Appendix 4D

Half-year Report

Rule 4.2A.3
Introduced 1/1/2003

Name of entity:	**Yowie Group Limited**
ABN:	**98 084 370 669**
1. Reporting period ("current period"):	**Half-year ended 31 December 2015**
Previous corresponding period:	**Half-year ended 31 December 2014**

2. Results for announcement to the market

					US$'000
2.1	Revenue from ordinary activities	up	**1,094%**	to	**5,748**
2.2	Loss from ordinary activities after tax attributable to members	up	**189%**	to	**(2,596)**
2.3	Net loss for the period attributable to members	up	**189%**	to	**(2,596)**

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

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

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

Explanation of Revenue *(Appendix 4D item 2.6)*
Total revenue for the half-year is US$5.7 million, an increase of 1,094% over the previous corresponding period. The higher revenue was primarily driven by stronger sales performance from the rollout of Yowie products in U.S. market.

Explanation of Loss from ordinary activities after tax *(Appendix 4D item 2.6)*
Net loss after tax attributable to members is US$2.6 million, an increase in loss of 189% over the previous corresponding period.

Net loss after tax attributable to members after adding back the effect of unrealised foreign exchange gains and non-cash expenses is US$1.69 million for the half-year as compared to US$2.35 million for the corresponding period. This represents a decrease in group loss after tax of US$0.7 million or 28% after adding back the effect of unrealised foreign exchange and non-cash expenses.

Net loss after tax attributable to members for the half-year includes US$0.04 million of foreign exchange losses and non-cash items of US$0.8 million for share-based-payment expense and US$0.036 million for depreciation and amortisation expense. For the previous corresponding period, net loss after tax attributable to members includes US$1.9 million unrealised foreign exchange gains on revaluation of intercompany loan balances and non-cash items of US$0.5 million for share-based-payment expense and US$0.004 million for depreciation and amortisation expense.

The Group has reclassified its intercompany loans to become part of its net investment in foreign operations. The impact of this change is to remove any unrealised foreign exchange gains or losses arising from the intercompany loan balance from the calculation of profit or loss after income tax. From this period forward, until any future reclassification, such unrealised gains or losses will be included in movements in foreign exchange translation reserve within other comprehensive income. In the previous corresponding period, US$1.9m of unrealised foreign exchange gains arising from the intercompany loan balance were included in the statement of profit or loss after income tax.

3. Net tangible assets

	Current Period	**Previous Corresponding Period**
	(cents)	*(cents)*
Net tangible asset backing per ordinary share	9.74	7.46

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

N/A

5. Dividends

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

6. Dividend reinvestment plans

No dividend reinvestment plans are in operation.

7. Details of associates and joint venture entities

N/A

8. Accounting standards for foreign entities

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

9. Auditor's review report

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

YOWIE GROUP LTD

ABN 98 084 370 669

HALF-YEAR
FINANCIAL REPORT

31 DECEMBER 2015

CONTENTS

(Expressed in US Dollars (US$), unless stated otherwise)

COMPANY DIRECTORY

DIRECTORS:	Mr Wayne Loxton Ms Patricia Fields Mr Trevor Allen
COMPANY SECRETARY:	Mr Neville Bassett
REGISTERED AND PRINCIPAL OFFICE:	Level 45 108 St Georges Terrace Perth WA 6000 Telephone: +61 8 9486 7066
AUDITORS:	BDO Audit (WA) Pty Ltd 38 Station Street Subiaco WA 6008
SHARE REGISTRY:	Link Market Services Limited Level 4 152 St Georges Terrace Perth WA 6000 Telephone: 1300 554 474 or +61 2 8280 7111
ASX Code:	YOW
ABN:	98 084 370 669

Your Directors submit their report for Yowie Group Ltd ("Yowie or the Group") and the consolidated entity ("the Group") for the half-year ended 31 December 2015.

DIRECTORS

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

Mr Wayne Loxton
Ms Patricia Fields
Mr Trevor Allen

OPERATING AND FINANCIAL REVIEW

During the half-year the Group continued to move towards its objective of building a strong sales and distribution network in the United States, with some important milestones achieved.

Positive cash flows from operations of US$206,939 is a significant achievement at this stage of the Group's development. It has been derived largely from the impact of Walmart rollout as well as prudent stock management throughout the period.

Sales

- Recorded strong sales for Yowie of US$5.7 million during the period in the USA. This represents an estimated retail sales value of US$11 million for the period based on the Yowie recommended retail sales price.

- Sales were recorded across a range of 45 current active accounts, account groups and/or brokers, although the bulk of the sales lift resulted from the commencement of rollout to 4,400+ Walmart stores nationally. Sales within the 1,500 previous Walmart accounts continue to grow and all new Walmart accounts where distribution has been achieved within the national rollout have recorded sales. At the end of the half-year, product was selling in approximately 4,400+ Walmart stores including Neighbourhood Market stores.

  The Walmart national rollout is a direct result of a consistent Yowie sales performance that began with a 50 store trial in Texas during September 2014, extending in March 2015 to a first-stage rollout across 1500 Walmart stores. Progression from a 50 store trial to a national rollout in less than 12 months confirms Walmart's high expectation for the Yowie product.

- Sales expansion initiatives include the Walmart new store expansion with execution having commenced in October 2015, a VPI (Volume Producing Item) program at Walmart Neighbourhood Markets, Walmart Christmas holiday program and a holiday end cap program. New accounts secured during the half-year include: Carmi Wholesale Distributor, Global Merchandising Corporation, H.T. Hackney (distributor for Weigels stores), Harbor Wholesale Foods and Aurus Trading.

OPERATING AND FINANCIAL REVIEW (continued)

- Current active YNA retail accounts include mass merchandise, grocery, convenience, oil, drug, specialty candy stores, retail groups, brokers and distributors. The YNA Sales team was expanded to include three new senior account people bringing the benefit of confectionery and retail industry experience.

Licensing

- During the period, the Group entered into a Licensing Agreement with Rovio Entertainment Ltd. ("Rovio"), the Finnish entertainment media-company and video game developer of the globally successful Angry Birds franchise. The licensing agreement grants Yowie the rights to manufacture and distribute an Angry Birds chocolate candy inclusion product with an Angry Birds collectable surprise inside for the U.S. market. The terms of the agreement give Yowie licensing rights for a period of three years up until September 2018. The Angry Birds chocolate candy launch into the U.S. market is being timed to coincide with the release of a new Angry Birds movie in May 2016.

Marketing

- Advertising: Creative concept development has commenced with an LA-based creative agency with a view to having material ready for launch in U.S. market during Qtr. 2, 2016.

- Merchandising: A Yowie permanent in store display unit (Yowie Yurt) is moving to prototype stage of development.

- Media: Yowie rollout into 4400 Walmart stores featured in ConfectioneryNews.com the leading global confectionery industry newsletter and other candy related digital trade press.

- Digital: The Yowie World site is now upgraded for mobile access and a new game launched on Yowie World – 'The Great Prairie Dash'.

- Yowie World: Has consistently generated around 10% growth in visits each month since launch. Consumer experience remains positive with over 20% of web users returning month-on-month, to play again. Traffic originates from U.S 70%, Australia 13% and UK 7%. "Where to Buy" and Yog Racer game the most popular content areas month on month.

- YouTube: Yowie on YouTube has surpassed 4.5M video views with over 70 new YouTube videos created during the month of December alone.

- Facebook: Yowie Facebook continued growth at a level higher than organic benchmarks. Customers mostly engaged with competition updates, and brief, snappy animal kingdom facts and photos.

- Instagram: Yowie executed a successful Instagram launch and Instagram engagement continues to grow with customers sharing images of Yowie and Yowie related images.

OPERATING AND FINANCIAL REVIEW (continued)

- Publishing: Work has commenced on developing Yowie character storylines and background development.

- Animation: The creative development underway for the Yowie books will feed into future webisode animation development.

Operations

- Yowie has developed a new Group owned, U.S. patent pending and FDA approved capsule.

- The Group significantly expanded its contracted manufacturing capacity in the USA by entering into a long term manufacturing agreement with New York based Madelaine Chocolate Company. The agreement will allow Yowie access to high speed, high volume and robotically driven manufacturing of the Yowie chocolate candy product.

  Yowie will use its own capsule in manufacturing at the Madelaine facility. It will no longer use the Whetstone capsule design in its products and has elected not to pay any license fees for rights to use the Whetstone capsule design after 31 December 2015.

  Yowie entered into a new manufacturing agreement with Madeleine Chocolate Company as part of a long term strategic plan designed to mitigate risk and optimize Yowie performance and global market opportunities.

  The plan is intended to deliver reduced input costs, automate processing and improve ease of opening the product capsule.

  Senior management of the Group has spent considerable amount of directly attributable labour costs on development and construction of additional manufacturing equipment for installation at the Madelaine facility which have not been capitalised by the Group.

Operating results and financial position

The Group's net loss for the half-year ended 31 December 2015 was US$2,596,285 (half-year ended 31 December 2014: US$897,798).

Total revenue for the half-year is US$5.7 million, an increase of 1,094% over the previous corresponding period. The higher revenue was primarily driven by stronger sales performance from the rollout of Yowie products in U.S. market.

Net loss after tax attributable to members is US$2.6 million, an increase in loss of 189% over the previous corresponding period.

OPERATING AND FINANCIAL REVIEW (continued)

Net loss after tax attributable to members after adding back the effect of unrealised foreign exchange gains and non-cash expenses is US$1.69 million for the half-year as compared to US$2.35 million for the corresponding period. This represents a decrease in group loss after tax of US$0.7 million or 28% after adding back the effect of unrealised foreign exchange and non-cash expenses.

Net loss after tax attributable to members for the half-year includes US$0.04 million of foreign exchange losses and non-cash items of US$0.8 million for share-based-payment expense and US$0.036 million for depreciation and amortisation expense. For the previous corresponding period, net loss after tax attributable to members includes US$1.9 million unrealised foreign exchange gains on revaluation of intercompany loan balances and non-cash items of US$0.5 million for share-based-payment expense and US$0.004 million for depreciation and amortisation expense.

The Group has reclassified its intercompany loans to become part of its net investment in foreign operations. The impact of this change is to remove any unrealised foreign exchange gains or losses arising from the intercompany loan balance from the calculation of profit or loss after income tax. From this period forward, until any future reclassification, such unrealised gains or losses will be included in movements in foreign exchange translation reserve within other comprehensive income. In the previous corresponding period, US$1.9m of unrealised foreign exchange gains arising from the intercompany loan balance were included in the statement of profit or loss after income tax.

As at 31 December 2015 the Group's consolidated cash position was US$11,589,420 (30 June 2015: US$8,465,149).

The net assets of the Group increased by 21% from US$14,211,048 to US$17,178,135. This increase was mainly a result of increase in share capital by US$5,025,981 from options exercised reduced by the current period loss of US$2,596,285.

The financial position of the Group remains strong with net tangible assets of US$16,645,593, inclusive of US$14,879,331 in cash and inventories, US$431,190 in trade and other receivables, US$311,933 in prepayments, US$1,819,096 in plant and equipment and current liabilities of US$795,957.

Capital, funding and liquidity are managed at the corporate level. The Group has generated positive cash flows from operating activities of US$206,939 during the period, compared to negative cash flows from operating activities of US$4,377,830 for the same period last year.

A summary of the cash flows for the Group for the period is as follows:

Cash flows from:	
- Operating activities	US$206,939
- Investing activities	(US$908,390)
- Financing activities	US$4,191,885
Net cash flow for the period	**US$3,490,434**
Opening cash	US$8,465,149
Effect of foreign exchange movements on cash flow	(US$366,163)
Closing cash	**US$11,589,420**

OPERATING AND FINANCIAL REVIEW (continued)

The Group's focus for the coming year will be to continue to implement its strategy for the rollout of Yowie confectionery product in the US and beyond the US market.

EVENTS SUBSEQUENT TO BALANCE DATE

The Group has taken legal action to support its rights to remove its raw materials and wrapping machine from the Whetstone facility. An impairment charge of US$53,613 has been recorded to impair costs associated with initial set-up, installation and commissioning of wrapping machine. Based on legal advice received by the Group, no provision has been made against the remaining carrying value of the assets.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 8 of the financial report.

Signed in accordance with a resolution of the Directors.

Wayne Loxton
Chairman

25 February 2016

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

DECLARATION OF INDEPENDENCE BY IAN SKELTON TO THE DIRECTORS OF YOWIE GROUP LTD

As lead auditor for the review of Yowie Group Ltd for the half-year ended 31 December 2015, 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 review; and
- No contraventions of any applicable code of professional conduct in relation to the review.

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

Ian Skelton

Director

BDO Audit (WA) Pty Ltd

Perth, 25 February 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Note	Consolidated	
		Half-Year Ended 31 Dec 2015 US$	Half-Year Ended 31 Dec 2014 US$
Sale of goods		**5,651,701**	304,480
Other revenue		**96,001**	177,008
Total revenue		**5,747,702**	481,488
Other income			
Foreign exchange gains/(losses)	4	**(35,443)**	1,928,282
Expenses			
Cost of sales		**(2,722,898)**	(138,047)
Selling and distribution		**(1,303,111)**	(923,671)
Marketing		**(909,706)**	(36,803)
Administration		**(3,351,062)**	(2,209,047)
Finance		**-**	-
Loss before income tax		**(2,574,518)**	(897,798)
Income tax expense		**(21,767)**	-
Loss after income tax for the year		**(2,596,285)**	(897,798)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Movement in foreign currency translation reserve	4	**(297,054)**	(2,352,606)
Total comprehensive loss for the half-year net of tax		**(2,893,339)**	(3,250,404)
Loss per share			
Basic (loss) per share (cents)	3	**(1.70)**	(0.76)
Diluted (loss) per share (cents)	3	**(1.70)**	(0.76)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	Consolidated 31 Dec 2015 US$	Consolidated 30 June 2015 US$
Current Assets			
Cash and cash equivalents		**11,589,420**	8,465,149
Trade and other receivables	5	**431,190**	318,602
Prepayments	6	**311,933**	227,387
Inventories	7	**3,289,911**	5,197,419
Total Current Assets		**15,622,454**	14,208,557
Non-Current Assets			
Plant and equipment	8	**1,819,096**	1,186,627
Intangible assets	9	**532,542**	385,063
Total Non-Current Assets		**2,351,638**	1,571,690
Total Assets		**17,974,092**	15,780,247
Current Liabilities			
Trade and other payables		**775,727**	1,516,122
Provisions		**20,230**	-
Unearned income		**-**	53,077
Total Current Liabilities		**795,957**	1,569,199
Total Liabilities		**795,957**	1,569,199
Net Assets		**17,178,135**	14,211,048
Equity			
Contributed equity	10	**30,480,332**	25,454,351
Reserves		**438,094**	(99,297)
Accumulated losses		**(13,740,291)**	(11,144,006)
Total Equity		**17,178,135**	14,211,048

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Contributed equity US$	Share-based payment reserve US$	Consolidated Foreign currency translation reserve US$	Accumulated losses US$	Total US$
Balance at 1 July 2014	17,935,093	2,389,495	-	(8,352,930)	11,971,658
Loss for the half-year	-	-	-	(897,798)	(897,798)
Other comprehensive income					
Foreign currency translation	-	-	(2,352,606)	-	(2,352,606)
Total comprehensive income/(loss) for the half-year	-	-	(2,352,606)	(897,798)	(3,250,404)
Transactions with owners recorded directly in equity					
Shares issued	15,656	-	-	-	15,656
Shares issue transaction costs	-	-	-	-	-
Share-based payments	-	461,894	-	-	461,894
Balance as at 31 December 2014	17,950,749	2,851,389	(2,352,606)	(9,250,728)	9,198,804
Balance at 1 July 2015	**25,454,351**	**3,274,684**	**(3,373,981)**	**(11,144,006)**	**14,211,048**
Loss for the half-year	**-**	**-**	**-**	**(2,596,285)**	**(2,596,285)**
Other comprehensive income					
Foreign currency translation	**-**	**-**	**(297,054)**	**-**	**(297,054)**
Total comprehensive income/(loss) for the half-year	**-**	**-**	**(297,054)**	**(2,596,285)**	**(2,893,339)**
Transactions with owners recorded directly in equity					
Shares issued	**5,036,399**	**-**	**-**	**-**	**5,036,399**
Shares issue transaction costs	**(10,418)**	**-**	**-**	**-**	**(10,418)**
Share-based payments	**-**	**834,445**	**-**	**-**	**834,445**
Balance as at 31 December 2015	**30,480,332**	**4,109,129**	**(3,671,035)**	**(13,740,291)**	**17,178,135**

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

	Consolidated	
	Half-Year Ended 31 Dec 2015 US$	Half-Year Ended 31 Dec 2014 US$
Cash flow from operating activities		
Receipts from customers	**5,435,940**	226,213
Other receipts	**44,039**	69,635
Payments to suppliers and employees	**(5,289,685)**	(4,746,514)
Interest received	**48,708**	72,836
Income taxes paid	**(32,063)**	-
Net cash flows from/(used in) operating activities	**206,939**	(4,377,830)
Cash flow from investing activities		
Payments for plant and equipment	**(717,626)**	(65,278)
Payments for intangible assets	**(190,764)**	(165,130)
Net cash flows used in investing activities	**(908,390)**	(230,408)
Cash flow from financing activities		
Proceeds from exercise of options	**4,203,030**	14,768
Payment of share issue transaction costs	**(11,145)**	-
Net cash flows from financing activities	**4,191,885**	14,768
Net change in cash and cash equivalents	**3,490,434**	(4,593,470)
Cash and cash equivalents at beginning of period	**8,465,149**	7,766,563
Effect of foreign exchange movements	**(366,163)**	(447,661)
Cash and cash equivalents at end of period	**11,589,420**	2,725,432

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

1. BASIS OF PREPARATION

These general purpose financial statements for the half-year reporting period ended 31 December 2015 have been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2015 and any public announcements made by Yowie Group Ltd during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Change in Presentation Currency

The Group has previously reported its consolidated results in Australian Dollars. As the Group's main operations are based in the United States, with the functional currency of the subsidiaries being United State Dollars ("USD" or "US$"), the Group has changed its presentation currency for financial reporting from Australian Dollars ("AUD" or "A$") to USD from 1 July 2015 in order to better align the presentation of the Group's financial position and financial performance with its operations.

Australian Dollars (A$) to United States Dollars (US$)

	31 December 2015	30 June 2015	31 December 2014
Average exchange rates used	Monthly average exchange rates used	Monthly average exchange rates used	Monthly average exchange rates used
Period end closing exchange rates used	0.7298	0.7655	0.8156

The basis for presenting the results and financial position from functional currency of Australian Dollars into a presentation currency of United State Dollars were as follows:

i. The Australian denominated Yowie Group consolidated statement of financial position for the period ending 31 December 2015 and 30 June 2015 was translated at the closing exchange rate of $0.7298 and $0.7655 respectively

ii. Income and expenses for consolidated statement of profit or loss and other comprehensive income (including comparatives) were translated at monthly average exchange rates.

iii. Movements in equity and reserves for the comprehensive income and for the consolidated statement of financial position were translated at actual historical daily exchange rates

1. BASIS OF PREPARATION (continued)

iv. The consolidated cash flow statement was translated at monthly average exchange rates.

v. Exchange differences on translating income, expenses; movements in equity and reserves at daily exchange rates; and assets and liabilities at closing exchange rates are taken to the foreign currency translation reserve in the equity section and under other comprehensive income/(expense) in the consolidated statement of profit or loss and other comprehensive income.

vi. Comparatives for 31 December 2014 and 30 June 2015 have been re-translated.

New and amended standards adopted by the Group

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.
Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

2. SEGMENT REPORTING

The Group has only one reportable segment, which relates to its confectionery business. All production and sales to 31 December 2015 have taken place in the United States.

The internal reports reviewed by the board separately present administration costs relating to the US, Australia and Hong Kong. All other income and expenses, the net result, assets and liabilities are reviewed by management on a consolidated basis.

2. SEGMENT REPORTING (continued)

Half-year to 31 December 2015	United States US$	Australia US$	Hong Kong US$	Elimination US$	Total US$
Sale of goods	**5,651,701**	-	-	-	**5,651,701**
Cost of sales	**(2,722,898)**	-	-	-	**(2,722,898)**
Selling and distribution	**(1,303,111)**	-	-	-	**(1,303,111)**
Marketing	**(909,706)**	-	-	-	**(909,706)**
Administration costs	**(1,048,920)**	**(2,143,021)**	**(159,121)**	-	**(3,351,062)**
Other revenue	**42,432**	**53,569**	-	-	**96,001**
Foreign exchange gains	**559,971**	**(36,927)**	**76,194**	**(634,681)**	**(35,443)**
Finance costs	-	-	-	-	-
Income tax expense	**(19,785)**	-	**(1,982)**	-	**(21,767)**
Loss after income tax					**(2,596,285)**

Half-year to 31 December 2014	United States US$	Australia US$	Hong Kong US$	Elimination US$	Total US$
Sale of goods	304,480	-	-	-	304,480
Cost of sales	(138,047)	-	-	-	(138,047)
Selling and distribution	(923,671)	-	-	-	(923,671)
Marketing	(36,803)	-	-	-	(36,803)
Administration costs	(534,189)	(1,579,969)	(94,889)	-	(2,209,047)
Other revenue	120,000	57,008	-	-	177,008
Foreign exchange gains	1,645,431	-	282,851	-	1,928,282
Finance costs	-	-	-	-	-
Loss after income tax					(897,798)

31 December 2015	United States US$	Australia US$	Hong Kong US$	Elimination US$	Total US$
Segment asset	**12,647,254**	**21,279,297**	**1,664,758**	**(17,617,217)**	**17,974,092**
Segment liability	**(12,939,694)**	**(3,561,967)**	**(7,348,575)**	**23,054,279**	**(795,957)**

30 June 2015	United States US$	Australia US$	Hong Kong US$	Elimination US$	Total US$
Segment asset	8,308,626	18,974,359	1,276,295	(12,779,033)	15,780,247
Segment liability	(8,852,525)	(4,327,450)	(6,875,203)	18,485,979	(1,569,199)

3. EARNINGS / (LOSS) PER SHARE

	Consolidated	
	Half-Year Ended 31 Dec 2015 Number	Half-Year Ended 31 Dec 2014 Number
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	**152,662,522**	117,897,224
	US$	**US$**
Basic loss attributable to ordinary equity holders of the parent	**2,596,285**	897,798

This calculation does not include instruments that could potentially dilute basic earnings per share in the future as these instruments are anti-dilutive, since their inclusion would reduce the loss per share.

4. FOREIGN EXCHANGE GAINS/(LOSSES)

	Consolidated	
	31 December 2015 US$	31 December 2014 US$
Foreign exchange gains/(losses)	**(35,443)**	1,928,282

	Consolidated	
	31 December 2015 US$	31 December 2014 US$
Movement in foreign currency translation reserve	**(297,054)**	(2,352,606)

The Group has reclassified its intercompany loans to become part of its net investment in foreign operations. The impact of this change is to remove any unrealised foreign exchange gains or losses arising from the intercompany loan balance from the calculation of profit or loss after income tax. From this period forward, until any future reclassification, such unrealised gains or losses will be included in movements in foreign exchange translation reserve within other comprehensive income. In the previous corresponding period, US$1.9m of unrealised foreign exchange gains arising from the intercompany loan balance were included in the statement of profit or loss after income tax.

5. TRADE AND OTHER RECEIVABLES

	Consolidated	
	31 December 2015 US$	30 June 2015 US$
Current		
Trade debtors	**383,022**	265,529
Other receivables	**27,603**	26,885
GST receivable	**20,565**	26,188
	431,190	318,602

6. PREPAYMENTS

	Consolidated	
	31 December 2015 US$	30 June 2015 US$
Current		
Prepayments – raw materials	**199,887**	99,369
Prepayments – insurances	**60,975**	117,562
Prepayments – others	**51,071**	10,456
	311,933	227,387

7. INVENTORIES

	Consolidated	
	31 December 2015 US$	30 June 2015 US$
Current		
Raw materials (i)	**75,897**	456,144
Work in progress	**513**	511
Finished goods	**3,213,501**	4,740,764
	3,289,911	5,197,419

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

(i) Refer to note 13 for event subsequent to balance date in relation to raw materials.

8. PLANT AND EQUIPMENT

	Consolidated	
	31 December 2015 US$	**30 June 2015 US$**
Manufacturing plant and equipment		
Cost (i)	**532,421**	589,582
Accumulated depreciation (i)	**(33,044)**	(30,031)
	499,377	559,551
Manufacturing plant and equipment under construction		
Cost (ii)	**1,310,034**	614,169
	1,310,034	614,169
Office equipment		
Cost	**24,721**	23,890
Accumulated depreciation	**(15,036)**	(10,983)
	9,685	12,907
Total plant and equipment	**1,819,096**	1,186,627

(i) Refer to note 13 for event subsequent to balance date in relation to manufacturing plant and equipment.

(ii) The movement in manufacturing plant and equipment under construction during the half-year is primarily due to expenditure incurred in developing company owned manufacturing assets for installation at the Madelaine manufacturing facility.

9. INTANGIBLE ASSETS

	Consolidated	
	31 December 2015 US$	**30 June 2015 US$**
Rights and licenses	**225,398**	225,398
Software	**127,469**	159,665
Product development	**179,675**	-
	532,542	385,063

10. EQUITY SECURITIES ISSUED

Issue of ordinary shares during the half-year	US$	Number
As at 30 June 2014	17,935,093	117,824,223
Exercise of options	15,656	82,976
As at 31 December 2014	17,950,749	117,907,199
As at 30 June 2015	**25,454,351**	**139,230,199**
Exercise of options	**4,836,054**	**31,358,826**
Shares issued to vendor for settlement of invoice	**200,345**	**227,794**
Share issue cost	**(10,418)**	**-**
As at 31 December 2015	**30,480,332**	**170,816,819**

11. SHARE-BASED PAYMENTS

Two tranches of unlisted options were issued to employees on 29 July 2015 as incentive for future services. The fair value of the options was calculated using a binominal model and the following assumptions:

	Tranche 1	Tranche 2
Grant date	29-Jul-15	29-Jul-15
Vesting date	30-Sep-16	30-Sep-16
Number of options	260,000	520,000
Exercise price (A$)	1.15	1.25
Expiry date	31-Dec-17	31-Dec-17
Dividend yield (%)	0%	0%
Expected volatility (%)	79%	79%
Risk-free interest rate (%)	1.91%	1.91%
Expected life (years)	1.82	1.82
Share price at grant date (A$)	1.19	1.19
Fair value per option (A$)	0.505	0.475

11. SHARE-BASED PAYMENTS (continued)

Three tranches of unlisted options were issued to a director on 23 November 2015 as incentive for future services. The fair value of the options was calculated using a binominal model and the following assumptions:

	Tranche 1	Tranche 2	Tranche 3
Grant date	23-Nov-15	23-Nov-15	23-Nov-15
Vesting date	31-Dec-15	31-Dec-16	30-Jun-17
Number of options	275,000	375,000	425,000
Exercise price (A$)	0.766	0.90	1.05
Expiry date	31-Dec-17	31-Dec-17	31-Dec-17
Dividend yield (%)	0%	0%	0%
Expected volatility (%)	63%	67%	80%
Risk-free interest rate (%)	2.11%	2.11%	2.11%
Expected life (years)	1.11	1.61	1.85
Share price at grant date (A$)	1.14	1.14	1.14
Fair value per option (A$)	0.486	0.480	0.510

Two tranches of performance rights were issued to directors on 23 November 2015 as incentive for future services. The performance rights will be automatically exercised for nil consideration once the vesting condition is met. The vesting condition includes achieving Compound Annual Growth Rate (CAGR) over the period 1 July 2015 to 30 June 2017 and 1 July 2015 to 30 June 2018 for Tranche 1 and Tranche 2 respectively. The fair value of the performance rights was calculated using an Up and In Call Barrier Pricing model and the following assumptions:

	Tranche 1	Tranche 2
Grant date	23-Nov-15	23-Nov-15
Vesting date	31-Aug-17	31-Aug-18
Number of performance rights	320,499	320,499
Exercise price (A$)	-	-
Expiry date	30-Sep-17	30-Sep-18
Dividend yield (%)	0%	0%
Expected volatility (%)	60%	60%
Risk-free interest rate (%)	2.14%	2.14%
Expected life (years)	1.77	2.77
Share price at grant date (A$)	1.17	1.17
Fair value per performance rights (A$)	1.009	0.997
Barrier price (A$)	From 1.4097 to 1.5407	From 1.5506 to 1.7718

11. SHARE-BASED PAYMENTS (continued)

2,991,324 performance rights were issued to directors on 29 November 2015. The performance rights will be automatically exercised for nil consideration once the vesting condition is met. The vesting condition includes the signing of an additional tier one retail account or achieving of gross sales of an average of at least US$650,000 per month for 3 consecutive months commencing November 2015, whichever occurs first. The fair value of the performance rights was calculated using a binominal approximation model and the following assumptions:

Grant date	23-Nov-15
Vesting date	30-Jan-17
Number of performance rights	2,991,324
Exercise price (A$)	-
Expiry date	1-Mar-17
Dividend yield (%)	0%
Expected volatility (%)	60%
Risk-free interest rate (%)	2.14%
Expected life (years)	1.27
Share price at grant date (A$)	1.17
Fair value per performance rights (A$)	1.165

Two tranches of unlisted options were issued to an employee on 23 December 2015 as incentive for future services. The fair value of the options was calculated using a binominal model and the following assumptions:

	Tranche 1	Tranche 2
Grant date	23-Dec-15	23-Dec-15
Vesting date	30-Sep-16	30-Sep-16
Number of options	60,000	120,000
Exercise price (A$)	1.15	1.25
Expiry date	31-Dec-17	31-Dec-17
Dividend yield (%)	0%	0%
Expected volatility (%)	64%	64%
Risk-free interest rate (%)	2.02%	2.02%
Expected life (years)	1.40	1.40
Share price at grant date (A$)	0.99	0.99
Fair value per option (A$)	0.250	0.223

11. SHARE-BASED PAYMENTS (continued)

Two tranches of unlisted options were issued to employees on 23 December 2015 as incentive for future services. The fair value of the options was calculated using a binominal model and the following assumptions:

	Tranche 1	Tranche 2
Grant date	23-Dec-15	23-Dec-15
Vesting date	24-Aug-16	24-Aug-17
Number of options	200,000	400,000
Exercise price (A$)	1.51	1.63
Expiry date	24-Aug-18	24-Aug-18
Dividend yield (%)	0%	0%
Expected volatility (%)	66%	77%
Risk-free interest rate (%)	2.02%	2.02%
Expected life (years)	1.67	2.17
Share price at grant date (A$)	0.99	0.99
Fair value per option (A$)	0.204	0.297

Two tranches of unlisted options were issued to an employee on 23 December 2015 as incentive for future services. The fair value of the options was calculated using a binominal model and the following assumptions:

	Tranche 1	Tranche 2
Grant date	23-Dec-15	23-Dec-15
Vesting date	8-Sep-16	8-Sep-17
Number of options	75,000	125,000
Exercise price (A$)	1.40	1.51
Expiry date	8-Sep-18	8-Sep-18
Dividend yield (%)	0%	0%
Expected volatility (%)	66%	76%
Risk-free interest rate (%)	2.02%	2.02%
Expected life (years)	1.71	2.21
Share price at grant date (A$)	0.99	0.99
Fair value per option (A$)	0.230	0.320

12. FAIR VALUES OF FINANCIAL INSTRUMENTS

Recurring fair value measurements

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

Fair values of financial instruments not measured at fair value

The following instruments are not measured at fair value in the statement of financial position. They had the following fair values at 31 December 2015:

	Carrying Amount US$	Fair Value US$
Current assets		
Trade and other receivables	431,190	431,190
Current liabilities		
Trade and other payables	775,727	775,727

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

13. COMMITMENTS AND CONTINGENCIES

Commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	Consolidated	
	31 December 2015 US$	30 June 2015 US$
Plant and Equipment		
Cost	**992,000**	-
Royalty		
Whetstone (i)	**182,473**	-

(i) Under the agreement with Whetstone, the Group has an obligation to pay royalty for sales in the U.S. market of each unit produced using Whetstone capsule design.

The Group will be using its newly developed, US patent pending and FDA approved capsule design in its production facility with Madelaine which is intended to deliver reduced input costs, automated processing and improve ease of opening the product capsule. As such, no further royalty payment will be made by the Group to any third party in relation to the capsule design in the future.

13. COMMITMENTS AND CONTINGENCIES (continued)

Contingencies

The Group had no contingent liabilities as at 31 December 2015.

14. EVENTS SUBSEQUENT TO BALANCE DATE

The Group has taken legal action to support its rights to remove its raw materials and wrapping machine from the Whetstone facility. An impairment charge of US$53,613 has been recorded to impair costs associated with initial set-up, installation and commissioning of wrapping machine. Based on legal advice received by the Group, no provision has been made against the remaining carrying value of the assets.

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

1. The financial statements and notes are in accordance with the *Corporations Act 2001*, including:

    a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and

    b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Wayne Loxton
Chairman

25 February 2016

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Yowie Group Ltd

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Yowie Group Ltd, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Yowie Group Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

BDO Audit (WA) Pty Ltd

BDO

Ian Skelton

Director

Perth, 25 February 2016