



Mighty Kingdom Limited (ASX: MKL) ABN: 39 627 145 260

APPENDIX 4D & FINANCIAL STATEMENTS

Half Year Ended 31 December 2023



CONTENTS

Results for Announcement	3
Directors' Report	4
Auditor's Independence Declaration	9
Consolidated Statement of Profit or Loss and Other Comprehensive Income	10
Consolidated Statement of Financial Position	11
Consolidated Statement of Changes in Equity	12
Consolidated Statement of Cash Flows	13
Notes to the Consolidated Financial Statements	14
Directors' Declaration	22
Independent Auditor's Report	23

Company Details

Name of entity:	Mighty Kingdom Limited ("Mighty Kingdom" or "the Company")
ABN:	39 627 145 260
Reporting period:	For the half year ended 31 December 2023 ("H1 FY24")
Previous comparative period (PCP):	For the half year ended 31 December 2022 ("H1 FY23")

Results for announcement to the market

		% change on PCP	\$'000
Revenue from ordinary activities	up	49%	3,729
Loss from ordinary activities after tax attributable to members	down	71%	(2,032)
Loss for the reporting period attributable to members	down	71%	(2,032)

Dividends (distributions)	Amount per share	Franked amount per share
Final Dividend	Nil ¢	Nil ¢
Interim Dividend	Nil ¢	Nil ¢
Previous corresponding period	Nil ¢	Nil ¢
Record date for determining entitlements to the dividends	N/A	N/A

Overview of operating results

Refer to the review and results of operations included within the Directors' Report for further commentary on the results of Mighty Kingdom.

Net tangible assets

	Dec 2023	Jun 2023
Net tangible assets per ordinary security	-0.003 ¢	0.09 ¢

The net tangible asset per ordinary security is calculated based on 416,266,617 ordinary shares at 31 December 2023 and 381,773,760 ordinary shares at 30 June 2023.

Independent auditor's review

The financial statements were subject to an independent auditor's review by Grant Thornton Audit Pty Ltd. The independent auditor's review report is attached as part of the Interim Report.

This report should be read in conjunction with any public announcements made by Mighty Kingdom Limited and its controlled entities during the half year ended 31 December 2023 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 and ASX listing rules.

DIRECTORS' REPORT

The Directors of Mighty Kingdom Limited present their report together with the consolidated interim financial statements of Mighty Kingdom Limited (the "Company" or "Mighty Kingdom") and its controlled entities (the "Group") for the half year ended 31 December 2023.

Directors

The following persons were Directors of Mighty Kingdom Limited during the half year ended 31 December 2023 and up to the date of this report.

Name	Role	Type	Status
Mr David Butorac	Chair (Non-Executive)	Independent	
Ms Michelle Guthrie	Chair (Non-Executive)	Independent	Non-reappointment 6 th December 2023
Ms Melanie Fletcher	Director (Non-Executive)	Independent	Resigned 11 th September 2023
Mr Ian Hogg	Director (Non-Executive)	Independent	
Mr Philip Mayes	Director (Non-Executive)	Independent	Appointed 6 th December 2023

Company Secretary

Name	
Ms Kaitlin Smith	Resigned 8 th February 2024
Ms Katelyn Adams	Appointed 12 th February 2024

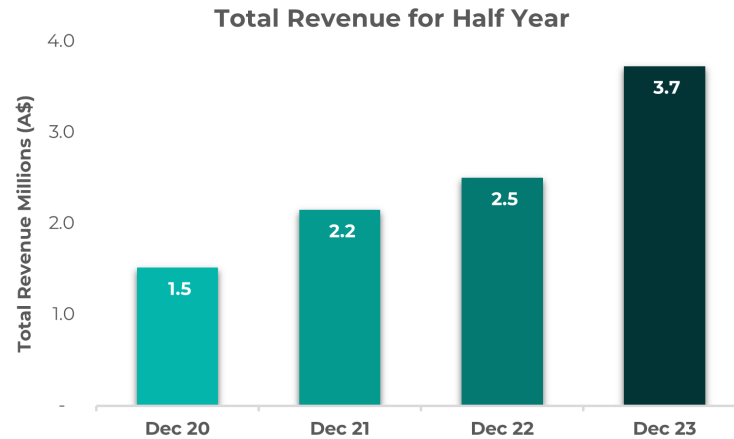
Review and results of operations

Financial highlights

- Total Income, comprised of Revenue and Other Income, up 60% compared to prior comparative period ("pcp")
- \$3.73m in Game Revenue reported, up 49% pcp
- Reduction in underlying operating costs of 31% pcp and 14% reduction compared to previous 6 months (H2 FY23)
- Loss from Operations for the six months of (\$1.99m) a reduction of 72% compared to pcp.
- Total Comprehensive Loss for the year of (\$2.03m) down a further 7% compared to previous 6 months (H2 FY23)
- Operating cash outflows reduced to (\$1.0m) for the 6 months, a \$2.3m reduction compared to pcp

Operational highlights

- Contract renewals with Spinmaster and Google underpinning a renewed focus on key partnerships.
- On-going operational improvements delivered further cost reductions notwithstanding tight working capital environment and business uncertainty.
- Paused material investment in Original IP
- Strategic review announced to deliver a high growth profitable gaming studio. A non-binding Letter of Intent ("LOI") signed with a Consortium of deep industry experts with a vision to deliver transformational change.
- Changes within Board and Key management with David Butorac appointed to the role of Chair and Philip Mayes appointed as a Non-Executive Director. In addition, Simon Rabbitt was appointed as Interim Chief Executive Officer

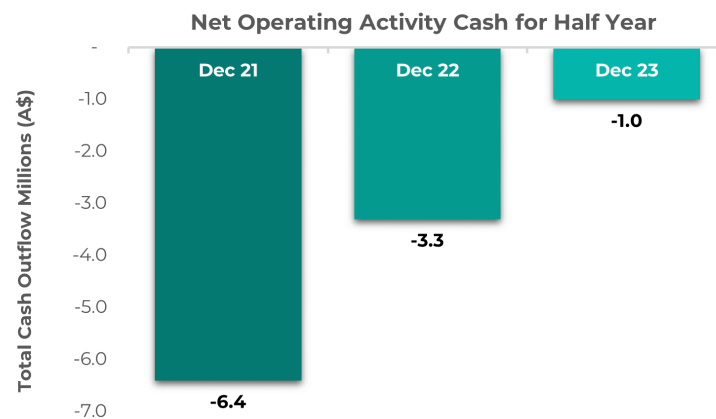


49% increase in game revenue compared to pcg

Loss From Operations - H1 FY24 v H1 FY23

H1 FY24 (\$)	H1 FY23 (\$)
(1.989)M	(7.156)M

72% reduction in loss from operations compared to pcg



3 times reduction in cash outflow from operations compared to pcg

Review of Results

The Group present its results for the six months ended 31 December 2023.

With a strong visible base of recurring contracts with key partners, the Group continues to deliver increased revenue, reporting a YoY increase in revenue from games of 49% to \$3.73m for H1 FY24 (H1 FY23: \$2.51m).

Continuing the financial turnaround, the Group is pleased to report the on-going significant improvement in underlying financial performance of the Group. The loss from operations for the 6 months ended 31 December 2023 was down 72% compared to the prior comparative period and the total comprehensive loss for the period down a further 7% compared to the previous 6 months.

Critically, the Group has curtailed the level of operating cash outflows leading to record low levels of (\$1.0m) for the 6 months. This reflects a 70% reduction compared to pcp. Delays in final certification being received for the Digital Games Tax Offset for 30 June 2023 meant \$0.7m of other receivables, were not receipted during this period. Such inflow would have seen the Group report a near breakeven operating cash position for the 6 months.

Through this period Mighty Kingdom extended its collaboration with key partners. Its portfolio with East Side Games ("ESGG") which includes on-going content delivery and management of "Star Trek Lower Decks", and the upcoming release of a globally known, cross generational, evergreen IP in Co-Development with the ESGG team.

With a creatively led and product driven focus, contract renewals with key partners Google LLC and Spinmaster (Gabby's Dollhouse), have delivered important recurring revenues. The group continues to focus on key relationships with publishers and IP holders as well as executing effective cost management initiatives to ensure a sustainable business.

The operational improvements and business protocols enacted by the business, continue to deliver significant improvements in financial performance. The underlying financial result would have been further improved if it wasn't for the tight working capital environment, inhibiting other cost saving initiatives from being executed.

Mighty Kingdom appointed Independent Non-Executive Director David Butorac to the role of Chair and Philip Mayes re-joined as a Non-Executive Director. The Group would like to thank and acknowledge the services of former Chair Michelle Guthrie and Independent Non-Executive Director Melanie Fletcher, both of whom departed as Directors during the year.

During the period, 94,150,000 new shares were issued via a capital raise announced in October 2023. \$0.94m was received for the new shares issued. Further the Group entered into a secured convertible note arrangement with sophisticated and professional investors raising a further \$726,000 in December 2023. As the notes cannot be converted to shares unless shareholder approval is obtained, the notes are treated as a secured loan. If and when shareholder approval is obtained, the notes may convert into issued shares.

Significant changes in the state of affairs

During the reporting period, the following changes occurred within the Group.

(a) Senior Management Changes

On 1 September 2023, Shane Yeend resigned as the Group's Chief Executive Officer. Simon Rabbitt was subsequently appointed to the role of Interim Chief Executive Officer on 6 October 2023.

(b) Director Changes

On 11 September 2023, Melanie Fletcher resigned as a Non-Executive Director of Mighty Kingdom.

On 29 November 2023, Chair Michelle Guthrie was not reappointed as a Director of Mighty Kingdom subsequently stepping down on 6 December 2023.

On 6 December 2023, Independent Non-Executive Director, David Butorac was appointed to the role of Chair and Philip Mayes rejoined as a Non-Executive Director of Mighty Kingdom.

(c) Capital raising

On 17 October 2023, Mighty Kingdom announced a \$1.0 million capital raise placement with Sophisticated Investors to fund working capital requirements.

On 27 October 2023, Mighty Kingdom announced an additional capital raise placement of \$0.18 million, the bulk of the proceeds being taken up by Gamestar Studio's Pty Ltd ("Gamestar") following an application for stock received on the 24 October 2023.

(d) Strategic Review

On 17 October 2023, the Group announced it was undertaking a Strategic Review process. As part of this review process the Group was considering all options in respect of its business. Subsequently on the 29 December 2023 the Group advised it had entered into a LOI with a Consortium of Australia's top gaming executives. This agreement, which included exclusivity arrangements, paves the way for a multiyear strategic plan, capital raising and potential appointments to the Board and Management.

(e) Buy Back Agreement

On 15 December 2023, the Takeovers Panel accepted undertakings from the Group and Gamestar and entities controlled by Shane Yeend, to enter into a buy-back agreement for a selective buy-back of 59,657,143 shares held by Gamestar. The buyback agreement was signed by all parties on the 21 December 2023. The Group and Gamestar agreed to take all steps to complete the share buy-back under that agreement, including the Group seeking shareholder approval of the buy-back under the Corporations Act. On 16 February 2024 the Group held an Extraordinary General Meeting for which shareholders voted in favour of the resolution. On 21 February 2024 the shares were cancelled.

(f) Secured Loan

On 29 December 2023, Mighty Kingdom entered into a secured convertible note arrangement with sophisticated and professional investors to raise \$726,000. The terms of the notes provide that the notes cannot be converted to fully paid ordinary shares unless shareholder approval is received. Accordingly, the notes are treated as a secured loan until such shareholder approval is received. The notes totalling \$726,000 were secured against the Group's Digital Games Tax Offset ("DGTO").

Events arising since the end of the reporting period

(a) Secured Loan

At 31 December 2023, Mighty Kingdom had received \$413,000 of the \$726,000 secured convertible note. The balance of the secured convertible note funding, being \$313,000 was received in January 2024.

(b) Gamestar Interactive Inc

On 24 February 2024 the Group received a pre-action notice from Gamestar Interactive Inc ("Gamestar Interactive") noting Gamestar Interactive's intention to issue proceedings against the Group in relation to various claims arising out of a contract for the development and delivery of an Interactive TV game. The Group considers that it is well positioned to defend the claims advanced by Gamestar Interactive, and it is too premature to evaluate the prospects of any liability. As noted in the Company's 2023 Annual Report, the Company has claims against Gamestar Interactive for unpaid invoices in relation to this contract with the parties having been in negotiations regarding the dispute over timing of payment and delivery of the game. The Group is working with its legal advisors to resolve the matter.

Looking Forward

In completing the Strategic Review process and the engagement of a Consortium of Australia's top gaming executives, Mighty Kingdom is now able to accelerate critical operational initiatives embarking on a clear strategy of business consolidation to deliver profitability. Executing on a strategic plan, focused on both Mighty Kingdom's core capabilities in Co-Development and Work for Hire, working alongside transformational opportunities in revenue diversification, M&A and AI. This paves the way for a high growth and profitable gaming studio.

Aligning its resources and projects with clear commercial outcomes, Mighty Kingdom is focused on delivering against a clear business plan to profitability and increasing shareholder value.

There were no other matters or circumstances that have arisen since 31 December 2023 that have significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Auditor's independence declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is included on page 9 of this financial report and forms part of this Directors' Report.

Signed on behalf of the Board of Mighty Kingdom Limited



David Butorac

Chair

29 February 2024

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Auditor's Independence Declaration

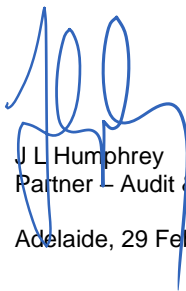
To the Directors of Mighty Kingdom Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Mighty Kingdom Limited for the half-year ended 31 December 2023. I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J L Humphrey
Partner – Audit & Assurance

Adelaide, 29 February 2024

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

	Notes	Dec 2023 \$	Dec 2022 \$
Revenue	3	3,728,695	2,505,108
Other income	4	1,394,573	700,368
Employee benefits expense	5	(5,049,831)	(8,212,652)
Product development support service fees		(384,994)	(487,808)
Selling costs		-	(48,475)
Administrative expenses		(751,635)	(1,016,687)
Professional and consultancy fees		(291,011)	(246,414)
Depreciation and amortisation		(303,720)	(345,932)
Expected credit loss		(330,747)	-
Other expenses		-	(3,019)
Loss from operations		(1,988,670)	(7,155,511)
Finance expenses		(56,636)	(18,978)
Finance income		13,436	3,237
Loss before income tax		(2,031,870)	(7,171,252)
Income tax (expense) / benefit		-	254,588
Loss after income tax		(2,031,870)	(6,916,664)
Other comprehensive income / (loss) for the year, net of income tax		-	-
Total comprehensive loss for the period		(2,031,870)	(6,916,664)
 Loss per share - basic and diluted	 12	 (0.01)	 (0.03)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Notes	Dec 2023 \$	Jun 2023 \$
Assets			
Current assets			
Cash and cash equivalents	6	567,735	301,785
Trade and other receivables	7	2,625,199	6,350,172
Prepayments		253,524	437,999
Contract assets		233,486	350,508
Other current assets		43,990	272,137
Total current assets		3,723,934	7,712,601
Non-current assets			
Property, plant and equipment		373,830	553,772
Right-of-use assets		80,837	244,076
Total non-current assets		454,667	797,848
Total assets		4,178,601	8,510,449
Liabilities			
Current liabilities			
Trade and other payables	8	2,118,015	2,479,621
Contract liabilities		408	638,216
Employee benefits	9	808,270	1,027,323
Borrowings	10	613,000	-
Lease liabilities		66,306	264,942
Total current liabilities		3,605,999	4,410,102
Non-current liabilities			
Trade and other payables	8	285,092	547,146
Employee benefits	9	299,312	299,533
Total non-current liabilities		584,404	846,679
Total liabilities		4,190,403	5,256,781
Net (liabilities) / assets		(11,802)	3,253,668
Equity			
Share capital	11	33,989,454	35,211,572
Share-based payment reserves		1,825,605	1,837,087
Retained losses		(35,826,861)	(33,794,991)
Total equity		(11,802)	3,253,668

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

	Share capital \$	Share- based payment reserve \$	Retained losses \$	Total \$
Balance at 1 July 2022	28,462,886	1,523,864	(24,701,363)	5,285,387
Loss for the year	-	-	(9,093,628)	(9,093,628)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	(9,093,628)	(9,093,628)
Transactions with owners in their capacity as owners:				
- Proceeds from issue of ordinary shares	4,692,000	-	-	4,692,000
- Shares issued – related party	2,288,000	-	-	2,288,000
- Transaction costs (net of tax)	(231,314)	-	-	(231,314)
- Share based payments	-	313,223	-	313,223
Balance at 30 June 2023	35,211,572	1,837,087	(33,794,991)	3,253,668
Loss for the period	-	-	(2,031,870)	(2,031,870)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	(2,031,870)	(2,031,870)
Transactions with owners in their capacity as owners:				
- Proceeds from issue of ordinary shares	941,500	-	-	941,500
- Transaction costs, net of tax	(75,618)	-	-	(75,618)
- Share based payments	-	(11,482)	-	(11,482)
- Share Buy-back	(2,088,000)	-	-	(2,088,000)
Balance at 31 December 2023	33,989,454	1,825,605	(35,826,861)	(11,802)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

	Dec 2023 \$	Dec 2022 \$
Operating activities		
Receipts from customers	4,078,850	3,450,549
Payments to suppliers and employees	(7,669,916)	(9,674,469)
Research and development incentive	1,892,010	2,325,360
Other government grant income	466,129	571,027
Other income	222,372	20,086
Interest received	13,436	3,237
Interest paid	(50,952)	(932)
Net cash (used in) operating activities	(1,048,071)	(3,305,142)
Investing activities		
Purchase of property, plant and equipment	-	(15,263)
Proceeds from sale of property, plant and equipment	39,460	-
Net cash provided by / (used in) investing activities	39,460	(15,263)
Financing activities		
Proceeds from share placement	-	1,142,815
Proceeds from issue of shares	941,500	961,027
Costs incurred from the issue of shares	(75,619)	(55,022)
Lease payments	(204,320)	(225,891)
Proceeds from borrowings	613,000	-
Net cash provided by financing activities	1,274,561	1,822,929
Net change in cash and cash equivalents held	265,950	(1,497,476)
Cash and cash equivalents at beginning of the year	301,785	3,754,467
Cash and cash equivalents at end of year	567,735	2,256,991

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

1.1 General Information

Mighty Kingdom Limited (the Company) is a for profit company incorporated and domiciled in Australia and limited by shares which are publicly traded on the Australian Securities Exchange (ASX: MKL).

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 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

(a) Basis of preparation of the financial report

The Interim Financial Statements are for the six months ended 31 December 2023 and have been prepared in accordance with AASB 134 'Interim Financial Reporting'. They do not include all 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 2023.

This financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The Interim Financial Statements have been approved for issue by the Board of Directors on 28 February 2024.

(b) 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.

Critical accounting estimates and judgements have been made consistently with those applied at 30 June 2023.

(c) Segmental Reporting

The Group reports its business activities in one area: video games development, which is reported in a manner consistent with the internal reporting to the Board of Directors. The Board of Directors consists of the Executive Directors and the Non-Executive Directors.

2.2 Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, for the half year ended 31 December 2023 the Group was in a net asset deficiency of \$0.01m, generated a loss of \$2.0m for the half year and had cash outflows from operating activities of \$1.0m.

The Directors believe that there are reasonable grounds that the consolidated entity will be able to continue as a going concern, after consideration of the following factors:

- The ability to issue share capital under the Corporations Act 2001, by a share purchase plan, share placement or rights issue;
- The business continues to undertake a cost reduction plan with a focus on profitability and cashflow improvement with measures including:
 1. Effective right sizing of business to ensure effective utilisation of resources on current contracted and high-confidence future contract work;
 2. Focus on successful execution of contracts with Google, ESG and Spinmaster which provide a level of revenue certainty; and
 3. On-going operational review to improve efficiency for delivery and reduce unnecessary expenditure.
- Cashflow forecasts have been prepared on a conservative basis with the business expectation that if it can deliver on its core strategic objectives that this will deliver financial upside
- The Group continues to meet its repayment obligations with the Australian Tax Office

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

Should the Group not achieve these outcomes, there may be uncertainty whether the Group would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include adjustments relating to the recoverability or classification of the recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

2.3 New accounting standards and interpretations adopted during the half year

The Group has adopted all the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. There has been no impact to the Group during the period. There are no new Accounting Standards and Interpretations issued by the AASB that have become effective in the current accounting period and that are applicable to the Group.

2.4 Standards issued but not yet effective

The Group has not applied any Australian Accounting Standards or interpretations that have been issued as at balance date but are not yet operative ("the inoperative standards"). The Group only intends to adopt the inoperative standards at the date at which their adoption becomes mandatory.

3 Revenue

	Dec 2023 \$	Dec 2022 \$
External IP - contract income	2,939,469	2,434,176
External IP - royalty income	789,226	63,599
Original IP - royalty income	-	7,333
	3,728,695	2,505,108
Recognised over time	3,728,695	2,505,108

4 Other income

	Dec 2023 \$	Dec 2022 \$
Government grant income		
- SA video game development grant ⁽ⁱ⁾	175,418	222,432
- Digital games tax offset ⁽ⁱⁱ⁾	714,510	-
- Research and development incentive ⁽ⁱⁱⁱ⁾	280,458	457,850
Unrealised currency gain / (loss)	183,985	-
Realised currency gain / (loss)	32,294	-
Sundry income	7,908	20,086
	1,394,573	700,368

(i) SA video game development grant enables video games studios to claim a percentage of costs incurred to develop a video game in South Australia. This rebate is administered by the South Australian Film Corporation and will be paid by the South Australian Government during the next financial year.

(ii) The digital games tax offset ("DGTO") is a federal government incentive that allows qualifying businesses to receive a 30% tax offset on qualifying expenditure.

(iii) The research and development tax Incentive is a government program that aims to stimulate Australian investment in research and development ("R&D"). The tax incentive reduces company R&D costs by offering tax offsets or tax refund for eligible R&D expenditure.

5 Employee benefit expenses

	Dec 2023 \$	Dec 2022 \$
Wages and salaries	4,418,641	7,251,425
Contributions to defined contribution superannuation funds	492,705	688,196
Annual and long service leave expense	(102,067)	(55,263)
Payroll tax expense	230,551	300,476
Other employee benefits	10,001	27,818
	5,049,831	8,212,652

6 Cash and cash equivalents

	Dec 2023 \$	Jun 2023 \$
Cash and cash equivalents consist of the following		
Cash at bank and in hand:		
- Held in Australian Dollars	533,895	145,994
- Held in United States Dollars	33,840	155,791
	567,735	301,785

7 Trade and other receivables

	Dec 2023 \$	Jun 2023 \$
Trade receivables	814,072	626,945
Less: provision for expected credit loss	(330,747)	-
Other receivables	2,009,445	1,691,246
Research and development incentive receivable	132,429	1,743,981
Related party receivables		
- Amount receivable from director / shareholder ⁽ⁱ⁾	-	2,288,000
	2,625,199	6,350,172

In assessing the fair value of trade receivables, the Group has made a provision for expected credit loss for trade receivables relating to Gamestar Interactive. This amount relates to contract work for which payment is unlikely to be received.

(i) At 30 June 2023, the Related party receivable represented the \$2,288,000 amount receivable from Gamestar for 65,371,429 shares in the Group that were issued pursuant to the Share Subscription Agreement dated on or about 4 August 2022 and varied by the parties on or about 18 January 2023. As the Group announced to the market on 14 June 2023, all conditions to that payment had been met which created an unconditional right to receive payment. On 20 July 2023, the Group received \$200,000 as partial settlement of this receivable. In November 2023, Mighty Kingdom applied to the Takeovers Panel relating to the application of unacceptable circumstances with the parties Gamestar, Imagination Entertainment Pty Ltd ("Imagination"), Yeend Superannuation Fund ATF Yeend Superannuation Fund, and Shane Yeend. On 15 December 2023, the Takeovers Panel accepted undertakings from the Group and Gamestar and the above entities controlled by Shane Yeend, to enter into a buy-back agreement for a selective buy-back of 59,657,143 shares held by Gamestar with the total consideration of the buyback to be \$1. The buyback agreement was signed by all parties on the 21 December 2023.

As a consequence of the above, there is no related party receivable due at the reporting date, and this amount was reversed against share capital in equity.

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

8 Trade and other payables

	Dec 2023 \$	Jun 2023 \$
Current		
Trade payables	549,772	658,719
Accrued expenses	293,879	298,884
GST / PAYG payable	810,085	829,871
Payroll liabilities	464,279	692,147
	2,118,015	2,479,621
Non-current		
GST / PAYG payable	285,092	547,146

9 Employee Benefits

	Dec 2023 \$	Jun 2023 \$
Current		
Provision for annual leave	552,813	760,682
Provision for long service leave	255,457	266,641
	808,270	1,027,323
Non-current		
Provision for long service leave	299,312	299,533

10 Borrowings

	Dec 2023 \$	Jun 2023 \$
Current		
Unsecured loan ⁽ⁱ⁾	200,000	-
Secured loan ⁽ⁱⁱ⁾	413,000	-
	613,000	-

(i) Unsecured loan from former independent Non-Executive Director and Chair Michelle Guthrie, with the parties entering an unsecured, interest free loan to be repaid on or before 30 June 2024.

(ii) Secured loan balance receipted as at the reporting date, with the balance of the total loan funding being a further \$313,000 received in January 2024.

In December 2023 Mighty Kingdom entered into a secured convertible note arrangement, subject to future shareholder approval, with sophisticated and professional investors, to raise \$726,000. The terms of the notes provide that the notes cannot be formally issued unless shareholder approval is received. Accordingly, at 31 December 2023, the funds received are treated as a secured loan. Until such time as shareholder approval is received the funds received are secured against the Group's Digital Games Tax Offset ("DGTO").

11 Share capital

	Notes	Dec 2023 Shares	Jun 2023 Shares	Dec 2023 \$	Jun 2023 \$
Ordinary shares - fully paid	(a)	416,266,617	381,773,760	33,989,454	35,211,572

(a) Movements in ordinary share capital

	Note	Number of Shares	Total \$
Balance at beginning of the year		381,773,760	35,211,572
Shares issued, net of transaction costs ⁽ⁱ⁾		94,150,000	865,882
Share Buy-back	7	(59,657,143)	(2,088,000)
Balance at end of the period		416,266,617	33,989,454

(i) On 26 October 2023, the Group has issued 76,000,000 new fully paid ordinary shares at an issue price of \$0.01 per share to sophisticated investors and directors under the institutional placement and share purchase plan.

On 31 October 2023, the Group has issued 18,150,000 new fully paid ordinary shares at an issue price of \$0.01 per share to sophisticated investors under the institutional placement and share purchase plan.

As referenced at Note 7, on 15 December 2023, the Takeovers Panel accepted undertakings from the Group and Gamestar and entities controlled by Shane Yeend, to enter into a buy-back agreement for a selective buy-back of 59,657,143 shares held by Gamestar. The buyback agreement was signed by all parties on the 21 December 2023. The Other Receivable previously recorded for these shares was reversed against share capital, thus reducing the ordinary share capital by 59,657,143 shares.

Shares in controlled entities

	Equity Interest Held	
	Dec 2023 %	Jun 2023 %
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

The subsidiaries listed above have share capital consisting solely of ordinary shares, which are held directly by the Group. Each subsidiary's principal place of business is Australia which is also its country of incorporation or registration.

12 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 Group by the weighted average number of ordinary shares in issue during the year.

	Dec 2023	Dec 2022
Net loss attributable to equity holders of the Company (\$)	(2,031,870)	(6,916,664)
Weighted average number of ordinary shares	252,219,699	202,971,120
Basic loss per share (\$)	(0.01)	(0.03)

13 Related party transactions

The Group's related parties are as follows:

(a) Key management personnel of the Group

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.

(b) Other related parties of the Group

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.

(c) 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:

	Dec 2023	June 2023
	\$	\$
Key management personnel		
Borrowings from Independent Non-Executive Director and Chair	200,000	-
Proceeds from key management personal for share capital	30,000	-
Transactions and outstanding balances with other related parties		
Revenue recognised from Gamestar Interactive Inc	-	506,924
Proceeds from Gamestar Studios Pty Ltd for share capital	200,000	-
Amounts owed from Gamestar Interactive Inc	-	340,290
Amounts owed from Gamestar Studios Pty Ltd	-	2,288,000

14 Subsequent events

(a) Secured Loan

At 31 December 2023, Mighty Kingdom had received \$413,000 of the \$726,000 secured convertible note. The balance of the secured convertible note funding, being \$313,000 was received in January 2024.

(d) Gamestar Interactive Inc

On 24 February 2024 the Group received a pre-action notice from Gamestar Interactive Inc ("Gamestar Interactive") noting Gamestar Interactive's intention to issue proceedings against the Group in relation to various claims arising out of a contract for the development and delivery of an Interactive TV game. The Group considers that it is well positioned to defend the claims advanced by Gamestar Interactive, and it is too premature to evaluate the prospects of any liability. As noted in the Company's 2023 Annual Report, the Company has claims against Gamestar Interactive for unpaid invoices in relation to this contract with the parties having been in negotiations regarding the dispute over timing of payment and delivery of the game. The Group is working with its legal advisors to resolve the matter.

There were no other matters or circumstances that have arisen since 31 December 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

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 10 to 21,
 - (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) give a true and fair view of the financial position as at 31 December 2023 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.

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



David Butorac
Chair
29 February 2024

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Independent Auditor's Review Report

To the Members of Mighty Kingdom Limited

Report on the half year financial report

Qualified Conclusion

We have reviewed the accompanying half year financial report Mighty Kingdom Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, 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 summary of significant accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, and except for the effects of the matter described below in the *Basis for Qualified Conclusion* section of our report, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Mighty Kingdom Limited does not comply with the *Corporations Act 2001* including:

- a giving a true and fair view of the Mighty Kingdom Limited financial position as at 31 December 2023 and of its performance for the half year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

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Basis for Qualified Conclusion

Included within the comparative statement of financial position at 30 June 2023 were amounts totalling \$2,628,290 within trade and other receivables owing from related parties of one of the key management personnel. The total amount owing included \$2,288,000 for 65,371,429 Tranche 2 shares issued by the Group to Gamestar Studios Pty Ltd and \$340,290 for services performed in relation to an external IP contract revenue agreement with Gamestar Interactive Inc. These amounts, at the time, were the subject of a dispute between the Company and the related party.

As at 30 June 2023, in the absence of a resolution of the dispute and other audit evidence to substantiate the recoverability of this outstanding amount at the time, we were unable to ascertain the extent of recoverability of these amounts owing to the Group. Therefore, we were unable to determine whether any adjustments were necessary to trade and other receivables as stated in the consolidated statement of financial position as at 30 June 2023. This matter has since been resolved and adjusted for at 31 December 2023.

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 auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the 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 2.2 in the financial report, which indicates that the Group incurred a net loss of \$2,031,870 and had operating cash outflows of \$1,048,071 during the half year ended 31 December 2023. As stated in Note 2.2, these events or conditions, along with other matters as set forth in Note 2.2, 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 of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey

J L Humphrey
Partner – Audit & Assurance

Adelaide, 29 February 2024