

Appendix 4D

Half-year report

*Rule 4.2A.3
Introduced 1/1/2003*

Name of entity: Yowie Group Ltd

ABN: 98 084 370 669

1. Reporting period

("current period"): Half-year ended 31 December 2013

Previous corresponding period: Half-year ended 31 December 2012 (restated)

2. Results for announcement to the market

\$A'000

2.1	Revenue from ordinary activities	up	16%	to	25
2.2	Loss from ordinary activities after tax attributable to members	up	44%	to	(1,863)
2.3	Net loss for the period attributable to members	up	44%	to	(1,863)

2.4 The directors recommend that no amount be paid by way of dividend. No dividend has been paid or declared since the start of the financial period.

2.5 Record date for determining entitlements to dividends: N/A

2.6 An explanation of the above figures is contained in the "Review of Operations" included within the attached directors' report.

3. Net tangible assets

	Current Period cents	Previous Corresponding Period cents
Net tangible asset backing per ordinary share	6.89	6.28

4. Details of entities over which control has been gained or lost during the period

N/A

5. Dividends

No dividends have been paid or declared during or since the beginning of the reporting period.

6. Dividend reinvestment plans

No dividend reinvestment plans are in operation.

7. Details of associates and joint venture entities

N/A

8. Accounting standards for foreign entities

The Group applied Australian Accounting Standards to all entities in the Group including its overseas subsidiaries.

9. Auditor's review report

The accounts were subject to a review by the auditor and the review report is attached as part of the interim report.

YOWIE GROUP LTD

ABN 98 084 370 669

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2013



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COMPANY DIRECTORY

DIRECTORS: Mr Wayne Loxton
Mr Mark Avery
Ms Patricia Fields

COMPANY SECRETARY: Mr Neville Bassett

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190 St Georges Terrace
Perth WA 6000
Telephone: +61 8 9486 7066

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

SHARE REGISTRY: Link Market Services Limited
Ground Floor
178 St Georges Terrace
Perth WA 6000
Telephone: 1300 554 474 or +61 2 8280 7111

ASX Code: YOW

ABN: 98 084 370 669

DIRECTORS' REPORT

Your Directors submit their report for Yowie Group Ltd ("the Company") and the consolidated entity ("the Group") for the half-year ended 31 December 2013.

DIRECTORS

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

Mr Wayne Loxton
Mr Mark Avery
Ms Patricia Fields
Mr Bob Watson (resigned 13 September 2013)

OPERATING AND FINANCIAL REVIEW

Milestones achieved during the half-year included:

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.
- 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.

Sales and 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.
- The digital experience Yowie World was completed ready for launch in February 2014.

DIRECTORS' REPORT

- 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.

Corporate

- During the half-year the Company successfully raised \$5.4m pursuant to the Prospectuses dated 18 June 2013 and 18 November 2013.

Operating results and financial position

The Group's net loss for the half-year ended 31 December 2013 was \$1,862,856 (half-year ended 31 December 2012: \$1,289,205).

As at 31 December 2013 the Group's consolidated cash position was \$5,062,850 (30 June 2013: \$3,222,041).

EVENTS SUBSEQUENT TO BALANCE DATE

- A second high-speed wrapping machine was ordered for delivery in September 2014. This machine will allow the Company to double production at the Florida manufacturing facility.
- The \$2 million investment digital experience www.yowieworld.com was launched in February 2014 with Apple and Android apps. Three games will be available for download in March.

Yowieworld.com is free and has been designed to add value to the Yowie confectionery purchase by bringing the Yowie collectables to life through games, quizzes and interactive sticker books. It soon will also provide "live" online connection to endangered animals in zoos, aquariums and wildlife parks. Yowie Word provides the opportunity to learn more about the protection of endangered animals and their threats of extinction.

This new website supports the Yowie strategic brand mission to help "Save the Natural World" and the Yowie core brand proposition that is "Play and Learn".

DIRECTORS' REPORT

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 7 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
28 February 2014

DECLARATION OF INDEPENDENCE BY BRAD MCVEIGH TO YOWIE GROUP LTD

As lead auditor for the review of Yowie Group Ltd for the half-year ended 31 December 2013, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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



Brad McVeigh
Director

Perth, 28th February 2014

**STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**



	Note	Consolidated	
		Half-Year Ended 31 Dec 2013 \$	Restated Half-Year Ended 31 Dec 2012 \$
Revenue		25,113	21,597
Foreign exchange gains		144,834	-
Manufacturing fixed costs in advance of production		(423,812)	-
Consulting fees paid to directors		(360,000)	(128,000)
Corporate, professional and other consulting fees		(762,187)	(184,066)
Patent and technology fee		(169,052)	-
Share-based payment expense – director options		(54,681)	-
Other administration expenses		(263,071)	(181,350)
Listing expense		-	(817,386)
Loss before income tax		(1,862,856)	(1,289,205)
Income tax expense		-	-
Loss after income tax for the year		(1,862,856)	(1,289,205)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Movement in foreign currency translation reserve		(45,626)	(41,852)
Total comprehensive loss for the half-year net of tax attributable to members of the Company		(1,908,482)	(1,331,057)
Loss per share attributable to members of the Company			
Basic loss per share (cents)	3	2.25	4.98
Diluted loss per share (cents)	3	2.25	4.98

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013



	Note	Consolidated	
		Dec 2013	June 2013
		\$	\$
Current Assets			
Cash and cash equivalents		5,062,850	3,222,041
Trade and other receivables		49,303	38,631
Prepayments	4	1,210,599	673,176
Inventories	5	382,477	-
Total Current Assets		6,705,229	3,933,848
Non-Current Assets			
Plant and equipment	6	1,025,183	952,545
Intangible assets	7	980,884	565,815
Total Non-Current Assets		2,006,067	1,518,360
Total Assets		8,711,296	5,452,208
Current Liabilities			
Trade and other payables		570,920	486,312
Total Current Liabilities		570,920	486,312
Total Liabilities		570,920	486,312
Net Assets		8,140,376	4,965,896
Equity			
Contributed equity	8	10,105,995	5,077,714
Reserves		2,422,477	2,413,422
Accumulated losses		(4,388,096)	(2,525,240)
Total Equity		8,140,376	4,965,896

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

STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013



	Contributed equity	Share-based payment reserve	Consolidated Foreign currency translation reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$
Restated balance at 1 July 2012	2	-	-	(168,215)	(168,213)
Loss for the half-year	-	-	-	(1,289,205)	(1,289,205)
Other comprehensive income					
Foreign currency translation	-	-	(41,852)	-	(41,852)
Total comprehensive Income/(loss) for the half-year	-	-	(41,852)	(1,289,205)	(1,331,057)
Transactions with owners recorded directly in equity					
Shares issued	5,537,841	-	-	-	5,537,841
Share issue transaction costs	(2,629,074)	-	-	-	(2,629,074)
Share-based payments	-	2,305,135	-	-	2,305,135
Restated balance as at 31 December 2012	2,908,769	2,305,135	(41,852)	(1,457,420)	3,714,632
Balance at 1 July 2013	5,077,714	2,413,324	98	(2,525,240)	4,965,896
Loss for the half-year	-	-	-	(1,862,856)	(1,862,856)
Other comprehensive income					
Foreign currency translation	-	-	(45,626)	-	(45,626)
Total comprehensive Income/(loss) for the half-year	-	-	(45,626)	(1,862,856)	(1,908,482)
Transactions with owners recorded directly in equity					
Shares issued	5,407,418	-	-	-	5,407,418
Share issue transaction costs	(379,137)	-	-	-	(379,137)
Share-based payments	-	54,681	-	-	54,681
Balance as at 31 December 2013	10,105,995	2,468,005	(45,528)	(4,388,096)	8,140,376

This statement of changes in equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013



	Consolidated	
	Half-Year Ended 31 Dec 2013	Restated Half-Year Ended 31 Dec 2012
	\$	\$
Cash flow from operating activities		
Receipts	5,761	5,099
Payments to suppliers and employees	(2,837,913)	(441,655)
Interest received	18,931	16,961
Interest paid	(982)	-
Net cash flows used in operating activities	(2,814,203)	(419,595)
Cash flow from investing activities		
Payments for plant and equipment	(34,248)	(778,614)
Payments for intangible assets	(381,427)	(313,692)
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	(415,675)	(1,340,563)
Cash flow from financing activities		
Proceeds from shares issued	5,407,419	2,765,500
Payment of share issue transaction costs	(375,038)	(121,127)
Net cash flows from financing activities	5,032,381	2,644,373
Net increase in cash and cash equivalents	1,802,503	884,215
Cash and cash equivalents at beginning of period	3,222,041	1,592,695
Effect of foreign exchange movements	38,306	(809)
Cash and cash equivalents at end of period	5,062,850	2,476,101

This statement of cash flows should be read in conjunction with the accompanying notes.

1. BASIS OF PREPARATION

These general purpose financial statements for the half-year reporting period ended 31 December 2013 have been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2013 and any public announcements made by Yowie Group Ltd during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, with the addition of the following policy:

Inventories

Inventories are valued at the lower of cost and net realisable value. Raw materials inventories are accounted for at purchase cost on a first in, first out basis. 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.

Restatement of comparatives

During the year ended 30 June 2013 Yowie Group Ltd (“Yowie Group”) acquired all of the shares in Yowie Enterprises Pty Ltd (“Yowie Enterprises”) by issuing 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 was thus deemed the acquirer for accounting purposes. In the December 2012 half-year report, the acquisition was treated as a business combination. The comparative information for the half-year to 31 December 2012 has been restated to represent the results of Yowie Enterprises for the full period and the results of Yowie Group subsequent to the acquisition.

	Restated Half-Year Ended 31 Dec 2012 \$	Original Half-Year Ended 31 Dec 2012 \$
Total comprehensive loss	(1,331,057)	(436,584)
Equity	3,714,632	8,969,029

Refer to the annual financial statements for the year ended 30 June 2013 for further information about the acquisition.

1. BASIS OF PREPARATION (CONTINUED)

New and amended standards adopted by the Group

All new and amended Australian Accounting Standards and Interpretations effective from 1 July 2013 have been adopted, including:

- *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 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. It removes the option to account for jointly controlled entities using proportionate consolidation. Joint operations, which give the parties rights to the underlying assets and obligations for the liabilities, are accounted for by recognising their share of those assets and liabilities. Joint ventures, which give the parties rights to the net assets of the joint venture and are always structured through a separate vehicle, are accounted for using the equity method.

- *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. None of these disclosure requirements are applicable to the half-year financial report.

- *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.

1. BASIS OF PREPARATION (CONTINUED)

New and amended standards adopted by the Group (continued)

- *AASB 19 Employee Benefits*

This standard changes the definition of short-term employee benefits. The distinction between short-term and long-term employee benefits is now based on whether the benefits are expected to be wholly settled within 12 months of the reporting date.

None of these standards had a material effect on the financial position or performance of the Group.

The Group has not elected to early adopt any new standards or amendments.

2. SEGMENT REPORTING

The Group has only one reportable segment, which relates to the establishment of its confectionery business.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**



3. EARNINGS / (LOSS) PER SHARE

	Consolidated	
	Half-Year Ended 31 Dec 2013 Number	Restated Half-Year Ended 31 Dec 2012 Number
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	82,832,638	25,892,097
	\$	\$
Basic loss attributable to ordinary equity holders of the parent	1,862,856	1,289,205

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.

4. PREPAYMENTS

	Consolidated	
	31 December 2013 \$	30 June 2013 \$
Current		
Prepayments – raw materials	985,641	253,310
Prepayments – manufacturing agreement	-	354,800
Other	224,958	65,066
	1,210,599	673,176

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**



5. INVENTORIES

	Consolidated	
	31 December 2013 \$	30 June 2013 \$
Current		
Raw materials	382,477	-
	382,477	-
	382,477	-

Inventories are valued at the lower of cost or net realisable value.

6. PLANT AND EQUIPMENT

	Consolidated	
	31 December 2013 \$	30 June 2013 \$
Manufacturing plant and equipment under construction		
Cost	1,012,482	935,410
Accumulated depreciation	-	-
	1,012,482	935,410
Office equipment		
Cost	22,049	22,034
Accumulated depreciation	(9,348)	(4,899)
	12,701	17,135
	1,025,183	952,545
Total plant and equipment		

7. INTANGIBLE ASSETS

	Consolidated	
	31 December 2013 \$	30 June 2013 \$
Rights and licenses	321,377	315,340
Product development	659,506	250,475
	980,884	565,815
	980,884	565,815

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**



8. CONTRIBUTED EQUITY

(a) Issued capital

	Consolidated	
	31 December 2013	30 June 2013
	\$	\$
Ordinary shares, fully paid	10,105,995	5,077,714

(b) Movements in share capital

	\$	Number
As at 30 June 2012 – Yowie Enterprises Pty Ltd – restated	2	2
Yowie Enterprises share-based payments to service providers	-	10,629,998
Acquisition of Yowie Group Ltd by Yowie Enterprises	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 – December 2012	2,765,500	13,827,500
Share-based payments to service providers	-	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 ¹	5,077,714	70,594,871
Prospectus – August and September 2013	1,907,418	12,716,117
Prospectus – December 2013	3,500,000	20,588,235
Share issue costs	(379,137)	-
As at 31 December 2013 ¹	10,105,995	103,899,223

¹ 24,124,353 shares are escrowed until 14 December 2014.

9. FAIR VALUES OF FINANCIAL INSTRUMENTS

Recurring fair value measurements

The Group does not have any financial instruments that are subject to recurring or non-recurring fair value measurements.

Fair values of financial instruments not measured at fair value

The following instruments are not measured at fair value in the statement of financial position. They had the following fair values at 31 December 2013:

	Carrying Amount	Fair Value
	\$	\$
Current assets		
Receivables	49,303	49,303
Current liabilities		
Trade and other payables	570,920	570,920

Due to their short-term nature, the carrying amounts of current receivables and current trade and other payables is assumed to equal their fair value.

10. COMMITMENTS AND CONTINGENCIES

Commitments

Under a Patent and Technology Agreement with Mr Henry Whetstone, as at 31 December 2013 the Group was committed to pay a minimum fee of US\$800,000 (A\$901,612) by 31 December 2014 to maintain its exclusive rights to use Whetstone's patents in the United States. In January 2014 this fee was renegotiated to US\$600,000 (A\$676,209).

Contingencies

The Group had no contingent liabilities as at 31 December 2013.

11. SUBSEQUENT EVENTS

- A second high-speed wrapping machine was ordered for delivery in September 2014. This machine will allow the Company to double production at the Florida manufacturing facility.
- The \$2 million investment digital experience www.yowieworld.com was launched in February 2014 with Apple and Android apps. Three games will be available for download in March.

Yowieworld.com is free and has been designed to add value to the Yowie confectionery purchase by bringing the Yowie collectables to life through games, quizzes and interactive sticker books. It soon will also provide “live” online connection to endangered animals in zoos, aquariums and wildlife parks. Yowie Word provides the opportunity to learn more about the protection of endangered animals and their threats of extinction.

This new website supports the Yowie strategic brand mission to help “Save the Natural World” and the Yowie core brand proposition that is “Play and Learn”.



DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Yowie Group Ltd, the directors of the company declare that:

1. The financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

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

Wayne Loxton
Chairman

28 February 2014

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Yowie Group Ltd

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Yowie Group Ltd, which comprises the consolidated statement of financial position as at 31 December 2013, 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 half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Yowie Group Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, 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 review report.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Yowie Group Ltd is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink. The word 'BDO' is written in a simple, blocky font. Below it, the name 'Brad McVeigh' is written in a cursive, handwritten style.

Brad McVeigh
Director

Perth, 28 February 2014