

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
APPENDIX 4D HALF YEAR REPORT FOR THE PERIOD ENDED 30 JUNE 2017

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

Current period: 1 January 2017 - 30 June 2017
 Prior corresponding period: 1 January 2016 - 30 June 2016

2. Results for announcement to the market

Key Information	Half year	Half year	Change	
	ended 30 June 2017	ended 30 June 2016	Up/ down	%
	\$	\$		
Revenues from ordinary activities	58,081	518,908	Down	-89%
(Loss)/Profit from ordinary activities after tax attributable to members of the parent	(10,654,252)	1,663,303	Down	-741%
Net (loss)/Profit for the period attributable to members of the parent	(10,284,658)	1,562,824	Down	-758%

3. Dividend Information

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

4. Net Tangible Assets per security

	Half year ended 30 June 2017 (cents)	Half year ended 30 June 2016 (cents)
Net tangible assets per security (with the comparative figures for the previous corresponding period)	9.12	(0.14)

5. Details of entities over which control has been gained

Name of Entity: N/A
 Date of control: N/A
 Name of Entity: N/A
 Date of control: N/A

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FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES

ABN: 88 004 080 460

**Financial Report For The Half-Year Ended
30 June 2017**

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FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES

ABN: 88 004 080 460

Financial Report For The Half-Year Ended 30 June 2017

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FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES

ABN: 88 004 080 460

DIRECTORS' REPORT

Your directors of Fatfish Internet Group Limited ("the Company") present their report on the consolidated entity ("Group"), consisting of Fatfish Internet Group Limited and the entities it controlled at the end of, or during, the half-year period ended 30 June 2017.

General Information

Directors

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

Dato' Larry Nyap Liou Gan

Kin Wai Lau

Donald Low

Jeffrey Hua Yuen Tan

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

DIRECTORS' REPORT

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

Review of Operations

The consolidated loss for the six month period ended 30 June 2017 was \$10,689,077. (2016 profit: \$1,472,051)

The net assets of the Group as at 30 June 2017 was \$23,210,075. (31 December 2016: \$32,360,144)

For this half year, the Company focussed on assisting its investee companies to scale up their product development or marketing efforts. The Company also actively assisted a number of its investee companies to look for further funding and corporate strategy.

Meanwhile the Company's subsidiaries continue to partner with Southeast Asian governments to run various co-investments and incubation programs. Some of the notable activities within the portfolio of investee companies that have taken place over the 6 months include iFashion Group's acquisition of Megafash , a leading lifestyle multi-label online and physical retailer in Singapore.

The Company's Malaysian subsidiary Fatfish Ventures Sdn. Bhd. has acquired a strategic 7.7% shareholding in Malaysia-listed Peterlabs Holdings Berhad.

Moving forward, the Company will continue to play an active role in assisting its investee companies to build up capabilities in product development and marketing initiatives.

Auditor's Independence Declaration

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

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

On behalf of the Directors



Donald Low

Director

Melbourne

Dated this 31 August 2017

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To the Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the review of the financial statements of Fatfish Internet Group Limited for the half year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- ▶ the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- ▶ any applicable code of professional conduct in relation to the review.

Yours faithfully

BENTLEYS
Chartered Accountants

MARK DELAURENTIS CA
Director

Dated at Perth this 31st day of August 2017



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- ▶ Accountants
- ▶ Auditors
- ▶ Advisors

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2017

	Note	Group	
		30 June 2017	30 June 2016
		\$	\$
Continuing operations			
Revenue		58,081	518,908
Cost of Sales		-	(18,761)
Gross Profit		<u>58,081</u>	<u>500,147</u>
Administration expenses		(175,245)	(1,178,507)
Marketing expenses		(21,783)	(118,716)
Depreciation and amortisation expense		(34,951)	(150,753)
Impairment of receivables		(47,837)	-
Financial expense		(5,821)	(598)
Listing and filing fees		(17,772)	(72,067)
Employee benefits expense		(182,118)	(261,349)
Occupancy expenses		(49,617)	(31,131)
Unrealised losses on investments at fair value		(10,184,834)	-
Other income / (expense)	2(a)	(27,180)	2,785,025
(Loss)/Profit before income tax		<u>(10,689,077)</u>	<u>1,472,051</u>
Tax expense		-	-
Net (Loss)/Profit from continuing operations		<u>(10,689,077)</u>	<u>1,472,051</u>
Net (Loss)/Profit for the half year		<u>(10,689,077)</u>	<u>1,472,051</u>
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss when specific conditions are met:			
Revaluation of available for sale assets		808,814	-
Exchange differences on translating foreign operations, net of tax		(410,281)	(86,549)
Total other comprehensive income for the half year		<u>398,533</u>	<u>(86,549)</u>
Total comprehensive income for the half year		<u>(10,290,544)</u>	<u>1,385,502</u>
Net profit attributable to:			
Members of the parent entity		(10,654,252)	1,663,303
Non-controlling interest		(34,825)	(191,252)
		<u>(10,689,077)</u>	<u>1,472,051</u>
Total comprehensive income attributable to:			
Members of the parent entity		(10,284,658)	1,562,824
Non-controlling interest		(5,886)	(177,322)
		<u>(10,290,544)</u>	<u>1,385,502</u>
Earnings per share			
From continuing and discontinued operations:			
Basic earnings per share (cents)		(6.07)	0.91
Diluted earnings per share (cents)		(6.07)	0.51

The accompanying notes form part of these financial statements.

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	Group	
		30 June 2017	31 December 2016
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		969,000	398,819
Trade and other receivables		86,160	97,749
Available for sale financial assets	4	5,207,634	4,457,998
Other assets		671	-
Other financial assets	6	1,955,319	2,242,058
TOTAL CURRENT ASSETS		<u>8,218,784</u>	<u>7,196,624</u>
NON-CURRENT ASSETS			
Investments at fair value through profit or loss	5	17,240,387	27,777,963
Investments in associates		5,567	-
Other financial assets	6	861,831	-
Property, plant and equipment		50,586	49,671
Intangible assets	7	233,231	250,405
TOTAL NON-CURRENT ASSETS		<u>18,391,602</u>	<u>28,078,039</u>
TOTAL ASSETS		<u>26,610,386</u>	<u>35,274,663</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		157,279	108,883
Borrowings		1,199,288	662,635
TOTAL CURRENT LIABILITIES		<u>1,356,567</u>	<u>771,518</u>
NON-CURRENT LIABILITIES			
Borrowings		2,043,744	2,143,001
TOTAL NON-CURRENT LIABILITIES		<u>2,043,744</u>	<u>2,143,001</u>
TOTAL LIABILITIES		<u>3,400,311</u>	<u>2,914,519</u>
NET ASSETS		<u>23,210,075</u>	<u>32,360,144</u>
EQUITY			
Issued capital	8	28,962,050	27,786,750
Reserves	13	1,623,343	1,218,924
Retained earnings		(7,196,001)	3,493,076
Parent interest		23,389,392	32,498,750
Non-controlling interest		(179,317)	(138,606)
TOTAL EQUITY		<u>23,210,075</u>	<u>32,360,144</u>

The accompanying notes form part of these financial statements.

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 30 JUNE 2017

Consolidated Group
Balance at 1 January 2016

Comprehensive income
Profit for the year
Other comprehensive income for the year
Total comprehensive income for the year

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

Recognition of additional ownership in subsidiary
Recognition of non-controlling interest of Beam Storage Pte Ltd
Excess of contribution received from non-controlling interest
Total transactions with owners and other transfers

Balance at 30 June 2016

Balance at 1 January 2017

Comprehensive income
Loss for the period
Other comprehensive income for the half year
Total comprehensive income for the half year

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

Shares issued during the period
Transaction costs
Total transactions with owners and other transfers

Balance at 30 June 2017

Ordinary	Retained Earnings	Reserves				Subtotal	Non-controlling interests	Total
		Foreign Currency Translation Reserve	Financial Assets Reserve	Option Reserve	Non-controlling interest excess contribution reserve			
\$	\$	\$	\$	\$	\$	\$	\$	
27,486,990	(20,642,557)	11,714	-	1,290,752	-	8,146,899	1,217,038	9,363,937
-	1,663,303	-	-	-	-	1,663,303	(191,252)	1,472,051
-	-	(100,479)	-	-	-	(100,479)	13,930	(86,549)
-	1,663,303	(100,479)	-	-	-	1,562,824	(177,322)	1,385,502
(630,398)	-	-	-	-	-	(630,398)	-	(630,398)
-	-	-	-	-	-	-	51,488	51,488
-	-	-	-	-	4,500,000	4,500,000	(390,222)	4,109,778
(630,398)	-	-	-	-	4,500,000	3,869,602	(338,734)	3,530,868
26,856,592	(18,979,254)	(88,765)	-	1,290,752	4,500,000	13,579,325	700,982	14,280,307
27,786,750	3,493,076	(271,400)	1,490,324	-	-	32,498,750	(138,606)	32,360,144
-	(10,689,077)	-	-	-	-	(10,689,077)	(34,825)	(10,723,902)
-	-	(404,395)	808,814	-	-	404,419	(5,886)	398,533
-	(10,689,077)	(404,395)	808,814	-	-	(10,284,658)	(40,711)	(10,325,369)
1,198,360	-	-	-	-	-	1,198,360	-	1,198,360
(23,060)	-	-	-	-	-	(23,060)	-	(23,060)
1,175,300	-	-	-	-	-	1,175,300	-	1,175,300
28,962,050	(7,196,001)	(675,795)	2,299,138	-	-	23,389,392	(179,317)	23,210,075

The accompanying notes form part of these financial statements.

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES

ABN: 88 004 080 460

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 30 JUNE 2017

	Group	
	30 June 2017	30 June 2016
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	203,365	289,038
Interest received	547	21,003
Payments to suppliers and employees	(694,137)	(1,694,164)
Net cash provided by (used in) operating activities	<u>(490,225)</u>	<u>(1,384,123)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(18,693)	(19,993)
Purchase of software	-	(299,777)
Purchase of investments	(861,831)	(324,957)
Loans to related parties:		
- payments received	814,101	430,641
- payments made	(50,622)	(1,700,284)
Net cash provided by (used in) investing activities	<u>(117,045)</u>	<u>(1,914,370)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	1,198,360	-
Payments for capital raising costs	(23,060)	-
Proceeds from issue of shares of iCandy Interactive Limited	-	4,121,584
Payments for capital raising costs of iCandy Interactive Limited	-	(369,980)
Net cash provided by financing activities	<u>1,175,300</u>	<u>3,751,604</u>
Net increase in cash held	568,030	453,111
Cash and cash equivalents at beginning of financial year	398,819	2,096,820
Effect of exchange rates on cash holdings in foreign currencies	2,151	(10,930)
Cash and cash equivalents at end of the half year	<u><u>969,000</u></u>	<u><u>2,539,001</u></u>

The accompanying notes form part of these financial statements.

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FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2017

The condensed consolidated financial statements of Fatfish Internet Group Limited for the six months ended 30 June 2017 were authorised for issue in accordance with a resolution of the directors on 31 August 2017 and cover the consolidated entity consisting of Fatfish Internet Group Limited and its controlled entities ("the Group") as required by the Corporations Act 2001.

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

Note 1 Summary of Significant Accounting Policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include all the notes of the type usually included in the annual financial report. It is therefore recommended that this financial report be read in conjunction with the financial report for the year ended 31 December 2016 and any public announcements made by the Company since 31 December 2016 in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

Basis of Preparation

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

Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were used in the Group's last reported annual financial statements as at 31 December 2016, unless otherwise stated.

(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.

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. 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 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 equity; 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 AASB10, 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 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 HALF-YEAR ENDED 30 JUNE 2017

(Note 1: Summary of Significant Accounting Policies (Cont'd))

(b) Foreign Currency Transactions and Balances

Functional and presentation currency

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

Transaction and balances

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

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

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

(c) Critical Accounting Estimates and Judgements

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

Key Estimates

(i) Fair value measurement

The Group assesses the fair value of its subsidiaries and available for sale assets at the end of each reporting period by evaluating events and market prices specific to the assets. Fair value of the relevant assets are reassessed using different valuation approaches and methodologies which incorporates various key assumptions.

(d) Going Concern

The half year financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The ability of the Group to continue as a going concern is principally dependent upon the ability of the Company to secure funds by placing the shortfall from the renounceable pro-rata entitlement offer completed in June 2017; disposing investments in line with the business strategy and managing cashflow in line with available funds.

The directors have prepared a cash flow forecast, which indicates that the Company will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report.

(e) 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.

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2017

(Note 1: Summary of Significant Accounting Policies (Cont'd))

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, 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-of-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-of-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
- inclusion of additional disclosure requirements.

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

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

- AASB 2014-10: *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-10: *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128*).
This Standard amends AASB 10: *Consolidated Financial Statements* with regards to a parent losing control over a subsidiary that is not a "business" as defined in AASB 3: *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.

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2017

Note 2 Profit /(Loss) for the Year

	Group	
	30 June 2017	30 June 2016
Profit before income tax from continuing operations includes the following specific expenses:		
(a) Other income / (expenses)	\$	\$
— interest received	547	21,003
— foreign exchange gains	(28,338)	60,873
— gain on sale of subsidiary / associate	611	2,721,643
— Other expenses	-	(18,494)
	<u>(27,180)</u>	<u>2,785,025</u>
(b) Included in administration expenses		
— professional fees	54,163	397,305
— travelling expenses	55,572	41,580
— developer fees	-	435,701
	<u>109,735</u>	<u>874,586</u>

Note 3 Dividends

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

Note 4 Available for Sale Financial Assets

	Note	Group	
		30 June 2017	31 December 2016
		\$	\$
CURRENT			
Available-for-sale financial assets	4a	5,207,634	4,457,998
Total current assets		<u>5,207,634</u>	<u>4,457,998</u>
(a) Available-for-sale financial assets			
CURRENT			
Unlisted Investments, at fair value			
— shares in other corporations		5,207,634	4,457,998
		<u>5,207,634</u>	<u>4,457,998</u>
Opening Balance		4,457,998	205,866
Additions		-	2,811,808
Movement in foreign currency		(59,178)	-
Increase in fair value for AFS financial assets		808,814	1,490,324
Disposals		-	(50,000)
Closing balance		<u>5,207,634</u>	<u>4,457,998</u>

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2017

Note 5 Interests in Subsidiaries

(a) Information about Principal Subsidiaries

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

Name of subsidiary	Country of Incorporation	Ownership interest held by the Group		Proportion of non-controlling interests	
		30 June 2017	31 December 2016	30 June 2017	31 December 2016
Fatfish Internet Pte Ltd	Singapore	100%	100%	-	-
Fatfish Capital Limited	British Virgin Island	75%	50%	25%	50%
Fatfish Advisory Limited (formerly known as Autodirect Corporation)	British Virgin Island	100%	100%	-	-
vDancer Pte Ltd	Singapore	95%	95%	5%	5%
Kensington Ventures Pte Ltd*	Singapore	73%	82%	27%	18%
iCandy Ventures Limited*	British Virgin Island	73%	82%	27%	18%
Fatfish Ventures Sdn Bhd	Malaysia	75%	75%	25%	25%
Inzen Studio Pte Ltd*	Singapore	73%	-	27%	-
AppXplore Sdn Bhd*	Malaysia	73%	82%	27%	18%
iCandy Interactive Limited*	Australia	73%	82%	27%	18%
Beam Storage Pte Ltd	Singapore	-	71%	-	29%
Fatfish Investments Partners Pte Ltd	Singapore	100%	100%	-	-

*Kensington Ventures Pte Ltd, Inzen Studio Pte Ltd, iCandy Ventures Limited and AppXplore Sdn Bhd are fully owned subsidiaries of iCandy Interactive Limited, of which Fatfish Internet Group Limited owns 73% (31 December 2016: 82%)

(b) Significant Restrictions

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

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

Subsidiary	Country of Incorporation	Fair Value at 30 June 2017	Fair Value at 31 December 2016
Vdancer Pte Ltd	Singapore	877,877	1,028,285
Fatfish Advisory Limited	British Virgin Island	-	-
Fatfish Ventures Sdn Bhd	Malaysia	-	-
iCandy Interactive Limited	Australia	16,362,500	26,749,661
Fatfish Investments Partners Pte Ltd	Singapore	10	10
Beam Storage Pte Ltd	Singapore	-	7
		<u>17,240,387</u>	<u>27,777,963</u>

Note 6 Other Financial Assets

	Note	Group	
		30 June 2017	31 December 2016
		\$	\$
CURRENT			
Other investments	6a	1,955,319	2,242,058
Total current assets		<u>1,955,319</u>	<u>2,242,058</u>
NON-CURRENT			
Other investments	6a	861,831	-
Total non-current assets		<u>861,831</u>	<u>-</u>

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2017

(Note 6: Other Financial Assets (Cont'd))

	Group	
	30 June 2017	31 December 2016
	\$	\$
(a) Other investments		
CURRENT		
Amounts receivable from related parties		
- associates	949,894	464,156
- subsidiaries (unconsolidated)	1,023,818	2,027,961
Less:		
Provision for impairment of amounts receivable from related parties	(18,393)	(250,059)
	<u>1,955,319</u>	<u>2,242,058</u>
NON-CURRENT		
Convertible Notes	861,831	-
	<u>861,831</u>	<u>-</u>

During the reporting period, the Company purchased 2 convertible notes for a total value of \$861,831 (SGD 913,368). The terms and conditions for each convertible note are set out below:

Fatfish Advisory Limited - \$620,278 (SGD 657,371)

Maturity	Due and payable on the first day after the 24 month from the Issue Date of the Note (10 April 2017)
Interest on loan	No interest payable
Conversion by holder	On maturity, if the Company decides not to opt for repayment, the Company can choose to convert the principal sum into shares of the company.

Fatfish Ventures Sdn Bhd - \$241,553 (SGD 255,998)

Maturity	Due and payable on the first day after the 24 month from the Issue Date of the Note (10 April 2017)
Interest on loan	No interest payable
Conversion by holder	On maturity, if the Company decides not to opt for repayment, the Company can choose to convert the principal sum into shares of the company.

Note 7 Intangible Assets

	Group		
	30 June 2017	31 December 2016	
	\$	\$	
Computer software:			
Cost	328,730	328,730	
Accumulated amortisation and impairment losses	(95,499)	(78,325)	
Net carrying amount	<u>233,231</u>	<u>250,405</u>	
Total intangible assets	<u>233,231</u>	<u>250,405</u>	
Group:			
	Goodwill	Computer Software	Total
	\$	\$	\$
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)
Disposals	-	-	-
Amortisation and impairment losses	-	(294,745)	(294,745)
	<u>-</u>	<u>250,405</u>	<u>250,405</u>

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2017

(Note 7: Intangible Assets (Cont'd))

	Goodwill	Computer Software	Total
	\$	\$	\$
Half-year ended 30 June 2017			
Balance at the beginning of the year	-	250,405	250,405
Additions	-	-	-
Disposals	-	-	-
Amortisation charge	-	(17,174)	(17,174)
Closing value at 30 June 2017	<u>-</u>	<u>233,231</u>	<u>233,231</u>

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 8 Issued Capital

	Group	
	30 June 2017	31 December 2016
	\$	\$
289,135,408 fully paid ordinary shares (2016: 169,299,446 fully paid ordinary shares)	<u>28,962,050</u>	<u>27,786,750</u>
	<u>28,962,050</u>	<u>27,786,750</u>

	Group	
	30 June 2017	31 December 2016
	No.	No.
(a) Ordinary Shares		
At the beginning of the reporting period	169,299,446	161,799,446
Shares issued during the year	119,835,962	7,500,000
At the end of the reporting period	<u>289,135,408</u>	<u>169,299,446</u>
	\$	\$
Balance at beginning of period	27,786,750	27,486,990
Cash proceeds from institutional placement	-	300,000
Cash proceeds from rights issue	1,198,360	-
Expenses directly related to capital raising	(23,060)	(240)
	<u>28,962,050</u>	<u>27,786,750</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.

	Group	
	30 June 2017	31 December 2016
	No.	No.
At the beginning of the reporting period	-	129,075,166
Options issued during the year	119,835,962	-
Options expired during the reporting period	-	(129,075,166)
At the end of the reporting period	<u>119,835,962</u>	<u>-</u>

Options were issued as a free attaching option which attaches to each new share issued under the Rights Issue. Options has an exercise price of \$0.011 and an expiry date of 9 June 2019.

Note 9 Contingent Liabilities

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

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2017

Note 10 Operating Segments

General Information

Identification of reportable segments

The Group has identified its operating segments based on geographical locations

(iv) **Revenue by geographical region**

	30 June 2017	30 June 2016
	\$	\$
Australia	-	20,955
Malaysia	-	334,899
Singapore	58,081	163,054
Total revenue	58,081	518,908

(v) **Assets by geographical region**

	30 June 2017	31 December 2016
	\$	\$
Australia	1,004,032	261,130
Singapore	25,606,355	35,013,533
Total Assets	26,610,387	35,274,663

Note 11 Events After the Reporting Period

On 17 July 2017, the Company announced the termination of the Term Sheet with Mountain Partners AG that was announced on 18 August 2016. The proposed strategic partnership arrangement with Mountain Partners AG proposed under the Term Sheet would no longer be pursued by the Company.

The Board is continuing to pursue options to unlock and monetise the values of its assets and will update the market in due course.

Note 12 Fair Value Measurements

	30 June 2017		31 December 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$	\$	\$	\$
Consolidated Group				
Financial assets				
Cash and cash equivalents	969,000	969,000	398,819	398,819
Trade and other receivables	86,160	86,160	239,796	239,796
Related parties - advances	1,955,319	1,955,319	2,242,058	2,242,058
Available for sale financial assets	5,207,634	5,207,634	4,457,998	4,457,998
Investments at fair value	17,240,387	17,240,387	27,777,963	27,777,963
Other financial assets	861,831	861,831	-	-
Other assets	671	671	-	-
Total financial assets	26,321,002	26,321,002	35,116,634	35,116,634
Financial liabilities				
Trade and other payables	157,279	157,279	97,749	97,749
Borrowings	3,243,032	3,243,032	2,805,636	2,805,636
Total financial liabilities	3,400,311	3,400,311	2,903,385	2,903,385

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

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

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

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2017

(Note 12: Fair Value Measurements (Cont'd))

(a) Fair value hierarchy

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

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

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

	30 June 2017			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Recurring fair value measurements				
Financial assets				
Available-for-sale financial assets				
— Shares in unlisted companies – unrelated parties		5,207,634		5,207,634
Total financial assets recognised at fair value on a recurring basis	-	5,207,634	-	5,207,634
Non-financial assets				
Investments in subsidiaries	16,362,500	877,887		17,240,387
Total non-financial assets recognised at fair value on a recurring basis	16,362,500	877,887	-	17,240,387
	31 December 2016			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Recurring fair value measurements				
Financial assets				
Available-for-sale financial assets				
— Shares in unlisted companies – unrelated parties	-	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	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

Note 13 Reserves

a. Option Reserve

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

	Group	
	30 June 2017	31 December 2016
	\$	\$
Balance at beginning of year		1,290,752
Options issued		-
Options exercised		-
Options expired		(1,290,752)
	-	-

b. Foreign Currency Translation Reserve

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

	Group	
	30 June 2017	31 December 2016
	\$	\$
Balance at beginning of year	(271,400)	11,714
Foreign currency movements during the year	(404,395)	(283,114)
	(675,795)	(271,400)

FATFISH INTERNET GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2017

(Note 13: Reserves (Cont'd))

c. Financial Assets Reserve

The financial assets reserve records revaluations of financial assets.

	Group	
	30 June 2017	31 December 2016
	\$	\$
Balance at beginning of year	1,490,324	-
Fair value movements during the period	808,814	1,490,324
	2,299,138	1,490,324
Total Reserves		
Option reserve	-	-
Foreign currency translation reserve	(675,795)	(271,400)
Financial assets reserve	2,299,138	1,490,324
	1,623,343	1,218,924

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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 3 to 16, 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 30 June 2017 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 and Chief Financial Officer.

Director



Donald Low

Dated this 31 August 2017

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Independent Auditor's Review Report

To the Members of Fatfish Internet Group Limited

We have reviewed the accompanying half-year financial report of Fatfish Internet Group Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 30 June 2017, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled during the half-year.

Directors Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*. As the auditor of the Consolidated Entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Independent Auditor's Review Report
To the Members of Fatfish Internet Group Limited (Continued)



Independence

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

Conclusion

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

- a. Giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2017 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

BENTLEYS
Chartered Accountants

MARK DELAURENTIS CA
Director

Dated at Perth this 31st day of August 2017

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