

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Name of entity

MSM CORPORATION INTERNATIONAL LIMITED

ABN

51 002 529 160

Quarter ended ("current quarter")

31 December 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter	Year to date (6 months)
	\$A'000	\$A'000
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) staff costs	-	-
(b) advertising and marketing	(1)	(1)
(c) research and development grant	-	-
(d) leased assets	-	-
(e) other working capital	(182)	(295)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	3
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – GST	(18)	(28)
Net operating cash flows	(200)	(321)

+ See chapter 19 for defined terms.

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	Current quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	(200)	(321)
1.9 Cash flows related to investing activities		
Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(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 (Megastar Millionaire Pty Ltd)	(135)	(135)
1.12 Loans repaid by other entities	-	-
1.13 Other (cash acquired – subsidiary)	-	-
Net investing cash flows	(135)	(135)
1.14 Total operating and investing cash flows	(335)	(456)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	7,000	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 (costs of issue)	(21)	(21)
Net financing cash flows	6,979	6,979
Net increase (decrease) in cash held	6,644	6,523
1.21 Cash at beginning of quarter/year to date	451	572
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	7,095	7,095

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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	45
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Fees paid to directors and/or director related entities (\$13k) and company secretarial, consulting and accounting paid to a director related entity (\$32k). Payments are net of any applicable GST.

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. (See AASB 1026 paragraph 12.2).

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

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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	7,004	6
4.2 Deposits at call	91	445
4.3 Bank overdraft	-	-
4.4 Term Deposits	-	-
Total: cash at end of quarter (item 1.23)	7,095	451

Acquisitions and disposals of business entities

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

Note:

^As per the Prospectus dated 2 November 2015 (Prospectus), the consideration for the acquisition of Megastar Millionaire Pty Ltd (Megastar) consisted of the issue of 75,000,000 fully paid ordinary MSM shares and 100,000,000 performance shares to the Megastar shareholders, 18,000,000 options to Megastar optionholders and 25,000,000 fully paid ordinary shares and 25,000,000 options to Megastar noteholders.

^^The total net assets of Megastar as at 30 April 2015 as disclosed in the Prospectus, was \$37,031.

^^^Megastar is a digital technology and entertainment thought lab that, via the first product offering, Megastar Millionaire, is preparing to launch the world's richest online, mobile-first, talent discovery competition platform. Megastar will connect performers and fans in an innovative and interactive gamification experience that will transform, mobilise and individualise the search for new artists.

This highly disruptive, first-to-market platform plans to 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.

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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 does give a true and fair view of the matters disclosed.

Mark Clements
Company Secretary
29 January 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 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting 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.

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