YOWIE GROUP LTD

(formerly GSF Corporation Limited)

ABN 98 084 370 669

ANNUAL REPORT

FOR THE YEAR ENDED

30 JUNE 2013

CONTENTS

COMPANY DIRECTORY

DIRECTORS:	Mr Wayne Loxton Mr Mark Avery Ms Patricia Fields
COMPANY SECRETARY:	Mr Jerry Monzu
REGISTERED AND PRINCIPAL OFFICE:	Suite B9, 431 Roberts Road, Subiaco WA 6008 Telephone: (08) 9287 4600 Facsimile: (08) 9287 4655
AUDITORS:	BDO Audit (WA) Pty Ltd 38 Station Street Subiaco WA 6008
SOLICITORS:	Steinepreis Paganin Level 4, Next Building 16 Milligan Street Perth WA 6000
SHARE REGISTRY:	Link Market Services Limited Ground Floor 178 St Georges Terrace Perth WA 6000 Telephone: 1300 554 474 or +61 8280 7111
BANKERS:	Westpac Banking Corporation Subiaco Branch, Cnr Rokeby and Barker Road, Subiaco WA 6008
ABN:	98 084 370 669
DOMICILE AND COUNTRY OF INCORPORATION:	Australia
LEGAL FORM OF ENTITY:	Listed Public Company

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 2013.

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 *(appointed 19 March 2013)*

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. Wayne 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 incorporated overseas assignments in North America, South Africa, Togo, Nigeria, Ghana, Philippines, Indonesia, Papua New Guinea, Zimbabwe and Fiji.

Mr Loxton is currently a director of ASX listed Gleneagle Gold Limited.

Mr Mark Avery

Executive Director – Chief Operating Officer *(appointed director of GSF Corporation Limited on 29 October 2012, became a director of the Group on the acquisition date of 14 December 2012)*

Qualifications: GAICD, MBA (Entrepreneurship and Innovation)

Mr Avery is a former CEO of AEG ThemeSTAR (AEGTS), a division of Anschutz Entertainment Group who operate 100+ venues globally with revenues of $1billion annually. His has 30 years' experience in global operations (44 countries and 17 languages) of leveraging Entertainment Intellectual Property.

Mr Avery currently holds no other directorships of ASX listed entities.

Ms Patricia Fields

Non-Executive Director *(appointed director of GSF Corporation Limited on 29 October 2012, became a director of the Group on the acquisition date of 14 December 2012)*

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, and she has 20+ years commercial and brand experience in FMCG industries and was an Ex Global Director for Cadbury Schweppes Plc.

Ms Fields currently holds no other directorships of ASX listed entities.

Mr Bob Watson

Independent Non-Executive Director *(appointed 8 April 2013, resigned 13 September 2013)*

Mr Phil Hudson

Executive Director *(appointed director of Yowie Enterprises Pty Ltd on 13 December 2011, appointed director of GSF Corporation Limited on 29 October 2012, became a director of the Group on the acquisition date of 14 December 2012, resigned 19 March 2013)*

Mr Louis Niederer

Independent Non-Executive Director *(appointed director of GSF Corporation Limited on 29 October 2012, became a director of the Group on the acquisition date of 14 December 2012, resigned 19 March 2013)*

Mr Greg O'Reilly

Independent Non-Executive Director *(appointed director of GSF Corporation Limited on 8 July 2009, became a director of the Group on the acquisition date of 14 December 2012, resigned 8 April 2013)*

Directorships of other listed companies during the past three years

Name	***Company***	***Commenced***	***Ceased***
Mr W Loxton	Gleneagle Gold Limited	April 2010	-
Mr M Avery	No other directorships	-	-
Ms P Fields	No other directorships	-	-

Equity instrument disclosures relating to Directors of Yowie Group Ltd

Option holdings

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

2013

Name	Balance at start of year	Granted during year as remuneration	Exercised during year	Other changes during year	Balance at end of year	Options Vested and exercisable at end of year
	Number	Number	Number	Number	Number	Number
Mr W Loxton[1]	-	2,400,000	-	3,050,000	5,450,000	4,050,000
Mr M Avery[2]	-	2,400,000	-	675,000	3,075,000	1,675,000
Ms P Fields[2]	-	2,400,000	-	150,000	2,550,000	1,150,000
Mr B Watson[3]	-	2,400,000	-	2,250,000	4,650,000	3,250,000
Mr P Hudson[4]	-	-	-	-	-	-
Mr L Niederer[5]	-	-	-	-	-	-
Mr G O'Reilly[6]	-	-	-	-	-	-
Total	**-**	**9,600,000**	**-**	**6,125,000**	**15,725,000**	**10,125,000**

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

2012 (Yowie Enterprises Pty Ltd)

There were no options on issue during the year ended 30 June 2012.

Share holdings

As at the date of this report the Directors (including their personally related parties) held the following ordinary shares in the Company as set out below. There were no shares granted during the reporting year as compensation.

2013

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[1]	-	-	5,290,667	5,290,667
Mr M Avery[2]	-	-	1,350,000	1,350,000
Ms P Fields[2]	-	-	300,000	300,000
Mr B Watson[3]	-	-	4,500,000	4,500,000
Mr P Hudson[4]	2	-	(2)	-
Mr L Niederer[5]	-	-	-	-
Mr G O'Reilly[6]	-	-	-	-
Total	**2**	**-**	**11,440,665**	**11,440,667**

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 Received 1,999,998 shares in Yowie Enterprises on 14 December 2012. 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, at which time he held 18,400 shares. Resigned on 8 April 2013.

2012 (Yowie Enterprises Pty Ltd)

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 P Hudson[1]	-	-	2	2
Mr K Powell[2]	2	-	(2)	-
Total	**2**	**-**	**-**	**2**

1 Appointed on 13 December 2011

2 Resigned on 19 March 2013

COMPANY SECRETARY

Mr Jerry Monzu

Mr Monzu has over 25 years experience in publicly listed multinational corporations predominantly in the resources and mining sectors. He has previously held senior management positions in companies such as Woodside Energy Limited and Normandy Mining Ltd.

Mr Monzu graduated with a Bachelor of Business (Accounting and Finance) from Curtin University and is a member of CPA Australia and Chartered Secretaries Australia.

CORPORATE STRUCTURE

Yowie Group Ltd is a company limited by shares that is incorporated and domiciled in Australia. The Company has the following subsidiaries:

Entity Name	Domicile	Ownership %	Legal Parent
Yowie Enterprises Pty Ltd	Australia	100	Yowie Group Ltd
Yowie North America Inc	USA	100	Yowie Enterprises Pty Ltd
Yowie Hong Kong Holdings Limited	Hong Kong	100	Yowie Enterprises Pty Ltd
Yowie Hong Kong Enterprises Limited	Hong Kong	100	Yowie Hong Kong Holdings Limited

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 North America with further expansion planned into Australia, New Zealand and the Asia Pacific region.

OPERATING AND FINANCIAL REVIEW

Company overview

During the financial year the Company successfully completed its public offer and raised A$2.7 million. The Company changed its name from GSF Corporation Limited to Yowie Group Ltd (Yowie) and proceeded to acquire all the shares and options in Yowie Enterprises Pty Ltd (ACN 118 998 762). Settlement of the transaction in accordance with the Binding Terms Sheet was announced on 19 December 2012.

Post completion of the transaction, Yowie was readmitted to official quotation on 21 December 2012. Since being readmitted to quotation the Board has been heavily focused on achieving the milestones as set in its Public Offer document.

OPERATING AND FINANCIAL REVIEW (continued)

Company overview (continued)

In the March quarter the Company advised that it had appointed an experienced Executive Chairman, Mr Wayne Loxton, and a Chief Operations Officer, Mr Mark Avery. The appointments reflect the Board's desire to fast-track the Company's push toward initial production of its Yowie Confectionary product by Q1 2014.

Initial trails of the high speed foil wrapping machine were successfully completed in Germany prior to the machine's despatch to the Whetstone Chocolate Factory in the USA, where the Company has installed a production line for the final product assembly prior to product despatch to distributors.

An initial order of the first limited edition creature inclusions has been made and the Company has successfully completed a chocolate sampling survey for its US market campaign. Further, character foil designs and in-store packaging designs have been completed in preparation for the launch of the Yowie confectionary product.

The Board and its management team have actively progressed discussions with a view to appointing key distribution partners for the North American, Australian and New Zealand markets. To further capitalise on the potential of the Yowie brand the Company has shortlisted "best in class" UK and US digital strategy, developers and marketing agencies to bring the Yowie brand to life through the Yowie World mobile app and web platform.

The Board is now focussed on positioning the Company to meet anticipated growth targets in the US, Australian and New Zealand markets in the 2014 calendar year. In order to meet the anticipated output required, the Company requires additional equipment investment for its US manufacturing facility. The Board also identified a need for further funding to meet the demands of a marketing campaign and increased stock inventory for the expanded roll out of its products.

To meet this funding requirement the Board issued a prospectus dated 18 June 2013 to raise up A$5 million. On 2 September 2013 the Company advised shareholders that it had closed the capital raising and had raised A$3.6 million.

Development of the Yowie characters into 3D animated form is in progress, a further and creatively consistent evolution of the original work of Yowie creators Mr Geoff Pike and Mr Bryce Courtenay. A Yowie Style Guide also in development will operate as the new brand bible for the Yowie 3D characters providing guidance and direction for future Yowie brand licensees.

Mr Geoff Saunders worked on the original launch of Yowie and has been reunited with the Yowie brand, having been recruited by Yowie as researcher/writer and editor. Mr Saunders is also currently working on the research and development of a second series of Yowie inclusions.

OPERATING AND FINANCIAL REVIEW (continued)

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 2013 was $2,357,025 (year ended 30 June 2012: $168,215).

As at 30 June 2013 the Group's consolidated cash position was $3,222,041 (30 June 2012: $1,592,696).

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 Company 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.

SHARES UNDER OPTION

As at 30 June 2013 there were 39,399,052 ordinary shares under option (2012: nil) made up of:

Number of options	Terms
29,799,052	Exercise price of 20 cents on or before 15 December 2015
4,000,000	Exercise price of 23 cents on or before 15 December 2015
5,600,000	Exercise price of 28.5 cents on or before 30 June 2017

Shares issued as a result of the exercise of options

No options were exercised during the financial year.

EVENTS SUBSEQUENT TO BALANCE DATE

- On 12 July 2013 the Company advised that it had reached an agreement with a previous director Mr Phil Hudson and that all matters regarding a legal dispute had been resolved.

- On 2 September the Company advised that it had closed its prospectus dated 18 June 2013 and raised A$3.6 million.

- On 13 September the Company reported the resignation of Mr Bob Watson from his position as a non Executive Director of the Board.

LIKELY DEVELOPMENTS

Information on likely developments in the operations of the Company have been detailed within the operating and financial review.

REMUNERATION REPORT (audited)

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

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) *(appointed 19 March 2013)*
- Mr Mark Avery – Executive Director (Chief Operating Officer) *(appointed director of GSF Corporation Limited on 29 October 2012, became a director of the Group on the acquisition date of 14 December 2012)*
- Ms Patricia Fields – Non-Executive Director *(appointed director of GSF Corporation Limited on 29 October 2012, became a director of the Group on the acquisition date of 14 December 2012)*
- Mr Bob Watson – Independent Non-Executive Director *(appointed 8 April 2013, resigned 13 September 2013)*
- Mr Phil Hudson – Executive Director *(appointed director of Yowie Enterprises Pty Ltd on 13 December 2011, appointed director of GSF Corporation Limited on 29 October 2012, became a director of the Group on the acquisition date of 14 December 2012, resigned 19 March 2013)*
- Mr Louis Niederer – Independent Non-Executive Director *(appointed director of GSF Corporation Limited on 29 October 2012, became a director of the Group on the acquisition date of 14 December 2012)*
- Mr Greg O'Reilly – Independent Non-Executive Director *(appointed director of GSF Corporation Limited on 8 July 2009, became a director of the Group on the acquisition date of 14 December 2012, resigned 8 April 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 REPORT (audited) (continued)

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 2013.

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.

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 employee'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 is currently 9.25% of their fees.

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.

Performance-linked remuneration

All employees may receive bonuses and/or share options based on achievement of specific goals related to performance against individual KPIs and to the performance of the Company as a whole as determined by the Directors based on a range of factors. These factors include traditional financial considerations such as operating performance, cash consumption, deals concluded, increase in the market capitalisation of the Company and successful capital raisings and also industry-specific factors. There have been no KPIs set during the year or the prior year and as the Company has changed its strategic direction and has not built stable earnings as yet, there is no link between Company performance and executive 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:

2013

	Short-term benefits			Post-employment	Share-based payments[7]	Total	Proportion related to performance
	Salary and fees	Bonus	Other benefits	Superannuation			
	$	$	$	$	$	$	%
Directors							
Mr W Loxton[1]	85,484	-	-	-	27,047	112,531	-
Mr M Avery[2]	78,387	-	-	-	27,047	105,434	-
Ms P Fields[2]	49,000	-	-	-	27,047	76,047	-
Mr B Watson[3]	-	-	-	-	27,047	27,047	-
Mr P Hudson[4]	160,000	-	-	-	400,000	560,000	-
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

2012 (Yowie Enterprises Pty Ltd)

	Short-term benefits			Post-employment	Share-based payments	Total	Proportion related to performance
	Salary and fees	Bonus	Other benefits	Superannuation			
	$	$	$	$	$	$	%
Directors							
Mr P Hudson[1]	20,000	-	-	-	-	20,000	-
Mr K Powell[2]	-	-	-	-	-	-	-
Total	**20,000**	**-**	**-**	**-**	**-**	**20,000**	-

1 Appointed on 13 December 2011

2 Resigned on 13 December 2011

Share-based compensation value of options issued to Directors and executives

Details of options over ordinary shares in the company provided as remuneration to each director of Yowie Group Ltd are set out below:

Options issued during the financial year to 30 June 2013

The following options were granted on 20 June 2013:

Name	Number of options granted during year	Expiry date	Exercise price (cents)	Value per option at grant date (cents)	Value of options at grant date	Vesting date	Number of options vested during year
Mr W Loxton	1,000,000 1,400,000	15 Dec 2015 30 Jun 2017	23.0 28.5	2.6 2.7	26,030 38,150	20 Jun 2013 30 Jun 2014	1,000,000 -
Mr M Avery	1,000,000 1,400,000	15 Dec 2015 30 Jun 2017	23.0 28.5	2.6 2.7	26,030 38,150	20 Jun 2013 30 Jun 2014	1,000,000 -
Ms P Fields	1,000,000 1,400,000	15 Dec 2015 30 Jun 2017	23.0 28.5	2.6 2.7	26,030 38,150	20 Jun 2013 30 Jun 2014	1,000,000 -
Mr B Watson	1,000,000 1,400,000	15 Dec 2015 30 Jun 2017	23.0 28.5	2.6 2.7	26,030 38,150	20 Jun 2013 30 Jun 2014	1,000,000 -
Total	**9,600,000**				**256,720**		**4,000,000**

The fair value of the equity-settled share options granted to Directors is estimated as at the date of grant using a binomial model and taking into account the terms and conditions upon which the options were granted. When options are exercisable each option is convertible into one ordinary share. Further information on the options issued can be found in note 17 to the financial statements.

No options were exercised during the year ended 30 June 2013.

No options were granted to Directors as remuneration during the year ended 30 June 2012.

REMUNERATION REPORT (audited) (continued)

Employment contracts

The Company has entered into standard appointment agreements with Non-Executive Directors. These agreements provide for an indefinite period of appointment subject to reappointment requirements at annual general meetings under the terms of the constitution. The employment may be terminated pursuant to the Corporations Act and the Company's Constitution, in certain prescribed circumstances (such as bankruptcy, conviction of an offence, unsound mind). The Director may resign by notice in writing at any time. There are no termination benefits specified in the agreements.

Company performance

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

	2013 $	**2012** $
Net loss	(2,357,025)	(168,215)
Closing share price	0.165	-

END OF AUDITED REMUNERATION REPORT

DIRECTORS' MEETINGS

During the financial year the Board of Directors held 10 Directors' meetings. The number of meetings attended by each Director was as follows:

Director	Eligible to attend	Attended
Mr W Loxton	3	3
Mr M Avery	10	9
Ms P Fields	10	10
Mr B Watson	2	2
Mr P Hudson	7	5
Mr L Niederer	7	5
Mr G O'Reilly	8	7

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 $16,904 (2012: nil) 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 71 of the financial report.

Dated this 24th day of September 2013.

Signed in accordance with a resolution of the Directors.

Wayne Loxton
Executive Director
Chairman

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. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders. It is a requirement of the Board that the Company maintains high standards of ethics and integrity at all times.

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 2013 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.

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 3 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. Details of the Directors are set out 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 composition of the Board changed significantly during the year as the Company's strategic focus moved from mining to confectionery. 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 biographies and period of office held by each Director can be found in the Directors' report. 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 10 times between 14 December 2012 and 30 June 2013.

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 16 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 2013 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, and is consistent with the informal policies and practices of the Board that were in place prior to the formal adoption of the Continuous Disclosure Policy document.

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.

Continuous Disclosure (continued)

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.

Diversity Policy (continued)

MONITORING AND EVALUATION

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

The Company with oversight form 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.

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Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

24 September 2013

Board of Directors
Yowie Group Limited
Unit B9, 431 Roberts Road
Subiaco WA 6008

Dear Board of Directors,

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

As lead auditor of Yowie Group Limited for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

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

Brad McVeigh
Director

BDO Audit (WA) Pty Ltd
Perth, Western Australia

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 JUNE 2013
(formerly GSF Corporation Limited)

	Note	Consolidated 2013 $	Consolidated 2012 $
Revenue	5	**42,047**	4,866
			-
Manufacturing fixed costs in advance of production		**(441,684)**	-
Listing expense	16	**(817,386)**	-
Administration expenses	6	**(1,140,002)**	(173,081)
Loss before income tax		**(2,357,025)**	(168,215)
Income tax expense	7	**-**	-
Loss after income tax for the year		**(2,357,025)**	(168,215)
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss			
Movement in foreign currency translation reserve		**98**	-
Total comprehensive loss for the year net of tax attributable to members of the Company		**(2,356,927)**	(168,215)
Loss per share attributable to members of the Company			
Basic loss per share (cents)	8	**5.68**	0.73
Diluted loss per share (cents)	8	**5.68**	0.73

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

STATEMENT OF FINANCIAL POSITION

as at 30 JUNE 2013
(formerly GSF Corporation Limited)

	Note	Consolidated 2013 $	Consolidated 2012 $
Current Assets			
Cash and cash equivalents	18(a)	**3,222,041**	1,592,696
Trade and other receivables	9	**38,631**	35,848
Prepayments	10	**673,176**	430,835
Total Current Assets		**3,933,848**	2,059,379
Non-Current Assets			
Plant and equipment	11	**952,545**	802,801
Intangible assets	12	**565,815**	317,107
Total Non-Current Assets		**1,518,360**	1,119,908
Total Assets		**5,452,208**	3,179,287
Current Liabilities			
Trade and other payables	13	**486,312**	1,106,259
Borrowings	14	**-**	2,241,241
Total Current Liabilities		**486,312**	3,347,500
Total Liabilities		**486,312**	3,347,500
Net Assets		**4,965,896**	(168,213)
Equity			
Contributed equity	15(a)	**5,077,714**	2
Reserves	15(d)	**2,413,422**	-
Accumulated losses		**(2,525,240)**	(168,215)
Total Equity		**4,965,896**	(168,213)

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

	Consolidated				
	Contributed equity $	Share-based payment reserve $	Foreign currency translation reserve $	Accumulated losses $	Total $
Balance at 1 July 2011	2	-	-	-	2
Loss for the year	-	-	-	(168,215)	(168,215)
Total comprehensive Income/(loss) for the year	-	-	-	(168,215)	(168,215)
Transactions with owners recorded directly in equity	-	-	-	-	-
Balance as at 30 June 2012	2	-	-	(168,215)	(168,213)
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**

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

STATEMENT OF CASH FLOWS

for the year ended 30 JUNE 2013
(formerly GSF Corporation Limited)

	Note	Consolidated 2013 $	Consolidated 2012 $
Cash flow from operating activities			
Receipts		**11,689**	-
Payments to suppliers and employees		**(1,620,505)**	(594,170)
Interest received		**27,416**	4,866
Interest paid		**(2,293)**	-
Net cash flows used in operating activities	18(b)	**(1,583,693)**	(589,304)
Cash flow from investing activities			
Payments for plant and equipment		**(829,449)**	(17,135)
Payments for intangible assets		**(491,096)**	(42,107)
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		**(1,568,802)**	(59,242)
Cash flow from financing activities			
Proceeds from shares issued		**5,119,250**	-
Payment of share issue transaction costs		**(369,659)**	-
Proceeds from share application subscriptions		**-**	2,203,400
Proceeds from borrowings		**-**	37,841
Repayment of borrowings		**(37,841)**	-
Net cash flows from financing activities		**4,711,750**	2,241,241
Net increase in cash and cash equivalents		**1,559,255**	1,592,695
Cash and cash equivalents at beginning of period		**1,592,696**	1
Effect of foreign exchange movements		**70,090**	-
Cash and cash equivalents at end of period	18(a)	**3,222,041**	1,592,696

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

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 24 September 2013 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 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

Acquisition of ASX listing (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 Limited ("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;

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

Acquisition of ASX listing (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 2012:

- AASB 2011-9: Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]

  This amendment introduces new terminology for the statement of comprehensive income and income statement. Under the amendments to AASB 101, the statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and the income statement is renamed as a statement of profit or loss. The amendments to AASB 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to AASB 101 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

- AASB 2010-8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 12]

Except as noted, the adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

(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 2013 are outlined in the following table.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reference	Title	Summary	Application date of standard	Application date for Group
AASB 9	Financial Instruments	Amends the requirements for the classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. AASB 9 requires that gains and losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effect of changes in the liability's credit risk is recognised in other comprehensive income. The Group currently has no financial instruments that would be affected by this standard.	1 January 2015	1 July 2015
AASB 10	Consolidated Financial Statements	AASB 10 establishes a single 'control model' that applies to all entities, whereby all of the following conditions must be present: • Power over the investee (whether or not power used in practice) • Exposure, or rights, to variable returns from investee • Ability to use power over investee to affect the entity's returns from the investee It introduces the concept of 'defacto' control for entities with less than 50% ownership interest in an entity, but which have a large shareholding compared to other shareholders. This standard will have no effect on the Company because the Company does not have 'defacto' control of any entities with less than 50% ownership interest.	1 January 2013	1 July 2013
AASB 11	Joint Arrangements	Joint arrangements will be classified as either 'joint operations' (where parties with joint control have rights to assets and obligations for liabilities) or 'joint ventures' (where parties with joint control have rights to the net assets of the arrangement). The Group currently has no joint arrangements.	1 January 2013	1 July 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reference	Title	Summary	Application date of standard	Application date for Group
AASB 12	Disclosure of Interests in Other Entities	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests. The Group currently has only 100%-owned subsidiaries, so the changes to the standard will have no effect on the Group.	1 January 2013	1 July 2013
AASB 13	Fair Value Measurement	AASB 13 establishes a single framework for determining the fair value of assets and liabilities. AASB 13 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. Application of this definition may result in different fair values being determined for relevant assets. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. The Group will apply this standard to all future fair value measurements.	1 January 2013	1 July 2013
AASB 119	Employee Benefits	The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and reduces that the liabilities arising from such plans is recognised in full with actuarial gains and losses being recognised in other comprehensive income. It also revised the method of calculating the return on plan assets. The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date. This standard will have no effect on the Group as it currently has no employees.	1 January 2013	1 July 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reference	Title	Summary	Application date of standard	Application date for Group
AASB 2011-4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]	This amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies. This amendment will have no effect on the Group as it is a listed entity.	1 July 2013	1 July 2013
AASB 2012-5	Annual Improvements to the IFRS 2009-2011 Cycle	The items addressed include clarification that items such as spare parts, stand-by or service equipment are required to be classified as property, plant and equipment rather than inventory. The Group currently does not have any items that would be affected by this standard.	1 January 2013	1 July 2013
IFRS	Mandatory Effective Date of IFRS 9 and Transition Disclosures	Entities are no longer required to restate comparatives on first time adoption. Instead, additional disclosures on the effects of transition are required. This standard will have no effect on the Group.	1 January 2015	1 July 2015

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 2013.

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) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Property, plant and equipment (continued)

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 on a straight line basis over the useful lives to the Group of the assets, commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Computer equipment	2.5 years

The Group's manufacturing equipment is not yet fully commissioned and ready for use.

(h) 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 upfront payments to purchase rights and licenses and they are valued at cost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) 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.

Amortisation of the Group's intangible assets will commence when production begins.

(i) 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.

(j) 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)

(k) Provisions

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the 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.

(l) 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.

(m) Revenue recognition

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

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

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)

(n) Income tax and other taxes

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

(n) 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.

(o) Share-based payment transactions

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) 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 employee, 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.

(p) Earnings / loss per share

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Financial instruments

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

Loans and receivables

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

(r) Impairment of assets

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

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

(s) 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. Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

Recovery of intangible assets

The Group tests annually whether intangible assets have suffered any impairment, in accordance with the accounting policy stated at Note 1(r).

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	**2013**	**2012**
	$	**$**
Cash at bank and in hand	**3,222,041**	1,592,696

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 Higher / (lower)		Equity Higher / (lower)	
	2013	**2012**	**2013**	**2012**
	$	**$**	**$**	**$**
+1% (100 basis points)	**3,222**	1,593	**3,222**	1,593
-1% (100 basis points)	**(3,222)**	(1,593)	**(3,222)**	(1,593)

The movements are due to higher / lower interest revenue from cash balances. A sensitivity of 1% 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.

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	**2013**	**2012**
	$	**$**
Assets and liabilities of subsidiaries with USD functional currencies		
Assets		
Cash and cash equivalents	**1,349,333**	26,564
Prepayments	**354,800**	430,835
Plant and equipment	**935,797**	801,954
Intangible assets	**65,340**	57,728
Financial liabilities		
Trade and other payables	**178,244**	-
Borrowings	**-**	823,658
Intercompany loans	**2,774,977**	504,898

Intercompany loans are denominated in Australian dollars and US dollars. Though these 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 Higher / (lower)		**Equity Higher / (lower)**	
	2013	**2012**	**2013**	**2012**
	$	**$**	**$**	**$**
Exchange Rate + 10% (2012: 10%)	**(252,271)**	**(45,900)**	**(229,730)**	**(44,857)**
Exchange Rate - 10% (2012: 10%)	**308,331**	**56,100**	**280,781**	**54,825**

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.

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 2013 $	Consolidated 2012 $
Within one year	**486,312**	3,347,500
Between one and five years	**-**	-
	486,312	3,347,500

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.

5. REVENUE AND OTHER INCOME

	Consolidated 2013 $	Consolidated 2012 $
Revenue		
Interest	**27,416**	4,866
Royalties	**14,631**	-
	42,047	4,866

6. EXPENSES

	Consolidated 2013 $	Consolidated 2012 $
Administrative expenses include:		
Employee benefits expense:		
Consulting fees paid to directors	**392,671**	20,000
Share-based payment for director options (refer to Note 17)	**108,188**	-
Depreciation	**4,736**	151

7. TAXATION

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

	Consolidated 2013 $	Consolidated 2012 $
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:

	2013	2012
Loss from ordinary activities before tax	**(2,357,025)**	(168,215)
Prima facie tax benefit on loss at 30%	**707,108**	50,464
Effect of different tax rates on overseas losses	**56,116**	-
Listing expense (refer to Note 16)	**(245,216)**	-
Share-based payments (refer to Note 17)	**(32,457)**	-
Other non-deductible expenses	**(83,310)**	(31,116)
Income tax benefit not recognised	**(402,241)**	(19,348)
Income tax benefit / (expense)	**-**	-

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

	Consolidated 2013 $	Consolidated 2012 $
Deferred tax assets		
Share issue and acquisition costs	**141,158**	-
Accruals	**8,400**	-
Revenue tax losses	**518,549**	19,348
Deferred tax assets used to offset deferred tax liabilities	**(97,375)**	-
Deferred tax assets not brought to account	**(570,732)**	(19,348)
	-	-

7. TAXATION (continued)

	Consolidated 2013 $	Consolidated 2012 $
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 has not formed a tax consolidated group.

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 2013	Consolidated 2012
	Number	Number
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	**41,498,113**	22,989,353
	$	$
Basic loss attributable to ordinary equity holders of the parent	**2,357,025**	168,215

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 2013 $	2012 $
Current		
Trade debtors	**2,942**	-
GST receivable	**35,689**	35,848
	38,631	35,848

Trade debtors generally have 30 day terms. GST receivables have repayment terms applicable under the relevant government authority.

10. PREPAYMENTS

	Consolidated 2013 $	2012 $
Current		
Prepayments – raw materials	**253,310**	-
Prepayments – manufacturing agreement	**354,800**	430,835
Other	**65,066**	-
	673,176	430,835

11. PLANT AND EQUIPMENT

	Consolidated 2013 $	2012 $
Manufacturing plant and equipment under construction		
Cost	**935,410**	801,954
Accumulated depreciation	**-**	-
	935,410	801,954
Office equipment		
Cost	**22,034**	998
Accumulated depreciation	**(4,899)**	(151)
	17,135	847
Total plant and equipment	**952,545**	802,801

11. PLANT AND EQUIPMENT (continued)

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

	Consolidated 2013 $	Consolidated 2012 $
Manufacturing equipment		
Balance at the beginning of the year	**801,954**	-
Additions	**22,656**	822,213
Foreign exchange adjustment	**110,800**	(20,259)
Carrying amount at the end of the year	**935,410**	801,954
Office equipment		
Balance at the beginning of the year	**847**	-
Additions	**20,976**	998
Depreciation	**(4,737)**	(151)
Foreign exchange adjustment	**49**	-
Carrying amount at the end of the year	**17,135**	847

12. INTANGIBLE ASSETS

	Consolidated 2013 $	Consolidated 2012 $
Rights and licenses	**315,340**	307,728
Product development	**250,475**	9,379
	565,815	317,107

Movement during the year:

	Consolidated 2013 $	Consolidated 2012 $
Rights and licenses		
Balance at the beginning of the year	**307,728**	-
Additions	**-**	308,021
Foreign exchange adjustment	**7,612**	(293)
Carrying amount at the end of the year	**315,340**	307,728
Product development		
Balance at the beginning of the year	**9,379**	-
Additions	**241,096**	9,379
Carrying amount at the end of the year	**250,475**	9,379

The carrying value of intangible assets was tested using a discounted cash flow model and it was determined that no impairment is required.

13. TRADE AND OTHER PAYABLES

	Consolidated	
	2013	**2012**
	$	**$**
Current		
Trade payables and accruals	**467,483**	320,442
Other	**18,829**	785,817 [1]
	486,312	1,106,259

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. Details noting the Group's exposure to risks are summarised in note 3.

Other creditors for the year ended 30 June 2012 are payments to be made under a Manufacturing Agreement with Whetstone Chocolate Factory Inc in consideration for the setting up of a manufacturing facility and equipment, and to Rasch for the balance of the purchase price of a wrapping machine.

14. BORROWINGS

	Consolidated	
	2013	**2012**
	$	**$**
Current		
Loan from related party [1]	**-**	37,841
Shareholder loan [2]	**-**	2,203,400
	-	2,241,241

1 The loan from a related party was non-interest-bearing, unsecured and had no fixed terms of repayment.

2 The shareholder loan was non-interest-bearing and unsecured. It was converted to equity upon the acquisition of Yowie Group Ltd by Yowie Enterprises.

15. CONTRIBUTED EQUITY AND RESERVES

(a) Issued capital

	Consolidated	
	2013	2012
	$	$
Ordinary shares, fully paid	**5,077,714**	2

(b) Movements in share capital

	$	Number
As at 1 July 2011 – Yowie Enterprises Pty Ltd	2	2
Movement	-	-
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**

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.

15. CONTRIBUTED EQUITY AND RESERVES (continued…)

(d) Nature and purpose of reserves

Share-based payment reserve

The option 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.

16. ACQUISITION OF YOWIE

Under the acquisition, 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 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.

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

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	**(248,445)**

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.

17. SHARE-BASED PAYMENTS

The expense arising from share-based payments was $108,188 (2012: nil), relating to director options expensed to profit and loss over the option vesting period.

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

	2013 Number	2013 WEAP ($)	2012 Number	2012 WEAP ($)
Outstanding at 1 July	-	-	-	-
Granted during the year	11,605,000	0.25	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding as at 30 June	11,605,000	0.25	-	-

The weighted average remaining contractual life for the share-based payment options outstanding as at 30 June 2013 was 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 $0.285.

There were no share-based payments during the year ended 30 June 2012 and no options were on issue as at 30 June 2012.

Share-based payments during the year

(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).

17. SHARE-BASED PAYMENTS (continued)

(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 1 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.

Tranche 1: 4,000,000 options with an exercise price of 23.0 cents and an expiry date of 15 December 2015. The fair value of the options was calculated at 2.6 cents per option using a binomial model and the following assumptions:

Dividend yield (%)	Nil
Expected volatility (%)	40%
Risk-free interest rate (%)	2.56%
Expected life (years)	1.9
Exercise price (cents)	23.0
Share price at grant date (cents)	18.0

Tranche 2: 5,600,000 options with an exercise price of 28.5 cents and an expiry date of 30 June 2017. The fair value of the options was calculated at 2.7 cents per option using a binomial model and the following assumptions:

Dividend yield (%)	Nil
Expected volatility (%)	40%
Risk-free interest rate (%)	2.85%
Expected life (years)	3.0
Exercise price (cents)	28.5
Share price at grant date (cents)	18.0

A summary of these share-based payments 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. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and in banks and deposits at call, net of outstanding bank overdrafts.

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	
	2013	**2012**
	$	**$**
Cash on hand	**3,222,041**	1,592,696

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

	Consolidated	
	2013	**2012**
	$	**$**
Operating loss after income tax	**(2,357,025)**	(168,215)
Adjusted for:		
Depreciation	**4,736**	151
Listing fee	**817,386**	-
Share-based payment – director options	**108,188**	-
Unrealised foreign exchange	**(324,721)**	-
Changes in operating assets and liabilities		
Increase in receivables	**(2,783)**	(35,848)
(Increase) / decrease in prepayments	**(242,344)**	(430,835)
Increase in creditors	**412,870**	45,443
Net cash used in operating activities	**(1,583,693)**	(589,304)

(c) Non-cash investing and financing activities

Under the acquisition, 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.

10,629,998 shares in Yowie Enterprises 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 17.

18. NOTES TO THE STATEMENT OF CASH FLOWS (continued)

(c) Non-cash investing and financing activities (continued)

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.

19. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Directors and other key management personnel

The Directors of the Group during the financial year and to the date of this report were:

- Mr Wayne Loxton – Executive Director (Chairman) *(appointed 19 March 2013)*
- Mr Mark Avery – Executive Director (Chief Operating Officer) *(appointed director of GSF Corporation Limited on 29 October 2012, became a director of the Group on the acquisition date of 14 December 2012)*
- Ms Patricia Fields – Non-Executive Director *(appointed director of GSF Corporation Limited on 29 October 2012, became a director of the Group on the acquisition date of 14 December 2012)*
- Mr Bob Watson – Independent Non-Executive Director *(appointed 8 April 2013, resigned 13 September 2013)*
- Mr Phil Hudson – Executive Director *(appointed director of Yowie Enterprises Pty Ltd on 13 December 2011, appointed director of GSF Corporation Limited on 29 October 2012, became a director of the Group on the acquisition date of 14 December 2012, resigned 19 March 2013)*
- Mr Louis Niederer – Independent Non-Executive Director *(appointed director of GSF Corporation Limited on 29 October 2012, became a director of the Group on the acquisition date of 14 December 2012)*
- Mr Greg O'Reilly – Independent Non-Executive Director *(appointed director of GSF Corporation Limited on 8 July 2009, became a director of the Group on the acquisition date of 14 December 2012, resigned 8 April 2013)*

There were no other key management personnel during the financial year.

(b) Compensation of key management personnel

	Consolidated	
	2013	**2012**
	$	**$**
Short-term employee benefits	**392,671**	20,000
Share-based payments expensed	**108,188**	-
Share-based payments charged to equity	**400,000**	-
	900,859	20,000

19. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(c) Equity instrument disclosures relating to key management personnel

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.

2013

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[1]	-	2,400,000	-	3,050,000	5,450,000	4,050,000
Mr M Avery[2]	-	2,400,000	-	675,000	3,075,000	1,675,000
Ms P Fields[2]	-	2,400,000	-	150,000	2,550,000	1,150,000
Mr B Watson[3]	-	2,400,000	-	2,250,000	4,650,000	3,250,000
Mr P Hudson[4]	-	-	-	-	-	-
Mr L Niederer[5]	-	-	-	-	-	-
Mr G O'Reilly[6]	-	-	-	-	-	-
Total	**-**	**9,600,000**	**-**	**6,125,000**	**15,725,000**	**10,125,000**

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

2012

No options were on issue during the year ended 30 June 2012.

19. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(c) Equity instrument disclosures relating to key management personnel (continued)

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. There were no shares granted during the reporting year as compensation.

2013

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[1]	-	-	5,290,667	5,290,667
Mr M Avery[2]	-	-	1,350,000	1,350,000
Ms P Fields[2]	-	-	300,000	300,000
Mr B Watson[3]	-	-	4,500,000	4,500,000
Mr P Hudson[4]	2	-	(2)	-
Mr L Niederer[5]	-	-	-	-
Mr G O'Reilly[6]	-	-	-	-
Total	**2**	**-**	**11,440,665**	**11,440,667**

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 Received 1,999,998 shares in Yowie Enterprises on 14 December 2012. 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, at which time he held 18,400 shares. Resigned on 8 April 2013.

2012 (Yowie Enterprises Pty Ltd)

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 P Hudson[1]	-	-	2	2
Mr K Powell[2]	2	-	(2)	-
Total	**2**	**-**	**-**	**2**

1 Appointed on 13 December 2011

2 Resigned on 13 December 2011

19. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(d) 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 pay fixed costs of A$232,889 (US$213,000) for the six months to 31 December 2013 relating to the establishment of the manufacturing facility under a Manufacturing Agreement with Whetstone Chocolate Factory, Inc. These costs will be partially offset by a prepayment of A$121,911 (US$111,500) (refer to Note 10).

Under a Patent and Technology License Agreement with Mr Henry Whetstone, the Group is committed to pay a fee of A$164,006 (US$150,000) by 31 December 2013 to maintain its rights to use Whetstone's patents in the United States.

(b) Contingencies

The Group had no contingent liabilities as at 30 June 2013.

21. AUDITOR'S REMUNERATION

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

	Consolidated	
	2013 $	2012 $
Amounts received or due and receivable:		
BDO Audit (WA) Pty Ltd		
Audit and review of financial reports	**25,000**	-
Tax consulting	**16,904**	-
Total remuneration of BDO Audit (WA) Pty Ltd	**41,904**	-
Other audit firms		
Audit and review of financial reports	**21,290**	-
Other services	**38,163**	-
Total remuneration of other audit firms	**59,453**	-

22. PARENT ENTITY INFORMATION

Yowie Group Ltd is the legal parent entity.

	2013 $	2012 $
Current assets	**1,889,553**	56,654
Total assets	**5,241,244**	71,267
Current liabilities	**275,348**	17,327
Total liabilities	**275,348**	17,327
Contributed equity	**6,744,886**	-
Share-based payment reserve	**287,324**	-
Option premium reserve	**1,424,233**	1,424,233
Accumulated losses	**(3,490,547)**	(1,370,293)
	4,965,896	53,940
Loss of the parent entity	**(2,120,254)**	(65,008)
Total comprehensive loss of the parent entity	**(2,120,254)**	(65,008)

Legal subsidiaries

	Country of Incorporation	Percentage interest 2013 %	Percentage interest 2012 %
Yowie Enterprises Pty Ltd [1]	Australia	**100**	-
Yowie North America, Inc. [1]	USA	**100**	100
Yowie Hong Kong Holdings Limited [2]	HK	**100**	-
Yowie Hong Kong Enterprises Limited [3]	HK	**100**	-
Ocean Premium Seafood Pty Ltd [4]	Australia	**-**	-

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.
4 Ocean Premium Seafood Pty Ltd was an inactive subsidiary of Yowie Group Ltd when Yowie Group Ltd was acquired by Yowie Enterprises Pty Ltd. It was deregistered 2 January 2013.

23. SUBSEQUENT EVENTS

- On 12 July 2013 the Company advised that it had reached an agreement with a previous director Mr Phil Hudson and that all matters regarding a legal dispute had been resolved.
- On 2 September the Company advised that it had closed its prospectus dated 18 June 2013 and raised A$3.6 million.
- On 13 September the Company reported the resignation of Mr Bob Watson from his position as a Non-Executive Director of the Board.

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 2013 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 2013.

On behalf of the Board

Wayne Loxton
Executive Director

24 September 2013

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF YOWIE GROUP LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Yowie Group Limited, which comprises the consolidated statement of financial position as at 30 June 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 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 Stat*ements, 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 Limited, 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 Limited 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 2013 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 pages 11 to 15 of the directors' report for the year ended 30 June 2013. 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 Limited for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

Brad McVeigh
Director

Perth, Western Australia
Dated this 24th day of September 2013

ASX Additional Information

Additional information as required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below. This information is current as at ***17 September 2013.***

Distribution of equity securities

Ranges	Investors	Number of shares	% Issued Capital
1 - 1,000	1,034	202,000	0.24
1,001 - 5,000	208	487,208	0.58
5,001 - 10,000	209	1,959,000	2.35
10,001 – 100,000	189	7,852,769	9.43
100,000 and over	99	72,810,011	87.40
Total	**1,739**	**83,310,988**	**100.00**

There were 1,179 shareholders holding less than a marketable parcel of ordinary shares.

Quoted and unquoted equity securities

Equity Security	Quoted	Unquoted
Ordinary Shares	59,186,635	-
Ordinary Shares (Escrowed 24 months from listing date 14/12/2012)	-	24,124,353
Options (20 cent – 15 Dec 2015 expiry)	16,044,375	-
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 cent – 30 Jun 2017 expiry) – vest on 30 June 2014	-	4,200,000

Unlisted option holdings as at 17 September 2013

	Number of Holders	Number of Options
Options expiring 15 Dec 2015 exercisable at 23 cents (YOWAM)	**4**	**3,500,0000**

Substantial Option Holders

Wayne Gregory Loxton	1,000,000
Patricia Mary Fields	1,000,000
Mark Avery	1,000,000
Robert Watson	500,000

	Number of Holders	Number of Options
Options expiring 30 Jun 2017 exercisable at 28.5 cents (YOWAM)	**3**	**4,200,000**

Substantial Option Holders

Wayne Gregory Loxton	1,400,000
Patricia Mary Fields	1,400,000
Mark Avery	1,400,000

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.

Twenty largest shareholders of Ordinary Shares

	Name	Shares Held	Percentage %
1	KEITH PHILLIP HUDSON	12,034,353	14.45
2	ABDULLAH HANI ABDALLAH	5,666,667	6.80
3	DALEFORD WAY PTY LTD	4,500,000	5.40
4	SEEFELD INVESTMENTS PTY LTD <THE SEEFELD ACCOUNT>	3,914,468	4.70
5	MR CRAIG ANTHONY LUBICH & MRS LEEANNE KELLY LUBICH <C&L LUBICH FAMILY A/C >	2,750,000	3.30
6	TALAL ADEL HAMMOUD	2,666,667	3.20
7	MR WAYNE GREGORY LOXTON <THE LOXTON INVESTMENT A/C>	2,354,000	2.83
8	HIDDEN VALLEY HOLDINGS (AUST) PTY LTD <SOUTHBANK INVESTMENT A/C>	2,220,000	2.66
9	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,111,335	2.53
10	RICHSHAM NOMINEES PTY LTD	2,075,000	2.49
11	ALITIME NOMINEES PTY LTD <HONEYHAM FAMILY A/C>	1,500,000	1.80
12	MARK AVERY	1,350,000	1.62
13*	PICTON COVE PTY LTD	1,333,333	1.60
13*	RUBI HOLDINGS PTY LTD <JOHN RUBINO S/F A/C>	1,333,333	1.60
14	MR GAVIN JOHN REZOS & MRS JOANNE ELLEN REZOS	1,260,000	1.51
15	FORTRESS INTERNATIONAL SERVICES LTD <TRUSTEE OF THE DANIEL A/C>	1,053,374	1.26
16*	NEWMIX HOLDINGS PTY LIMITED <GL & DP MCROSTIE FAMILY A/C>	1,000,000	1.20
16*	PAPLEBSCO PTY LTD <RAND SUPERFUND A/C>	1,000,000	1.20
16*	GEOFF JAMES & RITA JAMES	1,000,000	1.20
17	WISEPLAN INVESTMENTS PTY LTD <LEON DAVIES INVESTMENT A/C>	848,206	1.02
18	MULATO NOMINEES PTY LIMITED	825,000	0.99
19	RICHSHAM NOMINEES PTY LTD	750,000	0.90
20	COSSACK HOLDINGS (AUST) PTY LTD <THE LOXTON SUPERANNUATION FUND A/C>	716,667	0.86
	TOTAL	**54,262,403**	**65.13%**

*These holders occupy an equal place

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
Abdallah Hani Abdallah	5,666,667
Wayne Loxton	5,290,667
Daleford Way Pty Ltd	4,500,000

Other information

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