



MSM CORPORATION INTERNATIONAL LIMITED

ABN 51 002 529 160

**ANNUAL FINANCIAL REPORT
30 JUNE 2021**

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COMPANY INFORMATION

DIRECTORS

Mr Antoine Massad
(Non-Executive Chairman)

Mr Chris Jones
(Non-Executive Director)

Mr Mark Clements
(Non-Executive Director)

Mr Adam Wellisch
(Non-Executive Director)

COMPANY SECRETARY

Mr Mark Clements

REGISTERED OFFICE

Level 8, 90 Collins Street
MELBOURNE VIC 3000

AUDITORS

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

SECURITIES EXCHANGE

ASX

HOME EXCHANGE

Melbourne

SHARE REGISTRY

Advanced Share Registry Services
110 Stirling Highway
Nedlands 6009
Western Australia

ASX CODE

MSM

CHAIRMAN'S LETTER

Dear Shareholders,

Over the last 12 months, the gaming and Esports industry has experienced a significant boost in user engagement as a result of the pandemic, with mobile gaming now the primary driver of growth for digital games consumption. In my address to you last year I advised that the Company is well-placed to benefit from this fast-growing industry as a shareholder of Riva Technology and Entertainment Limited (RTE).

Of note, I am very pleased to report that FY21 represents the Company's maiden profit result. The \$3M profit reflects the significant increase in value in the Company's 10% strategic equity interest in RTE.

During the year, MSM has sought to take advantage of this upswing by announcing the proposed merger with RTE, subject to re-compliance with the admission and quotation requirements of ASX, to create a global digital media entertainment, Esports and gaming business.

RTE is a technology company with a vast amount of mobile gaming, Esports and IP expertise. They have generated significant value during the last 12 months with strategic investments and brand licencing deals with a number of gaming and Esports related entities which complement the existing 70% ownership of mobile game developer and publisher, Firefly Games.

RTE has invested in Galaxy Racer, a leading Esports organisation, OKLets Play, a real money gaming competition platform, Rogue Games, a game publisher and Sub2R, a professional streaming video camera manufacturer and secured significant licencing agreements with MGA Entertainment, one of world's largest private toy companies and Dark Horse Comics, one of the largest comic publishers in the United States.

Further, Galaxy Racer and Firefly Games have recently announced their mobile gaming and Esports focus on the Oceania region, in particular Australia, as it is considered an emerging market with significant revenue generating potential.

We see the future growth strategy of MSM being driven by these key strategic investments and the development of Megastar Version 2.0.

We continue to work with RTE and our advisors on the re-compliance with the admission and quotation requirements of ASX. In the interim, MSM (along with other subscribers of the loan notes) have a priority right to be paid all profits or distributions received by RTE from J&D in repayment of the loan note owed to MSM with MSM also benefiting from any ongoing distributions post loan repayment as an RTE shareholder. In the last 12 months, RTE has repaid US\$0.450M to MSM (US\$1.05M balance as of 30 June 2021).

In relation to the current pandemic, MSM's approach in these rapidly changing times as a result of COVID-19 is to remain disciplined and to collaborate with RTE and others to maintain the health and wellbeing of our contractors and stakeholders.

On behalf of MSM, I would like to thank my fellow Board members, our dedicated contractors and advisors, and, most importantly, our loyal shareholders for their ongoing support and patience.

I very much look forward to reporting back to you next year on the success of our vision to deliver global digital media entertainment, Esports and gaming business.

Yours faithfully



Mr Antoine Massad

Non-Executive Chairman

DIRECTORS' REPORT (continued)

Your directors present their report on MSM Corporation International Limited (“the Company” or “MSM”) for the financial year ended 30 June 2021. In order to comply with the provisions of the Corporations Act 2001, the directors’ report as follows:

DIRECTORS

The following persons were directors of MSM Corporation International Limited during or since the end of the financial year and up to the date of this report unless otherwise stated:

Mr Antoine Massad	Non- Executive Chairman	<i>appointed 20 December 2019</i>
Mr Chris Jones	Non-Executive Director	<i>appointed 20 November 2018</i>
Mr Mark Clements	Non-Executive Director	<i>appointed 12 January 2016</i>
Mr Adam Wellisch	Non-Executive Director	<i>appointed 29 December 2015</i>

INFORMATION ON DIRECTORS AND COMPANY SECRETARY

Mr Antoine Massad (Non-Executive Chairman)

Mr Massad previously held the role of CEO Asia & Middle East at Man Group PLC, one of the largest publicly traded hedge funds in the world, for over 20 years, followed by 3 years as Chairman of the Wealth Management Advisory Council of the Dubai International Financial Centre (“DIFC”), and subsequent similar positions at MAF Group and Union Bancaire Privee, managing multi-billion Dollar investment portfolios for institutional and high-net-worth clients.

He is currently Chairman of Single Family Office AJM International Ltd (2007 – present), incorporated in the DIFC and formerly Chairman of BECO Holdings, a Venture Capital firm focused on early stage technology companies in the Middle East most notably known for their early stage investment into Careem, a transportation network company based in Dubai which was sold for US\$3.1 billion to Uber and formerly CEO of ISAM Middle East, a provider of Quantitative Hedge Fund strategies.

Mr Massad currently sits on a number of Advisory Boards. As an active angel investor in technology start-ups, he works in partnership with one of the world’s largest technology accelerators, Techstars, and independently has been running a mentorship program for several years. Focusing on the identification of entrepreneurs and providing strategic assistance, fuelling business growth and development, these programs build lasting relationships and create a culture of innovation fundamental to success, enabling founders and entrepreneurs to scale and grow their businesses. He is currently Chairman of Humtap (humtap.com), an interactive, AI Music & Video Social Platform. Mr Massad does not hold any other directorships.

Mr Massad holds an interest in 4,785,475 ordinary shares.

Mr Chris Jones (Non-Executive Director)

Mr Jones has over a decade's experience in the Australian finance industry working for wholesale investment funds and broking houses, most recently becoming a partner at Emerald Capital Australia Pty Limited (**ECA**). Mr Jones has a large breadth of expertise in corporate finance, capital raising, and funds management and has through his role as an Investment manager formed close working relationships with fund managers around the globe. Mr Jones does not hold any other directorships.

Mr Jones holds an interest in 514,155 ordinary shares and 312,500 listed options expiring 27 December 2022 with an exercise price of \$0.04.

Mr Mark Clements (Non-executive Director and Company Secretary)

Mr Clements has extensive experience in corporate accounting and public company administration. He is a Fellow of the Institute of Chartered Accountants, a Fellow of the Governance Institute of Australia and member of the Australian Institute of Company Directors. Mr Clements is a non-executive director of Alterra Limited and Emerald Resources NL and was executive chairman of MOD Resources Limited. He is company secretary for a number of publicly listed companies in various industries and previously worked for an international accounting firm.

Mr Clements holds an interest in 16,156,115 ordinary shares, 225,000 options with an exercise price of \$0.04 expiring 27 December 2022 and 1,200,000 Class C Performance Rights.

Mr Adam Wellisch (Non-Executive Director)

Mr Wellisch has 19 years' experience in technology strategy, business administration, systems consulting and software development. He has held executive and non-executive positions with technology organisations ranging from start-ups to large multinationals. Recent appointments include Asia-Pacific CIO for market-leading FTSE 100 company, Compass Group Plc and Information Systems Director for Bupa's fast-growing health services division. Mr Wellisch was Non-executive director of Incannex Healthcare Limited. Mr Wellisch does not hold any other directorships.

Mr Wellisch holds an interest in 12,535,129 ordinary shares, 4,742,802 options expiring 27 December 2022 with an exercise price of \$0.04 and 1,200,000 Class C Performance Rights.

REVIEW AND RESULTS OF OPERATIONS

During the year the Company continued to strengthen the strategic relationships with The Riva Group and the association with Firefly Games and Galaxy Racer who collectively are technology companies with a vast amount of mobile gaming development and IP expertise engaged to add functionality to the next release of the Megastar product with gamification, interactive video content and high-profile Esports talent.

On 5 February 2021, the Company was suspended from quotation at the request of the Company, following the announcement that it had entered into an agreement proposing to acquire all of the issued capital of The Riva Group subsidiary, Riva Technology and Entertainment Limited (RTE) whilst the Company consults with ASX on the regulatory and shareholder requirements for the quotation of the merged entity. As at 30 June 2021, the Company already held an equity interest of 10% in RTE, refer to Note 8.

Megastar Version 2.0

During the year the Company announced that RTE and Galaxy Racer had appointed senior Disney veteran and consumer products expert Guenther Hake as their advisor to maximize the brand partnerships, consumer products and merchandise.

As announced on 26 June 2020, RTE has entered into an agreement with Galaxy Racer to manage all Esports content for the Megastar Version 2.0 platform licenced to RTE.

Guenther Hake has over 30 years of experience with some of the leading brands in the world, with 15 years in the entertainment industry. Guenther was the first CEO of Oriental DreamWorks, where he created the foundation for the extremely popular "Kung Fu Panda 3".

Guenther is most well-known for his role as the Senior Vice President and General Manager of Disney Consumer Products in Greater China where under his leadership the consumer products business grew significantly, all while franchises such as Disney Princess, Marvel and Star Wars were introduced to Greater China.

Gunther will be lending his expertise to build a comprehensive strategy around consumer products, apparel and merchandise for Galaxy Racer and RTE, including the Megastar Version 2.0 platform which is planned to deliver a more gamified and interactive experience skill based competition with Esports and mobile gaming under the license agreement executed with RTE (refer ASX announcement dated 15 July 2019).

On 13 July 2020, the Company received the second of five milestone payments of US\$100,000 from The Riva Group to fund the continued development of Megastar Version 2.0 with a more gamified and interactive experience skill based competition with Esports and mobile gaming.

Galaxy Racer

Galaxy Racer recently announced its partnership with eLiga Santander Fan Cup for the ongoing season. eLiga is the official virtual competition of La Liga Santander, the top professional football division of the Spanish league system. This partnership is the first time a Dubai-based Esports organisation will team up with a significant worldwide FIFA event and is one of a series of initiatives that have drawn inspiration from the Dubai government's projects to foster future-oriented innovation such as Dubai 10X.

The partnership between Galaxy Racer and eLaLiga also supports the goal of Dubai 10X Media, an initiative of the Government of Dubai Media Office, to drive the development of the region's Esports industry and establish Dubai as a regional and global hub for competitive Esports events. The partnership is expected to contribute to the growth of a global Esports international ecosystem while also connecting the competition to a massive audience of over 50 million followers.

Intellectual Property

During the year, the Company continued to advance its intellectual property assets to maximise the benefit of the Megastar platform concepts in the global digital technology and entertainment industry.

On 21 December 2020 the Company announced the issuance of US Patent No. US 10,733,561 had strengthened the legal protection for the Megastar platform, underpinned MSM's licensing strategy and created the potential for new revenue opportunities.

In the short term, US Patent No. US 10,733,561 enhances the value of the license agreement with RTE for utilisation of the Megastar platform for mobile gaming and Esports (as announced on 15 July 2019).

Both MSM and RTE continue to be committed to clear strategic priorities to maximise user engagement and monetisation opportunities to optimize the user experience. By doing so, enabling an increase in the global reach

DIRECTORS' REPORT (continued)

of Megastar Version 2.0 through RTE's already established portfolio of industry contacts, IP and infrastructure, including Galaxy Racer whose engagement has resulted in a clearer development pathway for the Megastar online platform, now significantly enhanced by the recent US patent examinations.

Firefly Games

During the year, Firefly Games successfully completed its global launch of *Zombie Rollerz: Pinball Heroes* which is available worldwide on Apple Arcade.

The game has been co-developed with Zing Games Inc and is the first for Firefly Games on Apple Arcade targeting global mobile gaming audiences. The game was featured by Apple globally across all regions on Apple Arcade. The statistics from Apple Inc for the first 3 days since launch included 30 million impressions, over 325,000 page views and Day 1 retention at 45%.

RTE Loan

During the year, RTE transferred loan repayments totalling US\$450,000 of the US\$1.5M waterfall loan note. The Company has applied these funds for general working capital.

It is anticipated that MSMCI's working capital requirements going forward will be met by these waterfall loan note repayments as gamification revenue is generated by Firefly Games Inc and distributed via RTE to MSMCI who has a priority right, along with other loan note holders, to be paid all profits or distributions received by RTE in repayment of the notes. MSMCI may also benefit from any ongoing distributions post loan repayment as 10% shareholder in RTE.

FINANCIAL

The Company recognised a profit after tax of \$3,142,951 (30 June 2020 – loss of \$420,199).

The profit includes a fair value movement in financial assets of \$3,017,879 (30 June 2020 – \$1,004,744) which has been recognised in the Statement of Profit and Loss in relation to the Company's 10% strategic equity interest in RTE.

The profit also includes the disposal of the Company's equity investment in ToneDen, Inc. The Company received US\$150,000 (\$206,031) for the disposal of the investment which was recognised in the Statement of Profit and Loss and Other Comprehensive Income. Further, as a result of the disposal, US\$150,000 (\$206,031) of other payables recorded in the Company was de-recognised on disposal of its equity investment in ToneDen, Inc. This has been reflected as Other Income in the Statement of Profit or Loss and Other comprehensive Income.

On 30 December 2020, the Company issued 3,076,600 fully paid ordinary shares to directors at a deemed issue price of \$0.041 per share (fair value per share of \$0.059) as payment in lieu of cash for services provided following shareholder approval at the Annual General Meeting held 27 November 2020.

The Group had cash on hand of \$256,399 at the end of the year (30 June 2020: \$26,800). As at 30 June 2021, the Group has increased the net asset position to \$5,859,270 (30 June 2020 – net asset position of \$2,618,339).

During the year, the Company continued to focus on the potential RTE merger, ongoing cost reductions and maintaining the support of all stakeholders including strengthening the strategic partnership with RTE, Galaxy Racer and Firefly Games to progress toward the relaunch of the Megastar online platform to re-establish value for shareholders.

2022 OUTLOOK

The Company is focussed upon continuing its strategy of merging with RTE to create a global digital media entertainment, Esports and gaming business.

RTE is a technology company with a vast amount of mobile gaming, Esports and IP expertise. They have generated significant value during the last 12 months with strategic investments and brand licencing deals with a number of gaming and Esports related entities which complement the existing 70% ownership of mobile game developer and publisher, Firefly Games.

RTE has invested in Galaxy Racer, a leading Esports organisation, OKLets Play, a real money gaming competition platform, Rogue Games, a game publisher and Sub2R, a professional streaming video camera manufacturer and secured significant licencing agreements with MGA Entertainment, one of world's largest private toy companies and Dark Horse Comics, one of the largest comic publishers in the United States.

Further, Galaxy Racer and Firefly Games have recently announced their mobile gaming and Esports focus on the Oceania region, in particular Australia, as it is considered an emerging market with significant revenue generating potential.

We see the future growth strategy of MSM being driven by these key strategic investments and the development of Megastar Version 2.0 to re-establish value for shareholders.

DIVIDENDS

No dividends have been provided for or paid by the Company in respect of the year ended 30 June 2021 (2020 – \$nil).

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the consolidated entity up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Subsequent to year end the Company advised YDigital Media that it no longer will be engaging with them to complete the relaunch of Megastar Version 2.0. Instead, on 30 July 2021, the Company announced it had signed a binding MoU with Recast Sports Limited to provide gamification and advertising solutions to assist in the monetisation of Megastar Version 2.0 content on their pioneering direct-to-customer video platform, Recast.

Recast connects rights holders, fans and brands on one single platform by combining the ability to watch sports and Esports from any device with the potential to earn in-app credits called 'Casts' - for both viewers and rights holders - through microtransactions on the Recast Application.

MSM has been working with strategic partner, RTE on the launch of Megastar Version 2.0 which is expected to deliver a more gamified and interactive experience skill based competition with eSports and mobile gaming. RTE's introduction to Recast is expected to deliver a gamified model for a more interactive experience for fans. Contestants will upload videos of their talents in music, dance, sports, comedy, magic and variety. Fans will then vote for their favourite entrants via the over-the-top (OTT) Recast platform.

The partnership will give MSM access to Recast's existing users who currently engage with the platform for everything from clips from the World Parkour Championships to exclusive Manchester City FC content.

As consumption and payment patterns continue to evolve, Recast has secured rights holders around the world looking to monetise their video content.

DIRECTORS' REPORT (continued)

As Recast continues to develop its OTT platform, rights holders can create a free account within one minute and start benefiting from an incentivised sharing model using micropayments via a platform that, unlike other social media platforms, is free from abuse.

On 30 July 2021, the Company also advised it continued to progress the documentary requirements in relation to the proposed merger with strategic partner, RTE, which is subject to re-compliance with the admission and quotation requirements of ASX, to create a global digital media entertainment, Esports and gaming business.

No other matters or circumstances have arisen since 30 June 2021 that has significantly affected, or may significantly affect:

- a) the Group's operations in future financial years, or
- b) the results of those operations in future financial years, or
- c) the Group's state of affairs in future financial years.

ENVIRONMENTAL REGULATIONS

The Company's environmental obligations are regulated by Australian State and Federal Law, and by the Laws of other countries in which it operates. The Company has complied with its environmental performance obligations. No environmental breaches have been notified by any Government agency to the date of the Directors' Report.

PROCEEDINGS OF THE COMPANY

No person has applied to the 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.

The Company was not a party to any such proceedings during the year.

INDEMNIFICATION AND INSURANCE OF OFFICERS

The Company resolved that it would indemnify its current directors and officers. Coverage in respect of this indemnity has been provided via a directors and officers insurance policy negotiated at commercial terms. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Excluding the matter noted above the Company has not, during or since the financial year-end, in respect of any person who is, or has been an officer or auditor of the Company or a related body corporate:

- Indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
- Paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings.

NON-AUDIT SERVICES

During the year, \$2,060 (2020: \$4,240) was paid to BDO Corporate Tax (WA) Pty Ltd for taxation services provided.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

DIRECTORS' REPORT (continued)

The Directors are of the opinion that the non-audit services do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

SHARES UNDER OPTION OR ISSUED ON EXERCISE OF OPTIONS

At the date of this report, the following options to acquire ordinary shares were on issue:

- 155,471,429 quoted options exercisable at \$0.04 on or before 27 December 2022.
- 1,500,000 exercisable at \$0.043 on or before 2 May 2028.

During the financial year the Company issued nil ordinary shares as a result of the exercise of options.

DIRECTORS' REPORT (continued)

DIRECTORS' MEETINGS

The number of meetings attended by each director during the year is as follows:

Director	Number of meetings held while in office	Number of meetings attended
Antoine Massad	6	6
Chris Jones	6	6
Mark Clements	6	6
Adam Wellisch	6	3

In addition to the above, the Board met via circular resolution on 9 occasions during the year.

REMUNERATION REPORT - AUDITED

This report, which forms part of the Directors' Report, outlines the remuneration arrangements in place for the key management personnel of the Company for the financial year ended 30 June 2021. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for key management personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Key Management Personnel

Directors

Antoine Massad	<i>Non-Executive Chairman</i>
Chris Jones	<i>Non-Executive Director</i>
Mark Clements	<i>Non-Executive Director and Company Secretary</i>
Adam Wellisch	<i>Non-Executive Director</i>

Remuneration Philosophy

The objective of the Company's reward framework is to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors and executives of the highest calibre whilst maintaining a cost which is acceptable to shareholders.

The Company does not have a Remuneration Committee. Instead, the Board monitors and reviews the remuneration policy of the Company. The Board will engage an independent remuneration consultant to review the Company's policy on remuneration as and when required.

Non-Executive Directors

Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed by the board. The chairman's fees are determined independently to the fees of Non-Executive Directors based on comparative roles in the external market.

Directors Fees

The Directors fees were unchanged for the year. Director fees are determined within an aggregate director fee pool limit, which is periodically recommended for approval by shareholders. The maximum, for all directors, currently stands at \$250,000 in aggregate. This amount is separate from any specific tasks the directors may take on for the Company in the normal course of business and at normal commercial rates.

DIRECTORS' REPORT (continued)

Fees for directors are not linked to the performance of the Company however, to align all directors' interests with shareholders' interests, directors are encouraged to hold shares in the Company and may receive options and performance rights. Performance conditions are attached to the performance rights. This effectively links directors' performance to the share price performance and therefore to the interests of shareholders. There have been no performance conditions imposed prior to the grant of options which act as an incentive to increase the value for all shareholders.

Executive Remuneration

The Company currently has no executive officers. However the Company's policy is to reward executives (both directors and executives) with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- Reward executives for Company performance;
- Align the interest of executives with those of shareholders; and
- Ensure total remuneration is competitive by market standards.

Fixed remuneration is reviewed annually or upon renewal of fixed term contracts by the board and the process consists of a review of Company and individual performance, relevant comparative remuneration in the market and internal policies and practices. Executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash and fringe benefits. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

The objective of variable remuneration provided is to reward executives in a manner which aligns this element of remuneration with the creation of shareholder wealth. Variable remuneration may be delivered in the form of share options and performance rights granted with or without vesting conditions.

Short and Long Term Incentives

STI

Options

The Company did not issue any STI during the year. However the Company's policy is to issue options to provide ongoing incentives to key employees, consultants and officers of the Company.

Options granted under the arrangement do not carry dividend or voting rights. Each option is entitled to be converted into one ordinary share once the interim or final financial report has been disclosed to the public and is measured using the Black-Scholes valuation methodology.

As the Company does not have a Remuneration Committee, the Board is responsible for assessing whether the KPIs are met. The STI target annual payment is reviewed annually. The Board has the discretion to adjust STI's downwards in light of unexpected or unintended circumstances.

LTI

Performance Rights

The Company has considered the remuneration structures of ASX listed companies with a similar pathway to development, to determine a suitable quantum and structure of an incentive based remuneration plan for management and executive and non-executive members of the Board. As a result of this review the Company has historically issued performance rights as a fair and reasonable incentive based remuneration package. However no performance rights have been issued in the year ended 30 June 2021 (2020: nil).

Statutory Performance Indicators

The table below shows the performance of the Group for the current financial year and the previous four financial years.

	2021	2020	2019	2018	2017
Net profit/(loss)(\$)*	3,142,951	(420,199)	(423,216)	(18,921,838)	(12,969,655)
Share price (\$)	0.059 ¹	0.042	0.007	0.016	0.215
Earnings/(loss) per share (\$)*	0.004	(0.001)	(0.001)	(0.05)	(0.04)

Note 1: As at 30 June 2021 the Company was in voluntary suspension.

Relative Proportion of Fixed vs Variable Remuneration Expense

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense on page 13.

KMP	Fixed Remuneration	STI	LTI ¹
	2021	2021	2021
Antoine Massad	100%	0%	0%
Chris Jones	100%	0%	0%
Mark Clements	79%	0%	21%
Adam Wellisch	55%	0%	45%

Note 1: There were no LTI's issued during the year. The percentage relates to the accounting expenses on the performance rights issued in prior years.

Performance Rights

The terms and conditions of each grant of performance rights affecting remuneration in the current and future reporting period are as follows:

KMP	Milestone			Total
	Market capitalisation of \$120 million	Market capitalisation of \$180 million	Market capitalisation of \$250 million	
Adam Wellisch	400,000	400,000	400,000	1,200,000
Mark Clements	400,000	400,000	400,000	1,200,000
Total number of rights	800,000	800,000	800,000	2,400,000
Value per right	\$0.175	\$0.119	\$0.078	
Issue date	29/11/2016	29/11/2016	29/11/2016	
Expiry date	29/12/2021	29/12/2021	29/12/2021	

The Performance Rights were valued using the barrier trinomial valuation method.

A milestone will be satisfied if the Company has had the relevant market capitalisation for a period of 30 consecutive calendar days.

In the event a milestone is not met by the expiry date, or the KMP ceases to be engaged by the Company when a milestone is met, the respective Performance Rights will not vest and, as a result, no new shares will be issued.

There is no consideration payable upon the vesting of a Performance Right. In accordance with the terms of the Performance Rights Plan, all Performance Rights will vest upon a takeover bid or other change of control event.

DIRECTORS' REPORT (continued)

DETAILS OF REMUNERATION

FOR THE YEAR ENDED 30 JUNE 2021					
KMP	Short-Term Benefits Base Remuneration ¹	Post-Employment Benefits	Share Based Payments (Performance Rights) ²	Total	Value of Share Based Payments as a Proportion of Remuneration
	\$	\$	\$	\$	%
Antoine Massad (Non-Executive Chairman)	48,000 ³	-	-	48,000	-
Chris Jones (Non-Executive Director)	36,000	-	-	36,000	-
Mark Clements (Non-Executive Director and Company Secretary)	108,000 ⁴	-	29,263	137,263	21%
Adam Wellisch (Non-Executive Director)	36,000 ⁵	-	29,263	65,263	45%
Total	228,000	-	58,526	286,526	-

Note 1: Short-Term benefits paid to directors include consulting fees.

Note 2: There were no share-based payments issued during the period which related to services performed in the year ended 30 June 2021. The numbers relate to the accounting expense on the performance rights issued in prior periods.

Note 3: During the year, 1,135,475 shares were issued at fair value to Mr Massad or his nominee in satisfaction of outstanding director fees for the year ended 30 June 2020 and for the period to 30 November 2020, following shareholder approval at the Company's annual general meeting.

Note 4: Short Term benefits paid to director include company secretarial fees. During the year, 900,000 shares were issued at fair value to Mr Clements or his nominee in satisfaction of outstanding company secretarial fees for the year ended 30 June 2020, following shareholder approval at the Company's annual general meeting.

Note 5: During the year, 1,041,124 shares were issued at fair value to Mr Wellisch or his nominee in satisfaction of outstanding director fees for the period ended 30 June 2020, following shareholder approval at the Company's annual general meeting.

FOR THE YEAR ENDED 30 JUNE 2020					
KMP	Short-Term Benefits Base Remuneration ²	Post-Employment Benefits	Share Based Payments (Performance Rights) ⁶	Total	Value of Share Based Payments as a Proportion of Remuneration
	\$	\$	\$	\$	%
Antoine Massad (Non-Executive Chairman) ¹	25,419	-	-	25,419	-
Adam Wellisch (Non-Executive Director) ³	41,645	-	29,343	70,988	41%
Chris Jones (Non-Executive Director) ⁴	39,000	-	-	39,000	-
Mark Clements (Non-Executive Director and Company Secretary) ⁵	36,000	-	29,343	65,343	45%
Total	142,064	-	58,686	200,751	-

Note 1: Appointed on 20 December 2019. All directors fees have been accrued to 30 June 2020.

Note 2: Short-Term benefits paid to directors include consulting fees. During the period, 666,667 shares were issued at fair value to Mr Wellisch or his nominee in satisfaction of outstanding director fees for prior periods, following shareholder approval at the Company's annual general meeting. Directors fees from 1 January 2020 have been accrued to 30 June 2020.

Note 3: Directors fees from 1 January 2020 have been accrued to 30 June 2020.

Note 4: Short Term benefits paid to directors include company secretarial fees. During the period, 4,000,000 shares were issued at fair value to Mr Clements or his nominee in satisfaction of outstanding director and company secretarial fees for prior periods, following shareholder approval at the Company's annual general meeting.

Note 5: Director fees from 1 January 2020 have been accrued to 30 June 2020.

Note 6: There were no share-based payments issued during the period which related to services performed in the year ended 30 June 2020. The numbers relate to the accounting expense on the performance rights issued in prior periods.

Executive Service Agreements

The Company has no executive officers.

DIRECTORS' REPORT (continued)

Key Management Personnel Equity Holdings

The interests of directors and other key management personnel in securities of the Company as at 30 June 2021 are as follows:

KMP	ORDINARY SHARES	OPTIONS	CLASS B PERFORMANCE SHARES	CLASS C PERFORMANCE RIGHTS
A Massad	4,785,475	-	-	-
C Jones	514,155	312,500	-	-
M Clements	16,156,115	225,000	-	1,200,000
A Wellisch	12,535,129	4,742,802	-	1,200,000

ORDINARY SHARE MOVEMENTS				
KMP	Held at 1 July 2020	Granted as Remuneration ¹	Net Other Changes	Balance at 30 June 2021
A Massad	3,650,000	-	1,135,475	4,785,475
C Jones	514,155	-	-	514,155
M Clements	15,256,115	-	900,000	16,156,115
A Wellisch	11,494,005	-	1,041,124	12,535,129

Note 1: Issued on 30 December 2020 in satisfaction of outstanding director's fees and company secretarial fees as approved at the Company's Annual General meeting held 27 November 2020. Refer to Note 11.

OPTIONS				
KMP	Held at 1 July 2020	Net Other Changes	Balance at 30 June 2021	Vested and Exercisable
C Jones	312,500	-	312,500	312,500
M Clements	225,000	-	225,000	225,000
A Wellisch	4,742,802	-	4,742,802	4,742,802

CLASS C PERFORMANCE RIGHTS				
KMP	Held at 1 July 2020	Net Other Changes	Balance at 30 June 2021	Maximum value yet to vest*
A Wellisch	1,200,000	-	1,200,000	\$14,591
M Clements	1,200,000	-	1,200,000	\$14,591

*The maximum value of the deferred ordinary share rights has been determined as the amount of the grant date fair value of the performance rights that is yet to be expensed.

CLASS B PERFORMANCE SHARES MOVEMENTS			
KMP	Held at 1 July 2020	Exercised/ (Expired) ¹	Balance as at 30 June 2021
A Wellisch	6,474,819	(6,474,819)	-
M Clements	3,904,076	(3,904,076)	-

Note 1: On 29 December 2020, 50,000,000 unlisted Class B performance rights expired without exercise.

Other Transactions with Key Management Personnel

There were no other transactions with key management personnel during the year ended 30 June 2021.

Voting of Shareholders at Last Year's Annual General Meeting

At the 2020 Annual General Meeting more than 99% of the votes received supported the remuneration report for the 2020 financial year.

END OF AUDITED REMUNERATION REPORT

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, BDO Audit (WA) Pty Ltd, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the annual financial report. This Independence Declaration is set out on page 16 and forms part of this Directors' Report for the year ended 30 June 2021.

Signed in accordance with a resolution of the Directors.



Antoine Massad
Non-Executive Chairman
30 August 2021



Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF MSM CORPORATION INTERNATIONAL LIMITED

As lead auditor of MSM Corporation International Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of MSM Corporation International Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'J Prue', is written over a light blue horizontal line.

Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 30 August 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

		2021	2020
	Notes	\$	\$
Revenue from contracts with customers			
Changes in fair value of investments at fair value	8	3,017,879	1,004,744
Other Income	4	1,006,335	68,000
Interest Income		-	74
		<u>4,024,214</u>	<u>1,072,818</u>
Expenses			
Finance cost	4	67,443	417,232
Administration expenses	4	414,852	587,340
Employee benefits and directors fees	4	228,000	214,064
Share based payments	3	58,526	58,686
Project expenditure		112,442	215,695
Profit/(loss) from continuing operations before income tax expense		<u>3,142,951</u>	<u>(420,199)</u>
Income tax expense	5	-	-
Net profit/(loss) from continuing operations after income tax expense		<u>3,142,951</u>	<u>(420,199)</u>
Other comprehensive loss			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on foreign operations		<u>(142,065)</u>	<u>233,601</u>
Total comprehensive profit/(loss) for the year		<u>3,000,886</u>	<u>(186,598)</u>
Profit/(loss) for the period attributable to owners of the Company		3,000,886	(186,598)
Total comprehensive profit/(loss) for the period attributable to owners of the Company		<u>3,000,886</u>	<u>(186,598)</u>
Profit/(loss) per share from continuing operations attributable to owners of the Company			
Basic and diluted profit/(loss) per share	12	<u>0.004</u>	<u>(0.001)</u>

This statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

		2021	2020
ASSETS	<i>Notes</i>	\$	\$
Current Assets			
Cash and cash equivalents	6	256,399	26,800
Other current assets	7	60,615	67,119
Total Current Assets		<u>317,014</u>	<u>93,919</u>
Non-Current Assets			
Financial assets	8	5,985,634	3,206,980
Total Non-Current Assets		<u>5,985,634</u>	<u>3,206,980</u>
TOTAL ASSETS		<u>6,302,648</u>	<u>3,300,899</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	9	177,350	537,485
Contract Liability	10	266,028	145,075
Total Current Liabilities		<u>443,378</u>	<u>682,560</u>
TOTAL LIABILITIES		<u>443,378</u>	<u>682,560</u>
NET ASSETS		<u>5,859,270</u>	<u>2,618,339</u>
EQUITY			
Issued capital	11	38,245,860	38,064,341
Reserves	13	6,822,835	6,906,374
Accumulated losses		<u>(39,209,425)</u>	<u>(42,352,376)</u>
TOTAL EQUITY		<u>5,859,270</u>	<u>2,618,339</u>

This statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total \$
Balance at 1 July 2020	38,064,341	6,906,374	(42,352,376)	2,618,339
Net profit for the year	-	-	3,142,951	3,142,951
Other comprehensive income	-	(142,065)	-	(142,065)
Total comprehensive income/(loss) for the period	-	(142,065)	3,142,951	3,000,886
Transactions with owners in their capacity as owners				
Issue of shares	181,519	-	-	181,519
Share based payments	-	58,526	-	58,526
Total transactions with owners and other transfers	181,519	58,526	-	240,045
Balance at 30 June 2021	38,245,860	6,822,835	(39,209,425)	5,859,270
Balance at 1 July 2019	36,182,851	6,458,618	(41,932,177)	709,292
Net loss for the year	-	-	(420,199)	(420,199)
Other comprehensive income	-	233,601	-	233,601
Total comprehensive income/(loss) for the period	-	233,601	(420,199)	(186,598)
Transactions with owners in their capacity as owners				
Issue of shares	1,912,096	-	-	1,912,096
Issue of options	-	155,469	-	155,469
Share based payments/(reversal)	-	58,686	-	58,686
Capital raising expenses	(30,606)	-	-	(30,606)
Total transactions with owners and other transfers	1,881,490	214,155	-	2,095,645
Balance at 30 June 2020	38,064,341	6,906,374	(42,352,376)	2,618,339

This statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

		2021	2020
		\$	\$
Cash flows from operating activities	<i>Notes</i>		
Interest received		-	74
Project development receipts	10	143,569	145,075
Project development payments		(124,665)	(187,379)
Payments to suppliers and employees		<u>(587,787)</u>	<u>(424,457)</u>
Net cash outflows from operating activities	15	<u>(586,883)</u>	<u>(466,687)</u>
Cash flows from investing activities			
Receipt from disposal of financial assets	4	206,031	-
Receipts from financial assets (loan receivable)	4	594,273	-
Payments for financial assets		-	(1,529)
Net cash inflows/(outflows) from investing activities		<u>800,304</u>	<u>(1,529)</u>
Cash flows from financing activities			
Capital raising costs		(1,823)	-
Proceeds from issue of options		-	137,237
Net cash inflows/(outflows) from financing activities		<u>(1,823)</u>	<u>137,237</u>
Net increase/(decrease) in cash and cash equivalents		229,598	(330,979)
Cash and cash equivalents at the beginning of the financial period		<u>26,800</u>	<u>357,779</u>
Cash at the end of the financial year	6	<u>256,399</u>	<u>26,800</u>

Non-cash financing activities

During the year, 3,076,600 fully paid ordinary shares to directors at a deemed issue price of \$0.041 per share (fair value per share of \$0.059) as payment in lieu of cash for services provided following shareholder approval at the Annual General Meeting held 27 November 2020. Refer to Note 11.

This statement should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: CORPORATE INFORMATION

The financial statements of MSM Corporation International Limited for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 30 August 2021.

MSM Corporation International Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange and operating in Australia.

The nature of operations and principal activities of the Company are described in the Directors' Report.

NOTE 2: BASIS OF PREPARATION

(a) Basis of preparation

Statement of Compliance

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The financial statements of the Group also comply with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities, and results of the parent MSM Corporation International Limited as at 30 June 2021 and all of the subsidiaries for the year then ended. MSM Corporation International Limited and its subsidiaries together are referred to in these financial statements as the "consolidated entity" or "Group".

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. The effects of all intercompany transactions, balances and unrealised gains on transactions between entities in the group are eliminated in full.

Going Concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

For the year ended 30 June 2021 the Group recognised a profit of \$3,142,951 (2020: loss of \$420,119). The profit includes a fair value movement in financial assets of \$3,017,879 (30 June 2020 – \$1,004,744) which has been recognised in the Statement of Profit and Loss in relation to the Company's 10% strategic equity interest in RTE. The Group incurred net cash outflows from operating activities of \$568,883 (30 June 2020: \$466,687) and had a working capital deficiency of \$126,364 (30 June 2020: \$588,641).

In addition, the COVID-19 pandemic is continuing to create uncertainty on world stock markets, currencies and general business activities. As at the date of this report the full impact of the COVID-19 pandemic continues to evolve and the Group is not able to estimate the full effects of the COVID-19 pandemic on its results, financial condition, or liquidity for the 2021 financial year. If the pandemic continues, it may have a material adverse effect on the Group's results, financial position, and liquidity.

The ability for the Group to continue as a going concern is dependent on cash inflows generated from its strategic investment arrangement with Riva Technology and Entertainment Ltd (RTE), specifically the US\$1,500,000 (A\$1,995,211), of which the total amount received to date of US\$450,000 (A\$594,273) has been recognised in the Statement of Profit and Loss and Other Comprehensive Income as disclosed in Note 4, cash inflows in relation to the remaining two milestone payments of US\$100,000 (A\$133,815) each under the varied Heads of Agreement (HOA) with Riva, the continued support from related parties and the raising of capital as and when required for working capital purposes.

These conditions indicate a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors believe that as at the date of this report that there are reasonable grounds to believe that the Group will continue as a going concern for the following reasons:

- The Directors are confident that the Group will be successful in commercialising the Company's investment and projects.
- The Directors expect to be successful in receiving funds from the Group's strategic investment arrangement in RTE as disclosed in Note 8.
- The Directors expect the continued support from creditors of the Group.
- The Directors expect the Company to be able to raise additional funding through debt and/or equity as and when required.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

(b) New and amended standards adopted by the entity

The Group has adopted all of the new or amended accounting standards or interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting year. For the year ended 30 June 2021, the following standards have been adopted:

Initial adoption of AASB 2020-04: *COVID-19-Related Rent Concessions*

AASB 2020-04 amends AASB 16 by providing a practical expedient that permits lessees to assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic and, if certain conditions are met, account for those rent concessions as if they were not lease modifications.

Initial adoption of AASB 2018-6: Amendments to Australian Accounting Standards – Definition of a Business

AASB 2018-6 amends and narrows the definition of a business specified in AASB 3: Business Combinations, simplifying the determination of whether a transaction should be accounted for as a business combination or an asset acquisition. Entities may also perform a calculation and elect to treat certain acquisitions as acquisitions of assets.

The standards listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(c) Contract Liabilities

AASB 15 Revenue from contracts with customers uses the term contract liability to describe what was previously referred to as deferred or unearned revenue. Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

(d) Income Tax

The income tax expense or revenue for the year is the tax payable on the current year's taxable income based on the notional income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

A deferred tax asset for unused tax losses is recognised only if it is probable that future taxable amounts will be available to utilise losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the assets and settle the liability simultaneously.

(e) Financial instruments

Classification

The Company classifies its investments in the following categories: financial assets at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after 30 June 2021 which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed to the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Subsequent measurement

Loans and receivables are carried at amortised cost using the effective interest method.

Financial assets at fair value through profit and loss are carried at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income.

Fair value

The fair values of quoted investments are based on last trade prices. For unlisted investments, management determine fair value based on inputs other than quoted prices that are either directly or indirectly observable for example recent share raising prices.

Impairment

At each reporting date the Company assesses whether there is objective evidence that a financial asset is impaired.

(f) Impairment of assets

At reporting date the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

(g) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(h) Revenue recognition

Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

(i) Trade and other payables

Trade and other payables are initially measured at fair value and subsequently carried at amortised cost which is the amount of consideration to be paid in the future to settle the liability.

Trade payables and other accounts payable are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services. Trade and other payables are presented as current unless payment is not due within 12 months.

(j) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Such costs are determined using estimates of future costs, current legal requirements and technology on an undiscounted basis. Any changes in the estimates for the costs are accounted for on a prospective basis.

(k) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(l) Borrowings

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The fair value of current borrowings approximates the carrying amount as the impact of discounting is not significant. Borrowing costs are expensed in the period in which they are incurred.

(m) Contributed equity

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.

(n) Share based payments

Under AASB 2 Share Based Payments, the Company must recognise the fair value of options, shares and performance rights granted to directors, employees and consultants as remuneration as an expense on a pro-rata basis over the vesting period in the statement of Profit or Loss and Other Comprehensive Income with a corresponding adjustment to equity.

The Company provides benefits to employees (including directors) of the Company in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions").

The cost of these equity-settled transactions with employees (including directors) is measured by reference to fair value at the date they are granted. The fair value of options is determined using the Black-Scholes option pricing model. The fair value of performance rights is determined using the barrier trinomial valuation method.

(o) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("management approach"). The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of MSM Corporation International Limited.

(p) Earnings per share

Basic earnings per share is determined by dividing the profit (loss) after income tax attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

(q) Significant Accounting Judgements, Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the results of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

i. *Deferred Tax*

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

ii. *Share-based payment arrangements*

The Company measures the cost of equity settled share based payments at fair value at the grant date using the Black-Scholes model taking into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected volatility of the underlying share, the expected dividend yield and risk free interest rate for the term of the option.

Performance rights are valued using the barrier trinomial valuation method taking into account the underlying security spot price, share price barrier, the term of the performance rights, the likelihood of milestones being achieved, the expected volatility of the underlying share, the expected dividend yield and risk free interest rate for the term of the performance rights.

Equity options granted to employees and KMP are valued by direct reference to the total equity contributed in the Company at grant date and the respective share price on grant date.

iii. *Fair value of financial assets*

Fair value reflects the price that would be received to sell an asset or paid to transfer a liability in orderly transaction between market participants at the measurement date.

Quoted prices or rates are used to determine the fair value where an active market exists. If the market for a financial instrument is not active or the instrument is unlisted, then fair values are estimated using present value or other valuation techniques, using inputs based on market conditions prevailing on the measurement date, including recent capital raisings.

The values derived from applying these techniques are affected by the choice of valuation model used and the underlying assumptions made regarding inputs such as timing and amounts of future cash flows, discount rates, credit risk, volatility and correlation.

iv. *Coronavirus (COVID-19) pandemic*

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

(r) **Foreign Currency Transactions and Balances**

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 3: SHARE-BASED PAYMENTS

The total movement arising from share-based payment transactions recognised during the reporting period were as follows:

	2021	2020
	\$	\$
Recognised as a share-based payment expense:		
Performance rights and shares issued to key management personnel (a)	58,526	58,686
Total share-based payment expense	58,526	58,686

(a) Fair Value of Performance Rights issued – prior period

As at 30 June 2021, a share-based payment expense of \$58,526 relating to KMP issued in prior periods was recognised in the Statement of Profit or Loss and Other Comprehensive Income.

NOTE 4: REVENUE AND EXPENSES

	2021	2020
	\$	\$
(a) Revenue and other income		
Loan note proceeds (i)	594,273	-
Disposal of financial asset at fair value (ii)	206,031	-
Reversal of creditors (iii)	206,031	68,000
Interest and other income	-	74
	1,006,335	68,074
(b) Expenses		
Wages, salaries, director's fees and other remuneration expenses	228,000	214,064
Administration expense	414,852	587,340
Finance costs – other	67,443	417,232
	710,295	1,218,636

Note (i): During the year, the Company received four instalments of the RTE US\$1,500,000 (\$1,995,211) loan note. The total amount received of US\$450,000 (A\$594,273) has been recognised in the Statement of Profit and Loss and Other Comprehensive Income. Refer to Note 8.

Note (ii): During the year, the Company disposed of its equity investment in ToneDen, Inc which was recognised by the Company at nil fair value. The Company received US\$150,000 (\$206,031) for the disposal of the investment which was recognised in the Statement of Profit and Loss and Other Comprehensive Income. Refer to Note 8.

Note (iii): During the year, US\$150,000 (\$206,031) of other payables recorded in the Company was de-recognised on disposal of its equity investment in ToneDen, Inc. This has been reflected as Other Income in the Statement of Profit or Loss and Other comprehensive Income. Refer to Note 9.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 5: INCOME TAX EXPENSE

	2021 \$	2020 \$
(a) Income Tax Expense		
Current tax expense	-	-
Deferred tax expense	-	-
	<u>-</u>	<u>-</u>
(b) Reconciliation of income tax to prima facie tax payable:		
Profit/(loss) before tax	3,142,951	(420,199)
Income tax expense/(benefit) @30%	942,885	(126,060)
Permanent differences	(80,801)	191,326
Current year tax loss not recognised	272,419	286,080
Timing differences not recognised	(1,134,503)	(351,346)
Differences in tax rate of subsidiaries operating in other jurisdictions	-	-
Total tax expense	<u>-</u>	<u>-</u>
(c) Unrecognised Deferred Tax Asset relates to:		
Tax losses	6,060,900	5,576,321
Other timing differences	1,754,033	2,887,320
	<u>7,814,933</u>	<u>8,463,641</u>

The tax benefits of the deferred tax asset will only be obtained if:

- (i) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
- (ii) the Company continues to comply with the conditions for deductibility imposed by law; and
- (iii) no changes in tax legislation adversely affect the Company in utilising the benefits.

NOTE 6: CASH AND CASH EQUIVALENTS

	2021 \$	2020 \$
Cash at bank and on hand (<i>Refer to Note 15</i>)	256,399	26,800
	<u>256,399</u>	<u>26,800</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 7: OTHER ASSETS

	2021	2020
	\$	\$
Current other assets		
GST recoverable	9,117	8,316
Prepayments	51,498	58,803
	<u>60,615</u>	<u>67,119</u>

These amounts generally arise from transactions relating to operating activities. No interest is chargeable and collateral is not normally obtained. These receivables are not considered to be impaired as repayment is expected to occur or has occurred. Refer to Note 16 for the Company's risk management policy. As at 30 June 2021, no receivables were past due or impaired.

NOTE 8: FINANCIAL ASSETS

	2021	2020
	\$	\$
Financial assets at fair value through profit or loss ("FVPL")		
Balance at 1 July	3,206,980	2,138,885
Acquisition	-	1,529
Foreign exchange movements	(239,225)	61,822
Fair value movement	3,017,879	1,004,744
Total financial assets at fair value	<u>5,985,634</u>	<u>3,206,980</u>

On 12 July 2015, Megastar entered into an unsecured convertible promissory note agreement with Digital Riot Media, LLC for the principal sum of US\$50,000 (A\$66,507).

On 3 August 2015, Megastar agreed to acquire a 5% equity interest in ToneDen, Inc. The consideration comprised:

- The payment of US\$100,000 (A\$137,354) on 7 August 2015;
- The payment of US\$50,000 (A\$68,677) on 8 December 2016; and
- US\$150,000 (A\$206,031) in the form of either cash or MSM shares, at MSM's election. This was accounted for under Trade and Other Payables (Note 9) which was de-recognised during the year on its disposal of its equity interest in ToneDen, Inc.

During the year, the Company disposed of its 5% equity interest in ToneDen, Inc which was recognised by the Company at nil fair value. The Company received US\$150,000 (\$206,031) for the disposal of its equity interest which has been recognised in the Statement of Profit and Loss and Other Comprehensive Income. Refer to Note 4.

On 7 July 2016, the Company made a strategic investment of US\$100,000 (A\$133,014) into Influential, a Los-Angeles based, mobile-first influencer marketing technology company which works with more than 7,000 top influencers on Facebook, Instagram, Snapchat, Twitter, Vine and YouTube, representing more than 4.4 billion followers.

On 5 April 2016, Megastar purchased 7,178,007 shares in WinWin Holdings Pty Ltd under Tranche 1 of a private placement agreement for US\$36,000 (A\$47,885).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

On 18 March 2019, the Company entered into an agreement to subscribe for shares and secured, first ranking, interest free loan notes in Riva Group's associated company Riva Technology and Entertainment Limited (RTE) for US\$1,500,000 paid over two instalments:

- the payment of US\$1,000,000 (A\$1,330,141) on 23 November 2018.
- the payment of US\$500,000 (A\$665,070) on 9 January 2019.

The loan notes were repayable in full by 31 December 2019. However the repayment has been delayed. During the year, the Company received the first four instalments of the US\$1,500,000 (\$1,995,211) loan note totalling US\$450,000 (A\$594,273) which has been recognised in the Statement of Profit and Loss and Other Comprehensive Income. Refer to Note 4. The Riva Group have confirmed its commitment to make these payments. In accordance with AASB 9 Financial Instruments ("AASB 9"), the loan notes and equity shares have been recognised at fair value on initial recognition and at subsequent measurement.

At 30 June 2021, the Company held an equity interest of 10% in RTE. The directors have taken the approach to fair value the investment based on recent share raisings.

As at 30 June 2021, the fair value of the Company's financial assets were assessed in accordance with AASB 9 Financial Instruments, and as a result a fair value increase of \$3,017,879 was recognised in this year (30 June 2020 - \$1,004,744).

NOTE 9: TRADE AND OTHER PAYABLES

	2021 \$	2020 \$
Trade creditors	105,350	243,053
Accruals	72,000	75,869
Other Payables (a)	-	218,563
Total trade and other payables	177,350	537,485

Note (a): During the year, US\$150,000 (\$206,031) of other payables recorded in the Company was de-recognised on disposal of its equity interest in ToneDen, Inc. This has been reflected in the Statement of Profit or Loss and Other comprehensive Income. Refer to Note 4.

These amounts generally arise from transactions relating to operating activities. No interest is chargeable and collateral is not normally obtained. This payable is not considered to be impaired as repayment is expected to occur or has occurred. Refer to Note 16 for the Company's risk management policy. All amounts are expected to be settled within 12 months.

The fair value of trade and other payables is assumed to be cost given their short term nature.

NOTE 10: CONTRACT LIABILITY

	2021 \$	2020 \$
Contract liability	266,028	145,075
Total contract liability	266,028	145,075

During the year, the Group received the second of five milestone payments of US\$100,000 each in advance for the development of Megastar Version 2.0 under the terms of the varied Heads of Agreement with The Riva Group subsidiary, RTE. As at 30 June 2021, this has been recognised as a contract liability under AASB 15 *Revenue from contracts with customers*. The contract liability transfers over to the new arrangement with Recast.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 11: CONTRIBUTED EQUITY

Share capital at 30 June 2021	\$	No. of Shares	Amount per share
Balance at beginning of year	38,064,341	839,336,686	
<i>Movements in issued and paid up capital</i>			
Shares issued in settlement of liabilities (a)	<u>181,519</u>	<u>3,076,600</u>	0.059
Total issued and paid up capital at the end of the year	<u>38,245,860</u>	<u>842,413,286</u>	

(a) Shares issued in settlement of liabilities

During the year, shares were issued in lieu of cash for director fees accrued to Mr Wellisch and Mr Massad and company secretarial fees accrued to Mr Clements following shareholder approval at the Company's annual general meeting. The fair value of these equity instruments granted was \$181,519. As a result, a loss on settlement of liabilities of \$58,455 has been recognised in the Statement of Profit or Loss for the year ended 30 June 2021.

Share capital at 30 June 2020	\$	No. of Shares	Amount per share
Balance at beginning of year	36,182,851	628,885,633	
<i>Movements in issued and paid up capital</i>			
Proceeds from shares issued on conversion of convertible notes	1,851,429	205,714,286	\$0.009
Shares issued in settlement of liabilities	60,667	4,666,667	\$0.013
Shares issued under 'equity option' agreement	-	70,100	
Capital raising costs	<u>(30,606)</u>	<u>-</u>	
Total issued and paid up capital at the end of the year	<u>38,064,341</u>	<u>839,336,686</u>	

NOTE 12: BASIC PROFIT/(LOSS) PER SHARE

	2021 \$	2020 \$
Basic profit/(loss) per share	<u>0.004</u>	<u>(0.001)</u>
Diluted profit/(loss) per share	<u>0.004</u>	<u>(0.001)</u>

Basic profit/(loss) per share

The loss and weighted average number of ordinary shares used in the calculation of the basic and diluted loss per share are as follows:

	2021 \$	2020 \$
Net loss	<u>3,142,951</u>	<u>(420,199)</u>
	Number	Number
Weighted average number of ordinary shares for the purposes of calculating basic and diluted loss per share	<u>840,874,986</u>	<u>829,506,175</u>

NOTE 13: RESERVES

	2021	2020
	\$	\$
Share Based Payment Reserve (i)		
Balance at beginning of period	7,219,652	7,160,966
Shares and performance rights issued to key management personnel (<i>Refer Note 3(a)</i>)	58,526	58,686
Options issued to employees	-	-
	<u>7,278,178</u>	<u>7,219,652</u>
Option Reserve (ii)		
Balance at beginning of period	155,469	-
Proceeds from options issued	-	137,237
Options issued for services	-	18,232
	<u>155,469</u>	<u>155,469</u>
Foreign Exchange Translation Reserve (iii)		
Balance at beginning of period	(468,746)	(702,348)
Exchange differences on foreign operations	(142,065)	233,601
	<u>(610,811)</u>	<u>(468,746)</u>
Total Reserves	<u>6,822,835</u>	<u>6,906,374</u>

Note (i): Share-Based Payment Reserve

The share-based payments reserve represents the fair value of equity instruments issued to employees as compensation and issued to external parties for receipt of services. This reserve will be reserved against issued capital when the underlying shares are converted and reserved against accumulated losses when they are allowed to lapse.

Note (ii): Option Reserve

The option reserve represents the fair value of options issued by the Company as at each balance sheet date. The value of options are transferred between equity components as they vest.

Note (iii): Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

NOTE 14: OPERATING SEGMENTS

The Board has considered the requirements of AASB 8 Operating Segments and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources and have concluded at this time that there are no separately identifiable segments.

NOTE 15: NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the statement of financial position as follows:

	2021	2020
	\$	\$
Cash and cash equivalents	<u>256,399</u>	<u>26,800</u>

(b) Reconciliation of Profit/(loss) for the year to net cash flows from operating activities

Profit/(Loss) for the year after tax	3,142,951	(420,199)
Share based payments	58,826	58,686
Unrealised foreign exchange loss	996	1,558
Finance costs	58,455	411,429
De-recognition of liability	(206,031)	-
Fair value on loans	(561,081)	-
<i>Changes in assets and liabilities</i>		
Increase in fair value in investments	(3,017,879)	(1,004,744)
Decrease in other receivables	6,505	52,045
Increase/(Decrease) in trade and other payables	(51,326)	434,538
Net cash used in operating activities	<u>(568,883)</u>	<u>(466,687)</u>

NOTE 16: FINANCIAL INSTRUMENTS

(a) Capital Risk Management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through optimising the debt and equity balance.

The capital structure of the Company consists of cash and cash equivalents and equity attributable to equity holders, comprising issued capital and accumulated losses as disclosed in Note 12.

(b) Financial Risk Management

The Company manages its financial risks relating to the operations of the Company and identifies any exposures by degree and magnitude of risks. These risks include credit risk, liquidity and cash flow interest rate risk and currency risk. The Company actively pursues avenues to minimise the effect of these risks.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expense are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

(c) Categories of Financial Instruments

	2021	2020
	\$	\$
Financial Assets		
Cash and cash equivalents	256,399	26,800
Trade and other receivables	60,615	67,119
Financial assets	5,985,634	3,206,980
Total Financial Assets	6,302,648	3,300,899
Financial Liabilities		
Trade and other payables	177,350	537,485
Contract liability	266,028	145,075
Total Financial Liabilities	443,378	682,560
Net Financial Assets	5,859,270	2,618,339

(d) Foreign Currency Risk

The Company undertakes certain transaction denominated in United States dollars and is exposed to foreign currency risk through foreign exchange rate fluctuations. Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency.

The Company's exposure to currency risk at 30 June 2021 was \$5,959,186 (2020: \$2,843,342) on investments and trade payables denominated in United States dollars. The effect of future movements in the exchange rate for United States dollars on the Company's financial position and results of its activities is likely to be negligible.

(e) Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored.

(f) Fair Value of Financial Instruments

Financial assets and financial liabilities measured at fair value in the Statement of Financial Position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: unobservable inputs for the asset or liability.

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 30 June 2021 and 30 June 2020:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
30 June 2021				
Financial assets at FVPL	-	-	5,985,634	5,985,634
	-	-	5,985,634	5,985,634
30 June 2020				
Financial assets at FVPL	-	-	3,206,980	3,206,980
	-	-	3,206,980	3,206,980

The fair value of the level 3 financial assets have been based on recent share raising prices during the financial year. For the year ended 30 June 2021 financial assets, refer to Note 8 for additional details.

The Directors consider that the carrying amounts of financial assets and liabilities recorded at amortised cost in the financial statements approximates their fair values.

(g) Interest rate risk management

The Company is exposed to interest rate risk as it holds cash deposits at floating interest rates. The risk is that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and liabilities. The Company's exposures to interest rates on financial assets and financial liabilities are detailed in in the Interest rate sensitive analysis section below.

Interest rate sensitivity analysis

The sensitivity analysis has been determined based on the exposure to interest rates for non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting date. The board of Directors has determined that a 50 basis point increase of decrease represents a immaterial interest rate risk and represents management's assessment of the possible changes in interest rates.

At reporting date, if the interest rates had been 50 basis points higher or lower and all other variables were held constant, the Company's net profit would have been increased by \$15,715 and decreased by \$15,715 respectively. This is attributable to the Company's exposure to interest rates to interest rates on its variable rate deposits. The Company's borrowings at 30 June 2021 are at a fixed interest rate.

(h) Liquidity risk management

The Company manages its liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(i) Maturity Profile of Financial Instruments

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The financial liabilities are derived on undiscounted cash flows based on the earliest date on which the Company can be required to pay:

2021	Average Interest Rate	Less than 1 year	1 to 5 years	5+ years	Total
Financial Liabilities	%	\$	\$	\$	\$
Trade payables	Nil	177,350	-	-	177,350
Contract liability	Nil	266,028	-	-	266,028
		<u>443,378</u>	<u>-</u>	<u>-</u>	<u>443,378</u>
2020					
Financial Liabilities					
Trade payables	Nil	537,485	-	-	537,485
Contract Liability	Nil	145,075	-	-	145,075
		<u>682,560</u>	<u>-</u>	<u>-</u>	<u>682,560</u>

NOTE 17: KEY MANAGEMENT PERSONNEL COMPENSATION

The aggregate compensation made to key management personnel of the Company is set out below:

	2021	2020
	\$	\$
Short-term employee benefits	228,000	142,064
Share based payments	58,526	58,686
	<u>286,526</u>	<u>200,751</u>

NOTE 18: RELATED PARTY TRANSACTIONS

(a) Transactions with key management personnel

i. Key management personnel compensation

Details of key management personnel compensation are disclosed in Note 18 to the financial statements.

ii. Loans to key management personnel

There were no loans granted to key management personnel during the financial year (2020: Nil).

iii. Loans from key management personnel

There were no loans from key management personnel during the financial year (2020: Nil).

iv. Shares issue to key management personnel

Details of shares issued to key management personnel compensation are disclosed in Note 11 to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(b) Controlled entities

The consolidated financial statements include the financial statements of MSM Corporation International Limited and the following subsidiaries:

	Equity Interest 2021 %	Equity Interest 2020 %
Megastar Millionaire Pty Ltd (incorporated in Australia)	100	100
MSM Music, Inc. (incorporated in Delaware, USA)	100	100
MSM Holdings Pte Ltd (incorporated in Singapore)	100	100

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

NOTE 19: REMUNERATION OF AUDITOR'S

	2021 \$	2020 \$
Audit or review of the financial report - BDO Audit (WA) Pty Ltd	48,562	39,889
Taxation and other services - BDO Corporate Tax (WA) Pty Ltd and BDO Corporate Finance (WA) Pty Ltd	2,060	4,240
	50,622	44,129

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 20:PARENT ENTITY FINANCIAL INFORMATION

The following details information related to the parent entity, MSM Corporation International Limited, at 30 June 2021. The information presented here has been prepared using consistent accounting policies as presented in Note 2.

Financial Position	2021	2020
	\$	\$
<i>Assets</i>		
Current Assets	307,855	84,201
Non-Current Assets	5,985,634	3,206,980
Total Assets	6,293,489	3,291,181
<i>Liabilities</i>		
Current Liabilities	443,338	463,998
Total Liabilities	443,338	463,998
Net Assets	5,850,151	2,827,183
<i>Equity</i>		
Issued capital	38,245,861	38,064,341
Reserves	6,813,676	7,115,217
Accumulated losses	(39,209,386)	(42,352,375)
Total Equity	5,850,151	2,827,183
Financial Performance	2021	2020
	\$	\$
Profit/(loss) for the year	2,582,258	(408,255)
Other comprehensive income	-	-
Total comprehensive profit/(loss)	2,582,258	(408,255)

No guarantees have been entered into by MSM Corporation International Limited in relation to the debts of its subsidiaries.

MSM Corporation International Limited had no commitments or contingent liabilities at year end other than those disclosed in Note 21.

NOTE 21: COMMITMENTS AND CONTINGENCIES

On 15 July 2019, the Company executed a license agreement for utilization of the Company's extensively built Megastar online platform for mobile gaming and Esports with the RTE. The Licensee will pay MSM US\$2,000,000 for the rights and use of the platform.

In addition, the Company varied the terms of the Heads of Agreement (HOA) with Riva Digital FZ LLC (Riva) as announced on 4 June 2018. Under the terms of the varied HOA MSM will receive five milestone payments of US\$100,000 each around the continued development with Esports and mobile gaming. At year end, as per the terms of the agreement, four milestone payments of US\$100,000 were due to the Company. The agreed royalty of 5% of gross revenue derived from competitions with a minimum guarantee of US\$500,000 paid annually will continue after the milestone payments are completed. This was varied on 14 July 2020 and novated to RTE.

In 2019 MSM Music Inc. was party to an ABC process. While MSM Corporation International Limited and MSM Music Inc. engaged US based legal and other advisers in respect of the ABC process and such parties advised MSM Corporation International Limited that the ABC process was a generally accepted insolvency process in California (the State of incorporation of MSM-US), neither the Company nor MSM Music Inc. can guarantee that no creditor of MSM Music Inc. will challenge the ABC process in general or seek to make further claims against MSM Music Inc. and attempt to include MSM Corporation International Limited in such claims. No guarantees have been entered into by the Company in relation to the debts of its subsidiaries.

On 29 August 2019, the Company announced it had engaged with YDigital Media, a technology company with some of the most innovative digital marketing solutions, responsible for developing award-winning campaigns for the top global brands, to add functionality to the Megastar platform post WWT1 findings around gamification and user interaction. Under this arrangement, YDigital Media is to complete the engagement in three stages. As at 30 June 2020, MSM had committed to stage one of the app development and remitted US\$20,000 to YDigital Media. The Company remains focussed upon the app development. However subsequent to year end the Company advised YDigital Media that it no longer will be engaging with them to complete the relaunch of Megastar Version 2.0. Instead on 30 July 2021 the Company announced it had signed an MoU with Recast as the preferred proponent of the relaunch strategy. As per Note 10, the contract liability of US\$200,000 transfers over to the new arrangement with Recast.

There have been no other changes in contingent liabilities, contingent assets or other commitments since the last annual reporting date, 30 June 2020.

NOTE 22: SUBSEQUENT EVENTS

The impact of the Coronavirus (COVID-19) pandemic is ongoing and the Company has updated the market on the impact on the entity up to 30 June 2021. However it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Subsequent to year end the Company advised YDigital Media that it no longer will be engaging with them to complete the relaunch of Megastar Version 2.0. Instead, on 30 July 2021, the Company announced it had signed a binding MoU with Recast Sports Limited to provide gamification and advertising solutions to assist in the monetisation of Megastar Version 2.0 content on their pioneering direct-to-customer video platform, Recast.

Recast connects rights holders, fans and brands on one single platform by combining the ability to watch sports and Esports from any device with the potential to earn in-app credits called 'Casts' - for both viewers and rights holders - through microtransactions on the Recast Application.

MSM has been working with strategic partner, RTE on the launch of Megastar Version 2.0 which is expected to deliver a more gamified and interactive experience skill based competition with eSports and mobile gaming. RTE's introduction to Recast is expected to deliver a gamified model for a more interactive experience for fans. Contestants will upload videos of their talents in music, dance, sports, comedy, magic and variety. Fans will then vote for their favourite entrants via the over-the-top (OTT) Recast platform.

The partnership will give MSM access to Recast's existing users who currently engage with the platform for everything from clips from the World Parkour Championships to exclusive Manchester City FC content.

As consumption and payment patterns continue to evolve, Recast has secured rights holders around the world looking to monetise their video content.

As Recast continues to develop its OTT platform, rights holders can create a free account within one minute and start benefiting from an incentivised sharing model using micropayments via a platform that, unlike other social media platforms, is free from abuse.

On 30 July 2021, the Company advised it continued to progress the documentary requirements in relation to the proposed merger with strategic partner, Riva Technology and Entertainment Limited (RTE), which is subject to re-compliance with the admission and quotation requirements of ASX, to create a global digital media entertainment, Esports and gaming business.

No other matters or circumstances have arisen since 30 June 2021 that has significantly affected, or may significantly affect:

- a) the Group's operations in future financial years, or
- b) the results of those operations in future financial years, or
- c) the Group's state of affairs in future financial years.

DIRECTORS' DECLARATION

In the opinion of the directors of MSM Corporation International Limited ("the Group"):

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - a. complying with Accounting Standards and the Corporations Regulations 2001;
 - b. giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the year then ended; and
 - c. complying with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 2 to the financial statements.

2. There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by Section 295A of the Corporations Act 2001.

This declaration is signed in accordance with a resolution of the Board of Directors.



Antoine Massad
Non-Executive Chairman
30 August 2021

INDEPENDENT AUDITOR'S REPORT

To the members of MSM Corporation International Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of MSM Corporation International Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

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

Material uncertainty related to going concern

We draw attention to Note 2 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group’s ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Financial assets held at fair value through profit or loss

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>As disclosed in Note 8 of the financial report, the Group recognised a significant investment in Riva Technology and Entertainment Limited (“RTE”).</p> <p>In accordance with AASB 9 <i>Financial Instruments</i> (“AASB 9”), the investment is carried at fair value at reporting date, and any associated fair value movements reflected in profit or loss.</p> <p>The Group’s policy for accounting and significant estimates and judgements applied to the asset are disclosed in Notes 2(e) and 2(q)(iii) of the financial report.</p> <p>Due to the quantum of the asset and the significant judgement involved in determining the fair value of the asset, we have determined this to be a key audit matter.</p>	<p>Our procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> • Agreeing the number of shares held by the Group at reporting date to share certificates; • Holding discussions with management to understand the business operations and performance of the unlisted investment; • Verifying the basis for management’s assessment of the fair value, being a recent market capital raising transaction to underlying documentation; • Evaluating the appropriateness of management’s assessment of the fair value of the investment; and • Assessing the adequacy of the related disclosures in Notes 2(e), 2(q)(iii) and 8 of the financial report.



Other information

The directors are responsible for the other information. The other information comprises the information contained in the Group's annual financial report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.



Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 15 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of MSM Corporation International Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO

A handwritten signature in black ink, appearing to read 'J Prue', written in a cursive style.

Jarrad Prue

Director

Perth, 30 August 2021

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 11 August 2021 (the Company was in voluntary suspension).

Corporate Governance

In accordance with ASX Listing Rule 4.10.3 the Company's Corporate Governance Statement can be found on the Company's website, refer to <http://msmci.com/about/corporate-governance>.

Distribution of Equity Securities	Number of holders	
	Ordinary Shares	Options
1 - 1,000	69	24
1,001 - 5,000	38	3
5,001 - 10,000	55	4
10,001 - 100,000	392	30
100,001 and over	438	77
	992	139
Holding less than a marketable parcel	130	37

Ordinary Share Capital

842,413,286 fully paid, ordinary shares are held by 992 individual shareholders.

All issued, ordinary shares carry one vote per share and carry the rights to dividends.

Substantial Shareholders	No. of Ordinary Shares in which Interest is Held	%
As at 11 August 2021, the substantial shareholders are as follows:		
TIMOTHY PAUL NEESHAM	85,563,070	10.19
PETER VANDA RESOURCES PTY LTD <JOHN A ZAMBONI FAMILY A/C>	54,812,857	6.51
TOLGA KUMOVA	42,357,738	5.05

Top 20 Ordinary Shareholders

ALITIME NOMINEES PTY LTD <HONEYHAM FAMILY A/C>	64,974,214	7.71
PETER VANDA RESOURCES PTY LTD <JOHN A ZAMBONI FAMILY A/C>	54,812,857	6.51
VELVET BAY HOLDINGS PTY LTD <THE VELVET BAY A/C>	40,200,000	4.77
LIGHTHOUSE HOLDINGS WA PTY LTD <THE LIGHTHOUSE A/C>	37,700,000	4.48
SUNLIGHT BAY HOLDINGS PTY LTD <THE SUNLIGHT BAY A/C>	37,700,000	4.48
MR VARUN HEMANT LALITHRAU	20,672,484	2.45
SISU INTERNATIONAL PTY LTD	17,957,738	2.13
KITARA INVESTMENTS PTY LTD <KUMOVA #1 FAMILY A/C>	13,800,000	1.64
MR ADAM GEOFFREY WELLISCH <THE WELSON FAMILY A/C>	11,494,005	1.36
ANGKOR IMPERIAL RESOURCES PTY LTD <TURKISH BREAD S/F A/C>	11,328,571	1.34
LTJ INVESTMENTS PTY LTD	11,000,000	1.31
RICHSHAM NOMINEES PTY LTD	10,960,286	1.30
GONDWANA INVESTMENT GROUP PTY LTD <KUMOVA FAMILY SUPER FUND A/C>	10,600,000	1.26
MR ANTHONY ROBERT RAMAGE	10,590,000	1.26
JTJK INVESTMENTS PTY LTD	10,076,315	1.20
BALION PTY LTD <CLEMENTS FAMILY A/C>	9,200,000	1.09
SILVERSTONE WEALTH PTY LTD <ANGELOPOULOS FAMILY A/C>	9,114,932	1.08
RMVIC PTY LTD <RMVIC S/F A/C>	8,695,147	1.03
PENINSULA INVESTMENTS (WA) PTY LTD	8,540,000	1.01
MR JUNJI KAMOSHIDA	8,411,127	1.00
	407,827,676	48.41

ASX ADDITIONAL INFORMATION

Quoted Equity Securities	No. on Issue	Number of Holders
Options exercisable at \$0.04 expiring 27 December 2022	155,471,429	139

Top 20 Optionholders	No. of Quoted Options in which Interest is Held	%
DC & PC HOLDINGS PTY LTD <DC & PC NEESHAM SUPER A/C>	20,526,748	13.20
ANGKOR IMPERIAL RESOURCES PTY LTD <TURKISH BREAD S/F A/C>	17,846,675	11.48
MR JAMES ALEXANDER TITCOMBE	7,700,000	4.95
MR TONY DOUGLAS THORBURN	6,166,668	3.97
WEBSTAR GROUP INTERNATIONAL PTY LTD	6,000,000	3.86
ALITIME NOMINEES PTY LTD <HONEYHAM FAMILY A/C>	5,531,698	3.56
KITARA INVESTMENTS PTY LTD <KUMOVA #1 FAMILY A/C>	5,000,000	3.22
MR YUSR HUSSAIN MAYYOUB SULTAN ALJUNAIDY	5,000,000	3.22
MS RIVA ROY PHANBUH	5,000,000	3.22
QUATTRO STAGIONE PTY LTD	4,990,000	3.21
MR ADAM GEOFFREY WELLISCH <THE WELSON FAMILY A/C>	4,742,802	3.05
PETER VANDA RESOURCES PTY LTD <JOHN A ZAMBONI FAMILY A/C>	4,570,000	2.94
PENINSULA INVESTMENTS (WA) PTY LTD	4,383,332	2.82
FREYABEAR FHMN PTY LTD	4,065,000	2.61
HONEYBEE ANHM PTY LTD	4,065,000	2.61
HUNTERLAND HJDN PTY LTD	4,065,000	2.61
LIGHTHOUSE BAY HOLDINGS PTY LTD <THE SUNLIGHT A/C>	2,375,000	1.53
PETER VANDA RESOURCES PTY LTD <JOHN A ZOMBONI FAMILY A/C>	2,375,000	1.53
SUNLIGHT BAY HOLDINGS PTY LTD <THE SUNLIGHT BAY A/C>	2,375,000	1.53
VELVET BAY HOLDINGS PTY LTD <THE VELVET BAY A/C>	2,375,000	1.53
	119,152,923	76.65

Unquoted Equity Securities	Number on Issue	Number of Holders
Options exercisable at \$0.043 expiring 2 May 2028	1,500,000	1
Class C Performance Shares	7,800,000	7
Class D Performance Shares	2,500,000	1
Class G Performance Shares	4,000,000	1

Holder of 20% or more of Unquoted Options	Number Held	%
1,500,000 Options exercisable at \$0.043 expiring 2 May 2028		
Name: Artist Capital Finance	1,500,000	100

ASX ADDITIONAL INFORMATION

On Market Buy-Back

There is no on market buy back.

Company Secretary

The name of the Company Secretary is Mark Clements.

Principal Registered Office

The address of the principal registered office is Level 8, 90 Collins Street, Melbourne, VIC 3000. Tel: +613 9013 7466.

Registers of Securities

Registers of securities are held at Advanced Share Registry Limited, 110 Stirling Highway, Nedlands, WA 6009.

Stock Exchange Listing

Australian Securities Exchange Ltd.