CHINA INTEGRATED MEDIA CORPORATION LIMITED

ACN 132 653 948

Annual Report

For the Financial Year Ended 31 December 2009

Contents

Directors' Report

The directors of China Integrated Media Corporation Limited ("CIMC") present their report on the Company for the financial year for the period from 8 August 2008 (inception) to 31 December 2009.

Directors

The names of the directors in office at any time during the financial period from 8 August 2008 (Inception) to 31 December 2009, and up to the date of this report are:

Director	Appointed	Resigned
Con UNERKOV	8 August 2008	-
Loui KOTSOPOULOS	8 August 2008	-
Bing HE	8 August 2008 & 25 November 2009	15 August 2008
Juewen LI	15 August 2008 & 10 March 2010	17 December 2008
Pui Kit LAM	17 December 2008 10 March 2011	25 November 2009
Min QIU	10 March 2011	-

Information on Directors

Con Unerkov

Mr. Con Unerkov is the Chairman and CEO of CIMC. Mr. Unerkov is an Australian based businessman and investor with experience in the Finance, Media and Telecommunications markets in Australia, China and United States.

Mr. Unerkov is the also the President, Chief Executive Officer and Director of China Media Group Corporation, a fully reporting company quoted in the United States of America and the parent company of CIMC.

Mr. Unerkov has extensive experience in China's media markets, having worked in China's telecom, media and advertising sectors. Mr. Unerkov holds a Bachelor of Applied Science in Computer Studies from University of South Australia.

Loui Kotsopoulos

Mr. Kotsopoulos has over 25 years of experience in Finance and Administration in the corporate sector of publicly listed companies.

Mr Kotsopoulos holds a Bachelor of Business (Accounting) from Victoria University and he is also a member of Certified Practising Accountant (CPA) of Australia.

Bing He
Mr. He, a Chinese national, was a Director, Treasurer and Chief Financial Officer of China Digital Ventures Corporation, the former parent company of CIMC.

Mr. He has extensive experience in China with previous roles being as General Manager for a telecommunication company that is engaged in the business of supplying telecom and related equipment to businesses and homes in Guangdong province in China.

Mr. He has a Bachelor of Engineering degree from Hubei TV and Radio University.

Juewen Li
Mr. Lee is a seasoned businessman with over 30 years business experience in the Chinese / Hong Kong trade, medical equipment and real estate industries. Mr. Li has been the chairman and president of Hunan Trading Company Limited, Director / Chairman / President of Hong Kong Hunan Sunshine Holdings Limited which under his guidance rapidly developed inot a multinational conglomerate engaging in import and export trading, industrial investment, property development and hotel management.

Pui Kit Lam
Dr. Lam is a seasoned businessman with over 30 years operating experience in China and is currently a member of various Chinese government entities.

Dr. Lam is also a Director of Beijing Ren Ren Health Culture Promotion Co. Ltd which has undertaken on behalf of the Chinese Government to manage the project named, "Great Wall of China Project" which has been granted the task of promoting health awareness and health education to the Chinese population under the United Nations Millennium Development Goals Program.

Min Qiu
Mr. Qiu is a seasoned businessman with over 20 years of operating experience media, and trading in China

DIRECTORS' MEETINGS

The following table sets out the number of directors' meetings and committee meetings held during the financial year and the number of meetings attended by each director (while they were a director). During the current financial period 10 board meetings were held.

Director	Eligible	Attended
Con Unerkov	10	10
Loui Kotsopoulos	9	9
Bin He	3	3
Pui Kit Lam	3	3
Juewen LI	3	3

Contracts with Directors
The Company has not entered into any contract with a director or a related party of a director.

Company Secretary
The name of the company secretary in office at any time during the period from 8 August 2008 (Inception) to 31 December 2009 is:

Director	Appointed	Resigned
Con UNERKOV	8 August 2008	-
Loui KOTSOPOULOS	8 August 2008	8 August 2008

PRINCIPAL ACTIVITIES

The Group's principal activities during the course of the financial year were the development of the television business. Subsequent to the financial year, the Group also focuses on developing the digital media business.

In April 2009, the Group entered into an agreement with Sichuan Jin Peng Jiu Ding Media Limited ("JPJD") for the right to operate the content provisioning and advertising for the 3 television channels (Education, Home Shopping and Sports) and for the video on demand services on the JPJD IPTV Platform in Chengdu city of Sichuan Province, China. JPJD has the exclusive rights to operate the IPTV operation in Sichuan province under the China Radio International IPTV license.

In June 2009, the Group also entered into an agreement with Hunan Education Television Station ("HETV") to provide content and content production for the "Education" IPTV channel and also for the use of HETV's production, editing and studio facilities to produce our own content. HETV is one of China's leading education television stations in China.

The Company focuses its television interest in the following areas:

- "TV Channels":- responsible for managing the group's current TV operations and to pursue new opportunities in the areas of Internet Protocol Television, Satellite TV, Video on Demand and Mobile TV;
- "Advertising":- responsible for pursuing TV Advertising to service our own TV Channels / Operations and the buying and selling of airtime for other TV channels; and
- "Content Provisioning":- responsible for production of our own content that will be made available to service our own TV channels / operations, sales of our production content to other TV channels / operations in China and abroad and partner with existing content houses to service our own TV channels / operations.

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

OPERATING RESULTS

The consolidated loss of the economic entity for the financial year after providing for income tax amounted to $150,277.

DIVIDENDS PAID OR RECOMMENDED

No dividends were paid or declared since the start of the financial year. With respect to the 2008 financial year, the directors have recommended that no dividend be paid.

REVIEW OF OPERATIONS

During the financial year the Company was dormant.

The Company recognised a loss after tax for the financial year of $36,834.

CHANGES IN THE STATE OF AFFAIRS

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

SUBSEQUENT EVENTS

No matters or circumstances, besides those disclosed at note 19, have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

FUTURE DEVELOPMENTS

The focus of the Group is to continue to develop its television and digital media activities, and the board will be reviewing potential acquisitions that have the potential to add value to the Group.

REVIEW OF FINANCIAL POSITION

The net deficit of the Group is 56,686 at 31 December 2009.

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.

RENUMERATION REPORT

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of each of CIMC's directors and senior management for the financial year ended 31 December 2009. The Company's policy for determining the nature and amount of emoluments of board members and senior executives of the Company is as follows:

The directors review the remuneration package of all directors and executive officers 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 Company and to provide a common interests between management and shareholders.

Remuneration packages contain the following key elements:

- Salaries or for directors, fees;
- For sales staff, commissions;
- Bonus payments relating to performance;
- Benefits- including provision of superannuation; and
- Options, once available.

All staff members are of standard employment contracts with normal notice and terminations provisions.

The emoluments of the directors of the parent entity and each of the executive officers receiving the highest emoluments for the parent and economic entity are as follows:

Non Exec Directors	Fees	Super	Options	Total	Performance Component
Loui Kotsopoulos	-	-	-	-	-
Juewen Li	-	-	-	-	-
Pui Kit Lam	-	-	-	-	-

Exec Directors	Salary	Super	Bonus	Options	Total	Performance Component
Con Unerkov	-	-	-	-	-	-
Bing He	484	-	-	-	484	-

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

DIRECTORS' SUPERANNUATION AND RETIREMENT BENEFITS

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

SHARE TRANSACTIONS OF DIRECTORS

The interests of the Directors in the securities of CIMC, whether held directly, indirectly, beneficially or non-beneficially are set out in note 9 of the financial statements.

IMDEMNIFICATION OF OFFICERS AND AUDITORS

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

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

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

Except for the above the Company has not otherwise, during or since the financial year, 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 economic entity is not involved in any legal proceedings at this time and no person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

NON-AUDIT SERVICES
The Group did not engage the auditor for non-audit services provided during the financial period.

AUDITOR'S INDEPENDENCE DECLARATION
The Auditor's Independence Declaration is included on page 27 of the financial report.

Signed in accordance with a resolution of the directors.

Con Unerkov
Director

Adelaide, 12 April 2011

Income Statement
For the period from 8 August 2008 (inception) to 31 December 2009

	Notes	GROUP $	COMPANY $
REVENUE			
Revenue from operating activities		288	-
Other income		-	-
Loan interest received		569	569
Interest income		8	-
Total revenue		865	569
EXPENDITURE			
Consultancy fee		3,000	3,000
Cost of revenue		353	-
Employee costs		19,070	-
Occupancy and office costs		1,685	567
TV production costs		41,475	-
Other expenses		13,809	4,273
Registration fee		1,737	1,065
Travel and accommodation expenses		33,794	25,405
Written off goodwill expenses		15,572	-
Total Expenditure costs		130,495	34,310
EBITA		(129,630)	(33,741)
Depreciation and amortization		2,817	-
Exchange loss		15,306	569
Finance costs		2,524	2,524
LOSS BEFORE INCOME TAX		150,277	36,834
Taxation expense	3	-	-
Loss for the period		150,277	36,834
Loss per share	5		
Basic		0.00	0.00
Diluted		N/A	N/A

The accompanying notes form part of these financial statements.

Balance Sheet
As at 31 December 2009

	Notes	GROUP $	COMPANY $
CURRENT ASSETS			
Cash and cash equivalents		17,120	16,261
Other receivables and deposits		1,246	1,030
Deposit for IPTV	6	138,350	-
Inventory		2,109	425
Due from subsidiaries	7	-	201,373
Due from holding company	7	3,050	21,916
Total Current Assets		161,875	241,005
NON-CURRENT ASSETS			
Property and equipment, net	8	15,877	-
Investment in subsidiaries	9	-	119,157
Total Non-Current Assets		15,877	119,157
TOTAL ASSETS		177,752	360,162
CURRENT LIABILITIES			
Other payables		191,334	143,816
Accrued liabilities		380	-
Due to subsidiaries	10	-	119,156
Due to a director		200	200
Loan from a related party	11	42,524	42,524
Total Current Liabilities		234,438	305,696
NET (LIABILITIES) / ASSETS		(56,686)	54,466
EQUITY			
Issued capital	12	91,300	91,300
Accumulated losses	13	(150,277)	(36,834)
Comprehensive income		2,291	-
TOTAL (DEFICIT) / EQUITY		(56,686)	54,466

The accompanying notes form part of these financial statements.

Statement of Changes in Shareholders' Equity
For the period from 8 August 2008 (inception) to 31 December 2009

GROUP	Issued Capital $	Accumulated Losses $	Comprehensive Income $	Total $
At 8 August 2008 (inception)	1,000	-	-	1,000
Issuance of shares for services	3,000	-	-	3,000
Issuance of shares, net of expenses	87,300	-	-	87,300
Loss for the period	-	(150,277)	-	(150,277)
Comprehensive income	-	-	2,291	2,291
31 December 2009	91,300	(150,277)	2,291	(56,686)

COMPANY	Issued Capital $	Accumulated Losses $	Comprehensive Income $	Total $
At 8 August 2008 (inception)	1,000	-	-	1,000
Issuance of shares for services	3,000	-	-	3,000
Issuance of shares, net of expenses	87,300	-	-	87,300
Loss for the period	-	(36,834)	-	(36,834)
31 December 2009	91,300	(36,834)	-	54,466

The accompanying notes form part of these financial statements.

Cash Flow Statement
For the period from 8 August 2008 (inception) to 31 December 2009

	GROUP $	COMPANY $
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	(150,277)	(36,834)
Adjustment to reconcile net loss to net cash used in operating activities:		
Depreciation	2,817	-
Write-off goodwill	15,572	-
(Increase) / decrease in assets:		
Other receivable and deposit	95,943	(1,030)
Amount due from subsidiaries	-	(201,373)
Amount due from holding company	(3,050)	(21,916)
Deposit for IPTV	(138,350)	-
Inventory	(2,109)	(425)
Increase / (decrease) in liabilities:		
Other payables	173,199	143,816
Accrual expenses	(1,474)	-
Amount due to a subsidiary	-	119,156
Loan from a related party	42,524	42,524
Amount due to a director	200	200
NET CASH INFLOW FROM OPERATING ACTIVITIES	34,995	44,118
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(15,366)	-
Acquisition of subsidiary, net of cash	23,056	-
Investment in subsidiaries	(119,156)	(119,157)
NET CASH OUTFLOWS FROM INVESTING ACTIVITIES	(111,466)	(119,157)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	91,300	91,300
NET CASH INFLOWS FROM FINANCING ACTIVITIES	91,300	91,300
NET INCREASE IN CASH AND CASH EQUIVALENTS	14,829	16,261
Effect of exchange rate changes on cash and cash equivalents	2,291	-
Cash and cash equivalents a the beginning of financial year	-	-
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	17,120	16,261

The accompanying notes form part of these financial statements.

Notes to the Financial Statements
For the financial year ended 31 December 2009

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

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

The financial report of CIMC and controlled entities and CIMC as an individual parent entity comply with all Australian equivalents to International Financial Report Standards (AIFIRS) in their entirety.

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

(a) Basis of Preparation

The 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) Going Concern

As disclosed in the financial report, the Company and consolidated entity for the financial year ended 31 December 2009 each recorded:

- i) losses of $36,834 and $150,277 respectively; and
- ii) at balance sheet date, had a net assets over liabilities of $54,466 and a net deficiency of assets over liabilities of 56,686 respectively.

These financial conditions indicate a significant uncertainty about the ability of the Company and the consolidated entity to continue as going concerns and realize their assets and discharge their liabilities in the normal course of business and at amounts stated in the report.

The Directors view of the above matters concerning the adoption of the going concern basis of accounting by the Company and the consolidated entities that it is appropriate for the following reasons:

- i) the Company and the consolidated entity has received confirmation from a creditor not to seek repayment of A$167,497 until 31 March 2011; and
- ii) the Company is expected to raise additional funds from selling its shares at Initial Public Offering in early 2011.

Accordingly, the Directors believe that the Company and consolidated entity will be able to continue as going concerns and that it is appropriate to adopt that basis of accounting in preparation of the financial report, which does not include adjustments relating to the recoverability and classification of asset amounts or to the amounts and classification of liabilities, that might be necessary if the Company and consolidated entity do not continue as going concerns.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Principles of Consolidation

A controlled entity is any entity controlled by CIMC. Control exists where CIMC has the capacity to dominate the decision making in relation to the financial and operating policies of another entity so that the other entity operates with CIMC to achieve the objectives of CIMC. A list of controlled entities is contained in Note 9 to the financial statements. All controlled entities have a 31 December financial year end.

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

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

Investments in subsidiaries are accounted for at cost in the individual financial statements of CIMC.

(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 balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities an their carrying amounts in the financial statements. No deferred income tax will be recognized from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realized or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

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

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

(e) Intangibles

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Plant and Equipment

Plant and equipment are measured on the cost basis.

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 not been discounted to their present values in determining recoverable amounts.

The depreciable amount of all fixed assets including buildings and capitalized leased assets, but excluding freehold land, are depreciated over their estimated useful lives to the economic entity commencing from the time the assets is held ready for use. Leasehold improvements are amortized over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets s are generally as follows:

Class of fixed assets	Depreciation rate
Plant and equipment	3-5 years
Software	3-5 years

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

(g) Foreign Currency Transactions and Balance

The functional currency of each of the group's entity 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 are translated into functional currency using the exchange rates prevailing at the date of the transaction. Amount receivable and payable in foreign currencies at balance sheet date are converted at the rates of exchange ruling at that date.

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

(h) Segment Reporting

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

The Company operates in one business segment being television content provisioning and predominately in China.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Trade and others receivables

Receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

(j) 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.

(k) 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 the income statement over the period of the borrowings using the effective interest method. Fess 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 balance sheet 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 reporting date.

(l) 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.

(m) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance sheet date. Employee benefits that are expected to be settled within one year together with entitlements arising from wages and salaries, annual leave which will be settled after one year, have been measured at their nominal amount plus related on-costs.

(n) Cash and Cash Equivalents

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the entity and the revenue can be reliably measured.

(p) Goods and Services Tax

Revenues, expenses and assets are recognized net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstance the GST is recognized as part of the cost of acquisition of the assets or as part of an item of expense. Receivables and payables in the Balance Sheet are shown inclusive of GST.

(q) 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.

(r) 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.

(s) Share based payments

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

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

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2009 reporting date, of which none have been early adopted. None of these are expected to materially affect the entity's financial statements.

2. LOSS FROM ORDINARY ACTIVITIES

	Period ended 31 December 2009	
	Group	Company
	A$	A$
Finance costs:		
- Related party	2,524	2,524
Total finance costs	2,524	2,524
Depreciation of non-current assts:		
- Computers	2,562	-
- Furniture, fixtures and equipment	255	-
Total deprecation	2,817	-
Rental expenses on operation lease	1,685	567
Auditor remuneration for:		
- Audit services	-	-
- Other services	-	-
Total auditor remuneration	-	-

3. INCOME TAX

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

	Group	Company
	2009	2009
	A$	A$
Income tax benefit on loss before income tax at 16.5%-30%	36,253	11,050
Add/(less) the tax effect of:		
Permanent differences	-	-
Timing difference not brought to account	-	-
Tax losses not brought to account	(36,253)	(11,050)
Income tax expense / (benefit)	-	-

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

	Group	Company
	2009	2009
	A$	A$
Income tax loss	36,253	11,050
Capital loss	-	-
Total	36,253	11,050

3. INCOME TAX (Continued)

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

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

4. DIVIDENDS

No dividends were declared and paid during the financial year.

5. LOSS PER SHARE

The loss per share was calculated based on the weighted average of 23,121,412 shares outstanding during the financial year.

6. DEPOSIT FOR IPTV

The deposit for IPTV is for the three IPTV channels to be deployed by the Group and for content production.

7. DUE FROM HOLDING COMPANY AND SUBSIDIARY COMPANIES

The amount due from holding company and subsidiary companies are unsecured, non-interest bearing and repayable on demand.

8. PLANT AND EQUIPMENT

	Group 31 December 2009 A$
Plant and equipment:	
Balance at beginning of period	-
Acquired as a result of acquisition of subsidiary	3,328
Purchased during the period	15,366
Amortization during the period	(2,817)
Net book value at end of period	15,877

9. CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned
Parent Entity – China Integrated Media Corporation Limited	Australia	
Subsidiaries of China Integrated Media Corporation Limited		
CIMC Marketing Pty. Limited	Australia	100%
China Television Corporation	British Virgin Islands	100%
Guangzhou Hwahe Media Limited	China	100%

10. DUE TO SUBSIDIARY COMPANY

The amount due to subsidiary company is unsecured, non-interest bearing and repayable on demand.

11. LOAN FROM A RELATED PARTY

This is an A$40,000 loan, plus accrued interests of A$2,524 as at the balance sheet date, from a company owned and controlled by our director. This loan is unsecured, bears interest at 8% per annum and payable on 18 June 2011.

12. ISSUED CAPITAL

(a) Share capital

	31 December 2009 Number of Shares	A$
Ordinary shares fully paid	25,000,000	91,300

(b) Movements in ordinary share capital

	31 December 2009 Number of Shares	A$
Beginning of the financial year – 8 Aug 2008 (inception)	-	-
Issue for cash during finanicial year	1,000,000	1,000
Issue for consulting services	30,000	3,000
Issue of shares for cash – first capital raise	183,000	18,300
	1,213,000	22,300
Issue of Shares in respect of 20 for 1 stock split on April 22 2009	24,260,000	-
Issue of shares for cash – second capital raise	740,000	74,000
Less transaction costs	-	(5,000)
End of the financial year	25,000,000	91,300,

12. ISSUED CAPITAL (Continued)

Movements in the share capital of the Company

On 14 August 2008, a shareholder applied and the Company issued 32,000,000 shares in the Company for a total proceeds of $32,000. The shareholder did not pay for the subscription and thus on December 19, 2008 the Company cancelled these shares.

On 2 January 2009, the Company lodged a prospectus with ASIC and raised A$18,300 by the issuance of 183,000 shares (pre-split) in the Company.

On 22 April 2009, the board of directors approved a 20 for 1 share split which increase the number of shares on that date from 1,213,000 to 24,260,000 shares by the issuance of 23,047,000 shares to the then existing shareholders on a pro-rata basis.

On 26 May 2009, the Company lodged a prospectus with ASIC and raised A$74,000 by the issuance of 740,000 shares (post-split) in the Company.

Subsequent to the balance sheet date, the Company issued 2,472,533 shares for the acquisition of marketable securities. Further details are set out in note 19 to the financial statements.

There is only one class of share on issue being ordinary fully paid shares. Holder 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.

(c) Options on issue

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

13. ACCUMULATED LOSSES

	Group A$	Company A$
Balance at beginning of financial year	-	-
Net loss for the financial year	150,277	36,834
Balance at end of financial year	150,277	36,834

14. COMMITMENTS

The Group has entered into two agreements for exclusive program production right acquisition from Sichuan Jin Peng Jin Ding Media Limited and for program production service from Hunan Education Television Station expiring in March 2019 and May, 2012 respectively. Total deposit paid as at 31 December 2009 amounted to A$138,350.

The Group's commitments for minimum payments under these contracts for the next five years and thereafter are as follows:

Year ending 31 December,	A$
2010	123,455
2011	74,443
	197898

15. CONTINGENCIES

There are no material contingent liabilities or contingent assets of the Group at balance sheet date.

16. FINANCIAL RISK INSTRUMENTS

(a) Financial risk management objectives:
The Group and the Parent are exposed to financial risk through the normal course of their business operations. The key risks impacting the Group and the Parent's financial instruments are considered to be interest rate risk and credit risk. The Group's financial instruments exposed to these risks are cash and short term deposits, receivables and trade payables.

The consolidated entity's managing director and chief financial officer monitor the Group's and the Company's risks on an ongoing basis and report to the Board.

(b) Interest rate risk management
The Group and the Parent are exposed to interest rate risk as entities in the Group deposit funds at both short-term fixed and floating rates of interest and have fixed interest rate borrowings.

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, had interest rates been 50 basis points higher or lower and all other variables were held constant, the Group's net loss would not materially change since the Group had immaterial cash funds/deposits against a fixed interest rate on borrowings.

(c) 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.

(d) 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 Company or the Group. The Group's potential concentration of credit risk consists mainly of cash deposits with banks. The Group's short term cash surpluses are placed with banks that have investment grade ratings. The maximum credit risk exposure relating to the financial assets is represented by the carrying value as at the balance sheet date. The Company and the Group considers the credit standing of counterparties when making deposits to manage the credit risk. Considering the nature of the business at current, the Group believes that the credit risk is not material to the Group's or Company's operations.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance sheet date to recognized financial assets, is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in balance sheet date and notes to the accounts.

The economic entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the economic entity.

17. RELATED PARTY TRANSACTIONS

Transactions with related parties include the following:

(a) Loan Facilities

As set out in Note 11, an A$40,000 loan was provided by Intek Solutions Pty. Limited, a company owned and controlled by a Director, Mr. Con Unerkov. The loan is unsecured, bears interests at 8% per annum and is repayable on or before 18 March 2010.

18. KEY MANAGEMENT PERSONNEL DISCLOSURES

Personnel	Position	Appointed	Resigned
Con Unerkov	Chairman, CEO, Director	8 Aug 2008	-
Bing HE	Director/ VP Telecom	8 Aug 2008	-
Loui Kotsopoulos	Non-executive Director	8 Aug 2008	-
Pui Kit Lam	Director, Consultant	17 Dec 2008	25 Nov 2009
Juewen Li	Non-executive Director	15 Aug 2008	17 Dec 2008

(a) Remuneration

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

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

	31 December 2009
Short term benefits	4,149
Post employment benefits	-
Other long term benefits	-
Termination benefits	-
Share based payments	-
Total	4,149

(b) Shares – number of shares held by management

Personnel	**8 Aug 2009**	**Bought**	**Sold**	**31 Dec 2009**
Con Unerkov	-	30,000(2)	-	10,000
Bing He	-	10,000(1)	-	10,000
Loui Kotsopoulos	-	10,000	-	10,000
Pui Kit Lam	-	-	-	-
Juewen Li	-	-	-	-

NOTE:

(1) As at 31 December 2009, Mr. Bing He holds directly 10,000 shares in the Company. As at the date of this report, Mr. He holds directly 10,000 shares in the Company and indirectly 86,587 shares in the Company held by Jademan International Limited ("Jademan"). China Media Group Corporation ("CMG") holds 49% interests in Jademan, and Tidewell Limited, a company which Mr. He owns 51% interests, holds 1.8% interests in CMG.

(2) As at 31 December 2009, Mr. Con Unerkov holds directly 10,000 shares in the Company and indirectly owns 10,000 shares in the Company each through, Intek Solutions Pty. Limited and Unerkov Enterprises Pty. Limited, both companies wholly owned by him. As at the date of this report, in addition to the shares held at 31 December 2009, Mr. Unerkov indirectly owns 613,751 shares in the Company held by Jademan. CMG holds 49% interests in Jademan, and Tidewell Limited, a company which Mr. Unerkov owns 49% interests, holds 1.8% interests in CMG.

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

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

19. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

The following significant events have occurred subsequent to the balance sheet date:

- the Company raised A$20,000 by the issuance of a redeemable non-interest bearing convertible loan in February 2010;
- the Company raised A$67,100 by the issuance of a one year redeemable 12% interest bearing convertible loan in March / April 2010. These loans can be converted into shares in the Company at the same price as the Company's Initial Public Offering;
- the Company issued 2,472,533 shares to acquire marketable securities in March 2010;
- the Company issued 1,355,300 shares to acquire about 54% of Touché Adaptive Systems Pty Limited, an Australian company that provides solution to interactive digital signage in November 2010.

No other matter or circumstance has arisen since 31 December 2009, 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.

DIRECTORS' DECLARATION

In the directors' opinion:

(a) the financial statements and notes set out on pages 8 to 23 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 Company's and the consolidated entity's financial position as at 31 December 2009; and

(iii) of their performance for the financial year ended on that date; and

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

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

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

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

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

Director

Adelaide, 12 April 2011

dfk gray perry
CHARTERED ACCOUNTANTS

DFK Gray Perry Pty Ltd
1st Floor 89-92 South Terrace
Adelaide South Australia 5000
TELEPHONE +61 8 8212 2366
FACSIMILE +61 8 8231 5035
grayperrydfk@dfkadel.com
www.dfkadel.com
DIRECTORS
James W Perry
Michael D Gray
Brendon Skates
CONSULTANT
Glen Brewer

China Integrated Media Corporation Ltd

Independent Audit Report to the members of China Integrated Media Corporation Ltd

Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report, of China Integrated Media Corporation Ltd, which comprises the balance sheet as at 31 December 2009, and the income statement, cashflow statement, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are appropriate to meet the requirements of the Corporations Act 2001 and are appropriate to meet the needs of the members. The directors' responsibility also includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

The financial report has been prepared for distribution to members for the purpose of fulfilling the directors' financial reporting under the Corporations Act 2001. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other that that for which it was prepared.

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

China Integrated Media Corporation Ltd

Independent Audit Report to the members of China Integrated Media Corporation Ltd

Independence

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

Auditor's Opinion

In our opinion the financial report of China Integrated Media Corporation Ltd is in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the company's financial position as at 31 December 2009 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1; and

(b) complying with Australian Accounting Standards to the extent described in Note 1 and complying with the Corporations Regulations 2001.

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James Perry
Gray Perry DFK
Chartered Accountants

1st Floor 89 - 92 South Terrace
Adelaide South Australia 5000

Auditor's Independence Declaration

As lead auditor for the audit of China Integrated Media Corporation Limited for the financial year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been:

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

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

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

Chartered Accountants

Partner

Dated at Adelaide, South Australia this 12 day of April 2011.

GRAY PERRY DFK