



**CHARTER
PACIFIC**
Corporation Limited

22 February 2016

MARKET UPDATE – INTEGRITY SYSTEMS INC.

Charter Pacific Corporation Limited (ASX:CHF) advised that it has agreed with Integrity Systems Inc (INTEGRITY) to extend the completion date for the Stock Purchase Agreement for the proposed 100% acquisition of INTEGRITY until 31 May 2016. This will enable Charter and INTEGRITY to include into the current transaction new developments in INTEGRITY's business.

We are currently in discussions with potential cornerstone investors to provide funds to back a dynamic management team seeking to fully realise the profit potential latent in the existing business. The Directors of both CHF and INTEGRITY believe the return on investment will be to participate in the international roll-out of the new high tech label business which is supported and partnered by some of the most dynamic and innovative tech businesses in the world who see INTEGRITY as a pathway to access a vast new global market for their combined products.

Details of the new developments will be provided to the market as soon as documentation is completed and executed.

Update

The new entity will be renamed Integrity Systems Limited. INTEGRITY has taken the opportunity to acquire the business and the manufacturing facilities which is manufacturing 1 billion labels (non-smart labels) annually from its facilities in Shenzhen, China. It has the ability to increase the manufacturing capacity by three times within the existing factory facilities. This business has been operating for 15 years and averaged annual revenues of approximately **A\$13.8 million**, over the past three years through the manufacture of apparel labels (non-smart labels). These labels are sold to 200 of the World's most prestigious apparel. The projected revenues based on management accounts, which will include the roll out of the "smart label", are **US\$17.15 million** in 2016 and **US\$33.6 million** in 2017.

INTEGRITY has patented its own smart label technology and is in JV discussions with world class European tech developers: a chip manufacturer, software and hardware producers to combine their technologies and labels to provide a turnkey solution, the "smart label" for clients.

INTEGRITY has selected current customers that are currently not using "smart labels" and are structuring opportunities that will enable those customers to enjoy cost savings and added value through **data collection, trace and track, security, brand protection and inventory control** provided by the "smart label".

The INTEGRITY smart label initiative will provide a new revenue stream for INTEGRITY that generates much higher profit margins than the conventional labels. The market for the new INTEGRITY Smart labels is potentially in the multi billions of units.

All enquiries should be directed to

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