Annual Report

For the Financial Year Ended 31 December 2016

INTEGRATED MEDIA TECHNOLOGY LIMITED

(ACN 132 653 948)

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Directors' Report

The Directors present their report together with the financial statements on the consolidated entity (referred to hereinafter as the "Group") consisting of Integrated Media Technology Limited (referred to hereinafter "IMT" or the "Company") (formerly known as "China Integrated Media Corporation Limited") and the entities it controlled for the year ended 31 December 2016.

Directors

The Directors of the Company in office at any time during the year ended 31 December 2016, and up to the date of this report are:

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

Information on Directors

Dr. Herbert Ying Chiu LEE

Dr. Herbert Ying Chiu LEE ("Dr. LEE"), aged 64, is a seasoned businessman with significant experience in the Hong Kong and Chinese digital advertising market sector and technology development. Over the past 15 years, Dr. LEE has extensive working experience in technology management and 3D autostereoscopy. During these years, he has also invested in many technology startups and incubated them into successful companies.

Dr. LEE received his Bachelor of Applied Science in civil 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 member of the Institute of Structural Engineers (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. In 2014, he was appointed as professor for City College of Vocational Technology in Wuxi, China. In the same year, Dr. LEE was elected by the Council of the Association to be the Senior Fellowship of Asia College of Knowledge Management.

Dr. LEE was awarded the Scientific and Technological Innovation Awards by China Radio & TV Equipment Association (CRTA) for outstanding individuals in 2013 and 2016. In 2015, he was awarded Asian Social Caring Leadership Award by Social Enterprise Research Institution. In the same year, Enterprise Asia conferred the Asia Pacific Entrepreneurship Award to Dr. LEE for his outstanding and exemplary achievement in entrepreneurship. Dr. LEE is the Honorary Director of Glasses-free 3D Technology Innovation Industry Alliance. This is the official organization in China whose functions are to promote and to set the industrial standard for ASD technology.

Dr. LEE has extensive business experience, academic background and business network including through his work in the community to lead the Group to new height in the coming future.

Directors' Report

Information on Directors (continued)

Dr. Man-Chung CHAN
Dr. Man-Chung CHAN ("Dr. MC CHAN"), aged 58, 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. MC 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 provinces in China.

Dr. Chang-Yuen CHAN
Dr. Chang-Yuen CHAN ("Dr. CY CHAN"), aged 51, graduated from the University of Hong Kong with a PhD in computer simulation and holds a LLB from the Manchester Metropolitan University.

Dr. CY CHAN is currently employed as a project manager at the Partner State Key Laboratory in Ultra-precision machining Technology working as one of the key project investigators. His main research interests are in light-field imaging, bionic vision, nano-machining mechanics, adaptive control and compensation, and the design of lubricating components for ultra-precision machining. Dr. CY CHAN also has expertise is in the areas of optical design and computer simulation and is also proficient in software development. He joins the board as an advisor in the areas of technology evaluation and strategic decision making.

Mr. Wilton Timothy Carr INGRAM
Mr. Wilton Timothy Carr INGRAM ("Mr. INGRAM"), aged 70, has operated his own Company since 1975 engaged in various fields, including corporate advice and marketing in Australia and Hong Kong. In 1998, Mr. INGRAM established, with Australian partners, a venture capital business, Momentum Ventures Funds Limited in Melbourne Australia. The fund invests in companies such as Engenic Pty Ltd (Bio Technology business), CRX Pty Ltd (Communication technology business), Bentic Limited (Deep Water Drilling Company in the US and world-wide), and Paniva Pty Ltd (Corporate Education Business world-wide). Since 1990, Mr. INGRAM has invested and developed resorts in the Philippines such as the Friday's Boracay and Oasis Hotel, as well as commercial buildings in Makati, Manila in partnership with First Pacific Group in Hong Kong.

Mr. Con UNERKOV
Mr. Con UNERKOV ("Mr. Unerkov"), aged 48, is an Australian based businessman with local and international experience in the Finance, Media, Advertising, and Telecommunications markets. Mr. UNERKOV holds a Bachelor of Applied Science in Computer Studies from the University of South Australia and over his career has worked as an executive for a number of companies both in the private and public sectors where he has gained significant experience in the commercial, financial and business development aspects of business and has gained transactional experience in mergers and acquisitions.

Directors' Report

Directors' Meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors and approvals by written resolution) and numbers of meetings attended by each of the directors of the Company during the financial year.

	Board Meetings		Audit Committee		Nomination and Remuneration Committee	
Director	Eligible	Attended	Eligible	Attended	Eligible	Attended
Dr. Herbert Ying Chiu LEE	24	23	-	-	1	1
Dr. Man-Chung CHAN	24	24	1	1	1	1
Dr. Chang-Yuen CHAN (1)	17	13	1	1	1	1
Mr. Wilton Timothy Carr INGRAM (2)	14	11	1	1	-	-
Mr. Con UNERKOV (2)	14	14	-	-	-	-

Note:
(1) Appointed to the Board on 22 March 2016
(2) Appointed to the Board on 28 April 2016

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 Notes 30 and 32 to the consolidated financial statements of this 2016 Annual Report.

Company Secretary

The company secretaries in office at any time during the year ended 31 December 2016 and up to the date of this report are as below:

Company Secretary	Date of Appointment	Date of Resignation
Loui KOTSOPOULOS	1 December 2014	31 January 2016
George YATZIS	9 November 2015	-

Mr. YATZIS has worked and held company secretary roles in a number of Public Companies listed on the Australian Securities Exchange ("ASX"). He is currently a partner at global accounting firm BDO, working in the Adelaide office. Mr. YATZIS supports the board of directors in respect to all administrative and compliance matters relating to the Australian Securities Exchange. Mr. YATZIS has a Bachelor of Commerce from the University of Adelaide. He is also a member of Chartered Accountants Australia and New Zealand ("CAANZ").

Directors' Report

PRINCIPAL ACTIVITIES

IMT is a media technology company. The business involves three distinct business units: (i) core technology development and acquisition, (ii) commercializing these technologies into products or services and (iii) distribution and branding of these products and services. Today, with the success of past two years' business strategy, the Company will continue to acquire technology that has synergy with existing core business. The strategy is to build a whole ecosystem of products and services that can bring great value to the Company. The plan for major revenue for the coming years will be (i) on sales of mature technology, product solutions and platforms, (ii) licensing of technology, (iii) technology consultation and development service, (iv) distribution and branding of products and services.

For the past two years, the Company's primary focus is in the 3D autostereoscopic display ("ASD") technology domain and with only a small activity in the audio business. ASD technology is commonly referred as glasses-free 3D technology where people can see 3D images in a display screen without the need to wear any special glasses. IMT believes that ASD technology will be deployed in most of the displays in the coming future. The Company will put most of its resources into the development of this business stream.

OPERATING RESULTS

The consolidated profit of the Group for the financial year after provision of income tax amounted to $3,595,068 (2015: $2,356,122).

DIVIDENDS PAID OR PROPOSED

No amounts have been paid or declared by way of dividends by the Company. The Directors do not propose the payment of a dividend for the year ended 31 December 2016.

REVIEW OF OPERATIONS

General review

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

Due to the growth in the demand and applications for 3D autostereoscopic displays across multiple industries, the Group continues to expand the business in the ASD market by strategically owning and controlling the core technologies for (i) ASD video encoding/decoding, (ii) FPGA (field programmable gate array) boards and ASIC chips to be deployed in all our 3D autostereoscopic displays and computer workstations, (iii) 2D to 3D and multiview conversion and 2K to 4K & 4K to 8K conversion software, (iv) content distribution/management system ("CMS"), and (v) manage the manufacturing of 3D autostereoscopic displays.

The acquisition of Marvel Digital Limited ("MDL") in September 2015, has helped the Company's deployment of 3D advertising platform and has allowed the Company to use the core technologies of MDL to develop and customise products and solutions for its customers for new markets.

The Company's immediate goal is to be recognised as a leader in providing a technology ecosystem in the ASD domain. The product solutions range from commercial platforms to consumer electronics. Commercial platforms include digital signage and video wall with ASD functions and associated advertising and video conversion platforms. Consumer electronics products include ASD enabled smartphone and tablet and TV. The applications are endless for consumers to enjoy the exciting glasses-free 3D visual effect across multiple platforms.

Directors' Report

REVIEW OF OPERATIONS (CONTINUED)

In the longer term, the Company will acquire new technology that has synergy with our existing ones. It will continue to refine its core technology and combine with newly acquired ones to build an entire ecosystem of new products and services. It will strategically position itself to be recognised as a leader in developing technology and innovative products and services in the media and imaging industries.

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

Financial review

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

The net equity of the Group has significantly increased from $11,086,012 at 31 December 2015 to $14,354,982 at 31 December 2016. During the financial year, the Group has recorded revenue of $14,039,248 (2015: $7,306,699) and recorded profit for the year of $3,595,068 (2015: $2,356,122).

FUTURE DEVELOPMENTS

In the past two years, the Group has continued to develop its business in digital media and advertising platform based on ASD technology. The acquisition of MDL has laid the foundation for providing core technologies to enable the Company to expand its business scope in digital media and advertising.

Currently, MDL is one of the leading companies in ASD 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 its core technologies for both the consumer and commercial markets. Its market strategy is to sell its developed products and solutions to product marketing companies or joint venture with them. This will keep its sales and marketing operation to a minimum and allow the Company to focus on its core business which is on product and solution development. The Company expects MDL's core technologies will transform the Company to be a leader in ASD technology and solution provider.

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

1) It will continue to work as an advisor to Guangzhou Marvel Digital Technology Ltd., a related party, on the development of the China National 3D Standard for the Chinese Government.
2) It will continue to develop the glasses-free 3D advertising networks in China through distributors and joint venture partners.
3) It has been selling the state-of-the-art 2D/3D and 2K/4K super-workstation since 2015. It is now developing an advance version of super-workstation so that both the image quality and processing speed can be further enhanced.
4) It has started the development of an ASIC chip with ASD functions to provide a very cost effective solution to all ASD products. It plans to build a dedicated ASIC design team to expand its R&D capability, including the design of the future chip set for incorporating the China National 3D Standard functions. It will have a major impact in the television industry in China and will have captured a market share in the TV industry. When the ASIC project is completed, it will bring MDL and the Group into a new business dimension.
5) It has started a development project in virtual reality (VR) technology to meet the growing demand in VR products.

Directors' Report

FUTURE DEVELOPMENTS (CONTINUED)

MDL expects to continue the growth in revenue upon execution of the above business plans. When more new technology has been developed, the future revenue stream may shift more on the sale of mature technology and product solutions as well as on development and consulting service. It will not rely on direct marketing to consumers and it will go through channels to market its products and services instead.

On the other hand, with the successful acquisition of MDL, IMT will position itself as a technology investment company focusing on acquisition of technology related companies or projects which can meet at least one the following criteria:

- The company owns related core technology that has impact on current market when the technology is developed into marketable products or services.

- The company excels in marketing similar technology products and services, and has already a proven track record.

- The company holds related intellectual properties which are undervalued.

- The company has a team of experts and professionals in related technology domain and has a successful track record in providing professional service to its clients.

- The project has synergy with IMT business and can create a stable income.

The strategy is to acquire more new technology that has synergy with the existing ones. The goal is to own and expand the ASD technology ecosystem which IMT is building. This can enable IMT to have significant influence in the ASD market. The future business plans depend on adequate capital being available to the Group. The Company will be reviewing potential acquisitions that can 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 the business plans. Management will also seek synergistic acquisitions and bring in resources to complement and to supplement the Company's internal capabilities to become a well-managed and fast growing technology company.

Directors' Report

CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group.

SUBSEQUENT EVENTS

No matters or circumstances, besides those disclosed in Note 35 of the consolidated financial statements, 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.

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 outlines the director and executive remuneration arrangements of the Group in accordance with the requirements of the Corporations Act 2001 ("the Act") and its Regulations.

For the purposes of this report, the term 'executive' refers to the Chief Executive Officer. Therefore the Key Management Personnel are Dr. Herbert Ying Chiu LEE (Chairman and Chief Executive Officer) and the non-executive directors in the Board.

The Directors review the remuneration package of all directors 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; and
- Provision of superannuation.

Directors' Report

REMUNERATION REPORT (AUDITED) (CONTINUED)

The remunerations of the Directors of the parent entity receiving the remunerations for the parent and Group are as follows:

Directors	Short-Term Employee Benefits Salary/ Fees $	Post Employment Super/ MPF $	Total $
Dr. Herbert Ying Chiu LEE			
2016	-	-	-
2015	-	-	-
Dr. Man-Chung CHAN			
2016	12,000	-	12,000
2015	25,473	1,309	26,782
Mr. Mike Chi-Wen HSIEH (1)			
2016	-	-	-
2015	4,935	739	5,674
Dr. Chang-Yuen CHAN (2)			
2016	9,000	-	9,000
2015	-	-	-
Mr. Wilton Timothy Carr INGRAM (3)			
2016	20,000	-	20,000
2015	-	-	-
Mr. Con UNERKOV (3)			
2016	8,000	-	8,000
2015	-	-	-
Total, all specified Directors			
2016	49,000	-	49,000
2015	30,408	2,048	32,456

Note:

(1) Retired from the Board on 29 May 2015
(2) Appointed to the Board on 22 March 2016
(3) Appointed to the Board on 28 April 2016

REMUNERATION REPORT (AUDITED) (CONTINUED)

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

Shares – number of shares held by key management personnel

Personnel	1 January 2016	Additions	31 December 2016
Dr. Herbert Ying Chiu LEE (1)	44,787,331	-	44,787,331
Mr. Con UNERKOV	300,000	-	300,000

NOTE:

(1) As at 31 December 2016, Dr. Herbert Ying Chiu LEE indirectly held 44,787,331 shares (2015: 44,787,331 shares) in the Company through his wholly owned company Marvel Finance Limited.

End of Audited Remuneration Report

Directors' Report

DIRECTORS' SUPERANNUATION AND RETIREMENT BENEFITS

During the financial year, 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 IMT, whether held directly, indirectly, beneficially or non-beneficially are set out on page 9 of the Annual Report.

IMDEMNIFICATION OF OFFICERS AND AUDITORS

During the financial year, the Company paid a premium of $5,565 in respect of a Directors and Officers Insurance Policy. This policy provides insurance cover in certain circumstances for matters that may give rise to potential liability of directors and officers and includes the cost of defending such action, except where the liability arises out of:

- Any conduct or contravention in respect of which a liability is the subject of a prohibition in section 199B(1) of the Corporations Act 2001; or
- The committing of any deliberately dishonest or deliberately fraudulent act.

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 engaged the auditor to provide miscellaneous accounting-related services during the year. Remuneration for these services is outlined in Note 8 of the financial report.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration is included on page 62 of the financial report.

Signed in accordance with a resolution of the Directors.

/S/ Herbert Ying Chiu LEE

Dr. Herbert Ying Chiu LEE
Chairman

Hong Kong, 31 March 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2016

	Notes	Group 2016 $	Group 2015 $
REVENUE			
Revenue from operating activities	4	13,929,670	6,379,036
Interest income		2,027	389
		13,931,697	6,379,425
Gain on disposal of financial assets at fair value through profit or loss	5	-	507,694
Other income	6	107,551	419,580
		14,039,248	7,306,699
EXPENSES			
Cost of sales		(2,027,743)	(2,984,291)
Employee benefit expenses	8	(1,715,687)	(981,621)
Depreciation and amortisation expenses	8	(2,147,231)	(383,635)
Loss on disposal of a subsidiary	24	(872)	-
Professional and consulting expenses		(300,576)	(391,444)
Travel and accommodation expenses		(431,282)	(59,499)
Other expenses		(1,728,184)	(506,245)
Finance costs	7	(73,666)	-
Total expenses		(8,425,241)	(5,306,735)
PROFIT BEFORE INCOME TAX	8	5,614,007	1,999,964
Income tax (expenses) / credit	9	(2,018,939)	356,158
PROFIT FOR THE YEAR		3,595,068	2,356,122
OTHER COMPREHENSIVE (LOSS) / INCOME			
Items that may be re-classified subsequently to profit or loss:			
Foreign currency translation		(326,098)	146,149
Other comprehensive income for the year, net of tax		(326,098)	146,149
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		3,268,970	2,502,271
Profit / (Loss) for the year attributable to:			
Owners of the Company		3,627,757	2,378,276
Non-controlling interests		(32,689)	(22,154)
		3,595,068	2,356,122
Total comprehensive income for the year attributable to:			
Owners of the Company		3,302,453	2,524,409
Non-controlling interests		(33,483)	(22,138)
		3,268,970	2,502,271
Earnings per share	11		
- Basic and Diluted		0.05	0.04

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Financial Position
As at 31 December 2016

	Notes	Group 2016 $	Group 2015 $
ASSETS			
CURRENT ASSETS			
Cash and bank balances		1,820,994	6,883,196
Inventories	12	1,857,051	698,916
Trade and other receivables	13	8,800,741	992,524
Financial assets at fair value through profit or loss	14	-	-
Other assets	15	2,253,915	788,146
Total current assets		14,732,701	9,362,782
NON-CURRENT ASSETS			
Plant and equipment	16	1,065,635	1,672,702
Intangible assets and goodwill	17	24,803,096	25,545,094
Development projects	18	2,880,005	690,889
Total non-current assets		28,748,736	27,908,685
TOTAL ASSETS		43,481,437	37,271,467
LIABILITIES			
CURRENT LIABILITIES			
Trade and other liabilities	19	1,654,843	477,618
Trade deposits received		99,866	337,739
Amount due to ultimate holding company	21	2,382,707	875,939
Provisions	20	31,331	29,230
Income tax payable	9	1,069,364	-
Bank overdraft	22	784,029	-
Borrowings	22	447,250	-
Total current liabilities		6,469,390	1,720,526
NON-CURRENT LIABILITIES			
Amount due to ultimate holding company	21	-	2,694,900
Deferred tax liabilities	9	1,909,030	933,853
Contingent consideration liability	28	20,748,035	20,836,176
Total non-current liabilities		22,657,065	24,464,929
TOTAL LIABILITIES		29,126,455	26,185,455
NET CURRENT ASSETS		8,263,311	7,642,256
NET ASSETS		14,354,982	11,086,012
EQUITY			
Issued capital	25	10,410,279	10,410,279
Foreign currency translation reserve	26	410,326	735,630
Retained earnings / (Accumulated losses)		3,589,998	(37,759)
Equity attributable to owners of the Company		14,410,603	11,108,150
Non-controlling interest		(55,621)	(22,138)
TOTAL EQUITY		14,354,982	11,086,012

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity
For the year ended 31 December 2016

	Attributable to owners of the Company					
	Issued Capital $	(Accumulated Losses) / Retained Earnings $	Foreign Currency Translation Reserve $	Total $	Non-controlling Interest $	Total equity $
Balance at 1 January 2016	10,410,279	(37,759)	735,630	11,108,150	(22,138)	11,086,012
Profit / (Loss) for the year	-	3,627,757	-	3,627,757	(32,689)	3,595,068
Other comprehensive loss, net of tax	-	-	(325,304)	(325,304)	(794)	(326,098)
Total comprehensive income for the year	-	3,627,757	(325,304)	3,302,453	(33,483)	3,268,970
Balance at 31 December 2016	10,410,279	3,589,998	410,326	14,410,603	(55,621)	14,354,982

	Attributable to owners of the Company					
	Issued Capital $	Accumulated Losses $	Foreign Currency Translation Reserve $	Total $	Non-controlling Interest $	Total equity $
Balance at 1 January 2015	5,132,475	(2,416,035)	589,497	3,305,937	-	3,305,937
Profit / (Loss) for the year	-	2,378,276	-	2,378,276	(22,154)	2,356,122
Other comprehensive income, net of tax	-	-	146,133	146,133	16	146,149
Total comprehensive income for the year	-	2,378,276	146,133	2,524,409	(22,138)	2,502,271
Issuance of shares	5,277,804	-	-	5,277,804	-	5,277,804
Balance at 31 December 2015	10,410,279	(37,759)	735,630	11,108,150	(22,138)	11,086,012

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Cash Flows
For the year ended 31 December 2016

	Note	Group 2016 $	2015 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		5,614,007	1,999,964
Adjustments to reconcile net profit to net cash (used in) / generated from operating activities:			
Depreciation and amortisation		2,147,231	383,635
Gain on disposal of financial assets at fair value through profit or loss		-	(507,694)
Net cash (outflows) / inflows from changes in working capital	31	(8,970,290)	1,001,290
NET CASH (OUTFLOWS) / INFLOWS FROM OPERATING ACTIVITIES		(1,209,052)	2,877,195
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of plant and equipment		-	52,341
Proceeds from disposal of financial assets at fair value through profit or loss		-	1,121,827
Net cash acquired from acquisition of subsidiaries		-	871,070
Acquisition of plant and equipment		(427,596)	(77,377)
Payments for intangible assets		(1,089,357)	-
Development expenditure		(2,528,308)	(235,268)
NET CASH (OUTFLOWS) / INFLOWS FROM INVESTING ACTIVITIES		(4,045,261)	1,732,593
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of advances to related parties		(891,957)	(90,464)
Proceeds from bank borrowings		447,250	-
NET CASH OUTFLOWS FROM FINANCING ACTIVITIES		(444,707)	(90,464)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(5,699,020)	4,519,324
Effect of exchange rate changes on cash and cash equivalents		(147,211)	136,157
Cash and cash equivalents at the beginning of financial year		6,883,196	2,227,715
CASH AND CASH EQUIVALENT AT THE END OF FINANCIAL YEAR		1,036,965	6,883,196

Analysis of cash and cash equivalents:

		2016 $	2015 $
Cash and bank balances		1,820,994	6,883,196
Bank overdraft		(784,029)	-
Cash and cash equivalents		1,036,965	6,883,196

The accompanying notes form part of these consolidated financial statements.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2016

1. REPORTING ENTITY

The consolidated financial report covers the entity of Integrated Media Technology Limited ('IMT") (formerly known as "China Integrated Media Corporation Limited") and its controlled entities for the year ended 31 December 2016 which were authorised for issue by the Board of Directors on 31 March 2017. IMT is a for-profit public company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. IMT is an investment holding company and its subsidiaries carry out the business of the Group in Australia, Hong Kong and China.

2. BASIS OF ACCOUNTING

The consolidated financial statements are general purpose financial report that have 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.

3. SIGNIFICANT ACCOUNTING POLICIES

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

(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 IMT and its subsidiaries as at 31 December 2016 (the "Group"). 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 the controlled entities is disclosed in Note 23 to the consolidated financial statements. Other than Marvel Digital Limited and Visumotion International Limited, all other controlled entities have a 31 December statutory financial year end.

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

Notes to the Consolidated Financial Statements
For the year ended 31 December 2016

3. 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.

(c) 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.

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 acquire, and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

(d) 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 jurisdiction. 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.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2016

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Income Tax (continued)

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.

(e) Intangible Assets

(i) Acquired both separately and from a business combination

Purchased intangible assets 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, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. 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 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.

(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. Please refer to Note 17 for impairment review of these autostereoscopic 3D display technologies and knowhow.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2016

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Intangible Assets (continued)

(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 profit or loss 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. The amortisation rate of these intangible assets was determined on the basis of the estimated useful life from the time that the relevant asset is taken into use.

(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 their estimated useful lives for a period of 8 to 15 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.

(f) 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, import duties and other taxes. Costs of purchased inventories are determined after deducting rebates and discounts received or receivable. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2016

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) 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.

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.

(h) 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.

(i) 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. Realised and unrealised gains and losses arising from changes in the fair value of these assets are recognised in profit or loss in the period in which they arise.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2016

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) 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 amortised costs using the effective interest rate methods.

iv) Financial liabilities
Non-derivative financial liabilities are recognised at amortised costs, comprising original debt less principal payments and amortisation.

v) Fair value
Fair value is determined based on current bid prices for all quoted investments.

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 recognised in profit or loss.

(j) Trade deposits

Trade deposits are payments in advance to suppliers of equipment, products and services, which are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method less impairment losses, except where the effect of discounting would be immaterial.

(k) 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 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	3-5 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 or loss in the year of disposal.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2016

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) 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 for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency translation reserve.

(m) Trade and Other 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.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2016

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) 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.

(o) 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.

(p) 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.

(q) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Employee Benefits (continued)

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 corporate 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.

(r) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and call deposits with banks or financial institutions and net of bank overdrafts.

(s) Revenue

Revenue comprises the fair value for the sale of products and services, excluding goods and services tax, rebates and discounts. The Company recognises revenue when the amount of revenue can be reliably measured when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the entities' activities.

Sale of products
Revenue from sale of 3D autostereoscopic displays, conversion equipment, software, technology solutions and related 3D products 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 the buyer when goods have been delivered to the customer.

Sale of Services
Sales of services are recognised in the accounting period in which the services are rendered by reference to completion of the specific transaction assessed on the basis of the actual service provided as proportion of the total services to be provided.

Interest Income
Revenue is recognised as interest accrues using the effective interest method.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2016

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Sales Taxes

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST") or valued-added tax ("VAT"), except where the amount of GST or VAT incurred is not recoverable from the Australian Taxation Office or taxation authorities in other jurisdictions. In these circumstances, the GST or VAT is recognised 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 or VAT.

Cash flows are included in the consolidated statement of cash flows on a gross basis and the GST or VAT 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.

(u) 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.

(v) 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.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2016

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

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

(i) The Group has applied the following standards and amendments for first time in their annual reporting period commencing 1 January 2016:

- AASB 2015-4 Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent

  AASB 2015-4 amends AASB 128 Investments in Associates and Joint Ventures to ensure that its reporting requirements on Australian groups with a foreign parent align with those currently available in AASB 10 Consolidated Financial Statements for such groups. AASB 128 will now only require the ultimate Australian entity to apply the equity method in accounting for interests in associates and joint ventures, if either the entity or the group is a reporting entity, or both the entity and group are reporting entities.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2016

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(i) The Group has applied the following standards and amendments for first time in their annual reporting period commencing 1 January 2016 (continued):

- AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'
- AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'
- AASB 2015-2 'Amendment to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'.

(ii) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily application to the Group have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out as below. The Group does not plan to adopt these standards early.

- AASB 9 Financial Instruments and associated Amending Standards (applicable to annual reporting period commencing 1 January 2018)

  The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

  Key changes made to this standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrecoverable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income.

  Although the Directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments it is impractical at the stage to provide a reasonable estimate of such impact.

- AASB 16 'Leases' introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. This standard becomes mandatory for the Group's 31 December 2019 financial statements. The Group has decided not to early adopt AASB 16, this is in line with the requirement to adopt AASB 15 at the same time. Once adopted, the structure of cash flows and the presentation of the balance sheet and income statement will change, with no material impact on overall cash flows and net profits.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(iii) Other standards not yet applicable

These standards are not expected to have a material impact on the entity in the current or future reporting periods.

The adoption AASB 2015-1 has required additional disclosures in our segment note. Other than that, the adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

Standard / Interpretation	Effective for annual reporting periods beginning on or after
AASB 15 'Revenue from Contracts with Customers' and AASB 2015-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2017

(y) Critical Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the consolidated 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) Goodwill

The goodwill included in the consolidated financial statements was arised from the acquisition of Marvel Digital Limited. Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating unit ("CGU") to which goodwill have been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. At the end of the reporting year, the carrying amount of goodwill is $14,256,751 (2015: $14,307,935). Details of the recoverable amount calculations are disclosed in note 17.

(ii) Valuation of contingent consideration liability

The contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. The fair value of contingent consideration liability was 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 which involve significant estimates and judgements from the management.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Critical Accounting Judgments, Estimates and Assumptions (continued)

(iii) 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 13 for further details.

(iv) 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 events. 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. Please refer to Note 3(e) and 3(k) for further details.

(v) 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 and in assessing whether deferred tax assets and certain deferred tax liabilities are recognised in the consolidated statement of financial position. Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, 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.

Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised in the statement of financial position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustments, resulting in a corresponding credit or charge to the statement of comprehensive income.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2016

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Critical Accounting Judgments, Estimates and Assumptions (continued)

(vi) Capitalised technology development expenditure in intangibles

In determining which technology development expenditure may be capitalised the Group applies judgement to distinguish those costs which have a direct relationship to the criteria for capitalisation described in accounting policy Note 3(e), from those which should be expensed in the period incurred. This involves evaluating the nature of work performed by staff as well as universities, educational and professional institutions, third party consultants and contractors, and in many cases includes a judgemental apportionment of costs.

(vii) Impairment of non-financial assets

The Group assesses impairment of all assets (including intangible assets) at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include product, technology, economic and political environments and future product expectations. If an impairment trigger exists the recoverable amount of the asset is determined. Given the current uncertain economic environment management considered that the indicators of impairment were significant enough and as such these assets have been tested for impairment in this financial period. Refer to Note 3(h) for details regarding the method and assumptions used.

4. REVENUE

	Group	
	2016 $	2015 $
Development, sales and distribution of 3D autostereoscopic products and conversion equipment	4,732,626	4,749,789
Sales of software and technology solutions	9,085,792	-
Sales and distribution of audio products	111,045	1,563,987
Provision of consultancy services	207	65,260
	13,929,670	6,379,036

5. GAIN ON DISPOSAL OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The gain on disposal of financial assets for the year ended 31 December 2015 represented the sales of our investment in the ordinary shares of a company quoted on the OTC Market in the United States. As at 31 December 2016, the Group did not hold any financial assets at fair value through profit or loss.

6. OTHER INCOME

	Group 2016 $	Group 2015 $
Design services income	-	159,244
Sundry income	107,551	260,336
	107,551	419,580

7. FINANCE COSTS

	Group 2016 $	Group 2015 $
Bank overdraft and borrowing interest	1,245	-
Interest charged by the ultimate holding company	72,421	-
	73,666	-

8. PROFIT BEFORE INCOME TAX

	Group 2016 $	Group 2015 $
Employee benefits expenses:		
- Wages and salaries	2,505,964	1,061,471
- Defined contribution superannuation plan expenses	86,515	20,641
- Less: Labour cost allocated to development projects	(925,792)	(132,947)
- Non-executive directors' remuneration	49,000	32,456
Total employee benefit expenses	1,715,687	981,621
Depreciation and amortisation of non-current assets:		
- Office furniture and equipment	382,789	207,891
- Leasehold improvements	360,778	170,220
- Intangible assets	1,403,664	5,524
Total depreciation and amortisation	2,147,231	383,635
Rental expense on operating lease	370,423	155,365
Auditors' remuneration for:		
- Audit and review of financial statements		
- statutory auditor of the Group in Australia	37,500	29,499
- auditors of the subsidiaries in Hong Kong and China	1,627	2,077
- auditor for other reporting purposes	7,105	42,092
Total auditors' remuneration	46,232	73,668

Notes to the Consolidated Financial Statements
For the year ended 31 December 2016

9. INCOME TAX (EXPENSES) / CREDIT

	Group 2016 $	Group 2015 $
Current tax expense	(1,052,266)	-
Deferred tax (expense) / benefit	(966,673)	356,158
Over/under provision for prior years	-	-
Income tax (expenses) / credit	(2,018,939)	356,158

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

	2016 $	2015 $
Numerical reconciliation of income tax expense to prima facie tax payable		
Profit before income tax	5,614,007	1,999,964
Income tax expense on profit before income tax at 30%	(1,684,202)	(599,989)
Difference in overseas tax rates	312,313	119,654
Add / (less) the tax effect of:		
Recognition of tax effect of previously unrecognised tax losses and temporary differences	-	1,059,090
Utilisation of previously unrecognised tax losses	-	594,049
Utilisation of tax losses during the year	(500,971)	-
Tax losses and temporary differences for the year for which no deferred tax is recognised	(146,079)	(816,646)
Income tax (expenses) / credit	(2,018,939)	356,158

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

	2016 $	2015 $
Balance brought forward	(933,853)	-
Accelerated depreciation allowances	(501,510)	(427,634)
Temporary differences on disposed / (acquired) intangible assets	35,808	(1,290,011)
Future benefit of tax losses	(500,971)	783,792
Exchange difference	(8,504)	-
Total	(1,909,030)	(933,853)

(c) Income tax payable in the consolidated statement of financial position represents:

	2016 $	2015 $
Provision for income tax for the year	(1,052,266)	-
Exchange difference	(17,098)	-
Total	(1,069,364)	-

10. DIVIDENDS

No dividends were declared and paid during the financial year (2015: Nil).

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11. EARNINGS PER SHARE

	Group	
	2016	2015
	$	$
Profit after income tax attributable to shareholders	3,627,757	2,378,276
Ordinary number of shares	79,301,852	79,301,852
Weighted average number of shares on issue	79,301,852	59,764,271
Basic and diluted earnings per share	0.05	0.04

12. INVENTORIES

Inventories consist of the following:

	Group	
	2016	2015
	$	$
Raw materials	948,491	523,489
Finished goods – displays and other products	996,746	175,427
Provision for inventories obsolescence	(88,186)	-
Total, net of allowance for inventories	1,857,051	698,916

13. TRADE AND OTHER RECEIVABLES

	Group	
	2016	2015
	$	$
Trade receivables	8,612,576	703,792
Other receivables	5,787	4,226
Amounts due from related companies	182,378	284,506
	8,800,741	992,524
Less: Allowances for doubtful debts	-	-
	8,800,741	992,524

(a) Ageing Analysis

The ageing analysis of trade receivables is as follows:

	Group	
	2016	2015
	$	$
Current	7,897,623	703,792
Past due		
61 - 90 days	-	-
> 91 days	714,953	-
	714,953	-
Total	8,612,576	703,792

13. TRADE AND OTHER RECEIVABLES (Continued)

(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 $714,953 (2015: Nil) which are past due at the end of the reporting period for which the Group has not made provision for impairment loss.

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 consolidated financial statements. Refer to Note 29(e) for further details of credit risk management.

The amounts due from the related companies are unsecured, non-interest bearing and repayable on demand.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2016	2015
	$	$
Ordinary shares - quoted on the OTC Market in the United States	-	-

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

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

15. OTHER ASSETS

	Group	
	2016	2015
	$	$
Prepayments	280,325	76,067
Trade deposits	1,819,648	410,910
Other deposits	151,869	296,899
GST receivable	2,073	4,270
	2,253,915	788,146

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16. PLANT AND EQUIPMENT

Group

	Leasehold Improvements $	Office Furniture and Equipment $	Total $
At 1 January 2015			
Cost	325,317	135,390	460,707
Accumulated depreciation	(113,307)	(71,964)	(185,271)
Net book amount	212,010	63,426	275,436
Year ended 31 December 2015			
Opening net book amount	212,010	63,426	275,436
Additions	-	77,377	77,377
Disposals	(52,327)	-	(52,327)
Acquisition through business combination	966,913	807,758	1,774,671
Reclassification	-	(29,457)	(29,457)
Depreciation expense	(170,220)	(207,891)	(378,111)
Exchange difference	10,320	(5,207)	5,113
Closing net book amount	966,696	706,006	1,672,702
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
Year ended 31 December 2016			
Opening net book amount	966,696	706,006	1,672,702
Additions	963	426,633	427,596
Disposals	(125,322)	(53,065)	(178,387)
Depreciation expense	(360,778)	(382,789)	(743,567)
Written off	-	(67,089)	(67,089)
Exchange difference	(20,406)	(25,214)	(45,620)
Closing net book amount	461,153	604,482	1,065,635
At 31 December 2016			
Cost	1,239,520	2,003,660	3,243,180
Accumulated depreciation	(778,367)	(1,399,178)	(2,177,545)
Net book amount	461,153	604,482	1,065,635

17. INTANGIBLE ASSETS AND GOODWILL

Group

	Goodwill	Autostereo-scopic 3D Display Technologies and Knowhow	Patents and Trademark	Software and Licence	Total
	$	$	$	$	$
Cost					
At 1 January 2015	-	-	-	-	-
Acquisitions through business combination	14,692,591	11,207,879	30,831	35,007	25,966,308
Reclassification	-	29,457	-	-	29,457
Additions	-	220,860	11,529	2,879	235,268
Exchange difference	(384,656)	(293,593)	(815)	(918)	(679,982)
At 31 December 2015	14,307,935	11,164,603	41,545	36,968	25,551,051
At 1 January 2016	14,307,935	11,164,603	41,545	36,968	25,551,051
Additions	-	89,528	999,829	-	1,089,357
Disposal	-	(302,966)	-	-	(302,966)
Exchange difference	(51,184)	(57,184)	13,800	(2,583)	(97,151)
At 31 December 2016	14,256,751	10,893,981	1,055,174	34,385	26,240,291
Accumulated Amortisation and Impairment losses					
At 1 January 2015	-	-	-	-	-
Amortisation	-	-	-	(5,524)	(5,524)
Exchange difference	-	-	-	(433)	(433)
At 31 December 2015	-	-	-	(5,957)	(5,957)
At 1 January 2016	-	-	-	(5,957)	(5,957)
Amortisation	-	(1,354,273)	(32,473)	(16,918)	(1,403,664)
Disposal	-	37,871	-	-	37,871
Exchange difference	-	(65,853)	(579)	987	(65,445)
At 31 December 2016	-	(1,382,255)	(33,052)	(21,888)	(1,437,195)
Carrying Amount					
At 31 December 2015	14,307,935	11,164,603	41,545	31,011	25,545,094
At 31 December 2016	14,256,751	9,511,726	1,022,122	12,497	24,803,096

The technology and software applied to develop the autostereoscopic 3D display technologies was included with the acquisition of Marvel Digital Limited on 30 September 2015 and was revalued to fair value at that time by an independent valuer.

17. INTANGIBLE ASSETS AND GOODWILL (Continued)

For the above goodwill and autostereoscopic 3D display technologies and knowhow at the reporting period end, the management has considered the recoverable amount of the corresponding cash generating unit which has been determined by a value-in-use calculation. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes in gross margin of the products and services. Management estimates discount rates that reflect current market assessments of the time value of money and the risks specific to the cash generating unit. The growth rates are based on industry growth forecasts. Changes in gross margin are based on past practices and expectations of future changes in the market. The Group performed impairment review for the goodwill, based on the cash flow forecast derived from the most recent financial budgets and estimated future cash flows for the following five years as approved by management and using a discount rate of 18% (2015: 18%). The cash flows beyond the five-year period are extrapolated using a 3% (2015: 3%) growth rate. The management considered that there is no indication that the goodwill and intangible assets have suffered an impairment loss.

18. DEVELOPMENT PROJECTS

Development projects represent the development costs directly attributable to and incurred for several internal technology projects of the Group which are in cooperation with the universities and professional technology institutions in Hong Kong for developing innovative technology to be applied in the existing and new 3D related products of the Group. Cost model is applied for development projects which require these assets to be carried at cost less any accumulated impairment losses.

19. TRADE AND OTHER LIABILITIES

	Group	
	2016	2015
	$	$
Trade payables	799,522	131,514
Accruals	380,594	87,401
Deferred revenue	161,401	-
Value added tax payables	313,326	253,673
Others	-	5,030
	1,654,843	477,618

20. PROVISIONS

	Group	
	2016	2015
	$	$
Employee benefits	31,331	29,230

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21. AMOUNT DUE TO ULTIMATE HOLDING COMPANY

	Group	
	2016	2015
	$	$
Current portion	2,382,707	875,939
Non-current portion	-	2,694,900
	2,382,707	3,570,839

The amount due to the ultimate holding company – Marvel Finance Limited ("MFL") was primarily from the acquisition of Marvel Digital Limited ("MDL") in September 2015. The ultimate holding company agrees to provide financial support to the Group in the early stage for on-going technology development and operation after the acquisition of MDL. As at 31 December 2015, the amount due to MFL of HK$15,000,000 (approximately $2,694,900) is unsecured and carries interest at an annual interest rate of 2.5% over the one month HIBOR starting from 1 January 2016 and is not expected to be repaid in the next twelve months, while the current portion of HK$875,939 is unsecured, non-interest bearing and repayable on demand. As at 31 December 2016, the whole amount due to MFL is unsecured, and carries interest at an annual interest rate of 2.5% over the one month Hong Kong Interbank Offer Rate ("HIBOR") and repayable on demand.

22. BORROWINGS

	Group	
	2016	2015
	$	$
Bank overdraft, unsecured	784,029	-
Bank borrowings, unsecured	447,250	-
	1,231,279	-

Bank overdraft and borrowings carry interest at an annual interest rate of 2.5% over the one month HIBOR.

As at 31 December 2016, the Group had total banking facilities of $1,789,000 of which $1,231,279 were utilised.

The unsecured bank overdraft and bank borrowings are guaranteed by our director, Dr. Herbert Ying Chiu LEE.

23. CONTROLLED ENTITIES

Name of Subsidiary	Country of Incorporation	Principal Activities	Paid Up Capital	Percentage Owned 2016	Percentage Owned 2015
CIMC Marketing Pty. Limited	Australia	Management services and trading	AUD1	100%	100%
Yamaga Limited (formerly known as: China Media Limited)	Hong Kong	Provision of advertising and media services	HKD1	100%	100%
Dragon Creative Limited	Hong Kong	Sale and distribution of various 3D related products and provision of 3D consulting services	HKD8	100%	100%
Binario Limited	British Virgin Islands	Investment holding	AUD1	100%	100%
Conco International Co., Limited	British Virgin Islands	Sale and distribution of audio products	USD50,000	-	100%
Yamaga Audio Limited	United States of America	Investment holding	USD1	100%	-
Zamora Corporation	United States of America	Sale and administration office in U.S.A.	USD1	100%	-
Digital Media Technology Limited	Malaysia	Dormant	USD100	100% (indirect)	-
Marvel Digital Limited	Hong Kong	Development of 3D autostereoscopic display technology and investment holding	HKD30,002,970	100% (indirect)	100% (indirect)
Visumotion International Limited	Hong Kong	Sales of software and provision of consultancy services	HKD1	100% (indirect)	100% (indirect)
Marvel Digital (Shenzhen) Limited	P.R.C.	Manufacturing and distribution of 3D products and provision of 3D consultancy services	RMB23,939,197	100% (indirect)	100% (indirect)
Marvel Software (Shenzhen) Limited	P.R.C.	Dormant	RMB422,380	100% (indirect)	100% (indirect)
Global Vantage Audio Limited	Hong Kong	Sale and distribution of audio products	HKD1	50% (indirect)	50% (indirect)

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24. BUSINESS COMBINATIONS

Acquisition of Subsidiaries

During the year, the Company added the following subsidiaries to the consolidated group:

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

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 year, 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.

25. ISSUED CAPITAL

(a) Share Capital

Group

	31 December 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 ordinary share capital

There was no movement in ordinary share capital during the year ended 31 December 2016.

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 year.

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26. 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.

27. COMMITMENTS

(a) Non-cancellable operating leases

The Group has entered into commercial leases for rental accommodation and certain items of plant and equipment. The lease terms ranged from one year to five years.

	Group	
	2016	2015
	$	$
Committed at the reporting date but not recognised as liabilities, which are payable:		
- Within one year	263,043	190,913
- Two to five years	149,813	135,896
- More than five years	-	-
	412,856	326,809

(b) Contractual commitments

As at 31 December 2016, the Group had contractual commitments for certain development projects of approximately $1,215,000 which are payable in 2017.

(c) Capital commitments

As at 31 December 2016, the Group had internal capital commitments for the investments in two PRC subsidiaries of RMB25,638,000 (approximately $5,312,000).

28. CONTINGENT CONSIDERATION LIABILITY

(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 liability for acquisition of Marvel Digital Limited ("MDL") as disclosed below:

In accordance with the terms of MDL acquisition, 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 $21,396,339 as contingent consideration liability, as at 31 December 2015, which represents its fair value at the date of acquisition. The fair value of contingent consideration liability was 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.

(b) Reconciliation of contingent consideration liability

	Group	
	2016	2015
	$	$
Balance brought forward	20,836,176	-
Contingent consideration on MDL Acquisition	-	21,396,339
Exchange difference	(88,141)	(560,163)
Total	20,748,035	20,836,176

29. 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, 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, receivables, trade payables and borrowings.

The Group's chief executive officer is Dr. Herbert Ying Chiu LEE, who 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 bank balances, amount due to ultimate holding company, bank overdraft and borrowings), 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 has adopted a policy of ensuring it maintains adequate cash and cash equivalent balances 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 profit for the year would have been $12,708 lower (2015: $33,709 higher) / $12,708 higher (2015: $33,709 lower).

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29. FINANCIAL RISK MANAGEMENT (Continued)

(b) Interest rate risk management (continued)

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

2016	Weighted average effective interest rate	Floating interest rate $	Non-interest bearing $	Total $
Financial Assets				
Cash and bank balances	0.3%	1,072,355	748,639	1,820,994
Trade and other receivables		-	8,800,741	8,800,741
Other assets		-	2,253,915	2,253,915
Total Financial Assets		1,072,355	11,803,295	12,875,650
Financial Liabilities				
Trade and other liabilities		-	1,654,843	1,654,843
Trade deposits received		-	99,866	99,866
Amount due to ultimate holding company	2.82%	2,382,707	-	2,382,707
Bank overdraft	0.27%	784,029	-	784,029
Borrowings	0.27%	447,250	-	447,250
Provisions		-	31,331	31,331
Contingent consideration liability		-	20,748,035	20,748,035
Total Financial Liabilities		3,613,986	22,534,075	26,148,061

2015	Weighted average effective interest rate	Floating interest rate $	Non-interest bearing $	Total $
Financial Assets				
Cash and bank balances	0.85%	6,741,856	141,340	6,883,196
Trade and other receivables		-	992,524	992,524
Other assets		-	788,146	788,146
Total Financial Assets		6,741,856	1,922,010	8,663,866
Financial Liabilities				
Trade and other liabilities		-	477,618	477,618
Trade deposits received		-	337,739	337,739
Amount due to ultimate holding company				
- Current		-	875,939	875,939
- Non-current		-	2,694,900	2,694,900
Provisions		-	29,230	29,230
Contingent consideration liability		-	20,836,176	20,836,176
Total Financial Liabilities		-	25,251,602	25,251,602

29. FINANCIAL RISK MANAGEMENT (Continued)

(c) Foreign currency risk

The Group has net assets denominated in certain foreign currencies as at 31 December 2016. Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below. The amounts are those reported to key management translated into AUD at the closing rate:

	Short term exposure			Long term exposure		
	HKD	USD	RMB	HKD	USD	RMB
31 December 2016						
- Financial assets	1,456,088	51,451	9,233,090	-	-	-
- Financial liabilities	(3,904,970)	(1,892)	(1,304,533)	(20,748,035)	-	-
Total exposure	(2,448,882)	49,559	7,928,557	(20,748,035)	-	-
	Short term exposure			Long term exposure		
	HKD	USD	RMB	HKD	USD	RMB
31 December 2015						
- Financial assets	2,882,441	181,584	4,929,573	-	-	-
- Financial liabilities	(1,082,551)	-	(328,077)	(23,531,076)	-	-
Total exposure	1,799,890	181,584	4,601,496	(23,531,076)	-	-

The following table illustrates the sensitivity of profit / (loss) and equity in regards to the Group's financial assets and financial liabilities and the HKD/AUD exchange rate, USD/AUD exchange rate and RMB/AUD exchange rate and assure 'all other things being equal'. It assumes a +/- 5% change of the AUD/HKD exchange rate for the year ended at 31 December 2016 (2015: 5%). A +/- 5% change is considered for the AUD/USD exchange rate (2015: 5%). A +/- 10% change is considered for the AUD/RMB exchange rate (2015: 10%). These percentages have been determined based on the average market volatility in exchange rates in the previous twelve 12 months. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting date and also takes into account forward exchange contracts that offset effects from changes in currency exchange rates.

If the AUD had strengthened against the HKD by 5% (2015: 5%), the USD by 5% (2015: 5%) and the RMB by 10% (2015: 10%) respectively then this would have had the following impact:

	Profit / (Loss) for the year				Equity			
	HKD	USD	RMB	Total	HKD	USD	RMB	Total
31 December 2016	1,159,846	(2,478)	(792,856)	364,512	1,159,846	(2,478)	(792,856)	364,512
31 December 2015	1,086,559	(9,079)	(460,150)	617,330	1,086,559	(9,079)	(460,150)	617,330

29. FINANCIAL RISK MANAGEMENT (Continued)

(c) Foreign currency risk (continued)

If the AUD had weakened against the HKD by 5% (2015:5%), the USD by 5% (2015: 5%) and the RMB by 10% (2015: 10%) respectively then this would have had the following impact:

	Profit / (Loss) for the year				Equity			
	HKD	USD	RMB	Total	HKD	USD	RMB	Total
31 December 2016	(1,159,846)	2,478	792,856	(364,512)	(1,159,846)	2,478	792,856	(364,512)
31 December 2015	(1,086,559)	9,079	460,150	(617,330)	(1,086,559)	9,079	460,150	(617,330)

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

(d) 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 following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms or the earliest date on which the Group can be required to pay. The table has been drawn up based on the undiscounted cash flows of financial liabilities and include both interest and principal cash flows.

2016	Carrying amount $	Total contractual undiscounted cash flow $	0 - 30 days or on demand $	31 - 90 days $	91 -365 Days $	Over 1 year $
Trade and other liabilities	1,654,843	1,654,843	1,654,843	-	-	-
Trade deposits received	99,866	99,866	99,866	-	-	-
Amount due to ultimate holding company	2,382,707	2,382,707	2,382,707	-	-	-
Bank overdraft	784,029	784,029	784,029	-	-	-
Borrowings	447,250	449,516	-	449,516	-	-
Provisions	31,331	31,331	31,331	-	-	-
Contingent consideration liability	20,748,035	20,748,035	-	-	-	20,748,035
	26,148,061	26,150,327	4,952,776	449,516	-	20,748,035

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29. FINANCIAL RISK MANAGEMENT (Continued)

2015	Carrying amount $	Total contractual undiscounted cash flow $	0 - 30 days or on demand $	31 - 90 days $	91 -365 Days $	Over 1 year $
Trade and other liabilities	477,618	477,618	477,618	-	-	-
Trade deposits received	337,739	337,739	337,739	-	-	-
Amount due to ultimate holding company	3,570,839	3,644,140	875,939	-	-	2,768,201
Provisions	29,230	29,230	29,230	-	-	-
Contingent consideration liability	20,836,176	20,836,176	-	-	-	20,836,176
	25,251,602	25,324,903	1,720,526	-	-	23,604,377

(e) 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 bank balances, trade and other receivables, net of any provisions for doubtful debts, as disclosed in the consolidated statement of financial positions and notes to the consolidated financial statements.

(f) Fair value of financial instruments

The following liability is recognised and measured at fair value on a recurring basis:

- Contingent consideration liability

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29. FINANCIAL RISK MANAGEMENT (Continued)

(f) Fair value of financial instruments (continued)

Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed are categorised 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 and liabilities that are measured at fair value in the consolidated financial statements.

	Level 1	Level 2	Level 3	Total
	$	$	$	$
Contingent consideration liability				
- 31 December 2016	-	-	20,748,035	20,748,035
- 31 December 2015	-	-	20,836,176	20,836,176

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

The Group's policy is to recognise 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 13) and payables (refer to Note 19) are assumed to approximate their fair values because the impact of discounting is not significant.

29. FINANCIAL RISK MANAGEMENT (Continued)

(g) 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 25 and 26 respectively.

30. RELATED PARTIES

(a) Parent and ultimate controlling party

On 30 September 2015, the Company issued 26,081,065 new ordinary shares at a price of $0.20 per share to acquire 100% equity interests in Marvel Digital Limited from Marvel Finance Limited, which is a company controlled and wholly owned by Dr. Herbert Ying Chiu LEE. Marvel Finance Limited now owns 44,787,331 ordinary shares of the Company and is the ultimate controlling party of the Group.

(b) Transactions with key management personnel are set out on Note 32.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2016

30. RELATED PARTIES (Continued)

(c) Other related party transactions

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

	Group	
	2016	2015
	$	$
- Revenue received from related parties [1]	1,297,556	2,477,235
- Sundry income received from a related party [1]	-	232,858
- Purchase of products from related parties [1]	57,759	-
- Service fees paid to a related party [1]	12,919	13,430
- Interest charged by the ultimate holding company	72,421	-
- Company secretarial and service fees paid to related parties [2]	27,500	-
- Expenses paid to related parties [1]	-	23,952

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

During the year, the Group incurred expenditure of $57,269 (excluding GST) to BDO Administration (SA) Pty Ltd in respect to company secretarial and taxation services. George Yatzis, Company Secretary of IMT is a director of BDO Administration (SA) Pty Ltd.

During the year ended 31 December 2016, the unsecured bank overdraft and bank borrowings are personally guaranteed by our director, Dr. Herbert Ying Chiu LEE. No charge has been requested for this guarantee.

In December 2015, the Group sold certain fixed assets at its net book amount of $51,648 to a related entity which our Director, Dr. Herbert Ying Chiu LEE, is holding approximately 69% equity interests.

(d) Amounts due from / to related companies

Included in trade and other receivables in note 13, there were amounts of $1,000,139 and $182,378 (2015: $262,112 and $284,506) in respect to trade and non-trade in nature respectively and were due from certain related companies in which 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 21, there was an amount of $2,382,707 (2015: $3,570,839) due to ultimate holding company, Marvel Finance Limited.

As at 31 December 2016, the Group had outstanding invoices owing to BDO Administration (SA) Pty Ltd totaling $5,000. George Yatzis, Company Secretary of IMT is a director of BDO Administration (SA) Pty Ltd.

31. CASH FLOW INFORMATION

	Group	
	Year ended 31 December 2016 $	Year ended 31 December 2015 $
CASH FLOWS FROM CHANGES IN WORKING CAPITAL		
(Increase) / Decrease in assets:		
Trade and other receivables	(7,590,963)	817,801
Inventories	(1,209,655)	476,565
Other assets	(1,420,951)	(634,661)
Disposal of intangible assets	265,095	-
Increase / (Decrease) in liabilities:		
Trade and other liabilities	1,205,218	246,065
Trade deposits received	(221,191)	68,993
Provisions	2,157	26,527
NET CASH FLOWS FROM CHANGES IN WORKING CAPITAL	(8,970,290)	1,001,290

32. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Remuneration

Remuneration of Directors are set out on page 7-9 of the Directors' Report.

The total remuneration paid or payable to the directors and senior management of the Group during the year are as follows:

	31 December 2016 $	31 December 2015 $
Short term benefits	573,477	30,408
Post-employment benefits	10,569	2,048
Total	584,046	32,456

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

Save as disclosed in Note 30(d), there were no other 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 13, 21 and 30.

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

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

Notes to the Consolidated Financial Statements
For the year ended 31 December 2016

33. SEGMENT INFORMATION

Operating segments have been determined on the basis of reports reviewed by the executive director. The executive director is considered to be the chief operating decision maker of the Group. The executive director considers that the Group has assessed and allocated resources on this basis. The executive director considers that the Group has four operating segments for the year ended 31 December 2016 (2015: four), being (1) the development, sale and distribution of autostereoscopic 3D displays, conversion equipment, software and others, (2) sale and distribution of audio products, (3) provision of consultancy services, and (4) corporate.

Segment information for the reporting period is as follows:

For the year ended 31 December 2016	Development, sale and distribution of 3D displays, conversion equipment, software and others $	Sales and distribution of audio products $	Consultancy services $	Corporate $	Total $
Revenue					
Revenue from operating activities	13,818,418	111,045	207	-	13,929,670
Interest income	1,856	11	6	154	2,027
Other income	100,374	7,177	-	-	107,551
Segment revenue	**13,920,648**	**118,233**	**213**	**154**	**14,039,248**
Cost of sales	1,928,904	97,504	1,335	-	2,027,743
Employee benefit expenses	1,002,040	44,822	611,825	57,000	1,715,687
Depreciation and amortisation expenses	2,035,365	14,322	97,544	-	2,147,231
Loss on disposal of a subsidiary	-	-	-	872	872
Professional and consulting expenses	129,636	1,813	56,653	112,474	300,576
Travel and accommodation expenses	352,926	5,924	39,470	32,962	431,282
Other expenses	1,414,558	112,449	87,152	114,025	1,728,184
Finance costs	73,666	-	-	-	73,666
Segment operating profit/(loss)	**6,983,553**	**(158,601)**	**(893,766)**	**(317,179)**	**5,614,007**
Segment assets 2016	**21,117,152**	**73,108**	**297,280**	**21,993,897**	**43,481,437**
Segment liabilities 2016	**6,811,574**	**17,453**	**174,182**	**22,123,246**	**29,126,455**

Notes to the Consolidated Financial Statements
For the year ended 31 December 2016

33. SEGMENT INFORMATION (Continued)

For the year ended 31 December 2015	Development, sale and distribution of 3D displays, conversion equipment, software and others $	Sales and distribution of audio products $	Consultancy services $	Corporate $	Total $
Revenue					
Revenue from operating activities	4,749,789	1,559,199	65,260	4,788	6,379,036
Interest income	-	-	349	40	389
Gain on disposal of financial assets	-	-	-	507,694	507,694
Other income	260,336	159,244	-	-	419,580
Segment revenue	**5,010,125**	**1,718,443**	**65,609**	**512,522**	**7,306,699**
Cost of sales	1,716,370	1,263,707	-	4,214	2,984,291
Employee benefit expenses	161,521	266,826	547,600	5,674	981,621
Depreciation and amortisation expenses	187,236	76,771	119,628	-	383,635
Professional and consulting expenses	-	52,804	287,640	51,000	391,444
Travel and accommodation expenses	27,799	4,933	17,920	8,847	59,499
Other expenses	287,788	10,950	62,852	144,655	506,245
Segment operating profit/(loss)	**2,629,411**	**42,452**	**(970,031)**	**298,132**	**1,999,964**
Segment assets 2015	**20,674,571**	**166,863**	**2,080,392**	**14,349,641**	**37,271,467**
Segment liabilities 2015	**5,214,794**	**2,740**	**78,583**	**20,889,338**	**26,185,455**

Notes to the Consolidated Financial Statements
For the year ended 31 December 2016

33. SEGMENT INFORMATION (Continued)

The geographic information analyses the Group's revenue and non-current assets by the Company's country of domicile and other countries. In presenting the geographic information, segment revenue has been based on the geographic location of customers and segment assets were based on the geographic location of the assets.

Revenue by geographic location

	Group	
	Year ended 31 December 2016 $	Year ended 31 December 2015 $
Australia	-	4,788
Hong Kong	5,507,684	1,184,922
China	8,421,986	5,189,326
	13,929,670	6,379,036

Non-current assets by geographic location

	Group	
	Year ended 31 December 2016 **$**	Year ended 31 December 2015 **$**
Australia	14,256,752	14,307,935
Hong Kong	13,026,972	13,060,229
China	1,465,012	540,521
	28,748,736	27,908,685

Major customers

For the year ended 31 December 2016, the Group has five individual customers (2015: four) with revenues comprising more than 10% of Group's revenues.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2016

34. PARENT ENTITY INFORMATION

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

Statement of Comprehensive Income

	Company 2016 $	Company 2015 $
Loss after income tax	303,505	203,168
Other comprehensive income	-	-
Total comprehensive loss	303,505	203,168

Statement of Financial Position

	Company 2016 $	Company 2015 $
Total non-current assets	5,216,219	5,277,807
Total current assets	3,857,307	4,072,133
Total assets	9,073,526	9,349,940
Total current liabilities	80,252	53,161
Total liabilities	80,252	53,161
Total Assets Less Liabilities	8,993,274	9,296,779
Equity		
Issued capital	10,410,279	10,410,279
Accumulated losses	(1,417,005)	(1,113,500)
Total equity	8,993,274	9,296,779

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 2016 and 31 December 2015.

Capital commitments – property, plant and equipment
The parent entity has no capital commitments for property, plant and equipment as at 31 December 2016 and 31 December 2015.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in Note 3, except for;

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

Notes to the Consolidated Financial Statements
For the year ended 31 December 2016

35. EVENTS OCCURRING AFTER THE REPORTING DATE

Save as disclosed below, there is no other matter or circumstance arisen since 31 December 2016, 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.

(a) Dual listing on the NASDAQ Capital Market

On 4 November 2016, the Company had announced that it had filed, by way of a non-public filing, a registration statement on Form 20-F with the U.S. Securities and Exchange Commission (SEC) to register its ordinary shares. Further to the request from the SEC, the Company also re-submitted the latest Form 20-F with the SEC on 24 February 2017 as a public filing.

On 2 February 2017, the Company formally submitted the required initial NASDAQ listing application for dual listing of its shares on the NASDAQ Capital Market, and is currently working through the process to obtain the approval for listing.

(b) Share consolidation

As part of the NASDAQ ASX dual listing application, the directors proposed to consolidate the Company's share capital at the directors' discretion with a range between one (1) ordinary share for every twenty (20) ordinary shares to one (1) ordinary share for every forty (40) ordinary shares so as to satisfy the NASDAQ's minimum price per share listing requirement. The resolution of the above share consolidation was approved by shareholders at the Company's Extraordinary General Meeting held on 2 March 2017.

36. COMPANY DETAILS

The registered office and principal place of business is:

Level 7, 420 King William Street
Adelaide SA 5000

DIRECTORS' DECLARATION

In the Directors' opinion:

(a) the consolidated financial statements and notes set out on pages 11 to 55 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 2016; 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 3;

(d) the audited remuneration disclosures set out on pages 7 to 9 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.

/S/ Herbert Ying Chiu LEE

Dr. Herbert Ying Chiu LEE
Director

Hong Kong, 31 March 2017

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

INTEGRATED MEDIA TECHNOLOGY LIMITED

FINANCIAL REPORT – 31 DECEMBER 2016

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF INTEGRATED MEDIA TECHNOLOGY LIMITED

Opinion

We have audited the financial report of Integrated Media Technology Limited (the Company and its subsidiaries ('the Group')) which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the Directors' Declaration.

In our opinion, the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its financial performance for the year then ended; and

(ii) complying with the Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001,* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF INTEGRATED MEDIA TECHNOLOGY LIMITED

Key Audit Matters

Key audit matters are those that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(i) Carrying Amount of Intangible Assets and Goodwill

As at 31 December 2016, total intangible assets and goodwill were recorded at a carrying amount of $24,803,096 (31 December 2015: $25,545,094), as disclosed in note 17 of the financial statements.

Intangible assets and goodwill are subject to annual impairment testing by the Group's management. Based on the impairment testing performed by the Group's management, no impairment indicators have been identified and no impairment losses have been recorded in relation to intangible assets and goodwill. With the exception of goodwill, intangible assets are amortised over their estimated useful lives as disclosed in note 3(e) of the financial statements.

Group management's impairment review was based on valuation models that require the input of forecasted cash flows for the foreseeable future as well as other key assumptions.

How key audit matter (i) was addressed in the audit

As part of our audit procedures, we have assessed the key assumptions contained in Group management's impairment testing including forecasted sales for the next 12 months and cash flows generated from Group operations.

We have assessed the strength of Group management's forecasting process, which forms the basis of management's impairment assessment. We have tested the controls relating to and reviewed the procedures used to identify impairment indicators. We have critically evaluated Group management's methodologies in preparing impairment models and documented the basis for key assumptions.

As part of our audit procedures we assessed the assumptions contained within the calculations including growth assumptions, discount rates and implications of industry changes. In addition, we have analysed prior year forecasts against actual results.

As part of our audit procedures we assessed the validity of amounts capitalised as intangible assets and goodwill and compliance with the relevant Australian Accounting Standards. Assumptions relating to amortisation were applied consistently with the disclosures in the financial report.

(ii) Carrying Amount of Development Projects

As at 31 December 2016, development projects were recorded at a carrying amount of $2,880,005 (31 December 2015: $690,889), as disclosed on the consolidated statement of financial position and described in note 18 of the financial statements. The Group has made significant investment in development projects with material additions during the year.

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF INTEGRATED MEDIA TECHNOLOGY LIMITED

Key Audit Matters (continued)
Development projects are subject to annual impairment testing by the Group's management. Based on the impairment testing performed by the Group's management, no impairment indicators have been identified and no impairment losses have been recorded in relation to development projects.

Group management's impairment review was based on valuation models that require the input of forecasted cash flows for the foreseeable future as well as other key assumptions.

How key audit matter (ii) was addressed in the audit
As part of our audit procedures, we have assessed the key assumptions contained in Group management's impairment testing including forecasted sales for the next 12 months and cash flows generated from Group operations.

We have assessed the strength of Group management's forecasting process, which forms the basis of management's impairment assessment. We have tested the controls relating to and reviewed the procedures used to identify impairment indicators. We have critically evaluated Group management's methodologies in preparing impairment models and documented the basis for key assumptions.

As part of our audit procedures we assessed the assumptions contained within the calculations including growth assumptions, discount rates and implications of industry changes. In addition, we have analysed prior year forecasts against actual results.

As part of our audit procedures we assessed the validity of amounts capitalised as development projects and compliance with the relevant Australian Accounting Standards.

Responsibilities of the Directors for the Financial Report
The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is 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.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF INTEGRATED MEDIA TECHNOLOGY LIMITED

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF INTEGRATED MEDIA TECHNOLOGY LIMITED

Auditor's Responsibilities for the Audit of the Financial Report (continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 9 of the Directors' Report for the year ended 31 December 2016.

In our opinion, the Remuneration Report of Integrated Media Technology Limited, for the year ended 31 December 2016, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of Integrated Media Technology 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.

StewartBrown

StewartBrown

S.J. Hutcheon
Partner

31 March 2017

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

DECLARATION OF INDEPENDENCE
TO THE DIRECTORS OF INTEGRATED MEDIA TECHNOLOGY LIMITED

As Engagement Partner of Integrated Media Technology Limited and controlled entities for the year ended 31 December 2016, 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.

StewartBrown

StewartBrown

Stuart Hutcheon
Partner

31 March 2017

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.

The board of directors does not at this point in time have a diversity policy in place, however, recognises that going forward this is an important Corporate Governance consideration

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.

Corporate Governance Statement

The Board, during the reporting period had up to five Directors and at the end of the period, comprises five Directors. The Board considers that three of these Directors, namely Dr. Man-Chung CHAN, Dr. Chang-Yuen CHAN and Mr. Wilton Timothy Carr INGRAM satisfy the criteria for independence in the ASX recommendations while Dr. Herbert Ying Chiu LEE and Mr. Con UNERKOV are 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.

As of 31 December 2016 and to the date of this report, the Board complied with the Council's recommendation that a majority of the Board should comprise independent Directors.

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 controlling shareholder who has an in-depth knowledge of the Company's main operation, advertising business in China, valuable working relationships in China and the knowledge in autostereoscopic technology.

Corporate Governance Statement

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 Mr. Wilton Timothy Carr INGRAM as the Lead Independent Director to chair meetings involving any potential conflicts of interest.

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.

Corporate Governance Statement

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.

Corporate Governance Statement

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

Mr. Wilton Timothy Carr INGRAM was appointed as the chairman of audit committee during the reporting period, who is the Lead Independent Director of the Board.

The Audit Committee is responsible for assisting the Board in discharging its responsibilities to safeguard the integrity of the Company's financial reporting and the system of internal control. A key component of the committee's role is to provide appropriate advice and recommendations to the Board to assist the Board to fulfil its responsibilities in regard to financial reporting, the internal control environment, and audit management where appropriate across the Company.

The Audit Committee Charter takes in to account the role and responsibilities of the Audit Committee as well as contemporary governance practices. 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. The Audit Committee Charter includes details on the appointment and oversight of the external auditor. The Company will ensure the external auditor is available to shareholders at the annual general meeting to answer any questions they may have about the Company's external audit.

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 Audit Committee 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 Audit Committee also reviews the consolidated financial statements and other information distributed externally and accounting policies and practices. 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 consolidated financial statements. The external auditors provide an annual declaration of their independence to the Board.

Details of Audit Committee meeting and attendance by the Committee member is set out earlier in the Directors' Report.

Corporate Governance Statement

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.imtechltd.com**. 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 2016 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.

Corporate Governance Statement

Principle 8 - Remunerate fairly and responsibly

Given the stage of the Company's operations and the reliance on the experience of the members of the Board, the Nomination and Remuneration committee is composed of current directors and the functions of which are performed by the full Board, acting in the best interests of the Company.

The Board will devote time at its meetings to fulfilling the roles and responsibilities associated with setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

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.

The Nomination and Remuneration Committee prepared 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 32 to the consolidated 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 chairman during the reporting period was Dr. Chang-Yuen CHAN. 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 Stock Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 27 March 2017.

Distribution of equity securities

Ordinary share capital

- 79,301,852 fully paid ordinary shares are held by 377 individual shareholders.
- 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	3	12,500	0.02%
5,001-10,000	261	2,607,550	3.29%
10,001-100,000	80	2,720,222	3.43%
> 100,001	33	73,961,580	93.26%
	377	79,301,852	100.00%

Substantial shareholders as at 27 March 2017

	Fully Paid	
Ordinary shareholders	**Number**	**%**
Marvel Finance Limited	44,787,331	56.48%

Twenty largest holders of quoted equity securities

	Fully Paid	
Ordinary shareholders	**Number**	**%**
Marvel Finance Limited	44,787,331	56.48%
Silver View Finance Limited	3,952,533	4.98%
Silver Bloom Properties Limited	3,813,734	4.81%
Grace Time International Holdings Limited	3,800,000	4.79%
China Max Finance Limited	3,600,000	4.54%
Foreland Global Limited	2,500,000	3.15%
Bellcom Enterprises Limited	1,500,000	1.89%
Edwin Ying Yuen Lee	1,200,000	1.51%
Valdarno Pty Ltd	1,011,000	1.27%
Mr. Paul Unerkov	1,000,000	1.26%
Mrs. Marisa Unerkov	940,000	1.19%
Wingmont Pty Ltd	785,000	0.99%
Asiarim Associates Limited	695,000	0.88%
John D Chataway Nominees Pty	343,075	0.43%
Mr. Jeffrey Ming-Yih Chang	307,954	0.39%
Mr. Con Unerkov	300,000	0.38%
Mr. Paul Unerkov & Mrs. Marisa Unerkov (Maveric S/F)	300,000	0.38%
Northern Food Discounters Pty	300,000	0.38%
Sepino Nominees Pty Ltd	250,000	0.32%
Intek Solutions Pty Ltd	250,000	0.32%
	71,635,627	90.34%

ASX Additional Information

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 Integrated Media Technology Limited are quoted on the Australia Securities Exchange ("ASX") under the ASX code "ITL".

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.

INTEGRATED MEDIA TECHNOLOGY LIMITED

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