

QUARTERLY ACTIVITIES AND CASH FLOW REPORT

31 MARCH 2017

HIGHLIGHTS

- + High activity quarter with social media influencers assembling
 - › Australian comedy trio, SketchSHE, appointed as first Megastar hosts, attracting **3 million followers**
 - › Collaboration with DanceOn, a digital platform for dancers founded by American singer Madonna, bringing **8.5 million highly engaged followers**
- + Award winning producer, Ms Marion Farrelly, joins as Megastar Executive Producer, with production commencing in May 2017
- + A-List Celebrity engagement progressing, with short-listed celebrities conducting advanced due diligence
- + Megastar competition launch on track for June 2017



SketchSHE trio Shae-Lee Shackleford, Lana Kington and Madison Lloyd

MSM Corporation International Limited ("MSM" or "the Company") (ASX: MSM), a leading digital technology and entertainment company, is pleased to release its Quarterly Activities Report and Appendix 4C Quarterly Cash Flow Report for the period ended 31 March 2017.

OPERATIONAL UPDATE

MSM has made significant progress towards the launch of the Megastar competition during the quarter, with multiple key appointments announced and the commencement of initial product marketing campaigns.

SketchSHE engaged as Hosts

The Company was pleased to announce its first hosts during the quarter, globally renowned comedy trio, SketchSHE. Featuring Shae-Lee Shackleford, Lana Kington and Madison Lloyd, the group creates viral videos for YouTube. SketchSHE's YouTube videos have more than 100 million views from across the globe.

With 3 million followers across their YouTube, Twitter, Facebook and Instagram accounts, SketchSHE's substantial social media presence will be leveraged throughout the competition to promote awareness of the Megastar competition.



ASX Announcement
28 April 2017

As first hosts, SketchSHE will guide Performers and Fans through the app and will help the audience discover new talent.

Collaboration with DanceOn

To further amplify awareness of the competition, MSM is pleased to be collaborating with DanceOn, a digital first platform for dancers, co-founded by American singer Madonna.

Forming part of the Company's social influencer network, MSM announced that 14 dancers from DanceOn would be joining the competition as Performers.

Collectively the dancers have approximately 8.5 million highly engaged followers across various social media channels which will be leveraged to amplify awareness of and engagement in the Megastar competition.



*Dancers from DanceOn, co-founded to by American singer **Madonna**.*

Influencer Campaign

With its initial influencers already in place, MSM will continue to announce social influencers ahead of the launch of the Megastar competition. The competition will include several categories including dance, comedy, extreme sports, magic, variety and singing. The Company will select influencers that broadly represent these categories.

Ms Marion Farrelly Appointed as Executive Producer

To lead the competition's talent production and development of host and celebrity talent videos, Ms Marion Farrelly was appointed as Executive Producer of Megastar. Ms Farrelly is an international award-winning producer and has worked on leading television programs including The X Factor, Celebrity Apprentice, Q&A and Big Brother.

As an industry leading Executive Producer, Ms Farrelly will be pivotal to securing top-tier talent, including A-List celebrity talent, who will demand a high level of content production. Production is set to commence in May 2017.

Global Marketing Leadership

During the quarter, the Company strengthened its marketing team with the appointment of Ms Jane Barrett as Senior Director of Marketing to lead Megastar's extensive marketing initiatives ahead of its world-wide launch.



Newly appointed Executive Producer, Marion Farrelly.



ASX Announcement
28 April 2017

Ms Barrett is a global executive marketing leader with deep experience in both traditional and digital marketing. Her prior experience includes senior roles with large corporations including Intel and SanDisk as well as strong start-up company experience.

A-List Celebrity Update

The Company continued to make significant progress in relation to securing A-List celebrity talent to judge and promote the Megastar competition during the quarter. Material negotiations relating to fees, timing, usage rights and depth-of-integration into the platform are underway.

Once the A-List celebrity talent is engaged, additional features will be incorporated into the platform to integrate the celebrity and increase the user experience.

During the quarter, MSM announced that the Megastar competition launch had been rescheduled to Q2 2017 to provide time for the engagement, integration and curation of the A-list celebrity talent once they have been appointed. The Company remains on track to launch the competition in this timeframe and is targeting June 2017.

CORPORATE UPDATE

Following the close of the period, the Company announced it had made a strategic equity investment of US\$100,000 in The Influential Network Inc. (Influential), a leading Beverly Hills-based, data-first, influencer marketing platform powered by IBM Watson.

As part of the investment, MSM will leverage Influential's intelligent marketing platform to access over 10,000 top social media influencers and reach over 5 billion social media followers, making the investment highly valuable for the success of the competition.

FINANCIAL

In the lead up to the launch of the Megastar competition, as expected cash outflows increased to \$2.8 million, compared to \$2.1 million in the previous quarter. The increase was driven by significant planned investment into the final development of the competition platform, along with steady increases in staff, advertising and marketing costs and administration and corporate costs.

MSM had cash at bank of \$3.3 million as at 31 March 2017.

OUTLOOK

The Company is advancing discussions with multiple short-listed celebrities. MSM intends to launch the world-wide competition in June 2017 with an A-List celebrity integrated into the platform as a judge and ambassador.

In the coming months, MSM will continue to roll out its marketing initiatives ahead of the launch of the Megastar competition, building up its social media presence with further influencers and promotions. In addition, the Company will commence production of its initial host and seeded talent video content.



ASX Announcement
28 April 2017



Managing Director, Dion Sullivan commented;

"The last quarter has been a very busy period for the team. In addition to finessing the Megastar competition platform through final development efforts, we have built strong network of social media influencers, hosts and initial seeded Performers in the previous few months. This network, coupled with our recent strategic equity investment into Influential, will enable us to harness the power of social media marketing to reach millions of social media followers from across the globe and amplify awareness of the Megastar competition. We are on track to launch the first Megastar competition in June 2017."

Executive Director Asia-Pacific, Sophie McGill commented;

"We have significantly progressed our discussions with the short-listed A-List celebrities to judge and promote the Megastar competition. Once secured the A-Lister will feature heavily in Megastar's marketing initiatives to create global awareness of the competition."

FOR FURTHER INFORMATION, CONTACT:

Sophie McGill

Executive Director APAC
T: +61 415-656-953
E: sophie@msmci.com

Media queries:

Andrew Ramadge
Media & Capital Partners
T: +61 475-797-471
E: andrew.ramadge@mcpartners.com.au

ABOUT MSMCI

MSM Corporation International Limited ("MSMCI") is a leading digital technology and global entertainment company focused on developing digital products that turn creativity into capital.

Its flagship product is Megastar, a global, all-digital, mobile platform-based talent contest, featuring performers of any talent competing against each other for prizes, a role in a film and more. Winners are chosen by fans voting in the contest through the Megastar app.

The Megastar contest will available in six countries: Australia, Canada, New Zealand, South Africa, Great Britain, and the United States, and can be downloaded on iOS and Android devices.



ASX Announcement
28 April 2017

MSMCI was founded by CEO Dion Sullivan and Chairman of the Board Adam Wellisch, and is headquartered in Sydney, Australia and Oakland, California, USA. It is a Limited Corporation, publicly traded on the Australian exchange (ASX:MSM).

Visit www.msmci.com to learn more or to [sign up for the investor newsletter](#).

	Current quarter \$A'000	Year to date (9 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	(205)
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	-	(205)
3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	3	4,885
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	484	1,521
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(256)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	487	6,150
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	5,668	4,084
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,829)	(6,703)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	(205)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	487	6,150
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of quarter	3,326	3,326

+ See chapter 19 for defined terms.

	Current quarter \$A'000	Previous quarter \$A'000
5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1 Bank balances	1,658	2,668
5.2 Call deposits	1,668	3,000
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,326	5,668

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	(312)
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
<i>Salary and wages, directors and company secretarial fees.</i>	

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(350)
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	(1,000)
9.4 Leased assets	-
9.5 Staff costs	(500)
9.6 Administration and corporate costs	(430)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(2,280)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Mark Clements
Company Secretary
Friday, 28 April 2017

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.