CHINA INTEGRATED MEDIA CORPORATION LIMITED

ACN 132 653 948

Annual Report

For the Financial Year Ended 31 December 2014

Contents

Directors' Report

The directors present their report together with the financial statements on the consolidated entity (referred to hereinafter as the "Group") consisting of China Integrated Media Corporation Limited (referred to hereinafter "CIMC" or the "Company") and the entities it controlled for the year ended 31 December 2014.

Directors

The names of the directors in office at any time during the year ended 31 December 2014, and up to the date of this report are:

Director	Position	Appointed	Resigned
Dr. Herbert Ying Chiu LEE	Chairman	-	-
Dr. Man-Chung CHAN	Non-executive	-	-
Mike Chi-Wen HSIEH	Non-executive	6 October 2014	-
Con UNERKOV	Chairman	-	30 May 2014
Loui KOTSOPOULOS	Non-executive	-	30 May 2014
Dr. Yat-Man LAI	Non-executive	30 May 2014	15 September 2014

Information on Directors

Dr. Herbert Ying Chiu LEE

Dr. Herbert Ying Chiu LEE ("Dr. LEE"), aged 62, is a seasoned businessman with significant experience in the Hong Kong and Chinese digital advertising market sector. Dr. LEE received his Bachelor of Applied Science in structural engineering in 1977 from the University of British Columbia, B. C., Canada. He obtained his training in structural design in Hong Kong after his graduation. In 1982, he became a corporate member of the Institute of Structural Engineer (MIStructE.) and subsequently he obtained his Chartered Engineer title from the Engineering Council of the United Kingdom. In 2004, Dr. LEE finished his Master of Technology Management degree at the Hong Kong University of Science and Technology. His major study is technology management. After that he joined Hong Kong Polytechnic University as an engineering doctoral student conducting research in knowledge management discipline. His major research is organising information through his newly developed semantic search engine. In 2011, Dr. LEE had been conferred the degree of Doctor of Engineering. Over the past 15 years, Dr. LEE has extensive working experience in technology management. His expertise is in knowledge management systems and 3D autostereoscopy. He has also actively involved in the education sector and is the founding chair of Institute of Applications in Academia and Industry (IAAI), a worldwide community to untap innovative research applications and bridge the gap between theory and practice.

Dr. Man-Chung CHAN

Dr. Man-Chung CHAN ("Dr. CHAN"), aged 56, graduated from the Chinese University of Hong Kong in 1980 in Philosophy and Government & Public Administration. He received his PhD in Computer Science from La Trobe University in Australia. From 1988 till 1994 he taught Computer Science at University of New South Wales. From 1994 he has worked with the Computing Department of the Hong Kong Polytechnic University.

Dr. CHAN was a computational logician and lately he worked in the broad field of knowledge management, artificial intelligence and intellectual property of computing. He founded the Institute of Systems Management in 2003. He has extensive working relationship with municipal government of Jiangsu, Hubei and Henan province in China.

Information on Directors (continued)

Mike Chi-Wen HSIEH

Mr. HSIEH, aged 35, is a director of Academic Connect Pty Ltd., an educational consulting firm responsible for developing and formulating operation strategies to bring new advancements to client's businesses.

Prior to joining Academic Connect, Mr. HSIEH was an account manager at John Morris Scientific Pty Ltd. which is a leading provider of medical research equipment. During this period, he managed a diverse account portfolio, including market analysis studies, product feasibility profiles and customer satisfaction measurement. From 2001 through 2008, Mr. HSIEH was employed at Relaxt Golf Inc. as the marketing director for Europe and Australia responsible for the direction of production, R&D focus and market surveys to meet the trend of the industry. Mr. HSIEH also held executive managerial position in Crown Limited, a company in the casino gaming business. Mr. HSIEH has over 10 years of experience in the marketing industries.

Mr. HSIEH graduated with a Bachelor of Medical Science from the Monash University. Currently, he is a PhD candidate at the University of Sydney affiliated with Heart Research Institute, pursuing medical research in the field of high blood pressure and neuroscience.

Directors' Meetings

The following table sets out the number of directors' meetings (no committee meetings were held as the full board dealt with matters that could have been delegated to committees) held during the financial year and the number of meetings attended by each director (while they were a director). During the current financial year, 11 board meetings were held.

Director	Eligible	Attended
Dr. Herbert Ying Chiu LEE	11	11
Dr. Man-Chung CHAN	11	10
Mike Chi-Wen HSIEH (1)	3	3
Con UNERKOV (2)	4	4
Loui KOTSOPOULOS (2)	4	3
Dr. Yat-Man LAI (3)	3	3

Note:
(1) Appointed onto the board on 6 October 2014
(2) Resigned from the board on 30 May 2014
(3) Appointed onto the board on 30 May 2014 and resigned from the board on 15 September 2014

Contracts with Directors

The Company has not entered into any contract with a director or a related party of a director other than those disclosed under Note 20 and 22 to the financial statements of this 2014 Annual Report.

Company Secretary

The name of the company secretary in office at any time during year ended 31 December 2014 is:

Company secretary	Appointed	Resigned
Loui KOTSOPOULOS	1 December 2014	-
Con UNERKOV	-	1 December 2014

PRINCIPAL ACTIVITIES

The Group's principal activities during the course of the financial year were the development of the digital advertising platform in glasses-free 3D (autostereoscopic), distribution of the digital displays and 3D software, provision of 3D consultancy services and lottery gaming business in China.

There were no significant changes in the nature of the Group's principal activities during the year not otherwise disclosed in the report.

OPERATING RESULTS

The consolidated loss of the Group for the financial year after providing for income tax amounted to $899,508.

DIVIDENDS PAID OR RECOMMENDED

No dividends were paid or declared since the start of the financial year. With respect to the 2014 financial year, the directors have recommended that no dividend be paid.

REVIEW OF OPERATIONS

The Group's principal activities during the course of the financial year were advertising, distribution of displays and 3D software, provision of 3D consultancy services and the lottery gaming business in China.

The Group's main revenue activity during the financial year was the provision of 3D consultancy services and distribution of 3D content management system software. The Group's digital advertising in glasses-free 3D (autostereoscopic) and lottery gaming business are still in the development stage and did not contribute any revenue to the Group during the year.

During the financial year, the Group has recorded revenue of $597,626 (2013: $1,221,403) and recorded loss for the year of $899,508 (2013: loss of $341,301).

Included in the recorded loss, the Group also recognized an unrealized loss of $551,787 (2013: unrealized gain of $354,736) from its investment in marketable securities.

CHANGES IN THE STATE OF AFFAIRS

No significant changes in the state of affairs of the Group occurred during the financial year.

SUBSEQUENT EVENTS

No matters or circumstances, besides those disclosed in Note 25, have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

FUTURE DEVELOPMENTS

The focus of the Group is to continue to develop its digital media / advertising in glasses-free 3D (autostereoscopic) and lottery outlet activities, and the Board will be reviewing potential acquisitions that are able to add value to the Group. The future development is dependent on the ability to have sufficient resources in funding, technology and human capital to execute its business plans. Management will also seek synergistic acquisitions to build revenue and bring in resources to complement and to supplement our internal capabilities to become a leader in glasses-free 3D advertising platform.

REVIEW OF FINANCIAL POSITION

The net equity of the Group is $3,305,937 at 31 December 2014.

ENVIRONMENTAL REGULATIONS

The Company aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The directors of the Company are not aware of any breach of environmental legislation for the financial year under review.

SHARES UNDER OPTION

The Company has no share options outstanding during or at the end of the financial year.

REMUNERATION REPORT (AUDITED)

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of each of CIMC's directors and senior management for the year ended 31 December 2014. The Group's policy for determining the nature and amount of remunerations of board members and senior executives of the Group is set out below.

The directors review the remuneration package of all directors and senior management on an ongoing basis. Remuneration packages are reviewed with due regard to performance and other relevant factors. The objective of the reward schemes is to both reinforce the short and long-term goals of the Group and to provide common interests between management and shareholders.

Remuneration packages contain the following key elements:

- Salaries or directors' fees;
- Sales staff's commissions;
- Bonus payments relating to performance;
- Benefits including provision of superannuation; and
- Options once available.

All staff members are employed on standard employment contracts with normal notice and termination provisions of not more than 6 months.

REMUNERATION REPORT (AUDITED) (continued)

The remunerations of the directors of the parent entity and each of the senior management receiving the highest remunerations for the parent and Group are as follows:

Directors	Short-Term Employee Benefits Salary/ Fees $	Cash Bonus $	Post Employment Super/ MPF $	Equity Options $	Total $	Percentage of Remuneration as Options %
Dr. Herbert Ying Chiu LEE						
2014	-	-	-	-	-	-
2013	151,380	-	2,014	-	153,394	-
Dr. Man-Chung CHAN						
2014	-	-	-	-	-	-
2013	3,595	-	-	-	3,595	-
Mike Chi-Wen HSIEH(1)						
2014	2,839	-	-	-	2,839	-
2013	-	-	-	-	-	-
Con UNERKOV(2)						
2014	-	-	-	-	-	-
2013	-	-	-	-	-	-
Loui KOTSOPOULOS(2)						
2014	-	-	-	-	-	-
2013	-	-	-	-	-	-
Dr. Yat-Man LAI(3)						
2014	-	-	-	-	-	-
2013	-	-	-	-	-	-
Bing HE(4)						
2014	-	-	-	-	-	-
2013	1,425	-	-	-	1,425	-
Total, all specified Directors						
2014	2,839	-	-	-	2,839	-
2013	156,400	-	2,014	-	158,414	-

Note:

(1) Appointed onto the board as a Non-Executive Director on 6 October 2014
(2) Resigned from the board on 30 May 2014
(3) Appointed onto the board as a Non-Executive Director on 30 May 2014 and resigned from the board on 15 September 2014
(4) Resigned from the board on 15 May 2013

There were no share options issued to any of the Directors or senior management during the year.

REMUNERATION REPORT (AUDITED) (continued)

Shares – number of shares held by management

Personnel	1 January 2014	Purchases	31 December 2014
Dr. Herbert Ying Chiu LEE [1]	18,706,266	-	18,706,266
Dr. Man-Chung CHAN	-	-	-
Mike Chi-Wen HSIEH	-	-	-
Con UNERKOV[2]	3,262,418	-	3,262,418
Loui KOTSOPOULOS[3]	20,000	-	20,000
Dr. Yat-Man LAI	-	-	-

NOTE:

(1) As at 31 December 2014, Dr. Herbert Ying Chiu LEE, directly held 8,336,266 shares and indirectly held 10,370,000 shares in the Company through his wholly owned company Marvel Digital Limited.

(2) Mr. Con UNERKOV resigned from the board on 30 May 2014.

(3) Mr. Loui KOTSOPOULOS resigned from the board on 30 May 2014.

End of Audited Remuneration Report

DIRECTORS' SUPERANNUATION AND RETIREMENT BENEFITS

There were no amounts paid or payable by the parent entity or a related party to directors or to any prescribed benefit superannuation fund in respect of the retirement of any director.

SHARE TRANSACTIONS OF DIRECTORS

The interests of the Directors in the securities of CIMC, whether held directly, indirectly, beneficially or non-beneficially are set out on page 7 of the Annual Report.

IMDEMNIFICATION OF OFFICERS AND AUDITORS

During the financial year the Company did not have a contract insuring the directors of the Company, the company secretary and all executive officers of the Company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001.

The Company has entered into a Deed of Indemnity, Insurance and Access with each Director. In summary the Deed provides for:

- Access to corporate records for each Director for a period after ceasing to hold office in the Company,
- The provision of Directors and Officers Liability Insurance, and
- Indemnity for legal costs incurred by Directors in carrying out the business affairs of the Company.

Except for the above the Company has not otherwise, during or since the year end, except to the amount permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

PROCEEDINGS ON BEHALF OF THE COMPANY

The Group is not involved in any legal proceedings at this time and no person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

NON-AUDIT SERVICES

The Group did not engage the auditor for non-audit services provided during the financial year.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration is included on page 43 of the financial report.

Signed in accordance with a resolution of the directors.

Dr. Herbert Ying Chiu LEE
Chairman

Adelaide, 25 March 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2014

	Notes	Group 2014 $	Group 2013 $
REVENUE			
Revenue from operating activities		594,886	1,216,754
Interest income		2,740	4,649
		597,626	1,221,403
Other income	2	-	354,736
		597,626	1,576,139
EXPENSES			
Cost of revenue		(263,805)	(1,095,642)
Employee benefit expenses		(197,599)	(190,213)
Depreciation expenses		(124,335)	(108,927)
Professional and consulting expenses		(163,130)	(418,810)
Loss on financial assets at fair value through profit or loss		(551,787)	-
Travel and accommodation expenses		(29,139)	(53,097)
Other expenses		(167,339)	(49,538)
Finance costs		-	(1,213)
Total expenses		(1,497,134)	(1,917,440)
LOSS BEFORE INCOME TAX	3	(899,508)	(341,301)
Income tax expense	4	-	-
LOSS FOR THE YEAR		(899,508)	(341,301)
OTHER COMPREHENSIVE INCOME			
Items that may be re-classified subsequently to profit or loss			
Foreign currency translation		368,007	290,610
Other comprehensive income for the year, net of tax		368,007	290,610
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(531,501)	(50,691)
Loss for the year attributable to			
Owners of the Company		(899,508)	(341,301)
Total comprehensive income for the year attributable to			
Owners of the Company		(531,501)	(50,691)
Loss per share	6		
- Basic		0.02	0.01
- Diluted		0.02	0.01

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position
As at 31 December 2014

	Notes	Group 2014 $	Group 2013 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		2,227,715	1,422,757
Trade and other receivables	7	222,427	894,225
Financial assets at fair value through profit or loss	8	614,133	1,098,618
Other assets	9	52,642	8,378
Total current assets		3,116,917	3,423,978
NON-CURRENT ASSETS			
Plant and equipment	10	275,436	454,071
Total non-current assets		275,436	454,071
TOTAL ASSETS		3,392,353	3,878,049
LIABILITIES			
CURRENT LIABILITIES			
Other liabilities	11	83,326	39,822
Provisions	12	3,090	789
Total current liabilities		86,416	40,611
NET ASSETS		3,305,937	3,837,438
EQUITY			
Issued capital	14	5,132,475	5,132,475
Reserve	15	589,497	221,490
Accumulated losses	16	(2,416,035)	(1,516,527)
Equity attributable to owners of the Company		3,305,937	3,837,438
TOTAL EQUITY		3,305,937	3,837,438

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity
For the year ended 31 December 2014

	Attributable to owners of the Company			
	Issued Capital $	Accumulated Losses $	Translation Reserve $	Total $
Balance at 1 January 2014	5,132,475	(1,516,527)	221,490	3,837,438
Loss for the year	-	(899,508)	-	(899,508)
Other comprehensive income, net of tax	-	-	368,007	368,007
Total comprehensive income for the year	-	(899,508)	368,007	(531,501)
Balance at 31 December 2014	5,132,475	(2,416,035)	589,497	3,305,937

	Attributable to owners of the Company			
	Issued Capital $	Accumulated Losses $	Translation Reserve $	Total $
Balance at 1 January 2013	1,552,475	(1,175,226)	(69,120)	308,129
Loss for the year	-	(341,301)	-	(341,301)
Other comprehensive income, net of tax	-	-	290,610	290,610
Total comprehensive income for the year	-	(341,301)	290,610	(50,691)
Issuance of shares	3,580,000	-	-	3,580,000
Balance at 31 December 2013	5,132,475	(1,516,527)	221,490	3,837,438

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows
For the year ended 31 December 2014

	Note	Group 2014 $	Group 2013 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss		(899,508)	(341,301)
Adjustment to reconcile net loss to net cash used in operating activities:			
Depreciation		124,335	108,927
Unrealized loss / (gain) on marketable securities		551,787	(354,736)
Net cash flows from changes in working capital	21	664,575	166,910
NET CASH INFLOWS / (OUTFLOWS) FROM OPERATING ACTIVITIES		441,189	(420,200)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of plant and equipment		158,925	-
Acquisition of plant and equipment		(4,187)	(560,512)
NET CASH INFLOWS / (OUTFLOWS) FROM INVESTING ACTIVITIES		154,738	(560,512)
CASH FLOWS FROM FINANCING ACTIVITIES			
Convertible loan		-	(100)
Loans from related parties		-	(5,780)
Proceeds from issuance of shares		-	2,207,000
NET CASH INFLOWS FROM FINANCING ACTIVITIES		-	2,201,120
NET INCREASE IN CASH AND CASH EQUIVALENTS		595,927	1,220,408
Effect of exchange rate changes on cash and cash equivalents		209,031	176,082
Cash and cash equivalents at the beginning of financial year		1,422,757	26,267
CASH AND CASH EQUIVALENT AT THE END OF FINANCIAL YEAR		2,227,715	1,422,757

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards ("AASBs"), including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001 as appropriate for for-profit entities. The consolidated financial statements also comply with International Financial Reporting Standards ("IFRSs") as adopted by the International Accounting Standards Board.

The financial report covers the entity of China Integrated Media Corporation Limited ('CIMC") and its controlled entities. CIMC is a public company limited by shares, incorporated and domiciled in Australia. CIMC is an investment holding company and its subsidiaries carry out the business of the Group in Australia, Hong Kong and China.

The financial report was authorized for issue, in accordance with a resolution of directors, on 25 March 2015.

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

In accordance with the *Corporations Act 2001*, the consolidated financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed at note 24.

(a) Basis of Preparation

The consolidated financial statements have been prepared on the accrual basis and are based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

(b) Principles of Consolidation

The consolidated financial statements comprise the financial statements of China Integrated Media Corporation Limited and its subsidiaries at 31 December 2014 ("the Group"). Subsidiaries are entities (including structured entities) over which the Group has control. The Group has control over an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to use its power to affect those returns. Subsidiaries are consolidated from the date on which control is transferred to the Group and are deconsolidated from the date that control ceases. A list of controlled entities is contained in Note 13 to the financial statements. All controlled entities have a 31 December financial year end.

All inter-company balances and transactions between entities within the Group, including any unrealized profits or losses, have been eliminated upon consolidation.

Where controlled entities have entered or left the Group during the year, the operating results have been included from the date control was obtained or until the date control ceased.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Principles of Consolidation (continued)

Non-controlling interest in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in other comprehensive income. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

(c) Income Tax

The charge for current income tax is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the end of the reporting period.

Deferred tax assets and liabilities are recognized for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdication. No deferred income tax will be recognized from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Current and deferred tax balances relating to amounts recognized directly in other comprehensive income and equity are recognized directly in other comprehensive income or equity, respectively.

Deferred income tax assets are recognized to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be used.

The amount of benefits brought to account or which may be realized in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realized and comply with the conditions of deductibility imposed by the law.

(d) Intangibles

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a subsidiary exceeds the fair value attributed to the identifiable net assets at acquisition date. Goodwill is tested annually for impairment and carried at costs less accumulated impairment losses.

(e) Inventories

Finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises direct materials and delivery costs, direct labour, import duties and other taxes. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the entities in the Group are classified as finance leases.

Finance leases are capitalized by recording the assets and liabilities at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Group will obtain ownership of the assets or over the term of the lease.

Lease payments for operating lease, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight line basis unless another method is more representative of the pattern to the users benefit.

Lease incentive under operating lease are recognized as a liability and amortized on a straight-line basis over the life of the lease term.

(g) Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the assets, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed in profit or loss.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belong.

(h) Investments and Other Financial Assets

i) Recognition
Financial instruments are initially measured at costs on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

ii) Financial assets at fair value through profit and loss
A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designed by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorized as held for trading unless they are designated as hedges. Realized and unrealized gains and losses arising from changes in the fair value of these assets are recognized in profit or loss in the period in which they arise.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Investments and Other Financial Assets (continued)

iii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determined payments that are not quoted in an active market and are stated at amortized costs using the effective interest rate methods.

iv) Financial liabilities
Non-derivative financial liabilities are recognized at amortized costs, comprising original debt less principal payments and amortization.

v) Fair value
Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, with reference to similar instruments and options pricing models.

vi) Impairment
At each reporting date the Group assesses whether there is any objective evidence that a financial instrument has been impaired. Impairment losses are recognized in profit or loss.

(i) Plant and Equipment

Items of plant and equipment are measured at cost less accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The depreciable amount of all fixed assets are depreciated over their estimated useful lives to the Group commencing from the time the assets is held ready for use.

Depreciation is calculated on a straight line basis to write off the net cost of each item of plant and equipment over their expected useful lives. The depreciation rates used for each class of depreciable assets are generally as follows:

Class of fixed assets	Depreciation rate
Leasehold Improvements	5 years
Office Furniture and Equipment	3-5 years

Gains and losses on disposal are determined by deducting the net book value of the assets from the proceeds of sale and are booked to the profit and loss account in the year of disposal.

(j) Foreign Currency Translation

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Foreign Currency Translation (continued)

Foreign currency transactions
Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Amount receivable and payable in foreign currencies at the end of the reporting period are converted at the rates of exchange ruling at that date.

The gains and losses from conversion of short term assets and liabilities, whether realized or unrealized, are included in profit or loss as they arise.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the end of the reporting period. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency translation reserve.

The foreign currency translation reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

(k) Segment Reporting

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

(l) Trade and Others Receivables

Trade receivables are recognised at original invoice amounts less an allowance for uncollectible amounts and have repayment terms between 30 and 90 days. Collectability of trade receivables is assessed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance is made for doubtful debts where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms. Objective evidence of impairment include financial difficulties of the debtor, default payments or debts more than 30 days overdue. On confirmation that the trade receivable will not be collectible the gross carrying value of the asset is written off against the associated provision.

(m) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are paid on normal commercial terms.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(o) Borrowing Costs

Borrowing costs incurred for the construction of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(p) Employee Benefits

Short-term employee benefit obligations
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled wholly within 12 months after the end of the reporting period are recognised in other liabilities in respect of employees' services rendered up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when leave is taken and measured at the actual rates paid or payable.

Other long-term employee benefit obligations
Liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the reporting period. They are recognised as part of the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees to the end of the reporting period using the projected unit credit method. Consideration is given to expect future salaries and wages levels, experience of employee departures and periods of service. Expected future payments are discounted using national government bond rates at the end of the reporting period with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Regardless of when settlement is expected to occur, liabilities for long service leave and annual leave are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and call deposits with banks or financial institutions, investments in money market instruments maturing within less than three months and net of bank overdrafts.

(r) Revenue

Revenue is recognised at the fair value of consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. The following specific recognition criteria must also be met before revenue is recognised:

Sale of Goods
Revenue from sale of digital displays and content management system software is recognised when the significant risks and rewards of ownership have passed to the buyer and can be reliably measured. Risks and rewards are considered passed to buyer when goods have been delivered to the customer.

Consultancy Services
Revenue from provision of consultancy services is recognized when the respective service is rendered.

(s) Goods and Services Tax

Revenues, expenses and assets are recognized net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstance the GST is recognized as part of the cost of acquisition of the assets or as part of an item of expense. Receivables and payables in the consolidated statement of financial position are shown inclusive of GST.

Cash flows are included in the consolidated statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

(t) Earnings Per Share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Issued Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(v) Share Based Payments

Equity-settled share-based payments are measured at fair value at the date of grant. Fair value is measured by use of the Black & Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

For cash-settled share based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

(w) Fair Value

Fair values may be used for financial asset and liability measurement and for sundry disclosures.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is based on the presumption that the transaction takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market. The principal or most advantageous market must be accessible to, or by, the Group.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The fair value measurement of a non-financial asset takes into account the market participant's ability to generate economic benefits by using the asset at its highest and best use or by selling it to another market participant that would use the asset at its highest and best use.

In measuring fair value, the Group uses valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) New, Revised or Amending Accounting Standards and Interpretations

In the current year, the Group has adopted a number of new and revised Accounting Standards and Amendments issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the accounting period that begins on or after 1 January 2014, as follows:

- AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements* AASB 124;
- AASB 2012-3 *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities;*
- AASB 2013-3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets;*
- AASB 2013-4 *Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting;*
- AASB 1031 *Materiality (December 2013*); and
- AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (Part B).*

While these standards introduced new disclosure requirements, they do not affect the Group's accounting policies or any of the amounts recognised in the financial statements.

The following standards, amendments to standards and interpretations have been identified as those which may impact the Group in the period of initial application. They are available for early adoption at 31 December 2014, unless noted otherwise below, but have not been applied in preparing this financial report. The Group's assessment of these new standards and interpretations is set out below:

- AASB 9 *Financial Instruments (revised December 2014)* and AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)*

  This standard replaces AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculation of impairment on financial assets, and new general hedge accounting requirements. It also carries forward guidance on recognition and derecognition of financial instruments from AASB 139. The standard will become mandatory for reporting periods beginning on or after 1 January 2018. Retrospective application is required with some exceptions. The Group is still assessing the potential impact on its consolidated financial statements resulting from the application of AASB 9.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) New, Revised or Amending Accounting Standards and Interpretations (Continued)

The following new or amended standards are not expected to have a significant impact on the Group's consolidated financial statements:

- AASB 2014-1 *Amendments to Australian Accounting Standards – Part E Financial Instruments*
- AASB 2014-3 *Amendments to Australian Accounting Standards – Accounting for acquisitions of interests in joint operations*
- AASB 2014-4 *Amendments to Australian Accounting Standards – Clarification of acceptable methods of depreciation and amortization*
- AASB 2014-9 *Amendments to Australian Accounting Standards – Equity method in separate financial statements*
- AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or contribution of assets between investor and its associate and joint venture*
- AASB 2014-1 *Amendments to Australian Accounting Standards – Part A Annual Improvements 2010-2012 and 2011-2013 cycles*
- AASB 2015-1 *Amendments to Australian Accounting Standards – Annual improvements to Australian Accounting Standards 2012-2014 cycle*

(y) Critical Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgments and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgments, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgments and estimates will seldom equal the related actual results. The judgments, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgment. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position. Refer to Note 7 for further details.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Critical accounting judgments, estimates and assumptions (Continued)

(ii) Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down. Refer to Note 10 for further details.

(iii) Income tax

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgment is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made. Refer to Note 4 for further details.

2. OTHER INCOME

	Group 2014 $	Group 2013 $
Gain on financial assets at fair value through profit or loss	-	354,736

3. LOSS BEFORE INCOME TAX

	Group 2014 $	Group 2013 $
Defined contribution superannuation expense	-	432
Finance Costs:		
- Convertible notes	-	1,213
Depreciation of non-current assets:		
- Office furniture and equipment	41,473	23,626
- Leasehold improvements	82,862	85,301
Total depreciation	124,335	108,927
Loss on financial assets at fair value through profit or loss	551,787	-
Rental expense on operating lease	16,820	16,252
Auditor's remuneration for:		
- Audit services	36,716	22,989

4. INCOME TAX

	Group 2014 $	Group 2013 $
Current tax expense	-	-
Deferred tax expense	-	-
Over/under provision for prior years	-	-
	-	-

4. INCOME TAX (Continued)

(a) The prima-facie tax on loss before income tax is reconciled to the income tax expenses as follows:

	Group 2014 $	2013 $
Numerical reconciliation of income tax expense to prima facie tax payable		
Loss before income tax	899,508	341,301
Income tax benefit on loss before income tax at 16.5% - 30%	171,530	113,858
Add / (less) the tax effect of:		
Timing difference not brought to account	-	40,559
Tax losses not brought to account	(171,530)	(154,417)
Income tax expense / (benefit)	-	-

(b) Deferred tax assets not brought to account as an asset and deferred tax liabilities:

	Group 2014 $	2013 $
Balance brought forward	225,388	70,971
Tax losses not brought to account during the year	80,485	212,930
Deferred tax asset / (liability) not recognized on fair value movement of investments	91,045	(58,513)
Total	396,918	225,388

The deferred tax asset has been recognized to the extent that it offsets the deferred tax liability that was recorded on the fair value movement of investment during the year.

The taxation benefit of tax losses and timing differences not brought to account will only be obtained if:

i) Assessable income is derived of a nature and amount sufficient to enable the benefit from the deductions to be realized;
ii) Conditions for deductibility imposed by the law are complied with; and
iii) No changes in tax legislation adversely affect the realization of the benefit from the deductions.

5. DIVIDENDS

No dividends were declared and paid during the financial year (2013: Nil).

6. LOSS PER SHARE

The loss per share was calculated based on the weighted average of 52,912,833 (2013: 50,313,655) shares outstanding during the financial year.

7. TRADE AND OTHER RECEIVABLES

	Group 2014 $	Group 2013 $
Trade receivables	222,427	621,523
Other receivables	-	41,566
Deposits	-	231,136
	222,427	894,225
Less: Allowances for doubtful debts	-	-
	222,427	894,225

(a) Aged Analysis

The aging analysis of trade receivables is as follows:

	Group 2014 $	Group 2013 $
Current	222,427	530,898
Past due		
61 - 90 days	-	89,903
> 91 days	-	722
	-	90,625
Total	222,427	621,523

(b) Trade receivables which are past due but not impaired

Included in the Group's trade receivable balance are debtors with an aggregate carrying amount of $Nil (2013: $90,625) which are past due at the end of the reporting period for which the Group has not made provision for impairment loss as these balances had all been settled after the reporting period.

The carrying value of trade receivables is considered reasonable approximation of fair value to the short term nature of the balance.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables in the financial statements. Refer to Note 19(f) for further details of credit risk management.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

		Group	
		2014	2013
	Note	$	$
Ordinary shares - quoted on the OTC Market in the United States	19	614,133	1,098,618

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	Group	
	2014	2013
	$	$
Opening fair value	1,098,618	629,354
Exchange gain	67,302	114,528
(Devaluation) / Revaluation	(551,787)	354,736
	614,133	1,098,618

9. OTHER ASSETS

	Group	
	2014	2013
	$	$
Prepayments	48,676	-
Deposits	1,470	5,104
GST receivable	2,496	3,274
	52,642	8,378

10. PLANT AND EQUIPMENT

	Leasehold Improvements $	Office Furniture and Equipment $	Total $
At 1 January 2013			
Cost	-	8,321	8,321
Accumulated depreciation	-	(5,835)	(5,835)
Net book amount	-	2,486	2,486
Year ended 31 December 2013			
Opening net book amount	-	2,486	2,486
Additions	429,935	130,577	560,512
Depreciation expense	(85,301)	(23,626)	(108,927)
Closing net book amount	344,634	109,437	454,071
At 31 December 2013			
Cost	429,935	138,898	568,833
Accumulated depreciation	(85,301)	(29,461)	(114,762)
Net book amount	344,634	109,437	454,071
Year ended 31 December 2014			
Opening net book amount	344,634	109,437	454,071
Additions	-	4,187	4,187
Disposals	(136,902)	(22,023)	(158,925)
Depreciation expense	(82,862)	(41,473)	(124,335)
Exchange difference	87,140	13,298	100,438
Closing net book amount	212,010	63,426	275,436
At 31 December 2014			
Cost	325,317	135,390	460,707
Accumulated depreciation	(113,307)	(71,964)	(185,271)
Net book amount	212,010	63,426	275,436

11. OTHER LIABILITIES

	Group 2014 $	Group 2013 $
Accruals	22,956	14,386
Related party payables	-	14,736
Deferred revenue	41,336	-
Others	19,034	10,700
	83,326	39,822

The related party payables relate to advances provided by related parties which are unsecured, interest-free and repayable on demand.

12. PROVISIONS

	Group 2014 $	Group 2013 $
Employee benefits	3,090	789

13. CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned 2014	Percentage Owned 2013
Parent Entity – China Integrated Media Corporation Limited	Australia		
Subsidiaries of China Integrated Media Corporation Limited:			
CIMC Marketing Pty. Limited	Australia	100%	100%
China Media Limited	Hong Kong	100%	100%
Dragon Creative Limited	Hong Kong	100%	100%
Binario Limited*	British Virgin Islands	100%	-

* On 31 May 2014, the Company acquired 100% equity interests in Binario Limited for a consideration of A$1, which was equal to the fair value of the net assets acquired. Binario Limited is a dormant company without operation and no goodwill was arisen from this acquisition.

14. ISSUED CAPITAL

(a) Share capital

Group and Company

	31 December 2014 and 2013	
	Number of shares	$
Ordinary Shares fully paid	52,912,833	5,132,475

There is only one class of share on issue being ordinary fully paid shares. Holders of ordinary shares are treated equally in all respects regarding voting rights and with respect to the participation in dividends and in the distribution of surplus assets upon winding up.

(b) Options on issue

There were no share options issued and outstanding during and at the end of the financial year.

15. RESERVE

Foreign currency translation reserve

The reserve is used to recognize exchange difference arising from translation of the financial statements of foreign operations to Australian dollars.

16. ACCUMULATED LOSSES

	Group	
	Year ended 31 December 2014 $	Year ended 31 December 2013 $
Balance at beginning of financial year	1,516,527	1,175,226
Net loss for the financial year	899,508	341,301
Balance at end of financial year	2,416,035	1,516,527

17. COMMITMENTS

Lease commitments - operating

	Group 2014 $	Group 2013 $
Committed at the reporting date but not recognized as liabilities, which are payable:		
- Within one year	1,500	1,500
- Two to five years	-	-
- More than five years	-	-
	1,500	1,500

18. CONTINGENCIES

There are no material contingent liabilities or contingent assets of the Group at the end of the reporting period.

19. FINANCIAL RISK MANAGEMENT

(a) Financial risk management objectives

The Group is exposed to financial risk through the normal course of their business operations. The key risks impacting the Group's financial instruments are considered to be interest rate risk, price risk, foreign currency risk, liquidity risk, credit risk and capital risk. The Group's financial instruments exposed to these risks are cash and short term deposits, financial assets at fair value through profit or loss, receivables and trade payables.

The Group's chief executive officer monitors the Group's risks on an ongoing basis and report to the Board.

(b) Interest rate risk management

The Group is exposed to interest rate risk (primarily on its cash and cash equivalents), which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest-bearing financial instruments. The Group does not use derivatives to mitigate these exposures.

The Group has adopted a policy of ensuring that as far as possible it maintains excess cash and cash equivalents in Hong Kong denominated accounts available at call. These accounts currently earn low interests.

The sensitivity analyses below have been determined based on the exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease represents management's assessment of the possible change in interest rates.

At reporting date, if interest rates had increased/decreased by 50 basis points from the weighted average effective rate for the year, with other variables constant, the loss for the year would have been $1,391 lower (December 2013: $2,070) / $1,391 higher (December 2013: $2,070).

19. FINANCIAL RISK MANAGEMENT (continued)

(b) Interest rate risk management (continued)

The following table summarizes interest rate risk for the Group, together with effective interest rates as at the reporting date.

2014	Weighted average effective interest rate	Floating interest rate	Non-interest bearing	Total
		$	$	$
Financial Assets				
Cash and cash equivalents	0.8%	278,226	1,949,489	2,227,715
Trade and other receivables		-	222,427	222,427
Total Financial Assets		278,226	2,171,916	2,450,142
Financial Liabilities				
Trade and other payables		-	83,326	83,326
Total Financial Liabilities		-	83,326	83,326

2013	Weighted average effective interest rate	Floating interest rate	Non-interest bearing	Total
		$	$	$
Financial Assets				
Cash and cash equivalents	1.105%	474,536	948,221	1,422,757
Trade and other receivables		-	894,225	894,225
Total Financial Assets		474,536	1,842,446	2,316,982
Financial Liabilities				
Trade and other payables		-	39,822	39,822
Total Financial Liabilities		-	39,822	39,822

(c) Price risk

The Group is exposed to price risk through its holding of ordinary shares listed on the Over-the-counter Bulletin Board. The value of the investment at reporting date is $614,133. An increase or decrease in price of 33.3%, while all other variables hold constant, would have a favourable / an adverse effect on loss before tax of $204,711 per annum. The percentage change is based on the volatility of the price since the beginning of the current year.

(d) Foreign currency risk

The Group has net assets denominated in a foreign currency (Hong Kong Dollars) of $2,156,263 (assets $2,221,453 less liabilities $65,190) as at 31 December 2014. Based on this exposure, had the Australian dollar weakened or strengthened 5% against this foreign currency while all other variables hold constant, the Group's loss before tax would have been $107,813 lower or higher. The percentage change is the expected overall fluctuation of this foreign currency taking into account movements over the past 12 months. The actual foreign exchange loss for the year ended 31 December 2014 was $24,240.

19. FINANCIAL RISK INSTRUMENTS (continued)

(e) Liquidity risk management

Prudent liquidity risk management implies maintaining sufficient cash and term deposits, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group is expected to settle all the liabilities in 2015 from the cash reserves in the Group.

(f) Credit risk

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in a financial loss to the Group. The Group's potential concentration of credit risk consists mainly of cash deposits with banks and trade receivables with its customers. The Group's short term cash surpluses are placed with banks that have investment grade ratings. The Group considers the credit standing of counterparties and customers when making deposits and sales, respectively, to manage the credit risk. The Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Group. Considering the nature of the business at current, the Group believes that the credit risk is not material to the Group's operations.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at the end of the reporting period, to financial assets, is represented by the carrying amount of cash and cash equivalents, trade and other receivables, net of any provisions for doubtful debts, as disclosed in the consolidated statement of financial positions and notes to the accounts.

(g) Fair value of financial instruments

The following assets are recognized and measured at fair value on a recurring basis:

- Financial assets at fair value through profit or loss.

Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed are categorized according to the fair value hierarchy as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

19. FINANCIAL RISK INSTRUMENTS (continued)

(g) Fair value of financial instruments (continued)

Recognised fair value measurements

The following table sets out the Group's assets that are measured at fair value in the financial statements.

	Level 1	Level 2	Level 3	Total
	$	$	$	$
Financial assets at fair value				
through profit or loss				
- 31 December 2014	614,133	-	-	614,133
- 31 December 2013	1,098,618	-	-	1,098,618

There were no transfers during the year between level 1 and level 2 recurring fair value measurements.

The Group's policy is to recognize transfers into and of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred.

Disclosed fair values

The Group also has assets and liabilities which are not measured at fair values but for which fair values are disclosed in the notes to the financial statements.

Due to their short term nature, the carrying amounts of trade receivables (refer to note 7) and payables (refer to note 11) are assumed to approximate their fair values because the impact of discounting is not significant.

(h) Capital management risk

The Group's objective when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain a strong capital base sufficient to maintain future development of its business. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debts. The Group's focus has been to raise sufficient funds through equity to fund its business activities.

There were no changes to the Group's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued capital, reserve and accumulated losses as disclosed in Notes 14, 15 and 16 respectively.

20. RELATED PARTY TRANSACTIONS

Transactions with related parties include the following:

(a) During the year, the Group paid $124,848 for management, promotional and marketing service to Tidewell Limited, a company in which our former director Mr. Con UNERKOV has 49% interest.

(b) During the year, the Group acquired 3D content management system software from Marvel Digital Limited ("MDL") at $263,805. MDL is a shareholder of the Company and also is beneficially owned by our Director – Dr. Herbert Ying Chiu LEE.

(c) In October 2014, the Group sold certain fixed assets at its net book amount of $158,925 to a related entity which is beneficially owned by our Director – Dr. Herbert Ying Chiu LEE.

21. CASH FLOW INFORMATION

	Group	
	Year ended 31 December 2014 $	Year ended 31 December 2013 $
CASH FLOWS FROM CHANGES IN WORKING CAPITAL		
(Increase)/Decrease in assets:		
Other receivables and deposits	231,550	(197,843)
Inventories	-	998,313
Trade receivables	390,998	(621,399)
Increase / (Decrease) in liabilities:		
Other payables	8,732	(8,684)
Accrued expenses	8,418	8,087
Deferred income	39,838	-
Deposit subscription	-	(5,000)
Related party payables	(14,961)	(6,564)
NET CASH FLOWS FROM CHANGES IN WORKING CAPITAL	664,575	166,910

Non-cash Transactions

For the year ended 31 December 2013, the Company converted $1,373,000 of convertible notes, loans from related parties and other payables into equity of the Company at the Company's IPO in February 2013.

22. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Remuneration

Remuneration of directors and key executives are set out on page 5-6 of the Directors' Report.

The total remuneration paid or payable to the management of the Group during the period are as follows:

	31 December 2014 $	31 December 2013 $
Short term benefits	2,839	156,400
Post employment benefits	-	2,014
Other long term benefits	-	-
Termination benefits	-	-
Share based payments	-	-
Total	2,839	158,414

(b) Loans to Key Management Personnel and their related parties

There were no loans outstanding at the reporting date to Key Management Personnel and their related parties

Other transactions with Key Management Personnel

A number of key management persons, or their related parties, held positions in other entities that resulted in them having control or significant influences over the financials or operating policies of these entities. Transactions between related parties are in normal commercial terms and conditions unless otherwise stated in Notes 11 and 20.

(c) Share Options – number of share options held by management

There were no share options held outstanding held by the management.

23. SEGMENT INFORMATION

Operating segments have been determined on the basis of reports reviewed by the executive management committee. The executive management committee ("committee") is considered to be the chief operating decision maker of the Group. The committee considers that the Group has assessed and allocated resources on this basis. The committee considers that the Group has three operating segments, being the sale and distribution of digital displays, sale and distribution of 3D software, and provision of 3D consultancy services.

The chief operating decision makers use the information of the consolidated group and given there is one segment which operates in Hong Kong, the information in the annual report is the segment information.

Non-current assets by geographic location is as follows:-

	Group	
	Year ended 31 December 2014 $	Year ended 31 December 2013 $
Australia	-	743
Hong Kong	275,436	453,328
	275,436	454,071

Segment revenue reconciles to total revenue from continuing operations as follows:

	Group	
	Year ended 31 December 2014 $	Year ended 31 December 2013 $
<u>Business Segments in Hong Kong:</u>		
Sales Revenue		
Distribution of digital displays	-	1,216,754
Distribution of 3D content management system software	407,761	-
Provision of 3D consultancy services	187,125	-
	594,886	1,216,754

For the year ended 31 December 2014, the Group has four individual customers (2013: two) with revenues comprising more than 10% of Group revenues.

24. PARENT ENTITY INFORMATION

Set out below is the supplementary information about the parent entity.

Statement of Profit or Loss and Other Comprehensive Income

	Company	
	2014	2013
	$	$
Loss after income tax	147,970	384,026
Other comprehensive income	-	-
Total comprehensive income	147,970	384,026

Statement of Financial Position

	Company	
	2014	2013
	$	$
Total current assets	4,243,368	4,425,624
Total assets	4,243,368	4,425,624
Total current liabilities	21,225	55,511
Total liabilities	21,225	55,511
Total Assets Less Liabilities	4,222,143	4,370,113
Equity		
Issued capital	5,132,475	5,132,475
Accumulated losses	(910,332)	(762,362)
Total equity	4,222,143	4,370,113

Guarantees entered into by the parent entity in relation to the debts of its subsidiary

The parent entity is not party to a deed of cross guarantee with any of its subsidiaries.

Contingent liabilities
The parent entity had no contingent liabilities as at 31 December 2014 and 31 December 2013.

Capital commitments – property, plant and equipment
The parent entity has no capital commitments for property, plant and equipment as at 31 December 2014 and 31 December 2013.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 1, except for;

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity
- Dividends received from subsidiaries are recognized as other income by the parent entity and its receipt may be an indicator of impairment.

25. EVENTS OCCURRING AFTER THE REPORTING DATE

On 6 February 2015, the Company completed the acquisition of 100% interest in Conco International Co., Ltd. ("CICL"), a company principally engaged in the design, sale and distribution of audio products.

The initial consideration for the acquisition is 307,954 fully paid ordinary shares of the Company at a price of 20 cents per share, which is equivalent to the net asset value of CICL as at the completion date.

The Company will also pay a deferred consideration at five (5) times the average annual audited profits of CICL for the three years ended 31 December 2018 less the initial consideration. The deferred consideration shall be paid by cash unless the shareholders and or the regulatory bodies, as required, approve the issue of CIMC shares. The issuance of the Performance Shares is subject to the approval of the CIMC shareholders at the next practicable shareholder meeting and regulatory approvals, if any.

Save as disclosed above, no other matter or circumstance has arisen since 31 December 2014, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

26. COMPANY DETAILS

The registered office and principal place of business is:

Suite 3/21 Beafield Rd
Para Hills West SA 5096

DIRECTORS' DECLARATION

In the directors' opinion:

(a) the financial statements and notes set out on pages 9 to 39 are in accordance with the Corporations Act 2001, including:

  (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the Group's financial position and performance as at 31 December 2014; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(c) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1;

(d) the audited remuneration disclosures set out on pages 5 to 7 of the directors' report comply with Accounting Standards AASB 124 Related Party Disclosures and the Corporations Regulations 2001.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the directors.

Herbert Ying Chiu LEE
Director

Adelaide, 25 March 2015

StewartBrown
Audit Services Pty Limited
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S AUDIT REPORT

TO THE DIRECTORS OF CHINA INTEGRATED MEDIA CORPORATION LIMITED

Report on the Financial Report

We have audited the accompanying financial report of China Integrated Media Corporation Limited which comprises the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The directors' responsibility also includes such internal controls as the directors determine are necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The directors' also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

Our responsibility is to express a conclusion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. This standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of China Integrated Media Corporation Limited, would be in the same terms of provided to the directors as at the time of the auditor's report.

Auditor's opinion

In our opinion:

(a) The financial report of China Integrated Media Corporation Limited is in accordance with the Corporations Act 2001, including:
   (i) Giving a true and fair view of consolidated entity's financial position as at 31 December 2014 and of their performance for the year ended on the date; and
   (ii) Compliance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

(b) The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remunerations report included in page 5 to 7 of the directors' report for the year ended 31 December 2014. The directors of China Integrated Media Corporation Limited are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Commonwealth Bank of Australia for the year ended 31 December 2014, complies with section 300A of the Corporations Act 2001.

Stewart Brown

StewartBrown Audit Services Pty Limited

Peter Whelan
Director
Adelaide, 25 March 2015

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DECLARATION OF INDEPENDENCE
BY P J WHELAN
TO THE DIRECTORS OF CHINA INTEGRATED MEDIA CORPORATION LIMITED

As lead auditor of China Integrated Media Corporation Limited for the period ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(a) The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
(b) Any applicable code of professional conduct in relation to the audit.

This declaration is in respect of China Integrated Media Corporation Limited and the entities it controlled during the period.

Peter Whelan
Director
StewartBrown Audit Services Pty Limited
Adelaide, 25 March 2015

Corporate Governance Statement

The Company's Corporate Governance Statement is structured with reference to the ASX Corporate Governance Council's Revised Corporate Governance Principles and Recommendations, which are as follows:

Principle 1 - Lay solid foundations for management and oversight

The primary responsibility of the Board of Directors of the Company is to oversee the business affairs of the Company and its controlled entities ("the Group") in order to protect and enhance the shareholders' interests. The Board's role is to ensure that the Group meets its obligations and responsibilities in all areas affecting all shareholders and the share market generally. The other responsibilities of the Board include:

- overseeing the Group's business affairs, including its control and accountability systems;
- inputting into and approving of management's development of corporate strategy and performance objectives;
- reviewing, approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestments;
- reviewing and approving all financial and other reporting;
- establishing, monitoring and regularly reviewing systems of internal compliance, risk management and control and systems of legal compliance that govern the operations of the Company and ensuring that they are operating effectively;
- appointment, performance assessment and, if necessary, removal of the Chief Executive Officer (or equivalent); and
- ratifying the appointment and/or removal, and contributing to the performance assessment of senior management, including the Chief Operating Officer and the Company Secretary.

The Chair is responsible for leading the Board, ensuring Directors are properly briefed in all matters relevant to their roles and responsibilities, facilitating Board discussion and managing the Board's relationship with the Company's senior management.

Principle 2 - Structure the board to add value

The ASX Recommendations state that the:

- majority of a company's board should comprise independent Directors;
- the chair should be an independent director;
- the roles of chair and chief executive officer should not be exercised by the same person; and
- the board should establish a nomination committee.

The Board, during the reporting period had up to six Directors and at the end of the period, comprises three Directors. The Board considers that two of these Directors, namely Dr. Man-Chung CHAN and Mike Chi-Wen HSIEH satisfy the criteria for independence in the ASX recommendations while Dr. Herbert Ying Chiu LEE is not considered independent. A non-executive director is considered to be independent if the director:

- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;

- has not been employed in an executive capacity by the Company, or another group member, or has been a director after ceasing to hold any such employment within the last three years;
- has not been a principal of a material professional adviser or material consultant to the Company or another group member or an employee materially associated with the service provided within the last three years;
- is not a material supplier or customer of the Company or other group members, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; and
- has no material contractual relationship with the Company or another group member other than as a director or shareholder of the Company.

The Board during the reporting period complies with the recommendation that a majority of the Board should be independent Directors. The Board is of the view that the Board's current composition serves the interests of shareholders for the following reasons:

- all formal Board committees are comprised of a majority of non-executive Directors;
- under the Company's conflict-of-interest policy, all Directors have agreed not to participate in any decision in which they are conflicted;
- Mr. Loui KOTSOPOULOS / Dr. Man-Chung CHAN, as appropriate, is appointed as the Lead Independent Director to chair meetings involving any potential conflicts of interest; and
- after considering the needs of the Company and the board policies which have been put in place, it is the view of the Board that it is not in the interests of shareholders to incur the expense of additional independent Directors at this time.

The Board will endeavour to appoint more independent Directors who have relevant knowledge and skills to join the Board when the Board believes it is in the interests of shareholders to do so.

The Board does not currently comply with the recommendation that the chair of the Board be an independent director and the role of chair and chief executive officer should not be exercised by the same person. The Board appointed Dr. Herbert Ying Chiu LEE as both Chairman and Chief Executive Officer because:

- Dr. Herbert Ying Chiu LEE is a major shareholder who has an in-depth knowledge of the Company's main operation, advertising business in China, and valuable working relationships in China.

However, the Board acknowledges the potential shortcoming of not following the recommendations during the period and is still in the process of seeking a suitable candidate to act as an independent Chair or Chief Executive Officer of the Company. When a suitable candidate is found, the current chair will step down from one of those two roles. In the meantime, the Board recognises that as an executive chair may not be able to provide an independent review of the performance of management, the Board has adopted the following governance polices:

- established clear protocols for handling conflicts of interest; and
- appointed Dr. Man-Chung CHAN as the Lead Independent Director to chair meetings involving any potential conflicts of interest.

The Board currently comprises three directors and only one of these directors resides in Australia which is not in compliance with Section 201A of Corporations Act 2001 that requires public companies to have at least two directors ordinarily residing in Australia. The Board is in the process of seeking suitable candidates to join the Board to rectify the current non-compliance.

Board composition

The skills, experience and expertise relevant to the position of each director who is in office at the date of the annual report and their term of office are detailed in the Directors' report. The Company undertakes an annual board performance review and considers the appropriate mix of skills required by the Board to maximise its effectiveness and its contribution to the Group.

Retirement and re-election

In accordance with the Constitution, other than the Managing Director, at least one third of the Directors are required to retire from office by rotation at each Annual General Meeting. Such retiring Directors are eligible for re-election. When a vacancy exists or an additional director is required, the Board has the power to appoint any person as a director who holds office only until the next Annual General Meeting at which time they can stand for re-election.

Nomination and appointment of new Directors

The Nomination and Remuneration Committee is responsible for making recommendations of candidates for appointment as new Directors to the Board as a whole for consideration. If it is necessary to appoint a new director to fill a vacancy on the Board or to complement the existing Board, a wide potential base of possible candidates is considered. If a candidate is recommended by the Nomination and Remuneration Committee, the Board assesses the qualifications of the proposed new director against a range of criteria including background, experience, professional skills, personal qualities, the potential for the candidate's skills to augment the existing Board, and the candidate's availability to commit to the Board's activities. If these criteria are met and the Board appoints the candidate as a director, that director (as noted previously) must retire at the next annual general meeting and will be eligible for election by shareholders at that meeting.

Knowledge, skills and experience

All Directors are expected to maintain the skills required to discharge their obligations to the Company. Directors are provided with papers, presentations and briefings on Group businesses and on matters which may affect the operations of the Group.

Board access to information and independent advice

All Directors have unrestricted access to employees of the Group and, subject to the law, access to all Company records and information held by Group employees and external advisers. Consistent with ASX Principle 2, each Director may, with the prior written approval of the Chairman, obtain independent professional advice to assist the Director in the proper exercise of powers and discharge of duties as a director or as a member of a Board committee. The Company will reimburse the Director for the reasonable expenses of obtaining that advice.

Conflicts of interest

Directors are required to avoid conflicts of interest and immediately inform their fellow Directors should a conflict of interest arise. Directors are also required to advise the Company of any relevant interests that may result in a conflict.

Directors are required to disclose any material personal interests and the relationship of these interests to the affairs of the Company. A director is required to provide an updated notice to disclose any new material personal interests or if there is any change in the nature or extent of a previously disclosed interest.

Where a matter in which a director has a material personal interest is being considered by the Board, that director must not be present when the matter is being considered or vote on the matter, unless all of the other Directors have passed a resolution to enable that director to do so or the matter comes within a category of exception under the Corporations Act 2001.

Principle 3 - Promote ethical and responsible decision making

Code of Conduct

The Company has an internal code of conduct which sets out principles to guide Directors and employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity when dealing with the Company, its customers and suppliers and the community. The code covers areas such as conduct in the workplace, business conduct, protection of the Company's assets, confidentiality, non-solicitation of customers and employees, conflicts of interest and corporate opportunities. All Directors and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

Share trading guidelines

The Company's securities trading policy provides that Directors and employees of the Company should not deal in the Company's shares while possessing any information which if generally available might have a material effect on the price or value of the securities. Directors and employees of the Company are advised only to deal in the Company's or its listed subsidiary's shares after a reasonable time gap has elapsed following the issue of an announcement to the Australian Securities Exchange, especially half-year and year end results. At this point the market will have absorbed the announcement and the information will be generally available. The policy also discourages trading on short-term considerations.

Diversity Policy

The Board believes that diversity includes, but is not limited to gender, age, ethnicity, and cultural background. The Company is committed to diversity and recognises the benefits arising from employee and board diversity and the importance of benefiting from all available talent.

The Company has no female board member and does not comply with Recommendations 3.2 and 3.3 of the Corporate Governance Council effective from 22 January 2013.

Principle 4 - Safeguard integrity in financial reporting

During the reporting period, the audit committee was structured so that it:

- consisted of a majority of non-executive Directors; and
- was chaired by an independent director, who was not chair of the board

The Audit Committee was formally given the duties to liaise with external auditors and ensure that the annual and half yearly statutory audits are conducted in an effective manner.

Audit recommendations, internal control matters and any other matter arising from the audit are reviewed and where necessary referred to the Board for further discussion. Recommendations from the auditors are considered, and if deemed appropriate implemented.

The Board reviews external audit reports to ensure that any major deficiencies or breakdowns in controls or procedures have been identified and prompt remedial action is taken by management. The Board also review the consolidated financial statements and other information distributed externally and accounting policies and practices.

The Board reviews the performance of the external auditors and consider the re-appointment of the external auditors on an annual basis. An analysis of fees paid to the external auditors, including a breakdown of fees for non-audit services, is provided in the notes of the financial statements. It is the policy of the external auditors to provide an annual declaration of their independence to the Board.

Principle 5 - Make timely and balanced disclosure

The company secretary has been nominated as the person with primary responsibility for communications with the Australian Securities Exchange ("ASX") and is required to be fully conversant with the ASX Continuous Disclosure Listing Rules. Each member of the Board has a responsibility to advise the company secretary of any relevant disclosure matters of which they become aware. All material information concerning the Company, including its financial situation, performance, ownership and governance are posted on the Company website to ensure all investors have equal and timely access.

Principle 6 - Respect the rights of shareholders

The Board aims to ensure that shareholders are informed of all major developments through the annual report, the half-yearly report and the encouragement of full participation in the Annual General Meeting. This is achieved by way of detailed reports on the half year and annual results and through the Chairman's address at general meetings. Copies of announcements made to the ASX are available from the websites of the ASX, **www.asx.com.au**, and the Company, **www.chinamedia.com.au**. The Company's external auditor attends the annual general meetings and is available to answer shareholders' questions which are submitted in writing to the company secretary no later than five business days before an annual general meeting.

Principle 7 – Recognise and manage risk

Risk identification and management

Consistent with ASX Principle 7, the Board is committed to the identification, monitoring and management of risks associated with its business activities and has embedded, in its management and reporting systems, a number of risk management controls. The Board acknowledges that it is responsible for the overall internal control and risk management framework, and recognises that no cost effective internal control and risk management system will preclude all errors and irregularities.

The Board has adopted a Risk Management Policy. The management of risk is the responsibility of all Directors, officers and employees of the Company. The Risk Management Policy contains the Company's risk profile and describes the policies and practices, the Company has in place to manage specific business risks.

Risk management and integrity of financial reporting

In accordance with ASX Principle 7, the Chief Executive Officer has provided the Board with a written statement for the year ended 31 December 2014 that:

- the statement given with respect to the integrity of the financial statements (referred to under the heading "Financial reporting" in **Principle 4: Safeguard Integrity in Financial Reporting**), was founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the Company's risk management and internal compliance and control system, was operating efficiently and effectively in all material respects.

Principle 8 - Remunerate fairly and responsibly

The objective of the Company's executive reward framework is to ensure reward for performance and is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for Shareholders. The Board endeavours to ensure that executive reward satisfies the following key criteria for good reward governance practices:

- Competitive and reasonable;
- Acceptability to shareholders;
- Performance linkage/alignment of executive compensation;
- Transparency; and
- Capital management.

A performance evaluation for senior executives to place in the reporting period and it was in accordance with the process disclosed. Further information to Directors' and executives' remuneration is set out in the Directors report and Note 22 to the financial statements.

The Nomination and Remuneration Committee is responsible for:

- reviewing and implementing remuneration policies and practices for all Directors and management;
- the succession plans to maintain an appropriate balance of skills, experience and expertise on the Board; and
- assessing the necessary and desirable competencies of Board members.

The Board undertakes an annual self assessment of its collective performance and its members. The Board was of the view that the Directors had the knowledge and information to discharge their responsibilities during the year. The Board assessed the performance of the executive management against pre-determined performance objectives. There are no schemes for retirement benefits other than statutory superannuation for non-executive Directors.

The current committee members during the reporting period were Dr. Man-Chung CHAN and Mr. Loui KOTSOPOULOS until he resigned from the board on 30 May 2014. Dr. Man-Chung CHAN, an independent director, became the chairman of the committee upon the resignation of Mr. Loui KOTSOPOULOS. No member of the committee will participate in the determination of their own remuneration.

The Board committee reviews its own performance from time to time. The performance evaluation will have regard to the extent to which they have met their responsibilities.

ASX Additional Information

Additional information required by the Australian Securities Exchange and not shown elsewhere in this report is as follows. The information is current as at 25 March 2015.

Distribution of equity securities

Ordinary share capital

- All issued ordinary shares carry one vote per share and carry the rights to dividends.

The number of shareholders, by size of holding, in each class are:

	Holders	Securities	% of issued capital
1-1,000	-	-	-
1,001-5,000	2	7,500	0.01%
5,001-10,000	259	2,590,000	4.87%
10,001-100,000	79	2,758,575	5.18%
> 100,001	33	47,864,712	89.94%
	373	53,220,787	100.00%

Substantial shareholders as at 25 March 2015

	Fully Paid	
Ordinary shareholders	**Number**	**%**
JADEMAN INTERNATIONAL LIMITED	11,213,734	21.07%
MARVEL DIGITAL LIMITED	10,370,000	19.48%
HERBERT YING CHIU LEE	8,336,266	15.66%

Twenty largest holders of quoted equity securities

	Fully Paid	
Ordinary shareholders	**Number**	**%**
JADEMAN INTERNATIONAL LIMITED	11,213,734	21.07%
MARVEL DIGITAL LIMITED	10,370,000	19.48%
HERBERT YING CHIU LEE	8,336,266	15.66%
FORELAND GLOBAL LTD	2,500,000	4.70%
ZHANG TIAN YOU	2,472,533	4.65%
MAXCOM GRP INTNL LTD	1,500,000	2.82%
LEE EDWIN YING YUEN	1,200,000	2.25%
UNERKOV MARISA	1,040,000	1.95%
VALDARNO PL (VALDARNO A/C)	1,011,000	1.90%
UNERKOV PAUL	1,000,000	1.88%
AISCSO LTD	1,000,000	1.88%
WINGMONT PL (MULLINS CONS A/C)	785,000	1.47%
ASIARIM ASSOC LTD	695,000	1.31%
ZHANG TIAN YOU	500,000	0.94%
JOHN D CHATAWAY NOM PTY	343,075	0.64%
CHANG JEFFREY MING-YIH	307,954	0.58%
UNERKOV CON	300,000	0.56%
PTY NORTHERN FOOD D	300,000	0.56%
UNERKOV PAUL + MARISA (MAVERIC S/F)	300,000	0.56%
INTEK SOLUTIONS PL	260,000	0.49%
	45,434,562	85.35%

Marketable Parcel

There are no shareholders holding less than a marketable parcel.

Unquoted Equity Securities

There are no unquoted options on issue.

Stock Exchange Listing

The ordinary shares of China Integrated Media Corporation Limited are quoted on the Australia Securities Exchange (“ASX”) under the ASX code “CIK”.

On-Market Buy-Back

There is no current on-market share buy-back.

Voluntary Escrow

There are no ordinary shares that are held in voluntary escrow.

Use of Cash

The Company has, in the period between admission to the Official List of ASX Limited and the end of the financial year, used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives that were set out in the Supplementary Prospectus dated 21 December 2012.