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FATFISH'S SMOOTH DIP INTO MARKET GOES SWIMMINGLY

JOHN BEVERIDGE

SOMETIMES it takes an outsider's eye to see the potential that is sitting in plain view.

That is certainly Lau Kin Wai's opinion after he yesterday floated internet incubator Fatfish Internet Group on the Australian stock exchange.

While most of Fatfish's current stakes are in Singaporean companies pushing to become commercial and grow on the international stage, Mr Kin Wai is now keen to add some Australian start-ups to his roster of high risk/ high reward investments.

"We are sure we can provide a bridge for some Australian entrepreneurs who want to reach the really big markets in southeast Asia," he said yesterday after Fatfish relisted at a 10 per cent premium through the shell of Atech Holdings.

"Australia has a great reputation throughout Asia which is why we are listing here and we would like to help overcome the venture capital gap that faces Australian entrepreneurs."

Fatfish is the first significant share market listing out of the Singapore government backed Block 71 — a former industrial building that now houses a cluster of more than 200 start-ups.

It is mainly interested in companies in the mobile technology, e-commerce and cloud based software areas, although some flexibility is required to squeeze in a dose of video game action.

Some of Fatfish's existing investments are really interesting, with my favourite being Indonesian vehicle insurance portal AutoDirect.

In a market in which only a quarter of cars and scooters are insured, the portal allows customers to not only compare offerings from various insurers but to progress through to purchasing a policy.

With official moves encouraging a dramatic increase in the percentage of insured drivers, it is the sort of smartphone friendly approach that could disrupt the traditional insurance market.

Another company is internet retailer Dressabelle which uses big data rather than the Milan catwalks to track and stay on top of colour and hemline trends for the dresses it supplies.

It is a model that is working well and is benefiting from Fatfish's co-entrepreneurship model which helps to push into other markets where it has offices such as Indonesia and Malaysia.

Fatfish's aim is to reverse the usual venture capital ratio of 80 per cent failures being offset by the 20 per cent of big successes.

Obviously with only one day of trading behind it it is hard to be decisive but Fatfish goes on to the watch list as a **long term, speculative buy in the dips**.

THE perceived wisdom is that the taxman has decisively ended the debate over the Japanese-style cross shareholdings between Brickworks and Washington H Soul Pattinson.

I think that's a bit hasty given that major shareholder Perpetual is very patient and there are other avenues to be pursued that might unlock the inherent value in the companies without producing the mother of all capital gains tax bills.

For an investor, the key thing this battle has shown is that both Brickworks and Soul Pattinson are trading at significant discounts and that Perpetual is happy to hang on to its shares.

Both are significant pluses, given that there are some very attractive businesses that lie within the corporate structure such as TPG Telecom.

Soul Pattinson is my pick of the two because it trades at the biggest discount and has a varied portfolio of copper, coal, pharmaceutical, telecommunications and other investments. Sooner or later that value will surface, making SOL a **buy**.

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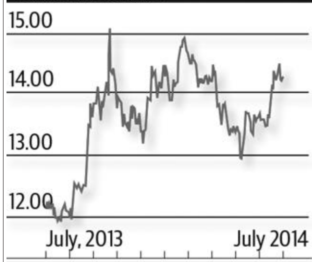
BRICKWORKS



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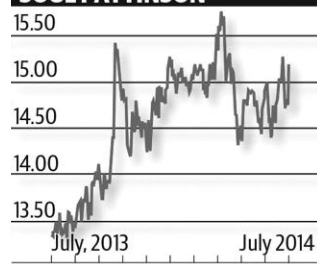
SOUL PATTINSON



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