consolidated 12 months to 31 December 2015 \$'000	6 months to 31 December 2014 \$'000
<i>Revenue</i>		
Sale of goods	<u>1,637</u>	<u>74</u>
<i>Other revenue</i>		
Interest	<u>77</u>	<u>11</u>
Revenue	<u>1,714</u>	<u>85</u>

Note 3. Current assets - cash and cash equivalents

	Consolidated 31 December 2015 \$'000	31 December 2014 \$'000
Cash on hand	10	-
Cash at bank	<u>2,865</u>	<u>2,405</u>
	<u>2,875</u>	<u>2,405</u>

Note 4. Current assets - trade and other receivables (continued)

Note 4. Current assets - trade and other receivables

	Consolidated	
	31 December 2015	31 December 2014
	\$'000	\$'000
Trade receivables	992	46
Sundry receivables	330	128
Receivable from Lanstead	3,583	-
	<u>4,905</u>	<u>174</u>

As announced to the market on 22 December 2015, the Company issued 20,192,307 shares to Lanstead Capital L.P. ('Lanstead'). Lanstead, subscribed for 19,230,769 shares (the 'Subscription Shares'), for an aggregate nominal consideration of \$5,000,000. Lanstead also received 961,538 shares in lieu of payment of a \$250,000 fee for entering an Equity Sharing Agreement.

The Company entered into an Equity Sharing Agreement with Lanstead to allow the Company to retain much of the economic interest in the Lanstead Subscription Shares. The Equity Sharing Agreement enables the Company to secure much of the potential upside arising from the anticipated near term news flow. The aggregate consideration of \$5,000,000 is to be repaid by way of an initial \$750,000 (received 7 January 2016) followed by 18 monthly instalments.

The non-current component of the receivable is disclosed in note 8.

Note 5. Current assets - inventories

	Consolidated	
	31 December 2015	31 December 2014
	\$'000	\$'000
Finished goods - at cost	<u>398</u>	<u>136</u>

Note 6. Non-current assets - plant and equipment

	Consolidated	
	31 December 2015	31 December 2014
	\$'000	\$'000
Plant and equipment - at cost	388	67
Less: Accumulated depreciation	(75)	(41)
	<u>313</u>	<u>26</u>

Note 7. Non-current assets - intangibles

	Consolidated 31 December 2015 \$'000	31 December 2014 \$'000
Goodwill - at cost	3,546	2,206
Less: Accumulated impairment losses	(2,206)	(2,206)
	<u>1,340</u>	<u>-</u>
Intellectual property - at cost	16,930	12,779
Less: Accumulated amortisation	(2,530)	(1,683)
	<u>14,400</u>	<u>11,096</u>
Customer relationships - at cost	436	-
Less: Accumulated amortisation	-	-
	<u>436</u>	<u>-</u>
	<u>16,176</u>	<u>11,096</u>

Note 8. Non-current assets - trade and other receivables

	Consolidated 31 December 2015 \$'000	31 December 2014 \$'000
Receivable from Lanstead	<u>1,417</u>	<u>-</u>

Note 9. Current liabilities - trade and other payables

	Consolidated 31 December 2015 \$'000	31 December 2014 \$'000
Trade payables	1,160	334
Sundry payables and accruals	370	30
	<u>1,530</u>	<u>364</u>

Note 10. Non-current liabilities - borrowings

	Consolidated 31 December 2015 \$'000	31 December 2014 \$'000
Loans to related parties	<u>3,104</u>	<u>2,748</u>

The loans were provided by related entities of John Houston. The loans attract at a rate of 8%, are unsecured and repayable in full on or after 1 January 2017.

Note 11. Equity - issued capital

	Consolidated		Consolidated	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	170,400,287	108,921,678	33,606	17,449

Movements in ordinary share capital

Details	Date	Shares	\$'000
Balance	1 July 2014	113,178,034	10,399
Elimination of YPB Limited (HK) shares on issue of acquisition	22 July 2014	(113,178,034)	-
Shares of YPB Group Limited (formerly AUV Enterprises Limited)	7 August 2014	8,257,125	-
Shares issued to formal shareholders of YPB Limited (HK)	7 August 2014	74,250,000	1,652
Issue under share-based payments	7 August 2014	187,500	30
Share placement	7 August 2014	18,750,000	3,750
Shares issued on acquisition of Brand Reporter	9 September 2014	1,752,055	385
Issued under share-based payments	14 October 2014	250,000	55
issued under share-based payments	18 November 2014	125,000	28
Issued under share-based payments	11 December 2014	120,670	36
Share placement	11 December 2014	5,229,328	1,569
Less: Transaction costs on shares issued, net of tax		-	(455)
Balance	31 December 2014	108,921,678	17,449
Issued under share-based payments	4 February 2015	73,333	22
Exercise of share options	6 February 2015	10,357	2
Issued under share placement	24 February 2015	10,000,000	3,000
Exercise of share options	2 March 2015	29,618	6
Exercise of share options	15 April 2015	1,607	1
Issued under Share Purchase Plan	28 April 2015	4,522,182	1,357
Shares issued on acquisition of IPP	7 May 2015	1,170,913	390
Exercise of share options	15 June 2015	7,500	2
Exercise of share options	30 June 2015	5,000	1
Less: transaction costs		-	(78)
Shares issued on acquisition of CFC	1 September 2015	1,094,830	383
Share based payment to executives	1 September 2015	401,283	140
Share based payment to executives	12 October 2015	400,000	142
Shares issued on acquisition of nTouch	30 October 2015	12,857,143	3,350
Exercise of share options	16 November 2015	3,000	1
Issued under share placement	29 December 2015	10,709,536	2,784
Shares issued to Lanstead	29 December 2015	20,192,307	5,250
Less: Transaction costs on shares issued, net of tax		-	(596)
Balance	31 December 2015	170,400,287	33,606

Note 12. Equity - reserves

	Consolidated	
	31 December 2015	31 December 2014
	\$'000	\$'000
Foreign currency reserve	2,566	1,835
Share-based payment reserve	97	97
	<u>2,663</u>	<u>1,932</u>

Note 13. Business combinations

Acquisition of Intellectual Property Protection Co Ltd and Intellectual Product Protection Inc:

On 7 May 2015, the Company acquired a security consulting business specialising in providing high security programs to governments, major brands and fortune 500 companies which operates under the name "Intellectual Product Protection" or "IPP" for a consideration of \$641,000 (US\$500,000) of which \$252,000 (US\$200,000) was paid/payable in cash and the balance by the issue shares in YPB Group Limited as shown in Note 11.

Details of the acquisition are as follows:

	Fair value \$'000
Cash and cash equivalents	21
Trade and other receivables	118
Intellectual property	520
Plant and equipment	13
Trade and other payables	(5)
Borrowings	(26)
Net assets acquired	641
Goodwill	-
Acquisition-date fair value of the total consideration transferred	<u>641</u>
Representing:	
- Cash paid / payable	252
- Issuance of shares	389
	<u>641</u>
Purchase consideration - cash outflow	
Cash consideration	252
less: Unpaid cash	(126)
Net cash used	<u>126</u>

Note 13. Business combinations (continued)

Acquisition of Continuous Forms Control Inc:

Effective 31 August 2015, the Company acquired all the issued shares of the US based printing company Continuous Forms Control Inc., since renamed YPB Print Solutions Inc. ('Print Solutions') for a consideration of \$668,278 (US\$600,000) of which \$285,087 (US\$300,000) was paid/payable in cash and the balance by the issue of shares in YPB Group Limited.

Details of the acquisition are as follows:

	Fair value \$'000
Bank overdraft	(33)
Trade receivables	453
Inventories	32
Other current assets	7
Customer relations	436
Trade payables	(418)
Other payables	(58)
Other liabilities	(42)
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Net assets acquired	377
Goodwill	291
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Acquisition-date fair value of the total consideration transferred	668
	<hr/>
Representing:	
Cash paid or payable to vendor	285
YPB Group Ltd shares issued to vendor	383
	<hr/>
	668
	<hr/>
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	668
Add: bank overdraft	33
Less: shares issued by the Company as part of consideration	(383)
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Net cash used	318
	<hr/>

Note 13. Business combinations (continued)

Acquisition of nTouch Holdings Pty Ltd:

Effective 31 October 2015, the Company acquired all the issued shares of proximity marketing technology company nTouch Holdings Pty Ltd ('nTouch'). The transaction was based on an all script offering of 12,857,143 YPB shares at a price of 35c per share. Management has, however, determined that the fair value of the YPB shares is 26c per share, on the basis that shares placed at and around this time were at 26c.

nTouch is a unique marketing platform that leverages proximity technologies to allow business clients to engage with customers (B2C) based on time, location and specific user characteristics. The nTouch group of companies has launched a fully tested communications platform which integrates with YPB's customer engagement strategy around product authenticity.

Details of the acquisition are as follows:

	Fair value \$'000
Intellectual property	2,345
Net assets acquired	2,345
Goodwill	1,005
Acquisition-date fair value of the total consideration transferred	<u>3,350</u>
Representing: YPB Group Ltd shares issued to vendor	<u>3,350</u>

Note 14. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries:

Name	Principal place of business / Country of incorporation
YPB Limited (HK)	Hong Kong
YPB Technology (Beijing) Limited	PRC China
Product ID & Quality Systems (Beijing) Ltd	PRC China
Brand Reporter Pty Ltd	Australia
YPB Group (USA) Inc	USA
YPB Intellectual Product Protection Inc	USA
YPB Print Solutions Inc	USA
YPB Group Co., Ltd	Thailand
nTouch Holdings Pty Ltd	Australia
nTouch Agency Pty Ltd	Australia
nTouch Pty Ltd	Australia
nTouch IP Pty Ltd	Australia
Wall Mall Pty Ltd	Australia

Note 15. Earnings per share

	Consolidated	
	12 months to 31 December 2015 \$'000	6 months to 31 December 2014 \$'000
Loss after income tax attributable to the owners of YPB Group Ltd	<u>(6,557)</u>	<u>(4,478)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>124,326,070</u>	<u>103,739,417</u>
	Cents	Cents
Basic and diluted earnings per share	(5.27)	(4.32)