

**FATFISH INTERNET GROUP LIMITED
(ABN 88 004 080 460)
AND ITS CONTROLLED ENTITIES**

**FINANCIAL REPORT
FOR THE SIX MONTHS ENDED
31 DECEMBER 2014**

Directors

Dato' Larry Nyap Liou Gan (appointed 1 September 2014)
Kin Wai Lau (appointed 21 July 2014)
Donald Han Low
Jeffrey Hua Yuen Tan

Secretary

Donald Han Low (appointed 8 August 2014)

Registered Office

1/47 Coppin St
Richmond Vic 3121

Auditors

MSI Ragg Weir
Chartered Accountants
Level 2, 108 Power Street
Hawthorn, Victoria, 3122

Principal Share Register

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153

Principal Bankers

Westpac Banking Corporation
National Australia Bank

**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES
CORPORATE GOVERNANCE STATEMENT**

1. Our approach to corporate governance

(a) Framework and approach to corporate governance and responsibility

The Board of Fatfish Internet Group Limited ("the Company") is committed to maintaining the highest standards of corporate governance.

Corporate governance is about having a set of values that underpin the company's everyday activities - values that ensure fair dealing, transparency of actions, and protect the interests of stakeholders. The Board considers corporate governance forms part of a broader framework of corporate responsibility and regulatory oversight.

In pursuing its commitment to best practice governance standards, the Board will continue to:

- review and improve its governance practices; and
- monitor global developments in best practice corporate governance.

The Board's approach has been to be guided by the principles and practices that are in our stakeholders' best interests while ensuring full compliance with legal requirements.

(b) Compliance with the ASX Corporate Governance Principles and Recommendations

The ASX Listing Rules require listed companies to include in their Annual Report a statement disclosing the extent to which they have followed the ASX Corporate Governance Principles and Recommendations in the reporting period.

Listed companies must identify the recommendations that have not been followed and provide reasons for the company's decision.

This Governance Statement describes Fatfish Internet Group Limited's governance practices and notes where they do not comply with the ASX Corporate Governance Principles and Recommendations.

2. Date of this statement

This statement reflects our corporate governance policies and procedures as at 31 March 2015.

3. The Board of Directors

(a) Membership and expertise of the Board

The Board has a broad range of relevant financial and other skills, experience and expertise to meet its objectives. The current Board composition, with details of individual Director's backgrounds, is set out in the Directors Report which is included in this Annual Report.

**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES
CORPORATE GOVERNANCE STATEMENT (CONT'D)**

3. The Board of Directors (Cont'd)

(b) Board role and responsibility

The Board is accountable to shareholders for Fatfish Internet Group Limited's performance. In summary, the Board's responsibilities include:

- providing strategic direction and approving corporate strategic initiatives;
- planning for Board and executive succession;
- selecting and evaluating future Directors, the Chief Executive Office ("CEO").
- setting CEO and Director remuneration within shareholder approved limits;
- approving budget and monitoring management and financial performance;
- considering and approving the Annual Financial Report (including the Directors' Declaration) and the interim and final financial statements;
- approving Fatfish Internet Group Limited's risk management strategy, monitoring its effectiveness and maintaining a direct and ongoing dialogue with Fatfish Internet Group Limited's auditors and regulators; and
- considering and reviewing the social and ethical impact of Fatfish Internet Group Limited's activities, setting standards for social and ethical practices and monitoring compliance with Fatfish Internet Group Limited's social responsibility policies and practices.

The Board would normally delegate to management responsibility for:

- developing and implementing corporate strategies and making recommendations on significant corporate strategic initiatives;
- maintaining an effective risk management framework and keeping the Board and market fully informed about material risks;
- developing Fatfish Internet Group Limited's annual budget, recommending it to the Board for approval and managing day-to-day operations within the budget; and
- managing day-to-day operations in accordance with standards for social and ethical practices which have been set by the Board.

The current circumstances, however, require all these functions to be exercised by the Board members or the Company Secretary. The company does not currently have a performance evaluation method due to the current size and limited nature of operations.

(c) Board size and composition

The Board determines its size and composition, subject to the limits imposed by Fatfish Internet Group Limited's Constitution. The Constitution requires a minimum of three and a maximum of 10 Directors. In addition, at least two of the Directors shall ordinarily reside within Australia. Currently the Board consists of four directors. The board supports the principles of diversity; however, due to the size and scale of the company's operations it has no female representative on the board at the present time.

(d) The selection and role of the Chairman

The Chairman is selected by the Board from the non-executive Directors. The Chairman's role includes:

- providing effective leadership on formulating the Board's strategy;
- representing the views of the Board to the public;
- ensuring that, when all Board members take office, they are fully briefed on the terms of their appointment, their duties and responsibilities;

**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES
CORPORATE GOVERNANCE STATEMENT (CONT'D)**

3. The Board of Directors (Cont'd)

(d) The selection and role of the Chairman (Cont'd)

- ensuring that the Board meets at regular intervals throughout the year, and that minutes of meetings accurately record decisions taken and, where appropriate, the views of individual Directors;
- guiding the agenda and conduct of all Board meetings; and
- reviewing the performance of the Board of Directors.

The company complies with the requirement that the Chairman be an independent director.

(e) Directors' independence

The Board assesses each of the Directors against specific criteria to decide whether they are in a position to exercise independent judgement. Directors are considered to be independent if they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement. Materiality is assessed on a case-by-case basis by reference to each Director's individual circumstances rather than general materiality thresholds. In assessing independence, the Board considers whether the Director has a business or other relationship with Fatfish Internet Group Limited, either directly, or as a partner, shareholder or officer of a company or other Company that has an interest, or a business or other relationship, with Fatfish Internet Group Limited or another Fatfish Internet Group Limited group member. Presently the Board has three non-executive directors (out of a total of four) which meet these independence criteria.

(f) Avoidance of conflicts of interest by a Director

In accordance with the Corporations Act 2001, any Director with a material personal interest in a matter being considered by the Board must not be present when the matter is being considered and may not vote on the matter.

(g) Meetings of the Board and their conduct

Meetings of the Board happen when and as appropriate. Details of Board meetings held and attended are tabled in the Directors' Report, which forms part of this Annual Report.

(h) Succession planning

The Board plans succession of its own members taking into account the skills, experience and expertise required and currently represented, and Fatfish Internet Group Limited's future direction. The Board is also responsible for CEO succession planning.

(i) Review of Board performance

The Board does not formerly review its overall performance or the performance of individual Directors. The performance of nonexecutive Directors (including the Chairman) is not subject to any formal review process due to the current size of the board. Fatfish Internet Group Limited does not comply with ASX recommendations on this issue.

**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES
CORPORATE GOVERNANCE STATEMENT(CONT'D)**

3. The Board of Directors (Cont'd)

(j) Nomination and appointment of new Directors

Recommendations for nominations of new Directors are made by the Nomination Committee. Those nominated are assessed by the Board as a whole against a range of criteria including background, experience, professional skills, personal qualities, whether their skills and experience will augment the existing Board and their availability to commit themselves to the Board's activities. If the Board appoints a new Director during the year, that person will stand for election by shareholders at the next annual general meeting. Shareholders are provided with relevant information on the candidates for election.

(k) Retirement and re-election of Directors

Fatfish Internet Group Limited's Constitution states that one-third of our Directors must retire each year. The maximum time that each Director can serve in any single term is three years. Any Director who has been appointed during the year must retire at the next annual general meeting. Eligible Directors who retire each year may offer themselves for re-election by shareholders at the next annual general meeting.

(l) Compulsory retirement of Directors

The Board has no limit on the number of terms of office which any Director may serve.

(m) Board access to information and advice

All Directors have unrestricted access to company records and information and receive regular detailed financial and operational reports. The Company Secretary provides Directors with ongoing guidance on issues such as corporate governance, Fatfish Internet Group Limited's Constitution and the law. The Board collectively, and each Director individually, has the right to seek independent professional advice at Fatfish Internet Group Limited's expense to help them carry out their responsibilities. While the Chairman's prior approval is needed, it may not be unreasonably withheld and, in its absence, Board approval may be sought.

(n) Securities trading policy

Directors and employees are subject to the Corporations Act restrictions on trading securities in the Company if they are in possession of inside information. This is regarded as any information that is non-public and, if it were public that a reasonable person would expect to have a material effect on the price of the Company's securities.

In addition, the company has established a policy on the trading in Fatfish Internet Group Limited's securities, which applies to all Directors and employees. Key aspects of this policy are as follows:

- Directors and employees are encouraged to be long-term holders of the company's securities and are discouraged from any short-term trading;
- Directors and employees may trade shares for 4 weeks following announcement of the annual results, half-year results and the annual general meeting, provided the market has been fully informed. However, a trading embargo of 2 days applies immediately after any significant announcement;

**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES
CORPORATE GOVERNANCE STATEMENT(Cont'd)**

3. The Board of Directors (Cont'd)

(n) Securities trading policy (Cont'd)

- Directors and employees need to ensure that the market is fully informed before they can trade and to protect themselves should discuss the intended share trading with the Chairman or Company Secretary; and
- Trading outside the four-week period is required to be approved by the Chairman, prior to any transaction occurring. Generally, if the market is fully informed, the approval will be granted.

Directors are required to notify the Company Secretary within 2 days of a change in their beneficial interest in the company's shares.

Directors' interest in the company's securities have not changed materially in the last 12 months.

4. Board committees

(a) Board committees and membership

There are currently four Board Committees. Fatfish Internet Group Limited complies with ASX recommendations on Board committees.

(b) Audit Committee

Chairman - Donald Low
Member - Kin Wai Lau
Member - Jeffrey Tan

(c) Board Risk Oversight Committee

Chairman - Donald Low
Member - Kin Wai Lau
Member - Jeffrey Tan

(d) Board Nominations Committee

Chairman - Kin Wai Lau
Member - Jeffrey Tan
Member - Donald Low

(e) Board Remuneration Committee

Chairman - Jeffrey Tan
Member - Dato' Larry Gan
Member - Donald Low

Directors have been paid a fixed remuneration in the past, however currently Australian resident director's fees are capped at \$2,000 per month. Directors would in past years have been paid a directors fee for attending Board Meetings, as well as being able to claim for out-of-pocket expenses and any time spent on special issues.

**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES
CORPORATE GOVERNANCE STATEMENT (CONT'D)**

4. Board committees (Cont'd)

Fatfish Internet Group Limited's remuneration principle is that payments to non-executive Directors (as detailed in the Financial Statements) are fixed remuneration, reimbursement of expenses and time spent on specific issues. The executive Directors are paid for their executive duties at a negotiated rate in line with their qualifications and experience. Full details regarding remuneration are contained in the audited Remuneration Report in the Director's Statement of the Annual Report.

5. Audit governance and independence

(a) Approach to audit governance

The Board is committed to these basic principles:

- Fatfish Internet Group Limited must produce true and fair financial reports; and
- Its accounting methods are comprehensive and relevant and comply with applicable accounting rules and policies.

(b) Engagement and rotation of external auditor

Fatfish Internet Group Limited's independent external auditors are MSI Ragg Weir.

(c) Discussions with external auditor on Independence

The Board requires the external auditor to confirm that they have maintained their independence.

(d) Relationship with auditor

Fatfish Internet Group Limited's current policies on employment and other relationships with our external auditor are:

- the audit partners and any audit firm employee on the Fatfish Internet Group Limited audit are prohibited from being an officer of Fatfish Internet Group Limited;
- an immediate family member of an audit partner or any audit firm employee on the Fatfish Internet Group Limited audit is prohibited from being a Director or an officer in a significant position at Fatfish Internet Group Limited;
- a former audit firm partner or employee on the Fatfish Internet Group Limited audit is prohibited from becoming a Director or officer in a significant position at Fatfish Internet Group Limited for at least five years and after the five years, can have no continuing financial relationship with the audit firm;
- members of the audit team and firm are prohibited from having a business relationship with Fatfish Internet Group Limited or any officer of Fatfish Internet Group Limited unless the relationship is clearly insignificant to both parties;
- the audit firm, its partners, its employees on the Fatfish Internet Group Limited audit and their immediate family members are prohibited from having a direct or material indirect investment in Fatfish Internet Group Limited;
- officers of Fatfish Internet Group Limited are prohibited from receiving any remuneration from the audit firm;
- the audit firm is prohibited from having a financial interest in any Company with a controlling interest in Fatfish Internet Group Limited; and
- the audit firm engagement team in any given year cannot include a person who had been an officer of Fatfish Internet Group Limited during that year.

**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES
CORPORATE GOVERNANCE STATEMENT (CONT'D)**

5. Audit governance and independence

(e) Restrictions on non-audit services by the external auditor

The external auditor is not restricted in the provision of non-audit services to Fatfish Internet Group Limited except as required by the Corporations Act or the ASX Listing Rules.

(f) Attendance at Annual General Meeting

Fatfish Internet Group Limited's external auditor attends the annual general meeting and is available to answer shareholder questions.

6. Controlling and managing risk

(a) Approach to risk management

Taking and managing risk are central to business and to building shareholder value. Fatfish Internet Group Limited's approach is to identify, assess and control the risks which affect its business. The intention is to enable risks to be balanced against appropriate rewards. The risk management approach links Fatfish Internet Group Limited's vision and values, objectives and strategies, and procedures and training.

(b) Risk management roles and responsibilities

The Board is responsible for approving and reviewing Fatfish Internet Group Limited's risk management strategy and policy. The Risk Oversight Committee is responsible for implementing the Board-approved risk management strategy and developing policies, controls, processes and procedures to identify and manage risks in all of Fatfish Internet Group Limited's activities.

Fatfish Internet Group Limited does not comply with ASX recommendations on these issues as it does not have a formal verifiable system of risk management or any employees to implement such a system as it does not view this to be appropriate at the current time. It relies on the oversight of the Directors and the various committees, together with the periodic verification of the external auditor.

(c) Company Secretarial assurance

The Board receives periodic reports about the financial condition and operational results of Fatfish Internet Group Limited. The CEO periodically provide formal statements to the Board that in all material respects:

- the company's periodic financial statements present a true and fair view of Fatfish Internet Group Limited's financial condition and operational results for those reporting periods; and
- that risk management and internal compliance and control systems are sound, appropriate and operating efficiently and effectively.

7. Remuneration framework

(a) Overview

Director's remuneration is approved and fixed by shareholders. Fatfish Internet Group Limited currently pay its Australian resident Directors and Company Secretary a fixed remuneration. These Officers can claim reimbursement of out-of-pocket expenses incurred on behalf of Fatfish Internet Group Limited and time spent on specific issues. The Company Secretary's remuneration is part of the Directors' Remuneration paid.

**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES
CORPORATE GOVERNANCE STATEMENT(CONT'D)**

Remuneration framework (Cont'd)

(b) Employee Share Options scheme

There are no Employee Share Options Schemes (ESOS) granted over un-issued shares to directors or executives as part of their remuneration. The issue of any options would require approval by Shareholders.

Corporate responsibility and sustainability

(a) Approach to corporate responsibility and sustainability

Fatfish Internet Group Limited's approach to corporate responsibility and sustainability Fatfish Internet Group Limited's aim is to manage its business in a way that produces positive outcomes for all stakeholders and maximizes economic, social and environmental value simultaneously. In doing so, Fatfish Internet Group Limited accepts that the responsibilities flowing from this go beyond both strict legal obligations and just the financial bottom line. Transparency, the desire for fair dealing, and positive links into the community underpin our everyday activities and corporate responsibility practices.

(b) Code of conduct

Fatfish Internet Group Limited currently does not have in operation a formerly adopted Code of Conduct that applies to all Directors, executives and employees without exception. The intention of such a Code is to govern workplace and human resource practices, risk management and legal compliance, and ensure alignment to the Shareholders interests.

The Directors of Fatfish Internet Group Limited believe their core values of teamwork, integrity and performance ensure ethical outcomes and the alignment of the shareholders and Boards interests.

The ASX recommendations require that the Code of Conduct is reviewed periodically, specifically to reflect the ASX Corporate Governance Principles and Recommendations.

Fatfish Internet Group Limited does not comply with ASX recommendations on this issue as the Board does not believe that a formal Code of Conduct is appropriate for the company at the current time. The Board however, endeavours to act ethically at all times, in line with its obligations under the Corporations Act and the ASX Listing Rules.

(c) Insider trading policy and trading in Fatfish Internet Group Limited shares

The Company Secretary has responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules, and overseeing and coordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

Fatfish Internet Group Limited is committed to giving all shareholders comprehensive and equal access to information about our activities, and to fulfil continuous disclosure obligations to the broader market. Fatfish Internet Group Limited's policy is designed to ensure compliance with ASX Listing Rules continuous disclosure requirements. It ensures any information that a reasonable person would expect to have a material effect on the price of Fatfish Internet Group Limited's securities is disclosed.

Fatfish Internet Group Limited currently maintains its own web site and relies on communication in this medium on the ASX Company Announcements platform carrying all the relevant information.

**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES**

DIRECTORS' REPORT

The directors of Fatfish Internet Group Limited ("the Company") present their report on the consolidated entity ("Group"), consisting of Fatfish Internet Group Limited and the entities it controlled at the end of and during the financial period ended 31 December 2014.

DIRECTORS

The following persons were directors of Fatfish Internet Group Limited during the whole of the financial period and up to the date of this report, unless otherwise stated:

Dato' Larry Nyap Liou Gan (appointed 1 September 2014)
Kin Wai Lau (appointed 21 July 2014)
Hao Chen Pang (appointed 21 July 2014, resigned 29 September 2014)
Donald Han Low
Jeffrey Hua Yuen Tan
George Karafotias (resigned 8 August 2014)

INFORMATION ON DIRECTORS

Director **Dato' Larry Nyap Liou Gan (Non-Executive Chairman)**

Qualifications Qualified Accountant since 1978. He is a Fellow of Association of Certified Chartered Accountants in 1992 and Certified Management Consultant.

Experience Appointed as a Board Member on 1 September 2014.

Dato' Larry held leadership roles with Accenture over a 26 year career including as managing partner for Asia. He also spent four years of his tenure overseeing the firm's multibillion dollar Venture Fund, managing investments throughout Australasia.
More recently Dato' Larry was a founding director of ASX-listed iProperty Group Limited which owns and operates a range of real estate websites and investments throughout Asia.

Interests in Shares 207,506 ordinary shares (direct interest)
2,700,000 ordinary shares (held via Planetbiz Investments Ltd).

Interests in Options 2,500,000 unlisted options (issued on 2 February 2015)

Directorships in other listed companies.

Non-Executive Chairman Rev Asia Berhad (formerly known as Catcha Media Berhad listed on Bursa Malaysia)
Non-Executive Director Tanjong Public Limited Company (listed on Bursa Malaysia)
Non-Executive Director AMMB Holdings Berhad (listed on Bursa Malaysia)
Non-Executive Chairman Cusapi Berhad (listed on Bursa Malaysia)
Executive Director Formis Resources Berhad (listed on Bursa Malaysia)
Non-Executive Director Graphene Nanochem Plc (listed on AIM)

These companies are listed in Malaysia and England.

**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES
DIRECTORS' REPORT (CONT'D)**

INFORMATION ON DIRECTORS

Director	Kin Wai Lau (CEO and Executive Director)
Qualifications	Bachelor of Engineering (First Class) - University of Manchester, United Kingdom
Experience	Appointed as a Board Member on 21 July 2014.

Kin-Wai Lau is a well-recognised technology entrepreneur in Southeast Asia who founded his first technology company when he was 23 and has since then taken three technology companies public.

Mr Lau began his career as the co-founder and Managing Director of Viztel Solutions Berhad ("Viztel"), a telecom and mobile Internet software startup. By the age of 28 Mr. Lau had led Viztel to IPO and was one of the youngest Managing Directors of a public company in Southeast Asia.

In 2007 Mr Lau co-founded Cellsafe Biotech Group, a regional biotechnology business group focusing on non-controversial technologies for harvesting and cryogenic preservation of stem cells. Cellsafe is now a leading stem cell bank network in Southeast Asia, with operations across four countries.

In 2008 Mr Lau led a takeover of the Oriented Media Group Berhad (Omedia), a publicly traded digital media company in Malaysia, of which he was later appointed its Executive Chairman.

Mr Lau was a scholar of a Malaysian government-controlled corporation and graduated with first class honours in engineering from the University of Manchester in the United Kingdom. He was also faculty research staff and a PhD candidate at the Imperial College, London.

Mr Lau frequently supports entrepreneurial campaigns in colleges and universities and is a regular judge at innovation and startup competitions in Singapore.

Interests in Shares: 15,209,609 ordinary shares.

Interests in Options: 15,209,609 unlisted options (issued on 2 February 2015)

Directorships in other listed companies.

Chairman Oriented Media Group Berhad (listed on Bursa Malaysia)

**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES**

DIRECTORS' REPORT (CONT'D)

Director Donald Han Low (Company Secretary/Non-Executive Director)

Qualifications B.Econs, University of Western Australia

Experience Appointed as a Board Member on 8 April 2008.

Donald has worked in the corporate advisory and corporate finance sector with experience covering the whole business cycle, ranging from start-ups, business creation and exits via Initial Public Offerings (IPOs), Reverse Take Overs (RTO), Trade Sales and Mergers & Acquisitions (M&As). As part of all corporate restructurings, especially in distressed assets and business models, Donald takes a hands-on approach in the senior management of the companies.

He has served as Chief Executive Officer (CEO) and as director on boards of private and publicly listed companies in Asia, Australia and Europe with interests ranging from traditional businesses such as agriculture (oil palm plantations, etc.), logistics, finance, mining, manufacturing, food and service (A&W) to new economy businesses in the TMT (Telecommunication, Media & Technology) space and the fast growing internet environment.

Interests in Shares Nil ordinary shares

Interests in Options Nil options

Directorships in other listed companies: Nil

Director Jeffrey Hua Yuen Tan (Non - Executive Director)

Qualifications B. Business Univ SA

Experience Appointed as a Board Member on 12 October 2011.

Mr Tan has 16 years' experience in equities and derivatives markets and client portfolio advisory roles and has also facilitated resource and property projects in China and Vietnam. Mr Tan is a director of Fraden Projects Australia Pty Ltd, a company of foreign project management consultants that facilitated the development of the USD \$300 million Yen So Project with the local government and Gamuda Berhad.

As Director, Mr Tan has also facilitated the acquisitions and development of private ventures in China's Heilongjiang and Jilin Provinces.

Interests in Shares Nil ordinary shares

Interests in Options Nil options

Directorships in other listed companies: Nil

**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES**

DIRECTORS' REPORT (CONT'D)

INFORMATION ON DIRECTORS

Director	Hao Chen Pang (Non-Executive Director)
Qualifications	Bachelor of Mechatronics Engineering (Hon), University of Leeds, England Master of Science (Operations Management), Manchester Business School, England.
Experience	Appointed as a Board Member on 21 July 2014. Resigned as a Board Member on 29 September 2014.

Mr Pang was the other co-founder and the Chief Operating Officer of Viztel, where he was responsible for corporate finance and compliance activities of the public-listed group. He successfully raised more than RM 20 million of the private and public funding that was required to fund the expansion and the research and development activities of Viztel. He was also the other co-founder of CellSafe, of which he is currently an Executive Director.

Interests in Shares	10,094,873 ordinary shares.
Interests in Options	10,094,873 unlisted options (issued on 2 February 2015)
Directorships in other listed companies:	Nil

Director	George Karafotias (Non - Executive Director)
Qualifications	B. Com. University of Adelaide
Experience	Resigned 8 August 2014.

George has been heavily involved in the corporate sector as both a business proprietor and corporate consultant. In this capacity, he has developed specific expertise in providing specialist advice to both listed and unlisted entities in the areas of corporate restructuring, refinancing and debt and equity raisings.

Interests in Shares	Nil ordinary shares
Interests in Options	Nil options

Directorships in other listed companies: Perpetual Resources Limited

**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES**

DIRECTORS' REPORT (CONT'D)

INFORMATION ON SENIOR MANAGEMENT

Datuk Marco Yap (Director of Corporate Affairs)

Qualifications Bachelor's degree in Commerce from University of Auckland, New Zealand.

Experience Datuk Marco Yap is responsible for formulating the group's overall business strategies and overseeing the group's corporate finance activities. He graduated with a Bachelor's degree in Commerce from University of Auckland, New Zealand in 1997 and went on to obtain a Masters in Business Administration from Charles Sturt University in 2002. Marco was conferred the Panglima Gemilang Darjah Kinabalu (PGDK) award by the TYT Yang di Pertua of Sabah State on 4 October 2014 which carries the title "Datuk".

Interests in Shares: Nil

Interests in Options: Nil

Directorships in other listed companies: Nil

Chow Yen-Le (Director of Fatfish Medialab)

Experience Yen-Lu was formerly a Distinguished Technologist at Apple Computer. He led the development of several award-winning technology products including Best-of-Best Product Award in Comdex Asia for Apple's Chinese Dictation Kit. Yen-Lu founded AsiaWorks, and was involved in a turnaround with WholeTree.com, a Nasdaq OTC listed digital globalization company.

He served as venture partner to Venture TDF, a Singapore venture capital firm with a global footprint, and venture advisor to S.A.L Port Asia Pacific, regional incubation center for voice and language technologies. He was an adjunct professor to NUS Entrepreneurship Center, and served as Executive Advisor to NUS Enterprise and SMU Incubators, and a Mentor & Friend to Insead Business School. He regularly advises the government on entrepreneurship and innovation, and is invited to speak on these issues internationally.

Yen-Lu holds a personal interest in social entrepreneurship and in applying sound business practices to drive purposeful work for worthy social causes. He is the co-founder and president of WholeTree Foundation, a family foundation focused on youth wellness, particularly in health and education. Yen-Lu is a holder of 6 international patents and graduated with MS and BS degrees in electrical engineering from MIT.

Interests in Shares: Nil

Interests in Options: Nil

Directorships in other listed companies: Nil

**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES**

DIRECTORS' REPORT (CONT'D)

INTERESTS IN CONTRACTS

None of the above directors have any personal interests in the contracts entered into by Fatfish Internet Group Limited or its controlled entities other than those mentioned above and in Note 20 Related Party Transactions.

COMPANY SECRETARY

Mr Donald H Low is the Company Secretary of the entity (Mr George Karafotias - 1 July 2013 to date of resignation 8 August 2014).

MEETINGS OF DIRECTORS

During the financial year, meetings of directors (including committees of directors and circular resolutions passed) were held. Attendances were:

	Directors' Meetings	
Name of Director	Number eligible to attend	Number attended
Larry Gan	3	2
Kin Wai Lau	6	6
Hao Chen Pang	3	3
Mr Donald Han Low	6	6
Mr Jeffrey Tan	6	6
Mr George Karafotias	1	-

	Audit Committee Meetings	
Name of Director	Number eligible to attend	Number attended
Kin Wai Lau	2	2
Mr Donald Han Low	2	2
Mr Jeffrey Tan	2	2

There were no meeting for the other committees.

PRINCIPAL ACTIVITY

The principal activity of the consolidated entity during the financial year was the investment in tech and internet companies.

Fatfish Internet Group Limited is an Internet venture investment firm - first of its kind to list on the ASX. Operating dual headquarters in Singapore and Melbourne, Fatfish Internet Group focuses on growth Internet markets, building Internet ventures with the potential to scale globally through its "Seed-to-Exit" approach.

Fatfish Internet Group Limited enhances value of investee companies through its capital, network and resources, offering unique opportunities to investors to invest in diversified portfolio of early-stage and growth-stage Internet businesses.

**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES**

DIRECTORS' REPORT (CONT'D)

OPERATING RESULTS

The consolidated loss of the consolidated entity after providing for income tax amounted to \$6,462,495 [2014: \$184,242].

DIVIDENDS PAID OR RECOMMENDED

It is not recommended that a dividend be declared and no dividends were paid or declared since the end of the previous financial year.

REVIEW OF OPERATIONS

During the year the consolidated entity invested in a number of investments in technological and internet companies resulting in revenue of \$507,310.

FINANCIAL POSITION

The net assets of the consolidated entity have increased by \$14,603,956 during the financial period. The entity has a net asset surplus as at the year end.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The following significant changes in the state of affairs of the parent entity occurred during the financial year:

Change of Name

The company changed its name from Atech Holdings Limited to Fatfish Internet Group Limited on 17 July 2014.

Acquisition of Fatfish Group

On 21 July 2014 Atech Holdings Limited acquired all of the issued shares in Fatfish Internet Pte Ltd in Singapore and 50% of shares in Fatfish Capital Ltd in BVI (collectively the "Fatfish Group") for consideration of \$18,000,000, comprising:

- 90,000,000 ordinary shares at a deemed issue price of \$0.20; and
- 90,000,000 free attaching consideration options on the basis of 1 option for every ordinary share issued.

In addition, the company issued 17,297,860 shares, each with 1 free attaching option, at \$0.20 per share raising gross cash proceeds of \$3,459,572, in accordance with the prospectus released on 22 April 2014 amended by supplementary releases.

Acquisition of AppXplore Sdn Bhd

On 12 September 2014, the Group announced that its subsidiary, High Joyful International Limited (a 70% owned subsidiary of Fatfish Internet Pte Ltd, which the group acquired a 100% interest in subsequent to year end - refer above), acquired a 70% interest in AppXplore Sdn Bhd for RM 550,000 (AUD \$192,250) to be paid RM 250,000 (AUD \$87,500) in cash upon the execution of the Share Sale Agreement and the balance to be paid over six months.

**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES**

DIRECTORS' REPORT (CONT'D)

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The Company successfully implemented a 1 for 1 rights issue through the issuance of 129,625,266 options at \$0.01 per option with an exercise price of \$0.22 per share having an expiry in July 2016.

As part of it's vision to enhance the value of the Company, FFG formed the Corporate Advisory Division to assist tech and internet growth companies to an exit via a trade sale or IPO. This division is expected to increase the revenue stream of the Group in the future.

Unlocking value and passing this to shareholders remain central to the Company's vision and stated objectives and this has resulted in the announcement of the Company to spin out it's holdings in two investee companies, Kensington Ventures and AppXplore Sdn Bhd into a holding entity, iCandy Interactive Ltd for an IPO within 6 months. This will unlock the value in these assets that will be passed on to the FFG shareholders in specie.

FUTURE DEVELOPMENTS

Other than information disclosed elsewhere in this financial report, likely developments in the operations of Fatfish Internet Group Limited and the expected results of those operations in future financial years have not been included as the inclusion of such information is likely to result in unreasonable prejudice to the company.

ENVIRONMENTAL ISSUES

The economic entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

AUDIT / NON AUDIT SERVICES

Auditors' remuneration is disclosed in Note 17. No non-audit services have been provided by the auditor or their related practices.

INDEMNIFICATION OF OFFICERS AND AUDITORS

An indemnity has been given by the company in favour of the directors to the extent that the Corporations Act 2001 allows. No payment or agreement has been given in relation to a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings.

No other insurance premium or indemnity has been paid or provided in respect of any directors or auditors.

SHARE OPTIONS

During the six month period ended 31 December 2014, the company issued 107,297,860 free attaching consideration options on the basis of 1 option for every ordinary share on issue (30 June 2014: nil). The share options expired on 31 December 2014 with none of the options being exercised.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court under section 237 of the Corporations Act 2001, to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not party to any such proceedings during the year.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required by section 307C of the Corporations Act 2001 is attached on page 21.

**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES**

DIRECTORS' REPORT (CONT'D)

REMUNERATION REPORT (Audited)

This remuneration report sets out remuneration information for non-executive directors, executive directors, other key management personnel and the five highest remunerated executives of the group and the company.

Remuneration Policies

Remuneration levels are competitively set to attract the most qualified and experienced Directors and Senior Executives. The Board may obtain independent advice on the appropriateness of remuneration packages.

There are no schemes for retirement benefits.

The directors are reimbursed for expenses incurred by them in the course of their duties as directors of the company. There is no link between the provision of any non-monetary benefits and performance of the company.

Key management personnel remuneration policy

The key management personnel of the company are represented by the directors and company secretary. The key management personnel remuneration policy is therefore the same as the directors' remuneration policy.

Directors and executives disclosed in this report

Name (current directors)	Position Held
Dato' Larry Nyap Liou Gan	Non-Executive Chairman
Kin Wai Lau#	CEO and Executive Director
Mr Donald Han Low	Non-Executive Director
Mr Jeffery Tan	Non-Executive Director

Name (former directors)	Position Held
Mr George Karafotias	Non-Executive Director/Company Secretary
Hao Chen Pang	Non-Executive Director

denotes the person being both a key management of the group and also among the five most highly remunerated company or group executives, as required to be disclosed under the Corporations Act 2001.

**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES**

DIRECTORS' REPORT (CONT'D)

REMUNERATION REPORT (Audited) - continued

December 2014 Key management personnel of the group and other executives of the company and the group

	Cash Salary And Fees	Non-monetary benefits	Superannuation	Total
	\$	\$	\$	\$
Directors				
Dato' Larry Nyap Liou Gan	8,000	-	-	8,000
Kin Wai Lau	60,000	-	-	60,000
Hao Chen Pang	-	-	-	-
Donald Han Low	10,000	-	-	10,000
George Karafotias	-	-	-	-
Jeffrey Tan	10,000	-	-	10,000
Secretary				
Donald Han Low	-	-	-	-
George Karafotias	-	-	-	-
Senior Management				
Datuk Marco Yap	-	-	-	-
Chow Yen-Le	-	-	-	-
Total	88,000	-	-	88,000

No post-employment benefits were paid to the directors. The directors do not participate in any incentive programs.

**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES**

DIRECTORS' REPORT (CONT'D)

REMUNERATION REPORT (Audited) - continued

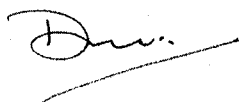
June 2014 Key Management Personnel of the group and other executives of the company and the group

	Cash Salary And Fees	Non-monetary benefits	Superannuation	Total
	\$	\$	\$	\$
Directors				
Donald Han Low	-	568	-	568
George Karafotias	-	-	-	-
Jeffrey Tan	-	-	-	-
Secretary				
Donald Han Low	-	-	-	-
George Karafotias	-	-	-	-
Senior Management				
Datuk Marco Yap	-	-	-	-
Chow Yen-Le	-	-	-	-
Total	-	568	-	568

No post-employment benefits were paid to the directors. The directors do not participate in any incentive programs.

This marks the end of the audited remuneration report.

This report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.



.....
Donald H Low
Director
Dated this 31st day of March 2015

**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014**

	Note	Consolidated Entity 6 month period ended 31 December 2014 \$	12 month period ended 30 June 2014 \$
Revenue	3	507,310	3,169
Cost of sales		(14,880)	-
Gross Profit		492,430	3,169
Administration expenses		(605,239)	(101,887)
Marketing expenses		(62,879)	-
Depreciation expense		(109,026)	-
Impairment of goodwill		(5,708,615)	-
Finance expense		(750)	-
Listing and filing fees		(342,108)	(84,304)
Employee benefits expense		(222,957)	-
Occupancy expenses		(22,694)	-
Other income/(expenses)	4	119,343	(1,220)
Loss before income tax expense		(6,462,495)	(184,242)
Income tax expense	5	-	-
Loss for the year attributable to members of the company		(6,462,495)	(184,242)
Other comprehensive loss for the year - exchange differences on translating foreign operations		(117,041)	-
Total comprehensive loss for the year attributable to members of the company		(6,579,536)	(184,242)

The above Statement of Profit or Loss and Other Comprehensive Income should be read
in conjunction with the accompanying notes.

AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF FATFISH INTERNET GROUP LIMITED

As auditor for the audit of Fatfish Internet Group Limited for the year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the independence requirements of the Corporations Act 2001 in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.



MSI RAGG WEIR
Chartered Accountants



L.S. WONG
Partner
Melbourne: 31 March 2015

**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014 (CONT'D)**

	Note	Consolidated Entity 6 month period ended 31 December 2014 \$	12 month period ended 30 June 2014 \$
Profit/(loss) for the year attributable to:			
- non-controlling interest		54,151	-
- owners of the parent		(6,516,646)	(184,242)
		<u>(6,462,495)</u>	<u>(184,242)</u>
Total comprehensive income/(loss) for the year attributable to:			
- non-controlling interest		56,841	-
- owners of the parent		(6,636,377)	(184,242)
		<u>(6,579,536)</u>	<u>(184,242)</u>
Basic loss (cents) per share	18	(5.00)	(0.83)
Diluted loss (cents) per share	18	(5.00)	(0.83)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014**

	Note	Consolidated Entity 6 month period ended 31 December 2014 \$	12 month period ended 30 June 2014 \$
Current Assets			
Cash and cash equivalents	6	789,151	2,595,617
Trade and other receivables	7	615,260	173,515
Total Current Assets		1,404,411	2,769,132
Non-Current Assets			
Property, plant and equipment	8	106,922	-
Intangibles	9	13,161,955	-
Investments	10	249,448	-
Total non-current assets		13,518,325	-
Total Assets		14,922,736	2,769,132
Current Liabilities			
Trade and other payables	11	170,840	2,737,181
Borrowings	12	8,686	-
Total Current Liabilities		179,526	2,737,181
Non-current Liabilities			
Trade and other payables	11	79,738	-
Borrowings	12	27,565	-
Total non-current Liabilities		107,303	-
Total Liabilities		286,829	2,737,181
Net Assets		14,635,907	31,951
Equity			
Issued capital	13	25,670,724	4,487,232
Accumulated losses		(10,971,927)	(4,455,281)
Other components of equity		(119,731)	-
		14,579,066	31,951
Non-controlling interest		56,841	-
Total Equity		14,635,907	31,951

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR PERIOD ENDED 31 DECEMBER 2014**

	Issued capital \$	Accumulated losses \$	Other components of equity \$	Total Attributable to Owners of Parent \$	Non- controlling interest \$	Total \$
<u>Consolidated Entity</u>						
At 1 July 2013	4,487,232	(4,271,039)	-	216,193	-	216,193
Total comprehensive income for the year						
Loss for the year	-	(184,242)	-	(184,242)	-	(184,242)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	(184,242)	-	(184,242)	-	(184,242)
At 30 June 2014	4,487,232	(4,455,281)	-	31,951	-	31,951
Issue of share capital (net of capital raising expenditure)	21,183,492	-	-	21,183,492	-	21,183,492
Total comprehensive income/(loss) for the year						
Profit/(loss) for the year	-	(6,516,646)	-	(6,516,646)	54,151	(6,462,495)
Other comprehensive income/(losses)	-	-	(119,731)	(119,731)	2,690	(117,041)
Total comprehensive income/(loss) for the year		(6,516,646)	(119,731)	(6,636,377)	56,841	(6,579,536)
At 31 December 2014	25,670,724	(10,971,927)	(119,731)	14,579,066	56,841	14,635,907

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014**

	Note	Consolidated Entity 6 month period ended 31 December 2014 \$	12 month period ended 30 June 2014 \$
Cash flows from operating activities			
Receipts from customers		219,720	-
Payments to suppliers and employees		(1,490,965)	(233,078)
Interest received		9,549	3,169
Interest paid		(750)	-
Net cash outflow from operating activities	19	<u>(1,262,446)</u>	<u>(229,909)</u>
Cash flows from financing activities			
Share application monies		<u>908,987</u>	<u>2,550,585</u>
Net cash from financing activities		<u>908,987</u>	<u>2,550,585</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(126,526)	-
Purchase of intangibles		(1,043,733)	-
Purchase of investments		<u>(249,448)</u>	<u>-</u>
Net cash from financing activities		<u>(1,419,707)</u>	<u>-</u>
Net decrease in cash and cash equivalents		<u>(1,773,166)</u>	<u>2,320,676</u>
Cash and cash equivalents at beginning of financial year		2,595,617	274,941
Exchange differences on cash and cash equivalents		<u>(33,300)</u>	<u>-</u>
Cash and cash equivalents at end of financial year	6	<u><u>789,151</u></u>	<u><u>2,595,617</u></u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014**

NOTE 1: CORPORATE INFORMATION

The consolidated financial statements of Fatfish Internet Group Limited for the six months ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors on 31 March 2015 and covers the consolidated entity consisting of Fatfish Internet Group Limited and its controlled entities ("the Group") as required by the Corporations Act 2001.

Fatfish Internet Group Limited is a listed public company, incorporated and domiciled in Australia.

The financial statements are presented in the Australian currency.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. Separate financial statements for Fatfish Internet Group Limited as an individual entity are no longer presented as a consequence of a change to the Corporations Act 2001. However, limited financial information for Fatfish Internet Group Limited as an individual entity is included in Note 15.

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

The accounting policies set out below have been consistently applied to all years presented.

Except for cash flow information, the financial statements have been prepared on an accrual basis and are based on historical costs.

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

(a) Principles of Consolidation

The Fatfish Internet Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 31 December 2014. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 31 December.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying assets are also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Income Tax

Any charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the Balance Sheet date.

Deferred tax assets and liabilities are recognised for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax benefits. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is accounted for in the profit or loss except where it relates to items that may be accounted for directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and will continue to comply with the conditions of deductibility imposed by the law.

Deferred tax assets and deferred tax liabilities are not recognised for temporary differences between the carrying and tax bases of investments in subsidiaries, where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the difference will not reverse in the foreseeable future.

(c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and deposits held at call with banks.

(d) Earnings Per Share

Basic earnings per share

Basic earnings per share is determined by dividing the net profit/(loss) after income tax attributable to members of the company, excluding any costs of servicing equity (other than dividends), by the weighted average number of ordinary shares outstanding during the financial year, adjusted for any bonus elements.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares. The weighted average number of shares used is adjusted for the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Revenue

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Group and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be estimated reliably. If the outcome can be estimated reliably then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period.

If the outcome cannot be reliably estimated then revenue is recognised to the extent of expenses recognised that are recoverable.

Interest revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

(f) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Trade and other receivables and trade and other payables in the balance sheet are shown inclusive of GST. Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

(g) Impairment

At the end of each reporting date, the company assesses whether there is objective evidence that individual assets have been impaired. If such an indication of impairment 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 the comprehensive income statement.

(h) 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. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

(i) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Accounting estimates - Carrying value of goodwill

The directors have assessed the carrying value of goodwill by comparing cost against discounted future cash flows. The assumptions used in calculating the cash flows are the directors best estimates of future events which have yet to occur.

**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial Assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Group's trade and most other receivables fall into this category of financial instruments.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

In some circumstances, the Group renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Group does not necessarily consider the balance to be impaired, however assessment is made on a case by case basis.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired.

The Group's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

Impairment of financial assets

At the end of the reporting period the Group assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Intangible Assets

Goodwill

Goodwill is carried at cost less accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- i) the consideration transferred;
 - ii) any non-controlling interest; and
 - iii) the acquisition date fair value of any previously held equity interest;
- over the acquisition date fair value of net identifiable assets acquired.

The value of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the aforementioned non-controlling interest. The Group can elect to measure the non-controlling interest in the acquiree either at fair value ('full goodwill method') or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets ('proportionate interest method'). The Group determines which method to adopt for each acquisition.

Under the 'full goodwill method', the fair values of the non-controlling interests are determined using valuation techniques which make the maximum use of market information where available.

Goodwill is not amortised but is tested for impairment annually and is allocated to the Group's cash generating units or groups of cash generating units, which represent the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Software

Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of five years.

Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

l) Foreign currency transactions and balances

Transaction and balances

Foreign currency transactions are recorded at the spot rate on the date of the transaction.

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value are translated using the rate at the date when fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised through profit or loss, except where they relate to an item of other comprehensive income.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period where the average rate approximates the rate at the date of the transaction; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of profit or loss and other comprehensive income in the period in which the operation is disposed.

**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

m) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment of losses.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Depreciation

Property, plant and equipment is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Leasehold improvement	3 to 5 years
Furniture and fittings	5 years
Computer equipment	5 years
Motor Vehicle	5 years

n) New Accounting Standards and Interpretations for application in future periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Group has decided not to early adopt these Standards. The following table summarises those future requirements and their impact on the Group where the standard is relevant:

Standard name	Effective date for the entity year ended	Requirements	Impact
AASB 2014-1 Amendments to Australian Accounting Standards	31 December 2015	AASB 2014 -1 makes amendments to particular Australian Accounting Standards to delete their references to AASB 1031 Materiality as each standard is amended for another purpose.	There is not expected to be any changes to the reported financial position, performance or cash flows of the entity.

**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

n) New Accounting Standards and Interpretations for application in future periods (cont'd)

Standard name	Effective date for the entity year ended	Requirements	Impact
AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation	31 December 2016	This standard amends AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets to: a. establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset; b. clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset; and c. clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.	There is no impact as the entity is not using a revenue based method of depreciation or amortisation.

**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

n) New Accounting Standards and Interpretations for application in future periods (cont'd)

Standard name	Effective date for the entity year ended	Requirements	Impact
AASB 9 Financial Instruments.	31 December 2018	Significant revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value. The amortised cost model is available for debt assets meeting both business model and cash flow characteristics tests. All investments in equity instruments using AASB 9 are to be measured at fair value.	Impacts on the reported financial position and performance have not yet been determined.
AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2009).			
AASB 2012-6 Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transitional Disclosures.		Amends measurement rules for financial liabilities that the entity elects to measure at fair value through profit and loss. Changes in fair value attributable to changes in the entity's own credit risk are presented in other comprehensive income.	
AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments.		AASB 2013 -9 adds chapter 6 Hedge Accounting to AASB 9 which supersedes the general hedge accounting requirements in AASB 139 Financial Instruments: Recognition and Measurement, which many consider to be too rules-based and arbitrary. Chapter 6 requirements include a new approach to hedge accounting that is intended to more closely align hedge accounting with risk management activities undertaken by entities when hedging financial and non-financial risks.	
AASB 2014-1 Amendments to Australian Accounting Standards.			

**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

n) New Accounting Standards and Interpretations for application in future periods (cont'd)

Standard name	Effective date for the entity year ended	Requirements	Impact
AASB 9 Financial Instruments.	31 December 2018	Some of the key changes from AASB 139 are as follows:	Impacts on the reported financial position and performance have not yet been determined
AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2009).		- to allow hedge accounting of risk components of non-financial items that are identifiable and measurable (many of which were prohibited from being designated as hedged items under AASB 139); - changes in the accounting for the time value of options, the forward element of a forward contract and foreign-currency basis spreads designated as hedging instruments; and - modification of the requirements for effectiveness testing (including removal of the 'bright-line' effectiveness test that offset for hedging must be in the range 80-125%).	
AASB 2012-6 Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transitional Disclosures.		Revised disclosures about an entity's hedge accounting have also been added to AASB 7 Financial Instruments: Disclosures.	
AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments.		AASB 2013 - 9 also permits an entity to elect to apply the own credit risk provisions without applying the other requirements in AASB 9 (2010). If an entity does so, it is required to disclose that fact and provide the disclosures in paragraphs 10-11 of AASB 7 concerning financial liabilities designated at fair value.	
AASB 2014-1 Amendments to Australian Accounting Standards. (cont'd)		AASB 2014-1 defers the effective date to 1 January 2018 and contains consequential amendments to a number of standards as a consequence of the introduction of Chapter 6 Hedge Accounting to AASB 9.	

**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

n) New Accounting Standards and Interpretations for application in future periods (cont'd)

Standard name	Effective date for the entity year ended	Requirements	Impact
AASB 2014-1 Amendments to Australian Accounting Standards (2010 - 2012 cycle).	31 December 2015	The following standards and changes are made under AASB 2014-1: - AASB 2 Share-based Payments - amendments to definitions - AASB 3 Business Combinations - clarification that contingent consideration that is classified as an asset or a liability shall be measured at fair value at each reporting date. - AASB 8 Operating Segments - amendments to disclosures - AASB 3 Business Combinations - references to contingent consideration - AASB 13 Fair value measurement - minor clarification re: measurement of short-term receivables and payables - AASB 116 Property, plant and equipment - clarifies that when an item of property, plant and equipment is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount. - AASB 124 Related Party Disclosures - clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. - AASB 138 Intangible Assets - clarifies that when an intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.	There are not expected to be any changes to reported financial position or performance arising from the adoption of part A of AASB 2014-1.

**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

n) New Accounting Standards and Interpretations for application in future periods (cont'd)

Standard name	Effective date for the entity year ended	Requirements	Impact
AASB 2014-1 Amendments to Australian Accounting Standards (2011 - 2013 cycle).	31 December 2015	The following standards and changes are made under AASB 2014-1: - AASB 1 First-time Adoption of Australian Accounting Standards - clarification in the basis of conclusion - AASB 3 Business Combinations - Clarifies that AASB 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself. - AASB 13 Fair Value Measurement - Clarifies that the scope of the portfolio exception defined in paragraph 52 of AASB 13 includes all contracts accounted for within the scope of AASB 139 Financial Instruments: Recognition and Measurement or AASB 9 Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in AASB 132 Financial Instruments: Presentation. - AASB 140 Investment Property - Clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in AASB 3 Business Combinations and investment property as defined in AASB 140 Investment Property requires the separate application of both standards independently of each other.	There are not expected to be any changes to reported financial position or performance arising from the adoption of part A of AASB 2014-1.

**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

n) New Accounting Standards and Interpretations for application in future periods (cont'd)

Standard name	Effective date for the entity year ended	Requirements	Impact
IFRS 15 Revenue from contracts with customers.	31 December 2018	IFRS 15 introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.	Impacts on the reported financial position and performance have not yet been determined.
Equity method in separate financial statements (Amendments to IAS 27)	31 December 2016	This standard will allow entities to use the equity method to account for its interest in subsidiaries, joint venture and associates in separate financial statements.	If an entity chooses to measure its interests in subsidiaries, joint ventures or associates using the equity method rather than the current options of cost or fair value in its separate financial statements then there will be a change in the reported financial position and performance.

**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

n) New Accounting Standards and Interpretations for application in future periods (cont'd)

Standard name	Effective date for the entity year ended	Requirements	Impact
IFRS 15 Revenue from contracts with customers.	31 December 2018	IFRS 15 introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.	Impacts on the reported financial position and performance have not yet been determined.
Equity method in separate financial statements (Amendments to IAS 27)	31 December 2016	This standard will allow entities to use the equity method to account for its interest in subsidiaries, joint venture and associates in separate financial statements.	If an entity chooses to measure its interests in subsidiaries, joint ventures or associates using the equity method rather than the current options of cost or fair value in its separate financial statements then there will be a change in the reported financial position and performance.

**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

n) New Accounting Standards and Interpretations for application in future periods (cont'd)

Standard name	Effective date for the entity year ended	Requirements	Impact
Annual improvements 2012 - 2014 cycle	31 December 2016	The following amendments / clarifications are made: - IFRS 5 - reclassification from held for sale to held for distribution to owners or from held for distribution to owners to held for sale is considered to the continuation of the original plan of disposal; - IFRS 7 - adds basis of conclusion to clarify disclosure requirements for transferred financial assets and offsetting arrangements; - IAS 19 - confirms that high quality corporate bonds or national government bonds used to determine discount rates must be in the same currency as the benefits paid to the employee; - IAS 34 - clarifies information about cross references in the interim financial report.	There is no expected impact on the entity.
Sale or contribution of Assets between an Investor and its Associate or Joint Venture	31 December 2016	The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.	This will only have impact for entities with associates or joint ventures where there has been a sale or contribution of assets between the entity and its investor.

**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

	Consolidated Entity	
	31 December 2014 \$	30 June 2014 \$
NOTE 3: REVENUE		
Services	38,735	-
Project revenue	277,612	-
Designer and consultant fees	181,414	-
Interest	9,549	3,169
	507,310	3,169

NOTE 4: RESULTS FOR THE YEAR

The result for the year was derived after charging / (crediting) the following items:

Included in other (income)/expenses:

- bad debts	25,742	-
- foreign exchange gains	(246,364)	-
- write off of investments	21,869	-

NOTE 5: INCOME TAX

(a) Numerical reconciliation of income tax expense to prima facie tax expense

Loss before income tax expense	(6,462,495)	(184,242)
Prima facie expense at tax rate of 30% (30 June 2014: 30%)	(1,938,749)	(55,273)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Current year tax losses not brought to account	1,938,749	55,273
Income tax expense	-	-

(b) Deferred tax assets not brought to account

Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 2(b) occur:

Temporary differences	-	-
Tax Losses:		
Operating Losses	1,938,749	2,006,644
	1,938,749	2,006,644

Potential tax benefit @ 30%	581,625	-
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As Fatfish Internet Group no longer passed the continuity of ownership and same business tests subsequent to year end 30 June 2014, carried forward tax losses at that date are no longer able to be utilised.

**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014**

	Consolidated Entity 31 December 2014 \$	30 June 2014 \$
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NOTE 6: CASH AND CASH EQUIVALENTS

Cash at bank and in hand	789,151	13,893
Deposits at call	-	2,581,724
	789,151	2,595,617

There were no deposits at call as at 31 December 2014. The effective interest rate on deposits at call at 30 June 2014 was 0.4%; the deposits had an average maturity of 90 days.

NOTE 7: TRADE AND OTHER RECEIVABLES

CURRENT

Unsecured

Accrued income and other receivables	127,549	56,386
Capital raising costs	-	117,129
Trade receivables	330,317	-
Amounts receivable from associates	157,394	-
	615,260	173,515

Due to short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

LEASEHOLD IMPROVEMENT

Cost	60,524	-
Accumulated depreciation	(47,764)	-
	12,760	-

FURNITURE AND FITTINGS

Cost	40,447	-
Accumulated depreciation	(13,771)	-
	26,676	-

COMPUTER EQUIPMENT

Cost	11,197	-
Accumulated depreciation	(2,451)	-
	8,746	-

MOTOR VEHICLE

Cost	60,418	-
Accumulated depreciation	(1,678)	-
	58,740	-

TOTAL PROPERTY, PLANT AND EQUIPMENT	106,922	-
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**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014**

Consolidated Entity
31 December 2014 30 June 2014
\$ \$

NOTE 8: PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Movement in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year:

Period ended 31 December 2014	Leasehold improvement	Furniture and fittings	Computer equipment	Motor Vehicle	Total
	\$	\$	\$	\$	\$
Balance at the beginning of the period	-	-	-	-	-
Additions through acquisition of an entity	9,118	10,148	2,262	-	21,528
Additions	14,372	21,842	8,366	60,418	104,998
Depreciation expense	(10,730)	(5,314)	(1,882)	(1,678)	(19,604)
Balance at the end of the period	12,760	26,676	8,746	58,740	106,922

NOTE 9: INTANGIBLES

GOODWILL ON CONSOLIDATION

Cost	17,916,259	-
Accumulated amortisation and impairment	(5,708,615)	-
	12,207,644	-

COMPUTER SOFTWARE

Cost	1,043,733	-
Accumulated amortisation and impairment	(89,422)	-
	954,311	-

TOTAL INTANGIBLES

	13,161,955	-
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NOTE 10: INVESTMENTS

NON-CURRENT

Investments:		
- Dressabelle Pte Ltd	199,448	-
- Nvoi Limited	50,000	-
	249,448	-

**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014**

	Consolidated Entity 31 December 2014 \$	30 June 2014 \$
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NOTE 11: TRADE AND OTHER PAYABLES

CURRENT

Unsecured Liabilities:

- Trade and other payables	168,103	186,596
- Advances from directors	2,737	-
- Share application monies	-	2,550,585
	170,840	2,737,181

NON-CURRENT

Unsecured Liabilities:

- Trade and other payables	79,738	-
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Due to short term nature of these payables, their carrying amount is assumed to approximate their fair value.

For terms and conditions relating to related party payables refer to note 16.

NOTE 12: BORROWINGS

CURRENT

- Lease liability	8,686	-
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NON-CURRENT

- Lease liability	27,565	-
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Total lease liability	36,251	-	
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Note 25

NOTE 13: CONTRIBUTED EQUITY

Issued Capital

129,625,266 Fully paid ordinary shares (30 June 2014: 22,327,406)	25,670,724	4,487,232
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(a) Ordinary Shares

	Number	Number
Balance at beginning of the financial year	22,327,406	22,327,406
Shares issued during the period	107,297,860	-
Balance at end of the financial year	129,625,266	22,327,406

(b) Ordinary Shares

	\$	\$
Balance at beginning of the financial year	4,487,232	4,487,232
Cash proceeds received for issued shares	3,459,572	-
Shares issued in consideration for purchase of Fatfish Capital Limited and Fatfish Internet Pte Ltd.	18,000,000	-
Less: Expenses directly related to capital raising activities	(276,080)	-
Balance at end of the financial year	25,670,724	4,487,232

**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014**

NOTE 13: CONTRIBUTED EQUITY (CONT'D)

(c) At 31 December 2014, the company had no options on issue (30 June 2014: nil).

(d) Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(e) The company does not have limited authorised capital and shares have no par value.

Capital Management

The Board's policy is to maintain a sufficiently strong capital base so as to maintain investor, creditor, and market confidence and to sustain future progress on the consolidated entity's programs.

As the consolidated entity has not yet reached the point of deriving sufficient income from its programs to generate net profits, it has not assessed a return on capital target, nor can a return on capital yet be adequately calculated. The consolidated entity does not have a defined share buy-back plan, or other proposal for the purchase on-market of its own shares.

There were no changes to the consolidated entity's approach to capital management during the year. Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements.

NOTE 14: CONTROLLED ENTITIES

	Country of incorporation	Percentage Owned	
		31 December 2014 %	31 June 2014 %
Parent Entity:			
Fatfish Internet Group Limited	Australia		
Subsidiaries of Fatfish Internet Group Limited:			
SEAA Pty Limited	Australia	100	100
SEAA (Boronia) Pty Limited	Australia	100	100
Fatfish Internet Pte Ltd	Singapore	100	-
Fatfish Capital Ltd	Singapore	50	-
AutoDirect Corporation	BVI	65	-
VDancer Pte Ltd	Singapore	95	-
Kensington Venture Pte Ltd	Singapore	95	-
High Joyful International Ltd	BVI	70	-
Fatfish Ventures Sdn Bhd	Malaysia	75	-
PT Dragon Commerce Indonesia	Indonesia	65	-
AppXplore Sdn Bhd (51% owned by High Joyful International Ltd)	Malaysia	36%	-

Voting power in these entities is in proportion to ownership interest. All interests are in the ordinary shares of the subsidiaries.

**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014**

NOTE 15: PARENT ENTITY INFORMATION

The following details information related to the parent entity, Fatfish Internet Group Limited, at 31 December 2014. The information presented here has been prepared using consistent accounting policies as per Note 1.

	Fatfish Internet Group Limited	
	31 December 2014	31 June 2014
	\$	\$
Current assets	405,800	2,769,132
Non-current assets	18,331,012	12
Total assets	18,736,812	2,769,144
Current liabilities	1,185,628	3,869,087
Total liabilities	1,185,628	3,869,087
Contributed equity	25,670,724	4,487,232
Accumulated losses	(8,119,540)	(5,587,175)
Total equity	17,551,184	(1,099,943)
Loss for the year	(2,532,365)	(184,242)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	(2,532,365)	(184,242)

(a) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 31 December 2014.

NOTE 16: KEY MANAGEMENT PERSONNEL COMPENSATION

The directors of Fatfish Internet Group Limited during the financial year were Dato' Larry Nyap Liou Gan, Mr Kin Wai Lau, Mr Donald Han Low, Mr George Karafotias and Mr Jeffery Tan and are key management personnel of the entity. Details of remuneration of the persons who represent directors and key management personnel of Fatfish during the financial year are represented in the Remuneration Report contained within the Directors' Report. Other transactions with directors and key management personnel are detailed in Note 20 - Related Parties Transactions. The following table summarises the remuneration of directors and key management personnel.

**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014**

NOTE 16: KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

(a) Key management personnel compensation

	Consolidated Entity	
	31 December 2014	31 June 2014
	\$	\$
Other short-term benefits	88,000	-
Non-monetary benefits	-	568
	<u>88,000</u>	<u>568</u>

(b) KMP Options and Rights Holdings

Options granted to KMP during the financial year expired on 31 December 2014 and were not exercised.

(c) KMP Shareholdings

There were no changes to the number of ordinary shares in Fatfish Internet Group Limited held by each KMP of the consolidated entity during the financial year.

(d) Other transactions with key management personnel

There were no other transactions with key management personnel during the year.

	31 December 2014	30 June 2014
	\$	\$
NOTE 17: AUDITOR'S REMUNERATION		
Remuneration of the auditor for:		
- Audit and/or review of the financial report	28,000	23,000
- Other services	4,500	-
	<u>32,500</u>	<u>23,000</u>

NOTE 18: EARNINGS PER SHARE

(a) Reconciliation of earnings used in calculating earnings per share

Earnings used to calculate basic EPS	(6,462,495)	(184,242)
Earnings used in the calculation of dilutive EPS	(6,462,495)	(184,242)

(b) Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS

	<u>129,625,266</u>	<u>22,327,406</u>
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(c) As there are no potential dilutive instruments outstanding at year end, diluted earnings per share is the same as basic earnings per share (5.00 cents)

**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014**

	Consolidated Entity 31 December 2014 \$	30 June 2014 \$
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NOTE19: CASH FLOW INFORMATION

(a) Reconciliation of loss after income tax to net cash flow from operating activities

Loss for the year	(6,462,495)	(184,242)
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Cash flows excluded from profit attributable to operating activities:

Expenses directly related to capital raising activities	(276,080)	
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Non-cash flows in loss:

Depreciation	109,026	-
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Impairment of goodwill	5,708,615	
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Change in operating assets:

- Increase trade and other receivables	(441,745)	(37,937)
- Decrease in trade and other payables	100,233	(7,730)

Net cash outflow from operating activities	(1,262,446)	(229,909)
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NOTE 20: RELATED PARTY TRANSACTIONS AND BALANCES

Loans to key management persons

There were no loans to key management personnel during the year.

Loans from key management persons

- Kin Wai Lau (Director)	2,737	-
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Transactions with related entities with a common director

There are no transactions with related entities with a common director during the year

Key management personnel compensation

Key management personnel compensation is disclosed in Note 16.

**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014**

Consolidated Entity	
31 December 2014	30 June 2014
\$	\$

NOTE 21: SEGMENT INFORMATION

The Group has identified its operating segments based on geographical region.

Revenue attributable to external customer is disclosed below, based on location of the external customer:

Australia	9,399	3,169
Indonesia	277,612	-
Singapore	38,735	-
Malaysia	181,564	-
Total group revenue	507,310	3,169

Assets based on geographical location:

Australia	444,175	2,769,132
Indonesia	723,755	-
Singapore	13,680,703	-
Malaysia	74,103	-
Total group assets	14,922,736	2,769,132

NOTE 22: FINANCIAL INSTRUMENTS

a) Financial risk management

The directors are responsible for Fatfish Internet Group's risk management strategy and management is responsible for implementing the directors' strategy. A risk management program focuses on the unpredictability of finance markets and seeks to minimise potential adverse effects on financial performance. Fatfish Internet Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case on interest rate and market risk. Fatfish Internet Group does not use derivatives.

The consolidated entity's financial instruments consist of deposits with banks and accounts receivable and payable. The main purpose of non-derivative financial instruments is to raise finance for group operations.

- i. **Financial Risks**
The main risks the group is exposed to through its financial instruments is interest rate risk and credit risk.
- ii. **Market Risk**
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices will affect the economic entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.
The economic entity is only exposed to interest rate risk.

**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014**

NOTE 22: FINANCIAL INSTRUMENTS (CONT'D)

iii. Interest Rate Risk

The economic entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, is limited to the risk associated with its cash holdings. The risk is managed by having investments with fixed interest rates.

iv. Credit Risk

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the consolidated entity's maximum exposure to credit risk, without taking account of the value of any collateral or other security obtained.

Concentration risk is the risk of loss because of the concentration of exposure to a specific instrument.

v. Liquidity Risk

The Directors monitor the funding requirements of the economic entity; however the liquidity risk management is only carried out when the entity requires funds. At present, funds are raised primarily through share issue and the economic entity has minimal credit facilities.

b) Maturity analysis of financial assets and liabilities

All financial assets and liabilities are short term and have a maturing of less than 12 months.

c) Sensitivity Analysis

The group has performed a sensitivity analysis relating to its exposure to interest rate risk and foreign exchange risk at balance date. This sensitivity analysis demonstrates the effect on the current year results which could result from a change in this risk.

At 31 December 2014, the effect on profit as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Consolidated Entity	
	31 December 2014	30 June 2014
	\$	\$
Change in profit:		
- Increase in interest rate by 1%	7,891	1,585
- Decrease in interest rate by 1%	(7,891)	(1,585)

NOTE 23: COMPANY DETAILS

The registered office and principal place of business:

Fatfish Internet Group Ltd
47 Coppin St
Richmond Vic 3121

The company is incorporated in Australia.

**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014**

NOTE 24: CONTINGENT LIABILITIES

Estimates of the maximum amount of contingent liabilities that may become payable is \$Nil [30 June 2014: Nil].

NOTE 25: EVENTS AFTER BALANCE SHEET DATE

The Company successfully implemented a 1 for 1 rights issue through the issuance of 129,625,266 options at \$0.01 per option with an exercise price of \$0.22 per share having an expiry in July 2016.

As part of it's vision to enhance the value of the Company, FFG formed the Corporate Advisory Division to assist tech and internet growth companies to an exit via a trade sale or IPO. This division is expected to increase the revenue stream of the Group in the future.

Unlocking value and passing this to shareholders remain central to the Company's vision and stated objectives and this has resulted in the announcement of the Company to spin out it's holdings in two investee companies, Kensington Ventures and AppXplore Sdn Bhd into a holding entity, iCandy Interactive Ltd for an IPO within 6 months. This will unlock the value in these assets that will be passed on the FFG shareholders in specie.

Consolidated Entity	
31 December 2014	30 June 2014
\$	\$

NOTE 26: CAPITAL & LEASING COMMITMENTS

Finance lease commitments

Payable - minimum lease payments

- not later than 12 months	10,091	-
- between 12 months and five years	29,398	-
Minimum lease payments	39,488	
Less: future finance charges	(3,237)	
Present value of minimum lease payments	Note 12	36,251

FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements comprising the consolidated statement of Profit and Loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, statement of changes in equity and accompanying notes, are in accordance with the Corporations Act 2001 and:
 - a. comply with Accounting Standards and the Corporations Regulations 2001; and
 - b. give a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the six months ended on that date
2. The company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
3. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
4. The remuneration disclosures set out on pages 18 and 20 of the directors' report (as part of the audited remuneration report); for the year ended 31 December 2014, comply with section 300A of the Corporations Act 2001.
5. A director of the company has signed the declarations on behalf of the Board of Directors.

This declaration is made in accordance with a resolution of the Board of Directors.



Director:

Donald H Low

Dated this 31st day of March 2015
Melbourne

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FATFISH INTERNET GROUP LIMITED**

Report on the Financial Report

We have audited the accompanying financial report of Fatfish Internet Group Limited ("the Company"), which comprises the consolidated statement of financial position as at 31 December 2014, 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 six months ended 31 December 2014, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the entity and the entities it controlled at the year's end or from time to time during the financial period.

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 qualified audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FATFISH INTERNET GROUP LIMITED (CONTINUED)**

Auditor's Opinion

In our opinion:

- (a) the financial report of Fatfish Internet Group Limited is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and the consolidated entity's financial positions as at 31 December 2014 and of their performance for the six months ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) the consolidated financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 18 to 20 of the directors' report for the six months ended 30 December 2014. 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 Fatfish Internet Group Limited for the six months ended 31 December 2014 complies with section 300A of the Corporations Act 2001.


MSI RAGG WEIR

Chartered Accountants



L.S. WONG

Partner

31 March 2015

**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES**

ADDITIONAL INFORMATION

1. Shareholding - 31 December 2014

(a) Distribution of Shareholder numbers

Analysis of numbers of equity security holders by size of holding:

Category (size of holding)	Class of equity security
1-1,000	418
1,001-5,000	184
5,001-10,000	408
10,001-100,000	145
100,001 - over	42

The number of shareholdings held with less than marketable parcels is 602

(b) Equity security holders

The names of the substantial shareholders listed in the parent entity's register as at 31 December 2014 are as below.

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Number held	Ordinary Shares % of issued shares
1 ONG CHANG JEH	21,027,621	16.22
2 NAVISTAR CAP GRP LTD	18,000,000	13.89
3 LAU KIN WAI	15,209,609	11.73
4 ACQUINITI LTD	14,805,814	11.42
5 CHEN PANG HAO	10,094,873	7.79
6 MICROPIA SDN BHD	7,571,155	5.84
7 ABN AMRO CLRG SYD NOM PL	3,828,213	2.95
8 PETER SHANE CASEY	3,684,211	2.84
9 KOH PENG CHUN	3,290,928	2.54
10 CITICORP NOM PL	3,236,350	2.50
11 NATIONAL NOM LTD	2,907,506	2.24
12 UOB KAY HIAN PRIVATE LTD	2,707,067	2.09
13 DAGAN NIV	1,570,000	1.21
14 BNP PARIBAS NOMS PL	1,500,000	1.16
15 DMG & PTNRS SEC PTE LTD	1,339,249	1.03
16 TAN TUAN TONG	950,000	0.73
17 NEFCO NOM PL	860,000	0.66
18 HASHIM TAN SRI DATO T B	675,000	0.52
19 COPPER RIDGE PL	602,242	0.46
20 OROW NABIL	551,850	0.43
	<u>114,411,688</u>	<u>88.26</u>

**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES**

ADDITIONAL INFORMATION

1. Shareholding - 31 December 2014

(c) Substantial holders

Substantial holders in the company are set out below:

Shareholder	Number	%
ONG CHANG JEH	21,027,621	16.22
NAVISTAR CAP GRP LTD	18,000,000	13.89
LAU KIN WAI	15,209,609	11.73
ACQUINITI LTD	14,805,814	11.42

2. Shareholding - 27 February 2015

(a) Distribution of Shareholder numbers

Analysis of numbers of equity security holders by size of holding:

Category (size of holding)	Class of equity security
1-1,000	422
1,001-5,000	183
5,001-10,000	401
10,001-100,000	119
100,001 - over	37

The number of shareholdings held with less than marketable parcels is 605

**FATFISH INTERNET GROUP LIMITED
AND ITS CONTROLLED ENTITIES**

ADDITIONAL INFORMATION

2. Shareholding - 27 February 2015

(b) Equity security holders

The names of the substantial shareholders listed in the parent entity's register as at 27 February 2015 are as below.

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Number held	Ordinary Shares % of issued shares
1 ONG CHANG JEH	21,027,621	16.22
2 NAVISTAR CAP GRP LTD	18,000,000	13.89
3 LAU KIN WAI	15,209,609	11.73
4 ACQUINITI LTD	14,805,814	11.42
5 CHEN PANG HAO	10,094,873	7.79
6 MICROPIA SDN BHD	7,571,155	5.84
7 CITICORP NOM PL	6,063,720	4.68
8 ABN AMRO CLRG SYD NOM PL	3,988,291	3.08
9 PETER SHANE CASEY	3,684,211	2.84
10 KOH PENG CHUN	3,290,928	2.54
11 NATIONAL NOM LTD	2,907,506	2.24
12 UOB KAY HIAN PRIVATE LTD	2,326,703	1.79
13 BNP PARIBAS NOMS PL	2,162,500	1.67
14 DAGAN NIV	1,570,000	1.21
15 TAN TUAN TONG	950,000	0.73
16 DMG & PTNRS SEC PTE LTD	873,976	0.67
17 NEFCO NOM PL	860,000	0.66
18 HASHIM TAN SRI DATO T B	675,000	0.52
19 COPPER RIDGE PL	602,242	0.46
20 OROW NABIL	551,850	0.43
	117,215,999	90.41

(c) Substantial holders

Substantial holders in the company are set out below:

Shareholder	Number	%
ONG CHANG JEH	21,027,621	16.22
NAVISTAR CAP GRP LTD	18,000,000	13.89
LAU KIN WAI	15,209,609	11.73
ACQUINITI LTD	14,805,814	11.42

3. The name of the company secretary is Mr. Donald Low.

4. The address of the principal registered office in Australia:
47 Coppin St
Richmond Vic 3121

5. Register of securities is held at the following address:

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153