
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-QSB

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **June 30, 2007**

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

CHINA DIGITAL MEDIA CORPORATION

(Exact name of small business issuer as specified in its charter)

HAIRMAX INTERNATIONAL CORP.

(Former name of registrant)

Nevada

(State or other jurisdiction of incorporation or
organization)

13-3422912

(IRS Employer Identification No.)

2505-06, 25/F, Stelux House, 698 Prince Edward Road E, Kowloon, Hong Kong

(Address of principal executive offices)

(011) 852-2390-8600

(Issuer's telephone number)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Number of shares of common stock outstanding as of July 20, 2007: 31,602,365

Number of shares of preferred stock outstanding as of July 20, 2007: 1,875,000

CHINA DIGITAL MEDIA CORPORATION

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PART I

ITEM 1. Financial Statements

CHINA DIGITAL MEDIA CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF JUNE 30, 2007
(UNAUDITED)

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 390,115
Accounts receivable, net of allowances	9,509,860
Inventories, net	406,454
Other receivables and prepaid expenses	448,681
Total Current Assets	10,755,110
Intangible assets	4,317,572
Investments in television series, net	633,717
Investments in affiliates	157,520
Property and equipment, net	11,309,249
Deferred tax asset	196,576
Other assets	912,461
TOTAL ASSETS	\$ 28,282,205
LIABILITIES AND STOCKHOLDERS' EQUITY	
CURRENT LIABILITIES	
Convertible debentures	\$ 3,100,000
Accounts payable	4,495,082
Other payables and accrued liabilities	1,110,919
Due to a director	33,178
Due to related companies	736,258
Business tax payable	128,187
Value added taxes payable	22,369
Income tax payable	2,263,206
Other tax payable	23,099
Total Current Liabilities	11,912,298
COMMITMENTS AND CONTINGENCIES	--
MINORITY INTERESTS	(70,713)
STOCKHOLDERS' EQUITY	
Series A convertible preferred stock (\$0.001 par value, 40,000,000 shares authorized, 1,875,000 shares issued and outstanding as of June 30, 2007)	1,875
Common stock (\$0.001 par value, 500,000,000 shares authorized, 31,602,365 shares issued and outstanding as of June 30, 2007)	31,602
Common stock to be issued (\$0.001 par value, 10,000,000 shares)	10,000
Additional paid-in capital	9,413,917
Deferred stock compensation	(53,000)
Retained earnings	
Unappropriated	5,420,863
Appropriated	1,521,999
Accumulated other comprehensive loss	93,364
Total Stockholders' Equity	16,440,620
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 28,282,205

The accompanying notes are an integral part of these consolidated financial statements.

CHINA DIGITAL MEDIA CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(UNAUDITED)

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2007	2006	2007	2006
		(Restated)		(Restated)
NET SALES				
Revenue from digitalization of television signals	\$ 1,357,890	\$ 2,151,935	\$ 2,757,703	\$ 3,607,306
Revenue from television advertising	372,257	1,994,673	845,206	3,726,706
Revenue from software development	12,760	10,372	22,020	33,223
Revenue from investments in television series	--	391	--	175,020
Government grant received	333,316	313,233	656,556	625,070
	<u>2,076,223</u>	<u>4,470,604</u>	<u>4,281,485</u>	<u>8,167,325</u>
COST OF SALES				
Cost of Sales - digitalization of television signals	(155,919)	(353,585)	(348,379)	(569,052)
Depreciation - digitalization of television signals	(755,993)	(575,563)	(1,471,899)	(1,050,286)
Cost of Sales - television advertising	(251,784)	(1,654,625)	(791,409)	(3,251,618)
Cost of Sales - software development	--	(43)	--	(43)
Cost of Sales - investment in television series	--	(303)	--	(119,390)
GROSS PROFIT	<u>912,527</u>	<u>1,886,485</u>	<u>1,669,798</u>	<u>3,176,936</u>
OPERATING EXPENSES				
Selling, general and administrative expenses	(746,085)	(652,092)	(1,518,674)	(1,203,941)
Depreciation and amortization	(30,705)	(26,929)	(59,697)	(49,918)
Total Operating Expenses	<u>(776,790)</u>	<u>(679,021)</u>	<u>(1,578,371)</u>	<u>(1,253,859)</u>
INCOME FROM OPERATION	135,736	1,207,464	91,427	1,923,077
OTHER INCOME (EXPENSES)				
Equity in loss of affiliates	(28,680)	(1,402)	(34,830)	(1,402)
Interest income	627	8,266	1,100	25,518
Other income	14,441	174	23,268	78,121
Interest expenses	(31,518)	--	(63,028)	--
Interest paid to related companies and directors	(3,014)	(4,657)	(5,744)	(6,434)
Other expenses	(27,252)	--	(31,316)	--
Total Other (Expenses) Income, net	<u>(75,396)</u>	<u>2,381</u>	<u>(110,550)</u>	<u>95,803</u>
NET (LOSS) INCOME BEFORE TAXES AND MINORITY INTERESTS	<u>60,340</u>	<u>1,209,845</u>	<u>(19,123)</u>	<u>2,018,880</u>
Income tax expense	(54,511)	(382,608)	(46,794)	(696,102)
Minority interests	(16,964)	14,193	66,810	19,920
NET INCOME (LOSS)	<u>\$ (11,135)</u>	<u>\$ 841,430</u>	<u>\$ 893</u>	<u>\$ 1,342,698</u>
OTHER COMPREHENSIVE LOSS				
Foreign currency translation gain	26,035	(42,940)	118,579	360
COMPREHENSIVE INCOME	<u>\$ 14,900</u>	<u>\$ 798,490</u>	<u>\$ 119,472</u>	<u>\$ 1,343,058</u>
Net income per share-basic - two classes method	<u>\$ 0.00</u>	<u>\$ (0.03)</u>	<u>\$ (0.00)</u>	<u>\$ (0.04)</u>
Net income per share - diluted	<u>\$ 0.00</u>	<u>\$ (0.02)</u>	<u>\$ (0.00)</u>	<u>\$ (0.03)</u>
Weighted average number of shares outstanding during the period - basic	<u>36,010,967</u>	<u>31,700,698</u>	<u>33,806,666</u>	<u>31,332,747</u>
Number of preferred shares outstanding during the period	<u>1,875,000</u>	<u>1,875,000</u>	<u>1,875,000</u>	<u>1,875,000</u>
Weighted average number of shares outstanding during the period-diluted	<u>52,274,849</u>	<u>41,075,698</u>	<u>50,070,548</u>	<u>40,707,747</u>

The accompanying notes are an integral part of these consolidated financial statements.

CHINA DIGITAL MEDIA CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2007 AND 2006
(UNAUDITED)

	2007	2006
		(Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 893	\$ 1,342,698
Adjusted to reconcile net income to cash provided by operating activities:		
Equity in loss of affiliate	34,830	1,402
Amortization - cost of sales	--	108,244
Depreciation-cost of sales	1,471,899	1,050,286
Depreciation and amortization	59,697	49,918
Provision for doubtful debts	363,509	--
Stock issued for services	--	60,200
Amortization on stock compensation	31,800	-
Minority interests	(66,810)	(19,920)
Changes in operating assets and liabilities		
(Increase) decrease in:		
Accounts receivable	(45,691)	(2,991,892)
Other receivables and prepaid expenses	62,589	(360,527)
Inventories	69,027	(739,279)
Deferred tax asset	(196,576)	--
Other assets	147,033	(89,744)
Increase (decrease) in:		
Due to a stockholder	--	71,238
Due to a related company	--	20,332
Accounts payable	(1,473,696)	4,514,200
Other payables and accrued liabilities	751,084	2,340
Business tax payable	(137,468)	--
Value added taxes payable	63,210	62,020
Income tax payable	308,406	723,105
Other tax payable	11,591	--
Net cash used in provided by operating activities	(46,840)	3,804,621
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash inflow from business combination (see Note 2)	61	--
Investments in affiliates	195,633	(179,350)
Purchase of property and equipment	(579,394)	(4,858,352)
Net cash used in investing activities	(383,700)	(5,037,702)
CASH FLOWS FROM FINANCING ACTIVITIES		
Due to related companies	355,772	128,684
Proceeds from stock issuance in private placement	--	387,500
Minority interests	24,802	122,514
Due to directors	(51,478)	--
Net cash provided by financing activities	329,096	638,698
EFFECT OF EXCHANGE RATE ON CASH	88,968	(57,063)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(12,476)	(651,446)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	402,591	1,123,912
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 390,115	\$ 472,466
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	\$ --	\$ --
Cash paid for income tax	\$ --	\$ --

The accompanying notes are an integral part of these consolidated financial statements.

CHINA DIGITAL MEDIA CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2007 (UNAUDITED)

NOTE 1 - BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

(A) Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

In the opinion of management, the unaudited condensed consolidated financial statements contain all adjustments consisting only of normal recurring accruals considered necessary to present fairly the Company's consolidated financial position at June 30, 2007, the consolidated results of operations for the three months and six months ended June 30, 2007 and 2006, and consolidated statements of cash flows for the six months ended June 30, 2007 and 2006. The consolidated results for the three months and six months ended June 30, 2007 are not necessarily indicative of the results to be expected for the entire fiscal year ending December 31, 2007. These consolidated financial statement should be read in conjunction with the consolidated financial statements and notes for the year ended December 31, 2006 appearing in the Company's annual report on Form 10-KSB as filed with the Securities and Exchange Commission.

(B) Principles of Consolidation

The accompanying unaudited condensed consolidated financial statements for the three months and six months ended June 30, 2007 include the unaudited financial statements of China Digital Media Corporation ("CDMC") and its wholly owned or controlled subsidiaries, China Digimedia Holding Limited ("CDHL"), Arcotect (Guangzhou) Limited ("AGL"), Guangdong M-Rider Media Company ("M-Rider"), Digimedia Services (Shenzhen) Limited ("Digimedia Shenzhen"), Maxcomm Limited ("Maxcomm"), Arable Media Limited ("Arable"), its 100% variable interest entity ("VIE") in Guangdong HuaGuang DigiMedia Culture Development Limited ("HuaGuang") and the 51% owned subsidiary of HuaGuang in Guizhou Guishi Digimedia Advertising Company Limited ("Guishi Digimedia") (collectively, "the Company"). The Company accounts for its 49% investment held by HuaGuang in Guizhou Guishi Huaguang Media Company Limited ("Guishi Huaguang") using the equity method. The minority interests represent the minority shareholders' 49% proportionate share of the results of Guishi Digimedia.

The accompanying unaudited condensed consolidated financial statements for the three months and six months ended June 30, 2006 include the financial statements of CDMC and its wholly owned subsidiaries, CDHL, AGL, M-Rider, Digimedia Shenzhen, and its 90% VIE in HuaGuang. The minority interest represents the minority shareholders' 10% and 54.1% proportionate share of the results of HuaGuang and Guishi Digimedia respectively.

All significant inter-company balances and transactions have been eliminated in consolidation.

(C) Revenue Recognition

Digitalization of Television Signals

The Company entered into an agreement with Nanhai Network Company to assist its subscribers on the conversion of television signals from analog into digital by providing set-top-box ("STB") and smart cards to the subscribers in Nanhai City on a lease basis. The Company is entitled to a portion of fees payable by the existing subscribers under a subscription agreement entered into between the subscribers and the Nanhai Network Company. Revenue is recognized on a straight line basis in accordance with the terms of the subscription agreement. The Company also charges installation fees and sells STB and smart cards to new subscribers. Revenue arising from these services is recognized when the subscriber is invoiced for the STB and smart cards upon the completion of installation works.

In addition, the Company is entitled to be reimbursed for its operating expenses from Nanhai Network Company in accordance with the subscription agreement. Revenue arising from costs reimbursement is recognized when the amounts are duly agreed upon between the Company and Nanhai Network Company.

Government Grant

The local government of Nanhai City also approved a grant of Rmb10,000,000 each year for five years from 2004 to finance the purchase of STB and smart cards for sale and lease to subscribers. The grant is recognized as revenue on a straight line basis.

Television Advertising Sales

The Company acts as an advertising agent by selling advertising air time spaces and television program backdrops to customers. The Company's advertising services revenue is derived from billings that are earned when the advertisements are placed and revenue is recognized as the media placements appear. During 2007, the Company purchase blocks of advertising slots and was the primary obligor and carried all of the credit risk for the advertisement placements and accordingly, recorded the full amount of such billings from the advertisement placements as revenue. Deferred revenues are recognized as a liability when billings are received in advance of the date before revenues are earned.

CHINA DIGITAL MEDIA CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2007 (UNAUDITED)

Software Development

The Company provides various information technology professional services to its customers based on a negotiated fixed-price time and materials contract. The Company recognizes services-based revenue from all of its contracts when the services have been performed, the customers have approved the completion of the services and invoices have been issued and collectibility is reasonably assured.

Television Series

The Company invested in the production of two television series. Revenue from investments in television series is recognized upon receipt from the production company.

Supplier Rebate

Rebate or refund received by the Company from its supplier, either in cash or trade discount, will be considered as an adjustment of the prices of the supplier's products purchased by the Company. Therefore, it will be characterized as (a) a reduction of cost of sales for subsequent selling of the products by the Company; or (b) a reduction of Property and Equipment for products booked as fixed assets of the Company and subject to depreciation in line with the depreciable life of the relevant products; or (c) a reduction of Inventories for products maintained in stock.

(D) Restatement of Financial Statements

As stated in the Forms 8-K filed on March 20, 2007 and April 4, 2007 respectively, the Company has decided to restate certain financial statements previously reported to reclassify a volume discount ("consideration") agreed with its STB supplier previously recorded as other income to be applied as a reduction against inventory, cost of goods sold or as a reduction of the balance of Property and Equipment for STB that have been leased to customers. The change in accounting treatment resulting in this restatement is in accordance with the Company's accounting policy on supplier rebate shown in note 1 (C). The portion of consideration credited to Property and Equipment is recognized as income over the depreciable life of STB of five years by way of a reduced depreciation charge.

(E) Recent Accounting Pronouncements

In July 2006, the FASB issued FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes—an Interpretation of FASB Statement 109 ("FIN 48"), which clarifies the accounting for uncertainty in tax positions. This Interpretation provides that the tax effects from an uncertain tax position can be recognized in the Company's financial statements, only if the position is more likely than not of being sustained on audit, based on the technical merits of the position. The provisions of FIN 48 are effective as of the beginning of fiscal 2007, with the cumulative effect of the change in accounting principle recorded as an adjustment to opening retained earnings. The Company is currently evaluating the impact this new Standard, but believes that it will not have a material impact on the Company's financial position.

In September 2006, FASB issued Statement 157, Fair Value Measurements. This statement defines fair value and establishes a framework for measuring fair value in generally accepted accounting principles (GAAP). More precisely, this statement sets forth a standard definition of fair value as it applies to assets or liabilities, the principal market (or most advantageous market) for determining fair value (price), the market participants, inputs and the application of the derived fair value to those assets and liabilities. The effective date of this pronouncement is for all full fiscal and interim periods beginning after November 15, 2007. The Company is currently evaluating the impact this new Standard, but believes that it will not have a material impact on the Company's financial position.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" (SFAS 159) which permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. SFAS 159 will become effective for us on January 1, 2008. The Company is currently evaluating the impact this new Standard, but believes that it will not have that it will not have a material impact on the Company's financial position.

NOTE 2 – BUSINESS COMBINATION

On May 21, 2007, CDHL entered into Stock Purchase and Transfer Agreement (the "Purchase Agreement") with Lippo Star Investment Limited to purchase 100% of Maxcomm Limited, a corporation incorporated in the British Virgin Islands, which sole asset is an 80% equity interest in Arable Media Limited ("Arable") in exchange for 10,000,000 shares of restricted common stock of the Company, having a fair value of \$3.76 million, based on the 10 days' volume weighted average price. Accordingly, after the acquisition, the Company's interest in Arable has been increased from 20% to 100%. Arable is a software developer specialised in middleware products and applications for digital TV set-top box and broadcasting technologies. The acquisition was accounted for under the purchase method of accounting in accordance with step acquisition rules in Statement of Financial Accounting Statements No. 141, "Business Combinations." Accordingly, the operating results of Maxcomm have been included in the consolidated statements of operation and comprehensive income after the effective date of the acquisition of May 21, 2007.

CHINA DIGITAL MEDIA CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2007 (UNAUDITED)

The preliminary allocation of the net liabilities taken over is as follows:

Cash and cash equivalent	\$ 61
Other receivables and prepaid expenses	323,452
Total current assets	323,513
Property and equipment	701
Capitalized software development cost	592,756
Total assets	916,970
Accounts payable and accruals liabilities	(1,106,823)
Net liabilities acquired	(189,853)
Minority interest	(2,559)
Share of pre-acquisition losses prior to becoming a subsidiary	27,361
	\$ (165,051)
Consideration for acquisition	3,760,000
Goodwill	\$ 3,925,051

Analysis of the net inflow of cash and cash equivalents in respect of the business combination is as follows:

Cash and cash equivalents acquired	\$ 61
Net cash inflow	\$ 61

The following table reflects the unaudited pro forma combined results of operations for the six months ended June 30, 2007, assuming the acquisition had occurred at the beginning of 2007.

Revenue	\$ 4,281,485
Net loss	\$ (105,563)
Net loss per share - basic and diluted	\$ 0.00

In accordance with SFAS No. 142 "Goodwill and other intangible assets," goodwill is not amortized but is tested for impairment. The Company performed an assessment on goodwill arising from Maxcomm acquisition and concluded there was no impairment as to the carrying value of the goodwill in this reporting period.

NOTE 3 - INVESTMENT IN AFFILIATES

The Company's effective interest of 49% in Guishi Huaguang is accounted for using the equity method of accounting and is stated at cost plus equity in undistributed earnings or losses since acquisition. The Company's share of the net loss for the three months and six months ended June 30, 2007 was \$2,184 and \$8,216 respectively.

A summary of the unaudited condensed financial statements of the affiliate as of June 30, 2007 is as follows:

Current assets	\$ 521,911
Non-current assets	226,844
Total Assets	\$ 748,755
Current liabilities	\$ 374,237
Stockholders' equity	374,518
Total Liabilities and Stockholders' Equity	\$ 748,755
Revenues	\$ --
Gross Profit	\$ --
Net loss	\$ 16,768

The Company's share of the loss for the six months ended June 30, 2007 is as follows:

Company share at 49%	\$ 8,216
Equity in loss of affiliate	\$ 8,216

CHINA DIGITAL MEDIA CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2007 (UNAUDITED)

Prior to the acquisition of the remaining 80% interest, the Company's effective interest of 20% in Arable is accounted for using the equity method of accounting and is stated at cost plus equity in undistributed earnings since subscription. The Company's share of the loss of this year up to May 20, 2007 is as follows:

Company share at 20%	\$ 26,614
Equity in loss of affiliate	<u>\$ 26,614</u>

NOTE 4 - SEGMENT INFORMATION

The Company operates in five reportable segments; digitalization of television signals, television advertising sales, software development, investment in television series and others. The accounting policies of the segments are the same as described in the summary of significant accounting policies. The Company evaluates segment performance based on income from operations. All inter-company transactions between segments have been eliminated on consolidation. As a result, the components of operating income for one segment may not be comparable to another segment. The following is an unaudited summary of our segment information for the six months ended June 30, 2007 and 2006:

	Digitalization		Television		Software		Investments			
	of Television		Advertising		Development		in Television			
	Signals						Series		Other	
									Total	
2007										
Revenues	\$	3,414,259	\$	845,206	\$	22,020	\$	--	\$	4,281,485
Gross profit		1,593,981		53,797		22,020		--		1,669,798
Net Income		822,393		(258,193)		(92,420)		(4,479)		893
Total assets		19,648,932		2,517,673		802,744		685,277	4,431,003	28,085,629
Capital expenditure		650,568		82,839		8,190		--	3,549	745,146
Depreciation and amortization		1,492,365		11,601		3,856		19,061	4,713	1,531,596
2006 (Restated)										
Revenues	\$	4,232,376	\$	3,726,706	\$	33,223	\$	175,020	\$	8,167,325
Gross profit		2,613,038		475,088		33,180		55,630		3,176,936
Net Income		1,466,541		77,606		(140,601)		66,345		1,342,698
Total assets		18,746,860		3,537,762		68,235		929,611	553,016	23,835,484
Capital expenditure		4,843,604		12,679		2,069		--		4,858,352
Depreciation and amortization		1,171,910		8,120		6,371		18,147	3,900	1,208,448

NOTE 5 – EARNINGS PER SHARE

As of June 30, 2007, the Company has outstanding:

- 31,602,365 shares of common stock;
- 1,875,000 shares of preferred stock;
- 6,888,882 shares of common stock to be issued upon conversion of convertible debenture;
- warrants to purchase 6,888,882 shares of common stock at an exercise price of \$0.80 per share, expire in November 2012;
- warrants to purchase 6,888,882 shares of common stock at an exercise price of \$1.20 per share, expire in November 2012;
- warrants to purchase 3,444,441 shares of common stock at an exercise price of \$2.25 per share, expire in November 2012; and
- 10,000,000 shares of common stock to be issued for the acquisition of Maxcomm.

CHINA DIGITAL MEDIA CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2007 (UNAUDITED)

In accordance with paragraph 40 and 41 of SFAS 128 and EITF 03-6, basic and diluted earnings per share on a two classes method for the six months ended June 30, 2007 and 2006 are calculated as follows:

	<u>2007</u>	<u>2006</u> (Restated)
Earnings		
Net Income	893	1,342,698
Basic - 2 classes method		
Income available to common stockholders	893	1,342,698
Weighted-average common stock outstanding	33,806,666	31,332,747
Number of preferred stock	1,875,000	1,875,000
Weighted-average common stock outstanding - assume CD converted	6,888,882	0
Basic earnings per share - Common Stock	0.00	0.04
Basic earnings per share - Preferred Stock	0.00	0.04
Basic earnings per share - CD	0.00	0.00
Diluted		
Income available to common stockholders	893	1,342,698
Income available to common stockholders & assumed CD converted	62,384	0.00
Diluted weighted-average common stock outstanding	50,070,548	40,707,747
Diluted earnings per share	0.00	0.03

Warrants to purchase 6,888,882 shares of common stock at \$0.80 per share, 6,888,882 shares of common stock at \$1.20 per share and 3,444,441 shares of common stock at \$2.25 per share were outstanding as of June 30, 2007 but were not included in the computation of diluted earnings per share because the warrants' exercise price was greater than the market price of the common shares.

Assuming 10,000,000 shares of common stock have been issued to for the acquisition of Maxcomm, but the shares have not yet issued as of the reporting date.

NOTE 6 - COMMITMENTS AND CONTINGENCIES

Contingencies

The Company accounts for loss contingencies in accordance with SFAS 5 "Accounting for Loss Contingencies", and other related guidance. Set forth below is a description of certain loss contingencies as of June 30, 2007 and management's opinion as to the likelihood of loss in respect of each loss contingency.

On May 24, 2005, Ziegler, Ziegler & Associates LLP and Scott Ziegler filed a Complaint against the Company in the United States District Court for the Southern District of New York for using their internet domain name to distribute the Company's promotional information over the internet. The Plaintiffs seek several types of damages in an amount not less than \$1,250,000. The Company's counsel was instructed to vigorously defend the action as the emails in question were distributed by a party not hired nor associated with the Company. Accordingly, no provision has been made.

On January 18, 2006, counsel for the plaintiff threatened to file a complaint in the County Court in and for Miami-Dade County, Florida against the Company in an action for damages that does not exceed \$15,000, exclusive of court costs, attorney's fees and interest. The plaintiff alleged that the Company was a guarantor of a lease entered into by its Hairmax of Florida, Inc. subsidiary, which abandoned the lease and failed to pay the full rental due under the lease.

The Company has made a settlement offer to the plaintiff of an amount equal to \$9,000, and is awaiting the plaintiff's response. As part of any settlement, the Company will insist upon the execution and delivery of a binding release of all claims in favor of the Company. The Company has accrued \$9,000 in the past financial statements.

NOTE 7 - COMMON STOCK

No change in the Company's common stock for the six months ended June 30, 2007.

CHINA DIGITAL MEDIA CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2007 (UNAUDITED)

NOTE 8 – CONVERTIBLE DEBENTURE

As of June 30, 2007, the Company has convertible debentures with total value of \$3.1 million outstanding. The aforesaid convertible debentures were issued pursuant to the private equity financing where the Company sold a total 31 units of securities. Each unit consists of (i) an eighteen-month 4% interest bearing convertible debenture in the principal amount of \$100,000, convertible at \$0.45 per share, (ii) a six-year Class A warrant to purchase 222,222 shares of the Company's common stock, par value \$0.001 per share at an exercise price of \$0.80 per share, a (iii) six-year Class B warrant to purchase 222,222 shares of the Company's common stock at an exercise price of \$1.20 per share, and (iv) a six-year Class C warrant to purchase 111,111 shares of the Company's common stock at an exercise price of \$2.25 per share. The securities issuable upon conversion of the debenture and exercise of the warrants are eligible for certain registration rights.

NOTE 9 – RELATED PARTY TRANSACTIONS

As of June 30, 2007, the Company owed a director \$33,178 for short-term advances. Interest is charged at 6% per annum on the amount owed.

As of June 30, 2007, the Company owed to a related company \$226,009 for short-term unsecured advances made. Interest is charged at 6% per annum on the amount owed.

As of June 30, 2007, the Company owed to an affiliate, Guishi HuaGuang, \$510,249 for short-term unsecured interest free advances made.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

We are hereby providing cautionary statements identifying important factors that could cause our actual results to differ materially from those projected in forward looking statements made in this quarterly report on Form 10-QSB. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "likely will result", "are expected to", "will continue", "is anticipated", "estimated", "intends", "plans" and "projection") are not historical facts and may be forward-looking statements and involve estimates and uncertainties which could cause actual results to differ materially from those expressed in the forward-looking statements.

We caution that the factors described herein, as well as the factors described generally in our Form 10-KSB for the year ended December 31, 2006, and specifically the factors described in such Form 10-KSB in the section entitled "Item 1. Business – Risk Factors" could cause actual results to differ materially from those expressed in any forward-looking statements and that the investors should not place undue reliance on any such forward-looking statements. Further, any forward-looking statement speaks only as of the date on which such statement is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events or circumstances. Consequently, no forward-looking statement can be guaranteed.

New factors emerge from time to time, and it is not possible for us to predict all such factors. Further, we cannot assess the impact of each such factor on our results of operations or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Overview

China Digital Media Corporation ("CDMC") was previously known as HairMax International, Inc. ("Hairmax"), a Nevada corporation incorporated in 1987. Arcotect Digital Technology Limited, a corporation organized under the laws of Hong Kong, consummated a reverse merger with Hairmax in March, 2005, and Hairmax subsequently changed its name to China Digital Media Corporation. With the termination of the original businesses of Hairmax, all of China Digital Media Corporation's businesses are now located in the People's Republic of China (the "PRC" or "China"). Arcotect Digital Technology Limited has changed its name to China Digimedia Holdings Limited ("CDHL"), and is a wholly-owned subsidiary of CDMC.

We are engaged in the business of providing services to the television broadcasting and media industry in China through operations, partnerships and investments. The three main businesses of CDMC are:

- Through a subsidiary, Arcotect (Guangzhou) Limited ("AGL"), converting digital cable television subscribers to digital television and providing various value added and broadband services to the digital subscribers;
- Television advertising sales;
- Television program production.

The Company's business plan is to strengthen its branding and to enlarge its presence and involvement in the media industry. The Company will continue to focus its resources toward replicating its successful migration model to other cities of China, while seeking opportunities to alliance with strong strategic partners.

Cable TV operations and digital broadcast technology development

AGL, a wholly owned foreign subsidiary of CDMC incorporated in China, is the sole contractor and operator of digital television ("DTV") services in Nanhai, Guangdong Province, a city with over 410,000 residential and commercial cable television subscribers.

On February 6, 2004, we signed a 20-year Co-operative Agreement for Total Migration into DTV System for the Nanhai District and subsequently signed a supplementary agreement on July 8, 2005 and May 18, 2007 (collectively, the "Co-operative Agreements") with Nanhai Network Company, a city-owned cable network operator in Guangdong Province. Pursuant to the Co-operative Agreements, the Company is responsible for migrating all cable television subscribers in Nanhai from an analog to a digital system ("Migration") by the end of 2007. As of June 30, 2007, the Company has migrated about 230,000 subscribers into the digital system and the migration program is on schedule.

According to the Co-operative Agreements, AGL is entitled to share the subscription fees paid by all cable television subscribers as well as paid by DTV subscribers for additional services, including pay-TV services, and to receive the subscription fee for any additional STBs.

Under the Co-operative Agreement, the Company is a sole contractor and operator of digital TV in Nanhai. The Company is responsible for supplying all subscribers with a digital set-top-box on a lease basis to subscribers. If subscribers want an additional set-top-box, the subscriber must purchase the set-top-box from the Company. The Company is also responsible for providing operational support services including migration planning, marketing and sales, software development, customer service and logistics administration. The Company's proprietary operating support system automates many of the processes, such as database management, billing, work orders and inventory control, and assists in the operation of a 24/7 call center for technical support and customer care. The city-owned cable company retains management of the broadcasting system and the fiber-optic network and is responsible for compliance with national broadcasting policies.

The broadcast system that decrypts the signal with the Company's set-top-box and appropriate smart cards can carry up to 800 digital channels of pay-TV programs and value added multimedia services. Currently, the services consist of 126 channels, including a 49-channel basic package, 77 pay channels and 3 high definition TV channels bundled into various value added packages, such as Life & Leisure, World Sports, News, Drama and Family.

The Company has deployed an IP (Internet Protocol) based set-top-box which is developed by our wholly owned subsidiary Arable Media Limited, a software developer specialised in middleware products and applications for digital TV set-top box and broadcasting technologies. The Company believes the advanced set-top-box will enable the Company to provide additional value added services which can be deployed in the future; such as targeted advertising, interactive TV programs, online shopping and console games, as well as interactive education services.

During the second quarter of 2007, the Company has started to sell the first value added service through the DTV platform: a real time stock information system. The subscribers can subscribe to receive the real time stock information for the Chinese companies which are listed in the Chinese stock market (namely "A" shares and "B" shares) with charts, analysis and related information on the television set through the Company's developed middleware platform.

TV advertising sales

M-Rider, a company incorporated in China and 100% owned by the Company under a trust arrangement, is an advertising sales company engaged in the distribution of television commercials. The Company is responsible for reselling commercial airtime to international and local advertising customers, either directly or through agents and receiving agency fees and services fee. The Company has many years of experience in providing consultancy and media planning services to clients, and assisting them to deliver their messages precisely and professionally to their targeted audiences efficiently. In addition, the Company believes that it can manage advertising resources more effectively to enhance value of the advertising space.

In February, 2007, M-Rider signed a five year sole agent service agreement (the "Sole Agent Agreement") to provide consultation services and manage advertising time slots exclusively with China Yellow River TV Station ("CYR Station"), a television station located in Shanxi Province in China which has a population of over 30 million, starting from January 1, 2007. In addition, M-Rider has a priority to renew the Agreement for an additional five years upon expiration of the Sole Agent Agreement on December 31, 2011.

According to the Sole Agent Agreement, M-Rider shall act as the sole agent and provide consultation services for media planning advisory, sales analysis and strategic planning to CYR Station. In return, M-Rider will get a media services fee based on the revenue generated and a performance bonus at the end of each fiscal year.

TV channel management and program production

On February 2006, HuaGuang, entered into two joint venture agreements with the provincial television station, Guizhou Television Station, for a term of 20 years. Pursuant to the joint venture contracts, the provincial television station will provide the exclusive use of a television channel, including production resources and equipment, while outsourcing its entire advertising air time slots to the two joint ventures for an initial term of five years, extendable by mutual agreement. Guishi Digimedia, a 51% subsidiary of HuaGuang, will serve as the exclusive advertising agent to manage the television commercials. Guishi Huaguang, a 49% owned interest of HuaGuang, will be responsible for sourcing and production content, as well as schedule planning. Currently, over 100 professionals and experienced staff are working on the production, planning and scheduling, and contents sourcing. The channel is focusing on fashion, entertainment, lifestyle and sports, 24 hours a day.

Besides, HuaGuang has made a minority investment in two television series, XiGuan Affairs, with 40 episodes, and The Story of a Small Town, with 24 episodes.

The Company relied on two suppliers for approximately 92% of its purchases for the six months ended June 30, 2007 for the Nanhai TV digitalization project. As of June 30, 2007, accounts payable due to these suppliers amounted to \$2,963,717 and \$610,599 respectively.

At present, some of our targeted businesses are subject to certain governmental restrictions in the PRC. In order to enable us to invest in certain media sectors such as TV advertising and content productions before government regulations and policies in this field are opened to foreign investors, one of our directors holds the equity interest of HuaGuang while HuaGuang holds the equity interest of M-Rider on behalf of the Company. We are therefore not the direct owner of the programming and advertising operations. We anticipate that this arrangement will be continued until further relaxation of the broadcasting policy in China.

RESULTS OF OPERATIONS

Statements of Operations Items:

Sales

Total revenue for the three months ended June 30, 2007 decreased by \$2,394,381 or 54% to \$2,076,223 from \$4,470,604 for the same period ended June 30, 2006. For six months ended June 30, 2007, we recorded total revenue of \$4,281,485, or 48% decrease compared to total revenue of \$8,167,325 for the same period last year. The decrease in total net sales was due to (1) the reduction in TV advertising sales after the Company decided to discontinue its agreement to act as the sole advertising agent of a TV channel in Guangzhou during 2007 as such operations had shown during 2006 not to be profitable; (2) reduction in sale of STB as larger scale of Nanhai TV migration process has not yet commenced in the first half of the year in accordance to Network Company's schedule; and (3) no one-time income attributable to reimbursement of operating expenses from Network Company is being recognized in this year.

Gross Profit

Gross Profit for the three months and six months ended June 30, 2007 decreased by \$973,958 or 52% to \$912,527 and \$1,507,138 or 47% to \$1,669,798 respectively as compared with the same period last year because of the reduction in TV advertising sales, the increase in depreciation of STB, and the reduction of STB sale and one-time income as described above during the first half year of 2007.

Expenses

Selling, general, administrative and depreciation and amortization (not related directly to generation of revenue) expenses for the three months ended June 30, 2007 increased by \$97,769 or 14% to \$776,790 and increased by \$324,512 or 26% to \$1,578,371 for the six months ended June 30, 2007 in comparison with the same period of 2006 which the increase was mainly due to the increase in business activities for the development of new value-added business and corporate expenses.

Minority Interests

Minority interests in the statement of operation represent the minority shareholders' share of the profits in the Company's 49% subsidiary. For the six months ended June 30, 2007, we recognized minority's share of loss of \$66,810.

Net Income

The Company had a net loss of \$11,135 and net income of \$893 for the three months and six months period ended June 30, 2007 respectively, compared to net income of \$841,430 and \$1,342,698 for the same periods ended June 30, 2006. The decrease in net income was because of the reduction in income from operation, and increase in depreciation, interest expenses and share of loss of the equity JV though offset partially by reduction in provision made for income tax.

Balance Sheet Items:

Current Assets

Current assets of the Company decreased by \$0.2 million to \$10.8 million during the first six months of 2007. As the Company utilized most of its cash on DTV migration, it has maintained a low level of cash balance of \$0.4 million. Accounts receivable decreased by \$0.3 million, mainly attributable to the increase in cash received from Nanhai Network Company.

Intangible Assets

Intangible assets increased by \$3.9 million during the first six months of 2007 which is the goodwill generated from the acquisition of Maxcomm.

Property and Equipment, Net

The net decrease in property and equipment of the Company of \$0.8 million to \$11.3 million represented depreciation of STB offset by purchase of STB during the first half of 2007.

Other Assets

Other assets represent deferred finance costs of \$298,000 related to commission, legal and financial advisory fees directly attributable to the issuance of the convertible debenture by the Company in 2006. Deferred finance costs are amortized over the life of the debenture of 18 months from November 2006. For the six months ended June 30, 2007, such expenses amortized were \$195,600. Other assets also include capitalized software development costs of \$614,462 related to the development of middleware of Arable. Such costs have not yet been transferred to the Fixed Assets of the Company and so no amortization was made.

Current Liabilities

Current liabilities of the Company had reduced by \$0.6 million to \$11.90 million during the first half of 2007 which is mainly due to the reduction in accounts payable by \$1.5 million.

Liquidity and Capital Resources

On June 30, 2007, we had cash of \$390,115 and a working capital deficit of \$960,612. This compares with cash of \$472,466 and a working capital deficit of \$1,437,167 at June 30, 2006. The decrease in working capital was mainly attributable to the funds raised from the issuance of debentures to finance the Nanhai migration process.

Operating activities had a net generation of cash deficit in the amount of \$46,840 during the six months ended June 30, 2007 (2006: \$3,804,621). The reduction of cash from operating activities was mainly attributable to settlement of payables due to suppliers.

Net cash used in investing activities for the six months ended June 30, 2007 was \$383,700 as compared with net cash used in investing activities of \$5,037,702 for the six months ended June 30, 2006. The decrease in net cash used in investing activities was due to the decrease in purchases of STBs in the first half of this year.

Net cash provided by financing activities for the six months ended June 30, 2007 was \$329,096 representing funding from related companies (2006: \$638,698, of which \$387,500 represented funds from a private placement).

We continued to receive cash from Nanhai Network Company according to the project schedule and plan of television digitalization migration. The Company's investment in STBs and smart cards remained the substantial accounts payable at June 30, 2007. For further business expansion and acquisition, the Company is considering various financing methods for funding, although there is no assurance that the Company will be able to raise additional funding on favorable terms, if at all. With the Company's further effort to expedite the collection of receivables and without considering further expansion, the Company is expected to have sufficient cash generated from operating activities to get through its business in the next 12 months.

On a long-term basis, liquidity is dependent on continuation and expansion of operations, receipt of revenues, additional infusions of capital and debt financing. Our current capital and revenues are not sufficient to fund further acquisition and business expansion. The Company is planning to raise capital through debt financing and from bank borrowings and equity financing from potential investors and partners. However, if the Company is unable to raise additional capital, its growth potential is likely to be affected.

Foreign Currency Translation Risk

The Company's major operation is in the PRC, which may give rise to significant foreign currency risks from fluctuations and the degree of volatility of foreign exchange rates between the United States dollars ("US\$") and the Chinese Renminbi ("RMB"). Provided that the RMB exchange rate against the US\$ maintains at a low degree of volatility, the Company does not believe that its foreign currency exchange rate fluctuation risk is significant.

The financial statements of the subsidiaries (whose functional currency is HK\$ or RMB) are translated into US\$ using the closing rate method. The balance sheet items are translated into US\$ using the exchange rates at the respective balance sheet dates. The capital and various reserves are translated at historical exchange rates prevailing at the time of the transactions while income and expenses items are translated at the average exchange rate for the year. All exchange differences on currency translations are recorded within equity. Translation gain for the three months and six months ended June 30, 2007 was \$26,035 and \$118,579 respectively.

ITEM 3. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company's chief executive officer and chief financial officer have reviewed and evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Exchange Act Rules a13d-15(e) and 15d-15(e)) as of the end of the period covered by this quarterly report. Based on that evaluation, the chief executive officer and chief financial officer have concluded that the Company's current disclosure controls and procedures are adequate and effective to ensure that material information relating to the Company was made known to them by others, particularly during the period in which this Quarterly Report on Form 10-QSB was being prepared.

Changes in Internal Control

There were no changes in our internal control over financial reporting, identified in connection with the evaluation of such internal control that occurred during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

On May 24, 2005, a Complaint was filed against us, among others, in the United States District Court for the Southern District of New York, in a matter captioned as "Ziegler, Ziegler & Associates LLP and Scott Ziegler, Plaintiffs, v. China Digital Media Corporation and John Does 1-10, Defendants." In the Complaint, the Plaintiffs allege, among other things, that we and John Does 1-10 used Plaintiff Scott Zeigler's e-mail address and Plaintiff Ziegler, Ziegler & Associates, LLP's internet domain name to distribute promotional information about us over the internet. The Plaintiffs seek a several types of relief, including damages in an amount not less than \$1,250,000. Pre-trial discovery has commenced in the matter. The file number of the civil action is 05 CV 4960.

The Company contested the allegations of the Plaintiffs and has retained counsel admitted to practice in the U.S. District Court for the Southern District of New York to vigorously defend the action. The Company did not hire a stock promoter or a spammer to distribute promotional e-mails, and the emails themselves recite that they were paid for by a shareholder of our Company, and not by the Company or an affiliate. We believe that the shareholder referred to in the emails was promoting its own interest and we had nothing to do with such activity. We believe we have no liability in this matter.

On January 18, 2006, counsel for the plaintiff threatened to file a complaint in the County Court in and for Miami-Dade County, Florida against the Company in an action for damages that does not exceed \$15,000, exclusive of court costs, attorney's fees and interest. The plaintiff alleged that the Company was a guarantor of a lease entered into by its Hairmax of Florida, Inc. subsidiary, which abandoned the lease and failed to pay the full rental due under the lease.

The Company has made a settlement offer to the plaintiff of an amount equal to \$9,000, and is awaiting the plaintiff's response. As part of any settlement, the Company will insist upon the execution and delivery of a binding release of all claims in favor of the Company. The Company has accrued \$9,000 in the past financial statements.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

During the quarter ended June 30, 2007, no unregistered securities were issued.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Information

None.

Item 6. Exhibits

<u>Number</u>	<u>Description</u>
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CHINA DIGITAL MEDIA CORPORATION
(Registrant)

Date: August 14, 2007

/s/ Ng Chi Shing
Ng Chi Shing
Chief Executive Officer

Date: August 14, 2007

/s/ Ng Chi Shing
Ng Chi Shing
Chief Financial Officer

Certification of Principal Executive Officer

I, Ng Chi Shing, Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of China Digital Media Corporation
2. Based on my knowledge, the report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(c) and 15d-15(e)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2007

*/s/ Ng Chi Shing
Ng Chi Shing
Chief Executive Officer*

Certification of Principal Financial Officer

I, Ng Chi Shing, Chief Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of China Digital Media Corporation
2. Based on my knowledge, the report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(c) and 15d-15(e)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2007

*/s/ Ng Chi Shing
Ng Chi Shing
Chief Financial Officer*

**STATEMENT REQUIRED BY 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-QSB of China Digital Media Corporation (the "Company") for the three months ended June 30, 2007, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Daniel Ng, Chief Executive Officer and Chief Financial Officer of the Company, certify that:

- the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company on the dates and for the periods presented.

/s/ Ng Chi Shing

Ng Chi Shing
Director, President, Chief Executive Officer

/s/ Ng Chi Shing

Ng Chi Shing
Chief Financial Officer

August 14, 2007

This certification accompanies this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.