Interim Report

For the Six Months Ended 30 June 2016

CHINA INTEGRATED MEDIA CORPORATION LIMITED

(ACN 132 653 948)

Contents

	Pages
Directors' Report	2-4
Auditor’s Independence Declaration	5
Financial Report	6
Consolidated Statement of Profit or Loss and Other Comprehensive Income	7
Consolidated Statement of Financial Position	8
Consolidated Statement of Changes in Equity	9
Consolidated Statement of Cash Flows	10
Notes to the Consolidated Financial Statements	11-26
Directors' Declaration	27
Independent Auditor’s Review Report	28

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 2016.

Directors

The names of the directors in office at any time during the period from 1 January 2016 to 30 June 2016, and up to the date of this report are:

Director	Position
Dr. Herbert Ying Chiu LEE	Chairman
Dr. Chang Yuen CHAN	Non-executive (Appointed 22 March 2016)
Dr. Man-Chung CHAN	Non-executive
Mr. Wilton Timothy Carr INGRAM	Non-executive (Appointed 28 April 2016)
Mr. Con UNERKOV	Non-executive (Appointed 28 April 2016)

Principal Activities

The Group's principal activities during the course of the financial period were (i) the development, sale and distribution of autostereoscopic 3D display, 3D video wall, 3D conversion equipment and software, (ii) provision of 3D technology solutions and consultancy services, and (iii) sale and distribution of audio products.

Review of Operations

General review

The Group's main revenue activity during the financial period was the sale and distribution of autostereoscopic 3D display, 3D video wall, 3D conversion equipment and software, provision of 3D technology solutions and consultancy services.

In September 2015, the Company acquired the entire equity interest in Marvel Digital Limited ("MDL"), a company owned and controlled by our Chairman. MDL is a technology company that develops innovative products and solutions primarily in the 3D autostereoscopic (glasses-free) technology domain. The business of MDL has grown significantly in 2016 as its 3D products and solutions have become more mature and perfected. For the six months ended 30 June 2016, the Company had approximately 98% of sales derived from MDL and its subsidiaries attributable to sales of digital signage, 3D conversion equipment, software and technology solutions. MDL has become the Group's key revenue and profit driver which has consistently contributed to the Group significant proportion of revenue and profit since the fourth quarter of 2015.

With the addition of MDL, the Group will continue to focus on developing new technologies to deliver a dynamic digital advertising platform to our customers and develop specific business models and applications with a view to marketing our autostereoscopic 3D products and delivering total 3D technology solutions in vertical markets, e.g. the education, entertainment and medical industry.

To strengthen the Group's product offering, we started the audio division in 2015. The audio product business will continue to complement our 3D display business to enable us to provide total audio video solutions to our customers.

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

Directors' Report (Continued)

Review of Operations (Continued)

Financial review

During the financial period, the Group has recorded revenue of $6,184,381 (2015: $586,231) and recorded profit for the period of $1,759,907 (2015: loss of $544,222). The significant increase in revenue and net profit for the six months ended 30 June 2016 was attributable to the acquisition of MDL in which the sales of 3D products have consistently shown substantial growth.

Included in the Group's revenue, approximately $6,100,000 was derived from MDL and its subsidiaries while the remaining was contributed from our sales and distribution of audio products. For the six months ended 30 June 2016, the sales of digital signage, 3D conversion equipment, software and technology solutions, etc. in MDL has delivered to the Group net profit after income tax of approximately $2,500,000.

Events Occurring After the Reporting Date

In July 2016, Marvel Digital (Shenzhen) Limited, a wholly-owned subsidiary of Marvel Digital Limited ("MDL"), entered into a framework agreement with a customer in China in respect of their expected procurement for a total of 500,000 units of autostereoscopic 3D digital signage in 28" and 55" sizes from MDL with a view to building an extensive high-end 3D advertising network. The customer is a renowned out-of-home media and advertising network operator in China with extensive coverage in all major cities of China. This agreement is not binding and conclusive until the customer placed official purchase orders of the autostereoscopic 3D digital signage and the terms are mutually agreed.

There have been no other subsequent events.

Future Developments

The focus of the Group is to continue to develop its digital media / advertising in glasses-free 3D (autostereoscopic) platform. The acquisition of MDL, a technology company that develops a proprietary glasses-free 3D digital content management system, 2D to 3D conversion system and autostereoscopic 3D technology, has laid the foundation for providing core technologies to enable the Company to expand its business scope in digital media and advertising.

MDL is a technology company focusing on the research and development on digital media technology, specializing in glasses-free 3D technology. Currently MDL is one of the leading companies in glasses-free 3D technology. MDL's main business focus in the coming years is to continue to develop state-of-the-art digital media related products and solutions using our core technologies for both the consumer and industrial markets. As the MDL 3D products and technologies have become more mature, we will develop specific business models and extend applications of our autostereoscopic products and solutions in education, entertainment and medical industry, etc. Our go to market strategy is to sell our developed products and or solutions to product marketing companies or joint venture with them. This will keep our sales and marketing team costs to a minimum and allow the Company to focus on its core business which is on product and solution development. In the future when the Group has acquired sufficient capital, it may build its own product sales and marketing team. In the meantime, MDL will continue to build its reputation in the market as a leader in technology solution provider. The Company expects MDL's core technologies in glasses free 3D technology will transform the Company to be a leader in 3D display technology and 3D solution provider.

In the coming years, MDL will focus its development in the following areas:

1) We will continue to develop the glasses-free 3D advertising networks in China through distributors and joint venture partners.
2) We are completing the development of glasses-free 3D mobile devices such as 3D mobile phones and tablets. We plan to sell these products and solutions to distributors and joint venture partners in late 2016.

Directors' Report (Continued)

Future Developments (Continued)

3) We have completed and started selling our state-of-the-art 2D/3D and 2K/4K super - workstation in 2015. The super-workstation provides a highly efficient application for 2D to 3D content conversion and 2K to 4K resolution upscaling enhancement. We are now developing an advanced version of our super - workstation so that both the image quality and processing speed can be further enhanced/increased.
4) We have started the development of an ASIC chip with 3D functions to provide a very cost effective solution to all our 3D products. We plan to build a dedicated ASIC design team in the near future to expand our R&D capability, including the design of the future chip set for incorporating the China National 3D Standard functions, which will have a major impact in the television industry in China.
5) We have established a R&D team to develop virtual reality (VR) technology to meet the growing demand in VR products.
6) We will develop specific business models to extend applications of our 3D products and total 3D technology solutions in vertical markets.

We expect to continue our growth in revenue in the near future upon execution of the above business plans. When the building of an ASIC team project is completed, it will bring us into a new business dimension beside the 3D domain.

The future business plans depend on adequate capital being available to the Group. We 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 our 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 technologies, products and services.

Auditor's Independence Declaration

The Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 is set out on page 5 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,

/S/ Herbert Ying Chiu LEE

Dr. Herbert Ying Chiu LEE
Director

31 August 2016

StewartBrown
Audit Services Pty Limited
CHARTERED ACCOUNTANTS

NSW
LEVEL 2 / TOWER 1 / 495 VICTORIA AVE
CHATSWOOD NSW 2067 / AUSTRALIA
PO BOX 5515 / CHATSWOOD NSW 2057
TEL: 61 2 9412 3033
FAX: 61 2 9411 3242
SA
LEVEL 1 / 104 FROME STREET
ADELAIDE SA 5000 / AUSTRALIA
TEL: 61 8 8229 2280
FAX: 61 8 8229 2288

CHINA INTEGRATED MEDIA CORPORATION LMITED
ACN 132 653 948

INTERIM FINANCIAL REPORT - 30 JUNE 2016

AUDITOR'S INDEPENDENCE DECLARATION
UNDER S307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF CHINA INTEGRATED MEDIA CORPORATION LIMITED

I declare that, to the best of my knowledge and belief, during the six month period ended 30 June 2016 there has been:

(a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

StewartBrown
Chartered Accountants

S.J. Hutcheon
Partner

31 August 2016

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

Level 7, 420 King William Street
Adelaide SA 5000

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 authorised for issue, in accordance with a resolution of directors on 31 August 2016.

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the six months ended 30 June 2016

	Notes	Group 30 June 2016 $	30 June 2015 $
REVENUE			
Revenue from operating activities		6,184,381	586,231
Interest income		121	325
		6,184,502	586,556
Other income		32,211	81,604
		6,216,713	668,160
EXPENSES			
Cost of revenue		(926,343)	(409,784)
Employee benefit expenses		(815,896)	(346,421)
Depreciation and amortisation expenses		(1,108,030)	(90,096)
Professional and consulting expenses		(80,275)	(291,169)
Loss on financial assets at fair value through profit or loss		-	(6,245)
Travel and accommodation expenses		(199,978)	(5,876)
Other expenses		(705,330)	(62,791)
Finance costs		(36,273)	-
Loss on disposal of a subsidiary	19	(872)	-
Total expenses		(3,872,997)	(1,212,382)
PROFIT/(LOSS) BEFORE INCOME TAX		2,343,716	(544,222)
Income tax expense	4	(583,809)	-
PROFIT/(LOSS) FOR THE PERIOD		1,759,907	(544,222)
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss			
Non-controlling interest		1,053	-
Foreign currency translation		(530,160)	213,578
Other comprehensive income for the period, net of tax		(529,107)	213,578
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,230,800	(330,644)
Profit/(Loss) for the period attributable to:			
Owners of the Company		1,783,699	(544,222)
Non-controlling interest		(23,792)	-
Total comprehensive income for the period attributable to:			
Owners of the Company		1,253,539	(330,644)
Non-controlling interest		(22,739)	-
Profit/(Loss) per share			
- Basic	6	0.02	(0.01)
- Diluted		0.02	(0.01)

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Financial Position
As at 30 June 2016

	Notes	Group 30 June 2016 $	Group 31 December 2015 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		3,877,420	6,883,196
Inventories	7	1,428,308	698,916
Trade and other receivables	8	4,041,029	992,524
Financial assets at fair value through profit or loss	9	-	-
Other assets	10	2,010,999	788,146
Total current assets		11,357,756	9,362,782
NON-CURRENT ASSETS			
Plant and equipment	11	1,093,167	1,672,702
Intangible assets and goodwill	12	23,966,075	25,545,094
Development projects	2(d)(iii)	1,249,507	690,889
Total non-current assets		26,308,749	27,908,685
TOTAL ASSETS		37,666,505	37,271,467
LIABILITIES			
CURRENT LIABILITIES			
Trade and other liabilities	13	616,781	477,618
Trade deposits received		100,000	337,739
Amount due to related party	14	458,624	875,939
Income tax payable		140,664	-
Provisions		22,181	29,230
Total current liabilities		1,338,250	1,720,526
NON-CURRENT LIABILITIES			
Amount due to related party	14	2,597,550	2,694,900
Deferred tax liabilities	4	1,330,398	933,853
Contingent payable liability	17	20,083,495	20,836,176
Total non-current liabilities		24,011,443	24,464,929
TOTAL LIABILITIES		25,349,693	26,185,455
NET ASSETS		12,316,812	11,086,012
EQUITY			
Issued capital	15	10,410,279	10,410,279
Reserve	22	205,470	735,630
Accumulated profits/(losses)		1,745,940	(37,759)
Equity attributable to owners of the Company		12,361,689	11,108,150
Non-controlling interest		(44,877)	(22,138)
TOTAL EQUITY		12,316,812	11,086,012

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity
For the six months ended 30 June 2016

GROUP	Issued Capital $	Accumulated Profits/ (Losses) $	Translation Reserve $	Total $	Non- Controlling Interest $	Total Equity $
	Attributable to owners of the Company					
Balance at 1 January 2015	5,132,475	(2,416,035)	589,497	3,305,937	-	3,305,937
Loss for the period	-	(544,222)	-	(544,222)	-	(544,222)
Other comprehensive income, net of tax	-	-	213,578	213,578	-	213,578
Total comprehensive income for the period	-	(544,222)	213,578	(330,644)	-	(330,644)
Transactions with owners of the Company						
Issue of ordinary shares	61,591	-	-	61,591	-	61,591
Balance at 30 June 2015	5,194,066	(2,960,257)	803,075	3,036,884	-	3,036,884
Balance at 1 January 2016	10,410,279	(37,759)	735,630	11,108,150	(22,138)	11,086,012
Profit for the period	-	1,783,699	-	1,783,699	(23,792)	1,759,907
Other comprehensive income, net of tax	-	-	(530,160)	(530,160)	1,053	(529,107)
Total comprehensive income for the period	-	1,783,699	(530,160)	1,253,539	(22,739)	1,230,800
Transactions with owners of the Company						
Issue of ordinary shares	-	-	-	-	-	-
Balance at 30 June 2016	10,410,279	1,745,940	205,470	12,361,689	(44,877)	12,316,812

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Cash Flows
For the six months ended 30 June 2016

	Notes	Group 30 June 2016 $	30 June 2015 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit/(loss)		2,343,716	(544,222)
Adjustments to reconcile net loss to net cash (used in) / generated from operating activities:			
Depreciation		1,108,030	90,096
Unrealised loss on marketable securities		-	6,245
Net cash flows from changes in working capital	21	(4,559,240)	192,829
NET CASH OUTFLOWS FROM OPERATING ACTIVITIES		(1,107,494)	(255,052)
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash acquired from acquisition of a subsidiary		-	17,013
Payments for development projects		(941,829)	-
Payments for intangible assets		(23,340)	-
Payments for plant and equipment		(144,480)	(4,283)
NET CASH (OUTFLOWS) / INFLOWS FROM INVESTING ACTIVITIES		(1,109,649)	12,730
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of advances to related parties		(283,643)	-
NET CASH OUTFLOWS FROM FINANCING ACTIVITIES		(283,643)	-
NET DECREASE IN CASH AND CASH EQUIVALENTS		(2,500,786)	(242,322)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD		6,883,196	2,227,715
Effect of exchange rate changes on cash and cash equivalents		(504,990)	138,577
CASH AND CASH EQUIVALENTS AT END OF PERIOD		3,877,420	2,123,970

The accompanying notes form part of these consolidated financial statements.

1. BASIS OF PREPARATION OF CONDENSED CONSOLIDATD 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 2015 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. SIGNIFICANT ACCOUNTING POLICIES

(a) Business Combination

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred by the Company to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Company, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred, except if related to the issue of debt or equity securities.

The Company recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree’s financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of: (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquiree, and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

(b) 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 recognised 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 recognised 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 recognised directly in other comprehensive income and equity are recognised directly in other comprehensive income or equity, respectively.

Deferred income tax assets are recognised 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 realised 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 realised and comply with the conditions of deductibility imposed by the law.

(c) Goodwill

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 at each reporting date for impairment and carried at cost less accumulated impairment losses.

(d) Intangible Assets

(i) Acquired both separately and from a business combination

Intangible assets acquired separately or in a business combination, are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets that is at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of these intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each financial year end. Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the period in which the expenditure is incurred. Intangible assets are tested for impairment where an indicator of impairment exists and in the case of indefinite lived intangibles annually, either individually or at the cash generating unit level.

(ii) Autostereoscopic 3D display technologies and knowhow

The autostereoscopic 3D display technologies and knowhow acquired in the business combination is measured at fair value as at the date of acquisition. These costs are amortised over the estimated useful life of 8 years and are tested for impairment where an indicator of impairment exists. The useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

(iii) Research and development costs

An intangible asset arising from development expenditure on an internal technology project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset or technology so that it will be available for application in existing or new products or for sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development, the ability to measure reliably the expenditure attributable to the intangible asset during its development and the ability to use the tangible asset generated. For labour costs, all research and development member salaries that are directly attributable to the technology project are capitalised. Administrative staff and costs are recognised in the statement of comprehensive income instead of capitalising this portion of costs. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated impairment losses.

(iv) Intellectual property

Expenditure incurred on patents, trademarks or licenses are capitalised from the date of application. They have a definite useful life and are carried at cost less accumulated amortisation. They are amortised, using the straight line method over a period of 8 years.

(v) Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (2-5 years). Costs associated with maintaining computer software programmes are recognised as an expense when incurred.

(vi) Amortisation

The technology and software applied to develop the 3D autostereoscopic technologies was included with the acquisition of Marvel Digital Limited on 30 September 2015 and was revalued to fair value at that time. Given the timing of this acquisition, the Directors have determined that amortisation will commence from 1 January 2016.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) 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.

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 realised or unrealised, 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.

3. OPERATING SEGMENTS

Identification of reportable operating segments
The consolidated entity is organized into four operating segments, being (i) the development, sale and distribution of autostereoscopic 3D displays, conversion equipment, software and provision of technology solutions (ii) sales and distribution of audio products, (iii) provision of consultancy services and (iv) corporate. 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.

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

3. OPERATING SEGMENTS (continued)

Operating segment information

	Development sales and Distribution (Refer Note 1)	Sales and distribution of audio products	Consultancy services	Corporate	Total
Consolidated - 2016	$	$	$	$	$
For the six months ended 30 June 2016					
Revenue					
Sales to external customers	6,091,221	93,160	-	-	6,184,381
Intersegment sales	-	-	-	-	-
Total sales revenue	6,091,221	93,160	-	-	6,184,381
Other revenue	32,160	63	5	104	32,332
Total revenue	6,123,381	93,223	5	104	6,216,713
EBITDA	4,113,177	(127,012)	(444,576)	(89,964)	3,451,625
Depreciation & amortization					(1,108,030)
Interest income					121
Profit before income tax					2,343,716
Income tax					(583,809)
Profit after income tax					1,759,907
As at 30 June 2016					
Assets					
Segment assets	23,276,578	20,643	463,417	13,905,867	37,666,505
Liabilities					
Segment liabilities	5,188,376	20,907	29,660	20,110,750	25,349,693

Note 1: Development, sale and distribution of 3D displays, conversion equipment, software and provision of technology solutions

3. OPERATING SEGMENTS (continued)

Operating segment information

	Development sales and Distribution (Refer Note 1)	Sales and distribution of audio products	Consultancy services	Corporate	Total
Consolidated - 2015	$	$	$	$	$
For the six months ended 30 June 2015					
Revenue					
Sales to external customers	-	521,751	61,963	2,517	586,231
Intersegment sales	-	-	-	-	-
Total sales revenue	-	521,751	61,963	2,517	586,231
Other revenue	-	81,604	325	-	81,929
Total revenue	-	603,355	62,288	2,517	668,160
EBITDA	-	49,976	(440,818)	(63,609)	(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 31 December 2015					
Assets					
Segment assets	20,674,571	166,863	2,080,392	14,349,641	37,271,467
Liabilities					
Segment liabilities	5,214,794	2,740	78,583	20,889,338	26,185,455

Note 1: Development, sale and distribution of 3D displays, conversion equipment, software and provision of technology solutions

4. INCOME TAX EXPENSE

	Group 30 June 2016 $	30 June 2015 $
Current tax (expense) / credit	(140,664)	-
Deferred tax (expense) / credit	(443,145)	-
Income tax expense	(583,809)	-

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

	30 June 2016 $	30 June 2015 $
Numerical reconciliation of income tax expense to prima facie tax payable		
Profit / (Loss) before income tax	2,343,716	-
Income tax (expense) / credit on profit / (loss) before income tax at 30%	(703,115)	-
Difference in overseas tax rates	324,222	-
Add / (less) the tax effect of:		
Recognition of tax effect of previously unrecognised tax losses and temporary differences	(124,768)	-
Utilisation of tax losses during the year	(80,148)	-
Income tax expenses	(583,809)	-

(b) Deferred tax assets / (liabilities) arising from temporary differences and unused tax losses can be summarised as follows:

	30 June 2016 $	31 December 2015 $
Balance brought forward	(933,853)	-
Accelerated depreciation allowances	35,473	(427,634)
Temporary differences on R&D	(64,623)	(1,290,011)
Future benefit of tax losses	(413,995)	783,792
Exchange rate difference	46,600	-
Total	(1,330,398)	(933,853)

5. DIVIDENDS

No dividends were declared and paid during the six months ended 30 June 2016 (2015: Nil).

6. PROFIT/(LOSS) PER SHARE

The profit/(loss) per share was calculated based on the weighted average of 79,301,852 (2015: 53,159,536) shares outstanding during the financial period.

7. INVENTORIES

Inventories consist of the following:

	Group 30 June 2016 $	Group 31 December 2015 $
Raw materials	875,178	523,489
Finished goods – displays and other products	553,130	175,427
	1,428,308	698,916

8. TRADE AND OTHER RECEIVABLES

	Group 30 June 2016 $	Group 31 December 2015 $
Trade receivables	3,434,423	703,792
Other receivables	56,705	4,226
Amounts due from related parties	549,901	284,506
	4,041,029	992,524
Less: Allowance for doubtful debts	-	-
	4,041,029	992,524

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group 30 June 2016 $	Group 31 December 2015 $
Ordinary shares – Designated at fair value through profit or loss	-	-

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 2016 $	Group Year ended 31 December 2015 $
Opening fair value	-	614,133
Exchange gain	-	-
Disposal	-	(614,133)
Devaluation	-	-
	-	-

10. OTHER ASSETS

	Group	
	30 June 2016 $	31 December 2015 $
Prepayments	904,248	76,067
Deposits	998,717	707,809
GST and VAT receivable	108,034	4,270
	2,010,999	788,146

11. PLANT AND EQUIPMENT

	Leasehold Improvement $	Office Furniture and Equipment $	Total $
At 31 December 2015			
Cost	1,431,503	1,820,788	3,252,291
Accumulated depreciation	(464,807)	(1,114,782)	(1,579,589)
Net book amount	966,696	706,006	1,672,702
Six months ended 30 June 2016			
Opening net book amount	966,696	706,006	1,672,702
Additions	-	144,480	144,480
Depreciation expense	(218,998)	(193,314)	(412,312)
Disposals	(125,322)	(53,065)	(178,387)
Written off	-	(67,089)	(67,089)
Exchange difference	(33,333)	(32,894)	(66,227)
Closing net book amount	589,043	504,124	1,093,167
At 30 June 2016			
Cost	1,203,850	1,676,669	2,880,519
Accumulated depreciation	(614,807)	(1,172,545)	(1,787,352)
Net book amount	589,043	504,124	1,093,167

12. INTANGIBLE ASSETS AND GOODWILL

	Goodwill	Autostereo-scopic 3D Display Technologies and Knowhow	Patents and Trademark	Software and Licence	Total
	$	$	$	$	$
At 31 December 2015					
Cost	14,307,935	11,164,603	41,545	36,968	25,551,051
Accumulated amortisation	-	-	-	(5,957)	(5,957)
At 31 December 2015	14,307,935	11,164,603	41,545	31,011	25,545,094
Six months ended 30 June 2016					
Opening net book amount	14,307,935	11,164,603	41,545	31,011	25,545,094
Additions	-	23,340	-	-	23,340
Amortisation expense	-	(681,302)	(3,172)	(11,244)	(695,718)
Exchange difference	(507,514)	(396,103)	(1,467)	(1,557)	(906,641)
Closing net book amount	13,800,421	10,110,538	36,906	18,210	23,966,075
At 30 June 2016					
Cost	13,800,421	10,784,386	40,045	34,486	24,659,338
Accumulated amortisation	-	(673,848)	(3,139)	(16,276)	(693,263)
Net book amount	13,800,421	10,110,538	36,906	18,210	23,966,075

13. TRADE AND OTHER LIABILITIES

	Group	
	30 June 2016	31 December 2015
	$	$
Trade payables	344,525	131,514
Accruals	170,569	87,401
Value added tax payables	29,084	253,673
Deferred revenue	51,951	-
Others	20,652	5,030
	616,781	477,618

14. AMOUNT DUE TO RELATED PARTY

	Group 30 June 2016 $	31 December 2015 $
Current portion	458,624	875,939
Non-current portion	2,597,550	2,694,900
	3,056,174	3,570,839

The amount due to Marvel Finance Limited ("MFL") of HK$15,000,000 (approximately $2,597,550) is unsecured and carries interest at an annual interest rate of 2.5% over the one month Hong Kong Interbank Offer Rate ("HIBOR") starting from 1 January 2016 and is not expected to be repaid in the next twelve months.

15. ISSUED CAPITAL

(a) Share capital

Group

	30 June 2016		31 December 2015	
	Number of shares	$	Number of shares	$
Ordinary Shares fully paid	79,301,852	10,410,279	79,301,852	10,410,279

(b) Movements in share capital

	Number of Shares	$
31 December 2015 & 1 January 2016	79,301,852	10,410,279
Issue of shares during the period	-	-
30 June 2016	79,301,852	10,410,279

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.

(c) Options on issue

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

16. COMMITMENTS

(a) Non-cancellable operating leases

The Group has entered into commercial leases for rental accommodation and certain items of plant and equipment.

	Group	
	30 June 2016 $	31 December 2015 $
Committed at the reporting date but not recognised as liabilities, which are payable:		
- Within one year	145,386	190,913
- Two to five years	67,052	135,896
- More than five years	-	-
	212,438	326,809

(b) Contractual commitments

As at 30 June 2016, the Group had contractual commitments for certain development projects of approximately $472,000 which are payable in 2016.

(c) Capital commitments

As at 30 June 2016, the Group had internal capital commitments for the investments in two PRC subsidiaries of RMB25,560,000 (approximately $5,200,000).

17. CONTINGENT LIABILITY PAYABLE

(a) There are no material contingent liabilities or contingent assets of the Group at the end of the reporting period other than the contingent consideration payable for acquisition of Marvel Digital Limited ("MDL") as disclosed below:

In accordance with the terms of Company's acquisition of MDL on 30 September 2015, the Company agreed to pay Marvel Finance Limited ("MFL") a deferred performance fee calculated at five times of the average annualised consolidated profits of MDL for the two years' period from the completion date less the initial purchase consideration. The Group has included approximately HK$115,980,000, equivalent to $20,083,495 as contingent consideration, which represents its fair value at the date of acquisition. The fair value of contingent consideration is based on an independent valuation which is determined by using the discounted cash flow method on the probability-weighted financial projection of MDL for the period from 1 October 2015 to 30 September 2017 and is under level 3 fair value adjustment.

The Company agreed to pay this deferred performance fee by cashier order or banker draft within two weeks upon the Company and MFL agreeing on the audited profits no later than four months after the second anniversary of the date of acquisition, i.e. 31 January 2018. At the date of approval of these consolidated financial statements, no further significant changes to the consideration are expected.

17. CONTINGENT LIABILITY PAYABLE (Continued)

(b) Reconciliation of contingent payable

	Group 30 June 2016 $	31 December 2015 $
Balance brought forward	20,836,176	-
Contingent consideration on MDL Acquisition	-	21,396,339
Exchange difference	(752,681)	(560,163)
Total	20,083,495	20,836,176

18. CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned 30 June 2016	31 December 2015
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%
Yamaga Audio Limited	United States of America	100%	-
Zamora Corporation Limited	United States of America	100%	-
Marvel Digital Limited	Hong Kong	100% (indirect)	100% (indirect)
Visumotion International Limited	Hong Kong	100% (indirect)	100% (indirect)
Marvel Digital (Shenzhen) Limited	P.R.C.	100% (indirect)	100% (indirect)
Marvel Software (Shenzhen) Limited	P.R.C.	100% (indirect)	100% (indirect)
Global Vantage Audio Limited	Hong Kong	50% (indirect)	50% (indirect)

19. BUSINESS COMBINATIONS

Acquisition of Subsidiaries

During the reporting period, the Company added the following subsidiaries to the consolidated group:

	Fair Value of Net Assets $	Consideration Paid $
Yamaga Audio Limited	1	1
Zamora Corporation Limited	1	1
Total	2	2

19. BUSINESS COMBINATIONS (Continued)

As at the date of acquisition there were no other assets or liabilities and therefore no goodwill arose out of the acquisitions.

Sale of Conco International Co., Ltd

During the reporting period, the Company disposed of its shareholding in Conco International Co., Ltd. ("CICL") which was a company principally engaged in the design, sales and distribution of audio products. The consideration received for the disposal of shares was $54,257. A loss on disposal of $872 was incurred on the disposal of these shares.

20. RELATED PARTY TRANSACTIONS

Transactions with related parties include the following:

(a) Transactions with key management personnel

During the period, Dr. Man-Chung CHAN received director's fee of $6,000.

During the period, director's fees of $5,000 were accrued for Mr. Wilton Timothy Carr INGRAM.

During the period, director's fees of $3,000 were accrued for Dr. Chang Yuen CHAN.

(b) Other related party transactions

During the period, the Group has the following material transactions with its related parties:

	For the six months ended 30 June 2016	For the six months ended 30 June 2015
Sales of products to related parties[1]	359,207	-
Service fees received from a related		-
party[1]	42,010	-
Service fees paid to a related party[1]	3,676	
Finance costs charged by a related party	36,273	-
Company secretarial fees paid to a related company[2]	2,500	-

1. Director, Dr. Herbert Ying Chiu LEE, has control over the above related parties
2. Director, Mr. Con UNERKOV, is a common director of this related company.

During the period, the Group incurred expenditure of $17,985 (excluding GST) to BDO Administration (SA) Pty Ltd in respect to company secretarial and taxation services. George Yatzis, Company Secretary of China Integrated Media Corporation Limited is a director of BDO Administration (SA) Pty Ltd.

20. RELATED PARTY TRANSACTIONS (Continued)

(c) Amounts due from/ to related parties

As disclosed in Note 8, there were amounts of $549,901 due from certain related companies in which our director, Dr. Herbert Ying Chiu LEE has control. The amounts due from the related companies are unsecured, non-interest bearing and repayable on demand.

As disclosed in Note 14, there was an amount of $3,056,174 due to a related party Marvel Finance Limited.

As at 30 June 2016, the Group had outstanding invoices owing to BDO Administration (SA) Pty Ltd totaling $2,283. George Yatzis, Company Secretary of China Integrated Media Corporation Limited is a director of BDO Administration (SA) Pty Ltd.

21. CASH FLOW INFORMATION

	Group	
	Period ended 30 June 2016 $	Period ended 30 June 2015 $
CASH FLOWS FROM CHANGES IN WORKING CAPITAL		
(Increase) / Decrease in assets:		
Other receivables and deposits	(891,320)	(1,370)
Inventories	(701,110)	-
Trade receivables	(2,856,460)	236,990
Increase / (Decrease) in liabilities:		
Trade payables	89,885	(2,705)
Other payables	-	(75,957)
Accrued expenses	-	(2,558)
Deferred revenue	51,951	(41,336)
Provision for annual leave	(5,995)	-
Trade deposits received	(246,191)	79,765
NET CASH FLOWS FROM CHANGES IN WORKING CAPITAL	(4,559,240)	192,829

22. RESERVE

Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations to Australian dollars.

23. COMPARATIVE FIGURES

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

24. EVENTS OCCURRING AFTER THE REPORTING DATE

In July 2016, Marvel Digital (Shenzhen) Limited, a wholly-owned subsidiary of Marvel Digital Limited ("MDL"), entered into a framework agreement with a customer in China in respect of their expected procurement for a total of 500,000 units of autostereoscopic 3D digital signage in 28" and 55" sizes from MDL with a view to building an extensive high-end 3D advertising network. The customer is a renowned out-of-home media and advertising network operator in China with extensive coverage in all major cities of China. This agreement is not binding and conclusive until the customer placed official purchase orders of the autostereoscopic 3D digital signage and the terms are mutually agreed.

There have been no other subsequent events.

DIRECTORS' DECLARATION

In the directors' opinion:

(a) the financial statements and notes, as set out on pages 7 to 26, 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 2016 and of its performance for the six months ended 30 June 2016; 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.

/S/ Herbert Ying Chiu LEE

Dr. Herbert Ying Chiu LEE
Director

31 August 2016

StewartBrown
Audit Services Pty Limited
CHARTERED ACCOUNTANTS

NSW
LEVEL 2 / TOWER 1 / 495 VICTORIA AVE
CHATSWOOD NSW 2067 / AUSTRALIA
PO BOX 5515 / CHATSWOOD NSW 2057
TEL: 61 2 9412 3033
FAX: 61 2 9411 3242
SA
LEVEL 1 / 104 FROME STREET
ADELAIDE SA 5000 / AUSTRALIA
TEL: 61 8 8229 2280
FAX: 61 8 8229 2288

CHINA INTEGRATED MEDIA CORPORATION LIMITED
ACN 132 653 948
INTERIM FINANCIAL REPORT - 30 JUNE 2016

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 2016, 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 C*orporations Act 2001* including: giving a true and fair of the company's financial position as at 30 June 2016 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*.

CHINA INTEGRATED MEDIA CORPORATION LIMITED
ACN 132 653 948

INTERIM FINANCIAL REPORT - 30 JUNE 2016

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE DIRECTORS OF CHINA INTEGRATED MEDIA CORPORATION LIMITED

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 2016 and its performance for the six-month period ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

StewartBrown Audit Services Pty Limited

Stuart Hutcheon
Managing Partner

Adelaide, 31 August 2016

CHINA INTEGRATED MEDIA CORPORATION LIMITED

China Integrated Media Corporation Limited
Level 7, 420 King William Street
Adelaide SA 5000
Phone: +61 8 7324 6018 Fax: +61 8 8312 0248