

Independent auditor's report

To the Directors of Fatfish Internet Group Limited.

Report on the Clarification on the Restatement of Results for the Period Ending 31 December 2014 (the "Statement") – ASX release dated 10 September 2015

We have audited the accompanying Statement released to the ASX on 10 September 2015 which comprises the restated statement of financial position as at 31 December 2014, the restated statement of profit or loss and other comprehensive income, restated statement of changes in equity and restated statement of cash flows for the 6 months then ended, restated notes comprising intangible assets and contributed equity and other explanatory information comprising the Background of the Restatement and Restatement of 31 December 2014 Results.

Management's Responsibility for the Statement

The Statement has been prepared by management using the basis contained in the other explanatory information. Management is responsible for the preparation and fair presentation of the Statement in accordance with the basis of accounting described in the other explanatory information; this includes internal control as management determines is necessary to enable the preparation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Statement based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Statement presents fairly, in all material respects, the restated financial information of Fatfish Internet Group Limited for the 6 month ended 31 December 2014 using the basis of accounting described in the other explanatory information.

Basis of Accounting

Without modifying our opinion, we draw attention to other explanatory information, which describes the basis of accounting. The Statement is prepared to provide information to the ASX and shareholders of the Company. As a result, the Statement may not be suitable for another purpose.

WBA Ragg Weir

MSI RAGG WEIR
Chartered Accountant

L.S. Wong

L.S. WONG
Partner

Melbourne: 11 September 2015

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10 September 2015

ASX Release

Clarification on the Restatement of the Results for the Period Ending 31 December 2014

Background of the Restatement - Business Combinations and Reverse Takeover Acquisition

On the 19 July 2014 Fatfish Internet Group Limited (formerly Atech Holdings Limited) acquired 100% of the shareholding of Fatfish Internet Pte Ltd and 50% of the shareholding of Fatfish Capital Pty Ltd by way of issue of 72 million shares and 18 million shares respectively at a price of \$0.20 per share.

Subsequent to the lodgement of the 2014 Annual Report it was discovered that the acquisition did not meet the definition of a "business combination" in accordance with AASB 3 Business Combinations.

Atech Holdings Limited was not deemed to be a business for accounting purposes and therefore the transaction was subsequently deemed to not be a business combination within the scope of AASB 3.

The amended accounting treatment accounted for the acquisition as a share based payment transaction using the principles of AASB 2 Share Based Payment.

The main point of difference in adopting AASB 2 Share Based Payment requires that any difference in the fair value of the shares issued by the accounting acquirer (Fatfish Internet Pte Limited) and the fair value of the accounting acquiree's (Fatfish Internet Group Limited) identifiable net assets represents a listing cost incurred by Fatfish Internet Pte Ltd rather than Goodwill on acquisition.

Accordingly the consolidated Financial Report for the year ended 31 December 2014 of Fatfish Internet Group Limited has been prepared as a continuation of the business and operations of Fatfish Internet Pte Limited and the later has been deemed the accounting acquirer.

Restatement of 31 December 2014 Results

The legal parent of the consolidated Group is Fatfish Internet Group Limited however the accounting acquirer as determined by AASB 2 Share Based Payment is Fatfish Internet Pte Limited, a company domiciled in Singapore.

The original Consolidated Full Year Statutory Accounts as released to ASX on 31 March 2015 were prepared on the basis that the Legal parent of the consolidated group was also the accounting acquirer. Subsequently, as noted above, Fatfish Internet Pte Limited was determined to be the accounting acquirer and as such an accounting restatement for the six months ended 31 December 2014 has been undertaken to record the correct disclosure.

The tables below demonstrate the impact of the restatement on the relevant areas of disclosure within the Consolidated Full Year Statutory Accounts for the period ending 31 December 2014.

The Company included a summary of the below restatements within Note 1 of the Half Year Financial Report released to ASX on 31 August 2015. The tables below have been disclosed to enable stakeholders to fully understand the impact of the restatement at 31 December 2014 including the relevant adjustments. The Company's auditors have reviewed and concur with adjustments as disclosed below.

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Restated - Consolidated Statement of Profit or Loss and Other Comprehensive Income

	As previously stated \$	Adjustment \$	31 December 2014 Restated \$
Revenue	507,310		507,310
Cost of sale	<u>(14,880)</u>		<u>(14,880)</u>
	492,430		492,430
Administration expenses	(605,239)		(605,239)
Marketing expenses	(62,879)		(62,879)
Depreciation	(109,026)		(109,026)
Impairment of goodwill	(5,708,615)	(1,581,000)	(7,289,615)
Finance expense	(750)		(750)
Listing and filing fees	(342,108)		(342,108)
Listing costs	-	(4,433,530)	(4,433,530)
Employee benefits expense	(222,957)		(222,957)
Occupancy expenses	(22,694)		(22,694)
Other income	<u>119,343</u>		<u>119,343</u>
Loss before income tax	(6,462,495)		(12,477,025)
Income tax expense	-		-
Loss from continuing operations attributable to equity shareholders of Fatfish Internet Group Limited	(6,462,495)		(12,477,025)
Other comprehensive loss			
Foreign exchange translation	<u>(117,041)</u>	85,808	<u>(31,233)</u>
Total comprehensive loss for the year attributable to members of the company	<u>(6,579,536)</u>		<u>(12,508,258)</u>
Loss for the period attributable to:			
- Non-controlling interest	54,151	25,828	79,979
- Equity holders of Fatfish Internet Group Limited	<u>(6,516,646)</u>	(6,040,358)	<u>(12,557,004)</u>
	<u>(6,462,495)</u>		<u>(12,477,025)</u>
Total comprehensive loss for the year attributable to:			
- Non-controlling interest	56,841	28,967	85,808
- Equity holders of Fatfish Internet Group Limited	<u>(6,636,377)</u>	(5,957,689)	<u>(12,594,066)</u>
	<u>(6,579,536)</u>		<u>(12,508,258)</u>

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Restated - Consolidated Statement of Financial Position

	As previously stated	Adjustment	31 December 2014 Restated
	\$	\$	\$
Current assets			
Cash and cash equivalents	789,151		789,151
Trade and other receivables	<u>615,260</u>		<u>615,260</u>
	<u>1,404,411</u>		<u>1,404,411</u>
Non-current assets			
Property, plant and equipment	106,922		106,922
Intangibles	13,161,955	(1,912,830)	11,249,125
Investments	<u>249,448</u>		<u>249,448</u>
	<u>13,518,325</u>		<u>11,605,495</u>
Total assets	<u>14,922,736</u>		<u>13,009,906</u>
Current liabilities			
Trade and other payables	170,840		170,840
Borrowings	<u>8,686</u>		<u>8,686</u>
	<u>179,526</u>		<u>179,526</u>
Non-current liabilities			
Trade and other payables	79,738		79,738
Borrowings	<u>27,565</u>		<u>27,565</u>
	<u>107,303</u>		<u>107,303</u>
Total liabilities	<u>286,829</u>		<u>286,829</u>
Net Assets	<u>14,635,907</u>		<u>12,723,077</u>
Equity			
Issued capital	25,670,724	(291,777)	25,378,947
Accumulated losses	(10,971,927)	(1,780,045)	(12,751,972)
Other components of equity	<u>(119,731)</u>	82,669	<u>(37,062)</u>
	14,579,066		12,589,913
Non-controlling interest	<u>56,841</u>	76,323	<u>133,164</u>
Total Equity	<u>14,635,907</u>		<u>12,723,077</u>

Restated - Consolidated Statement of Changes in Equity

	As previously stated	Adjustment	31 December 2014 Restated
	\$	\$	\$
Issued capital	25,670,724	(291,777)	25,378,947
Accumulated losses b/f	(4,455,281)	(4,260,313)	(194,968)
Losses for the period	(6,516,646)	(6,040,358)	(12,557,004)
Other components of equity	<u>(119,731)</u>	82,669	<u>(37,062)</u>
Total attributable to owners of the parent	<u>14,579,066</u>		<u>12,589,913</u>
Non-controlling interest	<u>56,841</u>	76,323	<u>133,164</u>
Total	<u>14,635,907</u>		<u>12,723,077</u>

Restated - Consolidated Statement of Cashflows

	As previously stated	Adjustment	31 December 2014 Restated
	\$	\$	\$
Cash flows from operating activities			
Receipts from customers	219,720	-	219,720
Payments to suppliers and employees	(1,490,965)	19,255	(1,471,710)
Interest received	9,549	-	9,549
Interest paid	(750)	-	(750)
Net cash outflow from operating activities	<u>(1,262,446)</u>	19,255	<u>(1,243,191)</u>
Cash flows from financing activities			
Share application monies	<u>908,987</u>	-	<u>908,987</u>
Net cash from financing activities	<u>908,987</u>	-	<u>908,987</u>
Cash flows from investing activities			
Net cash acquired with acquisition of Fatfish Internet Group Limited	-	2,595,617	2,595,617
Purchase of property, plant and equipment	(126,526)	-	(126,526)
Purchase of intangibles	(1,043,733)	-	(1,043,733)
Purchase of investments	<u>(249,448)</u>	-	<u>(249,448)</u>
Net cash from financing activities	<u>(1,419,707)</u>		<u>1,175,910</u>
Net (decrease)/increase in cash and cash equivalents	(1,773,166)	2,614,872	841,706
Cash and cash equivalents at beginning of financial year	2,595,617	(2,575,289)	20,328
Exchange differences on cash and cash equivalents	(33,300)	(39,583)	(72,883)
Cash and cash equivalents at end of financial year	<u>789,151</u>	-	<u>789,151</u>

Restatement - Intangible assets

	As previously stated	Adjustment	31 December 2014 Restated
	\$	\$	\$
Goodwill on consolidation			
Cost	17,916,259	(331,830)	17,584,429
Accumulated impairment	<u>(5,708,615)</u>	(1,581,000)	<u>(7,289,615)</u>
	<u>12,207,644</u>		<u>10,294,814</u>
Computer software			
Cost	1,043,733		1,043,733
Accumulated amortisation	<u>(89,422)</u>		<u>(89,422)</u>
	<u>954,311</u>		<u>954,311</u>
	<u>13,161,955</u>		<u>11,249,125</u>
Goodwill related to			
- acquisitions made by Fatfish Internet Pte Ltd	14,122,581		14,122,581
- acquisitions made by Fatfish Internet Group Limited	<u>3,793,678</u>	(331,830)	<u>3,461,848</u>
	<u>17,916,259</u>		<u>17,584,429</u>
Impairment			
- acquisitions made by Fatfish Internet Pte Ltd	(3,827,767)		(3,827,767)
- acquisitions made by Fatfish Internet Group Limited	<u>(1,880,848)</u>	(1,581,000)	<u>(3,461,848)</u>
	<u>(5,708,615)</u>		<u>(7,289,615)</u>
	<u>12,207,644</u>		<u>10,294,814</u>

Goodwill on consolidation and impairment is determined in accordance with accounting policies as disclosed in the notes to the financial statements

Restatement - Contributed equity

	As previously stated	Adjustment	31 December 2014 Restated
	\$	\$	\$
Ordinary shares			
Balance at beginning of period			
- Fatfish Internet Group Limited	4,487,232	(4,487,232)	-
- Fatfish Internet Pte Limited		14,129,974	14,129,974
Deemed acquisition costs of Fatfish Internet Group Limited on reverse takeover acquisition		4,465,481	4,465,481
Shares issued in consideration of purchase of:			
- Fatfish internet Pte Limited	14,400,000	(14,400,000)	-
- Fatfish Capital Limited	3,600,000		3,600,000
Cash proceeds from public offer	3,459,572		3,459,572
Expenses directly related to capital raising	<u>(276,080)</u>		<u>(276,080)</u>
	<u>25,670,724</u>		<u>25,378,947</u>

Please contact Mr Donald Low should you wish to discuss this announcement further.

By Order of the Board
Donald Low
Director

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