

Quarterly Activities Report for the Period to 30 June 2014

Operations

During the June quarter:

- 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;
- Yowie North America (YNA) network of distribution centres have been expanded to include centres in Georgia, Illinois, Florida and Texas in preparation of shipping to retailer distribution centres in the September quarter;
- The company received capsules and packaging materials, including foils, trays cartons, cases and SKU's to produce the forecast Yowie indicated in the March quarter report;
- 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 September 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.

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Sales and Marketing

During the quarter:

- 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.
 - **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 has been received from Sweetie Candy, a small distributor based out of Cleveland.
 - **Summerwinds 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 being finalised.
- A YNA sales team has been established with two experienced sales executives appointed, one for East and one for West Coast coverage respectively.
- 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.

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- 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.
- 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

- 355,000 listed options exercisable at \$0.20 each exercised during the period.
- As at 30 June 2014, the Company held cash reserves of \$8.2 million.

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

Wayne Loxton
Executive Chairman
Yowie Group Ltd

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About Yowie

Yowie Group Ltd is a global brand licensing company specialising in the development of consumer products designed to promote learning, understanding and engagement with the natural world through the adventures and exploits of six endearing Yowie characters. Educating children and adults about the environment and ecology is at the heart of the Yowie proposition.

Yowie Group employs its company-owned intellectual property rights in the outsourcing of the manufacturing and distribution of the Yowie chocolate confectionery product and in the development of a Yowie digital platform and Yowie branded licensed consumer products. The Company's vision for the Yowie brand includes distribution of Yowie product in North America, with further expansion planned into Australia, New Zealand and throughout Asia, where the Yowie brand is known and brand equity remains strong, even with the brand not having been active in the market for around eight years. Expansion into Europe and the Middle East are key strategic priorities for a second-stage brand rollout.

Yowie Group Ltd was first listed on the Australian Securities Exchange www.asx.com.au in December 2012 under code name 'YOW'. The Company's registered head office is in Perth, Western Australia.

For more information go to www.yowiegroup.com

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Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

YOWIE GROUP LTD

ABN

98 084 370 669

Quarter ended ("current quarter")

30 June 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from customers	10	10
1.2 Payments for (a) staff costs	(54)	(54)
(b) advertising and marketing	(141)	(219)
(c) research and development	-	-
(d) leased assets	-	-
(e) other working capital ¹	(2,724)	(7,467)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	30	75
1.5 Interest and other costs of finance paid	-	(1)
1.6 Income taxes paid	-	-
1.7 Other (royalty income)	5	15
Net operating cash flows	(2,874)	(7,641)

¹ Includes \$1,441k purchases of raw materials and manufacturing costs for the current quarter and \$3,459k year to date.

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

	Current quarter \$A'000	Year to date (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	(2,874)	(7,641)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property (product development)	(116)	(678)
(d) physical non-current assets	(339)	(579)
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
Net investing cash flows	(455)	(1,257)
1.14 Total operating and investing cash flows	(3,329)	(8,898)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	71	14,632
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (capital raising costs)	(5)	(672)
Net financing cash flows	66	13,960
Net increase / (decrease) in cash held	(3,263)	5,062
1.21 Cash at beginning of quarter/year to date	11,532	3,222
1.22 Exchange rate adjustments to item 1.21	(23)	(38)
1.23 Cash at end of quarter	8,246	8,246

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

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

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	180
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions	
	Payments include: <ul style="list-style-type: none"> • Payments of directors' fees and consulting fees to directors 	

Non-cash financing and investing activities

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

None

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

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

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

+ See chapter 19 for defined terms.

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

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	2,996	11,532
4.2	Deposits at call	5,250	-
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)		8,246	11,532

Acquisitions and disposals of business entities

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

+ See chapter 19 for defined terms.

Compliance statement

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

Sign here: N J Bassett
(Company Secretary)

Date: 30 July 2014

Print name: Mr Neville Bassett

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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