

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
APPENDIX 4D HALF YEAR REPORT FOR THE PERIOD ENDED 30 JUNE 2016

1. Details of the reporting period and the prior corresponding period

Current period: 1 January 2016 - 30 June 2016
 Prior corresponding period: 1 January 2015 - 30 June 2015

2. Results for announcement to the market

Key Information	Half year ended 30 June 2016	Half year ended 30 June 2015	Change	
	\$	\$	Up/ down	%
Revenues from ordinary activities	518,908	365,523	Up	42%
Loss from ordinary activities after tax attributable to members	1,663,303	(6,122,335)	Up	-127%
Net loss for the period attributable to members	1,562,824	(5,741,359)	Up	-127%

3. Dividend Information

	Amount per share (cents)	Franked amount per share (cents)
Interim Dividend	-	-
Previous corresponding period	-	-
Record date for determining entitlements to the dividend	N/A	N/A

4. Net Tangible Assets per security

	Half year ended 30 June 2016 (cents)	31 December 2015 (cents)
Net tangible assets per security (with the comparative figures for the previous corresponding period)	(0.14)	(0.19)

5. Details of entities over which control has been gained

Name of Entity: Beam Storage Pte Ltd
 Date of control: 10 June 2016
 Name of Entity: Fatfish Investment Partners Pte Ltd
 Date of control: 13 January 2016

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES

ABN: 88 004 080 460

**Financial Report For The Half-Year Period Ended
30 June 2016**

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FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES

ABN: 88 004 080 460

Financial Report For The Half-Year Period Ended 30 June 2016

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FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES

ABN: 88 004 080 460

DIRECTORS' REPORT

Your 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, or during, the half-year period ended 30 June 2016.

General Information

Directors

The following persons were directors of Fatfish Internet Group Limited during or since the end of the half-year up to the date of this report:

Dato' Larry Nyap Liou Gan

Kin Wai Lau

Donald Low

Jeffrey Hua Yuen Tan

Unless otherwise stated, all directors were in office for the period under review, and up to the date of this report.

DIRECTORS' REPORT

In accordance with continuous disclosure requirements, it is recommended that this half-year report be read in conjunction with any public announcements lodged with the Australian Securities Exchange for the half-year.

Review of Operations

The consolidated profit for the six month period ended 30 June 2016 was \$1,472,051. (2015 loss:\$6,296,171)

The net assets of the Group as at 30 June 2016 was \$14,280,307. (2015: \$9,363,937)

For this half year, the Company continues its mission to identify and build technology startups that have potential to scale globally or regionally. In the investment front, the Company actively looks for new investment opportunities. It continues to run the incubation programme in partnership with Southeast Asian governments. It was also a milestone that **iCandy Interactive Limited (ASX:ICI)** debuted in its quotation on the ASX on 4 February 2016 after a highly successful capital raising which was oversubscribed past the maximum subscription sought. The Company continues to hold more than 80% of the paid up capital of iCandy.

Meanwhile from the Company's existing portfolio of investments, various activities have taken place over the 6 months. These activities include:

iFashion Group (iFashion) raised SGD 1 million - The Singapore based lifestyle and fashion group backed by the Company has successfully raised SGD 1 million in its initial round of funding from Rimu Group and other investors. iFashion is aiming to achieve rapid growth through strategic collaboration with early-age, high-growth potential startups, and to that end, has made two recent acquisitions.

iFashion's acquisition of women's fashion e-retailer Dressabelle - This leading e-commerce site in Singapore, with presence in the Indonesian and Malaysian markets, is backed by investors Sovereign's Capital, Fatfish Internet Group, Seow Kiat Wang, and Tan Chow Boon. As part of iFashion's strategy to actively push an M&A business model and become a leading online fashion retailer in Southeast Asia, the acquisition will further build on this momentum.

iFashion's acquisition of retail space booking platform Invade - iFashion acquired online marketplace Invade, the first in Singapore which matches landlords offering commercial leases with businesses, who can book retail spaces on the platform in real-time. With this acquisition comes a pipeline into brick-and-mortar retailing, and iFashion Group's online retailers will benefit from Invade's vast exposure to the commercial property market, enabling the group to realise its growth ambitions to become the largest online fashion and lifestyle group in Southeast Asia.

iCandy Interactive peaks company records with 1m downloads and six-figure revenue (USD) within 60 days - New mobile game Crab War hits 1m downloads within two months of its soft launch. This popular clicker game, the intellectual properties of which are developed in-house, is to date the fastest to have generated a six-figure revenue (USD) for iCandy Interactive.

The Company will continue to play an active role in helping its investee companies to build up capabilities in the areas of business development, corporate strategy and product development. These are key areas identified by the Company that have impactful bearing on the growth of the investee companies.

Auditor's Independence Declaration

The lead auditor's independence declaration is included on page 2 of the half-year financial report.

Signed in accordance with a resolution of directors made pursuant to S.306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



Donald Low

Director

Melbourne

Dated this 26 day of August 2016

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES**

I declare that, to the best of my knowledge and belief, during the half-year ended 30 June 2016 there have been no contraventions of:

- i. the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- ii. any applicable code of professional conduct in relation to the review.

MSI Ragg Weir

MSI RAGG WEIR
Chartered Accountants

L.S. Wong

L.S. WONG
Partner

Melbourne: 26 August 2016

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2016

		Consolidated Group	
		30 June 2016	30 June 2015
	Note		
Continuing operations			
Revenue		518,908	365,523
Cost of sales		(18,761)	(13,296)
Gross Profit		500,147	352,227
Administration expenses	2	(1,178,507)	(1,011,495)
Marketing expenses		(118,716)	(10,304)
Depreciation and amortisation expense		(150,753)	(126,120)
Impairment of goodwill		-	(4,822,405)
Financial expense		(598)	(779)
Listing and filing fees		(72,067)	(49,483)
Employee benefits expense		(261,349)	(275,594)
Occupancy expenses		(31,131)	(25,473)
Other income / (expense)	2	2,785,025	(326,745)
Profit/(Loss) before income tax		1,472,051	(6,296,171)
Tax expense		-	-
Net Profit/(Loss) from continuing operations		1,472,051	(6,296,171)
Net Profit/(Loss) for the year		1,472,051	(6,296,171)
Other comprehensive (losses)/income:			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Exchange differences on translating foreign operations, net of tax		(86,549)	394,472
Other comprehensive (loss)/income for the year		(86,549)	394,472
Total comprehensive income/(loss) for the year		1,385,502	(5,901,699)
Net profit/(loss) attributable to:			
Members of the parent entity		1,663,303	(6,122,335)
Non-controlling interest		(191,252)	(173,836)
		1,472,051	(6,296,171)
Total comprehensive income/(loss) attributable to:			
Members of the parent entity		1,562,824	(5,741,359)
Non-controlling interest		(177,322)	(160,340)
		1,385,502	(5,901,699)
Earnings per share			
From continuing and discontinued operations:			
Basic earnings per share (cents)		0.91	(4.85)
Diluted earnings per share (cents)		0.51	(2.45)

The accompanying notes form part of these financial statements.

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

Consolidated Group
30 June 2016 31 December 2015

ASSETS

CURRENT ASSETS

Cash and cash equivalents	2,539,001	2,096,820
Trade and other receivables	328,918	597,883
Other financial assets	208,550	205,866
TOTAL CURRENT ASSETS	3,076,469	2,900,569

NON-CURRENT ASSETS

Trade and other receivables	1,952,531	-
Property, plant and equipment	83,849	85,644
Investments in associates	3,260,159	209,213
Intangible assets	9,210,085	9,039,272
TOTAL NON-CURRENT ASSETS	14,506,624	9,334,129
TOTAL ASSETS	17,583,093	12,234,698

LIABILITIES

CURRENT LIABILITIES

Trade and other payables	802,498	839,523
Borrowings	24,935	9,516
TOTAL CURRENT LIABILITIES	827,433	849,039

NON-CURRENT LIABILITIES

Trade and other payables	2,475,353	2,002,323
Borrowings	-	19,399

TOTAL NON-CURRENT LIABILITIES

TOTAL LIABILITIES	3,302,786	2,870,761
NET ASSETS	14,280,307	9,363,937

EQUITY

Issued capital	26,856,592	27,486,990
Reserves	5,701,987	1,302,466
Accumulated losses	(18,979,254)	(20,642,557)
Parent interest	13,579,325	8,146,899
Non-controlling interest	700,982	1,217,038
TOTAL EQUITY	14,280,307	9,363,937

The accompanying notes form part of these financial statements.

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 30 JUNE 2016

Consolidated Group

Balance at 1 January 2015

Comprehensive income

Loss for the period

Other comprehensive income for the period

Total comprehensive income for the period

Transactions with owners, in their capacity as owners, and other transfers

Shares issued during the period

Options issued during the period

Options exercised during the period

Options issued by iCandy Interactive Limited

Recognition of non-controlling interest of iCandy Interactive Limited

Total transactions with owners and other transfers

Balance at 30 June 2015

Balance at 1 January 2016

Comprehensive income

Profit for the period

Other comprehensive loss for the period

Total comprehensive income for the period

Transactions with owners, in their capacity as owners, and other transfers

Recognition of additional ownership in subsidiary

Recognition of non-controlling interest of Beam Storage Pte Ltd

Excess of contribution received from non-controlling interest

Total transactions with owners and other transfers

Balance at 30 June 2016

Share Capital	Reserves				Total Attributable to Owners of Parent	Non-controlling interests	Total
	Ordinary	Accumulated Losses	Foreign Currency Translation Reserve	Option Reserve	Non-controlling interest excess contribution reserve		
\$	\$	\$	\$	\$	\$	\$	\$
25,378,947	(12,751,972)	(37,062)	-	-	12,589,913	133,164	12,723,077
-	(6,122,335)	-	-	-	(6,122,335)	(173,836)	(6,296,171)
-	-	380,976	-	-	380,976	13,496	394,472
-	(6,122,335)	380,976	-	-	(5,741,359)	(160,340)	(5,901,699)
672,543	-	-	-	-	672,543	-	672,543
-	-	-	1,296,196	-	1,296,196	-	1,296,196
-	-	-	(5,501)	-	(5,501)	-	(5,501)
-	-	-	4,999	-	4,999	-	4,999
-	-	-	-	-	-	1,326,020	1,326,020
672,543	-	-	1,295,694	-	1,968,237	1,326,020	3,294,257
26,051,490	(18,874,307)	343,914	1,295,694	-	8,816,791	1,298,844	10,115,635
27,486,990	(20,642,557)	11,714	1,290,752	-	8,146,899	1,217,038	9,363,937
-	1,663,303	-	-	-	1,663,303	(191,252)	1,472,051
-	-	(100,479)	-	-	(100,479)	13,930	(86,549)
-	1,663,303	(100,479)	-	-	1,562,824	(177,322)	1,385,502
(630,398)	-	-	-	-	(630,398)	-	(630,398)
-	-	-	-	-	-	51,488	51,488
-	-	-	-	4,500,000	4,500,000	(390,222)	4,109,778
(630,398)	-	-	-	4,500,000	3,869,602	(338,734)	3,530,868
26,856,592	(18,979,254)	(88,765)	1,290,752	4,500,000	13,579,325	700,982	14,280,307

The accompanying notes form part of these financial statements.

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 30 JUNE 2016

Consolidated Group
30 June 2016 30 June 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	289,038	307,343
Interest received	21,003	5,965
Payments to suppliers and employees	(1,694,164)	(1,279,524)
Net cash provided by operating activities	<u>(1,384,123)</u>	<u>(966,216)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment	(19,993)	(12,924)
Purchase of software	(299,777)	-
Purchase of investments	(324,957)	(110,542)
Loans to related parties:		
- payments made	(1,269,643)	(125,117)
Net cash provided by investing activities	<u>(1,914,370)</u>	<u>(248,583)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from issue of shares of Fatfish Internet Group Limited	-	607,343
Proceeds from issue of shares of iCandy Interactive Limited	4,121,584	-
Proceeds from rights issue / issue of options of Fatfish Internet Group Limited	-	1,295,693
Payments for capital raising costs of iCandy Interactive Limited	(369,980)	-
Net cash provided by financing activities	<u>3,751,604</u>	<u>1,903,036</u>
Net increase in cash held	453,111	688,237
Cash and cash equivalents at beginning of financial year	2,096,820	789,151
Effect of exchange rates on cash holdings in foreign currencies	(10,930)	22,931
Cash and cash equivalents at end of financial year	<u><u>2,539,001</u></u>	<u><u>1,500,319</u></u>

The accompanying notes form part of these financial statements.

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2016

The consolidated financial statements of Fatfish Internet Group Limited for the six months ended 30 June 2016 were authorised for issue in accordance with a resolution of the directors on 26 August 2016 and covers the consolidated entity consisting of Fatfish Internet Group Limited and its controlled entities ("the Group") as required by the Corporations Act 2001.

The financial statements were authorised for issue on 26 August 2016 by the directors of the company.

Note 1 Summary of Significant Accounting Policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include all the notes of the type usually included in the annual financial report. It is therefore recommended that this financial report be read in conjunction with the financial report for the year ended 31 December 2015 and any public announcements made by the Company since 31 December 2015 in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

Basis of Preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are present in Australian dollars, unless otherwise noted.

Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were used in the Group's last reported annual financial statements as at 31 December 2015, unless otherwise stated.

(a) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income, otherwise the exchange difference is recognised in the profit or loss.

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 exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

(b) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements 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.

Key Estimates and Judgements

(i) Impairment - Carrying value of goodwill

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2016

Note 1: Summary of Accounting Policies (Con't)

(c) New Accounting Standards for Application in Future Periods

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

- AASB 9: *Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8: *Amendments to Australian Accounting Standards – Effective Date of AASB 15*).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers. The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases and related Interpretations*. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of AASB 16 will impact the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 2014-10: *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-10: *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128*).

This Standard amends AASB 10: *Consolidated Financial Statements* with regards to a parent losing control over a subsidiary that is not a "business" as defined in AASB 3 to an associate or joint venture, and requires that:

- a gain or loss (including any amounts in other comprehensive income (OCI)) be recognised only to the extent of the unrelated investor's interest in that associate or joint venture;
- the remaining gain or loss be eliminated against the carrying amount of the investment in that associate or joint venture; and
- any gain or loss from remeasuring the remaining investment in the former subsidiary at fair value also be recognised only to the extent of the unrelated investor's interest in the associate or joint venture. The remaining gain or loss should be eliminated against the carrying amount of the remaining investment.

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2016

Note 1: Summary of Accounting Policies (Con't)

The application of AASB 2014-10 will result in a change in accounting policies for transactions of loss of control over subsidiaries (involving an associate or joint venture) that are businesses per AASB 3 for which gains or losses were previously recognised only to the extent of the unrelated investor's interest.

The transitional provisions require that the Standard should be applied prospectively to sales or contributions of subsidiaries to associates or joint ventures occurring on or after 1 January 2018. Although the directors anticipate that the adoption of AASB 2014-10 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

Note 2 Profit for the Year

		Consolidated Group	
		30 June 2016	30 June 2015
Profit before income tax from continuing operations includes the following specific expenses:			
(a) Other income / (expenses)		\$	\$
— interest received		21,003	6,087
— bad debts		-	(318,842)
— foreign exchange gains		60,873	45,455
— write off of investments		-	(59,445)
— gain on sale of subsidiary / associate		2,721,643	-
— Other expenses		(18,494)	-
		<u>2,785,025</u>	<u>(326,745)</u>
		Consolidated Group	
		30 June 2016	30 June 2015
(b) Included in administration expenses		\$	\$
— Professional fees		397,305	574,803
— Travelling expenses		41,580	117,375
— Developer fees		435,701	-
		<u>874,586</u>	<u>692,178</u>

Note 3 Dividends

No dividends have been paid, declared or recommended for payment during the reporting period.

Note 4 Interests in Subsidiaries

(a) Information about Principal Subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares or ordinary units which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by Group.

Name of subsidiary	Country of Incorporation	Ownership interest held by the Group	
		30 June 2016	30 June 2015
SEAA Pty Limited*	Australia	0%	100%
SEAA (Boronia) Pty Limited*	Australia	0%	100%
Fatfish Internet Pte Ltd	Singapore	100%	100%
Fatfish Capital Limited	Singapore	50%	50%
AutoDirect Corporation	British Virgin Island	100%	65%
Vdancer Pte Ltd	Singapore	95%	95%
Icandy Interactive Limited	Australia	82%	91%
Kensington Venture Pte Ltd (100% owned by iCandy)	Singapore	82%	91%
iCandy Ventures Ltd (100% owned by iCandy)**	British Virgin Island	82%	91%
Fatfish Ventures Sdn Bhd	Malaysia	75%	75%
PT Dragon Commerce Indonesia***	Indonesia	0%	65%
AppXplore Sdn Bhd (100% owned by iCandy Ventures Ltd)	Malaysia	82%	91%
Beam Storage Pte Ltd	Singapore	71%	0%

*SEAA Pty Limited and SEAA (Boronia) Pty Limited were deregistered in the 2015 financial year.

**iCandy Ventures Limited used to be known as High Joyful International Limited.

***PT Dragon Commerce Indonesia was disposed during the half year ended 30 June 2016.

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

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2016

Note 5 Intangible Assets

	Consolidated Group	
	30 June 2016	31 December 2015
Goodwill on consolidation		
Cost	19,438,224	19,447,633
Accumulated impaired losses	(11,144,230)	(11,153,639)
Net carrying amount	8,293,994	8,293,994
Computer software:		
Cost	1,345,242	1,045,464
Accumulated amortisation and impairment losses	(429,151)	(300,186)
Net carrying amount	916,091	745,278
Total intangibles	9,210,085	9,039,272

Consolidated Group:

	Goodwill	Computer Software	Total
	\$	\$	\$
Year ended 31 December 2015			
Balance at the beginning of the year	10,294,814	954,311	11,249,125
Additions	6,476,876	1,731	6,478,607
Disposals	(2,796,582)	-	(2,796,582)
Amortisation and impairment losses	(5,681,114)	(210,764)	(5,891,878)
Closing	8,293,994	745,278	9,039,272
Half-year ended 30 June 2016			
Balance at the beginning of the year	8,293,994	745,278	9,039,272
Additions	-	299,778	299,778
Amortisation charge	-	(128,965)	(128,965)
Closing value at 30 June 2016	8,293,994	916,091	9,210,086

Intangible assets, other than goodwill, have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the statement of profit or loss. Goodwill has an indefinite useful life.

Note 6 Contingent Liabilities

There were no contingent liabilities at the date of this report.

Note 7 Operating Segments

General Information

Identification of reportable segments

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

(i) Revenue by geographical region

	30 June 2016	30 June 2015
	\$	\$
Australia	20,955	6,087
Indonesia	-	58,482
Singapore	334,899	249,394
Malaysia	163,054	51,560
Total revenue	518,908	365,523

(ii) Assets by geographical region

	30 June 2016	31 December 2015
	\$	\$
Australia	1,569,589	2,503,380
Indonesia	277,874	306,778
Singapore	15,651,430	9,381,015
Malaysia	84,200	43,525
Total assets	17,583,093	12,234,698

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES

ABN: 88 004 080 460

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2016

Note 8 Events After the Reporting Period

On 18 August 2016, the Company announced that it has entered into a non-binding term sheet with leading European tech company builder Mountain partners AG ('Mountain'), in a transaction to form a strategic and financial alliance that will see the Company become a key strategic partner of Mountain in Southeast Asia. The term sheet is subject to a detailed and satisfactory due diligence process over the next couple of months. Closing is expected in the fourth quarter of 2016.

As part of the transaction, Mountain intends to acquire 100% of a special purpose vehicle ('SPV') comprised of selected assets held by the Company and will then form a joint venture ('JV') to be branded as Mountain Asia which will be majority-owned by Mountain. The JV will manage Mountain's investment and company building hubs in Southeast Asia for the implementation of Mountain's global strategy for the rollout of leading digital and technology businesses. The JV shall also support the growth of the portfolio of the SPV and that of Mountain's in the region. The Company and the company's leaders will be spearheading the operation of the JV.

Conditional of a satisfactory due diligence and fair value audit, the acquisition of the selected assets from the Company will be for a consideration of USD 9.2 million (AUD 12.3 million). The consideration will be in the form of Mountain shares and cash.

Meanwhile, the Company will continue to hold certain of its investments directly (outside of the selected assets to be acquired by SPV). These investments will include the Company's interest in iCandy Interactive Limited (ASX:ICI), Fintech Asia Group and other investments.

In addition, the Company has completely exited from its investment in Nvoi on 18 July 2016. The Company made an early investment in Nvoi and it has been successfully listed on the ASX. The successful exit via IPO helps to validate the Company's seed-to-exit model.

Note 9 Fair Value Measurements

	30 June 2016		31 December 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$	\$	\$	\$
Financial assets:				
Cash and cash equivalents	2,539,001	2,539,001	2,096,820	2,096,820
Trade and other receivables	328,918	328,918	358,501	358,501
Related parties - advances	1,952,531	1,952,531	239,382	239,382
Shares in associates	3,260,159	3,260,159	209,213	209,213
Other financial assets	208,550	208,550	205,866	205,866
Total financial assets	8,289,159	8,289,159	3,109,782	3,109,782
Financial liabilities:				
Trade and other payables	2,802,500	2,802,500	2,810,001	2,810,001
Borrowings	24,935	24,935	28,915	28,915
Related parties - loans	475,351	475,351	31,845	31,845
Total financial liabilities	3,302,786	3,302,786	2,870,761	2,870,761

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- financial assets held for trading;
- available-for-sale financial assets;

The Group does not subsequently measure any liabilities at fair value on a non-recurring basis.

(a) Fair value hierarchy

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

	30 June 2016			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Recurring fair value measurements				
Financial assets				
Available-for-sale financial assets				
— Shares in unlisted companies – unrelated parties	208,550	-	-	208,550
— Shares in unlisted companies – related parties	3,260,159	-	-	3,260,159
Total financial assets recognised at fair value on a recurring basis	3,468,709	-	-	3,468,709
	31 December 2015			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Recurring fair value measurements				
Financial assets				
Available-for-sale financial assets				
— Shares in unlisted companies – unrelated parties	205,866	-	-	205,866
— Shares in unlisted companies – related parties	209,213	-	-	209,213
Total financial assets recognised at fair value	415,079	-	-	415,079

**FATFISH INTERNET GROUP LIMITED ABN: 88 004 080 460
AND CONTROLLED ENTITIES
DIRECTORS' DECLARATION**

In accordance with a resolution of the directors of FATFISH INTERNET GROUP LIMITED, the directors of the company declare that:

1. the financial statements and notes, as set out on pages 3 to 11, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Australian Accounting Standards, AASB 134 'Interim Financial Reporting' which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
 - (b) give a true and fair view of the financial position as at 30 June 2016 and of the performance for the half-year period ended on that date of the consolidated group;
2. 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; and
3. the directors have been given the declarations required by section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.



Director

Donald Low

Dated this 26 August 2016

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Fatfish Internet Group Limited ("the entity"), which comprises the consolidated statement of financial position as at 30 June 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies, statement or description of accounting policies as required by AASB 134 and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the financial report is not presented fairly, in all material respects, in accordance with the Australian Accounting Standards and the Corporations Act 2001 and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report. A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Conclusion

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

- (i) giving a true and fair view of the entity's financial position as at 30 June 2016 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

MSI Ragg Weir

MSI RAGG WEIR
Chartered Accountants

L.S. Wong

L.S. WONG
Partner

Date: 26 August 2016
Melbourne