
MIGHTY KINGDOM LIMITED
(FORMERLY KNOWN AS MIGHTY KINGDOM GROUP PTY LIMITED)
A.B.N. 39.627.145.260

FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

MIGHTY KINGDOM LIMITED
A.B.N.39.627.145.260
DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

The Directors of Mighty Kingdom Limited present their report together with the financial statements of the consolidated entity, being Mighty Kingdom Limited (the Company) and its controlled entities (the Group) for the half-year ended 31 December 2020.

DIRECTORS

The names of the Directors who held office during or since the end of the half-year and until the date of this report are noted below, Directors were in office for this entire period unless otherwise stated.

Philip James Mayes	Managing Director	appointed 28 June 2018
Anthony Michael Lawrence	Executive Director	appointed 20 August 2020
Jindou Andre Lee	Executive Director	appointed 20 August 2020 and resigned on 16 December 2020
Megan Brownlow	Non-Executive Director	appointed 17 December 2020
Guthrie Michelle Lee	Non-Executive Director	appointed 17 December 2020

PRINCIPAL ACTIVITIES

The Group's principal activities are developing a broad portfolio of video games for console, PC and mobile platforms. Mobile games and apps developed and/or published by the Group are made available for customers on different App's stores, including Apple's App Store, Google's Google Play and Valve's Steam Store. In addition to receiving fees for development work from clients, The Group monetises its games and apps through In-App purchases and advertising offered to the consumers within games and apps for smartphones and tablets.

REVIEW AND RESULTS OF OPERATIONS

The consolidated after-tax loss of the Group for the half-year ended 31 December 2020 amounted to \$1,743,934 (2019 half-year: loss \$2,993,697).

During the period the Group commenced due diligence in preparation for an Initial Public Offering ("IPO") which at reporting date was still in progress.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

(a) Issuance of Convertible Notes

The Company raised pre-IPO funding of \$3,965,000 (before transaction costs) via the issuance of convertible notes with a face value of \$1 each in December 2020. If the IPO is successfully completed prior to the maturity of the notes, the convertible notes would be converted into the ordinary shares prior to the issue of new shares to investors based on the IPO conversion price determined by the terms of the convertible note deed poll.

(b) Issuance of Share Options

On 20 November 2020, the Company issued 12,488,859 options with an exercise price of \$0.15 each to certain employees.

On 16 December 2020, the Company issued 649,252 options with an exercise price of \$0.30 each to a non-executive director.

(c) Other items

At a general meeting of the Company held on 9 November 2020, Shareholders resolved:

- To repeal the Company's existing constitution in its entirety and adopt the ASX-compliant constitution; and
- To convert each existing ordinary share of the Company into 7 ordinary shares (shares split) and reconstructed non-redeemable preference share capital in the same manner.

On 27 November 2020, the Company converted from a proprietary company limited by shares to a public company limited by shares, with a corresponding name change from "Mighty Kingdom Group Pty Ltd" to "Mighty Kingdom Limited".

EVENTS ARISING SINCE THE END OF THE REPORTING PERIOD

The following events have occurred since balance date:

(a) Initial Public Offering ("IPO")

The Company has lodged a prospectus with ASIC on the 10th March 2021 for its an IPO and admission to the official list of the ASX. The listing process is expected to be finalised in the first half of calendar year 2021.

(b) Issuance of Share Options

In March 2021, the Company issued 973,878 options with an exercise price of \$0.30 each to non-executive directors.

No other matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Signed in accordance with a resolution of the Directors



MAYES, PHILIP JAMES

Dated this 6th day of April 2021

MIGHTY KINGDOM LIMITED

A.B.N.39.627.145.260

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

		Consolidated	
		Half-year	Half-year
		31 Dec	31 Dec
		2020	2019
		\$	\$
Revenue	3	1,518,843	972,744
Other income	4	1,357,309	422,305
Employee benefit expenses	5	(3,619,114)	(3,393,550)
Depreciation and amortisation expenses		(80,298)	(74,678)
Other expenses	6	(891,784)	(855,275)
Finance costs		(68,250)	(65,243)
Loss before income tax		(1,783,294)	(2,993,697)
Income tax benefit		39,360	-
Loss for the period		<u>(1,743,934)</u>	<u>(2,993,697)</u>
Other comprehensive income		-	-
Other comprehensive income for the period, net of income tax		<u>-</u>	<u>-</u>
Total comprehensive loss for the period		<u>(1,743,934)</u>	<u>(2,993,697)</u>
Loss per share - basic and diluted	15	(0.03)	(0.06)

This statement should be read in conjunction with the notes to the financial statements.

MIGHTY KINGDOM LIMITED
A.B.N.39.627.145.260
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

		Consolidated	
	Notes	31 Dec 2020	30 Jun 2020
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		2,995,325	81,656
Trade and other receivables	7	592,889	1,646,276
Contract assets		86,068	-
Other assets		66,590	32,958
Total current assets		3,740,872	1,760,890
Non current assets			
Deferred tax asset		942,523	837,526
Property, plant and equipment		221,646	201,587
Right-of-use assets		417,645	468,782
Total non-current assets		1,581,814	1,507,895
Total assets		5,322,686	3,268,785
Liabilities			
Current liabilities			
Trade and other payables	9	1,426,590	2,693,889
Contract liabilities		48,394	452,015
Employee benefits	10	1,611,213	1,432,058
Loans and borrowings	11	3,780,789	378,788
Lease liabilities		96,909	93,943
Total current liabilities		6,963,895	5,050,693
Non-current liabilities			
Trade and other payables	9	1,569,564	-
Deferred tax liabilities		896,371	830,734
Employee benefits	10	65,511	91,455
Loans and borrowings	11	-	99,853
Lease liabilities		339,653	388,824
Total non-current liabilities		2,871,099	1,410,866
Total liabilities		9,834,994	6,461,559
Net liabilities		(4,512,308)	(3,192,774)
Equity / (deficit)			
Share capital	12	3,501,000	3,501,000
Share-based payment reserve	13	424,400	-
Retained losses		(8,437,708)	(6,693,774)
Total equity/ (deficit)		(4,512,308)	(3,192,774)

This statement should be read in conjunction with the notes to the financial statements.

MIGHTY KINGDOM LIMITED
A.B.N.39.627.145.260
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Consolidated	
	Half-year	Half-year
	31 Dec 2020	31 Dec 2019
	\$	\$
Cash flows from operating activities		
Receipts from customers	1,635,383	1,084,167
Payments to suppliers and employees	(3,723,885)	(2,919,839)
Other income	114,955	-
Interest paid	(68,292)	(47,119)
Research and development incentive	560,937	958,683
Other government stimulus income	1,157,429	38,737
Net cash (used in) operating activities	(323,473)	(885,371)
Cash flows from investing activities		
Purchase of property, plant and equipment	(49,217)	(36,657)
Net cash (used in) investing activities	(49,217)	(36,657)
Cash flows from financing activities		
Proceeds from issue of non-redeemable preference shares	-	750,000
Proceeds from issue of convertible notes	3,965,000	-
Transaction costs related to issuance of convertible notes	(400,000)	-
Loan repayment made during the period	(153,233)	(28,413)
Net cash provided by financing activities	3,411,767	721,587
Net change in cash and cash equivalents held	3,039,077	(200,441)
Cash and cash equivalents at beginning of the year	(43,752)	262,641
Cash and cash equivalents at end of the period	2,995,325	62,200

This statement should be read in conjunction with the notes to the financial statements.

MIGHTY KINGDOM LIMITED
A.B.N.39.627.145.260
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	Consolidated			
	Share Capital	Share-based payment reserve	Retained losses	Total
	\$	\$	\$	\$
Balance at 1 July 2019	2,501,000	-	(3,104,109)	(603,109)
Loss for the year	-	-	(3,589,665)	(3,589,665)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	(3,589,665)	(3,589,665)
Transactions with owners in their capacity as owners:				
- contributions of equity - non-redeemable preference shares	1,000,000	-	-	1,000,000
- dividends paid or provided for	-	-	-	-
Balance at 30 June 2020	3,501,000	-	(6,693,774)	(3,192,774)
Loss for the period	-	-	(1,743,934)	(1,743,934)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	(1,743,934)	(1,743,934)
Transactions with owners in their capacity as owners:				
- Share-based payments (Note 14)	-	424,400	-	424,400
- dividends paid or provided for	-	-	-	-
Balance at 31 December 2020	3,501,000	424,400	(8,437,708)	(4,512,308)

This statement should be read in conjunction with the notes to the financial statements.

MIGHTY KINGDOM LIMITED

A.B.N.39.627.145.260

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

1. GENERAL INFORMATION

Mighty Kingdom Limited is a public company limited by shares that is incorporated and domiciled in Australia.

The Group's principal activities are developing a broad portfolio of video games for console, PC and mobile platforms. Mobile games and apps developed and/or published by the Group are made available for customers on different App's stores, including Apple's App Store, Google's Google Play and Valve's Steam Store. In addition to receiving fees for development work from clients, The Group monetises its games and apps through In-App purchases and advertising offered to the consumers within games and apps for smartphones and tablets.

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of the half-year financial report

The Interim Financial Statements for the six months ended 31 December 2020 have been prepared in accordance with AASB 134 'Interim Financial Reporting'. They do not include all of the information required in annual financial statements in accordance with AASB, and should be read in conjunction with the consolidated financial statements for the year ended 30 June 2020.

The Interim Financial Statements have been approved for issue by the Board of Directors on 6 April 2021.

Accounting policies are consistent with those included in the financial statements for the year ended 30 June 2020, other than the new policy introduced as follows:

Share-based payments

Equity-settled share-based compensation benefits are provided to employees and directors.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees and directors in exchange for the rendering of services.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. Judgements are also applied in relation to estimations of the number of options which are expected to vest, by reference to historic attrition rates and expected outcomes under relevant performance conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

2.2 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED DURING THE PERIOD

The accounting policies and methods of computation are the same as those adopted in prior years except new and amended accounting standards which came into effect on 1 July 2020, both of which are detailed below.

The 31 December 2020 financial statements, and respective notes to the financial statements have been prepared in accordance with the new and amended accounting standards. The accounting policies in the notes below have also been updated to reflect the new and amended accounting standards in effect during the period.

The Group has applied the following standards and amendments for the first time for the annual reporting period commencing 1 July 2020:

- AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business;
- AASB 2020-3 Amendment to AASB 9 – Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Part of Annual Improvements 2018–2020 Cycle);
- AASB 2020-4 Amendments to AASs – Covid-19-Related Rent Concessions;
- AASB 2019-1 Amendments to AASs – References to the Conceptual Framework; and
- AASB 2019-5 Amendments to AASs – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia.

The group also elected to adopt the following standards and amendments early:

- AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material.

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

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

There are a number of new accounting standards and amendments issued, but not yet effective, none of which have been early adopted by the Group in this interim Financial Report. The new standards and amendments (noted below), when applied in future periods, are not expected to have a material impact on the financial position of the Group.

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current;
- AASB 2020-3 Amendments to AASB 3 – Reference to the Conceptual Framework; and
- AASB 2020-3 Amendments to AASB 137 – Onerous Contracts —Cost of Fulfilling a Contract.

2.4 GOING CONCERN

For the half-year ended 31 December 2020 the Group was in a net liability position of \$4,512,308 having made a loss of \$1,743,934 (2020: half-year loss of \$2,993,697) and had cash outflows from operating activities of \$323,473 (2020: cash outflows of \$1,352,759). The group's current operations and stage of development has required significant cash investment as it continues to develop contracts and commercialise its revenue base. In addition, the COVID-19 pandemic, announced by the World Health Organisation on 31 March 2020, is having a negative impact on world stock markets, currencies and general business activity. The timing and extent of the impact and recovery from COVID19 is unknown but it may have an impact on business activities. 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.

In order to continue as a going concern, the Group is required to:

- Successfully commercialise a number of development contracts leading to a material increase in sales revenue, and accordingly receipts from customers;
- Raise additional working capital either by an Initial Public Offering for listing on the ASX or equity/debt fund raising in order to meet the Group's strategic objectives; and
- Continue to meet the repayment plan with the Australian Tax Office (as outlined within Note 9).

MIGHTY KINGDOM LIMITED**A.B.N.39.627.145.260****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020****2.4 GOING CONCERN (CONT)**

The Directors are satisfied they will be able to raise additional working capital as required and thus it is appropriate to prepare the financial statements on a going concern basis. In arriving at the position the Directors believe that the Group will:

- Be successful in the commercialisation of a number of development contracts leading to a material increase in sales revenue, and accordingly receipts from customers;
- Have sufficient cash available for the Group to continue operating until it can raise further capital;
- Be successful in an Initial Public Offering for listing on the ASX or raise additional capital through debt/equity funding. The Company has lodged a prospectus with ASIC on the 10th March 2021 for a capital raise of \$18,000,000 through an Initial Public Offering and the listing process is expected to be completed in the first half of calendar 2021; and
- Have the continued support of its shareholders and financiers as demonstrated by the recent success in raising funds \$4,000,000 through convertible notes.

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.

3 REVENUE

	Consolidated	
	Half-year 31-Dec-20 \$	Half-year 31-Dec-19 \$
Software development revenue	1,236,135	738,184
Online game revenue	116,708	137,572
Advertising revenue	24,942	18,955
Licence revenue	141,058	78,033
	1,518,843	972,744
Recognised over time	1,518,843	972,744

Disaggregation of revenue

The following table presents revenue disaggregated by platform:

Mobile	986,102	477,544
Multi-platforms (including console and PC)	391,684	417,167
Other	141,057	78,033
	1,518,843	972,744

4 OTHER INCOME

Government grant income	1,150,094	138,099
Research and development incentive	154,717	280,469
Other income	52,498	3,738
	1,357,309	422,305

MIGHTY KINGDOM LIMITED**A.B.N.39.627.145.260****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

		Consolidated	
		Half-year 31-Dec-20	Half-year 31-Dec-19
		\$	\$
5	EMPLOYEE BENEFIT EXPENSES		
	Wages and salaries	2,869,740	2,750,823
	Contributions to defined contribution superannuation funds	262,759	231,054
	Increase in provision for annual and long service leave	54,305	311,982
	Share based payments (Note 14)	424,400	-
	Payroll tax expense	-	99,691
	Other employee benefits	7,910	-
		3,619,114	3,393,550
6	OTHER EXPENSES		
	Product development expenses	268,901	154,076
	Subcontract labour	55,375	178,738
	Royalty expenses	46,769	41,132
	Channel costs	35,012	41,271
	Consulting, accounting, auditing and legal fees	95,178	78,340
	Insurance	5,593	4,161
	IT and other computer expenses	91,578	161,647
	Rent and occupancy expenses	-	46,148
	Other administration and overhead expenses	293,378	149,762
		891,784	855,275
		Consolidated	
		31 Dec 2020	30 Jun 2020
		\$	\$
7	TRADE AND OTHER RECEIVABLES		
	Trade receivables	14,380	638,656
	GST receivable	187,613	102,197
	Other receivables	218,184	326,491
	Research and development incentive receivable	154,717	560,937
	Related party receivables		
	- Amount receivable from director / shareholder	17,995	17,995
		592,889	1,646,276

MIGHTY KINGDOM LIMITED**A.B.N.39.627.145.260****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

		Equity interest held	
		31 Dec 2020	30 Jun 2020
		%	%
8	SHARES IN CONTROLLED ENTITIES		
	Name and interest in controlled entity		
	Mighty Kingdom Games Pty Ltd	100	100
	Mighty Kingdom Services Pty Ltd	100	100
	Mighty Kingdom IP Pty Ltd	100	100
	Rise Games Pty Ltd	100	100
	(a) The subsidiaries listed above have share capital consisting solely of ordinary shares, which are held directly by the Group.		
	(b) Each subsidiary's principal place of business is Australia which is also its country of incorporation or registration.		

		Consolidated	
		31 Dec 2020	30 Jun 2020
		\$	\$
9	TRADE AND OTHER PAYABLES		
	Current		
	Trade payables	287,045	171,654
	Accrued expenses	178,031	129,707
	GST payables	120,297	85,950
	Taxes payable (a)	600,000	2,066,627
	Other payables	236,297	235,031
	Amounts payable to related entities		
	- Amount payable to director / shareholder	4,920	4,920
		1,426,590	2,693,889
	Non-current		
	Taxes payable (a)	1,569,564	-

- (a) On 20 November 2020, Mighty Kingdom Services Pty Ltd arranged an interest-free payment plan with the Australian Taxation Office (ATO) to repay the outstanding tax liabilities over the next four years, which related to its outstanding GST and PAYG withholding obligations ("New Payment Plan"). This New Payment Plan is a replacement to the arrangement that was previously in place as of 30 June 2020.

Conditions of the New Payment Plan:

- Make payments on due dates stipulated on the arrangement. The dates are regular instalments 'until August 2024; and
- Lodge and pay all ongoing tax obligations by their due dates.

The breach of any conditions above results payment of the full amount and any accrued general interest charge (GIC).

MIGHTY KINGDOM LIMITED**A.B.N.39.627.145.260****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)****FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

		Consolidated	
		31 Dec 2020	30 Jun 2020
		\$	\$
10	EMPLOYEE BENEFITS		
	Current		
	Accrual for salaries and wages	271,822	342,165
	Provision for annual leave	405,764	380,572
	Provision for Covid-19 leave	481,966	540,104
	Provision for long service leave	164,753	117,449
	Other employee statutory liabilities	286,908	51,768
		1,611,213	1,432,058
	Non-current		
	Provision for long service leave	65,511	91,455
11	LOANS AND BORROWINGS		
	Current		
	Obligations under finance leases and hire purchase contracts	-	1,821
	Unsecured loan from South Australian Film Corporation (SAFC) (b)	200,000	200,000
	Bank overdraft	-	125,408
	Secured bank loan (a)	-	51,559
	Convertible notes (c)	3,580,789	-
		3,780,789	378,788
	Non-current		
	Secured bank loan (a)	-	99,853
		-	99,853

(a) Commonwealth Bank of Australia facility

Mighty Kingdom Limited and its controlled entities, negotiated with the Commonwealth Bank of Australia to provide a finance facility to the Mighty Kingdom Limited amounting to \$250,000 at a variable rate of 6.85% p.a. As at 31 December 2020 carrying amount of the loan amounted to \$nil (June 2020: \$184,560).

The facilities are secured by Mighty Kingdom Games Pty Ltd comprising: first ranking charge over all present and subsequently acquired property and a guarantee limited to \$400,000 by Michelle Choi Yi Lee and \$400,000 by Philip James Mayes.

(b) South Australian Film Corporation (SAFC) facility

The SAFC has agreed to lend the Group \$200,000 loan amount for working capital cashflow purposes. The loan was originally repayable on or before 30 September 2020. However, on request the SAFC board has approved an extension to the repayment until 31 March 2021.

MIGHTY KINGDOM LIMITED**A.B.N.39.627.145.260****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)****FOR THE HALF-YEAR ENDED 31 DECEMBER 2020****11 LOANS AND BORROWINGS (CONT)****(c) Convertible notes**

The Company raised pre-IPO funding of \$3,965,000 (before transaction costs) via the issuance of convertible notes with a face value of \$1 each in December 2020. If the IPO is successfully completed prior to the maturity of the notes, the convertible notes would be converted into the ordinary shares prior to the issue of new shares to investors based on the IPO conversion price determined by the terms of the convertible note deed poll.

Convertible notes are initially recognised at fair value, net of transaction costs incurred. Convertible notes are subsequently measured at amortised cost.

12	SHARE CAPITAL		31 Dec 2020 Shares	30 Jun 2020 Shares	Consolidated	
					31 Dec 2020 \$	30 Jun 2020 \$
	Ordinary shares - fully paid	(a)	52,500,000	7,500,000	1,000	1,000
	Non-redeemable preference	(b)	19,541,659	2,810,605	3,500,000	3,500,000

		Consolidated	
		Number of Shares	Total \$
(a)	Movements in ordinary share capital		
	Balance at beginning of the period	7,500,000	1,000
	Shares issued during the period	-	-
	Shares split during the period	45,000,000	-
	Balance at end of the period	52,500,000	1,000

		Consolidated	
		Number of Shares	Total \$
(b)	Movements in preference share capital		
	Balance at beginning of the period	2,810,605	3,500,000
	Issued during the period	-	-
	Shares split during the period	16,731,054	-
	Balance at end of the period	19,541,659	3,500,000

The Group's non-redeemable preference shares are classified as equity because they bear discretionary dividends, do not contain any obligations to deliver cash or other financial assets and do not require settlement in a variable number of the Group's equity instruments. Each preference share will be convertible into ordinary shares at a initial conversion price which equals to the issue price of the relevant preference share and is adjusted pursuant to the operations of the terms of the relevant share subscription agreement. Each holder of the preference shares is entitled to convert some or all of the preference shares into ordinary shares at any time on ten business days written notice to the Company.

MIGHTY KINGDOM LIMITED**A.B.N.39.627.145.260****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)****FOR THE HALF-YEAR ENDED 31 DECEMBER 2020****13 OTHER RESERVES****Share-based payment reserve**

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

14 SHARE BASED PAYMENTS**Employee share options**

The company operates an optino plan for employees.

The Employee Share Option Plan ("ESOP") allows for the grant of employee share options to any Each employee share option entitles the holder to one share on the exercise of the employee share Employee share options will vest automatically on the listing date and the option expiry date is the The table below shows the number and movement in, share options during the period:

	Number of options
Balance as at 1 July 2020	-
Granted during the period	12,488,859
Exercised during the period	-
Balance as at 31 December 2020	<u>12,488,859</u>

Employee share options

Utilising Black Scholes option-pricing model the employee share option have a fair value of \$0.102 per option (exercise price \$0.15). Share-based payment expenses of \$324,400 was recorded in the profit or loss during the period.

Non-executive director share options

On 16 December 2020, Michelle Guthrie (Chair) was granted 649,252 Options, by way of an initial equity-based sign-on incentive. Each Option issued entitles the holder to one ordinary share in the Company on exercise and is exercisable within 3 years of the grant date.

Non-executive director share options vest immediately upon the option grant.

Utilising Black Scholes option-pricing model the non-executive director options have a fair value of \$0.154 per option (exercise price \$0.30). Share-based payment expenses of \$100,000 has been recorded in the profit or loss during the period.

15 LOSS PER SHARE

Both the basic and diluted loss per ordinary share is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period. There are not considered to be any dilutive securities as the Group has recognised a loss for the period.

	Consolidated	
	Half-year 31 Dec 2020	Half-year 31 Dec 2019
Net loss attributable to equity holders of the Company	(1,743,934)	(2,993,697)
Weighted average number of ordinary shares	52,500,000	52,500,000
Basic / diluted loss per share (\$)	(0.03)	(0.06)

16 EVENTS AFTER THE REPORTING PERIOD

The following events occurred after the reporting period:

(a) Initial Public Offering ("IPO")

The Company has lodged a prospectus with ASIC on the 10th March 2021 for its an IPO and admission to the official list of the ASX. The listing process is expected to be finalised in the first half of calendar year 2021.

(b) Issuance of Share Options

In March 2021, the Company issued 973,878 options with an exercise price of \$0.30 each to non-executive directors.

No other matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

MIGHTY KINGDOM LIMITED
A.B.N.39.627.145.260
DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

In accordance with a resolution of the Directors of Mighty Kingdom Limited, the Directors of the Company declare that:

In the opinion of the directors:

- 1 The financial statements and notes of the consolidated entity
 - (a) present fairly the consolidated entity's financial position as at 31 December 2020 and of its performance for the period ended on that date;
 - (b) comply with Australian Accounting Standard AASB 134 Interim Financial Reporting;
- 2 there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'R. Inlay', is written over the word 'DIRECTOR'.

DIRECTOR

Dated this 6th day of April 2021

Independent Auditor's Review Report

To the Members of Mighty Kingdom Limited (Formerly known as Mighty Kingdom Group Pty Limited)

Report on the review of the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Mighty Kingdom Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Mighty Kingdom Limited:

- a presents fairly, in all material respects, the Mighty Kingdom Limited's financial position as at 31 December 2020 and of its performance for the half year ended on that date; and
- b complies with Accounting Standard AASB 134 *Interim Financial Reporting*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 2.4 in the financial report, which indicates that the Group incurred a net loss of \$1,743,934, and had cash outflows from operating activities of \$323,473 during the half year ended 31 December 2020, as of that date, the Group had a net asset deficiency of \$4,512,308. As stated in Note 2.4, these events or conditions, along with other matters as set forth in Note 2.4, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

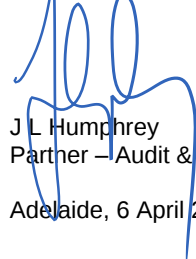
Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the Accounting Standard AASB 134 *Interim Financial Reporting* including presenting fairly the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

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



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J L Humphrey
Partner – Audit & Assurance

Adelaide, 6 April 2021