YOWIE GROUP LTD

ABN 98 084 370 669

ANNUAL REPORT

FOR THE YEAR ENDED

30 JUNE 2016

CONTENTS

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

DIRECTORS:	Mr Wayne Loxton Ms Patricia Fields Mr Trevor Allen
KEY MANAGEMENT:	Mr Bert Alfonso Mr Mark Schuessler Mr Salvador Alvarez
COMPANY SECRETARY:	Mr Neville Bassett
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ADR CODE:	YWRPY

Your directors submit their report together with the financial report of Yowie Group Limited ("the Company") and the consolidated entity ("the Group") for the year ended 30 June 2016.

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. Of the current directors, only Mr Trevor Allen does not have any special responsibilities. Mr Wayne Loxton is an Executive Director and Chairman and Ms Patricia Fields is an Executive Director.

Mr Wayne Loxton

Executive Director, Chairman

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. Mr Loxton 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, mergers and acquisitions, asset divestiture and introduction of best practices. His experience has included overseas assignments in North America, South Africa, Togo, Nigeria, Ghana, Philippines, Indonesia, Papua New Guinea, Zimbabwe and Fiji.

Ms Patricia Fields

Executive Director

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. She has 30+ years of commercial and brand experience in FMCG industries and was a former global director for Cadbury Schweppes Plc.

DIRECTORS (continued)

Mr Trevor Allen

Independent Non-Executive Director

Qualifications: BComm (Hons), CA, FF, MAICD

Mr. Allen has over 38 years of corporate and commercial experience, primarily as a Corporate and Financial Adviser to Australian and international companies and funds.

Prior to undertaking non-executive roles, Mr. Allen held senior executive positions as an Executive Director of Corporate Finance at SBC Warburg and its predecessors for eight years and as a Corporate Finance Partner at KPMG for nearly 12 years. At the time of his retirement from KPMG in 2011, he was the Lead Partner in its national M&A group.

Mr. Allen spent 3 years in commerce as Director of Business Development for Cellarmaster Wines from 1997 to 2000, having responsibility for the acquisition, integration and performance of a number of acquisitions made outside Australia in that period.

Directorships of other listed companies during the past three years

Name	*Company*	*Commenced*	*Ceased*
Mr W Loxton	Gleneagle Gold Limited	30 April 2010	-
Ms P Fields	No other directorships	-	-
Mr T Allen	Peet Limited	5 April 2012	-
	Eclipx Group Limited	26 March 2015	-
	Freedom Foods Group Limited	1 July 2013	-

Interests in the shares and options of the Company

As at the date of this report the directors (including their personal related parties) held the following ordinary shares, options and rights over ordinary shares in the Company as set out below.

Name	*Number of Ordinary Shares*	*Number of Options*	*Number of Rights*
Mr W Loxton	5,870,000	2,400,000	2,136,660
Ms P Fields	1,518,572	2,400,000	1,495,662
Mr T Allen	50,000	1,075,000	-
Total	**7,438,572**	**5,875,000**	**3,632,322**

COMPANY SECRETARY

Mr Neville Bassett

Mr Bassett is a chartered accountant with over 30 years of experience. He has been involved with a diverse range of Australian public listed companies in directorial, company secretarial and financial roles.

SENIOR EXECUTIVES

Mr Bert Alfonso

Global Chief Executive Officer

Qualifications: Bachelor of Accounting, CPA, MBA Marketing

Mr Alfonso has over 30 years of experience in improving operating performance and meeting shareholder value. Known for building extraordinary global teams that work together to create a winning culture, Mr Alfonso has delivered a verifiable track record of achieving above market revenue, profit and operating performance at Hershey, Cadbury Schweppes and Warner Lambert. Mr Alfonso brings a wealth of global consumer brands, healthcare industry, international markets and cross discipline operational leadership experience to the Group.

Mr Alfonso was the International President for The Hershey Company from April 2013 until his retirement in June 2015. Previously, Mr Alfonso served as Senior Vice President and Chief Financial Officer of The Hershey Company from July 2007 to March 2013. Prior to joining Hershey, Mr Alfonso was Executive Vice President Finance for Cadbury Schweppes. Prior to joining Cadbury Schweppes, Mr Alfonso was Vice President and Chief Financial Officer for the Adams Division of Pfizer, Inc. and led the divestment of the Adams business.

Mr Mark Schuessler

Global Chief Operating Officer

Qualifications: BSBA, MBA Finance

Mr Schuessler is an experienced senior executive leader with over 30 years' U.S. and international markets experience. Mr Schuessler has extensive cross discipline and cross category operational leadership experience in the consumer packaged goods industry with Doumak Inc., The Campbell Soup Company, Procter and Gamble and early financial roles in the printing and banking industries.

Mr Schuessler was President and Chief Operating Officer of Doumak Inc. from 2013, a privately held US$100m+ confectionery manufacturer of the Campfire brand, private label marshmallows distributed throughout the U.S. and the Rocky Mountain brand distributed in over 70 countries globally. During his leadership period, the company experienced annual top line double digit growth and a significant increase in the bottom line through increased productivity, new item launches and a global market focus. Prior to being President and Chief Operating Officer, Mr Schuessler was Vice President and Chief Operating Officer of Sales and Marketing with significant sales and profit growth.

SENIOR EXECUTIVES (continued)

Mr Salvador Alvarez

Chief Executive Officer of Yowie North America

Qualifications: BBA Marketing, MBA Marketing

Mr Alvarez is Chief Executive Officer of Yowie North America since November 2014 and brings over 30 years of experience in consumer general management, sales, marketing and innovation to Yowie North America, having worked in confectionery (Cadbury Schweppes and Warner Lambert), consumer products (Unilever and Playtex – a division of Sara Lee Corporation), pharmaceuticals (Johnson & Johnson and Pfizer) and spirits (Brown Forman) industries. Sal has extensive management experience in both local regional and global roles in the United States, Latin America, Europe and Asia markets and has a proven track record of leading multicultural, multi-functional high performance teams to achieve consistent superior business results.

PRINCIPAL ACTIVITY

Yowie Group Limited is a global brand licensing Company specialising in the development of consumer products designed to promote learning, understanding and engagement with the natural world through the adventures and exploits of six endearing Yowie characters. Educating children and adults about environment and ecology and 'Save the Natural World' is at the heart of the Yowie's proposition. Yowie Group Limited employs its company-owned intellectual property rights to supply Yowie branded chocolate confectionery product, a digital platform and Yowie branded licensed consumer products. Manufacturing and distribution of these products is undertaken by outsourced third parties on Yowie's behalf. The Group's vision for the Yowie brand is to distribute the Yowie chocolate confectionery product initially in the United States of America (USA) with future international expansion. The development of its digital platform and licensed consumer products is being undertaken in stages with stage 1 development complete.

OPERATING AND FINANCIAL REVIEW

During the financial year the Group progressed its objective of building a strong sales and distribution network in the United States, with some important milestones achieved.

Sales

- Recorded strong net sales of US$12.9 million during the year. The net sales for the year have increased by 531% compared to prior year.

- Yowie is now ranged in over 40,000 stores with sales recorded across 50+ current active accounts, account groups and brokers. 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 stores continue to grow and all new Walmart stores where distribution has been achieved within the national rollout have recorded sales.

OPERATING AND FINANCIAL REVIEW (continued)

Sales (continued)

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 1,500 Walmart stores. Progression from a 50 store trial to a national rollout in less than 12 months confirms Walmart's high expectation of the Yowie product.

- Average performance across all Walmart stores continues to surpass Walmart's required benchmark average in the store layout front end sub-category.

- National distribution has been secured in Safeway, one of the largest food and drug retailers in the United States. Safeway is the second Tier 1 U.S. retail account Yowie has secured in less than twelve months.

- National distribution has commenced in Walgreens, the largest drug retailing chain in the United States, where Yowie is now on sale in over 6,400 Walgreens stores. Walgreens is the third Tier 1 U.S. retail account Yowie has achieved in less than two years, an outstanding sales achievement for a new product line in such a short time frame in the largest consumer market in the world.

- The Yowie sales increase of 531% over the prior year is materially greater than the U.S. chocolate industry MAT (Moving Annual Total) growth rate of around 2-3%.

Marketing

- An inaugural Yowie social media marketing campaign was launched in peak selling pre-Easter period. The campaign was designed to engage consumers in the U.S. market with the Yowie chocolate surprise product, build awareness and understanding around the Yowie brand and 'Save the Natural World' message. The campaign performed successfully across all measures providing social media endorsement for consumer purchases of Yowie. Investment was in the order of US$500,000 including production. The campaign strategy was consistent with Yowie 'learning what works through trial', a strategy that has proven successful for Yowie in the U.S. in the retail trade selling (Walmart and other trials).

- Advertising – A second stage Yowie advertising campaign recommendation is under review for launch consideration around Halloween 2016.

- Digital – Over 800 videos uploaded with total views at 16.5 million since launch.

  There is an increasing percentage of organic search and direct access to Yowie World website. This is likely to be a sign of word of mouth leading to search combined with better product visibility in stores.

OPERATING AND FINANCIAL REVIEW (continued)

Marketing (continued)

- Academy Award winning Australian Film Producer Bruce Davey has been appointed as independent Global Creative Consultant and advisor to the Group. With over 25 years of experience in the film, television and entertainment industry, Bruce is uniquely placed to provide creative guidance and direction to the Group as Yowie moves to open up other categories beyond confectionery including publishing, film and animation.

- Publishing – Work is now complete on the development of Yowie character storylines and creative development for the launch of six individual Yowie character books into the U.S. market in time for launch in 2017. The books are designed to bring the Yowie story to life for U.S. consumers. The books are set in American habitats each with an American storyline, and American endangered and other animals. Concepts are currently being presented to US book buyers. Bruce Davey is overseeing development of the books.

- Animation – Creative development is currently underway for Yowie books which have been designed to feed into webisode development. Bruce Davey is overseeing this development. Progress has been made on securing a preferred webisode writer with a proposal due shortly.

Licensing

- The Group entered into 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 Group entered into Licensing Agreement with Yo-Kai Watch™, a LEVEL 5 Abby Inc entertainment property that has experienced great success in its native Japan. The Yowie/Yo-Kai Watch™ Agreement is for the right to manufacture and distribute two chocolate candy products – a Yo-Kai Watch™ chocolate candy inclusion product with a surprise collectable inside, and a novelty chocolate bar, the "Chocobar" a favourite chocolate candy of the TV show's main character, Jibanyan. The terms of the agreement grant Yowie licensing rights up until December 2018 for the North American market.

- Yowie entered into Licensing Agreement for SpacePOP, a new music and fashion-driven brand created to appeal to tween girls. The Yowie/SpacePOP Agreement is for the right to manufacture and distribute SpacePOP chocolate candy inclusion product with a SpacePOP collectable inside. The terms of the agreement grant Yowie licensing rights up until December 2018 for the North American market.

OPERATING AND FINANCIAL REVIEW (continued)

Operations

- In December 2015, the Group announced it had entered into a long term manufacturing agreement with New York based Madelaine Chocolate Company ("MCC"). The production and capacity features at MCC allow Yowie the opportunity to expand its U.S. rollout and plan for global expansion opportunities. The new Yowie manufacturing arrangements with MCC utilise a Company-owned U.S. Patent pending and FDA approved new capsule design. This has been developed as part of a long term strategic plan to optimise Yowie performance and be well positioned to compete successfully in a competitive global market.

  Following a successful installation and commissioning process, production has now commenced at the MCC facility with the Angry Birds licensed product being the first product manufactured on the newly commissioned line followed by production of Yowie product. The new line operates at a nameplate capacity and is delivering against all key performance indicators including faster speed, lower cost and improved quality.

Corporate

- The Group has changed its presentation currency from Australian Dollar to the United States Dollar from 1 July 2015 in order to better align the presentation of the Group's financial position and financial performance with its operations. A significant majority of revenues and costs are sourced and incurred in United States Dollar.

- The Group completed a placement of 35,555,556 ordinary fully paid shares at US$0.65 (A$0.90) per share, raising US$23.1 million (A$32 million). The Group also received US$4.2 million from exercise of options during the year. Funds raised under the placement and exercise of options will be used for working capital, investment in Yowie's digital, social and publishing media campaigns and the continued rollout of the Yowie product in the U.S.

- The Group appointed Bert Alfonso as Global Chief Executive Officer on 15 June 2016. Bert is a global senior executive with over 30 years' experience in improving operation performance and increasing shareholder value in a broad range of leadership roles, most notably are Hershey, Cadbury Schweppes and Warner Lambert.

- The Group appointed Mark Schuessler as Global Chief Operating Officer on 13 June 2016. Mark is an experienced senior executive leader with over 30 years' broad U.S. and international markets experience. He has extensive cross discipline and cross category operational and leadership experience in the consumer packaged goods industry with Doumak Inc, The Campbell Soup Company, Procter and Gamble and early financial roles in the printing and banking industries.

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 2016 was US$7.4 million (year ended 30 June 2015: net loss of US$2.8 million).

Total net revenue for the year is US$13.1 million which consists of net sales of US$12.9 million and other revenue of US$0.2 million. This represents an increase on total net revenue of 450% over the previous year. The increase in revenue was primarily driven by stronger sales performance from the rollout of Yowie products in the U.S. market.

The loss after tax attributable to members of US$7.4 million represents an increase in loss of 165% over the previous year.

Table below outlines non-cash and non-recurrent expenses for the year and the previous corresponding year.

	2016 US$	2015 US$
Loss after income tax for the year	(7,397,939)	(2,791,076)
Add back:		
Foreign exchange (gains) / losses	159,663	(2,803,256)
Impairment / write-off of non-current assets [1]	700,399	63,609
Employee benefits [2]	554,925	-
Share-based payments	2,550,385	896,672
Depreciation and amortisation	74,195	40,588
KMP recruitment fees	420,000	-
Adjusted loss after income tax for the year	(2,938,372)	(4,593,463)

[1] Impairment of non-current assets relates primarily to impairment on wrapping machine and parts specific to the operation of the wrapper at the Whetstone facility, of which recoverability is subject to court's decision. Refer to note 20 (b) for further details.

[2] The employee benefits of US$0.56 million (A$0.75 million) relate to STI of the Executive Directors, which, subject to shareholders' approval at the Annual General Meeting, will be settled in shares or service rights, or otherwise payable in cash.

The loss after tax attributable to members after adding back the effect of non-cash and non-recurrent expenses is US$2.9 million for the year compared to a loss of US$4.6 million for the previous corresponding year. This represents a decrease in the net loss after tax of US$1.7 million or 36% after adding back the effect of non-cash and non-recurrent expenses.

From the beginning of the 2016 financial year, the Group has reclassified its intercompany loans so that they have 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 year forward, until any future reclassification, such unrealised gains or losses will be included in movements in foreign exchange translation reserve within other comprehensive income. As noted above, in the previous corresponding year, US$2.8 million 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 30 June 2016 the Group's consolidated cash position was US$31,693,265 (30 June 2015: US$8,465,149).

OPERATING AND FINANCIAL REVIEW (continued)

Operating results for the year and financial position (continued)

The net assets of the Group increased by 160% from US$14.2 million to US$37 million. This increase was mainly a result of the share placement and exercise of options during the year.

The financial position of the Group has strengthened following the share placement with net tangible assets of US$36.2 million, inclusive of US$31.7 million in cash, US$1.3 million in trade and other receivables, US$1.7 million in prepayments, US$1.1 million in inventories, US$3.1 million in plant and equipment and US$2.7 million in trade and other payables, provisions and current tax liabilities.

Capital, funding and liquidity are managed at the corporate level. A summary of the cash flows for the Group is as follows:

Cash flows from:	**US$**
- Operating activities	(132,342)
- Investing activities	(3,210,636)
- Financing activities	26,276,592
Net cash flow for the year	**22,933,614**
Opening cash	8,465,149
Effect of foreign exchange movements	294,502
Closing cash balance	**31,693,265**

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, supported by increasing investment in Yowie intellectual property and social media strategies.

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 Group 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.

DIRECTORS' MEETINGS

The number of meetings attended by each director was as follows:

Director	***Eligible to Attend***	***Attended***
Mr W Loxton	9	9
Ms P Fields	9	9
Mr T Allen	9	9

SHARES UNDER OPTION

Unissued ordinary shares under options and rights outstanding at 30 June 2016 are as follows:

Number of Options	*Exercise Price (A$)*	*Expiry Date*
4,200,000	0.285	30 Jun 2017
3,625,000	0.766	31 Dec 2017
2,425,000	0.900	31 Dec 2017
2,775,000	1.050	31 Dec 2017
320,000	1.150	31 Dec 2017
640,000	1.250	31 Dec 2017
75,000	1.400	8 Sep 2018
200,000	1.510	24 Aug 2018
125,000	1.510	8 Sep 2018
400,000	1.630	24 Aug 2018
14,785,000		

Service and Performance Rights	*Number of Securities*	*Exercise Price (A$)*	*Expiry Date*
Service rights	1,000,000	-	14 Jun 2018
Service rights	1,000,000	-	14 Jun 2019
Service rights	1,000,000	-	14 Jun 2020
Service rights	100,000	-	12 Jun 2018
Service rights	132,925	-	12 Jun 2018
Service rights	132,925	-	12 Jun 2019
Service rights	132,925	-	12 Jun 2020
Performance rights STI	2,991,324	-	1 Mar 2017
Performance rights LTI	320,499	-	30 Sep 2017
Performance rights LTI	320,499	-	30 Sep 2018
Performance rights LTI	199,387	-	30 Jun 2019
Performance rights LTI	199,387	-	30 Jun 2020
Performance rights LTI	468,349	-	30 Jun 2019
Performance rights LTI	468,349	-	30 Jun 2020
	8,466,569		

SHARES UNDER OPTION (continued)

Shares issued as a result of the exercise of options

The following shares have been issued as a result of exercise of options during the year ended 30 June 2016:

- 27,358,826 shares were issued at an exercise price of A$0.20
- 3,500,000 shares were issued at an exercise price of A$0.23
- 500,000 shares were issued at an exercise price of A$0.766

No shares were issued as a result of the exercise of options subsequent to reporting date and to the date of this report.

EVENTS SUBSEQUENT TO BALANCE DATE

No circumstances or events have arisen subsequent to the end of the period that have had, or are likely to have, a material impact on the financial statements.

LIKELY DEVELOPMENTS

Information on likely developments in the operations of the Group is contained 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.

The directors present the Yowie Group Limited 2016 remuneration report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year.

The report is structured as follows:
(a) Key management personnel (KMP) covered in this report
(b) Remuneration policy and link to performance
(c) Elements of remuneration
(d) Remuneration expenses for KMP
(e) Contractual arrangements for KMP
(f) Equity instrument disclosures relating to Key Management Personnel

(a) Key management personnel (KMP) covered in this report

Name	Position
Mr Wayne Loxton	Executive Director, Chairman
Ms Patricia Fields	Executive Director
Mr Trevor Allen	Non-Executive Director
Mr Bert Alfonso	Global Chief Executive Officer (appointed 15 June 2016)
Mr Mark Schuessler	Global Chief Operating Officer (appointed 13 June 2016)
Mr Salvador Alvarez	Chief Executive Officer of Yowie North America

(b) Remuneration policy and link to performance

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.
From time to time, the Board engages an external remuneration consultant to assist with reviewing of the Group's remuneration policy.

In particular, the board aims to ensure that remuneration practices are:
- competitive and reasonable, enabling the company to attract and retain key talent;
- aligned to the company's strategic and business objectives and the creation of shareholder value;
- transparent and easily understood; and
- acceptable to shareholders.

REMUNERATION REPORT (audited) (continued)

(b) Remuneration policy and link to performance (continued)

To assist in achieving these objectives, the Board has linked the nature and amount of executive KMP remuneration to the Company's financial and operational performance. Remuneration paid to the Company's directors and executives is also determined having regard to the cash available to the Company.

Executive KMP 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.

Terms of appointment of CEO and COO

During the year the Board appointed Bert Alfonso as Global Chief Executive Officer and Mark Schuessler as Global Chief Operating Officer. These are senior appointments and the Board was extremely pleased to be able to add executives of such talent to our great team. The Group employed US based recruitment consultants to assist it in securing these appointments. The remuneration terms of their appointments include service rights, the availability of which is contingent on their continued employment in the Group. Details of the service rights are set out in section c(vi) below. The Board obtained advice which indicated that this type and quantum of incentive was required to secure the employment of the executives given the early stage of development of the Group's business and the employment alternatives available to executives of their calibre.

Remuneration framework

Element	**Purpose**
Fixed annual remuneration (FR)	Provide competitive market salary including superannuation and non-monetary benefits.
STI	Reward available for meeting pre-determined performance hurdles within a 12-month time period. Performance pay is 'at risk' such that if performance hurdles are not met, the payment is not made. Performance pay may be paid in cash or in the form of share-based compensation through participation in the YOW Employee Incentive Plan (EIP) through participation in the annual grants of service rights or performance rights where vesting are subject to performance hurdles.
LTI	Performance hurdles are aligned to long-term shareholder value. Performance rights are 'at risk' such that if performance hurdles are not met, the performance rights do not vest. Performance rights are paid in the form of share-based compensation through participation in the YOW Employee Incentive Plan (EIP).

REMUNERATION REPORT (audited) (continued)

(b) Remuneration policy and link to performance (continued)

Balancing short-term and long-term performance

Annual incentives are set at a maximum of 100% of fixed remuneration, in order to drive performance without encouraging undue risk-taking. Long-term incentives are assessed over a two or three year period and are designed for the achievement of long-term growth in shareholder returns.

Assessing performance

The board is responsible for assessing performance against KPIs and determining the STI and LTI to be paid. To assist in this assessment, the board receives detailed reports on performance from management which are based on independently verifiably data such as financial measures, market share and data from independently run surveys.

Minimum shareholding and holding conditions

All Directors and employees are encouraged to own Yowie shares. The Company does not have a formal minimum shareholding policy or mandatory holding condition on awarded shares, however, it is important to note that the nominal value of share rights is determined at the commencement of the performance period motivating executives to hold shares and grow shareholder value.

Use of remuneration consultants

During the year, the non-executive director engaged Crichton + Associates Pty Ltd ("Crichton") to provide various services in relation to executive KMP remuneration and the Yowie Employee Incentive Plan (EIP). Crichton did not make any remuneration recommendations to the Board. Notwithstanding, the Corporations Act protocols to ensure independence were adopted.
Crichton has confirmed that all was undertaken free from undue influence by members of the group's key management personnel.

The following arrangements were made to ensure that the remuneration recommendations were free from undue influence:

- Crichton was engaged by, and reported directly to, the non-executive director, under delegated authority on behalf of the board;
- The report relating to executive KMP remuneration were provided by Crichton directly to the non-executive director; and
- Crichton was permitted to speak to management throughout the engagement to understand company processes, practices and other business issues and obtain management perspectives. However, Crichton did not provide any member of management with a copy of their draft or final report prior to providing it to the non-executive director.

As a consequence, the board is satisfied that the recommendations were made free from undue influence from any members of the key management personnel.

REMUNERATION REPORT (audited) (continued)

(c) Elements of remuneration

(i) Fixed annual remuneration (FR)

Fixed remuneration consists of a base remuneration package, which includes directors' fees (in the case of directors), salaries, consulting fees, employer contributions to superannuation funds and non-monetary benefits such as health insurance and tax advisory services.

Fixed remuneration levels for directors and executive officers will be reviewed annually, or on promotion by the Board through a process that considers the individual'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 market relativities and the duties and accountabilities of the directors. The maximum available aggregate remuneration approved for non-executive directors is A$200,000. Non-executive directors do not receive any other retirement benefits other than a superannuation guarantee contribution required by government regulation, which was 9.5% of their fees for the year ended 30 June 2016.

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. No such advice was provided in the year ended 30 June 2016.

(ii) Short-term incentives (STI) – Executive Directors

Feature	***Description of STI***	***2016 STI***	***2015 STI (Performance Rights)***
Max opportunity	100% of fixed remuneration or subject to board discretion.	Value of 2016 STI: • Wayne Loxton - A$500,000 • Trish Fields - A$250,000	Value of Performance Rights (PRs) under the STI • Wayne Loxton – A$2,000,000 (value of 1,709,328 rights) • Trish Fields – A$1,500,000 (value of 1,281,996 rights)
Performance metrics	The STI metrics align with our strategic priorities of market competitiveness, operational excellence, shareholder value and fostering talented and engaged people.	2016 STI hurdles - the achievement between the date of the 2015 AGM and 30 June 2016 of the following: (a) Signing three (3) additional accounts with a retailer with 100 or greater stores; and (b) The signing of at least two (2) license agreements with third parties for use of the Yowie chocolate delivery system.	2015 STI hurdles - the achievement between the date of the 2015 AGM and 31 Dec 2016 of the following: (a) The signing of an additional "tier one" retail account as evidenced by the placing of an order with Yowie by that party. The definition of a Tier One account has been agreed by the Board. By way of example, Walmart is a Tier One account; or (b) The achieving of gross sales of an average of at least $US650,000 per month for 3 consecutive months commencing Nov 2015, so as to exclude the one-off impact of initial orders as part of the national rollout into Walmart stores.

REMUNERATION REPORT (audited) (continued)

(c) Elements of remuneration (continued)

(ii) Short-term incentives (STI) – Executive Directors (continued)

Feature	***Description of STI***	***2016 STI***	***2015 STI (Performance Rights)***
Achievement of award and Board discretion	The Board has discretion to adjust remuneration outcomes up or down to prevent any inappropriate reward outcomes, including reducing (down to zero, if appropriate) any deferred STI award.	Performance metrics have been achieved in FY2016.	Performance metrics have been achieved in FY2016. It is expected that Board will formally approve the vesting of the performance rights in FY2017.
Delivery of STI	100% of the STI award is paid in cash or equity, subject to meeting vesting conditions of performance hurdles. The mode of delivery is at the discretion of the board and subject to shareholders' approval at AGM.	100% of the STI award is payable as at 30 June 2016, subject to shareholders' approval at the Annual General Meeting 2016, will be settled in shares or service rights, or otherwise payable in cash. The number of equity to be issued to be determined based on the 5 day VWAP of YOW shares immediately after the release of preliminary final results for FY 2016.	Issuance of performance rights has been approved by shareholders at the Annual General Meeting 2015, with performance rights issued to respective executives in FY2016. The number of performance rights issued was determined based on the 5 day VWAP of YOW shares immediately after the release of preliminary final results for FY 2015.
Exercise price	Exercise price of options, service rights or performance rights is determined based on the weighted average price at which the company's shares are traded on the Australian Stock Exchange during the week up to and including the date of the grant.	Equity will be issued at nil exercise price, if settled in equity.	Performance rights issued at nil exercise price.
Forfeiture and termination	Options, service rights and performance rights will lapse if performance conditions are not met. Options and service rights will be forfeited on cessation of employment unless the board determines otherwise in its sole and absolute discretion, e.g. in the case of retirement due to injury, disability, death or redundancy.	No forfeiture and termination in FY16.	No forfeiture and termination in FY16.

REMUNERATION REPORT (audited) (continued)

(c) Elements of remuneration (continued)

(iii) Short-term incentives (STI) – Global CEO and Other Senior Executives

Feature	***Description of STI***	***2016 STI***
Max opportunity	100% of fixed remuneration.	No STI issued in 2016 to CEO and other senior executives
Performance metrics	The STI metrics align with our strategic priorities of market competitiveness, operational excellence, shareholder value and fostering talented and engaged people.	No STI issued in 2016 to CEO and other senior executives
Achievement of award and Board discretion	The Board has discretion to adjust remuneration outcomes up or down to prevent any inappropriate reward outcomes, including reducing (down to zero, if appropriate) any deferred STI award.	No STI issued in 2016 to CEO and other senior executives
Delivery of STI	100% of the STI award is paid in cash or equity at the discretion of the board, subject to meeting vesting conditions of performance hurdles.	No STI issued in 2016 to CEO and other senior executives
Exercise price	Exercise price of options is determined based on premium to share price at which the company's shares are traded on the Australian Stock Exchange on date of the grant. Exercise price of service rights and performance rights are generally nil.	No STI issued in 2016 to CEO and other senior executives
Forfeiture and termination	Options, service rights and performance rights will lapse if performance conditions are not met. Options and service rights will be forfeited on cessation of employment unless the board determines otherwise in its sole and absolute discretion, e.g. in the case of retirement due to injury, disability, death or redundancy.	No STI issued in 2016 to CEO and other senior executives

REMUNERATION REPORT (audited) (continued)

(c) Elements of remuneration (continued)

(iv) Long-term incentives (LTI) – Executive Directors

<table>
<tr><th>Feature</th><th>Description of LTI</th><th>2016 LTI to Executive Directors</th></tr>
<tr><td>Max opportunity</td><td>100% of fixed remuneration</td><td>Value of 2016 LTI:
Wayne Loxton - A$500,000
(value of 427,332 rights granted)
Trish Fields - A$250,000
(value of 213,666 rights granted)</td></tr>
<tr><td>Performance metrics</td><td>Tranche 1: Vesting on 31 Aug 2017 subject to YOW's Total Shareholder Return (TSR) achieves the following Compound Annual Growth Rate (CAGR) over the period 1 July 2015 to 30 June 2017:
<table>
<tr><td>YOW TSR CAGR</td><td>% of Tranche 1 Performance Rights to vest</td></tr>
<tr><td>Equal to or less than 10% per annum</td><td>None</td></tr>
<tr><td>Between 10% and 15% per annum</td><td>Interpolated vesting on a straight line basis between 10% and 15%</td></tr>
<tr><td>At least 15% per annum</td><td>100%</td></tr>
</table>
Tranche 2: Vesting on 31 Aug 2018 subject to YOW's Total Shareholder Return (TSR) achieves the following Compound Annual Growth Rate (CAGR) over the period 1 July 2015 to 30 June 2018:
<table>
<tr><td>YOW TSR CAGR</td><td>% of Tranche 1 Performance Rights to vest</td></tr>
<tr><td>Equal to or less than 10% per annum</td><td>None</td></tr>
<tr><td>Between 10% and 15% per annum</td><td>Interpolated vesting on a straight line basis between 10% and 15%</td></tr>
<tr><td>At least 15% per annum</td><td>100%</td></tr>
</table></td><td>No LTI vest in FY2016</td></tr>
<tr><td>Delivery of LTI</td><td>100% of the LTI award is paid in cash or equity, subject to meeting vesting conditions of performance hurdles. The mode of delivery is at the discretion of the board and subject to shareholders' approval at AGM.</td><td>Issuance of rights has been approved by shareholders at the Annual General Meeting 2015, with performance rights issued to respective executives in FY2016.

The number of equity issued was determined based on the 5 day VWAP of YOW shares immediately after the release of preliminary final results for FY 2015.</td></tr>
</table>

REMUNERATION REPORT (audited) (continued)

(c) Elements of remuneration (continued)

(iv) Long-term incentives (LTI) – Executive Directors (continued)

Feature	***Description of LTI***	***2016 LTI to Executive Directors***
Exercise price	Exercise price of options is determined based on premium to share price at which the company's shares are traded on the Australian Stock Exchange on date of the grant. Exercise price of service rights and performance rights are generally nil.	Performance rights issued at nil exercise price.
Forfeiture and termination	Options, service rights and performance rights will lapse if performance conditions are not met. Options and service rights will be forfeited on cessation of employment unless the board determines otherwise in its sole and absolute discretion, e.g. in the case of retirement due to injury, disability, death or redundancy.	No forfeiture and termination in FY16

(v) Long-term incentives (LTI) – Global CEO and Other Senior Executives

Feature	***Description of LTI***	***2017 LTI***
Max opportunity	Subject to board discretion.	Value of 2017 LTI: • Bert Alfonso – US$700,000, vesting over two and three years. • Mark Schuessler – US$300,000, vesting over two and three years.
Performance metrics	To be determined in FY17	Vesting of the performance rights will be subject to meeting agreed performance conditions, with 75% being non-market conditions and may include revenue and margin targets, and 25% being market or corporate conditions that may include share price. Vesting of performance rights will be in two tranches - 24 months and 36 months from employment date based on performance hurdles for the relevant periods of each tranche.
Delivery of LTI	100% of the LTI award is paid in cash or equity at the discretion of the board, subject to meeting vesting conditions of performance hurdles.	No LTI vest in FY2016
Exercise price	Exercise price of options is determined based on premium to share price at which the company's shares are traded on the Australian Stock Exchange on date of the grant. Exercise price of service rights and performance rights are generally nil.	Performance rights will be issued at nil exercise price.
Forfeiture and termination	Options, service rights and performance rights will lapse if performance conditions are not met. Options and service rights will be forfeited on cessation of employment unless the board determines otherwise in its sole and absolute discretion, e.g. in the case of retirement due to injury, disability, death or redundancy.	No forfeiture and termination in FY16

REMUNERATION REPORT (audited) (continued)

(c) Elements of remuneration (continued)

(vi) Service rights (SR) – Global CEO and Other Senior Executives

Feature	***Description of SR***	***2016 SR***
Max opportunity	One off issuance subject to board discretion to attract and retain high calibre employee	Value of 2016 SR: • Bert Alfonso – US$2,241,922, vesting over three tranches, over one year to three year period. (value of 3,000,000 of service rights granted) • Mark Schuessler – US$375,231, vesting over three tranches, over one year to three year period. (value of 498,775 of service rights granted)
Performance metrics	Subject to Employee remaining employed by the Company on the vesting date	The service rights will vest in three tranches, subject to Employee remaining employed by the Company on the vesting date. Vesting date is 12 months, 24 months and 36 months from date of employment for respective tranches.
Delivery of SR	100% of the SR award is paid in cash or equity at the discretion of the board, subject to meeting vesting conditions.	No SR vest in FY2016
Exercise price	Exercise price of options is determined based on premium to share price at which the company's shares are traded on the Australian Stock Exchange on date of the grant. Exercise price of service rights and performance rights are generally nil.	Service rights will be issued at nil exercise price.
Forfeiture and termination	Options, service rights and performance rights will lapse if performance conditions are not met. Options and service rights will be forfeited on cessation of employment unless the board determines otherwise in its sole and absolute discretion, e.g. in the case of retirement due to injury, disability, death or redundancy.	No forfeiture and termination in FY16

REMUNERATION REPORT (audited) (continued)

(c) Elements of remuneration (continued)

Company performance

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

	2016	2015	2014	2013
Revenue (US$)	13,062,662	2,376,983	119,409	43,186
Net Loss (US$)	(7,397,939)	(2,791,076)	(5,913,790)	(2,420,900)
Closing Share Price (A$)	0.93	0.98	0.56	0.165
Number of Shares	206,372,375	139,230,199	117,824,223	70,594,871
Market Capitalisation (A$)	191,926,309	136,445,595	65,981,565	11,648,154

The alignment of KMP remuneration to the Company's performance is as described in section c(ii), c(iv) and c(v).

(d) Remuneration expenses for KMP

Remuneration packages may contain the following key elements:

a) Short-term benefits, including salary and fees, bonus and other benefits;
b) Post-employment benefits, including superannuation; and
c) Share-based payments, including options, service rights and performance rights granted as remuneration.

REMUNERATION REPORT (audited) (continued)

(d) Remuneration expenses for KMP (continued)

The following table discloses the remuneration of the key management personnel during the financial year:

2016

	Short-Term Benefits		Post-Employment	Share-based Payments [2]	Total	Performance/ Service based
	Salary and Fees [1]	Bonus	Superannuation			
	(US$)	(US$)	(US$)	(US$)	(US$)	(%)
Directors						
Mr W Loxton	396,310	369,950 [6]	34,590	829,472	1,630,322	74
Ms P Fields	186,003	184,975 [6]	17,295	600,145	988,418	79
Mr T Allen	43,692	-	4,151	228,654	276,497	83
Senior Executives						
Mr B Alfonso [3]	18,846	-	-	68,343	87,189	78
Mr M Schuessler [4]	26,923	-	-	17,803	44,726	40
Mr S Alvarez [5]	501,328	100,000	-	318,634	919,962	46
Total	**1,173,102**	**654,925**	**56,036**	**2,063,051**	**3,947,114**	

1 This includes annual leave
2 Calculated in accordance with AASB 2 Share-based Payments. Refer to Note 17
3 Appointed on 15 June 2016
4 Appointed on 13 June 2016
5 Mr S Alvarez is a key management personnel effective from the beginning of FY2016
6 Bonus to Mr W Loxton and Ms P Fields relates to STI of the Executive Directors, which, subject to shareholders' approval at the Annual General Meeting, will be settled in shares or service rights, or otherwise payable in cash

2015

	Short-Term Benefits		Post-Employment	Share-based Payments [1]	Total	Proportion Related to Performance
	Salary and Fees	Bonus	Superannuation			
	(US$)	(US$)	(US$)	(US$)	(US$)	(%)
Directors						
Mr W Loxton	278,329	-	22,782	201,193	502,304	40
Ms P Fields	178,028	-	16,913	201,193	396,134	51
Mr T Allen [2]	12,550	-	1,191	-	13,741	-
Mr M Avery [3]	47,843	-	4,545	-	52,388	-
Total	**516,750**	**-**	**45,431**	**402,386**	**964,567**	

1 Calculated in accordance with AASB 2 Share-based Payments. Refer to Note 17
2 Appointed 25 March 2015
3 Resigned 25 March 2015

REMUNERATION REPORT (audited) (continued)

(d) Remuneration expenses for KMP (continued)

Share-based compensation to key management personnel

Shareholders approved the YOW Employee Incentive Plan (EIP) at the Annual General Meeting held on 23 November 2015. The EIP is developed to meet contemporary equity design standards and to provide the greatest flexibility in the design and offer choices available in the various new equity schemes. The EIP enables the Company to offer employees a range of different employee share scheme ("ESS") interests. These ESS interests or awards include options, performance rights, service rights, deferred shares, exempt shares, cash rights and stock appreciation rights.

Whenever Shares are acquired under the EIP, they may be acquired and held by an Employee Share Trust ("EST"). The EST will be governed by a trust deed ("EST Trust Deed") outlining the rules of the EST and the responsibilities of the Trustee, the Company and participants.

The Board believes that the grant of incentives under the EIP to eligible participants will underpin the employment strategy of attracting and retaining high calibre staff capable of executing the Company's strategic plans, and will maximise the retention of key management and operational staff; enhance the Company's ability to attract quality staff in the future, link the rewards of key staff with the achievement of strategic goals and the long term performance objectives of the Company, and provide incentives to participants of the EIP to deliver superior performance that creates shareholder value.

Where the participant is a Director or related party of the Company, specific shareholder approval will have to be sought under the ASX Listing Rules prior to the grant of incentives under EIP to such an individual.

The exercise price, if any will be determined by the Board in its discretion and set out in the related invitation. The exercise price may be any amount and may be as low as zero, in which case a statement to that effect will be set out in the related invitation.

Securities issued under the EIP will lapse or be forfeited on the earliest of:

- Any expiry date applicable to the securities;
- Any date which the Board determines that vesting conditions applicable to the securities are not met or cannot be met;
- The participant dealing in respect of the securities in contravention of the EIP; and
- The Board determining that a participant has committed an act of fraud, is ineligible to hold the office for the purposes of Part 2D.6 of the Corporations Act, or is found to have acted in a manner that the Board considers to constitute gross misconduct.

REMUNERATION REPORT (audited) (continued)

(d) Remuneration expenses for KMP (continued)

Share-based compensation to key management personnel (continued)

Options and rights granted to key management personnel as remuneration:

Name	Security	Grant Date	No of Securities Granted	Exercise Price	Vesting Date	Expiry Date	Fair Value per Security at Grant Date
Mr W Loxton	Performance Rights STI	23 Nov 2015	1,709,328	Nil	30 Jan 2017	1 Mar 2017	A$1.165
	Performance Rights LTI – Tranche 1	23 Nov 2015	213,666	Nil	31 Aug 2017	30 Sep 2017	A$1.009
	Performance Rights LTI – Tranche 2	23 Nov 2015	213,666	Nil	31 Aug 2018	30 Sep 2018	A$0.997
Ms P Fields	Performance Rights STI	23 Nov 2015	1,281,996	Nil	30 Jan 2017	1 Mar 2017	A$1.165
	Performance Rights LTI – Tranche 1	23 Nov 2015	106,833	Nil	31 Aug 2017	30 Sep 2017	A$1.009
	Performance Rights LTI – Tranche 2	23 Nov 2015	106,833	Nil	31 Aug 2018	30 Sep 2018	A$0.997
Mr T Allen	Unlisted Options – Tranche 1	23 Nov 2015	275,000	A$0.766	31 Dec 2015	31 Dec 2017	A$0.486
	Unlisted Options – Tranche 2	23 Nov 2015	375,000	A$0.90	31 Dec 2016	31 Dec 2017	A$0.480
	Unlisted Options – Tranche 3	23 Nov 2015	425,000	A$1.05	30 Jun 2017	31 Dec 2017	A$0.510
Mr B Alfonso	Service Rights – Tranche 1	15 Jun 2016	1,000,000	Nil	14 Jun 2017	14 Jun 2018	A$1.01
	Service Rights – Tranche 2	15 Jun 2016	1,000,000	Nil	14 Jun 2018	14 Jun 2019	A$1.01
	Service Rights – Tranche 3	15 Jun 2016	1,000,000	Nil	14 Jun 2019	14 Jun 2020	A$1.01
	Performance Rights LTI – Tranche 1	15 Jun 2016	468,349	Nil	30 Jun 2018	30 Jun 2019	A$1.01
	Performance Rights LTI – Tranche 2	15 Jun 2016	468,349	Nil	30 Jun 2019	30 Jun 2020	A$1.01
Mr M Schuessler	Service Rights – Tranche 1	13 Jun 2016	100,000	Nil	12 Jun 2017	12 Jun 2018	A$1.02
	Service Rights – Tranche 2	13 Jun 2016	132,925	Nil	12 Jun 2017	12 Jun 2018	A$1.02
	Service Rights – Tranche 3	13 Jun 2016	132,925	Nil	12 Jun 2018	12 Jun 2019	A$1.02
	Service Rights – Tranche 4	13 Jun 2016	132,925	Nil	12 Jun 2019	12 Jun 2020	A$1.02
	Performance Rights LTI – Tranche 1	13 Jun 2016	199,387	Nil	30 Jun 2018	30 Jun 2019	A$1.02
	Performance Rights LTI – Tranche 2	13 Jun 2016	199,387	Nil	30 Jun 2019	30 Jun 2020	A$1.02

REMUNERATION REPORT (audited) (continued)

(d) Remuneration expenses for KMP (continued)

The assessed fair value at grant date of options or rights granted is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration table. Refer to Note 17 for further details of the valuation of options and rights.

Share-based compensation to key management personnel (continued)

Options held by key management personnel which were exercised during the year ended 30 June 2016:

Name	No of Options Exercised	No of Shares Issued	Paid per Share
Mr W Loxton	3,050,000	3,050,000	A$0.20
	1,000,000	1,000,000	A$0.23
Ms P Fields	150,000	150,000	A$0.20
	1,000,000	1,000,000	A$0.23

Details of options that vested or lapsed during the year are set out below:

Name	Grant Date	Vesting Date	Number of Options Vested	Number of Options Lapsed
Mr T Allen	23 Nov 2015	31 Dec 2015	275,000	-
Mr S Alvarez	16 Jun 2015	31 Dec 2015	550,000	-

(e) Contractual arrangements for KMP

Remuneration and other terms of employment for executives are formalised in a service agreement. The KMP are remunerated on a total fixed remuneration (TFR) basis inclusive of superannuation and allowances.

<table>
<tr><th>Position</th><th>Executive</th><th>Total Annual Fixed Remuneration</th><th>Contract Duration</th><th>Termination Clause</th></tr>
<tr><td>Executive Chairman</td><td>Wayne Loxton</td><td>A$500,000 + 9.5% superannuation</td><td>Ongoing</td><td>Six months written notice</td></tr>
<tr><td>Executive Director</td><td>Patricia Fields</td><td>A$250,000 + 9.5% superannuation</td><td>Ongoing</td><td>Three months written notice</td></tr>
<tr><td>Global Chief Executive Officer</td><td>Bert Alfonso</td><td>US$350,000</td><td>36 months</td><td rowspan="2">14 days written notice. Three months of base salary as severance pay in the event of termination by the Company</td></tr>
<tr><td>Global Chief Operating Officer</td><td>Mark Schuessler</td><td>US$500,000</td><td>36 months</td></tr>
<tr><td>YNA Chief Executive Officer</td><td>Salvador Alvarez</td><td>US$500,000</td><td>Ongoing</td><td>Three months written notice</td></tr>
</table>

REMUNERATION REPORT (audited) (continued)

(f) Equity instrument disclosures relating to Key Management Personnel

(i) 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.

Name	Balance at Start of Year (No)	Granted as Remuneration (No)	Exercised (No)	Other Changes (No)	Balance at End of Year (No)	Options Vested and Exercisable at End of Year (No)
Directors						
Mr W Loxton	6,450,000	-	(4,050,000)	-	2,400,000	2,400,000
Ms P Fields	3,550,000	-	(1,150,000)	-	2,400,000	2,400,000
Mr T Allen	-	1,075,000	-	-	1,075,000	275,000
Senior Executives						
Mr B Alfonso	-	-	-	-	-	-
Mr M Schuessler	-	-	-	-	-	-
Mr S Alvarez	2,150,000	-	-	-	2,150,000	550,000
Total	**12,150,000**	**1,075,000**	**(5,200,000)**	**-**	**8,025,000**	**5,625,000**

(ii) Performance Rights and Service Rights Holdings

The number of performance rights and service rights in the Company held during the financial year by each director, including their personally related parties, are set out in the following table.

Name	Balance at Start of Year (No)	Granted as Remuneration (No)	Exercised (No)	Other Changes (No)	Balance at End of Year (No)
Directors					
Mr W Loxton	-	2,136,660	-	-	2,136,660
Ms P Fields	-	1,495,662	-	-	1,495,662
Mr T Allen	-	-	-	-	-
Senior Executives					
Mr B Alfonso	-	3,936,698	-	-	3,936,698
Mr M Schuessler	-	897,549	-	-	897,549
Mr S Alvarez	-	-	-	-	-
Total	**-**	**8,466,569**	**-**	**-**	**8,466,569**

REMUNERATION REPORT (audited) (continued)

(f) Equity instrument disclosures relating to Key Management Personnel (continued)

(iii) Shareholdings (ordinary shares)

The number of shares in the Company held during the financial year by each director and other key management personnel of the Group, including their related parties, is set out in the following table. No shares were granted during the reporting year as compensation.

Name	Balance at Start of Year (No)	Disposal (No)	On conversion of options (No)	Other Changes (No)	Balance at End of Year (No)
Directors					
Mr W Loxton	1,820,000	-	4,050,000	-	5,870,000
Ms P Fields	368,572	-	1,150,000	-	1,518,572
Mr T Allen	50,000	-	-	-	50,000
Senior Executives					
Mr B Alfonso	-	-	-	-	-
Mr M Schuessler	-	-	-	-	-
Mr S Alvarez	-	-	-	-	-
Total	**2,238,572**	**-**	**5,200,000**	**-**	**7,438,572**

Loans to and other transactions with key management personnel

There were no loans outstanding or other transactions with key management personnel and their related parties during the year ended 30 June 2016.

END OF AUDITED REMUNERATION REPORT

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 Limited 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

Details of amounts paid or payable to the auditor for non-audit services provided during the year are 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 45 of the financial report.

Signed in accordance with a resolution of the directors.

Wayne Loxton
Chairman
9 September 2016

Yowie Group Limited's Board and Corporate Governance

This Corporate Governance statement of Yowie Group Limited (the 'company') has been prepared in accordance with the 3rd Edition of the Australia Securities Exchanges ('ASX') Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council ('ASX Principles and Recommendations').

The Recommendations are guidelines and not prescriptions. The Council recognises that the range in size and diversity of companies is significant and that smaller companies from the outset may face particular issues in following all the Recommendations. If a company considers that a Recommendation is not appropriate to its particular circumstances, it has the flexibility not to adopt it.

The Board has adopted the best practice Recommendations as outlined by the Council to the extent that is deemed appropriate considering the current size and operations of the company.

This statement has been approved by the company's Board of Directors ('Board') and is current as at 9 September 2016.

The ASX Principles and Recommendations and the company's response as to how and whether it follows those recommendations are set out below.

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1 - A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.

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 Limited 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 the Executive Chairman and Executive Director for the day-to-day management of the Company and its operations. Both the Executive Chairman and Executive Director have a clearly defined set of responsibilities as agreed by the Board of the Company.

The Board's charter, which is available on the company's website at www.yowiegroup.com more fully sets out the specific responsibilities of the Board.

Principle 1: Lay solid foundations for management and oversight (continued)

Recommendation 1.2 - A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

The company undertakes comprehensive reference checks prior to appointing a director or putting that person forward as a candidate to ensure that person is competent, experienced, and would not be impaired in any way from undertaking the duties of director. An election of directors is held each year. A director that has been appointed during the year must stand for election at the next Annual General Meeting ('AGM'). Directors are appointed for a maximum term of three years. Retiring directors are not automatically re-appointed. The company provides to shareholders in the Notice of AGM relevant information for their consideration about the attributes of candidates together with whether the Board supports the appointment or re-election.

The Board's charter, which is available on the company's website at www.yowiegroup.com more fully sets out the specific responsibilities of the Board. Corporate expectations are set out in the directors' letters of appointment.

Recommendation 1.3 - A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

The terms of the appointment of a non-executive director are set out in writing and cover matters such as the term of appointment, time commitment envisaged, required committee work and other special duties, requirements to disclose their relevant interests which may affect independence, corporate policies and procedures, indemnities, and remuneration entitlements.

Executive directors and senior executives are issued with service contracts which detail the above matters as well as the person or body to whom they report, the circumstances in which their service may be terminated (with or without notice), and any entitlements upon termination.

Recommendation 1.4 - The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

The Company Secretary reports directly to the Board through the Chairman and is accessible to all directors.

Principle 1: Lay solid foundations for management and oversight (continued)

Recommendation 1.5 - A listed entity should (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either: (1) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.

The Company and all its related bodies corporate have established a Diversity Policy as part of the overall Corporate Governance Plan (a copy of which is available on the company website under 'Corporate Governance').

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.

Principle 1: Lay solid foundations for management and oversight (continued)

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.

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.

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.

MONITORING AND EVALUATION

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

The Company with oversight from 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.

Principle 1: Lay solid foundations for management and oversight (continued)

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.

No entity within the consolidated entity is a 'relevant employer' for the purposes of the Workplace Gender Equality Act 2012 and therefore no Gender Equality Indicators to be disclosed.

Recommendation 1.6 - A listed entity should (a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Board has not adopted any formal procedures for the review of the performance of the Board, however the Board has adopted an on-going self-evaluation process to measure its own performance, which is currently considered to meet the Board's obligations sufficiently.

The review process takes into consideration all of the Board's key areas of responsibility and accountability and is based on an amalgamation of factors including capability, skill levels, understanding of industry complexities, risks and challenges, and value adding contributions to the overall management of the business.

During the year the Board proposed and shareholders approved company STI and LTI structures which include remuneration arrangements for the executive directors.

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;
- 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.

Principle 1: Lay solid foundations for management and oversight (continued)

Recommendation 1.7 - A listed entity should (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Board has not adopted any formal procedures for the review of the performance of its senior executives, however the Board has adopted an on-going informal assessment process to measure senior executive performance, which is currently considered to meet the Board's obligations sufficiently, with outcomes utilised to determine senior executive remuneration.

The Board is advanced in the establishment of a performance management system that sets out each employee's key performance requirements and personal development plans in a way that links the nature and amount of an employee's remuneration to their personal and the Company's financial and operational performance.

Principle 2: Structure the board to add value

Recommendation 2.1 - The board of a listed entity should (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

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 2.1 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.

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.

Principle 2: Structure the board to add value (continued)

Recommendation 2.2 - A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

In view of its size the Board does not maintain a formal skills matrix that sets out the mix of skills and diversity that the Board aims to achieve in its membership. However, the individual directors and the Board as a whole recognise the importance for the Board to have the skills, knowledge, experience and diversity of background required to effectively steer the company over time in response to market developments, opportunities and challenges. The Board recognises certain core skills that are required for the Board to ensure effective stewardship of the company. These include business and strategic expertise, experience with financial markets, industry knowledge, accounting and finance skills, project management experience and personal ethics, attributes and skills. The current Board members represent individuals that have extensive business and industry experience as well as professionals that bring to the Board their specific skills in order for the company to achieve its strategic, operational and compliance objectives. Their suitability to the directorship has been determined primarily on the basis of their ability to deliver outcomes in accordance with the company's short and longer term objectives and therefore deliver value to shareholders.

Recommendation 2.3 - A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.

Details of the Board of directors, their appointment date, length of service and independence status is as follows:

Director's name	Appointment date	Length of service at reporting date	Independence status
Wayne Loxton	19 March 2013	3 years 5 months	Not independent – Executive Chairman
Patricia Fields	29 October 2012	3 years 10 months	Not independent – Executive Director
Trevor Allen	25 March 2015	1 years and 5 months	Independent – Non-Executive Director

The Board has reviewed the position and associations of each of the directors in office at the date of this report and considers that Mr Trevor Allen is an independent non-executive director. Mr Wayne Loxton, Executive Chairman and Ms Patricia Fields, Executive Director are not considered independent in terms of Recommendation 2.3 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.

Principle 2: Structure the board to add value (continued)

Recommendation 2.4 - A majority of the board of a listed entity should be independent directors.

Having regard to the response to Recommendation 2.3 above, the majority of the Board are not independent.

The Board is of the view that the majority of directors should be independent, non-executive directors. The Board is considering the appointment of an additional independent non-executive director, therefore seeking to move it towards meeting the best practice recommendations of the ASX Corporate Governance Council.

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.

Recommendation 2.5 - The Chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

The Chair is not independent as disclosed in Recommendation 2.3, as he carries out an executive function. Given the size and scale of the Company's operations during the year, the Board did not consider it essential to appoint an independent Chair simply in order to comply with the Corporate Governance Council's Recommendations. The Board considers that, at this stage of the Company's development, the executive role carried out by the Chairman is in the best interests of the Company.

During the year, the Company appointed a Global CEO.

Recommendation 2.6 - A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

The company has, due to the Board's size, an informal induction process. New directors are fully briefed about the nature of the business, current issues, the corporate strategy and the expectations of the company concerning performance of directors.

Directors receive a formal letter of appointment setting out the key terms and conditions relevant to that appointment. Generally, directors undertake their own continuing education.

Principle 3: Act ethically and responsibly

Recommendation 3.1 - A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.

The Board has adopted a Code of Conduct which sets out the company's obligations and standard of conduct for directors and employees when dealing with each other, competitors, customers and the community. The Code outlines not only practices necessary to maintain confidence in the company's integrity and to take into account its legal obligations and the expectations of its stakeholders but also the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

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

The Code of Conduct is posted on the company's website.

Securities Trading by Directors and Employees

Yowie Group Limited has adopted a Securities Trading Policy. 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.

Principle 4: Safeguard integrity in corporate reporting

Recommendation 4.1 - The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

The functions that would be performed by an audit 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 4.1 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.

However meetings are held throughout the year between the Board, the Company Secretary and the company's auditors to discuss the company's ongoing activities and any proposed changes prior to their implementation.

The Board reviews the audited annual and half-year financial statements and any reports which accompany published financial statements and recommends their approval to the members. The Board also reviews annually the appointment of the external auditor, their independence and their fees.

Details of the qualifications and experience of the members of the Committee, being the full Board, are contained in the 'Information of directors' section of the Directors' report.

External Auditors

The Company's policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. It is BDO Audit (WA) Pty Ltd's policy to rotate engagement partners on listed companies at least every five years.

Principle 4: Safeguard integrity in corporate reporting (continued)

Recommendation 4.2 - The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

For the financial year ended 30 June 2016 and the half-year ended 31 December 2015, the company's CEO and CFO provided the Board with the required declarations.

Recommendation 4.3 - A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

A representative of the company's external audit firm attends the AGM and is available to answer shareholder questions from shareholders relevant to the audit.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1 - A listed entity should (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.

The company maintains a written policy that outlines the responsibilities relating to the directors, officers and employees in complying with the company's continuous disclosure obligations. Where any such persons are of any doubt as to whether they possess information that could be classified as market sensitive, they are required to notify the Company Secretary immediately in the first instance. The policy provides the mechanism by which relevant market sensitive information that may have a material effect on the price of the company's securities is released to the ASX in a timely manner.

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.

The Board reviews the Company's compliance with this policy on an ongoing basis and will update it from time to time, if necessary.

The Company's Continuous Disclosure Policy is available on its website.

Principle 6: Respect the rights of security holders

Recommendation 6.1 - A listed entity should provide information about itself and its governance to investors via its website.

The company maintains information in relation to corporate governance documents, directors and senior executives, Board and committee charters, annual reports, ASX announcements and contact details on the company's website.

Recommendations 6.2 and 6.3

A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors (6.2).

A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders (6.3).

The company is committed to promoting effective communications with shareholders by ensuring they and the investment market generally are provided with full and timely disclosure of its activities and providing equal opportunity for all stakeholders to receive externally available information issued by the company in a timely manner. The company provides shareholders with periodic updates on its business. Shareholders are encouraged to communicate by electronic means and to participate at the Annual General Meeting, to ensure a high level of accountability and identification with the company's strategy and goals.

The company's Shareholder Communication Policy is available on its website.

Recommendation 6.4 - A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

The company engages its share registry to manage the majority of communications with shareholders. Shareholders are encouraged to receive correspondence from the company electronically, thereby facilitating a more effective, efficient and environmentally friendly communication mechanism with shareholders. Shareholders not already receiving information electronically can elect to do so through the share registry, Link Market Services Limited at www.linkmarketservices.com.au.

Principle 7: Recognise and manage risk

Recommendations 7.1 & 7.2

The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework (7.1).

The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place (7.2).

The functions that would be performed by a risk 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 7.1 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.

The Board reviews risks to the company at regular Board meetings.

The company manages material business risks under a risk management policy which is available on its website. There is an ongoing program to identify, monitor and manage compliance issues and material business risks with a view to enhancing the value of every shareholder's investment and safeguarding the company's investments. The Board reviews the identification, management and reporting of risk as part of the annual budget process. More frequent reviews are undertaken as conditions or events dictate.

Recommendation 7.3 - A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

The Board has the responsibility for ensuring the effectiveness of risk management and internal compliance and control. As part of the review process the Board considers the extent to which the risk process has been successful in retrospect with regard to the identification and mitigation of risks. This is required at all times and the Board actively promotes a culture of quality and integrity.

The company does not have an internal audit function due to its size; however the company's procedures and policies are subject to regular review. The Board also liaises closely with the company's external auditor to identify potential improvements to the risk management and internal control procedures.

Principle 7: Recognise and manage risk (continued)

The Board recognises that no cost-effective internal control system will preclude the possibility of errors and irregularities. The company has insurance, including product liability and professional indemnity insurance, to cover unexpected or unforeseen events and reduce any adverse consequences.

Recommendation 7.4 - A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

The company does not believe it has any material exposure to economic, environmental and social sustainability risks.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1 - The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

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.

Details of the qualifications and experience of the members of the committee, being the full Board, is detailed in the 'Information of directors' section of the Directors' report.

The Board oversees remuneration policy and monitors remuneration outcomes to promote the interests of shareholders by rewarding, motivating and retaining employees.

An outline of 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.

The Company's aim is to remunerate at a level that will attract and retain high-calibre directors and employees. Company officers and Directors are remunerated to a level consistent with the size of the Company.

The Board believes that it has implemented suitable practices and procedures that are appropriate for an organisation of this size and maturity.

Principle 8: Remunerate fairly and responsibly (continued)

Recommendation 8.2 - A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

An outline of the Company's remuneration policies in respect of directors and executives is set out in the audited Remuneration Report contained in the Directors' Report.

The level of remuneration reflects the anticipated time commitments and responsibilities of the position having regard to the financial constraints on the company. Senior executives may be remunerated using combinations of fixed and performance based remuneration. Salaries are set at levels reflecting market rates having regard to the financial constraints on the company and performance based remuneration, when offered, will be linked to specific performance targets that are aligned to both short and long term objectives.

In accordance with best practice corporate governance, the structure of Non-Executive Director and Executive compensation is separate and distinct.

The Company did not adhere to Recommendation 8.2 during the financial year, in that:

(i) The non-executive director, Mr Trevor Allen, in addition to directors' fees paid out of the maximum aggregate amount approved by shareholders for non-executive director remuneration, also received a grant of options other than as 'equity-based remuneration'. The Board is of the view that the options granted were a cost effective benefit and also provides an incentive that ultimately benefits both shareholders and the optionholder, as the optionholder will only benefit if the market value of the underlying shares exceeds the option strike price. Shareholders approved the grant of options to Mr Allen at the Company's annual general meeting held on 23 November 2015; and

(ii) Service rights were granted on the appointment of a Global CEO and Global Chief Operating Officer, other than as 'performance based remuneration' or 'equity-based remuneration'. The Company employed US based recruitment consultants to assist it in securing these appointments. The remuneration terms of their appointments included service rights, the availability of which is contingent on their continued employment in the Group. Details of the service rights are set out in Remuneration Report. The Board obtained advice which indicated that this type and quantum of incentive was required to secure the employment of the executives given the early stage of development of the Group's business and the employment alternatives available to executives of their calibre.

Recommendation 8.3 - A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it

The use of derivatives or other hedging arrangements for unvested securities of the company or vested securities of the company which are subject to escrow arrangements is prohibited. Where a director or other senior executive uses derivatives or other hedging arrangements over vested securities of the company, this will be disclosed.

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DECLARATION OF INDEPENDENCE BY WAYNE BASFORD TO THE DIRECTORS OF YOWIE GROUP LIMITED

As lead auditor of Yowie Group Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
2. No contraventions of 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.

Wayne Basford

Director

BDO Audit (WA) Pty Ltd

Perth, 9 September 2016

	Note	Consolidated 2016 US$	Consolidated 2015 US$
Sale of goods		**12,887,571**	2,043,879
Other revenue	5	**175,091**	333,104
Total revenue		**13,062,662**	2,376,983
Other income / (expense)			
Foreign exchange gains / (losses)	6	**(159,663)**	2,803,256
Expenses			
Cost of sales		**(6,244,814)**	(1,042,557)
Selling and distribution		**(2,581,715)**	(1,731,672)
Marketing		**(2,166,190)**	(839,954)
Administration	7	**(8,584,735)**	(4,292,850)
Finance cost		**(6)**	(673)
Impairment / write-off of non-current assets	13 & 14	**(700,399)**	(63,609)
Loss before income tax		**(7,374,860)**	(2,791,076)
Income tax (expense) / benefit	8	**(23,079)**	-
Loss after income tax for the year		**(7,397,939)**	(2,791,076)
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss			
Movement in foreign currency translation reserve		**436,015**	(3,373,981)
Total comprehensive loss for the year net of tax attributable to members of the Company		**(6,961,924)**	(6,165,057)
Loss per share attributable to members of the Company			
Basic loss per share (cents)	9	**(4.47)**	(2.21)
Diluted loss per share (cents)	9	**(4.47)**	(2.21)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	Consolidated 2016 US$	Consolidated 2015 US$
Current Assets			
Cash and cash equivalents	18(a)	**31,693,265**	8,465,149
Trade and other receivables	10	**1,326,869**	318,602
Prepayments	11	**1,666,268**	227,387
Inventories	12	**1,133,675**	5,197,419
Total Current Assets		**35,820,077**	14,208,557
Non-Current Assets			
Plant and equipment	13	**3,081,210**	1,186,627
Intangible assets	14	**783,459**	385,063
Total Non-Current Assets		**3,864,669**	1,571,690
Total Assets		**39,684,746**	15,780,247
Current Liabilities			
Trade and other payables	15	**2,662,955**	1,516,122
Provisions		**38,836**	-
Current tax liabilities		**6,379**	-
Unearned income		**-**	53,077
Total Current Liabilities		**2,708,170**	1,569,199
Total Liabilities		**2,708,170**	1,569,199
Net Assets		**36,976,576**	14,211,048
Equity			
Issued capital	16(a)	**52,631,418**	25,454,351
Reserves	16(d)	**2,887,103**	(99,297)
Accumulated losses		**(18,541,945)**	(11,144,006)
Total Equity		**36,976,576**	14,211,048

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

	Issued capital US$	Share-based payment reserve US$	Consolidated Foreign currency translation reserve US$	Accumulated losses US$	Total US$
Balance as at 1 July 2014	17,935,093	2,389,495	-	(8,352,930)	11,971,658
Loss for the year	-	-	-	(2,791,076)	(2,791,076)
Other comprehensive income					
Foreign currency translation	-	-	(3,373,981)	-	(3,373,981)
Total comprehensive loss for the year	-	-	(3,373,981)	(2,791,076)	(6,165,057)
Transactions with owners recorded directly in equity					
Shares issued	8,016,821	-	-	-	8,016,821
Share issue transaction costs	(497,563)	-	-	-	(497,563)
Share-based payments	-	885,189	-	-	885,189
Balance as at 30 June 2015	25,454,351	3,274,684	(3,373,981)	(11,144,006)	14,211,048
Balance as at 1 July 2015	**25,454,351**	**3,274,684**	**(3,373,981)**	**(11,144,006)**	**14,211,048**
Loss for the year	**-**	**-**	**-**	**(7,397,939)**	**(7,397,939)**
Other comprehensive income					
Foreign currency translation	**-**	**-**	**436,015**	**-**	**436,015**
Total comprehensive loss for the year	**-**	**-**	**436,015**	**(7,397,939)**	**(6,961,924)**
Transactions with owners recorded directly in equity					
Shares issued	**28,166,000**	**-**	**-**	**-**	**28,166,000**
Share issue transaction costs	**(988,933)**	**-**	**-**	**-**	**(988,933)**
Share-based payments	**-**	**2,550,385**	**-**	**-**	**2,550,385**
Balance as at 30 June 2016	**52,631,418**	**5,825,069**	**(2,937,966)**	**(18,541,945)**	**36,976,576**

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

	Note	Consolidated 2016 US$	Consolidated 2015 US$
Cash flow from operating activities			
Receipts from customers		**12,426,245**	2,020,865
Other receipts		**48,470**	130,468
Payments to suppliers and employees		**(12,642,202)**	(8,857,196)
Interest received		**78,080**	160,907
Interest paid		**-**	(728)
Income taxes paid		**(42,935)**	-
Net cash flows used in operating activities	18(b)	**(132,342)**	(6,545,684)
Cash flow from investing activities			
Payments for security deposit		**(66,937)**	-
Payments for plant and equipment		**(2,636,271)**	(137,467)
Payments for intangible assets		**(507,428)**	(179,936)
Net cash flows used in investing activities		**(3,210,636)**	(317,403)
Cash flow from financing activities			
Proceeds from shares issued		**23,129,600**	7,787,000
Proceeds from exercise of options		**4,203,030**	887,420
Payment of share issue transaction costs		**(1,056,038)**	(497,563)
Net cash inflows from financing activities		**26,276,592**	8,176,857
Net increase in cash and cash equivalents		**22,933,614**	1,313,770
Cash and cash equivalents at beginning of the year		**8,465,149**	7,766,563
Effect of foreign exchange movements		**294,502**	(615,184)
Cash and cash equivalents at end of the year	18(a)	**31,693,265**	8,465,149

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

1. CORPORATE INFORMATION

Yowie Group Limited ("the Company") is a company limited by shares incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange.

These financial statements are presented in United States Dollar. The financial report was authorised for issue by the directors on 9 September 2016 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 on page 5.

2. 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 Limited is a for-profit entity for the purpose of preparing these financial statements.

The financial statements of the Group also comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Change in Presentation Currency

The Group has changed its presentation currency from Australian Dollar to the United States Dollar from 1 July 2015 in order to better align the presentation of the Group's financial position and financial performance with its operations. A significant majority of revenues and costs are sourced and incurred in United States Dollar.

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

	30 Jun 2016	30 Jun 2015
Average exchange rates used	Monthly average exchange rates used	Monthly average exchange rates used
Period end closing exchange rates used	0.7441	0.7655

2. BASIS OF PREPARATION (continued)

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

i. The Australian denominated Yowie Group consolidated statement of financial position for the year ending 30 June 2016 and 30 June 2015 was translated at the closing exchange rate of $0.7441 and $0.7655 respectively;

ii. Income and expenses for consolidated statement of profit or loss and other comprehensive income (including comparatives) were translated at historical 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;

iv. The consolidated cash flow statement was translated at historical 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; and

vi. Comparatives for 30 June 2015 have been re-translated.

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 reporting 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.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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 reporting date, the Group had the following financial assets exposed to Australian variable interest rate risk that are not designated in cash flow hedges:

Consolidated	2016 US$	2015 US$
Cash at bank	**2,396,405**	7,198,188

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

At reporting 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)	
	2016 US$	**2015 US$**	**2016 US$**	**2015 US$**
+0.5% (2015: +0.5%)	**11,982**	35,991	**11,982**	35,991
-0.5% (2015: -0.5%)	**(11,982)**	(35,991)	**(11,982)**	(35,991)

The movements are due to higher or lower interest revenue from cash balances. A sensitivity of 0.5% 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 Australian entities having a functional currency in Australian Dollar which is different to the Group's presentation currency of US Dollar, 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.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk exposures and responses (continued)

Operational transactions are denominated in US Dollar. The Group's approach is to target specific levels at which to convert Australian Dollar to United States Dollar by entering into either spot or short term forward exchange contracts. The Group does not enter into transactions that qualify as hedging for hedge accounting purposes, with the exception of a number of spot and short term forward exchange contracts in relation to working capital management.

The financial assets and liabilities of the US and Hong Kong subsidiaries are held in the functional currency of these subsidiaries, which is US Dollar.

At 30 June the US Dollar equivalence of assets and liabilities held in Australian Dollar and subject to foreign exchange risk are as follows:

Consolidated	**2016**	**2015**
	US$	**US$**
Assets and liabilities of entities with AUD functional currencies		
Assets		
Cash and cash equivalents	**26,464,281**	7,214,629
Trade and other receivables	**193,285**	28,145
Prepayments	**21,945**	25,685
Plant and equipment	**3,867**	3,956
Total Assets	**26,683,378**	7,272,415
Liabilities		
Trade and other payables	**1,325,722**	925,484
Total Liabilities	**1,325,722**	925,484

Intercompany loans are denominated in Australian Dollar and US Dollar. These loans are eliminated upon consolidation.

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)**	
	2016	**2015**	**2016**	**2015**
	US$	**US$**	**US$**	**US$**
Exchange Rate + 10% (2015: +10%)	**293,824**	1,276,783	**(2,011,418)**	699,789
Exchange Rate - 10% (2015: -10%)	**(359,117)**	(1,560,513)	**2,458,401**	(855,298)

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk exposures and responses (continued)

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.

Cash at bank and short-term bank deposits

	Consolidated	
	2016	**2015**
	US$	**US$**
AA rated banks	**26,471,861**	7,222,566
A rated banks	**5,221,404**	1,242,583
	31,693,265	8,465,149

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	
	2016	**2015**
	US$	**US$**
Within one year	**2,662,955**	1,516,122
Between one and five years	**-**	-
	2,662,955	1,516,122

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 operations of its confectionery business. All production and sales to date have taken place in the United States, with production carried out under a contract manufacturing arrangement. The net result is presented on a consolidated basis.

5. OTHER REVENUE

	Consolidated 2016 US$	2015 US$
Interest income	**123,169**	133,660
Freight income	**22,028**	2,355
Settlement and royalty income	**29,894**	197,089
	175,091	333,104

6. FOREIGN EXCHANGE GAINS

	Consolidated 2016 US$	2015 US$
Foreign exchange gains / (losses)	**(159,663)**	2,803,256

	Consolidated 2016 US$	2015 US$
Movement in foreign currency translation reserve	**436,015**	(3,373,981)

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 financial year 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 year, US$2.8m of unrealised foreign exchange gains arising from the intercompany loan balance were included in the statement of profit or loss after income tax.

7. EXPENSES

	Consolidated 2016 US$	2015 US$
Administration expenses include:		
Employee benefits	**2,262,595**	1,128,356
Business development and travel	**2,322,037**	1,130,498
Legal, tax, listing, compliance and insurance	**949,411**	829,994
Share-based payment for directors, staff and consultants (refer to Note 17)	**2,550,385**	896,672
Depreciation and amortisation	**74,195**	40,588
Other administrative expenses	**426,112**	266,742
	8,584,735	4,292,850

8. TAXATION

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

	Consolidated 2016 US$	Consolidated 2015 US$
Current income tax	**23,079**	-
Deferred income tax	**-**	-
Income tax expense reported in the statement of profit and loss and other comprehensive income	**23,079**	-

(b) The prima facie tax on operating loss differs from the income tax provided in the accounts as follows:

	Consolidated 2016 US$	Consolidated 2015 US$
Loss from ordinary activities before tax	**(7,374,860)**	(2,791,076)
Prima facie tax benefit on loss at 30%	**2,212,458**	837,323
Effect of different tax rates on overseas losses	**434,690**	(232,116)
Share-based payments	**(130,604)**	(269,002)
Other non-deductible expenses	**(2,336)**	11,790
Income tax benefit not recognised	**(2,537,287)**	(347,995)
Income tax benefit / (expense)	**(23,079)**	-

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

	Consolidated 2016 US$	Consolidated 2015 US$
Deferred tax assets		
Share issue and acquisition costs	**927,743**	71,783
Plant and equipment	**174,782**	-
Inventory	**90,232**	-
Provisions and accruals	**260,516**	16,589
Revenue tax losses	**4,199,564**	2,729,415
Deferred tax assets used to offset deferred tax liabilities	**(406,966)**	(462,524)
Deferred tax assets not brought to account	**(5,245,871)**	(2,355,263)
	-	-
Deferred tax liabilities		
Other assets	**6,857**	-
Intercompany loans – unrealised foreign exchange gains	**400,109**	462,524
Deferred tax assets used to offset deferred tax liabilities	**(406,966)**	(462,524)
	-	-

Net deferred tax assets have not been brought to account as it is not probable within the immediate future that taxable profits will be available against which deductible temporary differences can be utilised. This also applies to deferred tax assets for unused tax losses carried forward.

8. TAXATION (continued)

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 and its Australian subsidiary have formed a tax consolidated group.

9. 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	
	2016 Number	**2015 Number**
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	**165,416,476**	126,447,948
	US$	**US$**
Basic loss attributable to ordinary equity holders of the parent	**(7,397,939)**	(2,791,076)

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.

10. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2016 US$	**2015 US$**
Current		
Trade debtors	**1,049,671**	265,529
Other debtors	**72,177**	26,885
Security deposit	**65,174**	-
GST receivable	**94,464**	26,188
Accrued interest	**45,383**	-
	1,326,869	318,602

Trade debtors generally have 30 day terms. GST receivables have repayment terms applicable under the relevant government authority. No amounts are past due or impaired. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. The Group's exposure to risks are summarised in Note 3.

11. PREPAYMENTS

	Consolidated 2016 US$	Consolidated 2015 US$
Current		
Prepayments – raw materials	**1,430,908**	109,825
Prepayments - other	**235,360**	117,562
	1,666,268	227,387

12. INVENTORIES

	Consolidated 2016 US$	Consolidated 2015 US$
Current		
Raw materials	**296,174**	456,144
Work in progress	**-**	511
Finished goods	**837,501**	4,740,764
	1,133,675	5,197,419

(i) Inventories are valued at the lower of cost or net realisable value.
(ii) Inventories recognised as an expense to cost of sales during the year ended 30 June 2016 amounted to US$6,244,814 (2015: US$1,042,557).
(iii) Write-downs of inventories to net realisable value during the year ended 30 June 2016 amounted to US$84,463 (2015: US$98).

13. PLANT AND EQUIPMENT

	Consolidated 2016 US$	Consolidated 2015 US$
Manufacturing plant and equipment		
Cost	**2,927,772**	589,582
Accumulated depreciation	**(31,432)**	(30,031)
	2,896,340	559,551
Manufacturing plant and equipment under construction		
Cost	**174,869**	614,169
	174,869	614,169
Office equipment		
Cost	**30,010**	23,890
Accumulated depreciation	**(20,009)**	(10,983)
	10,001	12,907
Total plant and equipment	**3,081,210**	1,186,627

13. PLANT AND EQUIPMENT (continued)

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 new Madelaine facility which have not been capitalised by the Group.

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

	Consolidated	
	2016	**2015**
	US$	**US$**
Manufacturing plant and equipment		
Balance at the beginning of the year	**559,551**	579,817
Additions	**-**	-
Transfers from manufacturing plant and equipment under construction	**2,927,774**	-
Depreciation	**(37,995)**	(20,266)
Provision for impairment [1]	**(499,377)**	-
Impairment	**(53,613)**	-
Foreign exchange adjustment	**-**	-
Carrying amount at the end of the year	**2,896,340**	559,551
Manufacturing plant and equipment under construction		
Balance at the beginning of the year	**614,169**	454,372
Additions	**2,564,409**	159,797
Transfers to manufacturing plant and equipment	**(2,927,774)**	-
Impairment	**(75,935)**	-
Foreign exchange adjustment	**-**	-
Carrying amount at the end of the year	**174,869**	614,169
Office equipment		
Balance at the beginning of the year	**12,907**	14,170
Additions	**6,902**	8,292
Depreciation	**(9,262)**	(8,656)
Disposals	**(444)**	-
Foreign exchange adjustment	**(102)**	(899)
Carrying amount at the end of the year	**10,001**	12,907

[1] Provision for impairment relates to impairment on wrapping machine of which recoverability is subject to court's decision. Refer to Note 20 for details.

14. INTANGIBLE ASSETS

	Consolidated 2016 US$	Consolidated 2015 US$
Rights and licenses [1]	**225,398**	225,398
Software	**141,244**	159,665
Product development [2]	**416,817**	-
	783,459	385,063

[1] Rights and licenses relate to Yowie trademark which management has assessed as having an indefinite useful life.

[2] Product development relates to capitalised costs associated with the development of Yowie Series 2 collectables and artwork development for Yowie Book Publishing.

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

	2016 US$	2015 US$
Rights and licenses		
Balance at the beginning of the year	**225,398**	225,398
Amounts written off	**-**	-
Foreign exchange adjustment	**-**	-
Carrying amount at the end of the year	**225,398**	225,398
Software		
Balance at the beginning of the year	**159,665**	-
Additions	**46,512**	191,597
Amortisation	**(64,933)**	(31,932)
Foreign exchange adjustment	**-**	-
Carrying amount at the end of the year	**141,244**	159,665
Product development		
Balance at the beginning of the year	**-**	-
Additions	**488,291**	63,609
Amounts written off [1]	**(71,474)**	(63,609)
Foreign exchange adjustment	**-**	-
Carrying amount at the end of the year	**416,817**	-

[1] The carrying value of intangible assets was tested using a discounted cash flow model and it was determined that no impairment is required. However, a discretionary write-offs of US$71,474 (2015: US$63,609) relating to capitalised product development costs were recognised in the statement of profit or loss.

15. TRADE AND OTHER PAYABLES

	Consolidated	
	2016	**2015**
	US$	**US$**
Current		
Trade payables and accruals	**2,661,062**	858,523
Other [1]	**1,893**	657,599
	2,662,955	1,516,122

[1] The amount of US$1,893 (2015: US$657,599) relates to cash received in advance from investors for the exercise of options.

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. The Group's exposure to risks are summarised in Note 3.

16. ISSUED CAPITAL AND RESERVES

(a) Issued capital

	Consolidated	
	2016	**2015**
	US$	**US$**
Ordinary shares, fully paid	**52,631,418**	25,454,351

(b) Movements in share capital

	US$	**Number**
As at 30 June 2014	17,935,093	117,824,223
Placement – February 2015	7,787,000	20,000,000
Exercise of options [1]	229,821	1,405,976
Share issue costs	(497,563)	-
As at 30 June 2015	**25,454,351**	**139,230,199**
Placement – May 2016	23,129,600	35,555,556
Exercise of options [1]	4,836,054	31,358,826
Shares issued in lieu of services provided [2]	200,346	227,794
Share issue costs	(988,933)	-
As at 30 June 2016	**52,631,418**	**206,372,375**

[1] This does not include US$1,893 (2015: US$657,599) that the Company received in advance from investors pursuant to the exercise of listed options where shares were allotted subsequent to year end.
[2] Shares issued were equal to the value of corporate advisory services provided.

(c) Terms and conditions of issued capital

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.

16. ISSUED CAPITAL AND RESERVES (continued)

(d) Nature and purpose of reserves

Share-based payment reserve
The share-based premium reserve is used to recognise the value of options, service rights and performance rights 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 entities which have functional currency other than USD.

	Consolidated	
	2016	**2015**
	US$	**US$**
Share-based payment reserve	**5,825,069**	3,274,684
Foreign currency translation reserve	**(2,937,966)**	(3,373,981)
	2,887,103	(99,297)

(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.

17. SHARE-BASED PAYMENTS

(a) Weighted average exercise prices

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

	2016 Number	2016 WAEP (A$)	2015 Number	2015 WAEP (A$)
Outstanding at 1 July	**18,455,000**	**0.551**	10,205,000	0.280
Granted during the year	**2,835,000**	**1.203**	8,250,000	0.881
Exercised during the year	**(6,005,000)**	**0.265**	-	-
Lapsed/forfeited during the year	**(500,000)**	**0.998**	-	-
Outstanding as at 30 June	**14,785,000**	**0.777**	18,455,000	0.551
Vested and exercisable at 30 June	**10,425,000**	**0.624**	13,205,000	0.387

Rights granted as share-based payments during the year have weighted average exercise prices of nil (2015: nil).

(b) Remaining contractual life

The weighted average remaining contractual life for the share-based payment options outstanding as at 30 June 2016 was 1.40 years (2015: 1.8 years).

17. SHARE-BASED PAYMENTS (continued)

(b) Remaining contractual life (continued)

The weighted average remaining contractual life for the share-based payment rights outstanding as at 30 June 2016 was 2.13 years (2015: nil).

(c) Outstanding share options and rights

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant Date	Vesting Date	Expiry Date	Exercise Price (A$)	Share Options 30 June 2016	Share Options 30 June 2015
18 Dec 2012	18 Dec 2012	15 Dec 2015	0.200	-	2,005,000
20 Jun 2013	20 Jun 2013	15 Dec 2015	0.230	-	3,500,000
20 Jun 2013	30 Jun 2014	30 Jun 2017	0.285	4,200,000	4,200,000
30 Jun 2014	30 Jun 2014	31 Dec 2017	0.900	50,000	50,000
30 Jun 2014	30 Apr 2015	31 Dec 2017	0.900	150,000	150,000
30 Jun 2014	30 Apr 2016	31 Dec 2017	1.050	300,000	300,000
15 Oct 2014	30 Sep 2015	31 Dec 2017	0.900	-	100,000
15 Oct 2014	30 Sep 2016	31 Dec 2017	1.050	-	200,000
28 Nov 2014	28 Nov 2014	31 Dec 2017	0.766	2,000,000	2,000,000
30 Jan 2015	30 Jan 2015	31 Dec 2017	0.766	300,000	300,000
30 Jan 2015	30 Sep 2015	31 Dec 2017	0.900	-	75,000
30 Jan 2015	30 Sep 2016	31 Dec 2017	1.050	-	125,000
12 Mar 2015	1 May 2015	31 Dec 2017	0.766	500,000	1,000,000
12 Mar 2015	1 Sep 2015	31 Dec 2017	0.900	1,000,000	1,000,000
12 Mar 2015	1 Feb 2016	31 Dec 2017	1.050	1,000,000	1,000,000
9 Apr 2015	30 Sep 2015	31 Dec 2017	0.900	100,000	100,000
9 Apr 2015	30 Sep 2016	31 Dec 2017	1.050	200,000	200,000
9 Jun 2015	31 Dec 2015	31 Dec 2017	0.766	550,000	550,000
9 Jun 2015	31 Dec 2016	31 Dec 2017	0.900	750,000	750,000
9 Jun 2015	30 Jun 2017	31 Dec 2017	1.050	850,000	850,000
29 Jul 2015	30 Sep 2016	31 Dec 2017	1.150	260,000	-
29 Jul 2015	30 Sep 2016	31 Dec 2017	1.250	520,000	-
23 Nov 2015	31 Dec 2015	31 Dec 2017	0.766	275,000	-
23 Nov 2015	31 Dec 2016	31 Dec 2017	0.900	375,000	-
23 Nov 2015	30 Jun 2017	31 Dec 2017	1.050	425,000	-
23 Dec 2015	30 Sep 2016	31 Dec 2017	1.150	60,000	-
23 Dec 2015	30 Sep 2016	31 Dec 2017	1.250	120,000	-
23 Dec 2015	24 Aug 2016	24 Aug 2018	1.510	200,000	-
23 Dec 2015	24 Aug 2017	24 Aug 2018	1.630	400,000	-
23 Dec 2015	8 Sep 2016	8 Sep 2018	1.400	75,000	-
23 Dec 2015	8 Sep 2017	8 Sep 2018	1.510	125,000	-
				14,785,000	**18,455,000**

17. SHARE-BASED PAYMENTS (continued)

(c) Outstanding share options and rights (continued)

The range of exercise prices for share-based payment options outstanding as at the end of the year was A$0.285 to A$1.630 (2015: A$0.200 to A$1.050).

Performance rights and service rights outstanding at the end of the year have the following expiry date:

Type	Grant Date	Vesting Date	Expiry Date	30 June 2016	30 June 2015
Performance rights STI	23 Nov 2015	30 Jan 2017	1 Mar 2017	2,991,324	-
Performance rights LTI	23 Nov 2015	31 Aug 2017	30 Sep 2017	320,499	-
Performance rights LTI	23 Nov 2015	31 Aug 2018	30 Sep 2018	320,499	-
Service Rights	13 Jun 2016	12 Jun 2017	12 Jun 2018	100,000	-
Service Rights	13 Jun 2016	12 Jun 2017	12 Jun 2018	132,925	-
Service Rights	13 Jun 2016	12 Jun 2018	12 Jun 2019	132,925	-
Service Rights	13 Jun 2016	12 Jun 2019	12 Jun 2020	132,925	-
Performance rights LTI	13 Jun 2016	30 Jun 2018	30 Jun 2019	199,387	-
Performance rights LTI	13 Jun 2016	30 Jun 2019	30 Jun 2020	199,387	-
Service Rights	15 Jun 2016	14 Jun 2017	14 Jun 2018	1,000,000	-
Service Rights	15 Jun 2016	14 Jun 2018	14 Jun 2019	1,000,000	-
Service Rights	15 Jun 2016	14 Jun 2019	14 Jun 2020	1,000,000	-
Performance rights LTI	15 Jun 2016	30 Jun 2018	30 Jun 2019	468,349	-
Performance rights LTI	15 Jun 2016	30 Jun 2019	30 Jun 2020	468,349	-
				8,466,569	**-**

(d) Expenses arising from share-based payment transactions

The expense arising from share-based payments was US$2,550,385 (2015: US$896,672), relating to options and rights expensed to profit and loss over the vesting period.

	Consolidated	
	2016	**2015**
	US$	**US$**
Options and rights issued to KMPs	**2,063,051**	402,386
Options and rights issued to other employees	**361,261**	15,089
Options and rights issued to consultants	**126,073**	479,197
	2,550,385	896,672

Options and rights issued to KMPs, other employees and consultants were issued as remuneration for future services. As the fair value of the services provided could not be reliably determined, the Group fair valued the instruments granted.

(e) Fair values

The weighted average fair value of options and rights granted during the year ended 30 June 2016 was A$0.901 (2015: A$0.237).

17. SHARE-BASED PAYMENTS (continued)

(e) Fair values (continued)

i) Share-based payments during the year ended 30 June 2016

The following options were issued to directors, employees and consultants as incentives for future services. The options will vest on the relevant vesting dates with no vesting conditions. The fair value of the options was calculated using a binomial model and the following assumptions:

	Options	Options	Options	Options
No of securities	275,000	375,000	425,000	320,000
Exercise price (A$)	0.766	0.90	1.05	1.15
Grant date	23 Nov 2015	23 Nov 2015	23 Nov 2015	29 Jul 2015 and 23 Dec 2015
Expiry date	31 Dec 2017	31 Dec 2017	31 Dec 2017	31 Dec 2017
Share price at grant date (A$)	1.14	1.14	1.14	0.99 and 1.19
Expected volatility	63%	67%	80%	64% and 79%
Risk-free rate	2.11%	2.11%	2.11%	1.91% and 2.02%
Fair value per security (A$)	0.486	0.480	0.510	0.505 and 0.250

	Options	Options	Options	Options
No of securities	640,000	75,000	325,000	400,000
Exercise price (A$)	1.25	1.40	1.51	1.63
Grant date	29 Jul 2015 and 23 Dec 2015	23 Dec 2015	23 Dec 2015	23 Dec 2015
Expiry date	31 Dec 2017	8 Sep 2018	24 Aug 2018 and 8 Sep 2018	24 Aug 2018
Share price at grant date (A$)	0.99 and 1.19	0.99	0.99	0.99
Expected volatility	64% and 79%	66%	66% and 76%	77%
Risk-free rate	1.91% and 2.02%	2.02%	2.02%	2.02%
Fair value per security (A$)	0.475 and 0.223	0.230	0.204 and 0.320	0.297

The following performance rights were issued to directors as incentive for future services. The performance rights will be automatically exercised for nil consideration once the vesting condition is met. The vesting condition of performance rights LTI 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 vesting condition of STI performance rights includes either 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 the following assumptions:

	Performance Rights LTI	Performance Rights STI
No of securities	640,998	2,991,324
Exercise price (A$)	-	-
Grant date	23 Nov 2015	23 Nov 2015
Expiry date	30 Sep 2017 and 30 Sep 2018	1 Mar 2017
Share price at grant date (A$)	1.17	1.17
Expected volatility	60%	60%
Risk-free rate	2.14%	2.14%
Fair value per security (A$)	0.997 and 1.009	1.165
Valuation method	Up and In Call Barrier Pricing Model	Binominal Approximation

17. SHARE-BASED PAYMENTS (continued)

(e) Fair values (continued)

i) Share-based payments during the year ended 30 June 2016 (continued)

The following service rights were issued to KMPs as incentive for future services. The service rights will be automatically exercised for nil consideration upon completion of the first, second and third years of employment. The fair value of the service rights was calculated using binominal model and the following assumptions:

	Service Rights
No of securities	3,498,775
Exercise price (A$)	-
Grant date	13 Jun 2016 and 15 Jun 2016
Expiry date	12 Jun 2018 - 14 Jun 2020
Share price at grant date (A$)	1.01 and 1.02
Expected volatility	75% and 76%
Risk-free rate	1.62%
Fair value per security (A$)	1.01 and 1.02

The following performance rights were issued to KMPs as incentive for future services. The performance rights will be automatically exercised for nil consideration once the vesting condition is met. The vesting condition of performance rights LTI includes meeting agreed performance conditions, with 75% being non-market conditions and may include revenue and margin targets, and 25% being market or corporate conditions that may include share price.

	Performance Rights LTI
No of securities	1,335,472
Exercise price (A$)	-
Grant date	13 Jun 2016 and 15 Jun 2016
Expiry date	30 Jun 2019 – 30 Jun 2020
Share price at grant date (A$)	1.01 and 1.02
Fair value per security (A$)	1.01 and 1.02

ii) Share-based payments during the year ended 30 June 2015

The following options were issued to directors, employees and consultants as incentives for future services. The options will vest on the relevant vesting dates with no vesting conditions. The fair value of the options was calculated using a binomial model and the following assumptions:

	Options	Options	Options
No of securities	3,850,000	2,025,000	2,375,000
Exercise price (A$)	0.766	0.90	1.05
Grant date	28 Nov 2014 - 16 Jun 2015	15 Nov 2014 - 16 June 2015	15 Nov 2014 - 16 June 2015
Expiry date	31 Dec 2017	31 Dec 2017	31 Dec 2017
Share price at grant date (A$)	0.565 - 0.799	0.565 - 0.799	0.565 - 0.799
Expected volatility	79% - 90%	79% - 90%	79% - 90%
Risk-free rate	1.77% - 2.40%	1.77% - 2.62%	1.77% - 2.62%
Fair value per security (A$)	0.20 - 0.35	0.18 - 0.31	0.16 - 0.28

18. CASH FLOW RECONCILIATION

(a) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank and deposits at call.

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	
	2016	**2015**
	US$	**US$**
Cash at bank	**9,963,309**	2,625,550
Short-term deposits	**21,729,956**	5,839,599
	31,693,265	8,465,149

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

	Consolidated	
	2016	**2015**
	US$	**US$**
Operating loss after income tax	**(7,397,939)**	(2,791,076)
Adjusted for:		
Depreciation and amortisation as per profit or loss	**74,195**	40,588
Depreciation and amortisation in cost of sales and closing inventories	**37,995**	29,465
Share-based payments	**2,550,385**	896,672
Issue of shares to consultants in lieu of cash payments	**200,346**	-
Unrealised foreign exchange (gain)/loss	**110,756**	(2,803,256)
Loss on disposal of asset	**122**	-
Impairment / write-off of non-current asset	**700,399**	63,609
Changes in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	**(806,718)**	(249,025)
(Increase)/decrease in prepayments	**(1,438,881)**	819,820
(Increase)/decrease in inventories	**4,063,744**	(2,572,489)
Increase/(decrease) in trade and other payables	**1,781,116**	(33,069)
Increase/(decrease) in current tax liability	**6,379**	-
Increase/(decrease) in provisions	**38,836**	-
Increase/(decrease) in unearned revenue	**(53,077)**	53,077
Net cash used in operating activities	**(132,342)**	(6,545,684)

(c) Non-cash investing and financing activities

During the year there were no reportable non-cash financing and investing activities.

19. RELATED PARTY DISCLOSURES

(a) Compensation of key management personnel

	Consolidated	
	2016	**2015**
	US$	**US$**
Short-term benefits	**1,828,027**	516,750
Post-employment benefits	**56,036**	45,431
Share-based payments expensed	**2,063,051**	402,386
	3,947,114	964,567

(b) Other transactions with key management personnel

There are no other transactions with key management personnel.

20. COMMITMENTS AND CONTINGENCIES

(a) Commitments

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

	Consolidated	
	2016	**2015**
	US$	**US$**
Property, plant and equipment	**256,891**	-

(b) Contingencies

During the year, Yowie North America Inc ("YNA"), a wholly owned subsidiary of the Group, has brought claims against Whetstone Chocolate Factory ("WCF") and Atlantic Candy Company ("ACC") for the release and return of the RASCH "Type FI" wrapping machine ("Wrapper") owned by the Group and located at ACC's facility, as well as for monetary damages. The assigned judge, after hearing testimony from both Yowie and ACC, determined that the Wrapper was owned by Yowie and should be returned to Yowie forthwith. In response to this ruling, ACC used a procedural mechanism under Florida law to post a US$562,500 cash bond, the effect of which was to temporarily prevent YNA from removing its plant and materials from ACC's facility. A court action is scheduled for September 2016, at which time it is expected that the judge will enter a final judgement as to the disposition of the Wrapper and the miscellaneous materials.

ACC has filed a counterclaim alleging that YNA has breached the Manufacturing Agreement between the parties and sent a Notice of Default to YNA alleging that YNA is also in default under the Patent and Technology License Agreement. The company has disclaimed liability and is defending the action. The company considers no provision is warranted in relation to this claim. The Group expects judgement in the 2017 financial year.

21. AUDITOR'S REMUNERATION

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

	Consolidated	
	2016	**2015**
	US$	**US$**
Amounts received or due and receivable:		
BDO (WA) Pty Ltd		
Audit and review of financial reports	**58,687**	47,863
Tax consulting	**16,067**	66,586
Total remuneration of BDO (WA) Pty Ltd	**74,754**	114,449
Network firms of BDO (WA) Pty Ltd		
Audit and review of financial reports	**17,091**	9,200
Tax consulting	**48,284**	24,701
Total remuneration of network firms of BDO (WA) Pty Ltd	**65,375**	33,901

22. PARENT ENTITY AND SUBSIDIARY INFORMATION

(a) Parent Entity Financial Information (Yowie Group Limited)

	2016	**2015**
	US$	**US$**
Current assets	**26,676,625**	7,237,453
Non-current assets	**11,625,673**	7,899,079
Total assets	**38,302,298**	15,136,532
Current liabilities	**1,325,722**	925,484
Non-current liabilities	**-**	-
Total liabilities	**1,325,722**	925,484
Net assets	**36,976,576**	14,211,048
Issued capital	**54,201,728**	27,024,661
Reserves	**2,072,346**	(834,003)
Accumulated losses	**(19,297,498)**	(11,979,610)
	36,976,576	14,211,048
Loss of the parent entity	**(7,317,888)**	(4,058,716)
Total comprehensive loss of the parent entity	**(3,216,108)**	(6,164,924)

(b) Commitment and Contingencies of the Parent Entity

The parent entity did not have any commitments or contingent liabilities as at 30 June 2016 or 30 June 2015. Refer to Note 20 for a discussion of contingencies of the Group.

22. PARENT ENTITY AND SUBSIDIARY INFORMATION (continued)

(c) Subsidiaries

Name	Country of Incorporation	Percentage Interest	
		2016 %	2015 %
Yowie Enterprises Pty Ltd	Australia	100	100
Yowie North America, Inc.	USA	100	100
Yowie Natural World, Inc.	USA	100	100
Yowie Equipment Holding, Inc	USA	100	-
Yowie Hong Kong Holdings Limited	Hong Kong (China)	100	100
Yowie Hong Kong Enterprises Limited	Hong Kong (China)	100	100
YOW Brands Limited	Hong Kong (China)	100	-

23. SUBSEQUENT EVENTS

No circumstances or events have arisen subsequent to the end of the period that have had, or are likely to have, a material impact on the financial statements.

24. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) New and amended accounting standards adopted by the Group

The only amendment to Australian Accounting Standards that is mandatory for the first time for the financial year beginning 1 July 2015 is AASB 2015-4 *Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent*. In line with the exemption in AASB 10 *Consolidated Financial Statements* for Australian intermediate parent entities to be able to use the consolidation exemption if the ultimate Australian parent entity prepares consolidated financial statements that comply with IFRS, this amendment, which is merely an Australian 'housekeeping' matter, similarly requires that the ultimate Australian parent entity will need to apply the equity method in order to obtain the exemption for intermediate parent entity equity accounting at a lower level in the group. There is no impact on amounts recognised in the current period or any prior period financial statements because Yowie Group Limited has always equity accounted all investments in associates.

24. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) 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 2016 are outlined in the following table.

AASB Reference	Title and Affected Standard(s)	Nature of Change	Application Date
AASB 9 (issued December 2014)	Financial Instruments	**Classification and measurement** AASB 9 amendments the classification and measurement of financial assets: • Financial assets will either be measured at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL). • Financial assets are measured at amortised cost or FVTOCI if certain restrictive conditions are met. All other financial assets are measured at FVTPL. • All investments in equity instruments will be measured at fair value. For those investments in equity instruments that are not held for trading, there is an irrevocable election to present gains and losses in OCI. Dividends will be recognised in profit or loss. The following requirements have generally been carried forward unchanged from AASB 139 *Financial Instruments: Recognition and Measurement* into AASB 9: • Classification and measurement of financial liabilities, and • Derecognition requirements for financial assets and liabilities. However, AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income. Adoption of AASB 9 is only mandatory for the year ending 30 June 2019. The entity has not yet made an assessment of the impact of these amendments.	Annual reporting periods beginning on or after 1 January 2018

24. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) New accounting standards and interpretations issued but not yet effective (continued)

AASB Reference	Title and Affected Standard(s)	Nature of Change	Application Date
AASB 9 (issued December 2014) - continued	Financial Instruments	**Impairment** The new impairment model in AASB 9 is now based on an 'expected loss' model rather than an 'incurred loss' model. A complex three stage model applies to debt instruments at amortised cost or at fair value through other comprehensive income for recognising impairment losses. A simplified impairment model applies to trade receivables and lease receivables with maturities that are less than 12 months. For trade receivables and lease receivables with maturity longer than 12 months, entities have a choice of applying the complex three stage model or the simplified model. Management has determined that AASB 9 will have no material impact on the way the Group accounts for its financial instruments.	Annual reporting periods beginning on or after 1 January 2018
AASB 15 (issued December 2014)	Revenue from Contracts with Customers	An entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue. Management is continuing to assess the impact of the new standard on the Group's financial statements.	Annual reporting periods beginning on or after 1 January 2018
AASB 2016-3 (issued May 2016)	Amendments to Australian Accounting Standards - Clarifications to AASB 15	Clarifies AASB 15 application issues relating to: • Identifying performance obligations • Principal vs. agent considerations • Licensing • Practical expedients. Management has determined that AASB 2016-3 will have no material impact on the way the Group accounts for its revenue.	Annual reporting periods beginning on or after 1 January 2018

24. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) New accounting standards and interpretations issued but not yet effective (continued)

AASB Reference	Title and Affected Standard(s)	Nature of Change	Application Date
AASB 16 (issued February 2016)	Leases	AASB 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It instead requires an entity to bring most leases onto its balance sheet in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its balance sheet for most leases. There are some optional exemptions for leases with a period of 12 months or less and for low value leases. Lessor accounting remains largely unchanged from AASB 117. Management has determined that AASB 16 will have no material impact on the way the Group accounts for its leases.	Annual reporting periods beginning on or after 1 January 2019
AASB 2015-2 (issued January 2015)	Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101	Amends AASB 101 Presentation of Financial Statements to clarify that: • Materiality applies to all primary financial statements and notes, and applies even to a list of specific, minimum disclosures • Line items can be disaggregated if doing so could influence a user's decision • Subtotals must be made up of items recognised in accordance with Australian Accounting Standards • Additional subtotals in the Statement of Profit or Loss and Other Comprehensive Income must be reconciled back to subtotals required by AASB 101 • Notes no longer need to follow the order of items in the financial statements and related items can be grouped together (e.g. all financial instruments) • Accounting policies can be placed at the end of the notes to the financial statements • Share of other comprehensive income of associates and joint ventures must be separately classified into amounts that will be reclassified to profit or loss in future, and amounts that will not be reclassified to profit or loss in future. Management has determined that AASB 2015-2 will have no material impact on the way the Group presents its financial statements.	Annual reporting periods beginning on or after 1 January 2016

24. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Yowie Group Limited and its subsidiaries ("the Group") as at 30 June 2016.

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 Limited and Yowie Enterprises Pty Ltd is Australian Dollar (AUD). The functional currency of the other entities is United States Dollar (USD).

The presentation currency of Yowie Group Limited is United States Dollar (USD).

24. 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 reporting date.

All exchange differences in the consolidated financial report are taken to the statement of profit or loss and other comprehensive income.

Group companies
The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates, unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions; and

all resulting exchange differences are recognised in 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.

24. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Inventories

Inventories are measured at the lower of cost or net realisable value. Raw material inventories are accounted for at purchase cost on a weighted average cost basis. Finished goods and work in progress are accounted for at the purchase cost of direct materials plus manufacturing costs, including depreciation of manufacturing equipment. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(h) 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.

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 over the useful lives to the Group of the assets, commencing from the time the asset is held ready for use, as follows:

Class	Depreciation method
Manufacturing plant and equipment	Units of production basis
Office equipment	Straight line basis over 2.5 years

(i) 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 cash payments to purchase rights and licenses and they are valued at cost. They are assessed as having an indefinite useful life.

24. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) 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.

Software
Costs associated with maintaining software programmes are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use over 3 years.

(j) 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.

24. 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 reporting 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) Issued capital

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. Revenue is recognised net of trade discounts and volume rebates.

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.

(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 reporting date.

24. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Income tax and other taxes (continued)

Deferred income tax is provided on all temporary differences at the reporting 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 reporting 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.

Unrecognised deferred income tax assets are reassessed at each reporting 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 reporting date.

24. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Income tax and other taxes (continued)

Current and deferred income tax 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.

Goods and Services Tax (GST)
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.

Cash flows are included in the consolidated statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from or payable to taxation authorities are classified as operating cash flows.

(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.

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 recipient, as measured at the date of modification.

24. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Share-based payment transactions (continued)

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.

(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.

24. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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) Segment disclosures

Operating segments are presented in a manner consistent with the management reports provided to the chief operating decision makers, which are currently represented by the full board.

The Group has only one reportable segment, which relates to the operations of its confectionery business. All production and sales to date have taken place in the United States, with production carried out under a contract manufacturing arrangement. The net result is presented on a consolidated basis.

(t) 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.

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.

24. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

Impairment of non-financial assets
The Group tests annually whether non-financial assets have suffered any impairment, in accordance with the accounting policy stated at Note 24(r). An impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next two years. The assumptions used in the budget, such as growth rates, and the discount rate used are subject to judgement and estimates.

Estimation of useful life of assets
Assessments of useful lives and estimates of remaining useful lives require significant management judgement. Brand names are generally assessed as having an indefinite useful life on the basis of brand strength, ongoing expected profitability and continuing support. Rights and licenses to Yowie brands are expected to be renewed in line with business continuity requirements.

In accordance with a resolution of the directors of Yowie Group Limited, I state that:

1. In the opinion of the directors:

   (a) the financial statements and notes 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 2016 and of its performance for the year ended on that date; and

      (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   (b) 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.

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 2016.

Note 2 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

On behalf of the Board

Wayne Loxton
Chairman

9 September 2016

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INDEPENDENT AUDITOR'S REPORT

To the members of Yowie Group Ltd.

Report on the Financial Report

We have audited the accompanying financial report of Yowie Group Ltd, which comprises the consolidated statement of financial position as at 30 June 2016, 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 Statements, 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 Ltd, 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 Ltd 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 2016 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 13 to 28 of the directors' report for the year ended 30 June 2016. 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 Ltd for the year ended 30 June 2016 complies with section 300A of the Corporations Act 2001.

BDO Audit (WA) Pty Ltd

BDO

Wayne Basford

Director

Perth, 9 September 2016

Additional information as required by the Australian Securities Exchange Listing Rules and not disclosed elsewhere in this report is set out below. This information is current as at 2 September 2016.

Distribution of Quoted Securities

Ranges	No. of Holders of Ordinary Shares	No. of Ordinary Shares
1 - 1,000	1,264	402,159
1,001 - 5,000	1,117	3,256,198
5,001 - 10,000	639	5,182,506
10,001 – 100,000	1,258	39,316,856
100,000 and over	170	158,214,656
Total	**4,448**	**206,372,375**

There were 1,034 shareholders holding less than a marketable parcel of ordinary shares.

Quoted and Unquoted Equity Securities

Equity Security	Quoted	Unquoted
Ordinary Shares	206,372,375	-
Director Incentive Options (A$0.285 – 30 Jun 2017 expiry)	-	4,200,000
Employee/Consultant Incentive Options (A$0.766 – 31 Dec 2017 expiry)	-	3,625,000
Employee/Consultant Incentive Options (A$0.90 – 31 Dec 2017 expiry)	-	2,425,000
Employee/Consultant Incentive Options (A$1.05 – 31 Dec 2017 expiry)	-	2,775,000
Employee/Consultant Incentive Options (A$1.15 – 31 Dec 2017 expiry)	-	320,000
Employee/Consultant Incentive Options (A$1.25 – 31 Dec 2017 expiry)	-	640,000
Employee/Consultant Incentive Options (A$1.51 – 24 Aug 2018 expiry)	-	200,000
Employee/Consultant Incentive Options (A$1.63 – 24 Aug 2018 expiry)	-	400,000
Employee/Consultant Incentive Options (A$1.40 – 8 Sep 2018 expiry)	-	75,000
Employee/Consultant Incentive Options (A$1.51 – 8 Sep 2018 expiry)	-	125,000

Unlisted Employee/Consultant Options

Exercise Price	Expiry Date	No. of Options	No. of Holders
A$0.285	30 June 2017	4,200,000	3
A$0.766	31 December 2017	3,625,000	6
A$0.90	31 December 2017	2,425,000	9
A$1.05	31 December 2017	2,775,000	8
A$1.15	31 December 2017	320,000	4
A$1.25	31 December 2017	640,000	4
A$1.51	24 August 2018	200,000	2
A$1.63	24 August 2018	400,000	2
A$1.40	8 September 2018	75,000	1
A$1.51	8 September 2018	125,000	1

Twenty Largest Holders of Ordinary Shares

	Name	Shares Held	Percentage %
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	31,743,228	15.38
2	NATIONAL NOMINEES LIMITED	14,155,461	6.86
3	CITICORP NOMINEES PTY LTD	13,535,946	6.56
4	JP MORGAN NOMINEES AUSTRALIA LIMITED	8,314,164	4,03
5	BNP PARIBAS NOMS PTY LTD <DRP>	6,474,902	3,14
6	MR KEITH PHILLIP HUDSON	6,420,000	3.11
7	UBS NOMINEES PTY LTD	6,214,676	3.01
8	ABDULLAH HANI ABDALLAH	5,666,667	2.75
9	DALEFORD WAY PTY LTD	5,425,000	2.63
10	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	3,088,899	1.50
11	HIDDEN VALLEY HOLDINGS (AUST) PTY LTD <SOUTHBANK INVESTMENT A/C>	2,930,000	1.42
12	MR CRAIG ANTHONY LUBICH & MRS LEEANNE KELLY LUBICH <C&L LUBICH FAM PENSION A/C>	2,695,000	1.31
13	MR WAYNE GREGORY LOXTON <THE LOXTON INVESTMENT A/C>	2,627,500	1.27
14	MR SCOTT MAURICE DONNELLAN & DR ADAOBI OGENNA UDECHUKU	2,500,000	1.21
15	PATRICIA MARY FIELDS	1,450,000	0.70
16	PERSHING AUSTRALIA NOMINEES PTY LTD <ACCORDIUS A/C>	1,418,312	0.69
17	MR MARK AVERY	1,350,766	0.65
18	THIRTY-FIFTH CELEBRATION PTY LTD <JC MCBAIN SUPER FUND A/C>	1,206,820	0.58
19	TALAL ADEL HAMMOUD	1,144,280	0.55
20	RICHSHAM NOMINEES PTY LTD	1,000,000	0.48
	TOTAL	**119,361,621**	**57.84**

Substantial Shareholders

Substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are as follows:

Shareholder	No. of Shares
FIL Limited	15,321,703

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.

Other information

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