



Fatfish Internet Group Ltd
(ACN 004 080 460)
Level 4, 91 William Street
Melbourne VIC 3000
Australia
www.fatfish.co

31st July 2018

Letter to the Shareholders

Dear Fatfish Shareholders,

The June 2018 quarter has been an exciting period for both shareholders and directors alike. Fatfish Internet Limited ("Fatfish", the "Company") (ASX:FFG) continues to be the only, if not one of a couple, publicly listed companies with projects and investments in the three highest growth areas of the cryptocurrency and block chain sectors; Cryptocurrency Exchanges; Cryptocurrency Mining; & Cryptocurrency Funds Management.

Cryptocurrency Exchanges, whereby cryptocurrencies can be bought and sold, continue to be a high growth area within the industry and contribute significant revenue to the sector. Through the soon to be launched Kryptos-X exchange, Fatfish investors will be exposed to this exciting element within the cryptocurrency market. Co-founded with Tony Mackay from Chi-X, we anticipate a 2018 Q3 launch after final testing is completed and final regulatory requirements are met.

Another high growth and high revenue sector in the cryptocurrency market is Cryptocurrency Mining. Fatfish investee and 51% owned APAC Mining Corp has established operations in Malaysia and on the 19th of April 2018, the Company announced a further crypto mining facility to be established in Montreal Canada. This new facility will capitalise on the low-cost energy tariffs which are some of the lowest in the world. The recently raised AU \$2.5 million will also help to grow the APAC mining business, providing further exposure for Fatfish shareholders to this integral part of the cryptocurrency industry.

During the June 2018 quarter, it was also announced that Fatfish would spin out and invest in Fund-of-Funds manager, Epsilon Capital Management. Specialising in creating a fund which invests into other cryptocurrency and blockchain funds, Fatfish now holds 20% ownership of Epsilon. The Company plans to utilize this investment to grow capital through strategic investments in leading cryptocurrency and block chain hedge funds.

I thank you for your support over the July quarter and hope that you continue as a shareholder as we expand and grow our investments in the ever-changing cryptocurrency and block chain industry.

Yours Faithfully,

Kin Wai Lau
CEO / Executive Director
Fatfish Internet Group Limited



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Fatfish Update for the Quarter Ending June 30th, 2018

Highlights

- Term sheet signed with eSports and blockchain company eSports.com and iCandy Interactive Limited, whereby Fatfish will acquire 3.45% of eSports.com
- Fatfish's 51% owned investee APAC mining produced initial encouraging results at 60% of their equipment capacity and later in the quarter, acquired a further site in Montréal, Canada, with the capacity for 700 cryptocurrency mining servers
- FFG Shares commenced trading on the OTCQB allowing North American investors to directly invest in Fatfish in a full regulatory compliant framework
- Fatfish's incubated and 20% owned Epsilon Funds Management was established to invest in cryptocurrency and blockchain hedge funds
- Investee of Fatfish, iFashion Group, was sold for USD\$18.7M to veteran Singapore based fintech company, MC Payments, netting the Company US\$3.179M in MC Payment shares in return for Fatfish's 17% holding
- The Company completed a successful capital raise for AU\$2.5M, with AU\$1M raised from investors in the Australian market and AU\$1.5M raised from a U.S. Institutional investor through convertible note
- To signify the change in strategic direction, the Fatfish Board of Directors approved a name to Fatfish Blockchain Limited, subject to shareholder approval

International tech venture builder Fatfish Internet Group Ltd ("Fatfish", "FFG" or the "Company") (ASX Code: FFG) is pleased to provide an update on its quarterly activities for the period ending 30th of June, 2018.

Esports.com

On the 6th of June, 2018, Fatfish announced the execution of a term sheet ("Term Sheet") with leading eSports and blockchain company eSports.com Group AG ("Esports.com") and Fatfish subsidiary iCandy Interactive Limited ("iCandy") (ASX:ICI), whereby Fatfish will acquire 3.45% of eSports.com.

Known as electronic sports, competitive (video) gaming, professional (video) gaming, or pro gaming, eSports is a form of competition using video games. Most

commonly, eSports take the form of organised, multiplayer video game competitions, particularly between professional players. Incorporated in Germany, eSports.com is an eSports and blockchain company which is well positioned for growth within the eSports industry which attracts a fan base across Europe, Asia North and South American of over 380 Million people.

Under the Term Sheet, Fatfish will exchange 45.6M of its ordinary shares in iCandy for ordinary shares in eSports.com. The iCandy shares being exchanged by Fatfish are to be valued at AUD \$4.56 million (or \$0.10) per share and the transaction will result in Fatfish owing 3.45% of eSports.com.

eSports.com has also agreed to invest USD \$1M (Approximately AU\$1.32M) into iCandy in exchange for 16.5 million ordinary shares in iCandy. This transaction represents 5.18% of iCandy's fully diluted capital which accounts for the previously announced share issue to Animoca Brands Ltd. Upon completion of both transactions, eSports.com will own 19.5% of iCandy interactive and will appoint one director to the board of iCandy to facilitate collaboration between the businesses.



Image 1 – An example of a large scale eSports competition taking place in Europe.

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Epsilon Capital Management

During the quarter, it was announced that Fatfish Internet would spin out and invest in Fund-of-Funds manager, Epsilon Capital Management ("Epsilon"). Epsilon specialises in creating a fund which invests into other cryptocurrency and blockchain funds.

Boasting a Board of Directors with a wealth of experience in blockchain, cryptocurrency and funds management, Epsilon Capital aims to utilise qualitative and quantitative analysis means to select the best and leading hedge funds and venture capitalists to deploy funds into.

Fatfish was responsible for incubating the business for a six-month period and also invested a total of \$500,000, bringing Fatfish's total holding in Epsilon to 20%. This investment and shareholding in Epsilon provides FFG shareholders with further exposure to the significant market cryptocurrency and blockchain market.

Kryptos-X

During the quarter, Fatfish provided a market update that its 27% owned Kryptos-X exchange has commenced pre-trading operations, working with its new partners and is targeting a Q3 trading launch, as it finalises and refines platform development and continues to meet regulatory requirements. Co-founded by Chi-X founder, Tony Mackay, the Cryptos-X platform is currently undergoing testing to meet regulatory compliance and consultation with professional customers as they are onboarded onto the platform. The Cryptos-X team continue to work to meet the requirements of the changing regulatory environment.

APAC Mining

On the 19th of April 2018, it was announced to the market that Fatfish Internet's 51% owned Investee, APAC Mining Corp ("APAC Mining", "APAC") produced positive initial results from mining Bitcoins and Ethers. At the time, APAC's operation was operating at 60% of their equipment capacity, with full capacity forecasted to be achieved during May of 2018. Even at 60% capacity, the mining operation was producing 2 bitcoins and 8 Ethers per week, which provides significant scalability for the business.

To expand the APAC mining operation, during May, 2018, it was announced to the market that APAC had acquired a new site in Montreal, Canada, with the capacity for 700 cryptocurrency mining servers. With some of the lowest energy rates in the world due to hydro power, the newly secured site will allow APAC to expand its operations whilst minimising fixed costs. Once this Montréal site is established and operating, APAC plans to secure additional sites in the area, which will further expand revenues for the APAC business.

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OTCQB Listing

In late June 2018, it was announced to the market that Fatfish shares had commenced trading on the OTCQB, thereby allowing North American investors to directly invest in Fatfish in a full regulatory compliant framework. The OTCQB is a US-based financial market operated by the OTC Markets Group in New York and is the second highest tier of the U.S. OTC Markets. Through the dual listing, Fatfish aims to engage a far greater network of U.S. investors, data distributors and media partners, ensuring that North American investors have the same access to high quality information as investors in Australia.

Sale of iFashion Group

During the quarter, Fatfish founded iFashion Group was sold to Singapore based veteran fintech start up MC Payments for a total of \$18.7M USD or approximately AUD \$24.8M. As an online fashion and lifestyle retailer, iFashion Group adopted a growth via acquisition and incubation which has included some of Singapore's most influential lifestyle brands including Dressabelle, Megafish, Invade and Artbox Singapore.

Fatfish held a 17% shareholding in iFashion and the sale of the business netted the Company a total of USD \$3.179M or approximately AUD \$4.23 Million worth of MC Payment shares. MC payment plans to list on the Singapore Exchange via reverse takeover, with SGX Catalist listed Artivision Technologies Limited, providing liquidity for Fatfish in their holding of MC Payment shares and further cash flow external to capital raising.

Corporate Updates

Capital Raise through Private Placement and Convertible Note

In July of 2018, Fatfish completed a capital raise of \$2.5 Million through private placement and convertible note, with funds to be used for working capital to expand the APAC mining operation and for the Epsilon Fund of Funds. Through the capital raise, AU\$1M was raised in equity from the Australian market at \$0.03 per share with a 1:1 attaching option and AU\$1.5M raised from a U.S. based institutional investor under a convertible note. As well as being non-dilutive to existing FFG shareholders, the capital raised through the U.S. investor provides synergies with the Company's OTCQB listing.

Name Change to Fatfish Blockchain

During the July quarter, subject to shareholder approval, it was announced that the Fatfish Board of Directors had approved a name change to Fatfish Blockchain Limited. With a strong focus on investments in the crypto and blockchain sectors, Fatfish's announced name change signifies the long term strategic direction of the Company.



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Fatfish's Swedish Subsidiary Seeks to Replace Financial Advisor

In April of 2018, it was announced to the market that Fatfish's wholly owned subsidiary Fatfish Global Ventures AB (FGV) was seeking to replace its financial advisors Remium Nordic AB, which had been appointed to advise FGV on its Initial Public Offering on the Swedish public market. This action was taken in a response to the Finansinspektionen (FI) (Swedish Financial Services Authority) issuing a sanction on Remium for its non-compliance on its credit business and ownership structure. This sanction did not apply to the Corporate Finance Division of Remium which FGV was working with, however despite this FI has proceeded to revoke the license of Remium whilst allowing it to continue to operate as Remium exits its clientele relationship in an orderly fashion.

Reinstatement of iCandy Interactive Limited

During the quarter, it was announced that Fatfish Subsidiary, iCandy Interactive Limited, was successful in its application to the Federal Court of Australia for order providing in the retrospective curing of the offers for sale, or sale, by the subscribers of shares issued on the 9th of October, 2017. That is, it was declared that the Placement Shares during the period after their issue are not invalid for any reason of the sellers' failure to comply with the applicable cleansing provision.

Change in Directors Interest Notice

In May of 2018, it was announced that Fatfish's director Gan Nyap Liou's holdings in the company change as per the summary below:

Number of Securities held prior to change:

Direct:	640,012 (Ordinary Shares)
	320,006 (Unlisted Options)
Indirect:	10,706,138 (Ordinary Shares)
	5,353,069 (Unlisted Options)

Number of securities held after change:

Direct:	640,012 (Ordinary Shares)
	320,006 (Unlisted Options)
Indirect:	10,076,138 (Ordinary Shares)
	30,353,069 (Unlisted Options)

Consideration for the increased unlisted options was AU\$250,000 and signifies the directors support for Fatfish and the commitment to the company.

- End -

About Fatfish Internet Group

Fatfish Internet Group Ltd (ASX Code: FFG) is a publicly traded international venture



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investment and development firm. FFG partners with entrepreneurs and experienced executives to build and grow tech businesses via a co-entrepreneurship model. FFG focusses on emerging global technology trend, specifically FFG has been investing strategically across various sectors of **cryptocurrency, fintech and consumer internet** technologies.

FFG operates from its international venture hubs located in Singapore, Kuala Lumpur and Stockholm.

About Fatfish Internet Global Ventures AB

Fatfish Global Ventures AB ("FGV") is a wholly owned, publicly listed Swedish subsidiary of FFG. The Company has headquarters in Stockholm and is actively investing and building exciting internet ventures across Europe and Asia. For more information of Fatfish Global Ventures, please www.fatfishglobal.com

For further information, contact:

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

FATFISH INTERNET GROUP LIMITED

ABN

88 004 080 460

Quarter ended ("current quarter")

30 JUNE 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	543	1,688
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(67)	(896)
(c) advertising and marketing	(47)	(49)
(d) leased assets	-	-
(e) staff costs	(177)	(440)
(f) administration and corporate costs	(970)	(1,717)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	3
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	29	29
1.9 Net cash from / (used in) operating activities	(688)	(1,382)

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

	Current quarter \$A'000	Year to date (6 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(191)	(265)
(b) businesses	-	(1,591)
(c) investments	(662)	(988)
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	15	15
(b) businesses	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	(166)	(446)
2.4 Dividends received	-	-
2.5 Other (provide details if material)	4	4
2.6 Net cash from / (used in) investing activities	(1,000)	(3,271)
3. Cash flows from financing activities		
3.1 Proceeds from issues of shares (Note 1)	993	1,993
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	41	62
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(93)
3.5 Proceeds from borrowings	-	-
3.6 Repayments of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (Shares issued 9 October 2017)	-	-
3.10 Net cash from / (used in) financing activities	1,034	1,962
4. Net increase / (decrease) in cash and cash equivalents for the period	(654)	(2,691)
4.1 Cash and cash equivalents at beginning of quarter/year to date	1,290	3,323
4.2 Net cash from / (used in) operating activities	(688)	(1,382)
4.3 Net cash from / (used in) investing activities	(1,000)	(3,271)
4.4 Net cash from / (used in) financing activities	1,034	1,962
4.5 Effect of movement in exchange rates on cash held	(58)	(54)
4.6 Cash and cash equivalents at end of quarter	578	578

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	578	1,290
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter	578	1,290

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
9
-

Directors Fees & Directors Salaries

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
166

Net payment to related entity loans

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

8. Financing facilities available

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
-	-
-	-

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and developments	-
9.2 Product manufacturing and operating costs	250
9.3 Advertising and marketing	25
9.4 Leased assets	-
9.5 Staff costs	220
9.6 Administration and corporation costs	150
9.7 Other	-
9.8 Total estimated cash outflows	645

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	N/A	N/A
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.



Sign here _____
Company Secretary

Date: 31 July 2018

Print Name Jiahui Lan

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