

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

For the six months ended  
30 September 2017

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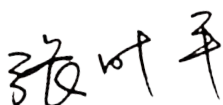
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**SHKL GROUP LIMITED AND ITS CONTROLLED ENTITIES**  
(ARBN 603010868)  
**STATEMENT BY DIRECTORS**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017**

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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 2017 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: 7 December 2017

**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 2017 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 2017, and of the Group's financial performance and its cash flows for the six months ended 30 September 2017 in accordance with the International Financial Reporting Standards.



**J. K. TAN & CO**  
Chartered Accountants  
Malaysia, 7 December 2017

**SHKL GROUP LIMITED AND ITS CONTROLLED ENTITIES**  
**(ARBN 603010868)**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017**

		<b>The Group</b>	
	Notes	<b>30 September 2017</b>	<b>31 March 2017</b>
		<b>A\$</b>	<b>A\$</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Other receivables		559,698	-
Cash and cash equivalents		475,577	1,462
Total current assets		1,035,275	1,462
<b>Non-Current Assets</b>			
Plant and equipment		24,751	23,663
Intangible assets		38,799	58,688
Other receivable		11,222,633	11,222,633
Investments at fair value through profit or loss		7,042,650	6,556,950
Goodwill	6	510,002	3,710
Total current assets		18,838,835	17,865,644
<b>TOTAL ASSETS</b>		<b>19,874,110</b>	<b>17,867,106</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		2,362,896	1,488,108
Taxation		31,147	-
Total current liabilities		2,394,043	1,488,108
<b>Non-Current Liabilities</b>			
Amount due to directors		1,644,414	1,629,839
Total non-current liabilities		1,644,414	1,629,839
<b>TOTAL LIABILITIES</b>		<b>4,038,457</b>	<b>3,117,947</b>
<b>NET ASSETS</b>		<b>15,835,653</b>	<b>14,749,159</b>
<b>EQUITY</b>			
Share capital	7	20,330,201	19,730,201
Other reserve		(2,757,478)	(2,757,478)
Translation reserve		479,777	510,851
Accumulated loss		(2,216,847)	(2,734,415)
<b>TOTAL EQUITY</b>		<b>15,835,653</b>	<b>14,749,159</b>

**SHKL GROUP LIMITED AND ITS CONTROLLED ENTITIES**  
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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017**

	Notes	From 1 April 2017 to 30 September 2017 A\$	From 1 April 2016 to 30 September 2016 A\$
<b>Revenue</b>		<b>811,907</b>	133,132
Cost of sales		<b>(126,539)</b>	(72,369)
<b>Gross profit</b>		<b>685,368</b>	60,763
Other income		<b>76</b>	-
Selling and distribution expenses		<b>(1,848)</b>	-
Administrative expenses		<b>(134,881)</b>	(34,430)
Other operating expenses		-	-
Profit before tax		<b>548,715</b>	26,333
Income tax expense		<b>(31,147)</b>	-
Profit for the financial period		<b>517,568</b>	26,333
Other comprehensive income		-	-
<b>Total comprehensive profit for the period</b>		<b>517,568</b>	26,333

**SHKL GROUP LIMITED AND ITS CONTROLLED ENTITIES**  
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**CONSOLIDATED STATEMENT OF CHANGES IN ENQUITY**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017**

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

	Share capital	Accumulated loss	Other reserve	Translation reserve	Total equity
	A\$	A\$	A\$	A\$	A\$
<b>At 01.04.2016</b>	<b>19,730,201</b>	<b>(4,877,806)</b>	<b>(2,757,478)</b>	<b>317,416</b>	<b>12,412,333</b>
Currency translation reserve				97,163	97,163
Comprehensive income for the period	-	26,333	-		123,495
<b>Balance at 30.09.2016</b>	<b>19,730,201</b>	<b>(4,851,473)</b>	<b>(2,757,478)</b>	<b>410,578</b>	<b>12,531,828</b>

**SHKL GROUP LIMITED AND ITS CONTROLLED ENTITIES**  
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**CONSOLIDATED STATEMENT OF CHANGES IN CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017**

	From 1 April 2017 to 30 September 2017	From 1 April 2016 to 30 September 2016
	A\$	A\$
<b>Cash flow from operating activities</b>		
Profit before taxation	548,715	26,333
Adjustments for:		
Amortisation of intangible assets	20,446	23,919
Depreciation of plant and equipment	25	721
Net fair value profit on investment at fair value through profit or loss	- (485,700)	-
Unrealised exchange profit or loss	(31,805)	93,171
Operating profit before working capital changes	51,681	144,144
Other receivables	(559,698)	-
Other payables	905,935	(45,547)
Tax paid	(31,147)	-
Net cash generated operating activities	366,771	98,597
<b>Cash flow from investing activities</b>		
Purchase of plant and equipment	(903)	-
Cash flow on acquisition of subsidiary	(506,292)	-
Net cash (used in) investing activities	(507,195)	-
<b>Cash flow from financing activities</b>		
Net proceeds from issuance of shares	600,000	-
Amount due to directors	14,575	(98,434)
Net cash generated from/(used in) financing activities	614,575	(98,434)
Net increase in cash and bank balances	474,151	163
Cash and cash equivalents at the beginning of the period	1,462	1,357
Effects of exchange rate on cash and cash equivalents	(36)	(9)
Cash and cash equivalents at the end of the period	475,577	1,511

**SHKL GROUP LIMITED AND ITS CONTROLLED ENTITIES**  
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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017**

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**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 the production and distribution of culture media product including software programs, television audio and video products.

**2. GENERAL INFORMATION AND BASIS OF PREPARATION**

The interim consolidated financial statements are for the six months ended 30 September 2017 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**

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup 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.



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**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 2017. 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%

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**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.

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**4. CONTROLLED ENTITIES**

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

<b><u>Name of entity</u></b>	<b><u>Country of incorporation</u></b>	<b><u>Ownership interest at 30 September 2017</u></b>
<b>Controlling entity</b>		
SHKL Holdings Limited	BVI	
<b>Controlled entities</b>		
(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%
(4) Shanghai Kunlun Cultural Media Co., Limited ("SKCM")	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.

**SHKL GROUP LIMITED AND ITS CONTROLLED ENTITIES**  
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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017**

**6. GOODWILL**

	<b>30 September 2017</b>	<b>31 March 2017</b>
	<b>A\$</b>	<b>A\$</b>
Opening balance	<b>3,710</b>	3,710
Acquisition of subsidiary	<b>506,292</b>	-
	<b>510,002</b>	3,710

On 28 June 2017 Jiaxing Kunlun Technology Development Co., Limited, an wholly-owned subsidiary of the Company acquired entire paid-up capital of Zhejiang Excellent Enterprises Management Consulting Co., Limited for a consideration of A\$600,000 by issuance of 300,00 new CDIs to the vendors.

	<b>At acquisition date</b>
	<b>A\$</b>
Consideration	600,000
Net assets at fair value in Zhejiang Excellent Enterprises Management Consulting Co., Limited at acquisition date	(93,708)
	<b>506,292</b>

**7. ISSUED CAPITAL**

	<b>30 September 2017</b>	<b>31 March 2017</b>
	<b>A\$</b>	<b>A\$</b>
<u>Ordinary share</u>		
Issued and fully paid	<b>20,605,201</b>	20,005,201
Share issue cost	<b>(275,000)</b>	(275,000)
	<b>20,330,201</b>	19,730,201
	<b>Number Issued</b>	<b>Total Share Price</b>
<u>Movements in ordinary shares on issue</u>		
1 April 2017	110,000,000	19,730,201
Share issued	300,000	600,000
Share issue cost	-	-
<b>30 September 2017</b>	<b>110,300,000</b>	<b>20,330,201</b>

**SHKL GROUP LIMITED AND ITS CONTROLLED ENTITIES**  
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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
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**8. 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:

	<b>From 1 April 2017 to 30 September 2017 A\$</b>	<b>From 1 April 2016 to 30 September 2016 A\$</b>
<b>Loss</b>		
Net profit attributable to owners of the Company	<b>517,568</b>	26,333
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>110,150,000</b>	102,688,172
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	<b>110,150,000</b>	102,688,172

**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.

**10. DIVIDEND**

There were no dividends paid during the six months to 30 September 2017.

**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.

**SHKL GROUP LIMITED AND ITS CONTROLLED ENTITIES**  
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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
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**12. CONTINGENT LIABILITIES**

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

**13. COMPARATIVES**

Comparative figures were non-reviewed.

**14. EVENTS AFTER THE REPORTING DATE**

There have been no material events subsequent to 30 September 2017 which would require disclosure in this report.