



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

Current period:	1 January 2021 - 30 June 2021
Prior corresponding period:	1 January 2020 - 30 June 2020

2. Results for announcement to the market	Half-year ended 30 June 2021	Half-year ended 30 June 2020	Up/Down	Change (%)
Revenue from ordinary activities	145,512	344,916	Down	58%
Loss from ordinary activities after tax attributable to members of the parent	(8,021,273)	(4,130,002)	Up	94%
Total comprehensive income for the period attributable to members of the parent	(7,999,550)	(6,444,847)	Up	24%

3. Dividend Information	Amount per share	Franked amount per
Interim Dividend	-	-
Previous corresponding period	-	-
Record date for determining entitlements to the dividend	N/A	N/A

4. Dividend Information	Half-year ended	Half-year ended
Net tangible assets per security (with the comparative)	1.67	1.22

5. Details of entities over which control has been gained

Name of entity:	Forever Pay Sdn Bhd
Date of control:	29 March 2021
Name of entity:	Pay Diect Sdn Bhd
Date of control:	15 April 2021



FATFISH GROUP LIMITED AND CONTROLLED ENTITIES

ABN: 88 004 080 460

**Financial Report For The Half-Year Ended
30 June 2021**

FATFISH GROUP LIMITED AND CONTROLLED ENTITIES



ABN: 88 004 080 460

Financial Report For The Half-Year Ended 30 June 2021

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



Your directors of Fatfish Group Limited ("the Company") present their report on the consolidated entity ("Group"), consisting of Fatfish Group Limited and the entities it controlled at the end of, or during, the half-year period ended 30 June 2021.

General Information

Directors

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

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

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

DIRECTORS' REPORT

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

Review of Operations

The consolidated loss for the six-month period ended 30 June 2021 was \$7,927,429. (2020 loss: \$6,222,649).

The net assets of the Group as at 30 June 2021 were \$18,227,148. (31 December 2020: \$18,093,908)

The bigger loss recorded during the six-month period ended 30 June 2021 is mainly due to one-off share-based payment to executives, which was approved by shareholders via an extraordinary general meeting on 23 March 2021. Excluding this one-off expense, the Group would have recorded a much smaller loss of \$1,284,176.

The Group notes that this payment was one-off and the executives achieved the performance milestones that entitled them to the share-based payment.

During the six-month period ended 30 June 2021, the Group has been aggressively expanding its investment in the fintech sector:

April 2021	Acquisition of 100% of Forever Pay Sdn Bhd, which holds a money lending license in Malaysia that will pave the way for the Group's launching of its retail BNPL service and other digital financing solutions in Malaysia
April 2021	Increased stake in Singaporean based fintech financing platform Smartfunding Pte Ltd to 89.4%
April 2021	Acquisition of 55% stake in Pay Direct Technology Sdn Bhd, a leading payment gateway solutions provider based in Malaysia that has been named 101 Top Malaysian Information Technology Companies and Startup of 2021 by beststartup.asia
May 2021	Founding of iHarap Sdn Bhd that will be undertaking the Group's digital Islamic financing business in Malaysia
June 2021	Acquisition of Australia incorporated BNPL Next Limited, which owns 60% of Circo Pte Ltd, a Singaporean based fintech company that provides Earned Wage Access (EWA) solutions in Southeast Asia.

Subsequent to the financial period in review, the Group has completed a fundraising of A\$8m via the issuance of convertible notes in August 2021. Moving forward, the Group plans to deploy the capital raised to aggressively grow and market its fintech businesses.

Auditor's Independence Declaration

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

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

On behalf of the Directors

Kin Wai Lau

Director

Dated this 31 August 2021

To the Board of Directors

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

As lead audit partner for the review of the financial statements of Fattfish Group Limited for the half year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours Faithfully,


HALL CHADWICK
Chartered Accountants


MARK DELAURENTIS CA
Partner

Dated at Perth this 31st day of August 2021

FATFISH GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2021



	Note	Group	
		30 June 2021	30 June 2020
		\$	\$
Continuing operations			
Revenue		145,512	344,916
Cost of sales		(12,612)	(146,384)
		<u>132,900</u>	<u>198,532</u>
Other income/(expenses)	2	(5,901)	(12,291)
Loss on deemed disposal of subsidiaries		-	(193,335)
Unrealised gain/(loss) on investments at fair value		(920,071)	(4,753,370)
Unrealised gain/(loss) in fair value of intangibles		237,964	61,783
Employee benefits expense		(81,510)	(64,599)
Depreciation and amortisation expense		(166,315)	(159,645)
Impairment expense		-	(1,012,403)
Administration expenses	2	(229,008)	(218,207)
Marketing expenses		(27,731)	(12,080)
Listing and filing fees		(171,513)	(7,397)
Occupancy expenses		(50,653)	(49,637)
Share based payments	12	(6,643,253)	-
Finance costs		(2,338)	-
		<u>(7,927,429)</u>	<u>(6,222,649)</u>
(Loss) before income tax			
Tax expense		-	-
Net (loss) for the half-year		<u>(7,927,429)</u>	<u>(6,222,649)</u>
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss when specific conditions are met:			
Foreign currency translation reserve recycled on deemed disposal of subsidiaries		-	(2,511,497)
Exchange differences on translating foreign operations, net of tax		(20,303)	203,452
		<u>(20,303)</u>	<u>(2,308,045)</u>
Total other comprehensive income for the year			
Total comprehensive income for the year		<u>(7,947,732)</u>	<u>(8,530,694)</u>
Net profit attributable to:			
Owners of the parent entity		(8,021,273)	(4,130,002)
Non-controlling interest		93,844	(2,092,647)
		<u>(7,927,429)</u>	<u>(6,222,649)</u>
Total comprehensive income attributable to:			
Members of the parent entity		(7,999,550)	(6,444,847)
Non-controlling interest		51,818	(2,085,847)
		<u>(7,947,732)</u>	<u>(8,530,694)</u>
Earnings per share			
From continuing and discontinued operations:			
Basic earnings per share (cents)	17	(0.85)	(0.51)
Diluted earnings per share (cents)	17	(0.85)	(0.51)

The accompanying notes form part of these financial statements.

FATFISH GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021



	Note	Group	
		30 June 2021	31 December 2020
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		862,484	1,064,740
Trade and other receivables		399,264	265,853
Other financial assets	4	982,325	999,158
Other assets		197,454	24,416
TOTAL CURRENT ASSETS		2,441,527	2,354,167
NON-CURRENT ASSETS			
Other financial assets	4	3,536,472	3,536,472
Investments at fair value through profit or loss	5	12,571,963	12,406,696
Property, plant and equipment	6	429,873	582,367
Intangible assets	7	1,383,834	156,337
Other non-current assets		8,729	8,441
Right-of-use assets		93,235	92,503
TOTAL NON-CURRENT ASSETS		18,024,106	16,782,816
TOTAL ASSETS		20,465,633	19,136,983
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	1,167,053	281,900
Lease liabilities		81,206	58,233
Other financial liabilities	9	990,226	668,304
TOTAL CURRENT LIABILITIES		2,238,485	1,008,437
NON-CURRENT LIABILITIES			
Lease liabilities		-	34,638
TOTAL NON-CURRENT LIABILITIES		-	34,638
TOTAL LIABILITIES		2,238,485	1,043,075
NET ASSETS		18,227,148	18,093,908
EQUITY			
Issued capital	10	46,917,014	40,995,300
Reserves	15	1,353,581	(835,417)
Retained earnings		(29,636,067)	(21,614,794)
Equity attributable to owners of the parent entity		18,634,528	18,545,089
Non-controlling interest		(407,380)	(451,181)
TOTAL EQUITY		18,227,148	18,093,908

The accompanying notes form part of these financial statements.

FATFISH GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2021



	Issued Capital	Accumulated Losses	Reserves			Subtotal	Non- controlling interests	Total
			Foreign Currency Translation Reserve	Option Reserve	Financial Assets Reserve			
	\$	\$	\$	\$	\$	\$	\$	
Consolidated Group								
Balance at 1 January 2020	39,159,136	(24,127,887)	1,945,640	398,593	(7,456,906)	9,918,576	1,634,452	11,553,028
Comprehensive income								
Loss for the period	-	(4,130,002)	-	-	-	(4,130,002)	(2,092,647)	(6,222,649)
Other comprehensive income for the year	-	-	(2,314,845)	-	-	(2,314,845)	6,800	(2,308,045)
Total comprehensive income for the year	-	(4,130,002)	(2,314,845)	-	-	(6,444,847)	(2,085,847)	(8,530,694)
Transactions with owners, in their capacity as owners, and other transfers								
Shares issued during the period	12,718	-	-	-	-	12,718	-	12,718
Expiry of options	-	349,550	-	(349,550)	-	-	-	-
Derecognition of subsidiaries upon deemed disposal of subsidiaries	-	-	-	-	7,093,816	7,093,816	-	7,093,816
Total transactions with owners and other transfers	12,718	349,550	-	(349,550)	7,093,816	7,106,534	-	7,106,534
Balance at 30 June 2020	<u>39,171,854</u>	<u>(27,908,339)</u>	<u>(369,205)</u>	<u>49,043</u>	<u>(363,090)</u>	<u>10,580,263</u>	<u>(451,395)</u>	<u>10,128,868</u>
Balance at 1 January 2021	40,995,300	(21,614,794)	(521,683)	49,043	(362,777)	18,545,089	(451,181)	18,093,908
Comprehensive income								
Profit for the year	-	(8,021,273)	-	-	-	(8,021,273)	93,844	(7,927,429)
Other comprehensive income for the year	-	-	21,723	-	-	21,723	(42,026)	(20,303)
Total comprehensive income for the year	-	(8,021,273)	21,723	-	-	(7,999,550)	51,818	(7,947,732)
Transactions with owners, in their capacity as owners, and other transfers								
Shares issued during the period	1,496,580	-	-	-	-	1,496,580	-	1,496,580
Transaction costs	(870,069)	-	-	-	-	(870,069)	-	(870,069)
Recognition of non-controlling interests in Pay Direct	-	-	-	-	-	-	178,511	178,511
Recognition of non-controlling interests in Forever Pay Sdn	-	-	-	-	-	-	153,529	153,529
Share buy-back of non-controlling interest in Minerium	-	-	-	-	-	-	(340,057)	(340,057)
Exercise of options during the period	5,295,203	-	-	(5,295,203)	-	-	-	-
Issue of options during the period	-	-	-	7,462,478	-	7,462,478	-	7,462,478
Total transactions with owners and other transfers	5,921,714	-	-	2,167,275	-	8,088,989	(8,017)	8,080,972
Balance at 30 June 2021	<u>46,917,014</u>	<u>(29,636,067)</u>	<u>(499,960)</u>	<u>2,216,318</u>	<u>(362,777)</u>	<u>18,634,528</u>	<u>(407,380)</u>	<u>18,227,148</u>

The accompanying notes form part of these financial statements.

FATFISH GROUP LIMITED AND CONTROLLED ENTITIES
ABN: 88 004 080 460
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2021



	Group	
	30 June 2021	30 June 2020
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	331,652	378,515
Interest received	-	1,021
Payments to suppliers and employees	(673,835)	(586,811)
Net cash(used in) operating activities	<u>(342,183)</u>	<u>(207,275)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash deconsolidated on deemed disposal of subsidiary	-	36,856
Purchase of subsidiary less cash acquired	(82,449)	-
Purchase of property, plant and equipment	(13,820)	-
Purchase of financial assets	(1,224,662)	-
Net cash (used in)/generated by investing activities	<u>(1,320,931)</u>	<u>36,856</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of options	1,473,900	-
Payments to capital raising costs	(11,665)	-
Payments for share buy-backs for minority holders in Minerium Technology Limited	(340,057)	-
Payments for lease liability	-	(34,466)
Repayment of borrowings - other	(142,078)	-
Receipt of borrowings - other	480,076	-
Net cash provided by (used in) financing activities	<u>1,460,176</u>	<u>(34,466)</u>
Net increase in cash held	(202,938)	(204,885)
Cash and cash equivalents at beginning of financial year	1,064,740	596,472
Effect of exchange rates on cash holdings in foreign currencies	682	1,140
Cash and cash equivalents at end of financial year	<u><u>862,484</u></u>	<u><u>392,727</u></u>

The accompanying notes form part of these financial statements.

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

The financial statements were authorised for issue on 31 August 2021 by the directors of the company.

Note 1 Summary of Significant Accounting Policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include all the notes of the type usually included in the annual financial report. It is therefore recommended that this financial report be read in conjunction with the financial report for the year ended 31 December 2020 and any public announcements made by the Company since 31 December 2020 in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

Basis of Preparation

The condensed consolidated financial statements of Fatfish Group Limited for the six months ended 30 June 2021 have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were used in the Group's last reported annual financial statements as at 31 December 2020, unless otherwise stated.

(a) Principles of Consolidation

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

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

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

AASB 10 - Consolidated Financial Statements provides an exemption to investment entities from consolidating its subsidiaries. Abelco Investment Group AB qualifies for this exemption as it:

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

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

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

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.

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

Note 1: Summary of Significant Accounting Policies (continued)

(b) 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 quote price in an active digital currency market.

Any increase 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.

Digital currencies inventory fair value measure is a 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 loses control and, therefore, access to the economic benefits associated with ownership of the Digital Currencies Inventory.

(c) Financial Instruments

(i) *Classification of financial instruments*

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

- those 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 in note (iii) Impairment of financial assets.

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

(iii) *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.

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.

(iv) *Items at fair value through profit or loss items at fair value through profit or loss comprise:*

- 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.

Note 1: Summary of Significant Accounting Policies (continued)

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.

(v) *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 instruments.

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 reverse 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-month ECL. Where 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 the 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.

(vi) *Recognition and derecognition 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.

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 expires.

(vii) *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 settle on a net basis or to realise the asset and settle the liability simultaneously.

Note 1: Summary of Significant Accounting Policies (continued)

(d) 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.

(e) 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 the 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.

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 are stated net of the amount of GST and equivalent consumption taxes.

Note 1: Summary of Significant Accounting Policies (continued)

(f) 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 straight-line over the period of the expected benefit, being 5 years. Impairment testing is undertaken when impairment indicators exist.

(ii) Key judgements and estimates - Impairment

The Group assess 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.

(iii) Key Estimate - Impairment of Goodwill

Refer to Note 7 - Intangible Assets

(g) Going Concern

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 period ended 30 June 2021 of \$7,927,429 (30 June 2020: loss of \$6,222,649) and had a working capital surplus of \$203,042. (31 December 2020: \$1,616,523).

The company currently has in place a convertible loan facility of \$10m of which \$2,000,000 was drawn down. At the date of this report, \$8.0m was drawn down with 8 million convertible notes issued. The convertible notes have a fixed conversion price of \$0.07 per note.

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.

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 \$11.88m and is made up of Abelco Investment Group A.B (\$11.55m) and iCandy Interactive Limited (\$335k).

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Note 2 Profit for the Year

	Note	Group	
		30 June 2021	30 June 2020
		\$	\$
Profit before income tax from continuing operations includes the following specific expenses:			
(a) Other income/(expenses)			
- foreign exchange gain/(loss)		(2,861)	(12,220)
- unrealised foreign exchange gain/(loss)		(3,042)	(71)
- other income		2	-
		<u>(5,901)</u>	<u>(12,291)</u>
(b) Included in administration expenses			
- accounting fees		19,423	18,000
- audit fees		20,589	16,912
- consulting fees		22,669	69,093
- subscriptions		975	131
- motor vehicle costs		-	522
- legal fees		35,015	20,316
- professional fees		104,991	49,029
- travel and accommodation		-	10,669
- office related expenses		21,721	15,825
- other miscellaneous expenses		3,625	17,710
		<u>229,008</u>	<u>218,207</u>

Note 3 Dividends

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

Note 4 Other Financial Assets

	Note	Group	
		30 June 2021	31 December 2020
		\$	\$
CURRENT			
Amounts receivable from:			
- related parties - others		256,088	22,242
- related parties - subsidiaries (unconsolidated)		724,261	849,908
- others		1,976	127,008
		<u>982,325</u>	<u>999,158</u>
NON-CURRENT			
Promissory Note - subsidiaries		3,536,472	3,536,472
		<u>3,536,472</u>	<u>3,536,472</u>
Total Other Financial Assets			
Current		982,325	999,158
Non-Current		3,536,472	3,536,472
		<u>4,518,797</u>	<u>4,535,630</u>

Terms of Current Financial assets

All receivables are at call.

No securities are attached.

No interest on amounts receivable.

Terms of Non-Current Financial assets - subsidiaries (unconsolidated)

Issuer: Fatfish Global Ventures AB

Maturity: 14 November 2024

Interest on loan: Accrue a yearly interest of 5%.

Note 5 Interests in Subsidiaries

(a) Information about Principal Subsidiaries

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

Name of subsidiary	Place of Incorporation	Ownership interest held by the Group		Proportion of non-controlling interests	
		30 June 2021	31 December 2020	30 June 2021	31 December 2020
Fatfish Disruptive Ventures Limited	British Virgin Island	100%	100%	-	-
Minerium Technology Limited	British Virgin Island	49%	49%	51%	51%
D2K Ventures Sdn Bhd	Malaysia	49%	49%	51%	51%
Pay Direct Technology Sdn Bhd	Malaysia	55%	-	45%	-
Forever Pay Sdn Bhd	Malaysia	85%	-	15%	-
Smartfunding Pte Ltd*	Singapore	40%	20%	60%	80%
Fatfish Capital Limited	British Virgin Island	75%	75%	25%	25%
Fatfish Medialab Pte Ltd	Singapore	75%	75%	25%	25%
Abelco Investment Group AB	Sweden	41%	50%	59%	50%
Rightbridge Ventures AB	Sweden	41%	50%	59%	50%
Fatfish Global Ventures AB	Sweden	41%	50%	59%	50%
Snafell Ventures AB	Sweden	41%	50%	59%	50%
iSecrets AB**	Sweden	20%	24%	80%	76%
Fatfish Internet Pte Ltd	Singapore	41%	50%	59%	50%
Fatfish Ventures Sdn Bhd	Malaysia	41%	50%	59%	50%
vDancer Pte Ltd	Singapore	39%	48%	61%	52%
Fintech Asia Group Limited**	British Virgin Island	22%	26%	78%	74%
Smartfunding Pte Ltd**	Singapore	11%	29%	89%	71%
Peer Direct Sdn Bhd**	Malaysia	22%	26%	78%	74%
Fatberry Sdn Bhd**	Malaysia	8%	13%	92%	87%
iCandy Interactive Limited**	Australia	13%	18%	87%	82%
iCandy Digital Pte Ltd**	Singapore	13%	18%	87%	82%
Appxplore (iCandy) Limited**	British Virgin Island	13%	18%	87%	82%
Appxplore (iCandy) Sdn Bhd**	Malaysia	13%	18%	87%	82%
Inzen (iCandy) Pte Ltd**	Singapore	13%	18%	87%	82%
PT Joyseed Berhagi Sukses**	Indonesia	9%	18%	91%	82%
iCandy Games Limited**	British Virgin Island	13%	18%	87%	82%
Beetleroar Sdn Bhd**	Malaysia	10%	18%	90%	82%
Cmedia Asia Limited**	British Virgin Island	13%	18%	87%	82%

* The Company holds 39.9% stake in Smartfunding Pte Ltd directly. In addition, the Company holds 49.4% in Smartfunding pte Ltd via its subsidiary, Abelco Investment Group Ab, in which the Company has a 41.44% stake.

**The subsidiaries listed are deemed subsidiaries of the Company through the Company's holdings in Abelco Investment Group AB, in which the Company has a 41.44% stake.

(b) Significant Restrictions

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

(Note 5: Interest in subsidiaries (continued))

(d) 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 at fair value brought into account.

Subsidiary	Country of Incorporation	Fair value at 30 June 2021	Fair value at 31 December 2020
iCandy Interactive Limited ⁽¹⁾	Australia	335,000	625,000
Fatberry Sdn Bhd ⁽²⁾	Malaysia	289,958	-
Smartfunding Pte Ltd ⁽³⁾	Singapore	399,312	544,950
Abelco Investment Group AB ⁽⁴⁾	Sweden	11,547,693	11,236,746
		<u>12,571,963</u>	<u>12,406,696</u>

⁽¹⁾ The fair value of iCandy Interactive Limited (an ASX-listed entity) is based on its last traded price at 30 June 2021. This is in relation to the shares held by Fatfish Medialab Pte Ltd.

⁽²⁾ The fair value of value of Fatberry Sdn Bhd is based on its last entry price in the six months ended 30 June 2021.

⁽³⁾ The fair value of value of Smartfunding Pte Ltd is based on its last entry price in the six months ended 30 June 2021.

⁽⁴⁾ The fair value of Abelco Investment Group AB (An NGM-listed entity) is based on its last traded price at 30 June 2021.

Note 6 Property, Plant and Equipment

	Group	
	30 June 2021	31 December 2020
	\$	\$
PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	2,487,431	2,428,122
Accumulated depreciation	(2,089,594)	(1,884,583)
	<u>397,837</u>	<u>543,539</u>
Leasehold improvements		
At cost	108,690	106,760
Accumulated depreciation	(81,275)	(69,014)
	<u>27,415</u>	<u>37,746</u>
Computer equipment		
At cost	17,721	9,049
Accumulated depreciation	(13,100)	(7,967)
	<u>4,621</u>	<u>1,082</u>
Total plant and equipment	<u>429,873</u>	<u>582,367</u>

(a) Movements in Carrying Amounts

Movements in carrying amounts for each class of property, plant and equipment between the beginning and the end of the half-year

	Plant and Equipment	Leasehold Improvement	Furniture & Fittings	Computer Equipment	Motor Vehicle	Total
			\$	\$	\$	\$
Group						
Balance at 1 January 2020	715,913	62,779	642	46,507	53,472	879,313
Additions	143,108	-	-	-	-	143,108
Depreciation expense	(280,240)	(22,862)	-	(856)	-	(303,958)
Movement in foreign currency	(35,242)	(2,171)	-	(988)	-	(38,401)
Deconsolidation of subsidiaries	-	-	(642)	(43,581)	(53,472)	(97,695)
Balance at 31 December 2020	<u>543,539</u>	<u>37,746</u>	<u>-</u>	<u>1,082</u>	<u>-</u>	<u>582,367</u>
Acquisitions through business combinations	-	-	-	3,972	-	3,972
Depreciation expense	(154,924)	(10,882)	-	(501)	-	(166,307)
Movement in foreign currency	9,222	551	-	68	-	9,841
Balance at 30 June 2021	<u>397,837</u>	<u>27,415</u>	<u>-</u>	<u>4,621</u>	<u>-</u>	<u>429,873</u>

Note 7 Intangible Assets

	Group	
	30 June 2021	31 December 2020
	\$	\$
Goodwill		
Cost	251,840	-
Accumulated impairment losses	-	-
Net carrying amount	<u>251,840</u>	<u>-</u>
Digital Currencies		
Fair value	108,236	156,337
Accumulated amortisation and impairment losses	-	-
Net carrying amount	<u>108,236</u>	<u>156,337</u>
Licenses		
Cost	1,023,758	-
Accumulated amortisation and impairment losses	-	-
Net carrying amount	<u>1,023,758</u>	<u>-</u>
Total intangible assets	<u><u>1,383,834</u></u>	<u><u>156,337</u></u>

Consolidated Group:

	Goodwill	Computer Software	Digital Currencies	Licenses	Total
	\$	\$	\$	\$	\$
Year ended 31 December 2020					
Balance at the beginning of the year	-	350,378	182,195	-	532,573
Additions	-	-	354,148	-	354,148
Disposals (used for payments to suppliers)	-	-	(595,541)	-	(595,541)
Movement in fair value	-	-	244,892	-	244,892
Movement in foreign currency	-	-	(16,834)	-	(16,834)
Application of AASB 10, exception to consolidation	-	(350,378)	(12,523)	-	(362,901)
	<u>-</u>	<u>-</u>	<u>156,337</u>	<u>-</u>	<u>156,337</u>
Six months ended 30 June 2021					
Balance at the beginning of the year	-	-	156,337	-	156,337
Additions	-	-	21,657	-	21,657
Acquisitions through business combinations	251,840	-	-	-	251,840
Acquisitions through assets acquisition	-	-	-	1,023,758	1,023,758
Disposals (used for payments to suppliers)	-	-	(293,044)	-	(293,044)
Movement in fair value	-	-	237,964	-	237,964
Movement in foreign currency	-	-	(14,678)	-	(14,678)
Closing value as at 30 June 2021	<u>251,840</u>	<u>-</u>	<u>108,236</u>	<u>1,023,758</u>	<u>1,383,834</u>

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.

Note 8 Trade and Other Payables

	Group	
	30 June 2021	31 December 2020
CURRENT		
Unsecured liabilities		
Trade payables	181,229	177,922
Sundry payables and accrued expenses	985,824	103,978
	<u>1,167,053</u>	<u>281,900</u>
(a) Financial liabilities at amortised cost classified as trade and other payables		
Trade and other payables		
— Total current	1,167,053	281,900
— Total non-current	-	-
	<u>1,167,053</u>	<u>281,900</u>

Note 9 Other Financial Liabilities

	Group	
	30 June 2021	31 December 2020
CURRENT		
Amounts payable to:		
- Others	297,737	11,542
- Related parties - subsidiaries (unconsolidated)	692,489	656,762
	<u>990,226</u>	<u>668,304</u>
Total Other Financial Liabilities		
Current	990,226	668,304
Non-Current	-	-
	<u>990,226</u>	<u>668,304</u>

Terms of payables:

All payables are at call.

There are no securities attached.

No interest payable on amounts owing.

Note 10 Issued Capital

	Group	
	30 June 2021	31 December 2020
	\$	\$
1,008,837,020 fully paid ordinary shares (2020: 928,643,554 fully paid ordinary shares)	46,917,014	40,995,300
	<u>46,917,014</u>	<u>40,995,300</u>

The Group has authorised share capital amounting to [insert number] ordinary shares.

(a) Ordinary Shares

	Number of Shares	Amount \$
Opening Balance at 1 January 2020	813,565,311	39,159,136
Issued during the year	115,078,243	2,082,668
Less: transaction costs	-	(95,281)
Less: share buyback	-	(151,223)
Closing Balance at 31 December 2020	<u>928,643,554</u>	<u>40,995,300</u>
Issued during the year	80,193,466	6,791,783
Less: transaction costs	-	(870,069)
	<u>1,008,837,020</u>	<u>46,917,014</u>

(b) Options

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

	Group	
	30 June 2021	31 December 2020
	No.	No.
Opening Balance	38,089,999	58,089,999
Options issued during the year	59,833,334	-
Options exercised during the year*	(20,356,666)	-
Options listed during the year	(59,833,334)	-
Options expired during the year	<u>(14,283,333)</u>	<u>(20,000,000)</u>
	<u>3,450,000</u>	<u>38,089,999</u>

*8,800,000 unlisted options with an exercise price of \$0.045 and expiry date of 25 June 2021 was exercised on 24 June 2021. The shares were issued on 1 July 2021.

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

	Group	
	30 June 2021	31 December 2020
	No.	No.
Opening Balance	-	-
Options listed during the year	59,833,334	-
Options exercised during the year	(17,245,000)	-
Options expired during the year	-	-
	<u>42,588,334</u>	<u>-</u>

Note 11 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

(e) Segment information

(i) Segment performance

	Australia	Singapore	British Virgin Island	Malaysia	Total
	\$	\$	\$	\$	\$
Half-year ended 30 June 2021					
REVENUE	88,436	35,528	6,788	14,761	145,513
Total segment revenue	88,436	35,528	6,788	14,761	145,513
<i>Reconciliation of segment revenue to group revenue</i>					
Total group revenue					145,513
Segment result from continuing operations before tax	(7,513,731)	(447,203)	44,140	(10,635)	(7,927,429)
<i>Reconciliation of segment result to group net profit/loss before tax</i>					
Intersegment elimination					-
Net profit before tax from continuing operations					(7,927,429)
	Australia	Singapore	British Virgin Island	Malaysia	Total
	\$	\$	\$	\$	\$
Half-year ended 30 June 2020					
REVENUE	-	62,788	282,128	-	344,916
Total segment revenue	-	62,788	282,128	-	344,916
<i>Reconciliation of segment revenue to group revenue</i>					
Total group revenue					344,916
Segment result from continuing operations before tax	(46,727,883)	(116,426)	(33,004)	-	(46,877,313)
<i>Reconciliation of segment result to group net profit/loss before tax</i>					
Intersegment elimination					40,654,664
Net profit before tax from continuing operations					(6,222,649)

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Note 11: Operating Segments (continued)

(ii) Segment assets

	Australia	Singapore	British Virgin Island	Malaysia	Total
	\$	\$	\$	\$	\$
30 June 2021					
Segment assets	20,888,823	937,957	1,221,562	550,573	23,598,915
Segment assets include:					
Reconciliation of segment assets to group assets					
Intersegment eliminations					(3,133,282)
Total group assets					<u>20,465,633</u>
	Australia	Singapore	British Virgin Island	Malaysia	Total
	\$	\$	\$	\$	\$
31 December 2020					
Segment assets	20,553,518	1,051,608	2,635,400	-	24,240,526
Segment assets include:					
Reconciliation of segment assets to group assets					
Intersegment eliminations					(5,103,543)
Total group assets					<u>19,136,983</u>

(iii) Segment liabilities

	Australia	Singapore	British Virgin Island	Malaysia	Total
	\$	\$	\$	\$	\$
30 June 2021					
Segment liabilities	1,431,405	1,254,621	3,207,680	155,858	6,049,564
Segment liabilities include:					
Reconciliation of segment liabilities to group liabilities					
Intersegment eliminations					(3,811,079)
Total group liabilities					<u>2,238,485</u>
	Australia	Singapore	British Virgin Island	Malaysia	Total
	\$	\$	\$	\$	\$
31 December 2020					
Segment liabilities	187,913	914,531	3,218,355	-	4,320,799
Segment liabilities include:					
Reconciliation of segment liabilities to group liabilities					
Intersegment eliminations					(3,277,724)
Total group liabilities					<u>1,043,075</u>

(iv) Revenue by geographical region

Revenue, including revenue from discontinued operations, attributable to external customers is disclosed below, based on the principal place of incorporation of the company.

	30 June 2021	30 June 2020
	\$	\$
Australia	88,436	-
Singapore	35,528	62,788
British Virgin Island	6,788	282,128
Malaysia	14,760	-
Total revenue	<u>145,512</u>	<u>344,916</u>

Note 11: Operating Segments (continued)

(v) Assets by geographical region

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

	30 June 2021	31 December 2020
	\$	\$
Australia	17,755,541	17,190,850
Singapore	937,957	1,051,608
British Virgin Island	1,221,562	894,525
Malaysia	550,573	-
Total Assets	20,465,633	19,136,983

Note 12 Share-based Payments

The aggregate share-based payments for the six months ended 30 June 2021 are set out below:

	30 June 2021		31 December 2020	
	Number	Weighted average exercise price \$	Number	Weighted average exercise price \$
Options outstanding as at 1 January	5,000,000	0.045	5,000,000	0.045
Granted	9,000,000	0.030	-	-
Exercised	(1,550,000)	0.045	-	-
Expired	-	-	-	-
	12,450,000	0.040	5,000,000	0.045

	30 June 2021		31 December 2020	
	Number	Weighted average exercise price \$	Number	Weighted average exercise price \$
Performance Options outstanding as at 1 January	-	-	-	-
Granted	500,000	0.130	-	-
Exercised	-	-	-	-
	500,000	0.130	-	-

	30 June 2021		31 December 2020	
	Number	Fair Value \$	Number	Fair Value \$
Performance Rights outstanding as at 1 January	-	-	-	-
Granted	72,500,000	6,601,646	-	-
Vested	(48,000,000)	(5,280,000)	-	-
	24,500,000	1,321,646	-	-

The following share-based payment arrangements were in existence during the current reporting period:

	Number	Grant Date	Expiry Date	Exercise Price	Fair value at grant date	Vesting Period
(i) Options granted	3,450,000	6 December 2018	6 December 2021	\$0.045	33,840	N/A
(ii) Options granted	9,000,000	23 March 2021	31 December 2022	\$0.030	858,405	N/A
(iii) Performance Options granted	500,000	11 June 2021	30 June 2025	\$0.130	58,246	18 - 36 months
(iv) Performance Rights granted	500,000	11 June 2021	30 June 2025	N/A	39,500	18 - 36 months
(v) Performance Rights granted	72,000,000	23 March 2021	11 June 2026	N/A	6,600,000	Refer below

Note 12: Share Based Payments (Continued)

Vesting conditions for 72,000,000 Performance Rights

- (a) Class A performance rights (24,000,000)
 The Company achieving a market capitalisation of AUD \$50 million (based on 20-day VWAP)
 This class of performance rights vested and shares were issued on 11 June 2021. The 20 day VWAP was calculated based on the trading data for the period 10 May 2021 to 4 June 2021, give the Company a market capitalisation of \$91,870,605.
- (b) Class B performance rights (24,000,000)
 The Company achieving a market capitalisation of AUD \$75 million (based on 20-day VWAP)
 This class of performance rights vested and shares were issued on 11 June 2021. The 20 day VWAP was calculated based on the trading data for the period 10 May 2021 to 4 June 2021, give the Company a market capitalisation of \$91,870,605.
- (c) Class C performance rights (24,000,000)
 The value of the consolidated gross assets of the Company being AUD \$40 million or more based on annual audited accounts.
 Where "annual audited accounts" means any assets reporting under "Financial Assets - Fair value OCI" or "Investments at fair value through profit or loss" as reported in the consolidated audited financial reports of the Company for any financial year.

Note 13 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 7 July 2021, the Company announced it was establishing a new retail Buy-Now-Pay-Later ("BNPL") brand, PaySlowSlow as its flagship brand that will be undertaking the Company's retail BNPL business in Southeast Asia.

On 19 August 2021, the Company announced it has raised A\$8million via the issuance of Convertible Notes.

On 26 August 2021, the Company announced it has completed A\$8 million funding for its BNPL and Fintech growth. An Appendix 3G was subsequently released issuing 8,000,000 in Convertible Notes.

Note 14 Fair Value Measurements

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

- 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.

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Note 14: Fair Value Measurements (continued)

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.

Recurring fair value measurements	Note	30 June 2021			Total
		Level 1 \$	Level 2 \$	Level 3 \$	
Financial assets at fair value through profit or loss					
— Investments at fair value	5	11,882,693	689,270	-	12,571,963
— Intangibles - Cryptocurrencies	7	108,236	-	-	108,236
		<u>11,990,929</u>	<u>689,270</u>	<u>-</u>	<u>12,680,199</u>

Note 15 Reserves

a. Option Reserve

The option reserve records items recognised as expenses on valuation of employee share options, broker options and performance rights.

	Group	
	30 June 2021	31 December 2020
	\$	\$
Balance at beginning of year	49,043	398,593
Options and Rights issued	7,462,477	-
Options and Rights exercised	(5,295,202)	-
Options expired	-	(349,550)
	<u>2,216,318</u>	<u>49,043</u>

b. Financial Assets Reserve

The financial assets reserve records revaluations of financial assets

	Group	
	30 June 2021	31 December 2020
	\$	\$
Balance at beginning of year	(362,777)	(7,456,906)
Fair value movements during the year	-	-
Deconsolidation of subsidiaries	-	7,094,129
	<u>(362,777)</u>	<u>(362,777)</u>

c. Foreign Currency Translation Reserve

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

	Group	
	30 June 2021	31 December 2020
	\$	\$
Balance at beginning of year	(521,683)	1,945,640
Foreign currency movements during the year	21,723	44,174
Deconsolidation of subsidiaries	-	(2,511,497)
	<u>(499,960)</u>	<u>(521,683)</u>

Total Reserves

	Group	
	30 June 2021	31 December 2020
	\$	\$
Option reserve	2,216,318	49,043
Financial assets reserve	(362,777)	(362,777)
Foreign currency translation reserve	(499,960)	(521,683)
	<u>1,353,581</u>	<u>(835,417)</u>

Note 16 Acquisitions

Asset acquisition

On 29 March 2021, Fatfish Disruptive Ventures Limited, a wholly owned subsidiary of the Company acquired 85% of Forever Pay Sdn Bhd, a company incorporated in Malaysia. The total cost of the acquisition is A\$870,000 with \$450,000 to be paid in cash and remaining to be paid in 3 million Fatfish Group Limited shares to be issued at A0.14 per share.

Forever Pay Sdn Bhd holds a Money Lending License awarded by the Ministry of Housing and Local Government of Malaysia. The lending license allows financing businesses for consumers and corporates to be conducted, including retail Buy-Now-Pay-Later (BNPL) services.

In accordance with AASB 2018-6 *Amendments to Australian Accounting Standards - Definition of a Business*, the management of Fatfish has determined that all of the fair value is concentrated in a single asset being the money lending license.

Based on the above, the management has determined that the acquisition of Forever Pay was not a business but an asset.

The deemed value of the license acquired is \$1,023,529.

	29 March 2021 \$
Consideration	870,000
Value of assets acquired:	
Deemed value of license	-
Less:	
Non-controlling interest	(153,529)
net assets acquired	(230)
License	<u><u>1,023,759</u></u>

Business Combination

On 15 April 2021, Fatfish Disruptive Ventures Limited, a wholly owned subsidiary of the Company acquired 55% of the enlarged paid-up capital of Pay Direct Sdn Bhd, a company incorporated in Malaysia. The total cost of the acquisition is A\$470,000 with \$450,000 to be paid in cash.

The investment in Pay Direct Sdn Bhd is in line with the Company's roll out strategies of its BNPL services in Southeast Asia.

The fair value of the identifiable assets and liabilities of Pay Direct Sdn Bhd as at the date of acquisition were:

	15 April 2021 \$
Consideration	470,000
Value of assets acquired:	
Cash	12,141
Receivables	948
Other	42,094
Property, plant and equipment	3,972
Other loans	394,460
Trade and other payables	(56,924)
Less:	
Non-controlling interest	(178,511)
Goodwill - Provisionally accounted for	<u><u>251,820</u></u>
	30 June 2021 \$
Total consideration for Forever Pay Sdn Bhd	870,000
Total consideration for Pay Direct Sdn Bhd	470,000
	<u>1,340,000</u>
Less:	
Part consideration for Forever Pay Sdn Bhd issued in shares	420,000
Cash paid for Pay Director Sdn Bhd	94,590
	<u>514,590</u>
Total outstanding payments	<u><u>825,410</u></u>
Amount outstanding for payment of acquisition of Forever Pay Sdn Bhd	450,000
Amount outstanding for payment of acquisition of Pay Direct Sdn Bhd	375,410

Note 17 Earnings per Share

	Group	
	30 June	30 June
	2021	2020
	\$	\$
(a) Reconciliation of earnings to profit or loss		
Loss	8,021,273	4,130,002
Losses used to calculate basic EPS	<u>8,021,273</u>	<u>4,130,002</u>
	No.	No.
(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	945,254,420	813,645,616
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	<u>945,254,420</u>	<u>813,645,616</u>
Basic loss per share from continuing operations	<u>(0.85)</u>	<u>(0.51)</u>

FATFISH GROUP LIMITED AND CONTROLLED ENTITIES
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DIRECTORS' DECLARATION



In accordance with a resolution of the directors of Fatfish Group 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 applicable to the entity, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
 - (b) give a true and fair view of the financial position as at 30 June 2021 and of the performance for the year ended on that date of the consolidated group;
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
3. the directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer.

Director

Mr Kin Wai Lau

Dated this

31 August 2021

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

We have reviewed the accompanying half-year financial report of Fatfish Group Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 30 June 2021, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled during the half-year.

Directors Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2021 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*. As the auditor of the Consolidated Entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- a. Giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2021 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Hall Chadwick

HALL CHADWICK
Chartered Accountants

Mark Delaurentis

MARK DELAURENTIS CA
Partner

Dated at Perth this 31st day of August 2021