

**CHINA INTEGRATED MEDIA
CORPORATION LIMITED**

ACN 132 653 948

Interim Report

30 June 2015

Contents

	Pages
Directors' Report	2-3
Financial Report	4
Consolidated Statement of Profit or Loss and Other Comprehensive Income	5
Consolidated Statement of Financial Position	6
Consolidated Statement of Changes in Equity	7
Consolidated Statement of Cash Flows	8
Notes to the Consolidated Financial Statements	9-19
Directors' Declaration	20
Independent Auditor's Review Report	21-22
Auditor's Independence Declaration	23

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 as "CIMC" or Company) and the entities it controlled for the six months ended 30 June 2015.

Directors

The names of the directors in office at any time during the period from 1 January 2015 to 30 June 2015, and up to the date of this report are:

<u>Director</u>	<u>Position</u>
Dr. Herbert Ying Chiu LEE	Chairman
Dr. Man-Chung CHAN	Non-executive
Mike Chi-Wen HSIEH	Non-executive (Retired on 29 May 2015)

Principal Activities

During the financial period for the six months ended 30 June 2015, the principal continuing activities of the consolidated entity consist of:

- advertising
- distribution of displays and software
- 3D consultancy services
- lottery gaming business
- design, sale and distribution of audio products

Review of Operations

For the six months ended 30 June 2015, the Group recorded \$586,231 in revenue from operating activities (2014: \$171,033) and recorded a loss for the period attributable to shareholders of \$544,222 (2014: \$665,431).

During the financial period under review, the Group continued to focus on its distribution of glasses-free 3D (autostereoscopic) displays and software, and also on provision of 3D consultancy services. The Company acquired 100% interests in Conco International Co., Ltd. in February 2015, which is a company principally engaged in the design, sales and distribution of audio products. The audio product business will complement our 3D display business unit providing display and audio business to our customers. For the six months ended 30 June 2015, the Company had \$521,750 of sales from this audio business unit.

The Group continues to build its infrastructure and operation in Hong Kong to enter the growing advertising market in China. For the period under review, the Group's revenue was primarily derived from the provision of 3D consultancy services and sale and distribution of audio products.

Subsequent Events

No matters or circumstances, other than those disclosed in Note 19, have arisen since the end of the financial period 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 periods.

Directors' Report (Continued)

Future Developments

The main focus of the Group is to continue to develop its digital media / advertising in glasses-free 3D (autostereoscopic), and the Board will continue to seek 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.

As announced on 4 August 2015, the Company entered into a cooperation agreement to set up a joint venture to distribute and market branded "Syllable" headsets globally except for the markets in China, India and Pakistan. The Syllable branded products are currently being sold successfully in China. The cooperative company has received orders for about \$548,000 for audio earphones from our cooperative partner in China.

For the coming six months, the Company expects to develop the audio division with strong sales in audio division including the distribution of Syllable branded headsets.

In May 2015, the Company announced that it has entered into a conditional agreement to acquire the entire interests in Marvel Digital Limited, a company owned and controlled by our Chairman, at a price equal to the net asset value. The consideration shall be paid by the issuance of the Company's shares at a price of A\$0.20 per share. As at the date of this report, the transaction has not been completed. The relevant information relating to the purchase has been announced by the Company on 14 May 2015 and the issue of the Notice of Extraordinary General Meeting on 18 August 2015.

The Company believes that the acquisition of Marvel Digital Limited, a technology company that develops a proprietary digital content management system, 2D to 3D conversion software and autostereoscopic 3D, will enable the Company to have access to the technology developments and in-house capabilities in 3D autostereoscopic to offer to its customer base.

Auditor's Independence Declaration

The Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 is set out on page 23 of the financial report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(c) of the Corporations Act.

On behalf of the Directors,



Dr. Herbert Ying Chiu LEE
Director

Adelaide, 20 August 2015

Financial Report

The financial report covers China Integrated Media Corporation Limited ("CIMC") as a consolidated entity consisting of China Integrated Media Corporation Limited and the entities it controlled. The financial report is presented in Australian dollars which is CIMC's functional currency.

The financial report consists of the consolidated financial statements, notes to the consolidated financial statements and the directors' declaration.

China Integrated Media Corporation Limited is a listed public company limited by shares, incorporated and domiciled in Australia, its registered office and the principal place of business are:

Registered Office and Principal Place of Business

Suite 3/21 Beafield Rd
Para Hills West SA 5096

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial report.

The financial report was authorized for issue, in accordance with a resolution of directors on 20 August 2015.

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the six months ended 30 June 2015

	Notes	Group	
		30 June 2015 \$	30 June 2014 \$
REVENUE			
Revenue from operating activities		586,231	171,033
Interest income		325	1,473
		<u>586,556</u>	<u>172,506</u>
Other income		81,604	-
		<u>668,160</u>	<u>172,506</u>
EXPENSES			
Cost of revenue		(409,784)	-
Employee benefit expenses		(346,421)	(67,147)
Depreciation expenses		(90,096)	(64,120)
Professional and consulting expenses		(291,169)	(129,261)
Loss on financial assets at fair value through profit or loss		(6,245)	(502,315)
Travel and accommodation expenses		(5,876)	(19,898)
Other expenses		(62,791)	(55,196)
Total expenses		<u>(1,212,382)</u>	<u>(837,937)</u>
LOSS BEFORE INCOME TAX	3	(544,222)	(665,431)
Income tax expense		-	-
LOSS FOR THE PERIOD		<u>(544,222)</u>	<u>(665,431)</u>
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		213,578	(101,718)
Other comprehensive income for the period, net of tax		<u>213,578</u>	<u>(101,718)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>(330,644)</u>	<u>(767,149)</u>
Loss for the period attributable to:			
Owners of the Company		<u>(544,222)</u>	<u>(665,431)</u>
Total comprehensive income for the period attributable to:			
Owners of the Company		<u>(330,644)</u>	<u>(767,149)</u>
Loss per share	5		
- Basic		0.01	0.01
- Diluted		<u>0.01</u>	<u>0.01</u>

The accompanying notes form part of these consolidated financial statements.

China Integrated Media Corporation Limited – For the six months ended 30 June 2015

Consolidated Statement of Financial Position
As at 30 June 2015

		Group	
		30 June	31 December
		2015	2014
	Notes	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		2,123,970	2,227,715
Trade and other receivables	6	225,785	222,427
Financial assets at fair value through profit or loss	7	647,799	614,133
Other assets	8	3,452	52,642
Total current assets		<u>3,001,006</u>	<u>3,116,917</u>
NON-CURRENT ASSETS			
Plant and equipment	9	<u>413,240</u>	<u>275,436</u>
Total non-current assets		<u>413,240</u>	<u>275,436</u>
TOTAL ASSETS		<u>3,414,246</u>	<u>3,392,353</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other liabilities	10	374,069	83,326
Provisions		<u>3,293</u>	<u>3,090</u>
Total current liabilities		<u>377,362</u>	<u>86,416</u>
NET ASSETS		<u>3,036,884</u>	<u>3,305,937</u>
EQUITY			
Issued capital	11	5,194,066	5,132,475
Reserve		803,075	589,497
Accumulated losses		<u>(2,960,257)</u>	<u>(2,416,035)</u>
Equity attributable to owners of the Company		<u>3,036,884</u>	<u>3,305,937</u>
TOTAL EQUITY		<u>3,036,884</u>	<u>3,305,937</u>

The accompanying notes form part of these consolidated financial statements.

China Integrated Media Corporation Limited – For the six months ended 30 June 2015

Consolidated Statement of Changes in Equity
For the six month ended 30 June 2015

GROUP	Attributable to owners of the Company			Total \$
	Issued Capital \$	Accumulated Losses \$	Translation Reserve \$	
Balance at 1 January 2014	5,132,475	(1,516,527)	221,490	3,837,438
Loss for the period	-	(665,431)	-	(665,431)
Other comprehensive income, net of tax	-	-	(101,718)	(101,718)
Total comprehensive income for the period	-	(665,431)	(101,718)	(767,149)
Balance at 30 June 2014	5,132,475	(2,181,958)	119,772	3,070,289
Balance at 1 January 2015	5,132,475	(2,416,035)	589,497	3,305,937
Loss for the period	-	(544,222)	-	(544,222)
Other comprehensive income, net of tax	-	-	213,578	213,578
Total comprehensive income for the period	-	(544,222)	213,578	(330,644)
<i>Transactions with owners of the Company</i>				
Issue of ordinary shares	61,591	-	-	61,591
Balance at 30 June 2015	5,194,066	(2,960,257)	803,075	3,036,884

The accompanying notes form part of these consolidated financial statements.

China Integrated Media Corporation Limited – For the six months ended 30 June 2015

Consolidated Statement of Cash Flows
For the six months ended 30 June 2015

		Group	
		30 June	30 June
		2015	2014
	Notes	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss		(544,222)	(665,431)
Adjustments to reconcile net loss to net cash (used in) / generated from operating activities:			
Depreciation		90,096	64,120
Unrealized loss on marketable securities		6,245	502,315
Net cash flows from changes in working capital	18	192,829	807,928
NET CASH (OUTFLOWS) / INFLOWS FROM OPERATING ACTIVITIES		(255,052)	708,932
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash acquired from acquisition of a subsidiary		17,013	-
Payments for plant and equipment		(4,283)	(1,388)
NET CASH INFLOWS / (OUTFLOWS) FROM INVESTING ACTIVITIES		12,730	(1,388)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(242,322)	707,544
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD		2,227,715	1,422,757
Effect of exchange rate changes on cash and cash equivalents		138,577	(50,129)
CASH AND CASH EQUIVALENT AT END OF PERIOD		2,123,970	2,080,172

The accompanying notes form part of these consolidated financial statements.

Notes to the Consolidated Financial Statements
For the six months ended 30 June 2015

1. BASIS OF PREPARATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements are general purpose financial statements, which have been prepared in accordance with Australian Accounting Standard AASB 134 “Interim Financial Reporting” and the Corporations Act 2001.

The consolidated financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the financial year ended 31 December 2014 and any public announcements made by China Integrated Media Corporation Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The consolidated financial statements have been prepared on the accrual basis and are based on historical cost 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.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity (the “Group”) has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (‘AASB’) that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the current reporting period.

2. OPERATING SEGMENTS

Identification of reportable operating segments

The consolidated entity is organized into three operating segments: Advertising, Distribution of 3D displays & software and provision of 3D consulting services, and Distribution of audio products. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers (‘CODM’)) in assessing performance and in determining the allocation of resources.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortization). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the consolidated financial statements.

The information reported to the CODM is on at least a monthly basis.

Types of products / services

Advertising – provision of outdoor advertising.

Distribution of 3D displays and software, and provision of 3D consultancy services

Distribution of audio products

Intersegment transaction

There are no intersegment transactions. There are no intersegment sales, receivables, payables and loans.

2. OPERATING SEGMENTS (continued)

Operating segment information

Consolidated - 2015	Advertising	Distribution of displays & software and provision of 3D consultancy services	Distribution of audio products	Corporate	Total
	\$	\$	\$	\$	\$
For the six months ended 30 June 2015					
Revenue					
Sales to external customers	-	61,963	521,751	2,517	586,231
Intersegment sales	-	-	-	-	-
Total sales revenue	-	61,963	521,751	2,517	586,231
Other revenue	-	325	81,604	-	81,929
Total revenue	-	62,288	603,355	2,517	668,160
EBITDA	(11,944)	(440,818)	49,976	(51,665)	(454,451)
Depreciation & amortization					(90,096)
Interest income					325
Loss before income tax					(544,222)
Income tax					-
Loss after income tax					(544,222)
As at 30 June 2015					
Assets					
Segment assets	1,131	3,004,612	404,927	3,576	3,414,246
Liabilities					
Segment liabilities	7,767	25,415	324,705	19,475	377,362

2. OPERATING SEGMENTS (continued)

Operating segment information

Consolidated - 2014	Advertising	Distribution of displays & software and provision of 3D consultancy services	Distribution of audio products	Corporate	Total
	\$	\$	\$	\$	\$
For the six months ended 30 June 2014					
Revenue					
Sales to external customers	-	171,033	-	-	171,033
Intersegment sales	-	-	-	-	-
Total sales revenue	-	171,033	-	-	171,033
Other revenue	-	1,473	-	-	1,473
Total revenue	-	172,506	-	-	172,506
EBITDA	(14,379)	(536,772)	-	(51,633)	(602,784)
Depreciation & amortization					(64,120)
Interest income					1,473
Loss before income tax					(665,431)
Income tax					-
Loss after income tax					(665,431)
As at 31 December 2014					
Assets					
Segment assets	931	3,389,249	-	2,173	3,392,353
Liabilities					
Segment liabilities	2	65,190	-	21,224	86,416

3. LOSS BEFORE INCOME TAX

	Group	
	Period ended 30 June 2015 \$	Period ended 30 June 2014 \$
Depreciation of non-current assets:		
- Leasehold Improvement	34,384	42,944
- Office Furniture and Equipment	55,712	21,176
Total depreciation	<u>90,096</u>	<u>64,120</u>
Rental expenses on operating lease	8,471	8,332
Auditor's remuneration for:		
- Audit services	<u>9,000</u>	<u>23,005</u>

4. DIVIDENDS

No dividends were declared and paid during the six months ended 30 June 2015 (2014: Nil).

5. LOSS PER SHARE

The loss per share was calculated based on the weighted average of 53,159,536 (2014: 52,912,833) shares outstanding during the financial year.

6. TRADE AND OTHER RECEIVABLES

	Group	
	30 June 2015 \$	31 December 2014 \$
Trade receivables	-	222,427
Other receivables	90,801	-
Deposits	134,984	-
	<u>225,785</u>	<u>222,427</u>
Less: Allowance for doubtful debts	-	-
	<u>225,785</u>	<u>222,427</u>

Included in other receivables was an amount of \$90,761 due from a director of Conco International Co. Ltd. which is unsecured, interest-free and has no fixed terms of repayment.

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	30 June 2015 \$	31 December 2014 \$
Ordinary shares – Designated at fair value through profit or loss	<u>647,799</u>	<u>614,133</u>

Reconciliation

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

	Group	
	Period ended 30 June 2015 \$	Year ended 31 December 2014 \$
Opening fair value	614,133	1,098,618
Exchange gain	39,911	67,302
Devaluation	<u>(6,245)</u>	<u>(551,787)</u>
	<u>647,799</u>	<u>614,133</u>

8. OTHER ASSETS

	Group	
	30 June 2015 \$	31 December 2014 \$
Prepayments	-	48,676
Deposits	-	1,470
GST receivable	<u>3,452</u>	<u>2,496</u>
	<u>3,452</u>	<u>52,642</u>

9. PLANT AND EQUIPMENT

	Leasehold Improvement \$	Office Furniture and Equipment \$	Total \$
At 31 December 2014			
Cost	325,317	135,390	460,707
Accumulated depreciation	<u>(113,307)</u>	<u>(71,964)</u>	<u>(185,271)</u>
Net book amount	<u>212,010</u>	<u>63,426</u>	<u>275,436</u>
Six months ended 30 June 2015			
Opening net book amount	212,010	63,426	275,436
Acquisition of a subsidiary	-	199,854	199,854
Additions	-	4,283	4,283
Depreciation expense	(34,384)	(55,712)	(90,096)
Exchange difference	<u>13,603</u>	<u>10,160</u>	<u>23,763</u>
Closing net book amount	<u>191,229</u>	<u>222,011</u>	<u>413,240</u>
At 30 June 2015			
Cost	346,617	348,236	694,853
Accumulated depreciation	<u>(155,388)</u>	<u>(126,225)</u>	<u>(281,613)</u>
Net book amount	<u>191,229</u>	<u>222,011</u>	<u>413,240</u>

10. TRADE AND OTHER LIABILITIES

	Group	
	30 June 2015 \$	31 December 2014 \$
Accruals	20,285	22,956
Deferred revenue	-	41,336
Trade deposits received	324,653	-
Others	29,131	19,034
	<u>374,069</u>	<u>83,326</u>

11. ISSUED CAPITAL

(a) Share capital

Group	30 June 2015		31 December 2014	
	Number of shares	\$	Number of shares	\$
Ordinary Shares fully paid	<u>53,220,787</u>	<u>5,194,066</u>	<u>52,912,833</u>	<u>5,132,475</u>

(b) Movements in share capital

	Number of Shares	\$
31 December 2014 & 1 January 2015	52,912,833	5,132,475
Issue of shares during the period	307,954	61,591
30 June 2015	<u>53,220,787</u>	<u>5,194,066</u>

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 a winding up. The fully paid ordinary shares have no par value.

On 12 February 2015, the Company issued 307,954 new ordinary shares at a price of A\$0.20 per share for a total for \$61,591 to acquire 100% equity interests in Conco International Co., Ltd.

(c) Options on issue

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

12. COMMITMENTS

The Group has no material lease commitments at the end of the reporting period.

13. CONTINGENCIES

There are no material contingent liabilities or contingent assets of the Group at the end of the reporting period other than as disclosed in Note 15 – Business Combination.

14. CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned	
		30 June 2015	31 December 2014
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%	100%
Conco International Co., Ltd.	British Virgin Islands	100%	-

15. BUSINESS COMBINATION

On 6 February 2015, the Company acquired all of the issued shares of Conco International Co., Ltd. (“CICL”), which is a company principally engaged in the design, sales and distribution of audio products. The consideration paid was \$61,591 which was the amount of the net asset value of CICL acquired at the date of acquisition. The consideration was settled by the Company issuing 307,954 shares at A\$0.20 each. The purchase agreement also provides that Performance Shares be issued to the vendor contingent on CICL achieving an agreed level of profit performance. The value of the Performance Shares to be issued (“Bonus Shares”) will be equivalent to five times the average annual net profits of CICL for the three years ending 31 December 2018 less the consideration paid on acquisition. The number of shares to be issued will be the value of the Bonus Shares divided by the Share Price which is defined in the agreement as the twenty days closing average price of the shares in the Company. There was no goodwill was arisen from this acquisition.

Assets acquired and liabilities assumed at the date of acquisition

	\$
Current assets	
Trade and other receivables	177,702
Cash and cash equivalents	17,013
Non-current assets	
Plant and equipment	199,854
Current liabilities	
Trade and other liabilities	(88,090)
Deposits received	(244,888)
Value of equity issued	<u>61,591</u>

16. 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).

Recognised fair value measurements

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

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<i>Financial assets at fair value through profit or loss</i>				
- 30 June 2015	647,799	-	-	647,799
- 31 December 2014	614,133	-	-	614,133

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 consolidated financial statements.

Due to their short term nature, the carrying amounts of trade receivables (refer to Note 6) and payables (refer to Note 10) are assumed to approximate their fair values because the impact of discounting is not significant.

17. RELATED PARTY TRANSACTIONS

Transactions with related parties include the following:

- (a) During the period, Dr. Man-Chung CHAN and Mike Chi-Wen HSIEH received director's fee of A\$9,974 and A\$4,935 respectively.
- (b) As disclosed in Note 6, there was an amount of \$90,761 due from a director of Conco International Co. Ltd. as at 30 June 2015.
- (c) On 14 May 2015, the Company entered into a Share Sale and Purchase Agreement to acquire the entire issued capital of Marvel Digital Limited ("MDL") from Marvel Finance Limited, a company beneficially owned by the Chairman and the substantial shareholder of the Company, Dr. Herbert Ying Chiu LEE. Please refer to Note 19 for details.

18. CASH FLOW INFORMATION

	Group	
	Period ended 30 June 2015 \$	Period ended 30 June 2014 \$
CASH FLOWS FROM CHANGES IN WORKING CAPITAL		
(Increase)/Decrease in assets:		
Other receivables and deposits	(1,370)	196,567
Trade receivables	236,990	575,126
Increase / (Decrease) in liabilities:		
Trade payables	(2,705)	-
Other payables	(75,957)	1,644
Accrued expenses	(2,558)	(2,796)
Deferred income	(41,336)	-
Trade deposits received	79,765	-
Loans from related parties	-	37,387
NET CASH FLOWS FROM CHANGES IN WORKING CAPITAL	<u>192,829</u>	<u>807,928</u>

19. EVENTS OCCURRING AFTER THE REPORTING DATE

Acquisition of Marvel Digital Limited

As announced on 14 May 2015, the Company entered into a Share Sale and Purchase Agreement with Marvel Finance Limited, a company beneficially owned by the Chairman and the substantial shareholder of the Company, Dr. Herbert Ying Chiu LEE, to acquire 100% equity interests in MDL for an initial consideration equal to the net asset value of MDL, which shall not be less than HKD28,000,000 at the completion date. The initial purchase consideration shall be paid by the issuance of new shares in the Company at a price of A\$0.20 per share. The expected purchase price is to be in the range of HKD28,000,000 to HKD33,000,000.

The Company will also pay a deferred performance fee calculated at five times of the average annualized consolidated profits of MDL for the two years period from the completion date less the initial purchase consideration.

19. EVENTS OCCURRING AFTER THE REPORTING DATE (CONTINUED)

Further details can be found in the Company's announcement at the extraordinary general meeting notice on 18 August 2015. As at the date of this report, this transaction has not been closed and is pending shareholders' approval and the fulfillment of all the conditions precedent in the agreement.

Save as disclosed above, no other matter or circumstance has arisen since 30 June 2015, 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.

20. COMPARATIVE FIGURES

Certain comparative figures have been changed to conform to current period's presentation.

DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the financial statements and notes, as set out on pages 5 to 19, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the six months ended 30 June 2015; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; 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.

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



Director

Adelaide, 20 August 2015

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE DIRECTORS OF CHINA INTEGRATED MEDIA CORPORATION LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of China Integrated Media Corporation Limited which comprises the consolidated statement of financial position as at 30 June 2015, 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 six-month period ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year 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 is necessary to enable the preparation of a half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We have conducted our review in accordance with Australian Auditing Standard on Review engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair of the company's financial position as at 30 June 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of China Integrated Media Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the half-year financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of China Integrated Media Corporation Limited is not in accordance with the *Corporations Act 2001* including;

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and its performance for the six-month period ended on that date;
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

StewartBrown Audit Services Pty Limited.

StewartBrown Audit Services Pty Limited



Peter Whelan
Director

Adelaide, 20 August 2015

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 and the entities it controlled, I declare that during the half year ended 30 June 2015, 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 review; and
- (b) Any applicable code of professional conduct in relation to the review.



Peter Whelan

Director

StewartBrown Audit Services Pty Limited

Adelaide, 20 August 2015