



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

GLOBAL LEADER IN ANTI COUNTERFEIT TECHNOLOGY
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ASX: YPB

ASX/MEDIA ANNOUNCEMENT

29th April 2016

Cash receipts from customers up 123% in Q1 2016

- Q1 cash receipts from customers increased by 123% vs Q4 2015
- Affrymx JV, established in Q1 2016, showing excellent early promise in the Government vital documents segment, receiving four orders since launch
- Currently servicing 152 active customer accounts across the world
- Strong business development pipeline in place with over 150 active projects

Overview

Global anti-counterfeit and brand protection solution company YPB Group Limited (ASX: YPB) is pleased to report a strong quarter-on-quarter increase in cash receipts of 123% to A\$775,000 in Q1 2016. As part of its Appendix 4C for the period ending 31 March 2016, following is an update on corporate activities.

YPB has built an outstanding launchpad from which to strongly grow revenue and move the company into profitability in 2017.

YPB completed the assembly of the technologies, talent, relationships and geographies necessary for a genuine global franchise in late 2015. Having built that launchpad, commercial lift-off has begun in earnest with strong confirmation since that there is a hungry market that both needs anti-counterfeit solutions and wants direct customer engagement. YPB is well positioned in a huge market given the applicability of its solutions to many products, sectors and countries. YPB is set for rapid market penetration, multiplying its own resources by partnering with established entities in target areas. This multiplier-partnership model not only offers rapid growth but also clearly lowers risk by minimising capital needs, headcount and other fixed costs. The revenues are sticky, recurring and highly reliable with high switching costs, while gross margins are typical of products with strong intellectual property content.

In 2016 and onwards YPB will benefit from strong macro tailwinds from:

- The rise of a massive new market in the pan-Asian middle-class;
- The collapse of mass marketing and the flow of marketing funds into direct customer engagement; and
- The need for Government vital documents to upgrade to new generation, genuinely fake-proof technologies

Key achievements in Q1 2016 include:

- **Government vital documents** – In 2015 YPB entered the Government vital document market with excellent initial results including the technology being supplied to millions of first world passports, with further recent success. In Q1 2016 YPB announced a JV in Mexico with Affrymx, that has already generated four orders for Government vital documents with significant contract opportunities in the pipeline. This JV is generating meaningful revenue and offers significant growth potential for YPB throughout 2016.

- **Accelerating global sales** – YPB continues to accelerate revenue growth 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 increased revenue flows to become apparent later in the year. With operations in USA, China, Australia, Thailand and recently Mexico, YPB has a growing, highly motivated and talented team.

Outlook

YPB expects strong growth in revenue in 2016, although this will be heavily weighted to the second half. As noted, YPB is moving from a strategic platform development phase into a vigorous commercial launch phase where the technologies, talent and relationships assembled will be leveraged into high quality, recurring revenues and ultimately high quality, reliable profitability over coming years.

YPB presently services 152 accounts across a range of solutions and technologies. Increased servicing of this only lightly tapped resource will see increased revenue flow to YPB. In addition, the expanded senior management, sales and business development teams have created a record pipeline opportunity for YPB with over 150 active projects in well targeted geographies, sectors and products. The engagement level of potential customers with YPB's solutions is high and virtually all pipeline customers are solely considering YPB's solutions. Further, YPB will continue to build strategic partnerships in key markets that will multiply its resources to achieve far more rapid, capital-efficient market penetration with far lower risk than the company could ever achieve alone.

YPB's Executive Chairman John Houston commented: "It is pleasing to see the first fruits of our strategic development with 123% growth in Q1 2016 cash receipts. We are now intensely focused on converting the latent value in our unique technologies, talent and relationships into revenues, profits and shareholder wealth over the next few years."

For further information please contact;

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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.

Appendix 4C

Quarterly report
for entities admitted
on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

YPB Group Limited

ABN

68 108 649 421

Quarter ended ("current quarter")

March 2016

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date \$A'000
1.1 Receipts from customers	776	776
1.2 Payments for		
(a) staff costs	(1,591)	(1,591)
(b) advertising and marketing	(77)	(77)
(c) research and development	(226)	(226)
(d) leased assets		
(e) other working capital	(977)	(977)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	9	9
1.5 Interest and other costs of finance paid	(52)	(52)
1.6 Income taxes paid		
1.7 Other (provide details if material)	(34)	(34)
Net operating cash flows	(2172)	(2172)

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

		Current quarter \$A'000	Year to date \$A'000
1.8	Net operating cash flows (carried forward)	(2,172)	(2,172)
1.9	Cash flows related to investing activities		
	Payment for acquisition of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	(5)	(5)
	(e) other non-current assets	-	-
1.10	Proceeds from disposal of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	-	-
	(e) other non-current assets	-	-
1.11	Loans to other entities	-	-
1.12	Loans repaid by other entities	-	-
1.13	Other (provide details if material)		
	Net investing cash flows	(5)	(5)
1.14	Total operating and investing cash flows	(2,177)	(2,177)
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	916	916
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	-	-
1.18	Repayment of borrowings	-	-
1.19	Dividends paid	-	-
1.20	Other		
	- Capital raising costs \$		
	-	(322)	(322)
	Net financing cash flows	594	594
	Net increase (decrease) in cash held	(1,583)	(1,583)
1.21	Cash at beginning of quarter/year to date	2,901	2,901
1.22	Exchange rate adjustments to item 1.2	(43)	(43)
1.23	Cash at end of quarter	1,275	1,275

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	183
1.25	Aggregate amount of loans to the parties included in item 1.11	nil-

1.26 Explanation necessary for an understanding of the transactions

N/A

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	1,275	2,901
4.2 Deposits at call		
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	1,275	2,901

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity		-
5.2 Place of incorporation or registration		-
5.3 Consideration for acquisition		-
5.4 Total net assets		-
5.5 Nature of business		-

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: 
 Robert Whitton
 (Director/Company Secretary)

Date: 29 April 2016

+ See chapter 19 for defined terms.

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.