Name of entity:

Yowie Group Ltd

1.

ABN or equivalent company reference:	Reporting period:	Previous corresponding period:
98 084 370 669	**Year ended 30 June 2017**	Year ended 30 June 2016

2. Results for announcement to the market

					US$
2.1	**Revenue from ordinary activities**	up	**52%**	to	**19,896,944**
2.2	**Loss from ordinary activities for the period after tax attributable to members**	down	**1.4%**	to	**(7,297,601)**
2.3	**Net loss for the period attributable to members**	down	**1.4%**	to	**(7,297,601)**

2.4	**Dividends**	Amount per security	Franked amount per security
	Final dividend	**Nil**	**N/A**
	Interim dividend	**Nil**	**N/A**

2.5 Record date for determining entitlements to the dividends

N/A

2.6 Brief explanation of any of the figures reported above to enable the figures to be understood:

A commentary on the results for the period is contained within the Annual Report, including Financial Report, that accompany this announcement.

YOWIE GROUP LTD

ABN 98 084 370 669

ANNUAL REPORT

FOR THE YEAR ENDED

30 JUNE 2017

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(Expressed in US Dollars (US$), unless stated otherwise)

DIRECTORS:	Mr Trevor Allen Mr Bert Alfonso Ms Patricia Fields
KEY MANAGEMENT:	Mr Mark Schuessler Mr Cove Overley
COMPANY SECRETARY:	Mr Neville Bassett
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ASX CODE:	YOW
UNITED STATES ADR DEPOSITORY TRANSFER AGENT & REGISTRAR FOR LEVEL 1 ADR PROGRAM:	BNY Mellon Shareowner Services PO Box 358016 Pittsburgh, PA 15252-8016 Telephone: 1-888-269-2377 (USA) 1-201-680-6825 (International) Website: www.bnymellon.com/shareowner E-mail: shrrelations@bnymellon.com shrrelations@cpushareownerservices.com
ADR CODE:	YWRPY

Fellow Yowie shareholders,

I am pleased to be able to report that Yowie has made significant progress in FY2017 and is well placed to continue its growth in FY2018.

If Yowie was a brand owned by a multi-national brand confectionery company, it would be lauded for its growth and the investment made towards the next phase of growth. By any measure, sales growth of 51% in a market where competing products launched grew from 6 to 15 and overall confectionary sector growth was only 0.8%, should be regarded as an outstanding result. Unfortunately, the public markets expected more from the Company than it delivered, driven by the Company's now apparent over-optimistic views of sales in FY2017, resulting in a fall in market capitalisation over the period.

Your Board believes that the Company is well placed for continued strong growth in our core chocolate confectionary markets in USA and Australia, together with new market opportunities in UK, New Zealand, Canada and the Middle East. Additionally, and very importantly, we are making the investments now to contemporise our Yowie characters, by better defining their character traits and storylines, which in turn allows us to better develop the Yowie concept as an entertainment and environmental brand covering a range of media.

Let me set out below a summary of the Company's growth and management initiatives and achievements over the last 12 months:

- Gaining US distribution in Grocery and Convenience stores and increasing our sales levels in such stores;
- Doubling of manufacturing capacity in US-based chocolate application and packaging, stabilizing production and stock on hand;
- Successful launch of the Yowie All Americas Series 2 in the US market;
- Development of successful social media campaigns resulting in raised brand awareness in the US;
- Successful re-launch in Australia, resulting in Yowie winning the Best New Product Launch for 2017 at The Distributors 2017 Annual Awards Conference held in June 2017;
- Commencing the pathway to Yowie becoming a broad based entertainment and environmental brand via our partnership with Icon Animation;
- Agreeing a partnership with the Wildlife Conservation Society to enhance credibility for our Natural World Mission – which will be featured in the launch of Series 4 Yowie collectables;
- On-boarding key talent in marketing, duty-free sales and manufacturing, and implementing critical support processes;
- Improving Gross Margin by 300 basis points from 52% to 55%; and
- Addressing some issues in our US sales approach, with Mark Schuessler now having responsibility for the North American market.

Financial results

Financially, it was a good year for Yowie. Net Sales increased by 51% to US$19.48 million, and we obtained a gross margin of US$10.69 million. These funds were applied against selling and distribution, marketing and general and administrative expenses to allow the Company's to reduce its EBITDA loss before non-cash accounting adjustments for employee share-based entitlements, to US$3.38 million in FY2017 from US$4.07 million in FY2016.

We invested US$1.07 million to acquire and install plant and machinery at the Madelaine Chocolate Company factory in New York and increased our investment in IP development. We also invested US$4.42million in marketing expenses to continue to foster the development of the brand. Our statutory loss for FY2017 was US$7.3 million, a slight decrease from the FY2016 level of US$7.4 million

Using shareholders' funds prudently and effectively

We maintained shareholders' funds at around US$36 million, reflecting the Directors' concern to ensure that the funds raised from shareholders in 2016 will be invested prudently in growth for the best return. The Group maintains significant reserves of US$26.88 million (A$34.97 million) cash and cash equivalents at year end. We understand that some shareholders are concerned that we have not been investing our funds more quickly in upweighted marketing initiatives. Our view is that we cannot let marketing get ahead of distribution and vice-versa. Hence, we need to be prudent in the ways in which we deploy the funds which shareholders have provided to us. Some shareholders believe that we should undertake a share buyback to return excess funds to shareholders. This is a capital management strategy that the Board reviews on an ongoing basis but, at present, it believes that it needs to have available all of the cash reserves in the business. There are a range of market opportunities, competitor actions that need to be met and the innovation, IP and product development pipeline need ongoing support. By way of example, Yowie doubled marketing spend in FY2017 to US$4.42 million to support the growth of the brand and invested US$0.54 million in IP development. Your Board expects that we will need to continue investment at these types of levels, if not at greater levels.

Growth expectations

We have invested for both short-term and longer term growth. All of the social media scores that Yowie has achieved via the marketing spend tells us that we are out-performing average response rates per $ of investment. We have created brand awareness and we now have to translate that to sales. Hence, our primary short-term objective is to make sure that we strengthen our approach to the US market, supported by the launch of our Series 3 Yowie collectables and our price point fighting Discovery World flanker brand. We have seen that targeted marketing can produce great results if matched with great distribution as has occurred in Australia.

Your Directors expect that from Q2 in FY2018, Yowie will strengthen its growth trajectory based on the launch of Series 3, together with the launch of Discovery World. We are excited by the quality of our 'Rescue' Series 3 collectables and believe these will be welcomed by the market. Equally, we believe that the Discovery World concept will allow the Company to explore a wider range of educational concepts for a younger target audience around a theme of 'discovery'. We operate in a highly competitive market and believe that the best investment that the Company can make is in product and concept innovation. We are investing for this result. These developments, plus our continued penetration in Australasia, and new test markets in the UK and the Middle East, gave us the confidence to advise, when we made our FY2017 Q4 announcement, that our expectation was that **net sales growth will be in the range of 55% to 70% in FY2018 and that positive EBITDA (excluding share-based payments expense) will be achieved in FY2018**. It is important to note, however, that we are a small company and any variation in sales plans by our customers or in the timing of new releases will have a significant impact, and that not everything goes according to plan.

Our team

All of the developments outlined above mean nothing unless we get our execution right and this starts with a talented and committed team. Your Board is confident that it has assembled an experienced team to translate potential to success. In Bert, Mark and Cove we have a group of excellent executives who are working their hardest to deliver across all fronts for Yowie. They have been joined by Amy, who is focusing on the duty free sales area and Leo, who is focusing on maintaining and improving our manufacturing efficiency. They are supported by our sales and admin team in the USA and our accounting/finance team in Australia. Last but certainly not least is my director colleague Trish who is the consistent and constant brand champion. Her knowledge of the brand and its potential makes her a powerful advocate for the entire business. I am privileged to be the leader of this team.

Good talent costs money. This is reflected in the increase in our expense base in both FY2016 and FY2017, and the use of performance rights and service rights to attract our staff to grow their wealth alongside shareholders. Shareholders may be concerned that the amounts allocated to share-based payments for STI and LTI mean that employees are profiting at the expense of shareholders. These are accounting entries – not actual payments. Employees only benefit from performance rights if the threshold performance levels have been achieved. While accruals are occurring for LTI on the basis of full achievement, there are a number of hurdles which employees have to satisfy to obtain the full benefit. The threshold performance levels are designed to ensure that management is rewarded if the Company performs well. I can assure you that your Directors are very focussed on maintaining the relationship between employee reward and company performance.

While the Company welcomed a group of new and exciting executives, we also bade farewell to two of our original employees. Wayne Loxton, our former Executive Chairman, retired from the Board in April and the Company wishes him well in his future endeavours. Salvador Alvarez, our former CEO for North America, retired from Yowie in July 2017 and played an important role in the development of a number of our accounts including our largest US customer. We also wish Salvador well in his future endeavours.

The future

Shareholders will be aware that we are recruiting for a new Chair and I can advise that we are well advanced in our selection process. In addition to the talent that we hope to attract in our Chair selection process, the Board has appointed successful Australian retail entrepreneur in the US retail markets, Mr Ido Leffler, as a strategic adviser to the Yowie Board and management to assist the Company in making the transition to the next stage of growth.

For a small company such as Yowie, the transition from easy wins that come with a great new product to the ongoing discipline of sales growth, market development and product development, can be challenging and demanding. Many lessons have been learned over a short period. In FY2017, your Company has had a number of successes and situations that we could have executed better. We have learned from those situations and your Board believes that your Company is positioned for strong growth in FY2018.

Your Board and executive need your support through the votes that you are asked to cast at our Annual General Meeting to allow the Company to have share market stability so that it can concentrate on producing great results and strong growth to create shareholder value. While the Company's share price performance over the last year has been very disappointing, at current prices, your Board firmly believes that there is a significant disconnect between market capitalisation and Yowie's inherent value. Each of your Directors have backed this view by acquiring more shares in the last few weeks. We now look forward to receiving your support to allow us to continue the job of building a great brand and a great company which will contribute towards a better alignment of share price with inherent value.

Trevor Allen
Non-Executive Chairman

As we concluded fiscal year 2017, the Company's performance continues to be positive with Yowie reaching Net Sales of a record US$19.48 million (+51%) for the year and delivering a number of important accomplishments and milestones. A shortfall against stated growth projections set in early in FY2017 resulted in the Company's performance falling short of projected levels so that, notwithstanding the significant advances made by the Company during the year, the Company's market capitalisation declined significantly.

Management's clear focus in FY2018 is to address improvement areas including reinvigorating US market growth, faster-to-market innovation, improved market execution, manufacturing performance consistency and re-building shareholder value. We are cognizant of our responsibility to create shareholder value and are focused on this as a priority.

Among the key accomplishments in FY2017 versus FY2016 were:

- Gaining US distribution in Grocery and Convenience where ACV distribution (All Commodity Volume, representing the aggregated total annual sales volume of retailers), increased market share from 7.4% on a 52 week basis to 10.5% on a 4 week basis in the Convenience sector and from 9.4% to 13.5% in Grocery sector over the same periods;
- Doubling of manufacturing capacity in packaging and stabilizing production and stock on hand;
- Improving Gross Margin by 300 basis points from 52% to 55%;
- Development of successful social media campaigns resulting in raised brand awareness in the US;
- Successful initial launch results in Australia;
- Agreeing a partnership with the World Conservation Society to secure credibility for our Natural World Mission;
- On-boarding key talent and implementing critical support processes including production planning, tax planning, and instituting investor conference call engagement in conjunction with quarterly filings.

In the US market, Yowie grew sales by 36% in FY2017 compared to the previous year. This growth was achieved against a backdrop of stagnant segment growth and growing competition. The overall chocolate category in the US grew by only 0.8% in FY2017 compared to the previous year. Product offerings in the novelty sub-segment increased from 6 to 15 during the year. Notwithstanding the changes in the competitive landscape and overall sector performance, Yowie continues to perform consistently above our major retailers' benchmark goals.

To address the changing market dynamics and strengthen our ability to execute and compete in the coming year, we are:

- instituting faster-to-market innovation for our core Yowie brand;
- restructuring our US management;
- sales force and broker network to enhance our ability to further expand US market distribution;
- expanding the portfolio by launching a new entry with Discovery World to take a greater share of the category from premium to budget;
- expanding into new international markets;
- continuing to invest behind marketing to increase brand awareness and consumer trust in the Yowie brand; and
- continuing to build on core processes to support our growth plans.

Our expectation in confectionery is to grow net sales by 55% to 70% in FY2018 while at the same time achieving positive EBITDA, excluding share-based compensation, for the first time in the Company's short history.

Your Board and management remain confident in and excited by the global potential of the iconic Yowie brand across a range of food and non-food category opportunities. We appreciate the support of all our stakeholders, especially our shareholders and look forward to another growth year ahead for all.

Bert Alfonso

Bert Alfonso
Managing Director & Global Chief Executive Officer

Your Directors submit their report together with the financial report of Yowie Group Limited ("the Company") and the consolidated entity ("the Group") for the year ended 30 June 2017.

DIRECTORS

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

As at the date of this report, the Company does not have an Audit, Remuneration or Nomination Committee of the Board of Directors. The full Board assumes the responsibilities of these individual committees. Given the size of the Company, it is felt that separate committees cannot be warranted but as the Company grows, these committees may be established. Of the current Directors, only Mr Trevor Allen does not have any special executive responsibilities. Mr Bert Alfonso is a Managing Director and Global Chief Executive Officer and Ms Patricia Fields is an Executive Director.

Mr Trevor Allen

Non-Executive Chairman *(appointed 6 April 2017)*
Non-Executive Director

Qualifications: BCom (Hons), CA, FF, FAICD

Mr Allen has been an Independent Non-Executive Director since 26 March 2015. He has more than 39 years of corporate and commercial experience, primarily as a Corporate and Financial Adviser to Australian and international corporates.

He is a Non-Executive Director of Peet Limited, Freedom Foods Group Limited and Eclipx Group Limited. Mr Allen is the Chairman of Brighte Capital Pty Ltd. Until August 2016 he was a board member of Aon Superannuation Pty Ltd, the trustee of the Aon Master Trust. He was a member of FINSIA's Corporate Finance Advisory Committee for 10 years up until December 2013.

Prior to undertaking non-executive roles, he had senior executive positions as an Executive Director of Corporate Finance at SBC Warburg and its predecessors for eight years and as a Corporate Finance Partner at KPMG for nearly 12 years. At the time of his retirement from KPMG in 2011, he was the Lead Partner in its National Mergers and Acquisitions group.

Mr Allen was Director of Business Development for Cellarmaster Wines from 1997 to 2000, having responsibility for the acquisition, integration and performance of a number of acquisitions made outside Australia in that period.

DIRECTORS (continued)

Mr Bert Alfonso

Managing Director *(appointed 22 March 2017)*
Global Chief Executive Officer

Qualifications: Bachelor of Accounting, CPA, MBA Marketing

Mr Alfonso has more than 30 years of experience in improving operating performance and meeting shareholder value. Known for building extraordinary global teams that work together to create a winning culture, Mr Alfonso has delivered a verifiable track record of achieving above market revenue, profit and operating performance at Hershey, Cadbury Schweppes and Warner Lambert. Mr Alfonso brings a wealth of global consumer brands, healthcare industry, international markets and cross discipline operational leadership experience to the Group.

Mr Alfonso was the International President for The Hershey Company from April 2013 until his retirement in June 2015. Previously, Mr Alfonso served as Senior Vice President and Chief Financial Officer of The Hershey Company from July 2007 to March 2013. Prior to joining Hershey, Mr Alfonso was Executive Vice President Finance for Cadbury Schweppes. Prior to joining Cadbury Schweppes, Mr Alfonso was Vice President and Chief Financial Officer for the Adams Division of Pfizer, Inc. and led the divestment of the Adams business.

Ms Patricia Fields

Executive Director

Qualifications: Graduate Diploma (Marketing)

Ms Fields has more than 30 years of commercial and brand experience in consumer goods industries and was a former global Director for Cadbury Schweppes Plc. Ms Fields has a Graduate Diploma in Marketing from Chisholm Institute (now Monash University). Her achievements include leading the development and commercialisation of the Yowie brand for Cadbury Schweppes Plc.

Mr Wayne Loxton

Non-Executive Chairman *(appointed 27 February 2017 and retired 6 April 2017)*
Executive Chairman *(retired 27 February 2017)*

Qualifications: BSc (Eng), MAustIMM

Mr Loxton's business career has spanned more than 30 years. During this period, he has held executive and non-executive management positions for a number of companies. Mr Loxton has a broad range of experience including formulating strategy, completing feasibility studies, commercialization and entrepreneurial start-ups, performance improvement change programmes, commercial and strategic due diligence, capital raisings, mergers and acquisitions, asset divestiture and introduction of best practices.

DIRECTORS (continued)

Directorships of other listed companies during the past three years

Name	*Company*	*Commenced*	*Ceased*
Mr T Allen	Peet Limited Eclipx Group Limited Freedom Foods Group Limited	5 April 2012 26 March 2015 1 July 2013	- - -
Mr B Alfonso	Eastman Chemical Company	4 January 2011	-
Ms P Fields	No other directorships	-	-
Mr W Loxton	Gleneagle Gold Limited	30 April 2010	17 Nov 2016

Interests in the shares and options of the Company

As at the date of this report, the Directors (including their personal related parties) held the following ordinary shares, options and rights over ordinary shares in the Company as set out below.

Name	*Number of Ordinary Shares*	*Number of Options*	*Number of Rights*
Mr T Allen	380,000	1,075,000	-
Mr B Alfonso	1,876,700	-	2,936,698 [1]
Ms P Fields	4,547,790	1,000,000	560,888
Total	**6,804,490**	**2,075,000**	**3,497,586**

[1] Additionally, Mr B Alfonso will be entitled to a short term incentive of USD$225,750. This will be paid in cash or awarded as fully vested rights at the Board's absolute discretion. The number of rights vested will be calculated based on the 5-day VWAP after the release of the annual financial results for the year ending 30 June 2017.

COMPANY SECRETARY

Mr Neville Bassett AM

Qualifications: BCom, FCA

Mr Bassett is a chartered accountant with more than 30 years of experience. He has been involved with a diverse range of Australian public listed companies in directorial, company secretarial and financial roles.

SENIOR EXECUTIVES

Mr Mark Schuessler

Global Chief Operating Officer

Qualifications: BSBA, MBA Finance

Mr Schuessler is an experienced senior executive leader with more than 30 years' U.S. and international markets experience. Mr Schuessler has extensive cross discipline and cross category operational leadership experience in the consumer packaged goods industry with Doumak Inc., The Campbell Soup Company, Procter and Gamble and early financial roles in the printing and banking industries.

Mr Schuessler was President and Chief Operating Officer of Doumak Inc. from 2013, a privately held US$100+ million confectionery manufacturer of the Campfire brand, private label marshmallows distributed throughout the U.S. and the Rocky Mountain brand distributed in more than 70 countries globally. During his leadership period, the Company experienced annual top line double digit growth and a significant increase in the bottom line through increased productivity, new item launches and a global market focus. Prior to being President and Chief Operating Officer, Mr Schuessler was Vice President and Chief Operating Officer of Sales and Marketing with significant sales and profit growth.

Mr Cove Overley

Global Chief Marketing Officer *(appointed 8 September 2016)*

Qualifications: BA (Toy Design) and AD (Industrial Design)

Prior to joining Yowie as Global Chief Marketing Officer, Mr Overley worked as Chief Commercial Officer and General Manager developing 25 unique experiential shopping locations around the globe for KidZania Sa de Cv (Mexico City). In that time, he developed more than 800 unique product SKUs (SKU refers to a specific item stored to a specific location) per year and shipped more than 50 million experiential themed products to locations including Mexico, Japan, Dubai, United Kingdom, Europe and South East Asia. With an investment of US$3.9 million, he transformed the wholesale, retail and distribution business into a total of US$75 million within 5 years. Previous to this, Mr Overley headed the Product Innovations and Communications Department for the Asian office for Recreation Plc (United Kingdom) as well as developing a strategic electronics distribution and marketing company called Street Value Limited which had turned a minimum profit increase of 20% per year for the past 9 years.

He is currently a Director and shareholder at Street Value Limited (Hong Kong) and XTRA Brands Limited (Hong Kong). Mr Overley was previously a Director at KidZania Sa De Cv (Mexico) until he resigned his post in May 2016.

SENIOR EXECUTIVES (continued)

Mr Salvador Alvarez

Chief Executive Officer of Yowie North America *(retired 13 July 2017)*

Qualifications: BBA Marketing, MBA Marketing

Mr Alvarez was Chief Executive Officer of Yowie North America from November 2014 until July 2017. He brought more than 30 years of experience in consumer general management, sales, marketing and innovation to Yowie North America, having worked in confectionery (Cadbury Schweppes and Warner Lambert), consumer products (Unilever and Playtex – a division of Sara Lee Corporation), pharmaceuticals (Johnson & Johnson and Pfizer) and spirits (Brown Forman) industries. Mr Alvarez has extensive management experience in both local regional and global roles in the United States, Latin America, Europe and Asian markets and has a proven track record of leading multicultural, multi-functional high performance teams to achieve consistent superior business results.

PRINCIPAL ACTIVITY

Yowie Group Limited is a global brand licensing Company, specialising in the development of consumer products designed to promote learning, understanding and engagement with the natural world through the adventures and exploits of six endearing Yowie characters. Educating children and adults about the environment and ecology and 'Save the Natural World' is at the heart of the Yowie proposition. Yowie Group Limited employs its company-owned intellectual property rights to supply Yowie branded chocolate confectionery product, a digital platform and Yowie branded licensed consumer products. Manufacturing and distribution of these products is undertaken by outsourced third parties on Yowie's behalf. The Group's vision for the Yowie brand is to distribute on a widening basis the Yowie product initially in the United States of America (USA) followed by international expansion. The development of its digital platform and licensed consumer products is being undertaken in stages with Stage 1 development complete. Expansion into Australia and New Zealand is underway, and expansion into Europe and the Middle East are key strategic priorities for a second-stage brand rollout.

OPERATING AND FINANCIAL REVIEW

During the financial year the Group progressed its objective of building a strong sales and distribution network both in the United States and Australian and New Zealand markets, with some important key milestones achieved.

Financial Overview

- The Group generated gross revenue of US$22.20 million. Net revenue, after discounts, allowances and other deductions was US$19.48 million for the year. This represented a 51% YoY increase.

OPERATING AND FINANCIAL REVIEW (continued)

Financial Overview (continued)

- Net revenue attributable to the US market was US$17.57 million or 90% of total net revenue, an increase of 36% over the prior financial year. The remainder US$1.91 million was generated from the relaunch of Yowie into the Australian market. First shipment into the Australian market occurred in February 2017.

- The Group delivered a gross margin of 55%, an improvement of approximately 300bps over FY2016. The improvement was largely attributable to a reduction in the price of our major raw materials (chocolate) and the benefits associated with efficiencies through the growing scale of our business. Manufacturing was outsourced for the entire year to The Madelaine Chocolate Company in New York.

- The Group spent US$4.42 million on marketing and merchandising in FY2017, an almost 100% increase on prior year. This sum includes in-store merchandising in addition to advertising on social media and live in market events (e.g. Easter egg hunts). The majority of our marketing spend was on activities in the US market with a smaller amount spent on the relaunch into the Australian market.

- Administration expense for the Group, excluding share-based payments expense, was US$6.68 million for the year, an increase of 14% YoY. The increase was largely attributable to the hiring of several key executives in late FY2016.

- The Group's EBITDA loss, before share-based payments expense, narrowed in FY2017. EBITDA loss, before share based payments expense, was US$3.38 million compared to US$4.07 million in FY2016.

- The Group's cash balance at the end of FY2017 was US$26.88 million compared to US$31.69 million at the end of FY2016, reflecting significant build-up of inventories over the period to appropriate operating levels.

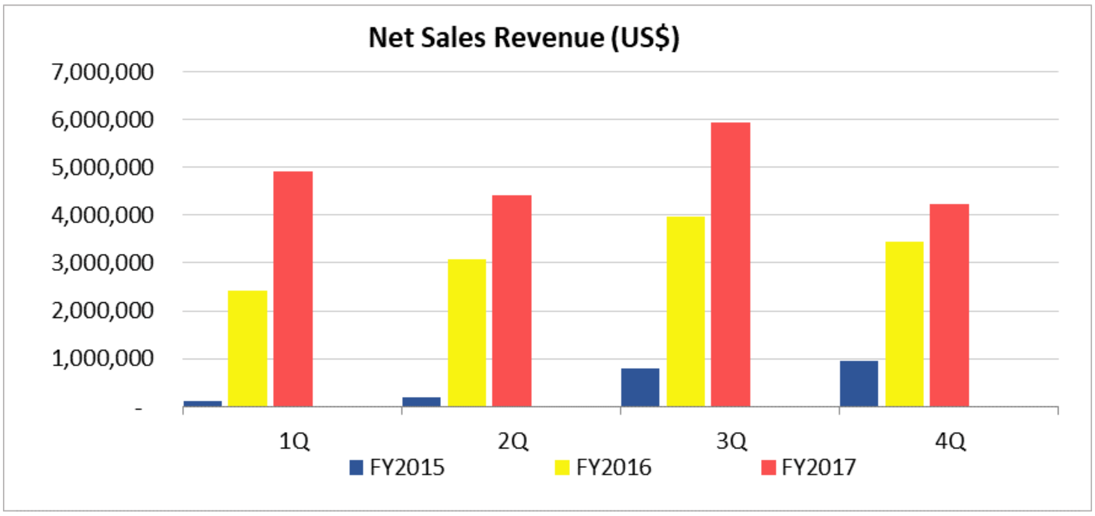
- The net assets of the Group decreased by US$0.79 million from US$36.98 million to US$36.19 million. This decrease was mainly a result of the Group's increased marketing investment in building brand awareness both in the United States and Australia.

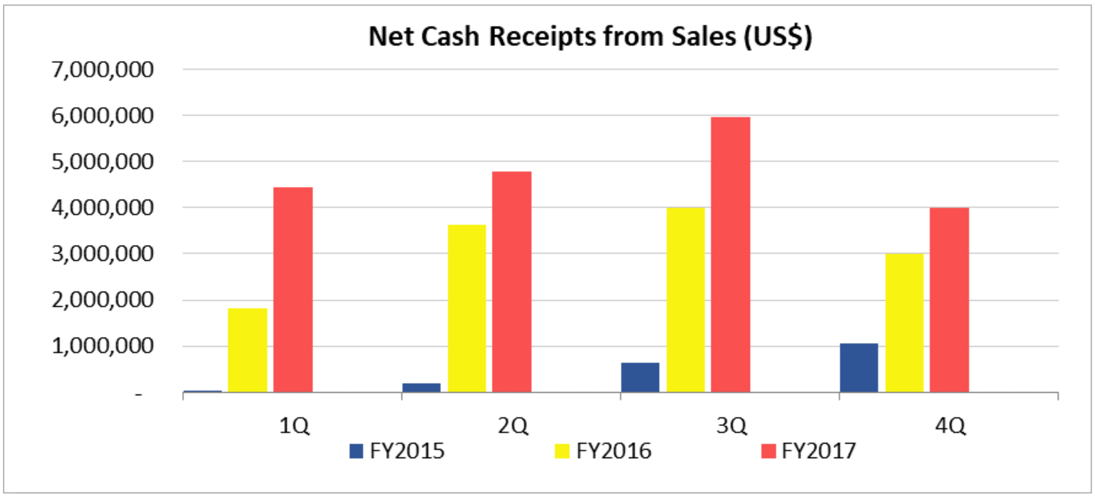
- Capital, funding and liquidity are managed at the corporate level. A summary of the cash flows for the Group is as follows:

Cash flows from:	**US$**
• Operating activities	(5,071,941)
• Investing activities	(1,083,205)
• Financing activities	780,327
Net cash flows for the year	**(5,374,819)**
Opening cash	31,693,265
Effect of foreign exchange movements	559,134
Closing cash balance	**26,877,580**

OPERATING AND FINANCIAL REVIEW (continued)

Financial Overview (continued)





US Market

Among the key accomplishments in FY2017 versus FY2016 were:

- Gaining US distribution in Grocery and Convenience where ACV distribution increased from 7.4% on a 52 week basis to 10.5% on a 4 week basis in Convenience and from 9.4% to 13.5% in Grocery over the same periods.

- Increased US market share in Nielsen reported xAOC (eXtended All Outlet Combined) representing Grocery, Drug Mass, Dollar and Club channels in front-end chocolate confectionary from 0.70% to 0.98%

- Increased key account penetration through entry into Dollar General, Target, Meijer, and several Kroger divisions

- Successfully launched Series 2 with sales of around 12 million units

OPERATING AND FINANCIAL REVIEW (continued)

Australian Market

- During the year the Group successfully launched Yowie back into the Australian market. In partnership with our Australian-based distributor, Universal Candy, Yowie was rolled out across a range of retailers representing the grocery, convenience, petrol, department and toy store channels across all states and territories. Yowie is now available on shelf in store with retailers including Kmart, Toys R Us, Big W, K-Mart, selected IGA stores and the Reject Shop at standard retail pricing. Net Sales for Australia in FY2017 were US$1.91 million.

- The Group has supported the entry in Australia with a social media marketing campaign featuring content promoting the authenticity of the Yowie brand, inspiring conservation awareness and to recruit and inviting netizens to join Yowie World game activities online. A Sydney-based transit advertising activation took place in early June 2017 to strengthen the launch. Campaign content is being broadcast on YouTube, Facebook and Instagram Yowie World and Yowie Australia networks.

- Yowie won the Best New Product Launch for 2017 at The Distributors 2017 Annual Awards Conference held in June 2017. Yowie distribution agent, Universal Candy, also won the Supplier of the Year Award. The Distributor is Australia's leading national independent wholesaler distributing to petrol and convenience, corner stores, pharmacy, newsagents, schools and the route market specializing in beverages, confectionery and snacks.

Discovery World

- In April, the Group announced the proposed launch of a new Yowie-owned brand, Discovery World, expanding the Company's brand portfolio through innovation that holds appeal for both consumers and retailers. The launch of Discovery World in the US will provide the Group with brand representation in both the premium (Yowie) and lower price (Discovery World) segments of the growing embedded chocolate novelty category. Building on the concept of play and learn by promoting fun and learning for young consumers through 'discovery', our first Discovery World launch series will feature 24 collectible Dinosaurs along with educational materials both in pack as well as on the YOW Brands website at www.yowbrands.com. The new product comes with a 9 gram single piece (non-embedded) chocolate treat, ethically sourced and traded with "Rainforest Alliance Accreditation" as well as being GMO and gluten free.

OPERATING AND FINANCIAL REVIEW (continued)

Manufacturing

- The Group achieved significant improvements in manufacturing activities during the year, however, planned and unplanned plant outages in the December quarter resulted in sub-optimal production during a strong demand period. These issues included a longer than expected commissioning of a new wrapping line and a two day local area power outage. The knock on effect was lower available inventory for sale heading into the seasonally strong pre-Easter selling period. Working together with our local manufacturing partner in New York, The Madelaine Chocolate Factory, the Group was able to recover both production volumes and obtain gross margin improvement. By way of example, we achieved production of 2.2m units in May 2017, up from a disappointingly low of 580,000 units in October 2016.

- In June, Mr Leo Valle, a 30-year global veteran in the confectionery category, joined Yowie from Mondelez International, as VP Global Supply Chain Operations, replacing a consulting arrangement previously in place for the initial line commissioning at our Madelaine facility. Mr Valle has responsibility for global manufacturing expansion, production oversight, procurement, logistics and warehousing.

Growth Plans

- While we have areas of opportunity to improve on execution, from a strategic perspective, our objective remains the same, namely to significantly expand distribution in the US market, while entering other key markets on a timely and value-adding basis. We are particularly focused on revitalizing our growth at our largest US retailer where plans are in place to launch Discovery World in mid Q1 FY2018, the launch of Yowie Series 3 (Rescue Series) by Q1 FY2018, and executing strong marketing and in-store programs for year-end Holiday and Easter including a Yowie multi-pack (3 pack) entry to drive overall stronger growth and distribution expansion against a strong consistent Yowie in-store performance. Both the Holiday and Easter programs will be executed via incremental merchandising on aisle end-caps.

- We are also focused on maximizing the opportunity in Australia and finalising our entry into the Canadian market in the near-term. Priority focus areas include improving our distribution capabilities, bringing innovation to market faster, and completing our recently announced work with Icon Animation on Yowie publishing and webisodes scheduled for launch in Q3 FY2018.

OPERATING AND FINANCIAL REVIEW (continued)

FY2018 Outlook

- Our current outlook for Net Sales in FY2018 is for an increase in the 55% to 70% range compared to FY2017. We will continue to invest behind brand marketing via social media to build brand awareness to support the achievement of this objective. We are particularly excited about the quality and innovation for our Yowie Series 3 collectibles which feature global highly endangered species as well as the introduction of the evil Grumpkin characters as the natural world antagonist. The Series 3 launch will also be concurrently supported by strong marketing investment.

- In FY2018, we anticipate that we will achieve positive EBITDA (excluding non-cash share-based payments expense) and break-even net profits toward the end of the year. Gross margin percentage is expected to decline from FY2017 levels due to Discovery World and higher international sales, but remain strong at above 50% of net sales in FY2018.

Marketing

- Marketing activities increased significantly in FY2017. With the increase in our overall distribution came the justification to provide greater marketing support for the brand to build brand awareness and drive consumer offtake. During the year, the Group launched two significant market campaigns in the US market, these being in September/October holiday season and for Easter. In December, Yowie signed a Partnership Agreement with the Wildlife Conservation Society (WCS) to co-design a future Yowie WCS collectible series.

- In October 2016, the Group executed a Yowie holiday season marketing campaign including national social media plus TV advertising in San Antonio and Chicago. Sell-through of the Yowie 'All American' series increased more than 103% compared to the same period in 2015 at the same locations. Brand awareness saw an increase of more than 30% 'Likes' to the Facebook page within the campaign period confirming the importance of social media to Yowie targeted demographics. The Yowie World social feeds also achieved significant milestones with more than 17 million combined 'Views' on the Yowie World Official YouTube channel and 18.6 million 'Views' on Yowie World Official Facebook.

OPERATING AND FINANCIAL REVIEW (continued)

Marketing (continued)

- One of the most important and unique aspects of Yowie is our commitment to furthering responsible actions and bringing education to our consumers in support of the Yowie Mission to "Save the Natural World". In support of the Yowie Mission, in Q2 FY2017 Yowie entered into a Partnership Agreement with the Wildlife Conservation Society, (WCS), to co-design a future Yowie WCS collectible series. Through this collaboration, Yowie will 'give back' in support of natural world protection by providing much needed funding to WCS to support activities through-out the world to save endangered species and other conservation efforts. Yowie is very proud to begin this association with WCS, a world leading organization with an over 100 year history in saving endangered species and wild places.

- In March 2017, Yowie launched a US$1.2 million Spring marketing campaign in the US market ahead of the important Easter Holiday and in commemoration of International Earth Day. The Spring campaign was national across the US market running from March 26 to July 15 comprising of social media advertising via You Tube, Facebook and Instagram. Early metrics reflect strong results against Google benchmarks for Facebook and YouTube. New videos featured on YouTube included 2 "hero videos" capturing consumers at live action events. The YouTube campaign video "Yard Sale" has already generated 2.8 million views on YouTube and 5.6 million views on Facebook.

- In June 2017, the Australian marketing campaign kicked off with the "Yowie Is Back!" campaign. The campaign involved the roll out of a 120 second virial video piece and 15 second animated commercial through various social media channels including YouTube, Instagram, Facebook and Twitter. The campaign featured a dedicated interactive website which was live for an 8-week period and supported by bus advertising at scheduled times over a twelve-week period.

- Yowie has aligned with zoologist Chris Humfrey and his team at the Wild Action Zoo for the Australian launch. The Wild Action Zoo is a state of the art private zoological facility in the Macedon Ranges, operating the only 'truly' mobile zoo in the State of Victoria. The Wild Action Zoo not only breeds many rare and endangered species but is driven by their goal to inspire people to develop an interest and empathy in all things 'WILD', by delivering responsible, sustainable and educational wildlife encounters.

- The "Yowie is Back" campaign aims to integrate key messages around ecology and the environment with fun and engaging visual assets that will reach tens of thousands of people through the defined channels by offering Yowie audience the chance to immerse themselves in a special Yowie Wild Action Zoo Experience, where 5 lucky winners being invited to become one of Chris' important 'junior zookeepers' for a day. These marketing investments complement the distribution strategy and roll-out of the Yowie Premiere Collectables Series (Series 1) by Yowie Group's Australian-based partners, Universal Candy.

OPERATING AND FINANCIAL REVIEW (continued)

Brand Development

- During the year, Yowie entered into an agreement with Icon Animation Pty Ltd to produce a series of Yowie webisodes. Icon Animation is a subsidiary of L.A. based Icon Productions LLC, an American/Australian independent production company founded in August 1989 by actor/director, Mel Gibson and Australian producing partner, Bruce Davey.

- Icon Animation will produce seven webisodes for Yowie – one for the introduction of each Yowie character and one featuring the Yowie Tribe. The webisodes will launch on media channels including Instagram, YouTube, Facebook and Yowie World. The agreement with Icon Animation includes licensing and distribution rights for a period of five years excluding confectionery, publishing and selected other Yowie IP already established prior to the signing of this agreement. In his role as creative advisor to Yowie, Bruce Davey will direct the team of writers, animators, voice actors and musicians.

- Animation is being provided by ZAC Creative, a specialist illustration and animation team based out of Perth, Western Australia. Yowie has worked previously with Zac in creating the animation for Yowie publishing. In the interest of creative continuity, Yowie elected to delay the launch of the Yowie publishing to ensure the Yowie storylines were of 'one voice' from the new Yowie writing team. Yowie publishing is now scheduled for release in time for Christmas 2017.

- LA based writers, James W. Bates and Jim Peronto, have been signed as the new Yowie writing team. Music direction will be provided by film score composer, Bryce Jacobs, who is also based in LA. The selection of character voice actors is complete. The timing for the launch of the Yowie webisodes is Easter 2018.

Litigation Update

- In relation to the legal claim brought against Yowie North America ("YNA") by our initial US manufacturer, the Whetstone Chocolate Factory ("WCF") and Atlantic Candy Company ("ACC") for an alleged breach of the Manufacturing Agreement between the parties, the Group is able to provide the following update. At the instruction of the court, both parties recently conducted a non-binding mediation session. Parties were unable to negotiate a satisfactory outcome during the mediation session. The case, therefore, is now likely to go to trial in FY2018. We remain confident in our legal position and thus, YNA has disclaimed liability and is defending the action.

OPERATING AND FINANCIAL REVIEW (continued)

Corporate

- Subsequent to the end of year, Mr Alvarez elected to step down as CEO of YNA to pursue other interests. The Group thanks Mr Alvarez for his contribution, starting from Yowie's earliest days in the US market.

- Mark Schuessler, currently President and COO, will take on the additional responsibilities as General Manager of Yowie North America. He has been focused on international expansion, most recently the successful Australia launch. Mr Schuessler will continue to report to Mr Alfonso, Global CEO.

- Mr Schuessler's responsibilities will include oversight of the 4-person US retail sales team. Our plans are to continue to expand in current and additional key accounts in the US and will add sales resources in response to new growth opportunities. In addition, he will manage the US finance and retail analysis functions.

- In June, Mr Valle, a 30-year global veteran in the category, joined Yowie from Mondelez International, as VP Global Supply Chain Operations, replacing a consulting arrangement previously in place for the initial line commissioning at our third party US manufacturing facility. He has responsibility for global manufacturing expansion, production oversight, procurement, logistics and warehousing. Mr Valle will report to Bert Alfonso, Global CEO.

- In February 2017, Mr Wayne Loxton tendered his resignation as Executive Chairman of Yowie Group Ltd. After four years with Yowie, Mr Loxton wished to pursue other business interests and opportunities. Under Mr Loxton's Chairmanship. the Group progressed from an unfunded start-up venture through a successful US market launch and then onto a national roll out into the biggest consumer market and retailer in the world. This was all achieved through a virtual company operating across multiple time zones and jurisdictions.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors, there were no matters that significantly affected the state of affairs of the Group during the financial year, other than those referred to in the review of operations.

DIVIDENDS

The Directors recommend that no amount be paid by way of dividend. No dividend has been paid or declared since the end of the financial year.

DIRECTORS' MEETINGS

The number of meetings attended by each Director during the year was as follows:

Director	*Eligible to Attend*	*Attended*
Mr T Allen	10	10
Mr B Alfonso [1]	5	5
Ms P Fields	10	10
Mr W Loxton	6	3

[1] This indicates the number of Directors' meetings that Mr B Alfonso is eligible to attend after his appointment to the Board.

SHARES UNDER OPTION

Unissued ordinary shares under options and rights outstanding at 30 June 2017 are as follows:

Number of Options	*Exercise Price (A$)*	*Expiry Date*
3,625,000	0.766	31 Dec 2017
2,425,000	0.900	31 Dec 2017
2,775,000	1.050	31 Dec 2017
320,000	1.150	31 Dec 2017
640,000	1.250	31 Dec 2017
75,000	1.400	8 Sep 2018
200,000	1.510	24 Aug 2018
125,000	1.510	8 Sep 2018
400,000	1.630	24 Aug 2018
10,585,000		

SHARES UNDER OPTION (continued)

Service and Performance Rights	*Number of Securities*	*Exercise Price (A$)*	*Expiry Date*
Service rights	1,000,000	-	14 Jun 2018
Service rights	1,000,000	-	14 Jun 2019
Service rights	1,000,000	-	14 Jun 2020
Service rights	100,000	-	12 Jun 2018
Service rights	132,925	-	12 Jun 2018
Service rights	132,925	-	12 Jun 2019
Service rights	132,925	-	12 Jun 2020
Service rights	248,513	-	20 Feb 2020
Service rights	142,511	-	12 Dec 2019
Performance rights STI	TBD [1]	-	30 Jun 2018
Performance rights LTI	347,222	-	30 Sep 2019
Performance rights LTI	106,833	-	30 Sep 2017
Performance rights LTI	106,833	-	30 Sep 2018
Performance rights LTI	1,208,943	-	30 Jun 2019
Performance rights LTI	1,208,943	-	30 Jun 2020
	6,868,573		

[1] The number of rights vested will be calculated based on the 5-day VWAP after the release of the annual financial results for the year ending 30 June 2017. Total value of the STI vested is US$556,648.

Shares issued as a result of the exercise of options

The following shares have been issued as a result of exercise of options during the year ended 30 June 2017:

- 3,650,000 shares were issued at an exercise price of A$0.285

No shares were issued as a result of the exercise of options subsequent to reporting date and to the date of this report.

EVENTS SUBSEQUENT TO BALANCE DATE

No circumstances or events have arisen subsequent to the end of the period that have had, or are likely to have, a material impact on the financial statements.

LIKELY DEVELOPMENTS

Information on likely developments in the operations of the Group is contained within the operating and financial review.

REMUNERATION REPORT (audited)

This Remuneration Report outlines the Director and Executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report, Key Management Personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether Executive or otherwise) of the parent company.

The Directors present the Yowie Group Limited FY2017 remuneration report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year.

The report is structured as follows:
(a) Key management personnel (KMP) covered in this report
(b) Remuneration policy and link to performance
(c) Elements of remuneration
(d) Remuneration expenses for KMP
(e) Contractual arrangements for KMP
(f) Equity instrument disclosures relating to Key Management Personnel

(a) Key management personnel (KMP) covered in this report

Name	Position
Mr Trevor Allen	Non-Executive Chairman *(appointed 6 April 2017)* Non-Executive Director
Mr Bert Alfonso	Managing Director *(appointed 22 March 2017)* Global Chief Executive Officer
Ms Patricia Fields	Executive Director
Mr Wayne Loxton	Non-Executive Chairman *(appointed 27 Feb 2017 and retired 6 April 2017)* Executive Chairman *(retired 27 Feb 2017)*
Mr Mark Schuessler	Global Chief Operating Officer
Mr Cove Overley	Global Chief Marketing Officer *(appointed 8 September 2016)*
Mr Salvador Alvarez	Chief Executive Officer of Yowie North America

Changes since the end of the reporting period
Mr Salvador Alvarez resigned from the position of Chief Executive Officer of Yowie North America on 13 July 2017.

(b) Remuneration policy and link to performance

The Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors and Executive officers. The Board will assess the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and Executive team.

From time to time, the Board engages an external remuneration consultant to assist with reviewing of the Group's remuneration policy.

REMUNERATION REPORT (audited) (continued)

(b) Remuneration policy and link to performance (continued)

In particular, the Board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the Company to attract and retain key talent;
- aligned to the Company's strategic and business objectives and the creation of shareholder value;
- transparent and easily understood; and
- acceptable to shareholders.

To assist in achieving these objectives, the Board has linked the nature and amount of executive KMP remuneration to the Company's financial and operational performance. Remuneration paid to the Company's Directors and Executives is also determined having regard to the cash available to the Company.

At the Annual General Meeting ("AGM") held on 7 November 2016, approximately 31% of shareholders cast a 'No' vote in relation to the adoption of the remuneration report for the year end 30 June 2016. The Company, therefore, received what is known as a 'First Strike' under the Amendments to the Corporations Act. The resolution was still passed as an 'ordinary resolution'.

The Board recognises the vote at the 2016 AGM as an indication of shareholder sentiment.

The Board has had careful regard to the outcome of the vote and to subsequent discussion with Shareholders when setting the Company's remuneration policies. The Board considers that the Company's remuneration arrangements, as set out in the Remuneration Report, are fair, reasonable and appropriate, in line with industry standards and structured in a way that the Company can attract and retain suitably qualified and experienced employees to manage the Company.

Shareholders may be concerned that the amounts allocated to share based payments for Short Term Incentive ("STI") and Long Term Incentive ("LTI") indicate that employees are profiting at the expense of shareholders. These are accounting entries – not actual payments. Employees only benefit from performance rights if the threshold performance levels have been achieved. While expenses are occurring for LTI on the basis of full achievement, there are a number of hurdles which employees have to satisfy to obtain the full benefit. The threshold performance levels are designed to ensure that management is rewarded if the Company performs well.

Executive KMP are those directly accountable for the operational management and strategic direction of the Company.

Having regard to the number of members currently comprising the Company's Board and the stage of the Company's development, the Company does not have a separately established remuneration committee. The functions that would be performed by a remuneration committee are currently performed by the full Board.

REMUNERATION REPORT (audited) (continued)

(b) Remuneration policy and link to performance (continued)

Remuneration framework

Element	Purpose
Fixed annual remuneration (FR)	Provide competitive market salary including superannuation and non-monetary benefits.
Short-term incentives (STI)	Reward available for meeting pre-determined performance hurdles within a 12-month time period. Performance pay is 'at risk' such that if performance hurdles are not met, the payment is not made, other than at the discretion of Directors to cover unforeseen circumstances. Performance pay may be paid in cash or in the form of share-based compensation at the Board's absolute discretion through participation in the YOW Employee Incentive Plan (EIP) through participation in the annual grants of service rights or performance rights where vesting are subject to performance hurdles.
Long-term incentives (LTI)	Performance hurdles are aligned to long-term shareholder value. Performance rights are 'at risk' such that if performance hurdles are not met, the performance rights do not vest. The long term incentive once determined will be paid in cash or awarded as fully vested service rights. Performance rights are paid in the form of share-based compensation through participation in the YOW Employee Incentive Plan (EIP).
Service Rights	One off issuance subject to Board discretion to attract and retain high calibre employee. Vesting of rights subject to Employee remaining employed by the Company on the vesting date.

REMUNERATION REPORT (audited) (continued)

(b) Remuneration policy and link to performance (continued)

Balancing short-term and long-term performance

Annual incentives are set at a maximum of 100% of fixed remuneration, in order to drive performance without encouraging undue risk-taking. Long-term incentives are assessed over a two or three year period and are designed for the achievement of long-term growth in shareholder returns.

Assessing performance

The Board is responsible for assessing performance against KPIs and determining the STI and LTI to be paid. To assist in this assessment, the Board receives detailed reports on performance from management which are based on independently verifiably data such as financial measures, market share and data from independently run surveys.

Minimum shareholding and holding conditions

All Directors and employees are encouraged to own Yowie shares. The Company does not have a formal minimum shareholding policy or mandatory holding condition on awarded shares. However, it is important to note that the nominal value of share rights is determined at the commencement of the performance period motivating executives to hold shares and grow shareholder value.

Use of remuneration consultants

On an as-needed basis, the Non-Executive Director engages Crichton + Associates Pty Ltd ("Crichton") to provide various services in relation to executive KMP remuneration and the Yowie Employee Incentive Plan (EIP). Crichton did not make any remuneration recommendations to the Board during the year. Notwithstanding, the Corporations Act protocols to ensure independence were adopted.

REMUNERATION REPORT (audited) (continued)

(c) Elements of remuneration

(i) Fixed annual remuneration (FR)

Fixed remuneration consists of a base remuneration package, which includes Directors' fees (in the case of Directors), salaries, consulting fees, employer contributions to superannuation funds and non-monetary benefits such as health insurance and tax advisory services.

Fixed remuneration levels for Directors and Executive officers will be reviewed annually, or on promotion by the Board through a process that considers the individual's personal development, achievement of key performance objectives for the year, industry benchmarks wherever possible and CPI data.

Total remuneration for Non-Executive Directors is determined by resolution of shareholders. The Board determines actual payments to Directors and reviews their remuneration annually, based on market relativities and the duties and accountabilities of the Directors. The maximum available aggregate remuneration approved for Non-Executive Directors is A$200,000. Non-Executive Directors do not receive any other retirement benefits other than a superannuation guarantee contribution required by government regulation, which was 9.5% of their fees for the year ended 30 June 2017.

Non-Executive Directors may provide specific consulting advice to the Company upon direction from the Board. Remuneration for this work is made at market rates. No such advice was provided in the year ended 30 June 2017.

(ii) Short-term incentives (STI) – Executive Directors

No STI issued to Executive Directors during the year ended 30 June 2017. STI share-based compensation granted to Mr Wayne Loxton and Ms Patricia Fields during the year pertains to STI FY2016 where performance metrics have been achieved in FY2016 and expensed in FY2016.

STI share-based compensation issued to Mr Bert Alfonso during the year is disclosed under section (iii).

REMUNERATION REPORT (audited) (continued)

(c) Elements of remuneration (continued)

(iii) Short-term incentives (STI) – Global CEO and Other Senior Executives

<table>
<tr><th>Feature</th><th>Description of STI</th><th>FY2016 STI</th><th colspan="4">FY2017 STI</th></tr>
<tr><td>Max opportunity</td><td>Maximum is 100% of fixed remuneration.</td><td>No STI issued in FY2016 to CEO and other senior executives</td><td colspan="4">Maximum is 100 % of fixed remuneration.</td></tr>
<tr><td rowspan="5">Performance metrics</td><td rowspan="5">The STI metrics align with our strategic priorities of market competitiveness, operational excellence, shareholder value and fostering talented and engaged people.</td><td rowspan="5">No STI issued in FY2016 to CEO and other senior executives</td><td>Metric</td><td>Target</td><td>Weighting</td><td>Reason for selection</td></tr>
<tr><td>Achieve financial budget</td><td>Grow volume while expanding gross margin</td><td>60% - 70%</td><td>Reflects improvements in both revenue and cost control and increase in sales volume</td></tr>
<tr><td>Increase distribution depth</td><td>Increase distribution depth in current US account base</td><td>0 - 15%</td><td>Retention of customers and increasing market share</td></tr>
<tr><td>International expansion</td><td>2 markets outside US market</td><td>0 - 20%</td><td>Retention of customers and increasing market share</td></tr>
<tr><td>Individual performance metrics</td><td>Specific to individuals</td><td>10% - 40%</td><td>Targeted metrics have been chosen that are critical to individual roles</td></tr>
<tr><td>Achievement of award and Board discretion</td><td colspan="6">The Board has discretion to adjust remuneration outcomes up or down to prevent any inappropriate reward outcomes, including reducing (down to zero, if appropriate) any deferred STI award.</td></tr>
<tr><td>Delivery of STI</td><td colspan="6">100% of the STI award is paid in cash or equity at the discretion of the board, subject to meeting vesting conditions of performance hurdles.</td></tr>
<tr><td>Exercise price</td><td colspan="6">Exercise price of service rights and performance rights are generally nil.</td></tr>
<tr><td>Forfeiture and termination</td><td colspan="6">Service rights and performance rights will lapse if performance conditions are not met. Service rights will be forfeited on cessation of employment unless the board determines otherwise in its sole and absolute discretion, e.g. in the case of retirement due to injury, disability, death or redundancy.</td></tr>
</table>

REMUNERATION REPORT (audited) (continued)

(c) Elements of remuneration (continued)

(iv) Long-term incentives (LTI) – Executive Directors

<table>
<tr><th>Feature</th><th>Description of LTI</th><th>FY2016 LTI</th><th>FY2017 LTI</th></tr>
<tr><td>Max opportunity</td><td>100% of fixed remuneration</td><td>a) Wayne Loxton: 427,332 rights granted
b) Patricia Fields: 213,666 rights granted

No LTI vest in FY2017. 427,332 rights of above forfeited due to resignation from employment.</td><td>a) Wayne Loxton: 694,444 rights granted
b) Patricia Fields: 347,222 rights granted

No LTI vest in FY2017. 694,444 rights of above forfeited due to resignation from employment.</td></tr>
<tr><td>Performance metrics</td><td></td><td>Tranche 1: Vesting on 31 Aug 2017 subject to YOW's Total Shareholder Return (TSR) achieves the following Compound Annual Growth Rate (CAGR) over the period 1 July 2015 to 30 June 2017:
<table>
<tr><th>YOW TSR CAGR</th><th>% of Tranche 1 Performance Rights to vest</th></tr>
<tr><td>Equal to or less than 10% per annum</td><td>None</td></tr>
<tr><td>Between 10% and 15% per annum</td><td>Interpolated vesting on a straight line basis between 10% and 15%</td></tr>
<tr><td>At least 15% per annum</td><td>100%</td></tr>
</table>

Tranche 2: Vesting on 31 Aug 2018 subject to YOW's Total Shareholder Return (TSR) achieves the following Compound Annual Growth Rate (CAGR) over the period 1 July 2015 to 30 June 2018:
<table>
<tr><th>YOW TSR CAGR</th><th>% of Tranche 2 Performance Rights to vest</th></tr>
<tr><td>Equal to or less than 10% per annum</td><td>None</td></tr>
<tr><td>Between 10% and 15% per annum</td><td>Interpolated vesting on a straight line basis between 10% and 15%</td></tr>
<tr><td>At least 15% per annum</td><td>100%</td></tr>
</table>

Share price on 1 July 2015 is A$1.03</td><td>
<table>
<tr><td>Category 1 (Weighting 70%)</td><td>Achieve cumulative sales of 90m units from FY2017 to FY2019.

Gross margin minimum of 45%</td></tr>
<tr><td>Category 2 (Weighting 15%)</td><td>Increase value of Yowie Brand as measured by market share increase in US market.</td></tr>
<tr><td>Category 3 (Weighting 15%)</td><td>Increase global market</td></tr>
</table>

No LTI vest in FY2017. 694,444 rights of above forfeited due to resignation from employment.</td></tr>
</table>

REMUNERATION REPORT (audited) (continued)

(c) Elements of remuneration (continued)

(iv) Long-term incentives (LTI) – Executive Directors (continued)

Feature	***Description of LTI***	***FY2016 LTI***	***FY2017 LTI***
Performance metrics (continued)		No LTI vest in FY2016. Forfeiture of 427,332 rights due to resignation from employment.	
Delivery of LTI	100% of the LTI award is paid in cash or equity, subject to meeting vesting conditions of performance hurdles. The mode of delivery is at the discretion of the board and subject to shareholders' approval at AGM.	Issuance of rights has been approved by shareholders at the Annual General Meeting 2015, with performance rights issued to respective executives in FY2016. The number of equity issued was determined based on the 5 day VWAP of YOW shares immediately after the release of preliminary final results for FY2015.	Issuance of rights has been approved by shareholders at the Annual General Meeting 2016, with performance rights granted to respective executives in FY2017. The number of equity granted was determined based on the 5 day VWAP of YOW shares immediately after the release of preliminary final results for FY2016.
Exercise price	Exercise price of options is determined based on premium to share price at which the company's shares are traded on the Australian Stock Exchange on date of the grant. Exercise price of service rights and performance rights are generally nil.	Performance rights issued at nil exercise price.	Performance rights issued at nil exercise price.
Forfeiture and termination	Options, service rights and performance rights will lapse if performance conditions are not met. Options and service rights will be forfeited on cessation of employment unless the board determines otherwise in its sole and absolute discretion, e.g. in the case of retirement due to injury, disability, death or redundancy.	No LTI vest in FY2016. Forfeiture of 427,332 rights due to resignation from employment.	No LTI vest in FY2017. Forfeiture of 694,444 rights due to resignation from employment.

REMUNERATION REPORT (audited) (continued)

(c) Elements of remuneration (continued)

(v) Long-term incentives (LTI) – Global CEO and Other Senior Executives

<table>
<tr><th>Feature</th><th>Description of LTI</th><th colspan="4">LTI</th></tr>
<tr><td>Max opportunity</td><td>Maximum is 100% of fixed remuneration.</td><td colspan="4">Maximum is 100% of fixed remuneration.</td></tr>
<tr><td rowspan="5">Performance metrics</td><td rowspan="5">Vesting of performance rights will be in two tranches – 24 months and 36 months from employment date based on performance hurdles for the relevant periods of each tranche.</td><td>Metric</td><td>Target</td><td>Weighting</td><td>Reason for selection</td></tr>
<tr><td>Achieve financial budget for 2017 - 2019</td><td>Grow volume while expanding gross margin</td><td>50% - 70%</td><td>Focus on the group's growth strategy for the next 3 years</td></tr>
<tr><td>Create shareholder value</td><td>Increase market share in US and non US</td><td>0 - 15%</td><td>Create shareholder value</td></tr>
<tr><td>International</td><td>Sustainable distribution or permanent listing in 1 – 2 markets each year outside of US</td><td>15% - 30%</td><td>Retention of customers and increasing market share</td></tr>
<tr><td>Product development, increase brand user experience, merchandising and digital games</td><td>New product, increase traffic on digital feeds, triple the downloads of Yowie games, develop paid video game</td><td>0 – 50%</td><td>Focus on the group's growth strategy for the next 3 years</td></tr>
<tr><td>Delivery of LTI</td><td colspan="5">100% of the LTI award is paid in cash or equity at the discretion of the board, subject to meeting vesting conditions of performance hurdles.</td></tr>
<tr><td>Exercise price</td><td colspan="5">Exercise price of service rights and performance rights are generally nil.</td></tr>
<tr><td>Forfeiture and termination</td><td colspan="5">Service rights and performance rights will lapse if performance conditions are not met. Options and Service rights will be forfeited on cessation of employment unless the board determines otherwise in its sole and absolute discretion, e.g. in the case of retirement due to injury, disability, death or redundancy.</td></tr>
</table>

REMUNERATION REPORT (audited) (continued)

(c) Elements of remuneration (continued)

(vi) Service rights (SR) – Global CEO and Other Senior Executives

Feature	***Description of SR***
Max opportunity	One off issuance subject to Board discretion to attract and retain high calibre employee
Performance metrics	Subject to Employee remaining employed by the Company on the vesting date
Delivery of SR	100% of the SR award is paid in cash or equity at the discretion of the board, subject to meeting vesting conditions.
Exercise price	Exercise price of options is determined based on premium to share price at which the company's shares are traded on the Australian Stock Exchange on date of the grant. Exercise price of service rights and performance rights are generally nil.
Forfeiture and termination	Options, service rights and performance rights will lapse if performance conditions are not met. Options and service rights will be forfeited on cessation of employment unless the board determines otherwise in its sole and absolute discretion, e.g. in the case of retirement due to injury, disability, death or redundancy.

Company performance

The table below shows the performance of the Company since inception.

	2017	2016	2015	2014	2013
Revenue (US$)	19,896,944	13,062,662	2,376,983	119,409	43,186
Net Loss (US$)	(7,297,601)	(7,397,939)	(2,791,076)	(5,913,790)	(2,420,900)
Closing Share Price (A$)	0.31	0.93	0.98	0.56	0.165
Number of Shares	214,055,365	206,372,375	139,230,199	117,824,223	70,594,871
Market Capitalisation (A$)	66,357,163	191,926,309	136,445,595	65,981,565	11,648,154

The alignment of KMP remuneration to the Company's performance is as described in section c(iii), c(iv) and c(v).

(d) Remuneration expenses for KMP

Remuneration packages may contain the following key elements:

a) Short-term benefits, including salary and fees, bonus and other benefits;
b) Post-employment benefits, including superannuation; and
c) Share-based payments, including options and rights granted as remuneration.

REMUNERATION REPORT (audited) (continued)

(d) Remuneration expenses for KMP (continued)

The following table discloses the remuneration of the key management personnel during the financial year:

2017

	Short-Term Benefits		Post-Employment	Share-based Payments [2]			Total	Performance based
	Salary and Fees [1] (US$)	Bonus (US$)	Superannuation (US$)	Performance-based (US$)	Service-based (US$)	Options (US$)	(US$)	(%)
Directors								
Mr T Allen [3]	56,748	-	5,391	-	-	163,244	225,383	-
Mr B Alfonso [4]	351,346	-	-	517,436	1,367,376	-	2,236,158	23
Ms P Fields	151,133	-	12,542	669,866	-	-	833,541	80
Mr W Loxton [5]	292,397	-	23,876	646,556	-	-	962,829	67
Senior Executives								
Mr M Schuessler	501,923	-	-	234,579	255,458	-	991,960	24
Mr C Overley [6]	224,231	-	3,183	308,539	-	-	535,953	58
Mr S Alvarez	500,000	32,000	-	-	-	143,854	675,854	5
Total	**2,077,778**	**32,000**	**44,992**	**2,376,976**	**1,622,834**	**307,098**	**6,461,678**	

1 This includes annual leave where applicable.

2 Calculated in accordance with AASB 2 Share-based Payments. This is a non-cash item calculated for accounting purposes only and does not refer to the value arising on the vesting of rights or options that have been granted to employees subject to the fulfilment of conditions. Refer to Note 15.

3 Appointed as Non-Executive Chairman on 6 April 2017.

4 Appointed as Managing Director on 22 March 2017.

5 Retired on 6 April 2017. Any share-based payment expense previously recognised under AASB 2 in respect of the options or rights which have not vested has been reversed.

6 Appointed as Global Chief Marketing Officer on 8 September 2016.

REMUNERATION REPORT (audited) (continued)

(d) Remuneration expenses for KMP (continued)

2016

	Short-Term Benefits		Post-Employment	Share-based Payments [2]			Total	Performance based
	Salary and Fees [1] (US$)	Bonus (US$)	Superannuation (US$)	Performance-based (US$)	Service-based (US$)	Options (US$)	(US$)	(%)
Directors								
Mr T Allen	43,692	-	4,151	-	-	228,654	276,497	-
Ms P Fields	186,003	184,975 [6]	17,295	600,145	-	-	988,418	79
Mr W Loxton	396,310	369,950 [6]	34,590	829,472	-	-	1,630,322	74
Senior Executives								
Mr B Alfonso [3]	18,846	-	-	11,802	56,541	-	87,189	14
Mr M Schuessler [4]	26,923	-	-	5,715	12,088	-	44,726	13
Mr S Alvarez [5]	501,328	100,000	-	-	-	318,634	919,962	11
Total	**1,173,102**	**654,925**	**56,036**	**1,447,134**	**68,629**	**547,288**	**3,947,114**	

1 This includes annual leave where applicable.

2 Calculated in accordance with AASB 2 Share-based Payments. This is a non-cash item calculated for accounting purposes only and does not refer to the value arising on the vesting of rights or options that have been granted to employees subject to the fulfilment of conditions. Refer to Note 15.

3 Appointed as Global Chief Executive Officer on 15 June 2016.

4 Appointed as Global Chief Operating Officer on 13 June 2016.

5 Mr S Alvarez is a key management personnel effective from the beginning of FY2016.

6 Bonus to Mr W Loxton and Ms P Fields relates to STI of the Executive Directors, which, subject to shareholders' approval at the Annual General Meeting, will be settled in shares or service rights, or otherwise payable in cash.

REMUNERATION REPORT (audited) (continued)

(d) Remuneration expenses for KMP (continued)

Share-based compensation to key management personnel

Shareholders approved the YOW Employee Incentive Plan (EIP) at the Annual General Meeting held on 23 November 2015. The EIP is developed to meet contemporary equity design standards and to provide the greatest flexibility in the design and offer choices available in the various new equity schemes. The EIP enables the Company to offer employees a range of different employee share scheme ("ESS") interests. These ESS interests or awards include options, performance rights, service rights, deferred shares, exempt shares, cash rights and stock appreciation rights.

Whenever Shares are acquired under the EIP, they may be acquired and held by an Employee Share Trust ("EST"). The EST will be governed by a trust deed ("EST Trust Deed") outlining the rules of the EST and the responsibilities of the Trustee, the Company and participants.

The Board believes that the grant of incentives under the EIP to eligible participants will underpin the employment strategy of attracting and retaining high calibre staff capable of executing the Company's strategic plans, and will maximise the retention of key management and operational staff; enhance the Company's ability to attract quality staff in the future, link the rewards of key staff with the achievement of strategic goals and the long term performance objectives of the Company, and provide incentives to participants of the EIP to deliver superior performance that creates shareholder value.

Where the participant is a Director or related party of the Company, specific shareholder approval will have to be sought under the ASX Listing Rules prior to the grant of incentives under EIP to such an individual.

The exercise price, if any will be determined by the Board in its discretion and set out in the related invitation. The exercise price may be any amount and may be as low as zero, in which case a statement to that effect will be set out in the related invitation.

Securities issued under the EIP will lapse or be forfeited on the earliest of:

d) Any expiry date applicable to the securities;
e) Any date which the Board determines that vesting conditions applicable to the securities are not met or cannot be met;
f) The participant dealing in respect of the securities in contravention of the EIP; and
g) The Board determining that a participant has committed an act of fraud, is ineligible to hold the office for the purposes of Part 2D.6 of the Corporations Act, or is found to have acted in a manner that the Board considers to constitute gross misconduct.

REMUNERATION REPORT (audited) (continued)

(d) Remuneration expenses for KMP (continued)

Share-based compensation to key management personnel (continued)

Options and rights granted to key management personnel as remuneration during the year:

Name	Security	Grant Date	No of Securities Granted	Exercise Price	Vesting Date	Expiry Date	Fair Value per Security at Grant Date
Ms P Fields	Performance Rights STI	7 Nov 2016	347,222 [1]	Nil	7 Dec 2016	7 Dec 2017	A$0.61
	Performance Rights LTI	7 Nov 2016	347,222	Nil	31 Aug 2019	30 Sep 2019	A$0.61
Mr W Loxton	Performance Rights STI	7 Nov 2016	694,444 [1]	Nil	7 Dec 2016	7 Dec 2017	A$0.61
	Performance Rights LTI	7 Nov 2016	694,444 [2]	Nil	31 Aug 2019	30 Sep 2019	A$0.61
Mr B Alfonso	Performance Rights STI	1 Jul 2016	TBD [3]	Nil	30 Jun 2017	30 Jun 2018	N/A
Mr M Schuessler	Performance Rights STI	1 Jul 2016	TBD [4]	Nil	30 Jun 2017	30 Jun 2018	N/A
Mr C Overley	Performance Rights STI	8 Sep 2016	TBD [5]	Nil	30 Jun 2017	30 Jun 2018	N/A
	Performance Rights LTI – Tranche 1	8 Sep 2016	388,665	Nil	30 Jun 2018	30 Jun 2019	A$0.72
	Performance Rights LTI – Tranche 2	8 Sep 2016	388,665	Nil	30 Jun 2019	30 Jun 2020	A$0.72

1 These pertain to STI FY2016 where performance metrics have been achieved in FY2016 and expensed in FY2016.

2 Forfeited due to resignation from employment during the year.

3 The number of rights vested will be calculated based on the 5-day VWAP after the release of the annual financial results for the year ending 30 June 2017. Total value of the STI vested for Mr B Alfonso is US$225,750.

4 The number of rights vested will be calculated based on the 5-day VWAP after the release of the annual financial results for the year ending 30 June 2017. Total value of the STI vested for Mr M Schuessler is US$110,000.

5 The number of rights vested will be calculated based on the 5-day VWAP after the release of the annual financial results for the year ending 30 June 2017. Total value of the STI vested for Mr C Overley is US$159,100.

The assessed fair value at grant date of options or rights granted is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration table. Refer to Note 15 for further details of the valuation of options and rights.

REMUNERATION REPORT (audited) (continued)

(d) Remuneration expenses for KMP (continued)

Share-based compensation to key management personnel (continued)

Options held by key management personnel which were exercised during the year ended 30 June 2017:

Name	No of Options/Rights Exercised	No of Shares Issued	Paid per Share
Ms P Fields	1,400,000	1,400,000	A$0.285
	1,629,218	1,629,218	-
Mr W Loxton	1,400,000	1,400,000	A$0.285
	1,709,328	1,709,328	-

Details of options and rights that vested or lapsed during the year are set out below:

Name	Grant Date	Vesting Date	Number of Options/Rights Vested	Number of Options/Rights Lapsed/Forfeited
Mr T Allen	23 Nov 2015	31 Dec 2016	375,000	-
	23 Nov 2015	30 Jun 2017	425,000	-
Mr B Alfonso	15 Jun 2016	14 Jun 2017	1,000,000	-
	1 Jul 2016	30 Jun 2017	TBD [1]	-
Ms P Fields	23 Dec 2015	31 Dec 2016	1,281,996	-
	7 Nov 2016	7 Dec 2016	347,222 [4]	-
Mr W Loxton	23 Dec 2015	31 Dec 2016	1,709,328	-
	23 Dec 2015	31 Aug 2017	-	427,332
	7 Nov 2016	7 Dec 2016	694,444 [4]	-
	7 Nov 2016	31 Aug 2019	-	694,444
Mr M Schuessler	13 Jun 2016	12 Jun 2017	232,925	-
	1 Jul 2016	30 Jun 2017	TBD [2]	-
Mr C Overley	8 Sep 2016	30 Jun 2017	TBD [3]	-
Mr S Alvarez	16 Jun 2015	31 Dec 2016	750,000	-
	16 Jun 2015	30 Jun 2017	850,000	-

[1] The number of rights vested will be calculated based on the 5-day VWAP after the release of the annual financial results for the year ending 30 June 2017. Total value of the STI vested for Mr B Alfonso is US$225,750.

[2] The number of rights vested will be calculated based on the 5-day VWAP after the release of the annual financial results for the year ending 30 June 2017. Total value of the STI vested for Mr M Schuessler is US$110,000.

[3] The number of rights vested will be calculated based on the 5-day VWAP after the release of the annual financial results for the year ending 30 June 2017. Total value of the STI vested for Mr C Overley is US$159,100.

[4] These pertain to STI 2016 where performance metrics have been achieved in FY2016 and expensed in FY2016.

REMUNERATION REPORT (audited) (continued)

(e) Contractual arrangements for KMP

Remuneration and other terms of employment for Executives are formalised in a service agreement. The KMP are remunerated on a total fixed remuneration (TFR) basis inclusive of superannuation and allowances.

Position	Executive	Total Annual Fixed Remuneration	Contract Duration	Termination Clause
Non-Executive Chairman and Non-Executive Director	Trevor Allen	A$60,000 + 9.5% superannuation until 5 April 2017. Effective from 6 April 2017, his salary is increased to A$125,000 + 9.5% superannuation upon his appointment as Non-Executive Chairman	Ongoing	Duration of the contract is ongoing.
Managing Director and Global Chief Executive Officer	Bert Alfonso	US$350,000	36 months	14 days written notice. Three months of base salary as severance pay in the event of termination by the Company
Executive Director	Patricia Fields	A$250,000 + 9.5% superannuation. Effective from 1 October 2016, her salary is decreased to A$150,000 + 9.5% superannuation reflecting 60% FTE	Ongoing	Three months written notice
Global Chief Operating Officer	Mark Schuessler	US$500,000	36 months	
YNA Chief Executive Officer	Salvador Alvarez	US$500,000	Ongoing	Three months written notice
Global Chief Marketing Officer	Cove Overley	US$275,000	Ongoing	One month written notice

REMUNERATION REPORT (audited) (continued)

(f) Equity Instrument Disclosures relating to Key Management Personnel

(i) Option Holdings

The number of options over ordinary shares in the Company held during the financial year by each KMP, including their personally related parties, is set out in the following table.

Name	Balance at Start of Year	Granted as Remuneration	Exercised	Other Changes	Balance at End of Year	Options Vested and Exercisable at End of Year
	(No)	(No)	(No)	(No)	(No)	(No)
Directors						
Mr T Allen	1,075,000	-	-	-	1,075,000	1,075,000
Mr B Alfonso	-	-	-	-	-	-
Ms P Fields	2,400,000	-	(1,400,000)	-	1,000,000	1,000,000
Mr W Loxton	2,400,000	-	(1,400,000)	(1,000,000) [1]	-	1,000,000
Senior Executives						
Mr M Schuessler	-	-	-	-	-	-
Mr C Overley	-	-	-	-	-	-
Mr S Alvarez	2,150,000	-	-	-	2,150,000	2,150,000
Total	**8,025,000**	**-**	**(2,800,000)**	**(1,000,000)**	**4,225,000**	**5,225,000**

1 This movement refers to the resignation of Mr W Loxton during the year. Disclosure of a KMP's equity holding is not required subsequent to his resignation.

REMUNERATION REPORT (audited) (continued)

(f) Equity Instrument Disclosures relating to Key Management Personnel (continued)

(ii) Rights Holdings

The number of performance rights and service rights in the Company held during the financial year by each KMP, including their personally related parties, is set out in the following table.

Name	Balance at Start of Year	Granted as Remuneration	Exercised	Lapsed/ Forfeited	Other Changes [4]	Balance at End of Year
	(No)	(No)	(No)	(No)	(No)	(No)
Directors						
Mr T Allen	-	-	-	-	-	-
Mr B Alfonso [1]	3,936,698	-	-	-	-	3,936,698
Ms P Fields	1,495,662	694,444	(1,629,218)	-	-	560,888
Mr W Loxton	2,136,660	1,388,888	(1,709,328)	(1,121,776)	(694,444)	-
Senior Executives						
Mr M Schuessler [2]	897,549	-	-	-	-	897,549
Mr C Overley [3]	-	777,330	-	-	-	777,330
Mr S Alvarez	-	-	-	-	-	-
Total	**8,466,569**	**2,860,662**	**(3,338,546)**	**(1,121,776)**	**(694,444)**	**6,172,465**

1 Additionally, employee will be entitled to a short term incentive of USD$225,750. This will be paid in cash or awarded as fully vested rights at the Board's absolute discretion. The number of rights vested will be calculated based on the 5-day VWAP after the release of the annual financial results for the year ending 30 June 2017.

2 Additionally, employee will be entitled to a short term incentive of US$110,000. This will be paid in cash or awarded as fully vested rights at the Board's absolute discretion. The number of rights vested will be calculated based on the 5-day VWAP after the release of the annual financial results for the year ending 30 June 2017.

3 Additionally, employee will be entitled to a short term incentive of USD$159,100. This will be paid in cash or awarded as fully vested rights at the Board's absolute discretion. The number of rights vested will be calculated based on the 5-day VWAP after the release of the annual financial results for the year ending 30 June 2017.

4 This movement refers to the resignation of Mr W Loxton during the year. Disclosure of a KMP's equity holding is not required subsequent to his resignation.

REMUNERATION REPORT (audited) (continued)

(f) Equity Instrument Disclosures relating to Key Management Personnel (continued)

(iii) Share Holdings (Ordinary Shares)

The number of shares in the Company held during the financial year by each KMP, including their personally related parties, is set out in the following table. No shares were granted during the reporting year as compensation.

Name	Balance at Start of Year	Granted as Remuneration	Acquisition	Exercise of Options / Rights	Other Changes [1]	Balance at End of Year
	(No)	(No)	(No)	(No)	(No)	(No)
Directors						
Mr T Allen	50,000	-	100,000	-	-	150,000
Mr B Alfonso	276,700	-	-	-	-	276,700
Ms P Fields	1,518,572	-	-	3,029,218	-	4,547,790
Mr W Loxton	5,870,000	-	-	3,109,328	(8,979,328)	-
Senior Executives						
Mr M Schuessler	-	-	-	-	-	-
Mr C Overley	-	-	-	-	-	-
Mr S Alvarez	-	-	-	-	-	-
Total	**7,715,272**	**-**	**100,000**	**6,138,546**	**(8,979,328)**	**4,974,490**

1 This movement refers to the resignation of Mr W Loxton during the year. Disclosure of a KMP's equity holding is not required subsequent to his resignation.

Loans to and other transactions with key management personnel

There were no loans outstanding or other transactions with key management personnel and their related parties during the year ended 30 June 2017.

END OF AUDITED REMUNERATION REPORT

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Company maintained an insurance policy which indemnifies the Directors and Officers of Yowie Group Limited in respect of any liability incurred in connection with the performance of their duties as Directors or Officers of the Company to the extent permitted by the Corporations Act 2001. The Company's insurers have prohibited disclosure of the amount of the premium payable and the level of indemnification under the insurance contract.

NON-AUDIT SERVICES

Details of amounts paid or payable to the auditor for non-audit services provided during the year are outlined in Note 19 to the financial statements. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the integrity and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 43 of the financial report.

Signed in accordance with a resolution of the Directors.

Bert Alfonso

Bert Alfonso
Managing Director & Global Chief Executive Officer
24 August 2017

Deloitte.

Deloitte Touche Tohmatsu
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The Directors
Yowie Group Limited
Level 4, 216 St Georges Tce
Perth WA 6000

24 August 2017

Dear Directors,

Yowie Group Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Yowie Group Limited.

As lead audit partner for the audit of the financial statements of Yowie Group Limited for the year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

Ian Skelton
Partner
Chartered Accountants

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	Note	Consolidated 2017 US$	Consolidated 2016 US$
Sale of goods		**19,475,621**	12,887,571
Other revenue	4	**421,323**	175,091
Total revenue		**19,896,944**	13,062,662
Other income / (expense)			
Foreign exchange gains / (losses)		**(138,618)**	(159,663)
Expenses			
Cost of sales		**(8,788,982)**	(6,244,814)
Selling and distribution		**(3,157,498)**	(2,702,448)
Marketing		**(4,420,646)**	(2,223,077)
Administration	5	**(11,269,132)**	(8,407,115)
Finance cost		**(621)**	(6)
Impairment / write-off of non-current assets	11 & 12	**-**	(700,399)
Loss before income tax		**(7,878,553)**	(7,374,860)
Income tax (expense) / benefit	6	**580,952**	(23,079)
Loss after income tax for the year		**(7,297,601)**	(7,397,939)
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss			
Movement in foreign currency translation reserve		**681,693**	436,015
Total comprehensive loss for the year net of tax attributable to members of the Company		**(6,615,908)**	(6,961,924)
Loss per share attributable to members of the Company			
Basic loss per share (cents)	7	**(3.50)**	(4.47)
Diluted loss per share (cents)	7	**(3.50)**	(4.47)

This consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	Consolidated 2017 US$	Consolidated 2016 US$
Current Assets			
Cash and cash equivalents	16(a)	**26,877,580**	31,693,265
Trade and other receivables	8	**1,522,537**	1,326,869
Prepayments	9	**1,171,411**	1,666,268
Inventories	10	**3,721,390**	1,133,675
Total Current Assets		**33,292,918**	35,820,077
Non-Current Assets			
Plant and equipment	11	**3,512,987**	3,081,210
Intangible assets	12	**1,139,520**	783,459
Deferred tax assets	6	**1,042,061**	**-**
Total Non-Current Assets		**5,694,568**	3,864,669
Total Assets		**38,987,486**	39,684,746
Current Liabilities			
Trade and other payables	13	**2,678,035**	2,662,955
Provisions		**28,223**	38,836
Current tax liabilities		**175**	6,379
Unearned income		**87,487**	-
Total Current Liabilities		**2,793,920**	2,708,170
Total Liabilities		**2,793,920**	2,708,170
Net Assets		**36,193,566**	36,976,576
Equity			
Issued capital	14(a)	**55,198,677**	52,631,418
Reserves	14(d)	**5,107,475**	2,887,103
Accumulated losses		**(24,112,586)**	(18,541,945)
Total Equity		**36,193,566**	36,976,576

This consolidated statement of financial position should be read in conjunction with the accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Note	Issued capital US$	Share-based payment reserve US$	Consolidated Foreign currency translation reserve US$	Accumulated losses US$	Total US$
Balance as at 1 July 2015		25,454,351	3,274,684	(3,373,981)	(11,144,006)	14,211,048
Loss for the year		-	-	-	(7,397,939)	(7,397,939)
Other comprehensive income						
Foreign currency translation		-	-	436,015	-	436,015
Total comprehensive loss for the year		-	-	436,015	(7,397,939)	(6,961,924)
Transactions with owners recorded directly in equity						
Shares issued	14(b)	28,166,000	-	-	-	28,166,000
Share issue transaction costs	14(b)	(988,933)	-	-	-	(988,933)
Share-based payments		-	2,550,385	-	-	2,550,385
Balance as at 30 June 2016		52,631,418	5,825,069	(2,937,966)	(18,541,945)	36,976,576
Balance as at 1 July 2016		**52,631,418**	**5,825,069**	**(2,937,966)**	**(18,541,945)**	**36,976,576**
Loss for the year		**-**	**-**	**-**	**(7,297,601)**	**(7,297,601)**
Other comprehensive income						
Foreign currency translation		**-**	**-**	**681,693**	**-**	**681,693**
Total comprehensive loss for the year		**-**	**-**	**681,693**	**(7,297,601)**	**(6,615,908)**
Transactions with owners recorded directly in equity						
Shares issued	14(b)	**792,227**	**-**	**-**	**-**	**792,227**
Shares issued under YOW Employee Incentive Plan	14(b)	**1,790,385**	**(1,790,385)**	**-**	**-**	**-**
Share issue transaction costs	14(b)	**(15,353)**	**-**	**-**	**-**	**(15,353)**
Share-based payments		**-**	**5,056,024**	**-**	**-**	**5,056,024**
Expired options and rights		**-**	**(1,726,960)**	**-**	**1,726,960**	**-**
Balance as at 30 June 2017		**55,198,677**	**7,363,748**	**(2,256,273)**	**(24,112,586)**	**36,193,566**

This consolidated statement of changes in equity should be read in conjunction with the accompanying notes to the financial statements.

	Note	Consolidated 2017 US$	Consolidated 2016 US$
Cash flow from operating activities			
Receipts from customers		**19,185,159**	12,426,245
Other receipts		**10,405**	48,470
Payments to suppliers and employees		**(24,232,917)**	(12,642,202)
Interest received		**455,555**	78,080
Income taxes paid		**(490,143)**	(42,935)
Net cash flows used in operating activities	16(b)	**(5,071,941)**	(132,342)
Cash flow from investing activities			
Payments for security deposit		**(8,381)**	(66,937)
Payments for plant and equipment		**(536,976)**	(2,636,271)
Payments for intangible assets		**(537,848)**	(507,428)
Net cash flows used in investing activities		**(1,083,205)**	(3,210,636)
Cash flow from financing activities			
Proceeds from shares issued		**-**	23,129,600
Proceeds from exercise of options		**792,239**	4,203,030
Payment of share issue transaction costs		**(11,912)**	(1,056,038)
Net cash inflows from financing activities		**780,327**	26,276,592
Net increase in cash and cash equivalents		**(5,374,819)**	22,933,614
Cash and cash equivalents at beginning of the year		**31,693,265**	8,465,149
Effect of foreign exchange movements		**559,134**	294,502
Cash and cash equivalents at end of the year	16(a)	**26,877,580**	31,693,265

This consolidated statement of cash flows should be read in conjunction with the accompanying notes to the financial statements.

1. CORPORATE INFORMATION

Yowie Group Limited ("the Company") is a company limited by shares incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange.

These financial statements are presented in United States Dollar. The financial report was authorised for issue by the Directors on 24 August 2017 in accordance with a resolution of the Directors.

The nature of the operations and principal activities of the Company are described in the Directors' Report on page 12.

2. BASIS OF PREPARATION

The financial statements are a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards and Accounting Interpretations. The financial statements have been prepared on a historical cost basis. Yowie Group Limited is a for-profit entity for the purpose of preparing these financial statements.

The financial statements of the Group also comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

3. SEGMENT REPORTING

The Group has only one reportable segment, which relates to the operations of its confectionery business, with production carried out under a contract manufacturing arrangement. The net result is presented on a consolidated basis.

<u>Major customer information</u>

Revenue from one customer amounted to US$12,272,026 (2016: US$10,132,873), arising from the sale of Yowie chocolate confectionery product.

	Consolidated	
	2017	**2016**
	US$	**US$**
Major customer	**12,272,026**	10,132,873
% of Total Net Sales	**63%**	79%

4. OTHER REVENUE

	Consolidated	
	2017 US$	2016 US$
Interest income	**412,412**	123,169
Freight income	**8,898**	22,028
Settlement and royalty income	**13**	29,894
	421,323	175,091

5. EXPENSES

	Consolidated	
	2017 US$	2016 US$
Administration expenses include:		
Employee benefits	**2,671,926**	2,262,595
Business development and travel	**1,890,895**	2,201,304
Legal, tax, listing, compliance and insurance	**1,155,832**	952,562
Share-based payment for directors, staff and consultants (refer to Note 15)	**4,589,883**	2,550,385
Depreciation and amortisation	**195,399**	74,195
Other administrative expenses	**765,197**	366,074
	11,269,132	8,407,115

6. TAXATION

(a) The major components of income tax expense are:

	Consolidated	
	2017 US$	2016 US$
Current income tax	**359,303**	23,079
Adjustments for current tax of prior periods	**101,806**	-
Total current tax expense	**461,109**	23,079
Deferred income tax		-
Decrease/(increase) in deferred tax assets	**(1,042,061)**	-
	(1,042,061)	**-**
Income tax (benefit)/expense reported in the statement of profit and loss and other comprehensive income	**(580,952)**	23,079

6. TAXATION (continued)

(b) The prima facie tax on operating loss differs from the income tax provided in the accounts as follows:

	Consolidated	
	2017	**2016**
	US$	**US$**
Loss from ordinary activities before tax	**(7,878,553)**	(7,374,860)
Prima facie tax benefit on loss at 30%	**2,363,566**	2,212,458
Effect of different tax rates on overseas losses	**954,948**	434,690
Share-based payments	**-**	(130,604)
Other non-deductible expenses	**-**	(2,336)
Income tax benefit not recognised	**(2,737,562)**	(2,537,287)
Income tax benefit / (expense)	**580,952**	(23,079)

(c) Deferred income tax at 30 June relates to the following:

	Consolidated	
	2017	**2016**
	US$	**US$**
Deferred tax assets		
Share issue and acquisition costs	**775,170**	927,743
Plant and equipment	**-**	174,782
Inventory	**476,224**	90,232
Provisions and accruals	**49,075**	260,516
Revenue tax losses	**7,578,954**	4,199,564
Deferred tax assets used to offset deferred tax liabilities	**(807,826)**	(406,966)
Deferred tax assets not brought to account [1]	**(7,029,536)**	(5,245,871)
	1,042,061	-
Deferred tax liabilities		
Plant and equipment	**246,828**	-
Other assets	**19,273**	6,857
Intercompany loans – unrealised foreign exchange gains	**541,725**	400,109
Deferred tax assets used to offset deferred tax liabilities	**(807,826)**	(406,966)
	-	-

[1] Deferred tax assets have not been brought to account to the extent that it is not probable within the immediate future that taxable profits will be available against which deductible temporary differences can be utilised. This also applies to deferred tax assets for unused tax losses carried forward.

The Group's unrecognised tax losses in Australia and Hong Kong are available indefinitely for offset against future profits subject to continuing to meet the relevant statutory tests. The Parent Company and its Australian subsidiary have formed a tax consolidated group. Unrecognised tax losses in the US can be used for up to 20 years.

7. LOSS PER SHARE

Classification of securities as ordinary shares

The Company has only one category of ordinary shares included in basic earnings per share.

Classification of securities as potential ordinary shares

There are currently no securities to be classified as dilutive potential ordinary shares on issue, as the options on issue are anti-dilutive.

	Consolidated	
	2017	**2016**
	Number	**Number**
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	**208,341,352**	165,416,476
	US$	US$
Basic loss attributable to ordinary equity holders of the parent	**(7,297,601)**	(7,397,939)

This calculation does not include instruments that could potentially dilute basic earnings per share in the future as these instruments are anti-dilutive, since their inclusion would reduce the loss per share.

8. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2017	**2016**
	US$	**US$**
Current		
Trade debtors	**1,400,669**	1,049,671
Other debtors	**723**	72,177
Security deposit	**75,619**	65,174
GST receivable	**45,526**	94,464
Accrued interest	**-**	45,383
	1,522,537	1,326,869

Trade debtors generally have 30 day terms. GST receivables have repayment terms applicable under the relevant government authority. No amounts are past due or impaired. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. The Group’s exposure to risks are summarised in Note 22.

9. PREPAYMENTS

	Consolidated	
	2017	**2016**
	US$	**US$**
Current		
Prepayments – raw materials	**816,446**	1,430,908
Prepayments – other	**354,965**	235,360
	1,171,411	1,666,268

10. INVENTORIES

	Consolidated	
	2017	**2016**
	US$	**US$**
Current		
Raw materials	**1,587,145**	296,174
Work in progress	**-**	-
Finished goods	**2,134,245**	837,501
	3,721,390	1,133,675

(i) Inventories are valued at the lower of cost or net realisable value.
(ii) Inventories recognised as an expense to cost of sales during the year ended 30 June 2017 amounted to US$8,788,982 (2016: US$6,244,814).
(iii) Write-downs of inventories to net realisable value during the year ended 30 June 2017 amounted to US$224,774 (2016: US$84,463).

11. PLANT AND EQUIPMENT

	Consolidated	
	2017	**2016**
	US$	**US$**
Manufacturing plant and equipment		
Cost	**3,726,352**	2,927,772
Accumulated depreciation	**(224,952)**	(31,432)
	3,501,400	2,896,340
Manufacturing plant and equipment under construction		
Cost	**-**	174,869
	-	174,869
Office equipment		
Cost	**40,128**	30,010
Accumulated depreciation	**(28,541)**	(20,009)
	11,587	10,001
Total plant and equipment	**3,512,987**	3,081,210

11. PLANT AND EQUIPMENT (continued)

Senior management of the Group has spent considerable amount of directly attributable labour costs on development and construction of additional manufacturing equipment for installation at the new Madelaine facility which have not been capitalised by the Group.

Movements in the carrying amount of each class are set out below.

	Consolidated	
	2017 US$	**2016 US$**
Manufacturing plant and equipment		
Balance at the beginning of the year	**2,896,340**	559,551
Additions	**364,408**	-
Transfers from manufacturing plant and equipment under construction	**434,171**	2,927,774
Depreciation	**(193,519)**	(37,995)
Provision for impairment [1]	**-**	(499,377)
Impairment	**-**	(53,613)
Foreign exchange adjustment	**-**	-
Carrying amount at the end of the year	**3,501,400**	2,896,340
Manufacturing plant and equipment under construction		
Balance at the beginning of the year	**174,869**	614,169
Additions	**259,302**	2,564,409
Transfers to manufacturing plant and equipment	**(434,171)**	(2,927,774)
Impairment	**-**	(75,935)
Foreign exchange adjustment	**-**	-
Carrying amount at the end of the year	**-**	174,869
Office equipment		
Balance at the beginning of the year	**10,001**	12,907
Additions	**9,661**	6,902
Depreciation	**(8,195)**	(9,262)
Disposals	**-**	(444)
Foreign exchange adjustment	**120**	(102)
Carrying amount at the end of the year	**11,587**	10,001

[1] Provision for impairment in FY2016 relates to impairment on wrapping machine of which recoverability is subject to court's decision. Refer to Note 18 for details.

12. INTANGIBLE ASSETS

	Consolidated	
	2017 US$	2016 US$
Rights and licenses [1]		
Cost	**225,398**	225,398
Software		
Cost	**247,641**	238,109
Accumulated amortisation	**(175,796)**	(96,865)
	71,845	141,244
Product development [2]		
Cost	**950,550**	416,817
Accumulated amortisation	**(108,273)**	-
	842,277	416,817
Total intangible assets	**1,139,520**	783,549

[1] Rights and licenses relate to Yowie trademark which management has assessed as having an indefinite useful life.

[2] Product development relates to capitalised costs associated with the development of Yowie collectables, Yowie book publishing and Yowie webisode.

Movements in the carrying amount of each class are set out below.

	2017 US$	2016 US$
Rights and licenses		
Balance at the beginning of the year	**225,398**	225,398
Amounts written off	**-**	-
Foreign exchange adjustment	**-**	-
Carrying amount at the end of the year	**225,398**	225,398
Software		
Balance at the beginning of the year	**141,244**	159,665
Additions	**9,532**	46,512
Amortisation	**(78,931)**	(64,933)
Foreign exchange adjustment	**-**	-
Carrying amount at the end of the year	**71,845**	141,244
Product development		
Balance at the beginning of the year	**416,817**	-
Additions	**533,733**	488,291
Amortisation	**(108,273)**	-
Amounts written off	**-**	(71,474)
Foreign exchange adjustment	**-**	-
Carrying amount at the end of the year	**842,277**	416,817

13. TRADE AND OTHER PAYABLES

	Consolidated 2017 US$	Consolidated 2016 US$
Current		
Trade payables and accruals	**2,676,080**	2,661,062
Other	**1,955**	1,893
	2,678,035	2,662,955

Trade creditor amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. The Group's exposure to risks are summarised in Note 22.

14. ISSUED CAPITAL AND RESERVES

(a) Issued capital

	Consolidated 2017 US$	Consolidated 2016 US$
Ordinary shares, fully paid	**55,198,677**	52,631,418

(b) Movements in share capital

	US$	Number
As at 1 July 2015	**25,454,351**	**139,230,199**
Placement – May 2016	23,129,600	35,555,556
Exercise of options	4,836,054	31,358,826
Shares issued in lieu of services provided	200,346	227,794
Share issue costs	(988,933)	-
As at 30 June 2016	**52,631,418**	**206,372,375**
Exercise of options	792,227	3,650,000
Conversion of rights	1,790,385	4,032,990
Share issue costs	(15,353)	-
As at 30 June 2017	**55,198,677**	**214,055,365**

(c) Terms and conditions of issued capital

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

14. ISSUED CAPITAL AND RESERVES (continued)

(d) Nature and purpose of reserves

Share-based payment reserve
The share-based premium reserve is used to recognise the value of options, service rights and performance rights issued as share-based payments.

Foreign currency translation reserve
The foreign currency translation reserve is used to record exchange differences arising from the translation balances of entities which have functional currency other than USD.

	Consolidated	
	2017	**2016**
	US$	**US$**
Share-based payment reserve	**7,363,748**	5,825,069
Foreign currency translation reserve	**(2,256,273)**	(2,937,966)
	5,107,475	2,887,103

(e) Capital management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity. The Company under the direction of management may issue new shares to provide for future development activity. The Group currently has no debt other than trade payables.

15. SHARE-BASED PAYMENTS

(a) Weighted average exercise prices

The following table illustrates the number and weighted average exercise prices (WAEP) of share options granted as share-based payments during the year.

	2017 Number	2017 WAEP (A$)	2016 Number	2016 WAEP (A$)
Outstanding at 1 July	**14,785,000**	**0.777**	18,455,000	0.551
Granted during the year	**-**	**-**	2,835,000	1.203
Exercised during the year	**(3,650,000)**	**0.285**	(6,005,000)	0.265
Lapsed/forfeited during the year	**(550,000)**	**0.285**	(500,000)	0.998
Outstanding as at 30 June	**10,585,000**	**0.973**	14,785,000	0.777
Vested and exercisable at 30 June	**10,060,000**	**0.939**	10,425,000	0.624

Rights granted as share-based payments during the year have weighted average exercise prices of nil (2016: nil).

15. SHARE-BASED PAYMENTS (continued)

(b) Remaining contractual life

The weighted average remaining contractual life for the share-based payment options outstanding as at 30 June 2017 was 0.55 years (2016: 1.40 years).

The weighted average remaining contractual life for the share-based payment rights outstanding as at 30 June 2017 was 2.15 years (2016: 2.13 years).

(c) Outstanding share options and rights under share-based payments

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant Date	Vesting Date	Expiry Date	Exercise Price (A$)	Share Options 30 June 2017	Share Options 30 June 2016
20 Jun 2013	30 Jun 2014	30 Jun 2017	0.285	-	4,200,000
30 Jun 2014	30 Jun 2014	31 Dec 2017	0.900	50,000	50,000
30 Jun 2014	30 Apr 2015	31 Dec 2017	0.900	150,000	150,000
30 Jun 2014	30 Apr 2016	31 Dec 2017	1.050	300,000	300,000
28 Nov 2014	28 Nov 2014	31 Dec 2017	0.766	2,000,000	2,000,000
30 Jan 2015	30 Jan 2015	31 Dec 2017	0.766	300,000	300,000
12 Mar 2015	01 May 2015	31 Dec 2017	0.766	500,000	500,000
12 Mar 2015	01 Sep 2015	31 Dec 2017	0.900	1,000,000	1,000,000
12 Mar 2015	01 Feb 2016	31 Dec 2017	1.050	1,000,000	1,000,000
09 Apr 2015	30 Sep 2015	31 Dec 2017	0.900	100,000	100,000
09 Apr 2015	30 Sep 2016	31 Dec 2017	1.050	200,000	200,000
09 Jun 2015	31 Dec 2015	31 Dec 2017	0.766	550,000	550,000
09 Jun 2015	31 Dec 2016	31 Dec 2017	0.900	750,000	750,000
09 Jun 2015	30 Jun 2017	31 Dec 2017	1.050	850,000	850,000
29 Jul 2015	30 Sep 2016	31 Dec 2017	1.150	260,000	260,000
29 Jul 2015	30 Sep 2016	31 Dec 2017	1.250	520,000	520,000
23 Nov 2015	31 Dec 2015	31 Dec 2017	0.766	275,000	275,000
23 Nov 2015	31 Dec 2016	31 Dec 2017	0.900	375,000	375,000
23 Nov 2015	30 Jun 2017	31 Dec 2017	1.050	425,000	425,000
23 Dec 2015	30 Sep 2016	31 Dec 2017	1.150	60,000	60,000
23 Dec 2015	30 Sep 2016	31 Dec 2017	1.250	120,000	120,000
23 Dec 2015	24 Aug 2016	24 Aug 2018	1.510	200,000	200,000
23 Dec 2015	24 Aug 2017	24 Aug 2018	1.630	400,000	400,000
23 Dec 2015	08 Sep 2016	08 Sep 2018	1.400	75,000	75,000
23 Dec 2015	08 Sep 2017	08 Sep 2018	1.510	125,000	125,000
				10,585,000	**14,785,000**

15. SHARE-BASED PAYMENTS (continued)

(c) Outstanding share options and rights under share-based payments (continued)

The range of exercise prices for share-based payment options outstanding as at the end of the year was A$0.766 to A$1.630 (2016: A$0.285 to A$1.630).

Service rights and performance rights outstanding at the end of the year have the following expiry date:

Type	Grant Date	Vesting Date	Expiry Date	30 June 2017	30 June 2016
Performance rights STI	23 Nov 2015	30 Jan 2017	1 Mar 2017	-	2,991,324
Performance rights LTI	23 Nov 2015	31 Aug 2017	30 Sep 2017	106,833	320,499
Performance rights LTI	23 Nov 2015	31 Aug 2018	30 Sep 2018	106,833	320,499
Service Rights	13 Jun 2016	12 Jun 2017	12 Jun 2018	100,000	100,000
Service Rights	13 Jun 2016	12 Jun 2017	12 Jun 2018	132,925	132,925
Service Rights	13 Jun 2016	12 Jun 2018	12 Jun 2019	132,925	132,925
Service Rights	13 Jun 2016	12 Jun 2019	12 Jun 2020	132,925	132,925
Performance rights LTI	13 Jun 2016	30 Jun 2018	30 Jun 2019	199,387	199,387
Performance rights LTI	13 Jun 2016	30 Jun 2019	30 Jun 2020	199,387	199,387
Service Rights	15 Jun 2016	14 Jun 2017	14 Jun 2018	1,000,000	1,000,000
Service Rights	15 Jun 2016	14 Jun 2018	14 Jun 2019	1,000,000	1,000,000
Service Rights	15 Jun 2016	14 Jun 2019	14 Jun 2020	1,000,000	1,000,000
Performance rights LTI	15 Jun 2016	30 Jun 2018	30 Jun 2019	468,349	468,349
Performance rights LTI	15 Jun 2016	30 Jun 2019	30 Jun 2020	468,349	468,349
Performance rights STI	1 Jul 2016	30 Jun 2017	30 Jun 2018	TBD [1]	-
Performance rights STI	8 Sep 2016	30 Jun 2017	30 Jun 2018	TBD [1]	-
Performance rights LTI	8 Sep 2016	30 Jun 2018	30 Jun 2019	388,665	-
Performance rights LTI	8 Sep 2016	30 Jun 2019	30 Jun 2020	388,665	-
Performance rights STI	1 Nov 2016	30 Jun 2017	30 Jun 2018	TBD [1]	-
Performance rights LTI	1 Nov 2016	30 Jun 2018	30 Jun 2019	152,542	-
Performance rights LTI	1 Nov 2016	30 Jun 2019	30 Jun 2020	152,542	-
Performance rights LTI	7 Nov 2016	31 Aug 2019	31 Aug 2020	347,222	-
Service rights	20 Feb 2017	20 Feb 2019	20 Feb 2020	248,513	-
Service rights	12 Jun 2017	12 Dec 2018	12 Dec 2019	142,511	-
				6,868,573	**8,466,569**

[1] The number of rights vested will be calculated based on the 5-day VWAP after the release of the annual financial results for the year ending 30 June 2017. Total value of the STI vested is US$556,648.

15. SHARE-BASED PAYMENTS (continued)

(d) Expenses arising from share-based payment transactions

The expense arising from share-based payments was US$4,589,883 (2016: US$2,550,385), relating to options and rights expensed to profit and loss over the vesting period.

The difference between the amount disclosed in this note as an expense and the amount disclosed in the Consolidated Statement of Changes in Equity relates to a share-based payment that had fully vested in the prior year that had a cash alternative, which was subsequently settled in equity during the 2017 financial year.

	Consolidated	
	2017	**2016**
	US$	**US$**
Options and rights issued to KMPs	**4,306,908**	2,063,051
Options and rights issued to other employees	**268,792**	361,261
Options and rights issued to consultants	**14,183**	126,073
	4,589,883	2,550,385

Options and rights issued to KMPs, other employees and consultants were issued as remuneration for future services. The Group fair valued the instruments granted.

(e) Fair values

The weighted average fair value of options and rights granted during the year ended 30 June 2017 was A$0.615 (2016: A$0.901).

i) Share-based payments during the year ended 30 June 2017

Management has estimated that all rights are expected to vest during the vesting period. On the vesting date, management will revise the estimate to equal the number of rights that ultimately vested and accordingly share-based payments expense will be adjusted.

The following tables list the inputs to the models used for the valuation of rights issued during the year ended 30 June 2017.

	Performance Rights STI	Performance Rights STI
Number of securities	TBD [1]	1,041,666
Exercise price (A$)	-	-
Grant date	1 Jul 2016 - 1 Nov 2016	7 Nov 2016
Expiry date	30 Jun 2018	7 Dec 2017
Share price at grant date (A$)	N/A	0.61
Expected volatility	N/A	56%
Risk-free rate	N/A	1.66%
Fair value per security (A$)	N/A	0.61
Valuation method	N/A	Binomial

[1] The number of rights vested will be calculated based on the 5-day VWAP after the release of the annual financial results for the year ending 30 June 2017. Total value of the STI vested is US$556,648.

15. SHARE-BASED PAYMENTS (continued)

(e) Fair values (continued)

i) Share-based payments during the year ended 30 June 2017 (continued)

	Performance Rights LTI	Service Rights
Number of securities	2,124,080	391,024
Exercise price (A$)	-	-
Grant date	8 Sep 2016 - 7 Nov 2016	20 Feb 2017 and 12 Jun 2017
Expiry date	30 Sep 2019 - 30 Jun 2020	12 Dec 2019 and 20 Feb 2020
Share price at grant date (A$)	0.59 - 0.72	0.326 and 0.524
Expected volatility	56% - 64%	58% and 62%
Risk-free rate	1.51% - 1.70%	1.63% and 1.81%
Fair value per security (A$)	0.59 - 0.72	0.326 and 0.524
Valuation method	Binomial	Binomial

ii) Share-based payments during the year ended 30 June 2016

The following tables list the inputs to the models used for the valuation of options and rights issued during the year ended 30 June 2016.

	Options	Options	Options	Options
No of securities	275,000	375,000	425,000	320,000
Exercise price (A$)	0.766	0.90	1.05	1.15
Grant date	23 Nov 2015	23 Nov 2015	23 Nov 2015	29 Jul 2015 and 23 Dec 2015
Expiry date	31 Dec 2017	31 Dec 2017	31 Dec 2017	31 Dec 2017
Share price at grant date (A$)	1.14	1.14	1.14	0.99 and 1.19
Expected volatility	63%	67%	80%	64% and 79%
Risk-free rate	2.11%	2.11%	2.11%	1.91% and 2.02%
Fair value per security (A$)	0.486	0.480	0.510	0.505 and 0.250
Valuation method	Binomial	Binomial	Binomial	Binomial

	Options	Options	Options	Options
No of securities	640,000	75,000	325,000	400,000
Exercise price (A$)	1.25	1.40	1.51	1.63
Grant date	29 Jul 2015 and 23 Dec 2015	23 Dec 2015	23 Dec 2015	23 Dec 2015
Expiry date	31 Dec 2017	8 Sep 2018	24 Aug 2018 and 8 Sep 2018	24 Aug 2018
Share price at grant date (A$)	0.99 and 1.19	0.99	0.99	0.99
Expected volatility	64% and 79%	66%	66% and 76%	77%
Risk-free rate	1.91% and 2.02%	2.02%	2.02%	2.02%
Fair value per security (A$)	0.475 and 0.223	0.230	0.204 and 0.320	0.297
Valuation method	Binomial	Binomial	Binomial	Binomial

	Performance Rights LTI	Performance Rights STI
No of securities	640,998	2,991,324
Exercise price (A$)	-	-
Grant date	23 Nov 2015	23 Nov 2015
Expiry date	30 Sep 2017 and 30 Sep 2018	1 Mar 2017
Share price at grant date (A$)	1.165	1.165
Expected volatility	60%	60%
Risk-free rate	2.14%	2.14%
Fair value per security (A$)	0.997 and 1.009	1.165
Valuation method	Up and In Call Barrier Pricing Model	Binomial

15. SHARE-BASED PAYMENTS (continued)

(e) Fair values (continued)

ii) Share-based payments during the year ended 30 June 2016 (continued)

	Service Rights	Performance Rights LTI
No of securities	3,498,775	1,335,472
Exercise price (A$)	-	-
Grant date	13 Jun 2016 and 15 Jun 2016	13 Jun 2016 and 15 Jun 2016
Expiry date	12 Jun 2018 - 14 Jun 2020	30 Jun 2019 – 30 Jun 2020
Share price at grant date (A$)	1.01 and 1.02	1.01 and 1.02
Expected volatility	75% and 76%	75% and 76%
Risk-free rate	1.62%	1.58% and 1.62%
Fair value per security (A$)	1.01 and 1.02	1.01 and 1.02
Valuation method	Binomial	Binomial

16. CASH FLOW RECONCILIATION

(a) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank and deposits at call.

Cash and cash equivalents at the end of the year as shown in the cash flow statement are reconciled to the related item in the statement of financial position as follows:

	Consolidated	
	2017	2016
	US$	US$
Cash at bank	**26,108,980**	9,963,309
Short-term deposits	**768,600**	21,729,956
	26,877,580	31,693,265

16. CASH FLOW RECONCILIATION (continued)

(b) Reconciliation of operating loss after income tax to net cash used in operating activities

	Consolidated	
	2017	**2016**
	US$	**US$**
Operating loss after income tax	**(7,297,601)**	(7,397,939)
Adjusted for:		
Depreciation and amortisation as per profit or loss	**195,399**	74,195
Depreciation and amortisation in cost of sales and closing inventories	**193,519**	37,995
Share-based payments	**4,589,883**	2,550,385
Issue of shares to consultants in lieu of cash payments	**-**	200,346
Unrealised foreign exchange (gain)/loss	**5,660**	110,756
Loss on disposal of asset	**-**	122
Impairment / write-off of non-current asset	**-**	700,399
Changes in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	**(256,049)**	(806,718)
(Increase)/decrease in prepayments	**494,857**	(1,438,881)
(Increase)/decrease in inventories	**(2,587,715)**	4,063,744
(Increase)/decrease in deferred tax assets	**(1,042,061)**	-
Increase/(decrease) in trade and other payables	**561,497**	1,781,116
Increase/(decrease) in current tax liability	**(6,204)**	6,379
Increase/(decrease) in provisions	**(10,613)**	38,836
Increase/(decrease) in unearned revenue	**87,487**	(53,077)
Net cash used in operating activities	**(5,071,941)**	(132,342)

(c) Non-cash investing and financing activities

During the year there were no reportable non-cash financing and investing activities.

17. RELATED PARTY DISCLOSURES

(a) Compensation of key management personnel

	Consolidated	
	2017	**2016**
	US$	**US$**
Short-term benefits	**2,109,778**	1,828,027
Post-employment benefits	**44,992**	56,036
Share-based payments expensed	**4,306,908**	2,063,051
	6,461,678	3,947,114

(b) Other transactions with key management personnel

There are no other transactions with key management personnel.

18. COMMITMENTS AND CONTINGENCIES

(a) Commitments

Significant capital expenditure contracted for at the end of the reporting year but not recognised as liabilities is as follows:

	Consolidated	
	2017	2016
	US$	US$
Property, plant and equipment	-	256,891

(b) Contingencies

As reported previously, Yowie North America Inc ("YNA"), a wholly owned subsidiary of the Group, has brought claims against Whetstone Chocolate Factory ("WCF") and Atlantic Candy Company ("ACC") for the release and return of the RASCH "Type FI" wrapping machine ("Wrapper") owned by the Group and located at ACC's facility, as well as for monetary damages. The assigned judge, after hearing testimony from both Yowie and ACC, determined that the Wrapper was owned by Yowie and should be returned to Yowie forthwith. In response to this ruling, ACC used a procedural mechanism under Florida law to post a US$562,500 cash bond, the effect of which was to temporarily prevent YNA from removing its plant and materials from ACC's facility. At the time of this submission, the parties were actively negotiating a resolution of the claim related to the Wrapper that would allow Yowie to retrieve its property without further court intervention. If not, a court action is scheduled for approximately Q1 2018 calendar year, at which time it is expected that the judge will enter a final judgement as to the disposition of the Wrapper.

ACC has filed a counterclaim alleging that YNA has breached the Manufacturing Agreement between the parties and sent a Notice of Default to YNA alleging that YNA is also in default under the Patent and Technology License Agreement. The Company has disclaimed liability and is defending the action. The Company considers no provision is warranted in relation to this counterclaim. The Group expects judgement in the 2018 financial year.

In a related matter, Mr Whetstone, on November 4, 2016, filed suit in the Circuit Court for the Seventh Judicial Circuit in and for St. John's County, Florida against YNA. Whetstone alleges that YNA owes him royalty fees from the present until 2027 under the Patent Technology and License Agreement regardless of whether the Company uses Whetstone's patent. The parties both intend to present this legal issue to the judge for summary disposition in the last months of 2017. Because the Company is no longer using Mr Whetstone's patent in its manufacturing process, it believes that there is no legal basis under Yowie's contract with Whetstone to pay him any royalty. YNA intends to vigorously defend this suit.

18. COMMITMENTS AND CONTINGENCIES (continued)

(b) Contingencies (continued)

Finally, on June 15, 2016 two separate Yowie entities filed suit against Mr Whetstone and related entities. This suit was originally filed by Yowie Natural World and Yowie Group, Ltd. against Whetstone Chocolate Factory, Henry M. Whetstone, Jr., and Atlantic Candy Company in the Southern District of New York alleging that Defendants tortiously interfered with the Company's business relationship with Madelaine Chocolate Factory, impermissibly used Yowie's likeness and product images in violation of the Lanham Act, and defamed Yowie on social media websites. Subsequently, Whetstone Chocolate Factory removed this case to Federal Court in New York and filed a Counterclaim against Yowie Group Limited, Wayne Loxton, Mark Avery, and Patricia Fields (with Mark Avery and Patricia Fields being since dismissed from the case) for breach of contract due to their alleged disclosure of proprietary information related to Whetstone Chocolate Factory's operations. After the case was transferred to the Middle District of Florida, ACC and Mr Whetstone filed a counterclaim against Yowie Group Limited and Wayne Loxton for tortious interference with the Manufacturing Agreement and Patent and Technology License Agreement. These matters are currently at the discovery phase and no disposition is expected until 2018 financial year. The Group intends to vigorously prosecute the claims brought by Yowie and defend the claims brought by Whetstone.

Management is not able to reliably estimate the ultimate settlement amounts at this time nor does management believe any material payments would be made as a result of these cases and therefore no provision in relation to the claim has been recognised in the financial statements. The Company will incur ongoing legal costs due to these cases. However, due to inherent uncertainties, no accurate quantification of any cost, or timing of such cost, which may arise from the legal proceedings, we have not made any provision for legal costs.

19. AUDITOR'S REMUNERATION

The auditor of the Group is Deloitte Touche Tohmatsu Perth (2016: BDO Audit (WA) Pty Ltd).

	Consolidated 2017 US$	Consolidated 2016 US$
Amounts received or due and receivable:		
Deloitte Touche Tohmatsu Perth		
Audit and review of financial reports	**48,840**	-
Tax consulting	**74,788**	55,442
	123,628	55,442
Network firms of Deloitte Touche Tohmatsu Perth		
Tax consulting	**95,815**	-
Other non-audit services	**3,351**	-
	99,166	-
Non Deloitte Touche Tohmatsu Perth and its network firms		
Audit and review of financial reports	**15,339**	74,754
Tax consulting	**14,202**	65,375
	29,541	140,129

20. PARENT ENTITY AND SUBSIDIARY INFORMATION

(a) Parent Entity Financial Information (Yowie Group Limited)

	2017 US$	2016 US$
Current assets	**18,622,350**	26,676,625
Non-current assets	**18,092,561**	11,625,673
Total assets	**36,714,911**	38,302,298
Current liabilities	**1,120,103**	1,325,722
Non-current liabilities	**-**	-
Total liabilities	**1,120,103**	1,325,722
Net assets	**35,594,808**	36,976,576
Issued capital	**56,768,987**	54,201,728
Reserves	**4,767,420**	2,073,532
Accumulated losses	**(25,941,599)**	(19,298,684)
	35,594,808	36,976,576
Loss of the parent entity	**(8,369,875)**	(7,319,073)
Total comprehensive loss of the parent entity	**(7,214,666)**	(6,856,754)

20. PARENT ENTITY AND SUBSIDIARY INFORMATION (continued)

(b) Commitment and Contingencies of the Parent Entity

The parent entity did not have any commitments or contingent liabilities as at 30 June 2017 or 30 June 2016. Refer to Note 18 for a discussion of contingencies of the Group.

(c) Subsidiaries

Name	Country of Incorporation	Percentage Interest	
		2017 %	2016 %
Yowie Enterprises Pty Ltd	Australia	100	100
Yowie North America, Inc.	USA	100	100
Yowie Natural World, Inc.	USA	100	100
Yowie Equipment Holding, Inc	USA	100	-
Yowie Hong Kong Holdings Limited	Hong Kong (China)	100	100
Yowie Hong Kong Enterprises Limited	Hong Kong (China)	100	100
YOW Brands Limited	Hong Kong (China)	100	-

21. SUBSEQUENT EVENTS

No circumstances or events have arisen subsequent to the end of the period that have had, or are likely to have, a material impact on the financial statements.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, receivables and payables.

The net fair values of the financial assets and liabilities at reporting date of the Group approximate the carrying amounts in the financial statements, except where specifically stated.

The Group manages its exposure to key financial risks, including interest rate, foreign currency risk, credit risk and liquidity risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange rates. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below.

Risk exposures and responses

Interest rate risk

The Group's exposure to market interest rates relates primarily to the Group's cash and short-term deposits.

At reporting date, the Group had the following financial assets exposed to Australian variable interest rate risk that are not designated in cash flow hedges:

Consolidated	2017 US$	2016 US$
Cash at bank	**6,456,345**	2,396,405

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

At reporting date, if interest rates had moved as illustrated in the table below, with all other variables held constant, post tax loss and equity would have been affected as follows:

	Post tax loss Higher / (lower)		Equity Higher / (lower)	
	2017 US$	2016 US$	2017 US$	2016 US$
+0.5% (2016: +0.5%)	**32,282**	11,982	**32,282**	11,982
-0.5% (2016: -0.5%)	**(32,282)**	(11,982)	**(32,282)**	(11,982)

The movements are due to higher or lower interest revenue from cash balances. A sensitivity of 0.5% is considered reasonable given the current level of both short term and long term Australian Dollar interest rates.

Foreign currency risk

As a result of the Australian entities having a functional currency in Australian Dollar which is different to the Group's presentation currency of US Dollar, the Group's statement of financial position can be affected significantly by movements in the Australian Dollar/US Dollar exchange rate.

The Group also has transactional currency exposures. Such exposure arises from sales or purchases by an operating entity in currencies other than the functional currency.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk exposures and responses (continued)

Operational transactions are denominated in US Dollar. The Group's approach is to target specific levels at which to convert Australian Dollar to United States Dollar by entering into either spot or short term forward exchange contracts. The Group does not enter into transactions that qualify as hedging for hedge accounting purposes, with the exception of a number of spot and short term forward exchange contracts in relation to working capital management.

The financial assets and liabilities of the US and Hong Kong subsidiaries are held in the functional currency of these subsidiaries, which is US Dollar.

At 30 June, the US Dollar equivalence of assets and liabilities held in Australian Dollar and subject to foreign exchange risk are as follows:

Consolidated	**2017** **US$**	**2016** **US$**
Assets and liabilities of entities with AUD functional currencies		
Assets		
Cash and cash equivalents	**18,840,593**	26,464,281
Trade and other receivables	**115,424**	193,285
Prepayments	**19,562**	21,945
Plant and equipment	**3,636**	3,867
Total Assets	**18,979,215**	26,683,378
Liabilities		
Trade and other payables	**1,091,881**	1,286,886
Provisions	**28,222**	38,836
Total Liabilities	**1,120,103**	1,325,722

Intercompany loans are denominated in Australian Dollar and US Dollar. These loans are eliminated upon consolidation.

At 30 June, the effects on post tax profit or loss and equity from a change in the Australian Dollar/US Dollar exchange rate would be as follows:

	Profit or loss **Higher / (lower)**		**Equity** **Higher / (lower)**	
	2017 **US$**	**2016** **US$**	**2017** **US$**	**2016** **US$**
Exchange Rate + 10% (2016: +10%)	**1,124,790**	293,824	**626,024**	(1,717,594)
Exchange Rate - 10% (2016: -10%)	**(1,124,790)**	(293,824)	**(626,024)**	1,717,594

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk exposures and responses (continued)

Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

The Group does not hold any credit derivatives to offset its credit exposure. It holds its cash deposits with major banks with high credit ratings.

Cash at bank and short-term bank deposits

	Consolidated	
	2017	2016
	US$	US$
AA rated banks	**19,792,848**	26,471,861
A rated banks	**7,084,732**	5,221,404
	26,877,580	31,693,265

Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulty in meeting its financial obligations. The Group's objective is to maintain adequate funding to meet its needs, currently represented by cash and short-term deposits sufficient to meet the Group's current cash requirements.

Maturity analysis for financial liabilities

	Consolidated	
	2017	2016
	US$	US$
Within one year	**2,678,035**	2,662,955
Between one and five years	**-**	-
	2,678,035	2,662,955

Contractual cash flows for financial liabilities are the same as carrying value.

23. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) New and amended accounting standards adopted by the Group

The Group has adopted all of the new and revised Standards and Interpretations, including amendments to the existing standards issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

The adoption of these amendments has not resulted in any significant changes to the Group's accounting policies nor any significant effect on the measurement or disclosure of the amounts reported for the current or prior periods.

(b) New accounting standards and interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2017. Those which may be relevant to the Group are set out below.

(i) AASB 16 Leases (2016)

AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right of use asset representing its right-to-use the underlying leased asset and a lease liability representing its obligations to make lease payments. Management are in the process of assessing the impacts of the changes to AASB 16, however, does not believe the changes to the standard will have a material impact on the financial performance and financial position of the Group given the current level of operating lease commitments.

(ii) AASB 15 Revenue from Contracts with Customers (2015)

The new standard replaces AASB 118 which covers the revenues arising from the sale of goods and the rendering of services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. Management is in the process of assessing the likely impact of the changes to AASB 15 and does not believe the changes to the standard will have a material impact on the financial performance and financial position of the Group.

23. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) New accounting standards and interpretations issued but not yet effective (continued)

(iii) AASB 9 Financial Instruments (2014)

AASB 9 will replace AASB 139: Financial Instruments: Recognition and Measurement. The key changes that may affect the Group on initial application of AASB 9 and associated amending Standards include:

- simplifying the general classifications of financial assets into those carried at amortised cost and those carried at fair value;
- permitting entities to irrevocably elect on initial recognition to present gains and losses on an equity instrument that is not held for trading in other comprehensive income (OCI);
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in OCI, except when it would create an 'accounting mismatch';
- introducing a new model for hedge accounting that permits greater flexibility in the ability to hedge risk, particularly with respect to non-financial items; and
- requiring impairment of financial assets carried at amortised cost based on an expected loss approach.

Management are in the process of assessing the impact of AASB 9, however, does not believe the changes to the standard will have a material impact on the financial performance and financial position of the Group.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Yowie Group Limited and its subsidiaries ("the Group") as at 30 June 2017.

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profits and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

23. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Basis of consolidation (continued)

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

The difference between the above items and the fair value of consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or discount on acquisition.

Non-controlling interests not held by the Group are allocated their share of net profit after tax in the statement of profit or loss and other comprehensive income and are presented within equity in the consolidated statement of financial position, separately from parent shareholders' equity.

(d) Foreign currency translation

Functional and presentation currency
The functional currency of Yowie Group Limited and Yowie Enterprises Pty Ltd is Australian Dollar (AUD). The functional currency of the other entities is United States Dollar (USD).

The presentation currency of Yowie Group Limited is United States Dollar (USD).

Transactions and balances
Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

All exchange differences in the consolidated financial report are taken to the statement of profit or loss and other comprehensive income.

23. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Foreign currency translation (continued)

Group companies
The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates, unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions; and

all resulting exchange differences are recognised in the statement of profit or loss and other comprehensive income.

(e) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the statement of financial position.

(f) Trade and other receivables

Trade receivables, which generally have 30-60 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts.
Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the Group will not be able to collect the debt.

23. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Inventories

Inventories are measured at the lower of cost or net realisable value. Raw material inventories are accounted for at purchase cost on a weighted average cost basis. Finished goods and work in progress are accounted for at the purchase cost of direct materials plus manufacturing costs, including depreciation of manufacturing equipment. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(h) Property, plant and equipment

Plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses.

The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated over the useful lives to the Group of the assets, commencing from the time the asset is held ready for use, as follows:

Class	**Depreciation method**
Manufacturing plant and equipment	Units of production basis
Office equipment	Straight line basis over 2.5 years

(i) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are expensed to profit and loss as incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Rights and licenses
The Group made cash payments to purchase rights and licenses and they are valued at cost. They are assessed as having an indefinite useful life.

23. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Intangible assets (continued)

Product development
Expenditure on product development is recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- its intention to complete and its ability to use or sell the asset
- how the asset will generate future economic benefits
- the availability of resources to complete the asset
- the ability to reliably measure expenditure during development.

Product development costs are recorded as intangible assets and amortised using the units of production method from the point at which the asset is available for use.

Software
Costs associated with maintaining software programmes are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Other directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of other directly attributable costs.

Software costs are recorded as intangible assets and amortised from the point at which the asset is available for use over 3 years.

(j) Trade and other payables

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

23. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability.

(l) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(m) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods
Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer. Revenue is recognised net of trade discounts and volume rebates.

Interest revenue
Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest revenue over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Royalties
Revenue is recognised when the right to receive payments is established.

(n) Income tax and other taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

23. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Income tax and other taxes (continued)

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

23. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Income tax and other taxes (continued)

Current and deferred income tax is recognised in the Statement of Financial Position, except to the extent that it relates to items recognised in other comprehensive income or direct in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST recoverable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are included in the consolidated statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from or payable to taxation authorities are classified as operating cash flows.

(o) Share-based payment transactions

The Group provides benefits to directors, employees and consultants in the form of share-based payment transactions, whereby services are rendered in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions with directors, employees and consultants is measured by reference to the fair value at the date at which they are granted. The fair value is determined using an appropriate valuation model.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share- based arrangement, or is otherwise beneficial to the recipient, as measured at the date of modification.

23. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Share-based payment transactions (continued)

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted loss per share.

(p) Earnings / loss per share

Basic earnings / loss per share is calculated as net profit or loss attributable to members of the parent entity, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares of the Company, adjusted for any bonus element.

Diluted loss per share is calculated as net profit or loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares.

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(q) Financial instruments

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method. They are included in current assets, except for those maturities greater than 12 months after the reporting date, which are classified as non-current assets. Loans and receivables are included in trade and other receivables. They are measured initially at fair value and subsequently at amortised cost.

23. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Impairment of assets

At each reporting date, the Group reviews the carrying values of tangible assets and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(s) Segment disclosures

Operating segments are presented in a manner consistent with the management reports provided to the chief operating decision makers, which are currently represented by the full board.

The Group has only one reportable segment, which relates to the operations of its confectionery business. All production and sales to date have taken place in the United States, with production carried out under a contract manufacturing arrangement. The net result is presented on a consolidated basis.

(t) Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management bases its judgements and estimates on historical experience and on other factors it believes to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made.

Share-based payments
The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. The estimate also requires making assumptions about the most appropriate inputs to the valuation model, including the expected life of the share option, volatility and dividend yield. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 15.

23. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Significant accounting judgements, estimates and assumptions (continued)

Income taxes
Judgement is required in assessing whether deferred tax assets are recognised in the statement of financial position. Deferred tax assets are recognised only when it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. Judgements are also required about the application of income tax legislation.

Impairment of non-financial assets
The Group tests annually whether non-financial assets have suffered any impairment, in accordance with the accounting policy stated at Note 23(r). An impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next two years. The assumptions used in the budget, such as growth rates, and the discount rate used are subject to judgement and estimates.

Estimation of useful life of assets
Assessments of useful lives and estimates of remaining useful lives require significant management judgement. Brand names are generally assessed as having an indefinite useful life on the basis of brand strength, ongoing expected profitability and continuing support. Rights and licenses to Yowie brands are expected to be renewed in line with business continuity requirements.

In accordance with a resolution of the directors of Yowie Group Limited, I state that:

1. In the opinion of the Directors:

   (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001,* including:

      (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the year ended on that date; and

      (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   (b) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2017.

Note 2 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

On behalf of the Board

Bert Alfonso

Bert Alfonso
Managing Director and Global Chief Executive Officer

24 August 2017

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Independent Auditor's Report to the members of Yowie Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Yowie Group Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the scope of our audit responded to the Key Audit Matter
Revenue recognition As at 30 June 2017 the Group's revenue from the sale of goods for the year was US$19,475,621. Significant judgement is required in determining the timing of revenue recognition, given the shipping terms for the transfer of the risks and rewards of the Yowie products.	Our procedures included, but were not limited to: • obtaining an understanding of the key controls management has in place to assess the timing of the revenue recorded, • testing on a sample basis revenue transactions to ensure the timing of the transactions are recorded in accordance with the transfer of the risks and rewards, and • assessing the appropriateness of the related disclosures included in note 23(m) to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 23 to 41 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Yowie Group Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Ian Skelton
Partner
Chartered Accountants
Perth, 24 August 2017

Additional information as required by the Australian Securities Exchange Listing Rules and not disclosed elsewhere in this report is set out below. This information is current as at 22 August 2017.

Distribution of Quoted Securities

Ranges	No. of Holders of Ordinary Shares	No. of Ordinary Shares
1 - 1,000	1,193	363,700
1,001 - 5,000	1,008	2,947,855
5,001 - 10,000	578	4,687,278
10,001 – 100,000	1,243	40,087,868
100,000 and over	222	167,201,589
Total	**4,244**	**215,288,290**

There were 1,621 shareholders holding less than a marketable parcel of ordinary shares.

Quoted and Unquoted Equity Securities

Equity Security	Quoted	Unquoted
Ordinary Shares	215,288,290	-
Employee/Consultant Incentive Options (A$0.766 – 31 Dec 2017 expiry)	-	3,625,000
Employee/Consultant Incentive Options (A$0.90 – 31 Dec 2017 expiry)	-	2,425,000
Employee/Consultant Incentive Options (A$1.05 – 31 Dec 2017 expiry)	-	2,775,000
Employee/Consultant Incentive Options (A$1.15 – 31 Dec 2017 expiry)	-	320,000
Employee/Consultant Incentive Options (A$1.25 – 31 Dec 2017 expiry)	-	640,000
Employee/Consultant Incentive Options (A$1.51 – 24 Aug 2018 expiry)	-	200,000
Employee/Consultant Incentive Options (A$1.63 – 24 Aug 2018 expiry)	-	400,000
Employee/Consultant Incentive Options (A$1.40 – 8 Sep 2018 expiry)	-	75,000
Employee/Consultant Incentive Options (A$1.51 – 8 Sep 2018 expiry)	-	125,000
LTI Award Performance Rights expiring 31 August 2017	-	320,499
LTI Award Performance Rights expiring 31 August 2018	-	320,499

Unlisted Employee/Consultant Options/LTI Award Performance Rights

Exercise Price	Expiry Date	No. of Options	No. of Holders
A$0.766	31 December 2017	3,625,000	6
A$0.90	31 December 2017	2,425,000	9
A$1.05	31 December 2017	2,775,000	8
A$1.15	31 December 2017	320,000	4
A$1.25	31 December 2017	640,000	4
A$1.51	24 August 2018	200,000	2
A$1.63	24 August 2018	400,000	2
A$1.40	8 September 2018	75,000	1
A$1.51	8 September 2018	125,000	1
Nil	31 August 2017	320,499	2
Nil	31 August 2018	320,499	2

Twenty Largest Holders of Ordinary Shares

	Name	Shares Held	Percentage %
1	CITICORP NOMINEES PTY LIMITED	22,035,376	10.24
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	18,774,389	8.72
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	16,913,050	7.86
4	NATIONAL NOMINEES LIMITED	7,784,312	3.62
5	MR KEITH PHILLIP HUDSON	6,000,000	2.79
6	J P MORGAN NOMINEES AUSTRALIA LIMITED	5,918,485	2.75
7	ABDULLAH HANI ABDALLAH	5,666,667	2.63
8	DALEFORD WAY PTY LTD	5,425,000	2.52
9	PATRICIA MARY FIELDS	4,479,218	2.08
10	MR WAYNE GREGORY LOXTON	4,027,500	1.87
11	REASH PTY LTD	2,825,000	1.31
12	MR CRAIG ANTHONY LUBICH & MRS LEEANNE KELLY LUBICH	2,695,000	1.25
13	WAYNE LOXTON	2,403,772	1.12
14	MR SCOTT MAURICE DONNELLAN & DR ADAOBI OGENNA UDECHUKU	2,105,000	0.98
15	MR HUMBERTO ALFONSO & MRS DIANA MARIE ALFONSO	1,876,700	0.87
16	MR MARK AVERY	1,600,766	0.74
17	DR GREGORY BRYAN MAKIN	1,289,287	0.60
18	BART SUPERANNUATION PTY LIMITED	1,276,000	0.59
19	TALAL ADEL HAMMOUD	1,144,280	0.53
20	JFD ENTERPRISES PTY LTD	1,140,000	0.53
	TOTAL	**115,379,802**	**53.59**

Substantial Shareholders

Substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are as follows:

Shareholder	No. of Shares
FIL Limited	20,110,482
Pie Funds Management Limited	14,782,392

Voting Rights

Ordinary shares carry one vote per share. There are no voting rights attached to the options in the Company.

Stock Exchange

The Company is listed on the Australian Securities Exchange and has been allocated the code "YOW". The "Home Exchange" is Perth.

On-market Buy-back

There is no current on-market buy-back.

Other Information

Yowie Group Limited is incorporated and domiciled in Australia, and is publicly listed company limited by shares.