



MSM CORPORATION INTERNATIONAL LIMITED

ABN 51 002 529 160

INTERIM FINANCIAL REPORT
31 DECEMBER 2017

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COMPANY INFORMATION

DIRECTORS

Mr Adam Wellisch
(Non-Executive Chairman)

Mr Dion Sullivan
(Managing Director)

Mr Mark Clements
(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 WA 6009

ASX CODE

MSM

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2017 and any public announcements made by MSM Corporation International Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

DIRECTORS' REPORT

The Directors present their report on the consolidated entity consisting of MSM Corporation International Limited and the entities it controlled at the end of or during the half year ended 31 December 2017 (“**MSM**” or “**the Company**”) and the Independent Review Report thereon.

DIRECTORS DETAILS

The persons who were directors of MSM during the whole of the half-year and up to the date of this report are:

Mr Adam Wellisch (*Chairman and Non-Executive*)

Mr Dion Sullivan (*Managing Director*)

Ms Sophie McGill (*Executive Director*) - resigned 15 January 2018

Mr Mark Clements (*Non-Executive Director*)

REVIEW AND RESULTS OF OPERATIONS

HIGHLIGHTS

- Appointment of eight-time Grammy Award winning superstar Usher as Chief Creative Officer and Judge.
- Successful Global Launch of the first Megastar competition, with the App live in the US, Australia, Great Britain, Canada, South Africa and New Zealand.
- Comprehensive marketing program, delivering outstanding results with appearances on Ellen, Extra, The Late Late Show with James Corden and Sky Business News.
- Jeb Corliss, one of the world’s foremost and best-known BASE jumpers and wingsuit pilots, signed as a Judge.
- Megastar WWT1 achieved more than 435,000 installs in 10 weeks with more than 23 minutes per session for voting users (Fans), greater than 75 minutes for live streaming users and exceptional retention statistics.
- Megastar ranked as high as #4 in entertainment apps from over 2 million apps in the Apple Store.
- Megastar has built a brand, a platform and a highly engaged base of performers and fans that will continue to grow and monetise through Monthly Megastar Spotlight competitions.
- Megastar Spotlight Competitions run continuously as “feeder competitions” leading into WWT2 which is planned for second half of 2018.
- Binding MOU with Riva Digital FZ LLC (Riva) to plan the launch of Megastar India.

REVIEW AND RESULTS OF OPERATIONS *(continued)*

OPERATIONAL

Headline Judges and talent

Marking the achievement of a pivotal milestone for MSM, the Company was delighted to announce the appointment of eight-time Grammy Award winning superstar, Usher, as its Chief Creative Officer for Megastar in August 2017. Bringing a wealth of experience and insights to the role, Usher also took on the roles of Headline Judge, mentor and ambassador. Usher was incorporated into the competition, offering his mentoring guidance and tips for Performers, as well as representing the Competition in its marketing program.

MSM also appointed Jeb Corliss as Judge for the Megastar competition in October 2017. Jeb is one of the world's foremost and best-known BASE jumpers and wingsuit pilots who featured throughout the competition and at the Finale.

In addition to the globally recognised Judges, MSM attracted over 70 Sponsored Performers participating in Megastar. These Performers joined via the Company's arrangements with Fullscreen, Boomopolis and DanceOn and participated in the Competition, enhancing the overall quality of talent submissions and promoting the Competition to their social media networks.

Global Launch Delivered

Commencing with a soft launch of Megastar in Great Britain in July 2017, MSM progressively launched of the Competition App in each of its key geographic markets under a successful phased launch strategy. The Megastar App was launched in South Africa, New Zealand and Canada throughout July 2017. The global launch was completed as the App went live in the US and Australia at the end of September 2017.

Extensive Marketing Program

Combining Megastar's social influencer network, Sponsored Performers and Judges, the Competition (WWT1) amassed an incredible total audience reach of over 130 million. The initial stages of the marketing campaign included broadcast, print and online coverage for the Competition to build brand awareness and credibility in the mainstream media. The Competition gained global media coverage through mass media penetration and endorsement by Megastar Chief Creative Officer and Head Judge, Usher, reaching TV audiences of over 12.5 million in the US alone. This figure includes appearances by Usher on The Ellen Show, Extra and The Late Late Show with James Corden.

From late November 2017, the marketing program accelerated through paid and unpaid social media campaigns, leveraging the considerable brand awareness, growing Performer base and social media audience reach that the Competition built. This activity, led by MSM Advisory Board member Jennifer Hermann who stepped into an executive role during the period to drive user acquisition, generated significant App downloads and audience engagement from Fans.

REVIEW AND RESULTS OF OPERATIONS *(continued)*

Platform Scaled & Technical Enhancements

One of the advantages of the Megastar competition is that it is built on a technology platform that can be continually enhanced and adapted through the addition of new features and functions to respond to user behaviour. These continual enhancements are driven by MSM's world leading product design and development team, which is led by ex LucasArts executive, Josh Heenan and former Pandora backer, Doug Barry. Both are proven world leaders in digital entertainment product development.

During the period, the Company's product design and development team implemented many enhancements, including:

- **Scaling to support 1 Million Daily Active Users (DAU)** – Megastar's backend infrastructure was successfully scaled to support over 1 million DAUs of the Competition.
- **Live streaming** - Performers can live stream their performances and engage directly with their audience in real-time.
- **Direct uploads** – Performers can upload their submission videos directly from their mobile phone to the Megastar competition, building on the current ability to upload videos from YouTube.
- **Talent integration** – The Company successfully integrated Headline Judge, Usher and competition hosts, SketchShe into the Competition App.

Megastar Metrics

Megastar WWT1 achieved more than 435,000 installs in 10 weeks with more than 23 minutes per session for voting users (Fans), greater than 75 minutes for live streaming users, more than 58% aggregate Day 1 retention and greater than 38% Day 14 retention.

Following its release, the Megastar App rapidly hit number 6 in the weekly entertainment App rankings in the US App store and has seen peaks in hourly rankings at number 4. Organic growth (unpaid installs stemming from paid user acquisition efforts) approached a net of 24% for the entirety of WWT1. The average cost per Install (CPI) of the Megastar app was US\$4. Entertainment Industry average CPI is US\$11-US\$17.

During WWT1, a one week only live streaming competition was held – with the top 3 finishers having the opportunity to meet Usher in person. This is one of the benefits of owning and operating our own platform – that MSM can run a “pop up” or mini competition. The purpose of the “Meet Usher” competition was to provide a baseline for driving the live streaming ecosphere amongst Performers and Fans, thereby allowing MSM to understand then optimise user monetisation opportunities in the tipping and donation sectors.

WWT1 Grand Finale

On 15 December 2017, Singer/songwriter Andie Case of the United States was announced Winner, Megastar Worldwide Tournament One. Users across the US, UK, Australia, Canada and South Africa watched the WWT1 Finale via the Megastar App for a combined total of more than 351,000 minutes (244 days).

There were over 4,000 organic installs on the day of the Finale as Chief Creative Officer, Usher and fellow Judge, Jeb Corliss met with the final 5 Megastars who travelled to LA for the WWT1 Live Stream Finale to provide mentoring, review the final 5 videos and announce the prize winners. Industry heavyweights from some of Hollywood's most powerful agents, managers, record label executives and YouTube Multichannel Networks attended the Megastar Finale at landmark recording studio “The Village” in Los Angeles to meet with MSM management, as well as the performers, to discuss longer term talent management deals which potentially drive revenue for MSM through a share of touring, merchandising and commercial deals.

REVIEW AND RESULTS OF OPERATIONS *(continued)*

The media attention created by the Grand Finale and the USD\$1,000,000 prize award boosted the Megastar Brand value and user acquisition and post-announcement, Usher and Andie Case were interviewed on Extra TV (viewership of more than 6.4 million and social media reach of more than 9 million) and Andie was interviewed by Australia's Channel 7 morning show.

Key Insights from Worldwide Tournament 1 (WWT1) Data Analysis

Following the completion of WWT1, the Company embarked on an in-depth data analysis to determine what worked and what didn't work. The analysis revealed;

- A clear and significant demand for a mobile-app platform for discovering and amplifying emerging talent.
- Megastar delivers a highly engaging experience which significantly exceeds industry average* engagement metrics.
- MSM now has the data and IP to engage with influential media industry partners to scale Megastar
- Shorter competitions (with more live streaming) generate stronger engagement and monetisation than longer tournament cycles.
- Feedback from users is that they want more ways to participate in the competitions now that the Megastar ecosystem has been established.
- Users that participated in Live streaming were 5x more engaged** and, they converted to paying customers at a 15x higher rate, than users that did not participate in live streaming.
- Sponsored Performers cost 4x more than performers acquired by the MSM Artist & Repertoire (A&R) team and drove a fraction of the engagement.

On average:

- A&R Performers cost 25% of the cost of the Sponsored Performers.
- A&R Performers had 6x more engagement** in Live Streams than Sponsored Performers.
- A&R Performers had 5x more engagement** with their Videos than Sponsored Performers.

Complex multinational legal restrictions created challenges in delivering the original vision for Megastar's fan experience. This also prevented MSM's ability to iterate the platform during WWT1. These challenges are being mitigated by moving to shorter competitions to allow more rapid iteration and enhancement of platform features.

Megastar has created an opportunity to establish a talent discovery, promotion, monetisation and management ecosystem that will enable fans to participate in the value created by talent discovery and promotion on the Megastar platform.

* Industry average metrics are sourced from Statista and includes, but not limited to; Reddit, Tumblr, Facebook, Pinterest, Skye, Twitter, Tinder, Instagram, LINE, WhatsApp, SnapChat, Google Hangouts, Kik, FB Messenger, GroupMe.

** Engagement is defined as time spent on the app or time spent viewing/using a specific feature of the app (such as live streaming).

Progress of Monthly Megastar Spotlight Competition

As announced on 12 December 2017, many of the top 50 performers from WWT1 that did not make the final 5 competed in the December Monthly Megastar Spotlight Tournament (MMST).

REVIEW AND RESULTS OF OPERATIONS (*continued*)

The MMST continues to engage and retain fans and performers whilst allowing MSM to test and scale new features of the Megastar app in a faster, real time environment. MSM has now developed and proven a new model for operating talent competitions globally via a mobile app platform. Megastar's talent competition platform is significantly lower cost to operate and scale than equivalent television formats.

Megastar now has data and IP to engage with large media partners to scale Megastar. Audience retention and organic growth continues following the completion of WWT1. Current engagement metrics for MMST remain high with more than 23 minutes average per session for voting users and more than 73 minutes average session for live stream consumption per user. MSM will continuously run Megastar Spotlight competitions leading up to WWT2, which is now anticipated to be run in the second half of 2018. This is expected to include genre specific, branded and sponsored competitions.

Megastar India

In December 2017, the Company announced it had signed a Binding Memorandum of Understanding ("Agreement") with The Riva Group LLC ("The Riva Group") to negotiate definitive agreements for the launch of Megastar in India.

The Agreement is a major milestone in further expanding the global footprint of Megastar across non-English speaking territories and draws on the highly popular culture and following of Bollywood globally. The Agreement provides an exclusive framework for the parties to negotiate and execute the required license and associated agreements to allow The Riva Group to operate an Indian version of Megastar. This licensing model has historically been highly successful and commonly used by other media and talent competitions (e.g. Voice, Idol, X-Factor & Got Talent) when entering in to new territories.

The Company has undertaken expansive research of various territories and globally popular genres over the last 12 months in deciding on Bollywood as the most culturally diverse and exciting opportunity to enter in the next phase of Megastar's growth strategy.

The key to expanding the Megastar brand and footprint is finding the right partners for selected territories and ensuring the principles and values of both organisations are aligned. MSM are proud to partner with The Riva Group who have a highly successful track record of delivering excellence in media, leisure, entertainment and cutting-edge technology.

The Riva Group have vast experience specialising in licensing agreements where they most notably hold license agreements for world class entertainment Intellectual Property with; DreamWorks, Marvel, Sony Pictures, Electronic Arts, Lionsgate, Square Enix, Microsoft Studios, Cartoon Network. In October 2017, The Riva Group in partnership with Los Angeles-based Firefly Games developed and launched the cutting-edge DreamWorks Universe of Legends Mobile Game where Shrek meets Kung-Fu Panda in a DreamWorks Hero mashup.

CORPORATE & FINANCIAL

During the half-year the Company incurred a loss after tax of (\$13,674,134) (31 December 2016 – loss of \$4,697,402).

In August 2017, MSM successfully raised \$10.5 million of capital to fund the marketing and production plans for the first Megastar competition, talent acquisition to sign up celebrity judges and mentors, and general working capital.

The Company received strong support for the capital raise from new and existing institutional investors, as well as strategic family office investors and the placement was heavily oversubscribed.

REVIEW AND RESULTS OF OPERATIONS *(continued)*

In November 2017, the Company raised a further \$3.4 million to drive user acquisition and engagement through advertising and marketing. The Company received strong support from new and existing institutional investors, as well as strategic investment from US based, EAS Advisors and Doug Barry, major shareholder and Chairman of MSM's US Operations.

Canaccord Genuity (Australia) Limited acted as Lead Manager and bookrunner to the capital raise.

OUTLOOK

2018 Strategy

The Company has completed a review of its strategy incorporating the analysis of WWT1 insights along with opportunities arising from its 2017 research and development activities to define clear strategic priorities. The strategy is designed to accelerate organic acquisition of performers and fans by establishing a talent discovery, promotion, monetisation and management ecosystem around the Megastar Video Competition Platform.

In 2018, MSM will drive user growth and monetisation on the Megastar platform by focusing on the execution of four key strategic initiatives to drive organic acquisition, activation, retention, revenue and referral:

- Finalise advanced discussions with strategic, media industry partners to scale the Megastar platform.
- Advance the RIVA MOU into a defined Heads of Agreement for the launch and operation of Megastar India by the operating/funding partner and to establish an operating model for expansion into other territories.
- Refine, improve and expand Megastar's features, services and product offerings (such as Live Streaming) to maximise user engagement and monetisation opportunities.
- The Company is currently undertaking detailed design and planning to establish a talent discovery, promotion, monetisation and management ecosystem and will update the market on this initiative in due course.

MSM intends to remain suspended from quotation on ASX pending the finalisation of legal advice regarding its 2018 strategy and the finalisation of consultation with the ASX.

MSM is actively pursuing revenue opportunities with potential competition sponsors and distributors of content from WWT1.

Management will advance the agreement for the launch of Megastar India with The Riva Group in Q1 2018. Partnering with this highly successful new media operator will accelerate the expansion of Megastar across non-English speaking territories. The team will initially target the global Bollywood audience of more than 1.5 billion people.

Megastar will continuously operate Spotlight and Lightning Competitions leading up to WWT2 in Q4 2018. This is expected to include genre specific, regional, branded and sponsored competitions.

The Company has identified a significant opportunity to drive growth through audience participation in the value created by new talent discovered via the Megastar platform (including popular performers from WWT1). Over the past 5 months, the Company has consulted with leading US technology and legal firms to develop new features and services to allow performers to monetise their creative works in collaboration with fans on the Megastar platform. MSM will update the market as this key strategic initiative progresses.

REVIEW AND RESULTS OF OPERATIONS (*continued*)

Given the transition from development into operations, the Company has undertaken a top-down review of expenditure to ensure that spending is optimised to generate maximum value for shareholders. The Company has reduced expenditure in the following areas: Platform development (including Technology, Brand Development and Promotion, Legal Frameworks and Content Production); Celebrity and sponsored performer payments; Marketing; Public Relations and staff costs associated with these areas.

The Company relies on trademark, copyright, patent, trade secret, and domain-name-protection laws to protect its proprietary rights. In the United States and internationally, various applications have been filed to protect aspects of the Company's intellectual property. Three patents (US Patent Applications 15/746786; 15/877118; 15/886523) relating to the Megastar platform have progressed to non-provisional filings. Five Prime Advisors LLC have been engaged to provide independent valuations of the Company's patents. The Company will provide further details regarding the patents and valuations in due course.

EVENTS SUBSEQUENT TO THE END OF THE HALF-YEAR

On 5 January 2018, the Company issued the 687,102 ordinary shares as the incentive component of employee remuneration packages in accordance with the Company's Stock Incentive Plan approved by shareholders at the 2016 AGM.

On 15 January 2018, the Company requested a trading halt to be placed on the Company's securities, effective immediately, pending an announcement regarding Data Analysis of World Wide Tournament 1, 2018 Strategy and a capital raise.

On 15 January 2018, Sophie McGill resigned as a director of the Company, Ms McGill will continue to provide consulting services as required from time to time.

On 17 January 2018, the Company requested a voluntary suspension in the Company's securities until completion, and announcement of Data Analysis of World Wide Tournament 1, 2018 Strategy and capital raising. The suspension was further extended to 8 March 2018.

On 8 February 2018, the Company announced:

- Binding commitments received for the placement of 40,000,000 shares to raise \$1,720,000 before costs and the intention to undertake an entitlements issue to eligible shareholders on similar terms to the placements.
- Key insights from the WorldWide Tournament 1 Data Analysis.
- The Company's development of its 2018 strategy designed to accelerate organic acquisition of performers and fans by establishing discovery, promotion, and monetisation and management ecosystem around the Megastar Video Competition Platform.
- The progress of the Monthly Megastar Spotlight Competition.
- Three patents relating to the Megastar platform have progressed to non-provisional filings. Five Price Advisors LLC have been engaged to provide independent valuations.

On 8 February 2018, the Company requested an extension to the voluntary suspension in the Company's securities until the finalisation and announcement of further details regarding the 2018 strategy following legal advice and finalisation of consultation with the ASX.

REVIEW AND RESULTS OF OPERATIONS (*continued*)

On 21 February 2018, the Company announced the completion of a placement to raise \$1,720,000 by the issue of 40,000,000 fully ordinary shares at \$0.043 per share, with a 1 for 2 free attaching listed option expiring at \$0.10 on 7 November 2019. The Options will be subject to shareholder approval at a general meeting to be convened by the Company.

In addition, the Company intends to provide eligible shareholders with the opportunity to participate in a 1 for 5 non-renounceable entitlements issue to raise approximately \$3,440,000 at \$0.043 per share, along with a 1 for 4 free attached listed option exercisable at \$0.10 expiring 7 November 2019 to progress strategic objectives.

On 26 February 2018, the Company issued the 273,405 ordinary shares as the incentive component of employee remuneration packages in accordance with the Company's Stock Incentive Plan approved by shareholders at the 2016 AGM.

On 26 February 2018, the Company announced an update on the progress of the three patents pending. The three patent applications progressed from provisional filings, which were first filed October 2015 and July 2017, to non-provisional utility patent applications, which provide the strongest form of protection that the Company can file at this stage of the patent life-cycle.

The filings allow the Company to reasonably perform a valuation on the IP based on the perspective 20-year monopoly the Company, and its legal advisors, Eandi Fitzpatrick LLP now expect MSM to achieve following the examination of the patents by the examiner. The valuation of the patents is currently being undertaken by Five Prime Advisors LLC and is expected to be available to report to the market within the next two weeks.

On 27 February 2018, the Company requested an extension to the voluntary suspension in the Company's securities until the finalisation and announcement of further details regarding the 2018 strategy following legal advice and finalisation of consultation with the ASX.

Other than the above, there have been no matters or circumstances that have arisen since the end of the half-year which significantly affected or may significantly affect:

- the Company's operations in future periods; or
- the results of those operations in future periods; or
- the Company's state of affairs in future periods.

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 review of the interim financial report. This Independence Declaration is set out on page 11 and forms part of this Directors' Report for the half-year ended 31 December 2017.

Signed in accordance with a resolution of the Directors.



Adam Wellisch
Non-Executive Chairman
28 February 2018

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF MSM CORPORATION INTERNATIONAL LIMITED

As lead auditor for the review of MSM Corporation International Limited for the half-year ended 31 December 2017, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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



Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 28 February 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2017

	Notes	31 December 2017 \$	31 December 2016 \$
Revenue from continuing operations			
In-App purchases		5,497	-
Interest income		28,882	35,131
		<u>34,379</u>	<u>35,131</u>
Expenses			
Finance cost		26,613	3,395
Administration expenses		716,085	408,288
Employee benefits and directors fees		1,127,613	512,482
Share based payments	3	2,480,137	1,281,446
Marketing expenditure		1,840,929	-
Project expenditure		7,517,136	2,526,923
Loss from continuing operations before income tax expense		(13,674,134)	(4,697,402)
Income tax expense		-	-
Net loss from continuing operations after income tax expense		<u>(13,674,134)</u>	<u>(4,697,402)</u>
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on foreign operations		(418,948)	(91,113)
Total comprehensive loss for the period		<u>(14,093,082)</u>	<u>(4,788,515)</u>
Loss for the period attributable to owners of the Company			
Total comprehensive loss for the period attributable to owners of the Company			
		<u>(14,093,082)</u>	<u>(4,788,515)</u>
Loss per share from continuing operations attributable to owners of the Company			
Basic loss per share	9	\$0.04	\$0.02

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	31 December 2017 \$	30 June 2017 \$
ASSETS			
Current Assets			
Cash and cash equivalents	4	1,432,415	720,307
Other assets	5	453,609	281,803
Total Current Assets		<u>1,886,024</u>	<u>1,002,110</u>
Non-Current Assets			
Other assets	5	91,071	92,362
Financial assets	6	595,954	604,402
Total Non-Current Assets		<u>687,025</u>	<u>696,764</u>
TOTAL ASSETS		<u>2,573,049</u>	<u>1,698,874</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	7	1,774,328	609,199
Provisions		51,502	1,297,708
Total Current Liabilities		<u>1,825,830</u>	<u>1,906,907</u>
TOTAL LIABILITIES		<u>1,825,830</u>	<u>1,906,907</u>
NET ASSETS		<u>747,219</u>	<u>(208,033)</u>
EQUITY			
Issued capital	8	30,238,489	17,430,292
Reserves	10	6,769,987	4,948,798
Accumulated losses		<u>(36,261,257)</u>	<u>(22,587,123)</u>
TOTAL EQUITY		<u>747,219</u>	<u>(208,033)</u>

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2017

	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total \$
Balance at 1 July 2017	17,430,292	4,948,798	(22,587,123)	(208,033)
<i>Comprehensive Income</i>				
Net loss for the period	-	-	(13,674,134)	(13,674,134)
Other comprehensive loss	-	(418,948)	-	(418,948)
Total comprehensive income/(loss) for the period	-	(418,948)	(13,674,134)	(14,093,082)
Transactions with owners in their capacity as owners				
Issue of shares	13,712,000	-	-	13,712,000
Share based payments	-	2,240,137	-	2,240,137
Shares issued on conversion of options	18,207	-	-	18,207
Capital raising expenses	(922,009)	-	-	(922,009)
Total transactions with owners and other transfers	12,808,198	2,240,137	-	15,048,335
Balance at 31 December 2017	30,238,489	6,769,987	(36,261,257)	747,219
Balance at 1 July 2016	11,249,100	2,496,682	(9,617,468)	4,128,314
<i>Comprehensive Income</i>				
Net loss for the period	-	-	(4,697,402)	(4,697,402)
Other comprehensive loss	-	(91,113)	-	(91,113)
Total comprehensive income/(loss) for the period	-	(91,113)	(4,697,402)	(4,788,515)
Transactions with owners in their capacity as owners				
Issue of shares - prospectus	4,882,000	-	-	4,882,000
Share based payments	-	1,281,446	-	1,281,446
Shares issued on conversion of options	1,036,853	-	-	1,036,853
Capital raising expenses	(255,920)	-	-	(255,920)
Total transactions with owners and other transfers	5,662,933	1,281,446	-	6,944,379
Balance at 31 December 2016	16,912,033	3,687,015	(14,314,870)	6,284,178

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2017

	31 December 2017 \$	31 December 2016 \$
Cash flows from operating activities		
Cash receipts from customers	5,497	-
Interest received	19,563	35,132
Project development payments	(8,803,092)	(2,526,923)
Payments to suppliers and employees	<u>(3,078,058)</u>	<u>(1,382,063)</u>
Net cash outflow from operating activities	<u>(11,856,090)</u>	<u>(3,873,854)</u>
Cash flows from investing activities		
Payments for investments	<u>-</u>	<u>(204,867)</u>
Net cash outflows from investing activities	<u>-</u>	<u>(204,867)</u>
Cash flows from financing activities		
Proceeds from issue of shares	13,490,207	5,918,854
Capital raising costs	<u>(922,009)</u>	<u>(255,920)</u>
Net cash inflows from financing activities	<u>12,568,198</u>	<u>5,662,934</u>
Net increase in cash and cash equivalents	712,108	1,584,213
Cash and cash equivalents at the beginning of the financial period	<u>720,307</u>	<u>4,084,229</u>
Cash at the end of the financial period	<u>1,432,415</u>	<u>5,668,442</u>

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

NOTES TO THE FINANCIAL STATEMENTS

Note 1: CORPORATE INFORMATION

The Financial Report of MSM Corporation International Limited and its associated entities (“MSM” or “the Company”) for the half-year ended 31 December 2017 was authorised for issue in accordance with a resolution of the Directors on 28 February 2018.

MSM is a company incorporated in Australia and limited by shares which are publicly traded on the ASX.

Note 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 "Interim Financial Reporting". Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting". The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

(a) Basis of preparation

The financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

(b) Accounting policies and methods of computation

The accounting policies and methods of computation adopted are consistent with those of the most recent period end financial statements.

(c) New and amended standards adopted by the entity

A number of new or amended standards became applicable for the current reporting period, however, the Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. There may be some changes to the disclosures in the 30 June 2017 annual report as a consequence of these amendments.

(d) Impact of standards issued but not yet applied by the entity

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2017 reporting periods and have not been early adopted by the Company.

(e) 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 half-year ended 31 December 2017 the Group incurred a net loss of \$13,674,134 (31 December 2016: \$4,697,402), incurred net cash outflows from operating activities of \$11,856,090 (31 December 2016: \$3,873,854) and held cash at bank of \$1,432,145 (30 June 2017: \$720,307).

NOTES TO THE FINANCIAL STATEMENTS (continued)

During the half-year, the Group was focussed on the progression of the Megastar “Application” which contributed significantly to the net cash outflows. This Application was launched during the period and is expected to generate cash inflows over the next 12 months. The ability for the Group to continue as a going concern is dependent on cash inflows generated from its Application and or securing additional funds from capital raisings to continue its operational and marketing activities during the next 12 months.

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:

- Subsequent to period end, the Group raised \$1,720,000 (before costs), through the placement of 40,000,000 ordinary shares at \$0.043 per share.
- The launch of the Megastar Application in multiple demographics during the period, and the expected cash flows to be received in association with this.
- The ability to raise additional funding through debt and/or equity.

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 Group not continue as a going concern.

NOTES TO THE 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:

	31 December 2017	31 December 2016
	\$	\$
<i>Recognised as a share based payment expense:</i>		
Options issued to Employees	10,697	10,697
Options issued to Key Management Personnel Note 3(a)	(83,713)	147,989
Options issued for Services Note 3(b)	89,773	1,039,250
Shares issued for services Note 3(b)	240,000	-
Equity options issued to Employees Note 3(c)	90,831	70,334
Performance Rights issued for services Note 3(d)	2,081,009	-
Performance Rights issued to Key Management Personnel Note 3(d)	51,540	13,176
Total share based payment expenses	2,480,137	1,281,446

(a) Options issued to Key Management Personnel

As announced on ASX, on 15 January 2018, Sophie McGill resigned from MSM. As part her appointment remuneration package, Ms. McGill was issued 2,000,000 unlisted options. These options vested over six equal instalments over a 3 year period. As at 31 December 2017, three of these instalments were yet to vest and accordingly were eligible for reversal. This resulted in a reversal of \$83,713 to the share based payment expense during the period.

(b) Options issued for services

On 18 August 2017, MSM issued 1,000,000 ordinary shares in lieu of cash for services rendered. In accordance with AASB 2 *Share Based Payment*, as the fair value of the services was unable to be reliably measured, the fair value of the services was by reference to the fair value of the equity instruments granted.

As a result, a share based payment expense of \$240,000 was recognised based on the share price of the equity instruments on grant date of \$0.24 per share. The remaining \$89,773 expense relates to prior period options issued which have continued to vest over the period.

(c) Equity options issued to Employees (MSM Music Inc.) - Employee Option Plan

During the half year ended 31 December 2017, the Company issued various 'option equity' components as part of the remuneration package offered to employees and KMP appointed by MSM Music Inc. The component entitles the employee to a fixed percentage of the total shares in MSM Corporation International Limited at grant date, which vests over periods of 12, 24, 36 and 48 months, in equal instalments. The employee must remain in employment with the Company at each vesting date.

The fair value of equity instruments granted is valued by direct reference to the total equity contributed in the Company at grant date and the respective share price on grant date.

NOTES TO THE FINANCIAL STATEMENTS (continued)

(c) Equity options issued to Employees (MSM Music Inc.) - Employee Option Plan (continued)

The share based payment expense has been expensed over the relevant vesting period as per the above. As a result, a share based payment expense of \$90,831 (31 December 2016: \$70,334) has been recognised in the Statement of Profit or Loss and Other Comprehensive Income for the period.

(d) Performance rights issued for services

During the period, the Company issued a total of 16,500,000 performance rights as detailed below:

- 2,500,000 Class D Performance Rights on 02/08/2017;
- 5,000,000 Class E Performance Rights on 17/08/2017;
- 5,000,000 Class F Performance Rights on 17/08/2017; and
- 4,000,000 Class G Performance Rights on 20/11/2017.

Class D Performance Rights (Celebrity Judge)

On 2 August 2017, Class D performance rights were issued in three equal tranches, each with different market based performance milestones. Each performance share will convert into 1 ordinary share of MSM upon achievement of the performance milestone by the milestone expiry date. These performance rights vested immediately.

The performance rights were valued using the barrier trinomial valuation method. Details for each tranche are tabled below:

Tranche	Number	Grant Date	Exercise Price	Volatility	Expiry Date of Milestone Achievements	Fair value per Right	Total Fair Value
1	833,333	02/08/2017	Nil	95%	29/12/2021	\$0.19	\$157,500
2	833,333	02/08/2017	Nil	95%	29/12/2021	\$0.18	\$147,500
3	833,334	02/08/2017	Nil	95%	29/12/2021	\$0.17	\$140,000

Performance Milestones:

- (1) Vest upon achieving a market capitalisation of \$150 million, for a period of 30 consecutive days.
- (2) Vest upon achieving a market capitalisation of \$200 million, for a period of 30 consecutive days.
- (3) Vest upon achieving a market capitalisation of \$250 million, for a period of 30 consecutive days.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Class E & F Performance Rights (Various)

On 17 August 2017, Class E and F performance rights were issued with different market and non-market based performance milestones. Each performance share will convert into 1 ordinary share of MSM upon achievement of the performance milestone by the milestone expiry date. These performance rights vested immediately.

The performance rights were valued using the barrier trinomial valuation method. Details for each class are tabled below:

Class	Number	Grant Date	Exercise Price	Volatility	Expiry Date of Milestone Achievements	Fair value per Right	Total Fair Value
E	5,000,000	17/08/2017	Nil	95%	29/12/2018	\$0.128	\$640,000

Performance Milestones:

- (i) The Company \$5,000,000 in earnings before interest, tax, depreciation and amortisation (EBITDA);
- (ii) The MSM Platform achieves a number of unique registered users of at least 1,000,000 as determined by Google Analytics; and
- (iii) The Company achieves a market capitalisation of \$150 million for a period of 30 consecutive days.

Class	Number	Grant Date	Exercise Price	Volatility	Expiry Date of Milestone Achievements	Fair value per Right	Total Fair Value
F	5,000,000	17/08/2017	Nil	95%	29/12/2020	\$0.161	\$805,000

Performance Milestones:

- (iv) MSM achieves \$15,000,000 in earnings before interest, tax, depreciation and amortisation (EBITDA);
- (v) The MSM Platform achieves a number of unique registered users of at least 2,000,000 as determined by Google Analytics; and;
- (vi) MSM achieves a market capitalisation of \$250 million for a period of 30 consecutive days.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Class G Performance Rights (Executive Director)

On 20 November 2017, at the Company's 2017 Annual General Meeting, the Company approved the issue of 4,000,000 performance rights to Mr Dion Sullivan, an Executive Director of the Company. These performance rights will convert into 1 ordinary share of MSM upon completion of the performance milestone as per the below. These performance rights vested over a five year period.

Class	Number	Grant Date	Exercise Price	Volatility	Expiry Date of Milestone Achievements	Fair Value per Right	Total Fair Value
G	4,000,000	20/11/2017	Nil	95%	20/11/2022	\$0.107	\$428,000

Performance Milestone:

- i) Vest upon achieving a market capitalisation of \$270 million, for a period of 30 consecutive days. This milestone expires on 20 November 2022.

The total share based payment expense arising from performance rights issued during the period was \$1,899,610, of which \$9,610 related to those issued to key management personnel. The remaining \$232,939 expense relates to prior period options issued which have continued to vest over the period.

Note 4: CASH AND CASH EQUIVALENTS

	31 December 2017	30 June 2017
	\$	\$
Cash at bank and on hand	1,432,415	720,307
Total cash and cash equivalents	1,432,415	720,307

Note 5: OTHER ASSETS

	31 December 2017	30 June 2017
	\$	\$
Current other assets		
Other receivables	23,393	85,818
GST recoverable	51,972	167,311
Prepayments	378,244	28,674
Total current other assets	453,609	281,803
Non-current other assets		
Other receivables	91,071	92,362
Total non-current other assets	91,071	92,362

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 6: FINANCIAL ASSETS

	31 December 2017	30 June 2017
	\$	\$
Balance at 1 July	604,402	538,003
New investments during the period	-	133,476
Foreign exchange movements	(8,448)	(67,077)
Total unlisted investments at cost	595,954	604,402

On 7 July 2016, the Company made a strategic investment of US\$100,000 (A\$122,624) 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 and is expected to enhance the Company's social media capabilities ahead of the launch of the Megastar Millionaire competition platform.

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\$34,000 (A\$44,146).

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

- The payment of US\$100,000 (AU\$122,624) on 7 August 2015;
- The payment of US\$50,000 (AU\$61,312) on 8 December 2016; and
- US\$150,000 (AU\$183,936) in the form of either cash or MSM shares, at MSM's election. This is accounted for under Trade and Other Payables (Note 7).

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\$61,312).

The carrying amount of the unlisted investments is at cost as their fair value cannot be reliably measured at period end as the companies do not have quoted market prices.

Management have determined there is no objective evidence of impairment which would suggest the investments are impaired.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 7: TRADE AND OTHER PAYABLES

	31 December 2017 \$	30 June 2017 \$
Trade creditors	1,518,547	395,655
Accruals	25,000	27,000
Other Payables	230,780	186,544
Total trade and other payables	1,774,328	609,199

Note 8: CONTRIBUTED EQUITY

Shares – 31 December 2017	\$	No. of Shares	Amount per share
Issued and paid up capital			
<i>Movements in issued and paid up capital</i>			
Balance at beginning of period	17,430,292	311,135,662	
Proceeds from shares issued	10,072,000	51,360,000	\$0.20
Proceeds from shares issued (a)	240,000	1,000,000	\$0.24
Proceeds from shares issued	3,400,000	22,666,667	\$0.15
Shares issued under 'equity option' agreement	-	542,552	-
Shares issued for the conversion of options	18,207	182,066	\$0.10
Capital raising costs	(922,009)	-	
Total issued and paid up capital at the end of the period	30,238,489	385,886,947	

(a) Refer to Note 3 for additional details on these shares issued for services received.

Shares – 30 June 2017	\$	No. of Shares	Amount per share
Issued and paid up capital			
<i>Movements in issued and paid up capital</i>			
Balance at beginning of period	11,249,100	276,802,110	
Proceeds from shares issued under the public offer	4,882,000	17,435,715	\$0.28
Shares issued under 'equity option' agreement (Note 3(c))	-	1,346,721	-
Shares issued on conversion of options	1,555,112	15,551,116	\$0.10
Capital raising costs	(255,920)	-	
Total issued and paid up capital at the end of the period	17,430,292	311,135,662	

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 9: BASIC LOSS PER SHARE

	31 December 2017 \$	31 December 2016 \$
Basic loss per share	(0.04)	(0.02)
Diluted loss per share	(0.04)	(0.02)

Basic 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:

	31 December 2017 \$	31 December 2016 \$
Net loss	(13,674,134)	(4,697,402)
	Number	Number
Weighted average number of ordinary shares for the purposes of calculating basic and diluted loss per share	353,367,107	293,829,160

Note 10: RESERVES

	31 December 2017 \$	30 June 2017 \$
Balance at beginning of period	5,089,753	2,311,199
Movement in Option Premium Reserve		
Options, shares and performance rights issued to key management personnel (Note 3(a)(d))	(32,173)	375,029
Options issued to other employees (Note 3(c))	101,528	116,675
Options issued for consulting and advisory services (Note 3(a))	89,773	2,286,850
Performance rights issued (Note 3(d))	2,081,009	-
	2,240,137	5,089,753
Movement in Foreign Exchange Translation Reserve		
Opening balance	(140,955)	185,483
Exchange differences on foreign operations	(418,948)	(326,438)
	(559,903)	(140,955)
Balance at end of period	6,769,987	4,948,798

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 11: SUBSEQUENT EVENTS

On 5 January 2018, the Company issued the 687,102 ordinary shares as the incentive component of employee remuneration packages in accordance with the Company's Stock Incentive Plan approved by shareholders at the 2016 AGM.

On 15 January 2018, the Company requested a trading halt to be placed on the Company's securities, effective immediately, pending an announcement regarding Data Analysis of World Wide Tournament 1, 2018 Strategy and a capital raise.

On 15 January 2018, Sophie McGill resigned as a director of the Company, Ms McGill will continue to provide consulting services as required from time to time.

On 17 January 2018, the Company requested a voluntary suspension in the Company's securities until completion, and announcement of Data Analysis of World Wide Tournament 1, 2018 Strategy and capital raising. The suspension was further extended to 8 March 2018.

On 8 February 2018, the Company announced:

- Binding commitments received for the placement of 40,000,000 shares to raise \$1,720,000 before costs and the intention to undertake an entitlements issue to eligible shareholders on similar terms to the placements.
- Key insights from the WorldWide Tournament 1 Data Analysis.
- The Company's development of its 2018 strategy designed to accelerate organic acquisition of performers and fans by establishing discovery, promotion, and monetisation and management ecosystem around the Megastar Video Competition Platform.
- The progress of the Monthly Megastar Spotlight Competition.
- Three patents relating to the Megastar platform have progressed to non-provisional filings. Five Price Advisors LLC have been engaged to provide independent valuations.

On 8 February 2018, the Company requested an extension to the voluntary suspension in the Company's securities until the finalisation and announcement of further details regarding the 2018 strategy following legal advice and finalisation of consultation with the ASX. The securities are to remain in voluntary suspension until the earlier of the announcement to the market or the commencement of trade on 8 March 2018.

On 21 February 2018, the Company announced the completion of a placement to raise \$1,720,000 by the issue of 40,000,000 fully ordinary shares at \$0.043 per share, with a 1 for 2 free attaching listed option expiring at \$0.10 on 7 November 2019. The Options will be subject to shareholder approval at a general meeting to be convened by the Company.

In addition, the Company intends to provide eligible shareholders with the opportunity to participate in a 1 for 5 non-renounceable entitlements issue to raise approximately \$3,440,000 at \$0.043 per share, along with a 1 for 4 free attached listed option exercisable at \$0.10 expiring 7 November 2019 to progress strategic objectives.

On 26 February 2018, the Company issued the 273,405 ordinary shares as the incentive component of employee remuneration packages in accordance with the Company's Stock Incentive Plan approved by shareholders at the 2016 AGM.

NOTES TO THE FINANCIAL STATEMENTS (continued)

On 26 February 2018, the Company announced an update on the progress of the three patents pending. The three patent applications progressed from provisional filings, which were first filed October 2015 and July 2017, to non-provisional utility patent applications, which provide the strongest form of protection that the Company can file at this stage of the patent life-cycle.

The filings allow the Company to reasonably perform a valuation on the IP based on the perspective 20-year monopoly the Company, and its legal advisors, Eandi Fitzpatrick LLP now expect MSM to achieve following the examination of the patents by the examiner. The valuation of the patents is currently being undertaken by Five Prime Advisors LLC and is expected to be available to report to the market within the next two weeks.

On 27 February 2018, the Company requested an extension to the voluntary suspension in the Company's securities until the finalisation and announcement of further details regarding the 2018 strategy following legal advice and finalisation of consultation with the ASX. The securities are to remain in voluntary suspension until the earlier of the announcement to the market or the commencement of trade on 8 March 2018.

Other than the above, there have been no matters or circumstances that have arisen since the end of the half-year which significantly affected or may significantly affect:

- the Company's operations in future periods; or
- the results of those operations in future periods; or
- the Company's state of affairs in future periods.

Note 11: COMMITMENTS AND CONTINGENCES

There have been no changes in contingent liabilities, contingent assets or other commitments since the last annual reporting date, 30 June 2017.

Note 12: CONTINGENT LIABILITIES

There have been no changes in contingent liabilities or payments requiring disclosure since the last reporting date, 30 June 2017.

Note 13: SEGMENT REPORTING

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 14: RELATED PARTY

On 20 November 2017, at the Company's 2017 Annual General Meeting, the Company approved the issue of 4,000,000 performance rights to Mr Dion Sullivan, an Executive Director of the Company. Refer to Note 3(d) for additional details on the performance rights issued.

DIRECTORS' DECLARATION

In the opinion of the Directors of MSM Corporation International Limited ('the Company'):

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; and
 - b. giving a true and fair view of the Company's financial position as at 31 December 2017 and of its performance for the half-year then ended; and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Adam Wellisch
Non-Executive Chairman
28 February 2018

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of MSM Corporation International Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of MSM Corporation International Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, 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 half-year then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter - Material uncertainty relating to going concern

We draw attention to Note 2(e) 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 conclusion is not modified in respect of this matter.

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2017 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'Dean Just', written over a faint, larger 'BDO' logo.

Dean Just

Director

Perth, 28 February 2018