

## Quarterly Activities and Cashflow Report – 31 March 2016

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### Highlights

- **Top-tier Australian media executive Sophie McGill appointed Executive Director**
- **Two high profile Advisory Board appointments; co-founder of global music giant Pandora Media, Jon Kraft and former Electronic Arts executive, Jennifer Herman**
- **Expanded and strengthened technical team, including appointment of world class Google Data Scientist, Roman Sharkey**
- **Partnership with ROAR Asia Pacific to mutually support and promote Megastar Millionaire globally**
- **Well funded to launch its flagship online talent competition and engagement platform, Megastar Millionaire in Q4 2016 / Q1 2017**

MSM Corporation International Limited (“**MSM**” or “**the Company**”) (ASX: **MSM**) is pleased to release the Quarterly Activities Report and Appendix 4C Quarterly Cashflow Report for the period ended 31 March 2016.

### INTRODUCTION

MSM is a digital technology and entertainment company that, via its first product offering, Megastar Millionaire, is preparing to launch the world's richest online, mobile-first, talent discovery competition platform.

Megastar Millionaire will connect performers and fans in an innovative and interactive gamification experience that will transform, mobilise and individualise the search for new artists. It will allow people to easily showcase their talents to a global digital audience and offer significant advantages over traditional television platforms.

This highly disruptive, first to market platform will monetise mobile video via the highly successful talent competition format, the US\$25bn online gaming sector and social media phenomenon of allowing individuals to demonstrate their skills and talents.

### OPERATIONAL UPDATE

During the quarter, the Company made strong operational progress, including significantly growing and strengthening its technical team. Following the close of the period, the Company continued this momentum with two strategic partnerships with ROAR LLC and ToneDen.

#### ***Enhanced US technical team***

In March 2016, the Company appointed world class Google data scientist, Mr Roman Sharkey to the role of Data Scientist. Through his highly valuable skill set, Mr Sharkey will drive the enhancement of a unique and compelling talent discovery experience platform, Megastar Millionaire.

Also during the quarter, the Company recruited Josh Heenan as Executive Producer of Studio and Eric Cook as Director of Engineering. Mr Heenan has more than 12 years of experience in the digital gaming industry, and six years working with social and mobile platforms. Mr Cook has spent more than 8 years in the mobile and gaming industry having begun as a senior software engineer at Digital Chocolate in 2008 where he worked on the Facebook game MillionaireCity.

In March 2016, the Company continued to strengthen its technical development team with five key new hires, adding a Lead Senior Mobile Developer, a Lead Game Designer, a User Interface Designer, a Front End Engineer and a Quality Assurance/Systems Engineer to the technical team.

Through these new hires, MSM has more than doubled its technical team. The Company's ability to attract such highly experienced technical professionals continues to serve as a strong endorsement of the Company's growth strategy, product offering and its commercial potential.

### ***Strong growth reported by marketing partner, ToneDen***

During the quarter, MSM reported that the Company's strategic investment partner, ToneDen had doubled its number of registered artists since MSM's investment in August 2015. ToneDen is a music creation software platform designed to help millions of artists directly connect with their fans online.

In the previous quarter (Q4 2015), ToneDen actualised more than 250,000 registered accounts (10% month over month growth) and more than 2,000,000 fans (13% month over month growth) compared to approximately 100,000 registrations in August 2015.

MSM will be collaborating with ToneDen to pre-market Megastar Millionaire to their existing and future artists and promote Megastar Millionaire within the music industry.

### ***New strategic advisor, ROAR***

Following the close of the period, the Company successfully finalised its arrangement with leading talent management agency ROAR Asia Pacific to act as Strategic Advisor to MSM, substantially adding to its brand and celebrity capabilities.

MSM will be working closely with ROAR Asia Pacific Managing Director; Trent Blacket who is a Los Angeles-based Australian born attorney and entrepreneur with deep expertise in cross-border strategy, particularly between Australia and North America in media industries.

### ***Cash balance***

MSM is well funded to launch Megastar Millionaire in Q4 2016 / Q1 2017, with a cash balance of \$5.1 million as at 31 March 2016.

## **CORPORATE UPDATE**

### ***Board appointment of leading digital media executive***

Following the close of the period, the Company appointed leading Australian media executive Sophie McGill as Executive Director on the Board of MSM. This appointment further enhances MSM's already strong management and leadership team.

Ms McGill has joined the Company on a part-time basis, focusing on investor relations, promotional strategy and corporate development. She brings to the role extensive experience and networks across the Australian media industry.

**Strengthened Advisory Board**

Also following the end of the quarter, MSM made two high profile appointments to its Advisory Board. Pandora Music co-founder, Jon Kraft, and former Electronic Arts and Zynga executive, Jennifer Herman have joined the Advisory Board's two initial members: accomplished TV and film producer, Mr John Baldecchi and Mr Michael Pole, a studio executive with over 25 years managing the development of hit video games.

As a key members of the Advisory Board, Mr Kraft and Ms Herman will provide strategic advice to MSM as it prepares to launch Megastar Millionaire, as well as assisting with corporate development to promote the interests of the Company.

**OUTLOOK**

MSM continues to make strong progress towards the launch of its first product offering, its online talent competition and engagement platform, Megastar Millionaire.

With a greatly enhanced and world-class technical team now in place in our US studios, the Company remains on track to launch Megastar Millionaire in Q4 2016 / Q1 2017.

MSM's world-class technical experts will continue to develop and optimise the Megastar Millionaire contest platform in the coming months, with the support of notable media and entertainment industry figures including Doug Barry, Dion Sullivan, Michael Pole, John Baldecchi, Jon Kraft and Jennifer Herman who are helping to deliver the early commercial success of the platform.

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**About MSM**

MSM Corporation International Limited is a digital technology and media entertainment company that, via the first product offering, Megastar Millionaire, will launch the world's richest online, mobile-first, talent discovery competition platform.

Megastar Millionaire is a consumer digital entertainment technology platform; connecting performers and fans in an innovative and interactive gamification experience. It is designed to transform, mobilise and individualise the search for new artists, allowing people to easily showcase their talents to a global digital audience and offers significant advantages over traditional television platforms.

This highly disruptive, first-to-market platform will monetise mobile video via a highly successful talent competition format. Operating squarely within the US\$25bn online gaming and US\$30bn mobile sectors, Megastar Millionaire draws on the social media phenomenon, allowing individuals to demonstrate their skills and talents.

# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

MSM CORPORATION INTERNATIONAL LIMITED

ABN

51 002 529 160

Quarter ended ("current quarter")

Thursday, 31 March 2016

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) staff costs	-	-
(b) advertising and marketing	(18)	(18)
(c) research and development	(1,109)	(1,226)
(d) leased assets	-	-
(e) other working capital	(344)	(567)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	15	17
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net operating cash flows (carried forward)</b>	<b>(1,456)</b>	<b>(1,794)</b>

	Current quarter \$A'000	Year to date (9 months) \$A'000
1.8 Net operating cash flows brought forward)	(1,456)	(1,794)
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	(209)
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	-	(209)
1.14 <b>Total operating and investing cash flows</b>	(1,456)	(2,003)
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	-	7,000
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (Share issue costs)	(553)	(597)
<b>Net financing cash flows</b>	(553)	6,403
<b>Net increase (decrease) in cash held</b>	(2,009)	4,400
1.21 Cash at beginning of quarter/year to date	7,156	747
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 <b>Cash at end of quarter</b>	5,147	5,147

+ See chapter 19 for defined terms.

### Payments to directors of the entity and associates of the directors

### Payments to related entities of the entity and associates of the related entities

	Current quarter \$A'000
1.24 Aggregate amount of payments to the parties included in item 1.2	114
1.25 Aggregate amount of loans to the parties included in item 1.11	-

1.26	Explanation necessary for an understanding of the transactions
	Included at 1.24 are payments for director fees and company secretarial fees paid to a director or director associated companies.

### Non-cash financing and investing activities

2.1	Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows
	N/A

2.2	Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest
	N/A

### Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	N/A	
3.2 Credit standby arrangements	N/A	

## Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	5,147	7,156
4.2	Deposits at call	-	-
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.23)		5,147	7,156

## Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity	N/A
5.2	Place of incorporation or registration	
5.3	Consideration for acquisition or disposal	
5.4	Total net assets	
5.5	Nature of business	

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement gives a true and fair view of the matters disclosed.

Mark Clements  
Company Secretary  
29 April 2016

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
- 3 **Accounting Standards.**  
ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.