

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES

ABN: 88 004 080 460

**Financial Report For The Year Ended
31 December 2016**

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CONTENTS	Page
Corporate Governance Statement	1
Directors' Report	17
Remuneration Report	21
Auditor's Independence Declaration	24
Consolidated Statement of Profit or Loss and Other Comprehensive Income	25
Consolidated Statement of Financial Position	26
Consolidated Statement of Changes in Equity	27
Consolidated Statement of Cash Flows	28
Notes to the Financial Statements	29
Directors' Declaration	55
Independent Auditor's Report	56
Additional Information for Listed Public Companies	59

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
CORPORATE GOVERNANCE STATEMENT

Fatfish Internet Group Limited is listed on the Australian Securities Exchange (ASX). Accordingly, unless stated otherwise in this document, the Board's corporate governance arrangements comply with the recommendations of the ASX Corporate Governance Council (third edition) as well as current standards of best practice for the entire financial year ended 31 December 2016. The corporate governance statement is current as at 31 December 2016 and has been approved by the Board.

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 interest of stakeholders. The Board considers that 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.

(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 and the reasons for non-compliance.

2. Date of this statement

This statement reflects our corporate governance policies and procedures as at 31 December 2016.

3. The Board of Directors

(a) Membership and expertise of the Board

The Board has a broad range of relevant financial, 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.

(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 Officer ("CEO");
- setting the 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

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
CORPORATE GOVERNANCE STATEMENT

3. The Board of Directors (continued)

(b) Board role and responsibility (continued)

- 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 the 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 which have been set by the Board.
- 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 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 role and responsibility

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 ten 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;
- managing day-to-day operations in accordance with standards for social and ethical practices which have been set by the Board, 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 meets this independence criteria.

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
CORPORATE GOVERNANCE STATEMENT

3. The Board of Directors (continued)

(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 formally review its overall performance or the performance of individual Directors. The performance of non-executive 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.

(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;

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
CORPORATE GOVERNANCE STATEMENT

3. The Board of Directors (continued)

(n) Securities trading policy (continued)

- 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;
- 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

Board committees and membership

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

(a) Audit Committee

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

(b) Board Risk Oversight Committee

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

(c) Board Nominations Committee

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

(d) Board Remuneration Committee

Chairman	- Jeffrey Tan
Member	- Kin Wai Lau
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'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. Fully details regarding remuneration are contained in the audited Remuneration Report in the Director's Report of the Annual Report.

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
CORPORATE GOVERNANCE STATEMENT

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's 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 other parties;
- the audit firm, its partners, its employees of 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.

(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.

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
CORPORATE GOVERNANCE STATEMENT

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, 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 is paid for all his time on an hourly basis.

(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.

8. Corporate responsibility and sustainability

(a) Approach to corporate responsibility and sustainability

Fatfish Internet Group Limited's approach to corporate responsibility and sustainability 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 not 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's Board and management are committed to their Code of Conduct (Code) which is based on their core values and on the expectations of their clients, of shareholders and of the broader community.

The Code aims to promote a high level of professionalism and provide a benchmark for ethical and professional behaviour throughout the Company. It also promotes a healthy, respectful workplace and environment for all their employees.

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
CORPORATE GOVERNANCE STATEMENT

8. Corporate responsibility and sustainability (continued)

(b) Code of conduct (continued)

At the same time, the Code aims to support their business reputation and corporate image within the wider community and make employees aware of the consequences they face if they breach the Code.

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

(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 of 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 its 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 website and relies on communication in this medium on the ASX Company Announcements platform carrying all the relevant information.

Compliance with ASX Corporate Governance Council Good Practice Recommendations

The table below outlines each of the ASX Best Practice Recommendations and the Company's compliance with those recommendations. The Company has adopted and substantially complies with ASX Corporate Governance Principles and Recommendations (Third Edition) to the extent appropriate to the size and nature of the Group's operations.

ASX Recommendation	Status	Reference/Comment
Principle 1: Lay solid foundations for management and oversight		
A listed entity should establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitored and evaluated.		
1.1 A listed entity should disclose: (a) The respective roles and responsibilities of its board and management and, (b) Those matters expressly reserved to the board and those delegated to management	Complying	<p>The Board has adopted a charter which establishes the role of the Board and its relationship with management. The primary role of the Board is for the protection and enhancement of long term shareholder value. Its responsibilities include the overall strategic direction of the Group, establishing goals for management and monitoring the achievement of these goals. The functions and responsibilities of the Board and management are consistent with ASX Principle 1. A copy of the Board Charter is posted on the website.</p> <p>Each Director is given a letter upon his or her appointment which outlines the Director's duties. The Group has in place systems designed to fairly review and actively encourage enhanced Board and management effectiveness.</p>

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
CORPORATE GOVERNANCE STATEMENT

Compliance with ASC Corporate Governance Council Good Practice Recommendations (continued)		
<p>1.2 A listed entity should:</p> <p>(a) Undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director; and</p> <p>(b) Provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director</p>	Complying	<p>Presently, the Company has in place a Nomination Committee. It is the role of the Nomination Committee to identify suitable candidates to complement the existing Board, to undertake appropriate checks on the candidate to seek confirmation from the candidate that he/she will have sufficient time to fulfil his or her responsibilities as a director. Where appropriate, external consultants may be engaged to assist in searching for candidates and undertaking relevant checks.</p> <p>The Company provides information to shareholders about Directors seeking re-election at general meeting to enable them to make an informed decision on whether or not to re-elect the Director, including their relevant qualifications and experience and the skills they bring to the Board; details of any other listed directorships held by the Director in the preceding 3 years; the term of office already served by the Director; whether the Director is considered to be independent; and a recommendation by the Board in respect of the re-election of the Director.</p> <p>The Company will, in the case of a candidate standing for election as a director for the first time, provide information to shareholders about the candidate to enable them to make an informed decision on whether or not to elect the candidate, including material adverse information revealed by any checks the Board has performed on the candidate; details of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect the candidate's capacity to exercise independent judgment on board matters or to act in the best interests of the Company and its shareholders generally; the Board's view on whether the candidate will be considered to be an independent Director; and a recommendation by the Board in respect of the election of the candidate.</p>
<p>1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	Complying	<p>Each director is given a letter upon his or her appointment which outlines the Director's duties, obligations, remuneration, expected time commitments and notification of the Company's policies. Similarly senior executives including the CEO, have a formal job description and services agreement describing their term of office, duties, rights, and responsibilities and entitlements. The Company will disclose the material terms of any employment service or consultancy agreement it enters into with its CEO (or equivalent).</p>
<p>1.4 The Company Secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	Complying	<p>The Company Secretary is responsible for co-ordination of all Board business, including agendas, board papers, minutes, communication with regulatory bodies, ASX and all statutory and other filings. The Company Secretary is accountable to the Board, and all Directors have access to the Company Secretary. The decision to appoint or remove the Company Secretary is to be made or approved by the Board.</p>

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
CORPORATE GOVERNANCE STATEMENT

Compliance with ASC Corporate Governance Council Good Practice Recommendations (continued)		
<p>1.5 A listed entity should:</p> <p>(a) Have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's</p> <p>(b) Disclose that policy or a summary of it; and</p> <p>(c) Disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either;</p> <p>1. The respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>2. If the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act</p>	Part-complying	<p>The Board has contemplated the necessity of implementing a diversity policy.</p> <p>Noting the relatively small size of the Company and the fact that the Company has only a small number of employees, the Board has resolved to depart from the recommendations by not implementing a gender diversity.</p> <p>Whilst the Company has not set formal measurable objectives for achieving gender diversity, at such time that the Company seeks to establish and expand its workforce, the Company will be committed to the principles of employing people with a broad range of experiences, skills and views.</p>
<p>1.6 A listed entity should:</p> <p>(a) Have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Part-complying	<p>The Company's Corporate Governance Plan requires the Board to disclose to whether or not performance evaluations were conducted during the relevant reporting period. No performance evaluations were conducted during the relevant reporting period.</p> <p>Senior executives supply the Board with information in a form and timeframe, and of a quality that enables the Board to discharge its duties effectively. Directors are entitled to request additional information whether the consider such information necessary to make informed decisions.</p>
<p>1.7 A listed entity should:</p> <p>(a) Have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Complying	<p>The Board, together with the Company's Chief Executive Officer, evaluates the performance of the Group's senior executives periodically. The Board also reviews the Chief Executive Officer's performance annually. A performance evaluation for the Group's senior executives and the Chief Executive Officer has taken place in the reporting period.</p>

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
CORPORATE GOVERNANCE STATEMENT

Compliance with ASC Corporate Governance Council Good Practice Recommendations (continued)		
Principle 2: Structure the Board to add value		
A listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.		
<p>2.1 The board of a listed entity should:</p> <p>(a) Have a nomination committee which:</p> <ol style="list-style-type: none"> 1. Has at least three members, a majority of whom are independent directors; and 2. Is chaired by an independent director, and disclose: <ol style="list-style-type: none"> (i) The charter of the committee (ii) The members of the committee; and (iii) As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>(b) If it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	Part-complying	<p>The Board has established a formal nomination committee. Where necessary, the Nomination Committee seeks advice of external advisers in connection with the suitability of applicants for Board membership.</p>
<p>2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	Part-complying	<p>Whilst the Company does not currently disclose a board skills matrix setting out the mix of skills of the Directors, the following information is set out in the Company's Annual Report.</p> <ul style="list-style-type: none"> - The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report; and - A statement as to the mix of skills and diversity for which the board of directors is looking to achieve in membership of the Board.

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
CORPORATE GOVERNANCE STATEMENT

Compliance with ASC Corporate Governance Council Good Practice Recommendations (continued)		
<p>2.3 A listed entity should disclose:</p> <p>(a) The names of the directors considered by the board to be independent directors;</p> <p>(b) If a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) The length of service of each director</p>	Complying	<p>During the year, the Board comprised of four Directors, Dato' Larry Nyap Liou Gan (Non Executive Chairman), Kin Wai Lau (CEO/Executive Director), Donald Han Low (Non Executive Director) and Jeffrey Hua Yuen Tan (Non Executive Director).</p> <p>The Board has considered that circumstances of each Director and determined that Directors Dato' Larry Nyap Liou Gan, Donald Han Low and Jeffrey Hua Yen Tan were independent as described in Box 2.3 of the Recommendations.</p> <p>The Corporations Act 2001, the Company's Constitution and the Board meeting process requires Directors to advise the Board of any interest they have that has the potential to conflict with the interests of the Group, including any development that may impact their perceived or actual position.</p> <p>If the Board determines that a Director's status as an independent Director has changed, that determination will be disclosed and explained in a timely manner to the market.</p> <p>The length of service of each Director is set out in the Company's Annual Report.</p>
2.4 A majority of the board of a listed entity should be independent directors	Complying	<p>During the year, the Board comprised of four Directors, Dato' Larry Nyap Liou Gan, Kin Wai Lau, Donald Han Low and Jeffrey Hua Yuan Tan. Of the four directors, the Board considers that only Kin Wai Lau is a non independent director.</p>
2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity	Complying	<p>Dato' Larry Nyap Liou Gan has been the Chairman of the Company since 2014, and was at the date of his appointment and continues to be, independent. The Chairman leads the Board and is responsible for the efficient organisation and conduct of the Board's functions.</p> <p>The positions of Chairman and Chief Executive Officer are held by separate persons.</p>
2.6 A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors respectively.	Complying	<p>The Company has procedures and policies in place to assist Directors in fulfilling their responsibilities.</p> <p>As Directors join the Board, they undertake a comprehensive induction program, which includes information on the Company's core values, key strategies, objectives, as well as its governance framework and operations. New Directors also meet with key senior management to gain a better appreciation of the Group's services and capabilities.</p> <p>The Board also receives ongoing governance updates as required, including in relation to recent legislative and regulatory changes and developments in corporate governance. All directors have ongoing access to information on the company's operations and to the Group's senior management.</p> <p>Each director, at any time, is able to seek reasonable independent professional advice on any business-related matter at the expense of the Company. Directors also have access to adequate internal resources to seek any information from any officer or employee of the Group, or to require the attendance of management at meetings to enable them as Directors to fulfil their duties.</p>

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
CORPORATE GOVERNANCE STATEMENT

Compliance with ASC Corporate Governance Council Good Practice Recommendations (continued)		
Principle 3: Act ethically and responsibly		
A listed entity should act ethically and responsibly.		
3.1 A listed entity should:	Complying	The Board has established a Code of Conduct which articulates acceptable practices for directors, senior executives and employees, to guide their behaviour and to demonstrate the commitment of the Company to ethical practices. The Code of Conduct is published on the website. The Company also seeks to ensure that advisers, consultants and contractors aware of the Company's expectations as set out in its Code of Conduct.
(a) Have a code of conduct for its directors, senior executives and employees; and		
(b) Discloses that code or a summary of it		
Principle 4: Safeguard integrity in corporate reporting		
A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.		
4.1 The Board of a listed entity should:	Part-complying	The Board has established a formal audit committee and such a committee will operate under an audit committee charter which has already been approved by the Board. In the meantime, the Board as a whole carries out the functions of an audit committee in accordance with the audit committee charter.
(a) Have an audit committee which:		
1. Has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and		
2. Is chaired by an independent director, who is not the chair of the board, and disclose:		
(i) The charter of the committee;		
(ii) The relevant qualifications and experience of the members of the committee; and		
(iii) In relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or		
(b) If it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.		

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
CORPORATE GOVERNANCE STATEMENT

Compliance with ASC Corporate Governance Council Good Practice Recommendations (continued)		
4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Complying	<p>The Directors are committed to the preparation of financial statements that present a balanced and clear assessment of the Group's financial position and prospects.</p> <p>The Board reviews the Group's half yearly and annual financial statements. The Board requires that the Chief Executive Officer state in writing to the Board that the Group's financial reports present a true and fair view, in all material respects, of the Group's financial condition and operational results and are in accordance with relevant accounting standards and that the opinion has been formed on a basis of a sound system of risk management and internal control which is operating effectively.</p>
4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Complying	<p>Shareholders are encouraged to attend the Company's Annual General Meeting, which the Company endeavours to ensure the attendance of its auditors.</p> <p>Shareholders are given an opportunity to ask questions of the Company's auditors regarding the conduct of the audit and preparation and content of the auditor's report.</p>
Principle 5: Make timely and balance disclosure A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.		
5.1 A listed entity should: <ul style="list-style-type: none"> (a) Have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) Disclose that policy or a summary of it 	Complying	<p>The company has a documented policy which has established procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance. The focus of these procedures is on continuous disclosure of any information concerning the Group that a reasonable persons would expect to have a material effect on the price of the Company's securities and improving access to information for all investors.</p> <p>The Chief Executive Officer and the Company Secretary are responsible for interpreting the Group's policy and where necessary informing the Board.</p> <p>The purpose of the procedures for identifying information for disclosure is to ensure timely and accurate information is provided equally to all shareholders and market participants.</p> <p>The Company Secretary is responsible for all communications with the ASX. All Company announcements are vetted and authorised by the Board and senior management to ensure they are made in a timely manner, are factual, do not omit material information and are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.</p> <p>The policy on continuous disclosure is published on the website.</p>

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
CORPORATE GOVERNANCE STATEMENT

Compliance with ASC Corporate Governance Council Good Practice Recommendations (continued)		
Principle 6: Respect the rights of security holders		
A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities		
6.1 A listed entity should provide information about itself and its governance to investors via its website	Complying	<p>The Board informs shareholders of all major developments affecting the Group's state of affairs as follows:</p> <ul style="list-style-type: none"> - Placing all relevant announcements made to the market, on the website after they have been released to ASX; - Publishing all corporate governance policies and charters adopted by the Board on the website - Releasing information provided to analysts or media during briefings to ASX and placing such information on the website; and - Placing the full text of notices of meeting and explanatory material on the website
6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Complying	The Company communicates with its shareholders and investors by posting information on the website, and by encouraging attendance and participation of shareholders at general meetings. Investors are also able to provide feedback and seek further information about the Company via the website. Management or Directors additionally meet with shareholders from time to time upon request and respond to any enquiries they may make.
6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Complying	<p>Shareholders are encouraged to attend the Company's Annual General Meeting. The AGM is an opportunity for shareholders to hear the CEO and chairman provide updates on Group performance, ask questions of the Board and vote on the various resolutions affecting the business.</p> <p>Shareholders are given an opportunity to ask questions of the Company's auditors regarding the conduct of the audit and preparation and content of the auditor's report.</p>
6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Complying	Investors are able to communicate with the Company electronically via the website or by emailing the Company Secretary. Investors are also able to communicate with the Company's registry electronically by emailing the registry or via the registry's website.

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
CORPORATE GOVERNANCE STATEMENT

Compliance with ASC Corporate Governance Council Good Practice Recommendations (continued)		
Principle 7: Recognise and manage risk		
A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities		
7.1 The board of a listed entity should:	Complying	The Board has established a formal risk oversight committee and such a committee will operate under a risk committee charter which has been approved by the Board.
(a) Have a committee or committees to oversee risk, each of which: <ol style="list-style-type: none"> Has at least three members, a majority of whom are independent directors; and Is chaired by an independent director, and disclose: The charter of the committee The members of the committee; and As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) If it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework		
7.2 The board or a committee of the board should:	Complying	The Group has established policies and procedures to identify, assess and manage all material business and operational risks. The Board has responsibility for monitoring risk oversight and ensures that the Chief Executive Office or equivalent report on the status of business risks through risk management programs aimed at ensuring risks are identified, assessed and appropriately managed. In addition, the Board will through the Risk Oversight Committee annually review the risk management framework and policies of the Group, and is satisfied that management has developed and implemented a sound system of risk management and internal control. The Board oversees policies on risk assessment and management.
7.3 A listed entity should disclose:	Complying	Management reviews the Group's major business units, organisational structure and accounting controls and processes on a regular basis and reports accordingly to the Board; the Board is satisfied that the processes are in place to identify the Group's material business risks are appropriate and that these risks are being effectively managed. The Group's risk management processes continue to be monitored and reported against on an ongoing basis. A description of the Group's risk management policy and internal compliance and control system is available on the website

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
CORPORATE GOVERNANCE STATEMENT

Compliance with ASC Corporate Governance Council Good Practice Recommendations (continued)		
7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it managed or intends to manage those risk.	Complying	The Group's operations are not subject to any significant environmental regulations under the Commonwealth or State legislation.
Principle 8: Remunerate fairly and responsibly A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.		
8.1 The board of a listed entity should: (a) Have a remuneration committee which: 1. Has at least three members, a majority of whom are independent directors; and 2. Is chaired by an independent director, and disclose: (i) The charter of the committee (ii) The members of the committee; and (iii) As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) If it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	Complying	The Board has established a formal remuneration committee, having regard to the size of the Company. The Board acknowledges that when the size and nature of the Company warrants the necessity of a formal remuneration committee, such a committee will operate under a remuneration committee charter which has been approved by the Board. The Board, in performing the function of the remuneration committee, reviews remuneration packages and practices applicable to the Chief Executive Officer, Senior Executives and Directors themselves. This role also includes responsibility for share option schemes incentive performance packages and retirement and termination entitlements. 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.
8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Complying	Details of the Directors and Key Senior Executives remuneration are set out in the Remuneration Report of the Annual report. The structure of Non-Executive Directors' remuneration is distinct from that of executives and is further detailed in the Remuneration Report of the Annual Report.
8.3 A listed entity which has an equity-based remuneration scheme should: (a) Have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limited the economic risk of participating in the scheme; and (b) Disclose that policy or a summary of it.	Complying	Equity based executive remuneration is made in accordance with thresholds set in plans approved by shareholders. In addition, the Company has issued equity based remuneration to both Executive and Senior Management which has been approved by shareholders at the general meeting, at which a summary of the incentive plan was provided to shareholders.

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES

ABN: 88 004 080 460

DIRECTORS' REPORT

The Directors of Fatfish Internet Group Limited ("the Company") present their report on the consolidated entity ("the Group"), consisting of Fatfish Internet Group Limited and the entities it controlled at the end of and during the financial year ended 31 December 2016.

Information on Directors

The names and details of the Group's Directors in office during the financial year and until the date of this report are as follows:

Directors were in office for this entire period unless otherwise stated.

Dato' Larry Nyap Liou Gan

Chairman

Non-Executive Director

Appointed 1 September 2014

Larry Gan has been active in commerce and community work over a span of four decades.

He had a long association with **Accenture** with several global leadership roles, his last positions as Managing Partner Asia and Managing Partner for the firm's multibillion dollar Venture Fund for Australasia. Over a career span of 26 years, he led the firm's growth in Asia; consulted for many large organisations around the world including the internal transformation of the Accenture business, and was regional lead for the firm's Strategy and eCommerce offerings.

Since his retirement in 2004, he has dedicated his time to **Corporate Governance** serving on the Minority Shareholders Watchdog Committee and as independent Chairman/Director on several public listed companies internationally. He was independent director at Ambank Group, Maybank Investment Bank, Tanjong Ltd, Hong Leong Assurance and Lotus Cars International. He is also very much involved in sports development and not for profit organisations.

Larry is presently a strategic investor in **digital enterprises**, and operates an extensive business network of entrepreneurs, consulting professionals and investment funds. He mentors start-ups and advocates disruptive business models. Alongside his investments, he assumes board roles in several publicly listed **internet and technology** companies. He served on the boards of Redtone International Berhad (Chairman), Diversified Gateway Solutions Berhad (Chairman), Omesti Berhad (CEO/MD), Prestariang Berhad and iProperty Ltd. Today, he continues on the Boards of Cusapi Berhad (Chairman), Rev Asia Berhad (Chairman), Fatfish Internet Group Ltd (Chairman), Graphene Nanochem Ltd, 8Common Ltd and Flexiroam Ltd.

Larry is a Certified Chartered Accountant (UK).

Other current directorships of listed companies

8Common Limited (listed on ASX)

Flexiroam Limited (listed on ASX)

Rev Asia Berhad - formerly known as Catcha Media Berhad (listed on Bursa Malaysia) - Chairman

Cusapi Berhad (listed on Bursa Malaysia) - Chairman

Graphene Nanochem PLC (Listed on AIM)

Qualifications

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

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES

ABN: 88 004 080 460

DIRECTORS' REPORT

Information on Directors (continued)

Kin Wai Lau

Chief Executive Officer

Executive Director

Appointed 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 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 start-up. 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 focussing 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 a 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 start-up competitions in Singapore.

Other current directorships of listed companies

iCandy Interactive Limited (listed on ASX)

Qualifications

Bachelor of Engineering (First Class) - University of Manchester, United Kingdom

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 and Acquisitions (M&A). 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 post transactions.

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 TMT (Telecommunication, Media & Technology) space and the fast growing internet environment.

Other current directorships of listed companies

iCandy Interactive Limited (listed on ASX)

Qualifications

B.Econs, University of Western Australia

Donald Han Low

Non-Executive Director

Company Secretary

Appointed 8 April 2008

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

Information on Directors (continued)

Jeffrey Hua Yuen Tan

Non-Executive Director

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

Other current directorships of listed companies

Nil

Qualifications

B. Business Univ SA

Company Secretary

Mr Donald H Low is the Company Secretary of the Company. He was appointed on the 8 August 2014.

Shareholdings of directors and other key management personnel

The interests of each Director and any other key management personnel, directly and indirectly, in the shares and options of the Company at the date of this report are as follows:

Director	Ordinary shares	Share Options
Dato' Larry Nyap Liou Gan*	5,673,075	-
Kin Wai Lau	15,709,609	-
Donald Han Low	-	-
Jeffrey Hua Tan	-	-

* Dato' Larry Nyap Liou Gan holds 5,353,069 ordinary shares via Planetbiz Investments Ltd.

Interests in Contracts

None of the above directors have any personal interest in the contracts entered into by Fatfish Internet Group Limited or its controlled entities other than those mentioned above and in Note 23 - Related Party Transactions.

Meetings of Directors

During the financial year, 29 meetings of directors (including committees of directors and circular resolutions passed) were held.

Attendances by each director during the year were as follows:

	Directors' Meetings		Risk Oversight Meetings		Audit Committee Meetings		Remuneration Committee Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Dato' Larry Nyap Liou Gan	18	18	-	-	-	-	-	-
Kin Wai Lau	18	18	1	-	9	9	1	1
Donald Han Low	18	18	1	1	9	9	1	1
Jeffrey Hua Tan	18	18	1	1	9	9	1	1

There were no meetings for the other committees.

Corporate Information

Corporate Structure

Fatfish Internet Group Limited is a company limited by shares that is incorporated and domiciled in Australia. Fatfish Internet Group Limited has prepared a consolidated financial report incorporating Fatfish Internet Pte Ltd and Fatfish Capital Limited, which it controlled during the financial year and which are included in the financial statements.

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES

ABN: 88 004 080 460

DIRECTORS' REPORT

Principle Activities and Significant Changes in Nature of Activities

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

Fatfish Internet Group Limited is an Internet venture investment firm - a 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.

REVIEW OF OPERATIONS

During the financial year, the Company completed a successful capital raising through institutional placements of \$300k. The Company has grown from strength to strength with the creation of its Corporate Advisory Division which aims to assist in the bringing to market and provision of exit strategies for tech companies in the Asia Pacific region. With this new arrow in the quiver, the Company has sharpened its focus and streamlined processes which will greatly improve and leverage its positions where it has dominance and gain traction and momentum where it is still in the Developmental stage.

Our business model has been further validated by the early success of investment we have made and monetised through the sale of Nvoi Ltd. This has given us a gain of approximately 60%. We continue to be cautiously confident that our investments in our portfolio will further provide the Company with positive results.

The main standout highlight for this period was the IPO of iCandy Interactive Ltd (listed on ASX on 4 February 2016), which is the holding company for Fatfish mobile gaming subsidiaries, AppXplore and Kensington. Through this IPO which valued iCandy at more than \$40m, the latent value of this investment will be unlocked for the Company. Subsequent to the listing on 4 February 2016, the Company controls approximately 82% of iCandy's issued capital.

As previously advised within the Appendix 4C, released on 27 January 2017, the Company had adopted a change in accounting policy whereby it has chosen to adopt the exception to consolidation for investment entities as described in AASB 10 - Consolidated Financial Statements.

The Board have determined that the Accounting Parent, Fatfish Internet Pte Ltd qualifies as an Investment Entity and as such have determined that the consolidation exception is available and therefore implemented a change in accounting policy concerning the carrying value of certain investments.

The Company had consolidated investments in past reporting periods in accordance with AASB 10 - Consolidated Financial Statements. This accounting treatment resulted in the goodwill being recorded on consolidation rather than the fair value of the investments.

In line with the change in accounting policy, the Accounting Parent, as an investment entity is not entitled to consolidate its subsidiaries, subject to their eligibility as investment entities. The Company must now measure an investment in a qualifying subsidiary at fair value through profit and loss in accordance with AASB 9, the result of which has created a significant unrealised accounting profit of \$22.1 million.

Dividend

No dividends in respect to the current financial year have been paid, declared or recommended for payment.

Operating and Financial Review

Financial Overview

Operating results for the year

The profit for the Group is \$22,778,040. (2015: loss of \$8,163,988)

Review of financial position

The net assets of the Group have increased by \$22,996,207 from \$9,363,937 as at 31 December 2015 to \$32,360,144 as at 31 December 2016.

Capital Raising and Capital Structure

As at 31 December 2016, the Company has 169,299,446 fully paid ordinary shares. During the year, a total of 7,500,000 fully paid ordinary shares were issued. Please refer to Note 19 - Issued capital for further details.

Summary of options on issue

There were no options on issue at the date of this report. 129,075,166 options expired during the financial year.

No options were issued to directors and executives as remuneration for the financial year ended 31 December 2016 and at the date of this report.

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES

ABN: 88 004 080 460

DIRECTORS' REPORT

Events after the Reporting Period

As previously announced 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.

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 12.7 million). The consideration will be in the form of Mountain shares and cash.

At the date of this report, the transaction has not been completed.

Future Developments, Prospects and Business Strategies

Disclosure of information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations are likely to result in unreasonable prejudice to the Group. Accordingly, this information has not been disclosed in this report.

Environmental Issues

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

Indemnifying Officers or Auditor

An indemnity have 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.

Proceedings on Behalf of Company

No person has applied for leave of Court 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 a party to any such proceedings during the year.

Non-audit Services

There were no non-audit services provided by the auditor during the period.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 31 December 2016 has been received and can be found on page 24 of the Financial Report.

REMUNERATION REPORT - AUDITED

This remuneration report, which forms part of the Directors' report, sets out information about the remuneration of the Group's Directors and other key management personnel for the year ended 31 December 2016. The prescribed details for each person covered by this report are detailed below.

Details of directors and other key management personnel

Directors and other key management personnel of the Group during and since the end of the financial year are as follows:

Dato' Larry Nyap Liou Gan
Kin Wai Lau
Donald Han Low
Jeffrey Hua Tan

Non-Executive Chairman
Chief Executive Officer and Executive Director
Non-Executive Director and Company Secretary
Non-Executive Director

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

Remuneration policy

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.

The Group's earnings and movement in shareholders' wealth for two and a half years to 31 December 2016 is detailed in the following table:

	31 December 2016	31 December 2015	Restated 6 months ending 31 December 2014
	\$	\$	\$
Revenue	1,082,789	232,574	507,310
Net profit/(loss) before tax	22,778,040	(8,163,988)	(12,477,025)
Net profit/(loss) after tax	22,778,040	(8,163,988)	(12,477,025)
Share price at start of year	\$0.050	\$0.195	\$0.110
Share price at end of year	\$0.040	\$0.050	\$0.195
Dividends paid	-	-	-
Basic earnings/(loss) per share	14.03	(6.17)	(10.58)

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.

	Position Held as at 31 December 2016 and any change during the year	Contract details (duration & termination)
Dato' Larry Nyap Liou Gan	Non-Executive Chairman	No fixed term
Kin Wai Lau	Chief Executive Officer and Executive Director	No fixed term
Donald Han Low	Non-Executive Director and Company Secretary	No fixed term
Jeffrey Hua Tan	Non-Executive Director	No fixed term

Remuneration of Directors and other Key Management Personnel (KMP) for the Year ended 31 December 2016

2016	Salaries, fees and leave	Shares, Options/Incentive Rights	Superannuation	Total
	\$	\$	\$	\$
Group KMP				
Dato' Larry Nyap Liou Gan	30,000	-	-	30,000
Kin Wai Lau	153,815	-	-	153,815
Donald Han Low	24,000	-	-	24,000
Jeffrey Hua Tan	12,000	-	-	12,000
	219,815	-	-	219,815

2015	Salaries, fees and leave	Shares, Options/Incentive Rights	Superannuation	Total
	\$	\$	\$	\$
Group KMP				
Dato' Larry Nyap Liou Gan	30,000	-	-	30,000
Kin Wai Lau	148,723	-	-	148,723
Donald Han Low	27,000	-	-	27,000
Jeffrey Hua Tan	12,000	-	-	12,000
	217,723	-	-	217,723

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

Share options granted to directors and executives

No share or options were issued to directors and executives as remuneration for the financial year ended 31 December 2016 and at the date of this report.

At the end of the financial year, no options were held by Directors and other key management personnel, directly and indirectly.

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



Mr Donald Low

Dated: 31 March 2017

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

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2016 there have been no contraventions of:

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



MSI RAGG WEIR
Chartered Accountants



L.S. WONG
Partner

Melbourne: 31 March 2017

FATFISH INTERNET GROUP AND CONTROLLED ENTITIES
ABN: 88 004 080 460
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

		Consolidated Group	
		2016	2015
	Note		
Revenue	3	1,082,789	232,574
Cost of sales		(195,198)	(2,648)
Gross Profit		887,591	229,926
Other income/(expenses)	3	2,865,796	453,618
Fair value gain on investments upon adoption of exception to consolidation		27,738,877	-
Unrealised losses on investments at fair value		(5,625,000)	-
Employee benefits expense		(401,676)	(525,110)
Depreciation and amortisation expense		(337,359)	(250,475)
Impairment of goodwill		-	(5,681,114)
Impairment of receivables		(250,059)	-
Administration expenses	4	(1,712,309)	(2,002,332)
Marketing expenses		(192,279)	(68,823)
Listing and filing fees		(124,972)	(86,883)
Occupancy expenses		(70,570)	(57,891)
Bad debts written off		-	(174,904)
Profit before income tax		22,778,040	(8,163,988)
Tax expense	5	-	-
Net Profit for the year		22,778,040	(8,163,988)
Other comprehensive income:			
Items may be reclassified subsequently to profit or loss:			
Revaluation of available for sale assets		1,490,324	-
Exchange differences on translating foreign operations, net of tax		(207,236)	35,790
		1,283,088	35,790
Total comprehensive income for the year		24,061,128	(8,128,198)
Net profit attributable to:			
Members of the parent entity		22,844,881	(7,890,585)
Non-controlling interest		(66,841)	(273,403)
		22,778,040	(8,163,988)
Total comprehensive income attributable to:			
Members of the parent entity		24,066,402	(8,114,965)
Non-controlling interest		(5,274)	(13,233)
		24,061,128	(8,128,198)
Earnings per share			
From continuing and discontinued operations:			
Basic earnings per share (cents)	8	14.03	(6.17)
Diluted earnings per share (cents)	8	14.03	(3.14)

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 31 DECEMBER 2016

		Consolidated Group	
		2016	2015
	Note		
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	398,819	2,096,820
Trade and other receivables	10	2,339,807	597,883
Available for sale financial assets	11	4,457,998	205,866
TOTAL CURRENT ASSETS		7,196,624	2,900,569
NON-CURRENT ASSETS			
Investments at fair value through profit or loss	12	27,777,963	-
Property, plant and equipment	13	49,671	85,644
Investments in associates	14	-	209,213
Intangible assets	15	250,405	9,039,272
TOTAL NON-CURRENT ASSETS		28,078,039	9,334,129
TOTAL ASSETS		35,274,663	12,234,698
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	16	761,710	839,523
Borrowings	17	9,808	9,516
TOTAL CURRENT LIABILITIES		771,518	849,039
NON-CURRENT LIABILITIES			
Trade and other payables	16	2,133,664	2,002,323
Borrowings	17	9,337	19,399
TOTAL NON-CURRENT LIABILITIES		2,143,001	2,021,722
TOTAL LIABILITIES		2,914,519	2,870,761
NET ASSETS		32,360,144	9,363,937
EQUITY			
Issued capital	18	27,786,750	27,486,990
Reserves	26	1,218,924	1,302,466
Retained earnings		3,493,076	(20,642,557)
Parent interest		32,498,750	8,146,899
Non-controlling interest		(138,606)	1,217,038
TOTAL EQUITY		32,360,144	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 YEAR ENDED 31 DECEMBER 2016

	Share Capital			Reserves				
	Ordinary	Retained Earnings	Foreign Currency Translation Reserve	Financial Assets Reserve	Option Reserve	Subtotal	Non-controlling interests	Total
Consolidated Group								
Balance at 1 January 2015	25,378,947	(12,751,972)	(37,062)		-	12,589,913	133,164	12,723,077
Comprehensive income								
Loss for the year	-	(7,890,585)	-		-	(7,890,585)	(273,403)	(8,163,988)
Other comprehensive income for the year	-	-	48,776		-	48,776	(12,986)	35,790
Total comprehensive income for the year	-	(7,890,585)	48,776		-	(7,841,809)	(286,389)	(8,128,198)
Transactions with owners, in their capacity as owners, and other transfers								
Shares issued during the year	2,110,043	-	-		-	2,110,043	-	2,110,043
Transaction costs	(2,000)	-	-		-	(2,000)	-	(2,000)
Options issued during the year	-	-	-		1,296,253	1,296,253	-	1,296,253
Options exercised during the year	-	-	-		(5,501)	(5,501)	-	(5,501)
Recognition of non-controlling interest of iCandy Interactive Limited	-	-	-		-	-	1,370,263	1,370,263
Total transactions with owners and other transfers	2,108,043	-	-		1,290,752	3,398,795	1,370,263	4,769,058
Balance at 31 December 2015	27,486,990	(20,642,557)	11,714		1,290,752	8,146,899	1,217,038	9,363,937
Comprehensive income								
Profit for the year	-	22,844,881	-		-	22,844,881	(66,841)	22,778,040
Other comprehensive income for the year	-	-	(201,962)	1,490,324	-	1,288,362	(5,274)	1,283,088
Total comprehensive income for the year	-	22,844,881	(201,962)	1,490,324	-	24,133,243	(72,115)	24,061,128
Transactions with owners, in their capacity as owners, and other transfers								
Shares issued during the year	300,000	-	-	-	-	300,000	-	300,000
Transaction costs	(240)	-	-	-	-	(240)	-	(240)
Options expired during the year	-	1,290,752	-	-	(1,290,752)	-	-	-
Decognition of subsidiaries upon adoption of exception to consolidation	-	-	(81,152)	-		(81,152)	(1,283,529)	(1,364,681)
Total transactions with owners and other transfers	299,760	1,290,752	(81,152)	-	(1,290,752)	218,608	(1,283,529)	(1,064,921)
Balance at 31 December 2016	27,786,750	3,493,076	(271,400)	1,490,324	-	32,498,750	(138,606)	32,360,144

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 YEAR ENDED 31 DECEMBER 2016

		Consolidated Group	
	Note	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		643,374	455,116
Interest received		24,682	11,143
Grants received		1,721	57,223
Payments to suppliers and employees		(2,835,708)	(2,746,236)
Net cash provided by (used in) operating activities	21a	(2,165,931)	(2,222,754)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(25,987)	(20,828)
Purchase of investments		-	(155,866)
Purchase of intangibles		(1,092,449)	-
Proceeds from sale of investments		79,809	-
Loans to related parties:			
- payments made		(1,322,354)	(131,691)
Net cash provided by (used in) investing activities		(2,360,981)	(308,385)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares - Fatfish Internet Group Limited		300,000	2,110,043
Proceeds from issue of shares - iCandy Interactive Limited		4,121,584	-
Proceeds from issue of options		-	1,295,749
Proceeds from pre IPO funds		-	382,232
Payments for capital raising costs - Fatfish Internet Group Limited		(240)	-
Payments for capital raising costs - iCandy Interactive Limited		(406,367)	-
Net cash provided by (used in) financing activities		4,014,977	3,788,024
Net increase in cash held		(511,935)	1,256,885
Cash and cash equivalents at beginning of financial year		2,096,820	789,151
Effect of exchange rates on cash holdings in foreign currencies		5,654	50,784
Effect of adoption of exception to consolidation as at 1 October 2016		(1,191,720)	-
Cash and cash equivalents at end of financial year	9	398,819	2,096,820

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 YEAR ENDED 31 DECEMBER 2016

These consolidated financial statements and notes represent those of Fatfish Internet Group Limited and Controlled Entities (the "consolidated group" or "group").

The financial statements were authorised for issue on 31 March 2017 by the directors of the company.

Note 1 Summary of Significant Accounting Policies

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(a) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the Fatfish Internet Group Limited and all of the subsidiaries (including any structured entities) with the exception of subsidiaries accounted for as investments at fair value. Subsidiaries are entities the Parent controls. The Parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group, with the exception of subsidiaries accounted for as investments at fair value. The consolidation of a subsidiary is discontinued from the date that control ceases. Inter-company transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as 'Non-controlling Interests'. The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

AASB 10 - Consolidated Financial Statements provides an exemption to investment entities from consolidating its subsidiaries. Fatfish Internet Pte Ltd, the accounting parent, and a fully owned subsidiary of Fatfish Internet Group Limited qualifies for this exemption as it:

- obtains funds from one or more investors for the purpose of providing those investors with investment management services;
- commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- measures and evaluates the performance of substantially all of its investments on a fair value basis.

In addition, there are four typical characteristics of an investment entity provided in AASB 10 being:

- it has more than one investment;
- it has more than one investor;
- it has investors that are not related parties of the entity; and
- it has ownership interest in the form of equity or similar interests.

The Directors have assessed that Fatfish Internet Pte Ltd, the accounting parent meets these requirements. The company has applied the AASB 10, exception to consolidation since 1 October 2016.

Under AASB 10, investments in subsidiaries are measured at fair value through profit or loss in accordance with AASB 13, rather than being consolidated to form group accounts. As such, these separate financial statements are the Company's only financial statements.

However, Fatfish Internet Pte Ltd ("FIPL") has entities that is not itself an investment entity, therefore, it would consolidate certain subsidiaries according to AASB 10. The legal parent and accounting subsidiary, Fatfish Internet Group Limited (a company incorporated in Australia) has been assessed as an entity that is not an investment entity and provides services that relates to FIPL's investment activities and thus has been consolidated in accordance with AASB 10.

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Note 1: Summary of Significant Accounting Policies (continued)

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is obtained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Goodwill

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

- (i) the consideration transferred;
- (ii) any non-controlling interest (determined under either the full goodwill or proportionate interest method); 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 acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Fair value remeasurements in any pre-existing equity holdings are recognised in profit or loss in the period in which they arise. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances 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). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective note to the financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interest is recognised in the consolidated financial statements.

Refer to Note 12 for information on the goodwill policy adopted by the Group for acquisitions.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored and 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 disposed of.

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

As the accounting parent, Fatfish Internet Pte Ltd, has been assessed as an investment entity in accordance with AASB 10 since 1 October 2016, any goodwill arising on consolidation prior to that date has been fully derecognised.

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Note 1: Summary of Significant Accounting Policies (continued)

(b) Income Tax

Income tax expense (income) comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the entity in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(c) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable accounting standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific 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.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Note 1: Summary of Significant Accounting Policies (continued)

(d) Property, Plant and Equipment

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

Property, Plant and equipment

Property, plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(m) for details of impairment).

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Leasehold improvements	20-33%
Furniture and fittings	20%
Computer equipment	20%
Motor Vehicle	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(e) Financial Instruments

Recognition and Initial Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the entity commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Note 1: Summary of Significant Accounting Policies (continued)

The Group does not designate any interests in subsidiaries, associates or joint ventures as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

Impairment

A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

(f) Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information, including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Note 1: Summary of Significant Accounting Policies (continued)

(g) Investments in Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control of those policies. Investments in associates are accounted for in the consolidated financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost (including transaction costs) and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate. In addition, the Group's share of the profit or loss of the associate is included in the Group's profit or loss.

The carrying amount of the investment includes, when applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Group's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Group will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

(h) Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method.

Joint operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Group's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the consolidated financial statements.

Gains and losses resulting from sales to a joint operation are recognised to the extent of the other parties' interests. When the Group makes purchases from a joint operation, it does not recognise its share of the gains and losses from the joint arrangement until it resells those goods/assets to a third party.

(i) 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 legal 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.

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Note 1: Summary of Significant Accounting Policies (continued)

(j) Employee Benefits

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees.

Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(k) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(l) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and deposits available on demand with banks. Bank overdrafts are reporting within short-term borrowings in current liabilities in the statement of financial position.

(m) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration is deferred it is treated as the provision of financing and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest method.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint ventures are accounted for in accordance with the equity method of accounting.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Investment property revenue is recognised on a straight-line basis over the period of the lease term so as to reflect a constant periodic rate of return on the net investment.

All revenue is stated net of the amount of goods and services tax.

(n) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(e) for further discussion on the determination of impairment losses.

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Note 1: Summary of Significant Accounting Policies (continued)

(o) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(p) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(q) 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 Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(r) Government Grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs it is compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

(s) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statement is presented.

(t) New and amended accounting policies adopted by the Group

Investment Entities

The Group voluntarily changed its accounting policy relating to the application the consolidation exception for investment entities for the financial year ending 31 December 2016. All subsidiaries were previously consolidated within the Group in accordance to AASB 10: Consolidated Financial Statements. The Company has now elected to apply the exception to consolidation for investment entities as described in AASB 10 - Consolidated Financial Statements. The majority the Company's subsidiaries are now valued at fair value. This change has been implemented as management is of the opinion that the fair value basis will provide more relevant information, and result in a more accurate carrying value of its subsidiaries at the end of each reporting period.

The Company has adopted the new accounting policy starting from the 1 October 2016.

Please refer to Note 1(a): Basis of consolidation for more information.

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Note 1: Summary of Significant Accounting Policies (continued)

(u) 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.

(v) 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. Apart from 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 are as follows:

- 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;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee 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.

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Note 1: Summary of Significant Accounting Policies (continued)

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: *Business Combinations* 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.

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 Parent Information

	2016 \$	2015 \$
The following information has been extracted from the books and records of the legal parent (Fatfish Internet Group Limited) and has been prepared in accordance with Australian Accounting Standards.		
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current Assets	151,233	1,658,527
Non-current Assets	10,010,482	8,398,361
TOTAL ASSETS	10,161,715	10,056,888
LIABILITIES		
Current Liabilities	46,150	58,886
Non-current Liabilities	-	-
TOTAL LIABILITIES	46,150	58,886
NET ASSETS	10,115,565	9,998,002
EQUITY		
Issued Capital	28,078,527	27,778,767
Reserve	-	1,290,752
Accumulated losses	(17,962,962)	(19,071,517)
TOTAL EQUITY	10,115,565	9,998,002
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Total losses	(182,197)	(9,370,977)
Other comprehensive income	-	-
Total comprehensive income	(182,197)	(9,370,977)

Fatfish Internet Pte Ltd was acquired by Fatfish Internet Group Limited. As required by Australian Accounting Standard AASB 3: Business Combinations, Fatfish Internet Group is deemed to have been acquired by Fatfish Internet Pte Ltd under the reverse acquisition rules. Accordingly, Fatfish Internet Pte Ltd is the Parent Entity for accounting purposes. Fatfish Internet Group Limited is the legal parent.

The above information has been extracted from the books and records of the legal parent, Fatfish Internet Group Limited, and has been prepared in accordance with Australian Accounting Standards. Accordingly, the information presented above is not related to the accounting Parent Entity, Fatfish Internet Pte Ltd.

Contingent liabilities

The legal parent entity did not have any contingent liabilities as at 31 December 2016.

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Note 3 Revenue and Other Income

	Note	Consolidated Group	
		2016	2015
		\$	\$
(a) Revenue from continuing operations			
Sales revenue			
— services revenue		16,667	-
— designed and consultant fees		194,703	205,900
— incubator services		13,196	15,217
— interest revenue		24,503	11,457
— sale of mobile game applications		833,720	-
Total revenue		<u>1,082,789</u>	<u>232,574</u>
Other income/(expenses)			
— gain on sale of subsidiary		2,680,717	-
— gain on sale of investments		29,809	-
— foreign grants received		1,721	57,223
— unrealised foreign exchange gains		82,355	200,918
— realised foreign exchange (loss)/gain		(1,873)	(10,041)
— other income/(expenses)		73,067	205,518
Total other income		<u>2,865,796</u>	<u>453,618</u>

Note 4 Profit for the Year

	Consolidated Group	
	2016	2015
Profit/(loss) before income tax from continuing operations includes the following specific expenses:		
(a) Included in Administration expenses	\$	\$
— accounting fees	57,718	60,046
— audit fees	68,348	72,432
— consulting fees	264,417	334,191
— subscriptions	22,131	17,104
— developer fees	395,227	55,185
— motor vehicle costs	15,369	22,586
— legal fees	39,477	110,870
— professional fees	697,667	754,790
— travel and accommodation	77,470	226,092
— insurance expense	-	1,431
— office related expense	73,202	343,437
— secretarial fees	1,283	4,168
	<u>1,712,309</u>	<u>2,002,332</u>

Note 5 Tax Expense

	Note	Consolidated Group	
		2016	2015
		\$	\$
(a) The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:			
Prima facie tax payable on profit from ordinary activities before income tax at 28.5% (2015: 30%)			
— consolidated group		6,491,741	(2,449,196)
— Adjustment for tax-rate differences in foreign jurisdictions		(2,821,378)	
Add:			
Tax effect of:			
— Deferred tax not brought to accounts		574,718	2,449,196
— Other adjustments		-	-
— gain on fair value of investments not subject to tax in Singapore		(3,759,359)	-
— gain on disposal of investments not subject to tax in Singapore		(485,722)	-
Income tax attributable to entity		<u>-</u>	<u>-</u>
Balance of franking account at year end		nil	nil

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Note 5: Tax expense (continued)

(b) Tax losses

Unused tax losses for which no deferred tax asset has been recognised	6,846,055	4,829,501
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Note 6 Key Management Personnel Compensation

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 31 December 2016.

The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

	2016	2015
	\$	\$
Short-term employee benefits	219,815	217,723
Non-monetary benefits	-	-
Total KMP compensation	<u>219,815</u>	<u>217,723</u>

Short-term employee benefits

- these amounts include fees and benefits paid to the non-executive chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other key management personnel.

Further information in relation to KMP remuneration can be found in the Director's Remuneration Report.

Note 7 Auditor's Remuneration

	Consolidated Group 2016	2015
	\$	\$
Remuneration of the auditor for:		
Fatfish Internet Group Limited		
— auditing or reviewing the financial report	41,400	31,000
	<u>41,400</u>	<u>31,000</u>
Remuneration of other auditors of subsidiaries for:		
— auditing or reviewing the financial statements of subsidiaries	26,948	41,432
	<u>26,948</u>	<u>41,432</u>
Total:	<u>68,348</u>	<u>72,432</u>

Note 8 Earnings per Share

	Consolidated Group 2016	2015
	\$	\$
(a) Reconciliation of earnings to profit or loss		
Profit	22,844,881	(7,890,585)
Profit attributable to non-controlling equity interest	(66,841)	(273,403)
Earnings used to calculate basic EPS	<u>22,778,040</u>	<u>(8,163,988)</u>
Earnings used in the calculation of dilutive EPS	<u>22,778,040</u>	<u>(8,163,988)</u>
	No.	No.
(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	162,332,233	132,233,843
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	<u>162,332,233</u>	<u>260,294,299</u>

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Note 9 Cash and Cash Equivalents

Note	Consolidated Group	
	2016	2015
	\$	\$
	398,819	2,096,820
	-	-
24	<u>398,819</u>	<u>2,096,820</u>

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	398,819	2,096,820
	<u>398,819</u>	<u>2,096,820</u>

Note 10 Trade and Other Receivables

	Consolidated Group	
	2016	2015
	\$	\$
CURRENT		
Trade receivables	155,119	156,302
Accrued income and other receivables	84,677	234,043
Amounts receivable from related parties		
— associates	322,109	207,538
— subsidiaries (unconsolidated)	2,027,961	-
Less:		
Provision for impairment of amounts receivable from related parties	(250,059)	-
	<u>2,339,807</u>	<u>597,883</u>

Credit risk

The Group has no significant concentration of credit risk with respect to any single counter party or group of counter parties other than those receivables specifically provided for and mentioned within Note 10. The class of assets described as Trade and Other Receivables is considered to be the main source of credit risk related to the Group.

The following table details the Group's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled with the terms and conditions agreed between the Group and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

Consolidated Group	Gross Amount	Past due and impaired	Past due but not impaired (days overdue)				Within initial trade terms
			<30	31-60	61-90	>90	
2016	\$	\$	\$	\$	\$	\$	\$
Trade and term receivables	155,119	-	-	-	1,529	145,105	8,485
Other receivables	2,184,688	250,059	-	-	-	-	1,934,629
Total	2,339,807	250,059	-	-	1,529	145,105	1,943,114
Consolidated Group	Gross Amount	Past due and impaired	Past due but not impaired (days overdue)				Within initial trade terms
			<30	31-60	61-90	>90	
2015	\$	\$	\$	\$	\$	\$	\$
Trade and term receivables	156,302	-	-	-	-	-	156,302
Other receivables	441,581	-	-	-	-	207,538	234,043
Total	597,883	-	-	-	-	207,538	390,345

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Note 11 Available for Sale Financial Assets

	Note	Consolidated Group	
		2016	2015
		\$	\$
CURRENT			
Available-for-sale financial assets	11a	4,457,998	205,866
Total current assets		<u>4,457,998</u>	<u>205,866</u>
(a) Available-for-sale financial assets			
CURRENT			
Unlisted investments, at fair value			
— shares in other corporations		4,457,998	205,866
		<u>4,457,998</u>	<u>205,866</u>
Opening Balance		205,866	-
Additions		2,811,808	155,866
Increase in fair value of AFS financial assets		1,490,324	
Disposals		(50,000)	-
Reclassification from investment in associate (Note 14)			50,000
Closing Balance		<u>4,457,998</u>	<u>205,866</u>

The investment in Nvoi Limited was reclassified in the 2015 financial year to available for sale financial assets as the Company's interest was disposed of in this current financial year.

Note 12 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. Each subsidiary's principal place of business is also its country of incorporation.

Name of subsidiary	Country of Incorporation	Ownership interest held by the Group		Proportion of non-controlling interests	
		2016 (%)	2015 (%)	2016 (%)	2015 (%)
Fatfish Internet Pte Ltd	Singapore	100	100	-	-
Fatfish Capital Limited	Singapore	50	50	50	50
Fatfish Advisory Ltd (formerly known as Autodirect Corporation)	British Virgin Island	100	65	-	35
Vdancer Pte Ltd	Singapore	95	95	5	5
Kensington Venture Pte Ltd*	Singapore	82	91	18	9
iCandy Ventures Limited*	British Virgin Island	82	91	18	9
Fatfish Ventures Sdn Bhd	Malaysia	75	75	25	25
PT Dragon Commerce Indonesia	Indonesia	-	65	-	35
AppXplore Sdn Bhd*	Malaysia	82	91	18	9
iCandy Interactive Limited*	Australia	82	91	18	9
Beam Storage Pte Ltd	Singapore	71	-	29	-
Fatfish Investment Partners Pte Ltd	Singapore	100	-	-	-

*Kensington Ventures Pte Ltd, iCandy Ventures Limited and AppXplore Sdn Bhd are fully owned subsidiaries of iCandy Interactive Limited, of which Fatfish Internet Group Limited owns 82%.

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

(b) Significant Restrictions

There are no significant restrictions over the Group's ability to access or use assets, and settle liabilities, of the Group.

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Note 12: Interest in Subsidiaries (continued)

(c) Subsidiaries held at fair value through profit or loss

The Board adopted the exception to consolidation for investment entities as described in AASB 10 (change in accounting policy) which became effective on 1 October 2016. The direct effect of the change in accounting policy sees the accounting parent, Fatfish Internet Pte Ltd treated as an investment entity which permits the accounting parent to value its subsidiaries and relevant investments at fair value. As a result, the parent's subsidiaries have been deconsolidated and its subsidiaries value brought in at fair value.

Subsidiary	Country of Incorporation	Fair Value
Vdancer Pte Ltd	Singapore	1,028,285
Fatfish Advisory Limited	British Virgin Island	-
Fatfish Ventures Sdn Bhd	Malaysia	-
iCandy Interactive Limited	Australia	26,749,661
Fatfish Investments Partners Pte Ltd	Singapore	10
Beam Storage Pte Ltd	Singapore	7
		<u>27,777,963</u>

The fair value of Vdancer Pte Ltd is based on a valuation report prepared by an independent valuation expert.

The fair value of iCandy Interactive Limited (an ASX-listed entity) is based on its share price as at 31 December 2016.

The fair value of the other subsidiaries as seen in the table above are based on the assessment of Directors and Management as at 31 December 2016.

Note 13 Property, Plant and Equipment

	Consolidated Group	
	2016	2015
	\$	\$
PLANT AND EQUIPMENT		
Leasehold improvements		
At cost	66,099	65,825
Accumulated depreciation	(47,481)	(51,716)
	<u>18,618</u>	<u>14,109</u>
Furniture and Fittings		
At cost	11,978	18,716
Accumulated depreciation	(5,908)	(4,967)
	<u>6,070</u>	<u>13,749</u>
Computer Equipment		
At cost	20,200	42,495
Accumulated depreciation	(11,076)	(23,705)
	<u>9,124</u>	<u>18,790</u>
Motor Vehicle		
At cost	60,418	60,418
Accumulated depreciation	(44,559)	(22,801)
	<u>15,859</u>	<u>37,617</u>
Signage		
At cost	-	1,671
Accumulated depreciation	-	(292)
	<u>-</u>	<u>1,379</u>
Total plant and equipment	<u>49,671</u>	<u>85,644</u>
Total property, plant and equipment	<u>49,671</u>	<u>85,644</u>

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Note 13: Property, plant and equipment (continued)

(a) Movements in Carrying Amounts

Movements in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Signage \$	Leasehold Improvement \$	Furniture and Fittings \$	Computer Equipment \$	Motor Vehicle \$	Total \$
Consolidated Group:						
Balance at 1 January 2015	-	12,760	26,676	8,746	58,740	106,922
Reallocation of accounts	1,235	-	(8,494)	7,259	-	-
Additions	415	5,301	343	14,769	-	20,828
Disposals	-	-	(1,012)	(1,383)	-	(2,395)
Depreciation expense	(271)	(3,952)	(3,764)	(10,601)	(21,123)	(39,711)
Balance at 31 December 2015	1,379	14,109	13,749	18,790	37,617	85,644
Additions	-	19,946	-	6,041	-	25,987
Disposals	-	-	-	-	-	-
Deconsolidation of subsidiaries	(1,054)	(10,645)	(4,058)	(3,589)	-	(19,346)
Depreciation expense	(325)	(4,792)	(3,621)	(12,118)	(21,758)	(42,614)
Balance at 31 December 2016	-	18,618	6,070	9,124	15,859	49,671

Note 14 Investments in associates

	Consolidated Group	
	2016 \$	2015 \$
NON-CURRENT		
Investments		
- Dressabelle Pte Ltd	-	209,213
- Fintech Asia Group Limited	-	-
Balance at end of year	-	209,213

(a) Information about associates

Name of associate	Country of Incorporation	Ownership Interest
Fintech Asia Group Limited	British Virgin Island	42.5%

During the financial year, the Company sold its holdings in Dressabelle Pte Ltd in exchange for shares in iFashion Group Pte Ltd. The Company has classified the investment as an available for asset.

As at 31 December 2016, the total investment in Fintech Asia Group Limited is fully impaired. Refer to Note 23(b)(ii) - Related Party Transactions for further details.

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Note 15 Intangible Assets

	Consolidated Group		
	2016	2015	
	\$	\$	
Goodwill			
Cost	-	19,447,633	
Accumulated impaired losses	-	(11,153,639)	
Net carrying amount	-	8,293,994	
Computer software:			
Cost	328,730	1,045,464	
Accumulated amortisation and impairment losses	(78,325)	(300,186)	
Net carrying amount	250,405	745,278	
Total intangibles	250,405	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)
	8,293,994	745,278	9,039,272
Year ended 31 December 2016			
Balance at the beginning of the year	8,293,994	745,278	9,039,272
Additions	-	1,092,449	1,092,449
Deconsolidation of subsidiaries	(8,293,994)	(1,292,577)	(9,586,571)
Amortisation and impairment losses	-	(294,745)	(294,745)
Closing value at 31 December 2016	-	250,405	250,405

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.

Note 16 Trade and Other Payables

		Consolidated Group	
		2016	2015
		\$	\$
CURRENT			
Unsecured liabilities			
Trade payables		701,432	249
Sundry payables and accrued expenses		60,278	665,292
Deferred income		-	173,982
		761,710	839,523
NON-CURRENT			
Unsecured liabilities			
Sundry payables and accrued expenses		2,000,000	2,002,323
Amounts due to related parties			
— subsidiaries		133,664	-
		2,133,664	2,002,323
Consolidated Group			
		2016	2015
		\$	\$
(a) Financial liabilities at amortised cost classified as trade and other payables			
Trade and other payables			
— Total current		761,710	839,523
— Total non-current		2,133,664	2,002,323
		2,895,374	2,841,846

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Note 17 Borrowings

	Note	Consolidated Group	
		2016	2015
		\$	\$
CURRENT			
Unsecured liabilities			
Lease liability	19	9,808	9,516
		<u>9,808</u>	<u>9,516</u>
Total current borrowings		<u>9,808</u>	<u>9,516</u>
NON-CURRENT			
Unsecured liabilities			
Lease liability	19	9,337	19,399
		<u>9,337</u>	<u>19,399</u>
Total non-current borrowings		<u>9,337</u>	<u>19,399</u>
Total borrowings	24	<u>19,145</u>	<u>28,915</u>

Note 18 Issued Capital

	Consolidated Group	
	2016	2015
	\$	\$
169,299,446 fully paid ordinary shares (2015: 161,799,446 fully paid ordinary shares)	27,786,750	27,486,990
	<u>27,786,750</u>	<u>27,486,990</u>

(a) Ordinary Shares

	Consolidated Group	
	2016	2015
	No.	No.
At the beginning of the reporting period	161,799,446	129,625,266
Shares issued during the year	7,500,000	32,174,180
At the end of the reporting period	<u>169,299,446</u>	<u>161,799,446</u>
	\$	\$
Balance at beginning of period	27,486,990	25,378,947
Cash proceeds from public offer	-	1,983,520
Cash proceeds from institutional placement	300,000	-
Exercise of options	-	126,523
Expenses directly related to capital raising	(240)	(2,000)
	<u>27,786,750</u>	<u>27,486,990</u>

(b) Options

The following reconciles the outstanding options to subscribe for fully paid ordinary shares in the Company at the beginning and end of the financial year.

	Consolidated Group	
	2016	2015
	No.	No.
At the beginning of the reporting period	129,075,166	-
Options issued during the year	-	129,625,266
Options exercised during the year	-	(550,100)
Options expired during the year	<u>(129,075,166)</u>	<u>-</u>
At the end of the reporting period	<u>-</u>	<u>129,075,166</u>

All options expired on the 29 July 2016.

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Note 18: Issued Capital (continued)

(c) 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 19 Capital and Leasing Commitments

		Consolidated Group	
		2016	2015
	Note	\$	\$
(a) Finance Lease Commitments			
Payable — minimum lease payments			
— not later than 12 months		9,808	9,516
— between 12 months and five years		10,179	21,321
Minimum lease payments		19,987	30,837
Less future finance charges		(842)	(1,922)
Present value of minimum lease payments	17	19,145	28,915

Note 20 Operating Segments

General Information

OPERATING SEGMENTS

(i) Revenue by geographical region

	2016	2015
	\$	\$
Australia	35,938	9,776
Singapore	2,753,254	482,124
Malaysia	1,159,393	194,292
Total Revenue	3,948,585	686,192

(ii) Segment assets

	2016	2015
	\$	\$
Australia	261,130	2,503,380
Indonesia	-	306,778
Singapore	35,013,533	9,381,015
Malaysia	-	43,525
	35,274,663	12,234,698

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Note 21 Cash Flow Information

	Consolidated Group	
	2016	2015
	\$	\$
(a) Reconciliation of Cash Flows from Operating Activities with Profit after Income		
Profit after income tax	22,778,040	(8,163,988)
Cash flows excluded from profit attributable to operating activities		
Expenses directly related to capital raising activities	(240)	-
Gain on sale of subsidiary	(2,680,717)	
Non-cash flows in profit:		
Impairment of goodwill	-	5,681,114
Impairment of receivables	250,059	-
Amortisation and depreciation	337,359	250,475
Unrealised gain in foreign exchange	(82,355)	(200,918)
Fair value gain on investments upon adoption of exception to consolidation	(27,738,877)	-
Unrealised losses on investments at fair value	5,625,000	-
Bad debts expense	-	174,904
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
(Increase)/decrease in trade and term receivables	(558,031)	(250,793)
Increase/(decrease) in trade payables and accruals	(96,169)	286,452
Cash flows from operating activities	<u>(2,165,931)</u>	<u>(2,222,754)</u>

Note 22 Events After the Reporting Period

Other than the following, the directors are not aware of any significant events since the end of the reporting period.

As previously announced 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.

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 12.7 million). The consideration will be in the form of Mountain shares and cash.

At the date of this report, the transaction has not been completed.

Note 23 Related Party Transactions

Related Parties

(a) The Group's main related parties are as follows:

i. Key Management Personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 6.

ii. Entities subject to significant influence by the Group:

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity that holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

For details of interests held in associates, refer to Note 13.

iii. Other Related Parties

Other related parties include entities controlled by the ultimate parent entity and entities over which key management personnel have joint control.

Refer to Note 10 for disclosure of amounts due from related parties and Note 16 for amounts due to related parties.

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Note 23: Related Party Transactions (continued)

(b) Transactions with related parties:

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

		Consolidated Group	
		2016	2015
		\$	\$
i.	Director related entities		
-	Directors' fees paid to Dato' Larry Nyap Liou Gan	30,000	30,000
-	Directors' fees and wages paid to Kin Wai Lau	153,815	148,723
-	Directors' fees paid to DHL Corporate Advisory of which Mr Donald Low is a director and shareholder.	24,000	27,000
-	Directors' fees paid to Baustan Capital Pty Ltd of which Mr Jeffrey Tan is a director and shareholder.	12,000	12,000
		<u>219,815</u>	<u>217,723</u>
ii.	Other entities		
-	Fatfish Advisory Limited (previously known as AutoDirect Corporation), a subsidiary of Fatfish Internet Pte Ltd sold its Target Project (RajaPremi) to Fintech Asia Group Limited in exchange of 50% of the enlarged capital of the Fintech Asia Group Limited for \$9,582,978 (USD 7,000,000).	-	9,582,978

As at 31 December 2015, the Board of Fatfish Internet Pte Ltd, a wholly own subsidiary of the Company, decided to fully impair its investment which on consolidation, eliminated the gain on Fatfish Advisory Limited's disposal of RajaPremi.

Note 24 Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, receivables and trade and other payables.

The totals for each category of financial instruments, measured in accordance with AASB 139: Financial Instruments: Recognition and Measurement as detailed in the accounting policies to these financial statements, are as follows:

		Consolidated Group	
		2016	2015
		\$	\$
	Note		
Financial Assets			
Cash and cash equivalents	9	398,819	2,096,820
Loans and receivables	10	2,339,807	597,883
Investments at fair value through profit or loss	12c	27,777,963	-
Available-for-sale financial assets			
— at fair value			
— unlisted investments	11	4,457,998	205,866
Total Financial Assets		<u>34,974,587</u>	<u>2,900,569</u>
Financial Liabilities			
Financial liabilities at amortised cost			
— Trade and other payables	16	2,895,374	2,841,846
— Borrowings	17	19,145	28,915
Total Financial Liabilities		<u>2,914,519</u>	<u>2,870,761</u>

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Note 24: Financial Risk Management (continued)

Financial Risk Management Policies

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 receivables and payables. The main purpose of non-derivative financial instruments is to raise finance for group operations.

Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and other price risk (commodity and equity price risk). There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

a. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited as the counterparties are banks with high credit rating assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represent the Group's maximum exposure to credit risk.

b. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets

The following table details the Group's remaining contractual maturity for its financial liabilities and financial assets.

Financial liability and financial asset maturity analysis

Consolidated Group	Within 1 Year		1 to 5 years		Over 5 years		Total	
	2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$
Financial liabilities due for payment								
Trade and other payables	761,710	665,541	2,133,664	2,002,323	-	-	2,895,374	2,667,864
Finance lease liabilities	19,145	9,516	-	19,399	-	-	19,145	28,915
Total contractual outflows	780,855	675,057	2,133,664	2,021,722	-	-	2,914,519	2,696,779
Less bank overdrafts	-	-	-	-	-	-	-	-
Total expected outflows	780,855	675,057	2,133,664	2,021,722	-	-	2,914,519	2,696,779

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Note 24: Financial Risk Management (continued)

Consolidated Group	Within 1 Year		1 to 5 years		Over 5 years		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets - cash flows realisable								
Cash and cash equivalents	398,819	2,096,820	-	-	-	-	398,819	2,096,820
Trade, term and loans receivables	2,339,807	597,883	-	-	-	-	2,339,807	597,883
Investments at fair value through profit or loss	-	-	27,777,963	-	-	-	27,777,963	-
Other investments	4,457,998	205,866	-	-	-	-	4,457,998	205,866
Total anticipated inflows	7,196,624	2,900,569	27,777,963	-	-	-	34,974,587	2,900,569
Net (outflow) / inflow on financial	6,415,769	2,225,512	25,644,299	(2,021,722)	-	-	32,060,068	203,790

No financial assets have been pledged as security.

c. Market Risk

i. Interest rate risk

The Group's exposure to market risk primarily consists of financial risks associated with changes in interest rates as detailed below. As the level of risk is low, the Group does not use any derivatives to hedge its exposure.

The Group is exposed to interest rate risks as it holds funds at variable interest rates.

ii. Foreign currency risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

Due to instruments held by overseas operations, fluctuations in Singapore Dollars may impact on the Group's financial results unless those exposed are appropriately hedged.

The following significant exchange rates were applied during the years

\$1 AUD	Average Rate		Spot Rate	
	2016	2015	2016	2015
Singapore	0.9735	0.9674	0.9556	0.9682
Malaysia	-	0.3460	-	0.3189
Indonesia	-	0.0001	-	0.0001
United States	-	0.7494	-	0.7288

Interest rate sensitivity analysis

A sensitivity analysis has been determined based on the exposure to interest rates at reporting date with the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 75 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents the management's assessment of the possible change in interest rate.

These sensitivities assume that the movement in a particular variable is independent of other variables.

Year ended 31 December 2016	Consolidated Group	
	Profit	Equity
	\$	\$
+/- 0.75% in interest rates	2,991	2,991
Year ended 31 December 2015	Consolidated Group	
	Profit	Equity
	\$	\$
+/- 0.75% in interest rates	15,726	15,726

There have been no changes in any of the methods or assumptions used to prepare the above sensitivity analysis from the prior year.

Fair Values

The Directors consider that the carrying amounts of financial assets and liabilities recorded at cost less any accumulated impairments in the financial statements approximates their fair values.

The fair values of financial assets and liabilities are determined as follows:

- Other financial assets and financial liabilities are determined in accordance with general accepted pricing models.

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Note 24: Financial Risk Management (continued)

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position. Refer to Note 25 for detailed disclosures regarding the fair value measurement of the group's financial assets and financial liabilities.

Differences between fair values and carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Group. Most of these instruments, which are carried at amortised cost (ie term receivables, held-to-maturity assets, loan liabilities), are to be held until maturity and therefore the fair value figures calculated bear little relevance to the Group.

	Note	2016		2015	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
		\$	\$	\$	\$
Consolidated Group					
Financial assets					
Cash and cash equivalents	9	398,819	398,819	2,096,820	2,096,820
Trade and other receivables:					
- related parties - loans and advances	10	2,100,011	2,100,011	207,538	207,538
- unrelated parties - trade and term receivables	10	239,796	239,796	390,345	390,345
Total trade and other receivables	10	2,339,807	2,339,807	597,883	597,883
Investments at fair value through profit or loss	12c	-	-	-	-
Available-for-sale financial assets:					
- at fair value:					
- unlisted investments		4,457,998	4,457,998	205,866	205,866
Total financial assets		7,196,624	7,196,624	2,900,569	2,900,569
Financial liabilities					
Trade and other payables	16	2,895,374	2,895,374	2,002,323	2,002,323
Lease liability	25	19,145	19,145	28,915	28,915
Total financial liabilities		2,914,519	2,914,519	2,031,238	2,031,238

- (i) Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying amount is equivalent to fair value. Trade and other payables excludes amounts provided for annual leave, which is outside the scope of AASB 139.
- (ii) Term receivables reprice to market interest rates every three months, ensuring carrying amounts approximate fair value.

Note 25 Fair Value Measurements

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

- available-for-sale financial assets;
- investments in subsidiaries

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.

Valuation techniques

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Note 25: Fair Value Measurements (continued)

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data are not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following tables provide the fair values of the Group's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy.

		31 December 2016			
		Level 1	Level 2	Level 3	Total
		\$	\$	\$	\$
Recurring fair value measurements	Note				
Financial assets					
Available-for-sale financial assets					
— Shares in unlisted companies – unrelated parties	11		4,457,998		4,457,998
Total financial assets recognised at fair value on a recurring basis		-	4,457,998	-	4,457,998
Non-financial assets					
Investments in subsidiaries	12	26,749,661	1,028,302		27,777,963
Total non-financial assets recognised at fair value on a recurring basis		26,749,661	1,028,302	-	27,777,963
Total non-financial assets recognised at fair value		26,749,661	1,028,302	-	27,777,963

		31 December 2015			
		Level 1	Level 2	Level 3	Total
		\$	\$	\$	\$
Recurring fair value measurements	Note				
Financial assets					
Available-for-sale financial assets					
— Shares in unlisted companies – unrelated parties	11	-	205,866	-	205,866
Total financial assets recognised at fair value		-	205,866	-	205,866

Note 26 Reserves

a. Option Reserve

The option reserve records items recognised as expenses on valuation of employee share options and other options.

	Consolidated Group	
	2016	2015
	\$	\$
Balance at beginning of year	1,290,752	-
Options issued	-	1,296,253
Options exercised	-	(5,501)
Options expired	(1,290,752)	-
	<u>-</u>	<u>1,290,752</u>

b. Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

	Consolidated Group	
	2016	2015
	\$	\$
Balance at beginning of year	11,714	(37,062)
Foreign currency movements during the year	(283,114)	48,776
	<u>(271,400)</u>	<u>11,714</u>

c. Financial Assets Reserve

The financial assets reserve records the fair value movement on available for sale assets

	Consolidated Group	
	2016	2015
	\$	\$
Balance at beginning of year	-	-
Fair value movements during the year	1,490,324	-
	<u>1,490,324</u>	<u>-</u>

Total Reserves

Option reserve	-	1,290,752
Foreign currency translation reserve	(271,400)	11,714
Financial assets reserve	1,490,324	-
	<u>1,218,924</u>	<u>1,302,466</u>

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Note 27 Company Details

The registered office of the company is:

Fatfish Internet Group Limited

Level 4

91 William Street

Melbourne Vic 3000

The principal places of business are:

Fatfish Internet Group Limited

Level 4

91 William Street

Melbourne Vic 3000

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES

ABN: 88 004 080 460

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 25 to 54, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Australian Accounting Standards, 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 31 December 2016 and of the performance for the year 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.

Signed in accordance with a resolution of the Directors made pursuant to Section 295(25) of the Corporations Act 2001.

Director



Mr Donald Low

Dated this

31 March 2017

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

Opinion

We have audited the financial report of Fatfish Internet Group Limited and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration of the Group.

In our opinion,

- a) the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:
- (i) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its financial performance for the year ended; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>1) Recognition of revenue – Sale of mobile game applications Refer to Note 3 (a) - Revenue from continuing operations (\$833,720)</p>	<p>A substantial amount of the Group's revenue relates to sale of mobile game applications. This relates specifically to a subsidiary's smart phone mobile game sales which include both in-app sales and advertising revenue.</p> <p>The component auditor's procedures included obtaining original monthly statements provided by the respective customers and agreeing the monthly revenue recorded in the accounts of the subsidiary.</p>

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

Key Audit Matters continued

Key audit matter	How our audit addressed the key audit matter
1) Recognition of revenue – Sale of mobile game applications continued Refer to Note 3 (a) - Revenue from continuing operations (\$833,720)	<p>The revenue is recognised on a monthly basis upon receipt of the monthly statements from the respective clients (such as Apple App Store, Google Paystore, AdMob, Chartboost, etc.)</p> <p>We have evaluated the procedures performed by the component auditor.</p> <p>We focused on this area as a key audit matter due to the significance of this specific source of revenue as compared to the total revenue of the Group.</p>
2) Application of exception to consolidation as described in Australian Accounting Standard AASB 10 Consolidated Financial Statements Refer to Note 1 (a) – Principles of Consolidation	<p>The directors have assessed that the accounting parent, Fatfish Internet Pte Ltd ("FIPL"), has met and continues to meet the criteria of an investment entity and has applied the exception to consolidation as described in AASB 10 since 1 October 2016.</p> <p>We evaluated the directors' assessment by reviewing the structure and nature of FIPL.</p> <p>We held discussions with management and directors to evaluate the basis of their assessment.</p> <p>We checked the calculations involved in respect of the change in accounting policy.</p>
3) Fair value of investments held at fair value through profit or loss Refer to Note 12 (c) – Investments held at fair value through profit or loss (\$27,777,963)	<p>We focused on this area as a key audit matter due to the significance of the balance of investments held at fair value through profit or loss to the Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income of the Group.</p> <p>In relation to the fair value of iCandy Interactive Limited (an ASX listed entity) of \$26,749,661; we have evaluated the fair value of the investment based on its quoted price on the ASX as at 31 December 2016.</p> <p>The fair values of the respective investments are based on Level 1, 2 or 3 inputs as described in Australian Accounting Standards AASB 13: Fair Value Measurement.</p> <p>In relation to the fair value of Vdancer Pte Limited of \$1,028,285, we have evaluated the fair value of the investment based on the independent valuation expert's report provided by management.</p>

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

Responsibilities of Directors 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 1, the Directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors as well as evaluating the overall presentation of the financial report.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Auditor's Responsibilities for the Audit of the Financial Report continued

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 21 to 22 of the directors' report for the year ended 31 December 2016.

In our opinion, the Remuneration Report of Fatfish Internet Group Limited, for the year ended 31 December 2016, complies with section 300A of the Corporations Act 2001.

Responsibilities

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.



MSI RAGG WEIR
Chartered Accountants



L.S. WONG
Partner

Melbourne: 31 March 2017

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following information is current as at 24 March 2017:

1. Shareholding

a. Distribution of Shareholders	No. of Holders	No. of Ordinary Shares
Category (size of holding)		
1 – 1,000	422	158,243
1,001 – 5,000	185	402,117
5,001 – 10,000	398	3,919,649
10,001 – 100,000	156	6,364,969
100,001 – and over	76	158,454,468
	1,237	169,299,446

b. The number of shareholdings held in less than marketable parcels is 1,022 (2015: 782).

c. The names of the substantial shareholders listed in the holding company's register are:

Shareholder	No. of Ordinary Fully Paid Shares	% Held of Issued Ordinary Capital
HSBC Custody Nominees Australia Limited	40,150,452	23.72%
Lau Kin Wai	15,209,609	8.98%
Pang Hao Chen	10,094,873	5.96%
Citicorp Nom Pty Ltd	9,896,684	5.85%
Acquiniti Limited	8,784,445	5.19%

d. Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares

- Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

e. 20 Largest Shareholders — Ordinary Shares

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1. HSBC Custody Nominees Australia Limited	40,150,452	23.72%
2. Lau Kin Wai	15,209,609	8.98%
3. Pang Hao Chen	10,094,873	5.96%
4. Citicorp Nom Pty Ltd	9,896,684	5.85%
5. Acquiniti Limited	8,784,445	5.19%
6. Lead National Holdings Limited	7,425,000	4.39%
7. Saw Say Kee	6,787,500	4.01%
8. Ong Chang Jeh	6,064,332	3.58%
9. ABN Amro Clearing Sydney Nominees Pty Ltd <Custodian A/C>	4,443,132	2.62%
10. Dagan Niv	4,116,829	2.43%
11. Kaweck Mark Damion	4,000,000	2.36%
12. Peter Shane Casey	3,684,211	2.18%
13. JK Premier Holdings Pte Ltd	3,285,360	1.94%
14. Cheng Wei Cheng	3,285,360	1.94%
15. JCY Holdings Pte Ltd	3,285,360	1.94%
16. Walker Graham John	3,130,773	1.85%
17. BNP Paribas Noms Pty Ltd <UOB Kay Hian Priv>	2,415,000	1.43%
18. Low Poh Khuan	1,530,000	0.90%
19. Tjandramulia Teddy	1,344,115	0.79%
20. Gazump Res Pty Ltd	1,270,746	0.75%
	140,203,781	82.81%

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

2. The name of the company secretary is Mr Donald Han Low.
3. The address of the principal registered office in Australia is Level 4, 91 William Street, Melbourne Vic 3000.
4. Registers of securities are held at the following addresses
Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153
5. **Stock Exchange Listing**
Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Securities Exchange Limited.