
YOWIE GROUP LTD

ABN 98 084 370 669

NOTICE OF ANNUAL GENERAL MEETING

TIME: 2:00 pm (WST)

DATE: 27 November 2014

PLACE: Holiday Inn Perth City Centre
Tuart Room
778 – 788 Hay Street
Perth Western Australia

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9486 7066.

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IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is given that the annual general meeting of the Shareholders to which this Notice of Meeting relates will be held at 2.00pm (WST) on 27 November 2014, at:

Holiday Inn Perth City Centre
Tuart Room
778 – 788 Hay Street
Perth Western Australia

YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting affects your shareholding and your vote is important.

VOTING ELIGIBILITY

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 4.00pm (WST) on 25 November 2014.

VOTING IN PERSON

To vote in person, attend the Annual General Meeting at the time, date and place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Sections 250BB and 250BC of the Corporations Act provide that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

BUSINESS OF THE MEETING

AGENDA

ORDINARY BUSINESS

Financial Statements and Reports

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2014 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass the following resolution as a **non-binding resolution**:

“That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2014.”

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, the Company will not disregard a vote if it is cast:

- (a) by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides (even if the resolution is connected directly or indirectly with the remuneration of Key Management Personnel).

2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MARK AVERY

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purpose of clause 13.2 of the Constitution and for all other purposes, Mark Avery, a Director, retires by rotation, and being eligible, is re-elected as a Director.”

3. **RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF SHARES**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 13,000,000 Placement Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. **RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF OPTIONS**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 800,000 Options on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. **RESOLUTION 5 – APPROVAL OF 10% PLACEMENT CAPACITY**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

“That, for the purpose of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the Shares on issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement accompanying this Notice of annual general meeting.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. **RESOLUTION 6 – ISSUE OF UNLISTED OPTIONS TO RELATED PARTY - MR WAYNE LOXTON**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 1,000,000 Related Party Options to Mr Wayne Loxton (and his nominee) on the terms and conditions set out in the Explanatory Statement.”

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Wayne Loxton (and his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and

the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

7. **RESOLUTION 7 – ISSUE OF UNLISTED OPTIONS TO RELATED PARTY - MS PATRICIA FIELDS**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 1,000,000 Related Party Options to Ms Patricia Fields (and her nominee) on the terms and conditions set out in the Explanatory Statement.”

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by Ms Patricia Fields (and her nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

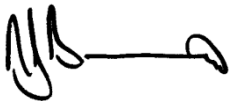
However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and

the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

DATED: 14 OCTOBER 2014

BY ORDER OF THE BOARD



**NEVILLE BASSETT
COMPANY SECRETARY**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the requirements of the Company's Constitution and the Corporations Act, the 2014 Annual Report will be tabled at the annual general meeting. Shareholders will have the opportunity of discussing the Annual Report and making comments and raising queries in relation to the Report.

There is no requirement for a formal resolution on this item.

Representatives from the Company's auditors, BDO Audit (WA) Pty Ltd, will be present to take shareholders' questions and comments about the conduct of the audit and the preparation and content of the audit report.

Annual Report Online

Shareholders who have not elected to receive a hard copy of the Annual Report can access the report on the company's website at www.yowiegroup.com.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

Pursuant to section 250R(2) of the Corporations Act, the Company is required to put the Remuneration Report to the vote of Shareholders. The Directors' Report for the year ended 30 June 2014 contains the Remuneration Report which sets out the remuneration policy for the Company and reports on the remuneration arrangements in place for the Directors and Key Management Personnel.

Resolution 1 is advisory only and does not bind the Directors of the Company. Of itself, a failure of Shareholders to pass Resolution 1 will not require the Directors to alter any of the arrangements in the Remuneration Report.

A reasonable opportunity will be provided for discussion of the remuneration report at the Annual General Meeting.

2.2 Voting consequences

If at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report in two consecutive annual general meetings, the Company will be required to put to Shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of directors of the Company (**Spill Resolution**) at the second annual general meeting.

If more than 50% of shareholders vote in favour of the Spill Resolution, the company must convene the extraordinary general meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MARK AVERY

Clause 13.2 of the Constitution requires that at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded down to the nearest whole number), shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

A Director who retires by rotation under clause 13.2 of the Constitution is eligible for re-election.

The Company currently has 3 Directors and accordingly 1 must retire.

Mark Avery, the Director longest in office since his last election, retires by rotation and seeks re-election.

4. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF SHARES

4.1 Background

Resolution 3 seeks Shareholder ratification of the issue of 13,000,000 Placement Shares to professional and sophisticated investors at \$0.70 each pursuant to the Placement announced to the ASX on 5 March 2014 and subsequently completed on 20 March 2014, for the purposes of satisfying Listing Rule 7.4.

The funds raised under the Placement (\$9,100,000 before expenses) will be applied towards working capital and operational flexibility for the business.

4.2 Listing Rule 7.4

Listing Rule 7.1 provides that (subject to certain exceptions, none of which are relevant here) prior approval of shareholders is required for an issue of securities by a company if the securities will, when aggregated with the securities issued by the company during the previous 12 months, exceed 15% of the number of the Shares on issue at the commencement of that 12 month period. The issue of 13,000,000 Placement Shares did not exceed the 15% limit.

Listing Rule 7.4 provides that where a company ratifies a prior issue of securities, the issue will be treated as having been made with approval for the purpose of Listing Rule 7.1, thereby replenishing the company's 15% capacity and enabling it to issue further securities up to that limit.

If Resolution 3 is approved, the Placement Shares will not be included in the Company's 15% calculation for the purposes of Listing Rule 7.1.

4.3 Listing Rule 7.5

The information required to be provided to shareholders to satisfy Listing Rule 7.4 is specified in Listing Rule 7.5. In compliance with the information requirements of Listing Rule 7.5, Shareholders are advised of the following particulars in relation to the issue pursuant to Resolution 3:

(i) **Number of securities issued**

13,000,000 Placement Shares.

(ii) **Price at which securities were issued**

\$0.70 per Placement Share.

(iii) **The terms of the securities**

The Placement Shares are ordinary fully paid shares which rank equally with existing Shares on issue.

(iv) **The basis on which allottees were determined**

The Placement Shares were issued to a number of professional and sophisticated investors pursuant to section 708 of the Corporations Act.

No related party participated in the allotment of the Placement Shares.

(v) **The use (or intended use) of the funds raised**

The funds raised (\$9,100,000 before expenses) pursuant to the issue of the Shares will be applied towards working capital and operational flexibility for the business.

5. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF OPTIONS

5.1 Background

Resolution 4 seeks Shareholder ratification of the issue of 800,000 Options to employees/consultants as announced to the ASX on 30 June 2014 and 15 October 2014, for the purposes of satisfying Listing Rule 7.4.

No funds were raised from the issue. The Options were issued to provide a performance linked incentive.

5.2 Listing Rule 7.4

Listing Rule 7.1 provides that (subject to certain exceptions, none of which are relevant here) prior approval of shareholders is required for an issue of securities by a company if the securities will, when aggregated with the securities issued by the company during the previous 12 months, exceed 15% of the number of the Shares on issue at the commencement of that 12 month period. The issue of 800,000 Options did not exceed the 15% limit.

Listing Rule 7.4 provides that where a company ratifies a prior issue of securities, the issue will be treated as having been made with approval for the purpose of Listing Rule 7.1, thereby replenishing the company's 15% capacity and enabling it to issue further securities up to that limit.

If Resolution 4 is approved, the Options will not be included in the Company's 15% calculation for the purposes of Listing Rule 7.1.

5.3 Listing Rule 7.5

The information required to be provided to shareholders to satisfy Listing Rule 7.4 is specified in Listing Rule 7.5. In compliance with the information requirements of Listing Rule 7.5, Shareholders are advised of the following particulars in relation to the issue pursuant to Resolution 4:

(i) **Number of securities issued**

800,000 Options, comprising:

- 50,000 Series A Options
- 150,000 Series B Options
- 300,000 Series C Options
- 100,000 Series D Options
- 200,000 Series E Options

(ii) **Price at which securities were issued**

Nil – The Options were issued to provide a performance linked incentive.

(iii) **The terms of the securities**

The Options were issued on the terms and conditions as outlined in Annexure "A" to "E".

(iv) **The basis on which allottees were determined**

Selected employees/consultants of the Company.

(v) **The use (or intended use) of the funds raised**

No funds were raised from the issue. The Options were issued to provide a performance linked incentive.

6. RESOLUTION 5 – APPROVAL OF 10% PLACEMENT CAPACITY

6.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital over a period up to 12 months after the annual general meeting (**10% Placement Capacity**).

The Company is an Eligible Entity.

If Shareholders approve Resolution 5, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in Section 6.2 below).

The effect of Resolution 5 will be to allow the Directors to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

Resolution 5 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 5 for it to be passed.

6.2 ASX Listing Rule 7.1A

ASX Listing Rule 7.1A enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation (at the date of this Explanatory Statement) of \$71,923,391.

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has two class of quoted Equity Securities on issue, being the Shares (ASX Code: YOW) and Options (YOWO).

The exact number of Equity Securities that the Company may issue, which may include Shares and/or listed Options, under an approval under Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times D) - E$$

Where:

- A** is the number of Shares on issue 12 months before the date of issue or agreement:
 - (i) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
 - (ii) plus the number of partly paid shares that became fully paid in the previous 12 months;
 - (iii) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under this rule; and
 - (iv) less the number of Shares cancelled in the previous 12 months.
- D** is 10%.
- E** is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Ordinary Securities under ASX Listing Rule 7.1 or 7.4.

6.3 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 4:

(a) Minimum Price

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in Section 6.3(a)(i), the date on which the Equity Securities are issued.

(b) Date of Issue

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking),

(10% Placement Capacity Period).

(c) Risk of voting dilution

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 5 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the current market price of Shares and the number of Equity Securities currently on issue.

The table also shows the voting dilution impact where the number of Shares on issue (variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue	Dilution			
	Number of Shares issued under 10% Placement Capacity	Funds raised based on issue price of \$0.305 (50% decrease in issue price)	Funds raised based on issue price of \$0.61 (issue price)	Funds raised based on issue price of \$0.915 (50% increase in issue price)
117,907,199 (Current)	11,790,719	\$3,596,169	\$7,192,338	\$10,788,507
176,860,798 (50% increase)	17,686,079	\$5,394,254	\$10,788,508	\$16,182,762
235,814,398 (100% increase)	23,581,439	\$7,192,338	\$14,384,677	\$21,577,016

*The number of Shares on issue (variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

1. The current shares on issue are the Shares on issue as at 13 October 2014.
2. The issue price set out above is the closing price of the Shares on the ASX on 13 October 2014.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
6. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(d) Purpose of Issue under 10% Placement Capacity

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised for the acquisition of assets and investments (including expenses associated with such an acquisition) that the Directors consider could add to the Company's existing business, and or continued working capital expenditure for its on-going Yowie Business; and general working capital; or

- (ii) as non-cash consideration for the acquisition of new assets and investments, in such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

(e) Allocation under the 10% Placement Capacity

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Capacity. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to a number of factors, including:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company; and
- (v) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Capacity have not been determined as at the date of this Notice but may include existing Shareholders and/or new investors who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new assets or investments, it is possible that the allottees under the 10% Placement Capacity will be the vendors of the new assets or investments.

(f) Previous Approval under ASX Listing Rule 7.1A

The Company previously obtained approval under ASX Listing Rule 7.1A at its annual general meeting held on 21 November 2013.

In accordance with ASX Listing Rule 7.3A.6, the following information is provided to shareholders regarding the equity securities issued in the previous 12 months preceding the date of the Annual General Meeting (that is, 27 November 2014).

Listing Rule 7.3A.6(a)

The table below shows the total number of equity securities issued in the previous 12 months preceding the date of the annual general meeting and the percentage that those issues represent of the total number of equity securities on issue at the commencement of that 12 month period.

Total number of equity securities issued in the 12 months preceding the date of the meeting	34,388,235
Percentage that they represent of the total number of equity securities on issue at the commencement of that 12 month period	28.4%

Listing Rule 7.3A.6(b)

The tables below set out specific details for each issue of equity securities that have taken place in the 12 month period the date of the annual general meeting.

Date of issue	5 and 19 December 2014														
Number issued	20,588,235 fully paid ordinary shares														
Summary of terms	Ordinary fully paid shares ranking equally with existing shares on issue.														
Names of the persons who received securities or basis on which those persons were determined	Issued pursuant to a Prospectus dated 18 November 2013 to selected professional and sophisticated investors and to shareholders identified as having a long term commitment to the Company.														
Price	17 cents per share														
Discount to market price (if any)	2 cents per share														
For cash issues															
Total cash consideration received	\$3,500,000														
Amount of cash consideration spent	\$3,500,000														
Use of cash consideration	Funds used to further business development and growth, and advance the ongoing rollout of the Company's Yowie products, including: <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Manufacturing costs</td> <td style="text-align: right;">1,430,000</td> </tr> <tr> <td style="padding-left: 20px;">Marketing</td> <td style="text-align: right;">127,000</td> </tr> <tr> <td style="padding-left: 20px;">Product development</td> <td style="text-align: right;">137,000</td> </tr> <tr> <td style="padding-left: 20px;">Plant & equipment</td> <td style="text-align: right;">407,000</td> </tr> <tr> <td style="padding-left: 20px;">Other working capital</td> <td style="text-align: right;">1,187,000</td> </tr> <tr> <td style="padding-left: 20px;">Expenses of the issue</td> <td style="text-align: right;">212,000</td> </tr> <tr> <td style="padding-left: 20px;">Total</td> <td style="text-align: right;">3,500,000</td> </tr> </table>	Manufacturing costs	1,430,000	Marketing	127,000	Product development	137,000	Plant & equipment	407,000	Other working capital	1,187,000	Expenses of the issue	212,000	Total	3,500,000
Manufacturing costs	1,430,000														
Marketing	127,000														
Product development	137,000														
Plant & equipment	407,000														
Other working capital	1,187,000														
Expenses of the issue	212,000														
Total	3,500,000														
Intended use for remaining amount of cash (if any)	N/A														
For non-cash issues															
Non-cash consideration paid	N/A														
Current value of that non-cash consideration	N/A														

Date of issue	20 March 2014
Number issued	13,000,000 fully paid ordinary shares
Summary of terms	Ordinary fully paid shares ranking equally with existing shares on issue.
Names of the persons who received securities or basis on which those persons were determined	To selected professional and sophisticated investors and to shareholders identified as having a long term commitment to the Company.
Price	70 cents per share
Discount to market price (if any)	16.5 cents per share
For cash issues	
Total cash consideration received	\$9,100,000
Amount of cash consideration spent	\$2,703,000

Use of cash consideration	Funds used to further business development and growth, and advance the ongoing rollout of the Company's Yowie products, including: Manufacturing costs 1,062,000 Marketing 40,000 Product development 26,000 Plant & equipment 158,000 Other working capital 1,060,000 Expenses of the issue 357,000 Total \$2,703,000
Intended use for remaining amount of cash (if any)	Unspent funds \$6,397,000 Funds will be used for further business development and growth, and advance the ongoing rollout of the Company's Yowie products.
For non-cash issues	
Non-cash consideration paid	N/A
Current value of that non-cash consideration	N/A

Date of issue	30 June 2014 and 15 October 2014
Number issued	800,000 unlisted options
Summary of terms	50,000 Series A Options 150,000 Series B Options 300,000 Series C Options 100,000 Series D Options 200,000 Series E Options Refer Annexures A to E for full terms.
Names of the persons who received securities or basis on which those persons were determined	Selected employees/consultants of the Company.
Price	N/A
Discount to market price (if any)	N/A
For cash issues	
Total cash consideration received	N/A
Amount of cash consideration spent	N/A
Use of cash consideration	N/A
Intended use for remaining amount of cash (if any)	N/A
For non-cash issues	
Non-cash consideration paid	Issued to provide a performance linked incentive to selected employees/consultants.
Current value of that non-cash consideration	\$222,000# # Based on Binomial Option Pricing model

6.4 Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 5.

7. RESOLUTIONS 6 AND 7 – ISSUE OF UNLISTED OPTIONS TO RELATED PARTIES - DIRECTORS

7.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 2,000,000 Related Party Options to Mr Wayne Loxton and Ms Patricia Fields (**Related Parties**) on the terms and conditions set out below.

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of the Related Party Options constitutes giving a financial benefit and Mr Wayne Loxton and Ms Patricia Fields are related parties of the Company by virtue of being Directors of the Company.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Related Party Options to the Related Parties.

7.2 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Related Party Options:

- (a) the related parties are Mr Wayne Loxton and Ms Patricia Fields and they are related parties by virtue of being Directors of the Company;
- (b) the maximum number of Related Party Options (being the nature of the financial benefit being provided) to be granted to each of the Related Parties is:
 - (i) Mr Wayne Loxton – 1,000,000; and

(ii) Ms Patricia Fields – 1,000,000,

which equals 2,000,000 Related Party Options in total;

- (c) the Related Party Options will be granted to the Related Parties no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Related Party Options will be issued on one date;
- (d) the Related Party Options will be granted for nil cash consideration, accordingly no funds will be raised;
- (e) the amount payable upon exercise of each Related Party Option will be a price equal to 134% of the 5-day VWAP ending on the Shareholder Eligibility Date;
- (f) the Company intends to announce the determined exercise price of the Related Party Options on the Shareholder Eligibility Date;
- (g) the full terms and conditions of the Related Party Options are set out in Annexure F;
- (h) the value of the Related Party Options and the pricing methodology is set out in Section 7.3 below;
- (i) the relevant interests of the Related Parties in securities of the Company are set out below:

Related Party	Shares	Options
Wayne Loxton	5,290,667	5,450,000 ¹
Patricia Fields	300,000	2,550,000 ²

¹ 3,050,000 listed options exercisable at \$0.20 each expiring 15 December 2015.
1,000,000 unlisted options exercisable at \$0.23 each expiring 15 December 2015.
1,400,000 unlisted options exercisable at \$0.285 each expiring 30 June 2017.

² 150,000 listed options exercisable at \$0.20 each expiring 15 December 2015.
1,000,000 unlisted options exercisable at \$0.23 each expiring 15 December 2015.
1,400,000 unlisted options exercisable at \$0.285 each expiring 30 June 2017.

- (j) the remuneration and emoluments from the Company to the Related Parties for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Name	Year End 30 June 2014	Year Ended 30 June 2015
Wayne Loxton	364,833 ¹	327,750
Patricia Fields	233,783 ¹	196,650

¹ Includes share based payments of \$37,133.

- (k) if the Related Party Options granted to the Related Parties are exercised, a total of 2,000,000 Shares would be issued. This will increase the number of Shares on issue from 117,907,199 to 119,907,199 (assuming that no other Options are exercised and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by an

aggregate of 1.66%, comprising 0.83% by Mr Wayne Loxton and 0.83% by Ms Patricia Fields.

The market price for Shares during the term of the Related Party Options would normally determine whether or not the Related Party Options are exercised. If, at any time any of the Related Party Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Related Party Options, there may be a perceived cost to the Company.

The exercise of the Related Party Options will provide working capital for the company at no significant cost. If all Related Party Options proposed to be issued pursuant to resolutions 6 and 7 are ultimately exercised, an amount of \$1,634,800 would be raised (based on an exercise price of 81.74 cents each).

- (l) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	\$0.92	5 March 2014 and 26 February 2014
Lowest	\$0.17	13 December 2013 12 December 2013 5 December 2013 25 November 2013 22 October 2013 21 October 2013 18 October 2013 17 October 2013
Last	\$0.61	13 October 2014

- (m) the primary purpose of the grant of the Related Party Options to the Related Parties is to provide a performance linked incentive component in the remuneration package for the Related Parties to motivate and reward the performance of the Related Parties in their respective roles as Directors;
- (n) Mr Wayne Loxton declines to make a recommendation to Shareholders in relation to Resolution 6 due to his material personal interest in the outcome of the Resolution on the basis that Mr Wayne Loxton is to be granted Related Party Options in the Company should Resolution 6 be passed. However, in respect of Resolution 7, Mr Wayne Loxton recommends that Shareholders vote in favour of those Resolutions for the following reasons:
- (i) the grant of the Related Party Options is a reasonable and appropriate method to provide cost effective incentive remuneration to the Directors as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties; and

- (ii) it is not believed that there are any significant opportunity costs to the Company or opportunities foregone by the Company in granting the Related Party Options upon the terms proposed;
- (o) Ms Patricia Fields declines to make a recommendation to Shareholders in relation to Resolution 7 due to her material personal interest in the outcome of the Resolution on the basis that Ms Patricia Fields is to be granted Related Party Options in the Company should Resolution 7 be passed. However, in respect of Resolution 6, Ms Patricia Fields recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (n);
- (p) Mr Mark Avery does not have a material personal interest in the outcome of Resolution 6 or 7 and recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (n);
- (q) in forming their recommendations, each Director considered the experience of each Related Party, the current market price of Shares, the current market practices when determining the number of Related Party Options to be granted as well as the exercise price and expiry date of those Related Party Options; and
- (r) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 6 and 7.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Options to the Related Parties as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Related Party Options to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

7.3 Indicative Value of the Related Party Options

The value of Related Party Options to be issued has been calculated using the binomial option pricing model as of 15 October 2014. The value of an option calculated by the binomial option pricing model is a function of a number of variables. The indicative value of the Related Party Options has been calculated using the following variables:

Valuation date	15 October 2014
Market price of Shares	62 cents
Exercise price	80 cents ¹
Expiry date (length of time from issue)	31 December 2017
Risk free interest rate	2.57%
Volatility	80%
Indicative value per Related Party Option	29 cents
Total Value of Related Party Options	\$580,000
- Mr Wayne Loxton	\$290,000
- Ms Patricia Fields	\$290,000

¹ The exercise price of Related Party Options, will be 134% of the volume weighted average price of Yowie Group Shares sold on the ASX during the five (5) Trading Days immediately preceding the date on which such price is to be determined.

Note: the valuation noted above is not necessarily the market price that the Related Party Options could be traded at and is not automatically the market price for taxation purposes.

GLOSSARY

\$ means Australian dollars.

Annual General Meeting or **Meeting** means the meeting convened by the Notice.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001 (Cth)*.

Company means Yowie Group Ltd (ABN 98 084 370 669).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Eligible Entity means an entity that, at the date of the relevant general meeting:

- (g) is not included in the S&P/ASX 300 Index; and
- (h) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Notice or **Notice of Meeting** or **Notice of Annual General Meeting** means this notice of annual general meeting including the Explanatory Statement and the Proxy Form.

Option means a Series A Option, Series B Option, Series C Option, Series D Option or Series E Option individually or in combination, as the circumstance requires.

Ordinary Securities has the meaning set out in the ASX Listing Rules.

Placement means the placement of 13,000,000 Shares.

Placement Share means a Share issued pursuant to the Placement.

Proxy Form means the proxy form accompanying the Notice.

Related Party Option means an option to acquire a Share at an exercise price equal to 134% of the 5-day VWAP ending on the Shareholder Eligibility Date, expiring 31 December 2017 and otherwise on the terms and conditions as outlined in Annexure "F"

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2014.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

Series A Option means an option to acquire a Share at an exercise price of \$0.90 each expiring 31 December 2017 and otherwise on the terms and conditions as outlined in Annexure "A".

Series B Option means an option to acquire a Share at an exercise price of \$0.90 each expiring 31 December 2017 and otherwise on the terms and conditions as outlined in Annexure "B".

Series C Option means an option to acquire a Share at an exercise price of \$1.05 each expiring 31 December 2017 and otherwise on the terms and conditions as outlined in Annexure "C".

Series D Option means an option to acquire a Share at an exercise price of \$0.90 each expiring 31 December 2017 and otherwise on the terms and conditions as outlined in Annexure "D".

Series E Option means an option to acquire a Share at an exercise price of \$1.05 each expiring 31 December 2017 and otherwise on the terms and conditions as outlined in Annexure "E".

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Shareholder Eligibility Date means the date of the Meeting.

VWAP means the volume weighted average prices of securities trading on the ASX.

WST means Western Standard Time as observed in Perth, Western Australia.

ANNEXURE "A"

TERMS AND CONDITIONS OF SERIES A OPTIONS

1.1 Entitlement

Each Series A Option entitles the holder to subscribe for one Share upon exercise of the Series A Option.

1.2 Exercise Price

Subject to subsection 1.10, the amount payable upon exercise of each Series A Option will be \$0.90 (**Exercise Price**).

1.3 Vesting Conditions

The Series A Options vest immediately on issue.

1.4 Expiry Date

Each Series A Option will expire at 5.00pm (WST) on 31 December 2017 (**Expiry Date**). A Series A Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

1.5 Exercise Period

The Series A Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

1.6 Notice of Exercise

The Series A Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Series A Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Series A Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

1.7 Timing of issue of Shares on exercise

No later than 15 Business Days after receipt by the Company of a Notice of Exercise and payment of the Exercise Price, the Company will:

- (a) allot and issue the number of Shares required under these terms and conditions in respect of the number of Series A Options specified in the Notice of Exercise and for which cleared funds have been received by the Company; and
- (b) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of Series A Options.

1.8 Shares issued on exercise

Shares issued on exercise of the Series A Options rank equally with the then issued shares of the Company.

1.9 Quotation of Shares issued on exercise

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Series A Options.

1.10 Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

1.11 Participation in new issues

There are no participation rights or entitlements inherent in the Series A Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Series A Options without exercising the Series A Options.

1.12 Adjustment for bonus issue of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of a Series A Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Series A Option before the record date for the bonus issue; and
- (b) no change will be made to the exercise price.

1.13 Change in exercise price

There is no right of change in the exercise price of the Series A Options.

1.14 Transferability

The Series A Options are not transferable.

TERMS AND CONDITIONS OF SERIES B OPTIONS

1.1 Entitlement

Each Series B Option entitles the holder to subscribe for one Share upon exercise of the Series B Option.

1.2 Exercise Price

Subject to subsection 1.10, the amount payable upon exercise of each Series B Option will be \$0.90 (**Exercise Price**).

1.3 Vesting Conditions

The Series B Options will vest and shall otherwise not be capable of exercise until the first to occur of the following:

- (a) the 30th April 2015; or
- (b) a takeover bid in respect of the Company under Chapter 6 of the Corporations Act is announced to ASX; or
- (c) a Court orders a meeting to be held in relation to a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or
- (d) any person becomes bound or entitled to acquire shares in the Company under:
 - (i) section 414 of the Corporations Act; or
 - (ii) Chapter 6A of the Corporations Act; or

In the event of cessation of employment and/or any consultancy arrangement prior to any vesting condition being satisfied a Series B Option shall automatically lapse.

1.4 Expiry Date

Each Series B Option will expire at 5.00pm (WST) on 31 December 2017 (**Expiry Date**). A Series B Option not exercised before the Expiry Date will automatically lapse on the Expiry Date. If a Series B Option has vested in accordance with subsection 1.3, in the event of cessation of employment and/or any consultancy arrangement, the Expiry Date of a Series B Option shall be 30 days from the date of cessation.

1.5 Exercise Period

Subject to subsection 1.3, the Series B Options are exercisable at any time from 30 April 2015 up to and including the Expiry Date (**Exercise Period**).

1.6 Notice of Exercise

The Series B Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Series B Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Series B Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

1.7 Timing of issue of Shares on exercise

No later than 15 Business Days after receipt by the Company of a Notice of Exercise and payment of the Exercise Price, the Company will:

- (a) allot and issue the number of Shares required under these terms and conditions in respect of the number of Series B Options specified in the Notice of Exercise and for which cleared funds have been received by the Company; and
- (b) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of Series B Options.

1.8 Shares issued on exercise

Shares issued on exercise of the Series B Options rank equally with the then issued shares of the Company.

1.9 Quotation of Shares issued on exercise

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Series B Options.

1.10 Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

1.11 Participation in new issues

There are no participation rights or entitlements inherent in the Series B Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Series B Options without exercising the Series B Options.

1.12 Adjustment for bonus issue of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of a Series B Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Series B Option before the record date for the bonus issue; and
- (b) no change will be made to the exercise price.

1.13 Change in exercise price

There is no right of change in the exercise price of the Series B Options.

1.14 Transferability

The Series B Options are not transferable.

ANNEXURE "C"

TERMS AND CONDITIONS OF SERIES C OPTIONS

1.1 Entitlement

Each Series C Option entitles the holder to subscribe for one Share upon exercise of the Series C Option.

1.2 Exercise Price

Subject to subsection 1.10, the amount payable upon exercise of each Series C Option will be \$1.05 (**Exercise Price**).

1.3 Vesting Conditions

The Series C Options will vest and shall otherwise not be capable of exercise until the first to occur of the following:

- (a) the 30th April 2016; or
- (b) a takeover bid in respect of the Company under Chapter 6 of the Corporations Act is announced to ASX; or
- (c) a Court orders a meeting to be held in relation to a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or
- (d) any person becomes bound or entitled to acquire shares in the Company under:
 - (i) section 414 of the Corporations Act; or
 - (ii) Chapter 6A of the Corporations Act; or

In the event of cessation of employment and/or any consultancy arrangement prior to any vesting condition being satisfied a Series C Option shall automatically lapse.

1.4 Expiry Date

Each Series C Option will expire at 5.00pm (WST) on 31 December 2017 (**Expiry Date**). A Series C Option not exercised before the Expiry Date will automatically lapse on the Expiry Date. If a Series C Option has vested in accordance with subsection 1.3, in the event of cessation of employment and/or any consultancy arrangement, the Expiry Date of a Series C Option shall be 30 days from the date of cessation.

1.5 Exercise Period

Subject to subsection 1.3, the Series C Options are exercisable at any time from 30 April 2016 up to and including the Expiry Date (**Exercise Period**).

1.6 Notice of Exercise

The Series C Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Series C Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Series C Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

1.7 Timing of issue of Shares on exercise

No later than 15 Business Days after receipt by the Company of a Notice of Exercise and payment of the Exercise Price, the Company will:

- (a) allot and issue the number of Shares required under these terms and conditions in respect of the number of Series C Options specified in the Notice of Exercise and for which cleared funds have been received by the Company; and
- (b) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of Series C Options.

1.8 Shares issued on exercise

Shares issued on exercise of the Series C Options rank equally with the then issued shares of the Company.

1.9 Quotation of Shares issued on exercise

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Series C Options.

1.10 Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

1.11 Participation in new issues

There are no participation rights or entitlements inherent in the Series C Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Series C Options without exercising the Series C Options.

1.12 Adjustment for bonus issue of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of a Series C Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Series C Option before the record date for the bonus issue; and
- (b) no change will be made to the exercise price.

1.13 Change in exercise price

There is no right of change in the exercise price of the Series C Options.

1.14 Transferability

The Series C Options are not transferable.

TERMS AND CONDITIONS OF SERIES D OPTIONS

1.1 Entitlement

Each Series D Option entitles the holder to subscribe for one Share upon exercise of the Series D Option.

1.2 Exercise Price

Subject to subsection 1.10, the amount payable upon exercise of each Series D Option will be \$0.90 (**Exercise Price**).

1.3 Vesting Conditions

The Series D Options will vest and shall otherwise not be capable of exercise until the first to occur of the following:

- (e) the 30th September 2015; or
- (f) a takeover bid in respect of the Company under Chapter 6 of the Corporations Act is announced to ASX; or
- (g) a Court orders a meeting to be held in relation to a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or
- (h) any person becomes bound or entitled to acquire shares in the Company under:
 - (i) section 414 of the Corporations Act; or
 - (ii) Chapter 6A of the Corporations Act; or

In the event of cessation of employment and/or any consultancy arrangement prior to any vesting condition being satisfied a Series D Option shall automatically lapse.

1.4 Expiry Date

Each Series D Option will expire at 5.00pm (WST) on 31 December 2017 (**Expiry Date**). A Series D Option not exercised before the Expiry Date will automatically lapse on the Expiry Date. If a Series D Option has vested in accordance with subsection 1.3, in the event of cessation of employment and/or any consultancy arrangement, the Expiry Date of a Series D Option shall be 30 days from the date of cessation.

1.5 Exercise Period

Subject to subsection 1.3, the Series D Options are exercisable at any time from 30 September 2015 up to and including the Expiry Date (**Exercise Period**).

1.6 Notice of Exercise

The Series D Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Series D Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Series D Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

1.7 Timing of issue of Shares on exercise

No later than 15 Business Days after receipt by the Company of a Notice of Exercise and payment of the Exercise Price, the Company will:

- (a) allot and issue the number of Shares required under these terms and conditions in respect of the number of Series D Options specified in the Notice of Exercise and for which cleared funds have been received by the Company; and
- (b) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of Series D Options.

1.8 Shares issued on exercise

Shares issued on exercise of the Series D Options rank equally with the then issued shares of the Company.

1.9 Quotation of Shares issued on exercise

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Series D Options.

1.10 Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

1.11 Participation in new issues

There are no participation rights or entitlements inherent in the Series D Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Series D Options without exercising the Series D Options.

1.12 Adjustment for bonus issue of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of a Series D Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Series D Option before the record date for the bonus issue; and
- (b) no change will be made to the exercise price.

1.13 Change in exercise price

There is no right of change in the exercise price of the Series D Options.

1.14 Transferability

The Series D Options are not transferable.

TERMS AND CONDITIONS OF SERIES E OPTIONS

1.1 Entitlement

Each Series E Option entitles the holder to subscribe for one Share upon exercise of the Series E Option.

1.2 Exercise Price

Subject to subsection 1.10, the amount payable upon exercise of each Series E Option will be \$1.05 (**Exercise Price**).

1.3 Vesting Conditions

The Series E Options will vest and shall otherwise not be capable of exercise until the first to occur of the following:

- (i) the 30th September 2016; or
- (j) a takeover bid in respect of the Company under Chapter 6 of the Corporations Act is announced to ASX; or
- (k) a Court orders a meeting to be held in relation to a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or
- (l) any person becomes bound or entitled to acquire shares in the Company under:
 - (i) section 414 of the Corporations Act; or
 - (ii) Chapter 6A of the Corporations Act; or

In the event of cessation of employment and/or any consultancy arrangement prior to any vesting condition being satisfied a Series E Option shall automatically lapse.

1.4 Expiry Date

Each Series E Option will expire at 5.00pm (WST) on 31 December 2017 (**Expiry Date**). A Series E Option not exercised before the Expiry Date will automatically lapse on the Expiry Date. If a Series E Option has vested in accordance with subsection 1.3, in the event of cessation of employment and/or any consultancy arrangement, the Expiry Date of a Series E Option shall be 30 days from the date of cessation.

1.5 Exercise Period

Subject to subsection 1.3, the Series E Options are exercisable at any time from 30 September 2016 up to and including the Expiry Date (**Exercise Period**).

1.6 Notice of Exercise

The Series E Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Series E Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Series E Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

1.7 Timing of issue of Shares on exercise

No later than 15 Business Days after receipt by the Company of a Notice of Exercise and payment of the Exercise Price, the Company will:

- (a) allot and issue the number of Shares required under these terms and conditions in respect of the number of Series E Options specified in the Notice of Exercise and for which cleared funds have been received by the Company; and
- (b) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of Series E Options.

1.8 Shares issued on exercise

Shares issued on exercise of the Series E Options rank equally with the then issued shares of the Company.

1.9 Quotation of Shares issued on exercise

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Series E Options.

1.10 Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

1.11 Participation in new issues

There are no participation rights or entitlements inherent in the Series E Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Series E Options without exercising the Series E Options.

1.12 Adjustment for bonus issue of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of a Series E Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Series E Option before the record date for the bonus issue; and
- (b) no change will be made to the exercise price.

1.13 Change in exercise price

There is no right of change in the exercise price of the Series E Options.

1.14 Transferability

The Series E Options are not transferable.

TERMS AND CONDITIONS OF RELATED PARTY OPTIONS

1.1 Entitlement

Each Related Party Option entitles the holder to subscribe for one Share upon exercise of the Related Party Option.

1.2 Exercise Price

Subject to subsection 1.10, the amount payable upon exercise of each Related Party Option will be 134% of the 5-day VWAP up to and including the Shareholder Eligibility Date (**Exercise Price**).

1.3 Vesting Conditions

The Related Party Options vest immediately on issue.

1.4 Expiry Date

Each Related Party Option will expire at 5.00pm (WST) on 31 December 2017 (**Expiry Date**). A Related Party Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

1.5 Exercise Period

The Related Party Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

1.6 Notice of Exercise

The Related Party Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Related Party Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Related Party Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

1.7 Timing of issue of Shares on exercise

No later than 15 Business Days after receipt by the Company of a Notice of Exercise and payment of the Exercise Price, the Company will:

- (a) allot and issue the number of Shares required under these terms and conditions in respect of the number of Related Party Options specified in the Notice of Exercise and for which cleared funds have been received by the Company; and
- (b) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of Related Party Options.

1.8 Shares issued on exercise

Shares issued on exercise of the Related Party Options rank equally with the then issued shares of the Company.

1.9 Quotation of Shares issued on exercise

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Related Party Options.

1.10 Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

1.11 Participation in new issues

There are no participation rights or entitlements inherent in the Related Party Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Related Party Options without exercising the Related Party Options.

1.12 Adjustment for bonus issue of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of a Related Party Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Related Party Option before the record date for the bonus issue; and
- (b) no change will be made to the exercise price.

1.13 Change in exercise price

There is no right of change in the exercise price of the Series F Options.

1.14 Transferability

The Related Party Options are not transferable.



YOWIE GROUP LTD
ACN 084 370 669

LODGE YOUR VOTE



ONLINE >

www.linkmarketservices.com.au



By mail:
Yowie Group Ltd
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



By fax: +61 2 9287 0309



All enquiries to: Telephone: +61 1300 554 474

PROXY FORM

I/We being a member(s) of Yowie Group Ltd and entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

the Chairman of the Meeting (mark box) OR if you are NOT appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy.

Failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to vote on my/our behalf (including in accordance with the directions set out below or, if no directions have been given, to vote as the proxy sees fit, to the extent permitted by the law) at the Annual General Meeting of the Company to be held at **2:00pm (WST) on Thursday, 27 November 2014 at Holiday Inn Perth City Centre, Tuart Room, 778 - 788 Hay Street, Perth Western Australia** (the Meeting) and at any postponement or adjournment of the Meeting.

I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an

STEP 2

VOTING DIRECTIONS

	For	Against	Abstain*		For	Against	Abstain*
Resolution 1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 5 Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-election of Director - Mark Avery	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 6 Issue of Unlisted Options - Wayne Loxton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Ratification of Prior Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 7 Issue of Unlisted Options - Patricia Fields	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Ratification of Prior Issue of Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

i * If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

YOW PRX401R



HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you appoint someone other than the Chairman of the Meeting as your proxy, you will also be appointing the Chairman of the Meeting as your alternate proxy to act as your proxy in the event the named proxy does not attend the Meeting.

Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

Corporate Representatives

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **2:00pm (WST) on Tuesday, 25 November 2014**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE  www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



by mail:

Yowie Group Ltd
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



by fax:

+61 2 9287 0309



by hand:

delivering it to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138.

**If you would like to attend and vote at the Annual General Meeting, please bring this form with you.
This will assist in registering your attendance.**

YOWIE GROUP LTD

ABN 98 084 370 669

ANNUAL REPORT

FOR THE YEAR ENDED

30 JUNE 2014



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COMPANY DIRECTORY

DIRECTORS: Mr Wayne Loxton
Mr Mark Avery
Ms Patricia Fields

COMPANY SECRETARY: Mr Neville Bassett

REGISTERED AND PRINCIPAL OFFICE: Level 45
108 St Georges Terrace
Perth WA 6000
Telephone: (08) 9486 7066

AUDITORS: BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

SHARE REGISTRY: Link Market Services Limited
Level 4, Central Park
152 St Georges Terrace
Perth WA 6000
Telephone: 1300 554 474 or +61 8280 7111

ASX Code: YOW

ABN: 98 084 370 669

DIRECTORS' REPORT

Your directors submit their report together with the financial report of Yowie Group Ltd ("the Company") and the consolidated entity ("the Group") for the year ended 30 June 2014.

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. The current directors do not have any special responsibilities with the exception of Mr Loxton who is the Chairman and Mr Avery who is the Chief Operating Officer.

Mr Wayne Loxton

Executive Director, Chairman

Qualifications: BSc (Eng) MAustIMM

Mr Loxton's business career has spanned over 30 years. During this period he has held executive management positions for a number of companies including the position of managing director of three publicly listed companies, operations director and non-executive directorships. 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, merges and acquisitions, asset divestiture and introduction of best practices. His experience has included overseas assignments in North America, South Africa, Togo, Nigeria, Ghana, Philippines, Indonesia, Papua New Guinea, Zimbabwe and Fiji.

Mr Mark Avery

Executive Director, Chief Operating Officer

Qualifications: GAICD, MBA (Entrepreneurship and Innovation)

Mr Avery is a former CEO of AEG ThemeSTAR (AEGTS), a division of Anschutz Entertainment Group which operates 100+ venues globally with revenues of \$1 billion annually. He has 30 years' experience in global operations (44 countries and 17 languages) of leveraging entertainment intellectual property.

Ms Patricia Fields

Non-Executive Director

Qualifications: Graduate Diploma (Marketing)

Ms Fields led the Yowie brand for Cadbury Schweppes Plc, development and commercialisation division. Ms Fields has a Graduate Diploma in Marketing from Chisholm Institute (now Monash). Her achievements include leading the development and commercialisation of the Yowie brand for Cadbury Schweppes Plc. She has 20+ years of commercial and brand experience in FMCG industries and was a former global director for Cadbury Schweppes Plc.

Mr Bob Watson

Independent Non-Executive Director (*resigned 13 September 2013*)

Directorships of other listed companies during the past three years

<i>Name</i>	<i>Company</i>	<i>Commenced</i>	<i>Ceased</i>
Mr W Loxton	Gleneagle Gold Limited	30 April 2010	-
Mr M Avery	No other directorships	-	-
Ms P Fields	No other directorships	-	-

Interests in the shares and options of the Company

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

Name	Number of ordinary shares	Number of options over ordinary shares
Mr W Loxton	5,290,667	5,450,000
Mr M Avery	1,350,000	3,075,000
Ms P Fields	300,000	2,550,000
Total	6,940,667	11,075,000

COMPANY SECRETARY

Mr Neville Bassett

Mr Bassett is a chartered accountant with over 30 years of experience. He has been involved with a diverse range of Australian public listed companies in directorial, company secretarial and financial roles. He was appointed Company Secretary on 1 November 2013.

PRINCIPAL ACTIVITY

Yowie Group Ltd is a brand licensing company that owns intellectual property rights and intends to use these rights to outsource the manufacturing and distribution of the Yowie chocolate confectionery product, digital platform and Yowie branded licensed consumer products. The Company's vision for the Yowie brand is to distribute the Yowie product initially in the United States with future global expansion.

OPERATING AND FINANCIAL REVIEW

During the financial year the Company progressed towards its stated aim of production of its Yowie confectionery product and first sales. Production commenced in January 2014 and the first order for Yowie confectionery product in the US market was achieved in June 2014.

The primary objective of the Company for the year ahead is to expand the footprint for the availability of the Yowie product range in the United States.

The year in review has been a challenging one with a number of significant milestones.

Operations

- The first shipment of Yowie capsules, containing Yowie limited edition collectables and information leaflets, was received into the Yowie chocolate factory in Florida. This followed the launch series of Yowie inclusions successfully passing independent production quality assurance and safety testing;
- Twenty-four inclusions feature in the first Yowie series including all six (6) Yowie characters (Rumble, Boof, Crag, Ditty, Squish and Nap), a Galapagos tortoise (*Chelonoidis nigra*), an American bison (*Bison bison*) and a superbly crafted and detailed alpaca (*Vicugna pacos*). The Series 1 Yowie launch series is a limited edition once-only release, emulating the vulnerability of the creatures themselves, many of whom exist today under threat or at risk of extinction. The information leaflet that accompanies the Yowie inclusion details the conservation status of each creature, its vulnerability as common, potentially threatened, threatened, endangered or at risk as rare and under extinction.
- Yowie chocolate was delivered to the Florida manufacturing facility following successful consumer testing and evaluation by over 1000 US adults and children;
- The first orders of Yowie packaging materials including the foils, trays, cartons and cases and labels necessary to commence production were received;
- Placed an order for a second high speed confectionery foil wrapping machine. The machine is expected to be available for delivery into Florida in September 2014. A second wrapping machine will allow Yowie to double production output;
- The second wrapping machine will be installed as sales increase;

DIRECTORS' REPORT

- In line with the planned first quarter forecast, achieved production of 1,428,878 Yowie and shipped completed product to distribution centres in Illinois and Texas in preparation for shipping to retailer distribution centres;
- Put in place the required Recall, Incident, HACCP and other plans to achieve operating guidelines;
- Arranged global (except Mexico) General Liability and Umbrella Liability Insurance cover;
- The Whetstone Chocolate Factory achieved production of 1,603,656 Yowie, exceeding the 2nd quarter forecast. The production facility continues to operate at high levels of efficiency, producing the highest quality product;
- The Yowie North America (YNA) network of distribution centres has been expanded to include centres in Georgia, Illinois, Florida and Texas in preparation for shipping to retailer distribution centres in the September 2014 quarter;
- Business Interruption Insurance cover was placed for our contract manufacturer Whetstone Chocolate Factory in Florida for raw materials, the manufacturing process inventory and for inventory stored at the YNA distribution centres;
- Plans for the acquisition and implementation of software to assist in the global management of transportation, stock management, materials planning and procurement, cross company/territory accounting, customer master data capture/management and manufacturing processes are well advanced to commence in the December 2014 quarter;
- Discussions are advancing with prospective partners in relation to the development and production of a Yowie animated feature film, meetings held both in the USA and Australia have produced a number of interested parties from both independent producers and major Hollywood studios.

Sales

- The Yowie product continued to attract significant interest across numerous trade channels and the Company received purchase orders from multiple smaller candy specialist distributors, our first entertainment and leisure venue and the Company's first tourism and travel industry account, namely:
 - **St Louis Zoo**
The first entertainment and leisure venue account to range Yowie in the US is the St Louis Zoo which will include Yowie involvement in the upcoming Kids City event at the Zoo. Securing the St Louis Zoo account opens up significant opportunities with other entertainment and leisure companies along with charity and conservation groups.

DIRECTORS' REPORT

- **Lolli & Pops**
Lolli & Pops, a specialist candy retail group with 18 stores nationally, have placed a second order (due to stock selling strongly). Yowie registered in the top 20 value sales in the first week of sale.
- **Sweetie Candy**
An order was received from Sweetie Candy, a small distributor based out of Cleveland.
- **Summer Winds Resort**
The first tourism and travel industry account is the Summerwinds Resort in Branson, Missouri. The Yowie product has sold strongly with week-on-week sales increasing.
- The commercial pipeline continues to increase at a rapid pace. Deal terms have been agreed and purchase orders are imminent from two Tier 1 national retailers for both every day and seasonal placement following completion of comprehensive new customer accreditation;
- Unexpected delay in the accreditation process has been due to YNA (Yowie North America) not having trading and operations history in the US. All required steps are now finalised; and
- A YNA sales team has been established with two experienced sales executives appointed, one for East and one for West Coast coverage respectively.

Marketing

- New Yowie computer-generated 3D characters were completed to a stage suitable for future evolution into television and film quality character animation;
- A Style Guide was created detailing Yowie brand identity and intellectual property including specifications and application guidelines in preparation for expansion into licensing;
- A wide range of high-quality market launch materials ranging from packaging, merchandising and point of sale through to trade presenter in video format were finalised in preparation for the Yowie launch in both the US and Australian markets;
- Product sampling commenced to key strategic partners;
- Successfully launched www.yowieworld.com, a new Yowie digital experience designed to extend the Yowie brand experience beyond confectionery. Yowieworld.com is *free* and has been designed to add value to the Yowie confectionery purchase by bringing Yowie collectables to life through games, quizzes and interactive stickers books. Yowie World provides the opportunity to learn more about the protection of endangered animals and their threats of extinction;

- Undertook trade presentations with US and Australian retailers with a promising level of distribution interest;
- Successfully completed three stages in Yowie creative development:
 - New 3D Yowie Characters
 - New Yowie Style Guide
 - New Yowie World digital experience
- Account, broker and distributor presentations are underway with some early success resulting in Yowie having already achieved distribution in 11 US states;
- Accounts are responding positively to the Yowie product concept and offer;
- In store promotional activation involves selection from a Yowie Tool Kit of around fifteen merchandising items with tailored displays having been created for larger accounts with specific requirements; and
- Yowie engagement with the National Confectioners Association Sweets and Snacks Expo in Chicago in May resulted in around 30 strong sales leads. As a result Yowie has committed to further involvement in the Expo in 2015.

Corporate

During the year, the Company raised a total of \$14,507,419 through various issues for a total of 46,304,352 ordinary fully paid shares. A further \$185,000 was raised from the exercise of listed options.

Funds raised from the issues are being used for general working capital and to further business development and growth, and to advance the ongoing market rollout of the Company's Yowie products in the US market.

Operating results for the year and financial position

The Group's net loss attributable to members of the Company for the financial year ended 30 June 2014 was \$6,437,129 (year ended 30 June 2013: \$2,357,025).

The loss for the year was inclusive of a number of one-off write-offs totalling \$1,563,475 and comprising:

Write-off of product and Yowie World development costs	\$954,479
Write-off of other intangible assets	\$63,446
Write-off of commissioning costs	\$345,047
Write-off of inventory	\$200,503

As at 30 June 2014 the Group's consolidated cash position was \$8,245,634 (30 June 2013: \$3,222,041).

The net assets of the Group increased by 156% from \$4,965,896 to \$12,710,116. This increase was as a result of equity capital raisings totalling \$13,963,684 reduced by the current year loss of \$6,437,129.

The financial position of the Group remains strong with net tangible assets of \$12,470,815, inclusive of \$11,032,480 in cash and inventories. Trade and other payables total \$934,299 and the Group has paid in advance for raw materials of \$1,054,981.

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:	
- Operating activities	(\$7,640,386)
- Investing activities	(\$1,257,596)
- Financing activities	\$13,960,684
Net cash flow for the year	\$5,062,702
Opening cash	\$3,222,041
Effect of foreign exchange movements	(\$39,109)
Closing cash	\$8,245,634

The Company's focus for the coming year will be to continue to implement its strategy for the rollout of Yowie confectionery product in the US and to build on the initial orders received in June 2014.

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 was as follows:

Director	Eligible to attend	Attended
Mr W Loxton	6	6
Mr M Avery	6	6
Ms P Fields	6	6
Mr B Watson ¹	-	-

¹ Resigned 13 September 2013

DIRECTORS' REPORT

SHARES UNDER OPTION

Unissued ordinary shares as at the date of this report were as follows:

Number of options	Exercise Price (\$)	Expiry date
28,791,076	0.20	15 December 2015
3,500,000	0.23	15 December 2015
4,200,000	0.285	30 June 2017
200,000	0.90	31 December 2017
300,000	1.05	31 December 2017
36,991,076		

Shares issued as a result of the exercise of options

925,000 shares were issued as a result of the exercise of options with an exercise price of \$0.20 during the year ended 30 June 2014 and a further 82,976 options exercised subsequent to balance 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 Company is contained within the operating and financial review.

DIRECTORS' REPORT

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.

This report outlines the remuneration arrangements in place for directors and Key Management Personnel of Yowie Group Ltd.

Details of key management personnel

- Mr Wayne Loxton – Executive Director, Chairman
- Mr Mark Avery – Executive Director, Chief Operating Officer
- Ms Patricia Fields – Non-Executive Director
- Mr Bob Watson – Independent Non-Executive Director (*resigned 13 September 2013*)

Remuneration Policy

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.

To assist in achieving these objectives, the Board will link the nature and amount of executive directors' and officers' emoluments to the Company's financial and operational performance. Currently the Board has not set any targets.

Remuneration paid to the Company's directors and executives is also determined with reference to the market level of remuneration for other listed companies in Australia operating in a similar industry. This assessment is undertaken with reference to advice and comment provided by various executive search firms operating in the sector. The Group did not employ remuneration consultants during the year ended 30 June 2014.

Executive officers 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.

DIRECTORS' REPORT

REMUNERATION REPORT (audited) (continued)

Fixed remuneration

Fixed remuneration consists of a base remuneration package, which includes directors' fees (in the case of directors), salaries, consulting fees and employer contributions to superannuation funds.

Fixed remuneration levels for directors and executive officers will be reviewed annually 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 independent external advice, relativities and the duties and accountabilities of the directors. The maximum available aggregate remuneration approved for non-executive directors is \$200,000. Non-executive directors do not receive any other retirement benefits other than a superannuation guarantee contribution required by government regulation, which was 9.25% of their fees for the year ended 30 June 2014.

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.

Long-term incentives

Share options may be granted to directors or executive officers to align remuneration with the creation of shareholder value over the long term.

Performance-linked remuneration

As the Company has not built stable earnings as yet, there is no link between Company performance and director or executive officer remuneration.

REMUNERATION REPORT (audited) continued

Elements of director and executive remuneration

Remuneration packages may contain the following key elements:

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

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

2014

	Short-term benefits			Post-employment	Share-based payments ²	Total	Proportion related to performance	Remuneration consisting of options
	Salary and fees	Bonus	Other benefits	Superannuation				
	\$	\$	\$	\$	\$	\$	%	%
Directors								
Mr W Loxton	300,000	-	-	27,750	37,133	364,883	-	10.2
Mr M Avery	240,000	-	-	22,200	37,133	299,333	-	12.4
Ms P Fields	180,000	-	-	16,650	37,133	233,783	-	15.6
Mr B Watson ¹	-	-	-	-	(1,017)	(1,017)	-	-
Total	720,000	-	-	66,600	110,382	896,982	-	-

¹ Resigned 13 September 2013

² Calculated in accordance with AASB 2 Share-based Payments. Refer to Note 17.

REMUNERATION REPORT (audited) continued

2013

	Short-term benefits			Post-employment	Share-based payments ²	Total	Proportion related to performance	Remuneration consisting of options
	Salary and fees	Bonus	Other benefits	Superannuation				
	\$	\$	\$	\$	\$	\$	%	%
Directors								
Mr W Loxton ¹	85,484	-	-	-	27,047	112,531	-	24.0
Mr M Avery ²	78,387	-	-	-	27,047	105,434	-	25.7
Ms P Fields ²	49,000	-	-	-	27,047	76,047	-	35.6
Mr B Watson ³	-	-	-	-	27,047	27,047	-	100.0
Mr P Hudson ⁴	160,000	-	-	-	400,000	560,000	-	71.4
Mr L Niederer ⁵	7,000	-	-	-	-	7,000	-	-
Mr G O'Reilly ⁶	12,800	-	-	-	-	12,800	-	-
Total	392,671	-	-	-	508,188	900,859	-	-

1 Appointed on 19 March 2013

2 Became a director of the Group on the acquisition date of 14 December 2012

3 Appointed on 8 April 2013, resigned 13 September 2013

4 Resigned on 19 March 2013

5 Became a director of the Group on the acquisition date of 14 December 2012, resigned on 19 March 2013

6 Became a director of the Group on the acquisition date of 14 December 2012, resigned on 8 April 2013

7 Calculated in accordance with AASB 2 Share-based Payments. The share-based payments to Mr P Hudson were accounted for as share issue costs. Refer to Note 17.

REMUNERATION REPORT (audited) continued

Share-based compensation value of options issued to key management personnel

No options were granted to key management personnel as remuneration, and no options held by key management personnel were exercised, during the year ended 30 June 2014.

The terms and conditions of each grant of options affecting remuneration in the current or a future reporting period are as follows:

Grant date	Vesting date	Expiry date	Exercise Price \$	Value per option at grant date \$	Vested
20 June 2013	30 June 2014	15 Dec 2015	0.23	0.027	100%

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

Name	Year of grant	Vesting date	Number of options vested during year	Number of options lapsed during year	Value of options lapsed
Mr W Loxton	2013	30 June 2014	1,400,000	-	-
Mr M Avery	2013	30 June 2014	1,400,000	-	-
Ms P Fields	2013	30 June 2014	1,400,000	-	-
Mr B Watson ¹	2013		-	1,400,000	38,150
Total			4,200,000	1,400,000	38,150

¹ Resigned 13 September 2013. Mr Watson's options that would have vested on 30 June 2014 lapsed as a result of his resignation. He also voluntarily forfeited 500,000 of his options that vested on 30 June 2013.

The assessed fair value at grant date of options 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 17 for further details of the valuation of options.

REMUNERATION REPORT (audited) continued
Equity instruments held by key management personnel
i) Option holdings

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

2014

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
	Number	Number	Number	Number	Number	Number
Mr W Loxton	5,450,000	-	-	-	5,450,000	5,450,000
Mr M Avery	3,075,000	-	-	-	3,075,000	3,075,000
Ms P Fields	2,550,000	-	-	-	2,550,000	2,550,000
Mr B Watson ¹	4,650,000	-	-	(4,650,000)	-	-
Total	15,725,000	-	-	(4,650,000)	11,075,000	11,075,000

¹ Resigned 13 September 2013

ii) Share holdings

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

2014

Name	Balance at start of year	Received during year on exercise of options	Other changes during year	Balance at end of year
	Number	Number	Number	Number
Mr W Loxton	5,290,667	-	-	5,290,667
Mr M Avery	1,350,000	-	-	1,350,000
Ms P Fields	300,000	-	-	300,000
Mr B Watson ¹	4,500,000	-	(4,500,000)	-
Total	11,440,667	-	(4,500,000)	6,940,667

¹ Resigned 13 September 2013

DIRECTORS' REPORT

REMUNERATION REPORT (audited) (continued)

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 2014.

Service contracts

The Company has entered into service agreements for consultancy services provided by directors. The notice period is 3 months by either the director or the Company. No termination benefits are specified in the agreements. Remuneration under the service agreements is as follows:

Name	Monthly remuneration \$
Mr W Loxton	25,000
Mr M Avery	20,000
Ms P Fields	15,000

Company performance

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

	2014 \$	2013 \$	2012 \$
Net loss	(6,437,129)	(2,357,025)	(168,215)
Closing share price	0.56	0.165	-

END OF AUDITED REMUNERATION REPORT

DIRECTORS' 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 Ltd 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

During the year the Group paid \$68,710 (2013: \$16,904) to a related entity of the auditor for non-audit services provided as outlined in Note 21 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 29 of the financial report.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read "Wayne Loxton".

Wayne Loxton
Chairman
29 August 2014



Yowie Group Ltd's Board and Corporate Governance

The Board of Directors of Yowie Group Ltd is responsible for the corporate governance of the Company and is committed to applying the ASX Corporate Governance Council *Corporate Governance Principles and Recommendations* ("ASX Principles") where practicable. This statement is provided in compliance with the recommendations in the ASX Corporate Governance Council's second edition of the *Corporate Governance Principles and Recommendations*, with 2010 amendments. The Company recognises the publication of the third edition of the principles and recommendations and intends to comply with the prescribed changes when these take effect commencing with the financial year ending 30 June 2015.

The ASX Principles are an important regulatory guide for listed companies reporting on their corporate governance practices. Under ASX Listing Rule 4.10.3, listed companies must disclose the extent to which they have followed the ASX Principles, and if any of the recommendations have not been followed then the Company must explain why not.

The requirements under Listing Rule 4.10.3 apply to Yowie Group Ltd for the year ended 30 June 2014 and this corporate governance statement sets out and explains any departures by the Company from the ASX Principles.

The Role of the Board and the Board Charter

The Board's Duties

As the Board acts on behalf of and is accountable to the shareholders, the Board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations and strives to meet those expectations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

The role of the Board is to oversee and guide the management of Yowie Group Ltd with the aim of protecting and enhancing the interests of its shareholders and taking into account the interests of other stakeholders including employees and the wider community.

The Board has adopted a formal Charter which clearly establishes the relationship between the Board and management and describes their functions and responsibilities.

The Board is responsible for setting the strategic direction of the Company, establishing goals for management and monitoring the achievement of those goals. The Board has delegated certain management powers to a Chief Operations Officer ("COO") for the day-to-day management of the Company and its operations. The COO has a clearly defined set of responsibilities as agreed and reviewed on a regular basis by the Board of the Company.

CORPORATE GOVERNANCE STATEMENT

Code of Conduct

Directors of the Company are also subject to Yowie Group Ltd's Code of Conduct. The Code of Conduct is considered by the Board to be an effective way to guide the behaviour of all directors and employees and demonstrates the Company's commitment to ethical and compliant practices.

The Composition of Yowie Group Ltd's Board

The composition of the Board is determined in accordance with the following principles and guidelines:

- the Board should comprise at least three directors;
- the Board should comprise directors with an appropriate range of qualifications and expertise; and
- the Board shall meet regularly and follow meeting guidelines set down to ensure all directors are made aware of, and have available all necessary information, to participate in an informed discussion of all agenda items.

As at the date of this report, the Board comprises two executive directors and one non-executive director. At present the board does not have any directors that can be considered to be independent. The biographies and period of office held by each director can be found in the Directors' Report.

Independence of Directors

The Board of Yowie Group Ltd does not currently have an independent director and the Chairman is not considered independent.

The Board has reviewed the position and associations of each of the directors in office at the date of this report and considers that no director can be viewed as being independent in terms of ASX Corporate Governance Principle 2 and other facts, information and circumstances that the Board considers relevant. The Board assesses the independence of new directors upon appointment and reviews their independence, and the independence of other directors, as appropriate.

The Board is of the view that the majority of directors should be independent, non-executive directors. Due to the size of the Company and the stage of Yowie's development, the Board does not consider it can justify the appointment of other independent non-executive directors, and therefore the composition of the Board does not currently meet the best practice recommendations of the ASX Corporate Governance council.

The directors will continue to monitor the composition of the Board to ensure its structure remains appropriate and consistent with effective management and good governance.

Appointment, Election and Re-election of Directors

The Constitution of the Company requires one third of the directors, other than the Managing Director, to retire from office at each Annual General Meeting. Directors who have been appointed by the Board are required to retire from office at the next Annual General Meeting and are not taken into account in determining the number of directors to retire at that Annual General Meeting. Directors cannot hold office for a period in excess of three years or later than the third Annual General Meeting following their appointment without submitting themselves for re-election. Retiring directors are eligible for re-election by shareholders.

Nomination and Appointment of New Directors

Recommendations of candidates for new directors are made by the directors for consideration by the Board as a whole. If it is necessary to appoint a new director to fill a vacancy on the Board or to complement the existing Board, a wide potential base of possible candidates is considered. If a candidate is recommended by a director, the Board assesses that proposed new director against a range of criteria including background, experience, professional skills, personal qualities, the potential for the candidate's skills to augment the existing Board and the candidate's availability to commit to the Board's activities. If these criteria are met and the Board appoints the candidate as a director, that director must retire at the next following General Meeting of Shareholders and will be eligible for election by shareholders at that General Meeting.

Yowie Group Ltd's Board Meetings

The Board met 6 times during the year ended 30 June 2014. A further 8 matters were determined by circular resolution and the full board participated in management meetings on at least a fortnightly basis throughout the year.

The Board meets formally throughout the year at scheduled meetings, and from time to time meetings are convened outside the scheduled dates to consider issues of importance.

Directors' attendance at Board meetings is detailed on page 10 of this annual report.

Performance Review

The Board has not adopted any formal procedures for the review of the performance of the Board, however the Board has committed to an informal assessment process, facilitated in consultation with Yowie Group Ltd's professional advisors, which is currently considered to meet the Board's obligations sufficiently.

The Board aims to ensure that shareholders are informed of all information necessary to assess the performance of the directors. Information is communicated to the shareholders through:

- the annual report which is distributed to all shareholders;
- the half-yearly report;

Performance Review (continued)

- the annual general meeting and other meetings to obtain shareholder approval for Board actions as appropriate; and
- continuous disclosure in accordance with ASX Listing Rule 3.1 and the Company's continuous disclosure policy.

Board Members' Rights to Independent Advice

The Board has procedures to allow directors, in the furtherance of their duties as directors or members of a Committee, to seek independent professional advice at the Company's expense, subject to the prior written approval of the Chairman.

Audit Committee

Having regard to the number of members currently comprising the Company's Board and the stage of the Company's development, the Board has not established an audit committee. However meetings are held throughout the year between the Company Secretary and the Company's auditors to discuss the Company's ongoing activities and any proposed changes prior to their implementation. Accordingly the Company was not in compliance with Principle 4.1 during the financial year.

Nomination Committee

The functions that would be performed by a nomination committee are currently performed by the full Board. Having regard to the number of members currently comprising the Company's Board and the stage of the Company's development, the Board does not consider it appropriate to delegate these responsibilities to a sub-committee. Accordingly the Company was not in compliance with Recommendation 2.4 during the financial year. These arrangements will be reviewed periodically by the Board to ensure that they continue to be appropriate to the Company's circumstances.

Remuneration Committee

The functions that would be performed by a remuneration committee are currently performed by the full Board. Having regard to the number of members currently comprising the Company's Board and the stage of the Company's development, the Board does not consider it appropriate to delegate these responsibilities to a sub-committee. Accordingly the Company was not in compliance with Recommendation 8.1 during the financial year. These arrangements will be reviewed periodically by the Board to ensure that they continue to be appropriate to the Company's circumstances.

Remuneration for directors and executives

A brief discussion on the Company's remuneration policies in respect of directors and executives is set out in the audited Remuneration Report contained in the Directors' Report. Detailed disclosure of the remuneration paid to the Company's directors and executives is set within the Remuneration Report section of this annual report.

Integrity in Financial Reporting

Consistent with ASX Principle 7.3, the Company's financial report preparation and approval process for the financial year ended 30 June 2014 involved the Company Secretary (CFO equivalent) and the Executive Chairman (CEO equivalent) providing detailed representations to the Board covering:

- compliance with the Company's accounting policies and relevant accounting standards;
- the accuracy of the financial statements and that they provide a true and fair view;
- integrity and objectivity of the financial statements; and
- effectiveness of the system of internal control.

Risk Identification and Management

The Board accepts that taking and managing risk is central to building shareholder value and the Board is responsible for the Company's risk management strategy. Management is responsible for implementing the Board's strategy and for developing policies and procedures to assist the Board to identify, manage and mitigate the risks across Yowie Group Ltd's operations.

The Company retains consultants with the requisite experience and qualifications to enable the Board to manage the risks to the Company. The Board reviews risks to the Company at regular Board meetings.

Securities Trading by Directors and Employees

Yowie Group Ltd adopted a Share Trading Policy in December 2010 and further amended this policy in May 2013. The policy summarises the law relating to insider trading and sets out the policy of the Company on directors, officers, employees and consultants dealing in securities of the Company.

This policy is provided to all directors and employees and compliance with it is reviewed on an ongoing basis in accordance with the Company's risk management systems.

Continuous Disclosure

Yowie Group Ltd has established policies and procedures in order to comply with its continuous and periodic disclosure requirements under the *Corporations Act 2001* (Commonwealth) and the ASX Listing Rules. The Board has in place a formal Continuous Disclosure Policy which was adopted on 15 August 2012.

The Company Secretary has primary responsibility for the disclosure of material information to ASIC and ASX and maintains a procedural methodology for disclosure, as well as for record keeping.

The Policy also sets out what renders information material. The Board reviews the Company's compliance with this policy on an ongoing basis and will update it from time to time, if necessary.

Shareholder Communications

The Board's formal policy on communicating with shareholders is its Shareholder Communications Policy. The aim of the Shareholder Communications Policy is to make known Yowie Group Ltd's methods for disclosure to shareholders and the general public. The Policy details the steps between disclosure to ASIC and ASX and communication to shareholders.

The Board reviews this policy and compliance with it on an ongoing basis.

To add further value to the Company's communications with shareholders, the external auditor will be requested to attend the Company's AGM and be available to answer shareholders' questions about the conduct of the audit and the preparation and content of the auditor's report.

Conduct and Ethics

The Yowie Group Ltd Code of Conduct was adopted on 15 August 2012. The Code covers a broad range of issues and refers to those practices necessary to maintain confidence in the Company's integrity, including procedures in relation to:

- compliance with the law;
- personal and professional behaviour;
- corrupt conduct;
- occupational health and safety;
- fair dealing;
- insider trading;
- conflict of interest;
- public and media comment;
- proper and authorised use of Company Resources;
- security of information;
- discrimination and harassment
- financial records; and
- responsibilities to investors

Diversity Policy

The Company and all its related bodies corporate have established a Diversity Policy as part of the overall Corporate Governance Plan which was formally adopted on 15 August 2012.

The Company recognises the benefits arising from employee and Board diversity, including a broader pool of high quality employees, improving employee retention, accessing different perspectives and ideas and benefiting from all available talent. Diversity includes, but is not limited to, gender, age, ethnicity and cultural background.

To the extent practicable, the Company will address the recommendations and guidance provided in the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*.

The Diversity Policy does not form part of an employee's contract of employment with The Company, nor gives rise to contractual obligations. However, to the extent that the Diversity Policy requires an employee to do or refrain from doing something and at all times subject to legal obligations, the Diversity Policy forms a direction of the Company with which an employee is expected to comply.

OBJECTIVES

The Diversity Policy provides a framework for the Company to achieve:

- a diverse and skilled workforce, leading to continuous improvement in service delivery and achievement of corporate goals;
- a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff;
- improved employment and career development opportunities for women;
- a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives through improved awareness of the benefits of workforce diversity and successful management of diversity; and
- awareness in all staff of their rights and responsibilities with regards to fairness, equity and respect for all aspects of diversity.

The Diversity Policy does not impose on the Company, its directors, officers, agents or employee any obligation to engage in, or justification for engaging in, any conduct which is illegal or contrary to any anti-discrimination or equal employment opportunity legislation or laws in any State or Territory of Australia or of any foreign jurisdiction.

Diversity Policy (continued)

RESPONSIBILITIES

The Board's commitment

The Board is committed to workplace diversity, with a particular focus on supporting the representation of women at the senior level of the Company and on the Board. Currently 33% of the board is represented by women.

The Board is responsible for developing measurable objectives (and these will be developed when the Board believes that the Company has reached a level of development that warrants these objectives) and strategies to meet the Objectives of the Diversity Policy (**Measurable Objectives**). The Board is also responsible for monitoring the progress of the Measurable Objectives through the monitoring, evaluation and reporting mechanisms listed below. The Board may also set Measurable Objectives for achieving gender diversity and monitor their achievement.

The Board will conduct all Board appointment processes in a manner that promotes gender diversity, including establishing a structured approach for identifying a pool of candidates, using external experts where necessary.

Strategies

The Company's diversity strategies include:

- recruiting from a diverse pool of candidates for all positions, including senior management and the Board;
- reviewing succession plans to ensure an appropriate focus on diversity;
- identifying specific factors to take account of in recruitment and selection processes to encourage diversity;
- developing programs to develop a broader pool of skilled and experienced senior management and Board candidates, including, workplace development programs, mentoring programs and targeted training and development;
- developing a culture which takes account of domestic responsibilities of employees; and
- any other strategies the Board develops from time to time.

CORPORATE GOVERNANCE STATEMENT

Diversity Policy (continued)

MONITORING AND EVALUATION

The Chairman will monitor the scope and currency of this policy.

The Company with oversight from the Board is responsible for implementing, monitoring and reporting on the Measurable Objectives.

Measurable Objectives if set by the Board will be included in the annual key performance indicators for the Chief Executive Officer / Chief Operations Officer and senior executives.

In addition, the Board will review progress against the Objectives (if set) as a key performance indicator in its annual performance assessment.

REPORTING

The Board may include in the Annual Report each year:

- the Measurable Objectives, if any, set by the Board;
- progress against the Objectives; and
- the proportion of women employees in the whole organisation, at senior management level and at Board level.

DECLARATION OF INDEPENDENCE BY BRAD MCVEIGH TO THE DIRECTORS OF YOWIE GROUP LTD

As lead auditor of Yowie Group Ltd for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Yowie Group Ltd and the entities it controlled during the period.



Brad McVeigh
Director

BDO Audit (WA) Pty Ltd

Perth, 29 August 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME



for the year ended 30 JUNE 2014

	Note	Consolidated	
		2014	2013
		\$	\$
Sale of goods		12,328	-
Other revenue	5	117,648	42,047
Foreign exchange gains		-	324,721
Total revenue		129,976	366,768
Expenses			
Cost of sales		(5,070)	-
Selling and distribution		(1,173,923)	-
Marketing		(268,984)	-
Administration	6	(2,848,528)	(1,462,430)
Finance		(1,025)	(2,293)
Foreign exchange losses		(280,672)	-
Manufacturing fixed costs in advance of production		(425,428)	(441,684)
Write-off of product and Yowie World development costs	13	(954,479)	-
Write-off of other intangible assets	13	(63,446)	-
Write-off of commissioning costs	12	(345,047)	-
Write-off of inventory	11	(200,503)	-
Listing expense	16	-	(817,386)
Loss before income tax		(6,437,129)	(2,357,025)
Income tax expense	7	-	-
Loss after income tax for the year		(6,437,129)	(2,357,025)
Other comprehensive income for the year			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Movement in foreign currency translation reserve		94,101	98
Total comprehensive loss for the year net of tax attributable to members of the Company		(6,343,028)	(2,356,927)
Loss per share attributable to members of the Company			
Basic loss per share (cents)	8	(6.62)	(5.68)
Diluted loss per share (cents)	8	(6.62)	(5.68)

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 2014

	Note	Consolidated	
		2014	2013
		\$	\$
Current Assets			
Cash and cash equivalents	18(a)	8,245,634	3,222,041
Trade and other receivables	9	73,869	38,631
Prepayments	10	1,185,739	673,176
Inventories	11	2,786,846	-
Total Current Assets		12,292,088	3,933,848
Non-Current Assets			
Plant and equipment	12	1,113,026	952,545
Intangible assets	13	239,301	565,815
Total Non-Current Assets		1,352,327	1,518,360
Total Assets		13,644,415	5,452,208
Current Liabilities			
Trade and other payables	14	934,299	486,312
Total Current Liabilities		934,299	486,312
Total Liabilities		934,299	486,312
Net Assets		12,710,116	4,965,896
Equity			
Contributed equity	15(a)	19,041,398	5,077,714
Reserves	15(d)	2,631,087	2,413,422
Accumulated losses		(8,962,369)	(2,525,240)
Total Equity		12,710,116	4,965,896

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 2014

	Contributed equity	Share- based payment reserve	Consolidated Foreign currency translation reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2012	2	-	-	(168,215)	(168,213)
Loss for the year	-	-	-	(2,357,025)	(2,357,025)
Other comprehensive income					
Foreign currency translation	-	-	98	-	98
Total comprehensive Income/(loss) for the year	-	-	98	(2,357,025)	(2,356,927)
Transactions with owners recorded directly in equity					
Shares issued	7,891,591	-	-	-	7,891,591
Share issue transaction costs	(2,813,879)	-	-	-	(2,813,879)
Share-based payments (refer to Note 17)	-	2,413,324	-	-	2,413,324
Balance as at 30 June 2013	5,077,714	2,413,324	98	(2,525,240)	4,965,896
Balance at 1 July 2013	5,077,714	2,413,324	98	(2,525,240)	4,965,896
Loss for the year	-	-	-	(6,437,129)	(6,437,129)
Other comprehensive income					
Foreign currency translation	-	-	94,101	-	94,101
Total comprehensive Income/(loss) for the year	-	-	94,101	(6,437,129)	(6,343,028)
Transactions with owners recorded directly in equity					
Shares issued	14,692,419	-	-	-	14,692,419
Share issue transaction costs	(728,735)	-	-	-	(728,735)
Share-based payments (refer to Note 17)	-	123,564	-	-	123,564
Balance as at 30 June 2014	19,041,398	2,536,888	94,199	(8,962,369)	12,710,116

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



CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 JUNE 2014

	Note	Consolidated	
		2014	2013
		\$	\$
Cash flow from operating activities			
Receipts		25,899	11,689
Payments to suppliers and employees		(7,740,298)	(1,620,505)
Interest received		74,995	27,416
Interest paid		(982)	(2,293)
Net cash flows used in operating activities	18(b)	(7,640,386)	(1,583,693)
Cash flow from investing activities			
Payments for plant and equipment	12	(579,140)	(829,449)
Payments for intangible assets	13	(678,456)	(491,096)
Pre-acquisition loan to Yowie Group Ltd		-	(280,000)
Cash in Yowie Group Ltd on acquisition		-	31,743
Net cash flows used in investing activities		(1,257,596)	(1,568,802)
Cash flow from financing activities			
Proceeds from shares issued	15	14,507,419	5,119,250
Proceeds from exercise of options	15	185,000	-
Payment of share issue transaction costs	15	(731,735)	(369,659)
Repayment of borrowings		-	(37,841)
Net cash flows from financing activities		13,960,684	4,711,750
Net increase in cash and cash equivalents		5,062,702	1,559,255
Cash and cash equivalents at beginning of period		3,222,041	1,592,696
Effect of foreign exchange movements		(39,109)	70,090
Cash and cash equivalents at end of period	18(a)	8,245,634	3,222,041

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



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 JUNE 2014

1. CORPORATE INFORMATION

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

Yowie Group Ltd changed its name from GSF Corporation Limited on 1 November 2012.

These financial statements are presented in Australian dollars. The financial report was authorised for issue by the directors on 29 August 2014 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) 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 Ltd is a for-profit entity for the purpose of preparing these financial statements.

The financial statements are presented in Australian dollars.

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

Acquisition of ASX listing during the year ended 30 June 2013

During the year ended 30 June 2013 Yowie Group Ltd ("Yowie Group") acquired all the shares in Yowie Enterprises Pty Ltd ("Yowie Enterprises") by issuing 36,760,603 shares in Yowie Group to Yowie Enterprises shareholders and loan holders, giving Yowie Enterprises a controlling interest in Yowie Group and equating to a controlling interest in the combined entity. Yowie Enterprises has thus been deemed the acquirer for accounting purposes. The acquisition of Yowie Group by Yowie Enterprises is not deemed to be a business combination, as Yowie Group is not considered to be a business under AASB 3 Business Combinations. As such the consolidation of these two companies was on the basis of the continuation of Yowie Enterprises with no fair value adjustments, whereby Yowie Enterprises was deemed to be the accounting parent and Yowie Group is the subsidiary. The comparative information of Yowie Group is accordingly that of Yowie Enterprises.



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 JUNE 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

Acquisition of ASX listing during the year ended 30 June 2013 (continued)

The transaction has therefore been treated as a share-based payment under AASB 2 Share-based Payments, whereby Yowie Enterprises is deemed to have issued shares in exchange for the net assets and listing status of Yowie Group. As the deemed acquirer, Yowie Enterprises has acquisition accounted for Yowie Group as at 30 June 2013. Refer Note 16 for further details of the acquisition accounting treatment.

This accounting treatment applies only to the reverse share-based payment transactions at the acquisition date and does not apply to transactions after the reverse acquisition date. Reverse acquisition accounting applies only to the consolidated financial statements.

Because the consolidated financial statements represent a continuation of the financial statements of Yowie Enterprises, the principles and guidance on the preparation and the consolidated financial statements in a reverse acquisition set out in AASB 3 have been applied:

- fair value adjustments arising at acquisition were made to Yowie Group Ltd ("Yowie Group")'s assets and liabilities, not those of Yowie Enterprises.
- the cost of the acquisition is based on the notional amount of shares that Yowie Enterprises would need to issue to acquire the majority interest of Yowie Group shares that the shareholders did not own after the acquisition, times the fair value of Yowie Group shares at acquisition date;
- retained earnings and other equity balances in the consolidated financial statements at the date of acquisition are the retained earnings and other equity balances of Yowie Enterprises immediately before the acquisition;
- a share-based payment transaction arises whereby Yowie Enterprises is deemed to have issued shares in exchange for the net assets of Yowie Group, together with Yowie Group's listing status. The listing status does not qualify for recognition as an intangible asset and has therefore been expensed in profit or loss as a listing expense;
- the amount recognised as issued equity instruments in the consolidated financial statements has been determined by adding the share-based payment to the issued equity of Yowie Enterprises immediately before the business combination;



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 JUNE 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

Acquisition of ASX listing during the year ended 30 June 2013 (continued)

- The results for the year ended 30 June 2013 comprise the results of Yowie Enterprises for the full year and the results of Yowie Group subsequent to the acquisition.
- The weighted average number of shares outstanding for the period in which the reverse acquisition took place is based on the weighted average number of shares of Yowie Enterprises that are outstanding from the beginning of the period to the date of the combination. The number of shares is multiplied by the exchange ratio established in the acquisition and added to the actual number of shares of Yowie Group outstanding in the period following the acquisition. The comparative weighted average number of shares is based on Yowie Enterprises's historical weighted average number of shares multiplied by the exchange ratio.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(b) Statement of compliance****(i) New and amended standards adopted by the Group**

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 July 2013:

- *AASB 10 Consolidated Financial Statements*

AASB 10 establishes a new control model that applies to all entities. The new control model broadens the situations in which an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority of voting rights may give control.

- *AASB 11 Joint Arrangements*

- *AASB 12 Disclosure of Interests in Other Entities*

New disclosures have been introduced regarding the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates, structured entities and subsidiaries.

- *AASB Fair Value Measurement*

AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. It does not change when an entity is required to use fair value, but rather provides guidance on how to determine fair value when fair value is required or permitted. AASB 13 also expands the disclosure requirements for all assets and liabilities carried at fair value.

- *AASB 19 Employee Benefits*

- *AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]*

- *AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities*

- *AASB 2012-5 Annual Improvements to the IFRS 2009-2011 Cycle*

Except as noted, the adoption of these standards did not have any impact on the current period or any prior period.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 JUNE 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Statement of compliance

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

New accounting standards and interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the reporting period ending 30 June 2014 are outlined in the following table.

Reference	Title	Summary	Application date of standard	Application date for Group
AASB 9 (issued December 2009 and amended December 2010)	Financial Instruments	<p>Amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. Under AASB 9, there are three categories of financial assets:</p> <ul style="list-style-type: none"> • Amortised cost • Fair value through profit or loss • Fair value through other comprehensive income. <p>The following requirements have generally been carried forward unchanged from AASB 139 <i>Financial Instruments: Recognition and Measurement</i> into AASB 9:</p> <ul style="list-style-type: none"> • Classification and measurement of financial liabilities; and • Derecognition requirements for financial assets and liabilities. <p>However, AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.</p> <p>The Group currently has no financial instruments that would be affected by this standard.</p>	1 January 2017	1 July 2017
AASB 2013-9 (issued December 2013)	Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	<p>Makes three amendments to AASB 9:</p> <ul style="list-style-type: none"> • Adding the new hedge accounting requirements into AASB 9 • Deferring the effective date of AASB 9 from 1 January 2015 to 1 January 2017, and • Making available for early adoption the presentation of changes in 'own credit' in other comprehensive income (OCI) for financial liabilities under the fair value option without early applying the other AASB 9 requirements. 	1 January 2015	Application of AASB 9: 1 July 2017

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 JUNE 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Statement of compliance

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

AASB 2013-9 (issued December 2013) (continued)	Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	<p>Under the new hedge accounting requirements:</p> <ul style="list-style-type: none"> • The 80-125% highly effective threshold has been removed • Risk components of non-financial items can qualify for hedge accounting provided that the risk component is separately identifiable and reliably measurable • An aggregated position (i.e. combination of a derivative and a non-derivative) can qualify for hedge accounting provided that it is managed as one risk exposure • When entities designate the intrinsic value of options, the initial time value is deferred in OCI and subsequent changes in time value are recognised in OCI • When entities designate only the spot element of a forward contract, the forward points can be deferred in OCI and subsequent changes in forward points are recognised in OCI. Initial foreign currency basis spread can also be deferred in OCI with subsequent changes be recognised in OCI • Net foreign exchange cash flow positions can qualify for hedge accounting. <p>The Group currently has no financial instruments that would be affected by this standard.</p>	1 January 2015	Application of AASB 9: 1 July 2017
Interpretation 21 (issued June 2013)	Levies	<p>Clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time.</p> <p>The entity has not yet made an assessment of the impact of these amendments.</p>	1 January 2014	1 July 2014
AASB 2013-3 (issued June 2013)	Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets	<p>Clarifies the disclosure requirements for cash-generating units (CGUs) with significant amounts of goodwill and intangibles with indefinite useful lives and also adds additional disclosures when recoverable amount is determined based on fair value less costs to sell.</p> <p>As this standard amends disclosure requirements only, there will be no impact on amounts recognised in the financial statements.</p>	1 January 2014	1 July 2014

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 JUNE 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Statement of compliance

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

Reference	Title	Summary	Application date of standard	Application date for Group
Improvements to IFRSs (issued December 2013)	Annual Improvements 2010-2012 Cycle	<p>The changes include:</p> <p>IFRS 2 <i>Share-based Payment</i>: The amendment clarifies the definition of vesting conditions and market conditions by separately defining a performance condition and a service condition, both of which were previously incorporated within the definition of a vesting condition without themselves being specifically defined. The change applies prospectively to share-based payment transactions for which the grant date is on or after 1 July 2014.</p> <p>IAS 24 <i>Related Party Disclosures</i>: The amendment clarifies that an entity that provides key management personnel services ('management entity') to a reporting entity (or to the parent of the reporting entity), is a related party of the reporting entity. Separate disclosure of amounts recognised as an expense for key management personnel services provided by a separate management entity is also required.</p>	1 July 2014	1 July 2014
N/A	Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 (issued May 2014)	<p>When an entity acquires an interest in a joint operation whose activities meet the definition of a 'business' in IFRS 3 <i>Business Combinations</i>, to the extent of its share of assets, liabilities, revenues and expenses as specified in the contractual arrangement, the entity must apply all of the principles for business combination accounting in IFRS 3, and other IFRSs, to the extent that they do not conflict with IFRS 11 <i>Joint Arrangements</i>.</p> <p>This means that it will expense all acquisition-related costs and recognise its share, according to the contractual arrangements, of:</p> <ul style="list-style-type: none"> Fair value of identifiable assets and liabilities, unless fair value exceptions included in IFRS 3 or other IFRSs, and Deferred tax assets and liabilities that arise from the initial recognition of an asset or liability as required by IFRS 3 and IAS 12 <i>Income Taxes</i>. <p>Goodwill will then be recognised as the excess consideration over the fair value of net identifiable assets acquired.</p> <p>These changes apply prospectively to acquisitions of interests in joint operations.</p>	1 January 2016	1 July 2016



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 JUNE 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Yowie Group Ltd and its subsidiaries ("the Group") as at 30 June 2014.

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.

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 Ltd and Yowie Enterprises Pty Ltd is Australian dollars (\$). The functional currency of Yowie North America Inc., Yowie Hong Kong Holdings Limited and Yowie Hong Kong Enterprises Limited is United States dollars.

The presentation currency of Yowie Group Ltd is Australian dollars (\$).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(d) Foreign currency translation (continued)*****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 balance date.

All exchange differences in the consolidated financial report are taken to 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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

2. 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.

(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.

(k) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(l) 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 balance 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.

(m) Contributed equity

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.

(n) 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(o) 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 balance date.

Deferred income tax is provided on all temporary differences at the balance 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 balance 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(o) Income tax and other taxes (continued)**

Unrecognised deferred income tax assets are reassessed at each balance 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 balance date.

Current and deferred tax Income 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.

Other taxes

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.

(p) Share-based payment transactions

The Group provides benefits to directors 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 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(p) Share-based payment transactions (continued)**

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.

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.

(q) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(r) 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.

(s) 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.

(t) 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 currently has only one reportable segment, which relates to the establishment of its confectionery business. All production and sales to date have taken place in the United States. The internal reports reviewed by the board separately present administration costs relating to the US, Australia and Hong Kong. The net result is presented on a consolidated basis. All other income and expenses, and assets and liabilities, are reviewed by management on a consolidated basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(u) 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 17.

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 2(s). 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.



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 JUNE 2014

3. 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 balance 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.

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

Consolidated	2014	2013
	\$	\$
Cash at bank	<u>6,647,947</u>	<u>1,872,707</u>

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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

At balance 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		Equity	
	Higher / (lower)		Higher / (lower)	
	2014	2013	2014	2013
	\$	\$	\$	\$
+0.5% (2013: 1%)	(33,240)	(18,727)	(33,240)	(18,727)
-0.5% (2013: 1%)	33,240	18,727	33,240	18,727

The movements are due to higher / 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 Group's net investment in its US subsidiary Yowie North America Inc, 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.

Large transactions are denominated in US dollars. The Group seeks to mitigate some of the effect of its foreign currency exposure by holding US dollars.

The Group does not have a policy to enter into forward contracts and does not negotiate hedge derivatives to exactly match the terms of the hedged item.

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 JUNE 2014

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

At 30 June the Australian dollar equivalents of assets and liabilities held in US dollars and subject to foreign exchange risk are as follows:

Consolidated	2014	2013
	\$	\$
<i>Assets and liabilities of subsidiaries with USD functional currencies</i>		
Assets		
Cash and cash equivalents	1,597,687	1,349,333
Receivables	1,940	-
Prepayments	1,146,162	354,800
Inventories	2,786,846	-
Plant and equipment	1,107,928	935,797
Intangible assets	239,301	65,340
Liabilities		
Trade and other payables	769,525	178,244
Intercompany loans	10,962,062	2,774,977

Intercompany loans are denominated in Australian dollars and US dollars. Though these loans are eliminated upon consolidation, changes in the value of the loans will have an effect on the consolidated result, since in accordance with AASB 121, exchange gains or losses on intercompany loans that do not form part of a reporting entity's net investment in a foreign operation are recognised in profit or loss.

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		Equity	
	Higher / (lower)		Higher / (lower)	
	2014	2013	2014	2013
	\$	\$	\$	\$
Exchange Rate + 10% (2013: 10%)	(996,551)	(252,271)	(1,552,036)	(229,730)
Exchange Rate - 10% (2013: 10%)	1,218,007	308,331	1,896,933	280,781

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.



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 JUNE 2014

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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	
	2014 \$	2013 \$
Within one year	934,299	486,312
Between one and five years	-	-
	<u>934,299</u>	<u>486,312</u>

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

4. SEGMENT REPORTING

The Group has only one reportable segment, which relates to the establishment of its confectionery business. All production and sales to date have taken place in the United States. The internal reports reviewed by the board separately present administration costs relating to the US, Australia and Hong Kong. The net result is presented on a consolidated basis.

2014	United States \$	Australia \$	Hong Kong \$	Unallocated \$	Total \$
Sale of goods	12,328	-	-	-	12,328
Cost of sales	(5,070)	-	-	-	(5,070)
Selling and distribution	(1,173,923)	-	-	-	(1,173,923)
Marketing	(175,191)	(93,793)	-	-	(268,984)
Administration costs	(915,123)	(1,882,607)	(50,798)	-	(2,848,528)
Manufacturing fixed costs in advance of production	(425,428)	-	-	-	(425,428)
Other revenue				117,648	117,648
Foreign exchange losses				(280,672)	(280,672)
Finance costs				(1,025)	(1,025)
Write-offs				(1,563,475)	(1,563,475)
Loss after income tax					<u>(6,437,129)</u>

All other income and expenses, and assets and liabilities, are reviewed by management on a consolidated basis. Segment reporting did not apply to the year ended 30 June 2013.



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 JUNE 2014

5. OTHER REVENUE

	Consolidated	
	2014	2013
	\$	\$
Interest	104,305	27,416
Royalties	13,343	14,631
	117,648	42,047

6. EXPENSES

	Consolidated	
	2014	2013
	\$	\$
Administration expenses include:		
Employee benefits expense:		
Consulting fees paid to directors	720,000	392,671
Share-based payment for director and consultant options (refer to Note 17)	123,564	108,188
Superannuation	75,175	-
Depreciation	11,858	4,736
Loss on disposal of office equipment	5,207	-

7. TAXATION

	Consolidated	
	2014	2013
	\$	\$
(a) The major components of income tax expense are:		
Current income tax	-	-
Deferred income tax	-	-
Income tax expense reported in the statement of profit and loss and other comprehensive income	-	-

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

Loss from ordinary activities before tax	(6,437,129)	(2,357,025)
Prima facie tax benefit on loss at 30%	1,931,139	707,108
Effect of different tax rates on overseas losses	(61,193)	56,116
Listing expense (refer to Note 16)	-	(245,216)
Share-based payments (refer to Note 17)	(37,069)	(32,457)
Other non-deductible expenses	(41,567)	(83,310)
Income tax benefit not recognised	(1,791,310)	(402,241)
Income tax benefit / (expense)	-	-



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 JUNE 2014

7. TAXATION (continued)

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

	Consolidated	
	2014	2013
	\$	\$
Deferred tax assets		
Share issue and acquisition costs	249,615	141,158
Plant and equipment	133,162	-
Product development costs	139,650	-
US business start-up costs	607,471	-
Accruals	122,416	8,400
Revenue tax losses	1,374,372	518,549
Deferred tax assets used to offset deferred tax liabilities	-	(97,375)
Deferred tax assets not brought to account	(2,626,686)	(570,732)
	-	-
Deferred tax liabilities		
Intercompany loans – unrealised foreign exchange gains	-	97,375
Deferred tax assets used to offset deferred tax liabilities	-	(97,375)
	-	-

Net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be utilised.

The Group's unrecognised tax losses are available indefinitely for offset against future profits subject to continuing to meet the relevant statutory tests. The Company and its Australian subsidiary have not formed a tax consolidated group.



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 JUNE 2014

8. 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	
	2014	2013
	Number	Number
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	<u>97,218,209</u>	<u>41,498,113</u>
	\$	\$
Basic loss attributable to ordinary equity holders of the parent	<u>6,437,129</u>	<u>2,357,025</u>

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.

9. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2014	2013
	\$	\$
Current		
Trade debtors	2,935	2,942
GST receivable	41,624	35,689
Accrued interest	29,310	-
	<u>73,869</u>	<u>38,631</u>

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.



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 JUNE 2014

10. PREPAYMENTS

	Consolidated	
	2014	2013
	\$	\$
Current		
Prepayments – raw materials	1,054,981	253,310
Prepayments – manufacturing agreement	-	354,800
Other	130,758	65,066
	<u>1,185,739</u>	<u>673,176</u>

11. INVENTORIES

	Consolidated	
	2014	2013
	\$	\$
Current		
Raw materials	672,106	-
Work in progress	706	-
Finished goods	2,114,034	-
	<u>2,786,846</u>	<u>-</u>

Inventories are valued at the lower of cost or net realisable value. During the year ended 30 June 2014, finished goods and raw materials inventories of \$200,503 (2013: nil) were impaired.



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 JUNE 2014

12. PLANT AND EQUIPMENT

	Consolidated	
	2014	2013
	\$	\$
Manufacturing plant and equipment		
Cost	626,263	-
Accumulated depreciation	(10,680)	-
	615,583	-
Manufacturing plant and equipment under construction		
Cost	482,399	935,410
	482,399	935,410
Office equipment		
Cost	18,369	22,034
Accumulated depreciation	(3,325)	(4,899)
	15,044	17,135
Total plant and equipment	1,113,026	952,545

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

Manufacturing plant and equipment		
Balance at the beginning of the year	-	-
Additions	66,564	-
Transfers from manufacturing plant and equipment under construction	958,573	-
Depreciation	(10,680)	-
Write-off of commissioning costs	(345,047)	-
Foreign exchange adjustment	(53,827)	-
Carrying amount at the end of the year	615,583	-
Manufacturing plant and equipment under construction		
Balance at the beginning of the year	935,410	801,954
Additions	497,437	22,656
Transfers to manufacturing plant and equipment	(958,573)	-
Foreign exchange adjustment	8,125	110,800
Carrying amount at the end of the year	482,399	935,410
Office equipment		
Balance at the beginning of the year	17,135	847
Additions	15,139	20,976
Depreciation	(11,858)	(4,737)
Disposals	(5,207)	-
Foreign exchange adjustment	(165)	49
Carrying amount at the end of the year	15,044	17,135



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 JUNE 2014

12. PLANT AND EQUIPMENT (continued)

Impairment of \$345,037 relating to the write-off of capitalised commissioning costs of the wrapping machine was recognised in the statement of profit or loss.

13. INTANGIBLE ASSETS

	Consolidated	
	2014	2013
	\$	\$
Rights and licenses	239,301	315,340
Product development	-	250,475
	239,301	565,815
Movement during the year:		
Rights and licenses		
Balance at the beginning of the year	315,340	307,728
Amounts written off	(63,446)	-
Foreign exchange adjustment	(12,593)	7,612
Carrying amount at the end of the year	239,301	315,340
Product development		
Balance at the beginning of the year	250,475	9,379
Additions	662,453	241,096
Amounts written off	(903,945)	-
Foreign exchange adjustment	(8,983)	-
Carrying amount at the end of the year	-	250,475

The carrying value of intangible assets was tested using a discounted cash flow model and it was determined that no impairment is required. However, discretionary write-offs of \$63,446 relating to rights and licenses and \$903,945 relating to capitalised product development costs were recognised in the statement of profit or loss.

14. TRADE AND OTHER PAYABLES

	Consolidated	
	2014	2013
	\$	\$
Current		
Trade payables and accruals	934,299	467,483
Other	-	18,829
	934,299	486,312

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 3.



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 JUNE 2014

15. CONTRIBUTED EQUITY AND RESERVES

(a) Issued capital

	Consolidated	
	2014	2013
	\$	\$
Ordinary shares, fully paid	19,041,398	5,077,714

(b) Movements in share capital

	\$	Number
As at 30 June 2012 – Yowie Enterprises Pty Ltd	2	2
Yowie Enterprises share-based payments to service providers ¹	-	10,629,998
Acquisition of Yowie Group Ltd by Yowie Enterprises ²	568,941	3,023,432
Yowie Enterprises shares on issue at acquisition	-	(10,630,000)
Shares issued to Yowie Enterprises seed investors	2,203,400	13,771,250
Shares issued to Yowie Enterprises shareholders	-	22,989,353
Prospectus – Dec 2012	2,765,500	13,827,500
Share-based payments to service providers ³	-	625,000
Placement – March 2013	520,000	4,000,000
Placement – April 2013	130,000	1,000,000
Prospectus – June 2013	1,703,750	11,358,336
Share issue costs	(2,813,879)	-
As at 30 June 2013 ⁴	5,077,714	70,594,871
Prospectus – July 2013	1,907,418	12,716,117
Prospectus – December 2013	3,500,001	20,588,235
Placement – March 2014	9,100,000	13,000,000
Exercise of options	185,000	925,000
Share issue costs	(728,735)	-
As at 30 June 2014 ⁴	19,041,398	117,824,223

1 \$2,216,000 of share-based payments to service providers is included in share issue costs.

2 Refer to Note 16.

3 \$125,000 of share-based payments to service providers is included in share issue costs.

4 24,124,353 shares are escrowed until 14 December 2014.

(c) Terms and conditions of contributed equity

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.



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 JUNE 2014

15. CONTRIBUTED EQUITY 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 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 foreign subsidiaries.

(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.



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 JUNE 2014

16. ACQUISITION OF YOWIE IN PRIOR YEAR

Under the acquisition during the year ended 30 June 2013, Yowie Group Ltd acquired all the shares of Yowie Enterprises by issuing 22,989,353 shares and 11,494,677 options, exercisable at \$0.20 each on or before 1 December 2015, to Yowie Enterprises shareholders. A further 13,771,250 shares were issued to Yowie Enterprises loan holders. This gave Yowie Enterprises a controlling interest in Yowie Group Ltd, which equates to a controlling interest in the combined entity.

As described in the accounting policy at Note 2(a), a share-based payment transaction arose whereby Yowie Enterprises was deemed to have issued shares in exchange for the net assets of Yowie Group, together with Yowie Group's listing status. The listing status did not qualify for recognition as an intangible asset and was therefore expensed in profit or loss as a listing expense.

	\$
Deemed share-based payment	568,941
Negative assets in Yowie Group Ltd at acquisition date	248,445
Listing expense	<u>817,386</u>

The fair values of the identifiable assets and liabilities of Yowie Group as at the date of acquisition were:

	\$
Assets	
Cash and cash equivalents	31,743
Trade and other receivables	16,772
Prepayments	193,628
Liabilities	
Trade and other payables	(210,588)
Loan from Yowie Enterprises	(280,000)
Total identifiable net deficiency at fair value	<u>(248,445)</u>

Costs related to the acquisition of \$76,825 were incurred by Yowie Group prior to the acquisition. Prior to the acquisition, a further \$5,588 in acquisition-related legal fees was incurred and expensed.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 JUNE 2014

17. SHARE-BASED PAYMENTS

The expense arising from share-based payments was \$123,564 (2013: \$108,188), relating to director and consultant options expensed to profit and loss over the option vesting period.

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

	2014 Number	2014 WAEP (\$)	2013 Number	2013 WAEP (\$)
Outstanding at 1 July	11,605,000	0.25	-	-
Granted during the year	500,000	0.99	11,605,000	0.25
Exercised during the year	-	-	-	-
Lapsed/forfeited during the year	(1,900,000)	0.27	-	-
Outstanding as at 30 June	10,205,000	0.28	11,605,000	0.25

The weighted average remaining contractual life for the share-based payment options outstanding as at 30 June 2014 was 2.2 years (2013: 3.2 years).

The range of exercise prices for share-based payment options outstanding as at the end of the year was \$0.20 to \$1.05 (2013: \$0.20 to \$0.285).

Share-based payments during the year ended 30 June 2014

Three classes of options were issued to consultants on 30 June 2014 as incentives for future services. The fair value of the options was calculated using a binomial model and the following assumptions:

	Class 1	Class 2	Class 3
Number of options	50,000	150,000	300,000
Exercise price (\$)	0.90	0.90	1.05
Expiry date	31 Dec 2017	31 Dec 2017	31 Dec 2017
Dividend yield (%)	Nil	Nil	Nil
Expected volatility (%)	100%	100%	100%
Risk-free interest rate (%)	2.75%	2.75%	2.75%
Expected life (years)	2.6	2.6	2.6
Share price at grant date (\$)	0.54	0.54	0.54
Fair value per option (\$)	0.26	0.26	0.25

The expected price volatility is based on historic volatility, adjusted for any changes to future volatility expected based on publicly available information.

No options were issued to directors during the year ended 30 June 2014.

17. SHARE-BASED PAYMENTS (continued)
Share-based payments during the year ended 30 June 2013
(a) Service provider shares – Yowie Enterprises

10,629,998 shares were issued to consultants and director Mr Phil Hudson as remuneration for services provided in relation to the prospectus dated 24 September 2012. The shares were valued at \$0.20, the issue price of shares under the prospectus, and were accounted for as share issue costs. Refer to Note 15(b).

(b) Service provider shares – Yowie Group

625,000 shares were issued to consultants as remuneration for services provided in relation to the prospectus dated 24 September 2012. The shares were valued at \$0.20, the issue price of shares under the prospectus, and were accounted for as share issue costs. Refer to Note 15(b).

(c) Service provider options

2,005,000 options were issued on 18 December 2012 to consultants as remuneration for services provided in relation to the prospectus dated 24 September 2012. The options have an exercise price of 20 cents, an expiry date of 15 December 2015 and are escrowed until 21 December 2014. As the fair value of the services provided could not be reliably determined, the Group fair valued the instruments granted. Except for the escrow period, these options have the same terms and conditions as Yowie Group Ltd's listed options (ASX code "YOWO"), and were valued at 2.7 cents, the closing price on the first day of trade of those options. They were accounted for as share issue costs.

(d) Director options

Two tranches of options were issued to directors on 20 June 2013. The fair value of the options was calculated using a binomial model and the following assumptions:

	Tranche 1	Tranche 2
Number of options	4,000,000	5,600,000
Exercise price (\$)	0.23	0.285
Expiry date	15 Dec 2015	30 Jun 2017
Dividend yield (%)	Nil	Nil
Expected volatility (%)	40%	40%
Risk-free interest rate (%)	2.56%	2.85%
Expected life (years)	1.9	3.0
Share price at grant date (\$)	0.18	0.18
Fair value per option (\$)	0.026	0.027

The expected price volatility is based on historic volatility, adjusted for any changes to future volatility expected based on publicly available information.



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 JUNE 2014

17. SHARE-BASED PAYMENTS (continued)

A summary of the share-based payments for the year ended 30 June 2013 is as follows:

	\$
Yowie Enterprises service provider shares – issued to a director	400,000
Yowie Enterprises service provider shares – issued to consultants	1,726,000
Yowie Group service provider shares – issued to consultants	125,000
Yowie Group service provider options – issued to consultants	54,136
Share-based payments expensed – director options	108,188
Total share-based payments during the year	2,413,324

18. 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	
	2014	2013
	\$	\$
Cash at bank	2,995,634	3,222,041
Short-term deposits	5,250,000	-
	8,245,634	3,222,041



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 JUNE 2014

18. CASH FLOW RECONCILIATION (continued)

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

	Consolidated	
	2014	2013
	\$	\$
Operating loss after income tax	(6,437,129)	(2,357,025)
Adjusted for:		
Depreciation as per profit or loss	11,858	4,736
Depreciation in cost of sales	23	-
Depreciation in closing inventories	9,737	-
Listing fee	-	817,386
Share-based payments	123,564	108,188
Unrealised foreign exchange	280,691	(324,721)
Loss on disposal of office equipment	5,207	-
Write-off of capitalised product and Yowie World development costs	903,945	-
Write-off of other intangible assets	63,446	-
Write-off of commissioning costs	345,047	-
Changes in operating assets and liabilities		
Increase in receivables	(35,238)	(2,783)
Increase in prepayments	(512,563)	(242,344)
Increase in inventories	(2,786,846)	-
Increase in creditors	387,872	412,870
Net cash used in operating activities	<u>(7,640,386)</u>	<u>(1,583,693)</u>

(c) Non-cash investing and financing activities

During the year ended 30 June 2013, Yowie Group acquired all the shares of Yowie Enterprises by issuing 22,989,353 shares and 11,494,677 options, exercisable at \$0.20 each on or before 1 December 2015, to Yowie Enterprises shareholders. A further 13,771,250 shares were issued to Yowie Enterprises loan holders. Refer to Note 16.

Also during the year ended 30 June 2013, 10,629,998 shares in Yowie Enterprises were issued to consultants and former director Mr Phil Hudson as remuneration for services provided in relation to the prospectus dated 24 September 2012. The shares were valued at \$0.20, the issue price of shares under the prospectus, and were accounted for as share issue costs. Refer to Note 17.

625,000 shares were issued to consultants as remuneration for services provided in relation to the prospectus dated 24 September 2012. Refer to Notes 15(b) and 17.

2,005,000 options were issued on 18 December 2012 to consultants as remuneration for services provided in relation to the prospectus dated 24 September 2012. Refer to Note 17.



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 JUNE 2014

19. RELATED PARTY DISCLOSURES

(a) Compensation of key management personnel

	Consolidated	
	2014	2013
	\$	\$
Short-term benefits	720,000	392,671
Post-employment benefits	66,600	-
Share-based payments expensed	110,382	108,188
Share-based payments charged to equity	-	400,000
	896,982	900,859

(b) Other transactions with key management personnel

Kidcorp Pty Ltd, a company controlled by former director Phil Hudson, was owed \$37,841 by Yowie Enterprises Pty Ltd at 30 June 2012. This amount was repaid during the year ended 30 June 2013.

20. COMMITMENTS AND CONTINGENCIES

(a) Commitments

The Group is committed to make a final payment of A\$52,943 (EUR 36,541) for the purchase of the second wrapping machine.

Under a Patent and Technology License Agreement with Mr Henry Whetstone, the Group is committed to pay the minimum fees listed below to maintain its exclusive rights to use Whetstone's patents in the United States.

Date	Amount
31 December 2014	A\$637,010 (US\$600,000)
31 December 2015	A\$955,515 (US\$900,000)
31 December 2016 - 2019	A\$1,454,507 (US\$1,370,000)

(b) Contingencies

The Group had no contingent liabilities as at 30 June 2014.



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 JUNE 2014

21. AUDITOR'S REMUNERATION

The auditor of the Group is BDO Audit (WA) Pty Ltd.

	Consolidated	
	2014	2013
	\$	\$
Amounts received or due and receivable:		
BDO Audit (WA) Pty Ltd		
Audit and review of financial reports	54,307	25,000
Tax consulting	68,710	16,904
Total remuneration of BDO Audit (WA) Pty Ltd	123,017	41,904
Other audit firms		
Audit and review of financial reports	8,000	21,290
Other services	-	38,163
Total remuneration of other audit firms	8,000	59,453

22. PARENT ENTITY AND SUBSIDIARY INFORMATION

Yowie Group Ltd is the legal parent entity.

	2014	2013
	\$	\$
Current assets	6,734,136	1,889,553
Total assets	12,874,748	5,241,244
Current liabilities	164,774	275,348
Total liabilities	164,774	275,348
Contributed equity	20,708,570	6,744,886
Share-based payment reserve	410,889	287,324
Option premium reserve	1,424,233	1,424,233
Accumulated losses	(9,833,718)	(3,490,547)
	12,709,974	4,965,896
Loss of the parent entity	(6,343,171)	(2,120,254)
Total comprehensive loss of the parent entity	(6,343,171)	(2,120,254)



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 JUNE 2014

22. PARENT ENTITY AND SUBSIDIARY INFORMATION (continued)

Subsidiaries

Name	Country of Incorporation	Percentage interest		Principal Activities
		2014 %	2013 %	
Yowie Enterprises Pty Ltd ¹	Australia	100	100	Receives royalties
Yowie North America, Inc. ¹	USA	100	100	Production and sales of Yowie product
Yowie Hong Kong Holdings Limited ²	Hong Kong (China)	100	100	Holds intellectual property
Yowie Hong Kong Enterprises Limited ³	Hong Kong (China)	100	100	Procures capsule, inclusion and leaflet

1 Yowie Enterprises Pty Ltd, the parent entity of Yowie North America, Inc., acquired Yowie Group Ltd in a reverse acquisition on 14 December 2012.

2 Incorporated 24 June 2013.

3 Incorporated 25 June 2013.

23. 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.



DIRECTORS' DECLARATION

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

1. In the opinion of the directors:
 - (a) the financial statements and notes of the Company and 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 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and Corporations Regulations 2001; and
 - (b) there are reasonable grounds to believe that the Company 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 2014.

Note 2(a) 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

A handwritten signature in black ink, appearing to read "Wayne Loxton", written in a cursive style.

Wayne Loxton
Chairman

29 August 2014

INDEPENDENT AUDITOR'S REPORT

To the members of Yowie Group Ltd

Report on the Financial Report

We have audited the accompanying financial report of Yowie Group Ltd, which comprises the consolidated statement of financial position as at 30 June 2014, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility 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 Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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



Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Yowie Group Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Yowie Group Ltd is 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 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. 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.

Opinion

In our opinion, the Remuneration Report of Yowie Group Ltd for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'BDO' above 'BMcV' with a large, sweeping flourish.

Brad McVeigh
Director

Perth, 29 August 2014



ASX Additional Information

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 25 August 2014.

Distribution of quoted securities

Ranges	No. of Holders of Ordinary Shares	No. of Ordinary Shares	No. of Holders of Options (15/12/15; 20c)	No. of Options (15/12/15; 20c)
1 - 1,000	1,061	232,716	2	1,883
1,001 - 5,000	508	1,374,940	141	679,169
5,001 - 10,000	294	2,454,099	24	218,313
10,001 – 100,000	605	22,449,767	131	4,742,259
100,000 and over	144	91,395,677	37	23,149,452
Total	2,612	117,907,199	335	28,791,076

There were 976 shareholders holding less than a marketable parcel of ordinary shares.

Quoted and unquoted equity securities

Equity Security	Quoted	Unquoted
Ordinary Shares	93,782,846	-
Ordinary Shares (escrowed 24 months from listing date 14/12/2012)	-	24,124,353
Options (20 cent – 15 Dec 2015 expiry)	15,036,399	-
Options (20 cent – 15 Dec 2015 expiry) (escrowed 24 months from listing date 14 Dec 2012)	-	13,754,677
Director Incentive Options (23 cent – 15 Dec 2015 expiry)	-	3,500,000
Director Incentive Options (28.5 cents – 30 Jun 2017 expiry)	-	4,200,000
Consultant Incentive Options (90 cent – 31 Dec 2017 expiry)	-	200,000
Consultant Incentive Options (\$1.05 – 31 Dec 2017 expiry)	-	300,000

Unlisted option holdings as at 25 August 2014

	<u>Number of Holders</u>	<u>Number of Options</u>
Options expiring 15 Dec 2015 exercisable at 23 cents	4	3,500,000

Holdings of more than 20% of this class

Wayne Gregory Loxton	1,000,000
Patricia Mary Fields	1,000,000
Mark Avery	1,000,000



ASX Additional Information

	<u>Number of Holders</u>	<u>Number of Options</u>
Options expiring 30 Jun 2017 exercisable at 28.5 cents	3	4,200,000
Holdings of more than 20% of this class		
Wayne Gregory Loxton		1,400,000
Patricia Mary Fields		1,400,000
Mark Avery		1,400,000
Options expiring 31 Dec 2017 exercisable at 90 cents	4	200,000
Holdings of more than 20% of this class		
Scott Goetsch		100,000
William Killeen		50,000
Options expiring 31 Dec 2017 exercisable at \$1.05	3	300,000
Holdings of more than 20% of this class		
Scott Goetsch		200,000

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.



ASX Additional Information

Twenty largest holders of Ordinary Shares

	Name	Shares Held	Percentage %
1	KEITH PHILLIP HUDSON	12,034,353	10.21
2	ABDULLAH HANI ABDALLAH	5,666,667	4.81
3	NATIONAL NOMINEES LIMITED	4,607,957	3.91
4	DALEFORD WAY PTY LTD	3,500,000	2.97
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,045,246	2.58
6	THIRTY-FIFTH CELEBRATION PTY LTD	3,000,000	2.54
7	MR CRAIG ANTHONY LUBICH & MRS LEEANNE KELLY LUBICH <C&L LUBICH FAM PENSION A/C>	2,776,437	2.35
8	MR WAYNE GREGORY LOXTON <THE LOXTON INVESTMENT A/C>	2,354,000	2.00
9	RUBI HOLDINGS PTY LTD <JOHN RUBINO S/F A/C>	2,232,901	1.89
10	HIDDEN VALLEY HOLDINGS (AUST) PTY LTD <SOUTHBANK INVESTMENT A/C>	2,220,000	1.88
11	RICHSHAM NOMINEES PTY LTD	2,075,000	1.78
12	CITICORP NOMINEES PTY LTD	2,027,979	1.72
13	JP MORGAN NOMINEES AUSTRALIA LIMITED	1,974,121	1.67
14	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – GSCO ECA	1,807,781	1.53
15	MR SCOTT MAURICE DONNELLAN & DR ADAOBI OGENNA UDECHUKU	1,669,590	1.42
16	ALITIME NOMINEES PTY LTD <HONEYHAM FAMILY A/C>	1,500,000	1.27
17	UBS NOMINEES PTY LTD	1,415,021	1.20
18	MARK AVERY	1,350,000	1.14
19	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	1,328,228	1.13
20	RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LTD <BKCUST A/C>	1,224,027	1.04
	TOTAL	57,809,308	49.03%

Twenty largest holders of Quoted Options (15 Dec 2015; 20 cents)

	Name	Shares Held	Percentage %
1	KEITH PHILLIP HUDSON	6,017,177	20.90
2	DALEFORD WAY PTY LTD	2,000,000	6.95
3	MR WAYNE GREGORY LOXTON <THE LOXTON INVETSMET A/C>	1,627,500	5.65
4	HIDDEN VALLEY HOLDINGS (AUST) PTY LTD <SOUTHBANK INVESTMENT A/C>	1,110,000	3.86
5	RICHSHAM NOMINEES PTY LTD	1,037,500	3.60
6	MR GAVIN REZOS	1,000,000	3.47
7	MR CRAIG ANTHONY LUBICH & MRS LEEANNE KELLY LUBICH <C&L LUBICH FAM PENSION A/C>	1,000,000	3.47
8	ALITIME NOMINEES PTY LTD <HONEYHAM FAMILY A/C>	750,000	2.60
9	MARK AVERY	675,000	2.34
10	MR SCOTT MAURICE DONNELLAN & DR ADAOBI OGENNA UDECHUKU	647,525	2.25
11	BOND STREET CUSTODIANS LIMITED	600,000	2.08
12	XYZ TRADING PTY LTD	560,000	1.94
13	WISEPLAN INVESTMENTS PTY LTD <LEON DAVIES INVESTMENT A/C>	395,625	1.37
14	CRAIG LUBICH <LUBICH INVESTMENT A/C>	375,000	1.30
15	MR TIMOTHY PAUL NEESHAM	350,000	1.22



ASX Additional Information

16	CATALYST KP PTY LTD	337,500	1.17
17	MT JOHN ALBERT JAMES RYAN & MRS CHANTHA RYAN <JOHN A J RYAN SUPER FUND A/C	330,000	1.15
18	SISTARO PTY LTD	312,500	1.09
19	NEWMIX HOLDINGS PTY LTD	312,500	1.09
20	MULATO NOMINEES PTY LTD	312,500	1.09
	TOTAL	19,750,327	68.59%

Substantial Shareholders

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

Shareholder	Number of Shares
Keith Phillip Hudson	12,709,353

Other information

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

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