



**SOUTHERN ARCHIPELAGO LTD.**  
(Company Registration No. 199302554G)  
(Incorporated in the Republic of Singapore)

**CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2026**

**TABLE OF CONTENTS**

Description	Page
Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income.....	2
Condensed Interim Statements of Financial Position.....	3
Condensed Interim Consolidated Statement of Cash Flows.....	4
Condensed Interim Statements of Changes in Equity.....	5
Selected Notes to the Condensed Interim Consolidated Financial Statements.....	6
Other Information required by Listing Rule Appendix 7.2.....	16

**Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income**

	Note	GROUP		% Increase/ (Decrease)
		S\$'000		
		1Q2026	1Q2025	
Revenue	5	643	1,217	(47)
Other gains/(losses) – net	6	121	(387)	(131)
Interest income		-*	1	(100)
<b>Expenses</b>				
Raw materials and consumables used		(9)	(35)	(74)
Employee benefits	7	(596)	(649)	(8)
Depreciation of property and equipment		(271)	(187)	45
Amortisation of intangible assets		(4)	(4)	-
Others	8	(255)	(317)	(20)
Finance costs	9	(104)	(85)	22
<b>Total expenses</b>		<b>(1,239)</b>	<b>(1,277)</b>	
<b>Loss before income tax</b>		<b>(475)</b>	<b>(446)</b>	
Income tax expense	10	(50)	(141)	(65)
<b>LOSS FOR THE PERIOD</b>		<b>(525)</b>	<b>(587)</b>	
<b>Other comprehensive (loss)/income</b>				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation loss				
- (Loss)/Income on translating foreign operations		(189)	221	(186)
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>(714)</b>	<b>(366)</b>	
<b>Loss for the period attributable to equity holders</b>		<b>(525)</b>	<b>(587)</b>	
<b>Total comprehensive loss for the period attributable to equity holders</b>		<b>(714)</b>	<b>(366)</b>	
<b>Loss per share for the period (in cents)</b>				
- Basic		(0.0019)	(0.0021)	
- Diluted		(0.0019)	(0.0021)	

\*: < S\$1,000

**Condensed Interim Statements of Financial Position**

	Note	GROUP S\$'000		COMPANY S\$'000	
		As at 31/03/2026	As at 31/12/2025	As at 31/03/2026	As at 31/12/2025
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and bank balances		336	342	48	49
Trade and other receivables	11	279	275	240	60
Other assets	12	121	92	61	33
Income tax receivable		435	525	-	-
		<b>1,171</b>	<b>1,234</b>	<b>349</b>	<b>142</b>
<b>Non-current assets</b>					
Investments in subsidiaries		-	-	80	80
Investment in associate	13	-	-	-	-
Loans to subsidiaries		-	-	6,237	6,233
Property and equipment	14	9,578	9,971	25	44
Intangible assets	15	60	50	-	-
Deferred tax assets		363	329	-	-
		<b>10,001</b>	<b>10,350</b>	<b>6,342</b>	<b>6,357</b>
<b>Total assets</b>		<b>11,172</b>	<b>11,584</b>	<b>6,691</b>	<b>6,499</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Other payables	16	1,159	1,193	4,598	4,460
Borrowings	17	5,772	5,240	4,802	4,412
Loan from a subsidiary		-	-	5,590	5,590
Lease liabilities		7	29	7	29
		<b>6,938</b>	<b>6,462</b>	<b>14,997</b>	<b>14,491</b>
<b>Net current liabilities</b>		<b>(5,767)</b>	<b>(5,228)</b>	<b>(14,648)</b>	<b>(14,349)</b>
<b>Non-current liabilities</b>					
Lease liabilities		10	11	10	11
Defined benefit plan		1,041	1,022	-	-
Borrowings	17	2,967	3,159	-	-
		<b>4,018</b>	<b>4,192</b>	<b>10</b>	<b>11</b>
<b>Total liabilities</b>		<b>10,956</b>	<b>10,654</b>	<b>15,007</b>	<b>14,502</b>
<b>Net assets/(liabilities)</b>		<b>216</b>	<b>930</b>	<b>(8,316)</b>	<b>(8,003)</b>
<b>EQUITY</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital	18	127,339	127,339	127,339	127,339
Reserves	19	158	347	4,619	4,619
Accumulated losses		(127,281)	(126,756)	(140,274)	(139,961)
<b>Total equity</b>		<b>216</b>	<b>930</b>	<b>(8,316)</b>	<b>(8,003)</b>



## Condensed Interim Statements of Changes in Equity

### Group

	Attributable to owners of the Company					Total S\$'000
	Share capital S\$'000	Share option reserve S\$'000	Currency translation reserve S\$'000	Other reserve S\$'000	Accumulated losses S\$'000	
<b>1Q2026</b>						
Balance at 1 January 2026	127,339	4,619	(5,573)	1,301	(126,756)	930
Loss for the period	-	-	-	-	(525)	(525)
Other comprehensive loss, net of tax:						
Foreign currency translation loss	-	-	(189)	-	-	(189)
<b>Total comprehensive loss for the period</b>	-	-	<b>(189)</b>	-	<b>(525)</b>	<b>(714)</b>
<b>Balance at 31 March 2026</b>	<b>127,339</b>	<b>4,619</b>	<b>(5,762)</b>	<b>1,301</b>	<b>(127,281)</b>	<b>216</b>
<b>1Q2025</b>						
Balance at 1 January 2025	127,339	4,619	(5,021)	1,735	(126,231)	2,441
Loss for the period	-	-	-	-	(587)	(587)
Other comprehensive income, net of tax:						
Foreign currency translation gain	-	-	221	-	-	221
<b>Total comprehensive loss for the period</b>	-	-	<b>221</b>	-	<b>(587)</b>	<b>(366)</b>
Voluntary liquidation of dormant subsidiary	-	-	-	(434)	434	-
<b>Balance at 31 March 2025</b>	<b>127,339</b>	<b>4,619</b>	<b>(4,800)</b>	<b>1,301</b>	<b>(126,384)</b>	<b>2,075</b>

### Company

	Share capital	Share option reserve	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000
<b>1Q2026</b>				
Balance at 1 January 2026	127,339	4,619	(139,961)	(8,003)
Loss for the period	-	-	(313)	(313)
<b>Total comprehensive loss for the period</b>	-	-	<b>(313)</b>	<b>(313)</b>
<b>Balance at 31 March 2026</b>	<b>127,339</b>	<b>4,619</b>	<b>(140,274)</b>	<b>(8,316)</b>
<b>1Q2025</b>				
Balance at 1 January 2025	127,339	4,619	(138,650)	(6,692)
Loss for the period	-	-	(306)	(306)
<b>Total comprehensive loss for the period</b>	-	-	<b>(306)</b>	<b>(306)</b>
<b>Balance at 31 March 2025</b>	<b>127,339</b>	<b>4,619</b>	<b>(138,956)</b>	<b>(6,998)</b>

## **SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

### **1. Corporate Information**

Southern Archipelago Ltd. (the “Company”) is listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”) and incorporated and domiciled in Singapore. These condensed interim consolidated financial statements as at, and for, the three months ended 31 March 2026 comprise the Company and its subsidiaries (collectively, the “Group”).

The principal activity of the Company is that of investment holding. The principal activities of the Group are those relating to:

- (a) sterilisation and polymerisation services;
- (b) property development; and
- (c) hospitality and wellness.

### **2. Basis of Preparation**

The condensed interim financial statements for the three months ended 31 March 2026 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 *Interim Financial Reporting* issued by the Accounting and Corporate Regulatory Authority. The condensed interim 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 financial statements for the year ended 31 December 2025.

The accounting policies adopted by the Group are consistent with those used in its most recent audited financial statements, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore Dollars (“S\$”), which is the functional currency of the Company.

The Group incurred a net loss of S\$0.53 million for the financial period ended 31 March 2026 and as at that date, the Group’s and the Company’s net current liabilities are S\$5.77 million and S\$14.65 million respectively. The Company is in a net liability position of S\$8.32 million. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group’s and the Company’s ability to continue as going concerns. Nevertheless, the directors of the Company believe that the use of the going concern assumption in the preparation and presentation of the financial statements for the financial period ended 31 March 2026 remains appropriate after taking into account the following factors:

- The Group expects the sterilisation business segment to continue generating positive operating cash flows in the next 12 months;
- The Board and the management team of the Group (“Management”) are currently exploring possible fundraising options to secure financing commitments to allow the Company to have access to additional working capital where required, including but not limited to bank loans, additional shareholders’ loan, extension of shareholder’s loan and loan from subsidiaries and fund raising from its shareholders; and
- The Company’s substantial shareholders have provided a written undertaking to continue providing financial support to the Group for at least 12 months from the date of approval of FY2025 financial statements.

#### **Breach of Loan Covenant by Company**

As at 31 March 2026, the Company was in breach of a loan covenant which requires the Group to maintain a minimum net tangible assets (“NTA”) of S\$1.00 million. The NTA of the Group as at 31 March 2026 is S\$0.21 million. The loan amounting to S\$1.00 million was obtained for working capital purposes and is classified as current.

The Company has not received any notice of default or letter of demand from the bank in respect of the breach. However, the breach may constitute an event of default under the loan agreement, giving the bank the right to demand immediate repayment of all outstanding amount.

## 2.1 New and Amended Standards Adopted by the Group

The adoption of various new/revised SFRS(I)s effective for the financial year beginning on 1 January 2026 does not have a material financial effect on the Group and the Company.

## 2.2 Use of Judgements and Estimates

In preparing the condensed interim financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. 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 that applied to the consolidated financial statements as at and for the year ended 31 December 2025.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

### (a) Critical judgments in applying accounting policies

The application of judgments in the process of applying the Group's accounting policies that are expected to have a significant effect on the amounts recognised in the financial statements are as follows:

#### (i) Impairment of investments in subsidiaries

Investments in subsidiaries (including loans to subsidiaries which are in substance part of the net investments in subsidiaries) are tested for impairment whenever there is any objective evidence or indication that these investments may be impaired. In determining whether there is objective evidence of impairment, the Company considers factors such as the subsidiaries' financial performance, financial position and the overall economic environment in which the subsidiaries operate.

#### (ii) Impairment of investment in an associate

Investment in an associate is tested for impairment whenever there is any objective evidence or indication that the investment may be impaired. The recoverable amount of the investment in an associate is determined based on the higher of fair value less costs of disposal and value in use.

#### (iii) Loss allowance for trade receivables

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The ECLs on trade receivables are estimated using a provision matrix which involves grouping receivables according to historical loss patterns (e.g. customer rating or by geographical location) and applying a historic provision rate which is based on days past due for groupings of various customer segments that have similar loss patterns. In devising such a provision matrix, the Group uses its historical credit loss experience with forward-looking information (adjusted as necessary to reflect current conditions and forecast economic conditions) to estimate the lifetime expected credit losses on the trade receivables. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

#### (iv) Income taxes

The Group is subject to income taxes in numerous jurisdictions. In determining the income tax liabilities, management is required to estimate the amount of capital allowances, deductibility of certain expenses and taxability of certain income in each relevant tax jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

## 2.2 Use of Judgements and Estimates (con't)

### (b) Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty as at the statement of financial position date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

#### (i) Defined benefit plan

The present value of employee compensation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used include the discount rate, rate of future salary increase and rate of resignation. Any changes in these assumptions will impact the carrying amount of employee compensation.

In determining the appropriate discount rate, management considers the interest rates of high-quality corporate bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligations. These corporate bonds generally have an AA rating with low risk of default. The interest rate is used to determine the present value of estimated future cash outflows expected to be required to settle employee compensation. Management does not expect any variable changes in the assumptions used to determine the present value of employee compensation on an actuarial basis will result in the amount determined to be materially different.

The Group obtains external, independent actuarial report annually. The actuarial gain/(loss) will be assessed during year end.

## 3. Seasonal Operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

## 4. Segment and Revenue Information

The Group is organised into four main business segments:

- Investment holding – investment in transferable securities including but not limited to marketable shares, warrants and debentures etc.
- Sterilisation – providing contract sterilisation, decontamination and polymerisation services to food packaging, medical devices, cosmetic, raw materials and consumers products.
- Property – development of properties for sale, long-term holding of properties for rental and related income.
- Hospitality and wellness – provision of hotel management and wellness services.

#### 4.1 Reportable Segments

	Investment holding S\$'000	Sterilisation S\$'000	Hospitality and wellness S\$'000	Property S\$'000	Total S\$'000
<b>1 January 2026 to 31 March 2026</b>					
<b>External revenues</b>	-	643	-	-	643
Segment results	(114)	617	(2)	(1)	500
Interest income	_*	_*	-	-	_*
Finance costs	(29)	(75)	-	-	(104)
Employee benefits	(207)	(389)	-	-	(596)
Depreciation and amortisation	(21)	(254)	-	-	(275)
<b>Reportable segment loss before income tax</b>	<b>(371)</b>	<b>(101)</b>	<b>(2)</b>	<b>(1)</b>	<b>(475)</b>
<b>Other material item</b>					
Capital expenditure					
- property and equipment	1	1	-	-	2
- intangible assets	-	14	-	-	14
	1	15	-	-	16
<b>Segment assets</b>	<b>139</b>	<b>10,668</b>	<b>1</b>	<b>1</b>	<b>10,809</b>
Unallocated assets – deferred tax assets					363
<b>Consolidated total assets</b>					<b>11,172</b>
<b>Segment liabilities</b>	<b>5,458</b>	<b>5,496</b>	<b>-</b>	<b>2</b>	<b>10,956</b>
<b>Consolidated total liabilities</b>					<b>10,956</b>

\*: < S\$1,000

	Investment holding S\$'000	Sterilisation S\$'000	Hospitality and wellness S\$'000	Property S\$'000	Total S\$'000
<b>1 January 2025 to 31 March 2025</b>					
<b>External revenues</b>	-	1,217	-	-	1,217
Segment results	(940)	1,420	(2)	_*	478
Interest income	_*	1	-	-	1
Finance costs	(27)	(58)	-	-	(85)
Employee benefits	(206)	(443)	-	-	(649)
Depreciation and amortisation	(21)	(170)	-	-	(191)
<b>Reportable segment (loss)/profit before income tax</b>	<b>(1,194)</b>	<b>750</b>	<b>(2)</b>	<b>_*</b>	<b>(446)</b>
<b>Other material item</b>					
Capital expenditure					
- property and equipment	-	981	-	-	981
<b>Segment assets</b>	<b>332</b>	<b>10,435</b>	<b>_*</b>	<b>1</b>	<b>10,768</b>
Unallocated assets – deferred tax assets					263
<b>Consolidated total assets</b>					<b>11,031</b>
<b>Segment liabilities</b>	<b>4,500</b>	<b>4,454</b>	<b>-</b>	<b>2</b>	<b>8,956</b>
<b>Consolidated total liabilities</b>					<b>8,956</b>

\*: < S\$1,000

## 4.2 Geographical Information

As at 31 March 2026	External Revenues S\$'000	Non-current assets^^ S\$'000
Singapore	-	25
Indonesia	643	9,613
	<b>643</b>	<b>9,638</b>

  

As at 31 March 2025	External Revenues S\$'000	Non-current assets^^ S\$'000
Singapore	-	104
Indonesia	1,217	9,584
	<b>1,217</b>	<b>9,688</b>

^^ : Non-current assets exclude deferred tax assets

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

## 5. Revenue

	Group	
	<u>3 months ended</u> <u>31 Mar 2026</u> S\$'000	<u>3 months ended</u> <u>31 Mar 2025</u> S\$'000
Revenue from sterilisation services	643	1,217

The Group derives revenue from the transfer of services at a point in time. The Group satisfies a performance obligation when the customers receive the services.

## 6. Other Gains/(Losses) - Net

	Group	
	<u>3 months ended</u> <u>31 Mar 2026</u> S\$'000	<u>3 months ended</u> <u>31 Mar 2025</u> S\$'000
Currency exchange gain – net	117	381
Loss on voluntary liquidation of a dormant subsidiary	-	(828)
Property and equipment written off	-*	-
Miscellaneous income	4	60
	<b>121</b>	<b>(387)</b>

\*: < S\$1,000

## 7. Employee Benefits

	Group	
	<u>3 months</u> <u>ended</u> <u>31 Mar 2026</u> S\$'000	<u>3 months</u> <u>ended</u> <u>31 Mar 2025</u> S\$'000
Short-term employee benefits	555	546
Contribution to defined contribution plans	9	11
Defined benefits plans	32	92
	596	649
<i>Comprised:</i>		
Directors of the Company	96	88
Directors of the Group's subsidiaries	84	96
	84	96

## 8. Other Expenses

	Group	
	<u>3 months</u> <u>ended</u> <u>31 Mar 2026</u> S\$'000	<u>3 months</u> <u>ended</u> <u>31 Mar 2025</u> S\$'000
Audit fees:		
- auditor of the Company	25	24
- other auditors	2	2
Legal, professional and consultancy fees	17	14
Upkeep expenses	51	29
Directors' fees	25	25
Travelling expenses	3	5
Postage and telecommunication expenses	4	5
Staff training and welfare expenses	13	30
Marketing and advertising	2	5
Provision for withholding tax expense	-	25
Sundry expenses	2	23
SGX expenses	9	9
Others	102	121
	255	317

## 9. Finance Costs

	Group	
	<u>3 months</u> <u>ended</u> <u>31 Mar 2026</u> S\$'000	<u>3 months</u> <u>ended</u> <u>31 Mar 2025</u> S\$'000
Interest expense		
- loans from banks	85	76
- loans from shareholders	19	7
- lease liabilities	-*	2
	104	85

\*: < S\$1,000

## 10. Income Tax Expense

The Group calculates the income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group	
	<u>3 months ended</u> <u>31 Mar 2026</u> S\$'000	<u>3 months ended</u> <u>31 Mar 2025</u> S\$'000
Income tax expense comprised:		
Current income tax (credit)/expense	87	127
Deferred tax (credit)/expense	(37)	14
	<u>50</u>	<u>141</u>

## 11. Trade and Other Receivables

	Group		Company	
	<u>As at 31 Mar 2026</u> S\$'000	<u>As at 31 Dec 2025</u> S\$'000	<u>As at 31 Mar 2026</u> S\$'000	<u>As at 31 Dec 2025</u> S\$'000
Trade receivables				
- third parties (a)	234	229	-	-
Less: Loss allowance	(32)	(32)	-	-
Trade receivables - net	<u>202</u>	<u>197</u>	<u>-</u>	<u>-</u>
Other receivables				
- third parties	145	147	20	20
Less: Loss allowance	(68)	(69)	(20)	(20)
Other receivables - net	<u>77</u>	<u>78</u>	<u>-</u>	<u>-</u>
Amount due from subsidiary	-	-	240	60
Total trade and other receivables	<u>279</u>	<u>275</u>	<u>240</u>	<u>60</u>

(a) Trade receivables from third parties are non-interest bearing and repayable within the normal trade credit terms of 30 to 60 days (2025: 30 to 60 days).

## 12. Other Assets

	Group		Company	
	<u>As at 31 Mar 2026</u> S\$'000	<u>As at 31 Dec 2025</u> S\$'000	<u>As at 31 Mar 2026</u> S\$'000	<u>As at 31 Dec 2025</u> S\$'000
Deposits	25	25	23	23
Prepayments	96	67	38	10
Total other assets	<u>121</u>	<u>92</u>	<u>61</u>	<u>33</u>

## 13. Investment in Associate

As at 31 March 2026, the Group's share of losses of the associate has exceeded the carrying amount of the investment in associate.

## 14. Property and Equipment

During the three months ended 31 March 2026, the Group acquired assets amounting to S\$2,000 (31 March 2025: S\$981,000).

## 15. Intangible Assets

	<b>Group Software S\$'000</b>
<b>At 31 December 2025</b>	
Cost	77
Accumulated amortisation	(21)
Currency translation differences	(6)
Net carrying amount	<u>50</u>
<b>3 months ended 31 March 2026</b>	
Opening net carrying amount	50
Additions	14
Amortisation during the period	(4)
Currency translation differences	-*
Closing net carrying amount	<u>60</u>
Cost	91
Accumulated amortisation	(25)
Currency translation differences	(6)
Net carrying amount	<u>60</u>

\*: < S\$1,000

## 16. Other Payables

	<b>Group</b>		<b>Company</b>	
	<b>As at 31 Mar 2026 S\$'000</b>	<b>As at 31 Dec 2025 S\$'000</b>	<b>As at 31 Mar 2026 S\$'000</b>	<b>As at 31 Dec 2025 S\$'000</b>
<u>Current</u>				
Other payables	467	570	2	24
Deposit payable	8	8	-	-
Interest payable (a)	320	302	4,300	4,154
Amount due to directors	26	-	26	-
Accrued operating expenses	338	313	270	282
Total other payables	<u>1,159</u>	<u>1,193</u>	<u>4,598</u>	<u>4,460</u>

\*: < S\$1,000

(a) Interest payable relates to loans from shareholders and loans from a subsidiary.

## 17. Borrowings

	<b>Group</b>		<b>Company</b>	
	<b>As at 31 Mar 2026 S\$'000</b>	<b>As at 31 Dec 2025 S\$'000</b>	<b>As at 31 Mar 2026 S\$'000</b>	<b>As at 31 Dec 2025 S\$'000</b>
<u>Amount repayable within one year or on demand</u>				
Secured - Loans from banks (a)	970	828	-	-
Unsecured - Loans from banks (b)	1,000	1,000	1,000	1,000
Unsecured - Loans from shareholders (c)	3,802	3,412	3,802	3,412
	<u>5,772</u>	<u>5,240</u>	<u>4,802</u>	<u>4,412</u>
<u>Amount repayable after one year</u>				
Secured - Loans from banks (a)	2,967	3,159	-	-
Total borrowings	<u>8,739</u>	<u>8,399</u>	<u>4,802</u>	<u>4,412</u>

(a) Loans from banks are secured over the Group's freehold land and building. The loans from banks bear a fixed interest of 7.75% (2025: 7.75%) per annum.

(b) Loans from banks are unsecured and bears interest of 2.5% plus bank's Cost of Funds.

(c) Loans from shareholders are unsecured. One of these loans bear a fixed interest rate of 2.00% (2025: 2.00%) per annum. The remaining loans carry a variable interest rate of 2.03% to 2.35% (2025: 2.90% to 3.90%) per annum, which is renewed and compounded weekly.

## 18. Share Capital

	Group and Company			
	<u>As at 31 March 2026</u>		<u>As at 31 Dec 2025</u>	
	Number of ordinary shares	S\$'000	Number of ordinary shares	S\$'000
Beginning and end of period/year	27,570,762,183	127,339	27,570,762,183	127,339

The Company did not hold any treasury shares as at 31 March 2026 and 31 December 2025.

The Company's subsidiaries do not hold any shares in the Company as at 31 March 2026 and 31 December 2025.

### Blumont Employee Share Option Scheme 2013 (the "Blumont ESOS 2013")

The Company announced that on 17 June 2021, the Company has made grants of options in respect of ordinary shares in the capital of the Company pursuant to the Company's Employee Share Option Scheme 2013 to various persons. Total number of shares under Options granted is 1,160,000,00 which 580,000,000 were granted as Market Price Options of S\$0.004 per ordinary share and 580,000,000 were granted as Discounted Options of S\$0.0032 per ordinary share. The grant and exercise of these Options under the Blumont ESOS 2013 are subjected to the acceptances of the various persons granted the Options under the Blumont ESOS 2013.

As at 31 March 2026, Blumont ESOS 2013 has fully vested and there were outstanding options for conversion into 1,160,000,00 (31 Dec 2025: 1,160,000,00) ordinary shares.

### Southern Archipelago Employee Share Option Scheme 2023 ("SAL ESOS 2023") and Performance Share Plan 2023 ("SAL PSP 2023")

No share options under the SAL ESOS 2023 and incentive share awards under the SAL PSP 2023 have been granted for the three months ended 31 March 2026 (31 Dec 2025: Nil).

## 19. Reserves

	Group		Company	
	<u>As at 31 Mar 2026</u> S\$'000	<u>As at 31 Dec 2025</u> S\$'000	<u>As at 31 Mar 2026</u> S\$'000	<u>As at 31 Dec 2025</u> S\$'000
Composition:				
Currency translation reserve	(5,762)	(5,573)	-	-
Other reserves	1,301	1,301	-	-
Share option reserve	4,619	4,619	4,619	4,619
	158	347	4,619	4,619

## 20. Related Party Transactions

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

## 21. Financial Assets and Financial Liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group and the Company as at 31 March 2026 and 31 December 2025.

	Group		Company	
	<u>As at 31 Mar 2026</u> S\$'000	<u>As at 31 Dec 2025</u> S\$'000	<u>As at 31 Mar 2026</u> S\$'000	<u>As at 31 Dec 2025</u> S\$'000
<b>Financial assets</b>				
<u>At amortised cost</u>				
Cash and bank balances	336	342	48	49
Trade and other receivables	279	275	240	60
Other assets (deposits)	25	25	23	23
Loans to subsidiaries	-	-	6,237	6,233
Total	<u>640</u>	<u>642</u>	<u>6,548</u>	<u>6,365</u>

## Financial liabilities

<u>At amortised cost</u>				
Other payables	1,159	1,193	4,598	4,460
Borrowings	8,739	8,399	4,802	4,412
Loan from a subsidiary	-	-	5,590	5,590
Lease liabilities	17	40	17	40
Total	<u>9,915</u>	<u>9,632</u>	<u>15,007</u>	<u>14,502</u>

## 22. Net Asset/(Liability) Value Per Ordinary Share

	Group		Company	
	<u>As at 31 Mar 2026</u>	<u>As at 31 Dec 2025</u>	<u>As at 31 Mar 2026</u>	<u>As at 31 Dec 2025</u>
Net asset/(liability) value per ordinary share (in cents)	<u>0.0008</u>	<u>0.0034</u>	<u>(0.0302)</u>	<u>(0.0290)</u>

## **OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2**

### **1. Review**

The condensed consolidated statement of financial position of Southern Archipelago Ltd. and its subsidiaries as at 31 March 2026 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the three-months period then ended and certain explanatory notes have not been audited or reviewed.

### **2. Review of Performance of the Group**

#### **Commentary on the Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income**

##### **Revenue**

Revenue decreased by S\$0.58 million to S\$0.64 million for 3M2026 (3M2025: S\$1.22 million), primarily due to increased competition and challenging macroeconomic and political conditions in Indonesia, alongside operational challenges and a market-driven shift in export demand, which resulted in lower sales volume.

##### **Other Gains/(Losses) – Net**

Other gains/(losses) increased by S\$0.51 million to gains of S\$0.12 million for 3M2026 (3M2025: losses of S\$0.39 million), mainly due to one-off recognition of loss on voluntary liquidation of a dormant subsidiary in the prior period, offset by a lower currency exchange gain.

Interest income decreased to below S\$1,000 for 3M2026 (3M2025: S\$1,000) mainly due to lower bank balance held in interest earning bank accounts.

##### **Expenses**

Raw materials and consumables used decreased by S\$0.03 million to S\$0.01 million in 3M2026 (3M2025: S\$0.04 million), in line with the lower revenue.

Depreciation of property and equipment increased by S\$0.08 million to S\$0.27 million in 3M2026 (3M2025: S\$0.19 million), mainly due to additional depreciation on costs incurred for the expansion of sterilisation business.

Other expenses decreased by S\$0.06 million to S\$0.26 million in 3M2026 (3M2025: S\$0.32 million), mainly due to lower expense associated with defined benefit obligations in the sterilisation business, as the prior period included a one-off higher payout to employees.

Finance costs increased by S\$0.01 million to S\$0.10 million in 3M2026 (3M2025: S\$0.09 million), mainly due to interest charged on additional bank loans and shareholders' loans taken up.

##### **Income Tax Expenses**

Income tax expenses decreased by S\$0.09 million to S\$0.05 million in 3M2026 (3M2025: S\$0.14 million), mainly due to a reduction in chargeable income and the recognition of a deferred tax credit for the period. The Group will review and assess the annual income tax expenses at year end.

##### **Other Comprehensive Income**

Foreign currency translation loss on translating foreign operations of S\$0.19 million for 3M2026 (3M2025: gain of S\$0.22 million) relates to the translation of the results and the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency in accordance with SFRS(I) 1-21 *The Effects of Changes in Foreign Exchange Rate*.

#### **Commentary on the Condensed Interim Statement of Financial Position**

Other assets increased by S\$0.03 million or 33% from S\$0.09 million as at 31 December 2025 to S\$0.12 million as at 31 March 2026 mainly due to prepayments made for insurance.

Current income tax receivable decreased by S\$0.09 million or 17% from S\$0.53 million as at 31 December 2025 to S\$0.44 million as at 31 March 2026, mainly due to utilisation of refundable tax during the period.

Intangible assets increased by S\$0.01 million or 20% from S\$0.05 million as at 31 December 2025 to S\$0.06 million as at 31 March 2026 mainly due to acquisition of new software by the sterilisation business during the period.

## **OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2 (Cont'd)**

### **Commentary on the Condensed Interim Statement of Financial Position (cont'd)**

Lease liabilities, including current and non-current, decreased by S\$0.02 million or 50% from S\$0.04 million as at 31 December 2025 to S\$0.02 million as at 31 March 2026, mainly due to repayment of lease liabilities.

As at 31 March 2026, the Group had a negative working capital of S\$5.77 million (31 December 2025: S\$5.23 million). The Company intends to fund its operations through the Group's internal resources, loans from shareholder, borrowings and/or capital raising as and when required.

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

Not applicable as there is no forecast or prospect statement previously disclosed to shareholders.

**4. 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 operating period and the next 12 months**

Below are updates on the Group's operations:

#### **Sterilisation**

The Group's sterilisation business segment has completed its capacity expansion and is in the process of diversifying its customer base.

However, the sales ramp-up has been slower than anticipated due to the challenging macroeconomic and political climate in Indonesia, alongside specific operational and market-driven shift in export demand. These factors have dampened the industrial demand and local competition.

Management is focused on recovering these volumes by targeting new customers and expects the segment to generate positive operating cashflow as these business development efforts mature.

#### **Investment Holdings and Opportunities**

The Group continues to explore potential investment opportunities that are viable and in line with our strategic objective.

#### **Hospitality and Wellness Sector**

The Group is monitoring the market and remains open to new opportunities only when conditions are favourable and align with our prudent growth strategy.

**5. Dividend Information**

**(a) Current Financial Period Reported On.**

Any dividend declared for the current financial period reported on?

No.

**(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) Books closure date**

Not applicable.

**(e) If no dividend has been declared/recommended, a statement to that effect.**

The Board of Directors does not recommend any payment of dividends for the three months ended 31 March 2026.

**OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2 (Cont'd)**

**6. General Mandate from Shareholders for Interested Party Transactions**

No general mandate for Interested Party Transactions has been obtained from the shareholders.

**7. Confirmation pursuant to Rule 705(5) of the listing manual.**

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited consolidated financial results for the three months ended 31 March 2026 to be false or misleading.

On behalf of the Board of Directors

Alan Chin Yu  
Executive Director

John Lee Yow Meng  
Chief Financial Officer and Executive Director

**8. Confirmation Pursuant to Rule 720(1) of the listing manual.**

The Company hereby confirms that it has procured undertakings from all its directors and executive officer under Rule 720(1) of the listing manual.

**BY ORDER OF THE BOARD**  
**Southern Archipelago Ltd.**

John Lee Yow Meng  
Chief Financial Officer and Executive Director  
14 May 2026