



Sim Leisure Group Ltd.
(Incorporated in the Republic of Singapore)
(Company Registration No: 201808096D)

SIM LEISURE GROUP LTD. AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

*This announcement has been prepared by Sim Leisure Group Ltd. (the “**Company**”) and its contents have been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (“**Sponsor**”), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the “**Exchange**”) Listing Manual Section B: Rules of Catalist.*

This announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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**SIM LEISURE GROUP LTD.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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A. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Notes	Group		Company	
		At at	As at	As at	As at
		30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021
		RM	RM	RM	RM
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
ASSETS					
Non-current assets					
Property, plant and equipment	4	79,752,449	80,164,300	-	-
Right-of-use assets		26,028,878	26,901,634	-	-
Intangible assets	5	1,183,547	1,244,691	-	-
Investment in subsidiaries		-	-	52,123,465	52,123,465
Total non-current assets		106,964,874	108,310,625	52,123,465	52,123,465
Current assets					
Inventories		234,637	357,155	-	-
Trade and other receivables		10,525,628	6,546,720	8,127,909	4,206,183
Prepayments		494,436	325,101	103,096	121,474
Income tax recoverable		179,259	-	-	-
Cash and bank balances		20,508,832	18,658,283	6,121,237	8,990,313
Total current assets		31,942,792	25,887,259	14,352,242	13,317,970
Total assets		138,907,666	134,197,884	66,475,707	65,441,435
EQUITY AND LIABILITIES					
Equity					
Share capital	6	66,574,608	66,574,608	66,574,608	66,574,608
Merger reserve		(12,700,040)	(12,700,040)	-	-
Capital reserve		119,383	116,678	1,328,829	1,328,829
Foreign exchange translation reserve		74,514	781	-	-
Retained earnings/(Accumulated losses)		17,297,259	8,913,288	(2,426,713)	(4,176,758)
Equity attributable to owners of the parent		71,365,724	62,905,315	65,476,724	63,726,679
Non-controlling interests		3,865,259	3,717,527	-	-
Total equity		75,230,983	66,622,842	65,476,724	63,726,679
Non-current liabilities					
Lease liabilities		21,015,994	21,745,542	-	-
Borrowings	7	7,504,751	8,094,113	-	-
Contract liabilities	8.2(b)	245,286	415,349	-	-
Amount due to a director	7	4,376,491	4,785,000	-	-
Provisions		4,574,276	4,437,783	-	-
Deferred tax liabilities		3,530,000	3,530,000	-	-
Total non-current liabilities		41,246,798	43,007,787	-	-



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	Notes	Group		Company	
		At at	As at	As at	As at
		30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021
		RM	RM	RM	RM
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
Current liabilities					
		8,870,568	9,670,111	998,983	1,714,756
		2,642,415	2,641,576	-	-
	7	2,331,027	4,306,309	-	-
	8.2(b)	1,747,246	2,514,111	-	-
	7	831,450	807,039	-	-
		6,007,179	4,628,109		
		22,429,885	24,567,255	998,983	1,714,756
		63,676,683	67,575,042	998,983	1,714,756
		138,907,666	134,197,884	66,475,707	65,441,435



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B. CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Group		
		6 months ended 30 Jun		Change
		2022	2021	
		RM	RM	%
		(Unaudited)	(Unaudited)	
Revenue	8.2(a)	26,571,119	5,119,292	419.0
Cost of sales		(8,570,969)	(4,375,369)	95.9
Gross profit		18,000,150	743,923	> 100
Other income		429,095	163,587	162.3
Administrative expenses		(5,073,879)	(5,361,491)	-5.4
Finance costs		(1,111,227)	(1,103,589)	0.7
Profit/(loss) before income tax	9	12,244,139	(5,557,570)	n.m.
Income tax expense	10	(2,136,592)	(109,088)	>100
Profit/(loss) after income tax		10,107,547	(5,666,658)	n.m.
Other Comprehensive Income				
Foreign currency translation		122,889	-	n.m.
Profit/(loss) for the financial period, representing total comprehensive income/(loss) for the financial period		10,230,436	(5,666,658)	n.m.
Profit/(loss) attributable to:				
- Owners of the parent		8,383,971	(6,946,073)	n.m.
- Non-controlling interests		1,723,576	1,279,415	34.7
Profit/(loss) for the financial period, representing total comprehensive income/(loss) for the financial period		10,107,547	(5,666,658)	n.m.
Total Comprehensive income/(loss) attributable to:				
- Owners of the parent		8,457,704	(6,946,073)	n.m.
- Non-controlling interests		1,772,732	1,279,415	38.6
Profit/(loss) for the financial period, representing total comprehensive income/(loss) for the financial period		10,230,436	(5,666,658)	n.m.
Profit/(loss) per share⁽¹⁾ attributable to owners of the parent for the financial period (cents per share)				
Basic and Diluted ⁽²⁾		5.07	(4.70)	

n.m.: Not meaningful

(1) Computed based on profit/(loss) attributable to owners of the parent for the respective financial period divided by the weighted average number of ordinary shares in issue during the respective financial period. The weighted average number of ordinary shares for the six months ended 30 June 2022 and the six months ended 30 June 2021 are 165,365,200 and 147,647,500, respectively.

(2) The Company did not have any dilutive instruments. Hence, the basic and fully diluted loss per share are the same for the respective financial periods.



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C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

	Share capital	Capital reserve	Merger reserve	Retained earnings	Foreign exchange translation reserve	Equity attributable to owner of the parents	Non-controlling interest	Total equity
Group	RM	RM	RM	RM	RM	RM	RM	RM
Balance as at 1 January 2022	66,574,608	116,678	(12,700,040)	8,913,288	781	62,905,315	3,717,527	66,622,842
Profit for the financial period, representing total comprehensive income for the financial period	-	-	-	8,383,971	73,733	8,457,704	1,772,732	10,230,436
Prior year changes in ownership interest in subsidiary with no changes in control	-	2,705	-	-	-	2,705	-	2,705
Transactions with non-controlling interests	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	(1,625,000)	(1,625,000)
Balance as at 30 June 2022 (unaudited)	66,574,608	119,383	(12,700,040)	17,297,259	74,514	71,365,724	3,865,259	75,230,983

	Share capital	Capital reserve	Merger reserve	Retained earnings	Retained earnings attributable to owners of the parent	Non-controlling interest	Total equity
Group	RM	RM	RM	RM	RM	RM	RM
Balance as at 1 January 2021	55,360,320	1,366,485	(12,700,040)	20,712,533	64,739,298	(25,745)	64,713,553
Loss for the financial period, representing total comprehensive loss for the financial period	-	-	-	(6,946,073)	(6,946,073)	1,279,415	(5,666,658)
Balance as at 30 June 2021 (unaudited)	55,360,320	1,366,485	(12,700,040)	13,766,460	57,793,225	1,253,670	59,046,895



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C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (CONT'D)

	Share capital	Capital reserve	Accumulated losses	Total equity
Company	RM	RM	RM	RM
Balance as at 1 January 2022	66,574,608	1,328,829	(4,176,758)	63,726,679
Profit for the financial period, representing total comprehensive income for the financial period	-	-	1,750,045	1,750,045
Balance as at 30 June 2022 (unaudited)	66,574,608	1,328,829	(2,426,713)	65,476,724

	Share capital	Capital reserve	Accumulated losses	Total equity
Company	RM	RM	RM	RM
Balance as at 1 January 2021	55,360,320	1,328,829	(2,251,470)	54,437,679
Loss for the financial period, representing total comprehensive loss for the financial period	-	-	(739,939)	(739,939)
Balance as at 30 June 2021 (unaudited)	55,360,320	1,328,829	(2,991,409)	53,697,740



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D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	6 months ended 30 Jun	
	2022	2021
	RM	RM
Operating activities		
Profit/(loss) before income tax	12,244,139	(5,557,570)
Adjustments for:		
Depreciation of property, plant and equipment	2,650,200	2,587,715
Depreciation of right-of-use assets	872,756	961,890
Accretion for restoration cost	136,493	123,650
Amortisation of intangible asset	61,144	64,654
Impairment loss on trade receivables written back	(81,099)	-
Interest expense	1,111,227	1,103,589
Interest income	(17,632)	-
Unrealised foreign exchange (gain)/loss	(232,304)	963
Operating cash flows before working capital changes	16,744,924	(715,109)
Working capital changes:		
Inventories	122,518	558,348
Trade and other receivables	(3,768,254)	(3,705,318)
Prepayments	(169,334)	10,934
Trade and other payables	(782,571)	163,640
Contract liabilities	(936,928)	(732,913)
Cash generated from/(used in) operations	11,210,355	(4,420,418)
Income tax paid	(963,285)	(38,579)
Net cash generated from/(used in) operating activities	10,247,070	(4,458,997)
Investing activities		
Purchase of plant and equipment	(2,238,349)	(337,591)
Net cash used in investing activities	(2,238,349)	(337,591)
Financing activities		
Repayment of finance lease obligations under leases	(1,318,503)	(145,993)
Dividends paid to non-controlling interest by a subsidiary	(1,625,000)	-
Repayment of borrowings	(2,564,644)	(399,445)
Repayment of loan from a director	(602,196)	-
Interest paid	(303,335)	(184,405)
Interest received	17,632	1,748
Changes in pledged fixed deposits	(9,837)	-
Net cash used in financing activities	(6,405,883)	(728,095)
Net increase / (decrease) in cash and cash equivalents	1,602,838	(5,524,683)
Effect of changes in rate differences	237,874	(963)
Cash and cash equivalents at beginning of financial period	17,594,748	7,032,951
Cash and cash equivalents at end of financial period	19,435,460	1,507,305
Cash and bank balances	20,508,832	2,551,593
Less: Deposits pledged	(1,073,372)	(1,044,288)
Cash and cash equivalents at end of financial period	19,435,460	1,507,305



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E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

Sim Leisure Group Ltd. (the “**Company**”) is a public limited company domiciled in Singapore and incorporated on 8 March 2018. The Company was listed on the official list of the Catalist Board of the Singapore Exchange Securities Trading Limited on 1 March 2019. This condensed interim consolidated financial statements as at and for the six months ended 30 June 2022 (“**1H2022**”, and for the corresponding six months ended 30 June 2021, “**1H2021**”) comprise the Company and its subsidiaries (collectively, the “**Group**”).

The primary activities of the Company is that of investment holding.

The principal activities of the Group are:

- (a) Investment holding and development of theme parks;
- (b) Development and operation of theme parks;
- (c) Business in relation to sports, recreation and teambuilding;
- (d) Business in design, project management and installation of adventure parks; and
- (e) Owns and operates Kidzania educational and entertainment facility.

2. Basis of Preparation

The condensed interim consolidated financial statements for 1H2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual consolidated financial statements for the year ended 31 December 2021.

The accounting policies and methods of computations adopted are consistent with those adopted by the Company in its most recently audited consolidated financial statements for the year ended 31 December 2021, which were prepared in accordance with SFRS(I)s, except for the adoption of new and revised standards as set out in Note 2.2 of the condensed interim consolidated financial statements.

The condensed interim consolidated financial statements are presented in Malaysia Ringgit (“**RM**”) which is the Company’s functional currency.

2.1 Going Concern

The Group recorded an operating cash inflow of RM10.25 million for 1H2022 and a positive working capital position of RM9.51 million as at 30 June 2022. Accordingly, management does not believe there is a material uncertainty over the ability of the Group to operate as a going concern.



E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

2.2 New and amended standards adopted by the Group

The Group and the Company have adopted all the new and revised SFRS(I)S and SFRS(I) Interpretations that are relevant to its operations and effective for the annual period beginning on 1 January 2022. The adoption of these new and revised SFRS(I)s and SFRS(I) Interpretations has no material effect on the performance and financial position of the Group and of the Company for the current financial period reported on. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these new and revised standards and interpretations.

2.3 Use of estimates and judgements

In preparing the condensed interim consolidated financial statements, management has made judgement, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the annual audited consolidated financial statements as at and for the year ended 31 December 2021.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the six months ended 30 June 2022.

4. Property, plant and equipment

During 1H2022, the Group acquired property, plant and equipment with an aggregate cost of RM2.24 million (1H2021: RM0.48 million). Cash payments of RM2.24 million (1H2021: RM0.34 million) were made to purchase such property, plant and equipment during 1H2022.

5. Intangible assets

	Group		
	License Fees	Accounting Software	Total
As at 31 Dec 2021 (audited)	RM	RM	RM
Cost			
At 31 Dec 2021/30 June 2022	2,445,750	890,372	3,336,122



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	Group		
	License Fees	Accounting Software	Total
Accumulated Amortisation	RM	RM	RM
At 31 Dec 2021	1,201,060	890,371	2,091,431
Amortisation charges	61,144	-	61,144
As at 30 June 2022	1,262,204	890,371	2,152,575
Carrying amount(unaudited)			
As at 31 December 2021	1,244,690	1	1,244,691
As at 30 June 2022	1,183,546	1	1,183,547

There were no intangible assets for the Company as at 31 December 2021 and 30 June 2022.

5.1 License fees

The license fees are amortised over a period of 20 years from the commercial public opening of the Kidzania facility located in Petaling Jaya, Selangor.

6. Share capital

	Group and Company	
	Number of shares	Share Capital RM
Fully paid ordinary shares with no par value (excluding treasury shares)		
As at 30 June 2022	165,365,200	66,574,608

There were no changes in the issued and paid-up capital of the Company since 31 December 2021 to 30 June 2022.

As at 30 June 2022, 31 December 2021 and 30 June 2021, the Company did not have any outstanding convertibles, treasury shares or subsidiary holdings. There was no sale, transfer, cancellation and/or use of treasury shares and subsidiary holdings during 1H2022.



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E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

7. Borrowings

	Group and Company	
	30 Jun 2022	31 Dec 2021
	RM	RM
	(Unaudited)	(Audited)
Amount repayable in one year or less, or on demand		
Secured	3,162,477	5,113,348
Unsecured	-	-
Amount repayable after one year		
Secured	11,881,242	12,879,113
Unsecured	-	-

As at 30 June 2022 and 31 December 2021, the Group's borrowings comprised bank overdrafts, term loans, and amount due to a Director of the Company.

The term loans and bank overdrafts are secured by a general debenture, corporate guarantees from the Company and its subsidiaries, as well as personal guarantee from a Director of the Company.

The amount due to a Director of the Company is secured by a charge over the issued and paid-up capital of Rakan Riang Sdn Bhd ("RRSB") and the assignment of 5% of the total revenue of RRSB as agreed between the Director of the Company and Sim Leisure Escape Sdn Bhd.

8. Segment and revenue information

8.1 Reportable segments

Business segments

Management monitors the operating results of the segment separately for the purposes of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operating profit or loss which is similar to the accounting profit or loss.

The Group has two primary business segments, which is that of theme park operations and events and royalty income derived from relevant cooperation agreements entered with the Group's customers. Revenue from theme park operations and events is derived from ticketing, food and beverages, merchandising sales and locker sales from operating theme parks in Malaysia. Revenue from royalty income is derived through the licensing of the "Sim Leisure" brand name to the Group's customers.



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**E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit/(loss) before income tax, as included in the internal management reports that are reviewed by both the Executive Chairman (“EC”) and Chief Executive Officer (“CEO”) of the Company. Segment profit/(loss) is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

1H2022	Theme Park RM	Royalties RM	Total reporting segment RM
Sales to external parties	22,108,819	4,462,300	26,571,119
Adjusted EBITDA	13,193,505	4,438,279	17,631,784
Depreciation and amortisation	3,584,096	-	3,584,096
Interest expense	1,111,227	-	1,111,227
Reportable segment assets	124,957,339	7,667,339	132,624,678
Reportable segment liabilities	(62,194,226)	(1,222,852)	(63,417,078)

Reconciliation

i. Segment profits

A reconciliation of adjusted EBITDA to profit before tax is as follows: -

	30 Jun 2022 RM
Adjusted EBITDA for reportable segments	17,631,784
Adjusted EBITDA for other segments	(692,322)
Depreciation and amortisation	(3,584,096)
Interest expense	(1,111,227)
Consolidated profit before tax	<u>12,244,139</u>



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**E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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ii. Segment assets

The amounts reported to EC and CEO with respect to total assets are measured in a manner consistent with that of the financial statements. All assets are allocated to reportable segments other than assets associated with other reporting segments.

Segments assets are reconciled to total assets as follows: -

	30 Jun 2022
	RM
Segments assets for reportable segments	132,624,678
Other reporting segments	<u>6,282,988</u>
Total assets	<u>138,907,666</u>

iii. Segment liabilities

The amounts provided to EC and CEO with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. All liabilities are allocated to the reportable segments other than liabilities associated with other reporting segments.

Segments liabilities are reconciled to total liabilities as follows: -

	30 Jun 2022
	RM
Segments liabilities for reportable segments	(63,417,078)
Other reporting segments	<u>(259,605)</u>
Total liabilities	<u>(63,676,683)</u>

Geographical information

The Group's revenue and assets are mainly derived from Malaysia and Singapore.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers and segment assets are based on geographical location of the assets.

	30 Jun 2022
	RM
<u>Revenue</u>	
Singapore	4,462,300
Malaysia	<u>22,108,819</u>
Consolidated revenue	<u>26,571,119</u>



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	30 June 2022
	RM
<u>Total assets</u>	
Singapore	13,930,083
Malaysia	<u>124,977,583</u>
Consolidated total assets	<u><u>138,907,666</u></u>

In the 1H2021, the Group had only one primary business segment and did not present comparative segment information.

Major customers

Revenue from one customer of the Group's royalty segment represents approximately RM4,462,300 (30 June 2021 : RM3,264,958) of the Group's total revenue. Due to the diverse base of customers visiting the theme parks, the Group is not reliant on any customer for its revenue and no one single customer accounted for more than 10% of the Group's total revenue for 1H2022 and 1H2021.

8.2 Disaggregation of Revenue

8.2 (a) Disaggregation of the Group's revenue is as follows:

	Group	
	1HFY2022	1HFY2021
	RM	RM
Type of good or services	(Unaudited)	(Unaudited)
Admission fees to theme parks	18,788,748	1,277,323
Sale of food, beverages ,merchandise and others	2,562,186	249,945
Services rendered	160,055	233,479
Royalties	4,462,300	3,264,958
Sponsorship income	597,830	93,587
Total	<u>26,571,119</u>	<u>5,119,292</u>

Revenue from admission fees to theme parks, sale of food, beverages and merchandise, services rendered and sponsorship income are recognised at a point in time.

Royalty income is recognised on an accrual basis in accordance with the relevant cooperation agreements entered into with the Group's customers.



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E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

8.2 (b) Contract Liabilities

	Group	
	1HFY2022	1HFY2021
	RM	RM
	(Unaudited)	(Unaudited)
Current	1,747,246	391,024
Non-current	245,286	415,349
Total	1,992,532	806,373

Revenue from sponsorship which consists of initial and annual fees from sponsors are amortised across the tenure of the contracts subject to the terms and conditions of the individual contract.

The transaction price allocated to the unsatisfied performance obligations as at 30 June 2022 is RM1,992,532 (30 June 2021: RM 806,373) and is expected to be recognised over years as follows:

	Group	
	1HFY2022	1HFY2021
	RM	RM
	(Unaudited)	(Unaudited)
Within one year	1,747,246	391,024
More than 1 year and less than 2 years	245,286	415,349
Total	1,992,532	806,373

9. Profit/(loss) before income tax

9.1 Significant items

	Group		Increase / (Decrease) %
	1HFY2022	1HFY2021	
	RM	RM	
	(Unaudited)	(Unaudited)	
Income			
Other income	323,037	4,639	>100
Staff credit	-	157,200	n.m.
Expense			
Depreciation of property, plant and equipment	(2,650,200)	(2,587,715)	2.4
Depreciation of right-of-use assets	(872,756)	(961,890)	(9.3)
Finance costs (exclude lease expenses)	(521,434)	(675,491)	(22.8)
Repair and parks maintenance expenses	(711,822)	(30,491)	>100
Utilities expenses	(390,629)	(181,743)	>100



E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

	Group		Increase /
	1HFY2022	1HFY2021	(Decrease)
	RM	RM	%
	(Unaudited)	(Unaudited)	
Expenses (cont'd)			
Legal and professional fees	(449,437)	(954,722)	(52.9)
Lease expenses	(589,793)	(274,259)	>100
Staff costs	(3,073,948)	(2,305,972)	33.33
Realised foreign exchange (loss) /gain	(595)	7,543	n.m.
Unrealised foreign exchange gain / (loss)	232,305	(8,506)	n.m.

n.m.: Not meaningful

9.2 Related party transactions

There are no material related party transactions apart from those disclosed elsewhere in the condensed interim consolidated financial statements.

10. Income tax expense

	Group	
	1HFY2022	1HFY2021
	RM	RM
	(Unaudited)	(Unaudited)
Current income tax expense		
- current financial year	2,136,592	-
- under provision in prior year	-	109,088
	2,136,592	109,088

11. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2022 and 31 December 2021:

	Group		Company	
	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021
	RM	RM	RM	RM
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Financial Assets				
Trade and other receivables	10,525,628	6,546,720	8,127,909	4,206,183
Cash and bank balances	20,508,832	18,658,283	6,121,237	8,990,313
Total	31,034,460	25,205,003	14,249,146	13,196,496



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**E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(CONT'D)**

	Group		Company	
	30 Jun 2022 RM (Unaudited)	31 Dec 2021 RM (Audited)	30 Jun 2022 RM (Unaudited)	31 Dec 2021 RM (Audited)
Financial Liabilities				
Trade and other payables	8,870,568	9,670,111	998,983	1,714,756
Borrowings	9,835,778	12,400,422	-	-
Lease liabilities	23,658,409	24,387,118	-	-
Amount due to a director	5,207,941	5,592,039	-	-
Total	47,572,696	52,049,690	998,983	1,714,756

12. Dividends

No dividend has been declared or recommended for 1H2022 as the Board of Directors of the Company deems it appropriate to conserve cash for the Group's business operations and expansion.

13. Net Asset Value

	Group		Company	
	30 Jun 2022 (Unaudited)	31 Dec 2021 (Audited)	30 Jun 2022 (Unaudited)	31 Dec 2021 (Audited)
Net asset value per share based on total number of issued ordinary shares excluding treasury shares (RM sens)	43.16	38.04	39.60	38.54

The net asset value per ordinary share of the Group and the Company as at 30 June 2022 and 31 December 2021 are calculated based on the total number of issued ordinary shares (excluding treasury shares) of 165,365,200.

14. Subsequent events

There are no known subsequent events which have led to adjustments to this set of condensed interim consolidated financial statements.

**F. OTHER INFORMATION REQUIRED PURSUANT TO APPENDIX 7C OF THE CATALIST
RULES**

1. Review

The condensed interim consolidated statement of financial position of Sim Leisure Group Ltd. and its subsidiaries as at 30 June 2022 and the related condensed consolidated profit or loss



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F. OTHER INFORMATION REQUIRED PURSUANT TO APPENDIX 7C OF THE CATALIST RULES (CONT'D)

and other comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows for 1H2022 and the explanatory notes have not been audited or reviewed by the Company's auditors.

2. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable. The Group's latest audited financial statements for the financial year ended 31 December 2021 are not subject to an adverse opinion, qualified opinion or disclaimer of opinion issued by the Company's auditors.

3. Review of the Group's Performance

(a) Review of Financial Performance of the Group

Revenue

The increase in revenue for 1H2022 was mainly contributed by: (i) higher admission fees to Escape Penang, Escape PJ and Kidzania KL as visitors numbers increased due to business bounce back with all the theme parks in full operation in 1H2022 as opposed to only two months of operations in 1H2021 due to the Movement Control Order ("MCO") imposed by the Malaysian Government in response to the Covid-19 pandemic (ii) the 36.7% increase in royalties fee income from Sim Leisure Gulf Contracting L.L.C ("SL Gulf") due to an increase in the number of contracts and the value of the contracts successfully closed by SL Gulf; and (iii) the RM504,243 increase in sponsorship income generated by the Company's subsidiary, RRSB, during 1H2022 due to the successful renewal and revision of sponsorship agreements and arrangements which were mostly expired or suspended during the peak of Covid-19 pandemic in FY2020 and 1H2021.

Cost of sales

1H2022's cost of sales increased in line with the increase in revenue generated, and staff costs and other operational and park maintenance expenses incurred since the reopening of all of the Group's theme parks.

Gross Profit

The Group's gross profit margin in 1H2022 increased by 53.2 percentage points, from 14.5% for 1H2021 to 67.7% for 1H2022, largely attributable to the admissions fees to theme parks.



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F. OTHER INFORMATION REQUIRED PURSUANT TO APPENDIX 7C OF THE CATALIST RULES (CONT'D)

Other income

Other income increased as a result of wage subsidy of RM0.26 million received from the Malaysian government pursuant to assistance and relief provided to Malaysian companies during the MCO period and a one-off sponsorship income of RM0.07 million received for a joint activity for the launch of the Pepsi Escape Challenge event held in Escape Penang.

Administrative expenses

The management achieved a 5.4% reduction in administrative expenses through the continued implementation of cost management strategies despite resumption of businesses towards the end of October 2021. The Group reported an overall drop in administrative expenses despite the increases in depreciation of property, plant and equipment and accretion for restoration cost.

Finance costs

Finance costs increased mainly due to (i) additional loan drawdown towards 2H2021 for working capital purpose of the Group causing higher interest expenses in 1H2022; and (ii) higher interest rates incurred due to increase in the bank base rates in Malaysia and Singapore.

Profit/(loss) after income tax

As a result of the above, the Group recorded a net profit after tax of RM10.11 million for 1H2022 as compared to a net loss after tax of RM5.67 million for 1H2021.

(b) Review of Financial Position of the Group

Non-current assets

The Group recorded decreases in the non-current assets amounting to an aggregate of RM3.58 million in 1H2022, which in turn was partially offset by the additions of property, plant and equipment amounting to RM2.24 million in the same period.

Current assets

Current assets increased in 1H2022 as (i) the Group generated net cash and cash equivalents of RM1.60 million from operations after netting off with that from investing and financing activities; and (ii) higher trade and other receivables of RM3.98 million which mainly arose from the royalties fees from SL Gulf; (iii) increased prepayments of RM0.17 million for advance payment for goods purchased; and (iv) additional RM0.17 million of income tax recoverable as such tax recoverable was absent as at 31 December 2021 (given that tax credit was utilised against the balance tax payment for FY2020).



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F. OTHER INFORMATION REQUIRED PURSUANT TO APPENDIX 7C OF THE CATALIST RULES (CONT'D)

The increase in current assets was partially offset by the decreases in inventories by RM0.12 million in line with increase in volume of visitors and promotional activities.

Non-current liabilities

The Group recorded a decrease in non-current liabilities as (i) RM0.73 million of its lease liabilities was reclassified to current liabilities; (ii) RM0.59 million of term loans was reclassified as current liabilities; and (iii) RM0.41 million due to a Director of the Company was reclassified as current liability ; and (iv) deferred revenue of sponsorship income decreased by RM0.17 million in accordance with recognising the revenue as per the terms of the contracts. The Group on the other hand recorded a RM0.14 million increase in provision for restoration costs to be incurred in Escape Penang and Escape Challenge at Paradigm Mall.

Current liabilities

Current liabilities decreased as the Group repaid RM1.98 million of borrowings and RM0.80 million of trade and other payables; and (ii) contract liabilities (being deferred revenue of admission fees to theme parks and deferred sponsorship revenue) decreased by RM0.76 million mainly due to utilisation by customers.

However, the decrease was partially offset by the increase of (i) income tax payable of RM1.38 million due to the profit recorded for 1H2022; and (ii) reclassification of RM0.02 million due to a director of the Company to current liabilities.

Working Capital Position

The Group recorded a positive working capital position of RM9.51 million as at 30 June 2022, which is a significant improvement when compared to the working capital position of RM1.32 million as at 31 December 2021.

(c) Review of Statement of Cash Flow of the Group

The Group's net cash generated from operating activities amounted to RM10.25 million for 1H2022, which comprised operating cash inflow before the change in working capital of approximately RM16.74 million net of working capital outflow of RM5.53million. Increase in prepayment arising from the Group's purchase of premium products of RM0.15 million for promotional activities and increase of repayment of trade and other payables amounting to RM0.80 million was a result of improved operational cashflow.

The Group's net cash flows used in investing activities for 1H2022 amounted to RM2.24 million, mainly due to the additional development cost capitalised for the continuous development of the Group's theme parks.



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F. OTHER INFORMATION REQUIRED PURSUANT TO APPENDIX 7C OF THE CATALIST RULES (CONT'D)

The Group's net cash flows used in financing activities for 1H2022 amounted to approximately RM6.40 million, mainly due to repayment of finance lease obligations, lease liabilities, loans and borrowings as well as interest paid.

As a result of the above and taking into account the effect of changes in rate differences, the Group's cash and cash equivalents increased by RM1.84 million to RM19.44 million as at 30 June 2022.

4. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

5. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group has aggressive plans to expand our business in both Malaysia and internationally. As we come out of the pandemic, we are receiving an increasing number of enquiries to develop and operate ESCAPE Parks from both land owners and mall operators, who are looking at ways of enhancing their developments through placemaking and offering unique customer experiences. The Group has recently announced 2 new ESCAPE Parks being ESCAPE Cameron Highlands and ESCAPE Ipoh, and we are in advanced discussions for the development and operation of ESCAPE Parks (both outdoor and indoor mall versions) across Klang Valley, Johor, Cherating, Terengganu, Sabah and Sarawak. As the first Asian attraction brand to be exported internationally, the Group is also currently working on an ESCAPE Park in Sri Lanka and exploring new ESCAPE Parks in Oman, Qatar, Saudi Arabia and China.

The Group is currently exploring opportunities to expand its involvement with the KidZania franchise which includes working on a tender submission with Sentosa Development Corporation to secure the former KidZania Singapore site which is expected to be finalised by the fourth quarter of 2022.

The Group reviews strategic options on an ongoing basis and, in connection with this, may from time to time, hold discussions with a range of parties regarding possible fundraising exercises to fund the working capital and growth of the Group going forward. However, there is no assurance that any transaction will materialised from the aforementioned.

6. Dividend information

(a) Current Financial Period Reported On

Any dividend declared/proposed for the current financial period reported on?

No.



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F. OTHER INFORMATION REQUIRED PURSUANT TO APPENDIX 7C OF THE CATALIST RULES (CONT'D)

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

Not applicable.

(d) The date on which Registrable Transfers received by the Company (up to 5.00 pm) will be registered before entitlements to the dividend are determined

Not applicable.

(e) If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended for 1H2021 as the board of directors of the Company deems it appropriate to conserve cash for the Group's business operations and expansion as the Company is cautiously optimistic of the continuous recovery of the leisure sector against the backdrop of present geopolitical tensions and inflation challenges. The Company will reassess its dividend policy for the current financial year in the next financial reporting.

7. Interested person transactions

The Company has obtained a general mandate from its shareholders for interested person transactions ("IPT") at the Company's annual general meeting held on 29 April 2022. Please refer to the Company's addendum to annual report in relation to the proposed renewal of the IPT mandate dated 14 April 2022.



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F. OTHER INFORMATION REQUIRED PURSUANT TO APPENDIX 7C OF THE CATALIST RULES (CONT'D)

Details of the interested person transactions for 1H2022 are as follows:

Name of Interested Person / Description of Transactions	Nature of Relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions the financial period under review which are conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
		RM'000	RM'000
Sim Leisure Consultants Sdn Bhd / Construction and maintenance works and material purchase on behalf of the Group	An associate of Mr Sim Choo Kheng (Executive Director and Executive Chairman, as well as a controlling shareholder, of the Company) and Ms Silviya Georgieva (Executive Director of the Company)		1,939
Tan Boon Seng / Interest charged on loan granted to a wholly-owned subsidiary of the Company ⁽²⁾	Non-Independent Non-Executive Director of the Company	214	
Sim Leisure Gulf Contracting L.L.C. / Revenue - Cooperation Fee	An associate of Mr Sim Choo Kheng (Executive Director and Executive Chairman, as well as a controlling shareholder, of the Company) and Ms Silviya Georgieva (Executive Director of the Company)	4,462	-
Total		4,676	1,939



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F. OTHER INFORMATION REQUIRED PURSUANT TO APPENDIX 7C OF THE CATALIST RULES (CONT'D)

8. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules

The Company confirms that it has procured and received all the required undertakings from all its directors and executive officers in the format as set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

9. Acquisition or realisation of shares in subsidiaries and/or associated companies under Rule 706(A) of the Catalist Rules

Incorporation of an indirect wholly owned subsidiary

The Group had on 9 August 2022 via its wholly owned subsidiary Sim Leisure Escape Sdn Bhd incorporated a 100% owned subsidiary, Sim Leisure Makers Sdn. Bhd. (“**Sim Leisure Makers**”) in Malaysia. Sim Leisure Makers has an issued and fully paid-up share capital of RM1.00 comprising one (1) issued and fully paid-up shares. Its principal activity is to carry out the business of design and construction of theme attractions and parks as well as theme features.

10 Use of Proceeds

The Company refers to its announcements dated 1 September 2021, 8 October 2021, 15 October 2021 and 19 October 2021 as well as the Company’s circular to shareholders dated 23 September 2021 (the “**Circular**”) in relation to the proposed issue of 17,717,700 new ordinary shares at an issue price of S\$0.205 per new ordinary share in the capital of the Company (“**Subscription**”).

Pursuant to the Subscription, the Company raised net proceeds amounting to approximately S\$3,592,000, after deducting expenses incurred in connection with the Subscription as set out in the Company’s announcement dated 1 September 2021 and the Circular (the “**Net Proceeds**”).

The Company wishes to provide an update on the utilisation of the Net Proceeds as follows:

Use of Net Proceeds	Allocation of Net Proceeds (S\$'000)	Net Proceeds utilised up to 30 June 2022 (S\$'000)	Balance of Net Proceeds as at 30 June 2022 (S\$'000)
Funding of potential growth and expansion or diversification	2,514	(600) ⁽¹⁾	1,914
General working capital	1,078	(1,078) ⁽²⁾	-
Total	3,592	(1,678)	1,914



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F. OTHER INFORMATION REQUIRED PURSUANT TO APPENDIX 7C OF THE CATALIST RULES (CONT'D)

Note:

(1) The breakdown of Net Proceeds being utilised in potential growth were utilised as follows:

Summary of Expenses	(S\$'000)
Expansion projects	600
Total	600

(2) The breakdown of Net Proceeds being utilised in general working capital were utilised as follows:

Summary of Expenses	(S\$'000)
Staff Cost	750
Marketing and Promotional Expenses	125
Repair and Maintenance	100
Utility Bills	103
Total	1,078

The above utilisation of the Net Proceeds is in accordance with the intended use and allocation as set out in the Company's announcement dated 1 September 2021 and the Circular.

The Company will provide periodic announcements on the utilisation of the balance of the Net Proceeds as and when such proceeds are materially disbursed. The Company will also provide a status report on the use of the Net Proceeds in its annual report(s) and financial results announcement(s).

11 Confirmation by the Board pursuant to Rule 705(5) of the Catalist Rules

The Board of Directors of the Company confirms that, to the best of its knowledge, nothing has come to its attention which may render the condensed interim consolidated financial statements for 1H2022 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Dato' Sim Choo Kheng
Executive Director and Executive Chairman

Datin Silviya Georgieva Georgieva
Executive Director

10 August 2022