



# **MSM CORPORATION INTERNATIONAL LIMITED**

ABN 51 002 529 160

**ANNUAL FINANCIAL REPORT  
30 JUNE 2020**

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## COMPANY INFORMATION

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### **DIRECTORS**

Mr Antoine Massad  
*(Non-Executive Chairman)*

Mr Adam Wellisch  
*(Non-Executive Director)*

Mr Chris Jones  
*(Non-Executive 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 6009  
Western Australia

### **ASX CODE**

MSM

## CHAIRMAN'S LETTER

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Dear Shareholders,

It gives me great pleasure to deliver my first report as Chairman of MSM. I joined the Board with a strong belief that the Company is working in one of the most exciting sectors within digital entertainment today from content creation and streaming via Megastar to gaming and Esports through our partners.

There is no doubt that the Company has faced its most challenging time due to a compromised working capital position. However, we are now poised to benefit from the growth in the gaming and Esports sectors once we achieve financial stability. This is made possible, with our great appreciation, due to the efforts of our loyal contractors and the patience of our service providers and advisors.

Throughout the year your Board has remained focused on strengthening our strategic relationships with The Riva Group, the association with Firefly Games and most recently, Galaxy Racer Esports 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.

We are also advancing our intellectual property assets to maximise the benefits of the Megastar platform concepts in the global digital technology and entertainment industry.

During the second half of the year, we encountered lockdowns due to the COVID-19 pandemic which resulted in delays in relation to the Megastar Version 2.0 development. However, The Riva Group subsidiary, RTE, entered into an agreement with Galaxy Racer Esports to manage all of their Esports platforms and tournaments which resulted in a clearer development pathway for the Megastar platform. Galaxy Racer Esports is an Esports organization founded by CEO its, Paul Roy, and is the organizer of GIRLGAMER Esports Festival founded in 2017 and is establishing a significant vertically integrated presence in the Esports industry.

During the year, we also modified the Megastar Version 2.0 development milestones attributed to the Heads of Agreement with The Riva Group to reflect the significant global opportunities presented with a rapidly evolving Esports industry. Both parties continue to be committed to clear strategic priorities to maximise user engagement and monetisation opportunities to optimise user experience. By doing so, enabling an increase in the global reach of Megastar Version 2.0 by utilising The Riva Group's already established portfolio of industry contacts, IP and infrastructure.

MSM is excited about the rapidly evolving Esports industry which is experiencing a significant boost in user engagement as a result of COVID-19, accelerating what is already a growth industry. Covered under the agreement between RTE and Galaxy Racer Esports is the management of the Megastar Version 2.0 platform licenced to RTE which will deliver Esports content.

During the year, Firefly Games Inc., a successful mobile game publisher and developer for the global iOS and Android markets and a strategic partner forged through MSMCI's investment in The Riva Group, successfully completed its global launch of the multiplayer online strategy game, *Terminator: Dark Fate*. Whilst the lockdowns associated with COVID-19 pandemic created some operational challenges in relation to the creation of new content due to the location of the game production team in China and the production supervision team in the US, there was an unanticipated boom in the gaming industry as COVID-19 has pushed more users online. This resulted in increased monthly downloads and revenue figures for the *Terminator: Dark Fate* game with total downloads approaching half a million with very little marketing spend.

## CHAIRMAN'S LETTER

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We believe that in FY21, shareholders will benefit from our equity position and secured, first ranking, interest free loan notes in RTE. RTE is expected to make regular waterfall loan note repayments as gamification revenue is generated by Firefly Games and distributed via RTE to MSM who have a priority right, along with other loan note holders, to be paid all profits or distributions received by RTE in repayment of the notes. MSM may also benefit from any ongoing distributions post loan repayments as an RTE shareholder.

On behalf of MSM, I would like to thank my fellow Board members, our service providers, our advisors, our contractors 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 the Megastar platform into the gaming and Esports industry.

Yours faithfully



**Mr Antoine Massad**  
Non-Executive Chairman

## DIRECTORS' REPORT

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Your directors present their report on MSM Corporation International Limited (“**the Company**” or “**MSM**”) for the financial year ended 30 June 2020. 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 Adam Wellisch	Non-Executive Director	<i>appointed 29 December 2015</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>

### 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 holds an interest in 3,650,000 ordinary shares.

### **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 IHL (ASX:IHL) until 8 May 2018.

Mr Wellisch holds an interest in 11,494,005 ordinary shares, 6,474,819 Class B Performance Shares, 4,742,802 options expiring 27 December 2022 with an exercise price of \$0.04 and 1,200,000 Class C Performance Rights.

### **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 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 Emerald Resources NL and was executive chairman of MOD Resources Limited until 23 October 2019. 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 15,256,115 ordinary shares, 225,000 options with an exercise price of \$0.04 expiring 27 December 2022, 3,904,076 Class B Performance Shares and 1,200,000 Class C Performance Rights.

## **REVIEW AND RESULTS OF OPERATIONS**

During the year, the Company strengthened its partnership with The Riva Group and their alignment with Firefly Games Inc and Galaxy Racer Esports 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.

### **Increased Board Expertise**

On 20 December 2019, the Board welcomed Mr Antoine Massad as Non-executive Chairman. His appointment has added significant expertise to the Board, particularly applying his strategic outlook as the Company focusses on adding functionality to the Megastar platform post Worldwide Tournament 1 (WWT1) findings around gamification and continuing to forge partnerships with The Riva Group and Firefly Games to target global mobile gaming audiences to drive shareholder returns.

## DIRECTORS' REPORT (continued)

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Mr Massad has 30 years' experience in investing in alternative markets, in particular technology companies and funds for the past 10 years. His appointment is significant as the Company focusses on adding functionality to the Megastar platform post WWT1 findings around gamification and continuing to forge partnerships with The Riva Group and Firefly Games to target global mobile gaming audiences to drive shareholder returns.

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.

### **Megastar Version 2.0**

During the year the Company continued its planning around 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 The Riva Group's subsidiary, Riva Technology and Entertainment Limited (RTE).

During the second half of the year, the lockdowns associated with the COVID-19 pandemic created some delays in relation to the Megastar Version 2.0 development. However RTE entered into an agreement with Galaxy Racer Esports to manage all of their Esports platforms and tournaments which results in a clearer development pathway for the Megastar platform.

During the period, The Riva Group and MSMCI modified the milestones attributed to the Heads of Agreement (announced on 15 July 2019) to reflect the significant global opportunities presented with a rapidly evolving Esports industry. Both parties continue to be committed to clear strategic priorities to maximise user engagement and monetisation opportunities to optimise the user experience. By doing so, enabling an increase in the global reach of Megastar Version 2.0 by utilising The Riva Group's already established portfolio of industry contacts, IP and infrastructure.

The Esports industry has experienced a significant boost in user engagement as a result of COVID-19, accelerating what is already a growth industry. Covered under the agreement between RTE and Galaxy Racer Esports is the management of the Megastar Version 2.0 platform licenced to RTE which will deliver Esports content.

Galaxy Racer Esports is an Esports organization founded by CEO, Mr Paul Roy and is the organizer of GIRLGAMER Esports Festival established in 2017. Galaxy Racer Esports has a roster of 7 teams in CS:GO, League of Legends, Dota2 and PubG Mobile.

### **Firefly Games Terminator: Dark Fate & COVID-19 Update**

As announced on 11 November 2019, Firefly Games Inc. a strategic partner forged through MSMCI's investment in The Riva Group, successfully completed its global launch of the multiplayer online strategy game, Terminator: Dark Fate.

During the second half of the year, the lockdowns associated with COVID-19 pandemic created some operational challenges in relation to the creation of new content due to the location of the game production team in China and the production supervision team in the US. However these obstacles have been resolved with both locations now operational and new content updates expected.

During the second half of the year, there was an unanticipated boom in the gaming industry as COVID-19 has pushed more users online. This resulted in increased monthly download and revenue figures for the Terminator: Dark Fate game with total downloads approaching half a million with very little marketing spend.

As announced on 26 November 2018, the Company has an equity position and secured, first ranking, interest free loan notes in RTE. RTE has entered into a share purchase agreement with J&D Holdings Limited (J&D) to become a 70% shareholder in J&D, which is the sole legal and beneficial owner of Firefly Games. The Company (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 notes with MSMCI also benefiting from any ongoing distributions post loan repayment as an RTE shareholder.

### **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.

### **CORPORATE**

During the year, the Company was focussed on ongoing cost reductions and maintaining the support of all stakeholders including strengthening the strategic partnership with The Riva Group, Galaxy Racer Esports and Firefly Games to maximise shareholder value.

As such, project expenditure has been managed in conjunction with the Company's available working capital and Director and company secretarial fees have been deferred since January 2020.

Subsequent to year end, on 13 July 2020, the Company announced it had received the second of five milestone payments of US\$100k 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.

In addition to the above, RTE has advised it has transferred the first instalment of the US\$1.5M waterfall loan note of US\$100,000 with regular repayments to follow. The Company will apply these funds for general working capital and expects to provide an update once received.

As noted in the ASX announcement of 26 June 2020, 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 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 an RTE shareholder.



### FINANCIAL

The Company incurred a loss after tax of \$420,199 (30 June 2019 – loss of \$423,216). The loss includes a finance expense of \$417,232 that includes an amount of \$411,429 which relates to the \$1,440,000 (before costs) raised in the prior period under a Convertible Note Issue. The Convertible Notes were unsecured, interest free and had a redemption date 24 months from the date of issue. On 15 July 2019 the Convertible Notes converted at a fair value of \$0.009 per share, following shareholder approval at the Company's Annual General Meeting on 26 April 2019 (Refer to Note 12). The fair value movement in financial assets was \$1,004,744 (30 June 2019 – loss of \$692,997) which has been recognised in the Statement of Profit and Loss for the year ended 30 June 2020.

The Group had cash on hand of \$26,800 at the end of the year (30 June 2019: \$357,779). As at 30 June 2020, the Group has a net asset position of \$2,618,339 (30 June 2019 – net asset position of \$709,292).

As noted above, on 15 July 2019, the Company issued 205,714,286 shares at a deemed issue price of \$0.007 per share (fair value of \$0.009 per share) to convert previously issued convertible notes of \$1,440,000 (before costs) following approval at the Company's 2018 Annual General Meeting.

On 22 July 2019, the Company announced its notice of intention to sell shares in the Company of less than a marketable parcel. The offer applied to shareholders who on 19 July 2019 were holders of shares in the Company valued at less than \$500 based on the closing price of the Company shares of \$0.009 per share on the record date. This concluded on 1 October 2019.

On 17 July 2019 and 24 September 2019, the Company issued 35,050 shares and 35,050 shares, respectively in relation to the Company's prior period 'equity option' agreement and advised that 8,500,000 unlisted options exercisable on or before 19 September 2019 at various prices between \$0.40 and \$0.55, expired without exercise.

In December 2019, the Company successfully completed an equity option raising of \$137,237 (before costs) through the issue of 137,237,197 options exercisable at \$0.04 per share at an issue price of \$0.001 per option, exercisable on or before 27 December 2022. A further 18,234,232 options were issued to the underwriter and lead manager pursuant to this capital raising and 4,666,667 fully paid ordinary shares to directors in satisfaction of directors and company secretarial fees owing at a deemed issue price of \$0.015 per share (being the market price of the Shares on ASX as at 21 October 2019) (fair value per share of \$0.013) following shareholder approval at the annual general meeting held 29 November 2019.

### 2021 OUTLOOK

The Company is focussed upon continuing its strategy of establishing joint ventures to commercialise the Megastar online platform in new markets in particular the expansion into Esports and mobile gaming.

This is expected to be driven via the strength of the Company's strategic relationships with The Riva Group and the association with Firefly Games and most recently, Galaxy Racer Esports 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.

The Company is intending to do so whilst continuing to optimise expenditure as we progress toward the relaunch of the Megastar online platform 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 2020 (2019 – \$nil).

### **MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR**

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.

On 1 September 2020, the Company advised that The Riva Group's subsidiary, Riva Technology and Entertainment Limited (RTE) and Galaxy Racer Esports, have appointed senior Disney veteran and consumer products expert Guenther Hake as their advisor to maximize the brand partnerships, consumer products and merchandise.

On 30 September 2020, RTE advised it had transferred the first instalment of the US\$1.5M waterfall loan note of US\$100,000 (A\$140,687) with regular repayments to follow.

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 2020. However it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and 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.

No other matters or circumstances have arisen since 30 June 2020 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.

## DIRECTORS' REPORT (continued)

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### NON-AUDIT SERVICES

During the year, \$4,240 (2019: \$2,750) 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.

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' 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 <sup>1</sup>	2	2
Adam Wellisch	6	5
Chris Jones	6	6
Mark Clements	6	6

*Note 1:* Appointed 20 December 2019.

In addition to the above, the Board met via circular resolution on 26 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 2020. 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

Mr Antoine Massad *Non-Executive Chairman (appointed 20 December 2019)*

Mr Adam Wellisch *Non-Executive Director*

Mr Chris Jones *Non-Executive Director*

Mr Mark Clements *Non-Executive Director and Company Secretary*

##### 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.

Given the Company's working capital position, director and company secretarial fees have been deferred since January 2020.

##### 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.

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. Further details on the valuation inputs of the options are included in Note 3.

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 2020 (2019: nil).

##### *Shares*

In prior periods, the Company issued various 'option equity' components as part of the remuneration package offered to employees and certain contractors. The component entitles the recipient to a fixed percentage of the total shares in MSM at grant date, which vests over periods of 12, 36 and 48 months, in equal instalments. The employee must remain in employment with the Company at each vesting date. The last of these components were issued to contractors in September 2019.

## DIRECTORS' REPORT (continued)

### Statutory Performance Indicators

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

	2020	2019	2018	2017	2016
<b>Net profit/(loss)(\$)*</b>	(420,199)	(423,216)	(18,921,838)	(12,969,655)	(8,491,150)
<b>Share price (\$)</b>	0.042	0.007	0.016	0.215	0.115
<b>Earnings/(loss) per share (\$)*</b>	(0.001)	(0.001)	(0.05)	(0.04)	(0.05)

### 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 14.

KMP	Fixed Remuneration	STI	LTI <sup>2</sup>
	2020	2020	2020
Antoine Massad <sup>1</sup>	100%	-	-
Adam Wellisch	59%	-	41%
Chris Jones	100%	-	-
Mark Clements	55%	-	45%

*Note 1:* Antoine Massad was appointed on 20 December 2019.

*Note 2:* There were no LTI's issued during the period. The percentage relates to the accounting expenses on the performance rights issued in prior periods.

### 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
<b>Total number of rights</b>	<b>800,000</b>	<b>800,000</b>	<b>800,000</b>	<b>2,400,000</b>
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)

### Shares

In prior periods, 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 the Company 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.

Under the 'option equity' agreements, eligible employees and KMP are entitled to nil shares (30 June 2019: nil) in the Company.

### DETAILS OF REMUNERATION

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

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 (included in the table below for the year ended 30 June 2019). 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 (included in the table below for the year ended 30 June 2019). Director fees from 1 January 2020 have been accrued to 30 June 2020.

Note 5: 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.

FOR THE YEAR ENDED 30 JUNE 2019					
KMP	Short-Term Benefits Base Remuneration <sup>1</sup>	Post-Employment Benefits	Share Based Payments (ESS, Options & Performance Rights)	Total	Value of Share Based Payments as a Proportion of Remuneration
	\$	\$	\$	\$	%
Dion Sullivan (Managing Director) <sup>2</sup>	183,952	-	(144,714)	39,238	-
Adam Wellisch (Non-Executive Chairman)	49,000	-	29,263	78,263	37%
Chris Jones (Non-Executive Chairman) <sup>3</sup>	19,000	-	-	19,000	-
Mark Clements (Non-Executive Director and Company Secretary)	60,000	-	29,263	89,263	33%
<b>Total</b>	<b>311,952</b>	<b>-</b>	<b>(86,188)</b>	<b>225,764</b>	<b>-</b>

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

Note 2: Resigned on 20 November 2018.

Note 3: Appointed on 20 November 2018.

## DIRECTORS' REPORT (continued)

### Executive Service Agreements

The Company has no executive officers.

### Key Management Personnel Equity Holdings

The interests of directors and other key management personnel in securities of the Company as at 30 June 2020 are as follows:

KMP	ORDINARY SHARES	OPTIONS	CLASS B PERFORMANCE SHARES	CLASS C PERFORMANCE RIGHTS
A Massad	3,650,000	-	-	-
A Wellisch	11,494,005	4,742,802	6,474,819	1,200,000
C Jones	514,155	312,500	-	-
M Clements	15,256,115	225,000	3,904,076	1,200,000

Note 1: Appointed on 20 December 2019. Amount held at date of appointment.

ORDINARY SHARE MOVEMENTS				
KMP	Held at 1 July 2019	Granted as remuneration	Net Other Changes	Balance at 30 June 2020
A Massad <sup>1</sup>	2,000,000 <sup>1</sup>	-	1,650,000	3,650,000
A Wellisch	10,827,338	666,667 <sup>2</sup>	-	11,494,005
C Jones	514,155	-	-	514,155
M Clements	11,256,115	4,000,000 <sup>2</sup>	-	15,256,115

Note 1: Appointed on 20 December 2019. Amount held at date of appointment.

Note 2: Issued on 27 December 2019 in satisfaction of outstanding director's fees and company secretarial fees as approved at the Company's Annual General meeting held 29 November 2019. Refer to Note 12(a).

OPTION MOVEMENTS					
KMP	Held at 1 July 2019	Net Other Changes	Exercised/ (Expired)	Balance at 30 June 2020	Vested and Exercisable
A Wellisch	4,742,802	4,742,802	(4,742,802) <sup>1</sup>	4,742,802	4,742,802
C Jones	312,500	312,500	(312,500) <sup>1</sup>	312,500	312,500
M Clements	225,000	225,000	(225,000) <sup>1</sup>	225,000	225,000

Note 1: On 7 November 2019, 137,237,197 \$0.10 options expired without exercise.

CLASS B PERFORMANCE SHARES MOVEMENTS				
KMP	Held at 1 July 2019	Granted as Remuneration	Net Other Changes	Balance as at 30 June 2020
A Wellisch	6,474,819	-	-	6,474,819
M Clements	3,904,076	-	-	3,904,076

CLASS C PERFORMANCE RIGHTS MOVEMENTS					
KMP	Held at 1 July 2019	Granted as Remuneration	Net Other Changes	Balance at 30 June 2020	Maximum value yet to vest*
A Wellisch	1,200,000	-	-	1,200,000	\$43,854
M Clements	1,200,000	-	-	1,200,000	\$43,854

\*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.



### **Other Transactions with Key Management Personnel**

There were no other transactions with key management personnel during the year ended 30 June 2020.

### **Voting of Shareholders at Last Year's Annual General Meeting**

At the 2019 Annual General Meeting more than 99% of the votes received supported the remuneration report for the 2019 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 17 and forms part of this Directors' Report for the year ended 30 June 2020.

Signed in accordance with a resolution of the Directors.



**Antoine Massad**  
Non-Executive Chairman  
30 September 2020

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 2020, 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.



Jarrad Prue  
Director

BDO Audit (WA) Pty Ltd  
Perth, 30 September 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 \$	2019 \$
<b>Revenue from contracts with customers</b>			
In App Purchases	4	-	442
Interest Income	4	74	1,067
Other Income	4	68,000	1,382,678
		<u>68,074</u>	<u>1,384,187</u>
<b>Expenses</b>			
Finance cost	4	417,232	87,965
Administration expenses	4	587,340	277,087
Employee benefits and directors fees	4	214,064	419,840
Marketing expenses	4	-	36,882
Share based payments	3	58,686	(404,197)
Project expenditure		215,695	696,829
Changes in fair value of investments at fair value	8	(1,004,744)	692,997
<b>Loss from continuing operations before income tax expense</b>		(420,199)	(423,216)
Income tax expense	5	-	-
<b>Net loss from continuing operations after income tax expense</b>		<u>(420,199)</u>	<u>(423,216)</u>
<b>Other comprehensive loss</b>			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on foreign operations		<u>233,601</u>	<u>(623,405)</u>
<b>Total comprehensive loss for the year</b>		<u>(186,598)</u>	<u>(1,046,621)</u>
Loss for the period attributable to owners of the Company		(186,598)	(1,046,621)
<b>Total comprehensive loss for the period attributable to owners of the Company</b>		<u>(186,598)</u>	<u>(1,046,621)</u>
<b>Loss per share from continuing operations attributable to owners of the Company</b>			
Basic and diluted loss per share	13	<u>0.001</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 2020

	<i>Notes</i>	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>			
<b>Current Assets</b>		<b>\$</b>	<b>\$</b>
Cash and cash equivalents	6	26,800	357,779
Other current assets	7	67,119	119,172
<b>Total Current Assets</b>		<u>93,919</u>	<u>476,951</u>
<b>Non-Current Assets</b>			
Financial assets	8	3,206,980	2,138,885
<b>Total Non-Current Assets</b>		<u>3,206,980</u>	<u>2,138,885</u>
<b>TOTAL ASSETS</b>		<u><b>3,300,899</b></u>	<u><b>2,615,836</b></u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	9	537,485	480,029
Contract Liability	10	145,075	-
Borrowings	11	-	1,426,515
<b>Total Current Liabilities</b>		<u>682,560</u>	<u>1,906,544</u>
<b>TOTAL LIABILITIES</b>		<u><b>682,560</b></u>	<u><b>1,906,544</b></u>
<b>NET ASSETS</b>		<u><b>2,618,339</b></u>	<u><b>709,292</b></u>
<b>EQUITY</b>			
Issued capital	12	38,064,341	36,182,851
Reserves	14	6,906,374	6,458,618
Accumulated losses		<u>(42,352,376)</u>	<u>(41,932,177)</u>
<b>TOTAL EQUITY</b>		<u><b>2,618,339</b></u>	<u><b>709,292</b></u>

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2020

	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total \$
<b>Balance at 1 July 2019</b>	36,182,851	6,458,618	(41,932,177)	709,292
Net loss for the period	-	-	(420,199)	(420,199)
Other comprehensive income	-	233,601	-	233,601
<b>Total comprehensive income/(loss) for the period</b>	-	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)
<b>Total transactions with owners and other transfers</b>	1,881,490	214,155	-	2,095,645
<b>Balance at 30 June 2020</b>	<b>38,064,341</b>	<b>6,906,374</b>	<b>(42,352,376)</b>	<b>2,618,339</b>
<b>Balance at 1 July 2018</b>	31,903,556	7,574,220	(41,508,961)	(2,031,185)
Net loss for the period	-	-	(423,216)	(423,216)
Other comprehensive loss	-	(623,405)	-	(623,405)
<b>Total comprehensive loss for the period</b>	-	(623,405)	(423,416)	(1,046,621)
Transactions with owners in their capacity as owners				
Issue of shares	4,373,190	-	-	4,373,190
Share based payments/(reversal)	88,000	(492,197)	-	(404,197)
Capital raising expenses	(181,895)	-	-	(181,895)
<b>Total transactions with owners and other transfers</b>	4,279,295	(492,197)	-	3,787,098
<b>Balance at 30 June 2019</b>	<b>36,182,851</b>	<b>6,458,618</b>	<b>(41,932,177)</b>	<b>709,292</b>

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

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2020

		2020	2019
	<i>Notes</i>	\$	\$
<b>Cash flows from operating activities</b>			
Cash receipts from customers		-	442
Interest received		74	1,067
Project development receipts		145,075	-
Project development payments		(187,379)	(622,149)
Payments to suppliers and employees		(424,457)	(1,853,100)
Net cash outflows from operating activities	<i>16(b)</i>	<u>(466,687)</u>	<u>(2,473,740)</u>
<b>Cash flows from investing activities</b>			
Payments for financial assets		(1,529)	(2,083,163)
Net cash outflows from investing activities	<i>8</i>	<u>(1,529)</u>	<u>(2,083,163)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		-	3,469,691
Capital raising costs		-	(144,032)
Proceeds from convertible loans		-	1,440,000
Proceeds from issue of options	<i>14</i>	137,237	-
Repayments of short term loans		-	(154,850)
Net cash inflows from financing activities		<u>137,237</u>	<u>4,610,808</u>
Net increase/(decrease) in cash and cash equivalents		(330,979)	53,904
Cash and cash equivalents at the beginning of the financial period		<u>357,779</u>	<u>303,875</u>
Cash at the end of the financial year	<i>6</i>	<u><b>26,800</b></u>	<u><b>357,779</b></u>
<b>Non-cash financing statement</b>			
Shares issued in repayment of short term loans	<i>11,12</i>	<u>1,440,000</u>	<u>236,000</u>
		<u>1,440,000</u>	<u>236,000</u>

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE 1: CORPORATE INFORMATION

The financial statements of MSM Corporation International Limited for the year ended 30 June 2020 were authorised for issue in accordance with a resolution of the directors on 30 September 2020.

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 2020 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 2020 the Group incurred a net loss of \$420,199 (2019: \$423,216). The Group also incurred net cash outflows from operating activities of \$466,687 (30 June 2019: \$2,473,740) and had a working capital deficiency of \$588,641 (30 June 2019: \$1,429,593).

In addition, on 31 January 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic. These events are having a significant negative impact on world stock markets, currencies and general business activities. The full impact of the COVID-19 outbreak continues to evolve at the date of this report.

As at the date of this report, the Group is not able to estimate the full effects of the COVID-19 outbreak on its results, financial condition, or liquidity for the 2020 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\$2,185,633) as disclosed in Note 8, cash inflows in relation to the remaining three milestone payments of US\$100,000 (A\$142,857) each under the varied Heads of Agreement (HOA) with Riva as disclosed in Note 22, 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:

- Subsequent to reporting date, the Group received US\$100,000 (A\$142,857), the second milestone payment under the varied HOA with Riva. (Refer to Note 23).
- Subsequent to reporting date, RTE advised it had transferred the first instalment of the US\$1.5M waterfall loan note of US\$100,000 (A\$140,687) with regular repayments to follow. (Refer to Note 23).
- 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 to receive the remaining three further milestone payments of US\$100,000 (A\$142,857) each over the next year under the terms of the varied Heads of Agreement with RTE.
- 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 2020, the following standard has been adopted:

#### **AASB 16 Leases**

The Group has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 Leases and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position as of 1 July 2019. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not significantly change how a lessor accounts for leases.

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

AASB 16 was adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact from adoption as at 1 July 2019 as the Group does not have any lease arrangements as at 30 June 2020. Any new or amended accounting standards or interpretations that are not yet mandatory have not been early adopted.

### (d) New Accounting policy adopted during the year:

#### **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.

### (e) 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.

### **(f) 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 2020 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.

### **(g) 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).

### **(h) 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.

**(i) Revenue recognition**

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

**(j) 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.

**(k) 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.

**(l) 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.

**(m) 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.

**(n) Convertible Notes**

On initial recognition, the convertible notes are recognised at fair value less transaction costs, and subsequently at amortised cost under the effective interest rate method.

**(o) 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.

### **(p) 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.

### **(q) 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.

### **(r) 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.

### **(s) 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.

## **(t) 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:

	2020	2019
Recognised as a share-based payment expense:	\$	\$
Options issued to employees	-	(406,009)
Performance rights and shares issued to key management personnel (a)	58,686	(86,188)
Shares issued for services	-	88,000
<b>Total share-based payment expense</b>	<b>58,686</b>	<b>(404,197)</b>

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

As at 30 June 2020, a share-based payment expense of \$58,686 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

	2020	2019
<b>(a) Revenue and other income</b>	<b>\$</b>	<b>\$</b>
In App purchases	-	442
Interest and other income	74	1,067
Reversal of creditors (i)	68,000	1,382,678
	<b>68,074</b>	<b>1,384,187</b>
<b>(b) Expenses</b>		
Wages, salaries, director's fees and other remuneration expenses	214,064	416,540
Administration expense	587,340	277,087
Marketing expenses	-	36,882
Finance costs – other (refer Note 11)	417,232	87,965
	<b>1,218,636</b>	<b>816,152</b>

Note (i): During the year, \$68,000 (30 June 2019: \$1,382,678) of trade creditors recorded in the Company were de-recognised. This has been reflected as Other Income in the Statement of Profit or Loss and Other comprehensive Income.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### NOTE 5: INCOME TAX EXPENSE

	2020	2019
	\$	\$
<b>(a) Income Tax Expense</b>		
Current tax expense	-	-
Deferred tax expense	-	-
	-	-
<b>(b) Reconciliation of income tax to prima facie tax payable:</b>		
Loss before tax	(420,199)	(423,216)
Income tax expense/ (benefit) @30%	(126,060)	(126,965)
Permanent differences	191,326	(514,294)
Current year tax loss not recognised	286,080	816,804
Timing differences not recognised	(351,346)	(155,441)
Differences in tax rate of subsidiaries operating in other jurisdictions	-	(20,104)
Total tax expense	-	-
<b>(c) Unrecognised Deferred Tax Asset relates to:</b>		
Tax losses	5,576,321	5,391,337
Other timing differences	2,887,320	3,208,159
	8,463,641	8,599,496

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

	2020	2019
	\$	\$
Cash at bank and on hand ( <i>Refer to Note 16</i> )	26,800	357,779
	26,800	357,779

### NOTE 7: OTHER ASSETS

	2020	2019
	\$	\$
<b>Current other assets</b>		
GST recoverable	8,316	15,602
Prepayments	58,803	103,570
	67,119	119,172

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 17 for the Company's risk management policy. As at 30 June 2020, no receivables were past due or impaired.

**NOTE 8: FINANCIAL ASSETS**

<b>Financial assets at fair value through profit or loss ("FVPL")</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Balance at 1 July	2,138,885	657,556
Acquisition	1,529	2,083,163
Foreign exchange movements	61,822	91,163
Fair value movement	1,004,744	(692,997)
<b>Total financial assets at fair value</b>	<b>3,206,980</b>	<b>2,138,885</b>

On 7 July 2016, the Company made a strategic investment of US\$100,000 (A\$145,709) 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\$52,455).

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\$145,709) on 7 August 2015;
- The payment of US\$50,000 (A\$72,854) on 8 December 2016; and
- US\$150,000 (A\$218,563) in the form of either cash or MSM shares, at MSM's election. This is accounted for under Trade and Other Payables (Note 9).

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\$72,854).

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\$1,457,089) on 23 November 2018.
- the payment of US\$500,000 (A\$728,544) on 9 January 2019.

The loan notes were repayable in full by 31 December 2019. However the repayment has been delayed. The Riva Group have advised that the first repayment is scheduled to be transferred with regular repayments to follow. 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 2020, the Company held an equity interest of 10.91% in RTE. The directors have taken the approach to fair value the investment based on recent share raisings.

As at 30 June 2020, 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 \$1,004,744 was recognised in this year.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### NOTE 9: TRADE AND OTHER PAYABLES

	2020	2019
	\$	\$
Trade creditors	243,053	228,340
Accruals	75,869	37,800
Other Payables (i)	218,563	213,889
<b>Total trade and other payables</b>	<b>537,485</b>	<b>480,029</b>

Note (i): The Company has not fully completed its acquisition of a 5% equity investment in ToneDen, Inc. The remaining commitment of US\$150,000 (\$218,563) can be satisfied in the form of either cash or MSM shares, at MSM's election.

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 17 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

	2020	2019
	\$	\$
Contract liability	145,075	-
<b>Total contract liability</b>	<b>145,075</b>	<b>-</b>

During the year, the Group received the first 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 2020, this has been recognised as a contract liability under AASB 15 *Revenue from contracts with customers*.

### NOTE 11: BORROWINGS

	2020	2019
	\$	\$
Convertible notes (a)	-	1,426,515
<b>Total borrowings</b>	<b>-</b>	<b>1,426,515</b>

Note (a): In a prior period, the Company had raised \$1,440,000 (before costs) under a Convertible Note Issue. The Convertible Notes were unsecured, interest free and had a redemption date 24 months from the date of issue. On 15 July 2019 the Convertible Notes converted at a fair value of \$0.009 per share, following shareholder approval at the Company's Annual General Meeting on 26 April 2019. The fair value of the equity instruments issued was \$1,851,429, resulting in a finance expense of \$411,429 being recognised in the Statement of Profit or Loss for the year ended 30 June 2020.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### NOTE 12: CONTRIBUTED EQUITY

Share capital at 30 June 2020	\$	No. of Shares	Amount per share
Balance at beginning of period	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 (a)	60,667	4,666,667	\$0.013
Shares issued under 'equity option' agreement	-	70,100	
Capital raising costs (b)	(30,606)	-	
<b>Total issued and paid up capital at the end of the period</b>	<b>38,064,341</b>	<b>839,336,686</b>	

#### (a) Shares issued in settlement of liabilities

During the year shares were issued in lieu of director and company secretarial fees accrued to Mr Clements and director fees accrued to Mr Wellisch following shareholder approval at the Company's annual general meeting held 29 November 2019. The fair value of these equity instruments granted was \$60,667.

As a result, a gain on settlement of liabilities of \$9,333 has been recognised in the Statement of Profit or Loss for the year ended 30 June 2020.

#### (b) Options issued for consideration of services

On 27 December 2019, the Company issued 18,234,232 options in lieu of cash for lead manager and underwriting services rendered (capital raising costs). The fair value of equity granted was by reference to the fair value of services received by reference to invoices received.

As these services relate to share capital, \$18,232 has been accounted for as capital raising costs under equity, with a corresponding increase in the Option Reserve.

Share capital at 30 June 2019	\$	No. of Shares	Amount per share
Balance at beginning of period	31,903,556	430,418,591	
<i>Movements in issued and paid up capital</i>			
Proceeds from shares issued	3,445,570	80,129,525	0.043
Proceeds from shares issued	312,000	39,000,000	0.008
Shares issued for services	88,000	2,046,512	0.043
Shares issued for liability settlement	346,620	43,327,500	0.043
Shares issued for liability settlement	33,000	4,125,000	0.008
Share issued under 'equity option' agreement	-	338,505	
Shares issued for short term loan settlement	236,000	29,500,000	0.008
Capital raising costs	(181,895)	-	
<b>Total issued and paid up capital at the end of the period</b>	<b>36,182,851</b>	<b>628,885,633</b>	

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### NOTE 13: BASIC LOSS PER SHARE

	2020	2019
	\$	\$
Basic loss per share	0.001	0.001
Diluted loss per share	0.001	0.001

#### **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:

	2020	2019
	\$	\$
Net loss	(420,199)	(423,216)
	Number	Number
Weighted average number of ordinary shares for the purposes of calculating basic and diluted loss per share	829,506,175	499,190,771

### NOTE 14: RESERVES

	2020	2019
	\$	\$
<b>Share Based Payment Reserve (i)</b>		
Balance at beginning of period	7,160,966	7,653,163
Shares and performance rights issued to key management personnel ( <i>Refer Note 3(a)</i> )	58,686	(86,188)
Options issued to employees	-	(406,009)
	7,219,652	7,160,966
<b>Option Reserve (ii)</b>		
Balance at beginning of period	-	-
Proceeds from options issued	137,237	-
Options issued for services ( <i>Refer Note 12(b)</i> )	18,232	-
	155,469	-
<b>Foreign Exchange Translation Reserve (iii)</b>		
Balance at beginning of period	(702,348)	(78,943)
Exchange differences on foreign operations	233,601	(623,405)
	(468,746)	(702,348)
<b>Total Reserves</b>	<b>6,906,374</b>	<b>6,458,618</b>

#### **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 retained earnings 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 15: 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 16: 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:

	<b>2020</b>	<b>2019</b>
	\$	\$
Cash and cash equivalents	<u>26,800</u>	<u>357,779</u>

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

Loss for the year after tax	(420,199)	(423,216)
Share based payments / (reversal)	58,686	(404,197)
Unrealised foreign exchange loss	1,558	(3,824)
Finance costs	411,429	-
<i>Changes in assets and liabilities</i>		
(Increase)/Decrease in fair value in investments	(1,004,744)	692,997
Decrease in other receivables	52,045	459,934
Increase in other current assets	-	(22,073)
Increase/(Decrease) in trade and other payables	434,538	(2,837,198)
Increase in provisions	-	58,838
Net cash used in operating activities	<u>(466,687)</u>	<u>(2,473,740)</u>

**NOTE 17: 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**

	<b>2020</b>	<b>2019</b>
<b>Financial Assets</b>	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	26,800	357,779
Trade and other receivables	67,119	119,172
Financial assets	3,206,980	2,138,885
<b>Total Financial Assets</b>	<b>3,300,899</b>	<b>2,615,836</b>
<b>Financial Liabilities</b>		
Trade and other payables	537,485	480,029
Contract liability	145,075	-
Borrowings	-	1,426,515
<b>Total Financial Liabilities</b>	<b>682,560</b>	<b>1,906,544</b>
<b>Net Financial Assets</b>	<b>2,618,339</b>	<b>709,292</b>

**(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 2020 was \$2,843,342 (2019: \$1,924,996) 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 2020 and 30 June 2019:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>30 June 2020</b>				
Financial assets at FVPL	-	-	3,206,980	3,206,980
	-	-	3,206,980	3,206,980
<b>30 June 2019</b>				
Financial assets at FVPL	-	-	2,138,885	2,138,885
	-	-	2,138,885	2,138,885

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 2020 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 \$2,101 and decreased by \$2,101 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 2020 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:

<b>2020</b>	<b>Average Interest Rate</b>	<b>Less than 1 year</b>	<b>1 to 5 years</b>	<b>5+ years</b>	<b>Total</b>
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>
<b>2019</b>					
Financial Liabilities					
Borrowings	Nil	1,426,515	-	-	1,426,515
Trade payables	Nil	480,029	-	-	480,029
		<u>1,906,544</u>	<u>-</u>	<u>-</u>	<u>1,906,544</u>

### NOTE 18: KEY MANAGEMENT PERSONNEL COMPENSATION

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

	<b>2020</b>	<b>2019</b>
	\$	\$
Short-term employee benefits	142,064	311,952
Share based payments	58,686	(86,188)
	<u>200,751</u>	<u>225,764</u>

### NOTE 19: 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 (2019: Nil).

##### (iii) Loans from key management personnel

There were no loans from key management personnel during the financial year (2019: Nil).

**(b) Other transactions with Directors and Director related entities**

On 27 December 2019, the Company issued shares in lieu of director and company secretarial fees to Mr Clements and director fees to Mr Wellisch, following shareholder approval at the Company’s annual general meeting. The fair value of these equity instruments granted was \$60,667 (Refer to Note 12).

On 20 December 2019, Mr Antoine Massad was appointed as a Non-Executive Chairman of the Company. Under the terms of his service contract, Mr Massad will be paid a director’s fee of \$36,000 per annum and an additional chairman’s fee of \$12,000 per annum, exclusive of any applicable statutory superannuation. These fees have been accrued to 30 June 2020.

During the previous period, the Company’s US subsidiary, MSM Music Inc. entered into an Assignment for the Benefit of Creditors (ABC) process to manage the outstanding creditors of MSM Music Inc (which included the Company). As part of this process, the Company entered into a Subordination Instrument pursuant to which the Company agreed to subordinate all rights to payment under the ABC process (including in relation to the intercompany loan between the Company and MSM Music Inc) to all other creditors.

**(c) Controlled entities**

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

	<b>Equity Interest 2020 %</b>	<b>Equity Interest 2019 %</b>
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 20: REMUNERATION OF AUDITOR’S**

	<b>2020 \$</b>	<b>2019 \$</b>
Audit or review of the financial report - BDO Audit (WA) Pty Ltd	39,889	50,787
Taxation and other services - BDO Corporate Tax (WA) Pty Ltd and BDO Corporate Finance (WA) Pty Ltd	4,240	2,750
	<b>44,129</b>	<b>53,537</b>



**NOTE 21: PARENT ENTITY FINANCIAL INFORMATION**

The following details information related to the parent entity, MSM Corporation International Limited, at 30 June 2020. The information presented here has been prepared using consistent accounting policies as presented in Note 2.

<b>Financial Position</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<i>Assets</i>		
Current Assets	84,201	475,937
Non-Current Assets	3,206,980	2,138,885
Total Assets	3,291,181	2,614,822
<i>Liabilities</i>		
Current Liabilities	463,998	1,538,510
Total Liabilities	463,998	1,538,510
Net Assets	2,827,183	1,076,312
<i>Equity</i>		
Issued capital	38,064,341	36,149,851
Reserves	7,115,217	6,858,639
Accumulated losses	(42,352,375)	(41,932,178)
Total Equity	2,827,183	1,076,312
<b>Financial Performance</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Loss for the year	(408,255)	(150,064)
Other comprehensive income	-	-
Total comprehensive loss	(408,255)	(150,064)

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 22.

### **NOTE 22: 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.

As per Note 4 of the 30 June 2019 annual report, MSM Music Inc. is party to the 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 and intends to commit to the remaining two stages totalling US\$230,000 with consideration to its working capital position.

There have been no other changes in contingent liabilities, contingent assets or other commitments since the last annual reporting date, 30 June 2019.

### NOTE 23: SUBSEQUENT EVENTS

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.

On 1 September 2020, the Company advised that The Riva Group's subsidiary, Riva Technology and Entertainment Limited (RTE) and Galaxy Racer Esports, have appointed senior Disney veteran and consumer products expert Guenther Hake as their advisor to maximize the brand partnerships, consumer products and merchandise.

On 30 September 2020, RTE advised it had transferred the first instalment of the US\$1.5M waterfall loan note of US\$100,000 (A\$140,687) with regular repayments to follow.

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 2020. However it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and 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.

No other matters or circumstances have arisen since 30 June 2020 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

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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 2020 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 September 2020

## 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 2020, 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 2020 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

Key audit matter	How the matter was addressed in our audit
<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 Financial Instruments ("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(f) and 2(s)(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"><li>• Agreeing the number of shares held by the Group at reporting date to statutory share certificates;</li><li>• Holding discussions with management to understand the business operations and performance of the unlisted investment;</li><li>• Verifying the basis for management's assessment of the fair value, being a recent market capital raising transaction to underlying documentation;</li><li>• Evaluating the appropriateness of management's assessment of the fair value of the investment; and</li><li>• Assessing the adequacy of the related disclosures in Notes 2(f), 2(s)(iii) and 8 of the financial report.</li></ul>

## 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 2020, 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](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 11 to 16 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of MSM Corporation International Limited, for the year ended 30 June 2020, 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  
*J Prue*

Jarrad Prue

Director

Perth, 30 September 2020



## 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 7 September 2020.

### 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	68	24
1,001 - 5,000	37	3
5,001 - 10,000	34	4
10,001 - 100,000	314	26
100,001 and over	424	77
	<b>877</b>	<b>134</b>
Holding less than a marketable parcel	157	-

### Ordinary Share Capital

839,336,686 fully paid, ordinary shares are held by 909 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 7 September 2020, the substantial shareholders are as follows:		
TIMOTHY PAUL NEESHAM	85,563,070	10.19
TOLGA KUMOVA	42,357,738	5.05
<b>Top 20 Ordinary Shareholders</b>		
ALITIME NOMINEES PTY LTD <HONEYHAM FAMILY A/C>	64,974,214	7.74
PETER VANDA RESOURCES PTY LTD <JOHN A ZAMBONI FAMILY A/C>	54,812,857	6.53
VELVET BAY HOLDINGS PTY LTD <THE VELVET BAY A/C>	40,200,000	4.79
LIGHTHOUSE HOLDINGS WA PTY LTD <THE LIGHTHOUSE A/C>	37,700,000	4.49
MR DEEPANSHU SSUREKA	37,700,000	4.49
SUNLIGHT BAY HOLDINGS PTY LTD <THE SUNLIGHT BAY A/C>	18,974,359	2.26
SISU INTERNATIONAL PTY LTD	17,957,738	2.14
KITARA INVESTMENTS PTY LTD <KUMOVA #1 FAMILY A/C>	13,800,000	1.64
MR ADAM GEOFFREY WELLISCH	11,494,005	1.37
ANGKOR IMPERIAL RESOURCES PTY LTD <TURKISH BREAD S/F A/C>	11,328,571	1.35
LTJ INVESTMENTS PTY LTD	11,000,000	1.31
RICHSHAM NOMINEES PTY LTD	10,960,286	1.31
GONDWANA INVESTMENT GROUP PTY LTD <KUMOVA FAMILY SUPER FUND A/C>	10,600,000	1.26
SILVERSTONE WEALTH PTY LTD	9,814,932	1.17
MR ANTHONY ROBERT RAMAGE	9,795,380	1.17
JTJK INVESTMENTS PTY LTD	9,576,315	1.14
MS STEPHANIE LUREN THEONAS	9,231,233	1.10
BALION PTY LTD <CLEMENS FAMILY A/C>	9,200,000	1.10
MRS STEPHANIE MIAN-TING BROWN	9,000,000	1.07
PENINSULA INVESTMENTS (WA) PTY LTD	8,540,000	10.02
	<b>534,580,698</b>	<b>72.69</b>

## ASX ADDITIONAL INFORMATION

<b>Top 20 Optionholders</b>	<b>No. of Quoted Options in which Interest is Held</b>	<b>%</b>
DC & PC HOLDINGS PTY LTD <DC & PC NEESHAM SUPER A/C>	21,526,748	13.85
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
WEBSTAR GROUP INTERNATIONAL PTY LTD	6,000,000	3.86
ALITIME NOMINEES PTY LTD <HONEYHAM FAMILY A/C>	5,531,698	3.56
MR TONY DOUGLAS THORBURN	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
KITARA INVESTMENTS PTY LTD <KUMOVA #1 FAMILY A/C>	4,990,000	3.22
QUATTRO STAGIONE PTY LTD	4,742,802	3.21
MR ADAM GEOFFREY WELLISCH <THE WELSON FAMILY A/C>	4,570,000	3.05
PETER VANDA RESOURCES PTY LTD <JOHN A ZAMBONI FAMILY A/C>	4,065,000	2.94
FREYABEAR FHMN PTY LTD	4,065,000	2.61
HONEYBEE ANHM PTY LTD	4,065,000	2.61
HUNTERLAND HJDN PTY LTD	2,375,000	2.61
LIGHTHOUSE HOLDINGS WA PTY LTD <THE LIGHTHOUSE A/C>	2,375,000	1.53
SUNLIGHT BAY HOLDINGS PTY LTD <THE SUNLIGHT BAY A/C>	2,375,000	1.53
PETER VANDA RESOURCES PTY LTD <JOHN A ZAMBONI FAMILY A/C>	2,375,000	1.53
VELVET BAY HOLDINGS PTY LTD <THE VELVET BAY A/C>	2,375,000	1.53
	<b>111,977,923</b>	<b>73.73</b>

<b>Unquoted Equity Securities</b>	<b>Number on Issue</b>	<b>Number of Holders</b>
Options exercisable at \$0.043 expiring 2 May 2028	1,500,000	1
Class B Performance Shares	50,000,000	20
Class C Performance Shares	7,800,000	7
Class D Performance Shares	2,500,000	1
Class F Performance Shares	5,000,000	18
Class G Performance Shares	4,000,000	1

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

### On Market Buy-Back

On 22 July 2019, the Company announced an unmarketable parcel share sale. The closing date was 6 September 2019.