ACHIKO LIMITED
AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEARLY PERIOD AS AT
JUNE 30, 2019

Achiko Limited
And Its Subsidiaries
Consolidated Financial Statements
For the Half Yearly Period as at
June 30, 2019

C O N T E N T S

Achiko Limited and Its Subsidiaries
Consolidated Statements of Profit or Loss
For the Half Yearly Period as at
June 30, 2019
(Expressed in United States Dollars, unless otherwise stated)

	Notes	June, 2019	May-June, 2018
Revenues	2,5	3,581,959	1,208,215
Cost of revenues	2	(3,758,180)	(705,930)
Gross profit (loss)		(176,221)	502,285
Marketing and distribution expenses	2		
Administrative	6	(926,094)	(255,029)
Others - net		(10,717)	8,877
Profit (loss) before tax		(1,113,031)	256,133
Income tax benefit	2,3,8	-	-
Profit (loss for the period)		(1,113,031)	256,133
Other comprehensive income (loss):			
Item that may be reclassified subsequently to profit or loss:			
Exchange gains arising on translation of foreign operations		164,478	-
Other comprehensive income for the period, net of tax		**164,478**	**-**
Total comprehensive income (loss) for the period		**(948,553)**	**256,133**
Profit (loss) per share	2,7	(0,02)	1,02
Gain (loss) for the period attributable to:			
Owners of the parent		(1,113,031)	256,133
Non-controlling interest		-	-
		(1,113,031)	**256,133**
Total comprehensive income attributable to:			
Owners of the parent		164,478	-
Non-controlling interest		-	-
		(948,553)	**256,133**

See accompanying Notes to the Consolidated Financial Statements on Exhibit E which are an integral part of the Consolidated Financial Statements taken as a whole

Achiko Limited and Its Subsidiaries
Consolidated Statements of Financial Position
For the Half Yearly Period as at
June 30, 2019
(Expressed in United States Dollars, unless otherwise stated)

	Notes	June, 2019	December, 2018
Assets			
Non-current assets			
Property and equipment - net	2,3,9	25,891	27,748
Intangible assets - net	2,3,10	7,458	7,437
Goodwill	2,4	1,559,540	1,559,540
Deferred tax assets - net	2,8	125,207	122,155
Other assets	2	2,446	2,450
Deferred share issuance cost		150,198	-
Total non-current assets		1,870,740	1,719,330
Current assets			
Prepayment and prepaid expenses	11	999,430	854,498
Prepaid tax	2	6,141	34,235
Trade and other receivables	2,12	822,188	579,508
Cash on hand and in banks	2,13	161,905	182,523
Total current assets		1,989,664	1,650,764
Total assets		**3,860,404**	**3,370,094**

See accompanying Notes to the Consolidated Financial Statements on Exhibit E which are an integral part of the Consolidated Financial Statements taken as a whole

Achiko Limited and Its Subsidiaries
Consolidated Statements of Financial Position
For the Half Yearly Period as at
June 30, 2019
(Expressed in United States Dollars, unless otherwise stated)

	Notes	June, 2019	December,2018
Liabilities			
Current liabilities			
Borrowing to third party	2,14	1,500,000	1,500,000
Trade and other payables	2,15	1,896,993	2,224,945
Taxes payable	2	17,631	17,177
Accrued expenses	2,16	1,326,260	198,888
Total current liabilities		4,740,884	3,941,010
Non-current liabilities			
Post-employment defined benefits obligation	2,3,17	83,067	54,575
Total liabilities		**4,823,950**	**3,995,585**
Equity			
Equity attributable to owners of the Company			
Share capital	2,18	82,290	76,356
Share premium	2,18	3,761,212	3,149,424
Other reserves		24,432	31,656
Accumulated losses		(4,831,480)	(3,882,927)
Total equity attributable to owners of the parent		(963,546)	**(625,491)**
Non-controlling interest	2	-	-
Total equity		**(963,546)**	**(625,491)**
Total liabilities and equity		**3,860,404**	**3,370,094**

See accompanying Notes to the Consolidated Financial Statements on Exhibit E which are an integral part of the Consolidated Financial Statements taken as a whole

Achiko Limited and Its Subsidiaries
Consolidated Statements of Changes in Equity
For the Half Yearly Period as at
June 30, 2019
(Expressed in United States Dollars, unless otherwise stated)

	Equity attributable to the owners of the parent entity						
	Share Capital	Share Premium	Other Reserves	Difference on Translation	Accumulated Losses	Non-controlling Interest	Total Equity
Balance as of June 30, 2018	**4,773**	**2,004,889**	**-**	**(10,498)**	**(566,488)**	**-**	**(1,432,676)**
Balance as of January 1, 2019	**76,356**	**3,149,424**	**31,656**	**-**	**(3,882,927)**	**-**	**(625,491)**
Issuance of share capital (Note 18)	5,934	611,788	-	-	-	-	617,722
Additional share premium	-	-	-	-	-	-	-
Loss for 2019	-	-	-	-	(1,113,031)	-	(1,113,031)
Other comprehensive income for 2019: Exchange gains arising on translation of foreign operations	-	-	(7,224)	-	164,478	-	157,254
Balance as of June 30, 2019	**82,290**	**3,761,212**	**24,432**	**-**	**(4,831,480)**	**-**	**(963,546)**

See accompanying Notes to the Consolidated Financial Statements on Exhibit E which are an integral part of the Consolidated Financial Statements taken as a whole

Achiko Limited and Its Subsidiaries
Consolidated Statements of Cash Flow
For the Half Yearly Period as at
June 30, 2019
(Expressed in United States Dollars, unless otherwise stated)

	June, 2019	June, 2018
Cash flows from operating activities		
Cash receipt from customers	4,265,718	4,416,155
Cash paid to employees	-	-
Cash paid to supplier and others	(2,958,262)	(3,203,795)
Cash paid to operational expense	(926,094)	(1,084,724)
Depreciation and amortization	-	-
Employee benefits	-	-
Net cash provided by operating activities	**381,363**	**127,635**
Cash flows from investing activities		
Acquisitions of property and equipment	-	-
Decreased (Increased) loan	(42,708)	-
Payment of acquisition of subsidiaries, net of cash acquired	(1,674,498)	(1,266,683)
Net cash used in investing activities	**(1,717,206)**	**(1,266,683)**
Cash flows from financing activities		
Issuance of ordinary shares	1,315,226	2,001,066
Net increase / (decrease) in cash on hand and in banks	**(20,618)**	**862,018**
Effect of exchange rate changes in cash on hand and in banks	-	-
Cash on hand and in banks at the beginning of the year	182,523	323,572
Cash on hand and in banks at the end of period	**161,905**	**1,185,590**

See accompanying Notes to the Consolidated Financial Statements on Exhibit E which are an integral part of the Consolidated Financial Statements taken as a whole

Achiko Limited and Its Subsidiaries
Notes to the Consolidated Financial Statements
For the Half Yearly Period as at
June 30, 2019
(Expressed in United States Dollars, unless otherwise stated)

1. GENERAL INFORMATION

Achiko Limited (the Company) was established dated May 25, 2018. The Company is a holding Company that does not have substantive operations. In 2018, the Company concluded the acquisitions of several entities, these acquisitions comprised of: (i) acquisition of game payment business which has been operating since 2012 through various legal entities (including Gamespark Interactive Limited ("GP"), Globimedia Network Pte. Ltd. ("GMN") and PT Progressivmedia Indonesia ("PTPI"), and (ii) acquisition of Kryptonite Korea Co., Ltd. ("KN").

Business activities focus is on sale or resale of digital accessories and other digital goods and services used to play social games, such as improvements of the strength of the player in a game or game credits or digital game accessories such as game avatars.

The address of its registered office is Grand Pavillion Commercial Center West Bay Road, Grand Cayman, Cayman Islands.

Heracles Investment Group Limited is majority shareholder of the Company and its Subsidiaries (Group).

The composition of the Company's Boards of Directors, as of June 30, 2019 is:

Directors:	Allen Wu
Directors:	Steven Wern-Yi Goh
Directors:	John Bing-Tsung Lin
Directors:	Christophe Laurent

As of June 30, 2019, information of subsidiaries which consolidated into the Company's financial statements are as follows:

Subsidiary	Country	Year of Commercial Operation	Main Business Activity	Percentage of Direct Ownership	Total Asset Before Elimination
Gamespark Interactive Limited (GP)	Hong Kong	2016	IT Development	100.00%	30,716
Globimedia Network Pte. Ltd. (GMN)	Singapore	2016	Development of Software	100.00%	269,880
PT Progressivmedia Indonesia (PTPI)	Indonesia	2011	Software Publishing	0.00%	773,934
Kryptonite Korea Co., Ltd. (KN)	Korea	Pre-operating	IT (Social Development)	100.00%	37,484

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation of the Financial Statements

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and as issued by the International Accounting Standards Board (IASB).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Basis of Preparation of the Financial Statements (Continued)

These financial statement for the half year ended June 30, 2019 are prepared in accordance with IFRS. Accordingly, the Group has prepared financial statement which comply with IFRS applicable for periods end up on or after June 30, 2019 as described in the summary of significant accounting policies.

The measurement basis used in the consolidated financial statements is the historical cost, except for certain accounts which are measured on the bases as described in the related accounting policies.
The consolidated financial statements, except for the consolidated statements of cash flows, are prepared under the accrual basis of accounting. The consolidated statements of cash flows are prepared using direct method by classifying cash flows into operating, investing and financing activities.

Functional and presentation currency used in the preparation of these consolidated financial statements is the US Dollar. Each entity in the Group determines its own functional currency and items included in the financial statement of each entity are measured using that functional currency.

b. Standards issued but not yet effective

As at the authorization date of the financial statements, the management is still evaluating the potential impact of the new standards and interpretations and amendments or improvements to standards which have been issued but not yet effective. The most significant are:

- IFRS 3 Amendments – Definition of a Business (effective January 1, 2020)
- IAS 1 and IAS 8 Amendments – Definition of Material (effective January 1, 2020)

c. Principles of Consolidation

The consolidated financial statements comprise of the financial statements of the Company, as parent entity, and its subsidiaries, as a single economic entity. Subsidiaries is an entity which is controlled by the Group and such control exist when the Group has power over the subsidiary, is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over subsidiary.

Subsidiary is consolidated from the acquisition date, being the date when the Group obtains control, until the date when the Group's control ceases. The consolidated financial statements are prepared using the same accounting policies for each transaction and other events in similar circumstances.

De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the Company considers all relevant facts and circumstances, including:

- The size of the Company's voting rights relative to both the size and dispersion of other parties who hold voting rights
- Substantive potential voting rights held by the Company and by other parties
- Other contractual arrangements
- Historic patterns in voting attendance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Principles of Consolidation (Continued)

Changes in the Group's ownership interest in a subsidiary that do not result in the loss of control are an equity transaction and presented as "Difference in Transaction with Non-controlling Parties" in equity.

If the Group loss control of a subsidiary on the date of loss of control, the Group shall:

- derecognized the assets (including goodwill) and liabilities of the subsidiary at its carrying amount;
- derecognized the carrying amount of any Non-controlling Interest (NCI);
- recognized the fair value of the consideration received and distribution of shares (if any);
- recognized the fair value of any investment retained;
- reclassify the Group's portion on the components that previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate and;
- recognized any resulting difference as gain or loss in profit or loss attributable to the Company, as parent entity.

NCI is a portion of subsidiary's equity which are not directly or indirectly attributable to the Company. NCI is presented in the equity section of the consolidated statement of financial position, separately from the equity section attributable to the Company, as the parent entity. All profit or loss and each component of other comprehensive income is attributed to the Company and NCI even if this results a deficit balance in NCI.

All assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group, including unrealized profit or losses that are recognized in assets and resulting from intra group transaction, are fully eliminated.

d. Business Combination

Business combinations are accounted for using the acquisition method. Identifiable assets acquired and liabilities are measured initially at their fair values at acquisition date. For each individual business combination, the Group elects to recognized NCI in the acquiree on the acquisition date, that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, at the NCI's proportionate share of the acquiree's identifiable net assets. Other components of NCI are measured at their acquisition date at fair value, unless another measurement basis is required by IFRS. Acquisition-related costs are recognized as expenses in the periods in which the costs are incurred and the services are received.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of NCI in the acquiree, and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognized as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Subsequently, goodwill is measured at cost less any accumulated impairment losses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Business Combination (Continued)

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating unit (CGU) that are expected to benefit from the synergies of combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those CGU's.

CGU to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the CGU may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates.

e. Transactions with Related Parties

The Group made certain transactions with related parties according to this IFRS,

1) A person or a close member of that person's family is related to the Group if that person:
   - (i) has control or joint control over the Group;
   - (ii) has significant influence over the Group; or
   - (iii) is a member of the key management personnel of the Group or parent of the Group.

2) An entity is related to the Group if any of the following conditions applies:
   - (i) the entity and the Group are members of the same group;
   - (ii) the entity is an associate or joint venture of the Group (or an associate or joint venture of a member of a group of which the Group is a member);
   - (iii) the entity and the Group are joint ventures of the same third party;
   - (iv) the entity which is a joint venture of the Group and other entity which is an associate of the Group;
   - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to Group;
   - (vi) the entity is controlled or jointly controlled by a person identified in (1);
   - (vii) a person identified in (1)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or parent of the entity);
   - (viii) entity, or a member of a group to which the entity is part of the group, providing services to the key management personnel of the Group or to the parent entity of the Group.

All significant transactions and balances with related parties are disclosed in the Notes to Consolidated Financial Statements.

f. Financial Instruments

<u>Financial Assets</u>

Initial recognition and measurement

Financial assets are recognized when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Financial Instruments (Continued)

Financial Assets (Continued)

Initial recognition and measurement (Continued)

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) Amortized cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Financial assets are measured at amortized cost using the effective interest method, less impairment. Gains and losses are recognized in profit or loss when the assets are derecognized or impaired, and through amortization process.

(ii) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognized in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognized in profit or loss. The cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognized.

(iii) Fair value through profit or loss

Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss in the period in which it arises.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognized in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognized in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Financial Instruments (Continued)

Financial Assets (Continued)

Subsequent measurement (Continued)

Derivatives

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognized in profit or loss.

Derecognition

A financial asset is derecognized where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognized in other comprehensive income for debt instruments is recognized in profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are recognized when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized, and through the amortization process.

De-recognition

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognized in profit or loss.

g. Impairment of Financial Assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Impairment of Financial Assets (Continued)

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognized for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when the contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

h. Prepaid Expenses

Prepaid expenses are amortized over their beneficial periods using the straight-line method.

i. Property and Equipment

Property and equipment are initially recorded at cost which includes the purchase price, borrowing costs and other costs directly attributable to bring the asset to the present location and condition. Cost also includes the cost of replacing part of property and equipment if the recognition criteria are met. Subsequent to initial recognition, the Group uses cost model in which property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses (if any). All costs of maintenance and repairs that do not meet the recognition criteria are recognized in profit or loss as incurred.

Depreciation begins when the property and equipment which entirely comprise of furniture and office equipment, are ready for used using straight-line method over the estimated useful lives of the assets for 4 - 8 years.

Achiko Limited and Its Subsidiaries
Notes to the Consolidated Financial Statements
For the Half Yearly Period as at
June 30, 2019
(Expressed in United States Dollars, unless otherwise stated)

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. **Property and Equipment** (Continued)

Depreciation of property and equipment is recognized even if the fair value of the asset exceeds its carrying amount, as long as the asset's residual value does not exceed its carrying amount. The residual value of an asset may increase to an amount equal to or greater than the asset's carrying amount. If it does, the asset's depreciation charge is zero unless and until its residual value subsequently decreases to an amount below the asset's carrying amount.

Depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

The estimated useful lives, residual value and depreciation method of fixed assets are reviewed at each year end with the effect of any changes accounted for as change in accounting estimates which recognized on a prospective basis.

An item of property and equipment are derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset, accounted as the difference between the net proceeds from disposal and the carrying amount of property and equipment, is recognized in profit or loss in the year of derecognition.

j. **Intangible Asset**

Intangible asset is measured on initial recognition at its cost. After initial recognition, intangible asset is carried at cost less any accumulated amortization and any accumulated impairment loss. The useful life of intangible asset is assessed to be either finite or indefinite.

Intangible asset with indefinite life is not amortized.

Intangible asset with indefinite life is tested for impairment annually or more frequently if the events and circumstances indicate that the intangible asset may be impaired.

Research and development cost

Research costs are expensed as incurred. Deferred development costs arising from development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during the development.

Following initial recognition of the deferred development costs as an intangible asset, it is carried at cost less accumulated amortization and any accumulated impairment losses. Amortization of the intangible asset begins when development is complete, and the asset is available for use. Deferred development costs have a finite useful life and are amortized over the period of expected sales from the related project on a straight-line basis.

Goodwill

Goodwill arising in a business combination is initially measured at its cost, which as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquire (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Impairment of Non-Financial Asset

At each reporting date, management assesses whether there is an indication of a non-financial asset (include goodwill) may be impaired. If such indication exists, the Group makes an estimate of recoverable amount of the asset.

The recoverable amount for an individual asset is the higher amount between 1) the fair value of an asset or cash-generating unit (CGU) less costs to sale and 2) the value in use, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value in use, the estimated net future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In determining fair value less costs to sell, the Group takes into account a market participant's ability to generate economic benefits by using the assets in its highest and best use or by selling it to another market participant that would use the assets in its highest and best use. The Group may use appropriate valuation technique to determine the fair value of assets.

If the asset's carrying amount exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment loss is recognized in profit or loss.

Assessment made at each reporting date as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the recoverable amount of the asset or CGU. Previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the assets recoverable amount since the last impairment loss was recognized. In this case, the carrying amount of the asset is increased to its recoverable amount.

The reversal is limited so that the carrying amount of the asset will not exceed the recoverable or carrying amount, net of depreciation, had no impairment loss been recognized previously. Such reversal is recognized in profit or loss. After reversal, the future depreciation of assets is adjusted to allocate the revised carrying amount of asset, less any residual value, using the systematic basis throughout the remaining useful lives.

Impairment of Goodwill

Irrespective of whether there is any indication of impairment, goodwill is tested for impairment annually.

For the purpose of impairment testing, goodwill is allocated to each cash-generating unit, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree were assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than an operating segment.

l. Post-employment Defined Benefits Liabilities

In providing post-employment benefits to its employees the Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The calculation of post-employment benefits liabilities is based on the actuarial Projected Unit Credit method after considering the contribution made by the Group to such program (if exist).
The amount recognized as post-employment benefits liabilities in the consolidated statement of financial position represents the present value of defined benefit obligation and the adjustment for past service costs. The Group recognized all actuarial gains or losses through other comprehensive income.

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Notes to the Consolidated Financial Statements
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(Expressed in United States Dollars, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. **Share Capital and Share Issuance Expenses**

Proceeds from issuance of ordinary shares are recognized as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

n. **Share Premium**

Share premium includes the difference between the excess of paid-up share capital made by shareholders over its par value of the Company's shares.

o. **Share Based Payment**

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled share-based payment transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted which takes into account market conditions and non-vesting conditions. This cost is recognized in profit or loss, with a corresponding increase in the employee share option reserve, over the vesting period. The cumulative expense recognized at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in expense.

The employee share option reserve is transferred to retained earnings upon expiry of the share option.

p. **Revenues and Expenses Recognition**

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognized when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation.

Expenses are recognized when incurred (accrual basis).

q. **Foreign Currency**

The financial statements are presented in United States Dollars (USD), which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

- Transactions and balances

  Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q. Foreign Currency (Continued)

- Transactions and balances

  Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognized in profit or loss.

- Consolidated financial statements

  For consolidation purpose, the assets and liabilities of foreign operations are translated into USD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in profit or loss.

r. Income Tax

- Current Income Tax

  Current tax asset (liability), which is determined by the amount of the expected refund from (or payable to) the tax authorities, is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at the consolidated statements of financial position date, in the countries where the Group operates and generates taxable income.

  Current income tax is recognized on taxable income in the consolidated statements of profit or loss and other comprehensive income for the year except to the extent that the tax relates to transactions recognized outside profit or loss (either in other comprehensive income or charged directly in equity).

- Deferred Tax

  Deferred tax is recognized using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amount for reporting purposes at the end of the reporting period.

  Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that can be utilized. The carrying amount of deferred tax assets are reviewed at each end of the reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

  Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized, or the liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted at the consolidated statements of financial position date

  Deferred tax is recognized on taxable income in the consolidated statements of profit or loss and other comprehensive income for the year except to the extent that the tax relates to transactions recognized outside profit or loss (either in other comprehensive income or charged directly in equity).

  Deferred tax assets and liabilities can be offset if, and only if, 1) there is a legally enforceable right to offset the current tax assets and liabilities and 2) the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

s. Earnings per Share

Basic earnings per share is computed by dividing the income for the year by the weighted average number of issued and fully paid shares outstanding during the year.

Diluted earnings per share is calculated when the Company has instruments which are potentially dilutive ordinary shares. Anti-dilutive shares are excluded from basic and dilutive earning per share calculation.

t. Operating Segment

Operating segments are presented consistently with the internal reporting prepared by segment managers to the operational decision maker. Operating segments are independently managed by the respective manager who is responsible for the performance of respective operating segment under their charge. While the operating decision maker is the one who regularly review the segment result in order to allocate resources to the segment and to assess the segment performance. The Company's operation has reflected all the operating segment information. Accordingly, the Company did not present the segment information in a separate note.

3. SIGNIFICANT ACCOUNTING ESTIMATION AND JUDGEMENTS

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities and disclosure of contingent liabilities at the end of reporting period. Judgments and estimates used in preparing the financial statements are reviewed periodically based on historical experience and various factors, including expectations and events in the future that may occur. However, actual results may differ from these estimates. The uncertainty about these assumptions and estimates could result in outcome that required a material adjustment to the carrying amounts of assets and liabilities affected in the future period.

Judgments Made in the Application of Accounting Policies

The following judgements are made by management in the process of applying the Group's accounting policies which have the most significant effects on the amounts recognized in the consolidated financial statements.

Determination of Functional Currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

Consolidation of Entities in which the Group Holds Less than a Majority of Voting Rights (de facto control)

The group considers that it controls PTPI even though it does not have voting rights. This is because the Group has control of PTPI from the Director representatives of Group with a share ownership of 100%. Since October 22, 2018, which is the acquisition date of PTPI, there is no history of other shareholders collaborating to use their votes collectively or to outvote the Group.

3. SIGNIFICANT ACCOUNTING ESTIMATION AND JUDGEMENTS (Continued)

Judgments Made in the Application of Accounting Policies (Continued)

Consolidation of Entities in which the Group Holds Less than a Majority of Voting Rights (de facto control) (Continued)

The following is a summary of the key terms of the agreements that were signed amongst the Group and the Director representatives' shareholders:

- Loan Agreements

  In order to ensure that the PTPI Shareholders are able to provide capital to PTPI, the Company has entered into loan agreements with each PTPI Shareholders (Note 4).

  Pursuant to the loan agreements, the Company has granted loans to the Shareholders that may only be used for the purpose of acquiring equity interests in or contributing to the registered capital of PTPI. The loans may be repaid only by transferring all of the Shareholders' equity interests in the PTPI to the Company or their respective designee upon exercise of the option under the Call Option Agreements. The loan agreements also prohibit the PTPI Shareholders from assigning or transferring to any third party, or from creating or causing any security interest to be created on, any part of their equity interests in these entities.

- Call Option Agreements

  In order to ensure that the Company is able to acquire all of the equity interests in the agreement at its discretion, the Company has entered into call option agreements with the respective PTPI Shareholders. Each option is exercisable by the Company at any time, provided that doing so is not prohibited by law. The exercise price under each option is the minimum amount required by law and any proceeds obtained by the respective PTPI Shareholders through the transfer of their equity interests in these shall be used for the repayment of the loan provided in accordance with the loan agreements.

  During the terms of the call option agreements, the Shareholders will not grant a similar right or transfer any of the equity interests in these to any party other than the Company or their respective designee, nor will it pledge, create or permit any security interest or similar encumbrance to be created on any of the equity interests. The PTPI Shareholders cannot declare any profit distributions or grant loans in any form without the prior consent of the Company. The PTPI Shareholders must remit in full any funds received from the PTPI Shareholders to the Company or their respective designee in the event any distributions are made by the Shareholders.

  The call option agreements will remain in effect until the respective PTPI Shareholder has transferred such shareholder's equity interests into the Company or their respective designee.

- Powers of Attorney

  Pursuant to the powers of attorney, each PTPI Shareholder has irrevocably appointed the Company as their attorney-in-fact to act for all matters pertaining to such shareholding in these and to exercise all of their rights as shareholders, including but not limited to attending shareholders' meetings and designating and appointing directors, supervisors, the chief executive officer and other senior management members of these entities, and selling, transferring, pledging or disposing the shares of these entities. The Company may authorize or assign its rights to any other person or entity at its sole discretion without prior notice to or prior consent from the PTPI Shareholders.

3. SIGNIFICANT ACCOUNTING ESTIMATION AND JUDGEMENTS (Continued)

Judgments Made in the Application of Accounting Policies (Continued)

Consolidation of Entities in which the Group Holds Less than a Majority of Voting Rights (de facto control) (Continued)

- Powers of Attorney (Continued)

  Each power of attorney remains in effect until the PTPI Shareholder ceases to hold any equity interest in PTPI.

- Pledge of Shares Agreements

  In order to secure the performance of PTPI and the Shareholders under the contractual arrangements, each of the PTPI Shareholders has pledged all of their shares to the Company and all rights, title, interest and benefit pertaining to the shares, which includes dividends and other schemes which are or may become payable. These pledges secure the contractual obligations and indebtedness of the PTPI Shareholders, including all penalties, damages and expenses incurred by the Company in connection with the contractual arrangements. Should PTPI or their respective PTPI Shareholders breach or default under any of the contractual arrangements, the Group has the right to require the transfer of the respective PTPI Shareholders' pledged equity interests in PTPI to the Company or their respective designee, to the extent permitted by laws, or require an auction or sale of the pledged equity interests and has priority in any proceeds from the auction or sale of such pledged interests.

- Spousal Consent Letters

  Under the spousal consent letters, each spouse of the married PTPI Shareholders unconditionally and irrevocably agreed that the equity interest in PTPI held by and registered in the name of their spouse will be disposed of pursuant to the contractual arrangements. Each spouse agreed not to assert any rights over the equity interest in these held by their spouse. In addition, in the event that the spouses obtain any equity interest in these held by their spouse for any reason, they agreed to be bound by the contractual arrangements.

Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of uncertainty of estimation at the reporting date that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are disclosed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Allocation and Goodwill Impairment

In business combination, the Group applies acquisition accounting which requires extensive use of accounting estimates to allocate the purchase price to the fair market values of the acquired assets and liabilities, including intangible assets. Certain business acquisition may result in goodwill. Goodwill is not amortized and subject to an annual impairment testing. The carrying amount of goodwill is disclosed in Note 4 to the consolidated financial statements.

For goodwill impairment test, management determines recoverable amount of CGU, where goodwill has been allocated, based on value in use. Value in use is computed, amount others, with discounted cash flows model. Accordingly, the recoverable amount is most sensitive to the discount rate used for the discount on expected future cash flows as well as the growth rate used for extrapolation purposes.

(Expressed in United States Dollars, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING ESTIMATION AND JUDGEMENTS (Continued)

Depreciation of Property and Equipment and Amortization of Intangible Assets

Property and equipment and intangible assets are depreciated and amortized using the straight-line method over the estimated economic useful lives of the assets within 4 to 8 years, a common live expectancy. Changes in the expected level of usage and technological development could impact the economic useful lives and residual values of property and equipment and intangible assets, therefore future depreciation and amortized charges could be revised. The carrying amount of property and equipment and intangible assets is disclosed in Note 9 and 10 to consolidated financial statements.

Post-employment Benefits Liabilities

Measurement of the Group's liabilities and post-employment benefits expenses are dependent on its selection of certain actuarial assumption. Those assumptions include, among others, the discount rate, annual increase salary rate, annual employee resignation rate, disability rate, retirement age and mortality rights. Actual results that differ from the prior assumptions accounted for in accordance with the accounting policies as described in Note 17 to consolidated financial statements.

Although the Group believes that the assumptions at the reporting date were reasonable and appropriate, significant differences in actual results or significant changes in assumptions may materially affect the Group's liabilities and post-employment benefits expenses. The carrying amount of post-employment benefits liabilities is disclosed in Note 17 to consolidated financial statements.

Income Taxes

Significant judgment is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognized, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Company's income taxes payable is disclosed in Note 8 to the financial statements.

4. BUSINESS COMBINATION

On May 25, 2018, the Company acquired 100% of the fair value of the net assets at the acquisition date and the Company has paid to each company, the difference is recognized as goodwill, for detail as below:

- **PT Progressivmedia Indonesia**

Fair value of net assets at acquisition date (share capital)	(284,000)
Cash consideration transferred	1,009,375
Goodwill	**(1,294,055)**

- **Globimedia and Gamespark**

Fair value of net assets at acquisition date (share capital)	500,249
Cash consideration transferred	562,500
Goodwill	**(62,251)**

(Expressed in United States Dollars, unless otherwise stated)

4. **BUSINESS COMBINATION** (Continued)

- **Kryptonite Korea**

Fair value of net assets at acquisition date (share capital)	(128,234)
Cash consideration transferred	75,000
Goodwill	**(203,234)**

The following table presents Group revenue and Group profit or loss on a combined basis as if the acquisitions of GP, GMN, PTPI and KN had occurred on January 1, 2018.

	June, 2019	**January-June, 2018**
Revenue	3,581,959	3,950,048
Cost of sales	(3,758,180)	(3,426,611)
Gross profit	**(176,221)**	**523,437**
Marketing and distribution expenses		
Administrative expenses	(926,094)	(1,084,725)
Research and product development expenses	-	-
Other expenses - net	(10,717)	(5,210)
Loss before tax	**(1,113,031)**	**(566,498)**
Income tax benefit	-	-
Loss for the period	(1,113,031)	(566,497)
Other comprehensive income:		
Item that may be reclassified subsequently to profit or loss:		
Exchange gains arising on translation of foreign operations	164,478	(10,488)
Other comprehensive income for the period, net of tax	**164,478**	**(10,488)**
Total comprehensive loss for the period	**(948,553)**	**(576,986)**

(Expressed in United States Dollars, unless otherwise stated)

4. BUSINESS COMBINATION (Continued)

The following table presents Group financial position on a combined basis as if the acquisitions of GP, GMN, PTPI and KN had occurred on January 1, 2018.

	June, 2019	June, 2018
Assets		
Non-current assets		
Property and equipment - net	25,891	32,914
Intangible assets - net	7,458	189,769
Goodwill	1,559,540	1,559,540
Deferred tax assets - net	125,207	8,000
Other assets	2,446	-
Deferred share issuance cost	150,198	-
Total non-current assets	1,870,740	1,790,223
Current assets		
Prepayment and prepaid expenses	999,430	648,403
Prepaid tax	6,141	192,100
Trade and other receivables	822,188	1,077,953
Cash on hand and in banks	161,905	1,185,590
Total current assets	1,989,664	3,104,046
Total assets	**3,860,404**	**4,894,269**

	June, 2019	June, 2018
Liabilities		
Current liabilities		
Borrowing to third party	1,500,000	-
Trade and other payables	1,896,993	3,210,371
Taxes payable	17,631	217,409
Accrued expenses	1,326,260	33,813
Total current liabilities	4,740,884	3,461,593
Non-current liabilities		
Post-employment defined benefits obligation	83,067	-
Total liabilities	**4,823,950**	**3,461,593**

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4. BUSINESS COMBINATION (Continued)

	June, 2019	June, 2018
Equity		
Share capital	82,290	4,773
Share premium	3,761,212	2,004,889
Other reserves	24,432	-
Accumulated losses	(4,831,480)	(576,986)
Total equity	**(963,546)**	**1,432,676**
Total liabilities and equity	**3,860,404**	**4,894,269**

The following table presents Group cash flows on a combined basis as if the acquisitions of GP, GMN, PTPI and KN had occurred on January 1, 2018.

	June, 2019	June, 2018
Cash flows from operating activities		
Cash receipt from customers	4,265,718	4,416,155
Cash paid to employees	-	-
Cash paid to supplier and others	(2,958,262)	(3,203,795)
Cash paid to operational expense	(926,094)	(1,084,725)
Depreciation & amortization	-	-
Cash paid to supplier and others	-	-
Net cash used in operating activities	**381,363**	**127,635**
Cash flows from investing activities		
Acquisitions of property and equipment	-	
Decreased (Increased) Loan	(42,708)	-
Payment of acquisitions of subsidiary	(1,674,498)	(1,266,683)
Net cash used in investing activities	**(1,717,206)**	**(1,266,683)**
Cash flows from financing activities		
Issuance of ordinary shares	1,315,226	2,001,066
Net increase / (decrease) in cash on hand and in banks	**(20,618)**	**862,018**
Cash on hand and in banks at the beginning of the year	**182,532**	**323,572**
Cash on hand and in banks at the end of the period	**161,905**	**1,185,590**

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5. REVENUE

In 2019 and 2018, revenues were from our payment services business through different payment channels related to customers in Indonesia. These payment channels are Telco vouchers, ATM payments and game cards/vouchers. Those channels are used for paying for certain digital goods and services.

6. ADMINISTRATIVE EXPENSES

	June, 2019	May-June, 2018
Professional fee	349,547	60,000
Salaries and wages	179,820	101,228
Marketing expense	66,948	12,648
Service fees	65,189	1,340
Employees' benefits	28,492	80
Rent	16,447	4,959
Travelling expenses	8,797	27,663
Depreciation and amortization	1,598	1,814
Commission expense	-	5,487
Others	209,256	39,810
Total	**926,094**	**255,029**

7. LOSS PER SHARE

The computation of loss per share for the half years ended June 30, 2019 and June 30, 2018 are as follow:

	June, 2019	May-June, 2018
Profit / (Loss) for the period	(1,113,031)	256,133
Outstanding weighted average number of shares during the period	47,288,141	250,002
Profit / (Loss) per Share	**(0,02)**	**1,02**

As of June 30, 2019, the Company does not have any potentially dilutive ordinary shares.

15,500,000 share options granted to employees under the existing employee share option plans and contingent consideration 3,750,000 shares have not been included in the calculation of diluted earnings per share because they are anti-dilutive (Notes 4 and 18).

8. TAX EXPENSES

As of June 30, 2018 and 2019, for certain subsidiaries, management does not recognize deferred tax assets neither arise from the carryforward of accumulated fiscal losses nor deductible temporary differences since for certain subsidiaries there are no conviction that sufficient future taxable profit will available for use to reverse or to utilize such deferred tax assets.

Management believes that deferred tax assets are recoverable against the Group's future taxable income.

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9. PROPERTY AND EQUIPMENT

The details and movements of property and equipment 2018 are as follows:

	May-December, 2018					
	Beginning balance	**Additions from business combination**	**Additions**	**Deductions**	**Exchange differences**	**Ending balance**
Cost						
Office Equipment	-	40,611	2,355	-	(4,661)	38,305
Accumulated Depreciation						
Office Equipment	-	-	11,916	-	(1,359)	10,557
Net Book Value	-					**27,748**

The details and movements of property and equipment 2019 are as follows:

	June, 2019					
	Beginning balance	**Additions from business combination**	**Additions**	**Deductions**	**Exchange differences**	**Ending balance**
Cost						
Office Equipment	38,305	32,035	-	-	-	70,340
Accumulated Depreciation						
Office Equipment	10,557	33,892	-	-	-	44.449
Net Book Value	27,748					**25,891**

Depreciation expenses in as of December 31, 2018 and June 30, 2019 amounted to US$11,916 and US$44,449, respectively, were charged to administrative expenses in profit or loss.

Management believes that the carrying amount of fixed assets as of June 30, 2019 are recoverable and also there are no events or changes in circumstances which may indicate impairment, therefore no provision for impairment of fixed assets were provided.

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10. INTANGIBLE ASSETS

The details and movements of intangible assets 2018 are as follows:

	May-December, 2018					
	Beginning balance	**Additions from business combination**	**Additions**	**Deductions**	**Exchange differences**	**Ending balance**
Cost						
License	-	178,466	-	148,675	(71)	29,720
Accumulated Amortization						
License	-	-	6,177	-	1,210	22,283
Net Book Value	**-**					**7,437**

The details and movements of property and equipment 2019 are as follows:

	June, 2019					
	Beginning balance	**Additions from business combination**	**Additions**	**Deductions**	**Exchange differences**	**Ending balance**
Cost						
License	29,720	83	-	-	-	29,803
Accumulated Amortization						
License	22,283	62	-	-	-	22,345
Net Book Value	**7,437**					**7,458**

Amortization expenses of licenses as of December 31, 2018 and June 30, 2019 amounted to US$6,177 and US$22,345, respectively, were charged to administrative expenses in profit or loss.

There was no impairment loss recognized those date of financial statements, the carrying values of the intangible asset derived from the acquisition of subsidiaries is recently carried on 2019, therefore the management company is not doing the testing for impairment.

11. PREPAYMENT AND PREPAID EXPENSES

	June, 2019	**December, 2018**
Prepayment	-	6,317
Prepaid expenses:		
Advertising	650,000	650,000
Chat application	140,625	140,625
Accelerators startups	57,556	57,556
Advance	151,249	-
Total	**999,430**	**854,498**

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12. TRADE AND OTHER RECEIVABLES

	June, 2019	December, 2018
Trade receivables	678,341	549,508
Non-Trade receivables	13,847	-
Other receivables	130,000	30,000
Total	**822,188**	**579,508**

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognized at their original invoice amounts which represent their fair values on initial recognition.

The Group applies the simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and aging. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

The expected loss rates are based on the Group's historical credit losses experienced over the three-year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers.

13. CASH ON HAND AND IN BANKS

	June, 2019	December, 2018
Cash on hand	227	2,213
Bank		
Rupiah	135,365	62,636
United States Dollar	21,446	102,638
Korea Won	3,343	4,218
Hong Kong Dollar	1,271	7,420
Singapore Dollar	253	3,398
Sub-total	161,678	180,310
Total	**161,905**	**182,523**

14. BORROWING TO THIRD PARTY

Based on promissory note dated October 6, 2018, the Company received funding of US$ 1,200,000 from Jen Wong. The carrying amount of promissory note is US$1,500,000 is shall bear interest at the rate of zero percent (0%) per annum from the funding date until December 12, 2018 and interest of US$ 25,000 payable monthly in advance and 50,000 Achiko Ordinary Shares per month until paid in full. The promissory note expires on October 31, 2019 unless renewed, until the statement of financial position date the Company has not paid for the loan.

The Company has a signed subscription agreement, that on listing approval, it will receive US$ 3,017,000 and within 60 days after listing a further US$ 4,550,000. And the promissory note may be repaid from the funds received.

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15. TRADE AND OTHER PAYABLES

	June, 2019	December, 2018
Trade payables	1,454,451	1,848,535
Other payables	442,542	376,410
Total	**1,896,993**	**2,224,945**

These amounts are non-interest bearing. Trade payables are normally settled on 60-day terms while other payables have an average term of six months.

The carrying amounts of trade payables and other payables as of June 30, 2019 approximate their fair values.

16. ACCRUED EXPENSES

As of June 30, 2019, and December 31, 2018, this account is related from unbilled purchase of goods from merchant and professional fees accrued in relation to the proposed listing of Achiko Limited.

17. POST-EMPLOYMENT DEFINED BENEFITS OBLIGATION

PTPI, as subsidiary provides post-employment defined benefits to its employees in accordance with the minimum requirement under Law No. 13/2003 on “Manpower” in Indonesian jurisdiction.

As of June 30, 2019, PTPI did not accrue post-employment defined benefits liabilities. Post-employment defined benefits liabilities based on the actuarial calculation prepared by management which using “Projected Unit Credit” method with the following main assumptions:

		June, 2019	December, 2018
Normal pension age	:	55 years	55 years
Discount rate	:	8.55%	8.55%
Salary increase	:	1% per year	1% per year

The movements of the present value of defined benefit obligation are as follows:

	June, 2019	December, 2018
Beginning balance	54,575	49,736
Current service costs	28,492	28,090
Interest costs	-	3,426
Actuarial losses from changes in financial assumptions	-	(23,340)
Exchange rate	-	(3,337)
Ending Balance	**83,067**	**54,575**

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17. POST-EMPLOYMENT DEFINED BENEFITS OBLIGATION (Continued)

Details of employees' benefits expense are as follows:

	June, 2019	December, 2018
Current service costs	28,492	28,090
Interest costs	-	3,426
Total	**28,492**	**31,516**

The movements of the post-employment benefits obligation are as follows:

	June, 2019	December, 2018
Beginning balance	54,575	49,736
Employees' benefits expense	28,492	31,516
Actuarial losses from changes in financial assumptions	-	(23,340)
Exchange rate	-	(3,337)
Total	**83,067**	**54,575**

As of December 31, 2018, the sensitivity analysis of change in the assumed discount rate and salary rate (which other variables held constant) would have the following effects:

	2018	
	Change in Assumptions	Post-employment Defined Benefits Liabilities
Discount rate	Increase 1%	1,362
	Decrease 1%	(1,561)
Salary increase rate	Increase 1%	1,670
	Decrease 1%	(1,470)

18. SHARE CAPITAL AND OTHER RESERVES

Share Capital

	December, 2018	
	Number of Shares	US$
Issued and fully paid ordinary shares		
At the inception date	2	-
Issued for cash	6,497,145	6,497
Issued for non-cash	69,857,883	69,858
At the end of the period	**76,355,030**	**76,355**

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18. SHARE CAPITAL AND OTHER RESERVES (Continued)

	June, 2019	
	Number of Shares	**US$**
Issued and fully paid ordinary shares		
At the inception date	2	-
Issued for cash	12,332,115	12,332
Issued for non-cash	69,957,883	69,958
At the end of the period	**82,290,000**	**82,290**

The total authorized number of shares as of December 31, 2018, is 500,000,000 shares with a par value of US$ 0.001 per share. As of June 30, 2019, the Company issued 82,290,000 shares and has plan to issue 125,000 and 4,310,000 shares in the subsequent periods.

The detail of share premium are as follows:

	June, 2019	**December, 2018**
Share premium		
Issued for cash	1,117,735	544,675
Issued for non-cash	2,643,477	2,604,749
At the end of the period	**3,761,212**	**3,149,424**

Capital Management

The primary objective of the capital management is to ensure that it maintains healthy capital ratios in order to support its business and to maximize shareholder value.

The Company manages its capital structure and makes adjustments to it, in line of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company monitors its capital using gearing ratio, by dividing net debt with the total capital. The Company's policy is to maintain a gearing ratio within the range of gearing ratios of the leading companies in the industry in order to secure funds at a reasonable cost.

Net debt is calculated as total liabilities less cash in banks. The total capital is calculated as equity as shown in the consolidated statement of financial position.

(Expressed in United States Dollars, unless otherwise stated)

18. SHARE CAPITAL AND OTHER RESERVES (Continued)

The computation of gearing ratio is as follows:

	June, 2019	December, 2018
Total liabilities	4,823,950	3,995,587
Less cash on hand and in banks	161,905	182,523
Net liabilities	4,662,045	3,813,064
Equity	614,823	399,116
Net debt to equity ratio	**7.58**	**9.55**

<u>Other reserves</u>

a. Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

b. Employee share option reserve

Employee share option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of service received from employees recorded over the vesting period commencing from the grant date of equity-settled share options and is reduced by the expiry or exercise of the share options.

On August 22, 2018 and September 15, 2018 the Company issued a total of 15,500,000 options for certain staff to purchase shares in the Company. These options were issued pursuant to the Company's Stock Option Plan adopted by the Company on August 3, 2018 with the vesting period of up to 4 years and in some cases, may be accelerated 6 - 12 month when the Company has been listing in stock exchange.

19. FINANCIAL INSTRUMENTS

All financial assets and liabilities recognized in the consolidated statements of financial position as of June 30, 2019 and December 31, 2018 approximate their fair values due to short-term maturities of these financial instruments.

The Company has no financial assets and financial liabilities which are measured at fair value as at June 30, 2019.

20. FINANCIAL RISK MANAGEMENT

The Group, from its financial instruments, is exposed on certain financial risks such as currency risk, credit risk and liquidity risk. The operational activities of the Group are managed in a prudent manner by managing those risks to minimize potential losses.

a. Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign currency exchange rates.

(Expressed in United States Dollars, unless otherwise stated)

20. FINANCIAL RISK MANAGEMENT (Continued)

a. Currency Risk (Continued)

The Group does business transactions in several currencies and consequently is exposed to currency risk. The Company does not have particular hedging policy on foreign exchange currency. However, management continuously monitors currency risk and will consider hedging when significant currency risk arises.

b. Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group's objective is to seek continual revenue growth while minimizing losses incurred due to increased credit risk exposure. Therefore, the Group trades only with recognized and creditworthy third parties.

Banks account are placed with financial institutions which are regulated and reputable.

The maximum exposure to credit risk is represented by the carrying amount of each class of financial assets in the consolidated statements of financial position which comprise of cash and cash equivalents, and all receivables (include due from related parties). The Group does not hold any collateral as security.

c. Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group monitors its liquidity needs by closely monitoring scheduled debt servicing payments for financial liabilities and its cash outflows due to day-to-day operations, as well as ensuring the availability of funding through an adequate amount of credit facilities, both committed and uncommitted.

As of June 30, 2019 and December 31, 2018, financial liabilities of the Group based on contractual undiscounted payments generally completed less than one year.

21. NON-CASH ACTIVITIES

	June, 2019	December, 2018
Issuance of share capital through:		
Prepaid expenses	35,000	2,037,107
Investment in shares	-	637,500

22. SUBSEQUENT EVENTS

- After balance date, the Company has received USD$523,370 and is awaiting the completion of the remaining subscription of USD$3,542,000 before listing for a further 5,060,000 shares and USD$0.70 a share.

- The Company will further receive an additional USD$4,550,000 through a convertible note, no interest, no redemption and converting before December 31, 2019 to be subscribed to within 60 days after listing.

23. AUTHORIZATION OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements have been authorized by Board of Directors of the Company, who responsible for the preparation and completion of the consolidated financial statements, on September 30, 2019.