

**SHKL GROUP LIMITED
AND ITS CONTROLLED ENTITIES**
(ARBN 603010868)
(Incorporated in British Virgin Islands)

For the six months ended
30 September 2018

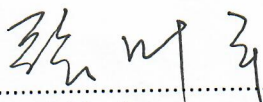
INDEX

	Page No.
Statement by Directors	1
Review report to the members	2
Consolidated statement of financial position	3
Consolidated statement of comprehensive income	4
Consolidated statement of changes in equity	5
Consolidated statement of changes in cash flows	6
Notes to the interim consolidated financial statements	7

SHKL GROUP LIMITED AND ITS CONTROLLED ENTITIES
(ARBN 603010868)
STATEMENT BY DIRECTORS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

In the opinion of the Directors, the accompanying interim consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows, together with notes thereon, are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 30 September 2018 and of the results of the business, changes in equity and cash flows of the Group for the six month period ended on that date and as at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Directors



.....
ZHANG Yeping
Independent, Non-executive Chairman



.....
ZHOU Xinghang
Executive director

Dated: 24 January 2019

**REVIEW REPORT
TO THE MEMBERS OF SHKL GROUP LIMITED**

Introduction

We have reviewed the accompanying interim consolidated statement of financial position as at 30 September 2018 and the interim consolidated statements of comprehensive income, statement of changes in equity and statement of cash flows for the six months period then ended, and selected explanatory notes and a summary of significant accounting policies ("Financial Information") of **SHKL GROUP LIMITED AND ITS CONTROLLED ENTITY (the Group)**. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with the provisions of the International Financial Reporting Standards. Our responsibility is to express a conclusion on this interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, 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 International Standards on Auditing 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements does not present fairly, in all material respects, the financial position of the Group as at 30 September 2018, and of the Group's financial performance and its cash flows for the six months ended 30 September 2018 in accordance with the International Financial Reporting Standards.



J. K. TAN & CO
Chartered Accountants
Malaysia, 24 January 2019

SHKL GROUP LIMITED AND ITS CONTROLLED ENTITIES
(ARBN 603010868)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

		The Group	
	Notes	30 September 2018	31 March 2018
		A\$	A\$
ASSETS			
Current Assets			
Other receivables		790,566	-
Cash and cash equivalents		1,900	24,970
Disposal group assets classified as held for sale		11,269,536	-
Total current assets		12,062,002	24,970
Non-Current Assets			
Plant and equipment		-	25,829
Intangible assets		-	20,959
Other receivables		11,222,633	12,053,923
Investments at fair value through profit or loss		4,857,000	5,099,850
Goodwill		510,002	510,002
Total non-current assets		16,589,635	17,710,563
TOTAL ASSETS		28,651,637	17,735,533
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables		662,077	2,276,031
Taxation		-	-
Liabilities directly associated with assets Classified as held for sale		14,625,969	-
Total current liabilities		15,288,046	2,276,031
Non-Current Liabilities			
Amount due to directors		-	1,779,020
Total non-current liabilities		-	1,779,020
EQUITY			
Share capital	6	20,330,201	20,330,201
Other reserve		-	(2,757,478)
Translation reserve		4,549	240,034
Reserves of disposal group classified as held for sale		(2,527,092)	-
Accumulated loss		(4,444,067)	(4,132,275)
Total equity		13,363,591	13,680,482
TOTAL LIABILITIES AND EQUITY		28,651,637	17,735,533

SHKL GROUP LIMITED AND ITS CONTROLLED ENTITIES
(ARBN 603010868)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

		From 01.04.18 to 30.09.2018	From 01.04.17 to 30.09.2017
	Notes	A\$	A\$
Continuing operations			
Revenue		-	811,907
Net (loss)/profit on financial assets and liabilities at fair value through profit or loss		(242,850)	-
		(242,850)	811,907
Cost of sales		-	(126,539)
Gross loss/profit		(242,850)	685,368
Other income		8	76
Marketing and distribution		-	(1,848)
Administrative expenses		(68,783)	(134,881)
Other operating expenses		-	-
(Loss)/profit before tax		(311,625)	548,715
Income tax expense		(167)	(31,147)
(Loss)/profit for the year from continuing operations		(311,792)	517,568
Discontinued operation			
Profit for the year from discontinued operation		-	-
Profit for the year		(311,792)	517,568
Exchange differences on translation foreign controlled entities		(235,485)	(31,074)
Total comprehensive (loss)/profit for the financial year		(547,277)	486,494
Attributable to:			
Equity holders of the parent		(547,277)	486,494
Non-controlling interests		-	-
Profit/(Loss) Per Share			
Basic (loss)/profit per share (cents)	7	(0.28)	0.47
Diluted (loss)/profit per share (cents)	7	(0.28)	0.47

SHKL GROUP LIMITED AND ITS CONTROLLED ENTITIES
(ARBN 603010868)
CONSOLIDATED STATEMENT OF CHANGES IN ENQUITY
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

	Share capital A\$	Accumulated loss A\$	Other reserve A\$	Translation reserve A\$	Total equity A\$
At 01.04.2018	20,330,201	(4,132,275)	(2,757,478)	240,034	13,680,482
Currency translation reserve	-	-	-	(235,485)	(235,485)
Reserves of disposal					
Group classified as Held for sales	-		(2,527,092)	-	(2,527,092)
Other reserve			2,757,478	-	2,757,478
Comprehensive loss for the period	-	(311,792)	-	-	(311,792)
Balance at 30.09.2018	20,330,201	(4,444,067)	(2,527,092)	4,549	13,363,591

	Share capital A\$	Accumulated loss A\$	Other reserve A\$	Translation reserve A\$	Total equity A\$
At 01.04.2017	19,730,201	(2,734,415)	(2,757,478)	510,851	14,749,159
Issue of shares	600,000				600,000
Currency translation reserve				(31,074)	(31,074)
Comprehensive income for the period	-	517,568	-		517,568
Balance at 30.09.2017	20,330,201	(2,216,847)	(2,757,478)	479,777	15,835,653

SHKL GROUP LIMITED AND ITS CONTROLLED ENTITIES
(ARBN 603010868)
CONSOLIDATED STATEMENT OF CHANGES IN CASH FLOWS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

	From 1 April 2018 to 30 September 2018	From 1 April 2017 to 30 September 2017
	A\$	A\$
Cash flow from operating activities		
(Loss)/profit before taxation	(311,625)	548,715
Adjustments for:		
Amortisation of intangible assets	-	20,446
Depreciation of plant and equipment	-	25
Cash flows from discounted operations	1,854,587	-
Net fair value loss on investment at fair value through profit or loss	242,850	(485,700)
Unrealised exchange profit or loss	(235,485)	(31,805)
Operating profit before working capital changes	1,550,327	51,681
Other receivables	40,724	(559,698)
Other payables	(1,613,954)	905,935
Tax paid	(167)	(31,147)
Net cash (used in)/generated operating activities	(23,070)	366,771
Cash flow from investing activities		
Purchase of plant and equipment	-	(903)
Cash flow on acquisition of subsidiary	-	(506,292)
Net cash (used in) investing activities	-	(507,195)
Cash flow from financing activities		
Net proceeds from issuance of shares	-	600,000
Amount due to directors	-	14,575
Net cash generated from financing activities	-	614,575
Net (decrease)/increase in cash and bank balances	(23,070)	474,151
Cash and cash equivalents at the beginning of the period	24,970	1,462
Effects of exchange rate on cash and cash equivalents	-	(36)
Cash and cash equivalents at the end of the period	1,900	475,577

SHKL GROUP LIMITED AND ITS CONTROLLED ENTITIES
(ARBN 603010868)
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

1. CORPORATE INFORMATION

SHKL Group Limited is the Group's ultimate parent company. The Company was incorporated in and under the laws of the British Virgin Islands on 29 October 2014.

The Company was listed on the National Stock Exchange of Australia on 18 August 2015. The registered office of the Company in British Virgin Islands located at Offshore Incorporations Centre, Coastal Building, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.

The Company is an investing holding company. The Group is principally engaged in providing financial consulting and corporate services, and developing a one-stop service platform for the provision of these services.

2. GENERAL INFORMATION AND BASIS OF PREPARATION

The interim consolidated financial statements are for the six months ended 30 September 2018 and are presented in Australian Dollars which is the Company's functional currency. They have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with IFRS, and should be read in conjunction with the annual report for more information.

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Principles of Consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. The Company 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.

Investments in subsidiaries are carried at their cost of acquisition, less provision for impairment, in the Company's financial statements.

(ii) Special purpose entities

Special purpose entities are entities that are created to accomplish a narrow and well-defined objective such as the securitisation of particular assets, or the execution of specific borrowing or lending transactions. The financial statements of special purpose entities are included in the consolidated entity's financial statements where the substance of the relationship is that the consolidated entity controls the special purpose entity.

(iii) Transactions eliminated on consolidation

Intergroup balances and any unrealised gains and losses or income and expenses arising from intergroup transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

SHKL GROUP LIMITED AND ITS CONTROLLED ENTITIES
 (ARBN 603010868)
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES- CONTINUED

3.2 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The Company adopted accounting policies which are effective for financial periods beginning on or after 1 April 2018. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Company.

Standards issued but not yet effective

Reference	Description	Effective for annual periods beginning on or after
Amendments to IAS 102	Classification and Measurement of Share-based payment Transactions	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
Clarifications to IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 9	Financial instruments	1 January 2018
IFRS 16	Leases	1 January 2019
IFRIC 22	Foreign Currency Transactions and Advance Consideration	1 January 2018

The adoption of these new standards, where relevant to the Group, did not result in substantial changes to the Group's accounting policies or any significant impact on the Group's financial statements.

3.3 Plant and equipment

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are stated at cost or valuation less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on the straight-line basis so as to write off the cost of plant and equipment net of the estimated residual values over their estimated useful lives as follows:

	Estimated useful lives	Estimated residual value as a percentage of cost
Office equipment	5 years	5%
Furniture & fittings	5 years	5%

SHKL GROUP LIMITED AND ITS CONTROLLED ENTITIES
(ARBN 603010868)
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

3.3 Plant and equipment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment and adjusted prospectively, if appropriate.

An item of plant and equipment is 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 is included in the statement of comprehensive income in the year the asset is derecognised.

3.4 Intangible assets

Intangible assets are accounted for using the cost model with the exception of goodwill. Capitalised costs are amortised on a straight-line basis over their estimated useful lives for those considered as finite useful lives. After initial recognition, they are carried at cost less accumulated amortisation and accumulated impairment losses, if any. In addition, they are subject to annual impairment testing. Indefinite life intangibles are not amortised but are subject to annual impairment testing.

Intangible assets are written off where, in the opinion of the Directors, no further economic benefits are expected to arise.

3.5 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at fair value of consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts.

1) Net gain or loss on financial assets and liabilities at fair value through profit or loss

This item includes changes in the fair value of financial assets and liabilities held for trading or designated upon initial recognition as at fair value through profit or loss and excludes interest and dividend income and expenses.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period's unrealised gains and losses for financial instruments which were realised in the reporting period.

2) Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

SHKL GROUP LIMITED AND ITS CONTROLLED ENTITIES
(ARBN 603010868)
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

4. CONTROLLED ENTITIES

The consolidated financial statements include the financial statements of SHKL Holdings Limited and its controlled entities listed in the following table.

<u>Name of entity</u>	<u>Country of incorporation</u>	<u>Ownership interest at 30 September 2018</u>
Controlling entity		
SHKL Holdings Limited	BVI	
Controlled entities		
(1) KSTV (Hong Kong) Limited ("KSTV")	Hong Kong	100%
(2) Jiaxing Kunlun Technology Development Co., Limited ("JKTD")	China	100%
(3) Zhejiang Excellent Enterprises Management Consulting Co., Limited ("ZEEMC")	China	100%

5. SEGMENT REPORTING

The principal activities of the Company and the Group is to sales of a range of ultra large touch screens and related software. All of the Group's business is of a similar nature and subject to similar risks and returns. For management purposes, the Group operates in one business unit based on its services and products and has one reportable segments.

Since all of the Group's revenue was generated in Mainland China, no geographical information is presented in accordance with IFRS 8-Operating Segments.

6. ISSUED CAPITAL

	30 September 2018	31 March 2018
	A\$	A\$
<u>Ordinary share</u>		
Issued and fully paid	20,605,201	20,605,201
Share issue cost	(275,000)	(275,000)
	20,330,201	20,330,201
	Number Issued	Total Share Price
<u>Movements in ordinary shares on issue</u>		
1 April 2018	110,300,000	20,330,201
Share issued	-	-
Share issue cost	-	-
30 September 2018	110,300,000	20,330,201

SHKL GROUP LIMITED AND ITS CONTROLLED ENTITIES
 (ARBN 603010868)
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

7. PROFIT PER SHARE

The calculations of the basic and diluted loss per share attributable to owners of the Company are based on the following data:

	From 1 April 2018 to 30 September 2018	From 1 April 2017 to 30 September 2017
	A\$	A\$
Loss/Profit		
Net (loss)/profit attributable to owners of the Company	(311,792)	517,568
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	110,150,000	110,150,000
Effect of dilutive potential ordinary shares in respect of share options	-	-
Weighted average number of ordinary shares for the purpose of diluted earnings per share	110,150,000	110,150,000

8. DISCONTINUED OPERATIONS

During the financial period, the Company has plan to disposal of one of Company's controlled entity, Shanghai Kunlun Cultural Media Co., Limited ("SKCM") which principal activities are designing, developing and producing touch screen business PCs and related software.

Directors of the Company are looking for potential buyer and expected to sell SKCM within one year. As at 30 September 2018, the assets and liabilities related to SKCM have been presented as held-for-sale in the statements of financial position, and the entire financial performance of SKCM have been presented in a single amount separately on the consolidated income statement of the Group as "Discontinued Operations" in accordance with IFRS 5 — Non-current Assets Held for Sale and Discontinued Operation. SKCM hasn't carried on any business and no income incurred since 1 April 2017.

9. SIGNIFICANT RELATED PARTY TRANSACTIONS

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party in making financial and operating decisions.

The Company did not conduct any transactions with related parties nor related companies except as disclosed elsewhere in the notes to the financial statements.

SHKL GROUP LIMITED AND ITS CONTROLLED ENTITIES
(ARBN 603010868)
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

10. DIVIDEND

There were no dividends paid during the six months to 30 September 2018.

11. FAIR VALUES AND FAIR VALUES HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, trade and other payables, amounts due to related parties approximate to their carrying amounts largely due to the short term maturities of these instruments.

12. CONTINGENT LIABILITIES

There were no contingent liabilities at the date of this report to affect the interim financial statements.

13. EVENTS AFTER THE REPORTING DATE

There have been no material events subsequent to 30 September 2018 which would require disclosure in this report.