FATFISH BLOCKCHAIN LIMITED AND CONTROLLED ENTITIES

ABN: 88 004 080 460

Financial Report For The Year Ended 31 December 2018

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CORPORATE GOVERNANCE STATEMENT

Fatfish Blockchain 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 2018. The corporate governance statement is current as at 31 December 2018 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 Blockchain 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 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 Blockchain 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 2018.

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 Director's Report which is included in this Annual Report.

(b) Board role and responsibility

The Board is accountable to shareholders for Fatfish Blockchain 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 and 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 Blockchain Limited's risk management strategy, monitoring its effectiveness and maintaining a direct and ongoing dialogue with Fatfish Blockchain Limited's auditors and regulators; and
- considering and reviewing the social and ethical impact of Fatfish Blockchain Limited's activities, setting standards for social and ethical practices and monitoring compliance with Fatfish Blockchain 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 Blockchain Limited's annual budget, recommending it to the Board for approval and managing day-to-day operations within budget;
- 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 Blockchain 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 moment.

(d) The selection and role of the Chairman

The Chairman is selected by the Board from the non-executive Directors. The Chairman's role incudes:

- 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 view 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 Blockchain Limited, either directly, or as a partner, a shareholder or officer of a company or other company that has an interest, or a business or other relationship, with Fatfish Blockchain Limited or another Fatfish Blockchain Limited group member. Presently, the Board has two non-executive directors (out of a total of four) which meets this independence criteria.

(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 Blockchain 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 Blockchain 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 Blockchain 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 retired 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 advise

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 Blockchain Limited's Constitution and the law. The Board collectively, and each Director individually, has the right to seek independent professional advice at Fatfish Blockchain 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 Blockchain Limited's securities, which applies to all Directors and employees. Key aspects of this policy 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;
- Directors and employees may trade 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

The Company does not currently have separate committees due to the current size and limited nature of operations. Fatfish Blockchain Limited does not comply with ASX recommendations on Board Committees.

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 Blockchain 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. Full details regarding remuneration are contained in the audited Remuneration Report in the Director's Report of the Annual Report.

5. Audit governance and independence

(a) Approach to audit governance

The Board is committed to these basic principles:

- Fatfish Blockchain 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 total of external auditor

Fatfish Blockchain Limited's independent external auditors are Bentleys Audit & Corporate (WA) Pty Ltd.

(c) Discussions with external auditor or independence

The Board requires the external auditor to confirm that they have maintained their independence.

(d) Relationship with auditor

Fatfish Blockchain 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 Blockchain Limited's audit are prohibited from being an officer of Fatfish Blockchain Limited;
- an immediate family member of an audit partner or any audit firm employee on the Fatfish Blockchain Limited's audit is prohibited from being a Director or an officer in a significant position at Fatfish Blockchain Limited;
- a former audit firm partner or employee on the Fatfish Blockchain Limited' audit is prohibited from becoming a Director or officer in a significant position at Fatfish Blockchain 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 Blockchain Limited or any officer of Fatfish Blockchain Limited unless the relationship is clearly insignificant to other parties;
- the audit firm, its partners, its employees of the Fatfish Blockchain Limited's audit and their immediate family members are prohibited from having a direct or material indirect investment in Fatfish Blockchain Limited;
- officers of Fatfish Blockchain 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 Blockchain Limited; and
- the audit firm engagement team in any given year cannot include a person who had been an officer of Fatfish Blockchain Limited during that year.

(e) Restrictions on non-audit services by external auditor

The external auditor is not restricted in the provision of non-audit services to Fatfish Blockchain Limited except as required by the Corporations Act or the ASX Listing Rules.

(f) Attendance at Annual General Meeting

Fatfish Blockchain Limited's external auditor attends the annual general meeting and is available to answer shareholder questions.

6. Controlling and managing risk

(a) Appı Approach to risk management

Taking and managing risk are central to business and to building shareholder value. Fatfish Blockchain Limited' 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 Blockchain 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 Blockchain 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 Blockchain Limited's activities.

Fatfish Blockchain 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 Blockchain 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 Blockchain 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 Blockchain Limited currently pays 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 Blockchain Limited and time spent on specific issues.

(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 Blockchain Limited's approach to corporate responsibility and sustainability is to manage its business in a way that produces positive outcomes for all stakeholders and maximises economic, social and environmental value simultaneously. In doing so, Fatfish Blockchain 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 Blockchain Limited' 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 proved a benchmark for ethical and professional behaviour throughout the Company. It also promotes a healthy, respectful workplace and environment for all their employees.

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 consequence 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 Blockchain Limited shares

The Company Secretary has responsibility for ensuring compliance with the continuous disclosure requirements of ASX Listing Rules, as well as overseeing and coordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

Fatfish Blockchain 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 Blockchain Limited's policy is designed to ensure compliance with ASX Listing Rules continuous disclosure requirements. It ensures an information that a reasonable person would expect to have a material effect on the price of Fatfish Blockchain Limited's securities is disclosed.

Fatfish Blockchain 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 Corporation Governance 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.

Principles and Recommendations	Comply (Yes/No)	Note
Principle 1: Lay solid foundations for management and oversight		
Recommendation 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.	Yes	
Recommendation 1.2 A listed entity should: (a) Undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director; and (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.	Yes	
Recommendation 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes	
Recommendation 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.	Yes	

Recommendation 1.5 A listed entity should: (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 progress in achieving them; (b) Disclose that policy or a summary of it; and (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; (i) 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 (ii) 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.	Yes	
Recommendation 1.6 A listed entity should: (a) Have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) Disclose, in relation to each reporting period, whether a performance evaluation as undertaken in the reporting period in accordance with that process.	No	1
Recommendation 1.7 A listed entity should: (a) Have and disclose a process for periodically evaluating the performance of its senior executives; and (b) Disclose, in relation to each reporting period, whether a performance evaluation as undertaken in the reporting period in accordance with that process.	No	2
Principle 2: Structure the Board to add value		
Recommendation 2.1 The board of a listed entity should: (a) Have a nomination committee which: 1. Has at least three members, a majority of whom are independent directors; and 2. Is chaired by an independent directors, 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 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.	No	3
Recommendation 2.2 A listed entity should 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.	Yes	

Recommendation 2.3 A listed entity should disclose: (a) The names of the directors considered by the board to be independent directors; (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 (c) The length of service of each director	Yes	
Recommendation 2.4 A majority of the board of a listed entity should be independent directors.	Yes	
Recommendation 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.	No	4
Recommendation 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.	Yes	
Principle 3: Act ethically and responsibly		
Recommendation 3.1 A listed entity should: (a) Have a code of conduct for its directors, senior executives and employees; and (b) Discloses that code or a summary of it	Yes	
Principle 4: Safeguard integrity in corporate reporting		
Recommendation 4.1 The board of a listed entity should: (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, and disclose: - The charter of the committee; - The relevant qualifications and experience of 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 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.	No	5
Recommendation 4.2 The board of a listed entity should, before it approves the entity's financials 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.	Yes	

Recommendation 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.	Yes	
Principle 5: Make timely and balance disclosure		
Recommendation 5.1 A listed entity should: (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.	Yes	
Principle 6: Respect the rights of security holders		
Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website	Yes	
Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes	
Recommendation 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.	Yes	
Recommendation 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.	Yes	
Principle 7: Recognise and manage risk		
Recommendation 7.1 The board of a listed entity should: (a) Have a committee or committees to oversee risk, each of which: 1. Has at least three members, a majority of whom are independent directors; and 2. 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.	No	6
Recommendation 7.2 The board or a committee of the board should: (a) Review the entity's risk management framework at least annually to satisfy itself that is and continues to be sound; and (b) Disclose, in relation to each reporting period, whether such a review has taken place.	Yes	

Recommendation 7.3 A listed entity should disclose: (a) If it has an internal audit function, how the function is structured and what role it performs; or (b) If it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	Yes	
Recommendation 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 manages or intends to mange those risk.	Yes	
Principle 8: Remunerate fairly and responsibly		
Recommendation 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: - 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 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.	No	7
Recommendation 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.	Yes	
Recommendation 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 limits the economic risk of participating in the scheme; and (b) Disclose that policy or a summary of it.	No	8

Note 1:

The Board is responsible for evaluating the performance of the Board and individual Directors will be evaluated on an annual basis, with the aid of an independent advisor, if deemed required. The Company's Corporate Governance Plan requires the Board to disclose whether or not performance evaluations were conducted during the relevant reporting period with details of the performance evaluations conducted will be provided in the Company's Annual Report. No evaluation has taken place at the date of this report.

Note 2:

The Company has not undertaken a performance evaluation of its senior executives noting that the Company currently does not employ any executives. Performance reviews will take place once senior executive roles are occupied.

Note 3:

Due to the size and nature of the existing Board, the Company does not currently have a Nomination Committee. The full Board carries out the duties that would ordinarily be assigned to the Nomination Committee and the Board devotes time on an annual basis to discuss Board succession issues. All members of the Board are involved in the Company's nomination process, to the maximum extent permitted under the Corporations Act and ASX Listing Rules.

Note 4:

The current Chairman of the Company, Dato' Larry Nyap Liou Gan, is not deemed an independent director due to his shareholdings in the Company.

Note 5:

Due to the size and nature of the existing Board, the Company does not currently have a Audit Committee. The full Board carries out the duties that would ordinarily be assigned to the Audit Committee under the written terms of reference for that committee and annually to fulfilling the roles and responsibilities associated with maintaining the Company's internal audit function and arrangements with external auditors. All members of the Board are involved in the Company's audit function to ensure the proper maintenance of the entity and the integrity of all financial report.

Note 6:

Due to the size and nature of the existing Board, the Company does not currently have a Risk Management Committee. The full Board carries out the duties that would ordinarily be assigned to the Risk Management Committee and devotes time annually to fulfilling the rules and responsibilities associated with overseeing risk and maintaining the entity's risk management framework and associated internal compliance and control procedures.

Note 7:

Due to the size and nature of the existing Board, the Company does not currently have a Remuneration Committee. The full Board carries out the duties that would ordinarily be assigned to the Remuneration Committee and devotes time annually to fulfilling the rules and responsibilities associated with setting the level and composition of remuneration for Directors, ensuring that such remuneration is appropriate and not excessive.

Note 8:

The Company does not currently have any equity based remuneration schemes in place.

The Directors of Fatfish Blockchain Limited ("the Company") present their report on the consolidated entity ("the Group"), consisting of Fatfish Blockchain Limited and the entities it controlled at the end of and during the financial year ended 31 December 2018.

General Information

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:

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 position 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 an independent director of Ambank Group, Maybank Investment Bank, Tanjong Limited, 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 Limited. Today, he continues on the Boards of Cuscapi Berhad (Chairman), Rev Asia Berhad (Chairman), Fatfish Blockchain Limited (Chairman), Graphene Nanochem Limited, 8Common Limited and Flexiroam Limited.

Larry is a Certified Chartered Accountant (UK).

Other current directorships of listed companies

8Common Limited (listed on ASX)
Flexiroam Limited (listed on ASX)

Tropicana Corporation Berhad (listed on Bursa Malaysia)

Cloudaron Berhad (listed on Bursa Malaysia)

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

Graphene Nanochem PLC (listed on AIM)

Former directorships of listed companies in last three years

N/A

Kin Wai Lau

Chief Executive Officer

Executive Director

Appointed 21 July 2014

Kin Wai 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 an 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)

Former directorships of listed companies in last three years

N/A

Donald Han Low

Non-Executive Director

Appointed 8 April 2008

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 a 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 business 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

N/A

Former directorships of listed companies in last three years

iCandy Interactive Limited (resigned 1 April 2018)

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

N/A

Former directorships of listed companies in last three years

N/A

Anthony Mackay

Non-Executive Director

Appointed 15 March 2018
Resigned 12 March 2019

Anthony is a respected Australian entrepreneur and executive who has an extensive track-record across global capital markets, especially in Asia and Europe. Anthony is best known as the founding CEO and Chairman of Chi-X Europe and Global, the alternative stock trading platforms that disrupted securities trading across Europe, Australia, Canada and Japan.

Chi-X Europe went on to become the largest trading venue for European Securities within 3 years of commencement with a market share of over 20% in the major markets. In 2011, Chi-X Europe was bought by a US Stock Exchange BATS, which was itself bought by CBOE.

Other current directorships of listed companies

N/A

Former directorships of listed companies in last three years

N/A

Company Secretary

Mr Donald Low resigned as the Company Secretary on 1 April 2018. Mr Andrew Draffin and Ms Jiahui Lan was subsequently appointed as Joint Company Secretary on that date.

Andrew is a director of the accounting firm DW Accounting & Advisory Pty Ltd. He holds a Bachelor of Commerce and is a member of the Chartered Accountants Australia and New Zealand. Andrew is a Director, Chief Financial Offer and Company Secretary of listed, unlisted and private companies across a broad range of industries. His focus is on financial reporting, treasury management, management accounting and corporate services, areas where he has gained over 18 years experience.

Jiahui is a director of the accounting firm DW Accounting & Advisory Pty Ltd. She holds a Bachelor of Business (Accounting). Jiahui is a Director and Company Secretary of listed, unlisted and private companies across a range of industries. Her focus is on financial reporting, management accounting and corporate services, areas where she has gained over 10 years experience.

Shareholdings of directors and other key management personnel

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

	31 December 2018		31 December 2017	
	Ordinary Shares	**Share Options**	**Ordinary Shares**	**Share Options**
Dato' Larry Nyap Liou Gan*	11,346,150	30,673,075	11,346,150	5,673,075
Kin Wai Lau	25,709,609	10,000,000	25,709,609	10,000,000
Donald Han Low	-	-	-	-
Jeffrey Hua Tan	1,500,000	-	-	-
Anthony Mackay (appointed 15 March 2018 and resigned 12 March 2019)	-	5,000,000	-	-

*Dato' Larry Nyap Liou Gan holds 10,706,138 ordinary shares and 30,353,069 share options via Planetbiz Investments Limited.

Interests in Contracts

None of the above directors have any personal interest in the contracts entered by Fatfish Blockchain Limited or its controlled entities other than those mentioned above and in Note 27 - Related Party Transactions.

Meetings of Directors

During the financial year, 11 meetings of directors (including circular resolutions passed) were held.

Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	**Number attended**
Dato' Larry Nyap Liou Gan	1	1
Kin Wai Lau	1	1
Donald Han Low	1	1
Jeffrey Hua Tan	1	1
Anthony Mackay (appointed 15 March 2018 and resigned 12 March 2019)	1	1

CORPORATE INFORMATION

Corporate Structure

Fatfish Blockchain Limited (formerly known as Fatfish Internet Group Limited) is a company limited by shares that is incorporated and domiciled in Australia. Fatfish Blockchain Limited has prepared a consolidated financial report incorporating Fatfish Blockchain Limited and its subsidiaries, which it controlled during the financial year and are included in the financial statements.

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 Blockchain Limited is an Internet venture investment firm - a first of its kinds to list on the ASX. Operating dual headquarters in Singapore and Melbourne, Fatfish Blockchain Limited focuses on growth Internet markets, building Internet ventures with the potential to scale globally through its "Seed-to-Exit" approach.

Fatfish Blockchain 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.

Fatfish Blockchain Limited focuses on emerging global technology trends, specifically, the Company has been investing strategically across various sectors of blockchain, fintech and consumer internet technologies.

Review of Operations

The Group has managed to narrow down its net loss of $24,692,741 for the six months ended 30 June 2018 to a net loss of $21,940,839 for the full financial year ended 31 December 2018. This is largely due to fair value gains from the improvement in the share price of the Group's listed investee company, iCandy Interactive Limited (ASX:ICI).

During the financial year, the Company's name was changed from 'Fatfish Internet Group Limited' to 'Fatfish Blockchain Limited'.

As part of the Group's plan to re-focus on core sectors of technology that it is involved in, the Group entered into an agreement to divest its 12.5% shareholding in UK based Altairian Capital Holdings Ltd for US$250,000 cash consideration.

During the financial year, the Group's investee Kryptos-X Pte Ltd, a cryptocurrency exchange, founded by well-known Australian entrepreneur Tony Mackay has been developing a state-of-the-art trading system and completed an extensive system testing.

The Group's crypto-mining investee company, APAC Mining Corp, rebranded itself as Minerium and continues to focus on large-scale crypto-mining. The Group is of the opinion that as the blockchain technology industry is still in its early stage of growth, volatility in cryptocurrency prices is not entirely unexpected – not unlike Internet company valuation volatility of the early stage of the Internet adoption in the mid 1990s. However, the Group remains optimistic about the prospects of the cryptocurrency and blockchain technology sectors.

Outside of the blockchain industry, the Group continued to play an active part and worked closely with its investee companies in the e-commerce and software technology sectors that have been growing strongly.

The Group's Singapore based investee company, iFashion Group has successfully run large-scale event under the Artbox brand in Singapore and Malaysia, well attended by 757,000 visitors and 349,000 visitors respectively.

The Group has entered into several other transactions during the financial year. Notably the Group's venture building subsidiary in Sweden, Fatfish Global Ventures AB, has entered into an agreement to acquire Swedish venture builder Snaefell AB and along with the acquisition Snaefell AB comes with an interesting e-commerce, software and Internet-of-Things (IOT) portfolio of 5 Swedish investee companies.

Operating Results

The consolidated loss of the consolidated entity after providing for income tax amounted to $21,940,839 (2017: profit of $1,840,484)

Dividend Paid or Recommended

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

Financial Position

The net assets of the Group have decreased by $12,606,767 from $43,744,698 as at 31 December 2017 to $31,137,931 as at 31 December 2018.

Reconciliation to Preliminary Results

The following table reconciles statutory consolidated net losses after tax to preliminary consolidated net losses after tax in Appendix 4E:

Consolidated statement of profit or loss	Appendix 4E	Adjustments	Statutory Financial Report
Statutory net loss after tax	(19,765,103)	(2,175,736)	(21,940,839)

The following table reconciles statutory consolidated statement of financial position to preliminary consolidated statement of financial position in Appendix 4E.

Consolidated statement of profit or loss	Appendix 4E	Adjustments	Statutory Financial Report
Total Assets	37,736,942	276,911	38,013,853
Total Liabilities	7,310,150	(434,228)	6,875,922

The audit had just commenced before the lodgement of the Company's Appendix 4E. Listed below are the major items that have affected the Consolidated statement of profit or loss and Consolidated statement of financial position.

1. The Company had taken into consideration the downturn in the crypto market and has decided to impair the property, plant and equipment in Minerium Technology Limited to its fair and recoverable value.

1. The subsidiaries of Fatfish Blockchain Limited had provided loans to related parties in the prior years. The loans were interest free. The Company has decided to impair these receivables as the entities were still in a loss making situation. When the company receive repayments of these impaired amounts, a revenue would be recorded in the relevant financial year.

Capital Raising and Capital Structure

As at 31 December 2018, the Company has 564,267,982 fully paid ordinary shares. During the year, a total of 123,404,708 fully paid ordinary shares were issued. Please refer to Note 21 - Issued capital for further details.

Summary of Options on Issue

Issuing entity	Issue Date	Number of shares under option	Class of shares	Exercise Price	Expiry Date
Fatfish Blockchain Limited	20 Jun 2017	105,483,096	Unlisted options	$0.011	9 Jun 2019
Fatfish Blockchain Limited	12 Sep 2017	49,375,000	Unlisted options	$0.011	9 Jun 2019
Fatfish Blockchain Limited	9 Feb 2018	15,000,000	Unlisted options	$0.060	9 Feb 2020
Fatfish Blockchain Limited	14 Jun 2018	5,000,000	Unlisted options	$0.060	9 Feb 2020
Fatfish Blockchain Limited	25 Jun 2018	33,089,999	Unlisted options	$0.045	25 Jun 2021
Fatfish Blockchain Limited	6 Dec 2018	5,000,000	Unlisted options	$0.045	6 Dec 2021

Option holders do not have any rights to participate in any issues or other interest in the company or any other entity.

For details of options issued to directors and executives as remuneration, refer to Remuneration Report.

There have been no shares issued since the end of the financial year from the exercise of options.

Events after the Reporting Period

On 14 January 2019, the Company completed the divestment of the Company's stake in Altairian Capital Holdings Limited. The Company received AUD $343,673 (USD $250,000) for this transaction.

On 8 March 2019, the Company was informed by the management of iFashion Group Pte Ltd that the sale to MC Payment remained subject to the satisfaction or waiver of a number of conditions precedent, including, amongst other things, the satisfactory completion of due diligence, and the successful reverse takeover by MC Payment of Artivision Technologies Ltd, which is listed on the SGX Catalist market (**RTO).**

The Company was further informed that the RTO itself was conditional upon several conditions precedent, which were required to be satisfied or waived on or before 31 December 2018 ("Long Stop Date"). In this regard, the Company has been informed that Artivision and MC Payment have mutually agreed to extend the Long Stop Date for a period of 6 months to 30 June 2019.

However, the management of iFashion Group has informed the Company that iFashion Group has decided that it did not wish to extend the deadline for conditions precedent to be met with regards to its transaction with MC Payment given the delay in the process due to various factors that was not within its control.

On 27 March 2019, the Company received the Conversion Notice from Arena Investors LP requesting the conversion of 300,000 Convertible Notes. On the same day, a total of 25,897,436 fully paid ordinary shares were issued.

As at the date of this report, the Company's shareholdings in iCandy Interactive Limited ("ICI") is $13,860,000 (31 December 2018: $9,625,000).

As at the date of this report, the Company's shareholdings in the listed corporations under Financials Assets - Fair Value OCI is $4,565,793 (31 December 2018: $4,519,693).

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 have 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.

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 2018 has been received and can be found on page 21 of the Financial Report.

REMUNERATION REPORT - AUDITED

This remuneration report, which forms part of the Director's report ,sets out information about the remuneration of the Group's Directors and other key management personnel for the year ended 31 December 2018. 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 were as follows:

Name (current directors)	Position Held
Dato' Larry Nyap Liou Gan	Non-Executive Chairman
Kin Wai Lau	Chief Executive Officer and Executive Director
Donald Han Low	Non-Executive Director
Jeffrey Hua Tan	Non-Executive Director
Anthony Mackay (appointed 15 March 2018 and resigned 12 March 2019)	Non-Executive Director

Remuneration policy

Remuneration levels are competively 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 shareholder's wealth for four and a half years to 31 December 2018 are detailed in the following table.

	31 December 2018 $	31 December 2017 $	31 December 2016 $	31 December 2015 $	Restated 6 months ending 31 December 2014 $
Revenue	3,837,100	1,386,554	1,082,789	232,574	507,310
Net profit/(loss) before tax	(21,940,839)	1,848,819	22,778,040	(8,163,988)	(12,477,025)
Net profit/(loss) after tax	(21,940,839)	1,840,484	22,778,040	(8,163,988)	(12,477,025)
Share price at start of year	$0.079	$0.040	$0.050	$0.195	$0.110
Share price at end of year	$0.016	$0.079	$0.040	$0.050	$0.195
Dividends paid	-	-	-	-	-
Basic earnings/(loss) per share	(3.58)	0.66	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 is therefore the same as the directors' remuneration policy.

	Position Held as at 31 December 2018 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	No fixed term
Jeffrey Hua Tan	Non-Executive Director	No fixed term
Anthony Mackay	Non-Executive Director (appointed 15 March 2018 and resigned 12 March 2019)	No fixed term

Remuneration of Directors and other Key Management Personnel (KMP) for the Year Ended 31 December 2018

2018	Salaries, fees and leave $	Shares, Options/Incentive $	Superannuation $	Total $
Dato' Larry Nyap Liou Gan	30,000	-	-	30,000
Kin Wai Lau	149,440	-	-	149,440
Donald Han Low	24,000	-	-	24,000
Jeffrey Hua Tan	12,000	-	-	12,000
Anthony Mackay	37,500	-	-	37,500
	252,940	-	-	252,940

2017	Salaries, fees and leave $	Shares, Options/Incentive $	Superannuation $	Total $
Dato' Larry Nyap Liou Gan	30,000	-	-	30,000
Kin Wai Lau	89,499	-	-	89,499
Donald Han Low	24,000	-	-	24,000
Jeffrey Hua Tan	12,000	-	-	12,000
	155,499	-	-	155,499

No post-employment benefits were paid to the directors. The directors do not participate in any incentive programs.

KMP Shareholdings

The number of ordinary shares in Fatfish Blockchain Limited held by each KMP of the Group during the financial year are as follows:

	Balance at beginning of year	Granted as Remuneration during the year	Issued on Exercise of Options During the year	Other Changes during the year	Balance at year end
Dato' Larry Nyap Liou Gan	11,346,150	-	-	-	11,346,150
Kin Wai Lau	25,709,609	-	-	-	25,709,609
Donald Han Low	-	-	-	-	-
Jeffrey Hua Tan	-	-	-	1,500,000	1,500,000
Anthony Mackay (appointed 15 March 2018 and resigned 12 March 2019)	-	-	-	-	-

The number of unlisted options in Fatfish Blockchain Limited held by each KMP of the Group during the financial year are as follows:

	Balance at beginning of year	Granted as Remuneration during the year	Issued on Exercise of Options During the year	Other Changes during the year	Balance at year end
Dato' Larry Nyap Liou Gan**	5,673,075	-	-	25,000,000	30,673,075
Kin Wai Lau	10,000,000	-	-	-	10,000,000
Donald Han Low	-	-	-	-	-
Jeffrey Hua Tan	-	-	-	-	-
Anthony Mackay (appointed 15 March 2018 and resigned 12 March 2019)*	-	-	-	5,000,000	5,000,000

* The 5,000,000 options were balance held by Anthony Mackay at date of appointment.

** Acquired off market for $250,000.

Share options granted to directors and executives

No shares or options were granted to Directors or Executives during the year.

Other transactions and balances with Key Management Personnel:

There were no transactions with Key Management Personnel during the year. Table below shows the movement in Mr Kin Wai Lau's loan to the respective companies.

Entity	Opening Balance	Loan Made	Loan Repaid	FX Movement	Closing Balance
Fatfish Global Ventures AB	62,619	-	-	1,367	63,986
Fatfish Internet Pte Ltd	71,359	-	-	2,696	74,055
	133,978	-	-	4,063	138,041

This concludes the remuneration report, which has been audited.

The Directors' Report, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors made pursuant to s.298(2) of the Corporations Act 2001.

Mr Kin Wai Lau
Director
Dated 29 March 2019

Bentleys
THINKING AHEAD

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To The Board of Directors

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

As lead audit partner for the audit of the financial statements of Fatfish Blockchain Limited for the financial year ended 31 December 2018, 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 audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully

BENTLEYS	**MARK DELAURENTIS** CA
Chartered Accountants	**Partner**

Dated at Perth this 29th day of March 2019

FATFISH BLOCKCHAIN LIMITED
ABN: 88 004 080 460
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

FATFISH BLOCKCHAIN LIMITED
(ASX:FFG | US:FFTTF)

	Note	Group 2018 $	Group 2017 $
Continuing operations			
Revenue	3	3,837,100	1,386,554
Cost of sales		(2,489,944)	(620,521)
Gross Profit		1,347,156	766,033
Other income/(expenses)	4	734,613	(25,115)
Unrealised gain/(loss) on investments at fair value		(16,589,487)	3,730,016
Unrealised gain/(loss) in fair value of intangibles		(439,028)	-
Employee benefits expense		(1,096,046)	(415,925)
Depreciation and amortisation expense		(592,947)	(83,360)
Impairment expense		(2,276,241)	(317,289)
Administration expenses	4	(1,734,715)	(1,087,003)
Marketing expenses		(168,895)	(472,844)
Listing and filing fees		(182,475)	(69,886)
Occupancy expenses		(661,480)	(153,279)
Finance costs		(281,294)	(22,529)
(Loss)/Profit before income tax		(21,940,839)	1,848,819
Tax expense	5	-	(8,335)
Net (Loss)/ Profit for the year		(21,940,839)	1,840,484
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss when specific conditions are met:			
Exchange differences on translating foreign operations, net of tax		2,787,367	52,419
Items that will no be reclassified subsequently to profit or loss when specific conditions are met:			
Investments in equity instruments designated as Fair Value - OCI, net of tax		(3,978,018)	3,511,196
Total other comprehensive income/(loss) for the year		(1,190,651)	3,563,615
Total comprehensive income/(loss) for the year		(23,131,490)	5,404,099
Net profit attributable to:			
Members of the parent entity		(17,448,538)	1,685,791
Non-controlling interest		(4,492,301)	154,693
		(21,940,839)	1,840,484
Total comprehensive income attributable to:			
Members of the parent entity		(19,126,044)	5,251,515
Non-controlling interest		(4,005,446)	152,584
		(23,131,490)	5,404,099
Earnings per share			
From continuing and discontinued operations:			
Basic earnings per share (cents)	8	(3.58)	0.66
Diluted earnings per share (cents)	8	(3.58)	0.51

The accompanying notes form part of these financial statements.

FATFISH BLOCKCHAIN LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

FATFISH BLOCKCHAIN LIMITED (ASX:FFG | US:FFTTF)

	Note	Group 2018 $	Group 2017 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	336,838	3,323,138
Trade and other receivables	10	506,053	515,570
Inventories	11	349,907	379,976
Other financial assets	13	2,128,986	2,091,478
Other assets	17	144,711	228,399
TOTAL CURRENT ASSETS		3,466,495	6,538,561
NON-CURRENT ASSETS			
Financial Assets - Fair value OCI	12	11,781,703	8,392,813
Other financial assets	13	-	876,217
Plant and equipment	15	617,625	62,561
Investments at fair value through profit or loss	14	18,772,943	31,651,315
Intangible assets	16	2,171,762	1,735,912
Other non-current assets	17	1,203,325	567,398
TOTAL NON-CURRENT ASSETS		34,547,358	43,286,216
TOTAL ASSETS		38,013,853	49,824,777
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	18	1,740,229	1,179,289
Borrowings	19	61,575	9,371
Other financial liabilities	20	4,067,140	3,658,060
TOTAL CURRENT LIABILITIES		5,868,944	4,846,720
NON-CURRENT LIABILITIES			
Borrowings	19	157,564	190,755
Other financial liabilities	20	849,414	1,042,604
TOTAL NON-CURRENT LIABILITIES		1,006,978	1,233,359
TOTAL LIABILITIES		6,875,922	6,080,079
NET ASSETS		31,137,931	43,744,698
EQUITY			
Issued capital	21	36,248,763	33,747,894
Reserves	30	3,505,735	4,784,648
Retained earnings		(12,269,671)	5,178,867
Equity attributable to owners of the parent entity		27,484,827	43,711,409
Non-controlling interest		3,653,104	33,289
TOTAL EQUITY		31,137,931	43,744,698

The accompanying notes form part of these financial statements.

FATFISH BLOCKCHAIN LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Share Capital		Reserves					
		Ordinary	Retained Earnings	Foreign Currency Translation Reserve	Option Reserve	Financial Assets Reserve	Subtotal	Non-controlling interests	Total
		$	$	$	$	$	$	$	$
Consolidated Group									
Balance at 1 January 2017		27,786,750	3,493,076	(271,400)	-	1,490,324	32,498,750	(138,606)	32,360,144
Comprehensive income									
Profit for the year		-	1,685,791	-	-	-	1,685,791	154,693	1,840,484
Other comprehensive income for the year	30(b)	-	-	54,526	-	3,511,198	3,565,724	(2,109)	3,563,615
Total comprehensive income for the year		-	1,685,791	54,526	-	3,511,198	5,251,515	152,584	5,404,099
Transactions with owners, in their capacity as owners, and other transfers									
Shares issued during the year		6,249,991	-	-	-	-	6,249,991	-	6,249,991
Transaction costs		(288,847)	-	-	-	-	(288,847)	-	(288,847)
Recognition of non-controlling interest in iSecrets AB		-	-	-	-	-	-	19,311	19,311
Total transactions with owners and other transfers		5,961,144	-	-	-	-	5,961,144	19,311	5,980,455
Balance at 31 December 2017		33,747,894	5,178,867	(216,874)	-	5,001,522	43,711,409	33,289	43,744,698
Balance at 1 January 2018		33,747,894	5,178,867	(216,874)	-	5,001,522	43,711,409	33,289	43,744,698
Comprehensive income									
Loss for the year		-	(17,448,538)	-	-	-	(17,448,538)	(4,492,301)	(21,940,839)
Other comprehensive income for the year	30(b)	-	-	2,300,512	-	(3,978,018)	(1,677,506)	486,855	(1,190,651)
Total comprehensive income for the year		-	(17,448,538)	2,300,512	-	(3,978,018)	(19,126,044)	(4,005,446)	(23,131,490)
Transactions with owners, in their capacity as owners, and other transfers									
Shares issued during the year		3,029,624	-	-	-	-	3,029,624	-	3,029,624
Transaction costs net of tax		(528,755)	-	-	-	-	(528,755)	-	(528,755)
Options issued during the year		-	-	-	398,593	-	398,593	-	398,593
Recognition of non-controlling interest in Minerium Limited		-	-	-	-	-	-	866,643	866,643
Recognition of non-controlling interest in Fatfish Global		-	-	-	-	-	-	6,758,618	6,758,618
Total transactions with owners and other transfers		2,500,869	-	-	398,593	-	2,899,462	7,625,261	10,524,723
Balance at 31 December 2018		36,248,763	(12,269,671)	2,083,638	398,593	1,023,504	27,484,827	3,653,104	31,137,931

The accompanying notes form part of these financial statements.

FATFISH BLOCKCHAIN LIMITED
ABN: 88 004 080 460
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 $	Group 2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		3,991,141	1,168,147
Dividends received		81	-
Interest received		3,381	-
Grants received		-	1,036
Payments to suppliers and employees		(5,525,374)	(2,392,876)
Finance costs		(55,769)	(21,898)
Income tax paid		-	-
Net cash used in operating activities		(1,586,540)	(1,245,591)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		15,567	-
Acquisition of subsidiaries - net of cash acquired		(985,381)	(138,500)
Purchase of property, plant and equipment		(2,196,059)	(20,563)
Purchase of intangible assets		-	(383,729)
Purchase of investments		(1,668,147)	-
Loans to related parties:		-	
- payments made		(464,285)	(930,127)
- proceeds from repayments		848,236	-
Net cash (used in)/generated by investing activities		(4,450,069)	(1,472,919)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		1,992,700	6,092,095
Proceeds from exercise of options		234,459	157,882
Proceeds from issue of convertible notes		800,000	-
Payments from purchase of convertible notes		-	(864,396)
Payments for capital raising costs		(132,187)	(315,339)
Proceeds from borrowings		1,084,512	666,366
Repayment of borrowings		(1,095,180)	(93,185)
Net cash provided by (used in) financing activities		2,884,304	5,643,423
Net increase in cash held		(3,152,305)	2,924,913
Cash and cash equivalents at beginning of financial year		3,323,138	398,819
Effect of exchange rates on cash holdings in foreign currencies		166,005	(594)
Cash and cash equivalents at end of financial year	9	336,838	3,323,138

The accompanying notes form part of these financial statements.

These consolidated financial statements and notes represent those of Fatfish Blockchain Limited and Controlled Entities ("Group").

The financial statements were authorised for issue on 29 March 2019 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 accrual 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 Fatfish Blockchain Limited and all of the subsidiaries (including any structured entities). Subsidiaries are entities the Parent controls. The Parent controls and 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 subsidiaries is provided in Note 14.

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, a subsidiary of Fatfish Blockchain 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 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 Blockchain 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

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).

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

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 at fair value;
(ii) any non-controlling interest (determined under either fair value or proportionate interest method); and
(iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of any identifiable assets acquired and liabilities assumed.

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.

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 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.

(b) Income Tax

The income tax expense (income) for the year 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 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.

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

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: (i) a legally enforceable right of set-off exists; and (ii) 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.

(d) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate proportion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs. Refer to Note 1(ad) for further details on changes in accounting policy.

The cost of mining stocks includes direct materials, direct labour, transportation costs and variable and fixed overhead costs relating to mining activities.

(e) 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.

Plant and equipment

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. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(k) 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.

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

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%
Plant and equipment	20%
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. Gains shall not be classified as revenue. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(f) Leases (the group as lessee)

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

(g) Financial Instruments

During the period, AASB 9: *Financial Instruments* became effective.

(i) *Classification of financial instruments*

The Group classifies its financial assets into the following measurement categories:

- these to be measured at fair value (either through other comprehensive income, or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing financial assets and the contractual terms of the financial assets' cash flows.

(ii) *Financial assets measured at amortised cost*

Debt instruments

Investments in debt instruments are measured at amortised cost where they have:

- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
- are held within a business model whose objective is achieved by holding to collect contractual cash flows.

These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost. The measurement of credit impairment is based on the three-stage expected credit loss model described below in note (iii) Impairment of financial assets.

Financial assets measured at amortised cost are included in cash and cash equivalents.

(i) *Financial assets measured at fair value through other comprehensive income*

Equity Instruments

Investment in equity instruments that are neither held for trading nor contingent consideration recognised by the Group in a business combination to which AASB 3 "Business Combination" applies, are measured at fair value through other comprehensive income, where an irrevocable election has been made by management.

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

Amounts presented in other comprehensive income are not subsequently transferred to profit or loss. Dividends on such investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

(ii) *Items at fair value through profit or loss Items at fair value through profit or loss compromise:*

- items held for trading;
- items specifically designated as fair value through profit or loss on initial recognition; and
- debt instruments with contractual terms that do not represent solely payments of principal and interest.

Financial instruments held at fair value through profit or loss are initially recognised at fair value, with transaction costs recognised in the income statement as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the income statement as they arise.

Where a financial asset is measured at fair value, a credit valuation adjustment is included to reflect the credit worthiness of the counterparty, representing the movement in fair value attributable to changes in credit risk.

Financial instruments held for trading

A financial instrument is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term, or forms part of a portfolio of financial instruments that are managed together and for which there is evidence of short-term profit taking, or it is a derivative not in a qualifying hedge relationship.

Financial instruments designated as measured at fair value through profit or loss

Upon initial recognition, financial instruments may be designated as measured at fair value through profit or loss. A financial asset may only be designated at fair value through profit or loss if doing so eliminates or significantly reduces measurement or recognition inconsistencies (i.e. eliminates an accounting mismatch) that would otherwise arise from measuring financial assets or liabilities on a different basis.

A financial liability may be designated at fair value through profit or loss if it eliminates or significantly reduces an accounting mismatch or:

- if a host contract contains one or more embedded derivatives; or
- If financial assets and liabilities are both managed and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Where a financial liability is designated at fair value through profit or loss, the movement in fair value attributable to changes in the Group's own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in other comprehensive income.

(iii) *Impairment of financial assets*

The Group applies a three-stage approach to measuring expected credit losses (ECLs) for the following categories of financial assets that are not measured at fair value through profit or loss:

- debt instruments measured at amortised cost and fair value through other comprehensive income;
- loan commitments; and
- financial guarantee contracts

No ECL is recognised on equity investments

Determining the stage for impairment

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the provision for doubtful debts revers from lifetime ECL to 12-months ECL. Exposures that have not deteriorated significantly since origination are considered to have a low credit risk. The provision for doubtful debts for these financial assets is based on a 12-months ECL. When an asset is uncollectible, it is written off against the related provision. Such assets are written off after all the necessary procedures have been completed and the amount of loss has been determined. Subsequent recoveries of amounts previously written off reduce the amount of the expense in the income statement.

The Group assesses whether the credit risk on an exposure has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, financial instruments are grouped on the basis of shared credit risk characteristics, taking into account instrument type, credit risk ratings, date of initial recognition, remaining term to maturity, industry, geographical location of the borrower and other relevant factors.

(iv) *Recognition and recognition of financial instruments*

A financial asset or financial liability is recognised in the balance sheet when the Group becomes a party to the contractual provisions of the instrument, which is generally on trade date. Loans and receivables are recognised when cash is advanced (or settled) to the borrowers.

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

Financial assets at fair value through profit or loss are recognised initially at fair value. All other financial assets are recognised initially at fair value plus directly attributable transaction costs.

The Group Derecognises a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

A financial liability is derecognised from the balance sheet when the Group has discharged its obligation or the contract is cancelled or

(v) *Offsetting*

Financial assets and liabilities are offset and the net amount is presented in the balance sheet when the Group has a legal right to offset the amounts and intends to settled on a net basis or to realise the asset and settle the liability simultaneously.

(h) Impairment of Assets

At the end of each reporting period, the company 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 entity 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.

(i) Investments in Associates

An associate is an entity over which the company 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 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 company's share of net assets of the associate. In addition, the Company's share of the profit or loss and other comprehensive income is included in the financial statements.

The carrying amount of the investment includes, when applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Company'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 Company and the associate are eliminated to the extent of the Company's interest in the associate.

When the Company's share of losses in an associate equals or exceeds its interest in the associate, the Company 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 Company will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

The requirements of AASB 128: Investments in Associates and Joint Ventures and AASB 9: Financial Instruments are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136: Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

(j) 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. Refer to Note 1(mn) for a description of the equity method of accounting.

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

Gains and losses resulting from sales to a joint operation are recognised to the extent of the other parties' interests. When the Company 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.

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

(k) Intangible Assets Other than Goodwill

Digital Currencies

(i) Intangibles

Digital currencies are indefinite life intangible assets initially recognised at cost. The digital currencies are subsequently measured at fair value by reference to the quote price in an active digital currency market.

Any increased or decrease in the fair value of the digital currencies are recognised through the profit and loss, similar to any gains or losses upon the disposals of digital currencies.

(ii) Inventory

Digital currencies inventory fair value measurement is at Level 1 fair value as it is based on a quoted (unadjusted) market price in active markets for identical assets.

Digital currencies inventory is derecognised when the Group disposes of the inventory through its trading activities or when the Group otherwise losses control and, therefore, access to the economic benefits associated with ownership of the Digital Currencies inventory.

(l) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of the Company is the currency of the primary economic environment in which that entity operates. The financial statements are presented in Australian dollars, which is the Company's functional currency.

Transaction and balances

Foreign currency transactions are translated into the 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 exchange differences that arise from net investment hedges.

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.

The Company

The financial results and position of foreign operations whose functional currency is different from the entity'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 exchange rates on the date of transaction; and
— all resulting exchange differences are recognised in other comprehensive income.

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 and allocated to non-controlling interest where relevant. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

(m) Employee Benefits

Short-term employee benefits

Provision is made for the Company'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 twelve 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 company'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 company's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

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

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 company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company 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.

(n) 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.

(o) 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.

(p) Revenue and Other Income

Accounting policy for revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is recognised with reference to the completion by the Company of specific performance obligations of contracts with customers, as described below.

Revenue from contracts with customers

The Company elected to adopt the provisions of AASB 15: Revenue from Contracts with Customers with effect from 1 January 2018. Revenue is recognised from online sales, mining of cryptocurrency and services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

All contracts with effect from 1 January 2018 (either written, verbal or implied) are identified, together with the separate performance obligations within the contract and the transaction price is determined. Adjustments are made for the time value of money excluding credit risk and the transaction price is allocated to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good/service. The estimation approach is taken if no distinct observable prices exists and revenue is recognised when each performance obligation is satisfied.

Credit risk is presented separately as an expense, rather than adjusted to revenue. For goods, the performance obligation is satisfied when the customer takes control of the goods. For services, the performance obligation is satisfied when the service has been performed, typically for promises to transfer services to customers. For performance obligations satisfied over time, the Company selects an appropriate measure of progress to determine how much revenue is recognised as the performance obligation is satisfied.

Online store sales

Revenue from online store sales are recognised at the time of the item purchase.

Services revenue

Revenue from services performed in relation to those that has a contract would be recognised at the end of the month. Ad hoc services revenue would be recognised once the service has been performed.

Interest revenue

Interest revenue is recognised using the effective interest method.

All revenues is stated net of the amount of GST and equivalent consumption taxes.

(q) 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. Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

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

(r) 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.

(s) 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.

(t) 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.

(u) 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 company 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 statements is presented.

(v) Going Concern Note

The financial statements have been prepared on a 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 Group incurred a loss for the year end 31 December 2018 of $21,940,839 (2017: $1,840,484 Profit) and had a working capital deficiency of $2,402,449 (2017: $1,691,841 Surplus).

The company currently has in place a convertible loan facility of $10m of which $800,000 was drawn down during the period and at the date of this report $9.2m remains available. We note this is available subject to certain conditions being met, including the average VWAP of the Company's shares over the 30 trading days prior to closing is higher than the floor price of $0.013 and the Company's share price is above the floor price for all of the 5 trading days prior to closing and the Company's market capitalisation not falling below $5m.

Further to the above the entity holds shares in listed entities which it is able to liquidate to meet any funding needs as and when they arise. At the date of this report the value of these investments was $18,425,793 and is made up of iCandy Interactive Limited $13,860,000 and Cloudaron Group Berhad $4,565,793. Refer Note 26.

The directors have prepared a cash flow forecast, which indicates that the Group 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.

(w) 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 company.

(i) Key judgements and estimates - Intellectual Property - Software

Intangible assets include the Group's aggregate amounts spent on computer software development costs.

In determining the development expenditures to be capitalised, the Group makes estimates and assumptions based on expected future economic benefits generated by products that are the result of these development expenditures. Other important estimates and assumptions in this assessment process are the distinction between R & D and the estimated useful life.

Development costs associated with intangible assets are only capitalised by the Group when it can demonstrate the technical feasibility of completing the asset so that the asset will be available for use or sale, how the asset will generate future economic benefits and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs in respect to software are internally generated and have a finite useful life. The amortisation method is line over the period of the expected benefit, being 5 years. Impairment testing is undertaken when impairment indicators exist.

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

(ii) Key Estimate - Taxation

Refer to Note 5 - Income Tax

(iii) Key judgements and estimates - Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

(iv) Key Estimate - Impairment of Goodwill

Refer to Note 16 - Intangible Assets

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

The Group has chosen not to early-adopt AASB 16. However, the Group has conducted a high-level assessment of the impact of this new Standard, as follows.

A core change under AASB 16: Leases is that most leases will be recognised on the balance sheet by lessees, as the new Standard does not differentiate between operating and finance leases.

An asset and a financial liability are recognised in accordance with this new Standard. There are, however, two exceptions allowed. These are short-term and low-value leases.

Note 2 Parent Information

The following information has been extracted from the books and records of the financial information of the parent entity set out below and has been prepared in accordance with Australian Accounting Standards.

	2018 $	2017 $
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current Assets	175,454	3,271,717
Non-current Assets	31,362,278	40,662,412
TOTAL ASSETS	31,537,732	43,934,129
LIABILITIES		
Current Liabilities	321,422	111,052
Non-current Liabilities	78,379	78,379
TOTAL LIABILITIES	399,801	189,431
Net Assets	31,137,931	43,744,698
EQUITY		
Issued Capital	36,538,515	34,039,671
Reserves	398,593	-
Accumulated losses	(5,799,177)	9,705,027
TOTAL EQUITY	31,137,931	43,744,698
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Total losses	(15,504,204)	27,667,989
Other comprehensive income	-	-
Total comprehensive income	(15,504,204)	27,667,989

Fatfish Internet Pte Ltd was acquired by Fatfish Blockchain Limited. As required by Australian Accounting Standard AASB 3: Business Combinations, Fatfish Blockchain Limited 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 Blockchain Limited is the legal parent.

The above information has been extracted from the books and records of the legal parent, Fatfish Blockchain 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 2018.

Note 3 Revenue and Other Income

	Note	Group 2018	2017
(a) Revenue from continuing operations			
— designer and consultant fees		2,975	2,834
— incubator services		71,765	73,179
— interest revenue		3,552	2,223
— online sales		3,206,730	1,293,960
— management fees		17,848	14,358
— services income		72,800	-
— income on digital currency mined		461,430	-
Total Revenue		3,837,100	1,386,554

Note 4 Profit for the Year

Profit before income tax from continuing operations includes the following specific expenses:	Note	Group 2018 $	2017 $
(a) Other income/(expenses)			
— foreign grants received		-	1,036
— unrealised foreign exchange gains		129,650	1
— realised foreign exchange gain/(loss)		-	(36,209)
— other income		590,089	10,057
— gain on sale of fixed asset		14,874	-
		734,613	(25,115)
(b) Included in administration expenses			
— accounting fees		106,274	72,454
— audit fees		67,164	48,409
— consulting fees		349,431	250,914
— subscription fees		15,141	10,404
— motor vehicle costs		21,811	14,004
— legal fees		126,874	73,935
— professional fees		544,021	104,780
— travel and accommodation		188,810	87,489
— office related expense		77,140	42,619
— secretarial fees		499	-
— research fees		34,902	-
— other miscellaneous expenses		202,648	381,995
		1,734,715	1,087,003

Note 5 Tax Expense

	Note	Group 2018 $	Group 2017 $
(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 27.5% (2017: 27.5%)			
— consolidated group		(6,033,731)	508,425
— Adjustment for tax-rate differences in foreign jurisdictions		1,955,241	(265,194)
Add:			
Tax effect of:			
— Deferred tax not brought to accounts		(1,179,591)	516,668
— gain on fair value of investments not subject to tax in Singapore		4,667,770	(998,704)
— Unrealised foreign currency gains/(losses)		(35,655)	41,728
— Impairment charges		625,966	188,742
Income tax attributable to entity		-	(8,335)
Balance of franking account at year end		nil	nil

(b) Tax Deferred tax assets not brought into account

Deferred tax assets not brought to account, the benefits of which will only be realised if it is probably that taxable profit will be available against which the unutilised tax losses can be utilised.

	2018 $	2017 $
Temporary differences		
Tax Losses:		
- Operating losses	10,611,359	7,790,817

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 2018.

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

	2018 $	2017 $
Short-term employee benefits	252,940	155,499
Post-employment benefits	-	-
Total KMP compensation	252,940	155,499

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.

Post-employment benefits

– these amounts are the current year's estimated costs of providing for the Group's defined benefits scheme post-retirement, superannuation contributions made during the year and post-employment life insurance benefits.

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

Note 7 Auditor's Remuneration

	Group 2018 $	Group 2017 $
Remuneration of the auditor for:		
Fatfish Blockchain Limited		
— auditing or reviewing the financial report	53,748	30,298
	53,748	30,298
Remuneration of other auditors of subsidiaries for:		
— auditing or reviewing the financial statements of subsidiaries	13,415	18,111
	67,163	48,409

Note 8 Earnings per Share

	Group 2018 $	Group 2017 $
(a) Reconciliation of earnings to profit or loss		
(Loss)/profit attributable to members of the parent entity	(17,448,538)	1,685,791
Earnings used to calculate basic EPS	(17,448,538)	1,685,791
Earnings used in the calculation of dilutive EPS	(17,448,538)	1,685,791
	No.	No.
(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	487,524,293	255,980,925
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	487,524,293	331,731,878

Note 9 Cash and Cash Equivalents

	Note	Group 2018 $	Group 2017 $
Cash at bank and on hand		336,838	3,323,138
Short-term bank deposits		-	-
	28	336,838	3,323,138

Reconciliation of cash

Cash and cash equivalents 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:

	Group 2018 $	Group 2017 $
Cash and cash equivalents	336,838	3,323,138
	336,838	3,323,138

Note 10 Trade and Other Receivables

	Group 2018 $	Group 2017 $
CURRENT		
Trade receivables	451,830	514,005
Accrued income and other receivables	54,223	1,565
Total current trade and other receivables	506,053	515,570

	Current	**>30 days past due**	**>60 days past due**	**>90 days past due**	**Total**
2018	**$**	**$**	**$**	**$**	**$**
Expected loss rate	-	-	-	-	-
Gross carrying amount	506,053	-	-	-	506,053
Loss allowing provision	-	-	-	-	-
2017					
Expected loss rate	-	-	-	-	-
Gross carrying amount	515,570	-	-	-	515,570
Loss allowing provision	-	-	-	-	-

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 Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Note 10: Trade and Other Receivables (Cont'd)

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, eg when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

	Note	Group 2018 $	Group 2017 $
(a) **Financial Assets Classified as Loans and Receivables**			
Trade and other Receivables			
— Total current		506,053	515,570
— Total non-current		-	-
		506,053	515,570
Total financial assets classified as loans and receivables	28	506,053	515,570

Note 11 Inventories

	Consolidated Group 2018 $	Consolidated Group 2017 $
CURRENT		
At cost:		
Finished goods	349,907	379,976
	349,907	379,976

Note 12 Financial Assets - Fair value OCI

	Note	Group 2018 $	Group 2017 $
NON CURRENT			
Fair assets - Fair Value OCI		11,781,703	8,392,813
		11,781,703	8,392,813

(a) Financial assets - Fair Value OCI

	2018 $	2017 $
NON-CURRENT		
Listed and unlisted investments, at fair value		
- shares in listed corporations	4,519,693	3,475,304
- shares in unlisted corporations	7,262,010	4,917,509
	11,781,703	8,392,813

Listed Corporations

- Financial Assets - Fair value OCI's listed corporations have been valued using quoted prices in active markets.

	2018 $	2017 $
Opening Balance	3,475,305	-
Additions	-	20,625
Reclassification from unlisted to listed corporations	-	47,396
Movement in foreign currency	359,132	187
Movement in fair value of financial assets - fair value OCI	685,256	3,407,097
Closing Balance	4,519,693	3,475,305

Unlisted Corporations

- Financial Assets - Fair value OCI's unlisted corporations have been valued using the market approach. The valuation techniques uses prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

	2018 $	2017 $
Opening Balance	4,917,508	4,457,998
Additions	744,454	500,365
Additions through acquisition of subsidiaries (i)	6,002,236	-
Reclassification from unlisted to listed corporations	-	(47,396)
Reclassification from financial assets - fair value OCI to subsidiary	(423,619)	-
Movement in foreign currency	426,248	12,329
Movement in fair value of financial assets - fair value OCI	(4,404,817)	(5,788)
Closing Balance	7,262,010	4,917,508

(i) This relates to provisionally accounted for Financial Assets - fair value- OCI acquired as part of the acquisition of Snaefell AB. Refer to Note 22 for further information. The value has been provisionally accounted for based on the most recent equity transactions involving the entities held by Snaefell AB.

Note 13 Other Financial Assets

	Note	Group 2018 $	Group 2017 $
CURRENT			
Amounts receivable from:			
- related parties - others		79,723	203,321
- related parties - subsidiaries (unconsolidated)		924,379	1,167,231
- others		846,741	978,245
Less:			
Provision for impairment of amounts receivable from related parties		(669,728)	(257,319)
		1,181,115	2,091,478
Convertible Notes - Related Parties		947,871	-
Total current assets		2,128,986	2,091,478
NON-CURRENT			
Convertible Notes		-	876,217
Total non-current assets		-	876,217
Total Other Financial Assets			
Current		2,128,986	2,091,478
Non-Current		-	876,217
Total non-current assets		2,128,986	2,967,695

Terms of receivables:

All receivables are at call.
There are no securities attached.
No interest are charged on receivables.

During the financial year, the Company had 2 convertible notes for a total value of $947,871 (SGD 913,369). The terms and conditions for each convertible note are set out below.

1. Fatfish Advisory Limited - $682,203 (SGD 657,371)

Maturity	Due and payable on the first day after 24 months from the 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 principle sum into shares of the company.

2. Fatfish Ventures Sdn Bhd - $265,668 (SGD 255,998)

Maturity	Due and payable on the first day after 24 months from the 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 principle sum into shares of the company.

Note 14 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 2018 (%)	Ownership interest held by the Group 2017 (%)	Proportion of non-controlling interests 2018 (%)	Proportion of non-controlling interests 2017 (%)
Fatfish Disruptive Ventures Limited	British Virgin Island	100%	-	-	-
Minerium Limited	Guernsey	100%	-	-	-
Minerium Technology Limited	British Virgin Island	51%	-	49%	-
Minerium Sdn Bhd	Malaysia	51%	-	49%	-
Fatfish Capital Limited	British Virgin Island	75%	75%	25%	25%
Fatfish Medialab Pte Ltd	Singapore	75%	75%	25%	25%
Fatfish Global Ventures AB	Sweden	81%	100%	19%	-
iSecrets AB	Sweden	41%	51%	59%	49%
Snaefell Ventures AB	Sweden	81%	-	19%	-
Fatfish Internet Pte Ltd	Singapore	81%	100%	19%	-
Fatfish Ventures Sdn Bhd	Malaysia	81%	100%	19%	-
vDancer Pte Ltd	Singapore	77%	95%	23%	5%
Fatfish Investment Partners Pte Ltd	Singapore	81%	100%	19%	-
Fintech Asia Group Limited	British Virgin Island	43%	49%	57%	51%
Smartfunding Pte Ltd	Singapore	41%	32%	59%	68%
Peer Direct Sdn Bhd	Malaysia	43%	49%	57%	51%
Fatberry Sdn Bhd	Malaysia	26%	-	74%	-
iCandy Interactive Limited	Australia	62%	68%	38%	32%
iCandy Digital Pte Ltd	Singapore	62%	68%	38%	32%
Appxplore (iCandy) Limited	British Virgin Island	62%	68%	38%	32%
Appxplore (iCandy) Sdn Bhd	Malaysia	62%	68%	38%	32%
Inzen (iCandy) Pte Ltd	Singapore	62%	68%	38%	32%
iCandy Play Limited	British Virgin Island	62%	68%	38%	32%
iCandy Games Limited	British Virgin Island	62%	68%	38%	32%

(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

The Board adopted the exception to consolidation for investment entities as described in AASB 10 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. Table below shows the subsidiaries fair value brought into account.

Subsidiary	**Country of Incorporation**	**Fair Value at 31 December 2018**	**Fair Value at 31 December 2017**
vDancer Pte Ltd (i)	Singapore	881,316	851,305
Fatfish Investments Partners Pte Ltd	Singapore	10	10
Fatfish Ventures Sdn Bhd	Malaysia	-	-
iCandy Interactive Limited (ii)	Australia	9,625,000	30,800,000
Fintech Asia Group Limited (iii)	British Virgin Island	8,266,617	-
		18,772,943	31,651,315

(i) The fair value of vDancer Pte Ltd is based on a non binding offer with an independent party, subjected to the listing of the purchaser. The transaction is expected to be completed soon.

(ii) The fair value of iCandy Interactive Limited (an ASX-listed entity) is based on its last traded price for the financial year ended 31 December 2018.

(iii) The vair value of Fintech Asia Group Limited is based on its last entry price in the fourth quarter of the financial year ended 31 December 2018.

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 2018.

Note 15 Plant and Equipment

	Group 2018 $	Group 2017 $
PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	2,025,969	-
Accumulated depreciation and impairment losses	(1,652,293)	-
	373,676	-
Leasehold improvements		
At cost	115,105	40,510
Accumulated depreciation	(28,133)	(8,684)
	86,972	31,826
Furniture and fittings		
At cost	14,472	11,978
Accumulated depreciation	(11,857)	(8,405)
	2,615	3,573
Computer Equipment		
At cost	114,619	57,786
Accumulated depreciation	(51,894)	(30,624)
	62,725	27,162
Motor Vehicle		
At cost	117,801	60,418
Accumulated depreciation	(26,164)	(60,418)
	91,637	-
Total plant and equipment	617,625	62,561

(a) **Movements in Carrying Amounts**

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

	Plant and Equipment $	Leasehold Improvements $	Furniture and Fittings $	Computer Equipment $	Motor Vehicle $	Total $
Consolidated Group:						
Balance at 1 January 2017	-	18,618	6,070	9,124	15,859	49,671
Additions	-	20,563	-	-	-	20,563
Disposals	-	-	-	-	-	-
Acquisitions through business combinations	-	-	-	24,968	-	24,968
Depreciation expense	-	(7,355)	(2,497)	(6,930)	(15,859)	(32,641)
Balance at 31 December 2017	-	31,826	3,573	27,162	-	62,561
Additions	2,025,969	71,518	967	54,054	117,801	2,270,309
Disposals	-	-	-	-	-	-
Depreciation expense	(365,828)	(18,405)	(2,720)	(17,059)	(25,000)	(429,012)
Impairment expense	(1,194,578)	-	-	-	-	(1,194,578)
Movement in foreign currency	(91,887)	2,033	795	(1,432)	(1,164)	(91,655)
Balance at 31 December 2018	373,676	86,972	2,615	62,725	91,637	617,625

Note 16 Intangible Assets

	Group 2018 $	Group 2017 $
Goodwill		
Cost	2,387,012	1,262,613
Accumulated impairment losses	(707,713)	-
Net carrying amount	1,679,299	1,262,613
Computer software:		
Cost	778,304	644,436
Accumulated amortisation and impairment losses	(303,693)	(171,137)
Net carrying amount	474,611	473,299
Cryptocurrency		
Cost	556,606	-
Accumulated amortisation and impairment losses	(538,754)	-
Net carrying amount	17,852	-
Total intangible assets	2,171,762	1,735,912

Consolidated Group:

	Goodwill $	Computer Software $	Cryptocurrency $	Total $
Year ended 31 December 2017				-
Balance at the beginning of the year	-	250,405	-	250,405
Additions	1,262,613	273,613	-	1,536,226
Amortisation and impairment losses	-	(50,719)	-	(50,719)
	1,262,613	473,299	-	1,735,912
Year ended 31 December 2018				
Balance at the beginning of the year	1,262,613	473,299	-	1,735,912
Additions	1,124,399	110,856	461,430	1,696,685
Reclassification from prepayments	-	-	383,730	383,730
Disposals	-	-	(288,554)	(288,554)
Amortisation and impairment losses	(707,713)	(119,633)	(439,028)	(1,266,374)
Movement in foreign currency	-	10,090	(99,727)	(89,637)
Closing value at 31 December 2018	1,679,299	474,612	17,851	2,171,762

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

The goodwill arising on acquisition is allocated to three cash generating units being iSecrets AB, Minerium Technology Limited and Snaefell AB. These acquisitions are in line with the Company's operations being investing strategically across the blockchain, fintech and consumer internet technologies.

iSecrets AB

The recoverable amount of this goodwill has been determined using the value in use method based on the net present value of projected earnings before interest, tax and depreciation using cash flow projections based on financial budgets approved by senior management covering a 1 year forecast (2017: 1 year period). A growth rate of 5% (2017: 5%) was used to extrapolate managements cash flow forecast for a further 9 years (2017: 9 years). This rate is used for the first 4 years and subsequently a growth rate of 2.5% has been used. The cash flow projections were prepared based on past experience and contracts that are in place. A discount rate of 21% has been applied.

Minerium Technology Limited

Due to the fall in cryptocurrency prices during the financial year, the operations of Minerium Technology Limited is in a loss making situation. The Company has impaired the goodwill attributed to Minerium to nil.

Snaefell AB

The goodwill relating to Snaefell AB is $606,968 and the acquisition has been provisionally accounted for.

Note 17 Other Assets

	Group 2018 $	Group 2017 $
CURRENT		
Prepayments	144,711	228,399
	144,711	228,399
NON-CURRENT		
Prepayments for cryptocurrency	-	383,730
Prepayment for investment(i)	1,004,920	-
Deposits paid	198,405	183,668
	1,203,325	567,398
Total Other Assets		
Current	144,711	228,399
Non-Current	1,203,325	567,398
	1,348,036	795,797

(i) Relates to USD 750,000 paid in relation to the acquisition of 27% of Kryptos-X. The acquisition is not complete and has been recorded as a prepayment.

Note 18 Trade and Other Payables

	Group 2018 $	Group 2017 $
CURRENT		
Unsecured liabilities		
Trade payables	628,129	651,501
Sundry payables and accrued expenses	1,112,100	527,788
	1,740,229	1,179,289

	Group 2018 $	Group 2017 $
(a) Financial liabilities at amortised cost classified as trade and other payables		
Trade and other payables		
— Total current	1,740,229	1,179,289
— Total non-current	-	-
	1,740,229	1,179,289

Note 19 Borrowings

	Note	Group 2018 $	Group 2017 $
CURRENT			
Secured liabilities:			
Bank loans(i)		47,655	-
Lease liability		13,920	9,371
Total current borrowings		61,575	9,371
NON-CURRENT			
Secured liabilities:			
Bank loans(i)		97,498	190,755
Lease liability		60,066	-
Total non-current borrowings		157,564	190,755
Total borrowings	28	219,139	200,126

(i) The bank loan is repayable over 3 years and attracts interest at 3.75% per annum. The loan is secured with a floating charge over the assets of iSecrets AB.

Note 20 Other Financial Liabilities

	Group 2018 $	Group 2017 $
CURRENT		
Amounts payable to:		
- Others	3,121,353	3,563,893
- Related parties - subsidiaries (unconsolidated)	606,125	94,167
Convertible Loans	179,697	-
Promissory Note	159,965	-
	4,067,140	3,658,060
NON-CURRENT		
Convertible Loans	849,414	886,738
Promissory Note	-	155,866
	849,414	1,042,604
Total Other Financial Liabilities		
Current	4,067,140	3,658,060
Non-Current	849,414	1,042,604
	4,916,554	4,700,664

Terms of payables:

All payables are at call.
There are no securities attached.
No interest payable on amounts owing

During the financial year, Fatfish Blockchain Limited issued 800,000 convertible notes for a total value of AUD $800,000. In December 2018, 500,000 convertible notes were converted. As at 31 December 2018, there were 300,000 convertible notes on issue at a total value of AUD $300,000. The terms and conditions for each note are set out below:

Arena Investors LP - $300,000

Maturity	Due and payable on the first day after the 12 month from the Date of the Issue (4 December 2018).
Interest on loan	1% per annum. Interest accruals on a daily basis and is payable on 30 June and 31 December in each year and on Maturity Date. If an event of default occurs, an interest rate of 5% per annum will apply and is payable monthly.
Conversion by holder	Arena Investors LP may at its election, convert one or more of the securities into Shares. Listed below is the formula for conversion:

$$\text{Number of Shares} = \frac{101\% \text{ of Specified Principal Amount}}{\text{Conversion Price}}$$

Specified Principal Amount is the aggregate principal amount of the Notes that are subject to the conversion

Conversion price is, in respect of each conversion, the higher of:
(i) floor price of $0.013; and
(ii) the lower of (a) 125% of the average closing price of the Shares over the 25 trading days immediately prior to the issue date of the Note being converted; and (b) 90% of the average of the closing prices of the Shares for any 5 consecutive trading days before the conversion date.

Additional Information	The Company has an undrawn facility of $9,200,000 which can be drawn down in 9 tranches. First tranche being $1,200,000 and subsequent issues over 8 tranches of $1,000,000 each.

During the financial year, Fatfish Global Ventures AB had 1 convertible note and 1 promissory note on issue for a total value of $1,009,379 (SEK 6.66 million). The terms and conditions for each note are set out below:

Lead Nation Holdings Limited - $159,965 (SEK 1 million)

Maturity	Due and payable on the first day after the 24 month from the Date of the Issue (6 November 2017)
Interest on loan	Fixed interest of 8% per annum. However, an annual interest of 20% shall apply should the loan be repaid prior to the Maturity Date.

Kaggneelp AB - $849,414 (SEK 5.66 million)

Maturity	27 October 2020
Interest on loan	Annual interest rate corresponding to the average Swedish Government Borrowing Rate plus one per cent.
Conversion by holder	On maturity, Kaggneelp AB is entitled to request conversion of all its convertibles, or at the eeliest date as detailed below.

Conversion Date	Number of convertibles
12 months after listing of all the Company's shares (IPO). ("Initial Conversion")	1,415,000
6 months after Initial Conversion	1,415,000
12 months after Initial Conversion	1,415,000
18 months after Initial Conversion	1,415,000
Total	5,660,000

Note 21 Issued Capital

	Group 2018 $	Group 2017 $
564,267,982 fully paid ordinary shares (2017: 440,863,274 fully paid ordinary shares)	36,248,763	33,747,894
	36,248,763	33,747,894

(a) **Ordinary Shares**

	Number of Shares	Amount $
Opening Balance at 1 January 2017	169,299,446	27,786,750
Issued during the year	271,563,828	6,249,991
Less: transaction costs	-	(288,847)
Closing Balance at 31 December 2018	440,863,274	33,747,894
Issued during the year	123,404,708	3,029,624
Less: transaction costs	-	(528,755)
Closing Balance at 31 December 2018	564,267,982	36,248,763

(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 2018 No.	Group 2017 No.
At the beginning of the reporting period	154,858,096	-
Options issued during the year	58,089,999	169,210,962
Options exercised during the year	(21,314,482)	(14,352,866)
Options expired during the year	-	-
At the end of the reporting period	191,633,613	154,858,096

(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 by-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 22 Business Combination

Minerium Technology Limited

The use of cryptocurrency and similar blockchain technologies are increasingly becoming an emerging trend in both the consumer internet and financial service industry areas. In particular the use of cryptocurrency as a form of payment is a global trend that has emerged strongly.

On 10 January 2018, Fatfish Disruptive Ventures Limited, a wholly owned subsidiary of the Company acquired 51% of the enlarged and paid-up capital of Minerium Technology Limited (formerly known as Apac Mining Limited), a company incorporated in British Virgin Island, in accordance with an Investment Agreement executed on the same day. The total cost of the acquisition is $1.28 million (USD $1 million).

The investment into Minerium Technology Limited is in-line with the Company's vision to be the leading technology venture investment and development firm that leads investment into disruptive technology space across consumer and business markets. The investment into Minerium Technology is a follow-on downstream investment that has synergies with the Company's investments into Kryptos-X cryptocurrency exchange and Altairian Holdings Limited.

The fair value of the identifiable assets and liabilities of Minerium Technology Limited as at the date of acquisition were:

	10 January 2018
Consideration	1,283,952
Value of assets acquired	
Cash	2
	2
Less:	
Non-controlling interest	(629,136)
Goodwill	654,814

The contribution of Minerium Technology Limited to the consolidated entity's loss was a loss of $1,758,076 from a revenue of $461,430 and impairment expense of $1,194,578.

If Minerium Technology Limited had been part of the group for the entire period, the revenue and loss it contributed would be unchanged.

None of the goodwill will be deductible for tax purposes.

Snaefell AB

On 20 July 2018, the Company announced that Fatfish Ventures AB, a subsidiary of the Company is to acquired Swedish Venture Firm, Snaefell AB, a company incorporate in Sweden, in accordance with a sale and purchase agreement. The total cost of the acquisition is $6,800,152 (SEK 42,304,974) to be satisfied entirely through issuance of new shares in Fatfish Global Ventures AB.

The investment into Snaefell AB is in-line with the Company's vision to be the leading technology venture investment and development firm.

The fair value of the identifiable assets and liabilities of Snaefell AB as at the date of acquisition were:

	20 July 2018
Consideration	6,800,152
Value of assets acquired	
Cash	289,658
Trade and other receivables	88,528
Financial assets - Fair value OCI	6,002,236
	6,380,422
Less:	
Trade and other payables	187,238
Goodwill - provisionally accounted for	606,968

The contribution of Snaefell AB to the consolidated entity's loss was a loss of $3,466.

If Snaefell AB had been part of the group for the entire period, the loss it contributed would have been $6,782.

None of the goodwill will be deductible for tax purposes.

Note 23 Capital and Leasing Commitments

	Group 2018 $	Group 2017 $
(a) Finance Lease Commitments		
Payable - minimum lease payments		
- not later than 12 months	14,446	9,576
- between 12 months and five years	74,603	-
Minimum lease payments	89,049	9,576
Less future finance charges	(15,063)	(205)
Present value of minimum lease payments	73,986	9,371
	-	-

(b) Investment Expenditure Commitments

During the 2017 and 2018 financial year, the Group had signed contracts to invest in some entities. Listed below are the amounts that are required to be paid to complete these investments.

	Amount Committed 2018 $	Amount Committed 2017 $
Acquisition of 60% of CryptoFoundry Pte Ltd (SGD 350,000)	-	335,764
Acquisition of 12.5% of Altarian Capital Holdings Limited	-	981,000
Acquisition of 27% Kryptos-X	303,080	1,308,000
	303,080	2,624,764

Note 24 Operating Segments

General Information

Information of reportable segments

(a) **Accounting policies adopted**

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief operating decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the Group.

(b) **Segment assets**

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of the economic value from the asset. In most instances, segment assets are clearly identifiable on the basis of their nature and physical location.

(c) **Segment liabilities**

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

(d) **Unallocated items**

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Impairment of assets and other non-recurring items of revenue or expense
- Income tax expense
- Deferred tax assets and liabilities
- Current tax liabilities
- Other financial liabilities
- Intangible assets

Note 24: Operating Segments (Cont'd)

(e) **Segment information**

(i) **Segment performance**

	Australia	Singapore	Sweden	British Virgin Island	Total
31 December 2018	**$**	**$**	**$**	**$**	**$**
Revenue	3,552	165,388	3,206,730	461,430	3,837,100
Total segment revenue	3,552	165,388	3,206,730	461,430	3,837,100
Total group revenue					3,837,100
Segment result from continuing operations before tax	(971,070)	(17,800,060)	(9,646,003)	(1,613,602)	(30,030,735)
Reconciliation of segment result to group net profit/loss before tax					
Intersegment elimination					8,089,896
Net loss before tax from continuing operations					(21,940,839)

	Australia	Singapore	Sweden	British Virgin Island	Total
31 December 2017	**$**	**$**	**$**	**$**	**$**
Revenue	2,223	90,371	1,293,960	-	1,386,554
Total segment revenue	2,223	90,371	1,293,960	-	1,386,554
Total group revenue					1,386,554
Segment result from continuing operations before tax	37,175,053	2,392,295	81,769	-	39,649,117
Reconciliation of segment result to group net profit/loss before tax					
Intersegment elimination					(37,800,298)
Net profit before tax from continuing operations					1,848,819

(ii) **Segment assets**

	Australia	Singapore	Sweden	British Virgin Island	Total
31 December 2018	**$**	**$**	**$**	**$**	**$**
Segment assets					-
Segment assets include:					
— Non-current assets (other than financial assets and deferred tax)	55,577,930	23,272,379	55,373,416	699,132	134,922,857
Reconciliation of segment assets to group assets					
Intersegment eliminations					(96,909,004)
Total group assets					38,013,853

	Australia	Singapore	Sweden	British Virgin Island	Total
31 December 2017	**$**	**$**	**$**	**$**	**$**
Segment assets					
Segment assets include:					
— Non-current assets (other than financial assets and deferred tax)	54,591,475	43,875,337	51,219,579	-	149,686,391
Reconciliation of segment assets to group assets					
Intersegment eliminations					(99,861,614)
Total group assets					49,824,777

Note 24: Operating Segments (Cont'd)

(iii) **Segment liabilities**

31 December 2018	Australia $	Singapore $	Sweden $	British Virgin Island $	Total $
Segment liabilities	399,801	3,429,194	2,540,022	585,285	6,954,302
Reconciliation of segment liabilities to group liabilities					
Intersegment eliminations					(78,380)
Total group liabilities					6,875,922

31 December 2017	Australia $	Singapore $	Sweden $	British Virgin Island $	Total $
Segment liabilities	77,101	4,543,806	2,728,680	-	7,349,587
Reconciliation of segment liabilities to group liabilities					
Intersegment eliminations					(1,269,508)
Total group liabilities					6,080,079

(iv) **Revenue by geographical region**

Revenue, including revenue from discontinued operations, attributable to external customers is disclosed below, based on the location of the external customer:

	31 December 2018 $	31 December 2017 $
Australia	3,552	2,223
Singapore	165,388	65,381
Sweden	3,206,730	1,318,950
British Virgin Island	461,430	-
Total revenue	3,837,100	1,386,554

(v) **Assets by geographical region**

The location of segment assets by geographical location of the assets is disclosed below:

	31 December 2018 $	31 December 2017 $
Australia	3,307,148	4,609,854
Singapore	26,046,656	44,002,790
Sweden	7,709,253	121,213
British Virgin Island	950,796	-
Total Assets	38,013,853	48,733,857

Note 25 Cash Flow Information

	Group 2018 $	Group 2017 $
(a) Reconciliation of Cash Flows from Operating Activities with Profit after Income Tax		
Profit after income tax	(21,940,839)	1,840,484
Non-cash flows in profit		
Impairment expenses	2,276,241	317,289
Amortisation and depreciation	592,947	83,360
Unrealised (gain)/loss in foreign exchange	(129,650)	199,082
Unrealised (gains)/losses on investments at fair value	16,589,487	(3,730,016)
Unrealised (gains)/losses on intangibles	439,028	-
Finance costs	281,294	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
(Increase)/decrease in trade and term receivables	9,517	(417,821)
(Increase)/decrease in prepayments	(921,232)	(228,399)
(Increase)/decrease in inventories	30,069	(379,976)
Increase/(decrease) in trade payables and accruals	1,186,598	1,070,406
Cash flows from operating activities	(1,586,540)	(1,245,591)

Note 26 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.

On 14 January 2019, the Company completed the divestment of the Company's stake in Altairian Capital Holdings Limited. The Company received AUD $343,673 (USD $250,000) for this transaction.

On 8 March 2019, the Company was informed by the management of iFashion Group Pte Ltd that the sale to MC Payment remained subject to the satisfaction or waiver of a number of conditions precedent, including, amongst other things, the satisfactory completion of due diligence, and the successful reverse takeover by MC Payment of Artivision Technologies Ltd, which is listed on the SGX Catalist market (RTO).

The Company was further informed that the RTO itself was conditional upon several conditions precedent, which were required to be satisfied or waived on or before 31 December 2018 ("Long Stop Date"). In this regard, the Company has been informed that Artivision and MC Payment have mutually agreed to extend the Long Stop Date for a period of 6 months to 30 June 2019.

However, the management of iFashion Group has informed the Company that iFashion Group has decided that it did not wish to extend the deadline for conditions precedent to be met with regards to its transaction with MC Payment given the delay in the process due to various factors that was not within its control.

On 27 March 2019, the Company received the Conversion Notice from Arena Investors LP requesting the conversion of 300,000 Convertible Notes. On the same day, a total of 25,897,436 fully paid ordinary shares were issued.

As at the date of this report, the Company's shareholdings in iCandy Interactive Limited ("ICI") is $13,860,000 (31 December 2018: $9,625,000).

As at the date of this report, the Company's shareholdings in the listed corporations under Financials Assets - Fair Value OCI is $4,565,793 (31 December 2018: $4,519,693).

Note 27 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.

(Note 27: Related Party Transactions (Cont'd))

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.

(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:

	Group	
	2018	2017
	$	$
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	149,440	89,499
- Directors' fees paid to DHL Corporate Advisory of which Mr Donald Low is a director and shareholder	24,000	24,000
- Directors' fees paid to Baustan Capital of which Mr Jeffrey Tan is a director and shareholder	12,000	12,000
- Directors' fees paid to Anthony Mackay	37,500	-
	252,940	155,499

ii. The following balances were outstanding at the end of the reporting period:

	Amounts owed by related parties		Amounts owed to related parties	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
	$	$	$	$
Fintech Asia Group Limited	-	195,192	-	-
iFashion Group Pte Ltd	8,794	8,129	-	-
iCandy Interactive Limited	106,418	106,418		-
vDancer Pte Ltd	432,711	397,693		-
iCandy Digital Pte Ltd	376,456	439,991		-
Fatfish Investment Partners Pte Ltd	-	8,826	232,605	-
Fatfish Ventures Sdn Bhd	-	214,304	373,520	-
Appxplore (iCandy) Limited	-	-	-	94,167
	924,379	1,370,553	606,125	94,167

(c) Other transactions and balances with Key Management

Mr Kin Wai Lau had loaned Fatfish Global Ventures AB and Fatfish Internet Pte Ltd AUD $62,619 (SEK 400,00) and AUD $0,698 (SGD 32,000) respectively last financial year. Table below shows the movement in Mr Kin Wai Lau's loan to the respective companies.

Entity	**Opening Balance**	**Loan Made**	**Loan Repaid**	**FX Movement**	**Closing Balance**
	$	$	$	$	$
Fatfish Global Ventures AB	62,619	-	-	1,367	63,986
Fatfish Internet Pte Ltd	71,359	-	-	2,696	74,055
	133,978	-	-	4,063	138,041

Note 28 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:

	Note	Group 2018 $	Group 2017 $
Financial Assets			
Cash and cash equivalents	9	336,838	3,323,138
Trade and other receivables	10	506,053	515,570
Financial Assets - Fair value OCI			
- listed investments	12	4,519,693	3,475,304
- unlisted investments	12	7,262,010	4,917,509
		11,781,703	8,392,813
Other financial assets	13	2,128,986	2,967,695
Total Financial Assets		14,753,580	15,199,216
Financial Liabilities			
Financial liabilities at amortised cost			
— Trade and other payables	18	1,740,229	1,179,289
— Borrowings	19	219,139	200,126
Other financial assets	20	4,916,554	4,700,664
Total Financial Liabilities		6,875,922	6,080,079

Financial Risk Management Policies

The directors are responsible for Fatfish Blockchain Limited'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 Blockchain uses different methods to measure difference types of risk to which it is exposed. These methods include sensitivity analysis in the case on interest rate and market risk. Fatfish Blockchain does not use derivatives.

The consolidated entity's financial instruments consists 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 ad 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;
• monitoring undrawn credit facilities;
• 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.

Note 28: Financial Risk Management (Cont'd)

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 years		Over 5 years		Total	
Consolidated Group	2018 $	2017 $	2018 $	2017 $	2018 $	2017 $	2018 $	2017 $
Financial liabilities due for payment								
Bank overdrafts and loans	97,498	190,755	-	-	-	-	97,498	190,755
Convertible loans	849,414	-	-	886,738	-	-	849,414	886,738
Trade and other payables	1,740,229	1,179,289	-	-	-	-	1,740,229	1,179,289
Other financial liabilities	4,067,140	3,658,060	-	-	-	-	4,067,140	3,658,060
Finance lease liabilities	61,575	9,371	-	-	-	-	61,575	9,371
Total expected outflows	6,815,856	5,037,475	-	886,738	-	-	6,815,856	5,924,213

	Within 1 Year		1 to 5 years		Over 5 years		Total	
Consolidated Group	2018 $	2017 $	2018 $	2017 $	2018 $	2017 $	2018 $	2017 $
Financial Assets - cash flows realisable								
Cash and cash equivalents	336,838	3,323,138	-	-	-	-	336,838	3,323,138
Trade, term and loans receivables	506,053	515,570	-	-	-	-	506,053	515,570
Financial assets - Fair value OCI	11,781,703	8,392,813	-	-	-	-	11,781,703	8,392,813
Other financial assets	2,128,986	2,091,478	-	876,217	-	-	2,128,986	2,967,695
Total anticipated inflows	14,753,580	14,322,999	-	876,217	-	-	14,753,580	15,199,216
Net (outflow) / inflow on financial instruments	7,937,724	9,285,524	-	(10,521)	-	-	7,937,724	9,275,003

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 currency 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 foreign currency may impact on the Group's financial results unless those exposed are appropriately hedged.

The following significant exchange rates were applied during the year	**Average Rate**		**Spot Rate**	
$1 AUD	**2018**	**2017**	**2018**	**2017**
Singapore	0.9916	0.9446	1.0378	0.9593
Sweden	0.1540	0.1562	0.1600	0.1565
United States	0.7479	-	0.7058	-

Note 28: Financial Risk Management (Cont'd)

Interest rate Sensitivity Analysis

The following table illustrates sensitivities to the Group's exposures to changes in interest rates, exchange rates and commodity and equity prices. The table indicates the impact of how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

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

	Consolidated Group	
	Profit	Equity
Year ended 31 December 2018	$	$
+/- 0.75% in interest rates	2,526	2,526

	Consolidated Group	
	Profit	Equity
Year ended 31 December 2017	$	$
+/- 0.75% in interest rates	24,924	24,924

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.

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 39 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.

	Note	2018		2017	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Consolidated Group		$	$	$	$
Financial assets					
Financial assets at amortised cost:					
Cash and cash equivalents	9	336,838	336,838	3,323,138	3,323,138
Trade and other receivables:					
- unrelated parties - trade and term receivables	10	506,053	506,053	515,570	515,570
Total trade and other receivables	10	506,053	506,053	515,570	515,570
Investments					
Financial assets - Fair value OCI					
- at fair value:					
- listed investments	12,29	4,519,693	4,519,693	3,475,304	3,475,304
- unlisted investments	12, 29	7,262,010	7,262,010	4,917,509	4,917,509
		11,781,703	11,781,703	8,392,813	8,392,813
Total financial assets		12,624,594	12,624,594	12,231,521	12,231,521
Financial liabilities at amortised cost					
Trade and other payables	18	1,740,229	1,740,229	1,179,289	1,179,289
Lease liability		73,986	73,986	9,371	9,371
Bank debt		97,498	97,498	190,755	190,755
Total financial liabilities		1,911,713	1,911,713	1,379,415	1,379,415

(i) Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments in nature whose carrying amounts are equivalent to their fair values.

(ii) Term receivables reprice to market interest rates every three months, ensuring carrying amounts approximate fair value.

Note 29 Fair Value Measurements

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

— financial assets - fair value OCI
— 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.

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 2018			
Recurring fair value measurements	**Note**	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Financial assets					
Financial assets at fair value through profit or loss					
— Investments at fair value	14	9,625,000	9,147,943	-	18,772,943
Financial assets at fair value through other comprehensive income:					
— Shares in listed companies	12	4,519,693	-	-	4,519,693
— Shares in unlisted companies	12	-	7,262,010	-	7,262,010
Total financial assets recognised at fair value on a recurring basis		14,144,693	16,409,953	-	30,554,646

Note 30 Reserves

a. **Options Reserve**

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

	Group 2018 $	Group 2017 $
Balance at beginning of year	-	-
Options issued	398,593	-
Options exercised	-	-
Options expired	-	-
	398,593	-

b. **Foreign Currency Translation Reserve**

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

	Group 2018 $	Group 2017 $
Balance at beginning of year	(216,874)	(271,400)
Foreign currency movements during the year	2,300,512	54,526
	2,083,638	(216,874)

c. **Financial Assets Reserve**

The financial assets reserve records revaluations of financial assets.

	Group 2018 $	Group 2017 $
Balance at beginning of year	5,001,522	1,490,324
Fair value movements during the year	(3,978,018)	3,511,198
	1,023,504	5,001,522

	Group 2018 $	Group 2017 $
Total Reserves		
Option reserve	398,593	-
Foreign currency translation reserve	2,083,638	(216,874)
Financial assets reserve	1,023,504	5,001,522
	3,505,735	4,784,648

Note 31 Company Details

The registered office of the company is:
Fatfish Blockchain Limited
Level 4, 91 William Street
Melbourne Vic 3000

The principal places of business are:
Fatfish Blockchain Limited
Level 4, 91 William Street
Melbourne Vic 3000

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Fatfish Blockchain Limited, the directors of the company declare that:

1. the financial statements and notes 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 2018 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.

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

Director

Mr Kin Wai Lau

Dated this 29 March 2019

Bentleys
THINKING AHEAD

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Independent Auditor's Report

To the Members of Fatfish Blockchain Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Fatfish Blockchain Limited ("the Company") and its subsidiaries ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

a. the accompanying financial report of the Consolidated Entity is in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2018 and of its financial performance for the year then 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 Consolidated Entity 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
Accounting for Business Combinations- Minerium Technology Ltd - The acquisition of Minerium Technology Ltd as disclosed in Note 22 of the consolidated financial statements is a key audit matter due to the size of the acquisition (purchase consideration of $1,283,952) and complexities inherent in a business acquisition.	Our procedures amongst others included: - Reviewing the acquisition agreement to understand the key terms and conditions, and confirming our understanding of the transaction with management; - Assessing the deemed consideration with the terms of the acquisition agreement; - Reviewing the acquisition date balance sheet to acquisition agreement and underlying supporting documentation; - Assessing the fair value of assets and liabilities acquired to the fair value assessment conducted by management. - We assessed the appropriateness of the disclosures included in Notes 1(a) and 22 to the financial report.
Accounting for Business Combinations- Snaefell Ventures AB - The acquisition and provisional accounting of Snaefell Ventures AB as disclosed in Note 22 of the consolidated financial statements is a key audit matter due to the size of the acquisition (purchase consideration of $6,800,152) and complexities inherent in a business acquisition.	Our procedures amongst others included: - Reviewing the acquisition agreement to understand the key terms and conditions, and confirming our understanding of the transaction with management; - Provisionally assessing the deemed consideration with the terms of the acquisition agreement; - Reviewing the provisionally accounted for acquisition date balance sheet to underlying supporting documentation; - Provisionally assessing the fair value of assets and liabilities acquired to the fair value assessment conducted by management. - We assessed the appropriateness of the disclosures included in Notes 1(a) and 22 to the financial report.

Key audit matter	How our audit addressed the key audit matter
Fair value of Financial Assets – Fair Value OCI As disclosed in note 12, the Consolidated Entity held $11,781,703 investments classified as Financial Assets – Fair Value OCI. Valuation of these investments is considered to be a key audit matter due to the significance of the assets to the Consolidated Entity's financial position, current year's performance and due to the judgement involved in determining the key assumptions used in the valuation of these assets.	Our procedures in relation to management's valuation of Financial Assets – Fair Value OCI: - Obtaining an understanding of the valuation methodology and assumptions used; - Critically evaluating management's methodologies and their documented basis for key assumptions utilised in the valuations which are described in Note 12 and 29; - We assessed the appropriateness of the disclosures included in Notes 12 and 29 to the financial report.
Fair value of investments held at fair value through profit or loss As disclosed in note 14, the Consolidated Entity held $18,772,943 in subsidiaries held at fair value through profit and loss. Valuation of these investments is considered to be a key audit matter due to the significance of the assets to the Consolidated Entity's financial position, current year's performance and due to the judgement involved in determining the key assumptions used in the valuation of these assets.	Our procedures in relation to management's valuation of the investments included: - Obtaining an understanding of the valuation methodology and assumptions used; - Critically evaluating management's methodologies and their documented basis for key assumptions utilised in the valuations which are described in Note 14; We assessed the appropriateness of the disclosures included in Notes 14 and 29 to the financial report.
Recoverability of other financial assets The Consolidated entity has provided loans to multiple entities including related parties and to external parties, totalling $2,128,986 as disclosed in note 13. Due to the quantum of the loan, the recoverability of the loans were considered a key audit matter. The Consolidated Entity has a provision for $669,728 for loans which recovery is considered doubtful.	Our procedures amongst others included: - Holding discussions with management over the recoverability of the loans; - Assessment of the counterparty's capacity to repay the loan; and We assessed the appropriateness of the disclosures included in Notes 13 and 28 to the financial report.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of Cash Generating Units inclusive of goodwill and intangible assets - As disclosed in note 16, the Consolidated Entity has goodwill and intangible assets of $2,171,762 after impairment charges of $707,713 in relation to the iSecret and Minerium Cash Generating Units (CGU). Plant and equipment included within these CGU's were also impaired by an amount of $1,194,578; - Impairment of goodwill is considered to be a key audit matter due to the significance of the assets to the Consolidated Entity's financial position, current year's performance and due to the judgement involved in determining the key assumptions used in the recoverable amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of the CGU is based on certain key assumptions, such as cash flow projections.	Our procedures amongst others included: - Obtaining an understanding of the value in use model and assumptions used; - Critically evaluating management's methodologies and their documented basis for key assumptions utilised in the valuation models which are described in Note 16; - We checked the mathematical accuracy of the cash flow models; - We assessed the reasonableness of historical cashflows to forecasts provided by management; - We performed sensitivity analyses around the discount rate used; and - We assessed the appropriateness of the disclosures included in Note 16 to the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity's annual report for the year ended 31 December 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the 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 Consolidated Entity'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 Consolidated Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. 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 the 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 this 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 Consolidated Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- 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 Consolidated Entity'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 Consolidated Entity 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.

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

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 in the directors' report for the year ended 31 December 2018. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 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.

Auditor's Opinion

In our opinion, the Remuneration Report of the Company, for the year ended 31 December 2018, complies with section 300A of the Corporations Act 2001.

Bentleys

Mark Delaurentis

BENTLEYS
Chartered Accountants

MARK DELAURENTIS CA
Partner

Dated at Perth this 29th day of March 2019

The following information is current as at [insert date]:

1. **Shareholding**

a. **Distribution of Shareholders**

Category (size of holding)	No. of Holders	No. of Ordinary Shares
1 – 1,000	439	163,477
1,001 – 5,000	223	610,310
5,001 – 10,000	630	5,805,541
10,001 – 100,000	885	36,522,483
100,001 – and over	435	547,063,607
	2,612	590,165,418

b. The number of shareholdings held in less than marketable parcels is [insert number].

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

Shareholder	Number No. of Fully Paid Ordinary Shares	% Held of Issued Ordinary Capital
HSBC Custody Nominees	148,290,562	25.13%
Mr Abu Bakar Fikri	49,375,000	8.37%

e. **20 Largest Shareholders — Ordinary Shares**

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1. HSBC Custody Nominees	148,290,562	25.13%
2. Mr Abu Bakar Fikri	49,375,000	8.37%
3. Mr Kin Wai Lau	25,209,609	4.27%
4. Mr Chang Jeh Ong	20,000,000	3.39%
5. BNP Paribas Nominees Pty Ltd	16,790,596	2.85%
6. Mr Say Kee Saw	16,270,300	2.76%
7. BNP Paribas Noms Pty Ltd	16,167,190	2.74%
8. Mr Ong Chang Jeh	15,150,668	2.57%
9. Mr Hao Chen Pang	10,895,646	1.85%
10. Citicorp Nominees Pty Limited	8,732,919	1.48%
11. Acquiniti Limited	8,000,000	1.36%
12. Mr Nash Charles Rawiller	5,500,000	0.93%
13. Dar Paul Clarke Gilbett & Ms Elizabeth Mary O'Donoghue	5,166,376	0.88%
14. Mr Graham John Walker	4,599,387	0.78%
15. Lead Nation Holdings Limited	4,507,485	0.76%
16. Mr Badr Mohammed Alharthi	4,000,000	0.68%
17. Mr Kong Khai Yean	4,000,000	0.68%
18. Mr Niv Dagan	3,800,000	0.64%
19. Ms Cherly Umoh	3,500,000	0.59%
20. Mr Bai Hung Ngo	3,500,000	0.59%
	373,455,738	63.30%

2. The name of the company secretary is Mr Andrew Draffin and Ms Jiahui Lan

3. The address of the principal registered office in Australia is Level 4, 91 William Street, Melbourne Victoria 3000

4. Registers of securities are held at the following addresses
   Security Transfer Registrars I
   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.