

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 2012

Previous corresponding period: Half-year ended 31 December 2011

2. Results for announcement to the market

\$A'000

2.1	Revenue from ordinary activities	down	93%	to	6
2.2	Loss from ordinary activities after tax attributable to members	up	197%	to	(395)
2.3	Net loss for the period attributable to members	up	218%	to	(437)

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	0.06	0.04

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

On 14 December 2012, the Company acquired 100% of the issued capital of Yowie Enterprises Pty Limited and its subsidiary Yowie North America Inc. Yowie Enterprises Pty Limited and its subsidiary contributed \$89,244 loss to the Group's consolidated profit from ordinary activities during the period. Yowie Enterprises Pty Limited and its subsidiary reported an operating loss after tax for the half-year ended 31 December 2011 of \$Nil.

On 31 October 2012, the directors of subsidiary company Ocean Premium Seafood Pty Ltd applied to the Australian Securities and Investments Commission to voluntarily deregister the company. The application was not completed as at 31 December 2012. Deregistration was completed on 3 January 2013. Ocean Premium Seafood Pty Ltd contributed \$1,549 loss to the Group's consolidated loss during the period.

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 subsidiary

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.



ABN 98 084 370 669

HALF-YEAR FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

31 DECEMBER 2012

Yowie Group Limited ABN 98 084 370 669 and Controlled Entities
Interim Financial Report for the Half-Year `Ended 31 December 2012

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half-year ended 31 December 2012.

Directors

The names of directors who held office during or since the end of the half-year:

Mr Keith Phillip Hudson (appointed 29 Oct 2012)	Mr Mark Avery (appointed 29 Oct 2012)
Mr Louis Niederer (appointed 29 Oct 2012)	Ms Patricia Fields (appointed 29 Oct 2012)
Mr Greg O'Reilly (continuing)	Mrs Nadine Donovan (resigned 29 Oct 2012))
Mr William Witham (resigned 29 Oct 2012))	

Review of Operations

Corporate

During November/December 2012 the Company successfully finalised its Public Offer raising \$2.7m and was readmitted to official quotation as Yowie Group Ltd on 21 December 2012. As detailed in its Quarterly Report the Company had A\$2.5m in cash at bank as at 31 December 2012.

Operations

During the latter part of the year, Yowie Group Ltd:

- Established and commenced development of the range of collectable inclusions comprising all six Yowie characters and the first eighteen (18) release inclusion animals and the leaflet insert.
- Commenced testing for the standards of inclusion safety, quality and social compliance with a recognised global leader in registration and certification services.
- Progressed the finalisation of display carton design and negotiation of manufacturing agreement.
- Progressed the finalisation of product tray design and negotiation of manufacturing agreement.
- Continued with the finalisation of individual character foil designs for each Yowie and negotiated a manufacturing agreement.
- Installed a confectionery production line at Whetstones Chocolates facility in, Florida this includes the completion of moulds and tooling, assembly, wiring and pre installation testing.
- Advanced the construction of the unique confectionery wrapping machine by Wilhelm Rasch GmbH & Co. KG, Koln Germany, testing with foil and capsule and preparing for shipping.

Marketing

In conjunction with the progressing of the operational aspects of the business, the Company determined distribution parameters, recommended retail pricing, sales and marketing, and the scope of distribution with Ferrara Candy Co. Chicago USA for North America markets.

There were also continued negotiations with a confectionery distributor in relation to the reintroduction into the Australian/New Zealand markets.

Yowie Group Limited ABN 98 084 370 669 and Controlled Entities
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DIRECTORS' REPORT

The Company also redeveloped the creative for the Yowie Kingdom, core character animation and style guide with a leading animation studio.

The planning for following was also commenced:

- Digital strategy including a Yowie mobile/tablet gaming App that uses technology to create a significant competitive advantage for Yowie.
- Social and traditional media campaign including Facebook, Twitter and Instagram.
- Public Relations campaign to generate reviews, trade stories and consumer media coverage.
- Consumer Hotline to engage consumers quickly and bring the brand to life.
- Licensing strategy for the release of publications and other consumer products.

Events after the End of the Period

After the close of the half year, the Company became in receipt of a 249D & 203D notice for the calling of General Meeting of members calling for the following resolutions:

- Appointment of Mr Wayne Gregory Loxton as a Director.
- Removal of Mr Louis Niederer as a Director.
- Removal of Mr Keith Phillip Hudson as a Director.
-

Subsequent to the above, the Company also received an additional 249D & 203D notice for the calling of General Meeting of members calling for the following resolutions:

- Removal of Mr Greg O'Reilly as a Director.
- Removal of Mr Mark Avery as a Director.
- Removal of Ms Patricia Fields as a Director.

The Company has called this meeting to be held on 19 March 2013.

The above events and the potential for a change in the control of the company have impacted on the company's business in the USA at a critical time and as a consequence;

- The manufacturing and supply parties in the USA and China have put the project on hold until after the shareholders meeting on the 19th March 2013;
- The launch date for the Yowie product in the USA will be delayed;
- The company's ability to achieve the key operational milestones outlined in the prospectus will be challenged.

Rounding of Amounts

The consolidated group has applied the relief available to it in ASIC Class Order 98/100 and accordingly certain amounts in the financial report and the directors' report have been rounded off to the nearest \$1,000.

Yowie Group Limited ABN 98 084 370 669 and Controlled Entities
Interim Financial Report for the Half-Year Ended 31 December 2012

DIRECTORS' REPORT

Auditor's Independence Declaration

The lead auditor's independence declaration under s 307C of the *Corporations Act 2001* is set out on page 5 the half-year ended 31 December 2012.

Patricia Fields

Signed in accordance with a resolution of the directors.

A handwritten signature in blue ink that reads "P. Fields". The signature is written in a cursive style with a horizontal line above the first few letters.

Patricia Fields

Dated this 28th day of February 2013

28 February 2013

The Board of Directors
Yowie Group Ltd
Unit 9B, 431 Roberts Road
SUBIACO WA 6008

Dear Board Members

Auditor's Independence Declaration under section 307C of the *Corporations Act 2001*

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

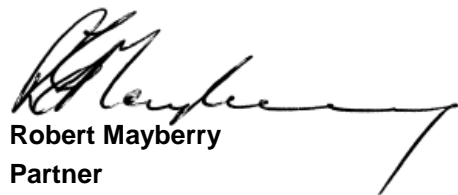
As lead audit partner for the review of the financial statements of Yowie Group Ltd for the half year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) any applicable code of professional conduct in relation to the review.

Yours sincerely



Nexia Court & Co
Chartered Accountants



Robert Mayberry
Partner

Sydney

Yowie Group Limited ABN 98 084 370 669 and Controlled Entities
Interim Financial Report for the Half-Year Ended 31 December 2012

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE HALF-YEAR ENDED
31 DECEMBER 2012**

	Note	Consolidated Group	
		31/12/2012	31/12/2011
		\$	\$
Revenue			
Interest income		6,969	580
Other income		-	80,000
Employee benefits expense		-	-
Depreciation and amortisation expense		(5,605)	-
Finance costs		-	-
Impairment of property, plant and equipment		-	-
Administrative expenses		(394,547)	(82,238)
Loss before income tax		(393,183)	(1,658)
Income tax expense		-	-
Loss from continuing operations		(393,183)	(1,658)
(Loss)/Profit from discontinued operations	2	(1,549)	-
Loss for the period		(394,732)	(1,658)
Net loss attributable to:			
- members of the parent entity		(395,208)	(1,620)
- non-controlling interest		476	(38)
		(394,732)	(1,658)
Earnings per share			
From continuing and discontinued operations:			
- basic loss per share (cents)		(0.04)	0.00
- diluted loss per share (cents)		(0.04)	0.00
From continuing operations:			
- basic loss per share (cents)		(0.04)	0.00
- diluted loss per share (cents)		(0.04)	0.00

The accompanying notes form part of these financial statements.

Yowie Group Limited ABN 98 084 370 669 and Controlled Entities
Interim Financial Report for the Half-Year Ended 31 December 2012

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED
31 DECEMBER 2012**

	Consolidated Group	
Note	31/12/2012	31/12/2011
	\$	\$
Loss for the period	(394,732)	(1,658)
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Net gain on revaluation of land and buildings	-	-
Share of other comprehensive income of associates and joint ventures	-	-
Income tax relating to items that will not be reclassified	-	-
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the period, net of tax	8 (41,852)	-
Total comprehensive income for the period	<u>(436,584)</u>	<u>(1,658)</u>
Total comprehensive income attributable to:		
– members of the parent entity	(437,060)	(1,620)
– non-controlling interest	476	(38)
	<u>(436,584)</u>	<u>(1,658)</u>

The accompanying notes form part of these financial statements.

Yowie Group Limited ABN 98 084 370 669 and Controlled Entities
Interim Financial Report for the Half-Year `Ended 31 December 2012

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

	Consolidated Group	
	31/12/2012	30/06/2012
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	2,476,101	63,624
Trade and other receivables	-	1,126
Other financial assets	-	-
Other assets	511,190	5,218
TOTAL CURRENT ASSETS	2,987,291	69,968
NON-CURRENT ASSETS		
Property, plant and equipment	794,717	-
Deferred tax assets	-	-
Intangible assets	5,637,717	-
Other financial assets	-	-
TOTAL NON-CURRENT ASSETS	6,432,434	-
TOTAL ASSETS	9,419,725	69,968
 LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	413,129	17,301
Borrowings	37,567	-
Other financial liabilities	-	-
TOTAL CURRENT LIABILITIES	450,696	17,301
TOTAL LIABILITIES	450,696	17,301
NET ASSETS	8,969,029	52,667
 EQUITY		
Issued capital	9,227,946	-
Reserves	1,507,381	1,424,233
Retained earnings	(1,766,298)	(1,371,090)
Parent entity interest	8,969,029	53,143
Non-controlling interest	-	(476)
TOTAL EQUITY	8,969,029	52,667

The accompanying notes form part of these financial statements.

Yowie Group Limited ABN 98 084 370 669 and Controlled Entities
Interim Financial Report for the Half-Year Ended 31 December 2012

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2012

Consolidated Group	Note	Ordinary Share Capital \$	Retained Earnings \$	Reserve/s \$	Non- controlling Interests \$	Total \$
Balance at 1 July 2011		-	(1,305,526)	1,424,233	57	118,764
Comprehensive income						
Loss for the period			(1,620)	-	(38)	(1,658)
Other comprehensive income for the period	8					
Total comprehensive income for the period		-	(1,620)	-	(38)	(1,658)
Transactions with owners, in their capacity as owners, and other transfers						
Dividends recognised for the period	3	-	-	-	-	-
Total transactions with owners and other transfers		-	-	-	-	-
Balance at 31 December 2011		-	(1,307,146)	1,424,233	19	117,106
Balance at 1 July 2012		-	(1,371,090)	1,424,233	(476)	52,667
Comprehensive income						
Loss for the period		-	(395,208)	-	476	(394,732)
Other comprehensive income for the period	8	-	-	(41,852)	-	(41,852)
Total comprehensive income for the period		-	(395,208)	(41,852)	476	(436,584)
Transactions with owners, in their capacity as owners, and other transfers						
Shares issued during the period	9	9,227,946	-	-		9,566,771
Net Share based payments	9	-	-	125,000		125,000
Dividends recognised for the period	3	-	-	-		-
Total transactions with owners and other transfers		9,227,946	-	125,000	-	9,352,946
Balance at 31 December 2012		9,227,946	(1,766,298)	1,507,381	-	8,969,029

Yowie Group Limited ABN 98 084 370 669 and Controlled Entities
Interim Financial Report for the Half-Year Ended 31 December 2012

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED
31 DECEMBER 2012**

	Note	Consolidated Group	
		31/12/2012	31/12/2011
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		-	-
Payments to suppliers and employees		(238,577)	(83,866)
Other income		-	-
Interest received		6,969	580
Net cash (used in)/provided by operating activities		(231,608)	(83,286)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of non-current assets			
Purchase of non-current assets		-	-
Payment for subsidiary, net of cash acquired	4	23,526	-
Net cash provided by investing activities		23,526	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	9	4,824,340	-
Proceeds from borrowings		-	-
Repayment of borrowings		(2,203,781)	-
Dividends paid		-	-
Net cash provided by financing activities		2,620,559	-
Net increase in cash held		2,412,477	(83,286)
Cash and cash equivalents at beginning of period		63,624	191,980
Cash and cash equivalents at end of period		2,476,101	108,694

The accompanying notes form part of these financial statements.

Yowie Group Limited ABN 98 084 370 669 and Controlled Entities
Interim Financial Report for the Half-Year Ended 31 December 2012

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose interim financial statements for half-year reporting period ended 31 December 2012 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Yowie Group Ltd and its controlled entities (referred to as the "consolidated group" or "group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2012, together with any public announcements made during the following half-year. Announcements made during the period were published under both the current trading name Yowie Group Limited and the former company name GSF Corporation Limited.

Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except in relation to the matters discussed below.

Going concern

The Company's accounts to 31 December 2011 and 30 June 2012 were prepared on a liquidation basis over concerns relating to potential cash insufficiency and ability of the Company to continue as a going concern pending successful capital raising from the prospectus issued 9 October 2012. Implementation of this liquidation accounting policy resulted in all assets and liabilities classified as current, and assets were recorded at their recoverable amount.

The capital raised from the prospectus exceeded the minimum required uptake and the acquisition of Yowie Enterprises Pty Ltd was completed..

During the half year ended 31 December 2012 the consolidated entity has experienced losses of \$394,732 (2011: loss \$1,658) and net cash outflows from operating activities of \$231,608. Management have prepared cash flow forecasts for the next twelve months which indicate that the consolidated entity will require additional capital funding before production will yield positive cash flows from operations.

The continuing viability of the consolidated entity and its ability to continue as a going concern is dependent upon the consolidated entity being successful in its efforts to bring its products to market and accessing additional sources of capital through share placements.

As a result there is significant uncertainty whether the consolidated entity will continue as a going concern and, therefore, whether it will realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report. However, the directors believe that the consolidated entity will be successful in the above matters and, accordingly, have prepared the financial report on a going concern basis.

Yowie Group Limited ABN 98 084 370 669 and Controlled Entities
Interim Financial Report for the Half-Year Ended 31 December 2012

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amount and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern. At this time, the directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report at 31 December 2012.

Income Tax

The Group has not recognised any deferred tax assets in this interim reporting period as manufacture and distribution of products has not yet commenced and future tax profits are therefore still considered uncertain. This policy is unchanged from the June 2012 annual report.

Critical Accounting Estimates and Judgments

The critical estimates and judgments are consistent with those applied and disclosed in the June 2012 annual report.

New and Revised Accounting Requirements Applicable to the Current Half-year Reporting Period

Presentation of Items of Other Comprehensive Income

The Group adopted AASB 2011–9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income on 1 July 2012. AASB 2011–9 is mandatorily applicable from 1 July 2012 and amends AASB 101: Presentation of Financial Statements.

AASB 2011–9 amends the presentation requirements of other comprehensive income. It requires items of other comprehensive income to be grouped between:

- items that will not be reclassified subsequently to profit or loss; and
- those that will be reclassified subsequently to profit or loss when specific circumstances occur.

It also requires, when items of other comprehensive income are presented before the related tax effects with a single amount shown for the aggregate amount of income tax relating to those items, the amount of tax effect to be allocated between:

- items that will not be reclassified subsequently to profit or loss; and
- those that might be reclassified subsequently to profit or loss.

AASB 2011–9 also amends AASB 101 to change the title “income statement” to “statement of profit or loss” under the two-statement approach. Although other titles are also permitted, the Group has decided to use the title “statement of profit or loss”.

The adoption of AASB 2011–9 only changed the presentation of the Group’s financial statements and did not have any impact on the amounts reported for the current period or for any prior period in the Group’s financial statements.

Yowie Group Limited ABN 98 084 370 669 and Controlled Entities
Interim Financial Report for the Half-Year Ended 31 December 2012

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 2: RESULTS FOR THE PERIOD

Consolidated Group	
31/12/2012	31/12/2011
\$	\$

The following revenue and expense items are relevant in explaining the financial performance for the interim period:

Net loss on the disposal of investment in controlled entity	(1,549)
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During the period, the Directors applied for the deregistration of 51% owned associate Ocean Premium Seafood Pty Ltd. The Group's loss on closure of this business is reflected above.

NOTE 3: DIVIDENDS

Consolidated Group	
31/12/2012	31/12/2011
\$	\$

No dividends have been paid or declared since the beginning of the financial year.	-
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NOTE 4: BUSINESS COMBINATIONS

On 14 December 2012, the Group acquired 100% of the issued capital of Yowie Enterprises Pty Limited, a manufacturer of chocolate and toy combination products.

The acquisition is part of the Group's new strategy to reintroduce the Yowie chocolate products to Australian and international markets.

Through acquiring 100% of the issued capital of Yowie Enterprises Pty Limited, the Group has obtained control of the company and its subsidiary company Yowie North America Inc, a company registered in Florida USA.

The purchase was satisfied by the issue of 22,989,353 ordinary shares and the issue of 11,494,677 options. The issue price was based on the prospectus subscription price of shares of \$0.20 and the terms and conditions attaching to the options are consistent with the terms offered to subscribers of the Company's capital raising prospectus of 9 October 2012.

		Fair Value
		\$
Purchase consideration:		
–	cash	-
–	equity issued	4,597,871
		4,597,871

Yowie Group Limited ABN 98 084 370 669 and Controlled Entities
Interim Financial Report for the Half-Year `Ended 31 December 2012

NOTE 4: BUSINESS COMBINATIONS

Less:

Cash and financial assets	2,495,776
Other Assets	496,096
Patents and Licences	5,594,177
Property, Plant and Equipment	824,761
Trade and Other Payables	(68,725)
Other Financial Liabilities	<u>(4,744,214)</u>
Identifiable assets acquired and liabilities assumed	<u>4,597,871</u>

Outflow of cash to acquire subsidiary, net of cash acquired

Purchase consideration settled in cash -

Less: Balances acquired 2,495,776

Net inflow of cash – investing activities **2,495,776**

Yowie Group Limited ABN 98 084 370 669 and Controlled Entities
Interim Financial Report for the Half-Year Ended 31 December 2012

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 4: BUSINESS COMBINATIONS

- (i) The directors believe the receivables are fully recoverable and no provision for impairment is required.
- (ii) The goodwill is attributable to Yowie Enterprises Pty Limited and Yowie North America Inc's ownership of patents, licences and contracts enabling manufacture and sale of Yowie chocolate products which have a prior strong retail position in Australia and internationally.

No amount of the goodwill is deductible for tax purposes.

Losses and revenue resulting from the acquisition of Yowie Enterprises Pty Limited and Yowie North America Inc amounting to (\$89,244) and \$6,174 respectively are included in the consolidated statement of comprehensive income for the half-year ended 31 December 2012.

Had the results relating to Yowie Enterprises Pty Limited and Yowie North America Inc been consolidated from 1 July 2012, consolidated revenue of the consolidated group would have been \$21,597 and consolidated loss of the consolidated group would have been (\$816,123) for the half-year ended 31 December 2012.

Included within administration expenses in the statement of comprehensive income are acquisition-related costs totalling \$127,815. The costs include advisory, legal, accounting and other professional fees.

Yowie Enterprises Pty Ltd had a deferred tax asset of \$46,230 on acquisition. The Yowie Group income tax policy is not to reflect the deferred tax asset until future profits are certain. No amount of the deferred tax asset is recorded but this will be reviewed and measured as future profits become certain.

No contingent liabilities exist from the acquisition of Yowie Enterprises Pty Ltd and its subsidiary. Financial commitments are disclosed in Note 6.

NOTE 5: OPERATING SEGMENTS

The Group has no material segments to report.

NOTE 6: CONTINGENT LIABILITIES AND COMMITMENTS

There has been no change in contingent liabilities since the last annual reporting period.

The acquisition of equipment for the manufacture of Yowie chocolates was completed during the period including some prepayment of production costs with Whetstone Chocolate Factory Inc. The agreements with H M Whetstone include a commitment to a minimum licence fee based on product sales and a minimum patent exclusivity fee payable annually until 31 December 2027.

Minimum Licence Fees Payable	\$
Within one year	150,000
One to five years	7,300,000
More than five years	6,000,000

Yowie Group Limited ABN 98 084 370 669 and Controlled Entities
Interim Financial Report for the Half-Year Ended 31 December 2012

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 7: EVENTS AFTER THE END OF THE INTERIM PERIOD

Other than the following, the directors are not aware of any significant events since the end of the interim period.

On 24 January 2013 the Company received a request from shareholders holding greater than 5% of shares to convene a shareholders meeting to consider that Mr Louis Niederer and Mr Keith Phillip Hudson be removed as directors, and Mr Wayne Gregory Loxton be appointed as director.

On 31 January 2013 the Company received a request from shareholders holding greater than 5% of shares to convene a shareholders meeting to consider that Mr Greg O'Reilly, Mr Mark William Avery and Ms Patricia Fields be removed as directors.

A general meeting has been arranged for 19 March 2013 for shareholders to consider and vote on these resolutions. From 12 February and until the 19 March general meeting per public announcement, Ms Patricia Fields will act as Chairperson and all other directors are non-executive directors.

As per public announcements, the ASX suspended trading in the Company's shares temporarily in January and February 2013 under Listing Rule 17.3. The matters of concern were resolved promptly to the satisfaction of the ASX and shares reinstated to official quotation.

The above events and the potential for a change in the control of the company have impacted on the company's business in the USA at a critical time and as a consequence;

- The manufacturing and supply parties in the USA and China have put the project on hold until after the shareholders meeting on the 19th March 2013;
- The launch date for the Yowie product in the USA will be delayed;
- The company's ability to achieve the key operational milestones outlined in the prospectus will be challenged.

NOTE 8: ANALYSIS OF OTHER COMPREHENSIVE INCOME

	Consolidated Group	
	31/12/2012	31/12/2011
	\$	\$
Analysis of items of other comprehensive income by each class of reserve:		
Revaluation surplus		
Net loss on foreign exchange translation	(41,852)	-
Income tax effect	-	-
Total other comprehensive income for the period	(41,852)	-

As per Income Tax accounting policy outlined in Note 1, no income tax effect has been applied to the items of comprehensive income.

Yowie Group Limited ABN 98 084 370 669 and Controlled Entities
Interim Financial Report for the Half-Year Ended 31 December 2012

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 9: CONTRIBUTED EQUITY, RESERVES AND SHARE-BASED PAYMENTS

Consolidated Group

Issued Capital

Movements in issued capital for the period

	31/12/2012	31/12/2011
	\$	\$
Issued Capital start of period	21,818,671	21,818,671
Losses of prior years offset against issued capital	(21,818,671)	(21,818,671)
Capital raised GSF Prospectus – issued for cash	2,765,500	-
Capital raised Yowie Enterprises Information Memorandum – issued for cash	2,203,400	-
Shares issued acquisition Yowie Enterprises (Note 4)	4,597,871	-
Less: Transaction costs arising on share issue*	(338,825)	-
Issued Capital end of period	9,227,946	-

Consolidated Group

Issued Capital

Movements in issued capital for the period

	31/12/2012	31/12/2011
	No. of shares	No. of shares
Issued Capital start of period	453,424,164	453,424,164
Share Reconstruction 150:1	(450,400,732)	-
Share based payment	625,000	-
Capital raised GSF Prospectus	13,827,500	-
Capital raised Yowie Enterprises Information Memorandum	13,771,250	-
Shares issued acquisition Yowie Enterprises	22,989,353	-
Issued Capital end of period	54,236,535	453,424,164

*Included in transaction costs is \$125,000 of share based payments for promoter services. Further, \$69,264 of transaction costs remained unpaid at period-end. The share based payment made to promoters for services in relation to the capital raising prospectus was 625,000 shares valued at \$0.20 = \$125,000.

Yowie Group Limited ABN 98 084 370 669 and Controlled Entities
Interim Financial Report for the Half-Year Ended 31 December 2012

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

		Consolidated Group	
Options			
Movements in issued capital for the period			
	31/12/2012	31/12/2011	
	Quantity	Quantity	
Options start of period	-	75,000,000	
Expired	-	(75,000,000)	
Share based payment	2,005,000	-	
Capital raised GSF Prospectus	6,913,750	-	
Capital raised Yowie Enterprises Information Memorandum	6,885,625	-	
Options issued acquisition Yowie Enterprises	11,494,677	-	
Options end of period	<u>27,299,052</u>	<u>-</u>	

The directors have assigned the options a value of \$Nil as the strike price exceeds the share value and the options are currently unlisted and non-tradeable. As such the option premium reserve has no movement for the year. The value of options will be monitored and an amount recognised when it is likely that options may be exercised.

		Consolidated Group	
Reserves			
Movements in Reserves for the period			
	31/12/2012	31/12/2011	
	\$	\$	
Foreign Currency Translation Reserve	(41,852)	-	
Option Premium Reserve	1,424,233	1,424,233	
Share-based payments	125,000	-	
Reserves at end of period	<u>1,507,381</u>	<u>1,424,233</u>	

Share-based payments represent 625,000 shares issued to prospectus promoter service providers at market value per prospectus of \$0.20 per share.

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Interim Financial Report for the Half-Year `Ended 31 December 2012

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 10: RELATED PARTY TRANSACTIONS/KEY MANAGEMENT PERSONNEL

Changes to officeholders during the interim period are set out in the Directors' Report. Key management personnel during the interim period and as at the date of this report are:-

- Mr Louis Niederer – Chairman/Non-Executive Director
- Mr Keith Phillip Hudson – Non-Executive Director
- Mr Mark Avery – Non-Executive Director
- Mr Greg O'Reilly – Non-Executive Director
- Ms Patricia Fields – Non-Executive Director/Chairperson
- Ms Nadine Donovan – Non-Executive Director (retired)
- Mr William Witham – Non-Executive Director (retired)

Compensation of key management personnel during the interim period	31/12/2012	31/12/2011
	\$	\$
Short-term employee benefits	110,000	(80,000)
Post-employment benefits	-	-
Long-term employee benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
Total	110,000	(80,000)

The GSF directors were not paid during the year ended 30 June 2012 or until a suitable project was introduced to the Company and the directors fees accrual made in 2011 was reversed. The director fee payment criterion was met with the Yowie Enterprises Pty Ltd acquisition. An amount of \$80,000 is accrued as owing to ex GSF directors to be paid in cash or equivalent share-based payment.

Equity instrument disclosures regarding Key management personnel and their related parties:-

Share holdings

Name	Balance 1 July 2012	Share Reconstruction (150:1)	Shares issued to directors as vendors in acquisition Yowie Enterprises Pty Ltd	Balance 31 December 2012
Mr L Niederer	-	-	-	-
Mr K P Hudson	-	-	12,709,353	12,709,353
Mr M Avery	-	-	1,350,000	1,350,000
Mr G O'Reilly	2,760,000	(2,741,600)	-	18,400
Ms P Fields	-	-	300,000	300,000
Ms N Donovan	-	-	-	-
Mr W Witham	-	-	-	-

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Name	Balance 1 July 2011	Share Reconstruction (150:1)	Shares issued to directors as vendors in acquisition Yowie Enterprises Pty Ltd	Balance 31 December 2011
Mr G O'Reilly	2,760,000	-	-	2,760,000
Ms N Donovan	-	-	-	-
Mr W Witham	-	-	-	-

Equity instrument disclosures regarding Key management personnel and their related parties:-

Option holdings

Name	Balance 1 July 2012	Expired	Options issued to directors as vendors in acquisition Yowie Enterprises Pty Ltd	Balance 31 December 2012
Mr L Niederer	-	-	-	-
Mr K P Hudson	-	-	6,354,677	6,354,677
Mr M Avery	-	-	675,000	675,000
Mr G O'Reilly	-	-	-	-
Ms P Fields	-	-	150,000	150,000
Ms N Donovan	-	-	-	-
Mr W Witham	-	-	-	-

Options granted as remuneration to directors relate to services provided during the Yowie Enterprises Pty Ltd acquisition.

Name	Balance 1 July 2011	Expired	Granted as remuneration	Balance 31 December 2011
Mr G O'Reilly	-	-	-	-
Ms N Donovan	-	-	-	-
Mr W Witham	-	-	-	-

Total remuneration from the Group to related parties in the interim period including directors as reported above was \$110,000. In 2011 total remuneration was (\$80,000).

Yowie Group Limited ABN 98 084 370 669 and Controlled Entities
Interim Financial Report for the Half-Year Ended 31 December 2012

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, as set out on pages 6 to 20, 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 2012 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.

Signed in accordance with a resolution of the directors.



Patricia Fields

Dated this 28th Day of February 2013

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF YOWIE GROUP LTD**

We have reviewed the accompanying half-year financial report of Yowie Group Ltd, which comprises the Statement of Financial Position as at 31 December 2012, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising Yowie Group Ltd (the Company) and the entities it controlled at the period's end or from time to time during the half year.

Directors' Responsibility for the Interim 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 interim 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 2012 and its performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As 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 interim 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*.

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 and controlled entities is not in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of consolidated entity's financial position as at 31 December 2012 and of its performance for the year ended on that date; and
- ii. complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Nexia Court & Co

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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF YOWIE GROUP LTD
(CONTINUED)**

Emphasis of matter regarding continuation as a going concern

Without qualifying our opinion, we draw attention to Note 1 in the financial report which indicates that the consolidated entity incurred operating losses of \$394,732 during the half year ended 31 December 2012 (2011: loss \$1,658) and net cash outflows from operating activities of \$231,608. Management have prepared cash flow forecasts for the next twelve months which indicate that the consolidated entity will require additional capital funding before production will yield positive cash flows from operations. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.



**Nexia Court & Co
Chartered Accountants**



Robert Mayberry

Partner

28 February 2013

Sydney