MIGHTY KINGDOM LIMITED
(FORMERLY KNOWN AS MIGHTY KINGDOM GROUP PTY LIMITED)
A.B.N. 627.145.260

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

MIGHTY KINGDOM LIMITED
A.B.N. 627.145.260
DIRECTORS' REPORT

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 year ended 30 June 2019.

DIRECTORS

The following persons were Directors of Mighty Kingdom Limited during or since the end of the financial year:

Philip James Mayes	appointed 28 June 2018
Anthony Michael Lawrence	appointed 20 August 2020
Jindou Andre Lee	appointed 20 August 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 monetizes 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 financial year amounted to $ 2,109,318. (2018: loss $ 839,643).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the year, the following changes occurred within the Group.

Group Reorganisation

Mighty Kingdom Limited formerly known as (Mighty Kingdom Group Pty Limited) was incorporated on 28 June 2018. On 1 July 2018, Mighty Kingdom Limited issued shares to the existing shareholder of Mighty Kingdom Games Pty Ltd (formerly known as Mighty Kingdom Pty Limited), Mighty Kingdom Services Pty Ltd, Mighty Kingdom IP Pty Ltd and Rise Games Pty Ltd in exchange for the shares already held in these entities ("Group Reorganisation"). There were no changes to the ultimate shareholder before and after the Group Reorganisation.

Issuance of Non-Redeemable Preference Shares

During the period the Company issued 910,090 new non-redeemable preference shares. Preference shares rank in almost all respects equally with the ordinary shares in the share capital of the Company and entitle the holder to participate in dividends and carry substantially the same voting rights as applied to the ordinary shares in the company. In the event of the Company reconstructs its share capital, the number of ordinary shares into which a non-redeemable preference share may be converted must be reconstructed in the same manner. The total subscription price for the non-redeemable preference shares issued during the period was $ 2,500,000.

SHARES OPTIONS AND DIVIDENDS PAID

No dividends were declared or recommended during the financial year.

No option to acquire shares in the Company has been granted to any person. No shares have been issued during the financial year or since the end thereof by virtue of the exercise of any options. There are no unissued shares under option at the date of this report.

EVENTS ARISING SINCE THE END OF THE REPORTING PERIOD

The Novel Coronavirus ('COVID-19')

In March 2020, the World Health Organisation declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout Australia and globally. The spread of COVID-19 has caused significant volatility in Australian and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the Australian and international economies. We cannot reasonably estimate the length or severity of this pandemic, but we do not consider that the impact is likely to compromise the ability of the Group to continue operating for the foreseeable future. We consider this to be a non-adjusting post balance date event.

MIGHTY KINGDOM LIMITED A.B.N. 627.145.260

DIRECTORS' REPORT (CONTD.)

EVENTS ARISING SINCE THE END OF THE REPORTING PERIOD (CONTD.)

Issuance of Non-Redeemable Preference Shares

During the 2020 financial year, the Company issued 901,515 new non-redeemable preference shares. The total subscription price for the preference shares issued during the period was $ 1,000,000.

Issuance of Convertible Notes

On 18 January 2021, the Company had entered into a subscription agreement for the issue of Convertible notes with new investors. Under the Subscription Agreement, subject to satisfaction of the conditions, the Company is to issue $ 4,000,000 Convertible notes (each with a face value of $ 1) (Each a Note). Each note is convertible into fully paid ordinary shares in the capital of the Company.

Initial Public Offering ("IPO")

In 2021, the Group has undertaken steps to offer investment in the Group through an Initial Public Offering proceeding.

There are no other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs in future years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company expects to maintain the present status of the existing services offered to its customer base, However, the level of operations will increase with the funds expected to be raised through the Initial Public Offering.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

No indemnities have given or insurance premiums paid, during or since the end of the financial period, for any persons who is or has been an officer or auditor of the Group.

ENVIRONMENTAL ISSUES

The Group's operations are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory in Australia.

PROCEEDINGS ON BEHALF OF GROUP

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Group 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.

Signed by Director

LAWRENCE, ANTHONY MICHAEL

Dated this 9th day of March 2021

MIGHTY KINGDOM LIMITED
A.B.N. 627.145.260
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	Consolidated 2019 $	Consolidated 2018 $
Revenue	3	2,138,230	2,598,836
Other income	4	1,409,760	886,525
Employee benefit expenses	5	(4,148,366)	(2,801,442)
Impairment of investments		-	(95,000)
Depreciation expense		(26,510)	(19,164)
Other expenses	6	(1,355,748)	(1,110,290)
Finance costs	6	(95,055)	(34,135)
Loss before income tax		**(2,077,689)**	**(574,670)**
Income tax expense	7	(31,629)	(264,973)
Loss for the year		**(2,109,318)**	**(839,643)**
Other comprehensive income / (loss)		-	-
Other comprehensive income / (loss) for the year, net of income tax		**-**	**-**
Total comprehensive loss for the year		**(2,109,318)**	**(839,643)**
Loss per share - basic and diluted	**20**	**(0.28)**	**(0.10)**

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

MIGHTY KINGDOM LIMITED
A.B.N. 627.145.260
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Notes	Consolidated 2019 $	Consolidated 2018 $
Assets			
Current assets			
Cash and cash equivalents	**8**	262,641	5,506
Trade and other receivables	**9**	1,346,318	1,125,200
Other assets	**10**	10,006	28,555
Total current assets		1,618,965	1,159,261
Non current assets			
Deferred tax asset	**11**	264,504	208,259
Property, plant and equipment	**12**	141,732	84,889
Total non-current assets		406,236	293,148
Total assets		**2,025,201**	**1,452,409**
Liabilities			
Current liabilities			
Trade and other payables	**14**	1,176,222	567,033
Contract liabilities	**15**	427,260	307,098
Employee benefits	**16**	501,881	458,142
Income tax payable	**7**	-	271,384
Loans and borrowings	**17**	59,854	229,422
Total current liabilities		2,165,217	1,833,079
Non-current liabilities			
Deferred tax liabilities	**11**	264,341	176,467
Contract liabilities	**15**	-	206,197
Employee benefits	**16**	61,899	40,387
Loans and borrowings	**17**	136,853	191,070
Total non-current liabilities		463,093	614,121
Total liabilities		**2,628,310**	**2,447,200**
Net liabilities		**(603,109)**	**(994,791)**
Equity / (deficit)			
Share capital	**18**	2,501,000	-
Other reserve	**19**	-	112
Retained losses		(3,104,109)	(994,903)
Total equity / (deficit)		**(603,109)**	**(994,791)**

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

MIGHTY KINGDOM LIMITED
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	Consolidated 2019 $	2018 $
Cash flows from operating activities			
Receipts from customers		2,303,039	2,547,182
Payments to suppliers and employees		(4,829,674)	(3,313,597)
Interest paid		(91,472)	(24,948)
Research and development incentive		435,937	160,097
Grant from Department of State Development		-	480,000
Other government stimulus income		245,443	179,204
Net cash (used in) / provided by operating activities	**22**	**(1,936,727)**	**27,938**
Cash flows from investing activities			
Purchase of property, plant and equipment	**12**	(83,353)	(86,084)
Investment in subsidiaries		-	(95,000)
Net cash used in investing activities		**(83,353)**	**(181,084)**
Cash flows from financing activities			
Proceeds from issue of non-redeemable preference shares		2,500,000	-
Issue of new shares for Group reorganisation (Note 2.1 (b))		1,000	-
Loan repayment made during the year		(50,448)	(27,174)
Loan obtained during the year		-	250,000
Net cash provided by financing activities		**2,450,552**	**222,826**
Net change in cash and cash equivalents held		**430,472**	**69,680**
Cash and cash equivalents at beginning of the year		(167,831)	(237,511)
Cash and cash equivalents at end of the year	**8 (a)**	**262,641**	**(167,831)**

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

MIGHTY KINGDOM LIMITED
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Consolidated			
	Share capital	**Other reserves**	**Retained losses**	**Total**
	$	**$**	**$**	**$**
Balance at 1 July 2017	-	102	(155,260)	(155,158)
Loss for the year	-	-	(839,643)	(839,643)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	**102**	**(994,903)**	**(994,801)**
Transactions with owners in their capacity as owners:				
- contributions of equity	-	10	-	10
- dividends paid or provided for	-		-	-
Balance at 30 June 2018	-	**112**	**(994,903)**	**(994,791)**
Balance at 1 July 2018	-	112	(994,903)	(994,791)
Transfers		(112)	112	-
Loss for the year	-	-	(2,109,318)	(2,109,318)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**(3,104,109)**	**(3,104,109)**
Transactions with owners in their capacity as owners:				
-Issuance of shares for business reorganisation (Note 2.1 (b))	1,000	-	-	1,000
- contributions of equity - preference	2,500,000	-	-	2,500,000
- dividends paid or provided for	-	-	-	-
Balance at 30 June 2019	**2,501,000**	**-**	**(3,104,109)**	**(603,109)**

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

1. GENERAL INFORMATION

Mighty Kingdom Limited is a 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 monetizes 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

(a) Basis of preparation of the financial report

The financial report includes the consolidated financial statements and notes of Mighty Kingdom Limited and Controlled Entities (Consolidated Group or Group).

The Group has elected to adopt the Australian Accounting Standards - Reduced Disclosure Requirements established by AASB 1053 Application of Tiers of Australian Accounting Standards.
These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements. Mighty Kingdom Limited is a for-profit entity for the purpose of preparing the financial statements.

The consolidated financial statements for the year ended 30 June 2019 were approved and authorised for issue by the Board of Directors on 09 March 2021.

(b) Group reorganisation

Mighty Kingdom Limited (“MKL”) was incorporated on 28 June 2018.

On 1 July 2018, Mighty Kingdom Limited issued shares to the existing shareholder of Mighty Kingdom Games Pty Ltd (“MGL”), Mighty Kingdom Services Pty Ltd (“MSL”), Mighty Kingdom IP Pty Ltd (“MIPL”) and Rise Games Pty Ltd (“RGL”) in exchange for the shares already held in these entities.
Through this transaction effective control of MGL, MSL, MIPL and RGL (“Controlled Entities”) were passed to the shareholders of MKL. The nature and substance of this transaction is a group reorganisation where following the reorganisation MKL took control of MGL, MSL, MIPL and RGL with no change in underlying control. This transaction is one referred to as a common control transaction in AASB 3 Business Combinations (Refer to Note 2.1 (c)).

MKL was incorporated specifically for the purpose of this transaction and subsequent equity raising activities, the fair value of the equity instruments issued has been estimated by reference to the consolidated net assets value of Controlled Entities as of 1 July 2018.

(c) Business combinations

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties, both before and after the business combination, and control is not transitory.
Mighty Kingdom Limited (formerly known as Mighty Kingdom Group Pty Limited), Mighty Kingdom Games Pty Ltd (formerly known as Mighty Kingdom Pty Ltd), Mighty Kingdom Services Pty Ltd, Rise Games Pty Ltd, and Mighty Kingdom IP Pty Ltd are controlled by the same shareholders before and after the business combination, and the control is not transitory. Therefore, the business combination represents a common control combination.

Business combination involving entities under common control is scoped out under AASB 3 Business Combination. AASB provides no guidance on the accounting for these types of transactions; however requires an entity to develop and accounting policy. The two most common methods utilised are the acquisition method and the pooling of interest-type method (predecessor method).

MIGHTY KINGDOM LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Business combinations (Contd.)

Management have determined that the pooling of interest-type method to be the most appropriate. The pooling of interest-type method requires that the financial statements to be prepared using the predecessor book value without any step up to fair value. The differences between any consideration given and aggregate book value of the assets and liabilities of the acquired entity are recorded as an adjustment to equity. This may be recorded in retained earnings / reserve and no additional goodwill is created by the transaction. The comparatives have been presented as if the combination had occurred from the date when the combining entities first came under the control of the controlling parties.

All transaction costs incurred in relation to the business combination are expenses to the consolidated statement of profit or loss and other comprehensive income.

(d) Basis of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Mighty Kingdom Limited) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 13.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as “non-controlling interests”. The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary’s net assets on liquidation at either fair value or the non-controlling interests’ proportionate share of the subsidiary’s net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

Consolidated financial statement presentation

The consolidation financial statements (post combination) incorporate the acquired entity's results as if both entities (acquirer and acquire) had always been combined with incorporate the acquired entity's results as if both entities (acquirer and acquire) had always been combined for the year and the comparative financial year

(e) Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

MIGHTY KINGDOM LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Income Tax (Contd.)

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the entity in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(f) Fair value of assets and liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

MIGHTY KINGDOM LIMITED
A.B.N. 627.145.260
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(g) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value, as indicated, less, where applicable, any accumulated depreciation and impairment losses.

(i) Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(j) for details of impairment).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss in the financial period in which they are incurred.

(ii) Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Asset category	Useful life	Depreciation rate
Office equipment	5 Years	20%
Motor Vehicle	4 Years	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss when the item is derecognised. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(h) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement. This requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. Leases where the lessor retains substantially all the risks and benefits of ownership are classified as operating leases.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in the Consolidated Statement of Profit or Loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the Consolidated Statement of Profit or Loss on a straight-line basis over the lease term. Lease incentives are recognised in the Consolidated Statement of Profit or Loss as an integral part of the total lease expense.

MIGHTY KINGDOM LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(i) Financial Instruments

(i) Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15

A financial liability is measured at fair value through profit or loss if the financial liability is:

-a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

(ii) Classification and subsequent measurement

Financial liabilities

Financial instruments are subsequently measured at:
- amortised cost; or
- fair value through profit or loss.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:
- incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationship).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability. If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Financial Instruments (Contd.)

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are initially measured at fair value (if not designated as at fair value through profit or loss and do not arise from a transfer of a financial asset) and subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with AASB 9
- the amount initially recognised less the accumulative amount of income recognised in accordance with the revenue recognition policies.

Financial assets

Financial assets are subsequently measured at:

- amortised cost; or
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Group initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as “accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy, and information about the Groupings was documented appropriately, so that the performance of the financial liability that was part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

MIGHTY KINGDOM LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Financial Instruments (Contd.)

Equity instruments
At initial recognition, as long as the equity instrument is not held for trading and not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the Group made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss.
Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Group's accounting policy.

Derecognition
Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities
A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets
A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.
All of the following criteria need to be satisfied for derecognition of financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Group no longer controls the asset (i.e. the Group has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.
On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

(j) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (e.g. amounts due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(k) Impairment of non-financial assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for intangible assets with indefinite lives.

(l) Employee benefits

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations due to changes in assumptions for other long term employee benefits, the net change in the obligation is recognised in profit or loss as part of employee benefits expense in the periods in which the changes occur.

The Company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(m) Provisions

Provisions are recognised when the Group 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.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(n) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown as borrowings in current liabilities on the statement of financial position.

(o) Revenue

Revenue arises mainly from the development of the interactive entertainment software products, online game services, online advertising services, and licensing services. The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services.

Revenue is recognised by applying a five step model as follows:

1. Identifying the contract with customer.
2. Identifying the performance obligation.
3. Determining the transaction price.
4. Allocating the transaction price to the performance obligation
5. Recognising revenue when / as performance(s) obligations are met.

The total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at point in time or over time. When (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

The Group reports revenue on a gross or net basis depending on whether the Group is acting as a principal or an agent in a transaction. The Group is a principal if it controls the specified product or service before that product or service is transferred to a customer or it has a right to direct others to provide the product or service to the customer on the Group's behalf. Indicators that the Group is a principal include but not limited to whether the Group (i) is the primary obligor in the arrangement; (ii) has latitude in establishing the selling price; (iii) has discretion in supplier selection; (iv) changes the product or performs part of the service, and (v) has involvement in the determination of product or service specifications

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than passage of time required before the consideration is due.

(i) Software development revenue

Our software are custom-built according to specific requests of individual customers. Each contract is assessed separately using the five-step method above, with the fair value of revenue allocated against the performance obligations in the contract. Variable consideration is considered for each contract and constraint is applied where appropriate. A custom-built software does not have any alternative use with provides us an enforceable rights to payments. As the amount of works required to perform under these contracts does not vary significantly from month-to-month, the straight-line method provides a faithful depiction of the transfer of goods or services. Development revenue is recognised on a straight-line basis over the term of each contract.

(ii) Online game revenue

The Group operates its online games primarily as a free to play model. Players can purchase online virtual items through third party payment platforms. These providers are entitled to a predetermined percentage of service fees which are withheld and deducted from the gross proceeds collected by these platforms from the players, with the net amounts remitted to the Group. The Group recognises revenue on a gross basis given it is the principle in these transactions. The service fees are recorded as expenses in the statement of profit or loss. We recognize revenue ratably over the estimated average playing period of players for the applicable game.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Revenue (Contd.)

(iii) Advertising revenue
Advertising contracts are signed to establish the prices and advertising services to be provided based on different arrangements. The major arrangement is display-based advertising and such revenue are recognised on number of display or view impression basis. This performance obligation is satisfied over time as the advertisers receive and consume benefits simultaneously provided by the Group when the advertisements are displayed.

(iv) License revenue
License revenue is generated from granting a licence to a customer with a right to access the Group’s intellectual property. The license revenue is recognised on a straight-line method over the license period.

(v) Other revenue
The Group recognises other revenues when the respective services are rendered, or when the control of the products are transferred to customers.

(p) Other Income

(a) Other income
Other income is recognised when it is received or when the right to receive payment is established.

(b) Government grant income
Government grants, including non-monetary grants at fair value, are only recognised when there is reasonable assurance that:

(a) all conditions attaching to the Government grant will be complied with;
(b) the value of the grant can be determined with reasonable certainty; and
(c) the grant will be received.

Government grants are recognised in the profit or loss over the periods in which the Group recognises related expenses. Where government grants relate to costs which have been capitalised as non-current assets these are recognised as a reduction to the related non-current asset in the consolidated statement of financial position and transferred to profit or loss over the useful lives of the related assets. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

(q) Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of the entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currencies at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year adjusted for payments during the year and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

The assets and liabilities of foreign operations are translated to Australian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates on the dates of the transactions. Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve, in equity. If the foreign operation is not a wholly owned controlled entity then the relevant proportion of the translation difference is allocated to non-controlling interests.

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(r) Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 2.1(j) for further discussion on the determination of impairment losses.

(s) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the Company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(t) Share capital

Ordinary shares, and preference shares which do not result in the Group having a contractual obligation to deliver cash or another financial asset, or to exchange financial assets or financial liabilities with the holder under conditions that are potentially unfavorable to the Group, 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.

(u) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from financing and investing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(v) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement of items in the financial statements or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(w) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

(i) Impairment - general

The Group assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations, which incorporate various key assumptions.

(ii) Employee benefits

For the purpose of measurement, AASB 119: Employee Benefits defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. As the Group expects that all its employees would use all their annual leave entitlements earned during a reporting period before 12 months after the end of the reporting period, the Directors consider that obligations for annual leave entitlements satisfy the definition of short-term employee benefits and, therefore, can be measured at the (undiscounted) amounts expected to be paid to employees when the obligations are settled.

(iii) Research and development incentive

Research and development incentive is recognised at fair value when there is reasonable assurance that the income will be received. The expected future R&D tax incentive, for qualifying R&D expenditure for the current financial year, has been accrued and is also recognised as other income in the statement of profit and loss. It has been established that the conditions of this future R&D incentive have been met and that the expected amount of the incentive can be reliably measured..

(iv) Accounting for business combination

The Group assesses the accounting implication of business combination (Refer to Note 2.1 (c)) using AASB 3 Business Combinations. Management have determined that the pooling of interest-type method to be the most appropriate method to account for the business combination.

(x) Going Concern

For the year ended 30 June 2019 the Group was in a net liability position of $ 603,109, having made a loss of $2,109,318 (2018: loss of $ 839,643) and had cash outflows from operating activities of $1,936,727 (2018: cash inflows of $ 27,938). 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 of a number of development contracts leading to a material increase in sales revenue, and accordingly receipts from customers;
- Raising 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 14).

Whilst the Group has cash on hand of $1,998,421 as at 28 February 2021, subsequent to year end the Group raised funds through convertible notes of $4,000,000 (refer Note 23 Subsequent Events).

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:

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Going Concern (Contd.)

- 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;
- Successful in an Initial Public Offering for listing on the ASX or raise additional capital through debt/equity funding; 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.

2.2 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS – 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 Financial Report. The Group has reviewed the impact of these changes and has determined that the adoption of these standards will not have a material effect on the financial position or performance of the Group other than as set out below.

AASB 16: Leases

The new lease standard (AASB 16) will become effective for the Group from the reporting period commencing 1 July 2019. Although early adoption is permitted, the Group has not early adopted this standard or any other standards, interpretations or amendments that have been issued, but are not yet effective.

The Group intends to apply the exemptions available under AASB 16 for short term leases and low value underlying assets. In addition, the Group intends to apply AASB 16 using the modified retrospective approach under paragraph C8(b)(ii), along with practical expedients permitted by the standard. The modified retrospective approach does not require the restatement of comparative financial information.

All leases will be recognised on the balance sheet at inception of the lease, with the exception of short-term leases and leases of low-value assets. The lessee must recognise a right-of-use asset and a corresponding lease liability in the amount of the present value of the remaining lease payments. Subsequent to this initial measurement, the right-of-use asset is depreciated over the lease term, whilst lease payments are separated into a principal and interest portion to wind up the lease liability over the lease term.

Upon initial application of AASB 16 on 1 July 2019, the Group estimates that the modified retrospective approach will result in a right-of-use asset of $ $571,061 and a lease liability of $ 571,061 measured, at the present value of the remaining lease payments using each lessee's respective incremental borrowing rate. The Group estimates that the impact to retained earnings will not be material.

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		Consolidated 2019 $	Consolidated 2018 $
3	**REVENUE**		
	Software development revenue	1,497,935	1,282,823
	Online game revenue	467,222	880,202
	Advertising revenue	79,734	267,285
	Licence revenue	93,339	82,190
	Other revenue	-	86,336
		2,138,230	**2,598,836**
	Recognised over time	2,138,230	2,598,836
3 (a)	**Disaggregation of revenue**		
	The following table presents our revenue disaggregated by platform:		
	Mobile	1,578,449	2,430,309
	Multi-platforms (including console and PC)	466,442	-
	Other	93,339	168,526
		2,138,230	**2,598,835**
4	**OTHER INCOME**		
	Government grant income	444,614	145,669
	Research and development incentive	958,683	707,321
	Other income	6,463	33,535
		1,409,760	**886,525**
5	**EMPLOYEE BENEFIT EXPENSES**		
	Wages and salaries	3,515,250	2,306,581
	Contributions to defined contribution superannuation funds	330,658	218,090
	Increase in provision for annual and long service leave	139,693	112,103
	Payroll tax expense	152,224	157,138
	Other employee benefits	10,541	7,530
		4,148,366	**2,801,442**
6	**RESULTS FOR THE YEAR**		
	The result for the year has been arrived at after charging the following items:		
	(a) Other expenses		
	Product development expenses	48,148	56,416
	Subcontract labour	338,329	51,575
	Royalty expenses	114,915	174,813
	Channel costs	140,167	264,061
	Consulting, accounting, auditing and legal fees	112,308	164,017
	Insurance	9,629	4,955
	IT and other computer expenses	178,267	72,566
	Rent and occupancy expenses	131,651	79,394
	Other administration and overhead expenses	282,334	242,493
		1,355,748	**1,110,290**
	(b) Finance cost		
	Interest expense for financial liabilities	91,472	24,948
	Foreign currency transaction and translation losses	3,583	9,187
		95,055	**34,135**

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7 INCOME TAX (BENEFIT) / EXPENSE

	Consolidated 2019 $	Consolidated 2018 $
The components of income tax expense comprise:		
- Current tax expense	-	271,384
- Deferred tax expense / (income)	31,629	(6,411)
	31,629	**264,973**
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the company's applicable income tax rate is as follows:		
Loss before income tax expense	**(2,077,689)**	**(574,670)**
Tax at the statutory tax rate of 27.5% (2018: 27.5%)	(571,365)	(158,034)
Income not subject to taxation	(263,638)	(194,513)
Expenses not deductible for taxation	677,267	448,957
Tax losses and deductible temporary differences not recognised	189,365	168,563
Income tax expense	**31,629**	**264,973**
Income tax payable	**-**	**271,384**

The Group did not recognise deferred income tax assets in respect of unrecognised tax losses of $603,156 as at 30 June 2019 that can be carried forward against future taxable income.

8 CASH AND CASH EQUIVALENTS

	Consolidated 2019 $	Consolidated 2018 $
Cash at bank and in hand	**262,641**	**5,506**

8 (a) For the purposes of the consolidated statement of cash flow, the consolidated cash and cash equivalents comprise the following:

	2019	2018
Cash and bank balances	262,641	5,506
Less: Bank overdrafts (Note 17)	-	(173,337)
Cash and cash equivalents per consolidated statement of cash flow	**262,641**	**(167,831)**

9 TRADE AND OTHER RECEIVABLES

	2019	2018
Trade receivables	215,960	285,412
GST receivable	146,592	103,820
Research and development incentive receivable	958,683	707,321
Other receivables	13,797	12,617
Related party receivables		
- Amount receivable from director / shareholder	11,286	16,030
	1,346,318	**1,125,200**

10 OTHER ASSETS

	2019	2018
Prepayments	**10,006**	**28,555**

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11 DEFERRED TAX ASSETS / LIABILITIES

	Consolidated		
	1 July 2018 $	Charged to profit or loss $	30 June 2019 $
Deferred tax liabilities			
Property, plant and equipment	23,862	(7,685)	16,177
Trade and other receivables	152,605	111,736	264,341
	176,467	**104,051**	**280,518**
Set-off of deferred tax liabilities pursuant to set-off provisions			(16,177)
			264,341

	Consolidated		
	1 July 2018 $	Credited to profit or loss $	30 June 2019 $
Deferred tax assets			
Employee benefits	75,347	20,051	95,398
Unused tax losses	132,912	52,371	185,283
	208,259	**72,422**	**280,681**
Set-off of deferred tax liabilities pursuant to set-off provisions			(16,177)
			264,504

	Consolidated		
	1 July 2017 $	Charged to profit or loss $	30 June 2018 $
Deferred tax liabilities			
Property, plant and equipment	-	23,862	23,862
Trade and other receivables	41,415	111,190	152,605
	41,415	**135,052**	**176,467**

	Consolidated		
	1 July 2017 $	Credited to profit or loss $	30 June 2018 $
Deferred tax assets			
Employee benefits	35,814	39,533	75,347
Unused tax losses	30,981	101,931	132,912
	66,795	**141,464**	**208,259**

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12 PROPERTY, PLANT AND EQUIPMENT

	Consolidated		
	Motor Vehicle $	Office Equipment $	Total $
Balance as at 1 July 2018	1,982	82,907	84,889
Additions during the year	-	83,353	83,353
Disposals during the year	-	-	-
Depreciation during year	(1,982)	(24,528)	(26,510)
Carrying amount as at 30 June 2019	**-**	**141,732**	**141,732**
Balance as at 1 July 2017	9,909	8,060	17,969
Additions during the year	-	86,084	86,084
Disposals during the year	-	-	-
Depreciation during the year	(7,927)	(11,237)	(19,164)
Carrying amount as at 30 June 2018	**1,982**	**82,907**	**84,889**

13 SHARES IN CONTROLLED ENTITIES

	Equity Interest Held	
	2019 %	2018 %
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) In 2018 the equity holding percentage reflects the economic interest within the aggregated accounts.
(b) The subsidiaries listed above have share capital consisting solely of ordinary shares, which are held directly by the Group.
(c) Each subsidiary's principal place of business is Australia which is also its country of incorporation or registration.

14 TRADE AND OTHER PAYABLES

	Consolidated	
	2019 $	2018 $
Trade payables	29,384	70,720
Accrued expenses	69,825	27,557
GST payables	134,707	160,238
Taxes payable *	715,364	175,680
Other payables	222,022	127,918
Amounts payable to related entities		
- Amount payable to director / shareholder	4,920	4,920
	1,176,222	**567,033**

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14 TRADE AND OTHER PAYABLES (CONTD.)

* On 20 November 2020, Mighty Kingdom Services Pty Ltd has 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 2019 ("Existing Payment Plan"). According to the Existing Payment Plan, $600,000 is payable in the next 12 months.

Conditions of the New Payment Plan:

(a) Make payments on due dates stipulated on the arrangement. The dates are regular instalments until August 2024; and

(b) 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).

	Consolidated	
	2019	**2018**
	$	**$**
15 CONTRACT LIABILITIES		
Current		
Deferred service income	221,062	307,098
Deferred government grant income	206,198	-
	427,260	**307,098**
Non-current		
Deferred government grant income	**-**	**206,198**
16 EMPLOYEE BENEFITS		
Current		
Accrual for salaries and wages	117,593	71,477
Provision for annual leave	198,672	132,751
Provision for long service leave	82,844	30,584
Payroll tax payable	102,772	223,330
	501,881	**458,142**
Non-current		
Provision for long service leave	**61,899**	**40,387**
17 LOANS AND BORROWINGS		
Current		
Obligations under finance leases and hire purchase contracts	12,147	12,147
Bank overdraft	-	173,337
Secured bank loan *	47,707	43,938
	59,854	**229,422**

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	Consolidated 2019 $	Consolidated 2018 $
LOANS AND BORROWINGS (CONTD.)		
Non-current		
Obligations under finance leases and hire purchase contracts	-	6,510
Secured bank loan *	136,853	184,560
	136,853	**191,070**
*Summary of secured bank loans		
Commonwealth Bank of Australia	184,560	228,498
Total secured bank loans	**184,560**	**228,498**
<u>Commonwealth Bank of Australia</u>		
Secured loans at beginning of the year	228,498	-
Loan repayments made during year	(43,938)	(21,502)
New borrowings during the year	-	250,000
Secured loans at end of the year	**184,560**	**228,498**

Commonwealth Bank of Australia facility

Mighty Kingdom Limited and its controlled entities, negotiated with the Commonwealth Bank of Australia to provide finance facility to the Mighty Kingdom Limited to amounting to $ 250,000 at a variable rate of 6.85% p.a. As at 30 June 2019 carrying amount of the loan amounted to $184,560 (2018: 228,498) This loan is repayable monthly within five years.

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.

	Notes	2019 Shares	2018 Shares	Consolidated 2019 $	Consolidated 2018 $
18 SHARE CAPITAL					
Ordinary shares - fully paid	Note 18 (a)	7,500,000	-	1,000	-
Non-redeemable preference shares - fully paid	Note 18 (b)	1,909,090	-	2,500,000	-

	Consolidated Number of Shares	Consolidated Total $
18 (a) Movements in ordinary share capital		
Balance at beginning of the year	-	-
Issue of new shares for Group reorganisation (Note 2.1 (b))	1,000	1,000
Shares split during the year	7,499,000	-
Balance at end of the year	7,500,000	1,000

(a) (i) During the year, the Company converted the Company's existing share capital of 1,000 shares into larger number of shares, to increase issued capital to 7,500,000 ordinary shares.

	Number of Shares	Total $
18 (b) Movements in preference share capital		
Balance at beginning of the year	-	-
Issued during the year	910,090	2,500,000
Shares split during the year	999,000	-
Balance at end of the year	1,909,090	2,500,000

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.

19 OTHER RESERVE

Other reserve at 30 June 2018 represents combined capital of the controlled entities prior to the Group Reorganisation as detailed in Note 2.1 (b). The combined capital was transferred to "Retained losses" upon the completion of the Group Reorganisation on 1 July 2018.

20 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 year. There are not dilutive effect given a loss generate.

	Consolidated 2019	2018
Net loss attributable to equity holders of the Company	(2,109,318)	(718,261)
Weighted average number of ordinary shares	7,500,000	7,500,000
Basic / diluted loss per share ($)	(0.28)	(0.10)

21 RELATED PARTY TRANSACTIONS

The Company’s main related parties are as follows:

21 (a) Key management personnel of the Company
Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the entity, is considered key management personnel.

21 (b) Other related parties of the Company
Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

Transactions and outstanding balances with related parties
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties (i.e. at arm’s length) unless the terms and conditions disclosed below state otherwise. The following transactions occurred with related parties:

RELATED PARTY TRANSACTIONS (CONTD.)

	Consolidated 2019 $	2018 $
(i) Key management personnel		
Key management personnel compensation:		
Short-term employee benefits	224,342	76,539
Post-employment benefits	21,227	7,271
	245,569	**83,810**
(ii) Other related parties – director-related entities		
Amount due from - Michelle Lee & Philip J Mayes	11,286	16,030
Amount due to - Michelle Lee & Philip J Mayes	4,920	4,920
Bank guarantees - Michelle Lee (Note 17)	400,000	400,000
Bank guarantees - Philip J Mayes (Note 17)	400,000	400,000

22 CASH FLOW INFORMATION

22 (a) Reconciliation of cash flow from operations with loss after income tax

	2019 $	2018 $
Loss after income tax	(2,109,318)	(839,643)
Non-cash flows in profit:		
- Depreciation expense	26,510	19,164
- Impairment loss on investment	-	95,000
- Deferred tax (income) / expense	31,629	(6,411)
Changes in assets and liabilities:		
- (Increase) in trade and other receivables	(202,569)	(51,157)
- Increase in trade and other payables	609,189	268,100
- Increase in employee benefits	65,251	330,035
- (Decrease) / increase in contract liabilities	(86,035)	488,690
- (Decrease) / increase in income tax liabilities	(271,384)	271,384
- (Decrease)/increase in research and development incentive receivable	-	(547,224)
Net cash (used in) / provided by operating activities	**(1,936,727)**	**27,938**

23 SUBSEQUENT EVENTS

The Novel Coronavirus ('COVID-19')

In March 2020, the World Health Organisation declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout Australia and globally. The spread of COVID-19 has caused significant volatility in Australian and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the Australian and international economies. We cannot reasonably estimate the length or severity of this pandemic, but we do not consider that the impact is likely to compromise the ability of the Group to continue operating for the foreseeable future. We consider this to be a non-adjusting post balance date event.

Issuance of Non-Redeemable Preference Shares

During the 2020 financial year, the Company issued 901,515 new non-redeemable preference shares. The total subscription price for the preference shares issued during the period was $ 1,000,000.

Issuance of Convertible Notes

On 18 January 2021, the Company had entered into a subscription agreement for the issue of Convertible notes with new investors. Under the Subscription Agreement, subject to satisfaction of the conditions, the Company is to issue $ 4,000,000 Convertible notes (each with a face value of $ 1) (Each a Note). Each note is convertible into fully paid ordinary shares in the capital of the Company.

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SUBSEQUENT EVENTS (CONTD.)

Initial Public Offering ("IPO")
In 2021, the Group has undertaken steps to offer investment in the Group through an Initial Public Offering proceeding.
There are no other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs in future years.

24 FINANCIAL ASSETS AND LIABILITIES

Note 2.1 (i) provides a description of each category of financial assets and financial liabilities and the related accounting policies. The carrying amounts of financial assets and financial liabilities in each category are as follows:

	Notes	Amortised cost 2019 $	Total 2019 $
Financial assets			
Cash and cash equivalents	**8**	262,641	262,641
Trade and other receivables	**9**	1,346,318	1,346,318
		1,608,959	**1,608,959**
Financial liabilities			
Current borrowings	**17**	59,854	59,854
Trade and other payables	**14**	1,176,222	1,176,222
Non-current borrowings	**17**	136,853	136,853
Employee benefits	**16**	220,365	220,365
		1,593,294	**1,593,294**

		Amortised cost 2018 $	Total 2018 $
Financial assets			
Cash and cash equivalents	**8**	5,506	5,506
Trade and other receivables	**9**	1,125,200	1,125,200
		1,130,706	**1,130,706**
Financial liabilities			
Current borrowings	**17**	229,422	229,422
Trade and other payables	**14**	567,033	567,033
Non-current borrowings	**17**	191,070	191,070
Employee benefits	**16**	294,807	294,807
		1,282,332	**1,282,332**

25 CONTINGENT LIABILITIES

The Group had no contingent liabilities as at 30 June 2019 and 30 June 2018.

26 CAPITAL COMMITMENTS – PROPERTY, PLANT AND EQUIPMENT

The Group had no capital commitments for property, plant and equipment as at 30 June 2019 and 30 June 2018.

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27 PARENT INFORMATION

The following information has been extracted from books and records of the parent and has been prepared in accordance with Australian Accounting Standards

Statement of Financial Position

	Company 2019 $
Assets	
Current assets	
Cash and cash equivalents	798
Trade and other receivables	825
Total current assets	1,623
Non current assets	
Investment in subsidiaries	212
Total non-current assets	212
Total assets	**1,835**
Liabilities	
Current liabilities	
Trade and other payables	5
Total current liabilities	5
Total liabilities	**5**
Net assets	**1,830**
Equity	
Share capital	2,501,000
Retained losses	(2,499,170)
Total equity	**1,830**
Financial performance	
Loss for the year	(2,499,170)
Other comprehensive income / (loss)	-
Total comprehensive loss	(2,499,170)

28 CORPORATE INFORMATION

The principal place of business:
Level 02 44 Pirie Street
Adelaide SA 5000.

The registered office:
212 Greenhill Road Eastwood
Adelaide SA 5063.

MIGHTY KINGDOM LIMITED
A.B.N. 627.145.260
DIRECTORS' DECLARATION

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, as set out on pages 3 to 29,

(a). comply with Australian Accounting Standards which, as stated in accounting policy Note 2 to the financial statements, constitutes compliance with International Financial Reporting Standards; and

(b). presents fairly the financial position as at 30 June 2019 and of the performance for the year ended on that date of the Company and consolidated Company.

2 In the Directors' opinion 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

LAWRENCE, ANTHONY MICHAEL

DIRECTOR

09 March 2021

Level 3, 170 Frome Street
Adelaide SA 5000

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GPO Box 1270
Adelaide SA 5001

T +61 8 8372 6666

Independent Auditor's Report

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

Report on the audit of the financial report

Qualified opinion

We have audited the financial report of Mighty Kingdom Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of the our report, the accompanying financial report of the Mighty Kingdom Limited:

a presents fairly, in all material respects, the consolidated entity's financial position as at 30 June 2019 and of its performance and cash flows for the year then ended; and

b complies with Australian Accounting Standards – Reduced Disclosure Requirements.

Basis for qualified opinion

The financial report for the period ended 30 June 2017 has not been audited. As the opening balances from 1 July 2017 enter into the determination of financial performance and cashflows for the 30 June 2018 presented comparative, we were unable to determine the effect of such adjustments, if any, as might have been determined to be necessary had this limitation in scope not existed.

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 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material uncertainty related to going concern

We draw attention to Note 2.1(x) in the financial statements, which indicates that the Group incurred a net loss of $2,109,318 during the year ended 30 June 2019, and as of that date, the Group had a net asset deficiency of $603,109. As stated in Note 2.1(x), these events or conditions, along with other matters as set forth in Note 2.1(x), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information other than the financial report and auditor's report thereon

Management is responsible for the other information. The other information comprises the information included in the Group's Directors' report for the year ended 30 June 2019, 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 accordingly 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 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, 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 management and those charged with governance for the financial report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements. This responsibility also includes such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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 at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

Grant Thornton.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B K Wundersitz
Partner – Audit & Assurance

Adelaide, 09 March 2021